GREAT SOUTHERN
BANCORP, INC.

smart

strategies

2013

Annual Report for Shareholders

General Information

CORPORATE HEADQUARTERS

1451 E. Battlefield
Springfield, MO 65804
(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 Registrar & Transfer Company at (800) 368-5948 or visit rtco.com.

FORM 10-K

The Annual Report on Form 10-K filed with the Securities and Exchange Commission may be obtained from the Company's website, GreatSouthernBank.com, the SEC website or without charge by request to:

Kelly Polonus
Great Southern Bancorp, Inc.
P.O. Box 9009
Springfield, MO 65808

INVESTOR RELATIONS

Kelly Polonus
Great Southern Bank
P.O. Box 9009
Springfield, MO 65808

AUDITORS

BKD, L.L.P.
P.O. Box 1190
Springfield, MO 65801-1190

LEGAL COUNSEL

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

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

TRANSFER AGENT AND REGISTRAR

Registrar & Transfer Company
10 Commerce Drive
Cranford, NJ 07016

Annual Meeting

The 25th Annual Meeting of Shareholders will be held at 10:00 a.m. CDT on Wednesday, May 7, 2014, at the Great Southern Operations Center, 218 S. Glenstone, Springfield, Missouri.

Corporate Profile

In 1923, Great Southern Bank was started with a $5,000 investment and has since grown to the company it is today. Our footprint spans six states and we serve more than 137,000 households by providing them with the most comprehensive line of products and services available. With over 1,100 dedicated associates we provide exceptional service to our customers and it is our goal to understand what matters most in every interaction we have with them.

With $3.6 billion in total assets, we are headquartered in Springfield, Mo. and operate 96 retail banking centers in Missouri, Arkansas, Kansas, Iowa, Nebraska and Minnesota. Customers can expect the most convenient services possible, including the longest banking hours in town, mobile, online and telephone banking, plus a large ATM network.

Stock Information

Great Southern Bancorp, Inc., the holding company for Great Southern Bank, is a public company and its common stock (ticker: GSBC) is listed on the NASDAQ Global Select Market.

As of December 31, 2013 there were 13,673,709 total shares of common stock outstanding and approximately 2,000 shareholders of record.

The last sale price of the Company's Common Stock on December 31, 2013 was $30.41.

HIGH/LOW STOCK PRICE

	2013		2012		2011	
	High	Low	High	Low	High	Low
First Quarter	$27.34	$23.31	$25.18	$20.60	$24.44	$19.27
Second Quarter	28.00	22.60	27.71	21.25	22.36	16.69
Third Quarter	31.00	25.71	31.81	27.22	20.43	15.01
Fourth Quarter	31.23	25.87	31.49	24.25	24.32	15.65

DIVIDEND DECLARATIONS

	2013	2012	2011
First Quarter	$.18	$.18	$.18
Second Quarter	.18	.18	.18
Third Quarter	.18	.18	.18
Fourth Quarter	.18	.18	.18

To Our Shareholders

Joseph W. Turner
President and
Chief Executive Officer

William V. Turner
Chairman of the Board

2013
Smart Strategies. Good Progress.

Smart Strategies – to us, this means developing strategies that, when successfully executed, produce meaningful results for our shareholders, customers, associates and communities. In 2013, our strategic focus primarily centered on three areas: deepening customer relationships with a specific focus on growing the loan portfolio; resolving lingering credit issues; and operating more efficiently. We made progress on these fronts; however, we fully recognize that there is still work to be done.

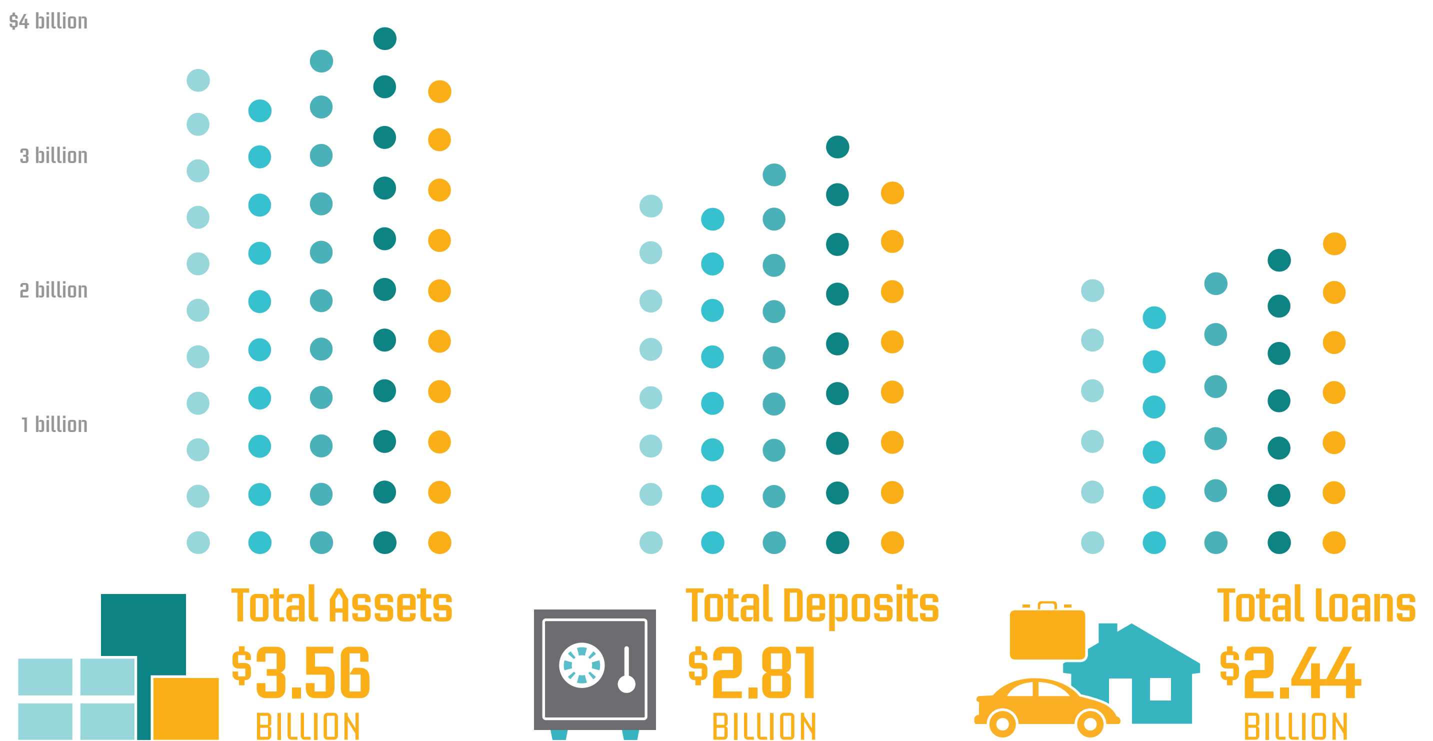
Loan Growth

Despite sluggish demand and significant competitive pricing pressures, we are pleased with our overall loan growth during 2013. Loans, excluding FDIC-covered loans and mortgages held for sale, increased $257.9 million, primarily in the areas of commercial real estate, other residential, consumer and commercial business. Total gross loans increased $120.2 million during 2013 because of a $137.7 million decrease in the FDIC-covered loan portfolios.

The increase in loans was partially due to the purchase of $86.1 million of multi-family residential loans in October 2013. The acquired loan portfolio, which was auctioned by an unrelated FDIC-insured financial institution, included 119 loans with collateral securing the notes consisting primarily of multi-family real estate in Minnesota, Michigan, Wisconsin, Illinois and Indiana. As part of our due diligence process, our lenders re-underwrote each credit and personally inspected 99% of the properties. We are very pleased with this purchase as it allowed us the opportunity to acquire high quality and relatively high-yielding loans, while providing the chance to build long-lasting relationships with these new customers.

Our consumer lending division had a record-breaking year as we focused on leveraging our geographic footprint during 2013. Total loan production increased $50.9 million, or 58%, to $138.9 million. Indirect lending was the primary driver of the uptick in production as our Indirect Lending team, Business Bankers and banking center staff focused throughout our franchise on building relationships with established new car dealers that also sell used cars. Direct consumer loans, those originated through our banking center network, increased 19% over 2012 originations, which itself was a record-breaking production year.

A retooled and updated line of business, Business Banking, was launched in 2013



to serve the small business market by offering comprehensive depository and lending products and services. We began offering Business Banking services in full force by mid-year and developed customer relationships representing $6.2 million in deposits and $7.9 million in loans by the end of 2013.

In 2013, we focused on bringing the full power of our Company to customers in our six-state franchise. In some key markets, we were lacking full-time, in-market commercial lenders and recognized the lost opportunities to serve local customers. In response, we effectively built out the commercial lending team in many of our major markets, including Minneapolis, Des Moines, St. Louis, Northwest Arkansas and Kansas City. We hired seasoned commercial lenders to initiate commercial lending services in markets where we lacked a lender and also added lenders to established high-potential markets. We did the same for Business Banking by hiring experienced bankers in St. Louis, Minneapolis, Des Moines and Omaha. We are beginning to see loan production increase throughout our footprint, and expect to see continued progress in production in 2014 as these lenders build on existing relationships and add new relationships in their respective markets.

While we have ramped up our lending team, our lenders have received a clear message as to our lending approach. Despite pricing pressures and other competitive forces, our underwriting criteria on commercial loans remains conservative and is primarily centralized. Our loan portfolio mix continues to change favorably and is more diversified by loan type and geography than ever before. Memories and lessons learned from the recent economic downturn have not faded. The old adage that banks get in trouble in good times and not bad times remains as true today as it has ever been.

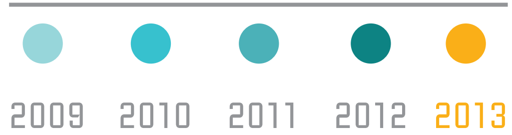
Credit Quality

Since the end of 2012, overall credit quality improved with a $32.8 million, or 27%, decrease in non-performing assets and potential problem loans. Non-performing assets were 1.75% of total assets at December 31, 2013, compared to 1.84% at December 31, 2012. Total net charge-offs were down 60% from 2012 levels to $17.9 million. We understand much work remains to be done to take non-performing loans and non-performing assets to lower levels. The progress made during the year by our team to improve in these areas is rewarding. As we continue to work to reduce these problem assets, we expect that the significant legal and foreclosure expenses associated with the resolution process will also be reduced over time.

Operations

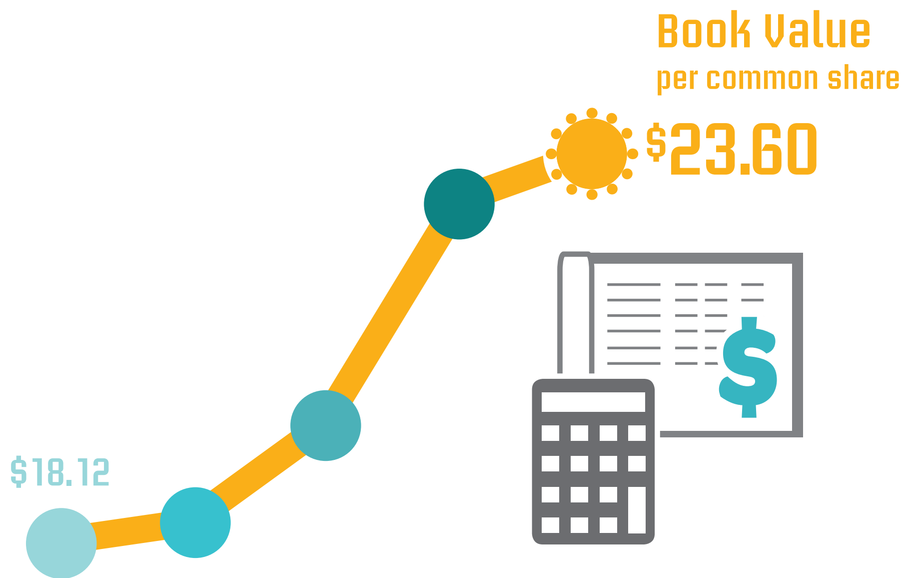
Operating our Company more efficiently is a constant focus, no matter the time period. While expense containment is always top-of-mind, our focus is even sharper as top line revenue growth continues to be challenging. Non-interest expense

Total Capital
$381 MILLION



Includes acquisitions:
2009 TeamBank and Vantus
2011 Sun Security
2012 InterBank

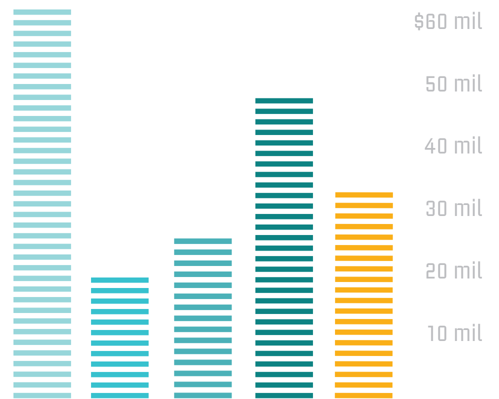
Book Value
per common share
$23.60



decreased $2.2 million to $110.4 million for 2013. The biggest driver of the decrease was a reduction in legal and foreclosure-related expenses. As noted above, we continue to experience significantly elevated levels of expenses in this area, but expect a declining trend as we resolve credit issues.

Serving our customers how, when and where they prefer and serving them efficiently is vital to our ongoing success. Our banking center network, which is always evolving, remains very important in our delivery system. The number of banking centers we operate will change from year-to-year as we regularly analyze utilization, performance, profitability and market potential. The future role of the banking center is a topic of much discussion in the industry. Many banks are trimming their banking center

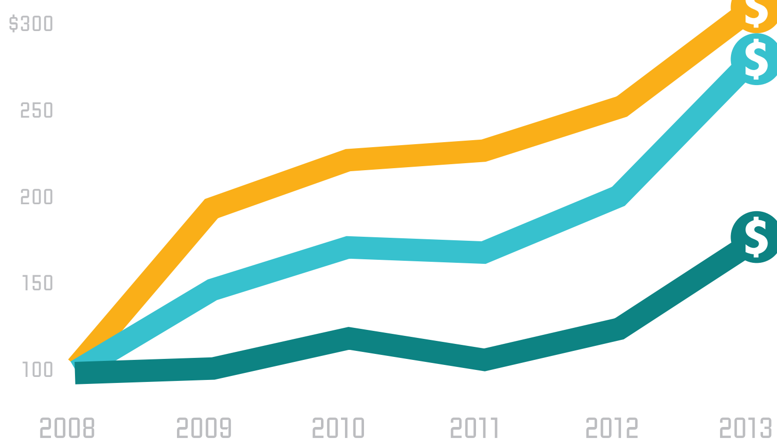
Total Net Income
$33.15 MILLION



Total Return*

5 Year Cumulative

$312



Great Southern Bancorp, Inc.
NASDAQ Composite
NASDAQ Financial

* 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, 2008 through December 31, 2013. The graph assumes that $100 was invested in GSBC Common Stock on December 31, 2008 and that all dividends were reinvested.

network in light of the predominance and adoption of self-service channels, like mobile banking and online banking. We see a quick adoption of electronic channels by our customers, too, but we do not think that electronic banking will be the demise of the banking center altogether; albeit transactions such as deposits and cashing checks in the banking center are steadily decreasing. We find that most customers still prefer to utilize a banking center for their more complex financial needs. The desire to have a face-to-face conversation and a handshake regarding significant financial matters will likely never go out of style.

During 2013, we reduced our banking center network from 107 to 96 banking centers, a net reduction of 11. The Company added one banking center to its network in 2013, with a new facility in a commercial district of Omaha, Neb. This full-service banking center, which includes a commercial lending team, brings the total to four banking centers operating in the greater Omaha metropolitan area.

The difficult decision was made to consolidate a total of 12 offices into other Great Southern banking centers in 2013. In October, 11 Missouri banking centers were closed and consolidated into other proximate Great Southern banking center locations. Consolidation of these banking centers, which included the transfer of deposits and other banking center operations, was a result of a performance review of the entire banking center network. The affected banking centers were acquired in 2011, as part of the FDIC-assisted acquisition of the former 27-branch Sun Security Bank. Six of the 11 banking centers were located in southeastern Missouri and the rest in central Missouri. Great Southern ATMs remain operational at each of the affected banking center sites. In December, a drive-thru facility in Sioux City, Iowa, was consolidated into the nearby Downtown Sioux City banking center, which was remodeled to include drive-thru services for customers.

In addition, the Company relocated three existing banking centers to nearby sites in 2013 - one each in Springfield, Mo., Maple Grove, Minn., and Ava, Mo.

On the technology front in 2013, the Company introduced Mobile Check Deposit, a smartphone application-based service enabling customers to conveniently deposit a paper check to their checking account by utilizing a smartphone camera. A new mobile-ready and more interactive Company website, GreatSouthernBank.com, was also launched.

Results

Our strategic focus, executed by our great team of associates, culminated in our solid financial performance. Our earnings and capital remained

positions of strength as we ended 2013. Net income available to common shareholders for 2013 was $33.2 million, or $2.42 per diluted common share. The Company ended the year with assets of $3.6 billion. Total stockholders' equity increased to $380.7 million at December 31, 2013, or 10.7% of total assets. Common stockholders' equity was $322.8 million, or 9.1% of total assets, equivalent to a book value of $23.60 per common share at the end of 2013.

Shareholder dividends of $0.18 per common share were declared in each of the four quarters of 2013. Consecutive quarterly dividends have been paid to common shareholders since 1990. We are pleased that we were able to maintain our quarterly dividend of $0.18 since the end of 2007, even in the midst of the worst economic downturn since the Great Depression. Reflecting the Company's current favorable financial position, our Board of Directors approved a $0.02 cash dividend increase per common share for the first quarter of 2014, raising the quarterly dividend to $0.20 per common share.

2014 More Progress

In 2014, our strategic direction is straightforward and similar to our focus in 2013. We are optimistic about our prospects in 2014, but realistic about challenges that we will likely encounter. Key priorities in 2014 include continuing to expand relationships with existing customers and developing new customer relationships, strengthening our credit profile, resolving lingering credit issues, mitigating interest rate risk and improving our efficiency.

We remain open to growing by acquisition; however, the number of FDIC-assisted deals available has diminished significantly over the last several years. We will only consider open bank deals that provide an acceptable return to our shareholders.

As we write this message, several strategic initiatives are already well underway in 2014. In March, we completed the acquisition of two branches in Neosho, Mo., and the purchase of certain St. Louis depository and loan customers from Neosho, Mo.-based Boulevard Bank. The combined Neosho and St. Louis transactions represented approximately $101 million in deposits and $12 million in loans. The Company has operated a banking center in Neosho since 1991. This office will be consolidated into the former Boulevard Bank location directly across the street in the third quarter of 2014, bringing the total of banking centers to two in this market. Our new St. Louis customers have access to seven area Great Southern banking centers.

In February 2014, the Company opened commercial loan production offices in Tulsa, Okla., and Dallas, Texas. The Tulsa office is located in southeast Tulsa at 4200 E. Skelly Dr. and the Dallas office is in Preston Center (north Dallas) at 8201 Preston Rd. The new offices are the first physical presence the Company has in each market.

In the second quarter of 2014, the Company expects to add two new full-service banking centers to its network: a north St. Louis office and a Fayetteville, Ark., facility.

On a celebratory note, 2014 marks the 25th anniversary of Great Southern's initial public offering (IPO) on the NASDAQ stock market. Many of our current shareholders participated in the IPO and we hope that these shareholders believe their initial investment 25 years ago was a smart move. As of December 31, 2013, each share of stock purchased at $9.00 in the IPO had a value of approximately $364.92 (including the effects of stock splits).

As we move ahead, we pledge to keep the long-term success of the Company and the long-term interests of our shareholders in mind in every decision we make. With our excellent team of bankers, strong capital position, favorable deposit base and expansive franchise located in vibrant communities across the Midwest, we are in a great position to make 2014 another outstanding year. We want to thank our associates for their tremendous focus and effort over the past year; our customers for giving us the opportunity to serve their needs; and our shareholders for your continued faith in the bright future of our Company. As always, we welcome your feedback.

William V. Turner

Joseph W. Turner

smart moves

- New Banking Centers
- New Markets
- Expanded Services

Companies must make smart, well-thought-out moves to be successful. The climate of our industry has changed dramatically in the past several years and now, more than ever it is imperative that banks make smart decisions that increase the strength, efficiency and overall value of the company.

Our goals have always been centered on making the moves that made most sense for our customers and shareholders. Illustrating that type of thinking, the moves the Company made in 2013 ranged in variety from the tougher decisions, like consolidating banking centers, to the more exciting, such as entering new markets and hiring well-known, well-experienced teams to lead those markets.

Perhaps one of our biggest moves was entering Omaha, Neb. The Company opened a de novo banking center with a commercial lending office in October, giving it a strong retail and lending presence in the area. The office is situated in the rapidly growing and vibrant west side of Omaha. An experienced team of area banking veterans was hired to lead the market. Omaha offers the Company a great opportunity to build expansive relationships with customers. It's one of the 50 largest cities in the nation, with a population of more than 400,000 people, and it ranks eighth in per-capita billionaires and Fortune 500 companies.

In addition to Omaha, the Company made investments in the Minneapolis market, an area we entered through an FDIC-assisted acquisition of four banking centers in 2012. A new banking facility was constructed in Maple Grove, Minn., replacing the original leased banking center and offering us greater exposure in the region. In addition to our new banking center, we also made renovations to some of our other banking centers in the area, providing better accessibility to our customers. Minneapolis is the largest metropolitan area the Company currently serves, and the experienced team of local bankers affords us great opportunity for developing business relationships, similar to those in Omaha.

Our new Maple Grove Banking Center is better located and has a larger team.

greater presence

MAPLE GROVE
ROSEVILLE
EDINA
LAKEVILLE

MINNESOTA

LE MARS
SIOUX CITY
SOUTH SIOUX CITY
ONAWA

IOWA

We're making a name for ourselves in Iowa through community involvement.

ANKENY
JOHNSTON
NEWTON
WEST DES MOINES
MONROE

Omaha is a growing market with high income areas.

HOT market

FORT CALHOUN
OMAHA
BELLEVUE

extra exposure

St. Louis area now has VIP banking services.

NEBRASKA

added VIP

KANSAS

PRAIRIE VILLAGE
DE SOTO
LEE'S SUMMIT
OLATHE
OVERLAND PARK
SPRING HILL
OTTAWA
PAOLA
OSAWATOMIE

MISSOURI

O'FALLON
LAKE ST. LOUIS
CREVE COEUR
COTTLEVILLE
CLAYTON
DES PERES
AFFTON

We've increased our commercial lending and expanded our lending team in the KC area.

more business

STOVER
ELDON
CLIMAX SPRINGS
OSAGE BEACH
GREENVIEW
CAMDENTON
IOLA
NEVADA
STOCKTON
BUFFALO
LEBANON
VIBURNUM
PILOT KNOB
FREDERICKTOWN
LAMAR
GREENFIELD
LOCKWOOD
WILLARD
PARSONS
SPRINGFIELD
MILLER
MANSFIELD
CABOOL
ELLINGTON
REPUBLIC
OZARK
JOPLIN
MOUNTAIN GROVE
AURORA
XA
AVA
NEOSHO
FORSYTH
WEST PLAINS
KIMBERLING CITY
BRANSON
THAYER

OKLAHOMA

ROGERS

TULSA

BIG difference

ARKANSAS

Tulsa & Dallas give us great potential for future commercial lending.

new LPOs

New, more convenient banking centers in Ava and Springfield improve customer experience.

TEXAS

DALLAS

Business Banking
TEAM RESULTS

Our new Business Banking team approach increased our volume of business loans, expanded indirect lending and deepened our relationships with our business customers.

First six months out of the gate: *

Total Deposits
$6.2 million

Total Loans
$7.9 million

Indirect Loans
$12.5 million
739 Funded Applications

Business Banking customers
1,500 +

* It's important to note that our Business Banking team spent the first half of 2013 in extensive training programs preparing them to serve customers through this new line of business, making the business they generated in 2013 even more impressive.

The Company replaced two existing banking centers with new facilities in the southwest Missouri region in 2013. In March, the Bank relocated its banking center in downtown Springfield to a newly renovated building the Company had occupied for more than 30 years from 1954 – 1986. This move was, in a sense, a homecoming for us.

The Company also replaced its Ava, Mo. location with a new banking center. The Ava office is one of the busiest in the franchise and the old location was simply not big enough for our customer base. The new building opened in the fourth quarter and provides customers with a much friendlier and more accessible banking experience.

Though technology for self-service is becoming a driving force in the industry, we strongly believe that customers still prefer face-to-face interaction for their more complicated banking business. We recognize this preference and continually work to ensure that our banking centers remain relevant and useful for our customers. Meeting face-to-face with an "old-fashioned" handshake will always be our best chance to build and deepen customer relationships.

Business Banking

In January 2013, we made the strategic decision to realign our operating structure to better serve business customers with both loan and deposit products. To do so, we reorganized our Corporate Services and Small Business Banking departments into one collective group known as Business Banking.

This line of business allows us to aggressively pursue the highly sought after small business market. As a result, Business Banking customers receive a more streamlined and comprehensive continuum of services, allowing us the opportunity to grow with them, as their business grows.

The goals of Business Banking are simple – increase loans for the Company, increase indirect lending by dealer relationship development,

BUSINESS BANKING

Products & Services

deepen our current business customer base, and expand our presence and identity in key markets in order to acquire new business.

One year later, we've added Business Banking Officers in several key markets, including Des Moines, Kansas City, Minneapolis, Omaha and St. Louis. To round out our team of experts, we hired a Small Business Administration (SBA) Specialist to provide expertise in SBA underwriting, packaging, servicing and reporting.

VIP Banking in New Markets

VIP Banking provides personalized, professional service to high net worth clients. Our VIP Banking team delivers the entire spectrum of Great Southern services directly to the customer with concierge service, when and where they need it. It was introduced at Great Southern more than a decade ago and continues to be very successful, managing deposit balances totaling more than $169 million at year-end 2013, which is equivalent to our second largest banking center.

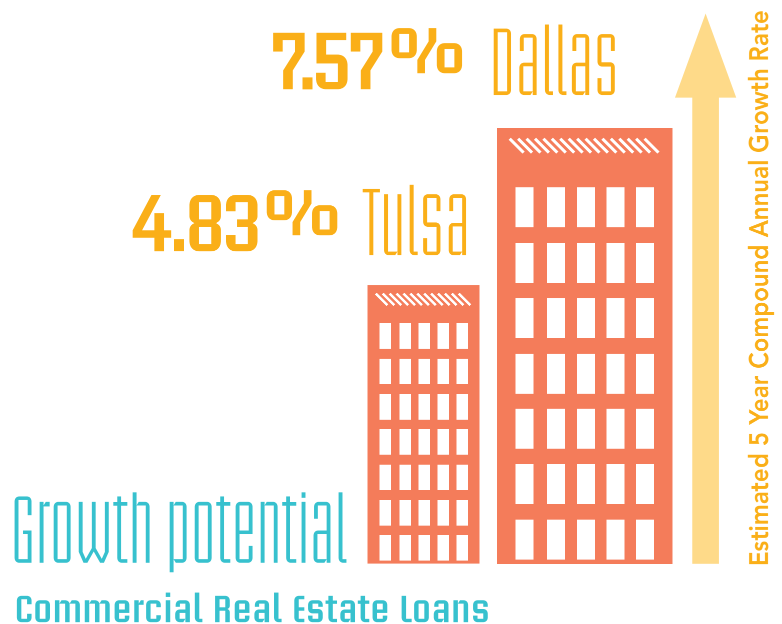
2013 proved to be another year of expansion for this service as we added VIP Bankers in St. Louis, Des Moines and Omaha, three key markets for our Company. We plan to continue expanding the service in additional key markets, including Kansas City and Minneapolis.

Dallas and Tulsa

In early 2014, we expanded our footprint to two new highly-valued markets with the opening of loan production offices (LPOs) in Dallas, Texas and Tulsa, Okla. Both markets offer the Company attractive business opportunities.

The north Dallas office is led by a 30-year commercial real estate lending veteran who has lived and worked in the Dallas market for the entirety of his career.

Our Tulsa LPO is led by an experienced commercial lender, who is familiar with this vibrant market and focused on building new relationships.



Commercial Real Estate Loans

Market analysis shows these markets, while heavily banked, have significant growth potential in the commercial lending area.

intelli tech

In 2013, we made several investments in our technology-based products and services, underscoring our commitment to make them available to customers when, where and how they desire. Popular products such as mobile banking, Mobile Check Deposit, online loan applications and online account opening are no longer considered a perk by customers. Instead, they are expected as the industry has begun to move toward increasingly mobile and self-serve products and services.

One of our most exciting products rolled out in 2013 was the Great Southern Mobile Check Deposit feature of our Mobile App that allows customers to deposit checks directly from their smartphone. The feature is fast, secure and free to any customer who utilizes an Online Banking account.

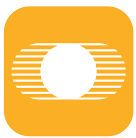
Great Southern Text Banking and Text Alerts were also made available in 2013. Text Banking allows customers to gain quick, easy access to their account information by texting a short code which will then automatically respond with the information they requested, such as an account balance. Additionally, Text Alerts enable customers to easily keep track of their account balance, transactions and more.

In the last year, we worked to enhance existing services. One of the biggest improvements to our online presence is our new and improved website. The new site was launched in April and is

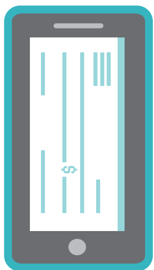
Customer Access Points

gent

43,961
active online banking customers

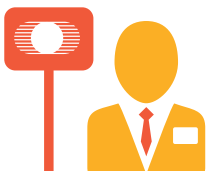


19,319
mobile app downloads



17,000
items deposited using Mobile Check Deposit

12,792
customers using e-documents



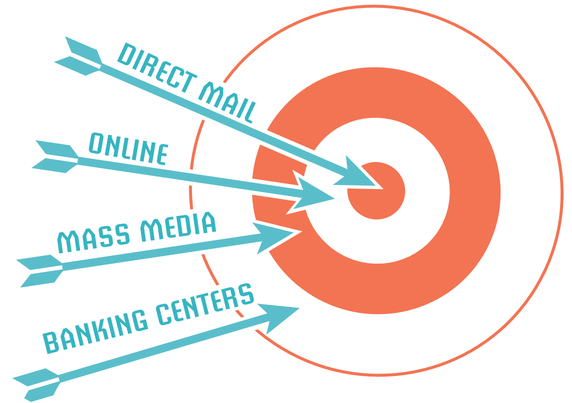
4.4 million
banking center transactions

more interactive and mobile friendly, allowing our customers to access us and our services easily on any device they use.

Targeted Marketing

Smart moves didn't just apply to our business initiatives in 2013. We began utilizing certain marketing analysis platforms to allow us to target our marketing efforts much more precisely. This 'rifle' approach to our advertising, versus the more traditional 'shotgun' approach, represents an overall philosophical shift in the way we're reaching current and potential customers with information that is relevant, timely and helpful to them in their buying decisions.

By targeting our audience more precisely, we're able to help control expenses, increasing the value of the Company in the long run. A great example of this is the auto loan campaign we ran in the summer months of 2013. We utilized a mix of channels to reach customers who were actively searching for an auto loan.



Auto Loan Campaign

Our new propensity-based approach to marketing allowed us to make the most cost effective use of different advertising channels. Direct mail, the most expensive per prospect, was highly targeted. In branch materials, the least expensive, were used across our entire network.

For example, we ran online advertisements that targeted customers who had used the Internet to search for auto loan information recently. This allowed us to reach only consumers who had a specific need, helping to increase the likelihood of a closed loan.

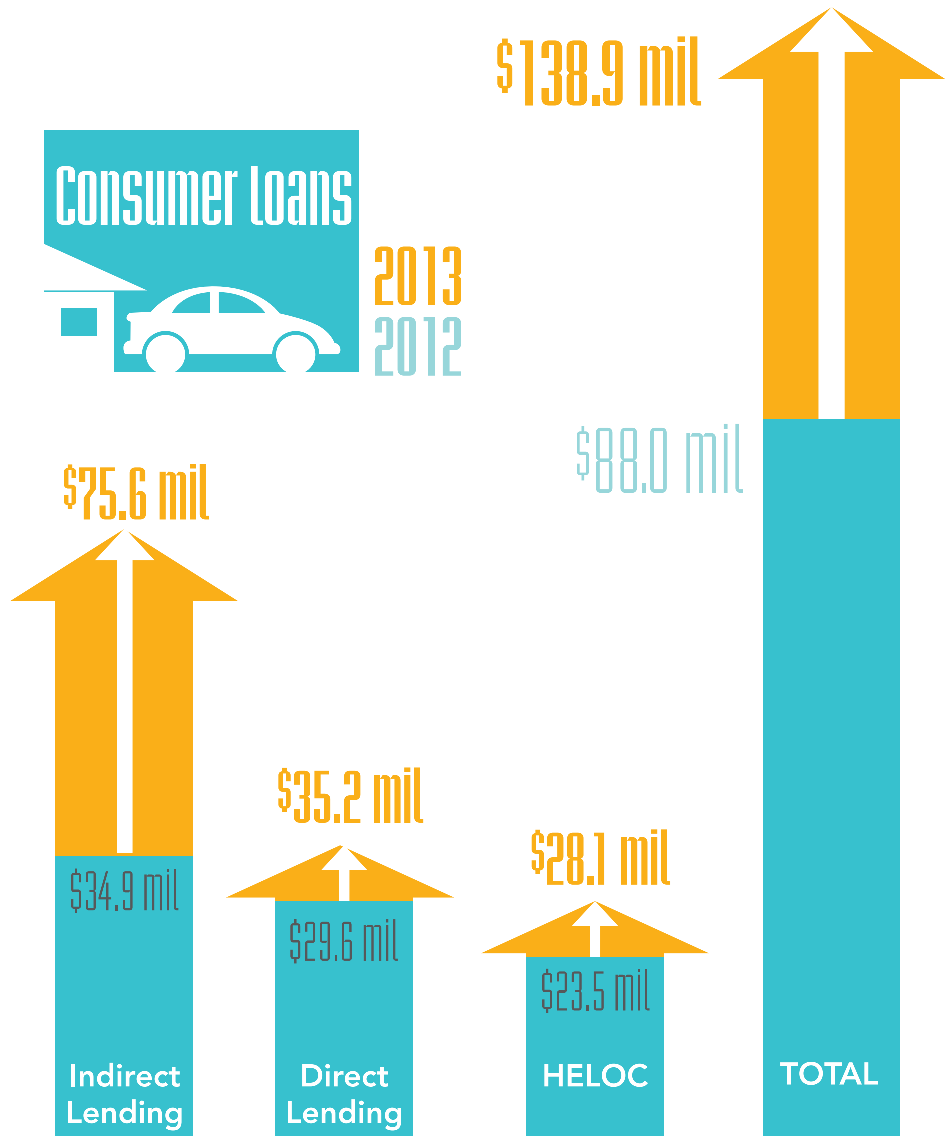
Additionally, we examined our markets extensively to determine areas with consumers who were deemed to have a high propensity to buy based off of certain criteria. As these markets and consumers were identified, we utilized direct mail to reach those who live within close proximity to our banking centers in the market. This resulted in a highly efficient use of our marketing dollars.

bright spots

Improved Loan Portfolio

One of our major focuses in the past year has been to increase our overall loan production. Thanks to the efforts of our associates, the Company increased total loans, excluding covered loans and mortgages held for sale, by approximately $257 million last year. There are several factors that play into this increase.

A contributor to our loan increase was our elevated focus on consumer lending. In 2013, we repositioned our indirect lending services, financing that is done through certain car dealerships. Sparked by increased consumer loan demand, we purchased a new system to allow us to more effectively communicate with more dealers and better leverage the resources we have across our footprint. Additionally, we are utilizing our Business Bankers to call on more auto dealers in more markets, broadening the reach of our indirect lending services. Our Consumer Lending Department reorganized



itself to better manage the increased volume while adding no additional staff.

Finally, we continued our focus on banking center-generated loans. We have a vast network of banking centers with teams that serve our customers directly and this network is a quality source of loan generation. At the end of 2013, our banking centers were responsible for $36 million in consumer loans, $28 million in Home Equity Lines of Credit (HELOCs), $64 million in commercial loans and $77 million in mortgage loans.

Community Involvement

Community means a lot to us. It means building on good relationships and creating new ones. It means helping each other. We understand the importance of a strong, thriving community. Our focus on what really matters to our communities is essential to determining where we should invest and prioritize our resources. Strengthening and supporting our communities matters to the long term success of our Company. A thriving, strong community is more than in our words; it is in our daily actions.

As a part of our commitment to our communities, we're partnering with them to make them better, more prosperous places to live, work and do business. To help us fully leverage this commitment, we're launching the Great Southern Bank Community Matters Program. This program involves four components: Community Development, Charitable Giving, Volunteerism and Financial Education.

125 Current Active Dealers + 55 New Dealers + 18 Reactivated Dealers = 198 Indirect Dealers in 2013

MEANINGFUL CONNECTIONS

400+
nonprofit organizations were served by Great Southern volunteers.

375+
volunteer service events completed by Great Southern Bank associates.

200+
associates served nonprofit organizations in leadership roles.

$500,000+
donated by Great Southern Bank to nonprofit organizations.

$43,000+
donated by Great Southern associates to nonprofit organizations.

THOUSANDS
of hours volunteered by Great Southern Bank associates.

Through these initiatives, it is our goal to make a meaningful impact on improving our local economies; assisting our community partners in meeting the needs of the underprivileged through nonprofit donations; and encouraging our associates to volunteer in meaningful projects and teach financial education to children, teens, adults and senior citizens.

By fostering our associates to be leaders in the community, we have a deep understanding of what matters in our communities and are able to make careful decisions of how to invest and prioritize our resources. We are proud of our Company's leadership and the important role our associates play in their local communities every day.

In 2013, we continued our involvement with Missouri Safe and Sober, an organization that seeks to create awareness about the dangers of drugs and alcohol and encourages teens to lead a safe and sober lifestyle. Through our involvement, we were able to make a direct impact in several of our markets and affect more than 150 schools and more than 77,000 high school students across Missouri.

Of course, our community involvement goes beyond that of the nonprofit world. We're also proud community partners with several athletic teams in our markets. New to the family in 2013 is our involvement with Drake University Athletics in Des Moines, Iowa, the River City Rascals in O'Fallon, Mo. and as of early 2014, the Iowa Cubs, also in Des Moines. These are beneficial relationships that we're very proud of, and we will continue to expand them when and where it makes good business sense.

Directors

OF GREAT SOUTHERN BANCORP, INC. AND GREAT SOUTHERN BANK

Back Row

EARL A. STEINERT, JR.
Board Member
Co-owner, EAS Investment Enterprises, Inc./CPA

LARRY D. FRAZIER
Board Member
Retired – Hollister, Mo.

GRANT Q. HADEN
Board Member
Attorney and Managing Partner, Haden, Cowherd and Bullock LLC

THOMAS J. CARLSON
Board Member
President, Mid America Management, Inc.

Front Row

WILLIAM E. BARCLAY
Board Member
Retired – Springfield, Mo.

JOSEPH W. TURNER
President and
Chief Executive Officer

WILLIAM V. TURNER
Chairman of the Board

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

Leadership Team

TAMMY BAURICHTER
Controller

KRIS CONLEY
Director of Retail Banking

REX COPELAND*
Chief Financial Officer

DOUG MARRS*
Director of Operations

DEBBIE FLOWERS
Director of Credit Risk Administration

STEVE MITCHEM*
Chief Lending Officer

KELLY POLONUS
Director of Communications and Marketing

MATT SNYDER
Director of Human Resources

LIN THOMASON*
Director of Information Services

BRYAN TIEDE
Director of Risk Management

JOE TURNER*
President and Chief Executive Officer

*Denotes Executive Officer

Selected Consolidated Financial Data

	December 31,				
	2013	2012	2011	2010	2009
Summary Statement of Condition Information:	(Dollars in Thousands)				
Assets	$3,560,250	$3,955,182	$3,790,012	$3,411,505	$3,641,119
Loans receivable, net	2,446,769	2,346,467	2,153,081	1,899,386	2,091,394
Allowance for loan losses	40,116	40,649	41,232	41,487	40,101
Available-for-sale securities	555,281	807,010	875,411	769,546	764,291
Other real estate owned, net	53,514	68,874	67,621	60,262	41,660
Deposits	2,808,626	3,153,193	2,963,539	2,595,893	2,713,961
Total borrowings	343,795	391,114	485,853	495,554	591,908
Stockholders' equity (retained earnings substantially restricted)	380,698	369,874	324,587	304,009	298,908
Common stockholders' equity	322,755	311,931	266,644	247,529	242,891
Average loans receivable	2,403,544	2,326,273	2,007,914	2,019,361	2,028,067
Average total assets	3,789,876	4,005,613	3,496,860	3,528,043	3,403,059
Average deposits	2,996,941	3,199,683	2,671,710	2,661,164	2,483,264
Average stockholders' equity	378,650	352,282	316,486	309,558	274,684
Number of deposit accounts	192,323	197,733	189,288	171,278	173,842
Number of full-service offices	96	107	104	75	72

The tables on pages 16,17 and 18 set forth selected consolidated financial information and other financial data of the Company. The selected balance sheet and statement of operations data, insofar as they relate to the years ended December 31, 2013, 2012, 2011, 2010, and 2009, are derived from our Consolidated Financial Statements, which have been audited by BKD, LLP. See Item 6. "Selected Consolidated Financial Data," 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.

Selected Consolidated Financial Data

	For the Year Ended December 31,				
	2013	2012	2011	2010	2009
	(In Thousands)				
Summary Statement of Operations Information:					
Interest income:					
Loans	$ 163,903	$170,163	$171,201	$145,832	$123,463
Investment securities and other	14,892	23,345	27,466	27,359	32,405
	178,795	193,508	198,667	173,191	155,868
Interest expense:					
Deposits	12,346	20,720	26,370	38,427	54,087
Federal Home Loan Bank advances	3,972	4,430	5,242	5,516	5,352
Short-term borrowings and repurchase agreements	2,324	2,610	2,965	3,329	6,393
Subordinated debentures issued to capital trust	561	617	569	578	773
	19,203	28,377	35,146	47,850	66,605
Net interest income	159,592	165,131	163,521	125,341	89,263
Provision for loan losses	17,386	43,863	35,336	35,630	35,800
Net interest income after provision for loan losses	142,206	121,268	128,185	89,711	53,463
Noninterest income:					
Commissions	1,065	1,036	896	767	309
Service charges and ATM fees	18,227	19,087	18,063	18,652	17,669
Net realized gains on sales of loans	4,915	5,505	3,524	3,765	2,889
Net realized gains on sales of available-for-sale securities	243	2,666	483	8,787	2,787
Recognized impairment of available-for-sale securities	---	(680)	(615)	---	(4,308)
Late charges and fees on loans	1,264	1,028	651	767	672
Gain (loss) on derivative interest rate products	295	(38)	(10)	---	1,184
Gain recognized on business acquisitions	---	31,312	16,486	---	89,795
Accretion (amortization) of income/expense related to business acquisition	(25,260)	(18,693)	(37,797)	(10,427)	2,733
Other income	4,566	4,779	2,450	2,018	2,497
	5,315	46,002	4,131	24,329	116,227
Noninterest expense:					
Salaries and employee benefits	52,468	51,262	43,606	39,908	35,684
Net occupancy expense	20,658	20,179	15,220	13,480	11,720
Postage	3,315	3,301	3,096	3,231	2,721
Insurance	4,189	4,476	4,840	4,463	5,617
Advertising	2,165	1,572	1,316	1,754	1,349
Office supplies and printing	1,303	1,389	1,268	1,447	1,124
Telephone	2,868	2,768	2,270	2,158	1,642
Legal, audit and other professional fees	4,348	4,323	3,803	2,832	2,741
Expense on foreclosed assets	4,068	8,748	11,846	4,914	4,959
Partnership tax credit	6,879	5,782	3,985	1,240	---
Other operating expenses	8,128	8,760	6,226	6,723	4,145
	110,389	112,560	97,476	82,150	71,702
Income (loss) from continuing operations before income taxes	37,132	54,710	35,840	31,890	97,988
Provision (credit) for income taxes	3,403	10,623	5,183	8,590	32,983
Net income (loss) from continuing operations	33,729	44,087	29,657	23,300	65,005
Discontinued Operations					
Income from discontinued operations, net of income taxes	---	4,619	612	565	42
Net income (loss)	33,729	48,706	30,269	23,865	65,047
Preferred stock dividends and discount accretion	579	608	2,798	3,403	3,353
Non-cash deemed preferred stock dividend	---	---	1,212	---	---
Net income (loss) available to common shareholders	$ 33,150	$ 48,098	$ 26,259	$ 20,462	$ 61,694

Selected Consolidated Financial Data

	At and For the Year Ended December 31,				
	2013	2012	2011	2010	2009
	(Number of shares in thousands)				
Per Common Share Data:					
Basic earnings (loss) per common share	$ 2.43	$ 3.55	$ 1.95	$ 1.52	$ 4.61
Diluted earnings (loss) per common share	$ 2.42	$ 3.54	$ 1.93	$ 1.46	$ 4.44
Diluted earnings (loss) from continuing operations per common share	$ 2.42	$ 3.20	$ 1.89	$ 1.42	$ 4.44
Cash dividends declared	$ 0.72	$ 0.72	$ 0.72	$ 0.72	$ 0.72
Book value per common share	$ 23.60	$ 22.94	$ 19.78	$ 18.40	$ 18.12
Average shares outstanding	13,635	13,534	13,462	13,434	13,390
Year-end actual shares outstanding	13,674	13,596	13,480	13,454	13,406
Average fully diluted shares outstanding	13,715	13,592	13,626	14,046	13,382
Earnings Performance Ratios:					
Return on average assets(1)	0.89%	1.22%	0.87%	0.68%	1.91%
Return on average stockholders' equity(2)	10.52	16.55	11.67	9.42	29.72
Non-interest income to average total assets	0.14	1.49	0.35	0.91	3.61
Non-interest expense to average total assets	2.91	2.98	2.99	2.52	2.30
Average interest rate spread(3)	4.60	4.53	5.06	3.81	2.98
Year-end interest rate spread	3.88	3.57	3.68	3.81	3.56
Net interest margin(4)	4.70	4.61	5.17	3.93	3.03
Efficiency ratio(5)	66.94	53.03	59.54	56.52	36.88
Net overhead ratio(6)	2.77	1.48	2.64	1.61	(1.31)
Common dividend pay-out ratio(7)	29.75	20.34	37.31	49.32	16.22
Asset Quality Ratios (8):					
Allowance for loan losses/year-end loans	1.92%	2.21%	2.33%	2.48%	2.35%
Non-performing assets/year-end loans and foreclosed assets	2.46	2.98	3.31	3.93	2.99
Allowance for loan losses/non-performing loans	201.53	180.84	149.95	141.02	151.38
Net charge-offs/average loans	0.91	2.43	2.09	2.05	1.44
Gross non-performing assets/year end assets	1.75	1.84	1.96	2.30	1.79
Non-performing loans/year-end loans	0.80	0.94	1.25	1.52	1.24
Balance Sheet Ratios:					
Loans to deposits	87.12%	74.42%	72.65%	73.17%	77.06%
Average interest-earning assets as a percentage of average interest-bearing liabilities	116.03	110.12	110.55	108.22	102.17
Capital Ratios:					
Average common stockholders' equity to average assets	8.5%	7.4%	7.4%	7.2%	6.4%
Year-end tangible common stockholders' equity to assets	8.9	7.7	6.9	7.1	6.5
Great Southern Bancorp, Inc.:					
Tier 1 risk-based capital ratio	15.6	15.7	14.8	16.8	15.0
Total risk-based capital ratio	16.9	16.9	16.1	18.0	16.3
Tier 1 leverage ratio	11.3	9.5	9.2	9.5	8.6
Great Southern Bank:					
Tier 1 risk-based capital ratio	14.2	14.7	14.1	14.6	12.9
Total risk-based capital ratio	15.4	15.9	15.3	15.8	14.2
Tier 1 leverage ratio	10.2	8.9	8.6	8.3	7.4
Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirement (9):					
Including deposit interest	2.84x	3.09x	1.78x	1.53x	2.30x
Excluding deposit interest	5.87x	8.24x	3.30x	2.99x	6.29x

(1) Net income (loss) divided by average total assets.

(2) Net income (loss) 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) Cash dividends per common share divided by earnings per common share.

(8) Excludes assets covered by FDIC loss sharing agreements.

(9) In computing the ratio of earnings to fixed charges and preferred stock dividend requirement: (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.

GREAT SOUTHERN
BANCORP, INC.

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

Forward-looking Statements

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

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

Critical Accounting Policies, Judgments and Estimates

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

Allowance for Loan Losses and Valuation of Foreclosed Assets

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

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

Additional discussion of the allowance for loan losses is included in the Company's 2013 Annual Report on Form 10-K under "Item 1. Business - Allowances for Losses on Loans and Foreclosed Assets." Inherent in this process is the evaluation of individual significant

credit relationships. From time to time certain credit relationships may deteriorate due to payment performance, cash flow of the borrower, value of collateral, or other factors. In these instances, management may have to revise its loss estimates and assumptions for these specific credits due to changing circumstances. In some cases, additional losses may be realized; in other instances, the factors that led to the deterioration may improve or the credit may be refinanced elsewhere and allocated allowances may be released from the particular credit. For the periods included in the financial statements contained in this report, management's overall methodology for evaluating the allowance for loan losses has not changed significantly.

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

Carrying Value of FDIC-covered Loans and Indemnification Asset

The Company considers that the determination of the carrying value of loans acquired in the FDIC-assisted transactions and the carrying value of the related FDIC indemnification assets involve a high degree of judgment and complexity. The carrying value of the acquired loans and the FDIC indemnification assets reflect management's best ongoing estimates of the amounts to be realized on each of these assets. The Company determined initial fair value accounting estimates of the assumed assets and liabilities in accordance with FASB ASC 805, *Business Combinations*. However, the amount that the Company realizes on these assets could differ materially from the carrying value reflected in its financial statements, based upon the timing of collections on the acquired loans in future periods. Because of the loss sharing agreements with the FDIC on these assets, the Company should not incur any significant losses. To the extent the actual values realized for the acquired loans are different from the estimates, the indemnification asset will generally be impacted in an offsetting manner due to the loss sharing support from the FDIC. Subsequent to the initial valuation, the Company continues to monitor identified loan pools and related loss sharing assets for changes in estimated cash flows projected for the loan pools, anticipated credit losses and changes in the accretable yield. Analysis of these variables requires significant estimates and a high degree of judgment. See Note 4 of the accompanying audited financial statements for additional information regarding the TeamBank, Vantus Bank, Sun Security Bank and InterBank FDIC-assisted transactions.

Goodwill and Intangible Assets

Goodwill and intangible assets that have indefinite useful lives are subject to an impairment test at least annually and more frequently if circumstances indicate their value may not be recoverable. Goodwill is tested for impairment using a process that estimates the fair value of each of the Company's reporting units compared with its carrying value. The Company defines reporting units as a level below each of its operating segments for which there is discrete financial information that is regularly reviewed. As of December 31, 2013, the Company has one reporting unit to which goodwill has been allocated – the Bank. If the fair value of a reporting unit exceeds its carrying value, then no impairment is recorded. If the carrying value amount exceeds the fair value of a reporting unit, further testing is completed comparing the implied fair value of the reporting unit's goodwill to its carrying value to measure the amount of impairment. Intangible assets that are not amortized will be tested for impairment at least annually by comparing the fair values of those assets to their carrying values. At December 31, 2013, goodwill consisted of $379,000 at the Bank reporting unit. Other identifiable intangible assets that are subject to amortization are amortized on a straight-line basis over a period of seven years. At December 31, 2013, the amortizable intangible assets consisted of core deposit intangibles of $4.2 million. These amortizable intangible assets are reviewed for impairment if circumstances indicate their value may not be recoverable based on a comparison of fair value. See Note 1 of the accompanying audited financial statements for additional information.

For purposes of testing goodwill for impairment, the Company used a market approach to value its reporting unit. The market approach applies a market multiple, based on observed purchase transactions for each reporting unit, to the metrics appropriate for the valuation of the operating unit. Significant judgment is applied when goodwill is assessed for impairment. This judgment may include developing cash flow projections, selecting appropriate discount rates, identifying relevant market comparables and incorporating general economic and market conditions.

Based on the Company's goodwill impairment testing, management does not believe any of its goodwill or other intangible assets are impaired as of December 31, 2013. While the Company believes no impairment existed at December 31, 2013, different conditions or assumptions used to measure fair value of the reporting unit, or changes in cash flows or profitability, if significantly negative or unfavorable, could have a material adverse effect on the outcome of the Company's impairment evaluation in the future.

Current Economic Conditions

Economic conditions during the period 2008 to 2012 presented financial institutions with unprecedented circumstances and challenges which, in some cases, resulted in large declines in the fair value of investments and other assets, constraints on liquidity and significant credit quality problems, including severe volatility in the valuation of real estate and other collateral supporting loans.

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

The economic downturn elevated unemployment levels and negatively impacted consumer confidence. This downturn had a detrimental impact on industry-wide performance nationally as well as the Company's Midwest market areas. Over the past two years, several economic indicators have shown some improvement, including increasing consumer confidence levels and a continued decline in unemployment levels.

The national unemployment rate declined from 7.8% as of December 2012 to 6.7% in December 2013. The unemployment rate at 6.7% remains high, and although job growth slowed in December, it is anticipated to accelerate from near 180,000 per month last year to over 200,000 monthly in 2014, according to economists. Unemployment levels in our market areas decreased during 2013 in all but two of the states in which the Company has offices and all but one state had unemployment levels lower than the National unemployment rate. Unemployment rates at December 31, 2013 were: Missouri at 5.9%, Arkansas at 7.4%, Kansas at 4.9%, Iowa at 4.2%, Nebraska at 3.6%, Minnesota at 4.6%, Oklahoma at 5.4% and Texas at 6.0%. Four out of these eight states had unemployment rates among the ten lowest in the country. Of the metropolitan areas in which Great Southern Bank does business, the St. Louis market area continues to carry the highest level of unemployment at 6.5% which is an improvement over the 7.0% rate reported as of December 2012. The unemployment rate at 4.6% for the Springfield market area was below the national and state average for December 2013. Metropolitan areas in Iowa and Nebraska boasted unemployment levels ranging from 3.6% - 4.0%; ranking them among the lowest unemployment levels in the nation.

Real GDP growth slowed in the fourth quarter of 2013 to 2.3% from 4.1% in the previous quarter. Although growth slowed slightly, progress was noted, with consumption accelerating and driving growth. Consumer spending expanded at a moderate rate but remains constrained by high unemployment, modest income growth, reduced housing wealth and tight credit. Reduced government spending and the government shutdown in the 2013 4th quarter had an impact on the level of economic improvement.

Sales of newly built, single-family homes fell 7% to a seasonally adjusted annual rate of 414,000 units in December 2013, according to the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. Despite the monthly drop, home sales in 2013 were up 16.4% over the previous year. December's decline in new-home sales followed elevated levels in the previous two months, resulting in a fourth quarter which was still much stronger than the third quarter according to the National Association of Home Builders. Builders are still constrained by tight credit conditions for home buyers, and a limited supply of labor and buildable lots.

Regionally, the Midwest posted a gain in new-home sales activity for 2013 at 17.6%. At December 31, 2013, the median existing home price in the Midwest stood at $150,700, a 7.0% increase from the year before. Building permits have increased across our market areas, and foreclosure filings have decreased to their lowest level since 2007.

The performance of commercial real estate markets also improved substantially in the Company's market areas as shown by increased real estate sales activity and financing of those activities. According to real estate services firm CoStar Group, retail, office and industrial types of commercial real estate properties continue to show improvement in occupancy, absorption and rental income both nationally and in our market areas.

While current economic indicators for the Midwest show improvement in employment, housing starts and prices, commercial real estate occupancy, absorption and rental income, Bank management will continue to closely monitor regional, national and global economic conditions as these could have significant impacts on our market areas.

General

The profitability of the Company and, more specifically, the profitability of its primary subsidiary, the Bank, depends primarily on its net interest income, as well as provisions for loan losses and the level of non-interest income and non-interest expense. Net interest income is the difference between the interest income the Bank earns on its 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, 2013, Great Southern's total assets decreased $394.9 million, or 10.0%, from $3.96 billion at December 31, 2012, to $3.56 billion at December 31, 2013. Full details of the current year changes in total assets are provided in the "Comparison of Financial Condition at December 31, 2013 and December 31, 2012" section of this Annual Report on Form 10-K.

Loans. In the year ended December 31, 2013, Great Southern's net loans increased $119.9 million, or 5.2%, from $2.32 billion at December 31, 2012, to $2.44 billion at December 31, 2013. The increase was partially due to the purchase of $86.1 million of multi-family residential loans in October 2013. In addition, there were increases in commercial real estate, other residential, commercial business, consumer and construction loans. Excluding loans covered by loss sharing agreements, commercial real estate loans increased $88.3 million, other residential loans increased $58.1 million, other commercial loans increased $50.6 million, consumer auto loans increased $52.1 million and commercial construction loans increased $33.5 million. Partially offsetting these increases was a decrease in net loans acquired through the FDIC-assisted transactions of $137.7 million, or 26.3%, primarily because of loan repayments. As loan demand is affected by a variety of factors, including general economic conditions, and because of the competition we face and our focus on pricing discipline and credit quality, we cannot be assured that our loan growth will match or exceed the level of increases achieved in prior years. Based upon the current lending environment and economic conditions, the Company does not expect to grow the overall loan portfolio significantly at this time. The Company's strategy continues to be focused on maintaining credit risk and interest rate risk at appropriate levels.

Of the total loan portfolio at December 31, 2013 and 2012, 76.0.0% and 73.0%, respectively, was secured by real estate, as this is the Bank's primary focus in its lending efforts. At December 31, 2013 and 2012, commercial real estate and commercial construction loans were 42.7% and 45.1% of the Bank's total loan portfolio (excluding loans acquired through FDIC-assisted transactions), respectively. Commercial real estate and commercial construction loans generally afford the Bank an opportunity to increase the yield on, and the proportion of interest rate sensitive loans in its portfolio. They do, however, present somewhat greater risk to the Bank because they may be more adversely affected by conditions in the real estate markets or in the economy generally. At December 31, 2013 and 2012, loans made in the Springfield, Mo. metropolitan statistical area (Springfield MSA) were 20% and 24% of the Bank's total loan portfolio (excluding loans acquired through FDIC-assisted transactions), respectively. The Company's headquarters are located in Springfield and we have operated in this market since 1923. Because of our large presence and experience in the Springfield MSA, many lending opportunities exist. However, if the economic conditions of the Springfield MSA were worse than those of other market areas in which we operate or the national economy overall, the performance of these loans could decline comparatively. At December 31, 2013 and 2012, loans made in the St. Louis, Mo. metropolitan statistical area (St. Louis MSA) were 20% and 21% of the Bank's total loan portfolio (excluding loans acquired through FDIC-assisted transactions), respectively. The Company's expansion into the St. Louis MSA in May 2009 provided an opportunity to not only expand its markets and provide diversification from the Springfield MSA, but also provided access to a larger economy with increased lending opportunities despite higher levels of competition. Loans made in the St. Louis MSA are primarily commercial real estate, commercial business and multi-family residential loans which are less likely to be impacted by the higher levels of unemployment rates, as mentioned above under "Current Economic Conditions," than if the focus were on one- to four-family residential and consumer loans. For further discussions of the Bank's loan portfolio, and specifically, commercial real estate and commercial construction loans, see "Item 1. Business – Lending Activities" in the Company's 2013 Annual Report on Form 10-K.

The percentage of fixed-rate loans in our loan portfolio (excluding loans acquired through FDIC-assisted transactions) has increased from 21% in 2008 to 53% in 2013 due to customer preference for fixed rate loans during this period of low interest rates. Of the total amount of fixed rate loans in our portfolio, 74% mature within one to five years and therefore are not considered to create significant long-term interest rate risk for the Company. Fixed rate loans make up only a portion of our balance sheet and our overall interest rate risk strategy. As of December 31, 2013, our interest rate risk models indicated a one-year interest rate earnings sensitivity position that is fairly neutral. For further discussion of our interest rate sensitivity gap and the processes used to manage our exposure to interest rate risk, see "Quantitative and Qualitative Disclosures About Market Risk – How We Measure the Risks to Us Associated with Interest Rate Changes." For discussion of the risk factors associated with interest rate changes, see "Risk Factors – We may be adversely affected by interest rate changes."

While our policy allows us to lend up to 95% of the appraised value on one-to four-family residential properties, originations of loans with loan-to-value ratios at that level are minimal. When they are made at those levels, private mortgage insurance is typically required for loan amounts above the 80% level or our analyses determined minimal risk to be involved and therefore these loans are not considered to have more risk to us than other residential loans. We consider these lending practices to be consistent with or more conservative than what we believe to be the norm for banks our size. At December 31, 2013 and December 31, 2012, an estimated 0.4% and 0.2%, respectively, of total owner occupied one- to four-family residential loans had loan-to-value ratios above 100% at origination. At December 31, 2013 and December 31, 2012, an estimated 0.5% and 0.8%, respectively, of total non-owner occupied one- to four-family residential loans had loan-to-value ratios above 100% at origination.

At December 31, 2013, troubled debt restructurings totaled $54.1 million, or 2.3% of total loans, up $7.3 million from $46.8 million, or 2.0% of total loans, at December 31, 2012. At December 31, 2011, troubled debt restructurings totaled $58.1 million, or 2.7% of total loans. At December 31, 2010, troubled debt restructurings totaled $20.4 million, or 1.1% of total loans. At December 31, 2009, troubled debt restructurings totaled $11.6 million, or 0.5% of total loans. This increase over the past five years is primarily due to the economic downturn that was experienced and the resulting increased number of borrowers experiencing financial difficulty. Concessions granted to borrowers experiencing financial difficulties may include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection. While the types of concessions made have not changed as a result of the economic recession, the number of concessions granted has increased as reflected in the increase in troubled debt restructurings. During the year ended December 31, 2013, four loans totaling $3.5 million were each restructured into multiple new loans. During the year ended December 31, 2012, eleven loans totaling $38.0 million were each restructured into multiple new loans. During the year ended December 31, 2011, twelve loans totaling $41.0 million were each restructured into multiple new loans. For further information on troubled debt restructurings, see Note 3 of the accompanying audited financial statements.

The loss sharing agreements with the FDIC are subject to limitations on the types of losses covered and the length of time losses are covered, and are conditioned upon the Bank complying with its requirements in the agreements with the FDIC, including requirements regarding servicing and other loan administration matters. The loss sharing agreements extend for ten years for single family real estate loans and for five years for other loans. At December 31, 2013, approximately five years remain on the loss sharing agreement for single family real estate loans acquired from TeamBank and the remaining loans have an estimated average life of two to ten years. At December 31, 2013, approximately five and one half years remain on the loss sharing agreement for single family real estate loans acquired from Vantus Bank and the remaining loans have an estimated average life of two to twelve years. At December 31, 2013, approximately eight years remain on the loss sharing agreement for single family real estate loans acquired from Sun Security Bank and the remaining loans have an estimated average life of five to twelve years. At December 31, 2013, approximately eight and one half years remain on the loss sharing agreement for single family real estate loans acquired from InterBank and the remaining loans have an estimated average life of five to fourteen years. At December 31, 2013, approximately three months remain on the loss sharing agreement for non-single family loans acquired from TeamBank and the remaining loans have an estimated average life of one to six years. At December 31, 2013, approximately nine months remain on the loss sharing agreement for non-single family loans acquired from Vantus Bank and the remaining loans have an estimated average life of one to six years. At December 31, 2013, approximately three years remain on the loss sharing agreement for non-single family loans acquired from Sun Security Bank and the remaining loans have an estimated average life of one to two years. At December 31, 2013, approximately three and one half years remain on the loss sharing agreement for non-single family loans acquired from InterBank and the remaining loans have an estimated average life of two to three years. While the expected repayments for certain of the acquired loans extend beyond the terms of the loss sharing agreements, the Bank has identified and will continue to identify problem loans and will make every effort to resolve them within the time limits of the agreements. The Company may sell any loans remaining at the end of the loss sharing agreement subject to the approval of the FDIC. Acquired loans are currently included in the analysis and estimation of the allowance for loan losses. However, when the loss sharing agreements end, the allowance for loan losses related to any acquired loans retained in the portfolio may need to increase if additional weakness or losses are determined to be in the portfolio subsequent to the end of the loss sharing agreements. The loss sharing agreements and their related limitations are described in detail in Note 4 of the accompanying audited financial statements.

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

Available-for-sale Securities. In the year ended December 31, 2013, available-for-sale securities decreased $251.7 million, or 31.2%, from $807.0 million at December 31, 2012, to $555.3 million at December 31, 2013. The decrease was due to net sales and repayments of mortgage-backed securities, which decreased $228.5 million from $596.1 million at December 31, 2012 to $367.6 million at December 31, 2013, and U.S. government agencies, which decreased $12.7 million from $30.0 million at December 31, 2012 to $17.3 million at December 31, 2013. The Company has utilized cash flow from its securities and excess cash equivalents to fund loans and reduce certain deposit types.

Cash and Cash Equivalents. Cash and cash equivalents totaled $227.9 million at December 31, 2013, a decrease of $176.2 million, or 43.6%, from $404.1 million at December 31, 2012. The decrease in cash and cash equivalents during 2013 was primarily due to decreases in deposits, primarily decreases in retail certificates of deposit, certain collateralized transaction accounts and CDARS customer deposits.

Other Real Estate Owned. Other real estate owned totaled $53.5 million at December 31, 2013, a decrease of $15.4 million, or 22.3%, from $68.9 million at December 31, 2012. Of the total at December 31, 2013, $51.4 million was foreclosed assets and $2.1 million was other real estate owned not acquired through foreclosure, which is made up 13 properties, twelve of these properties were branch

locations that have been closed and are held for sale, and one is land which was acquired for a potential branch location. Foreclosed assets, excluding those covered by loss sharing agreements with the FDIC, decreased from $50.1 million, or 1.3% of total assets, at December 31, 2012 to $42.4 million, or 1.2% of total assets, at December 31, 2013. The Company's foreclosed assets began increasing as the United States economy slowed due to a severe economic recession in 2008 and 2009, and continued to increase through 2012. During 2013, the Company's foreclosed assets decreased primarily in the areas of subdivision and commercial construction. See "Non-performing Assets – Foreclosed Assets" for additional information on the Company's foreclosed assets.

Deposits. The Company attracts deposit accounts through its retail branch network, correspondent banking and corporate services areas, and brokered deposits. The Company then utilizes these deposit funds, along with Federal Home Loan Bank (FHLBank) advances and other borrowings, to meet loan demand or otherwise fund its activities. In the year ended December 31, 2013, total deposit balances decreased $344.6 million, or 10.9%. Transaction accounts decreased $134.6 million, while retail certificates of deposit decreased $217.2 million. Great Southern Bank customer deposits totaling $76.3 million and $109.1 million, at December 31, 2013 and December 31, 2012, respectively, were part of the CDARS program which allows bank customers to maintain balances in an insured manner that would otherwise exceed the FDIC deposit insurance limit. The FDIC considers these customer accounts to be brokered deposits due to the fees paid in the CDARS program. The Company did not actively try to grow CDARS customer deposits during the current period and decreased interest rates offered on these deposits during the year ended December 31, 2013.

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

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

Net Interest Income and Interest Rate Risk Management. Our net interest income may be affected positively or negatively by interest rate changes in the market. A large portion of our loan portfolio is tied to the "prime rate" of interest and adjusts immediately when this rate adjusts (subject to the effect of loan interest rate floors, which are discussed below). We monitor our sensitivity to interest rate changes on an ongoing basis (see "Quantitative and Qualitative Disclosures About Market Risk"). In addition, our net interest income may be impacted by changes in the cash flows expected to be received from acquired loan pools. As described in Note 4 of the accompanying audited financial statements, the Company's evaluation of cash flows expected to be received from acquired loan pools is on-going and increases in cash flow expectations are recognized as increases in accretable yield through interest income. Decreases in cash flow expectations are recognized as impairments through the allowance for loan losses.

The current level and shape of the interest rate yield curve poses challenges for interest rate risk management. The FRB last changed interest rates on December 16, 2008. Great Southern has a significant portfolio of loans which are tied to a "prime rate" of interest. Some of these loans are tied to some national index of "prime," while most are indexed to "Great Southern prime." The Company has elected to leave its "Great Southern prime rate" of interest at 5.00%. This does not affect a large number of customers, as a majority of the loans indexed to "Great Southern prime" are already at interest rate floors which are provided for in individual loan documents. But for the interest rate floors, a rate cut by the FRB generally would have an anticipated immediate negative impact on the Company's net interest income due to the large total balance of loans which generally adjust immediately as the Federal Funds rate adjusts. Loans at their floor rates are subject to the risk that borrowers will seek to refinance elsewhere at the lower market rate, however. Because the Federal Funds rate is already very low, there may also be a negative impact on the Company's net interest income due to the Company's inability to lower its funding costs significantly in the current environment, although interest rates on assets may decline further. Conversely, interest rate increases would normally result in increased interest rates on our prime-based loans. The interest rate floors in effect may limit the immediate increase in interest rates on these loans, until such time as rates rise above the floors. However, the Company may have to increase rates paid on deposits to maintain deposit balances and pay higher rates on borrowings. The impact of the low rate environment on our net interest margin in future periods is expected to be fairly neutral. As our time deposits mature in future periods, we expect to be able to continue to reduce rates somewhat as they renew.

However, any margin gained by these rate reductions is likely to be offset by reduced yields from our investment securities as payments are made on our mortgage-backed securities and the proceeds are reinvested at lower rates. Similarly, interest rates on adjustable rate loans may reset lower according to their contractual terms and new loans may be originated at lower market rates. For further discussion of the processes used to manage our exposure to interest rate risk, see "Quantitative and Qualitative Disclosures About Market Risk – How We Measure the Risks to Us Associated with Interest Rate Changes."

The negative impact of declining loan interest rates has been mitigated by the positive effects of the Company's loans which have interest rate floors. At December 31, 2013, the Company had a portfolio (excluding the loans acquired in the FDIC-assisted transactions) of prime-based loans totaling approximately $502 million with rates that change immediately with changes to the prime rate of interest. Of this total, $464 million also had interest rate floors. These floors were at varying rates, with $11 million of these loans having floor rates of 7.0% or greater and another $273 million of these loans having floor rates between 5.0% and 7.0%. In addition, $181 million of these loans have floor rates between 3.25% and 5.0%. At December 31, 2013, all of these loans were at their floor rates. The loan yield for the total loan portfolio was approximately 185 basis points, 214 basis points and 261 basis points higher than the national "prime rate of interest" at December 31, 2013, 2012 and 2011, respectively, partly because of these interest rate floors. While interest rate floors have had an overall positive effect on the Company's results during this period, they do subject the Company to the risk that borrowers will elect to refinance their loans with other lenders. To the extent economic conditions improve, the risk that borrowers will seek to refinance their loans increases.

Non-Interest Income and Operating Expenses. The Company's profitability is also affected by the level of its non-interest income and operating expenses. Non-interest income consists primarily of service charges and ATM fees, accretion income (net of amortization) related to the FDIC-assisted acquisitions, late charges and prepayment fees on loans, gains on sales of loans and available-for-sale investments and other general operating income. In 2012, 2011 and 2009, non-interest income was also affected by the gains recognized on the FDIC-assisted transactions. In 2013, 2012 and 2011, increases in the cash flows expected to be collected from the FDIC-covered loan portfolios resulted in amortization (expense) recorded relating to reductions of expected reimbursements under the loss sharing agreements with the FDIC, which are recorded as indemnification assets. Non-interest income may also be affected by the Company's interest rate derivative activities, if the Company chooses to implement derivatives. Operating expenses consist primarily of salaries and employee benefits, occupancy-related expenses, expenses related to foreclosed assets, postage, FDIC deposit insurance, advertising and public relations, telephone, professional fees, office expenses and other general operating expenses. Details of the current period changes in non-interest income and non-interest expense are provided under "Results of Operations and Comparison for the Years Ended December 31, 2013 and 2012."

Business Initiatives

During 2013, the Company reduced its banking center network from 107 to 96 banking centers, a net reduction of 11. The Company added one banking center to its network in 2013 with a new facility in a commercial district of Omaha, Neb. This full-service banking center, which includes a commercial lending team, brings the total to four banking centers operating in the greater Omaha metropolitan area.

A total of 12 offices were consolidated into other Great Southern banking centers in 2013. In October, 11 Missouri banking centers were closed and consolidated into other proximate Great Southern banking center locations. Consolidation of these banking centers, which included the transfer of deposits and other banking center operations, was a result of a performance review of the entire banking center network. The affected banking centers were acquired in 2011, as part of the FDIC-assisted acquisition of the former 27-branch Sun Security Bank. Six of the 11 banking centers were located in southeastern Missouri and five were located in central Missouri. Great Southern ATMs remain operational at each of the affected banking center sites. To date, overall deposit retention at the consolidated banking centers surpassed expectations. In December 2013, a drive-thru facility in Sioux City, Iowa, was consolidated into the nearby Downtown Sioux City banking center, which was remodeled to include drive-thru services for customers.

In addition, the Company relocated three existing banking centers to nearby sites in 2013 - one each in Springfield, Mo., Maple Grove, Minn., and Ava, Mo. In March, a new banking center in Downtown Springfield opened, which replaced a leased facility two blocks away. In October, a new banking center with a commercial lending team opened in Maple Grove, Minn., replacing a leased office a short distance away. The Company operates four banking centers in the Minneapolis market – one each in Edina, Lakeville, Maple Grove and Roseville. Finally, in November, a new and larger banking center in Ava, Mo., opened replacing the bank-owned property less than a mile away.

In October 2013, the Company completed an acquisition of loans with an aggregate principal amount totaling $86.1 million. The acquired loan portfolio, which was auctioned by an unrelated FDIC-insured financial institution, included 119 loans with collateral securing the notes consisting primarily of multi-family real estate in Minnesota, Michigan, Wisconsin, Illinois and Indiana. The Bank paid $87.9 million for the loans, which resulted in a 2.125% premium over the principal balances of the portfolio. The process of bidding on the portfolio was competitive in nature with numerous institutions bidding on all or a portion of the loans. The Bank

estimates the average yield of the portfolio to be approximately 4.3% based on the weighted average maturity of the portfolio (less than four years), with an average yield potentially as high as 4.7% if loan balances are retained beyond the initial maturity dates. On the technology front in 2013, the Company introduced Mobile Check Deposit, a smartphone application-based service enabling customers to conveniently deposit a paper check to their checking account by utilizing a smartphone camera. A new mobile-ready and more interactive Company website, www.GreatSouthernBank.com, was also launched.

In 2014, several initiatives are underway. On January 14, 2014, the Company announced that it signed a definitive agreement to purchase two branches in Neosho, Mo., from Boulevard Bank, representing approximately $65 million of deposits and $6 million of loans. Great Southern currently operates one banking center in Neosho. Subject to separate regulatory approval and after conversion of all Neosho locations to one operating system, the Bank expects to relocate the current Great Southern office into the Boulevard Bank branch directly across the street. This transaction will ultimately represent a net increase of one banking center to the Great Southern franchise. Terms of this agreement call for Great Southern to acquire the loans at par and pay a two percent premium on approximately $55 million of the deposits. The Company will pay book value of approximately $700,000 for the real and personal property associated with these two branches. The Company anticipates that the effects of this transaction, including the consolidation of its existing banking center in Neosho, will be slightly accretive to earnings.

Subsequent to the Neosho announcement, the Company announced on January 31, 2014, that it reached a separate definitive agreement to purchase additional depository and loan accounts serviced from Boulevard Bank's branch in St. Louis, Mo. Great Southern currently operates seven banking centers in the greater St. Louis area. This transaction, representing approximately $39 million in depository accounts and $6 million in commercial loans, does not include a physical branch location or personnel. Loans will be acquired at par value and deposits are being assumed with no significant additional premium. The combined Neosho and St. Louis transactions represent approximately $104 million in deposits and $12 million in loans. Both acquisitions are expected to be simultaneously completed in late March 2014, pending regulatory approval.

In the second quarter of 2014, the Company expects to add two new full-service banking centers to its network: a north St. Louis office and a Fayetteville, Ark., facility.

In the first quarter of 2014, the Company opened commercial loan production offices in Tulsa, Okla., and Dallas, Texas. The Tulsa office is located in southeast Tulsa at 4200 E. Skelly Dr. and the Dallas office is in Preston Center (north Dallas) at 8201 Preston Rd. The new offices are the first physical presence the Company will have in each market. They will provide a wide variety of the Bank's commercial lending services including fixed and variable-rate commercial real estate loans for new and existing property. Competitive commercial construction and portfolio financing will also be available.

Effect of Federal Laws and Regulations

General. Federal legislation and regulation significantly affect the 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 banking organizations 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.

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

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

A provision of the Dodd-Frank Act, commonly referred to as the "Durbin Amendment," directed the FRB to analyze the debit card payments system and fix the interchange rates based upon their estimate of actual costs. The FRB has established the interchange rate for all debit transactions for issuers with over $10 billion in assets, effective October 1, 2011, at $0.21 per transaction. An additional five basis points of the transaction amount and an additional $0.01 may be collected by the issuer for fraud prevention and recovery,

provided the issuer performs certain actions. Although the Bank is currently exempt from the provisions of the rule on the basis of asset size, there is some uncertainty about the long-term impact there will be on the interchange rates for issuers below the $10 billion level of assets.

New Capital Rules. The federal banking agencies have adopted new regulatory capital rules that substantially amend the risk-based capital rules applicable to the Bank and the Company. The new rules would implement the "Basel III" regulatory capital reforms and changes required by the Dodd-Frank Act. "Basel III" refers to various documents released by the Basel Committee on Banking Supervision. For the Company and the Bank, the general effective date of the new rules is January 1, 2015, and, for certain provisions, various phase-in periods and later effective dates apply. The chief features of the new rules are summarized below.

The new rules refine the definitions of what constitutes regulatory capital and add a new regulatory capital element, common equity Tier 1 capital. The minimum capital ratios are (i) a common equity Tier 1 risk-based capital ratio of 4.5%; (ii) a Tier 1 risk-based capital ratio of 6%; (iii) a total risk-based capital ratio of 8%; and (iv) a Tier 1 leverage ratio of 4%. In addition to the minimum capital ratios, the new rules include a capital conservation buffer, under which a banking organization must have capital more than 2.5% above each of its minimum risk-based capital ratios in order to avoid restrictions on paying dividends, engaging in share repurchases, and paying certain discretionary bonuses.

Effective January 1, 2015, the new rules also revise the prompt corrective action framework, which is designed to place restrictions on insured depository institutions if their capital levels show signs of weakness. Under the new prompt corrective action requirements, insured depository institutions would be required to meet the following in order to qualify as "well capitalized:" (i) a common equity Tier 1 risk-based capital ratio of at least 6.5%; (ii) a Tier 1 risk-based capital ratio of at least 8%; (iii) a total risk-based capital ratio of at least 10%; and (iv) a Tier 1 leverage ratio of 5%.

Basel III also contains provisions on liquidity include complex criteria establishing a liquidity coverage ratio ("LCR") and net stable funding ratio ("NSFR"). The purpose of the LCR is to ensure that a bank maintains adequate unencumbered, high quality liquid assets to meet its liquidity needs for 30 days under a severe liquidity stress scenario. The purpose of the NSFR is to promote more medium and long-term funding of assets and activities, using a one-year horizon. The federal banking agencies published proposed regulations on these provisions of Basel III on October 24, 2012. As proposed, these regulations will not apply to a bank holding company that has less than $50 billion of total consolidated assets and is not internationally active.

Recent Accounting Pronouncements

See Note 1 to the accompanying audited financial statements for a description of recent accounting pronouncements including the respective dates of adoption and expected effects on the Company's financial position and results of operations.

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

During the year ended December 31, 2013, total assets decreased by $394.9 million to $3.56 billion. Most of the decrease was attributable to decreases in available-for-sale-securities, cash and cash equivalents, and the FDIC indemnification asset. The Company chose to reduce certain deposit categories and utilize cash to repay these deposits. In addition, the Company chose to sell certain investment securities due to significant liquidity and also elected to not reinvest the monthly repayments received on mortgage-backed securities in new investment securities.

Net loans increased $119.9 million to $2.44 billion at December 31, 2013. Commercial real estate loans increased $88.3 million, or 12.8%, multi-family residential loans increased $58.1 million, or 21.7%, commercial business loans increased $50.6 million, or 19.1%, consumer auto loans increased $52.1 million, or 63.1%, and commercial construction loans increased $33.5 million, or 22.3%. Partially offsetting these increases was a decrease in net loans acquired through the FDIC-assisted transactions of $137.7 million, or 26.3%, primarily because of loan repayments. As disclosed previously by the Company, the Company completed an acquisition of multi-family real estate loans with an aggregate principal amount totaling $86.1 million on October 25, 2013. The remaining increase in loans during 2013 was primarily due to financing loans which had been previously financed by other lenders and increased business activity. The Company's strategy continues to be focused on maintaining credit risk and interest rate risk at appropriate levels given the current credit and economic environments.

Related to the loans purchased in the 2012, 2011 and 2009 FDIC-assisted transactions, the Company recorded indemnification assets which represent payments expected to be received from the FDIC through loss sharing agreements. The total balance of the FDIC indemnification asset decreased $44.6 million to $72.7 million at December 31, 2013. The decrease was primarily due to the billing and collection of realized losses from the FDIC as well as estimated improved cash flows to be collected from the loan obligors, resulting in reductions in payments expected to be received from the FDIC. The expected improved cash flows are further discussed in the "Interest Income – Loans" section below.

Securities available for sale decreased $251.7 million, or 31.2%, as compared to December 31, 2012. The decrease was primarily due to paydowns on mortgage-backed securities, which decreased $228.5 million from $596.1 million at December 31, 2012 to $367.6 million at December 31, 2013, and calls, maturities and sales of securities with proceeds used to fund new loans and pay off maturing deposits. The available-for-sale securities portfolio was 15.6% and 20.4% of total assets at December 31, 2013 and December 31, 2012, respectively.

During the year ended December 31, 2013, cash and cash equivalents decreased $176.2 million to $227.9 million. The decrease during 2013 was due to decreases in deposits, primarily due to decreases in retail certificates of deposit, certain collateralized transaction accounts and CDARS customer deposits.

Total liabilities decreased $405.8 million from $3.58 billion at December 31, 2012 to $3.18 billion at December 31, 2013. The decrease was primarily attributable to decreases in deposits, securities sold under reverse repurchase agreements with customers, and current and deferred income taxes. In the year ended December 31, 2013, total deposit balances decreased $344.6 million, or 10.9%. Transaction accounts decreased $134.6 million and retail certificates of deposit decreased $217.2 million. Transaction accounts decreased mainly due to planned reductions in certain account types, including accounts with collateralized deposit balances. Since the second quarter of 2010, retail certificates of deposit have trended downward because of customer preference to have immediate access to funds during the current low interest rate environment, when excluding the effect of the deposits added from the 2011 and 2012 FDIC-assisted acquisitions. In addition, at December 31, 2013 and December 31, 2012, Great Southern Bank customer deposits totaling $76.3 million and $109.1 million, respectively, were part of the CDARS program which allows bank customers to maintain balances in an insured manner that would otherwise exceed the FDIC deposit insurance limit. The FDIC counts these deposits as brokered, but these are deposit accounts that we generate with customers in our local markets. The Company did not actively try to grow CDARS customer deposits during the current period and decreased interest rates offered on these deposits during the year ended December 31, 2013.

Securities sold under reverse repurchase agreements with customers decreased $44.7 million, or 24.9%, from December 31, 2012 as these balances fluctuate over time.

Current and deferred income taxes decreased $21.6 million from December 31, 2012 as these balances fluctuate with changes in net income and utilization of tax credits.

Total stockholders' equity increased $10.8 million from $369.9 million at December 31, 2012 to $380.7 million at December 31, 2013. The Company recorded net income of $33.7 million for the year ended December 31, 2013, common and preferred dividends declared were $10.4 million and accumulated other comprehensive income decreased $14.2 million. The decrease in accumulated other comprehensive income resulted from decreases in the fair value of the Company's available-for-sale investment securities. In addition, total stockholders' equity increased $1.7 million due to stock option exercises.

Results of Operations and Comparison for the Years Ended December 31, 2013 and 2012

General

Net income decreased $15.0 million, or 30.8%, during the year ended December 31, 2013, compared to the year ended December 31, 2012. Net income from continuing operations decreased $10.4 million, or 23.5%, during the year ended December 31, 2013, compared to the year ended December 31, 2012. Net income was $33.7 million for the year ended December 31, 2013 compared to $48.7 million for the year ended December 31, 2012. Net income from continuing operations was $33.7 million for the year ended December 31, 2013 compared to $44.1 million for the year ended December 31, 2012. This decrease was due to a decrease in non-interest income of $40.7 million, or 88.5%, and a decrease in net interest income of $5.5 million, or 3.4%, partially offset by a decrease in the provision for loan losses of $26.5 million, or 60.4%, a decrease in provision for income taxes of $7.2 million, or 68.0%, and a decrease in non-interest expense of $2.2 million, or 1.9%. Non-interest income for the year ended December 31, 2012 included a gain recognized on business acquisition of $31.3 million. Net income available to common shareholders was $33.2 million for the year ended December 31, 2013 compared to $48.1 million for the year ended December 31, 2012.

Total Interest Income

Total interest income decreased $14.7 million, or 7.6%, during the year ended December 31, 2013 compared to the year ended December 31, 2012. The decrease was due to an $8.4 million, or 36.2%, decrease in interest income on investments and other interest-earning assets, and a decrease in interest income on loans of $6.3 million, or 3.7%. Interest income from investment securities and other interest-earning assets decreased during the year ended December 31, 2013 due to lower average rates of interest and lower average balances. The lower average investment yields were primarily a result of lower yields on mortgage-backed securities as interest rates reset downward. Prepayments on the mortgages underlying these securities resulted in amortization of premiums which also reduced yields. In addition, investments had lower average balances in 2013 as a result of increased prepayments and normal

monthly payments on mortgage-backed securities. Cash flows from investments were used to fund loans and reduce certain deposit types. In 2013, few investment securities were purchased to offset these reductions. Interest income on loans is affected by variations in the adjustments to accretable yield due to increases in expected cash flows to be received from the FDIC-acquired loan pools as discussed below in “Interest Income – Loans” and in Note 4 of the accompanying audited financial statements. In 2013, many higher yielding loans matured or were repaid. These loans were replaced with new loans that were generally at rates lower than those that repaid during the year, resulting in lower overall yields in the loan portfolio. Higher average balances of loans partially offset the lower interest income on loans.

Interest Income - Loans

During the year ended December 31, 2013 compared to the year ended December 31, 2012, interest income on loans decreased due to lower average interest rates, partially offset by higher average balances. Interest income decreased $11.8 million as the result of lower average interest rates on loans. The average yield on loans decreased from 7.31% during the year ended December 31, 2012 to 6.82% during the year ended December 31, 2013. This decrease was due to lower overall loan rates, and a lower amount of accretion income in the current year in conjunction with the fair value of the loan pools acquired in the FDIC-assisted transactions, as the additional yield accretion was less in 2013 than in 2012. On an on-going basis the Company estimates the cash flows expected to be collected from the acquired loan pools. This cash flows estimate has increased, based on the payment histories and reduced loss expectations of the loan pools, resulting in a total of $169.6 million of adjustments to be spread on a level-yield basis over the remaining expected lives of the loan pools. The increases in expected cash flows also reduced the amount of expected reimbursements under the loss sharing agreements with the FDIC, which are recorded as indemnification assets. Therefore, the expected indemnification assets have also been reduced, resulting in a total of $142.4 million of adjustments to be amortized on a comparable basis over the remainder of the loss sharing agreements or the remaining expected life of the loan pools, whichever is shorter. For the years ended December 31, 2013 and 2012, the adjustments increased interest income by $35.2 million and $36.2 million, respectively, and decreased non-interest income by $29.5 million and $29.9 million, respectively. The net impact to pre-tax income was $5.8 million and $6.3 million, respectively, for the years ended December 31, 2013 and 2012. As of December 31, 2013, the remaining accretable yield adjustment that will affect interest income is $30.4 million and the remaining adjustment to the indemnification assets, including the effects of the clawback liability related to InterBank, that will affect non-interest income (expense) is $(24.6) million. Of the remaining adjustments, we expect to recognize $19.0 million of interest income and $(14.7) million of non-interest income (expense) during 2014. Additional adjustments may be recorded in future periods from the FDIC-assisted transactions, as the Company continues to estimate expected cash flows from the acquired loan pools. Excluding the yield accretion, the average yield on loans was 5.35% for the year ended December 31, 2013, down from 5.76% for the year ended December 31, 2012, as a result of normal amortization of higher-rate loans and new loans that were made at current lower market rates.

Interest income increased $5.5 million as a result of higher average loan balances which increased from $2.33 billion during the year ended December 31, 2012 to $2.40 billion during the year ended December 31, 2013. The higher average balances were primarily due to increases in commercial real estate loans, commercial business loans, and other consumer loans, partially offset by decreases in construction and other residential loans.

Interest Income - Investments and Other Interest-earning Assets

Interest income on investments decreased $5.1 million as a result of a decrease in average interest rates from 2.68% during the year ended December 31, 2012 to 2.01% during the year ended December 31, 2013. The majority of the Company’s securities in 2012 and 2013 were mortgage-backed securities which are backed by hybrid ARMs that have fixed rates of interest for a period of time (generally one to ten years) and then adjust annually. The actual amount of securities that reprice and the actual interest rate changes on these securities are 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). Mortgage-backed securities are also subject to reduced yields due to more rapid prepayments in the underlying mortgages. As a result, premiums on these securities may be amortized against interest income more quickly, thereby reducing the yield recorded. Interest income on investments decreased $3.1 million as a result of a decrease in average balances from $846.2 million during the year ended December 31, 2012, to $717.8 million during the year ended December 31, 2013. Average balances of securities decreased due primarily to the normal monthly payments received on the portfolio of mortgage-backed securities and the sale of securities during 2013, with proceeds being used to fund new loan originations and deposit outflows, while average interest-earning deposits decreased due to decreases in the Bank’s customer deposits. Interest income on other interest-earning assets decreased $238,000 mainly due to lower average balances.

Average balances of interest-earning deposits decreased primarily due to decreases in the Bank’s customer deposit balances. The Company’s interest-earning deposits and non-interest-earning cash equivalents currently earn very low or no yield and therefore negatively impact the Company’s net interest margin. At December 31, 2013, the Company had cash and cash equivalents of $227.9 million compared to $404.1 million at December 31, 2012. See "Net Interest Income" for additional information on the impact of this interest activity.

Total Interest Expense

Total interest expense decreased $9.2 million, or 32.3%, during the year ended December 31, 2013, when compared with the year ended December 31, 2012, due to a decrease in interest expense on deposits of $8.4 million, or 40.4%, a decrease in interest expense on FHLBank advances of $458,000, or 10.3%, a decrease in interest expense on short-term and structured repo borrowings of $286,000, or 11.0% and a decrease in interest expense on subordinated debentures issued to capital trust of $56,000, or 9.1%.

Interest Expense - Deposits

Interest on demand deposits decreased $3.5 million due to a decrease in average rates from 0.49% during the year ended December 31, 2012, to 0.24% during the year ended December 31, 2013. The average interest rates decreased due to lower overall market rates of interest since 2012 and because the Company chose to pay lower rates during 2013 when compared to 2012. Market rates of interest on checking and money market accounts have been decreasing since late 2008 when the FRB began reducing short-term interest rates. Interest on demand deposits increased $38,000 due to a small increase in average balances from the year ended December 31, 2012, to the year ended December 31, 2013. The small increase in average balances of demand deposits was primarily a result of the InterBank acquisition in April of 2012, and customer preference to transition from time deposits to demand deposits. Average noninterest-bearing demand balances increased from $386 million for the year ended December 31, 2012, to $460 million for the year ended December 31, 2013.

Interest expense on time deposits decreased $2.6 million due to a decrease in average balances of time deposits from $1.36 billion during the year ended December 31, 2012, to $1.07 billion during the year ended December 31, 2013. The decrease in average balances of time deposits was primarily due to some customers choosing not to renew their deposits with us upon maturity. Also contributing to the decrease was the decrease in CDARS deposits of $32.8 million from December 31, 2012 to December 31, 2013. Interest expense on time deposits decreased $2.3 million as a result of a decrease in average rates of interest from 1.00% during the year ended December 31, 2012, to 0.82% during the year ended December 31, 2013. A large portion of the Company's certificate of deposit portfolio matures within one to two years and so it reprices fairly quickly; this is consistent with the portfolio over the past several years.

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

During the year ended December 31, 2013 compared to the year ended December 31, 2012, interest expense on FHLBank advances decreased due to lower average balances. Interest expense on FHLBank advances decreased $556,000 due to a decrease in average balances from $145 million during the year ended December 31, 2012, to $128 million during the year ended December 31, 2013. This decrease was primarily due to repayments of maturing advances. Interest expense on FHLBank advances increased $98,000 due to an increase in average interest rates from 3.05% in the year ended December 31, 2012, to 3.11% in the year ended December 31, 2013. Advances in the 2012 period included some short-term advances which carried very low rates of interest. Most of the remaining advances are fixed-rate and are subject to penalty if paid off prior to maturity.

Interest expense on short-term borrowings and structured repurchase agreements decreased $330,000 due to a decrease in average balances from $266 million during the year ended December 31, 2012, to $233 million during the year ended December 31, 2013. The decrease in balances of short-term borrowings was primarily due to decreases in securities sold under repurchase agreements with the Company's deposit customers which tend to fluctuate. Interest expense on short-term borrowings and structured repurchase agreements increased $44,000 due to a slight increase in average rates on short-term borrowings and structured repurchase agreements from the year ended December 31, 2012, to the year ended December 31, 2013.

Interest expense on subordinated debentures issued to capital trusts decreased $56,000 due to a decrease in average rates from 1.99% in the year ended December 31, 2012, to 1.81% in the year ended December 31, 2013. These are variable-rate debentures which bear interest at an average rate of three-month LIBOR plus 1.57%, adjusting quarterly.

Net Interest Income

Net interest income for the year ended December 31, 2013 decreased $5.5 million to $159.6 million compared to $165.1 million for the year ended December 31, 2012. Net interest margin was 4.70% for the year ended December 31, 2013, compared to 4.61% in 2012, an increase of nine basis points. The Company's margin was positively impacted in both years by the increases in expected cash flows to be received from the loan pools acquired in the FDIC-assisted transactions and the resulting increases to accretable yield which was discussed previously in "Interest Income – Loans" and is discussed in Note 4 of the accompanying audited financial statements. The impact of these changes on the years ended December 31, 2013 and 2012 were increases in interest income of $35.2 million and $36.2 million, respectively, and increases in net interest margin of 104 basis points and 101 basis points, respectively. Excluding the positive impact of the additional yield accretion, net interest margin increased six basis points during the year ended December 31, 2013. During 2012 and 2013, market rates on checking and savings deposits decreased and retail time deposits renewed at lower rates of interest. The Company has also experienced decreases in yields on loans and investments, excluding the yield accretion income discussed above, when compared to the previous year. Existing loans continue to repay, and in many cases

new loans are originated at rates which are lower than the rates on those repaying loans and may be lower than existing average portfolio rates. In addition, premium amortization on the Company's mortgage-backed securities investments was higher in 2013 compared to 2012.

The Company's overall interest rate spread increased seven basis points, or 1.8%, from 4.53% during the year ended December 31, 2012, to 4.60% during the year ended December 31, 2013. The increase was due to a 21 basis point decrease in the weighted average rate paid on interest-bearing liabilities, partially offset by a 14 basis point decrease in the weighted average yield on interest-earning assets. The Company's overall net interest margin increased nine basis points, or 2.0%, from 4.61% for the year ended December 31, 2012, to 4.70% for the year ended December 31, 2013. In comparing the two years, the yield on loans decreased 49 basis points while the yield on investment securities and other interest-earning assets decreased 67 basis points. The rate paid on deposits decreased 25 basis points, the rate paid on FHLBank advances increased six basis points, the rate paid on short-term borrowings increased two basis points and the rate paid on subordinated debentures issued to capital trust decreased 18 basis points.

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

Provision for Loan Losses and Allowance for Loan Losses

Management records a provision for loan losses in an amount it believes sufficient to result in an allowance for loan losses that will cover current net charge-offs as well as risks believed to be inherent in the loan portfolio of the Bank. The amount of provision charged against current income is based on several factors, including, but not limited to, past loss experience, current portfolio mix, actual and potential losses identified in the loan portfolio, economic conditions, and internal as well as external reviews. Based on the Company's current assessment of these factors and their expected impact on the loan portfolio, management believes that provision expenses and net charge-offs for 2014 will likely continue to be less than those for 2013, or similar to the latter half of 2013. However, the levels of non-performing assets, potential problem loans, loan loss provisions and net charge-offs fluctuate from period to period and are difficult to predict.

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

The provision for loan losses decreased $26.5 million to $17.4 million during the year ended December 31, 2013 when compared with the year ended December 31, 2012. At December 31, 2013, the allowance for loan losses was $40.1 million, a decrease of $533,000 from December 31, 2012. Total net charge-offs were $17.9 million and $44.5 million for the years ended December 31, 2013 and 2012, respectively. Ten relationships made up $12.7 million of the net charge-off total for the year ended December 31, 2013. The decrease in net charge-offs and provision for loan losses in 2013 were consistent with our expectations, as indicated in previous filings. General market conditions, and more specifically, real estate absorption rates and unique circumstances related to individual borrowers and projects also contributed to the level of provisions and charge-offs. As properties were categorized as potential problem loans, non-performing loans or foreclosed assets, evaluations were made of the values of these assets with corresponding charge-offs as appropriate.

Loans acquired in the 2009, 2011 and 2012 FDIC-assisted transactions are covered by loss sharing agreements between the FDIC and Great Southern Bank which afford Great Southern Bank at least 80% protection from losses in the acquired portfolio of loans. The FDIC loss sharing agreements are subject to limitations on the types of losses covered and the length of time losses are covered and are conditioned upon the Bank complying with its requirements in the agreements with the FDIC. These limitations are described in detail in Note 4 of the accompanying audited financial statements. The acquired loans were grouped into pools based on common characteristics and were recorded at their estimated fair values, which incorporated estimated credit losses at the acquisition dates. These loan pools are systematically reviewed by the Company to determine the risk of losses that may exceed those identified at the time of the acquisition. Techniques used in determining risk of loss are similar to those used to determine the risk of loss for the legacy Great Southern Bank portfolio, with most focus being placed on those loan pools which include the larger loan relationships and those loan pools which exhibit higher risk characteristics. Review of the acquired loan portfolio also includes meetings with customers, review of financial information and collateral valuations to determine if any additional losses are apparent. Included in the net charge-off total for the year ended December 31, 2013, were charge-offs of $2.2 million and net recoveries of $1.1 million related to loans covered by the loss sharing agreements with the FDIC. In the three months ended March 31, 2013, the Bank recorded $2.2 million in net charge-offs (with a corresponding provision for loan losses) related to the covered loans. Under these agreements, the FDIC will reimburse the Bank for 80% of the losses, so the Bank expected reimbursement of $1.8 million of this charge-off and

recorded income of this amount in the three months ended March 31, 2013. During the three months ended June 30, 2013, these covered loans were resolved more favorably than originally anticipated, with the Bank experiencing a recovery of $1.1 million of the previously recorded charge-off. The Bank expected to reimburse, and has reimbursed, the FDIC $0.9 million of this recovery and recorded expense of this amount in the three months ended June 30, 2013.

The Bank's allowance for loan losses as a percentage of total loans, excluding loans covered by the FDIC loss sharing agreements, was 1.92% and 2.21% at December 31, 2013 and 2012, respectively. Management considers the allowance for loan losses adequate to cover losses inherent in the Company's loan portfolio at December 31, 2013, based on recent reviews of the Company's loan portfolio and current economic conditions. If economic conditions were to deteriorate or management's assessment of the loan portfolio were to change, it is possible that additional loan loss provisions would be required, thereby adversely affecting future results of operations and financial condition.

Non-performing Assets

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

As a result of changes in balances and composition of the loan portfolio, changes in economic and market conditions that occur from time to time, and other factors specific to a borrower's circumstances, the level of non-performing assets will fluctuate. Non-performing assets, excluding FDIC-covered non-performing assets, at December 31, 2013 were $62.3 million, a decrease of $10.3 million from $72.6 million at December 31, 2012. Non-performing assets as a percentage of total assets were 1.75% at December 31, 2013, compared to 1.84% at December 31, 2012.

Compared to December 31, 2012, non-performing loans decreased $2.6 million to $19.9 million and foreclosed assets decreased $7.7 million to $42.4 million. Other commercial loans comprised $7.2 million, or 36.3%, of the total $19.9 million of non-performing loans at December 31, 2013. Commercial real estate loans comprised $6.2 million, or 31.2%, of the total $19.9 million of non-performing loans at December 31, 2013. One-to four-family residential loans comprised $4.4 million, or 21.9% of the total $19.9 million of non-performing loans at December 31, 2013.

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

	Beginning Balance, January 1	Additions	Removed from Non-Performing	Transfers to Potential Problem Loans	Transfers to Foreclosed Assets	Charge-Offs	Payments	Ending Balance, December 31
	(In Thousands)							
One- to four-family construction	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Subdivision construction	2	1,293	--	(2)	(281)	(133)	(8)	871
Land development	2,471	525	--	--	(2,236)	(288)	(134)	338
Commercial construction	--	--	--	--	--	--	--	--
One- to four-family residential	4,581	4,792	--	(705)	(1,683)	(1,419)	(1,205)	4,361
Other residential	--	4,535	--	--	(350)	(866)	(3,319)	--
Commercial real estate	8,324	12,158	--	(92)	(5,389)	(4,179)	(4,617)	6,205
Other commercial	6,248	7,272	--	--	(126)	(2,725)	(3,438)	7,231
Consumer	852	1,238	(399)	(35)	(43)	(166)	(547)	900
Total	$ 22,478	$ 31,813	$ (399)	$ (834)	$ (10,108)	$ (9,776)	$ (13,268)	$ 19,906

At December 31, 2013, the non-performing other commercial category included nine loans, seven of which were added during the year. The largest relationship in this category is comprised of three loans totaling $2.7 million, or 37.2% of the total category, and is collateralized by inventory and assets of a business. The non-performing commercial real estate category included five loans, three of which were added during the year, and were collateralized by hotel buildings and a theater in Branson, Mo. $9.6 million of the $12.2

million of additions to non-performing commercial real estate were loans transferred from potential problem loans to non-performing loans during the year. The largest relationship in this category is comprised of two loans totaling $4.1 million, or 66.0% of the total category, a portion of which was added during the year, and is collateralized by two hotel buildings. The non-performing one- to four-family residential category included 58 loans, 42 of which were added during the year.

Foreclosed Assets. Of the total $53.5 million of other real estate owned at December 31, 2013, $9.0 million represents the fair value of foreclosed assets covered by FDIC loss sharing agreements and $2.1 million represents properties which were not acquired through foreclosure. The foreclosed assets covered by FDIC loss sharing agreements and the properties not acquired through foreclosure are not included in the following table and discussion of foreclosed assets. Foreclosed assets have increased since the economic recession began in 2008. During the year, economic growth was slow and the market for land development properties did not experience a recovery. Because of this, we experienced continued higher levels of additions to foreclosed assets during 2013. Because sales of foreclosed properties exceeded additions, total foreclosed assets decreased. Activity in foreclosed assets during the year ended December 31, 2013, was as follows:

	Beginning Balance, January 1	Additions	Proceeds from Sales	Capitalized Costs	ORE Expense Write-Downs	Ending Balance, December 31
	(In Thousands)					
One- to four-family construction	$ 627	$ 600	$ (627)	$ --	$ --	$ 600
Subdivision construction	17,146	832	(5,659)	26	(193)	12,152
Land development	14,284	4,353	(1,935)	45	(59)	16,688
Commercial construction	6,511	113	(4,254)	--	(238)	2,132
One- to four-family residential	975	2,550	(2,693)	--	(88)	744
Other residential	7,232	350	(1,864)	387	(205)	5,900
Commercial real estate	2,738	8,995	(8,518)	--	(80)	3,135
Commercial business	160	--	(81)	--	--	79
Consumer	471	3,662	(3,166)	--	--	967
Total	$ 50,144	$ 21,455	$ (28,797)	$ 458	$ (863)	$ 42,397

At December 31, 2013, the land development category of foreclosed assets included 29 properties, the largest of which was located in northwest Arkansas and had a balance of $2.3 million, or 13.7% of the total category. Of the total dollar amount in the land development category of foreclosed assets, 35.1% and 36.9% was located in northwest Arkansas and in the Branson, Mo., area, respectively, including the largest property previously mentioned. The subdivision construction category of foreclosed assets included 35 properties, the largest of which was located in the St. Louis, Mo. metropolitan area and had a balance of $3.2 million, or 26.5% of the total category. Of the total dollar amount in the subdivision construction category of foreclosed assets, 16.4% and 14.9% is located in Branson, Mo., and Springfield, Mo., respectively. The other residential category of foreclosed assets included 17 properties, 13 of which were all part of the same condominium community, which was located in Branson, Mo. and had a balance of $2.4 million, or 40.7% of the total category. Of the total dollar amount in the other residential category of foreclosed assets, 88.1% was located in the Branson, Mo., area, including the largest related group of properties previously mentioned.

Potential Problem Loans. Potential problem loans decreased $22.4 million during the year ended December 31, 2013 from $49.4 million at December 31, 2012 to $27.0 million at December 31, 2013. This decrease was due to $16.2 million in loans transferred to the non-performing category, $9.3 million in loans removed from potential problem loans due to improvements in the credits, $7.2 million in charge-offs, $7.5 million in loans transferred to foreclosed assets, and $3.9 million in payments on potential problem loans, partially offset by the addition of $21.7 million of loans to potential problem loans. Potential problem loans are loans which management has identified through routine internal review procedures as having possible credit problems that may cause the borrowers difficulty in complying with current repayment terms. These loans are not reflected in non-performing assets, but are considered in determining the adequacy of the allowance for loan losses. Activity in the potential problem loans category during the year ended December 31, 2013, was as follows:

	Beginning Balance, January 1	Additions	Removed from Potential Problem	Transfers to Non-Performing	Transfers to Foreclosed Assets	Charge-Offs	Payments	Ending Balance, December 31
	(In Thousands)							
One- to four-family construction	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Subdivision construction	1,652	1,894	(76)	(765)	(36)	(149)	(319)	2,201
Land development	9,458	5,025	--	(158)	(2,081)	(1,089)	(298)	10,857
Commercial construction	--	--	--	--	--	--	--	--
One- to four-family residential	5,386	1,150	(1,136)	(503)	(754)	(965)	(985)	2,193
Other residential	8,487	1,347	(4,414)	(713)	--	(2,181)	(570)	1,956
Commercial real estate	21,913	8,736	(3,535)	(9,639)	(4,605)	(2,352)	(1,638)	8,880
Other commercial	2,398	3,267	(73)	(4,426)	--	(431)	(18)	717
Consumer	129	283	(77)	(18)	--	(4)	(130)	183
Total	$ 49,423	$ 21,702	$ (9,311)	$ (16,222)	$ (7,476)	$ (7,171)	$ (3,958)	$ 26,987

At December 31, 2013, the land development category included four loans, the largest of which was added during the current year. This relationship totaled $5.0 million, or 46.1% of the total category, and was collateralized by property located in the Lake of the Ozarks, Mo. area. The second largest relationship in this category totaled $3.8 million, or 35.4% of the total category, and was collateralized by property in the Branson, Mo. area. The commercial real estate category of potential problem loans included 11 loans, 10 of which were added during the current year. The largest addition during the year totaled $1.9 million and was collateralized by a hotel. The largest relationship in this category, which was added during a previous year, had a balance of $5.0 million, or 55.8% of the total category. The relationship was collateralized by properties located near Branson, Missouri. The one- to four-family residential category of potential problem loans included 21 loans, nine of which were added during the current year. The subdivision construction category of potential problem loans included six loans, four of which were added during the current year. The largest relationship in this category, which was added during the current year, had a balance of $1.8 million, or 80.2% of the total category, and was collateralized by properties in the Branson, Mo., area. The other residential category of potential problem loans included one loan which was added in a previous year, and was collateralized by properties located in the Branson, Mo., area. The other commercial category of potential problem loans included four loans, one of which was added in the current year. The largest relationship in this category, which was added during a previous year, had a balance of $660,000, or 92.1% of the total category, and was collateralized by collector automobiles.

Non-Interest Income

Non-interest income for the year ended December 31, 2013 was $5.3 million compared with $46.0 million for the year ended December 31, 2012. The decrease of $40.7 million, or 88.5%, was primarily the result of the following items:

InterBank FDIC-assisted acquisition: During the year ended December 31, 2012, the Bank recognized a one-time gain on the FDIC-assisted acquisition of InterBank of $31.3 million (pre-tax).

Amortization of income related to business acquisitions: The net amortization expense related to business acquisitions was $25.3 million for the year ended December 31, 2013, compared to $18.7 million for the year ended December 31, 2012. The amortization expense for the year ended December 31, 2013 was made up of the following items: $29.5 million of amortization expense related to the changes in cash flows expected to be collected from the FDIC-covered loan portfolios and $712,000 of amortization of the clawback liability related to InterBank. Offsetting the expense was income from the accretion of the discount related to the indemnification assets for all of the acquisitions of $2.7 million and $2.2 million of other loss share items. The amortization expense for the year ended December 31, 2012 was made up of the following items: $29.9 million of amortization expense related to the changes in cash flows expected to be collected from the FDIC-covered loan portfolios and $103,000 of amortization of the clawback liability related to InterBank. Offsetting the expense was income from the accretion of the discount related to the indemnification assets for all of the acquisitions of $9.5 million and $1.8 million of income from other loss share items.

Net realized gains on sales of available-for-sale securities: Net realized gains on sales of available-for-sale securities decreased $2.4 million for the year ended December 31, 2013, when compared to the year ended December 31, 2012, partially offset by a decrease in

recognized impairment of available-for-sale securities of $680,000. No impairment loss was recognized during the 2013 period. The Company realized significant gains on the sale of $78 million of certain mortgage-backed and municipal securities in the 2012 period.

Service charges and ATM fees: Service charges and ATM fees decreased $860,000 in the year ended December 31, 2013, when compared to the year ended December 31, 2012, primarily due to a decrease in overdraft activity, and therefore overdraft charges, in the current period compared to the prior period.

Non-Interest Expense

Total non-interest expense decreased $2.2 million, or 1.9%, from $112.6 million in the year ended December 31, 2012, to $110.4 million in the year ended December 31, 2013. The Company's efficiency ratio for the year ended December 31, 2013, was 66.9%, up from 53.0% in 2012. The increase in the ratio in 2013 compared to 2012 was primarily due to decreases in net interest income and decreases in non-interest income resulting from decreased gains on sales of single-family loans and increased amortization expense related to business acquisitions, as well as decreases in non-interest income resulting from the acquisition gain in 2012. The Company's ratio of non-interest expense to average assets decreased from 2.98% for the year ended December 31, 2012, to 2.91% for the year ended December 31, 2013. The decrease in this ratio was due to a decrease in non-interest expense in the 2013 period compared to the 2012 period. Average assets for the year ended December 31, 2013, decreased $216 million, or 5.4%, from the year ended December 31, 2012. The following were key items related to the decrease in non-interest expense for the year ended December 31, 2013 as compared to the year ended December 31, 2012:

Foreclosure-related expenses: Expenses on foreclosed assets decreased $4.7 million for the year ended December 31, 2013, when compared to the year ended December 31, 2012, due primarily to large write-downs of carrying values of foreclosed assets and losses on sales of assets in 2012.

Other non-interest expense: Other non-interest expense decreased $632,000 for the year ended December 31, 2013, when compared to the year ended December 31, 2012, due primarily to InterBank one-time acquisition related expenses incurred in 2012.

Partially offsetting the decrease in non-interest expense was an increase in the following items:

Salaries and employee benefits: Salaries and employee benefits increased $1.2 million for the year ended December 31, 2013, when compared to the year ended December 31, 2012, primarily due to the internal growth of the Company and the increased number of employees, and salary increases for existing employees.

Partnership tax credit: The partnership tax credit expense increased $1.1 million from the prior year period. The Company has invested in certain federal low-income housing tax credits and federal new market tax credits. These credits are typically purchased at 70-90% of the amount of the credit and are generally utilized to offset taxes payable over ten-year and seven-year periods, respectively. During the year ended December 31, 2013, tax credits used to reduce the Company's tax expense totaled $9.5 million, up $2.1 million from $7.4 million for the year ended December 31, 2012. These tax credits resulted in corresponding amortization expense of $6.9 million during the year ended December 31, 2013, up $1.1 million from $5.8 million for the year ended December 31, 2012. The net result of these transactions was an increase to non-interest expense and a decrease to income tax expense, which positively impacted the Company's effective tax rate, but negatively impacted the Company's non-interest expense and efficiency ratio.

Advertising: Advertising expense increased $593,000 for the year ended December 31, 2013, when compared to the year ended December 31, 2012, due to additional marketing campaigns across the franchise in the current year period, including business banking and mobile banking promotions, and loan campaigns.

Provision for Income Taxes

Provision for income taxes as a percentage of pre-tax income (from continuing operations) was 9.2% and 19.4% for the years ended December 31, 2013 and 2012, respectively. The effective tax rates (as compared to the statutory federal tax rate of 35.0%) were primarily affected by the tax credits noted above and tax-exempt investment securities and loans which reduce the Company's effective tax rate. In future periods, the Company expects the effective tax rate to be less than 12% of pre-tax net income, assuming it continues to maintain or increase its use of investment tax credits. The Company's effective tax rate may fluctuate as it is impacted by the level and timing of the Company's utilization of tax credits and the level of tax-exempt investments and loans and the overall level of pretax income. At this time, the Company expects to utilize a larger amount of tax credits in 2014 than it did in 2013.

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 $3.4 million, $3.2 million and $2.3 million for 2013, 2012 and 2011, respectively. Tax-exempt income was not calculated on a tax equivalent basis. The table does not reflect any effect of income taxes.

	Dec. 31, 2013[(2)]	Year Ended December 31, 2013			Year Ended December 31, 2012			Year Ended December 31, 2011		
	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	4.81%	$ 472,127	$ 35,072	7.43%	$ 463,096	$ 31,643	6.83%	$ 321,325	$ 25,076	7.80%
Other residential	4.73	312,362	23,963	7.67	314,630	18,807	5.98	256,170	15,536	6.06
Commercial real estate	4.70	813,147	51,175	6.29	785,181	56,428	7.19	690,413	54,698	7.92
Construction	4.50	208,254	14,413	6.92	219,309	20,802	9.49	265,102	33,966	12.81
Commercial business	4.97	249,647	14,505	5.81	228,109	19,439	8.52	194,622	20,953	10.77
Other loans	6.02	297,852	21,947	7.37	259,684	19,739	7.60	210,857	16,898	8.01
Industrial revenue bonds (1)	5.64	50,155	2,828	5.64	56,264	3,305	5.87	69,425	4,074	5.87
Total loans receivable	5.10	2,403,544	163,903	6.82	2,326,273	170,163	7.31	2,007,914	171,201	8.53
Investment securities (1)	2.73	717,806	14,459	2.01	846,197	22,674	2.68	841,308	26,962	3.20
Other interest-earning assets	0.22	276,394	433	0.16	413,092	671	0.16	311,493	504	0.16
Total interest-earning assets	4.49	3,397,744	178,795	5.26	3,585,562	193,508	5.40	3,160,715	198,667	6.29
Non-interest-earning assets:										
Cash and cash equivalents		88,678			84,035			75,019		
Other non-earning assets		303,454			336,016			261,126		
Total assets		$3,789,876			$4,005,613			$3,496,860		
Interest-bearing liabilities:										
Interest-bearing demand and savings	0.20	$ 1,464,029	3,551	0.24	$ 1,456,172	7,087	0.49	$ 1,111,045	7,975	0.72
Time deposits	0.69	1,073,110	8,795	0.82	1,357,741	13,633	1.00	1,253,937	18,395	1.47
Total deposits	0.41	2,537,139	12,346	0.49	2,813,913	20,720	0.74	2,364,982	26,370	1.12
Short-term borrowings and repurchase agreements	1.20	232,598	2,324	1.00	265,718	2,610	0.98	303,944	2,965	0.98
Subordinated debentures issued to capital trust	1.81	30,929	561	1.81	30,929	617	1.99	30,929	569	1.84
FHLB advances	3.13	127,561	3,972	3.11	145,464	4,430	3.05	159,148	5,242	3.29
Total interest-bearing liabilities	0.61	2,928,227	19,203	0.66	3,256,024	28,377	0.87	2,859,003	35,146	1.23
Non-interest-bearing liabilities:										
Demand deposits		459,802			385,770			306,728		
Other liabilities		23,197			11,537			14,693		
Total liabilities		3,411,226			3,653,331			3,180,424		
Stockholders' equity		378,650			352,282			316,436		
Total liabilities and stockholders' equity		$3,789,876			$4,005,613			$3,496,860		
Net interest income:										
Interest rate spread	3.88%		$159,592	4.60%		$165,131	4.53%		$163,521	5.06%
Net interest margin*				4.70%			4.61%			5.17%
Average interest-earning assets to average interest-bearing liabilities		116.0%			110.1%			110.6%		

* 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 $80.9 million, $134.7 million and $106.8 million for 2013, 2012 and 2011, respectively. In addition, average tax-exempt industrial revenue bonds were $38.3 million, $22.1 million and $43.8 million in 2013, 2012 and 2011, respectively. Interest income on tax-exempt assets included in this table was $5.1 million, $5.8 million and $6.8 million for 2013, 2012 and 2011, respectively. Interest income net of disallowed interest expense related to tax-exempt assets was $4.9 million, $5.5 million and $6.4 million for 2013, 2012 and 2011, respectively.

(2) The yield/rate on loans at December 31, 2013 does not include the impact of the accretable yield (income) on loans acquired in the FDIC-assisted transactions. See "Net Interest Income" for a discussion of the effect on 2013 results of operations.

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, 2013 vs. December 31, 2012			Year Ended December 31, 2012 vs. December 31, 2011		
	Increase (Decrease) Due to		Total Increase (Decrease)	Increase (Decrease) Due to		Total Increase (Decrease)
	Rate	Volume		Rate	Volume	
	(In Thousands)					
Interest-earning assets:						
Loans receivable	$ (11,786)	$ 5,526	$ (6,260)	$ (26,148)	$ 25,110	$ (1,038)
Investment securities	(5,099)	(3,116)	(8,215)	(4,444)	156	(4,288)
Other interest-earning assets	(23)	(215)	(238)	2	165	167
Total interest-earning assets	(16,908)	2,195	(14,713)	(30,590)	25,431	(5,159)
Interest-bearing liabilities:						
Demand deposits	(3,574)	38	(3,536)	(2,974)	2,086	(888)
Time deposits	(2,260)	(2,578)	(4,838)	(6,456)	1,694	(4,762)
Total deposits	(5,834)	(2,540)	(8,374)	(9,430)	3,780	(5,650)
Short-term borrowings and structured repo	44	(330)	(286)	21	(376)	(355)
Subordinated debentures issued to capital trust	(56)	--	(56)	48	--	48
FHLBank advances	98	(556)	(458)	(379)	(433)	(812)
Total interest-bearing liabilities	(5,748)	(3,426)	(9,174)	(9,740)	2,971	(6,769)
Net interest income	$ (11,160)	$ 5,621	$ (5,539)	$ (20,850)	$ 22,460	$ 1,610

Results of Operations and Comparison for the Years Ended December 31, 2012 and 2011

General

Net income increased $18.4 million, or 60.9%, during the year ended December 31, 2012, compared to the year ended December 31, 2011. Net income from continuing operations increased $14.4 million, or 48.7%, during the year ended December 31, 2012, compared to the year ended December 31, 2011. Net income was $48.7 million for the year ended December 31, 2012 compared to $30.3 million for the year ended December 31, 2011. Net income from continuing operations was $44.1 million for the year ended December 31, 2012 compared to $29.7 million for the year ended December 31, 2011. This increase was primarily due to an increase in non-interest income of $41.9 million, or 1013.6%, and an increase in net interest income of $1.6 million, or 1.0%, partially offset by an increase in non-interest expense of $15.1 million, or 15.5%, an increase in provision for income taxes of $5.4 million, or 104.9%, and an increase in the provision for loan losses of $8.5 million, or 24.1%. Non-interest income for the year ended December 31, 2012 included a gain recognized on business acquisition of $31.3 million, and also included net amortization expense of the FDIC indemnification asset of $18.7 million. Net income available to common shareholders was $48.1 million for the year ended December 31, 2012 compared to $26.3 million for the year ended December 31, 2011.

Total Interest Income

Total interest income decreased $5.2 million, or 2.6%, during the year ended December 31, 2012 compared to the year ended December 31, 2011. The decrease was primarily due to a $4.1 million, or 15.0%, decrease in interest income on investments and other interest-earning assets, while interest income on loans decreased $1.0 million, or 0.6%. Interest income on loans decreased primarily due to variations in the adjustments to accretable yield due to increases in expected cash flows to be received from the FDIC-acquired loan pools as discussed below in "Interest Income – Loans" and in Note 4 of the accompanying audited financial statements. Interest income from investment securities and other interest-earning assets decreased during the year ended December 31, 2012 primarily due to lower average rates of interest. The lower average investment yields were primarily a result of lower yields on mortgage-backed securities as interest rates reset downward. Prepayments on the mortgages underlying these securities resulted in amortization of premiums which also reduced yields.

Interest Income - Loans

During the year ended December 31, 2012 compared to the year ended December 31, 2011, interest income on loans decreased due to lower average interest rates, partially offset by higher average balances. Interest income decreased $26.1 million as the result of lower average interest rates on loans. The average yield on loans decreased from 8.53% during the year ended December 31, 2011 to 7.31% during the year ended December 31, 2012. This decrease was partially due to fluctuation in the additional yield accretion recognized in conjunction with the fair value of the loan pools acquired in the FDIC-assisted transactions, as the additional yield accretion was less in 2012 than in 2011. On an on-going basis the Company estimates the cash flows expected to be collected from the acquired loan pools. The cash flows estimate for the 2012 and 2011 FDIC-assisted transactions increased during 2012. The cash flows estimate for the 2009 FDIC-assisted transactions has increased each quarter since the third quarter of 2010, based on the payment histories and reduced loss expectations of the loan pools. These adjustments resulted in a total of $128.6 million of adjustments to date to be spread on a level-yield basis over the remaining expected lives of the loan pools. The increases in expected cash flows also reduced the amount of expected reimbursements under the loss sharing agreements with the FDIC, which are recorded as indemnification assets. Therefore, the expected indemnification assets for the FDIC-assisted transactions have also been reduced, resulting in a total of $109.8 million of adjustments to date to be amortized on a comparable basis over the remainder of the loss sharing agreements or the remaining expected life of the loan pools, whichever is shorter. The adjustments increased interest income by $36.2 million and decreased non-interest income by $29.9 million during the year ended December 31, 2012, for a net impact of $6.3 million to pre-tax income. Because the adjustments will be recognized over the estimated remaining lives of the loan pools and the remainder of the loss sharing agreements, respectively, they will impact future periods as well. The remaining accretable yield adjustment that will affect interest income is $23.7 million and the remaining adjustment to the indemnification assets that will affect non-interest income (expense) is $(18.9) million. Of the remaining adjustments, we expect to recognize $13.2 million of interest income and $(11.2) million of non-interest income (expense) in 2013. Additional adjustments may be recorded in future periods as the Company continues to estimate expected cash flows from the acquired loan pools. For further discussion about these adjustments, see Note 4 of the accompanying audited financial statements. Apart from the yield accretion, the average yield on loans was 5.76% for the year ended December 31, 2012, down from 6.08% for the year ended December 31, 2011, as a result of both normal amortization of higher-rate loans and new loans that were made at current lower market rates.

Interest income increased $25.1 million as a result of higher average loan balances which increased from $2.01 billion during the year ended December 31, 2011 to $2.33 billion during the year ended December 31, 2012. The higher average balances were primarily due to the loans acquired in the InterBank FDIC-assisted transaction.

Interest Income - Investments and Other Interest-earning Assets

Interest income on investments decreased $4.4 million as a result of a decrease in average interest rates from 3.20% during the year ended December 31, 2011 to 2.68% during the year ended December 31, 2012. The majority of the Company's securities in 2011 and 2012 were mortgage-backed securities which are backed by hybrid ARMs that have fixed rates of interest for a period of time (generally one to ten years) and then adjust annually. The actual amount of securities that reprice and the actual interest rate changes on these securities are 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). Mortgage-backed securities are also subject to reduced yields due to more rapid prepayments in the underlying mortgages. As a result, premiums on these securities may be amortized against interest income more quickly, thereby reducing the yield recorded. Interest income on investments increased $156,000 as a result of an increase in average balances from $841.3 million during the year ended December 31, 2011, to $846.2 million during the year ended December 31, 2012. Average balances of securities increased due to purchases made for pledging to secure public-fund deposits. Interest income on other interest-earning assets increased $167,000 mainly due to higher average balances. Average balances of interest-earning deposits increased due to repayment of loans and the cash received from the FDIC in the InterBank FDIC-assisted transaction.

The Company's interest-earning deposits and non-interest-earning cash equivalents currently earn very low or no yield and therefore negatively impact the Company's net interest margin. At December 31, 2012, the Company had cash and cash equivalents of $404.1

million compared to $380.2 million at December 31, 2011. See "Net Interest Income" for additional information on the impact of this interest activity.

Total Interest Expense

Total interest expense decreased $6.8 million, or 19.3%, during the year ended December 31, 2012, when compared with the year ended December 31, 2011, due to a decrease in interest expense on deposits of $5.7 million, or 21.4%, a decrease in interest expense on FHLBank advances of $812,000, or 15.5%, and a decrease in interest expense on short-term and structured repo borrowings of $355,000, or 12.0%. These decreases were partially offset by an increase in interest expense on subordinated debentures issued to capital trust of $48,000, or 8.4%.

Interest Expense - Deposits

Interest on demand deposits decreased $3.0 million due to a decrease in average rates from 0.72% during the year ended December 31, 2011, to 0.49% during the year ended December 31, 2012. The average interest rates decreased due to lower overall market rates of interest since 2011 and because the Company chose to pay lower rates during 2012 when compared to 2011. Market rates of interest on checking and money market accounts have been decreasing since late 2008 when the FRB began reducing short-term interest rates. Interest on demand deposits increased $2.1 million due to an increase in average balances from $1.11 billion during the year ended December 31, 2011, to $1.46 billion during the year ended December 31, 2012. The increase in average balances of demand deposits was primarily a result of demand deposits assumed in the Sun Security Bank and InterBank FDIC-assisted transactions in 2011 and 2012. Also contributing to the increase was customer preference to transition from time deposits to demand deposits as well as organic growth in the Company's deposit base, particularly in interest-bearing checking accounts. Average noninterest-bearing demand balances increased from $307 million for the year ended December 31, 2011, to $386 million for the year ended December 31, 2012.

Interest expense on time deposits decreased $6.5 million as a result of a decrease in average rates of interest from 1.47% during the year ended December 31, 2011, to 1.00% during the year ended December 31, 2012. A large portion of the Company's certificate of deposit portfolio matures within one year and so it reprices fairly quickly; this is consistent with the portfolio over the past several years. Interest expense on deposits increased $1.7 million due to an increase in average balances of time deposits from $1.25 billion during the year ended December 31, 2011, to $1.36 billion during the year ended December 31, 2012. The increase in average balances of time deposits was primarily a result of time deposits assumed in the Sun Security Bank and InterBank FDIC-assisted transactions during 2011 and 2012. As previously mentioned, the increase in average balances of time deposits was partly offset by the customer preference to transition from time deposits to demand deposits. Also offsetting the increase was the reduction of the balance of brokered deposits, primarily CDARS accounts, of $145.5 million from December 31, 2011 to December 31, 2012.

The Dodd-Frank Act repealed the federal prohibitions on the payment of interest on demand deposits, thereby permitting depository institutions to pay interest on business transaction and other accounts beginning July 21, 2011. Although the ultimate impact of this legislation on the Company has not yet been fully determined, the Company expects interest costs associated with demand deposits may increase as a result of competitor responses to this change.

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

During the year ended December 31, 2012 compared to the year ended December 31, 2011, interest expense on FHLBank advances decreased due to lower average interest rates and lower average balances. Interest expense on FHLBank advances decreased $433,000 due to a decrease in average balances from $159 million during the year ended December 31, 2011, to $145 million during the year ended December 31, 2012. Interest expense on FHLBank advances decreased $379,000 due to a decrease in average interest rates from 3.29% in the year ended December 31, 2011, to 3.05% in the year ended December 31, 2012. Most of the remaining advances are fixed-rate and are subject to penalty if paid off prior to maturity.

Interest expense on short-term borrowings and structured repurchase agreements decreased $376,000 due to a decrease in average balances from $304 million during the year ended December 31, 2011, to $266 million during the year ended December 31, 2012. The decrease in balances of short-term borrowings was primarily due to decreases in securities sold under repurchase agreements with the Company's deposit customers which tend to fluctuate. Interest expense on short-term borrowings and structured repurchase agreements increased $21,000 due to a slight increase in average rates on short-term borrowings and structured repurchase agreements from the year ended December 31, 2011, to the year ended December 31, 2012.

Interest expense on subordinated debentures issued to capital trust increased $48,000 due to an increase in average rates from 1.84% in the year ended December 31, 2011, to 1.99% in the year ended December 31, 2012. These debentures are not subject to an interest rate swap; however, they are variable-rate debentures and bear interest at an average rate of three-month LIBOR plus 1.57%, adjusting quarterly.

Net Interest Income

Net interest income for the year ended December 31, 2012 increased $1.6 million to $165.1 million compared to $163.5 million for the year ended December 31, 2011. Net interest margin was 4.61% for the year ended December 31, 2012, compared to 5.17% in 2011, a decrease of 56 basis points. The Company's margin was positively impacted primarily by the increases in expected cash flows to be received from the loan pools acquired in the FDIC-assisted transactions and the resulting increases to accretable yield which was discussed previously in "Interest Income – Loans" and is discussed in Note 4 of the accompanying audited financial statements. The impact of these changes on the years ended December 31, 2012 and 2011 were increases in interest income of $36.2 million and $49.2 million, respectively, and increases in net interest margin of 101 basis points and 156 basis points, respectively. Excluding the positive impact of the additional yield accretion, net interest margin decreased one basis point during the year ended December 31, 2012. During 2011 and 2012, lower-rate transaction deposits increased as customers added to existing accounts or new customer accounts were opened, while higher-rate brokered deposits decreased and retail time deposits renewed at lower rates of interest. While retail certificates of deposit increased over the year-ago quarter because of the deposits assumed in the Sun Security Bank and InterBank FDIC-assisted acquisitions, those assumed were at relatively low market rates. The former InterBank generally paid above-market rates on its certificates of deposit. We have elected to reduce those rates as deposits have matured. The Company has also experienced decreases in yield on loans and investments, excluding the yield accretion income discussed above, when compared to the year-ago quarter. Existing loans continue to repay, and in many cases new loans originated are at rates which are lower than the rates on those repaying loans and may be lower than existing portfolio rates.

The Company's overall interest rate spread decreased 53 basis points, or 10.5%, from 5.06% during the year ended December 31, 2011, to 4.53% during the year ended December 31, 2012. The decrease was due to an 89 basis point decrease in the weighted average yield on interest-earning assets partially offset by a 36 basis point decrease in the weighted average rate paid on interest-bearing liabilities. The Company's overall net interest margin decreased 56 basis points, or 10.8%, from 5.17% for the year ended December 31, 2011, to 4.61% for the year ended December 31, 2012. In comparing the two years, the yield on loans decreased 122 basis points while the yield on investment securities and other interest-earning assets decreased 53 basis points. The rate paid on deposits decreased 38 basis points, the rate paid on FHLBank advances decreased 24 basis points, the rate paid on short-term borrowings remained unchanged, and the rate paid on subordinated debentures issued to capital trust increased 15 basis points.

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

Provision for Loan Losses and Allowance for Loan Losses

The provision for loan losses increased $8.6 million, from $35.3 million during the year ended December 31, 2011, to $43.9 million during the year ended December 31, 2012. The allowance for loan losses decreased $583,000, or 1.4%, to $40.6 million at December 31, 2012, compared to $41.2 million at December 31, 2011. Net charge-offs were $44.5 million in the year ended December 31, 2012, versus $35.6 million in the year ended December 31, 2011. Eleven relationships made up $28.4 million of the net charge-off total for the year ended December 31, 2012. General market conditions, and more specifically, real estate, absorption rates and unique circumstances related to individual borrowers and projects also contributed to the level of provisions and charge-offs in both 2011 and 2012. As properties were categorized as potential problem loans, non-performing loans or foreclosed assets, evaluations were made of the value of these assets with corresponding charge-offs as appropriate.

Management records a provision for loan losses in an amount it believes sufficient to result in an allowance for loan losses that will cover current net charge-offs as well as risks believed to be inherent in the loan portfolio of the Bank. The amount of provision charged against current income is based on several factors, including, but not limited to, past loss experience, current portfolio mix, actual and potential losses identified in the loan portfolio, economic conditions, and internal as well as external reviews.

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

Loans acquired in the 2009, 2011 and 2012 FDIC-assisted transactions are covered by loss sharing agreements between the FDIC and Great Southern Bank which afford Great Southern Bank at least 80% protection from losses in the acquired portfolio of loans. The FDIC loss sharing agreements are subject to limitations on the types of losses covered and the length of time losses are covered and are conditioned upon the Bank complying with its requirements in the agreements with the FDIC. These limitations are described in detail in Note 4 of the accompanying audited financial statements. The acquired loans were grouped into pools based on common

characteristics and were recorded at their estimated fair values, which incorporated estimated credit losses at the acquisition dates. These loan pools are systematically reviewed by the Company to determine the risk of losses that may exceed those identified at the time of the acquisition. Techniques used in determining risk of loss are similar to those used to determine the risk of loss for the legacy Great Southern Bank portfolio, with most focus being placed on those loan pools which include the larger loan relationships and those loan pools which exhibit higher risk characteristics. Review of the acquired loan portfolio also includes meetings with customers, review of financial information and collateral valuations to determine if any additional losses are apparent. At December 31, 2012 and 2011, an allowance for loan losses was established for loan pools exhibiting risks of loss totaling $17,000 and $30,000, respectively. Because of the loss sharing agreements, only 20% of the anticipated losses would be ultimately borne by the Bank.

The Bank's allowance for loan losses as a percentage of total loans, excluding loans supported by the FDIC loss sharing agreements, was 2.21% and 2.33% at December 31, 2012 and 2011, respectively. Management considers the allowance for loan losses adequate to cover losses inherent in the Company's loan portfolio at December 31, 2012, based on recent reviews of the Company's loan portfolio and current economic conditions. If economic conditions remain weak or deteriorate further, it is possible that additional loan loss provisions would be required, thereby adversely affecting future results of operations and financial condition.

Non-performing Assets

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

As a result of changes in balances and composition of the loan portfolio, changes in economic and market conditions that occur from time to time, and other factors specific to a borrower's circumstances, the level of non-performing assets will fluctuate. Non-performing assets, excluding FDIC-covered non-performing assets, at December 31, 2012 were $72.6 million, a decrease of $1.8 million from $74.4 million at December 31, 2011. Non-performing assets as a percentage of total assets were 1.84% at December 31, 2012, compared to 1.96% at December 31, 2011.

Compared to December 31, 2011, non-performing loans decreased $5.0 million to $22.5 million and foreclosed assets increased $3.2 million to $50.1 million. Commercial real estate loans comprised $8.3 million, or 37.0%, of the total $22.5 million of non-performing loans at December 31, 2012. Other commercial loans comprised $6.2 million, or 27.8%, of the total $22.5 million of non-performing loans at December 31, 2012. One-to-four family residential loans comprised $4.3 million, or 18.9% of the total $22.5 million of non-performing loans at December 31, 2012.

Non-performing Loans. Activity in the non-performing loans category during the year ended December 31, 2012, was as follows:

	Beginning Balance, January 1	Additions	Removed from Non-Performing	Transfers to Potential Problem Loans	Transfers to Foreclosed Assets	Charge-Offs	Payments	Ending Balance, December 31
	(In Thousands)							
One- to four-family construction	$ 186	$ --	$ --	$ (172)	$ --	$ --	$ (14)	$ --
Subdivision construction	6,661	3,465	(196)	(191)	(3,403)	(3,008)	(3,326)	2
Land development	2,655	8,586	(832)	--	(4,348)	(3,112)	(478)	2,471
Commercial construction	--	--	--	--	--	--	--	--
One- to four-family residential	7,238	6,828	(797)	(1,247)	(4,423)	(1,488)	(1,854)	4.257
Other residential	--	4,219	--	--	(2,950)	(1,269)	--	--
Commercial real estate	6,204	12,459	--	--	(5,978)	(3,312)	(1,049)	8,324
Other commercial	3,472	5,855	--	(50)	(18)	(2,047)	(964)	6,248
Consumer	1,081	2,364	(134)	(611)	(249)	(363)	(912)	1,176
Total	$ 27,497	$ 43,776	$ (1,959)	$ (2,271)	$ (21,369)	$ (14,599)	$ (8,597)	$ 22,478

At December 31, 2012, the land development category of non-performing loans included three loans. The largest relationship in this category, which was added during the year, totaled $2.1 million, or 84.5% of the total category, and was collateralized by land located in the Rogers, Arkansas area. The one- to four-family residential category included 28 loans, 21 of which were added during the year.

None of the loans added to the one- to four-family residential category during 2012 were included in borrower relationships that were larger than $700,000. The commercial real estate category included nine loans, seven of which were added during the year. The largest two relationships in this category, which were added during the year, totaled $5.7 million, or 68.2% of the total category, and are collateralized by hotels. The other commercial category included nine loans, five of which were added during the year. The largest relationship in this category, which was added during the year, totaled $2.6 million, or 41.9% of the total category, and was collateralized by stock.

Foreclosed Assets. Of the total $68.9 million of foreclosed assets at December 31, 2012, $18.7 million represents the fair value of foreclosed assets acquired in the FDIC-assisted transactions in 2009, 2011 and 2012. These acquired foreclosed assets are subject to the loss sharing agreements with the FDIC and, therefore, are not included in the following table and discussion of foreclosed assets. Foreclosed assets have increased since the economic recession began in 2008. During the year, economic growth was slow and real estate markets did not experience a recovery. Because of this, we experienced continued higher levels of additions to foreclosed assets during 2012. Because sales of foreclosed properties have been slower than additions, total foreclosed assets increased. Activity in foreclosed assets during the year ended December 31, 2012, was as follows:

	Beginning Balance, January 1	Additions	Proceeds from Sales	Capitalized Costs	ORE Expense Write-Downs	Ending Balance, December 31
	(In Thousands)					
One- to four-family construction	$ 1,630	$ 27	$ (1,296)	$ 327	$ (61)	$ 627
Subdivision construction	15,573	6,770	(4,273)	35	(958)	17,147
Land development	13,634	2,355	(565)	125	(1,491)	14,058
Commercial construction	2,747	3,764	--	--	--	6,511
One- to four-family residential	1,849	5,066	(5,499)	11	(227)	1,200
Other residential	7,853	4,633	(3,278)	12	(1,988)	7,232
Commercial real estate	2,290	6,559	(4,876)	--	(1,235)	2,738
Commercial business	85	90	(15)	--	--	160
Consumer	1,211	2,658	(3,398)	--	--	471
Total	$ 46,872	$ 31,922	$ (23,200)	$ 510	$ (5,960)	$ 50,144

At December 31, 2012, the subdivision construction category of foreclosed assets included 46 properties, the largest of which was located in the St. Louis, Mo. metropolitan area and had a balance of $3.6 million, or 20.6% of the total category. Of the total dollar amount in the subdivision construction category, 16.4% and 15.6% is located in Springfield, Mo., and Branson, Mo., respectively. The land development category of foreclosed assets included 26 properties, the largest of which had a balance of $2.3 million, or 16.3% of the total category. Of the total dollar amount in the land development category, 42.1% and 32.0% was located in the Branson, Mo. area and in northwest Arkansas, respectively, including the largest property previously mentioned.

As discussed below in the non-interest expense section, the $6.0 million in write-downs of foreclosed assets was primarily the result of management's evaluation of the foreclosed assets portfolio and decision to more aggressively market certain properties by reducing the asking prices. Management obtained broker pricing or used recent appraisals that were discounted based on internal experience selling or attempting to sell similar properties to determine the new asking prices. The majority of these write-downs were made in the subdivision construction and land development categories where properties are more speculative in nature and market activity has been very slow.

Potential Problem Loans. Potential problem loans decreased $4.9 million during the year ended December 31, 2012 from $54.3 million at December 31, 2011 to $49.4 million at December 31, 2012. 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, but are considered in determining the adequacy of the allowance for loan losses. Activity in the potential problem loans category during the year ended December 31, 2012, was as follows:

	Beginning Balance, January 1	Additions	Removed from Potential Problem	Transfers to Non-Performing	Transfers to Foreclosed Assets	Charge-Offs	Payments	Ending Balance, December 31
	(In Thousands)							
One- to four-family construction	$ 144	$ 691	$ --	$ (142)	$ --	$ --	$ (283)	$ 410
Subdivision construction	6,024	8,364	(918)	(2,931)	(3,553)	(4,539)	(795)	1,652
Land development	3,691	23,223	(3,450)	(6,919)	(804)	(6,588)	(339)	8,814
Commercial construction	--	--	--	--	--	--	--	--
One- to four-family residential	7,665	6,647	(4,045)	(4,044)	(177)	(199)	(871)	4,976
Other residential	7,640	21,228	(10,521)	(4,852)	(2,602)	(1,478)	(928)	8,487
Commercial real estate	25,799	20,220	(5,699)	(5,413)	(842)	(9,370)	(2,782)	21,913
Other commercial	3,318	4,934	(825)	(2,774)	--	(1,136)	(475)	3,042
Consumer	45	367	(26)	(94)	(20)	(20)	(123)	129
Total	$ 54,326	$ 85,674	$ (25,484)	$ (27,169)	$ (7,998)	$ (23,330)	$ (6,596)	$ 49,423

At December 31, 2012, the commercial real estate category of potential problem loans included 16 loans. The largest two relationships in this category, which were added during 2011 and 2012, respectively, had balances of $5.0 million and $4.4 million, respectively, or 42.8% of the total category. One relationship was collateralized by properties located in southwest Missouri and the other relationship was collateralized by property located in St. Louis, Mo. The land development category included seven loans, five of which were added during the year. The largest relationship in this category, which was added during the year, was $6.0 million, or 67.9% of the total catgegory and is collateralized by property in the Branson, Mo., area. The other residential category included five loans, all of which were added during the year. The largest relationship in this category, totaled $3.7 million, or 44.1% of the total category, and was collateralized by condominiums located in the St. Louis area. The one- to four-family residential category included 42 loans, 22 of which were added during the year. The largest relationship in this category, which was added during 2011 and included fifteen loans, totaled $1.1 million, or 22.8% of the total category, and was collateralized by over 30 separate properties in southwest Missouri.

Non-Interest Income

Non-interest income for the year ended December 31, 2012 was $46.0 million compared with $4.1 million for the year ended December 31, 2011. The increase of $41.9 million, or 1013.6%, was primarily the result of the following items:

Initial gains recognized on business acquisitions: The initial gain recognized on business acquisitions increased $14.8 million from the year ended December 31, 2011. During the quarter ended June 30, 2012, the Bank recognized a one-time gain on the FDIC-assisted acquisition of InterBank of $31.3 million (pre-tax). In the prior year, the Bank recognized a one-time gain of $16.5 million (pre-tax) on the FDIC-assisted acquisition of Sun Security Bank.

Amortization of indemnification asset: There was a smaller decrease to non-interest income from amortization related to business acquisitions compared to the year ended December 31, 2011. The net amortization, an amount which reduces net interest income, decreased $19.1 million from the prior year. As previously described under "Net Interest Income," due to the increase in cash flows expected to be collected from the TeamBank, Vantus Bank, Sun Security Bank and InterBank FDIC-covered loan portfolios, $29.9 million of amortization (decrease in non-interest income) was recorded in the year ended December 31, 2012, relating to reductions of expected reimbursements under the loss sharing agreements with the FDIC, which are recorded as indemnification assets. This amortization (decrease in non-interest income) amount was down $13.9 million from the $43.8 million that was recorded in the year ended December 31, 2011, relating to reductions of expected reimbursements under the loss sharing agreements with the FDIC. Offsetting this, the Bank had additional income from the accretion of the discount on the indemnification assets related to the FDIC-assisted acquisitions involving Sun Security Bank, which was completed in October 2011, and InterBank which was completed in April 2012. Income from the accretion of the discount was $11.1 million for the year ended December 31, 2012, an increase of $5.1 million from the $6.0 million recognized in the prior year.

Securities Gains and Impairments: Realized gains on sales of available-for-sale securities, net of impairment losses, increased $2.2 million from the year ended December 31, 2011. During the years ended December 31, 2012 and 2011, losses totaling $680,000 and $615,000, respectively, were recorded as a result of impairment write-downs in the value of an investment in a non-agency CMO. The impairment write-downs recognized during 2012 reduced the book value of this security to zero.

Gains on sales of single-family loans: Gains on sales of single-family loans increased $2.0 million from the year ended December 31, 2011. This was due to an increase in originations (primarily refinancings) of fixed-rate loans due to lower fixed rates, which were then sold in the secondary market.

Tax credits: The Bank sold or utilized several state tax credits during the year ended December 31, 2012, which resulted in a gain of $1.1 million.

Interest rate derivative income: The Company recognized non-interest income of $1.2 million during the period related to its matched book interest rate derivatives program. The Company provides interest rate derivatives to certain qualifying customers in order to facilitate their respective interest rate management objectives. Those interest rate swaps are economically hedged by offsetting interest rate swaps that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions. However, the Company does not account for these transactions as hedges. The Company earns non-interest income related to the derivatives it provides to its customers, which represents compensation for credit risk and administrative costs associated with making a market in derivatives.

Service charges and ATM fees: Service charges and ATM fees during the year ended December 31, 2012 increased by $1.0 million compared to the year ended December 31, 2011.

Non-Interest Expense

Total non-interest expense increased $15.1 million, or 15.5%, from $97.5 million in the year ended December 31, 2011, to $112.6 million in the year ended December 31, 2012. The Company's efficiency ratio for the year ended December 31, 2012, was 53.03%, down from 59.54% in 2011 due to the gain recognized on the FDIC-assisted acquisition, partially offset by increases in non-interest expense described below. The Company's ratio of non-interest expense to average assets decreased from 2.99% for the year ended December 31, 2011, to 2.98% for the year ended December 31, 2012. The following were key items related to the increase in non-interest expense for the year ended December 31, 2012 as compared to the year ended December 31, 2011:

Sun Security Bank FDIC-assisted transaction: Non-interest expense increased $4.7 million for the year ended December 31, 2012 when compared to the year ended December 31, 2011, due to the operating costs related to the operations acquired in the FDIC-assisted acquisition involving the former Sun Security Bank on October 7, 2011. Of this amount, $497,000 related to non-recurring acquisition-related costs incurred during the first quarter of 2012, primarily salaries ($127,000) and occupancy and equipment expenses ($215,000).

InterBank FDIC-assisted acquisition: Non-interest expense increased $4.7 million for the year ended December 31, 2012, when compared to the year ended December 31, 2011, due to operating costs related to the operations acquired in the FDIC-assisted acquisition involving the former InterBank on April 27, 2012. Of this amount, $2.4 million related to non-recurring acquisition-related expenses incurred during the second and third quarters of 2012, primarily related to salaries and benefits ($587,000), computer license and support ($541,000) and legal and other professional fees ($424,000).

Other operating expenses: Other operating expenses increased $2.5 million from the prior year primarily due to increases in expenses to originate loans, amortization of the core deposit intangible, contributions and other expenses.

Partnership tax credit: The Company has invested in certain federal low-income housing tax credits and federal new market tax credits. These credits are typically purchased at 70-90% of the amount of the credit and are generally utilized to offset taxes payable over ten-year and seven-year periods, respectively. During the year ended December 31, 2012, tax credits used to reduce the Company's tax expense totaled $7.4 million, up $2.7 million from $4.7 million for the year ended December 31, 2011. These tax credits resulted in corresponding amortization of $5.8 million during the year ended December 31, 2012, up $1.8 million from $4.0 million for the year ended December 31, 2011. The net result of these transactions was an increase to non-interest expense and a decrease to income tax expense, which positively impacted the Company's effective tax rate, but negatively impacted the Company's non-interest expense and efficiency ratio.

New banking centers: Continued internal growth of the Company since the year ended December 31, 2011, caused an increase in non-interest expense during the year ended December 31, 2012. The Company opened two retail banking centers in the St. Louis, Mo., market area – one in O'Fallon, Mo., in February 2012 and one in Affton, Mo., in December 2011. The operation of these two new locations increased non-interest expense for the year ended December 31, 2012, by $568,000 over the same period in 2011.

Foreclosure-related expenses: Partially offsetting the above increases was a decrease in expenses on foreclosed assets of $3.1 million for the year ended December 31, 2012, when compared to the year ended December 31, 2011, primarily due to the prior year write-downs of carrying values discussed previously. The discount on foreclosed assets acquired through the 2009, 2011 and 2012 FDIC-assisted acquisitions recognized as income decreased $356,000. These amounts were partially offset by an increase in expenses on foreclosed properties of $941,000 due to higher levels of foreclosed properties held.

Provision for Income Taxes

Provision for income taxes as a percentage of pre-tax income (from continuing operations) was 19.4% and 14.9% for the years ended December 31, 2012 and 2011, respectively. The effective tax rates (as compared to the statutory federal tax rate of 35.0%) were primarily affected by the tax credits noted above and by higher balances and rates of tax-exempt investment securities and loans which reduce the Company's effective tax rate. The Company's tax rate, however, was higher than in recent periods in the year ended December 31, 2012, due to the significant gain recognized on the FDIC-assisted transaction completed in 2012, and the gains recognized on the sales of the Travel and Insurance business units in 2012. In future periods, the Company expects the effective tax rate to be approximately 12%-18% of pre-tax net income, assuming it continues to maintain or increase its use of investment tax credits. The Company's effective tax rate may fluctuate as it is impacted by the level and timing of the Company's utilization of tax credits and the level of tax-exempt investments and loans.

Liquidity

Liquidity is a measure of the Company's ability to generate sufficient cash to meet present and future financial obligations in a timely manner through either the sale or maturity of existing assets or the acquisition of additional funds through liability management. These obligations include the credit needs of customers, funding deposit withdrawals and the day-to-day operations of the Company. Liquid assets include cash, interest-bearing deposits with financial institutions and certain investment securities and loans. 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, 2013, the Company had commitments of approximately $91.4 million to fund loan originations, $333.9 million of unused lines of credit and unadvanced loans, and $28.4 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, 2013. Additional information regarding these contractual obligations is discussed further in Notes 8, 9, 10, 11, 12, 13, 16 and 19 of the accompanying audited financial statements.

	Payments Due In:			
	One Year or Less	**Over One to Five Years**	**Over Five Years**	**Total**
	(In Thousands)			
Deposits without a stated maturity	$1,814,684	$ ---	$ ---	$1,814,684
Time and brokered certificates of deposit	642,137	346,024	5,781	993,942
Federal Home Loan Bank advances	2,315	123,913	529	126,757
Short-term borrowings	136,109	---	---	136,109
Structured repurchase agreements	---	50,000	---	50,000
Subordinated debentures	---	---	30,929	30,929
Operating leases	858	1,788	1,089	3,735
Dividends declared but not paid	2,606	---	---	2,606
	$2,598,709	$521,725	$38,328	$3,158,762

The Company's primary sources of funds are customer deposits, FHLBank advances, other borrowings, loan repayments, unpledged securities, proceeds from sales of loans and available-for-sale securities and funds provided from operations. The Company utilizes particular sources of funds based on the comparative costs and availability at the time. The Company has from time to time chosen not to pay rates on deposits as high as the rates paid by certain of its competitors and, when believed to be appropriate, supplements deposits with less expensive alternative sources of funds.

At December 31, 2013 and 2012, the Company had these available secured lines and on-balance sheet liquidity:

	December 31, 2013	December 31, 2012
Federal Home Loan Bank line	$407.4 million	$426.5 million
Federal Reserve Bank line	$418.9 million	$446.6 million
Interest-Bearing and Non-Interest-Bearing Deposits	$227.9 million	$404.1 million
Unpledged Securities	$91.7 million	$72.0 million

Statements of Cash Flows. During the years ended December 31, 2013, 2012 and 2011, the Company had positive cash flows from operating activities. The Company experienced positive cash flows from investing activities during 2013 and 2012 and negative cash flows from investing activities during 2011. The Company experienced negative cash flows from financing activities during 2013, 2012 and 2011.

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, impairments of investment securities, depreciation, gains on the purchase of additional business units 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 $93.9 million, $146.9 million and $101.4 million during the years ended December 31, 2013, 2012 and 2011, respectively.

During the years ended December 31, 2013 and 2012, investing activities provided cash of $124.7 million and $241.4 million, primarily due to the cash received from the FDIC-assisted acquisition and the repayment of investment securities. During the year ended December 31, 2011, investing activities used cash of $147.9 million primarily due to the net increase in loans and investment securities for the year.

Changes in cash flows from financing activities during the periods covered by the Statements of Cash Flows are due to changes in deposits after interest credited, changes in FHLBank advances, changes in short-term borrowings, and dividend payments to stockholders. Financing activities used cash flows of $394.8 million and $364.4 million during the years ended December 31, 2013 and 2012, primarily due to the repayment of advances from the FHLBank, reductions in customer repurchase agreements and reduction of time deposit balances. In 2011, the change in cash flows from financing activities was also impacted by the issuance of preferred stock through the Company's participation in the SBLF program as well as the redemption of preferred stock and the repurchase of common stock warrants which were both issued in conjunction with the Company's participation in the CPP. Financing activities used cash flows of $3.3 million for the year ended December 31, 2011, primarily due to reductions of brokered deposit balances and reductions in customer repurchase agreements primarily offset by increases in transaction deposits. Financing activities in the future are expected to primarily include changes in deposits, changes in FHLBank advances, changes in short-term borrowings and dividend payments to stockholders.

Capital Resources

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

Total stockholders' equity at December 31, 2013, was $380.7 million, or 10.7% of total assets. At December 31, 2013, common stockholders' equity was $322.8 million, or 9.1% of total assets, equivalent to a book value of $23.60 per common share. At December 31, 2012, the Company's total stockholders' equity was $369.9 million, or 9.4% of total assets. At December 31, 2012, common stockholders' equity was $311.9 million, or 7.9% of total assets, equivalent to a book value of $22.94 per common share.

At December 31, 2013, the Company's tangible common equity to total assets ratio was 8.9% as compared to 7.7% at December 31, 2012. The Company's tangible common equity to total risk-weighted assets ratio was 12.3% at December 31, 2013, compared to 12.7% at December 31, 2012.

Banks are required to maintain minimum risk-based capital ratios. These ratios compare capital, as defined by the risk-based regulations, to assets adjusted for their relative risk as defined by the regulations. Guidelines require banks to have a minimum Tier 1 risk-based capital ratio, as defined, of 4.00%, a minimum total risk-based capital ratio of 8.00%, and a minimum 4.00% Tier 1 leverage ratio. On December 31, 2013, the Bank's Tier 1 risk-based capital ratio was 14.2%, total risk-based capital ratio was 15.4%

and the Tier 1 leverage ratio was 10.2%. As of December 31, 2013, 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, 2013, the Company's Tier 1 risk-based capital ratio was 15.6%, total risk-based capital ratio was 16.9% and the Tier 1 leverage ratio was 11.3%. As of December 31, 2013, the Company was "well capitalized" under the capital ratios described above. These ratios are the current capital requirements. As discussed in “Effect of Federal Laws and Regulations,” the Company and the Bank will be subject to new capital requirements due to the changes from “Basel III,” and the Dodd-Frank Act for which the provisions generally become effective beginning January 1, 2015.

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

The SBLF Preferred Stock qualifies as Tier 1 capital. The holder of the SBLF Preferred Stock is entitled to receive non-cumulative dividends, payable quarterly, on each January 1, April 1, July 1 and October 1. The dividend rate, as a percentage of the liquidation amount, can fluctuate between one percent (1%) and five percent (5%) per annum on a quarterly basis during the first 10 quarters during which the SBLF Preferred Stock is outstanding, based upon changes in the level of “Qualified Small Business Lending” or “QSBL” (as defined in the Purchase Agreement) by the Bank over the adjusted baseline level calculated under the terms of the SBLF Preferred Stock ($201,374,000). The initial dividend rate through September 30, 2011, was 5% and the dividend rate for the fourth quarter of 2011 was 2.6%. Based upon the increase in the Bank’s level of QSBL over the adjusted baseline level, the dividend rate for all of 2013 and 2012 was approximately 1.0%. For the tenth calendar quarter through four and one half years after issuance, the dividend rate will be fixed at between one percent (1%) and seven percent (7%) based upon the level of qualifying loans. The Company has now reached the tenth calendar quarter and the dividend rate will be 1.0% until four and one half years after the issuance, which is March 2016. After four and one half years from issuance, the dividend rate will increase to 9% (including a quarterly lending incentive fee of 0.5%).

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

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

Dividends. During the year ended December 31, 2013, the Company declared common stock cash dividends of $0.72 per share (29.8% of net income per common share) and paid common stock cash dividends of $0.54 per share. The quarterly dividend that would normally have been paid in January 2013 was paid in December 2012. During the year ended December 31, 2012, the Company declared and paid common stock cash dividends of $0.72 per share (20.3% of net income per common share). The Board of Directors meets regularly to consider the level and the timing of dividend payments. In addition, the Company paid preferred dividends as described below.

As a result of the issuance of preferred stock to the Treasury pursuant to the CPP in December 2008, during the year ended December 31, 2011, the Company paid preferred stock cash dividends of $725,000 on each of February 15, 2011, May 16, 2011 and August 15, 2011. In addition, previously accrued but unpaid preferred stock cash dividends of $24,167 were paid on August 18, 2011 in conjunction with the redemption of the CPP Preferred Stock on the same date. The redemption of the CPP Preferred Stock resulted in a non-cash deemed preferred stock dividend that reduced net income available to common shareholders in the year ended December 31, 2011 by $1.2 million. This amount represents the difference between the repurchase price and the carrying amount of the CPP Preferred Stock, or the accelerated accretion of the applicable discount on the CPP Preferred Stock.

The terms of the SBLF Preferred Stock impose limits on the ability of the Company to pay dividends and repurchase shares of common stock. Under the terms of the SBLF Preferred Stock, no repurchases may be effected, and no dividends may be declared or paid on preferred shares ranking pari passu with the SBLF Preferred Stock, junior preferred shares, or other junior securities (including the common stock) during the current quarter and for the next three quarters following the failure to declare and pay

dividends on the SBLF Preferred Stock, except that, in any such quarter in which the dividend is paid, dividend payments on shares ranking pari passu may be paid to the extent necessary to avoid any resulting material covenant breach.

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

The "Tier 1 Dividend Threshold" means 90% of $272.7 million, which was the Company's consolidated Tier 1 capital as of June 30, 2011, less the $58 million in TARP preferred stock then-outstanding and repaid on August 18, 2011, plus the $58 million in SBLF Preferred Stock issued and minus the net loan charge-offs by the Bank since August 18, 2011. The Tier 1 Dividend Threshold is subject to reduction, beginning on the first day of the eleventh dividend period following the date of issuance of the SBLF Preferred Stock, by $5.8 million (ten percent of the aggregate liquidation amount of the SBLF Preferred Stock initially issued, without regard to any subsequent partial redemptions) for each one percent increase in qualified small business lending from the adjusted baseline level under the terms of the SBLF preferred stock (i.e., $201.4 million) to the ninth dividend period.

Common Stock Repurchases and Issuances. The Company has been in various buy-back programs since May 1990. Our ability to repurchase common stock is currently limited, but allowed, under the terms of the SBLF preferred stock as noted above, under "- Dividends" and was previously generally precluded due to our participation in the CPP beginning in December 2008. Therefore, during the years ended December 31, 2013 and 2012, the Company did not repurchase any shares of its common stock. During the years ended December 31, 2013 and 2012, the Company issued 106,367 shares of stock at an average price of $19.69 per share and 116,479 shares of stock at an average price of $19.49 per share, respectively, to cover stock option exercises.

Management has historically utilized stock buy-back programs from time to time as long as management believed that repurchasing the stock would contribute to the overall growth of shareholder value. The number of shares of stock that will be repurchased at any particular time and the prices that will be paid are subject to many factors, several of which are outside of the control of the Company. The primary factors, however, are the number of shares available in the market from sellers at any given time, the price of the stock within the market as determined by the market and the projected impact on the Company's earnings per share and capital.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Asset and Liability Management and Market Risk

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

Our Risk When Interest Rates Change

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

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

In an attempt to manage our exposure to changes in interest rates and comply with applicable regulations, we monitor Great Southern's interest rate risk. In monitoring interest rate risk we regularly analyze and manage assets and liabilities based on their 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. At December 31, 2013, Great Southern's interest rate risk models indicate that, generally, rising interest rates are expected to have a positive impact on the Company's net interest income, while declining interest rates would have a negative impact on net interest income. We model various interest rate scenarios for rising and falling rates, including both parallel and non-parallel shifts in rates. The results of our modeling indicate that net interest income is not likely to be materially affected either positively or negatively in the first twelve months following a rate change, regardless of any changes in interest rates, because our portfolios are relatively well matched in a twelve-month horizon. The effects of interest rate changes, if any, are expected to be more impacting to net interest income in the 12 to 36 months following a rate change. As the Federal Funds rate is now very low, the Company's interest rate floors have been reached on most of its "prime rate" loans. As discussed under "*General-Net Interest Income and Interest Rate Risk Management*," at December 31, 2013, there were $502 million of adjustable rate loans which were tied to a national prime rate of interest which had interest rate floors. In addition, Great Southern has elected to leave its "Great Southern Prime Rate" at 5.00% for those loans that are indexed to "Great Southern Prime" rather than a national prime rate of interest. At December 31, 2013 and 2012, there were $248 million and $376 million, respectively, of loans indexed to "Great Southern Prime." While these interest rate floors and, to a lesser extent, the utilization of the "Great Southern Prime" rate have helped keep the rate on our loan portfolio higher in this very low interest rate environment, they will also reduce the positive effect to our loan rates when market interest rates, specifically the "prime rate," begin to increase. The interest rate on these loans will not increase until the loan floors are reached. Also, a significant portion of our retail certificates of deposit mature in the next twelve months and we expect that they will be replaced with new certificates of deposit at somewhat lower interest rates.

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

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

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

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

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

In the normal course of business, the Company may use derivative financial instruments (primarily interest rate swaps) from time to time to assist in its interest rate risk management. In the fourth quarter of 2011, the Company began executing interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting interest rate swaps that the Company executes with a third party, such that the Company minimizes its net risk

exposure resulting from such transactions. Because the interest rate swaps associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer swaps and the offsetting swaps are recognized directly in earnings. These interest rate derivatives result from a service provided to certain qualifying customers and, therefore, are not used to manage interest rate risk in the Company's assets or liabilities. The Company manages a matched book with respect to its derivative instruments in order to minimize its net risk exposure resulting from such transactions.

In 2013, the Company entered into two interest rate cap agreements related to its floating rate debt associated with its trust preferred securities. The agreements provide that the counterparty will reimburse the Company if interest rates rise above a certain threshold, thus creating a cap on the effective interest rate paid by the Company. These agreements are classified as hedging instruments, and the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

The Company's interest rate derivatives and hedging activities are discussed further in Note 17 of the Notes to the Consolidated Financial Statements.

The following tables illustrate the expected maturities and repricing, respectively, of the Bank's financial instruments at December 31, 2013. 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,							
	2014	2015	2016	2017	2018	Thereafter	Total	2013 Fair Value
				(Dollars In Thousands)				
Financial Assets:								
Interest bearing deposits	$ 131,758	---	---	---	---	---	$ 131,758	$ 131,758
Weighted average rate	0.22 %	---	---	---	---	---	0.22%	
Available-for-sale equity securities	---	---	---	---	---	$ 2,869	$ 2,869	$ 2,869
Weighted average rate	---	---	---	---	---	---	---	
Available-for-sale debt securities(1)	$ 24,382	$ 6,850	$ 8,107	$ 13,374	$ 5,824	$ 493,875	$ 552,412	$ 552,412
Weighted average rate	3.14 %	6.21%	5.94%	6.30%	5.08%	2.50%	2.74%	
Held-to-maturity securities	---	---	---	---	$ 805	---	$ 805	$ 912
Weighted average rate	---	---	---	---	7.37%	---	7.37%	
Adjustable rate loans	$ 237,709	$ 155,902	$ 130,677	$ 166,703	$ 86,025	$ 531,542	$ 1,308,558	$ 1,310,369
Weighted average rate	4.94 %	4.35%	4.56%	4.12%	4.05%	4.04%	4.30%	
Fixed rate loans	$ 243,413	$ 119,421	$ 169,127	$ 180,382	$ 225,726	$ 334,151	$ 1,272,220	$ 1,273,797
Weighted average rate	5.32 %	5.47%	5.71%	5.51%	4.80%	6.68%	5.61%	
Federal Home Loan Bank stock	---	---	---	---	---	$ 9,822	$ 9,822	$ 9,822
Weighted average rate	---	---	---	---	---	1.88%	1.88%	
Total financial assets	$ 637,262	$ 282,173	$ 307,911	$ 360,459	$ 318,380	$ 1,372,259	$ 3,278,444	
Financial Liabilities:								
Time deposits	$ 642,137	$ 178,726	$ 79,267	$ 56,112	$ 31,919	$ 5,781	$ 993,942	$ 999,095
Weighted average rate	0.59 %	1.07%	1.33%	1.73%	1.58%	2.67%	0.84%	
Interest-bearing demand	$ 1,291,879	---	---	---	---	---	$ 1,291,879	$ 1,291,879
Weighted average rate	0.20 %	---	---	---	---	---	0.20%	
Non-interest-bearing demand	$ 522,805	---	---	---	---	---	$ 522,805	$ 522,805
Weighted average rate	---	---	---	---	---	---	---	
Federal Home Loan Bank	$ 3,170	$ 10,905	$ 25,884	$ 86,185	$ 84	$ 529	$ 126,757	$ 131,281
Weighted average rate	1.02 %	3.87%	3.81%	3.92%	5.06%	5.51%	3.85%	
Short-term borrowings	$ 136,109	---	---	---	---	---	$ 136,109	$ 136,109
Weighted average rate	0.04 %	---	---	---	---	---	0.04%	
Structured repurchase agreements	---	$ 50,000	---	---	---	---	$ 50,000	$ 53,485
Weighted average rate	---	4.34%	---	---	---	---	4.36%	
Subordinated debentures	---	---	---	---	---	$ 30,929	$ 30,929	$ 30,929
Weighted average rate	---	---	---	---	---	1.81%	1.81%	
Total financial liabilities	$ 2,596,100	$ 239,631	$ 105,151	$ 142,297	$ 32,003	$ 37,239	$ 3,152,421	

(1) Available-for-sale debt securities include approximately $412 million of mortgage-backed securities, collateralized mortgage obligations and SBA loan pools which pay interest and principal monthly to the Company. Of this total, $393 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. This table does not show the effect of these monthly repayments of principal or rate changes.

Repricing

	December 31,							
	2014	2015	2016	2017	2018	Thereafter	Total	2013 Fair Value
	(Dollars In Thousands)							
Financial Assets:								
Interest bearing deposits	$ 131,758	---	---	---	---	---	$ 131,758	$ 131,758
Weighted average rate	0.22%	---	---	---	---	---	0.22%	
Available-for-sale equity securities	---	---	---	---	---	$ 2,869	$ 2,869	$ 2,869
Weighted average rate	---	---	---	---	---	---	---	
Available-for-sale debt securities(1)	$ 172,348	$ 152,810	$ 63,504	$ 30,156	$ 24,757	$ 108,837	$ 552,412	$ 552,412
Weighted average rate	1.65%	2.11%	2.59%	3.70%	4.47%	4.80%	2.74%	
Held-to-maturity securities	---	---	---	---	$ 805	---	$ 805	$ 912
Weighted average rate	---	---	---	---	7.37%		7.37%	
Adjustable rate loans	$ 1,144,772	$ 59,129	$ 61,894	$ 16,134	$ 24,674	$ 1,955	$ 1,308,558	$ 1,310,369
Weighted average rate	4.29%	4.43%	4.56%	3.79%	4.32%	3.59%	4.30%	
Fixed rate loans	$ 242,268	$ 119,494	$ 170,056	$ 180,382	$ 225,729	$ 334,291	$ 1,272,220	$ 1,273,797
Weighted average rate	4.98%	5.48%	5.70%	5.51%	4.80%	6.68%	5.61%	
Federal Home Loan Bank stock	$ 9,822	---	---	---	---	---	$ 9,822	$ 9,822
Weighted average rate	1.88%	---	---	---	---	---	1.88%	
Total financial assets	$ 1,700,968	$ 331,433	$ 295,454	$ 226,672	$ 275,965	$ 447,952	$ 3,278,444	
Financial Liabilities:								
Time deposits	$ 642,137	$ 178,726	$ 79,267	$ 56,112	$ 31,919	$ 5,781	$ 993,942	$ 999,095
Weighted average rate	0.59%	1.07%	1.33%	1.73%	1.58%	2.67%	0.84%	
Interest-bearing demand	$ 1,291,879	---	---	---	---	---	$ 1,291,879	$ 1,291,879
Weighted average rate	0.20%	---	---	---	---	---	0.20%	
Non-interest-bearing demand(2)	---	---	---	---	---	$ 522,805	$ 522,805	$ 522,805
Weighted average rate	---	---	---	---	---	---	---	
Federal Home Loan Bank advances	$ 123,170	$ 905	$ 884	$ 1,185	$ 84	$ 529	$ 126,757	$ 131,281
Weighted average rate	3.83%	5.06%	5.06%	5.36%	5.06%	5.51%	3.85%	
Short-term borrowings	$ 136,109	---	---	---	---	---	$ 136,109	$ 136,109
Weighted average rate	0.04%	---	---	---	---	---	0.04%	
Structured repurchase agreements	---	$ 50,000	---	---	---	---	$ 50,000	$ 53,485
Weighted average rate	---	4.34%	---	---	---	---	4.36%	
Subordinated debentures	$ 30,929	---	---	---	---	---	$ 30,929	$ 30,929
Weighted average rate	1.81%	---	---	---	---	---	1.81%	
Total financial liabilities	$ 2,224,224	$ 229,631	$ 80,151	$ 57,297	$ 32,003	$ 529,115	$ 3,152,421	
Periodic repricing GAP	$ (523,256)	$ 101,802	$ 215,303	$ 169,375	$ 243,962	$ (81,163)	$ 126,023	
Cumulative repricing GAP	$ (523,256)	$ (421,454)	$ (206,151)	$ (36,776)	$ 207,186	$ 126,023		

(1) Available-for-sale debt securities include approximately $412 million of mortgage-backed securities, collateralized mortgage obligations and SBA loan pools which pay interest and principal monthly to the Company. Of this total, $393 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. 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.

GREAT SOUTHERN
BANCORP, INC.

Great Southern Bancorp, Inc.

Auditor's Report and Consolidated Financial Statements

December 31, 2013 and 2012

BKD LLP
CPAs & Advisors

BKD LLP
CPAs & Advisors
910 E. St. Louis Street, Suite 200 // P.O. Box 1190 // Springfield, MO 65801-1190
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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, 2013 and 2012, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2013. 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, 2013 and 2012, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2013, 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, 2013, based on criteria established in *Internal Control-Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)* and our report dated March 10, 2014, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

BKD, LLP

BKD, LLP

Springfield, Missouri
March 10, 2014

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Great Southern Bancorp, Inc.
Consolidated Statements of Financial Condition
December 31, 2013 and 2012
(In Thousands, Except Per Share Data)

Assets

	2013	2012
Cash	$ 96,167	$ 107,949
Interest-bearing deposits in other financial institutions	131,758	295,855
Federal funds sold	—	337
Cash and cash equivalents	227,925	404,141
Available-for-sale securities	555,281	807,010
Held-to-maturity securities	805	920
Mortgage loans held for sale	7,239	26,829
Loans receivable, net of allowance for loan losses of $40,116 and $40,649 at December 31, 2013 and 2012, respectively	2,439,530	2,319,638
FDIC indemnification asset	72,705	117,263
Interest receivable	11,408	12,755
Prepaid expenses and other assets	72,904	79,560
Other real estate owned, net	53,514	68,874
Premises and equipment, net	104,534	102,286
Goodwill and other intangible assets	4,583	5,811
Federal Home Loan Bank stock	9,822	10,095
Total assets	$ 3,560,250	$ 3,955,182

See Notes to Consolidated Financial Statements

Liabilities and Stockholders' Equity

	2013	2012
Liabilities		
Deposits	$ 2,808,626	$ 3,153,193
Federal Home Loan Bank advances	126,757	126,730
Securities sold under reverse repurchase agreements with customers	134,981	179,644
Short-term borrowings	1,128	772
Structured repurchase agreements	50,000	53,039
Subordinated debentures issued to capital trust	30,929	30,929
Accrued interest payable	1,099	1,322
Advances from borrowers for taxes and insurance	3,721	2,154
Accrued expenses and other liabilities	18,502	12,128
Current and deferred income taxes	3,809	25,397
Total liabilities	3,179,552	3,585,308
Commitments and Contingencies	—	—
Stockholders' Equity		
Capital stock		
Serial preferred stock – SBLF, $.01 par value; authorized 1,000,000 shares; issued and outstanding 2013 and 2012 – 57,943 shares	57,943	57,943
Common stock, $.01 par value; authorized 20,000,000 shares; issued and outstanding 2013 – 13,673,709 shares, 2012 – 13,596,335 shares	137	136
Additional paid-in capital	19,567	18,394
Retained earnings	300,589	276,751
Accumulated other comprehensive income, net of income taxes of $1,326 and $8,965 at December 31, 2013 and 2012, respectively	2,462	16,650
Total stockholders' equity	380,698	369,874
Total liabilities and stockholders' equity	$ 3,560,250	$ 3,955,182

Great Southern Bancorp, Inc.

Consolidated Statements of Income

Years Ended December 31, 2013, 2012 and 2011

(In Thousands, Except Per Share Data)

	2013	2012	2011
Interest Income			
Loans	$ 163,903	$ 170,163	$ 171,201
Investment securities and other	14,892	23,345	27,466
	178,795	193,508	198,667
Interest Expense			
Deposits	12,346	20,720	26,370
Federal Home Loan Bank advances	3,972	4,430	5,242
Short-term borrowings and repurchase agreements	2,324	2,610	2,965
Subordinated debentures issued to capital trust	561	617	569
	19,203	28,377	35,146
Net Interest Income	159,592	165,131	163,521
Provision for Loan Losses	17,386	43,863	35,336
Net Interest Income After Provision for Loan Losses	142,206	121,268	128,185
Noninterest Income			
Commissions	1,065	1,036	896
Service charges and ATM fees	18,227	19,087	18,063
Net gains on loan sales	4,915	5,505	3,524
Net realized gains on sales of available-for-sale securities	243	2,666	483
Recognized impairment of available-for-sale securities	—	(680)	(615)
Late charges and fees on loans	1,264	1,028	651
Gain (loss) on derivative interest rate products	295	(38)	(10)
Gain recognized on business acquisitions	—	31,312	16,486
Accretion (amortization) of income/expense related to business acquisitions	(25,260)	(18,693)	(37,797)
Other income	4,566	4,779	2,450
	5,315	46,002	4,131
Noninterest Expense			
Salaries and employee benefits	52,468	51,262	43,606
Net occupancy expense	20,658	20,179	15,220
Postage	3,315	3,301	3,096
Insurance	4,189	4,476	4,840
Advertising	2,165	1,572	1,316
Office supplies and printing	1,303	1,389	1,268
Telephone	2,868	2,768	2,270
Legal, audit and other professional fees	4,348	4,323	3,803
Expense on foreclosed assets	4,068	8,748	11,846
Partnership tax credit	6,879	5,782	3,985
Other operating expenses	8,128	8,760	6,226
	110,389	112,560	97,476

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.
Consolidated Statements of Income
Years Ended December 31, 2013, 2012 and 2011
(In Thousands, Except Per Share Data)

	2013	2012	2011
Income from Continuing Operations Before Income Taxes	$ 37,132	$ 54,710	$ 34,840
Provision for Income Taxes	3,403	10,623	5,183
Net Income from Continuing Operations	33,729	44,087	29,657
Discontinued Operations			
Income from discontinued operations (including gain on disposal in 2012 of $6,114), net of income taxes of $2,487 and $330, for the years ended December 31, 2012 and 2011, respectively	—	4,619	612
Net Income	33,729	48,706	30,269
Preferred stock dividends and discount accretion	579	608	2,798
Noncash deemed preferred stock dividend	—	—	1,212
Net Income Available to Common Shareholders	$ 33,150	$ 48,098	$ 26,259
Earnings Per Common Share			
Basic	$ 2.43	$ 3.55	$ 1.95
Diluted	$ 2.42	$ 3.54	$ 1.93
Earnings from Continuing Operations Per Common Share			
Basic	$ 2.43	$ 3.21	$ 1.91
Diluted	$ 2.42	$ 3.20	$ 1.89

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.

Consolidated Statements of Comprehensive Income

Years Ended December 31, 2013, 2012 and 2011

(In Thousands)

	2013	2012	2011
Net Income	$ 33,729	$ 48,706	$ 30,269
Unrealized appreciation (depreciation) on available-for-sale securities, net of taxes (credit) of $(7,516), $3,444 and $4,508 for 2013, 2012 and 2011, respectively	(13,959)	6,398	8,373
Noncredit component of unrealized gain (loss) on available-for-sale debt securities for which a portion of an other-than-temporary impairment has been recognized, net of taxes (credit) of $(20), $8 and $287 for 2013, 2012 and 2011, respectively	(37)	14	533
Other-than-temporary impairment loss recognized in earnings on available for sale securities, net of taxes (credit) of $0, $(238) and $(215) for 2013, 2012 and 2011, respectively	—	(442)	(400)
Less: reclassification adjustment for gains included in net income, net of taxes of $(85), $(933) and $(169) for 2013, 2012 and 2011, respectively	(158)	(1,733)	(314)
Change in fair value of cash flow hedge, net of taxes (credit) of $(19), $0 and $0 for 2013, 2012 and 2011, respectively	(34)	—	—
Other comprehensive income (loss)	(14,188)	4,237	8,192
Comprehensive Income	$ 19,541	$ 52,943	$ 38,461

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.

Consolidated Statements of Stockholders' Equity

Years Ended December 31, 2013, 2012 and 2011

(In Thousands, Except Per Share Data)

	CPP Preferred Stock	SBLF Preferred Stock
Balance, January 1, 2011	$ 56,480	$ —
Net income	—	—
Stock issued under Stock Option Plan	—	—
Common dividends declared, $.72 per share	—	—
Preferred stock discount accretion	1,520	—
CPP preferred stock dividends accrued (5%)	—	—
SBLF preferred stock dividends accrued (3.4%)	—	—
CPP preferred stock redeemed	(58,000)	—
SBLF preferred stock issued	—	57,943
Common stock warrants repurchased	—	—
Other comprehensive income	—	—
Reclassification of treasury stock per Maryland law	—	—
Balance, December 31, 2011	—	57,943
Net income	—	—
Stock issued under Stock Option Plan	—	—
Common dividends declared, $.72 per share	—	—
SBLF preferred stock dividends accrued (1.0%)	—	—
Other comprehensive income	—	—
Reclassification of treasury stock per Maryland law	—	—
Balance, December 31, 2012	—	57,943
Net income	—	—
Stock issued under Stock Option Plan	—	—
Common dividends declared, $.72 per share	—	—
SBLF preferred stock dividends accrued (1.0%)	—	—
Other comprehensive loss	—	—
Reclassification of treasury stock per Maryland law	—	—
Balance, December 31, 2013	$ —	$ 57,943

See Notes to Consolidated Financial Statements

Common Stock	Common Stock Warrants	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
$ 134	$ 2,452	$ 20,701	$ 220,021	$ 4,221	$ —	$ 304,009
—	—	—	30,269	—	—	30,269
—	—	466	—	—	331	797
—	—	—	(9,697)	—	—	(9,697)
—	—	—	(1,520)	—	—	—
—	—	—	(1,772)	—	—	(1,772)
—	—	—	(718)	—	—	(718)
—	—	—	—	—	—	(58,000)
—	—	—	—	—	—	57,943
—	(2,452)	(3,984)	—	—	—	(6,436)
—	—	—	—	8,192	—	8,192
—	—	—	331	—	(331)	—
134	—	17,183	236,914	12,413	—	324,587
—	—	—	48,706	—	—	48,706
—	—	1,211	—	—	1,493	2,704
—	—	—	(9,753)	—	—	(9,753)
—	—	—	(607)	—	—	(607)
—	—	—	—	4,237	—	4,237
2	—	—	1,491	—	(1,493)	—
136	—	18,394	276,751	16,650	—	369,874
—	—	—	33,729	—	—	33,729
—	—	1,173	—	—	512	1,685
—	—	—	(9,823)	—	—	(9,823)
—	—	—	(579)	—	—	(579)
—	—	—	—	(14,188)	—	(14,188)
1	—	—	511	—	(512)	—
$ 137	$ —	$ 19,567	$ 300,589	$ 2,462	$ —	$ 380,698

Great Southern Bancorp, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2013, 2012 and 2011

(In Thousands)

	2013	2012	2011
Operating Activities			
Net income	$ 33,729	$ 48,706	$ 30,269
Proceeds from sales of loans held for sale	215,744	269,817	191,476
Originations of loans held for sale	(198,910)	(264,179)	(195,081)
Items not requiring (providing) cash			
Depreciation	8,036	7,159	5,099
Amortization	8,107	7,039	4,361
Compensation expense for stock option grants	443	435	486
Provision for loan losses	17,386	43,863	35,336
Net gains on loan sales	(4,915)	(5,505)	(3,524)
Net realized (gains) losses and impairment on available-for-sale securities	(243)	(1,986)	132
(Gain) loss on sale of premises and equipment	(60)	264	202
Loss on sale/write-down of foreclosed assets	1,259	4,968	13,712
Gain on purchase of additional business units	—	(31,312)	(16,486)
Gain on sale of business units	—	(6,114)	—
Amortization of deferred income, premiums and discounts	29,510	18,004	48,627
(Gain) loss on derivative interest rate products	(294)	39	10
Deferred income taxes	(8,839)	13,252	(9,304)
Changes in			
Interest receivable	1,347	2,765	373
Prepaid expenses and other assets	(7,530)	31,412	(6,712)
Accrued expenses and other liabilities	4,260	(3,124)	(18)
Income taxes refundable/payable	(5,109)	11,413	2,474
Net cash provided by operating activities	93,921	146,916	101,432

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2013, 2012 and 2011

(In Thousands)

	2013	2012	2011
Investing Activities			
Net change in loans	$ (33,180)	$ (1,425)	$ (173,026)
Purchase of loans	(129,422)	(23,457)	(2,100)
Proceeds from sale of student loans	—	—	799
Cash received from purchase of additional business units	—	75,328	66,837
Cash received from FDIC loss sharing reimbursements	28,511	49,369	6,709
Proceeds from sale of business units	—	7,800	—
Purchase of additional business units	—	—	(1)
Purchase of premises and equipment	(13,853)	(27,825)	(19,425)
Proceeds from sale of premises and equipment	1,518	1,728	1,007
Proceeds from sale of foreclosed assets	48,900	51,225	21,774
Capitalized costs on foreclosed assets	(457)	(510)	(267)
Proceeds from maturities, calls and repayments of held-to-maturity securities	115	945	100
Proceeds from sale of available-for-sale securities	108,487	78,094	21,001
Proceeds from maturities, calls and repayments of available-for-sale securities	210,798	182,900	151,731
Purchase of available-for-sale securities	(97,000)	(155,339)	(224,614)
Purchase of held-to-maturity securities	—	—	(840)
Redemption of Federal Home Loan Bank stock	273	2,578	2,462
Net cash provided by (used in) investing activities	124,690	241,411	(147,853)

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2013, 2012 and 2011

(In Thousands)

	2013	2012	2011
Financing Activities			
Net decrease in certificates of deposit	$ (208,702)	$ (421,977)	$ (144,072)
Net increase (decrease) in checking and savings accounts	(134,562)	156,867	231,875
Proceeds from Federal Home Loan Bank advances	1,980	800	—
Repayments of Federal Home Loan Bank advances	(1,081)	(52,993)	(32,293)
Net decrease in short-term borrowings	(44,307)	(36,981)	(40,561)
Repayments of reverse repurchase borrowings	(3,000)	—	—
Redemption of CPP preferred stock	—	—	(58,000)
Proceeds from issuance of SBLF preferred stock	—	—	57,943
Repurchase of common stock warrants	—	—	(6,436)
Advances to borrowers for taxes and insurance	1,567	571	169
Dividends paid	(7,964)	(12,991)	(12,237)
Stock options exercised	1,242	2,269	311
Net cash used in financing activities	(394,827)	(364,435)	(3,301)
Increase (Decrease) in Cash and Cash Equivalents	(176,216)	23,892	(49,722)
Cash and Cash Equivalents, Beginning of Year	404,141	380,249	429,971
Cash and Cash Equivalents, End of Year	$ 227,925	$ 404,141	$ 380,249

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 operations of Great Southern Bank (the "Bank"), which provides a full range of financial services to customers primarily located in Missouri, Iowa, Kansas, Minnesota, Nebraska and Arkansas. The Company and the Bank are subject to the regulation of certain federal and state agencies and undergo periodic examinations by those regulatory agencies.

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

Effective November 30, 2012, Great Southern Bank sold its Great Southern Travel and Great Southern Insurance divisions. The 2012 operations of the two divisions have been reclassified to include all revenues and expenses in discontinued operations. The 2011 operations have been restated to reflect the reclassification of revenues and expenses in discontinued operations. The discontinued operations are discussed further in *Note 29*.

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, the valuation of loans acquired with indication of impairment, the valuation of the FDIC indemnification asset and other-than-temporary impairments (OTTI) and fair values of financial instruments. 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. The valuation of the FDIC indemnification asset is determined in relation to the fair value of assets acquired through FDIC-assisted transactions for which cash flows are monitored on an ongoing basis.

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 Company, LLC (including its wholly owned subsidiary, Great Southern CDE, LLC), GS, LLC, GSSC, LLC, GS-RE Holding, LLC (including its wholly owned subsidiary, GS RE Management, LLC), GS-RE Holding II, LLC, GS-RE Holding III, LLC, VFP Conclusion Holding, LLC and VFP Conclusion Holding II, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation.

Federal Home Loan Bank Stock

Federal Home Loan Bank common 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, carried at cost and evaluated for impairment.

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.

For debt securities with fair value below carrying value when the Company does not intend to sell a debt security, and it is more likely than not the Company will not have to sell the security before recovery of its cost basis, it recognizes the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income. For held-to-maturity debt securities, the amount of an other-than-temporary impairment recorded in other comprehensive income for the noncredit portion of a previous other-than-temporary impairment is amortized prospectively over the remaining life of the security on the basis of the timing of future estimated cash flows of the security.

The Company's consolidated statements of income reflect the full impairment (that is, the difference between the security's amortized cost basis and fair value) on debt securities that the Company intends to sell or would more likely than not be required to sell before the expected recovery of the amortized cost basis. For available-for-sale and held-to-maturity debt securities that management has no intent to sell and believes that it more likely than not will not be required

to sell prior to recovery, only the credit loss component of the impairment is recognized in earnings, while the noncredit loss is recognized in accumulated other comprehensive income. The credit loss component recognized in earnings is identified as the amount of principal cash flows not expected to be received over the remaining term of the security as projected based on cash flow projections.

For equity securities, when the Company has decided to sell an impaired available-for-sale security and the Company does not expect the fair value of the security to fully recover before the expected time of sale, the security is deemed other-than-temporarily impaired in the period in which the decision to sell is made. The Company recognizes an impairment loss when the impairment is deemed other-than-temporary even if a decision to sell has not been made.

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. Past due status is based on the contractual terms of a loan. 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. Payments received on nonaccrual loans are applied to principal until the loans are returned to accrual status. Loans are returned to accrual status when all payments contractually due are brought current, payment performance is sustained for a period of time, generally six months, and future payments are reasonably assured. With the exception of consumer loans, charge-offs on loans are recorded when available information indicates a loan is not fully collectible and the loss is reasonably quantifiable. Consumer loans are charged-off at specified delinquency dates consistent with regulatory guidelines.

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.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on historical charge-off experience and expected loss given default derived from the Company's internal risk rating process. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

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. The Company determines which loans are reviewed for impairment based on various analyses including annual reviews of large loan relationships, calculations of loan debt coverage ratios as financial information is obtained, weekly past-due meetings, quarterly reviews of all loans over $1.0 million and quarterly reviews of watch list credits by management. In accordance with regulatory guidelines, impairment in the consumer loan portfolio is primarily identified by past-due status. 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. Payments made on impaired loans are treated in accordance with the accrual status of the loan. If loans are performing in accordance with their contractual terms but the ultimate collectability of principal and interest is questionable, payments are applied to principal only. 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 loans for impairment disclosures unless they have been specifically identified through the classification process.

Loans Acquired in Business Combinations

Loans acquired in business combinations with evidence of credit deterioration since origination and for which it is probable that all contractually required payments will not be collected are considered to be credit impaired. Evidence of credit quality deterioration as of purchase dates may include information such as past-due and nonaccrual status, borrower credit scores and recent loan to value percentages. Acquired credit-impaired loans are accounted for under the accounting guidance for loans and debt securities acquired with deteriorated credit quality (FASB ASC 310-30) and initially measured at fair value, which includes estimated future credit losses expected to be incurred over the life of the loans. Accordingly, allowances for credit losses related to these loans are not carried over and recorded at the acquisition dates. Loans acquired through business combinations that do not meet the specific criteria of FASB ASC 310-30, but for which a discount is attributable, at least in part to credit quality, are also accounted for under this guidance. As a result, related discounts are recognized subsequently through accretion based on the expected cash flows of the acquired loans. For purposes of applying FASB ASC 310-30, loans acquired in business combinations are aggregated into pools of loans with common risk characteristics.

The expected cash flows of the acquired loan pools in excess of the fair values recorded is referred to as the accretable yield and is recognized in interest income over the remaining estimated lives of the loan pools. The Company continues to evaluate the fair value of the loans including cash flows expected to be collected. Increases in the Company’s cash flow expectations are recognized as increases to the accretable yield while decreases are recognized as impairments through the allowance for loan losses.

FDIC Indemnification Asset

Through two FDIC-assisted transactions during 2009, one during 2011 and one during 2012, the Bank acquired certain loans and foreclosed assets which are covered under loss sharing agreements with the FDIC. These agreements commit the FDIC to reimburse the Bank for a portion of realized losses on these covered assets. Therefore, as of the dates of acquisitions, the Company calculated the amount of such reimbursements it expects to receive from the FDIC using the present value of anticipated cash flows from the covered assets based on the credit adjustments estimated for each pool of loans and the estimated losses on foreclosed assets. In accordance with FASB ASC 805, each FDIC Indemnification Asset was initially recorded at its fair value, and is measured separately from the loan assets and foreclosed assets because the loss sharing agreements are not contractually embedded in them or transferrable with them in the event of disposal. The balance of the FDIC Indemnification Asset increases and decreases as the expected and actual cash flows from the covered assets fluctuate, as loans are paid off or impaired and as loans and foreclosed assets are sold. There are no contractual interest rates on these contractual receivables from the FDIC; however, a discount was recorded against the initial balance of the FDIC Indemnification Asset in conjunction with the fair value measurement as this receivable will

be collected over the terms of the loss sharing agreements. This discount will be accreted to income over future periods. These acquisitions and agreements are more fully discussed in *Note 4*.

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 less estimated cost to sell 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.

Long-Lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2013, 2012 and 2011.

Goodwill and Intangible Assets

Goodwill is evaluated annually for impairment or more frequently if impairment indicators are present. A qualitative assessment is performed to determine whether the existence of events or circumstances leads to a determination that it is more likely than not the fair value is less than the carrying amount, including goodwill. If, based on the evaluation, it is determined to be more likely than not that the fair value is less than the carrying value, then goodwill is tested further 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,	
	2013	2012
	(In Thousands)	
Goodwill – Branch acquisitions	$ 379	$ 379
Deposit intangibles		
TeamBank	947	1,368
Vantus Bank	829	1,141
Sun Security Bank	1,665	2,015
InterBank	763	908
	$ 4,583	$ 5,811

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.

Mortgage Servicing Rights

Mortgage servicing assets are recognized separately when rights are acquired through purchase or through sale of financial assets. Under the servicing assets and liabilities accounting guidance (FASB ASC 860-50), servicing rights resulting from the sale or securitization of loans originated by the Company are initially measured at fair value at the date of transfer. In 2009, the Company acquired mortgage servicing rights as part of two FDIC-assisted transactions. These mortgage servicing assets were initially recorded at their fair values as part of the acquisition valuation. The initial fair values recorded for the mortgage servicing assets, acquired in 2009, totaled $923,000. Mortgage servicing assets were $211,000 and $152,000 at December 31, 2013 and 2012, respectively. The Company has elected to measure the mortgage servicing rights for mortgage loans using the amortization method, whereby servicing rights are amortized in proportion to and over the period of estimated net servicing income. The amortized assets are assessed for impairment or increased obligation based on fair value at each reporting date.

Fair value is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. These variables change from quarter to quarter as market conditions and projected interest rates change, and may have an adverse impact on the value of the mortgage servicing right and may result in a reduction to noninterest income.

Each class of separately recognized servicing assets subsequently measured using the amortization method are evaluated and measured for impairment. Impairment is determined by stratifying rights into tranches based on predominant characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual tranche, to the extent that fair value is less than the carrying amount of the servicing assets for that tranche. The valuation allowance is adjusted to reflect changes in the measurement of impairment after the initial measurement of impairment. At December 31, 2013 and 2012, no valuation allowance was recorded. Fair value in excess of the carrying amount of servicing assets is not recognized.

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 cost of shares purchased by the Company has been allocated to common stock and retained earnings balances.

Earnings Per Share

Basic earnings per share are computed based on the weighted average number of shares outstanding during each year. Diluted earnings per share are 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:

	2013	2012	2011
	(In Thousands, Except Per Share Data)		
Net income	$ 33,729	$ 48,706	$ 30,269
Net income available to common shareholders	$ 33,150	$ 48,098	$ 26,259
Net income from continuing operations	$ 33,729	$ 44,087	$ 29,657
Net income from continuing operations available to common shareholders	$ 33,150	$ 43,479	$ 25,647
Average common shares outstanding	13,635	13,534	13,462
Average common share stock options and warrants outstanding	80	58	164
Average diluted common shares	13,715	13,592	13,626
Earnings per common share – basic	$ 2.43	$ 3.55	$ 1.95
Earnings per common share – diluted	$ 2.42	$ 3.54	$ 1.93
Earnings from continuing operations per common share – basic	$ 2.43	$ 3.21	$ 1.91
Earnings from continuing operations per common share – diluted	$ 2.42	$ 3.20	$ 1.89
Earnings from discontinued operations per common share, net of tax – basic	$ —	$ 0.34	$ 0.04
Earnings from discontinued operations per common share, net of tax – diluted	$ —	$ 0.34	$ 0.04

Options to purchase 243,510, 444,770 and 479,098 shares of common stock were outstanding at December 31, 2013, 2012 and 2011, 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 for the years ended December 31, 2013, 2012 and 2011, respectively.

Stock Option Plans

The Company has stock-based employee compensation plans, which are described more fully in *Note 21*. In accordance with FASB ASC 718, *Compensation – Stock Compensation,* compensation cost related to share-based payment transactions is recognized in the Company's consolidated financial statements based on the grant-date fair value of the award using the modified prospective transition method. For the years ended December 31, 2013, 2012 and 2011, share-based compensation expense totaling $443,000, $435,000 and $486,000, respectively, was included in salaries and employee benefits expense in the consolidated statements of income.

Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2013, cash equivalents consisted of interest-bearing deposits in other financial institutions. At December 31, 2012, cash equivalents consisted of interest-bearing deposits in other financial institutions and federal funds sold. At December 31, 2013, nearly all of the interest-bearing deposits were uninsured with most of these balances held at the Federal Home Loan Bank or the Federal Reserve Bank.

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance (FASB ASC 740, *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized. At December 31, 2013 and 2012, no valuation allowance was established.

The Company recognizes interest and penalties on income taxes as a component of income tax expense.

The Company files consolidated income tax returns with its subsidiaries.

Derivatives and Hedging Activities

FASB ASC 815, *Derivatives and Hedging*, provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments, (b) how the entity accounts for derivative instruments and related hedged items and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. Further, qualitative disclosures are required that explain the Company's objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments. For detailed disclosures on derivatives and hedging activities, see *Note 17*.

As required by FASB ASC 815, the Company records all derivatives in the statement of financial condition at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting.

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, 2013 and 2012, respectively, was $71.0 million and $125.5 million.

Recent Accounting Pronouncements

In July 2012, the FASB issued ASU No. 2012-02 to amend FASB ASC Topic 350, *Intangibles – Goodwill and Other*. The Update clarifies the process of performing an impairment test for indefinite-lived intangible assets by simplifying how an entity tests those assets for impairment and improves consistency in impairment testing guidance among long-lived asset categories. The Update was effective for the Company January 1, 2013, and did not have a material impact on the Company's financial position or results of operations.

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

occurs (as a result of a change in cash flows expected to be collected on the assets subject to indemnification), the reporting entity should subsequently account for the change in the measurement of the indemnification asset on the same basis as the change in the assets subject to indemnification. Any amortization of changes in value should be limited to the contractual term of the indemnification agreement (that is, the lesser of the term of the indemnification agreement and the remaining life of the indemnified assets). The Update was effective for the Company January 1, 2013, and did not have a material impact on the Company's financial position or results of operations.

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

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

In July 2013, the FASB issued ASU No. 2013-10 to amend FASB ASC Topic 815, *Derivatives and Hedging*. The Update permits the Fed Funds Effective Swap Rate to be used as a U.S. benchmark interest rate for hedge accounting purposes under Topic 815, in addition to interest rates on treasury obligations of the U.S. Government and LIBOR rates, which were previously allowed. The Update was effective prospectively for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013. The Update did not have a material impact on the Company's financial position or results of operations.

In July 2013, the FASB issued ASU No. 2013-11 to amend FASB ASC Topic 740, *Income Taxes*. The objective of this Update is to provide explicit guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exist. An unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except in specific situations as described in the Update. The Update will be effective for the Company beginning January 1, 2014, and is not expected to have a material impact on the Company's financial position or results of operations.

In January 2014, the FASB issued ASU No. 2014-01 to amend FASB ASC Topic 323, *Investments – Equity Method and Joint Ventures*. The objective of this Update is to provide guidance on accounting for investments by a reporting entity in flow-through limited liability entities that manage or invest in affordable housing projects that qualify for the low-income housing tax credit. The amendments in the Update permit reporting entities to make an accounting policy election to account for their investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense (benefit). The Update will be effective for the Company beginning January 1, 2015; however, early adoption is permitted. The Company does have significant investments in such qualified affordable housing projects and is currently reviewing the provisions of this Update to determine what, if any, impacts it may have on the Company's financial position or results of operations. Based on its preliminary review, the Company may elect to adopt this Update early during the three months ending March 31, 2014. The Company expects that there will be no material impact on the Company's financial position or results of operations, except that the investment amortization expense which is currently included in Other Noninterest Expense in the Consolidated Statements of Income would be removed from Other Noninterest Expense and included in Provision for Income Taxes in the Consolidated Statements of Income. This would have the effect of reducing Noninterest Expense and increasing Provision for Income Taxes, but is not expected to have any impact on Net Income.

In January 2014, the FASB issued ASU No. 2014-04 to amend FASB ASC Topic 310, *Receivables – Troubled Debt Restructurings by Creditors*. The objective of the amendments in this Update is to reduce diversity by clarifying when an in substance repossession or foreclosure occurs, that is, when a creditor should be considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan such that the loan receivable should be derecognized and the real estate property recognized. The amendments in this Update clarify that an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, the amendments require interim and annual disclosure of both (1) the amount of foreclosed residential real estate property held by the creditor and (2) the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. The Update will be effective for the Company beginning January 1, 2015, and is not expected to have a material impact on the Company's financial position or results of operations.

Note 2: Investments in Debt and Equity Securities

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

	December 31, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
U.S. government agencies	$ 20,000	$ —	$ 2,745	$ 17,255
Mortgage-backed securities	365,020	4,824	2,266	367,578
Small Business Administration loan pools	43,461	1,394	—	44,855
States and political subdivisions	122,113	2,549	1,938	122,724
Equity securities	847	2,022	—	2,869
	$ 551,441	$ 10,789	$ 6,949	$ 555,281

	December 31, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
U.S. government agencies	$ 30,000	$ 40	$ —	$ 30,040
Collateralized mortgage obligations	3,939	576	8	4,507
Mortgage-backed securities	582,039	14,861	814	596,086
Small Business Administration loan pools	50,198	1,295	—	51,493
States and political subdivisions	114,372	8,506	—	122,878
Equity securities	847	1,159	—	2,006
	$ 781,395	$ 26,437	$ 822	$ 807,010

Additional details of the Company's mortgage-backed securities at December 31, 2013, are described as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Mortgage-backed securities				
FHLMC fixed	$ 3,562	$ 328	$ —	$ 3,890
FHLMC hybrid ARM	15,828	959	—	16,787
Total FHLMC	19,390	1,287	—	20,677
FNMA fixed	11,590	292	489	11,393
FNMA hybrid ARM	32,967	980	62	33,885
Total FNMA	44,557	1,272	551	45,278
GNMA fixed	4,671	—	370	4,301
GNMA hybrid ARM	296,402	2,265	1,345	297,322
Total GNMA	301,073	2,265	1,715	301,623
	$ 365,020	$ 4,824	$ 2,266	$ 367,578
Total fixed	$ 19,823	$ 620	$ 859	$ 19,584
Total hybrid ARM	345,197	4,204	1,407	347,994
	$ 365,020	$ 4,824	$ 2,266	$ 367,578

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

	Amortized Cost	Fair Value
	(In Thousands)	
One year or less	$ 110	$ 110
After one through five years	1,001	984
After five through ten years	9,893	10,032
After ten years	174,570	173,708
Securities not due on a single maturity date	365,020	367,578
Equity securities	847	2,869
	$ 551,441	$ 555,281

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

	December 31, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
States and political subdivisions	$ 805	$ 107	$ —	$ 912

	December 31, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
States and political subdivisions	$ 920	$ 164	$ —	$ 1,084

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

	Amortized Cost	Fair Value
	(In Thousands)	
After one through five years	$ 805	$ 912

The amortized cost and fair values of securities pledged as collateral was as follows at December 31, 2013 and 2012:

	2013		2012	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In Thousands)			
Public deposits	$ 228,776	$ 230,318	$ 459,751	$ 473,679
Collateralized borrowing accounts	171,071	168,813	187,700	189,862
Structured repurchase agreements	60,352	61,026	64,298	66,575
Other	1,403	1,437	3,760	3,897
	$ 461,602	$ 461,594	$ 715,509	$ 734,013

Certain investments in debt securities are reported in the financial statements at an amount less than their historical cost. Total fair value of these investments at December 31, 2013 and 2012, was approximately $237.6 million and $106.6 million, respectively, which is approximately 42.7% and 13.2% of the Company's available-for-sale and held-to-maturity investment portfolio, respectively.

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

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, 2013 and 2012:

	2013					
	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	$ 20,000	$ (2,745)	$ —	$ —	$ 20,000	$ (2,745)
Mortgage-backed securities	127,901	(1,871)	39,255	(395)	167,156	(2,266)
States and political subdivisions	50,401	(1,938)	—	—	50,401	(1,938)
	$ 198,302	$ (6,554)	$ 39,255	$ (395)	$ 237,557	$ (6,949)

	2012					
	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)					
Collateralized mortgage obligations	$ —	$ —	$ 414	$ (8)	$ 414	$ (8)
Mortgage-backed securities	106,136	(814)	—	—	106,136	(814)
	$ 106,136	$ (814)	$ 414	$ (8)	$ 106,550	$ (822)

Other-than-Temporary Impairment

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

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

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

During 2013, no securities were determined to have impairment that had become other than temporary. During 2012, the Company determined that the impairment of a nonagency collateralized mortgage obligation with a book value of $680,000 had become other than temporary. Consequently, the Company recorded a total of $680,000 of pre-tax charges to income. During 2011, the Company determined that the impairment of a nonagency collateralized mortgage obligation with a book value of $1.8 million had become other than temporary. Consequently, the Company recorded a total of $615,000 of pre-tax charges to income. This was the same nonagency collateralized mortgage obligation that was also determined to be impaired during 2012.

Credit Losses Recognized on Investments

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

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

	Accumulated Credit Losses 2013	2012
	(In Thousands)	
Credit losses on debt securities held		
Beginning of year	$ 4,176	$ 3,598
Reductions due to final principal payments	(4,176)	—
Additions related to increases in credit losses on debt securities for which other-than-temporary impairment losses were previously recognized	—	680
Reductions due to sales	—	(102)
End of year	$ —	$ 4,176

Note 3: Loans and Allowance for Loan Losses

Classes of loans at December 31, 2013 and 2012, included:

	2013	2012
	(In Thousands)	
One- to four-family residential construction	$ 34,662	$ 29,071
Subdivision construction	40,409	35,805
Land development	57,841	62,559
Commercial construction	184,019	150,515
Owner occupied one- to four-family residential	89,133	83,859
Non-owner occupied one- to four-family residential	145,908	145,458
Commercial real estate	780,690	692,377
Other residential	325,599	267,518
Commercial business	315,269	264,631
Industrial revenue bonds	42,230	43,762
Consumer auto	134,717	82,610
Consumer other	82,260	83,815
Home equity lines of credit	58,283	54,225
FDIC-supported loans, net of discounts (TeamBank)	49,862	77,615
FDIC-supported loans, net of discounts (Vantus Bank)	57,920	95,483
FDIC-supported loans, net of discounts (Sun Security Bank)	64,843	91,519
FDIC-supported loans, net of discounts (InterBank)	213,539	259,232
	2,677,184	2,520,054
Undisbursed portion of loans in process	(194,544)	(157,574)
Allowance for loan losses	(40,116)	(40,649)
Deferred loan fees and gains, net	(2,994)	(2,193)
	$ 2,439,530	$ 2,319,638

Classes of loans by aging were as follows:

	December 31, 2013						
	30-59 Days Past Due	60-89 Days Past Due	Over 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days Past Due and Still Accruing
	(In Thousands)						
One- to four-family residential construction	$ —	$ —	$ —	$ —	$ 34,662	$ 34,662	$ —
Subdivision construction	—	—	871	871	39,538	40,409	—
Land development	145	38	338	521	57,320	57,841	—
Commercial construction	—	—	—	—	184,019	184,019	—
Owner occupied one- to four-family residential	1,233	344	3,014	4,591	84,542	89,133	211
Non-owner occupied one- to four-family residential	1,562	171	843	2,576	143,332	145,908	140
Commercial real estate	2,856	131	6,205	9,192	771,498	780,690	—
Other residential	—	—	—	—	325,599	325,599	—
Commercial business	17	19	5,208	5,244	310,025	315,269	—
Industrial revenue bonds	—	—	2,023	2,023	40,207	42,230	—
Consumer auto	955	127	168	1,250	133,467	134,717	—
Consumer other	1,258	333	732	2,323	79,937	82,260	257
Home equity lines of credit	168	16	504	688	57,595	58,283	—
FDIC-supported loans, net of discounts (TeamBank)	414	130	1,396	1,940	47,922	49,862	6
FDIC-supported loans, net of discounts (Vantus Bank)	675	31	2,356	3,062	54,858	57,920	42
FDIC-supported loans, net of discounts (Sun Security Bank)	510	121	4,241	4,872	59,971	64,843	147
FDIC-supported loans, net of discounts (InterBank)	6,024	1,567	16,768	24,359	189,180	213,539	20
	15,817	3,028	44,667	63,512	2,613,672	2,677,184	823
Less FDIC-supported loans, net of discounts	7,623	1,849	24,761	34,233	351,931	386,164	215
Total legacy loans	$ 8,194	$ 1,179	$ 19,906	$ 29,279	$ 2,261,741	$ 2,291,020	$ 608

	December 31, 2012						
	30-59 Days Past Due	60-89 Days Past Due	Over 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days Past Due and Still Accruing
	(In Thousands)						
One- to four-family residential construction	$ 178	$ —	$ —	$ 178	$ 28,893	$ 29,071	$ —
Subdivision construction	478	—	3	481	35,324	35,805	—
Land development	—	—	2,471	2,471	60,088	62,559	—
Commercial construction	—	—	—	—	150,515	150,515	—
Owner occupied one- to four-family residential	3,305	263	2,352	5,920	77,939	83,859	237
Non-owner occupied one- to four-family residential	2,600	—	1,905	4,505	140,953	145,458	—
Commercial real estate	1,346	726	8,324	10,396	681,981	692,377	—
Other residential	3,741	—	—	3,741	263,777	267,518	—
Commercial business	2,094	153	4,139	6,386	258,245	264,631	—
Industrial revenue bonds	—	—	2,110	2,110	41,652	43,762	—
Consumer auto	690	73	120	883	81,727	82,610	26
Consumer other	1,522	242	834	2,598	81,217	83,815	449
Home equity lines of credit	185	146	220	551	53,674	54,225	—
FDIC-supported loans, net of discounts (TeamBank)	1,608	2,077	8,020	11,705	65,910	77,615	173
FDIC-supported loans, net of discounts (Vantus Bank)	1,545	669	5,641	7,855	87,628	95,483	—
FDIC-supported loans, net of discounts (Sun Security Bank)	1,539	384	21,342	23,265	68,254	91,519	1,274
FDIC-supported loans, net of discounts (InterBank)	10,212	4,662	33,928	48,802	210,430	259,232	347
	31,043	9,395	91,409	131,847	2,388,207	2,520,054	2,506
Less FDIC-supported loans, net of discounts	14,904	7,792	68,931	91,627	432,222	523,849	1,794
Total legacy loans	$ 16,139	$ 1,603	$ 22,478	$ 40,220	$ 1,955,985	$ 1,996,205	$ 712

Nonaccruing loans are summarized as follows:

	December 31,	
	2013	2012
	(In Thousands)	
One- to four-family residential construction	$ —	$ —
Subdivision construction	871	3
Land development	338	2,471
Commercial construction	—	—
Owner occupied one- to four-family residential	2,803	2,115
Non-owner occupied one- to four-family residential	703	1,905
Commercial real estate	6,205	8,324
Other residential	—	—
Commercial business	5,208	6,249
Industrial revenue bonds	2,023	—
Consumer auto	168	94
Consumer other	475	385
Home equity lines of credit	504	220
Total	$ 19,298	$ 21,766

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

	One- to Four-Family Residential and Construction	Other Residential	Commercial Real Estate	Commercial Construction	Commercial Business	Consumer	Total
				(In Thousands)			
Allowance for Loan Losses							
Balance, January 1, 2013	$ 6,822	$ 4,327	$ 17,441	$ 3,938	$ 5,096	$ 3,025	$ 40,649
Provision charged to expense	1,496	1,556	6,922	1,142	4,404	1,866	17,386
Losses charged off	(2,196)	(3,248)	(9,836)	(788)	(4,072)	(3,312)	(23,452)
Recoveries	113	43	2,412	172	1,023	1,770	5,533
Balance, December 31, 2013	$ 6,235	$ 2,678	$ 16,939	$ 4,464	$ 6,451	$ 3,349	$ 40,116
Ending balance:							
Individually evaluated for impairment	$ 2,501	$ —	$ 90	$ 473	$ 4,162	$ 218	$ 7,444
Collectively evaluated for impairment	$ 3,734	$ 2,678	$ 16,845	$ 3,991	$ 2,287	$ 3,131	$ 32,666
Loans acquired and accounted for under ASC 310-30	$ —	$ —	$ 4	$ —	$ 2	$ —	$ 6
Loans							
Individually evaluated for impairment	$ 13,055	$ 10,983	$ 31,591	$ 12,628	$ 8,755	$ 1,389	$ 78,401
Collectively evaluated for impairment	$ 297,057	$ 314,616	$ 791,329	$ 229,232	$ 306,514	$ 273,871	$2,212,619
Loans acquired and accounted for under ASC 310-30	$ 206,964	$ 35,095	$ 84,591	$ 6,989	$ 4,883	$ 47,642	$ 386,164

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

	One- to Four-Family Residential and Construction	Other Residential	Commercial Real Estate	Commercial Construction	Commercial Business	Consumer	Total
				(In Thousands)			
Allowance for Loan Losses							
Balance, January 1, 2012	$ 11,424	$ 3,088	$ 18,390	$ 2,982	$ 2,974	$ 2,374	$ 41,232
Provision charged to expense	(1,626)	4,471	16,360	18,101	4,897	1,660	43,863
Losses charged off	(3,203)	(3,579)	(18,010)	(18,027)	(3,082)	(2,390)	(48,291)
Recoveries	227	347	701	882	307	1,381	3,845
Balance, December 31, 2012	$ 6,822	$ 4,327	$ 17,441	$ 3,938	$ 5,096	$ 3,025	$ 40,649
Ending balance:							
Individually evaluated for impairment	$ 2,288	$ 1,089	$ 4,990	$ 96	$ 2,778	$ 156	$ 11,397
Collectively evaluated for impairment	$ 4,532	$ 3,239	$ 12,443	$ 3,842	$ 2,315	$ 2,864	$ 29,235
Loans acquired and accounted for under ASC 310-30	$ 1	$ —	$ 9	$ —	$ 4	$ 3	$ 17
Loans							
Individually evaluated for impairment	$ 14,691	$ 16,405	$ 48,476	$ 12,009	$ 10,064	$ 980	$ 102,625
Collectively evaluated for impairment	$ 279,502	$ 251,113	$ 687,663	$ 201,065	$ 254,567	$ 219,670	$ 1,893,580
Loans acquired and accounted for under ASC 310-30	$ 278,889	$ 53,280	$ 129,128	$ 7,997	$ 14,939	$ 39,616	$ 523,849

The following table presents the activity in the allowance for loan losses by portfolio segment for the year ended December 31, 2011. Also presented are the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method as of December 31, 2011:

	One- to Four-Family Residential and Construction	Other Residential	Commercial Real Estate	Commercial Construction	Commercial Business	Consumer	Total
				(In Thousands)			
Allowance for Loan Losses							
Balance, January 1, 2011	$ 11,483	$ 3,866	$ 14,336	$ 5,852	$ 3,281	$ 2,669	$ 41,487
Provision charged to expense	7,995	5,693	17,859	1,020	1,459	1,310	35,336
Losses charged off	(8,333)	(8,018)	(13,862)	(4,103)	(2,842)	(3,496)	(40,654)
Recoveries	279	1,547	57	213	1,076	1,891	5,063
Balance, December 31, 2011	$ 11,424	$ 3,088	$ 18,390	$ 2,982	$ 2,974	$ 2,374	$ 41,232
Ending balance:							
Individually evaluated for impairment	$ 4,989	$ 89	$ 3,584	$ 594	$ 736	$ 38	$ 10,030
Collectively evaluated for impairment	$ 6,435	$ 2,999	$ 14,806	$ 2,358	$ 2,238	$ 2,336	$ 31,172
Loans acquired and accounted for under ASC 310-30	$ —	$ —	$ —	$ 30	$ —	$ —	$ 30
Loans							
Individually evaluated for impairment	$ 39,519	$ 20,802	$ 99,254	$ 27,592	$ 10,720	$ 839	$ 198,726
Collectively evaluated for impairment	$ 283,371	$ 222,940	$ 600,353	$ 160,768	$ 225,665	$ 183,183	$ 1,676,280
Loans acquired and accounted for under ASC 310-30	$ 109,909	$ 25,877	$ 157,805	$ 40,215	$ 28,784	$ 33,947	$ 396,537

The portfolio segments used in the preceding three tables correspond to the loan classes used in all other tables in *Note 3* as follows:

- The one- to four-family residential and construction segment includes the one- to four-family residential construction, subdivision construction, owner occupied one- to four-family residential and non-owner occupied one- to four-family residential classes.
- The other residential segment corresponds to the other residential class.
- The commercial real estate segment includes the commercial real estate and industrial revenue bonds classes.
- The commercial construction segment includes the land development and commercial construction classes.
- The commercial business segment corresponds to the commercial business class.

- The consumer segment includes the consumer auto, consumer other and home equity lines of credit classes.

The weighted average interest rate on loans receivable at December 31, 2013 and 2012, was 5.10% and 5.39%, 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 $166.2 million and $158.4 million at December 31, 2013 and 2012, respectively. In addition, available lines of credit on these loans were $15.7 million and $15.7 million at December 31, 2013 and 2012, respectively.

A loan is considered impaired, in accordance with the impairment accounting guidance (FASB ASC 310-10-35-16), when based on current information and events, it is probable the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include not only nonperforming loans but also include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties.

The following summarizes information regarding impaired loans at and during the years ended December 31, 2013, 2012 and 2011:

	December 31, 2013			Year Ended December 31, 2013	
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
			(In Thousands)		
One- to four-family residential construction	$ —	$ —	$ —	$ 36	$ —
Subdivision construction	3,502	3,531	1,659	3,315	163
Land development	12,628	13,042	473	13,389	560
Commercial construction	—	—	—	—	—
Owner occupied one- to four-family residential	5,802	6,117	593	5,101	251
Non-owner occupied one- to four-family residential	3,751	4,003	249	4,797	195
Commercial real estate	31,591	34,032	90	42,242	1,632
Other residential	10,983	10,983	—	13,837	434
Commercial business	6,057	6,077	4,162	6,821	179
Industrial revenue bonds	2,698	2,778	—	2,700	27
Consumer auto	216	231	32	145	16
Consumer other	604	700	91	630	63
Home equity lines of credit	569	706	95	391	38
Total	$ 78,401	$ 82,200	$ 7,444	$ 93,404	$ 3,558

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

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

At December 31, 2013, $18.0 million of impaired loans had specific valuation allowances totaling $7.4 million. At December 31, 2012, $43.4 million of impaired loans had specific valuation allowances totaling $11.4 million. At December 31, 2011, all impaired loans had specific valuation allowances totaling $10.0 million. Previous to the third quarter of 2012, the Company reported all impaired loans as having specific valuation allowances, even though in many instances the allowance assigned to a particular loan was actually only the general valuation percentage used for that particular category of loans. In the third quarter of 2012, the Company began reporting specific valuation allowances on impaired loans only if the recorded loan balance was greater than the calculated fair value of the collateral supporting the loan. This change was also factored into the general valuation allowances recorded by the Company, and did not result in a significant change to the overall allowance for loan losses recorded by the Company. For impaired loans which were nonaccruing, interest of approximately $1.6 million, $1.8 million and $2.4 million would have been recognized on an accrual basis during the years ended December 31, 2013, 2012 and 2011, respectively.

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

The following table presents newly restructured loans during 2013 and 2012 by type of modification:

	2013			
	Interest Only	Term	Combination	Total Modification
	(In Thousands)			
Mortgage loans on real estate:				
One- to four-family residential construction	$ —	$ 286	$ —	$ 286
Subdivision construction	—	2,067	568	2,635
Land development	3,842	2,078	—	5,920
Residential one-to-four family	—	1,499	—	1,499
Commercial	2,120	2,212	—	4,332
Other residential	1,956	1,874	—	3,830
Commercial	660	34	—	694
Consumer	—	241	—	241
	$ 8,578	$ 10,291	$ 568	$ 19,437

	2012			
	Interest Only	Term	Combination	Total Modification
	(In Thousands)			
Mortgage loans on real estate:				
Residential one-to-four family	$ 1,291	$ 3,199	$ 392	$ 4,882
Commercial	773	5,405	—	6,178
Construction and land development	183	309	—	492
Other residential	—	3,977	—	3,977
Home equity lines of credit	—	19	—	19
Commercial	24	3,615	—	3,639
Consumer	—	39	—	39
	$ 2,271	$ 16,563	$ 392	$ 19,226

At December 31, 2013, the Company had $54.1 million of loans that were modified in troubled debt restructurings and impaired, as follows: $10.9 million of construction and land development loans, $16.6 million of single family and multi-family residential mortgage loans, $24.8 million of commercial real estate loans, $1.5 million of commercial business loans and $310,000 of consumer loans. Of the total troubled debt restructurings at December 31, 2013, $49.6 million were accruing interest and $22.1 million were classified as substandard using the Company's internal grading system which is described below. The Company had troubled debt restructurings which were modified in the previous 12 months and subsequently defaulted during the year ended December 31, 2013, of approximately $1.4 million, including three commercial real estate loans totaling $912,000, three non-owner occupied residential mortgage loan totaling $260,000, two owner occupied residential mortgage loan totaling $187,000, three consumer loans totaling $41,000, and one commercial business loan totaling $13,000. When loans modified as troubled debt restructuring have subsequent payment defaults, the defaults are factored into the determination of the allowance for loan losses to ensure specific valuation allowances reflect amounts considered uncollectible. At December 31, 2012, the Company had $2.8 million of construction loans, $7.1 million of residential mortgage loans, $26.9 million of commercial real estate loans, $7.9 million of other residential loans, $1.9 million of commercial business loans and $167,000 of consumer loans that were modified in troubled debt restructurings and impaired. Of the total troubled debt restructurings at December 31, 2012, $38.1 million were accruing interest and $14.6 million were classified as substandard and $1.0 million were classified as doubtful using the Company's internal grading system.

During the year ended December 31, 2013, borrowers with loans designated as troubled debt restructurings totaling $2.3 million met the criteria for placement back on accrual status. The $2.3 million was made up of $2.2 million of residential mortgage loans, $92,000 of commercial real estate loans and $8,000 of consumer loans. This criteria is a minimum of six months of payment performance under existing or modified terms.

The Company reviews the credit quality of its loan portfolio using an internal grading system that classifies loans as "Satisfactory," "Watch," "Special Mention" and "Substandard." Substandard loans are characterized by the distinct possibility that the Bank will sustain some loss if certain deficiencies are not corrected. Special mention loans possess potential weaknesses that deserve management's close attention but do not expose the Bank to a degree of risk that warrants substandard classification. Loans classified as watch are being monitored because of indications of potential weaknesses or deficiencies that may require future classification as special mention or substandard. Loans not meeting any of the criteria previously described are considered satisfactory. The FDIC-covered loans are evaluated using this internal grading system. However, since these loans are accounted for in pools and are currently covered through loss sharing agreements with the FDIC, all of the loan pools were considered satisfactory at December 31, 2013 and 2012, respectively. See *Note 4* for further discussion of the acquired loan pools and loss sharing agreements. The loan grading system is presented by loan class below:

	December 31, 2013					
	Satisfactory	Watch	Special Mention	Substandard	Doubtful	Total
	(In Thousands)					
One- to four-family residential construction	$ 34,364	$ 298	$ —	$ —	$ —	$ 34,662
Subdivision construction	36,524	706	—	3,179	—	40,409
Land development	45,606	1,148	—	11,087	—	57,841
Commercial construction	184,019	—	—	—	—	184,019
Owner occupied one- to-four-family residential	84,931	503	—	3,699	—	89,133
Non-owner occupied one- to-four-family residential	137,003	6,718	—	2,187	—	145,908
Commercial real estate	727,668	37,937	—	15,085	—	780,690
Other residential	311,320	12,323	—	1,956	—	325,599
Commercial business	307,540	1,803	—	3,528	2,398	315,269
Industrial revenue bonds	39,532	675	—	2,023	—	42,230
Consumer auto	134,516	—	—	201	—	134,717
Consumer other	81,769	6	—	485	—	82,260
Home equity lines of credit	57,713	—	—	570	—	58,283
FDIC-supported loans, net of discounts (TeamBank)	49,702	—	—	160	—	49,862
FDIC-supported loans, net of discounts (Vantus Bank)	57,290	—	—	630	—	57,920
FDIC-supported loans, net of discounts (Sun Security Bank)	63,360	—	—	1,483	—	64,843
FDIC-supported loans, net of discounts (InterBank)	213,539	—	—	—	—	213,539
Total	$ 2,566,396	$ 62,117	$ —	$ 46,273	$ 2,398	$ 2,677,184

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

Certain of the Bank's real estate loans are pledged as collateral for borrowings as set forth in *Notes 9* and *11*.

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, 2013 and 2012, loans outstanding to these directors and executive officers are summarized as follows:

	December 31, 2013	December 31, 2012
	(In Thousands)	
Balance, beginning of year	$ 4,295	$ 2,294
New loans	4,835	5,121
Payments	(2,037)	(3,120)
Balance, end of year	$ 7,093	$ 4,295

Note 4: Acquired Loans, Loss Sharing Agreements and FDIC Indemnification Assets

TeamBank

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

The loans, commitments and foreclosed assets purchased in the TeamBank transaction are covered by a loss sharing agreement between the FDIC and Great Southern Bank. Under the loss sharing agreement, the Bank shares in the losses on assets covered under the agreement (referred to as covered assets). On losses up to $115.0 million, the FDIC agreed to reimburse the Bank for 80% of the losses. On losses exceeding $115.0 million, the FDIC agreed to reimburse the Bank for 95% of the losses. Realized losses covered by the loss sharing agreement include loan contractual balances (and related unfunded commitments that were acquired), accrued interest on loans for up to 90 days, the book value of foreclosed real estate acquired, and certain direct costs, less cash or other consideration received by Great Southern. This agreement extends for ten years for 1-4 family real estate loans and for five years for other loans. The value of this loss sharing agreement was considered in determining fair values of loans and foreclosed assets acquired. The loss sharing agreement is subject to the Bank following servicing procedures as specified in the agreement with the FDIC. The expected reimbursements under the loss sharing agreement were recorded as an indemnification asset at their preliminary estimated fair value on the acquisition date. Based upon the acquisition date fair values of the net assets acquired, no goodwill was recorded.

The Bank recorded a preliminary one-time gain of $27.8 million (pre-tax) based upon the initial estimated fair value of the assets acquired and liabilities assumed in accordance with FASB ASC 805, *Business Combinations*. FASB ASC 805 allows a measurement period of up to one year to adjust initial fair value estimates as of the acquisition date. Subsequent to the initial fair value estimate calculations in the first quarter of 2009, additional information was obtained about the fair value of assets acquired and liabilities assumed as of March 20, 2009, which resulted in adjustments to the initial fair value estimates. Most significantly, additional information was

obtained on the credit quality of certain loans as of the acquisition date which resulted in increased fair value estimates of the acquired loan pools. The fair values of these loan pools were adjusted and the provisional fair values finalized. These adjustments resulted in a $16.1 million increase to the initial one-time gain of $27.8 million. Thus, the final gain was $43.9 million related to the fair value of the acquired assets and assumed liabilities. This gain was included in Noninterest Income in the Company's Consolidated Statement of Income for the year ended December 31, 2009.

The Bank originally recorded the fair value of the acquired loans at their preliminary fair value of $222.8 million and the related FDIC indemnification asset was originally recorded at its preliminary fair value of $153.6 million. As discussed above, these initial fair values were adjusted during the measurement period, resulting in a final fair value at the acquisition date of $264.4 million for acquired loans and $128.3 million for the FDIC indemnification asset. A discount was recorded in conjunction with the fair value of the acquired loans and the amount accreted to yield during 2013, 2012 and 2011 was $134,000, $1.2 million and $2.5 million, respectively.

In addition to the loan and FDIC indemnification assets noted above, the acquisition consisted of other assets with a fair value of approximately $235.5 million, including $111.8 million of investment securities, $83.4 million of cash and cash equivalents, $2.9 million of foreclosed assets and $3.9 million of FHLB stock. Liabilities with a fair value of $610.2 million were also assumed, including $515.7 million of deposits, $80.9 million of FHLB advances and $2.3 million of repurchase agreements with a commercial bank. A customer-related core deposit intangible asset of $2.9 million was also recorded. In addition to the excess of liabilities over assets, the Bank received approximately $42.4 million in cash from the FDIC and entered into the loss sharing agreement with the FDIC.

Vantus Bank

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

The loans, commitments and foreclosed assets purchased in the Vantus Bank transaction are covered by a loss sharing agreement between the FDIC and Great Southern Bank. Under the loss sharing agreement, the Bank shares in the losses on assets covered under the agreement (referred to as covered assets). On losses up to $102.0 million, the FDIC agreed to reimburse the Bank for 80% of the losses. On losses exceeding $102.0 million, the FDIC agreed to reimburse the Bank for 95% of the losses. Realized losses covered by the loss sharing agreement include loan contractual balances (and related unfunded commitments that were acquired), accrued interest on loans for up to 90 days, the book value of foreclosed real estate acquired, and certain direct costs, less cash or other consideration received by Great Southern. This agreement extends for ten years for 1-4 family real estate loans and for five years for other loans. The value of this loss sharing agreement was considered in determining fair values of loans and foreclosed assets acquired. The loss sharing agreement is subject to the Bank following servicing procedures as specified in the agreement with the FDIC. The expected reimbursements under the loss sharing agreement were recorded as an indemnification asset at their preliminary estimated fair value of $62.2 million on the acquisition date. Based upon the acquisition

date fair values of the net assets acquired, no goodwill was recorded. The transaction resulted in a preliminary one-time gain of $45.9 million, which was included in Noninterest Income in the Company's Consolidated Statement of Income for the year ended December 31, 2009. During 2010, the Company continued to analyze its estimates of the fair values of the loans acquired and the indemnification asset recorded. The Company finalized its analysis of these assets without adjustments to the initial fair value estimates. The Bank recorded the fair value of the acquired loans at their estimated fair value of $247.0 million and the related FDIC indemnification asset was recorded at its estimated fair value of $62.2 million. A discount was recorded in conjunction with the fair value of the acquired loans and the amount accreted to yield during 2013, 2012 and 2011 was $104,000, $399,000 and $928,000, respectively.

In addition to the loan and FDIC indemnification assets noted above, the acquisition consisted of other assets with a fair value of approximately $47.2 million, including $23.1 million of investment securities, $12.8 million of cash and cash equivalents, $2.2 million of foreclosed assets and $5.9 million of FHLB stock. Liabilities with a fair value of $444.0 million were also assumed, including $352.7 million of deposits, $74.6 million of FHLB advances, $10.0 million of borrowings from the Federal Reserve Bank and $3.2 million of repurchase agreements with a commercial bank. A customer-related core deposit intangible asset of $2.2 million was also recorded. In addition to the excess of liabilities over assets, the Bank received approximately $131.3 million in cash from the FDIC and entered into the loss sharing agreement with the FDIC.

Sun Security Bank

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

The loans and foreclosed assets purchased in the Sun Security Bank transaction are covered by a loss sharing agreement between the FDIC and Great Southern Bank. Under the loss sharing agreement, the FDIC has agreed to cover 80% of the losses on the loans (excluding approximately $4 million of consumer loans) and foreclosed assets purchased subject to certain limitations. Realized losses covered by the loss sharing agreement include loan contractual balances (and related unfunded commitments that were acquired), accrued interest on loans for up to 90 days, the book value of foreclosed real estate acquired, and certain direct costs, less cash or other consideration received by Great Southern. This agreement extends for ten years for 1-4 family real estate loans and for five years for other loans. The value of this loss sharing agreement was considered in determining fair values of loans and foreclosed assets acquired. The loss sharing agreement is subject to the Bank following servicing procedures as specified in the agreement with the FDIC. The expected reimbursements under the loss sharing agreement were recorded as an indemnification asset at their preliminary estimated fair value of $67.4 million on the acquisition date. Based upon the acquisition date fair values of the net assets acquired, no goodwill was recorded. The transaction resulted in a preliminary one-time gain of $16.5 million, which was included in Noninterest Income in the Company's Consolidated Statement of Income for the year ended December 31, 2011. During 2012, the Company continued to analyze its estimates of the fair values of the loans acquired and the indemnification asset recorded. The Company finalized its analysis of these assets without adjustments to the initial fair value estimates. The Bank

recorded the fair value of the acquired loans at their estimated fair value of $163.7 million and the related FDIC indemnification asset was recorded at its estimated fair value of $67.4 million. A discount was recorded in conjunction with the fair value of the acquired loans and the amount accreted to yield during 2013, 2012 and 2011 was $974,000, $1.6 million and $140,000, respectively.

In addition to the loan and FDIC indemnification assets noted above, the acquisition consisted of other assets with a fair value of approximately $85.2 million, including $45.3 million of investment securities, $26.1 million of cash and cash equivalents, $9.1 million of foreclosed assets, $3.0 million of FHLB stock and $1.8 million of other assets. Liabilities with a fair value of $345.8 million were also assumed, including $280.9 million of deposits, $64.3 million of FHLB advances and $632,000 of other liabilities. A customer-related core deposit intangible asset of $2.5 million was also recorded. Net of the excess of assets over liabilities, the Bank received approximately $40.8 million in cash from the FDIC and entered into the loss sharing agreement with the FDIC.

InterBank

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

The loans and foreclosed assets purchased in the InterBank transaction are covered by a loss sharing agreement between the FDIC and Great Southern Bank. Under the loss sharing agreement, the FDIC has agreed to cover 80% of the losses on the loans (excluding approximately $60,000 of consumer loans) and foreclosed assets purchased subject to certain limitations. Realized losses covered by the loss sharing agreement include loan contractual balances (and related unfunded commitments that were acquired), accrued interest on loans for up to 90 days, the book value of foreclosed real estate acquired, and certain direct costs, less cash or other consideration received by Great Southern. This agreement extends for ten years for 1-4 family real estate loans and for five years for other loans. The value of this loss sharing agreement was considered in determining fair values of loans and foreclosed assets acquired. The loss sharing agreement is subject to the Bank following servicing procedures as specified in the agreement with the FDIC. The expected reimbursements under the loss sharing agreement were recorded as an indemnification asset at their preliminary estimated fair value of $84.0 million on the acquisition date. Based upon the acquisition date fair values of the net assets acquired, no goodwill was recorded. The transaction resulted in a preliminary one-time gain of $31.3 million, which was included in Noninterest Income in the Company's Consolidated Statement of Income for the year ended December 31, 2012. During 2012, the Company continued to analyze its estimates of the fair values of the loans acquired and the indemnification asset recorded. The Company finalized its analysis of these assets without adjustments to the initial fair value estimates. The Bank recorded the fair value of the acquired loans at their estimated fair value of $285.5 million and the related FDIC indemnification asset was recorded at its estimated fair value of $84.0 million. A premium was recorded in conjunction with the fair value of the acquired loans and the amount amortized to yield during 2013 and 2012 was $636,000 and $564,000, respectively.

In addition to the loan and FDIC indemnification assets noted above, the acquisition consisted of other assets with a fair value of approximately $79.8 million, including $34.9 million of investment securities, $34.5 million of cash and cash equivalents, $6.2 million of foreclosed assets, $585,000 of FHLB stock and $2.6 million of other assets. Liabilities with a fair value of $458.7 million were also assumed, including $456.3 million of deposits and $2.4 million of other liabilities. A customer-related core deposit intangible asset of $1.0 million was also recorded. Net of the excess of assets over liabilities, the Bank received approximately $40.8 million in cash from the FDIC and entered into the loss sharing agreement with the FDIC.

Fair Value and Expected Cash Flows

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

The amount of the estimated cash flows expected to be received from the acquired loan pools in excess of the fair values recorded for the loan pools is referred to as the accretable yield. The accretable yield is recognized as interest income over the estimated lives of the loans. The Company continues to evaluate the fair value of the loans including cash flows expected to be collected. Increases in the Company's cash flow expectations are recognized as increases to the accretable yield while decreases are recognized as impairments through the allowance for loan losses. During the years ended December 31, 2013, 2012 and 2011, increases in expected cash flows related to the acquired loan portfolios resulted in adjustments to the accretable yield to be spread over the estimated remaining lives of the loans on a level-yield basis. The increases in expected cash flows also reduced the amount of expected reimbursements under the loss sharing agreements. This resulted in corresponding adjustments during the years ended December 31, 2013, 2012 and 2011, to the indemnification assets to be amortized on a level-yield basis over the remainder of the loss sharing agreements or the remaining expected lives of the loan pools, whichever is shorter. The amounts of these adjustments were as follows:

	Year Ended		
	December 31, 2013	December 31, 2012	December 31, 2011
	(In Thousands)		
Increase in accretable yield due to increased cash flow expectations	$ 40,947	$ 42,567	$ 27,069
Decrease in FDIC indemnification asset as a result of accretable yield increase	(32,597)	(34,054)	(23,821)

The adjustments, along with those made in previous years, impacted the Company's Consolidated Statements of Income as follows:

	Year Ended		
	December 31, 2013	December 31, 2012	December 31, 2011
	(In Thousands)		
Interest income	$ 35,211	$ 36,186	$ 49,208
Noninterest income	(29,451)	(29,864)	(43,835)
Net impact to pre-tax income	$ 5,760	$ 6,322	$ 5,373

Prior to January 1, 2010, the Company's estimate of cash flows expected to be received from the acquired loan pools related to TeamBank and Vantus Bank had not materially changed, other than the adjustment of the provisional fair value measurements of the former TeamBank loan portfolio. On an on-going basis the Company estimates the cash flows expected to be collected from the acquired loan pools. For the loan pools acquired in 2012 and 2011, the cash flow estimates have increased, beginning in 2012. For the loan pools acquired in 2009, the cash flow estimates have increased, beginning with the fourth quarter of 2010, based on payment histories and reduced loss expectations of the loan pools. This resulted in increased income that was spread on a level-yield basis over the remaining expected lives of the loan pools.

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

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

At December 31, 2013 and 2012, the Bank's internal estimate of credit performance is expected to be better than the threshold set by the FDIC in the loss sharing agreement. Therefore, a separate clawback liability totaling $3.7 million and $1.1 million was recorded at December 31, 2013 and 2012, respectively. As changes in the fair values of the loans and foreclosed assets are determined due to changes in expected cash flows, changes in the amount of the clawback liability will occur.

TeamBank FDIC Indemnification Asset

The following tables present the balances of the FDIC indemnification asset related to the TeamBank transaction at December 31, 2013 and 2012. Gross loan balances (due from the borrower) were reduced approximately $382.6 million since the transaction date because of $248.6 million of repayments by the borrower, $61.5 million of transfers to foreclosed assets and $72.5 million of charge-downs to customer loan balances. Based upon the collectability analyses performed during the acquisition, we expected certain levels of foreclosures and charge-offs and actual results have been better than our expectations. As a result, cash flows expected to be received from the acquired loan pools have increased, resulting in adjustments that were made to the related accretable yield as described above.

	December 31, 2013	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 53,553	$ 664
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(2,882)	—
Original estimated fair value of assets, net of activity since acquisition date	(49,862)	(647)
Expected loss remaining	809	17
Assumed loss sharing recovery percentage	82%	76%
Expected loss sharing value	665	13
Indemnification asset to be amortized resulting from change in expected losses	593	—
Accretable discount on FDIC indemnification asset	(10)	—
FDIC indemnification asset	$ 1,248	$ 13

	December 31, 2012	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 86,657	$ 9,056
Noncredit premium/(discount), net of activity since acquisition date	(134)	—
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(5,120)	—
Original estimated fair value of assets, net of activity since acquisition date	(77,615)	(7,669)
Expected loss remaining	3,788	1,387
Assumed loss sharing recovery percentage	81%	82%
Expected loss sharing value	3,051	1,141
Indemnification asset to be amortized resulting from change in expected losses	4,036	—
Accretable discount on FDIC indemnification asset	(332)	—
FDIC indemnification asset	$ 6,755	$ 1,141

Vantus Bank FDIC Indemnification Asset

The following tables present the balances of the FDIC indemnification asset related to the Vantus Bank transaction at December 31, 2013 and 2012. Gross loan balances (due from the borrower) were reduced approximately $271.5 million since the transaction date because of $226.6 million of repayments by the borrower, $16.3 million of transfers to foreclosed assets and $28.6 million of charge-downs to customer loan balances. Based upon the collectability analyses performed during the acquisition, we expected certain levels of foreclosures and charge-offs and actual results have been better than our expectations. As a result, cash flows expected to be received from the acquired loan pools have increased, resulting in adjustments that were made to the related accretable yield as described above.

	December 31, 2013	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 60,011	$ 1,986
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(1,202)	—
Original estimated fair value of assets, net of activity since acquisition date	(57,920)	(1,092)
Expected loss remaining	889	894
Assumed loss sharing recovery percentage	78%	80%
Expected loss sharing value	690	716
Indemnification asset to be amortized resulting from change in expected losses	919	—
Accretable discount on FDIC indemnification asset	(32)	—
FDIC indemnification asset	$ 1,577	$ 716

	December 31, 2012	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 103,910	$ 4,383
Noncredit premium/(discount), net of activity since acquisition date	(104)	—
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(5,429)	—
Original estimated fair value of assets, net of activity since acquisition date	(95,483)	(3,214)
Expected loss remaining	2,894	1,169
Assumed loss sharing recovery percentage	78%	80%
Expected loss sharing value	2,270	935
Indemnification asset to be amortized resulting from change in expected losses	4,343	—
Accretable discount on FDIC indemnification asset	(240)	—
FDIC indemnification asset	$ 6,373	$ 935

Sun Security Bank FDIC Indemnification Asset

The following tables present the balances of the FDIC indemnification asset related to the Sun Security Bank transaction at December 31, 2013 and 2012. Gross loan balances (due from the borrower) were reduced approximately $155.9 million since the transaction date because of $98.7 million of repayments by the borrower, $26.1 million of transfers to foreclosed assets and $31.1 million of charge-downs to customer loan balances. Based upon the collectability analyses performed during the acquisition, we expected certain levels of foreclosures and charge-offs and actual results have been better than our expectations. As a result, cash flows expected to be received from the acquired loan pools have increased, resulting in adjustments that were made to the related accretable yield as described above. Of the $8.5 million expected loss remaining, $540,000 is non-loss share discount.

	December 31, 2013	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 78,524	$ 3,582
Noncredit premium/(discount), net of activity since acquisition date	(105)	—
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(5,062)	—
Original estimated fair value of assets, net of activity since acquisition date	(64,843)	(2,193)
Expected loss remaining	8,514	1,389
Assumed loss sharing recovery percentage	70%	80%
Expected loss sharing value	5,974	1,111
Indemnification asset to be amortized resulting from change in expected losses	4,049	—
Accretable discount on FDIC indemnification asset	(680)	(93)
FDIC indemnification asset	$ 9,343	$ 1,018

	December 31, 2012	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 126,933	$ 10,980
Noncredit premium/(discount), net of activity since acquisition date	(1,079)	—
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(4,182)	—
Original estimated fair value of assets, net of activity since acquisition date	(91,519)	(6,227)
Expected loss remaining	30,153	4,753
Assumed loss sharing recovery percentage	76%	80%
Expected loss sharing value	23,017	3,785
Indemnification asset to be amortized resulting from change in expected losses	3,345	—
Accretable discount on FDIC indemnification asset	(2,867)	(561)
FDIC indemnification asset	$ 23,495	$ 3,224

InterBank FDIC Indemnification Asset

The following tables present the balances of the FDIC indemnification asset related to the InterBank transaction at December 31, 2012. Gross loan balances (due from the borrower) were reduced approximately $108.3 million since the transaction date because of $79.8 million of repayments by the borrower, $9.3 million of transfers to foreclosed assets and $19.2 million of charge-offs to customer loan balances. Based upon the collectability analyses performed during the acquisition, we expected certain levels of foreclosures and charge-offs and actual results have been better than our expectations. As a result, cash flows expected to be received from the acquired loan pools have increased, resulting in adjustments that were made to the related accretable yield as described above.

	December 31, 2013	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 284,975	$ 6,543
Noncredit premium/(discount), net of activity since acquisition date	1,905	—
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(21,218)	—
Original estimated fair value of assets, net of activity since acquisition date	(213,539)	(5,073)
Expected loss remaining	52,123	1,470
Assumed loss sharing recovery percentage	82%	80%
Expected loss sharing value	42,654	1,176
FDIC loss share clawback	2,893	—
Indemnification asset to be amortized resulting from change in expected losses	16,974	—
Accretable discount on FDIC indemnification asset	(4,874)	(33)
FDIC indemnification asset	$ 57,647	$ 1,143

	December 31, 2012	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 356,844	$ 2,001
Noncredit premium/(discount), net of activity since acquisition date	2,541	—
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(9,897)	—
Original estimated fair value of assets, net of activity since acquisition date	(259,232)	(1,620)
Expected loss remaining	90,256	381
Assumed loss sharing recovery percentage	81%	80%
Expected loss sharing value	73,151	304
FDIC loss share clawback	1,000	—
Indemnification asset to be amortized resulting from change in expected losses	7,871	—
Accretable discount on FDIC indemnification asset	(6,893)	(93)
FDIC indemnification asset	$ 75,129	$ 211

Changes in the accretable yield for acquired loan pools were as follows for the years ended December 31, 2013, 2012 and 2011:

	TeamBank	Vantus Bank	Sun Security Bank	InterBank
	(In Thousands)			
Balance, January 1, 2011	$ 36,765	$ 35,796	$ —	$ —
Additions	—	—	14,990	—
Accretion	(40,010)	(30,908)	(2,221)	—
Reclassification from nonaccretable difference[(1)]	17,907	17,079	—	—
Balance, December 31, 2011	14,662	21,967	12,769	—
Additions	—	—	—	46,078
Accretion	(20,129)	(21,437)	(15,851)	(11,998)
Reclassification from nonaccretable difference[(1)]	17,595	13,008	14,341	8,494
Balance, December 31, 2012	12,128	13,538	11,259	42,574
Accretion	(9,473)	(8,940)	(16,885)	(28,667)
Reclassification from nonaccretable difference[(1)]	4,747	1,127	16,739	26,188
Balance, December 31, 2013	$ 7,402	$ 5,725	$ 11,113	$ 40,095

(1) Represents increases in estimated cash flows expected to be received from the acquired loan pools, primarily due to lower estimated credit losses. The numbers also include changes in expected accretion of the loan pools for TeamBank, Vantus Bank, Sun Security Bank and InterBank for the year ended December 31, 2013, totaling $2.3 million, $611,000, $4.8 million and $146,000, respectively; for TeamBank, Vantus Bank, Sun Security Bank and InterBank for the year ended December 31, 2012, totaling $5.2 million, $4.4 million, $3.6 million and $2.4 million, respectively; and for TeamBank and Vantus Bank for the year ended December 31, 2011, totaling $3.5 million and $4.4 million, respectively.

Note 5: Other Real Estate Owned

Major classifications of foreclosed assets at December 31, 2013 and 2012, were as follows:

	2013	2012
	(In Thousands)	
Foreclosed assets held for sale		
One- to four-family construction	$ 600	$ 627
Subdivision construction	12,152	17,147
Land development	16,688	14,058
Commercial construction	2,132	6,511
One- to four-family residential	744	1,200
Other residential	5,900	7,232
Commercial real estate	3,135	2,738
Commercial business	79	160
Consumer	967	471
	42,397	50,144
FDIC-supported foreclosed assets, net of discounts	9,006	18,730
Foreclosed assets held for sale, net	51,403	68,874
Other real estate owned not acquired through foreclosure	2,111	—
Other real estate owned	$ 53,514	$ 68,874

Other real estate owned not acquired through foreclosure includes 13 properties, 12 of which were branch locations that have been closed and are held for sale, and one of which is land which was acquired for a potential branch location.

Expenses applicable to foreclosed assets for the years ended December 31, 2013, 2012 and 2011, included the following:

	2013	2012	2011
		(In Thousands)	
Net gain on sales of real estate	$ (231)	$ (1,603)	$ (1,504)
Valuation write-downs	1,384	6,786	10,437
Operating expenses, net of rental income	2,915	3,565	2,913
	$ 4,068	$ 8,748	$ 11,846

Note 6: Premises and Equipment

Major classifications of premises and equipment at December 31, 2013 and 2012, stated at cost, were as follows:

	2013	2012
	(In Thousands)	
Land	$ 29,348	$ 27,618
Buildings and improvements	71,026	66,446
Furniture, fixtures and equipment	44,143	41,676
	144,517	135,740
Less accumulated depreciation	39,983	33,454
	$ 104,534	$ 102,286

Note 7: Investments in Limited Partnerships

Investments in Affordable Housing Partnerships

The Company has invested in certain limited partnerships that were formed to develop and operate apartments and single-family houses designed as high-quality affordable housing for lower income tenants throughout Missouri and contiguous states. At December 31, 2013, the Company had fifteen investments, with a net carrying value of $34.2 million. At December 31, 2012, the Company had eleven investments, with a net carrying value of $33.9 million. Due to the Company's inability to exercise any significant influence over any of the investments in Affordable Housing Partnerships, they all are accounted for using the cost method. Each of the partnerships must meet the regulatory requirements for affordable housing for a minimum 15-year compliance period to fully utilize the tax credits. If the partnerships cease to qualify during the compliance period, the credits may be denied for any period in which the projects are not in compliance and a portion of the credits previously taken may be subject to recapture with interest.

The remaining federal affordable housing tax credits to be utilized over a maximum of 15 years were $44.7 million as of December 31, 2013, assuming no tax credit recapture events occur and all projects currently under construction are completed as planned. Amortization of the investments in partnerships is expected to be approximately $34.3 million, assuming all projects currently under construction are completed and funded as planned. The Company's usage of federal affordable housing tax credits approximated $7.1 million, $5.2 million and $2.6 million during 2013, 2012 and 2011, respectively. Investment amortization amounted to $5.0 million, $4.6 million and $1.9 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Investments in Community Development Entities

The Company has invested in certain limited partnerships that were formed to develop and operate business and real estate projects located in low-income communities. At December 31, 2013, the Company had four investments, with a net carrying value of $6.8 million. At December 31, 2012, the Company had three investments, with a net carrying value of $6.8 million. Due to the Company's inability to exercise any significant influence over any of the investments in qualified Community Development Entities, they are all accounted for using the cost method. Each of the partnerships provides federal New Market Tax Credits over a seven-year credit allowance period. In each of the first three years, credits totaling five percent of the original investment are allowed on the credit allowance dates and for the final four years, credits totaling six percent of the original investment are allowed on the credit allowance dates. Each of the partnerships must be invested in a qualified Community Development Entity on each of the credit allowance dates during the seven-year period to utilize the tax credits. If the Community Development Entities cease to qualify during the seven-year period, the credits may be denied for any credit allowance date and a portion of the credits previously taken may be subject to recapture with interest. The investments in the Community Development Entities cannot be redeemed before the end of the seven-year period.

The remaining federal New Market Tax Credits to be utilized over a maximum of seven years were $9.6 million as of December 31, 2013. Amortization of the investments in partnerships is expected to be approximately $6.7 million. The Company's usage of federal New Market Tax Credits approximated $2.3 million, $1.7 million and $1.7 million during 2013, 2012 and 2011, respectively. Investment amortization amounted to $1.6 million, $1.1 million and $1.1 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Investments in Limited Partnerships for Federal Rehabilitation/Historic Tax Credits

From time to time, the Company has invested in certain limited partnerships that were formed to provide certain federal rehabilitation/historic tax credits. The Company utilizes these credits in their entirety in the year the project is placed in service and the impact to the Consolidated Statements of Income has not been material.

Investments in Limited Partnerships for State Tax Credits

From time to time, the Company has invested in certain limited partnerships that were formed to provide certain state tax credits. The Company has primarily syndicated these tax credits and the impact to the Consolidated Statements of Income has not been material.

Note 8: Deposits

Deposits at December 31, 2013 and 2012, are summarized as follows:

	Weighted Average Interest Rate	2013	2012
		(In Thousands, Except Interest Rates)	
Noninterest-bearing accounts	—	$ 522,805	$ 385,778
Interest-bearing checking and savings accounts	0.20% - 0.33%	1,291,879	1,563,468
		1,814,684	1,949,246
Certificate accounts	0% - .99%	669,698	666,573
	1% - 1.99%	251,118	426,589
	2% - 2.99%	61,042	90,539
	3% - 3.99%	9,413	13,240
	4% - 4.99%	1,852	5,190
	5% and above	819	1,816
		993,942	1,203,947
		$ 2,808,626	$ 3,153,193

The weighted average interest rate on certificates of deposit was 0.69% and 1.00% at December 31, 2013 and 2012, respectively.

The aggregate amount of certificates of deposit originated by the Bank in denominations greater than $100,000 was approximately $345.1 million and $449.0 million at December 31, 2013 and 2012, respectively. The Bank utilizes brokered deposits as an additional funding source. The aggregate amount of brokered deposits was approximately $126.3 million and $119.1 million at December 31, 2013 and 2012, respectively.

At December 31, 2013, scheduled maturities of certificates of deposit were as follows:

	Retail	Brokered	Total
		(In Thousands)	
2014	$ 569,543	$ 72,594	$ 642,137
2015	150,042	28,684	178,726
2016	54,267	25,000	79,267
2017	56,112	—	56,112
2018	31,919	—	31,919
Thereafter	5,781	—	5,781
	$ 867,664	$ 126,278	$ 993,942

A summary of interest expense on deposits for the years ended December 31, 2013, 2012 and 2011, is as follows:

	2013	2012	2011
	(In Thousands)		
Checking and savings accounts	$ 3,551	$ 7,087	$ 7,976
Certificate accounts	8,871	13,715	18,467
Early withdrawal penalties	(76)	(82)	(73)
	$ 12,346	$ 20,720	$ 26,370

Note 9: Advances From Federal Home Loan Bank

Advances from the Federal Home Loan Bank at December 31, 2013 and 2012, consisted of the following:

	December 31, 2013		December 31, 2012	
Due In	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
	(In Thousands)			
2013	$ —	—%	$ 1,081	1.71%
2014	2,315	1.02	335	5.46
2015	10,065	3.87	10,065	3.87
2016	25,070	3.81	25,070	3.81
2017	85,825	3.92	85,825	3.92
2018	81	5.06	81	5.06
2019 and thereafter	529	5.51	529	5.51
	123,885	3.85	122,986	3.89
Unamortized fair value adjustment	2,872		3,744	
	$ 126,757		$ 126,730	

Included in the Bank's FHLB advances at December 31, 2013 and 2012, is a $10.0 million advance with a maturity date of October 26, 2015. The interest rate on this advance is 3.86%. The advance has a call provision that allows the Federal Home Loan Bank of Topeka to call the advance quarterly.

Included in the Bank's FHLB advances at December 31, 2013 and 2012, is a $25.0 million 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 at December 31, 2013 and 2012, is a $30.0 million 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.

Included in the Bank's FHLB advances at December 31, 2013 and 2012, is a $25.0 million advance with a maturity date of June 20, 2017. The interest rate on this advance is 4.57%. 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 at December 31, 2013 and 2012, is a $30.0 million 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.

The Bank has pledged FHLB stock, investment securities and first mortgage loans free of pledges, liens and encumbrances as collateral for outstanding advances. No investment securities were specifically pledged as collateral for advances at December 31, 2013 and 2012. Loans with carrying values of approximately $878.5 million and $905.8 million were pledged as collateral for outstanding advances at December 31, 2013 and 2012, respectively. The Bank had potentially available $407.4 million remaining on its line of credit under a borrowing arrangement with the FHLB of Des Moines at December 31, 2013.

Note 10: Short-Term Borrowings

Short-term borrowings at December 31, 2013 and 2012, are summarized as follows:

	2013	2012
	(In Thousands)	
Notes payable – Community Development Equity Funds	$ 1,128	$ 772
Securities sold under reverse repurchase agreements	134,981	179,644
	$ 136,109	$ 180,416

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 0.04% and 0.07% at December 31, 2013 and 2012, respectively. Short-term borrowings averaged approximately $180.4 million and $212.7 million for the years ended December 31, 2013 and 2012, respectively. The maximum amounts outstanding at any month end were $220.1 million and $226.4 million, respectively, during those same periods.

Note 11: Federal Reserve Bank Borrowings

At December 31, 2013 and 2012, the Bank had $418.9 million and $446.6 million, respectively, available under a line-of-credit borrowing arrangement with the Federal Reserve Bank. The line is secured primarily by commercial loans. There were no amounts borrowed under this arrangement at December 31, 2013 or 2012.

Note 12: Structured Repurchase Agreements

In September 2008, the Company entered into a structured repurchase borrowing transaction for $50 million. This borrowing bears interest at a fixed rate of 4.34%, matures September 15, 2015, and has a call provision that allows the repurchase counterparty to call the borrowing quarterly. The Company pledges investment securities to collateralize this borrowing.

As part of the September 4, 2009, FDIC-assisted transaction involving Vantus Bank, the Company assumed $3.0 million in repurchase agreements with commercial banks. These agreements were recorded at their estimated fair value which was derived using a discounted cash flow calculation that applies interest rates currently being offered on similar borrowings to the scheduled contractual maturity on the outstanding borrowing. As of September 4, 2009, the fair value of the repurchase agreements was $3.2 million with an effective interest rate of 2.84%. These borrowings bear interest at a fixed rate of 4.68% and matured in 2013. While the borrowings were outstanding, the Company pledged investment securities to collateralize the borrowings in an amount of at least 110% of the total borrowings outstanding. At December 31, 2013 and 2012, the book value of these repurchase agreements was $0 and $3.0 million, respectively.

Note 13: Subordinated Debentures Issued to Capital Trusts

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 $25.0 million 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 $25.8 million and bearing an interest rate identical to the distribution rate on the Trust II securities. The initial interest rate on the Trust II debentures was 6.98%. The interest rate was 1.84% and 1.91% at December 31, 2013 and 2012, respectively.

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 $5.0 million 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 $5.2 million and bearing an interest rate identical to the distribution rate on the Trust III securities. The initial interest rate on the Trust III debentures was 6.76%. The interest rate was 1.65% and 1.76% at December 31, 2013 and 2012, respectively.

At December 31, 2013 and 2012, subordinated debentures issued to capital trusts are summarized as follows:

	2013	2012
	(In Thousands)	
Subordinated debentures	$ 30,929	$ 30,929

Note 14: Income Taxes

The Company files a consolidated federal income tax return. As of December 31, 2013 and 2012, retained earnings included approximately $17.5 million 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 $6.5 million at December 31, 2013 and 2012.

During the years ended December 31, 2013, 2012 and 2011, the provision for income taxes included these components:

	2013	2012	2011
		(In Thousands)	
Taxes currently payable	$ 12,242	$ (142)	$ 14,817
Deferred income taxes	(8,839)	13,252	(9,304)
Income taxes	3,403	13,110	5,513
Taxes attributable to discontinued operations	—	(2,487)	(330)
Income tax expense attributable to continuing operations	$ 3,403	$ 10,623	$ 5,183

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

	December 31, 2013	December 31, 2012
	(In Thousands)	
Deferred tax assets		
Allowance for loan losses	$ 14,041	$ 14,227
Interest on nonperforming loans	210	549
Accrued expenses	599	611
Realized impairment on available-for-sale securities	—	1,247
Write-down of foreclosed assets	3,697	4,119
	18,547	20,753
Deferred tax liabilities		
Tax depreciation in excess of book depreciation	(3,619)	(3,717)
FHLB stock dividends	(1,656)	(2,091)
Partnership tax credits	(3,068)	(3,241)
Prepaid expenses	(598)	(1,134)
Unrealized gain on available-for-sale securities	(1,344)	(8,965)
Difference in basis for acquired assets and liabilities	(12,049)	(21,619)
Other	(256)	(274)
	(22,590)	(41,041)
Net deferred tax liability	$ (4,043)	$ (20,288)

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

	2013	2012	2011
Tax at statutory rate	35.0%	35.0%	35.0%
Nontaxable interest and dividends	(4.6)	(3.5)	(6.3)
Tax credits	(22.8)	(12.5)	(15.2)
State taxes	1.6	0.5	0.7
Other	—	(0.1)	0.7
	9.2%	19.4%	14.9%

The Company and its consolidated subsidiaries have not been audited recently by the Internal Revenue Service or the state taxing authorities with respect to income or franchise tax returns, and as such, tax years through December 31, 2005, have been closed without audit. The Company, through one of its subsidiaries, is a partner in two partnerships currently under Internal Revenue Service examinations for 2006 and 2007. As a result, the Company's 2006 and subsequent tax years remain open for examination. It is too early in the examination process to predict the outcome of the underlying partnership examinations; however, the Company does not expect significant adjustments to its financial statements from these examinations.

Note 15: Disclosures About Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2013 and 2012:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In Thousands)		
December 31, 2013				
U.S. government agencies	$ 17,255	$ —	$ 17,255	$ —
Mortgage-backed securities	367,578	—	367,578	—
Small Business Administration loan pools	44,855	—	44,855	—
States and political subdivisions	122,724	—	122,724	—
Equity securities	2,869	—	2,869	—
Mortgage servicing rights	211	—	—	211
Interest rate derivative asset	2,544	—	—	2,544
Interest rate derivative liability	(1,613)	—	—	(1,613)
December 31, 2012				
U.S. government agencies	30,040	—	30,040	—
Collateralized mortgage obligations	4,507	—	4,507	—
Mortgage-backed securities	596,086	—	596,086	—
Small Business Administration loan pools	51,493	—	51,493	—
States and political subdivisions	122,878	—	122,878	—
Equity securities	2,006	—	2,006	—
Mortgage servicing rights	152	—	—	152
Interest rate derivative asset	2,112	—	—	2,112
Interest rate derivative liability	(2,160)	—	—	(2,160)

The following is a description of inputs and valuation methodologies used for assets recorded at fair value on a recurring basis and recognized in the accompanying statements of financial condition at December 31, 2013 and 2012, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2013. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Available-for-Sale Securities

Investment securities available for sale are recorded at fair value on a recurring basis. The fair values used by the Company are obtained from an independent pricing service, which represent either quoted market prices for the identical asset or fair values determined by pricing models, or other model-based valuation techniques, that consider observable market data, such as interest rate volatilities, LIBOR yield curve, credit spreads and prices from market makers and live trading systems. Recurring Level 1 securities include exchange traded equity securities. Recurring Level 2 securities include U.S. government agency securities, mortgage-backed securities, corporate debt securities, collateralized mortgage obligations, state and municipal bonds and U.S. government agency equity securities. Inputs used for valuing Level 2 securities include observable data that may include dealer quotes, benchmark yields, market spreads, live trading levels and market consensus prepayment speeds, among other things. Additional inputs include indicative values derived from the independent pricing service's proprietary computerized models. There were no Recurring Level 3 securities at both December 31, 2013 and 2012.

Mortgage Servicing Rights

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

Interest Rate Swap Agreements

The fair value is estimated using forward-looking interest rate curves and is calculated using discounted cash flows that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 3 of the valuation hierarchy.

Level 3 Reconciliation

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

	Mortgage Servicing Rights (In Thousands)
Balance, January 1, 2012	$ 292
Additions	117
Amortization	(257)
Balance, December 31, 2012	152
Additions	239
Amortization	(180)
Balance, December 31, 2013	$ 211

	Interest Rate Derivative Asset
	(In Thousands)
Balance, January 1, 2012	$ 111
Net change in fair value	2,001
Balance, December 31, 2012	2,112
Net change in fair value	(253)
Balance, December 31, 2013	$ 1,859

	Interest Rate Cap Derivative Asset Designated as Hedging Instrument
	(In Thousands)
Balance, January 1, 2012	$ —
Net change in fair value	—
Balance, December 31, 2012	—
Additions	738
Net change in fair value	(53)
Balance, December 31, 2013	$ 685

	Interest Rate Swap Liability
	(In Thousands)
Balance, January 1, 2012	$ 121
Net change in fair value	2,039
Balance, December 31, 2012	2,160
Net change in fair value	(547)
Balance, December 31, 2013	$ 1,613

Nonrecurring Measurements

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

		Fair Value Measurements Using		
	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
		(In Thousands)		
December 31, 2013				
Impaired loans				
One- to four-family residential construction	$ —	$ —	$ —	$ —
Subdivision construction	145	—	—	145
Land development	1,474	—	—	1,474
Owner occupied one- to four-family residential	349	—	—	349
Non-owner occupied one- to four-family residential	388	—	—	388
Commercial real estate	5,224	—	—	5,224
Other residential	1,440	—	—	1,440
Commercial business	61	—	—	61
Consumer auto	19	—	—	19
Consumer other	275	—	—	275
Home equity lines of credit	70	—	—	70
Total impaired loans	$ 9,445	$ —	$ —	$ 9,445
Foreclosed assets held for sale	$ 2,169	$ —	$ —	$ 2,169
December 31, 2012				
Impaired loans				
One- to four-family residential construction	$ 171	$ —	$ —	$ 171
Subdivision construction	1,482	—	—	1,482
Land development	1,463	—	—	1,463
Owner occupied one- to four-family residential	2,638	—	—	2,638
Non-owner occupied one- to four-family residential	2,392	—	—	2,392
Commercial real estate	21,764	—	—	21,764
Other residential	4,162	—	—	4,162
Commercial business	2,186	—	—	2,186
Consumer auto	51	—	—	51
Consumer other	286	—	—	286
Home equity lines of credit	44	—	—	44
Total impaired loans	$ 36,639	$ —	$ —	$ 36,639
Foreclosed assets held for sale	$ 11,360	$ —	$ —	$ 11,360

Following is a description of the valuation methodologies used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying statements of financial condition, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Loans Held for Sale

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

Impaired Loans

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

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

Foreclosed Assets Held for Sale

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

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

FDIC Indemnification Asset

As part of the Purchase and Assumption Agreements, the Bank and the FDIC entered into loss sharing agreements. These agreements cover realized losses on loans and foreclosed real estate subject to certain limitations which are more fully described in *Note 4*.

Under the TeamBank agreement, the FDIC agreed to reimburse the Bank for 80% of the first $115 million in realized losses and 95% for realized losses that exceed $115 million. The indemnification asset was originally recorded at fair value on the acquisition date (March 20, 2009) and at December 31, 2013 and 2012, the carrying value was $1.3 million and $7.9 million, respectively.

Under the Vantus Bank agreement, the FDIC agreed to reimburse the Bank for 80% of the first $102 million in realized losses and 95% for realized losses that exceed $102 million. The indemnification asset was originally recorded at fair value on the acquisition date (September 4, 2009) and at December 31, 2013 and 2012, the carrying value of the FDIC indemnification asset was $2.3 million and $7.3 million, respectively.

Under the Sun Security Bank agreement, the FDIC agreed to reimburse the Bank for 80% of realized losses. The indemnification asset was originally recorded at fair value on the acquisition date (October 7, 2011) and at December 31, 2013 and 2012, the carrying value of the FDIC indemnification asset was $10.4 million and $26.8 million, respectively.

Under the InterBank agreement, the FDIC agreed to reimburse the Bank for 80% of realized losses. The indemnification asset was originally recorded at fair value on the acquisition date (April 27, 2012) and at December 31, 2013 and 2012, the carrying value of the FDIC indemnification asset was $58.8 million and $75.3 million, respectively.

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

Fair Value of Financial Instruments

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

Cash and Cash Equivalents and Federal Home Loan Bank Stock

The carrying amount approximates fair value.

Loans and Interest Receivable

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

Deposits and Accrued Interest Payable

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

Federal Home Loan Bank Advances

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

Short-Term Borrowings

The carrying amount approximates fair value.

Subordinated Debentures Issued to Capital Trusts

The subordinated debentures have floating rates that reset quarterly. The carrying amount of these debentures approximates their fair value.

Structured Repurchase Agreements

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

Commitments to Originate Loans, Letters of Credit and Lines of Credit

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

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

	December 31, 2013			December 31, 2012		
	Carrying Amount	Fair Value	Hierarchy Level	Carrying Amount	Fair Value	Hierarchy Level
Financial assets						
Cash and cash equivalents	$ 227,925	$ 227,925	1	$ 404,141	$ 404,141	1
Held-to-maturity securities	805	912	2	920	1,084	2
Mortgage loans held for sale	7,239	7,239	2	26,829	26,829	2
Loans, net of allowance for loan losses	2,439,530	2,442,917	3	2,319,638	2,326,051	3
Accrued interest receivable	11,408	11,408	3	12,755	12,755	3
Investment in FHLB stock	9,822	9,822	3	10,095	10,095	3
Financial liabilities						
Deposits	2,808,626	2,813,779	3	3,153,193	3,162,288	3
FHLB advances	126,757	131,281	3	126,730	131,280	3
Short-term borrowings	136,109	136,109	3	180,416	180,416	3
Structured repurchase agreements	50,000	53,485	3	53,039	58,901	3
Subordinated debentures	30,929	30,929	3	30,929	30,929	3
Accrued interest payable	1,099	1,099	3	1,322	1,322	3
Unrecognized financial instruments (net of contractual value)						
Commitments to originate loans	—	—	3	—	—	3
Letters of credit	76	76	3	84	84	3
Lines of credit	—	—	3	—	—	3

Note 16: 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, 2013, future minimum lease payments were as follows (in thousands):

2014	$ 858
2015	536
2016	429
2017	420
2018	403
Thereafter	1,089
	$ 3,735

Rental expense was $1.0 million, $1.7 million and $1.3 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Note 17: Derivatives and Hedging Activities

Risk Management Objective of Using Derivatives

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

Nondesignated Hedges

The Company has interest rate swaps that are not designated in qualifying hedging relationship. Derivatives not designated as hedges are not speculative and result from a service the Company provides to certain loan customers, which the Company began offering during the fourth quarter of 2011. The Company executes interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting interest rate swaps that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions. As the interest rate swaps associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer swaps and the offsetting swaps are recognized directly in earnings. As of December 31, 2013, the Company had 24 interest rate swaps totaling $114.0 million in notional amount with commercial customers, and 24 interest rate swaps with the same notional amount with third parties related to this program. As of December 31, 2012, the Company had 16 interest rate swaps totaling $81.7 million in notional amount with commercial customers, and 16 interest rate swaps with the same notional amount with third parties related to this program. During the years ended December 31, 2013 and 2012, the Company recognized a net gain of $295,000 and a net loss of $38,000, respectively, in noninterest income related to changes in the fair value of these swaps.

Cash Flow Hedges

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the Company entered into two interest rate cap agreements for a portion of its floating rate debt associated with its trust preferred securities. The agreement with a notional amount of $25 million states that the Company will pay interest on its trust preferred debt in accordance with the original debt terms at a rate of 3-month LIBOR + 1.60%. Should interest rates rise above a certain threshold, the counterparty will reimburse the Company for interest paid

such that the Company will have an effective interest rate on that portion of its trust preferred securities no higher than 2.37%. The second agreement with a notional amount of $5 million states that the Company will pay interest on its trust preferred debt in accordance with the original debt terms at a rate of 3-month LIBOR + 1.40%. Should interest rates rise above a certain threshold, the counterparty will reimburse the Company for interest paid such that the Company will have an effective interest rate on that portion of its trust preferred securities no higher than 2.17%. The agreements were effective on August 1, 2013 and July 1, 2013, respectively, and have a term of four years.

The effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

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

	Location in Consolidated Statements of Financial Condition	Fair Value	
		December 31, 2013	December 31, 2012
		(In Thousands)	
Derivatives designated as hedging instruments			
Interest rate caps	Prepaid expenses and other assets	$ 685	$ —
Total derivatives designated as hedging instruments		$ 685	$ —
Derivatives not designated as hedging instruments			
Asset Derivatives			
Derivatives not designated as hedging instruments			
Interest rate products	Prepaid expenses and other assets	$ 1,859	$ 2,112
Total derivatives not designated as hedging instruments		$ 1,859	$ 2,112
Liability Derivatives			
Derivatives not designated as hedging instruments			
Interest rate products	Accrued expenses and other liabilities	$ 1,613	$ 2,160
Total derivatives not designated as hedging instruments		$ 1,613	$ 2,160

The following tables present the effect of derivative instruments on the statements of comprehensive income:

Cash Flow Hedges	Year Ended December 31 Amount of Gain (Loss) Recognized in OCI 2013	2012
Interest rate cap, net of income taxes	$ (34)	$ —

Agreements with Derivative Counterparties

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

As of December 31, 2013, the termination value of derivatives in a net liability position, which included accrued interest but excluded any adjustment for nonperformance risk, related to these agreements was $480,000. The Company has minimum collateral posting thresholds with its derivative counterparties. At December 31, 2013, the Company's activity with its derivative counterparties had met the level at which the minimum collateral posting thresholds take effect and the Company had posted $778,000 of collateral to satisfy the agreement. As of December 31, 2012, the termination value of derivatives in a net liability position, which included accrued interest but excluded any adjustment for nonperformance risk, related to these agreements was $2.2 million. At December 31, 2012, the Company's activity with its derivative counterparties had met the level at which the minimum collateral posting thresholds take effect and the Company had posted $2.9 million of collateral to satisfy the agreement. If the Company had breached any of these provisions at December 31, 2013 and 2012, it could have been required to settle its obligations under the agreements at the termination value.

Note 18: 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, 2013 and 2012, the Bank had outstanding commitments to originate loans and fund commercial construction loans aggregating approximately $84.4 million and $168.0 million, 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 $7.0 million and $31.6 million at December 31, 2013 and 2012, 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 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 $28.4 million and $25.4 million at December 31, 2013 and 2012, respectively, with $25.4 million and $22.5 million, respectively, of the letters of credit having terms up to five years and $3.0 million and $2.9 million, respectively, of the letters of credit having terms over five years. Of the amount having terms over five years, $2.9 million and $2.9 million at December 31, 2013 and 2012, respectively, consisted of an outstanding letter of credit to guarantee the payment of principal and interest on a Multifamily Housing Refunding Revenue Bond Issue.

Purchased Letters of Credit

The Company has purchased letters of credit from the Federal Home Loan Bank as security for certain public deposits. The amount of the letters of credit was $14.9 million and $13.3 million at December 31, 2013 and 2012, respectively, and they expire in less than one year from issuance.

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, 2013, the Bank had granted unused lines of credit to borrowers aggregating approximately $249.9 million and $84.0 million for commercial lines and open-end consumer lines, respectively. At December 31, 2012, the Bank had granted unused lines of credit to borrowers aggregating approximately $207.2 million and $79.5 million 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, the greater Kansas City, Missouri, area, the greater Minneapolis, Minnesota, area, and the western and central portions of Iowa. Although the Bank has a diversified portfolio, loans aggregating approximately $130.0 million and $151.5 million at December 31, 2013 and 2012, respectively, are secured by motels, restaurants, recreational facilities, other commercial properties and residential mortgages in the Branson, Missouri, area. Residential mortgages account for approximately $44.8 million and $54.1 million of this total at December 31, 2013 and 2012, respectively.

In addition, loans (excluding those covered by loss sharing agreements) aggregating approximately $428.1 million and $389.9 million at December 31, 2013 and 2012, respectively, are secured primarily by apartments, condominiums, residential and commercial land developments, industrial revenue bonds and other types of commercial properties in the St. Louis, Missouri, area.

Note 19: Additional Cash Flow Information

	2013	2012	2011
		(In Thousands)	
Noncash Investing and Financing Activities			
Real estate acquired in settlement of loans	$45,941	$82,954	$59,927
Sale and financing of foreclosed assets	$11,303	$11,855	$11,755
Conversion of foreclosed assets to premises and equipment	—	—	$2,669
Conversion of premises and equipment to foreclosed assets	$2,111	—	—
Dividends declared but not paid	$2,606	$168	$2,799
Additional Cash Payment Information			
Interest paid	$19,426	$29,332	$36,634
Income taxes paid	$17,351	$33	$13,233
Income taxes refunded	—	$11,646	$4,975

Note 20: Employee Benefits

The Company participates in the Pentegra Defined Benefit Plan for Financial Institutions (Pentegra DB Plan), 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 continue to accrue benefits. The Pentegra DB Plan's Employer Identification Number is 13-5645888 and the Plan Number is 333. The Company's policy is to fund pension cost accrued. Employer contributions charged to expense for the years ended December 31, 2013, 2012 and 2011, were approximately $744,000, $895,000 and $1.0 million, respectively. The Company's contributions to the Pentegra DB Plan were not more than 5% of the total contributions to the plan. The funded status of the plan as of July 1, 2013 and 2012, was 102.24% and 111.88%, respectively. The funded status was calculated by taking the market value of plan assets, which reflected contributions received through June 30, 2013 and 2012, respectively, divided by the funding target. No collective bargaining agreements are in place that require contributions to the Pentegra DB Plan.

The Company has a defined contribution retirement plan covering substantially all employees. The Company matches 100% of the employee's contribution on the first 3% of the employee's compensation and also matches an additional 50% of the employee's contribution on the next 2% of the employee's compensation. During the year ended December 31, 2011, the Company matched 100% of the employee's contribution on the first 4% of the employee's compensation, and plus an additional 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, 2013, 2012 and 2011, were approximately $870,000, $1.2 million and $1.0 million, respectively.

Note 21: Stock Option 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 "2003 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, 2013 and 2012, no options were outstanding under this plan. On May 15, 2013, the Company's stockholders approved the Great Southern Bancorp, Inc. 2013 Equity Incentive Plan (the "2013 Plan"). Upon the stockholders' approval of the 2013 Plan, the Company's 2003 Plan was frozen. As a result, no new stock options or other awards may be granted under this plan; however, existing outstanding awards under the 2003 Plan were not affected. At December 31, 2013, 583,207 options were outstanding under the 2003 Plan.

During 2013, the Company established the 2013 Plan, which provides for the grant from time to time to directors, emeritus directors, officers, employees and advisory directors of stock options, stock appreciation rights and restricted stock awards. The number of shares of Common Stock available for awards under the 2013 Plan is 700,000, all of which may be utilized for stock options and stock appreciation rights and no more than 100,000 of which may be utilized for restricted stock awards. At December 31, 2013, 116,500 options were outstanding under the 2013 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 generally 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, January 1, 2011	462,453	743,796	$ 23.592
Granted	(120,100)	120,100	19.349
Exercised	—	(25,856)	12.053
Forfeited from terminated plan(s)	—	(4,000)	12.898
Forfeited from current plan(s)	24,987	(24,987)	23.349
Balance, December 31, 2011	367,340	809,053	23.391
Granted	(105,200)	105,200	24.759
Exercised	—	(116,479)	19.488
Forfeited from current plan(s)	64,482	(64,482)	23.168
Balance, December 31, 2012	326,622	733,292	24.227
Granted from 2003 Plan	(3,100)	3,100	23.957
Exercised	—	(106,367)	19.687
Forfeited from terminated plan(s)	46,818	(46,818)	27.202
Termination of 2003 Plan	(370,340)	—	
	—	583,207	
Available to grant from 2013 Plan	700,000	—	
Granted from 2013 Plan	(116,500)	116,500	29.515
Balance, December 31, 2013	583,500	699,707	$ 25.597

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 FASB ASC 718, 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, ASC 718 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 ASC 718.

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, 2013	December 31, 2012	December 31, 2011
Expected dividends per share	$0.72	$0.72	$0.72
Risk-free interest rate	1.53%	0.65%	0.93%
Expected life of options	5 years	5 years	5 years
Expected volatility	24.80%	28.83%	27.99%
Weighted average fair value of options granted during year	$5.22	$4.55	$3.15

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, 2013.

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Options outstanding, January 1, 2013	733,292	$24.227	5.34
Granted	119,600	29.371	
Exercised	(106,367)	19.687	
Forfeited	(46,818)	27.202	
Options outstanding, December 31, 2013	699,707	25.597	5.93
Options exercisable, December 31, 2013	359,749	26.356	3.28

For the years ended December 31, 2013, 2012 and 2011, options granted were 119,600, 105,200, and 120,100, 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, 2013, 2012 and 2011, was $858,000, $1.0 million and $145,000, respectively. Cash received from the exercise of options for the years ended December 31, 2013, 2012 and 2011, was $1.2 million, $2.3 million and $311,000, respectively. The actual tax benefit realized for the tax deductions from option exercises totaled $764,000, $888,000 and $97,000 for the years ended December 31, 2013, 2012 and 2011, respectively.

The following table presents the activity related to nonvested options under all plans for the year ended December 31, 2013.

	Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Nonvested options, January 1, 2013	300,703	$21.442	$4.596
Granted	119,600	29.371	5.212
Vested this period	(65,389)	18.437	4.768
Nonvested options forfeited	(14,956)	21.715	4.790
Nonvested options, December 31, 2013	339,958	24.794	4.768

At December 31, 2012, there was $1.5 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 2018, with the majority of this expense recognized in 2014 and 2015.

The following table further summarizes information about stock options outstanding at December 31, 2013:

	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
$8.360 to $19.960	126,372	7.20 years	$16.924	51,163	$13.489
$20.120 to $25.000	207,050	7.53 years	23.373	58,801	22.065
$25.480 to $36.390	366,285	4.58 years	29.846	249,785	30.001
	699,707	5.93 years	25.597	359,749	26.356

Note 22: 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 *Note 3*. Estimates used in valuing acquired loans, loss sharing agreements and FDIC indemnification assets and in continuing to monitor related cash flows of acquired loans are discussed in *Note 4*. 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 23: Accumulated Other Comprehensive Income

The components of accumulated other comprehensive income (AOCI), included in stockholders' equity, are as follows:

	2013	2012
Net unrealized gain (loss) on available-for-sale securities	$ 3,841	$ 25,593
Net unrealized gain (loss) on available-for-sale securities for which a portion of an other-than-temporary impairment has been recognized in income	—	22
Net unrealized gain (loss) on derivatives used for cash flow hedges	(53)	—
	3,788	25,615
Tax effect	(1,326)	(8,965)
Net-of-tax amount	$ 2,462	$ 16,650

The changes in AOCI by component are shown below. Amounts reclassified from AOCI and the affected line items in the statements of income during the years ended December 31, 2013, 2012 and 2011, were as follows:

	Amounts Reclassified from AOCI		Affected Line Item in the Statements of Income
	2013	2012	
Unrealized gains (losses) on available-for-sale securities	$ 243	$ 2,666	Net realized gains on available-for-sale securities (total reclassified amount before tax)
			Total reclassified amount before tax
Income taxes	(85)	(933)	Tax (expense) benefit
Total reclassifications out of AOCI	$ 158	$ 1,733	

Note 24: 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, 2013, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2013, 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, 2013						
Total risk-based capital						
Great Southern Bancorp, Inc.	$436,156	16.9%	≥ $207,075	≥ 8.0%	N/A	N/A
Great Southern Bank	$398,292	15.4%	≥ $206,850	≥ 8.0%	≥ $258,562	≥ 10.0%
Tier I risk-based capital						
Great Southern Bancorp, Inc.	$403,705	15.6%	≥ $103,538	≥ 4.0%	N/A	N/A
Great Southern Bank	$365,876	14.2%	≥ $103,425	≥ 4.0%	≥ $155,137	≥ 6.0%
Tier I leverage capital						
Great Southern Bancorp, Inc.	$403,705	11.3%	≥ $143,057	≥ 4.0%	N/A	N/A
Great Southern Bank	$365,876	10.2%	≥ $142,865	≥ 4.0%	≥ $178,581	≥ 5.0%
As of December 31, 2012						
Total risk-based capital						
Great Southern Bancorp, Inc.	$407,725	16.9%	≥ $192,816	≥ 8.0%	N/A	N/A
Great Southern Bank	$383,859	15.9%	≥ $192,646	≥ 8.0%	≥ $240,808	≥ 10.0%
Tier I risk-based capital						
Great Southern Bancorp, Inc.	$377,468	15.7%	≥ $96,408	≥ 4.0%	N/A	N/A
Great Southern Bank	$353,628	14.7%	≥ $96,323	≥ 4.0%	≥ $144,485	≥ 6.0%
Tier I leverage capital						
Great Southern Bancorp, Inc.	$377,468	9.5%	≥ $159,359	≥ 4.0%	N/A	N/A
Great Southern Bank	$353,628	8.9%	≥ $159,120	≥ 4.0%	≥ $198,900	≥ 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, 2013 and 2012, 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 25: Litigation Matters

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

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

Note 26: Summary of Unaudited Quarterly Operating Results

Following is a summary of unaudited quarterly operating results for the years 2013, 2012 and 2011:

	2013 Three Months Ended			
	March 31	June 30	September 30	December 31
	(In Thousands, Except Per Share Data)			
Interest income	$ 47,356	$ 43,481	$ 43,019	$ 44,939
Interest expense	5,224	4,980	4,555	4,444
Provision for loan losses	8,225	3,671	2,677	2,813
Net realized gains (losses) and impairment on available-for-sale securities	34	97	110	2
Noninterest income	2,924	2,327	929	(865)
Noninterest expense	26,942	27,617	27,178	28,652
Provision (credit) for income taxes	1,495	1,316	1,099	(507)
Net income from continuing operations	8,394	8,224	8,439	8,672
Discontinued operations	—	—	—	—
Net income	8,394	8,224	8,439	8,672
Net income available to common shareholders	8,249	8,079	8,294	8,528
Earnings per common share – diluted	0.60	0.59	0.61	0.62

	2012 Three Months Ended			
	March 31	June 30	September 30	December 31
	(In Thousands, Except Per Share Data)			
Interest income	$ 44,677	$ 48,221	$ 50,159	$ 50,451
Interest expense	7,904	7,744	6,904	5,825
Provision for loan losses	10,077	17,600	8,400	7,786
Net realized gains (losses) and impairment on available-for-sale securities	28	1,251	507	200
Noninterest income	6,087	35,848	2,085	1,982
Noninterest expense	24,984	28,157	29,152	30,267
Provision for income taxes	661	9,039	746	177
Net income from continuing operations	7,138	21,529	7,042	8,378
Discontinued operations	359	127	63	4,070
Net income	7,497	21,656	7,105	12,448
Net income available to common shareholders	7,353	21,512	6,955	12,278
Earnings per common share – diluted	0.54	1.58	0.51	0.90

	2011 Three Months Ended			
	March 31	June 30	September 30	December 31
	(In Thousands, Except Per Share Data)			
Interest income	$ 49,040	$ 49,144	$ 49,965	$ 50,518
Interest expense	9,679	8,852	8,325	8,290
Provision for loan losses	8,200	8,431	8,500	10,205
Net realized gains (losses) and impairment on available-for-sale securities	—	(400)	483	(215)
Noninterest income	(4,006)	(4,375)	(3,010)	15,522
Noninterest expense	19,820	20,277	21,218	36,161
Provision for income taxes	1,731	1,550	2,462	(560)
Net income from continuing operations	5,604	5,659	6,450	11,944
Discontinued operations	289	231	3	89
Net income	5,893	5,890	6,453	12,033
Net income available to common shareholders	5,048	5,108	4,443	11,660
Earnings per common share – diluted	0.36	0.37	0.33	0.85

Note 27: Condensed Parent Company Statements

The condensed statements of financial condition at December 31, 2013 and 2012, and statements of income, comprehensive income and cash flows for the years ended December 31, 2013, 2012 and 2011, for the parent company, Great Southern Bancorp, Inc., were as follows:

	December 31, 2013	December 31, 2012
	(In Thousands)	
Statements of Financial Condition		
Assets		
Cash	$ 38,965	$ 23,430
Available-for-sale securities	2,869	2,006
Investment in subsidiary bank	371,590	375,281
Income taxes receivable	31	32
Prepaid expenses and other assets	1,752	1,059
	$ 415,207	$ 401,808
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	$ 2,891	$ 599
Deferred income taxes	689	406
Subordinated debentures issued to capital trust	30,929	30,929
Preferred stock	57,943	57,943
Common stock	137	136
Additional paid-in capital	19,567	18,394
Retained earnings	300,589	276,751
Accumulated other comprehensive gain	2,462	16,650
	$ 415,207	$ 401,808

Great Southern Bancorp, Inc.
Notes to Consolidated Financial Statements
December 31, 2013, 2012 and 2011

	2013	2012	2011
		(In Thousands)	
Statements of Income			
Income			
Dividends from subsidiary bank	$ 24,000	$ 12,000	$ 12,000
Interest and dividend income	20	33	27
Net realized gains on sales of available-for-sale securities	—	280	—
Other income (loss)	13	(19)	—
	24,033	12,294	12,027
Expense			
Operating expenses	1,132	1,297	1,196
Interest expense	560	617	569
	1,692	1,914	1,765
Income before income tax and equity in undistributed earnings of subsidiaries	22,341	10,380	10,262
Credit for income taxes	(365)	(401)	(510)
Income before equity in earnings of subsidiaries	22,706	10,781	10,772
Equity in undistributed earnings of subsidiaries	11,023	37,925	19,497
Net income	$ 33,729	$ 48,706	$ 30,269

Great Southern Bancorp, Inc.
Notes to Consolidated Financial Statements
December 31, 2013, 2012 and 2011

	2013	2012	2011
		(In Thousands)	
Statements of Cash Flows			
Operating Activities			
Net income	$ 33,729	$ 48,706	$ 30,269
Items not requiring (providing) cash			
Equity in undistributed earnings of subsidiary	(11,023)	(37,925)	(19,497)
Compensation expense for stock option grants	443	435	486
Net realized gains on sales of available-for-sale securities	—	(280)	—
Changes in			
Prepaid expenses and other assets	4	(19)	—
Accounts payable and accrued expenses	(146)	226	(58)
Income taxes	1	10	2
Net cash provided by operating activities	23,008	11,153	11,202
Investing Activities			
Investment in subsidiaries	—	—	(15,000)
(Investment)/Return of principal - other investments	(13)	49	61
Proceeds from sale of available-for-sale securities	—	664	—
Purchase of held-to-maturity securities	—	—	(840)
Proceeds from maturity of held-to-maturity securities	—	840	—
Net cash provided by (used in) investing activities	(13)	1,553	(15,779)
Financing Activities			
Proceeds from issuance of SBLF preferred stock	—	—	57,943
Redemption of CPP preferred stock	—	—	(58,000)
Purchase of common stock warrant	—	—	(6,436)
Purchase of interest rate derivative	(738)	—	—
Dividends paid	(7,964)	(12,991)	(12,237)
Stock options exercised	1,242	2,269	311
Net cash used in financing activities	(7,460)	(10,722)	(18,419)
Increase (Decrease) in Cash	15,535	1,984	(22,996)
Cash, Beginning of Year	23,430	21,446	44,442
Cash, End of Year	$ 38,965	$ 23,430	$ 21,446
Additional Cash Payment Information			
Interest paid	$ 565	$ 620	$ 563

	2013	2012	2011
		(In Thousands)	
Statements of Comprehensive Income			
Net Income	$ 33,729	$ 48,706	$ 30,269
Unrealized appreciation on available-for-sale securities, net of taxes (credit) of $302, $195 and $(102), for 2013, 2012 and 2011, respectively	561	363	(189)
Less: reclassification adjustment for gains included in net income, net of taxes of $0, $98 and $0 for 2013, 2012 and 2011, respectively	—	(182)	—
Comprehensive income (loss) of subsidiaries	(14,749)	4,056	8,381
Comprehensive Income	$ 19,541	$ 52,943	$ 38,461

Note 28: Preferred Stock and Common Stock Warrant

CPP Preferred Stock and Common Stock Warrant

On December 5, 2008, as part of the Troubled Asset Relief Program (TARP) Capital Purchase Program of the United States Department of the Treasury (Treasury), the Company entered into a Letter Agreement and Securities Purchase Agreement (collectively, the "CPP Purchase Agreement") with Treasury, pursuant to which the Company (i) sold to Treasury 58,000 shares of the Company's Fixed Rate Cumulative Perpetual Preferred Stock, Series A (the "CPP Preferred Stock"), having a liquidation preference amount of $1,000 per share, for a purchase price of $58.0 million in cash and (ii) issued to Treasury a ten-year warrant (the "Warrant") to purchase 909,091 shares of the Company's common stock, par value $0.01 per share (the "Common Stock"), at an exercise price of $9.57 per share. As noted below under "SBLF Preferred Stock," the Company redeemed all of the CPP Preferred Stock on August 18, 2011, in connection with the issuance of the SBLF Preferred Stock. As noted below under "Repurchase of Common Stock Warrant," the Company repurchased the Warrant on September 21, 2011.

The CPP Preferred Stock qualified as Tier 1 capital and paid cumulative dividends on the liquidation preference amount on a quarterly basis at a rate of 5% per annum.

Under the CPP Purchase Agreement, the Company could not, without the consent of Treasury, (a) pay a cash dividend on the Company's common stock of more than $0.18 per share or (b) subject to limited exceptions, redeem, repurchase or otherwise acquire shares of the Company's common stock or preferred stock, other than the CPP Preferred Stock or trust preferred securities. In addition, under the terms of the CPP Preferred Stock, the Company could not pay dividends on its common stock unless it was current in its dividend payments on the CPP Preferred Stock.

The proceeds from the TARP Capital Purchase Program were allocated between the CPP Preferred Stock and the Warrant based on relative fair value, which resulted in an initial carrying value of $55.5 million for the CPP Preferred Shares and $2.5 million for the Warrant. The resulting discount to the CPP Preferred Shares of $2.5 million was set up to accrete on a level-yield basis over five years ending December 2013 and was recognized as additional preferred stock dividends. The fair value assigned to the CPP Preferred Shares was estimated using a discounted cash flow model. The discount rate used in the model was based on yields on comparable publicly traded perpetual preferred stocks. The fair value assigned to the warrant was based on a Black-Scholes option-pricing model using several inputs, including risk-free rate, expected stock price volatility and expected dividend yield.

The CPP Preferred Stock and the Warrant were issued in a private placement exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"). In accordance with the CPP Purchase Agreement, the Company subsequently registered the CPP Preferred Stock, the Warrant and the shares of Common Stock underlying the Warrant under the Securities Act.

SBLF Preferred Stock

On August 18, 2011, the Company entered into a Small Business Lending Fund-Securities Purchase Agreement (the "SBLF Purchase Agreement") with the Secretary of the Treasury, pursuant to which the Company sold 57,943 shares of the Company's Senior Non-Cumulative Perpetual Preferred Stock, Series A (the "SBLF Preferred Stock") to the Secretary of the Treasury for a purchase price of $57.9 million. The SBLF Preferred Stock was issued pursuant to Treasury's SBLF program, a $30 billion fund established under the Small Business Jobs Act of 2010 that was created to encourage lending to small businesses by providing Tier 1 capital to qualified community banks and holding companies with assets of less than $10 billion. As required by the SBLF Purchase Agreement, the proceeds from the sale of the SBLF Preferred Stock were used in connection with the redemption of the 58,000 shares of CPP Preferred Stock, issued to the Treasury pursuant to the CPP, at a redemption price of $58.0 million plus the accrued dividends owed on the preferred shares. This redemption resulted in a one-time, noncash write-off of the remaining $1.2 million discount to the CPP Preferred Stock that reduced earnings available to common shareholders during the year ended December 31, 2011.

The SBLF Preferred Stock qualifies as Tier 1 capital. The holders of SBLF Preferred Stock are entitled to receive noncumulative dividends, payable quarterly, on each January 1, April 1, July 1 and October 1. The dividend rate, as a percentage of the liquidation amount, can fluctuate between one percent (1%) and five percent (5%) per annum on a quarterly basis during the first 10 quarters during which the SBLF Preferred Stock is outstanding, based upon changes in the level of "Qualified Small Business Lending" or "QSBL" (as defined in the SBLF Purchase Agreement) by the Bank over the adjusted baseline level calculated under the terms of the SBLF Preferred Stock $(201,374,000). Based upon the increase in the Bank's level of QSBL over the adjusted baseline level, the dividend rate for the fourth quarter of 2013 was 1.0%. For the tenth calendar quarter through four and one-half years after issuance, the dividend rate will be fixed at between one percent (1%) and seven percent (7%) based upon the level of qualifying loans. Based upon the increase in the Bank's level of QSBL over the adjusted baseline level, the dividend rate for this period will be 1.0%. After four and one-half years from issuance, the dividend rate will increase to 9% (including a quarterly lending incentive fee of 0.5%).

The SBLF Preferred Stock is nonvoting, except in limited circumstances. In the event that the Company misses five dividend payments, whether or not consecutive, the holder of the SBLF Preferred Stock will have the right, but not the obligation, to appoint a representative as an observer on the Company's Board of Directors. In the event that the Company misses six dividend payments, whether or not consecutive, and if the then outstanding aggregate liquidation amount of the SBLF Preferred Stock is at least $25.0 million, then the holder of the SBLF Preferred Stock will have the right to designate two directors to the Board of Directors of the Company.

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

Repurchase of Common Stock Warrant

On September 21, 2011, the Company completed the repurchase of the Warrant held by the Treasury that was issued as a part of its participation in the CPP. The Warrant, which had a ten-year term, was issued on December 5, 2008, and entitled the Treasury to purchase 909,091 shares of Great Southern Bancorp, Inc. common stock at an exercise price of $9.57 per share. The repurchase was completed for a price of $6.4 million, or $7.08 per warrant share, which was based on the fair market value of the warrant as agreed upon by the Company and the Treasury.

Note 29: Discontinued Operations

Effective November 30, 2012, Great Southern Bank sold Great Southern Travel and Great Southern Insurance divisions. The 2012 operations of the two divisions have been reclassified to include all revenues and expenses in discontinued operations. The 2011 operations have been restated to reflect the reclassification of revenues and expenses in discontinued operations. Revenues from the two divisions, excluding the gain on sale, totaled $8.2 million and $8.1 million for the years ended December 31, 2012 and 2011, respectively, and are included in the income

from discontinued operations. In 2012, the Company recognized gains on the sales totaling $6.1 million, which are included in the income from discontinued operations.

Note 30: Subsequent Event – Branch Acquisition

On January 14, 2014, the Company announced that it signed a definitive agreement to purchase two branches in Neosho, Missouri, from Boulevard Bank. The acquisition represents approximately $65 million of deposits and $6 million of loans. Great Southern currently operates one banking center in Neosho. Subject to separate regulatory approval and after conversion of all Neosho locations to one operating system, the Bank expects to relocate this office into the Boulevard Bank branch directly across the street. This transaction will ultimately represent a net increase of one banking center to the Great Southern franchise.

Terms of the agreement call for Great Southern to acquire the loans at par and pay a two percent premium on approximately $55 million of the deposits. The Company will pay book value of approximately $700,000 for the real and personal property associated with these two branches.

On January 31, 2014, the Company announced that it signed a definitive agreement with Boulevard Bank to acquire additional depository and loan customers serviced from Boulevard's branch in St. Louis, Missouri. The Company will acquire approximately $39 million in depository accounts and $6 million in commercial loans that were serviced by Boulevard's St. Louis branch. The Company will not obtain any branch locations or employees in St. Louis as part of this transaction and deposits are being assumed with no significant additional premium.

The combined transactions represent approximately $104 million in deposits and $12 million in loans. Both acquisitions are expected to be simultaneously completed in late March 2014, pending regulatory approval.

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smart 2013