GREAT SOUTHERN BANCORP, INC.

MAKING IT COUNT

2014 ANNUAL REPORT FOR SHAREHOLDERS

The 26th Annual Meeting of Shareholders will be held at 10:00 a.m. CDT on Wednesday, May 6, 2015, at the Great Southern Operations Center, 218 S. Glenstone, Springfield, Missouri.

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 eight states and we serve more than 163,000 households by providing them with a comprehensive line of products and services. With nearly 1,300 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 $4.0 billion in total assets, we are headquartered in Springfield, Mo. and operate 111 offices in eight states with 108 retail banking centers in Missouri, Arkansas, Kansas, Iowa, Nebraska and Minnesota, commercial lending offices in Dallas, Texas, Tulsa, Okla. and Overland Park, Kansas, and a home loan center in Springfield, Mo. 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.

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, 2014, there were 13,754,806 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, 2014 was $39.67.

HIGH/LOW STOCK PRICE

	2014		2013		2012	
	High	Low	High	Low	High	Low
First Quarter	$31.00	$26.95	$27.34	$23.31	$25.18	$20.60
Second Quarter	32.25	28.00	28.00	22.60	27.71	21.25
Third Quarter	33.77	29.53	31.00	25.71	31.81	27.22
Fourth Quarter	40.28	29.80	31.23	25.87	31.49	24.25

DIVIDEND DECLARATIONS

	2014	2013	2012
First Quarter	$.20	$.18	$.18
Second Quarter	.20	.18	.18
Third Quarter	.20	.18	.18
Fourth Quarter	.20	.18	.18

CORPORATE HEADQUARTERS

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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 Computershare at (800) 368-5948 or visit computershare.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

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Springfield, MO 65808

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N. A.
P.O. Box 30170
College Station, TX 77843-3170

TO OUR SHAREHOLDERS

JOSEPH W. TURNER
President and
Chief Executive Officer

WILLIAM V. TURNER
Chairman of the Board

MAKING IT COUNT

As we look back at 2014, we are pleased to report that Great Southern recorded strong financial results and significantly enhanced the franchise. Our team of nearly 1,300 associates enthusiastically executed our objectives and maximized opportunities that came our way. Headlines for 2014 included growth and expansion, improved credit quality and enhanced service. We grew through strategic acquisitions, but also grew significantly by taking advantage of the expansive multi-state franchise that we've built over the last few years. Credit quality continued to improve bringing credit quality ratios to pre-financial crisis levels. Efforts to improve service never cease and we made great strides last year.

EXPANDING OUR MARKETS

In March 2014, we completed the acquisition of two Neosho, Mo., branches and certain customer accounts in St. Louis, which were acquired from Neosho-based Boulevard Bank. This acquisition enabled us to considerably increase our customer base and footprint in Neosho and the chance to serve more St. Louis customers through our existing banking center network. The combined Neosho and St. Louis transactions represented approximately $92 million in deposits and $11 million in loans. The Neosho transaction did allow for elimination of redundant expenses. In June 2014, we consolidated our legacy Great Southern Neosho office into the former Boulevard Bank branch directly across the street, leaving two banking centers to serve this community.

In June 2014, we participated in our fifth FDIC-assisted transaction since 2009. Great Southern entered into a purchase and assumption agreement with the FDIC to acquire certain loans and other assets and assume all of the deposits of Valley Bank, a full-service bank headquartered in Moline, Ill., with significant operations in Iowa. Assets

with a fair value of approximately $379 million were acquired and liabilities with a fair value of approximately $368 million, including an impressive non-time deposit base of $187 million, were assumed. This transaction, unlike our previous FDIC-assisted transactions, did not provide loss share coverage for the loans acquired and resulted in a bargain purchase gain of $10.8 million.

Valley Bank operated 13 locations – six locations in the Quad Cities market area and seven in central Iowa, primarily in the Des Moines market area. This strategic acquisition provided the Company a new entry into the attractive Quad Cities market and expanded our presence in the Des Moines region. In September 2014, two underutilized Valley Bank locations were closed – one in Moline, Ill., and one in Altoona, Iowa. Operational systems conversion was completed in October 2014, enabling all Great Southern and former Valley Bank customers to conduct business at any banking center throughout our footprint. Customer retention has been exceptional thanks to the hard work and commitment of our team of associates.

NEW AND EXPANDING LOAN RELATIONSHIPS

We had a stellar year in serving the loan needs of commercial and consumer customers throughout our franchise. Total gross loans, excluding acquired covered loans, acquired non-covered loans and mortgage loans held for sale, increased $525.5 million, or 25.1%, from December 31, 2013, to December 31, 2014. Our loan portfolio mix continues to change favorably and is more diversified by loan type and geography than ever before. Nearly every major metropolitan market in our footprint is now staffed with a commercial lending team and we're tapping into the business opportunities we knew existed when we initially entered these markets. While we have ramped up our production, our lenders have received a clear message as to our lending approach with expectations of non-speculative projects with appropriate equity. Despite pricing pressures and other competitive forces, our underwriting criteria remains conservative and is primarily centralized.

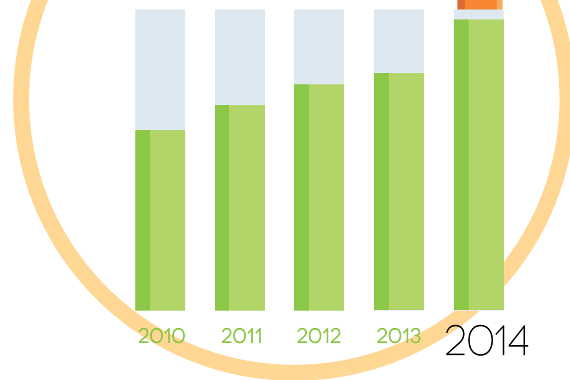
Loan production is coming from the majority of our markets, including our new commercial loan production offices in Tulsa, Okla., and Dallas, Texas, which were both opened in February 2014. In our legacy portfolio in 2014, we experienced the largest growth in St. Louis, Dallas, Minneapolis, Tulsa, Springfield and Kansas City. We saw loan portfolio growth in nearly every loan type with the largest increases in the areas of commercial real estate loans, consumer loans and construction loans.

Our consumer lending division had another record-breaking year as we focused on leveraging our geographic footprint. The consumer lending portfolio increased by nearly $192.3 million, or 70%, from December 31, 2013, to December 31, 2014. Indirect lending was the primary driver of the uptick in production as our Indirect Lending team, Business Bankers and banking center staff fostered relationships with established new car dealers that also sell used cars. Direct consumer loans, those originated through our banking center network, also increased in record numbers.

IMPROVED
CREDIT QUALITY

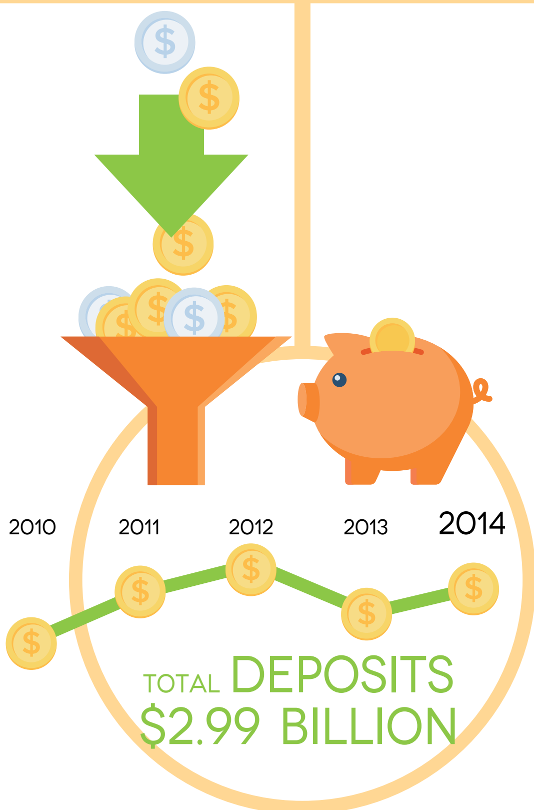
We are pleased with the progress we made in 2014 in improving our credit quality. Since the end of 2013, overall credit quality improved with a $20.3 million, or 23%, decrease in non-performing assets and potential problem loans, excluding those acquired from the FDIC. Non-performing assets were 1.11% of total assets at December 31, 2014, compared to 1.74% of total assets at December 31, 2013. As a comparative, at December 31, 2014, SNL-followed U.S. Banks with assets of $1 to $5 billion had an average non-performing assets to assets ratio of 1.26%.

The provision for loan losses for the year ended December 31, 2014, decreased $13.2 million to $4.2 million when compared with the year ended December 31, 2013. At December 31, 2014, the allowance for loan losses was $38.4 million, a decrease of $1.7 million from December 31, 2013. Total net charge-offs were $5.8 million and $17.9 million for the years ended December 31, 2014, and 2013, respectively. The decrease in net charge-offs and provision for loan losses in the year ended December 31, 2014, were consistent with our expectations.



OUR NETWORK
ACCESS FOR CUSTOMERS AT THE RIGHT TIME AND PLACE

Serving our customers how, when and where they prefer and doing so efficiently is vital to our ongoing success. Customer preferences continually change; products and services evolve, as well as how to access them. The challenge is how to address these preferences when individual customer desires change at varying degrees and speeds. It's a balancing act, especially with the fast pace of technological developments. One size does not fit all.



For years, the future role of the banking center has been a topic of much discussion in the industry. Many banks are trimming their banking center network and hours of operation in light of the predominance of self-service channels, like mobile banking and online banking. Like the rest of the banking industry, a large number of our customers enjoy the convenience of mobile and online banking and we are seeing steady increases in adoption. However, we do not believe that electronic banking will be the demise of the banking center altogether; albeit transactions such as account 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.

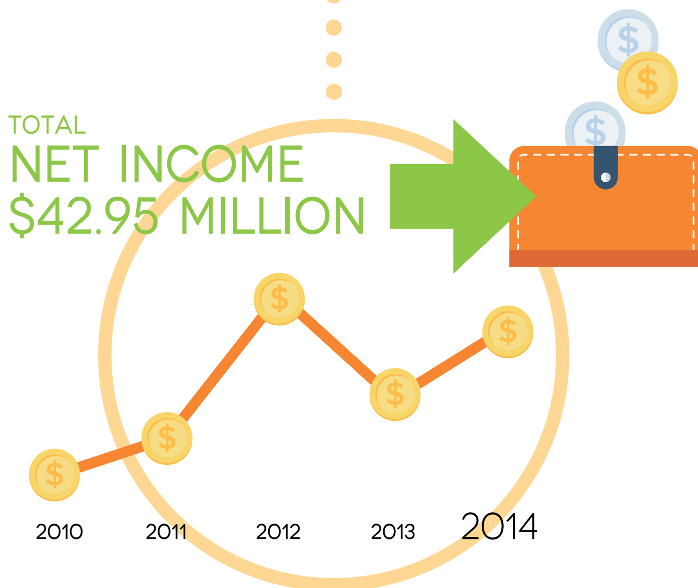
The number of banking centers we operate will change over time as we regularly analyze utilization, performance, profitability and market potential. In 2014, besides expanding our banking center network through acquisitions, we opened two new offices to enhance our presence in two key markets and closed two facilities. Our first full-service banking center was opened in Fayetteville, Ark., located in the burgeoning Northwest Arkansas corridor and home of the University

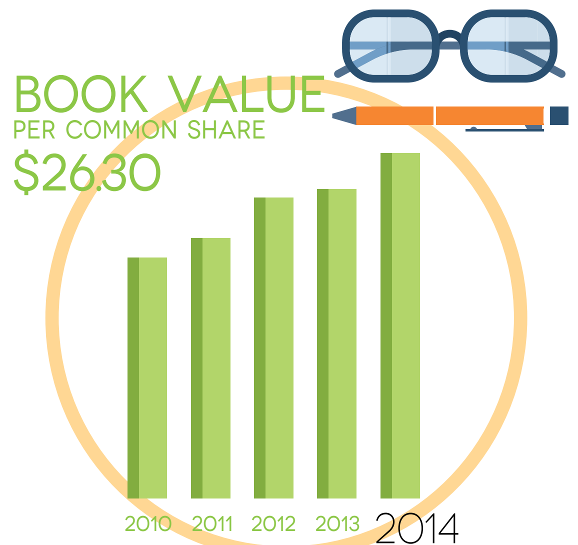
of Arkansas. This office represents our second location in Northwest Arkansas, with the other located in nearby Rogers, Ark. In the St. Louis metropolitan area, we opened a full-service banking center in Ferguson, Mo., in June 2014. This office is located in the northern region of the metropolitan area where we lacked a presence. Two leased and underutilized banking centers were closed after careful consideration– one in Lamar, Mo., and another in Johnston, Iowa.

Looking ahead, two new offices are expected to be opened in 2015. At the time of this writing, construction of a full-service banking center at 3200 S. Providence Road in Columbia, Mo., is nearing completion and should open for business in April 2015. The home of the University of Missouri, Columbia is a strong and dynamic market serving as a regional medical hub and home to several large corporations. The University of Missouri draws students from cities and towns from all Missouri and beyond. With our Company's extensive footprint in Missouri, many households with college-aged students will find it advantageous to use Great Southern at home and away at school in Columbia.

In mid-2014, the Company purchased a 20,000-square-foot former bank office building in Leawood, Johnson County, Kan., a suburb of the Kansas City metropolitan market area. Scheduled to be open for business in mid-2015, the office will house the Kansas City commercial lending group, currently located in nearby Overland Park, Kan., and a retail banking center. Additional space in the building is leased to tenants unrelated to the Company.

To improve customer service in our banking centers, we made getting a debit card much faster and easier. Instead of waiting seven to 10 days for a card to arrive in the mail, customers can now walk out of any banking center with a fully-activated debit card. "Instant issue" debit card technology was deployed at all 108 banking centers and gives us a competitive advantage in many of our markets.





Research began in 2014 on the feasibility of utilizing technologically-advanced ATMs, commonly called interactive teller machines (ITMs). An ITM looks similar to a traditional ATM, but it gives the customer the choice of self-service or connecting with a remote live teller in a highly personalized, two-way audio/video interaction. The machines work like any other ATM unless the customer pushes a button to request a live teller on a video monitor. The teller on the screen controls that machine and all of its functions. For example, if a customer loses or forgets his ATM card, he can prove his identity by showing the teller a driver's license and get cash. Customers can also cash a check to the penny and receive bills in any denomination they request. A pilot study is on tap for 2015. We expect to deploy three ITMs at selected sites to gain a better understanding of this technology and gauge customer acceptance.

THE END RESULT

Our focus on executing our strategy culminated in our solid financial performance in 2014. Earnings and capital remained strong. Our core net interest margin (excluding loss share accretion) was relatively stable at 3.83% for the year ended 2014, as compared to 3.66% for 2013. Net income available to common shareholders for 2014 was $43.0 million, or $3.10 per diluted common share, compared to $33.2 million, or $2.42 per diluted

common share for the year ended 2013. The Company ended the year with assets of $4.0 billion. Total stockholders' equity increased to $419.7 million at December 31, 2014, or 10.6% of total assets. Common stockholders' equity was $361.8 million, or 9.2% of total assets, equivalent to a book value of $26.30 per common share at the end of 2014. Shareholder dividends of $0.20 per common share were declared in each of the four quarters of 2014. Consecutive quarterly dividends have been paid to common shareholders since 1990.

One additional capital item to note relates to the U.S. Treasury's Small Business Lending Fund (SBLF) preferred stock we have outstanding, which totals approximately $58 million. The Company has participated in the SBLF since 2011. We are currently paying a dividend to the Treasury of 1%, the lowest rate possible in the program and a very favorable cost of capital. Our Bank earnings have afforded us the ability to distribute cash in the form of dividends to the holding company such that we now have enough cash there to fully repay the SBLF funds. We currently anticipate repaying these funds prior to the first quarter of 2016, at which time the dividend rate on any unpaid balance would increase from 1% to 9%.

MAKING IT COUNT IN 2015

In 2015, our strategic direction is deliberate and straightforward. We are optimistic about our prospects in 2015, as we see tremendous opportunity in our expanded franchise. Key priorities in 2015 include attracting new customers and deepening relationships with existing customers, managing interest rate risk, sustaining a strong credit discipline, maintaining strong capital and appropriate liquidity levels, and investing in our communities. 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.

* 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, 2009 through December 31, 2014. The graph assumes that $100 was invested in GSBC Common Stock on December 31, 2009 and that all dividends were reinvested.

Opportunities abound to better serve our customers, mentor our associates, add value to our shareholders' investment, or make our communities better places to live. It's our job to take advantage of these opportunities, or even create them, and make what we do count.

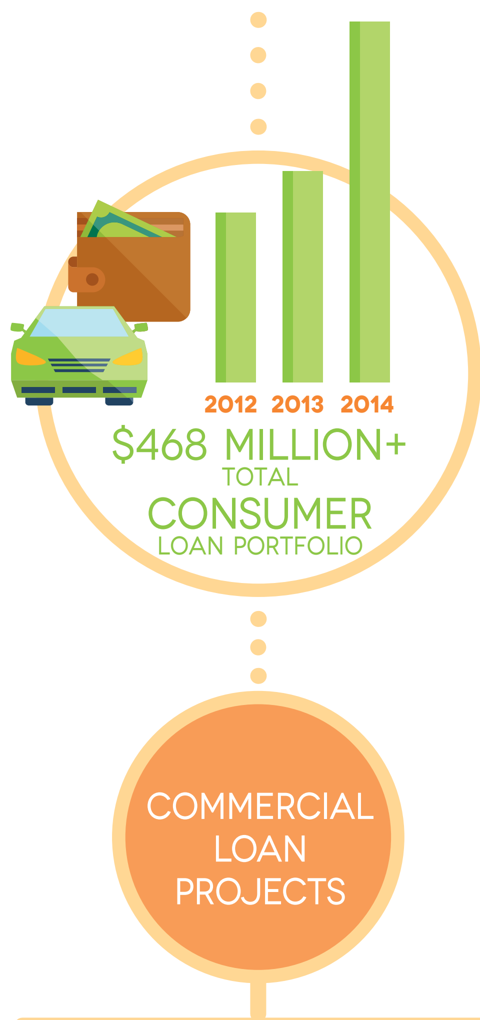
As we move ahead, we pledge to keep the long-term success of the Company and the long-term interests of our shareholders in mind in every decision we make. We want to thank our associates for their tremendous focus and effort over the past year; our customers for giving us the opportunity to serve their needs; and our shareholders for your continued confidence in the bright future of our Company. We also owe a debt of gratitude to our Board of Directors for their guidance and leadership, and we welcome our newest Board member, Mr. Doug Pitt.

Sincerely yours,

William V. Turner

Joseph W. Turner

PUTTING OUR RESOURCES WHERE IT COUNTS



In 2014, one of our major focuses was on growing our loan portfolio. To do this, we knew we had to invest in new markets to facilitate this growth, while continuing to take advantage of the network we've worked hard to establish. One step we took to help accomplish our goals was the opening of our loan production offices (LPOs) in Dallas, Texas, and Tulsa, Okla., attractive markets that have impressive growth potential. We hired experienced bankers with deep market knowledge to manage these offices. We are pleased with our progress in these markets thus far, and expect our success to continue.

Overall, our loan portfolio grew by more than 25%, or more than $525 million, in 2014. This is primarily due to significant increases in commercial real estate loans, consumer loans and construction loans, and is a testament to how we've invested our resources where it counts.

Our consumer lending division had yet another record-breaking year in 2014. In 2013, we were focused on leveraging our geographic footprint, and that continued to be our strategy last year. We certainly reaped the benefits of this strategy, too, seeing total loan production from this segment surge to more than $321 million, an increase of more than $182 million from 2013 production levels. This is a direct result of significant gains in our indirect lending portfolio. This growth was made possible by continued expansion of our existing relationships with car dealerships and adding new ones, while taking advantage of the full power of our geographic footprint.

With every loan we fund, there is an idea, a vision or a story. Our lending efforts often give us the opportunity to provide funding for projects that help revitalize a neighborhood, spur economic development or simply enhance the quality of life. We've been involved with historic renovations, low-income housing projects, a development serving our nation's veterans and much more. Here are but a few of the many, many projects that make us proud.

MARKET LOFTS DAVENPORT, IOWA

We worked with a company out of St. Louis, Mo. called Restoration St. Louis, Inc. to provide financing for the renovation of this historic four-story building that was built in 1905. Market Lofts in Davenport, Iowa features hotel-style living centered in Davenport's Loft District.

CATOOSA HILLS CATOOSA, OKLA.

Catoosa Hills is a 66-acre shopping center stretching along I-44 in Catoosa, Okla. The center is located across the street from the Cherokee Hard Rock Casino and includes several restaurants, a movie theater and brought nearly 1,000 new jobs to the area.

A BISSINGER'S ST. LOUIS, MO.

Bissinger's Handcrafted Chocolatier is a high-end chocolate company that has been based in St. Louis since 1927. They recently relocated their headquarters to just north of the Arch in downtown St. Louis. The new location is near the riverfront and the building, which is on the National Register of Historic Places, underwent significant renovations to house the company's operations.

B UNION STATION ST. LOUIS, MO.

Our participation in this project helped our borrower not only acquire this historic landmark property, but perform renovations that turned it into a luxury hotel in downtown St. Louis. As you can see, this is a beautiful site and a project with which we are very proud to be associated.

C FREEDOM PLACE ST. LOUIS, MO.

Freedom Place is a permanent housing project for formerly homeless veterans located in St. Louis, Mo., providing affordable apartments for America's heroes. It is a 100% special needs housing development that provides homeless veterans a permanent home, as well as the supportive services necessary to maintain it.

D POWER AND LIGHT BUILDING KANSAS CITY, MO.

The Historic Power and Light Building is located in the heart of downtown Kansas City. The renovation of this building turned it from a once-mostly vacant office building to luxury lofts. The location puts tenants mere steps away from premier entertainment venues, restaurants and shops the area has to offer.

E CAMBRIA SUITES PLANO, TEXAS

Cambria Suites Hotel in Plano, Texas is a luxury hotel located within walking distance of Shops at Legacy, an urban lifestyle center in the area, and close to offices of several large corporations.

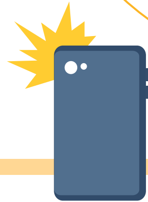
F FRISCO LOFTS SPRINGFIELD, MO.

Frisco Lofts is a beautiful, new multi-family housing development in downtown Springfield. The historic Frisco building underwent the necessary renovations to turn the former office building into low-income housing in Springfield.

IMPROVING OUR

EFFICIENCY, CONVENIENCE AND COST SAVINGS

WITH TECHNOLOGY



MOBILE APP

We continue to see active use for the Great Southern Mobile Banking App. As trends in technology move forward, we update our Mobile App to ensure a high-quality user experience. Services like Mobile Check Deposit, which is accessed through the Mobile App, enhance the customer experience. For 2015, we're working on a feature known as "Secure Swipe," which allows customers the ability to turn their debit cards on and off, helping to increase the security of their accounts.

MOBILE CHECK DEPOSIT

Great Southern Bank Mobile Check Deposit, our service that allows customers to deposit checks directly from their smartphone using the Mobile Banking App, continues to grow in customer use. In 2014, this service averaged more than $1 million deposited per month and grew by an average of more than 100 new users per month.

TEXT BANKING

Great Southern Bank Text Banking, our service that allows customers to manage their accounts utilizing text messages, continued to see increased use in 2014. Each month, we saw an increase in active users and we currently have more than 3,300 customers who use the product on a regular basis. The service not only allows customers to manage their accounts, but also helps them keep track of their account activity with Text Alerts.

ATM NETWORK

We constantly evaluate our ATM network to ensure it remains as convenient for our customers as possible. In the last year, we've added deposit taking ATMs in certain areas where they are most beneficial. We're also in the process of evaluating Interactive Teller Machines for areas where we know we have customers who would benefit.

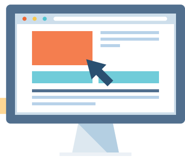
INSTANT ISSUE DEBIT CARDS

The service we were most excited about rolling out in 2014 was Instant Issue Debit Cards. Now our customers can come to any of our banking centers and leave within minutes with a new debit card activated and ready for use. This service enhances the customer experience for new customers and current customers alike. It also helps maintain customer convenience levels in times of mass debit card reissues, which continue to be prevalent in our industry for a variety of reasons.

SERVING OUR CUSTOMERS

In 2014, we continued to make investments in our products and services to make them more efficient and convenient for our customers and the Company. The newest service we rolled out in 2014, and the one about which we are most excited, is Instant Issue Debit Cards. This service now allows our customers to walk out of the banking center with their debit card in hand after opening their account. You can read more about this great service below. Additionally, we continue to make improvements to services like our website, Mobile Banking App, ATM network and more.

While we are working to bring our customers the self-service channels they desire, we continue to focus on ensuring our banking centers remain relevant and viable options. As we move forward with new products and services, we must continue to be mindful of existing products and services to ensure they remain effective and efficient.

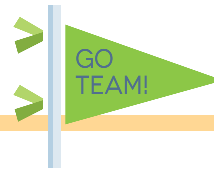


WEBSITE

We continue to make improvements to our website as they are needed. Our website is viewed as not only an extension of our brand, but as another banking center. Customers have the ability to open accounts, manage their accounts through Great Southern Online Banking, apply for loans and learn more about our Company.

SOCIAL MEDIA

Our social media presence is a constant focus. The importance of being able to provide our customers with a two-way channel for communication cannot be overstated. Additionally, social media channels such as Facebook give us an avenue for cost-effective advertising and public relations. Sites like Google+ help improve search engine optimization for the Company.



PARTNERSHIPS

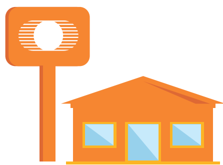
Our sports partnerships continue to grow with our franchise. In 2014, we added a few new faces to our family of sports relationships. We began relationships with the Iowa Cubs and the University of Iowa. Both of these great organizations allow us to be active members in our communities and create important brand awareness.

MARKETING

Taking advantage of both traditional and digital marketing allows us to target our efforts in unique ways. Our Olympics campaign included TV, radio and Facebook ads, along with a Facebook contest and giveaways. We've also had great response rates to our Pandora radio and Yahoo mobile ads. With our expanding footprint, we can use multiple channels to get the best return on our advertising dollars in each market.

EXPANDING OUR
REACH &
RELATIONSHIPS
WITH OUR CUSTOMERS
THROUGH MULTIPLE
CHANNELS

WE
DOUBLED
OUR PRESENCE
IN IOWA



CENTRAL IOWA & QUAD CITIES

2014 was another year of aggressive growth for our Company, headlined by the acquisition of the former Valley Bank in an FDIC-assisted transaction that helped to heighten our presence in Iowa.

This acquisition supported our long-term strategy of strengthening our presence across the state of Iowa. Our footprint grew by 12 banking centers in the Des Moines and Quad Cities markets of Iowa, the Quad Cities market representing a community we hadn't previously served.

Entering the Quad Cities market represents a great opportunity for the Company as it is home to more than 27,000 businesses including the John Deere world headquarters, Alcoa and Kraft. It's located in the heart of the Midwest along the Mississippi River, and is surrounded by 40 colleges and universities within a 90-mile radius, including 12 community colleges, two public four-year universities, two public satellite campuses and 24 private colleges. The region's surroundings and commitment to education, art and culture make it a great place to do business.

EXPANDING OUR

PRESENCE

WHERE IT COUNTS

SW MISSOURI

In January 2014, we entered into an agreement with Boulevard Bank to purchase two of their branches in Neosho, Mo., and acquire certain deposit and loan relationships from its branch in the St. Louis, Mo., area. The acquisition represented approximately $92 million in deposits and $11 million in loans. Neosho is a market our company has served for more than 20 years and this transaction allowed us to strengthen our presence in this great community.

9 NEW COMMUNITIES

23,000+ TOTAL NEW HOUSEHOLDS

ST. LOUIS METRO

In June 2014, we opened our eighth full-service banking center in the St. Louis metro market in the community of Ferguson, Mo. The new facility serves customers six days a week and is located in the northern region of the metropolitan area where we lacked a presence. To lead the banking center, we assembled a team of experienced, local bankers who understand the needs of the community.

GO HOGS!

NW ARKANSAS

Also in June 2014, we opened our second full-service banking center in the burgeoning Northwest Arkansas market. This banking center, located in Fayetteville right down the road from the University of Arkansas, serves customers six days a week. It, too, is led by a team of local banking veterans.

DO

Volunteerism comes in many forms and everyone's role is important in making a meaningful impact. Our bankers are more than bankers. They're mentors, board members, advisors, committee members, educators and so much more. We're proud of our associates and the time and energy they give to their community.

8,400+
VOLUNTEER HOURS

WALKING DOGS AT ANMIMAL SHELTERS • ORGANIZING CLOTHES FOR FOSTER CHILDREN • CLEANING HOMES FOR THE ELDERLY • BEING ON CALL FOR VICTIMS CENTERS • CHAPERONING PROM FOR SPECIAL NEEDS STUDENTS • PREPARING MEALS FOR THE HOMELESS • HOSTING PAJAMA PARTY FOR WOMEN'S SHELTER • FILLING BACKPACKS FOR KIDS IN NEED • SERVING BREAKFAST TO VETERANS • DONATING BLOOD • WALKING TO FIGHT CANCER • SERVING ON NONPROFIT BOARDS • DISTRIBUTING CLOTHES AND FOOD TO THE HOMELESS • MENTORING AT RISK STUDENTS • SUPPORTING THE LOCAL ARTS • GIVING FAMILIES A BRIGHT HOLIDAY • TEACHING KIDS TO SAVE

GIVING BACK

IN WAYS THAT COUNT

In early 2014, we created our Community Matters Program, a program designed to serve as the foundation for our Company's philosophy of how we strengthen our communities by leading, doing, giving and teaching.

These four initiatives represent the best ways in which we can effectively serve all of our communities. It is our goal to make a meaningful impact on these communities. We accomplish this by being active leaders in improving our local economies, assisting our community partners in meeting the needs of these communities through nonprofit donations, encouraging our associates to volunteer in meaningful projects and teaching financial education to children, teens, adults and seniors.

Banks play a vital role in the life of their communities. The engagement of bankers at all levels is crucial to the strength and growth of vibrant communities. After all, a bank can only be as strong as the communities it serves.

2014 was a great year for our associates and the investments they made into our communities. Our associates gave more than 8,400 hours of documented volunteer time at more than 700 volunteer service events. We also had more than 220 associates serve a nonprofit in a leadership capacity and more than 430 different nonprofit organizations were served by our volunteers. Our associates also donated more than $51,000 to local and national nonprofits through our Community Matters Casual Days, days in which associates are allowed to wear jeans for a small donation.

Collectively, Great Southern Bank and its associates gave more than $1,000,000 to local and national nonprofits in 2014, further solidifying our focus on giving back in ways that count.

LEAD

We share a common goal with other members of our communities – the desire for a strong, thriving economy. Therefore, it makes sense to invest in our communities to bring more resources and opportunities to impact local people. We're committed to fostering growth and long-term success, because a thriving, strong economy means more success for everyone.

INSPIRING OTHERS

As part of our Community Matters Program, we also introduced the Bill and Ann Turner Distinguished Community Service Award. This annual award was named after our chairman, Bill Turner, and his wife Ann, who have been instrumental in creating a community-minded culture since joining the Company in 1974. Developed by our associate-led Community Matters Team, the award emphasizes the importance placed on volunteerism at Great Southern Bank by honoring one outstanding associate who demonstrates excellence in volunteer service to their community.

Andrea Brady, the recipient of our inaugural Bill and Ann Turner Distinguished Community Service Award, is pictured above being presented the award by our Chairman, Bill Turner. Andrea's relentless commitment to her community is truly inspiring and the quality that impressed our judges the most. She is willing to do anything for anyone, regardless of their circumstances or stature.

GIVE

Through our Community Matters Charitable Giving Program, our company donates hundreds of thousands of dollars annually to nonprofit organizations, focusing primarily in areas of education, health and human services, community and economic development, arts and culture and our partnership with United Way.

TEACH

We believe that banking and education go hand in hand. From the first connection with our customers, we are their financial educators. We listen to their needs and guide them through options to determine what works best for their financial lifestyle and financial security. This education goes outside the banking walls and into the community. Our associates are lending their talents and expertise in the community by volunteering to help children, teens, adults, seniors and small businesses learn about finance and money management.

DIRECTORS
OF GREAT SOUTHERN BANCORP, INC. AND GREAT SOUTHERN BANK

Back Row

DOUGLAS M. PITT
Board Member
Business Owner and
Care To Learn Founder

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

DEBBIE FLOWERS
Director of Credit
Risk Administration

DOUG MARRS*
Director of
Operations

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

MARKING AN IMPORTANT YEAR

In 2014, we celebrated our 25th year on the NASDAQ Stock Exchange. We'd like to thank our shareholders, associates, customers and communities for our continued growth and success.

SELECTED CONSOLIDATED FINANCIAL DATA

	December 31,				
	2014	2013	2012	2011	2010
Summary Statement of Condition Information:	(Dollars in Thousands)				
Assets	$3,951,334	$3,560,250	$3,955,182	$3,790,012	$3,411,505
Loans receivable, net	3,053,427	2,446,769	2,346,467	2,153,081	1,899,386
Allowance for loan losses	38,435	40,116	40,649	41,232	41,487
Available-for-sale securities	365,506	555,281	807,010	875,411	769,546
Other real estate owned, net	45,838	53,514	68,874	67,621	60,262
Deposits	2,990,840	2,808,626	3,153,193	2,963,539	2,595,893
Total borrowings	514,014	343,795	391,114	485,853	495,554
Stockholders' equity (retained earnings substantially restricted)	419,745	380,698	369,874	324,587	304,009
Common stockholders' equity	361,802	322,755	311,931	266,644	247,529
Average loans receivable	2,784,106	2,403,544	2,326,273	2,007,914	2,019,361
Average total assets	3,824,493	3,789,876	4,005,613	3,496,860	3,528,043
Average deposits	3,007,588	2,996,941	3,199,683	2,671,710	2,661,164
Average stockholders' equity	402,670	378,650	352,282	316,486	309,558
Number of deposit accounts	217,877	192,323	197,733	189,288	171,278
Number of full-service offices	108	96	107	104	75

The tables on pages 16, 17, and 18 set forth selected consolidated financial information and other financial data of the Company. The selected statement of condition and statement of operations data, insofar as they relate to the years ended December 31, 2014, 2013, 2012, 2011 and 2010, 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.

	For the Year Ended December 31,				
	2014	2013	2012	2011	2010
	(In Thousands)				
Summary Statement of Operations Information:					
Interest income:					
Loans	$ 172,569	$ 163,903	$ 170,163	$ 171,201	$ 145,832
Investment securities and other	10,793	14,892	23,345	27,466	27,359
	183,362	178,795	193,508	198,667	173,191
Interest expense:					
Deposits	11,225	12,346	20,720	26,370	38,427
Federal Home Loan Bank advances	2,910	3,972	4,430	5,242	5,516
Short-term borrowings and repurchase agreements	1,099	2,324	2,610	2,965	3,329
Subordinated debentures issued to capital trust	567	561	617	569	578
	15,801	19,203	28,377	35,146	47,850
Net interest income	167,561	159,592	165,131	163,521	125,341
Provision for loan losses	4,151	17,386	43,863	35,336	35,630
Net interest income after provision for loan losses	163,410	142,206	121,268	128,185	89,711
Noninterest income:					
Commissions	1,163	1,065	1,036	896	767
Service charges and ATM fees	19,075	18,227	19,087	18,063	18,652
Net realized gains on sales of loans	4,133	4,915	5,505	3,524	3,765
Net realized gains on sales of available-for-sale securities	2,139	243	2,666	483	8,787
Recognized impairment of available-for-sale securities	—	—	(680)	(615)	—
Late charges and fees on loans	1,400	1,264	1,028	651	767
Gain (loss) on derivative interest rate products	(345)	295	(38)	(10)	—
Gain recognized on business acquisitions	10,805	—	31,312	16,486	—
Accretion (amortization) of income/expense related to business acquisition	(27,868)	(25,260)	(18,693)	(37,797)	(10,427)
Other income	4,229	4,566	4,779	2,450	2,018
	14,731	5,315	46,002	4,131	24,329
Noninterest expense:					
Salaries and employee benefits	56,032	52,468	51,262	43,606	39,908
Net occupancy expense	23,541	20,658	20,179	15,220	13,480
Postage	3,578	3,315	3,301	3,096	3,231
Insurance	3,837	4,189	4,476	4,840	4,463
Advertising	2,404	2,165	1,572	1,316	1,754
Office supplies and printing	1,464	1,303	1,389	1,268	1,447
Telephone	2,866	2,868	2,768	2,270	2,158
Legal, audit and other professional fees	3,957	4,348	4,323	3,803	2,832
Expense on foreclosed assets	5,636	4,068	8,748	11,846	4,914
Partnership tax credit	1,720	2,108	1,825	2,035	161
Other operating expenses	15,824	8,128	8,760	6,226	6,723
	120,859	105,618	108,603	95,526	81,071
Income from continuing operations before income taxes	57,282	41,903	58,667	36,790	32,969
Provision for income taxes	13,753	8,174	14,580	7,133	9,669
Net income from continuing operations	43,529	33,729	44,087	29,657	23,300
Discontinued Operations					
Income from discontinued operations, net of income taxes	—	—	4,619	612	565
Net income	43,529	33,729	48,706	30,269	23,865
Preferred stock dividends and discount accretion	579	579	608	2,798	3,403
Non-cash deemed preferred stock dividend	—	—	—	1,212	—
Net income available to common shareholders	$ 42,950	$ 33,150	$ 48,098	$ 26,259	$ 20,462

SELECTED CONSOLIDATED FINANCIAL DATA

	At and For the Year Ended December 31,				
	2014	2013	2012	2011	2010
	(Number of shares in thousands)				
Per Common Share Data:					
Basic earnings per common share	$ 3.14	$ 2.43	$ 3.55	$ 1.95	$ 1.52
Diluted earnings per common share	3.10	2.42	3.54	1.93	1.46
Diluted earnings from continuing operations per common share	3.10	2.42	3.20	1.89	1.42
Cash dividends declared	0.80	0.72	0.72	0.72	0.72
Book value per common share	26.30	23.60	22.94	19.78	18.40
Average shares outstanding	13,700	13,635	13,534	13,462	13,434
Year-end actual shares outstanding	13,755	13,674	13,596	13,480	13,454
Average fully diluted shares outstanding	13,876	13,715	13,592	13,626	14,046
Earnings Performance Ratios:					
Return on average assets(1)	1.14%	0.89%	1.22%	0.87%	0.68%
Return on average stockholders' equity(2)	12.63	10.52	16.55	11.67	9.42
Non-interest income to average total assets	0.39	0.14	1.49	0.35	0.91
Non-interest expense to average total assets	3.16	2.79	2.71	2.73	2.30
Average interest rate spread(3)	4.74	4.60	4.53	5.06	3.81
Year-end interest rate spread	3.86	3.88	3.57	3.68	3.81
Net interest margin(4)	4.84	4.70	4.61	5.17	3.93
Efficiency ratio(5)	66.30	64.05	51.44	56.98	54.17
Net overhead ratio(6)	2.77	2.66	1.56	2.61	1.61
Common dividend pay-out ratio(7)	25.81	29.75	20.34	37.31	49.32
Asset Quality Ratios (8):					
Allowance for loan losses/year-end loans	1.34%	1.92%	2.21%	2.33%	2.48%
Non-performing assets/year-end loans and foreclosed assets	1.39	2.46	2.98	3.31	3.93
Allowance for loan losses/non-performing loans	471.77	201.53	180.84	149.95	141.02
Net charge-offs/average loans	0.24	0.91	2.43	2.09	2.05
Gross non-performing assets/year end assets	1.11	1.74	1.84	1.96	2.30
Non-performing loans/year-end loans	0.26	0.80	0.94	1.25	1.52
Balance Sheet Ratios:					
Loans to deposits	102.09%	87.12%	74.42%	72.65%	73.17%
Average interest-earning assets as a percentage of average interest-bearing liabilities	120.95	116.03	110.12	110.55	108.22
Capital Ratios:					
Average common stockholders' equity to average assets	9.0%	8.5%	7.4%	7.4%	7.2%
Year-end tangible common stockholders' equity to assets	9.0	8.9	7.7	6.9	7.1
Great Southern Bancorp, Inc.:					
Tier 1 risk-based capital ratio	13.3	15.6	15.7	14.8	16.8
Total risk-based capital ratio	14.5	16.9	16.9	16.1	18.0
Tier 1 leverage ratio	11.1	11.3	9.5	9.2	9.5
Great Southern Bank:					
Tier 1 risk-based capital ratio	11.4	14.2	14.7	14.1	14.6
Total risk-based capital ratio	12.6	15.4	15.9	15.3	15.8
Tier 1 leverage ratio	9.5	10.2	8.9	8.6	8.3
Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirement (9):					
Including deposit interest	4.41x	3.07x	3.22x	1.82x	1.55x
Excluding deposit interest	11.59x	6.44x	8.66x	3.38x	3.04x

(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 Great Southern's banking center consolidations 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, including but not limited to the recently completed Valley Bank FDIC-assisted transaction, 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 Board of Governors of the Federal Reserve System (the "Federal Reserve Board or the FRB") 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 documents filed or furnished by the Company 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 other things, 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 2014 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. In the fourth quarter of 2014, the Company began using a three-year average of historical losses for the general component of the allowance for loan loss calculation. The Company had previously used a five-year average. The Company believes that the three-year average provides a better representation of the current risks in the loan portfolio. This change was made after consultation with our regulators and third-party consultants, as well as a review of the practices used by the Company's peers. No other significant changes were made to management's overall methodology for evaluating the allowance for loan losses during the periods presented in the financial statements of this report.

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 Loans Acquired in FDIC-assisted Transactions 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 certain of these assets, the Company should not incur any significant losses related to these assets. 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, InterBank and Valley Bank 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, 2014, 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, 2014, goodwill consisted of $1.2 million at the Bank reporting unit. Goodwill increased $790,000 during 2014, due to the acquisition of certain loans, deposits and other assets of Boulevard Bank. 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, 2014, the amortizable intangible assets consisted of core deposit intangibles of $6.3 million, including $2.6 million related to the Valley Bank transaction in June 2014 and $763,000 related to the Boulevard Bank transaction in March 2014. 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, 2014. While the Company believes no impairment existed at December 31, 2014, 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

Changes in economic conditions could cause the values of assets and liabilities recorded in the financial statements to 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 previous economic downturn elevated unemployment levels and negatively impacted consumer confidence. It also had a detrimental impact on industry-wide performance nationally as well as the Company's Midwest market areas. Since 2012, improvement in several economic indicators have been noted, including increasing consumer confidence levels, increased economic activity and a continued decline in unemployment levels.

The national unemployment rate declined from 6.7% as of December 2013 to 5.6% in December 2014. In 2014, job growth averaged 246,000 per month, compared to an average monthly gain of 194,000 in 2013. Unemployment levels in our market areas decreased during 2014 in all states in which the Company has offices, with all but one state at unemployment levels lower than the National unemployment rate. Unemployment rates at December 31, 2014 were: Missouri at 5.4%, Arkansas at 5.7%, Kansas at 4.2%, Iowa at 4.1%, Nebraska at 2.9%, Minnesota at 3.6%, Oklahoma at 4.2% and Texas at 4.6%. Three 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 5.6%, which is an improvement over the 6.5% rate reported as of December 2013. The unemployment rate at 4.3% for the Springfield market area was below the national and state average for December 2014. Metropolitan areas in Iowa, Nebraska and Minneapolis boasted unemployment levels ranging from 3.2% - 4.2%, ranking them among the lowest unemployment levels in the nation.

Sales of newly built, single-family homes were at a seasonally adjusted annual rate of 481,000 units in December 2014, according to the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. This level compares favorably to the level at December 2013. The median sales price of new houses sold in December 2014 was $298,100, with an average sale price of $377,800. The seasonally adjusted estimate of new houses for sale at the end of December 2014 was 219,000, which represented a supply of 5.5 months at the sales rate at that time. An estimated 435,000 new homes were sold in 2014, which is 1.2% above the 2013 level of 429,000. Foreclosure filings have decreased to their lowest level since 2007. Building permits have increased across our market areas. However, builders continue to be constrained by tighter credit conditions for home buyers and a limited supply of labor and buildable lots.

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, 2014, Great Southern's total assets increased $391.1 million, or 11.0%, from $3.56 billion at December 31, 2013, to $3.95 billion at December 31, 2014. Full details of the current year changes in total assets are provided in the "Comparison of Financial Condition at December 31, 2014 and December 31, 2013" section of this Annual Report.

Loans. In the year ended December 31, 2014, Great Southern's net loans increased $599.3 million, or 24.6%, from $2.44 billion at December 31, 2013, to $3.04 billion at December 31, 2014. Partially offsetting the increases in loans were decreases of $49.6 million in the FDIC-covered loan portfolios. The net carrying value of the loans acquired in the Valley Bank transaction (acquired non-covered loans) was $122.0 million at December 31, 2014, down from $165.1 million at the acquisition date of June 20, 2014. Excluding acquired covered loans, acquired non-covered loans and mortgage loans held for sale, total loans increased $525.5 million from December 31, 2013 to December 31, 2014, with increases in almost all loan types. The increase was primarily due to loan growth in our existing banking center network, as well as loans originated through our new commercial loan production offices in Tulsa, Okla., and Dallas, Texas. 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 2014 or prior years. The Company's strategy continues to be focused on maintaining credit risk and interest rate risk at appropriate levels.

Loan growth has occurred in most loan types and has come from most of Great Southern's primary lending locations, including Springfield, St. Louis, Kansas City, Des Moines, Omaha and Minneapolis. The lending offices in Dallas and Tulsa have now been open for several months and are generating new loans as well. Net loan balances have increased primarily in the areas of commercial real estate, commercial construction and consumer loans. Generally, the Company considers these types of loans to involve a higher degree of risk compared to some other types of loans, such as first mortgage loans on one- to four-family, owner-occupied residential properties, and has established certain minimum underwriting standards to help assure portfolio quality. For commercial real estate and construction loans, these standards and procedures include, but are not limited to, an analysis of the borrower's financial condition, collateral, repayment ability, verification of liquid assets and credit history as required by loan type. In addition, geographic diversity of collateral, lower loan-to-value ratios and limitations on speculative construction projects help to mitigate overall risk in these loans. It has been, and continues to be, Great Southern's practice to verify information from potential borrowers regarding assets, income or payment ability and credit ratings as applicable and as required by the authority approving the loan. Underwriting standards also include loan-to-value ratios which vary depending on collateral type, debt service coverage ratios or debt payment to income ratios, where applicable, credit histories, use of guaranties and other recommended terms relating to equity requirements, amortization, and maturity. Great Southern's loan committee reviews and approves all new loan originations in excess of lender approval authorities. Consumer loans are primarily secured by new and used motor vehicles and these loans are also subject to certain minimum underwriting standards to assure portfolio quality. Great Southern's consumer underwriting and pricing standards have been fairly consistent over the past several years. The underwriting standards employed by Great Southern for consumer loans include a determination of the applicant's payment history on other debts, credit scores, employment history and an assessment of ability to meet existing obligations and payments on the proposed loan. Although creditworthiness of the applicant is of primary consideration, the underwriting process also includes a comparison of the value of the security, if any, in relation to the proposed loan amount.

Of the total loan portfolio at December 31, 2014 and 2013, 74.1% and 76.0%, respectively, was secured by real estate, as this is the Bank's primary focus in its lending efforts. At December 31, 2014 and 2013, commercial real estate and commercial construction loans were 40.7% and 39.5% 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, 2014 and 2013, loans made in the Springfield, Mo. metropolitan statistical area (Springfield MSA) were 17% and 20% 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, 2014 and 2013, loans made in the St. Louis, Mo. metropolitan statistical area (St. Louis MSA) were 20% and 20% of the Bank's total loan portfolio (excluding loans acquired through FDIC-assisted transactions), respectively. The Company's expansion into the St. Louis MSA beginning 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 2014 Annual Report on Form 10-K.

The percentage of fixed-rate loans in our loan portfolio has increased from 44% as of December 31, 2010 to 55% as of December 31, 2014 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 as of December 31, 2014, 99% 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, 2014, 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" section of this Annual Report. For discussion of the risk factors associated with interest rate changes, see "Item 1A. Risk Factors – Risks Relating to the Company and the Bank – We may be adversely affected by interest rate changes" included in the Company's 2014 Annual Report on Form 10-K.

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 unless 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, 2014 and December 31, 2013, an estimated 0.3% and 0.4%, respectively, of total owner occupied one- to four-family residential loans had loan-to-value ratios above 100% at origination. At December 31, 2014 and December 31, 2013, an estimated 1.8% and 0.5%, respectively, of total non-owner occupied one- to four-family residential loans had loan-to-value ratios above 100% at origination.

At December 31, 2014, troubled debt restructurings totaled $47.6 million, or 1.5% of total loans, down $6.5 million from $54.1 million, or 2.3% of total loans, at December 31, 2013. The amount of troubled debt restructurings has remained relatively stable since 2011. 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. During the year ended December 31, 2014, five loans totaling $1.7 million were each restructured into multiple new loans. During the year ended December 31, 2013, four loans totaling $3.5 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, 2014, approximately four years remained on the loss sharing agreement for single family real estate loans acquired from TeamBank and the remaining loans had an estimated average life of two to ten years. At December 31, 2014, approximately four and one half years remained on the loss sharing agreement for single family real estate loans acquired from Vantus Bank and the remaining loans had an estimated average life of three to twelve years. At December 31, 2014, approximately seven years remained on the loss sharing agreement for single family real estate loans acquired from Sun Security Bank and the remaining loans had an estimated average life of five to twelve years. At December 31, 2014, approximately seven and one half years remained on the loss sharing agreement for single family real estate loans acquired from InterBank and the remaining loans had an estimated average life of six to thirteen years. The loss sharing agreement for non-single-family loans acquired from TeamBank ended on March 31, 2014. Any additional losses in the non-single-family TeamBank portfolio are not eligible for loss sharing coverage. The remaining loans in the portfolio had an estimated average life of two to seven years and had a carrying value of $26.9 million at December 31, 2014. The loss sharing agreement for non-single-family loans acquired from Vantus Bank ended on September 30, 2014. Any additional losses in the non-single-family Vantus Bank portfolio are not eligible for loss sharing coverage. The remaining loans in the portfolio had an estimated average life of one to seven years and had a carrying value of $23.1 million at December 31, 2014. At December 31, 2014, approximately two years remained on the loss sharing agreement for non-single-family loans acquired from Sun Security Bank and the remaining loans had an estimated average life of two years. At December 31, 2014, approximately two and one half years remained on the loss sharing agreement for non-single-family loans acquired from InterBank and the remaining loans had an estimated average life of one 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. Loans that were acquired through FDIC-assisted transactions, which are accounted for in pools, are currently included in the analysis and estimation of the allowance for loan losses. If expected cash flows to be received on any given pool of loans decreases from previous estimates, then a determination is made as to whether the loan pool should be charged down or the allowance for loan losses should be increased (through a provision for loan losses). This is true of all acquired loan pools regardless of whether or not they are covered by loss sharing agreements. If a charge down occurs to a loan pool that is covered by a loss sharing agreement, the full amount of the charge down will be reflected in the allowance for loan losses and a separate asset will be recorded for the amount to be recovered from the FDIC. The loss sharing agreements and their related limitations are described in detail in Note 4 of the accompanying audited financial statements. For acquired loan pools that currently are not covered by loss sharing agreements, the Company may allocate, and at December 31, 2014, has allocated, a portion of its allowance for loan losses related to these loan pools in a manner similar to how it allocates its allowance for loan losses to those loans which are collectively evaluated for impairment.

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, 2014, available-for-sale securities decreased $189.8 million, or 34.2%, from $555.3 million at December 31, 2013, to $365.5 million at December 31, 2014. The decrease was primarily due to the sale of the Company's Small Business Administration loan pool securities, other mortgage-backed securities and certain municipal securities during the period, and normal monthly payments received related to the portfolio of mortgage-backed securities. The Small Business Administration securities were sold at a gain of $569,000. The Valley Bank securities acquired in June 2014 were sold in July 2014 at a gain of approximately $175,000.

Cash and Cash Equivalents. Cash and cash equivalents totaled $218.6 million at December 31, 2014, a decrease of $9.3 million, or 4.1%, from $227.9 million at December 31, 2013. The decrease in cash and cash equivalents was primarily due to the repayment of $130 million of FHLBank advances and structured repurchase agreements and the origination of new loans. Offsetting these decreases were increases of $109 million of cash and cash equivalents received in the Valley Bank FDIC-assisted acquisition in June 2014, $80 million of cash received related to the Boulevard Bank transaction in March 2014, and proceeds received from the sale of certain of the Company's investment securities.

Other Real Estate Owned. Other real estate owned totaled $45.8 million at December 31, 2014, a decrease of $7.7 million, or 14.3%, from $53.5 million at December 31, 2013. Of the total at December 31, 2014, $42.9 million was foreclosed assets and $2.9 million was other real estate owned not acquired through foreclosure, which is made up 13 properties. Eleven of these properties were branch locations that have been closed and are held for sale and two of these are land which was acquired for potential branch locations. Foreclosed assets, excluding those related to assets that are part of FDIC-assisted transactions, decreased from $42.1 million, or 1.2% of total assets, at December 31, 2013 to $35.5 million, or 0.9% of total assets, at December 31, 2014. 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 2014, the Company's foreclosed assets decreased primarily in the areas of subdivision and commercial construction, multi-family residential and commercial real estate, partially offset by increases in one- to four-family residential. 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 FHLBank advances and other borrowings, to meet loan demand or otherwise fund its activities. In the year ended December 31, 2014, total deposit balances increased $182.2 million, or 6.5%. Approximately $366 million of deposits were acquired in the FDIC-assisted acquisition of Valley Bank in June 2014. Approximately $92 million of deposits were acquired in the Boulevard Bank transaction in March 2014. Transaction account balances increased $78.7 million, while retail certificates of deposit increased $56.3 million. Great Southern Bank customer deposits totaling $23.7 million and $76.3 million, at December 31, 2014 and December 31, 2013, 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. Brokered deposits were $150.0 million at December 31, 2014, an increase of $100.0 million from $50.0 million at December 31, 2013. The Company elected to increase brokered deposits to fund a portion of its loan growth during the period.

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 trends upward, we can increase rates paid on deposits to increase deposit balances and utilize brokered deposits to provide additional 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 deposit market share, particularly checking accounts, 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 years, increasing rates paid on deposits can 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, as 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 changes in market interest rates. A portion of our loan portfolio is tied to the "prime rate" and adjusts immediately when this rate adjusts (subject to the effect of loan interest rate floors, which are discussed below). We monitor our sensitivity to interest rate

changes on an ongoing basis (see "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. Most of these loans are tied to some national index of "prime," while some 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 may be able 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 and our existing loan portfolio as payments are made and the proceeds are potentially reinvested at lower rates. 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, 2014, the Company had a portfolio (excluding the loans acquired in the FDIC-assisted transactions) of prime-based loans totaling approximately $534 million with rates that change immediately with changes to the prime rate of interest. Of this total, $484 million also had interest rate floors. These floors were at varying rates, with $15 million of these loans having floor rates of 7.0% or greater and another $229 million of these loans having floor rates between 5.0% and 7.0%. In addition, $240 million of these loans have floor rates between 2.75% and 5.0%. At December 31, 2014, all of these loans were at their floor rates. The loan yield for the total loan portfolio was approximately 141 basis points, 185 basis points and 214 basis points higher than the national "prime rate of interest" at December 31, 2014, 2013 and 2012, 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 2014, 2012, 2011 and 2009, non-interest income was also affected by the gains recognized on the FDIC-assisted transactions. In 2014, 2013 and 2012, increases in the cash flows expected to be collected from the FDIC-covered loan portfolios resulted in amortization (expense) recorded relating to reductions of expected reimbursements under the loss sharing agreements with the FDIC, which are recorded as indemnification assets. Non-interest income may also be affected by the Company's interest rate 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, 2014 and 2013."

Business Initiatives

The Company completed several initiatives to expand and enhance the franchise in 2014.

Commercial loan production offices were opened in Tulsa, Okla., and Dallas, Texas, in February 2014. 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. Managed by experienced lenders with local market knowledge, the offices provide a wide variety of commercial lending services including fixed

and variable-rate commercial real estate loans for new and existing property. Competitive commercial construction and portfolio financing are also available.

In March 2014, Great Southern completed the acquisitions of certain loan and depository accounts and two branches in Neosho, Mo., and certain depository and loan customers serviced in St. Louis, Mo., from Neosho, Mo.-based Boulevard Bank. The combined Neosho and St. Louis transactions represented approximately $92 million in deposits and $11 million in loans. In June 2014, the loan and deposit accounts of the affected former Boulevard Bank customers were converted to Great Southern's operating systems, allowing these customers to bank at any of Great Southern Bank's retail banking centers or through Great Southern's various electronic channels. Related to this acquisition, the Bank consolidated its legacy Great Southern Neosho office into the former Boulevard Bank branch directly across the street.

In June 2014, Great Southern Bank entered into a purchase and assumption agreement (with no loss sharing agreement) with the Federal Deposit Insurance Corporation to acquire certain loans and other assets and assume all of the deposits of Valley Bank, a full-service bank headquartered in Moline, Ill., with significant operations in Iowa. At the time of this acquisition, Valley Bank operated 13 locations – six locations in the Quad Cities market area and seven in central Iowa, primarily in the Des Moines market area. The acquisition provided the Company a new entry into the Quad Cities market and enhanced its presence in the Des Moines region. In September 2014, two former Valley Bank locations were closed – one in Moline, Ill., and one in Altoona, Iowa. A new banking center in Ames, Iowa, opened for business in October 2014, replacing the leased former Valley Banking office in that market. The Company converted the Valley Bank operational systems into Great Southern's systems on October 24, 2014, enabling all Great Southern and former Valley Bank customers to conduct business at any banking center throughout the Great Southern six-state retail franchise. Upon completion of the operational conversion, back office operations were consolidated.

Also in June 2014, two new banking centers were opened. A banking center began operating in Fayetteville, Ark., a part of the Northwest Arkansas region and home to the University of Arkansas. This opening represented the second office in Northwest Arkansas, the other being located in nearby Rogers, Ark. A new full-service office was also opened in Ferguson, Mo., representing the eighth banking center in the St. Louis metropolitan area.

In September 2014, the Company closed two banking centers - one each in Lamar, Mo., and Johnston, Iowa. Both of these offices were leased and were underutilized. Customer accounts have been moved to other Great Southern locations.

Construction of a full-service banking center in Columbia, Mo., home of the University of Missouri, is underway. The new banking center site is located at 3200 S. Providence Road and is expected to be open late in the first quarter of 2015.

In mid-2014, the Company purchased a 20,000-square-foot former bank office building in Leawood, Johnson County, Kan., a suburb of the Kansas City metropolitan market area. Scheduled to be open for business in mid-2015, the office will house the Kansas City commercial lending group, currently located in nearby Overland Park, Kan., and a retail banking center. Additional space in the building is leased to tenants unrelated to the Company.

To enhance customer service, the Company completed the implementation of "instant issue" debit card technology in its banking center network in the fourth quarter of 2014. Customers can now conveniently receive a fully-activated debit card at the time of their visit at all 108 banking centers.

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 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 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, repurchasing shares, and paying certain discretionary bonuses.

Effective January 1, 2015, the new rules also revised 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 are 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%.

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, 2014 and December 31, 2013

During the year ended December 31, 2014, total assets increased by $391.1 million to $3.95 billion. The increase was primarily attributable to an increase in loans, with smaller increases in premises and equipment and FHLBank stock. These increases were due to growth of the Company's loan portfolio through significant loan originations in 2014 as well as the FDIC-assisted acquisition of Valley Bank, which accounted for a portion of the increase in loans and most of the increase in premises and equipment. The Company's required FHLBank stock holdings increased as a result of its higher usage of FHLBank advances. Partially offsetting these increases were declines in the balances of available-for-sale-securities and the FDIC indemnification asset. The Company chose to sell certain investment securities during 2014 and also elected to not reinvest the monthly repayments received on mortgage-backed securities in new investment securities. Some of the proceeds were used to fund loan growth, including acquisitions.

Net loans increased $599.3 million to $3.04 billion at December 31, 2014. Outstanding balances of commercial real estate loans increased $165.2 million, or 21.2%, multi-family residential loans increased $66.8 million, or 20.5%, commercial business loans increased $38.7 million, or 12.3%, consumer auto loans increased $188.6 million, or 140%, and construction loans (primarily commercial construction) increased $197.0 million, or 62.2%. Net loans also increased $122.0 million as a result of the FDIC-assisted acquisition of Valley Bank in 2014. Partially offsetting these increases was a decrease in net loans acquired through the FDIC-assisted transactions prior to 2014 of $49.6 million, or 12.8%, primarily because of loan repayments. The increase in loans during 2014 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 $28.4 million to $44.3 million at December 31, 2014. 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 under "Interest Income – Loans." The 2014 Valley Bank acquisition did not include a loss sharing agreement with the FDIC; therefore, no indemnification asset was recorded as part of the transaction.

Securities available for sale decreased $189.8 million, or 34.2%, as compared to December 31, 2013. The decrease was primarily due to paydowns on mortgage-backed securities, which decreased $109.8 million from $367.6 million at December 31, 2013 to $257.8 million at December 31, 2014, and calls, maturities and sales of securities with proceeds used to fund new loans and pay off maturing deposits. The Company elected to sell its remaining investment in Small Business Administration loan pools, which decreased investments by $44.9 million, and also sold some of its municipal securities portfolio, which decreased by $37.7 million. The available-for-sale securities portfolio was 9.3% and 15.6% of total assets at December 31, 2014 and December 31, 2013, respectively.

Total liabilities increased $352.0 million from $3.18 billion at December 31, 2013 to $3.53 billion at December 31, 2014. The increase was primarily attributable to increases in deposits, FHLBank advances, securities sold under reverse repurchase agreements with customers, and short term borrowings. In the year ended December 31, 2014, total deposit balances increased $182.2 million, or 6.5%. This increase was primarily related to the FDIC-assisted acquisition of Valley Bank in 2014. Interest-bearing checking and savings accounts increased $83.2 million and retail certificates of deposit increased $56.3 million. At December 31, 2014 and December 31, 2013, Great Southern Bank customer deposits totaling $23.7 million and $76.3 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, 2014. Traditional brokered deposits increased from $50.0 million at December 31, 2013, to $149.8 million at December 31, 2014.

FHLBank advances increased $144.9 million, or 114.3%, from December 31, 2013. These advances were used as a supplemental source to fund the Company's growth in loans. The increase in short term borrowings also related to overnight funds borrowed from the FHLBank ($41 million on December 31, 2014).

Securities sold under reverse repurchase agreements with customers increased $34.0 million, or 25.2%, from December 31, 2013 as these balances fluctuate over time.

Total stockholders' equity increased $39.0 million from $380.7 million at December 31, 2013 to $419.7 million at December 31, 2014. The Company recorded net income of $43.5 million for the year ended December 31, 2014, common and preferred dividends declared were $11.5 million and accumulated other comprehensive income increased $4.6 million. The increase in accumulated other comprehensive income resulted from increases in the fair value of the Company's available-for-sale investment securities. In addition, total stockholders' equity increased $3.0 million due to stock option exercises and decreased $512,000 due to the Company's purchase of its common stock.

Results of Operations and Comparison for the Years Ended December 31, 2014 and 2013

General

Net income increased $9.8 million, or 29.1%, during the year ended December 31, 2014, compared to the year ended December 31, 2013. Net income was $43.5 million for the year ended December 31, 2014 compared to $33.7 million for the year ended December 31, 2013. This increase was due to an increase in net interest income of $8.0 million, or 5.0%, an increase in non-interest income of $9.4 million, or 177.2%, and a decrease in the provision for loan losses of $13.2 million, or 76.1%, partially offset by an increase in non-interest expense of $15.2 million, or 14.4%, and an increase in provision for income taxes of $5.6 million, or 68.3%. Non-interest income for the year ended December 31, 2014 included a gain recognized on business acquisition of $10.8 million. Net income available to common shareholders was $43.0 million for the year ended December 31, 2014 compared to $33.2 million for the year ended December 31, 2013.

Total Interest Income

Total interest income increased $4.6 million, or 2.6%, during the year ended December 31, 2014 compared to the year ended December 31, 2013. The increase was due to an $8.7 million, or 5.3%, increase in interest income on loans, partially offset by a $4.1 million, or 27.5%, decrease in interest income on investments and other interest-earning assets. Interest income on loans increased in 2014, due to higher average balances on loans, partially offset by lower average rates of interest. Interest income from investment

securities and other interest-earning assets decreased during 2014 compared to 2013 primarily due to lower average balances. The lower average balances of investments were primarily due to the sale of the Company's Small Business Administration loan pool securities and the sale of certain mortgage-backed securities, and as a result of management's decision to not reinvest mortgage-backed securities' monthly cash flows back into investments, but to utilize the proceeds to fund loan growth. Prepayments on the mortgages underlying these securities resulted in amortization of premiums which also reduced yields. 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 in "Interest Income – Loans" and in Note 4 of the accompanying audited financial statements. In 2014, 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 more than offset the lower interest income on loans.

Interest Income - Loans

During the year ended December 31, 2014 compared to the year ended December 31, 2013, interest income on loans increased due to higher average balances, partially offset by lower average interest rates. Interest income increased $24.5 million as a result of higher average loan balances which increased from $2.40 billion during the year ended December 31, 2013 to $2.78 billion during the year ended December 31, 2014. The higher average balances were primarily due to increases in commercial real estate loans, commercial business loans, construction loans, other residential loans and consumer loans categories. A portion of this loan growth resulted from the Company acquiring $165.1 million in loans as part of the Valley FDIC-assisted transaction in June 2014, the balance of which were $122.0 million at December 31, 2014.

In the three months ended December 31, 2014, the Company collected $1.9 million from customers with loans which had previously not been expected to be collectible. In accordance with the Company's accounting methodology, these collections were accounted for as increases in estimated cash flows and were recorded as interest income, thereby increasing net interest income and net interest margin. These collections related to acquired loans which were subject to loss sharing agreements with the FDIC; therefore, 80% of the amounts collected, or $1.5 million, is owed to the FDIC. This $1.5 million of expense is included in non-interest income under "accretion (amortization) of income related to business acquisitions."

Interest income decreased $15.8 million as the result of lower average interest rates on loans. The average yield on loans decreased from 6.82% during the year ended December 31, 2013 to 6.20% during the year ended December 31, 2014. This decrease was due to lower overall loan rates, and a slightly 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 $35.0 million in 2014 and was $35.2 million in 2013. 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 $201.0 million of adjustments to be spread on a level-yield basis over the remaining expected lives of the loan pools. The increases in expected cash flows also reduced the amount of expected reimbursements under the loss sharing agreements with the FDIC, which are recorded as indemnification assets. Therefore, the expected indemnification assets have also been reduced, resulting in a total of $165.5 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, 2014 and 2013, the adjustments increased interest income by $35.0 million and $35.2 million, respectively, and decreased non-interest income by $28.7 million and $29.5 million, respectively. The net impact to pre-tax income was $6.2 million and $5.8 million, respectively, for the years ended December 31, 2014 and 2013. As of December 31, 2014, the remaining accretable yield adjustment that will affect interest income is $26.9 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 $(22.6) million. Of the remaining adjustments, we expect to recognize $20.4 million of interest income and $(16.5) million of non-interest income (expense) during 2015. 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 4.94% for the year ended December 31, 2014, down from 5.35% for the year ended December 31, 2013, as a result of normal amortization of higher-rate loans and new loans that were made at current lower market rates.

Interest Income - Investments and Other Interest-earning Assets

Interest income on investments decreased $4.7 million as a result of a decrease in average balances from $717.8 million during the year ended December 31, 2013, to $495.2 million during the year ended December 31, 2014. 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 2014, with proceeds being used to fund new loan originations and deposit outflows. Interest income on other interest-earning assets decreased $156,000 mainly due to lower average balances from $276.4 million during the year ended December 31, 2013, to $185.1 million during the year ended December 31, 2014. Interest income on investments increased $684,000 as a result of an increase in average interest rates from 2.01% during the year ended December 31, 2013 to 2.11% during the year ended December 31, 2014. The majority of the Company's securities in 2013 and 2014 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.

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, 2014, the Company had cash and cash equivalents of $218.6 million compared to $227.9 million at December 31, 2013. See "Net Interest Income" for additional information on the impact of this interest activity.

Total Interest Expense

Total interest expense decreased $3.4 million, or 17.7%, during the year ended December 31, 2014, when compared with the year ended December 31, 2013, due to a decrease in interest expense on deposits of $1.1 million, or 9.1%, a decrease in interest expense on FHLBank advances of $1.1 million, or 26.7%, and a decrease in interest expense on short-term and structured repo borrowings of $1.2 million, or 52.7%.

Interest Expense - Deposits

Interest on demand deposits decreased $382,000 due to a decrease in average rates from 0.24% during the year ended December 31, 2013, to 0.22% during the year ended December 31, 2014. 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 2014 and 2013. 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 decreased $81,000 due to a small decrease in average balances from $1.46 billion in the year ended December 31, 2013, to $1.43 billion in the year ended December 31, 2014. Average noninterest-bearing demand balances increased from $460 million for the year ended December 31, 2013, to $535 million for the year ended December 31, 2014.

Interest expense on time deposits decreased $246,000 due to a decrease in average balances of time deposits from $1.07 billion during the year ended December 31, 2013, to $1.04 billion during the year ended December 31, 2014. 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 from December 31, 2013 to December 31, 2014, partially offset by the increase in brokered deposits from December 31, 2013 to December 31, 2014. Interest expense on time deposits decreased $412,000 as a result of a decrease in average rates of interest from 0.82% during the year ended December 31, 2013, to 0.78% during the year ended December 31, 2014. 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, 2014 compared to the year ended December 31, 2013, interest expense on FHLBank advances decreased due to lower average rates of interest, partially offset by higher average balances. Interest expense on FHLBank advances decreased $2.2 million due to a decrease in average interest rates from 3.11% in the year ended December 31, 2013, to 1.69% in the year ended December 31, 2014. The significant decrease in the average rate was due to the repayment of $80 million of the Company's long-term higher-rate FHLBank advances in June 2014. As of December 31, 2014, $230 million of the Company's $272 million of total FHLBank advances are short-term advances with very low interest rates. Most of the remaining advances are fixed-rate and are subject to penalty if paid off prior to maturity. Partially offsetting this decrease was an increase in interest expense on FHLBank advances of $1.1 million due to an increase in average balances from $127.6 million in the year ended December 31, 2013, to $172.0 million in the year ended December 31, 2014. This increase was primarily due to additional short-term FHLBank advances obtained by the Company during 2014, to fund loan growth and for other short term funding needs.

Interest expense on short-term borrowings and structured repurchase agreements decreased $380,000 due to a decrease in average balances from $233 million during the year ended December 31, 2013, to $189 million during the year ended December 31, 2014. Interest expense on short-term and structured repo borrowings decreased $845,000 due to a decrease in average rates on short-term borrowings from 1.00% in the year ended December 31, 2013, to 0.58% in the year ended December 31, 2014. The decrease in balances of short-term borrowings in 2014 was primarily due to the repayment by the Company of $50 million of structured repurchase agreements in June 2014. As there were none of the higher-rate structured repurchase agreements during the latter half of 2014, the average rate went down because the interest expense was all related to the lower-rate securities sold under repurchase agreements with customers.

Interest expense on subordinated debentures issued to capital trusts increased $6,000 due to an increase in average rates from 1.81% in the year ended December 31, 2013, to 1.83% in the year ended December 31, 2014. 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, 2014 increased $8.0 million to $167.6 million compared to $159.6 million for the year ended December 31, 2013. Net interest margin was 4.84% for the year ended December 31, 2014, compared to 4.70% in 2013, an increase of 14 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, 2014 and 2013 were increases in interest income of $35.0 million and $35.2 million, respectively, and increases in net interest margin of 101 basis points and 104 basis points, respectively. Excluding the positive impact of the additional yield accretion, net interest margin increased 17 basis points during the year ended December 31, 2014. The increase in net interest margin is primarily due to a decrease in interest expense on FHLB advances and short-term borrowings, due to the payoff of FHLB advances and structured repurchase agreements. In addition, the mix of assets has continued to change through an increase in the average balance of loans and a decrease in the average balance of investment securities and other interest-earning assets. Our average yield on loans is higher than our average yield on investments. During 2013 and 2014, market rates on checking and savings deposits decreased slightly and retail time deposits renewed at somewhat 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.

The Company's overall interest rate spread increased 14 basis points, or 3.0%, from 4.60% during the year ended December 31, 2013, to 4.74% during the year ended December 31, 2014. The increase was due to an 11 basis point decrease in the weighted average rate paid on interest-bearing liabilities and a three basis point increase in the weighted average yield on interest-earning assets. The Company's overall net interest margin increased 14 basis points, or 3.0%, from 4.70% for the year ended December 31, 2013, to 4.84% for the year ended December 31, 2014. In comparing the two years, the yield on loans decreased 62 basis points while the yield on investment securities and other interest-earning assets increased 10 basis points. The rate paid on deposits decreased four basis points, the rate paid on FHLBank advances decreased 142 basis points, the rate paid on short-term borrowings decreased 42 basis points and the rate paid on subordinated debentures issued to capital trust increased two basis points.

The Company's net interest income and margin has been significantly impacted by additional yield accretion recognized in conjunction with updated estimates of the fair value of the loan pools acquired in the 2009, 2011 and 2012 FDIC-assisted transactions. On an on-going basis, the Company estimates the cash flows expected to be collected from the acquired loan pools. For each of the loan portfolios acquired, the cash flow estimates have increased, 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 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 each quarter since the fourth quarter of 2010, resulting in adjustments to be amortized on a comparable basis over the remainder of the loss sharing agreements or the remaining expected lives of the loan pools, whichever is shorter. Additional estimated cash flows, primarily related to the InterBank loan portfolios, were recorded in 2014.

In addition, beginning in the three months ended December 31, 2014, the Company's net interest income and margin has been impacted by additional yield accretion recognized in conjunction with updated estimates of the fair value of the loan pools acquired in the June 2014 Valley Bank FDIC-assisted transaction. Beginning with the three months ended December 31, 2014, the cash flow estimates have increased for certain of the Valley Bank loan pools primarily based on significant loan repayments and also due to collection of certain loans, thereby reducing loss expectations on certain of the loan pools. This resulted in increased income that was spread on a level-yield basis over the remaining expected lives of these loan pools. The Valley Bank transaction does not include a loss sharing agreement with the FDIC. Therefore, there is no related indemnification asset. The entire amount of the discount adjustment will be accreted to interest income over time with no offsetting impact to non-interest income. The amount of the Valley Bank discount adjustment accreted to interest income in 2014 was $981,000.

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. 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 maintains 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 $13.2 million to $4.2 million during the year ended December 31, 2014 when compared with the year ended December 31, 2013. At December 31, 2014, the allowance for loan losses was $38.4 million, a decrease of $1.7 million from December 31, 2013. Total net charge-offs were $5.8 million and $17.9 million for the years ended December 31, 2014 and 2013, respectively. Nine relationships made up $5.1 million of the gross charge-off total ($7.8 million excluding consumer loans and overdrafts) for the year ended December 31, 2014, and one relationship made up $2.5 million of the gross recoveries ($4.0 million excluding consumer loans and overdrafts) for the year, which are included in the net charge-off total above. The decrease in net charge-offs and provision for loan losses in 2014 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, or were, 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. Former Valley Bank loans are accounted for in pools and were recorded at their fair value at the time of the acquisition as of June 20, 2014; therefore, these loan pools are analyzed rather than the individual loans.

The Bank's allowance for loan losses as a percentage of total loans, excluding loans covered by the FDIC loss sharing agreements, was 1.34% and 1.92% at December 31, 2014 and 2013, respectively. Management considers the allowance for loan losses adequate to cover losses inherent in the Company's loan portfolio at December 31, 2014, 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 as they are, or were subject to 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 agreements. At December 31, 2014, there were no material non-performing assets that were previously covered, and are now not covered, under the TeamBank or Vantus Bank non-single-family loss sharing agreements. 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 acquired in 2009, 2011 and 2012 has been better than original expectations as of the acquisition dates. Former Valley Bank loans are also excluded from the totals and the discussion of non-performing loans, potential problem loans and foreclosed assets below, although they are not covered by a loss sharing agreement. Former Valley Bank loans are accounted for in pools and were recorded at their fair value at the time of the acquisition as of June 20, 2014; therefore, these loan pools are analyzed rather than the individual loans.

The loss sharing agreement for the non-single-family portion of the loans acquired in the TeamBank transaction ended on March 31, 2014. Any additional losses in that non-single-family portfolio will not be eligible for loss sharing coverage. At this time, the Company does not expect any material losses in this non-single-family loan portfolio, which totaled $28.3 million at December 31, 2014.

The loss sharing agreement for the non-single-family portion of the loans acquired in the Vantus Bank transaction ended on September 30, 2014. Any additional losses in that non-single-family portfolio will not be eligible for loss sharing coverage. At this time, the Company does not expect any material losses in this non-single-family loan portfolio, which totaled $23.2 million, at December 31, 2014.

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 and other FDIC-assisted acquired assets, at December 31, 2014 were $43.7 million, a decrease of $18.4 million from $62.1 million at December 31, 2013. Non-performing assets, excluding FDIC-covered non-performing assets and other FDIC-assisted acquired assets, as a percentage of total assets were 1.11% at December 31, 2014, compared to 1.74% at December 31, 2013.

Compared to December 31, 2013, non-performing loans decreased $11.8 million to $8.1 million and foreclosed assets decreased $6.6 million to $35.5 million. Commercial real estate loans comprised $4.7 million, or 57.7%, of the total of $8.1 million of non-performing loans at December 31, 2014. Non-performing one-to four-family residential loans comprised $1.7 million, or 20.4%, of the total non-performing loans at December 31, 2014. Non-performing consumer loans were $1.1 million, or 13.7%, of total non-performing loans at December 31, 2014. Non-performing commercial business loans were $411,000, or 5.0%, of total non-performing loans at December 31, 2014. Non-performing construction and land development loans were $255,000, or 3.1%, of total non-performing loans at December 31, 2014.

Non-performing Loans. Activity in the non-performing loans category during the year ended December 31, 2014, 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	871	3,231	—	—	(2,367)	(1,136)	(599)	—
Land development	338	102	—	—	(67)	(80)	(38)	255
Commercial construction	—	—	—	—	—	—	—	—
One- to four-family residential	4,361	5,489	(76)	(1,088)	(4,657)	(1,129)	(1,235)	1,665
Other residential	—	—	—	—	—	—	—	—
Commercial real estate	6,205	5,884	(1,577)	—	—	(1,363)	(4,450)	4,699
Other commercial	7,231	342	(3,118)	—	—	(2,417)	(1,627)	411
Consumer	900	1,193	(273)	(52)	(42)	(206)	(403)	1,117
Total	$ 19,906	$ 16,241	$ (5,044)	$ (1,140)	$ (7,133)	$ (6,331)	$ (8,352)	$ 8,147

At December 31, 2014, the non-performing commercial real estate category included eight loans, one of which was transferred from potential problem loans during the current year. The largest relationship in this category, which was added in the current year, totaled $2.0 million, or 43.3% of the total category, and is collateralized by office buildings in Southeast Missouri. The second largest relationship in this category, which was added in a previous year, totaled $1.9 million, or 40.9%, of the total category, and is collateralized by a theater property in Branson, Mo. The non-performing one- to four-family residential category included 37 loans, 20 of which were added during the year. There were 34 properties in the one-to four-family category which were transferred to foreclosed assets during the year. Of those, 15 properties, totaling $2.1 million, related to two borrowers. The non-performing consumer category included 74 loans, 58 of which were added during the year. The non-performing commercial business category included eight loans, four of which were added during the year. The subdivision construction category of non-performing loans had a balance of $-0- at December 31, 2014, and had $2.4 million transferred to foreclosed assets during the year. The total $2.4 million of transfers to foreclosed assets was related to two borrowers, and $688,000 of the total $1.1 million of charge-offs for the subdivision construction category was related to those two borrowers.

Foreclosed Assets. Of the total $45.8 million of other real estate owned at December 31, 2014, $5.7 million represents the fair value of foreclosed assets covered by FDIC loss sharing agreements, $879,000 represents the fair value of foreclosed assets previously covered by FDIC loss sharing agreements, $778,000 represents foreclosed assets related to Valley Bank and not covered by loss sharing agreements, $87,000 represents other assets related to acquired loans, and $2.9 million represents properties which were not acquired through foreclosure. The foreclosed assets and other assets related to acquired loans and the properties not acquired through foreclosure are not included in the following table and discussion of foreclosed assets. Because sales of foreclosed properties exceeded additions, total foreclosed assets decreased. Activity in foreclosed assets during the year ended December 31, 2014, 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	$ —	$ 223	$ —	$ —	$ —	$ 223
Subdivision construction	11,652	2,144	(3,079)	—	(860)	9,857
Land development	18,920	76	(333)	—	(1,495)	17,168
Commercial construction	—	—	—	—	—	—
One- to four-family residential	744	4,800	(1,989)	—	(202)	3,353
Other residential	5,900	—	(3,060)	96	(311)	2,625
Commercial real estate	4,135	417	(2,773)	—	(147)	1,632
Commercial business	79	—	(3)	—	(17)	59
Consumer	715	3,051	(3,101)	—	(41)	624
Total	$ 42,145	$ 10,711	$ (14,338)	$ 96	$ (3,073)	$ 35,541

At December 31, 2014, the land development category of foreclosed assets included 33 properties, the largest of which was located in northwest Arkansas and had a balance of $2.3 million, or 13.3% of the total category. Of the total dollar amount in the land development category of foreclosed assets, 41.4% and 34.7% 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 31 properties, the largest of which was located in the St. Louis, Mo. metropolitan area and had a balance of $1.7 million, or 17.7% of the total category. One relationship, which was originated in 2006, made up $1.3 million of the $2.1 million of additions in the subdivision construction category, and is collateralized by property near the Kansas City, Mo. metropolitan area. Of the total dollar amount in the subdivision construction category of foreclosed assets, 18.2% and 15.5% is located in Branson, Mo. and Springfield, Mo., respectively. The one-to four-family residential category of foreclosed assets included 24 properties, of which the largest relationship, with nine properties in the southwest Missouri area, had a balance of $1.2 million, or 34.8% of the total category. These properties were all added in 2014. In addition, six properties totaling $936,000 to one borrower were added in 2014. These properties were collateralized by property in the Branson, Mo., area. All of the properties discussed above which were added during 2014 in the one-to four-family category were originally financed by the Bank prior to 2008. Of the total dollar amount in the one-to- four-family category of foreclosed assets, 40.4% is located in Branson, Mo. The other residential category of foreclosed assets included 12 properties, 10 of which were all part of the same condominium community, which was located in Branson, Mo. and had a balance of $1.8 million, or 68.1% of the total category. Of the total dollar amount in the other residential category of foreclosed assets, 86.7% was located in the Branson, Mo., area, including the largest properties previously mentioned.

Potential Problem Loans. Potential problem loans decreased $2.0 million during the year ended December 31, 2014 from $27.0 million at December 31, 2013 to $25.0 million at December 31, 2014. This decrease was due to $7.9 million in loans transferred to the non-performing category, $7.2 million in loans removed from potential problem loans due to improvements in the credits, $907,000 in charge-offs, $419,000 in loans transferred to foreclosed assets, and $835,000 in payments on potential problem loans, partially offset by the addition of $15.3 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, 2014, 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	$ —	$ 1,312	$ —	$ —	$ —	$ —	$ —	$ 1,312
Subdivision construction	2,201	4,392	—	(1,806)	(2)	(500)	(33)	4,252
Land development	10,857	—	(5,000)	—	—	—	—	5,857
Commercial construction	—	—	—	—	—	—	—	—
One- to four-family residential	2,193	2,749	(250)	(2,412)	—	—	(374)	1,906
Other residential	1,956	—	—	—	—	—	—	1,956
Commercial real estate	8,737	5,805	(1,905)	(3,456)	(417)	(381)	(340)	8,043
Other commercial	860	849	(43)	(225)	—	—	(6)	1,435
Consumer	183	145	—	(6)	—	(26)	(82)	214
Total	$ 26,987	$ 15,252	$ (7,198)	$ (7,905)	$ (419)	$ (907)	$ (835)	$ 24,975

At December 31, 2014, the commercial real estate category of potential problem loans included eight loans, six of which were added during the current year. The largest relationship in this category, which was added during a previous year, had a balance of $4.9 million, or 60.2% of the total category. The relationship is collateralized by properties located near Branson, Mo. The land development category of potential problem loans included three loans, all of which were added during previous years. The largest relationship in this category totaled $3.8 million, or 65.6% of the total category, and is collateralized by property in the Branson, Mo., area. The subdivision construction category of potential problem loans included eight loans, six of which were added during the current year. The largest relationship in this category, which is made up of four loans which were added during the current year, had a balance totaling $3.5 million, or 83.0% of the total category, and is collateralized by property in southwest Missouri. The loans in this relationship which were added during the current year were all originated prior to 2008. The other residential category of potential problem loans included one loan which was added in a previous year, and is collateralized by properties located in the Branson, Mo., area. The one- to four-family residential category of potential problem loans included 23 loans, nine of which were added during the current year. Of the total $2.7 million of loans added during the year in this category, $1.1 million were transfers from non-performing loans due to the improved condition of the borrower. The commercial business category of potential problem loans included nine loans, six of which were added in the current year, of which three were part of the same relationship. The largest relationship in this category had a balance of $660,000, or 46.0% of the total category, and is collateralized primarily by automobiles. The one-to four-family construction category of potential problem loans included three loans, all of which were to the same borrower, and all of which were added during the current year. These loans were collateralized by property in southwest Missouri and were all originated prior to 2008. These loans are part of the same borrower relationship as the $3.5 million relationship added in the subdivision construction category discussed above.

Non-Interest Income

Non-interest income for the year ended December 31, 2014 was $14.7 million compared with $5.3 million for the year ended December 31, 2013. The increase of $9.4 million, or 177.2%, was primarily the result of the following increases and decreases:

Initial gain recognized on business acquisition: The Company recognized a one-time gain of $10.8 million (pre-tax) on the FDIC-assisted acquisition of Valley Bank, which occurred on June 20, 2014.

Net realized gains on sales of available-for-sale securities: Gains on sales of available-for-sale securities increased $1.9 million compared to the prior year. This was due to the sale of all of the Company's Small Business Administration securities in June 2014, which produced a gain of $569,000; the sale of the acquired Valley Bank securities in July 2014, which produced a gain of $121,000; and the sale of the taxable municipal securities acquired in the Sun Security Bank transaction in October 2014, resulting in a gain of $1.2 million.

Service charges and ATM fees: Service charges and ATM fees increased $848,000 compared to the prior year, primarily due to an increase in fee income from the additional accounts acquired in the Valley Bank transaction in June 2014.

Partially offsetting the increase in non-interest income were the following items:

Amortization of income related to business acquisitions: The net amortization expense related to business acquisitions was $27.9 million for the year ended December 31, 2014, compared to $25.3 million for the year ended December 31, 2013. The amortization expense for the year ended December 31, 2014, was made up of the following items: $27.5 million of amortization expense related to the changes in cash flows expected to be collected from the FDIC-covered loan portfolios, $1.7 million of amortization of the clawback liability and $152,000 of impairment of the indemnification asset for Vantus Bank. The impairment was recorded because the Company did not expect, and did not receive, resolution of certain items related to commercial foreclosed assets prior to the expiration of the non-single-family loss sharing agreement for Vantus Bank. In addition, the Company collected amounts on various problem assets acquired from the FDIC totaling $1.9 million. Under the loss sharing agreements, 80% of these collected amounts must be remitted to the FDIC; therefore, the Company recorded a liability and related expense of $1.5 million. Offsetting the expense was income from the accretion of the discount related to the indemnification assets for all of the acquisitions of $2.4 million and $600,000 of other loss share income items.

Gains on sales of single-family loans: Gains on sales of single-family loans decreased $782,000 compared to the prior year. This was due to a decrease in originations of fixed-rate loans due to higher fixed rates on these loans during most of 2014 which resulted in fewer loans being originated to refinance existing debt. Fixed rate single-family loans originated are subsequently sold in the secondary market. The decrease occurred in the first six months of the year and was partially offset by an increase in gains on sales of single-family loans during the last six months of the year ended December 31, 2014, which included additional loan originations in the operations acquired in the Valley Bank transaction in June 2014.

Change in interest rate swap fair value: The Company recorded expense of $(345,000) during 2014 due to the decrease in the interest rate swap fair value related to its matched book interest rate derivatives program. This compares to income of $295,000 recorded during the year ended December 31, 2013.

Non-Interest Expense

Total non-interest expense increased $15.3 million, or 14.4%, from $105.6 million in the year ended December 31, 2013, to $120.9 million in the year ended December 31, 2014. The Company's efficiency ratio for the year ended December 31, 2014, was 66.3%, up from 64.1% in 2013. The 2014 ratio was negatively affected by the early repayment of certain borrowings in June 2014 and the increase in non-interest expense related to the June 2014 Valley acquisition and other items as discussed above, partially offset by increases in non-interest income resulting from the initial gain recognized on the Valley acquisition. The Company's ratio of non-interest expense to average assets increased from 2.79% for the year ended December 31, 2013, to 3.16% for the year ended December 31, 2014. The increase in the current year ratio was primarily due to the increase in other operating expenses in the 2014 year compared to the 2013 year due to the penalties paid for prepayment of borrowings, write-downs related to certain foreclosed assets and other non-interest expenses related to the Valley acquisition. Average assets for the year ended December 31, 2014, increased $34.6 million, or 0.9%, from the year ended December 31, 2013. The following were key items related to the increase in non-interest expense for the year ended December 31, 2014 as compared to the year ended December 31, 2013:

Other Operating Expenses: Other operating expenses increased $7.7 million, to $15.8 million for the year ended December 31, 2014 compared to the prior year period primarily due to $7.4 million in prepayment penalties paid as the Company elected in June 2014, to repay $130 million of its FHLBank advances and structured repo borrowings prior to their maturity.

Valley Bank acquisition expenses: The Company incurred approximately $5.6 million of additional non-interest expenses during the year ended December 31, 2014 related to the operations of Valley Bank, which was acquired through the FDIC in June 2014. Those expenses included approximately $2.3 million of compensation expense, approximately $1.2 million of computer and equipment expense, approximately $718,000 of net occupancy expense, approximately $241,000 of legal, audit and other professional fees expense, approximately $333,000 of travel, meals and other expenses related to due diligence for the transaction and integration issues and various other expenses. Approximately $2.6 million of these expenses are not expected to recur in future periods.

Expense on foreclosed assets: Expense on foreclosed assets increased $1.6 million for the year ended December 31, 2014 compared to the prior year due to write-downs on foreclosed assets of approximately $2.0 million in 2014.

Provision for Income Taxes

In 2014, the Company elected to early-adopt FASB ASU No. 2014-01, which amends FASB ASC Topic 323, Investments – Equity Method and Joint Ventures. This Update impacts the Company's accounting for investments in flow-through limited liability entities which 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 Company has significant investments in such qualified affordable housing projects that meet the required conditions. The Company's adoption of this Update did not materially affect the Company's financial position or results of operations, except that the investment amortization expense, which previously was included in Other Non-interest Expense in the Consolidated Statements of Income, is now included in Provision for Income Taxes in the Consolidated Statements of Income presented. As a result, there was no change in Net Income for the periods covered in this release. In addition, there was no cumulative effect adjustment to Retained Earnings.

Provision for income taxes as a percentage of pre-tax income was 24.0% and 19.5% for the years ended December 31, 2014 and 2013, respectively, which was lower than the statutory federal tax rate of 35%, due primarily to the effects of the tax credits utilized and to tax-exempt investments and tax-exempt loans which reduced the Company's effective tax rate. In future periods, the Company expects its effective tax rate typically will be 20-25% 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 continue to utilize a significant amount of tax credits in 2015.

Average Balances, Interest Rates and Yields

The following table presents, for the periods indicated, the total dollar amount of interest income from average interest-earning assets and the resulting yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates, and the net interest margin. Average balances of loans receivable include the average balances of non-accrual loans for each period. Interest income on loans includes interest received on non-accrual loans on a cash basis. Interest income on loans includes the amortization of net loan fees which were deferred in accordance with accounting standards. Fees included in interest income were $3.2 million, $3.4 million and $3.2 million for 2014, 2013 and 2012, respectively. Tax-exempt income was not calculated on a tax equivalent basis. The table does not reflect any effect of income taxes.

	Dec. 31, 2014[(2)]	Year Ended December 31, 2014			Year Ended December 31, 2013			Year Ended December 31, 2012		
	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	4.57%	$ 480,827	$ 41,343	8.60%	$ 472,127	$ 35,072	7.43%	$ 463,096	$ 31,643	6.83%
Other residential	4.56	375,754	21,268	5.66	312,362	23,963	7.67	314,630	18,807	5.98
Commercial real estate	4.34	920,340	47,724	5.19	813,147	51,175	6.29	785,181	56,428	7.19
Construction	4.11	259,993	13,330	5.13	208,254	14,413	6.92	219,309	20,802	9.49
Commercial business	4.68	296,318	17,722	5.98	249,647	14,505	5.81	228,109	19,439	8.52
Other loans	5.09	404,375	28,593	7.07	297,852	21,947	7.37	259,684	19,739	7.60
Industrial revenue bonds (1)	5.22	46,499	2,589	5.57	50,155	2,828	5.64	56,264	3,305	5.87
Total loans receivable	4.66	2,784,106	172,569	6.20	2,403,544	163,903	6.82	2,326,273	170,163	7.31
Investment securities (1)	2.81	495,155	10,467	2.11	717,806	14,459	2.01	846,197	22,674	2.68
Other interest-earning assets	0.21	185,072	326	0.18	276,394	433	0.16	413,092	671	0.16
Total interest-earning assets	4.33	3,464,333	183,362	5.29	3,397,744	178,795	5.26	3,585,562	193,508	5.40
Non-interest-earning assets:										
Cash and cash equivalents		96,665			88,678			84,035		
Other non-earning assets		263,495			303,454			336,016		
Total assets		$3,824,493			$3,789,876			$4,005,613		
Interest-bearing liabilities:										
Interest-bearing demand and savings	0.19	$1,429,893	3,088	0.22	$1,464,029	3,551	0.24	$1,456,172	7,087	0.49
Time deposits	0.78	1,042,563	8,137	0.78	1,073,110	8,795	0.82	1,357,741	13,633	1.00
Total deposits	0.45	2,472,456	11,225	0.45	2,537,139	12,346	0.49	2,813,913	20,720	0.74
Short-term borrowings and repurchase agreements	0.08	188,906	1,099	0.58	232,598	2,324	1.00	265,718	2,610	0.98
Subordinated debentures issued to capital trust	1.80	30,929	567	1.83	30,929	561	1.81	30,929	617	1.99
FHLB advances	0.75	171,997	2,910	1.69	127,561	3,972	3.11	145,464	4,430	3.05
Total interest-bearing liabilities	0.47	2,864,288	15,801	0.55	2,928,227	19,203	0.66	3,256,024	28,377	0.87
Non-interest-bearing liabilities:										
Demand deposits		535,132			459,802			385,770		
Other liabilities		22,403			23,197			11,537		
Total liabilities		3,421,823			3,411,226			3,653,331		
Stockholders' equity		402,670			378,650			352,282		
Total liabilities and stockholders' equity		$3,824,493			$3,789,876			$4,005,613		
Net interest income:										
Interest rate spread	3.86%		$167,561	4.74%		$159,592	4.60%		$165,131	4.53%
Net interest margin*				4.84%			4.70%			4.61%
Average interest-earning assets to average interest-bearing liabilities		120.9%			116.0%			110.1%		

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

(1) Of the total average balances of investment securities, average tax-exempt investment securities were $87.9 million, $80.9 million and $134.7 million for 2014, 2013 and 2012, respectively. In addition, average tax-exempt industrial revenue bonds were $38.5 million, $38.3 million and $22.1 million in 2014, 2013 and 2012, respectively. Interest income on tax-exempt assets included in this table was $5.2 million, $5.1 million and $5.8 million for 2014, 2013 and 2012, respectively. Interest income net of disallowed interest expense related to tax-exempt assets was $5.0 million, $4.9 million and $5.5 million for 2014, 2013 and 2012, respectively.

(2) The yield/rate on loans at December 31, 2014 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 2014 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, 2014 vs. December 31, 2013			Year Ended December 31, 2013 vs. December 31, 2012		
	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	$ (15,785)	$ 24,451	$ 8,666	$ (11,786)	$ 5,526	$ (6,260)
Investment securities	684	(4,676)	(3,992)	(5,099)	(3,116)	(8,215)
Other interest-earning assets	49	(156)	(107)	(23)	(215)	(238)
Total interest-earning assets	(15,052)	19,619	4,567	(16,908)	2,195	(14,713)
Interest-bearing liabilities:						
Demand deposits	(382)	(81)	(463)	(3,574)	38	(3,536)
Time deposits	(412)	(246)	(658)	(2,260)	(2,578)	(4,838)
Total deposits	(794)	(327)	(1,121)	(5,834)	(2,540)	(8,374)
Short-term borrowings and structured repo	(845)	(380)	(1,225)	44	(330)	(286)
Subordinated debentures issued to capital trust	6	—	6	(56)	—	(56)
FHLBank advances	(2,172)	1,110	(1,062)	98	(556)	(458)
Total interest-bearing liabilities	(3,805)	403	(3,402)	(5,748)	(3,426)	(9,174)
Net interest income	$ (11,247)	$ 19,216	$ 7,969	$ (11,160)	$ 5,621	$ (5,539)

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 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 increased during 2013, 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 also were reduced during 2013, 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. 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 also experienced decreases in yields on loans and investments, excluding the yield accretion income discussed above, when comparing 2013 to 2012. 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

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 considered the allowance for loan losses adequate to cover losses inherent in the Company's loan portfolio at December 31, 2013, based on reviews of the Company's loan portfolio and then-current economic conditions.

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 2013. 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. Certain beginning balance amounts in the activity below have been reclassified to conform to the December 31, 2014 classifications. 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	3,410	(3,166)	—	—	715
Total	$ 50,144	$ 21,203	$ (28,797)	$ 458	$ (863)	$ 42,145

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 19.5% and 24.9% 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. 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.

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, 2014, the Company had commitments of approximately $142.7 million to fund loan originations, $478.7 million of unused lines of credit and unadvanced loans, and $24.2 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, 2014. 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	$1,893,366	$ —	$ —	$1,893,366
Time and brokered certificates of deposit	713,263	378,379	5,832	1,097,474
Federal Home Loan Bank advances	240,136	31,005	500	271,641
Short-term borrowings	211,444	—	—	211,444
Subordinated debentures	—	—	30,929	30,929
Operating leases	1,042	2,779	526	4,347
Dividends declared but not paid	2,896	—	—	2,896
	$3,062,147	$412,163	$37,787	$3,512,097

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, 2014 and 2013, the Company had these available secured lines and on-balance sheet liquidity:

	December 31, 2014	December 31, 2013
Federal Home Loan Bank line	$395.3 million	$407.4 million
Federal Reserve Bank line	563.2 million	418.9 million
Interest-Bearing and Non-Interest-Bearing Deposits	218.6 million	227.9 million
Unpledged Securities	63.7 million	91.7 million

Statements of Cash Flows. During the years ended December 31, 2014, 2013 and 2012, the Company had positive cash flows from operating activities and investing activities. The Company experienced negative cash flows from financing activities during the years ended December 31, 2014, 2013 and 2012.

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, realized gains on the sale of investment securities and loans, depreciation and amortization, 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 $67.4 million, $93.9 million and $146.9 million during the years ended December 31, 2014, 2013 and 2012, respectively.

During the years ended December 31, 2014, 2013 and 2012, investing activities provided cash of $35.9 million, $124.7 million and $241.4 million, primarily due to the cash received from the FDIC-assisted acquisitions (2014 and 2012) and the net repayment or sales of investment securities, partially offset by increases in loans.

Changes in cash flows from financing activities during the periods covered by the Statements of Cash Flows are primarily due to changes in deposits after interest credited, changes in FHLBank advances, changes in short-term borrowings and structured repurchase agreements, and dividend payments to stockholders. Financing activities used cash flows of $112.6 million, $394.8 million and $364.4 million during the years ended December 31, 2014, 2013 and 2012, respectively, primarily due to reduction of customer deposit balances, net increases or decreases in various 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, 2014, was $419.7 million, or 10.6% of total assets. At December 31, 2014, common stockholders' equity was $361.8 million, or 9.2% of total assets, equivalent to a book value of $26.30 per common share. At December 31, 2013, the Company's total stockholders' equity 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, 2014, the Company's tangible common equity to total assets ratio was 9.0% as compared to 8.9% at December 31, 2013. The Company's tangible common equity to total risk-weighted assets ratio was 10.9% at December 31, 2014, compared to 12.3% at December 31, 2013.

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. Through December 31, 2014, guidelines required 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, 2014, the Bank's Tier 1 risk-based capital ratio was 11.4%, total risk-based capital ratio was 12.6% and the Tier 1 leverage ratio was 9.5%. As of December 31, 2014, the Bank was "well capitalized" as defined by the Federal banking agencies' capital-related regulations then in effect. The FRB has established capital regulations for bank holding companies that generally parallel the capital regulations for banks. On December 31, 2014, the Company's Tier 1 risk-based capital ratio was 13.3%, total risk-based capital ratio was 14.5% and the Tier 1 leverage ratio was 11.1%. As of December 31, 2014, the Company was "well capitalized" under the capital ratios described above. These ratios were the current capital requirements as of December 31, 2014. As discussed in "Effect of Federal Laws and Regulations," the Company and the Bank are subject to new capital requirements due to the changes from "Basel III," and the Dodd-Frank Act for which the provisions generally became effective 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 ($249.7 million). Based upon the increase in the Bank's level of QSBL over the adjusted baseline level, the dividend rate for all of 2014 and 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. The Company has 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. Our Bank earnings have afforded us the ability to distribute cash in the form of dividends to the holding company such that we now have enough cash there to fully repay the SBLF funds. We currently anticipate repaying these funds prior to the first quarter of 2016, at which time the dividend rate on any unpaid balance would increase from 1% to 9%.

Dividends. During the year ended December 31, 2014, the Company declared common stock cash dividends of $0.80 per share (25.8% of net income per common share) and paid common stock cash dividends of $0.78 per share. 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. The Board of Directors meets regularly to consider the level and the timing of dividend payments. The $0.20 per share dividend declared but unpaid as of December 31, 2014, was paid to stockholders on January 12, 2015. In addition, the Company paid preferred dividends as described below.

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

Under the terms of the SBLF Preferred Stock, the Company may only declare and pay a dividend on the common stock or other stock junior to the SBLF Preferred Stock, or repurchase shares of any such class or series of stock, if, after payment of such dividend, or after giving effect to such repurchase, (i) the dollar amount of the Company's Tier 1 Capital would be at least equal to the "Tier 1 Dividend Threshold" and (ii) full dividends on all outstanding shares of SBLF Preferred Stock for the most recently completed dividend period have been or are contemporaneously declared and paid. As of December 31, 2014, 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., $249.7 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. During the year ended December 31, 2014, the Company repurchased 18,000 shares of its common stock at an average price of $28.45 per share. During the year ended December 31, 2013, the Company did not repurchase any shares of its common stock. During the years ended December 31, 2014 and 2013, the Company issued 99,097 shares of stock at an average price of $27.45 per share and 106,367 shares of stock at an average price of $19.69 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. As of December 31, 2014, Great Southern's internal 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. In June 2014, $130 million of fixed rate borrowings were repaid. Excess liquidity and proceeds from the sale of certain investment securities were used to fund these repayments. The results of our net interest income modeling were not materially affected by these transactions. 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, 2014 and 2013, there were $484 million and $502 million, respectively, 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, 2014 and 2013, there were $200 million and $248 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 similar interest rates to those that are maturing.

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, 2014. 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,							
	2015	2016	2017	2018	2019	Thereafter	Total	2014 Fair Value
	(Dollars In Thousands)							
Financial Assets:								
Interest bearing deposits	$ 109,595	—	—	—	—	—	$ 109,595	$ 109,595
Weighted average rate	0.21%	—	—	—	—	—	0.21%	
Available-for-sale equity securities	—	—	—	—	—	$ 3,154	$ 3,154	$ 3,154
Weighted average rate	—	—	—	—	—	—	—	
Available-for-sale debt securities(1)	$ 26,272	$ 7,923	$ 12,261	$ 5,552	$ 15,568	$ 294,776	$ 362,352	$ 362,352
Weighted average rate	3.12%	5.99%	6.23%	0.05%	5.67%	2.39%	2.82%	
Held-to-maturity securities	—	—	—	$ 450	—	—	$ 450	$ 499
Weighted average rate	—	—	—	7.37%	—	—	7.37%	
Adjustable rate loans	$ 324,907	$ 147,664	$ 227,122	$ 127,729	$ 139,560	$ 550,618	$ 1,517,600	$ 1,518,438
Weighted average rate	4.57%	4.12%	4.25%	4.14%	4.31%	4.08%	4.02%	
Fixed rate loans	$ 245,975	$ 166,388	$ 259,730	$ 271,536	$ 306,913	$ 404,893	$ 1,655,435	$ 1,663,490
Weighted average rate	5.08%	5.24%	5.10%	4.86%	4.79%	6.08%	5.25%	
Federal Home Loan Bank stock	—	—	—	—	—	$ 16,893	$ 16,893	$ 16,893
Weighted average rate	—	—	—	—	—	2.66%	2.66%	
Total financial assets	$ 706,749	$ 321,975	$ 499,113	$ 405,267	$ 462,041	$ 1,270,334	$ 3,665,479	
Financial Liabilities:								
Time deposits	$ 713,263	$ 237,169	$ 92,392	$ 39,739	$ 9,079	$ 5,832	$ 1,097,474	$ 1,102,860
Weighted average rate	0.65%	1.00%	1.46%	1.53%	1.33%	2.57%	0.84%	
Interest-bearing demand	$1,375,100	—	—	—	—	—	$ 1,375,100	$ 1,375,100
Weighted average rate	0.19%	—	—	—	—	—	0.19%	
Non-interest-bearing demand	$ 518,266	—	—	—	—	—	$ 518,266	$ 518,266
Weighted average rate	—	—	—	—	—	—	—	
Federal Home Loan Bank	$ 240,092	$ 82	$ 30,854	$ 84	$ 29	$ 500	$ 271,641	$ 273,568
Weighted average rate	0.41%	5.06%	3.26%	5.06%	5.06%	5.54%	0.75%	
Short-term borrowings	$ 211,444	—	—	—	—	—	$ 211,444	$ 211,444
Weighted average rate	0.08%	—	—	—	—	—	0.08%	
Subordinated debentures	—	—	—	—	—	$ 30,929	$ 30,929	$ 30,929
Weighted average rate	—	—	—	—	—	1.80%	1.80%	
Total financial liabilities	$3,058,165	$ 237,251	$ 123,246	$ 39,823	$ 9,108	$ 37,261	$ 3,504,854	

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(1) Available-for-sale debt securities include approximately $257.8 million of mortgage-backed securities which pay interest and principal monthly to the Company. Of this total, $238.1 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,							
	2015	2016	2017	2018	2019	Thereafter	Total	2014 Fair Value
				(Dollars In Thousands)				
Financial Assets:								
Interest bearing deposits	$ 109,595	—	—	—	—	—	$ 109,595	$ 109,595
Weighted average rate	0.21%	—	—	—	—	—	0.21%	
Available-for-sale equity securities	—	—	—	—	—	$ 3,154	$ 3,154	$ 3,154
Weighted average rate	—	—	—	—	—	—	—	
Available-for-sale debt securities(1)	$ 166,325	$ 45,857	$ 24,544	$ 19,086	$ 49,796	$ 56,744	$ 362,352	$ 362,352
Weighted average rate	1.90%	2.62%	4.04%	4.62%	2.93%	4.60%	2.82%	
Held-to-maturity securities	—	—	—	$ 450	—	—	$ 450	$ 499
Weighted average rate	—	—	—	7.37%	—	—	7.37%	
Adjustable rate loans	$ 1,323,998	$ 68,805	$ 24,088	$ 40,122	$ 48,039	$ 12,548	$ 1,517,600	$ 1,518,438
Weighted average rate	3.99%	4.35%	4.31%	4.14%	4.32%	4.08%	4.02%	
Fixed rate loans	$ 245,975	$ 166,388	$ 259,730	$ 271,536	$ 306,913	$ 404,893	$ 1,655,435	$ 1,663,490
Weighted average rate	5.08%	5.24%	5.10%	4.86%	4.79%	6.08%	5.25%	
Federal Home Loan Bank stock	$ 16,893	—	—	—	—	—	$ 16,893	$ 16,893
Weighted average rate	2.66%	—	—	—	—	—	2.66%	
Total financial assets	$ 1,862,786	$ 281,050	$ 308,362	$ 331,194	$ 404,748	$ 477,339	$ 3,665,479	
Financial Liabilities:								
Time deposits	$ 713,263	$ 237,169	$ 92,392	$ 39,739	$ 9,079	$ 5,832	$ 1,097,474	$ 1,102,860
Weighted average rate	0.65%	1.00%	1.46%	1.53%	1.33%	2.57%	0.84%	
Interest-bearing demand	$ 1,375,100	—	—	—	—	—	$ 1,375,100	$ 1,375,100
Weighted average rate	0.19%	—	—	—	—	—	0.19%	
Non-interest-bearing demand(2)	—	—	—	—	—	$ 518,266	$ 518,266	$ 518,266
Weighted average rate	—	—	—	—	—	—	—	
Federal Home Loan Bank advances	$ 240,092	$ 82	$ 30,854	$ 84	$ 29	$ 500	$ 271,641	$ 273,568
Weighted average rate	0.41%	5.06%	3.26%	5.06%	5.06%	5.54%	0.75%	
Short-term borrowings	$ 211,444	—	—	—	—	—	$ 211,444	$ 211,444
Weighted average rate	0.08%	—	—	—	—	—	0.08%	
Structured repurchase agreements	—	—	—	—	—	—	—	—
Weighted average rate	—	—	—	—	—	—	—	—
Subordinated debentures	$ 30,929	—	—	—	—	—	$ 30,929	$ 30,929
Weighted average rate	1.80%	—	—	—	—	—	1.80%	
Total financial liabilities	$ 2,570,828	$ 237,251	$ 123,246	$ 39,823	$ 9,108	$ 524,598	$ 3,504,854	
Periodic repricing GAP	$ (708,042)	$ 43,799	$ 185,116	$ 291,371	$ 395,640	$ (47,259)	$ 160,625	
Cumulative repricing GAP	$ (708,042)	$ (664,243)	$ (479,127)	$ (187,756)	$ 207,884	$ 160,625		

(1) Available-for-sale debt securities include approximately $257.8 million of mortgage-backed securities which pay interest and principal monthly to the Company. Of this total, $238.1 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.

Auditor's Report and Consolidated Financial Statements

December 31, 2014 and 2013

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, 2014 and 2013, 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, 2014. 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, 2014 and 2013, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2014, 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, 2014, 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 6, 2015, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

BKD, LLP

Springfield, Missouri
March 6, 2015

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Great Southern Bancorp, Inc.

Consolidated Statements of Financial Condition

December 31, 2014 and 2013

(In Thousands, Except Per Share Data)

Assets

	2014	2013
Cash	$ 109,052	$ 96,167
Interest-bearing deposits in other financial institutions	109,595	131,758
Cash and cash equivalents	218,647	227,925
Available-for-sale securities	365,506	555,281
Held-to-maturity securities	450	805
Mortgage loans held for sale	14,579	7,239
Loans receivable, net of allowance for loan losses of $38,435 and $40,116 at December 31, 2014 and 2013, respectively	3,038,848	2,439,530
FDIC indemnification asset	44,334	72,705
Interest receivable	11,219	11,408
Prepaid expenses and other assets	60,452	72,904
Other real estate owned, net	45,838	53,514
Premises and equipment, net	124,841	104,534
Goodwill and other intangible assets	7,508	4,583
Federal Home Loan Bank stock	16,893	9,822
Current and deferred income taxes	2,219	—
Total assets	$ 3,951,334	$ 3,560,250

See Notes to Consolidated Financial Statements

Liabilities and Stockholders' Equity

	2014	2013
Liabilities		
Deposits	$ 2,990,840	$ 2,808,626
Federal Home Loan Bank advances	271,641	126,757
Securities sold under reverse repurchase agreements with customers	168,993	134,981
Short-term borrowings	42,451	1,128
Structured repurchase agreements	—	50,000
Subordinated debentures issued to capital trust	30,929	30,929
Accrued interest payable	1,067	1,099
Advances from borrowers for taxes and insurance	4,929	3,721
Accrued expenses and other liabilities	20,739	18,502
Current and deferred income taxes	—	3,809
Total liabilities	3,531,589	3,179,552
Commitments and Contingencies	—	—
Stockholders' Equity		
Capital stock		
Serial preferred stock – SBLF, $.01 par value; authorized 1,000,000 shares; issued and outstanding 2014 and 2013 – 57,943 shares	57,943	57,943
Common stock, $.01 par value; authorized 20,000,000 shares; issued and outstanding 2014 – 13,754,806 shares, 2013 – 13,673,709 shares	138	137
Additional paid-in capital	22,345	19,567
Retained earnings	332,283	300,589
Accumulated other comprehensive income, net of income taxes of $3,789 and $1,326 at December 31, 2014 and 2013, respectively	7,036	2,462
Total stockholders' equity	419,745	380,698
Total liabilities and stockholders' equity	$ 3,951,334	$ 3,560,250

Great Southern Bancorp, Inc.

Consolidated Statements of Income

Years Ended December 31, 2014, 2013 and 2012

(In Thousands, Except Per Share Data)

	2014	2013	2012
Interest Income			
Loans	$ 172,569	$ 163,903	$ 170,163
Investment securities and other	10,793	14,892	23,345
	183,362	178,795	193,508
Interest Expense			
Deposits	11,225	12,346	20,720
Federal Home Loan Bank advances	2,910	3,972	4,430
Short-term borrowings and repurchase agreements	1,099	2,324	2,610
Subordinated debentures issued to capital trust	567	561	617
	15,801	19,203	28,377
Net Interest Income	167,561	159,592	165,131
Provision for Loan Losses	4,151	17,386	43,863
Net Interest Income After Provision for Loan Losses	163,410	142,206	121,268
Noninterest Income			
Commissions	1,163	1,065	1,036
Service charges and ATM fees	19,075	18,227	19,087
Net gains on loan sales	4,133	4,915	5,505
Net realized gains on sales of available-for-sale securities	2,139	243	2,666
Recognized impairment of available-for-sale securities	—	—	(680)
Late charges and fees on loans	1,400	1,264	1,028
Gain (loss) on derivative interest rate products	(345)	295	(38)
Gain recognized on business acquisitions	10,805	—	31,312
Accretion (amortization) of income/expense related to business acquisitions	(27,868)	(25,260)	(18,693)
Other income	4,229	4,566	4,779
	14,731	5,315	46,002
Noninterest Expense			
Salaries and employee benefits	56,032	52,468	51,262
Net occupancy expense	23,541	20,658	20,179
Postage	3,578	3,315	3,301
Insurance	3,837	4,189	4,476
Advertising	2,404	2,165	1,572
Office supplies and printing	1,464	1,303	1,389
Telephone	2,866	2,868	2,768
Legal, audit and other professional fees	3,957	4,348	4,323
Expense on foreclosed assets	5,636	4,068	8,748
Partnership tax credit	1,720	2,108	1,825
Other operating expenses	15,824	8,128	8,760
	120,859	105,618	108,603

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.
Consolidated Statements of Income
Years Ended December 31, 2014, 2013 and 2012
(In Thousands, Except Per Share Data)

	2014	2013	2012
Income from Continuing Operations Before Income Taxes	$ 57,282	$ 41,903	$ 58,667
Provision for Income Taxes	13,753	8,174	14,580
Net Income from Continuing Operations	43,529	33,729	44,087
Discontinued Operations			
Income from discontinued operations (including gain on disposal in 2012 of $6,114), net of income taxes of $2,487 for the year ended December 31, 2012	—	—	4,619
Net Income	43,529	33,729	48,706
Preferred stock dividends and discount accretion	579	579	608
Net Income Available to Common Shareholders	$ 42,950	$ 33,150	$ 48,098
Earnings Per Common Share			
Basic	$ 3.14	$ 2.43	$ 3.55
Diluted	$ 3.10	$ 2.42	$ 3.54
Earnings from Continuing Operations Per Common Share			
Basic	$ 3.14	$ 2.43	$ 3.21
Diluted	$ 3.10	$ 2.42	$ 3.20

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.

Consolidated Statements of Comprehensive Income

Years Ended December 31, 2014, 2013 and 2012

(In Thousands)

	2014	2013	2012
Net Income	$ 43,529	$ 33,729	$ 48,706
Unrealized appreciation (depreciation) on available-for-sale securities, net of taxes (credit) of $3,301, $(7,516) and $3,444 for 2014, 2013 and 2012, respectively	6,128	(13,959)	6,398
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 $0, $(20) and $8 for 2014, 2013 and 2012, respectively	—	(37)	14
Other-than-temporary impairment loss recognized in earnings on available for sale securities, net of taxes (credit) of $0, $0 and $(238) for 2014, 2013 and 2012, respectively	—	—	(442)
Less: reclassification adjustment for gains included in net income, net of taxes of $(749), $(85) and $(933) for 2014, 2013 and 2012, respectively	(1,390)	(158)	(1,733)
Change in fair value of cash flow hedge, net of taxes (credit) of $(88), $(19) and $0 for 2014, 2013 and 2012, respectively	(164)	(34)	—
Other comprehensive income (loss)	4,574	(14,188)	4,237
Comprehensive Income	$ 48,103	$ 19,541	$ 52,943

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.

Consolidated Statements of Stockholders' Equity

Years Ended December 31, 2014, 2013 and 2012

(In Thousands, Except Per Share Data)

	SBLF Preferred Stock	Common Stock
Balance, January 1, 2012	$ 57,943	$ 134
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	—	2
Balance, December 31, 2012	57,943	136
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	—	1
Balance, December 31, 2013	57,943	137
Net income	—	—
Stock issued under Stock Option Plan	—	—
Common dividends declared, $.80 per share	—	—
SBLF preferred stock dividends accrued (1.0%)	—	—
Other comprehensive income	—	—
Reclassification of treasury stock per Maryland law	—	1
Purchase of the Company's common stock	—	—
Balance, December 31, 2014	$ 57,943	$ 138

See Notes to Consolidated Financial Statements

Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
$ 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
—	1,491	—	(1,493)	—
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)
—	511	—	(512)	—
19,567	300,589	2,462	—	380,698
—	43,529	—	—	43,529
2,778	—	—	225	3,003
—	(10,968)	—	—	(10,968)
—	(579)	—	—	(579)
—	—	4,574	—	4,574
—	(288)	—	287	—
—	—	—	(512)	(512)
$ 22,345	$ 332,283	$ 7,036	$ —	$ 419,745

Great Southern Bancorp, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2014, 2013 and 2012

(In Thousands)

	2014	2013	2012
Operating Activities			
Net income	$ 43,529	$ 33,729	$ 48,706
Proceeds from sales of loans held for sale	156,632	215,744	269,817
Originations of loans held for sale	(160,074)	(198,910)	(264,179)
Items not requiring (providing) cash			
Depreciation	8,747	8,036	7,159
Amortization	3,242	8,107	7,039
Compensation expense for stock option grants	565	443	435
Provision for loan losses	4,151	17,386	43,863
Net gains on loan sales	(4,133)	(4,915)	(5,505)
Net realized (gains) losses and impairment on available-for-sale securities	(2,139)	(243)	(1,986)
(Gain) loss on sale of premises and equipment	18	(60)	264
Loss on sale/write-down of foreclosed assets	2,996	1,259	4,968
Gain on purchase of additional business units	(10,805)	—	(31,312)
Gain on sale of business units	—	—	(6,114)
Amortization of deferred income, premiums and discounts	22,692	29,510	18,004
(Gain) loss on derivative interest rate products	345	(295)	38
Deferred income taxes	(6,260)	(8,839)	13,252
Changes in			
Interest receivable	1,227	1,347	2,765
Prepaid expenses and other assets	8,430	(7,529)	31,413
Accrued expenses and other liabilities	502	4,260	(3,124)
Income taxes refundable/payable	(2,232)	(5,109)	11,413
Net cash provided by operating activities	67,433	93,921	146,916

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2014, 2013 and 2012

(In Thousands)

	2014	2013	2012
Investing Activities			
Net change in loans	$ (340,135)	$ (33,180)	$ (1,425)
Purchase of loans	(101,832)	(129,422)	(23,457)
Cash received from purchase of additional business units	189,437	—	75,328
Cash received from FDIC loss sharing reimbursements	8,377	28,511	49,369
Proceeds from sale of business units	—	—	7,800
Purchase of premises and equipment	(17,954)	(13,853)	(27,825)
Proceeds from sale of premises and equipment	203	1,518	1,728
Proceeds from sale of foreclosed assets	21,706	48,900	51,225
Capitalized costs on foreclosed assets	(199)	(457)	(510)
Proceeds from maturities, calls and repayments of held-to-maturity securities	355	115	945
Proceeds from sale of available-for-sale securities	220,169	108,487	78,094
Proceeds from maturities, calls and repayments of available-for-sale securities	103,475	210,798	182,900
Purchase of available-for-sale securities	(40,661)	(97,000)	(155,339)
(Purchase) redemption of Federal Home Loan Bank stock	(7,071)	273	2,578
Net cash provided by investing activities	35,870	124,690	241,411

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2014, 2013 and 2012

(In Thousands)

	2014	2013	2012
Financing Activities			
Net decrease in certificates of deposit	$ (116,139)	$ (208,702)	$ (421,977)
Net increase (decrease) in checking and savings accounts	(160,144)	(134,562)	156,867
Proceeds from Federal Home Loan Bank advances	4,231,000	1,980	800
Repayments of Federal Home Loan Bank advances	(4,083,315)	(1,081)	(52,993)
Net increase (decrease) in short-term borrowings	74,768	(44,307)	(36,981)
Repayments of reverse repurchase borrowings	—	(3,000)	—
Repayments of structured repurchase borrowings	(50,000)	—	—
Advances to borrowers for taxes and insurance	580	1,567	571
Dividends paid	(11,257)	(7,964)	(12,991)
Purchase of the Company's common stock	(512)	—	—
Stock options exercised	2,438	1,242	2,269
Net cash used in financing activities	(112,581)	(394,827)	(364,435)
Increase (Decrease) in Cash and Cash Equivalents	(9,278)	(176,216)	23,892
Cash and Cash Equivalents, Beginning of Year	227,925	404,141	380,249
Cash and Cash Equivalents, End of Year	$ 218,647	$ 227,925	$ 404,141

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 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.

Reclassifications

Certain prior periods' amounts have been reclassified to conform to the 2014 financial statements presentation. These reclassifications had no effect on net income.

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, 2014, 2013 and 2012.

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, 2014	December 31, 2013
	(In Thousands)	
Goodwill – Branch acquisitions	$ 1,169	$ 379
Deposit intangibles		
TeamBank	526	947
Vantus Bank	519	829
Sun Security Bank	1,314	1,665
InterBank	617	763
Boulevard Bank	763	—
Valley Bank	2,600	—
	$ 7,508	$ 4,583

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 $185,000 and $211,000 at December 31, 2014 and 2013, 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, 2014 and 2013, 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 Common Share

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

Earnings per common share (EPS) were computed as follows:

	2014	2013	2012
	(In Thousands, Except Per Share Data)		
Net income	$ 43,529	$ 33,729	$ 48,706
Net income available to common shareholders	$ 42,950	$ 33,150	$ 48,098
Net income from continuing operations	$ 43,529	$ 33,729	$ 44,087
Net income from continuing operations available to common shareholders	$ 42,950	$ 33,150	$ 43,479
Average common shares outstanding	13,700	13,635	13,534
Average common share stock options and warrants outstanding	176	80	58
Average diluted common shares	13,876	13,715	13,592
Earnings per common share – basic	$ 3.14	$ 2.43	$ 3.55
Earnings per common share – diluted	$ 3.10	$ 2.42	$ 3.54
Earnings from continuing operations per common share – basic	$ 3.14	$ 2.43	$ 3.21
Earnings from continuing operations per common share – diluted	$ 3.10	$ 2.42	$ 3.20
Earnings from discontinued operations per common share, net of tax – basic	$ —	$ —	$ 0.34
Earnings from discontinued operations per common share, net of tax – diluted	$ —	$ —	$ 0.34

Options to purchase 500, 243,510 and 444,770 shares of common stock were outstanding at December 31, 2014, 2013 and 2012, 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, 2014, 2013 and 2012, 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, 2014, 2013 and 2012, share-based compensation expense totaling $565,000, $443,000 and $435,000, 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, 2014 and 2013, cash equivalents consisted of interest-bearing deposits in other financial institutions. At December 31, 2014, nearly all of the interest-bearing deposits were uninsured with nearly all 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, 2014 and 2013, 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, 2014 and 2013, respectively, was $72.3 million and $71.0 million.

Recent Accounting Pronouncements

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 would be effective for the Company beginning January 1, 2015; however, early adoption was permitted. The Company elected to adopt this Update early, adopting it during the three months ended March 31, 2014. There was no material impact on the Company's financial position or results of operations, except that the investment amortization expense which was previously included in Other Noninterest Expense in the Consolidated Statements of Income was moved from Other Noninterest Expense to Provision for Income Taxes in the Consolidated Statements of Income. For the years ended December 31,

2013 and 2012, respectively, $4.8 million and $4.0 million was moved from Other Noninterest Expense to Provision for Income Taxes. This had the effect of reducing Noninterest Expense and increasing Provision for Income Taxes, but did not 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.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 660): Summary and Amendments that Create Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs—Contracts with Customers (Subtopic 340-40)*. The guidance in this update supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the industry topics of the codification. For public companies, this update will be effective for interim and annual periods beginning after December 15, 2016 and early application is not permitted. The Company is currently assessing the impact that this guidance will have on its consolidated financial statements.

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, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
U.S. government agencies	$ 20,000	$ —	$ 486	$ 19,514
Mortgage-backed securities	254,294	4,325	821	257,798
States and political subdivisions	79,237	5,810	7	85,040
Equity securities	847	2,307	—	3,154
	$ 354,378	$ 12,442	$ 1,314	$ 365,506

	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

At December 31, 2014, the Company's mortgage-backed securities portfolio consisted of GNMA securities totaling $186.4 million, FNMA securities totaling $37.1 million and FHLMC securities totaling $34.3 million. At December 31, 2014, $238.1 million of the Company's mortgage-backed securities had variable rates of interest and $19.7 million had fixed rates of interest.

The amortized cost and fair value of available-for-sale securities at December 31, 2014, 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 five through ten years	4,770	5,042
After ten years	94,357	99,402
Securities not due on a single maturity date	254,294	257,798
Equity securities	847	3,154
	$ 354,378	$ 365,506

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

	December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
States and political subdivisions	$ 450	$ 49	$ —	$ 499

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

The held-to-maturity securities at December 31, 2014, 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	$ 450	$ 499

The amortized cost and fair values of securities pledged as collateral was as follows at December 31, 2014 and 2013:

	2014		2013	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In Thousands)			
Public deposits	$ 130,760	$ 133,940	$ 228,776	$ 230,318
Collateralized borrowing accounts	160,130	161,145	171,071	168,813
Structured repurchase agreements	—	—	60,352	61,026
Other	3,965	4,053	1,403	1,437
	$ 294,855	$ 299,138	$ 461,602	$ 461,594

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, 2014 and 2013, was approximately $106.0 million and $237.6 million, respectively, which is approximately 29.0% and 42.7% of the Company's available-for-sale and held-to-maturity investment portfolio, respectively.

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

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, 2014 and 2013:

	2014					
	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	$ (486)	$ 20,000	$ (486)
Mortgage-backed securities	40,042	(328)	45,056	(493)	85,098	(821)
States and political subdivisions	—	—	925	(7)	925	(7)
	$ 40,042	$ (328)	$ 65,981	$ (986)	$ 106,023	$ (1,314)

	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)

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 2014 and 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.

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	
	2014	2013
	(In Thousands)	
Credit losses on debt securities held		
Beginning of year	$ —	$ 4,176
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	—	—
Reductions due to sales	—	—
End of year	$ —	$ —

Note 3: Loans and Allowance for Loan Losses

Classes of loans at December 31, 2014 and 2013, included:

	2014	2013
	(In Thousands)	
One- to four-family residential construction	$ 40,361	$ 34,662
Subdivision construction	28,593	40,409
Land development	52,096	57,841
Commercial construction	392,929	184,019
Owner occupied one- to four-family residential	87,549	89,133
Non-owner occupied one- to four-family residential	143,051	145,908
Commercial real estate	945,876	780,690
Other residential	392,414	325,599
Commercial business	354,012	315,269
Industrial revenue bonds	41,061	42,230
Consumer auto	323,353	134,717
Consumer other	78,029	82,260
Home equity lines of credit	66,272	58,283
Acquired FDIC-covered loans, net of discounts	286,608	386,164
Acquired loans no longer covered by FDIC loss sharing agreements, net of discounts	49,945	—
Acquired non-covered loans, net of discounts	121,982	—
	3,404,131	2,677,184
Undisbursed portion of loans in process	(323,572)	(194,544)
Allowance for loan losses	(38,435)	(40,116)
Deferred loan fees and gains, net	(3,276)	(2,994)
	$ 3,038,848	$ 2,439,530

Classes of loans by aging were as follows:

	December 31, 2014						
	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	$ —	$ —	$ —	$ —	$ 40,361	$ 40,361	$ —
Subdivision construction	109	—	—	109	28,484	28,593	—
Land development	110	—	255	365	51,731	52,096	—
Commercial construction	—	—	—	—	392,929	392,929	—
Owner occupied one- to four-family residential	2,037	441	1,029	3,507	84,042	87,549	170
Non-owner occupied one- to four-family residential	583	—	296	879	142,172	143,051	—
Commercial real estate	6,887	—	4,699	11,586	934,290	945,876	187
Other residential	—	—	—	—	392,414	392,414	—
Commercial business	59	—	411	470	353,542	354,012	—
Industrial revenue bonds	—	—	—	—	41,061	41,061	—
Consumer auto	1,801	244	316	2,361	320,992	323,353	—
Consumer other	1,301	260	801	2,362	75,667	78,029	397
Home equity lines of credit	89	—	340	429	65,843	66,272	22
Acquired FDIC-covered loans, net of discounts	6,236	1,062	16,419	23,717	262,891	286,608	194
Acquired loans no longer covered by FDIC loss sharing agreements, net of discounts	754	46	243	1,043	48,902	49,945	—
Acquired non-covered loans, net of discounts	2,638	640	11,248	14,526	107,456	121,982	—
	22,604	2,693	36,057	61,354	3,342,777	3,404,131	970
Less FDIC-supported loans, and acquired non-covered loans, net of discounts	9,628	1,748	27,910	39,286	419,249	458,535	194
Total	$ 12,976	$ 945	$ 8,147	$ 22,068	$ 2,923,528	$ 2,945,596	$ 776

	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	—
Acquired FDIC-covered loans, net of discounts	7,623	1,849	24,761	34,233	351,931	386,164	215
Acquired loans no longer covered by FDIC loss sharing agreements, net of discounts	—	—	—	—	—	—	—
Acquired non-covered loans, net of discounts	—	—	—	—	—	—	—
	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

Nonaccruing loans are summarized as follows:

	December 31,	
	2014	2013
	(In Thousands)	
One- to four-family residential construction	$ —	$ —
Subdivision construction	—	871
Land development	255	338
Commercial construction	—	—
Owner occupied one- to four-family residential	859	2,803
Non-owner occupied one- to four-family residential	296	703
Commercial real estate	4,512	6,205
Other residential	—	—
Commercial business	411	5,208
Industrial revenue bonds	—	2,023
Consumer auto	316	168
Consumer other	404	475
Home equity lines of credit	318	504
Total	$ 7,371	$ 19,298

The following table presents the activity in the allowance for loan losses by portfolio segment for the year ended December 31, 2014. 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, 2014:

	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, 2014	$ 6,235	$ 2,678	$ 16,939	$ 4,464	$ 6,451	$ 3,349	$ 40,116
Provision charged to expense	(1,025)	227	1,855	(957)	409	3,642	4,151
Losses charged off	(2,251)	(1)	(2,160)	(126)	(3,286)	(4,005)	(11,829)
Recoveries	496	37	3,139	181	105	2,039	5,997
Balance, December 31, 2014	$ 3,455	$ 2,941	$ 19,773	$ 3,562	$ 3,679	$ 5,025	$ 38,435
Ending balance:							
Individually evaluated for impairment	$ 829	$ —	$ 1,751	$ 1,507	$ 823	$ 232	$ 5,142
Collectively evaluated for impairment	$ 2,532	$ 2,923	$ 16,671	$ 1,905	$ 2,805	$ 4,321	$ 31,157
Loans acquired and accounted for under ASC 310-30	$ 94	$ 18	$ 1,351	$ 150	$ 51	$ 472	$ 2,136
Loans							
Individually evaluated for impairment	$ 11,488	$ 9,804	$ 28,641	$ 7,601	$ 2,725	$ 1,480	$ 61,739
Collectively evaluated for impairment	$ 288,066	$ 382,610	$ 917,235	$ 437,424	$ 392,348	$ 466,174	$2,883,857
Loans acquired and accounted for under ASC 310-30	$ 234,158	$ 48,470	$ 107,278	$ 1,937	$ 17,789	$ 48,903	$ 458,535

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	$ 4,533	$ 3,238	$ 12,442	$ 3,842	$ 2,314	$ 2,866	$ 29,235
Loans acquired and accounted for under ASC 310-30	$ 1	$ —	$ 9	$ —	$ 4	$ 3	$ 17
Loans							
Individually evaluated for impairment	$ 14,691	$ 16,405	$ 48,476	$ 12,009	$ 10,064	$ 980	$ 102,625
Collectively evaluated for impairment	$ 279,502	$ 251,113	$ 687,663	$ 201,065	$ 254,567	$ 219,670	$ 1,893,580
Loans acquired and accounted for under ASC 310-30	$ 278,889	$ 53,280	$ 129,128	$ 7,997	$ 14,939	$ 39,616	$ 523,849

The portfolio segments used in the preceding 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, 2014 and 2013, was 4.66% and 5.10%, 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 $266.4 million and $166.2 million at December 31, 2014 and 2013, respectively. In addition, available lines of credit on these loans were $33.0 million and $15.7 million at December 31, 2014 and 2013, 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, 2014, 2013 and 2012:

	December 31, 2014			Year Ended December 31, 2014	
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
	(In Thousands)				
One- to four-family residential construction	$ 1,312	$ 1,312	$ —	$ 173	$ 76
Subdivision construction	4,540	4,540	344	2,593	226
Land development	7,601	8,044	1,507	9,691	292
Commercial construction	—	—	—	—	—
Owner occupied one- to four-family residential	3,747	4,094	407	4,808	212
Non-owner occupied one- to four-family residential	1,889	2,113	78	4,010	94
Commercial real estate	28,641	30,781	1,751	29,808	1,253
Other residential	9,804	9,804	—	10,469	407
Commercial business	2,725	2,750	823	2,579	158
Industrial revenue bonds	—	—	—	2,644	—
Consumer auto	420	507	63	219	37
Consumer other	629	765	94	676	71
Home equity lines of credit	431	476	75	461	25
Total	$ 61,739	$ 65,186	$ 5,142	$ 68,131	$ 2,851

	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

At December 31, 2014, $20.0 million of impaired loans had specific valuation allowances totaling $5.1 million. 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. For impaired loans which were nonaccruing, interest of approximately $1.1 million, $1.6 million and $1.8 million would have been recognized on an accrual basis during the years ended December 31, 2014, 2013 and 2012, 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 2014 and 2013 by type of modification:

	2014			
	Interest Only	Term	Combination	Total Modification
	(In Thousands)			
Mortgage loans on real estate:				
One- to four-family residential construction	$ —	$ —	$ 223	$ 223
Subdivision construction	—	250	—	250
Residential one-to-four family	308	426	—	734
Commercial	506	1,928	—	2,434
Commercial	—	1,881	—	1,881
Industrial revenue bonds	—	1,150	—	1,150
Consumer	—	145	—	145
	$ 814	$ 5,780	$ 223	$ 6,817

	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

At December 31, 2014, the Company had $47.6 million of loans that were modified in troubled debt restructurings and impaired, as follows: $8.3 million of construction and land development loans, $13.8 million of single family and multi-family residential mortgage loans, $23.3 million of commercial real estate loans, $1.9 million of commercial business loans and $324,000 of consumer loans. Of the total troubled debt restructurings at December 31, 2014, $39.2 million were accruing interest and $18.3 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, 2014, of approximately $62,000, one owner occupied residential mortgage loan totaling $56,000 and two consumer loans totaling $6,000. 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, 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.

During the year ended December 31, 2014, 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 $1.6 million of commercial real estate loans, $696,000 of residential mortgage loans and $6,000 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," "Substandard" and "Doubtful."

Substandard loans are characterized by the distinct possibility that the Bank will sustain some loss if certain deficiencies are not corrected. Doubtful loans are those having all the weaknesses inherent to those classified Substandard with the added characteristics that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. Special mention loans possess potential weaknesses that deserve management's close attention but do not expose the Bank to a degree of risk that warrants substandard classification. Loans classified as watch are being monitored because of indications of potential weaknesses or deficiencies that may require future classification as special mention or substandard. Loans not meeting any of the criteria previously described are considered satisfactory. The FDIC-covered loans are evaluated using this internal grading system. These loans are accounted for in pools and are currently substantially covered through loss sharing agreements with the FDIC. Minimal adverse classification in the loan pools was identified as of December 31, 2014 and 2013, respectively. The acquired non-covered loans are also evaluated using this internal grading system. These loans are accounted for in pools and minimal adverse classification in the loan pools was identified as of December 31, 2014. See *Note 4* for further discussion of the acquired loan pools and loss sharing agreements.

The Company evaluates the loan risk internal grading system definitions and allowance for loan loss methodology on an ongoing basis. In the fourth quarter of 2014, the Company began using a three-year average of historical losses for the general component of the allowance for loan loss calculation. The Company had previously used a five-year average. The Company believes that the three-year average provides a better representation of the current risks in the loan portfolio. This change was made after consultation with our regulators and other third-party consultants, as well as a review of the practices used by the Company's peers. This change did not materially affect the level of the allowance for loan losses. The general component of the allowance for loan losses is affected by several factors, including, but not limited to, average historical losses, the current composition of the loan portfolio, current and expected economic conditions, collateral values and internal risk ratings. Management considers all these factors in determining the adequacy of its allowance for loan losses. No other significant changes were made to the loan risk grading system definitions and allowance for loan loss methodology during the past year.

The loan grading system is presented by loan class below:

	December 31, 2014					
	Satisfactory	Watch	Special Mention	Substandard	Doubtful	Total
	(In Thousands)					
One- to four-family residential construction	$ 39,049	$ —	$ —	$ 1,312	$ —	$ 40,361
Subdivision construction	24,269	21	—	4,303	—	28,593
Land development	41,035	5,000	—	6,061	—	52,096
Commercial construction	392,929	—	—	—	—	392,929
Owner occupied one- to-four-family residential	85,041	745	—	1,763	—	87,549
Non-owner occupied one- to-four-family residential	141,198	580	—	1,273	—	143,051
Commercial real estate	901,167	32,155	—	12,554	—	945,876
Other residential	380,811	9,647	—	1,956	—	392,414
Commercial business	351,744	423	—	1,845	—	354,012
Industrial revenue bonds	40,037	1,024	—	—	—	41,061
Consumer auto	323,002	—	—	351	—	323,353
Consumer other	77,507	3	—	519	—	78,029
Home equity lines of credit	65,841	—	—	431	—	66,272
Acquired FDIC-covered loans, net of discounts	286,049	—	—	559	—	286,608
Acquired loans no longer covered by FDIC loss sharing agreements, net of discounts	48,592	—	—	1,353	—	49,945
Acquired non-covered loans, net of discounts	121,982	—	—	—	—	121,982
Total	$ 3,320,253	$ 49,598	$ —	$ 34,280	$ —	$ 3,404,131

	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
Acquired FDIC-covered loans, net of discounts	383,891	—	—	2,273	—	386,164
Acquired loans no longer covered by FDIC loss sharing agreements, net of discounts	—	—	—	—	—	—
Acquired non-covered loans, net of discounts	—	—	—	—	—	—
Total	$ 2,566,396	$ 62,117	$ —	$ 46,273	$ 2,398	$ 2,677,184

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, 2014 and 2013, loans outstanding to these directors and executive officers are summarized as follows:

	December 31, 2014	December 31, 2013
	(In Thousands)	
Balance, beginning of year	$ 7,093	$ 4,295
New loans	10,427	4,835
Payments	(1,492)	(2,037)
Balance, end of year	$ 16,028	$ 7,093

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 were 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, which five-year period ended March 31, 2014. 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 2014, 2013 and 2012 was $-0-, $134,000 and $1.2 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 were 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, which five-year period ended September 30, 2014. 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 2014, 2013 and 2012 was $-0-, $104,000 and $399,000, 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 2014, 2013 and 2012 was $105,000, $974,000 and $1.6 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 $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 2014, 2013 and 2012 was $544,000, $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.

Valley Bank

On June 20, 2014, Great Southern Bank entered into a purchase and assumption agreement with the FDIC to purchase a substantial portion of the loans and investment securities, as well as certain other assets, and assume all of the deposits, as well as certain other liabilities, of Valley Bank ("Valley"), a full-service bank headquartered in Moline, Illinois, with significant operations in Iowa. This transaction did not include a loss sharing agreement.

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 $10.8 million, which was included in Noninterest Income in the Company's Consolidated Statement of Income for the year ended December 31, 2014. During 2014, the Company continued to analyze its estimates of the fair values of the assets acquired and liabilities assumed. The Company finalized its analysis of these assets and liabilities without adjustments to the initial fair value estimates. The Bank recorded the fair value of the acquired loans at their estimated fair value of $165.1 million. A premium was recorded in conjunction with the fair value of the acquired loans and the amount amortized to yield during 2014 was $501,000. See *Note 31* for further analysis of this acquisition.

Fair Value and Expected Cash Flows

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

The amount of the estimated cash flows expected to be received from the acquired loan pools in excess of the fair values recorded for the loan pools is referred to as the accretable yield. The accretable yield is recognized as interest income over the estimated lives of the loans. The Company continues to evaluate the fair value of the loans including cash flows expected to be collected. Increases in the Company's cash flow expectations are recognized as increases to the

accretable yield while decreases are recognized as impairments through the allowance for loan losses. During the years ended December 31, 2014, 2013 and 2012, 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, 2014, 2013 and 2012, 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,		
	2014	**2013**	**2012**
	(In Thousands)		
Increase in accretable yield due to increased cash flow expectations	$ 31,461	$ 40,947	$ 42,567
Decrease in FDIC indemnification asset as a result of accretable yield increase	(23,129)	(32,597)	(34,054)

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

	Year Ended December 31,		
	2014	**2013**	**2012**
	(In Thousands)		
Interest income	$ 34,974	$ 35,211	$ 36,186
Noninterest income	(28,740)	(29,451)	(29,864)
Net impact to pre-tax income	$ 6,234	$ 5,760	$ 6,322

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 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. For the loan pools acquired in 2012 and 2011, the cash flow estimates have increased, beginning in 2012. This resulted in increased income that was spread on a level-yield basis over the remaining expected lives of the loan pools.

Because these adjustments will be recognized over the remaining lives of the loan pools and the remainder of the loss sharing agreements, respectively, they will impact future periods as well. The remaining accretable yield adjustment that will affect interest income is $26.9 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 $(22.6) million. Of the remaining adjustments, we expect to recognize $20.4 million of interest income and $(16.5)

million of non-interest income (expense) during 2015. Additional adjustments may be recorded in future periods from the FDIC-assisted acquisitions, as the Company continues to estimate expected cash flows from the acquired loan pools.

The 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, 2014 and 2013, the Bank’s internal estimate of credit performance is expected to be better than the threshold set by the FDIC in the loss sharing agreement. Therefore, a separate clawback liability totaling $6.1 million and $3.7 million was recorded at December 31, 2014 and 2013, 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.

In addition, beginning in the three months ended December 31, 2014, the Company's net interest margin has been impacted by additional yield accretion recognized in conjunction with updated estimates of the fair value of the loan pools acquired in the June 2014 Valley Bank FDIC-assisted transaction. Beginning with the three months ended December 31, 2014, the cash flow estimates have increased for certain of the Valley Bank loan pools primarily based on significant loan repayments and also due to collection of certain loans, thereby reducing loss expectations on certain of the loan pools. This resulted in increased income that was spread on a level-yield basis over the remaining expected lives of these loan pools. The Valley Bank transaction does not include a loss sharing agreement with the FDIC. Therefore, there is no related indemnification asset. The entire amount of the discount adjustment will be accreted to interest income over time with no offsetting impact to non-interest income.

TeamBank Loans, Foreclosed Assets and Indemnification Asset

The following tables present the balances of the loans, discount and FDIC indemnification asset related to the TeamBank transaction at December 31, 2014 and 2013. Gross loan balances (due from the borrower) were reduced approximately $392.3 million since the transaction date because of $258.6 million of repayments by the borrower, $61.6 million of transfers to foreclosed assets and $72.1 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.

	December 31, 2014	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 43,855	$ 132
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(1,923)	—
Original estimated fair value of assets, net of activity since acquisition date	(41,560)	(119)
Expected loss remaining	372	13
Assumed loss sharing recovery percentage	85%	77%
Expected loss sharing value	315	10
Indemnification asset to be amortized resulting from change in expected losses	359	—
FDIC indemnification asset	$ 674	$ 10

	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

Vantus Bank Loans, Foreclosed Assets and Indemnification Asset

The following tables present the balances of the loans, discount and FDIC indemnification asset related to the Vantus Bank transaction at December 31, 2014 and 2013. Gross loan balances (due from the borrower) were reduced approximately $289.4 million since the transaction date because of $243.5 million of repayments by the borrower, $16.5 million of transfers to foreclosed assets and $29.4 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, 2014	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 42,138	$ 1,084
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(504)	—
Original estimated fair value of assets, net of activity since acquisition date	(40,997)	(894)
Expected loss remaining	637	190
Assumed loss sharing recovery percentage	72%	0%
Expected loss sharing value	461	—
Indemnification asset to be amortized resulting from change in expected losses	324	—
FDIC indemnification asset	$ 785	$ —

	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

Sun Security Bank Loans, Foreclosed Assets and Indemnification Asset

The following tables present the balances of the loans, discount and FDIC indemnification asset related to the Sun Security Bank transaction at December 31, 2014 and 2013. Gross loan balances (due from the borrower) were reduced approximately $174.8 million since the transaction date because of $117.5 million of repayments by the borrower, $27.7 million of transfers to foreclosed assets and $29.6 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. Of the $4.1 million expected loss remaining, $261,000 is non-loss share discount.

	December 31, 2014	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 59,618	$ 2,325
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(3,341)	—
Original estimated fair value of assets, net of activity since acquisition date	(52,166)	(1,488)
Expected loss remaining	4,111	837
Assumed loss sharing recovery percentage	65%	80%
Expected loss sharing value	2,676	670
Indemnification asset to be amortized resulting from change in expected losses	2,662	—
Accretable discount on FDIC indemnification asset	(267)	(64)
FDIC indemnification asset	$ 5,071	$ 606

	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

InterBank Loans, Foreclosed Assets and Indemnification Asset

The following tables present the balances of the loans, discount and FDIC indemnification asset related to the InterBank transaction at December 31, 2014 and 2013. Gross loan balances (due from the borrower) were reduced approximately $148.3 million since the transaction date because of $115.3 million of repayments by the borrower, $12.5 million of transfers to foreclosed assets and $20.5 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, 2014	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 244,977	$ 4,494
Noncredit premium/(discount), net of activity since acquisition date	1,361	—
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(19,566)	—
Original estimated fair value of assets, net of activity since acquisition date	(201,830)	(3,986)
Expected loss remaining	24,942	508
Assumed loss sharing recovery percentage	82%	80%
Expected loss sharing value	20,509	406
FDIC loss share clawback	3,620	—
Indemnification asset to be amortized resulting from change in expected losses	15,652	—
Accretable discount on FDIC indemnification asset	(2,967)	(33)
FDIC indemnification asset	$ 36,814	$ 373

	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

Valley Bank Loans and Foreclosed Assets

The following tables present the balances of the loans and discount related to the Valley Bank transaction at December 31, 2014 and June 20, 2014 (the transaction date). Gross loan balances (due from the borrower) were reduced approximately $47.3 million since the transaction date because of $42.8 million of repayments by the borrower, $778,000 of transfers to foreclosed assets and $3.7 million of charge-offs to customer loan balances. The Valley Bank transaction did not include a loss sharing agreement; however, the loans were recorded at a discount, which is accreted to yield over the life of the loans. 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, 2014	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis, net of activity since acquisition date	$ 145,845	$ 778
Noncredit premium/(discount), net of activity since acquisition date	1,514	—
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(1,519)	—
Original estimated fair value of assets, net of activity since acquisition date	(121,982)	(778)
Expected loss remaining	$ 23,858	$ —

	June 20, 2014	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis	$ 193,186	$ —
Noncredit premium/(discount)	2,015	—
Original estimated fair value of assets	(165,098)	—
Expected loss remaining	$ 30,103	$ —

Changes in the accretable yield for acquired loan pools were as follows for the years ended December 31, 2014, 2013 and 2012:

	TeamBank	Vantus Bank	Sun Security Bank	InterBank	Valley Bank
	(In Thousands)				
Balance, January 1, 2012	$ 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	—
Additions	—	—	—	—	22,976
Accretion	(4,138)	(3,835)	(10,590)	(37,994)	(4,788)
Reclassification from nonaccretable difference[(1)]	3,601	2,563	7,429	33,991	(7,056)
Balance, December 31, 2014	$ 6,865	$ 4,453	$ 7,952	$ 36,092	$ 11,132

(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, InterBank and Valley Bank for the year ended December 31, 2014, totaling $3.2 million, $2.4 million, $3.9 million, $9.2 million and $(9.6 million), respectively; 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; and 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.

Note 5: Other Real Estate Owned

Major classifications of foreclosed assets at December 31, 2014 and 2013, were as follows:

	2014	2013
	(In Thousands)	
Foreclosed assets held for sale		
One- to four-family construction	$ 223	$ 600
Subdivision construction	9,857	12,152
Land development	17,168	16,688
Commercial construction	—	2,132
One- to four-family residential	3,353	744
Other residential	2,625	5,900
Commercial real estate	1,632	3,135
Commercial business	59	79
Consumer	624	715
	35,541	42,145
FDIC-supported foreclosed assets, net of discounts	5,695	9,258
Acquired foreclosed assets no longer covered by FDIC loss sharing agreements, net of discounts	879	—
Acquired foreclosed assets not covered by FDIC loss sharing agreements, net of discounts (Valley Bank)	778	—
Foreclosed assets held for sale, net	42,893	51,403
Other real estate owned not acquired through foreclosure	2,945	2,111
Other real estate owned	$ 45,838	$ 53,514

As of December 31, 2014, other real estate owned not acquired through foreclosure includes 13 properties, 11 of which were branch locations that have been closed and are held for sale, and two of which are land which was acquired for potential branch locations.

Expenses applicable to foreclosed assets for the years ended December 31, 2014, 2013 and 2012, included the following:

	2014	2013	2012
		(In Thousands)	
Net gain on sales of real estate	$ (91)	$ (231)	$ (1,603)
Valuation write-downs	3,343	1,384	6,786
Operating expenses, net of rental income	2,384	2,915	3,565
	$ 5,636	$ 4,068	$ 8,748

Note 6: Premises and Equipment

Major classifications of premises and equipment at December 31, 2014 and 2013, stated at cost, were as follows:

	2014	2013
	(In Thousands)	
Land	$ 35,577	$ 29,348
Buildings and improvements	85,128	71,026
Furniture, fixtures and equipment	50,311	44,143
	171,016	144,517
Less accumulated depreciation	46,175	39,983
	$ 124,841	$ 104,534

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, 2014, the Company had thirteen investments, with a net carrying value of $29.6 million. At December 31, 2013, the Company had fifteen investments, with a net carrying value of $34.2 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 proportional amortization 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 $38.7 million as of December 31, 2014, 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 $29.5 million, assuming all projects currently under construction are completed and funded as planned. The Company's usage of federal affordable housing tax credits approximated $6.0 million, $7.1 million and $5.2 million during 2014, 2013 and 2012, respectively. Investment amortization amounted to $4.7 million, $5.0 million and $4.6 million for the years ended December 31, 2014, 2013 and 2012, 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, 2014, the Company had four investments, with a net carrying value of $5.1 million. At December 31, 2013, the Company had four 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 $7.1 million as of December 31, 2014. Amortization of the investments in partnerships is expected to be approximately $5.0 million. The Company's usage of federal New Market Tax Credits approximated $2.3 million, $2.3 million and $1.7 million during 2014, 2013 and 2012, respectively. Investment amortization amounted to $1.7 million, $1.6 million and $1.1 million for the years ended December 31, 2014, 2013 and 2012, 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, 2014 and 2013, are summarized as follows:

	Weighted Average Interest Rate	2014	2013
		(In Thousands, Except Interest Rates)	
Noninterest-bearing accounts	—	$ 518,266	$ 522,805
Interest-bearing checking and savings accounts	0.19% - 0.20%	1,375,100	1,291,879
		1,893,366	1,814,684
Certificate accounts	0% - 0.99%	798,932	669,698
	1% - 1.99%	227,476	251,118
	2% - 2.99%	61,146	61,042
	3% - 3.99%	8,065	9,413
	4% - 4.99%	1,435	1,852
	5% and above	420	819
		1,097,474	993,942
		$ 2,990,840	$ 2,808,626

The weighted average interest rate on certificates of deposit was 0.78% and 0.69% at December 31, 2014 and 2013, respectively.

The aggregate amount of certificates of deposit originated by the Bank in denominations greater than $100,000 was approximately $402.0 million and $345.1 million at December 31, 2014 and 2013, respectively. The Bank utilizes brokered deposits as an additional funding source. The aggregate amount of brokered deposits was approximately $173.5 million and $126.3 million at December 31, 2014 and 2013, respectively.

At December 31, 2014, scheduled maturities of certificates of deposit were as follows:

	Retail	Brokered	Total
		(In Thousands)	
2015	$ 632,607	$ 80,656	$ 713,263
2016	161,813	75,356	237,169
2017	74,880	17,512	92,392
2018	39,739	—	39,739
2019	9,079	—	9,079
Thereafter	5,832	—	5,832
	$ 923,950	$ 173,524	$ 1,097,474

A summary of interest expense on deposits for the years ended December 31, 2014, 2013 and 2012, is as follows:

	2014	2013	2012
	(In Thousands)		
Checking and savings accounts	$ 3,088	$ 3,551	$ 7,087
Certificate accounts	8,264	8,871	13,715
Early withdrawal penalties	(127)	(76)	(82)
	$ 11,225	$ 12,346	$ 20,720

Note 9: Advances From Federal Home Loan Bank

Advances from the Federal Home Loan Bank at December 31, 2014 and 2013, consisted of the following:

	December 31, 2014		December 31, 2013	
Due In	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
	(In Thousands)			
2014	—	—%	2,315	1.02%
2015	240,065	0.41	10,065	3.87
2016	70	5.14	25,070	3.81
2017	30,826	3.26	85,825	3.92
2018	81	5.14	81	5.06
2019	28	5.14	29	5.06
2020 and thereafter	500	5.54	500	5.54
	271,570	0.75	123,885	3.85
Unamortized fair value adjustment	71		2,872	
	$ 271,641		$ 126,757	

Included in the Bank's FHLB advances at December 31, 2014 and December 31, 2013, was 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, 2014 and December 31, 2013, was 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.

Included in the Bank's FHLB advances at December 31, 2013, was a $25.0 million advance with a maturity date of December 7, 2016. The interest rate on this advance was 3.81%. This advance was repaid by the Bank in June 2014.

Included in the Bank's FHLB advances at December 31, 2013, was a $30.0 million advance with a maturity date of March 29, 2017. The interest rate on this advance was 4.07%. This advance was repaid by the Bank in June 2014.

Included in the Bank's FHLB advances at December 31, 2013, was a $25.0 million advance with a maturity date of June 20, 2017. The interest rate on this advance was 4.57%. This advance was repaid by the Bank in June 2014.

The Company prepaid a total of $80 million of its Federal Home Loan Bank advances and $50 million of structured repurchase agreements (see *Note 12*) during the year ended December 31, 2014 as part of a strategy to utilize the Bank's liquidity and improve net interest margin. As a result, the Company incurred one-time prepayment penalties totaling $7.4 million, which were included in other operating expenses.

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, 2014 and 2013. Loans with carrying values of approximately $1.10 billion and $878.5 million were pledged as collateral for outstanding advances at December 31, 2014 and 2013, respectively. The Bank had potentially available $395.3 million remaining on its line of credit under a borrowing arrangement with the FHLB of Des Moines at December 31, 2014.

Note 10: Short-Term Borrowings

Short-term borrowings at December 31, 2014 and 2013, are summarized as follows:

	2014	2013
	(In Thousands)	
Notes payable – Community Development Equity Funds	$ 1,451	$ 1,128
Overnight borrowings from the Federal Home Loan Bank	41,000	—
Securities sold under reverse repurchase agreements	168,993	134,981
	$ 211,444	$ 136,109

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 0.08% and 0.04% at December 31, 2014 and 2013, respectively. Short-term borrowings averaged approximately $165.2 million and $180.4 million for the years ended December 31, 2014 and 2013, respectively. The maximum amounts outstanding at any month end were $211.4 million and $220.1 million, respectively, during those same periods.

Note 11: Federal Reserve Bank Borrowings

At December 31, 2014 and 2013, the Bank had $563.2 million and $418.9 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, 2014 or 2013.

Note 12: Structured Repurchase Agreements

In September 2008, the Company entered into a structured repurchase borrowing transaction for $50 million. This borrowing bore interest at a fixed rate of 4.34%, was scheduled to mature September 15, 2015, and had a call provision that allowed the repurchase counterparty to call the borrowing quarterly. The Company pledged investment securities to collateralize this borrowing.

In June 2014, the Company elected to repay this structured repurchase borrowing and incurred a one-time prepayment penalty (see *Note 9*).

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 1.83% and 1.84% at December 31, 2014 and 2013, 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 1.64% and 1.65% at December 31, 2014 and 2013, respectively.

At December 31, 2014 and 2013, subordinated debentures issued to capital trusts are summarized as follows:

	2014	2013
	(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, 2014 and 2013, 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, 2014 and 2013.

During the years ended December 31, 2014, 2013 and 2012, the provision for income taxes included these components:

	2014	2013	2012
		(In Thousands)	
Taxes currently payable	$ 20,013	$ 17,013	$ 3,815
Deferred income taxes	(6,260)	(8,839)	13,252
Income taxes	13,753	8,174	17,067
Taxes attributable to discontinued operations	—	—	(2,487)
Income tax expense attributable to continuing operations	$ 13,753	$ 8,174	$ 14,580

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

	December 31, 2014	December 31, 2013
	(In Thousands)	
Deferred tax assets		
Allowance for loan losses	$ 13,452	$ 14,041
Interest on nonperforming loans	317	210
Accrued expenses	1,527	599
Write-down of foreclosed assets	3,970	3,697
Other	350	—
	19,616	18,547
Deferred tax liabilities		
Tax depreciation in excess of book depreciation	(6,443)	(3,619)
FHLB stock dividends	(1,494)	(1,656)
Partnership tax credits	(2,176)	(3,068)
Prepaid expenses	(508)	(598)
Unrealized gain on available-for-sale securities	(3,895)	(1,344)
Difference in basis for acquired assets and liabilities	(4,738)	(12,049)
Other	(236)	(256)
	(19,490)	(22,590)
Net deferred tax asset (liability)	$ 126	$ (4,043)

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

	2014	2013	2012
Tax at statutory rate	35.0%	35.0%	35.0%
Nontaxable interest and dividends	(3.0)	(4.6)	(3.5)
Tax credits	(9.5)	(12.5)	(7.0)
State taxes	1.5	1.6	0.5
Other	—	—	(0.1)
	24.0%	19.5%	24.9%

The Company and its consolidated subsidiaries have not been audited recently by the Internal Revenue Service (IRS) 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 IRS examination for 2006 and 2007. As a result, the Company's 2006 and subsequent tax years remain open for examination. The IRS audits of the two partnerships are ongoing. The IRS has raised

questions about the validity of the allocation of a portion of the credits by one of the partnerships. At this time, the Company believes that the partnership has sufficient technical support for its allocation position regarding these credits and that it is more likely than not these allocations will ultimately be sustained; therefore, a reserve for uncertain tax positions is not required.

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, 2014 and 2013:

		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, 2014				
U.S. government agencies	$ 19,514	$ —	$ 19,514	$ —
Mortgage-backed securities	257,798	—	257,798	—
States and political subdivisions	85,040	—	85,040	—
Equity securities	3,154	—	3,154	—
Mortgage servicing rights	185	—	—	185
Interest rate derivative asset	2,502	—	—	2,502
Interest rate derivative liability	(2,187)	—	—	(2,187)
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)

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, 2014 and 2013, 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, 2014. 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, state and municipal bonds and certain 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, 2014 and 2013.

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 Derivatives

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, 2013	$ 152
Additions	239
Amortization	(180)
Balance, December 31, 2013	211
Additions	105
Amortization	(131)
Balance, December 31, 2014	$ 185

	Interest Rate Derivative Asset
	(In Thousands)
Balance, January 1, 2013	$ 2,112
Net change in fair value	(253)
Balance, December 31, 2013	1,859
Net change in fair value	228
Balance, December 31, 2014	$ 2,087

	Interest Rate Cap Derivative Asset Designated as Hedging Instrument
	(In Thousands)
Balance, January 1, 2013	$ —
Additions	738
Net change in fair value	(53)
Balance, December 31, 2013	685
Net change in fair value	(270)
Balance, December 31, 2014	$ 415

	Interest Rate Derivative Liability
	(In Thousands)
Balance, January 1, 2013	$ 2,160
Net change in fair value	(547)
Balance, December 31, 2013	1,613
Net change in fair value	574
Balance, December 31, 2014	$ 2,187

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, 2014 and 2013:

		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, 2014				
Impaired loans				
One- to four-family residential construction	$ —	$ —	$ —	$ —
Subdivision construction	274	—	—	274
Land development	3,946	—	—	3,946
Owner occupied one- to four-family residential	862	—	—	862
Non-owner occupied one- to four-family residential	288	—	—	288
Commercial real estate	5,333	—	—	5,333
Other residential	—	—	—	—
Commercial business	320	—	—	320
Consumer auto	38	—	—	38
Consumer other	399	—	—	399
Home equity lines of credit	198	—	—	198
Total impaired loans	$ 11,658	$ —	$ —	$ 11,658
Foreclosed assets held for sale	$ 6,975	$ —	$ —	$ 6,975
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

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, 2014 and 2013, 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, 2014 and 2013, 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, 2014 and 2013, 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, 2014 and 2013.

FDIC Indemnification Asset

As part of certain 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, 2014 and 2013, the carrying value was $684,000 and $1.3 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, 2014 and 2013, the carrying value of the FDIC indemnification asset was $785,000 and $2.3 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, 2014 and 2013, the carrying value of the FDIC indemnification asset was $5.7 million and $10.4 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, 2014 and 2013, the carrying value of the FDIC indemnification asset was $37.2 million and $58.8 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 of these 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, 2014			December 31, 2013		
	Carrying Amount	Fair Value	Hierarchy Level	Carrying Amount	Fair Value	Hierarchy Level
Financial assets						
Cash and cash equivalents	$ 218,647	$ 218,647	1	$ 227,925	$ 227,925	1
Held-to-maturity securities	450	499	2	805	912	2
Mortgage loans held for sale	14,579	14,579	2	7,239	7,239	2
Loans, net of allowance for loan losses	3,038,848	3,047,741	3	2,439,530	2,442,917	3
Accrued interest receivable	11,219	11,219	3	11,408	11,408	3
Investment in FHLB stock	16,893	16,893	3	9,822	9,822	3
Financial liabilities						
Deposits	2,990,840	2,996,226	3	2,808,626	2,813,779	3
FHLB advances	271,641	273,568	3	126,757	131,281	3
Short-term borrowings	211,444	211,444	3	136,109	136,109	3
Structured repurchase agreements	—	—	3	50,000	53,485	3
Subordinated debentures	30,929	30,929	3	30,929	30,929	3
Accrued interest payable	1,067	1,067	3	1,099	1,099	3
Unrecognized financial instruments (net of contractual value)						
Commitments to originate loans	—	—	3	—	—	3
Letters of credit	92	92	3	76	76	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, 2014, future minimum lease payments were as follows (in thousands):

2015	$ 1,042
2016	920
2017	820
2018	617
2019	422
Thereafter	526
	$ 4,347

Rental expense was $1.1 million, $1.0 million and $1.7 million for the years ended December 31, 2014, 2013 and 2012, 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 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 part of the Valley Bank FDIC-assisted acquisition, the Company acquired seven loans with related interest rate swaps. Valley's swap program differed from the Company's in that Valley did not have back to back swaps with the customer and a counterparty. Two of the seven acquired loans with interest rate swaps have paid off. The notional amount of the five remaining Valley swaps is $4.0 million at December 31, 2014. As of December 31, 2014, the Company had 28 interest rate swaps totaling $125.1 million in notional amount with commercial customers, and 28 interest rate swaps with the same notional amount with third parties related to its program. 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 its program. During the years ended December 31, 2014 and 2013, the Company recognized a net loss of $345,000 and a net gain of $295,000, 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. During the years ended December 31, 2014 and 2013, the Company recognized $-0- in noninterest income related to changes in the fair value of these derivatives. During the years ended December 31, 2014 and 2013, the Company recognized $19,000 and $-0-, respectively, in interest expense related to the amortization of the cost of these interest rate caps.

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, 2014	December 31, 2013
		(In Thousands)	
Derivatives designated as hedging instruments			
Interest rate caps	Prepaid expenses and other assets	$ 415	$ 685
Total derivatives designated as hedging instruments		$ 415	$ 685
Derivatives not designated as hedging instruments			
Asset Derivatives			
Derivatives not designated as hedging instruments			
Interest rate products	Prepaid expenses and other assets	$ 2,087	$ 1,859
Total derivatives not designated as hedging instruments		$ 2,087	$ 1,859
Liability Derivatives			
Derivatives not designated as hedging instruments			
Interest rate products	Accrued expenses and other liabilities	$ 2,187	$ 1,613
Total derivatives not designated as hedging instruments		$ 2,187	$ 1,613

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 AOCI	
	2014	2013
	(In Thousands)	
Interest rate cap, net of income taxes	$ (164)	$ (34)

Agreements with Derivative Counterparties

The Company has agreements with its derivative counterparties. If the Company defaults on any of its indebtedness, including a 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, 2014, 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 $2.1 million. The Company has minimum collateral posting thresholds with its derivative counterparties. At December 31, 2014, 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 $3.1 million of collateral to satisfy the agreement. 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. 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. If the Company had breached any of these provisions at December 31, 2014 and 2013, 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, 2014 and 2013, the Bank had outstanding commitments to originate loans and fund commercial construction loans aggregating approximately $130.0 million and $84.4 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 $12.7 million and $7.0 million at December 31, 2014 and 2013, 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 $24.2 million and $28.4 million at December 31, 2014 and 2013, respectively, with $21.7 million and $25.4 million, respectively, of the letters of credit having terms up to five years and $3.5 million and $3.0 million, respectively, of the letters of credit having terms over five years. Of the amount having terms over five years, $2.5 million and $2.9 million at December 31, 2014 and 2013, 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 $2.5 million and $14.9 million at December 31, 2014 and 2013, 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, 2014, the Bank had granted unused lines of credit to borrowers aggregating approximately $386.4 million and $92.3 million for commercial lines and open-end consumer lines, respectively. 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.

Credit Risk

The Bank grants collateralized commercial, real estate and consumer loans primarily to customers in its market areas. Although the Bank has a diversified portfolio, loans aggregating approximately $136.1 million and $130.0 million at December 31, 2014 and 2013, respectively, are secured by motels, restaurants, recreational facilities, other commercial properties and residential mortgages in the Branson, Missouri, area. Residential mortgages account for approximately $40.2 million and $44.8 million of this total at December 31, 2014 and 2013, respectively.

In addition, loans (excluding those covered by loss sharing agreements) aggregating approximately $524.7 million and $428.1 million at December 31, 2014 and 2013, 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

	2014	2013	2012
		(In Thousands)	
Noncash Investing and Financing Activities			
Real estate acquired in settlement of loans	$19,975	$45,941	$82,954
Sale and financing of foreclosed assets	$1,805	$11,303	$11,855
Conversion of premises and equipment to foreclosed assets	$202	$2,111	—
Dividends declared but not paid	$2,896	$2,606	$168
Additional Cash Payment Information			
Interest paid	$15,833	$19,426	$29,332
Income taxes paid	$8,510	$17,351	$33
Income taxes refunded	—	—	$11,646

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, 2014, 2013 and 2012, were approximately $731,000, $744,000 and $895,000, 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, 2014 and 2013, was 108.86% and 102.24%, respectively. The funded status was calculated by taking the market value of plan assets, which reflected contributions received through June 30, 2014 and 2013, 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. Employer contributions charged to expense for the years ended December 31, 2014, 2013 and 2012, were approximately $1.1 million, $870,000 and $1.2 million, respectively.

Note 21: Stock Option Plan

The Company established the 2003 Stock Option and Incentive Plan (the "2003 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 598,224 shares of common stock. 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 the 2003 Plan; however, existing outstanding awards under the 2003 Plan were not affected. At December 31, 2014, 407,898 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, 2014, 253,200 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, 2012	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
Granted from 2013 Plan	(147,400)	147,400	32.450
Exercised	—	(153,287)	27.088
Forfeited from terminated plan(s)	—	(22,022)	27.387
Forfeited from current plan(s)	10,700	(10,700)	30.204
Balance, December 31, 2014	446,800	661,098	$ 26.560

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, 2014	December 31, 2013	December 31, 2012
Expected dividends per share	$0.80	$0.72	$0.72
Risk-free interest rate	1.40%	1.53%	0.65%
Expected life of options	5 years	5 years	5 years
Expected volatility	18.95%	24.80%	28.83%
Weighted average fair value of options granted during year	$4.20	$5.22	$4.55

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, 2014.

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Options outstanding, January 1, 2014	699,707	$25.597	5.93 years
Granted	147,400	32.450	
Exercised	(153,287)	27.088	
Forfeited	(32,722)	28.308	
Options outstanding, December 31, 2014	661,098	26.560	6.72 years
Options exercisable, December 31, 2014	271,051	24.275	3.90 years

For the years ended December 31, 2014, 2013 and 2012, options granted were 147,400, 119,600, and 105,200, 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, 2014, 2013 and 2012, was $932,000, $858,000 and $1.0 million, respectively. Cash received from the exercise of options for the years ended December 31, 2014, 2013 and 2012, was $2.4 million, $1.2 million and $2.3 million, respectively. The actual tax benefit realized for the tax deductions from option exercises totaled $858,000, $764,000 and $888,000 for the years ended December 31, 2014, 2013 and 2012, respectively.

The following table presents the activity related to nonvested options under all plans for the year ended December 31, 2014.

	Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Nonvested options, January 1, 2014	339,958	$24.794	$4.768
Granted	147,400	32.450	4.196
Vested this period	(75,863)	21.932	5.146
Nonvested options forfeited	(21,448)	26.531	4.737
Nonvested options, December 31, 2014	390,047	28.148	4.480

At December 31, 2014, there was $1.6 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 2019, with the majority of this expense recognized in 2015 and 2016.

The following table further summarizes information about stock options outstanding at December 31, 2014:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Term	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$8.360 to $19.960	104,228	6.36 years	$17.412	55,960	$15.818
$20.370 to $24.820	171,189	6.83 years	23.484	82,610	22.624
$25.480 to $29.880	160,290	7.15 years	28.428	45,790	25.721
$30.340 to $36.390	225,391	6.49 years	31.799	86,691	30.543
	661,098	6.72 years	26.560	271,051	24.275

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:

	2014	2013
	(In Thousands)	
Net unrealized gain on available-for-sale securities	$ 11,129	$ 3,841
Net unrealized loss on derivatives used for cash flow hedges	(304)	(53)
	10,825	3,788
Tax effect	(3,789)	(1,326)
Net-of-tax amount	$ 7,036	$ 2,462

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, 2014, 2013 and 2012, were as follows:

	Amounts Reclassified from AOCI			Affected Line Item in the Statements of Income
	2014	2013	2012	
	(In Thousands)			
Unrealized gains on available-for-sale securities	$ 2,139	$ 243	$ 2,666	Net realized gains on available-for-sale securities (total reclassified amount before tax)
				Total reclassified amount before tax
Income taxes	(749)	(85)	(933)	Tax (expense) benefit
Total reclassifications out of AOCI	$ 1,390	$ 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 as of December 31, 2014) 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, 2014, that the Bank met all capital adequacy requirements to which it was then subject.

As of December 31, 2014, 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 as of December 31, 2014, the Bank must have maintained 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
	(Dollars In Thousands)					
As of December 31, 2014						
Total risk-based capital						
Great Southern Bancorp, Inc.	$473,689	14.5%	≥ $261,062	≥ 8.0%	N/A	N/A
Great Southern Bank	$410,291	12.6%	≥ $260,919	≥ 8.0%	≥ $326,149	≥ 10.0%
Tier I risk-based capital						
Great Southern Bancorp, Inc.	$435,254	13.3%	≥ $130,531	≥ 4.0%	N/A	N/A
Great Southern Bank	$371,856	11.4%	≥ $130,459	≥ 4.0%	≥ $195,689	≥ 6.0%
Tier I leverage capital						
Great Southern Bancorp, Inc.	$435,254	11.1%	≥ $156,395	≥ 4.0%	N/A	N/A
Great Southern Bank	$371,856	9.5%	≥ $156,197	≥ 4.0%	≥ $195,247	≥ 5.0%
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%

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, 2014 and 2013, the Company and the Bank exceeded their minimum capital requirements then in effect. 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 the Circuit Court of Greene County, Missouri by a customer alleging that the fees associated with the Bank's automated overdraft program in connection with its debit cards and ATM cards constitute unlawful interest in violation of Missouri's usury laws. The Court has certified a class of Bank customers who have paid overdraft fees on their checking accounts pursuant to the Bank's automated overdraft program. The Bank intends to contest this case vigorously. 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 2014, 2013 and 2012:

	2014 Three Months Ended			
	March 31	June 30	September 30	December 31
	(In Thousands, Except Per Share Data)			
Interest income	$ 42,294	$ 44,384	$ 47,607	$ 49,077
Interest expense	4,328	4,413	3,501	3,559
Provision for loan losses	1,691	1,462	945	53
Net realized gains (losses) and impairment on available-for-sale securities	73	569	321	1,176
Noninterest income	924	10,631	1,778	1,398
Noninterest expense	25,894	34,399	29,398	31,168
Provision (credit) for income taxes	2,487	3,687	3,951	3,628
Net income from continuing operations	8,818	11,054	11,590	12,067
Discontinued operations	—	—	—	—
Net income	8,818	11,054	11,590	12,067
Net income available to common shareholders	8,673	10,909	11,445	11,923
Earnings per common share – diluted	0.63	0.79	0.83	0.86

	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	25,920	26,712	26,156	26,830
Provision (credit) for income taxes	2,517	2,221	2,121	1,315
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	24,106	27,273	27,976	29,248
Provision for income taxes	1,539	9,923	1,922	1,196
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

Note 27: Condensed Parent Company Statements

The condensed statements of financial condition at December 31, 2014 and 2013, and statements of income, comprehensive income and cash flows for the years ended December 31, 2014, 2013 and 2012, for the parent company, Great Southern Bancorp, Inc., were as follows:

	December 31, 2014	December 31, 2013
	(In Thousands)	
Statements of Financial Condition		
Assets		
Cash	$ 64,836	$ 38,965
Available-for-sale securities	3,154	2,869
Investment in subsidiary bank	385,046	371,590
Income taxes receivable	—	31
Prepaid expenses and other assets	1,466	1,752
	$ 454,502	$ 415,207
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	$ 3,126	$ 2,891
Deferred income taxes	702	689
Subordinated debentures issued to capital trust	30,929	30,929
Preferred stock	57,943	57,943
Common stock	138	137
Additional paid-in capital	22,345	19,567
Retained earnings	332,283	300,589
Accumulated other comprehensive gain	7,036	2,462
	$ 454,502	$ 415,207

	2014	2013	2012
		(In Thousands)	
Statements of Income			
Income			
Dividends from subsidiary bank	$ 36,000	$ 24,000	$ 12,000
Interest and dividend income	22	20	33
Net realized gains on sales of available-for-sale securities	—	—	280
Other income (loss)	(20)	13	(19)
	36,002	24,033	12,294
Expense			
Operating expenses	1,198	1,132	1,297
Interest expense	567	560	617
	1,765	1,692	1,914
Income before income tax and equity in undistributed earnings of subsidiaries	34,237	22,341	10,380
Credit for income taxes	(388)	(365)	(401)
Income before equity in earnings of subsidiaries	34,625	22,706	10,781
Equity in undistributed earnings of subsidiaries	8,904	11,023	37,925
Net income	$ 43,529	$ 33,729	$ 48,706

Great Southern Bancorp, Inc.

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

	2014	2013	2012
		(In Thousands)	
Statements of Cash Flows			
Operating Activities			
Net income	$ 43,529	$ 33,729	$ 48,706
Items not requiring (providing) cash			
Equity in undistributed earnings of subsidiary	(8,904)	(11,023)	(37,925)
Compensation expense for stock option grants	565	443	435
Net realized gains on sales of available-for-sale securities	—	—	(280)
Amortization of interest rate derivative	19	—	—
Changes in			
Prepaid expenses and other assets	(3)	4	(19)
Accounts payable and accrued expenses	(67)	(146)	226
Income taxes	43	1	10
Net cash provided by operating activities	35,182	23,008	11,153
Investing Activities			
(Investment)/Return of principal - other investments	20	(13)	49
Proceeds from sale of available-for-sale securities	—	—	664
Proceeds from maturity of held-to-maturity securities	—	—	840
Net cash provided by (used in) investing activities	20	(13)	1,553
Financing Activities			
Purchase of interest rate derivative	—	(738)	—
Purchases of the Company's common stock	(512)	—	—
Dividends paid	(11,257)	(7,964)	(12,991)
Stock options exercised	2,438	1,242	2,269
Net cash used in financing activities	(9,331)	(7,460)	(10,722)
Increase in Cash	25,871	15,535	1,984
Cash, Beginning of Year	38,965	23,430	21,446
Cash, End of Year	$ 64,836	$ 38,965	$ 23,430
Additional Cash Payment Information			
Interest paid	$ 570	$ 565	$ 620

	2014	2013	2012
		(In Thousands)	
Statements of Comprehensive Income			
Net Income	$ 43,529	$ 33,729	$ 48,706
Unrealized appreciation on available-for-sale securities, net of taxes of $100, $302 and 195, for 2014, 2013 and 2012, respectively	185	561	363
Less: reclassification adjustment for gains included in net income, net of taxes of $0, $0 and $98 for 2014, 2013 and 2012, respectively	—	—	(182)
Change in fair value of cash flow hedge, net of taxes (credit) of $(88), $(19) and $0 for 2014, 2013 and 2012, respectively	(164)	(34)	—
Comprehensive income (loss) of subsidiaries	4,553	(14,715)	4,056
Comprehensive Income	$ 48,103	$ 19,541	$ 52,943

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. The Company also repurchased the Warrant on September 21, 2011.

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.

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 $(249.7 million). Based upon the increase in the Bank's level of QSBL over the adjusted baseline level, the dividend rate has been 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 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.

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. Revenues from the two divisions, excluding the gain on sale, totaled $8.2 million for the year ended December 31, 2012, 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: Acquisition of Certain Assets and Liabilities of Boulevard Bank

On March 21, 2014, Great Southern Bank completed the acquisition of certain loan and depository accounts and two branches in Neosho, Mo., and certain loan and depository accounts in St. Louis, Mo., from Neosho, Mo.-based Boulevard Bank. The fair values of the assets acquired and liabilities assumed in the transaction were as follows:

	March 21, 2014
	(In Thousands)
Assets	
Cash and cash equivalents	$ 80,028
Loans receivable, net of discount on loans purchased of $-0-	10,940
Premises and equipment	668
Accrued interest receivable	34
Core deposit intangible	854
Total assets acquired	92,524
Liabilities	
Total deposits	93,223
Accrued interest payable	93
Total liabilities assumed	93,316
Goodwill recognized on business acquisition	$ 792

This acquisition was determined to constitute a business acquisition in accordance with FASB ASC 805. FASB ASC 805 allows a measurement period of up to one year to adjust initial fair value estimates as of the acquisition date. Therefore, provisional measurements of assets acquired and liabilities assumed were recorded on a preliminary basis at fair value on the date of acquisition, March 21, 2014. Based upon the preliminary acquisition date fair values of the net liabilities acquired, goodwill of $792,000 was recorded. Details related to the purchase accounting adjustments are as follows:

	March 21, 2014 (In Thousands)
Deposit premium per Purchase and Assumption Agreement	$ (976)
Purchase accounting adjustments	
Deposits	(670)
Core deposit intangible	854
Goodwill recognized on business acquisition	$ 792

At December 31, 2014, the Company has finalized its initial analysis of these assets and liabilities without adjustments to the preliminary estimated recorded carrying values.

Note 31: FDIC-Assisted Acquisition of Certain Assets and Liabilities of Valley Bank

On June 20, 2014, Great Southern Bank entered into a purchase and assumption agreement with the FDIC to purchase a substantial portion of the loans and investment securities, as well as certain other assets, and assume all of the deposits, as well as certain other liabilities, of Valley Bank ("Valley"), a full-service bank headquartered in Moline, IL, with significant operations in Iowa. The provisional fair values of the assets acquired and liabilities assumed in the transaction were as follows:

	June 20, 2014 (In Thousands)
Cash	$ 2,729
Due from banks	106,680
Cash and cash equivalents	109,409
Investment securities	88,513
Loans receivable, net of discount on loans purchased of $30,103	165,098
Accrued interest receivable	1,004
Premises	10,850
Core deposit intangible	2,800

Other assets	1,060
Total assets acquired	378,734
Liabilities	
Demand and savings deposits	186,902
Time deposits	179,125
Total deposits	366,027
Securities sold under reverse repurchase agreements with customers	567
Accounts payable	561
Accrued interest payable	182
Advances from borrowers for taxes and insurance	592
Total liabilities assumed	367,929
Gain recognized on business acquisition	$ 10,805

Under the terms of the Purchase and Assumption Agreement, the FDIC agreed to transfer net assets to Great Southern at a discount of $37.5 million to compensate Great Southern for estimated losses related to the loans acquired. No premium was paid to the FDIC for the deposits, resulting in a net purchase discount of $37.5 million. Details related to the transfer are as follows:

	June 20, 2014
	(In Thousands)
Net liabilities as determined by the FDIC	$ (21,897)
Cash transferred by the FDIC	59,394
Discount per Purchase and Assumption Agreement	37,497
Purchase accounting adjustments	
Loans	(28,088)
Deposits	(399)
Investments	(1,005)
Core deposit intangible	2,800
Gain recognized on business acquisition	$ 10,805

The acquisition of the net assets of Valley was determined to constitute a business acquisition in accordance with FASB ASC 805. FASB ASC 805 allows a measurement period of up to one year to adjust initial fair value estimates as of the acquisition date. Therefore, provisional measurements of assets acquired and liabilities assumed were recorded on a preliminary basis at fair value on the date of acquisition. Based upon the preliminary acquisition date fair values of the net assets acquired, no goodwill was recorded. The transaction resulted in a preliminary bargain purchase gain of $10.8 million for the year ended June 30, 2014. The transaction also resulted in the recording of a deferred tax liability in the initial amount of $3.6 million.

The carrying amount of assets related to the Valley Bank transaction at June 20, 2014 (the acquisition date), consisted of impaired loans required to be accounted for in accordance with FASB ASC 310-30 and other loans not subject to the specific criteria of FASB ASC 310-30, but accounted for under the guidance of FASB ASC 310-30 (FASB ASC 310-30 by Policy Loans) as shown in the following table:

	FASB ASC 310-30 Loans	FASB ASC 310-30 by Policy Loans	Total
		(In Thousands)	
Loans	$ 3,920	$ 161,178	$ 165,098

On the acquisition date, the preliminary estimate of the contractually required payments receivable for all FASB ASC 310-30 loans acquired was $5.7 million, the cash flows expected to be collected were $4.0 million including interest, and the estimated fair value of the loans was $3.9 million. These amounts were determined based upon the estimated remaining life of the underlying loans, which include the effects of estimated prepayments. At June 20, 2014, a majority of these loans were valued based on the liquidation value of the underlying collateral, because the expected cash flows were primarily based on the liquidation of underlying collateral and the timing and amount of the cash flows could not be reasonably estimated.

On the acquisition date, the preliminary estimate of the contractually required payments receivable for all FASB ASC 310-30 by Policy Loans acquired in the acquisition was $187.4 million, of which $28.4 million of cash flows were not expected to be collected, and the estimated fair value of the loans was $161.2 million. A majority of these loans were valued as of their acquisition dates based on the liquidation value of the underlying collateral, because the expected cash flows were primarily based on the liquidation of underlying collateral and the timing and amount of the cash flows could not be reasonably estimated.

At December 31, 2014, the Company has finalized its initial analysis of these assets and liabilities without adjustments to the preliminary estimated recorded carrying values.

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 initial accretable yield recorded for Valley was $23.0 million.

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