GREAT SOUTHERN BANCORP INC
Form 10-K
March 09, 2012

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

FORM 10-K

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

For the fiscal year ended December 31, 2011

Commission File Number 0-18082

GREAT SOUTHERN BANCORP, INC.
(Exact name of registrant as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization)	43-1524856 (IRS Employer Identification Number)
1451 E. Battlefield, Springfield, Missouri (Address of Principal Executive Offices)	65804 (Zip Code)

(417) 887-4400
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 per share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.	Yes [ ] No [X]
Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.	Yes [ ] No [X]
Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.	Yes [X] No [ ]
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was	Yes [X] No [ ]

required to submit and post such files).

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K. [ ]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ]   Accelerated filer [X]   Non-accelerated filer [ ](Do not check if a smaller reporting company)

Smaller reporting company [ ]

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

The aggregate market value of the common stock of the Registrant held by non-affiliates of the Registrant on June 30, 2011, computed by reference to the closing price of such shares on that date, was $192,585,174. At March 7, 2012, 13,495,782 shares of the Registrant's common stock were outstanding.

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS.

THE COMPANY

Great Southern Bancorp, Inc.

Great Southern Bancorp, Inc. ("Bancorp" or "Company") is a bank holding company and a financial holding company and parent of Great Southern Bank ("Great Southern" or the "Bank"). Bancorp was incorporated under the laws of the State of Delaware in July 1989 as a unitary savings and loan holding company. After receiving the approval of the Federal Reserve Bank of St. Louis (the "Federal Reserve Board" or "FRB"), the Company became a one-bank holding company on June 30, 1998, upon the conversion of Great Southern to a Missouri-chartered trust company. In 2004, Bancorp was re-incorporated under the laws of the State of Maryland.

As a Maryland corporation, the Company is authorized to engage in any activity that is permitted by the Maryland General Corporation Law and is not prohibited by law or regulatory policy. The Company currently conducts its business as a financial holding company. Through the financial holding company structure, it is possible to expand the size and scope of the financial services offered by the Company beyond those offered by the Bank. The financial holding company structure provides the Company with greater flexibility than the Bank has to diversify its business activities, through existing or newly formed subsidiaries, or through acquisitions or mergers of other financial institutions as well as other companies. At December 31, 2011, Bancorp's consolidated assets were $3.79 billion, consolidated net loans were $2.12 billion, consolidated deposits were $2.96 billion and consolidated total stockholders' equity was $325 million. For details about the Company’s assets, revenues and profits for each of the last three fiscal years, see Item 6. “Selected Consolidated Financial Data.” The assets of the Company consist primarily of the stock of Great Southern, available-for-sale securities, minority interests in a local trust company and a merchant banking company and cash.

Through the Bank and subsidiaries of the Bank, the Company offers insurance, travel, investment and related services, which are discussed further below. The activities of the Company are funded by retained earnings and through dividends from Great Southern. Activities of the Company may also be funded through borrowings from third parties, sales of additional securities or through income generated by other activities of the Company. The Company expects to finance its future activities in a similar manner.

The executive offices of the Company are located at 1451 East Battlefield, Springfield, Missouri 65804, and its telephone number at that address is (417) 887-4400.

Great Southern Bank

Great Southern was formed as a Missouri-chartered mutual savings and loan association in 1923, and, in 1989, converted to a Missouri-chartered stock savings and loan association. In 1994, Great Southern changed to a federal savings bank charter and then, on June 30, 1998, changed to a Missouri-chartered trust company (the equivalent of a commercial bank charter). Headquartered in Springfield, Missouri, Great Southern offers a broad range of banking services through its 104 banking centers located in southern and central Missouri; the Kansas City, Missouri area; the St. Louis, Missouri area; eastern Kansas; northwestern Arkansas; eastern Nebraska and western and central Iowa. The size and complexity of the Bank’s operations increased substantially in 2009 with the completion of two Federal Deposit Insurance Corporation ("FDIC")-assisted transactions and again in 2011 with the completion of another FDIC-assisted transaction. In 2009, the Bank entered into two separate purchase and assumption agreements including loss sharing with the FDIC to assume all of the deposits (excluding brokered deposits) and certain liabilities and acquire certain assets of TeamBank, N.A. and Vantus Bank. Prior to the FDIC-assisted transactions, TeamBank, N.A. was subject to a Consent Order by the Office of the Comptroller of Currency and Vantus Bank was subject to a Cease and Desist Order from the Office of the Thrift Supervision, both to resolve capital deficiencies and other matters. The two FDIC-assisted transactions involving TeamBank N.A. and Vantus Bank consisted of assets with a fair value of approximately $628.2 million (approximately 17.3% of the Company's total assets at acquisition) and $294.2 million (approximately 8.8% of the Company's total assets at acquisition), respectively, and liabilities with a fair value of $610.2 million (approximately 16.8% of the Company's total assets at acquisition) and $440.0 million (approximately 13.2% of the Company's total assets at acquisition), respectively. They also resulted in gains of $43.9 million and $45.9 million, respectively, which were included in Noninterest Income in the Company's Consolidated Statement of Income for the year ended December 31, 2009. Prior to these acquisitions, the Company operated banking centers in Missouri with loan production offices in Arkansas and Kansas. These acquisitions added 31 new banking centers and expanded our footprint to cover five states – Iowa, Kansas, Missouri, Arkansas and Nebraska. In 2011, the Bank entered into a purchase and assumption agreement including loss sharing with the FDIC to assume all of the deposits and certain liabilities and acquire certain assets of Sun Security Bank. Prior to the FDIC-assisted transaction, Sun Security Bank was subject to an Order to Cease and Desist by the FDIC to resolve capital deficiencies and other matters. The FDIC-assisted transaction involving Sun Security Bank consisted of assets with a fair value of approximately $248.9 million (approximately 8.1% of the Company's total assets at acquisition) and liabilities with a fair value of $345.8 million (approximately 10.1% of the Company's total assets at acquisition). It also resulted in a 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. The acquisition added 27 new banking centers in central and southern Missouri. The loss sharing agreements related to the 2009 FDIC-assisted transactions and the 2011 FDIC-assisted transaction added to the complexity of our operations by creating the need for new employees and processes to ensure compliance with the loss sharing agreements and the collection of problem assets acquired. See Note 5 included in Item 8. "Financial Statements and Supplementary Information" for a more detailed discussion of these FDIC-assisted transactions and the loss sharing agreements. At December 31, 2011, the Bank had total assets of $3.78 billion, net loans of $2.12 billion, deposits of $2.98 billion and stockholders' equity of $333 million, or 8.8% of total assets. Its deposits are insured by the Deposit Insurance Fund ("DIF") to the maximum levels permitted by the FDIC.

Great Southern is principally engaged in the business of originating residential and commercial real estate loans, construction loans, other commercial loans and consumer loans and funding these loans by attracting deposits from the general public, originating brokered deposits and borrowings from the Federal Home Loan Bank of Des Moines (the "FHLBank") and others.

For many years, Great Southern has followed a strategy of emphasizing loan origination through residential, commercial and consumer lending activities in its market areas. The goal of this strategy is to be one of the leading providers of financial services in its market areas, while simultaneously diversifying assets and reducing interest rate risk by originating and holding adjustable-rate loans and fixed-rate loans, primarily with terms of five years or less, in its portfolio and by selling longer-term fixed-rate single-family mortgage loans in the secondary market. The Bank continues to place primary emphasis on residential mortgage and other real estate lending while also expanding and increasing its originations of commercial business and consumer loans.

The corporate office of the Bank is located at 1451 East Battlefield, Springfield, Missouri 65804 and its telephone number at that address is (417) 887-4400.

Forward-Looking Statements

When used in this Annual Report and in other filings by the Company with the Securities and Exchange Commission (the "SEC"), in the Company's press releases or other public or shareholder communications, and in oral statements made with the approval of an authorized executive officer, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "intends" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties, including, among other things, (i) expected cost savings, synergies and other benefits from the Company's merger and acquisition activities, including but not limited to the recently completed FDIC-assisted transaction involving Sun Security Bank, might not be realized within the anticipated time frames or at all, the possibility that the amount of the gain the Company ultimately recognizes from the Sun Security Bank transaction will be materially different from the preliminary gain recorded, and costs or difficulties relating to integration matters, including but not limited to customer and employee retention, might be greater than expected; (ii) changes in economic conditions, either nationally or in the Company's market areas; (iii) fluctuations in interest rates; (iv) the risks of lending and investing activities, including changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for loan losses; (v) the possibility of other-than-temporary impairments of securities held in the Company's securities portfolio; (vi) the Company's ability to access cost-effective funding; (vii) fluctuations in real estate values and both residential and commercial real estate market conditions; (viii) demand for loans and deposits in the Company's market areas; (ix) legislative or regulatory changes that adversely affect the Company's business, including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and its implementing regulations, and the new overdraft protection regulations and customers' responses thereto; (x) monetary and fiscal policies of the Federal

Reserve Board and the U.S. Government and other governmental initiatives affecting the financial services industry; (xi) results of examinations of the Company and the Bank by their regulators, including the possibility that the regulators may, among other things, require the Company to increase its allowance for loan losses or to write-down assets; (xii) the uncertainties arising from the Company's participation in the Small Business Lending Fund ("SBLF"), including uncertainties concerning the potential future redemption by us of the U.S. Treasury's preferred stock investment under the program, including the timing of, regulatory approvals for, and conditions placed upon, any such redemption; (xiii) costs and effects of litigation, including settlements and judgments; and (xiv) competition. The Company wishes to advise readers that the factors listed above and other risks described from time to time in the company's filings with the SEC could affect the Company's financial performance and could cause the Company's actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements.

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

2

Internet Website

Bancorp maintains a website at www.greatsouthernbank.com. The information contained on that website is not included as part of, or incorporated by reference into, this Annual Report on Form 10-K. Bancorp currently makes available on or through its website Bancorp's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K or amendments to these reports. These materials are also available free of charge (other than a user's regular internet access charges) on the Securities and Exchange Commission's website at www.sec.gov.

Market Areas

During 2009, Great Southern significantly expanded its geographic footprint by adding operations in three contiguous states - Iowa, Kansas and Nebraska – to its previous primary market areas of southwestern, western and central Missouri. The Company’s expansion was primarily due to two FDIC-assisted transactions in 2009 which increased the Company’s banking center network from 39 to 72 banking centers. In 2010, the Company added three de novo full-service banking centers: one in Rogers, Ark., one in Forsyth, Mo., and one in Des Peres, Mo., a suburb of St. Louis. During 2011, the Company again expanded due to an FDIC-assisted transaction which added 27 locations in Missouri to our banking center network. In 2011, the Company also added two de novo full-service banking centers: one in Clayton, Mo. and one in Affton, Mo. At the end of 2011, the Company operated 104 full-service banking centers serving more than 166,000 customer households in five states.

Great Southern’s largest concentration of loans and deposits is in the Springfield, Mo. area. The Company’s growth in 2009 provided greater diversification of its loan and deposit portfolios. Besides the Springfield market area, the Company has loan and deposit concentrations in the Kansas City and St. Louis metropolitan markets, the Branson, Mo. area, the northwest Arkansas region and the Sioux City and Des Moines, Iowa, markets. Loans and deposits are also generated in banking centers in rural markets in Missouri, Iowa, Kansas and Nebraska.

As of December 31, 2011, the Company’s total loan portfolio balance, excluding loans covered by FDIC loss sharing agreements, was $1.8 billion. Geographically, the loan portfolio consists of loans collateralized by property (real estate and other assets) located in the following regions (including loan balance and percentage of total loans): Springfield ($479 million, 27%); St. Louis ($360 million, 20%); Branson ($164 million, 9%); Kansas City ($130 million, 7%); Northwest Arkansas ($78 million, 4%); other Missouri regions ($194 million, 11%), and other states and regions ($396 million, 22%). The Company’s net book balance of its portfolio of loans covered by FDIC loss sharing agreements was $396 million as of December 31, 2011. The FDIC loss sharing agreements, which were a part of two FDIC-assisted transactions completed in 2009 and one FDIC-assisted transaction completed in 2011, provide the Company at least 80% protection against losses on the loans in this portfolio. 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 5 of the accompanying audited financial statements. Geographically, the total loan portfolio covered by FDIC loss sharing agreements related to TeamBank and Vantus Bank consists of loans collateralized by property (real estate and other assets) located in the following regions (including loan balance and percentage of total loans): Iowa ($104 million, 33%); Kansas City ($86 million, 28%); Kansas ($18 million, 6%); other Missouri regions ($20 million, 6%), and other regions ($85 million, 27%).

According to the February 29, 2012, Federal Reserve Beige Book, general economic activity in the Company’s geographic footprint expanded modestly from the Federal Reserve’s prior report on January 11, 2012. Loan demand remained generally sluggish according to reports from the Federal Reserve Districts that govern the Company’s geographic footprint. Residential real estate markets remained generally weak across all Districts. Commercial construction was described as slow, but commercial real estate activity increased slightly in many markets. Home sales generally decreased from the last reporting period, but the Kansas City region had a slight uptick in sales.

Unemployment in each of Great Southern's major market areas was below the national unemployment rate of 8.5% (as of December 2011), except for the Branson metropolitan statistical area, which was above the national rate at 9.7%.

Lending Activities

General

From its beginnings in 1923 through the early 1980s, Great Southern primarily made long-term, fixed-rate residential real estate loans that it retained in its loan portfolio. Beginning in the early 1980s, Great Southern increased its efforts to originate short-term and adjustable-rate loans. Beginning in the mid-1980s, Great Southern increased its efforts to originate commercial real estate and other residential loans, primarily with adjustable rates or shorter-term fixed rates. In addition, some competitor banking organizations merged with larger institutions and changed their business practices or moved operations away from the Springfield, Mo. area, and others consolidated operations from the Springfield, Mo. area to larger cities. This provided Great Southern expanded opportunities in residential and commercial real estate lending as well as in the origination of commercial business and consumer loans, primarily in indirect automobile lending.

3

In addition to origination of these loans, the Bank has expanded and enlarged its relationships with smaller banks to purchase participations (at par, generally with no servicing costs) in loans the smaller banks originate but are unable to retain in their portfolios due to capital limitations. The Bank uses the same underwriting guidelines in evaluating these participations as it does in its direct loan originations. At December 31, 2011, the balance of participation loans purchased and held in the portfolio, excluding those covered by loss sharing agreements, was $12.6 million, or 0.7% of the total loan portfolio. All of these participation loans were performing at December 31, 2011.

One of the principal historical lending activities of Great Southern is the origination of fixed and adjustable-rate conventional residential real estate loans to enable borrowers to purchase or refinance owner-occupied homes. Great Southern originates a variety of conventional, residential real estate mortgage loans, principally in compliance with Freddie Mac and Fannie Mae standards for resale in the secondary market. Great Southern promptly sells most of the fixed-rate residential mortgage loans that it originates. To date, Great Southern has not experienced problems selling these loans in the secondary market. Depending on market conditions, the ongoing servicing of these loans is at times retained by Great Southern, but generally servicing is released to the purchaser of the loan. Great Southern retains substantially all of the adjustable-rate mortgage loans that it originates in its portfolio.

Another principal lending activity of Great Southern is the origination of commercial real estate and commercial construction loans. Since the early 1990s, this area of lending has been an increasing percentage of the loan portfolio. At December 31, 2011, commercial real estate and commercial construction loans accounted for approximately 31% and 7%, respectively, of the total portfolio, excluding those commercial real estate and commercial construction loans covered by loss sharing agreements. Of the portfolio of loans covered by loss sharing agreements, commercial real estate and commercial construction loans (net of fair value discounts) accounted for approximately 7% and 2%, respectively, of the total portfolio at December 31, 2011.

In addition, Great Southern in recent years has increased its emphasis on the origination of other commercial loans, home equity loans and consumer loans, and is also an issuer of letters of credit. Letters of credit are contingent obligations and are not included in the Bank's loan portfolio. See "-- Other Commercial Lending," "- Classified Assets," and "Loan Delinquencies and Defaults" below.

The percentage of collateral value Great Southern will loan on real estate and other property varies based on factors including, but not limited to, the type of property and its location and the borrower's credit history. As a general rule, Great Southern will loan up to 95% of the appraised value on single-family properties and up to 90% on two- to four-family residential property. Typically, private mortgage insurance is required for loan amounts above the 80% level. At December 31, 2011 and 2010, loans secured by second liens on residential properties were $50.9 million, or 2.2%, and $53.5 million, or 2.7%, respectively, of our total loan portfolio. For commercial real estate and other residential real property loans, Great Southern may loan up to 85% of the appraised value. The origination of loans secured by other property is considered and determined on an individual basis by management with the assistance of any industry guides and other information which may be available. Collateral values are reappraised or reassessed as loans are renewed or when significant events indicating potential impairment occur. On a quarterly basis, management reviews impaired loans to determine whether updated appraisals or reassessments are necessary based on loan performance, collateral type and guarantor support. While it is not specifically required by our policy, we seek to obtain cross-collateralization of loans to a borrower when it is available and it is most frequently done on commercial loans.

Loan applications are approved at various levels of authority, depending on the type, amount and loan-to-value ratio of the loan. Loan commitments of more than $750,000 (or loans exceeding the Freddie Mac loan limit in the case of fixed-rate, one- to four-family residential loans for resale) must be approved by Great Southern's loan committee. The loan committee is comprised of the Chief Executive Officer of the Bank, the Chief Lending Officer of the Bank (chairman of the committee), and other senior officers of the Bank involved in lending activities. All loans, regardless of size or type, are required to conform to certain minimum underwriting standards to assure portfolio quality. 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. It has been, and continues to be, our 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. Generally, underwriting standards can only be waived when doing so is not in violation of regulations or statutes and when approval from the loan committee and/or chief lending officer is obtained. The loan committee reviews all new loan originations in excess of lender approval authorities. For loans originated and held, most lenders have approval authorities of $250,000 or below while nine senior lenders have approval authority of varying amounts up to $1 million. Lender approval authorities are also subject to loans-to-one borrower limits of $500,000 or below for most lenders and of varying amounts up to $3 million for nine senior lenders. These standards, as well as our collateral requirements, have not significantly changed in recent years. However, the Bank has changed the composition of its loan portfolio in response to economic conditions to reduce risk using strategies such as limiting lending on construction and land development loan types.

In general, state banking laws restrict loans to a single borrower and related entities to no more than 25% of a bank's unimpaired capital and unimpaired surplus, plus an additional 10% if the loan is collateralized by certain readily marketable collateral. (Real estate is not included in the definition of "readily marketable collateral.") As computed on the basis of the Bank's unimpaired capital and surplus at December 31, 2011, this limit was approximately $89.0 million. See "Government Supervision and Regulation." At December 31, 2011, the Bank was in compliance with the loans-to-one borrower limit. At December 31, 2011, the Bank's largest relationship for purposes of this limit totaled $38.9 million. All loans included in this relationship were current at December 31, 2011, except one loan totaling $1.4 million which was past due over 90 days and was included in non-performing loans. Our policy does not set a loans-to-one borrower limit that is below the legal limits described; however, we do recognize the need to limit credit risk to any one borrower or group of related borrowers upon consideration of various risk factors. Extensions of credit to borrowers whose past due loans were charged-off or whose loans are classified as substandard require the approval of an officer, a regional manager or a loan committee member for total credit relationships of $250,000 or less. Such total credit relationships over $250,000 require the approval of the loan committee or the special assets committee.

Although Great Southern is permitted under applicable regulations to originate or purchase loans and loan participations secured by real estate located in any part of the United States, the Bank has historically concentrated its lending efforts in Missouri and northern Arkansas which account for 66% of the total loan portfolio, with the largest concentration of its lending activity being in southwestern and central Missouri which account for 33% of the total loan portfolio. As a result of the acquisitions in 2009, the Bank has lending activity in Iowa, Kansas and Nebraska, as well. At December 31, 2011, loans in these states comprised 8%, 9% and 2%, respectively, of the total loan portfolio. In addition, the Bank has made loans, secured primarily by commercial real estate, in other states, primarily Oklahoma, Texas and Colorado. At December 31, 2011, loans in these states comprised 3%, 3% and 2%, respectively, of the total loan portfolio.

Loan Portfolio Composition

The following tables set forth information concerning the composition of the Bank's loan portfolio in dollar amounts and in percentages (before deductions for loans in process, deferred fees and discounts and allowance for loan losses) as of the dates indicated. The tables are based on information prepared in accordance with generally accepted accounting principles and are qualified by reference to the Company's Consolidated Financial Statements and the notes thereto contained in Item 8 of this report.

During the year ended December 31, 2009, the Bank acquired loans through two FDIC-assisted transactions involving TeamBank, N.A., a full service commercial bank headquartered in Paola, Kansas, and Vantus Bank, a full service thrift headquartered in Sioux City, Iowa. During the year ended December 31, 2011, the Bank acquired loans through an FDIC-assisted transaction involving Sun Security Bank, a full service commercial bank headquartered in Ellington, Missouri. The loans acquired are covered by loss sharing agreements between the FDIC and the Bank which afford the Bank at least 80% protection from potential principal losses. Because of these loss sharing agreements, the composition of former TeamBank, Vantus Bank and Sun Security Bank loans is shown below in tables separate from the legacy Great Southern portfolio. These loans were initially recorded at their fair value at the acquisition date and are recorded by the Company at their discounted value.

5

Legacy Great Southern Loan Portfolio Composition:

	December 31, 2011 Amount	%	2010 Amount	%	2009 Amount	%	2008 Amount	%	2007 Amount	%
					(Dollars In Thousands)					
Real Estate Loans:										
One- to four-family(2)	$266,694	14.0 %	$257,261	15.1 %	$248,892	14.1 %	$226,796	12.4 %	$191,970	9.1
Other residential	243,743	12.8	207,059	12.2	185,757	10.5	127,122	7.0	87,177	4.1
Commercial(1)	699,607	36.7	599,025	35.2	633,373	35.9	536,963	29.4	532,797	25.
Residential construction:										
One- to four-family	78,900	4.1	106,128	6.2	147,367	8.3	230,862	12.6	318,131	15.
Other residential	27,826	1.5	10,000	0.6	22,012	1.3	64,903	3.6	83,720	4.0
Commercial construction	166,749	8.8	163,214	9.6	187,663	10.7	309,200	16.9	517,208	24.
Total real estate loans	1,483,519	77.9	1,342,687	78.9	1,425,064	80.8	1,495,846	81.9	1,731,003	82.
Other Loans:										
Consumer loans:										
Guaranteed student loans	---	---	---	---	10,808	0.6	7,066	0.4	3,342	0.2
Automobile, boat, etc.	135,480	7.1	124,441	7.3	126,227	7.2	132,344	7.2	112,984	5.4
Home equity and improvement	47,395	2.5	47,534	2.8	47,954	2.7	50,672	2.8	44,287	2.1
Other	1,147	0.1	1,184	0.1	1,330	0.1	1,315	0.1	4,161	0.2
Total consumer loans	184,022	9.7	173,159	10.2	186,319	10.6	191,397	10.5	164,774	7.9
Other commercial loans	236,384	12.4	185,880	10.9	151,278	8.6	139,592	7.6	207,059	9.9
Total other loans	420,406	22.1	359,039	21.1	337,597	19.2	330,989	18.1	371,833	17.
Total loans	1,903,925	100.0%	1,701,726	100.0%	1,762,661	100.0%	1,826,835	100.0%	2,102,836	10

Less:					
Loans in process	103,424	63,108	54,729	73,855	254,562
Deferred fees and discounts	2,726	2,541	2,161	2,126	2,704
Allowance for loan losses	41,232	41,487	40,101	29,163	25,459
Total legacy loans receivable, net	$1,756,543	$1,594,590	$1,665,670	$1,721,691	$1,820,111

(1) Total commercial real estate loans included industrial revenue bonds of $59.8 million, $64.6 million, $61.0 million, $59.4 million and $61.2 million at December 31, 2011, 2010, 2009, 2008 and 2007, respectively.
(2) Includes loans held for sale.

6

Former TeamBank, N.A. Loan Portfolio Composition:

	December 31,					
	2011		2010		2009	
	Amount	%	Amount	%	Amount	%
	(Dollars In Thousands)					
Real Estate Loans:						
Residential						
One- to four- family	$21,944	17.0 %	$25,646	17.8 %	$35,146	17.6 %
Other residential (multi-family)	5,968	4.6	6,412	4.4	7,992	4.0
Commercial(1)	73,209	56.8	75,515	52.2	93,942	47.0
Construction	14,544	11.3	19,708	13.6	32,043	16.1
Total real estate loans	115,665	89.7	127,281	88.0	169,123	84.7
Other Loans:						
Consumer loans:						
Home equity and improvement	4,964	3.9	5,608	3.9	6,511	3.2
Other	420	0.3	850	0.6	2,521	1.3
Total consumer loans	5,384	4.2	6,458	4.5	9,032	4.5
Other commercial loans	7,826	6.1	10,894	7.5	21,619	10.8
Total other loans	13,210	10.3	17,352	12.0	30,651	15.3
Total loans	$128,875	100.0 %	$144,633	100.0 %	$199,774	100.0 %

(1) Total commercial real estate loans included industrial revenue bonds of $2.5 million, $3.0 million and $2.5 million at December 31, 2011, 2010 and 2009, respectively.

Former Vantus Bank Loan Portfolio Composition:

	December 31,					
	2011		2010		2009	
	Amount	%	Amount	%	Amount	%
	(Dollars In Thousands)					
Real Estate Loans:						
Residential						
One- to four- family	$33,030	26.9 %	$45,932	28.7 %	$64,430	28.5 %
Other residential (multi-family)	17,012	13.8	16,866	10.5	19,241	8.5
Commercial(1)	39,413	32.0	53,189	33.2	71,963	31.9
Construction	3,471	2.8	7,298	4.6	10,550	4.7
Total real estate loans	92,926	75.4	123,285	77.0	166,184	73.6
Other Loans:						
Consumer loans:						
Student loans	505	0.4	1,276	0.8	1,063	0.5
Home equity and improvement	5,668	4.6	5,933	3.7	9,353	4.1
Other	18,951	15.4	25,348	15.8	35,030	15.5
Total consumer loans	25,124	20.4	32,557	20.3	45,446	20.1
Other commercial loans	4,986	4.1	4,321	2.7	14,320	6.3
Total other loans	30,110	24.5	36,878	23.0	59,766	26.4
Total loans	$123,036	100.0 %	$160,163	100.0 %	$225,950	100.0 %

(1) Total commercial real estate loans included industrial revenue bonds of $3.0 million, $5.7 million and $9.0 million at December 31, 2011, 2010 and 2009, respectively.

Former Sun Security Bank Loan Portfolio Composition:

	December 31, 2011	
	Amount	%
Real Estate Loans:		
Residential		
One- to four- family	$ 52,491	36.3 %
Other residential (multi-family)	2,897	2.0
Commercial(1)	45,183	31.3
Construction	24,645	17.0
Total real estate loans	125,216	86.6
Other Loans:		
Consumer loans:		
Student loans	---	---
Home equity and improvement	---	---
Other	3,438	2.4
Total consumer loans	3,438	2.4
Other commercial loans	15,972	11.0
Total other loans	19,410	13.4
Total loans	$ 144,626	100.0 %

(1) Total commercial real estate loans included industrial revenue bonds of $2.1 million, at December 31, 2011.

Through December 31, 2011, gross loan balances (due from the borrower) related to TeamBank were reduced approximately $271.5 million since the transaction date because of $192.4 million of repayments by the borrower, $13.6 million of transfers to foreclosed assets and $65.5 million of charge-downs to customer loan balances. Gross loan balances (due from the borrower) related to Vantus Bank were reduced approximately $182.3 million since the transaction date because of $153.1 million of repayments by the borrower, $4.1 million of transfers to foreclosed assets and $25.1 million of charge-downs to customer loan balances. Gross loan balances (due from the borrower) related to Sun Security Bank were reduced approximately $23.0 million since the transaction date because of $19.6 million of repayments by the borrower and $3.4 million of charge-offs to customer loan balances. Based upon the collectability analyses performed during the acquisitions, we expected certain levels of foreclosures and charge-offs and actual results through December 31, 2011, related to TeamBank and Vantus Bank portfolios, have been better than our expectations. As a result, cash flows expected to be received from the TeamBank and Vantus Bank acquired loan pools have increased, resulting in adjustments that were made to the related accretable yield which are discussed in Note 5 of the accompanying audited financial statements.

The following tables show the fixed- and adjustable-rate composition of the Bank's loan portfolio at the dates indicated. Amounts shown for TeamBank, Vantus Bank and Sun Security Bank represent unpaid principal balances, before fair value discounts. The tables are based on information prepared in accordance with generally accepted accounting principles.

Legacy Great Southern Loan Portfolio Composition by Fixed- and Adjustable-Rates:

	December 31, 2011		2010		2009		2008		2007	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(Dollars In Thousands)									
Fixed-Rate Loans:										
Real Estate Loans										
One- to four-family	$127,736	6.7 %	$109,703	6.5 %	$92,164	5.2 %	$71,990	3.9 %	$48,790	2.3
Other residential	129,505	6.8	118,727	7.0	79,152	4.5	44,436	2.4	34,798	1.7
Commercial	321,226	16.9	255,678	15.0	211,862	12.0	185,631	10.2	158,223	7.5
Residential construction:										
One- to four-family	28,177	1.4	27,168	1.6	26,547	1.5	22,054	1.2	17,872	0.8
Other residential	1,078	0.1	2,450	0.1	2,693	0.2	7,977	0.5	4,040	0.2
Commercial construction	88,671	4.7	76,383	4.5	29,941	1.7	22,897	1.3	12,483	0.6
Total real estate loans	696,393	36.6	590,109	34.7	442,359	25.1	354,985	19.5	276,206	13
Consumer	137,045	7.2	126,636	7.4	139,812	7.9	142,848	7.8	123,232	5.9
Other commercial	100,107	5.2	74,206	4.4	43,271	2.5	27,653	1.5	33,903	1.6
Total fixed-rate loans	933,545	49.0	790,951	46.5	625,442	35.5	525,486	28.8	433,341	20
Adjustable-Rate Loans:										
Real Estate Loans										
One- to four-family	138,958	7.3	147,558	8.7	156,728	8.9	154,806	8.5	143,180	6.8
Other residential	114,238	6.0	88,332	5.2	106,605	6.1	82,686	4.6	52,379	2.5
Commercial	378,381	19.9	343,347	20.2	421,511	23.9	351,332	19.2	374,574	17
Residential construction:										
	50,723	2.6	78,960	4.6	121,312	6.9	208,808	11.4	300,259	14

One- to four-family										
Other residential	26,748	1.4	7,550	0.4	19,319	1.1	56,926	3.1	79,680	3.8
Commercial construction	78,078	4.1	86,831	5.1	157,229	8.9	286,303	15.6	504,725	24
Total real estate loans	787,126	41.3	752,578	44.2	982,704	55.8	1,140,861	62.4	1,454,797	69
Consumer	46,977	2.5	46,523	2.7	46,508	2.6	48,549	2.7	41,542	2.0
Other commercial	136,277	7.2	111,674	6.6	108,007	6.1	111,939	6.1	173,156	8.2
Total adjustable-rate loans	970,380	51.0	910,775	53.5	1,137,219	64.5	1,301,349	71.2	1,669,495	79
Total Loans	1,903,925	100.0%	1,701,726	100.0%	1,762,661	100.0%	1,826,835	100.0%	2,102,836	10
Less:										
Loans in process	103,424		63,108		54,729		73,855		254,562	
Deferred fees and discounts	2,726		2,541		2,161		2,126		2,704	
Allowance for loan losses	41,232		41,487		40,101		29,163		25,459	
Total legacy loans receivable, net	$1,756,543		$1,594,590		$1,665,670		$1,721,691		$1,820,111	

10

Former TeamBank, N.A. Loan Portfolio Composition by Fixed- and Adjustable-Rates:

	December 31,					
	2011		2010		2009	
	Amount	%	Amount	%	Amount	%
	(Dollars In Thousands)					
Fixed-Rate Loans:						
Real Estate Loans						
Residential						
One- to four- family	$7,739	4.7 %	$11,943	5.4 %	$20,449	6.3 %
Other residential	5,288	3.2	5,330	2.4	5,955	1.8
Commercial	53,344	32.1	52,018	23.5	65,801	20.1
Construction	14,631	8.8	26,992	12.2	41,305	12.6
Total real estate loans	81,002	48.8	96,283	43.5	133,510	40.8
Consumer loans	444	0.3	1,021	0.5	2,450	0.8
Other commercial loans	4,897	2.9	9,751	4.4	16,028	4.9
Total fixed-rate loans	86,343	52.0	107,055	48.4	151,988	46.5
Adjustable-Rate Loans:						
Real Estate Loans						
Residential						
One- to four- family	17,380	10.5	20,702	9.3	23,466	7.2
Other residential	998	0.6	1,617	0.7	2,126	0.7
Commercial	36,011	21.7	49,088	22.2	64,414	19.7
Construction	13,951	8.4	28,602	12.9	65,615	20.1
Total real estate loans	68,340	41.2	100,009	45.1	155,621	47.7
Consumer loans	5,722	3.4	6,716	3.0	7,606	2.3
Other commercial loans	5,598	3.4	7,699	3.5	11,553	3.5
Total adjustable-rate loans	79,660	48.0	114,424	51.6	174,780	53.5
Total loans	166,003	100.0 %	221,479	100.0 %	326,768	100.0 %
Less:						
Loans in process	1,719		2,190		---	
Fair value discounts	35,409		74,656		126,994	
Total loans receivable, net	$ 128,875		$ 144,633		$ 199,774	

11

Former Vantus Bank Loan Portfolio Composition by Fixed- and Adjustable-Rates:

	December 31, 2011		December 31, 2010		December 31, 2009	
	Amount	%	Amount	%	Amount	%
	(Dollars In Thousands)					
Fixed-Rate Loans:						
Real Estate Loans						
Residential						
One- to four- family	$22,134	14.8 %	$35,384	17.0 %	$47,653	16.4 %
Other residential	6,477	4.3	6,885	3.3	9,086	3.1
Commercial	22,744	15.2	33,505	16.1	47,845	16.4
Construction	581	0.4	3,204	1.5	8,658	3.0
Total real estate loans	51,936	34.7	78,978	37.9	113,242	38.9
Consumer loans	21,083	14.1	29,093	2.4	38,459	13.2
Other commercial loans	3,454	2.3	5,089	14.0	7,218	2.5
Total fixed-rate loans	76,473	51.1	113,160	54.3	158,919	54.6
Adjustable-Rate Loans:						
Real Estate Loans						
Residential						
One- to four- family	15,876	10.6	19,109	9.2	25,419	8.7
Other residential	12,133	8.1	12,183	5.9	12,568	4.3
Commercial	25,808	17.3	35,770	17.2	49,896	17.2
Construction	4,031	2.7	7,655	3.7	9,145	3.2
Total real estate loans	57,848	38.7	74,717	36.0	97,028	33.4
Consumer loans	8,639	5.8	10,866	5.2	14,950	5.1
Other commercial loans	6,510	4.4	9,420	4.5	20,039	6.9
Total adjustable-rate loans	72,997	48.9	95,003	45.7	132,017	45.4
Total loans	149,470	100.0 %	208,163	100.0 %	290,936	100.0 %
Less:						
Loans in process	255		83		---	
Fair value discounts	26,179		47,917		64,986	
	$ 123,036		$ 160,163		$ 225,950	

Total loans receivable,
net

12

Former Sun Security Bank Loan Portfolio Composition by Fixed- and Adjustable-Rates:

	December 31, 2011	
	Amount	%
Fixed-Rate Loans:		
Real Estate Loans		
Residential		
One- to four- family	$ 66,635	30.6 %
Other residential	16,790	7.7
Commercial	57,576	26.5
Construction	25,191	11.6
Total real estate loans	166,192	76.4
Consumer loans	3,690	1.7
Other commercial loans	20,737	9.5
Total fixed-rate loans	190,619	87.6
Adjustable-Rate Loans:		
Real Estate Loans		
Residential		
One- to four- family	4,212	1.9
Other residential	690	0.3
Commercial	4,816	2.2
Construction	9,427	4.4
Total real estate loans	19,145	8.8
Consumer loans	---	---
Other commercial loans	7,785	3.6
Total adjustable-rate loans	26,930	12.4
Total loans	217,549	100.0 %
Less:		
Fair value discounts	72,923	
Total loans receivable, net	$ 144,626	

The following tables present the contractual maturities of loans at December 31, 2011. Amounts shown for TeamBank, Vantus Bank and Sun Security Bank represent unpaid principal balances, before fair value discounts. The tables are based on information prepared in accordance with generally accepted accounting principles.

Legacy Great Southern Loan Portfolio Composition by Contractual Maturities:

	Less Than One Year	One to Five Years	After Five Years	Total
		(In Thousands)		
Real Estate Loans:				
Residential				
One- to four- family	$ 42,226	$ 77,468	$ 147,000	$ 266,694
Other residential	136,533	74,925	32,285	243,743
Commercial	232,707	353,515	113,385	699,607
Residential construction:				
One- to four- family	59,545	16,238	3,117	78,900
Other residential	5,784	21,339	703	27,826
Commercial construction	108,672	46,669	11,408	166,749
Total real estate loans	585,467	590,154	307,898	1,483,519
Other Loans:				
Consumer loans:				
Automobile	18,734	48,415	68,331	135,480
Home equity and improvement	7,267	14,656	25,472	47,395
Other	1,147	---	---	1,147
Total consumer loans	27,148	63,071	93,803	184,022
Other commercial loans	103,350	74,833	58,201	236,384
Total other loans	130,498	137,904	152,004	420,406
Total legacy loans	$ 715,965	$ 728,058	$ 459,902	$ 1,903,925

As of December 31, 2011, loans due after December 31, 2012 with fixed interest rates totaled $658.6 million and loans due after December 31, 2012 with adjustable rates totaled $529.3 million.

Former TeamBank N.A. Loan Portfolio Composition by Contractual Maturities:

	Less Than One Year	One to Five Years	After Five Years	Total
		(In Thousands)		
Real Estate Loans:				
Residential				
One- to four- family	$ 2,655	$ 3,595	$ 18,869	$ 25,119
Other residential	4,870	644	772	6,286
Commercial	41,737	18,001	29,617	89,355
Construction	26,415	402	1,765	28,582
Total real estate loans	75,677	22,642	51,023	149,342
Other Loans:				
Consumer loans:				
Home equity and improvement	6	2,793	2,921	5,720
Other	150	289	7	446
Total consumer loans	156	3,082	2,928	6,166
Other commercial loans	6,341	3,936	218	10,495
Total other loans	6,497	7,018	3,146	16,661
Total loans	$ 82,174	$ 29,660	$ 54,169	$ 166,003

As of December 31, 2011, loans due after December 31, 2012 with fixed interest rates totaled $24.3 million and loans due after December 31, 2012 with adjustable rates totaled $59.5 million.

Former Vantus Bank Loan Portfolio Composition by Contractual Maturities:

	Less Than One Year	One to Five Years	After Five Years	Total
		(In Thousands)		
Real Estate Loans:				
Residential				
One- to four- family	$ 1,369	$ 13,074	$ 23,567	$ 38,010
Other residential	4,681	8,406	5,523	18,610
Commercial	16,269	20,109	12,174	48,552
Construction	4,046	530	36	4,612
Total real estate loans	26,365	42,119	41,300	109,784
Other Loans:				
Consumer loans:				
Student loans	505	---	---	505
Home equity and improvement	75	---	8,385	8,460
Other	404	3,493	16,860	20,757
Total consumer loans	984	3,493	25,245	29,722
Other commercial loans	5,515	3,656	793	9,964
Total other loans	6,499	7,149	26,038	39,686
Total loans	$ 32,864	$ 49,268	$ 67,338	$ 149,470

As of December 31, 2011, loans due after December 31, 2012 with fixed interest rates totaled $58.9 million and loans due after December 31, 2012 with adjustable rates totaled $57.7 million.

Former Sun Security Bank Loan Portfolio Composition by Contractual Maturities:

	Less Than One Year	One to Five Years	After Five Years	Total
		(In Thousands)		
Real Estate Loans:				
Residential				
One- to four- family	$ 28,331	$ 20,872	$ 21,644	$ 70,847
Other residential	15,259	2,221	---	17,480
Commercial	33,843	23,929	4,620	63,392
Construction	28,335	6,175	108	34,618
Total real estate loans	105,768	53,197	26,372	185,337
Other Loans:				
Consumer loans:				
Student loans	---	---	---	---
Home equity and improvement	---	---	---	---
Other	1,858	1,332	500	3,690
	1,858	1,332	500	3,690

Total consumer loans				
Other commercial loans	21,714	6,708	100	28,522
Total other loans	23,572	8,040	600	32,212
Total loans	$ 129,340	$ 61,237	$ 26,972	$ 217,549

16

As of December 31, 2011, loans due after December 31, 2012 with fixed interest rates totaled $74.4 million and loans due after December 31, 2012 with adjustable rates totaled $13.8 million.

At December 31, 2011, $46.1 million, or 2.0%, of total loans were secured by junior lien mortgages and $173,000, or 0.0% of total loans, were interest only residential real estate loans. At December 31, 2010, $48.2 million, or 2.4%, of total loans, were secured by junior lien mortgages and $188,000, or 0.0% of total loans, were interest only residential real estate loans. While high loan-to-value ratio mortgage loans are occasionally originated and held, they are typically either considered low risk based on analyses performed or are required to have private mortgage insurance. The Company does not originate or hold option ARM loans or significant amounts of loans with initial teaser rates or subprime loans in its residential real estate portfolio.

To monitor and control risks related to concentrations of credit in the composition of the loan portfolio, management reviews the loan portfolio by loan types, industries and market areas on a monthly basis for credit quality and known and anticipated market conditions. Changes in loan portfolio composition may be made by management based on the performance of each area of business, known and anticipated market conditions, credit demands, the deposit structure of the Bank and the expertise and/or depth of the lending staff. Loan portfolio industry and market areas are monitored regularly for credit quality and trends. Reports detailed by industry and geography are provided to the Board of Directors on a monthly and quarterly basis.

In response to the economic recession that began in 2008, the composition of the Bank’s loan portfolio has changed over the past four years. We limited lending on construction and land development loan types to reduce the risk in the portfolio, we continued to originate commercial real estate loans with the goal of at least maintaining the current percentage of these loans in our portfolio and began originating an increased amount of other residential (multi-family) loans.

Environmental Issues

Loans secured by real property, whether commercial, residential or other, may have a material, negative effect on the financial position and results of operations of the lender if the collateral is environmentally contaminated. The result can be, but is not necessarily limited to, liability for the cost of cleaning up the contamination imposed on the lender by certain federal and state laws, a reduction in the borrower's ability to pay because of the liability imposed upon it for any clean up costs, a reduction in the value of the collateral because of the presence of contamination or a subordination of security interests in the collateral to a super priority lien securing the cleanup costs by certain state laws.

Management is aware of the risk that the Bank may be negatively affected by environmentally contaminated collateral and attempts to control this risk through commercially reasonable methods, consistent with guidelines arising from applicable government or regulatory rules and regulations, and to a more limited extent, publications of the lending industry. Management currently is unaware (without, in many circumstances, specific inquiry or investigation of existing collateral, some of which was accepted as collateral before risk controlling measures were implemented) of any environmental contamination of real property securing loans in the Bank's portfolio that would subject the Bank to any material risk. No assurance can be made, however, that the Bank will not be adversely affected by environmental contamination.

Residential Real Estate Lending

At December 31, 2011 and 2010, loans secured by residential real estate, excluding that which is under construction and excluding those covered by loss sharing agreements, totaled $510 million and $464 million, respectively, and represented approximately 22.2% and 23.1%, respectively, of the Bank's total loan portfolio. At December 31, 2011 and 2010, loans (net of fair value discounts) secured by residential real estate and covered by loss sharing agreements totaled $133 million and $95 million, respectively, and represented approximately 5.8% and 4.7%, respectively, of the Bank's total loan portfolio. The Bank's one- to four-family residential real estate loan portfolio increased significantly since 2007 as interest rates were falling and the Bank originated and retained more adjustable-rate loans. Overall, mortgage rates were very low throughout 2010 and 2011. Since 2007, other residential real estate loan balances continued to increase as there was less competition to finance these projects by non-bank entities.

The Bank currently is originating one- to four-family adjustable-rate residential mortgage loans primarily with one-year adjustment periods. Rate adjustments on loans originated prior to July 2001 are based upon changes in prevailing rates for one-year U.S. Treasury securities. Rate adjustments on loans originated since July 2001 are based upon changes in the average of interbank offered rates for twelve month U.S. Dollar-denominated deposits in the London Market (LIBOR) or changes in prevailing rates for one-year U.S. Treasury securities. Rate adjustments are generally limited to 2% maximum annually as well as a maximum aggregate adjustment over the life of the loan. Accordingly, the interest rates on these loans typically may not be as rate sensitive as is the Bank's cost of funds. Generally, the Bank's adjustable-rate mortgage loans are not convertible into fixed-rate loans, do not permit negative amortization of principal and carry no prepayment penalty. The Bank also currently is originating other residential (multi-family) mortgage loans with interest rates that are generally either adjustable with changes to the prime rate of interest or fixed for short periods of time (three to five years).

The Bank's portfolio of adjustable-rate mortgage loans also includes a number of loans with different adjustment periods, without limitations on periodic rate increases and rate increases over the life of the loans, or which are tied to other short-term market indices. These loans were originated prior to the industry standardization of adjustable-rate loans. Since the adjustable-rate mortgage loans currently held in the Bank's portfolio have not been subject to an interest rate environment which causes them to adjust to the maximum, these loans entail unquantifiable risks resulting from potential increased payment obligations on the borrower as a result of upward repricing. Many of these loans experienced upward interest rate adjustments in 2006 and 2007; however, the indices used by Great Southern for these types of loans have decreased since 2008. Compared to fixed-rate mortgage loans, these loans are subject to increased risk of delinquency or default if a higher, fully-indexed rate of interest subsequently comes into effect in replacement of a lower rate currently in effect. Prior to 2008, the Bank did not experience a significant increase in delinquencies in adjustable-rate mortgage loans due to a relatively low interest rate environment and favorable economic conditions. However, since 2008, delinquencies on mortgage loans increased.

In underwriting one- to four-family residential real estate loans, Great Southern evaluates the borrower's ability to make monthly payments and the value of the property securing the loan. It is the policy of Great Southern that generally all one- to four-family residential loans in excess of 80% of the appraised value of the property be insured by a private mortgage insurance company approved by Great Southern for the amount of the loan in excess of 80% of the appraised value. In addition, Great Southern requires borrowers to obtain title and fire and casualty insurance in an amount not less than the amount of the loan. Real estate loans originated by the Bank generally contain a "due on sale" clause allowing the Bank to declare the unpaid principal balance due and payable upon the sale of the property securing the loan. The Bank may enforce these due on sale clauses to the extent permitted by law.

Commercial Real Estate and Construction Lending

Commercial real estate lending has been a significant part of Great Southern's business activities since the mid-1980s. Great Southern does commercial real estate lending in order to increase the yield on, and the proportion of interest rate sensitive loans in, its portfolio. At December 31, 2007, commercial real estate loans and commercial construction loans each made up about one fourth of the total loan portfolio. The economic recession that began in 2008 resulted in reduced activity in the market caused by the downturn in the economy and reduced real estate values. In response, Great Southern began limiting commercial construction lending to reduce the risk in the portfolio and began originating an increased amount of commercial real estate loans. Since December 31, 2007, the commercial construction loan portfolio has decreased significantly and overall, commercial real estate loans have trended upward. In 2010, commercial real estate loans decreased somewhat from the previous year but this was primarily the result of commercial construction projects being completed and the loans transferring to permanent status in the commercial real estate category in 2009. The increase in commercial real estate loans in 2011 was primarily due to financing loans which had been previously financed by other lenders rather than overall economic improvement. Excluding loans covered by loss sharing agreements, over the last three years, commercial real estate loans made up approximately 35-36% of the total loan portfolio while commercial construction loans were less than 11%. Great Southern expects to continue to limit lending on commercial construction loans in 2012 and to generally maintain the current percentage of commercial real estate loans in its total loan portfolio subject to commercial real estate and other market conditions and to applicable regulatory restrictions. See "Government Supervision and Regulation" below.

At December 31, 2011 and 2010, loans secured by commercial real estate, excluding that which is under construction and excluding loans covered under loss sharing agreements, totaled $700 million and $599 million, respectively, or approximately 30.5% and 29.9%, respectively, of the Bank's total loan portfolio. At December 31, 2011 and 2010, loans (net of fair value discounts) secured by commercial real estate and covered by loss sharing agreements totaled \$158 million and \$129 million, respectively, and represented approximately 6.9% and 6.4%, respectively, of the Bank’s total loan portfolio. In addition, at December 31, 2011 and 2010, construction loans, excluding loans covered under loss sharing agreements, secured by projects under construction and the land on which the projects are located aggregated \$273 million and \$279 million, respectively, or 11.9% and 13.9%, respectively, of the Bank's total loan portfolio. At December 31, 2011 and 2010, construction loans (net of fair value discounts) covered by loss sharing agreements totaled \$45 million and \$27 million, respectively, and represented approximately 1.9% and 1.3%, respectively, of the Bank’s total loan portfolio. The majority of the Bank's commercial real estate loans have been originated with adjustable rates of interest, most of which are tied to the Bank's prime rate. Substantially all of these loans were originated with loan commitments which did not exceed 80% of the appraised value of the properties securing the loans.

The Bank's construction loans generally have a term of eighteen months or less. The construction loan agreements for one- to four-family projects generally provide that principal reductions are required as individual condominium units or single-family houses are built and sold to a third party. This insures that the remaining loan balance, as a proportion to the value of the remaining security, does not increase, assuming that the value of the remaining security does not decrease. Loan proceeds are disbursed in increments as construction progresses. Generally, the amount of each disbursement is based on the construction cost estimate of an independent architect, engineer or qualified fee inspector who inspects the project in connection with each disbursement request. Normally, Great

Southern's commercial real estate and other residential construction loans are made either as the initial stage of a combination loan (i.e., with a commitment from the Bank to provide permanent financing upon completion of the project) or with a commitment from a third party to provide permanent financing.

The Bank's commercial real estate, construction and other residential loan portfolios consist of loans with diverse collateral types. The following table sets forth loans that were secured by certain types of collateral at December 31, 2011, excluding loans covered by loss sharing agreements. These collateral types represent the five highest percentage concentrations of commercial real estate, construction and other residential loan types in the loan portfolio.

Collateral Type	Loan Balance	Percentage of Total Loan Portfolio		Non-Performing Loans at December 31, 2011
		(Dollars In Thousands)		
Apartments	$248,684	13.1	%	$211
Motels/Hotels	$143,293	7.5	%	$1,623
Health Care Facilities	$122,136	6.4	%	$1,072
Retail (Varied Projects)	$110,048	5.8	%	$1,623
Office/Warehouse Facilities	$100,147	5.3	%	$389

Commercial real estate lending and construction lending generally affords the Bank an opportunity to receive interest at rates higher than those obtainable from residential mortgage lending and to receive higher origination and other loan fees. In addition, commercial real estate loans and construction loans are generally made with adjustable rates of interest or, if made on a fixed-rate basis, for relatively short terms. Nevertheless, commercial real estate lending entails significant additional risks as compared with residential mortgage lending. Commercial real estate loans typically involve large loan balances to single borrowers or groups of related borrowers. In addition, the payment experience on loans secured by commercial properties is typically dependent on the successful operation of the related real estate project and thus may be subject, to a greater extent, to adverse conditions in the real estate market or in the economy generally.

Construction loans also involve additional risks attributable to the fact that loan funds are advanced upon the security of the project under construction, which is of uncertain value prior to the completion of construction. Moreover, because of the uncertainties inherent in estimating construction costs, delays arising from labor problems, material shortages, and other unpredictable contingencies, it is relatively difficult to evaluate accurately the total loan funds required to complete a project, and the related loan-to-value ratios. See also the discussion under the headings "- Classified Assets" and "- Loan Delinquencies and Defaults" below.

Other Commercial Lending

At December 31, 2011 and 2010, Great Southern had $236 million and $186 million, respectively, in other commercial loans outstanding, excluding loans covered by loss sharing agreements, or 10.3% and 9.3%, respectively, of the Bank's total loan portfolio. At December 31, 2011 and 2010, other commercial loans (net of fair value discounts) covered by loss sharing agreements totaled $29 million and $15 million, respectively, and represented approximately 1.3% and 0.8%, respectively, of the Bank’s total loan portfolio. Great Southern's other commercial lending activities encompass loans with a variety of purposes and security, including loans to finance accounts receivable, inventory and equipment.

Great Southern expects to continue to originate loans in this category subject to market conditions and applicable regulatory restrictions. See "Government Supervision and Regulation" below.

Unlike residential mortgage loans, which generally are made on the basis of the borrower's ability to make repayment from his or her employment and other income and which are secured by real property, the value of which tends to be more easily ascertainable, other commercial loans are of higher risk and typically are made on the basis of the borrower's ability to make repayment from the cash flow of the borrower's business. Commercial loans are generally secured by business assets, such as accounts receivable, equipment and inventory. As a result, the availability of funds for the repayment of other commercial loans may be substantially dependent on the success of the business itself. Further, the collateral securing the loans may depreciate over time, may be difficult to appraise and may fluctuate in value based on the success of the business.

The Bank's management recognizes the generally increased risks associated with other commercial lending. Great Southern's commercial lending policy emphasizes complete credit file documentation and analysis of the borrower's character, capacity to repay the loan, the adequacy of the borrower's capital and collateral as well as an evaluation of the industry conditions affecting the borrower. Review of the borrower's past, present and future cash flows is also an important aspect of Great Southern's credit analysis. In addition, the Bank generally obtains personal guarantees from the borrowers on these types of loans. Historically, the majority of Great

Southern's commercial loans have been to borrowers in southwestern and central Missouri. With the acquisitions in 2009, geographic concentrations for commercial loans expanded to include the greater Kansas City, Mo. area and western and central Iowa. Great Southern has continued its commercial lending in all of these geographic areas.

As part of its commercial lending activities, Great Southern issues letters of credit and receives fees averaging approximately 1% of the amount of the letter of credit per year. At December 31, 2011, Great Southern had 106 letters of credit outstanding in the aggregate amount of $21.3 million. Approximately 43% of the aggregate amount of these letters of credit was secured, including one $3.3 million letter of credit secured by real estate which was issued to enhance the issuance of housing revenue refunding bonds and was current.

Consumer Lending

Great Southern management views consumer lending as an important component of its business strategy. Specifically, consumer loans generally have short terms to maturity, thus reducing Great Southern's exposure to changes in interest rates, and carry higher rates of interest than do residential mortgage loans. In addition, Great Southern believes that the offering of consumer loan products helps to expand and create stronger ties to its existing customer base.

Great Southern offers a variety of secured consumer loans, including automobile loans, boat loans, home equity loans and loans secured by savings deposits. In addition, Great Southern also offers home improvement loans, guaranteed student loans and unsecured consumer loans. Consumer loans, excluding those covered by loss sharing agreements, totaled $184 million and $173 million at December 31, 2011 and 2010, respectively, or 8.0% and 8.6%, respectively, of the Bank's total loan portfolio. At December 31, 2011 and 2010, consumer loans (net of fair value discounts) covered by loss sharing agreements totaled $34 million and $39 million, respectively, and represented approximately 1.5% and 1.9%, respectively, of the Bank's total loan portfolio.

The underwriting standards employed by the Bank for consumer loans include a determination of the applicant's payment history on other debts 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.

Beginning in 1998, the Bank implemented indirect lending relationships, primarily with automobile dealerships. Through these dealer relationships, the dealer completes the application with the consumer and then submits it to the Bank for credit approval. While the Bank's initial concentrated effort was on automobiles, the program has evolved for use with other tangible products where financing of the product is provided through the seller, including boats and manufactured homes. At December 31, 2011 and 2010, the Bank had $158.3 million and $150.7 million, respectively, of indirect auto, boat, modular home and recreational vehicle loans in its portfolio, including loans totaling $22.8 million and $24.5 million, respectively, which are covered by loss sharing agreements.

The Company acquired student loans through the Vantus Bank FDIC-assisted transaction totaling $1.9 million at the acquisition date of September 4, 2009, of which $842,000 were guaranteed by Iowa Student Loans. At December 31, 2011 and 2010, the balance of these student loans was $505,000 and $1.3 million, respectively, none of which was guaranteed. The student loans are administered by Iowa Student Loan Liquidity Corporation.

Consumer loans may entail greater risk than do residential mortgage loans, particularly in the case of consumer loans that are unsecured or secured by rapidly depreciable assets such as automobiles. In such cases, any repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment of the outstanding loan balance as a result of the greater likelihood of damage, loss or depreciation. The remaining deficiency often does not warrant further substantial collection efforts against the borrower. In addition, consumer loan collections are dependent on the borrower's continuing financial strength, and thus are more likely to be adversely affected by job loss, divorce, illness or personal bankruptcy. Furthermore, the application of various federal and state laws, including federal and state consumer bankruptcy and insolvency laws, may limit the amount which can be recovered on these loans. These loans may also give rise to claims and defenses by a consumer loan borrower against an assignee of these loans such as the Bank, and a borrower may be able to assert against the assignee claims and defenses which it has against the seller of the underlying collateral.

Originations, Purchases, Sales and Servicing of Loans

The Bank originates loans through internal loan production personnel located in the Bank's main and branch offices, as well as loan production offices. Walk-in customers and referrals from existing customers of the Company are also important sources of loan originations.

Great Southern may also purchase whole loans and participation interests in loans (generally without recourse, except in cases of breach of representation, warranty or covenant) from other banks, thrift institutions and life insurance companies (originators). The purchase transaction is governed by a participation agreement entered into by the originator and participant (Great Southern) containing guidelines as to ownership, control and servicing rights, among others. The originator may retain all rights with respect to enforcement, collection and administration of the loan. This may limit Great Southern's ability to control its credit risk when it purchases participations in these loans. For instance, the terms of participation agreements vary; however, generally Great Southern may not have direct access to the borrower, and the institution administering the loan may have some discretion in the administration of performing loans and the collection of non-performing loans.

Over the years, a number of banks, both locally and regionally, have sought to diversify the risk in their portfolios. In order to take advantage of this situation, Great Southern purchases participations in commercial real estate and commercial construction loans. Great Southern subjects these loans to its normal underwriting standards used for originated loans and rejects any credits that do not meet those guidelines. The originating bank retains the servicing of these loans. Excluding those loans acquired and covered by loss sharing agreements with the FDIC, the Bank purchased $-0- of these loans in the fiscal years ended December 31, 2011 and 2010, respectively. Of the total $12.6 million of purchased participation loans outstanding at December 31, 2011, $8.9 million was purchased from one institution, secured by one property located in Texas. None of the loans in this relationship were non-performing at December 31, 2011. At December 31, 2011 and 2010, loans (net of fair value discounts) which were covered by loss sharing agreements with the FDIC included purchased and participation loans of $50.4 million and $54.0 million, respectively. These amounts represent the undiscounted balance of these loans.

Excluding portfolios of loans acquired in FDIC-assisted transactions and branch purchases, the Bank has not made any whole loan purchases in the last five years. The Bank's total loan portfolio consisted of purchased whole loans of approximately $27,000 at December 31, 2011.

From time to time, Great Southern also sells non-residential loan participations generally without recourse to private investors, such as other banks, thrift institutions and life insurance companies (participants). The sales transaction is governed by a participation agreement entered into by the originator (Great Southern) and participant containing guidelines as to ownership, control and servicing rights, among others. Great Southern retains servicing rights for these participations sold. These participations are sold with a provision for repurchase upon breach of representation, warranty or covenant.

Great Southern also sells whole residential real estate loans without recourse to Freddie Mac and Fannie Mae as well as to private investors, such as other banks, thrift institutions, mortgage companies and life insurance companies. Whole real estate loans are sold with a provision for repurchase upon breach of representation, warranty or covenant. These representations, warranties and covenants include those regarding the compliance of loan originations with all applicable legal requirements, mortgage title insurance policies when applicable, enforceable liens on collateral, collateral type, borrower credit worthiness, private mortgage insurance when required and compliance with all applicable federal regulations. A minimal number of repurchase requests have been received to date based on a breach of representations, warranties and covenants as outlined in the investor contracts. These loans are generally sold for cash in amounts equal to the unpaid principal amount of the loans determined using present value yields to the buyer. The sale amounts generally produce gains to the Bank and allow a margin for servicing income on loans when the servicing is retained by the Bank. However, residential real estate loans sold in recent years have primarily been with Great Southern releasing control of the servicing of the loans.

The Bank sold one- to four-family whole real estate loans and loan participations in aggregate amounts of $187.8 million, $175.9 million and $191.7 million during fiscal 2011, 2010 and 2009, respectively. Sales of whole real estate loans and participations in real estate loans can be beneficial to the Bank since these sales generally generate income at the time of sale, produce future servicing income on loans where servicing is retained, provide funds for additional lending and other investments, and increase liquidity.

The Bank sold guaranteed student loans in aggregate amounts of $799,000, $22.1 million and $9.3 million during fiscal 2011, 2010 and 2009, respectively. During 2010, the federal government made changes to the student loan program which removed banks from the origination and servicing functions. As a result, the Company was required to sell all of the guaranteed student loans it had remaining prior to December 31, 2010.

Gains, losses and transfer fees on sales of loans and loan participations are recognized at the time of the sale. When real estate loans and loan participations sold have an average contractual interest rate that differs from the agreed upon yield to the purchaser (less the agreed upon servicing fee), resulting gains or losses are recognized in an amount equal to the present value of the differential over the estimated remaining life of the loans. Any resulting discount or premium is accreted or amortized over the same estimated life using a method approximating the level yield interest method. When real estate loans and loan participations are sold with servicing released, as the Bank primarily does, an additional fee is received for the servicing rights. Net gains and transfer fees on sales of loans for fiscal 2011, 2010 and 2009 were $3.5 million, $3.8 million and $2.9 million, respectively. Of these amounts, $-0-, $227,000 and $80,000, respectively, were gains from the sale of guaranteed student loans and $3.5 million, $3.5 million and $2.8 million, respectively, were gains from the sale of fixed-rate residential loans.

Although most loans currently sold by the Bank are sold with servicing released, the Bank had the servicing rights for approximately $170.3 million and $207.5 million at December 31, 2011 and 2010, respectively, of loans owned by others. The servicing of these loans generated fees (net of amortization of the servicing rights) to the Bank for the years ended December 31, 2011, 2010 and 2009, of $1,000, $(53,000) and $203,000, respectively. In 2010, amortization expense exceeded servicing fees earned as servicing was retained on fewer loans that were sold.

In addition to interest earned on loans and loan origination fees, the Bank receives fees for loan commitments, letters of credit, prepayments, modifications, late payments, transfers of loans due to changes of property ownership and other miscellaneous services. The fees vary from time to time, generally depending on the supply of funds and other competitive conditions in the market. Fees from prepayments, commitments, letters of credit and late payments totaled $808,000, $906,000 and $813,000 for the years ended December 31, 2011, 2010 and 2009, respectively. Loan origination fees, net of related costs, are accounted for in accordance with FASB ASC 310-20, Receivables – Nonrefundable Fees and Other Costs. Loan fees and certain direct loan origination costs are deferred, and the net fee or cost is recognized in interest income using the level-yield method over the contractual life of the loan. For further discussion of this matter, see Note 1 of the accompanying audited financial statements.

Loan Delinquencies and Defaults

When a borrower fails to make a required payment on a loan, the Bank attempts to cause the delinquency to be cured by contacting the borrower. In the case of loans secured by residential real estate, a late notice is sent 15 days after the due date. If the delinquency is not cured by the 30th day, a delinquent notice is sent to the borrower.

Additional written contacts are made with the borrower 45 and 60 days after the due date. If the delinquency continues for a period of 65 days, the Bank usually institutes appropriate action to foreclose on the collateral. The actual time it takes to foreclose on the collateral varies depending on the particular circumstances and the applicable governing law. If foreclosed upon, the property is sold at public auction and may be purchased by the Bank. Delinquent consumer loans are handled in a generally similar manner, except that initial contacts are made when the payment is five days past due and appropriate action may be taken to collect any loan payment that is delinquent for more than 15 days. The Bank's procedures for repossession and sale of consumer collateral are subject to various requirements under the applicable consumer protection laws as well as other applicable laws and the determination by the Bank that it would be beneficial from a cost basis.

Delinquent commercial business loans and loans secured by commercial real estate are initially handled by the loan officer in charge of the loan, who is responsible for contacting the borrower. The President and Senior Lending Officer also work with the commercial loan officers to see that necessary steps are taken to collect delinquent loans. In addition, the Bank has a Problem Loan Committee which meets at least quarterly and reviews all classified assets, as well as other loans which management feels may present possible collection problems. If an acceptable workout of a delinquent commercial loan cannot be agreed upon, the Bank may initiate foreclosure proceedings on any collateral securing the loan. However, in all cases, whether a commercial or other loan, the prevailing circumstances may be such that management may determine it is in the best interest of the Bank not to foreclose on the collateral.

These processes are generally the same for loans covered by loss sharing agreements.

22

The following tables set forth our loans by aging category:

	December 31, 2011									
	30-59 Days Past Due		60-89 Days Past Due		Over 90 Days		Total Past Due		Current	Total Loans Receivable
	#	Amount	#	Amount	#	Amount	#	Amount	Amount	Amount
	(Dollars In Thousands)									
One- to four-family residential construction	7	$2,082	3	$342	1	$186	11	$2,610	$21,366	$23,976
Subdivision construction	3	4,014	1	388	11	6,661	15	11,063	50,077	61,140
Land development	—	—	1	4	4	2,655	5	2,659	66,112	68,771
Commercial construction	—	—	—	—	—	—	—	—	119,589	119,589
Owner occupied one- to four-family residential	7	833	—	—	32	3,888	39	4,721	87,273	91,994
Non-owner occupied one- to four-family residential	1	117	—	—	39	3,425	40	3,542	142,239	145,781
Commercial real estate	4	6,323	2	535	9	6,204	15	13,062	626,795	639,857
Other residential	—	—	—	—	—	—	—	—	243,742	243,742
Commercial business	4	426	1	10	11	1,362	15	1,798	234,586	236,384
Industrial revenue bonds	—	—	—	—	1	2,110	1	2,110	57,640	59,750
Consumer auto	80	455	15	56	20	117	115	628	58,740	59,368
Consumer other	491	1,508	15	641	32	715	538	2,864	74,676	77,540
Home equity lines of credit	2	45	3	29	11	174	16	248	46,866	47,114
FDIC-supported loans, net of discounts (TeamBank)	20	2,422	4	862	88	19,215	112	22,499	106,376	128,875
FDIC-supported loans, net of discounts (Vantus Bank)	48	562	11	57	41	5,999	100	6,618	116,418	123,036
FDIC-supported loans, net of discounts	62	5,628	52	6,851	104	40,299	218	52,778	91,848	144,626

(Sun Security Bank)	729	24,415	108	9,775	404	93,010	1,241	127,062	2,144,343	2,271,543
Less FDIC-supported loans, net of discounts	130	8,612	67	7,770	233	65,513	430	81,895	314,642	396,537
Total	599	$15,803	41	$2,005	171	$27,497	811	$45,305	$1,829,701	$1,875,006

	December 31, 2010									
	30-59 Days Past Due		60-89 Days Past due		Over 90 Days		Total Past Due		Current	Total Loans Receivable
	#	Amount	#	Amount	#	Amount	#	Amount	Amount	Amount
	(Dollars In Thousands)									
One- to four-family residential construction	2	$261	—	$—	2	$578	4	$839	$28,263	$29,102
Subdivision construction	7	281	5	1,015	11	1,860	23	3,156	83,493	86,649
Land development	2	2,730	—	—	11	5,668	13	8,398	87,175	95,573
Commercial construction	—	—	—	—	—	—	—	—	68,018	68,018
Owner occupied one- to four-family residential	38	4,856	5	914	19	2,724	62	8,494	89,605	98,099
Non-owner occupied one- to four-family residential	18	2,085	20	2,130	31	2,831	69	7,046	129,938	136,984
Commercial real estate	6	2,749	7	8,546	14	6,074	27	17,369	512,908	530,277
Other residential	—	—	2	4,011	2	4,202	4	8,213	202,633	210,846
Commercial business	3	350	2	355	10	1,642	15	2,347	183,518	185,865
Industrial revenue bonds	—	—	—	—	1	2,190	1	2,190	62,451	64,641
Consumer auto	80	427	8	35	18	94	106	556	48,436	48,992
Consumer other	61	1,331	12	318	41	1,417	114	3,066	74,265	77,331
Home equity lines of credit	5	152	4	160	11	140	20	452	46,400	46,852
FDIC-supported loans, net of discounts (TeamBank)	47	2,719	12	3,731	102	13,285	161	19,735	124,898	144,633
FDIC-supported loans, net of discounts (Vantus Bank)	64	2,277	24	1,414	32	9,399	120	13,090	147,073	160,163
	333	20,218	101	22,629	305	52,104	739	94,951	1,889,074	1,984,025
Less FDIC-supported loans, net of	111	4,996	36	5,145	134	22,684	281	32,825	271,971	304,796

discounts										
Total	222	$15,222	65	$17,484	171	$29,420	458	$62,126	$1,617,103	$1,679,229

Classified Assets

Federal regulations provide for the classification of loans and other assets such as debt and equity securities considered to be of lesser quality as "substandard," "doubtful" or "loss" assets. The regulations require insured institutions to classify their own assets and to establish prudent specific allocations for losses from assets classified "substandard" or "doubtful." “Substandard” assets include those characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. Assets classified as “doubtful,” have all the weaknesses inherent in those classified as “substandard” with the added characteristic that the weaknesses present make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. For the portion of assets classified as "loss," an institution is required to either establish specific allowances of 100% of the amount classified or charge such amount off its books. Assets that do not currently expose the insured institution to sufficient risk to warrant classification in one of the aforementioned categories but possess a potential weakness (referred to as “special mention” assets), are required to be listed on the Bank's watch list and monitored for further deterioration. In addition, a bank's regulators may require the establishment of a general allowance for losses based on the general quality of the asset portfolio of the bank. Following are the total classified assets at December 31, 2011 and 2010, per the Bank's internal asset classification list, excluding assets acquired through FDIC-assisted transactions which are covered by loss sharing agreements. The allowances for loan losses reflected below are the portions of the Bank’s total allowances for loan losses relating to these classified loans. There were no significant off-balance sheet items classified at December 31, 2011 and 2010.

Asset Category	Substandard	Doubtful	December 31, 2011 Loss (In Thousands)	Total Classified	Allowance for Losses
Investment securities	$1,190	$---	$---	$1,190	$---
Loans	81,581	---	---	81,581	9,167
Foreclosed assets	48,001	---	---	48,001	---
Total	$130,772	$---	$---	$130,772	$9,167

Asset Category	Substandard	Doubtful	December 31, 2010 Loss (In Thousands)	Total Classified	Allowance for Losses
Investment securities	$1,109	$---	$---	$1,109	$---
Loans	84,390	---	---	84,390	10,897
Foreclosed assets	47,958	---	---	47,958	---
Total	$133,457	$---	$---	$133,457	$10,897

Non-Performing Assets

The table below sets forth the amounts and categories of gross non-performing assets (classified loans which are not performing under regulatory guidelines and all foreclosed assets, including assets acquired in settlement of loans) in the Bank's loan portfolio as of the dates indicated. Loans generally are placed on non-accrual status when the loan becomes 90 days delinquent or when the collection of principal, interest, or both, otherwise becomes doubtful.

Former TeamBank, Vantus Bank and Sun Security Bank non-performing assets, including foreclosed assets, are not included in the totals of non-performing assets below due to the respective loss sharing agreements with the FDIC, which substantially cover principal losses that may be incurred in these portfolios. In addition, these covered assets were recorded at their estimated fair values as of March 20, 2009, for TeamBank, September 4, 2009, for Vantus Bank and October 7, 2011 for Sun Security Bank. The total book value of these non-performing assets (net of discounts) was $96.3 million and $53.7 million at December 31, 2011 and 2010, respectively. The Company does generate some yield on the non-performing loans due to the accretion of a portion of the discount on these loans. No material additional losses or changes to these estimated fair values have been identified as of December 31, 2011, other than the adjustment of the provisional fair value measurements of the former TeamBank loan portfolio.

	December 31,				
	2011	2010	2009	2008	2007
	(In Thousands)				
Non-accruing loans:					
One- to four-family residential	$ 7,273	$ 5,555	$ 6,720	$ 3,635	$ 4,836
One- to four-family construction	186	578	373	2,187	1,767
Other residential	---	4,203	479	9,344	561
Commercial real estate	6,204(7)	6,074(5)	8,888(4)	2,480	9,145
Other commercial	3,472	3,832	743	1,220	5,923
Commercial construction	9,316(8)	7,528(6)	8,310(3)	13,703(2)	12,935(1)
Consumer	640	1,063	487	315	112
Total gross non-accruing loans	27,091	28,833	26,000	32,884	35,279
Loans over 90 days delinquent still accruing interest:					
One- to four-family residential	40	---	103	---	38
Commercial real estate	---	---	---	---	---
Other commercial	---	---	---	---	34
Commercial construction	---	---	---	---	---
Consumer	366	587	387	318	124
Total loans over 90 days delinquent still accruing interest	406	587	490	318	196
Other impaired loans	---	---	---	---	---
Total gross non-performing loans	27,497	29,420	26,490	33,202	35,475
Foreclosed assets:					
One- to four-family residential	1,849	2,896	5,662	4,810	742
One- to four-family construction	1,630	2,510	1,372	3,148	7,701
Other residential	7,853	4,178	---	---	---
Commercial real estate	2,290	4,565	2,143	6,905	5,130
Commercial construction	31,954	34,433	28,586	17,050	6,416
Other commercial	85	---	---	---	---
Total foreclosed assets	45,661	48,582	37,763	31,913	19,989
Repossessions	1,211	318	572	746	410
Total gross non-performing assets	$ 74,369	$ 78,320	$ 64,825	$ 65,861	$ 55,874
Total gross non-performing assets as a percentage of average total assets	2.13%	2.30%	1.90%	2.61%	2.39%

(1)

One relationship was $10.3 million of this total at December 31, 2007. The project was completed in the first quarter of 2008 and was reclassified from “construction” to “other residential.” The outstanding balance of the relationship was reduced to $6.1 million at December 31, 2008.
(2) One relationship was $8.3 million of this total at December 31, 2008.
(3) A portion of one relationship was $4.0 million of this total at December 31, 2009. The total relationship is $5.3 million.
(4) One relationship was $2.8 million of this total at December 31, 2009.
(5) The largest two loans in this category were $1.4 million and $1.0 million, respectively, at December 31, 2010.
(6) The largest loan in this category had a balance of $2.0 million at December 31, 2010.
(7) The largest loan in this category had a balance of $2.5 million at December 31, 2011.
(8) One relationship was $3.6 million of this total at December 31, 2011.

See Item 7. "Management’s Discussion and Analysis of Financial Condition and Results of Operations – Non-performing Assets” for further information.

Included in the non-accruing loans categories above at December 31, 2011, were loans modified in troubled debt restructurings of $2.1 million of one- to four-family residential loans, $2.8 million of commercial real estate loans, $1.9 million of commercial construction loans, $472,000 of other commercial loans and $95,000 of consumer loans. Other impaired loans modified in troubled debt restructurings but accruing interest at December 31, 2011 included $2.7 million of one- to four-family residential loans, $687,000 of one- to four-family construction loans, $28.4 million of commercial real estate loans, $12.1 million of other residential (multi-family) loans, $199,000 of other commercial loans, $1.9 milllion of commercial construction loans and $62,000 of consumer loans. Included in the non-accruing loans categories above at December 31, 2010, were loans modified in troubled debt restructurings of $1.2 million of one- to four-family residential loans, $2.5 million of commercial real estate loans, $53,000 of other commercial loans and $58,000 of consumer loans. Other impaired loans modified in troubled debt restructurings but accruing interest at December 31, 2010 included $4.3 million of one- to four-family residential loans, $1.0 million of one- to four-family construction loans, $5.7 million of commercial real estate loans, $4,000 of other commercial loans, $5.5 million of commercial construction loans and $92,000 of consumer loans.

Gross impaired loans totaled $107.5 million at December 31, 2011 and $94.6 million at December 31, 2010. A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. See Note 4 “Loans” of the accompanying audited financial statements included in Item 8 for additional information including further detail of non-accruing loans and impaired loans and details of troubled debt restructurings. See also Note 16 “Disclosures About Fair Value of Financial Instruments” of the accompanying audited financial statements included in Item 8 for additional information.

For the year ended December 31, 2011, gross interest income which would have been recorded had the non-accruing loans been current in accordance with their original terms amounted to $2.4 million. No interest income was included on these loans for the year ended December 31, 2011. For the year ended December 31, 2010, gross interest income which would have been recorded had the non-accruing loans been current in accordance with their original terms amounted to $2.0 million. The amount that was included in interest income on these loans was $28,000 for the year ended December 31, 2010.

Allowances for Losses on Loans and Foreclosed Assets

Great Southern maintains an allowance for loan losses to absorb losses known and inherent in the loan portfolio based upon ongoing, monthly assessments of the loan portfolio. Our methodology for assessing the appropriateness of the allowance consists of several key elements, which include a formula allowance, specific allowances for identified problem loans and portfolio segments and economic conditions that may lead to a concern about the loan portfolio or segments of the loan portfolio.

The formula allowance is calculated by applying loss factors to outstanding loans based on the internal risk evaluation of such loans or pools of loans. Changes in risk evaluations of both performing and non-performing loans affect the amount of the formula allowance. Loss factors are based both on our historical loss experience and on significant factors that, in management's judgment, affect the collectability of the portfolio as of the evaluation date. Loan loss factors for portfolio segments are representative of the credit risks associated with loans in those segments. The greater the credit risks associated with a particular segment, the greater the loss factor.

The appropriateness of the allowance is reviewed by management based upon its evaluation of then-existing economic and business conditions affecting our key lending areas. Other conditions that management considers in determining the appropriateness of the allowance include, but are not limited to, changes to our underwriting standards (if any), credit quality trends (including changes in non-performing loans expected to result from existing economic and other market conditions), trends in collateral values, loan volumes and concentrations, and recent loss experience in particular segments of the portfolio that existed as of the balance sheet date and the impact that such conditions were believed to have had on the collectability of those loans.

Senior management reviews these conditions weekly in discussions with our credit officers. To the extent that any of these conditions are evident in a specifically identifiable problem loan or portfolio segment as of the evaluation date, management's estimate of the effect of such condition may be reflected as a specific allowance applicable to such loan or portfolio segment. Where any of these conditions are not evident in a specifically identifiable problem loan or portfolio segment as of the evaluation date, management's evaluation of the loss related to these conditions is reflected in the unallocated allowance associated with our portfolios of mortgage, consumer, commercial and construction loans. The evaluation of the inherent loss with respect to these conditions is subject to a higher degree of uncertainty because they are not identified with specific problem loans or portfolio segments.

The amounts actually observed in respect to these losses can vary significantly from the estimated amounts. Our methodology permits adjustments to any loss factor used in the computation of the formula allowances in the event that, in management's judgment, significant factors which affect the collectability of the portfolio, as of the evaluation date, are not reflected in the current loss factors. By assessing the estimated losses inherent in our loan portfolio on a monthly basis, we can adjust specific and inherent loss estimates based upon more current information.

On a quarterly basis, senior management presents a formal assessment of the adequacy of the allowance for loan losses to Great Southern's board of directors for the board's approval of the allowance. Assessing the adequacy of the allowance for loan losses is inherently subjective as it requires making material estimates including the amount and timing of future cash flows expected to be received on impaired loans or changes in the market value of collateral securing loans that may be susceptible to significant change. In the opinion of management, the allowance when taken as a whole is adequate to absorb reasonable estimated loan losses inherent in Great Southern's loan portfolio.

Allowances for estimated losses on foreclosed assets (real estate and other assets acquired through foreclosure) are charged to expense, when in the opinion of management, any significant and permanent decline in the market value of the underlying asset reduces the market value to less than the carrying value of the asset. Senior management assesses the market value of each foreclosed asset individually.

At December 31, 2011 and 2010, Great Southern had an allowance for losses on loans of $41.2 million and $41.5 million, respectively, of which $10.0 million and $12.1 million, respectively, had been allocated as an allowance for specific loans. All loans with specific allowances were considered to be impaired loans. The allowance and the activity within the allowance during 2011 and 2010 are discussed further in Note 4 “Loans and Allowance for Loan Losses” of the accompanying audited financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Item 8 and Item 7 of this Report, respectively.

The allocation of the allowance for losses on loans at the dates indicated is summarized as follows. The table is based on information prepared in accordance with generally accepted accounting principles.

	December 31,									
	2011		2010		2009		2008		2007	
	Amount	% of Loans to Total Loans (2)	Amount	% of Loans to Total Loans (2)	Amount	% of Loans to Total Loans (2)	Amount	% of Loans to Total Loans	Amount	% o Loa to Tot Loa
	(Dollars In Thousands)									
One- to four-family residential and construction	$ 11,424	18.1%	$ 11,453	21.3%	$ 11,698	22.5%	$ 11,942	25.1%	$ 6,042	26
Other residential and construction	3,088	14.3	3,866	12.8	3,006	11.8	2,667	10.5	1,929	8
Commercial real estate	18,390	36.7	14,336	35.2	9,281	32.4	4,049	29.4	2,257	22
Commercial construction	2,952	8.8	5,852	9.6	9,663	10.7	6,371	16.9	10,266	22
Other commercial	2,974	12.4	2,481	10.9	3,590	12.0	1,897	7.6	2,736	12
Consumer and overdrafts	2,374	9.7	2,669	10.2	2,863	10.6	2,237	10.5	2,229	7
Loans covered by loss sharing agreements (1)	30	---	830	---	---	---	---	---	---	
Total	$ 41,232	100.0%	$ 41,487	100.0%	$ 40,101	100.0%	$ 29,163	100.0%	$ 25,459	100

(1) Associated with these allowances at December 31, 2011 and 2010, are receivables from the FDIC totaling $24,000 and $664,000, respectively, under the loss sharing agreements which will be collected if the losses are realized.
(2) Excludes loans covered by loss sharing agreements.

The following table sets forth an analysis of activity in the Bank's allowance for losses on loans showing the details of the activity by types of loans. The table is based on information prepared in accordance with generally accepted accounting principles.

	December 31,				
	2011	2010	2009	2008	2007
	(Dollars In Thousands)				
Balance at beginning of period	$ 41,487	$ 40,101	$ 29,163	$ 25,459	$ 26,258
Charge-offs:					
One- to four-family residential	2,666	3,069	2,714	1,278	413
Other residential	8,019	1,214	1,878	342	---
Commercial real estate	13,862	11,495	9,235	886	1,122
Construction	9,770	17,407	6,977	7,501	3,564
Consumer, overdrafts and other loans	3,496	4,084	4,700	4,111	3,568
Other commercial	2,842	2,779	4,935	38,909	202
Total charge-offs	40,655	40,048	30,439	53,027	8,869
Recoveries:					
One- to four-family residential	38	162	776	111	24
Other residential	1,547	151	---	---	16
Commercial real estate	57	606	19	164	40
Construction	455	561	1,207	334	183
Consumer, overdrafts and other loans	1,891	2,295	2,173	2,279	2,132
Other commercial	1,076	2,029	1,402	1,643	200
Total recoveries	5,064	5,804	5,577	4,531	2,595
Net charge-offs	35,591	34,244	24,862	48,496	6,274
Provision for losses on loans	35,336	35,630	35,800	52,200	5,475
Balance at end of period	$ 41,232	$ 41,487	$ 40,101	$ 29,163	$ 25,459
Ratio of net charge-offs to average loans outstanding	2.09%	2.05%	1.44%	2.63%	0.35%

Investment Activities

Excluding securities issued by the United States Government, or its agencies, there were no investment securities in excess of 10% of the Company’s stockholders’ equity at December 31, 2011, 2010 and 2009, respectively. Agencies, for this purpose, primarily include Freddie Mac, Fannie Mae, Ginnie Mae and FHLBank.

As of December 31, 2011 and 2010, the Bank held approximately $1.9 million and $1.1 million, respectively, in principal amount of investment securities which the Bank intends to hold until maturity. As of such dates, these securities had fair values of approximately $2.1 million and $1.3 million, respectively. In addition, as of December 31, 2011 and 2010, the Company held approximately $875.4 million and $769.5 million, respectively, in principal amount of investment securities which the Company classified as available-for-sale. See Notes 1 and 2 of the accompanying audited financial statements.

The amortized cost and fair values of, and gross unrealized gains and losses on, investment securities at the dates indicated are summarized as follows.

	December 31, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
AVAILABLE-FOR-SALE SECURITIES:				
U.S. government agencies	$20,000	$60	$—	$20,060
Collateralized mortgage obligations	5,220	—	380	4,840
Mortgage-backed securities	628,729	13,728	802	641,655
Small Business Administration loan pools	55,422	1,070	—	56,492
States and political subdivisions	145,663	5,478	903	150,238
Corporate bonds	50	245	—	295
Equity securities	1,230	601	—	1,831
	$856,314	$21,182	$2,085	$875,411
HELD-TO-MATURITY SECURITIES				
States and political subdivisions	$1,865	$236	$—	$2,101

	December 31, 2010			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
AVAILABLE-FOR-SALE SECURITIES:				
U.S. government agencies	$4,000	$—	$20	$3,980
Collateralized mortgage obligations	8,311	183	814	7,680
Mortgage-backed securities	590,085	10,879	1,753	599,211
Small Business Administration loan pools	60,063	851	—	60,914
States and political subdivisions	99,314	378	4,075	95,617
Corporate bonds	49	—	28	21
Equity securities	1,230	893	—	2,123
	$763,052	$13,184	$6,690	$769,546
HELD-TO-MATURITY SECURITIES				
States and political subdivisions	$1,125	$175	$—	$1,300

30

	December 31, 2009			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
AVAILABLE-FOR-SALE SECURITIES:				
U.S. government agencies	$15,931	$28	$—	$15,959
Collateralized mortgage obligations	51,221	1,042	527	51,736
Mortgage-backed securities	614,338	18,508	672	632,174
States and political subdivisions	63,686	705	1,904	62,487
Corporate bonds	49	21	13	57
Equity securities	1,374	504	—	1,878
	$746,599	$20,808	$3,116	$764,291
HELD-TO-MATURITY SECURITIES:				
U.S. government agencies	$15,000	$—	$365	$14,635
Equity securities	1,290	140	—	1,430
	$16,290	$140	$365	$16,065

Additional details of the Company's collateralized mortgage obligations and mortgage-backed securities at December 31, 2011, are described as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In Thousands)		
Collateralized mortgage obligations				
Nonagency variable	$5,220	$—	$380	$4,840
Mortgage-backed securities				
FHLMC fixed	$18,667	$1,577	$—	$20,244
FHLMC hybrid ARM	50,517	3,220	—	53,737
Total FHLMC	69,184	4,797	—	73,981
FNMA fixed	21,071	1,504	—	22,575
FNMA hybrid ARM	41,614	2,556	—	44,170
Total FNMA	62,685	4,060	—	66,745
GNMA fixed	9,826	372	1	10,197
GNMA hybrid ARM	487,034	4,499	801	490,732
Total GNMA	496,860	4,871	802	500,929
	$628,729	$13,728	$802	$641,655
Total fixed	$49,564	$3,453	$1	$53,016
Total hybrid ARM	579,165	10,275	801	588,639
	$628,729	$13,728	$802	$641,655

The following tables present the contractual maturities and weighted average tax-equivalent yields of available-for-sale securities at December 31, 2011. 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.

	Cost	Tax-Equivalent Amortized Yield	Fair Value
		(Dollars In Thousands)	
One year or less	$ 1,566	3.54%	$ 1,568
After one through five years	1,580	6.41%	1,608
After five through ten years	13,135	5.55%	13,497
After ten years	204,854	4.21%	210,412
Securities not due on a single maturity date	633,949	3.14%	646,495
Equity securities	1,230	0.00%	1,831

Total	$	856,314	3.44%	$	875,411

32

	One Year or Less	After One Through Five Years	After Five Through Ten Years	After Ten Years	Securities Not Due on a Single Maturity Date	Equity Securities	Total
				(In Thousands)			
U.S. government agencies	$---	$---	$---	$20,060	$---	$---	$20,060
Collateralized mortgage obligations	---	---	---	---	4,840	---	4,840
Mortgage-backed securities	---	---	---	---	641,655	---	641,655
Small Business Administration loan pools	---	---	---	56,492	---	---	56,492
States and political subdivisions	1,568	1,608	13,497	133,565	---	---	150,238
Corporate bonds	---	---	---	295	---	---	295
Equity securities	---	---	---	---	---	1,831	1,831
Total	$1,568	$1,608	$13,497	$210,412	$646,495	$1,831	$875,411

The following table presents the contractual maturities and weighted average tax-equivalent yields of held-to-maturity securities at December 31, 2011. 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.

	Cost	Tax-Equivalent Amortized Yield	Approximate Fair Value
		(Dollars In Thousands)	
One year or less	$ 840	0.75%	$ 904
After five through ten years	1,025	7.38%	1,197
Total	$ 1,865	4.39%	$ 2,101

The following table shows our investments' gross unrealized losses and fair values, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2011, 2010 and 2009, respectively:

	2011					
	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(In Thousands)			
Collateralized mortgage						

obligations	$3,760	$(110)	$1,460	$(270)	$5,220	$(380)
Mortgage-backed securities	61,720	(365)	91,824	(437)	153,544	(802)
States and political subdivisions	6,436	(44)	7,381	(859)	13,817	(903)
	$71,916	$(519)	$100,665	$(1,566)	$172,581	$(2,085)

33

	2010					
	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	$3,980	$(20)	$—	$—	$3,980	$(20)
Collateralized mortgage obligations	—	—	1,809	(814)	1,809	(814)
Mortgage-backed securities	231,524	(1,753)	—	—	231,524	(1,753)
States and political subdivisions	56,221	(2,328)	5,257	(1,747)	61,478	(4,075)
Corporate bonds	8	(24)	14	(4)	22	(28)
	$291,733	$(4,125)	$7,080	$(2,565)	$298,813	$(6,690)

	2009					
	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	$14,635	$(365)	$—	$—	$14,635	$(365)
Collateralized mortgage obligations	1,993	(385)	2,464	(142)	4,457	(527)
Mortgage-backed securities	102,796	(672)	—	—	102,796	(672)
States and political subdivisions	9,876	(156)	8,216	(1,748)	18,092	(1,904)
Corporate bonds	5	(13)	—	—	5	(13)
	$129,305	$(1,591)	$10,680	$(1,890)	$139,985	$(3,481)

On at least a quarterly basis, the Company evaluates the securities portfolio to determine if an other-than-temporary impairment (OTTI) needs to be recorded. For debt securities with fair values 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 OTTI of a debt security in earnings and the remaining portion in other comprehensive income. For held-to-maturity debt securities, the amount of an OTTI recorded in other comprehensive income for the noncredit portion of a previous OTTI 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 as of December 31, 2011 and 2010, 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.

Sources of Funds

General. Deposit accounts have traditionally been the principal source of the Bank's funds for use in lending and for other general business purposes. In addition to deposits, the Bank obtains funds through advances from the Federal Home Loan Bank of Des Moines ("FHLBank") and other borrowings, loan repayments, loan sales, and cash flows generated from operations. Scheduled loan payments are a relatively stable source of funds, while deposit inflows and outflows and the related costs of such funds have varied widely. Borrowings such as FHLBank advances may be used on a short-term basis to compensate for seasonal reductions in deposits or deposit inflows at less than projected levels and may be used on a longer-term basis to support expanded lending activities. The availability of funds from loan sales is influenced by general interest rates as well as the volume of originations.

Deposits. The Bank attracts both short-term and long-term deposits from the general public by offering a wide variety of accounts and rates and also purchases brokered deposits from time to time. The Bank offers regular savings accounts, checking accounts, various money market accounts, fixed-interest rate certificates with varying maturities, certificates of deposit in minimum amounts of $100,000 ("Jumbo" accounts), brokered certificates and individual retirement accounts. In 2009, the Bank increased its deposits through internal growth and through the assumption of deposits in two FDIC-assisted transactions. The Bank has maintained a high percentage of those deposits through 2011. Total deposits decreased during 2010 primarily as a result of reductions in brokered deposits. In 2011, deposits increased again through internal growth and the assumption of deposits in an FDIC-assisted transaction. The Bank has maintained a high percentage of those deposits through 2011 as well.

The following table sets forth the dollar amount of deposits, by interest rate range, in the various types of deposit programs offered by the Bank at the dates indicated.

	December 31,					
	2011		2010		2009	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
	(Dollars In Thousands)					
Time deposits:						
0.00%-1.99%	$ 1,060,841	35.80%	$ 838,619	32.31%	$ 781,565	28.80%
2.00%-2.99%	158,696	5.35	298,029	11.48	513,837	18.93
3.00%-3.99%	17,228	0.58	28,398	1.09	103,217	3.80
4.00%-4.99%	26,526	0.90	126,001	4.86	222,142	8.19
5.00% and above	5,708	0.19	8,657	0.33	13,546	0.50
Total time deposits	1,268,999	42.82	1,299,704	50.07	1,634,307	60.22
Non-interest-bearing demand deposits	330,813	11.16	257,569	9.92	258,792	9.53
Interest-bearing demand and savings deposits (0.61%-0.83%-1.00%)	1,363,727	46.02	1,038,620	40.01	820,862	30.25
Total Deposits	$ 2,963,539	100.00 %	$ 2,595,893	100.00 %	$ 2,713,961	100.00 %

A table showing maturity information for the Bank's time deposits as of December 31, 2011, is presented in Note 9 of the accompanying audited financial statements.

The variety of deposit accounts offered by the Bank has allowed it to be competitive in obtaining funds and has allowed it to respond with flexibility to changes in consumer demand. The Bank has become more susceptible to short-term fluctuations in deposit flows, as customers have become more interest rate conscious and the Bank's deposit mix has changed to a smaller percentage of time deposits. The Bank manages the pricing of its deposits in keeping with its asset/liability management and profitability objectives. Based on its experience, management believes that its certificate accounts are relatively stable sources of deposits, while its checking accounts have proven to be more volatile. In the past three years, the Bank successfully increased its checking accounts both internally and through acquisitions. The ability of the Bank to attract and maintain deposits, and the rates paid on these deposits, has been and will continue to be significantly affected by money market conditions.

The following table sets forth the time remaining until maturity of the Bank's time deposits as of December 31, 2011. The table is based on information prepared in accordance with generally accepted accounting principles.

	3 Months or Less	Over 3 Months to 6 Months	Maturity Over 6 to 12 Months	Over 12 Months	Total
			(In Thousands)		
Time deposits:					
Less than $100,000	$ 118,093	$ 108,561	$ 186,382	$ 138,702	$ 551,738
$100,000 or more	63,487	68,784	148,837	129,858	410,966
Brokered	109,170	76,579	65,959	12,859	264,567
Public funds(1)	6,045	4,691	16,871	14,121	41,728
Total	$ 296,795	$ 258,615	$ 418,049	$ 295,540	$ 1,268,999

(1) Deposits from governmental and other public entities.

Brokered deposits. Brokered deposits are marketed through national brokerage firms to their customers in $1,000 increments. The Bank maintains only one account for the total deposit amount while the detailed records of owners are maintained by the Depository Trust Company under the name of CEDE & Co. The deposits are transferable just like a stock or bond investment and the customer can open the account with only a phone call, just like buying a stock or bond. This provides a large deposit for the Bank at a lower operating cost since the Bank only has one account to maintain versus several accounts with multiple interest and maturity dates. At December 31, 2011 and 2010, the Bank had approximately $264.6 million and $363.3 million in brokered deposits, respectively.

Included in the brokered deposits total at December 31, 2011, is $216.3 million in Certificate of Deposit Account Registry Service (CDARS) customer deposit accounts. There were no CDARS purchased funds at December 31, 2011. Included in the brokered deposits total at December 31, 2010, is $218.8 million in CDARS customer deposit accounts and $3.3 million in CDARS purchased funds. CDARS customer deposit accounts are accounts that are just like any other deposit account on the Company’s books, except that the account total exceeds the FDIC deposit insurance maximum. When a customer places a large deposit with a CDARS Network bank, that bank uses CDARS to place the funds into deposit accounts issued by other banks in the CDARS Network. This occurs in increments of less than the standard FDIC insurance maximum, so that both principal and interest are eligible for complete FDIC protection. Other Network Members do the same thing with their customers' funds.

Unlike non-brokered deposits where the deposit amount can be withdrawn prior to maturity with a penalty for any reason, including increasing interest rates, a brokered deposit (excluding CDARS) can only be withdrawn in the event of the death, or court declared mental incompetence, of the depositor. This allows the Bank to better manage the maturity of its deposits. Currently, the rates offered by the Bank for brokered deposits are comparable to that offered for retail certificates of deposit of similar size and maturity. Because the Bank kept higher levels of liquidity since the economic recession began in 2008, we gradually reduced the amount of brokered deposits (excluding CDARS) utilized since December 31, 2008.

The Company may use interest rate swaps from time to time to manage its interest rate risks from recorded financial liabilities. In the past, the Company entered into interest rate swap agreements with the objective of economically hedging against the effects of changes in the fair value of its liabilities for fixed rate brokered certificates of deposit caused by changes in market interest rates. These interest rate swaps allowed the Company to create funding of varying maturities at a variable rate that in the past has approximated three-month LIBOR. The Company did not utilize these types of interest rate swaps in 2011 or 2010.

Borrowings. Great Southern's other sources of funds include advances from the FHLBank, a Qualified Loan Review ("QLR") arrangement with the FRB, customer repurchase agreements and other borrowings.

As a member of the FHLBank, the Bank is required to own capital stock in the FHLBank and is authorized to apply for advances from the FHLBank. Each FHLBank credit program has its own interest rate, which may be fixed or variable, and range of maturities. The FHLBank may prescribe the acceptable uses for these advances, as well as other risks on availability, limitations on the size of the advances and repayment provisions. At December 31, 2011 and 2010, the Bank's FHLBank advances outstanding were $184.4 million and $153.5 million, respectively.

The FRB has a QLR program where the Bank can borrow on a temporary basis using commercial loans pledged to the FRB. Under the QLR program, the Bank can borrow any amount up to a calculated collateral value of the commercial loans pledged, for virtually any reason that creates a temporary cash need. Examples of this could be: (1) the need to fund for late outgoing wires or cash letter settlements, (2) the need to disburse one or several loans but the permanent source of funds will not be available for a few days; (3) a temporary spike in interest rates on other funding sources that are being used; or (4) the need to purchase a security for collateral pledging purposes a few days prior to the funds becoming available on an existing security that is maturing. The Bank had commercial loans pledged to the FRB at December 31, 2011 that would have allowed approximately $353.6 million to be borrowed under the above arrangement. There were no outstanding borrowings from the FRB at December 31, 2011 or 2010 and the facility was not used during 2011 or 2010.

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. The agreements generally are written on a one-month or less term.

In September 2008, the Company entered into a structured repo borrowing transaction for $50 million. This borrowing bears interest at a fixed rate of 4.34% if three-month LIBOR remains at 2.81% or less on quarterly interest reset dates; if LIBOR is above the 2.81% rate on quarterly interest reset dates, then the Company’s borrowing rate decreases by 2.5 times the difference in LIBOR (up to 250 basis points). This borrowing matures September 15, 2015, and has a call provision that allows the repo counterparty to call the borrowing quarterly beginning September 15, 2011. The Company pledges investment securities to collateralize this borrowing.

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 $25,000,000 aggregate liquidation amount of floating rate cumulative trust preferred securities. The Trust II securities bear a floating distribution rate equal to 90-day LIBOR plus 1.60%. The Trust II securities are redeemable at the Company's option beginning in February 2012, and if not sooner redeemed, mature on February 1, 2037. The Trust II securities were sold in a private transaction exempt from registration under the Securities Act of 1933, as amended. The gross proceeds of the offering were used to purchase Junior Subordinated Debentures from the Company totaling $25.8 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 2.03% and 1.89% at December 31, 2011 and 2010, 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 $5,000,000 aggregate liquidation amount of floating rate cumulative trust preferred securities. The Trust III securities bear a floating distribution rate equal to 90-day LIBOR plus 1.40%. The Trust III securities are redeemable at the Company's option beginning in 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 1.77% and 1.69% at December 31, 2011 and 2010, respectively.

Under the terms of the preferred stock the Company issued to the U.S. Treasury pursuant to the SBLF program (the “SBLF Preferred Stock”), if a dividend is not declared and paid on the SBLF Preferred Stock for any dividend period, then from the last day of that dividend period until the last day of the third dividend period immediately following it, neither we nor any of our subsidiaries may redeem, purchase or acquire any trust preferred securities issued by us or by any of our affiliates. In addition, under the terms of the SBLF Preferred Stock, neither we nor any of our subsidiaries may redeem, purchase or acquire any trust preferred securities if the Company’s Tier 1 capital would not be at least equal to the "Tier 1 Dividend Threshold" under the terms of the SBLF Preferred Stock, as described under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital Resources."

The following table sets forth the maximum month-end balances, average daily balances and weighted average interest rates of FHLBank advances during the periods indicated.

	Year Ended December 31,		
	2011	2010	2009
	(Dollars In Thousands)		
FHLBank Advances:			
Maximum balance	$ 184,437	$ 168,443	$ 234,413
Average balance	159,148	162,378	190,903
Weighted average interest rate	3.29%	3.40%	2.80%

37

The following table sets forth certain information as to the Company's FHLBank advances at the dates indicated.

	December 31, 2011	December 31, 2010	December 31, 2009
	(Dollars In Thousands)		
FHLBank advances	$ 184,437	$ 153,525	$ 171,603
Weighted average interest rate of FHLBank advances	4.02%	3.96%	4.00%

The following tables set forth the maximum month-end balances, average daily balances and weighted average interest rates of other borrowings during the periods indicated.

	Year Ended December 31, 2011		
	Maximum Balance	Average Balance	Weighted Average Interest Rate
	(Dollars In Thousands)		
Other Borrowings:			
Securities sold under reverse repurchase agreements	$ 276,910	$ 250,149	0.27%
Federal Reserve term auction facility	---	---	---
Other	778	678	---
Total		$ 250,827	0.27%
Total maximum month-end balance	$ 277,688		

	Year Ended December 31, 2010		
	Maximum Balance	Average Balance	Weighted Average Interest Rate
	(Dollars In Thousands)		
Other Borrowings:			
Securities sold under reverse repurchase agreements	$ 328,317	$ 291,400	0.36%
Federal Reserve term auction facility	---	---	---
Other	778	292	---
Total		$ 291,692	0.36%
Total maximum month-end balance	$ 328,567		

	Year Ended December 31, 2009		
	Maximum Balance	Average Balance	Weighted Average Interest Rate
	(Dollars In Thousands)		
Other Borrowings:			
Federal Reserve term auction facility	$ 85,000	$ 28,030	0.33%
Securities sold under reverse repurchase agreements	357,966	320,141	1.27
Other	380	337	---
Total		$ 348,508	1.19%
Total maximum month-end balance	$ 443,333		

The following tables set forth year-end balances and weighted average interest rates of the Company's other borrowings at the dates indicated.

	December 31, 2011		December 31, 2010		December 31, 2009	
	Balance	Weighted Average Interest Rate	Balance	Weighted Average Interest Rate	Balance	Weighted Average Interest Rate
	(Dollars In Thousands)					
Other borrowings:						
Securities sold under reverse repurchase agreements	$216,737	0.22 %	$257,180	0.26 %	$335,893	0.70 %
Other	660	—	778	—	289	—
Total	$217,397	0.22 %	$257,958	0.26 %	$336,182	0.70 %

The following table sets forth the maximum month-end balances, average daily balances and weighted average interest rates of structured repurchase agreements during the periods indicated.

	Year Ended December 31, 2011	2010	2009
	(Dollars In Thousands)		
Structured repurchase agreements:			
Maximum balance	$ 53,138	$ 53,189	$ 53,211
Average balance	53,117	53,169	51,078
Weighted average interest rate	4.31%	4.31%	4.26%

The following table sets forth certain information as to the Company's structured repurchase agreements at the dates indicated.

	December 31, 2011	2010	2009

	(Dollars In Thousands)		
Structured repurchase agreements	$ 53,090	$ 53,142	$ 53,194
Weighted average interest rate of structured repurchase agreements	4.31%	4.31%	4.26%

39

The following table sets forth the maximum month-end balances, average daily balances and weighted average interest rates of subordinated debentures issued to capital trust during the periods indicated.

	Year Ended December 31,		
	2011	2010	2009
	(Dollars In Thousands)		
Subordinated debentures:			
Maximum balance	$ 30,929	$ 30,929	$ 30,929
Average balance	30,929	30,929	30,929
Weighted average interest rate	1.84%	1.87%	2.50%

The following table sets forth certain information as to the Company's subordinated debentures issued to capital trust at the dates indicated.

	December 31,		
	2011	2010	2009
	(Dollars In Thousands)		
Subordinated debentures	$ 30,929	$ 30,929	$ 30,929
Weighted average interest rate of subordinated debentures	1.99%	1.85%	1.85%

Subsidiaries

Great Southern. As a Missouri-chartered trust company, Great Southern may invest up to 3%, which was equal to $113.7 million at December 31, 2011, of its assets in service corporations. At December 31, 2011, the Bank's total investment in Great Southern Real Estate Development Corporation ("Real Estate Development") was $2.4 million. Real Estate Development was incorporated and organized in 2003 under the laws of the State of Missouri. At December 31, 2011, the Bank's total investment in Great Southern Financial Corporation ("GSFC") was $3.4 million. GSFC is incorporated under the laws of the State of Missouri, and does business as Great Southern Insurance and Great Southern Travel. At December 31, 2011, the Bank's total investment in Great Southern Community Development Company, L.L.C. (“CDC”) and its subsidiary Great Southern CDE, L.L.C. ("CDE") was $3.2 million. CDC and CDE were incorporated and organized in 2010 under the laws of the State of Missouri. At December 31, 2011, the Bank's total investment in GS, L.L.C. ("GSLLC") was $38.3 million. GSLLC was incorporated and organized in 2005 under the laws of the State of Missouri. At December 31, 2011, the Bank's total investment in GSSC, L.L.C. ("GSSCLLC") was $14.4 million. GSSCLLC was incorporated and organized in 2009 under the laws of the State of Missouri. These subsidiaries are primarily engaged in the activities described below. At December 31, 2011, the Bank's total investment in GSRE Holding, L.L.C. ("GSRE Holding") was $1.5 million. GSRE Holding was incorporated and organized in 2009 under the laws of the State of Missouri. At December 31, 2011, the Bank's total investment in GSRE Holding II, L.L.C. ("GSRE Holding II") was $-0-. GSRE Holding II was incorporated and organized in 2009 under the laws of the State of Missouri. In addition, Great Southern has four other subsidiary companies that are not considered service corporations, GSB One, L.L.C., GSB Two, L.L.C., VFP Conclusion Holding, L.L.C. and VFP Conclusion Holding II, L.L.C. These companies are also described below.

Great Southern Real Estate Development Corporation. Generally, the purpose of Real Estate Development is to hold real estate assets which have been obtained through foreclosure by the Bank and which require ongoing operation of a business or completion of construction. In 2011 and 2010, Real Estate Development did not hold any significant real estate assets. Real Estate Development had net income of $-0- in each of the years ended December 31, 2011 and 2010.

General Insurance Agency. Great Southern Insurance, a division of GSFC, was organized in 1974. It acts as a general property, casualty and life insurance agency for a number of clients, including the Bank. Great Southern Insurance had net income of $59,000 and $173,000 in the years ended December 31, 2011 and 2010, respectively. In addition, Great Southern Insurance had gross revenues of $1.5 million in the each of the years ended December 31, 2011 and 2010.

Travel Agency. Great Southern Travel, a division of GSFC, was organized in 1976. At December 31, 2011, it was the largest travel agency based in southwestern Missouri and was estimated to be in the top 5% (based on gross revenue) of travel agencies nationwide. Great Southern Travel operates from thirteen full-time locations, including a facility at the Springfield-Branson National Airport, and additional corporate on-site locations. It engages in personal, commercial and group travel services. Great Southern Travel had net income of $615,000 and $442,000 in the years ended December 31, 2011 and 2010, respectively. In addition, Great Southern Travel had gross revenues of $6.7 million and $6.1 million in the years ended December 31, 2011 and 2010, respectively.

Great Southern Community Development Company, L.L.C. and Great Southern CDE, L.L.C. Generally, the purpose of CDC is to invest in community development projects that have a public benefit, and are permissible under Missouri and Kansas law. These include such activities as investing in real estate and investing in other community development entities. It also serves as parent to subsidiary CDE which invests in limited liability corporations (as a limited partner) for the purpose of acquiring federal tax credits to be utilized by Great Southern. CDC had consolidated net losses of $(387,000) and $(21,000) in years ended December 31, 2011 and 2010, respectively.

GS, L.L.C. GS, L.L.C. was organized in 2005. GSLLC is a limited liability corporation that invests in multiple limited liability corporations (as a limited partner) for the purpose of acquiring state and federal tax credits which are utilized by Great Southern. GSLLC had net losses of $(5.7 million) and $(7.1 million) in the years ended December 31, 2011 and 2010, respectively, which primarily resulted from the cost to acquire tax credits. These losses were offset by the tax credits utilized by Great Southern.

GSSC, L.L.C. GSSC, L.L.C. was organized in 2008. GSSCLLC is a limited liability corporation that invests in multiple limited liability corporations (as a limited partner) for the purpose of acquiring state tax credits which are utilized by Great Southern or sold to third parties. GSSCLLC had a net loss of $(196,000) in the year ended December 31, 2011 and net income of $88,000 in the year ended December 31, 2010.

GSRE Holding, L.L.C. Generally, the purpose of GSRE Holding is to hold real estate assets which have been obtained through foreclosure by the Bank and which require ongoing operation of a business or completion of construction. At December 31, 2011, GSRE Holding held only cash of $1.5 million. GSRE Holding had net income of $345,000 and $-0- in the years ended December 31, 2011 and 2010, respectively.

GSRE Holding II, L.L.C. Generally, the purpose of GSRE Holding II is to hold real estate assets which have been obtained through foreclosure by the Bank and which require ongoing operation of a business or completion of construction. In 2011 and 2010, GSRE Holding II did not hold any significant real estate assets. GSRE Holding II had net income of $-0- in each of the years ended December 31, 2011 and 2010.

GSB One, L.L.C. At December 31, 2011, the Bank's total investment in GSB One, L.L.C. ("GSB One") and GSB Two, L.L.C. ("GSB Two") was $918 million. The capital contribution was made by transferring participations in loans to GSB Two. GSB One is a Missouri limited liability company that was formed in March of 1998. Currently the only activity of this company is the ownership of GSB Two.

GSB Two, L.L.C. This is a Missouri limited liability company that was formed in March of 1998. GSB Two is a real estate investment trust ("REIT"). It holds participations in real estate mortgages from the Bank. The Bank continues to service the loans in return for a management and servicing fee from GSB Two. GSB Two had net income of $39.4 million and $32.3 million in the years ended December 31, 2011 and 2010, respectively.

VFP Conclusion Holding, L.L.C. VFP Conclusion Holding, L.L.C. (“VFP”) is a Missouri limited liability company that was formed in August of 2011. Generally, the purpose of VFP is to hold real estate assets which have been obtained through foreclosure by the Bank. The real estate assets obtained through foreclosure were formerly collateral to a participation loan sold by the Bank. The Bank has a 50 percent interest in VFP and at December 31, 2011 its investment totaled $4.0 million. Two other entities also have interests in VFP as a result of their participation in the loan sold by the Bank. VFP had net income of $2,000 for the year ended December 31, 2011.

VFP Conclusion Holding II, L.L.C. VFP Conclusion Holding II, L.L.C. (“VFP II”) is a Missouri limited liability company that was formed in September of 2011. Generally, the purpose of VFP II is to hold real estate assets which have been obtained through foreclosure by the Bank. The real estate assets obtained through foreclosure were formerly collateral to a participation loan sold by the Bank. The Bank has a 50 percent interest in VFP II and at December 31, 2011 its investment totaled $2.1 million. One other entity also has an interest in VFP II as a result of its participation in the loan sold by the Bank. VFP II had net income of $9,000 for the year ended December 31, 2011.

Competition

The banking industry in the Company's market areas is highly competitive. In addition to competing with other commercial and savings banks and savings and loan associations, the Company competes with credit unions, finance companies, leasing companies, mortgage companies, insurance companies, brokerage and investment banking firms and many other financial service firms. Competition is based on a number of factors including, among others, customer service, quality and range of products and services offered, price, reputation, interest rates on loans and deposits, lending limits and customer convenience. Our ability to continue to compete effectively also depends in large part on our ability to attract new employees and retain and motivate our existing employees, while managing compensation and other costs.

A substantial number of the commercial banks operating in most of the Company's market areas are branches or subsidiaries of large organizations affiliated with statewide, regional or national banking companies and as a result they may have greater resources with which to compete. Additionally, the Company faces competition from a large number of community banks, many of which have senior management who were previously with other local banks or investor groups with strong local business and community ties.

The Company faces strong competition in attracting deposits throughout its five-state footprint. The Company attracts a significant amount of deposits through its branch offices primarily from the communities in which those branch offices are located. Of our total 104 branch offices, 73.1% of our franchise (based on deposits) is located in Missouri where our total market share at June 30, 2011 was 1.7% or tenth in the state. The financial institutions with the top three market share positions in Missouri at June 30, 2011, were U.S. Bancorp, Bank of America Corp., and Commerce Bancshares, Inc. which had a combined market share of 29.9%. We also have branch offices in the states of Kansas, Iowa, Nebraska and Arkansas which make up 12.5%, 11.7%, 2.3% and 0.4% of our total franchise (based on deposits). In Kansas and Iowa, we have 0.6% and 0.5%, respectively, of the deposit market share at June 30, 2011 with rankings of 34th and 40th in these states, respectively. The leading market share positions in these states are held by Bank of America Corp. and Wells Fargo & Co., respectively. The Company's market share for our primary metropolitan statistical areas was as follows at June 30, 2011:

Metropolitan Statistical Area	Number of Branch Offices	Percentage of Total Market Share		Rank	Leading Market Share Position if Rank is not 1
Springfield, Mo.	24	12.6	%	1	N/A
Branson, Mo.	6	24.3		1	N/A
Sioux City, Iowa	7	7.2		3	Security National Corp.
Kansas City, Mo.	12	0.6		27	UMB Financial Corp.
Saint Louis, Mo.	6	0.3		49	U.S. Bancorp

Our most direct competition for deposits has historically come from other commercial banks, savings institutions and credit unions located in our market areas. The Bank competes for these deposits by offering a variety of deposit accounts at competitive rates, convenient business hours, and convenient branch and ATM locations with inter-branch deposit and withdrawal privileges at each branch location. Our ability to attract and retain customer deposits depends on our ability to generally provide a rate of return, liquidity and risk comparable to that offered by competing investment opportunities.

Competition in originating real estate loans comes primarily from other commercial banks, savings institutions and mortgage bankers making loans secured by real estate located in the Bank's market area. The specific institutions are similar to those discussed above in regards to deposit market share. Commercial banks and finance companies provide vigorous competition in commercial and consumer lending. The Bank competes for real estate and other loans principally on the basis of the interest rates and loan fees it charges, the types of loans it originates, the quality of services it provides to borrowers and the locations of our branch office network.

Many of our competitors have substantially greater resources, name recognition and market presence that benefit them in attracting business. In addition, larger competitors (including nationwide banks that have a significant presence in our market areas) may be able to price loans and deposits more aggressively than we do due to their greater economies of scale. Smaller and newer competitors may also be more aggressive than we are in terms of pricing loan and deposit products in order to obtain a larger share of the market. In addition, some competitors located outside of our market areas conduct business primarily over the Internet, which may enable them to realize certain savings and offer products and services at more favorable rates and with greater convenience to certain customers.

We also depend, from time to time, on outside funding sources, including brokered deposits, where we face nationwide competition, and Federal Home Loan Bank advances. Some of the financial institutions and financial services organizations with which we compete are not subject to the same degree of regulation as is imposed on insured depositary institutions and their holding companies. As a result, these non-bank competitors have certain advantages over us in accessing funding and in providing various services.

Despite the highly competitive environment and the challenges it presents to us, management believes the Company will continue to be competitive because of its strong commitment to quality customer service, competitive products and pricing, convenient local branches and active community involvement.

Employees

At December 31, 2011, the Bank and its affiliates had a total of 1,256 employees, including 296 part-time employees. None of the Bank's employees are represented by any collective bargaining agreement. Management considers its employee relations to be good.

Government Supervision and Regulation

General

On June 30, 1998, the Bank converted from a federal savings bank to a Missouri-chartered trust company. The Bank is regulated as a bank under state and federal law. By converting, the Bank was able to expand its consumer and commercial lending authority.

The Company and its subsidiaries are subject to supervision and examination by applicable federal and state banking agencies. The earnings of the Bank's subsidiaries, and therefore the earnings of the Company, are affected by general economic conditions, management policies and the legislative and governmental actions of various regulatory authorities, including the FRB, the Federal Deposit Insurance Corporation ("FDIC") and Missouri Division of Finance (“MDF”). The following is a brief summary of certain aspects of the regulation of the Company and the Bank and does not purport to fully discuss such regulation. Such regulation is intended primarily for the protection of depositors and the Deposit Insurance Fund (the “DIF”), and not for the protection of stockholders.

Recent 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 Bureau of Consumer Financial Protection, with broad rulemaking, supervision and enforcement authority for a wide range of consumer protection laws that would apply to all banks.
- Require new capital rules and apply the same leverage and risk-based capital requirements that apply to insured depository institutions to most bank holding companies.
- Require the federal banking regulators to seek to make their capital requirements countercyclical, so that capital requirements increase in times of economic expansion and decrease in times of economic contraction.
- Change the assessment base for federal deposit insurance from the amount of insured deposits to consolidated average assets less tangible capital.
- Increase the minimum ratio of net worth to insured deposits of the Deposit Insurance Fund from 1.15% to 1.35% and require the FDIC, in setting assessments, to offset the effect of the increase on institutions with assets of less than $10 billion.
- Provide for new disclosure and other requirements relating to executive compensation and corporate governance and a prohibition on compensation arrangements that encourage inappropriate risks or that could provide excessive compensation.
- Make permanent the $250 thousand limit for federal deposit insurance and provide unlimited federal deposit insurance until January 1, 2013 for non-interest bearing demand transaction accounts and IOLTA accounts at all insured depository institutions.
- Repeal the federal prohibitions on the payment of interest on demand deposits, thereby permitting depository institutions to pay interest on business transaction and other accounts.

- Increase the authority of the Federal Reserve Board to examine the Company and its non-bank subsidiaries.
- Require all bank holding companies to serve as a source of financial strength to their depository institution subsidiaries in the event such subsidiaries suffer from financial distress.

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.

Bank Holding Company Regulation

The Company is a bank holding company that has elected to be treated as a financial holding company by the FRB. Financial holding companies are subject to comprehensive regulation by the FRB under the Bank Holding Company Act, and the regulations of the FRB. As a financial holding company, the Company is required to file reports with the FRB and such additional information as the FRB may require, and is subject to regular examinations by the FRB. The FRB also has extensive enforcement authority over financial holding companies, including, among other things, the ability to assess civil money penalties, to issue cease and desist or removal orders and to require that a holding company divest subsidiaries (including its bank subsidiaries). In general, enforcement actions may be initiated for violations of law and regulations and unsafe or unsound practices.

Under FRB policy and the Dodd-Frank Act, a bank holding company must serve as a source of strength for its subsidiary banks. Accordingly, the FRB may require, and has required in the past, that a bank holding company contribute additional capital to an undercapitalized subsidiary bank.

Under the Bank Holding Company Act, a financial holding company must obtain FRB approval before: (i) acquiring, directly or indirectly, ownership or control of any voting shares of another bank or bank holding company if, after such acquisition, it would own or control more than 5% of such shares (unless it already owns or controls the majority of such shares); (ii) acquiring all or substantially all of the assets of another bank or bank or financial holding company; or (iii) merging or consolidating with another bank or financial holding company.

The Bank Holding Company Act also prohibits a financial holding company generally from engaging directly or indirectly in activities other than those involving banking, activities closely related to banking that are permitted for a bank holding company, securities, insurance and merchant banking.

Interstate Banking and Branching

Federal law allows the FRB to approve an application of a bank holding company to acquire control of, or acquire all or substantially all of the assets of, a bank located in a state other than such holding company's home state, without regard to whether the transaction is prohibited by the laws of any state. The FRB may not approve the acquisition of a bank that has not been in existence for the minimum time period (not exceeding five years) specified by the statutory law of the host state. Federal law also prohibits the FRB from approving such an application if the applicant (and its depository institution affiliates) controls or would control more than 10% of the insured deposits in the United States or if the applicant would control 30% or more of the deposits in any state in which the target bank maintains a branch and in which the applicant or any of its depository institution affiliates controls a depository institution or branch immediately prior to the acquisition of the target bank. Federal law does not affect the authority of states to limit the percentage of total insured deposits in the state which may be held or controlled by a bank or bank holding company to the extent such limitation does not discriminate against out-of-state banks or bank holding companies. Individual states may also waive the 30% state-wide concentration limit.

The federal banking agencies are generally authorized to approve interstate bank merger transactions and de novo branching without regard to whether such transactions are prohibited by the law of any state. Interstate acquisitions of branches are generally permitted only if the law of the state in which the branch is located permits such acquisitions. Interstate mergers and branch acquisitions are also subject to the nationwide and statewide insured deposit concentration amounts described above.

As required by federal law, federal regulations prohibit any out-of-state bank from using the interstate branching authority primarily for the purpose of deposit production, including guidelines to ensure that interstate branches operated by an out-of-state bank in a host state reasonably help to meet the credit needs of the communities which they serve.

Certain Transactions with Affiliates and Other Persons

Transactions involving the Bank and its affiliates are subject to sections 23A and 23B of the Federal Reserve Act, and regulations thereunder, which impose certain quantitative limits and collateral requirements on such transactions, and require all such transactions to be on terms at least as favorable to the Bank as are available in transactions with non-affiliates.

All loans by the Bank to the principal stockholders, directors and executive officers of the Bank or any affiliate are subject to FRB regulations restricting loans and other transactions with insiders of the Bank. Transactions involving such persons must be on terms and conditions comparable to those for similar transactions with non-insiders. A bank may allow favorable rate loans to insiders pursuant to an employee benefit program available to bank employees generally. The Bank has such a program.

Dividends

The FRB has issued a policy statement on the payment of cash dividends by bank holding companies, which expresses the FRB's view that a bank holding company should pay cash dividends only to the extent that its net income for the past year is sufficient to cover both the cash dividends and a rate of earnings retention that is consistent with the holding company's capital needs, asset quality and overall financial condition. The FRB also indicated that it would be inappropriate for a company experiencing serious financial problems to borrow funds to pay dividends. Furthermore, a bank holding company may be prohibited from paying any dividends if the holding company's bank subsidiary is not adequately capitalized.

A bank holding company is required to give the FRB prior written notice of any purchase or redemption of its outstanding equity securities if the gross consideration for the purchase or redemption, when combined with the net consideration paid for all such purchases or redemptions during the preceding 12 months, is equal to 10% or more of the company's consolidated net worth. The FRB may disapprove such a purchase or redemption if it determines that the proposal would constitute an unsafe or unsound practice or would violate any law, regulation, FRB order, or any condition imposed by, or written agreement with, the FRB. This notification requirement does not apply to any company that meets the well-capitalized standard for bank holding companies, is well-managed, and is not subject to any unresolved supervisory issues. Under Missouri law, the Bank may pay dividends from certain undivided profits and may not pay dividends if its capital is impaired.

Capital

General. The Federal banking agencies have adopted various capital-related regulations. Under those regulations, a bank will be well capitalized if it has: (i) a total risk-based capital ratio of 10% or greater; (ii) a Tier 1 risk-based ratio of 6% or greater; (iii) a leverage ratio of 5% or greater; and (iv) is not subject to a regulatory requirement to maintain any specific capital measure. A bank will be adequately capitalized if it is not "well capitalized" and has: (i) a total risk-based capital ratio of 8% or greater; (ii) a Tier 1 risk-based ratio of 4% or greater; and (iii) a leverage ratio of 4% or greater. As of December 31, 2011, the Bank was "well capitalized." An institution that is not well-capitalized is subject to certain restrictions on brokered deposits and interest rates on deposits.

Federal banking agencies take into consideration concentrations of credit risk and risks from non-traditional activities, as well as an institution's ability to manage those risks, when determining the adequacy of an institution's capital. This evaluation will generally be made as part of the institution's regular safety and soundness examination. Under their regulations, the federal banking agencies consider interest rate risk (when the interest rate sensitivity of an institution's assets does not match the sensitivity of its liabilities or its off-balance-sheet position) in the evaluation of a bank's capital adequacy. The banking agencies have issued guidance on evaluating interest rate risk.

The FRB has established capital regulations for bank holding companies that generally parallel the capital regulations for banks. To be considered "well capitalized," a bank holding company must have, on a consolidated basis, a total risk-based capital ratio of 10.0% or greater and a Tier 1 risk-based capital ratio of 6.0% or greater and must not be subject to an individual order, directive or agreement under which the FRB requires it to maintain a specific capital level. As of December 31, 2011, the Company was "well capitalized."

Possible Changes to Capital Requirements Resulting from Basel III. In December 2010 and January 2011, the Basel Committee on Banking Supervision published the final texts of reforms on capital and liquidity generally referred to as “Basel III.” Although Basel III is intended to be implemented by participating countries for large, internationally active banks, its provisions are likely to be considered by United States banking regulators in developing new regulations applicable to other banks in the United States, including Great Southern.

For banks in the United States, among the most significant provisions of Basel III concerning capital are the following:

- A minimum ratio of common equity to risk-weighted assets reaching 4.5%, plus an additional 2.5% as a capital conservation buffer, by 2019 after a phase-in period.
- A minimum ratio of Tier 1 capital to risk-weighted assets reaching 6.0% by 2019 after a phase-in period.
-

A minimum ratio of total capital to risk-weighted assets, plus the additional 2.5% capital conservation buffer, reaching 10.5% by 2019 after a phase-in period.

- An additional countercyclical capital buffer to be imposed by applicable national banking regulators periodically at their discretion, with advance notice.
- Restrictions on capital distributions and discretionary bonuses applicable when capital ratios fall within the buffer zone.
- Deduction from common equity of deferred tax assets that depend on future profitability to be realized.
- Increased capital requirements for counterparty credit risk relating to OTC derivatives, repos and securities financing activities.
- For capital instruments issued on or after January 13, 2013 (other than common equity), a loss-absorbency requirement such that the instrument must be written off or converted to common equity if a trigger event occurs, either pursuant to applicable law or at the direction of the banking regulator. A trigger event is an event under which the banking entity would become nonviable without the write-off or conversion, or without an injection of capital from the public sector. The issuer must maintain authorization to issue the requisite shares of common equity if conversion were required.

The Basel III provisions on liquidity include complex criteria establishing a liquidity coverage ratio ("LCR") and net stable funding ratio ("NSFR"). The purpose of the LCR is to ensure that a bank maintains adequate unencumbered, high quality liquid assets to meet its liquidity needs for 30 days under a severe liquidity stress scenario. The purpose of the NSFR is to promote more medium and long-term funding of assets and activities, using a one-year horizon. Although Basel III is described as a "final text," it is subject to the resolution of certain issues and to further guidance and modification, as well as to adoption by United States banking regulators, including decisions as to whether and to what extent it will apply to United States banks that are not large, internationally active banks.

Insurance of Accounts and Regulation by the FDIC

Great Southern is a member of the DIF, which is administered by the FDIC. Deposits are insured up to the applicable limits by the FDIC, backed by the full faith and credit of the United States Government. The general deposit insurance limit is $250,000.

The FDIC assesses deposit insurance premiums on all FDIC-insured institutions quarterly based on annualized rates for four risk categories. Each institution is assigned to one of four risk categories based on its capital, supervisory ratings and other factors. Well capitalized institutions that are financially sound with only a few minor weaknesses are assigned to Risk Category I. Risk Categories II, III and IV present progressively greater risks to the DIF. Under the rules in effect through March 31, 2011, the initial base assessment rates prior to adjustments ranged from 12 to 16 basis points for Risk Category I, and were 22 basis points for Risk Category II, 32 basis points for Risk Category III, and 45 basis points for Risk Category IV. Initial base assessment rates were subject to adjustments based on an institution's unsecured debt, secured liabilities and brokered deposits, such that the total base assessment rates after adjustments ranged from 7 to 24 basis points for Risk Category I, 17 to 43 basis points for Risk Category II, 27 to 58 basis points for Risk Category III, and 40 to 77.5 basis points for Risk Category IV.

As required by the Dodd-Frank Act, the FDIC has adopted rules effective April 1, 2011, under which insurance premium assessments are based on an institution's total assets minus its tangible equity instead of its deposits, which was the assessment base previously. Under these rules, an institution with total assets of less than $10 billion will be assigned to a Risk Category as described above, and a range of initial base assessment rates will apply to each category, subject to adjustment downward based on unsecured debt issued by the institution and, except for an institution in Risk Category I, adjustment upward if the institution's brokered deposits exceed 10% of its domestic deposits, to produce total base assessment rates. Total base assessment rates range from 2.5 to 9 basis points for Risk Category I, 9 to 24 basis points for Risk Category II, 18 to 33 basis points for Risk Category III, and 30 to 45 basis points for Risk Category IV, all subject to further adjustment upward if the institution holds more than a de minimis amount of unsecured debt issued by another FDIC-insured institution. The FDIC may increase or decrease its rates by 2.0 basis points without further rulemaking. In an emergency, the FDIC may also impose a special assessment.

In addition to the regular quarterly assessments, due to losses and projected losses attributed to failed institutions, the FDIC imposed on every insured institution a special assessment equal to five basis points of its assessment base as of June 30, 2009, which was collected on September 30, 2009.

As a result of a decline in the reserve ratio (the ratio of the net worth of the DIF to estimated insured deposits) and concerns about expected failure costs and available liquid assets in the DIF, the FDIC adopted a rule requiring each insured institution to prepay on December 30, 2009 the estimated amount of its quarterly assessments for the fourth quarter of 2009 and all quarters through the end of 2012 (in addition to the regular quarterly assessment for the third quarter due on December 30, 2009). The prepaid amount is recorded as an asset with a zero risk weight and the institution will continue to record quarterly expenses for deposit insurance. For purposes of calculating the prepaid amount, assessments are measured at the institution's assessment rate as of September 30, 2009, with a uniform increase of 3 basis points effective January 1, 2011, and are based on the institution's assessment base for the third quarter of 2010, with growth assumed quarterly at annual rate of 5%. We prepaid $13.2 million, which will be expensed in the normal course of business throughout the three-year period. If events cause actual assessments during the prepayment period to vary from the prepaid amount, institutions will pay excess assessments in cash, or receive a rebate of prepaid amounts not exhausted after collection of assessments due on June 13, 2013, as applicable. Collection of the prepayment does not preclude the FDIC from changing assessment rates or revising the risk-based assessment system in the future. The rule includes a process for exemption from the prepayment for institutions whose safety and soundness would be affected adversely.

The FDIC also collects assessments against the assessable deposits of insured institutions to service the debt on bonds issued during the 1980s to resolve the thrift bailout. For the quarter ended December 31, 2011, the assessment rate was 0.66 basis points applied to the same assessment base as is used for deposit insurance assessments. For the first quarter of 2012, the rate is 1.02 basis points.

The Dodd-Frank Act establishes 1.35% as the minimum reserve ratio. The FDIC has adopted a plan under which it will meet this ratio by September 30, 2020, the deadline imposed by the Dodd-Frank Act. The Dodd-Frank requires the FDIC to offset the effect on institutions with assets less than $10 billion of the increase in the statutory minimum reserve ratio to 1.35% from the former statutory minimum of 1.15%. The FDIC has not yet announced how it will implement this offset. In addition to the statutory minimum ratio, the FDIC must designate a reserve ratio, known as the designated reserve ratio or DRR, which may exceed the statutory minimum. The FDIC has established 2.0% as the DRR.

As insurer, the FDIC is authorized to conduct examinations of and to require reporting by FDIC-insured institutions. It also may prohibit any FDIC-insured institution from engaging in any activity the FDIC determines by regulation or order to pose a serious threat to the DIF. The FDIC also has the authority to take enforcement actions against banks and savings associations.

The Federal banking regulators are required to take prompt corrective action if an institution fails to satisfy the requirements to qualify as adequately capitalized. All institutions, regardless of their capital levels, will be restricted from making any capital distribution or paying any management fees that would cause the institution to fail to satisfy the requirements to qualify as adequately capitalized. An institution that is not at least adequately capitalized will be: (i) subject to increased monitoring by the appropriate Federal banking regulator; (ii) required to submit an acceptable capital restoration plan (including certain guarantees by any company controlling the institution) within 45 days; (iii) subject to asset growth limits; and (iv) required to obtain prior regulatory approval for acquisitions, branching and new lines of business. Additional restrictions, including appointment of a receiver or conservator, can apply, depending on the institution's capital level. The FDIC has jurisdiction over the Bank for purposes of prompt corrective action. When the FDIC as receiver liquidates an institution, the claims of depositors and the FDIC as their successor (for deposits covered by FDIC insurance) have priority over other unsecured claims against the institution, including claims of stockholders.

Temporary Liquidity Guarantee Program

In October 2008, the FDIC introduced the Temporary Liquidity Guarantee Program (the “TLGP”), a program designed to improve the functioning of the credit markets and to strengthen capital in the financial system. The TLGP had two components: 1) a debt guarantee program, guaranteeing newly issued senior unsecured debt, and 2) a transaction account guarantee program, providing unlimited deposit insurance for non-interest bearing deposit transaction accounts, Negotiable Order of Withdrawal (or “NOW”) accounts paying less than 0.5% annual interest, and Interest on Lawyers Trust Accounts, regardless of the amount. The Company and the Bank did not issue any debt under this program. The Bank participated in the transaction account guarantee program during the extension period ending December 31, 2011. The fees for this program ranged from 15-25 basis points (annualized), depending on the institution’s Risk Category for deposit insurance assessment purposes, assessed on amounts in covered accounts exceeding $250,000.

Under the Dodd-Frank Act, non-interest bearing deposit transaction accounts and IOLTA accounts receive unlimited deposit insurance through December 31, 2012, and the Bank pays no additional fees or premiums for this coverage.

Federal Reserve System

The FRB requires all depository institutions to maintain reserves against their transaction accounts (primarily NOW and Super NOW checking accounts) and non-personal time deposits. At December 31, 2011, the Bank was in compliance with these reserve requirements.

Banks are authorized to borrow from the FRB "discount window," but FRB regulations only allow this borrowing for short periods of time and generally require banks to exhaust other reasonable alternative sources of funds where practical, including FHLBank advances, before borrowing from the FRB. See "Sources of Funds Borrowings" above.

Federal Home Loan Bank System

The Bank is a member of the FHLBank of Des Moines, which is one of 12 regional FHLBanks.

As a member, Great Southern is required to purchase and maintain stock in the FHLBank of Des Moines in an amount equal to the greater of 1% of its outstanding home loans or 5% of its outstanding FHLBank advances. At December 31, 2011, Great Southern had $12.1 million in FHLBank stock, which was in compliance with this requirement. In past years, the Bank has received dividends on its FHLBank stock. Over the past five years, such dividends have averaged 3.04% and were 3.00% for year the ended December 31, 2011.

Legislative and Regulatory Proposals

Any changes in the extensive regulatory scheme to which the Company or the Bank is and will be subject, whether by any of the Federal banking agencies or Congress, could have a material effect on the Company or the Bank, and the Company and the Bank cannot predict what, if any, future actions may be taken by legislative or regulatory authorities or what impact such actions may have.

Federal and State Taxation

General

The following discussion contains a summary of certain federal and state income tax provisions applicable to the Company and the Bank. It is not a comprehensive description of the federal income tax laws that may affect the Company and the Bank. The following discussion is based upon current provisions of the Internal Revenue Code of 1986 (the "Code") and Treasury and judicial interpretations thereof.

The Company and its subsidiaries file a consolidated federal income tax return using the accrual method of accounting, with the exception of GSB Two which files a separate return as a REIT. All corporations joining in the consolidated federal income tax return are jointly and severally liable for taxes due and payable by the consolidated group. The following discussion primarily focuses upon the taxation of the Bank, since the federal income tax law contains certain special provisions with respect to banks.

Financial institutions, such as the Bank, are subject, with certain exceptions, to the provisions of the Code generally applicable to corporations.

Bad Debt Deduction

As of December 31, 2011 and 2010, retained earnings included approximately $17.5 million for which no deferred income tax liability has 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, 2011 and 2010.

The Bank is required to follow the specific charge-off method which only allows a bad debt deduction equal to actual charge-offs, net of recoveries, experienced during the fiscal year of the deduction. In a year where recoveries exceed charge-offs, the Bank would be required to include the net recoveries in taxable income.

Interest Deduction

In the case of a financial institution, such as the Bank, no deduction is allowed for the pro rata portion of its interest expense which is allocable to tax-exempt interest on obligations acquired after August 7, 1986. A limited class of tax-exempt obligations acquired after August 7, 1986 will not be subject to this complete disallowance rule. For certain tax exempt obligations issued in 2009 and 2010, an amount of tax-exempt obligations that are not generally considered part of the “limited class of tax-exempt obligations” noted above may be treated as part of the “limited class of tax-exempt obligations to the extent of two percent of a financial institutions total assets. For tax-exempt obligations acquired after December 31, 1982 and before August 8, 1986 and for obligations acquired after August 7, 1986 that are not subject to the complete disallowance rule, 80% of interest incurred to purchase or carry such obligations will be deductible. No portion of the interest expense allocable to tax-exempt obligations acquired by a financial institution before January 1, 1983, which is otherwise deductible, will be disallowed. There are two significant changes for bonds issued in 2009 and 2010 which include (1) the annual limit for bonds that may be designated as bank qualified is increased from $10 million to $30 million and (2) the annual limitation is considered at the organization level rather than the issuer level. The interest expense disallowance rules cited above have not significantly impacted the Bank.

FDIC-Assisted Bank Transactions

During 2009 and 2011, the Bank acquired assets and liabilities of three unrelated failed institutions in transactions with the FDIC. As part of these transactions, the Bank and the FDIC entered into loss sharing agreements whereby the FDIC agreed to share losses incurred associated with the assets purchased by the Bank.

The Bank recognized financial statement gains associated with these transactions. The ultimate tax treatment of these transactions is similar to the financial statement treatment; however, the approaches to valuing the acquired assets and liabilities is different, and results in carrying value differences in the underlying assets and liabilities, for tax purposes. In addition, any gain recognized on the transactions for tax purposes is recognized over a six year period.

Alternative Minimum Tax

Corporations generally are subject to a 20% corporate alternative minimum tax ("AMT"). A corporation must pay the AMT to the extent it exceeds that corporation's regular federal income tax liability The AMT is imposed on "alternative minimum taxable income," defined as taxable income with certain adjustments and tax preference items, less any available exemption. Such adjustments and items include, but are not limited to, (i) net interest received on certain tax-exempt bonds issued after August 7, 1986; and (ii) 75% of the difference between adjusted current earnings and alternative minimum taxable income, as otherwise determined with certain adjustments. Net operating loss carryovers may be utilized, subject to adjustment, to offset up to 90% of the alternative minimum taxable income, as otherwise determined. Any AMT paid may be credited against future regular federal income tax liabilities to the extent the regular federal income tax liability exceeds the AMT liability. In addition, certain credits may be used to reduce AMT tax obligations. The Company has invested in certain partnerships that generate tax credits (low-income housing and rehabilitation tax credits) that may be used to reduce their AMT tax.

State Taxation

Missouri-based banks, such as the Bank, are subject to a franchise tax which is imposed on the larger of (i) the bank's taxable income at the rate of 7% of the taxable income (determined without regard for any net operating losses) - income-based calculation; or (ii) the bank's assets at a rate of .033% of total assets less deposits and the investment in greater than 50% owned subsidiaries - asset-based calculation. Missouri-based banks are entitled to a credit against the income-based franchise tax for all other state or local taxes on banks, except taxes on real estate, unemployment taxes, bank tax, and taxes on tangible personal property owned by the Bank and held for lease or rental to others.

The Company and all subsidiaries are subject to an income tax that is imposed on the corporation's taxable income at the rate of 6.25%. The return is filed on a consolidated basis by all members of the consolidated group including the Bank, but excluding GSB Two. As a REIT, GSB Two files a separate Missouri income tax return.

The Bank also has full service offices in Kansas, Iowa, Nebraska and Arkansas, as well as loan production offices in some of these states. As a result, the Bank is subject to franchise and income taxes that are imposed on the corporation's taxable income attributable to those states. In addition, Great Southern Travel has locations in each of these states except Nebraska.

As a Maryland corporation, the Company is required to file an annual report with and pay an annual fee to the State of Maryland.

Examinations

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

ITEM 1A. RISK FACTORS

An investment in the common stock of the Company is speculative in nature and is subject to certain risks inherent in the business of the Company and the Bank. The material risks and uncertainties that management believes affect the Company and the Bank are described below. You should carefully consider the risks described below, as well as the other information included in this Annual Report on Form 10-K, before making an investment in the Company’s common stock. The risks described below are not the only ones we face in our business. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also impair our business operations. If any of the following risks occur, our business, financial condition or operating results could be materially harmed. In such an event, our common stock could decline in value.

References to “we,” “us,” and “our” in this “Risk Factors” section refer to the Company and its subsidiaries, including the Bank, unless otherwise specified or unless the context otherwise requires.

Risks Relating to the Company and the Bank

Difficult market conditions and economic trends have adversely affected our industry and our business.

The United States experienced a severe economic recession in 2008 and 2009. While economic growth has resumed recently, the rate of this growth has been slow and unemployment remains at very high levels. Many lending institutions, including us, have experienced declines in the performance of their loans, including construction loans and commercial real estate loans. In addition, the values of real estate collateral supporting many loans have declined and may continue to decline. Bank and bank holding company stock prices have been negatively affected, as has the ability of banks and bank holding companies to raise capital and borrow in the debt markets. These conditions may have a material adverse effect on our financial condition and results of operations. In addition, as a result of the foregoing factors, there is a potential for new laws and regulations regarding lending and funding practices and capital and liquidity standards, and bank regulatory agencies have been and are expected to continue to be very aggressive in responding to concerns and trends identified in examinations.

Adverse developments in the financial industry and the impact of new legislation and regulations in response to those developments could restrict our business operations, including our ability to originate loans, and adversely impact our results of operations and financial condition. Overall, during the past few years, the general business environment has had an adverse effect on our business. Until there is a sustained improvement in conditions, we expect our business, financial condition and results of operations to be adversely affected.

Since our business is primarily concentrated in Missouri, Iowa and Kansas, a significant downturn in these state or local economies, particularly in Springfield, St. Louis or Branson, may adversely affect our business.

Our lending and deposit gathering activities historically have been concentrated primarily in the Springfield and Branson, Missouri areas. Our success depends heavily on the general economic condition of Springfield and Branson and their surrounding areas. Although we believe the economy in these areas has been favorable relative to other areas, we do not know whether these conditions will continue. Our greatest concentration of loans and deposits is in the Greater Springfield area. With a population of approximately 420,000, the Greater Springfield area is the third largest metropolitan area in Missouri.

Another large concentration of loans contiguous to Springfield is in the Branson area. The region is a vacation and entertainment center, attracting tourists to its lakes, theme parks, resorts, country music and novelty shows and other recreational facilities. The Branson area experienced rapid growth in the early 1990s, with stable to slightly negative growth trends occurring in the late 1990s and into the early 2000s. Branson experienced growth again in the late 2000s as a result of a large retail, hotel, and convention center project which has been constructed in Branson’s historic downtown. In addition, several large national retailers have opened new stores in Branson. In 2010 and 2011, Branson experienced some negative growth trends with fewer visitors and the closing of some motels and shows. At December 31, 2011, approximately 9% of our loan portfolio consisted of loans to borrowers in or secured by properties in the two-county region that includes the Branson area.

In addition to the concentrations in the southwest Missouri area, we also have a concentration of loans to borrowers in or secured by properties in the St. Louis, Missouri metropolitan area. At December 31, 2011, approximately 20% of our loan portfolio consisted of loans apartments, condominiums, residential and commercial land developments, industrial revenue bonds and other types of commercial properties in the St. Louis, Missouri metropolitan area.

With the FDIC-assisted transactions that were completed in 2009, we now have additional concentrations of loans in Western and Central Iowa and in Eastern Kansas. The FDIC-assisted transaction completed in 2011 added to our concentrations in Missouri, particularly in St. Louis. The loans acquired in the FDIC-assisted transactions are subject to loss sharing agreements with the FDIC.

Adverse changes in regional and general economic conditions could reduce our growth rate, impair our ability to collect loans, increase loan delinquencies, increase problem assets and foreclosures, increase claims and lawsuits, decrease demand for our products and services, and decrease the value of collateral for loans, especially real estate, thereby having a material adverse effect on our financial condition and results of operations.

Our loan portfolio possesses increased risk due to our relatively high concentration of commercial and residential construction, commercial real estate, multi-family and other commercial loans.

Our commercial and residential construction, commercial real estate, multi-family and other commercial loans accounted for approximately 65.8% of our total loan portfolio as of December 31, 2011. Generally, we consider these types of loans to involve a higher degree of risk compared to first mortgage loans on one- to four-family, owner-occupied residential properties. At December 31, 2011, we had $248.7 million of loans secured by apartments, $143.3 million of loans secured by motels, $122.1 million of loans secured by healthcare facilities, $110.0 million of loans secured by retail-related projects, and $100.2 million of loans secured by office/warehouse facilities, which are particularly sensitive to certain risks, including the following:

- large loan balances owed by a single borrower;
- payments that are dependent on the successful operation of the project; and
- loans that are more directly impacted by adverse conditions in the real estate market or the economy generally.

The risks associated with construction lending include the borrower's inability to complete the construction process on time and within budget, the sale of the project within projected absorption periods, the economic risks associated with real estate collateral, and the potential of a rising interest rate environment. These loans may include financing the development and/or construction of residential subdivisions. This activity may involve financing land purchases, infrastructure development (e.g., roads, utilities, etc.), as well as construction of residences or multi-family dwellings for subsequent sale by the developer/builder. Because the sale of developed properties is critical to the success of the developer's business, loan repayment may be especially subject to the volatility of real estate market values. Management has established underwriting and monitoring criteria to help minimize the inherent risks of commercial real estate construction lending. However, there is no guarantee that these controls and procedures will reduce losses on this type of lending.

Commercial and multi-family real estate lending typically involves higher loan principal amounts and the repayment of the loans generally is dependent, in large part, on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Other commercial loans are typically made on the basis of the borrower's ability to make repayment from the cash flow of the borrower's business or investment. These loans may therefore be more adversely affected by conditions in the real estate markets or in the economy generally. For example, if the cash flow from the borrower's project is reduced due to leases not being obtained or renewed, the borrower's ability to repay the loan may be impaired. In addition, many commercial and multi-family real estate loans are not fully amortized over the loan period, but have balloon payments due at maturity. A borrower's ability to make a balloon payment typically will depend on being able to either refinance the loan or complete a timely sale of the underlying property.

We plan to continue to originate commercial real estate and construction loans based on economic and market conditions. In the current economic situation, we do not anticipate that there will be significant demand for these types of loans in the near term. Because of the increased risks related to these types of loans, we may determine it necessary to increase the level of our provision for loan losses. Increased provisions for loan losses would adversely impact our operating results. See "Item 1. Business-The Company-Lending Activities-Commercial Real Estate and Construction Lending," "-Other Commercial Lending," "-Residential Real Estate Lending" and "-Allowance for Losses on Loans and Foreclosed Assets" and "Item 7. Management's Discussion of Financial Condition and Results of Operations – Non-performing Assets" in this Report.

A slowdown in the residential or commercial real estate markets may adversely affect our earnings and liquidity position.

The overall credit quality of our construction loan portfolio is impacted by trends in real estate values. We continually monitor changes in key regional and national economic factors because changes in these factors can impact our residential and commercial construction loan portfolio and the ability of our borrowers to repay their loans. Across the United States over the past few years, the residential real estate market has experienced significant adverse trends, including accelerated price depreciation and rising delinquency and default rates, and weaknesses have arisen in the commercial real estate market as well. The conditions in the residential real estate market have led to significant increases in loan delinquencies and credit losses as well as higher provisioning for loan losses which in turn have had a negative effect on earnings for many banks across the country. Likewise, we have also experienced loan delinquencies in our construction loan portfolio. The current slowdown in both the residential and the commercial real estate markets could continue to negatively impact real estate values and the ability of our borrowers to liquidate properties. Despite reduced sales prices, the lack of liquidity in the real estate market and tightening of credit standards within the banking industry may continue to diminish all sales, further reducing our borrowers' cash flows and weakening their ability to repay their debt obligations to us. As a result, we may experience a further material adverse impact on our financial condition and results of operations.

Our allowance for loan losses may prove to be insufficient to absorb potential losses in our loan portfolio.

Lending money is a substantial part of our business. However, every loan we make carries a certain risk of non-payment. This risk is affected by, among other things:

- cash flows of the borrower and/or the project being financed;
- in the case of a collateralized loan, the changes and uncertainties as to the future value of the collateral;
- the credit history of a particular borrower;
- changes in economic and industry conditions; and

- the duration of the loan.

We maintain an allowance for loan losses that we believe reflects a reasonable estimate of known and inherent losses within the loan portfolio. We make various assumptions and judgments about the collectability of our loan portfolio. Through a periodic review and consideration of the loan portfolio, management determines the amount of the allowance for loan losses by considering general market conditions, credit quality of the loan portfolio, the collateral supporting the loans and performance of customers relative to their financial obligations with us. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates, which may be beyond our control, and these losses may exceed current estimates. Growing loan portfolios are, by their nature, unseasoned. As a result, estimating loan loss allowances for growing portfolios is more difficult, and may be more susceptible to changes in estimates, and to losses exceeding estimates, than more seasoned portfolios. We cannot fully predict the amount or timing of losses or whether the loss allowance will be adequate in the future. Excessive loan losses and significant additions to our allowance for loan losses could have a material adverse impact on our financial condition and results of operations.

In addition, bank regulators periodically review our allowance for loan losses and may require us to increase our provision for loan losses or recognize further loan charge-offs. Any increase in our allowance for loan losses or loan charge-offs as required by these regulatory authorities might have a material adverse effect on our financial condition and results of operations.

We may be adversely affected by interest rate changes.

Our earnings are largely dependent upon our net interest income. Net interest income is the difference between interest income earned on interest-earning assets such as loans and securities and interest expense paid on interest-bearing liabilities such as deposits and borrowed funds. Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions and policies of various governmental and regulatory agencies, in particular, the FRB. Changes in monetary policy, including changes in interest rates, could influence not only the interest we receive on loans and securities and the amount of interest we pay on deposits and borrowings, but these changes could also affect our ability to originate loans and obtain deposits, the fair values of our financial assets and liabilities and the average duration of our loan and mortgage-backed securities portfolios. If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans and other investments, our net interest income, and therefore earnings, could be adversely affected. Earnings could also be adversely affected if the interest rates received on loans and other investments fall more quickly than the interest rates paid on deposits and other borrowings.

We generally seek to maintain a neutral position in terms of the volume of assets and liabilities that mature or re-price during any period. As such, we have adopted asset and liability management strategies to attempt to minimize the potential adverse effects of changes in interest rates on net interest income, primarily by altering the mix and maturity of loans, investments and funding sources, including interest rate derivatives, so that it may reasonably maintain its net interest income and net interest margin. However, interest rate fluctuations, the level and shape of the interest rate yield curve, maintaining excess liquidity levels, loan prepayments, loan production and deposit flows are constantly changing and influence the ability to maintain a neutral position. Accordingly, we may not be successful in maintaining a neutral position and, as a result, our net interest margin may be adversely impacted.

The value of the securities in our investment securities portfolio may be negatively affected by continued disruptions in securities markets.

The market for some of the investment securities held in our portfolio has become increasingly volatile in recent years. Volatile market conditions may detrimentally affect the value of these securities, such as through reduced valuations due to the perception of heightened credit and liquidity risks. There can be no assurance that the declines in market value associated with these disruptions will not result in other-than-temporary or permanent impairments of these assets, which would lead to accounting charges that could have a material adverse effect on our financial condition and results of operations.

Conditions in the financial markets may limit our access to additional funding to meet our liquidity needs.

Liquidity is essential to our business, as we must maintain sufficient funds to respond to the needs of depositors and borrowers. An inability to raise funds through deposits, borrowings, the sale or pledging as collateral of loans and other assets could have a substantial adverse effect on our liquidity. Our access to funding sources in amounts adequate to finance our activities could be impaired by factors that affect us specifically or the financial services industry in general. Factors that could negatively affect our access to liquidity sources include a decrease in the level of our business activity due to a market downturn or regulatory action against us. Our ability to borrow could also be impaired by factors that are not specific to us, such as severe disruption of the financial markets or negative news and expectations about the prospects for the financial services industry as a whole.

Our operations may depend upon our continued ability to access brokered deposits and Federal Home Loan Bank advances.

Due to the high level of competition for deposits in our markets, we have from time to time utilized a sizable amount of certificates of deposit obtained through deposit brokers and advances from the Federal Home Loan Bank of Des Moines to help fund our asset base. Brokered deposits are marketed through national brokerage firms that solicit funds from their customers for deposit in banks, including our bank. Brokered deposits and Federal Home Loan Bank advances may generally be more sensitive to changes in interest rates and volatility in the capital markets than retail deposits attracted through our branch network, and our reliance on these sources of funds increases the sensitivity of our portfolio to these external factors. Our brokered deposits and Federal Home Loan Bank advances totaled $48.3 and $184.4 million at December 31, 2011, compared with $144.5 million and $153.5 million at December 31, 2010. Although brokered deposits have decreased substantially since December 31, 2008 and compared to previous years, we expect to continue to reduce our reliance on brokered deposits. However, we do expect to continue to utilize brokered deposits from time to time as a supplemental funding source. In addition to these brokered deposit totals at December 31, 2011 and 2010, were Great Southern Bank customer deposits totaling $216.3 million and $218.8 million, respectively, that were part of the CDARS program which allows bank customers to maintain balances in an insured manner that would otherwise exceed the FDIC deposit insurance limit. The FDIC considers these customer accounts to be brokered deposits due to the fees paid in the CDARS program.

Bank regulators can restrict our access to these sources of funds in certain circumstances. For example, if the Bank's regulatory capital ratios declined below the "well capitalized" status, banking regulators would require the Bank to obtain their approval prior to obtaining or renewing brokered deposits. The regulators might not approve our acceptance of brokered deposits in amounts that we desire or at all. In addition, the availability of brokered deposits and the rates paid on these brokered deposits may be volatile as the balance of the supply of and the demand for brokered deposits changes. Market credit and liquidity concerns may also impact the availability and cost of brokered deposits. Similarly, Federal Home Loan Bank advances are only available to borrowers that meet certain conditions. If Great Southern were to cease meeting these conditions, our access to Federal Home Loan Bank advances could be significantly reduced or eliminated.

52

Certain Federal Home Loan Banks, including the Federal Home Loan Bank of Des Moines, have experienced lower earnings from time to time and paid out lower dividends to their members. Future problems at the Federal Home Loan Banks may impact the collateral necessary to secure borrowings and limit the borrowings extended to its member banks, as well as require additional capital contributions by its member banks. Should this occur, our short term liquidity needs could be negatively impacted. Should Great Southern be restricted from using Federal Home Loan Bank advances due to weakness in the system or with the Federal Home Loan Bank of Des Moines, Great Southern may be forced to find alternative funding sources. These alternative funding sources may include the utilization of existing lines of credit with third party banks or the Federal Reserve Bank along with seeking other lines of credit, borrowing under repurchase agreement lines, increasing deposit rates to attract additional funds, accessing additional brokered deposits, or selling loans or investment securities in order to maintain adequate levels of liquidity. At December 31, 2011, the Bank owned $12.1 million of Federal Home Loan Bank of Des Moines stock, which declared and paid an annualized dividend approximating 3.00% during the fourth quarter of 2011. The Federal Home Loan Bank of Des Moines may eliminate or reduce dividend payments at any time in the future in order for it to maintain or restore its retained earnings.

Higher FDIC deposit insurance premiums and assessments could significantly increase our non-interest expense.

FDIC insurance premiums increased significantly in 2009 and we may pay higher FDIC premiums in the future. Recent bank failures have substantially depleted the insurance fund of the FDIC and reduced the fund's ratio of reserves to insured deposits. The FDIC also implemented a special assessment equal to five basis points of each insured depository institution's assets minus Tier 1 capital as of June 30, 2009. We recorded an expense of $1.7 million in the second quarter of 2009 for this special assessment. In November 2009, the FDIC amended its assessment regulations to require insured depository institutions to prepay their estimated quarterly regular risk-based assessments for the fourth quarter of 2010, and for all of 2010, 2011, and 2012, on December 30, 2009. We prepaid $13.2 million, which will be expensed in the normal course of business throughout this three-year period.

The FDIC’s Temporary Liquidity Guarantee Program, or TLGP, has expired, but guarantees made by the FDIC on certain debt under the TLGP remain in effect through December 31, 2012. To the extent that assessments under the TLGP are insufficient to cover any loss or expenses of the FDIC arising from the TLGP, the FDIC is authorized to impose an emergency special assessment on all FDIC-insured depository institutions.

Our strategy of pursuing acquisitions exposes us to financial, execution and operational risks that could adversely affect us.

We pursue a strategy of supplementing internal growth by acquiring other financial institutions that we believe will help us fulfill our strategic objectives and enhance our earnings. There are risks associated with this strategy, however, including the following:

- We may be exposed to potential asset quality issues or unknown or contingent liabilities of the banks or businesses we acquire. If these issues or liabilities exceed our estimates, our earnings and financial condition may be adversely affected;
- Prices at which acquisitions can be made fluctuate with market conditions. We have experienced times during which acquisitions could not be made in specific markets at prices our management considered acceptable and expect that we will experience this condition in the future in one or more markets;
-

The acquisition of other entities generally requires integration of systems, procedures and personnel of the acquired entity in order to make the transaction economically feasible. This integration process is complicated and time consuming and can also be disruptive to the customers of the acquired business. If the integration process is not conducted successfully and with minimal effect on the acquired business and its customers, we may not realize the anticipated economic benefits of particular acquisitions within the expected time frame, and we may lose customers or employees of the acquired business. We may also experience greater than anticipated customer losses even if the integration process is successful;

- Great Southern Bank entered into loss sharing agreements with the FDIC as part of the TeamBank, N.A., Vantus Bank and Sun Security Bank transactions. These loss sharing agreements require that Great Southern Bank follow certain servicing procedures as specified in the agreement. A failure to follow these procedures or any other breach of the agreement by Great Southern Bank could result in the loss of FDIC reimbursement of losses on covered loans and other real estate owned, which could have a material negative effect on our financial condition and results of operations;

- To finance an acquisition, we may borrow funds, thereby increasing our leverage and diminishing our liquidity, or raise additional capital, which could dilute the interests of our existing stockholders; and

- We completed two significant acquisitions in 2009, completed one significant acquisition in 2011 and have opened additional banking offices in recent years that enhanced our rate of growth. We may not be able to continue to sustain our past rate of growth or to grow at all in the future.

Our growth or future losses may require us to raise additional capital in the future, but that capital may not be available when it is needed or the cost of that capital may be very high.

We are required by federal and state regulatory authorities to maintain adequate levels of capital to support our operations. In addition, we may elect to raise additional capital to support the growth of our business or to finance acquisitions, if any, or we may elect to raise additional capital for other reasons. Should we be required by regulatory authorities or otherwise elect to raise additional capital, we may seek to do so through the issuance of, among other things, our common stock or securities convertible into our common stock, which could dilute your ownership interest in the Company.

Our ability to raise additional capital, if needed or desired, will depend on conditions in the capital markets at that time, which are outside our control, and on our financial condition and performance. Accordingly, we cannot make assurances of our ability to raise additional capital if needed or desired, or if the terms will be acceptable to us. If we cannot raise additional capital when needed or desired, our ability to further expand our operations through internal growth and acquisitions could be materially impaired and our financial condition and liquidity could be materially adversely affected.

Our future success is dependent on our ability to compete effectively in the highly competitive banking industry.

We face substantial competition in all phases of our operations from a variety of different competitors. Our future growth and success will depend on our ability to compete effectively in this highly competitive environment. To date, we have grown our business successfully by focusing on our geographic market and emphasizing the high level of service and responsiveness desired by our customers. We compete for loans, deposits and other financial services with other commercial banks, thrifts, credit unions, consumer finance companies, insurance companies and brokerage firms. Many of our competitors offer products and services that we do not offer, and many have substantially greater resources, name recognition and market presence that benefit them in attracting business. In addition, larger competitors (including certain nationwide banks that have a significant presence in our market area) may be able to price loans and deposits more aggressively than we do, and smaller and newer competitors may also be more aggressive in terms of pricing loan and deposit products than us in order to obtain a larger share of the market. As we have grown, we have become dependent from time to time on outside funding sources, including funds borrowed from the Federal Home Loan Bank of Des Moines and brokered deposits, where we face nationwide competition. Some of the financial institutions and financial services organizations with which we compete are not subject to the same degree of regulation as is imposed on insured depositary institutions and their holding companies. As a result, these non-bank competitors have certain advantages over us in accessing funding and in providing various services.

We also experience competition from a variety of institutions outside of our market areas. Some of these institutions conduct business primarily over the Internet and may thus be able to realize certain cost savings and offer products and services at more favorable rates and with greater convenience to the customer.

Our business may be adversely affected by the highly regulated environment in which we operate, including the various capital adequacy guidelines we are required to meet.

We are subject to extensive federal and state legislation, regulation, examination and supervision. Recently enacted, proposed and future legislation and regulations have had, will continue to have, or may have an adverse effect on our business and operations. For example, a federal rule which took effect on July 1, 2010 prohibits a financial institution from automatically enrolling customers in overdraft protection programs, on ATM and one-time debit card transactions, unless a consumer consents, or opts in, to the overdraft service. This rule has adversely affected, and is likely to continue to adversely affect, the results of our operations by reducing the amount of our non-interest income.

Our success depends on our continued ability to maintain compliance with the various regulations to which we are subject. Some of these regulations may increase our costs and thus place other financial institutions in stronger, more favorable competitive positions. We cannot predict what restrictions may be imposed upon us with future legislation. See “Item 1.-The Company -Government Supervision and Regulation” in this Report.

The Company and the Bank are required to meet certain regulatory capital adequacy guidelines and other regulatory requirements imposed by the FRB, the FDIC and the Missouri Division of Finance. If the Company or the Bank fails to meet these minimum capital guidelines and other regulatory requirements, our financial condition and results of operations could be materially and adversely affected and could compromise the status of the Company as a financial holding company. See “Item 1.-The Company -Government Supervision and Regulation” in this Report.

Financial reform legislation will, among other things, tighten capital standards, create a new Consumer Financial Protection Bureau and result in new regulations that are expected to increase our costs of operations.

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) was signed into law. This law significantly changes the current bank regulatory structure and affects the lending, deposit, investment, trading and operating activities of financial institutions and their holding companies. The Dodd-Frank Act requires various federal agencies to adopt a broad range of new implementing rules and regulations, and to prepare numerous studies and reports for Congress. The federal agencies are given significant discretion in drafting the implementing rules and regulations, and consequently, many of the details and much of the impact of the Dodd-Frank Act may not be known for many months or years.

Among the many requirements in the Dodd-Frank Act for new banking regulations is a requirement for new capital regulations. These regulations must be at least as stringent as, and may call for higher levels of capital than, current regulations. Generally, trust preferred securities are no longer be eligible as Tier 1 capital, but the Company's currently outstanding trust preferred securities were grandfathered and will continue to qualify as Tier 1 capital.

Certain provisions of the Dodd-Frank Act are expected to have a near term impact on us. For example, one year after the date of its enactment, the Dodd-Frank Act eliminated the federal prohibitions on paying interest on demand deposits, thus allowing businesses to have interest bearing checking accounts. Depending on competitive responses, this significant change to existing law could have an adverse impact on our interest expense.

The Dodd-Frank Act created a new Bureau of Consumer Financial Protection with broad powers to supervise and enforce consumer protection laws. The Bureau has broad rule-making authority for a wide range of consumer protection laws that apply to all banks, including the authority to prohibit "unfair, deceptive or abusive acts and practices".

Additional provisions of the Dodd-Frank Act are described in this report under "Item 7. - Management's Discussion and Analysis of Financial Condition and Results of Operations—Effect of Federal Laws and Regulations-Recent Legislation Impacting the Financial Services Industry."

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. However, compliance with this law and its implementing regulations will result in additional operating costs that could have a material adverse effect on our financial condition and results of operations.

Our exposure to operational risks may adversely affect us.

Similar to other financial institutions, we are exposed to many types of operational risk, including reputational risk, legal and compliance risk, the risk of fraud or theft by employees or outsiders, the risk that sensitive customer or Company data is compromised, unauthorized transactions by employees or operational errors, including clerical or record-keeping errors. If any of these risks occur, it could result in material adverse consequences for us.

We continually encounter technological change, and we may have fewer resources than many of our competitors to continue to invest in technological improvements.

The financial services industry is undergoing rapid technological changes, with frequent introductions of new technology-driven products and services. Our future success will depend, in part, upon our ability to address the needs of our clients by using technology to provide products and services that will satisfy client demands for convenience, as well as to create additional efficiencies in our operations. Many of our competitors have substantially greater resources to invest in technological improvements. We may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to our clients.

As a service to our clients, we currently offer an Internet PC banking product and a smartphone application for iPhone and Android users. Use of these services involves the transmission of confidential information over public networks. We cannot be sure that advances in computer capabilities, new discoveries in the field of cryptography or other developments will not result in a compromise or breach in the commercially available encryption and authentication technology that we use to protect our clients' transaction data. If we were to experience such a breach or compromise, we could suffer losses and our operations could be adversely affected.

Our accounting policies and methods impact how we report our financial condition and results of operations. Application of these policies and methods may require management to make estimates about matters that are uncertain.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Our management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with generally accepted accounting principles and reflect management's judgment of the most appropriate manner to report our financial condition and results of operations. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which might be reasonable under the circumstances yet might result in our reporting materially different amounts than would have been reported under a different alternative. Our significant accounting policies are described in Note 1 to our Consolidated Financial Statements contained in Item 8 of this Report. These accounting policies are critical to presenting our financial condition and results of operations. They may require management to make difficult, subjective or complex judgments about matters that are uncertain. Materially different amounts could be reported under different conditions or using different assumptions.

Changes in accounting standards could materially impact our consolidated financial statements.

The accounting standard setters, including the Financial Accounting Standards Board, Securities and Exchange Commission and other regulatory bodies, from time to time may change the financial accounting and reporting standards that govern the preparation of our consolidated financial statements. These changes can be hard to predict and can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in changes to previously reported financial results, or a cumulative charge to retained earnings.

Our controls and procedures may be ineffective.

We regularly review and update our internal controls, disclosure controls and procedures and corporate governance policies and procedures. As a result, we may incur increased costs to maintain and improve our controls and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of our controls or procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on our business, results of operations or financial condition.

Risks Relating to our Common Stock

The price of our common stock may fluctuate significantly, and this may make it difficult for you to resell our common stock when you want or at prices you find attractive.

We cannot predict how our common stock will trade in the future. The market value of our common stock will likely continue to fluctuate in response to a number of factors including the following, most of which are beyond our control, as well as the other factors described in this "Risk Factors" section:

- actual or anticipated quarterly fluctuations in our operating and financial results;
- developments related to investigations, proceedings or litigation that involve us;
- changes in financial estimates and recommendations by financial analysts;
- dispositions, acquisitions and financings;
- actions of our current stockholders, including sales of common stock by existing stockholders and our directors and executive officers;
- fluctuations in the stock price and operating results of our competitors;
- regulatory developments; and
- other developments related to the financial services industry.

The market value of our common stock may also be affected by conditions affecting the financial markets in general, including price and trading fluctuations. These conditions may result in (i) volatility in the level of, and fluctuations in, the market prices of stocks generally and, in turn, our common stock and (ii) sales of substantial amounts of our common stock in the market, in each case that could be unrelated or disproportionate to changes in our operating performance. These broad market fluctuations may adversely affect the market value of our common stock. Our common stock also has a low average daily trading volume relative to many other stocks, which may limit an investor's ability to quickly accumulate or divest themselves of large blocks of our stock. This can lead to significant price swings even when a relatively small number of shares are being traded.

There may be future sales of additional common stock or other dilution of our equity, which may adversely affect the market price of our common stock.

We are not restricted from issuing additional common stock or preferred stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock or preferred stock or any substantially similar securities. The market value of our common stock could decline as a result of sales by us of a large number of shares of common stock or preferred stock or similar securities in the market or the perception that such sales could occur.

Our board of directors is authorized to cause us to issue additional common stock, as well as classes or series of preferred stock, generally without any action on the part of the stockholders. In addition, the board has the power, generally without stockholder approval, to set the terms of any such classes or series of preferred stock that may be issued, including voting rights, dividend rights and preferences over the common stock with respect to dividends or upon the liquidation, dissolution or winding-up of our business and other terms. If we issue preferred stock in the future that has a preference over the common stock with respect to the payment of dividends or upon liquidation, dissolution or winding-up, or if we issue preferred stock with voting rights that dilute the voting power of the common stock, the rights of holders of the common stock or the market value of the common stock could be adversely affected.

Our SBLF Preferred Stock impacts net income available to our common stockholders and earnings per common share.

The dividends declared on the SBLF Preferred Stock reduce the net income available to common stockholders and our earnings per common share. The SBLF Preferred Stock will also receive preferential treatment in the event of liquidation, dissolution or winding up of Great Southern Bancorp.

The dividend rate on the SBLF Preferred Stock will fluctuate initially from 1% to 5% based on our level of "Qualified Small Business Lending," or "QSBL," as compared to our "baseline" level. The cost of the capital we received from the SBLF Preferred Stock will increase significantly if the level of our "QSBL" as of September 30, 2013 does not represent an increase from our "baseline" level. This cost also will increase significantly if we have not redeemed the SBLF Preferred Stock before the fourth anniversary of the SBLF transaction.

The per annum dividend rate on the SBLF Preferred Stock can fluctuate on a quarterly basis during the first ten quarters during which the SBLF Preferred Stock is outstanding, based upon changes in the amount of "QSBL" by the Bank from a "baseline" level ($158.3 million, which represents the average of the Bank's quarter-end QSBL for the four quarters ended June 30, 2010, as adjusted for the Sun Security Bank FDIC-assisted acquisition). The dividend rate for the initial dividend period (which ended on September 30, 2011) was 5%, the dividend rate for the second dividend period (which ended on December 31, 2011) was 2.57% and the dividend rate for the third dividend period (which ends on March 31, 2012) is 1.00%. For the fourth dividend period through the tenth dividend period, the dividend rate may be adjusted to between one percent and five percent, to reflect the amount of percentage change in the Bank's level of QSBL from the baseline level to the level as of the end of the second quarter preceding the dividend period in question. For the eleventh dividend period to the fourth anniversary of the SBLF transaction, the dividend rate will be fixed at between 1% and 5%, based upon the percentage increase in QSBL from the baseline level to the level as of the end of the ninth dividend period (i.e., as of September 30, 2013); however, if there is no increase in QSBL from the baseline level to the level as of the end of the ninth dividend period (or if QSBL has decreased during that time period), the dividend rate will be fixed at 7.00%. From and after the fourth anniversary of the SBLF transaction, the dividend rate will be fixed at 9.00%, regardless of the level of QSBL. Depending on our financial condition at the time, any such increases in the dividend rate could have a material negative effect on our liquidity.

Regulatory and contractual restrictions may limit or prevent us from paying dividends on and repurchasing our common stock.

Great Southern Bancorp, Inc. is an entity separate and distinct from its principal subsidiary, Great Southern Bank, and derives substantially all of its revenue in the form of dividends from that subsidiary. Accordingly, Great Southern Bancorp, Inc. is and will be dependent upon dividends from the Bank to pay the principal of and interest on its indebtedness, to satisfy its other cash needs and to pay dividends on its common and preferred stock. The Bank's ability to pay dividends is subject to its ability to earn net income and to meet certain regulatory requirements. In the event the Bank is unable to pay dividends to Great Southern Bancorp, Inc., Great Southern Bancorp, Inc. may not be able to pay dividends on its common or preferred stock. Also, Great Southern Bancorp, Inc.'s right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors. This includes claims under the liquidation account maintained for the benefit of certain eligible deposit account holders of the Bank established in connection with the Bank's conversion from the mutual to the stock form of ownership.

Under the terms of the SBLF Preferred Stock and the securities purchase agreement between us and the Treasury in connection with the SBLF transaction our ability to pay dividends on or repurchase our common stock is subject to a limit requiring us generally not to reduce our Tier 1 capital from the level on the SBLF closing date by more than 10%. In addition, if we fail to pay an SBLF dividend, there are further restrictions on our ability to pay dividends on or repurchase our common stock. As described below in the next risk factor, the terms of our outstanding junior subordinated debt securities prohibit us from paying dividends on or repurchasing our common stock at any time when we have elected to defer the payment of interest on such debt securities or certain events of default under the terms of those debt securities have occurred and are continuing. These restrictions could have a negative effect on the value of our common stock. Moreover, holders of our common stock are entitled to receive dividends only when, as and if declared by our board of directors. Although we have historically paid cash dividends on our common stock, we are not required to do so and our board of directors could reduce, suspend or eliminate our common stock cash dividend in the future.

If we defer payments of interest on our outstanding junior subordinated debt securities or if certain defaults relating to those debt securities occur, we will be prohibited from declaring or paying dividends or distributions on, and from making liquidation payments with respect to, our common stock.

As of December 31, 2011, we had outstanding $30.9 million aggregate principal amount of junior subordinated debt securities issued in connection with the sale of trust preferred securities by certain of our subsidiaries that are statutory business trusts. We have also guaranteed those trust preferred securities. There are currently two separate series of these junior subordinated debt securities outstanding, each series having been issued under a separate indenture and with a separate guarantee. Each of these indentures, together with the related guarantee, prohibits us, subject to limited exceptions, from declaring or paying any dividends or distributions on, or redeeming, repurchasing, acquiring or making any liquidation payments with respect to, any of our capital stock (including the SBLF Preferred Stock and our common stock) at any time when (i) there shall have occurred and be continuing an event of default under the indenture or any event, act or condition that with notice or lapse of time or both would constitute an event of default under the indenture; or (ii) we are in default with respect to payment of any obligations under the related guarantee; or (iii) we have deferred payment of interest on the junior subordinated debt securities outstanding under that indenture. In that regard, we are entitled, at our option but subject to certain conditions, to defer payments of interest on the junior subordinated debt securities of each series from time to time for up to five years.

Events of default under each indenture generally consist of our failure to pay interest on the junior subordinated debt securities outstanding under that indenture under certain circumstances, our failure to pay any principal of or premium on such junior subordinated debt securities when due, our failure to comply with certain covenants under the indenture, and certain events of bankruptcy, insolvency or liquidation relating to us or Great Southern Bank.

As a result of these provisions, if we were to elect to defer payments of interest on any series of junior subordinated debt securities, or if any of the other events described in clause (i) or (ii) of the first paragraph of this risk factor were to occur, we would be prohibited from declaring or paying any dividends on the SBLF Preferred Stock and our common stock, from redeeming, repurchasing or otherwise acquiring any of the SBLF Preferred Stock or our common stock, and from making any payments to holders of the SBLF Preferred Stock or our common stock in the event of our liquidation, which would likely have a material adverse effect on the market value of our common stock. Moreover, without notice to or consent from the holders of our common stock or the SBLF Preferred Stock, we may issue additional series of junior subordinated debt securities in the future with terms similar to those of our existing junior subordinated debt securities or enter into other financing agreements that limit our ability to purchase or to pay dividends or distributions on our capital stock, including our common stock.

Holders of the SBLF Preferred Stock have limited voting rights.

Until and unless we fail to pay full dividends on the SBLF Preferred Stock for six or more dividend periods, whether or not consecutive, and the aggregate liquidation preference amount of the then-outstanding shares of SBLF Preferred Stock is at least $25.0 million, the holders of the SBLF Preferred Stock will have no voting rights except with respect to certain fundamental changes in the terms of the SBLF Preferred Stock and except as may be required by law. If, however, dividends on the SBLF Preferred Stock are not paid in full for six dividend periods, whether or not consecutive, and if the aggregate liquidation preference amount of the then-outstanding shares of SBLF Preferred Stock is at least $25.0 million, then the total number of positions on the Great Southern Bancorp Board of Directors will automatically increase by two and the holders of the SBLF Preferred Stock, acting as a single class, will have the right, but not the obligation, to elect two individuals to serve in the new director positions. This right and the terms of such directors will end when we have paid full dividends for at least four consecutive dividend periods.

The voting limitation provision in our charter could limit your voting rights as a holder of our common stock.

Our charter provides that any person or group who acquires beneficial ownership of our common stock in excess of 10.0% of the outstanding shares may not vote the excess shares. Accordingly, if you acquire beneficial ownership of more than 10.0% of the outstanding shares of our common stock, your voting rights with respect to the common stock will not be commensurate with your economic interest in our company.

Anti-takeover provisions could adversely impact our stockholders.

Provisions in our charter and bylaws, the corporate law of the State of Maryland and federal regulations could delay or prevent a third party from acquiring us, despite the possible benefit to our stockholders, or otherwise adversely affect the market price of any class of our equity securities, including our common stock. These provisions include: a prohibition on voting shares of common stock beneficially owned in excess of 10% of total shares outstanding, supermajority voting requirements for certain business combinations with any person who beneficially owns 10% or more of our outstanding common stock; the election of directors to staggered terms of three years; advance notice requirements for nominations for election to our board of directors and for proposing matters that stockholders may act on at stockholder meetings, a requirement that only directors may fill a vacancy in our board of directors, and supermajority voting requirements to remove any of our directors. Our charter also authorizes our board of directors to issue preferred stock, and preferred stock could be issued as a defensive measure in response to a takeover proposal. In addition, because we are a bank holding company, purchasers of 10% or more of our common stock may be required to obtain approvals under the Change in Bank Control Act of 1978, as amended, or the Bank Holding Company Act of 1956, as amended (and in certain cases such approvals may be required at a lesser percentage of ownership). Specifically, under regulations adopted by the Federal Reserve Board, (a) any other bank holding company may be required to obtain the approval of the Federal Reserve Board to acquire or retain 5% or more of our common stock and (b) any person other than a bank holding company may be required to obtain the approval of the Federal Reserve Board to acquire or retain 10% or more of our common stock.

These provisions may discourage potential takeover attempts, discourage bids for our common stock at a premium over market price or adversely affect the market price of, and the voting and other rights of the holders of, our common stock. These provisions also could discourage proxy contests and make it more difficult for holders of our common stock to elect directors other than the candidates nominated by our board of directors.

Three members of the Turner family may exert substantial influence over the Company through their board and management positions and their ownership of the Company's stock.

The Company's Chairman of the Board, William V. Turner, and the Company's Director, President and Chief Executive Officer, Joseph W. Turner, are father and son, respectively. Julie Turner Brown, a director of the Company, is the sister of Joseph Turner and the daughter of William Turner. These three Turner family members hold three of the Company's eight Board positions. As of

December 31, 2011, they collectively beneficially owned approximately 2,134,599 shares of the Company's common stock (excluding 115,550 shares underlying stock options exercisable as of or within 60 days after that date), representing approximately 15.8% of total shares outstanding, though they are subject to the voting limitation provision in our charter which precludes any person or group with beneficial ownership in excess of 10% of total shares outstanding from voting shares in excess of that threshold. Through their board and management positions and their ownership of the Company's stock, these three members of the Turner family may exert substantial influence over the direction of the Company and the outcome of Board and stockholder votes.

In addition to the Turner family members, we are aware of two other beneficial owners of more than five percent of the outstanding shares of our common stock, one of whom is a director of the Company.

As of December 31, 2011, one of the Company's directors, Earl A. Steinert, beneficially owned 938,000 shares of our common stock, representing approximately 7.0% of total shares outstanding. We are aware of one other beneficial owner of more than five percent of our common stock. We believe that this holder beneficially owns 1,307,540 shares, representing approximately 9.7% of total shares outstanding. The shares that can be voted by the Turner family members (1,347,986 shares, per the ten percent voting limitation in our charter), the shares beneficially owned by Mr. Steinert (938,000) and the shares beneficially owned by the other greater than five percent beneficial owner (1,307,540) total 3,593,526, representing approximately 26.7% of total shares outstanding. While they have no agreement to do so, to the extent they vote in the same manner, these stockholders may be able to exercise influence over the management and business affairs of our Company. For example, using their collective voting power, these stockholders may be able to affect the outcome of director elections or block significant transactions, such as a merger or acquisition, or any other matter that might otherwise be favored by other stockholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

The Company has no unresolved staff comments that were received more than 180 days before December 31, 2011.

ITEM 2. PROPERTIES.

The Company's corporate offices and operations center are located in Springfield, Missouri. At December 31, 2011, the Company operated 104 retail banking centers and over 200 automated teller machines ("ATMs") in Missouri, Iowa, Nebraska, Kansas and Arkansas. The majority of our banking center locations are in southwest and central Missouri, including the Springfield, Mo. metropolitan area, with additional concentrations in the Sioux City, Iowa, Des Moines, Iowa, St. Louis Mo. and Kansas City, Mo. metropolitan areas. The ATMs are located at various banking centers and primarily convenience stores and retail centers located throughout southwest and central Missouri. At December 31, 2011, the Company also operated four loan production offices that serve market areas in which banking centers were also operated. In addition, the travel division has offices in some banking center locations as well as several small offices in other locations including some of its larger corporate customers' headquarters. The Company owns 67 of its locations and 17 locations were leased for various terms. Of the leased locations, five represent buildings that are owned on land that is leased. All buildings owned are free of encumbrances or mortgages. The Company is currently operating out of 27 facilities as a result of the Sun Security Bank FDIC-assisted transaction which took place in October 2011. The Company plans to purchase all but one of these locations from the FDIC in the future. See also Note 19 of the accompanying audited financial statements. In the opinion of management, the facilities are adequate and suitable for the needs of the Company. The aggregate net book value of the Company's premises and equipment was $84.2 million and $68.4 million at December 31, 2011 and 2010, respectively. See also Note 7 and Note 17 of the accompanying audited financial statements.

ITEM 3. LEGAL PROCEEDINGS.

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

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT.

Pursuant to General Instruction G(3) of Form 10-K and Instruction 3 to Item 401(b) of Regulation S-K, the following list is included as an unnumbered item in Part I of this Form 10-K in lieu of being included in the Registrant's Definitive Proxy Statement.

The following information as to the business experience during the past five years is supplied with respect to executive officers of the Company and its subsidiaries who are not directors of the Company and its subsidiaries. There are no arrangements or understandings between the persons named and any other person pursuant to which such officers were selected. The executive officers are elected annually and serve at the discretion of their respective Boards of Directors.

Steven G. Mitchem. Mr. Mitchem, age 60, is Senior Vice President and Chief Lending Officer of the Bank. He joined the Bank in 1990 and is responsible for all lending activities of the Bank. Prior to joining the Bank, Mr. Mitchem was a Senior Bank Examiner for the Federal Deposit Insurance Corporation.

Rex A. Copeland. Mr. Copeland, age 47, is Treasurer of the Company and Senior Vice President and Chief Financial Officer of the Bank. He joined the Bank in 2000 and is responsible for the financial functions of the Company, including the internal and external financial reporting of the Company and its subsidiaries. Mr. Copeland is a Certified Public Accountant. Prior to joining the Bank, Mr. Copeland served other financial services companies in the areas of corporate accounting, internal audit and independent public accounting.

Douglas W. Marrs. Mr. Marrs, age 54, is Secretary of the Company and Secretary, Vice President - Operations of the Bank. He joined the Bank in 1996 and is responsible for all operations functions of the Bank. Prior to joining the Bank, Mr. Marrs was a bank officer in the areas of operations and data processing at a commercial bank.

Linton J. Thomason. Mr. Thomason, age 56, is Vice President - Information Services of the Bank. He joined the Bank in 1997 and is responsible for information services for the Company and all of its subsidiaries and all treasury management sales/operations of the Bank. Prior to joining the Bank, Mr. Thomason was a bank officer in the areas of technology and data processing, operations and treasury management at a commercial bank.

PART II

Responses incorporated by reference into the items under Part II of this Form 10-K are done so pursuant to Rule 12b-23 and General Instruction G(2) for Form 10-K.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

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

As of December 31, 2011 there were 13,479,856 total shares of common stock outstanding and approximately 2,300 shareholders of record.

High/Low Stock Price

	2011		2010		2009	
	High	Low	High	Low	High	Low
First Quarter	$ 24.44	$ 19.27	$ 24.50	$ 20.35	$ 15.26	$ 9.04
Second Quarter	22.36	16.69	26.32	20.30	22.96	13.16
Third Quarter	20.43	15.01	22.22	19.37	24.47	18.33
Fourth Quarter	24.32	15.65	24.60	21.05	24.60	20.68

The last sale price of the Company's Common Stock on December 31, 2011 was $23.59.

Dividend Declarations

	2011	2010	2009
First Quarter	$ .18	$ .18	$ .18
Second Quarter	.18	.18	.18
Third Quarter	.18	.18	.18
Fourth Quarter	.18	.18	.18

The Company's ability to pay dividends is substantially dependent on the dividend payments it receives from the Bank. For a description of the regulatory restrictions on the ability of the Bank to pay dividends to the Company, and the ability of the Company to pay dividends to its stockholders, see "Item 1. Business - Government Supervision and Regulation - Dividends."

Issuer Purchases of Equity Securities

On November 15, 2006, the Company's Board of Directors authorized management to repurchase up to 700,000 shares of the Company's outstanding common stock, under a program of open market purchases or privately negotiated transactions. The plan does not have an expiration date. Prior to our redemption of the CPP Preferred

Stock, we were precluded from purchasing shares of the Company’s common stock without the Treasury's consent. Our participation in the SBLF program does not preclude us from purchasing shares of the Company’s common stock, provided that after giving effect to such purchase, (i) the dollar amount of the Company’s Tier 1 capital would be at least equal to the “Tier 1 Dividend Threshold” under the terms of the SBLF Preferred Stock and (ii) full dividends on all outstanding shares of SBLF Preferred Stock for the most recently completed dividend period have been or are contemporaneously declared and paid, as described under “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Resources.”

As indicated below, no shares were purchased during the fourth quarter of 2011.

	Total Number of Shares Purchased	Average Price Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Number of Shares that May Yet Be Purchased Under the Plan (1)
October 1, 2011 - October 31, 2011	---	$---	---	396,562
November 1, 2011 - November 30, 2011	---	---	---	396,562
December 1, 2011 - December 31, 2011	---	---	---	396,562
	---	$---	---	

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

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth selected consolidated financial information and other financial data of the Company. The selected balance sheet and statement of operations data, insofar as they relate to the years ended December 31, 2011, 2010, 2009, 2008 and 2007, are derived from our Consolidated Financial Statements, which have been audited by BKD, LLP. See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and Item 8. “Financial Statements and Supplementary Information.” Results for past periods are not necessarily indicative of results that may be expected for any future period.

	December 31,				
	2011	2010	2009	2008	2007
	(Dollars In Thousands)				
Summary Statement of Condition Information:					
Assets	$3,790,012	$3,411,505	$3,641,119	$2,659,923	$2,431,732
Loans receivable, net	2,153,081	1,899,386	2,091,394	1,721,691	1,820,111
Allowance for loan losses	41,232	41,487	40,101	29,163	25,459
Available-for-sale securities	875,411	769,546	764,291	647,678	425,028
Foreclosed assets held for sale, net	67,621	60,262	41,660	32,659	20,399
Deposits	2,963,539	2,595,893	2,713,961	1,908,028	1,763,146
Total borrowings	485,853	495,554	591,908	500,030	461,517
Stockholders' equity (retained earnings substantially restricted)	324,587	304,009	298,908	234,087	189,871
Common stockholders' equity	266,644	247,529	242,891	178,507	189,871
Average loans receivable	2,007,914	2,019,361	2,028,067	1,842,002	1,774,253
Average total assets	3,496,860	3,528,043	3,403,059	2,522,004	2,340,443
Average deposits	2,671,710	2,661,164	2,483,264	1,901,096	1,784,060

Average stockholders' equity	316,486	309,558	274,684	183,625	185,725
Number of deposit accounts	189,288	171,278	173,842	95,784	95,908
Number of full-service offices	104	75	72	39	38

	For the Year Ended December 31,				
	2011	2010	2009	2008	2007
	(In Thousands)				
Summary Statement of Operations Information:					
Interest income:					
Loans	$ 171,201	$ 145,832	$ 123,463	$ 119,829	$ 142,719
Investment securities and other	27,466	27,359	32,405	24,985	21,152
	198,667	173,191	155,868	144,814	163,871
Interest expense:					
Deposits	26,370	38,427	54,087	60,876	76,232
Federal Home Loan Bank advances	5,242	5,516	5,352	5,001	6,964
Short-term borrowings and repurchase agreements	2,965	3,329	6,393	5,892	7,356
Subordinated debentures issued to capital trust	569	578	773	1,462	1,914
	35,146	47,850	66,605	73,231	92,466
Net interest income	163,521	125,341	89,263	71,583	71,405
Provision for loan losses	35,336	35,630	35,800	52,200	5,475
Net interest income after provision for loan losses	128,185	89,711	53,463	19,383	65,930
Noninterest income:					
Commissions	8,915	8,284	6,775	8,724	9,933
Service charges and ATM fees	18,063	18,652	17,669	15,352	15,153
Net realized gains on sales of loans	3,524	3,765	2,889	1,415	1,037
Net realized gains on sales of available-for-sale securities	483	8,787	2,787	44	13
Realized impairment of available-for-sale securities	(615)	---	(4,308)	(7,386)	(1,140)
Late charges and fees on loans	651	767	672	819	962
Gain (loss) on derivative interest rate products	(10)	---	1,184	6,981	1,632
Gain recognized on business acquisitions	16,486	---	89,795	---	---
Accretion (amortization) of income/expense related to business acquisition	(37,797)	(10,427)	2,733	---	---
Other income	2,560	2,124	2,588	2,195	1,829
	12,260	31,952	122,784	28,144	29,419
Noninterest expense:					
Salaries and employee benefits	48,836	44,842	40,450	31,081	30,161
Net occupancy expense	16,162	14,341	12,506	8,281	7,927
Postage	3,170	3,303	2,789	2,240	2,230
Insurance	4,938	4,562	5,716	2,223	1,473
Advertising	1,490	1,932	1,488	1,073	1,446
Office supplies and printing	1,337	1,522	1,195	820	879
Telephone	2,471	2,333	1,828	1,396	1,363
	3,837	2,867	2,778	1,739	1,247

Legal, audit and other professional fees					
Expense on foreclosed assets	11,846	4,914	4,959	3,431	608
Other operating expenses	10,576	8,288	4,486	3,422	4,373
	104,663	88,904	78,195	55,706	51,707
Income (loss) before income taxes	35,782	32,759	98,052	(8,179)	43,642
Provision (credit) for income taxes	5,513	8,894	33,005	(3,751)	14,343
Net income (loss)	30,269	23,865	65,047	(4,428)	29,299
Preferred stock dividends and discount accretion	2,798	3,403	3,353	242	---
Non-cash deemed preferred stock dividend	1,212	---	---	---	---
Net income (loss) available to common shareholders	$ 26,259	$ 20,462	$ 61,694	$ (4,670)	$ 29,299

	At or For the Year Ended December 31,				
	2011	2010	2009	2008	2007
	(Number of shares in thousands)				
Per Common Share Data:					
Basic earnings (loss) per common share	$ 1.95	$ 1.52	$ 4.61	$ (0.35)	$ 2.16
Diluted earnings (loss) per common share	1.93	1.46	4.44	(0.35)	2.15
Cash dividends declared	0.72	0.72	0.72	0.72	0.68
Book value per common share	19.78	18.40	18.12	13.34	14.17
Average shares outstanding	13,462	13,434	13,390	13,381	13,566
Year-end actual shares outstanding	13,480	13,454	13,406	13,381	13,400
Average fully diluted shares outstanding	13,626	14,046	13,382	13,381	13,654
Earnings Performance Ratios:					
Return on average assets(1)	0.87%	0.68%	1.91%	(0.18)%	1.25%
Return on average stockholders' equity(2)	11.67	9.42	29.72	(2.47)	15.78
Non-interest income to average total assets	0.35	0.91	3.61	1.12	1.25
Non-interest expense to average total assets	2.99	2.52	2.30	2.21	2.21
Average interest rate spread(3)	5.06	3.81	2.98	2.74	2.71
Year-end interest rate spread	3.68	3.81	3.56	3.02	3.00
Net interest margin(4)	5.17	3.93	3.03	3.01	3.24
Efficiency ratio(5)	59.54	56.52	36.88	55.86	51.28
Net overhead ratio(6)	2.64	1.61	(1.31)	1.09	0.95
Common dividend pay-out ratio(7)	37.31	49.32	16.22	N/A	31.63
Asset Quality Ratios (8):					
Allowance for loan losses/year-end loans	2.33%	2.48%	2.35%	1.66%	1.38%
Non-performing assets/year-end loans and foreclosed assets	3.31	3.93	2.99	3.69	2.99
Allowance for loan losses/non-performing loans	149.95	141.02	151.38	87.84	71.77
Net charge-offs/average loans	2.09	2.05	1.44	2.63	0.35
Gross non-performing assets/year end assets	1.96	2.30	1.79	2.48	2.30
Non-performing loans/year-end loans	1.25	1.52	1.24	1.90	1.92
Balance Sheet Ratios:					
Loans to deposits	72.65%	73.17%	77.06%	90.23%	103.23%
Average interest-earning assets as a percentage	110.55	108.22	102.17	108.98	112.71

of average interest-bearing liabilities					
Capital Ratios:					
Average common stockholders' equity to average assets	7.4%	7.2%	6.4%	7.1%	7.9%
Year-end tangible common stockholders' equity to assets	6.9	7.1	6.5	6.7	7.7
Great Southern Bancorp, Inc.:					
Tier 1 risk-based capital ratio	14.8	16.8	15.0	13.8	10.6
Total risk-based capital ratio	16.1	18.0	16.3	15.1	11.9
Tier 1 leverage ratio	9.2	9.5	8.6	10.1	9.1
Great Southern Bank:					
Tier 1 risk-based capital ratio	14.1	14.6	12.9	10.7	10.4
Total risk-based capital ratio	15.3	15.8	14.2	11.9	11.7
Tier 1 leverage ratio	8.6	8.3	7.4	7.8	9.0
Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirement: (9)					
Including deposit interest	1.78x	1.53x	2.30x	0.88x	1.47x
Excluding deposit interest	3.30x	2.99x	6.29x	0.33x	3.69x

(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.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Forward-looking Statements

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

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

Critical Accounting Policies, Judgments and Estimates

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

Allowance for Loan Losses and Valuation of Foreclosed Assets

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

The process also considers economic conditions, uncertainties in estimating losses and inherent risks in the loan portfolio. All of these factors may be susceptible to significant change. To the extent actual outcomes differ from management estimates, additional provisions for loan losses may be required that would adversely impact earnings in future periods. In addition, the Bank’s regulators could require additional provisions for loan losses as part of their examination process. The Bank's latest annual regulatory examination was completed in December 2011.

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

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

Carrying Value of FDIC-covered Loans and Indemnification Asset

The Company considers that the determination of the carrying value of loans acquired in the March 20, 2009, September 4, 2009 and October 7, 2011 FDIC-assisted transactions and the carrying value of the related FDIC indemnification assets involve a high degree of judgment and complexity. The carrying value of the acquired loans and the FDIC indemnification assets reflect management’s best ongoing estimates of the amounts to be realized on each of these assets. The Company determined initial fair value accounting estimates of the assumed assets and liabilities in accordance with FASB ASC 805, Business Combinations. However, the amount that the Company realizes on these assets could differ materially from the carrying value reflected in its financial statements, based upon the timing of collections on the acquired loans in future periods. Because of the loss sharing agreements with the FDIC on these assets, the Company should not incur any significant losses. To the extent the actual values realized for the acquired loans are different from the estimates, the indemnification asset will generally be impacted in an offsetting manner due to the loss sharing support from the FDIC. Subsequent to the initial valuation, the Company continues to monitor identified loan pools and related loss sharing assets for changes in estimated cash flows projected for the loan pools, anticipated credit losses and changes in the accretable yield. Analysis of these variables requires significant estimates and a high degree of judgment. See Note 5 of the accompanying audited financial statements for additional information.

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, 2011, the Company has two reporting units to which goodwill has been allocated – the Bank and the Travel division (which is a division of a subsidiary of 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 to those assets to their carrying values. At December 31, 2011, goodwill consisted of $379,000 at the Bank reporting unit and $878,000 at the Travel reporting unit. Other identifiable intangible assets that are subject to amortization are amortized on a straight-line basis over periods ranging from three to seven years. At

December 31, 2011, the amortizable intangible assets consisted of core deposit intangibles of $5.7 million at the Bank reporting unit and $15,000 of non-compete agreements at the Travel reporting unit. 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 units. 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, 2011. While the Company believes no impairment existed at December 31, 2011, different conditions or assumptions used to measure fair value of reporting units, or changes in cash flows or profitability, if significantly negative or unfavorable, could have a material adverse effect on the outcome of the Company's impairment evaluation in the future.

Current Economic Conditions

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

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

Current economic conditions have impacted the markets in which we operate. Throughout our market areas, the economic downturn negatively affected consumer confidence and elevated unemployment levels. Consequently, average prices for existing home sales in the Midwest, which includes our market areas, were down 3.2% in 2011 over 2010 according to the National Association of Realtors. In turn, this can potentially increase related losses upon foreclosure due to depressed values. Higher vacancy rates have negatively impacted cash flows on commercial real estate loans. Retail, office and industrial types of commercial real estate properties had vacancy rates that averaged 10.7%, 16.4% and 11.3%, respectively, in the Company's primary markets for 2011 according to real estate services firms CBRE and Cassidy Turley. These vacancy rates in the Company's primary markets are up from averages of 9.6%, 15.1% and 8.8%, respectively, for 2007, prior to the economic downturn. According to real estate services firms Colliers International, Jones Lang LaSalle and Cassidy Turley, national averages were 10.9%, 17.6% and 9.1%, respectively, for 2011, up from 10.0%, 15.0% and 8.2% for 2007, prior to the economic downturn. Increased vacancy rates for commercial real estate properties can correlate to fewer commercial land development sales because of the risk involved in developing these types of properties when similar completed properties have vacancies. The Missouri unemployment rate declined during the year ended December 31, 2011 from 9.6% at December 31, 2010 to 8.0% at December 31, 2011, on a preliminary basis, and was below the national average of 8.5% at December 31, 2011. The Iowa and Kansas unemployment rates also declined during the year ended December 31, 2011 from 6.1% and 6.8% at December 31, 2010, respectively, to 5.6% and 6.3% at December 31, 2011, respectively. Loan types specifically impacted by certain market areas in Missouri include loans secured by condominiums and condominium development in the St. Louis, Central Missouri and Branson market areas. Borrowers with loans secured by condominiums and condominium development are now changing business strategies to remarket units for rent as opposed to sale. The St. Louis market area has experienced the highest level of unemployment among our market areas, with unemployment rates at 8.3%, on a preliminary basis, and 9.4% at December 31, 2011 and 2010, respectively. However, we have a minimal level of one- to four-family residential and consumer loans in this market and the negative impact of the economy specific to this area has generally been in condominium loans as previously discussed. The unemployment rate for the Springfield market area was below the national average, on a preliminary basis, at 6.8% at December 31, 2011, and overall lending activity has improved somewhat but is still below historic levels.

General

The profitability of the Company and, more specifically, the profitability of its primary subsidiary, Great Southern Bank (the "Bank"), depends primarily on its net interest income, as well as provisions for loan losses and the level of non-interest income and non-interest expense. Net interest income is the difference between the interest income the Bank earns on its 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, 2011, Great Southern's total assets increased $378.5 million, or 11.1%, from $3.41 billion at December 31, 2010, to $3.79 billion at December 31, 2011. Full details of the current year changes in total assets are provided in the “Comparison of Financial Condition at December 31, 2011 and December 31, 2010” section of this Annual Report on Form 10-K.

Loans. In the year ended December 31, 2011, Great Southern's net loans increased $247.2 million, or 13.2%, from $1.88 billion at December 31, 2010, to $2.12 billion at December 31, 2011. The increase was primarily due to the loans acquired in the Sun Security Bank FDIC-assisted transaction during 2011 which totaled $144.6 million at December 31, 2011. Excluding loans covered by loss sharing agreements, commercial real estate loans also increased $109.6 million, or 20.7%, other commercial loans increased $50.5 million, or 27.2%, and multi-family residential loans increased $32.9 million, or 15.6%. Commercial construction loans also increased but the increase was primarily offset by decreases in subdivision construction and land development loans. Partially offsetting these increases was a decrease in net loans acquired through the 2009 FDIC-assisted transactions of $52.9 million, or 17.4%, primarily because of loan repayments. As loan demand is affected by a variety of factors, including general economic conditions, and because of the competition we face and our focus on pricing discipline and credit quality, we cannot be assured that our loan growth will match or exceed the level of increases achieved in prior years. The net loan growth experienced during the year ended December 31, 2011, excluding the Sun Security Bank FDIC-assisted transaction, may continue into 2012. However, based upon the current lending environment and economic conditions, the Company does not expect to grow the overall loan portfolio significantly at this time. The Company's strategy continues to be focused on maintaining credit risk and interest rate risk at appropriate levels.

Of the total loan portfolio at December 31, 2011 and 2010, 79.0% and 79.5%, respectively, was secured by real estate, as this is the Bank’s primary focus in its lending efforts. At December 31, 2011 and 2010, commercial real estate and commercial construction loans were 46.5% and 45.7% 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, 2011 and 2010, loans made in the Springfield, Mo. metropolitan statistical area (Springfield MSA) were 27% and 29% 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, 2011 and 2010, loans made in the St. Louis, Mo. metropolitan statistical area (St. Louis MSA) were 20% and 17% of the Bank’s total loan portfolio (excluding loans acquired through FDIC-assisted transactions), respectively. The Company’s expansion into the St. Louis MSA in May 2009 provided an opportunity to not only expand its markets and provide diversification from the Springfield MSA, but also provided access to a larger economy with increased lending opportunities despite higher levels of competition. Loans made in the St. Louis MSA are primarily commercial real estate, commercial business and multi-family residential loans which are less likely to be impacted by the higher levels of unemployment rates, as mentioned above under “Current Economic Conditions,” than if the focus were in 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.

The percentage of fixed-rate loans in our loan portfolio (excluding loans acquired through FDIC-assisted transactions) has increased from 21% in 2007 to 49% in 2011 due to customer preference for fixed rate loans during this period of low interest rates. Of the total amount of fixed rate loans in our portfolio, 74% mature within one to five years and therefore are not considered to create significant long-term interest rate risk for the Company. Fixed rate loans make up only a portion of our balance sheet and our overall interest rate risk strategy. As of December 31, 2011, our internal interest rate risk models indicated a one-year interest rate sensitivity gap that is fairly neutral. For further discussion of our interest rate sensitivity gap and the processes used to manage our exposure to interest rate risk, see "Quantitative and Qualitative Disclosures About Market Risk – How We Measure the Risks to Us Associated with Interest Rate Changes." For discussion of the risk factors associated with interest rate changes, see "Risk Factors – We may be adversely affected by interest rate changes."

While our policy allows us to lend up to 95% of the appraised value on single-family properties and up to 90% on two- to four-family residential properties, originations of loans with loan-to-value ratios at that level are minimal. When they are made at those levels, private mortgage insurance is typically required for loan amounts above the 80% level or our analyses determined minimal risk to be involved and therefore these loans are not considered to have more risk to us than other residential loans. We consider these lending practices to be consistent with or more conservative than what we believe to be the norm for banks our size. At December 31, 2011 and December 31, 2010, an estimated 0.6% and 1.1%, respectively, of total owner occupied one- to four-family residential loans had loan-to-value ratios above 100% at origination. At December 31, 2011 and December 31, 2010, an estimated 0.4% and 0.9%, respectively, of total non-owner occupied one- to four-family residential loans had loan-to-value ratios above 100% at origination.

At December 31, 2011 troubled debt restructurings totaled $58.1 million, or 2.7% of total loans, up $37.8 million from $20.4 million, or 1.1% of total loans, at December 31, 2010. At December 31, 2009, troubled debt restructurings totaled $11.6 million, or 0.5% of total loans. At December 31, 2008 and 2007, the Company had no loans that were modified in troubled debt restructurings. This increase over the past five years is primarily due to the economic downturn and the resulting increased number of borrowers experiencing financial difficulty. Concessions granted to borrowers experiencing financial difficulties may include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection. While the types of concessions made have not changed as a result of the economic recession, the number of concessions granted has increased as reflected in the increase in troubled debt restructurings. During the year ended December 31, 2011, twelve loans totaling $41.0 million were each restructured into multiple new loans. During the year ended December 31, 2010, four loans totaling $8.2 million were each restructured into multiple new loans. For further information on troubled debt restructurings, see Note 4 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, 2011, approximately seven years remain on the loss sharing agreement for single family real estate loans acquired from TeamBank and the remaining loans are expected to repay within two to eleven years. At December 31, 2011, approximately eight years remain on the loss sharing agreement for single family real estate loans acquired from Vantus Bank and the remaining loans are expected to repay within two to thirteen years. At December 31, 2011, approximately ten years remain on the loss sharing agreement for single family real estate loans acquired from Sun Security Bank and the remaining loans are expected to repay within eight years. At December 31, 2011, approximately two years remain on the loss sharing agreement for non-single family loans acquired from TeamBank and the remaining loans are expected to repay within two to three years. At December 31, 2011, approximately three years remain on the loss sharing agreement for non-single family loans acquired from Vantus Bank and the remaining loans are expected to repay within two to five years. At December 31, 2011, approximately five years remain on the loss sharing agreement for non-single family loans acquired from Sun Security Bank and the remaining loans are expected to repay within three years. While the expected repayments for certain of the acquired loans extend beyond the terms of the loss sharing agreements, the Bank has identified and will continue to identify problem loans and will make every effort to resolve them within the time limits of the agreements. The Company may sell any loans remaining at the end of the loss sharing agreement subject to the approval of the FDIC. Acquired loans are currently included in the analysis and estimation of the allowance for loan losses. However, when the loss sharing agreements end, the allowance for loan losses related to any acquired loans retained in the portfolio may need to increase. The loss sharing agreements and their related limitations are described in detail in Note 5 of the accompanying audited financial statements.

The level of non-performing loans and foreclosed assets affects our net interest income and net income. While we did not have an overall high level of charge-offs on our non-performing loans prior to 2008, 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. We expect the loan loss provision, non-performing assets and foreclosed assets will generally remain elevated and will fluctuate from period to period. In addition, expenses related to the credit resolution process could also remain elevated.

Available-for-sale Securities. In the year ended December 31, 2011, available-for-sale securities increased $105.9 million, or 13.8%, from $769.5 million at December 31, 2010, to $875.4 million at December 31, 2011. The increase was due in part to the acquisition of securities totaling $45.3 million through the Sun Security Bank FDIC-assisted transaction during 2011. The increase was also due to net purchases of mortgage-backed securities which increased $42.5 million from $599.2 million at December 31, 2010 to $641.7 million at December 31, 2011. These securities were purchased for pledging to secure public-fund deposits and customer reverse repurchase agreements and also to earn higher yields as compared to holding the funds in cash and cash equivalents.

Cash and Cash Equivalents. Cash and cash equivalents totaled $380.2 million at December 31, 2011 a decrease of $49.8 million, or 11.6%, from $430.0 million at December 31, 2010. The decrease in cash and cash equivalents during 2011 was due to increased loan funding, purchases of available-for-sale securities and redemption of brokered deposits, partially offset by the cash received from the FDIC in the Sun Security Bank FDIC-assisted transaction.

Foreclosed Assets. Foreclosed assets totaled $67.6 million at December 31, 2011, an increase of $7.3 million, or 12.1%, from $60.3 million at December 31, 2010. Foreclosed assets, excluding those covered by loss sharing agreements with the FDIC, increased from $20.4 million, or 0.8% of total assets, at December 31, 2007 to $46.9 million, or 1.2% of total assets, at December 31, 2011. Foreclosed assets began increasing in 2007 as the United States economy slowed due to a severe economic recession in 2008 and 2009. During 2010 and 2011, economic growth was slow and residential and commercial real estate markets recovered only slightly, if at all. The levels of net additions to foreclosed assets during 2011, while still elevated, were lower than in the last four years. Because sales of foreclosed properties have been slower than additions, total foreclosed assets increased in each of the last four years. The trend of higher additions and lower sales due to the economy is magnified in the subdivision construction and land development categories where properties are more speculative in nature and market activity has been very slow. See "Non-performing Assets – Foreclosed Assets" for additional information on the Company's foreclosed assets.

Deposits. The Company attracts deposit accounts through its retail branch network, correspondent banking and corporate services areas, and brokered deposits. The Company then utilizes these deposit funds, along with Federal Home Loan Bank (FHLBank) advances and other borrowings, to meet loan demand or otherwise fund its activities. In the year ended December 31, 2011, total deposit balances increased $367.6 million, or 14.2%. The increase was primarily due to the addition of the $280.9 million of core deposits assumed from Sun Security Bank in the FDIC-assisted transaction during 2011. Including the deposits assumed from Sun Security Bank, interest-bearing transaction accounts increased $325.1 million, non-interest-bearing checking accounts increased $73.2 million and retail certificates of deposit increased $68.1 million. Total brokered deposits decreased $98.7 million, primarily because of $106.2 million of brokered deposits that matured or were called by the Company during 2011. Included in total brokered deposits at December 31, 2011 and December 31, 2010, were Great Southern Bank customer deposits totaling $216.3 million and $218.8 million, respectively, that are part of the CDARS program which allows bank customers to maintain balances in an insured manner that would otherwise exceed the FDIC deposit insurance limit. The FDIC considers these customer accounts to be brokered deposits due to the fees paid in the CDARS program. The Company did not actively try to grow CDARS customer deposits during the current period and decreased interest rates offered on these deposits during year ended December 31, 2011.

Our deposit balances may fluctuate from time to time depending on customer preferences and our relative need for funding. In 2010, we experienced an overall decline in deposits which corresponded with the decrease in loans receivable. Because of overall low loan demand and increased liquidity levels in 2010, when compared to historic trends, we chose to allow our deposit balances to decrease. As discussed previously regarding 2011, this was primarily done by redeeming brokered CDs without replacement and by allowing higher-cost CDARS accounts to decrease by offering lower rates or redeeming them. The transition in deposit types from time deposits to transaction deposits benefits our net interest margin by generally reducing our cost of funds. We do not consider our retail certificates of deposit to be guaranteed long-term funding because customers can withdraw their funds at any time with minimal interest penalty. When loan demand begins trending upward, we can increase rates paid on deposits to increase deposit balances and may again utilize brokered deposits to provide necessary funding. Because the Federal Funds rate is already very low, there may be a negative impact on the Company's net interest income due to the Company's inability to lower its funding costs significantly in the current low interest rate environment, although interest rates on assets may decline further.

The Sun Security Bank and other core deposits added during 2011 helped the Company lower overall funding costs. However, because market interest rates are already very low, it may be difficult for the Company to further lower its funding costs significantly, while interest rates on assets may decline further. The level of competition for deposits in our markets is high. While it is our goal to gain checking account and retail certificate of deposit market share in our branch footprint, we cannot be assured of this in future periods. Increasing rates paid can help to attract deposits if needed; however, this method could negatively impact the Company's net interest margin.

Our ability to fund growth in future periods may also be dependent on our ability to continue to access brokered deposits and FHLBank advances. In times when our loan demand has outpaced our generation of new deposits, we have utilized brokered deposits and FHLBank advances to fund these loans. These funding sources have been attractive to us because we can create variable rate funding, if desired, which more closely matches the variable rate nature of much of our loan portfolio. While we do not currently anticipate that our ability to access these sources will be reduced or eliminated in future periods, if this should happen, the limitation on our ability to fund additional loans would adversely affect 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 market interest rate changes. A large portion of our loan portfolio is tied to the "prime rate" of interest and adjusts immediately when this rate adjusts (subject to the effect of loan interest rate floors, which are discussed below). We monitor our sensitivity to interest rate changes on an ongoing basis (see "Quantitative and Qualitative Disclosures About Market Risk"). In addition, our net interest income may be impacted by changes in the cash flows expected to be received from acquired loan pools. As described in Note 5 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 cut interest rates on December 16, 2008. Great Southern has a significant portfolio of loans which are tied to a "prime rate" of interest. Some of these loans are tied to some national index of "prime," while most are indexed to "Great Southern prime." The Company has elected to leave its "Great Southern prime rate" of interest at 5.00%. This does not affect a large number of customers, as a majority of the loans indexed to "Great Southern prime" are already at interest rate floors which are provided for in individual loan documents. But for the interest rate floors, a rate cut by the FRB generally would have an anticipated immediate negative impact on the Company's net interest income due to the large total balance of loans which generally adjust immediately as the Federal Funds rate

adjusts. Loans at their floor rates are subject to the risk that borrowers will seek to refinance elsewhere at the lower market rate, however. Because the Federal Funds rate is already very low, there may also be a negative impact on the Company's net interest income due to the Company's inability to lower its funding costs significantly in the current environment, although interest rates on assets may decline further. Conversely, interest rate increases would normally result in increased interest rates on our prime-based loans. The interest rate floors in effect may limit the immediate increase in interest rates on these loans, until such time as rates rise above the floors. However, the Company may have to increase rates paid on deposits to maintain deposit balances. The impact of the low rate environment on our net interest margin in future periods is expected to be fairly neutral. As our time deposits mature in future periods, we expect to be able to continue to reduce rates somewhat as they renew. However, any margin gained by these rate reductions is likely to be offset by reduced yields from our investment securities as payments are made on our mortgage-backed securities and the proceeds are reinvested at lower rates. Similarly, interest rates on adjustable rate loans may reset lower according to their contractual terms and new loans may be originated at lower market rates. For further discussion of the processes used to manage our exposure to interest rate risk, see “Quantitative and Qualitative Disclosures About Market Risk – How We Measure the Risks to Us Associated with Interest Rate Changes.”

The negative impact of declining loan interest rates has been mitigated by the positive effects of the Company’s loans which have interest rate floors. At December 31, 2011, the Company had a portfolio (excluding the loans acquired in the FDIC-assisted transactions) of prime-based loans totaling approximately $703 million with rates that change immediately with changes to the prime rate of interest. Of this total, $659 million also had interest rate floors. These floors were at varying rates, with $68 million of these loans having floor rates of 7.0% or greater and another $509 million of these loans having floor rates between 5.0% and 7.0%. In addition, there were $82 million of these loans with floor rates between 3.25% and 5.0%. At December 31, 2011, all $659 million of these loans were at their floor rates. The loan yield for the total loan portfolio was approximately 261, 278 and 300 basis points higher than the national "prime rate of interest" at December 31, 2011, 2010 and 2009, 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, commissions earned by our travel, insurance and investment divisions, 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 2011 and 2009, non-interest income was also affected by the gains recognized on the FDIC-assisted transactions. In 2011 and 2010, 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 in the “Results of Operations and Comparison for the Years Ended December 31, 2011 and 2010” section of this Annual Report on Form 10-K.

Business Initiatives

As part of its long-term strategic plan, the Company anticipates opening two to three banking centers per year as conditions warrant. In December 2011, the Company opened a new banking center in Affton, Mo., a suburb of St. Louis. In addition, a new banking center in O'Fallon, Mo., opened in February 2012. Great Southern Travel moved its St. Peters office into the O'Fallon office as well. The Affton and O'Fallon facilities were former offices of other banks and provided expedient entries into these two St. Louis markets. With the addition of these two locations, Great Southern operates seven banking centers in the St. Louis metro area.

Construction is nearing completion on a new banking center on West Kearney in north Springfield that will replace a leased location approximately one block east of the site. The current banking center's customer transaction volume is one of the highest in the Company's franchise. The banking center is expected to open in the second quarter of 2012.

Construction is well underway on a new banking center on West 135th Street in Olathe, Kan., in an established retail business district. This new banking center will replace the Company's current banking center at 11120 South Lone Elm Road, which is located in a lesser developed area of Olathe. Great Southern Travel also expects to move its current Olathe office to the new facility. A second quarter 2012 opening is anticipated.

Great Southern Insurance, a wholly-owned subsidiary of Great Southern Bank, moved in November 2011 from its former office at 430 South Avenue in Springfield to an office complex on East Battlefield in southeast Springfield. The new leased space offers better access for customers as the full-service insurance agency looks to grow its retail and commercial insurance business.

In January 2012, the Company launched a new smartphone application for iPhone and Android users providing customers another channel for accessing their accounts.

Effect of Federal Laws and Regulations

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

Legislation Impacting the Financial Services Industry. On July 21, 2010, sweeping financial regulatory reform legislation entitled the “Dodd-Frank Wall Street Reform and Consumer Protection Act” (the “Dodd-Frank Act”) was signed into law. The Dodd-Frank Act implements far-reaching changes across the financial regulatory landscape, including provisions that, among other things, will provide increased consumer financial protection, amend capital requirements for financial institutions, change the assessment base for federal deposit insurance, repeal the federal prohibitions on the payment of interest on demand deposits, amend the account balance limit for federal deposit insurance protection, and increase the authority of the Federal Reserve Board.

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

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

In December 2010 and January 2011, the Basel Committee on Banking Supervision published the final texts of reforms on capital and liquidity generally referred to as “Basel III.” Although Basel III is intended to be implemented by participating countries for large, internationally active banks, its provisions are likely to be considered by United States banking regulators in developing new regulations applicable to other banks in the United States, including Great Southern. For banks in the United States, among the provisions concerning capital are: (i) a minimum ratio of common equity to risk-weighted assets reaching 4.5%, plus an additional 2.5% as a capital conservation buffer, by 2019 after a phase-in period; (ii) a minimum ratio of Tier 1 capital to risk-weighted assets reaching 6.0% by 2019 after a phase-in period; (iii) a minimum ratio of total capital to risk-weighted assets, plus the additional 2.5% capital conservation buffer, reaching 10.5% by 2019 after a phase -in period; (iv) an additional countercyclical capital buffer to be imposed by applicable national banking regulators periodically at their discretion, with advance notice; and (v) restrictions on capital distributions and discretionary bonuses applicable when capital ratios fall within the buffer zone.

Although Basel III is described as a “final text,” it is subject to the resolution of certain issues and to further guidance and modification, as well as to adoption by United States banking regulators, including decisions as to whether and to what extent it will apply to United States banks that are not large, internationally active banks.

FDIC-Assisted Acquisition of Certain Assets and Liabilities

On October 7, 2011, Great Southern Bank entered into a purchase and assumption agreement, including a loss sharing agreement, with the FDIC to purchase substantially all of the assets and assume substantially all of the deposits and other liabilities of Sun Security Bank, a full-service bank headquartered in Ellington, Mo. Established in 1970, Sun Security Bank operated 27 locations in 15 counties in central and southern Missouri. Only one market, Stockton, Mo., overlapped between the Sun Security Bank and Great Southern footprints, with both institutions operating one branch in this market. Assets with a fair value of approximately $248.9 million were acquired, including $163.7 million of loans, $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 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. As a result of the excess of liabilities over assets, the Bank received $40.8 million in cash from the FDIC. The Bank also expects to receive $2.7 million from the FDIC in the future due to adjustments identified by the FDIC as part of their normal closing procedures. 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. The Company recorded an FDIC indemnification asset of $67.4 million as a result of this loss sharing agreement.

The former Sun Security Bank franchise is currently operating under the Great Southern name. While the real estate, furniture and fixtures of the branch locations currently being operated were not included in the October 7, 2011 transaction, the Bank has committed to purchase the majority of them from the FDIC. The exact cost of this purchase will be determined at a later date based on current appraisals, but the Company expects the cost to be approximately $6.5 million. Since the acquisition, banking center customer deposits have remained stable and the current retention rate is over 99%. The Bank converted the Sun Security Bank operational systems into Great Southern's systems on January 27, 2012, which allowed all Great Southern and former Sun Security Bank customers to conduct business at any banking center throughout the Great Southern five-state franchise.

The Company recorded a preliminary one-time gain of $16.5 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, during the year ended December 31, 2011. FASB ASC 805 allows a measurement period of up to one year to adjust initial fair value estimates as of the acquisition date. The Company will continue to evaluate the fair value estimates and, if necessary, they may be adjusted during the measurement period. Additional income will be recognized in future periods as loans are collected from customers and as reimbursements of losses are collected from the FDIC, but we cannot estimate the timing of this income due to the variables associated with this transaction. Based on the level of discounts expected to be accreted into income in future years and the loss sharing agreement with the FDIC, none of the acquired Sun Security Bank loans are considered non-performing, as we have a reasonable expectation to recover both the discounted book balances of such loans as well as a yield on the discounted book balances.

Sun Security Bank presented an attractive franchise for the Company to acquire because it provided immediate core deposit growth at a low cost of funds. Also attractive was the opportunity it presented for expansion into non-overlapping yet complementary markets through banking centers which, for the most part, held strong market positions. Only one market, Stockton, Mo., overlapped between the Sun Security Bank and Great Southern footprints, with both institutions operating one branch in this market. The Company also benefits from reduced credit risk due to the loss sharing agreement with the FDIC that was part of the transaction. See also Note 5 and Note 29 of the accompanying audited financial statements.

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, 2011 and December 31, 2010

During the year ended December 31, 2011, total assets increased by $378.5 million to $3.8 billion. The increase was primarily due to increases in loans and investment securities as well as the loans, investment securities and FDIC indemnification asset that were acquired in the Sun Security Bank FDIC-assisted transaction. The increase was also due to increases in prepaid expenses and other assets and premises and equipment, partially offset by decreases in cash and cash equivalents.

Net loans increased $247.3 million to $2.1 billion at December 31, 2011, due in part to the Sun Security Bank loans acquired in the 2011 FDIC-assisted transaction which had a balance of $144.6 million at December 31, 2011. Commercial real estate loans increased $109.6 million, or 20.7%, commercial business loans increased $50.5 million, or 27.2%, and multi-family residential loans increased $32.9 million, or 15.6%. Commercial construction loans also increased, but the increase was primarily offset by decreases in subdivision construction and land development loans. Partially offsetting these increases was a decrease in net loans acquired through the 2009 FDIC-assisted transactions of $52.9 million, or 17.4%, primarily because of loan repayments. The net loan growth experienced during the year ended December 31, 2011, excluding the Sun Security Bank FDIC-assisted transaction, may continue into 2012. The increase in loans during 2011 was primarily due to financing loans which had been previously financed by other lenders rather than overall economic improvement. 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 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 increased $7.1 million to $108.0 million at December 31, 2011. The increase was due to the FDIC indemnification asset recorded through the Sun Security Bank FDIC-assisted transaction of $67.4 million which was reduced $9.2 million to $58.2 million at December 31, 2011 due to amounts billed to the FDIC for losses recognized. Partially offsetting this increase was a $51.1 million decrease in the FDIC indemnification assets related to the 2009 FDIC-assisted transactions due to actual payments received from the FDIC as well as expected improved cash flows to be collected from the loan obligors, resulting in reductions in payments expected to be received from the FDIC. The expected improved cash flows are further discussed in the "Interest Income – Loans" section below.

Securities available for sale increased $105.9 million as compared to December 31, 2010. The increase was due in part to the acquisition of securities totaling $45.3 million through the Sun Security Bank FDIC-assisted transaction during 2011. The increase was also due to purchases of mortgage-backed securities which increased $42.5 million from $599.2 million at December 31, 2010 to $641.7 million at December 31, 2011. These securities were purchased for pledging to secure public-fund deposits and customer reverse repurchase agreements and also to earn higher yields as compared to holding the funds in cash and cash equivalents. While there is no specifically stated goal, the available-for-sale securities portfolio has in recent periods been approximately 20% to 25% of total assets. The available-for-sale securities portfolio was 23.1% and 22.6% of total assets at December 31, 2011 and December 31, 2010, respectively.

Prepaid expenses and other assets increased $32.8 million as compared to December 31, 2010, primarily due to a $19.3 million increase in federal and state tax credit investments. The majority of the increase in tax credit investments was due to investments in federal low-income housing 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 a 10-year period. For further information on the Company's investments in tax credits, see Note 8 of the accompanying audited financial statements.

The Company's net premises and equipment increased $15.8 million as compared to December 31, 2010. This increase was due primarily to the expansion of the Company's operations center and new locations added in response to the growth of the Company and to provide for future growth. During the year ended December 31, 2011, a building was purchased in Springfield, Mo. to house the residential lending operation and a new banking center with larger facilities and better access was constructed to replace a leased banking center in Springfield, Mo. At December 31, 2011, construction was near completion on a new banking center in Olathe, Kan. that will relocate an existing banking center to a more established retail business district. In addition, a new banking center in Springfield, Mo. is under construction to relocate a banking center with one of the Company's highest transaction volumes to provide more drive-thru lanes and better access. Also contributing to the increase in net premises and equipment was a $1.2 million upgrade of existing ATMs for compliance with recent regulations issued under the Americans with Disabilities Act. In future periods, when these upgrades are complete, depreciation expense is expected to increase.

During the year ended December 31, 2011, cash and cash equivalents decreased $49.7 million to $380.2 million. The decrease during 2011 was due to increased loan funding, purchases of available-for-sale securities and redemption of brokered deposits, partially offset by the cash received from the FDIC in the Sun Security Bank FDIC-assisted transaction.

Total liabilities increased $357.9 million from $3.11 billion at December 31, 2010 to $3.47 billion at December 31, 2011. The increase was primarily attributable to increases in deposits and FHLBank advances, partially offset by decreases in securities sold under repurchase agreements with customers. In the year ended December 31, 2011, total deposit balances increased $367.6 million, or 14.2%. The increase was primarily due to the addition of the $280.9 million of deposits assumed from Sun Security Bank in the FDIC-assisted transaction during 2011. Including the deposits assumed from Sun Security Bank, interest-bearing transaction accounts increased $325.1 million, non-interest-bearing checking accounts increased $73.2 million and retail certificates of deposit increased $68.1 million. Since the second quarter of 2010, the Company's transaction account balances have trended upward while retail certificates of deposit have trended downward because of customer preference to have immediate access to funds during the current low interest rate environment. However, the addition of the Sun Security deposits in the fourth quarter of 2011 resulted in the increase in retail certificates of deposit at December 31, 2011. Total brokered deposits, excluding the CDARS customer accounts, were $48.3 million at December 31, 2011, down from $144.5 million at December 31, 2010. The decrease was the result of $106.2 million of brokered deposits that matured or were called by the Company during the period while only $10.0 million of new brokered deposits were added. At December 31, 2011 and 2010, Great Southern Bank customer deposits totaling $216.3 million and $218.8 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.

FHLBank advances increased $30.9 million from the December 31, 2010 level. The increase was due to the addition of $64.3 million of advances assumed in the Sun Security Bank FDIC-assisted transaction in 2011 primarily offset by the repayment of two advances totaling $30.0 million during the year. The level of FHLBank advances can fluctuate depending on growth in the Company's loan portfolio and other funding needs and sources of funds available to the Company. Most of the Company’s FHLBank advances are fixed-rate advances that cannot be repaid prior to maturity without incurring significant penalties.

Securities sold under reverse repurchase agreements with customers decreased $40.4 million from December 31, 2010 as these balances fluctuate over time and rates paid on these accounts decreased.

Total stockholders' equity increased $20.6 million from $304.0 million at December 31, 2010 to $324.6 million at December 31, 2011. The Company recorded net income of $30.3 million for the year ended December 31, 2011, common and preferred dividends declared were $12.2 million and accumulated other comprehensive income increased $8.2 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 $797,000 due to stock option exercises.

On August 18, 2011, the Company received an investment of $57.9 million in its preferred stock from the United States Department of the Treasury (Treasury) under the Small Business Lending Fund (SBLF). Simultaneously with the receipt of the SBLF funds, the Company redeemed the $58.0 million of shares of preferred stock issued to the Treasury in December 2008 under the Capital Purchase Program (CPP), a part of the Troubled Asset Relief Program. The Company also repurchased the common stock warrant representing 909,091 shares held by the Treasury that was issued as a part of the Company's participation in the CPP for a price of $6.4 million, or $7.08 per warrant share. For further details of these transactions, see "Capital Resources."

Prior to our redemption of the CPP preferred stock, we were generally precluded from purchasing shares of the Company's common stock without the Treasury's consent. Our participation in the SBLF program does not preclude us from purchasing shares of the Company's common stock, provided that after giving effect to such purchase, (i) the dollar amount of the Company's Tier 1 capital would be at least equal to the "Tier 1 Dividend Threshold" under the terms of the SBLF preferred stock and (ii) full dividends on all outstanding shares of SBLF preferred stock for the most recently completed dividend period have been or are contemporaneously declared and paid. See "Capital Resources." The Company has historically utilized stock buy-back programs from time to time as long as it believed that repurchasing the stock contributed to the overall growth of shareholder value. The number of shares of stock repurchased and the price paid is the result of many factors, several of which are outside of the control of the Company. The primary factors, however, are the number of shares available in the market from sellers at any given time and the market price of the stock.

Results of Operations and Comparison for the Years Ended December 31, 2011 and 2010

General

Net income increased $6.4 million, or 26.8%, during the year ended December 31, 2011, compared to the year ended December 31, 2010. Net income was $30.3 million for the year ended December 31, 2011 compared to $23.9 million for the year ended December 31, 2010. This increase was primarily due to an increase in net interest income of $38.2 million, or 30.5%, and a decrease in provision for income taxes of $3.4 million, or 38.0%, partially offset by a decrease in non-interest income of $19.7 million, or 61.6%, and an increase in non-interest expense of $15.8 million, or 17.7%. Non-interest income for the year ended December 31, 2011 included a gain recognized on business acquisition of $16.5 million, and also included net amortization expense of the FDIC indemnification asset of $37.8 million. Net income available to common shareholders was $26.3 million for the year ended December 31, 2011 compared to $20.5 million for the year ended December 31, 2010.

Total Interest Income

Total interest income increased $25.5 million, or 14.7%, during the year ended December 31, 2011 compared to the year ended December 31, 2010. The increase was primarily due to a $25.4 million, or 17.4%, increase in interest income on loans, while interest income on investments and other interest-earning assets increased $107,000, or 0.4%.

Interest income on loans increased primarily due to increases in expected cash flows to be received from the FDIC-acquired loan pools and the resulting adjustments to accretable yield as discussed below in “Interest Income – Loans” and in Note 5 of the accompanying audited financial statements. Interest income from investment securities and other interest-earning assets was not significantly different in 2011 compared to 2010.

Interest Income - Loans

During the year ended December 31, 2011 compared to the year ended December 31, 2010, interest income on loans increased due to higher average interest rates, partially offset by slightly lower average balances. Interest income increased $26.2 million as the result of higher average interest rates on loans. The average yield on loans increased from 7.22% during the year ended December 31, 2010 to 8.53% during the year ended December 31, 2011. This increase was due to additional yield accretion recognized in conjunction with the fair value of the loan pools acquired in the 2009 FDIC-assisted transactions. On an on-going basis the Company estimates the cash flows expected to be collected from the acquired loan pools. The cash flows estimate for the 2009 FDIC-assisted transactions had increased each quarter since the third quarter of 2010, based on the payment histories and reduced loss expectations of the loan pools, resulting in a total of $86.0 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 for the 2009 FDIC-assisted transactions have also been reduced each quarter since the third quarter of 2010, resulting in a total of $75.7 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. The adjustments increased interest income by $49.2 million and decreased non-interest income by $43.8 million during the year ended December 31, 2011, for a net impact of $5.4 million to pre-tax income. Because the adjustments will be recognized over the estimated remaining lives of the loan pools and the remainder of the loss sharing agreements, respectively, they will impact future periods as well. The remaining accretable yield adjustment that will affect interest income is $17.4 million and the remaining adjustment to the indemnification assets that will affect non-interest income (expense) is $(14.7) million. Of the remaining adjustments, we expect to recognize $12.2 million of interest income and $(10.4) million of non-interest income (expense) in the next year. Additional adjustments may be recorded in future periods as the Company continues to estimate expected cash flows from the acquired loan pools. For further discussion about these adjustments, see Note 5 of the accompanying audited financial statements. Apart from the yield accretion, the average yield on loans was 6.08% for the year ended December 31, 2011, down from 6.26% for the year ended December 31, 2010, as a result of both normal amortization of higher-rate loans and new loans that were made at current lower market rates.

Interest income decreased $831,000 as a result of lower average loan balances which decreased from $2.02 billion during the year ended December 31, 2010 to $2.01 billion during the year ended December 31, 2011. The lower average balances were primarily due to decreases in outstanding construction loans as many projects were completed in the past 12 to 18 months and demand for new construction loans has declined. Partially offsetting the decreases in construction loans were increased average balances of commercial real estate loans, commercial business loans and other residential multi-family loans.

Interest Income - Investments and Other Interest-earning Assets

Interest income on investments increased $2.7 million as a result of an increase in average balances from $760.9 million during the year ended December 31, 2010, to $841.3 million during the year ended December 31, 2011. Average balances of securities increased due to purchases made for pledging to secure public-fund deposits. Interest income on investments decreased $2.6 million as a result of a decrease in average interest rates from 3.53% during the year ended December 31, 2010 to 3.20% during the year ended December 31, 2011. The majority of the Company's securities in 2010 and 2011 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 other interest-earning assets changed little as slightly higher average rates were offset by lower average balances. Average balances of interest-earning deposits decreased due to increased loan funding, purchases of available-for-sale securities and redemption of brokered deposits, partially offset by the cash received from the FDIC in the Sun Security Bank FDIC-assisted transaction.

The Company's interest-earning deposits and non-interest-earning cash equivalents currently earn very low or no yield and therefore negatively impact the Company's net interest margin. At December 31, 2011, the Company had cash and cash equivalents of $380.2 million compared to $430.0 million at December 31, 2010. See "Net Interest Income" for additional information on the impact of this interest activity.

Total Interest Expense

Total interest expense decreased $12.7 million, or 26.5%, during the year ended December 31, 2011, when compared with the year ended December 31, 2010, due to a decrease in interest expense on deposits of $12.1 million, or 31.4%, a decrease in interest expense on short-term and structured repo borrowings of $364,000, or 10.9%, a decrease in interest expense on FHLBank advances of $274,000, or 5.0% and a decrease in interest expense on subordinated debentures issued to capital trust of $9,000, or 1.6%.

Interest Expense - Deposits

Interest on demand deposits decreased $2.0 million due to a decrease in average rates from 0.92% during the year ended December 31, 2010, to 0.72% during the year ended December 31, 2011. The average interest rates decreased due to lower overall market rates of interest since 2010 and because the Company chose to pay lower rates during 2011 when compared to 2010. Market rates of interest on checking and money market accounts have been decreasing since late 2007 when the FRB began reducing short-term interest rates. Interest on demand deposits increased $1.5 million due to an increase in average balances from $923 million during the year ended December 31, 2010, to $1.11 billion during the year ended December 31, 2011. The increase in average balances of demand deposits was primarily a result of customer preference to transition from time deposits to demand deposits as well as organic growth in the Company's deposit base, particularly in interest-bearing checking accounts. Demand deposits assumed in the Sun Security Bank FDIC-assisted transaction during the fourth quarter of 2011 also contributed to the increase in average balances. Average noninterest-bearing demand balances increased from $254 million for the year ended December 31, 2010, to $307 million for the year ended December 31, 2011.

Interest expense on time deposits decreased $7.4 million as a result of a decrease in average rates of interest from 2.02% during the year ended December 31, 2010, to 1.47% during the year ended December 31, 2011. A large portion of the Company's certificate of deposit portfolio matures within one year and so it reprices fairly quickly; this is consistent with the portfolio over the past several years. Interest expense on deposits decreased $4.2 million due to a decrease in average balances of time deposits from $1.48 billion during the year ended December 31, 2010, to $1.25 billion during the year ended December 31, 2011. As previously mentioned, the decrease in average balances of time deposits was partly the result of customer preference to transition from time deposits to demand deposits. Also contributing to the decrease was the redemption of $106.2 million of brokered deposits since 2010 while just $10 million of new brokered deposits were added due to the Company's existing liquidity levels.   Time deposits assumed in the Sun Security Bank FDIC-assisted transaction during the fourth quarter of 2011 somewhat offset the decrease in average balances.

The Dodd-Frank Act repealed the federal prohibitions on the payment of interest on demand deposits, thereby permitting depository institutions to pay interest on business transaction and other accounts beginning July 21, 2011. Although the ultimate impact of this legislation on the Company has not yet been determined, the Company expects interest costs associated with demand deposits may increase as a result of competitor responses to this change, although no significant increases in costs have occurred through December 31, 2011.

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

During the year ended December 31, 2011 compared to the year ended December 31, 2010, interest expense on FHLBank advances decreased due to lower average interest rates and lower average balances. Interest expense on FHLBank advances decreased $158,000 due to a decrease in average interest rates from 3.40% in the year ended December 31, 2010, to 3.29% in the year ended December 31, 2011. Interest expense on FHLBank advances decreased $116,000 due to a decrease in average balances from $162 million during the year ended December 31, 2010, to $159 million during the year ended December 31, 2011. 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 $400,000 due to a decrease in average balances from $345 million during the year ended December 31, 2010, to $304 million during the year ended December 31, 2011. Interest expense on short-term borrowings and structured repurchase agreements increased $36,000 due to an increase in average rates on short-term borrowings and structured repurchase agreements from 0.97% in the year ended December 31, 2010, to 0.98% in the year ended December 31, 2011. 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 subordinated debentures issued to capital trust decreased $9,000 due to a decrease in average rates from 1.87% in the year ended December 31, 2010, to 1.84% in the year ended December 31, 2011. These debentures are not subject to an interest rate swap; however, they are variable-rate debentures and bear interest at an average rate of three-month LIBOR plus 1.57%, adjusting quarterly.

Net Interest Income

Net interest income for the year ended December 31, 2011 increased $38.2 million to $163.5 million compared to $125.3 million for the year ended December 31, 2010. Net interest margin was 5.17% for the year ended December 31, 2011, compared to 3.93% in 2009, an increase of 124 basis points. The Company's margin was positively impacted primarily by the increases in expected cash flows to be received from the loan pools acquired in the 2009 FDIC-assisted transactions and the resulting increases to accretable yield which was discussed previously in "Interest Income – Loans" and is discussed in Note 5 of the accompanying audited financial statements. The impact of these changes on the years ended December 31, 2011 and 2010 were increases in interest income of $49.2 million and $19.5 million, respectively, and increases in net interest margin of 156 basis points and 61 basis points, respectively. Excluding the positive impact of the additional yield accretion, net interest margin increased 29 basis points during the year ended December 31, 2011, primarily due to a change in the deposit mix over the last year. Since December 31, 2010, lower-cost checking accounts increased as customers added to existing accounts or new customer accounts were opened while higher-cost brokered deposits decreased. Since December 31, 2010, the Company redeemed $106.2 million of brokered deposits due to the Company's existing liquidity levels. For most of 2011, retail certificates of deposit continued to decrease, and those that were renewed or replaced generally had lower market rates of interest. In the fourth quarter of 2011, retail certificates of deposit increased due to the Sun Security Bank FDIC-assisted transaction. However, those assumed deposits generally paid lower rates of interest than existing retail certificates of deposit. Partially offsetting the decrease in rates on deposits was a decrease in yields on loans, excluding the yield accretion income discussed above, when compared to 2010.

The Company's overall interest rate spread increased 125 basis points, or 32.8%, from 3.81% during the year ended December 31, 2010, to 5.06% during the year ended December 31, 2011. The increase was due to an 86 basis point increase in the weighted average yield on interest-earning assets and a 39 basis point decrease in the weighted average rate paid on interest-bearing liabilities. The Company's overall net interest margin increased 124 basis points, or 31.6%, from 3.93% for the year ended December 31, 2010, to 5.17% for the year ended December 31, 2011. In comparing the two years, the yield on loans increased 131 basis points while the yield on investment securities and other interest-earning assets increased four basis points. The rate paid on deposits decreased 48 basis points, the rate paid on FHLBank advances decreased 11 basis points, the rate paid on short-term borrowings increased one basis point, and the rate paid on subordinated debentures issued to capital trust decreased three 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 $294,000, from $35.6 million during the year ended December 31, 2010, to $35.3 million during the year ended December 31, 2011. The allowance for loan losses decreased $255,000, or 0.6%, to $41.2 million at December 31, 2011, compared to $41.5 million at December 31, 2010. Net charge-offs were $35.6 million in the year ended December 31, 2011, versus $34.2 million in the year ended December 31, 2010. Ten relationships made up $25.4 million of the net charge-off total for the year ended December 31, 2011. General market conditions, and more specifically, housing supply, absorption rates and unique circumstances related to individual borrowers and projects also contributed to the level of provisions and charge-offs in both 2010 and 2011. As properties were categorized as potential problem loans, non-performing loans or foreclosed assets, evaluations were made of the value of these assets with corresponding charge-offs as appropriate.

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

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

Loans acquired in the March 20, 2009, September 4, 2009 and October 7, 2011, 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 5 of the accompanying audited financial statements. The acquired loans were grouped into pools based on common characteristics and were recorded at their estimated fair values, which incorporated estimated credit losses at the acquisition dates. These loan pools are systematically reviewed by the Company to determine the risk of losses that may exceed those identified at the time of the acquisition. Techniques used in determining risk of loss are similar to those used to determine the risk of loss for the legacy Great Southern Bank portfolio, with most focus being placed on those loan pools which include the larger loan relationships and those loan pools which exhibit higher risk characteristics. Review of the acquired loan portfolio also includes meetings with customers, review of financial information and collateral valuations to determine if any additional losses are apparent. At December 31, 2011 and 2010, an allowance for loan losses was established for one loan pool exhibiting risks of loss totaling $30,000. The loan pool was acquired through the Vantus Bank FDIC-assisted transaction and because of the loss sharing agreement, only 20% of the anticipated $30,000 loss would be ultimately borne by the Bank. At December 31, 2010, an allowance for loan losses was established for one other loan pool exhibiting risks of loss estimated at $800,000. This loan pool was charged-off during 2011 at an amount of $730,000 (which was the remaining balance of the loan pool), of which $584,000 was covered by the loss sharing agreement.

The Bank's allowance for loan losses as a percentage of total loans, excluding loans supported by the FDIC loss sharing agreements, was 2.33% and 2.48% at December 31, 2011 and 2010, respectively. Management considers the allowance for loan losses adequate to cover losses inherent in the Company's loan portfolio at December 31, 2011, based on recent reviews of the Company's loan portfolio and current economic conditions. If economic conditions remain weak or deteriorate further, it is possible that additional loan loss provisions would be required, thereby adversely affecting future results of operations and financial condition.

Non-performing Assets

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

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 assets, at December 31, 2011 were $74.4 million, a decrease of $3.9 million from $78.3 million at December 31, 2010. Non-performing assets as a percentage of total assets were 1.96% at December 31, 2011, compared to 2.30% at December 31, 2010.

Compared to December 31, 2010, non-performing loans decreased $1.9 million to $27.5 million and foreclosed assets decreased $2.0 million to $46.9 million. Construction and land development loans comprised $9.5 million, or 34.6%, of the total $27.5 million of non-performing loans at December 31, 2011. Commercial real estate loans comprised $6.2 million, or 22.6%, of the total $27.5 million of non-performing loans at December 31, 2011.

Non-performing Loans. Activity in the non-performing loans category during the year ended December 31, 2011, 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	$578	$1,695	$(245)	$--	$(1,166)	$(102)	$(574)	$186
Subdivision construction	1,860	14,534	(531)	(246)	(4,847)	(3,543)	(566)	6,661
Land development	5,668	2,326	(667)	(667)	(2,931)	(898)	(176)	2,655
Commercial construction	--	--	--	--	--	--	--	--
One- to four-family residential	5,608	7,901	(163)	--	(3,618)	(1,234)	(1,181)	7,313
Other residential	4,203	189	--	--	(3,186)	(906)	(300)	--
Commercial real estate	6,074	20,903	(5,966)	(1,911)	(3,619)	(8,200)	(1,077)	6,204
Other commercial	3,832	2,038	(1,161)	(3)	(106)	(671)	(457)	3,472
Consumer	1,597	1,497	(318)	(126)	(129)	(371)	(1,144)	1,006
Total	$29,420	$51,083	$(9,051)	$(2,953)	$(19,602)	$(15,925)	$(5,475)	$27,497

At December 31, 2011, the subdivision construction category of non-performing loans included 11 loans. The largest relationship in this category, which was added during the year, totaled $3.6 million, or 54.3% of the total category, and was collateralized by property in central Arkansas. The one- to four-family residential category included 71 loans, 44 of which were added during the year. None of the loans added to the one- to four-family residential category during 2011 were included in borrower relationships that were larger than $700,000. The commercial real estate category included nine loans, five of which were added during the year. The largest relationship in this category, which was added during the year, totaled $2.5 million, or 41.9% of the total category, and was collateralized by property in Springfield, Mo.

Foreclosed Assets. Of the total $67.6 million of foreclosed assets at December 31, 2011, $20.7 million represents the fair value of foreclosed assets acquired in the FDIC-assisted transactions in 2009 and 2011. These acquired foreclosed assets are subject to the loss sharing agreements with the FDIC and, therefore, are not included in the following table and discussion of foreclosed assets. Activity in foreclosed assets during the year ended December 31, 2011, 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	$2,510	$1,166	$(1,912)	$194	$(328)	$1,630
Subdivision construction	19,816	4,081	(3,940)	--	(4,384)	15,573
Land development	10,620	7,528	(806)	--	(3,708)	13,634
Commercial construction	3,997	--	(1,250)	--	--	2,747
One- to four-family residential	2,896	3,849	(4,434)	22	(484)	1,849
Other residential	4,178	3,986	(305)	--	(6)	7,853
Commercial real estate	4,565	6,288	(7,578)	--	(985)	2,290
Commercial business	--	106	(21)	--	--	85
Consumer	318	2,489	(1,596)	--	--	1,211
Total	$48,900	$29,493	$(21,842)	$216	$(9,895)	$46,872

At December 31, 2011, the subdivision construction category of foreclosed assets included 53 properties, the largest of which was located in the St. Louis, Mo. metropolitan area and had a balance of $3.8 million, or 27.1% of the total category. Of the total dollar amount in the subdivision construction category, 19.9% is located in Branson, Mo. The land development category of foreclosed assets included 24 properties, the largest of which had a balance of $2.8 million, or 20.4% of the total category. Of the total dollar amount in the land development category, 35.2% was located in northwest Arkansas, including the largest property previously mentioned.

As discussed below in the non-interest expense section, the $9.9 million in write-downs of foreclosed assets was primarily the result of management's evaluation of the foreclosed assets portfolio and decision to more aggressively market certain properties by reducing the asking prices. Management obtained broker pricing or used recent appraisals that were discounted based on internal experience selling or attempting to sell similar properties to determine the new asking prices. The majority of these write-downs were made in the subdivision construction and land development categories where properties are more speculative in nature and market activity has been very slow.

Potential Problem Loans. Potential problem loans decreased $1.3 million during the year ended December 31, 2011 from $55.6 million at December 31, 2010 to $54.3 million at December 31, 2011. 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, 2011, 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	$714	$842	$(339)	$(426)	$--	$--	$(647)	$144
Subdivision construction	6,473	5,709	(1,131)	(3,600)	--	(861)	(566)	6,024
Land development	11,476	837	(1,724)	--	(3,832)	(2,867)	(199)	3,691
Commercial construction	1,851	--	(1,200)	--	--	(651)	--	--
One- to four-family residential	8,786	5,160	(1,621)	(1,504)	--	(890)	(2,266)	7,665
Other residential	5,674	9,139	(3,850)	(189)	--	(3,125)	(9)	7,640
Commercial real estate	14,729	23,469	(1,267)	(6,732)	(2,669)	(785)	(946)	25,799
Other commercial	5,923	6,107	(3,707)	(1,095)	(1,361)	(1,714)	(835)	3,318
Consumer	23	231	(62)	(12)	--	--	(135)	45
Total	$55,649	$51,494	$(14,901)	$(13,558)	$(7,862)	$(10,893)	$(5,603)	$54,326

At December 31, 2011, the commercial real estate category of potential problem loans included 20 loans. The largest two relationships in this category, which were added during the year, had balances of $7.4 million and $5.4 million, respectively, or 49.8% of the total category. Both relationships were collateralized by properties in southwest Missouri. The one- to four-family residential category included 60 loans, 47 of which were added during the year. The largest relationship in this category, which was added during the year and included six loans, totaled $1.9 million, or 25.1% of the total category, and was collateralized by over 35 separate properties in southwest

Missouri. Another relationship in this category, which was added during the year and included 19 loans, totaled $1.1 million, or 14.8% of the total category, and was collateralized by over 30 separate properties in southwest Missouri. The other residential category included four loans, three of which were added during the year. The largest two relationships in this category, which were added during the year, had balances of $3.9 million and $3.6 million, respectively, or 98.7% of the total category. The relationships were collateralized by apartment buildings in southwest Missouri and central Missouri, respectively.

Non-Interest Income

Non-interest income for the year ended December 31, 2011 was $12.3 million compared with $32.0 million for the year ended December 31, 2010. The decrease of $19.7 million, or 61.6%, was primarily the result of the following items:

Amortization of indemnification asset: As previously described under "Net Interest Income," due to the increase in cash flows expected to be collected from the TeamBank and Vantus Bank FDIC-covered loan portfolios, $43.8 million of amortization (expense) was recorded in the year ended December 31, 2011 relating to reductions of expected reimbursements under the loss sharing agreements with the FDIC, which are recorded as indemnification assets. This amortization (expense) amount was up $26.7 million from the $17.1 million that was recorded in the year ended December 31, 2010 relating to reductions of expected reimbursements under the loss sharing agreements with the FDIC.

Gains on securities: Fewer securities were sold during the year ended December 31, 2011, and, therefore, gains recognized on sales were $483,000, down $8.3 million from $8.8 million recognized for the year ended December 31, 2010.

Securities impairments: During the year ended December 31, 2011, losses totaling $615,000 were recorded as a result of impairment write-downs in the value of an investment in a non-agency CMO. The Company continues to hold this security in the available-for-sale category. Based on analyses of the securities portfolio during 2010, no impairment write-downs were necessary.

Partially offsetting the above decreases in non-interest income was the preliminary one-time gain of $16.5 million (pre-tax) recorded in relation to the Sun Security Bank FDIC-assisted acquisition during the year ended December 31, 2011, compared to the same period in 2010.

Non-Interest Expense

Total non-interest expense increased $15.8 million, or 17.7%, from $88.9 million in the year ended December 31, 2010, to $104.7 million in the year ended December 31, 2011. The Company's efficiency ratio for the year ended December 31, 2011, was 59.54%, up from 56.52% in 2010 due to increased non-interest expenses as described below. The Company's ratio of non-interest expense to average assets increased from 2.52% for the year ended December 31, 2010, to 2.99% for the year ended December 31, 2011. The following were key items related to the increase in non-interest expense for the year ended December 31, 2011 as compared to the year ended December 31, 2010:

Sun Security Bank FDIC-assisted transaction: Non-interest expense increased $3.1 million for the year ended December 31, 2011 when compared to the year ended December 31, 2010, due to the FDIC-assisted acquisition of the former Sun Security Bank on October 7, 2011. Of this amount, $1.3 million related to non-recurring acquisition-related expenses, primarily related to salaries and benefits ($539,000) and occupancy and equipment expenses ($538,000).

Salaries and benefits: As a result of integrating the operations of Sun Security Bank and the Company's overall growth, the number of associates employed by the Company in operational and lending areas increased 4.4% from December 31, 2010 to December 31, 2011. This personnel increase, which excludes associates added from the former Sun Security Bank, as well as general merit increases for existing associates, was responsible for $3.1 million of the increase in salaries and benefits paid during the year ended December 31, 2011 when compared with the year ended December 31, 2010.

Amortization of tax credits: 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, 2011, tax credits used to reduce the Company's tax expense totaled $4.7 million, up $3.4 million from $1.3 million for the year ended December 31, 2010. These tax credits resulted in corresponding amortization of $4.0 million during the year ended December 31, 2011, up $2.8 million from $1.2 million for the year ended December 31, 2010. 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.

Foreclosure-related expenses: Since the economic recession began in 2008, real estate markets have not experienced full recovery and the Company has had continued higher levels of foreclosed assets. Sales of certain types of foreclosed properties have been slow and as a result, the most recent asking prices for certain properties, which were based on estimated fair values, no longer reflected reasonable selling prices. During the year ended December 31, 2011, the asking prices and recorded values for most properties in foreclosed assets, excluding those covered by FDIC loss sharing agreements, were reviewed and, in some cases, management and the Board of Directors decided to take a more aggressive approach to market some of these properties. In the instances where the asking prices were reduced, the carrying values of the assets were adjusted down to reflect the new estimated selling prices. In reviewing the values of the properties, the Company either used broker pricing or obtained new appraisals and discounted them based on our internal experience with similar properties. The result of this review was a $9.4 million write-down in the carrying value of foreclosed assets during the year ended December 31, 2011, primarily resulting in a $6.9 million increase in foreclosure-related expenses over the year ended December 31, 2010. Prior to the write-downs, the book values of the properties totaled $26.3 million.

Provision for Income Taxes

Provision for income taxes as a percentage of pre-tax income was 15.4% and 27.1% for the years ended December 31, 2011 and 2010, respectively. The effective tax rates (as compared to the statutory federal tax rate of 35.0%) were primarily affected by the tax credits noted above and by higher balances and rates of tax-exempt investment securities and loans which reduce the Company’s effective tax rate. For future periods, the Company expects the effective tax rate to be approximately 17%-25% of pre-tax net income due to expected continued utilization of tax credits. The Company’s effective tax rate may fluctuate as it is impacted by the level and timing of its utilization of tax credits and the level of tax-exempt investments and loans.

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 $2.3 million, $2.0 million and $1.8 million for 2011, 2010 and 2009, respectively. Tax-exempt income was not calculated on a tax equivalent basis. The table does not reflect any effect of income taxes.

	Dec. 31, 2011(2)	Year Ended December 31, 2011			Year Ended December 31, 2010			Year Ended December 31, 2009	
	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest
					(Dollars In Thousands)				
Interest-earning assets:									
Loans receivable:									
One- to four-family residential	5.25%	$321,325	$25,076	7.80 %	$336,418	$22,156	6.59%	$292,409	$17,224
Other residential	5.48	256,170	15,536	6.06	219,983	13,036	5.93	136,668	8,528
Commercial real estate	5.66	690,413	54,698	7.92	677,760	49,301	7.27	605,149	39,066
Construction	5.35	265,102	33,966	12.81	320,500	26,101	8.77	567,405	31,269
Commercial business	5.64	194,622	20,953	10.77	173,837	15,250	8.14	156,236	10,044
Other loans	7.11	210,857	16,898	8.01	223,101	16,096	7.21	205,768	13,033
Industrial revenue bonds (1)	5.92	69,425	4,074	5.87	67,762	3,892	5.74	64,432	4,299
Total loans receivable	5.86	2,007,914	171,201	8.53	2,019,361	145,832	7.22	2,028,067	123,463
Investment securities (1)	3.43	841,308	26,962	3.20	760,924	26,858	3.53	743,334	31,914
Other interest-earning assets	0.23	311,493	504	0.16	407,377	501	0.12	174,509	491
Total interest-earning assets	4.75	3,160,715	198,667	6.29	3,187,662	173,191	5.43	2,945,910	155,868
Non-interest-earning assets:									
Cash and cash equivalents		75,019			77,074			250,422	
Other non-earning assets		261,126			263,307			206,727	
Total assets		$3,496,860			$3,528,043			$3,403,059	
Interest-bearing liabilities:									
Interest-bearing demand and savings	0.61	$1,111,045	7,975	0.72	$922,885	8,468	0.92	$611,136	6,600
Time deposits	1.29	1,253,937	18,395	1.47	1,484,580	29,959	2.02	1,650,913	47,487

Total deposits	0.94	2,364,982	26,370	1.12	2,407,465	38,427	1.60	2,262,049	54,087
Short-term borrowings and repurchase agreements	1.03	303,944	2,965	0.98	344,861	3,329	0.97	399,587	6,393
Subordinated debentures issued to capital trust	1.99	30,929	569	1.84	30,929	578	1.87	30,929	773
FHLB advances	2.99	159,148	5,242	3.29	162,378	5,516	3.40	190,903	5,352
Total interest-bearing liabilities	1.07	2,859,003	35,146	1.23	2,945,633	47,850	1.62	2,883,468	66,605
Non-interest-bearing liabilities:									
Demand deposits		306,728			253,699			221,215	
Other liabilities		14,693			19,153			23,692	
Total liabilities		3,180,424			3,218,485			3,128,375	
Stockholders' equity		316,436			309,558			274,684	
Total liabilities and stockholders' equity		$3,496,860			$3,528,043			$3,403,059	
Net interest income:									
Interest rate spread	3.68%		$163,521	5.06 %		$125,341	3.81%		$89,263
Net interest margin*				5.17 %			3.93%		
Average interest-earning assets to average interest-bearing liabilities		110.6 %			108.2 %			102.2 %	

* 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 $106.8 million, $70.3 million and $68.3 million for 2011, 2010 and 2009, respectively. In addition, average tax-exempt industrial revenue bonds were $43.8 million, $46.0 million and $38.0 million in 2011, 2010 and 2009, respectively. Interest income on tax-exempt assets included in this table was $6.8 million $5.3 million and $3.8 million for 2011, 2010 and 2009, respectively. Interest income net of disallowed interest expense related to tax-exempt assets was $6.4 million, $4.7 million and $3.0 million for 2011, 2010 and 2009, respectively.

(2) The yield/rate on loans at December 31, 2011 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 2011 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, 2011 vs. December 31, 2010			Year Ended December 31, 2010 vs. December 31, 2009		
	Increase (Decrease) Due to		Total Increase	Increase (Decrease) Due to		Total Increase
	Rate	Volume	(Decrease)	Rate	Volume	(Decrease)
	(In Thousands)					
Interest-earning assets:						
Loans receivable	$26,200	$(831)	$ 25,369	$22,901	$(532)	$ 22,369
Investment securities	(2,594)	2,698	104	(5,795)	739	(5,056)
Other interest-earning assets	137	(134)	3	(386)	396	10
Total interest-earning assets	23,743	1,733	25,476	16,720	603	17,323
Interest-bearing liabilities:						
Demand deposits	(2,038)	1,545	(493)	(1,108)	2,976	1,868
Time deposits	(7,370)	(4,194)	(11,564)	(13,104)	(4,424)	(17,528)
Total deposits	(9,408)	(2,649)	(12,057)	(14,212)	(1,448)	(15,660)
Short-term borrowings and structured repo	36	(400)	(364)	(2,278)	(786)	(3,064)
Subordinated debentures issued to capital trust	(9)	--	(9)	(195)	--	(195)
FHLBank advances	(158)	(116)	(274)	1,034	(870)	164
Total interest-bearing liabilities	(9,539)	(3,165)	(12,704)	(15,651)	(3,104)	(18,755)
Net interest income	$33,282	$4,898	$ 38,180	$32,371	$3,707	$ 36,078

Results of Operations and Comparison for the Years Ended December 31, 2010 and 2009

General

Net income decreased $41.1 million during the year ended December 31, 2010, compared to the year ended December 31, 2009. Net income was $23.9 million for the year ended December 31, 2010 compared to $65.0 million for the year ended December 31, 2009. This decrease was primarily due to a decrease in non-interest income of $90.8 million, or 74.0%, and an increase in non-interest expense of $10.7 million, or 13.7%, partially offset by an increase in net interest income of $36.1 million, or 40.4%, and a decrease in provision for income taxes of $24.1 million or 73.0%. Non-interest income for the year ended December 31, 2009 included gains recognized on business acquisitions of $89.8 million. Net income available to common shareholders was $20.5 million for the year ended December 31, 2010 compared to $61.7 million for the year ended December 31, 2009.

Total Interest Income

Total interest income increased $17.3 million, or 11.1%, during the year ended December 31, 2010 compared to the year ended December 31, 2009. The increase was due to a $22.4 million, or 18.1%, increase in interest income on loans, offset in part by a $5.0 million, or 15.6%, decrease in interest income on investments and other interest-earning assets. Interest income on loans increased primarily due to increases in expected cash flows to be received from the 2009 FDIC-acquired loan pools and the resulting adjustments to accretable yield as discussed below in “Interest Income – Loans” and in Note 5 of the accompanying audited financial statements. Interest income from investment securities and other interest-earning assets decreased due to lower average rates of interest, partially offset by higher 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. An increase in the amount of SBA loan pools held, which earn lower average rates than the overall securities portfolio, contributed to lower investment yields as well. SBA loan pools are held for their variable interest rate characteristics and guarantee by the federal government, which makes them relatively low-risk investments.

Interest Income - Loans

During the year ended December 31, 2010 compared to the year ended December 31, 2009, interest income on loans increased due to higher average interest rates, partially offset by slightly lower average balances. Interest income increased $22.9 million as the result of higher average interest rates on loans. The average yield on loans increased from 6.09% during the year ended December 31, 2009 to 7.22% during the year ended December 31, 2010. This increase was due to additional yield accretion recognized in conjunction with the fair value of the loan pools acquired in the 2009 FDIC-assisted transactions. 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 the third and fourth quarters of 2010 based on the payment histories and reduced loss expectations of the loan pools, resulting in a total of $58.9 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 were also reduced during the third and fourth quarters of 2010 resulting in a total of $51.9 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. The adjustments increased interest income by $19.5 million and decreased non-interest income by $17.1 million during the year ended December 31, 2010, for a net impact of $2.3 million to pre-tax income. Because the adjustments will be recognized over the estimated remaining lives of the loan pools and the remainder of the loss sharing agreements, respectively, they will impact future periods as well. The majority of the remaining $39.4 million of accretable yield adjustment affecting interest income and $34.7 million of adjustment to the indemnification assets affecting non-interest income is expected to be recognized over the next year, with $32.1 million of interest income and $(28.6) million of non-interest income (expense) expected to be recognized in the next year. For further discussion about these adjustments, see Note 5 of the accompanying audited financial statements.

Apart from the yield accretion discussed above, average loan rates were very similar in 2009 compared to 2010, as a result of market rates of interest, primarily the "prime rate" of interest, remaining flat during this period. During 2008, the “prime rate” decreased 4.00% to a rate of 3.25% at December 31, 2008, where the prime rate has remained. A large portion of the Bank's loan portfolio adjusts with changes to the "prime rate" of interest. The Company has a portfolio of prime-based loans which have interest rate floors. Beginning in 2008, the declining interest rates put these loan rate floors in effect and established a loan rate which was higher than the contractual rate would have otherwise been. Great Southern has a significant portfolio of loans which are tied to a “prime rate” of interest. Some of these loans are tied to some national index of “prime,” while most are indexed to “Great Southern prime.” The Company has elected to leave its “prime rate” of interest at 5.00% in light of the current highly competitive funding environment for deposits and wholesale funds. 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. In the year ended December 31, 2010, the average yield on loans was 7.22% versus an average prime rate for the period of 3.25%, or a difference of a positive 397 basis points. In the year ended December 31, 2009, the average yield on loans was 6.09% versus an average prime rate for the period of 3.25%, or a difference of a positive 284 basis points.

Interest income decreased $532,000 as a result of lower average loan balances which decreased from $2.03 billion during the year ended December 31, 2009 to $2.02 billion during the year ended December 31, 2010. The lower average balance resulted primarily from decreases in outstanding construction loans as many projects were completed in the past 12 to 18 months and demand for new construction loans has declined.

Interest Income - Investments and Other Interest-earning Assets

Interest income on investments and other interest-earning assets decreased as a result of lower average interest rates during the year ended December 31, 2010, when compared to the year ended December 31, 2009. Interest income decreased \$6.2 million as a result of a decrease in average interest rates from 3.53% during the year ended December 31, 2009, to 2.34% during the year ended December 31, 2010. The majority of the Company's securities in 2009 and 2010 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. An increase in SBA loan pools during 2010 also contributed to the decrease in average interest rates because these securities earn lower yields than the overall securities portfolio. Interest income increased \$1.1 million as a result of an increase in average balances from \$918 million during the year ended December 31, 2009, to \$1.17 billion during the year ended December 31, 2010. This increase was primarily in interest-earning deposits as a result of the 2009 FDIC-assisted transactions and because of net loan repayments and lower overall loan demand. Available-for-sale SBA loan pools also contributed to the increase, where securities were needed for liquidity and pledging against deposit accounts under customer repurchase agreements.

In 2009 and 2010, the Company had increased interest-earning deposits and non-interest-earning cash equivalents, as additional liquidity was maintained due to uncertainty in the economy and low loan demand. These deposits and cash equivalents earn very low (or no) yield and therefore negatively impact the Company's net interest margin. At December 31, 2010, the Company had cash and cash equivalents of $430.0 million compared to $444.6 million at December 31, 2009.

Total Interest Expense

Total interest expense decreased $18.8 million, or 28.2%, during the year ended December 31, 2010, when compared with the year ended December 31, 2009, due to a decrease in interest expense on deposits of $15.7 million, or 29.0%, a decrease in interest expense on short-term and structured repo borrowings of $3.1 million, or 47.9%, and a decrease in interest expense on subordinated debentures issued to capital trust of $195,000, or 25.2%, partially offset by an increase in interest expense on FHLBank advances of $164,000, or 3.1%.

Interest Expense - Deposits

Interest on demand deposits increased $3.0 million due to an increase in average balances from $611 million during the year ended December 31, 2009, to $923 million during the year ended December 31, 2010. The increase in average balances of demand deposits was primarily a result of the FDIC-assisted transactions completed in 2009, as well as organic growth in the Company's deposit base, particularly in interest-bearing checking accounts. Also contributing to the increase was the transition in the Company's overall deposit mix from time deposits to demand deposits during the end of 2009 and throughout 2010. Average noninterest-bearing demand balances increased from $221 million for the year ended December 31, 2009, to $254 million for the year ended December 31, 2010. Interest on demand deposits decreased $1.1 million due to a decrease in average rates from 1.08% during the year ended December 31, 2009, to 0.92% during the year ended December 31, 2010. The average interest rates decreased due to lower overall market rates of interest throughout 2009 and 2010. Market rates of interest on checking and money market accounts have been decreasing since late 2007 when the FRB began reducing short-term interest rates.

Interest expense on time deposits decreased $13.1 million as a result of a decrease in average rates of interest from 2.88% during the year ended December 31, 2009, to 2.02% during the year ended December 31, 2010. A large portion of the Company's certificate of deposit portfolio matures within one year and so it reprices fairly quickly; this is consistent with the portfolio over the past several years. Interest expense on deposits decreased $4.4 million due to a decrease in average balances of time deposits from $1.65 billion during the year ended December 31, 2009, to $1.48 billion during the year ended December 31, 2010. The decrease in average balances of time deposits was primarily a result of decreases in brokered certificates, CDARS customer deposits and CDARS purchased funds as the Company began redeeming them or replacing them with lower rate deposits in the latter quarters of 2009. In 2010, in some cases, the Company elected not to replace these funds as they matured due to growth in lower-cost demand deposits.

Included in the brokered deposits total at December 31, 2010, was $222.2 million which is part of CDARS. This total includes $218.8 million in CDARS customer deposit accounts and $3.4 million in CDARS purchased funds. Included in the brokered deposits total at December 31, 2009, was $455.0 million which was part of CDARS. This total includes $359.1 million in CDARS customer deposit accounts and $95.9 million in CDARS purchased funds. CDARS customer deposit accounts are accounts that are just like any other deposit account on the Company's books, except that the account total exceeds the FDIC deposit insurance maximum. When a customer places a large deposit with a CDARS Network bank, that bank uses CDARS to place the funds into deposit accounts issued by other banks in the CDARS Network. This occurs in increments of less than the standard FDIC insurance maximum, so that both principal and interest are eligible for complete FDIC protection. Other Network members do the same thing with their customers' funds.

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

During the year ended December 31, 2010 compared to the year ended December 31, 2009, interest expense on FHLBank advances increased due to higher average interest rates, partially offset by lower average balances. Interest expense on FHLBank advances increased $1.0 million due to an increase in average interest rates from 2.80% in the year ended December 31, 2009, to 3.40% in the year ended December 31, 2010. Interest expense on FHLBank advances decreased $870,000 due to a decrease in average balances from $191 million during the year ended December 31, 2009, to $162 million during the year ended December 31, 2010. Average rates on advances increased because of the addition of advances assumed in the FDIC-assisted transaction completed in March of 2009. Certain of the advances assumed were paid off toward the end of 2009, causing the decrease in average balances while 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 $2.3 million due to a decrease in average rates on short-term borrowings and structured repurchase agreements from 1.60% in the year ended December 31, 2009, to 0.97% in the year ended December 31, 2010. The average interest rates decreased due to lower overall market rates of interest in 2010 compared to 2009. Interest expense on short-term borrowings and structured repurchase agreements decreased $786,000 due to a decrease in average balances from $400 million during the year ended December 31, 2009, to $345 million during the year ended

December 31, 2010. 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 subordinated debentures issued to capital trust decreased $195,000 due to decreases in average rates from 2.50% in the year ended December 31, 2009, to 1.87% in the year ended December 31, 2010. As LIBOR rates decreased from the prior year, the interest rates on these instruments also adjusted lower. The average rate of interest on these subordinated debentures decreased in 2010 as these liabilities pay a variable rate of interest that is indexed to LIBOR. These debentures are not subject to an interest rate swap; however, they are variable-rate debentures and bear interest at an average rate of three-month LIBOR plus 1.57%, adjusting quarterly.

Net Interest Income

Net interest income for the year ended December 31, 2010 increased $36.0 million to $125.3 million compared to $89.3 million for the year ended December 31, 2009. Net interest margin was 3.93% for the year ended December 31, 2010, compared to 3.03% in 2009, an increase of 90 basis points. The Company's margin was positively impacted primarily by the increase in expected cash flows to be received from the 2009 FDIC-acquired loan pools and the resulting increase to accretable yield which was discussed previously in "Interest Income – Loans" and is discussed in Note 5 of the accompanying audited financial statements. The impact of this change on the year ended December 31, 2010 was an increase in interest income of $19.5 million and an increase in net interest margin of 61 basis points. Also contributing to the increase in net interest income was a change in the deposit mix and the ability to reduce interest rates on maturing time deposits. The addition of the TeamBank and Vantus Bank core deposits during 2009 provided a relatively lower-cost funding source, which allowed the Company to reduce some of its higher-cost funds. In the latter quarters of 2009, the Company redeemed brokered deposits or replaced them with lower rate deposits and as retail certificates of deposit matured they were renewed or replaced with retail certificates of deposit with lower market rates of interest. The transition from time deposits to transaction deposits continued into 2010 as lower-cost checking accounts increased while the Company reduced its higher-cost CDARS accounts. The Company has reduced rates paid on repurchase agreements which also contributed to the decrease in interest expense. Partially offsetting the reduced cost of funds, yields earned on investment securities are down over the last year because the majority of the Company's portfolio is made up of adjustable-rate mortgage-backed securities which both repriced downward and experienced higher prepayments resulting in increased amortization of related premiums that offset interest earned. Excluding the income recorded from the accretable yield adjustment mentioned above, the yield on loans increased 17 basis points during the year ended December 31, 2010, when compared to the year ended December 31, 2009, primarily due to increased average balances on residential and commercial real estate loans.

The Company's overall interest rate spread increased 83 basis points, or 27.9%, from 2.98% during the year ended December 31, 2009, to 3.81% during the year ended December 31, 2010. The increase was due to a 69 basis point decrease in the weighted average rate paid on interest-bearing liabilities and a 14 basis point increase in the weighted average yield on interest-earning assets. The Company's overall net interest margin increased 90 basis points, or 29.7%, from 3.03% for the year ended December 31, 2009, to 3.93% for the year ended December 31, 2010. In comparing the two years, the yield on loans increased 113 basis points while the yield on investment securities and other interest-earning assets decreased 119 basis points. The rate paid on deposits decreased 79 basis points, the rate paid on FHLBank advances increased 60 basis points, the rate paid on short-term borrowings decreased 63 basis points, and the rate paid on subordinated debentures issued to capital trust decreased 63 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 $170,000, from $35.8 million during the year ended December 31, 2009, to $35.6 million during the year ended December 31, 2010. The allowance for loan losses increased $1.4 million, or 3.5%, to $41.5 million at December 31, 2010, compared to $40.1 million at December 31, 2009. Net charge-offs were $34.2 million in the year ended December 31, 2010, versus $24.9 million in the year ended December 31, 2009. Eight relationships made up $22.0 million of the net charge-off total for the year ended December 31, 2010. General market conditions, and more specifically, housing supply, absorption rates and unique circumstances related to individual borrowers and projects also contributed to the level of provisions and charge-offs in both 2009 and 2010. As properties were categorized as potential problem loans, non-performing loans or foreclosed assets, evaluations were made of the value of these assets with corresponding charge-offs as appropriate.

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

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

Loans acquired in the March 20, 2009 and September 4, 2009, FDIC-assisted transactions are covered by loss sharing agreements between the FDIC and Great Southern Bank which afford Great Southern Bank significant protection from losses in the acquired portfolio of loans. 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 the legacy Great Southern Bank portfolio, with most focus being placed on those loan pools which include the larger loan relationships and those loan pools which exhibit higher risk characteristics. Review of the acquired loan portfolio also includes meetings with customers, review of financial information and collateral valuations to determine if any additional losses are apparent. At December 31, 2010, allowances for loan losses were established for two loan pools exhibiting risks of loss totaling $830,000. These loan pools were acquired through the Vantus Bank FDIC-assisted transaction and because of the loss sharing agreement, only 20% of the anticipated $830,000 loss would be ultimately borne by the Bank.

The Bank's allowance for loan losses as a percentage of total loans, excluding loans supported by the FDIC loss sharing agreements, was 2.48% and 2.35% at December 31, 2010 and 2009, respectively. Management considers the allowance for loan losses adequate to cover losses inherent in the Company's loan portfolio at December 31, 2010, based on recent reviews of the Company's loan portfolio and current economic conditions. If economic conditions remain weak or deteriorate significantly, 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 and Vantus Bank non-performing assets, including foreclosed assets, are not included in the totals and in the discussion of non-performing loans, potential problem loans and foreclosed assets below due to the respective loss sharing agreements with the FDIC, which substantially cover principal losses that may be incurred in these portfolios. In addition, these covered assets were recorded at their estimated fair values as of March 20, 2009, for TeamBank and September 4, 2009, for Vantus Bank.

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 at December 31, 2010 were $78.3 million, an increase of $13.3 million from December 31, 2009. Non-performing assets, excluding FDIC-covered assets, as a percentage of total assets were 2.30% at December 31, 2010, compared to 1.79% at December 31, 2009. Compared to December 31, 2009, non-performing loans increased $2.9 million to $29.4 million at December 31, 2010, while foreclosed assets increased $10.4 million to $48.9 million at December 31, 2010. Construction loans comprised $8.1 million, or 27.6%, of the total $29.4 million of non-performing loans at December 31, 2010. Commercial real estate loans comprised $6.1 million, or 20.6%, of the total $29.4 million of non-performing loans at December 31, 2010.

Non-performing Loans. Activity in the non-performing loans category during the year ended December 31, 2010, 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	$374	$1,065	$ --	$--	$ (124)	$ (643)	$(94)	$578
Subdivision construction	2,328	2,583	--	(6)	(1,810)	(1,108)	(127)	1,860
Land development	5,982	11,431	--	--	(5,883)	(5,195)	(667)	5,668
Commercial construction	--	--	--	--	--	--	--	--
One- to four-family residential	6,237	10,605	(692)	(468)	(7,023)	(1,623)	(1,428)	5,608
Other residential	479	6,405	(221)	--	(1,959)	(361)	(140)	4,203
Commercial real estate	8,575	11,068	(256)	(383)	(3,735)	(3,227)	(5,968)	6,074
Other commercial	1,240	6,242	--	(71)	(5)	(2,291)	(1,283)	3,832
Consumer	1,275	1,592	--	(96)	(77)	(286)	(811)	1,597
Total	$26,490	$50,991	$ (1,169)	$(1,024)	$ (20,616)	$ (14,734)	$(10,518)	$29,420

At December 31, 2010, the commercial real estate category of non-performing loans included 14 loans. The largest two loans in this category were added during the year and were $1.4 million and $1.0 million, respectively, making up 40.4% of the total. The land development category of non-performing loans included 11 loans, the largest of which had a balance of $2.0 million or 35.3% of the total.

Foreclosed Assets. Of the total $60.3 million of foreclosed assets at December 31, 2010, $11.4 million represents the fair value of foreclosed assets acquired in the FDIC-assisted transactions in 2009. These acquired foreclosed assets are subject to the loss sharing agreements with the FDIC and, therefore, are not included in the following table and discussion of foreclosed assets. Activity in foreclosed assets during the year ended December 31, 2010, was as follows:

	Beginning Balance, January 1	Additions	Proceeds from Sales	Capitalized Costs	ORE Expense Write-Downs	Ending Balance, December 31
	(In Thousands)					
One- to four-family construction	$1,214	$1,765	$(439)	$176	$ (206)	$2,510

Subdivision construction	20,208	1,924	(2,128)	796	(984)	19,816
Land development	3,010	14,476	(6,997)	131	--	10,620
Commercial construction	5,526	7,192	(8,979)	296	(38)	3,997
One- to four-family residential	5,633	8,173	(9,894)	7	(1,023)	2,896
Other residential	703	7,254	(2,979)	--	(800)	4,178
Commercial real estate	1,440	4,094	(639)	--	(330)	4,565
Consumer	777	1,263	(1,712)	--	(10)	318
Total	$38,511	$46,141	$(33,767)	$1,406	$(3,391)	$48,900

The subdivision construction category of foreclosed assets included 53 properties, the largest of which had a balance of $5.4 million or 27.2% of the total at December 31, 2010. The land development category of foreclosed assets included 15 loans, the largest of which was added during the period and had a balance of $4.3 million or 40.4%.

Potential Problem Loans. Potential problem loans increased $5.1 million during the year ended December 31, 2010 from $50.5 million at December 31, 2009 to $55.6 million at December 31, 2010. 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, 2010, 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	$2,122	$3,657	$(958)	$ (963)	$ (762)	$ (609)	$(1,773)	$714
Subdivision construction	4,624	11,355	(195)	(1,245)	(235)	(173)	(7,658)	6,473
Land development	17,608	16,990	(100)	(9,096)	(8,308)	(4,577)	(1,041)	11,476
Commercial construction	2,160	1,851	--	--	(1,555)	(605)	--	1,851
One- to four-family residential	6,750	8,194	(1,532)	(2,585)	(1,199)	(619)	(223)	8,786
Other residential	11,188	11,308	(5,565)	(4,558)	(5,167)	(514)	(1,018)	5,674
Commercial real estate	3,652	18,862	--	(5,378)	(366)	(663)	(1,378)	14,729
Other commercial	2,397	6,774	(93)	(2,200)	(54)	(163)	(738)	5,923
Consumer	11	12	--	--	--	--	--	23
Total	$50,512	$79,003	$(8,443)	$ (26,025)	$ (17,646)	$ (7,923)	$(13,829)	$55,649

At December 31, 2010, the commercial real estate category of potential problem loans included 11 loans, three of which were added during the year, with balances totaling $10.4 million or 70.4% of the total. The three loans added were collateralized by a retail/apartment building in St. Louis, Mo., a hotel in Kansas City, Mo. and a warehouse/office building in Springfield, Mo. The land development category of potential problem loans included 10 loans, the largest of which was added during the year and had a balance of $3.8 million or 33.3% of the total.

Non-Interest Income

Non-interest income for the year ended December 31, 2010 was $32.0 million compared with $122.8 million for the year ended December 31, 2009. The $90.8 million decrease was primarily the result of the following items:

FDIC-assisted transactions: A total of $89.8 million of one-time pre-tax gains was recorded during 2009 related to the fair value accounting estimates of the assets acquired and liabilities assumed in the FDIC-assisted transactions involving TeamBank and Vantus Bank.

Amortization of indemnification asset: As previously described, due to the increase in cash flows expected to be collected from the FDIC-covered loan portfolios acquired in 2009, $17.1 million of amortization (expense) was recorded in the 2010 period relating to a reduction of expected reimbursements under the FDIC loss sharing agreements, which are recorded as indemnification assets.

Partially offsetting the above decreases in non-interest income for 2010 as compared with 2009 were the following items:

Securities impairments: During 2009, a $4.3 million loss was recorded as a result of an impairment write-down in the value of certain available-for-sale equity investments, investments in bank trust preferred securities and an investment in a non-agency CMO. The Company continues to hold a majority of these securities in the available-for-sale category. Based on analyses of the securities portfolio during 2010, no additional impairment write-downs were necessary.

Gains on securities: Gains of $8.8 million were recorded during 2010 due to sales of securities, an increase of $6.0 million over 2009.

Service charges and ATM fees: An increase of $980,000 was recorded during 2010 compared to 2009, primarily due to customers added in the FDIC-assisted transactions in 2009.

Gains on sales of single-family loans: An increase of $880,000 in gains was recorded due to an increased number of fixed-rate loans originated and then sold in the secondary market during 2010 compared to 2009.

Commissions: Commission income increased $1.5 million during the year ended December 31, 2010, compared to 2009, primarily due to increased activity for Great Southern Travel. Approximately 20% of the increase was a non-recurring incentive commission related to airline ticket sales.

Non-Interest Expense

Total non-interest expense increased $10.7 million, or 13.7%, from $78.2 million in the year ended December 31, 2009, to $88.9 million in the year ended December 31, 2010. The Company's efficiency ratio for the year ended December 31, 2010, was 56.52% compared to 36.88% in 2009. The difference in the ratios from the current year to the prior year was primarily due to the TeamBank and Vantus Bank-related one-time gains recorded in 2009. The Company's ratio of non-interest expense to average assets increased from 2.30% for the year ended December 31, 2009, to 2.52% for the year ended December 31, 2010. The following were key items related to the increase in non-interest expense for the year ended December 31, 2010 as compared to the year ended December 31, 2009:

Vantus Bank FDIC-assisted transaction: The Company's increase in non-interest expense in 2010 compared to 2009 included expenses related to the September 2009 FDIC-assisted acquisition of the assets and liabilities of Vantus Bank and its ongoing operation. In the year ended December 31, 2010, non-interest expense associated with Vantus Bank increased $3.6 million from the same period in 2009. The largest expense increases were in the areas of salaries and benefits and occupancy and equipment expenses. In addition, other non-interest expenses related to the operation of other areas of the former Vantus Bank, such as lending and certain support functions, were absorbed in other pre-existing areas of the Company, resulting in increased non-interest expense.

New banking centers: The Company's increase in non-interest expense during 2010 compared to 2009 was also related to the continued internal growth of the Company. The Company opened its second banking center in Lee's Summit, Mo., in late September 2009 and its first retail banking center in Rogers, Ark., in May 2010. New banking centers were also opened in Des Peres, Mo. in September 2010 and in Forsyth, Mo. in December 2010, both of which complement existing banking centers in their respective market areas. In the year ended December 31, 2010, non-interest expenses associated with the operation of these locations increased $920,000 over the same period in 2009. For additional information on the Company's growth, see the "Business Initiatives" section of this report.

Salaries and benefits: As a result of integrating the operations of TeamBank and Vantus Bank and the administration of the loss sharing portfolios as well as overall growth, the number of associates employed by the Company in operational and lending areas increased 12.8% over 2009. This in turn increased salaries and benefits paid by $3.2 million in 2010 compared to 2009.

Amortization of low-income housing tax credits: The Company has invested in certain federal low-income housing tax credits. These credits are typically purchased at 80-90% of the amount of the credit and are generally utilized to offset taxes payable over a ten-year period. A portion of these credits totaling $1.3 million were used in 2010 to reduce the Company's tax expense which resulted in corresponding amortization of $1.1 million to reduce the investment in these credits. 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.

FDIC settlements for real estate, furniture and fixtures: During the three months ended December 31, 2010, the Company completed its final settlements with the FDIC for the purchase of the real estate, furniture and fixtures of the branch locations currently being operated as a result of the FDIC-assisted transactions which took place during 2009. The net settlement expenses recorded as a result of these and other outstanding operating items were $660,000.

Net occupancy expense: As the Company's operations expanded in the last year, so did the costs incurred to use and maintain buildings and equipment. Excluding the occupancy expenses mentioned above, net occupancy expenses increased $239,000 during 2010 compared to 2009.

Partially offsetting the above increases in non-interest expense was an FDIC-imposed special assessment on all insured depository institutions based on assets minus Tier 1 capital as of June 30, 2009. The Company recorded an expense of $1.7 million during 2009 related to the special assessment. No special assessment was imposed in 2010.

Provision for Income Taxes

Provision for income taxes as a percentage of pre-tax income was 27.1% for the year ended December 31, 2010. The effective tax rate (as compared to the statutory federal tax rate of 35.0%) was primarily affected by the tax credits noted above and by higher balances and rates of tax-exempt investment securities and loans which reduce the Company's effective tax rate. The Company's effective tax rate was 33.7% for the year ended December 31, 2009. The effective tax rate (as compared to the statutory federal tax rate of 35.0%) was primarily affected by balances and rates of tax-exempt investment securities and loans. For future periods, the Company expects the effective tax rate to be approximately 30% of pre-tax net income. The Company's effective tax rate may fluctuate as it is impacted by the level and timing of its utilization of tax credits.

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, 2011, the Company had commitments of approximately $158.4 million to fund loan originations, $233.3 million of unused lines of credit and unadvanced loans, and $21.3 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, 2011. Additional information regarding these contractual obligations is discussed further in Notes 9, 10, 11, 12, 13, 14 and 17 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	$1,694,540	$---	$---	$1,694,540
Time and brokered certificates of deposit	973,459	282,670	12,870	1,268,999
Federal Home Loan Bank advances	22,993	60,009	101,435	184,437
Short-term borrowings	217,397	---	---	217,397
Structured repurchase agreements	---	53,090	---	53,090
Subordinated debentures	---	---	30,929	30,929
Operating leases	1,142	2,348	1,089	4,579
Dividends declared but not paid	2,799	---	---	2,799
	$2,912,330	$398,117	$146,323	$3,456,770

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, 2011 and 2010, the Company had these available secured lines and on-balance sheet liquidity:

	December 31, 2011	December 31, 2010
Federal Home Loan Bank line	$262.1 million	$243.9 million
Federal Reserve Bank line	$353.6 million	$271.0 million

Interest-Bearing and Non-Interest-Bearing Deposits	$380.2 million	$430.0 million
Unpledged Securities	$90.9 million	$22.6 million

Statements of Cash Flows. During the years ended December 31, 2011, 2010 and 2009, the Company had positive cash flows from operating activities. The Company experienced positive cash flows from investing activities during 2010 and 2009 and negative cash flows from investing activities during 2011. The Company experienced negative cash flows from financing activities during 2011, 2010 and 2009.

Cash flows from operating activities for the periods covered by the Statements of Cash Flows have been primarily related to changes in accrued and deferred assets, credits and other liabilities, the provision for loan losses, impairments of investment securities, depreciation, gains on the purchase of additional business units and the amortization of deferred loan origination fees and discounts (premiums) on loans and investments, all of which are non-cash or non-operating adjustments to operating cash flows. Net income adjusted for non-cash and non-operating items and the origination and sale of loans held-for-sale were the primary sources of cash flows from operating activities. Operating activities provided cash flows of $108.0 million, $85.0 million and $38.8 million during the years ended December 31, 2011, 2010 and 2009, respectively.

During the year ended December 31, 2011, investing activities used cash of $154.4 million primarily due to the net increase in loans and investment securities for the year. During the year ended December 31, 2010, investing activities provided cash of $123.7 million primarily due to the repayment of loans. During the year ended December 31, 2009, investing activities provided cash of $382.1 million, primarily due to the cash received from the FDIC-assisted acquisitions and the repayment of loans.

Changes in cash flows from financing activities during the periods covered by the Statements of Cash Flows are due to changes in deposits after interest credited, changes in FHLBank advances, changes in short-term borrowings, and dividend payments to stockholders. In 2011, the change in cash flows from financing activities was also impacted by the issuance of preferred stock through the Company’s participation in the SBLF program as well as the redemption of preferred stock and the repurchase of common stock warrants which were both issued in conjunction with the Company’s participation in the CPP. Financing activities used cash flows of $3.3 million for the year ended December 31, 2011, primarily due to reductions of brokered deposit balances and reductions in customer repurchase agreements primarily offset by increases in transaction deposits. Financing activities used cash flows of $223.2 million during the year ended December 31, 2010, primarily due to reductions in customer repurchase agreements, reductions of brokered deposit balances and reductions of CDARS purchased funds and CDARS customer accounts. Financing activities used cash flows of $144.2 million during the year ended December 31, 2009, primarily due to the repayment of advances from the FHLBank and reduction of brokered deposit balances. Financing activities in the future are expected to primarily include changes in deposits, changes in FHLBank advances, changes in short-term borrowings and dividend payments to stockholders.

Capital Resources

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

At December 31, 2011, the Company's total stockholders' equity was $324.6 million, or 8.6% of total assets. At December 31, 2011, common stockholders' equity was $266.6 million, or 7.0% of total assets, equivalent to a book value of $19.78 per common share. Total stockholders’ equity at December 31, 2010, was $304.0 million, or 8.9% of total assets. At December 31, 2010, common stockholders' equity was $247.5 million, or 7.3% of total assets, equivalent to a book value of $18.40 per common share.

At December 31, 2011, the Company’s tangible common equity to total assets ratio was 6.9% as compared to 7.1% at December 31, 2010. The Company’s tangible common equity to total risk-weighted assets ratio was 11.5% at December 31, 2011, compared to 12.5 % at December 31, 2010.

Banks are required to maintain minimum risk-based capital ratios. These ratios compare capital, as defined by the risk-based regulations, to assets adjusted for their relative risk as defined by the regulations. Guidelines require banks to have a minimum Tier 1 risk-based capital ratio, as defined, of 4.00%, a minimum total risk-based capital ratio of 8.00%, and a minimum 4.00% Tier 1 leverage ratio. On December 31, 2011, the Bank's Tier 1 risk-based capital ratio was 14.1%, total risk-based capital ratio was 15.3% and the Tier 1 leverage ratio was 8.6%. As of December 31, 2011, the Bank was "well capitalized" as defined by the Federal banking agencies' capital-related regulations. The FRB has established capital regulations for bank holding companies that generally parallel the capital regulations for banks. On December 31, 2011, the Company's Tier 1 risk-based capital ratio was 14.8%, total risk-based capital ratio was 16.1% and the Tier 1 leverage ratio was 9.2%. As of December 31, 2011, the Company was "well capitalized" under the capital ratios described above.

On December 5, 2008, the Company completed a transaction to participate in the Treasury's voluntary Capital Purchase Program (CPP). The CPP, a part of the Emergency Economic Stabilization Act of 2009, was designed to provide capital to healthy financial institutions, thereby increasing confidence in the banking industry and increasing the flow of financing to businesses and consumers. At the time the Company was approved to participate in the CPP in December 2008, it exceeded all "well-capitalized" regulatory benchmarks and, as indicated above, it continues to exceed these benchmarks. The Company received $58.0 million from the Treasury through the sale of 58,000 shares of the Company's newly authorized Fixed Rate Cumulative Perpetual Preferred Stock, Series A (the "CPP Preferred Stock"). The Company also issued to the U.S. Treasury a warrant to purchase 909,091 shares of common stock at $9.57 per share. The amount of preferred shares sold represented approximately 3% of the Company's risk-weighted assets at September 30, 2008.

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 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 SBLF Preferred Stock is entitled to receive non-cumulative dividends, payable quarterly, on each January 1, April 1, July 1 and October 1, beginning October 1, 2011. The dividend rate, as a percentage of the liquidation amount, can fluctuate 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 ($158,271,000). The initial dividend rate through September 30, 2011, was 5% and the dividend rate for the fourth quarter of 2011 was 2.6%. Based upon the increase in the Bank’s level of QSBL over the baseline level, the dividend rate for the first and second quarters of 2012 is expected to be approximately 1.0%. For the third through ninth calendar quarters after the closing, the dividend rate may be adjusted to between one percent (1%) and five percent (5%) per annum based on the level of qualifying loans. For the tenth calendar quarter through four and one half years after issuance, the dividend rate will be fixed at between one percent (1%) and seven percent (7%) based upon the level of qualifying loans. After four and one half years from issuance, the dividend rate will increase to 9% (including a quarterly lending incentive fee of 0.5%).

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

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

On September 21, 2011, the Company completed the repurchase of the warrant held by the Treasury that was issued as a part of its participation in the CPP. The 10-year warrant was issued on December 5, 2008 and entitled the Treasury to purchase 909,091 shares of Great Southern Bancorp, Inc. common stock at an exercise price of $9.57 per share. The repurchase was completed for a price of $6.4 million, or $7.08 per warrant share, which was based on the fair market value of the warrant as agreed upon by the Company and the Treasury.

Dividends. During the year ended December 31, 2011, the Company declared and paid common stock cash dividends of $0.72 per share (37.1% of net income per common share). During the year ended December 31, 2010, the Company declared and paid common stock cash dividends of $0.72 per share (49.3% of net income per common share). The Board of Directors meets regularly to consider the level and the timing of dividend payments. The dividend declared but unpaid as of December 31, 2011, was paid to stockholders on January 13, 2012. In addition, the Company paid preferred dividends as described below.

As a result of the issuance of preferred stock to the Treasury pursuant to the CPP in December 2008, during the year ended December 31, 2011, the Company paid preferred stock cash dividends of $725,000 on each of February 15, 2011, May 16, 2011 and August 15, 2011. In addition, previously accrued but unpaid preferred stock cash dividends of $24,167 were paid on August 18, 2011 in conjunction with the redemption of the CPP Preferred Stock on the same date. During the year ended December 31, 2010, the Company paid preferred stock cash dividends of $725,000 on each of February 16, 2010, May 17, 2010, August 16, 2010, and November 15, 2010. The redemption of the CPP Preferred Stock resulted in a non-cash deemed preferred stock dividend that reduced net income available to common shareholders in the year ended December 31, 2011 by $1.2 million. This amount represents the difference between the repurchase price and the carrying amount of the CPP Preferred Stock, or the accelerated accretion of the applicable discount on the CPP Preferred Stock.

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

Under the terms of the SBLF Preferred Stock, the Company may only declare and pay a dividend on the common stock or other stock junior to the SBLF Preferred Stock, or repurchase shares of any such class or series of stock, if, after payment of such dividend, or after giving effect to such repurchase, (i) the dollar amount of the Company's Tier 1 Capital would be at least equal to the "Tier 1 Dividend Threshold" and (ii) full dividends on all outstanding shares of SBLF Preferred Stock for the most recently completed dividend period have been or are contemporaneously declared and paid. As of December 31, 2011, we satisfied this condition.

The "Tier 1 Dividend Threshold" means 90% of $272,747,865, 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 $57,943,000 in SBLF Preferred Stock issued and minus the net loan charge-offs by the Bank since August 18, 2011. The Tier 1 Dividend Threshold is subject to reduction, beginning on the first day of the eleventh dividend period following the date of issuance of the SBLF Preferred Stock, by $5,794,300 (ten percent of the aggregate liquidation amount of the SBLF Preferred Stock initially issued, without regard to any subsequent partial redemptions) for each one percent increase in qualified small business lending from the adjusted baseline level under the terms of the SBLF preferred stock (i.e., $158,271,000) to the ninth dividend period.

Common Stock Repurchases and Issuances. The Company has been in various buy-back programs since May 1990. Our ability to repurchase common stock is currently restricted under the terms of the SBLF preferred stock as noted above, under "-Dividends" and was previously precluded due to our participation in the CPP beginning in December 2008. Therefore, during the years ended December 31, 2011 and 2010, the Company did not repurchase any shares of its common stock. During the years ended December 31, 2011 and 2010, the Company issued 25,856 shares of stock at an average price of $12.05 per share and 47,597 shares of stock at an average price of $14.09 per share, respectively, to cover stock option exercises.

Management has historically utilized stock buy-back programs from time to time as long as repurchasing the stock contributed to the overall growth of shareholder value. The number of shares of stock repurchased and the price paid is the result of many factors, several of which are outside of the control of the Company. The primary factors, however, are the number of shares available in the market from sellers at any given time and the price of the stock within the market as determined by the market.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Asset and Liability Management and Market Risk

A principal operating objective of the Company is to produce stable earnings by achieving a favorable interest rate spread that can be sustained during fluctuations in prevailing interest rates. The Company has sought to reduce its exposure to adverse changes in interest rates by attempting to achieve a closer match between the periods in which its interest-bearing liabilities and interest-earning assets can be expected to reprice through the origination of adjustable-rate mortgages and loans with shorter terms to maturity and the purchase of other shorter term interest-earning assets. Since the Company uses laddered brokered deposits and FHLBank advances to fund a portion of its loan growth, the Company's assets tend to reprice more quickly than its liabilities.

Our Risk When Interest Rates Change

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

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

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

The ability to maximize net interest income is largely dependent upon the achievement of a positive interest rate spread that can be sustained despite fluctuations in prevailing interest rates. Interest rate sensitivity is a measure of the difference between amounts of interest-earning assets and interest-bearing liabilities which either reprice or mature within a given period of time. The difference, or the interest rate repricing "gap," provides an indication of the extent to which an institution's interest rate spread will be affected by changes in interest rates. A gap is considered positive when the amount of interest-rate sensitive assets exceeds the amount of interest-rate sensitive liabilities repricing during the same period, and is considered negative when the amount of interest-rate sensitive liabilities exceeds the amount of interest-rate sensitive assets during the same period. Generally, during a period of rising interest rates, a negative gap within shorter repricing periods would adversely affect net interest income, while a positive gap within shorter repricing periods would result in an increase in net interest income. During a period of falling interest rates, the opposite would be true. As of December 31, 2011, Great Southern's internal interest rate risk models indicate a one-year interest rate sensitivity gap that is neutral to slightly negative. Generally, a rate increase by the FRB (which does not appear likely in the very near term based on current economic conditions and recent comments by FRB officials) would be expected to have an immediate negative impact on Great Southern’s net interest income. As the Federal Funds rate is now very low, the Company’s interest rate floors have been reached on most of its “prime rate” loans. In addition, Great Southern has elected to leave its “Great Southern Prime Rate” at 5.00% for those loans that are indexed to “Great Southern Prime” rather than “Wall Street Journal Prime.” While these interest rate floors and prime rate adjustments have helped keep the rate on our loan portfolio higher in this very low interest rate environment, they will also reduce the positive effect to our loan rates when market interest rates, specifically the “prime rate,” begin to increase. The interest rate on these loans will not increase until the loan floors are reached and the “Wall Street Journal Prime” interest rate exceeds 5.00%. If rates remain generally unchanged in the short-term, we expect that our cost of funds will continue to decrease somewhat as we continue to redeem some of our wholesale funds. In addition, a significant portion of our retail certificates of deposit mature in the next few months and we expect that they will be replaced with new certificates of deposit at somewhat lower interest rates.

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

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

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

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

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

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

The following tables illustrate the expected maturities and repricing, respectively, of the Bank's financial instruments at December 31, 2011. 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,						
	2012	2013	2014	2015	2016	Thereafter	Total
				(Dollars In Thousands)			
Financial Assets:							
Interest bearing deposits	$ 292,338	---	---	---	---	---	$ 292,
Weighted average rate	0.23%	---	---	---	---	---	0
Available-for-sale equity securities	---	---	---	---	---	$ 1,831	$ 1,
Weighted average rate	---	---	---	---	---	---	
Available-for-sale debt securities(1)	$ 33,871	$ 5,069	$ 8,489	$ 9,374	$ 10,154	$ 806,623	$ 873,
Weighted average rate	2.91%	6.04%	6.18%	6.14%	6.07%	3.36%	3
Held-to-maturity securities	840	---	---	---	---	$ 1,025	$ 1,
Weighted average rate	0.75%	---	---	---	---	7.38%	4
Adjustable rate loans	$ 441,061	$ 117,991	$ 88,934	$ 27,349	$ 49,663	$ 245,382	$ 970,
Weighted average rate	5.58%	5.45%	5.33%	5.51%	5.32%	4.85%	5
Fixed rate loans	$ 171,479	$ 100,692	$ 164,008	$ 92,744	$ 86,677	$ 214,521	$ 830,
Weighted average rate	5.95%	6.11%	5.72%	6.07%	5.82%	7.05%	6
Federal Home Loan Bank stock	---	---	---	---	---	$ 12,088	$ 12,
Weighted average rate	---	---	---	---	---	2.79%	2
Total financial assets	$ 939,589	$ 223,752	$ 261,431	$ 129,467	$ 146,494	$ 1,281,470	$ 2,982,
Financial Liabilities:							
Time deposits	$ 973,459	$ 196,846	$ 34,443	$ 31,209	$ 20,172	$ 12,870	$ 1,268,
Weighted average rate	1.16%	1.46%	2.19%	2.54%	2.21%	1.81%	1
Interest-bearing demand	$ 1,363,727	---	---	---	---	---	$ 1,363,
Weighted average rate	0.61%	---	---	---	---	---	0
Non-interest-bearing demand	$ 330,813	---	---	---	---	---	$ 330,
Weighted average rate	---	---	---	---	---	---	
Federal Home Loan Bank	$ 24,946	$ 2,049	$ 2,073	$ 11,776	$ 41,545	$ 102,048	$ 184,
Weighted average rate	4.41%	5.68%	5.47%	3.87%	4.03%	3.93%	4
Short-term borrowings	$ 217,397	---	---	---	---	---	$ 217,
Weighted average rate	0.22%	---	---	---	---	---	0
Structured repurchase agreements	---	$ 3,090	---	$ 50,000	---	---	$ 53,
Weighted average rate	---	4.68%	---	4.34%	---	---	4
Subordinated debentures	---	---	---	---	---	$ 30,929	$ 30,
Weighted average rate	---	---	---	---	---	1.99%	1
Total financial liabilities	$ 2,910,342	$ 201,985	$ 36,516	$ 92,985	$ 61,717	$ 145,847	$ 3,449,

(1) Available-for-sale debt securities include approximately $703 million of mortgage-backed securities, collateralized mortgage obligations and SBA loan pools which pay interest and principal monthly to the Company. Of this total, $650 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.

98

Repricing

	December 31,						
	2012	2013	2014	2015	2016	Thereafter	Total
				(Dollars In Thousands)			
Financial Assets:							
Interest bearing deposits	$ 292,338	---	---	---	---	---	$ 292,33
Weighted average rate	0.23%	---	---	---	---	---	0.2
Available-for-sale equity securities	---	---	---	---	---	$ 1,831	$ 1,83
Weighted average rate	---	---	---	---	---	---	-
Available-for-sale debt securities(1)	$ 120,771	$ 171,433	$ 78,333	$ 180,941	$ 96,813	$ 225,289	$ 873,58
Weighted average rate	2.40%	2.80%	2.94%	3.05%	3.41%	5.06%	3.4
Held-to-maturity securities	840	---	---	---	---	$ 1,025	$ 1,86
Weighted average rate	0.75%	---	---	---	---	7.38%	4.3
Adjustable rate loans	$ 883,001	$ 13,092	$ 40,791	$ 3,893	$ 16,440	$ 13,163	$ 970,38
Weighted average rate	5.35%	5.09%	5.62%	5.54%	5.57%	3.79%	5.3
Fixed rate loans	$ 171,479	$ 100,692	$ 164,008	$ 92,744	$ 86,677	$ 214,521	$ 830,12
Weighted average rate	5.95%	6.11%	5.72%	6.07%	5.82%	7.05%	6.2
Federal Home Loan Bank stock	$ 12,088	---	---	---	---	---	$ 12,08
Weighted average rate	2.79%	---	---	---	---	---	2.7
Total financial assets	$ 1,480,517	$ 285,217	$ 283,132	$ 277,578	$ 199,930	$ 455,829	$ 2,982,20
Financial Liabilities:							
Time deposits(3)	$ 973,459	$ 196,846	$ 34,443	$ 31,209	$ 20,172	$ 12,870	$ 1,268,99
Weighted average rate	1.16%	1.46%	2.19%	2.54%	2.21%	1.81%	1.2
Interest-bearing demand	$ 1,363,727	---	---	---	---	---	$ 1,363,72
Weighted average rate	0.61%	---	---	---	---	---	0.6
Non-interest-bearing demand(2)	---	---	---	---	---	$ 330,813	$ 330,81
Weighted average rate	---	---	---	---	---	---	-
Federal Home Loan Bank advances	$ 164,946	$ 2,049	$ 2,073	$ 11,776	$ 1,545	$ 2,048	$ 184,43
Weighted average rate	4.01%	5.68%	5.47%	3.87%	5.14%	5.14%	4.0
Short-term borrowings	$ 217,397	---	---	---	---	---	$ 217,39
Weighted average rate	0.22%	---	---	---	---	---	0.2
Structured repurchase agreements	$ 50,000	$ 3,090	---	---	---	---	$ 53,09
Weighted average rate	4.34%	4.68 %	---	---	---	---	4.3
Subordinated debentures	$ 30,929	---	---	---	---	---	$ 30,92
Weighted average rate	1.99%						