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

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

FORM 10-Q

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934

For the Quarterly Period ended March 31, 2012

Commission File Number 0-18082

GREAT SOUTHERN BANCORP, INC.

(Exact name of registrant as specified in its charter)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes /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 required to submit and post such files). Yes/X/ No / /

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “accelerated filer,” “large accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

(Check one):
Large accelerated filer / / Accelerated filer /X/ Non-accelerated filer / / Smaller reporting company / /
(Do not check if a smaller reporting company)

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

The number of shares outstanding of each of the registrant's classes of common stock: 13,499,498 shares of common stock, par value $.01, outstanding at May 8, 2012.

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PART I FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS.

GREAT SOUTHERN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(In thousands, except number of shares)

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

Serial preferred stock – SBLF, \$.01 par value; authorized 1,000,000 shares; issued and outstanding March 2012 and December 2011 - 57,943		57,943		57,943
Common stock, \$.01 par value; authorized 20,000,000 shares; issued and outstanding March 2012 – 13,498,873 shares; December 2011 - 13,479,856 shares		134		134
Additional paid-in capital		17,391		17,183
Retained earnings		242,080		236,914
Accumulated other comprehensive gain		14,075		12,413
Total Stockholders' Equity		331,623		324,587
Total Liabilities and Stockholders' Equity	\$	3,858,405	\$	3,790,012

See Notes to Consolidated Financial Statements

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GREAT SOUTHERN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

	THREE MONTHS ENDED MARCH 31, 2012	THREE MONTHS ENDED MARCH 31, 2011
	(Unaudited)	
INTEREST INCOME		
Loans	$ 37,897	$ 42,084
Investment securities and other	6,780	6,956
TOTAL INTEREST INCOME	44,677	49,040
INTEREST EXPENSE		
Deposits	5,784	7,486
Federal Home Loan Bank advances	1,274	1,297
Short-term borrowings and repurchase agreements	687	756
Subordinated debentures issued to capital trusts	159	140
TOTAL INTEREST EXPENSE	7,904	9,679
NET INTEREST INCOME	36,773	39,361
PROVISION FOR LOAN LOSSES	10,077	8,200
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	26,696	31,161
NON-INTEREST INCOME		
Commissions	2,626	2,437
Service charges and ATM fees	4,492	4,063
Net realized gains on sales of loans	1,150	907
Net realized gains on sales and impairments of available-for-sale securities	28	--
Late charges and fees on loans	173	122
Net change in interest rate swap fair value	96	--
Accretion (amortization) of income related to business acquisitions	(1,748)	(9,754)
Other income	1,648	453
TOTAL NON-INTEREST INCOME	8,465	(1,772)
NON-INTEREST EXPENSE		
Salaries and employee benefits	13,879	11,573
Net occupancy and equipment expense	4,959	3,690
Postage	827	755
Insurance	1,123	1,446
Advertising	369	275
Office supplies and printing	397	278
Telephone	767	625
Legal, audit and other professional fees	869	762
Expense on foreclosed assets	439	429
Other operating expenses	3,180	1,776
TOTAL NON-INTEREST EXPENSE	26,809	21,609
INCOME BEFORE INCOME TAXES	8,352	7,780
PROVISION FOR INCOME TAXES	855	1,887

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

See Notes to Consolidated Financial Statements

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

	Three Months Ended March 31, 2012	2011
Net Income	$7,497	$5,893
Unrealized appreciation (depreciation) on available-for-sale securities, net of taxes (credit) of $939 and $(949), for 2012 and 2011, respectively	1,744	(1,763)
Non-credit component of unrealized gain (loss) on available-for-sale debt securities for which a portion of an other-than-temporary impairment has been recognized, net of taxes (credit) of $(34) and $47, for 2012 and 2011, respectively	(64)	87
Less reclassification adjustment for losses included in net income, net of taxes (credit) of $(10) and $0 for 2012 and 2011, respectively	(18)	--
Comprehensive Income	$9,159	$4,217

See Notes to Consolidated Financial Statements

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

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

Repayments of Federal Home Loan Bank advances		(32,573)	(1,059)
Net increase (decrease) in short-term borrowings and structured repo		(17,281)	8,922
Advances from borrowers for taxes and insurance		888	177
Dividends paid		(2,799)	(3,146)
Stock options exercised		341	4
Net cash provided by financing activities		63,391	85,053
INCREASE IN CASH AND CASH EQUIVALENTS		80,161	32,326
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		380,249	429,971
CASH AND CASH EQUIVALENTS, END OF PERIOD	$	460,410	462,297

See Notes to Consolidated Financial Statements

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GREAT SOUTHERN BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements of Great Southern Bancorp, Inc. (the "Company" or "Great Southern") have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. The financial statements presented herein reflect all adjustments which are, in the opinion of management, necessary to fairly present the financial condition, results of operations and cash flows of the Company for the periods presented. Those adjustments consist only of normal recurring adjustments. Operating results for the three months ended March 31, 2012 are not necessarily indicative of the results that may be expected for the full year. The consolidated statement of financial condition of the Company as of December 31, 2011, has been derived from the audited consolidated statement of financial condition of the Company as of that date. Certain prior periodsamounts have been reclassified to conform to the current period presentation. These reclassifications had no effect on net income.

Certain information and note disclosures normally included in the Company's annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for 2011 filed with the Securities and Exchange Commission.

NOTE 2: OPERATING SEGMENTS

The Company's banking operation is its only reportable segment. The banking operation is principally engaged in the business of originating residential and commercial real estate loans, construction loans, commercial business loans and consumer loans and funding these loans through deposits attracted from the general public and correspondent account relationships, brokered deposits and borrowings from the Federal Home Loan Bank ("FHLBank") and others. The operating results of this segment are regularly reviewed by management to make decisions about resource allocations and to assess performance.

Revenue from segments below the reportable segment threshold is attributable to three operating segments of the Company. These segments include insurance services, travel services and investment services. Selected information is not presented separately for the Company's reportable segment, as there is no material difference between that information and the corresponding information in the consolidated financial statements.

NOTE 3: RECENT ACCOUNTING PRONOUNCEMENTS

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

In September 2011, the FASB issued ASU No. 2011-08 to amend FASB ASC Topic 350, Intangibles – Goodwill and Other: Testing Goodwill for Impairment. The purpose of the Update is to simplify how entities test goodwill for impairment. The amendments allows entities the option of considering qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The results of this consideration are then used to determine whether the two-step goodwill impairment test described in Topic 350 must be performed. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. The Update was effective for the Company January 1, 2012. While early adoption was permitted, the Company did not choose to do so. The adoption of this Update did not have a material impact on the Company's financial position or results of operations.

In June 2011, the FASB issued ASU No. 2011-05 to amend FASB ASC Topic 220, Comprehensive Income: Presentation of Comprehensive Income. The purpose of the Update is to improve the comparability, consistency and transparency of financial reporting related to other comprehensive income. It eliminates the option to present the components of other comprehensive income as part of the statement of stockholders' equity. Instead, the components of other comprehensive income must either be presented with net income in a single continuous statement of comprehensive income or as a separate but consecutive statement following the statement of income. The Update was effective for the Company January 1, 2012, on a retrospective basis for interim and annual reporting periods. The new required disclosures are included in the Consolidated Statements of Comprehensive Income, which follow the Consolidated Statements of Income.

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

In April 2011, the FASB issued ASU No. 2011-03 to amend FASB ASC Topic 860, Transfers and Servicing. ASC 860 outlines when the transfer of financial assets under a repurchase agreement may or may not be accounted for as a sale. Whether the transferring entity maintains effective control over the transferred financial assets provides the basis for such a determination. The previous requirement that the transferor must have the ability to repurchase or redeem the financial assets before the maturity of the agreement is removed from the assessment of effective control by this Update. The Update was effective for the Company January 1, 2012, on a prospective basis for interim and annual reporting periods, and did not have a material impact on the Company's financial position or results of operations.

NOTE 4: STOCKHOLDERS' EQUITY

Previously, the Company's stockholders approved the Company's reincorporation to the State of Maryland. Under Maryland law, there is no concept of "Treasury Shares." Instead, shares purchased by the Company constitute authorized but unissued shares under Maryland law. Accounting principles generally accepted in the United States of America state that accounting for treasury stock shall conform to state law. The cost of shares purchased by the Company has been allocated to Common Stock and Retained Earnings balances.

NOTE 5: EARNINGS PER SHARE

	Three Months Ended March 31,	
	2012	2011
	(In Thousands, Except Per Share Data)	
Basic:		
Average shares outstanding	13,491	13,454
Net income available to common shareholders	$7,353	$5,048
Per share amount	$0.54	$0.38
Diluted:		
Average shares outstanding	13,491	13,454

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

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

NOTE 6: INVESTMENT SECURITIES

	March 31, 2012					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Tax Equivalent Yield	
			(In Thousands)			
AVAILABLE-FOR-SALE SECURITIES:						
U.S. government agencies	$20,000	$21	$—	$20,021	1.12	%
Collateralized mortgage obligations	5,187	230	332	5,085	5.24	
Mortgage-backed securities	633,867	14,314	277	647,904	3.01	
Small Business Administration loan pools	53,618	1,221	—	54,839	1.78	
States and political subdivisions	138,668	5,995	858	143,805	5.69	
Corporate bonds	49	246	—	295	47.36	
Equity securities	1,230	1,094	—	2,324	—	
	$852,619	$23,121	$1,467	$874,273	3.34	%
HELD-TO-MATURITY SECURITIES:						
States and political subdivisions	$1,865	$178	$—	$2,043	4.40	%

	December 31, 2011					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Tax Equivalent Yield	
			(In Thousands)			
AVAILABLE-FOR-SALE SECURITIES:						
U.S. government agencies	$20,000	$60	$—	$20,060	1.12	%
Collateralized mortgage obligations	5,220	—	380	4,840	5.53	
Mortgage-backed securities	628,729	13,728	802	641,655	3.12	
Small Business Administration loan pools	55,422	1,070	—	56,492	1.68	
States and political subdivisions	145,663	5,478	903	150,238	5.72	
Corporate bonds	50	245	—	295	39.65	
Equity securities	1,230	601	—	1,831	—	
	$856,314	$21,182	$2,085	$875,411	3.44	%
HELD-TO-MATURITY SECURITIES:						
States and political subdivisions	$1,865	$236	$—	$2,101	4.39	%

The amortized cost and fair value of available-for-sale securities at March 31, 2012, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
	(In Thousands)	
One year or less	$1,209	$1,208
After one through five years	1,445	1,465
After five through ten years	12,151	12,545
After ten years	197,530	203,742
Securities not due on a single maturity date	639,054	652,989
Equity securities	1,230	2,324
	$852,619	$874,273

The held-to-maturity securities at March 31, 2012, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
	(In Thousands)	
One year or less	$840	$840
After five through ten years	1,025	1,203
	$1,865	$2,043

Certain investments in debt securities are reported in the financial statements at an amount less than their historical cost. Total fair value of these investments at March 31, 2012 and December 31, 2011, respectively, was approximately $150.1 million and $172.6 million, which is approximately 17.1% and 19.7% of the Company's available-for-sale and held-to-maturity investment portfolio, respectively.

Based on evaluation of available evidence, including recent changes in market interest rates, credit rating information and information obtained from regulatory filings, management believes the declines in fair value for these debt securities are temporary at March 31, 2012.

The following table shows the Company's gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at March 31, 2012 and December 31, 2011:

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

	December 31, 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)

Gross gains of $28,000 and $0 and gross losses of $0 and $0 resulting from sales of available-for-sale securities were realized for the three months ended March 31, 2012 and 2011, respectively. Gains and losses on sales of securities are determined on the specific-identification method.

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

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

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

During the three months ended March 31, 2012 and 2011, no securities were determined to have impairment that was other-than-temporary.

Credit Losses Recognized on Investments. Certain debt securities have experienced fair value deterioration due to credit losses.

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

	Accumulated Credit Losses (In Thousands)
Credit losses on debt securities held	
January 1, 2012	$3,598
Additions related to other-than-temporary losses not previously recognized	—
Additions related to increases in credit losses on debt securities for which other-than-temporary impairment losses were previously recognized	—
Reductions due to sales	—
March 31, 2012	$3,598

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

NOTE 7: LOANS AND ALLOWANCE FOR LOAN LOSSES

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

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Classes of loans by aging were as follows:

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

	December 31, 2011						
	30-59 Days Past Due	60-89 Days Past Due	Over 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days and Still Accruing
				(In Thousands)			
One- to four-family residential construction	$2,082	$342	$186	$2,610	$21,366	$23,976	$—
Subdivision construction	4,014	388	6,661	11,063	50,077	61,140	—
Land development	—	4	2,655	2,659	66,112	68,771	—
Commercial construction	—	—	—	—	119,589	119,589	—
Owner occupied one- to four-family residential	833	—	3,888	4,721	87,273	91,994	40
Non-owner occupied one- to four-family residential	117	—	3,425	3,542	142,239	145,781	—
Commercial real estate	6,323	535	6,204	13,062	626,795	639,857	—
Other residential	—	—	—	—	243,742	243,742	—
Commercial business	426	10	1,362	1,798	234,586	236,384	—
Industrial revenue bonds	—	—	2,110	2,110	57,640	59,750	—
Consumer auto	455	56	117	628	58,740	59,368	10
Consumer other	1,508	641	715	2,864	74,676	77,540	356
Home equity lines of credit	45	29	174	248	46,866	47,114	—
FDIC-supported loans, net of discounts (TeamBank)	2,422	862	19,215	22,499	106,376	128,875	—
FDIC-supported loans, net of discounts (Vantus Bank)	562	57	5,999	6,618	116,418	123,036	5
FDIC-supported loans, net of discounts (Sun Security Bank)	5,628	6,851	40,299	52,778	91,848	144,626	150
	24,415	9,775	93,010	127,200	2,144,343	2,271,543	561
Less FDIC-supported loans, net of discounts	8,612	7,770	65,513	81,895	314,642	396,537	155
Total	$15,803	$2,005	$27,497	$45,305	$1,829,701	$1,875,006	$406

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

	March 31,	December 31,

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

The following table presents the activity in the allowance for loan losses by portfolio segment for the three months ended March 31, 2012 and 2011, respectively. Also presented are the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method as of March 31, 2012 and 2011:

	One- to Four-Family Residential and Construction	Other Residential	Commercial Real Estate	Commercial Construction	Commercial Business	Consumer	Total
				(In Thousands)			
Allowance for loan losses							
Balance January 1, 2012	$11,424	$3,088	$18,390	$2,982	$2,974	$2,374	$41,232
Provision charged to expense	(1,703)	933	6,124	4,609	567	(453)	10,077
Losses charged off	(360)	—	(4,410)	(4,460)	(542)	(234)	(10,006)
Recoveries	52	2	5	24	60	86	229
Balance March 31, 2012	$9,413	$4,023	$20,109	$3,155	$3,059	$1,773	$41,532
Balance January 1, 2011	$11,483	$3,866	$14,336	$5,852	$3,281	$2,669	$41,487
Provision charged to expense	3,238	893	3,212	797	(30)	90	8,200
Losses charged off	(3,201)	(962)	(1,743)	(1,418)	(792)	(890)	(9,006)
Recoveries	26	1	2	4	551	569	1,153
Balance March 31, 2011	$11,546	$3,798	$15,807	$5,235	$3,010	$2,438	$41,834
Ending balance:							
Individually evaluated for impairment	$3,168	$1,182	$4,796	$968	$795	$37	$10,946
Collectively evaluated for impairment	$6,233	$2,841	$15,288	$2,187	$2,258	$1,734	$30,541
Loans acquired and accounted for under ASC 310-30	$12	$—	$25	$—	$6	$2	$45

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

The following table presents the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method as of December 31, 2011:

	One- to Four-Family Residential and Construction	Other Residential	Commercial Real Estate	Commercial Construction	Commercial Business	Consumer	Total
				(In Thousands)			
Allowance for loan losses							
Individually evaluated for impairment	$4,989	$89	$3,584	$594	$736	$38	$10,030
Collectively evaluated for impairment	$6,435	$2,999	$14,806	$2,358	$2,238	$2,336	$31,172
Loans acquired and accounted for under ASC 310-30	$—	$—	$—	$30	$—	$—	$30
Loans							
Individually evaluated for impairment	$39,519	$20,802	$99,254	$27,592	$10,720	$839	$198,726
Collectively evaluated for impairment	$283,371	$222,940	$600,353	$160,768	$225,665	$183,183	$1,676,280
Loans acquired and accounted for under ASC 310-30	$109,909	$25,877	$157,805	$40,215	$28,784	$33,947	$396,537

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The portfolio segments used in the preceding two tables correspond to the loan classes used in all other tables in Note 7 as follows:

- The one-to four-family residential and construction segment includes the one- to four-family residential construction, subdivision construction, owner occupied one- to four-family residential and non-owner occupied one- to four-family residential classes
- The other residential and construction segment corresponds to the other residential class
- The commercial real estate segment includes the commercial real estate and industrial revenue bonds classes
- The commercial construction segment includes the land development and commercial construction classes
- The commercial business segment corresponds to the commercial business class
- The consumer segment includes the consumer auto, consumer other and home equity lines of credit classes

Impaired loans are summarized as follows:

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

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

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

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

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

The Company reviews the credit quality of its loan portfolio using an internal grading system that classifies loans as "Satisfactory," "Watch," "Special Mention" and "Substandard." Substandard loans are characterized by the distinct possibility that the Bank will sustain some loss if certain deficiencies are not corrected. Special mention loans possess potential weaknesses that deserve management's close attention but do not expose the Bank to a degree of risk that warrants substandard classification. Loans classified as watch are being monitored because of indications of potential weaknesses or deficiencies that may require future classification as special mention or substandard. Loans not meeting any of the criteria previously described are considered satisfactory. The FDIC-covered loans are evaluated using this internal grading system. However, since these loans are accounted for in pools and are currently substantially covered through loss sharing agreements with the FDIC, all of the loan pools were considered satisfactory at March 31, 2012 and December 31, 2011, respectively. See Note 8 for further discussion of the acquired loan pools and loss sharing agreements. The loan grading system is presented by loan class below:

	March 31, 2012				
	Satisfactory	Watch	Special Mention	Substandard	Total
			(In Thousands)		
One- to four-family residential construction	$22,691	$1,267	$—	$—	$23,958
Subdivision construction	35,066	5,409	—	14,075	54,550
Land development	47,756	13,377	245	8,329	69,707