GREAT SOUTHERN BANCORP INC
Form 10-Q
May 10, 2013

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, 2013

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)

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 / / (Do not check if a smaller reporting company)	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: 13,619,159 shares of common stock, par value $.01, outstanding at May 8, 2013.

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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, 2013 (Unaudited)	DECEMBER 31, 2012
ASSETS		
Cash	$88,319	$107,949
Interest-bearing deposits in other financial institutions	392,954	295,855
Federal funds sold	—	337
Cash and cash equivalents	481,273	404,141
Available-for-sale securities	814,716	807,010
Held-to-maturity securities (fair value $1,080 – March 2013; $1,084 - December 2012)	920	920
Mortgage loans held for sale	27,764	26,829
Loans receivable, net of allowance for loan losses of $40,548 - March 2013; $40,649 - December 2012	2,335,209	2,319,638
FDIC indemnification asset	98,106	117,263
Interest receivable	12,432	12,755
Prepaid expenses and other assets	83,831	79,560
Foreclosed assets held for sale, net	65,258	68,874
Premises and equipment, net	101,934	102,286
Goodwill and other intangible assets	5,504	5,811
Investment in Federal Home Loan Bank stock	10,090	10,095
Total Assets	$4,037,037	$3,955,182
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	$3,219,764	$3,153,193
Federal Home Loan Bank advances	126,401	126,730
Securities sold under reverse repurchase agreements with customers	191,702	179,644
Short-term borrowings	663	772
Structured repurchase agreements	53,026	53,039
Subordinated debentures issued to capital trusts	30,929	30,929
Accrued interest payable	1,265	1,322
Advances from borrowers for taxes and insurance	3,687	2,154
Accounts payable and accrued expenses	15,485	12,128
Current and deferred income tax liability	18,222	25,397
Total Liabilities	3,661,144	3,585,308
Stockholders' Equity:		
Capital stock		
Serial preferred stock – $.01 par value; authorized 1,000,000 shares; issued and outstanding March 2013 and December 2012 - 57,943 shares, $1,000 liquidation amount	57,943	57,943

Common stock, $.01 par value; authorized 20,000,000 shares; issued and outstanding March 2013 – 13,612,846 shares; December 2012 - 13,596,335 shares	136	136
Additional paid-in capital	18,597	18,394
Retained earnings	282,762	276,751
Accumulated other comprehensive gain	16,455	16,650
Total Stockholders' Equity	375,893	369,874
Total Liabilities and Stockholders' Equity	$4,037,037	$3,955,182

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, 2013	2012
	(Unaudited)	
INTEREST INCOME		
Loans	$ 42,778	$ 37,897
Investment securities and other	4,578	6,780
TOTAL INTEREST INCOME	47,356	44,677
INTEREST EXPENSE		
Deposits	3,527	5,784
Federal Home Loan Bank advances	974	1,274
Short-term borrowings and repurchase agreements	583	687
Subordinated debentures issued to capital trusts	140	159
TOTAL INTEREST EXPENSE	5,224	7,904
NET INTEREST INCOME	42,132	36,773
PROVISION FOR LOAN LOSSES	8,225	10,077
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	33,907	26,696
NON-INTEREST INCOME		
Commissions	328	274
Service charges and ATM fees	4,427	4,492
Net realized gains on sales of loans	1,429	1,150
Net realized gains on sales of available-for-sale securities	34	28
Late charges and fees on loans	300	173
Gain on derivative interest rate products	61	96
Accretion (amortization) of income/expense related to business acquisitions	(5,868)	(1,748)
Other income	2,213	1,622
TOTAL NON-INTEREST INCOME	2,924	6,087
NON-INTEREST EXPENSE		
Salaries and employee benefits	13,222	12,537
Net occupancy and equipment expense	5,135	4,702
Postage	793	808
Insurance	1,165	1,097
Advertising	475	335
Office supplies and printing	307	380
Telephone	687	713
Legal, audit and other professional fees	802	860
Expense on foreclosed assets	1,055	439
Partnership tax credit	1,385	1,165
Other operating expenses	1,916	1,948
TOTAL NON-INTEREST EXPENSE	26,942	24,984
	9,889	7,799

INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES				
PROVISION FOR INCOME TAXES		1,495		661
NET INCOME FROM CONTINUING OPERATIONS		8,394		7,138
DISCONTINUED OPERATIONS				
Income from discontinued operations, net of income taxes		—		359
NET INCOME		8,394		7,497
Preferred stock dividends		145		144
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	$	8,249	$	7,353

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	THREE MONTHS ENDED MARCH 31,	
	2013	2012
BASIC EARNINGS PER COMMON SHARE	$ 0.61	$ 0.54
DILUTED EARNINGS PER COMMON SHARE	$ 0.60	$ 0.54
BASIC EARNINGS PER COMMON SHARE FROM CONTINUING OPERATIONS	$ 0.61	$ 0.52
DILUTED EARNINGS PER COMMON SHARE FROM CONTINUING OPERATIONS	$ 0.60	$ 0.52
DIVIDENDS DECLARED PER COMMON SHARE	$ 0.18	$ 0.18

See Notes to Consolidated Financial Statements

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

	THREE MONTHS ENDED MARCH 31, 2013	THREE MONTHS ENDED MARCH 31, 2012
Net Income	$8,394	$7,497
Unrealized appreciation (depreciation) on available-for-sale securities, net of taxes (credit) of $(72) and $939, for 2013 and 2012, respectively	(135)	1,744
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 $(21) and $(34), for 2013 and 2012, respectively	(38)	(64)
Less: reclassification adjustment for gains included in net income, net of taxes (credit) of $(12) and $(10) for 2013 and 2012, respectively	(22)	(18)
Comprehensive Income	$8,199	$9,159

See Notes to Consolidated Financial Statements

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

	THREE MONTHS ENDED MARCH 31, 2013	THREE MONTHS ENDED MARCH 31, 2012
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 8,394	$ 7,497
Proceeds from sales of loans held for sale	49,412	59,587
Originations of loans held for sale	(57,070)	(50,684)
Items not requiring (providing) cash:		
Depreciation	1,954	1,596
Amortization of other assets	1,692	1,461
Compensation expense for stock option grants	110	111
Provision for loan losses	8,225	10,077
Net gains on loan sales	(1,429)	(1,150)
Net gains on sale or impairment of available-for-sale investment securities	(34)	(28)
Net (gains) losses on sale of premises and equipment	(18)	189
(Gain) loss on sale of foreclosed assets	497	(1,013)
Amortization of deferred income, premiums, discounts and fair value adjustments	9,762	(3,591)
Gain on derivative interest rate products	(61)	(96)
Deferred income taxes	(6,660)	(195)
Changes in:		
Interest receivable	323	1,020
Prepaid expenses and other assets	5,493	18,237
Accounts payable and accrued expenses	1,118	216
Income taxes refundable/payable	(410)	1,146
Net cash provided by operating activities	21,298	44,380
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in loans	(22,203)	(16,929)
Purchase of loans	—	(12,107)
Purchase of premises and equipment	(2,746)	(10,519)
Proceeds from sale of premises and equipment	1,162	8
Proceeds from sale of foreclosed assets	9,034	9,352
Capitalized costs on foreclosed assets	(76)	(101)
Proceeds from sales of available-for-sale investment securities	—	1,224
Proceeds from called investment securities	3,660	5,810
Principal reductions on mortgage-backed securities	45,098	30,355
Purchase of available-for-sale securities	(58,703)	(34,826)
Redemption of Federal Home Loan Bank stock	5	123
Net cash used in investing activities	(24,769)	(27,610)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in certificates of deposit	(71,677)	32,332
Net increase in checking and savings deposits	138,769	82,483
Repayments of Federal Home Loan Bank advances	(108)	(32,573)
Net increase (decrease) in short-term borrowings and structured repo	11,949	(17,281)

Advances from borrowers for taxes and insurance	1,533	888
Dividends paid	(168)	(2,799)
Stock options exercised	305	341
Net cash provided by financing activities	80,603	63,391
INCREASE IN CASH AND CASH EQUIVALENTS	77,132	80,161
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	404,141	380,249
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 481,273	$ 460,410

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, 2013 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, 2012, has been derived from the audited consolidated statement of financial condition of the Company as of that date. Certain prior period amounts 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 2012 filed with the Securities and Exchange Commission.

NOTE 2: NATURE OF OPERATIONS AND OPERATING SEGMENTS

Great Southern Bancorp, Inc. (“GSBC” or the “Company”) operates as a one-bank holding company. GSBC’s business primarily consists of the operations of Great Southern Bank (the “Bank”), which provides a full range of financial services to customers primarily located in Missouri, Iowa, Kansas, Minnesota, Nebraska and Arkansas. The Company and the Bank are subject to the regulation of certain federal and state agencies and undergo periodic examinations by those regulatory agencies.

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

Effective November 30, 2012, Great Southern Bank sold its Great Southern Travel and Great Southern Insurance divisions. The 2012 operations of the two divisions have been restated to include all revenues and expenses in discontinued operations.

NOTE 3: RECENT ACCOUNTING PRONOUNCEMENTS

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

In October 2012, the FASB issued ASU No. 2012-06 to amend FASB ASC Topic 805, Business Combinations. The Update addresses the diversity in practice when subsequently measuring an indemnification asset recognized in a government-assisted (Federal Deposit Insurance Corporation or National Credit Union Administration) acquisition of a financial institution that includes a loss-sharing agreement (indemnification agreement). When a reporting entity recognizes an indemnification asset as a result of a government-assisted acquisition of a financial institution and subsequently a change in the cash flows expected to be collected on the indemnification asset occurs (as a result of a change in cash flows expected to be collected on the assets subject to indemnification), the reporting entity should subsequently account for the change in the measurement of the indemnification asset on the same basis as the change in the assets subject to indemnification. Any amortization of changes in value should be limited to the contractual term of the indemnification agreement (that is, the lesser of the term of the indemnification agreement and the remaining life of the indemnified assets). The Update was effective for the Company January 1, 2013, and did not have a material impact on the Company's financial position or results of operations.

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

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

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, 2013	2012
	(In Thousands, Except Per Share Data)	
Basic:		
Average shares outstanding	13,605	13,491
Net income available to common shareholders	$8,249	$7,353
Per share amount	$0.61	$0.54
Income from continuing operations available to common shareholders	$8,249	$6,993
Per share amount	$0.61	$0.52
Income from discontinued operations available to common shareholders	$ 0	$359
Per share amount	$0.00	$0.02
Diluted:		
Average shares outstanding	13,605	13,491
Net effect of dilutive stock options and warrants – based on the treasury stock method using average market price	46	62
Diluted shares	13,651	13,553
Net income available to common shareholders	$8,249	$7,353
Per share amount	$0.60	$0.54
Income from continuing operations available to common shareholders	$8,249	$6,993
Per share amount	$0.60	$0.52
Income from discontinued operations available to common shareholders	$0	$359
Per share amount	$0.00	$0.02

Options to purchase 479,251 and 465,067 shares of common stock were outstanding at March 31, 2013 and 2012, respectively, but were not included in the computation of diluted earnings per share for each three-month period because the options' exercise prices were greater than the average market prices of the common shares for the three months ended March 31, 2013 and 2012, respectively.

NOTE 6: INVESTMENT SECURITIES

	March 31, 2013					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Tax Equivalent Yield	
			(In Thousands)			
AVAILABLE-FOR-SALE SECURITIES:						
U.S. government agencies	$30,000	$16	$—	$30,016	1.24	%
Collateralized mortgage obligations	3,801	527	4	4,324	1.80	
Mortgage-backed securities	595,479	13,888	452	608,915	2.31	
Small Business Administration loan pools	48,623	1,587	—	50,210	1.67	

States and political subdivisions	110,650	8,348	—	118,998	5.58	
Equity securities	847	1,406	—	2,253	—	
	$789,400	$25,772	$456	$814,716	2.68	%
HELD-TO-MATURITY SECURITIES:						
States and political subdivisions	$920	$160	$—	$1,080	7.37	%

	December 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	$30,000	$40	$—	$30,040	1.25	%
Collateralized mortgage obligations	3,939	576	8	4,507	1.72	
Mortgage-backed securities	582,039	14,861	814	596,086	2.42	
Small Business Administration loan pools	50,198	1,295	—	51,493	1.99	
States and political subdivisions	114,372	8,506	—	122,878	5.61	
Equity securities	847	1,159	—	2,006	—	
	$781,395	$26,437	$822	$807,010	2.80	%
HELD-TO-MATURITY SECURITIES:						
States and political subdivisions	$920	$164	$—	$1,084	7.37	%

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

	Amortized Cost	Fair Value
	(In Thousands)	
One year or less	$110	$110
After one through five years	205	214
After five through ten years	9,598	10,106
After ten years	179,360	188,794
Securities not due on a single maturity date	599,280	613,239
Equity securities	847	2,253
	$789,400	$814,716

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

	Amortized Cost	Fair Value
	(In Thousands)	
After five through ten years	$920	$1,080

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, 2013 and December 31, 2012, respectively, was approximately $141.5 million and $106.6 million, which is approximately 17.4% and 13.2% of the Company's available-for-sale and held-to-maturity investment portfolio, respectively.

Based on an 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, 2013.

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, 2013 and December 31, 2012:

	March 31, 2013					
	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In Thousands)					
Collateralized mortgage obligations	$2	$(2)	$409	$(2)	$411	$(4)
Mortgage-backed securities	141,062	(452)	—	—	141,062	(452)
	$141,064	$(454)	$409	$(2)	$141,473	$(456)

	December 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	$—	$—	$414	$(8)	$414	$(8)
Mortgage-backed securities	106,136	(814)	—	—	106,136	(814)
	$106,136	$(814)	$414	$(8)	$106,550	$(822)

Gross gains of $34,000 and $28,000 and gross losses of $0 and $0 resulting from sales of available-for-sale securities were realized for the three months ended March 31, 2013 and 2012, 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 routinely conducts periodic reviews to identify and evaluate each investment security to determine whether an other-than-temporary impairment has occurred. The Company considers the length of time a security has been in an unrealized loss position, the relative amount of the unrealized loss compared to the carrying value of the security, the type of security and other factors. If certain criteria are met, the Company performs additional review and evaluation using observable market values or various inputs in economic models to determine if an unrealized loss is other-than-temporary. The Company uses quoted market prices for marketable equity securities and uses broker pricing quotes based on observable inputs for equity investments that are not traded on a stock exchange. For 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, 2013 and 2012, 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, as well as due to other market factors, but are not otherwise other-than-temporarily impaired.

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

	Accumulated Credit Losses (In Thousands)
Credit losses on debt securities held	
January 1, 2013	$4,176
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, 2013	$4,176

	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

Amounts Reclassified Out of Accumulated Other Comprehensive Income. Amounts reclassified from accumulated other comprehensive income and the affected line items in the statements of income during the three months ended March 31, 2013 and 2012, were as follows:

	Amounts Reclassified from Other Comprehensive Income 2013 (In Thousands)	2012	Affected Line Item in the Statements of Income
Unrealized gains on available-for-sale securities	$34	$28	Net realized gains on sales of available-for-sale securities (Total reclassified amount before tax)
Income taxes	(12)	(10)	Provision for income taxes
Total reclassifications out of accumulated other comprehensive income	$22	$18	

NOTE 7: LOANS AND ALLOWANCE FOR LOAN LOSSES

	March 31, 2013	December 31, 2012
	(In Thousands)	
One- to four-family residential construction	$38,953	$29,071
Subdivision construction	34,376	35,805
Land development	63,278	62,559
Commercial construction	143,043	150,515
Owner occupied one- to four-family residential	82,399	83,859
Non-owner occupied one- to four-family residential	144,552	145,458
Commercial real estate	699,421	692,377
Other residential	272,354	267,518
Commercial business	281,065	264,631
Industrial revenue bonds	48,768	43,762
Consumer auto	90,959	82,610
Consumer other	83,374	83,815
Home equity lines of credit	54,413	54,225
FDIC-supported loans, net of discounts (TeamBank)	70,906	77,615
FDIC-supported loans, net of discounts (Vantus Bank)	87,141	95,483
FDIC-supported loans, net of discounts (Sun Security Bank)	81,164	91,519
FDIC-supported loans, net of discounts (InterBank)	248,786	259,232
	2,524,952	2,520,054
Undisbursed portion of loans in process	(146,105)	(157,574)
Allowance for loan losses	(40,548)	(40,649)
Deferred loan fees and gains, net	(3,090)	(2,193)
	$2,335,209	$2,319,638
Weighted average interest rate	5.28%	5.39%

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Classes of loans by aging were as follows:

	March 31, 2013						
	30-59 Days Past Due	60-89 Days Past Due	Over 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days and Still Accruing
	(In Thousands)						
One- to four-family residential construction	$—	$—	$—	$—	$38,953	$38,953	$—
Subdivision construction	49	37	2	88	34,288	34,376	—
Land development	—	—	635	635	62,643	63,278	—
Commercial construction	—	—	—	—	143,043	143,043	—
Owner occupied one- to four-family residential	609	464	1,780	2,853	79,546	82,399	222
Non-owner occupied one- to four-family residential	379	—	1,280	1,659	142,893	144,552	—
Commercial real estate	21	7,002	9,441	16,464	682,957	699,421	—
Other residential	—	—	3,822	3,822	268,532	272,354	—
Commercial business	575	265	5,194	6,034	275,031	281,065	—
Industrial revenue bonds	—	—	2,029	2,029	46,739	48,768	—
Consumer auto	342	54	95	491	90,468	90,959	13
Consumer other	847	315	605	1,767	81,607	83,374	173
Home equity lines of credit	336	55	314	705	53,708	54,413	—
FDIC-supported loans, net of discounts (TeamBank)	867	47	9,404	10,318	60,588	70,906	—
FDIC-supported loans, net of discounts (Vantus Bank)	1,148	2,347	5,622	9,117	78,024	87,141	—
FDIC-supported loans, net of discounts (Sun Security Bank)	1,078	2,284	10,403	13,765	67,399	81,164	—
FDIC-supported loans, net of discounts (InterBank)	5,075	207	27,705	32,987	215,799	248,786	—
	11,326	13,077	78,331	102,734	2,422,218	2,524,952	408
Less FDIC-supported loans, net of discounts	8,168	4,885	53,134	66,187	421,810	487,997	—
Total	$3,158	$8,192	$25,197	$36,547	$2,000,408	$2,036,955	$408

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

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

	March 31, 2013	December 31, 2012
	(In Thousands)	
One- to four-family residential construction	$—	$—
Subdivision construction	2	3
Land development	635	2,471
Commercial construction	—	—
Owner occupied one- to four-family residential	1,558	2,115
Non-owner occupied one- to four-family residential	1,280	1,905
Commercial real estate	9,441	8,324
Other residential	3,822	—
Commercial business	7,223	6,249
Consumer auto	82	94
Consumer other	432	385
Home equity lines of credit	314	220
Total	$24,789	$21,766

The following table presents the activity in the allowance for loan losses by portfolio segment for the three months ended March 31, 2013 and 2012, 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, 2013:

	One- to Four-Family Residential and Construction	Other Residential	Commercial Real Estate	Commercial Construction	Commercial Business	Consumer	Total
				(In Thousands)			
Allowance for loan losses							
Balance January 1, 2013	$6,822	$4,327	$ 17,441	$ 3,938	$ 5,096	$3,025	$40,649
Provision charged to expense	(337)	2,031	3,590	1,240	1,735	(34)	8,225
Losses charged off	(919)	(1,895)	(4,343)	(53)	(1,018)	(917)	(9,145)
Recoveries	9	19	124	5	25	637	819
Balance March 31, 2013	$5,575	$4,482	$ 16,812	$ 5,130	$ 5,838	$2,711	$40,548
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
Ending balance:							
Individually evaluated for impairment	$1,860	$1,585	$3,924	$955	$3,101	$164	$11,589
Collectively evaluated for impairment	$3,709	$2,897	$12,872	$4,174	$2,730	$2,547	$28,929
Loans acquired and accounted for under ASC 310-30	$6	$—	$16	$1	$7	$—	$30
Loans							
Individually evaluated for impairment	$11,808	$16,607	$46,543	$11,006	$10,334	$1,028	$97,326
Collectively evaluated for impairment	$288,472	$255,747	$701,646	$195,315	$270,731	$227,718	$1,939,629
Loans acquired and accounted for under ASC 310-30	$266,218	$50,754	$116,175	$9,465	$11,515	$33,870	$487,997

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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, 2012:

	One- to Four-Family Residential and Construction	Other Residential	Commercial Real Estate	Commercial Construction	Commercial Business	Consumer	Total
				(In Thousands)			
Allowance for loan losses							
Individually evaluated for impairment	$2,288	$1,089	$ 4,990	$ 96	$ 2,778	$156	$11,397
Collectively evaluated for impairment	$4,532	$3,239	$ 12,443	$ 3,842	$ 2,315	$2,864	$29,235
Loans acquired and							