

Great Southern Bank (Q4 2025 Earnings)

January 22, 2026

Corporate Speakers:

- Christina Maldonado; Lambert by LLYC; Investor Relations
- Joseph Turner; Great Southern Bank; President and Chief Executive Officer
- Rex Copeland; Great Southern Bank; Chief Financial Officer

Participants:

- Damon Del Monte; KBW; Analyst
- John Rodis; Janney Montgomery Scott; Analyst

PRESENTATION

Operator^ Good day. And thank you for standing by. Welcome to the Great Southern Bancorp's Fourth Quarter 2025 Earnings Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded. I would now like to hand the conference over to your speaker today, Christina Maldonado.

Christina Maldonado^ Good afternoon. And thank you for joining Great Southern Bancorp's Fourth Quarter 2025 Earnings Call. Today we'll be discussing the company's results for the fourth quarter and full year ended December 31, 2025.

Before we begin, I'd like to remind everyone that during this call forward-looking statements may be made regarding the company's future events and financial performance. These statements are subject to various factors that could cause actual results to differ materially from those anticipated or projected.

For a list of these factors, please refer to the forward-looking statements disclosure in the fourth quarter earnings release and other public filings. Joining me today are Chief Executive Officer Joseph Turner; and Chief Financial Officer Rex Copeland. I'll now turn the call over to Joe.

Joseph Turner^ Okay. Thanks, Christina. And good afternoon to everybody on the call. We appreciate you joining us today. Our fourth quarter and full year 2025 results reflect the sustained success of our core banking operations and our commitment to long-term tangible book value appreciation despite a volatile economic environment.

Throughout the year, we remain focused on preserving net interest margin, protecting credit quality, controlling noninterest expense and opportunistically repurchasing our stock.

For the fourth quarter, we reported net income of \$16.3 million or \$1.45 per diluted common share compared to \$14.9 million or \$1.27 per diluted common share in the year ago quarter.

For the full year, net interest income totaled \$71 million -- net income, I'm sorry, totaled \$71 million or \$6.19 per diluted common share. These results happen because of resilient net interest income, strong asset quality, improved asset liability management despite ongoing loan and deposit competition and fundamental economic pressures.

Net interest income for the 2025 fourth quarter totaled \$49.2 million which was a decrease of \$371,000 or 0.7% compared to the prior year quarter. As you'll recall, we did lose the income from our terminated swap during the fourth quarter.

We lost most of that income and the quarterly income had been \$2 million. So that's the primary reason for the small decline. Additionally, we have lower loan balances which resulted in some lower interest income.

But despite those factors, effective management of funding costs, reduced interest expense and mostly offset the decrease in interest income. This resulted in net interest margin expansion.

Our margin grew to 3.7% to 3.49% in the year ago quarter. Core deposits remained relatively stable, reflecting continued customer engagement and the underlying strength of our relationship-based banking model.

Net loans receivable totaled \$4.36 billion at year-end, representing a decline of \$333.5 million or 7.1% from where they were a year ago.

We had declines in multifamily residential, commercial construction, 1-4 family and commercial business. The decrease primarily reflects elevated payoff activity as capital markets have eased during the year. The loan production remained active, we continue to maintain a conservative underwriting posture focusing on pricing structure and borrower strength.

Additionally, construction lending remained steady through the quarter and the full year into 2025, supported by a solid level of unfunded commitments. On the funding side, total deposits decreased \$122.8 million or 2.7%. This really was almost exclusively in the brokered category that category declined \$108.7 million.

We did have a decline of \$87.3 million in our core CDs or the CDs originated through our system of banking centers, but that was almost completely offset by the growth in our interest-bearing checking accounts, that was \$75 million. Deposit markets remain competitive across both core and brokered sales and we continue to balance pricing discipline with customer retention.

We will continue to monitor repricing opportunities as interest rates and competitive dynamics develop and utilize nondeposit funding sources when appropriate. Credit quality remains a clear area of strength at year-end. Nonperforming assets for the fourth quarter totaled \$8.1 million, representing 0.15% of assets.

Compared to the linked quarter, nonperforming assets increased \$319,000. We did not record a provision for credit losses on outstanding loans in the fourth quarter of 2025.

We also recorded net recoveries of \$22,000 for the quarter compared to net charge-offs of \$155,000 during the same quarter a year ago. For all of 2025, we recorded recoveries of \$11,000.

These results reflect stable borrower performance and the effectiveness of our underwriting and portfolio monitoring practices. Expense management remained a focus for the company during the year.

Noninterest expense for the fourth quarter of 2025 was \$36 million, down about \$947,000 or 2.6% from the year ago quarter. The year-over-year decline was really exclusively a result -- in the year ago quarter, we had a \$2 million charge associated with the settlement of a contract matter. And obviously that did not recur this quarter.

We did have some higher net occupancy and equipment expense that's driven by investment in facilities and really primarily driven by investments in technology. For the fourth quarter of 2025, we reported an efficiency ratio of 63.89.

Looking forward, our priorities remain centered on maintaining strong capital and liquidity, supporting our customers and communities, maintaining strong credit metrics and deploying capital thoughtfully.

The loan growth may remain challenging and economic conditions fluid, we believe our conservative approach and sound balance sheet management will continue delivering long-term value for our stockholders. With that, I'll turn the call over to Rex for a more detailed review of our financial results.

Rex Copeland^ Thank you, Joe. And good afternoon, everyone. I'll now provide a more detailed review on our fourth quarter and full year 2025 financial performance and how it compares to both the prior year period and the linked quarter.

For the quarter ended December 31, 2025, we reported net income of \$16.3 million or \$1.45 per diluted common share compared to \$14.9 million or \$1.27 per diluted common share in the fourth quarter of 2024 and \$17.8 million or \$1.56 per diluted common share in the third quarter of 2025.

For the full year, net income was \$71.0 million or \$6.19 per diluted common share compared to \$61.8 million or \$5.26 per diluted common share in the prior year. Net

interest income totaled \$49.2 million for the fourth quarter of 2025 compared to \$49.5 million in the prior year quarter and \$50.8 million in the third quarter of 2025.

Interest income totaled \$73.4 million for the fourth quarter of 2025 compared to \$82.6 million in the fourth quarter of 2024 and \$79.1 million in the third quarter of 2025. The year-over-year change primarily reflects the discontinuation of the previously terminated interest rate swap that Joe mentioned earlier which was providing \$2 million roughly in quarterly income prior to the fourth quarter.

Also along with that, we had lower average loan balances and lower average market interest rates in the fourth quarter of '25 compared to the fourth quarter of 2024.

While market rates move lower, the impact on loan yields was somewhat moderated as cash flows from lower rate -- fixed rate loans originated in prior years were redeployed into loans with comparatively higher rates.

Interest expense totaled \$24.3 million in the 2025 fourth quarter, reflecting continued reductions in deposit and borrowing costs as repricing dynamics moderated and wholesale funding remained well managed.

In addition, we repaid \$75 million in subordinated debt in June of 2025 which resulted in \$1.1 million in lower interest expense in the fourth quarter 2025 compared to the fourth quarter of 2024. These reductions in funding costs mostly offset the downward pressure we saw on interest income.

Our proactive loan pricing in conjunction with disciplined management of funding costs resulted in net interest margin expansion as we realized an annualized net interest margin of 3.70% in the 2025 fourth quarter compared to 3.49% annualized in the year ago quarter.

Noninterest income totaled \$7.2 million for the fourth quarter of 2025 compared to \$6.9 million in the prior year quarter and \$7.1 million in the third quarter of 2025. The small increase in noninterest income was due primarily to a \$289,000 increase in late charges and fees on loans resulting from the early payoff of really primarily one commercial real estate loan in the 2025 fourth quarter.

Total noninterest expense for the fourth quarter of 2025 was \$36.0 million compared to \$36.9 million in the fourth quarter of 2024 and \$36.1 million in the third quarter of 2025.

The year-over-year decline primarily reflects, as Joe mentioned earlier, the \$2 million decrease in other operating expenses which resulted from the litigation and contract matter that we spoke of earlier.

These reductions were partially offset by a \$1.2 million increase in net occupancy and equipment expense driven primarily by higher computer license and support costs related to core systems and disaster recovery enhancements, charges associated with branch

closures and lease facility asset adjustments and seasonal expenses related to things like snow removal and some adjustments to real estate taxes.

Our efficiency ratio was 63.89% in the fourth quarter of 2025 compared to 65.43% in the fourth quarter of 2024 and 62.45% in the third quarter of 2025.

Turning to the balance sheet items now. Total assets ended the year at \$5.60 billion down from \$5.98 billion at the end of 2024 and \$5.74 billion at September 30, 2025. Total net loans, excluding mortgage loans held for sale, totaled \$4.36 billion at December 31, 2025, down from \$4.69 billion at December 31, 2024, driven by primarily declines, as Joe mentioned, in multifamily construction, 1:4 family residential and commercial business loans.

And while the loan demand remains selective, the pipeline of unfunded loan commitments remain solid with the largest portion related to the unfunded portion of booked construction loans. Liquidity remained strong at year-end with cash and cash equivalents totaling \$189.6 million.

In addition, the company maintained access to approximately \$1.63 billion of additional borrowing capacity through the Home Loan Bank and the Federal Reserve Bank.

Total deposits were \$4.48 billion at December 31, 2025, reflecting a decrease of \$122.8 million or 2.7% compared to December 31, 2024. The reduction was primarily driven by a decrease in brokered deposits of \$109 million and a decrease in time deposits of \$87 million. Those are retail time deposits, not brokered. This was partially offset, as Joe mentioned before by increases in interest-bearing checking deposits which totaled about \$75 million.

As of December 31, 2025, we estimated that uninsured deposits, excluding deposit accounts of the company's consolidated subsidiaries were approximately \$720 million, representing roughly 16.1% of total deposits.

Asset quality remained excellent with nonperforming assets representing 0.15% of total assets at year-end, consistent with both the linked quarter and prior year quarter.

During the fourth quarter of 2025, we recorded net recoveries of \$22,000, an improvement from \$155,000 in total net charge-offs recorded in the fourth quarter of 2024. For the full year 2025, we recorded net recoveries of \$11,000.

For the year ended December 31, 2025, we did not record a provision for credit losses on the portfolio of outstanding loans compared to a provision of \$1.7 million recorded in 2024. In the fourth quarter of both 2024 and 2025, we did not record a provision for credit losses on the portfolio of outstanding loans.

However as a result of increased unfunded commitment balances, we recorded a provision for unfunded commitments of \$882,000 in the 2025 fourth quarter, down from \$1.6 million provision recorded in the fourth quarter of 2024.

Capital levels remained a key strength at year-end. Stockholders' equity was \$636.1 million at December 31, 2025, an increase of \$36.6 million from \$599.6 million at the end of 2024.

Stockholders' equity represented 11.4% of total assets and book value per common share was \$57.50 at year-end 2025. The increase in stockholders' equity over the prior year was driven primarily by full year earnings, improvements in unrealized losses on investment securities and interest rate swaps and proceeds from stock option exercises, partially offset by cash dividends declared and common stock repurchased throughout the year.

Tangible common equity increased to 11.2% at December 31, 2025, compared to 9.9% at year-end 2024, reflecting the combined impact of retained earnings and improved market valuations within the securities portfolio.

We ended the year with capital levels well in excess of regulatory requirements, providing flexibility to support the balance sheet, return capital to shareholders and navigate changing economic conditions.

During the fourth quarter of 2025, we repurchased 241,000 shares of our common stock at an average price of \$59.33. And during the full year 2025, we repurchased 755,000 shares of our common stock at an average price of \$58.35.

In the fourth quarter of 2025, our Board of Directors also declared a regular quarterly cash dividend of \$0.43 per common share, consistent with the previous quarter. For the full year ended December 31, 2025, the Board declared regular quarterly cash dividends totaling \$1.66 per common share.

Overall, our balance sheet remains well positioned, supported by strong capital levels, ample liquidity and a healthy loan portfolio. That concludes my remarks. We are now ready to take your questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question is going to come from the line of Damon DelMonte with KBW.

Damon Del Monte^ First question, just regarding the margin. A pleasant surprise this quarter. I think given the impact from the swap, we're expecting the margin to come down pretty substantially, but you're able to offset that, it looks like with some lower funding costs. So just kind of curious as to how you think about the margin here as we start off 2026.

Rex Copeland^ I think so far, we -- as you said, we performed a little better than we thought we might in the fourth quarter with that.

We were able to bring some of our funding costs down, we're trying to manage that pretty proactively with the different avenues that we have to provide funding whether it's deposits or wholesale funds, et cetera. So we're trying to work through that and manage those -- the cost side of it.

I think what we're seeing, too, on the interest income side, we are seeing some of our loans which were put on the books maybe a few years ago at maybe some lower short-term fixed rates, and some of those are renewing or we're just getting repayments on those and we're able to redeploy those funds in a little bit higher rate -- the current market rate than we had on the books before.

So it's a combination of a few of those things. Obviously the first quarter, there's fewer calendar days. That shouldn't affect the margin percentage as much per se, but dollar-wise, we'll expect to be down some because of just a number of days in the quarter.

Damon Del Monte^ So do you think you're able to manage it? So there's just a modest amount of compression? Or I mean do you think you can make -- have it go higher from here?

Rex Copeland^ I don't know that -- I mean you can jump in Joe. I don't know if we could expect to see it go higher necessarily.

Joseph Turner^ Yes. I think, Damon, until the Fed take some action. I think we've -- we will see our maybe our core CD portfolio since that's sort of a lagging portfolio, maybe some of that will reprice and we'll see some interest expense go down there, but that's not a very big portion of our deposits.

Most of our deposits reprice pretty well immediately. And so I think we probably gotten about all we can done on the part of the portfolio, so there won't -- there probably won't be any more improvement there.

The loan portfolio, as Rex said, I guess, if there is a bias, it would be a slight bias to go maybe a little bit higher, but it's not very meaningful in the overall scope of our level of net interest income.

So I mean as we said, we don't give guidance. But I think looking at the fourth quarter, I don't see anything that would make it be a whole lot different than that.

Damon Del Monte^ Okay. Got it. And then with respect to the outlook for loan growth, it sounds like you're continuing to have good production pipelines are healthy, but you continue to face elevated payoffs. Do you expect those payoffs to slow down at all were to a point where we can get some net growth here in 2026?

Joseph Turner^ Yes. I think it's still going to be a challenging loan growth market for us because there's just -- while there's good activity, it's not great. And there still is outsized loan portfolio or loan payoffs. So I think that's going to be our challenge going forward.

Rex Copeland^ In the fourth quarter, we did have one or two kind of unique loans. They were short-term loans and they paid off, and we knew that was going to happen. So that was one sizable one for sure. And we did generate new loans and had some growth.

Some of the loans are construction deals where they are not going to fund immediately, but others were ones where they were existing projects, and so we did fund those day one. I think it will just be like Joe said, there will be some more continuation of that. But I don't know that I see that -- I don't have a lot of clarity as far as what might pay off.

We do have a pretty sizable multifamily portfolio. And I think that was where we saw quite a bit of the repayment with the exception of the one loan I mentioned was in that multifamily. So it's hard to know exactly the timing and magnitude of how that's going to go.

Joseph Turner^ Yes. It really is hard, Damon. I mean we try to keep track of it. We try to guess, but it's sort of -- it's sort of for the borrowers.

Some of them choose to maybe pay us off with the debt fund, some of them choose to take a sale that's maybe at a lower price than they would be able to sell it for maybe a year or two down the road.

So it's sort of the balls and the borrower's court to a big extent. So it's really hard to give you any guidance on that.

Damon Del Monte^ Got it. And then if I could just ask one more question on expenses. Fourth quarter came in much better than what we were looking for. Should we kind of expect an uptick off of this quarter's level, just kind of given a reset with salaries and benefits and things of that nature?

Joseph Turner^ Yes. I mean I think that's fair. We do have a lot of our employee base does have annual normal increases and a lot of those happened at the beginning of the year. Payroll taxes will reset. And generally, there will be some increase in that compared to the fourth quarter, there are some factors, as you say there that play into that.

Operator^ Our next question is going to come from the line of John Rodis with Janney.

John Rodis^ Hope you're doing well. Joe, just sort of back to the loan question from before loans were down 7% this year. I know payoffs are hard to predict, so I appreciate that. But do you think maybe you've seen at least the worst of it? Or do you think loans could be down a similar amount in '26.

Joseph Turner^ It's just really hard to say, John. Obviously I hope we've seen kind of the worst of it. We really like our loan portfolio. And we're working hard to originate stuff.

So I hope that's kind of like a high watermark for paydowns. But because loan repayments is such a big part of the calculation, it's just hard to kind of guarantee that one way or the other.

Rex Copeland^ Continue to originate and -- but we are also maintaining some pricing discipline, obviously term credit term discipline. So we're going to continue that. We want to maintain credit quality obviously. So there's been growth, new loan originations in 2025. We just had payoffs that were outpacing a bit.

John Rodis^ Okay. That's helpful, Rex. Rex, just on the securities portfolio, how should we think about that going forward? It was down a little bit this year? What sort of cash flows do you expect for the year?

Rex Copeland^ Yes. I mean the portfolio is about the same now as it has been for most of the year. So nothing really different about it.

So probably similar type assuming rates don't change a whole lot, probably similar type of payments. Maybe these rates are lower now than they were to start 2025. Maybe there'll be a little bit more repayment.

But the portfolio is mostly, as you can see from our filings, it's mostly mortgage-backed. It's all agency stuff, some SBAs, some municipality stuff, but by and large, the bulk of it is going to be some sort of an agency pass-through types and things of that nature.

So we do get some monthly payment stream from it, but it's not large amounts necessarily the portfolio is fixed rate stuff. So it's not changing around based on rates from that standpoint as far as our yields and such go.

So I don't know that -- I mean it's not probably going to be dramatically different in '26. I wouldn't think unless the rates move down enough that there's a kind of a larger amount of prepayments to go on.

John Rodis^ Okay. And as far as the cash flows, you're not really reinvesting right now are you?

Rex Copeland^ No. We've pretty much been taking the cash flows and reinvesting in loans.

John Rodis^ Yes. Okay. Okay. Just one more question on the buybacks. You guys have been fairly active. And I think for the press release, you leave almost 700,000 shares currently. All things equal, would you expect to repurchase most of that this year?

Joseph Turner^ I mean we're -- Yes. We like where our stock is trading at, John. Obviously it's a little bit higher than it was in 2024, but I mean our book value is a little higher, too.

So I mean I think even with the recent run-up in stock price, we're still trading at less than 115% of book. So we see that as a good value. And particularly while we're not growing a lot, a good use of capital.

John Rodis^ Yes. You've definitely got the capital to support it.

Joseph Turner^ Thanks, John.

Operator^ And I'm showing no further questions at this time. And I would like to hand the conference back over to Joseph Turner for closing remarks.

Joseph Turner^ All right. We appreciate everybody being on the call today, and we'll look forward to talking to you in April. Thank you.

Operator^ This concludes today's conference call. Thank you for participating, and you may now disconnect. Everyone have a great day.