

## Great Southern Bancorp (Q2 2026 Earnings)

July 16, 2026

### Corporate Speakers:

- Christina Maldonado; LLYC; Investor Relations Advisor
- Joseph Turner; Great Southern Bancorp; President and Chief Executive Officer
- Rex Copeland; Great Southern Bancorp; Chief Financial Officer

### Participants:

- Damon Del Monte; KBW; Analyst
- John Rodis; Brean Capital; Analyst

## PRESENTATION

Operator^ Thank you. Good day. And thank you for standing by. Welcome to the Great Southern Bancorp Second Quarter 2026 Earnings Call. (Operator Instructions) Please be advised that today's conference is being recorded. I would now like to hand the conference over to your first speaker for today, Christina Maldonado. Please go ahead. Thank you.

Christina Maldonado^ Good afternoon. And thank you for joining Great Southern Bancorp's Second Quarter 2026 Earnings Call. Today we'll be discussing the company's results for the quarter ended June 30th, 2026.

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 earnings release and other public filings. Joining me today are President and CEO, Joe 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 everyone on the call. We appreciate you joining us today. Our second quarter 2026 results reflect the strength and resilience of our core banking franchise despite what remains a highly competitive operating environment.

Our operating metrics remain sound, supported by disciplined expense management, careful balance sheet positioning, and our ongoing emphasis on relationship-based banking.

In the second quarter of '26, we reported preliminary net income of \$15.8 million or \$1.43 per diluted common share, compared to \$19.8 million or \$1.72 per diluted common share in the previous year quarter.

These results were negatively impacted by several one-time expenses related to the plan consolidation of nine banking centers and staffing reductions in other operational areas which Rex and I will discuss further.

For the first half of '26, preliminary net income totaled \$33.3 million or \$299 per diluted common share compared to \$36.9 million or \$318 per share the first half of '25.

Net interest income in the second quarter totaled \$49.5 million down from \$51 -- down from \$51 million in the year-ago quarter. This change from the prior year period was driven primarily by the absence in '26 of \$2 million of interest income from a previously terminated swap. Despite this headwind, discipline funding cost management allowed for the expansion of our margin to [3.76] from the year ago quarter when it was [3.68].

In terms of lending, net loan balances decreased to \$148.9 million in the second quarter of '26. This decline is largely reflected of elevated loan payoff activity.

The decline was most pronounced in the commercial real estate and construction categories compared to December 31, '25, net loan balances decreased \$49.1 million to \$4.31 billion.

As emphasized in previous communications, period to period loan trends are heavily influenced by borrower repayments and remain difficult to forecast. Our focus remains on discipline originations anchored by conservative underwriting standards.

Our broader lending pipeline remains robust with total commitments standing at \$1.07 billion at June 30 including \$531.5 million in unfunded in the unfunded portion of closed construction loans. On the funding side, total deposits decreased \$180.7 million in the first six months of '26.

The majority of this decline, about \$88 million, was within broker deposits, reflecting a strategic choice to utilize FHLB borrowing given the pricing pressures within the brokered market. Interest-bearing checking balances decreased about \$92 million in the first six months of the year, with most of this being in the higher end of the rate of those type of accounts.

Increases in non-interest bearing checking balances roughly offset decreases in our retail time deposit portfolio. From a credit quality standpoint, our metrics remain excellent. Total non-performing assets at the end of the second quarter were 0.17% of total assets compared to 0.15% at the end of the year.

We did have a charge off of \$909,000 on a multi-family loan transferred to foreclosed assets in the second quarter which Rex will discuss further.

We view this as sort of an idiosyncratic situation the borrower had certain circumstances that related just to them, and we don't view it as migration of any portion of our portfolio. Expense management remains a top priority for our bank.

This focus is evident in our decision to consolidate nine banking centers and eliminate a total of 66 positions across various divisions. Ultimately, we believe this will allow for better alignment with our customers' banking preferences along with our pursuit of operational efficiencies as technology and services evolve.

Noninterest expense for the quarter was \$38.2 million. However when excluding the one-time costs associated with the branch consolidation and workforce reduction, noninterest expense was \$36.1 million. These one-time costs consist of \$1.4 million in asset valuation allowance on four owned locations and \$561,000 in severance costs and \$163,000 in remaining lease expense for a loan production office, which will close at the end of July.

As we move through the balance of '26, we remain focused on protecting asset quality, executing thoughtful operational improvements, and consistently building long-term value for our stockholders. The lending and funding environments remain competitive, but we are navigating this landscape from a position of strength. With that, I'm going to call over to Rex for a more detailed discussion of the financials.

Rex Copeland^ All right. Thank you, Joe. And good afternoon, everyone. I'll now provide a little more detail on our second quarter of 2026 financial performance and how it compares to both the prior year quarter and the previous linked quarter.

As we mentioned, for the quarter ended June 30, 2026, we reported preliminary net income of \$15.8 million, or \$1.43 per diluted common share, compared to \$19.8 million, or \$1.72 per diluted common share, in the second quarter of 2025, and \$17.5 million, or \$1.50 per diluted common share in the first quarter of 2026. Net interest income for the quarter totaled \$49.5 million compared to \$51 million in the second quarter of 2025 and \$48.3 million in the first quarter of 2026.

The \$1.5 million or 2.9% decline from the second quarter of 2025 was driven primarily by the \$2 million reduction in quarterly interest income associated with the previously terminated interest rate swap which we mentioned, at which that amortization ended in October of 2025.

Compared to the prior year quarter, interest income was also affected by lower loan balances and lower market interest rates which primarily impacted variable rate loans and newer fixed rate originations.

Those items were partially offset by lower interest expense on deposit accounts and borrowings due to disciplined funding cost management and the ongoing down to repricing of rates on liabilities.

In addition, there was no interest expense on subordinated notes in the quarter ended June 30, 2026 as those notes were redeemed in June of 2025. Compared to the first quarter of 2026, net interest income increased \$1.2 million.

A portion of the increase was due to one additional calendar day in the second quarter, along with modest increases in interest income on loans and investments and interest expense which was nearly unchanged compared to the 2026 first quarter.

Also during the 2026 second quarter, we did record approximately \$393,000 of interest income related to the collection of previously unbooked interest on a single relationship. Though this relationship has recently provided interest payments semi-annually, the timing and amount of this income may vary going forward.

Our annualized net interest margin for the second quarter of 2026 expanded to 3.76% compared to 3.68% in the second quarter of 2025 and 3.71% in the first quarter of 2026. Non-interest income for the quarter was \$7.4 million compared to \$8.2 million in the second quarter of 2025 and \$7.0 million in the first quarter of 2026.

The year-over-year decrease of \$837,000 was driven by an \$897,000 decline in other income, primarily due to \$1.1 million in one-time income relating to our tax credit partnership investments that we recorded in the 2025 period. Partially offsetting the decline in other income was a \$230,000 increase in commissions income compared to the prior year quarter.

Favorable yields on annuity offerings have increased demand from our customer base for this product. Total non-interest expense for the quarter was \$38.2 million compared to \$35.0 million in the second quarter of 2025 and \$34.8 million in the first quarter of 2026. And just as a reminder, in the first quarter of 2026, we did have about \$700,000 of items that reduced expense in that first quarter.

As Joe mentioned, our non-interest expense in the quarter is impacted significantly by one-time expenses related to the consolidation of the nine branches and severance costs related to workforce reductions in those branches and in other operational areas. Excluding these one-time costs, non-interest expense was \$36.1 million, or \$1.1 million higher than the year-ago quarter.

This increase was partially due to a \$333,000 increase in computer license and support costs, given the company's continued investment in core system enhancements and data security projects, along with smaller increases in various other expense categories such as postage and advertising. The one-time branch consolidation and severance costs total \$2.1 million.

Specifically, they include a \$1.4 million valuation allowance, \$561,000 in severance costs representing the 66 plan position eliminations, and \$163,000 in lease expense obligations for the closing loan production office.

Accounting rules require that certain costs and expected losses be recorded immediately, while any expected gains are not recorded until realized. The \$1.4 million valuation allowance is based upon our evaluation of the estimated market value of each affected location relative to their carrying values.

We believe four of the nine owned locations may result in a loss on sale, though we do not expect to realize losses on the sale of the other five properties. Further, we expect the eventual aggregate selling price of all affected properties will exceed the combined carrying value of the affected locations. The banking center consolidations and the workforce reductions are expected to result in approximately \$4.4 million to \$4.8 million in non-interest expense savings beginning in the fourth quarter of 2026.

This savings is expected to be partially offset by a projected amount of customer deposit attrition in the affected locations over time, which will likely be replaced by higher cost alternative funding. These actions combined are expected to result in approximately \$2.3 million to \$2.7 million in annual pre-tax income improvement, again beginning in Q4 of this year.

For income taxes, the company's effective tax rate for the three months into June 30, 2026 was approximately 15.3% compared to 18.5% in the same period for 2025.

For the six months into June 30, 2026, the effective tax rate was 17.1% compared to 19.2% in prior year period. The lower effective tax rate in the second quarter of 2026 was driven by our usual tax credits and tax exempt income sources, and also by higher allowable tax deductions resulting from increased levels of employee stock option exercises.

Going forward, we continue to expect our combined federal and state effective tax rate range from approximately 18% to 19.5% in future periods. Turning to the balance sheet, total assets ended the quarter at approximately \$5.52 billion, compared to \$5.60 billion at the end of December 2025. Gross loans receivable stood at \$4.38 billion.

Over the first six months of the year, net loans decreased by \$49.1 million or 1.1% driven by repayments in commercial real estate which was down \$73.3 million, and multifamily which was down \$39.9 million, partially offset by a \$53.2 million expansion in construction balances. Compared to the linked quarter, that loan contracted by \$148.9 million from March 31 due to elevated prepayments.

As Joe highlighted, these repayments are difficult to predict and may continue to drive volatility in our loan balances in future quarters.

On the funding side, total deposits ended the quarter at approximately \$4.30 billion, down \$143.1 million from March 31, 2026. Given the loan balance decline, we electively allowed higher cost brokerage balances to mature without replacement.

Our deposit mix consisted of \$2.20 billion in interest bearing checking, \$877.4 million in non-interest bearing checking, \$651.5 million in time deposits and \$575.6 million in broker deposits at June 30. Uninsured deposits are estimated at \$665 million or 15.5% of total deposits.

At June 30, 2026, secured borrowing line availability at the Federal Home Loan Bank and Federal Reserve Bank was \$1.23 billion and \$319.6 million, respectively, alongside cash and cash equivalents of \$180 million.

From an asset quality perspective, overall performance remains strong. Non-performing assets and potential problem loans combined total \$10.6 million. Non-performing assets decreased sequentially by \$700,000 to \$9.4 million, or 0.17% of total assets, compared to \$10.1 million, or 0.18% in the first quarter of 2026, but up from \$8.1 million or 0.15% of total assets at December 31, 2025. Potential problem loans were \$1.16 million at the end of the 2026 second quarter.

During the quarter, we moved a single \$1.8 million multifamily property from non-performing loans through transfer to foreclosed assets with a charge off on this loan of \$909,000 bringing our net charge offs in the second quarter to \$819,000.

During both the three and six months into June 30, 2026, we did not record a provision expense on our outstanding loan portfolio, but recognized the provision for unfunded commitments of \$8,000 in the second quarter of 2026. The bank's allowance for credit losses was stable at 1.46% of total loans.

Overall, our core credit metrics continue to reflect our long-standing focus on discipline risk management and a portfolio that is performing well. Our capital position remained a key strength.

Total stockholders' equity at June 30, 2026 was \$641.6 million, representing 11.6% of total assets and a book value of \$58.95 per common share, up from \$636.1 million, or \$57.50 per common share at December 31, 2025.

Capital increased in the six-month period by \$33.3 million of net income and \$11.9 million from stock issued for option exercises which were mostly offset by \$9.4 million in dividends declared on common stock, \$24.8 million in common stock buybacks, and a \$5.5 million increase in unrealized AOCI losses which would be a decrease to our capital.

In the second quarter, we increased capital by \$7.3 million by 125,000 option exercises at an average price of \$54.17, while decreasing capital \$7.8 million by repurchasing 114,000 shares of common stock at an average price of \$68.39, leaving approximately 304,000 shares remaining available under our current repurchase authorization.

Overall, our second quarter results reflect solid execution throughout our business. Our net interest margin expanded, our core deposit mix remained stable, and our asset quality trends remained solid. Our capital benchmarks sit at strong levels.

We are well positioned for continued operational success and meaningful growth in tangible book value per share. That concludes my remarks and we are now ready to take your questions.

## QUESTIONS AND ANSWERS

Operator^ (Operator Instructions). Our first question comes from the line of Damon Del Monte with KBW. Your line is open.

Damon Del Monte^ Hi. Good afternoon, guys. Hope everybody's doing well. First question, just wanted to talk a little bit about the margin, Rex, kind of, how you think about the back half of the year.

I know you called out some CDs that are repricing in the next three months and kind of just wondering, you know do you expect that kind of benefit on the lower repricing to kind of help keep margin stable at a current level? Or I guess, how are you feeling about it directionally from this point?

Rex Copeland^ Yes. So when you look at the first quarter and the second quarter this year, we did expand the margin a little bit. I think we do have some more CD.

Obviously we've got some CD maturities coming up here in the third quarter, a fairly sizable amount. Those are at rates, though, that are probably not where we're going to see a lot of benefit they've repriced multiple times I'd say since the last rate cut. So you know maybe some benefit there, but it's not going to be substantial, I wouldn't think.

I think we're going to continue to see repayment in different loan categories, potentially maybe in some of our fixed rate one to four family that may be at a little bit lower rates and we can redeploy that into higher, but that's not a large volume typically of monthly payments coming back in.

So I think I would kind of characterize what we've done the first half of the year. Generally I think is going to continue to kind of flow through. I don't really see anything too different at the moment on that.

Damon Del Monte^ Got it. Okay. That's helpful. Thanks. And then on the kind of the outlook for loans, if you look at the average balances versus the end of period, it appears that a lot of these payoffs came in late in the quarter.

So just kind of, Joe, I heard the comment on the size of the pipeline and the unfunded commitments that have yet to fund on the construction side.

But I guess as you look out into the back half of the year, do you foresee the pace of the payoff slowing and you think you can kind of get to a positive growth rate like we saw in the first quarter?

Joseph Turner^ It's just hard to -- and that's why we don't give guidance. This is hard to project. You're talking about -- I mean, we -- like we said we have a high quality loan portfolio and customers do have other options. And we'll compete to keep a lot of it and have been competing to keep a lot of it and competing for new business as well but it's just -- it's really, really difficult to predict. And that's why we just don't do that.

Damon Del Monte^ Got it. Okay. And if I could just squeeze one more in. The announcement to consolidate the nine bank locations and have some headcount reduction, I guess what was the thought there?

Was there an evaluation done on these branches and they were kind of underperforming? Or was this just a way to kind of manage the overall earnings outlook for the company with growth being slower? You found some areas where you can maybe make some cost saves?

So I'm just kind of curious in the thought process behind that, and could we expect additional closures going forward at some point?

Joseph Turner^ Maybe kind of answer both those at the same time, Damon. I mean I think you guys have asked before, are there any programs for operational improvements or those sorts of things? And we've told you, that's kind of an ongoing thing with us.

And we're constantly evaluating our system of banking center that's highly important delivery channel for us but also very, very expensive. So we're constantly kind of analyzing cost, analyzing customer traffic patterns, and looking at those. So we've done that for historically.

I think probably in the last 15 years we've probably closed 50 or more banking centers. I mean maybe 30% or 40% of our portfolio. So as customer patterns change, we'll continue to do that so that will be ongoing and as will as technology affects other parts of our business too, we'll continue to evaluate and try to make our operation as efficient as we possibly can.

Damon Del Monte^ Got it. Okay. Great. That's helpful. Thank you very much.

Operator^ Thank you. Please stand by for our next question. Our next question comes from the line of John Rodis with Brean Capital. Your line is open.

John Rodis^ Hi guys, good afternoon.

Joseph Turner^ Hi John.

John Rodis^ Hey. Rex, just following back up on the margin discussion with Damon. I guess, were you sort of implying that, do you think you can grow the margin from here, or do you think it's sort of stable with the second quarter level?

And if I look at the second quarter, if I back out that interest recovery, looks like the margins may be closer to 373. So were you sort of implying that you think you could maybe hold the margins stable, or do you think you could still grow it a little bit?

Rex Copeland^ I probably lean more towards stable, and where I'm kind of looking at right now, we're going to try to do what we can to reduce some of our funding costs, but the competition on both loans and funding is pretty significant right now. And so we're continuing to see it both in local markets and in more the national brokered markets where you can get funding, but there's just a lot of competition on pricing to get it.

John Rodis^ Yes. As far as if you hold the margin steady, but with loans continuing to decline or obviously continued volatility there, even if you hold the margin steady, net interest income dollars probably trend down from the second quarter level. Is that correct?

Rex Copeland^ I mean if we do have net reduction in loan balances, that would probably start to be that way. We'll reduce, we've got a lot of wholesale funding through either through brokerage or through home loan bank advances.

So if we have reductions on the loan side, we would reduce our borrowings there which there is some spread still in that. So we would reduce some spread. We'll keep trying to do everything we can to manage the funding mix.

But yes, I mean we'll have one more actual calendar day in the first quarter versus the second quarter, so we do have one more day of net interest income that we would look from a dollar standpoint.

But yes, I mean I think you're thinking correctly that if our loan balances do, on net, continue to trend down, then we would have some pressure on the dollar amount there in the quarter.

John Rodis^ Yes, okay. Joe, just back to you on loans. And obviously it's hard to predict and a lot of volatility. But can you maybe just talk a little bit about origination activity this quarter versus payoff activity and how that compares to recent past quarters?

Joseph Turner^ I think origination activity in the second quarter was maybe a little lower than, say, the last year. I think certainly it was definitely lower than the first quarter, I believe. So there was that.

I mean I think we're continuing to get looks at things and we're taking our shot. I can tell you it is highly competitive out there for the customers and the types of loans and the customers that we're competing for.

We're still out there taking our shot, John. It's just there's a lot of other people doing the same thing.

John Rodis^ And then as far as --

Rex Copeland^ Kind of the mix of it too, John. In the first quarter this year, I think we had more loans that funded day one.

In the second quarter, I think we had more loans that were more toward construction deals that aren't going to fund for a while because the customer is putting their equity in the deal first.

John Rodis^ Yes. So if origination activity was down this quarter versus first quarter, how would you characterize the level of payoffs this quarter?

Joseph Turner^ I think payoffs were substantially higher this quarter than last quarter. And I would say probably somewhat higher than the trend we've seen over the last year.

John Rodis^ Okay. Okay. And I mean did anything unusual happen this quarter to make them a lot higher or is just sort of?

Joseph Turner^ I mean that's the tough thing, John. We really -- I don't think we felt any different about from a payout perspective or from an origination perspective.

We didn't feel any different on January 1, 2026, than we did on April 1, 2026. And the results were fairly different. So that's why I'm saying I think it's a fool's errand for us to try to predict payoffs and originations for that matter.

John Rodis^ No, I get it. Rex, just shifting gears to expenses, so if you back out the \$2.1 million, you're roughly \$36.1 million for the quarter, and then you start to get the benefits of the consolidation in the fourth quarter.

So if, give or take, \$36 million in the second quarter is sort of a core number, A, is that the right way to look at it and then, B, backing out the cost saves of a little bit over a million dollars, you're sort of looking at a \$35 million run rate and expenses starting in the fourth quarter. Am I thinking about that correct?

Rex Copeland^ Somewhat. I mean that's how that part of it should flow through. I think you're right, the \$36.1 million in the quarter is, we didn't really have a lot of other noise in there, so that's probably in line with kind of a core operating number.

And then we'll start to see those benefits in the fourth quarter as you said. In the third quarter we won't really see any benefit from it, and we are continuing to add some costs related to some technology initiatives and some other initiatives that we have going on.

So I think like we told you last quarter, we'll continue to see quarterly expenses in the non-interest categories moving a little bit higher from those initiatives as well.

So I don't know that I would say we are going to save the entire million dollars a quarter as we move ahead but there will be some portion of that that yes we should we should see benefit of.

John Rodis^ Okay. So said another way, that \$35 million plus added tech expenses is sort of what you said, right?

Rex Copeland^ Right, right.

John Rodis^ Okay. Okay. Just as far as the buyback goes, you guys weren't as active. What you've got roughly 300,000 shares remaining.

Okay. All things equal, the stock's had a nice move. Are you -- at this level, does it -- at the \$80, high 70s, 80, does it make sense? Or are you sort of on pause regarding the buyback?

Joseph Turner^ I don't know that we want to exactly say here's what we'll pay, but I would say it still makes sense it probably doesn't make as good a sense as it did you know at 70 or 65 or whatever, so I mean it's something we're still considering for sure, John.

We have a fairly conservative window. Our window will open, I think, Monday and will close the last day of August. So really about half the quarter, we're only buying stock back under a 10B5 plan. And so, we sort of set our numbers when stock prices were a lot lower.

And we didn't get anything bought really. So, I think that's part of what's going on. But we'll have to sit down and think about -- I think capital, how we allocate our capital, that's something that's going to be an important topic of discussion at the board level.

Because we are generating a fair amount of capital and we have high capital ratios already. So there are different ways we can deploy it and we'll try to make the best use of it we can.

John Rodis^ Yes. Just said, I guess since you just your last comment, if I mean even if you bought back the remaining 300,000 shares at the current level, your TCE remains well above 11%. Other than maybe increasing the common dividend, what other alternatives would you potentially be considering, Joe?

Joseph Turner^ I mean I think there's -- I mean you know us. We're not going to do, like, some acquisition, crazy kind of -- we're not going to try to lever ourselves that way.

So for us, the most likely, I think, are either continued share repurchases, increasing the quarterly dividend, or we have in the past done special dividends. So it would be one of those three, or some combination thereof.

John Rodis^ Okay. Okay. Makes sense, guys. Thank you.

Operator^ Thank you. Ladies and gentlemen, I am showing no further questions in the queue. I would now like to turn the call back over to Joe for closing remarks.

Joseph Turner^ Okay. Thanks everybody. We appreciate your attendance today. And we'll look forward to talking to you in the fall. Thank you.

Operator^ This concludes today's conference call. Thank you for your participation. You may now disconnect.