

SOUTHERN MISSOURI BANCORP INC  
Form DEF 14A  
September 22, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. \_)

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

SOUTHERN MISSOURI BANCORP, INC.

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

September 21, 2015

Dear Fellow Shareholder:

On behalf of the Board of Directors and management of Southern Missouri Bancorp, Inc., we cordially invite you to attend the 2015 Annual Meeting of Shareholders. The meeting will be held at 9:00 a.m. local time, on October 26, 2015, at the Holiday Inn Ballroom, 2781 North Westwood Boulevard, Poplar Bluff, Missouri.

The matters expected to be acted upon at the meeting are described in the attached proxy statement. A proxy card enabling you to vote without attending the meeting is enclosed. In addition, we will report on our progress during the past year.

We encourage you to attend the meeting in person. Whether or not you plan to attend, however, **please read the enclosed proxy statement and then complete, sign and date the enclosed proxy and return it in the accompanying postpaid return envelope provided as promptly as possible.** This will save us the additional expense in soliciting proxies and will ensure that your shares are represented at the annual meeting. In accordance with the rules of the Securities and Exchange Commission, our proxy statement, proxy card and annual report to shareholders are available on the Internet at <http://www.edocumentview.com/SMBC>.

Your Board of Directors and management are committed to the continued success of Southern Missouri Bancorp, Inc., and the enhancement of your investment. As President and Chief Executive Officer, I want to express my appreciation for your confidence and support.

Sincerely,

/s/ Greg A. Steffens  
Greg A. Steffens  
*President and Chief Executive Officer*

**SOUTHERN MISSOURI BANCORP, INC.**  
**531 Vine Street**  
**Poplar Bluff, Missouri 63901**  
**(573) 778-1800**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To be held on October 26, 2015**

Notice is hereby given that the annual meeting of shareholders of Southern Missouri Bancorp, Inc. will be held at the Holiday Inn Ballroom, 2781 North Westwood Boulevard, Poplar Bluff, on October 26, 2015, at 9:00 a.m. local time.

**A proxy card and a proxy statement for the annual meeting are enclosed.**

The annual meeting is for the purpose of considering and voting on the following proposals:

- Proposal  
1. Election of four directors of Southern Missouri Bancorp, each for a term of three years;
- Proposal  
2. An advisory (non-binding) vote on executive compensation, commonly referred to as a “say on pay” vote;
- Proposal  
3. Ratification of the appointment of BKD, LLP as Southern Missouri Bancorp’s independent auditors for the fiscal year ending June 30, 2016.

Shareholders also will transact such other business as may properly come before the annual meeting, or any adjournment or postponement thereof. As of the date of this notice, we are not aware of any other business to come before the annual meeting.

The Board of Directors has fixed the close of business on September 4, 2015, as the record date for the annual meeting. This means that shareholders of record at the close of business on that date are entitled to receive notice of and to vote at the meeting and any adjournment thereof. **Shareholders have a choice of voting by Internet or by telephone, by mailing a completed Proxy Card or by submitting a ballot in person at the Annual Meeting.**

**Regardless of the number of shares you own, your vote is very important. Please act today to ensure that your shares are represented at the meeting.**

BY ORDER OF THE BOARD OF DIRECTORS

/s/ RONNIE D. BLACK  
RONNIE D. BLACK  
*Secretary*

Poplar Bluff, Missouri  
September 21, 2015

**SOUTHERN MISSOURI BANCORP, INC.**  
**531 Vine Street**  
**Poplar Bluff, Missouri 63901**  
**(573) 778-1800**

**IMPORTANT NOTICE: Internet Availability of Proxy Materials**

**for the Shareholders' Meeting To Be Held on October 26, 2015.**

These proxy materials are also available to you on the Internet.  
You are encouraged to review all of the information contained in the proxy materials before voting.

**The Company's Proxy Statement, Annual Report to  
Shareholders and other proxy materials are available at**

<http://www.edocumentview.com/smbc>

**SOUTHERN MISSOURI BANCORP, INC.**

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS**

**October 26, 2015**

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**SOUTHERN MISSOURI BANCORP, INC.**

**531 Vine Street**

**Poplar Bluff, Missouri 63901**

**(573) 778-1800**

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**PROXY STATEMENT**

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**ANNUAL MEETING OF SHAREHOLDERS**

**To be held on October 26, 2015**

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Southern Missouri Bancorp, Inc.'s Board of Directors is using this proxy statement to solicit proxies from the holders of Southern Missouri Bancorp common stock for use at our annual meeting of shareholders. We are first mailing this proxy statement and the enclosed form of proxy to our shareholders on or about September 21, 2015. Certain of the information provided herein relates to Southern Bank, a wholly owned subsidiary of Southern Missouri Bancorp. Southern Bank may also be referred to from time to time as the "Bank." References to "Southern Missouri Bancorp", the "Company", "we", "us" and "our" refer to Southern Missouri Bancorp, Inc. and, as the context requires, Southern Bank.

By submitting your proxy, you authorize our Board of Directors to represent you and vote your shares at the meeting in accordance with your instructions. The Board also may vote your shares to adjourn the meeting from time to time and will be authorized to vote your shares at any adjournments or postponements of the meeting.

Southern Missouri Bancorp's Annual Report to Shareholders for the fiscal year ended June 30, 2015, which includes Southern Missouri Bancorp's audited financial statements, is enclosed. Although the Annual Report is being mailed to shareholders with this proxy statement, it does not constitute a part of the proxy solicitation materials and is not incorporated into this proxy statement by reference. These materials are also available via the Internet at <http://www.edocumentview.com/smbc>.

**INFORMATION ABOUT THE ANNUAL MEETING**

Time and Place of the Annual Meeting.

Our annual meeting will be held as follows:

**Date:** October 26, 2015

**Time:** 9:00 a.m., local time

**Place:** Holiday Inn Ballroom

2781 North Westwood Boulevard

Poplar Bluff, Missouri

Matters to be Considered at the Annual Meeting.

At the meeting, shareholders of Southern Missouri Bancorp are being asked to consider and vote upon the following proposals:

Proposal I. Election of four directors of Southern Missouri Bancorp, for a term of three years;

Proposal II. An advisory (non-binding) vote on executive compensation as disclosed in this proxy statement,

commonly referred to as a “say on pay” vote; and

Proposal III. Ratification of the appointment of BKD, LLP as Southern Missouri Bancorp's independent auditors for the fiscal year ending June 30, 2016.

The shareholders also will transact any other business that may properly come before the annual meeting or any adjournment or postponement of the annual meeting. As of the date of this proxy statement, we are not aware of any other business to be presented for consideration at the annual meeting other than the matters described in this proxy statement.

Who is Entitled to Vote?

We have fixed the close of business on September 4, 2015, as the record date for shareholders entitled to notice of and to vote at the Southern Missouri Bancorp annual meeting. Only holders of record of Southern Missouri Bancorp common stock on that record date are entitled to notice of and to vote at the annual meeting. You are entitled to one vote for each share of Southern Missouri Bancorp common stock you own. On September 4, 2015, there were 7,424,666 shares of Southern Missouri Bancorp common stock outstanding and entitled to vote at the annual meeting.

What if My Shares are Held in "Street Name" by a Broker?

If you are the beneficial owner of shares held in "street name" by a broker, your broker, as the record holder of the shares, is required to vote the shares in accordance with your instructions. If you do not give instructions to your broker, your broker may nevertheless vote the shares with respect to "discretionary" items, but will not be permitted to vote your shares with respect to "non-discretionary" items. In the case of non-discretionary items, the shares not voted will be treated as "broker non-votes." Whether an item is discretionary is determined by the exchange rules governing your broker. All of the items being voted on at the meeting are expected to be non-discretionary items except the vote on the ratification of the appointment of BKD, LLP.

How do I vote my 401(k) shares?

If you participate in the Southern Bank 401(k) Retirement Plan you may provide voting instructions to Capital Bank and Trust Company, the plan's trustee, by completing and returning the Proxy Card accompanying this proxy statement, by using the toll-free telephone number, or by indicating your instructions over the Internet. When casting your vote, you should consider your long-term best interests as a plan participant, as well as the long-term best interests of other plan participants. The trustee will vote your shares in accordance with your duly executed instructions received by October 16, 2015.

If you fail to sign or timely return the proxy voting instructions, whether by mail, by telephone, or over the Internet, the trustee will vote your shares as “abstain.”

#### How Many Shares Must Be Present to Hold the Meeting?

A quorum must be present at the meeting for any business to be conducted. The presence at the meeting, in person or by proxy, of at least a majority of the shares of Southern Missouri Bancorp common stock entitled to vote at the annual meeting as of the record date will constitute a quorum. Proxies received but marked as abstentions or broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting.

#### What If a Quorum Is Not Present at the Meeting?

If a quorum is not present at the scheduled time of the meeting, a majority of the shareholders present or represented by proxy may adjourn the meeting until a quorum is present. The time and place of the adjourned meeting will be announced at the time the adjournment is taken, and no other notice will be given. An adjournment will have no effect on the business that may be conducted at the meeting.

## How Do I Vote at the Annual Meeting?

You can vote:

- by returning the enclosed proxy card in the enclosed pre-paid envelope;
- by telephone; or
- over the Internet

Please refer to the specific instructions set forth in the proxy card. You may also vote your shares in person at the meeting. However, to ensure that your shares are voted in accordance with your wishes and that a quorum is present at the meeting so that we can transact business, we urge you to register your vote by proxy as promptly as possible. Your prompt response will help reduce solicitation costs. For security reasons, our electronic voting system has been designed to authenticate your identity as a shareholder. If you hold shares in "street name," your broker, bank, trustee, or nominee will provide you with materials and instructions for voting your shares.

## May I Revoke My Proxy?

You may revoke your proxy before it is voted by:

- submitting a new proxy with a later date;
- notifying the Corporate Secretary of Southern Missouri Bancorp in writing before the annual meeting that you have revoked your proxy; or
- voting in person at the annual meeting.

If you plan to attend the annual meeting and wish to vote in person, we will give you a ballot at the annual meeting. However, if your shares are held in the name of your broker, bank or other nominee, you must bring a validly executed proxy from the nominee indicating that you have the right to vote your shares.

## How does the Board of Directors recommend I vote on the items to be considered at the annual meeting?

The Board of Directors recommends that you vote:

- FOR the election of the four director nominees to the Board of Directors.
- FOR approval of the advisory (non-binding) vote on executive compensation (“say on pay”).
- FOR ratification of the appointment of BKD, LLP.

What if I do not specify how my shares are to be voted?

*Registered Shareholders.* If you a registered shareholder and you submit a proxy but do not indicate any voting instructions, your shares will be voted:

- FOR the election of the four director nominees to the Board of Directors.
- FOR approval of the advisory (non-binding) vote on executive compensation (“say on pay”).
- FOR ratification of the appointment of BKD, LLP.

*Holders of Shares in “Street Name”.* If you hold your shares in “street name” through a broker and do not provide your broker with voting instructions, it is expected that your broker will be unable to vote your shares except on the vote to ratify the appointment of BKD, LLP. See “What if my shares are held in ‘street name’ by a broker?”

#### Will Any Other Business Be Conducted at the Meeting?

The Board of Directors knows of no other business that will be presented at the meeting. If any other matter properly comes before the shareholders for a vote at the meeting, the Board of Directors, as holder of your proxy, will vote your shares in accordance with its best judgment.

#### How Many Votes Are Required to Elect the Director Nominees?

The affirmative vote of a plurality of the votes cast at the meeting is required to elect the nominees as directors. This means that the three director nominees will be elected if they receive more affirmative votes than any other persons nominated for election. No persons have been nominated for election other than the three nominees named in this proxy statement. If you vote "Withhold" with respect to the election of any or all of the nominees, your shares will not be voted with respect to the person or persons indicated, although your shares will be counted for purposes of determining whether there is a quorum.

#### How Many Votes Are Required to Approve Each of the Other Items?

The affirmative vote of a majority of the votes cast on the matter is required to approve the advisory (say on pay) vote on executive compensation and the ratification of the appointment of BKD, LLP. The outcome of the say on pay vote is not binding on the Board of Directors.

#### What Happens If a Nominee Is Unable to Stand for Election?

If a nominee is unable to stand for election, the Board of Directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the Board of Directors, as holder of your proxy, will vote your shares for the substitute nominee unless you have withheld authority to vote for the nominee replaced.

#### How Will Abstentions Be Treated?



If you abstain from voting, your shares will still be included for purposes of determining whether a quorum is present. Because directors will be elected by a plurality of the votes cast, abstaining is not offered as a voting option for the election of directors. An abstention on the advisory (say on pay) vote or on the ratification of the appointment of BKD, LLP will not be counted as a vote cast and will have no effect on the item.

#### How Will Broker Non-Votes Be Treated?

Shares treated as broker non-votes on one or more items will be included for purposes of calculating the presence of a quorum but will not be counted as votes cast on those items.

#### Proxy Solicitation Costs

We will pay the cost of soliciting proxies. In addition to this mailing, our directors, officers and employees may also solicit proxies personally, electronically or by telephone. We will also reimburse brokers and other nominees for their expenses in sending these materials to you and obtaining your voting instructions.

## STOCK OWNERSHIP OF SOUTHERN MISSOURI BANCORP COMMON STOCK

### Stock Ownership of Significant Shareholders, Directors and Executive Officers

The following table sets forth, as of the September 4, 2015, voting record date, information regarding share ownership of:

those persons or entities (or groups of affiliated person or entities) known by management to beneficially own more than five percent of Southern Missouri Bancorp common stock other than directors and executive officers;

each director and director nominee of Southern Missouri Bancorp, Inc.;

each executive officer of Southern Missouri Bancorp named in the Summary Compensation Table appearing under “Executive Compensation” below; and

all current directors and executive officers of Southern Missouri Bancorp as a group.

The address of each of the beneficial owners, except where otherwise indicated, is the same address as Southern Missouri Bancorp. An asterisk (\*) in the table indicates that an individual beneficially owns less than one percent of the outstanding common stock of Southern Missouri Bancorp. As of September 4, 2015, there were 7,424,666 shares of Company common stock issued and outstanding. The share amounts presented in the table reflect the two-for-one common stock split in the form of a 100% common stock dividend paid January 30, 2015.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (the “SEC”). In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to outstanding options that are exercisable as of or within 60 days after September 4, 2015, are included in the number of shares beneficially owned by the person and are deemed outstanding for the purpose of calculating the person’s percentage ownership. These shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person.

<b>Beneficial Owners</b>	<b>Number of Shares Beneficially Owned<sup>(1)</sup></b>	<b>Percent of Common Stock Outstanding (%)</b>
<b>Beneficial Owners of More Than 5% Other than Directors and Named Executive Officers</b>		
Southern Bank 401(k) Retirement Plan <sup>(2)</sup> 531 Vine Street, Poplar Bluff, MO 63901	413,043	5.6
Sy Jacobs, Jacobs Asset Management, LLC <sup>(3)</sup> 11 East 26 <sup>th</sup> Street, Suite 1900, New York, NY 10010	682,150	9.2
Endicott Opportunity Partners III, L.P. <sup>(4)</sup> 360 Madison Ave, 21 <sup>st</sup> Floor, New York, NY 10017	440,902	5.9
<b>Directors and Named Executive Officers</b>		
Greg A. Steffens, Director and President <sup>(5)</sup>	298,555	4.0
L. Douglas Bagby, Director and Chairman	34,402	*
Ronnie D. Black, Director and Secretary	49,370	*
Sammy A. Schalk, Director	99,098	1.3
Rebecca M. Brooks, Director	28,500	*
Charles R. Love, Director	25,900	*
Charles R. Moffitt, Director	21,000	*
Dennis C. Robison, Director	33,125	*
David J. Tooley, Director	42,000	*
Todd E. Hensley, Director <sup>(6)</sup>	538,040	7.2
Kimberly A. Capps, Chief Operations Officer <sup>(5)</sup>	101,124	1.4
William D. Hribovsek, Chief Lending Officer <sup>(5)</sup>	76,471	1.0
Matthew T. Funke, Chief Financial Officer <sup>(5)</sup>	45,137	*
Lora L. Daves, Chief Credit Officer <sup>(5)</sup>	23,732	*
Directors and executive officers of Southern Missouri Bancorp, Inc. and Southern Bank as a group (14 persons) <sup>(7)</sup>	1,416,754	18.9

Except as otherwise noted in these footnotes, the nature of beneficial ownership for shares reported in this table is sole voting and investment power. Included in the shares beneficially owned by the directors and named executive (1) officers are options to purchase shares of Southern Missouri Bancorp common stock exercisable within 60 days of September 4, 2015, as follows: Mr. Robison – 10,000 shares; Mr. Tooley – 2,000 shares; Mr. Hensley – 2,000 shares; Ms. Capps – 10,000 shares; Mr. Hribovsek – 10,000 shares; Mr. Funke – 10,000 shares; Ms. Daves – 10,000 shares.

Represents shares held by the Southern Bank 401(k) Retirement Plan. All of the shares have been allocated to (2) accounts of participants. Pursuant to the terms of the 401(k) Plan, each 401(k) Plan participant has the right to direct the voting of shares of Southern Missouri Bancorp common stock allocated to his or her account.

Based on information filed by Sy Jacobs and Jacobs Asset Management (“Jacobs Parties”) in a schedule 13-G filed (3) with the SEC on December 17, 2014. The Jacobs Parties reported shared voting and dispositive power over 682,150 shares (split-adjusted).

(4) Based on information filed by Endicott Opportunity Partners III, L.L.P. and their affiliated entities (“Endicott”) in a Schedule 13-G filed with the SEC on February 4, 2013. Endicott reported shared voting and dispositive power over

440,902 shares (split-adjusted).

(5) Includes 38,455 shares held by Mr. Steffens' account, 38,214 shares held by Ms. Capps' account, 28,471 shares held by Mr. Hribovsek's account, 9,137 shares held by Mr. Funke's account, and 3,690 shares held by Ms. Daves' account under the Southern Bank 401(k) Retirement Plan.

(6) Based in part on information reported by Mr. Hensley in a Schedule 13D filed with the SEC on May 22, 2015. Mr. Hensley reported sole voting and dispositive power over 536,040 shares.

(7) Includes shares held directly, as well as shares held jointly with family members, shares held in retirement accounts, held in a fiduciary capacity, held by certain of the group members' families, or held by trusts of which the group member is a trustee or substantial beneficiary, with respect to which shares the group member may be deemed to have sole or shared voting and/or investment powers. This amount also includes options that are exercisable as of or within 60 days after September 4, 2015, to purchase 54,000 shares of Southern Missouri Bancorp common stock granted to directors and executive officers.

\* Less than 1% ownership.

## PROPOSAL I — ELECTION OF DIRECTORS

Our Board of Directors currently consists of ten members. Approximately one-third of the directors are elected annually to serve for a three-year period or until their respective successors are elected and qualified.

The table below sets forth information regarding each director of Southern Missouri Bancorp and each nominee for director, including his or her age, position on the board and term of office. The Nominating Committee of the Board of Directors recommends individuals to be nominated by the Board of Directors for election as directors. All of our nominees currently serve as Southern Missouri Bancorp directors. Each nominee has consented to being named in this proxy statement and has agreed to serve if elected. If a nominee is unable to stand for election, the Board of Directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the proxy holders will vote your shares for the substitute nominee, unless you have withheld authority. At this time, we are not aware of any reason why a nominee might be unable to serve if elected. Except as disclosed in this proxy statement, there are no arrangements or understandings between any nominee and any other person pursuant to which such nominee was selected. All of the Company's directors also serve as directors of the Bank. **The Board of Directors recommends you vote "FOR" each of the director nominees.**

Name	Age <sup>(1)</sup>	Position(s) Held with Southern Missouri Bancorp, Inc. and Southern Bank	Director Term to	
			Since <sup>(2)</sup>	Expire
<b><u>Director Nominees</u></b>				
Greg A. Steffens	48	President, Chief Executive Officer and Director	2000	2018
L. Douglas Bagby	65	Chairman of the Board	1997	2018
David J. Tooley	66	Director	2011	2018
Todd E. Hensley	48	Director	2014	2018
<b><u>Directors Continuing in Office</u></b>				
Sammy A. Schalk	66	Director	2000	2016
Charles R. Love	64	Director	2004	2016
Charles R. Moffitt	71	Director	2004	2016
Ronnie D. Black	67	Director and Secretary	1997	2017
Rebecca M. Brooks	59	Director	2004	2017
Dennis C. Robison	61	Director	2008	2017

(1) At June 30, 2015.

(2) Includes service as a director of Southern Bank.

Business Experience and Qualifications of Directors and Director Nominees

The Board believes that the many years of service that our directors have at the Company, the Bank or at other financial institutions is one of their most important qualifications for service on our Board. This service has given them extensive knowledge of the banking business and the Company. Furthermore, their service on Board committees here or at other institutions, especially in areas of audit, compliance and compensation is critical to their ability to oversee the management of the Bank by our executive officers. Service on the Board by our president is critical to aiding the outside directors' understanding of the complicated issues that are common in the banking business. Each outside director brings special skills, experience and expertise to the Board as a result of their other business activities and associations. The business experience for at least the past five years and the experience, qualifications, attributes, skills and areas of expertise of each director that further supports his or her service as a director are set forth below.

**L. Douglas Bagby.** Mr. Bagby served as the City Manager of Poplar Bluff from September 2003 until his retirement in June 2014. Previously, he was employed for 14 years as the General Manager of Poplar Bluff Municipal Utilities and had served two earlier years as the Poplar Bluff City Manager. Mr. Bagby served six years on the Poplar Bluff R-1 school board. He is currently Chairman of the Board of Directors of Southern Missouri Bancorp. His background provides expertise in providing deposit services and credit to public units, both directly and through the securities markets.

**Ronnie D. Black.** Mr. Black is currently the Secretary of Southern Missouri Bancorp, Inc. Mr. Black served as Executive Director of the General Association of General Baptists, from 1997 until his retirement in 2010; he continues to serve as a consultant for the association and for Jim Hill Consultants, a firm specializing in stewardship campaigns for religious organizations. Previously, Mr. Black served as Director of Stewardship for the association and as Director of the General Baptist Foundation. Mr. Black served 13 years on the Poplar Bluff City Council, including service as the city's mayor. Mr. Black provides valuable contacts to the Company in area non-profit and religious organizations.

**Rebecca M. Brooks.** Ms. Brooks is the financial operations manager for McLane Transport, Inc. She has held that position since 1997. In that capacity, her duties include financial statement preparation and analysis, budgeting, oversight of the firm's payroll, payables, and receivables functions, and tax management. She was previously employed in healthcare administration and served as President of a small hospital employee credit union. That institution merged with Maxwell-Gunter Federal Credit Union, where she served on the board of directors for five years. Ms. Brooks provides expertise to the Board of Directors in the evaluation of transportation and other service industry borrowers. Having worked with credit unions provides Ms. Brooks a background for understanding consumer credit and regulatory oversight of financial institutions.

**Todd E. Hensley.** Mr. Hensley was formerly Chairman, President, and CEO of Peoples Service Company and its subsidiary, Peoples Banking Company prior to their acquisition by the Company on August 5, 2014. He also served as Chairman of the Board of Directors of the subsidiary bank, Peoples Bank of the Ozarks. Prior to that, he served as Compliance Officer and General Counsel and also had broad responsibilities for the operations of Peoples Banking Company and its subsidiaries. He remains an attorney licensed to practice in Missouri and Illinois. He has been involved in the banking industry for over 20 years.

**Charles R. Love.** Mr. Love is a certified public accountant and retired as a partner with the accounting firm of Kraft, Miles & Tatum, LLC. Mr. Love was an accountant with Kraft, Miles & Tatum, LLC for 26 years, and has over 42 years of experience in public accounting, including conducting audits and preparing financial statements and tax returns. He brings important technical and financial expertise to the Board, including the ability to understand and explain financial statements and tax returns of borrowers. His varied practice provides a knowledge base regarding the area's economic performance.

**Charles R. Moffitt.** Mr. Moffitt is the managing partner of Morse Harwell Jiles Insurance Agency located in Poplar Bluff. He has held that position since 1999. Mr. Moffitt was previously employed as an insurance producer and manager, and before that as an educator. Mr. Moffitt provides risk management expertise to the Board. His experience managing a successful business provides insight into general management issues of the Company.

**Dennis C. Robison.** Mr. Robison is a farmer in Butler and Ripley counties in Missouri. He primarily raises soybeans, rice, wheat, and corn. He served on the board of Riceland Foods from 1994 to 2006. As managing partner of two farming operations, his responsibilities have included budgeting, financing, tax planning, and resource and personnel management. His experience as a farmer provides an ability to understand the operations of the Company's agricultural borrowers, and his experience managing successful farming operations provides insight into general management issues of the Company.



**Sammy A. Schalk.** Mr. Schalk is the President and principal owner of Gamblin Lumber Company. Mr. Schalk serves on the advisory committee for the Industrial Technology Department of a local junior college, and is a member of the City of Poplar Bluff's municipal utilities advisory board. He is Chairman of Southern Bank. Mr. Schalk's experience in the building trades industry provides expertise into the evaluation of commercial and residential real estate lending issues. He is currently Chairman of the Board of Southern Bank. His experience managing a successful business provides insight into general management issues of the Company.

**Greg A. Steffens.** Mr. Steffens has served as President of Southern Missouri Bancorp since October 2000 and as Chief Executive Officer since 2003. Prior to being elected President, Mr. Steffens served as Chief Financial Officer of Southern Missouri Bancorp, and President and Chief Executive Officer of Southern Bank. Previously, Mr. Steffens was the Chief Financial Officer of Sho-Me Financial Corp. for four years, and before that, Mr. Steffens was employed as a bank examiner with the Office of Thrift Supervision. As President, Mr. Steffens brings a special knowledge of the financial, economic and regulatory challenges the Company faces and is well-suited to educate the Board on these matters.

**David J. Tooley.** Mr. Tooley assisted in the staffing and opening of what began as a Loan Production Office and is now a full-service branch for Southern Bank in Springfield, Missouri from September 2010 through October 2011. He previously was President, CEO and a Director of Metropolitan National Bank (MNB) in Springfield serving from February, 2001 until his retirement on March 31, 2010. Prior to MNB, he worked at First Savings Bank (FSB) of Mt. Vernon, Missouri. He started at FSB in January 1975 and was employed there until December 31, 1997. He co-managed FSB and also served on the Board of Directors. FSB was converted to a publicly traded company in 1993 and subsequently was purchased by Union Planters Bank of Memphis, Tennessee in 1997. (Union Planters Bank was later merged into Regions Bank.) He also served on the community bank board of Union Planters after the merger until his employment at MNB. He has over thirty-five years of management experience at banking institutions.

Board of Directors' Meetings and Committees and Corporate Governance Matters

Board Meetings, Independence and Ethics Code

Meetings of the Company's Board of Directors are generally held on a monthly basis. The Company's Board of Directors held twelve regular meetings and eight special meetings during the fiscal year ended June 30, 2015. All directors of the Company attended at least 75 percent of the aggregate of the total number of Board meetings. The Company's policy is for all directors to attend its annual meeting of shareholders, and all directors attended last year's annual meeting.

Director Independence

The Board has determined that Directors Black, Bagby, Schalk, Brooks, Love, Moffitt, Robison, and Tooley, constituting a majority of the Board members, are “independent directors,” as that term is defined in Rule 5605(a)(2) of the Marketplace Rules of the Nasdaq Stock Market (“NASDAQ”). Among other things, when making this determination, the Board considers each director’s current or previous employment relationships and material transactions or relationships with the Company or the Bank, members of their immediate family and entities in which the director has a significant interest. The purpose of this review is to determine whether any relationships or transactions exist or have occurred that are inconsistent with a determination that the director is independent. Among other matters, in reaching its determination on independence, the Board considered the fact that certain of the directors or their affiliates have borrowed money from the Bank. See “Business Relationships and Transactions with Executive Officers, Directors and Related Persons.”

Shareholders may communicate directly with the Board of Directors by sending written communications to Douglas Bagby, 531 Vine Street, Poplar Bluff, Missouri 63901.

The Board of Directors has adopted a Code of Business Conduct and Ethics that applies to all directors, officers and employees. You may obtain a copy of the Code free of charge by writing to the Corporate Secretary of the Company, 531 Vine Street, Poplar Bluff, Missouri 63901 or by calling (573) 778-1800. In addition, the Code of Business Conduct and Ethics has been filed with the SEC as Exhibit 14 to the Company's Annual Report on Form 10-K for the year ended June 30, 2011 and is available on our investor relations website at <http://investors.bankwithssouthern.com> under "Corporate Overview/Corporate Governance."

#### Board Leadership Structure and Role in Risk Oversight

As noted above, the positions of Chairman of the Board and of President and Chief Executive Officer are held by separate persons. This has been the case since the Company was formed. The Board believes this structure is appropriate for the Company and the Bank because it creates a clear line between management by the executive management and oversight of management by the Board of Directors, led by the Chairman.

Risk is inherent with the operation of every financial institution, and how well an institution manages risk can ultimately determine its success. We face a number of risks, including but not limited to credit risk, interest rate risk, liquidity risk, operational risk, strategic risk and reputation risk. Management is responsible for the day-to-day management of the risks we face, while the Board has ultimate responsibility for the oversight of risk management. The Board believes that risk management, including setting appropriate risk limits and monitoring mechanisms, is an integral component and cannot be separated from strategic planning, annual operating planning, and daily management of our business. Consistent with this approach as well as based on the belief that certain risks require an oversight focus that a Board committee can better provide, the Board has delegated the oversight of certain risk areas to certain committees of the Board. The responsibilities of the Compensation Committee include the consideration of risks in connection with incentive and other compensation programs. See "—Board Meetings and Committees." These committees regularly provide reports of their activities and recommendations to the full Board. In addition, members of senior management regularly attend meetings of the Board to report to the Board on the primary areas of risk that we face.

#### Board Committee Attendance and Charter

The Board of Directors of the Company has standing Audit, Compensation, and Nominating Committees. All members of these committees attended at least 75 percent of the total number of meetings held by the committees on which he or she served during fiscal 2015, with the exception of Director Black, who missed two Audit Committee meetings, and Director Robison, who missed one Compensation Committee meeting. The Board of Directors has adopted written charters for the Audit Committee, the Compensation Committee and the Nominating Committee. The charters for the Audit Committee, Compensation Committee and the Nominating Committee are available on our investor relations website at [investors.bankwithssouthern.com](http://investors.bankwithssouthern.com) at "Corporate Overview/Corporate Governance." You also may obtain a copy of these committee charters free of charge by writing to the Corporate Secretary of the Company,

531 Vine Street, Poplar Bluff, Missouri 63901 or by calling (573) 778-1800.

#### Audit Committee

The Audit Committee is comprised of Directors Love (Chairman), Bagby, Black, Schalk, Moffitt, Brooks, Robison, and Tooley, all of whom are “independent directors” under the Nasdaq listing standards. The Board of Directors has determined that Director Love is an “audit committee financial expert” as defined in Item 407(e) of Regulation S-K of the Securities and Exchange Commission and that all of the Audit Committee members meet the independence and financial literacy requirements under the Nasdaq listing standards. The Audit Committee operates under a written charter adopted by the Company’s Board of Directors, a copy of which is available on our investor relations website, at

<http://investors.bankwithsouthern.com>, “Corporate Overview/Corporate Governance.” In fiscal 2015, the Audit Committee met four times.

The Audit Committee is responsible for hiring, terminating and/or reappointing the Company’s independent auditor and for reviewing the annual audit prepared by our independent registered public accounting firm. The functions of the Audit Committee also include:

- approving non-audit and audit services to be performed by the independent registered public accounting firm;
- reviewing and approving all related party transactions for potential conflict of interest situations;
- reviewing and assessing the adequacy of the Audit Committee Charter on an annual basis;
- ensuring the existence of effective accounting and internal control systems; and
- overseeing the entire audit function of the Company, both internal and independent.

#### Compensation Committee

The Compensation Committee is comprised of three independent directors, including Directors Robison (Chairman), Bagby, and Tooley. The Compensation Committee is responsible for:

determining compensation to be paid to the Company’s officers and employees, which are based on the recommendation of Mr. Steffens, except that compensation paid to Mr. Steffens is determined based on the recommendation of a majority of the independent directors, and Mr. Steffens is not present during voting or deliberations concerning his compensation; and

- overseeing the administration of the employee benefit plans covering employees generally.

The Compensation Committee does not designate its authority to any one of its members or any other person, however, Mr. Steffens does make recommendations to the Committee for all compensation, except his own. This Committee also administers the Company’s Stock Option and Incentive Plan, Equity Incentive Plan, and the Management Recognition and Development Plan and reviews overall compensation policies for the Company. The

Company's Compensation Committee met one time during the fiscal year ended June 30, 2015.

#### Compensation Committee Interlocks and Insider Participation

None of the three members of the Compensation Committee are an officer, employee or former officer of the Company or the Bank. None of our executive officers serve as a member of the compensation committee of any other company that has an executive officer serving as a member of our Board of Directors or serve as a member of the board of directors of any other company that has an executive officer serving as a member of our Compensation Committee.

#### Nominating Committee

The Nominating Committee is composed of Directors Schalk (Chairman), Love, and Moffitt. The committee is primarily responsible for selecting nominees for election to the Board. The Nominating Committee generally meets once per year to make nominations. The Nominating Committee will consider nominees recommended by shareholders in accordance with the procedures in the Company's bylaws, but the Nominating Committee has not actively solicited such nominations. The Nominating Committee has the following responsibilities:

recommend to the Board the appropriate size of the Board and assist in identifying, interviewing and recruiting candidates for the Board;

recommend candidates (including incumbents) for election and appointment to the Board of Directors, subject to the provisions set forth in the Company's articles of incorporation and bylaws relating to the nomination or appointment of directors, based on the following criteria: business experience, education, integrity and reputation, independence, conflicts of interest, diversity, age, number of other directorships and commitments (including charitable obligations), tenure on the Board, attendance at Board and committee meetings, stock ownership, specialized knowledge (such as an understanding of banking, accounting, marketing, finance, regulation and public policy) and a commitment to the Company's communities and shared values, as well as overall experience in the context of the needs of the Board as a whole;

review nominations submitted by shareholders, which have been addressed to the Corporate Secretary, and which comply with the requirements of the Company's articles of incorporation and bylaws;

- consider and evaluate nominations from shareholders using the same criteria as all other nominations;

annually recommend to the Board committee assignments and committee chairs on all committees of the Board, and recommend committee members to fill vacancies on committees as necessary; and

- perform any other duties or responsibilities expressly delegated to the Committee by the Board.

Nominations, other than those made by the Nominating Committee, must be made pursuant to timely notice in writing to the Corporate Secretary as set forth in the Company's bylaws. In general, to be timely, a shareholder's notice must be received by the Company not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; however, if less than 100 days' notice of the date of the scheduled annual meeting is given by the Company, the shareholder has until the close of business on the tenth day following the day on which notice of the date of the scheduled annual meeting was made. The shareholder's notice must include certain other information set forth in the Company's bylaws. This description is a summary of our nominating process. Any shareholder wishing to propose a director candidate to the Company should review and must comply in full with the procedures set forth in the Company's articles of incorporation and bylaws and in Missouri law. During the fiscal year ended June 30, 2015, the Nominating Committee met on three occasions for the selection of director nominees, with respect to committee assignments, and for the naming of officers.

## COMPENSATION OF DIRECTORS

The Company uses a combination of cash and stock-based compensation to attract and retain qualified persons to serve as non-employee directors of the Company and the Bank. Each director of the Company also is a director of the Bank. Directors are compensated \$900 per month for their service on the Company's Board of Directors. In setting director compensation, the Board of Directors considers the significant amount of time and level of skill required for service on the Boards of the Company and the Bank, particularly due to the duties imposed on directors of public companies and financial institutions. The types and levels of director compensation are annually reviewed and set by

the Compensation Committee and ratified by the full Board of Directors.

For the fiscal year ended June 30, 2015, each director received a monthly fee of \$1,100 for serving on the Bank's Board of Directors.



## Director Compensation Table for 2015

The following table provides compensation information for each member of our board of directors during the year ended June 30, 2015 (except for Mr. Steffens whose compensation is reported as a named executive officer). No option or restricted stock awards were granted in fiscal 2015.

Name	Fees Earned or Paid in Cash	Option Awards <sup>(1)</sup>	Stock Awards <sup>(2)</sup>	Change in Pension Value and Non Qualified Deferred Compensation Earnings	Total
Sammy A. Schalk	\$ 24,000	\$ —	\$ —	\$ 6,226	\$30,226
Charles R. Love	24,000	—	—	4,532	28,532
Charles R. Moffitt	24,000	—	—	4,532	28,532
Ronnie D. Black	24,000	—	—	—	24,000
Dennis C. Robinson	24,000	—	—	3,244	27,244
Rebecca M. Brooks	24,000	—	—	4,340	28,340
L. Douglas Bagby	24,000	—	—	—	24,000
David J. Tooley	24,000	—	—	2,488	26,488
Todd E. Hensley	20,000	42,900	70,200	—	133,100

Mr. Robison holds exercisable options to purchase 10,000 shares. Mr. Tooley holds options to purchase 4,000 (1) shares, none of which are currently exercisable, and Mr. Hensley holds options to purchase 10,000 shares, 2,000 of which are currently exercisable.

Each of the directors has been awarded 4,000 shares of restricted stock granted under the 2008 Equity Incentive (2) Plan; for all directors with the exception of Mr. Hensley, the award vests in equal annual installments of 20% beginning June 30, 2013. For Mr. Hensley, the award vests annually in equal installments of 20% beginning September 5, 2015.

## Directors' Retirement Agreements

Southern Bank has entered into individual retirement agreements with each of its directors. These agreements were entered into in recognition of the directors' past service to the Bank and to ensure their continued service on the Board. Each agreement provides that, following a director's termination of service on the Board on or after age 60, other than termination for cause, the director will receive five annual payments equal to the product of the cash fees paid to the director during the calendar year preceding his retirement and the director's vested percentage. The vested percentage is determined as follows: 50% after five years of service, 75% after 10 years of service, and 100% after 15 years of service. The benefits payable under the director's retirement agreements are unfunded and unsecured obligations of

Southern Bank payable solely out of the general assets of Southern Bank.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

Introduction. In this section, we provide an overview and analysis of our compensation programs, the material compensation policy decisions we have made under these programs, and the material factors that we considered in making those decisions. Following this section you will find a series of tables containing specific information about compensation paid or payable to the following individuals, whom we refer to as our “named executive officers”.

· Greg A. Steffens, President and Chief Executive Officer

· Matthew T. Funke, Chief Financial Officer

· Kimberly A. Capps, Chief Operations Officer

· William D. Hribovsek, Chief Lending Officer

Lora L. Daves, Chief Credit Officer

The discussion below is intended to help you understand the detailed information provided in those tables and put that information into context within our overall compensation program.

#### Executive Summary of Key Compensation Decisions.

Our key compensation-related decisions during and subsequent to fiscal 2015 included the following:

increases in base salaries during fiscal 2015 of between 3.6% and 21.6%, based on merit, achievement of key business plan goals, increasing responsibilities as part of a growing organization, the need to stay market competitive and retain personnel who are integral to our continued plans for growth and management succession.

- the payment of bonuses based on achievement of key business plan goals during fiscal 2015.

#### Compensation Philosophy and Objectives.

The Compensation Committee of the Board of Directors administers our compensation and benefit programs. The Compensation Committee is responsible for setting and administering the policies which govern executive compensation. Our current compensation philosophy is designed to:

- attract the right people and differentiate compensation based on performance;
- retain top performers and reward them for helping us build and sustain our culture and values and achieve our business strategy and goals;
- compensate our people in ways that inspire and motivate them, both individually and as a team, to execute our vision and drive for enduring customer satisfaction;
- provide total compensation and learning and development opportunities that are competitive with that of other companies of similar size and complexity; and
- properly align risk-taking and compensation.

While the primary components of our compensation program have been base salary, stock options and stock grants, and bonuses, the Compensation Committee also takes into account the full compensation package provided to the individual, including retirement plan benefits, health benefits and other benefits.

The Compensation Committee has established a broad-based compensation program to address compensation for directors, executive officers and other employees. The overall goal of this compensation program is to help the Company and the Bank attract, motivate and retain talented and dedicated executives, orient its executives toward the achievement of business goals and link the compensation of its executives to the Company's success. The Compensation Committee seeks to establish compensation levels that attract highly effective executives who work well as a team. Our overriding principles in setting types and amounts of compensation are:

Merit/Performance Based – Individual compensation is linked to the successful achievement of performance objectives.

Market Competition – Total compensation attracts, retains, and motivates our top performers at a competitive level in our market.

Shareholder Value – Compensation components that align the interests of key management, especially the named executive officers with those of our shareholders in furtherance of our goal to increase shareholder value.

The Company implements this philosophy by using a combination of cash and stock-based compensation, benefits, and perquisites to attract and retain qualified persons to serve as executive officers of the Company and the Bank. Our compensation program seeks to reach an appropriate balance between base salary (to provide competitive fixed compensation), incentive opportunities in performance-based cash bonuses (to provide rewards for meeting performance goals) and equity compensation (to align our executives' interests with our shareholders' interests). Each executive officer of the Company also is an executive officer of the Bank. Executive officers are not compensated separately for their service to the Company, with the exception of Mr. Steffens' receipt of fees for service on the Company's board of directors. The Compensation Committee considers the significant amount of time and level of skill required to perform the required duties of each executive's position, taking into account the complexity of our business as a regulated public company and financial institution, and informally reviews peer compensation data.

#### Base Salaries.

We provide the opportunity for our named executive officers and other officers to earn a competitive base salary. We do so in order to attract and retain appropriate talent for the position. Our base salary reflects a combination of factors, including competitive pay levels, the executive's experience and tenure, the executive's individual performance and responsibilities. We review salary levels annually to recognize these factors. We do not target base salary at any particular percentage of total compensation.

During fiscal 2015, Mr. Steffens received an increase in base salary from \$260,000 to \$275,000; Mr. Funke received an increase in base salary from \$155,000 to \$179,500; Ms. Capps received an increase in base salary from \$140,000 to \$145,000; Mr. Hribovsek received an increase in base salary from \$185,000 to \$225,000; and Ms. Daves received an increase in base salary from \$132,000 to \$145,000. Increases were attributed to achievement of key business goals related to the areas overseen by each executive officer; the need to retain top performers; the need to retain key management succession candidates; and recognition of the growing complexity of our Company and increasing responsibilities of our executive officers.

#### Bonuses

The Company does not have a written cash bonus plan in place for executive officers. For fiscal 2013, 2014 and 2015, all executive officers received cash bonuses. In determining the amount of cash bonuses to award, the compensation committee and board of directors primarily consider the Company's results in comparison to business plan targets for such measures as return on equity, earnings per share growth, net interest margin, noninterest income, and noninterest expense, as well as accomplishment of strategic objectives such as growth, entry to new markets, capitalization, and other factors. Generally, our compensation committee has viewed as a guideline a potential bonus payment of up to 25% of base salary, and made a determination of the amount of the awards to executive officers based on accomplishment of these strategic objectives. The compensation committee has also, since June 30, 2012, held 50% of each fiscal year's bonus for payout at the conclusion of the following fiscal year, as both a retention incentive and to

discourage excessive risk-taking on the part of our executive management team.

## Management Recognition and Development Plan, 2003 Stock Option and Incentive Plan, and 2008 Equity Incentive Plan

In 1994, shareholders approved the Management Recognition and Development Plan. In 2008, shareholders approved the 2008 Equity Incentive Plan. In 2003, shareholders approved the 2003 Stock Option and Incentive Plan. The Compensation Committee administers these long-term incentive stock plans, determines employee eligibility and grants share awards.

*Management Recognition and Development Plan.* The Management Recognition and Development Plan is a stock-based compensation plan designed to reward directors, officers and employees for service with a proprietary interest in the Company in a manner designed to encourage such individuals to remain with the Company. The Company reserved 142,832 shares (split-adjusted) for stock awards under this plan. Awards are discretionary and are based on an assessment of the participant's position, years of service, and contribution to the success and growth of the Company. Stock awards under the plan generally have vested in equal installments over five years from the date of grant. Prior to the vesting of the shares, the recipient has voting and dividend rights and no transfer rights over the shares. All shares available have been awarded under this Plan, and the final 2,429 shares will vest over the 2016 and 2017 fiscal years.

*2008 Equity Incentive Plan.* The purpose of the 2008 Equity Incentive Plan is to promote the long-term success of the Company and increase shareholder value by attracting and retaining key employees and directors and encouraging directors and key employees to focus on long-range objectives. In addition, the plan is designed to further link the interests of directors, officers and employees with the interest of the Company's shareholders. The Company reserved 132,000 shares of common stock (split-adjusted) for awards of restricted stock and restricted stock units under this plan. During fiscal 2015, there were 6,000 shares awarded under this plan. A total of 103,928 shares have been awarded under this plan, and 28,072 remain available for award.

*2003 Stock Option and Incentive Plan.* The purpose of the 2003 Stock Option and Incentive Plan is to promote the long-term success of the Company and increase shareholder value by attracting and retaining key employees and directors and encouraging directors and key employees to focus on long-range objectives. The Company reserved 200,000 shares (split-adjusted) for option awards under this plan, plus additional shares repurchased with the proceeds of options exercised or surrendered to pay an option exercise price. Option awards are discretionary and are based on an assessment of the participant's position, years of service, and contribution to the success and growth of the Company. The plan provides for the award of incentive stock options to qualifying employees under the federal tax laws. Stock awards under the plan generally have vested in equal installments over five years from the date of grant and must be exercised within 10 years. The exercise price of options awarded always has been the fair market value of a share of the Company's common stock on the date of grant. In fiscal 2015, 10,000 shares were awarded, and none forfeited, under this plan. As of June 30, 2015 there were 171,206 shares remaining available for future awards under the 2003 Stock Option Plan which include 3,000 shares remaining available under the 200,000 shares authorization and an additional 168,206 shares that became available as a result of stock repurchases by the Company since the adoption of the 2003 Stock Option Plan. See "Potential Termination and Change in Control Payments" for benefits

under the plan upon termination without cause or a change in control.

Other Benefits.

The Company provides benefits, including a 401(k) retirement plan and health care benefits, to all employees to attract and retain highly effective executives and other employees with an opportunity to maintain a quality standard of living over time and to have access to health care. These benefits are administered consistently to all levels of the organization. All employees share in the cost of health benefits based on the coverage they select. Available health care benefits are commensurate with that available in our market area.



The Company provides perquisites designed to enhance the success of the Company. Executive officer education is provided at industry conferences, seminars and schools. Dues to country clubs, social clubs and service organizations are paid to encourage community involvement and build business relationships.

#### Employment Agreement.

Mr. Steffens has entered into a one-year employment agreement with the Bank. Under this employment agreement, Mr. Steffens is entitled to continued payment of his salary and benefits subsequent to an involuntary termination or a termination in connection with a change in control of the Bank or the Company.

Under the agreement, an involuntary termination is a termination without cause or a constructive termination. A termination is deemed to be for cause if it is based on personal dishonesty, incompetence, willful misconduct, breach of fiduciary duty involving personal profit, intentional failure to perform stated duties, willful violation of law, regulation, regulatory order or the employment agreement. In addition, a termination required under the federal banking laws is treated as a termination for cause.

Under the employment agreement, a change in control is deemed to have occurred if: (i) there is a change in control under regulations of the Federal Reserve; (ii) the event would have to be reported on a Form 8-K; (iii) a person acquires beneficial ownership of at least 20% of the Company's securities; (iv) a majority of the board is no longer the current members or chosen by the current members; or (v) any reorganization, acquisition or sale of substantial assets in which the Company or Bank is not the resulting entity. If Mr. Steffens's employment is terminated or constructively terminated under the guidelines described in the previous paragraph in connection with or within 12 months of a change of control, the Bank would be required to pay to Mr. Steffens in a lump sum 299% of his Section 280G base amount (which is Mr. Steffens's average annual W-2 compensation during the five full calendar year periods prior to the effective date of the termination) and continue to provide access to health benefits for the remainder of the term of the agreement.

#### Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the "Compensation Discussion and Analysis" for June 30, 2015. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

The foregoing is furnished by the Compensation Committee and the Board of Directors.

*Dennis C. Robison (Chairperson)*

*L. Douglas Bagby*

*David J. Tooley*

## 2015 Summary Compensation Table

The following table sets forth information concerning the compensation earned in fiscal years 2015, 2014 and 2013 by the Named Executive Officers of the Company.

Name and Principal Position	Fiscal Year	Salary	Bonus	Non-equity			Change in Pension Value and Non-Deferred Compensation Earnings	All Other Compensation <sup>(1)</sup>	Total
				Incentive Plan Compensation	Options Awarded	Stock Awards			
Greg A. Steffens									
President and Chief Executive Officer	2015	\$ 269,703	\$ 44,025	\$ —	\$ —	\$ —	\$ —	\$ 52,243	\$ 365,971
	2014	253,000	41,025	—	—	—	—	52,137	346,162
	2013	244,794	36,875	—	—	—	—	52,484	334,153
Matthew T. Funke									
Executive Vice-President and Chief Financial Officer	2015	167,181	27,600	—	—	—	—	22,569	217,350
	2014	149,077	24,225	—	—	—	—	22,743	196,045
	2013	141,304	24,375	—	—	—	—	22,727	188,406
Kimberly A. Capps									
Executive Vice-President and Chief Operations Officer	2015	140,892	24,450	—	—	—	—	20,339	185,681
	2014	136,769	21,700	—	—	—	—	20,194	178,663
	2013	133,183	21,000	—	—	—	—	21,579	175,762
William D. Hribovsek									
Executive Vice-President and Chief Lending Officer	2015	208,007	34,525	—	—	—	—	24,799	267,331
	2014	179,630	28,650	—	—	—	—	22,223	230,503
	2013	173,381	25,500	—	—	—	—	22,385	221,266

Lora L. Daves

Executive Vice-President	2015	136,892	22,850	—	—	—	—	18,814	178,556
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