SOUTHERN MISSOURI BANCORP INC
Form S-1/A
June 27, 2011

As filed with the Securities and Exchange Commission on June 24, 2011

Registration No. 333-174113

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

PRE-EFFECTIVE AMENDMENT NO. 1 TO
FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

SOUTHERN MISSOURI BANCORP, INC.
(Exact name of registrant as specified in its charter)

Missouri	6022	43-1665523
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

531 Vine Street, Poplar Bluff, Missouri 63901
(573) 778-1800
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Greg A. Steffens, President and Chief Executive Officer
531 Vine Street, Poplar Bluff, Missouri 63901
(573) 778-1800
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement
becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-–2 of the Exchange Act. (Check one):

Large accelerated filer [ ]	Accelerated filer [ ]	Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [X]

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value $.01 per share	$28,750,000 (1) (2)	$3,338 (3)

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act.
(2) Includes the offering price of shares that the underwriter has the option to purchase to cover over-allotments, if any.
(3) Previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED ___________, 2011

PRELIMINARY PROSPECTUS

[•] Shares
Common Stock

We are offering [•] shares of our common stock, par value $0.01 per share, which is equal to ____% of our total outstanding shares of common stock as of ______, 2011 , at a price of $[•] per share. Our common stock is currently listed on the Nasdaq Global Market under the symbol "SMBC." On ___________, 2011, the last reported sale price of our common stock on the Nasdaq Global Market was $____ per share.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 12 of this prospectus to read about risks you should carefully consider before making your investment decision.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions(1)		
Proceeds to us, before expenses		

____
(1) See "Underwriting" beginning on page ___ for disclosure regarding the underwriting discounts and expenses payable to the underwriter by us.

The shares of common stock are being offered through the underwriter on a firm commitment basis. We have granted the underwriter a 30 day option to purchase up to [•] additional shares of common stock at the same price, and on the same terms, solely to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The shares of common stock are not savings accounts, deposits or other obligations of our bank subsidiary or any of our non-banking subsidiaries and are not insured by the Federal Deposit Insurance Corporation or any other government agency.

The underwriter expects to deliver the shares of common stock in book-entry form only, through the facilities of The Depository Trust Company, against payment on or about [•], 2011, subject to customary closing conditions.

The date of this prospectus is [•], 2011

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FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference may contain forward-looking statements. Forward-looking statements often include the words "believes," "expects," "anticipates," "estimates," "forecasts," "intends," "plans," "targets," "potentially," "probably," "projects," "outlook" or similar expressions or future or conditional ve such as "may," "will," "should," "would" and "could." These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the forward-looking statements, including:

- the strength of the United States economy in general and the strength of the local economies in which we conduct operations;
- fluctuations in interest rates and in real estate values;
- monetary and fiscal policies of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") and the U.S. Government and other governmental initiatives affecting the financial services industry;
- the risks of lending and investing activities, including changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for loan losses;
- our ability to access cost-effective funding;
- the timely development of and acceptance of our new products and services and the perceived overall value of these products and services by users, including the features, pricing and quality compared to competitors' products and services;
- expected cost savings, synergies and other benefits from the Company's merger and acquisition activities might not be realized within the anticipated time frames or at all, and costs or difficulties relating to integration matters, including but not limited to customer and employee retention, might be greater than expected;
- fluctuations in real estate values and both residential and commercial real estate market conditions;
- demand for loans and deposits in our market area;
- legislative or regulatory changes that adversely affect our business;
- results of examinations of us by our regulators, including the possibility that our regulators may, among other things, require us to increase our reserve for loan losses or to write-down assets;
- the impact of technological changes; and
- our success at managing the risks involved in the foregoing

Some of these and other factors are discussed in this prospectus under the caption "Risk Factors" and elsewhere in this prospectus and in the incorporated documents. The development of any or all of these factors could have an adverse impact on our financial position and our results of operations.

Any forward-looking statements are based upon management's beliefs and assumptions at the time they are made. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference in this prospectus or to update the reasons why actual results could differ from those contained in such statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this prospectus or the incorporated documents might not occur, and you should not put undue reliance on any forward-looking statements.

ABOUT THIS PROSPECTUS

You should rely only on the information contained in or incorporated by reference into this prospectus and any "free writing prospectus" we authorize to be delivered to you. We have not, and the underwriter has not, authorized anyone to provide you with additional information or information different from that contained in or incorporated by reference into this prospectus and any "free writing prospectus." If anyone provides you with different or inconsistent information, you should not rely on it. To the extent information in this prospectus and any "free writing prospectus" is inconsistent with any of the documents incorporated by reference into this prospectus and any "free writing prospectus," you should rely on this prospectus and any "free writing prospectus." We are offering to sell, and seeking offers to buy, our common stock only in states where those offers and sales are permitted. You should assume that the information contained in or incorporated by reference into this prospectus and any "free writing prospectus" is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

You should read this prospectus, all of the information incorporated by reference into this prospectus and the additional information about us described in the section entitled "Where You Can Find More Information" before making your investment decision. In this prospectus, we rely on and refer to information and statistics regarding the banking industry and the banking market in Missouri and Arkansas. We obtained this market data from independent publications or other publicly available information.

No action is being taken in any jurisdiction outside the United States to permit a public offering of our common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about, and to observe, any restrictions as to the offering and the distribution of this prospectus applicable to those jurisdictions.

Unless otherwise expressly stated or the context otherwise requires, all information in this prospectus assumes that the underwriter will not exercise its option to purchase additional shares of our common stock to cover over-allotments, if any.

As used in this prospectus, the terms "we," "our," "us," "Southern Missouri Bancorp," and the "Company" refer to Southern Missouri Bancorp, Inc. and its consolidated subsidiaries, unless the context indicates otherwise. References to "Southern Bank" or the "Bank" refer to Southern Bank, a wholly owned subsidiary of Southern Missouri Bancorp, Inc.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in, or incorporated by reference into, this prospectus. As a result, it does not contain all of the information that may be important to you or that you should consider before investing in our common stock. Before making an investment decision, you should read this entire prospectus, including the "Risk Factors" section, and the documents incorporated by reference into this prospectus, which are described below under "Incorporation of Certain Information by Reference."

Company Overview

We are a Missouri corporation headquartered in Poplar Bluff, Missouri, and serve as the holding company for Southern Bank, a Missouri-chartered trust company with bank powers organized in 1887. We are a growth-oriented, community-based financial services company that strives to provide financial solutions to the markets and clients that we serve based on their unique circumstances and needs. Our services are provided through the Bank's system of 16 banking offices, located in Poplar Bluff (3), Van Buren, Dexter, Kennett, Doniphan, Qulin, Sikeston and Matthews, Missouri, and Paragould, Jonesboro, Brookland, Leachville, Batesville and Searcy, Arkansas, and two loan production offices located in Springfield, Missouri, and Little Rock, Arkansas. We offer a broad range of commercial banking services to our business and professional clients, as well as full service consumer banking services to individuals living and/or working in our primary market areas. We are registered as a bank holding company under the Bank Holding Company Act of 1956, as amended.

Our common stock is listed on the Nasdaq Global Market under the symbol "SMBC."

As of March 31, 2011 , we had 2, 097 ,976 shares of common stock outstanding. At that date, we had total assets of $ 702.4 million, deposits of $ 576.5 million, total stockholders' equity of $ 52.9 million and tangible common equity to tangible assets of 5.92 %. Our non-performing assets (consisting of nonaccrual loans, loans past due 90 or more days, troubled debt restructurings, other real estate owned, and nonperforming investment securities) were $2. 3 million, or 0. 32 % of total assets. For the nine months ended March 31, 2011 , we had earnings of $ 3.93 per diluted common share. If the impact of the FDIC-assisted acquisition discussed below was eliminated, we would have had earnings of $ 2.03 per diluted common share.

Our principal office is located at 531 Vine Street, Poplar Bluff, Missouri 63901. Our telephone number is (573) 778-1800 and our website address is www.bankwithsouthern.com. The information on our website is not a part of this prospectus and the reference to our website address does not constitute incorporation by reference of any information on our website into this prospectus.

Recent Acquisitions

On July 17, 2009, we completed the acquisition of Southern Bank of Commerce headquartered in Paragould, Arkansas, with branches in Jonesboro, Leachville, and Brookland, Arkansas. As of June 30, 2009, the quarter-end immediately prior to the closing of the transaction, Southern Bank of Commerce had assets of $30.3 million, loans of $16.2 million, deposits of $29.3 million, and total equity of $916,000. The purchase price was $600,000. As part of this acquisition, we booked transaction expenses of $140,000, goodwill of $126,000 and a core deposit intangible of $184,000. This transaction was dilutive to earnings during fiscal year 2010 and has been break even or accretive since June 30, 2010.

On December 17, 2010, we completed the FDIC-assisted acquisition of certain assets and assumption of certain liabilities of First Southern Bank, which was headquartered in Batesville, Arkansas, and had a branch in Searcy, Arkansas, prior to being placed into receivership with the FDIC. In the transaction, we acquired assets of $144.6

million, including loans of $124.4 million, and we assumed deposits of $130.3 million. We paid a 0.25% deposit premium and received a discount on the assets of $17.5 million. We did not seek any loss sharing from the FDIC in the acquisition. First Southern's non-performing assets as a percentage of total assets at September 30, 2010, were 0.87%. First Southern's capital position became impaired when it suffered losses associated with fraud in its securities portfolio, which led to its failure. We did not acquire any investment securities in the transaction. As part of this acquisition, we booked a bargain purchase gain of $7.0 million, with $460,000 in transaction expenses recognized and an after-tax gain of $4.1 million. This transaction has been accretive to earnings for the periods ended December 31, 2010 and March 31, 2011.

Our Strategy

Our current business strategy is to operate a well-capitalized and profitable commercial and retail financial institution dedicated to serving the needs of our customers. We offer a broad range of products and services while stressing personalized and efficient customer service and convenient access to these products and services. We intend to continue to operate as a residential, commercial and consumer lender. We have structured operations around a branch system that is staffed with knowledgeable and well-trained employees. Subject to capital requirements and our ability to grow in a reasonable and prudent manner, we may open or acquire additional branches and acquire whole banks as opportunities arise. In addition to our branch system, we continue to expand electronic services for our customers. We attempt to differentiate ourselves from our competitors by providing a higher level of customer service, including through the use of technology.

A key element of our business strategy has been to increase our presence and grow the "Southern Bank" brand in the markets we currently serve and new markets in southeastern and southwestern Missouri, northeastern Arkansas and other adjacent communities that present attractive opportunities for expansion, consistent with our capital availability. We have pursued this expansion program through both prudent, disciplined internal growth and strategic acquisitions. Because some of the financial institutions in our market areas are experiencing financial difficulties, these opportunities have increased in recent months. As those troubled banks have closed or curtailed their lending activities, shrunk their assets or sold branches to improve their capital levels, we have experienced increased loan demand and branch acquisition opportunities; we have hired highly regarded and experienced lending officers and commercial bankers; and we have expanded into new market areas that are contiguous to our existing market areas, including Springfield, Missouri and Little Rock, Paragould, Jonesboro, Brookland, Leachville, Batesville and Searcy, Arkansas. These recent activities reflect our ability to take advantage of these expansion opportunities. We anticipate that a significant part of our future growth could come from Springfield, Missouri and Jonesboro, Arkansas.

Our goal is to continue to expand our franchise organically and, if available, through further opportunistic acquisitions, while maintaining sound operations and risk management, in order to provide superior returns to our shareholders. We are quickly becoming a leading community bank in our primary market area. Our strategy has been successful and we believe that we can continue to drive returns to shareholders by focusing on the following key elements:

- Continue to Increase Profitability. The management team and the Board of Directors, who collectively own 16.9% of the outstanding shares of the Company, are dedicated to producing profits and returns for the shareholders. The Company has historically achieved a strong net interest margin, which is a key driver of our profitability. We are also continuing to focus on expense control, paying particular attention to our efficiency ratio. By striving to constantly improve these ratios, we seek to improve our return on average assets and return on average equity.

- Exceptional Asset Quality Record. Over 73.9 % of our loan portfolio is secured by real estate, including approximately 32.4 % consisting of commercial real estate loans. As a

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result of the high degree of real estate expertise among our lending and credit review staff, executive officers and board of directors, and our strict, quality-oriented underwriting and credit monitoring processes, our cumulative loss, through March 31, 2011 , on commercial real estate loans since June 30, 2005 has been approximately $147,000. While credit problems at other banks in the United States have increased recently over historic levels, due to tumultuous economic conditions, credit quality remains our highest priority, and we are vigilant in rapidly responding to these conditions and to specific problem credits, as well as working to minimize losses. With the lending opportunities that are available in our market areas as a result of retrenching by larger banks, we have been increasingly able to selectively fund only the opportunities we deem most attractive, and to adequately price for risk. At March 31, 2011 , non-performing assets to total assets were 0. 32 %.

- Proven Ability to Execute Acquisitions. We plan to continue a long-term strategy of expanding and diversifying our franchise in terms of revenue, profitability, asset size and location. Our recent growth has been enhanced significantly by a whole bank acquisition transaction and an FDIC-assisted acquisition, both in the state of Arkansas, and both accomplished at minimal cost to us. Due in large part to the impact of the recent economic downturn on the financial health of numerous financial institutions, we anticipate continued consolidation in the financial services industry in our market areas and will seek to enhance our franchise through future acquisition opportunities of whole banks or branches, including through FDIC-assisted transactions. We are the only publicly traded banking institution headquartered in southeastern Missouri and northeastern Arkansas. We believe this gives us an advantage when competing for acquisitions in our market area.

- Emphasis on Core Deposits. We strive to be the leading financial institution in the market areas we serve. We are positioned as a bank that is an alternative solution for customers between the small community banks and the larger regional and money center banks. We offer a broad range of products and services while stressing personalized and efficient customer service and convenient access to these products and services. We have always maintained a strong emphasis on core deposits and a culture that is based on sales and service. We provide customers with immediate access to senior management and decision-makers that have local market knowledge. Our philosophy has allowed us to attract and retain lower cost core deposits, which has resulted in our non-interest bearing deposits consistently averaging 7% of total deposits.

- Experienced Management Team and Dedicated Board. Our management and board of directors combine extensive experience in growing a community bank franchise on a profitable and sound basis. The management team has an established track record integrating bank and product line acquisitions in our target market. Our team is experienced in the acquisition of banks, the purchase and assumption of branch networks, the acquisition of asset and deposit divestitures all in the context of in-region and market extension transactions. Our team has also successfully developed and implemented innovative client- and community-focused strategies that have delivered organic growth. Our team has worked extensively with state and federal bank regulators and has developed an understanding and capability of managing a depository institution in challenging economic and business cycles. As we execute on our growth opportunities, we will look to add directors and management team members with proven track records of acquiring, growing, integrating and operating community, regional and super-regional banks in the Midwestern banking markets.

- Commitment to Technology to Attract and Maintain Customer Relationships. While we watch our expenses and our efficiency ratio closely, we have invested in and utilize technology to compete effectively with the larger regional and money center banks operating in our area. Recently, we have upgraded our systems and infrastructure to prepare for the future growth of our company.

Our Leadership Team

The members of our leadership team all have significant experience in the financial institution industry. They have been able to leverage that experience to provide a broad understanding of the financial services business and the financial markets to our community-based operations. Combined, our leadership team has over 100 years of banking and financial services experience.

- Greg A. Steffens, the Company's President and Chief Executive Officer, has been with us since 1998. He was hired in 1998 as Chief Financial Officer and was appointed President and CEO in1999. He has over 21 years of experience in the banking industry, including service from 1993 to 1998 as chief financial officer of Mount Vernon, Missouri-based Sho-Me Financial Corp, prior to the sale of that company. Mr. Steffens also served from 1989 to 1993 as an examiner with the Office of Thrift Supervision.

- Matthew T. Funke, the Company's Chief Financial Officer, has worked for us since 2003. He has more than 12 years of banking and finance experience. Mr. Funke was initially hired to establish an internal audit function for the Company, and served as internal auditor and compliance officer until 2006, when he was named Chief Financial Officer. Previously, Mr. Funke was employed with Central Bancompany, Inc., where he advanced to the role of internal audit manager, and as a fiscal analyst with the Missouri General Assembly.

- Lora L. Daves, the Company's Chief of Credit Administration, has worked for us since 2006. Ms. Daves is responsible for the administration of the Company's credit portfolio, including analysis of proposed new credits and monitoring of the portfolio's credit quality. Ms. Daves has over 23 years of banking and finance experience, including 11 years beginning with Mercantile Bank of Poplar Bluff, which merged with and into US Bank during her tenure there. Ms. Daves' responsibilities with US Bank included credit analysis, underwriting, credit presentation, credit approval, monitoring credit quality, and analysis of the allowance for loan losses. She advanced to hold responsibility for regional credit administration, loan review, compliance, and problem credit management. Ms. Daves' experience also includes four years as Chief Financial Officer of a Southeast Missouri healthcare provider which operated a critical access hospital, eight rural health clinics, and two retail pharmacies, an ambulatory surgery center, and provided outpatient radiology and physical therapy services; and four years with a national real estate development and management firm, working in their St. Louis-based Midwest regional office as a general accounting manager.

- William D. Hribovsek, our Chief Lending Officer, has been with us since 1999. Mr. Hribovsek joined the Company as its senior commercial lender, and was named Chief Lending Officer in 2006. He has over 31 years banking experience. Prior to joining the Company, Mr. Hribovsek was employed as a commercial lender from 1979 to 1999 with Commerce Bank of Poplar Bluff, which was since merged with and into Commerce Bank, N.A. While with Commerce Bank, Mr. Hribovsek oversaw the institution's installment loan department for 12 years.

- Kimberly A. Capps, the Company's Chief Operations Officer, has been with us since 1994. She has over 20 years banking experience. Ms. Capps is responsible for the Company's retail deposit operations, product development and marketing, and data processing and network administration functions. Ms. Capps was initially hired by our bank subsidiary as controller, and was named Chief Financial Officer in 2001. In 2006, Ms. Capps was named Chief Operations Officer. Prior to joining the Company, Ms. Capps was employed for more than three years with the accounting firm of Kraft, Miles & Tatum, where she specialized in financial institution audits and taxation.

Our Market Area

We provide our customers with a full array of community banking services. We conduct our business from our headquarters in Poplar Bluff, 15 additional full service offices located in Poplar Bluff, Van Buren, Dexter, Kennett, Doniphan, Sikeston, Qulin, and Matthews, Missouri, and Paragould, Jonesboro, Leachville, Brookland, Searcy and Batesville, Arkansas and loan production offices in Springfield, Missouri and Little Rock, Arkansas. Our primary market area includes all or portions of Butler, Carter, Dunklin, Ripley, Stoddard, Scott, Mississippi, New Madrid, Wayne, and Pemiscot Counties in Missouri, and Mississippi, Clay, Independence and White Counties in Arkansas. Our market area has a population of approximately 450,000, excluding Springfield, Missouri, and Little Rock, Arkansas. The largest employers in our primary market area include Frito-Lay, Nestle, various hospitals and healthcare providers, Briggs & Stratton, Ralcorp (f/k/a Ralston-Purina), Arkansas State University, Noranda Aluminum, American Railcar, Visiting Nurse Association, Good Humor-Breyers, Emerson Electric, Monroe Shocks, Gates Rubber, Nordyne, various school districts, Wal-Mart Stores, Mid-Continent Nail, and Tyson Foods. Our primary market area is predominantly rural in nature and relies heavily on the manufacturing industries and agriculture, with products including livestock, rice, timber, soybeans, wheat, melons, corn and cotton.

We believe that we have opportunities to grow our business within and adjacent to our primary market area. Following completion of the offering, we believe we will be well-positioned to take advantage of these growth opportunities. As many of our competitors have pulled back or reduced their lending efforts in these areas or been acquired or placed in receivership, we believe opportunities exist to increase our market share through organic growth. We continue to invest in our credit and lending teams, through both hiring experienced commercial lenders and additional underwriting and credit monitoring training of our employees.

We believe that our best opportunities for growth are in the Springfield, Missouri, and Jonesboro, Arkansas, areas, based on favorable demographic trends in those areas, particularly in terms of economic and population growth. We have operated a loan production office in Springfield since September 2010. The strong loan growth we have experienced there prompted us to recently apply to our regulator to convert that office to a full service banking office. We have operated a full service banking office in Jonesboro since 2009. We acquired that office in connection with our July 2009 acquisition of Southern Bank of Commerce.

Our Capital Needs

We need additional capital in order to take advantage of the opportunities that may be presented to us. Management believes that with additional capital, the Company will be able to act upon opportunities to improve its profitability, enhance its franchise and overall shareholder value and redeem the outstanding shares of the Company's Fixed Rate Cumulative Perpetual Preferred Stock, Series A (the "TARP CPP preferred stock") issued by us to the U.S. Department of the Treasury (the "U.S. Treasury") under the TARP Capital Purchase Program (the "TARP CPP").

Executive Offices and Website

Our principal office is located at 531 Vine Street, Poplar Bluff, Missouri 63901. Our telephone number is (573) 778-1800. Our website address is www.bankwithsouthern.com. The information on our website is not a part of this prospectus and the reference to our website address does not constitute incorporation by reference of any information on our website into this prospectus.

Risk Factors

An investment in our common stock involves certain risks. For more information on these risks, please carefully review all of the information under the heading "Risk Factors" beginning on page 12 of this prospectus. You should carefully review and consider all of this information before making an investment decision.

The Offering

Issuer	Southern Missouri Bancorp, Inc.
Offering price	$[•] per share
Common stock offered by us	[•] shares(1)
Common stock outstanding after the offering	[•] shares(2)
Net proceeds	We estimate the net proceeds from the offering, after underwriting discounts and commissions and estimated expenses, will be approximately $[•], or approximately $[•] if the underwriter exercises its over-allotment option in full.
Use of proceeds	We intend to use approximately half of the net proceeds of the offering, or $_____ million, to contribute to the capital of the Bank for general corporate purposes, including funding organic loan growth and investment in securities. The net proceeds not contributed to the Bank will be used by us for general corporate purposes, which may include redemption of some or all of the TARP CPP preferred stock to the extent we do not redeem these securities through participation in the U.S. Treasury's Small Business Lending Fund program, payment of dividends and the pursuit of strategic opportunities which may be presented to us. We do not currently have any agreements or commitments with respect to any acquisitions. We would need the approval of our primary regulator to redeem the TARP CPP preferred stock, which we have not yet sought. If we receive that approval and decide to redeem all of the TARP CPP preferred stock, we may also decide to repurchase the

warrant we issued to the U.S. Treasury in connection with the TARP CPP, subject to our ability to negotiate an acceptable repurchase price with the U.S. Treasury. Initially, a substantial portion of the net proceeds retained by the Company will be invested in short-term investments and government agency backed mortgage-backed securities, as well as investment-grade debt obligations. See “Use of Proceeds.”

Trading market	Our common stock is listed on the Nasdaq Global Market under the symbol "SMBC." See "Market for Common Stock and Dividend Information."
Dividends	We currently pay a $0.12 per share quarterly dividend on our shares of common stock, and we intend to continue to pay a quarterly dividend after the offering, subject to our capital requirements, financial condition, results of operations, tax considerations, statutory and regulatory limitations, and general economic conditions. In addition, we are subject to restrictions on payment of dividends as a result of our current participation in the TARP CPP. See "Market for Common Stock and Dividend Information."

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(1) The number of shares of common stock offered assumes that the underwriter's over-allotment option is not exercised. If the over-allotment option is exercised in full, we would issue [•] additional shares of common stock in the offering.
(2) The number of shares of common stock outstanding after the offering excludes [•] shares issuable pursuant to the exercise of the underwriter's over-allotment option, 88 ,500 shares issuable upon exercise of outstanding stock options as of March 31, 2011 , with a weighted average exercise price of $ 14.45 , 80,536 shares authorized for issuance for potential future equity awards under our equity compensation plans, and 114,326 shares issuable upon the exercise of the warrant issued to the U.S. Treasury in connection with the TARP CPP at an exercise price of $12.53 per share.

Proposed Purchases by Directors and Executive Officers

The table below sets forth, for each of our directors and executive officers and for all of the directors and executive officers as a group, the following information:

(i) the number of shares of Company common stock beneficially owned as of _____________ __, 2011;

(ii) the proposed purchases in this offering, assuming sufficient shares of common stock are available to satisfy their orders; and

(iii) the total amount of Company common stock to be beneficially owned upon consummation of the offering.

				Proposed Purchases of Stock in the Offering			Total Common Stock to be Beneficially Owned After the Offering			
	Number of Shares Currently Beneficially Owned(1)	Percent of Common Stock Currently Outstanding		Number of Shares		Aggregate Purchase Price	Number of Shares		Percentage of Common Stock Outstanding	
Directors and Executive Officers										
Greg A. Steffens, Director and President and Chief Executive Officer(2)	135,901	6.5	%	5,000			140,901			
Matthew T. Funke, Chief Financial Officer	10,861	*		2,000			12,861			
Lora L. Daves, Chief of Credit Administration	3,161	*		500			3,661			
William D. Hribovsek Chief Lending Officer(2)	26,311	1.3	%	500			26,811			
Kimberly A. Capps Chief Operations Officer(2)	25,535	1.2	%	5,000			30,535			
Samuel H. Smith, Director	80,054	3.8	%	4,000	(5)		84,054	(5)		
Ronnie D. Black, Director	22,185	1.1	%	500			22,685			
L. Douglas Bagby, Director	14,801	*		500			15,301			
Sammy A. Schalk, Director(3)	46,549	2.2	%	1,000			47,549			
Rebecca M. Brooks, Director	10,250	*		2,000			12,250			
Charles R. Love,	10,450	*		500			10,950			

Director					
Charles R. Moffitt, Director	8,000	*		500	8,500
Dennis C. Robison, Director	8,118	*		2,000	10,118
Directors and executive officers as a group (13 persons)(4)	402,176	18.8	%	24,000	426,176

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(1) 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 officers are options to purchase shares of Southern Missouri Bancorp common stock exercisable within 60 days of ________ __, 2011, as follows: Mr. Steffens -- 10,000 shares; Mr. Funke – 6,000 shares; Ms. Daves – 1,000 shares; Mr. Hribovsek – 6,000 shares; Ms. Capps – 7,000 shares; Ms. Brooks -- 5,000 shares; Mr. Moffitt -- 5,000 shares; Mr. Love -- 5,000 shares; and Mr. Robison – 2,000 shares.

(2) Includes shares allocated to each executive officer's employee stock ownership plan account.

(3) Includes 3,800 shares held in the Gamblin Lumber Co., Profit Sharing Trust for which Mr. Schalk is the trustee.

(4) 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 exercisable options to purchase 47,000 shares of Southern Missouri Bancorp common stock granted to directors and executive officers as a group.

(5) Includes 2,000 shares proposed to be purchased by Smith & Co., of which Mr. Smith is the former President and majority stockholder and remains a significant stockholder.

* Less than 1% ownership.

Summary of Selected Consolidated Financial Information

The following table sets forth selected historical consolidated financial information as of and for the nine months ended March 31, 2011 and 2010 , derived from our unaudited consolidated financial statements, and as of and for the fiscal years ended June 30, 2010, 2009, 2008, 2007 and 2006, derived from our audited consolidated financial statements. The unaudited financial information as of and for the nine months ended March 31, 2011 and 2010 has been prepared on the same basis as our audited financial statements and includes, in the opinion of management, all adjustments necessary to fairly present the data for such periods. The results of operations for the nine months ended March 31, 2011 are not necessarily indicative of the results of operations to be expected for the full year or any future period. You should read this information in conjunction with our consolidated financial statements and related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Exhibit 13 of our Annual Report on Form 10-K for the fiscal year ended June 30, 2010 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 , which are incorporated by reference into this prospectus. See “Incorporation of Certain Information by Reference.”

	At or for the Nine Months Ended March 31,		At or for the Fiscal Year Ended June 30,				
	2011	2010	2010	2009	2008	2007	2006
	(Dollars in thousands, except per share data)						
Financial Condition Data							
Total assets	$702,393	$538,942	$552,084	$466,334	$418,188	$380,106	$350,808
Loans receivable, net	551,544	396,675	418,683	368,993	343,438	312,242	281,055
Mortgage-backed securities	26,960	36,103	34,334	40,269	28,006	10,723	14,440
Cash, interest-bearing deposits and other investment securities	90,226	72,439	67,103	27,983	19,931	31,492	30,328
Intangibles, net	1,979	1,677	1,604	1,583	1,838	2,093	2,348
Deposits	576,468	411,654	422,893	311,955	292,257	270,088	258,069
Borrowings	59,483	72,544	73,869	102,498	85,854	71,758	57,296
Subordinated debt	7,217	7,217	7,217	7,217	7,217	7,217	7,217
Preferred equity	9,447	9,413	9,421	9,389	-	-	-
Common equity	43,427	35,565	36,228	32,619	30,472	28,714	26,554
Total stockholders’ equity	52,874(1)	44,978(1)	45,649(1)	42,008(1)	30,472	28,714	26,554
Shares of common stock outstanding (000s)(2)	2,094	2,088	2,084	2,083	2,185	2,207	2,228
Book value per common share	$20.74	$17.03	$17.39	$15.58	$13.95	$13.01	$11.92
Tangible book value per common share(3)	19.79	16.23	16.62	14.82	13.11	12.06	10.86
Operations Data							
Interest income	$25,130	$20,595	$27,541	$25,301	$25,327	$23,550	$20,363
Interest expense	8,459	8,470	11,225	11,204	13,547	13,621	10,763
Net interest income	16,671	12,125	16,316	14,097	11,780	9,929	9,600

Provision for loan losses	2,112	565	925	1,151	723	633	500
Net interest income after provision for loan losses	14,559	11,559	15,391	12,946	11,057	9,296	9,100
Bargain purchase gain on acquisitions	6,997	-	-	-	-	-	-
Other noninterest income	2,540	2,208	3,094	1,820	2,412	2,207	2,144
Noninterest expense	10,877	9,471	12,498	9,219	8,081	7,430	7,083
Income before income taxes	13,218	4,296	5,987	5,547	5,388	4,073	4,161
Income taxes	4,361	866	1,361	1,712	1,775	1,145	1,377
Net income	8,857	3,430	4,626	3,835	3,613	2,928	2,784
Less: effective dividend on preferred stock	384	382	510	289	-	-	-
Net income available to common stockholders	$8,473	$3,048	$4,116	$3,546	$3,613	$2,928	$2,784

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	At or for the Nine Months Ended March 31,		At or for the Fiscal Year Ended June 30,				
	2011	2010	2010	2009	2008	2007	2006
			(Dollars in thousands, except per share data)				
Operations Data (continued)							
Basic earnings per share available to common stockholders	$4.06	$1.46	$1.98	$1.67	$1.64	$1.32	$1.25
Basic earnings per share available to common stockholders – excluding impact of bargain purchase gain(3)	$2.10	NA	NA	NA	NA	NA	NA
Diluted earnings per share available to common stockholders	$3. 93	$1. 45	$1.95	$1.67	$1.63	$1.29	$1.24
Diluted earnings per share available to common stockholders – excluding impact of bargain purchase gain(3)	$2.03	NA	NA	NA	NA	NA	NA
Dividends per common share	$0. 36	$0. 36	$0.48	$0.48	$0.40	$0.36	$0.36
Average shares outstanding (000s)(2)	2, 087	2, 083	2,084	2,083	2,218	2,219	2,226
Other Data:							
Performance Ratios							
Return on average assets	1.93%	0. 88%	0.88%	0.87%	0.92%	0.80%	0.80%
Return on average common equity	28.54	11.84	11.85	11.38	12.06	10.49	10.83
Interest rate spread	3. 56	3. 08	3.06	3.11	2.86	2.57	2.69
Net interest margin	3. 78	3. 29	3.27	3.37	3.17	2.90	2.96
Noninterest income/Average assets	2.07	0. 57	0.59	0.41	0.61	0.61	0.62
Noninterest income excluding bargain purchase gain/Average assets(3)	0. 55	0. 57	0.59	0.41	0.61	0.61	0.62
Noninterest expense/Average assets	2. 37	2. 43	2.38	2.09	2.05	2.05	2.03
Average interest-earning assets/	111.34	109. 55	109.57	109.77	108.60	108.29	108.15

Average interest-bearing liabilities							
Common shareholder dividend payout ratio	8.89	24.66	24.35	28.88	24.47	27.50	28.88
Asset Quality and Reserves							
Non-accrual loans	$496	$560	$238	$659	$ -	$2	$51
Accruing loans 90+ days past due	218	205	94	137	6	24	2
Troubled debt restructurings	-	-	-	-	-	-	-
Total nonperforming loans	714	765	332	796	6	26	53
Real estate owned	1, 373	1, 342	1,501	313	38	111	200
Other repossessed assets	63	90	90	137	24	11	16
Nonperforming investment securities	125	125	125	125	-	-	-
Total nonperforming assets	$2, 275	$2, 322	$2,048	$1,371	$ 68	$ 148	$ 269
Total nonperforming assets/Total assets	0. 32%	0. 43%	0.37%	0.29%	0.02%	0.04%	0.08%
Allowance for loan losses/Gross loans	1.16	1. 08	1.06	1.07	0.92	0.76	0.66
Allowance for loan losses/ Nonperforming loans	897.90	562.09	1,358.45	501.63	53,316.67	9,180.77	3,545.28
Net charge-offs (recoveries)/Average outstanding loans during the period	0.06	0. 09	0.10	0.10	(0.03)	0.04	0.19
Capital Ratios							
Consolidated							
Average equity/Average assets	7.90	8. 43	8.39	8.29	7.60	7.66	7.43
Tangible common equity/Tangible assets(3)	5. 92	6. 31	6.28	6.63	6.85	7.01	6.90
Southern Bank							
Tier 1 capital/Average tangible assets–Southern Bank	8.33	8. 35	8.36	8.87	8.08	8.10	7.92
Tier 1 capital/Total risk-based assets Southern Bank	10. 84	11. 70	11.25	11.72	10.63	10.74	10.91
Total risk-based capital/Total risk-based assets – Southern Bank	12.10	12. 95	12.50	12.98	11.79	11.66	11.73

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Other							
Number of:							
Real estate loans	3,760	3,220	3,282	2,957	2,868	2,795	2,808
Deposit accounts	30,050	24,764	25,353	22,069	20,560	19,978	18,845
Full service offices	16	14	14	10	9	9	9

(1) Total stockholders' equity includes $9.4 million in TARP CPP preferred stock.
(2) Excludes shares held in trust that are available for future awards of restricted stock under our Management Recognition and Development Plan.
(3) Basic and diluted earnings per share available to common stockholders excluding bargain purchase gain, the ratio of non-interest income excluding bargain purchase gain to average assets, tangible book value per share, tangible common equity, tangible assets and average tangible assets are financial measures containing information determined by methods other than in accordance with accounting principles generally accepted in the United States (commonly referred to as "GAAP"). Basic and diluted earnings per share available to common stockholders excluding bargain purchase gain and the ratio of non-interest income excluding bargain purchase gain to average assets show what basic and diluted earnings per share and the ratio of non-interest income to average assets would have been without the impact of the bargain purchase gain we recognized on the First Southern Bank FDIC-assisted transaction completed in December 2010. Management believes that showing these amounts excluding the bargain purchase gain is useful for investors because it better reflects our core operating results. We calculate tangible book value per share, tangible common equity, tangible assets and average tangible assets by excluding intangible assets. Management believes that this is consistent with the treatment by bank regulatory agencies, which exclude intangible assets from the calculation of risk-based capital ratios, and is useful to investors in understanding the basis of our risk-based capital ratios and in assessing management's success in utilizing our tangible capital.

These non-GAAP financial measures are supplemental and are not a substitute for an analysis based on GAAP measures. Because not all companies use identical calculations, these non-GAAP financial measures might not be comparable to other similarly titled measures as determined and disclosed by other companies. Reconciliations to GAAP of the non-GAAP financial measures presented are set forth below.

The following table presents a reconciliation of the calculation of basic earnings per share available to common stockholders excluding bargain purchase gain:

	For the Nine Months Ended March 31, 2011
Basic earnings per share available to common stockholders	$ 4.06
Less: Impact of bargain purchase gain	1.96
Basic earnings per share available to common stockholders – excluding bargain purchase gain	$ 2.10

The following table presents a reconciliation of the calculation of diluted earnings per share available to common stockholders excluding bargain purchase gain:

For the
Nine Months

		Ended March 31, 2011
Diluted earnings per share available to common stockholders	$	3. 93
Less: Impact of bargain purchase gain		1. 90
Diluted earnings per share available to common stockholders – excluding bargain purchase gain	$	2.03

The following table presents a reconciliation of the calculation of non-interest income excluding bargain purchase gain (in thousands):

		For the Nine Months Ended March 31, 2011
Noninterest income	$	9,537
Less: bargain purchase gain		6,997
Noninterest income excluding bargain purchase gain	$	2,540

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The following table presents a reconciliation of the calculation of tangible book value per share:

	At March 31,		At June 30,				
	2011	2010	2010	2009	2008	2007	2006
Book value per share	$ 20.74	$ 17.07	$ 17.39	$ 15.58	$ 13.95	$ 13.01	$ 11.92
Less: intangibles, net per share	0.95	0. 81	0.77	0.76	0.84	0.95	1.06
Tangible book value per share	$ 19.79	$ 16.26	$ 16.62	$ 14.82	$ 13.11	$ 12.06	$ 10.86

The following table presents a reconciliation of the calculation of tangible common equity (in thousands):

	At March 31,		At June 30,				
	2011	2010	2010	2009	2008	2007	2006
Common equity	$ 43,426	$ 35,565	$ 36,228	$ 32,619	$ 30,472	$ 28,714	$ 26,554
Less: intangibles, net	1,979	1, 677	1,604	1,583	1,838	2,093	2,348
Tangible common equity	$ 41,447	$ 33,888	$ 34,624	$ 31,036	$ 28,634	$ 26,621	$ 24,206

The following table presents a reconciliation of the calculation of tangible assets (in thousands):

	At March 31,		At June 30,				
	2011	2010	2010	2009	2008	2007	2006
Total assets	$ 702,393	$ 538,942	$ 552,084	$ 466,334	$ 418,188	$380,106	$ 350,808
Less: intangibles, net	1,979	1,677	1,604	1,583	1,838	2,093	2,348
Tangible assets	$ 700,414	$ 537,265	$ 550,480	$ 464,751	$ 416,350	378,013	$ 348,460

RISK FACTORS

An investment in our common stock involves significant risks. You should consider carefully the risk factors included below as well as those discussed under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2010 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 , together with all of the other information included in or incorporated by reference into this prospectus, before making a decision to invest in our common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also have a material adverse effect on our business, financial condition and results of operations. This prospectus also contains forward-looking statements that involve risks and uncertainties. If any of the matters included in the following information about risk factors were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, you may lose all or a substantial part of your investment.

Risks Related To the Company's Business

Our allowance for loan losses may prove to be insufficient to absorb probable losses in our loan portfolio.

Lending money is a substantial part of our business. Every loan carries a certain risk that it will not be repaid in accordance with its terms or that any underlying collateral will not be sufficient to assure repayment. This risk is affected by, among other things:

- cash flow of the borrower and/or the project being financed;
- in the case of a collateralized loan, the changes and uncertainties as to the future value of the collateral;
- the credit history of a particular borrower;
- changes in economic and industry conditions; and
- the duration of the loan.

We maintain an allowance for loan losses which we believe is appropriate to provide for potential losses in our loan portfolio. The amount of this allowance is determined by our management through a periodic review and consideration of several factors, including, but not limited to:

- an ongoing review of the quality, size and diversity of the loan portfolio;
- evaluation of non-performing loans;
- historical default and loss experience;
- historical recovery experience;
- existing economic conditions;
- risk characteristics of the various classifications of loans; and

- the amount and quality of collateral, including guarantees, securing the loans.

If our loan losses exceed our allowance for probable loan losses, our business, financial condition and profitability may suffer.

If our nonperforming assets increase, our earnings will be adversely affected.

At March 31, 2011 , our nonperforming assets (which consist of non-accruing loans, accruing loans 90 days or more past due, nonperforming investment securities, and other real estate owned) totaled $2. 3 million, or 0. 32 % of total assets. At June 30, 2010 and June 30, 2009, our nonperforming assets were $2.0 million and $1.4 million, respectively, or 0.37% and 0.29% of total assets, respectively. Our nonperforming assets adversely affect our net income in various ways:

- We do not record interest income on nonaccrual loans, nonperforming investment securities, or other real estate owned.

- We must provide for probable loan losses through a current period charge to the provision for loan losses.

- Non-interest expense increases when we must write down the value of properties in our other real estate owned portfolio to reflect changing market values or recognize other-than-temporary impairment on nonperforming investment securities.

- There are legal fees associated with the resolution of problem assets, as well as carrying costs, such as taxes, insurance, and maintenance fees related to our other real estate owned.

- The resolution of nonperforming assets requires the active involvement of management, which can distract them from more profitable activity.

If additional borrowers become delinquent and do not pay their loans and we are unable to successfully manage our nonperforming assets, our losses and troubled assets could increase significantly, which could have a material adverse effect on our financial condition and results of operations.

Changes in economic conditions, particularly a further economic slowdown in southeast or southwest Missouri or northeast Arkansas, could hurt our business.

Our business is directly affected by market conditions, trends in industry and finance, legislative and regulatory changes, and changes in governmental monetary and fiscal policies and inflation, all of which are beyond our control. In 2008, the housing and real estate sectors experienced an economic slowdown that has continued. Further deterioration in economic conditions, particularly within our primary market area in southeast and southwest Missouri and northeast Arkansas, could result in the following consequences, among others, any of which could hurt our business materially:

- loan delinquencies may increase;

- problem assets and foreclosures may increase;

- demand for our products and services may decline;

- collateral for our loans may decline in value, in turn reducing a customer's borrowing power and reducing the value of collateral securing our loans; and
- the net worth and liquidity of loan guarantors may decline, impairing their ability to honor commitments to us.

Downturns in the real estate markets in our primary market area could hurt our business.

Our business activities and credit exposure are primarily concentrated in southeastern and southwestern Missouri and northeastern Arkansas. While we did not and do not have a sub-prime lending program, our residential real estate, construction and land loan portfolios, our commercial and multifamily loan portfolios and certain of our other loans could be affected by the downturn in the residential real estate market. We anticipate that significant declines in the real estate markets in our primary market area would hurt our business and would mean that collateral for our loans would hold less value. As a result, our ability to recover on defaulted loans by selling the underlying real estate would be diminished, and we would be more likely to suffer losses on defaulted loans. The events and conditions described in this risk factor could therefore have a material adverse effect on our business, results of operations and financial condition.

Our construction lending exposes us to significant risk.

Our construction loan portfolio, which totaled $ 38.5 million, or 6. 8 % of our loan portfolio, at March 31, 2011 , includes residential and non-residential construction and development loans. This type of lending is generally considered to have more complex credit risks than traditional single-family residential lending because the principal is concentrated in a limited number of loans with repayment dependent on the successful completion and sale of the related real estate project. Consequently, these loans are often more sensitive to adverse conditions in the real estate market or the general economy than other real estate loans. These loans are generally less predictable and more difficult to evaluate and monitor and collateral may be difficult to dispose of in a market decline. Additionally, we may experience significant construction loan losses because independent appraisers or project engineers inaccurately estimate the cost and value of construction loan projects.

Deterioration in our construction portfolio could result in increases in the provision for loan losses and an increase in charge-offs, all of which could have a material adverse effect on our financial condition and results of operations.

Our loan portfolio possesses increased risk due to our percentage of commercial real estate and commercial business loans.

At March 31, 2011 , 52.6 % of our loan portfolio consisted of commercial real estate and commercial business loans to small and mid-sized businesses, generally located in our primary market area, which are the types of businesses that have a heightened vulnerability to local economic conditions. Over the last several years, we have increased this type of lending from 45.2% of our portfolio at June 30, 2006, in order to improve the yield on our assets. At March 31, 2011 , our loan portfolio included $ 184 .0 million of commercial real estate loans and $ 115.3 million of commercial business loans compared to $65.4 million and $65.1 million, respectively, at June 30, 2006. The credit risk related to these types of loans is considered to be greater than the risk related to one- to four-family residential loans because the repayment of commercial real estate loans and commercial business loans typically is dependent on the successful operation and income stream of the borrowers' business and the real estate securing the loans as collateral, which can be significantly affected by economic conditions. Additionally, commercial loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to

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residential real estate loans. Commercial loans not collateralized by real estate are often secured by collateral that may depreciate over time, be difficult to appraise and fluctuate in value (such as accounts receivable, inventory and equipment). If loans that are collateralized by real estate become troubled and the value of the real estate has been significantly impaired, then we may not be able to recover the full contractual amount of principal and interest that we anticipated at the time we originated the loan, which could require us to increase our provision for loan losses and adversely affect our operating results and financial condition.

Several of our commercial borrowers have more than one commercial real estate or business loan outstanding with us. Consequently, an adverse development with respect to one loan or one credit relationship can expose us to significantly greater risk of loss compared to an adverse development with respect to any one- to four-family residential mortgage loan. Finally, if we foreclose on a commercial real estate loan, our holding period for the collateral, if any, typically is longer than for one- to four-family residential property because there are fewer potential purchasers of the collateral. Since we plan to continue to increase our originations of these loans, it may be necessary to increase the level of our allowance for loan losses due to the increased risk characteristics associated with these types of loans. Any increase to our allowance for loan losses would adversely affect our earnings. Any delinquent payments or the failure to repay these loans would hurt our earnings.

Included in the commercial real estate loans described above are agricultural real estate loans totaling $ 45.0 million, or 7.9 % of our loan portfolio, at March 31, 2011 . Agricultural real estate lending involves a greater degree of risk and typically involves larger loans to single borrowers than lending on single-family residences. Payments on agricultural real estate loans are dependent on the profitable operation or management of the farm property securing the loan. The success of the farm may be affected by many factors outside the control of the farm borrower, including adverse weather conditions that prevent the planting of a crop or limit crop yields (such as hail, drought and floods), loss of livestock due to disease or other factors, declines in market prices for agricultural products (both domestically and internationally) and the impact of government regulations (including changes in price supports, subsidies and environmental regulations). In addition, many farms are dependent on a limited number of key individuals whose injury or death may significantly affect the successful operation of the farm. If the cash flow from a farming operation is diminished, the borrower's ability to repay the loan may be impaired. The primary crops in our market areas are cotton, rice, corn and soybean. Accordingly, adverse circumstances affecting these crops could have an adverse effect on our agricultural real estate loan portfolio. Our agricultural real estate lending has grown significantly since June 30, 2006, when these loans totaled $5.6 million, or 2.0% of our loan portfolio.

Included in the commercial business loans described above are agricultural production and equipment loans. At March 31, 2011 , these loans totaled $ 34.7 million, or 6.3% , of our loan portfolio. As with agricultural real estate loans, the repayment of operating loans is dependent on the successful operation or management of the farm property. Likewise, agricultural operating loans that are unsecured or secured by rapidly depreciating assets such as farm equipment or assets such as livestock or crops. Any repossessed collateral for a defaulted loan may not provide an adequate source of repayment of the outstanding loan balance as a result of the greater likelihood of damage, loss or depreciation to the collateral. Our agricultural operating loans have also grown significantly since June 30, 2006, when such loans totaled $11.1 million, or 4.0% of our loan portfolio.

Lack of seasoning of our commercial real estate and commercial business loan portfolios may increase the risk of credit defaults in the future.

Due to our increasing emphasis on commercial real estate and commercial business lending, a substantial amount of the loans in our commercial real estate and commercial business portfolios and our

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lending relationships are of relatively recent origin. In general, loans do not begin to show signs of credit deterioration or default until they have been outstanding for some period of time, a process referred to as "seasoning." A portfolio of older loans will usually behave more predictably than a newer portfolio. As a result, because a large portion of our loan portfolio is relatively new, the current level of delinquencies and defaults may not be representative of the level that will prevail when the portfolio becomes more seasoned, which may be higher than current levels. If delinquencies and defaults increase, we may be required to increase our provision for loan losses, which would adversely affect our results of operations and financial condition.

Changes in interest rates may negatively affect our earnings and the value of our assets.

Our earnings and cash flows depend substantially upon our net interest income. Net interest income is the difference between interest income earned on interest-earnings assets, such as loans and investment securities, and interest expense paid on interest-bearing liabilities, such as deposits and borrowed funds. Interest rates are sensitive to many factors that are beyond our control, including general economic conditions, competition and policies of various governmental and regulatory agencies and, in particular, the policies of the Federal Reserve Board. Changes in monetary policy, including changes in interest rates, could influence not only the interest we receive on loans and investment securities and the amount of interest they pay on deposits and borrowings, but these changes could also affect: (i) our ability to originate loans and obtain deposits; (ii) the fair value of our financial assets and liabilities, including our securities portfolio; and (iii) the average duration of our interest-earning assets. This also includes the risk that interest-earning assets may be more responsive to changes in interest rates than interest-bearing liabilities, or vice versa (repricing risk), the risk that the individual interest rates or rate indices underlying various interest-earning assets and interest-bearing liabilities may not change in the same degree over a given time period (basis risk), and the risk of changing interest rate relationships across the spectrum of interest-earning asset and interest-bearing liability maturities (yield curve risk), including a prolonged flat or inverted yield curve environment. Any substantial, unexpected, prolonged change in market interest rates could have a material adverse affect on our financial condition and results of operations.

Liquidity risk could impair our ability to fund operations and jeopardize our financial condition.

Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, the sale of loans and other sources could have a substantial negative effect on our liquidity. Our access to funding sources in amounts adequate to finance our activities or the terms of which are acceptable to us could be impaired by factors that affect us specifically or the financial services industry or economy in general. Factors that could detrimentally impact our access to liquidity sources include a decrease in the level of our business activity as a result of a downturn in the markets in which our loans are concentrated or an adverse regulatory action against us. Our ability to borrow could also be impaired by factors that are not specific to us, such as a disruption in the financial markets or negative views and expectations about the prospects for the financial services industry generally.

We have pursued a strategy of supplementing internal growth by acquiring other financial companies or their assets and liabilities that we believe will help us fulfill our strategic objectives and enhance our earnings. There are risks associated with this strategy, including the following:

- We may be exposed to potential asset quality issues or unknown or contingent liabilities of the banks, businesses, assets and liabilities we acquire. If these issues or liabilities exceed our estimates, our results of operations and financial condition may be adversely affected;

- Prices at which acquisitions can be made fluctuate with market conditions. We have experienced times during which acquisitions could not be made in specific markets at prices we considered acceptable and expect that we will experience this condition in the future;

- The acquisition of other entities generally requires integration of systems, procedures and personnel of the acquired entity into our company to make the transaction economically successful. This integration process is complicated and time consuming and can also be disruptive to the customers of the acquired business. If the integration process is not conducted successfully and with minimal effect on the acquired business and its customers, we may not realize the anticipated economic benefits of particular acquisitions within the expected time frame, and we may lose customers or employees of the acquired business. We may also experience greater than anticipated customer losses even if the integration process is successful.

- To the extent our costs of an acquisition exceed the fair value of the net assets acquired, the acquisition will generate goodwill. We are required to assess our goodwill for impairment at least annually, and any goodwill impairment charge could have a material adverse effect on our results of operations and financial condition;

- To finance an acquisition, we may borrow funds, thereby increasing our leverage and diminishing our liquidity, or raise additional capital, which could dilute the interests of our existing shareholders; and

- We have completed two acquisitions within the past two years and opened additional banking offices in the past few years that enhanced our rate of growth. We may not be able to continue to sustain our past rate of growth or to grow at all in the future.

Our growth or future losses may require us to raise additional capital in the future, but that capital may not be available when it is needed or the cost of that capital may be very high.

We are required by federal and state regulatory authorities to maintain adequate levels of capital to support our operations. With the proceeds of the offering made by this prospectus, we anticipate that our capital resources will satisfy our capital requirements for the foreseeable future. We may at some point need to raise additional capital to support our operations or continued growth, both internally and through acquisitions. Any capital we obtain may result in the dilution of the interests of existing holders of our common stock, or otherwise adversely affect your investment.

Our ability to raise additional capital, if needed, will depend on conditions in the capital markets at that time, which are outside our control, and on our financial condition and performance. Accordingly, we cannot make assurances of our ability to raise additional capital if needed, or if the terms will be acceptable to us. If we cannot raise additional capital when needed, our ability to further expand our operations through internal growth and acquisitions could be materially impaired and our financial condition and liquidity could be materially and adversely affected.

Legislative or regulatory changes or actions, or significant litigation, could adversely impact us or the businesses in which we are engaged.

The financial services industry is extensively regulated. We are subject to extensive state and federal regulation, supervision and legislation that govern almost all aspects of our operations. Laws and regulations may change from time to time and are primarily intended for the protection of consumers,

depositors and the deposit insurance funds, and not to benefit our shareholders. The impact of any changes to laws and regulations or other actions by regulatory agencies may negatively impact us or our ability to increase the value of our business. Regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the imposition of restrictions on the operation of an institution, the classification of assets by the institution and the adequacy of an institution's allowance for loan losses. Additionally, actions by regulatory agencies or significant litigation against us could require us to devote significant time and resources to defending our business and may lead to penalties that materially affect us and our shareholders.

Impairment of investment securities, other intangible assets, or deferred tax assets could require charges to earnings, which could result in a negative impact on our results of operations.

In assessing the impairment of investment securities, we consider the length of time and extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuers, whether the market decline was affected by macroeconomic conditions and whether we have the intent to sell the debt security or will be required to sell the debt security before its anticipated recovery. In fiscal 2009, we incurred charges to recognize the other-than-temporary impairment (OTTI) of available-for-sale investments related to investments in Freddie Mac preferred stock ($304,000 impairment realized in the first quarter of fiscal 2009) and a pooled trust preferred collateralized debt obligation, Trapeza CDO IV, Ltd., class C2 ($375,000 impairment realized in the second quarter of fiscal 2009). The Company currently holds three additional collateralized debt obligations (CDOs) which have not been deemed other-than-temporarily impaired, based on the Company's best judgment using information currently available.

Under current accounting standards, goodwill and certain other intangible assets with indeterminate lives are no longer amortized but, instead, are assessed for impairment periodically or when impairment indicators are present. As of March 31, 2011 , the Company determined that none of its goodwill or other intangible assets were impaired.

Deferred tax assets are only recognized to the extent it is more likely than not they will be realized. Should our management determine it is not more likely than not that the deferred tax assets will be realized, a valuation allowance with a charge to earnings would be reflected in the period. At June 30, 2010, the Company's net deferred tax asset was $1.8 million, none of which was disallowed for regulatory capital purposes. Based on the levels of taxable income in prior years and the Company's expectation of profitability in the current year and future years, management has determined that no valuation allowance was required at June 30, 2010. If the Company is required in the future to take a valuation allowance with respect to its deferred tax asset, its financial condition, results of operations and regulatory capital levels would be negatively affected.

The soundness of other financial institutions could adversely affect us.

Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. We have exposure to many different industries and counterparties, and we routinely execute transactions with counterparties in the financial industry. As a result, defaults by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions. Many of these transactions expose us to credit risk in the event of default of our counterparty or client. In addition, our credit risk may be exacerbated when the collateral that we hold cannot be realized upon or is liquidated at prices insufficient