MARKET VECTORS ETF TRUST
Form 485BXT
October 16, 2015
+As filed with the Securities and Exchange Commission on October 16, 2015

Securities Act File No. 333-123257
Investment Company Act File No. 811-10325

United States Securities and Exchange Commission
Washington, D.C. 20549

FORM N-1A

Registration Statement Under the Securities Act of 1933	x
Pre-Effective Amendment No.	o
Post Effective Amendment No. 2,065	x
and/or	
Registration Statement Under the Investment Company Act of 1940	x
Amendment No. 2,069	x

MARKET VECTORS ETF TRUST

(Exact Name of Registrant as Specified in its Charter)

666 Third Avenue, 9th Floor
New York, New York 10017
(Address of Principal Executive Offices)

(212) 293-2000
Registrant's Telephone Number

Jonathan R. Simon, Esq.
Vice President and General Counsel
Van Eck Associates Corporation
666 Third Avenue, 9th Floor
New York, New York 10017
(Name and Address of Agent for Service)

Copy to:
Stuart M. Strauss, Esq.

Dechert LLP
1095 Avenue of the Americas
New York, New York 10036

Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this registration statement.

IT IS PROPOSED THAT THIS FILING WILL BECOME EFFECTIVE (CHECK APPROPRIATE BOX)

	Immediately upon filing pursuant to paragraph (b)
x	On October 23, 2015 pursuant to paragraph (b)
	60 days after filing pursuant to paragraph (a)(1)
	On [date] pursuant to paragraph (a)(1)
	75 days after filing pursuant to paragraph (a)(2)
	On [date] pursuant to paragraph (a)(2) of rule 485

IF APPROPRIATE, CHECK THE FOLLOWING BOX:

x	This post-effective amendment designates a new effective date for a previously filed post-effective amendment.

EXPLANATORY NOTE

The sole purpose of this filing is to delay the effectiveness of the Trust's Post-Effective Amendment No. 1,984 to its Registration Statement until October 23, 2015. Parts A, B and C of Registrant's Post-Effective Amendment No. 1,984 under the Securities Act of 1933 and No. 1,988 under the Investment Company Act of 1940, filed on August 3, 2015, are incorporated by reference herein.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets all of the requirements for effectiveness of this registration statement under Rule 485(b) under the Securities Act of 1933 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York and State of New York on the 16th day of October 2015.

MARKET VECTORS ETF TRUST

By: /s/ Jan F. van Eck*
Name: Jan F. van Eck
Title: President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following person in the capacities and on the date indicated.

/s/ David H. Chow* David H. Chow	Trustee	October 16, 2015
/s/ R. Alastair Short* R. Alastair Short	Trustee	October 16, 2015
/s/ Peter J. Sidebottom* Peter J. Sidebottom	Trustee	October 16, 2015
/s/ Richard D. Stamberger* Richard D. Stamberger	Trustee	October 16, 2015
/s/ Jan F. van Eck* Jan F. van Eck	President, Chief Executive Officer and Trustee	October 16, 2015
/s/ John J. Crimmins* John J. Crimmins	Chief Financial Officer	October 16, 2015

*By: /s/ Jonathan R. Simon
Jonathan R. Simon
Attorney in Fact

10.25pt; FONT-FAMILY: Calibri, sans-serif; COLOR: #000000; FONT-SIZE: 9pt">51
$
451

$
1,621

$
302,280

$
303,901

$
106

Construction

65

-

-

65

21,412

21,477

-

Commercial

1,025

-

18

1,043

307,477

308,520

18

Consumer loans

204

30

34

268

34,955

35,223

6

Commercial loans

101

431

347

879

140,193

141,072

-

Total loans

$
2,514

$
512

$
850

$
3,876

$
806,317

$
810,193

$
130

At March 31, 2015 and June 30, 2014, no purchased credit impaired loans were greater than 90 days past due.
A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming loans, as well as performing loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection.

The tables below present impaired loans (excluding loans in process and deferred loan fees) as of March 31, 2015 and June 30, 2014. These tables include purchased credit impaired loans. Purchased credit impaired loans are those for which it was deemed probable, at acquisition, that the Company would be unable to collect all contractually required payments receivable. In an instance where, subsequent to the acquisition, the Company determines it is probable, for a specific loan, that cash flows received will exceed the amount previously expected, the Company will recalculate the amount of accretable yield in order to recognize the improved cash flow expectation as additional interest income over the remaining life of the loan. These loans, however, will continue to be reported as impaired loans. In an instance where, subsequent to the acquisition, the Company determines it is probable, for a specific loan, that cash flows received will be less than the amount previously expected, the Company will allocate a specific allowance under the terms of ASC 310-10-35.

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(dollars in thousands)	March 31, 2015 Recorded Balance	Unpaid Principal Balance	Specific Allowance
Loans without a specific valuation allowance:			
Residential real estate	$3,900	$4,449	$ -
Construction real estate	2,481	3,212	-
Commercial real estate	13,891	15,635	-
Consumer loans	195	207	-
Commercial loans	1,355	1,456	-
Loans with a specific valuation allowance:			
Residential real estate	$-	$-	$ -
Construction real estate	-	-	-
Commercial real estate	-	-	-
Consumer loans	59	59	59
Commercial loans	-	-	-
Total:			
Residential real estate	$3,900	$4,449	$ -
Construction real estate	$2,481	$3,212	$ -
Commercial real estate	$13,891	$15,635	$ -
Consumer loans	$254	$266	$ 59
Commercial loans	$1,355	$1,456	$ -

(dollars in thousands)	June 30, 2014 Recorded Balance	Unpaid Principal Balance	Specific Allowance
Loans without a specific valuation allowance:			
Residential real estate	$1,790	$ 2,068	$ -
Construction real estate	-	-	-
Commercial real estate	3,383	3,391	-
Consumer loans	-	-	-
Commercial loans	115	115	-
Loans with a specific valuation allowance:			
Residential real estate	$-	$ -	$ -
Construction real estate	-	-	-
Commercial real estate	-	-	-
Consumer loans	-	-	-
Commercial loans	-	-	-
Total:			
Residential real estate	$1,790	$ 2,068	$ -
Construction real estate	$-	$ -	$ -
Commercial real estate	$3,383	$ 3,391	$ -
Consumer loans	$-	$ -	$ -
Commercial loans	$115	$ 115	$ -

At March 31, 2015, purchased credit impaired loans included above accounted for $19.4 million of impaired loans without a specific valuation allowance; no loans with a specific valuation allowance; and $19.4 million of total impaired loans. At June 30, 2014, purchased credit impaired loans accounted for $3.2 million of impaired loans without a specific valuation allowance; no loans with a specific valuation allowance; and $3.2 million of total impaired loans.

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The following tables present information regarding interest income recognized on impaired loans:

(dollars in thousands)	For the three-month period ended March 31, 2015	
	Average Investment in Impaired Loans	Interest Income Recognized
Residential Real Estate	$3,950	$ 54
Construction Real Estate	2,502	42
Commercial Real Estate	11,963	184
Consumer Loans	195	3
Commercial Loans	1,101	23
Total Loans	$19,711	$ 306

(dollars in thousands)	For the three-month period ended March 31, 2014	
	Average Investment in Impaired Loans	Interest Income Recognized
Residential Real Estate	$1,745	$ 36
Construction Real Estate	-	-
Commercial Real Estate	1,283	21
Consumer Loans	-	-
Commercial Loans	582	-
Total Loans	$3,610	$ 57

(dollars in thousands)	For the nine-month period ended March 31, 2015	
	Average Investment in Impaired Loans	Interest Income Recognized
Residential Real Estate	$3,451	$ 191
Construction Real Estate	1,913	141
Commercial Real Estate	9,390	554
Consumer Loans	147	9
Commercial Loans	859	51
Total Loans	$15,760	$ 946

For the nine-month period ended March 31, 2014

(dollars in thousands)	Average Investment in Impaired Loans	Interest Income Recognized
Residential Real Estate	$1,730	$ 163
Construction Real Estate	-	-
Commercial Real Estate	1,328	110
Consumer Loans	-	-
Commercial Loans	789	1
Total Loans	$3,847	$ 274

Interest income on impaired loans recognized on a cash basis in the three- and nine-month periods ended March 31, 2015 and 2014, was immaterial.

For the three- and nine-month periods ended March 31, 2015, the amount of interest income recorded for impaired loans that represented a change in the present value of cash flows attributable to the passage of time was approximately $48,000 and $133,000, respectively, as compared to $2,000 and $106,000, respectively, for the three-and nine-month periods ended March 31, 2014.

The following table presents the Company's nonaccrual loans at March 31, 2015 and June 30, 2014. The table excludes performing troubled debt restructurings (TDRs).

(dollars in thousands)	March 31, 2015	June 30, 2014
Residential real estate	$2,334	$444
Construction real estate	131	-
Commercial real estate	1,490	673
Consumer loans	143	58
Commercial loans	102	91
Total loans	$4,200	$1,266

The above amounts include purchased credit impaired loans. At March 31, 2015 and June 30, 2014, these loans comprised $2.6 million and $0 of nonaccrual loans, respectively. Purchased credit impaired loans are placed on nonaccrual status in the event the Company cannot reasonably estimate cash flows expected to be collected.

Included in certain loan categories in the impaired loans are TDRs, where economic concessions have been granted to borrowers who have experienced financial difficulties. These concessions typically result from our loss mitigation activities, and could include reductions in the interest rate, payment extensions, forgiveness of principal, forbearance, or other actions. Certain TDRs are classified as nonperforming at the time of restructuring and typically are returned to performing status after considering the borrower's sustained repayment performance for a reasonable period of at least six months.

When loans and leases are modified into a TDR, the Company evaluates any possible impairment similar to other impaired loans based on the present value of expected future cash flows, discounted at the contractual interest rate of the original loan or lease agreement, and uses the current fair value of the collateral, less selling costs, for collateral dependent loans. If the Company determines that the value of the modified loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees or costs, and unamortized premium or discount), impairment is recognized through an allowance estimate or a charge-off to the allowance. In periods subsequent to modification, the Company evaluates all TDRs, including those that have payment defaults, for possible impairment and recognizes impairment through the allowance.

During the three- and nine-month periods ended March 31, 2015 and 2014, certain loans were classified as TDRs. They are shown, segregated by class, in the tables below:

	For the three-month period ended March 31, 2015		March 31, 2014	
(dollars in thousands)	Number of modifications	Recorded Investment	Number of modifications	Recorded Investment
Residential real estate	2	$ 169	-	$ -
Construction real estate	-	-	-	-
Commercial real estate	-	-	1	299
Consumer loans	-	-	-	-
Commercial loans	-	-	5	179
Total	2	$ 169	6	$ 478

	For the nine-month period ended March 31, 2015		March 31, 2014	
(dollars in thousands)	Number of modifications	Recorded Investment	Number of modifications	Recorded Investment
Residential real estate	2	$ 169	1	$ 37
Construction real estate	-	-	-	-
Commercial real estate	1	41	2	328
Consumer loans	-	-	-	-
Commercial loans	1	250	5	179
Total	4	$ 460	8	$ 544

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Performing loans classified as TDRs outstanding at March 31, 2015 and June 30, 2014, segregated by class, are shown in the table below. Nonperforming TDRs are shown as nonaccrual loans.

	March 31, 2015		June 30, 2014	
(dollars in thousands)	Number of modifications	Recorded Investment	Number of modifications	Recorded Investment
Residential real estate	5	$ 230	6	$ 1,790
Construction real estate	-	-	-	-
Commercial real estate	12	3,026	13	3,145
Consumer loans	-	-	-	-
Commercial loans	2	364	2	125
Total	19	$ 3,620	21	$ 5,060

Note 5: Accounting for Certain Loans Acquired in a Transfer

The Company acquired loans in transfers during the fiscal year ended June 30, 2011 and during the nine months ended March 31, 2015. At acquisition, certain transferred loans evidenced deterioration of credit quality since origination and it was probable, at acquisition, that all contractually required payments would not be collected.

Loans purchased with evidence of credit deterioration since origination and for which it is probable that all contractually required payments will not be collected are considered to be credit impaired. Evidence of credit quality deterioration as of the purchase date may include information such as past-due and nonaccrual status, borrower credit scores and recent loan to value percentages. Purchased credit-impaired loans are accounted for under the accounting guidance for loans and debt securities acquired with deteriorated credit quality (ASC 310-30) and initially measured at fair value, which includes estimated future credit losses expected to be incurred over the life of the loan. Accordingly, an allowance for credit losses related to these loans is not carried over and recorded at the acquisition date. Management estimated the cash flows expected to be collected at acquisition using our internal risk models, which incorporate the estimate of current key assumptions, such as default rates, severity and prepayment speeds.

The carrying amount of those loans is included in the balance sheet amounts of loans receivable at March 31, 2015 and June 30, 2014. The amounts of these loans at March 31, 2015 and June 30, 2014, are as follows:

(dollars in thousands)	March 31, 2015	June 30, 2014
Residential real estate	$4,372	$2,068
Construction real estate	3,212	-
Commercial real estate	13,541	1,276
Consumer loans	207	-
Commercial loans	1,198	115
Outstanding balance	$22,530	$3,459
Carrying amount, net of fair value adjustment of $3,137,379 and $287,306 at March 31, 2015 and June 30, 2014, respectively	$19,392	$3,172

Accretable yield, or income expected to be collected, is as follows:

(dollars in thousands)	Three-month period ended March 31, 2015	March 31, 2014
Balance at beginning of period	$535	$637
Additions	-	-
Accretion	(78)	(32)
Reclassification from nonaccretable difference	159	1
Disposals	-	-
Balance at end of period	$616	$606

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(dollars in thousands)	Nine-month period ended March 31, 2015	March 31, 2014
Balance at beginning of period	$380	$799
Additions	(4)	-
Accretion	(223)	(196)
Reclassification from nonaccretable difference	463	3
Disposals	-	-
Balance at end of period	$616	$606

During the three- and nine-month periods ended March 31, 2015, and during the same periods of the prior fiscal year, the Company had no increases to the allowance for loan losses by a charge to the income statement related to these purchased credit impaired loans. During the three- and nine-month periods ended March 31, 2015, no allowance for loan losses related to these loans was reversed, as compared to $0 and $57,489, respectively, during the same periods of the prior fiscal year.

Note 6: Deposits

Deposits are summarized as follows:

(dollars in thousands)	March 31, 2015	June 30, 2014
Non-interest bearing accounts	$121,647	$68,113
NOW accounts	330,046	271,156
Money market deposit accounts	72,595	28,033
Savings accounts	115,911	95,327
Certificates	416,795	323,172
Total Deposit Accounts	$1,056,994	$785,801

Note 7: Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

	Three months ended March,		Nine months ended March,	
	2015	2014	2015	2014
(dollars in thousands except per share data)				
Net income	$3,366	$2,243	$10,103	$7,325
Dividend payable on preferred stock	50	50	150	150
Net income available to common shareholders	$3,316	$2,193	$9,953	$7,175

Average Common shares – outstanding basic	7,413,257	6,623,480	7,310,494	6,591,848
Stock options under treasury stock method	190,660	223,340	188,625	205,708
Average Common shares – outstanding diluted	7,603,917	6,846,820	7,499,119	6,797,556
Basic earnings per common share	$0.45	$0.33	$1.36	$1.09
Diluted earnings per common share	$0.44	$0.32	$1.33	$1.06

At March 31, 2015 and 2014, no options outstanding had an exercise price exceeding the market price.

Note 8: Income Taxes

The Company files consolidated income tax returns in the U.S. Federal jurisdiction and various states. The Company is no longer subject to federal and state examinations by tax authorities for fiscal years before 2011. The Company recognized no interest or penalties related to income taxes.

The Company's income tax provision is comprised of the following components:

(dollars in thousands)	For the three-month period ended		For the nine-month period ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Income taxes				
Current	$1,616	$1,976	$5,081	$3,377
Deferred	(119)	(1,195)	(743)	(615)
Total income tax provision	$1,497	$781	$4,338	$2,762

The components of net deferred tax assets (liabilities) are summarized as follows:

(dollars in thousands)	March 31, 2015	June 30, 2014
Deferred tax assets:		
Provision for losses on loans	$4,811	$3,696
Accrued compensation and benefits	499	450
Other-than-temporary impairment on available for sale securities	138	141
NOL carry forwards acquired	789	853
Minimum Tax Credit	130	130
Unrealized loss on other real estate	6	38
Other	662	-
Total deferred tax assets	7,035	5,308
Deferred tax liabilities:		
FHLB stock dividends	71	157
Purchase accounting adjustments	1,919	1,533
Depreciation	885	767
Prepaid expenses	110	250
Unrealized gain on available for sale securities	973	336
Other	-	164
Total deferred tax liabilities	3,957	3,207
Net deferred tax asset	$3,078	$2,101

As of March 31, 2015 and June 30, 2014, the Company had approximately $2.3 million of federal and state net operating loss carryforwards, which were acquired in the July 2009 acquisition of Southern Bank of Commerce and February 2014 acquisition of Citizens State Bankshares of Bald Knob, Inc. The amount reported is net of the Internal Revenue Code Section 382 limitation, or state equivalent, related to utilization of net operating loss carryforwards of

acquired corporations. Unless otherwise utilized, the net operating losses will begin to expire in 2027.

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax is shown below:

(dollars in thousands)	For the three-month period ended		For the nine-month period ended	
	March 31, 2015	March 31, 2014	Mrach 31, 2015	March 31, 2014
Tax at statutory rate	$1,654	$1,028	$4,910	$3,430
Increase (reduction) in taxes resulting from:				
Nontaxable municipal income	(133)	(133)	(398)	(395)
State tax, net of Federal benefit	133	59	380	212
Cash surrender value of Bank-owned life insurance	(47)	(43)	(145)	(131)
Tax credit benefits	(91)	(82)	(272)	(244)
Other, net	(18)	(49)	(136)	(110)
Actual provision	$1,497	$781	$4,338	$2,762

Tax credit benefits are recognized under the flow-through method of accounting for investments in tax credits.

Note 9: 401(k) Retirement Plan

The Southern Bank 401(k) Retirement Plan (the Plan) covers substantially all Southern Bank employees who are at least 21 years of age and who have completed one year of service. The Plan provides a safe harbor matching contribution of up to 4% of eligible compensation, and the Company also made additional, discretionary profit-sharing contributions for fiscal 2014; for fiscal 2015, the Company has maintained the safe harbor matching contribution of 4%, and expects to continue to make additional, discretionary profit-sharing contributions. During the three and nine-month periods ended March 31, 2015, retirement plan expenses recognized for the Plan were approximately $207,000, and $495,000, respectively, as compared to $128,000 and $389,000, respectively, for the same periods of the prior fiscal year.

Note 10: Corporate Obligated Floating Rate Trust Preferred Securities

Southern Missouri Statutory Trust I issued $7.0 million of Floating Rate Capital Securities (the "Trust Preferred Securities") in March, 2004, with a liquidation value of $1,000 per share. The securities are due in 30 years, are now redeemable at par, and bear interest at a floating rate based on LIBOR. The securities represent undivided beneficial interests in the trust, which was established by the Company for the purpose of issuing the securities. Southern Missouri Statutory Trust I used the proceeds from the sale of the Trust Preferred Securities to purchase junior subordinated debentures of the Company. The Company has used its net proceeds for working capital and investment in its subsidiaries.

In connection with its October 2013 acquisition of Ozarks Legacy Community Financial, Inc. (OLCF), the Company assumed $3.1 million in floating rate junior subordinated debt securities. The debt securities had been issued in June 2005 by OLCF in connection with the sale of trust preferred securities, bear interest at a floating rate based on LIBOR, are now redeemable at par, and mature in 2035. The carrying value of the debt securities was approximately $2.5 million at March 31, 2015, and June 30, 2014.

In connection with its August 2014 acquisition of Peoples Service Company, Inc. (PSC), the Company assumed $6.5 million in floating rate junior subordinated debt securities. The debt securities had been issued in 2005 by PSC's subsidiary bank holding company, Peoples Banking Company, in connection with the sale of trust preferred securities, bear interest at a floating rate based on LIBOR, are now redeemable at par, and mature in 2035. The carrying value of the debt securities was approximately $4.9 million at March 31, 2015.

Note 11: Small Business Lending Fund

On July 21, 2011, as part of the Small Business Lending Fund (SBLF) of the United States Department of the Treasury (Treasury), the Company entered into a Small Business Lending Fund-Securities Purchase Agreement (Purchase Agreement) with the Secretary of the Treasury, pursuant to which the Company (i) sold 20,000 shares of the Company's Senior Non-Cumulative Perpetual Preferred Stock, Series A (SBLF Preferred Stock) to the Secretary of the Treasury for a purchase price of $20,000,000. The SBLF Preferred Stock was issued pursuant to the SBLF program, a $30 billion fund established under the Small Business Jobs Act of 2010 that was created to encourage lending to small business by providing capital to qualified community banks with assets of less than $10 billion.

The SBLF Preferred Stock qualifies as Tier 1 capital. The holder of SBLF Preferred Stock is entitled to receive non-cumulative dividends, payable quarterly, on each January 1, April 1, July 1 and October 1, beginning October 1, 2011. The dividend rate, as a percentage of the liquidation amount, fluctuated on a quarterly basis from the original issue date through the tenth dividend period (which ended December 31, 2013), based upon changes in the Company's level of Qualified Small Business Lending (QBSL), as defined in the Purchase Agreement, over the baseline level calculated under the terms of the Purchase Agreement. From January 1, 2014, through four and one half years after issuance (i.e., through January 21, 2016), the dividend rate will be fixed at one percent (1%), based upon the increase

in QBSL as compared to the baseline. After four and one half years from issuance, the dividend rate will increase to nine percent (9%), including a quarterly lending incentive fee of one-half percent (0.5%).

The SBLF Preferred Stock is non-voting, except in limited circumstances. In the event that the Company misses five dividend payments, the holder of the SBLF Preferred Stock will have the right to appoint a representative as an

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observer on the Company's Board of Directors. In the event that the Company misses six dividend payments, then the holder of the SBLF Preferred Stock will have the right to designate two directors to the Board of Directors of the Company.

The SBLF Preferred Stock may be redeemed at any time at the Company's option, at a redemption price of 100% of the liquidation amount plus accrued but unpaid dividends to the date of redemption for the current period, subject to the approval of its federal banking regulator.

As required by the Purchase Agreement, $9,635,000 of the proceeds from the sale of the SBLF Preferred Stock was used to redeem the 9,550 shares of the Company's Fixed Rate Cumulative Perpetual Preferred Stock, Series A issued in 2008 to the Treasury in the Troubled Asset Relief Program (TARP), plus the accrued but unpaid dividends on those preferred shares. As part of the 2008 TARP transaction, the Company issued a ten-year warrant to Treasury to purchase 114,326 shares of the Company's common stock at an exercise price of $12.53 per share. Based on dividends paid by the Company on its common stock since the issuance of the warrant, and the two-for-one common stock split in the form of a common stock dividend paid on January 30, 2015, the warrant has been adjusted and, as of March 31, 2015, was exercisable for the purchase of 231,891 shares, at an exercise price of $6.18 per share.

Note 12: Fair Value Measurements

ASC Topic 820, Fair Value Measurements, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity that are significant to the fair value of the assets or liabilities

Recurring Measurements. The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fell at March 31, 2015 and June 30, 2014:

	Fair Value Measurements at March 31, 2015, Using:			
(dollars in thousands)		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	Fair Value	(Level 1)	(Level 2)	(Level 3)
U.S. government sponsored enterprises (GSEs)	$15,872	$ -	$ 15,872	$ -

State and political subdivisions	42,486	-	42,486	-
Other securities	2,806	-	2,603	203
Mortgage-backed GSE residential	72,473	-	72,473	-

(dollars in thousands)	Fair Value Measurements at June 30, 2014, Using:			
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	Fair Value	(Level 1)	(Level 2)	(Level 3)
U.S. government sponsored enterprises (GSEs)	$24,074	$ -	$ 24,074	$ -
State and political subdivisions	45,357	-	45,357	-
Other securities	2,640	-	2,507	133
Mortgage-backed GSE residential	58,151	-	58,151	-

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Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the nine months ended March 31, 2015.

Available-for-sale Securities. When quoted market prices are available in an active market, securities are classified within Level 1. The Company does not have Level 1 securities. If quoted market prices are not available, then fair values are estimated using pricing models, or quoted prices of securities with similar characteristics. For these securities, the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the bond's terms and conditions, among other things. Level 2 securities include U.S. Government-sponsored enterprises, state and political subdivisions, other securities, and mortgage-backed GSE residential securities. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

The following table presents a reconciliation of activity for available for sale securities measured at fair value based on significant unobservable (Level 3) information for the three- and nine-month periods ended March 31, 2015 and 2014:

	Three months ended	
(dollars in thousands)	March 31, 2015	March 31, 2014
Available-for-sale securities, beginning of period	$172	$121
Total unrealized gain (loss) included in comprehensive income	31	3
Transfer from Level 2 to Level 3	-	-
Available-for-sale securities, end of period	$203	$124

	Nine months ended	
(dollars in thousands)	March 31, 2015	March 31, 2014
Available-for-sale securities, beginning of period	$133	$73
Total unrealized gain (loss) included in comprehensive income	70	51
Transfer from Level 2 to Level 3	-	-
Available-for-sale securities, end of period	$203	$124

Nonrecurring Measurements. The following tables present the fair value measurement of assets measured at fair value on a nonrecurring basis and the level within the ASC 820 fair value hierarchy in which the fair value measurements fell at March 31, 2015 and June 30, 2014:

Fair Value Measurements at March 31, 2015, Using:

Quoted Prices in

(dollars in thousands)	Fair Value	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Impaired loans (collateral dependent)	$-	$ -	$ -	$ -
Foreclosed and repossessed assets held for sale	4,328	-	-	4,328

	Fair Value Measurements at June 30, 2014, Using:			
(dollars in thousands)	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Impaired loans (collateral dependent)	$-	$ -	$ -	$ -
Foreclosed and repossessed assets held for sale	2,977	-	-	2,977

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The following table presents gains and (losses) recognized on assets measured on a non-recurring basis for the nine-month periods ended March 31, 2015 and 2014:

(dollars in thousands)	For the nine months ended March 31, 2015	March 31, 2014
Impaired loans (collateral dependent)	$(59)	$110
Foreclosed and repossessed assets held for sale	(33)	(221)
Total gains (losses) on assets measured on a non-recurring basis	$(92)	$(111)

The following is a description of valuation methodologies and inputs used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. For assets classified within Level 3 of fair value hierarchy, the process used to develop the reported fair value process is described below.

Impaired Loans (Collateral Dependent). A collateral dependent loan is considered to be impaired when it is probable that all of the principal and interest due may not be collected according to its contractual terms. Generally, when a collateral dependent loan is considered impaired, the amount of reserve required is measured based on the fair value of the underlying collateral. The Company makes such measurements on all material collateral dependent loans deemed impaired using the fair value of the collateral for collateral dependent loans. The fair value of collateral used by the Company is determined by obtaining an observable market price or by obtaining an appraised value from an independent, licensed or certified appraiser, using observable market data. This data includes information such as selling price of similar properties and capitalization rates of similar properties sold within the market, expected future cash flows or earnings of the subject property based on current market expectations, and other relevant factors. In addition, management applies selling and other discounts to the underlying collateral value to determine the fair value. If an appraised value is not available, the fair value of the collateral dependent impaired loan is determined by an adjusted appraised value including unobservable cash flows.

On a quarterly basis, loans classified as special mention, substandard, doubtful, or loss are evaluated including the loan officer's review of the collateral and its current condition, the Company's knowledge of the current economic environment in the market where the collateral is located, and the Company's recent experience with real estate in the area. The date of the appraisal is also considered in conjunction with the economic environment and any decline in the real estate market since the appraisal was obtained. For all loan types, updated appraisals are obtained if considered necessary. Of the Company's $19.4 million (carrying value) in impaired loans (collateral-dependent and purchased credit-impaired) at March 31, 2015, the Company utilized a real estate appraisal more than 12 months old to serve as the primary basis of our valuation for impaired loans with a carrying value of approximately $18.4 million. The remaining $1.0 million was secured by machinery, equipment and accounts receivable. In instances where the economic environment has worsened and/or the real estate market declined since the last appraisal, a higher distressed sale discount would be applied to the appraised value.

The Company records collateral dependent impaired loans based on nonrecurring Level 3 inputs. If a collateral dependent loan's fair value, as estimated by the Company, is less than its carrying value, the Company either records a charge-off of the portion of the loan that exceeds the fair value or establishes a specific reserve as part of the allowance for loan losses.

Foreclosed and Repossessed Assets Held for Sale. Foreclosed and repossessed assets held for sale are valued at the time the loan is foreclosed upon or collateral is repossessed and the asset is transferred to foreclosed or repossessed assets held for sale. The value of the asset is based on third party or internal appraisals, less estimated costs to sell and appropriate discounts, if any. The appraisals are generally discounted based on current and expected market conditions that may impact the sale or value of the asset and management's knowledge and experience with similar assets. Such discounts typically may be significant and result in a Level 3 classification of the inputs for determining fair value of these assets. Foreclosed and repossessed assets held for sale are continually evaluated for additional impairment and are adjusted accordingly if impairment is identified.

Unobservable (Level 3) Inputs. The following table presents quantitative information about unobservable inputs used in recurring and nonrecurring Level 3 fair value measurements.

(dollars in thousands)	Fair value at March 31, 2015	Valuation technique	Unobservable inputs	Range of inputs applied	Weighted-average inputs applied
Recurring Measurements					
			Discount rate		
			Prepayment rate		
			Projected defaults	n/a	11.2%
			and deferrals	n/a	1% annually
			(% of pool balance)	n/a	33.3%
Available-for-sale securities (pooled trust preferred security)	$203	Discounted cash flow	Anticipated recoveries (% of pool balance)	n/a	0.8%
Nonrecurring Measurements					
Foreclosed and repossessed assets	4,328	Third party appraisal	Marketability discount	0.0% - 76.0 %	36.1 %

(dollars in thousands)	Fair value at June 30, 2014	Valuation technique	Unobservable inputs	Range of inputs applied	Weighted-average inputs applied
Recurring Measurements					
			Discount rate		
			Prepayment rate		
			Projected defaults	n/a	16.0%
			and deferrals	n/a	1% annually
			(% of pool balance)	n/a	38.8%
Available-for-sale securities (pooled trust preferred security)	$133	Discounted cash flow	Anticipated recoveries (% of pool balance)	n/a	1.0%
Nonrecurring Measurements					
Foreclosed and repossessed assets	2,977	Third party appraisal	Marketability discount	0.0% - 76.4 %	14.9 %

Fair Value of Financial Instruments. The following table presents estimated fair values of the Company's financial instruments and the level within the fair value hierarchy in which the fair value measurements fell at March 31, 2015 and June 30, 2014.

March 31, 2015		
	Quoted Prices in Active	Significant Unobservable

(dollars in thousands)	Carrying Amount	Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Inputs (Level 3)
Financial assets				
Cash and cash equivalents	$20,798	$20,798	$ -	$ -
Interest-bearing time deposits	2,698	-	2,698	-
Stock in FHLB	4,135	-	4,135	-
Stock in Federal Reserve Bank of St. Louis	2,340	-	2,340	-
Loans receivable, net	1,049,524	-	-	1,052,384
Accrued interest receivable	4,645	-	4,645	-
Financial liabilities				
Deposits	1,056,994	640,266	-	415,479
Securities sold under agreements to repurchase	27,960	-	27,960	-
Advances from FHLB	65,080	23,700	43,174	-
Accrued interest payable	741	-	741	-
Subordinated debt	14,635	-	-	12,125
Unrecognized financial instruments (net of contract amount)				
Commitments to originate loans	-	-	-	-
Letters of credit	-	-	-	-
Lines of credit	-	-	-	-

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	June 30, 2014			
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets				
Cash and cash equivalents	$14,932	$14,932	$ -	$ -
Interest-bearing time deposits	1,655	-	1,655	-
Stock in FHLB	4,569	-	4,569	-
Stock in Federal Reserve Bank of St. Louis	1,424	-	1,424	-
Loans receivable, net	801,056	-	-	805,543
Accrued interest receivable	4,402	-	4,402	-
Financial liabilities				
Deposits	785,801	462,629	-	323,512
Securities sold under agreements to repurchase	25,561	-	25,561	-
Advances from FHLB	85,472	59,900	27,714	-
Accrued interest payable	570	-	570	-
Subordinated debt	9,727	-	-	8,059
Unrecognized financial instruments (net of contract amount)				
Commitments to originate loans	-	-	-	-
Letters of credit	-	-	-	-
Lines of credit	-	-	-	-

The following methods and assumptions were used in estimating the fair values of financial instruments:

Cash and cash equivalents and interest-bearing time deposits are valued at their carrying amounts, which approximates book value. Stock in FHLB and the Federal Reserve Bank of St. Louis is valued at cost, which approximates fair value. Fair value of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. Loans with similar characteristics are aggregated for purposes of the calculations. The carrying amounts of accrued interest approximate their fair values.

The fair value of fixed-maturity time deposits is estimated using a discounted cash flow calculation that applies the rates currently offered for deposits of similar remaining maturities. Non-maturity deposits and securities sold under agreements are valued at their carrying value, which approximates fair value. Fair value of advances from the FHLB is estimated by discounting maturities using an estimate of the current market for similar instruments. The fair value of subordinated debt is estimated using rates currently available to the Company for debt with similar terms and maturities. The fair value of commitments to originate loans is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and committed rates. The fair value of letters of credit and lines of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate or otherwise settle the obligations with the counterparties at the reporting date.

Note 13: Acquisitions

On August 5, 2014, the Company completed its acquisition of Peoples Service Company (PSC) and its subsidiary, Peoples Bank of the Ozarks (Peoples), Nixa, Missouri. Peoples was merged into the Company's bank subsidiary, Southern Bank, in early December, 2014, in connection with the conversion of Peoples' data system. The Company acquired Peoples primarily for the purpose of conducting commercial banking activities in markets where it believes the Company's business model will perform well, and for the long-term value of its core deposit franchise. Through March 31, 2015, the Company incurred $678,000 in third-party acquisition-related costs. Expenses totaling $528,000 are included in noninterest expense in the Company's consolidated statement of income for the nine months ended March 31, 2015, compared to $0 for the nine months ended March 31, 2014. Notes payable of $2.9 million were contractually required to be repaid on the date of acquisition. The goodwill of $3.0 million arising from the acquisition consists largely of synergies and economies of scale expected from combining the operations of the Company and Peoples. Total goodwill was assigned to the acquisition of the bank holding company.

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The following table summarizes the consideration paid for PSC and Peoples, and the amounts of assets acquired and liabilities assumed recognized at the acquisition date:

Fair Value of Consideration Transferred (dollars in thousands)	
Cash	$12,094
Common stock, at fair value	12,331
Total consideration	$24,425

Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and Cash equivalents	$18,236
Interest bearing time deposits	9,950
Investment Securities	31,257
Loans	190,445
Premises and equipment	11,785
Identifiable intangible assets	3,000
Miscellaneous other assets	4,045
Deposits	(221,887)
Advances from FHLB	(16,038)
Subordinated debt	(4,844)
Miscellaneous other liabilities	(1,558)
Notes Payable	(2,921)
Total identifiable net assets	21,492
Goodwill	$2,955

The following unaudited pro forma condensed financial information presents the results of operations of the Company, including the effects of the purchase accounting adjustments and acquisition expenses, had the acquisition taken place at the beginning of each period:

	Three months ended March 31,		Nine months ended March 31,	
	2015	2014	2015	2014
(dollars in thousands except per share data)				
Interest income	13,909	13,161	42,551	38,790
Interest expense	2,212	2,204	6,594	6,686
Net interest income	11,697	10,957	35,957	32,104
Provision for loan losses	837	253	2,526	1,048
Noninterest income	2,094	1,854	6,376	5,477
Noninterest expense	8,091	9,107	26,063	24,743
Income before income taxes	4,863	3,451	13,744	11,790
Income taxes	1,497	940	4,264	3,410
Net income	3,366	2,511	9,480	8,380
Dividends on preferred shares	50	50	150	150
Net income available to common stockholders	3,316	2,461	9,330	8,230

Earnings per share

Basic	$0.45	$0.34	$1.25	$1.13
Diluted	$0.44	$0.33	$1.23	$1.10
Basic weighted average shares outstanding	7,413,257	7,315,266	7,442,084	7,283,634
Diluted weighted average shares outstanding	7,603,917	7,538,606	7,630,789	7,489,342

The unaudited pro forma condensed combined financial statements do not reflect any anticipated cost savings or revenue enhancements. Accordingly, the pro forma results of operations of the Company as of and after the business combination may not be indicative of the results that actually would have occurred if the combination had been in effect during the periods presented or of the results that may be attained in the future.

Note 14: Subsequent Events

On May 8, 2015, Treasury notified the Company that it had accepted the Company's offer to repurchase for $2.7 million the warrant held by Treasury for the purchase of 231,891 shares of the Company's common stock at an exercise price of $6.18 per share. As indicated in Note 11, the warrant was issued by the Company to Treasury on December 5, 2008, as part of the Company's participation in the TARP Capital Purchase Program. Settlement for the repurchase of the warrant is expected to occur on or about May 13, 2015.

PART I: Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

SOUTHERN MISSOURI BANCORP, INC.

General

Southern Missouri Bancorp, Inc. (Southern Missouri or Company) is a Missouri corporation and owns all of the outstanding stock of Southern Bank (the Bank). The Company's earnings are primarily dependent on the operations of the Bank. As a result, the following discussion relates primarily to the operations of the Bank. The Bank's deposit accounts are generally insured up to a maximum of $250,000 by the Deposit Insurance Fund (DIF), which is administered by the Federal Deposit Insurance Corporation (FDIC). As of March 31, 2015, the Bank conducted business through its home office located in Poplar Bluff, 32 full service offices, and two limited service offices located in in Poplar Bluff (3), Van Buren, Dexter, Kennett, Doniphan, Qulin, Sikeston, Matthews, Springfield, Thayer (2), West Plains, Alton, Nixa, Fremont Hills, Ozark, Springfield (2), Republic, Clever, Forsyth, and Kimberling City, Missouri; and Paragould, Jonesboro (2), Brookland, Batesville, Searcy, Bald Knob (2), and Bradford, Arkansas.

The significant accounting policies followed by Southern Missouri Bancorp, Inc. and its wholly owned subsidiaries for interim financial reporting are consistent with the accounting policies followed for annual financial reporting. All adjustments, which are of a normal recurring nature and are in the opinion of management necessary for a fair statement of the results for the periods reported, have been included in the accompanying consolidated condensed financial statements.

The consolidated balance sheet of the Company as of June 30, 2014, has been derived from the audited consolidated balance sheet of the Company as of that date. Certain information and note disclosures normally included in the Company's annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form 10-K annual report filed with the Securities and Exchange Commission for the fiscal year ended June 30, 2014.

Management's discussion and analysis of financial condition and results of operations is intended to assist in understanding the financial condition and results of operations of the Company. The information contained in this section should be read in conjunction with the unaudited consolidated financial statements and accompanying notes. The following discussion reviews the Company's condensed consolidated financial condition at March 31, 2015, and results of operations for the three- and nine-month periods ended March 31, 2015 and 2014.

Forward Looking Statements

This document contains statements about the Company and its subsidiaries which we believe are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include, without limitation, statements with respect to anticipated future operating and financial performance, growth opportunities, interest rates, cost savings and funding advantages expected or anticipated to be realized by management. Words such as "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan" and similar expressions are intended to identify these forward looking statements. Forward-looking statements by the Company and its management are based on beliefs, plans, objectives, goals, expectations, anticipations, estimates and intentions of management and are not guarantees of future performance. The important factors we discuss below, as well as other factors discussed under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" and identified in this filing and in our other filings with the SEC and those presented elsewhere by our management from time to time, could cause actual results to differ materially from those indicated by the forward-looking statements made in this document:

- 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;
- 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;

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- 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 our 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;
- 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.

The Company disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information, or otherwise.

Non-GAAP Disclosures

The following financial measures contain information determined by methods other than in accordance with accounting principles generally accepted in the United States (commonly referred to as GAAP):

- net income available to common shareholders excluding the accretion of fair value discount on acquired loans and amortization of fair value premium on assumed time deposits;
- annualized return on average assets excluding the accretion of fair value discount on acquired loans and amortization of fair value premium on assumed time deposits;
- annualized return on average common equity excluding the accretion of fair value discount on acquired loans and amortization of fair value premium on assumed time deposits;
- net interest margin excluding the accretion of fair value discount on acquired loans and amortization of fair value premium on assumed time deposits;

These measures indicate what net income available to common shareholders, return on average assets, return on average common equity, and net interest margin would have been without the impact of the accretion of fair value discount on acquired loans and amortization of fair value premium on assumed time deposits resulting from the December 2010 acquisition of most of the assets and assumption of substantially all of the liabilities of the former First Southern Bank, Batesville, Arkansas (the Fiscal 2011 Acquisition), as well as the August 5, 2014 acquisition of Peoples Service Company and its subsidiary, Peoples Bank of the Ozarks (the Peoples Acquisition). Management believes that showing these measures excluding these items provides useful information by which to evaluate the Company's operating performance on an ongoing basis from period to period. Other acquisitions, with smaller acquired loan portfolios, resulted in less variation between GAAP and what management believes to be core operating results.

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 these non-GAAP financial measures presented are set forth below.

The following table presents reconciliation to GAAP of net income available to common stockholders excluding accretion of fair value discount on acquired loans and amortization of fair value premium on assumed time deposits

related to the Fiscal 2011 Acquisition and the Peoples Acquisition:

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(dollars in thousands)	For the three months ended March 31, 2015	For the three months ended March 31, 2014	For the nine months ended March 31, 2015	For the nine months ended March 31, 2014
Net income available to common stockholders	$3,316	$2,193	$9,953	$7,175
Less: impact of excluding accretion of fair value discount on acquired loans and amortization of fair value premium on acquired time deposits related to the Acquisitions, net of tax	392	68	1,197	301
Net income available to common shareholders - excluding accretion of fair value discount on acquired loans and amortization of fair value premium on acquired time deposits related to the Acquisitions, net of tax	$2,924	$2,125	$8,756	$6,874

The following table presents reconciliation to GAAP of return on average assets excluding accretion of fair value discount on acquired loans and amortization of fair value premium on assumed time deposits related to the Fiscal 2011 Acquisition and the Peoples Acquisition:

	For the three months ended March 31, 2015	For the three months ended March 31, 2014	For the nine months ended March 31, 2015	For the nine months ended March 31, 2014
Return on average assets	1.04%	0.93 %	1.06%	1.09 %
Less: impact of excluding accretion of fair value discount on acquired loans and amortization of fair value premium on acquired time deposits related to the Acquisitions, net of tax	0.12%	0.03 %	0.12%	0.05 %
Return on average assets - excluding accretion of fair value discount on acquired loans and amortization of fair value premium on acquired time deposits related to the Acquisitions, net of tax	0.92%	0.90 %	0.94%	1.04 %

The following table presents reconciliation to GAAP of return on average common equity excluding accretion of fair value discount on acquired loans and amortization of fair value premium on assumed time deposits related to the Fiscal 2011 Acquisition and the Peoples Acquisition:

	For the three months ended March 31, 2015	For the three months ended March 31, 2014	For the nine months ended March 31, 2015	For the nine months ended March 31, 2014
Return on average common equity	11.88%	10.15%	12.49%	11.34%
Less: impact of excluding accretion of fair value discount on acquired loans and amortization of fair value premium on acquired time deposits related to the Acquisitions, net of tax	1.40 %	0.31 %	1.50 %	0.47 %
	10.48%	9.84 %	10.99%	10.87%

Return on average common equity - excluding accretion of fair value discount on acquired loans and amortization of fair value premium on acquired time deposits related to the Acquisitions, net of tax

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The following table presents reconciliation to GAAP of net interest margin excluding accretion of fair value discount on acquired loans and amortization of fair value premium on assumed time deposits related to the Fiscal 2011 Acquisition and the Peoples Acquisition:

	For the three months ended		For the nine months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Net interest margin	3.89%	3.72 %	3.95%	3.82 %
Less: impact of excluding accretion of fair value discount on acquired loans and amortization of fair value premium on acquired time deposits related to the Acquisitions	0.21%	0.05 %	0.22%	0.07 %
Net interest margin - excluding accretion of fair value discount on acquired loans and amortization of fair value premium on acquired time deposits related to the Acquisitions	3.68%	3.67 %	3.73%	3.75 %

Critical Accounting Policies

Accounting principles generally accepted in the United States of America are complex and require management to apply significant judgments to various accounting, reporting and disclosure matters. Management of the Company must use assumptions and estimates to apply these principles where actual measurement is not possible or practical. For a complete discussion of the Company's significant accounting policies, see "Notes to the Consolidated Financial Statements" in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2014. Certain policies are considered critical because they are highly dependent upon subjective or complex judgments, assumptions and estimates. Changes in such estimates may have a significant impact on the financial statements. Management has reviewed the application of these policies with the Audit Committee of the Company's Board of Directors. For a discussion of applying critical accounting policies, see "Critical Accounting Policies" beginning on page 58 of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2014.

Recent Events

On August 5, 2014, the Company acquired Peoples Service Company (PSC) and its banking subsidiary, Peoples Bank of the Ozarks (Peoples), in a stock and cash transaction (the Peoples Acquisition). The acquired financial institution was merged with and into Southern Bank in early December, 2014. Net of purchase accounting adjustments to the acquired balance sheet, the acquired entity had assets of $268.7 million, loans of $190.4 million, and deposits of $221.9 million.

On January 30, 2015, the Company effected a two-for-one common stock split in the form of a common stock dividend. All share and per share amounts reflect this stock dividend.

Executive Summary

During fiscal 2014, the Company closed on its acquisition of the Bank of Thayer in October 2013, and the acquisition of Citizens State Bank in February 2014 (collectively, the "Fiscal 2014 Acquisitions"). Along with the Peoples Acquisition, described above, the Fiscal 2014 Acquisitions impacted our reported results through a larger average balance sheet, and increased noninterest income and noninterest expense.

Our results of operations depend primarily on our net interest margin, which is directly impacted by the interest rate environment. The net interest margin represents interest income earned on interest-earning assets (primarily real estate loans, commercial and agricultural loans, and the investment portfolio), less interest expense paid on interest-bearing liabilities (primarily certificates of deposit, interest-bearing transaction accounts, savings and money market deposit accounts, repurchase agreements, and borrowed funds), as a percentage of average interest-earning assets. Net interest margin is directly impacted by the spread between long-term interest rates and short-term interest rates, as our interest-earning assets, particularly those with initial terms to maturity or repricing greater than one year, generally price off longer term rates while our interest-bearing liabilities generally price off shorter term rates. This difference in longer term and shorter term interest rates is often referred to as the steepness of the yield curve. A steep yield curve – in which the difference in interest rates between short term and long term periods is relatively large – could be beneficial to our net interest income, as the interest rate spread between our interest-earning assets and interest-bearing liabilities would be larger. Conversely, a flat or flattening yield curve, in which the difference in rates between short term and long term periods is relatively small or shrinking, or an inverted yield curve, in which short term rates exceed long term rates, could have an adverse impact on our net interest income, as our interest rate spread could decrease.

Our results of operations may also be affected significantly by general and local economic and competitive conditions, particularly those with respect to changes in market interest rates, government policies and actions of regulatory authorities.

During the first nine months of fiscal 2015, we grew our balance sheet by $281.4 million. Balance sheet growth was primarily due to the Peoples Acquisition. Loans increased $248.5 million, of which the Peoples Acquisition accounted for $190.4 million at the time of acquisition. Available-for-sale securities increased $3.4 million, attributable to the Peoples Acquisition, which provided $31.3 million in securities, partially offset by securities sales and maturities. Cash equivalents and time deposits increased $6.9 million, fixed assets increased $15.0 million, intangible assets increased $5.1 million, and other assets increased $2.5 million, all due primarily to the Peoples Acquisition. Deposits increased $271.2 million, attributable primarily to the Peoples Acquisition, which provided $221.9 million in deposit balances at the time of acquisition. Securities sold under agreements to repurchase increased $2.4 million. Advances from the Federal Home Loan Bank (FHLB) decreased $20.4 million, despite the Peoples Acquisition adding longer-term advances of $16.0 million, at fair value, as the Company repaid overnight advances. Subordinated debt increased $4.9 million, attributable to the Peoples Acquisition. Equity increased $21.8 million, primarily as a result of additional shares of the Company's common stock issued in the Peoples Acquisition, as well as retention of net income and an increase in accumulated other comprehensive income.

Net income for the first nine months of fiscal 2015 was $10.1 million, an increase of $2.8 million, or 37.9% as compared to the same period of the prior fiscal year. After accounting for dividends on preferred stock of $150,000, net earnings available to common shareholders were $10.0 million in the nine-month period ended March 31, 2015, an increase of 38.7% as compared to the same period of the prior fiscal year. Compared to the year-ago period, the Company's increase in net income was the result of an increase in net interest income and noninterest income, partially offset by increases in non-interest expense, provision for income taxes, and provision for loan losses. Diluted net income available to common shareholders was $1.33 per share for the first nine months of fiscal 2015, as compared to $1.06 per share for the same period of the prior fiscal year (both figures split-adjusted). The increase was attributable to the increased net income available to common shareholders, partially offset by an increase in the average number of common shares outstanding. For the first nine months of fiscal 2015, net interest income increased $10.9 million, or 45.0%; noninterest income increased $1.9 million, or 42.0%; noninterest expense increased $6.9 million, or 39.5%; provision for income taxes increased $1.6 million, or 57.1%; and provision for loan losses increased $1.5 million, or 141.1%, as compared to the same period of the prior fiscal year. For more information see "Results of Operations."

Interest rates during the first nine months of fiscal 2015 remained relatively low by historical standards, and yields on longer maturities moved decidedly lower in the December and March quarters. Yields were up on the shortest-term securities, as expectations built that the Federal Reserve's Open Market Committee (FOMC) was poised to raise overnight borrowing costs in mid- to late-2015. The effect was a flatter yield curve. Our average yield on earning assets increased, primarily due to the impact of the Peoples Acquisition and the loan portfolio acquired at a fair value discount under purchase accounting (see "Results of Operations: Comparison of the three- and nine-month periods ended March 31, 2015 and 2014 – Net Interest Income"). A flat or flattening yield curve is generally detrimental to the Company. In December 2008, the FOMC cut the targeted Federal Funds rate to a range of 0.00% to 0.25%, and in March 2009, it detailed its plan to purchase long-term mortgage-backed securities, agency debt, and long-term Treasuries. A second securities purchase program focused on US Treasuries. A third program sought to lower real estate borrowing costs through purchases of mortgage-backed securities, and extending the average life of its securities portfolio. For 2013, the FOMC extended its quantitative easing by purchasing approximately $85 billion per month in longer-term Treasuries and additional agency mortgage-backed securities. In December 2013, the FOMC began reducing those purchases by $10 billion per month, continued reducing those purchases by $10 billion per month at each successive meeting through 2014, and announced in late October 2014 that the program would be concluded. The Fed has recently removed language indicating that it can remain "patient" before beginning to remove the extraordinarily accommodative policy in place since 2008.

Our net interest margin improved when comparing the first nine months of fiscal 2015 to the same period of the prior fiscal year. The improvement was attributable to purchase accounting adjustments related to the Peoples Acquisition, which was partially offset by the diminishing impact of similar adjustments resulting from the December 2010 acquisition of most of the assets and assumption of substantially all of the liabilities of the former First Southern Bank, Batesville, Arkansas (the Fiscal 2011 Acquisition). In both acquisitions, the Company acquired loans at a material discount. Net interest income resulting from the accretion of those discounts (and smaller premiums on acquired time deposits) in the first nine months of fiscal 2015 increased to $1.9 million, as compared to $481,000 in the first

nine months of fiscal 2014. This increase equates to a 14 basis point increase in the net interest margin. The Company expects that as the acquired loan portfolios pay down, the positive impact on net interest income of discount accretion resulting from these acquisitions will be reduced. Our net interest margin, excluding this income, decreased to 3.73% in the current nine-month period, as compared to 3.74% in the prior year's nine-month period, as declines in core loan yields were mostly offset by declines in our core cost of funds, and the mix of our earning assets was relatively stable.

The Company's net income is also affected by the level of its noninterest income and noninterest expenses. Non-interest income generally consists primarily of deposit account service charges, bank card interchange income, loan-related fees, increases in the cash value of bank-owned life insurance, gains on sales of loans, and other general operating income. Noninterest expenses consist primarily of compensation and employee benefits, occupancy-related expenses, deposit insurance assessments, professional fees, advertising, postage and office expenses, insurance, bank card network expenses, the amortization of intangible assets, and other general operating expenses. During the nine-month period ended March 31, 2015, noninterest income increased $1.9 million, or 42.0%, as compared to the same period of the prior fiscal year, attributable primarily to deposit account charges, bank card interchange income, loan late charges, and gains on sales of loans, most of which resulted from the Fiscal 2014 Acquisitions and the Peoples Acquisition, partially offset by a reduction in realized gains on AFS securities. Noninterest expense for the nine-month period ended December 31, 2015, increased $6.9 million, or 39.5%, as compared to the same period of the prior fiscal year. The increase was primarily attributable to compensation, occupancy, amortization of core deposit intangibles, and advertising expenses, which resulted primarily from the Fiscal 2014 Acquisitions and the Peoples Acquisition, partially offset by reductions in legal and professional costs and bank card network expense, due to higher one-time charges in the prior period.

We expect, over time, to continue to grow our assets modestly through the origination and occasional purchase of loans, and purchases of investment securities. The primary funding for this asset growth is expected to come from retail deposits, short- and long-term FHLB borrowings, and, as needed, brokered certificates of deposit. We have grown and intend to continue to grow deposits by offering desirable deposit products for our current customers and by attracting new depository relationships. We will also continue to explore strategic expansion opportunities in market areas that we believe will be attractive to our business model, although we expect that the integration of operations from the Peoples Acquisition and the Fiscal 2014 Acquisitions will be our focus for the immediate-term.

Comparison of Financial Condition at March 31, 2015 and June 30, 2014

The Company experienced balance sheet growth in the first nine months of fiscal 2015, with total assets increasing $281.4 million, or 27.6%, to $1.3 billion at March 31, 2015, as compared to $1.0 billion at June 30, 2014. Balance sheet growth during this period was primarily due to the Peoples Acquisition, as well as organic loan growth. Balance sheet growth was funded primarily with acquired deposit balances and organic deposit growth.

Available-for-sale securities increased $3.4 million, or 2.6%, to $133.6 million at March 31, 2015, as compared to $130.2 million at June 30, 2014. The increase was attributable to the Peoples Acquisition, which included $31.3 million in AFS securities balances, consisting primarily of mortgage-backed securities, mostly offset by securities sold, repaid, and matured. Cash equivalents and time deposits increased $6.9 million, or 41.6%, as compared to June 30, 2014, primarily as a result of the Peoples Acquisition.

Loans, net of the allowance for loan losses, increased $248.5 million, or 31.0%, to $1.0 billion at March 31, 2015, as compared to $801.1 million at June 30, 2014. The increase was primarily attributable to the Peoples Acquisition, which included $190.4 million in loans, at fair value. Including acquired loans, the increase in balance consisted primarily of commercial real estate, residential real estate, and commercial loans.

Deposits increased $271.2 million, or 34.5%, to $1.1 billion at March 31, 2015, as compared to $785.8 million at June 30, 2014. The increase was primarily attributable to the Peoples Acquisition, which included $221.9 million in

deposits, at fair value. Including assumed deposits, the increase consisted primarily of certificates of deposit, interest-bearing transaction accounts, noninterest-bearing transaction accounts, and money market deposit accounts.

FHLB advances were $65.1 million at March 31, 2015, a decrease of $20.4 million, or 23.9%, as compared to $85.5 million at June 30, 2014. The decrease was attributable to the repayment of overnight borrowings funded by the utilization of cash equivalents obtained in the Peoples Acquisition, the sale of AFS securities, and deposit growth, and was partially offset by the assumption of longer-term advances totaling $16.0 million, at fair value, as a result of the

Peoples Acquisition. Securities sold under agreements to repurchase totaled $28.0 million at March 31, 2015, as compared to $25.6 million at June 30, 2014, an increase of 9.4%. At both dates, the full balance of repurchase agreements was due to local small business and government counterparties.

The Company's stockholders' equity increased $21.8 million, or 19.7%, to $133.0 million at March 31, 2015, from $111.1 million at June 30, 2014. The increase was due primarily to the issuance of shares of Company common stock in the Peoples Acquisition, as well as retention of net income, and an increase in accumulated other comprehensive income, partially offset by cash dividends paid on common and preferred stock.

Average Balance Sheet, Interest, and Average Yields and Rates for the Three- and Nine-Month Periods Ended March 31, 2015 and 2014

The tables below present certain information regarding our financial condition and net interest income for the three- and nine-month periods ended March 31, 2015 and 2014. The tables present the annualized average yield on interest-earning assets and the annualized average cost of interest-bearing liabilities. We derived the yields and costs by dividing annualized income or expense by the average balance of interest-earning assets and interest-bearing liabilities, respectively, for the periods shown. Yields on tax-exempt obligations were not computed on a tax equivalent basis.

	Three-month period ended March 31, 2015			Three-month period ended March 31, 2014		
(dollars in thousands)	Average Balance	Interest and Dividends	Yield/ Cost (%)	Average Balance	Interest and Dividends	Yield/ Cost (%)
Interest earning assets:						
Mortgage loans (1)	$822,215	$ 10,182	4.95	$607,774	$ 7,489	4.93
Other loans (1)	218,156	2,793	5.12	153,346	2,008	5.24
Total net loans	1,040,371	12,975	4.99	761,120	9,497	4.99
Mortgage-backed securities	78,293	435	2.22	52,982	286	2.16
Investment securities (2)	69,140	483	2.79	82,301	519	2.52
Other interest earning assets	16,148	16	0.40	10,803	14	0.52
Total interest earning assets (1)	1,203,952	13,909	4.62	907,206	10,316	4.55
Other noninterest earning assets (3)	92,966	-		60,800	-	
Total assets	$1,296,918	$ 13,909		$968,006	$ 10,316	
Interest bearing liabilities:						
Savings accounts	$114,912	91	0.32	$91,430	78	0.34
NOW accounts	330,150	624	0.76	264,328	512	0.77
Money market deposit accounts	74,623	41	0.22	29,042	49	0.67
Certificates of deposit	423,350	1,000	0.94	312,252	854	1.09
Total interest bearing deposits	943,035	1,756	0.74	697,052	1,493	0.86
Borrowings:						
Securities sold under agreements to repurchase	26,256	30	0.46	25,470	34	0.53
FHLB advances	57,597	301	2.09	64,557	272	1.69
Subordinated debt	14,626	125	3.42	9,717	83	3.42
Total interest bearing liabilities	1,041,514	2,212	0.85	796,796	1,882	0.94
Noninterest bearing demand deposits	123,033	-		64,053	-	
Other noninterest bearing liabilities	753	-		763	-	
Total liabilities	1,165,300	2,212		861,612	1,882	

Stockholders' equity	131,618	-		106,394	-	
Total liabilities and stockholders' equity	$1,296,918	$ 2,212		$968,006	$ 1,882	
Net interest income		$ 11,697			$ 8,434	
Interest rate spread (4)			3.77 %			3.61 %
Net interest margin (5)			3.89 %			3.72 %
Ratio of average interest-earning assets to average interest-bearing liabilities	115.60 %			113.86 %		

(1) Calculated net of deferred loan fees, loan discounts and loans-in-process. Non-accrual loans are included in average loans.
(2) Includes FHLB and Federal Reserve Bank of St. Louis membership stock and related cash dividends.
(3) Includes average balances for fixed assets and bank owned life insurance (BOLI) of $34.3 million and $19.5 million, respectively, for the three-month period ended March 31, 2015, as compared to $23.4 million and $18.9 million, respectively, for the same period of the prior fiscal year.
(4) Interest rate spread represents the difference between the average rate on interest-earning assets and the average cost of interest-bearing liabilities.
(5) Net interest margin represents net interest income divided by average interest-earning assets.

(dollars in thousands)	Nine-month period ended March 31, 2015			Nine-month period ended March 31, 2014		
	Average Balance	Interest and Dividends	Yield/ Cost (%)	Average Balance	Interest and Dividends	Yield/ Cost (%)
Interest earning assets:						
Mortgage loans (1)	$797,772	$ 30,293	5.06	$555,710	$ 21,102	5.06
Other loans (1)	209,312	8,267	5.27	164,996	6,572	5.31
Total net loans	1,007,084	38,560	5.11	720,706	27,674	5.12
Mortgage-backed securities	79,284	1,298	2.18	37,329	587	2.10
Investment securities (2)	73,753	1,528	2.76	78,211	1,438	2.45
Other interest earning assets	21,339	98	0.61	5,996	20	0.44
Total interest earning assets (1)	1,181,460	41,484	4.68	842,242	29,719	4.70
Other noninterest earning assets (3)	86,836	-		56,780	-	
Total assets	$1,268,296	$ 41,484		$899,022	$ 29,719	
Interest bearing liabilities:						
Savings accounts	$114,534	289	0.34	$88,276	225	0.34
NOW accounts	299,945	1,755	0.78	236,417	1,469	0.83
Money market deposit accounts	77,997	142	0.24	24,485	131	0.71
Certificates of deposit	406,551	2,874	0.94	297,904	2,622	1.17
Total interest bearing deposits	899,027	5,060	0.75	647,082	4,447	0.92
Borrowings:						
Securities sold under agreements to repurchase	24,776	84	0.45	23,939	97	0.54
FHLB advances	88,427	973	1.47	58,417	814	1.86
Subordinated debt	13,933	379	3.63	8,774	223	3.39
Total interest bearing liabilities	1,026,163	6,496	0.84	738,212	5,581	1.01
Noninterest bearing demand deposits	114,731	-		55,343	-	
Other noninterest bearing liabilities	1,167	-		1,138	-	
Total liabilities	1,142,061	6,496		794,693	5,581	
Stockholders' equity	126,235	-		104,329	-	
Total liabilities and stockholders' equity	$1,268,296	$ 6,496		$899,022	$ 5,581	
Net interest income		$ 34,988			$ 24,138	
Interest rate spread (4)			3.84 %			3.69 %
Net interest margin (5)			3.95 %			3.82 %
Ratio of average interest-earning assets to average interest-bearing liabilities	115.13 %			114.09 %		

(1) Calculated net of deferred loan fees, loan discounts and loans-in-process. Non-accrual loans are included in average loans.

(2) Includes FHLB and Federal Reserve Bank of St. Louis membership stock and related cash dividends.

(3) Includes average balances for fixed assets and BOLI of $31.6 million and $19.3 million, respectively, for the nine-month period ended March 31, 2015, as compared to $20.5 million and $17.3 million, respectively, for the same period of the prior fiscal year.

(4)

Interest rate spread represents the difference between the average rate on interest-earning assets and the average cost of interest-bearing liabilities.

(5) Net interest margin represents net interest income divided by average interest-earning assets.

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Rate/Volume Analysis

The following tables set forth the effects of changing rates and volumes on the Company's net interest income for the three- and nine-month periods ended March 31, 2015. Information is provided with respect to (i) effects on interest income and expense attributable to changes in volume (changes in volume multiplied by the prior rate), (ii) effects on interest income and expense attributable to change in rate (changes in rate multiplied by prior volume), and (iii) changes in rate/volume (change in rate multiplied by change in volume).

	Three-month period ended March 31, 2015 Compared to three-month period ended March 31, 2014, Increase (Decrease) Due to			
(dollars in thousands)	Rate	Volume	Rate/ Volume	Net
Interest-earnings assets:				
Loans receivable (1)	$ (8)	$ 3,485	$ -	$ 3,478
Mortgage-backed securities	8	137	4	149
Investment securities (2)	57	(83)	(10)	(36)
Other interest-earning deposits	(3)	7	(1)	2
Total net change in income on interest-earning assets	54	3,546	(7)	3,593
Interest-bearing liabilities:				
Deposits	(161)	526	(103)	263
Securities sold under agreements to repurchase	(6)	1	1	(4)
Subordinated debt	1	42	-	42
FHLB advances	64	(29)	(6)	29
Total net change in expense on interest-bearing liabilities	(102)	540	(108)	330
Net change in net interest income	$ 156	$ 3,006	$ 101	$ 3,263

	Nine-month period ended March 31, 2015 Compared to nine-month period ended March 31, 2014, Increase (Decrease) Due to			
(dollars in thousands)	Rate	Volume	Rate/ Volume	Net
Interest-earnings assets:				
Loans receivable (1)	$ (69)	$ 10,993	$ (38)	$ 10,886
Mortgage-backed securities	24	660	27	711
Investment securities (2)	183	(82)	(11)	90
Other interest-earning deposits	8	50	20	78
Total net change in income on interest-earning assets	146	11,621	(2)	11,765

Interest-bearing liabilities:				
Deposits	(691)	1,704	(400)	613
Securities sold under agreements to repurchase	(15)	3	(1)	(13)
Subordinated debt	15	131	10	156
FHLB advances	(171)	418	(88)	159
Total net change in expense on interest-bearing liabilities	(862)	2,256	(479)	915
Net change in net interest income	$1,008	$9,365	$477	$10,850

(1) Does not include interest on loans placed on nonaccrual status.
(2) Does not include dividends earned on equity securities.

Results of Operations – Comparison of the three- and nine-month periods ended March 31, 2015 and 2014

General. Net income for the three- and nine-month periods ended March 31, 2015, was $3.4 million and $10.1 million, respectively, increases of $1.1 million, or 50.1%, and $2.8 million, or 37.9%, as compared to the same periods of the prior fiscal year. After preferred dividends of $50,000 and $150,000, respectively, paid in the three- and nine-month periods ended March 31, 2015 and 2014, net income available to common shareholders was $3.3 million and $10.0 million, respectively, increases of $1.1 million, or 51.2%, and $2.8 million, or 38.7%, respectively as compared to the same periods of the prior fiscal year.

For the three-month period ended March 31, 2015, basic and diluted earnings per common share was $0.45 and $0.44, respectively, each an increase of $0.12, or 36.4% and 37.5% respectively, as compared to the same period of the prior fiscal year, with figures adjusted to reflect the 2-for-1 stock split in the form of a stock dividend paid January 30, 2015. Our annualized return on average assets for the three-month period ended March 31, 2015, was 1.04%, as compared to 0.93% for the same period of the prior fiscal year. For the three-month period ended March 31, 2015, annualized return on average assets excluding accretion of fair value discount on acquired loans and amortization of fair value premium on assumed time deposits related to the Fiscal 2011 Acquisition and the Peoples Acquisition was 0.92%, as compared to 0.90% for the same period of the prior fiscal year. Our annualized return on average common stockholders' equity for the three-month period ended March 31, 2015, was 11.9%, as compared to 10.2% in the same period of the prior fiscal year.

For the nine-month period ended March 31, 2015, basic and diluted earnings per common share was $1.36 and $1.33, respectively, each an increase of $0.27, or 24.8%, and 25.5% respectively, as compared to the same period of the prior fiscal year, with figures adjusted to reflect the 2-for-1 stock split in the form of a stock dividend paid January 30, 2015. Our annualized return on average assets for the nine-month period ended March 31, 2015, was 1.06%, as compared to 1.09% for the same period of the prior fiscal year. For the nine-month period ended March 31, 2015, annualized return on average assets excluding accretion of fair value discount on acquired loans and amortization of fair value premium on assumed time deposits related to the Fiscal 2011 Acquisition and the Peoples Acquisition was 0.94%, as compared to 1.04% for the same period of the prior fiscal year. Our annualized return on average common stockholders' equity for the nine-month period ended March 31, 2015, was 12.5%, as compared to 11.3% in the same period of the prior fiscal year.

Net Interest Income. Net interest income for the three-month and nine-month periods ended March 31, 2015, was $11.7 million and $35.0 million, respectively, increases of $3.3 million, or 38.7%, and $10.9 million, or 45.0%, as compared to the same periods of the prior fiscal year. Net interest income attributable to the accretion of fair value discount on acquired loans and amortization of fair value premium on assumed time deposits related to the Fiscal 2011 Acquisition was $69,000 and $244,000, respectively, in the current three- and nine-month periods, as compared to $109,000 and $481,000, respectively, in the same periods of the prior fiscal year. Net interest income attributable to the accretion of fair value discount on acquired loans and amortization of fair value premium on assumed time deposits related to the Peoples Acquisition was $558,000 and $1.7 million, respectively, in the current three- and nine-month periods, with no comparable accretion in the same periods of the prior fiscal year.

Our net interest margin for the three- and nine-month periods ended March 31, 2015, determined by dividing annualized net interest income by total average interest-earning assets, was 3.89% and 3.95%, respectively, as compared to 3.72% and 3.82%, respectively, in the same periods of the prior fiscal year. Our net interest margin excluding accretion of fair value discount on acquired loans and amortization of fair value premium on assumed time deposits related to the Fiscal 2011 Acquisition and the Peoples Acquisition was 3.68% and 3.73%, respectively, for the three-and nine-month periods ended March 31, 2015, as compared to 3.67% and 3.75%, respectively, for the same periods of the prior fiscal year. Our average net interest rate spread for the three- and nine-month periods ended March 31, 2015, was 3.77% and 3.84%, respectively, as compared to 3.61% and 3.69%, respectively, for the same periods of the prior fiscal year.

For the three-month period ended March 31, 2015, the improvement in net interest rate spread, compared to the same period a year ago, resulted from a nine basis point decrease in the average cost of interest-bearing liabilities, combined with a seven basis point increase in the average yield on interest-earning assets. This decline in rates paid was attributable to the continued generally low rate environment, while the increase in yields earned was attributable to an increase in the accretion of fair value discount on acquired loans, due to the Peoples Acquisition which closed in early August 2014, partially offset by continued repricing of assets in the low rate environment. Our

growth initiatives, including the Peoples Acquisition and the Fiscal 2014 Acquisitions, resulted in an increase of $296.7 million, or 32.7%, in the average balance of interest-earning assets, when comparing the three-month period ended March 31, 2015, with the same period of the prior fiscal year.

For the nine-month period ended March 31, 2015, the improvement in net interest rate spread, compared to the same period a year ago, resulted from a 17 basis point decrease in the average cost of interest-bearing liabilities, partially offset by a two basis point decrease in the average yield on interest-earning assets. The declines in yields earned and rates paid were attributable to the continued generally low rate environment, while the decline in yields earned was partially offset by the accretion of fair value discount on acquired loans, due to the Peoples Acquisition which closed in early August 2014. Our growth initiatives, including the Peoples Acquisition and the Fiscal 2014 Acquisitions, resulted in an increase of $339.2 million, or 40.3%, in the average balance of interest-earning assets, when comparing the nine-month period ended March 31, 2015, with the same period of the prior fiscal year.

Interest Income. Total interest income for the three- and nine-month periods ended March 31, 2015, was $13.9 million and $41.5 million, respectively, increases of $3.6 million, or 34.8%, and $11.8 million, or 39.6%, respectively, as compared to the same periods of the prior fiscal year. The increases were attributed to 32.7% and 40.3% increases, respectively, in the average balance of interest-earning assets for the three- and nine-month periods ended March 31, 2015, combined with an increase of seven basis points in the average yield earned on interest-earning assets in the three-month period, and partially offset by a two basis point decline in the average yield earned on interest-earning assets in the nine-month period, as compared to the same periods of the prior fiscal year. Increased average balances were attributed to our growth initiatives, including the Peoples Acquisition and the Fiscal 2014 Acquisitions. For the three-month period, the increase in yields on interest-earning assets was attributable to an increase in interest income generated from accretion of fair value discount on acquired loans, resulting from the Peoples Acquisition, which closed in early August 2014, partially offset by the repricing of assets in the continued low rate environment. For the nine-month period, the decrease in yields on interest-earning assets was attributable to the repricing of assets in the continued low rate environment, partially offset by the increase in interest income generated from accretion of fair value discount on acquired loans, resulting from the Peoples Acquisition.

Interest Expense. Total interest expense for the three- and nine-month periods ended March 31, 2015, was $2.2 million and $6.5 million, respectively, increases of $329,000, or 17.5%, and $915,000, or 16.4%, respectively, as compared to the same periods of the prior fiscal year. The increases were attributable to increases of $244.7 million, or 30.7%, and $288.0 million, or 39.0%, respectively, in the average balance of interest-bearing liabilities for the three- and nine-month periods ended March 31, 2015, partially offset by declines of nine and 17 basis points, respectively, in the average cost of interest-bearing liabilities, as compared to the same periods of the prior fiscal year. The growth in average balances was attributed to our growth initiatives, including the Peoples Acquisition and the Fiscal 2014 Acquisitions, while the decline in the average cost of interest-bearing liabilities was attributed to the repricing of liabilities in the continued low rate environment.

Provision for Loan Losses. The provision for loan losses for the three- and nine-month periods ended March 31, 2015, was $837,000 and $2.5 million, respectively, as compared to $253,000 and $1.0 million, respectively, in the same periods of the prior fiscal year. As a percentage of average loans outstanding, provision for loan losses in the current three- and nine-month periods represented an annualized charge of 0.32% and 0.33%, respectively, while the Company incurred annualized net charge offs in the three- and nine-month periods of 0.02% and 0.01%, respectively. During the same periods of the prior fiscal year, provision for loan losses as a percentage of average loans outstanding represented an annualized charge of 0.13% and 0.19%, respectively, while annualized net charge offs were 0.35% and 0.14%, respectively, for the three- and nine-month periods. The increase was primarily attributable to growth in loan balances and the migration of balances within the portfolio subject to allowance

Allowance for Loan Loss Activity

The Company regularly reviews its allowance for loan losses and makes adjustments to its balance based on management's analysis of the loan portfolio, the amount of non-performing and classified loans, as well as general economic conditions. Although the Company maintains its allowance for loan losses at a level that it considers sufficient to provide for losses, there can be no assurance that future losses will not exceed internal estimates. In addition, the amount of the allowance for loan losses is subject to review by regulatory agencies, which can order the establishment of additional loss provision. The following table summarizes changes in the allowance for loan losses over the three- and nine- month periods ended March 31, 2015 and 2014:

(dollars in thousands)	Three months ended March 31, 2015	2014	Nine months ended March 31, 2015	2014
Balance, beginning of period	$10,958	$9,085	$9,259	$8,386
Loans charged off:				
Residential real estate	(13)	(127)	(24)	(150)
Construction	-	-	-	-
Commercial business	(21)	(503)	(40)	(517)
Commercial real estate	(8)	-	(9)	(70)
Consumer	(16)	(33)	(54)	(50)
Gross charged off loans	(58)	(663)	(127)	(787)
Recoveries of loans previously charged off:				
Residential real estate	1	1	10	15
Construction	-	-	-	-
Commercial business	-	7	3	9
Commercial real estate	-	-	40	1
Consumer	5	4	32	15
Gross recoveries of charged off loans	6	12	85	40
Net charge offs	(52)	(651)	(42)	(747)
Provision charged to expense	837	253	2,526	1,048
Balance, end of period	$11,743	$8,687	$11,743	$8,687

The allowance for loan losses has been calculated based upon an evaluation of pertinent factors underlying the various types and quality of the Company's loans. Management considers such factors as the repayment status of a loan, the estimated net fair value of the underlying collateral, the borrower's intent and ability to repay the loan, local economic conditions, and the Company's historical loss ratios. We maintain the allowance for loan losses through the provision for loan losses that we charge to income. We charge losses on loans against the allowance for loan losses when we believe the collection of loan principal is unlikely. The allowance for loan losses increased $2.4 million to $11.7 million at March 31, 2015, from $9.3 million at June 30, 2014. The increase was deemed appropriate in order to bring the allowance for loan losses to a level that reflects management's estimate of the incurred loss in the Company's loan portfolio at March 31, 2015.

At March 31, 2015, the Company had loans of $13.2 million, or 1.25% of total loans, adversely classified ($13.2 million classified "substandard"; none classified "doubtful" or "loss"), as compared to loans of $7.0 million, or 0.87% of total loans, adversely classified ($7.0 million classified "substandard"; none classified "doubtful" or "loss") at June 30, 2014, and $6.6 million, or 0.85% of total loans, adversely classified ($6.5 million classified "substandard"; $90,000 classified "doubtful"; and none classified "loss") at March 31, 2014. The increase was attributable primarily to the Peoples Acquisition. Classified loans were generally comprised of loans secured by commercial and residential real estate loans, while a smaller amount of commercial operating loans, consumer loans and construction loans were also classified. All loans were classified due to concerns as to the borrowers' ability to continue to generate sufficient cash flows to service the debt. Of our classified loans, the Company had ceased recognition of interest on loans with a carrying value of $4.1 million at March 31, 2015. As indicated in Note 4 to the condensed consolidated financial statements, the Company's total past due loans increased from $3.9 million at June 30, 2014, to $4.6 million at March 31, 2015. The increase was attributable primarily to the Peoples Acquisition.

In its quarterly evaluation of the adequacy of its allowance for loan losses, the Company employs historical data including past due percentages, charge offs, and recoveries for the previous five years for each loan category. The

Company's allowance methodology considers the most recent twelve-month period's average net charge offs and uses this information as one of the primary factors for evaluation of allowance adequacy. Average net charge offs are calculated as net charge offs by portfolio type for the period as a percentage of the average balance of respective portfolio type over the same period.

The following table sets forth the Company's historical net charge offs as of March 31, 2015 and June 30, 2014:

Portfolio segment	March 31, 2015 Net charge offs – 12-month historical		June 30, 2014 Net charge offs – 12-month historical	
Real estate loans:				
Residential	0.01	%	0.06	%
Construction	0.00	%	0.00	%
Commercial	0.00	%	0.03	%
Consumer loans	0.15	%	0.26	%
Commercial loans	0.01	%	0.44	%

Additionally, in its quarterly evaluation of the adequacy of the allowance for loan losses, the Company evaluates changes in the financial condition of individual borrowers; changes in local, regional, and national economic conditions; the Company's historical loss experience; and changes in market conditions for property pledged to the Company as collateral. The Company has identified specific qualitative factors that address these issues and subjectively assigns a percentage to each factor. Qualitative factors are reviewed quarterly and may be adjusted as necessary to reflect improving or declining trends. At March 31, 2015, these qualitative factors included:

· Changes in lending policies
· National, regional, and local economic conditions
· Changes in mix and volume of portfolio
· Experience, ability, and depth of lending management and staff
· Entry to new markets
· Levels and trends of delinquent, nonaccrual, special mention and
· Classified loans
· Concentrations of credit
· Changes in collateral values
· Agricultural economic conditions
· Regulatory risk

The qualitative factors are applied to the allowance for loan losses based upon the following percentages by loan type:

Portfolio segment	Qualitative factor applied at interim period ended March 31, 2015		Qualitative factor applied at fiscal year ended June 30, 2014	
Real estate loans:				
Residential	0.77	%	0.78	%
Construction	1.84	%	1.67	%
Commercial	1.35	%	1.33	%
Consumer loans	1.43	%	1.39	%

Commercial loans	1.40	%	1.29	%

At March 31, 2015, the amount of our allowance for loan losses attributable to these qualitative factors was approximately $10.6 million, as compared to $8.6 million at June 30, 2014. The relative stability in qualitative factors was attributed to stable credit quality, classifications, and delinquencies within the legacy portfolio.

While management believes that our asset quality remains strong, it recognizes that, due to the continued growth in the loan portfolio and potential changes in market conditions, our level of nonperforming assets and resulting charge offs may fluctuate. Higher levels of net charge offs requiring additional provision for loan losses could result. Although management uses the best information available, the level of the allowance for loan losses remains an estimate that is subject to significant judgment and short-term change.

Nonperforming Assets

The ratio of nonperforming assets to total assets and nonperforming loans to net loans receivable is another measure of asset quality. Nonperforming assets of the Company include nonaccruing loans, accruing loans delinquent/past maturity 90 days or more, and assets which have been acquired as a result of foreclosure or deed-in-lieu of foreclosure. The table below summarizes changes in the Company's level of nonperforming assets over selected time periods:

(dollars in thousands)	March 31, 2015	June 30, 2014	March 31, 2014
Nonaccruing loans:			
Residential real estate	$2,334	$444	$448
Construction	132	-	411
Commercial real estate	1,490	673	669
Consumer	143	58	66
Commercial business	101	91	385
Total	4,200	1,266	1,979
Loans 90 days past due accruing interest:			
Residential real estate	127	106	-
Commercial real estate	-	18	-
Consumer	10	6	-
Commercial business	-	-	-
Total	137	130	-
Total nonperforming loans	4,337	1,396	1,979
Nonperforming investments	-	-	125
Foreclosed assets held for sale:			
Real estate owned	4,291	2,912	2,969
Other nonperforming assets	36	65	39
Total nonperforming assets	$8,664	$4,373	$5,112

At March 31, 2015, troubled debt restructurings (TDRs) totaled $6.6 million, of which $3.0 million was considered nonperforming and was included in the nonaccrual loan total above. The remaining $3.6 million in TDRs have complied with their modified terms for a reasonable period of time and are therefore considered by the Company to be accrual status loans. In general, these performing loans were subject to classification as TDRs at March 31, 2015, on the basis of guidance under ASU No. 2011-02, which indicates that the Company may not consider the borrower's effective borrowing rate on the old debt immediately before the restructuring in determining whether a concession has been granted. At June 30, 2014, TDRs totaled $5.1 million, of which $300,000 was considered nonperforming and was included in the nonaccrual loan total above. The remaining $4.8 million in TDRs at June 30, 2014, had complied with their modified terms for a reasonable period of time and were therefore considered by the Company to be accrual status loans.

At March 31, 2015, nonperforming assets totaled $8.7 million, as compared to $4.4 million at June 30, 2014, and $5.1 million at March 31, 2014. The increase in nonperforming assets from fiscal year end was attributed primarily to $1.7 million in nonaccrual loans (at fair value) and $1.0 million in foreclosed real estate obtained in the Peoples

Acquisition, combined with the migration to nonaccrual status of a previously classified loan relationship, with a carrying value of $2.0 million, assumed by the Company in its Fiscal 2011 Acquisition.

Liquidity Resources

The term "liquidity" refers to our ability to generate adequate amounts of cash to fund loan originations, loan purchases, deposit withdrawals and operating expenses. Our primary sources of funds include deposit growth, securities sold under agreements to repurchase, FHLB advances, brokered deposits, amortization and prepayment of loan principal and interest, investment maturities and sales, and funds provided by our operations. While the scheduled loan repayments and maturing investments are relatively predictable, deposit flows, FHLB advance redemptions, and loan and security prepayment rates are significantly influenced by factors outside the Bank's control, including interest rates, general and local economic conditions and competition. The Bank relies on FHLB advances and brokered deposits as additional sources for funding cash or liquidity needs.

The Company uses its liquid resources principally to satisfy its ongoing cash requirements, which include funding loan commitments, funding maturing certificates of deposit and deposit withdrawals, maintaining liquidity, funding maturing or called FHLB advances, purchasing investments, and meeting operating expenses.

At March 31, 2015, the Company had outstanding commitments and approvals to extend credit of approximately $121.3 million (including $99.0 million in unused lines of credit) in mortgage and non-mortgage loans. These commitments and approvals are expected to be funded through existing cash balances, cash flow from normal operations and, if needed, advances from the FHLB or the Federal Reserve's discount window. At March 31, 2015, the Bank had pledged residential real estate loan portfolios and a significant portion of its commercial real estate loan portfolios with the FHLB for available credit of approximately $347.7 million, of which $64.2 million had been advanced. The Bank has the ability to pledge several of its other loan portfolios, including, for example, its commercial and home equity loans, which could provide additional collateral for additional borrowings; in total, FHLB borrowings are generally limited to 35% of bank assets, or $456.0 million, subject to available collateral. Also, at March 31, 2015, the Bank had pledged a total of $117.1 million in loans secured by farmland and agricultural production loans to the Federal Reserve, providing access to $78.4 million in primary credit borrowings from the Federal Reserve's discount window. Management believes its liquid resources will be sufficient to meet the Company's liquidity needs.

Regulatory Capital

The Company and Bank are subject to various regulatory capital requirements administered by the Federal banking agencies. Failure to meet minimum capital requirements can result in certain mandatory—and possibly additional discretionary – actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Bank must meet specific capital guidelines that involve quantitative measures of the Company and the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Company and Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Furthermore, the Company's and Bank's regulators could require adjustments to regulatory capital not reflected in the condensed consolidated financial statements.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the table below) of total capital, Tier 1 capital, and common equity Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital (as defined) to average total assets (as defined). Management believes, as of March 31, 2015, that the Company and the Bank met all capital adequacy requirements to which they are subject.

In July 2013, the Federal banking agencies announced their approval of the final rule to implement the Basel III regulatory reforms, among other changes required by the Dodd-Frank Wall Street Reform and Consumer Protection Act. The approved rule includes a new minimum ratio of common equity Tier 1 (CET1) capital of 4.5%, raises the minimum ratio of Tier 1 capital to risk-weighted assets from 4.0% to 6.0%, and includes a minimum leverage ratio of 4.0% for all banking institutions. Additionally, the rule creates a capital conservation buffer of 2.5% of risk-weighted assets, and prohibits banking organizations from making distributions or discretionary bonus payments during any quarter if its eligible retained income is negative, if the capital conservation buffer is not maintained. The phase-in of the enhanced capital requirements for banking organizations such as the Company and the Bank began January 1, 2015. Other changes included revised risk-weighting of some assets, stricter limitations on mortgage servicing assets and deferred tax assets, and replacement of the ratings-based approach to risk weight securities.

As of March 31, 2015, the most recent notification from the Federal banking agencies categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized the

Bank must maintain minimum total risk-based, Tier 1 risk-based, common equity Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

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The tables below summarize the Company and Bank's actual and required regulatory capital:

As of March 31, 2015	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(dollars in thousands)						
Total Capital (to Risk-Weighted Assets)						
Consolidated	$154,133	13.74%	$89,752	8.00%	n/a	n/a
Southern Bank	145,917	13.09%	89,198	8.00%	111,497	10.00%
Tier I Capital (to Risk-Weighted Assets)						
Consolidated	141,627	12.62%	67,314	6.00%	n/a	n/a
Southern Bank	134,174	12.03%	66,898	6.00%	89,198	8.00%
Tier I Capital (to Average Assets)						
Consolidated	141,627	10.93%	51,815	4.00%	n/a	n/a
Southern Bank	134,174	10.44%	51,389	4.00%	64,237	5.00%
Common Equity Tier I Capital (to Risk-Weighted Assets)						
Consolidated	106,992	9.54%	58,292	4.50%	n/a	n/a
Southern Bank	134,174	12.03%	57,813	4.50%	83,508	6.50%

As of June 30, 2014	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(dollars in thousands)						
Total Capital (to Risk-Weighted Assets)						
Consolidated	$125,930	16.38%	$61,522	8.00%	n/a	n/a
Southern Bank	114,811	15.07%	60,968	8.00%	76,211	10.00%
Tier I Capital (to Risk-Weighted Assets)						
Consolidated	116,314	15.12%	30,762	4.00%	n/a	n/a
Southern Bank	105,281	13.81%	30,484	4.00%	45,726	6.00%
Tier I Capital (to Average Assets)						
Consolidated	116,314	11.71%	39,743	4.00%	n/a	n/a
Southern Bank	105,281	10.69%	39,379	4.00%	49,224	5.00%

PART I: Item 3: Quantitative and Qualitative Disclosures About Market Risk
SOUTHERN MISSOURI BANCORP, INC.

Asset and Liability Management and Market Risk

The goal of the Company's asset/liability management strategy is to manage the interest rate sensitivity of both interest-earning assets and interest-bearing liabilities in order to maximize net interest income without exposing the Bank to an excessive level of interest rate risk. The Company employs various strategies intended to manage the potential effect that changing interest rates may have on future operating results. The primary asset/liability management strategy has been to focus on matching the anticipated re-pricing intervals of interest-earning assets and interest-bearing liabilities. At times, however, depending on the level of general interest rates, the relationship between long- and short-term interest rates, market conditions and competitive factors, the Company may determine to increase its interest rate risk position somewhat in order to maintain its net interest margin.

In an effort to manage the interest rate risk resulting from fixed rate lending, the Bank has utilized longer term FHLB advances (with maturities up to ten years), subject to early redemptions and fixed terms. Other elements of the Company's current asset/liability strategy include (i) increasing originations of commercial business, commercial real estate, agricultural operating lines, and agricultural real estate loans, which typically provide higher yields and shorter repricing periods, but inherently increase credit risk; (ii) actively soliciting less rate-sensitive deposits, including aggressive use of the Company's "rewards checking" product, and (iii) offering competitively-priced money market accounts and CDs with maturities of up to five years. The degree to which each segment of the strategy is achieved will affect profitability and exposure to interest rate risk.

The Company continues to originate long-term, fixed-rate residential loans. During the first nine months of fiscal year 2015, fixed rate 1- to 4-family residential loan production totaled $24.9 million, as compared to $24.7 million during the same period of the prior fiscal year. At March 31, 2015, the fixed rate residential loan portfolio was $139.3 million with a weighted average maturity of 125 months, as compared to $107.6 million at March 31, 2014, with a weighted average maturity of 172 months. The Company originated $25.6 million in adjustable-rate 1- to 4-family residential loans during the nine-month period ended March 31, 2015, as compared to $25.8 million during the same period of the prior fiscal year. At March 31, 2015, fixed rate loans with remaining maturities in excess of 10 years totaled $41.3 million, or 3.9% of net loans receivable, as compared to $48.7 million, or 6.3% of net loans receivable at March 31, 2014. The Company originated $145.0 million in fixed rate commercial and commercial real estate loans during the nine-month period ended March 31, 2015, as compared to $74.7 million during the same period of the prior fiscal year. The Company also originated $32.1 million in adjustable rate commercial and commercial real estate loans during the nine-month period ended March 31, 2015, as compared to $45.3 million during the same period of the prior fiscal year. At March 31, 2015, adjustable-rate home equity lines of credit were $22.6 million, as compared to $17.8 million at March 31, 2014. At March 31, 2015, the Company's investment portfolio had an expected weighted-average life of 4.7 years, down from 5.4 years at March 31, 2014. Management continues to focus on customer retention, customer satisfaction, and offering new products to customers in order to increase the Company's amount of less rate-sensitive deposit accounts.

Interest Rate Sensitivity Analysis

The following table sets forth as of March 31, 2015, management's estimates of the projected changes in net portfolio value ("NPV") in the event of 100, 200, and 300 basis point ("bp") instantaneous and permanent increases, and 100, 200, and 300 basis point instantaneous and permanent decreases in market interest rates. Dollar amounts are expressed in thousands.

March 31, 2015

BP Change	Estimated Net Portfolio Value			NPV as % of PV of Assets	
in Rates	$ Amount	$ Change	% Change	NPV Ratio	Change
+300	$107,970	(27,962)	-21%	8.46%	-1.94%
+200	117,605	(18,328)	-13%	9.14%	-1.26%
+100	126,153	(9,780)	-7%	9.73%	-0.67%
NC	135,933	-	-	10.40%	-
-100	146,251	10,319	8%	11.09%	0.69%
-200	157,634	21,702	16%	11.85%	1.46%
-300	168,822	32,889	24%	12.59%	2.19%

June 30, 2014

BP Change	Estimated Net Portfolio Value			NPV as % of PV of Assets	
in Rates	$ Amount	$ Change	% Change	NPV Ratio	Change
+300	$93,966	$(20,788)	-18%	9.32%	-1.77%
+200	101,125	(13,628)	-12%	9.95%	-1.15%
+100	107,345	(7,409)	-6%	10.48%	-0.62%
NC	114,754	-	-	11.10%	-
-100	123,482	8,728	8%	13.49%	0.74%
-200	132,190	17,436	15%	13.96%	1.48%
-300	140,398	25,644	22%	14.47%	2.17%

Computations of prospective effects of hypothetical interest rate changes are based on an internally generated model using actual maturity and repricing schedules for the Bank's loans and deposits, and are based on numerous assumptions, including relative levels of market interest rates, loan repayments and deposit run-offs, and should not be relied upon as indicative of actual results. Further, the computations do not contemplate any actions the Bank's may undertake in response to changes in interest rates.

Management cannot predict future interest rates or their effect on the Bank's NPV in the future. Certain shortcomings are inherent in the method of analysis presented in the computation of NPV. For example, although certain assets and liabilities may have similar maturities or periods to repricing, they may react in differing degrees to changes in market interest rates. Additionally, certain assets, such as adjustable-rate loans, have an initial fixed rate period typically from one to seven years and over the remaining life of the asset changes in the interest rate are restricted. In addition, the proportion of adjustable-rate loans in the Bank's portfolios could decrease in future periods due to refinancing activity if market interest rates remain steady in the future. Further, in the event of a change in interest rates, prepayment and early withdrawal levels could deviate significantly from those assumed in the table. Finally, the ability of many borrowers to service their adjustable-rate debt may decrease in the event of an interest rate increase.

The Bank's Board of Directors (the "Board") is responsible for reviewing the Bank's asset and liability policies. The Board's Asset/Liability Committee meets monthly to review interest rate risk and trends, as well as liquidity and

capital ratios and requirements. The Bank's management is responsible for administering the policies and determinations of the Board with respect to the Bank's asset and liability goals and strategies.

PART I: Item 4: Controls and Procedures
SOUTHERN MISSOURI BANCORP, INC.

An evaluation of Southern Missouri Bancorp's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, (the "Act")) as of March 31, 2015, was carried out under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, and several other members of our senior management. The Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2015, the Company's disclosure controls and procedures were effective in ensuring that the information required to be disclosed by the Company in the reports it files or submits under the Act is (i) accumulated and communicated to management (including the Chief Executive and Financial Officer) in a timely manner, and (ii) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Act) that occurred during the quarter ended March 31, 2015, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The Company does not expect that its disclosures and procedures will prevent all error and all fraud. A control procedure, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control procedure are met. Because of the inherent limitations in all control procedures, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any control procedure also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control procedure, misstatements due to error or fraud may occur and not be detected.

PART II: Other Information
SOUTHERN MISSOURI BANCORP, INC.

Item 1: Legal Proceedings

In the opinion of management, the Company is not a party to any pending claims or lawsuits that are expected to have a material effect on the Company's financial condition or operations. Periodically, there have been various claims and lawsuits involving the Company mainly as a defendant, such as claims to enforce liens, condemnation proceedings on properties in which the Company holds security interests, claims involving the making and servicing of real property loans and other issues incident to the Bank's business. Aside from such pending claims and lawsuits, which are incident to the conduct of the Company's ordinary business, the Company is not a party to any material pending legal proceedings that would have a material effect on the financial condition or operations of the Company.

Item 1a: Risk Factors

There have been no material changes to the risk factors set forth in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended June 30, 2014.

Item 2: Unregistered Sales of Equity Securities and Use of Proceeds

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet be Purchased Under the Plans or Program
1/1/2015 thru 1/31/2015	-	-	-	-
2/01/2015 thru 2/28/2015	-	-	-	-
3/1/2015 thru 3/31/2015	-	-	-	-
Total	-	-	-	-

Item 3: Defaults upon Senior Securities

Not applicable

Item 4: Mine Safety Disclosures

Not applicable

Item 5: Other Information

None

Item 6: Exhibits

3	(a)(i)	Articles of Incorporation of the Registrant+
3	(a)(ii)	Amendment to Articles of Incorporation of the Registrant increasing the authorized capital stock of the Registrant++
3	(b)	Certificate of Designation for the Registrant's Senior Non-Cumulative Perpetual Preferred Stock, Series A+++
3	(c)	Bylaws of the Registrant++++
4		Form of Stock Certificate of Southern Missouri Bancorp+++++
10		Material Contracts
	(a)	Registrant's 2008 Equity Incentive Plan++++++
	(b)	Registrant's 2003 Stock Option and Incentive Plan+++++++
	(c)	Southern Missouri Savings Bank, FSB Management Recognition and Development Plan++++++++
	(d)	Employment Agreements
		(i) Greg A. Steffens*
	(e)	Director's Retirement Agreements
		(i) Sammy A. Schalk**
		(ii) Ronnie D. Black**
		(iii) L. Douglas Bagby**
		(iv) Rebecca McLane Brooks***
		(v) Charles R. Love***
		(vi) Charles R. Moffitt***
		(vii) Dennis Robison****
		(viii) David Tooley*****
		(ix) Todd E. Hensley******
	(f)	Tax Sharing Agreement
31.1		Rule 13a-14(a) Certification of Principal Executive Officer
31.2		Rule 13a-14(a) Certification of Principal Financial Officer
32		Section 1350 Certification
101		Attached as Exhibit 101 are the following financial statements from the Southern Missouri Bancorp, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, formatted in Extensive Business Reporting Language (XBRL): (i) consolidated balance sheets,

(ii) consolidated statements of income, (iii) consolidated statements of cash flows and (iv) the notes to consolidated financial statements.

+	Filed as an exhibit to the Registrant's Annual Report on Form 10-KSB for the year ended June 30, 1999.
++	Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on July 26, 2011.
+++	Filed as an exhibit to the Registrant's Quarterly Report on Form 10-Q/A for the quarter ended September 30, 2014, filed on November 17, 2014.
++++	Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on December 6, 2007.
+++++	Filed as an exhibit to the Registrant's Registration Statement on Form S-1 (File No. 333-2320) as filed with the SEC on January 3, 1994.
++++++	Field as an attachment to the Registrant's definitive proxy statement filed on September 19, 2008.
+++++++	Filed as an attachment to the Registrant's definitive proxy statement filed on September 17, 2003.
++++++++	Filed as an attachment to the Registrant's 1994 Annual Meeting Proxy Statement dated October 21, 1994.
*	Filed as an exhibit to the Registrant's Annual Report on Form 10-KSB for the year ended June 30, 1999.
**	Filed as an exhibit to the Registrant's Quarterly Report on Form 10-QSB for the quarter ended December 31, 2000.
***	Filed as an exhibit to the Registrant's Quarterly Report on Form 10-QSB for the quarter ended December 31, 2004.
****	Filed as an exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2008.
*****	Filed as an exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2011.
******	Filed as an exhibit to the Registrant's Annual Report on Form 10-K for the year ended June 30, 2014.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	SOUTHERN MISSOURI BANCORP, INC. Registrant
Date: May 11, 2015	/s/ Greg A. Steffens Greg A. Steffens President & Chief Executive Officer (Principal Executive Officer)
Date: May 11, 2015	/s/ Matthew T. Funke Matthew T. Funke Executive Vice President & Chief Financial Officer (Principal Financial and Accounting Officer)

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