OMB Control Number 1505-0222

CPP **ANNUAL USE OF CAPITAL SURVEY - 2010**

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Southern Missouri Bancorp, Inc.

Person to be contacted regarding this report:	Matt Funke	RSSD: (For Bank Holding Companies)	3266227
UST Sequence Number:	145	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	9,550,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	Dec 5, 2008	City:	Poplar Bluff
Date Repaid[1]:	N/A	State:	Missouri

[1]If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒	Increase lending or reduce lending less than otherwise would have occurred.	From Jan. 1, 2009, to Dec. 31, 2010, the two calendar years (CYs) following the CPP investment, Southern Missouri Bancorp (SMBC) increased net loans outstanding by $209 million, or 59%. Approximately 68% of that increase was due to acquisitions discussed below.
☒	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Since January 1, 2009, SMBC loan portfolios increased as follows: residential R/E, $45 million (30%); construction, $26 million (177%); commercial R/E (incl. agriculture and other land), $93 million (104%); consumer, $11 million (53%); commercial, industrial, and agriculture, $41 million (49%).
☒	Increase securities purchased (ABS, MBS, etc.).	Immediately before and after the Dec. 2008 CPP funding, SMBC significantly increased its investment portfolio (up $17.8 million, or 43.4% during the qtr. ended 12/31/08). During the two CYs ended 12/31/10, SMBC grew its investment portfolio by $11 million, or 18%. (See further discussion, below.)

☐	Make other investments	
☐	Increase reserves for non-performing assets	
☐	Reduce borrowings	
☐	Increase charge-offs	
☒	Purchase another financial institution or purchase assets from another financial institution	In July 2009, SMBC acquired Southern Bank of Commerce, Paragould, AR. In December 2010, SMBC acquired most assets and liabilities of the former First Southern Bank, Batesville, AR, from the FDIC in its role as receiver of the failed institution.
☐	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Because SMBC has had consistent earnings and sound asset quality, the company's need for capital was in relation to growth opportunities, rather than to avoid the negative actions which some financial institutions have been required to take related to capital preservation or de-leveraging. As such SMBC's use of CPP capital is better addressed through actions that SMBC may not have taken without the CPP investment. SMBC was not in a position where we would have had to reduce our asset size, raise dilutive capital, sell the institution, or take other negative actions; we simply would not have been able to grow our loan and investment portfolios as significantly, nor acquire other financial institutions while continuing to meet our business plan targets for capitalization, without CPP funding.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The previously-mentioned acquisition of most assets and liabilities of the former First Southern Bank (FSB) from the FDIC in December 2010 (resulting in balance sheet growth of $147.1 million at the time of acquisition), and the open bank acquisition of Southern Bank of Commerce (SBOC) in July 2009 (resulting in balance sheet growth of $29.9 million at the time of acquisition), represent actions that SMBC would have been less likely to have taken without the CPP capital infusion. We believe we furthered the stated goals of the CPP in both instances by strengthening the US financial system.

FSB was a 2005 de novo institution that failed due to losses in its investment portfolio, the result of alleged fraud on the part of the institution's largest shareholder. Unlike many banks that have failed in the recent economic downturn, FSB had limited credit quality issues. As a result, SMBC was willing to submit a bid to acquire the institution without loss sharing by the FDIC. The FDIC selected our bid as the least-cost option to resolve FSB, and we acquired most of its assets and liabilities following the Arkansas State Bank Department's closure of the bank on December 17, 2010.

SBOC was a 1998 de novo institution that was operating under a written agreement with its primary regulators due primarily to ongoing loan quality issues. SBOC disclosed to its investors in proxy materials related to approval of the acquisition that it was likely to fail, absent the acquisition. SMBC was willing to make an offer to acquire the institution without FDIC assistance. Following approval by SBOC shareholders, SMBC acquired the institution on July 17, 2009.

Additionally, SMBC would almost certainly not have increased its investment securities holdings to the degree that it did during the quarter ended 12/31/08 and continued to hold those through calendar years 2009 and 2010, absent the CPP funding. At September 30, 2008, SMBC reported holding US government and agency securities with a book value of $4.0 million; obligations of municipals and other political subdivisions of $6.8 million; and mortgage-backed securities of $28.4 million. At December 31, 2010, SMBC reported US government agency securities with a book value of $14.8 million; obligations of municipals and other political subdivisions of $24.1 million; and mortgage-backed securities of $28.9 million.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

Finally, as noted above, SMBC increased its loans outstanding by $209 million, or 59%, during the two calendar years ended Decembe

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