

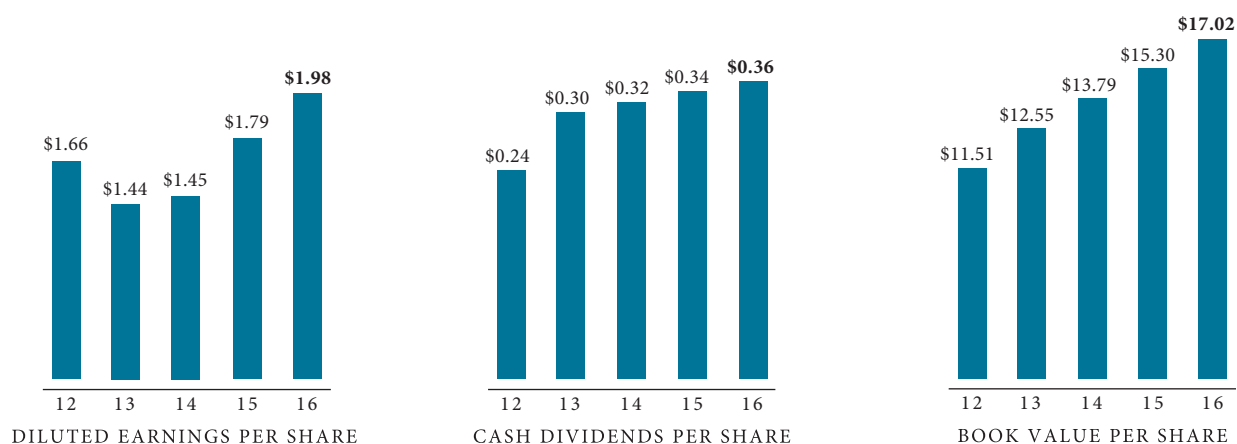


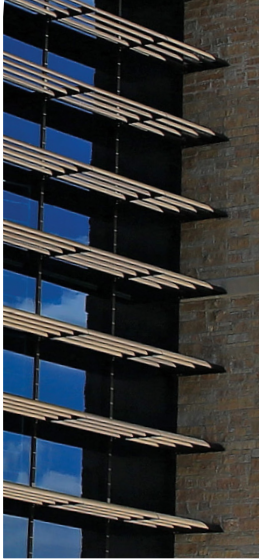
> FINANCIAL SUMMARY <

	2016	2015	CHANGE(%)
EARNINGS (dollars in thousands)			
Net interest income	\$ 46,952	\$ 46,535	0.9%
Provision for loan losses	2,494	3,185	-21.7
Noninterest income	9,758	8,659	12.7
Noninterest expense	32,686	32,285	1.2
Income taxes	6,682	6,056	10.3
Net income	14,848	13,668	8.6
Dividend on preferred shares	85	200	-57.5
Net income available to common stockholders	14,763	13,468	9.6
PER COMMON SHARE			
Net income:			
Basic	\$ 1.99	\$ 1.84	8.2
Diluted	1.98	1.79	10.6
Tangible book value	15.96	14.11	13.1
Closing market price	23.53	18.85	24.8
Cash dividends declared	.36	.34	5.9
AT YEAR-END (dollars in thousands)			
Total assets	\$ 1,403,910	\$ 1,300,064	8.0
Loans, net of allowance	1,135,453	1,053,146	7.8
Reserves as a percent of nonperforming loans	244%	323%	
Deposits	\$ 1,120,693	\$ 1,055,242	6.2
Stockholders' equity	125,966	132,643	-5.0
FINANCIAL RATIOS			
Return on average common stockholders' equity	12.34%	12.48%	
Return on average assets	1.11	1.07	
Net interest margin	3.80	3.92	
Efficiency ratio	57.64	58.50	
Allowance for loan losses to loans	1.20	1.15	
Equity to average assets at year-end	9.44	10.41	
OTHER DATA ⁽¹⁾			
Common shares outstanding	7,437,616	7,419,666	
Common shares outstanding for book value calculation ⁽²⁾	7,400,816	7,364,066	
Average common and dilutive shares outstanding	7,458,759	7,504,642	
Common stockholders of record	250	255	
Full-time equivalent employees	321	318	
Assets per employee (in thousands)	\$ 4,374	\$ 4,088	
Banking offices	36	35	

⁽¹⁾ Other data is as of year-end, except for average shares.

⁽²⁾ Excludes unvested restricted stock award shares.

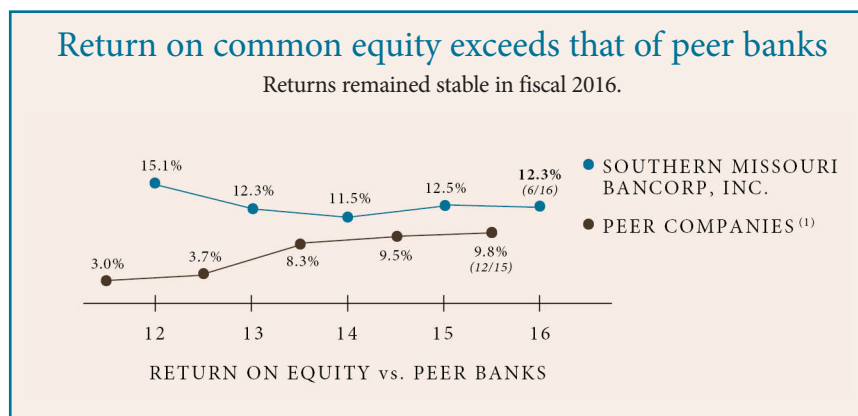




Dear Shareholder,

Our fiscal 2016 year included strong organic growth, improved earnings per share, enhancements in our operational capabilities as we continued to absorb prior years' acquisitions, achievement of clarity on our capital structure, and continued sound profitability and asset quality.

Southern Missouri Bancorp, Inc. (the Company), was pleased to report net income available to common shareholders of \$14.8 million for fiscal 2016, an increase of \$1.3 million, or 9.6%, over fiscal 2015. The Company's return on average common equity was 12.3%, and its return on average assets was 1.11% for fiscal 2016, as compared to 12.5% and 1.07%, respectively, for fiscal 2015.



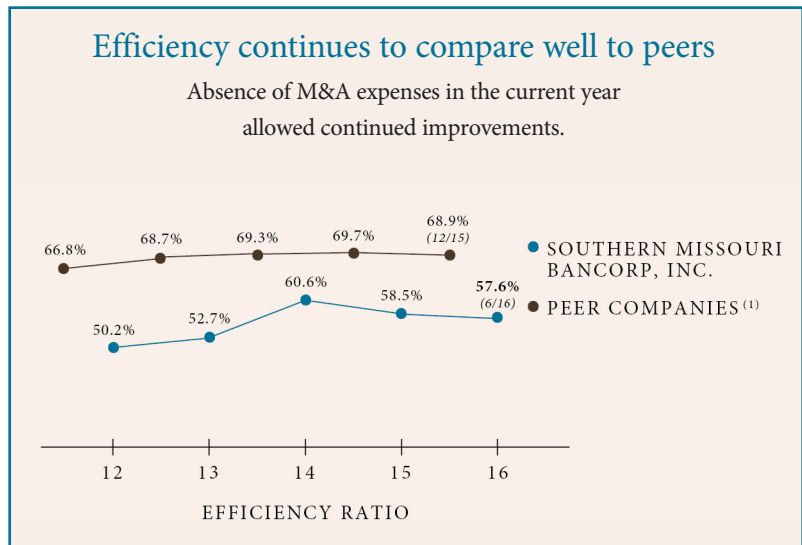
Purchase accounting benefits from the fiscal 2015 acquisition of Peoples Bank of the Ozarks (“Peoples”) improved after-tax results by an estimated \$1.1 million in fiscal 2016, as compared to \$1.3 million in fiscal 2015. Additionally, last year’s results included expenses related to merger and acquisition activity, while some non-recurring benefits added to the improvement this year.

Net interest income improved just 0.9%, as the declining purchase account benefit noted above combined with a compressed core net interest margin to mostly offset an increase of 4.2% in average earning asset balances.

Noninterest income increased 12.7%, as non-recurring items related to bank-owned life insurance, the Company’s ownership of stock in Ozark Trust and Investment Corporation, the acquisition of which by Simmons First National Corporation closed during the fiscal year, and the Company’s sale of its interest in a low-income housing tax credit limited partnership accounted for approximately two-thirds of the growth. Bank card interchange income improved 12.5%, and deposit account service charges were up 3.8%.

⁽¹⁾ Peer data is based on the median year-end figures (December) from S&P Global Market Intelligence (formerly, SNL Financial) for publicly-traded commercial banks and thrifts with assets of \$1 billion to \$2 billion as of December 31, 2015, headquartered in Missouri, Arkansas, Illinois, Iowa, Kansas, Kentucky, Nebraska, Oklahoma, and Tennessee. SMBC data is as of fiscal year-end (June).

Noninterest expense increased just 1.2%, as inclusion of \$508,000 in expenses related to merger and acquisition activity in the prior fiscal year made for a more favorable comparison, aided by a reduction in amortization of intangible assets. A number of noninterest expense items declined as a result of efficiency gains from recent acquisitions, while occupancy expenses increased due to investments in our network and phone systems, occupancy of new leased space in Springfield, Missouri, and our new headquarters facility in Poplar Bluff, Missouri, and deployment of a number of new integrated video teller machines.



Southern Bank's logo is a depiction of our vision to be an organization that is accessible, dynamic, innovative, competitive, rooted, and involved. Each attribute is one we believe to be key to developing as an organization that has strong roots and strong branches. In this year's annual report, we want to take the opportunity to share some examples of how we are working to become more innovative:

- Most notably, in March we moved into a new headquarters facility in Poplar Bluff. The facility includes a modern branch design to provide the highest level of service to our customers, administrative areas planned to efficiently manage our organization and network, and additional room for future growth.



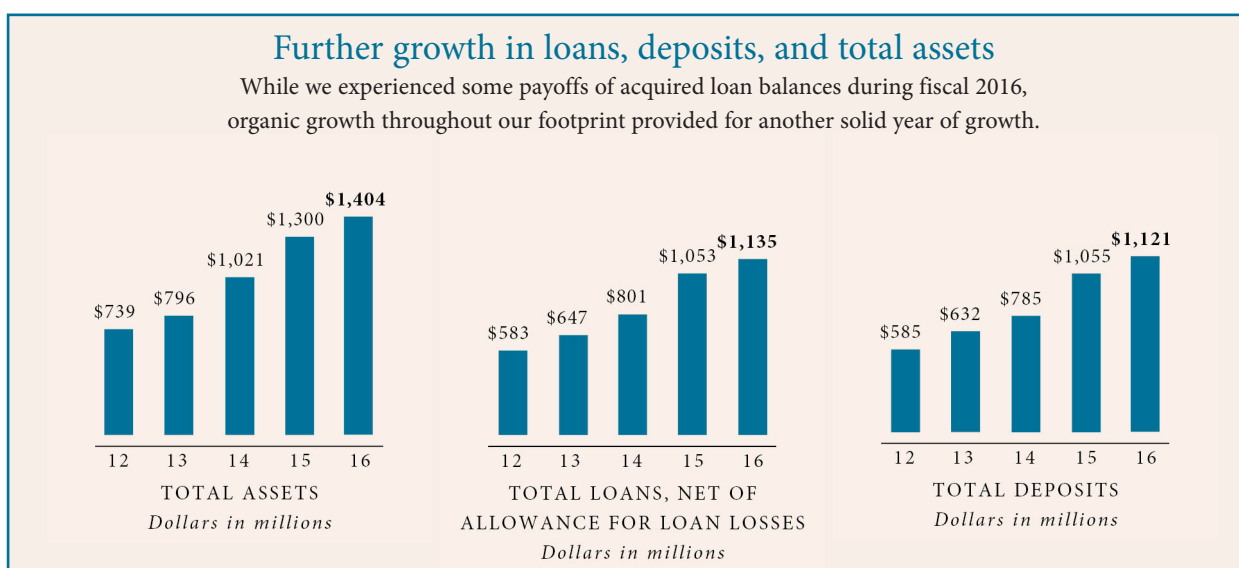
- We've devoted significant space in our new facility for team members who serve as interactive video tellers and call center representatives. Both functions are intended to allow us to maintain or even increase our accessibility to customers, while efficiently managing branch lobby and drive-thru hours. Additionally, the availability of our call center representatives to answer basic questions allows our branch personnel to focus on the customer in front of them, or to participate in business development activity in their market. We currently have nine interactive video



teller terminals in place throughout our branch network, with plans for a tenth this fall. Ten branches have transitioned phone service to be attended first by our call center, though our customer service standards will always require that callers be directed immediately to a team member at their local facility if that is requested. We expect phone service at an additional five branches to move to the call center by December, and to eventually serve all our branches in this manner.

- In recent years, mobile banking, mobile image deposit, and a mobile debit card application to improve cardholder security have all been key innovations in how we serve our customers. In the coming year, we'll roll out an instant-issue debit card to improve on our strong performance in growing non-maturity deposit accounts.
- And finally, with our new facility, and with others constructed or remodeled in recent years, we've designed our lobbies to best feature an updated branch service delivery model utilizing personal bankers. In the past, we staffed through tellers, teller supervisors, new accounts personnel, and branch managers, each primarily responsible for a different set of duties within the retail function. Our personal bankers are team members who are able to cross-sell and engage with customers and help add value, while servicing both simple and complex transactions, and ultimately improving overall customer satisfaction. Assigning a wider range of responsibilities to this level of our organization is helping us to staff our branches with fewer individuals, while the career path offered to our team members will be a better tool for retention. When our customers think about our bank, we want them to see the face of the friendly, knowledgeable personal banker who assisted them, and to know that we value them enough to invest in an informative, outstanding experience at each of our locations.

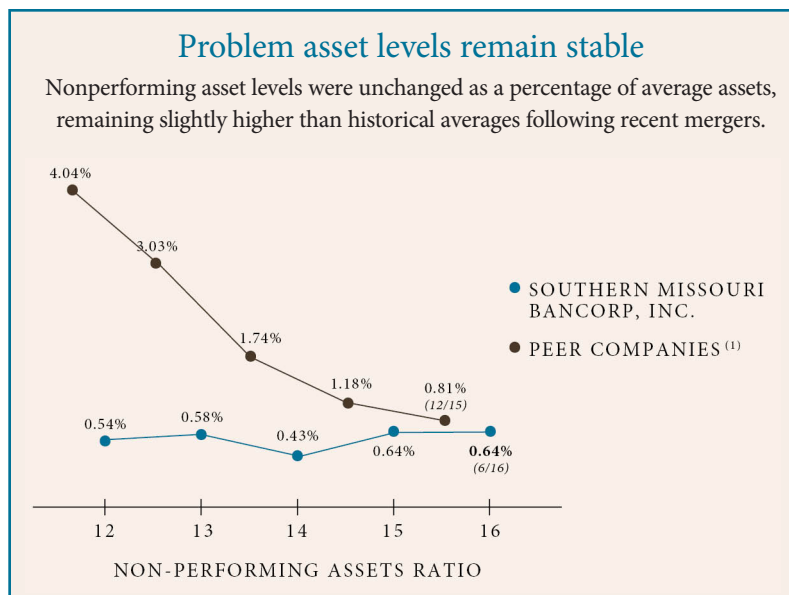
We believe our focus on continued innovation has been a key factor allowing for sustained growth in our assets and funding. While we saw continued elevated payoffs from acquired loans earlier in the fiscal year, we were able to end the period with net loan growth of \$82.3 million, or 7.8%. Loan growth consisted primarily of increases in commercial real estate loans, residential real estate loans, drawn construction loan balances, and commercial loans. As we begin the new fiscal year, early indications point to potentially stronger loan growth in the coming year. Deposits increased \$65.5 million, or 6.2%, with growth resulting primarily from interest-bearing transaction accounts, non-interest bearing transaction accounts, and money market deposit accounts, partially offset by declines in savings accounts and certificates of deposit. If we narrow the analysis to only non-maturity deposits, which have been our primary focus for several years, we achieved growth of \$68.8 million, or 10.5%.



We ended fiscal 2016 with what we considered to be stable credit quality, with nonperforming assets of \$9.0 million, or 0.64% of total assets, as compared to \$8.3 million, or 0.64% of total assets, at year end for fiscal 2015. Nonperforming loans were 0.49% of total loans at June 30, 2016, as compared to 0.36%,

at the prior fiscal year end. Net charge-offs for fiscal 2016 were 0.09% of average loans outstanding, as compared to 0.01% for fiscal 2015.

As we discussed in last year's report, a priority for fiscal 2016 was the repurchase of our \$20 million in preferred stock which we issued to the U.S. Treasury in 2011 as part of its Small Business Lending Fund program. We were pleased to accomplish that repurchase without requiring a capital raise diluting common shareholders. Tangible common equity as a percentage of tangible assets was 8.46% at the end of fiscal 2016, as compared to 8.05% a year earlier.



Book value per common share at June 30, 2016, was \$17.02, an increase of 11.2% from the year prior. Tangible book value per common share, a non-GAAP measure, improved 13.1%, to \$15.96 at June 30, 2016. Our closing stock price at the end of the fiscal year was \$23.53, up 24.8% from \$18.85 at the previous fiscal year end. Over that same year, the SNL U.S. Bank Index was down 14.0%, while the S&P 500 was up 1.7%. We were pleased to see the Company's stock included in the Russell 2000 Index when it reconstituted on June 24, 2016, which we believe should improve liquidity for our shareholders. Assuming dividends have been reinvested, our total shareholder return over the five years ended June 30, 2016, has been 150.3%, while the SNL U.S. Bank Index has returned 59.4%, and the S&P 500 has returned 77.0%.

Our dividends paid during fiscal 2016 represented a 1.53% return on our closing stock price on the final day of the fiscal year, and a 1.60% return on our average closing stock price for fiscal 2016. In July 2016, the board was pleased to increase our dividend by 11.1%, to \$0.10 per quarter, effective with the August 2016 payment.

As we look forward to 2017, the Company will continue to work to identify additional acquisition opportunities in markets that provide long-term growth potential, stable sources of funding, or both. Our goal at this time is to maintain a tangible common equity ratio of between 7.5 and 8.5 percent, while we focus on long-term improvement in core earnings per share and tangible book value per share. We expect the coming year to be challenging for our margin, as the flattening yield curve makes pricing more difficult, and the purchase accounting benefits from the Peoples acquisition dissipate even more rapidly. We anticipate that we'll need to focus on efficiency and disciplined loan and deposit pricing as a result.

As always, I consider myself and our Company to be fortunate to enjoy the trust placed in us by our shareholders, by our team members, and by our valued customers. Thank you for the continued opportunity to serve you and our communities.

GREG STEFFENS
PRESIDENT and CHIEF EXECUTIVE OFFICER
SOUTHERN MISSOURI BANCORP, INC.

> DIRECTORS <

L. Douglas Bagby
Chairman of the Board;
Retired City Manager, City of Poplar Bluff

Sammy A. Schalk
Vice-Chairman of the Board;
President, Gamblin Lumber Company

Ronnie D. Black
Retired Executive Director,
General Association of General Baptists

Greg A. Steffens
President and Chief Executive Officer,
Southern Missouri Bancorp, Inc.

Rebecca M. Brooks
Financial Manager, McLane Transport

Charles R. Love
Certified Public Accountant,
Kraft, Miles and Tatum

Charles R. Moffitt
Agency Manager,
Morse Harwell Jiles Insurance Agency

Dennis C. Robison
President, Robison Farms, Inc.

David J. Tooley
Retired President and CEO,
Metropolitan National Bank

Todd E. Hensley
Investor/Former Chairman,
Peoples Bank of the Ozarks

> EXECUTIVE OFFICERS <

Greg A. Steffens
President and Chief Executive Officer

Kimberly A. Capps
Executive Vice President and
Chief Operations Officer

William D. Hribovsek
Executive Vice President and
Chief Lending Officer

Matthew T. Funke
Executive Vice President and
Chief Financial Officer

Lora L. Daves
Executive Vice President and
Chief Credit Officer



PLEASE JOIN US

at our 2016 Annual Meeting, where shareholders will hear
management review this year's performance in detail.

ANNUAL MEETING

MONDAY, OCTOBER 31, 2016 AT 9:00 AM
TO BE HELD AT OUR NEW HEADQUARTERS FACILITY
2991 OAK GROVE ROAD
POPLAR BLUFF, MISSOURI



SOUTHERN MISSOURI BANCORP, INC.

offers community banking services

in Missouri and Arkansas

through its single bank subsidiary, Southern Bank.

Southern Bank is...

- **Accessible** - Southern Bank is always accessible through our branches, website, mobile applications, ATMs and ITMs.
- **Dynamic** - We are charismatic and progressive. We grow and adapt to meet the ever-changing needs of our customers and communities.
- **Innovative** - We are unconventional pioneers. We offer cutting edge products, like Kasasa, to help our customers put their hard-earned money to work.
- **Competitive** - We are as ambitious and driven as the people we serve. We offer the same quality products of mega bank chains without losing personal service or outsourcing decisions.
- **Rooted** - Our culture is rooted in nearly 130 years of impeccable customer service, superior products, and philanthropy.
- **Involved** - We believe that our personal investment in the lives of our customers and in the communities we serve is just as important as our financial investments.

Southern Missouri Bancorp, Inc.
2991 Oak Grove Road, Poplar Bluff, MO 63901
(573) 778-1800
www.bankwithsouthern.com