HCP, INC.
Form SC 13G
February 03, 2014

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

SCHEDULE 13G

UNDER THE SECURITIES EXCHANGE ACT OF 1934
ANNUAL FILING

HCP
(NAME OF ISSUER)
REIT
(TITLE OF CLASS OF SECURITIES)
40414L109
(CUSIP NUMBER)
12/31/2013
(DATE OF EVENT WHICH REQUIRES FILING OF THIS STATEMENT)

CHECK THE APPROPRIATE BOX TO DESIGNATE THE RULE PURSUANT TO WHICH THIS SCHEDULE IS FILED:

(X) RULE 13D-1 (B)
( ) RULE 13D-1 (C)
( ) RULE 13D-1 (D)

*THE REMAINDER OF THIS COVER PAGE SHALL BE FILLED OUT FOR A REPORTING PERSON`S INITIAL FILING ON THIS FORM WITH RESPECT TO THE SUBJECT CLASS OF SECURITIES, AND FOR ANY SUBSEQUENT AMENDMENT CONTAINING INFORMATION WHICH WOULD ALTER THE DISCLOSURES PROVIDED IN A PRIOR COVER PAGE.

THE INFORMATION REQUIRED IN THE REMAINDER OF THIS COVER PAGE SHALL NOT BE DEEMED TO BE "FILED" FOR THE PURPOSE OF SECTION 18 OF THE SECURITIES EXCHANGE ACT OF 1934 ("ACT") OR OTHERWISE SUBJECT TO THE LIABILITIES OF THAT SECTION OF THE ACT BUT SHALL BE SUBJECT TO ALL OTHER PROVISIONS OF THE ACT (HOWEVER, SEE THE NOTES).

1. NAME OF REPORTING PERSON: STATE STREET CORPORATION

   I.R.S. IDENTIFICATION NO. OF THE ABOVE PERSON: 04-2456637

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

   NOT APPLICABLE

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

   BOSTON, MASSACHUSETTS

5. SOLE VOTING POWER

   0 SHARES

6. SHARED VOTING POWER

   29,593,251

7. SOLE DISPOSITIVE POWER

   0

8. SHARED DISPOSITIVE POWER

   29,593,251

9. AGGREGATED AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

   29,593,251

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

    NOT APPLICABLE

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

    6.5%

12. TYPE OF REPORTING PERSON

    HC

CUSIP NO: 40414L109   13G   Page 3 of 5 Pages

ITEM 1.

(A) NAME OF ISSUER
HCP

(B) ADDRESS OF ISSUER`S PRINCIPAL EXECUTIVE OFFICES
SUITE 300 3760 KILROY AIRPORT WAY
LONG BEACH, CA 90806

ITEM 2.

(A) NAME OF PERSON FILING

STATE STREET CORPORATION AND ANY OTHER REPORTING PERSON
IDENTIFIED ON THE SECOND PART OF THE COVER PAGES HERETO

(B) ADDRESS OF PRINCIPAL BUSINESS OFFICE OR, IN NONE,
RESIDENCE

STATE STREET FINANCIAL CENTER
ONE LINCOLN STREET
BOSTON, MA 02111
(FOR ALL REPORTING PERSONS)

(C) CITIZENSHIP: SEE ITEM 4 (CITIZENSHIP OR PLACE OF
ORGANIZATION) OF COVER PAGES

(D) TITLE OF CLASS OF SECURITIES

REIT

(E) CUSIP NUMBER:

40414L109

ITEM 3.

IF THIS STATEMENT IS FILED PURSUANT TO RULE 13D-1(B), OR 13D-2(B)
OR (C), CHECK WHETHER THE PERSON FILING IS A:

SEE ITEM 12 (TYPE OF REPORTING PERSON) OF THE COVER PAGE
FOR EACH REPORTING PERSON AND THE TABLE BELOW, WHICH EXPLAINS
THE MEANING OF THE TWO LETTER SYMBOLS APPEARING IN ITEM 12 OF
THE COVER PAGES.

SYMBOL	CATEGORY
BK	BANK AS DEFINED IN SECTION 3(A) (6) OF THE ACT.

IC INSURANCE COMPANY AS DEFINED IN SECTION 3 (A) (19) OF THE ACT
IC INVESTMENT COMPANY REGISTERED UNDER SECTION 8 OF THE INVESTMENT COMPANY ACT OF 1940.
IA AN INVESTMENT ADVISOR IN ACCORDANCE WITH RULE 13D-1(B) (1) (II) (E).
EP AN EMPLOYEE BENEFIT PLAN OR ENDOWMENT FUND IN ACCORDANCE WITH RULE 13D-1(B) (1) (II) (F) .
HC A PARENT HOLDING COMPANY OR CONTROL PERSON IN ACCORDANCE WITH RULE 13D-1(B)(1)(II) (G).
SA A SAVINGS ASSOCIATIONS AS DEFINED IN SECTION 3(B) OF THE FEDERAL DEPOSIT INSURANCE ACT (12 U.S.C. 1813).
CP A CHURCH PLAN THAT IS EXCLUDED FROM THE DEFINITION OF AN INVESTMENT COMPANY UNDER SECTION 3(C)(14) OF THE INVESTMENT COMPANY ACT OF 1940.

ITEM 4. OWNERSHIP

THE INFORMATION SET FORTH IN ROWS 5 THROUGH 11 OF THE COVER PAGE HERETO FOR EACH OF THE REPORTING PERSONS IS INCORPORATED HEREIN BY REFERENCE.

ITEM 5. OWNERSHIP OF FIVE PERCENT OR LESS OF CLASS

NOT APPLICABLE

ITEM 6. OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON

NOT APPLICABLE

ITEM 7. IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY OR CONTROL PERSON

SEE EXHIBIT 1 ATTACHED HERETO

ITEM 8. IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP

NOT APPLICABLE

ITEM 9. NOTICE OF DISSOLUTION OF GROUP

NOT APPLICABLE

ITEM 10. CERTIFICATION

BY SIGNING BELOW I CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF, THE SECURITIES REFERRED TO ABOVE WERE ACQUIRED AND ARE HELD IN THE ORDINARY COURSE OF BUSINESS AND WERE NOT ACQUIRED AND ARE NOT HELD FOR THE PURPOSE OR WITH THE EFFECT OF CHANGING OR INFLUENCING THE CONTROL OF THE ISSUER OF THE SECURITIES AND WERE NOT ACQUIRED AND ARE NOT HELD IN CONNECTION WITH OR AS A PARTICIPANT IN ANY TRANSACTION HAVING THAT PURPOSE OR EFFECT.

SIGNATURES

AFTER REASONABLE INQUIRY AND TO THE BEST OF HIS KNOWLEDGE AND BELIEF, EACH OF THE UNDERSIGNED CERTIFIES THAT THE INFORMATION SET FORTH

IN THIS STATEMENT IS TRUE, COMPLETE AND CORRECT.

3 FEBRUARY 2014
STATE STREET CORPORATION

/s/ JAMES J. MALERBA
EXECUTIVE VICE PRESIDENT,
CORPORATION CONTROLLER

EXHIBIT 1

THE FOLLOWING TABLE LISTS THE IDENTITY AND ITEM 3 CLASSIFICATION OF EACH SUBSIDIARY OF STATE STREET CORPORATION, THE PARENT HOLDING COMPANY, THAT BENEFICIALLY OWNS THE ISSUER`S COMMON STOCK. PLEASE REFER TO ITEM 3 OF THE ATTACHED SCHEDULE 13G FOR A DESCRIPTION OF EACH OF THE TWO-LETTER SYMBOLS REPRESENTING THE ITEM 3 CLASSIFICATION BELOW.

SUBSIDIARY	ITEM 3 CLASSIFICATION
STATE STREET GLOBAL ADVISORS FRANCE S.A.	IA
STATE STREET BANK AND TRUST COMPANY	BK
SSGA FUNDS MANAGEMENT, INC	IA
STATE STREET GLOBAL ADVISORS LIMITED	IA
STATE STREET GLOBAL ADVISORS LTD	IA
STATE STREET GLOBAL ADVISORS, AUSTRALIA LIMITED	IA
STATE STREET GLOBAL ADVISORS JAPAN CO., LTD.	IA
STATE STREET GLOBAL ADVISORS, ASIA LIMITED	IA

NOTE: ALL OF THE LEGAL ENTITIES ABOVE ARE DIRECT OR INDIRECT SUBSIDIARIES OF STATE STREET CORPORATION.

t; TEXT-INDENT: 0pt; LINE-HEIGHT: 9.1pt; MARGIN-RIGHT: 0pt" align="left"> Gross charged off loans (232,211) (270,638)

Recoveries of loans previously charged off:

Residential real estate	2,636	2,016
Commercial business	3,974	4,536
Commercial real estate	988	1,680

Consumer	14,854	3,522
Gross recoveries of charged off loans	22,452	11,754
Net charge offs	(209,759)	(258,884)
Provision charged to expense	2,112,100	565,449
Balance, end of period	$6,410,952	$4,299,526

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 provisions 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 $1.9 million to $6.4 million at March 31, 2011, from $4.5 million at June 30, 2010; the increase was due to provisions required under the Company's analysis of its loan portfolio. Our current quarter's analysis of the loan portfolio was conducted based on an additional $2.8 million in classified loans, the increase in which was primarily attributable to identification of problem credits within the loan portfolio obtained in the Acquisition. Provisions are required as the Company grows its loan portfolio. Additionally, significant loan growth is a factor in the analysis.

At March 31, 2011, the Company had $14.0 million, or 2.0% of total assets, adversely classified ($14.0 million classified "substandard"; $88,000 classified "doubtful"; and none classified "loss"), as compared to adversely classified assets of $9.4 million, or 1.7% of total assets at June 30, 2010, and $7.0 million, or 1.3% of total assets, adversely classified at March 31, 2010. Classified assets were generally comprised of loans secured by commercial real estate, agricultural real estate, or inventory and equipment, as well as the entirety of the Company's foreclosed and repossessed assets held for sale and investments in pooled trust preferred securities (see "Executive Summary"). Of our classified loans, the Company had ceased recognition of interest on loans with a carrying value of $606,000. The Company's investment in the Trapeza 4 CDO (see "Executive Summary" and "Nonperforming Assets") was also treated as a non-accrual asset. All assets were classified due to concerns as to the borrowers' ability to continue to generate sufficient cash flows to service the debt.

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 provisions 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 non-performing 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:

	3/31/2011		6/30/2010		3/31/2010	
Loans past maturity/delinquent 90 days or more and non-accrual loans						
Residential real estate	$158,000		$163,000		$272,000	
Construction	-		-		-	
Commercial real estate	507,000		51,000		254,000	
Commercial business	5,000		43,000		76,000	
Consumer	44,000		75,000		163,000	
Total loans past maturity/delinquent 90 days or more and non-accrual loans	714,000		332,000		765,000	
Non-performing investments	125,000		125,000		125,000	
Foreclosed real estate or other real estate owned	1,373,000		1,501,000		1,342,000	
Other repossessed assets	63,000		90,000		90,000	
Total nonperforming assets	$2,275,000		$2,048,000		$2,322,000	
Percentage nonperforming assets to total assets	0.32	%	0.37	%	0.43	%
Percentage nonperforming loans to net loans	0.13	%	0.08	%	0.19	%

At March 31, 2011, nonperforming assets totaled $2.3 million, up from $2.0 million at June 30, 2010, and roughly equal to the $2.3 million at March 31, 2010. The increase in nonperforming assets from fiscal year end was attributed primarily to the Acquisition: nonperforming loans, at fair value, obtained in the Acquisition totaled $367,000. Otherwise, legacy nonperforming assets would have decreased due mainly to the resolution of problem credits acquired as part of the merger with Southern Bank of Commerce in July 2009. Nonperforming investments consist of the Company's investment in Trapeza CDO IV, Ltd., class C2 (see Executive Summary). The Company has no troubled debt restructurings as of March 31, 2011.

Liquidity Resources

The term "liquidity" refers to our ability to generate adequate amounts of cash to fund loan originations, loans 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 of the Bank's control, including interest rates, general and local economic conditions and competition in the marketplace. 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, 2011, the Company had outstanding commitments and approvals to fund approximately $89.1 million 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, 2011, the Bank had pledged its residential real estate loan portfolio and a significant portion of its commercial real estate portfolio with the FHLB for available credit of approximately $156.3 million, of which $33.5 million had been advanced (additionally, letters of credit totaling $14.5 million had been issued on the Bank's behalf in order to secure public unit funding). The Bank has the ability to pledge several of its other loan portfolios, including home equity and commercial business loans, which could provide additional collateral for additional borrowings; in total, FHLB borrowings are generally limited to 40% of Bank assets, or $281.0 million, subject to available collateral. Also, at March 31, 2011, the Bank had pledged a total of $59.7 million in loans secured by farmland and agricultural production loans to the Federal Reserve, providing access to $40.0 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.

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Regulatory Capital

The Bank is subject to minimum regulatory capital requirements pursuant to regulations adopted by the federal banking agencies. The requirements address both risk-based capital and leverage capital. As of March 31, 2011, and June 30, 2010, the Bank met all applicable adequacy requirements.

The Federal Reserve has in place qualifications for banks to be classified as "well-capitalized." As of March 31, 2011, the most recent notification from the Federal Reserve categorized the Bank as "well-capitalized." There were no conditions or events since the Federal Reserve notification that has changed the Bank's classification.

The Bank's actual capital amounts and ratios are also presented in the following tables.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of March 31, 2011						
Total Capital (to Risk-Weighted Assets)	$63,839,000	12.10 %	$42,224,000	8.00 %	$52,780,000	10.00 %
Tier I Capital (to Risk-Weighted Assets)	57,237,000	10.84 %	21,112,000	4.00 %	31,668,000	6.00 %
Tier I Capital (to Average Assets)	57,237,000	8.33 %	27,494,000	4.00 %	34,368,000	5.00 %

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of June 30, 2010						
Total Risk-Based Capital (to Risk-Weighted Assets)	$50,474,000	12.50 %	$32,305,000	8.00 %	$40,382,000	10.00 %
Tier I Capital (to Risk-Weighted Assets)	45,423,000	11.25 %	16,153,000	4.00 %	24,229,000	6.00 %
Tier I Capital (to Average Assets)	45,423,000	8.36 %	21,742,000	4.00 %	27,178,000	5.00 %

Effective March 31, 2011, the Company is subject to requirements to report regulatory capital ratios. Similar to requirements for the Bank, these address both risk-based capital and leverage capital. As of March 31, 2011, the Company met all applicable adequacy requirements.

The Company's actual capital amounts and ratios are also presented in the following table.

Actual

	Amount	Ratio	For Capital Adequacy Purposes Amount	Ratio
As of March 31, 2011				
Total Capital (to Risk-Weighted Assets)	$ 62,526,000	11.94 %	$ 41,877,000	8.00 %
Tier I Capital (to Risk-Weighted Assets)	55,968,000	10.69 %	20,938,000	4.00 %
Tier I Capital (to Average Assets)	55,968,000	8.13 %	27,550,000	4.00 %

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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 2011, fixed rate 1- to 4-family residential loan production totaled $12.1 million, as compared to $13.6 million during the same period of the prior year. At March 31, 2011, the fixed rate residential loan portfolio was $121.8 million with a weighted average maturity of 166 months, as compared to $105.1 million at March 31, 2010, with a weighted average maturity of 193 months. The Company originated $14.2 million in adjustable-rate residential loans during the nine-month period ended March 31, 2011, as compared to $9.2 million during the same period of the prior year. At March 31, 2011, fixed rate loans with remaining maturities in excess of 10 years totaled $87.1 million, or 15.8% of net loans receivable, as compared to $84.8 million, or 21.4% of net loans receivable at March 31, 2010. The Company originated $60.7 million of fixed rate commercial and commercial real estate loans during the nine-month period ended March 31, 2011, as compared to $42.4 million during the same period of the prior year. At March 31, 2011, the fixed rate commercial and commercial real estate loan portfolio was $198.8 million with a weighted average maturity of 30 months, compared to $131.7 million at March 31, 2010, with a weighted average maturity of 31 months. The Company originated $51.8 million in adjustable rate commercial and commercial real estate loans during the nine-month period ended March 31, 2011, as compared to $43.4 million during the same period of the prior year. At March 31, 2011, adjustable-rate home equity lines of credit totaled $14.2 million, as compared to $12.7 million at March 31, 2010. At March 31, 2011, the Company's investment portfolio had an expected weighted-average life of 3.4 years, compared to 3.1 years at March 31, 2010. 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, 2011, 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.

BP Change	Estimated Net Portfolio Value			NPV as % of PV of Assets	
in Rates	$ Amount	$ Change	% Change	NPV Ratio	Change
+300	$ 63,461	$ 9,649	18%	9.80%	1.79%
+200	61,599	7,786	14%	9.39%	1.39%
+100	58,814	5,002	9%	8.85%	0.84%
NC	53,813	-	-	8.01%	-
-100	47,699	(6,114)	-11%	7.02%	-0.99%
-200	44,412	(9,400)	-17%	6.46%	-1.55%
-300	43,108	(10,704)	-20%	6.19%	-1.82%

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 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 five 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 portfolio 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.

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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 and Exchange Act of 1934, as amended, (the "Act")) as of March 31, 2011, was carried out under the supervision and with the participation of our Chief Executive and Chief Financial Officer, and several other members of our senior management. The Chief Executive and Financial Officer concluded that, as of March 31, 2011, 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, 2011, 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

The following risk factors represent changes or additions to, and should be read in conjunction with, 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, 2010:

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

Our nonperforming assets (which consist of non-accruing loans, accruing loans 90 days or more past due, nonperforming investment securities, and other real estate owned) adversely affect our net income in various ways:

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

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

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

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

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

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

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

Our business is directly affected by market conditions, trends in industry and finance, legislative and regulatory changes, and changes in governmental monetary and fiscal policies and inflation, all of which are beyond our control.

In 2008, the housing and real estate sectors experienced an economic slowdown that has continued. Further deterioration in economic conditions, particularly within our primary market area in southeast and southwest Missouri and northeast Arkansas, could result in the following consequences, among others, any of which could hurt our business materially:

- loan delinquencies may increase;
- problem assets and foreclosures may increase;
- demand for our products and services may decline;
- collateral for our loans may decline in value, in turn reducing a customer's borrowing power and reducing the value of collateral securing our loans; and

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- the net worth and liquidity of loan guarantors may decline, impairing their ability to honor commitments to us.

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

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

Our construction lending exposes us to significant risk.

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

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

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

A significant percentage of our loan portfolio consisted of commercial real estate and commercial business loans to small and mid-sized businesses, generally located in our primary market area, which are the types of businesses that have a heightened vulnerability to local economic conditions. Over the last several years, we have increased this type of lending in order to improve the yield on our assets. The credit risk related to these types of loans is considered to be greater than the risk related to one- to four-family residential loans because the repayment of commercial real estate loans and commercial business loans typically is dependent on the successful operation and income stream of the borrowers' business and the real estate securing the loans as collateral, which can be significantly affected by economic conditions. Additionally, commercial loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to residential real estate loans. Commercial loans not collateralized by real estate are often secured by collateral that may depreciate over time, be difficult to appraise and fluctuate in value (such as accounts receivable, inventory and equipment). If loans that are collateralized by real estate become troubled and the value of the real estate has been significantly impaired, then we may not be able to recover the full contractual amount of principal and interest that we anticipated at the time we originated the loan, which could require us to increase our provision for loan losses and adversely affect our operating results and financial condition.

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

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

Included in the commercial business loans described above are agricultural production and equipment loans. As with agricultural real estate loans, the repayment of operating loans is dependent on the successful operation or management of the farm property. Likewise, agricultural operating loans that are unsecured or secured by rapidly depreciating assets such as farm equipment or assets such as livestock or crops. Any repossessed collateral for a defaulted loan may not provide an adequate source of repayment of the outstanding loan balance as a result of the greater likelihood of damage, loss or depreciation to the collateral. Our agricultural operating loans have also grown significantly over the last several years.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The financial services industry is extensively regulated. We are subject to extensive state and federal regulation, supervision and legislation that govern almost all aspects of our operations. Laws and regulations may change from time to time and are primarily intended for the protection of consumers, depositors and the deposit insurance funds, and not to benefit our shareholders. The impact of any changes to laws and regulations or other actions by regulatory agencies may negatively impact us or our ability to increase the value of our business. Regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the imposition of restrictions on the operation of an institution, the classification of assets by the institution and the adequacy of an institution’s allowance for loan losses. Additionally, actions by regulatory agencies or significant litigation against us could require us to devote significant time and resources to defending our business and may lead to penalties that materially affect us and our shareholders.

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

In assessing the impairment of investment securities, we consider the length of time and extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuers, whether the market decline was affected by macroeconomic conditions and whether we have the intent to sell the debt security or will be required to sell the debt

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security before its anticipated recovery. In fiscal 2009, we incurred charges to recognize the other-than-temporary impairment (OTTI) of available-for-sale investments related to investments in Freddie Mac preferred stock ($304,000 impairment realized in the first quarter of fiscal 2009) and a pooled trust preferred collateralized debt obligation, Trapeza CDO IV, Ltd., class C2 ($375,000 impairment realized in the second quarter of fiscal 2009). The Company currently holds three additional collateralized debt obligations (CDOs) which have not been deemed other-than-temporarily impaired, based on the Company's best judgment using information currently available.

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

Deferred tax assets are only recognized to the extent it is more likely than not they will be realized. Should our management determine it is not more likely than not that the deferred tax assets will be realized, a valuation allowance with a charge to earnings would be reflected in the period. Based on the levels of taxable income in prior years and the Company's expectation of profitability in the current year and future years, management has determined that no valuation allowance is required in the current period, and no deferred tax assets have been disallowed for regulatory capital purposes. If the Company is required in the future to take a valuation allowance with respect to its deferred tax assets, its financial condition, results of operations and regulatory capital levels would be negatively affected.

The soundness of other financial institutions could adversely affect us.

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

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
1/1/2011 thru 1/31/2011	-	-	-	-
2/1/2011 thru 2/28/2011	-	-	-	-
3/1/2011 thru	-	-	-	-

3/31/2011				
Total	-	-	-	-

Item 3: Defaults upon Senior Securities

Not applicable

Item 4: Submission of Matters to a Vote of Security Holders

None

Item 5: Other Information

None

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Item 6: Exhibits

(a) Exhibits

(3)	(a)	Certificate of Incorporation of the Registrant+	
(3)	(b)	Bylaws of the Registrant+	
(4)		Form of Stock Certificate of Southern Missouri Bancorp++	
10		Material Contracts	
	(a)	Registrant's Stock Option Plan+++	
	(b)	Southern Missouri Savings Bank, FSB Management Recognition and Development Plans+++	
	(c)	Employment Agreements	
		(i)	Greg A. Steffens*
	(d)	Director's Retirement Agreements	
		(i)	Samuel H. Smith**
		(ii)	Sammy A. Schalk***
		(iii)	Ronnie D. Black***
		(iv)	L. Douglas Bagby***
		(v)	Rebecca McLane Brooks****
		(vi)	Charles R. Love****
		(vii)	Charles R. Moffitt****
		(viii)	Dennis Robison*****
	(e)	Tax Sharing Agreement***	
31		Rule 13a-14(a) Certification	
32		Section 1350 Certification	

\+ 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 Registration Statement on Form S-1 (File No. 333-2320) as filed with the SEC on January 3, 1994.

+++ Filed as an exhibit 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 Annual Report on Form 10-KSB for the year ended June 30, 1995.

*** 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.

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 13, 2011	/s/ Greg A. Steffens Greg A. Steffens President & Chief Executive Officer (Principal Executive Officer)
Date: May 13, 2011	/s/ Matthew T. Funke Matthew T. Funke Chief Financial Officer (Principal Financial and Accounting Officer)

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