

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Desoto County Bank

Point of Contact:	Bill Renovich	RSSD: (For Bank Holding Companies)	N/A
UST Sequence Number:	466	Docket Number: (For Thrift Holding Companies)	N/A
CPP/CDCI Funds Received:	2,681,000	FDIC Certificate Number: (For Depository Institutions)	58154
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	February 13, 2009	City:	Horn Lake
Date Repaid ¹ :	N/A	State:	Mississippi

¹If 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.

Weaker loans demand, did not allow overall loan portfolio growth, however, availability of capital allowed us to aggressively seek available loan opportunities.

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X 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.).

Loan mix changed with commercial mortgages declining and residential mortgages loans and small business loans increasing.

X Increase securities purchased (ABS, MBS, etc.).

Necessary for balancing asset types (asset/liability management) and alternative income opportunity was a result of weaker loan demand.

X Make other investments.

Additional capital allowed us to expand a second location in adjoining city.

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Increase reserves for non-performing assets.

With a dramatic increase in charge-offs additional capital allowed us to maintain a strong capital ratio.

Reduce borrowings.

Paid off 1MM in Federal Home Loan Bank advances.

Increase charge-offs.

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Purchase another financial institution or purchase assets from another financial institution.

Empty response area for the first question.

Held as non-leveraged increase to total capital.

Empty response area for the second question.

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

- Unsatisfied capital ratio- Strong aggressive loan growth opportunities as a result of lack of capital.- Less than aggressive approach to problem or weak loan symptoms of individual borrowers.

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

Open second bank location in neighboring city.

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

This area is a large, empty rectangular box intended for the respondent to provide a detailed description of any other actions undertaken with the capital infusion of CPP/CDCI funds. The box is currently blank.