



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

FORTUNE FINANCIAL CORPORATION/FORTUNEBANK

Person to be contacted regarding this report:	DANIEL JONES	RSSD: (For Bank Holding Companies)	3384372
UST Sequence Number:	722	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	3,100,000	FDIC Certificate Number: (For Depository Institutions)	58107
CPP Funds Repaid to Date:	0	City:	ARNOLD
Date Funded (first funding):	Apr 3, 2009	State:	Missouri
Date Repaid ¹ :	N/A		

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). To answer that question, Treasury is seeking responses that describe generally how the CPP 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 investment was deployed or how many CPP 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 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 funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Additional capital has allowed us to be more flexible with borrowers who are having trouble repaying debt according to original terms in an effort to arrive at a mutually agreeable solution rather than foreclosure.
<input type="checkbox"/>	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.).	
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Increase in our investment portfolio of GNMA ARMs which are not only secured by the full faith of the federal government but also zero risk rated for our risk-based capital ratio.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	While our loan portfolio is relatively unchanged we have increased our loan allowance to total loans from .96% in 12/31/08 to 1.36% as of 12/31/09.
<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	\$653,300 was injected into the bank by the holding company which increased Tier I Capital from 7.95% March 31, 2009, to 8.44% April 30, 2009. The remaining capital remains at the holding company level to be injected into the bank as appropriate opportunities present themselves.

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

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

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

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