



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Magna Bank

Person to be contacted regarding this report:	Anne Davenport, Compliance or David Wadlington, CFO
UST Sequence Number:	278
CPP Funds Received:	13,795,000
CPP Funds Repaid to Date:	3,455,000
Date Funded (first funding):	Dec 23, 2008
Date Repaid ¹ :	Nov 24, 2009

RSSD: (For Bank Holding Companies)	
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	34937
City:	Memphis
State:	Tennessee

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.	Used funds to increase lending in 2009 as economic conditions permitted. Have been able to further utilize funds for lending YTD 2010.
<input checked="" 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.).	Magna hired a new Manager for Commercial Banking and we have originated approximately \$4 million in new loans (\$10 million in commitments) for new C&I loans. Types of loans include A/R inventory lines, equipment finance, owner occupied real estate, and warehouse lending.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	N/A

<input type="checkbox"/>	Make other investments	N/A
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Loss reserves increased by approximately \$132,000 from 2008 to 2009. Loss reserves include reserves for loan losses, FHA/VA claim losses, and mortgage loan repurchase losses. Loan loss reserves as a % of non-performing loans totaled 67.88% ('09) vs. 67.10% ('08).
<input checked="" type="checkbox"/>	Reduce borrowings	Total borrowings declined by \$23.1 million from 2008 to 2009. Long-term FHLB advances declined by \$12.5 million to a balance of \$63.0 million as of December 31, 2009. Federal funds purchased and short-term borrowings declined by \$10.6 million to a balance of zero as of December 31, 2009.
<input checked="" type="checkbox"/>	Increase charge-offs	Charge-offs increased in 2009 over 2008 levels. Charges-offs for the periods totaled approximately \$1.5 million and \$376,000 in 2009 and 2008, respectively.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	N/A
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Capital ratios improved from December 31, 2008 to 2009. Total equity to total assets improved from 10.24% at 12/31/08 to 12.24% at 12/31/2009. Tier I capital ratios also improved from 11.7% to 14.7%. Magna was considered "well capitalized" in both periods.

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

No significant actions were avoided because of the capital infusion of CPP funds; however, receiving the infusion of CPP capital allowed Magna Bank to continue to operate normal lending, investing, and deposit gathering activities during 2008 and 2009.

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

No significant actions were taken because of the capital infusion of CPP funds; however, receiving the infusion of CPP capital allowed Magna Bank to continue to operate normal lending, investing, and deposit gathering activities during 2008 and 2009.

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

No other actions noted.