



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Merchants and Planters Bancshares, Inc. (Merchants and Planters Bank)

Person to be contacted regarding this report:	Charles Newell
CPP Funds Received:	\$1,881,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	3/6/2009
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	1129971
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	
City:	Bolivar
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 type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	
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<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 type="checkbox"/> Increase securities purchased (ABS, MBS, etc.).	
<input type="checkbox"/> Make other investments	
<input type="checkbox"/> Increase reserves for non-performing assets	

<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 type="checkbox"/> Held as non-leveraged increase to total capital	

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

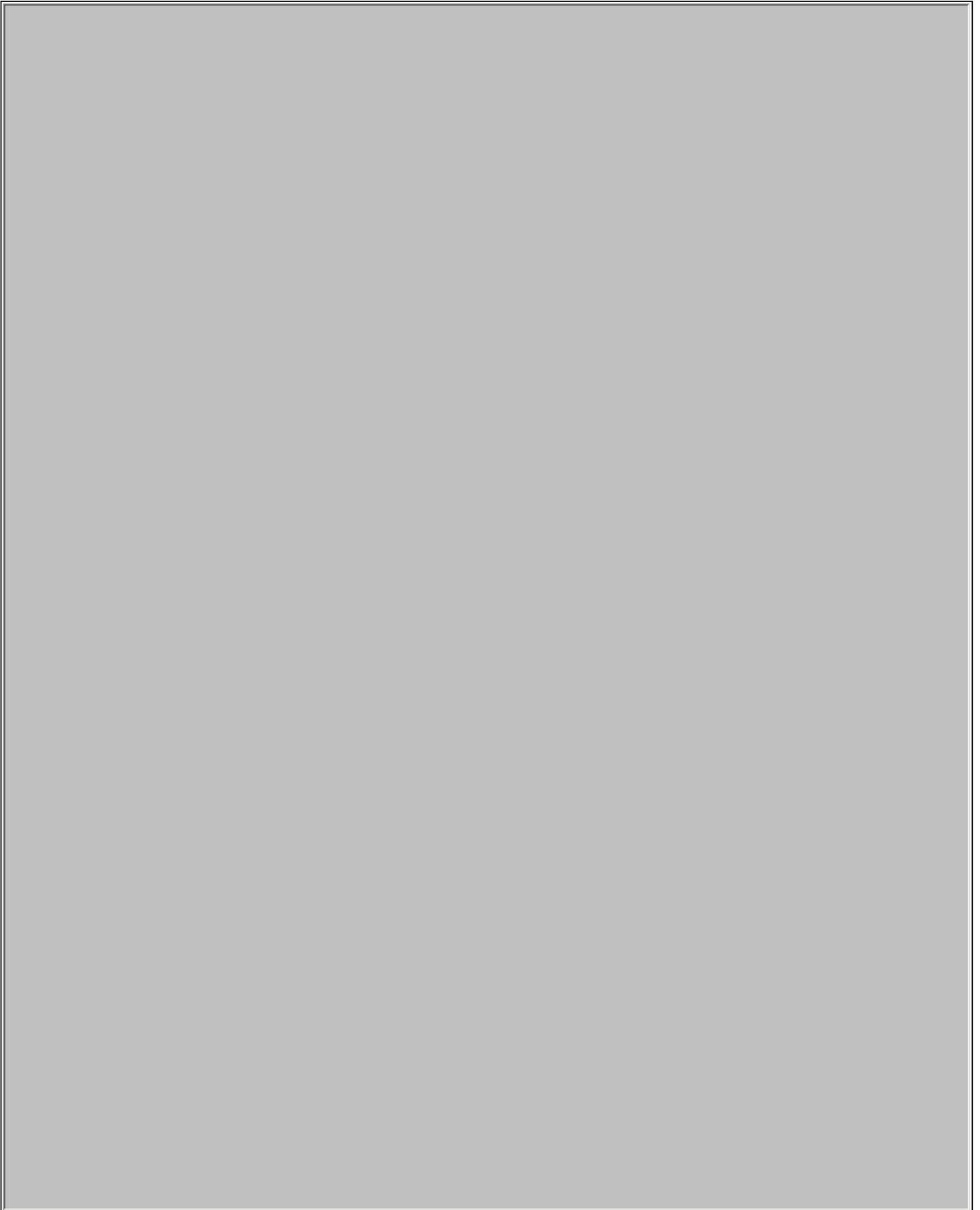
When our bank applied to participate in the Treasury's Capital Purchase Program, we anticipated that some of the bank's long time borrowers could exceed the bank's legal lending limit upon renewal of their credit lines due to the erosion of bank capital caused by significant losses in the bank's security portfolio associated with Freddie Mac and Fannie Mae preferred stock holdings. We did not want these quality borrowers to be negatively impacted by our capital position and we did not want to lose those lines of credit to competing institutions/banks. Also, we anticipated greater loan demand than has materialized.

The change in composition of our balance sheet has adequately allowed our bank to fund loan demand with deposit growth and cash flow from our securities portfolio. Unfortunately due to economic conditions, loan demand has not required utilization of the Capital Purchased funds.

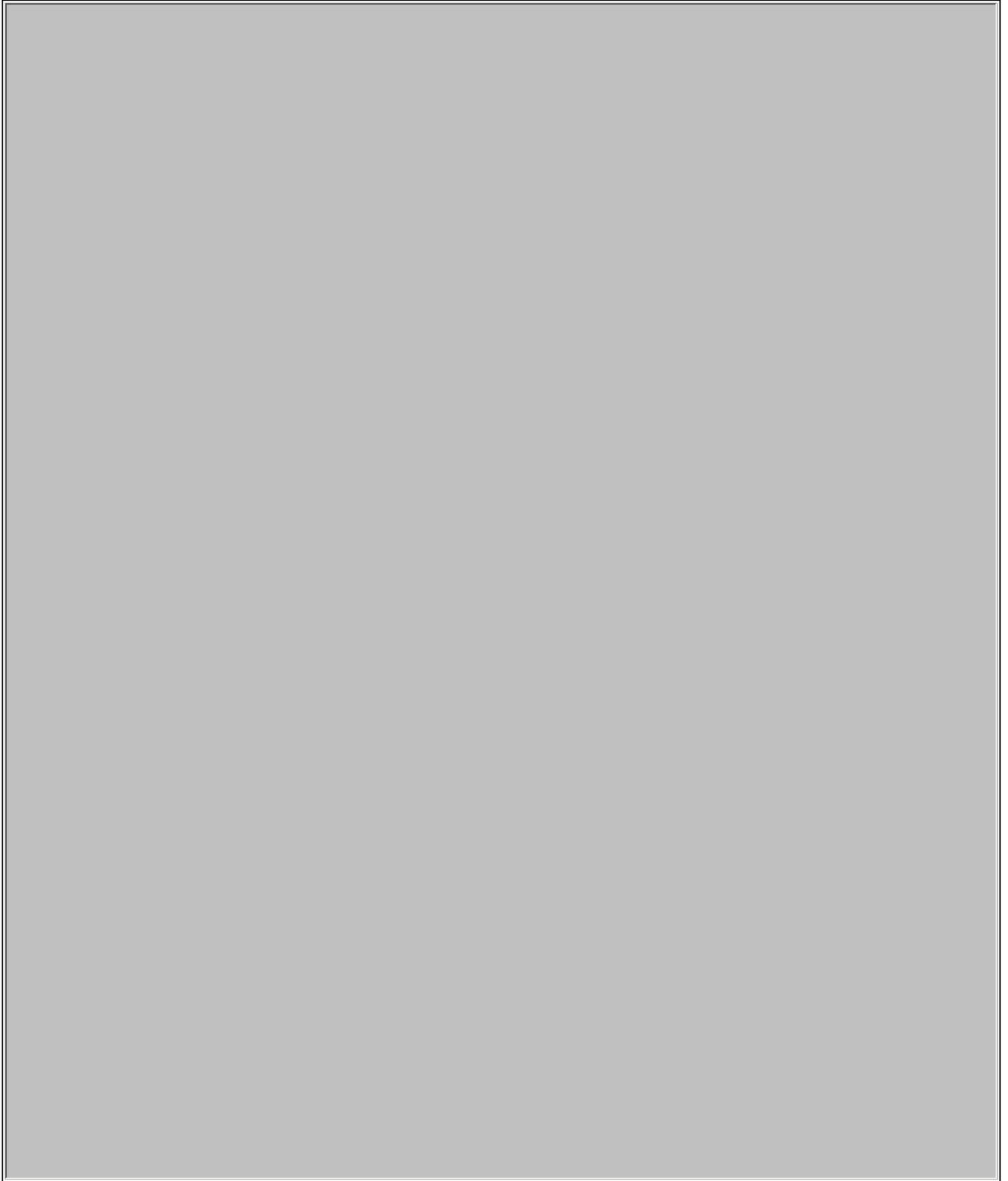
The Allowance for Loan Losses has been funded primarily through core earnings of the bank.

Currently the bank has approximately \$6,000,000 in Federal Funds sold. The lack of anticipated loan demand coupled with our excess liquidity provided from higher cost funding sources is negatively impacting our earnings. Given our current position, management has reviewed the financial position of the bank and the Board of Directors has approved a Capital Plan which includes retiring this debt (CPP) early. Management believes that the elimination of the expense/dividend cost would be more beneficial to our bank.

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

A large, empty rectangular box with a thin black border, intended for a response to the question above. The box is currently blank, suggesting that the user has not yet provided an answer.

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



According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.