



CORPORATE POLICY **As Amended and Restated 1/30/06**

SUBJECT: CODE OF ETHICS

Introduction

This Code of Ethics (the "Policy") embodies Magna Bank (the "Bank's" or "Magna's") desire to conduct its business practices with the highest standards of ethical conduct that are free from conflict of interest while complying with applicable laws and regulations.

Purpose

To establish guidelines for personal and business conduct for all directors, executives, officers, employees, and affiliates (collectively, "Associates") of Magna and any wholly owned subsidiaries of the Bank.

Scope

This Policy applies to all Magna Associates. It is issued by Magna under the authority of its Board of Directors, which has reviewed and approved the Policy. Any variance or waiver from the Policy's provisions by the Bank's chief executive officer, all other executive officers or senior financial officers (including the chief financial officer, the controller and others performing similar functions) may be granted only by the Board of Directors or a designated committee of the Board. The Chairman of the Board, Chairman of the Audit Committee or the Chief Executive Officer must approve any exception or waiver for other Associates. The Board of Directors intends that variances or waivers of the Policy are to be granted only in exceptional circumstances.

To ensure the highest level of public trust, this Policy is to be used in conjunction with the "Loans to Insiders" policy which incorporates the requirement of Regulation O and the "Conflicts of Interest" policy in setting standards for personal and business conduct of the Bank's Associates. All Associates are expected to manage their personal and business affairs in a manner consistent with the Bank's basic corporate principles of integrity, trustworthiness, and professionalism in order to maintain the positive community reputation that is essential to the Bank's continued successful operation.

Effective Date

The Policy, including any amendments, is effective upon approval by the Board of Directors.

Policy

All Associates of the Bank must exhibit conduct that is above reproach and encompasses the highest standards of business and personal ethics to include the basic principles of integrity, trustworthiness and professionalism. Directors, executives and managers of Magna are accountable for the actions of the Bank's Associates, as well as themselves.

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In order to ensure that the Bank's business affairs are carried out with integrity, trustworthiness and professionalism, no Associate may use his/her position with the Bank for personal gain, to advance personal interest, or to obtain benefits or favors from or for any other person. Associates that are involved in insider trading or misrepresentation of the authority of their position with the Bank will be considered to be in serious violation of this Policy. Insider trading is unethical and illegal and is covered in the Bank's "Statement of Policies on Trading in Magna Bank for Savings Securities". Examples of situations or actions that would violate this Policy include, but are not limited to, the following:

- Situations that would create violations of any applicable laws;
- Use, either directly or indirectly, of an Associate's position with the Bank for private gain, to advance personal interest, or to obtain favors or benefits for themselves or any other person;
- Misrepresentation of the authority of the Associate's position which may have the effect of committing, or appearing to commit, the Bank to undesirable, inappropriate, and/or illegal activities;
- Situations described in the Bank's Conflicts of Interest Policy;
- Knowingly advising customers on investments in businesses when said businesses are also customers of the Bank;
- Acting in co-fiduciary (trust) capacity or relationship with the Bank;
- Purchasing or selling securities of a business which is a Bank customer, supplier, or competitor at more favorable terms than are generally available to the public;
- Making investments in Bank stock on material information obtained in the course of one's employment and not otherwise known to the public;
- Depriving the Bank of a business opportunity for personal gain;
- Using the Bank's name and influence improperly for personal gain or benefits;
- Use of Bank equipment, supplies, or facilities for personal benefit or unauthorized activities;
- Individually and knowingly processing or authorizing approval of one's own banking transactions or the transactions of one's own family members;
- Receiving personal income or benefits from a customer for services rendered in connection with duties at the Bank;
- Check kiting (making use of fictitious balances by drawing against uncollected funds);
- Writing checks against insufficient funds;
- Misappropriation of money or other properties;
- Deliberate mishandling or routing of checks in order to delay payment;
- Erroneous posting of an account to favor one's self or some other party;
- Making false or misleading entries, records, or reports;
- Any other similar abuses of personal financial responsibility; or
- Withholding information regarding the commission of such acts by other Associates.

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Suspicious and potentially criminal activities will be fully investigated and will be reported to the appropriate authorities as required by law.

A. Financial Disclosures

The information provided by Magna in its public communications, including regulatory financial disclosure, is designed to be full, fair, accurate, timely and understandable. All Associates that are involved in the Bank's financial disclosure process, including the senior financial officers, are expected to be informed of the disclosure requirements that are applicable to the Bank and are prohibited from knowingly misrepresenting, omitting, or causing others to misrepresent or omit material facts about the Bank to others. This prohibition extends to all parties that have supervisory responsibilities for the disclosure process and such parties have an obligation to ensure diligence in the discharge of their responsibilities.

B. Fraud

The U.S. Criminal Code defines as a crime, subject to fine and/or imprisonment, any action carried out with the intent of injuring or defrauding a bank or other designated personnel and authorities. Equally guilty as an accessory after the fact is any person who knowingly aids a guilty party in order to prevent or hinder his or her apprehension, trial, or punishment.

Magna is liable for any illegal act committed by a Bank associate (within the scope of the associate's authority or apparent authority) which has the actual or intended effect of benefiting the Bank. Penalties can be in the form of fines or mandatory retribution costing in the millions of dollars. Invasive probationary conditions can also be invoked against the Bank. The Corporate Compliance Officer (the "CCO") or the CCO's designee(s) may implement employee-monitoring procedures as tools to detect criminal conduct. Such procedures may include, but are not limited to:

- Monitoring of employee electronic communications (such as E-mail);
- Monitoring of employee accounts; and
- Monitoring of vendor payments.

C. Responsibilities Concerning Confidential Information

Information received by Bank associates regarding the business and customers of Magna is considered to be privileged and, therefore, is to be held in confidence. Safeguarding the confidentiality of Bank transactions, its present and prospective customers, its suppliers, its present and former associates, and its shareholders is essential to the conduct of the Bank's business. Caution and discretion are required in the use of such information and in sharing it with those whom have a legitimate need to know. Safeguarding non-public customer information is addressed in other policies of the Bank to include, but not necessarily limited to, the Bank's Financial Privacy Policy, the Information Security Program and the

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Information Systems Security Policy (the “Information Security Policies”). The requirements of the Information Security Policies are incorporated herein by reference.

Access to certain information is limited to specific staff members. It is the responsibility of each department manager to inform his/her staff members what information may or may not be accessed. The unauthorized access to restricted information is considered to be a serious breach of security. It is expected that procedures regarding the security of information will be strictly adhered to.

Confidential information obtained during the course of employment at Magna may not be disclosed while employed or after termination of employment unless required by law.

D. Conflicts of Interest

No Associate of Magna shall, directly or indirectly, engage in conduct that is disloyal, disruptive, competitive, or damaging to the Bank. In all cases where a potential conflict of interest exists or where there is an appearance of a conflict of interest, procedures relating to the disclosure and reporting of potential conflicts of interest should be followed. The procedures and guidelines regarding conflicts of interest are addressed in the Bank’s “Conflicts of Interest” policy which is incorporated herein by reference.

E. Outside Activities

1. Political Activities

The Bank encourages its employees to voluntarily participate in activities of their chosen political parties, elections, and all other matters of civic importance. The Bank itself, however, is prohibited from engaging in politics or making a contribution or expenditure (with the exception of those permitted under 11 CFR §114 “Federal Election Commission Rules and Regulations”) which is in direct connection with any election for any political office, any primary election, or any political convention or caucus held to elect candidates for any political office.

The following activities relate to the personal participation of Bank associates regarding political activity:

- In the support of a candidate or party, an associate’s political activity is solely a matter of personal choice.
- In any political activity or support of a candidate, party, or issue, the Bank’s associates must make it perfectly clear at all times that his/her actions or support are those as a private citizen and that he or she does not represent the Bank in this connection.
- In the event a Bank associate wishes to file for elective office or to accept an active position as a campaign leader or director for a political party or candidate at the city, county, state, or national level, the prior written approval of the Chairman of the Board and the Chief Executive Officer of the Bank must be obtained. Such approval may be

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granted unless the political position would interfere with the performance of the employee's duties at the Bank.

- In the event that a Bank associate engages in outside employment under any government unit, or is being appointed to any governmental position, the prior written approval of Chairman of the Board and the Chief Executive Officer must be obtained.

2. Community and Charitable Activities

The Bank encourages community participation by its associates. This participation is beneficial for the associate, the city/county, and the public image of the Bank. Care should be taken by the associate so that commitments of time are not such as to interfere with the associate's duties at the Bank.

Reporting Violations and Whistleblower Procedures

Associates who become aware that this Policy, other policies of the Bank, or applicable laws may have been violated have the responsibility to report such incidents to one of the following:

- Magna's Whistleblower's Hotline 901-259-5460 or 1-888-653-1888 Ext. 5460;
- Chairman of the Board or Chairman of the Audit Committee of the Board of Directors or their appointed designee, who can be contacted at 901-259-5460;
- Senior Managers of Human Resources or Risk Management; or
- Immediate supervisor or supervisor's manager.

Reports of violation or suspected violation made to the Magna Whistleblower Hotline may be anonymous, at the choice of the person making the report.

Without fear of retaliation, Associates can report through the above listed options when there is a violation or suspected violation of this Policy; violation of laws, regulations, other Bank policies; or any of the following:

- Suspicious activity;
- Questionable management practices;
- Possible wrongdoing or when asked to do something the associate considers inappropriate.

Associates must report any incident of retaliation. Magna does not tolerate retaliation. Any Associate will be subject to disciplinary action if he/she discourages or prevents another Associate from reporting violations or seeking help or assistance regarding suspected violations. Reporting of violations or suspected violations or wrongdoing are taken seriously and investigated thoroughly and fairly. Reporting of suspected illegal or unethical behavior is a core element of this Policy.

Associates that have questions regarding this Policy, its interpretation, or its application are encouraged to request clarification prior to engaging in any questionable activity.



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Disciplinary Procedures

Violations of this Policy are subject to the disciplinary policy discussed in Magna's Personnel Policies & Procedures, Section 300 – Employee Conduct, 300-09 Performance Management (“Disciplinary Policy”). Immediate termination may be warranted when the Policy is violated or, depending upon the severity of the violation, the progressive Disciplinary Policy may be followed. Any Associate who violates the Policy should be reported to Human Resources and the CCO. The CCO will report the violation to the Chairman of the Audit Committee.

Policy Compliance and Certification

All Magna Associates are responsible for reviewing the Code of Ethics Policy annually and adhering to the guidelines established by the Policy. As evidence of this review, each Associate is to complete a certification annually that states that they have received, read, understood, and agree to adhere to the guidelines established by the Policy (the “Certification”). Management of Human Resources is responsible for assuring that the Certifications are obtained annually. Newly hired Associates will also be provided the Policy and requested to complete the Certification, which will be placed in their employment files.