FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1996-11-14** | Period of Report: **1996-09-30**
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FILER

MAGNA GROUP INC	Mailing Address	Business Address
CIK:**36094**| IRS No.: **370996453** | State of Incorp.:**DE** | Fiscal Year End: **1231**	*7650 MAGNA DRIVE*	*ONE MAGNA PLACE*
Type: **10-Q** | Act: **34** | File No.: **001-12405** | Film No.: **96664031**	*1401 SOUTH BRENTWOOD BLVD*	*1401 S BRENTWOOD BLVD*
SIC: **6021** National commercial banks	*BELLEVILLE IL 62223-3367*	*ST LOUIS MO 63144-1401*
		3149632500

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1996

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission file number 0-8234

MAGNA GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	37-0996453
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Magna Place
1401 South Brentwood Boulevard
St. Louis, Missouri 63144-1401
(Address of principal executive offices)
(Zip Code)

(314) 963-2500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ___

Title of class of common stock	Number of shares outstanding as of November 8, 1996
Common stock, $2.00 par value	28,110,713

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<CAPTION>

</TABLE>

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

<TABLE>
MAGNA GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(IN THOUSANDS, EXCEPT SHARE DATA)
<CAPTION>

<S>	SEPTEMBER 30 1996 <C>	DECEMBER 31 1995 <C>
ASSETS		
Cash and due from banks	$ 157,076	$ 175,167
Federal funds sold	83,543	47,046
Securities:		
Held-to-maturity	141,848	126,248
Available-for-sale	1,454,618	1,238,616
Loans	3,368,705	3,205,374
Unearned income	(1,044)	(2,608)
Reserve for loan losses	(45,093)	(42,623)
Net Loans	3,322,568	3,160,143
Premises and equipment	81,718	81,691
Other assets	143,110	118,588
TOTAL ASSETS	$5,384,481	$4,947,499
LIABILITIES		
Deposits:		
Noninterest bearing	$ 532,436	$ 570,262
Interest bearing	3,632,424	3,318,004
Total Deposits	4,164,860	3,888,266
Federal funds purchased	20,195	41,790
Repurchase agreements	501,287	368,861
Other short-term borrowings	98,628	50,000
Long-term debt	79,117	93,071
Other liabilities	60,492	59,467
TOTAL LIABILITIES	4,924,579	4,501,455
Commitments and contingent liabilities		
STOCKHOLDERS' EQUITY		

Preferred stock:		
Class B, voting, $20 par value - 1,996 and 2,039 shares issued, respectively	40	41
Common stock, $2 par value - 28,797,642 and 27,997,889 shares issued, respectively	57,595	55,996
Capital surplus	226,943	211,588
Retained earnings	205,019	177,438
Treasury stock 745,000 shares, at cost	(17,605)	-
Net unrealized gains (losses) on securities	(12,090)	981
TOTAL STOCKHOLDERS' EQUITY	459,902	446,044
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$5,384,481	$4,947,499

See accompanying notes.
</TABLE>

<TABLE>
MAGNA GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)
<CAPTION>

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
Interest Income:				
Interest and fees on loans	$72,111	$67,698	$212,503	$196,503
Securities:				
Taxable	24,221	18,609	69,226	52,497
Tax-exempt	1,769	1,850	5,229	5,430
	25,990	20,459	74,455	57,927
Other interest income	461	323	1,316	1,339
TOTAL INTEREST INCOME	98,562	88,480	288,274	255,769
Interest Expense:				
Deposits	40,399	36,415	116,785	100,857
Federal funds purchased	542	956	2,518	2,176
Repurchase agreements	6,010	4,246	15,589	11,649
Other short-term borrowings	1,158	104	3,028	452
Long-term debt	1,727	1,421	5,221	4,321
TOTAL INTEREST EXPENSE	49,836	43,142	143,141	119,455
NET INTEREST INCOME	48,726	45,338	145,133	136,314
Provision for Loan Losses	2,499	3,562	7,781	7,491
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	46,227	41,776	137,352	128,823
Noninterest Income:				
Service charges on deposits	5,919	5,731	17,458	16,845
Trust	2,356	2,104	7,102	6,667
Securities gains(losses), net	89	(128)	779	235
Other	4,158	4,391	11,977	11,555
	12,522	12,098	37,316	35,302
Noninterest Expense:				
Employee compensation and other benefits	17,048	18,040	51,937	54,701
Net occupancy	4,551	4,292	13,536	13,197
Equipment	2,154	2,284	6,627	6,646
FDIC insurance premiums	442	(172)	525	3,945
Other	10,320	10,231	31,544	31,621

	34,515	34,675	104,169	110,110
INCOME BEFORE INCOME TAXES	24,234	19,199	70,499	54,015
Income Tax Expense	8,208	6,064	24,271	16,846
NET INCOME	$16,026	$13,135	$ 46,228	$ 37,169
Average Shares Outstanding:				
Primary	28,233	27,958	28,409	27,823
Fully Diluted	29,792	28,868	29,999	28,809
Per Share Data:				
Net income:				
Primary	$ .57	$ .47	$ 1.63	$ 1.34
Fully Diluted	$ .56	$ .46	$ 1.59	$ 1.31
Dividends declared	$ .22	$ .20	$ .66	$ .60

See accompanying notes.
</TABLE>

<TABLE>
MAGNA GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(IN THOUSANDS)
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30	
	1996	1995
<S>	<C>	<C>
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 58,483	$ 46,271
INVESTING ACTIVITIES		
Proceeds from maturities of held-to-maturity securities	7,119	14,364
Proceeds from sales of held-to-maturity securities	89	3,863
Purchases of held-to-maturity securities	(12,346)	(13,396)
Proceeds from maturities of available-for-sale securities	268,048	125,990
Proceeds from sales of available-for-sale securities	117,639	71,933
Purchases of available-for-sale securities	(544,029)	(296,194)
Net increase in loans	(128,290)	(215,173)
Proceeds from sales of foreclosed property	5,718	6,283
Purchases of premises and equipment	(5,538)	(16,036)
Proceeds from sales of premises and equipment	971	246
Purchase of financial organization, net of cash received	(2,233)	-
NET CASH USED IN INVESTING ACTIVITIES	(292,852)	(318,120)
FINANCING ACTIVITIES		
Net increase in deposits	140,776	107,417
Cash dividends	(18,646)	(16,620)
Increase (decrease) in federal funds purchased	(21,595)	4,475
Increase in repurchase agreements	131,611	39,080
Net increase (decrease) in other short-term borrowings	9,204	(15,000)
Proceeds from long-term debt	25,000	25,000
Payments of long-term debt	(6)	-
Purchase of treasury stock	(17,605)	-
Other	4,036	4,692

NET CASH PROVIDED BY FINANCING ACTIVITIES	252,775	149,044
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,406	(122,805)
Cash and cash equivalents at beginning of period	222,213	281,930
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 240,619	$ 159,125

See accompanying notes.
</TABLE>

MAGNA GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE A--BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements of Magna Group, Inc. and its affiliates ("Magna") have been prepared in accordance with generally accepted accounting principles for the banking industry and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Reference is hereby made to the notes to consolidated financial statements contained in Magna's Annual Report on Form 10-K for the year ended December 31, 1995. In the opinion of management, all adjustments considered necessary for a fair presentation of the unaudited interim condensed consolidated financial statements have been included therein and are of a normal recurring nature. The results of operations for the interim periods presented herein are not necessarily indicative of the results to be expected for the full year.

NOTE B--ACQUISITIONS

On February 29, 1996, Magna acquired River Bend Bancshares, Inc. for approximately 550,000 shares of common stock and approximately $12.3 million in cash. The acquisition contributed approximately $160 million to total assets and approximately $12 million to stockholders' equity at the date of acquisition. The acquisition was accounted for under the purchase method and was immaterial to the financial condition and results of operations of Magna.

On August 30, 1996, Magna entered into a definitive agreement which provides for the acquisition of Homeland Bankshares Corporation, Waterloo, Iowa ("Homeland"). Homeland owns and operates four commercial banks and one savings bank and provides financial services through a network of 33 locations in the state of Iowa. At December 31, 1995, Homeland reported assets of approximately $1.2 billion and stockholders' equity of approximately $129.5 million. The agreement provides for the issuance of up to 5,038,934 shares of Magna common stock and approximately $92 million in cash in exchange for the outstanding shares of Homeland common stock. The acquisition, which is subject to, among other things, regulatory approval and the approval of Homeland's stockholders, will be accounted for as a purchase and is expected to be completed in the first quarter of 1997.

NOTE C--CHANGE IN ACCOUNTING METHODS

On January 1, 1996, Magna adopted Financial Accounting Standards No. 122 (FAS No. 122), "Accounting for Mortgage Servicing Rights." FAS No. 122 requires capitalization of purchased mortgage servicing rights, as well as internally originated mortgage servicing rights. These mortgage servicing rights are amortized over the estimated servicing period of the related loans. The adoption of the standard had no material impact on Magna's financial condition or results of operations.

NOTE D--RECLASSIFICATIONS

Certain amounts in the 1995 financial statements have been reclassified to conform with the 1996 presentation. Such reclassifications had no effect on net income.

NOTE E--CAPITAL

In January, 1995, Magna announced a common stock repurchase program authorizing the repurchase of up to 5% of its outstanding shares of common stock or 1.4 million shares. During the nine months ended September 30, 1996, Magna repurchased 745,000 shares.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Net income for the third quarter of 1996 was $16.0 million, or 57 cents per common share, compared with $13.1 million, or 47 cents per share, for the third quarter of 1995. For the first nine months of 1996, net income was $46.2 million, or $1.63 per common share, compared with $37.2 million, or $1.34 per share, in 1995.

Operating results of the acquisition consummated on February 29, 1996, are included since the acquisition date and are not material to Magna's financial condition and results of operations for the periods presented.

Table 1 summarizes Magna's statement of income and the change in each category for the periods presented.

<TABLE>
TABLE 1 - - Comparative Statements of Income
(In thousands)
<CAPTION>

	Three Months Ended September 30		Change	
	1996	1995	Amount	Percent
<S>	<C>	<C>	<C>	<C>
Total interest income (fully tax-equivalent)	$99,846	$89,790	$10,056	11.2%
Total interest expense.	49,836	43,142	6,694	15.5
Net interest income	50,010	46,648	3,362	7.2
Provision for loan losses	2,499	3,562	(1,063)	(29.8)
Noninterest income:				
Service charges on deposits	5,919	5,731	188	3.3
Trust	2,356	2,104	252	12.0
Other	4,158	4,391	(233)	(5.3)
	12,433	12,226	207	1.7
Securities gains(losses), net . . .	89	(128)	217	169.5
Total	12,522	12,098	424	3.5
Noninterest expense:				
Employee compensation and other benefits	17,048	18,040	(992)	(5.5)
Net occupancy	4,551	4,292	259	6.0
Equipment	2,154	2,284	(130)	(5.7)
FDIC insurance premiums	442	(172)	614	357.0
Other	10,320	10,231	89	.9

Total	34,515	34,675	(160)	(.5)
Income before income taxes	25,518	20,509	5,009	24.4
Less: tax-equivalent adjustment	1,284	1,310	(26)	(2.0)
Income tax expense	8,208	6,064	2,144	35.4
Net income	$16,026	$13,135	$ 2,891	22.0

<CAPTION>

	Nine Months Ended September 30		Change	
	1996	1995	Amount	Percent
<S>	<C>	<C>	<C>	<C>
Total interest income (fully tax-equivalent)	$292,056	$259,559	$32,497	12.5%
Total interest expense	143,141	119,455	23,686	19.8
Net interest income	148,915	140,104	8,811	6.3
Provision for loan losses	7,781	7,491	290	3.9
Noninterest income:				
Service charges on deposits	17,458	16,845	613	3.6
Trust	7,102	6,667	435	6.5
Other	11,977	11,555	422	3.7
	36,537	35,067	1,470	4.2
Securities gains, net	779	235	544	231.5
Total	37,316	35,302	2,014	5.7
Noninterest expense:				
Employee compensation and other benefits	51,937	54,701	(2,764)	(5.1)
Net occupancy	13,536	13,197	339	2.6
Equipment	6,627	6,646	(19)	(.3)
FDIC insurance premiums	525	3,945	(3,420)	(86.7)
Other	31,544	31,621	(77)	(.2)
Total	104,169	110,110	(5,941)	(5.4)
Income before income taxes	74,281	57,805	16,476	28.5
Less: tax-equivalent adjustment	3,782	3,790	(8)	(.2)
Income tax expense	24,271	16,846	7,425	44.1
Net income	$ 46,228	$ 37,169	$ 9,059	24.4

</TABLE>

The following paragraphs discuss more fully significant changes and trends as they relate to Magna's results of operations during the three month and nine month periods ended September 30, 1996 and its financial condition, asset quality, capital resources and liquidity as of September 30, 1996. This discussion should be read in conjunction with Magna's condensed consolidated financial statements and notes thereto. The results of operations for the interim periods presented herein are not necessarily indicative of the results to be expected for the full year.

RESULTS OF OPERATIONS

NET INTEREST INCOME

Tax-equivalent net interest income increased 7.2% for the third quarter of 1996 compared with 1995 and increased 6.3% for the first nine months of 1996 compared with the same period in 1995. The increases primarily resulted from an increase in the volume of earning assets offset by a reduced net interest margin. Tax-equivalent net interest income also was positively impacted in 1996 by the effect of the acquisition consummated during the first quarter.

The net interest margin was 3.94% for the third quarter of 1996, which represented a decline from the 4.09% and the 4.17% net interest margins reported in the second quarter of 1996 and the third quarter of 1995, respectively. The net interest margin for the first nine months of 1996 was 4.04% compared with 4.35% for the first nine months of 1995. The decline during the 1996 periods compared to the 1995 periods occurred as the yield on earning assets declined while the cost of funds increased. The decline in the yield on earning assets, for the 1996 periods compared to the 1995 periods, was partially associated with a change in the mix of earning assets. The percentage of earning assets attributable to the investment portfolio increased during the 1996 periods, while the percentage of earning assets attributable to the higher yielding loan portfolio decreased. This change, along with an overall decline in rates earned on the investment portfolio, contributed to the decline in the yield on earning assets. The increased cost of funds primarily resulted from Magna's decision, during the middle part of 1995, to price certain deposit categories, primarily time deposits, more competitively. In addition, during the first nine months of 1996, when compared to the first nine months of 1995, Magna experienced a shift in the deposit mix as customers favored the higher yielding time deposits.

PROVISION FOR LOAN LOSSES

Factors which influence management's determination of the provision for loan losses include, among other things, evaluation of the anticipated impact on the loan portfolio of current economic conditions, changes in the character and size of the portfolio and past loan loss experience. The decrease in the provision for loan losses for the quarters compared was primarily the result of a lower level of net charge-offs experienced in the third quarter of 1996, compared to those experienced in the third quarter of 1995. Activity in the reserve for loan losses and nonperforming loan data are presented and discussed under "ASSET QUALITY."

NONINTEREST INCOME

Total noninterest income was $12.5 million for the third quarter of 1996 compared with $12.1 million for the third quarter of 1995. Noninterest income for the first nine months of 1996 was $37.3 million compared with $35.3 million for the same period of 1995. Increased levels of trust income and brokerage and insurance-related income were recorded during the 1996 periods compared with 1995. In addition, increased levels of fee income from insufficient fund items and fees associated with Magna's corporate cash management product contributed to the increases in service charges on deposit accounts for the periods compared.

For the third quarter of 1996, noninterest income as a percentage of average assets, on an annualized basis, was .93% compared with 1.01% for the third quarter of 1995.

NONINTEREST EXPENSE

Total noninterest expense was $34.5 million for the third quarter of 1996 compared with $34.7 million for the third quarter of 1995. For the first nine months of 1996, total noninterest expense was

$104.2 million compared with $110.1 million for the same period of 1995.

The decrease in employee compensation and other benefits for the 1996 periods compared with 1995 was attributable to staff reductions that occurred in January 1996. These reductions occurred as Magna continues to achieve efficiencies in back-office operations and as a result of the merger of Magna's banking subsidiaries in the fourth quarter of 1995. The reduction in employee compensation and other benefits resulting from these staff reductions was partially offset by normal merit increases, severance costs and compensation and benefits attributable to the consummated acquisition. FDIC deposit insurance premiums include assessments levied in connection with the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF). During the third quarter of 1996, FDIC deposit insurance premiums included a special assessment which was mandated by federal legislation enacted on September 30, 1996. This legislation called for financial institutions to pay a one-time special assessment on SAIF insured deposit levels as of March 31, 1995. This one-time special assessment, recorded by Magna during the third quarter of 1996, amounted to $.4 million. A reduction in the BIF deposit insurance assessment rate announced in the third quarter of 1995 resulted in a negative expense of $.2 million for the three months ended September 30, 1995 and contributed to the reduction of $3.4 million for the first nine months of 1996 compared to the first nine months of 1995. The 1996 legislation which mandated the assessment for SAIF insured deposits also reduced ongoing SAIF deposit insurance assessment rates from $.230 to $.064 per $100 of insured deposits and increased ongoing BIF deposit insurance assessment rates from zero to $.013 per $100 of insured deposits beginning January 1, 1997. Assuming the FDIC levies no additional special assessments and does not further modify the deposit insurance assessment structure, Magna's FDIC deposit insurance premiums should approximate $.6 million in 1997, based upon current deposit levels, the mix of those deposits and excluding the effects of the pending acquisition of Homeland.

For the third quarter of 1996, noninterest expense as a percentage of average assets, on an annualized basis, was 2.56% compared with 2.89% for the third quarter of 1995.

Magna recorded income tax expense of $8.2 million for the third quarter of 1996 compared with $6.1 million for the third quarter of 1995. For the first nine months of 1996, income tax expense was $24.3 million compared with $16.8 million for the same period of 1995. Income tax expense for the first nine months of 1995 included a $.9 million nonrecurring benefit. This benefit resulted from the elimination of valuation allowances on certain federal and state net operating loss carryforwards which management believed to be, more likely than not, realizable.

The effective income tax rate was 33.9% and 31.6% for the third quarter of 1996 and 1995, respectively. The effective income tax rate was 34.4% and 31.2% for the first nine months of 1996 and 1995, respectively. Excluding the effects of the non-recurring tax benefit, the increase in the effective tax rate for the periods compared resulted primarily from generally higher levels of earnings coupled with reduced levels of tax-exempt interest as a percentage of total interest income.

FINANCIAL CONDITION

GENERAL

Certain components of Magna's consolidated balance sheet at September 30, 1996 compared with December 31, 1995 are presented in summary form in Table 2 below.

<TABLE>
TABLE 2 -- Selected Comparative Balance Sheet Items
(In thousands)
<CAPTION>

<S>	September 30 1996 <C>	December 31 1995 <C>	Change Amount <C>	Change Percent <C>
Total assets	$5,384,481	$4,947,499	$436,982	8.8%
Loans, net of unearned income	3,367,661	3,202,766	164,895	5.1

Investments	1,596,466	1,364,864	231,602	17.0
Deposits	4,164,860	3,888,266	276,594	7.1
Federal funds purchased . . .	20,195	41,790	(21,595)	(51.7)
Repurchase agreements:				
Cash management	421,879	294,328	127,551	43.3
Other	79,408	74,533	4,875	6.5
Other short-term borrowings .	98,628	50,000	48,628	97.3
Long-term debt	79,117	93,071	(13,954)	(15.0)

</TABLE>

LOANS

Loans, net of unearned income, increased 5.1%, or $164.9 million, from year-end 1995 to September 30, 1996. A portion of this increase was derived from the consummated acquisition. In addition to acquired loans, Magna also has experienced steady growth in its commercial, financial and agricultural, commercial real estate and real estate construction categories.

Table 3 presents the composition of the loan portfolio by type of borrower and major loan category and the percentage of each to the total portfolio for the periods presented.

<TABLE>
TABLE 3 -- Loan Portfolio Composition
(In thousands)
<CAPTION>

	September 30 1996		December 31 1995		September 30 1995	
Commercial borrowers:	Amount	Percent	Amount	Percent	Amount	Percent
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial, financial and agricultural	$ 630,705	18.7%	$ 593,664	18.5%	$ 581,944	18.4%
Commercial real estate.	1,099,213	32.7	996,464	31.1	973,905	30.7
Real estate construction	162,238	4.8	156,978	4.9	156,217	4.9
Total commercial	1,892,156	56.2	1,747,106	54.5	1,712,066	54.0
Consumer borrowers:						
1-4 family residential real estate.	934,861	27.8	934,826	29.2	934,098	29.5
Other consumer loans, net of unearned income	540,644	16.0	520,834	16.3	524,779	16.5
Total consumer	1,475,505	43.8	1,455,660	45.5	1,458,877	46.0
Total loans, net of unearned income.	$3,367,661	100.0%	$3,202,766	100.0%	$3,170,943	100.0%

</TABLE>

INVESTMENTS

Total investments increased 17.0%, or $231.6 million, at September 30, 1996 compared with year-end 1995. Magna's investment portfolio serves three important functions. First, it is a vehicle for managing balance sheet rate sensitivity. Second, it is a means for investment of excess funds. Third, the available-for-sale portion of the portfolio provides a resource from which immediate liquidity needs may be satisfied. The increase in investment securities from year-end 1995 resulted primarily from the consummated acquisition coupled with growth from cash management repurchase agreements, which are collateralized with investment securities.

Table 4 presents the composition of investments and the change in each category for the periods presented.

<TABLE>
TABLE 4 -- Investment Securities Portfolio Composition
(In thousands)
<CAPTION>

	September 30 1996	December 31 1995	Change Amount	Change Percent
<S>	<C>	<C>	<C>	<C>
Held-to-maturity securities . .	$ 141,848	$ 126,248	$ 15,600	12.4%
Available-for-sale securities. .	1,454,618	1,238,616	216,002	17.4
Total investments	$1,596,466	$1,364,864	$231,602	17.0

</TABLE>

DEPOSITS

Total deposits increased $276.6 million to $4.2 billion at September 30, 1996 from year-end 1995. A significant portion of this increase was derived from the acquisition consummated during the first quarter of 1996. Excluding the effects of the acquisition, interest bearing deposits, particularly time deposits, increased from year-end 1995. This increase was partially offset by a decrease in noninterest bearing deposits. The decrease in noninterest bearing deposits was due to seasonal factors, which generally increase deposits at the end of a calendar year, coupled with a shift towards higher yielding time deposits. More aggressive sales efforts also contributed to the increase in interest bearing deposits, primarily time deposits.

Table 5 sets forth the composition of deposits and the changes in each category for the periods presented.

<TABLE>
TABLE 5 -- Deposit Liability Composition
(In thousands)
<CAPTION>

	September 30 1996		December 31 1995		Change	
	Amount	Percent	Amount	Percent	Amount	Percent
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Noninterest bearing	$ 532,436	12.8%	$ 570,262	14.7%	$(37,826)	(6.6)%
NOW and other transaction accounts	522,485	12.5	496,590	12.8	25,895	5.2
Savings and market rate deposits.	818,365	19.7	794,423	20.4	23,942	3.0
Time deposits less than $100,000	1,794,637	43.1	1,674,305	43.0	120,332	7.2
Time deposits $100,000 or more.	496,937	11.9	352,686	9.1	144,251	40.9
Total deposits	$4,164,860	100.0%	$3,888,266	100.0%	$276,594	7.1

</TABLE>

FEDERAL FUNDS PURCHASED AND REPURCHASE AGREEMENTS

Federal funds purchased and repurchase agreements increased $110.8 million from year-end 1995. Federal funds purchased are short-term sources of funds utilized by Magna's banking subsidiary and are primarily obtained from its network of correspondent banks. As such, levels of federal funds purchased can fluctuate significantly. The increase in repurchase agreements was primarily in the form of cash management repurchase agreements. Such accounts involve the daily transfer of excess funds from a noninterest bearing deposit account into the interest bearing cash management repurchase agreement account. The cash management repurchase agreement accounts are viewed by management as a stable source of funds from commercial depositors.

OTHER SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Other short-term borrowings reflected an increase of $48.6 million at September 30, 1996 compared with year-end 1995. The increase consisted of three advances from the Federal Home Loan Bank, two totaling $23.5 million due in February 1997 and one $15.0 million advance due in August 1997, which were reclassified from long-term debt and an additional $10.1 million borrowing in the form of a treasury tax and loan note option account, which was opened in January 1996. The amounts maturing in February 1997 which were reclassified from long-term debt to other short-term borrowings were replaced, in the long-term debt category, with two additional advances totaling $25.0 million from the Federal Home Loan Bank. One issue in the amount of $10.0 million bears an interest rate of 5.91% and matures on March 7, 2001, while the remaining $15.0 million issue bears an interest rate of 6.20% and matures on March 7, 2003.

ASSET QUALITY

Magna's asset quality management program includes the establishment of investment and credit policies, the continued evaluation of the quality and trends of material assets and the prompt implementation of appropriate actions in view of the results of such evaluation. The objective of Magna's asset quality management program, particularly with regard to loans, is to reduce the risk of non-collection, which is a significant risk faced by a financial institution.

Management continues to monitor the asset quality of the loan portfolio, promptly following up on problem credits and implementing workout strategies to manage the level of nonperforming assets. These workout strategies, which include intensified collection efforts on potential 90-day past due credits, negotiated settlements and third-party refinancings, resulted in a decline in nonperforming loans of 14.5%, or $4.5 million, from year-end 1995 to September 30, 1996. Charge-offs associated with certain nonperforming loans also impacted the nonperforming loan reduction. At September 30, 1996,

nonperforming assets totaled $30.6 million, or .57% of total assets, compared with nonperforming assets at year-end 1995 of $35.8 million, or .72% of total assets. The level of foreclosed property decreased $.8 million from December 1995. Magna does not anticipate any significant losses on the disposition of other real estate owned at September 30, 1996.

Net charge-offs in the third quarter of 1996 were $1.9 million, a decrease of $3.3 million from the third quarter of 1995. Net charge-offs for the first nine months of 1996 totaled $6.2 million compared to $9.9 million for the first nine months of 1995. Charge-offs in the third quarter of 1995 included three commercial credits totaling approximately $1.3 million, a $.7 million consumer credit related to a commercial borrower and a $.3 million 1-4 family real estate credit.

Management believes that the consolidated reserve for loan losses is adequate to provide for possible losses inherent in the loan portfolio. However, no assurance can be given that subsequent changes in economic conditions, risk elements and other factors will not require significant changes in the level of the loan loss reserve.

Table 6 sets forth a summary of Magna's loan portfolio mix and nonperforming assets.

<TABLE>

TABLE 6 -- Loan Portfolio Mix and Nonperforming Assets
(In thousands)
<CAPTION>

	September 30, 1996		December 31, 1995	
	Loans and Foreclosed Property	Non-performing Assets	Loans and Foreclosed Property	Non-performing Assets
<S>	<C>	<C>	<C>	<C>
Commercial borrowers:				
Commercial, financial and agricultural	$ 630,705	$ 6,329	$ 593,664	$ 7,197
Commercial real estate.	1,099,213	7,393	996,464	8,294
Real estate construction.	162,238	1,342	156,978	1,979
Total commercial.	1,892,156	15,064	1,747,106	17,470
Consumer borrowers:				
1-4 family residential real estate.	934,861	8,983	934,826	10,914
Other consumer loans, net of unearned income	540,644	2,304	520,834	2,436
Total consumer.	1,475,505	11,287	1,455,660	13,350
Total loans, net of unearned income.	3,367,661	26,351	3,202,766	30,820
Foreclosed property	4,215	4,215	5,009	5,009
Total	$3,371,876	$30,566	$3,207,775	$35,829
Nonaccrual loans.		$16,680		$24,564
Loans past due 90 days or more.		9,627		6,198
Restructured loans.		44		58
Total nonperforming loans		26,351		30,820
Foreclosed property		4,215		5,009
Total nonperforming assets.		$30,566		$35,829
Nonperforming loans to total loans.		.78%		.96%
Nonperforming assets to total loans and foreclosed property.		.91		1.12

</TABLE>

Table 7 presents information pertaining to the activity in and an analysis of Magna's reserve for loan losses for the periods presented.

<TABLE>
TABLE 7 -- Reserve For Loan Losses
(In thousands)
<CAPTION>

	Three Months Ended September 30		Nine Months Ended September 30	
	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
Balance at beginning of period	$44,464	$43,270	$42,623	$43,991
Reserves of acquired institutions	-	-	890	-
Loans charged off:				
Commercial borrowers:				
Commercial, financial and agricultural .	(925)	(3,289)	(3,478)	(5,382)

Commercial real estate	(748)	(777)	(1,587)	(2,866)
Real estate construction	(45)	(93)	(317)	(140)
Total commercial	(1,718)	(4,159)	(5,382)	(8,388)
Consumer borrowers:				
1-4 family residential real estate	(455)	(833)	(1,147)	(1,734)
Other consumer loans	(1,004)	(1,031)	(3,524)	(3,056)
Total consumer	(1,459)	(1,864)	(4,671)	(4,790)
Total charge-offs	(3,177)	(6,023)	(10,053)	(13,178)
Recoveries of loans previously charged off:				
Commercial borrowers:				
Commercial, financial and agricultural	770	234	2,175	1,297
Commercial real estate	123	193	411	891
Real estate construction	3	2	20	52
Total commercial	896	429	2,606	2,240
Consumer borrowers:				
1-4 family residential real estate	140	114	372	269
Other consumer loans	271	278	874	817
Total consumer	411	392	1,246	1,086
Total recoveries	1,307	821	3,852	3,326
Net loans charged off	(1,870)	(5,202)	(6,201)	(9,852)
Provision for loan losses charged to operations	2,499	3,562	7,781	7,491
Balance at end of period	$45,093	$41,630	$45,093	$41,630
Net loan charge-offs (annualized) to average loans	.22%	.66%	.25%	.43%
Reserve for loan losses to total loans	1.34	1.31	1.34	1.31
Reserve for loan losses to nonperforming loans	171.12	104.24	171.12	104.24

</TABLE>

CAPITAL RESOURCES AND LIQUIDITY

CAPITAL

Financial institutions are required to maintain ratios of capital to assets in accordance with guidelines adopted in 1989 by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). The guidelines are commonly known as "Risk-Based Guidelines" as they define the capital level requirements of a financial institution based upon the level of credit risk associated with holding various categories of assets. The Risk-Based Guidelines require minimum ratios of Tier 1 and Total Capital to risk-weighted assets of 4% and 8%, respectively. At September 30, 1996, Magna's Tier 1 and Total Capital ratios were 13.22% and 14.49%, respectively. In addition, the Federal Reserve Board has established a minimum leverage capital ratio of 3% which represents the minimum standard of Tier 1 Capital to tangible assets for bank holding companies. This minimum leverage capital ratio is considered satisfactory only with respect to top-rated banking organizations that do not contemplate expansion. Magna's leverage ratio at September 30, 1996 was 8.24%.

The pending acquisition of Homeland will impact Magna's capital ratios. At September 30, 1996, on a pro forma basis which includes the effects of the acquisition of Homeland, the Tier 1 Capital, Total Capital and leverage ratios were 10.39%, 11.61% and 6.91%, respectively.

In January 1995, Magna announced a common stock repurchase program authorizing the repurchase of up to 5% of its outstanding shares of common stock or 1.4 million shares. During the nine months ended September 30, 1996, Magna repurchased 745,000 shares.

DIVIDENDS AND RESOURCE COMMITMENTS

The primary source of funds to Magna on a parent company only basis consists of dividends and management fees paid by its banking subsidiary. In general, the ability of Magna's banking subsidiary to pay dividends and management fees is subject to limitations under various laws and regulations, and to prudent and sound banking principles. Dividends available to Magna from its banking subsidiary without prior regulatory approval amounted to approximately $32 million at September 30, 1996.

Magna believes that its banking subsidiary's earnings will be sufficient to provide capital to fund asset growth and to permit the distribution of cash dividends to Magna sufficient to meet Magna's operating and debt service requirements for the foreseeable future.

The preceding discussion contains certain forward looking statements with respect to the financial condition, results of operations and business of Magna. These forward looking statements involve certain risks and uncertainties. For example, by accepting deposits at fixed rates at different times and for different terms and lending funds at fixed rates for fixed periods, a bank accepts the risk that the cost of funds may rise and the use of the funds may be at a fixed rate. Similarly, the cost of funds may fall, but a bank may have committed by virtue of the term of a deposit to pay what becomes an above market rate. Investments may decline in value in a rising interest rate environment. Loans, and the reserve for loan losses, have the risk that the borrower will not repay all funds in a timely manner as well as the risk of total loss. Collateral may or may not have the value attributed to it. The loan loss reserve, while believed adequate, may prove inadequate if one or more large borrowers, or numerous mid-range borrowers, or a combination of both, experience financial difficulty for individual or national or international reasons. Because the business of banking is highly regulated, decisions of governmental authorities, such as the rate of deposit insurance, can have a major effect on operating results. All of these uncertainties, as well as others, are present in a banking operation and stockholders are cautioned that management's view of the future on which it prices its products, evaluates collateral, sets loan reserves and estimates costs of operation and regulation may prove to be other than as anticipated.

PART II - OTHER INFORMATION

ITEM 5. OTHER INFORMATION

(a) As previously noted, on August 30, 1996, Magna entered into a definitive agreement which provides for the acquisition of Homeland.

The following unaudited pro forma combined consolidated balance sheet gives effect to the acquisition of Homeland as if it had been consummated on September 30, 1996.

The following unaudited pro forma combined consolidated income statements for the nine months ended September 30, 1996 and for the year ended December 31, 1995 set forth the results of operations of Magna combined with the results of operations of Homeland as if the acquisition had occurred as of the first day of the period presented.

The unaudited pro forma combined consolidated financial statements should be read in conjunction with the accompanying Notes to Pro Forma Combined Consolidated Financial Statements and with the historical financial statements of Magna and Homeland. The historical interim financial information for the nine months ended September 30, 1996, used as a basis for the pro forma combined consolidated financial statements, include all necessary adjustments, which, in management's opinion, are necessary to present data fairly. These unaudited pro forma combined consolidated financial statements may not be indicative of the results of operations that actually would have occurred if the acquisition had been consummated on the date assumed above or the results of operations that may be achieved in the future.

The unaudited pro forma combined consolidated financial statements reflect a repurchase of approximately 600,000 shares of Magna common stock. While Magna has previously announced its intention to effect such a repurchase, Magna has not firmly committed to do so and there is no certainty as to whether any such repurchase will occur or as to the price per share at which a repurchase would occur if one were effected.

<TABLE>
MAGNA GROUP, INC.
PRO FORMA COMBINED CONSOLIDATED BALANCE SHEET
REFLECTING THE ACQUISITION OF HOMELAND BANKSHARES CORPORATION
SEPTEMBER 30, 1996
(UNAUDITED; IN THOUSANDS)
<CAPTION>

	MAGNA HISTORICAL	HOMELAND HISTORICAL	PRO FORMA ADJUSTMENTS DEBIT	PRO FORMA ADJUSTMENTS CREDIT	MAGNA/ HOMELAND PRO FORMA COMBINED
ASSETS					
<S>	<C>	<C>	<C>	<C>	<C>
Cash and due from banks	$ 157,076	$ 55,547			$ 212,623
Federal funds sold	83,543	17,400			100,943
Held-to-maturity securities	141,848	-			141,848
Available-for-sale securities	1,454,618	190,759		109,667<F1>	1,535,710
Loans	3,368,705	895,165			4,263,870
Unearned income	(1,044)	-			(1,044)
Reserve for loan losses	(45,093)	(9,278)			(54,371)
Net Loans	3,322,568	885,887			4,208,455
Premises and equipment	81,718	24,506	3,980<F2>	812<F3>	109,392
Other assets	143,110	32,844	101,838<F4>	12,439<F5>	
			386<F6>	4,663<F7>	261,076
TOTAL ASSETS	$5,384,481	$1,206,943			$6,570,047
LIABILITIES					
Deposits:					
Noninterest bearing	$ 532,436	$ 121,109			$ 653,545
Interest bearing	3,632,424	816,877			4,449,301
Total Deposits	4,164,860	937,986			5,102,846
Federal funds purchased	20,195	26,575			46,770
Repurchase agreements	501,287	-			501,287
Other short-term borrowings	98,628	53,744			152,372
Long-term debt	79,117	46,962			126,079
Other liabilities	60,492	10,604		4,270<F8>	75,366
TOTAL LIABILITIES	4,924,579	1,075,871			6,004,720

STOCKHOLDERS' EQUITY

Preferred stock	40	-			40
Common stock	57,595	71,292	71,292<F9>	10,078<F10>	67,673
Surplus	226,943	-		109,597<F11>	336,540
Retained earnings	205,019	59,863	59,863<F12>		205,019
Treasury stock	(17,605)	-	14,250<F13>		(31,855)
Net unrealized loss on securities	(12,090)	(83)		83<F14>	(12,090)
TOTAL STOCKHOLDERS' EQUITY	459,902	131,072			565,327
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$5,384,481	$1,206,943			$6,570,047

See Notes to Pro Forma Combined Consolidated Balance Sheet.
</TABLE>

[FN]
MAGNA GROUP, INC.
NOTES TO PRO FORMA COMBINED CONSOLIDATED BALANCE SHEET (UNAUDITED)
SEPTEMBER 30, 1996

<F1> Reflects the sale of securities to provide cash for payment to Homeland shareholders, payment of cash for legal and professional fees connected with the Homeland acquisition and payment of cash to repurchase approximately 600,000 shares of Magna common stock.

<F2> Write-up of certain Homeland fixed assets to fair value.

<F3> Write-off of certain Homeland fixed assets not compatible with Magna systems.

<F4> Reflects goodwill resulting from the acquisition of Homeland by Magna. This goodwill will be amortized over a period of 15 years.

<F5> Write-off of unamortized goodwill previously recorded on the books of subsidiary banks of Homeland.

<F6> Reflects net deferred taxes related to: write-up of fixed assets to fair value; write-off of fixed assets not compatible with Magna systems; accrual for vacation pay liability; accrual for possible payments required in connection with change of control agreements held by certain Homeland executives; and accrual for present value of future benefits connected with Homeland's Supplemental Retirement Income Plan.

<F7> Write-off of unamortized deposit base intangibles previously recorded on the books of subsidiary banks of Homeland.

<F8> Establish vacation pay accrual for employees of Homeland in conformity with Magna policy; establish accrual for possible payments required in connection with change of control agreements held by certain Homeland executives; and establish accrual for the present value of future benefits connected with Homeland's Supplemental Retirement Income Plan.

<F9> Elimination of 5,703,378 shares of Homeland common stock.

<F10> Issuance of 5,038,934 shares of Magna common stock.

<F11> Adjustment to Magna capital to reflect acquisition of Homeland.

<F12> Elimination of Homeland retained earnings.

<F13> Reflects the repurchase of 600,000 shares of Magna common stock issued in connection with the acquisition of Homeland.

<F14> Elimination of Homeland net unrealized loss on available-for-sale securities.

<TABLE>
MAGNA GROUP, INC.
PRO FORMA COMBINED CONSOLIDATED STATEMENT OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 1996
(UNAUDITED; IN THOUSANDS, EXCEPT PER SHARE DATA)
<CAPTION>

	MAGNA HISTORICAL	HOMELAND HISTORICAL	PRO FORMA ADJUSTMENTS	MAGNA/ HOMELAND PRO FORMA COMBINED
<S>	<C>	<C>	<C>	<C>
Interest Income:				
Interest and fees on loans	$212,503	$57,956		$270,459
Securities:				
Taxable	69,226	7,954	$(5,141)<F1>	72,039
Tax-exempt	5,229	1,287		6,516
	74,455	9,241	(5,141)	78,555
Other interest income	1,316	1,526		2,842
TOTAL INTEREST INCOME	288,274	68,723	(5,141)	351,856
Interest Expense:				
Deposits	116,785	26,115		142,900
Federal funds purchased	2,518	2,373		4,891
Repurchase agreements	15,589	-		15,589
Other short-term borrowings	3,028	771		3,799
Long-term debt	5,221	2,071		7,292
TOTAL INTEREST EXPENSE	143,141	31,330		174,471
NET INTEREST INCOME	145,133	37,393	(5,141)	177,385
Provision for Loan Losses	7,781	1,705		9,486
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	137,352	35,688	(5,141)	167,899
Noninterest Income:				
Service charges on deposits	17,458	2,594		20,052
Trust	7,102	1,859		8,961
Securities gains, net	779	17		796
Other	11,977	4,739		16,716
	37,316	9,209		46,525
Noninterest Expense:				
Employee compensation and other benefits	51,937	14,837		66,774
Net occupancy	13,536	2,317	99<F2>	15,952
Equipment	6,627	1,874		8,501
FDIC insurance premiums	525	2,128		2,653
Other	31,544	7,465	3,473<F3>	42,482
	104,169	28,621	3,572	136,362
INCOME BEFORE INCOME TAXES	70,499	16,276	(8,713)	78,062
Income Tax Expense	24,271	6,301	(1,834)<F4>	28,738
NET INCOME	$ 46,228	$ 9,975	$(6,879)	$ 49,324
Primary net income per share	$ 1.63	$ 1.74		$ 1.50

Fully diluted net income per share	$ 1.59	$ 1.74		$ 1.48
	========	=======		========

See Notes to Pro Forma Combined Consolidated Statements of Income.
</TABLE>

<TABLE>
MAGNA GROUP, INC.
PRO FORMA COMBINED CONSOLIDATED STATEMENT OF INCOME
TWELVE MONTHS ENDED DECEMBER 31, 1995
(UNAUDITED; IN THOUSANDS, EXCEPT PER SHARE DATA)
<CAPTION>

<S>	MAGNA HISTORICAL <C>	HOMELAND HISTORICAL <C>	PRO FORMA ADJUSTMENTS <C>	MAGNA/ HOMELAND PRO FORMA COMBINED <C>
Interest Income:				
Interest and fees on loans	$266,146	$74,098		$340,244
Securities:				
Taxable	71,853	14,520	$ (6,854)<F1>	79,519
Tax-exempt	7,266	2,015		9,281
	79,119	16,535	(6,854)	88,800
Other interest income	1,903	1,847		3,750
TOTAL INTEREST INCOME	347,168	92,480	(6,854)	432,794
Interest Expense:				
Deposits	138,025	36,239		174,264
Federal funds purchased	3,463	3,586		7,049
Repurchase agreements	16,147	-		16,147
Other short-term borrowings	623	3,474		4,097
Long-term debt	6,059	1,505		7,564
TOTAL INTEREST EXPENSE	164,317	44,804		209,121
NET INTEREST INCOME	182,851	47,676	(6,854)	223,673
Provision for Loan Losses	9,992	941		10,933
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	172,859	46,735	(6,854)	212,740
Noninterest Income:				
Service charges on deposits	22,487	3,094		25,581
Trust	8,638	2,450		11,088
Securities gains, net	356	31		387
Other	16,382	6,090		22,472
	47,863	11,665		59,528
Noninterest Expense:				
Employee compensation and other benefits	72,993	18,998		91,991
Net occupancy	17,677	2,712	133<F2>	20,522
Equipment	8,967	2,367		11,334
FDIC insurance premiums	4,342	1,381		5,723
Other	42,238	10,892	4,764<F3>	57,894
	146,217	36,350	4,897	187,464
INCOME BEFORE INCOME TAXES	74,505	22,050	(11,751)	84,804
Income Tax Expense	23,283	8,429	(2,446)<F4>	29,266
NET INCOME	$ 51,222	$13,621	$ (9,305)	$ 55,538
	========	=======	========	========
Primary net income per share	$ 1.84	$ 2.37		$ 1.72
	========	=======		========

Fully diluted net income per share	$ 1.80	$ 2.37	$ 1.69
	========	=======	========

See Notes to Pro Forma Combined Consolidated Statements of Income.
</TABLE>

[FN]
MAGNA GROUP, INC.
NOTES TO PRO FORMA COMBINED CONSOLIDATED STATEMENTS OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 1996
AND TWELVE MONTHS ENDED DECEMBER 31, 1995
(UNAUDITED)

<F1> Reflects foregone interest income on discretionary sale of securities used to provide cash for payment to Homeland shareholders, payment of cash for legal and professional fees connected with the Homeland acquisition and payment of cash to repurchase approximately 600,000 shares of Magna common stock.

<F2> Reflects amortization of purchase accounting adjustment associated with the write-up of certain Homeland fixed assets to fair value.

<F3> Reflects amortization of incremental intangibles.

<F4> Income tax expense on pro forma adjustments is reflected using a tax rate of 35%.

(b) On November 1, 1996, Magna filed an application to list its common stock on the New York Stock Exchange, Inc. It is expected that the common stock will begin trading on such exchange by the end of November 1996.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits: See Exhibit Index on page 28 hereof.

(b) Reports on Form 8-K: On September 9, 1996, Magna filed a Current Report on Form 8-K dated August 30, 1996, and reported the following information under "Item 5 - Other Events":

On August 30, 1996, Magna and Homeland entered into a definitive Agreement and Plan of Reorganization (the "Merger Agreement") which provides, among other things, for the merger ("Merger") of Homeland with and into a wholly owned subsidiary of Magna.

Under the terms of the Merger Agreement, each share of Homeland common stock, par value $12.50 per share ("Homeland Common Stock"), outstanding immediately prior to the effective time of the Merger may be exchanged for 1.55 shares of Magna common stock, par value $2.00 per share ("Magna Common Stock"), for 57% of the aggregate consideration or for $37.50 in cash for 43% of the aggregate consideration, subject to adjustment as of closing to equalize the value of the cash and stock consideration. Homeland shareholders may elect to receive either all Magna Common Stock, all cash or a mixture of Magna Common Stock and cash for their shares of Homeland Common Stock, subject to certain limitations.

Immediately after executing the Merger Agreement, Magna and Homeland entered into a Stock Option Agreement, dated August 30, 1996 (the "Stock Option Agreement"), pursuant to which Homeland granted to Magna an option to purchase, under certain circumstances, up to 1,134,972 shares of Homeland Common Stock at a price, subject to certain adjustments, of $34.00 per share (the "Magna Option"). The Magna Option if exercised, would equal, before giving effect to the exercise of the Magna Option, 19.9% of the total number of shares of Homeland Common Stock outstanding as of August 30, 1996.

The acquisition, which is subject to, among other things, regulatory approval and the approval of Homeland's stockholders, will be accounted for as a purchase and is expected to be completed in the first quarter of 1997.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MAGNA GROUP, INC.
(Registrant)

DATE: November 8, 1996

By:/s/ G. Thomas Andes
G. Thomas Andes
Chairman of the Board and
Chief Executive Officer

DATE: November 8, 1996

By:/s/ Ronald A. Buerges
Ronald A. Buerges
Executive Vice President
and Chief Financial Officer
(Principal Financial and
Accounting Officer)

<TABLE>

EXHIBIT INDEX

<CAPTION>

EXHIBIT NO.	DESCRIPTION
<C>	<S>
10.1	Magna Directors Deferred Plan, filed herewith.
10.2	Magna Directors Deferred Compensation Plan, filed herewith.
10.3	First Amendment to Magna Board of Directors Retirement Plan, filed herewith.
10.4	Restricted Stock Agreement dated April 17, 1996, between Magna and G. Thomas Andes, filed herewith.
11.1	Computation of Net Income Per Common Share, filed herewith.
27.1	Financial Data Schedule, filed herewith.

</TABLE>

MAGNA GROUP, INC.

DIRECTORS DEFERRED PLAN

1. PURPOSE

The purpose of the Magna Group, Inc. Directors Deferred Plan (the "Plan") is to provide certain members of the Board of Directors of Magna Group, Inc. (the "Company") who are not employees of the Company and any of its Affiliates ("Non-Employee Directors") an equity interest in the Company in order to enhance the identity of interests between Non-Employee Directors and the stockholders of the Company. The Plan provides for the crediting of certain accrued benefits under the Magna Group, Inc. Board of Directors Retirement Plan ("Directors Retirement Plan") to the Non-Employee Director's account under this Plan. A Non-Employee Director's interest under the Plan shall be expressed in Stock Units equivalent to shares of the Company's Common Stock ("Shares").

2. TERM

The Plan shall be effective as of September 1, 1996, and shall remain in effect until terminated by the Board of Directors ("Board") of the Company; provided, however, that the issuance of Shares under the Plan shall be conditioned upon the effectiveness of a registration statement covering the Shares.

3. PARTICIPATION

Each Non-Employee Director whose Accrued Benefit (as defined under such Directors Retirement Plan) under the Directors Retirement Plan is transferred to this Plan shall participate in the Plan.

4. CREDITING OF ACCRUED BENEFITS

(a) DETERMINATION OF STOCK UNITS: As of September 30, 1996, the Company shall credit to the Stock Unit Account of each Non-Employee Director the number of Stock Units equal to the amount of the Accrued Benefit transferred to the Plan from the Directors Retirement Plan divided by the Fair Market Value (as defined in Section 10 hereof) of a Share on September 30, 1996. Such calculation shall be carried to three decimal places.

(b) DISTRIBUTION ELECTIONS: The Non-Employee Director shall elect the time and form of distribution with respect to the amount credited pursuant to Section 4(a). Such election must be made on or before December 31, 1996. An election as to the time and form of distribution may not be changed or revoked after December 31, 1996.

(c) STOCK UNIT ACCOUNTS: The Stock Units determined pursuant to Section 4(a) above shall be credited to a bookkeeping reserve account maintained by the Company.

(d) The Stock Units credited to the Non-Employee Director's Stock Unit Account from time to time shall constitute the Non-Employee Director's entire benefit under this Plan.

5. ADDITIONS TO DEFERRED ACCOUNTS

As of each dividend payment date with respect to Shares, there shall be credited to each Non-Employee Director's Stock Unit Account an additional number of Stock Units equal to (i) the per-share dividend payable with respect to a Share on such date multiplied by (ii) the number of Stock Units held in the Stock Unit Account as of the close of business on the first business day prior to such dividend payment date and, if the dividend is payable in cash or property other than Shares, divided by (iii) the Fair Market Value of a Share on such business day. For purposes of this Section 5, "dividend" shall include all dividends, whether normal or special, and whether payable in cash, Shares or other property. The calculation of additional Stock Units shall be carried to three decimal places.

6. VESTING OF ACCOUNTS

All Stock Units credited to a Non-Employee Director's Stock Unit Account pursuant to this Plan shall be at all times fully vested and nonforfeitable.

7. PAYMENT OF ACCOUNTS

(a) TIME OF PAYMENT: Payment of the Stock Units to a Non-Employee Director shall commence in January of the year of payment specified by the Non-Employee Director in the distribution election form; provided that (i) if the Non-Employee Director ceases to be a Non-Employee Director solely because of the Non-Employee Director's disability, or (ii) if the Non-Employee Director applies for a hardship withdrawal and the Committee in its sole discretion determines that a hardship exists, an immediate lump sum distribution of Shares shall be made to the Non-Employee Director. A distribution on account of hardship may be in an amount equal to all or any portion of the Non-Employee Director's Stock Unit Account, as the Committee shall determine. In the event of the death of the Non-Employee Director before the Director's Stock Unit Account has been fully distributed, the Non-Employee Director's Stock Unit Account shall be paid in one lump sum to the Non-Employee Director's Beneficiary as soon as practicable following the date of death of the Non-Employee Director.

(b) FORM OF PAYMENT: If a benefit is paid in the form of a single sum, such benefit shall be paid in whole Shares and cash representing any fractional Share. If a benefit is being paid in installment payments, the number of Shares to be paid shall be determined initially by dividing the number of Stock Units credited to the Non-Employee's Stock Unit Account by the number of installment payments and rounding to the nearest number of whole Stock Units; each subsequent payment shall be determined by dividing the number of Stock Units remaining in the Stock Unit Account by the number of installments remaining to be paid and rounding

to the nearest number of whole Stock Units. Each installment payment shall consist of whole number of Shares with the last installment payment consisting of whole number of Shares and cash representing any fractional Share. The Company shall issue and deliver to the Non-Employee Director a stock certificate for payment of Stock Units as soon as practicable following the date on which the Stock Units, or any portion thereof, become payable.

(c) FORM OF DISTRIBUTION: Distributions shall be made from the Stock Unit Account of a Non-Employee Director in whichever of the following methods the Non-Employee Director elects:

(i) A single sum.

(ii) Annual installments over a period not to exceed 10 years.

If all or any portion of the Stock Unit Account is being distributed in installments, the portion of the account being held for future distribution shall continue to be credited with additional Stock Units for dividends as provided in Section 5.

8. SHARES SUBJECT TO THE PLAN

The aggregate number of Shares that may be subject to issuance under the Plan shall not exceed 25,000, subject to adjustment as provided in Section 9 of the Plan.

9. ADJUSTMENTS AND REORGANIZATION

In the event of any stock dividend, stock split, combination or exchange of Shares, merger, consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting Shares or the price of Shares, such proportionate adjustments, if any, as the Board in its sole discretion may deem appropriate to reflect such change shall be made with respect to the aggregate number of Shares that may be issued under the Plan, and each Stock Unit held in the Stock Unit Accounts. Any adjustments described in the preceding sentence shall be carried to three decimal places.

10. FAIR MARKET VALUE

Fair Market Value of a share of Stock for all purposes under the Plan shall mean, for any particular date, (i) for any period during which the Stock shall not be listed for trading on a national securities exchange, but when the Stock is authorized as a Nasdaq National Market security, the last transaction price per share quoted by The Nasdaq Stock Market (the "Nasdaq"), (ii) for any period during which the Stock shall not be listed for trading on a national securities exchange or authorized as a Nasdaq National Market security, but when the Stock is authorized as a Nasdaq SmallCap Market security, the closing bid price as reported by the Nasdaq, (iii) for any period during which the Stock shall be listed for trading on a national securities exchange, the closing

price per share of Stock on such exchange as of the close of such trading day or (iv) the market price per share of Stock as determined by a nationally recognized investment banking firm selected by the Board of Directors in the event neither (i), (ii) nor (iii) above shall be applicable. If Fair Market Value is to be determined as of a day when the securities markets are not open, the Fair Market Value on that day shall be the Fair Market Value on the preceding day when the markets were open.

11. TERMINATION OR AMENDMENT OF PLAN

(a) IN GENERAL: The Board may at any time by resolution terminate, suspend or amend this Plan. If the Plan is terminated by the Board, no deferrals may be credited after the effective date of such termination, but previously credited Stock Units and additional credits which may be made to reflect earnings on such units shall remain outstanding in accordance with the terms and conditions of the Plan.

(b) WRITTEN CONSENTS: No amendment may adversely affect the right of any Non-Employee Director to have dividend equivalents credited to a Stock Unit Account or to receive any Shares pursuant to the payout of such accounts, unless such Non-Employee Director consents in writing to such amendment.

12. GOVERNMENT REGULATIONS

(a) The obligations of the Company to issue any Shares under this Plan shall be subject to all applicable laws, rules and regulations and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Board.

(b) Subject to the provisions of Section 11, the Board may make such changes in the design and administration of this Plan as may be necessary or appropriate to comply with the rules and regulations of any governmental authority.

13. MISCELLANEOUS

(a) UNFUNDED PLAN: Nothing contained in this Plan and no action taken pursuant to the provisions hereof shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and a Non-Employee Director, the Non-Employee Director's designate or any other person. The Plan shall be unfunded with respect to the Company's obligation to pay any amounts due, and a Non-Employee Director's rights to receive any payment with respect to any Stock Unit Account shall be not greater than the rights of an unsecured general creditor of the Company.

The Company shall establish a Rabbi Trust to accumulate Shares to fund the obligations of the Company pursuant to this Plan. Payment from the Rabbi Trust of amounts due under the terms of this Plan shall satisfy the obligation of the Company to make such payment. In no event shall any Non-Employee be

entitled to receive payment of an amount from the Company that the Director received from the Rabbi Trust.

(b) ASSIGNMENT; ENCUMBRANCES: The right to have amounts credited to a Stock Unit Account and the right to receive payment with respect to such Stock Unit Account under this Plan are not assignable or transferable and shall not be subject to any encumbrances, liens, pledges or charges of the Non-Employee Director or to the claims of the Non-Employee Director's creditors. Any attempt to assign, transfer, hypothecate or attach any rights with respect to or derived from any Stock Unit shall be null and void and of no force and effect whatsoever.

(c) DESIGNATION OF BENEFICIARIES: A Non-Employee Director may designate in writing a beneficiary or beneficiaries to receive any distribution under the Plan which is made after the Non-Employee Director's death; provided, however, that if at the time any such distribution is due, there is no designation of a beneficiary in force or if any person (other than a trustee or trustees) as to whom a beneficiary designation was in force at the time of such Director's death shall have died before the payment became due and the Non-Employee Director has failed to provide in such beneficiary designation for any person or persons to take in lieu of such deceased person, the person or persons entitled to receive such distribution (or part thereof, as the case may be) shall be the Non-Employee Director's executor or administrator.

(d) RELATIONSHIP OF NON-EMPLOYEE DIRECTOR: A Non-Employee Director's relationship with the Company is not in fact and is not intended to be an employee-employer relationship, and nothing in this Plan shall be construed to create such a relationship.

(e) ADMINISTRATION: The Compensation Committee of the Board of Directors of Magna Group, Inc. shall administer the Plan, including the adoption of rules or the preparation of forms to be used in its operation, and to interpret and apply the provisions hereof as well as any rules which it may adopt. In addition, the Board may appoint other individuals, firms or organizations to act as agent of the Company in carrying out administrative duties under the Plan. Except as may be provided in a Rabbi Trust, the decisions of the Committee, including, but not limited to, interpretations and determinations of amounts due under this Plan, shall be final and binding on all parties.

(f) GOVERNING LAW: The validity, construction and effect of the Plan and any actions taken or relating to the Plan, shall be determined in accordance with the laws of the State of Missouri without regard to its conflict of law rules, and applicable federal law.

(g) RIGHTS AS A STOCKHOLDER: A Non-Employee Director shall have no rights as a stockholder with respect to a Stock Unit until the Non-Employee Director actually becomes a holder of record of Shares distributed with respect thereto.

(h) NOTICES: All notices or other communications made or given pursuant to this Plan shall be in writing and shall be sufficiently made or given if hand delivered, or if mailed by certified mail, addressed to the Non-Employee Director at the address contained in the records of the Company or to the Company at its principal office, as applicable.

IN WITNESS WHEREOF, Magna Group, Inc. has adopted the foregoing instrument this 1st day of September, 1996.

MAGNA GROUP, INC.

By /s/ G. Thomas Andes

Title President and CEO

MAGNA GROUP, INC.

DIRECTORS DEFERRED COMPENSATION PLAN

1. PURPOSE

The purposes of the Magna Group, Inc. Directors Deferred Compensation Plan (the "Plan") are to provide members of the Board of Directors of Magna Group, Inc. (the "Company") and certain affiliates or subsidiaries of the Company ("Affiliate") who are not employees of the Company and any of its Affiliates ("Non-Employee Directors" as defined below) the opportunity to acquire an equity interest in the Company in order to attract and retain well-qualified individuals to serve as Non-Employee Directors and to enhance the identity of interests between Non-Employee Directors and the stockholders of the Company. The Plan permits each Non-Employee Director to elect to defer the receipt of all or any portion of any retainer, committee chair, and/or meeting fees. A Non-Employee Director's interest under the Plan shall be expressed in Stock Units equivalent to shares of the Company's Common Stock ("Shares"). The Plan may be adopted by any Affiliate with the consent of the Company.

2. TERM

The Plan shall be effective as of September 1, 1996, and shall remain in effect until terminated by the Board of Directors ("Board") of the Company; provided, however, that the issuance of Shares under the Plan shall be conditioned upon the effectiveness of a registration statement covering the Shares.

3. ELIGIBILITY FOR PARTICIPATION

A Non-Employee Director is an individual who is a member of the Board of Directors of the Company or of the Board of Directors of an Affiliate which has adopted the Plan ("Participating Affiliate") and who is not an employee of the Company and any Affiliate. A Non-Employee Director shall be eligible to participate in the Plan and elect, in accordance with Section 4(a) of the Plan, to defer the receipt of all or any portion of a retainer, committee chair, and/or meeting fees ("Fees") payable by the applicable Company or Participating Affiliate for services on the Board of Directors of the Company or such Participating Affiliate.

4. DEFERRAL OF FEES

(a) DEFERRAL ELECTIONS: Commencing on the effective date of the Plan, each Non-Employee Director may elect to defer the receipt of all or any portion of Fees payable to such Non-Employee Director; provided that no deferral election may be made in an amount less than $200.00 per month. Each deferral election is irrevocable and must be made on or before December 31 of the calendar year immediately preceding the calendar year during which the Fees will be earned; provided however, a Non-Employee Director who first becomes eligible to participate in the Plan on or after July 1 of a calendar year must make a deferral

election within 30 days of becoming eligible to participate in the Plan with respect to Fees earned during the remainder of that calendar year and for Fees earned during the following calendar year. A deferral election for Fees earned during the period September 1, 1996 through December 31, 1997 may be made on or before September 18, 1996. Anything contained herein to the contrary notwithstanding, a Non-Employee Director may not revoke, change or make a deferral election if such director has made an opposite-way election under any plan of the Company within the previous six months. A deferral election will continue in effect for subsequent calendar years unless changed or revoked by the Non-Employee Director on or before December 31 of the calendar year immediately preceding the calendar year for which such change or revocation is effective.

The Non-Employee Director shall elect the time and form of distribution with respect to the Fees being deferred pursuant to each deferral election. An election as to the time and the form of distribution with respect to Fees being deferred for a year may not be changed after the beginning of the year to which such election relates.

(b) CREDITING DEFERRAL AMOUNTS TO ACCOUNTS: Amounts deferred pursuant to Section 4(a) shall be credited to a bookkeeping reserve account maintained by the Company

("Stock Unit Account") as of the last day of the month in which such amounts would have been paid in cash. The number of Stock Units credited to the Stock Unit Account of a Non-Employee Director of the Company shall equal one hundred twenty-five percent (125%) of the amount deferred divided by the Fair Market Value (as defined in Section 10 hereof) of a Share on the last day of the month (or such other date as determined by the Committee but not earlier than the date such Non-Employee Director would have otherwise been paid such deferred amounts) in which such deferral amount would have been paid but for the deferral election pursuant to Section 4(a). The number of Stock Units credited to the Stock Unit Account of a Non-Employee Director of a Participating Affiliate shall equal one hundred (100%) of the amount deferred divided by the Fair Market Value (as defined in Section 10 hereof) of a Share on the last day of the month (or such other date as determined by the Committee but not earlier than the date such Non-Employee Director would have otherwise been paid such deferred amounts) in which such deferral amount would have been paid but for the deferral election pursuant to Section 4(a). Such calculation of Stock Units shall be carried to three decimal places.

(c) The Stock Units credited to the Non-Employee Director's Stock Unit Account from time to time shall constitute the Non-Employee Director's entire benefit under this Plan.

5. ADDITIONS TO DEFERRED ACCOUNTS

As of each dividend payment date with respect to Shares, there shall be credited to each Non-Employee Director's Stock Unit Account an additional number of Stock Units equal

to (i) the per-share dividend payable with respect to a Share on such date multiplied by (ii) the number of Stock Units held in the Stock Unit Account as of the close of business on the first business day prior to such dividend payment date and, if the dividend is payable in cash or property other than Shares, divided by (iii) the Fair Market Value of a Share on such business day. For purposes of this Section 5, "dividend" shall include all dividends, whether normal or special, and whether payable in cash, Shares or other property. The calculation of additional Stock Units shall be carried to three decimal places.

6. VESTING OF ACCOUNTS

All Stock Units credited to a Non-Employee Director's Stock Unit Account pursuant to this Plan shall be at all times fully vested and nonforfeitable.

7. PAYMENT OF ACCOUNTS

(a) TIME OF PAYMENT: Payment of the Stock Units to a Non-Employee Director shall commence in January of the year of payment specified by the Non-Employee Director in the deferral election; provided that (i) if the Non-Employee Director ceases to be a Non-Employee Director solely because of the Non-Employee Director's disability, or (ii) if the Non-Employee Director applies for a hardship withdrawal and the Committee in its sole discretion determines that a hardship exists, an immediate lump sum distribution of Shares shall be made to the Non-Employee Director. A distribution on account of hardship may be in an amount equal to all or any portion of the Non-Employee Director's Stock Unit Account, as the Committee shall determine. In the event of the death of the Non-Employee Director before the Director's Stock Unit Account has been fully distributed, the Non-Employee Director's Stock Unit Account shall be paid in one lump sum to the Non-Employee Director's Beneficiary as soon as practicable following the date of death of the Non-Employee Director.

(b) FORM OF PAYMENT: If a benefit is paid in the form of a single sum, such benefit shall be paid in whole Shares and cash representing any fractional Share. If a benefit is being paid in installment payments, the number of Shares to be paid shall be determined initially by dividing the number of Stock Units credited to the Non-Employee's Stock Unit Account by the number of installment payments and rounding to the nearest number of whole Stock Units; each subsequent payment shall be determined by dividing the number of Stock Units remaining in the Stock Unit Account by the number of installments remaining to be paid and rounding to the nearest number of whole Stock Units. Each installment payment shall consist of whole number of Shares with the last installment payment consisting of whole number of Shares and cash representing any fractional Share. The Company shall issue and deliver to the Non-Employee Director a stock certificate for payment of Stock Units as soon as practicable following the date on which the Stock Units, or any portion thereof, become payable.

(c) FORM OF DISTRIBUTION: Distributions shall be made from the Stock Unit Account of a Non-Employee Director in whichever of the following methods the Non-Employee Director elects at the time of the deferral election:

(i) A single sum.

(ii) Annual installments over a period not to exceed 10 years.

If all or any portion of the Stock Unit Account is being distributed in installments, the portion of the account being held for future distribution shall continue to be credited with additional Stock Units for dividends as provided in Section 5.

8. SHARES SUBJECT TO THE PLAN

The aggregate number of Shares that may be subject to issuance under the Plan shall not exceed 25,000, subject to adjustment as provided in Section 9 of the Plan.

9. ADJUSTMENTS AND REORGANIZATION

In the event of any stock dividend, stock split, combination or exchange of Shares, merger, consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting Shares or the price of Shares, such proportionate adjustments, if any, as the Board in its sole discretion may deem appropriate to reflect such change shall be made with respect to the aggregate number of Shares that may be issued under the Plan, and each Stock Unit held in the Stock Unit Accounts. Any adjustments described in the preceding sentence shall be carried to three decimal places.

10. FAIR MARKET VALUE

Fair Market Value of a share of Stock for all purposes under the Plan shall mean, for any particular date, (i) for any period during which the Stock shall not be listed for trading on a national securities exchange, but when the Stock is authorized as a Nasdaq National Market security, the last transaction price per share quoted by The Nasdaq Stock Market (the "Nasdaq"), (ii) for any period during which the Stock shall not be listed for trading on a national securities exchange or authorized as a Nasdaq National Market security, but when the Stock is authorized as a Nasdaq SmallCap Market security, the closing bid price as reported by the Nasdaq, (iii) for any period during which the Stock shall be listed for trading on a national securities exchange, the closing price per share of Stock on such exchange as of the close of such trading day or (iv) the market price per share of Stock as determined by a nationally recognized investment banking firm selected by the Board of Directors in the event neither (i), (ii) nor (iii) above shall be applicable. If Fair Market Value is to be determined as of a day when the securities markets are not open, the Fair Market Value on that day shall be the Fair Market Value on the preceding day when the markets were open.

11. TERMINATION OR AMENDMENT OF PLAN

(a) IN GENERAL: The Board may at any time by resolution terminate, suspend or amend this Plan. If the Plan is terminated by the Board, no deferrals may be credited after the effective date of such termination, but previously credited Stock Units and additional credits which may be made to reflect earnings on such units shall remain outstanding in accordance with the terms and conditions of the Plan.

(b) WRITTEN CONSENTS: No amendment may adversely affect the right of any Non-Employee Director to have dividend equivalents credited to a Stock Unit Account or to receive any Shares pursuant to the payout of such accounts, unless such Non-Employee Director consents in writing to such amendment.

12. GOVERNMENT REGULATIONS

(a) The obligations of the Company to issue any Shares under this Plan shall be subject to all applicable laws, rules and regulations and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Board.

(b) Subject to the provisions of Section 11, the Board may make such changes in the design and administration of this Plan as may be necessary or appropriate to comply with the rules and regulations of any governmental authority.

13. MISCELLANEOUS

(a) UNFUNDED PLAN: Nothing contained in this Plan and no action taken pursuant to the provisions hereof shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and a Non-Employee Director, the Non-Employee Director's designate or any other person. The Plan shall be unfunded with respect to the Company's obligation to pay any amounts due, and a Non-Employee Director's rights to receive any payment with respect to any Stock Unit Account shall be not greater than the rights of an unsecured general creditor of the Company.

The Company shall establish a Rabbi Trust to accumulate Shares to fund the obligations of the Company pursuant to this Plan. Payment from the Rabbi Trust of amounts due under the terms of this Plan shall satisfy the obligation of the Company to make such payment. In no event shall any Non-Employee be entitled to receive payment of an amount from the Company that the Director received from the Rabbi Trust.

(b) ASSIGNMENT; ENCUMBRANCES: The right to have amounts credited to a Stock Unit Account and the right to receive payment with respect to such Stock Unit Account under this Plan are not assignable or transferable and shall not be subject to any encumbrances, liens, pledges or charges of the Non-Employee Director or to the

claims of the Non-Employee Director's creditors. Any attempt to assign, transfer, hypothecate or attach any rights with respect to or derived from any Stock Unit shall be null and void and of no force and effect whatsoever.

(c) DESIGNATION OF BENEFICIARIES: A Non-Employee Director may designate in writing a beneficiary or beneficiaries to receive any distribution under the Plan which is made after the Non-Employee Director's death; provided, however, that if at the time any such distribution is due, there is no designation of a beneficiary in force or if any person (other than a trustee or trustees) as to whom a beneficiary designation was in force at the time of such Director's death shall have died before the payment became due and the Non-Employee Director has failed to provide in such beneficiary designation for any person or persons to take in lieu of such deceased person, the person or persons entitled to receive such distribution (or part thereof, as the case may be) shall be the Non-Employee Director's executor or administrator.

(d) RELATIONSHIP OF NON-EMPLOYEE DIRECTOR: A Non-Employee Director's relationship with the Company is not in fact and is not intended to be an employee-employer relationship, and nothing in this Plan shall be construed to create such a relationship.

(e) ADMINISTRATION: The Board shall appoint a Committee consisting of three (3) or more persons to administer the Plan, including the adoption of rules or the preparation of forms to be used in its operation, and to interpret and apply the provisions hereof as well as any rules which it may adopt. In addition, the Board may appoint other individuals, firms or organizations to act as agent of the Company in carrying out administrative duties under the Plan. Except as may be provided in a Rabbi Trust, the decisions of the Committee, including, but not limited to, interpretations and determinations of amounts due under this Plan, shall be final and binding on all parties.

(f) GOVERNING LAW: The validity, construction and effect of the Plan and any actions taken or relating to the Plan, shall be determined in accordance with the laws of the State of Missouri without regard to its conflict of law rules, and applicable federal law.

(g) RIGHTS AS A STOCKHOLDER: A Non-Employee Director shall have no rights as a stockholder with respect to a Stock Unit until the Non-Employee Director actually becomes a holder of record of Shares distributed with respect thereto.

(h) NOTICES: All notices or other communications made or given pursuant to this Plan shall be in writing and shall be sufficiently made or given if hand delivered, or if mailed by certified mail, addressed to the Non-Employee Director at the address contained in the records of the Company or to the Company at its principal office, as applicable.

IN WITNESS WHEREOF, Magna Group, Inc. has adopted the foregoing instrument this 1st day of September, 1996.

MAGNA GROUP, INC.

By /s/ G. Thomas Andes

Title President and CEO

FIRST AMENDMENT
TO
MAGNA GROUP, INC.
BOARD OF DIRECTORS RETIREMENT PLAN

WHEREAS, Magna Group, Inc. (the "Company") established the Magna Group, Inc. Board of Directors Retirement Plan (the "Plan") effective as of January 1, 1994; and

WHEREAS, The Company desires to amend the Plan effective as of September 1, 1996.

NOW, THEREFORE, the Plan is hereby amended, effective as of September 1, 1996, in the following respects:

I.

Section 1.18 is hereby added to the Plan which shall read as follows:

"1.18 ACCRUED BENEFIT means the present value of the benefit which the Participant would be entitled to receive commencing within sixty (60) days following his Retirement Date with such benefit being calculated assuming that such Participant retires from the Board upon attaining age seventy (70) and using the number of Years of Service such Participant has completed as of December 31, 1996. Present value shall be determined using such assumptions as the Committee shall determine in its sole discretion."

II.

Section 2.01 of the Plan is hereby deleted in its entirety and the following is substituted in lieu thereof:

"2.01 Each Director shall become a Participant in the Plan as of the first day following his completion of five (5) Years of Service. Anything contained herein to the contrary notwithstanding, (i) no Director shall become a Participant in the Plan after September 30, 1996; (ii) a

Participant who has attained age seventy (70) on or before September 30, 1996 shall continue to participate in the Plan; (iii) each Participant other than a Participant described in (ii) above shall cease being a Participant in the Plan as of September 30, 1996; and (iv) the Accrued Benefit of each Participant described in (iii) above shall be transferred to the Magna Group, Inc. Directors Deferred Plan ("Directors Plan") and paid to the Participant in accordance with the terms of the Directors Plan."

III.

Section 6.01 of the Plan is hereby deleted in its entirety and the following is substituted in lieu thereof:

"6.01 Subject to Section 6.02, the Company reserves the right at any time, by resolution of the Board, to amend or terminate the Plan for any reason and without the consent of any Participant. Effective on the date as of which no further benefit obligations are due in accordance with the terms of the Plan, the Plan shall automatically terminate and be of no further force and effect."

IN WITNESS WHEREOF, the Company hereby adopts this First Amendment this 1st day of September, 1996.

MAGNA GROUP, INC.

By: /s/ G. Thomas Andes

MAGNA GROUP, INC.
1996 LONG TERM PERFORMANCE PLAN

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement (hereinafter "Agreement"), is entered into this 17th day of April, 1996, in the County of St. Louis, Missouri, by and between Magna Group, Inc., a Delaware corporation (hereinafter "Company") and G. Thomas Andes, (hereinafter "Executive") pursuant to the Magna Group, Inc. 1996 Long Term Performance Plan (the "Plan").

1. DEFINITIONS. Terms used in this Agreement have the meanings prescribed in the Plan, except that the following terms shall have the following meanings:

(a) AWARD DATE means the first business day following a Valuation Period. There may be as many as four Award Dates as designated below, if the Average Magna Price equals or exceeds the Specified Price during a Valuation Period:

25% Award Date - Specified Price = $29.00

50% Award Date - Specified Price = $32.00

75% Award Date - Specified Price = $35.00

100% Award Date - Specified Price = $39.00

(b) RESTRICTION PERIOD means, with respect to a share of Stock granted on an Award Date, the period from such Award Date through and including the day before the earliest of (i) the date on which Executive's employment with the Company ends by reason of Retirement, Disability or death, (ii) the date on which occurs a Change of Control, or (iii) the fifth anniversary of such Award Date.

(c) AVERAGE MAGNA PRICE means the average of the Fair Market Value of a share of Stock during a period of twenty (20) consecutive trading days during which shares of Stock shall be traded.

(d) TERMINATION DATE means March 10, 2000 unless such date shall occur during a Valuation Period in which a price set forth in paragraph 1(a) above shall be met on one or more occasions in which event the date shall be extended and mean a date including and ending nineteen (19) consecutive trading days thereafter.

(e) VALUATION PERIOD means a period of twenty (20) consecutive trading days ending on or before the Termination Date.

2. CONDITIONAL AWARD OF STOCK. The Company will grant to Executive up to an aggregate of 50,000 shares of Stock as of the specified Award Dates if such dates occur before the Termination Date:

On the 25% Award Date	--	12,500	Shares
On the 50% Award Date	--	25,000	Shares
On the 75% Award Date	--	37,500	Shares
On the 100% Award Date	--	50,000	Shares

Any shares of Stock which have not been awarded before the earliest of (i) the date Executive's employment with the Company ends, (ii) the date on which occurs a Change of Control, or (iii) the first business day after the Termination Date, shall not be awarded under this Agreement and may be used for other purposes as allowed by the Plan.

3. ISSUANCE OF STOCK. Certificates for shares of Stock will be issued to Executive as soon as practicable following an Award Date. Such certificates will contain a legend reflecting or incorporating the restrictions on transferability described in this Agreement. Executive shall have no rights as a Stockholder with respect to a share of Stock granted pursuant to this Agreement prior to the issuance of a certificate therefor.

4. INCORPORATION OF LONG TERM PERFORMANCE PLAN. This Agreement is entered into pursuant to the Plan, which Plan is by this reference incorporated herein and made a part hereof.

5. NON-TRANSFERABILITY OF STOCK. Shares of Stock issued to Executive pursuant to this Agreement may not be transferred by Executive during the Restriction Period. This limitation shall

not preclude a transfer by Executive during the Restriction Period to a trust of which Executive is the grantor, initial trustee and primary income beneficiary. All restrictions shall terminate as of the end of the Restriction Period, and upon the surrender of certificates for shares issued pursuant to this Agreement the Company shall issue certificates, without any legend or other indication of restrictions imposed hereunder, for a corresponding number of shares.

6. FORFEITURE OF STOCK. If Executive's employment with the Company ends for any reason before the end of the Restriction Period with respect to a share of Stock, such share shall be forfeited, and the certificate representing such share shall be returned to the Company as soon as practicable following such forfeiture.

7. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION, ETC. In the event of the payment of a stock dividend, a split-up or consolidation of shares, or any like capital

adjustment of the Company before the Termination Date, then to the extent the shares of Stock, which may be awarded hereunder have not yet been awarded, there shall be a corresponding adjustment as to the number of shares covered under this Agreement, to the end that Executive shall retain the Executive's proportionate interest in the Company with respect to shares issued as of a date following such capital change as he would have received if such change had not taken place.

8. AWARD CONDITIONED ON ACCEPTANCE. This Agreement shall be void and of no effect unless a copy of this Agreement is executed by Executive and returned to the Human Resources Department of the Company not later than 30 days after the day this Agreement is mailed or delivered to Executive.

9. EFFECTIVE DATE. This Agreement is made under the Magna Group, Inc. 1996 Long Term Performance Plan. It shall not be effective unless and until the Stockholders of the Company have approved the Plan.

IN WITNESS WHEREOF, MAGNA GROUP, INC. has caused this Agreement to be executed and Executive has signed the same, in duplicate originals as of the day and year first above written.

MAGNA GROUP, INC.

By /s/ Carolyn B. Ryseff

Carolyn B. Ryseff
Senior Vice President

By /s/ G. Thomas Andes

G. Thomas Andes
Executive

Exhibit 11.1

<TABLE>

MAGNA GROUP, INC.
COMPUTATION OF NET INCOME PER COMMON SHARE
(In thousands, except per share data)

<CAPTION>

<S>	Three Months Ended September 30 1996 <C>	Three Months Ended September 30 1995 <C>	Nine Months Ended September 30 1996 <C>	Nine Months Ended September 30 1995 <C>
Primary				
Average common shares outstanding	28,101	27,794	28,287	27,687
Assumed exercise of employee stock options	132	164	122	136
Total	28,233	27,958	28,409	27,823
Net income	$16,026	$13,135	$46,228	$37,169
Less preferred stock dividends:				
Class B voting preferred	--	--	(2)	(2)
Net income	$16,026	$13,135	$46,226	$37,167
Per common share:				
Net income	$0.57	$0.47	$1.63	$1.34
Fully Diluted<FA>				
Average common shares outstanding	28,101	27,794	28,287	27,687
Assumed exercise of employee stock options	214	193	218	214
Assumed conversion of:				
7% convertible subordinated capital notes	784	881	801	908
8-3/4% convertible subordinated debentures	693	--	693	--
Average common shares and common share equivalents	29,792	28,868	29,999	28,809
Net income	$16,026	$13,135	$46,228	$37,169
Less preferred stock dividends:				
Class B voting preferred	--	--	(2)	(2)
Elimination of interest net of related tax effects on:				
7% convertible subordinated capital notes	168	179	505	578
8-3/4% convertible subordinated debentures	361	--	1,074	--
Fully diluted net income	$16,555	$13,314	$47,805	$37,745
Per common share:				
Net income	$0.56	$0.46<FA>	$1.59	$1.31<FA>

<FN>
<FA> Inclusion of common share equivalents for the 8-3/4% convertible subordinated debentures for the three month and nine month periods ended September 30, 1995 in the calculation of fully diluted net income per common share results in antidilution, and therefore, these are excluded from the computation.
</TABLE>

```
<TABLE> <S> <C>

<ARTICLE>           9
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
MAGNA GROUP, INC. QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD
ENDED SEPTEMBER 30, 1996, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE
TO SUCH REPORT.
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<S>                              <C>
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<NET-INCOME>	46,228
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<ALLOWANCE-UNALLOCATED>	0<F1>

<FN>
<F1>Information not currently available; is reported
on an annual basis only.

</TABLE>