UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 2024

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 000-03683

Trustmark Corporation
(Exact name of registrant as specified in its charter)

Mississippi	**64-0471500**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
248 East Capitol Street, Jackson, Mississippi	**39201**
(Address of principal executive offices)	**(Zip Code)**

(601) 208-5111
(Registrant's telephone number, including area code)

Securities registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	**TRMK**	**Nasdaq Global Select Market**

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 30, 2024, there were 61,201,825 shares outstanding of the registrant's common stock (no par value).

Forward-Looking Statements

Certain statements contained in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You can identify forward-looking statements by words such as “may,” “hope,” “will,” “should,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “project,” “potential,” “seek,” “continue,” “could,” “would,” “future” or the negative of those terms or other words of similar meaning. You should read statements that contain these words carefully because they discuss our future expectations or state other “forward-looking” information. These forward-looking statements include, but are not limited to, statements relating to anticipated future operating and financial performance measures, including net interest margin, credit quality, business initiatives, growth opportunities and growth rates, among other things, and encompass any estimate, prediction, expectation, projection, opinion, anticipation, outlook or statement of belief included therein as well as the management assumptions underlying these forward-looking statements. You should be aware that the occurrence of the events described under the caption “Risk Factors” in Trustmark’s filings with the Securities and Exchange Commission (SEC) could have an adverse effect on our business, results of operations and financial condition. Should one or more of these risks materialize, or should any such underlying assumptions prove to be significantly different, actual results may vary significantly from those anticipated, estimated, projected or expected.

Risks that could cause actual results to differ materially from current expectations of Management include, but are not limited to, actions by the Board of Governors of the Federal Reserve System (FRB) that impact the level of market interest rates, local, state, national and international economic and market conditions, conditions in the housing and real estate markets in the regions in which Trustmark operates and the extent and duration of the current volatility in the credit and financial markets, changes in the level of nonperforming assets and charge-offs, an increase in unemployment levels and slowdowns in economic growth, changes in our ability to measure the fair value of assets in our portfolio, material changes in the level and/or volatility of market interest rates, the impacts related to or resulting from bank failures and other economic and industry volatility, including potential increased regulatory requirements, the demand for the products and services we offer, potential unexpected adverse outcomes in pending litigation matters, our ability to attract and retain noninterest-bearing deposits and other low-cost funds, competition in loan and deposit pricing, as well as the entry of new competitors into our markets through de novo expansion and acquisitions, economic conditions, changes in accounting standards and practices, including changes in the interpretation of existing standards, that affect our consolidated financial statements, changes in consumer spending, borrowings and savings habits, technological changes, changes in the financial performance or condition of our borrowers, greater than expected costs or difficulties related to the integration of acquisitions or new products and lines of business, cyber-attacks and other breaches which could affect our information system security, natural disasters, environmental disasters, pandemics or other health crises, acts of war or terrorism, and other risks described in our filings with the SEC.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Except as required by law, we undertake no obligation to update or revise any of this information, whether as the result of new information, future events or developments or otherwise.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Trustmark Corporation and Subsidiaries
Consolidated Balance Sheets
($ in thousands)

	(Unaudited) March 31, 2024	December 31, 2023
Assets		
Cash and due from banks	$ 606,261	$ 975,543
Securities available for sale, at fair value (amortized cost: $1,900,980 - 2024 $1,959,007-2023; allowance for credit losses (ACL): $0)	1,702,299	1,762,878
Securities held to maturity, net of ACL of $0 (fair value: $1,333,014 - 2024; $1,355,504-2023)	1,415,025	1,426,279
Loans held for sale (LHFS)	172,937	184,812
Loans held for investment (LHFI)	13,057,943	12,950,524
Less ACL, LHFI	142,998	139,367
Net LHFI	12,914,945	12,811,157
Premises and equipment, net	232,924	232,537
Mortgage servicing rights (MSR)	138,044	131,870
Goodwill	384,237	384,237
Identifiable intangible assets, net	2,845	2,965
Other real estate, net	7,620	6,867
Operating lease right-of-use assets	36,659	38,142
Other assets	762,816	764,902
Total Assets	$ 18,376,612	$ 18,722,189
Liabilities		
Deposits:		
Noninterest-bearing	$ 3,039,652	$ 3,197,620
Interest-bearing	12,298,905	12,372,143
Total deposits	15,338,557	15,569,763
Federal funds purchased and securities sold under repurchase agreements	393,215	405,745
Other borrowings	482,027	483,230
Subordinated notes	123,537	123,482
Junior subordinated debt securities	61,856	61,856
ACL on off-balance sheet credit exposures	33,865	34,057
Operating lease liabilities	40,185	41,584
Other liabilities	220,771	340,625
Total Liabilities	16,694,013	17,060,342
Shareholders' Equity		
Common stock, no par value:		
Authorized: 250,000,000 shares Issued and outstanding: 61,178,366 shares - 2024; 61,071,173 shares - 2023	12,747	12,725
Capital surplus	160,521	159,688
Retained earnings	1,736,485	1,709,157
Accumulated other comprehensive income (loss), net of tax	(227,154)	(219,723)
Total Shareholders' Equity	1,682,599	1,661,847
Total Liabilities and Shareholders' Equity	$ 18,376,612	$ 18,722,189

See notes to consolidated financial statements.

Trustmark Corporation and Subsidiaries
Consolidated Statements of Income
($ in thousands, except per share data)
(Unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Interest Income		
Interest and fees on LHFS & LHFI	$ 206,092	$ 175,509
Interest on securities:		
Taxable	15,634	16,761
Tax exempt	3	73
Interest on federal funds sold and securities purchased under reverse repurchase agreements	1	30
Other interest income	8,110	6,527
Total Interest Income	229,840	198,900
Interest Expense		
Interest on deposits	83,716	40,898
Interest on federal funds purchased and securities sold under repurchase agreements	5,591	4,832
Other interest expense	7,703	15,575
Total Interest Expense	97,010	61,305
Net Interest Income	132,830	137,595
Provision for credit losses (PCL), LHFI	7,708	3,244
PCL, off-balance sheet credit exposures	(192)	(2,242)
Net Interest Income After PCL	125,314	136,593
Noninterest Income		
Service charges on deposit accounts	10,958	10,336
Bank card and other fees	7,428	7,803
Mortgage banking, net	8,915	7,639
Insurance commissions	15,464	14,305
Wealth management	8,952	8,780
Other, net	3,632	2,514
Total Noninterest Income	55,349	51,377
Noninterest Expense		
Salaries and employee benefits	75,458	74,056
Services and fees	24,839	25,426
Net occupancy - premises	7,496	7,629
Equipment expense	6,385	6,405
Other expense	16,968	14,811
Total Noninterest Expense	131,146	128,327
Income Before Income Taxes	49,517	59,643
Income taxes	7,982	9,343
Net Income	$ 41,535	$ 50,300
Earnings Per Share		
Basic	$ 0.68	$ 0.82
Diluted	$ 0.68	$ 0.82

See notes to consolidated financial statements.

Trustmark Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
($ in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
Net income per consolidated statements of income	$ 41,535	$ 50,300
Other comprehensive income (loss), net of tax:		
Net unrealized gains (losses) on available for sale securities and transferred securities:		
Net unrealized holding gains (losses) arising during the period	(1,914)	23,130
Change in net unrealized holding loss on securities transferred to held to maturity	2,746	2,894
Pension and other postretirement benefit plans:		
Reclassification adjustments for changes realized in net income:		
Net change in prior service costs	21	21
Recognized net loss due to lump sum settlement	—	19
Change in net actuarial loss	71	58
Derivatives:		
Change in the accumulated gain (loss) on effective cash flow hedge derivatives	(11,970)	4,702
Reclassification adjustment for (gain) loss realized in net income	3,615	2,198
Other comprehensive income (loss), net of tax	(7,431)	33,022
Comprehensive income (loss)	$ 34,104	$ 83,322

See notes to consolidated financial statements.

Trustmark Corporation and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
($ in thousands, except per share data)
(Unaudited)

	Common Stock Shares Outstanding	Common Stock Amount	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, January 1, 2024	61,071,173	$ 12,725	$ 159,688	$ 1,709,157	$ (219,723)	$ 1,661,847
Net income per consolidated statements of income	—	—	—	41,535	—	41,535
Other comprehensive income (loss), net of tax	—	—	—	—	(7,431)	(7,431)
Common stock dividends paid ($0.23 per share)	—	—	—	(14,207)	—	(14,207)
Shares withheld to pay taxes, long-term incentive plan	107,193	22	(1,405)	—	—	(1,383)
Compensation expense, long-term incentive plan	—	—	2,238	—	—	2,238
Balance, March 31, 2024	61,178,366	$ 12,747	$ 160,521	$ 1,736,485	$ (227,154)	$ 1,682,599

See notes to consolidated financial statements.

Trustmark Corporation and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity (continued)
($ in thousands, except per share data)
(Unaudited)

	Common Stock Shares Outstanding	Common Stock Amount	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, January 1, 2023	60,977,686	$ 12,705	$ 154,645	$ 1,600,321	$ (275,403)	$ 1,492,268
Net income per consolidated statements of income	—	—	—	50,300	—	50,300
Other comprehensive income (loss), net of tax	—	—	—	—	33,022	33,022
Common stock dividends paid ($0.23 per share)	—	—	—	(14,158)	—	(14,158)
Shares withheld to pay taxes, long-term incentive plan	70,830	15	(1,063)	—	—	(1,048)
Compensation expense, long-term incentive plan	—	—	1,715	—	—	1,715
Balance, March 31, 2023	61,048,516	$ 12,720	$ 155,297	$ 1,636,463	$ (242,381)	$ 1,562,099

See notes to consolidated financial statements.

Trustmark Corporation and Subsidiaries
Consolidated Statements of Cash Flows
($ in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
Operating Activities		
Net income per consolidated statements of income	$ 41,535	$ 50,300
Adjustments to reconcile net income to net cash provided by operating activities:		
PCL	7,516	1,002
Depreciation and amortization	8,563	7,666
Net amortization of securities	1,373	1,812
Gains on sales of loans, net	(5,010)	(2,573)
Compensation expense, long-term incentive plan	2,238	1,715
Deferred income tax provision	28,490	335
Proceeds from sales of loans held for sale	263,634	216,327
Purchases and originations of loans held for sale	(247,476)	(269,863)
Originations of mortgage servicing rights	(2,977)	(2,646)
Earnings on bank-owned life insurance	(1,420)	(1,263)
Net change in other assets	(21,036)	303
Net change in other liabilities	(127,283)	7,390
Other operating activities, net	(6,690)	(7,946)
Net cash from operating activities	(58,543)	2,559
Investing Activities		
Proceeds from maturities, prepayments and calls of securities held to maturity	24,000	23,930
Proceeds from maturities, prepayments and calls of securities available for sale	56,706	69,054
Purchases of securities held to maturity	(9,136)	—
Net change in federal funds sold and securities purchased under reverse repurchase agreements	—	4,000
Net change in member bank stock	(743)	(27,026)
Net change in LHFI	(114,096)	(295,239)
Purchases of premises and equipment	(5,050)	(17,095)
Proceeds from sales of premises and equipment	—	1,229
Proceeds from sales of other real estate	902	465
Purchases of software	(2,044)	(2,716)
Investments in tax credit and other partnerships	(1,848)	(5,912)
Net cash from investing activities	(51,309)	(249,310)
Financing Activities		
Net change in deposits	(231,206)	346,013
Net change in federal funds purchased and securities sold under repurchase agreements	(12,530)	28,649
Net change in short-term borrowings	—	449,999
Payments on long-term FHLB advances	(5)	(5)
Payments under finance lease obligations	(99)	(342)
Common stock dividends	(14,207)	(14,158)
Shares withheld to pay taxes, long-term incentive plan	(1,383)	(1,048)
Net cash from financing activities	(259,430)	809,108
Net change in cash and cash equivalents	(369,282)	562,357
Cash and cash equivalents at beginning of period	975,543	734,787
Cash and cash equivalents at end of period	$ 606,261	$ 1,297,144

See notes to consolidated financial statements.

Note 1 – Business, Basis of Financial Statement Presentation and Principles of Consolidation

Trustmark Corporation (Trustmark) is a bank holding company headquartered in Jackson, Mississippi. Through its subsidiaries, Trustmark operates as a financial services organization providing banking and financial solutions to corporate institutions and individual customers through offices in Alabama (includes the Georgia Loan Production Office), Florida, Mississippi, Tennessee and Texas.

The consolidated financial statements include the accounts of Trustmark and all other entities in which Trustmark has a controlling financial interest. All significant intercompany accounts and transactions have been eliminated in consolidation. Certain reclassifications have been made to prior period amounts to conform to the current period presentation.

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) for interim financial information 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 GAAP for complete financial statements and should be read in conjunction with the consolidated financial statements, and notes thereto, included in Trustmark's Annual Report on Form 10-K for its fiscal year ended December 31, 2023 (2023 Annual Report).

Operating results for the interim periods disclosed herein are not necessarily indicative of the results that may be expected for a full year or any future period. In the opinion of Management, all adjustments (consisting of normal recurring accruals) considered necessary for the fair presentation of these consolidated financial statements have been included. The preparation of financial statements in conformity with these accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and income and expense during the reporting periods and the related disclosures. Although Management's estimates contemplate current conditions and how they are expected to change in the future, it is reasonably possible that in 2024 actual conditions could vary from those anticipated, which could affect Trustmark's financial condition and results of operations. Actual results could differ from those estimates.

Subsequent Events

On April 23, 2024, Trustmark National Bank (TNB) announced that it had entered into a definitive agreement to sell its wholly owned subsidiary, Fisher Brown Bottrell Insurance, Inc., (FBBI) to Marsh & McLennan Agency LLC (MMA) for $345.0 million in cash. The sale of FBBI, among the five largest bank-affiliated insurance brokerages in the nation and one of the largest agencies in the Southeast, is expected to allow Trustmark to capitalize on the strong valuation premiums in the insurance brokerage sector. The $345.0 million transaction value represents approximately 5.9 times FBBI's 2023 revenue and 28.0 times net income. The estimated after-tax proceeds of $228.0 million are expected to be used to reposition Trustmark's balance sheet to increase earnings, elevate profitability and enhance capital. TNB anticipates that the transaction, which is subject to standard closing conditions and regulatory approval, will close by the end of the second quarter of 2024. Upon consummation of this transaction, Trustmark will no longer engage in insurance brokerage activity and will no longer report an Insurance Segment in its periodic and other reports as filed with the SEC.

Note 2 – Securities Available for Sale and Held to Maturity

The following tables are a summary of the amortized cost and estimated fair value of securities available for sale and held to maturity at March 31, 2024 and December 31, 2023 ($ in thousands):

March 31, 2024	Securities Available for Sale: Amortized Cost	Securities Available for Sale: Gross Unrealized Gains	Securities Available for Sale: Gross Unrealized Losses	Securities Available for Sale: Estimated Fair Value	Securities Held to Maturity: Amortized Cost	Securities Held to Maturity: Gross Unrealized Gains	Securities Held to Maturity: Gross Unrealized Losses	Securities Held to Maturity: Estimated Fair Value
U.S. Treasury securities	$ 396,289	$ —	$ (23,865)	$ 372,424	$ 29,261	$ —	$ (515)	$ 28,746
U.S. Government agency obligations	6,017	—	(423)	5,594	—	—	—	—
Obligations of states and political subdivisions	—	—	—	—	340	—	—	340
Mortgage-backed securities								
Residential mortgage pass-through securities								
Guaranteed by GNMA	25,343	6	(3,117)	22,232	18,387	—	(750)	17,637
Issued by FNMA and FHLMC	1,293,149	22	(163,650)	1,129,521	461,457	46	(21,935)	439,568
Other residential mortgage-backed securities								
Issued or guaranteed by FNMA, FHLMC or GNMA	85,317	—	(6,218)	79,099	146,447	—	(10,731)	135,716
Commercial mortgage-backed securities								
Issued or guaranteed by FNMA, FHLMC or GNMA	94,865	—	(1,436)	93,429	759,133	13	(48,139)	711,007
Total	$ 1,900,980	$ 28	$ (198,709)	$ 1,702,299	$ 1,415,025	$ 59	$ (82,070)	$ 1,333,014

December 31, 2023	Securities Available for Sale: Amortized Cost	Securities Available for Sale: Gross Unrealized Gains	Securities Available for Sale: Gross Unrealized Losses	Securities Available for Sale: Estimated Fair Value	Securities Held to Maturity: Amortized Cost	Securities Held to Maturity: Gross Unrealized Gains	Securities Held to Maturity: Gross Unrealized Losses	Securities Held to Maturity: Estimated Fair Value
U.S. Treasury Securities	$ 396,179	$ —	$ (23,811)	$ 372,368	$ 29,068	$ —	$ (26)	$ 29,042
U.S. Government agency obligations	6,207	1	(416)	5,792	—	—	—	—
Obligations of states and political subdivisions	—	—	—	—	340	—	—	340
Mortgage-backed securities								
Residential mortgage pass-through securities								
Guaranteed by GNMA	25,744	4	(2,613)	23,135	13,005	—	(497)	12,508
Issued by FNMA and FHLMC	1,338,256	32	(161,490)	1,176,798	469,593	—	(18,205)	451,388
Other residential mortgage-backed securities								
Issued or guaranteed by FNMA, FHLMC or GNMA	92,076	—	(6,002)	86,074	154,466	—	(10,113)	144,353
Commercial mortgage-backed securities								
Issued or guaranteed by FNMA, FHLMC or GNMA	100,545	—	(1,834)	98,711	759,807	51	(41,985)	717,873
Total	$ 1,959,007	$ 37	$ (196,166)	$ 1,762,878	$ 1,426,279	$ 51	$ (70,826)	$ 1,355,504

During 2022, Trustmark reclassified a total of $766.0 million of securities available for sale to securities held to maturity. At the date of these transfers, the net unrealized holding loss on the available for sale securities totaled approximately $91.9 million ($68.9 million, net of tax).

The securities were transferred at fair value, which became the cost basis for the securities held to maturity. The net unrealized holding loss will be amortized over the remaining life of the securities as a yield adjustment in a manner consistent with the amortization or accretion of the original purchase premium or discount on the associated security. There were no gains or losses recognized as a result of these transfers. At March 31, 2024, the net unamortized, unrealized loss on transferred securities included in accumulated other comprehensive income (loss) in the accompanying balance sheet totaled $54.8 million compared to $57.6 million at December 31, 2023.

ACL on Securities

Securities Available for Sale

Quarterly, Trustmark evaluates if any security has a fair value less than its amortized cost. Once these securities are identified, in order to determine whether a decline in fair value resulted from a credit loss or other factors, Trustmark performs further analysis. If Trustmark determines that a credit loss exists, the credit portion of the allowance is measured using a discounted cash flow (DCF) analysis using the effective interest rate as of the security's purchase date. The amount of credit loss recorded by Trustmark is limited to the amount by which the amortized cost exceeds the fair value. The DCF analysis utilizes contractual maturities, as well as third-party credit ratings and cumulative default rates published annually by Moody's Investor Service (Moody's).

At both March 31, 2024 and December 31, 2023, the results of the analysis did not identify any securities that warranted DCF analysis, and no credit loss was recognized on any of the securities available for sale.

Accrued interest receivable is excluded from the estimate of credit losses for securities available for sale. At both March 31, 2024 and December 31, 2023, accrued interest receivable totaled $3.7 million for securities available for sale and was reported in other assets on the accompanying consolidated balance sheet.

Securities Held to Maturity

At both March 31, 2024 and December 31, 2023, the potential for credit loss exposure for Trustmark's securities held to maturity was $340 thousand and consisted of municipal securities. After applying appropriate probability of default (PD) and loss given default (LGD) assumptions, the total amount of current expected credit losses was deemed immaterial. Therefore, no reserve was recorded at March 31, 2024 and December 31, 2023.

Accrued interest receivable is excluded from the estimate of credit losses for securities held to maturity. At March 31, 2024, accrued interest receivable totaled $2.7 million for securities held to maturity compared to $2.6 million at December 31, 2023 and was reported in other assets on the accompanying consolidated balance sheet.

At both March 31, 2024 and December 31, 2023, Trustmark had no securities held to maturity that were past due 30 days or more as to principal or interest payments. Trustmark had no securities held to maturity classified as nonaccrual at March 31, 2024 and December 31, 2023.

Trustmark monitors the credit quality of securities held to maturity on a monthly basis through credit ratings. The following table presents the amortized cost of Trustmark's securities held to maturity by credit rating, as determined by Moody's, at March 31, 2024 and December 31, 2023 ($ in thousands):

	March 31, 2024	December 31, 2023
Aaa	$ 1,414,685	$ 1,425,939
Not Rated *(1)*	340	340
Total	$ 1,415,025	$ 1,426,279

(1) Not rated securities primarily consist of Mississippi municipal general obligations.

The tables below include securities with gross unrealized losses for which an allowance for credit losses has not been recorded segregated by length of impairment at March 31, 2024 and December 31, 2023 ($ in thousands):

	Less than 12 Months		12 Months or More		Total	
March 31, 2024	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
U.S. Treasury securities	$ 28,746	$ (515)	$ 372,424	$ (23,865)	$ 401,170	$ (24,380)
U.S. Government agency obligations	—	—	5,594	(423)	5,594	(423)
Mortgage-backed securities						
Residential mortgage pass-through securities						
Guaranteed by GNMA	14,632	(343)	24,950	(3,524)	39,582	(3,867)
Issued by FNMA and FHLMC	303,034	(5,957)	1,259,726	(179,628)	1,562,760	(185,585)
Other residential mortgage-backed securities						
Issued or guaranteed by FNMA, FHLMC or GNMA	—	—	214,805	(16,949)	214,805	(16,949)
Commercial mortgage-backed securities						
Issued or guaranteed by FNMA, FHLMC or GNMA	1,616	(55)	800,447	(49,520)	802,063	(49,575)
Total	$ 348,028	$ (6,870)	$ 2,677,946	$ (273,909)	$ 3,025,974	$ (280,779)

December 31, 2023						
U.S. Treasury Securities	$ 29,042	$ (26)	$ 372,368	$ (23,811)	$ 401,410	$ (23,837)
U.S. Government agency obligations	—	—	5,791	(416)	5,791	(416)
Mortgage-backed securities						
Residential mortgage pass-through securities						
Guaranteed by GNMA	9,381	(172)	25,967	(2,938)	35,348	(3,110)
Issued by FNMA and FHLMC	309,466	(3,274)	1,311,865	(176,421)	1,621,331	(179,695)
Other residential mortgage-backed securities						
Issued or guaranteed by FNMA, FHLMC or GNMA	—	—	230,368	(16,115)	230,368	(16,115)
Commercial mortgage-backed securities						
Issued or guaranteed by FNMA, FHLMC or GNMA	1,656	(13)	812,520	(43,806)	814,176	(43,819)
Total	$ 349,545	$ (3,485)	$ 2,758,879	$ (263,507)	$ 3,108,424	$ (266,992)

The unrealized losses shown above are due to increases in market rates over the yields available at the time of purchase of the underlying securities and not credit quality. Trustmark does not intend to sell these securities and it is more likely than not that Trustmark will not be required to sell the investments before recovery of their amortized cost bases, which may be at maturity.

Securities Gains and Losses

During the three months ended March 31, 2024 and 2023, there were no gross realized gains or losses as a result of calls and dispositions of securities. Realized gains and losses are determined using the specific identification method and are included in noninterest income as securities gains (losses), net.

Securities Pledged

Securities with a carrying value of $2.291 billion and $2.321 billion at March 31, 2024 and December 31, 2023, respectively, were pledged to collateralize public deposits and securities sold under repurchase agreements and for other purposes as permitted by law. At both March 31, 2024 and December 31, 2023, none of these securities were pledged under the Federal Reserve Discount Window program to provide additional contingency funding capacity.

Contractual Maturities

The amortized cost and estimated fair value of securities available for sale and held to maturity at March 31, 2024, by contractual maturity, are shown below ($ in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Securities Available for Sale		Securities Held to Maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 99,995	$ 98,050	$ 340	$ 340
Due after one year through five years	296,508	274,584	29,261	28,746
Due after five years through ten years	2,236	2,021	—	—
Due after ten years	3,567	3,363	—	—
	402,306	378,018	29,601	29,086
Mortgage-backed securities	1,498,674	1,324,281	1,385,424	1,303,928
Total	$ 1,900,980	$ 1,702,299	$ 1,415,025	$ 1,333,014

Note 3 – LHFI and ACL, LHFI

At March 31, 2024 and December 31, 2023, LHFI consisted of the following ($ in thousands):

	March 31, 2024	December 31, 2023
Loans secured by real estate:		
Construction, land development and other land	$ 617,008	$ 642,886
Other secured by 1-4 family residential properties	625,387	622,397
Secured by nonfarm, nonresidential properties	3,543,235	3,489,434
Other real estate secured	1,384,610	1,312,551
Other loans secured by real estate:		
Other construction	922,453	867,793
Secured by 1-4 family residential properties	2,266,094	2,282,318
Commercial and industrial loans	1,922,711	1,922,910
Consumer loans	159,340	165,734
State and other political subdivision loans	1,052,844	1,088,466
Other commercial loans and leases	564,261	556,035
LHFI	13,057,943	12,950,524
Less ACL	142,998	139,367
Net LHFI	$ 12,914,945	$ 12,811,157

Accrued interest receivable is not included in the amortized cost basis of Trustmark's LHFI. At March 31, 2024 and December 31, 2023, accrued interest receivable for LHFI totaled $70.3 million and $71.0 million, respectively, with no related ACL and was reported in other assets on the accompanying consolidated balance sheet.

Loan Concentrations

Trustmark does not have any loan concentrations other than those reflected in the preceding table, which exceed 10% of total LHFI. At March 31, 2024, Trustmark's geographic loan distribution was concentrated primarily in its five key market regions: Alabama, Florida, Mississippi, Tennessee and Texas. Accordingly, the ultimate collectability of a substantial portion of these loans is susceptible to changes in market conditions in these areas.

Nonaccrual and Past Due LHFI

No material interest income was recognized in the income statement on nonaccrual LHFI for each of the periods ended March 31, 2024 and 2023.

The following tables provide the amortized cost basis of loans on nonaccrual status and loans past due 90 days or more still accruing interest at March 31, 2024 and December 31, 2023 ($ in thousands):

	March 31, 2024		
	Nonaccrual With No ACL	Total Nonaccrual	Loans Past Due 90 Days or More Still Accruing
Loans secured by real estate:			
Construction, land development and other land	$ 991	$ 1,809	$ —
Other secured by 1-4 family residential properties	923	6,843	919
Secured by nonfarm, nonresidential properties	917	3,049	—
Other real estate secured	—	134	—
Other loans secured by real estate:			
Other construction	—	13,098	—
Secured by 1-4 family residential properties	4,291	48,877	3,792
Commercial and industrial loans	36	23,089	49
Consumer loans	—	238	483
Other commercial loans and leases	—	1,214	—
Total	$ 7,158	$ 98,351	$ 5,243

	December 31, 2023		
	Nonaccrual With No ACL	Total Nonaccrual	Loans Past Due 90 Days or More Still Accruing
Loans secured by real estate:			
Construction, land development and other land	$ 2,020	$ 2,642	$ —
Other secured by 1-4 family residential properties	946	6,518	1,238
Secured by nonfarm, nonresidential properties	20,812	23,061	54
Other real estate secured	—	158	106
Other loans secured by real estate:			
Other construction	—	62	—
Secured by 1-4 family residential properties	3,235	43,815	3,740
Commercial and industrial loans	79	22,303	24
Consumer loans	—	243	628
Other commercial loans and leases	—	1,206	—
Total	$ 27,092	$ 100,008	$ 5,790

The following tables provide an aging analysis of the amortized cost basis of past due LHFI (including nonaccrual LHFI) at March 31, 2024 and December 31, 2023 ($ in thousands):

	March 31, 2024					
	Past Due					
	30-59 Days	60-89 Days	90 Days or More	Total Past Due	Current Loans	Total LHFI
Loans secured by real estate:						
Construction, land development and other land	$ 354	$ 590	$ 1,011	$ 1,955	$ 615,053	$ 617,008
Other secured by 1-4 family residential properties	6,147	1,554	2,575	10,276	615,111	625,387
Secured by nonfarm, nonresidential properties	695	711	892	2,298	3,540,937	3,543,235
Other real estate secured	—	—	—	—	1,384,610	1,384,610
Other loans secured by real estate:						
Other construction	—	13,038	—	13,038	909,415	922,453
Secured by 1-4 family residential properties	14,706	7,246	25,361	47,313	2,218,781	2,266,094
Commercial and industrial loans	12,207	446	19,018	31,671	1,891,040	1,922,711
Consumer loans	1,616	548	512	2,676	156,664	159,340
State and other political subdivision loans	972	—	—	972	1,051,872	1,052,844
Other commercial loans and leases	1,522	116	37	1,675	562,586	564,261
Total	$ 38,219	$ 24,249	$ 49,406	$ 111,874	$ 12,946,069	$ 13,057,943

	December 31, 2023					
	Past Due					
	30-59 Days	60-89 Days	90 Days or More	Total Past Due	Current Loans	Total LHFI
Loans secured by real estate:						
Construction, land development and other land	$ 93	$ 507	$ 2,362	$ 2,962	$ 639,924	$ 642,886
Other secured by 1-4 family residential properties	4,493	1,687	2,716	8,896	613,501	622,397
Secured by nonfarm, nonresidential properties	1,531	1,063	727	3,321	3,486,113	3,489,434
Other real estate secured	126	—	207	333	1,312,218	1,312,551
Other loans secured by real estate:						
Other construction	62	—	—	62	867,731	867,793
Secured by 1-4 family residential properties	19,298	9,327	22,164	50,789	2,231,529	2,282,318
Commercial and industrial loans	11,881	484	499	12,864	1,910,046	1,922,910
Consumer loans	2,112	772	647	3,531	162,203	165,734
State and other political subdivision loans	152	—	—	152	1,088,314	1,088,466
Other commercial loans and leases	1,247	58	—	1,305	554,730	556,035
Total	$ 40,995	$ 13,898	$ 29,322	$ 84,215	$ 12,866,309	$ 12,950,524

Modified LHFI

Occasionally, Trustmark modifies loans for borrowers experiencing financial difficulties by providing payment concessions, interest-only payments for an extended period of time, maturity extensions or interest rate reductions. Other concessions may arise from court proceedings or may be imposed by law. In some cases, Trustmark provides multiple types of concessions on one loan.

The following tables present the amortized cost of LHFI at the end of each of the periods presented of loans modified to borrowers experiencing financial difficulty disaggregated by class of loan and type of modification ($ in thousands). The percentage of the amortized cost basis of LHFI that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of LHFI is also presented below:

	Three Months Ended March 31, 2024	
	Term Extension	% of Total Class of Loan
Loans secured by real estate:		
Other secured by 1-4 family residential properties	$ 1,461	0.23 %
Other loans secured by real estate:		
Secured by 1-4 family residential properties	813	0.04 %
Total	$ 2,274	0.02 %

	Three Months Ended March 31, 2023	
	Term Extension	% of Total Class of Loan
Loans secured by real estate:		
Secured by nonfarm, nonresidential properties	$ 384	0.01 %
Other loans secured by real estate:		
Secured by 1-4 family residential properties	492	0.02 %
Total	$ 876	0.01 %

The following tables detail the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the periods presented:

	Three Months Ended March 31, 2024 Financial Effect Term Extension
Loans secured by real estate:	
Other secured by 1-4 family residential properties	Modified one loan and multiple lines of credit to amortize over 24 month terms.
Other loans secured by real estate:	
Secured by 1-4 family residential properties	Extended the amortization periods on six loans by a weighted-average of 2.99 years.

	Three Months Ended March 31, 2023 Financial Effect Term Extension
Loans secured by real estate:	
Secured by nonfarm, nonresidential properties	Renewed with an extended amortization period and lowered the monthly payment amount for the borrower.
Other loans secured by real estate:	
Secured by 1-4 family residential properties	Extended the amortization periods on four loans by a weighted-average of 14 years, which reduced the aggregate monthly payment amounts for the borrowers.

Trustmark had no unused commitments on modified loans to borrowers experiencing financial difficulty at March 31, 2024.

During the three months ended March 31, 2024 and 2023, payment defaults of LHFI that were modified within the twelve months prior to that default to borrowers experiencing financial difficulty were immaterial.

Trustmark has utilized loans 90 days or more past due to define payment default in determining modified loans that have subsequently defaulted. If Trustmark determines that a modified loan (or a portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is charged off against the ACL, LHFI.

Trustmark closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following tables provide details of the performance of such LHFI that have been modified during the periods presented ($ in thousands):

	Three Months Ended March 31, 2024					
	Past Due					
	30-59 Days	60-89 Days	90 Days or More	Total Past Due	Current Loans	Total
Loans secured by real estate:						
Other secured by 1-4 family residential properties	$ —	$ —	$ —	$ —	$ 1,461	$ 1,461
Other loans secured by real estate:						
Secured by 1-4 family residential properties	—	—	—	—	813	813
Total	$ —	$ —	$ —	$ —	$ 2,274	$ 2,274

	Three Months Ended March 31, 2023					
	Past Due					
	30-59 Days	60-89 Days	90 Days or More	Total Past Due	Current Loans	Total
Loans secured by real estate:						
Secured by nonfarm, nonresidential properties	$ —	$ —	$ —	$ —	$ 384	$ 384
Other loans secured by real estate:						
Secured by 1-4 family residential properties	—	—	—	—	492	492
Total	$ —	$ —	$ —	$ —	$ 876	$ 876

Collateral-Dependent Loans

The following tables present the amortized cost basis of collateral-dependent loans by class of loans and collateral type as of March 31, 2024 and December 31, 2023 ($ in thousands):

	March 31, 2024			
	Real Estate	Vehicles	Miscellaneous	Total
Loans secured by real estate:				
Construction, land development and other land	$ 1,539	$ —	$ —	$ 1,539
Other secured by 1-4 family residential properties	923	—	—	923
Secured by nonfarm, nonresidential properties	917	—	—	917
Other loans secured by real estate:				
Other construction	13,038	—	—	13,038
Secured by 1-4 family residential properties	4,291	—	—	4,291
Commercial and industrial loans	20	36	21,154	21,210
Other commercial loans and leases	—	—	1,022	1,022
Total	$ 20,728	$ 36	$ 22,176	$ 42,940

	December 31, 2023			
	Real Estate	Vehicles	Miscellaneous	Total
Loans secured by real estate:				
Construction, land development and other land	$ 2,020	$ —	$ —	$ 2,020
Other secured by 1-4 family residential properties	946	—	—	946
Secured by nonfarm, nonresidential properties	20,812	—	—	20,812
Other loans secured by real estate:				
Secured by 1-4 family residential properties	3,235	—	—	3,235
Commercial and industrial loans	38	41	21,023	21,102
Other commercial loans and leases	—	—	967	967
Total	$ 27,051	$ 41	$ 21,990	$ 49,082

A loan is collateral dependent when the borrower is experiencing financial difficulty and repayment of the loan is expected to be provided substantially through the sale of the collateral. The following provides a qualitative description by class of loan of the collateral that secures Trustmark's collateral-dependent LHFI:

- Loans secured by real estate – Loans within these loan classes are secured by liens on real estate properties. There have been no significant changes to the collateral that secures these financial assets during the period.
- Other loans secured by real estate – Loans within these loan classes are secured by liens on real estate properties. There have been no significant changes to the collateral that secures these financial assets during the period.

•Commercial and industrial loans – Loans within this loan class are primarily secured by inventory, accounts receivables, equipment and other non-real estate collateral. There have been no significant changes to the collateral that secures these financial assets during the period.

•State and other political subdivision loans – Loans within this loan class are secured by liens on real estate properties or other non-real estate collateral. There have been no significant changes to the collateral that secures these financial assets during the period.

•Other commercial loans – Loans within this loan class are secured by non-real estate collateral. There have been no significant changes to the collateral that secures these financial assets during the period.

Credit Quality Indicators

Trustmark's LHFI portfolio credit quality indicators focus on six key quality ratios that are compared against bank tolerances. The loan indicators are total classified outstanding, total criticized outstanding, nonperforming loans, nonperforming assets, delinquencies and net loan losses. Due to the homogeneous nature of consumer loans, Trustmark does not assign a formal internal risk rating to each credit and therefore the criticized and classified measures are primarily composed of commercial loans.

In addition to monitoring portfolio credit quality indicators, Trustmark also measures how effectively the lending process is being managed and risks are being identified. As part of an ongoing monitoring process, Trustmark grades the commercial portfolio segment as it relates to credit file completion and financial statement exceptions, underwriting, collateral documentation and compliance with law as shown below:

•Credit File Completeness and Financial Statement Exceptions – evaluates the quality and condition of credit files in terms of content and completeness and focuses on efforts to obtain and document sufficient information to determine the quality and status of credits. Also included is an evaluation of the systems/procedures used to ensure compliance with policy.

•Underwriting – evaluates whether credits are adequately analyzed, appropriately structured and properly approved within loan policy requirements. A properly approved credit is approved by an adequate authority in a timely manner with all conditions of approval fulfilled. Total policy exceptions measure the level of underwriting and other policy exceptions within a portfolio segment.

•Collateral Documentation – focuses on the adequacy of documentation to perfect Trustmark's collateral position and substantiate collateral value. Collateral exceptions measure the level of documentation exceptions within a portfolio segment. Collateral exceptions occur when certain collateral documentation is either not present or not current.

•Compliance with Law – focuses on underwriting, documentation, approval and reporting in compliance with banking laws and regulations. Primary emphasis is directed to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), Regulation O requirements and regulations governing appraisals.

Commercial Credits

Trustmark has established a loan grading system that consists of ten individual credit risk grades (risk ratings) that encompass a range from loans where the expectation of loss is negligible to loans where loss has been established. The model is based on the risk of default for an individual credit and establishes certain criteria to delineate the level of risk across the ten unique credit risk grades. Credit risk grade definitions are as follows:

•Risk Rate (RR) 1 through RR 6 – Grades one through six represent groups of loans that are not subject to criticism as defined in regulatory guidance. Loans in these groups exhibit characteristics that represent low to moderate risk measured by using a variety of credit risk criteria such as cash flow coverage, debt service coverage, balance sheet leverage, liquidity, management experience, industry position, prevailing economic conditions, support from secondary sources of repayment and other credit factors that may be relevant to a specific loan. In general, these loans are supported by properly margined collateral and guarantees of principal parties.

•Other Assets Especially Mentioned (Special Mention) (RR 7) – a loan that has a potential weakness that if not corrected will lead to a more severe rating. This rating is for credits that are currently protected but potentially weak because of an adverse feature or condition that if not corrected will lead to a further downgrade.

•Substandard (RR 8) – a loan that has at least one identified weakness that is well defined. This rating is for credits where the primary sources of repayment are not viable at the time of evaluation or where either the capital or collateral is not adequate to support the loan and the secondary means of repayment do not provide a sufficient level of support to offset the identified weakness. Loss potential exists in the aggregate amount of substandard loans but does not necessarily exist in individual loans.

- •Doubtful (RR 9) – a loan with an identified weakness that does not have a valid secondary source of repayment. Generally, these credits have an impaired primary source of repayment and secondary sources are not sufficient to prevent a loss in the credit. The exact amount of the loss has not been determined at this time.
- •Loss (RR 10) – a loan or a portion of a loan that is deemed to be uncollectible.

By definition, credit risk grades special mention (RR 7), substandard (RR 8), doubtful (RR 9) and loss (RR 10) are criticized loans while substandard (RR 8), doubtful (RR 9) and loss (RR 10) are classified loans. These definitions are standardized by the bank regulatory agencies and are generally equally applied to each individual lending institution. The remaining credit risk grades are considered pass credits and are solely defined by Trustmark.

To enhance this process, Trustmark has determined that certain loans will be individually assessed, and a formal analysis will be performed and based upon the analysis the loan will be written down to the net realizable value. Trustmark will individually assess and remove loans from the pool in the following circumstances:

- •Commercial nonaccrual loans with total exposure of $500 thousand (excluding those portions of the debt that are government guaranteed or are secured by Trustmark deposits or marketable securities) or more.
- •Any loan that is believed to not share similar risk characteristics with the rest of the pool will be individually assessed. Otherwise, the loan will be left within the pool based on the results of the assessment.
- •Commercial accruing loans deemed to be a modified loan to a borrower experiencing financial difficulty with total exposure of $500 thousand (excluding those portions of the debt that are government guaranteed or are secured by Trustmark deposits or marketable securities) or more. If the loan is believed to not share similar risk characteristics with the rest of the loan pool, the loan will be individually assessed. Otherwise, the loan will be left within the pool and monitored on an ongoing basis.

Each loan officer assesses the appropriateness of the internal risk rating assigned to their credits on an ongoing basis. Trustmark's Asset Review area conducts independent credit quality reviews of the majority of Trustmark's commercial loan portfolio both on the underlying credit quality of each individual loan class as well as the adherence to Trustmark's loan policy and the loan administration process.

In addition to the ongoing internal risk rate monitoring described above, Trustmark's Credit Quality Review Committee meets monthly and performs a review of all loans of $100 thousand or more that are either delinquent 30 days or more or on nonaccrual. This review includes recommendations regarding risk ratings, accrual status, charge-offs and appropriate servicing officer as well as evaluation of problem credits for determination of modified status. Quarterly, the Credit Quality Review Committee reviews and modifies continuous action plans for all credits risk rated seven or worse for relationships of $100 thousand or more.

In addition, periodic reviews of significant development, construction, multi-family, nonowner-occupied and other commercial credits are performed. These reviews assess each particular project with respect to location, project valuations, progress of completion, leasing status, current financial information, rents, operating expenses, cash flow, adherence to budget and projections and other information that is pertinent to the particular type of credit as applicable. Summary results are reviewed by Senior and Regional Credit Officers in addition to the Chief Credit Officer with a determination made as to the appropriateness of existing risk ratings and accrual status.

Consumer Credits

The Retail Credit Review Committee, Management Credit Policy Committee and the Enterprise Risk Committee review the volume and percentage of consumer loan delinquencies and losses to monitor the overall quality of the consumer portfolio.

Trustmark monitors the levels and severity of past due consumer LHFI on a daily basis through its collection activities. A detailed assessment of consumer LHFI delinquencies is performed monthly at both a product and market level.

The tables below present the amortized cost basis of loans by credit quality indicator and class of loans based on analyses performed at March 31, 2024 and December 31, 2023 ($ in thousands):

	Term Loans by Origination Year							
As of March 31, 2024	2024	2023	2022	2021	2020	Prior	Revolving Loans	Total
				Commercial LHFI				
Loans secured by real estate:								
Construction, land development and other land:								
Pass - RR 1 through RR 6	$ 98,031	$ 268,068	$ 77,825	$ 30,055	$ 10,227	$ 3,425	$ 49,281	$ 536,912
Special Mention - RR 7	—	—	—	354	—	—	—	354
Substandard - RR 8	—	265	265	1,239	18	19	—	1,806
Doubtful - RR 9	—	—	—	—	—	—	—	—
Total	98,031	268,333	78,090	31,648	10,245	3,444	49,281	539,072
Current period gross charge-offs	—	—	—	—	—	(24)	—	(24)
Other secured by 1-4 family residential properties:								
Pass - RR 1 through RR 6	$ 6,379	$ 32,381	$ 28,573	$ 25,941	$ 13,447	$ 9,086	$ 7,889	$ 123,696
Special Mention - RR 7	28	—	53	44	8	—	—	133
Substandard - RR 8	59	165	646	155	21	364	34	1,444
Doubtful - RR 9	—	—	—	—	—	—	—	—
Total	6,466	32,546	29,272	26,140	13,476	9,450	7,923	125,273
Current period gross charge-offs	—	—	—	—	—	(12)	—	(12)
Secured by nonfarm, nonresidential properties:								
Pass - RR 1 through RR 6	$ 167,040	$ 492,579	$ 944,333	$ 505,580	$ 574,763	$ 616,719	$ 132,679	$ 3,433,693
Special Mention - RR 7	—	4,260	19,546	—	133	24,979	—	48,918
Substandard - RR 8	4,794	1,521	1,800	27,323	10,711	13,266	1,129	60,544
Doubtful - RR 9	18	—	—	—	—	57	—	75
Total	171,852	498,360	965,679	532,903	585,607	655,021	133,808	3,543,230
Current period gross charge-offs	—	—	—	(2,412)	—	(16)	—	(2,428)
Other real estate secured:								
Pass - RR 1 through RR 6	$ 116,981	$ 114,564	$ 539,374	$ 309,788	$ 209,292	$ 46,190	$ 8,758	$ 1,344,947
Special Mention - RR 7	—	—	—	64	—	35,876	—	35,940
Substandard - RR 8	99	—	3,028	—	268	31	—	3,426
Doubtful - RR 9	—	45	—	—	—	—	—	45
Total	117,080	114,609	542,402	309,852	209,560	82,097	8,758	1,384,358
Current period gross charge-offs	—	—	—	—	—	—	—	—

As of March 31, 2024	2024	2023	2022	2021	2020	Prior	Revolving Loans	Total
	Term Loans by Origination Year							
				Commercial LHFI				
Other loans secured by real estate:								
Other construction:								
Pass - RR 1 through RR 6	$ 40,364	$ 208,241	$ 494,239	$ 149,994	$ 16,177	$ —	$ 340	$ 909,355
Special Mention - RR 7	—	—	—	—	—	—	—	—
Substandard - RR 8	60	—	13,038	—	—	—	—	13,098
Doubtful - RR 9	—	—	—	—	—	—	—	—
Total	40,424	208,241	507,277	149,994	16,177	—	340	922,453
Current period gross charge-offs	—	—	—	—	—	—	—	—
Commercial and industrial loans:								
Pass - RR 1 through RR 6	$ 188,609	$ 459,063	$ 323,119	$ 124,545	$ 58,584	$ 70,060	$ 538,649	$ 1,762,629
Special Mention - RR 7	—	12,270	22,693	2,136	554	1,323	20,264	59,240
Substandard - RR 8	2,240	4,831	47,455	13,725	11,842	350	19,884	100,327
Doubtful - RR 9	—	—	336	155	—	23	1	515
Total	190,849	476,164	393,603	140,561	70,980	71,756	578,798	1,922,711
Current period gross charge-offs	—	(3)	(225)	(294)	(8)	(54)	—	(584)
State and other political subdivision loans:								
Pass - RR 1 through RR 6	$ 16,902	$ 122,135	$ 243,470	$ 168,190	$ 96,337	$ 401,066	$ 4,744	$ 1,052,844
Special Mention - RR 7	—	—	—	—	—	—	—	—
Substandard - RR 8	—	—	—	—	—	—	—	—
Doubtful - RR 9	—	—	—	—	—	—	—	—
Total	16,902	122,135	243,470	168,190	96,337	401,066	4,744	1,052,844
Current period gross charge-offs	—	—	—	—	—	—	—	—
Other commercial loans and leases:								
Pass - RR 1 through RR 6	$ 44,336	$ 193,567	$ 23,760	$ 26,671	$ 18,877	$ 40,003	$ 214,044	$ 561,258
Special Mention - RR 7	—	—	—	120	193	—	—	313
Substandard - RR 8	992	90	123	25	—	—	1,460	2,690
Doubtful - RR 9	—	—	—	—	—	—	—	—
Total	45,328	193,657	23,883	26,816	19,070	40,003	215,504	564,261
Current period gross charge-offs	—	—	(28)	—	—	(25)	—	(53)
Total commercial LHFI	$ 686,932	$ 1,914,045	$ 2,783,676	$ 1,386,104	$ 1,021,452	$ 1,262,837	$ 999,156	$ 10,054,202
Total commercial LHFI gross charge-offs	$ —	$ (3)	$ (253)	$ (2,706)	$ (8)	$ (131)	$ —	$ (3,101)

	Term Loans by Origination Year							
	2024	2023	2022	2021	2020	Prior	Revolving Loans	Total
As of March 31, 2024	Consumer LHFI							
Loans secured by real estate:								
Construction, land development and other land:								
Current	$ 4,808	$ 46,918	$ 15,604	$ 5,300	$ 1,165	$ 2,497	$ 1,562	$ 77,854
Past due 30-89 days	—	34	—	—	—	39	—	73
Past due 90 days or more	—	—	—	—	—	—	—	—
Nonaccrual	—	—	—	6	—	3	—	9
Total	4,808	46,952	15,604	5,306	1,165	2,539	1,562	77,936
Current period gross charge-offs	—	—	—	—	—	—	—	—
Other secured by 1-4 family residential properties:								
Current	$ 8,491	$ 24,784	$ 10,059	$ 5,482	$ 4,202	$ 10,754	$ 424,148	$ 487,920
Past due 30-89 days	—	30	254	169	60	286	4,451	5,250
Past due 90 days or more	—	—	5	—	100	48	684	837
Nonaccrual	—	7	87	46	10	586	5,371	6,107
Total	8,491	24,821	10,405	5,697	4,372	11,674	434,654	500,114
Current period gross charge-offs	—	—	(5)	—	—	—	(59)	(64)
Secured by nonfarm, nonresidential properties:								
Current	$ —	$ —	$ —	$ 5	$ —	$ —	$ —	$ 5
Past due 30-89 days	—	—	—	—	—	—	—	—
Past due 90 days or more	—	—	—	—	—	—	—	—
Nonaccrual	—	—	—	—	—	—	—	—
Total	—	—	—	5	—	—	—	5
Current period gross charge-offs	—	—	—	—	—	—	—	—
Other real estate secured:								
Current	$ 131	$ —	$ —	$ —	$ 75	$ 46	$ —	$ 252
Past due 30-89 days	—	—	—	—	—	—	—	—
Past due 90 days or more	—	—	—	—	—	—	—	—
Nonaccrual	—	—	—	—	—	—	—	—
Total	131	—	—	—	75	46	—	252
Current period gross charge-offs	—	—	—	—	—	—	—	—

As of March 31, 2024	Term Loans by Origination Year 2024	2023	2022	2021	2020	Prior	Revolving Loans	Total
	Consumer LHFI							
Other loans secured by real estate:								
Secured by 1-4 family residential properties								
Current	$ 33,184	$ 249,825	$ 871,791	$ 506,872	$ 178,382	$ 355,532	$ —	$ 2,195,586
Past due 30-89 days	—	2,410	9,575	2,777	830	2,246	—	17,838
Past due 90 days or more	—	527	1,175	1,052	127	911	—	3,792
Nonaccrual	—	1,765	17,942	12,782	6,080	10,309	—	48,878
Total	33,184	254,527	900,483	523,483	185,419	368,998	—	2,266,094
Current period gross charge-offs	—	(59)	(315)	(29)	—	(8)	—	(411)
Consumer loans:								
Current	$ 20,996	$ 43,982	$ 26,201	$ 8,570	$ 2,098	$ 840	$ 53,867	$ 156,554
Past due 30-89 days	348	518	288	122	1	5	784	2,066
Past due 90 days or more	19	58	66	4	8	—	328	483
Nonaccrual	—	64	56	77	19	—	21	237
Total	21,363	44,622	26,611	8,773	2,126	845	55,000	159,340
Current period gross charge-offs	(1,544)	(282)	(122)	(20)	(27)	—	(753)	(2,748)
Total consumer LHFI	$ 67,977	$ 370,922	$ 953,103	$ 543,264	$ 193,157	$ 384,102	$ 491,216	$ 3,003,741
Total consumer LHFI gross charge-offs	$ (1,544)	$ (341)	$ (442)	$ (49)	$ (27)	$ (8)	$ (812)	$ (3,223)
Total LHFI	$ 754,909	$ 2,284,967	$ 3,736,779	$ 1,929,368	$ 1,214,609	$ 1,646,939	$ 1,490,372	$ 13,057,943
Total current period gross charge-offs	$ (1,544)	$ (344)	$ (695)	$ (2,755)	$ (35)	$ (139)	$ (812)	$ (6,324)

As of December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
	Term Loans by Origination Year							
	Commercial LHFI							
Loans secured by real estate:								
Construction, land development and other land:								
Pass - RR 1 through RR 6	$ 359,813	$ 98,742	$ 35,095	$ 10,591	$ 2,036	$ 1,961	$ 52,351	$ 560,589
Special Mention - RR 7	—	—	360	—	—	—	—	360
Substandard - RR 8	606	336	1,512	19	—	21	—	2,494
Doubtful - RR 9	—	—	—	—	—	24	—	24
Total	360,419	99,078	36,967	10,610	2,036	2,006	52,351	563,467
Current period gross charge-offs	—	(4)	(10)	—	(228)	—	—	(242)
Other secured by 1-4 family residential properties:								
Pass - RR 1 through RR 6	$ 33,072	$ 30,760	$ 29,159	$ 14,309	$ 8,084	$ 2,822	$ 10,077	$ 128,283
Special Mention - RR 7	—	82	48	10	—	—	—	140
Substandard - RR 8	220	625	157	22	80	306	98	1,508
Doubtful - RR 9	—	—	—	—	—	—	—	—
Total	33,292	31,467	29,364	14,341	8,164	3,128	10,175	129,931
Current period gross charge-offs	—	—	(24)	—	—	(6)	—	(30)
Secured by nonfarm, nonresidential properties:								
Pass - RR 1 through RR 6	$ 501,327	$ 919,519	$ 526,412	$ 596,240	$ 323,687	$ 369,250	$ 129,142	$ 3,365,577
Special Mention - RR 7	4,271	14,930	—	138	23,966	—	—	43,305
Substandard - RR 8	6,332	1,964	47,491	10,809	8,614	5,200	48	80,458
Doubtful - RR 9	21	—	—	—	53	13	—	87
Total	511,951	936,413	573,903	607,187	356,320	374,463	129,190	3,489,427
Current period gross charge-offs	—	(39)	(82)	—	(19)	(138)	—	(278)
Other real estate secured:								
Pass - RR 1 through RR 6	$ 194,141	$ 447,200	$ 332,818	$ 209,757	$ 56,024	$ 11,080	$ 8,880	$ 1,259,900
Special Mention - RR 7	126	2,076	—	—	35,881	—	—	38,083
Substandard - RR 8	—	14,064	—	290	—	39	—	14,393
Doubtful - RR 9	42	—	—	—	—	—	—	42
Total	194,309	463,340	332,818	210,047	91,905	11,119	8,880	1,312,418
Current period gross charge-offs	—	—	—	—	—	—	—	—

As of December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
	Term Loans by Origination Year							
				Commercial LHFI				
Other loans secured by real estate:								
Other construction								
Pass - RR 1 through RR 6	$ 179,676	$ 518,062	$ 149,883	$ 14,062	$ —	$ 6	$ 6,042	$ 867,731
Special Mention - RR 7	—	—	—	—	—	—	—	—
Substandard - RR 8	62	—	—	—	—	—	—	62
Doubtful - RR 9	—	—	—	—	—	—	—	—
Total	179,738	518,062	149,883	14,062	—	6	6,042	867,793
Current period gross charge-offs	(61)	—	(3,392)	—	—	—	—	(3,453)
Commercial and industrial loans:								
Pass - RR 1 through RR 6	$ 497,730	$ 474,737	$ 158,659	$ 80,646	$ 31,876	$ 44,972	$ 537,527	$ 1,826,147
Special Mention - RR 7	12,570	10,141	3,149	1,381	110	—	126	27,477
Substandard - RR 8	4,797	16,872	13,909	11,958	40	80	21,528	69,184
Doubtful - RR 9	6	58	1	—	—	25	12	102
Total	515,103	501,808	175,718	93,985	32,026	45,077	559,193	1,922,910
Current period gross charge-offs	(42)	(1,071)	(700)	(138)	(95)	(108)	(7)	(2,161)
State and other political subdivision loans:								
Pass - RR 1 through RR 6	$ 152,157	$ 247,034	$ 174,812	$ 99,786	$ 32,118	$ 377,225	$ 5,334	$ 1,088,466
Special Mention - RR 7	—	—	—	—	—	—	—	—
Substandard - RR 8	—	—	—	—	—	—	—	—
Doubtful - RR 9	—	—	—	—	—	—	—	—
Total	152,157	247,034	174,812	99,786	32,118	377,225	5,334	1,088,466
Current period gross charge-offs	—	—	—	—	—	—	—	—
Other commercial loans and leases:								
Pass - RR 1 through RR 6	$ 211,402	$ 48,947	$ 30,071	$ 21,377	$ 32,837	$ 8,468	$ 201,339	$ 554,441
Special Mention - RR 7	—	—	—	208	—	—	20	228
Substandard - RR 8	106	211	42	—	—	—	987	1,346
Doubtful - RR 9	—	—	—	—	—	20	—	20
Total	211,508	49,158	30,113	21,585	32,837	8,488	202,346	556,035
Current period gross charge-offs	(40)	(248)	—	(26)	—	—	—	(314)
Total commercial LHFI	$ 2,158,477	$ 2,846,360	$ 1,503,578	$ 1,071,603	$ 555,406	$ 821,512	$ 973,511	$ 9,930,447
Total commercial LHFI gross charge-offs	$ (143)	$ (1,362)	$ (4,208)	$ (164)	$ (342)	$ (252)	$ (7)	$ (6,478)

	Term Loans by Origination Year							
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
As of December 31, 2023				Consumer LHFI				
Loans secured by real estate:								
Construction, land development and other land:								
Current	$ 44,912	$ 23,110	$ 5,973	$ 1,203	$ 1,082	$ 1,864	$ 653	$ 78,797
Past due 30-89 days	—	250	—	—	30	191	—	471
Past due 90 days or more	—	—	—	—	—	—	—	—
Nonaccrual	—	—	148	—	—	3	—	151
Total	44,912	23,360	6,121	1,203	1,112	2,058	653	79,419
Current period gross charge-offs	—	—	—	—	—	—	—	—
Other secured by 1-4 family residential properties:								
Current	$ 29,636	$ 11,366	$ 5,733	$ 4,471	$ 4,313	$ 7,674	$ 417,383	$ 480,576
Past due 30-89 days	225	68	74	4	51	220	4,292	4,934
Past due 90 days or more	—	264	—	—	—	41	934	1,239
Nonaccrual	8	76	48	8	—	616	4,961	5,717
Total	29,869	11,774	5,855	4,483	4,364	8,551	427,570	492,466
Current period gross charge-offs	—	(100)	(9)	(2)	(10)	(22)	(147)	(290)
Secured by nonfarm, nonresidential properties:								
Current	$ —	$ —	$ 7	$ —	$ —	$ —	$ —	$ 7
Past due 30-89 days	—	—	—	—	—	—	—	—
Past due 90 days or more	—	—	—	—	—	—	—	—
Nonaccrual	—	—	—	—	—	—	—	—
Total	—	—	7	—	—	—	—	7
Current period gross charge-offs	—	—	—	—	—	—	—	—
Other real estate secured:								
Current	$ —	$ —	$ —	$ 78	$ —	$ 55	$ —	$ 133
Past due 30-89 days	—	—	—	—	—	—	—	—
Past due 90 days or more	—	—	—	—	—	—	—	—
Nonaccrual	—	—	—	—	—	—	—	—
Total	—	—	—	78	—	55	—	133
Current period gross charge-offs	—	—	—	—	—	—	—	—

	Term Loans by Origination Year							
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
As of December 31, 2023	Consumer LHFI							
Other loans secured by real estate:								
Secured by 1-4 family residential properties								
Current	$ 258,800	$ 878,893	$ 516,324	$ 180,272	$ 98,552	$ 277,664	$ —	$ 2,210,505
Past due 30-89 days	3,370	11,293	5,513	2,121	298	1,664	—	24,259
Past due 90 days or more	376	1,219	1,208	682	—	255	—	3,740
Nonaccrual	678	15,586	11,452	4,884	1,848	9,366	—	43,814
Total	263,224	906,991	534,497	187,959	100,698	288,949	—	2,282,318
Current period gross charge-offs	(64)	(930)	(217)	(104)	—	(142)	—	(1,457)
Consumer loans:								
Current	$ 59,496	$ 32,767	$ 10,698	$ 2,604	$ 917	$ 294	$ 55,321	$ 162,097
Past due 30-89 days	1,274	475	134	34	5	5	839	2,766
Past due 90 days or more	64	44	3	1	—	—	516	628
Nonaccrual	44	65	84	26	—	—	24	243
Total	60,878	33,351	10,919	2,665	922	299	56,700	165,734
Current period gross charge-offs	(6,138)	(559)	(167)	(43)	(1)	(1)	(2,381)	(9,290)
Total consumer LHFI	$ 398,883	$ 975,476	$ 557,399	$ 196,388	$ 107,096	$ 299,912	$ 484,923	$ 3,020,077
Total consumer LHFI gross charge-offs	$ (6,202)	$ (1,589)	$ (393)	$ (149)	$ (11)	$ (165)	$ (2,528)	$ (11,037)
Total LHFI	$ 2,557,360	$ 3,821,836	$ 2,060,977	$ 1,267,991	$ 662,502	$ 1,121,424	$ 1,458,434	$ 12,950,524
Total current period gross charge-offs	$ (6,345)	$ (2,951)	$ (4,601)	$ (313)	$ (353)	$ (417)	$ (2,535)	$ (17,515)

Past Due LHFS

LHFS past due 90 days or more totaled $56.5 million and $51.2 million at March 31, 2024 and December 31, 2023, respectively. LHFS past due 90 days or more are serviced loans eligible for repurchase, which are fully guaranteed by the Government National Mortgage Association (GNMA). GNMA optional repurchase programs allow financial institutions to buy back individual delinquent mortgage loans that meet certain criteria from the securitized loan pool for which the institution provides servicing. At the servicer's option and without GNMA's prior authorization, the servicer may repurchase such a delinquent loan for an amount equal to 100% of the remaining principal balance of the loan. This buy-back option is considered a conditional option until the delinquency criteria are met, at which time the option becomes unconditional. When Trustmark is deemed to have regained effective control over these loans under the unconditional buy-back option, the loans can no longer be reported as sold and must be brought back onto the balance sheet as loans held for sale, regardless of whether Trustmark intends to exercise the buy-back option. These loans are reported as held for sale with the offsetting liability being reported as short-term borrowings.

Trustmark did not exercise its buy-back option on any delinquent loans serviced for GNMA during the first three months of 2024 or 2023.

ACL on LHFI

Trustmark's ACL methodology for LHFI is based upon guidance within the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 326-20 as well as applicable regulatory guidance. The ACL is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Credit quality within the LHFI portfolio is continuously monitored by Management and is reflected within the ACL for LHFI. The ACL is an estimate of expected losses inherent within Trustmark's existing LHFI portfolio. The ACL for LHFI is adjusted through the PCL, LHFI and reduced by the charge off of loan amounts, net of recoveries.

The methodology for estimating the amount of expected credit losses reported in the ACL has two basic components: a collective, or pooled, component for estimated expected credit losses for pools of loans that share similar risk characteristics, and an asset-specific component involving individual loans that do not share risk characteristics with other loans and the measurement of expected credit losses for such individual loans. In estimating the ACL for the collective component, loans are segregated into loan pools based on loan product types and similar risk characteristics.

The loans secured by real estate and other loans secured by real estate portfolio segments include loans for both commercial and residential properties. The underwriting process for these loans includes analysis of the financial position and strength of both the borrower and guarantor, experience with similar projects in the past, market demand and prospects for successful completion of the proposed project within the established budget and schedule, values of underlying collateral, availability of permanent financing, maximum loan-to-value ratios, minimum equity requirements, acceptable amortization periods and minimum debt service coverage requirements, based on property type. The borrower's financial strength and capacity to repay their obligations remain the primary focus of underwriting. Financial strength is evaluated based upon analytical tools that consider historical and projected cash flows and performance in addition to analysis of the proposed project for income-producing properties. Additional support offered by guarantors is also considered. Ultimate repayment of these loans is sensitive to interest rate changes, general economic conditions, liquidity and availability of long-term financing.

The commercial and industrial LHFI portfolio segment includes loans within Trustmark's geographic markets made to many types of businesses for various purposes, such as short-term working capital loans that are usually secured by accounts receivable and inventory and term financing for equipment and fixed asset purchases that are secured by those assets. Trustmark's credit underwriting process for commercial and industrial loans includes analysis of historical and projected cash flows and performance, evaluation of financial strength of both borrowers and guarantors as reflected in current and detailed financial information and evaluation of underlying collateral to support the credit.

The consumer LHFI portfolio segment is comprised of loans that are centrally underwritten based on the borrower's credit bureau score as well as an evaluation of the borrower's repayment capacity, credit, and collateral. Property appraisals are obtained to assist in evaluating collateral. Loan-to-value and debt-to-income ratios, loan amount, and lien position are also considered in assessing whether to originate a loan. These borrowers are particularly susceptible to downturns in economic trends such as conditions that negatively affect housing prices and demand and levels of unemployment.

The state and other political subdivision LHFI and the other commercial LHFI and leases portfolio segments primarily consist of loans to non-depository financial institutions, such as mortgage companies, finance companies and other financial intermediaries, loans to state and political subdivisions, and loans to non-profit and charitable organizations. These loans are underwritten based on the specific nature or purpose of the loan and underlying collateral with special consideration given to the specific source of repayment for the loan. The lease segment primarily consists of commercial equipment finance leases. Trustmark's credit underwriting process for equipment finance leases includes analysis of historical and projected cash flows and performance, evaluation of financial strength of both borrowers and guarantors as reflected in current and detailed financial information and evaluation of underlying collateral to support the credit.

During the first quarter of 2024 as part of Trustmark's ongoing model monitoring procedures the annual loss driver analysis was performed. The analysis resulted in changes in the loss drivers for all discounted cash-flow models along with changes in the loss drivers for the equipment and finance loans and leases model. These changes were a result of updating Trustmark's peer group and incorporating data through 2022 which led to more intuitive loss drivers. All models were validated by a third party before implementation.

The following table provides a description of each of Trustmark's portfolio segments, loan classes, loan pools and the ACL methodology and loss drivers at March 31, 2024:

Portfolio Segment	Loan Class	Loan Pool	Methodology	Loss Drivers
Loans secured by real estate	Construction, land development and other land	1-4 family residential construction	DCF	National HPI, National Unemployment
		Lots and development	DCF	National HPI, National Unemployment
		Unimproved land	DCF	National HPI, National Unemployment
		All other consumer	DCF	National HPI, National Unemployment
	Other secured by 1-4 family residential properties	Consumer 1-4 family - 1st liens	DCF	National HPI, National Unemployment
		All other consumer	DCF	National HPI, National Unemployment
		Nonresidential owner-occupied	DCF	Southern Unemployment, National CRE Price Index
	Secured by nonfarm, nonresidential properties	Nonowner-occupied - hotel/motel	DCF	National CRE Price Index, Southern Unemployment
		Nonowner-occupied - office	DCF	National CRE Price Index, Southern Unemployment
		Nonowner-occupied- Retail	DCF	National CRE Price Index, Southern Unemployment
		Nonowner-occupied - senior living/nursing homes	DCF	National CRE Price Index, Southern Unemployment
		Nonowner-occupied - all other	DCF	National CRE Price Index, Southern Unemployment
		Nonresidential owner-occupied	DCF	Southern Unemployment, National CRE Price Index
	Other real estate secured	Nonresidential nonowner -occupied - apartments	DCF	National CRE Price Index, Southern Unemployment
		Nonresidential owner-occupied	DCF	Southern Unemployment, National CRE Price Index
		Nonowner-occupied - all other	DCF	National CRE Price Index, Southern Unemployment
Other loans secured by real estate	Other construction	Other construction	DCF	National CRE Price Index, National Unemployment, BBB 7-10 US CBI
	Secured by 1-4 family residential properties	Trustmark mortgage	WARM	Southern Unemployment

Portfolio Segment	Loan Class	Loan Pool	Methodology	Loss Drivers
Commercial and industrial loans	Commercial and industrial loans	Commercial and industrial - non-working capital	DCF	Trustmark historical data
		Commercial and industrial - working capital	DCF	Trustmark historical data
		Equipment finance loans	WARM	Southern Unemployment, National GDP
		Credit cards	WARM	Trustmark call report data
Consumer loans	Consumer loans	Credit cards	WARM	Trustmark call report data
		Overdrafts	Loss Rate	Trustmark historical data
		All other consumer	DCF	National HPI, National Unemployment
State and other political subdivision loans	State and other political subdivision loans	Obligations of state and political subdivisions	DCF	Moody's Bond Default Study
Other commercial loans and leases	Other commercial loans and leases	Other loans	DCF	BBB 7-10 US CBI, Southern Unemployment
		Commercial and industrial - non-working capital	DCF	Trustmark historical data
		Commercial and industrial - working capital	DCF	Trustmark historical data
		Equipment finance leases	WARM	Southern Unemployment, National GDP

The following table provides a description of each of Trustmark's portfolio segments, loan classes, loan pools and the ACL methodology and loss drivers at December 31, 2023:

Portfolio Segment	Loan Class	Loan Pool	Methodology	Loss Drivers
Loans secured by real estate	Construction, land development and other land	1-4 family residential construction	DCF	Prime Rate, National GDP
		Lots and development	DCF	Prime Rate, Southern Unemployment
		Unimproved land	DCF	Prime Rate, Southern Unemployment
		All other consumer	DCF	Southern Unemployment
	Other secured by 1-4 family residential properties	Consumer 1-4 family - 1st liens	DCF	Prime Rate, Southern Unemployment
		All other consumer	DCF	Southern Unemployment
		Nonresidential owner-occupied	DCF	Southern Unemployment, National GDP
	Secured by nonfarm, nonresidential properties	Nonowner-occupied - hotel/motel	DCF	Southern Vacancy Rate, Southern Unemployment
		Nonowner-occupied - office	DCF	Southern Vacancy Rate, Southern Unemployment
		Nonowner-occupied- Retail	DCF	Southern Vacancy Rate, Southern Unemployment
		Nonowner-occupied - senior living/nursing homes	DCF	Southern Vacancy Rate, Southern Unemployment
		Nonowner-occupied - all other	DCF	Southern Vacancy Rate, Southern Unemployment
		Nonresidential owner-occupied	DCF	Southern Unemployment, National GDP
	Other real estate secured	Nonresidential nonowner -occupied - apartments	DCF	Southern Vacancy Rate, Southern Unemployment
		Nonresidential owner-occupied	DCF	Southern Unemployment, National GDP
		Nonowner-occupied - all other	DCF	Southern Vacancy Rate, Southern Unemployment
Other loans secured by real estate	Other construction	Other construction	DCF	Prime Rate, National Unemployment
	Secured by 1-4 family residential properties	Trustmark mortgage	WARM	Southern Unemployment
Commercial and industrial loans	Commercial and industrial loans	Commercial and industrial - non-working capital	DCF	Trustmark historical data
		Commercial and industrial - working capital	DCF	Trustmark historical data
		Equipment finance loans	WARM	Southern Unemployment, Southern GDP
		Credit cards	WARM	Trustmark call report data
Consumer loans	Consumer loans	Credit cards	WARM	Trustmark call report data
		Overdrafts	Loss Rate	Trustmark historical data
		All other consumer	DCF	Southern Unemployment
State and other political subdivision loans	State and other political subdivision loans	Obligations of state and political subdivisions	DCF	Moody's Bond Default Study
Other commercial loans and leases	Other commercial loans and leases	Other loans	DCF	Prime Rate, Southern Unemployment
		Commercial and industrial - non-working capital	DCF	Trustmark historical data
		Commercial and industrial - working capital	DCF	Trustmark historical data
		Equipment finance leases	WARM	Southern Unemployment, Southern GDP

In general, Trustmark utilizes a DCF method to estimate the quantitative portion of the ACL for loan pools. The DCF model consists of two key components, a loss driver analysis (LDA) and a cash flow analysis. For loan pools utilizing the DCF methodology, multiple assumptions are in place, depending on the loan pool. A reasonable and supportable forecast is utilized for each loan pool by developing a LDA for each loan class. The LDA uses charge off data from Federal Financial Institutions Examination Council (FFIEC) reports to construct a periodic default rate (PDR). The PDR is decomposed into a PD. Regressions are run using the data for various macroeconomic variables in order to determine which ones correlate to Trustmark's losses. These variables are then incorporated into the application to calculate a quarterly PD using a third-party baseline forecast. In addition to the PD, a LGD is derived using a method referred to as Frye Jacobs. The Frye Jacobs method is a mathematical formula that traces the relationship between LGD and PD over time and projects the LGD based on the levels of PD forecasts. This model approach is applicable to all pools within the construction, land development and other land, other secured by 1-4 family residential properties, secured by nonfarm, nonresidential properties and other real estate secured loan classes as well as consumer loans and other commercial loans.

During 2022, Management elected to incorporate a methodology change related to the other construction pool. Components of this change include management utilizing an alternative LDA to support the PD and LGD assumptions necessary to apply a DCF methodology to the other construction pool. Fundamentally, this approach utilizes publicly reported default balances and leverages a generalized linear model (GLM) framework to estimate PD. Taken together, these differences allow for results to be scaled to be specific and directly applicable to the other construction segment. LGD is assumed to be a through-the-cycle constant based on the actual performance of Trustmark's other construction segment. These assumptions are then input into the DCF model and used in conjunction with prepayment data to calculate the cash flows at the individual loan level. Previously, the other construction pool used the weighted average remaining maturity (WARM) method. Management believes this change is commensurate with the level of risk in the pool.

For the commercial and industrial loans related pools, Trustmark uses its own PD and LGD data, instead of the macroeconomic variables and the Frye Jacobs method described above, to calculate the PD and LGD as there were no defensible macroeconomic variables that correlated to Trustmark's losses. Trustmark utilizes a third-party Bond Default Study to derive the PD and LGD for the obligations of state and political subdivisions pool. Due to the lack of losses within this pool, no defensible macroeconomic factors were identified to correlate.

The PD and LGD measures are used in conjunction with prepayment data as inputs into the DCF model to calculate the cash flows at the individual loan level. Contractual cash flows based on loan terms are adjusted for PD, LGD and prepayments to derive loss cash flows. These loss cash flows are discounted by the loan's coupon rate to arrive at the discounted cash flow based quantitative loss. The prepayment studies are updated quarterly by a third-party for each applicable pool.

An alternate method of estimating the ACL is used for certain loan pools due to specific characteristics of these loans. For the non-DCF pools, specifically, those using the WARM method, the remaining life is incorporated into the ACL quantitative calculation.

Trustmark determined that reasonable and supportable forecasts could be made for a twelve-month period for all of its loan pools. To the extent the lives of the loans in the LHFI portfolio extend beyond this forecast period, Trustmark uses a reversion period of four quarters and reverts to the historical mean on a straight-line basis over the remaining life of the loans. The econometric models currently in production reflect segment or pool level sensitivities of PD to changes in macroeconomic variables. By measuring the relationship between defaults and changes in the economy, the quantitative reserve incorporates reasonable and supportable forecasts of future conditions that will affect the value of Trustmark's assets, as required by FASB ASC Topic 326. Under stable forecasts, these linear regressions will reasonably predict a pool's PD. However, due to the COVID-19 pandemic, the macroeconomic variables used for reasonable and supportable forecasting changed rapidly. At the macroeconomic levels experienced during the COVID-19 pandemic, it was not clear that the models in production would produce reasonably representative results since the models were originally estimated using data beginning in 2004 through 2019. During this period, a traditional, albeit severe, economic recession occurred. Thus, econometric models are sensitive to similar future levels of PD.

In order to prevent the econometric models from extrapolating beyond reasonable boundaries of their input variables, Trustmark chose to establish an upper and lower limit process when applying the periodic forecasts. In this way, Management will not rely upon unobserved and untested relationships in the setting of the quantitative reserve. This approach applies to all input variables, including: Southern Unemployment, National Unemployment, National Gross Domestic Product (GDP), National Home Price Index (HPI), National Commercial Real Estate (CRE) Price Index and the BBB 7-10 Year US Corporate Bond Index (CBI). The upper and lower limits are based on the distribution of the macroeconomic variable by selecting extreme percentiles at the upper and lower limits of the distribution, the 1stand 99th percentiles, respectively. These upper and lower limits are then used to calculate the PD for the forecast time period in which the forecasted values are outside of the upper and lower limit range. Due to multiple periods having a PD or LGD at or near zero as a result of the improving macroeconomic forecasts, Management implemented PD and LGD floors to account for the risk associated with each portfolio. The PD and LGD floors are based on Trustmark's historical loss experience and applied at a portfolio level.

Qualitative factors used in the ACL methodology include the following:

- Lending policies and procedures
- Economic conditions and concentrations of credit
- Nature and volume of the portfolio
- Performance trends
- External factors

While all these factors are incorporated into the overall methodology, only three are currently considered active at March 31, 2024: (i) economic conditions and concentrations of credit, (ii) nature and volume of the portfolio and (iii) performance trends.

Two of Trustmark's largest loan classes are the loans secured by nonfarm, nonresidential properties and the loans secured by other real estate. Trustmark elected to create a qualitative factor specifically for these loan classes which addresses changes in the economic conditions of metropolitan areas and applies additional pool level reserves. This qualitative factor is based on third-party market data and forecast trends and is updated quarterly as information is available, by market and by loan pool.

Trustmark's current quantitative methodologies do not completely incorporate changes in credit quality. As a result, Trustmark utilizes the performance trends qualitative factor. This factor is based on migration analyses, that allocates additional ACL to non-pass/delinquent loans within each pool. In this way, Management believes the ACL will directly reflect changes in risk, based on the performance of the loans within a pool, whether declining or improving.

The performance trends qualitative factor is estimated by properly segmenting loan pools into risk levels by risk rating for commercial credits and delinquency status for consumer credits. A migration analysis is then performed quarterly using a third-party software and the results for each risk level are compiled to calculate the historical PD average for each loan portfolio based on risk levels. This average historical PD rate is updated annually. For the mortgage portfolio, Trustmark uses an internal report to incorporate a roll rate method for the calculation of the PD rate. In addition to the PD rate for each portfolio, Management incorporates the quantitative rate and the k value derived from the Frye-Jacobs method to calculate a loss estimate that includes both PD and LGD. The quantitative rate is used to eliminate any additional reserve that the quantitative reserve already includes. Finally, the loss estimate rate is then applied to the total balances for each risk level for each portfolio to calculate a qualitative reserve.

During 2022, Management elected to activate the nature and volume of the portfolio qualitative factor as a result of a sub-pool of the secured by 1-4 family residential properties growing to a significant size along with the underlying nature being different as well. The nature and volume of the portfolio qualitative factor utilizes a WARM methodology that uses industry data for the assumptions to support the qualitative adjustment. The industry data is used to compile a PD based on credit score ranges along with using the industry data to compile an LGD. The sub-pool of credits is then aggregated into the appropriate credit score bands in which a weighted average loss rate is calculated based on the PD and LGD for each credit score range. This weighted average loss rate is then applied to the expected balance for the sub-segment of credits. This total is then used as the qualitative reserve adjustment.

The external factors qualitative factor is Management's best judgment on the loan or pool level impact of all factors that affect the portfolio that are not accounted for using any other part of the ACL methodology (*e.g.*, natural disasters, changes in legislation, impacts due to technology and pandemics). Trustmark's External Factor – Pandemic ensures reserve adequacy for collectively evaluated loans most likely to be impacted by the unique economic and behavioral conditions created by the COVID-19 pandemic. Additional qualitative reserves are derived based on two principles. The first is the disconnect of economic factors to Trustmark's modeled PD (derived from the econometric models underpinning the quantitative pooled reserves). During the pandemic, extraordinary measures by the federal government were made available to consumers and businesses, including COVID-19 loan payment concessions, direct transfer payments to households, tax deferrals, and reduced interest rates, among others. These government interventions may have extended the lag between economic conditions and default, relative to what was captured in the model development data. Because Trustmark's econometric PD models rely on the observed relationship from the economic downturn from 2007 to 2009 in both timing and severity, Management did not expect the models to reflect these conditions. For example, while the models would predict contemporaneous unemployment peaks and loan defaults, this might not have occurred when borrowers could request payment deferrals. Thus, for the affected population, economic conditions were not fully considered as a part of Trustmark's quantitative reserve. The second principle is the change in risk that is identified by rating changes. As a part of Trustmark's credit review process, loans in the affected population were given more frequent screening to ensure accurate ratings were maintained through this dynamic period. Trustmark's quantitative reserve did not directly address changes in ratings, thus a migration qualitative factor was designed to work in concert with the quantitative reserve.

As discussed above, the disconnect of economic factors means that changes in rating caused by deteriorating and weak economic conditions as a result of the pandemic were not being captured in the quantitative reserve. During 2020, due to unforeseen pandemic conditions that varied from Management's expectations, additional reserves were further dimensioned in order to appropriately reflect the risk within the portfolio related to the COVID-19 pandemic. In an effort to ensure the External Factor-Pandemic qualitative factor was reasonable and supportable, historical Trustmark loss data was leveraged to construct a framework that was quantitative in nature. To dimension the additional reserve, Management used the sensitivity of the quantitative commercial loan reserve to changes in macroeconomic conditions to apply to loans rated acceptable or better (RR 1-4). In addition, to account for the known changes in risk, a weighted average of the commercial loan portfolio loss rate, derived from the performance trends qualitative factor, was used to dimension additional reserves for downgraded credits. Loans rated acceptable with risk (RR 5) or watch (RR 6) received the additional reserves based on the average of the macroeconomic conditions and weighted-average of the commercial loan portfolio loss rate while the loans rated special mention (RR 7) and substandard (RR 8) received additional reserves based on the weighted-average described above. During 2022, Management noted that all pass rated loans (RR 5 & RR 6) related to the External Factor-Pandemic qualitative factor either did not experience significant stress related to the pandemic or had since recovered and did not expect future stresses attributed to the pandemic that could affect these loans. As a result, Management decided to accelerate the release of the additional pandemic reserves on all pass rated loans as a result of pandemic conditions resolving. During the fourth quarter of 2023, Management decided to resolve the External Factor-Pandemic qualitative factor as a result of the remaining loan balances that were identified as COVID affected loans being immaterial from both a reserve and balance perspective. The remaining loans were incorporated back into the performance qualitative factor as a result of this resolution. Further, due to this resolution there is no longer any active External Factor as of December 31, 2023.

The following tables disaggregate the ACL and the amortized cost basis of the loans by the measurement methodology used at March 31, 2024 and December 31, 2023 ($ in thousands):

	March 31, 2024					
	ACL			LHFI		
	Individually Evaluated for Credit Loss	Collectively Evaluated for Credit Loss	Total	Individually Evaluated for Credit Loss	Collectively Evaluated for Credit Loss	Total
Loans secured by real estate:						
Construction, land development and other land	$ 12	$ 5,731	$ 5,743	$ 1,539	615,469	$ 617,008
Other secured by 1-4 family residential properties	—	10,554	10,554	923	624,464	625,387
Secured by nonfarm, nonresidential properties	—	33,292	33,292	917	3,542,318	3,543,235
Other real estate secured	—	9,251	9,251	—	1,384,610	1,384,610
Other loans secured by real estate:						
Other construction	626	11,439	12,065	13,038	909,415	922,453
Secured by 1-4 family residential properties	—	31,946	31,946	4,291	2,261,803	2,266,094
Commercial and industrial loans	10,960	16,970	27,930	21,210	1,901,501	1,922,711
Consumer loans	—	5,523	5,523	—	159,340	159,340
State and other political subdivision loans	—	638	638	—	1,052,844	1,052,844
Other commercial loans and leases	1,022	5,034	6,056	1,022	563,239	564,261
Total	$ 12,620	$ 130,378	$ 142,998	$ 42,940	$ 13,015,003	$ 13,057,943

	December 31, 2023					
	ACL			LHFI		
	Individually Evaluated for Credit Loss	Collectively Evaluated for Credit Loss	Total	Individually Evaluated for Credit Loss	Collectively Evaluated for Credit Loss	Total
Loans secured by real estate:						
Construction, land development and other land	$ —	$ 17,192	$ 17,192	$ 2,020	$ 640,866	$ 642,886
Other secured by 1-4 family residential properties	—	12,942	12,942	946	621,451	622,397
Secured by nonfarm, nonresidential properties	—	24,043	24,043	20,812	3,468,622	3,489,434
Other real estate secured	—	4,488	4,488	—	1,312,551	1,312,551
Other loans secured by real estate:						
Other construction	—	5,758	5,758	—	867,793	867,793
Secured by 1-4 family residential properties	—	34,794	34,794	3,235	2,279,083	2,282,318
Commercial and industrial loans	11,436	15,202	26,638	21,102	1,901,808	1,922,910
Consumer loans	—	5,794	5,794	—	165,734	165,734
State and other political subdivision loans	—	646	646	—	1,088,466	1,088,466
Other commercial loans and leases	967	6,105	7,072	967	555,068	556,035
Total	$ 12,403	$ 126,964	$ 139,367	$ 49,082	$ 12,901,442	$ 12,950,524

Changes in the ACL, LHFI were as follows for the periods presented ($ in thousands):

	Three Months Ended March 31,	
	2024	2023
Balance at beginning of period	$ 139,367	$ 120,214
Loans charged-off	(6,324)	(2,996)
Recoveries	2,247	1,777
Net (charge-offs) recoveries	(4,077)	(1,219)
PCL, LHFI	7,708	3,244
Balance at end of period	$ 142,998	$ 122,239

The following tables detail changes in the ACL, LHFI by loan class for the periods presented ($ in thousands):

	Three Months Ended March 31, 2024				
	Balance at Beginning of Period	Charge-offs	Recoveries	PCL	Balance at End of Period
Loans secured by real estate:					
Construction, land development and other land	$ 17,192	$ (24)	$ 1	$ (11,426)	$ 5,743
Other secured by 1-4 family residential properties	12,942	(76)	450	(2,762)	10,554
Secured by nonfarm, nonresidential properties	24,043	(2,428)	9	11,668	33,292
Other real estate secured	4,488	—	—	4,763	9,251
Other loans secured by real estate:					
Other construction	5,758	—	17	6,290	12,065
Secured by 1-4 family residential properties	34,794	(411)	38	(2,475)	31,946
Commercial and industrial loans	26,638	(584)	198	1,678	27,930
Consumer loans	5,794	(2,748)	1,505	972	5,523
State and other political subdivision loans	646	—	—	(8)	638
Other commercial loans and leases	7,072	(53)	29	(992)	6,056
Total	$ 139,367	$ (6,324)	$ 2,247	$ 7,708	$ 142,998

The PCL, LHFI for the secured by nonfarm, nonresidential properties and other real estate secured portfolios for the three months ended March 31, 2024 was primarily due to changes in the macroeconomic forecast associated with these specific loss driver models as a result of the loss driver update coupled with loan growth. The PCL, LHFI for the other construction portfolio for the three months ended March 31, 2024 was also primarily due to changes in the macroeconomic forecast associated with this specific loss driver model as a result of the loss driver update coupled with loan growth and net adjustments to the qualitative factors due to credit migration. The PCL, LHFI for the commercial and industrial portfolio for the three months ended March 31, 2024 was primarily due to net adjustments to the qualitative factors due to credit migration.

The negative PCL, LHFI for the construction, land development and other land, other secured by 1-4 family residential properties, and other commercial loans and leases portfolios for the three months ended March 31, 2024 was primarily due to changes in the macroeconomic forecast associated with these specific loss driver models as a result of the loss driver update for these loan portfolios. The negative PCL, LHFI for the secured by 1-4 family residential properties portfolio for the three months ended March 31, 2024 was primarily due to adjustments to the Nature and Volume of Portfolio qualitative factor.

	Three Months Ended March 31, 2023				
	Balance at Beginning of Period	Charge-offs	Recoveries	PCL	Balance at End of Period
Loans secured by real estate:					
Construction, land development and other land	$ 12,828	$ (14)	$ 8	$ 438	$ 13,260
Other secured by 1-4 family residential properties	12,374	(34)	47	(469)	11,918
Secured by nonfarm, nonresidential properties	19,488	(28)	96	(916)	18,640
Other real estate secured	4,743	—	3	(2,384)	2,362
Other loans secured by real estate:					
Other construction	15,132	—	30	(692)	14,470
Secured by 1-4 family residential properties	21,185	(294)	6	5,259	26,156
Commercial and industrial loans	23,140	(471)	270	523	23,462
Consumer loans	5,792	(2,155)	1,317	578	5,532
State and other political subdivision loans	885	—	—	(156)	729
Other commercial loans and leases	4,647	—	—	1,063	5,710
Total	$ 120,214	$ (2,996)	$ 1,777	$ 3,244	$ 122,239

The increases in the PCL, LHFI for the three months ended March 31, 2023 were primarily attributable to loan growth and the Nature and Volume of Portfolio qualitative factor.

The PCL, LHFI for the secured by nonfarm, nonresidential properties portfolio and the other real estate secured portfolio decreased $3.3 million during the three months ended March 31, 2023 primarily due to improvements in the macroeconomic forecast variables used in the ACL modeling, such as National and Southern Unemployment, National GDP, Prime Rate, and Southern Vacancy Rate and the PD and LGD floors.

Note 4 – Mortgage Banking

MSR

The activity in the MSR is detailed in the table below for the periods presented ($ in thousands):

	Three Months Ended March 31,	
	2024	2023
Balance at beginning of period	$ 131,870	$ 129,677
Origination of servicing assets	2,977	2,646
Change in fair value:		
Due to market changes	5,123	(3,972)
Due to run-off	(1,926)	(1,145)
Balance at end of period	$ 138,044	$ 127,206

Trustmark determines the fair value of the MSR using a valuation model administered by a third party that calculates the present value of estimated future net servicing income. Trustmark considers the conditional prepayment rate (CPR), which is an estimated loan prepayment rate that uses historical prepayment rates for previous loans similar to the loans being evaluated, the float rate, which is the interest rate earned on escrow balances, and the discount rate as some of the primary assumptions used in determining the fair value of the MSR. An increase in either the CPR or discount rate assumption will result in a decrease in the fair value of the MSR, while a decrease in either assumption will result in an increase in the fair value of the MSR. An increase in the float rate will result in an increase in the fair value of the MSR, while a decrease in the float rate will result in a decrease in the fair value of the MSR. At both March 31, 2024 and 2023, the fair value of the MSR included an assumed average prepayment speed of 8 CPR and an average discount rate of 10.08%.

Mortgage Loans Serviced/Sold

During the first three months of 2024 and 2023, Trustmark sold $258.3 million and $213.8 million, respectively, of residential mortgage loans. Gains on these sales were recorded as noninterest income in mortgage banking, net and totaled $5.0 million for the first three months of 2024 compared to $3.8 million for the first three months of 2023.

The table below details the mortgage loans sold and serviced for others at March 31, 2024 and December 31, 2023 ($ in thousands):

	March 31, 2024	December 31, 2023
Federal National Mortgage Association	$ 4,831,183	$ 4,826,028
Government National Mortgage Association	3,557,236	3,510,983
Federal Home Loan Mortgage Corporation	137,725	112,352
Other	27,090	28,012
Total mortgage loans sold and serviced for others	$ 8,553,234	$ 8,477,375

Trustmark is subject to losses in its loan servicing portfolio due to loan foreclosures. Trustmark has obligations to either repurchase the outstanding principal balance of a loan or make the purchaser whole for the economic benefits of a loan if it is determined that the loan sold was in violation of representations or warranties made by Trustmark at the time of the sale, herein referred to as mortgage loan servicing putback expenses. Such representations and warranties typically include those made regarding loans that had missing or insufficient file documentation, loans that do not meet investor guidelines, loans in which the appraisal does not support the value and/or loans obtained through fraud by the borrowers or other third parties. Generally, putback requests may be made until the loan is paid in full. However, mortgage loans delivered to Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) on or after January 1, 2013 are subject to the Representations and Warranties Framework, which provides certain instances in which FNMA and FHLMC will not exercise their remedies, including a putback request, for breaches of certain selling representations and warranties, such as payment history and quality control review.

When a putback request is received, Trustmark evaluates the request and takes appropriate actions based on the nature of the request. Trustmark is required by FNMA and FHLMC to provide a response to putback requests within 60 days of the date of receipt. The total mortgage loan servicing putback expenses are included in other expense. At both March 31, 2024 and 2023, Trustmark had a reserve for mortgage loan servicing putback expenses of $500 thousand.

There is inherent uncertainty in reasonably estimating the requirement for reserves against potential future mortgage loan servicing putback expenses. Future putback expenses are dependent on many subjective factors, including the review procedures of the purchasers and the potential refinance activity on loans sold with servicing released and the subsequent consequences under the representations and warranties. Trustmark believes that it has appropriately reserved for potential mortgage loan servicing putback requests.

Note 5 – Other Real Estate

At March 31, 2024, Trustmark's geographic other real estate distribution was primarily concentrated in its Alabama, Mississippi and Texas market regions. The ultimate recovery of a substantial portion of the carrying amount of other real estate is susceptible to changes in market conditions in this area.

For the periods presented, changes and gains (losses), net on other real estate were as follows ($ in thousands):

	Three Months Ended March 31,	
	2024	2023
Balance at beginning of period	$ 6,867	$ 1,986
Additions	2,228	300
Disposals	(957)	(542)
(Write-downs) recoveries	(518)	(60)
Balance at end of period	$ 7,620	$ 1,684
Gains (losses), net on the sale of other real estate included in other real estate expense	$ (55)	$ (77)

At March 31, 2024 and December 31, 2023, other real estate by type of property consisted of the following ($ in thousands):

	March 31, 2024	December 31, 2023
1-4 family residential properties	$ 3,619	$ 1,977
Nonfarm, nonresidential properties	3,946	4,835
Other real estate properties	55	55
Total other real estate	$ 7,620	$ 6,867

At March 31, 2024 and December 31, 2023, other real estate by geographic location consisted of the following ($ in thousands):

	March 31, 2024	December 31, 2023
Alabama	$ 1,050	$ 1,397
Florida	71	—
Mississippi *(1)*	2,870	1,242
Tennessee *(2)*	86	—
Texas	3,543	4,228
Total other real estate	$ 7,620	$ 6,867

(1)Mississippi includes Central and Southern Mississippi Regions.
(2)Tennessee includes Memphis, Tennessee and Northern Mississippi Regions.

At March 31, 2024, the balance of other real estate included $3.6 million of foreclosed residential real estate properties recorded as a result of obtaining physical possession of the property compared to $2.0 million at December 31, 2023. At March 31, 2024 and December 31, 2023, the recorded investment of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process was $9.8 million and $6.4 million, respectively.

Note 6 – Leases

Lessor Arrangements

Trustmark leases certain types of machinery and equipment to its customers through sales-type and direct financing leases as part of its equipment financing portfolio. These leases generally have remaining lease terms of two to nine years, some of which include renewal options and/or options for the lessee to purchase the leased property near or at the end of the lease term. Trustmark recognized interest income from its sales-type and direct financing leases of $2.4 million for the three months ended March 31, 2024. Trustmark does not have any significant operating leases in which it is the lessor.

The table below summarizes the components of Trustmark's net investment in its sales-type and direct financing leases for the periods presented ($ in thousands):

	March 31, 2024	December 31, 2023
Leases receivable	$ 202,112	$ 161,319
Unearned income	(35,463)	(29,011)
Initial direct costs	1,737	1,326
Unguaranteed lease residual	5,577	4,101
Total net investment	$ 173,963	$ 137,735

The table below details the minimum future lease payments for Trustmark's leases receivable at March 31, 2024 ($ in thousands):

	March 31, 2024
2024 (excluding the three months ended March 31, 2024)	$ 24,711
2025	33,074
2026	31,972
2027	44,528
2028	28,216
Thereafter	39,611
Lease receivable	$ 202,112

Lessee Arrangements

The following table details the components of net lease cost for the periods presented ($ in thousands):

	Three Months Ended March 31, 2024	2023
Finance leases:		
Amortization of right-of-use assets	$ 113	$ 357
Interest on lease liabilities	38	42
Operating lease cost	1,294	1,285
Short-term lease cost	21	89
Variable lease cost	215	255
Sublease income	(3)	(3)
Net lease cost	$ 1,678	$ 2,025

The following table details the cash payments included in the measurement of lease liabilities during the periods presented ($ in thousands):

	Three Months Ended March 31, 2024	2023
Finance leases:		
Operating cash flows included in operating activities	$ 38	$ 42
Financing cash flows included in payments under finance lease obligations	99	342
Operating leases:		
Operating cash flows (fixed payments) included in other operating activities, net	1,212	1,242
Operating cash flows (liability reduction) included in other operating activities, net	865	944

The following table details balance sheet information, as well as weighted-average lease terms and discount rates, related to leases at March 31, 2024 and December 31, 2023 ($ in thousands):

	March 31, 2024	December 31, 2023
Finance lease right-of-use assets, net of accumulated depreciation	$ 3,638	$ 3,751
Finance lease liabilities	4,234	4,334
Operating lease right-of-use assets	36,659	38,142
Operating lease liabilities	40,185	41,584
Weighted-average lease term:		
Finance leases	8.09 years	8.34 years
Operating leases	10.00 years	10.13 years
Weighted-average discount rate:		
Finance leases	3.61 %	3.61 %
Operating leases	3.64 %	3.64 %

At March 31, 2024, future minimum rental commitments under finance and operating leases were as follows ($ in thousands):

	Finance Leases	Operating Leases
2024 (excluding the three months ended March 31, 2024)	$ 435	$ 3,718
2025	584	4,998
2026	589	4,846
2027	594	4,900
2028	599	4,749
Thereafter	2,086	25,452
Total minimum lease payments	4,887	48,663
Less imputed interest	(653)	(8,478)
Lease liabilities	$ 4,234	$ 40,185

Note 7 – Deposits

At March 31, 2024 and December 31, 2023, deposits consisted of the following ($ in thousands):

	March 31, 2024	December 31, 2023
Noninterest-bearing demand	$ 3,039,652	$ 3,197,620
Interest-bearing demand	5,226,089	4,947,626
Savings	3,750,392	4,047,853
Time	3,322,424	3,376,664
Total	$ 15,338,557	$ 15,569,763

Note 8 – Securities Sold Under Repurchase Agreements

Trustmark utilizes securities sold under repurchase agreements as a source of borrowing in connection with overnight repurchase agreements offered to commercial deposit customers by using its unencumbered investment securities as collateral. Trustmark accounts for its securities sold under repurchase agreements as secured borrowings in accordance with FASB ASC Subtopic 860-30, "Transfers and Servicing – Secured Borrowing and Collateral." Securities sold under repurchase agreements are stated at the amount of cash received in connection with the transaction. Trustmark monitors collateral levels on a continual basis and may be required to provide additional collateral based on the fair value of the underlying securities. Securities sold under repurchase agreements were secured by securities with a carrying amount of $59.4 million and $61.6 million at March 31, 2024 and December 31, 2023, respectively. Trustmark's repurchase agreements are transacted under master repurchase agreements that give Trustmark, in the event of default by the counterparty, the right of offset with the same counterparty. At both March 31, 2024 and December 31, 2023, all repurchase agreements were short-term and consisted primarily of sweep repurchase arrangements, under which excess deposits are "swept" into overnight repurchase agreements with Trustmark. The following table presents the securities sold under repurchase agreements by collateral pledged at March 31, 2024 and December 31, 2023 ($ in thousands):

	March 31, 2024	December 31, 2023
Mortgage-backed securities		
Residential mortgage pass-through securities		
Issued by FNMA and FHLMC	$ 39,437	$ 28,600
Other residential mortgage-backed securities		
Issued or guaranteed by FNMA, FHLMC or GNMA	285	526
Total securities sold under repurchase agreements	$ 39,722	$ 29,126

Note 9 – Revenue from Contracts with Customers

Trustmark accounts for revenue from contracts with customers in accordance with FASB ASC Topic 606, "Revenue from Contracts with Customers," which provides that revenue be recognized in a manner that depicts the transfer of goods or services to a customer in an amount that reflects the consideration Trustmark expects to be entitled to in exchange for those goods or services. Revenue from contracts with customers is recognized either over time in a manner that depicts Trustmark's performance, or at a point in time when control of the goods or services are transferred to the customer. Trustmark's noninterest income, excluding all of mortgage banking, net and securities gains (losses), net and portions of bank card and other fees and other income, are considered within the scope of FASB ASC Topic 606. Gains or losses on the sale of other real estate, which are included in Trustmark's noninterest expense as other real estate expense, are also within the scope of FASB ASC Topic 606.

Trustmark records a gain or loss from the sale of other real estate when control of the property transfers to the buyer. Trustmark records the gain or loss from the sale of other real estate in noninterest expense as other, net. Other real estate sales for the three months ended March 31, 2024 resulted in a net loss of $55 thousand compared to a net loss of $78 thousand for the three months ended March 31, 2023.

The following table presents noninterest income disaggregated by reportable operating segment and revenue stream for the periods presented ($ in thousands):

	Three Months Ended March 31, 2024			Three Months Ended March 31, 2023		
	Topic 606	Not Topic 606 *(1)*	Total	Topic 606	Not Topic 606 *(1)*	Total
General Banking Segment						
Service charges on deposit accounts	$ 10,936	$ —	$ 10,936	$ 10,315	$ —	$ 10,315
Bank card and other fees	7,192	200	7,392	7,643	149	7,792
Mortgage banking, net	—	8,915	8,915	—	7,639	7,639
Wealth management	189	—	189	233	—	233
Other, net	3,348	(382)	2,966	2,988	(608)	2,380
Total noninterest income	$ 21,665	$ 8,733	$ 30,398	$ 21,179	$ 7,180	$ 28,359
Wealth Management Segment						
Service charges on deposit accounts	$ 22	$ —	$ 22	$ 21	$ —	$ 21
Bank card and other fees	36	—	36	11	—	11
Wealth management	8,763	—	8,763	8,547	—	8,547
Other, net	42	94	136	45	95	140
Total noninterest income	$ 8,863	$ 94	$ 8,957	$ 8,624	$ 95	$ 8,719
Insurance Segment						
Insurance commissions	$ 15,464	$ —	$ 15,464	$ 14,305	$ —	$ 14,305
Other, net	530	—	530	(6)	—	(6)
Total noninterest income	$ 15,994	$ —	$ 15,994	$ 14,299	$ —	$ 14,299
Consolidated						
Service charges on deposit accounts	$ 10,958	$ —	$ 10,958	$ 10,336	$ —	$ 10,336
Bank card and other fees	7,228	200	7,428	7,654	149	7,803
Mortgage banking, net	—	8,915	8,915	—	7,639	7,639
Insurance commissions	15,464	—	15,464	14,305	—	14,305
Wealth management	8,952	—	8,952	8,780	—	8,780
Other, net	3,920	(288)	3,632	3,027	(513)	2,514
Total noninterest income	$ 46,522	$ 8,827	$ 55,349	$ 44,102	$ 7,275	$ 51,377

(1)Noninterest income not in scope for FASB ASC Topic 606 includes customer derivatives revenue and miscellaneous credit card fee income within bank card and other fees; mortgage banking, net; amortization of tax credits, accretion of the FDIC indemnification asset, cash surrender value on various life insurance policies, earnings on Trustmark's non-qualified deferred compensation plans, other partnership investments and rental income within other, net; and security gains (losses), net.

Note 10 – Defined Benefit and Other Postretirement Benefits

Qualified Pension Plan

Trustmark maintains a noncontributory tax-qualified defined benefit pension plan titled the Trustmark Corporation Pension Plan for Certain Employees of Acquired Financial Institutions (the Continuing Plan) to satisfy commitments made by Trustmark to associates covered through plans obtained in acquisitions.

The following table presents information regarding the net periodic benefit cost for the Continuing Plan for the periods presented ($ in thousands):

	Three Months Ended March 31,	
	2024	2023
Service cost	$ 10	$ 13
Interest cost	62	73
Expected return on plan assets	(24)	(26)
Recognized net loss due to lump sum settlements	—	25
Net periodic benefit cost	$ 48	$ 85

For the plan year ending December 31, 2024, Trustmark's minimum required contribution to the Continuing Plan is $132 thousand; however, Management and the Board of Directors of Trustmark will monitor the Continuing Plan throughout 2024 to determine any additional funding requirements by the plan's measurement date, which is December 31.

Supplemental Retirement Plans

Trustmark maintains a nonqualified supplemental retirement plan covering key executive officers and senior officers as well as directors who have elected to defer fees. The plan provides for retirement and/or death benefits based on a participant's covered salary or deferred fees. Although plan benefits may be paid from Trustmark's general assets, Trustmark has purchased life insurance contracts on the participants covered under the plan, which may be used to fund future benefit payments under the plan. The annual measurement date for the plan is December 31. As a result of mergers prior to 2014, Trustmark became the administrator of nonqualified supplemental retirement plans, for which the plan benefits were frozen prior to the merger date.

The following table presents information regarding the net periodic benefit cost for Trustmark's nonqualified supplemental retirement plans for the periods presented ($ in thousands):

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Service cost	$ 11	$ 17
Interest cost	477	520
Amortization of prior service cost	28	28
Recognized net actuarial loss	95	77
Net periodic benefit cost	$ 611	$ 642

Note 11 – Stock and Incentive Compensation

Trustmark has granted restricted stock units subject to the provisions of the Stock and Incentive Compensation Plan (the Stock Plan). Current outstanding and future grants of restricted stock units are subject to the provisions of the Stock Plan, which is designed to provide flexibility to Trustmark regarding its ability to motivate, attract and retain the services of key associates and directors. The Stock Plan also allows Trustmark to grant nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units and performance units to key associates and directors.

Restricted Stock Grants

Performance Units

Trustmark's performance units vest over three years and are granted to Trustmark's executive and senior management teams. Performance units granted vest based on performance goals of return on average tangible equity and total shareholder return. Performance units are valued utilizing a Monte Carlo simulation model to estimate fair value of the units at the grant date. The Monte Carlo simulation was performed by an independent valuation consultant and requires the use of subjective modeling assumptions. These units are recognized using the straight-line method over the requisite service period. These units provide for achievement units if performance measures exceed 100%. The restricted stock agreement for these units provide for dividend privileges, but no voting rights.

Time-Based Units

Trustmark's time-based units granted to Trustmark's executive and senior management teams vest over three years. Trustmark's time-based units granted to members of Trustmark's Board of Directors vest over one year. Time-based units are valued utilizing the fair value of Trustmark's stock at the grant date. These units are recognized on the straight-line method over the requisite service period. The restricted stock agreement for these units provide for dividend privileges, but no voting rights.

The following table summarizes the Stock Plan activity for the period presented:

	Three Months Ended March 31, 2024	
	Performance Units	Time-Vested Units
Nonvested units, beginning of period	174,214	358,252
Granted	89,928	139,226
Released from restriction	(54,973)	(103,594)
Forfeited	—	(2,334)
Nonvested units, end of period	209,169	391,550

The following table presents information regarding compensation expense for units under the Stock Plan for the periods presented ($ in thousands):

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Performance units	$ 462	$ 278
Time-vested units	1,776	1,437
Total compensation expense	$ 2,238	$ 1,715

Note 12 – Contingencies

Lending Related

Trustmark makes commitments to extend credit and issues standby and commercial letters of credit (letters of credit) in the normal course of business in order to fulfill the financing needs of its customers. The carrying amount of commitments to extend credit and letters of credit approximates the fair value of such financial instruments.

Commitments to extend credit are agreements to lend money to customers pursuant to certain specified conditions. Commitments generally have fixed expiration dates or other termination clauses. Because many of these commitments are expected to expire without being fully drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The exposure to credit loss in the event of nonperformance by the other party to the commitments to extend credit is represented by the contract amount of those instruments. Trustmark applies the same credit policies and standards as it does in the lending process when making these commitments. The collateral obtained is based upon the nature of the transaction and the assessed creditworthiness of the borrower. At March 31, 2024 and 2023, Trustmark had unused commitments to extend credit of $4.792 billion and $5.424 billion, respectively.

Letters of credit are conditional commitments issued by Trustmark to insure the performance of a customer to a third-party. A financial standby letter of credit irrevocably obligates Trustmark to pay a third-party beneficiary when a customer fails to repay an outstanding loan or debt instrument. A performance standby letter of credit irrevocably obligates Trustmark to pay a third-party beneficiary when a customer fails to perform some contractual, nonfinancial obligation. When issuing letters of credit, Trustmark uses the same policies regarding credit risk and collateral, which are followed in the lending process. At March 31, 2024 and 2023, Trustmark's maximum exposure to credit loss in the event of nonperformance by the customer for letters of credit was $139.5 million and $137.3 million, respectively. These amounts consist primarily of commitments with maturities of less than three years, which have an immaterial carrying value. Trustmark holds collateral to support standby letters of credit when deemed necessary. As of March 31, 2024 and 2023, the fair value of collateral held was $33.1 million and $31.3 million, respectively.

ACL on Off-Balance Sheet Credit Exposures

Trustmark maintains a separate ACL on off-balance sheet credit exposures, including unfunded loan commitments and letters of credit, which is included on the accompanying consolidated balance sheet as of March 31, 2024 and December 31, 2023.

During the first quarter of 2024, Management decided to implement a performance trends qualitative factor for unfunded commitments. The same assumptions are applied in this calculation that the funded balances utilize with the addition of using the funding rates on the unfunded commitments. The performance trends qualitative factor reserve is then added to the other calculated reserve to get a total reserve for off-balance sheet credit exposures.

Changes in the ACL on off-balance sheet credit exposures were as follows for the periods presented ($ in thousands):

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Balance at beginning of period	$ 34,057	$ 36,838
PCL, off-balance sheet credit exposures	(192)	(2,242)
Balance at end of period	$ 33,865	$ 34,596

Adjustments to the ACL on off-balance sheet credit exposures are recorded to PCL, off-balance sheet credit exposures. The decrease in the ACL on off-balance sheet credit exposures for the three months ended March 31, 2024 was primarily due to decrease in required reserves as a result of a decrease in unfunded commitments largely offset by an increase in required reserves as a result of implementing the performance trend qualitative reserve factor. The decrease in the ACL on off-balance sheet credit exposures for the three months ended March 31, 2023 was primarily due to decreases in the total reserve rate used in the calculation for off-balance sheet credit exposures coupled with decreases in unfunded balances for the construction, land development and other land and other construction loan segments.

No credit loss estimate is reported for off-balance sheet credit exposures that are unconditionally cancellable by Trustmark or for undrawn amounts under such arrangements that may be drawn prior to the cancellation of the arrangement.

Legal Proceedings

TNB and its subsidiaries are parties to lawsuits and other claims that arise in the ordinary course of business. Some of the lawsuits assert claims related to the lending, collection, servicing, investment, trust and other business activities, and some of the lawsuits allege substantial claims for damages.

In accordance with FASB ASC Subtopic 450-20, "Loss Contingencies," TNB will establish an accrued liability for any litigation matter if and when such matter presents loss contingencies that are both probable and reasonably estimable. At the present time, TNB believes, based on its evaluation and the advice of legal counsel, that a loss in any currently pending legal proceeding is not probable and a reasonable estimate cannot reasonably be made.

Note 13 – Earnings Per Share (EPS)

The following table reflects weighted-average shares used to calculate basic and diluted EPS for the periods presented (in thousands):

	Three Months Ended March 31,	
	2024	2023
Basic shares	61,128	61,011
Dilutive shares	220	182
Diluted shares	61,348	61,193

Weighted-average antidilutive stock awards are excluded in determining diluted EPS. There were no weighted-average antidilutive stock awards for the three months ended March 31, 2024 and 2023.

Note 14 – Statements of Cash Flows

The following table reflects specific transaction amounts for the periods presented ($ in thousands):

	Three Months Ended March 31,	
	2024	2023
Interest expense paid on deposits and borrowings	$ 98,327	$ 54,823
Noncash transfers from loans to other real estate	2,228	300

Note 15 – Shareholders' Equity

Regulatory Capital

Trustmark and TNB are subject to minimum risk-based capital and leverage capital requirements, as described in the section captioned "Capital Adequacy" included in Part I. Item 1. – Business of Trustmark's 2023 Annual Report, which are administered by the federal bank regulatory agencies. These capital requirements, as defined by federal regulations, involve quantitative and qualitative measures of assets, liabilities and certain off-balance sheet instruments. Trustmark's and TNB's minimum risk-based capital requirements include a capital conservation buffer of 2.50%. Accumulated other comprehensive income (loss), net of tax, is not included in computing regulatory capital. Trustmark elected the five-year phase-in transition period (through December 31, 2024) related to adopting FASB ASU 2016-13 for regulatory capital purposes. Failure to meet minimum capital requirements can result in certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the financial statements of Trustmark and TNB and limit Trustmark's and TNB's ability to pay dividends. As of March 31, 2024, Trustmark and TNB exceeded all applicable minimum capital standards. In addition, Trustmark and TNB met applicable regulatory guidelines to be considered well-capitalized at March 31, 2024. To be categorized in this manner, Trustmark and TNB maintained, as applicable, minimum common equity Tier 1 risk-based capital, Tier 1 risk-based capital, total risk-based capital and Tier 1 leverage ratios as set forth in the accompanying table, and were not subject to any written agreement, order or capital directive, or prompt corrective action directive issued by their primary federal regulators to meet and maintain a specific capital level for any capital measures. There are no significant conditions or events that have occurred since March 31, 2024, which Management believes have affected Trustmark's or TNB's present classification.

The following table provides Trustmark's and TNB's actual regulatory capital amounts and ratios under regulatory capital standards in effect at March 31, 2024 and December 31, 2023 ($ in thousands):

	Actual Regulatory Capital Amount	Actual Regulatory Capital Ratio	Minimum Requirement	To Be Well Capitalized
At March 31, 2024:				
Common Equity Tier 1 Capital (to Risk Weighted Assets)				
Trustmark Corporation	$ 1,543,460	10.12%	7.00%	n/a
Trustmark National Bank	1,620,495	10.62%	7.00%	6.50%
Tier 1 Capital (to Risk Weighted Assets)				
Trustmark Corporation	$ 1,603,460	10.51%	8.50%	n/a
Trustmark National Bank	1,620,495	10.62%	8.50%	8.00%
Total Capital (to Risk Weighted Assets)				
Trustmark Corporation	$ 1,895,697	12.42%	10.50%	n/a
Trustmark National Bank	1,789,195	11.73%	10.50%	10.00%
Tier 1 Leverage (to Average Assets)				
Trustmark Corporation	$ 1,603,460	8.76%	4.00%	n/a
Trustmark National Bank	1,620,495	8.87%	4.00%	5.00%
At December 31, 2023:				
Common Equity Tier 1 Capital (to Risk Weighted Assets)				
Trustmark Corporation	$ 1,521,665	10.04%	7.00%	n/a
Trustmark National Bank	1,602,327	10.58%	7.00%	6.50%
Tier 1 Capital (to Risk Weighted Assets)				
Trustmark Corporation	$ 1,581,665	10.44%	8.50%	n/a
Trustmark National Bank	1,602,327	10.58%	8.50%	8.00%
Total Capital (to Risk Weighted Assets)				
Trustmark Corporation	$ 1,862,246	12.29%	10.50%	n/a
Trustmark National Bank	1,759,426	11.61%	10.50%	10.00%
Tier 1 Leverage (to Average Assets)				
Trustmark Corporation	$ 1,581,665	8.62%	4.00%	n/a
Trustmark National Bank	1,602,327	8.75%	4.00%	5.00%

Stock Repurchase Program

On December 6, 2022, Trustmark's Board of Directors authorized a stock repurchase program effective January 1, 2023, under which $50.0 million of Trustmark's outstanding shares could be acquired through December 31, 2023. No shares were repurchased under this stock repurchase program.

On December 5, 2023, Trustmark's Board of Directors authorized a stock repurchase program effective January 1, 2024, under which $50.0 million of Trustmark's outstanding shares may be acquired through December 31, 2024. The repurchase program, which is subject to market conditions and management discretion, will be implemented through open market repurchases or privately negotiated transactions. No shares have been repurchased under this stock repurchase program.

Other Comprehensive Income (Loss) and Accumulated Other Comprehensive Income (Loss)

The following table presents the net change in the components of accumulated other comprehensive income (loss) and the related tax effects allocated to each component for the periods presented ($ in thousands). The amortization of prior service cost, recognized net loss due to lump sum settlements and change in net actuarial loss are included in the computation of net periodic benefit cost (see Note 10 – Defined Benefit and Other Postretirement Benefits for additional details). Reclassification adjustments related to pension and other postretirement benefit plans are included in salaries and employee benefits and other expense in the accompanying consolidated statements of income. Reclassification adjustments related to the cash flow hedge derivatives are included in interest and fees on LHFS and LHFI in the accompanying consolidated statements of income.

	Three Months Ended March 31, 2024			Three Months Ended March 31, 2023		
	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
Securities available for sale and transferred securities:						
Net unrealized holding gains (losses) arising during the period	$ (2,552)	$ 638	$ (1,914)	$ 30,534	$ (7,404)	$ 23,130
Change in net unrealized holding loss on securities transferred to held to maturity	3,661	(915)	2,746	3,859	(965)	2,894
Total securities available for sale and transferred securities	1,109	(277)	832	34,393	(8,369)	26,024
Pension and other postretirement benefit plans:						
Reclassification adjustments for changes realized in net income:						
Net change in prior service costs	28	(7)	21	28	(7)	21
Recognized net loss due to lump sum settlements	—	—	—	25	(6)	19
Change in net actuarial loss	95	(24)	71	77	(19)	58
Total pension and other postretirement benefit plans	123	(31)	92	130	(32)	98
Cash flow hedge derivatives:						
Change in accumulated gain (loss) on effective cash flow hedge derivatives	(15,960)	3,990	(11,970)	6,269	(1,567)	4,702
Reclassification adjustment for (gain) loss realized in net income	4,820	(1,205)	3,615	2,931	(733)	2,198
Total cash flow hedge derivatives	(11,140)	2,785	(8,355)	9,200	(2,300)	6,900
Total other comprehensive income (loss)	$ (9,908)	$ 2,477	$ (7,431)	$ 43,723	$ (10,701)	$ 33,022

The following table presents the changes in the balances of each component of accumulated other comprehensive income (loss) for the periods presented ($ in thousands). All amounts are presented net of tax.

	Securities Available for Sale and Transferred Securities	Defined Benefit Pension Items	Cash Flow Hedge Derivatives	Total
Balance at January 1, 2024	$ (204,670)	$ (6,075)	$ (8,978)	$ (219,723)
Other comprehensive income (loss) before reclassification	832	—	(11,970)	(11,138)
Amounts reclassified from accumulated other comprehensive income (loss)	—	92	3,615	3,707
Net other comprehensive income (loss)	832	92	(8,355)	(7,431)
Balance at March 31, 2024	$ (203,838)	$ (5,983)	$ (17,333)	$ (227,154)
Balance at January 1, 2023	$ (254,442)	$ (5,792)	$ (15,169)	$ (275,403)
Other comprehensive income (loss) before reclassification	26,024	—	4,702	30,726
Amounts reclassified from accumulated other comprehensive income (loss)	—	98	2,198	2,296
Net other comprehensive income (loss)	26,024	98	6,900	33,022
Balance at March 31, 2023	$ (228,418)	$ (5,694)	$ (8,269)	$ (242,381)

Note 16 – Fair Value

Financial Instruments Measured at Fair Value

The methodologies Trustmark uses in determining the fair values are based primarily on the use of independent, market-based data to reflect a value that would be reasonably expected upon exchange of the position in an orderly transaction between market participants at the measurement date. The predominant portion of assets that are stated at fair value are of a nature that can be valued using prices or inputs that are readily observable through a variety of independent data providers. The providers selected by Trustmark for fair valuation data are widely recognized and accepted vendors whose evaluations support the pricing functions of financial institutions, investment and mutual funds, and portfolio managers. Trustmark has documented and evaluated the pricing methodologies used by the vendors and maintains internal processes that regularly test valuations for anomalies.

Trustmark utilizes an independent pricing service to advise it on the carrying value of the securities available for sale portfolio. As part of Trustmark's procedures, the price provided from the service is evaluated for reasonableness given market changes. When a questionable price exists, Trustmark investigates further to determine if the price is valid. If needed, other market participants may be utilized to determine the correct fair value. Trustmark has also reviewed and confirmed its determinations in thorough discussions with the pricing source regarding their methods of price discovery.

Mortgage loan commitments are valued based on the securities prices of similar collateral, term, rate and delivery for which the loan is eligible to deliver in place of the particular security. Trustmark acquires a broad array of mortgage security prices that are supplied by a market data vendor, which in turn accumulates prices from a broad list of securities dealers. Prices are processed through a mortgage pipeline management system that accumulates and segregates all loan commitment and forward-sale transactions according to the similarity of various characteristics (maturity, term, rate, and collateral). Prices are matched to those positions that are deemed to be an eligible substitute or offset (*i.e*., "deliverable") for a corresponding security observed in the marketplace.

Trustmark estimates fair value of the MSR through the use of prevailing market participant assumptions and market participant valuation processes. This valuation is periodically tested and validated against other third-party firm valuations.

Trustmark obtains the fair value of interest rate swaps from a third-party pricing service that uses an industry standard discounted cash flow methodology. In addition, credit valuation adjustments are incorporated in the fair values to account for potential nonperformance risk. In adjusting the fair value of its interest rate swap contracts for the effect of nonperformance risk, Trustmark has considered any applicable credit enhancements such as collateral postings, thresholds, mutual puts, and guarantees. In conjunction with the FASB's fair value measurement guidance, Trustmark made an accounting policy election to measure the credit risk of these derivative financial instruments, which are subject to master netting agreements, on a net basis by counterparty portfolio.

Trustmark has determined that the majority of the inputs used to value its interest rate swaps offered to qualified commercial borrowers fall within Level 2 of the fair value hierarchy, while the credit valuation adjustments associated with these derivatives utilize Level 3 inputs, such as estimates of current credit spreads. Trustmark has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its interest rate swaps and has determined that the credit valuation adjustment is not significant to the overall valuation of these derivatives. As a result, Trustmark classifies its interest rate swap valuations in Level 2 of the fair value hierarchy.

Trustmark also utilizes exchange-traded derivative instruments such as Treasury note futures contracts and option contracts to achieve a fair value return that offsets the changes in fair value of the MSR attributable to interest rates. Fair values of these derivative instruments are determined from quoted prices in active markets for identical assets therefore allowing them to be classified within Level 1 of the fair value hierarchy. In addition, Trustmark utilizes derivative instruments such as interest rate lock commitments in its mortgage banking area which lack observable inputs for valuation purposes resulting in their inclusion in Level 3 of the fair value hierarchy.

At this time, Trustmark presents no fair values that are derived through internal modeling. Should positions requiring fair valuation arise that are not relevant to existing methodologies, Trustmark will make every reasonable effort to obtain market participant assumptions, or independent evaluation.

Financial Assets and Liabilities

The following tables summarize financial assets and financial liabilities measured at fair value on a recurring basis at March 31, 2024 and December 31, 2023, segregated by the level of valuation inputs within the fair value hierarchy utilized to measure fair value ($ in thousands). There were no transfers between fair value levels for the three months ended March 31, 2024 and the year ended December 31, 2023.

	March 31, 2024			
	Total	Level 1	Level 2	Level 3
U.S. Treasury securities	$ 372,424	$ 372,424	$ —	$ —
U.S. Government agency obligations	5,594	—	5,594	—
Mortgage-backed securities	1,324,281	—	1,324,281	—
Securities available for sale	1,702,299	372,424	1,329,875	—
LHFS	172,937	—	172,937	—
MSR	138,044	—	—	138,044
Other assets - derivatives	16,953	1,152	14,644	1,157
Other liabilities - derivatives	40,803	102	40,701	—

	December 31, 2023			
	Total	Level 1	Level 2	Level 3
U.S. Treasury securities	$ 372,368	$ 372,368	$ —	$ —
U.S. Government agency obligations	5,792	—	5,792	—
Mortgage-backed securities	1,384,718	—	1,384,718	—
Securities available for sale	1,762,878	372,368	1,390,510	—
LHFS	184,812	—	184,812	—
MSR	131,870	—	—	131,870
Other assets - derivatives	23,316	7,685	14,786	845
Other liabilities - derivatives	35,600	21	35,579	—

The changes in Level 3 assets measured at fair value on a recurring basis for the three months ended March 31, 2024 and 2023 are summarized as follows ($ in thousands):

	MSR	Other Assets - Derivatives
Balance, January 1, 2024	$ 131,870	$ 845
Total net (loss) gain included in Mortgage banking, net *(1)*	3,197	1,047
Additions	2,977	—
Sales	—	(735)
Balance, March 31, 2024	$ 138,044	$ 1,157
The amount of total gains (losses) for the period included in earnings that are attributable to the change in unrealized gains or losses still held at March 31, 2024	$ 5,123	$ 927
Balance, January 1, 2023	$ 129,677	$ 157
Total net (loss) gain included in Mortgage banking, net *(1)*	(5,117)	1,288
Additions	2,646	—
Sales	—	(105)
Balance, March 31, 2023	$ 127,206	$ 1,340
The amount of total gains (losses) for the period included in earnings that are attributable to the change in unrealized gains or losses still held at March 31, 2023	$ (3,972)	$ 531

(1)Total net (loss) gain included in Mortgage banking, net relating to the MSR includes changes in fair value due to market changes and due to run-off.

Trustmark may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. Assets at March 31, 2024, which have been measured at fair value on a nonrecurring basis, include collateral-dependent LHFI. A loan is collateral dependent when the borrower is experiencing financial difficulty and repayment of the loan is expected to be provided substantially through the sale of the collateral. The expected credit loss for collateral-dependent loans is measured as the difference between the amortized cost basis of the loan and the fair value of the collateral, adjusted for the estimated cost to sell. Fair value estimates for collateral-dependent loans are derived from appraised values based on the current market value or as is value of the collateral, normally from recently received and reviewed appraisals. Current appraisals are ordered on an annual basis based on the inspection date or more often if market conditions necessitate. Appraisals are obtained from state-certified appraisers and are based on certain assumptions, which may include construction or development status and the highest and best use of the property. These appraisals are reviewed by Trustmark's Appraisal Review Department to ensure they are acceptable, and values are adjusted down for costs associated with asset disposal. At March 31, 2024, Trustmark had outstanding balances of $42.9 million with a related ACL of $12.6 million in collateral-dependent LHFI, compared to outstanding balances of $49.1 million with a related ACL of $12.4 million in collateral-dependent LHFI at December 31, 2023. The collateral-dependent LHFI are classified as Level 3 in the fair value hierarchy.

Nonfinancial Assets and Liabilities

Certain nonfinancial assets measured at fair value on a nonrecurring basis include foreclosed assets (upon initial recognition or subsequent impairment), nonfinancial assets and nonfinancial liabilities measured at fair value in the second step of a goodwill impairment test, and intangible assets and other nonfinancial long-lived assets measured at fair value for impairment assessment.

Other real estate includes assets that have been acquired in satisfaction of debt through foreclosure and is recorded at the fair value less cost to sell (estimated fair value) at the time of foreclosure. Fair value is based on independent appraisals and other relevant factors. In the determination of fair value subsequent to foreclosure, Management also considers other factors or recent developments, such as changes in market conditions from the time of valuation and anticipated sales values considering plans for disposition, which could result in an adjustment to lower the collateral value estimates indicated in the appraisals. Periodic revaluations are classified as Level 3 in the fair value hierarchy since assumptions are used that may not be observable in the market.

Foreclosed assets of $194 thousand were remeasured during the first three months of 2024, requiring write-downs of $34 thousand to reach their current fair values compared to $430 thousand of foreclosed assets that were remeasured during the first three months of 2023, requiring write-downs of $20 thousand.

Fair Value of Financial Instruments

FASB ASC Topic 825, "Financial Instruments," requires disclosure of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring basis or non-recurring basis.

The carrying amounts and estimated fair values of financial instruments at March 31, 2024 and December 31, 2023, are as follows ($ in thousands):

	March 31, 2024		December 31, 2023	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial Assets:				
Level 2 Inputs:				
Cash and short-term investments	$ 606,261	$ 606,261	$ 975,543	$ 975,543
Securities held to maturity	1,415,025	1,333,014	1,426,279	1,355,504
Level 3 Inputs:				
Net LHFI	12,914,945	12,809,237	12,811,157	12,762,505
Financial Liabilities:				
Level 2 Inputs:				
Deposits	15,338,557	15,320,852	15,569,763	15,553,417
Federal funds purchased and securities sold under repurchase agreements	393,215	393,215	405,745	405,745
Other borrowings	482,027	482,024	483,230	483,226
Subordinated notes	123,537	110,625	123,482	108,125
Junior subordinated debt securities	61,856	47,011	61,856	48,856

Fair Value Option

Trustmark has elected to account for its mortgage LHFS under the fair value option, with interest income on these mortgage LHFS reported in interest and fees on LHFS and LHFI. The fair value of the mortgage LHFS is determined using quoted prices for a similar asset, adjusted for specific attributes of that loan. The mortgage LHFS are actively managed and monitored and certain market risks of the loans may be mitigated through the use of derivatives. These derivative instruments are carried at fair value with changes in fair value recorded as noninterest income in mortgage banking, net. The changes in the fair value of LHFS are largely offset by changes in the fair value of the derivative instruments. For the three months ended March 31, 2024, a net loss of $1.5 million was recorded as noninterest income in mortgage banking, net for changes in the fair value of LHFS accounted for under the fair value option, compared to a net gain of $944 thousand for the three months ended March 31, 2023. Interest and fees on LHFS and LHFI for the three months ended March 31, 2024 included $1.7 million of interest earned on LHFS accounted for under the fair value option, compared to $1.5 million for the three months ended March 31, 2023. Election of the fair value option allows Trustmark to reduce the accounting volatility that would otherwise result from the asymmetry created by accounting for the financial instruments at the lower of cost or fair value and the derivatives at fair value. The fair value option election does not apply to GNMA optional repurchase loans which do not meet the requirements under FASB ASC Topic 825 to be accounted for under the fair value option. GNMA optional repurchase loans totaled $77.7 million and $78.8 million at March 31, 2024 and December 31, 2023, respectively, and are included in LHFS on the accompanying consolidated balance sheets. For additional information regarding GNMA optional repurchase loans, please see the section captioned “Past Due LHFS” included in Note 3 – LHFI and ACL, LHFI.

The following table provides information about the fair value and the contractual principal outstanding of LHFS accounted for under the fair value option at March 31, 2024 and December 31, 2023 ($ in thousands):

	March 31, 2024	December 31, 2023
Fair value of LHFS	$ 95,197	$ 105,974
LHFS contractual principal outstanding	93,598	102,994
Fair value less unpaid principal	$ 1,599	$ 2,980

Note 17 – Derivative Financial Instruments

Derivatives Designated as Hedging Instruments

During 2022, Trustmark initiated a cash flow hedging program. Trustmark's objectives in initiating this hedging program were to add stability to interest income and to manage its exposure to interest rate movements. Interest rate swaps designated as cash flow hedges involve the receipt of fixed-rate amounts from a counterparty in exchange for Trustmark making variable-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate floor spreads designated as cash flow hedges involve the receipt of variable-rate amounts if interest rates fall below the purchased floor strike rate on the contract and payments of variable-rate amounts if interest rates fall below the sold floor strike rate on the contract. Trustmark uses such derivatives to hedge the variable cash flows associated with existing and anticipated variable-rate loan assets. At March 31, 2024, the aggregate notional value of Trustmark's interest rate swaps and floor spreads designated as cash flow hedges totaled $1.225 billion compared to $1.125 billion at December 31, 2023.

Trustmark records any gains or losses on these cash flow hedges in accumulated other comprehensive income (loss). Gains and losses on derivatives representing hedge components excluded from the assessment of effectiveness are recognized over the life of the hedge on a systematic and rational basis, as documented at hedge inception in accordance with Trustmark’s accounting policy election. The earnings recognition of excluded components totaled $85 thousand and $9 thousand of amortization expense for the three months ended March 31, 2024 and 2023, respectively, and are included in interest and fees on LHFS and LHFI. As interest payments are received on Trustmark's variable-rate assets, amounts reported in accumulated other comprehensive income (loss) are reclassified into interest and fees on LHFS and LHFI in the accompanying consolidated statements of income during the same period. During the next twelve months, Trustmark estimates that $15.5 million will be reclassified as a reduction to interest and fees on LHFS and LHFI. This amount could differ due to changes in interest rates, hedge de-designations or the addition of other hedges.

Derivatives not Designated as Hedging Instruments

Trustmark utilizes a portfolio of exchange-traded derivative instruments, such as Treasury note futures contracts and option contracts, to achieve a fair value return that economically hedges changes in the fair value of the MSR attributable to interest rates. These transactions are considered freestanding derivatives that do not otherwise qualify for hedge accounting. The total notional amount of these derivative instruments was $301.0 million at March 31, 2024 compared to $285.0 million at December 31, 2023. Changes in the fair value of these exchange-traded derivative instruments are recorded as noninterest income in mortgage banking, net and are offset by changes in the fair value of the MSR. The impact of this strategy resulted in a net negative ineffectiveness of $1.1 million and $1.8 million for the three months ended March 31, 2024 and 2023, respectively.

As part of Trustmark's risk management strategy in the mortgage banking area, derivative instruments such as forward sales contracts are utilized. Trustmark's obligations under forward sales contracts consist of commitments to deliver mortgage loans, originated and/or purchased, in the secondary market at a future date. Changes in the fair value of these derivative instruments are recorded as noninterest income in mortgage banking, net and are offset by changes in the fair value of LHFS. Trustmark's off-balance sheet obligations under these derivative instruments totaled $128.5 million at March 31, 2024, with a negative valuation adjustment of $208 thousand, compared to $109.5 million, with a negative valuation adjustment of $994 thousand, at December 31, 2023.

Trustmark also utilizes derivative instruments such as interest rate lock commitments in its mortgage banking area. Interest rate lock commitments are residential mortgage loan commitments with customers, which guarantee a specified interest rate for a specified time period. Changes in the fair value of these derivative instruments are recorded as noninterest income in mortgage banking, net and are offset by the changes in the fair value of forward sales contracts. Trustmark's off-balance sheet obligations under these derivative instruments totaled $88.5 million at March 31, 2024, with a positive valuation adjustment of $1.2 million, compared to $61.9 million, with a positive valuation adjustment of $845 thousand, at December 31, 2023.

Trustmark offers certain derivatives products directly to qualified commercial lending clients seeking to manage their interest rate risk. Trustmark economically hedges interest rate swap transactions executed with commercial lending clients by entering into offsetting interest rate swap transactions with institutional derivatives market participants. Derivatives transactions executed as part of this program are not designated as qualifying hedging relationships and are, therefore, carried at fair value with the change in fair value recorded as noninterest income in bank card and other fees. Because these derivatives have mirror-image contractual terms, in addition to collateral provisions which mitigate the impact of non-performance risk, the changes in fair value are expected to substantially offset. The offsetting interest rate swap transactions are either cleared through the Chicago Mercantile Exchange for clearable transactions or booked directly with institutional derivatives market participants for non-clearable transactions. The Chicago Mercantile Exchange rules legally characterize variation margin collateral payments made or received for centrally cleared interest rate swaps as settlements rather than collateral. As a result, centrally cleared interest rate swaps included in other assets and other liabilities are presented on a net basis in the accompanying consolidated balance sheets. At March 31, 2024, Trustmark had interest rate swaps with an aggregate notional amount of $1.470 billion related to this program, compared to $1.500 billion at December 31, 2023.

Credit-risk-related Contingent Features

Trustmark has agreements with its financial institution counterparties that contain provisions where if Trustmark defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then Trustmark could also be declared in default on its derivatives obligations.

At March 31, 2024, there was no termination value of interest rate swaps in a liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements compared to $1.4 million at December 31, 2023. At March 31, 2024 and December 31, 2023, Trustmark had posted collateral of $40 thousand and $2.0 million, respectively, against its obligations because of negotiated thresholds and minimum transfer amounts under these agreements. If Trustmark had breached any of these triggering provisions at March 31, 2024, it could have been required to settle its obligations under the agreements at the termination value.

Credit risk participation agreements arise when Trustmark contracts with other financial institutions, as a guarantor or beneficiary, to share credit risk associated with certain interest rate swaps. These agreements provide for reimbursement of losses resulting from a third-party default on the underlying swap. At March 31, 2024, Trustmark had entered into seven risk participation agreements as a beneficiary with aggregate notional amounts of $44.9 million compared to six risk participation agreements as a beneficiary with an aggregate notional amount of $40.1 million at December 31, 2023. At March 31, 2024 and December 31, 2023, Trustmark had entered into thirty-five risk participation agreements as a guarantor with aggregate notional amounts of $304.1 million and $304.7 million, respectively. The aggregate fair values of these risk participation agreements were immaterial at both March 31, 2024 and December 31, 2023.

Tabular Disclosures

The following tables disclose the fair value of derivative instruments in Trustmark's consolidated balance sheets at March 31, 2024 and December 31, 2023 as well as the effect of these derivative instruments on Trustmark's results of operations for the periods presented ($ in thousands):

	March 31, 2024	December 31, 2023
Derivatives in hedging relationships:		
Interest rate contracts:		
Interest rate swaps included in other assets *(1)*	$ 49	$ 1,182
Interest rate floors included in other assets	1,591	1,689
Interest rate swaps included in other liabilities *(1)*	2,442	267
Derivatives not designated as hedging instruments:		
Interest rate contracts:		
Exchange traded purchased options included in other assets	$ 17	$ 180
OTC written options (rate locks) included in other assets	1,157	845
Futures contracts included in other assets	1,135	7,505
Interest rate swaps included in other assets *(1)*	13,000	11,910
Credit risk participation agreements included in other assets	4	5
Forward contracts included in other liabilities	208	994
Exchange traded written options included in other liabilities	102	21
Interest rate swaps included in other liabilities *(1)*	38,019	34,255
Credit risk participation agreements included in other liabilities	32	63

(1)In accordance with GAAP, the variation margin collateral payments made or received for interest rate swaps that are centrally cleared are legally characterized as settled. As a result, the centrally cleared interest rate swaps included in other assets and other liabilities are presented on a net basis in the accompanying consolidated balance sheets.

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Derivatives in hedging relationships:		
Amount of gain (loss) reclassified from accumulated other comprehensive income (loss) and recognized in interest and fees on LHFS & LHFI	$ (4,820)	$ (2,931)
Derivatives not designated as hedging instruments:		
Amount of gain (loss) recognized in mortgage banking, net	$ (5,126)	$ 2,455
Amount of gain (loss) recognized in bank card and other fees	(56)	(10)

The following table discloses the amount included in other comprehensive income (loss), net of tax, for derivative instruments designated as cash flow hedges for the periods presented ($ in thousands):

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Derivatives in cash flow hedging relationship		
Amount of gain (loss) recognized in other comprehensive income (loss), net of tax	$ (11,970)	$ 4,702

Trustmark's interest rate swap derivative instruments are subject to master netting agreements, and therefore, eligible for offsetting in the consolidated balance sheets. Trustmark has elected to not offset any derivative instruments in its consolidated balance sheets. Information about financial instruments that are eligible for offset in the consolidated balance sheets as of March 31, 2024 and December 31, 2023 is presented in the following tables ($ in thousands):

Offsetting of Derivative Assets
As of March 31, 2024

				Gross Amounts Not Offset in the Statement of Financial Position		
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Received	Net Amount
Derivatives	$ 14,640	$ —	$ 14,640	$ (3,746)	$ (2,500)	$ 8,394

Offsetting of Derivative Liabilities
As of March 31, 2024

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Liabilities presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position		
				Financial Instruments	Cash Collateral Posted	Net Amount
Derivatives	$ 40,461	$ —	$ 40,461	$ (3,746)	$ (40)	$ 36,675

Offsetting of Derivative Assets
As of December 31, 2023

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position		
				Financial Instruments	Cash Collateral Received	Net Amount
Derivatives	$ 14,781	$ —	$ 14,781	$ (4,339)	$ —	$ 10,442

Offsetting of Derivative Liabilities
As of December 31, 2023

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Liabilities presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position		
				Financial Instruments	Cash Collateral Posted	Net Amount
Derivatives	$ 34,522	$ —	$ 34,522	$ (4,339)	$ (2,040)	$ 28,143

Note 18 – Segment Information

Trustmark's management reporting structure includes three segments: General Banking, Wealth Management and Insurance. For a complete overview of Trustmark's operating segments, see Note 20 – Segment Information included in Part II. Item 8. – Financial Statements and Supplementary Data, of Trustmark's 2023 Annual Report.

The accounting policies of each reportable segment are the same as those of Trustmark except for its internal allocations. Noninterest expenses for back-office operations support are allocated to segments based on estimated uses of those services. Trustmark measures the net interest income of its business segments with a process that assigns cost of funds or earnings credit on a matched-term basis. This process, called "funds transfer pricing", charges an appropriate cost of funds to assets held by a business unit, or credits the business unit for potential earnings for carrying liabilities. The net of these charges and credits flows through to the General Banking Segment, which contains the management team responsible for determining TNB's funding and interest rate risk strategies.

The following table discloses financial information by reportable segment for the periods presented ($ in thousands):

	Three Months Ended March 31, 2024	2023
General Banking		
Net interest income	$ 131,517	$ 136,159
Provision for credit losses	7,348	934
Noninterest income	30,398	28,359
Noninterest expense	111,708	109,590
Income before income taxes	42,859	53,994
Income taxes	6,309	7,924
General banking net income	$ 36,550	$ 46,070
Selected Financial Information		
Total assets	$ 18,093,454	$ 18,578,910
Depreciation and amortization	$ 8,367	$ 7,443
Wealth Management		
Net interest income	$ 1,316	$ 1,439
Provision for credit losses	168	68
Noninterest income	8,957	8,719
Noninterest expense	7,991	8,034
Income before income taxes	2,114	2,056
Income taxes	523	513
Wealth management net income	$ 1,591	$ 1,543
Selected Financial Information		
Total assets	$ 178,165	$ 207,414
Depreciation and amortization	$ 62	$ 69
Insurance		
Net interest income	$ (3)	$ (3)
Noninterest income	15,994	14,299
Noninterest expense	11,447	10,703
Income before income taxes	4,544	3,593
Income taxes	1,150	906
Insurance net income	$ 3,394	$ 2,687
Selected Financial Information		
Total assets	$ 104,993	$ 90,854
Depreciation and amortization	$ 134	$ 154
Consolidated		
Net interest income	$ 132,830	$ 137,595
Provision for credit losses	7,516	1,002
Noninterest income	55,349	51,377
Noninterest expense	131,146	128,327
Income before income taxes	49,517	59,643
Income taxes	7,982	9,343
Consolidated net income	$ 41,535	$ 50,300
Selected Financial Information		
Total assets	$ 18,376,612	$ 18,877,178
Depreciation and amortization	$ 8,563	$ 7,666

Note 19 – Accounting Policies Recently Adopted and Pending Accounting Pronouncements

Accounting Policies Recently Adopted

Except for the changes detailed below, Trustmark has consistently applied its accounting policies to all periods presented in the accompanying consolidated financial statements.

ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." Issued in November 2023, ASU 2023-07 is intended to improve disclosures about a public entity's reportable segments and address requests from investors and other allocators of capital for additional, more detailed information about a reportable segment's expenses. The amendments of ASU 2023-07 require a public entity to disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included within each reported measure of segment profit or loss, and an amount for other segment items by reportable segment and a description of its composition. The other segment items category is the difference between segment revenue less the significant expenses disclosed and each reported measure of segment profit or loss. ASU 2023-07 also requires a public entity to provide all annual disclosures about a reportable segment's profit or loss and assets currently required under FASB ASC Topic 280 in interim periods. The amendments of ASU 2023-07 clarify that if the CODM uses more than one measure of a segment's profit or loss in assessing segment performance and deciding how to allocate resources, a public entity may report one or more of those additional measures of segment profit. However, at least one of the reported segment profit or loss measures (or the single reported measure if only one is disclosed) should be the measure that is most consistent with the measurement principles used in measuring the corresponding amounts in the public entity's consolidated financial statements. ASU 2023-07 requires a public entity to disclose the title and position of the CODM, together with an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. In addition, ASU 2023-07 requires that a public entity with a single reportable segment provide all the disclosures required by the amendments of ASU 2023-07 and all existing segment disclosures in FASB ASC Topic 280. The amendments of ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments in ASU 2023-07 should be applied retrospectively to all periods presented on the financial statements. Upon implementation, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. Trustmark has adopted the amendments of ASU 2023-07 related to annual disclosure requirements effective January 1, 2024, and will present any newly required annual disclosures in its Annual Report of Form 10-K for the year ending December 31, 2024. Trustmark intends to adopt the amendments of ASU 2023-07 related to interim disclosure requirements effective January 1, 2025, and will present any newly required interim disclosures beginning with its Quarterly Report on Form 10-Q for the period ending March 31, 2025. Adoption of ASU 2023-07 is not expected to have a material impact to Trustmark's consolidated financial statements or results of operations.

Pending Accounting Pronouncements

ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." Issued in December 2023, ASU 2023-09 is intended to improve the disclosures for income taxes to address requests from investors, lenders, creditors and other allocators of capital (collectively, "investors") that use the financial statements to make capital allocation decisions. During the FASB's 2021 agenda consultation process and other stakeholder outreach, investors highlighted that the current system of income tax disclosures does not provide enough information to understand the tax provision for an entity that operates in multiple jurisdictions. Investors currently rely on the rate reconciliation table and other disclosures, including total income taxes paid in the statement of cash flows, to evaluate income tax risks and opportunities. The amendments in ASU 2023-09 will require consistent categories and greater disaggregation of information in the rate reconciliation disclosure as well as disclosure of income taxes paid disaggregated by jurisdiction. The amendments of ASU 2023-09 are effective for annual periods beginning after December 15, 2024, and early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. Trustmark intends to adopt the amendments of ASU 2023-09 effective January 1, 2025, and will include the required disclosures in its Annual Report on Form 10-K for the year ending December 31, 2025. Trustmark is currently evaluating the changes to disclosures required by ASU 2023-09; however, adoption of ASU 2023-09 is not expected to have a material impact to Trustmark's consolidated financial statements or results of operations.

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

The following provides a narrative discussion and analysis of Trustmark Corporation's (Trustmark) financial condition and results of operations. This discussion should be read in conjunction with the unaudited consolidated financial statements and the supplemental financial data included in Part I. Item 1. – Financial Statements of this report.

Description of Business

Trustmark, a Mississippi business corporation incorporated in 1968, is a bank holding company headquartered in Jackson, Mississippi. Trustmark's principal subsidiary is Trustmark National Bank (TNB), initially chartered by the State of Mississippi in 1889. At March 31, 2024, TNB had total assets of $18.374 billion, which represented approximately 99.99% of the consolidated assets of Trustmark.

Through TNB and its other subsidiaries, Trustmark operates as a financial services organization providing banking and other financial solutions through offices and 2,712 full-time equivalent associates (measured at March 31, 2024) located in the states of Alabama (including the Georgia Loan Production Office (LPO), which are collectively referred to herein as Trustmark's Alabama market region), Florida (primarily in the northwest or "Panhandle" region of that state, which is referred to herein as Trustmark's Florida market), Mississippi, Tennessee (in the Memphis and Northern Mississippi regions, which are collectively referred to herein as Trustmark's Tennessee market), and Texas (primarily in Houston, which is referred to herein as Trustmark's Texas market). Trustmark's operations are managed along three operating segments: General Banking Segment, Wealth Management Segment and Insurance Segment. See "Executive Overview" below for a description of TNB's plans to sell its wholly owned subsidiary Fisher Brown Bottrell Insurance, Inc., which comprises the entirety of Trustmark's Insurance Segment. For a complete overview of Trustmark's business, see the section captioned "The Corporation" included in Part I. Item 1. – Business of Trustmark's Annual Report on Form 10-K for its fiscal year ended December 31, 2023 (2023 Annual Report).

Executive Overview

Trustmark's financial results for the three months ended March 31, 2024 reflected continued growth in loans held for investment (LHFI), solid credit quality and an increase in noninterest income. Trustmark's capital position remained solid, reflecting the consistent profitability of its diversified financial services businesses. Trustmark remains well-positioned and committed to meeting the banking and financial needs of its customers and the communities it serves, and remains focused on providing support, advice and solutions to meet its customers' unique needs. Trustmark is committed to managing the franchise for the long term, supporting investments to promote profitable revenue growth, realigning delivery channels to support changing customer preferences as well as reengineering and efficiency opportunities to enhance long-term shareholder value. Trustmark's Board of Directors declared a quarterly cash dividend of $0.23 per share. The dividend is payable June 15, 2024, to shareholders of record on June 1, 2024.

On April 23, 2024, TNB announced that it had entered into a definitive agreement to sell its wholly owned subsidiary, Fisher Brown Bottrell Insurance, Inc., (FBBI) to Marsh & McLennan Agency LLC (MMA) for $345.0 million in cash. The sale of FBBI, among the five largest bank-affiliated insurance brokerages in the nation and one of the largest agencies in the Southeast, is expected to allow Trustmark to capitalize on the strong valuation premiums in the insurance brokerage sector. The $345.0 million transaction value represents approximately 5.9 times FBBI's 2023 revenue and 28.0 times net income. The estimated after-tax proceeds of $228.0 million are expected to be used to reposition Trustmark's balance sheet to increase earnings, elevate profitability and enhance capital. TNB anticipates that the transaction, which is subject to standard closing conditions and regulatory approval, will close by the end of the second quarter of 2024. Upon consummation of this transaction, Trustmark will no longer engage in insurance brokerage activity and will no longer report an Insurance Segment in its periodic and other reports as filed with the SEC.

On April 8, 2024, Visa commenced an initial exchange offer expiring on May 3, 2024, for any and all outstanding shares of Visa Class B-1 common stock (Visa B-1 shares). Holders participating in the exchange offer would receive a combination of Visa Class B-2 common stock (Visa B-2 shares) and Visa Class C common stock (Visa C shares) in exchange for Visa B-1 shares that are validly tendered and accepted for exchange by Visa. TNB has tendered its 38.7 thousand Visa B-1 shares, and that tender is pending Visa's acceptance. In exchange for each Visa B-1 share that is validly tendered and accepted for exchange by Visa, TNB would receive 50.0% of a newly issued Visa B-2 share and newly issued Visa C shares equivalent in value to 50.0% of a Visa B-1 share. Upon acceptance by Visa of TNB's tender, the Visa C shares received by TNB would be recognized at fair value, which is expected to result in a realized gain that may be recorded during the second quarter of 2024. The Visa B-2 shares would continue to be held at their nominal carrying value.

Recent Economic and Industry Developments

Economic activity improved slightly during the first quarter of 2024; however, economic concerns remain as a result of the cumulative weight of uncertainty regarding the potential economic impact of geopolitical developments, such as the conflicts in Ukraine and the Middle East, inflation, other economic and industry volatility, the 2024 election cycle in the United States, higher energy prices and broader price pressures. Doubts surrounding the near-term direction of global markets and the potential impact on the United States economy are expected to persist for the near term. While Trustmark's customer base is wholly domestic, international economic conditions affect domestic economic conditions, and thus may have an impact upon Trustmark's financial condition or results of operations.

Market interest rates began to rise during 2022 after an extended period at historical lows. Starting in March 2022, the FRB began raising the target federal funds rate for the first time in three years and continued with multiple increases throughout 2022 and the first half of 2023. The FRB has maintained the target federal funds rate at a range of 5.25% to 5.50% since July 2023. In addition, the FRB increased the interest that it pays on reserves multiple times during 2022 and first half of 2023 from 0.10% to 5.40% as of July 2023. The FRB has maintained the rate it pays on reserves at 5.40% since July 2023. As interest rates have increased, so have competitive pressures on the deposit cost of funds. It is not possible to predict the pace and magnitude of changes in interest rates, or the impact rate changes will have on Trustmark's results of operations.

In the April 2024 "Summary of Commentary on Current Economic Conditions by Federal Reserve District," the twelve Federal Reserve Districts' reports suggested that during the reporting period (covering the period from February 26, 2024 through April 8, 2024) economic activity expanded slightly. Reports by the twelve Federal Reserve Districts (Districts) noted the following during the reporting period:

- Consumer spending barely increased overall, but reports were quite mixed across Districts and spending categories. Several reports mentioned weakness in discretionary spending, as consumers' price sensitivity remained elevated. Auto spending was buoyed notably in some Districts by improved inventories and dealer incentives. Tourism activity increased modestly, on average, but reports varied widely. Manufacturing activity declined slightly.
- On average, contacts reported slight increases in nonfinancial services activity. Bank lending was roughly flat overall. Residential construction increased a little, on average, and home sales strengthened in most Districts. In contrast, nonresidential construction was flat, and commercial real estate leasing fell slightly.
- Overall economic expectations for the coming months was generally cautiously optimistic.
- Employment rose at a slight pace overall. Most Districts noted increases in labor supply and in the quality of job applicants; however, many Districts described persistent shortages of qualified applicants for certain positions, including machinists, trades workers, and hospitality workers. Several Districts reported improved retention of employees, and others pointed to staff reductions at some firms. Wages grew at a slight to moderate pace. Multiple Districts said that annual wage growth rates had recently returned to their historical averages. On balance, contacts expected that labor demand and supply would remain relatively stable, with modest further job gains and continued moderation of wage growth back to pre-pandemic levels.
- On average, price increases were modest. Movements in raw materials prices were mixed. Contacts in several Districts reported sharp increases in insurance rates, for both businesses and homeowners. Another frequent comment was that firms' ability to pass cost increases on to consumers had weakened considerably in recent months, resulting in smaller profit margins. Inflation also caused strain at nonprofit entities, resulting in service reductions in some cases. On balance, contacts expected that inflation would hold steady at a slow pace moving forward; however, contacts in a few Districts—mostly manufacturers—perceived upside risks to near-term inflation in both input prices and output prices.

Reports by the Federal Reserve's Sixth District, Atlanta (which includes Trustmark's Alabama, Florida and Mississippi market regions), Eighth District, St. Louis (which includes Trustmark's Tennessee market region), and Eleventh District, Dallas (which includes Trustmark's Texas market region), noted similar findings for the reporting period as those discussed above. The Federal Reserve's Sixth District also noted lending remained relatively flat amid continued contraction in most consumer loan segments, with one notable exception being home equity lines of credit, which have steadily increased in originations and utilization and a minor increase in commercial real estate loan originations, including multifamily. The Federal Reserve's Sixth District also reported the allowance for loan and lease losses continued to increase as economic uncertainty drove banks to adjust reserves, cash balances increased slightly, consistent with broader industry trends, large time deposits experienced continued growth but may be showing early signs of flattening and borrowings declined over the reporting period as banks paid down this more expensive source of funding. The Federal Reserve's Eleventh District also reported that loan volumes declined, credit standards continued to tighten, loan pricing continued to rise and loan nonperformance rose slightly. The Federal Reserve's Eleventh District also noted bankers' outlooks remained mixed with an expectation of an increase in loan demand six months from now but a deterioration in loan performance and overall business activity.

Financial Highlights

Trustmark reported net income of $41.5 million, or basic and diluted earnings per share (EPS) of $0.68, in the first quarter of 2024, compared to $50.3 million, or basic and diluted EPS of $0.82, in the first quarter of 2023. Trustmark's reported performance during the quarter ended March 31, 2024 produced a return on average tangible equity of 12.98%, a return on average assets of 0.89%, an average equity to average assets ratio of 8.98% and a dividend payout ratio of 33.82%, compared to a return on average tangible equity of 18.03%, a return on average assets of 1.10%, an average equity to average assets ratio of 8.24% and a dividend payout ratio of 28.05% during the quarter ended March 31, 2023.

Total revenue, which is defined as net interest income plus noninterest income, for the three months ended March 31, 2024 was $188.2 million, a decrease of $793 thousand, or 0.4%, when compared to the same time period in 2023. The decrease in total revenue for the three months ended March 31, 2024, when compared to the same time period in 2023, was the result of a decrease in net interest income largely offset by an increase in noninterest income.

Net interest income for the three months ended March 31, 2024 totaled $132.8 million, a decrease of $4.8 million, or 3.5%, when compared to the same time period in 2023, principally due to an increase in interest on deposits partially offset by an increase in interest and fees on loans held for sale (LHFS) and LHFI and a decline in other interest expense. Interest income totaled $229.8 million for the three months ended March 31, 2024, an increase of $30.9 million, or 15.6%, when compared to the same time period in 2023, principally due to an increase in interest and fees on LHFS and LHFI primarily as a result of the higher interest rate environment and loan growth. Interest expense totaled $97.0 million for the three months ended March 31, 2024, an increase of $35.7 million, or 58.2%, when compared to the same time period in 2023. The increase in interest expense when the three months ended March 31, 2024 is compared to the same time period in 2023 was principally due to an increase in interest on deposits primarily due to rising interest rates, increased competition for deposits and higher average balances, partially offset by a decrease in other interest expense primarily due to a decrease in short-term Federal Home Loan Bank (FHLB) advances.

Noninterest income for the three months ended March 31, 2024 totaled $55.3 million, an increase of $4.0 million, or 7.7%, when compared to the same time period in 2023, primarily due to increases in mortgage banking, net, insurance commissions and other, net. Mortgage banking, net totaled $8.9 million for the three months ended March 31, 2024, an increase of $1.3 million, or 16.7%, when compared to the same time period in 2023, principally due to an increase in the gain on sales of loans, net. Insurance commissions totaled $15.5 million for the first quarter of 2024, an increase of $1.2 million, or 8.1%, when compared to the same time period in 2023, principally due to increases in commercial property and casualty commissions. Other, net totaled $3.6 million for the first quarter of 2024, an increase of $1.1 million, or 44.5%, when compared to the same time period in 2023, principally due to increases in cash management service fees and other miscellaneous income.

Noninterest expense for the three months ended March 31, 2024 totaled $131.1 million, an increase of $2.8 million, or 2.2%, when compared to the same time period in 2023. The increase in noninterest expense for the three months ended March 31, 2024 was principally due to increases in other expense and salaries and employee benefits. Salaries and employee benefits totaled $75.5 million for the three months ended March 31, 2024, an increase of $1.4 million, or 1.9%, when compared to the same time period in 2023, principally due to increases in salaries expense, primarily due to general merit increases, partially offset by a decline in medical insurance expense. Other expense totaled $17.0 million for the three months ended March 31, 2024, an increase of $2.2 million, or 14.6%, when compared to the same time period in 2023, principally due to an increase in FDIC assessment expense, primarily due to an increase in the assessment rate.

Trustmark’s provision for credit losses (PCL) on LHFI for the three months ended March 31, 2024 totaled $7.7 million, an increase of $4.5 million when compared to the same time period in 2023. The PCL on LHFI for the three months ended March 31, 2024 primarily reflected an increase in required reserves as a result of changes in the macroeconomic forecasts resulting from the annual loss driver analysis performed during the first quarter of 2024 partially offset by a decline in required reserves as a result of updates to the qualitative reserve factors. The PCL on off-balance sheet credit exposures totaled a negative $192 thousand for the three months ended March 31, 2024, a decrease in the negative provision of $2.1 million, or 91.4%, when compared to the same time period in 2023. The negative PCL on off-balance sheet credit exposures for the three months ended March 31, 2024, primarily reflected a decrease in required reserves as a result of a decrease in unfunded commitments largely offset by an increase in required reserves as a result of implementing the performance trend qualitative reserve factor. Please see the section captioned “Provision for Credit Losses” for additional information regarding the PCL on LHFI and off-balance sheet credit exposures.

At March 31, 2024, nonperforming assets totaled $106.0 million, a decrease of $904 thousand, or 0.8%, compared to December 31, 2023, reflecting a decrease in nonaccrual LHFI partially offset by an increase in other real estate. Nonaccrual LHFI totaled $98.4 million at March 31, 2024, a decrease of $1.7 million, or 1.7%, relative to December 31, 2023, primarily as a result of the resolution of one large nonaccrual commercial credit in the Texas market region partially offset by one large commercial credit placed on nonaccrual in the Texas market region as well as an increase in mortgage nonaccruals. Other real estate, net totaled $7.6 million at March 31, 2024, an increase of $753 thousand, or 11.0%, when compared to December 31, 2023, principally due to properties foreclosed in the Mississippi market region partially offset by properties sold in the Alabama and Mississippi market regions as well as write-downs of properties in the Texas market region.

LHFI totaled $13.058 billion at March 31, 2024, an increase of $107.4 million, or 0.8%, compared to December 31, 2023. The increase in LHFI during the first three months of 2024 was primarily due to net growth in LHFI secured by real estate partially offset by a decline in state and other political subdivision LHFI. For additional information regarding changes in LHFI and comparative balances by loan category, see the section captioned “LHFI.”

Management has continued its practice of maintaining excess funding capacity to provide Trustmark with adequate liquidity for its ongoing operations. In this regard, Trustmark benefits from its strong deposit base, its investment portfolio and its access to funding from a variety of external funding sources such as upstream federal funds lines, FHLB advances and brokered deposits. See the section captioned “Capital Resources and Liquidity” for further discussion of the components of Trustmark’s excess funding capacity.

Total deposits were $15.339 billion at March 31, 2024, a decrease of $231.2 million, or 1.5%, compared to December 31, 2023. During the first three months of 2024, noninterest-bearing deposits decreased $158.0 million, or 4.9%, as a result of declines in all categories of noninterest-bearing deposits reflecting customers migration into higher-yielding products. Interest-bearing deposits decreased $73.2 million, or 0.6%, during the first three months of 2024, primarily due to declines in public and consumer interest checking accounts and consumer certificates of deposits (CDs), partially offset by growth in business and consumer money market deposit accounts (MMDA).

Federal funds purchased and securities sold under repurchase agreements totaled $393.2 million at March 31, 2024, a decrease of $12.5 million, or 3.1%, compared to December 31, 2023, principally due to a decrease in upstream federal funds purchased. Other borrowings totaled $482.0 million at March 31, 2024, a decrease of $1.2 million, or 0.2%, compared to December 31, 2023, principally due to a decline in GNMA loans eligible for repurchase.

Recent Legislative and Regulatory Developments

Bank Merger Review

On March 21, 2024, the FDIC published proposed revisions to its Statement of Policy on Bank Merger Transactions that may change the way the FDIC reviews bank merger applications. While the Federal Reserve has not issued a similar proposal, Federal Reserve Vice Chair for Supervision Michael Barr has stated that the Federal Reserve is working with the Department of Justice to update guidelines setting forth standards for the review of the competitive impact of a bank merger transaction. These pending regulatory revisions create uncertainty regarding the standards that the agencies may apply to their review of bank mergers and may make it more difficult and/or costly to obtain regulatory approval of a bank merger, or otherwise result in more burdensome conditions in approval orders than the agencies have previously imposed. Additionally, the agencies may begin to apply new standards in practice before they formally finalize changes to their merger policies. As a result, these new standards may limit banking organizations’ ability to grow through an acquisition or make it more costly or less beneficial for them to do so.

For additional information regarding legislation and regulation applicable to Trustmark, see the section captioned “Supervision and Regulation” included in Part I. Item 1. – Business of Trustmark’s 2023 Annual Report.

Selected Financial Data

The following tables present financial data derived from Trustmark's consolidated financial statements as of and for the periods presented ($ in thousands, except per share data):

	Three Months Ended March 31, 2024	2023
Consolidated Statements of Income		
Total interest income	$ 229,840	$ 198,900
Total interest expense	97,010	61,305
Net interest income	132,830	137,595
PCL, LHFI	7,708	3,244
PCL, off-balance sheet credit exposures	(192)	(2,242)
Noninterest income	55,349	51,377
Noninterest expense	131,146	128,327
Income before income taxes	49,517	59,643
Income taxes	7,982	9,343
Net Income	$ 41,535	$ 50,300
Total Revenue *(1)*	$ 188,179	$ 188,972
Per Share Data		
Basic EPS	$ 0.68	$ 0.82
Diluted EPS	0.68	0.82
Cash dividends per share	0.23	0.23
Performance Ratios		
Return on average equity	9.96%	13.39%
Return on average tangible equity	12.98%	18.03%
Return on average assets	0.89%	1.10%
Average equity / average assets	8.98%	8.24%
Net interest margin (fully taxable equivalent)	3.21%	3.39%
Dividend payout ratio	33.82%	28.05%
Credit Quality Ratios		
Net charge-offs (recoveries) / average loans	0.12%	0.04%
PCL, LHFI / average loans	0.24%	0.10%
Nonaccrual LHFI / (LHFI + LHFS)	0.74%	0.57%
Nonperforming assets / (LHFI + LHFS) plus other real estate	0.80%	0.58%
ACL, LHFI / LHFI	1.10%	0.98%

(1)Consistent with Trustmark's audited annual financial statements, total revenue is defined as net interest income plus noninterest income.

		March 31,		
		2024		2023
Consolidated Balance Sheets				
Total assets	$	18,376,612	$	18,877,178
Securities		3,117,324		3,458,500
Total loans (LHFI + LHFS)		13,230,880		12,673,121
Deposits		15,338,557		14,783,661
Total shareholders' equity		1,682,599		1,562,099
Stock Performance				
Market value - close	$	28.11	$	24.70
Book value		27.50		25.59
Tangible book value		21.18		19.24
Capital Ratios				
Total equity / total assets		9.16%		8.28%
Tangible equity / tangible assets		7.20%		6.35%
Tangible equity / risk-weighted assets		8.49%		7.94%
Tier 1 leverage ratio		8.76%		8.29%
Common equity Tier 1 risk-based capital ratio		10.12%		9.76%
Tier 1 risk-based capital ratio		10.51%		10.17%
Total risk-based capital ratio		12.42%		11.95%

Non-GAAP Financial Measures

In addition to capital ratios defined by U.S. generally accepted accounting principles (GAAP) and banking regulators, Trustmark utilizes various tangible common equity measures when evaluating capital utilization and adequacy. Tangible common equity, as defined by Trustmark, represents common equity less goodwill and identifiable intangible assets. Trustmark's common equity Tier 1 capital includes common stock, capital surplus and retained earnings, and is reduced by goodwill and other intangible assets, net of associated net deferred tax liabilities as well as disallowed deferred tax assets and threshold deductions as applicable.

Trustmark believes these measures are important because they reflect the level of capital available to withstand unexpected market conditions. Additionally, presentation of these measures allows readers to compare certain aspects of Trustmark's capitalization to other organizations. These ratios differ from capital measures defined by banking regulators principally in that the numerator excludes shareholders' equity associated with preferred securities, the nature and extent of which varies across organizations. In Management's experience, many stock analysts use tangible common equity measures in conjunction with more traditional bank capital ratios to compare capital adequacy of banking organizations with significant amounts of goodwill or other intangible assets, typically stemming from the use of the purchase accounting method in accounting for mergers and acquisitions.

These calculations are intended to complement the capital ratios defined by GAAP and banking regulators. Because GAAP does not include these capital ratio measures, Trustmark believes there are no comparable GAAP financial measures to these tangible common equity ratios. Despite the importance of these measures to Trustmark, there are no standardized definitions for them and, as a result, Trustmark's calculation methods may not be comparable with those of other organizations. Also, there may be limits in the usefulness of these measures to investors. As a result, Trustmark encourages readers to consider its consolidated financial statements and the notes related thereto in their entirety and not to rely on any single financial measure.

The following table reconciles Trustmark's calculation of these measures to amounts reported under GAAP for the periods presented ($ in thousands, except per share data):

		Three Months Ended March 31, 2024	2023
TANGIBLE EQUITY			
AVERAGE BALANCES			
Total shareholders' equity		$ 1,676,521	$ 1,523,828
Less: Goodwill		(384,237)	(384,237)
Identifiable intangible assets		(2,920)	(3,523)
Total average tangible equity		$ 1,289,364	$ 1,136,068
PERIOD END BALANCES			
Total shareholders' equity		$ 1,682,599	$ 1,562,099
Less: Goodwill		(384,237)	(384,237)
Identifiable intangible assets		(2,845)	(3,352)
Total tangible equity	**(a)**	$ 1,295,517	$ 1,174,510
TANGIBLE ASSETS			
Total assets		$ 18,376,612	$ 18,877,178
Less: Goodwill		(384,237)	(384,237)
Identifiable intangible assets		(2,845)	(3,352)
Total tangible assets	**(b)**	$ 17,989,530	$ 18,489,589
Risk-weighted assets	**(c)**	$ 15,257,385	$ 14,793,893
NET INCOME ADJUSTED FOR INTANGIBLE AMORTIZATION			
Net income		$ 41,535	$ 50,300
Plus: Intangible amortization net of tax		90	216
Net income adjusted for intangible amortization		$ 41,625	$ 50,516
Period end shares outstanding	**(d)**	61,178,366	61,048,516
TANGIBLE EQUITY MEASUREMENTS			
Return on average tangible equity *(1)*		12.98%	18.03%
Tangible equity/tangible assets	**(a)/(b)**	7.20%	6.35%
Tangible equity/risk-weighted assets	**(a)/(c)**	8.49%	7.94%
Tangible book value	**(a)/(d)*1,000**	$ 21.18	$ 19.24
COMMON EQUITY TIER 1 CAPITAL (CET1)			
Total shareholders' equity		$ 1,682,599	$ 1,562,099
CECL transitional adjustment		6,500	13,000
AOCI-related adjustments		227,154	242,381
CET1 adjustments and deductions:			
Goodwill net of associated deferred tax liabilities (DTLs)		(370,205)	(370,234)
Other adjustments and deductions for CET1 *(2)*		(2,588)	(3,275)
CET1 capital	**(e)**	1,543,460	1,443,971
Additional Tier 1 capital instruments plus related surplus		60,000	60,000
Tier 1 Capital		$ 1,603,460	$ 1,503,971
Common equity Tier 1 risk-based capital ratio	**(e)/(c)**	10.12%	9.76%

(1)Calculated using annualized net income adjusted for intangible amortization divided by total average tangible equity.
(2)Includes other intangible assets, net of DTLs, disallowed deferred tax assets and threshold deductions, as applicable.

Results of Operations

Net Interest Income

Net interest income is the principal component of Trustmark's income stream and represents the difference, or spread, between interest and fee income generated from earning assets and the interest expense paid on deposits and borrowed funds. Fluctuations in interest rates, as well as volume and mix changes in earning assets and interest-bearing liabilities, can materially impact net interest income. The net interest margin is computed by dividing fully taxable equivalent (FTE) net interest income by average interest-earning assets and measures how effectively Trustmark utilizes its interest-earning assets in relationship to the interest cost of funding them. The accompanying yield/rate analysis table shows the average balances for all assets and liabilities of Trustmark and the interest income or expense associated with earning assets and interest-bearing liabilities. The yields and rates have been computed based upon interest income and expense adjusted to a FTE basis using the federal statutory corporate tax rate in effect for each of the periods shown. Loans on nonaccrual have been included in the average loan balances, and interest collected prior to these loans having been placed on nonaccrual has been included in interest income. Loan fees included in interest associated with the average LHFS and LHFI balances were immaterial.

Net interest income-FTE for the three months ended March 31, 2024 decreased $4.9 million, or 3.5%, when compared with the same time period in 2023. The decrease in net interest income-FTE when the three months ended March 31, 2024 is compared to the same time period in 2023 was principally due to an increase in interest on deposits partially offset by an increase in interest and fees on LHFS and LHFI-FTE and a decrease in other interest expense. The net interest margin-FTE for the three months ended March 31, 2024 decreased 18 basis points to 3.21% when compared to the same time period in 2023. The decrease in the net interest margin for the three months ended March 31, 2024 when compared to the same time period in 2023, was principally due to an increase in the cost of interest-bearing deposits partially offset by the increase in the yield on the LHFS and LHFI portfolios.

Average interest-earning assets for the three months ended March 31, 2024 was $17.088 billion compared to $16.856 billion for the same time period in 2023, an increase of $231.3 million, or 1.4%. The increase in average interest-earning assets for the three months ended March 31, 2024 when compared to the same time period in 2023, was principally due to an increase in average loans (LHFS and LHFI) partially offset by a decline in average total securities and average other earning assets. Average loans (LHFS and LHFI) increased $639.4 million, or 5.1%, when the three months ended March 31, 2024 is compared to the same time period in 2023, principally due to an increase in the average balance of the LHFI portfolio of $603.6 million, or 4.9%. The increase in the LHFI portfolio when the balances at March 31, 2024 are compared to March 31, 2023 was principally due to net growth in LHFI secured by real estate and other commercial loans and leases, partially offset by a decrease in state and other political subdivision LHFI. Average total securities declined $329.3 million, or 9.0%, when the three months ended March 31, 2024 is compared to the same time period in 2023, principally due to calls, maturities and pay-downs of the loans underlying GSE guaranteed securities. Average other earning assets decreased $76.5 million, or 11.8%, when the three months ended March 31, 2024 is compared to the same time period in 2023, primarily due to decreases in reserves held at the FRBA and investments in FHLB stock.

Interest income-FTE for the three months ended March 31, 2024 totaled $233.2 million, an increase of $30.8 million, or 15.2%, while the yield on total earning assets increased to 5.49% compared to 4.87% for the same time period in 2023. The increase in interest income-FTE for the three months ended March 31, 2024 was primarily due to an increase in interest and fees on LHFS and LHFI-FTE. During the three months ended March 31, 2024, interest and fees on LHFS and LHFI-FTE increased $30.5 million, or 17.0%, while the yield on LHFS and LHFI increased 61 basis points to 6.40% when compared to the same time period in 2023, primarily due to the higher interest rate environment as well as the increase in the average balance of LHFI.

Average interest-bearing liabilities for the three months ended March 31, 2024 totaled $13.376 billion compared to $12.585 billion for the same time period in 2023, an increase of $791.5 million, or 6.3%. The increase in average interest-bearing liabilities when the three months ended March 31, 2024 is compared to the same time period in 2023 was primarily the result of an increase in average interest-bearing deposits partially offset by a decline in average other borrowings. Average interest-bearing deposits for the three months ended March 31, 2024 increased $1.447 billion, or 13.3%, when compared to the same time period in 2023, reflecting growth in average time deposits and average interest-bearing demand deposits, partially offset by declines in savings deposits. Average other borrowings for the three months ended March 31, 2024 decreased $647.2 million, or 49.9%, when compared to the same time period in 2023, principally due to the decrease in outstanding short-term FHLB advances with the FHLB of Dallas as a result of changes in funding needs.

Interest expense for the three months ended March 31, 2024 totaled $97.0 million, an increase of $35.7 million, or 58.2%, when compared with the same time period in 2023, while the rate on total interest-bearing liabilities increased 94 basis points to 2.92% principally due to an increase in interest on deposits partially offset by a decline in other interest expense. Interest on deposits for the three months ended March 31, 2024 increased $42.8 million while the rate on interest-bearing deposits increased 121 basis points to 2.74% when compared to the same time period in 2023, primarily due to higher interest rates, reflecting the increased competitive pressures on deposits, and increases in average balances of time deposits and MMDA accounts. Other interest expense for the three months ended March 31, 2024 decreased $7.9 million, or 50.5%, while the rate on other borrowings decreased to 4.78% compared to 4.87% for the same time period in 2023, primarily due to the decrease in outstanding short-term FHLB advances with the FHLB of Dallas.

The following table provides the tax equivalent basis yield or rate for each component of the tax equivalent net interest margin for the periods presented ($ in thousands):

	Three Months Ended March 31,					
	2024			2023		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets						
Interest-earning assets:						
Federal funds sold and securities purchased under reverse repurchase agreements	$ 114	$ 1	3.53 %	$ 2,379	$ 30	5.11 %
Securities - taxable	3,346,095	15,634	1.88 %	3,666,404	16,761	1.85 %
Securities - nontaxable	340	4	4.73 %	9,321	92	4.00 %
Loans (LHFS and LHFI)	13,169,805	209,456	6.40 %	12,530,449	178,967	5.79 %
Other earning assets	571,215	8,110	5.71 %	647,760	6,527	4.09 %
Total interest-earning assets	17,087,569	233,205	5.49 %	16,856,313	202,377	4.87 %
Other assets	1,730,521			1,762,449		
ACL, LHFI	(138,711)			(119,978)		
Total Assets	$ 18,679,379			$ 18,498,784		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Interest-bearing deposits	$ 12,299,407	83,716	2.74 %	$ 10,852,367	40,898	1.53 %
Federal funds purchased and securities sold under repurchase agreements	428,127	5,591	5.25 %	436,535	4,832	4.49 %
Other borrowings	648,816	7,703	4.78 %	1,295,980	15,575	4.87 %
Total interest-bearing liabilities	13,376,350	97,010	2.92 %	12,584,882	61,305	1.98 %
Noninterest-bearing demand deposits	3,120,566			3,813,248		
Other liabilities	505,942			576,826		
Shareholders' equity	1,676,521			1,523,828		
Total Liabilities and Shareholders' Equity	$ 18,679,379			$ 18,498,784		
Net Interest Margin		136,195	3.21 %		141,072	3.39 %
Less tax equivalent adjustment		3,365			3,477	
Net Interest Margin per Consolidated Statements of Income		$ 132,830			$ 137,595	

Provision for Credit Losses

The PCL, LHFI is the amount necessary to maintain the ACL for LHFI at the amount of expected credit losses inherent within the LHFI portfolio. The amount of PCL and the related ACL for LHFI are based on Trustmark's ACL methodology. The PCL, LHFI totaled $7.7 million for the three months ended March 31, 2024, compared to $3.2 million for the same time period in 2023. The PCL on LHFI for the three months ended March 31, 2024 primarily reflected an increase in required reserves as a result of changes in the macroeconomic forecasts resulting from the annual loss driver analysis performed during the first quarter of 2024 partially offset by a decline in required reserves as a result of updates to the qualitative reserve factors.

FASB ASC Topic 326 requires Trustmark to estimate expected credit losses for off-balance sheet credit exposures which are not unconditionally cancellable by Trustmark. Trustmark maintains a separate ACL for off-balance sheet credit exposures, including unfunded commitments and letters of credit. Adjustments to the ACL on off-balance sheet credit exposures are recorded to the PCL, off-balance sheet credit exposures. The PCL, off-balance sheet credit exposures totaled a negative $192 thousand for the three months ended March 31, 2024, compared to a negative $2.2 million for the same time period in 2023. The negative PCL on off-balance sheet credit exposures for the three months ended March 31, 2024, primarily reflected a decrease in required reserves as a result of a decrease in unfunded commitments largely offset by an increase in required reserves as a result of implementing the performance trend qualitative reserve factor.

See the section captioned “Allowance for Credit Losses” for information regarding Trustmark’s ACL methodology as well as further analysis of the PCL.

Noninterest Income

Noninterest income represented 29.4% of total revenue for the three months ended March 31, 2024, compared to 27.2% for the three months ended March 31, 2023. The following table provides the comparative components of noninterest income for the periods presented ($ in thousands):

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
Service charges on deposit accounts	$ 10,958	$ 10,336	$ 622	6.0 %
Bank card and other fees	7,428	7,803	(375)	-4.8 %
Mortgage banking, net	8,915	7,639	1,276	16.7 %
Insurance commissions	15,464	14,305	1,159	8.1 %
Wealth management	8,952	8,780	172	2.0 %
Other, net	3,632	2,514	1,118	44.5 %
Total noninterest income	$ 55,349	$ 51,377	$ 3,972	7.7 %

Changes in various components of noninterest income are discussed in further detail below. For analysis of Trustmark’s insurance commissions and wealth management income, please see the section captioned “Results of Segment Operations.”

Mortgage Banking, Net

The following table illustrates the components of mortgage banking, net included in noninterest income for the periods presented ($ in thousands):

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
Mortgage servicing income, net	$ 6,934	$ 6,785	$ 149	2.2 %
Change in fair value-MSR from runoff	(1,926)	(1,145)	(781)	-68.2 %
Gain on sales of loans, net	5,009	3,797	1,212	31.9 %
Mortgage banking income before net hedge ineffectiveness	10,017	9,437	580	6.1 %
Change in fair value-MSR from market changes	5,123	(3,972)	9,095	n/m
Change in fair value of derivatives	(6,225)	2,174	(8,399)	n/m
Net hedge ineffectiveness	(1,102)	(1,798)	696	38.7 %
Mortgage banking, net	$ 8,915	$ 7,639	$ 1,276	16.7 %

n/m - percentage changes greater than +/- 100% are not considered meaningful

The increase in mortgage banking, net for the three months ended March 31, 2024 when compared to the same time period in 2023 was principally due to an increase in the gain on sales of loans, net. Mortgage loan production for the three months ended March 31, 2024 was $274.0 million, a decrease of $87.1 million, or 24.1%, when compared to the same time period in 2023. Loans serviced for others totaled $8.553 billion at March 31, 2024, compared with $8.152 billion at March 31, 2023, an increase of $401.3 million, or 4.9%.

Representing a significant component of mortgage banking income is the gain on sales of loans, net. The increase in the gain on sales of loans, net when the three months ended March 31, 2024 is compared to the same time period in 2023, was primarily the result of higher profit margins in secondary marketing activities and an increase in the volume of loans sold, partially offset by a decline in the mortgage fair value adjustment. Loan sales totaled $258.3 million for the three months ended March 31, 2024, an increase of $44.5 million, or 20.8%, when compared with the same time period in 2023.

Other, Net

The following table illustrates the components of other, net included in noninterest income for the periods presented ($ in thousands):

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
Partnership amortization for tax credit purposes	$ (1,834)	$ (1,961)	$ 127	6.5%
Increase in life insurance cash surrender value	1,844	1,693	151	8.9%
Other miscellaneous income	3,622	2,782	840	30.2%
Total other, net	$ 3,632	$ 2,514	$ 1,118	44.5%

The increase in other, net for the first three months of 2024, when compared to the same time period in 2023 was principally due to increases in cash management service fees and other miscellaneous income.

Noninterest Expense

The following table illustrates the comparative components of noninterest expense for the periods presented ($ in thousands):

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
Salaries and employee benefits	$ 75,458	$ 74,056	$ 1,402	1.9%
Services and fees	24,839	25,426	(587)	-2.3%
Net occupancy-premises	7,496	7,629	(133)	-1.7%
Equipment expense	6,385	6,405	(20)	-0.3%
Other expense	16,968	14,811	2,157	14.6%
Total noninterest expense	$ 131,146	$ 128,327	$ 2,819	2.2%

Changes in the various components of noninterest expense are discussed in further detail below. Management considers disciplined expense management a key area of focus in the support of improving shareholder value.

Salaries and Employee Benefits

The increase in salaries and employee benefits when the three months ended March 31, 2024 is compared to the same time period in 2023 was principally due to increases in salaries expense, primarily due to general merit increases, partially offset by a decline in medical insurance expense.

Other Expense

The following table illustrates the comparative components of other noninterest expense for the periods presented ($ in thousands):

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
Loan expense	$ 2,955	$ 2,538	$ 417	16.4%
Amortization of intangibles	120	288	(168)	-58.3%
FDIC assessment expense	4,509	2,370	2,139	90.3%
Other real estate expense, net	671	172	499	n/m
Other miscellaneous expense	8,713	9,443	(730)	-7.7%
Total other expense	$ 16,968	$ 14,811	$ 2,157	14.6%

n/m - percentage changes greater than +/- 100% are not considered meaningful

The increase in other expense when the three months ended March 31, 2024 is compared to the same time period in 2023 was principally due to an increase in FDIC assessment expense, primarily due to an increase in the assessment rate. The increase in FDIC assessment rate was principally due to increases in the overall assessment rate and the 2 basis point increase in the initial base assessment rate by the FDIC during the second quarter of 2023 as part of the FDIC's final rule to restore the DIF to required levels.

Results of Segment Operations

For a description of the methodologies used to measure financial performance and financial information by reportable segment, please see Note 18 – Segment Information included in Part I. Item 1. – Financial Statements of this report. The following discusses changes in the results of operations of each reportable segment for the three months ended March 31, 2024 and 2023.

General Banking

Net interest income for the General Banking Segment decreased $4.6 million, or 3.4%, when the three months ended March 31, 2024 is compared with the same time period in 2023. The decrease in net interest income was principally due to an increase in interest on deposits partially offset by an increase in interest and fees on LHFS and LHFI and a decline in other interest expense. The PCL (LHFI and off-balance sheet credit exposures) for the General Banking Segment for the three months ended March 31, 2024 totaled $7.3 million compared to a PCL of $934 thousand for the same period in 2023, an increase of $6.4 million. For more information on these net interest income and PCL items, please see the sections captioned "Financial Highlights" and "Results of Operations."

Noninterest income for the General Banking Segment increased $2.0 million, or 7.2%, when the first three months of 2024 is compared to the same time period in 2023, primarily due to the increases in mortgage banking, net and cash management service fees. Noninterest income for the General Banking Segment represented 18.8% of total revenue for this segment for the first three months of 2024 compared to 17.2% for the same time period in 2023. Noninterest income for the General Banking Segment includes service charges on deposit accounts; wealth management; bank card and other fees; mortgage banking, net; other, net and securities gains (losses), net. For more information on these noninterest income items, please see the analysis included in the section captioned "Noninterest Income."

Noninterest expense for the General Banking Segment increased $2.1 million, or 1.9%, when the first three months of 2024 is compared with the same time period in 2023, principally due to increases in data processing charges related to software and FDIC assessment expense, partially offset by declines in outside services and fees. For more information on these noninterest expense items, please see the analysis included in the section captioned "Noninterest Expense."

Wealth Management

Net income for the Wealth Management Segment for the first three months of 2024 increased $48 thousand, or 3.1%, when compared to the same time period in 2023, primarily due to an increase in noninterest income partially offset by a decline in net interest income. Net interest income for the Wealth Management Segment decreased $123 thousand, or 8.5%, when the first three months of 2024 is compared to the same time period in 2023, principally due to an increase in interest expense on deposits as well as a decline in interest and fees on loans generated by the Private Banking Department. The PCL for the three months ended March 31, 2024 totaled $168 thousand compared to a PCL of $68 thousand for the same period in 2023. Noninterest income for the Wealth Management Segment, which primarily includes income related to investment management, trust and brokerage services, increased $238 thousand, or 2.7%, when the first three months of 2024 is compared to the same time period in 2023, primarily due to an increase in income from brokerage services partially offset by a decrease in income from trust management services. Noninterest expense for the Wealth Management Segment decreased $43 thousand, or 0.5%, when the first three months of 2024 is compared to the same time period in 2023, principally due to declines in business process outsourcing expense and miscellaneous other expenses largely offset by an increase in salaries and employee benefits expense, primarily related to broker commissions and trust incentives.

At March 31, 2024 and 2023, Trustmark held assets under management and administration of $8.799 billion and $17.448 billion, respectively, and brokerage assets of $2.712 billion and $2.375 billion, respectively.

Insurance

Net income for the Insurance Segment for the first three months of 2024 increased $707 thousand, or 26.3%, when compared to the same time period in 2023. Noninterest income for the Insurance Segment, which is predominately composed of insurance commissions, increased $1.7 million, or 11.9%, when the first three months of 2024 is compared to the same time period in 2023, primarily due to new business commission volume in the commercial property and casualty business. Noninterest expense for the Insurance Segment increased $744 thousand, or 7.0%, when the first three months of 2024 is compared to the same time period in 2023, primarily due to an increase in salaries expense principally resulting from an increase in commission expense as a result of higher business volumes.

See the section captioned "Executive Overview" above for a description of TNB's plans to sell its wholly owned subsidiary FBBI, which comprises the entirety of Trustmark's Insurance Segment.

Income Taxes

For the three months ended March 31, 2024, Trustmark's combined effective tax rate was 16.1% compared to 15.7% for the same time period in 2023. Trustmark's effective tax rate continues to be less than the statutory rate primarily due to various tax-exempt income items and its utilization of income tax credit programs. Trustmark invests in partnerships that provide income tax credits on a Federal and/or State basis (*i.e.*, new market tax credits, low-income housing tax credits or historical tax credits). The income tax credits related to these partnerships are utilized as specifically allowed by income tax law and are recorded as a reduction in income tax expense.

Financial Condition

Earning assets serve as the primary revenue streams for Trustmark and are comprised of securities, loans, federal funds sold, securities sold under reverse repurchase agreements and other earning assets. Average earning assets totaled $17.088 billion, or 91.5% of total average assets, for the three months ended March 31, 2024, compared to $16.856 billion, or 91.1% of total average assets, for the three months ended March 31, 2023, an increase of $231.3 billion, or 1.4%.

Securities

The securities portfolio is utilized by Management to manage interest rate risk, generate interest income, provide liquidity and use as collateral for public deposits and wholesale funding. Risk and return can be adjusted by altering duration, composition and/or balance of the portfolio. The weighted-average life of the portfolio was 4.3 years at March 31, 2024 compared to 4.5 years at December 31, 2023.

When compared to December 31, 2023, total investment securities decreased by $71.8 million, or 2.3%, during the first three months of 2024. This decrease resulted primarily from calls, maturities and pay-downs of the loans underlying GSE guaranteed securities. Trustmark sold no securities during the first three months of 2024 or 2023.

During 2022, Trustmark reclassified approximately $766.0 million of securities available for sale to securities held to maturity to mitigate the potential adverse impact of a rising interest rate environment on the fair value of the available for sale securities and the related impact on tangible common equity. At the date of these transfers, the net unrealized holding loss on the available for sale securities totaled approximately $91.9 million ($68.9 million net of tax). The resulting net unrealized holding losses are being amortized over the remaining life of the securities as a yield adjustment in a manner consistent with the amortization or accretion of the original purchase premium or discount on the associated security.

At March 31, 2024, the net unamortized, unrealized loss on all transferred securities included in accumulated other comprehensive income (loss) (AOCI) in the accompanying consolidated balance sheets totaled $54.8 million compared to $57.6 million at December 31, 2023.

Available for sale securities are carried at their estimated fair value with unrealized gains or losses recognized, net of taxes, in AOCI, a separate component of shareholders' equity. At March 31, 2024, available for sale securities totaled $1.702 billion, which represented 54.6% of the securities portfolio, compared to $1.763 billion, or 55.3% of total securities, at December 31, 2023. At March 31, 2024, unrealized losses, net on available for sale securities totaled $198.7 million compared to unrealized losses, net of $196.1 million at December 31, 2023. At March 31, 2024, available for sale securities consisted of U.S. Treasury securities, obligations of states and political subdivisions, GSE guaranteed mortgage-related securities and direct obligations of government agencies and GSEs.

Held to maturity securities are carried at amortized cost and represent those securities that Trustmark both intends and has the ability to hold to maturity. At March 31, 2024, held to maturity securities totaled $1.415 billion, which represented 45.4% of the total securities portfolio, compared to $1.426 billion, or 44.7% of total securities, at December 31, 2023.

Management continues to focus on asset quality as one of the strategic goals of the securities portfolio, which is evidenced by the investment of 100.0% of the portfolio in GSE-backed obligations and other Aaa-rated securities as determined by Moody's Investors Services (Moody's). None of the securities owned by Trustmark are collateralized by assets which are considered sub-prime. Furthermore, outside of stock ownership in the FHLB of Dallas, FHLB of Atlanta and FRBA, Trustmark does not hold any other equity investment in a GSE or other governmental entity.

As of March 31, 2024, Trustmark did not hold securities of any one issuer with a carrying value exceeding 10% of total shareholders' equity, other than certain GSEs which are exempt from inclusion. Management continues to closely monitor the credit quality as well as the ratings of the debt and mortgage-backed securities issued by the GSEs and held in Trustmark's securities portfolio.

The following table presents Trustmark's securities portfolio by amortized cost and estimated fair value and by credit rating, as determined by Moody's, at March 31, 2024 and December 31, 2023 ($ in thousands):

	March 31, 2024			
	Amortized Cost		Estimated Fair Value	
	Amount	%	Amount	%
Securities Available for Sale				
Aaa	$ 1,900,980	100.0%	$ 1,702,299	100.0%
Total securities available for sale	$ 1,900,980	100.0%	$ 1,702,299	100.0%
Securities Held to Maturity				
Aaa	$ 1,414,685	100.0%	$ 1,332,674	100.0%
Not Rated *(1)*	340	—	340	—
Total securities held to maturity	$ 1,415,025	100.0%	$ 1,333,014	100.0%

	December 31, 2023			
	Amortized Cost		Estimated Fair Value	
	Amount	%	Amount	%
Securities Available for Sale				
Aaa	$ 1,959,007	100.0%	$ 1,762,878	100.0%
Total securities available for sale	$ 1,959,007	100.0%	$ 1,762,878	100.0%
Securities Held to Maturity				
Aaa	$ 1,425,939	100.0%	$ 1,355,164	100.0%
Not Rated *(1)*	340	—	340	—
Total securities held to maturity	$ 1,426,279	100.0%	$ 1,355,504	100.0%

(1)Not rated securities primarily consist of Mississippi municipal general obligations.

The table above presenting the credit rating of Trustmark's securities is formatted to show the securities according to the credit rating category, and not by category of the underlying security.

LHFS

At March 31, 2024, LHFS totaled $172.9 million, consisting of $95.2 million of residential real estate mortgage loans in the process of being sold to third parties and $77.7 million of GNMA optional repurchase loans. At December 31, 2023, LHFS totaled $184.8 million, consisting of $106.0 million of residential real estate mortgage loans in the process of being sold to third parties and $78.8 million of GNMA optional repurchase loans. Please refer to the nonperforming assets table that follows for information on GNMA loans eligible for repurchase which are past due 90 days or more.

Trustmark did not exercise its buy-back option on any delinquent loans serviced for GNMA during the first three months of 2024 or 2023.

For additional information regarding the GNMA optional repurchase loans, please see the section captioned "Past Due LHFS" included in Note 3 – LHFI and Allowance for Credit Losses, LHFI of Part I. Item 1. – Financial Statements of this report.

LHFI

At March 31, 2024 and December 31, 2023, LHFI consisted of the following ($ in thousands):

	March 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Loans secured by real estate:				
Construction, land development and other land	$ 617,008	4.7%	$ 642,886	5.0%
Other secured by 1-4 family residential properties	625,387	4.8%	622,397	4.8%
Secured by nonfarm, nonresidential properties	3,543,235	27.1%	3,489,434	26.9%
Other real estate secured	1,384,610	10.6%	1,312,551	10.1%
Other loans secured by real estate:				
Other construction	922,453	7.1%	867,793	6.7%
Secured by 1-4 family residential properties	2,266,094	17.4%	2,282,318	17.6%
Commercial and industrial loans	1,922,711	14.7%	1,922,910	14.9%
Consumer loans	159,340	1.2%	165,734	1.3%
State and other political subdivision loans	1,052,844	8.1%	1,088,466	8.4%
Other commercial loans and leases	564,261	4.3%	556,035	4.3%
LHFI	$ 13,057,943	100.0%	$ 12,950,524	100.0%

LHFI increased $107.4 million, or 0.8%, compared to December 31, 2023. The increase in LHFI during the first three months of 2024 was primarily due to net growth in LHFI secured by real estate partially offset by a decline in state and other political subdivision LHFI.

LHFI secured by real estate increased $141.4 million, or 1.5%, during the first three months of 2024, primarily due to net growth in other real estate secured LHFI, other construction LHFI and LHFI secured by nonfarm, nonresidential properties (NFNR), partially offset by net declines in construction, land development and other land LHFI and LHFI secured by 1-4 family residential properties. Other real estate secured LHFI increased $72.1 million, or 5.5%, during the first three months of 2024, primarily due to other construction loans that moved to LHFI secured by multi-family residential properties in the Texas, Alabama and Mississippi market regions. Excluding other construction loan reclassifications, other real estate secured LHFI decreased $14.5 million, or 1.1%, during the first three months of 2024 principally due to declines in LHFI secured by multi-family residential properties in the Alabama market region, partially offset by growth in LHFI secured by multi-family residential properties in the Texas and Mississippi market regions. Other construction loans increased $54.7 million, or 6.3%, during the first three months of 2024 primarily due to new construction loans across all five market regions partially offset by other construction loans moved to other loan categories upon the completion of the related construction project. During the first three months of 2024, $224.1 million loans were moved from other construction to other loan categories, including $86.6 million to multi-family residential loans, $126.6 million to nonowner-occupied loans and $10.9 million to owner-occupied loans. Excluding all reclassifications between loan categories, growth in other construction loans totaled $255.7 million, or 29.5%, during the first three months of 2024. NFNR LHFI increased $53.8 million, or 1.5%, during the first three months of 2024 principally due to other construction loans that moved to NFNR LHFI in the Mississippi, Alabama, Texas and Florida market regions. Excluding other construction loan reclassifications, NFNR LHFI decreased $83.7 million, or 2.4%, during the first three months of 2024 principally due to declines in nonowner-occupied loans in the Mississippi and Texas market regions. LHFI secured by construction, land development and other land decreased $25.9 million, or 4.0%, during the first three months of 2024 primarily due to declines in land development loans in the Alabama and Mississippi market regions. LHFI secured by 1-4 family residential properties decreased $16.2 million, or 0.7%, during the first three months of 2024 primarily in the Mississippi market region. Trustmark's LHFI secured by 1-4 family residential properties are primarily included in the Mississippi market region because these loans are centrally analyzed and approved as part of the mortgage line of business which is located in Jackson, Mississippi.

State and other political subdivision LHFI declined $35.6 million, or 3.3%, during the first three months of 2024, reflecting declines across all five market regions.

The following table provides information regarding Trustmark’s home equity loans and home equity lines of credit which are included in the LHFI secured by 1-4 family residential properties for the periods presented ($ in thousands):

	March 31, 2024	December 31, 2023
Home equity loans	$ 61,619	$ 58,176
Home equity lines of credit	437,565	430,933
Percentage of loans and lines for which Trustmark holds first lien	47.8%	47.8%
Percentage of loans and lines for which Trustmark does not hold first lien	52.2%	52.2%

Due to the increased risk associated with second liens, loan terms and underwriting guidelines differ from those used for products secured by first liens. Loan amounts and loan-to-value ratios are limited and are lower for second liens than first liens. Also, interest rates and maximum amortization periods are adjusted accordingly. In addition, regardless of lien position, the passing credit score for approval of all home equity lines of credit is generally higher than that of term loans. The ACL on LHFI is also reflective of the increased risk related to second liens through application of a greater loss factor to this portion of the portfolio.

Trustmark's variable rate LHFI are based primarily on various prime and SOFR interest rate bases. The following tables provide information regarding the interest rate terms of Trustmark's LHFI as of March 31, 2024 and December 31, 2023 ($ in thousands):

	March 31, 2024		
	Fixed	Variable	Total
Loans secured by real estate:			
Construction, land development and other land	$ 170,106	$ 446,902	$ 617,008
Other secured by 1- 4 family residential properties	180,579	444,808	625,387
Secured by nonfarm, nonresidential properties	1,479,121	2,064,114	3,543,235
Other real estate secured	148,393	1,236,217	1,384,610
Other loans secured by real estate:			
Other construction	3,805	918,648	922,453
Secured by 1- 4 family residential properties	1,362,948	903,146	2,266,094
Commercial and industrial loans	837,159	1,085,552	1,922,711
Consumer loans	132,397	26,943	159,340
State and other political subdivision loans	988,707	64,137	1,052,844
Other commercial loans and leases	319,503	244,758	564,261
LHFI	$ 5,622,718	$ 7,435,225	$ 13,057,943

	December 31, 2023		
	Fixed	Variable	Total
Loans secured by real estate:			
Construction, land development and other land	$ 158,143	$ 484,743	$ 642,886
Other secured by 1- 4 family residential properties	180,665	441,732	622,397
Secured by nonfarm, nonresidential properties	1,487,255	2,002,179	3,489,434
Other real estate secured	147,111	1,165,440	1,312,551
Other loans secured by real estate:			
Other construction	10,240	857,553	867,793
Secured by 1- 4 family residential properties	1,374,499	907,819	2,282,318
Commercial and industrial loans	756,812	1,166,098	1,922,910
Consumer loans	137,424	28,310	165,734
State and other political subdivision loans	1,022,092	66,374	1,088,466
Other commercial loans and leases	300,094	255,941	556,035
LHFI	$ 5,574,335	$ 7,376,189	$ 12,950,524

In the following tables, LHFI reported by region (along with related nonperforming assets and net charge-offs) are associated with location of origination except for loans secured by 1-4 family residential properties (representing traditional mortgages) and credit cards. These loans are included in the Mississippi Region because they are centrally analyzed and approved as part of a specific line of business located at Trustmark's headquarters in Jackson, Mississippi.

The following table presents the LHFI composition by region at March 31, 2024 and reflects each region's diversified mix of loans ($ in thousands):

	March 31, 2024					
LHFI Composition by Region	Total	Alabama	Florida	Mississippi	Tennessee	Texas
Loans secured by real estate:						
Construction, land development and other land	$ 617,008	$ 269,322	$ 36,361	$ 167,709	$ 40,862	$ 102,754
Other secured by 1-4 family residential properties	625,387	154,303	54,099	303,207	79,415	34,363
Secured by nonfarm, nonresidential properties	3,543,235	981,921	233,109	1,485,304	150,017	692,884
Other real estate secured	1,384,610	561,115	1,728	417,757	6,965	397,045
Other loans secured by real estate:						
Other construction	922,453	484,596	2,429	224,134	126	211,168
Secured by 1-4 family residential properties	2,266,094	—	—	2,262,217	3,877	—
Commercial and industrial loans	1,922,711	657,294	23,941	841,797	150,313	249,366
Consumer loans	159,340	21,241	7,385	99,001	18,109	13,604
State and other political subdivision loans	1,052,844	70,161	52,069	782,985	23,700	123,929
Other commercial loans and leases	564,261	236,836	8,216	197,907	57,167	64,135
LHFI	$ 13,057,943	$ 3,436,789	$ 419,337	$ 6,782,018	$ 530,551	$ 1,889,248
Construction, Land Development and Other Land Loans by Region						
Lots	$ 70,445	$ 28,830	$ 8,196	$ 17,829	$ 4,587	$ 11,003
Development	122,788	56,825	1,260	28,668	12,576	23,459
Unimproved land	110,272	20,907	13,404	29,759	8,006	38,196
1-4 family construction	313,503	162,760	13,501	91,453	15,693	30,096
Construction, land development and other land loans	$ 617,008	$ 269,322	$ 36,361	$ 167,709	$ 40,862	$ 102,754
Loans Secured by Nonfarm, Nonresidential Properties by Region						
Nonowner-occupied:						
Retail	$ 367,575	$ 139,444	$ 24,147	$ 106,123	$ 17,381	$ 80,480
Office	261,984	101,364	19,605	73,689	1,617	65,709
Hotel/motel	255,925	128,356	48,992	53,054	25,523	—
Mini-storage	165,962	40,724	1,864	103,323	745	19,306
Industrial	438,626	83,304	19,377	147,199	8,143	180,603
Health care	97,837	69,786	684	24,707	331	2,329
Convenience stores	25,572	3,214	419	13,599	239	8,101
Nursing homes/senior living	513,854	227,254	—	186,507	4,724	95,369
Other	109,838	31,790	9,067	51,626	8,211	9,144
Total nonowner-occupied loans	2,237,173	825,236	124,155	759,827	66,914	461,041
Owner-occupied:						
Office	150,283	41,047	37,629	41,658	11,555	18,394
Churches	56,697	14,208	4,094	32,706	3,215	2,474
Industrial warehouses	156,148	11,553	4,537	39,874	15,766	84,418
Health care	124,330	11,337	8,163	85,172	2,251	17,407
Convenience stores	148,158	12,172	29,156	72,715	—	34,115
Retail	88,445	9,457	15,287	35,730	17,087	10,884
Restaurants	48,491	4,008	2,930	21,360	16,367	3,826
Auto dealerships	42,394	5,138	194	21,007	16,055	—
Nursing homes/senior living	353,641	35,216	—	292,264	—	26,161
Other	137,475	12,549	6,964	82,991	807	34,164
Total owner-occupied loans	1,306,062	156,685	108,954	725,477	83,103	231,843
Loans secured by nonfarm, nonresidential properties	$ 3,543,235	$ 981,921	$ 233,109	$ 1,485,304	$ 150,017	$ 692,884

Allowance for Credit Losses

LHFI

Trustmark's ACL methodology for LHFI is based upon guidance within FASB ASC Subtopic 326-20, "Financial Instruments – Credit Losses – Measured at Amortized Cost," as well as applicable regulatory guidance from its primary regulator. The ACL is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Credit quality within the LHFI portfolio is continuously monitored by Management and is reflected within the ACL for loans. The ACL is an estimate of expected losses inherent within Trustmark's existing LHFI portfolio. The ACL on LHFI is adjusted through the PCL, LHFI and reduced by the charge off of loan amounts, net of recoveries.

The loan loss estimation process involves procedures to appropriately consider the unique characteristics of Trustmark's LHFI portfolio segments. These segments are further disaggregated into loan classes, the level at which credit risk is estimated. When computing allowance levels, credit loss assumptions are estimated using a model that categorizes loan pools based on loss history, delinquency status and other credit trends and risk characteristics, including current conditions and reasonable and supportable forecasts about the future. Evaluations of the portfolio and individual credits are inherently subjective, as they require estimates, assumptions and judgments as to the facts and circumstances of particular situations.

The econometric models currently in production reflect segment or pool level sensitivities of probability of default (PD) to changes in macroeconomic variables. By measuring the relationship between defaults and changes in the economy, the quantitative reserve incorporates reasonable and supportable forecasts of future conditions that will affect the value of Trustmark's assets, as required by FASB ASC Topic 326. Under stable forecasts, these linear regressions will reasonably predict a pool's PD. However, due to the COVID-19 pandemic, the macroeconomic variables used for reasonable and supportable forecasting changed rapidly. At the macroeconomic levels experienced during the COVID-19 pandemic, it was not clear that the models in production would produce reasonably representative results since the models were originally estimated using data beginning in 2004 through 2019. During this period, a traditional, albeit severe, economic recession occurred. Thus, econometric models are sensitive to similar future levels of PD.

In order to prevent the econometric models from extrapolating beyond reasonable boundaries of their input variables, Trustmark chose to establish an upper and lower limit process when applying the periodic forecasts. In this way, Management will not rely upon unobserved and untested relationships in the setting of the quantitative reserve. This approach applies to all input variables, including: Southern Unemployment, National Unemployment, National Gross Domestic Product (GDP), National Home Price Index (HPI), National Commercial Real Estate (CRE) Price Index and the BBB 7-10 Year US Corporate Bond Index. The upper and lower limits are based on the distribution of the macroeconomic variable by selecting extreme percentiles at the upper and lower limits of the distribution, the 1st and 99th percentiles, respectively. These upper and lower limits are then used to calculate the PD for the forecast time period in which the forecasted values are outside of the upper and lower limit range. Due to multiple periods having a PD or loss given default (LGD) at or near zero as a result of the improving macroeconomic forecasts, Management implemented PD and LGD floors to account for the risk associated with each portfolio. The PD and LGD floors are based on Trustmark's historical loss experience and applied at a portfolio level.

The external factors qualitative factor is Management's best judgment on the loan or pool level impact of all factors that affect the portfolio that are not accounted for using any other part of the ACL methodology (i.e., natural disasters, changes in legislation, impacts due to technology and pandemics). Trustmark's External Factor – Pandemic ensured reserve adequacy for collectively evaluated loans most likely to be impacted by the unique economic and behavioral conditions created by the COVID-19 pandemic. Additional qualitative reserves are derived based on two principles. The first is the disconnect of economic factors to Trustmark's modeled PD (derived from the econometric models underpinning the quantitative pooled reserves). During the pandemic, extraordinary measures by the federal government were made available to consumers and businesses, including COVID-19 loan payment concessions, direct transfer payments to households, tax deferrals and reduced interest rates, among others. These government interventions may have extended the lag between economic conditions and default, relative to what was captured in the model development data. Because Trustmark's econometric PD models rely on the observed relationship from the economic downturn from 2007 to 2009 in both timing and severity, Management did not expect the models to reflect these conditions. For example, while the models would predict contemporaneous unemployment peaks and loan defaults, this might not have occurred when borrowers could request payment deferrals. Thus, for the affected population, economic conditions were not fully considered as a part of Trustmark's quantitative reserve. The second principle is the change in risk that is identified by rating changes. As a part of Trustmark's credit review process, loans in the affected population were given more frequent screening to ensure accurate ratings were maintained through this dynamic period. Trustmark's quantitative reserve did not directly address changes in ratings; thus, a migration qualitative factor was designed to work in concert with the quantitative reserve.

As discussed above, the disconnect of economic factors means that changes in rating caused by deteriorating and weak economic conditions as a result of the pandemic were not being captured in the quantitative reserve. During 2020, due to unforeseen pandemic conditions that varied from Management's expectations, additional reserves were further dimensioned in order to appropriately reflect the risk within the portfolio related to the COVID-19 pandemic. In an effort to ensure the External Factor – Pandemic qualitative factor was reasonable and supportable, historical Trustmark loss data was leveraged to construct a framework that was quantitative in nature. To dimension the additional reserve, Management used the sensitivity of the quantitative commercial loan reserve to changes in macroeconomic conditions to apply to loans rated acceptable or better (risk rates 1-4). In addition, to account for the known changes in risk, a weighted average of the commercial loan portfolio loss rate, derived from the performance trends qualitative factor, was used to dimension additional reserves for downgraded credits. Loans rated acceptable with risk (risk rate 5) or watch (risk rate 6) received the additional reserves based on the average of the macroeconomic conditions and weighted average of the commercial loan portfolio loss rate while the loans rated special mention (risk rate 7) and substandard (risk rate 8) received additional reserves based on the weighted-average described above. During 2022, Management noted that all pass rate loans (risk rate 5 and 6) related to the External Factor - Pandemic qualitative factor either did not experience significant stress related to the pandemic or had since recovered and did not expect future stresses attributed to the pandemic that could affect these loans. As a result, Management decided to accelerate the release of the additional pandemic reserves on all pass rate loans as a result of pandemic conditions resolving. During the fourth quarter of 2023, Management decided to resolve the External Factor-Pandemic qualitative factor as a result of the remaining loan balances that were identified as COVID affected loans being immaterial from both a reserve and balance perspective. The remaining loans were incorporated back into the performance qualitative factor as a result of this resolution. Further, due to this resolution there is no longer any active External Factor as of December 31, 2023.

During 2022, Management elected to activate the nature and volume of the portfolio qualitative factor as a result of a sub-pool of the secured by 1-4 family residential properties growing to a significant size along with the underlying nature being different as well. The nature and volume of the portfolio qualitative factor utilizes a WARM methodology that uses industry data for the assumptions to support the qualitative adjustment. The industry data is used to compile a PD based on credit score ranges along with using the industry data to compile an LGD. The sub-pool of credits is then aggregated into the appropriate credit score bands in which a weighted-average loss rate is calculated based on the PD and LGD for each credit score range. This weighted-average loss rate is then applied to the expected balance for the sub-segment of credits. This total is then used as the qualitative reserve adjustment.

Trustmark's current quantitative methodologies do not completely incorporate changes in credit quality. As a result, Trustmark utilizes the performance trends qualitative factor. This factor is based on migration analyses, that allocates additional ACL to non-pass/delinquent loans within each pool. In this way, Management believes the ACL will directly reflect changes in risk, based on the performance of the loans within a pool, whether declining or improving.

The performance trends qualitative factor is estimated by properly segmenting loan pools into risk levels by risk rating for commercial credits and delinquency status for consumer credits. A migration analysis is then performed quarterly using a third-party software and the results for each risk level are compiled to calculate the historical PD average for each loan portfolio based on risk levels. This average historical PD rate is updated annually. For the mortgage portfolio, Trustmark uses an internal report to incorporate a roll rate method for the calculation of the PD rate. In addition to the PD rate for each portfolio, Management incorporates the quantitative rate and the k value derived from the Frye-Jacobs method to calculate a loss estimate that includes both PD and LGD. The quantitative rate is used to eliminate any additional reserve that the quantitative reserve already includes. Finally, the loss estimate rate is then applied to the total balances for each risk level for each portfolio to calculate a qualitative reserve.

Determining the appropriateness of the allowance is complex and requires judgment by Management about the effect of matters that are inherently uncertain. In future periods, evaluations of the overall LHFI portfolio, in light of the factors and forecasts then prevailing, may result in significant changes in the allowance and credit loss expense.

For a complete description of Trustmark's ACL methodology and the quantitative and qualitative factors included in the calculation, please see Note 3 – LHFI and Allowance for Credit Losses, LHFI included in Part I. Item 1. – Financial Statements of this report.

At March 31, 2024, the ACL on LHFI was $143.0 million, an increase of $3.6 million, or 2.6%, when compared with December 31, 2023. The increase in the ACL during the first three months of 2024 was principally due to changes in the macroeconomic forecasts resulting from the annual loss driver analysis performed during the first quarter of 2024 partially offset by updates to the qualitative reserve factors. Allocation of Trustmark's $143.0 million ACL on LHFI, represented 0.93% of commercial LHFI and 1.63% of consumer and home mortgage LHFI, resulting in an ACL to total LHFI of 1.10% as of March 31, 2024. This compares with an ACL to total LHFI of 1.08% at December 31, 2023, which was allocated to commercial LHFI at 0.85% and to consumer and mortgage LHFI at 1.81%.

The following table presents changes in the ACL on LHFI for the periods presented ($ in thousands):

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Balance at beginning of period	$ 139,367	$ 120,214
Provision for credit losses, LHFI	7,708	3,244
LHFI charged-off	(6,324)	(2,996)
Recoveries	2,247	1,777
Net (charge-offs) recoveries	(4,077)	(1,219)
Balance at end of period	$ 142,998	$ 122,239

The increase in net charge-offs when the three months ended March 31, 2024 is compared to the same time period in 2023 was principally due to increases in gross charge-offs across all five market regions, partially offset by an increase in recoveries in the Florida and Texas market regions.

The following table presents the net (charge-offs) recoveries by geographic market region for the periods presented ($ in thousands):

	Three Months Ended March 31, 2024	2023
Alabama	$ (341)	$ (268)
Florida	277	(36)
Mississippi	(1,489)	(775)
Tennessee	(179)	(124)
Texas	(2,345)	(16)
Total net (charge-offs) recoveries	$ (4,077)	$ (1,219)

The PCL, LHFI for the three months ended March 31, 2024 totaled 0.24% of average loans (LHFS and LHFI) compared to 0.10% of average loans (LHFS and LHFI) for the same time period in 2023. The PCL on LHFI for the three months ended March 31, 2024 primarily reflected an increase in required reserves as a result of changes in the macroeconomic forecasts resulting from the annual loss driver analysis performed during the first quarter of 2024 partially offset by a decline in required reserves as a result of updates to the qualitative reserve factors.

Off-Balance Sheet Credit Exposures

Trustmark maintains a separate ACL on off-balance sheet credit exposures, including unfunded loan commitments and letters of credit, which is included on the accompanying consolidated balance sheets. Expected credit losses for off-balance sheet credit exposures are estimated by calculating a commitment usage factor over the contractual period for exposures that are not unconditionally cancellable by Trustmark. Trustmark calculates a loan pool level unfunded amount for the period. Trustmark calculates an expected funding rate each period which is applied to each pool's unfunded commitment balances to ensure that reserves will be applied to each pool based upon balances expected to be funded based upon historical levels. Additionally, a reserve rate is applied to the unfunded commitment balance, which incorporates both quantitative and a majority of the qualitative aspects of the current period's expected credit loss rate. The reserve rate that is applied excludes the reserve impact of the performance trends qualitative factor. During the first quarter of 2024, Management decided to implement a performance trends qualitative factor for unfunded commitments. The same assumptions are applied in this calculation that the funded balances utilize with the addition of using the funding rates on the unfunded commitments. The performance trends qualitative factor reserve is then added to the other calculated reserve to get a total reserve for off-balance sheet credit exposures. See the section captioned "ACL on Off-Balance Sheet Credit Exposures" in Note 12 – Contingencies included in Part I. Item 1. – Financial Statements of this report for complete description of Trustmark's ACL methodology on off-balance sheet credit exposures.

Adjustments to the ACL on off-balance sheet credit exposures are recorded to the PCL, off-balance sheet credit exposures. At March 31, 2024, the ACL on off-balance sheet credit exposures totaled $33.9 million compared to $34.1 million at December 31, 2023, a decrease of $192 thousand, or 0.6%. The PCL, off-balance sheet credit exposures totaled a negative $192 thousand for the three months ended March 31, 2024, compared to a negative $2.2 million for the same time period in 2023. The release in PCL on off-balance sheet credit exposures for the three months ended March 31, 2024, primarily reflected a decrease in required reserves as a result of a decrease in unfunded commitments largely offset by an increase in required reserves as a result of implementing the performance trend qualitative reserve factor.

Nonperforming Assets

The table below provides the components of nonperforming assets by geographic market region at March 31, 2024 and December 31, 2023 ($ in thousands):

	March 31, 2024	December 31, 2023
Nonaccrual LHFI		
Alabama	$ 23,261	$ 23,271
Florida	585	170
Mississippi	59,059	54,615
Tennessee	1,800	1,802
Texas	13,646	20,150
Total nonaccrual LHFI	98,351	100,008
Other real estate		
Alabama	1,050	1,397
Florida	71	—
Mississippi	2,870	1,242
Tennessee	86	—
Texas	3,543	4,228
Total other real estate	7,620	6,867
Total nonperforming assets	$ 105,971	$ 106,875
Nonperforming assets/total loans (LHFS and LHFI) and ORE	0.80 %	0.81 %
Loans past due 90 days or more		
LHFI	$ 5,243	$ 5,790
LHFS - Guaranteed GNMA serviced loans *(1)*	$ 56,530	$ 51,243

(1)No obligation to repurchase.

See the previous discussion of LHFS for more information on Trustmark's serviced GNMA loans eligible for repurchase and the impact of Trustmark's repurchases of delinquent mortgage loans under the GNMA optional repurchase program.

Nonaccrual LHFI

At March 31, 2024, nonaccrual LHFI totaled $98.4 million, or 0.74% of total LHFS and LHFI, reflecting a decrease of $1.7 million, or 1.7%, relative to December 31, 2023. The decrease in nonaccrual LHFI during the first three months of 2024 was primarily as a result of the resolution of one large nonaccrual commercial credit in the Texas market region partially offset by one large commercial credit placed on nonaccrual in the Texas market region as well as an increase in mortgage nonaccruals.

For additional information regarding nonaccrual LHFI, see the section captioned "Nonaccrual and Past Due LHFI" included in Note 3 – LHFI and Allowance for Credit Losses, LHFI in Part I. Item 1. – Financial Statements of this report.

Other Real Estate

Other real estate at March 31, 2024 increased $753 thousand, or 11.0%, when compared with December 31, 2023. The increase in other real estate was principally due to properties foreclosed in the Mississippi market region partially offset by properties sold in the Alabama and Mississippi market regions as well as write-downs of properties in the Texas market region.

The following tables illustrate changes in other real estate by geographic market region for the periods presented ($ in thousands):

	Three Months Ended March 31, 2024					
	Total	Alabama	Florida	Mississippi	Tennessee	Texas
Balance at beginning of period	$ 6,867	$ 1,397	$ —	$ 1,242	$ —	$ 4,228
Additions	2,228	92	—	2,102	34	—
Disposals	(957)	(522)	—	(435)	—	—
(Write-downs) recoveries	(518)	83	—	32	52	(685)
Adjustments	—	—	71	(71)	—	—
Balance at end of period	$ 7,620	$ 1,050	$ 71	$ 2,870	$ 86	$ 3,543

	Three Months Ended March 31, 2023					
	Total	Alabama	Florida	Mississippi	Tennessee	Texas
Balance at beginning of period	$ 1,986	$ 194	$ —	$ 1,769	$ 23	$ —
Additions	300	—	—	111	189	—
Disposals	(542)	(194)	—	(325)	(23)	—
(Write-downs) recoveries	(60)	—	—	(60)	—	—
Balance at end of period	$ 1,684	$ —	$ —	$ 1,495	$ 189	$ —

Other real estate is revalued on an annual basis or more often if market conditions necessitate. Subsequent to foreclosure, losses on the periodic revaluation of the property are charged against the reserve for other real estate write-downs or net income in other real estate expense, if a reserve does not exist. Write-downs of other real estate increased $458 thousand when the first three months of 2024 is compared to the same time period in 2023, primarily due to an increase in the reserve for other real estate write-downs in the Texas market region as a result of periodic revaluations of other real estate properties.

For additional information regarding other real estate, please see Note 5 – Other Real Estate included in Part I. Item 1. – Financial Statements of this report.

Deposits

Trustmark's deposits are its primary source of funding and primarily consist of core deposits from the communities Trustmark serves. Deposits include interest-bearing and noninterest-bearing demand accounts, savings, MMDA, CDs and individual retirement accounts. Total deposits were $15.339 billion at March 31, 2024 compared to $15.570 billion at December 31, 2023, a decrease of $231.2 million, or 1.5%. During the first three months of 2024, noninterest-bearing deposits decreased $158.0 million, or 4.9%, reflecting declines in all categories of noninterest-bearing deposits reflecting customers migration into higher-yielding products. Interest-bearing deposits decreased $73.2 million, or 0.6%, during the first three months of 2024, primarily due to declines in public and consumer interest checking accounts and consumer CDs, partially offset by growth in business and consumer MMDA.

At March 31, 2024, Trustmark's total uninsured deposits were $5.531 billion, or 36.1% of total deposits, compared to $5.601 billion, or 36.0% of total deposits, at December 31, 2023.

Borrowings

Trustmark uses short-term borrowings, such as federal funds purchased, securities sold under repurchase agreements and short-term FHLB advances, to fund growth of earning assets in excess of deposit growth. See the section captioned "Liquidity" for further discussion of the components of Trustmark's excess funding capacity.

Federal funds purchased and securities sold under repurchase agreements totaled $393.2 million at March 31, 2024 compared to $405.7 million at December 31, 2023, a decrease of $12.5 million, or 3.1%, principally due to a decrease in upstream federal funds purchased. At March 31, 2024 and December 31, 2023, $48.2 million and $35.7 million represented customer related transactions, such as commercial sweep repurchase balances. Trustmark had $345.0 million of upstream federal funds purchased at March 31, 2024 compared to $370.0 million at December 31, 2023.

Other borrowings totaled $482.0 million at March 31, 2024, a decrease of $1.2 million, or 0.2%, when compared with $483.2 million at December 31, 2023, principally due to a decline in GNMA loans eligible for repurchase.

Legal Environment

Information required in this section is set forth under the heading "Legal Proceedings" of Note 12 – Contingencies included in Part I. Item 1. – Financial Statements of this report.

Off-Balance Sheet Arrangements

Information required in this section is set forth under the heading "Lending Related" of Note 12 – Contingencies included in Part I. Item 1. – Financial Statements of this report.

Capital Resources and Liquidity

Trustmark places a significant emphasis on the maintenance of a strong capital position, which promotes investor confidence, provides access to funding sources under favorable terms and enhances Trustmark's ability to capitalize on business growth and acquisition opportunities. Higher levels of liquidity, however, bear corresponding costs, measured in terms of lower yields on short-term, more liquid earning assets and higher expenses for extended liability maturities. Trustmark manages capital based upon risks and growth opportunities as well as regulatory requirements. Trustmark utilizes a capital model in order to provide Management with a monthly tool for analyzing changes in its strategic capital ratios. This allows Management to hold sufficient capital to provide for growth opportunities and protect the balance sheet against sudden adverse market conditions, while maintaining an attractive return on equity to shareholders.

At March 31, 2024, Trustmark's total shareholders' equity was $1.683 billion, an increase of $20.8 million, or 1.2%, when compared to December 31, 2023. During the first three months of 2024, shareholders' equity increased primarily as a result of net income of $41.5 million, partially offset by common stock dividends of $14.2 million.

Regulatory Capital

Trustmark and TNB are subject to minimum risk-based capital and leverage capital requirements, as described in the section captioned "Capital Adequacy" included in Part I. Item 1. – Business of Trustmark's 2023 Annual Report, which are administered by the federal bank regulatory agencies. These capital requirements, as defined by federal regulations, involve quantitative and qualitative measures of assets, liabilities and certain off-balance sheet instruments. Trustmark's and TNB's minimum risk-based capital requirements include a capital conservation buffer of 2.5%. AOCI is not included in computing regulatory capital. Trustmark elected the five-year phase-in transition period (through December 31, 2024) related to adopting FASB ASU 2016-13 for regulatory capital purposes. Failure to meet minimum capital requirements can result in certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the financial statements of Trustmark and TNB and limit Trustmark's and TNB's ability to pay dividends. At March 31, 2024, Trustmark and TNB exceeded all applicable minimum capital standards. In addition, Trustmark and TNB met applicable regulatory guidelines to be considered well-capitalized at March 31, 2024. To be categorized in this manner, Trustmark and TNB maintained minimum common equity Tier 1 risk-based capital, Tier 1 risk-based capital, total risk-based capital and Tier 1 leverage ratios, and were not subject to any written agreement, order or capital directive, or prompt corrective action directive issued by their primary federal regulators to meet and maintain a specific capital level for any capital measures. There are no significant conditions or events that have occurred since March 31, 2024 which Management believes have affected Trustmark's or TNB's present classification.

In 2020, Trustmark enhanced its capital structure with the issuance of $125.0 million of subordinated notes. At both March 31, 2024 and December 31, 2023, the carrying amount of the subordinated notes was $123.5 million. The subordinated notes mature December 1, 2030 and are redeemable at Trustmark's option under certain circumstances. For regulatory capital purposes, the subordinated notes qualified as Tier 2 capital for Trustmark at March 31, 2024 and December 31, 2023. Trustmark may utilize the full carrying value of the subordinated notes as Tier 2 capital until December 1, 2025 (five years prior to maturity). Beginning December 1, 2025, the subordinated notes will phase out of Tier 2 capital 20.0% each year until maturity.

In 2006, Trustmark enhanced its capital structure with the issuance of trust preferred securities. For regulatory capital purposes, the trust preferred securities qualified as Tier 1 capital at March 31, 2024 and December 31, 2023. Trustmark intends to continue to utilize $60.0 million in trust preferred securities issued by Trustmark Preferred Capital Trust I (the Trust) as Tier 1 capital up to the regulatory limit, as permitted by the grandfather provision in the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Basel III Final Rule.

Refer to the section captioned "Regulatory Capital" included in Note 15 – Shareholders' Equity in Part I. Item 1. – Financial Statements of this report for an illustration of Trustmark's and TNB's actual regulatory capital amounts and ratios under regulatory capital standards in effect at March 31, 2024 and December 31, 2023.

Dividends on Common Stock

Dividends per common share for the three months ended March 31, 2024 and 2023 were $0.23. Trustmark's indicated dividend for 2024 is $0.92 per common share, which is the same as dividends per common share declared in 2023.

Stock Repurchase Program

From time to time, Trustmark's Board of Directors has authorized stock repurchase plans. In general, stock repurchase plans allow Trustmark to proactively manage its capital position and return excess capital to shareholders. Shares purchased also provide Trustmark with shares of common stock necessary to satisfy obligations related to stock compensation awards.

On December 6, 2022, the Board of Directors of Trustmark authorized a stock repurchase program, effective January 1, 2023, under which $50.0 million of Trustmark's outstanding common stock could be acquired through December 31, 2023. No shares were repurchased under this authority.

On December 5, 2023, the Board of Directors of Trustmark authorized a new stock repurchase program, effective January 1, 2024, under which $50.0 million of Trustmark's outstanding common stock may be acquired through December 31, 2024. The repurchase program, which is subject to market conditions and management discretion, will be implemented through open market repurchases or privately negotiated transactions. No shares have been repurchased under this authority.

Liquidity

Liquidity is the ability to ensure that sufficient cash flow and liquid assets are available to satisfy current and future financial obligations, including demand for loans and deposit withdrawals, funding operating costs and other corporate purposes. Consistent cash flows from operations and adequate capital provide internally generated liquidity. Furthermore, Management maintains funding capacity from a variety of external sources to meet daily funding needs, such as those required to meet deposit withdrawals, loan disbursements and security settlements. Liquidity strategy also includes the use of wholesale funding sources to provide for the seasonal fluctuations of deposit and loan demand and the cyclical fluctuations of the economy that impact the availability of funds. Management keeps excess funding capacity available to meet potential demands associated with adverse circumstances.

The asset side of the balance sheet provides liquidity primarily through maturities and cash flows from loans and securities as well as the ability to pledge or sell certain loans and securities. The liability portion of the balance sheet provides liquidity primarily through noninterest and interest-bearing deposits. Trustmark utilizes federal funds purchased, FHLB advances, securities sold under repurchase agreements, the Federal Reserve Discount Window (Discount Window) and brokered deposits to provide additional liquidity. Access to these additional sources represents Trustmark’s incremental borrowing capacity.

Trustmark's liquidity position is continuously monitored and adjustments are made to manage the balance as deemed appropriate. Liquidity risk management is an important element to Trustmark's asset/liability management process. Trustmark regularly models liquidity stress scenarios to assess potential liquidity outflows or funding problems resulting from economic disruptions or other significant occurrences as deemed appropriate by Management. These scenarios are incorporated into Trustmark's contingency funding plan, which provides the basis for the identification of its liquidity needs.

Deposit accounts represent Trustmark’s largest funding source. Average deposits totaled $15.420 billion for the first three months of 2024 and represented approximately 82.6% of average liabilities and shareholders’ equity, compared to average deposits of $14.666 billion, which represented 79.3% of average liabilities and shareholders’ equity for the first three months of 2023. For more information on average interest-bearing deposits, please see the analysis included in the section captioned “Net Interest Income.”

Trustmark had $368.5 million held in an interest-bearing account at the FRBA at March 31, 2024, compared to $712.0 million held at December 31, 2023.

Trustmark utilizes brokered deposits to supplement other wholesale funding sources. At March 31, 2024, brokered sweep MMDA deposits totaled $10.5 million compared to $10.6 million at December 31, 2023. In addition, Trustmark had $586.9 million of brokered CDs at March 31, 2024 compared to $578.8 million at December 31, 2023.

At March 31, 2024, Trustmark had $345.0 million of upstream federal funds purchased compared to $370.0 million of upstream federal funds purchased at December 31, 2023. Trustmark maintains adequate federal funds lines to provide sufficient short-term liquidity.

Trustmark maintains a relationship with the FHLB of Dallas, which provided $400.0 million of outstanding short-term and no long-term advances at both March 31, 2024 and December 31, 2023. Trustmark had no letters of credit outstanding with the FHLB of Dallas at March 31, 2024 and December 31, 2023. Under the existing borrowing agreement, Trustmark had sufficient qualifying collateral to increase FHLB advances or letters of credit with the FHLB of Dallas by $4.065 billion at March 31, 2024.

In addition, at March 31, 2024, Trustmark had no short-term and $53 thousand in long-term FHLB advances outstanding with the FHLB of Atlanta, which were acquired in the BancTrust merger in 2013, compared to no short-term and $58 thousand in long-term FHLB advances at December 31, 2023. Trustmark has non-member status and thus no additional borrowing capacity with the FHLB of Atlanta.

Additionally, Trustmark has the ability to leverage its unencumbered investment securities as collateral. At March 31, 2024, Trustmark had approximately $799.0 million available in unencumbered U.S. Treasury and agency securities compared to $842.0 million in unencumbered Treasury and agency securities at December 31, 2023.

Another borrowing source is the Discount Window. At March 31, 2024, Trustmark had approximately $1.412 billion available in collateral capacity at the Discount Window primarily from pledges of commercial and industrial LHFI, compared with $1.374 billion at December 31, 2023.

Additionally, on March 15, 2020, in response to the COVID-19 pandemic, the FRB reduced reserve requirements for insured depository institutions to zero percent, which increased TNB's available liquidity.

During 2020, Trustmark issued $125.0 million aggregate principal amount of its 3.625% fixed-to-floating rate subordinated notes. At both March 31, 2024 and December 31, 2023, the carrying amount of the subordinated notes was $123.5 million. The subordinated notes mature December 1, 2030 and are redeemable at Trustmark's option under certain circumstances. The subordinated notes are unsecured obligations and are subordinated in right of payment to all of Trustmark's existing and future senior indebtedness, whether secured or unsecured. The subordinated notes are obligations of Trustmark only and are not obligations of, and are not guaranteed by, any of its subsidiaries, including TNB.

During 2006, Trustmark completed a private placement of $60.0 million of trust preferred securities through a newly formed Delaware trust affiliate, the Trust. The trust preferred securities mature September 30, 2036 and are redeemable at Trustmark's option. The proceeds from the sale of the trust preferred securities were used by the Trust to purchase $61.9 million in aggregate principal amount of Trustmark's junior subordinated debentures.

The Board of Directors of Trustmark currently has the authority to issue up to 20.0 million preferred shares with no par value. The ability to issue preferred shares in the future will provide Trustmark with additional financial and management flexibility for general corporate and acquisition purposes. At March 31, 2024, Trustmark had no shares of preferred stock issued and outstanding.

Management believes that Trustmark has sufficient liquidity and capital resources to meet presently known cash flow requirements arising from ongoing business transactions. As of March 31, 2024, Management is not aware of any events that are reasonably likely to have a material adverse effect on Trustmark's liquidity, capital resources or operations. In addition, Management is not aware of any regulatory recommendations regarding liquidity that would have a material adverse effect on Trustmark.

In the ordinary course of business, Trustmark has entered into contractual obligations and has made other commitments to make future payments. Please refer to the accompanying notes to the consolidated financial statements included in Part I. Item 1. – Financial Statements of this report and Trustmark's 2023 Annual Report for the expected timing of such payments as of March 31, 2024 and December 31, 2023. There have been no material changes in Trustmark's contractual obligations since year-end.

Asset/Liability Management

Overview

Market risk reflects the potential risk of loss arising from adverse changes in interest rates and market prices. Trustmark has risk management policies to monitor and limit exposure to market risk. Trustmark's primary market risk is interest rate risk created by core banking activities. Interest rate risk is the potential variability of the income generated by Trustmark's financial products or services, which results from changes in various market interest rates. Market rate changes may take the form of absolute shifts, variances in the relationships between different rates and changes in the shape or slope of the interest rate term structure.

Following the LIBOR cessation date of June 30, 2023, the nationwide process for replacing LIBOR in financial contracts that mature thereafter and that do not provide for an effective means to replace LIBOR upon its cessation took effect pursuant to the Adjustable Interest Rate (LIBOR) Act. For contracts in which a party has the discretion to identify a replacement rate, the Adjustable Interest Rate (LIBOR) Act also provides a safe harbor to parties if they choose the SOFR-based benchmark replacement rate to be identified by the FRB. Trustmark had a significant number of loans, derivative contracts, borrowings and other financial instruments with attributes that were either directly or indirectly dependent on LIBOR. As of March 31, 2024, all of Trustmark's LIBOR exposure was remediated or in the process of being remediated. The transition from LIBOR could create costs and additional risk. Trustmark cannot predict what the ultimate impact of the transition from LIBOR will be; however, Trustmark has implemented various measures to manage the transition and mitigate risks. For additional information regarding the transition from LIBOR and Trustmark's management of this transition, please see the respective risk factor included in Part I. Item 1A. – Risk Factors, of Trustmark's 2023 Annual Report.

Management continually develops and applies cost-effective strategies to manage these risks. Management's Asset/Liability Committee sets the day-to-day operating guidelines, approves strategies affecting net interest income and coordinates activities within policy limits established by the Board of Directors of Trustmark. A key objective of the asset/liability management program is to quantify, monitor and manage interest rate risk and to assist Management in maintaining stability in the net interest margin under varying interest rate environments.

Derivatives

Trustmark uses financial derivatives for management of interest rate risk. Management's Asset/Liability Committee, in its oversight role for the management of interest rate risk, approves the use of derivatives in balance sheet hedging strategies. The most common derivatives employed by Trustmark are interest rate lock commitments, forward contracts (both futures contracts and options on futures contracts), interest rate swaps, interest rate caps and interest rate floors. As a general matter, the values of these instruments are designed to be inversely related to the values of the assets that they hedge (*i.e*., if the value of the hedged asset falls, the value of the related hedge rises). In addition, Trustmark has entered into derivatives contracts as counterparty to one or more customers in connection with loans extended to those customers. These transactions are designed to hedge interest rate, currency or other exposures of the customers and are not entered into by Trustmark for speculative purposes. Increased federal regulation of the derivatives markets may increase the cost to Trustmark to administer derivatives programs.

Derivatives Designated as Hedging Instruments

During 2022, Trustmark initiated a cash flow hedging program. Trustmark's objectives in initiating this hedging program were to add stability to interest income and to manage its exposure to interest rate movements. Interest rate swaps designated as cash flow hedges involve the receipt of fixed-rate amounts from a counterparty in exchange for Trustmark making variable-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate floor spreads designated as cash flow hedges involve the receipt of variable-rate amounts if interest rates fall below the purchased floor strike rate on the contract and payments of variable rate amounts if interest rates fall below the sold floor strike rate on the contract. Trustmark uses such derivatives to hedge the variable cash flows associated with existing and anticipated variable-rate loan assets. At March 31, 2024, the aggregate notional value of Trustmark's interest rate swaps and floor spreads designated as cash flow hedges totaled $1.225 billion compared to $1.125 billion at December 31, 2023.

Trustmark records any gains or losses on these cash flow hedges in AOCI. Gains and losses on derivatives representing hedge components excluded from the assessment of effectiveness are recognized over the life of the hedge on a systematic and rational basis, as documented at hedge inception in accordance with Trustmark's accounting policy election. The earnings recognition of excluded components totaled $85 thousand and $9 thousand of amortization expense for the three months ended March 31, 2024 and 2023, respectively, and is included in interest and fees on LHFS and LHFI. As interest payments are received on Trustmark's variable-rate assets, amounts reported in AOCI are reclassified into interest and fees on LHFS and LHFI in the accompanying consolidated statements of income during the same period. For the three months ended March 31, 2024 and 2023, Trustmark reclassified a loss, net of tax, of $3.6 million and $2.2 million, respectively, into interest and fees on LHFS and LHFI. During the next twelve months, Trustmark estimates that $15.5 million will be reclassified as a reduction to interest and fees on LHFS and LHFI. This amount could differ due to changes in interest rates, hedge de-designations or the addition of other hedges.

Derivatives Not Designated as Hedging Instruments

As part of Trustmark's risk management strategy in the mortgage banking business, various derivative instruments such as interest rate lock commitments and forward sales contracts are utilized. Rate lock commitments are residential mortgage loan commitments with customers, which guarantee a specified interest rate for a specified period of time. Trustmark's obligations under forward contracts consist of commitments to deliver mortgage loans, originated and/or purchased, in the secondary market at a future date. The gross notional amount of Trustmark's off-balance sheet obligations under these derivative instruments totaled $217.0 million at March 31, 2024, with a positive valuation adjustment of $949 thousand, compared to $171.4 million, with a negative valuation adjustment of $150 thousand at December 31, 2023.

Trustmark utilizes a portfolio of exchange-traded derivative instruments, such as Treasury note futures contracts and option contracts, to achieve a fair value return that economically hedges changes in fair value of the MSR attributable to interest rates. These transactions are considered freestanding derivatives that do not otherwise qualify for hedge accounting under GAAP. The total notional amount of these derivative instruments was $301.0 million at March 31, 2024 compared to $285.0 million at December 31, 2023. These exchange-traded derivative instruments are accounted for at fair value with changes in the fair value recorded as noninterest income in mortgage banking, net and are offset by the changes in the fair value of the MSR. The MSR fair value represents the present value of future cash flows, which among other things includes decay and the effect of changes in interest rates. Ineffectiveness of hedging the MSR fair value is measured by comparing the change in value of hedge instruments to the change in the fair value of the MSR asset attributable to changes in interest rates and other market driven changes in valuation inputs and assumptions. The impact of this strategy resulted in a net negative ineffectiveness of $1.1 million and $1.8 million for the three months ended March 31, 2024 and 2023, respectively.

Trustmark offers certain interest rate derivatives products directly to qualified commercial lending clients seeking to manage their interest rate risk under loans they have entered into with TNB. Trustmark economically hedges interest rate swap transactions executed with commercial lending clients by entering into offsetting interest rate swap transactions with institutional derivatives market participants. Derivatives transactions executed as part of this program are not designated as qualifying hedging relationships under GAAP and are, therefore, carried on Trustmark's financial statements at fair value with the change in fair value recorded as noninterest income in bank card and other fees. Because these derivatives have mirror-image contractual terms, in addition to collateral provisions which mitigate the impact of non-performance risk, the changes in fair value are expected to substantially offset. The Chicago Mercantile Exchange rules legally characterize variation margin collateral payments made or received for centrally cleared interest rate swaps as settlements rather than collateral. As a result, centrally cleared interest rate swaps included in other assets and other liabilities are presented on a net basis in the accompanying consolidated balance sheets. As of March 31, 2024, Trustmark had interest rate swaps with an aggregate notional amount of $1.470 billion related to this program, compared to $1.500 billion as of December 31, 2023.

Credit-Risk-Related Contingent Features

Trustmark has agreements with its financial institution counterparties that contain provisions where if Trustmark defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then Trustmark could also be deemed to be in default on its derivatives obligations.

At March 31, 2024, there was no termination value of interest rate swaps in a liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements compared to $1.4 million at December 31, 2023. At March 31, 2024 and December 31, 2023, Trustmark had posted collateral of $40 thousand and $2.0 million, respectively, against its obligations because of negotiated thresholds and minimum transfer amounts under these agreements. If Trustmark had breached any of these triggering provisions at March 31, 2024, it could have been required to settle its obligations under the agreements at the termination value (which is expected to approximate fair market value).

Credit risk participation agreements arise when Trustmark contracts with other financial institutions, as a guarantor or beneficiary, to share credit risk associated with certain interest rate swaps. These agreements provide for reimbursement of losses resulting from a third-party default on the underlying swap. At March 31, 2024, Trustmark had entered into seven risk participation agreements as a beneficiary with an aggregate notional amount of $44.9 million compared to six risk participation agreements as a beneficiary with an aggregate notional amount of $40.1 million at December 31, 2023. At March 31, 2024 and December 31, 2023, Trustmark had entered into thirty-five risk participation agreements as a guarantor with an aggregate notional amount of $304.1 million and $304.7 million, respectively. The aggregate fair values of these risk participation agreements were immaterial at both March 31, 2024 and December 31, 2023.

Trustmark's participation in the derivatives markets is subject to increased federal regulation of these markets. Trustmark believes that it may continue to use financial derivatives to manage interest rate risk and also to offer derivatives products to certain qualified commercial lending clients in compliance with the Volcker Rule. However, the increased federal regulation of the derivatives markets has increased the cost to Trustmark of administering its derivatives programs. Some of these costs (particularly compliance costs related to the Volcker Rule and other federal regulations) are expected to recur in the future.

Market/Interest Rate Risk Management

The primary purpose in managing interest rate risk is to invest capital effectively and preserve the value created by the core banking business. This is accomplished through the development and implementation of lending, funding, pricing and hedging strategies designed to maximize net interest income performance under varying interest rate environments subject to specific liquidity and interest rate risk guidelines.

Financial simulation models are the primary tools used by Management's Asset/Liability Committee to measure interest rate exposure. The significant increase in short-term market interest rates and the overall interest rate environment is likely to affect the balance sheet composition and rates. The simulation incorporates assumptions regarding the effects of such changes based on a combination of historical analysis and expected behavior. Using a wide range of scenarios, Management is provided with extensive information on the potential impact on net interest income caused by changes in interest rates. Models are structured to simulate cash flows and accrual characteristics of Trustmark's balance sheet. Assumptions are made about the direction and volatility of interest rates, the slope of the yield curve and the changing composition of Trustmark's balance sheet, resulting from both strategic plans and customer behavior. In addition, the model incorporates Management's assumptions and expectations regarding such factors as loan and deposit growth, pricing, prepayment speeds and spreads between interest rates.

Based on the results of the simulation models using static balances, the table below summarizes the effect various one-year interest rate shift scenarios would have on net interest income compared to a base case, flat scenario at March 31, 2024 and 2023.

	Estimated % Change in Net Interest Income	
Change in Interest Rates	2024	2023
+200 basis points	1.4%	3.5%
+100 basis points	0.7%	1.7%
-100 basis points	-0.8%	-1.8%
-200 basis points	-2.3%	-4.8%

Management cannot provide any assurance about the actual effect of changes in interest rates on net interest income. The estimates provided do not include the effects of possible strategic changes in the balances of various assets and liabilities throughout 2024 or additional actions Trustmark could undertake in response to changes in interest rates. Management will continue to prudently manage the balance sheet in an effort to control interest rate risk and maintain profitability over the long term.

Another component of interest rate risk management is measuring the economic value-at-risk for a given change in market interest rates. The economic value-at-risk may indicate risks associated with longer-term balance sheet items that may not affect net interest income at risk over shorter time periods. Trustmark uses computer-modeling techniques to determine the present value of all asset and liability cash flows (both on- and off-balance sheet), adjusted for prepayment expectations, using a market discount rate. The economic value of equity (EVE), also known as net portfolio value, is defined as the difference between the present value of asset cash flows and the present value of liability cash flows. The resulting change in EVE in different market rate environments, from the base case scenario, is the amount of EVE at risk from those rate environments.

The following table summarizes the effect that various interest rate shifts would have on net portfolio value at March 31, 2024 and 2023.

	Estimated % Change in Net Portfolio Value	
Change in Interest Rates	2024	2023
+200 basis points	-1.9%	-1.7%
+100 basis points	-0.7%	-0.6%

Trustmark determines the fair value of the MSR using a valuation model administered by a third party that calculates the present value of estimated future net servicing income. The model incorporates assumptions that market participants use in estimating future net servicing income, including estimates of prepayment speeds, discount rate, default rates, cost to service (including delinquency and foreclosure costs), escrow account earnings, contractual servicing fee income and other ancillary income such as late fees. Management reviews all significant assumptions quarterly. Mortgage loan prepayment speeds, a key assumption in the model, is the annual rate at which borrowers are forecasted to repay their mortgage loan principal. The discount rate used to determine the present value of estimated future net servicing income, another key assumption in the model, is an estimate of the required rate of return investors in the market would require for an asset with similar risk. Both assumptions can, and generally will, change as market conditions and interest rates change.

By way of example, an increase in either the prepayment speed or discount rate assumption will result in a decrease in the fair value of the MSR, while a decrease in either assumption will result in an increase in the fair value of the MSR. In recent years, there have been significant market-driven fluctuations in loan prepayment speeds and discount rates. These fluctuations can be rapid and may continue to be significant. Therefore, estimating prepayment speed and/or discount rates within ranges that market participants would use in determining the fair value of the MSR requires significant management judgment.

At March 31, 2024, the MSR fair value was $138.0 million, compared to $127.2 million at March 31, 2023. The impact on the MSR fair value of a 10% adverse change in prepayment speed or a 100 basis point increase in discount rate at March 31, 2024, would be a decline in fair value of approximately $5.0 million and $5.7 million, respectively, compared to a decline in fair value of approximately $4.5 million and $5.2 million, respectively, at March 31, 2023. Changes of equal magnitude in the opposite direction would produce similar increases in fair value in the respective amounts.

Critical Accounting Policies

For an overview of Trustmark's critical accounting policies, see the section captioned "Critical Accounting Policies" included in Part II. Item 7. – Management's Discussion and Analysis of Financial Condition and Results of Operations, of Trustmark's 2023 Annual Report. There have been no significant changes in Trustmark's critical accounting policies during the first three months of 2024.

For additional information regarding Trustmark's basis of presentation and accounting policies, see Note 1 – Business, Basis of Financial Statement Presentation and Principles of Consolidation included in Part I. Item 1. – Financial Statements of this report.

Accounting Policies Recently Adopted and Pending Accounting Pronouncements

For a complete list of recently adopted and pending accounting policies and the impact on Trustmark, see Note 19 – Accounting Policies Recently Adopted and Pending Accounting Pronouncements included in Part I. Item 1. – Financial Statements of this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this item is included in the discussion of Market/Interest Rate Risk Management found in Management's Discussion and Analysis.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation was carried out by Trustmark's Management, with the participation of its Chief Executive Officer and Treasurer and Principal Financial Officer (Principal Financial Officer), of the effectiveness of Trustmark's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based on that evaluation, the Chief Executive Officer and the Principal Financial Officer concluded that Trustmark's disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There has been no change in Trustmark's internal control over financial reporting during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, Trustmark's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information required in this section is set forth under the heading "Legal Proceedings" of Note 12 – Contingencies in Part I. Item 1 – Financial Statements of this report.

In accordance with FASB Accounting Standards Codification (ASC) Topic 450-20, "Loss Contingencies," Trustmark will establish an accrued liability for litigation matters when those matters present loss contingencies that are both probable and reasonably estimable. At the present time, Trustmark believes, based on its evaluation and the advice of legal counsel, that a loss in any such proceeding is not probable and reasonably estimable. All matters will continue to be monitored for further developments that would make such loss contingency both probable and reasonably estimable. In view of the inherent difficulty of predicting the outcome of legal proceedings, Trustmark cannot predict the eventual outcomes of the currently pending matters or the timing of their ultimate resolution. Trustmark currently believes, however, based upon the advice of legal counsel and Management's evaluation and after taking into account its current insurance coverage, that the legal proceedings currently pending should not have a material adverse effect on Trustmark's consolidated financial condition.

ITEM 1A. RISK FACTORS

There has been no material change in the risk factors previously disclosed in Trustmark's 2023 Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On December 5, 2023, Trustmark's Board of Directors authorized a stock repurchase program effective January 1, 2024, under which $50.0 million of Trustmark's outstanding shares may be acquired through December 31, 2024. The repurchase program, which is subject to market conditions and management discretion, will be implemented through open market repurchases or privately negotiated transactions.

The following table provides information with respect to purchases by Trustmark or made on behalf of Trustmark of its common stock during the three months ended March 31, 2024 ($ in thousands, except per share amounts):

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan at the End of the Period
January 1, 2024 to January 31, 2024	—	$ —	—	$ 50,000
February 1, 2024 to February 29, 2024	—	—	—	50,000
March 1, 2024 to March 31, 2024	—	—	—	50,000
Total	—		—	

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

During the three months ended March 31, 2024, none of Trustmark's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Trustmark's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

ITEM 6. EXHIBITS

The exhibits listed in the Exhibit Index are filed herewith or are incorporated herein by reference.

EXHIBIT INDEX

10-an	Trustmark Corporation Stock and Incentive Compensation Plan, as amended and restated effective April 23, 2024. Filed March 13, 2024, as Annex A to Trustmark's Definitive Proxy Statement on Schedule 14A, incorporated herein by reference. *
10-ao	Form of Time-Based Restricted Stock Unit Agreement for Director (under the Stock and Incentive Compensation Plan.) *
10-ap	Form of Time-Based Restricted Stock Unit Agreement for Associate (under the Stock and Incentive Compensation Plan). *
10-aq	Form of Performance Unit Agreement for Associate (under the Stock and Incentive Compensation Plan). *
10-ar	Amendment to Employment Agreement between Trustmark Corporation and Duane A. Dewey dated April 23, 2024. *
31-a	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31-b	Certification by Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32-a	Certification by Chief Executive Officer pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32-b	Certification by Principal Financial Officer pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Inline XBRL Interactive Data.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* - Denotes management contract.

All other exhibits are omitted, as they are inapplicable or not required by the related instructions.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

TRUSTMARK CORPORATION

BY:	/s/ Duane A. Dewey Duane A. Dewey President and Chief Executive Officer	BY:	/s/ Thomas C. Owens Thomas C. Owens Treasurer and Principal Financial Officer
DATE:	May 7, 2024	DATE:	May 7, 2024

Exhibit 10.ao

TRUSTMARK CORPORATION
TIME-BASED RESTRICTED STOCK UNIT AGREEMENT
(Director)
Granted <<grant date>>

This Time-Based Restricted Stock Unit Agreement ("**Agreement**") between you and Trustmark Corporation, a Mississippi corporation ("**Trustmark**"), evidences a grant of Restricted Stock Units (the "**Award**") under the Trustmark Corporation Stock and Incentive Compensation Plan (the "**Plan**"), as of **<<grant date>>** (the "**Award Date**"). This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency or conflict between this Award Agreement and the Plan, the Plan shall govern.

WHEREAS, Trustmark maintains the Plan under which the Committee or Board may, among other things, award Restricted Stock Units to such members of the Board of Trustmark and its Subsidiaries as the Committee or Board may determine, subject to terms, conditions and restrictions as it may deem appropriate; and

WHEREAS, pursuant to the Plan, Trustmark, upon recommendation by the Committee and approval by Trustmark's Board, grants the Award to you subject to the terms of this Agreement and acceptance by you of this Agreement.

NOW THEREFORE, in consideration of the services and benefits that you will provide to Trustmark and its Subsidiaries, the parties hereby agree as follows:

1. **Definitions** . Capitalized terms used herein shall have the meanings ascribed to them in the Plan, except as otherwise defined in this Agreement.

2. **Grant of the Award** . Trustmark hereby grants you an Award of the number of Restricted Stock Units set forth on your summary page for restricted stock units on the internet hosting website designated by Trustmark for the Plan, subject to the terms of this Agreement and acceptance by you of this Agreement. This Agreement shall not become legally binding unless you have accepted this Agreement by the Agreement due date noted with respect to the Award on the internet hosting website designated by Trustmark for the Plan (or such later date as the Chairman of the Committee may accept). *If you fail to timely accept this Agreement, the Award shall be cancelled and forfeited.*

3. **Vesting** . Your Award shall vest as follows:

(a) General Vesting . Except as otherwise provided in Sections 3(b) and 4 below, your Award shall vest on **<<vesting date>>** (the " **Vesting Date** ") if you remain a member of the Board of Directors of Trustmark or one of its Subsidiaries continuously through the Vesting Date.

(b) Qualifying Termination . If a Qualifying Termination (as defined below) occurs, in each case prior to the Vesting Date, and if you have not previously forfeited your Award under Section 4, one hundred percent (100%) of all Restricted Stock Units shall vest on the date of your Qualifying Termination, as applicable.

"**Qualifying Termination**" means one of the following events, where there is no Cause for Trustmark to terminate your service:

i. Termination without Cause . An involuntary termination of your service as a member of the Board of Directors with Trustmark and its Subsidiaries;

ii. Retiremen t. A termination of your service as a member of the Board of Directors with Trustmark and its Subsidiaries due to your retirement with the consent of the Committee or its delegate, at or after age seventy (70);

iii. Death . A termination of your service as a member of the Board of Directors with Trustmark and its Subsidiaries due to your death;

iv. Disability . A termination of your service as a member of the Board of Directors with Trustmark and its Subsidiaries due to your disability as defined in Treas. Reg. § 1.409A-3(i)(4); or

v. End of Term Last Elected . A termination of your service as a member of the Board of Directors with Trustmark and its Subsidiaries at the end of the term for which you were last elected.

4. **Forfeiture** .

(a) Cessation of Service . If your service as a member of the Board of Directors of Trustmark and its Subsidiaries terminates prior to the Vesting Date and Section 3(b) does not apply, the Restricted Stock Units shall be immediately and automatically forfeited.

(b) Termination for Cause . If your service is terminated for Cause before your Restricted Stock Units are settled, and notwithstanding any other provision of this Agreement, you shall immediately forfeit all Restricted Stock Units, whether or not vested, and no Shares shall be issued or Dividend Equivalent (as defined below) shall be paid.

5. **Voting Rights** . The Restricted Stock Units are not shares of stock. Therefore, you and any person claiming under or through you, do not possess any voting or other shareholder rights by reason or receiving Restricted Stock Units pursuant to this Agreement unless and until the Restricted Stock Units are settled in Shares pursuant to Section 8 hereof.

6. **Dividend Equivalent** . If Trustmark declares and pays a dividend in respect of its Stock and, on the record date for such dividend, you hold Restricted Stock Units granted pursuant to this Agreement, Trustmark shall grant you an unvested right to receive an amount (the " **Dividend Equivalent** ") equal to the cash dividends you would have received if you were the holder of record, as of such record date, of the number of Shares related to the Restricted Stock Units that you hold as of such record date. Your Dividend Equivalent will vest if, when and to the extent that the related Restricted Stock Units vest and will be paid to you within the Settlement Period (as defined below). No interest will be paid with respect to Dividend Equivalents. If any portion of the Restricted Stock Units are forfeited, your Dividend Equivalent shall also be forfeited in the same proportion.

7. **No Right to Continued Service** . Nothing in this Agreement or the Plan shall interfere with or limit in any way the right of Trustmark's shareholders to terminate your service on the Board of Directors of Trustmark Corporation or any of its Subsidiaries, nor confer upon you any right to continue service on the Board of Directors of Trustmark Corporation or any of its Subsidiaries.

8. **Settlement** . Trustmark shall issue Shares corresponding to vested Restricted Stock Units as soon as practicable but, in any event, no later than thirty (30) days following the date on which the Restricted Stock Units vest (such period, the " **Settlement Period** "). No fractional Shares shall be issued, and the Committee, in its discretion, shall determine whether cash will be issued in lieu of fractional Shares or whether such fractional Shares will be forfeited or otherwise eliminated.

9. **No Transfer Rights** . Restricted Stock Units may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of in any manner other than by will or by the laws of decent and distribution or court order or unless otherwise permitted by the Committee on a case-by-case basis.

10. **Internal Revenue Code Section 409A** . It is intended that this Agreement and the Restricted Stock Units comply with, or are exempt from, the requirements of Section 409A of the Code (" **Section 409A** "), and this Agreement and the Plan shall be administered in a manner consistent with the foregoing intent.

11. **Taxes** . You acknowledge that there will be tax consequences with respect to the Award, and you should consult a tax adviser regarding your tax obligations. Trustmark will not withhold taxes from the award of Shares or the payment of your Dividend Equivalents upon vesting or settlement of your Restricted Stock Units and Dividend Equivalents. You are solely responsible for paying all required taxes with respect to your Award.

12. **Compliance with Laws** . The grant of the Restricted Stock Units and the issuance of any Shares pursuant to this Agreement shall be subject to, and shall comply with, any applicable requirements of any U.S. securities and other federal laws, rules and regulations and any other law, rule or regulation or exchange requirement applicable thereto. Trustmark reserves the right to impose other requirements on your participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent Trustmark determines it is necessary or advisable to comply with applicable law or facilitate the administration of the Plan, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Notwithstanding any other provision of this Agreement, Trustmark shall not be obligated to issue any Shares pursuant to this Agreement if the issuance thereof would result in a violation of any law.

13. **Miscellaneous** .

(a) Counterparts and Electronic Signatures . This Agreement may be executed in counterparts, each of which shall be deemed an original, but such counterparts, when taken together, shall constitute one agreement. This Agreement may be executed by a party's signature transmitted by electronic means, including through electronic acknowledgement, and copies of this Agreement executed and delivered by means of electronic signatures, including through electronic acknowledgement, shall have the same force and effect as copies hereof executed and delivered with original signatures. All parties hereto may rely upon electronic signatures, including electronic acknowledgements, as if such signatures were originals. All parties hereto agree that an electronic signature page, including an electronic acknowledgement, may be introduced into evidence in any proceeding arising out of or related to this Agreement as if it were an original signature page.

(b) Electronic Delivery . Trustmark may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units granted under the Plan or future Restricted Stock Units that may be granted under the Plan by electronic means or request your consent to participate in the Plan by electronic means. You consent to receive such documents by electronic delivery and agree to participate in the Plan through any on-line or electronic system established and maintained by Trustmark or another third party designated by Trustmark.

(c) Notices . Any notice to Trustmark required under or relating to this Agreement shall be in writing and addressed to:

Trustmark Corporation Mailing Address
248 E. Capitol Street P.O. Box 291
Jackson, MS 39201 Jackson, MS 39205
Attention: Secretary

Any notice to you required under or relating to this Agreement shall be in writing and addressed to you at your address as it appears on the records of Trustmark. Alternatively, any notice to Trustmark or you required under or relating to this Agreement may be delivered via the internet hosting website designated by Trustmark for the Plan.

(d) Modification . This Agreement may be modified, amended, suspended or terminated and any terms or conditions may be waived, but only by a written instrument executed by the parties. Notwithstanding the foregoing, Trustmark reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without your consent, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Award of Restricted Stock Units.

(e) Severability . The provisions of this Agreement are severable and should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force and effect in accordance with their terms.

(f) Governing Law . The validity, interpretation, construction and performance of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Mississippi, without giving effect to the conflict of laws principles thereof.

(g) Successors in Interes t. This Agreement shall inure to the benefit of and be binding upon any successor to Trustmark or its Subsidiaries. This Agreement shall inure to the benefit of your legal representatives. All obligations imposed upon you and all rights granted to Trustmark under this Agreement shall be binding upon your heirs, executors, administrators and successors.

(h) Entire Agreemen t. This Agreement and the terms and conditions of the Plan constitute the entire understanding between you and Trustmark and its Subsidiaries, and supersedes all other agreements, whether written or oral, with respect to the Award.

(i) Headings . The headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

(j) Participant's Acknowledgemen t. This Award is granted pursuant to the Plan and is subject to the terms thereof. By accepting this Award, you acknowledge that you (i) have read this Agreement, (ii) have received and read the Plan, (iii) have had an opportunity to obtain the advice of counsel prior to accepting this Agreement, and (iv) fully understand the terms and conditions of this Agreement and the Plan.

To evidence its grant of the Award and the terms, conditions and restrictions thereof, Trustmark has signed this Agreement as of the Award Date. This Agreement shall not become legally binding unless you have accepted this Agreement by the Agreement due date noted with respect to the Award on the internet hosting website designated by Trustmark for the Plan (or such later date as the Chairman of the Committee may accept) pursuant to such means as the Committee may permit. If you fail to timely accept this Agreement, the Award shall be cancelled and forfeited ab initio.

TRUSTMARK CORPORATION
By:
Its:

Exhibit 10.ap

TRUSTMARK CORPORATION
TIME-BASED RESTRICTED STOCK UNIT AGREEMENT
(Associate)
Granted <<grant date>>

This Time-Based Restricted Stock Unit Agreement ("**Agreement**") between you and Trustmark Corporation, a Mississippi corporation ("**Trustmark**"), evidences a grant of Restricted Stock Units (the "**Award**") under the Trustmark Corporation Stock and Incentive Compensation Plan (the "**Plan**"), as of **<<grant date>>** (the "**Award Date**"). This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency or conflict between this Award Agreement and the Plan, the Plan shall govern.

WHEREAS, Trustmark maintains the Plan under which the Committee or Board may, among other things, award Restricted Stock Units to such key associates of Trustmark and its Subsidiaries as the Committee or Board may determine, subject to terms, conditions and restrictions as it may deem appropriate; and

WHEREAS, pursuant to the Plan, Trustmark, upon recommendation by the Committee and approval by Trustmark's Board, grants the Award to you subject to the terms of this Agreement and acceptance by you of this Agreement.

NOW THEREFORE, in consideration of the services and benefits that you will provide to Trustmark and its Subsidiaries and of the covenants contained in this Agreement, the parties hereby agree as follows:

1. **Definitions** . Capitalized terms used herein shall have the meanings ascribed to them in the Plan, except as otherwise defined in this Agreement.

2. **Grant of the Award** . Trustmark hereby grants you an Award of the number of Restricted Stock Units set forth on your summary page for restricted stock units on the internet hosting website designated by Trustmark for the Plan, subject to the terms of this Agreement and acceptance by you of this Agreement. This Agreement shall not become legally binding unless you have accepted this Agreement by the Agreement due date noted with respect to the Award on the internet hosting website designated by Trustmark for the Plan (or such later date as the Chairman of the Committee may accept). *If you fail to timely accept this Agreement, the Award shall be cancelled and forfeited.*

3. **Vesting** . Your Award shall vest as follows:

(a) General Vesting . Except as otherwise provided in Sections 3(b), 3(c) and 4 below, your Award shall vest on **<<vesting date>>** (the " **Vesting Date** "), subject to your employment with Trustmark or one of its Subsidiaries continuously through the Vesting Date.

(b) Qualifying Termination . If a Qualifying Termination (as defined below) occurs prior to the Vesting Date, a Pro-Rata Portion (as defined below) of your Award shall vest based on the number of months you were employed during the period beginning on the Award Date and ending on the date of the Qualifying Termination.

"Pro-Rata Portion" is the amount calculated by multiplying the number of Restricted Stock Units by a fraction, the numerator of which is the number of complete calendar months from the Award Date to and including the date of the Qualifying Termination (such numerator not to exceed **<<#>>**), and the denominator of which is **<<#>>**. For this purpose, the month containing the Award Date is considered a complete calendar month, and the month containing the date of the Qualifying Termination is not considered a complete calendar month unless the Qualifying Termination is effective as of the last day of the month. Any balance of the Award which does not vest shall be forfeited.

"**Qualifying Termination**" means one of the following events, where there is no Cause for Trustmark to terminate your employment:

i. <u>Termination without Cause not associated with a Change in Control</u> . An involuntary termination of your employment with Trustmark and its Subsidiaries that does not occur within the period beginning on the date on which a Change in Control (as defined in the Plan) occurs and ending on the two (2) year anniversary thereof (such period, the " **Change in Control Period** ");

ii. <u>Termination for Good Reason not associated with a Change in Control</u> . A termination of your employment with Trustmark and its Subsidiaries at your own initiative for "Good Reason" as defined in your Employment Agreement (but only if you have an Employment Agreement and your Employment Agreement defines "Good Reason") that does not occur within the Change in Control Period. As used herein, " **Employment Agreement** " means a written individual employment agreement or change in control agreement as in effect on the Award Date between you and Trustmark or one of its Subsidiaries;

iii. <u>Death</u> . A termination of your employment with Trustmark and its Subsidiaries due to your death; or

iv. <u>Disability</u> . A termination of your employment with Trustmark and its Subsidiaries due to your disability as defined in Treas. Reg. § 1.409A-3(i)(4).

(c) **"Vesting Acceleration"** means one of the following events, where there is no Cause for Trustmark to terminate your employment:

i. <u>Retirement</u> . Prior to the Vesting Date, in the event of your retirement from employment with Trustmark and its Subsidiaries with the consent of the Committee or its delegate, at or after age sixty-five (65) (your " **Retirement** "), your Award shall vest as follows, and any balance of the Award which does not vest shall be forfeited:

(1) **<u><<vesting percentage>></u>** <u>Vesting</u> . In the event of your Retirement prior to the **<u><<anniversary>></u>** anniversary of the Award Date, **<u><<vesting percentage>></u>** of all Restricted Stock Units subject to this Award shall vest on the date of your Retirement.

(2) **<u><<vesting percentage>></u>** <u>Vesting</u> . In the event of your Retirement on or after the **<u><<anniversary>></u>** anniversary of the Award Date but prior to the Vesting Date, **<u><<vesting percentage>></u>** of all Restricted Stock Units subject to this Award shall vest on the date of your Retirement.

ii. <u>Termination without Cause associated with a Change in Control</u> . In the event of an involuntary termination of your employment with Trustmark and its Subsidiaries that occurs prior to the Vesting Date and within the Change in Control Period, one hundred percent

(100%) of all Restricted Stock Units subject to this Award shall vest on the date of your termination.

iii. Termination for Good Reason associated with a Change in Control. In the event of a termination of your employment with Trustmark and its Subsidiaries at your own initiative for “Good Reason” (as defined below) that occurs prior to the Vesting Date and within the Change in Control Period, one hundred percent (100%) of all Restricted Stock Units subject to this Award shall vest on the date of your resignation. As used in this Section 3(c)(iii), “Good Reason” means (A) “Good Reason” as defined in your Employment Agreement (but only if you have an Employment Agreement and your Employment Agreement defines “Good Reason”), or (B) if you do not have an Employment Agreement or your Employment Agreement does not define “Good Reason”, (1) a material diminution in your authority, duties or responsibilities; (2) a material diminution in your base compensation; or (3) any requirement by Trustmark to change your principal location of employment by more than fifty (50) miles. You are required to provide notice to Trustmark of the existence of a condition that may constitute “Good Reason” within a ninety (90) day period of the initial existence of the condition, upon the notice of which Trustmark shall have thirty (30) days to remedy the condition. If the condition is remedied within thirty (30) days, then “Good Reason” does not exist. If the condition is not remedied within thirty (30) days, then you must resign within ninety (90) days of the expiration of the remedy period.

4. **Forfeiture** .

(a) Cessation of Employmen t. If you cease to be an employee of Trustmark or its Subsidiaries prior to the Vesting Date and neither Section 3(b) nor Section 3(c) applies, the Restricted Stock Units shall be immediately and automatically forfeited. For this purpose, transfer of employment among Trustmark and its Subsidiaries is not a termination or cessation of employment.

(b) Termination for Cause . If your employment is terminated for Cause before your Restricted Stock Units are settled, and notwithstanding any other provision of this Agreement, you shall immediately forfeit all Restricted Stock Units, whether or not vested, and no Shares shall be issued or Dividend Equivalent (as defined below) shall be paid.

5. **Voting Rights** . The Restricted Stock Units are not shares of stock. Therefore, you and any person claiming under or through you, do not possess any voting or other shareholder rights by reason or receiving Restricted Stock Units pursuant to this Agreement unless and until the Restricted Stock Units are settled in Shares pursuant to Section 8 hereof.

6. **Dividend Equivalent** . If Trustmark declares and pays a dividend in respect of its Stock and, on the record date for such dividend, you hold Restricted Stock Units granted pursuant to this Agreement, Trustmark shall grant you an unvested right to receive an amount (the “ **Dividend Equivalent** ”) equal to the cash dividends you would have received if you were the holder of record, as of such record date, of the number of Shares related to the Restricted Stock Units that you hold as of such record date. Your Dividend Equivalent will vest if, when and to the extent that the related Restricted Stock Units vest and will be paid to you within the Settlement Period (as defined below). No interest

will be paid with respect to Dividend Equivalents. If any portion of the Restricted Stock Units are forfeited, your Dividend Equivalent shall also be forfeited in the same proportion.

7. **No Right to Continued Employment** . You understand and acknowledge that this Agreement does not in any manner affect your status as an Associate "at-will." As such, this Agreement does not create an express or implied contract for employment with Trustmark or any of its Subsidiaries, for any purpose or term, nor does it in any way limit the right of Trustmark or any of its Subsidiaries to otherwise terminate your employment at any time, with or without cause or notice, or impact the terms set forth in any Associate handbook or policy manual. Trustmark and its Subsidiaries reserve the right to terminate your employment at any time for any reason, with or without notice. Termination of your employment is at the sole option of the management.

8. **Settlement** . Trustmark shall issue Shares corresponding to vested Restricted Stock Units, net of any applicable withholding, as soon as practicable following vesting but, in any event, no later than thirty (30) days following the date on which the Restricted Stock Units vest (such period, the " **Settlement Period** "). No fractional Shares shall be issued, and the Committee, in its discretion, shall determine whether any such fractional Shares will be used to satisfy any withholding obligation or whether cash will be issued in lieu of fractional Shares or whether such fractional Shares will be forfeited or otherwise eliminated.

9. **No Transfer Rights** . Restricted Stock Units may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of in any manner other than by will or by the laws of decent and distribution or court order or unless otherwise permitted by the Committee on a case-by-case basis.

10. **Internal Revenue Code Section 409A** . It is intended that this Agreement and the Restricted Stock Units comply with, or are exempt from, the requirements of Section 409A of the Code (" **Section 409A** "), and this Agreement and the Plan shall be administered in a manner consistent with the foregoing intent. If this Award is subject to Section 409A and if you are a "specified employee" (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treas. Reg. § 1.409A-1(h)), then the issuance of any Shares or payment of any Dividend Equivalent that would otherwise be made upon the date of your separation from service or within the first six months thereafter will not be made until the first business day after the six (6) month period following the date of your termination (or, if sooner, as soon as reasonably practicable following your death) but if and only if such delay in the issuance of the Shares or payment of the Dividend Equivalent is necessary to avoid the imposition of taxation on you in respect of the Shares or Dividend Equivalent under Section 409A. Notwithstanding anything in this Agreement to the contrary, the receipt of any benefits under this Agreement as a result of a termination of service shall require that you undergo a "separation from service" within the meaning of Treas. Reg. § 1.409A-1(h) or any successor thereto.

11. **Taxes** .

(a) Withholding . Trustmark (or any of its Subsidiaries) shall have the right to retain and withhold a sufficient number of the Shares resulting from payout of this Award, or require you to remit to Trustmark (or any of its Subsidiaries) an amount sufficient to satisfy any federal, state, local or other tax withholding obligations as may be required by law.

(b) Responsibility for Taxes . You acknowledge that there will be tax consequences with respect to the Award, and you should consult a tax adviser regarding your tax obligations. Regardless of the amount withheld pursuant to Section 11(a), you are solely responsible for paying all required taxes (other than Trustmark's share of employment taxes) with respect to your Award.

12. **Compliance with Laws** . The grant of the Restricted Stock Units and the issuance of any Shares pursuant to this Agreement shall be subject to, and shall comply with, any applicable requirements of any U.S. securities and other federal laws, rules and regulations and any other law, rule or regulation or exchange requirement applicable thereto. Trustmark reserves the right to impose other requirements on your participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent Trustmark determines it is necessary or advisable to comply with applicable law or facilitate the administration of the Plan, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Notwithstanding any other provision of this Agreement, Trustmark shall not be obligated to issue any Shares pursuant to this Agreement if the issuance thereof would result in a violation of any law.

13. **Clawback** . You agree that the Award is subject to recoupment or clawback by Trustmark in accordance with Trustmark's recoupment, clawback or similar policy as such may be in effect from time to time, as well as any similar provisions of applicable law, or Securities and Exchange Commission rule or regulation, or stock exchange requirement, which could in certain circumstances require repayment or forfeiture of the Award or any Shares or other cash or property received with respect to the Award (including any value received from a disposition of the Shares acquired upon payment of the Award).

14. **Business Protection** .

(a) Non-Solicitation . During the full term of your employment with Trustmark or any of its Subsidiaries, and for a period of six (6) months after your termination of employment with Trustmark and its Subsidiaries, whether your employment is terminated voluntarily or involuntarily by either you or Trustmark or any of its Subsidiaries, with or without cause or notice, you will not directly or indirectly, either for your own accord or through another party or entity (whether as director, officer, consultant, principal, employee, agent or otherwise), take any action, or attempt any action, in any manner within the "Restricted Area" (as defined below): (i) to solicit or divert, or attempt to solicit or divert, any person, concern or entity which is doing business with Trustmark or any of its Subsidiaries at the time of termination of your employment from doing business with Trustmark or any of its Subsidiaries or otherwise alter its relationship with Trustmark or any of its Subsidiaries; (ii) to induce or attempt to induce any customer or supplier of Trustmark or any of its Subsidiaries to cease being a customer or supplier of Trustmark or any of its Subsidiaries, or otherwise change its relationship with Trustmark or its Subsidiaries; (iii) to disclose, directly or indirectly, to any person, firm or corporation the names or addresses, or any other information pertaining to them, of any customers or clients of Trustmark or any of its Subsidiaries that you serviced or became acquainted during the term of your employment with Trustmark or any of its Subsidiaries; or (iv) to take any other action that is directly or indirectly competitive with Trustmark or any of its Subsidiaries with respect to any customers or clients doing business with Trustmark or any of its Subsidiaries at the time of termination of your employment with Trustmark and its Subsidiaries.

(b) Anti-Raiding . During the full term of your employment with Trustmark and any of its Subsidiaries, and for a period of six (6) months after your termination of employment with Trustmark and its Subsidiaries, whether your employment is terminated voluntarily or involuntarily by either you or Trustmark or any of its Subsidiaries, with or without cause or notice, you will not directly or indirectly, either on your own accord or through another party or entity (whether as director, officer, consultant, principal, employee, agent or otherwise) attempt in any manner within the "Restricted Area" (as defined below) to solicit, employ or otherwise interfere with any of Trustmark's or its Subsidiaries' contracts or relationships with any other

Associate, officer, director, shareholder or independent contractor, existing at the time of the termination of your employment with Trustmark and its Subsidiaries.

(c) Restricted Area . You understand and agree that the provisions of this Agreement contained in this Section 14 ("Business Protection"), related to your restricted activities cover (i) all geographic locations where you perform or performed work for Trustmark or its Subsidiaries, and the areas extending 75 miles from said location(s), including all location(s) over which you had management or other functional responsibilities, regardless of whether you were physically located at said location, and (ii) all geographic locations where any person, customer, client, concern or entity which is doing business with Trustmark or its Subsidiaries at the time of the termination of your employment resides, exists, operates or does business, as well as the areas extending 75 miles from said location(s).

(d) Consideration **.** You agree that, in exchange for your continued employment with Trustmark or its Subsidiaries, as well as your eligibility to participate in the Plan and receive this Award, you are bound by the terms and conditions set forth in these restrictive, business protection covenants. You further acknowledge that your obligations within these restrictive, business protection covenants last for the duration of your employment with Trustmark or any of its Subsidiaries, and for a period of six (6) months thereafter, regardless of the vesting and/or forfeiture of the Restricted Stock Units subject to this Award. You also agree that you are bound by the terms of these restrictive covenants after agreeing to their terms initially and acknowledge the fact that you continue to be bound by these restrictive covenants even if you receive any additional awards/grants.

(e) Acknowledgmen t. You have carefully considered the nature and extent of the restrictions upon you, and the rights and remedies conferred upon Trustmark and its Subsidiaries under this Agreement, and hereby acknowledge and agree that the same: (i) are reasonable in time and geographical scope and are designed to eliminate activities that would otherwise be unfair to Trustmark and its Subsidiaries, in light of the protectable interests of Trustmark, its Subsidiaries and their business operations; (ii) in the event your employment with Trustmark and its Subsidiaries terminates for any reason, will not prevent you from earning a livelihood without violating the above described restrictions; (iii) do not confer a benefit upon Trustmark or its Subsidiaries disproportionate to any detriment to you; and (iv) are fully required to protect Trustmark's and its Subsidiaries' legitimate, protectable interests as a leader in the banking and financial services industries involving confidential information including Trustmark's and its Subsidiaries' goodwill, relationships, confidential information and other legally recognized protectable interests.

(f) Enforcement of Restrictive Covenants/Relief for Violations . You acknowledge that Trustmark and its Subsidiaries have a protectable interest in enforcing the non-solicitation and anti-raiding provisions of the Agreement for the full length of your employment and for the 6 month term following the termination of your employment. You agree that any violation of any provision of the Agreement will result in immediate, irreparable harm to Trustmark and its Subsidiaries and that money damages alone would not be an adequate remedy for any such violation. In addition to the rights and remedies conveyed in this Agreement, Trustmark and its Subsidiaries shall be entitled, and is expressly and irrevocably authorized by you, to seek specific enforcement and injunctive relief in a court of competent jurisdiction, without posting a bond or other security. This section shall in no manner be construed to limit other causes of action, rights, and relief to which Trustmark or its Subsidiaries may be entitled. You recognize that if Trustmark or any of its Subsidiaries is successful in obtaining any of the requested relief or damages under the terms of this Agreement, you must pay reasonable attorneys' fees, costs and expenses incurred by Trustmark or its Subsidiaries in enforcing and obtaining relief or damages available under this Agreement. Without limiting the generality of the foregoing, the rights and remedies of Trustmark and its Subsidiaries, and your obligations under this Agreement, are in addition to any respective rights, remedies and obligations under applicable law (including, but not limited to, laws relating to misappropriation of trade secrets) and under any other agreement between you and Trustmark or any of its Subsidiaries.

15. **Miscellaneous** .

(a) Counterparts and Electronic Signatures . This Agreement may be executed in counterparts, each of which shall be deemed an original, but such counterparts, when taken together, shall constitute one agreement. This Agreement may be executed by a party's signature transmitted by electronic means, including through electronic acknowledgement, and copies of this Agreement executed and delivered by means of electronic signatures, including through electronic acknowledgement, shall have the same force and effect as copies hereof executed and delivered with original signatures. All parties hereto may rely upon electronic signatures, including electronic acknowledgements, as if such signatures were originals. All parties hereto agree that an electronic signature page, including an electronic acknowledgement, may be introduced into evidence in any proceeding arising out of or related to this Agreement as if it were an original signature page.

(b) Electronic Delivery . Trustmark may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units granted under the Plan or future Restricted Stock Units that may be granted under the Plan by electronic means or request your consent to participate in the Plan by electronic means. You consent to receive such documents by electronic delivery and agree to participate in the Plan through any on-line or electronic system established and maintained by Trustmark or another third party designated by Trustmark.

(c) Notices . Any notice to Trustmark required under or relating to this Agreement shall be in writing and addressed to:

Trustmark Corporation Mailing Address
248 E. Capitol Street P.O. Box 291
Jackson, MS 39201 Jackson, MS 39205
Attention: Secretary

Any notice to you required under or relating to this Agreement shall be in writing and addressed to you at your address as it appears on the records of Trustmark. Alternatively, any notice to Trustmark or you required under or relating to this Agreement may be delivered via the internet hosting website designated by Trustmark for the Plan.

(d) Modification . This Agreement may be modified, amended, suspended or terminated and any terms or conditions may be waived, but only by a written instrument executed by the parties. Notwithstanding the foregoing, Trustmark reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without your consent, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Award of Restricted Stock Units.

(e) Severability . The provisions of this Agreement are severable and should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force and effect in accordance with their terms.

(f) Reformation . If any of the restrictions set forth in this Agreement, including those set forth in Section 14, are found by a court of competent jurisdiction to be overly broad, unreasonable, or otherwise unenforceable then these restrictions shall be modified and enforced to the greatest extent that the court deems permissible. Each of the obligations in this Section 14 are independent, separable and enforceable independent of each other.

(g) Governing Law . The validity, interpretation, construction and performance of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Mississippi, without giving effect to the conflict of laws principles thereof.

(h) Successors in Interes t. This Agreement shall inure to the benefit of and be binding upon any successor to Trustmark or its Subsidiaries. This Agreement shall inure to the benefit of your legal representatives. All obligations imposed upon you and all rights granted to Trustmark under this Agreement shall be binding upon your heirs, executors, administrators and successors.

(i) Entire Agreemen t. This Agreement and the terms and conditions of the Plan constitute the entire understanding between you and Trustmark and its Subsidiaries, and supersedes all other agreements, whether written or oral, with respect to the Award.

(j) Headings . The headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

(k) Participant's Acknowledgemen t. This Award is granted pursuant to the Plan and is subject to the terms thereof. By accepting this Award, you acknowledge that you (i) have read this Agreement, (ii) have received and read the Plan, (iii) have had an opportunity to obtain the advice of counsel prior to accepting this Agreement, and (iv) fully understand the terms and conditions of this Agreement and the Plan.

To evidence its grant of the Award and the terms, conditions and restrictions thereof, Trustmark has signed this Agreement as of the Award Date. This Agreement shall not become legally binding unless you have accepted this Agreement by the Agreement due date noted with respect to the Award on the internet hosting website designated by Trustmark for the Plan (or such later date as the Chairman of the Committee may accept) pursuant to such means as the Committee may permit. If you fail to timely accept this Agreement, the Award shall be cancelled and forfeited ab initio.

TRUSTMARK CORPORATION
By:
Its:

Exhibit 10.aq

TRUSTMARK CORPORATION

PERFORMANCE UNIT AGREEMENT
(Associate)
Granted <<grant date>>

This Performance Unit Agreement ("**Agreement**") between you and Trustmark Corporation, a Mississippi corporation ("**Trustmark**"), evidences a grant of Performance Units (the **"Award**") under the Trustmark Corporation Stock and Incentive Compensation Plan (the "**Plan**"), as of **<<grant date>>** (the "**Award Date**"). This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency or conflict between this Award Agreement and the Plan, the Plan shall govern.

WHEREAS, Trustmark maintains the Plan under which the Committee or Board may, among other things, award Performance Units to such key associates of Trustmark and its Subsidiaries as the Committee or Board may determine, subject to terms, conditions and restrictions as it may deem appropriate; and

WHEREAS, pursuant to the Plan, Trustmark, upon recommendation by the Committee and approval by Trustmark's Board, grants the Award to you subject to the terms of this Agreement and acceptance by you of this Agreement.

NOW THEREFORE, in consideration of the services and benefits that you will provide to Trustmark and its Subsidiaries and of the covenants contained in this Agreement, the parties hereby agree as follows:

1. **Definitions.** Capitalized terms used herein shall have the meanings ascribed to them in the Plan, except as otherwise defined in this Agreement (including EXHIBIT B.

2. **Grant of the Award** . Trustmark hereby grants you an Award of the number of Restricted Stock Units, which shall be designated as " **Performance Units** ", and the potential to earn " **Achievement Units** ", as set forth on your summary page for performance stock units on the internet hosting website designated by Trustmark for the Plan. This Agreement shall not become legally binding unless you have accepted this Agreement by the Agreement due date noted with respect to the Award on the internet hosting website designated by Trustmark for the Plan (or such later date as the Chairman of the Committee may accept). *If you fail to timely accept this Agreement, the Award shall be cancelled and forfeited.*

3. **Vesting.** Your Award shall vest as follows:

(a) General Vesting. Except as otherwise provided in Sections 3(b), 3(c) and 4 below, if you remain continuously employed throughout the period from **<<beginning of measurement period>>** through **<<end of measurement period>>** (the " **Performance Period** "), your Award shall vest as of the last day of the Performance Period to the extent that the Performance Goals as set forth on EXHIBIT A are achieved, and any balance of the Award which does not vest shall be forfeited.

(b) Qualifying Termination . If a Qualifying Termination (as defined below) occurs after << **date** >>, but prior to the last day of the Performance Period, you will retain a Pro-Rata Portion (as defined below) of your Performance Units and have the potential to earn a Pro-Rata Portion of your Achievement Units, in each case based on the number of months you were employed during the Performance Period before the Qualifying Termination.

The "**Pro-Rata Portion**" is the amount calculated by multiplying the number of Performance Units by a fraction, the numerator of which is the number of complete calendar months from the beginning of the Performance Period to and including the date of the Qualifying Termination (such numerator not to exceed <<**#**>>), and the denominator of which is <<**#**>>. Any portion of the Award in excess of the Pro-Rata Portion shall be forfeited as of the date of the Qualifying Termination.

The Pro-Rata Portion shall not vest as of the date of the Qualifying Termination, but shall instead vest at of the end of the Performance Period only to the extent that the Performance Goals are achieved at the end of the Performance Period as set forth in EXHIBIT A. Any balance of the Pro-Rata Portion that does not vest at the end of the Performance Period shall be forfeited as of the end of the Performance Period.

“**Qualifying Termination**” means one of the following events, where there is no Cause for Trustmark to terminate your employment:

i. Retirement . Your retirement from employment with the consent of the Committee or its delegate, at or after age sixty-five (65).

ii. Termination without Cause . An involuntary termination of your employment with Trustmark and its Subsidiaries; or

iii. Termination for Good Reason not associated with a Change in Control . A termination of your employment with Trustmark and its Subsidiaries at your own initiative for Good Reason (as defined in this Section 3(b)(iii)). As used in this Section 3(b)(iii), “Good Reason” means “Good Reason” as defined in your Employment Agreement (but only if you have an Employment Agreement and your Employment Agreement defines “Good Reason”). As used herein, “ **Employment Agreement** ” means a written individual employment agreement or change in control agreement as in effect on the Award Date between you and Trustmark or one of its Subsidiaries. If you do not have an Employment Agreement or your Employment Agreement does not define “Good Reason”, this Section 3(b)(iii) shall not apply;

iv. Termination for Good Reason associated with a Change in Control . A termination of your employment with Trustmark and its Subsidiaries at your own initiative for Good Reason (as defined in this Section 3(b)(iv)) that occurs within the period beginning on the date on which a Change in Control (as defined in the Plan) occurs and ending on the two (2) year anniversary thereof. As used in this Section 3(b)(iv), “Good Reason” means (A) “Good Reason” as defined in your Employment Agreement (but only if you have an Employment Agreement and your Employment Agreement defines “Good Reason”), or (B) if you do not have an Employment Agreement or your Employment Agreement does not define “Good Reason”, any of the following: (1) a material diminution in your authority, duties or responsibilities; (2) a material diminution in your base compensation; or (3) any requirement by Trustmark to change your principal location of employment by more than fifty (50) miles. You are required to provide notice to Trustmark of the existence of a condition that may constitute “Good Reason” within a ninety (90) day period of the initial existence of the condition, upon the notice of which Trustmark shall have thirty (30) days to remedy the condition. If the condition is remedied within thirty (30) days, then “Good Reason” does not exist. If the condition is not remedied within thirty (30) days, then you must resign within ninety (90) days of the expiration of the remedy period.

If a Vesting Acceleration Event (as defined below) occurs after a Qualifying Termination and before the end of the Performance Period, the Pro-Rata Portion will immediately vest. The Performance Period is shortened as of the end of the calendar quarter ending on or before the Vesting Acceleration Event to the extent that the

Performance Goals are achieved as set forth in EXHIBIT A. Any balance of the Pro-Rata Portion that does not vest upon the Vesting Acceleration Event shall be forfeited as of the date of such event.

(c) Vesting Acceleration Event . If a Vesting Acceleration Event occurs after << **date** >>, but prior to the last day of the Performance Period, and if you have not previously forfeited your Award under Section 4 below, a Pro-Rata Portion of your Award will be eligible for vesting based on the number of months you were employed during the Performance Period before the Vesting Acceleration Event.

The Pro-Rata Portion is calculated by multiplying the number of Performance Units by a fraction, the numerator of which is the number of complete calendar months from the beginning of the Performance Period to and including the date of the Vesting Acceleration Event (such numerator not to exceed <<#>>), and the denominator of which is <<#>>.

The Pro-Rata Portion of your award will vest as of the Vesting Acceleration Event. The Performance Period is shortened as of the end of the calendar quarter ending on or before the Vesting Acceleration Event to the extent that the Performance Goals are achieved as set forth in EXHIBIT A. Any balance of the Pro-Rata Portion that does not vest upon the Vesting Acceleration Event shall be forfeited as of the date of such event. Any balance of your Award that does not vest at the end of the Performance Period shall be forfeited as of the end of the Performance Period.

"**Vesting Acceleration Event**" means one of the following events, where there is no Cause for Trustmark to terminate your employment:

i. **Death** . A termination of your employment with Trustmark and its Subsidiaries due to your death; or

ii. " **Disability** " . A termination of your employment with Trustmark and its Subsidiaries due to your disability as defined in Treas. Reg. § 1.409A-3(i)(4).

4. **Forfeiture.**

(a) Cessation of Employment . If your employment terminates during the Performance Period and neither Section 3(b) nor Section 3(c) applies, the Performance Units and Achievement Units shall be immediately and automatically forfeited as of the date you cease to be an employee of Trustmark or its Subsidiaries. For this purpose, transfer of employment among Trustmark and its Subsidiaries is not a termination or cessation of employment.

(b) Termination for Cause . If your employment is terminated for Cause before your Performance Units or Achievement Units are settled, and notwithstanding any other provision of this Agreement, you shall immediately forfeit all Performance Units and Achievement Units, whether or not vested, and no Shares shall be issued or Dividend Equivalent (as defined below) shall be paid.

5. **Voting Rights.** Neither the Performance Units nor the Achievement Units are shares of stock. Therefore, you, and any person claiming under or through you, do not possess any voting or other shareholder rights by reason or receiving Performance Units or Achievement Units pursuant to this Agreement unless and until the Performance Units or Achievement Units are settled in Shares pursuant to Section 8 hereof.

6. **Dividend Equivalent.** If Trustmark declares and pays a dividend in respect of its Stock and, on the record date for such dividend, you hold Performance Units granted pursuant to this Agreement,

Trustmark shall grant you an unvested right to receive an amount (the **"Dividend Equivalent"**) equal to the cash dividends you would have received if you were the holder of record, as of such record date, of the number of Shares related to the Performance Units that you hold as of such record date. Your Dividend Equivalent will vest if, when, and to the extent that the related Performance Units vest and will be paid to you during the Settlement Period (as defined below). No interest will be paid with respect to Dividend Equivalents. If any portion of the Performance Units are forfeited, your Dividend Equivalent shall also be forfeited in the same proportion. No dividends equivalents or other distributions shall be paid with respect to the Achievement Units. Dividends and other distributions shall only be paid with respect to the Shares underlying the Achievement Units if and when the Achievement Units are settled in Shares.

7. **At-Will Employment Acknowledgment.** You understand and acknowledge that this Agreement does not in any manner affect your status as an Associate "at-will." As such, this Agreement does not create an express or implied contract for employment with Trustmark or any of its Subsidiaries, for any purpose or term, nor does it in any way limit the right of Trustmark or any of its Subsidiaries to otherwise terminate your employment at any time, with or without cause or notice, or impact the terms set forth in any Associate handbook or policy manual. Trustmark and its Subsidiaries reserve the right to terminate your employment at any time for any reason, with or without notice. Termination of your employment is at the sole option of the management.

8. **Settlement.** All determinations of performance shall be made and certified to in writing by the Committee. Trustmark shall issue Shares corresponding to vested Performance Units and vested Achievement Units, in each case net of any applicable withholding, within 2-1/2 months following end of the Performance Period, or, if applicable, a Vesting Acceleration Event (such time period, the **"Settlement Period** "). No fractional Shares shall be issued, and the Committee, in its discretion, shall determine whether any such fractional Shares will be used to satisfy any withholding obligation or whether cash will be issued in lieu of fractional Shares or whether such fractional Shares will be forfeited or otherwise eliminated.

9. **No Transfer Rights.** Neither Performance Units nor Achievement Units may be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of in any manner other than by will or by the laws of decent and distribution or court order or unless otherwise permitted by the Committee on a case-by-case basis.

10. **Internal Revenue Code Section 409A.** It is intended that this Agreement, the Performance Units and the Achievement Units comply with, or are exempt from, the requirements of Section 409A of the Code ("Section 409A"), and this Agreement and the Plan shall be administered in a manner consistent with the foregoing intent.

11. **Taxes.**

(a) Withholding . Trustmark (or any of its Subsidiaries) shall have the right to retain and withhold a sufficient number of the Shares resulting from payout of this Award, or require you to remit to Trustmark (or any of its Subsidiaries) an amount sufficient to satisfy any federal, state, local or other tax withholding obligations as may be required by law.

(b) Responsibility for Taxes . You acknowledge that there will be tax consequences with respect to the Award, and you should consult a tax adviser regarding your tax obligations. Regardless of the amount withheld pursuant to Section 11(a), you are solely responsible for paying all required taxes (other than Trustmark's share of employment taxes) with respect to your Award.

12. **Compliance with Laws.** The grant of the Performance Units and the Achievement Units and the issuance of any Shares pursuant to this Agreement shall be subject to, and shall comply with, any applicable requirements of any U.S. securities and other federal laws, rules and regulations and any

other law, rule or regulation or exchange requirement applicable thereto. Trustmark reserves the right to impose other requirements on your participation in the Plan, on the Performance Units and the Achievement Units and on any Shares acquired under the Plan, to the extent Trustmark determines it is necessary or advisable to comply with applicable law or facilitate the administration of the Plan, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Notwithstanding any other provision of this Agreement, Trustmark shall not be obligated to issue any Shares pursuant to this Agreement if the issuance thereof would result in a violation of any law.

13. **Clawback.** You agree that the Award is subject to recoupment or clawback by Trustmark in accordance with Trustmark's recoupment, clawback or similar policy as such may be in effect from time to time, as well as any similar provisions of applicable law, or Securities and Exchange Commission rule or regulation, or stock exchange requirement, which could in certain circumstances require repayment or forfeiture of the Award or any Shares or other cash or property received with respect to the Award (including any value received from a disposition of the Shares acquired upon payment of the Award).

14. **Business Protection.**

(a) Non-Solicitation . During the full term of your employment with Trustmark or any of its Subsidiaries, and for a period of six (6) months after your termination of employment with Trustmark and its Subsidiaries, whether your employment is terminated voluntarily or involuntarily by either you or Trustmark or any of its Subsidiaries, with or without cause or notice, you will not directly or indirectly, either for your own accord or through another party or entity (whether as director, officer, consultant, principal, employee, agent or otherwise), take any action, or attempt any action, in any manner within the "Restricted Area" (as defined below): (i) to solicit or divert, or attempt to solicit or divert, any person, concern or entity which is doing business with Trustmark or any of its Subsidiaries at the time of termination of your employment from doing business with Trustmark or any of its Subsidiaries or otherwise alter its relationship with Trustmark or any of its Subsidiaries; (ii) to induce or attempt to induce any customer or supplier of Trustmark or any of its Subsidiaries to cease being a customer or supplier of Trustmark or any of its Subsidiaries, or otherwise change its relationship with Trustmark or its Subsidiaries; (iii) to disclose, directly or indirectly, to any person, firm or corporation the names or addresses, or any other information pertaining to them, of any customers or clients of Trustmark or any of its Subsidiaries that you serviced or became acquainted during the term of your employment with Trustmark or any of its Subsidiaries; or (iv) to take any other action that is directly or indirectly competitive with Trustmark or any of its Subsidiaries with respect to any customers or clients doing business with Trustmark or any of its Subsidiaries at the time of termination of your employment with Trustmark and its Subsidiaries.

(b) Anti-Raiding . During the full term of your employment with Trustmark and any of its Subsidiaries, and for a period of six (6) months after your termination of employment with Trustmark and its Subsidiaries, whether your employment is terminated voluntarily or involuntarily by either you or Trustmark or any of its Subsidiaries, with or without cause or notice, you will not directly or indirectly, either on your own accord or through another party or entity (whether as director, officer, consultant, principal, employee, agent or otherwise) attempt in any manner within the "Restricted Area" (as defined below) to solicit, employ or otherwise interfere with any of Trustmark's or its Subsidiaries' contracts or relationships with any other Associate, officer, director, shareholder or independent contractor, existing at the time of the termination of your employment with Trustmark and its Subsidiaries.

(c) Restricted Area . You understand and agree that the provisions of this Agreement contained in this Section 14 ("Business Protection"), related to your restricted activities cover (i) all geographic locations where you perform or performed work for Trustmark or its Subsidiaries, and the areas extending 75 miles from said location(s), including all location(s) over which you had management or other functional responsibilities, regardless of whether you were physically located at said location, and (ii) all geographic locations where any person, customer, client, concern or entity which is doing business with Trustmark or its Subsidiaries at the time of the termination of your employment resides, exists, operates or does business, as well as the areas extending 75 miles from said location(s).

(d) Consideration . You agree that, in exchange for your continued employment with Trustmark or its Subsidiaries, as well as your eligibility to participate in the Plan and receive this Award, you are bound by the terms and conditions set forth in these restrictive, business protection covenants. You further acknowledge that your obligations within these restrictive, business protection covenants last for the duration of your employment with Trustmark or any of its Subsidiaries, and for a period of six (6) months thereafter, regardless of the vesting and/or forfeiture of the Restricted Stock Units subject to this Award. You also agree that you are bound by the terms of these restrictive covenants after agreeing to their terms initially and acknowledge the fact that you continue to be bound by these restrictive covenants even if you receive any additional awards/grants.

(e) Acknowledgment . You have carefully considered the nature and extent of the restrictions upon you, and the rights and remedies conferred upon Trustmark and its Subsidiaries under this Agreement, and hereby acknowledge and agree that the same: (i) are reasonable in time and geographical scope and are designed to eliminate activities that would otherwise be unfair to Trustmark and its Subsidiaries, in light of the protectable interests of Trustmark, its Subsidiaries and their business operations; (ii) in the event your employment with Trustmark and its Subsidiaries terminates for any reason, will not prevent you from earning a livelihood without violating the above described restrictions; (iii) do not confer a benefit upon Trustmark or its Subsidiaries disproportionate to any detriment to you; and (iv) are fully required to protect Trustmark's and its Subsidiaries' legitimate, protectable interests as a leader in the banking and financial services industries involving confidential information including Trustmark's and its Subsidiaries' goodwill, relationships, confidential information and other legally recognized protectable interests.

(f) Enforcement of Restrictive Covenants/Relief for Violations . You acknowledge that Trustmark and its Subsidiaries have a protectable interest in enforcing the non-solicitation and anti-raiding provisions of the Agreement for the full length of your employment and for the 6 month term following the termination of your employment. You agree that any violation of any provision of the Agreement will result in immediate, irreparable harm to Trustmark and its Subsidiaries and that money damages alone would not be an adequate remedy for any such violation. In addition to the rights and remedies conveyed in this Agreement, Trustmark and its Subsidiaries shall be entitled, and is expressly and irrevocably authorized by you, to seek specific enforcement and injunctive relief in a court of competent jurisdiction, without posting a bond or other security. This section shall in no manner be construed to limit other causes of action, rights, and relief to which Trustmark or its Subsidiaries may be entitled. You recognize that if Trustmark or any of its Subsidiaries is successful in obtaining any of the requested relief or damages under the terms of this Agreement, you must pay reasonable attorneys' fees, costs and expenses incurred by Trustmark or its Subsidiaries in enforcing and obtaining relief or damages available under this Agreement. Without limiting the generality of the foregoing, the rights and remedies of Trustmark and its Subsidiaries, and your obligations under this Agreement, are in addition to any respective rights, remedies and obligations under applicable law (including, but not limited to, laws relating to misappropriation of trade secrets) and under any other agreement between you and Trustmark or any of its Subsidiaries.

15. **Miscellaneous.**

(a) Counterparts and Electronic Signatures . This Agreement may be executed in counterparts, each of which shall be deemed an original, but such counterparts, when taken together, shall constitute one agreement. This Agreement may be executed by a party's signature transmitted by electronic means, including through electronic acknowledgement, and copies of this Agreement executed and delivered by means of electronic signatures, including through electronic acknowledgement, shall have the same force and effect as copies hereof executed and delivered with original signatures. All parties hereto may rely upon electronic signatures, including electronic acknowledgements, as if such signatures were originals. All parties hereto agree that an electronic signature page, including an electronic acknowledgement, may be introduced into evidence in any proceeding arising out of or related to this Agreement as if it were an original signature page.

(b) Electronic Delivery . Trustmark may, in its sole discretion, decide to deliver any documents related to Performance Units and Achievement Units granted under the Plan or future Performance Units and Achievement Units that may be granted under the Plan by electronic means or request your consent to participate in the Plan by electronic means. You consent to receive such documents by electronic delivery and agree to participate in the Plan through any on-line or electronic system established and maintained by Trustmark or another third party designated by Trustmark.

(c) Notices . Any notice to Trustmark required under or relating to this Agreement shall be in writing and addressed to:

Trustmark Corporation Mailing Address
248 E. Capitol Street P.O. Box 291
Jackson, MS 39201 Jackson, MS 39205
Attention: Secretary

Any notice to you required under or relating to this Agreement shall be in writing and addressed to you at your address as it appears on the records of Trustmark. Alternatively, any notice to Trustmark or you required under or relating to this Agreement may be delivered via the internet hosting website designated by Trustmark for the Plan.

(d) Modification . This Agreement may be modified, amended, suspended or terminated and any terms or conditions may be waived, but only by a written instrument executed by the parties. Notwithstanding the foregoing, Trustmark reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without your consent, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Award of Performance Units and Achievement Units.

(e) Severability . The provisions of this Agreement are severable and should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force and effect in accordance with their terms.

(f) Reformation . If any of the restrictions set forth in this Agreement, including those set forth in Section 14, are found by a court of competent jurisdiction to be overly broad, unreasonable, or otherwise unenforceable then these restrictions shall be modified and enforced to the greatest extent that the court deems permissible. Each of the obligations in this Agreement are independent, separable and enforceable independent of each other.

(g) Governing Law . The validity, interpretation, construction and performance of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Mississippi without giving effect to the conflict of laws principles thereof.

(h) Successors in Interest . This Agreement shall inure to the benefit of and be binding upon any successor to Trustmark or its Subsidiaries. This Agreement shall inure to the benefit of your legal representatives. All obligations imposed upon you and all rights granted to Trustmark under this Agreement shall be binding upon your heirs, executors, administrators and successors.

(i) Entire Agreement . This Agreement, including the Exhibits, and the terms and conditions of the Plan constitute the entire understanding between you and Trustmark and its Subsidiaries, and supersedes all other agreements, whether written or oral, with respect to the Award.

(j) Headings . The headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

(k) Participant's Acknowledgement . This Award is granted pursuant to the Plan and is subject to the terms thereof. By accepting this Award, you acknowledge that you (i) have read this Agreement, (ii) have received and read the Plan, (iii) have had an opportunity to obtain the advice of counsel prior to accepting this Agreement, and (iv) fully understand the terms and conditions of this Agreement and the Plan.

To evidence its grant of the Award and the terms, conditions and restrictions thereof, Trustmark has signed this Agreement as of the Award Date. This Agreement shall not become legally binding unless you have accepted this Agreement by the Agreement due date noted with respect to the Award on the internet hosting website designated by Trustmark for the Plan (or such later date as the Chairman of the Committee may accept) pursuant to such means as the Committee may permit. If you fail to timely accept this Agreement, the Award shall be cancelled and forfeited ab initio.

TRUSTMARK CORPORATION
By:
Its:

Exhibit 10.aq

EXHIBIT A
Performance Goals

16. *Generally.* Vesting of the Award shall be determined by (i) the average of Trustmark’s ROATCE for each calendar year in the Performance Period compared to the target ROATCE (“ **Target** ”) determined by the **<<year>>** three-year Strategic Plan approved by Trustmark’s Executive Committee of the Board and recommended to, and approved by, Trustmark’s Board; and (ii) Trustmark’s TSR ranking for the Performance Period compared to the TSR for the Peer Group over the same period as follows, where vesting in the Award is equal to the number of the Restricted Stock Units multiplied by the sum of the vesting percentage in (A) and the vesting percentage in (B) below:

ROATCE Performance	(A) ROATCE Vesting Percentage		TSR Ranking	(B) TSR Vesting Percentage
<<%>> of Target	100%	+	<<rank>> Percentile	100%
<<%>> of Target	88%	+	<<rank>> Percentile	90%
<<%>> of Target	75%	+	<<rank>> Percentile	70%
<<%>> of Target	50%	+	<<rank>> Percentile	50%
<<%>> of Target	38%	+	<<rank>> Percentile	32.5%
<<%>> of Target	31%	+	<<rank>> Percentile	22.5%
<<%>> of Target	25%	+	<<rank>> Percentile	17.5%
Less than <<%>> of Target	0%	+	Less than <<rank>>	0%

17. *Interpolation.* If Trustmark’s performance or ranking, as applicable, is above the threshold (<<%>> of Target for ROATCE or above <<rank>> percentile for TSR), but less than the maximum (<<%>> of Target for ROATCE or <<rank>> percentile for TSR), then the vesting percentage shall be determined by straight line interpolation (rounded, where not otherwise resulting in a whole or half percent, to the next lowest whole or half percent) where the performance or ranking falls between identified tiers (for example, if the TSR ranking is in the <<rank>> percentile, then the vesting percentage is <<%>>).

18. *Vesting and Settlement.* If the aggregate vesting is 100% or lower, only Performance Units shall vest and be settled in accordance with Section 8 of this Agreement. If the aggregate vesting exceeds 100%, Achievement Units shall also vest and be settled in accordance with Section 8 of this Agreement.

19. *Shortened Performance Period.* The period of time from the beginning of the Performance Period to the calendar quarter ending on or before the Vesting Acceleration Event shall be referred to as the “ **Shortened Performance Period** ”. Performance Goals under a Shortened Performance Period shall be determined by (i) the average of Trustmark’s ROATCE for each calendar quarter in the Shortened Performance Period compared to the Target ROATCE; and (ii) Trustmark’s TSR ranking for the Performance Period compared to the TSR for the Peer Group over the same period, where vesting in the Award is equal to the Pro-Rata Portion multiplied by the sum of the vesting percentage in (A) and the vesting percentage in (B) in the table above.

EXHIBIT B
Definitions

The following terms have the following meanings for purposes of this Agreement:

(a) **“Peer Group”** means the financial institutions listed on EXHIBIT C to this Agreement; provided that any listed financial institution shall be eliminated if it is acquired or otherwise changes its structure or business such that it is no longer reasonably comparable to Trustmark (as determined by the Committee), and in the case of any such elimination, the Committee may or may not replace the eliminated financial institution with another financial institution which it considers reasonably comparable to Trustmark.

(b) **"ROATCE"** means the net earnings after taxes available to common shareholders, adjusted for tax-affected amortization of intangibles, for the calendar year (except as otherwise provided in EXHIBIT A) divided by average shareholders' tangible common equity for such calendar year (which is total shareholders' equity, excluding total identifiable intangible assets, goodwill, and preferred equity, averaged for the calendar year), all as determined in accordance with generally accepted accounting principles and as reported in Trustmark's financial statements provided to shareholders (excluding the impact of (i) restructurings, discontinued operations, extraordinary items, and other significant non-routine transactions, (ii) material litigation or insurance settlements, (iii) changes to comply with the new lease accounting standard (ASU 2016-02), (iv) changes to comply with the new credit losses accounting standard (ASU 2016-13), and (v) the cumulative effects of income tax or accounting changes in accordance with U.S. generally accepted accounting principles.

(c) **"TSR"** means the return a holder of common stock earns over a specified period of time, expressed as a percentage and including changes in Average Market Value of, and dividends or other distributions with respect to, the stock and converted to an annual rate by dividing the calculated percentage for the specified period by the number of years and partial years (expressed in quarters) in the specified period. TSR return shall be determined as the sum of (i) the Ending Average Market Value reduced by the Beginning Average Market Value and (ii) dividends or other distributions with respect to a share paid during the specified period and with such dividends and other distributions deemed reinvested in Stock (based on Market Share Price on the date of payment where not paid in Stock), and (iii) with such sum being divided by the Beginning Average Market Value. TSR, including the value of reinvested dividends and other distributions, shall be determined on the basis of the appropriate total shareholder return model of Bloomberg L.P. or any affiliate thereof or such other authoritative source as the Committee may determine. For purposes hereof:

(1) "Average Market Value" means the average of the closing sale price of such stock for the applicable ten trading days beginning or ending on a specified date for which such closing sale price is reported by Bloomberg L.P. or any affiliate thereof or such other authoritative source as the Committee may determine.

(2) "Beginning Average Market Value" means the Average Market Value based on the first ten trading days of the Performance Period.

(3) "Ending Average Market Value" means the Average Market Value based on the last ten trading days of the Performance Period.

(4) "Market Share Price" means the closing sale price for the specified day (or the last preceding day thereto for which reported) as reported by Bloomberg L.P. or any affiliate thereof or such other authoritative source as the Committee may determine.

Exhibit 10.aq

EXHIBIT C

Listing of Peer Group

<<listing of peer financial institutions>>

Exhibit 10.ar

AMENDMENT TO EMPLOYMENT AGREEMENT

WHEREAS, Trustmark Corporation, a Mississippi corporation (the "**Company**"), and Duane A. Dewey (the "**Executive**"), have entered into an employment agreement dated October 27, 2020, and effective as of January 1, 2021 (the "**Employment Agreement**");

WHEREAS, Section 11.3 of the Employment Agreement provides that it may be amended by a written instrument signed by the parties;

WHEREAS, the parties wish to amend the Employment Agreement to provide that Executive shall continue to serve as President and Chief Executive Officer of the Company and Trustmark National Bank through December 31, 2027;

NOW, THEREFORE, effective as of April 23, 2024, subject to the approval of the Company's Board of Directors, the parties agree as follows:

1. The Employment Agreement is amended to replace "December 31, 2025" with "December 31, 2027" in the first sentence of Section 1 ("Term of Employment; Termination of Current Agreement").

2. Except as amended above, the Employment Agreement shall remain in full force and effect.

The Company and the Executive agree to this amendment this 23rd day of April 2024.

Executive Trustmark Corporation

/s/ Duane A. Dewey /s/ Adolphus B. Baker
Duane A. Dewey Adolphus B. Baker
Chairman, Human Resources Committee

Exhibit 31-a

TRUSTMARK CORPORATION

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Duane A. Dewey, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of Trustmark Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

BY: /s/ Duane A. Dewey
Duane A. Dewey
President and Chief Executive Officer

DATE: May 7, 2024

Exhibit 31-b

TRUSTMARK CORPORATION

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas C. Owens, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of Trustmark Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5) The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

BY: /s/ Thomas C. Owens
Thomas C. Owens
Treasurer and Principal Financial Officer

DATE: May 7, 2024

Exhibit 32-a

TRUSTMARK CORPORATION

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Trustmark Corporation (Trustmark) on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Duane A. Dewey, President and Chief Executive Officer of Trustmark, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Trustmark.

BY: /s/ Duane A. Dewey
Duane A. Dewey
President and Chief Executive Officer

DATE: May 7, 2024

Exhibit 32-b

TRUSTMARK CORPORATION

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Trustmark Corporation (Trustmark) on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Thomas C. Owens, Treasurer and Principal Financial Officer of Trustmark, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Trustmark.

BY: /s/ Thomas C. Owens
Thomas C. Owens
Treasurer and Principal Financial Officer

DATE: May 7, 2024