

Trustmark

2024 Form 10-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

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

for the fiscal year ended December 31, 2024

or

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

Commission file number 000-3683



TRUSTMARK CORPORATION

(Exact name of Registrant as specified in its charter)

MISSISSIPPI	**64-0471500**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification Number)**
248 East Capitol Street, Jackson, Mississippi	**39201**
(Address of principal executive offices)	**(Zip Code)**
Registrant's telephone number, including area code:	**(601) 208-5111**

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

Common Stock, no par value	**TRMK**	**Nasdaq Global Select Market**
(Title of Class)	**(Trading Symbol)**	**(Name of Exchange on Which Registered)**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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, a smaller reporting company, or an emerging growth company. See definition 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

Based on the closing sales price at June 30, 2024, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the shares of common stock held by nonaffiliates of the registrant was approximately $1.003 billion.

As of January 31, 2025, there were issued and outstanding 60,765,271 shares of the registrant's Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for Trustmark's 2025 Annual Meeting of Shareholders to be held April 22, 2025 are incorporated by reference into Part III of the Form 10-K report.

TRUSTMARK CORPORATION

ANNUAL REPORT ON FORM 10-K

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Forward-Looking Statements

Certain statements contained in this Annual Report on Form 10-K 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 Item 1A. Risk Factors in this report 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, 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, potential market or regulatory effects of the new presidential administration's policies and other risks described in our filings with the Securities and Exchange Commission (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

ITEM 1. BUSINESS

The Corporation

Description of Business

Trustmark Corporation (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 December 31, 2024, TNB had total assets of $18.150 billion, which represented approximately 99.99% of the consolidated assets of Trustmark.

Through TNB and its subsidiaries, Trustmark operates as a financial services organization providing banking and other financial solutions through offices and 2,500 full-time equivalent associates (measured at December 31, 2024) located in the states of Alabama, Florida (primarily in the northwest or "Panhandle" region of that state, which is referred to herein as Trustmark's Florida market), Georgia (primarily in Atlanta, which is referred to herein as Trustmark's Georgia 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 two operating segments: General Banking Segment and Wealth Management Segment. The principal products produced and services rendered by TNB and Trustmark's other subsidiaries are as follows:

Trustmark National Bank

Commercial Banking – TNB provides a full range of commercial banking services to corporations and other business customers. Loans are provided for a variety of general corporate purposes, including financing for commercial and industrial projects, income producing commercial real estate, owner-occupied real estate and construction and land development. TNB also provides deposit services, including checking, savings and money market accounts and certificates of deposit as well as treasury management services.

Consumer Banking – TNB provides banking services to consumers, including checking, savings, and money market accounts as well as certificates of deposit and individual retirement accounts. In addition, TNB provides consumer customers with installment and real estate loans and lines of credit.

Mortgage Banking – TNB provides mortgage banking services, including construction financing, production of conventional and government insured mortgages, secondary marketing and mortgage servicing.

Wealth Management – TNB offers specialized fiduciary services and expertise in the areas of wealth management, trust, investment, brokerage, qualified and non-qualified retirement plan services and custodial services for corporate and individual customers. These services include the administration of personal trusts and estates as well as the management of investment and individual retirement accounts for individuals, employee benefit plans and charitable foundations. TNB also provides institutional custody for large governmental entities and foundations, financial and estate planning and retirement plan services.

New Market Tax Credits (NMTC) – TNB provides an intermediary vehicle for the provision of loans or investments in Low-Income Communities (LICs) through its subsidiary Southern Community Capital, LLC (SCC). SCC is a Mississippi single member limited liability company, a certified Community Development Entity (CDE) and a wholly-owned subsidiary of TNB. The primary mission of SCC is to provide investment capital for LICs, as defined by Section 45D of the Internal Revenue Code, or for Low-Income Persons (LIPs). As a certified CDE, SCC is able to apply to the Community Development Financial Institutions Fund (CDFI Fund) to receive NMTC allocations to offer investors in exchange for equity investments in qualified projects.

Capital Trust

Trustmark Preferred Capital Trust I (the Trust) is a Delaware trust affiliate and a wholly-owned subsidiary of Trustmark formed in 2006 to facilitate a private placement of $60.0 million in trust preferred securities. As defined in applicable accounting standards, the Trust is considered a variable interest entity for which Trustmark is not the primary beneficiary. Accordingly, the accounts of the Trust are not included in Trustmark's consolidated financial statements.

Strategy

Trustmark seeks to be a premier diversified financial services company in its markets, providing a broad range of banking and wealth management solutions to its customers. Trustmark's products and services are designed to strengthen and expand customer relationships and enhance the organization's competitive advantages in its markets as well as to provide cross-selling opportunities that will enable Trustmark to continue to diversify its revenue and earnings streams.

The following table sets forth summary data regarding Trustmark's securities, loans, assets, deposits, equity and revenue over the past three years ($ in thousands):

December 31,	2024	2023	2022
Securities	$ 3,027,919	$ 3,189,157	$ 3,518,596
Total securities growth (decline)	$ (161,238)	$ (329,439)	$ (62,818)
Total securities growth (decline)	-5.1%	-9.4%	-1.8%
Loans held for investment (LHFI)	$ 13,089,942	$ 12,950,524	$ 12,204,039
Total loans growth (decline)	$ 139,418	$ 746,485	$ 1,956,210
Total loans growth (decline)	1.1%	6.1%	19.1%
Assets	$ 18,152,422	$ 18,722,189	$ 18,015,478
Total assets growth (decline)	$ (569,767)	$ 706,711	$ 419,842
Total assets growth (decline)	-3.0%	3.9%	2.4%
Deposits	$ 15,108,175	$ 15,569,763	$ 14,437,648
Total deposits growth (decline)	$ (461,588)	$ 1,132,115	$ (649,512)
Total deposits growth (decline)	-3.0%	7.8%	-4.3%
Equity	$ 1,962,327	$ 1,661,847	$ 1,492,268
Total equity growth (decline)	$ 300,480	$ 169,579	$ (249,043)
Total equity growth (decline)	18.1%	11.4%	-14.3%
Years Ended December 31,			
Revenue *	$ 561,002	$ 701,311	$ 646,130
Total revenue growth (decline)	$ (140,309)	$ 55,181	$ 54,485
Total revenue growth (decline)	-20.0%	8.5%	9.2%

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

For additional information regarding the general development of Trustmark's business, see Part II. Item 6. – Selected Financial Data and Item 7. – Management's Discussion and Analysis of Financial Condition and Results of Operations of this report.

Overview of Lending Business

Trustmark categorizes loans on its balance sheet into two categories. These categories are described in more detail in Note 1 – Significant Accounting Policies included in Part II. Item 8. - Financial Statements and Supplementary Data of this report.

- *Loans Held for Investment (LHFI)* – Loans originally underwritten by Trustmark that do not constitute loans held for sale or acquired loans.
- *Loans Held for Sale (LHFS)* – Mortgage loans purchased from wholesale customers or originated in Trustmark's General Banking Segment, other than mortgage loans that are retained in the LHFI portfolio based on banking relationships or certain investment strategies.

Trustmark reports LHFI by its six geographic market regions based on the location of the loan origination with the exception of loans secured by 1-4 family residential properties (representing traditional mortgages) and credit cards. Loans secured by 1-4 family residential properties and credit cards are reported in the Mississippi market 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 related construction project, property or collateral may be located outside of Trustmark's six geographic market regions but are primarily within its defined trade area. Equipment finance loans and leases are primarily reported in the Georgia market region because they are centrally analyzed and approved as part of the Equipment Finance line of business which is a nationwide line of business located in Atlanta, Georgia.

The following discussion briefly summarizes Trustmark's lending business by focusing on LHFI and LHFS and includes a discussion of the risks inherent in these loans, Trustmark's underwriting policies for its loans and the characteristics of the real estate loan component of these loans.

As a general matter, extending credit to businesses and consumers exposes Trustmark to credit risk, which is the risk that the principal balance and any related interest may not be collected according to the original terms due to the inability or unwillingness of the borrower

to repay the loan. Trustmark mitigates credit risk through a set of internal controls, which includes adherence to conservative lending practices and underwriting guidelines, collateral monitoring, and oversight of its borrower's financial performance and collateral. The risks inherent in specific subsets of lending are discussed below.

LHFI Secured by Construction, Land Development, and Other Land – Construction and land development loans include loans for both commercial and residential properties to builders/developers, other commercial borrowers and consumers. This category also includes loans secured by vacant land, except land known to be used or usable for agricultural purposes, such as crop and livestock production. Repayment is normally derived from the sale of the underlying property or from permanent financing, which refinances Trustmark's initial loan. Trustmark's engagement in this type of lending is generally extended to those builders and developers exhibiting the highest credit quality with significant equity invested in the projects which are primarily located within Trustmark's defined trade area. 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 and availability of permanent financing. Risk within this portfolio is mitigated through adherence to policies and lending limits, periodic target credit reviews of the different segments of this portfolio, inspection of projects throughout the life of the loan and routine monitoring of financial information and collateral values as they are updated.

Inherent in real estate construction lending is the risk that the full value of the collateral does not exist at the time the loan is granted. Construction lending also inherently includes the risk associated with a borrower's ability to successfully complete a proposed project on time and within budget. Further, adverse changes in the market occurring between the start of construction and completion of the projects can result in slower sales or rental rates and lower sales prices than originally anticipated which could impact the underlying real estate collateral values and timely and full repayment of these loans. Rising interest rates can adversely affect the cost of construction and the financial viability of real estate projects. Higher interest rates may also result in higher capitalization rates, thereby reducing a property's value. As a result of this risk profile, LHFI secured by construction, land development and other land are considered to be higher risks than other real estate loans.

LHFI and LHFS Secured by Residential Properties – Residential real estate loans consist of first and junior liens on residential properties that are primarily extended in the defined trade area in which Trustmark operates as well as mortgage products, originated and purchased, that are underwritten to secondary market standards. Credit underwriting standards include evaluation of the borrower's credit history and repayment capacity, including verification of income and valuation of collateral. Portfolio performance is continuously evaluated through monitoring of repayment performance.

Credit performance of consumer residential real estate loans is highly dependent on housing values and household income which, in turn are highly dependent on national, regional and local economic factors. Rising interest rates, rising unemployment rates and other adverse changes in these economies may have a negative effect on the ability of Trustmark's borrowers to repay these loans and negatively affect value of the underlying residential real estate collateral.

LHFI Secured by Nonfarm, Nonresidential Properties (NFNR LHFI) – Trustmark provides financing for both owner-occupied commercial real estate as well as income-producing commercial real estate. Trustmark seeks to maintain a balance of owner-occupied and income-producing real estate loans that moderates its risk to the specific risks of each type of loan. Commercial real estate term loans are typically collateralized by liens on real property. Both types of commercial real estate loans are underwritten to lending policies that include maximum loan-to-value ratios, minimum equity requirements, acceptable amortization periods and minimum debt service coverage requirements, based on property type. Income-producing commercial real estate loans also generally require substantial equity and are subject to exposure limits for a single project. All exceptions to established guidelines are subject to stringent internal review and require specific approval. As with commercial loans, 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.

Risk for owner-occupied commercial real estate is driven by the creditworthiness of the underlying borrowers, particularly cash flow from the borrowers' business operations as well as the risk of a shortfall in collateral. Credit performance of loans secured by commercial income-producing real estate can be negatively affected by national, regional and local economic conditions, which may result in deteriorating tenant credit profiles, tenant losses, reduced rental/lease rates and higher than anticipated vacancy rates, all contributing to declines in value or liquidity of the underlying real estate collateral. Other factors, such as increasing interest rates, may result in higher capitalization rates, thereby reducing a property's value.

Commercial and Industrial LHFI – Commercial loans (other than commercial loans related to real estate assets, which are summarized above) are 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, equipment and fixed asset purchases that are secured by those assets and term financing for those

within Trustmark's defined trade area. Trustmark's credit underwriting process for commercial 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. Credit risk within the commercial loan portfolio is managed through adherence to specific commercial lending policies and internally established lending authorities, diversification within the portfolio and monitoring of the portfolio on a continuing basis.

Credit risk in commercial and industrial loans can arise due to fluctuations in borrowers' financial condition, deterioration in collateral values and changes in market conditions. The credit risk inherent in these loans depends on, to a significant degree, the general economic conditions of these areas. Further, credit risk can increase if Trustmark's loans are concentrated to borrowers engaged in the same or similar activities, or to groups of borrowers who may be uniquely or disproportionately affected by market or economic conditions.

Consumer LHFI – Consumer credit includes loans to individuals for household and personal items, automobile purchases, unsecured loans, personal lines of credit and credit cards. All consumer loans are subject to a standardized underwriting process through Trustmark's consumer loan center, with emphasis placed upon the borrower's credit evaluation and historical performance, income evaluation and valuation of collateral (where applicable).

Similar to residential real estate loan portfolios, an inherent risk factor in consumer loans is that they are dependent on national, regional and local economic factors that affect employment in the markets where these loans are originated. Generally, consumer loan portfolios consist of a large number of relatively small-balance loans, some of which are originated as unsecured credit (credit cards and some personal lines of credit), and as such, do not have collateral as a secondary source of repayment. Consumer loans generally pose heightened risks of collectability and loss when compared to other loan types.

Other Commercial LHFI – Other loans include 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. Other commercial LHFI also include leases of machinery and equipment to commercial customers. These leases are underwritten based on the specific nature or purpose of the lease and underlying collateral with special consideration given to the specific source of repayment for the lease.

Similar to commercial and industrial loans, inherent risk in other commercial loans and leases can arise due to fluctuations in borrowers' or lessee's financial condition, deterioration in collateral values and changes in market and economic conditions. Loans to state and political subdivisions have the added inherent risk of being somewhat dependent on the ability and capacity of those entities to generate tax and other revenue to repay the loans. Loans to non-profit and charitable organizations are dependent on those organizations' ability to generate revenue through their fundraising efforts and other forms of financial support, which can be susceptible to economic downturns.

Recent Economic and Industry Developments

Economic activity improved moderately during 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 current United States presidential administration's policies, 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 remained elevated during most of 2024. The FRB maintained the target federal funds rate at a range of 5.25% to 5.50% from July 2023 through September 2024. In September 2024, the FRB began lowering the target federal funds rate making multiple decreases during the fourth quarter of 2024 to a range of 4.25% to 4.50% as of December 2024, based on its confidence that inflation was moving substantially toward 2.00% and that the risks to achieving the FRB's employment and inflation goals were roughly balanced. At the most recent meeting of the FRB's Federal Open Market Committee (in January 2025), the FRB determined to leave the target federal funds rate unchanged. In addition, the FRB maintained the rate it paid on reserves at 5.40% from July 2023 through September 2024. In September 2024, the FRB made the first of multiple declines in the rate it pays on reserves, lowering the rate to 4.40% as of December 2024. Prior period rate increases increased the competitive pressures on the deposit cost of funds. While rate cuts potentially reduce those competitive pressures, they increase pressure on Trustmark's net interest margin, a key component to its financial results. It is not possible to predict the direction, pace or magnitude of further changes, if any, in interest rates, or the impact any such rate changes will have on Trustmark's results of operations.

In the January 2025 "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 November 22, 2024 through January 6, 2025) economic activity increased slightly to moderately. Reports by the twelve Federal Reserve Districts (Districts) noted the following during the reporting period:

- Consumer spending increased moderately, with most Districts reporting strong holiday sales that exceeded expectations. Vehicle sales grew modestly. Construction activity decreased overall, with several Districts indicating that high costs for materials and financing were weighing on growth. Manufacturing decreased slightly on net, with a number of Districts noting manufacturers were stockpiling inventories in anticipation of higher tariffs. Residential real estate activity was unchanged on balance, as high mortgage rates continued to hold back demand. Commercial real estate sales edged up. Nonfinancial services sector grew slightly overall, with Districts highlighting growth in leisure and hospitality and transportation. Truck freight volumes were down.

- Financial service providers reported modest growth in lending and little change in asset quality overall; however, lenders and community organizations voiced concerns about delinquencies among small businesses and lower-income households. Nonprofit social service agencies faced high demand amidst uncertainty about future funding levels. Agricultural conditions remained weak overall, with generally lower farm incomes and weather-related struggles in some areas.

- More contacts were optimistic about the outlook for 2025 than were pessimistic about it, though contacts in several Districts expressed concerns that changes in immigration and tariff policy could negatively affect the economy.

- Employment ticked up on balance, with half of the Districts reporting a slight increase and half reporting no change. Contacts in several service industries, notably healthcare, continued to see job growth. Construction employment increased slightly, while manufacturing employment was flat. Contacts across multiple sectors noted difficulty finding skilled workers. Contacts in some Districts expressed greater uncertainty about their future staffing needs. Wage growth picked up to a moderate pace in most Districts, though there were some reports that wage pressures had eased.

- Prices increased modestly overall, with growth rates ranging from flat to moderate. Most Districts reported modest increases in selling prices, though there were instances of flat or decreasing prices as well, particularly in the retail and manufacturing sectors. Input costs also rose, with contacts highlighting higher insurance prices; however, there were several mentions of flat or lower input costs, particularly for fuel. Contacts expect prices to continue to rise in 2025, with some noting the potential for higher tariffs to contribute to price increases.

Reports by the Federal Reserve's Sixth District, Atlanta (which includes Trustmark's Alabama, Florida, Georgia 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 moderate loan growth, driven by increases in multi-family loans and first-lien mortgages, construction, land development loans and auto loans contracted modestly and all other major loan categories increased moderately. The Federal Reserve's Sixth District reported that asset quality remained stable with low levels of nonperforming loans as a percentage of total loans and both deposit balances and borrowings by banks increased, as loan-to-deposit ratios fell amid rising loan growth. The Federal Reserve's Eighth District also reported that loan growth slowed at a modest pace during the reporting period, but banking conditions and lending activity remained healthy. The Federal Reserve's Eighth District also noted that contacts continued to express inflationary concerns related to potential import tariffs or supply chain disruptions from a dockworker strike. The Federal Reserve's Eighth District also reported that banking conditions were generally unchanged, overall cost of funding had risen due to increased competition for deposits and the volume of past due loans had stabilized after increasing modestly over the past year. The Federal Reserve's Eleventh District also reported loan volumes accelerated sharply in December 2024, while credit tightening continued and loan pricing declined, loan nonperformance rose but at a slower pace and bankers reported a sizeable pickup in general business activity for the first time in over two years. The Federal Reserve's Eleventh District noted that bankers' outlooks turned even more optimistic, as they expect rapid improvement in loan demand and business activity and just a mild deterioration in loan performance six months from now.

For additional discussion of the impact of the current economic environment on the financial condition and results of operations of Trustmark and its subsidiaries, see Part II. Item 7. – Management's Discussion and Analysis of Financial Condition and Results of Operations of this report.

Competition

There is significant competition within the banking and financial services industry in the markets in which Trustmark operates. Changes in regulation, technology and product delivery systems have resulted in an increasingly competitive environment. Trustmark expects to

continue to face increasing competition from online and traditional financial institutions seeking to attract customers by providing access to similar services and products.

Trustmark and its subsidiaries compete with national and state-chartered banking institutions of comparable or larger size and resources and with smaller community banking organizations. Trustmark has numerous local, regional and national nonbank competitors, including savings and loan associations, credit unions, mortgage companies, finance companies, financial service operations of major retailers, investment brokerage and financial advisory firms and mutual fund companies. Because nonbank financial institutions are not subject to the same regulatory restrictions as banks and bank holding companies, they can often operate with greater flexibility and lower cost structures. Currently, Trustmark does not face meaningful competition from international banks in its markets, although that could change in the future.

At June 30, 2024, Trustmark's deposit market share ranked within the top three positions in 55.0% of the 56 counties served and within the top five positions in 68.0% of the counties served. The following table presents Federal Deposit Insurance Corporation (FDIC) deposit data regarding TNB's deposit market share by state as of June 30, 2024. The FDIC deposit market share data presented below does not align with Trustmark's reported geographic market regions, which in some instances cross state lines, and Trustmark's geographic coverage within certain states presented below is not statewide (see the section captioned "Description of Business" above).

State	Deposit Market Share
Alabama	1.91%
Florida	0.17%
Mississippi	13.05%
Tennessee	0.32%
Texas	0.04%

Services provided by the Wealth Management Segment face competition from many national, regional and local financial institutions. Companies that offer broad services similar to those provided by Trustmark, such as other banks, trust companies and full-service brokerage firms, as well as companies that specialize in particular services offered by Trustmark, such as investment advisors and mutual fund providers, all compete with Trustmark's Wealth Management Segment.

Trustmark's ability to compete effectively is a result of providing customers with desired products and services in a convenient and cost-effective manner. Customers for commercial, consumer and mortgage banking as well as wealth management services are influenced by convenience, quality of service, personal contacts, availability of products and services and competitive pricing. Trustmark continually reviews its products, locations, alternative delivery channels, and pricing strategies to maintain and enhance its competitive position. While Trustmark's position varies by market, Management believes it can compete effectively as a result of the quality of Trustmark's products and services, local market knowledge and awareness of customer needs.

Supervision and Regulation

The following discussion sets forth material elements of the regulatory framework applicable to bank holding companies and their subsidiaries and provides specific information relevant to Trustmark. The discussion is a summary of detailed statutes, regulations and policies. The descriptions are not intended to be complete summaries of the statutes, regulations and policies referenced therein. Such statutes, regulations and policies are continually under the review of the United States Congress and state legislatures as well as federal and state regulatory agencies. A change in statutes, regulations or policies could have a material impact on the business of Trustmark and its subsidiaries.

Regulation of Trustmark

Trustmark is a registered bank holding company under the Bank Holding Company Act of 1956 (BHC Act). Trustmark and its nonbank subsidiaries are therefore subject to the supervision, examination, enforcement and reporting requirements of the BHC Act, the Federal Deposit Insurance Act (FDI Act), the regulations of the FRB and certain of the requirements imposed by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), as amended by the Economic Growth, Regulatory Relief and Consumer Protection Act (EGRRCPA).

Federal Oversight Over Mergers and Acquisitions, Investments and Branching

The BHC Act requires every bank holding company to obtain the prior approval of the FRB before: (i) it may acquire direct or indirect ownership or control of any voting shares of any bank if, after such acquisition, the bank holding company will directly or indirectly own or control 5.0% or more of the voting shares of the bank; (ii) it or any of its subsidiaries, other than a bank, may acquire all or

substantially all of the assets of any bank; or (iii) it may merge or consolidate with any other bank holding company. The BHC Act further requires the FRB to consider the competitive impact of the transaction, the financial and managerial resources and future prospects of the bank holding companies and banks concerned and the convenience and needs of the community to be served, including the applicant's record of performance under the Community Reinvestment Act (CRA). The FRB is also required to take into account in evaluating such a transaction the effectiveness of the parties in combating money laundering activities. Provisions of the FDI Act known as the Bank Merger Act impose similar approval standards for an insured depository institution to merge with another insured depository institution.

In September 2024, the Office of the Comptroller of the Currency (OCC) finalized a new Policy Statement Regarding Statutory Factors Under the Bank Merger Act (Policy Statement), which outlines factors that the OCC will consider when evaluating a proposed bank merger transaction, including factors related to financial stability, the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community. The Policy Statement also lists thirteen indicators that will be present in merger applications that are more likely to be approved expeditiously, including that the acquirer's CRA rating is "Outstanding" or "Satisfactory," the acquirer has no open or pending fair lending actions, the acquirer has no open formal or informal enforcement actions, and the target's total assets are less than 50 percent of the acquirer's total assets. The Policy Statement also lists examples of indicators that raise supervisory or regulatory concerns and thus make the OCC less likely to approve a merger transaction, including that the acquirer has a CRA rating of "Needs to Improve" or "Substantial Noncompliance," or the acquirer has open or pending fair lending or consumer compliance actions. It remains uncertain how the OCC will apply the Policy Statement to particular transactions, and the Policy Statement may make it more difficult and/or costly for Trustmark to obtain regulatory approval for an acquisition or otherwise result in more onerous conditions in approval orders than the OCC has previously imposed.

Also in September 2024, the U.S. Department of Justice (DOJ) withdrew from its 1995 Bank Merger Guidelines and announced that it will instead evaluate the competitive impact of bank mergers using its 2023 Merger Guidelines that apply across all industries. Compared to the 1995 Bank Merger Guidelines, the 2023 Merger Guidelines set forth more stringent concentration limits and add several largely qualitative bases on which the DOJ may challenge a merger. This change in the DOJ's bank merger antitrust policy creates uncertainty regarding the types of transactions that the DOJ may challenge as anticompetitive.

The BHC Act, as amended by the interstate banking provisions of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Riegle-Neal Act), permits a bank holding company, such as Trustmark, to acquire a bank located in any other state, regardless of state law to the contrary, subject to certain deposit-percentage, aging requirements, and other restrictions, if the company is well-capitalized. The Riegle-Neal Act also generally permits national and state-chartered banks to branch interstate through acquisitions of banks in other states, if the resulting institution would be well-capitalized and well-managed.

In addition, the OCC has the authority to approve applications by national banks to establish *de novo* branches, including, under the Riegle-Neal Act, in states other than the bank's home state if the law of the state in which the branch is located, or is to be located, would permit establishment of the branch if the bank were a state bank chartered by such state.

The BHC Act also generally requires FRB approval for a bank holding company's acquisition of a company that is not an insured depository institution. Bank holding companies generally may engage, directly or indirectly, only in banking and such other activities as are determined by the FRB to be closely related to banking. Additionally, a provision of the BHC Act known as the Volcker Rule places limits on the ability of Trustmark and TNB to acquire or retain ownership interests in, or act as sponsor to, certain investment funds, including hedge funds and private equity funds, or to engage in proprietary trading (*i.e.*, engaging as principal in any purchase or sale of one or more financial instruments for a trading account).

Certain acquisitions of Trustmark's voting stock may be subject to regulatory approval or notice under federal law. Under the Change in Bank Control Act and BHC Act, a person or company that directly or indirectly acquires control of a bank holding company or bank must obtain the non-objection or approval of the institution's appropriate federal banking agency in advance of the acquisition. For a publicly-traded bank holding company such as Trustmark, control for purposes of the Change in Bank Control Act is presumed to exist if the acquirer will have 10% or more of any class of the company's voting securities.

Source of Strength

Under the FDI Act, Trustmark is expected to act as a source of financial and managerial strength to TNB. Under this policy, a bank holding company is expected to commit resources to support its bank subsidiary, including at times when the holding company may not be inclined or in a financial position to provide it.

Capital Adequacy

Bank holding companies and banks are subject to various regulatory capital requirements administered by state and federal bank regulatory agencies. Capital adequacy regulations involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weighting and other factors. The FRB and the OCC, the primary regulators of Trustmark and TNB, respectively, have established substantially similar minimum risk-based capital ratio and leverage ratio requirements for bank holding companies and banks.

Under capital requirements applicable to Trustmark and TNB, Trustmark and TNB are required to meet a common equity Tier 1 capital to risk-weighted assets ratio of at least 7.0% (a minimum of 4.5% plus a capital conservation buffer of 2.5%), a Tier 1 capital to risk-weighted assets ratio of at least 8.5% (a minimum of 6.0% plus a capital conservation buffer of 2.5%), a total capital to risk-weighted assets ratio of at least 10.5% (a minimum of 8.0% plus a capital conservation buffer of 2.5%), and a leverage ratio of Tier 1 capital to total consolidated assets of at least 4.0%.

For purposes of calculating the denominator of the risk-based capital ratios, a banking institution's assets and some of its specified off-balance sheet commitments and obligations are assigned to various risk categories. For purposes of calculating the numerator of the capital ratios, capital, at both the holding company and bank level, is classified in one of three tiers depending on the "quality" and loss-absorbing features of the capital instrument. Common equity Tier 1 capital is predominantly comprised of common stock instruments (including related surplus) and retained earnings, net of treasury stock, and after making necessary capital deductions and adjustments. Tier 1 capital is comprised of common equity Tier 1 capital and additional Tier 1 capital, which includes non-cumulative perpetual preferred stock and similar instruments meeting specified eligibility criteria (including related surplus). Newly issued trust preferred securities and cumulative perpetual preferred stock may not be included in Tier 1 capital. Smaller depository institution holding companies (those with assets of less than $15 billion as of year-end 2009, including Trustmark) and most mutual holding companies are generally allowed to continue to count as Tier 1 capital most outstanding trust preferred securities and other non-qualifying securities that were issued prior to May 19, 2010 (up to a limit of 25% of Tier 1 capital, excluding non-qualifying capital instruments) rather than phasing such securities out of regulatory capital. However, a smaller depository institution holding company that has $15 billion or more in assets following an acquisition of another depository institution holding company generally is no longer allowed to count outstanding non-qualifying capital instruments toward its Tier 1 capital. Trustmark currently has outstanding trust preferred securities that are permitted to continue to count as Tier 1 capital up to the regulatory limit. Total capital is comprised of Tier 1 capital and Tier 2 capital, which includes certain subordinated debt with a minimum original maturity of five years (including related surplus) and a limited amount of allowance for loan losses. Newly issued trust preferred securities and cumulative perpetual preferred stock generally may be included in Tier 2 capital, provided they do not include features that are disallowed by the capital rules, such as the acceleration of principal other than in the event of a bankruptcy, insolvency, or receivership of the issuer.

Failure to meet minimum capital requirements could subject a bank to a variety of enforcement remedies, including issuance of a capital directive, the termination of deposit insurance by the FDIC and certain other restrictions on its business. An institution's failure to exceed the capital conservation buffer with common equity Tier 1 capital would result in limitations on an institution's ability to make capital distributions and discretionary bonus payments.

In addition, the FDI Act's "prompt corrective action" framework identifies five capital categories for insured depository institutions: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. For an insured depository institution to be "well-capitalized," it must have a common equity Tier 1 capital ratio of at least 6.5%, a Tier 1 capital ratio of at least 8.0%, a total capital ratio of at least 10.0% and a leverage ratio of at least 5.0%, and must not be subject to any written agreement, order or capital directive or prompt corrective action directive issued by its primary federal regulator to meet and maintain a specific capital level for any capital measure. An insured depository institution is subject to differential regulation corresponding to the capital category within which the institution falls. For example, an insured depository institution is generally prohibited from making capital distributions, including paying dividends, or paying management fees to a holding company, if the institution would thereafter be undercapitalized.

At December 31, 2024, Trustmark exceeded its minimum capital requirements with common equity Tier 1 capital, Tier 1 capital and total capital equal to 11.54%, 11.94% and 13.97% of its total risk-weighted assets, respectively. At December 31, 2024, TNB also exceeded these requirements with common equity Tier 1 capital, Tier 1 capital and total capital equal to 12.20%, 12.20% and 13.41% of its total risk-weighted assets, respectively. At December 31, 2024, the leverage ratios for Trustmark and TNB were 9.99% and 10.21%, respectively. At December 31, 2024, TNB was well-capitalized based on the ratios and guidelines described above.

In December 2018, the federal banking agencies issued a final rule that allows institutions to elect to phase in the regulatory capital effects of the Current Expected Credit Losses (CECL) accounting standard over three years. In addition, as a result of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) enacted on March 27, 2020 in response to the COVID-19 pandemic, the

federal bank regulatory agencies issued rules that allow banking organizations that implemented CECL in 2020 to elect to mitigate the effects of the CECL accounting standard on their regulatory capital for two years. This two-year delay is in addition to the three-year transition period that the agencies had already made available. Trustmark elected to defer the regulatory capital effects of CECL in accordance with these rules, which largely delayed the effects of the adoption of CECL on its regulatory capital through December 31, 2021. The effects were phased-in over a three-year period from January 1, 2022 through December 31, 2024.

Payment of Dividends and Stock Repurchases

Trustmark is limited in its ability to pay dividends or repurchase its stock by the FRB, including if doing so would be an unsafe or unsound banking practice. In addition, the FRB has adopted the policy that a bank holding company should pay cash dividends only to the extent that the company's net income for the past year is sufficient to cover the cash dividends, and that the company's rate of earning retention is consistent with the company's capital needs, asset quality and overall financial condition. In addition, a bank holding company is required to consult with or notify the FRB prior to purchasing or redeeming its outstanding equity securities in certain circumstances, including if the gross consideration for the purchase or redemption, when aggregated with the net consideration paid by the company for all such purchases or redemptions during the preceding twelve months, is equal to 10% or more of the company's consolidated net worth. A bank holding company that is well-capitalized, well-managed and not the subject of any unresolved supervisory issues is exempt from this notice requirement.

Anti-Money Laundering (AML) Initiatives and Sanctions Compliance

Trustmark and TNB are subject to extensive laws and regulations aimed at combating money laundering and terrorist financing, including the USA Patriot Act of 2001 (USA Patriot Act) and the Bank Secrecy Act. Regulations implementing these statutes impose obligations on financial institutions to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing and to verify the identity of their customers and of beneficial owners of their legal entity customers. Failure of a financial institution to maintain and implement adequate programs to combat money laundering and terrorist financing, or to comply with all of the relevant laws or regulations, could have serious legal and financial consequences for the institution. The federal Financial Crimes Enforcement Network of the Department of the Treasury, in addition to federal bank regulatory agencies, is authorized to impose significant civil money penalties for violations of these requirements, and has recently engaged in coordinated enforcement efforts with state and federal banking regulators, the DOJ, the Consumer Financial Protection Bureau (CFPB), the Drug Enforcement Administration and the Internal Revenue Service. Violations of AML requirements can also lead to criminal penalties. In addition, the federal banking agencies are required to consider the effectiveness of a financial institution's AML activities when reviewing proposed bank mergers and bank holding company acquisitions.

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) is responsible for helping to ensure that U.S. entities do not engage in transactions with certain prohibited parties, as defined by various Executive Orders and Acts of Congress. OFAC administers and enforces economic and trade sanctions programs, including publishing lists of persons, organizations, and countries suspected of aiding, harboring or engaging in terrorist acts, known as Specially Designated Nationals and Blocked Persons. OFAC regulations generally require either the blocking of accounts or other property of specified entities or individuals, but they may also require the rejection of certain transactions involving specified entities or individuals. Trustmark maintains policies, procedures and other internal controls designed to comply with these sanctions programs.

Other Federal Regulation of Trustmark

In addition to being regulated as a bank holding company, Trustmark is subject to regulation by the State of Mississippi under its general business corporation laws. Trustmark is also subject to the disclosure and other regulatory requirements of the Securities Act of 1933 and the Securities Exchange Act of 1934, as administered by the SEC.

Regulation of TNB

TNB is a national bank and, as such, is subject to extensive regulation by the OCC and, to a lesser extent, by the FDIC. In addition, as a large provider of consumer financial services, TNB is subject to regulation, supervision, enforcement and examination by the CFPB. Almost every area of the operations and financial condition of TNB is subject to extensive regulation and supervision and to various requirements and restrictions under federal and state law including loans, reserves, investments, issuance of securities, establishment of branches, capital adequacy, liquidity, earnings, dividends, management practices and the provision of services. TNB is subject to supervision, examination, enforcement and reporting requirements under the National Bank Act, the Federal Reserve Act, the FDI Act, regulations of the OCC and certain of the requirements imposed by the Dodd-Frank Act. Trustmark and TNB are also subject to a wide range of consumer protection laws and regulations.

Restrictions on Lending, Insider Transactions and Affiliate Transactions

National banks are limited in the amounts they may lend to one borrower and the amount they may lend to insiders. These single counterparty and insider lending limits extend to loans, derivative transactions, repurchase agreements, reverse repurchase agreements and securities lending or borrowing transactions. In addition, the FDI Act imposes restrictions on insured depository institutions' purchases of assets from insiders.

Under section 22 of the Federal Reserve Act, as implemented by the FRB's Regulation O, restrictions also apply to extensions of credit by a bank to its executive officers, directors, principal shareholders and their related interests, and to similar individuals at the holding company or affiliates. In general, such extensions of credit (i) may not exceed certain dollar limitations, (ii) must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with third parties and (iii) must not involve more than the normal risk of repayment or present other unfavorable features.

Sections 23A and 23B of the Federal Reserve Act establish parameters for an insured bank to conduct "covered transactions" with its affiliates, generally (i) limiting the extent to which the bank or its subsidiaries may engage in "covered transactions" with any one affiliate to an amount equal to 10% of the bank's capital stock and surplus, and limiting the aggregate of all such transactions with all affiliates to an amount equal to 20% of the bank's capital stock and surplus, and (ii) requiring that all such transactions be on terms substantially the same, or at least as favorable, to the bank or subsidiary as those that would be provided to a non-affiliate. In addition, an insured bank's loans to affiliates must be fully collateralized. The term "covered transaction" includes the making of loans to the affiliate, purchase of assets from the affiliate, issuance of a guarantee on behalf of the affiliate and several other types of transactions.

Payment of Dividends

The principal source of Trustmark's cash revenue is dividends from TNB. There are various legal and regulatory provisions that limit the amount of dividends TNB can pay to Trustmark without regulatory approval. Under the National Bank Act, approval of the OCC is required if the total of all dividends declared in any calendar year exceeds the total of TNB's net income for that year combined with its retained net income from the preceding two years. Also, under the National Bank Act, TNB may not pay any dividends in excess of undivided profits (retained earnings).

Community Reinvestment Act

The CRA requires an insured depository institution's appropriate federal banking regulator to evaluate the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, and to consider this record in its evaluation of certain applications to banking regulators, such as an application for approval of a merger or the establishment of a branch. A rating of less than "Satisfactory" may provide a basis for denial of such an application. Federal regulations require, among other things, that evidence of discrimination against applicants on a prohibited basis, and illegal or abusive lending practices be considered in the CRA evaluation. As of its last examination from the OCC, TNB received a CRA rating of "Outstanding." The evaluation covered activities in the period from January 1, 2022 through December 31, 2023.

On October 24, 2023, the federal banking agencies released a final rule significantly revising the framework that the agencies use to evaluate banks' records of meeting the credit needs of their entire communities under the CRA. Under the revised framework, banks with assets of at least $2 billion, including TNB, are considered large banks and, accordingly, will have their retail lending, retail services and products, community development financing and community development services subject to periodic evaluation under complex, multi-part standards. Large banks will be subject to enhanced data collection and reporting requirements, with additional data collection and reporting requirements applying to banks, such as TNB, with assets greater than $10 billion. Depending on a large bank's geographic concentrations of lending, the evaluation of retail lending may include assessment areas in which the bank extends loans but does not operate any deposit-taking facilities, in addition to assessment areas in which the bank has deposit-taking facilities. Industry organizations have challenged the final rule in court, and on March 29, 2024, the United States District Court for the Northern District of Texas granted an injunction and stay of the final rule. The final outcome of such challenge is uncertain.

Consumer Protection Laws

TNB is subject to a number of federal and state laws designed to protect customers and promote lending to various sectors of the economy and population. These consumer protection laws apply to a broad range of TNB's activities and to various aspects of its business, and include laws relating to interest rates, fair lending, disclosures of credit terms and estimated transaction costs to consumer borrowers, debt collection practices, the use of and the provision of information to consumer reporting agencies and the prohibition of unfair, deceptive or abusive acts or practices in connection with the offer, sale or provision of consumer financial products and services. These laws include the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act, the Fair Debt Collection Practices Act and their state law counterparts. At

the federal level, most consumer financial protection laws are administered by the CFPB, which supervises TNB. The CFPB also has authority to issue regulations and has proposed several rules that would restrict various fees that financial institutions can charge consumers, including credit card late fees, overdraft fees and certain insufficient funds (NSF) fees.

Violations of applicable consumer protection laws can result in significant potential liability, including actual damages, restitution and injunctive relief, from litigation brought by customers, state attorneys general and other plaintiffs, as well as enforcement actions by banking regulators and reputational harm.

Many states and local jurisdictions have consumer protection laws analogous, and in addition to, those listed above. While TNB's activities are governed primarily by federal law, the Dodd-Frank Act potentially narrowed National Bank Act preemption of state consumer financial laws, thereby making TNB and other national banks potentially subject to increased state regulation. The Dodd-Frank Act also codified the Supreme Court's decision in Cuomo v. Clearing House Association. As a result, State Attorneys General may enforce in a court action "an applicable law" against federally-chartered depository institutions like TNB. In addition, under the Dodd-Frank Act, state attorneys general are authorized to bring civil actions against federally-chartered institutions, like TNB, to enforce regulations prescribed by the CFPB or to secure other remedies.

Finally, the Dodd-Frank Act potentially expanded state regulation over banks by eliminating National Bank Act preemption for national bank operating subsidiaries, including operating subsidiaries of TNB.

Financial Privacy Laws and Cybersecurity

The Gramm-Leach-Bliley Financial Services Modernization Act of 1999 (GLB Act) imposed requirements related to the privacy of customer financial information. In accordance with the GLB Act, federal bank regulators adopted rules that limit the ability of banks and other financial institutions to disclose nonpublic information about consumers to nonaffiliated third parties. The GLB Act also requires disclosure of privacy policies to consumers and, in some circumstances, allows consumers to prevent disclosure of certain personal information to a nonaffiliated third party. The privacy provisions of the GLB Act affect how consumer information is transmitted through diversified financial companies and conveyed to outside vendors. Trustmark recognizes the need to comply with legal and regulatory requirements that affect its customers' privacy.

In addition, the federal banking agencies pay close attention to the cybersecurity practices of banks, and the agencies include review of an institution's information technology and its ability to thwart cyberattacks in their examinations. An institution's failure to have adequate cybersecurity safeguards in place can result in supervisory criticism, monetary penalties and/or reputational harm. Additionally, banking organizations are required to notify their primary federal regulator of significant computer security incidents within 36 hours of determining that such an incident has occurred.

On October 22, 2024, the CFPB released a final rule to implement Section 1033 of the Dodd-Frank Act. Under the final rule, financial institutions are required, upon request, to make available to a consumer or third party authorized by the consumer certain information TNB has concerning a consumer financial product or service covered by the rule, such as a credit card or a deposit account. In issuing this rule, the CFPB said that the rule will move the U.S. closer to an "open banking" system that will allow consumers to switch banks or other providers more easily. The final rule also requires, among other things, covered data providers, such as TNB, to establish a developer interface that satisfies certain performance and data security specifications through which the data provider can receive requests for, and provide, specific types of data covered by the rule in electronic, usable form to authorized third parties directly or through data aggregators. Under the final rule, TNB will be prohibited from charging fees for maintaining the developer interface or providing access to such data. TNB may also act as an authorized third party to request and access covered data under the final rule from other financial institutions that are covered data providers. The final rule places data security, authorization, and other obligations on those authorized third parties, including limitations on secondary uses of the data received. Industry organizations have challenged the final rule in court and the litigation is ongoing. If the challenge is not successful, as a data provider, TNB must comply with the rule beginning April 1, 2027. Management is monitoring the status of the litigation and evaluating the impact of this rule.

Debit Interchange Regulation

The FRB has issued rules under the Electronic Fund Transfer Act (EFTA), as amended by the Dodd-Frank Act, to limit interchange fees that an issuer with $10.0 billion or more in assets, such as TNB, may receive or charge for an electronic debit card transaction. Under the FRB's rules, the maximum permissible interchange fee that an issuer may receive for an electronic debit transaction is the sum of 21 cents per transaction and five basis points multiplied by the value of the transaction. In addition, the FRB's rules allow for an upward adjustment of no more than one cent to an issuer's debit card interchange fee if the issuer develops and implements policies and procedures reasonably designed to achieve the fraud-prevention standards set out in the rule.

In October 2023, the FRB proposed changes to its EFTA rules that would decrease the maximum interchange fees that an issuer may receive for an electronic debit transaction to the sum of 14.4 cents and four basis points multiplied by the value of the transaction and increase the fraud prevention adjustment to 1.3 cents. If finalized as proposed, the proposal could reduce interchange revenue for banks with $10 billion or more in assets, such as TNB.

The FRB also has established rules governing routing and exclusivity that require debt card issuers to offer two unaffiliated networks for routing transactions on each debit or prepaid product.

FDIC Deposit Insurance Assessments

The deposits of TNB are insured by the Deposit Insurance Fund (DIF), as administered by the FDIC, and, accordingly, are subject to deposit insurance assessments to maintain the DIF at minimum levels required by statute.

The FDIC uses a risk-based assessment system that imposes insurance premiums as determined by multiplying an insured bank's assessment base by its assessment rate. A bank's deposit insurance assessment base is generally equal to the bank's total assets minus its average tangible equity during the assessment period.

The FDIC determines a bank's assessment rate within a range of base assessment rates using a risk scorecard that takes into account the bank's financial ratios and supervisory rating (the CAMELS composite rating), among other factors. The CAMELS rating system is a supervisory rating system developed to classify a bank's overall condition by taking into account capital adequacy, assets, management capability, earnings, liquidity and sensitivity to market and interest rate risk. The methodology that the FDIC uses to calculate assessment amounts is also based on the FDIC's designated reserve ratio, which is currently 2.0%. During the COVID-19 pandemic, the amount of total estimated insured deposits grew rapidly while the funds in the DIF grew at a normal rate, causing the DIF reserve ratio to fall below the statutory minimum of 1.35%. The FDIC adopted a restoration plan in September 2020, which it amended in June 2022, to restore the DIF reserve ratio to at least 1.35% by September 30, 2028. On October 18, 2022, the FDIC adopted a final rule to increase initial base deposit insurance assessment rates for insured depository institutions by 2 basis points, which began with the first quarterly assessment period of 2023. The increased assessment rate schedules will remain in effect unless and until the DIF reserve ratio meets or exceeds 2.00%. As a result of this rule, the FDIC insurance costs of insured depository institutions, including TNB, have generally increased. TNB incurred an additional $3.4 million of FDIC assessment expense during 2024 as a result of this rule.

On November 16, 2023, the FDIC adopted a final rule implementing a special assessment to recover the loss to the FDIC's DIF incurred in the receiverships of Silicon Valley Bank and Signature Bank. Under the final rule, the FDIC will collect special assessments at a quarterly rate of 3.36 basis points, or approximately 13.4 basis points annually, over eight initial quarterly assessment periods beginning with the first quarterly assessment period of 2024. The assessment base for the special assessment is equal to an insured depository institution's estimated uninsured deposits, reported as of December 31, 2022, adjusted to exclude the first $5 billion in estimated uninsured deposits. The FDIC retained the ability to cease collection early, extend the special assessment collection period one or more quarters beyond the initial eight-quarter collection period to collect the difference between estimated or actual losses and the amounts collected, or impose a final shortfall special assessment on a one-time basis after the receiverships for Silicon Valley Bank and Signature Bank terminate. During 2024, the FDIC updated its estimate of the DIF's losses and projected that the special assessment would be collected for an additional two quarters beyond the initial eight-quarter collection periods, at a lower rate. The special assessment is not expected to be material to Trustmark's financial condition or results of operations.

The FDIC may terminate the deposit insurance of any insured depository institution, including the TNB, if the FDIC determines after a hearing that the institution has engaged or is engaging in unsafe or unsound banking practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, order or any condition imposed by an agreement with the FDIC. The FDIC also may suspend deposit insurance temporarily during the hearing process for the permanent termination of insurance if the institution has no tangible capital.

On July 30, 2024, the FDIC issued a proposed rule that would revise the FDIC's regulations governing the classification and treatment of brokered deposits. The proposal would require many insured depository institutions to classify a greater amount of their deposits obtained with the involvement of third parties as brokered deposits. An increase in the amount of brokered deposits on an insured depository institution's balance sheet could, among other consequences, increase the institution's deposit insurance assessment costs.

In 2024, TNB's expenses related to deposit insurance premiums totaled $19.2 million.

TNB Subsidiaries

TNB's nonbanking subsidiaries are subject to a variety of state and federal laws and regulations. SCC is subject to the supervision and regulation of the CDFI Fund and the State of Mississippi.

Available Information

Trustmark's internet address is www.trustmark.com. Information contained on this website is not a part of this report. Trustmark makes available through this address, free of charge, its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after such material is electronically filed, or furnished to, the SEC.

Employees

At December 31, 2024, Trustmark employed 2,500 full-time equivalent associates, none of which are represented by a collective bargaining agreement. Trustmark believes its employee relations to be satisfactory.

Information about Executive Officers of Trustmark

As of the filing date, the executive officers of Trustmark and its primary bank subsidiary, TNB, including their ages, positions and principal occupations for the last five years are as follows:

Gerard R. Host, 70
- Trustmark Corporation
  - Chairman since May 2022
  - Executive Chairman from January 2021 to April 2022
  - Chairman from April 2020 to December 2020
  - President and Chief Executive Officer from January 2011 to December 2020
- Trustmark National Bank
  - Chairman since May 2022
  - Executive Chairman from January 2021 to April 2022
  - Chairman from April 2020 to December 2020
  - Chief Executive Officer from January 2011 to December 2020

Duane A. Dewey, 66
- Trustmark Corporation
  - President and Chief Executive Officer since January 2021
- Trustmark National Bank
  - Chief Executive Officer since January 2021
  - President since January 2020
  - Chief Operating Officer from January 2019 to December 2020

George T. Chambers, Jr., 65
- Trustmark Corporation
  - Principal Accounting Officer since March 2021
- Trustmark National Bank
  - Executive Vice President and Chief Accounting Officer since March 2021
  - Senior Vice President and Controller from March 2009 to February 2021

Monica A. Day, 64
- Trustmark National Bank
  - President – Institutional Banking since April 2019

Robert Barry Harvey, 65
- Trustmark National Bank
  - Chief Credit and Operations Officer since June 2021
  - Chief Credit Officer from March 2010 to May 2021
  - Executive Vice President since March 2010

Thomas C. Owens, 60
- Trustmark Corporation
  - Treasurer and Principal Financial Officer since March 2021
- Trustmark National Bank
  - Chief Financial Officer since March 2021

Bank Treasurer from September 2013 to February 2021
Executive Vice President since 2013

W. Arthur Stevens, 60
Trustmark National Bank
President – Retail Banking since September 2011

Maria Luisa "Ria" Sugay, 43
Trustmark National Bank
Bank Treasurer since March 2021
Bank Co-Treasurer from July 2020 to February 2021
Executive Vice President since July 2020
USAA
Director, Asset Liability Management from June 2016 to June 2020

Granville Tate, Jr., 68
Trustmark Corporation
Secretary since December 2015
Trustmark National Bank
Chief Administrative Officer since January 2021
Chief Risk Officer from June 2016 to November 2021
General Counsel from December 2015 to November 2021
Executive Vice President and Secretary since December 2015

ITEM 1A. RISK FACTORS

Trustmark and its subsidiaries could be adversely impacted by various risks and uncertainties, which are difficult to predict. As a financial institution, Trustmark has significant exposure to market risks, including interest rate risk, liquidity risk and credit risk. This section includes a description of the risks, uncertainties and assumptions identified by Management that could, individually or in combination, materially affect Trustmark's financial condition and results of operations, as well as the value of Trustmark's financial instruments in general, and Trustmark common stock, in particular. Additional risks and uncertainties that Management currently deems immaterial or is unaware of may also impair Trustmark's financial condition and results of operations. This report is qualified in its entirety by the risk factors that are identified below.

Risks Related to Trustmark's Business

Interest Rate Risks

Trustmark's largest source of revenue (net interest income) is subject to interest rate risk.

Trustmark's profitability depends to a large extent on net interest income, which is the difference between income on interest-earning assets, such as loans and investment securities, and expense on interest-bearing liabilities, such as deposits and borrowings. Trustmark is exposed to interest rate risk in its core banking activities of lending and deposit taking, since assets and liabilities reprice at different times and by different amounts as interest rates change. Trustmark is unable to predict changes in market interest rates, which are affected by many factors beyond Trustmark's control, including inflation, recession, unemployment, money supply, domestic and international events and changes in the United States and other financial markets. Market interest rates remained elevated during most of 2024. The FRB maintained the target federal funds rate at a range of 5.25% to 5.50% from July 2023 through September 2024. In September 2024, the FRB began lowering the target federal funds rate making multiple decreases during the fourth quarter of 2024 to a range of 4.25% to 4.50% as of December 2024, based on its confidence that inflation was moving substantially toward 2.00% and that the risks to achieving the FRB's employment and inflation goals were roughly balanced. In addition, the FRB maintained the rate it paid on reserves at 5.40% from July 2023 through September 2024. In September 2024, the FRB made the first of multiple declines in the rate it pays on reserves, lowering the rate to 4.40% as of December 2024. Prior period rate increases increased the competitive pressures on the deposit cost of funds. While rate cuts potentially reduce those competitive pressures, they increase pressure on Trustmark's net interest margin, a key component to its financial results. 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.

Financial simulation models are the primary tools used by Trustmark to measure interest rate exposure. Using a wide range of scenarios, Management is provided with extensive information on the potential impact to 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. Trustmark's simulation model using static balances at December 31, 2024, estimated that in the event of a hypothetical 200 basis point increase in interest rates, net interest income may increase 0.8%, while a hypothetical 100 basis point increase in interest rates, may increase net interest income 0.4%. In the event of a hypothetical 100 basis point decrease in interest rates using static balances at December 31, 2024, it is estimated net interest income may decrease by 1.2%, while a hypothetical 200 basis point decrease in interest rates, may decrease net interest income 3.0%.

Net interest income is Trustmark's largest revenue source, and it is important to discuss how Trustmark's interest rate risk may be influenced by the various factors shown below:

- In general, for a given change in interest rates, the amount of the change in value (positive or negative) is larger for assets and liabilities with longer remaining maturities. The shape of the yield curve may affect new loan yields, funding costs and investment income differently.
- The remaining maturity of various assets or liabilities may shorten or lengthen as payment behavior changes in response to changes in interest rates. For example, if interest rates decline sharply, fixed-rate loans may pre-pay, or pay down, faster than anticipated, thus reducing future cash flows and interest income. Conversely, if interest rates increase, depositors may cash in their certificates of deposit prior to term (notwithstanding any applicable early withdrawal penalties) or otherwise reduce their deposits to pursue higher yielding investment alternatives. Repricing frequencies and maturity profiles for assets and liabilities may occur at different times. For example, in a falling rate environment, if assets reprice faster than liabilities, there will be an initial decline in earnings. Moreover, if assets and liabilities reprice at the same time, they may not be by the same increment. For instance, if the federal funds rate increased 50 basis points, rates on demand deposits may rise by 10 basis points, whereas rates on prime-based loans will instantly rise 50 basis points.

Financial instruments do not respond in a parallel fashion to rising or falling interest rates. This causes asymmetry in the magnitude of changes in net interest income, net economic value and investment income resulting from the hypothetical increases and decreases in interest rates. Therefore, Management monitors interest rate risk and adjusts Trustmark's investment, funding and hedging strategies to mitigate adverse effects of interest rate shifts on Trustmark's balance sheet.

Trustmark utilizes derivative contracts to hedge the mortgage servicing rights (MSR) in order to offset changes in fair value resulting from changes in interest rate environments. In spite of Trustmark's due diligence in regard to these hedging strategies, significant risks are involved that, if realized, may prove such strategies to be ineffective, which could adversely affect Trustmark's financial condition or results of operations. Risks associated with these strategies include the risk that counterparties in any such derivative and other hedging transactions may not perform; the risk that these hedging strategies rely on Management's assumptions and projections regarding these assets and general market factors, including prepayment risk, basis risk, market volatility and changes in the shape of the yield curve, and that these assumptions and projections may prove to be incorrect; the risk that these hedging strategies do not adequately mitigate the impact of changes in interest rates, prepayment speeds or other forecasted inputs to the hedging model; and the risk that the models used to forecast the effectiveness of hedging instruments may project expectations that differ from actual results. In addition, increased regulation of the derivative markets may increase the cost to Trustmark to implement and maintain an effective hedging strategy.

Trustmark closely monitors the sensitivity of net interest income and investment income to changes in interest rates and attempts to limit the variability of net interest income as interest rates change. Trustmark makes use of both on- and off-balance sheet financial instruments to mitigate exposure to interest rate risk.

Trustmark may be adversely affected by the transition from the London Interbank Offered Rate (LIBOR) as a reference rate.

In 2017, the United Kingdom's Financial Conduct Authority (FCA), which regulates LIBOR, announced that after the end of 2021 it would no longer compel banks to submit the rates required to calculate LIBOR. On March 5, 2021, the FCA confirmed that the publication of most LIBOR term rates would end on June 30, 2023 (excluding one-week U.S. LIBOR and two-month U.S. LIBOR, the publication of which ended on December 31, 2021). The Alternative Reference Rates Committee (ARRC), a committee of U.S. financial market participants, identified the Secured Overnight Financing Rate (SOFR) as the reference rate that represents best practice as the alternative to LIBOR for use in derivatives and other financial contracts that are currently indexed to USD-LIBOR. However, there are conceptual and technical differences between LIBOR and SOFR. The federal banking agencies encouraged banking organizations to cease entering into new contracts that use US$ LIBOR as a reference rate by no later than December 31, 2021, and to ensure existing contracts have robust fallback language that includes a clearly defined alternative reference rate.

On December 16, 2022, the FRB adopted a final rule that implemented the Adjustable Interest Rate (LIBOR) Act by identifying benchmark rates based on SOFR that will replace LIBOR in certain financial contracts after June 30, 2023. 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 transitioned to SOFR for new variable rate loans, derivative contracts, borrowings and other financial instruments as of January 1, 2022.

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 December 31, 2024, all of Trustmark's LIBOR exposure was remediated. The transition from LIBOR has resulted in and could continue to result in added costs and employee efforts and could present additional risk. Since alternative reference rates are calculated differently than LIBOR, payments under contracts referencing new alternative reference rates will differ from those referencing LIBOR. 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.

Credit and Lending Risks

Trustmark is subject to lending risk, which could impact the adequacy of the allowance for credit losses and results of operations.

There are inherent risks associated with Trustmark's lending activities. If trends in the housing and real estate markets were to revert to or decline below recession levels, Trustmark may experience higher than normal delinquencies and credit losses. Moreover, if the United States economy returns to a recessionary state, Management expects that it could severely affect economic conditions in Trustmark's market areas and that Trustmark could experience significantly higher delinquencies and credit losses. In addition, bank regulatory agencies periodically review Trustmark's allowance for credit losses and may require an increase in the provision for credit losses or the recognition of further charge-offs, based on judgments different from those of Management. As a result, Trustmark may elect, or be required, to make further increases in its provision for credit losses in the future, particularly if economic conditions deteriorate.

Additionally, Trustmark may rely on information furnished by or on behalf of customers and counterparties in deciding whether to extend credit or enter into other transactions. This information could include financial statements, credit reports, business plans, and other information. Trustmark may also rely on representations of those customers, counterparties or other third parties, such as independent auditors, as to the accuracy and completeness of that information. Reliance on inaccurate or misleading financial statements, credit reports or other information could have a material adverse impact on Trustmark's business, financial condition and results of operations.

Trustmark is subject to environmental liability risk associated with lending activities.

A significant portion of Trustmark's loan portfolio is secured by real property. During the ordinary course of business, Trustmark forecloses on and takes title to properties securing certain loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, Trustmark may be liable for remediation costs, as well as for personal injury and property damage, civil fines and criminal penalties regardless of when the hazardous conditions or toxic substances first affected any particular property. Environmental laws may require Trustmark to incur substantial expenses and may materially reduce the affected property's value or limit Trustmark's ability to use or ability to sell the affected property or to repay the indebtedness secured by the property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase Trustmark's exposure to environmental liability. Environmental reviews of nonresidential real estate before initiating foreclosure actions may not be sufficient to detect all potential environmental hazards. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on Trustmark's business, financial condition and results of operations.

Declines in asset values may result in credit losses and adversely affect the value of Trustmark's investments.

Trustmark maintains an investment portfolio that includes, among other asset classes, obligations of states and municipalities, agency debt securities and agency mortgage-related securities. The market value of investments in Trustmark's investment portfolio may be affected by factors other than interest rates or the underlying performance of the issuer of the securities, such as ratings downgrades, adverse changes in the business climate and a lack of pricing information or liquidity in the secondary market for certain investment securities. In addition, government involvement or intervention in the financial markets or the lack thereof or market perceptions regarding the existence or absence of such activities could affect the market and the market prices for these securities.

On a quarterly basis, Trustmark evaluates investments and other assets for expected credit losses. At December 31, 2024, gross unrealized losses on securities for which an allowance for credit losses has not been recorded totaled $30.0 million. Trustmark may be required to record credit loss expense if these investments suffer a decline in value that is the result of a credit loss. If Trustmark

determines that a credit loss exists, the credit portion of the allowance would be 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 Trustmark may record is limited to the amount by which the amortized cost exceeds the fair value, which could have a material adverse effect on results of operations in the period in which a credit loss, if any, occurs.

Liquidity Risk

Trustmark is subject to liquidity risk, which could disrupt its ability to meet its financial obligations.

Liquidity refers to Trustmark's 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. Liquidity risk arises whenever the maturities of financial instruments included in assets and liabilities differ or when assets cannot be liquidated at fair market value as needed. Trustmark obtains funding through deposits and various short-term and long-term wholesale borrowings, including federal funds purchased and securities sold under repurchase agreements, the Federal Reserve Discount Window (Discount Window) and Federal Home Loan Bank (FHLB) advances. Any significant restriction or disruption of Trustmark's ability to obtain funding from these or other sources could have a negative effect on Trustmark's ability to satisfy its current and future financial obligations, which could materially affect Trustmark's financial condition or results of operations.

In addition to the risk that one or more of the funding sources may become constrained due to market conditions unrelated to Trustmark, there is the risk that Trustmark's credit profile may decline such that one or more of these funding sources becomes partially or wholly unavailable to Trustmark.

Trustmark attempts to quantify such credit event risk by modeling bank specific and systemic scenarios that estimate the liquidity impact. Trustmark estimates such impact by attempting to measure the effect on available unsecured lines of credit, available capacity from secured borrowing sources and securitizable assets. To mitigate such risk, Trustmark maintains available lines of credit with the Federal Reserve Bank of Atlanta (FRBA) and the FHLB of Dallas that are secured by loans and investment securities. Management continuously monitors Trustmark's liquidity position for compliance with internal policies.

External and Market-Related Risks

Trustmark's business may be adversely affected by conditions in the financial markets and economic conditions in general.

Economic activity improved moderately during 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 current United States presidential administration's policies, higher energy prices and broader price pressures. Doubts surrounding the near-term direction of global markets, and the potential impact of these trends 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 conditions, and thus may have an impact upon Trustmark's financial condition or results of operations. Strategic risk, including threats to business models from increasing pressures on net interest margins and modest economic growth, remains high. Management's ability to plan, prioritize and allocate resources in this environment will be critical to Trustmark's ability to sustain earnings that will attract capital. Because of the complexities presented by current economic conditions, Management will continue to be challenged in identifying alternative sources of revenue, prudently diversifying assets, liabilities and revenue and effectively managing the costs of compliance.

Market interest rates remained elevated until September 2024, at which time interest rates began to decline. Prior period rate increases increased the competitive pressures on the deposit cost of funds. While rate cuts potentially reduce those competitive pressures, they increase pressure on Trustmark's net interest margin, a key component to its financial results. It is not possible to predict the pace and magnitude of changes to interest rates, or the impact rate changes will have on Trustmark's results of operations.

Trustmark does not assume that current uncertain conditions in the economy will improve significantly in the near future. A weakened economy could affect Trustmark in a variety of substantial and unpredictable ways. In particular, Trustmark may face the following risks in connection with these events:

- Market developments and the resulting economic pressure on consumers may affect consumer confidence levels and may cause increases in delinquencies and default rates, which, among other effects, could further affect Trustmark's charge-offs and provision for credit losses.
- Loan performance could experience a significantly extended deterioration or loan default levels could accelerate, foreclosure activity could significantly increase, or Trustmark's assets (including loans and investment securities) could materially decline in value, any one of which, or any combination of more than one of which, could have a material adverse effect on Trustmark's financial condition or results of operations.

- Management's ability to measure the fair value of Trustmark's assets could be adversely affected by market disruptions that could make valuation of assets more difficult and subjective. If Management determines that a significant portion of its assets have values that are significantly below their recorded carrying value, Trustmark could recognize a material charge to earnings in the quarter during which such determination was made, Trustmark's capital ratios would be adversely affected by any such charge, and a rating agency might downgrade Trustmark's credit rating or put Trustmark on credit watch.

The rising interest rate environment during 2022 and 2023, the resulting industry-wide reduction in the fair value of securities portfolios and the bank runs that led to the failures of some financial institutions in March 2023, among other events, resulted in a state of volatility and uncertainty with respect to the health of the United States banking system. There is heightened awareness around liquidity, uninsured deposits, deposit composition, unrecognized investment losses and capital. It is difficult to predict the extent to which these challenging economic conditions will persist or whether recent progress in the economic recovery will instead shift to the potential for further decline. If the economy does weaken in the future, it is uncertain how Trustmark's business would be affected and whether Trustmark would be able to successfully mitigate any such effects on its business. Accordingly, these factors in the United States (and, indirectly, global) economy could have a material adverse effect on Trustmark's financial condition and results of operations.

Trustmark operates in a highly competitive financial services industry.

Trustmark faces substantial competition in all areas of its operations from a variety of different competitors, many of which are larger and may have greater financial resources. Such competitors primarily include banks, as well as community banks operating nationwide and regionally within the various markets in which Trustmark operates. Trustmark also faces competition from many other types of financial institutions, including savings and loans, credit unions, finance companies, brokerage firms, factoring companies and other financial intermediaries. Additionally, fintech developments, such as blockchain and other distributed ledger technologies, have the potential to disrupt the financial industry and change the way banks do business. The financial services industry could become even more competitive as a result of legislative, regulatory and technological changes and continued consolidation.

Some of Trustmark's competitors have fewer regulatory constraints and may have lower cost structures. Additionally, due to their size, many of Trustmark's larger competitors may be able to achieve economies of scale and, as a result, may offer a broader range of products and services as well as better pricing for those products and services than Trustmark.

Trustmark's ability to compete successfully depends on a number of factors, including: the ability to develop, maintain and build upon long-term customer relationships based on top quality service, high ethical standards and safe, sound assets; the ability to continue to expand Trustmark's market position through organic growth and acquisitions; the scope, relevance and pricing of products and services offered to meet customer needs and demands; the rate at which Trustmark introduces new products and services relative to its competitors; and industry and general economic trends. Failure to perform in any of these areas could significantly weaken Trustmark's competitive position, which could adversely affect Trustmark's financial condition or results of operations.

The soundness of other financial institutions could adversely affect Trustmark.

Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. As a result, defaults by, or questions or rumors about, one or more financial services institutions or the financial services industry in general, could lead to market-wide liquidity problems, which could, in turn, lead to defaults or losses by Trustmark and by other institutions. Trustmark has exposure to many different industries and counterparties, and routinely executes transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks, mutual funds, and other institutional clients. Many of these transactions expose Trustmark to credit risk in the event of default of its counterparty or client. In addition, Trustmark's credit risk may be exacerbated when the collateral it holds cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the credit or derivative exposure owed to Trustmark. Losses related to these credit risks could materially and adversely affect Trustmark's results of operations.

Compliance and Regulatory Risks

Trustmark is subject to extensive government regulation and supervision and possible enforcement and other legal actions.

Trustmark, primarily through TNB and certain nonbank subsidiaries, is subject to extensive federal and state regulation and supervision, which vests a significant amount of discretion in the various regulatory authorities. Banking regulations are primarily intended to protect depositors' funds, federal deposit insurance funds and the banking system as a whole, not security holders. These regulations and supervisory guidance affect Trustmark's lending practices, capital structure, investment practices, dividend policy and growth, among other things. Congress and federal regulatory agencies continually review banking laws, regulations and policies for possible changes. Changes to statutes, regulations or regulatory policies or supervisory guidance, including changes in interpretation or implementation or statutes, regulations, policies and supervisory guidance, could affect Trustmark in substantial and unpredictable ways. Such changes

could subject Trustmark to additional costs, limit the types of financial services and products Trustmark may offer and/or increase the ability of nonbanks to offer competing financial services and products, among other things. Failure to comply with laws, regulations, policies or supervisory guidance could result in enforcement and other legal actions by Federal or state authorities, including criminal and civil penalties, the loss of FDIC insurance, the revocation of a banking charter, civil money penalties, other sanctions by regulatory agencies and/or reputational damage. In this regard, government authorities, including bank regulatory agencies, continue to pursue enforcement agendas with respect to compliance and other legal matters involving financial activities, which heightens the risks associated with actual and perceived compliance failures. Any of the foregoing could have a material adverse effect on Trustmark's financial condition or results of operations.

Trustmark is subject to numerous laws designed to protect consumers, including fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions.

The Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. The DOJ and other federal agencies are responsible for enforcing these laws and regulations. A successful regulatory challenge to an institution's performance under fair lending laws and regulations could result in a wide variety of direct or indirect negative consequences, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, restrictions on geographic expansion and restrictions on entering new business lines. Private parties may also have the ability to challenge an institution's performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on Trustmark's business, financial condition or results of operations. In 2021, TNB settled a fair lending enforcement action with the DOJ, the OCC and the CFPB and incurred a one-time settlement expense of $5.0 million and made other commitments to enhance credit opportunities to residents of majority-Black and Hispanic neighborhoods in the Memphis metropolitan statistical area. Trustmark and TNB could be subject to other enforcement actions in the future.

In addition, financial institutions face scrutiny on actions and policies that are deemed to adversely impact consumers under the Dodd-Frank Act's prohibition against unfair, deceptive or abusive acts and practices and Section 5 of the Federal Trade Commission Act's prohibition against unfair or deceptive acts and practices. Bank regulators and the CFPB are responsible for enforcing these prohibitions against banking organizations. These prohibitions have been applied to prohibit perceived customer abuse in connection with a range of products, services, and practices, including account openings and fees charged where inadequate or no services are rendered for which charges were imposed, as well as other instances where consumers may have been misled through bank disclosures. In addition, the enforcement priorities of the agencies enforcing consumer protection laws have evolved over time and may continue to do so.

Failure by Trustmark to perform satisfactorily on its CRA evaluations could make it more difficult for Trustmark's business to grow.

The performance of a bank under the CRA in meeting the credit needs of its community is a factor that must be taken into consideration when the federal banking agencies evaluate applications related to mergers and acquisitions, as well as branch opening and relocations. As of its last examination, TNB received a CRA rating of "Outstanding," which represented an improvement from its previous CRA rating of "Needs to Improve." TNB's failure to maintain at least a "Satisfactory" CRA rating in the future could adversely affect its ability to complete the acquisition of another financial institution or open a new branch. If TNB receives an overall CRA rating of less than "Satisfactory" in the future, the OCC would not re-evaluate its rating until TNB's next CRA examination, which may not occur for several more years, and it is possible that a low CRA rating would not improve in the future.

Trustmark is subject to stringent capital requirements.

Under the regulatory capital rules of the FRB, OCC, and FDIC that implement a set of capital requirements issued by the Basel Committee on Banking Supervision known as Basel III, Trustmark and TNB are required to maintain a common equity Tier 1 capital to risk-weighted assets ratio of at least 7.0% (a minimum of 4.5% plus a capital conservation buffer of 2.5%), a Tier 1 capital to risk-weighted assets ratio of at least 8.5% (a minimum of 6.0% plus a capital conservation buffer of 2.5%), a total capital to risk-weighted assets ratio of at least 10.5% (a minimum of 8.0% plus a capital conservation buffer of 2.5%) and a leverage ratio of Tier 1 capital to total consolidated assets of at least 4.0%. In addition, for TNB to be "well-capitalized" under the banking agencies' prompt corrective action framework, it must have a common equity Tier 1 capital ratio of at least 6.5%, a Tier 1 capital ratio of at least 8.0%, a total capital ratio of at least 10.0% and a leverage ratio of at least 5.0%, and must not be subject to any written agreement, order or capital directive, or prompt corrective action directive issued by its primary federal regulator to meet and maintain a specific capital level for any capital measure.

The capital rules also include stringent criteria for capital instruments to qualify as Tier 1 or Tier 2 capital. For instance, the rules effectively disallow newly issued trust preferred securities to be a component of a holding company's Tier 1 capital. Trustmark will continue to count $60.0 million in outstanding trust preferred securities issued by the Trust as Tier 1 capital up to the regulatory limit, as permitted by a grandfather provision in the capital rules, but this grandfather provision may cease to apply if Trustmark consummates an acquisition of a depository institution holding company and the resulting organization has $15 billion of more in total assets.

Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 326, "*Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments*," requires Trustmark to recognize all expected credit losses over the life of a loan based on historical experience, current conditions and reasonable and supportable forecasts. FASB ASC Topic 326 generally results in earlier recognition of credit losses, which would increase reserves and decrease capital. Additionally, the allowance for credit losses model could be materially impacted by changes in current and forecasted macroeconomic conditions. It is not possible to predict the timing or magnitude of changes in macroeconomic conditions or the impact such changes could have on Trustmark's allowance for credit losses; however, material changes in the allowance for credit losses could have a material impact on Trustmark's reserves and capital.

The regulatory capital rules applicable to Trustmark and TNB may continue to evolve as a result of new requirements established by the Basel Committee on Banking Supervision or legislative, regulatory or accounting changes in the United States. Management cannot predict the effect that any changes to current capital requirements would have on Trustmark and TNB.

Trustmark's use of third-party service providers and Trustmark's other ongoing third-party business relationships are subject to increasing regulatory requirements and attention.

Trustmark regularly uses third-party service providers and subcontractors as part of its business. Trustmark also has substantial ongoing business relationships with partners and other third-parties and relies on certain third-parties to provide products and services necessary to maintain day-to-day operations. These types of third-party relationships are subject to increasingly demanding regulatory requirements and attention by regulators, including the FRB, OCC, CFPB and FDIC. Under regulatory guidance, Trustmark is required to apply stringent due diligence, conduct ongoing monitoring and maintain effective control over third-party service providers and subcontractors and other ongoing third-party business relationships. These regulatory expectations may change, and potentially become more rigorous in certain ways, due to an interagency effort to replace existing guidance on the risk management of third-party relationships with new guidance. Trustmark expects that the regulators will hold Trustmark responsible for deficiencies in its oversight and control of its third-party relationships and in the performance of the parties with which Trustmark has these relationships. Trustmark maintains a system of policies and procedures designed to ensure adequate due diligence is performed and to monitor vendor risks. While Trustmark believes these policies and procedures effectively mitigate risk, if the regulators conclude that Trustmark has not exercised adequate oversight and control over third-party service providers and subcontractors or other ongoing third-party business relationships or that such third-parties have not performed appropriately, Trustmark could be subject to enforcement actions, including civil monetary penalties or other administrative or judicial penalties or fines as well as requirements for customer remediation.

Operational Risks

There may be risks resulting from the extensive use of models in Trustmark's business.

Trustmark relies on statistical and quantitative models to measure risks and to estimate certain financial values. Models may be used in such processes as determining the pricing of various products, assessing potential acquisition opportunities, developing presentations made to market analysts and others, creating loans and extending credit, measuring interest rate and other market risks, predicting losses, assessing capital adequacy, calculating regulatory capital levels and estimating the fair value of financial instruments and balance sheet items. These models reflect assumptions that may not be accurate, particularly in times of market stress or other unforeseen circumstances. Even if these assumptions are adequate, the models may prove to be inadequate or inaccurate because of other flaws in their design or their implementation. If models for determining interest rate risk and asset-liability management are inadequate, Trustmark may incur increased or unexpected losses upon changes in market interest rates or other market measures. If models for determining expected credit losses are inadequate, the allowance for credit losses may not be sufficient to support future charge-offs. If models to measure the fair value of financial instruments are inadequate, the fair value of such financial instruments may fluctuate unexpectedly or may not accurately reflect what Trustmark could realize upon sale or settlement of such financial instruments. Any such failure in the analytical or forecasting models could have a material adverse effect on Trustmark's financial condition or results of operations.

Also, information Trustmark provides to its regulators based on poorly designed or implemented models could be inaccurate or misleading. Certain decisions that the regulators make, including those related to capital distributions and dividends to Trustmark's shareholders, could be adversely affected due to the regulator's perception that the quality of Trustmark's models used to generate the relevant information is insufficient.

Trustmark could be required to write down goodwill and other intangible assets.

If Trustmark consummates an acquisition, a portion of the purchase price would generally be allocated to goodwill and other identifiable intangible assets. The amount of the purchase price that is allocated to goodwill and other intangible assets is determined by the excess of the purchase price over the net identifiable assets acquired. At December 31, 2024, goodwill and other identifiable intangible assets,

net were $334.7 million. Under current accounting standards, if Trustmark determines goodwill or intangible assets are impaired, Trustmark would be required to write down the carrying value of these assets. Trustmark's annual goodwill impairment evaluation performed during the fourth quarter of 2024 indicated no impairment of goodwill for any reporting segment. Management cannot provide assurance, however, that Trustmark will not be required to take an impairment charge in the future. Any impairment charge would have an adverse effect on Trustmark's shareholders' equity and financial condition and could cause a decline in Trustmark's stock price.

Trustmark holds other real estate and may acquire and hold significant additional amounts, which could lead to increased operating expenses and vulnerability to additional declines in real property values.

As business necessitates, Trustmark forecloses on and takes title to real estate serving as collateral for loans. At December 31, 2024, Trustmark held $5.9 million of other real estate. The amount of other real estate held by Trustmark may increase in the future as a result of, among other things, business combinations, increased uncertainties in the housing market or increased levels of credit stress in residential real estate loan portfolios. Increased other real estate balances could lead to greater expenses as Trustmark incurs costs to manage, maintain and dispose of real properties as well as to remediate any environmental cleanup costs incurred in connection with any contamination discovered on real property on which Trustmark has foreclosed and to which Trustmark has taken title. As a result, Trustmark's earnings could be negatively affected by various expenses associated with other real estate owned, including personnel costs, insurance and taxes, completion and repair costs, valuation adjustments and other expenses associated with real property ownership, as well as by the funding costs associated with other real estate assets. The expenses associated with holding a significant amount of other real estate could have a material adverse effect on Trustmark's financial condition or results of operations.

If Trustmark is required to repurchase a significant number of mortgage loans that it had previously sold, such repurchases could negatively affect earnings.

One of Trustmark's primary business operations is mortgage banking under which residential mortgage loans are sold in the secondary market under agreements that contain representations and warranties related to, among other things, the origination and characteristics of the mortgage loans. Trustmark may be required to either repurchase the outstanding principal balance of a loan or make the purchaser whole for the anticipated 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 the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) on or after January 1, 2013 are subject to the Representations and Warranties Framework, which provides that FNMA and FHLMC will not exercise their remedies, including a putback request, for breaches of certain selling representations and warranties if the mortgage loans satisfy certain criteria, such as payment history or quality control review.

Changes in retail distribution strategies and consumer behavior may adversely impact Trustmark's investments in premises, equipment, technology and other assets and may lead to increased expenditures to change its retail distribution channel.

Trustmark has significant investments in bank premises and equipment for its branch network. Advances in technology such as ecommerce, telephone, internet and mobile banking, and in-branch self-service technologies including interactive teller machines (ITMs) and other equipment, as well as an increasing customer preference for these other methods of accessing Trustmark's products and services, could decrease the value of its branch network, technology, or other retail distribution physical assets and may cause Trustmark to change its retail distribution strategy, close and/or sell certain branches or parcels of land held for development and restructure or reduce its remaining branches and work force. These actions could lead to losses on these assets or could adversely impact the carrying value of any long-lived assets and may lead to increased expenditures to renovate, reconfigure or close a number of Trustmark's remaining branches or to otherwise reform its retail distribution channel.

Trustmark may experience disruptions of its operating systems or breaches in its information system security.

Trustmark is dependent upon communications and information systems to conduct business as such systems are used to manage virtually all aspects of Trustmark's business. Trustmark's operations rely on the secure processing, storage and transmission of confidential and other information within its computer systems and networks. Any failure, interruption or breach in security of these systems could result in significant disruption to Trustmark's operations. Trustmark has taken protective measures, which are continuously monitored and modified as warranted; however, Trustmark's computer systems, software and networks may fail to operate properly or become disabled or damaged as a result of a number of factors, including events that are wholly or partially beyond Trustmark's control. There could be sudden increases in customer transaction volume; electrical, telecommunications or other major physical infrastructure outages; natural disasters; and events arising from local or larger scale political or social matters, including terrorist acts.

Further, Trustmark's operational and security systems and infrastructure may be vulnerable to breaches and cybersecurity-related incidents including, but not limited to, attempts to access information, including customer and company information, malicious code, computer viruses and denial of service attacks that could result in unauthorized access, theft, misuse, loss, release or destruction of data (including confidential customer information), account takeovers, unavailability of service or other events. These types of threats may derive from human error, fraud or malice on the part of external or internal parties, or may result from accidental technological failure. If one or more of these events were to occur, Trustmark's or its customers' confidential and other information would be jeopardized, or such an event could cause interruptions or malfunctions in Trustmark's or its customers' or counterparties' operations. Any failures related to upgrades and maintenance of Trustmark's technology and information systems could further increase its information and system security risk. Trustmark's increased use of cloud and other technologies, such as remote work technologies, also increases its risk of being subject to a cyber-attack. The risk of a security breach or disruption, particularly through cyber-attack or cyber intrusion, has increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Trustmark may be required to expend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures in its computer systems and networks, and Trustmark may be subject to litigation and financial losses that are either not insured against or not fully covered through any insurance maintained by Trustmark. Any such losses, which may be difficult to detect, could adversely affect Trustmark's financial condition or results of operations. In addition, the occurrence of such a loss could expose Trustmark to reputational risk, the loss of customer business and additional regulatory scrutiny.

Security breaches in Trustmark's internet and mobile banking activities (*myTrustmark*®) could further expose Trustmark to possible liability and reputational risk. Any compromise in security could deter customers from using Trustmark's internet and mobile banking services that involve the transmission of confidential information. Trustmark relies on standard internet security systems to provide the security and authentication necessary to effect secure transmission of data. However, these precautions may not protect Trustmark's systems from compromise or breaches of security, which could result in significant legal liability and significant damage to Trustmark's reputation and business.

Trustmark relies upon certain third-party vendors to provide products and services necessary to maintain day-to-day operations. Accordingly, Trustmark's operations are exposed to the risk that these vendors might not perform in accordance with applicable contractual arrangements or service level agreements or that the security of the third-party vendors' computer systems, software and networks may be vulnerable to compromises that could impact information system security. Trustmark maintains a system of policies and procedures designed to monitor vendor risks. While Trustmark believes these policies and procedures effectively mitigate risk, the failure of an external vendor to perform in accordance with applicable contractual arrangements or service level agreements or any compromise in the security of an external vendor's information systems could be disruptive to Trustmark's operations, which could have a material adverse effect on its financial condition or results of operations.

As of the date of this Annual Report on Form 10-K, Trustmark has seen no material adverse impact on its business or operations from cyber-attacks or events. Trustmark's customers, employees and third parties that it does business with have been, and will continue to be, targeted by parties using fraudulent e-mails and other communications in attempts to misappropriate passwords, bank account information or other personal information or to introduce viruses or other malware programs to its information systems, the information systems of its merchants or third-party service providers and/or its customers' personal devices, which are beyond Trustmark's security control systems. Though Trustmark endeavors to mitigate these threats through product improvements, use of encryption and authentication technology and customer and employee education, such cyber-attacks against Trustmark, its merchants, third-party service providers and customers remain a serious issue and have been successful in the past.

Although Trustmark makes significant efforts to maintain the security and integrity of its information systems and has implemented various measures to manage the risks of a security breach or disruption, there can be no assurance that its security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Even well protected information, networks, systems and facilities remain potentially vulnerable to attempted security breaches or disruptions because the techniques used in such attempts are constantly evolving and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected. Accordingly, Trustmark may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is virtually impossible for Trustmark to entirely mitigate this risk. Furthermore, in the event of a cyber-attack, Trustmark may be delayed in identifying or responding to the attack, which could increase the negative impact of the cyber-attack on its business, financial condition and results of operations. A security breach or other significant disruption of Trustmark's information systems or those related to its customers, merchants or third-party vendors, including as a result of cyber-attacks, could (i) disrupt the proper functioning of its networks and systems and therefore its operations and/or those of its customers; (ii) result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of confidential, sensitive or otherwise valuable information of Trustmark or its customers; (iii) result in a violation of applicable privacy, data breach and other laws, subjecting Trustmark to additional regulatory scrutiny and exposing it to civil litigation, enforcement actions, governmental fines and possible financial liability; (iv) require significant management attention and resources to remedy the damages that result; or (v) harm Trustmark's reputation or cause a decrease in the number of customers that choose to do business with

Trustmark. The occurrence of any of the foregoing could have a material adverse effect on Trustmark's business, financial condition and results of operations.

Trustmark must utilize new technologies to deliver its products and services, which could require significant resources and expose Trustmark to additional risks, including cyber-security risks.

In order to deliver new products and services and to improve the productivity of existing products and services, the banking industry relies on rapidly evolving technologies. Trustmark continues to invest in technology to facilitate the ability of its customers to engage in financial transactions, and otherwise enhance the customer experience with respect to its products and services. Trustmark's ability to effectively utilize new technologies to address customer needs and create operating efficiencies could materially affect future prospects. Management cannot provide any assurances that Trustmark will be successful in utilizing such new technologies. Incorporation of new products and services, such as internet and mobile banking services, may require significant resources and expose Trustmark to additional risks, including cyber-security risks.

Trustmark's controls and procedures may fail or be circumvented.

Trustmark's internal controls, disclosure controls and procedures, and corporate governance policies and procedures are based in part on assumptions, and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of Trustmark's controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on Trustmark's business, financial condition and results of operations.

Trustmark may be subject to increased claims and litigation, which could result in legal liability and reputational damage.

Trustmark has been named from time to time as a defendant in litigation relating to its businesses and activities. Litigation may include claims for substantial compensatory or punitive damages or claims for indeterminate amounts of damages.

In recent years, a number of judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Substantial legal liability against Trustmark, including its subsidiaries, could materially adversely affect Trustmark's business, financial condition or results of operations, or cause significant harm to its reputation.

Damage to Trustmark's reputation could have a significant negative impact on Trustmark's business.

Trustmark's ability to attract and retain customers, clients, investors, and highly-skilled management and employees is affected by its reputation. Significant harm to Trustmark's reputation can also arise from other sources, including employee misconduct, actual or perceived unethical or illegal behavior, litigation or regulatory outcomes, failing to deliver minimum or required standards of service and quality, compliance failures, disclosure of confidential information, significant or numerous failures, interruptions or breaches of its information systems and the activities of its clients, customers and counterparties, including vendors. Actions by the financial services industry generally or by certain members or individuals in the industry may have a significant adverse effect on Trustmark's reputation. Trustmark could also suffer significant reputational harm if it fails to properly identify and manage potential conflicts of interest. Management of potential conflicts of interests has become increasingly complex as Trustmark expands its business activities through more numerous transactions, obligations and interests with and among its clients. The actual or perceived failure to adequately address conflicts of interest could affect the willingness of clients to deal with Trustmark, which could adversely affect Trustmark's businesses.

Risk Related to Acquisition Activity

Potential acquisitions by Trustmark may disrupt Trustmark's business and dilute shareholder value.

Trustmark continuously monitors the market for merger or acquisition opportunities and, depending upon business and other considerations, may elect to pursue one or more such opportunities in the future. Any such merger or acquisition candidate would need to have a similar culture to Trustmark, have experienced management and possess either significant market presence or have potential for improved profitability through financial management, economies of scale or expanded services. Acquiring other banks, businesses, or branches involves various risks commonly associated with acquisitions, including: potential exposure to unknown or contingent liabilities of the target company, exposure to potential asset quality issues of the target company, difficulty and expense of integrating the operations and personnel of the target company, potential disruption to Trustmark's business, potential diversion of Trustmark's Management's time and attention, the possible loss of key employees and customers of the target company, difficulty in estimating the value of the target company and potential changes in banking or tax laws or regulations that may affect the target company. Acquisitions

may involve the payment of a premium over book and market values, and, therefore, some dilution of Trustmark's tangible book value and net income per share of common stock may occur in connection with any future transaction. Furthermore, failure to realize the expected revenue projections, cost savings, increases in geographic or product presence, and/or other projected benefits from an acquisition could have a material adverse effect on Trustmark's financial condition or results of operations.

General Risk Factors

The stock price of financial institutions, like Trustmark, can be volatile.

The volatility in the stock prices of companies in the financial services industry, such as Trustmark, may make it more difficult for shareholders to resell Trustmark common stock at attractive prices in a timely manner. Trustmark's stock price can fluctuate significantly in response to a variety of factors, including factors affecting the financial industry as a whole, such as the bank failures in March 2023. The factors affecting financial stocks generally and Trustmark's stock price in particular include:

- actual or anticipated variations in earnings;
- changes in analysts' recommendations or projections;
- operating and stock performance of other companies deemed to be peers;
- perception in the marketplace regarding Trustmark, its competitors and/or the industry as a whole;
- significant acquisitions or business combinations involving Trustmark or its competitors;
- provisions in Trustmark's by-laws and articles of incorporation that may discourage takeover attempts, which may make Trustmark less attractive to a potential purchaser;
- changes in government regulation;
- failure to integrate acquisitions or realize anticipated benefits from acquisitions; and
- volatility affecting the financial markets in general.

General market fluctuations, the potential for breakdowns on electronic trading or other platforms for executing securities transactions, industry factors and general economic and political conditions could also cause Trustmark's stock price to decrease regardless of operating results.

Changes in accounting standards may affect how Trustmark reports its financial condition and results of operations.

Trustmark's accounting policies and methods are fundamental to how Trustmark records and reports its financial condition and results of operations. From time to time, the FASB changes the financial accounting and reporting standards that govern the preparation of Trustmark's financial statements. The most recent economic recession resulted in increased scrutiny of accounting standards by regulators and legislators, particularly as they relate to fair value accounting principles. In addition, ongoing efforts to achieve convergence between generally accepted accounting principles (GAAP) and International Financial Reporting Standards may result in changes to GAAP. Any such changes can be difficult to predict and can materially affect how Trustmark records and reports its financial condition or results of operations. For additional details regarding recently adopted and pending accounting pronouncements, see Note 1 – Significant Accounting Policies included in Part II. Item 8. - Financial Statements and Supplementary Data of this report.

Trustmark may not be able to attract or retain key employees.

Trustmark's success depends substantially on its ability to attract and retain skilled, experienced personnel. Competition for qualified candidates in the activities and markets that Trustmark serves is intense. While Trustmark invests significantly in the training and development of its employees, it is possible that Trustmark may not be able to retain key employees. If Trustmark were unable to retain its most qualified employees, its performance and competitive positioning could be materially adversely affected.

Natural disasters, such as hurricanes, could have a significant negative impact on Trustmark's business.

Many of Trustmark's loans are secured by property or are made to businesses in or near the Gulf Coast regions of Alabama, Florida, Mississippi and Texas, which are often in the path of seasonal hurricanes. Natural disasters, such as hurricanes, could have a significant negative impact on the stability of Trustmark's deposit base, the ability of borrowers to repay outstanding loans and the value of collateral securing loans, and could cause Trustmark to incur material additional expenses. Although Management has established disaster recovery policies and procedures, the occurrence of a natural disaster, especially if any applicable insurance coverage is not adequate to

enable Trustmark's borrowers to recover from the effects of the event, could have a material adverse effect on Trustmark's financial condition or results of operations.

Expectations around Environmental, Social and Governance (ESG) practices as well as climate change and related legislative and regulatory initiatives could adversely affect Trustmark's business and results of operations, including indirectly through impact to its customers.

Companies are facing increased scrutiny from customers, regulators and other stakeholders with respect to their ESG practices and disclosures. Institutional investors, and investor advocacy groups, in particular, are increasingly focused on these matters and expectations in many of these areas can vary widely. In addition, increased ESG related compliance costs could result in increases to Trustmark's overall operational costs. Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards, and fluctuations in these standards, could negatively impact Trustmark's reputation, ability to do business with certain partners and its stock price. New government regulations could also result in new or more stringent forms of ESG oversight and expanding mandatory and voluntary reporting, diligence and disclosure.

In addition to regulatory and investor expectations on environmental matters in general, the current and anticipated effects of climate change are creating an increasing level of concern for the state of the global environment. As a result, political and social attention to the issue of climate change has increased. In recent years, governments across the world have entered into international agreements to attempt to reduce global temperatures, in part by limiting greenhouse gas emissions. The United States Congress, state legislatures and federal and state regulatory agencies have continued to propose and advance numerous legislative and regulatory initiatives seeking to mitigate the effects of climate change. These agreements and measures may result in the imposition of taxes and fees, the required purchase of emission credits and the implementation of significant operational changes, each of which may require businesses to expend significant capital and incur compliance, operating, maintenance and remediation costs. Consumers and businesses also may change their behavior on their own as a result of these concerns.

It is not possible to predict how climate change may impact Trustmark's financial condition and operations; however, Trustmark operates in areas where its business and the activities of its customers could be impacted by the effects of climate change. The effects of climate change may include increased frequency or severity of weather-related events, such as severe storms, hurricanes, flooding and droughts and rising sea levels. These effects can disrupt business operations, damage property, devalue assets and change customer and business preferences, which may adversely affect borrowers, increase credit risk and reduce demand for Trustmark's products and services. Trustmark and its customers will need to respond to new laws and regulations as well as consumer and business preferences resulting from climate change concerns. Trustmark and its customers may face cost increases, asset value reductions, operating process changes and the like. The impact to Trustmark's customers will likely vary depending on their specific attributes, including reliance on or role in carbon intensive activities. In addition, Trustmark could face reductions in creditworthiness on the part of some customers or in the value of assets securing loans. Trustmark's efforts to take these risks into account may not be effective in protecting it from the negative impact of new laws and regulations or changes in consumer or business behavior and could have a material adverse effect on Trustmark's financial condition and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 1C. CYBERSECURITY

Trustmark recognizes the critical importance of identifying, assessing and managing material risks from cybersecurity threats. Trustmark is committed to implementing and maintaining a comprehensive information security program to manage such risks and safeguard its systems and data.

Trustmark's Board of Directors has ultimate oversight of cybersecurity-related risks and it is assisted in this role by the Enterprise Risk Committee and the Audit Committee. Processes for identifying, assessing and managing cybersecurity-related risks are integrated into Trustmark's overall enterprise risk management process, which is overseen by the Enterprise Risk Committee. The Enterprise Risk Committee is responsible for monitoring risks that are being taken by Trustmark, understanding the enterprise-wide effect of those risks and reporting such risks to the Board. In fulfilling this role, the Enterprise Risk Committee has primary oversight responsibility over management's efforts to manage and mitigate cybersecurity-related risk and reviews and approves Trustmark's cybersecurity strategy for protecting Trustmark's information assets and technology platforms. The Audit Committee oversees Trustmark's Internal Audit Department, which conducts reviews and assessments related to information security. Management provides periodic reports to the Enterprise Risk Committee and the Audit Committee, both of which provide reports of their meetings to the full Board. These reports to the Board and its Committees address the threat environment, vulnerability assessments, specific cyber incidents and management's efforts to monitor, detect and prevent cyber threats.

Trustmark's information security program is primarily administered at the management level by the Information Security Department, which is led by Trustmark's Chief Information Security Officer (CISO), and is supported by the Information Technology Department, which is led by Trustmark's Chief Information Officer (CIO). The CISO reports to the CIO, who in turn reports to Trustmark's Chief Credit and Operations Officer. Trustmark's Information Security Department is responsible for day-to-day management of Trustmark's information security program, including data loss prevention, access control, threat monitoring, incident response, insider threat monitoring and employee education and training. The Information Security Department also maintains policies related to cybersecurity and data security that provide the required governance for the information security program. Additionally, Trustmark's Information Technology Department maintains policies that govern technical aspects of Trustmark's information security program. Each policy is reviewed and approved by the Enterprise Risk Committee at least every three years and is mapped to applicable regulatory guidance. The Cybersecurity Operations team within the Information Technology Department maintains and runs Trustmark's security operations center and is responsible for cybersecurity event management and maintaining security tooling. Trustmark also maintains an Information Security / Cybersecurity Management Committee, which is comprised of representatives from the Information Security, Information Technology, Enterprise Risk, Corporate Security, Internal Audit and Legal departments and members of executive management. This committee meets quarterly to discuss and review Trustmark's information security program and receives qualitative and quantitative update reports from the Information Security Department, Internal Audit Department and Information Technology Department.

Trustmark engages third party assessors, consultants and auditors in connection with its information security program, including to conduct external penetration testing, independent audits and risk assessments. Trustmark also utilizes third party service providers in the ordinary course of business. The Information Security Department performs information security assessments for third party service providers that store or process Trustmark confidential data. These information security assessments include a review of any systems and organization control reports, proof of the vendor's independent testing of their data protection controls, as well as a review of any exceptions noted and assessment of management responses, results of vulnerability and penetration testing, incident response processes and third party data protection controls (which can include, but is not limited to: access reviews and controls, backups, monitoring, encryption standards and disaster recovery). The review of these areas is taken into account in order to provide an overall information security conclusion and risk rating for the vendor.

As a regulated financial institution, Trustmark is also subject to financial privacy laws and its cybersecurity practices are subject to oversight by the federal banking agencies. For additional information, see "Supervision and Regulation – Financial Privacy Laws and Cybersecurity" included in Part I. Item 1 – Business of this report.

Although Trustmark has not, as of the date of this Annual Report on Form 10-K, experienced a cybersecurity threat or incident that materially affected its business strategy, results of operations or financial condition, there can be no guarantee that Trustmark will not experience such an incident in the future. For additional information regarding the risk Trustmark faces from cybersecurity threats, please see the risk factors titled "*Trustmark may experience disruptions of its operating systems or breaches in its information system security*" and "*Trustmark must utilize new technologies to deliver its products and services, which could require significant resources and expose Trustmark to additional risks, including cyber-security risks*" included in Part I. Item 1A. – Risk Factors of this report.

ITEM 2. PROPERTIES

Trustmark's principal offices are housed in its main office building located in downtown Jackson, Mississippi and owned by TNB. Trustmark's main office building is primarily allocated for bank use with a small portion available for occupancy by tenants on a lease basis, although such incidental leasing activity is not material to Trustmark's operations. At December 31, 2024, Trustmark, through TNB, operated 163 full-service branches, 7 limited-service branches and an automated teller machine (ATM) network, which included 122 ATMs and 136 ITMs at its branches and other locations. In addition, Trustmark operated 8 offices in various locations providing mortgage banking, wealth management and/or corporate lending services. Trustmark leases 28 of its branch and other office locations with the remainder being owned. Trustmark believes its properties are suitable and adequate to operate its financial services business.

ITEM 3. LEGAL PROCEEDINGS

Information required in this section is set forth under the heading "Legal Proceedings" of Note 17 – Commitments and Contingencies in Part II. Item 8. – Financial Statements and Supplementary Data of this report.

In accordance FASB ASC Subtopic 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 currently pending legal 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. Management 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 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock Prices and Dividends

Trustmark's common stock is listed on the Nasdaq Stock Market and is traded under the symbol "TRMK."

Trustmark paid quarterly cash dividends to shareholders of $0.23 per share, or $0.92 per share annually, in 2024. As a component of return to common shareholders, Trustmark intends to pay cash dividends when corporate financial performance and capital strength allow it to do so. All dividend payments must be approved and declared by the Board of Directors of Trustmark and are required to be in compliance with all applicable laws and regulations.

At January 31, 2025, there were approximately 2,784 registered shareholders of record and approximately 22,642 beneficial account holders of shares in nominee name of Trustmark's common stock. Other information required by this item can be found in Note 18 - Shareholders' Equity included in Part II. Item 8. - Financial Statements and Supplementary Data of this report.

Stock Repurchase Program

On December 7, 2021, the Board of Directors of Trustmark authorized a stock repurchase program, effective January 1, 2022, under which $100.0 million of Trustmark's outstanding common stock could be acquired through December 31, 2022. Under this authority, Trustmark repurchased approximately 789 thousand shares of its common stock value at $24.6 million during 2022.

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 stock repurchase program, effective January 1, 2024, under which $50.0 million of Trustmark's outstanding common stock could be acquired through December 31, 2024. Under this authority, Trustmark repurchased approximately 203 thousand shares of its common stock valued at $7.5 million during the twelve months ended December 31, 2024.

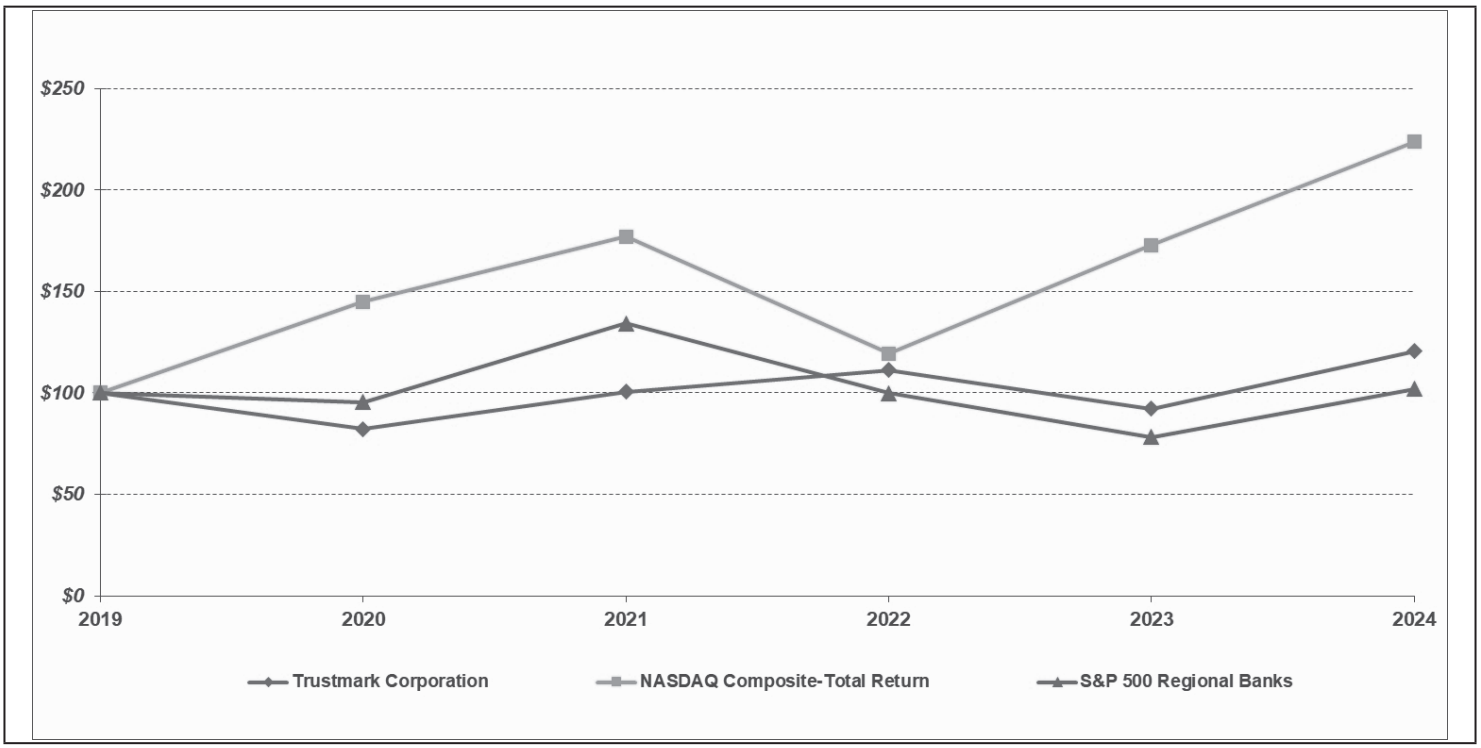
The following table sets forth information regarding purchases of shares of Trustmark common stock by Trustmark or on Trustmark's behalf during the three months ended December 31, 2024 (amounts in thousands, except share and per share data):

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
October 1, 2024 to October 31, 2024	50,831	$ 34.98	50,831	$ 48,222
November 1, 2024 to November 30, 2024	124,207	37.35	124,207	43,583
December 1, 2024 to December 31, 2024	28,115	38.46	28,115	—
Total	203,153		203,153	

On December 3, 2024, Trustmark's Board of Directors authorized a stock repurchase program effective January 1, 2025, under which $100.0 million of Trustmark's outstanding shares may be acquired through December 31, 2025. The repurchase program, which is subject to market conditions and management discretion, will be implemented through open market repurchases or privately negotiated transactions. Under this authority, Trustmark repurchased approximately 243 thousand shares of its common stock valued at $8.5 million during January 2025.

Performance Graph

The following graph compares Trustmark's annual percentage change in cumulative total return on common shares over the past five years with the cumulative total return of companies comprising the Nasdaq market value index and the S&P 500 – Regional Banks index. The S&P 500 – Regional Banks index is an industry index published by S&P Dow Jones Indices, a division of S&P Global, and is comprised of stock in the S&P Total Market Index that are classified in the Global Industry Classification Standard regional banks sub-industry. This presentation assumes that $100 was invested in shares of the relevant issuers on December 31, 2019, and that dividends received were immediately invested in additional shares. The graph plots the value of the initial $100 investment at one-year intervals for the fiscal years shown.



Company	2019	2020	2021	2022	2023	2024
Trustmark	$ 100.00	$ 82.09	$ 100.46	$ 111.18	$ 92.28	$ 120.51
NASDAQ Composite-Total Return	100.00	144.92	177.06	119.45	172.77	223.87
S&P 500 - Regional Banks	100.00	95.47	134.16	99.93	78.33	102.05

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ITEM 6. SELECTED FINANCIAL DATA

The following unaudited consolidated financial data is derived from Trustmark's audited financial statements as of and for the three years ended December 31, 2024 ($ in thousands, except per share data). The data should be read in conjunction with Part II. Item 7. - Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8. – Financial Statements and Supplementary Data.

Trustmark completed the sale of Fisher Brown Bottrell Insurance, Inc., (FBBI), a wholly owned subsidiary of TNB, during the second quarter of 2024. As such, financial results presented in the table below for the years ended December 31, 2024, 2023 and 2022, consist of both continuing and discontinued operations. The discontinued operations include the financial results of FBBI prior to the sale as well as the net gain on the sale. For additional information regarding discontinued operations, please see Note 2 – Discontinued Operations set forth in Part II. Item 8. – Financial Statements and Supplementary Data of this report.

Years Ended December 31,	2024	2023	2022
Consolidated Statements of Income (Loss)			
Total interest income	$ 960,330	$ 878,832	$ 541,833
Total interest expense	375,909	325,954	47,125
Net interest income	584,421	552,878	494,708
Provision for credit losses (PCL), LHFI	37,287	27,362	21,677
PCL, LHFI sale of 1-4 family mortgage loans	8,633	—	—
PCL, off-balance sheet credit exposures	(4,665)	(2,781)	1,215
Noninterest income (loss)	(23,419)	148,433	151,422
Noninterest expense	485,690	495,696	564,133
Income (loss) from continuing operations before income taxes	34,057	181,034	59,105
Income taxes from continuing operations	(11,153)	27,744	(1,813)
Income (loss) from continuing operations	45,210	153,290	60,918
Income from discontinued operations before income taxes	237,152	16,302	14,642
Income taxes from discontinued operations	59,353	4,103	3,673
Income from discontinued operations	177,799	12,199	10,969
Net Income	$ 223,009	$ 165,489	$ 71,887
Total Revenue *(1)*	$ 561,002	$ 701,311	$ 646,130
Per Share Data *(2)*			
Basic earnings (loss) per share (EPS) from continuing operations	$ 0.74	$ 2.51	$ 0.99
Basic EPS from discontinued operations	$ 2.91	$ 0.20	$ 0.18
Basic EPS - total	$ 3.65	$ 2.71	$ 1.17
Diluted EPS from continuing operations	$ 0.74	$ 2.50	$ 0.99
Diluted EPS from discontinued operations	$ 2.90	$ 0.20	$ 0.18
Diluted EPS - total	$ 3.63	$ 2.70	$ 1.17
Cash dividends per share	$ 0.92	$ 0.92	$ 0.92
Performance Ratios			
Return on average equity	12.22 %	10.54 %	4.48 %
Return on average equity from continuing operations	2.48 %	9.76 %	3.80 %
Return on average tangible equity	15.20 %	14.04 %	6.00 %
Return on average tangible equity from continuing operations	3.04 %	12.43 %	4.86 %
Return on average assets	1.20 %	0.89 %	0.41 %
Return on average assets from continuing operations	0.24 %	0.82 %	0.35 %
Average equity / average assets	9.84 %	8.41 %	9.18 %
Net interest margin (fully taxable equivalent)	3.51 %	3.32 %	3.17 %
Dividend payout ratio	25.21 %	33.95 %	78.63 %
Dividend payout ratio from continuing operations	124.32 %	36.65 %	92.93 %
Credit Quality Ratios			
Net charge-offs (recoveries) (excl sale of 1-4 family mortgage loans) / average loans	0.12 %	0.06 %	0.01 %
PCL, LHFI (excl PCL, LHFI sale of 1-4 family mortgage loans) / average loans	0.28 %	0.21 %	0.19 %
Nonaccrual LHFI / (LHFI + LHFS)	0.60 %	0.76 %	0.53 %
Nonperforming assets / (LHFI + LHFS) plus other real estate	0.65 %	0.81 %	0.55 %
Allowance for credit losses (ACL), LHFI / LHFI	1.22 %	1.08 %	0.99 %

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

(2) Due to rounding, EPS from continuing operations and discontinued operations may not sum to EPS from net income.

December 31,	2024	2023	2022
Consolidated Balance Sheets			
Total assets	$ 18,152,422	$ 18,722,189	$ 18,015,478
Securities	3,027,919	3,189,157	3,518,596
Total loans (LHFI + LHFS)	13,290,249	13,135,336	12,339,265
Deposits	15,108,175	15,569,763	14,437,648
Total shareholders' equity	1,962,327	1,661,847	1,492,268
Stock Performance			
Market value - close	$ 35.37	$ 27.88	$ 34.91
Book value	32.17	27.21	24.47
Tangible book value	26.68	20.87	18.11
Capital Ratios			
Total equity / total assets	10.81%	8.88%	8.28%
Tangible equity / tangible assets	9.13%	7.22%	6.54%
Tangible equity / risk-weighted assets	10.86%	8.76%	7.97%
Tier 1 leverage ratio	9.99%	8.62%	8.47%
Common equity tier 1 risk-based capital ratio	11.54%	10.04%	9.74%
Tier 1 risk-based capital ratio	11.94%	10.44%	10.15%
Total risk-based capital ratio	13.97%	12.29%	11.91%

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following provides a narrative discussion and analysis of Trustmark's financial condition and results of operations. This discussion should be read in conjunction with the consolidated financial statements and the supplemental financial data included in Part II. Item 8. – Financial Statements and Supplementary Data of this report. Discussion and analysis of Trustmark's financial condition and results of operations for the years ended December 31, 2023 and 2022 are included in the respective sections within Part II. Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations of Trustmark's Annual Report filed on Form 10-K for the year ended December 31, 2023.

Executive Overview

Trustmark has been committed to meeting the banking and financial needs of its customers and communities for over 130 years and remains focused on providing support, advice and solutions to its customers' unique needs. Trustmark completed the following significant non-routine transactions during the second quarter of 2024:

- On May 31, 2024, TNB closed the sale of its wholly owned subsidiary, FBBI, to Marsh & McLennan Agency LLC, consistent with the terms as previously announced on April 23, 2024. Trustmark recognized a net gain on the sale of $228.3 million ($171.2 million, net of taxes) in income from discontinued operations. The operations of FBBI prior to the sale are included in income from discontinued operations for the current and prior periods.
- Trustmark restructured its investment securities portfolio by selling $1.561 billion of available for sale securities with an average yield of 1.36%, which generated a loss of $182.8 million ($137.1 million, net of taxes) and was recorded to noninterest income (loss) in securities gains (losses), net. Trustmark also purchased $1.378 billion of available for sale securities with an average yield of 4.85%.
- Trustmark sold a portfolio of 1-4 family mortgage loans that were at least three payments delinquent and/or nonaccrual at the time of selection totaling $56.2 million, which resulted in a loss of $13.4 million ($10.1 million, net of taxes). The portion of the loss related to credit totaled $8.6 million ($6.5 million, net of taxes) and was recorded as adjustments to charge-offs and the PCL, LHFI. The noncredit-related portion of the loss totaled $4.8 million ($3.6 million, net of taxes) and was recorded to noninterest income (loss) in other, net.
- 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 were validly tendered and accepted for exchange by Visa. TNB tendered its 38.7 thousand Visa B-1 shares,

which were accepted by Visa. In exchange for each Visa B-1 share that was validly tendered and accepted for exchange by Visa, TNB received 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. The Visa C shares that were received by TNB were recognized at fair value, which resulted in a gain of $8.1 million ($6.0 million, net of taxes) and was recorded to noninterest income (loss) in other, net during the second quarter of 2024. During the third quarter of 2024, TNB sold all of the Visa C shares for approximately the same carrying value as of June 30, 2024. The Visa B-2 shares were recorded at their nominal carrying value.

In addition to these significant non-routine transactions, Trustmark's financial results for 2024 reflected continued growth in LHFI, an increase in noninterest income and disciplined expense management. Please see the section captioned "Non-GAAP Financial Measures" for additional information regarding the significant non-routine transactions. Trustmark's capital position remained solid, reflecting the consistent profitability of its diversified financial services businesses.

These accomplishments are the result of focused efforts to enhance Trustmark's long-term performance and competitiveness. Trustmark continues to implement technology and streamline processes to enhance its ability to grow and serve customers. Trustmark is well-positioned to compete in changing economic conditions and create long-term value for its shareholders. The Board of Directors of Trustmark announced a 4.3% increase in its regular quarterly cash dividend to $0.24 per share from $0.23 per share. The dividend is payable March 15, 2025, to shareholders of record on March 1, 2025.

Financial Highlights

Trustmark reported net income of $56.3 million, or basic and diluted EPS of $0.92, for the fourth quarter of 2024, compared to a net income of $36.1 million, or basic and diluted EPS of $0.59, in the fourth quarter of 2023. Trustmark's reported performance during the quarter ended December 31, 2024, produced a return on average tangible equity of 13.68%, a return on average assets of 1.23%, an average equity to average assets ratio of 10.82% and a dividend payout ratio of 25.00%, compared to a return on average tangible equity of 11.92%, a return on average assets of 0.77%, an average equity to average assets ratio of 8.51% and a dividend payout ratio of 38.98% during the quarter ended December 31, 2023.

The increase in net income when the fourth quarter of 2024 is compared to the fourth quarter of 2023 was principally due to an increase in revenue. Revenue, which is defined as net interest income plus noninterest income (loss), totaled $196.8 million for the quarter ended December 31, 2024 compared to $173.3 million for the quarter ended December 31, 2023, an increase of $23.5 million, or 13.5%. The increase in total revenue for the fourth quarter of 2024 compared to the same time period in 2023 resulted from an increase in net interest income, principally due to declines in total interest expense as well as an increase in interest on securities-taxable partially offset by a decline in other interest income, and an increase in noninterest income (loss), principally due to increases in mortgage banking, net and other, net.

Net interest income for the fourth quarter of 2024 totaled $155.8 million, an increase of $19.1 million, or 14.0%, when compared to the fourth quarter of 2023. Interest income totaled $239.7 million for the fourth quarter of 2024, an increase of $6.9 million, or 2.9%, when compared to the same time period in 2023, principally due to an increase in interest on securities-taxable primarily due to the restructuring of the available for sale securities portfolio during the second quarter of 2024, partially offset by a decline in other interest income primarily due to declines in both the balance held at the FRBA and the rate paid by the FRBA on reserves. Interest expense totaled $83.9 million for the fourth quarter of 2024, a decrease of $12.2 million, or 12.7%, when compared to the same time period in 2023, reflecting declines in interest on deposits, interest on federal funds purchased and securities sold under repurchase agreements (repurchase agreements) and other interest expense. Interest expense on deposits totaled $75.9 million for the fourth quarter of 2024, a decline of $4.9 million, or 6.1%, when compared to the fourth quarter of 2023 primarily due to declines in interest expense on all categories of interest checking accounts and money market demand deposit accounts (MMDA) as well as a decline in interest expense on brokered certificates of deposits (CDs), partially offset by an increase in interest expense on personal CDs. Interest expense on federal funds purchased and repurchase agreements totaled $4.0 million for the fourth quarter of 2024, a decrease of $1.3 million, or 24.5%, when compared to the fourth quarter of 2023 primarily due to a decline in interest expense on federal funds purchased, reflecting a decline in the amount of upstream federal funds purchased and declines by the FRB in the target federal funds rate. Other interest expense totaled $3.9 million for the fourth quarter of 2024, a decrease of $6.0 million, or 60.6%, when compared to the same time period in 2023 primarily due to a decline in interest expense on FHLB advances as a result of a decline in the amount of outstanding short-term FHLB advances with the FHLB of Dallas.

Noninterest income (loss) for the fourth quarter of 2024 totaled $41.0 million, an increase of $4.3 million, or 11.9%, when compared to the fourth quarter of 2023, principally due to increases in mortgage banking, net and other, net. Mortgage banking, net totaled $7.4 million for the fourth quarter of 2024, an increase of $1.9 million, or 33.9%, when compared to the same time period in 2023, principally due to a decline in the net negative hedge ineffectiveness and an increase in the gain on sales of loans, net. Other, net totaled $4.3 million for the fourth quarter of 2024, an increase of $1.7 million, or 66.8%, when compared to the same time period in 2023, principally due to an increase in other miscellaneous income.

Noninterest expense for the fourth quarter of 2024 totaled $124.4 million, a decrease of $1.8 million, or 1.4%, when compared to the fourth quarter of 2023, principally due to declines in services and fees and other expense. Services and fees totaled $26.7 million for the fourth quarter of 2024, a decrease of $786 thousand, or 2.9%, when compared to the fourth quarter of 2023 primarily due to declines in outside services and fees partially offset by increase in data processing expenses related to software and business process outsourcing expenses. Other expense totaled $15.1 million for the fourth quarter of 2024, a decrease of $678 thousand, or 4.3%, when compared to the same time period in 2023, principally due to declines in other miscellaneous expenses.

Trustmark's PCL, LHFI for the three months ended December 31, 2024 totaled $7.0 million compared to $7.6 million for the three months ended December 31, 2023, a decrease of $625 thousand, or 8.2%. The PCL, LHFI for the fourth quarter of 2024 primarily reflected an increase in required reserves as a result of net adjustments to the qualitative reserve factors and changes to the macroeconomic forecasts, partially offset by a decline in specific reserves for individually analyzed LHFI. The PCL, off-balance sheet credit exposures totaled $502 thousand for the three months ended December 31, 2024 compared to a negative $888 thousand for the three months ended December 31, 2023, an increase of $1.4 million. The PCL, off-balance sheet credit exposures for the fourth quarter of 2024 primarily reflected increases in required reserves as a result of credit migration and implementation of the External Factor - Credit Quality Review qualitative factor as well as an increase in unfunded commitments, partially offset by a decline in required reserves as a result of changes in the total reserve rate. Please see the section captioned "Provision for Credit Losses," for additional information regarding the PCL on LHFI and off-balance sheet credit exposures.

For the year ended December 31, 2024, Trustmark reported net income of $223.0 million, or basic and diluted EPS of $3.65 and $3.63, respectively, compared to $165.5 million, or basic and diluted EPS of $2.71 and $2.70, respectively, for the year ended December 31, 2023 and $71.9 million, or basic and diluted EPS of $1.17, for the year ended December 31, 2022. Trustmark's reported performance for the year ended December 31, 2024, produced a return on average tangible equity of 15.20%, a return on average assets of 1.20% and a dividend payout ratio of 25.21%, compared to a return on average tangible equity of 14.04%, a return on average assets of 0.89% and a dividend payout ratio of 33.95% for the year ended December 31, 2023 and a return on average tangible equity of 6.00%, a return on average assets of 0.41% and a dividend payout ratio of 78.63% for the year ended December 31, 2022. Trustmark's average equity to average assets ratio was 9.84%, 8.41% and 9.18% for the years ended December 31, 2024, 2023 and 2022, respectively.

Trustmark completed the sale of FBBI during the second quarter of 2024. As such, financial results for the years ended December 31, 2024, 2023 and 2022, consist of both continuing and discontinued operations. The discontinued operations include the financial results of FBBI prior to the sale as well as the net gain on the sale. Trustmark reported net income from continuing operations of $45.2 million, $153.3 million and $60.9 million for the years ended December 31, 2024, 2023 and 2022, respectively. Trustmark's reported performance from continuing operations for the year ended December 31, 2024 produced a return on average tangible equity of 3.04%, a return on average assets of 0.24% and a dividend payout ratio of 124.32%, compared to a return on average tangible equity of 12.43%, a return on average assets of 0.82% and a dividend payout ratio of 36.65% for the year ended December 31, 2023, and a return on average tangible equity of 4.86%, a return on average assets of 0.35% and a dividend payout ratio of 92.93%, for the year ended December 31, 2022. The decrease in net income from continuing operations when 2024 is compared to 2023 was principally due to a decline in total revenue partially offset by a decrease in income taxes from continuing operations. The increase in net income from continuing operations when 2023 is compared to 2022 was principally due to an increase in total revenue and a decline in noninterest expense.

Revenue totaled $561.0 million for the year ended December 31, 2024, compared to $701.3 million and $646.1 million for the years ended December 31, 2023 and 2022, respectively, a decrease of $140.3 million, or 20.0%, and an increase of $55.2 million, or 8.5%, respectively. The decrease in total revenue for 2024 compared to 2023 was principally due to decline in noninterest income (loss), primarily as a result of the loss on the sale of available for sale securities partially offset by increases in other, net and wealth management, and an increase in net interest income, primarily resulting from increases in interest and fees from LHFS and LHFI and interest on securities as well as a decline in other interest expense, partially offset by an increase in interest expense on deposits and a decrease in other interest income.

Net interest income for the year ended December 31, 2024 totaled $584.4 million, an increase of $31.5 million, or 5.7%, when compared to the year ended December 31, 2023. Interest income totaled $960.3 million for the year ended December 31, 2024, an increase of $81.5 million, or 9.3%, when compared to the year ended December 31, 2023, principally due to increases in interest and fees on LHFS and LHFI, primarily as a result of the higher interest rate environment and loan growth, and interest on securities, primarily as a result of restructuring the securities portfolio during the second quarter of 2024, partially offset by a decline in other interest income, primarily due to a decline in the balance held at the FRBA as well as a decline in dividend income from FHLB stock. Interest expense totaled $375.9 million for the year ended December 31, 2024, an increase of $50.0 million, or 15.3%, when compared to the year ended December 31, 2023. The increase in interest expense when 2024 is compared to 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 the amount of short-term FHLB advances held throughout 2024.

Noninterest income (loss) for 2024 totaled a negative $23.4 million, a decrease of $171.9 million when compared to 2023, principally due to the $182.8 million loss on the sale of the available for sale securities during the second quarter of 2024, partially offset by increases in other, net and wealth management. Other, net totaled $17.8 million for 2024, an increase of $7.6 million, or 74.1%, when compared to 2023, principally due to the $8.1 million Visa C shares fair value adjustment during the second quarter of 2024 as well as an increase in cash management service fees and other miscellaneous income, partially offset by the $4.8 million noncredit-related loss on the sale of 1-4 family mortgage loans recorded during the second quarter of 2024. Wealth management totaled $37.3 million for 2024, an increase of $2.2 million, or 6.2%, when compared to 2023, principally due to increases in brokerage asset management fees and commissions as well as income from annuity services.

Noninterest expense totaled $485.7 million for 2024, a decrease of $10.0 million, or 2.0%, when compared to 2023, principally due to the $6.5 million of litigation settlement expense recorded during 2023 as well as declines in services and fees and salaries and employee benefits, partially offset by an increase in other expense. Services and fees totaled $101.6 million for 2024, a decrease of $6.2 million, or 5.8%, when compared to 2023, principally due to declines in outside services and fees, telephone expense and advertising expense, partially offset by increases in data processing charges related to software and business process outsourcing fees. Salaries and employee benefits totaled $266.2 million for the year ended December 31, 2024, a decrease of $2.0 million, or 0.8%, when compared to the year ended December 31, 2023, principally due to decreases in commission expense due to the decline in mortgage originations, severance expense and medical insurance expense, partially offset by increases in salaries expense, primarily due to general merit increases, accrued management performance incentives and stock compensation expense related to performance awards. Other expense totaled $63.8 million for 2024, an increase of $5.0 million, or 8.6%, when compared to 2023, principally due to increases in FDIC assessment expense, primarily due to an increase in the assessment rate, and other real estate write-downs, partially offset by declines in stationary and supplies and other miscellaneous expenses.

The PCL, LHFI for 2024 totaled $45.9 million and included an $8.6 million PCL, LHFI sale of 1-4 family mortgage loans for the credit-related portion of the loss on the sale of the 1-4 family mortgage loans. The PCL, LHFI, excluding the PCL, LHFI sale of 1-4 family mortgage loans, for 2024 totaled $37.3 million compared to $27.4 million for 2023, an increase of $9.9 million, or 36.3%. The PCL, LHFI, excluding the PCL, LHFI sale of 1-4 family mortgage loans, for 2024 primarily reflected an increase in required reserves as a result of credit migrations and other net changes in the qualitative reserve factors, loan growth, changes in the macroeconomic forecast and an increase in specific reserves for individually analyzed credits. The PCL, off-balance sheet credit exposures totaled a negative $4.7 million for 2024 compared to a negative $2.8 million for 2023, a decrease of $1.9 million, or 67.7%. The release in PCL, off-balance sheet credit exposures for 2024 primarily reflected a decrease in required reserves as a result of changes in the total reserve rate coupled with a decrease in unfunded commitments which was partially offset by an increase in required reserves as a result of implementing the Performance Trend and the External Factor-Credit Quality Review qualitative reserve factors. Please see the section captioned “Provision for Credit Losses” for additional information regarding the PCL on LHFI and off-balance sheet credit exposures.

LHFI totaled $13.090 billion at December 31, 2024, an increase of $139.4 million, or 1.1%, compared to December 31, 2023. The increase in LHFI during 2024 was primarily due to net growth in LHFI secured by real estate and other commercial loans and leases partially offset by net declines in commercial and industrial LHFI and state and other political subdivision LHFI. For additional information regarding changes in LHFI and comparative balances by loan category, see the section captioned “LHFI.”

At December 31, 2024, nonperforming assets totaled $86.0 million, a decrease of $20.8 million, or 19.5%, compared to December 31, 2023 principally due to a decrease in nonaccrual LHFI. Total nonaccrual LHFI were $80.1 million at December 31, 2024, a decrease of $19.9 million, or 19.9%, relative to December 31, 2023, primarily as a result of the sale of 1-4 family mortgage loans during the second quarter of 2024 as well as the resolution of three large nonaccrual commercial credits in the Texas and Alabama market regions, partially offset by mortgage loans placed on nonaccrual in the Mississippi market region and three large commercial credits placed on nonaccrual in the Alabama and Texas market regions. Trustmark's mortgage loans 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. The percentage of total loans (LHFS and LHFI) that are 30 days or more past due and nonaccrual LHFI decreased in 2024 to 1.62% compared to 1.69% in 2023.

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 $15.108 billion at December 31, 2024, a decrease of $461.6 million, or 3.0%, compared to December 31, 2023. During 2024, noninterest-bearing deposits decreased $124.1 million, or 3.9%, primarily due to a decline in commercial demand deposit accounts. Interest-bearing deposits decreased $337.5 million, or 2.7%, during 2024, primarily due to intentional declines in public interest checking accounts and brokered deposits as well as a decline in consumer interest checking accounts, partially offset by growth in consumer MMDAs and commercial interest checking accounts and consumer CDs.

Federal funds purchased and repurchase agreements totaled $324.0 million at December 31, 2024 compared to $405.7 million at December 31, 2023, a decrease of $81.7 million, or 20.1%, principally due to a decrease in upstream federal funds purchased. Trustmark had $285.0 million of upstream federal funds purchased at December 31, 2024, compared to $370.0 million at December 31, 2023. Other borrowings totaled $301.5 million at December 31, 2024, a decrease of $181.7 million, or 37.6%, when compared with $483.2 million at December 31, 2023, principally due to a decline in outstanding short-term FHLB advances obtained from the FHLB of Dallas.

Critical Accounting Policies and Accounting Estimates

Trustmark's consolidated financial statements are prepared in accordance with GAAP and follow general practices within the financial services industry. Application of these accounting principles requires Management to make estimates, assumptions and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates, assumptions and judgments are based on historical experience, current information and other factors deemed relevant as of the date of the consolidated financial statements; accordingly, as this information changes, actual financial results could differ from those estimates.

Certain policies inherently have a greater reliance on the use of estimates, assumptions and judgments and, as such, have a greater possibility of producing results that could be materially different than originally reported. An accounting estimate is considered critical if the accounting estimate requires Management to make assumptions about matters with a significant level of uncertainty and if the accounting estimate, or changes to the accounting estimate that are reasonably likely to occur from period to period, have had or are reasonable likely to have a material impact to the consolidated financial statements.

For additional information regarding the accounting policies discussed below, please see Note 1 – Significant Accounting Policies set forth in Part II. Item 8. – Financial Statements and Supplementary Data of this report.

Allowance for Credit Losses

LHFI

The ACL, LHFI is a valuation account, calculated in accordance with FASB ASC Topic 326, that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. The ACL, LHFI represents Management's best estimate of current expected credit losses on Trustmark's existing LHFI portfolio considering available information, from internal and external sources, relevant to assessing exposure to credit loss over the contractual term of the instrument. The ACL, LHFI is adjusted through the PCL, LHFI and reduced by the charge off of loan amounts, net of recoveries.

The credit 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. Trustmark's overall ACL methodology incorporates various qualitative factors, including economic conditions and concentrations of credit, nature and volume of the portfolio, performance trends and external factors. The economic conditions and concentrations of credit qualitative factor was created for the loans secured by NFNR properties and the loans secured by other real estate loan class, two of Trustmark's largest loan classes, to address changes in the economic conditions of metropolitan areas and apply additional pool level reserves based on third-party market data and forecast trends. The performance trend qualitative reserve factor is utilized to incorporate changes in credit quality and is based on migration analyses that allocate additional ACL to non-pass/delinquent loans within each loan pool. The nature and volume of the portfolio qualitative factor applies to a sub-pool of the LHFI secured by 1-4 family residential properties and utilizes a weighted average remaining maturity (WARM) methodology that uses industry data for the assumptions to support the qualitative 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. During the third quarter of 2024, Trustmark activated the External Factor – Credit Quality Review qualitative factor. This qualitative factor ensures reserve adequacy for collectively evaluated commercial loans that may not have been identified and downgraded timely for various reasons. This qualitative factor population is all commercial loans risk rated 1-5. These loans are then applied to the historical average of the Watch/Special Mention rated percentage. Then the balance of these loans are applied additional reserves based on the same reserve rates utilized in the performance trends qualitative factor for Watch/Special Mention rated loans.

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. Determining the appropriateness of the ACL, LHFI is complex and requires judgment by Management about the effect of matters that are inherently uncertain. While Management utilizes its best judgment and information available, the ultimate adequacy of Trustmark's ACL, LHFI is dependent upon a variety of factors beyond its controls, including the performance of the portfolios, the economy, changes in interest rates and the view of regulatory authorities toward classification of assets. 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 ACL and PCL for LHFI. Given the nature of many of the factors, forecasts and assumptions in the ACL methodology for LHFI, it is not possible to provide meaningful estimates of the impact of any such potential change.

For a complete description of Trustmark's ACL methodology for the LHFI portfolio, please see Note 5 – LHFI and ACL, LHFI included in Part II. Item 8. – Financial Statements and Supplementary Data of this report.

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 are not unconditionally cancellable. The ACL on off-balance sheet credit exposures is a liability account calculated in accordance with FASB ASC Topic 326 and presented in the accompanying consolidated balance sheets. Adjustments to the ACL on off-balance sheet credit exposures are recorded to PCL, off-balance sheet credit exposures.

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. In addition to the unfunded balances, Trustmark uses a funding rate for loan pools that are considered open-ended. In order to mitigate volatility and incorporate historical experience in the funding rate, Trustmark uses a twelve-quarter moving average. For the closed-ended loan pools, Trustmark takes a conservative approach and uses a 100% funding rate. The expected funding rate 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. In addition to the funding rate being applied to the unfunded commitment balance, a reserve rate is applied that is loan pool specific and is applied to the unfunded amount, which includes both quantitative and a majority of the qualitative aspects of the current period's expected credit loss rate. During 2024, Management implemented a performance trends qualitative factor for unfunded commitments and an External Factor - Credit Quality Review qualitative factor for unfunded commitments. For both qualitative factors, the same assumptions are applied in the unfunded commitment calculation that are used in the funded balance calculation with the only difference being the unfunded commitment calculation includes the funding rates for the unfunded commitments. The reserves for these two qualitative factors are added to the other calculated reserve to get a total reserve for off-balance sheet credit exposures.

Evaluations of the unfunded commitments are inherently subjective, as they require estimates, assumptions and judgments as to the facts and circumstances of particular situations. Determining the appropriateness of the ACL on off-balance sheet credit exposures is complex and requires judgment by Management about the effect of matters that are inherently uncertain. While Management utilizes its best judgment and information available, the ultimate adequacy of Trustmark's ACL on off-balance sheet credit exposures is dependent upon a variety of factors beyond its control, including the performance of the portfolios, the economy, changes in interest rates and the view of regulatory authorities toward classification of assets. In future periods, evaluations of off-balance sheet credit exposures, in light of the factors and forecasts then prevailing, may result in significant changes in the ACL and PCL on off-balance sheet credit exposures. Given the nature of many of the factors, forecasts and assumptions in the ACL methodology for off-balance sheet credit exposures, it is not possible to provide meaningful estimates of the impact of any such potential change.

For a complete description of Trustmark's ACL methodology for off-balance sheet credit exposures, please see the section captioned "Lending Related" in Note 17 – Commitments and Contingencies included in Part II. Item 8. – Financial Statements and Supplementary Data of this report.

Mortgage Servicing Rights

Trustmark recognizes as assets the rights to service mortgage loans based on the estimated fair value of the MSR when loans are sold and the associated servicing rights are retained. Trustmark has elected to account for the MSR at fair value.

The fair value of the MSR is determined 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, escrow account earnings and contractual servicing fee income and costs. Management reviews all significant assumptions at least 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 may result in a decrease in the fair value of the MSR, while a decrease in either assumption may 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 speeds and/or discount rates within ranges that market participants would use in determining the fair value of the MSR requires significant management judgment.

At December 31, 2024, the MSR fair value was $139.3 million. The impact on the MSR fair value of either a 10% adverse change in prepayment speeds or a 100 basis point increase in discount rates at December 31, 2024, would be a decline in fair value of approximately $4.9 million and $5.6 million, respectively. Changes of equal magnitude in the opposite direction would produce similar increases in fair value in the respective amounts. See the section captioned "MSR" in Note 7 – Mortgage Banking included in Part II. Item 8. – Financial Statements and Supplementary Data of this report for additional information regarding the valuation of the MSR.

Recent Legislative and Regulatory Developments

For information regarding legislation and regulation applicable to Trustmark, see the section captioned "Supervision and Regulation" included in Part I. Item 1. – Business of this report.

Non-GAAP Financial Measures

In addition to capital ratios defined by 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 calculations may not be comparable with other organizations. Also, there may be limits in the usefulness of these measures to investors. As a result, Trustmark encourages readers to consider its audited 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):

		Years Ended December 31,		
		2024	2023	2022
TANGIBLE EQUITY				
AVERAGE BALANCES				
Total shareholders' equity		$ 1,825,627	$ 1,570,098	$ 1,604,854
Less: Goodwill		(334,605)	(334,605)	(334,605)
Identifiable intangible assets		(182)	(325)	(971)
Total average tangible equity		$ 1,490,840	$ 1,235,168	$ 1,269,278
PERIOD END BALANCES				
Total shareholders' equity		$ 1,962,327	$ 1,661,847	$ 1,492,268
Less: Goodwill		(334,605)	(334,605)	(334,605)
Identifiable intangible assets		(126)	(236)	(526)
Total tangible equity	**(a)**	$ 1,627,596	$ 1,327,006	$ 1,157,137
TANGIBLE ASSETS				
Total assets		$ 18,152,422	$ 18,722,189	$ 18,015,478
Less: Goodwill		(334,605)	(334,605)	(334,605)
Identifiable intangible assets		(126)	(236)	(526)
Total tangible assets	**(b)**	$ 17,817,691	$ 18,387,348	$ 17,680,347
Risk-weighted assets	**(c)**	$ 14,990,258	$ 15,153,263	$ 14,521,078
NET INCOME ADJUSTED FOR INTANGIBLE AMORTIZATION				
Net income (loss) from continuing operations		$ 45,210	$ 153,290	$ 60,918
Plus: Intangible amortization net of tax from continuing operations		81	217	740
Net income (loss) from continuing operations adjusted for intangible amortization		$ 45,291	$ 153,507	$ 61,658
Period end shares outstanding	**(d)**	61,008,023	61,071,173	60,977,686
TANGIBLE EQUITY MEASUREMENTS				
Return on average tangible equity from continuing operations *(1)*		3.04 %	12.43 %	4.86 %
Tangible equity/tangible assets	**(a)/(b)**	9.13 %	7.22 %	6.54 %
Tangible equity/risk-weighted assets	**(a)/(c)**	10.86 %	8.76 %	7.97 %
Tangible book value	**(a)/(d)*1,000**	$ 26.68	$ 21.73	$ 18.98
COMMON EQUITY TIER 1 CAPITAL (CET1)				
Total shareholders' equity		$ 1,962,327	$ 1,661,847	$ 1,492,268
CECL transition adjustment		6,500	13,000	19,500
AOCI-related adjustments		83,659	219,723	275,403
CET1 adjustments and deductions:				
Goodwill net of associated deferred tax liabilities (DTLs)		(320,756)	(370,212)	(370,241)
Other adjustments and deductions for CET1 *(2)*		(2,058)	(2,693)	(3,258)
CET1 capital	**(e)**	1,729,672	1,521,665	1,413,672
Additional Tier 1 capital instruments plus related surplus		60,000	60,000	60,000
Tier 1 capital		$ 1,789,672	$ 1,581,665	$ 1,473,672
CET1 risk-based capital ratio	**(e)/(c)**	11.54 %	10.04 %	9.74 %

(1) Calculated using net income from continuing operations 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.

Significant Non-routine Transactions

Trustmark discloses certain non-GAAP financial measures, including net income adjusted for significant non-routine transactions, because Management uses these measures for business planning purposes, including to manage Trustmark's business against internal projected results of operations and to measure Trustmark's performance. Trustmark views net income adjusted for significant non-routine transactions as a measure of its core operating business, which excludes the impact of the items detailed below, as these items are generally not operational in nature. This non-GAAP measure also provides another basis for comparing period-to-period results as presented in the accompanying selected financial data table and the audited consolidated financial statements by excluding potential differences caused by non-operational and unusual or non-recurring items. Readers are cautioned that these adjustments are not permitted under GAAP. Trustmark encourages readers to consider its audited consolidated financial statements and the notes related

thereto, included in Part II. Item 8. – Financial Statements and Supplementary Data of this report, in their entirety, and not to rely on any single financial measure.

The following table presents adjustments to net income (loss) from continuing operations and select financial ratios as reported in accordance with GAAP resulting from significant non-routine items occurring during the periods presented ($ in thousands, except per share data):

	Years Ended December 31,		
	2024	2023	2022
Net income (loss) from continuing operations (GAAP)	$ 45,210	$ 153,290	$ 60,918
Significant non-routine transactions (net of taxes):			
PCL, LHFI sale of 1-4 family mortgage loans	6,475	—	—
Loss on sale of 1-4 family mortgage loans	3,598	—	—
Visa C shares fair value adjustment	(6,042)	—	—
Securities losses from portfolio restructuring	137,094	—	—
Reduction in force expense	—	1,055	—
Litigation settlement expense	—	4,875	75,563
Net income from continuing operations adjusted for significant non-routine transactions (Non-GAAP)	$ 186,335	$ 159,220	$ 136,481
Diluted EPS from adjusted continuing operations	$ 3.04	$ 2.60	$ 2.22
Financial Ratios - Reported (GAAP)			
Return on average equity from continuing operations	2.48%	9.76%	3.80%
Return on average tangible equity from continuing operations	3.04%	12.43%	4.86%
Return on average assets from continuing operations	0.24%	0.82%	0.35%
Financial Ratios - Adjusted (Non-GAAP)			
Return on average equity from adjusted continuing operations	10.34%	10.17%	8.49%
Return on average tangible equity from adjusted continuing operations	12.71%	12.95%	10.78%
Return on average assets from adjusted continuing operations	1.01%	0.86%	0.78%

Sale of 1-4 Family Mortgage Loans

Trustmark sold a portfolio of 1-4 family mortgage loans that were at least three payments delinquent and/or nonaccrual at the time of selection totaling $56.2 million, which resulted in a loss of $13.4 million ($10.1 million, net of taxes). The portion of the loss related to credit totaled $8.6 million ($6.5 million, net of taxes) and was recorded as adjustments to charge-offs and the PCL, LHFI. The noncredit-related portion of the loss totaled $4.8 million ($3.6 million, net of taxes) and was recorded to noninterest income (loss) in other, net.

Visa Shares Conversion

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 were validly tendered and accepted for exchange by Visa. TNB tendered its 38.7 thousand Visa B-1 shares, which were accepted by Visa. In exchange for each Visa B-1 share that was validly tendered and accepted for exchange by Visa, TNB received 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. The Visa C shares that were received by TNB were recognized at fair value, which resulted in a gain of $8.1 million ($6.0 million, net of taxes) and was recorded to noninterest income (loss) in other, net during the second quarter of 2024. During the third quarter of 2024, TNB sold all of the Visa C shares for approximately the same carrying value as of June 30, 2024. The Visa B-2 shares were recorded at their nominal carrying value.

Securities Portfolio Restructuring

Trustmark restructured its investment securities portfolio by selling $1.561 billion of available for sale securities with an average yield of 1.36%, which generated a loss of $182.8 million ($137.1 million, net of taxes) and was recorded to noninterest income (loss) in securities gains (losses), net. Trustmark also purchased $1.378 billion of available for sale securities with an average yield of 4.85%.

Reduction in Force Expense

During the fourth quarter 2023, Trustmark incurred reduction in force expenses of $1.4 million related to various restructuring initiatives.

Litigation Settlement Expense

On October 9, 2023, Trustmark entered into a settlement agreement that resolved all current and potential future claims relating to litigation involving Adams/Madison Timber. As a result of this settlement, Trustmark recognized a one-time charge of $6.5 million of litigation settlement expense during the third quarter of 2023.

On January 13, 2023, TNB entered into a settlement agreement relating to the litigation involving the Stanford Financial Group. As a result of this settlement, Trustmark recognized a one-time charge of $100.0 million of litigation settlement expense as well as an additional $750 thousand of legal fees during the fourth quarter of 2022.

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 are immaterial.

Net interest income-FTE for the year ended December 31, 2024 increased $30.6 million, or 5.4%, when compared with the year ended December 31, 2023. The increase in net interest income-FTE when 2024 is compared to 2023 was principally due to increases in interest and fees on LHFS and LHFI-FTE and interest on securities-taxable as well as a decline in other interest expense, partially offset by an increase in total interest on deposits and a decline in other interest income. The net interest margin-FTE for 2024 increased 19 basis points to 3.51% when compared to 2023. The increase in the net interest margin-FTE for 2024 was principally due to increases in the yields on the LHFS and LHFI and securities portfolios reflecting the higher interest rate environment and the restructuring of the securities portfolio during 2024, partially offset by higher costs of interest-bearing liabilities.

Average interest-earning assets for 2024 were $17.010 billion compared to $17.082 billion for 2023, a decrease of $71.9 million, or 0.4%, reflecting declines in average securities and average other earning assets partially offset by growth in average loans (LHFS and LHFI). Average total securities declined $372.8 million, or 10.5%, when 2024 is compared to 2023, principally due to available for sale securities sold net of available for sale securities purchased as part of the restructuring of the available for sale securities portfolio during the second quarter of 2024 as well as calls, maturities and pay-downs of the loans underlying GSE guaranteed securities. Average other earning assets decreased $181.3 million, or 24.9%, when 2024 is compared to 2023, primarily due to decreases in reserves held at the FRBA and investments in FHLB stock. Average loans (LHFS and LHFI) increased $482.3 million, or 3.8%, when 2024 is compared to 2023, primarily attributable to an increase in the average balance of the LHFI portfolio of $458.5 million, or 3.6%. The increase in the average LHFI portfolio when the balances at December 31, 2024 are compared to December 31, 2023 was principally due to net growth in average LHFI secured by real estate and average other commercial loans and leases partially offset by declines in average state and other political subdivision loans. See the sections captioned "LHFS" and "LHFI" for additional information regarding changes in the LHFS and LHFI portfolios.

Interest income-FTE totaled $972.9 million for 2024, an increase of $80.6 million, or 9.0%, while the yield on total earning assets increased 50 basis points to 5.72% when compared to 2023. The increase in interest income-FTE in 2024 primarily reflects increases in interest and fees on LHFS and LHFI-FTE and interest on securities-taxable partially offset by a decline in other interest income. During 2024, interest and fees on LHFS and LHFI-FTE increased $68.6 million, or 8.7%, when compared to 2023, while the yield on loans (LHFS and LHFI) increased to 6.45% compared to 6.16% reflecting the higher interest rate environment and the increase in the average balance of the LHFI portfolio. During 2024, interest on securities-taxable increased $19.8 million, or 30.0%, when compared to 2023, while the yield on taxable securities increased to 2.70% compared to 1.86% principally due to the restructuring of the securities portfolio. During 2024, other interest income decreased $7.5 million, or 20.3%, when compared to 2023, while the yield on other

earning assets increased to 5.41% compared to 5.10%, primarily due to declines in the balance held at the FRBA and dividend income from FHLB stock.

Average interest-bearing liabilities for 2024 totaled $13.159 billion compared to $12.983 billion for 2023, an increase of $176.1 million, or 1.4%. The increase in average interest-bearing liabilities was primarily the result of increases in average interest-bearing deposits partially offset by a decline in average other borrowings. Average interest-bearing deposits for 2024 increased $784.0 million, or 6.9%, when compared to 2023, reflecting growth in average time deposits and average interest-bearing demand deposits partially offset by declines in average savings deposits. Average other borrowings for 2024 decreased $596.0 million, or 60.6%, when compared to 2023, principally due to the decrease in short-term FHLB advances outstanding during the year.

Interest expense for 2024 totaled $375.9 million, an increase of $50.0 million, or 15.3%, when compared with 2023, while the rate on total interest-bearing liabilities increased to 2.86% compared to 2.51%. The increase in interest expense for 2024 was principally due to the increase in interest on deposits partially offset by a decline in other interest expense. Interest on deposits increased $83.4 million, or 33.9%, while the rate on interest-bearing deposits increased to 2.70% compared to 2.16% when 2024 is compared to 2023, primarily due to increases in interest on commercial interest checking accounts and all categories of CDs and MMDAs, primarily due to rising interest rates, increased competition for deposits and higher average balances. Other interest expense decreased $33.2 million, or 55.7%, while the rate on other borrowings decreased to 4.60% compared to 5.09%, when 2024 is compared to 2023, principally due to a decrease in the amount of short-term FHLB advances obtained from the FHLB of Dallas during the year.

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):

	Years Ended December 31,								
	2024			2023			2022		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets									
Interest-earning assets:									
Securities available for sale:									
Taxable	$ 1,789,685	$ 55,932	3.13 %	$ 2,090,201	$ 35,359	1.69 %	$ 2,932,054	$ 38,799	1.32 %
Nontaxable	—	—	—	4,657	182	3.91 %	4,997	195	3.90 %
Securities held to maturity:									
Taxable	1,388,531	29,989	2.16 %	1,454,450	30,741	2.11 %	911,010	20,918	2.30 %
Nontaxable	112	5	4.46 %	1,854	81	4.37 %	5,623	227	4.04 %
PPP loans	—	—	—	—	—	—	14,868	639	4.30 %
Loans (LHFS and LHFI)	13,283,829	857,307	6.45 %	12,801,531	788,719	6.16 %	11,236,388	485,246	4.32 %
Other earning assets	548,336	29,667	5.41 %	729,673	37,215	5.10 %	909,167	8,154	0.90 %
Total interest-earning assets	17,010,493	972,900	5.72 %	17,082,366	892,297	5.22 %	16,014,107	554,178	3.46 %
Other assets	1,685,971			1,718,058			1,567,921		
Allowance for credit losses	(148,564)			(125,942)			(104,138)		
Total Assets	$ 18,547,900			$ 18,674,482			$ 17,477,890		
Liabilities and Shareholders' Equity									
Interest-bearing liabilities:									
Interest-bearing demand deposits	$ 5,348,043	148,888	2.78 %	$ 4,871,977	121,138	2.49 %	$ 4,585,955	16,409	0.36 %
Savings deposits	3,506,829	30,121	0.86 %	3,838,791	28,605	0.75 %	4,579,742	9,654	0.21 %
Time deposits	3,331,543	150,372	4.51 %	2,691,682	96,208	3.57 %	1,153,983	3,006	0.26 %
Federal funds purchased and securities sold under repurchase agreements	398,884	20,154	5.05 %	410,945	20,419	4.97 %	283,328	6,127	2.16 %
Other borrowings	388,266	17,146	4.42 %	984,315	50,441	5.12 %	198,672	4,963	2.50 %
Subordinated notes	123,584	4,751	3.84 %	123,364	4,751	3.85 %	123,144	4,751	3.86 %
Junior subordinated debt securities	61,856	4,477	7.24 %	61,856	4,392	7.10 %	61,856	2,215	3.58 %
Total interest-bearing liabilities	13,159,005	375,909	2.86 %	12,982,930	325,954	2.51 %	10,986,680	47,125	0.43 %
Noninterest-bearing demand deposits	3,179,641			3,532,134			4,452,046		
Other liabilities	383,627			589,320			434,310		
Shareholders' equity	1,825,627			1,570,098			1,604,854		
Total Liabilities and Shareholders' Equity	$ 18,547,900			$ 18,674,482			$ 17,477,890		
Net Interest Margin		596,991	3.51 %		566,343	3.32 %		507,053	3.17 %
Less tax equivalent adjustments:									
Investments		1			55			89	
Loans		12,569			13,410			12,256	
Net Interest Margin per Consolidated Statements of Income		$ 584,421			$ 552,878			$ 494,708	

The table below shows the change from year to year for each component of the tax equivalent net interest margin in the amount generated by volume changes and the amount generated by changes in the yield or rate (tax equivalent basis) for the periods presented ($ in thousands):

	2024 Compared to 2023 Increase (Decrease) Due To:			2023 Compared to 2022 Increase (Decrease) Due To:		
	Volume	Yield/ Rate	Net	Volume	Yield/ Rate	Net
Interest earned on:						
Securities available for sale:						
Taxable	$ (5,721)	$ 26,294	$ 20,573	$ (12,720)	$ 9,280	$ (3,440)
Nontaxable	(91)	(91)	(182)	(13)	—	(13)
Securities held to maturity:						
Taxable	(1,449)	697	(752)	11,669	(1,846)	9,823
Nontaxable	(78)	2	(76)	(164)	18	(146)
PPP loans	—	—	—	(319)	(320)	(639)
Loans, net of unearned income (LHFS and LHFI)	30,490	38,098	68,588	74,788	228,685	303,473
Other earning assets	(9,700)	2,152	(7,548)	(1,910)	30,971	29,061
Total interest-earning assets	13,451	67,152	80,603	71,331	266,788	338,119
Interest paid on:						
Interest-bearing demand deposits	12,660	15,090	27,750	1,093	103,636	104,729
Savings deposits	(2,570)	4,086	1,516	(1,806)	20,757	18,951
Time deposits	25,699	28,465	54,164	8,831	84,371	93,202
Federal funds purchased and securities sold under repurchase agreements	(596)	331	(265)	3,676	10,616	14,292
Other borrowings	(27,163)	(6,132)	(33,295)	35,951	9,527	45,478
Subordinated notes	10	(10)	—	10	(10)	—
Junior subordinated debt securities	—	85	85	—	2,177	2,177
Total interest-bearing liabilities	8,040	41,915	49,955	47,755	231,074	278,829
Change in net interest income on a tax equivalent basis	$ 5,411	$ 25,237	$ 30,648	$ 23,576	$ 35,714	$ 59,290

The change in interest due to both volume and yield or rate has been allocated to change due to volume and change due to yield or rate in proportion to the absolute value of the change in each. Tax-exempt income has been adjusted to a tax equivalent basis using the federal statutory corporate tax rate in effect for each of the three years presented. The balances of nonaccrual loans and the related income recognized have been included for purposes of these computations.

Provision for Credit Losses

The PCL, LHFI is the amount necessary to maintain the ACL, 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, excluding the PCL, LHFI sale of 1-4 family mortgage loans, totaled $37.3 million for 2024, compared to a PCL, LHFI of $27.4 million for 2023 and $21.7 million for 2022. The PCL, LHFI, excluding the PCL, LHFI sale of 1-4 family mortgage loans, for 2024 primarily reflected an increase in required reserves as a result of credit migrations and other net changes in the qualitative reserve factors, loan growth, changes in the macroeconomic forecast and an increase in specific reserves for individually analyzed credits.

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 $4.7 million for 2024 compared to a negative $2.8 million for 2023, and $1.2 million for 2022. The release in PCL on off-balance sheet credit exposures for 2024 primarily reflected a decrease in required reserves as a result of changes in the total reserve rate coupled with a decrease in unfunded commitments which was partially offset by an increase in required reserves as a result of implementing the Performance Trend and the External Factor-Credit Quality Review qualitative reserve factors.

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 (Loss)

The following table provides the comparative components of noninterest income (loss) for the periods presented ($ in thousands):

	Years Ended December 31,					
	2024		2023		2022	
	Amount	% Change	Amount	% Change	Amount	% Change
Service charges on deposit accounts	$ 44,382	2.2%	$ 43,416	3.0%	$ 42,157	26.8%
Bank card and other fees	33,301	-0.4%	33,439	-7.4%	36,105	4.2%
Mortgage banking, net	26,626	1.6%	26,216	-7.4%	28,306	-55.6%
Wealth management	37,251	6.2%	35,092	0.2%	35,013	-0.5%
Other, net	17,813	74.1%	10,231	4.0%	9,841	52.7%
Securities gains (losses), net	(182,792)	n/m	39	n/m	—	—
Total noninterest income (loss)	$ (23,419)	n/m	$ 148,433	-2.0%	$ 151,422	-12.6%

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

Changes in various components of noninterest income (loss) for the year ended December 31, 2024 are discussed in further detail below. For analysis of Trustmark's 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 (loss) for the periods presented ($ in thousands):

	Years Ended December 31,					
	2024		2023		2022	
	Amount	% Change	Amount	% Change	Amount	% Change
Mortgage servicing income, net	$ 28,215	3.7%	$ 27,196	3.4%	$ 26,291	3.2%
Change in fair value-MSR from runoff	(11,645)	16.1%	(10,030)	-28.5%	(14,034)	-30.4%
Gain on sales of loans, net	19,278	25.6%	15,345	-24.0%	20,178	-64.0%
Mortgage banking income before net hedge ineffectiveness	35,848	10.3%	32,511	0.2%	32,435	-47.1%
Change in fair value-MSR from market changes	5,801	n/m	(1,489)	n/m	38,181	n/m
Change in fair value of derivatives	(15,023)	n/m	(4,806)	-88.6%	(42,310)	n/m
Net hedge ineffectiveness	(9,222)	46.5%	(6,295)	52.5%	(4,129)	n/m
Mortgage banking, net	$ 26,626	1.6%	$ 26,216	-7.4%	$ 28,306	-55.6%

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

The increase in mortgage banking, net when 2024 is compared to 2023 was principally due to an increase in the gain on sales of loans, net partially offset by an increase in the net negative hedge ineffectiveness. Mortgage loan production totaled $1.418 billion for 2024, a decrease of $36.4 million, or 2.5%, when compared to 2023. Loans serviced for others totaled $8.763 billion at December 31, 2024, compared with $8.477 billion at December 31, 2023, and $8.116 billion at December 31, 2022.

Representing a significant component of mortgage banking income is gain on sales of loans, net. The increase in the gain on sales of loans, net when 2024 is compared to 2023 was primarily the result of higher profit margins in secondary marketing activities partially offset by a decrease in the mortgage valuation adjustment. Loan sales increased $5.3 million, or 0.5%, during 2024 to total $1.141 billion compared to a decrease of $107.0 million, or 8.6%, during 2023 to total $1.136 billion.

Other, Net

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

	Years Ended December 31,					
	2024		2023		2022	
	Amount	% Change	Amount	% Change	Amount	% Change
Partnership amortization for tax credit purposes	$ (7,627)	-4.5%	$ (7,988)	28.6%	$ (6,211)	-22.5%
Increase in life insurance cash surrender value	7,478	6.6%	7,018	5.2%	6,673	0.6%
Loss on sale of 1-4 family mortgage loans	(4,798)	n/m	—	—	—	—
Visa C shares fair value adjustment	8,056	n/m	—	—	—	—
Other miscellaneous income	14,704	31.3%	11,201	19.4%	9,379	18.2%
Total other, net	$ 17,813	74.1%	$ 10,231	4.0%	$ 9,841	50.2%

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

The increase in other, net when 2024 is compared to 2023 was principally due to the $8.1 million Visa C shares fair value adjustment during the second quarter of 2024 as well as an increase in other miscellaneous income, partially offset by the $4.8 million noncredit-related loss on the sale of 1-4 family mortgage loans recorded during the second quarter of 2024. The increase in other miscellaneous income when 2024 is compared with 2023 was principally due to increases in cash management service charges and other partnership investments.

Noninterest Expense

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

	Years Ended December 31,					
	2024		2023		2022	
	Amount	% Change	Amount	% Change	Amount	% Change
Salaries and employee benefits	$ 266,239	-0.8%	$ 268,270	5.5%	$ 254,247	-0.1%
Services and fees *(1)*	101,590	-5.8%	107,805	3.8%	103,893	15.9%
Net occupancy-premises	29,128	2.2%	28,507	1.9%	27,986	8.4%
Equipment expense	24,915	-3.6%	25,844	7.0%	24,145	0.4%
Litigation settlement expense	—	-100.0%	6,500	-93.5%	100,750	n/m
Other expense *(1)*	63,818	8.6%	58,770	10.7%	53,112	-10.2%
Total noninterest expense	$ 485,690	-2.0%	$ 495,696	-12.1%	$ 564,133	24.5%

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

(1) During 2023, Trustmark reclassified its debit card transaction fees from other expense to services and fees. Prior periods have been reclassified accordingly.

Changes in the various components of noninterest expense for the year ended December 31, 2024 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 decrease in salaries and employee benefits expense when 2024 is compared to 2023 was principally due to decreases in commission expense due to the decline in mortgage originations, severance expense and medical insurance expense, partially offset by increases in salaries expense, primarily due to general merit increases, accrued management performance incentives and stock compensation expense related to performance awards.

Services and Fees

The decrease in services and fees when 2024 is compared to 2023 was principally due to declines in outside services and fees, telephone expense and advertising expense, partially offset by increases in data processing charges related to software and business process outsourcing fees.

Other Expense

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

	Years Ended December 31,					
	2024		2023		2022	
	Amount	% Change	Amount	% Change	Amount	% Change
Loan expense *(1)*	$ 11,580	4.2%	$ 11,114	-9.3%	$ 12,249	-0.6%
Amortization of intangibles	110	-62.1%	290	-70.6%	985	-44.2%
FDIC assessment expense	19,211	42.0%	13,529	83.2%	7,385	33.9%
Other real estate expense, net	3,164	n/m	119	-89.9%	1,173	-66.8%
Other miscellaneous expense	29,753	-11.8%	33,718	7.7%	31,320	1.1%
Total other expense	$ 63,818	8.6%	$ 58,770	10.7%	$ 53,112	-10.2%

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

(1) During 2023, Trustmark reclassified its debit card transaction fees from other expense to services and fees. Prior periods have been reclassified accordingly.

The increase in other expense when 2024 is compared to 2023 was principally due to increases in FDIC assessment expense, primarily due to an increase in the assessment rate, and other real estate write-downs, partially offset by declines in stationary and supplies and other miscellaneous expenses.

For additional analysis of other real estate and foreclosure expenses, please see the section captioned "Nonperforming Assets."

Results of Segment Operations

Trustmark's operations are managed along two operating segments: General Banking and Wealth Management. A description of each segment and the methodologies used to measure financial performance and financial information by reportable segment are included in Note 21 – Segment Information located in Part II. Item 8. – Financial Statements and Supplementary Data of this report. The Insurance Segment is included in discontinued operations for all periods presented in the accompanying consolidated balance sheets and the consolidated statements of income (loss). For additional information about discontinued operations, please see Note 2 - Discontinued Operations included in Part I. Item 1. – Financial Statements of this report.

The following table provides the net income by reportable segment for the periods presented ($ in thousands):

	Years Ended December 31,		
	2024	2023	2022
General banking	$ 37,409	$ 145,332	$ 55,247
Wealth management	7,801	7,958	5,671
Consolidated net income from continuing operations	$ 45,210	$ 153,290	$ 60,918

General Banking

Net interest income for the General Banking Segment for 2024 increased $31.5 million, or 5.8%, when compared with 2023, primarily resulting from increases in interest and fees from LHFS and LHFI and interest on securities as well as a decline in other interest expense, partially offset by an increase in interest expense on deposits and a decrease in other interest income. Net interest income for the General Banking Segment for 2023 increased $57.6 million, or 11.8%, when compared with 2022, principally due to increases in interest and fees on LHFS and LHFI, other interest income and interest on securities, partially offset by an increase in total interest expense. The PCL (LHFI and off-balance sheet credit exposures) for the General Banking Segment for 2024 totaled $41.1 million compared to a PCL of $26.7 million during 2023 and a PCL of $22.9 million during 2022. For more information on these net interest income items, please see the sections captioned "Financial Highlights" and "Results of Operations."

Noninterest income (loss) for the General Banking Segment decreased $174.2 million during 2024 compared to a decrease of $2.9 million, or 2.5%, during 2023. The decrease in noninterest income (loss) for the General Banking Segment during 2024 was primarily due to the net loss on the sale of available for sale securities, the noncredit-related loss on the sale of 1-4 family mortgage loans and a decrease in mortgage banking, net, partially offset by the gain on the conversion of Visa Class B-1 shares to Visa Class C shares and increases in cash management service fees and other miscellaneous income. The decrease in noninterest income (loss) for the General Banking Segment during 2023 was primarily due to the decreases in bank card and other fees and mortgage banking, net, partially offset by increases in service charges on deposit accounts and other, net. Noninterest income (loss) for the General Banking Segment

represented a negative 11.7% of total revenue for 2024, 17.2% for 2023 and 19.2% for 2022. Noninterest income (loss) 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 (loss) items, please see the analysis included in the section captioned "Noninterest Income (Loss)."

Noninterest expense for the General Banking Segment decreased $10.4 million, or 2.2%, during 2024 compared to a decrease of $67.9 million, or 12.8%, during 2023. The decrease in noninterest expense for the General Banking Segment for 2024 was principally due to the $6.5 million of litigation settlement expense recorded during 2023 as well as declines in services and fees and salaries and employee benefits, partially offset by an increase in other expense. The decrease in noninterest expense for the General Banking Segment for 2023 was principally due to decreases in litigation settlement expense, outside services and fees and loan expenses, partially offset by increases in salaries and employee benefits, data processing expenses related to software and FDIC assessment expense. During 2023, Trustmark recognized litigation settlement expense of $6.5 million as a result of the settlement relating to the litigation involving Adams/Madison timber compared to litigation settlement expense of $100.0 million and legal fees of $750 thousand recognized in 2022 as a result of the settlement relating to the litigation involving the Stanford Financial Group. For more information on these noninterest expense items, please see the analysis included in the section captioned "Noninterest Expense."

Wealth Management

During 2024, net income for the Wealth Management Segment decreased $157 thousand, or 2.0%, compared to an increase of $2.3 million, or 40.3%, during 2023. The decrease in net income for the Wealth Management Segment during 2024 was principally due to increases in the PCL and noninterest expense largely offset by an increase in noninterest income. The increase in net income for the Wealth Management Segment during 2023 was principally due to an increase in the negative PCL.

Net interest income for the Wealth Management Segment increased $80 thousand, or 1.4%, during 2024 compared to an increase of $558 thousand, or 10.5%, during 2023. The slight increase in net interest income for the Wealth Management Segment during 2024 was principally due to an increase in interest and fees on LHFS and LHFI largely offset by an increase in interest expense on deposits. The increase in net interest income for the Wealth Management Segment during 2023 was principally due to an increase in interest and fees on loans partially offset by an increase in interest on deposits generated by the Private Banking Group. The PCL for the Wealth Management Segment for 2024 totaled $154 thousand compared to a negative PCL of $2.1 million during 2023 and a negative PCL of $21 thousand during 2022.

Noninterest income for the Wealth Management Segment, which includes income related to investment management, trust and brokerage services, increased $2.4 million, or 6.8%, during 2024, principally due to increases in brokerage asset management fees and commissions as well as income from annuity services. Noninterest income for the Wealth Management Segment decreased $136 thousand, or 0.4%, during 2023, principally due to declines in income from brokerage services and other miscellaneous income partially offset by increases in income from trust management and annuity services and indirect income allocated to the Wealth Management Segment.

Noninterest expense increased $405 thousand, or 1.3%, during 2024 compared to a decrease of $534 thousand, or 1.6%, during 2023. The increase in noninterest expense for the Wealth Management Segment for 2024 was principally due to an increase in salaries and employee benefits, primarily related to broker commissions and annual portfolio manager incentives. The decrease in noninterest expense for the Wealth Management Segment for 2023 was principally due to a decrease in data processing charges related to software, partially offset by an increase in business process outsourcing expenses.

At December 31, 2024 and 2023, Trustmark held assets under management and administration of $9.423 billion and $8.250 billion and brokerage assets of $2.638 billion and $2.592 billion, respectively.

Income Taxes

For the year ended December 31, 2024, Trustmark's combined effective tax rate from continuing operations was a negative 32.7% compared to 15.3% in 2023 and a negative 3.1% in 2022. The negative effective tax rate from continuing operations for the year ended December 31, 2024 was principally due to the significant non-routine transactions that occurred during the second quarter of 2024. Excluding the significant non-routine transactions, Trustmark's combined effective tax rate from continuing operations for 2024 was 16.1%. The negative effective tax rate from continuing operations for 2022 was principally due to the net loss recorded for 2022 as a result of the $100.8 million of litigation settlement expense. Excluding the litigation settlement expense, Trustmark's combined effective tax rate from continuing operations for 2022 was 14.6%. 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 purchased under reverse repurchase agreements and other earning assets. Average earning assets totaled $17.010 billion, or 91.7% of total average assets, at December 31, 2024, compared with $17.082 billion, or 91.5% of total average assets, at December 31, 2023, a decrease of $71.9 million, or 0.4%.

Securities

The securities portfolio is utilized by Management to manage interest rate risk, generate interest income, provide liquidity and use as collateral for public 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 at December 31, 2024 and 2023 was 4.8 and 4.5 years, respectively. The increase in the weighted-average life of the portfolio was principally due to the restructuring of the available for sale securities portfolio during the second quarter of 2024.

When compared with December 31, 2023, total investment securities decreased by $161.2 million, or 5.1%, during 2024. This decrease resulted primarily from available for sale securities sold net of available for sale securities purchased as part of the restructuring of the available for sale securities portfolio during the second quarter of 2024 as well as calls, maturities and pay-downs of the loans underlying GSE guaranteed securities. Trustmark sold $1.561 billion of available for sale securities during 2024, generating a loss of $182.8 million, compared to $4.8 million of available for sale securities sold during 2023, generating a net gain of $39 thousand.

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 December 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 $46.6 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 December 31, 2024, available for sale securities totaled $1.693 billion, which represented 55.9% of the securities portfolio, compared to $1.763 billion, or 55.3%, at December 31, 2023. At December 31, 2024, unrealized losses, net on available for sale securities totaled $27.0 million compared to unrealized losses, net of $196.1 million at December 31, 2023. At December 31, 2024, available for sale securities consisted of U.S. Treasury securities, direct obligations of government agencies and GSE guaranteed mortgage-related securities.

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 December 31, 2024, held to maturity securities totaled $1.335 billion and represented 44.1% of the total securities portfolio, compared with $1.426 billion, or 44.7%, at December 31, 2023.

The following table details the weighted-average yield for each range of maturities of securities available for sale and held to maturity using the amortized cost at December 31, 2024 (tax equivalent basis):

	Maturing				
	Within One Year	After One, But Within Five Years	After Five, But Within Ten Years	After Ten Years	Total
Securities Available for Sale					
U.S. Treasury securities	5.01%	4.57%	4.22%	—	4.51%
U.S. Government agency obligations	—	—	3.94%	—	3.94%
Mortgage-backed securities					
Residential mortgage pass-through securities					
Guaranteed by GNMA	0.56%	1.92%	3.61%	3.82%	3.80%
Issued by FNMA and FHLMC	2.24%	1.80%	1.88%	4.30%	4.28%
Commercial mortgage-backed securities					
Issued or guaranteed by FNMA, FHLMC, or GNMA	—	3.87%	4.99%	5.46%	4.99%
Total securities available for sale	4.99%	4.36%	4.73%	4.28%	4.43%
Securities Held to Maturity					
U.S. Treasury securities	—	1.04%	—	—	1.04%
Mortgage-backed securities					
Residential mortgage pass-through securities					
Guaranteed by GNMA	—	—	—	4.36%	4.36%
Issued by FNMA and FHLMC	—	1.94%	1.73%	1.71%	1.71%
Other residential mortgage-backed securities					
Issued or guaranteed by FNMA, FHLMC, or GNMA	—	—	1.95%	1.96%	1.96%
Commercial mortgage-backed securities					
Issued or guaranteed by FNMA, FHLMC, or GNMA	3.21%	2.36%	2.09%	2.46%	2.30%
Total securities held to maturity	3.21%	2.26%	2.06%	1.83%	2.08%

Mortgage-backed securities and collateralized mortgage obligations are included in maturity categories based on their stated maturity date. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations.

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 U.S. Treasury securities, 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 and FRBA, Trustmark does not hold any other equity investment in a GSE.

At December 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 tables present Trustmark's securities portfolio by amortized cost and estimated fair value and by credit rating, as determined by Moody's, at December 31, 2024 and 2023 ($ in thousands):

	December 31, 2024			
	Amortized Cost		Estimated Fair Value	
	Amount	%	Amount	%
Securities Available for Sale				
Aaa	$ 1,719,537	100.0%	$ 1,692,534	100.0%
Total securities available for sale	$ 1,719,537	100.0%	$ 1,692,534	100.0%
Securities Held to Maturity				
Aaa	$ 1,335,385	100.0%	$ 1,259,107	100.0%
Total securities held to maturity	$ 1,335,385	100.0%	$ 1,259,107	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 issues 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 December 31, 2024, LHFS totaled $200.3 million, consisting of $102.7 million of residential real estate mortgage loans in the process of being sold to third parties and $97.6 million of Government National Mortgage Association (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 2024 or 2023.

For additional information regarding the GNMA optional repurchase loans, please see the section captioned "Past Due LHFS" included in Note 5 – LHFI and ACL, LHFI of Part II. Item 8. – Financial Statements and Supplementary Data of this report.

LHFI

The table below provides the carrying value of the LHFI portfolio by loan class for the years ended December 31, 2024 and 2023 ($ in thousands):

	December 31,			
	2024		2023	
	Amount	%	Amount	%
Loans secured by real estate:				
Construction, land development and other land	$ 587,244	4.5%	$ 642,886	5.0%
Other secured by 1-4 family residential properties	650,550	5.0%	622,397	4.8%
Secured by nonfarm, nonresidential properties	3,533,282	27.0%	3,489,434	26.9%
Other real estate secured	1,633,830	12.5%	1,312,551	10.1%
Other loans secured by real estate:				
Other construction	829,904	6.3%	867,793	6.7%
Secured by 1-4 family residential properties	2,298,993	17.6%	2,282,318	17.6%
Commercial and industrial loans	1,840,722	14.0%	1,922,910	14.9%
Consumer loans	156,569	1.2%	165,734	1.3%
State and other political subdivision loans	969,836	7.4%	1,088,466	8.4%
Other commercial loans and leases	589,012	4.5%	556,035	4.3%
LHFI	$ 13,089,942	100.0%	$ 12,950,524	100.0%

LHFI at December 31, 2024 increased $139.4 million, or 1.1%, compared to December 31, 2023. The increase in LHFI during 2024 was primarily due to net growth in LHFI secured by real estate and other commercial loans and leases partially offset by net declines in commercial and industrial LHFI and state and other political subdivision LHFI.

LHFI secured by real estate (loans secured by real estate and other loans secured by real estate) increased $316.4 million, or 3.4%, during 2024, principally due to net growth in other real estate secured LHFI, LHFI secured by nonfarm, nonresidential properties (NFNR

LHFI) and other LHFI secured by 1-4 family residential properties, partially offset by net declines in construction, land development and other land LHFI and other construction LHFI. Other real estate secured LHFI increased $321.3 million, or 24.5%, during 2024, primarily due to other construction loans that moved to LHFI secured by multi-family residential properties in the Alabama, Texas and Mississippi market regions. Excluding other construction loan reclassifications, other real estate secured LHFI declined by $269.2 million, or 20.5%, during 2024, primarily due to declines in LHFI secured by multi-family residential properties in the Alabama, Mississippi, Texas and Tennessee market regions. NFNR LHFI increased $43.8 million, or 1.3%, during 2024, principally due to other construction loans that moved to NFNR LHFI in the Mississippi, Alabama, Georgia and Texas market regions. Excluding other construction loan reclassifications, the NFNR LHFI portfolio decreased $433.4 million, or 12.4%, during 2024 primarily due to declines in nonowner-occupied loans in the Mississippi, Alabama, Texas and Florida market regions as well as declines in owner-occupied loans in the Florida, Tennessee and Texas market regions, which were partially offset by growth in owner-occupied loans in the Alabama market region. Other LHFI secured by 1-4 family residential properties, which primarily consists of revolving home equity lines of credit, increased $28.2 million, or 4.5%, during 2024 reflecting growth in the Mississippi, Texas, Florida, Tennessee and Alabama market regions. LHFI secured by construction, land development and other land decreased $55.6 million, or 8.7%, during 2024 principally due to declines in land development loans in Trustmark's Alabama and Mississippi market regions. Other construction loans decreased $37.9 million, or 4.4%, during 2024 primarily due to other construction loans moved to other loan categories upon the completion of the related construction project partially offset by new construction loans across all six market regions. During 2024, $1.081 billion loans were moved from other construction to other loan categories, including $603.6 million to multi-family residential loans, $429.9 million to nonowner-occupied loans and $47.4 million to owner-occupied loans. Excluding all reclassifications between loan categories, growth in other construction loans across all six market regions totaled $1.020 billion during 2024.

State and other political subdivision LHFI decreased $118.6 million, or 10.9%, during 2024, primarily due to declines in the Mississippi and Texas market regions partially offset by growth in the Florida market region. Commercial and industrial LHFI decreased $82.2 million, or 4.3%, during 2024, primarily due to declines in the Tennessee and Mississippi market regions partially offset by growth in Trustmark’s Alabama and Georgia market regions. Other commercial loans and leases increased $33.0 million, or 5.9%, during 2024, principally due to increases in equipment finance leases in the Georgia market region and other commercial loans in the Tennessee market region, partially offset by declines in other commercial loans in the Texas, Mississippi and Alabama market regions. Trustmark's commercial leases are primarily reported in the Georgia market region because these leases are centrally analyzed and approved as part of the Equipment Finance line of business which is located in Atlanta, Georgia. For additional information regarding the equipment finance leases, please see the sections captioned “Lessor Arrangements” included in Note 1 - Significant Accounting Policies and Note 10 – Leases of Part II. Item 8. – Financial Statements and Supplementary Data of this report.

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 at December 31, 2024 and 2023 ($ in thousands):

	December 31,	
	2024	2023
Home equity loans	$ 72,183	$ 58,176
Home equity lines of credit	458,327	430,933
Percentage of loans and lines for which Trustmark holds first lien	46.7%	47.8%
Percentage of loans and lines for which Trustmark does not hold first lien	53.3%	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 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.

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) credit cards and equipment finance loans and leases. Loans secured by 1-4 family residential properties and credit cards 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 equipment finance loans and leases are primarily reported in the Georgia market region because they are centrally analyzed and approved as part of the Equipment Finance line of business which is located in Atlanta, Georgia.

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

	December 31, 2024						
	Total	Alabama	Florida	Georgia	Mississippi	Tennessee	Texas
LHFI Composition by Region							
Loans secured by real estate:							
Construction, land development and other land	$ 587,244	$ 253,145	$ 26,969	$ 15,234	$ 147,711	$ 42,023	$ 102,162
Other secured by 1-4 family residential properties	650,550	153,836	59,418	—	314,617	83,025	39,654
Secured by nonfarm, nonresidential properties	3,533,282	1,023,992	192,212	74,794	1,481,810	126,296	634,178
Other real estate secured	1,633,830	815,394	1,646	—	387,663	1,144	427,983
Other loans secured by real estate:							
Other construction	829,904	331,735	7,697	87,531	175,213	548	227,180
Secured by 1-4 family residential properties	2,298,993	—	—	—	2,296,105	2,888	—
Commercial and industrial loans	1,840,722	521,451	20,165	219,243	702,108	135,090	242,665
Consumer loans	156,569	21,650	7,939	—	100,085	14,789	12,106
State and other political subdivision loans	969,836	70,447	67,563	—	731,179	22,766	77,881
Other commercial loans and leases	589,012	38,014	5,268	245,635	195,713	64,390	39,992
LHFI	$13,089,942	$3,229,664	$ 388,877	$ 642,437	$6,532,204	$ 492,959	$1,803,801
Construction, Land Development and Other Land Loans by Region							
Lots	$ 60,977	$ 24,292	$ 6,498	$ 94	$ 20,100	$ 2,799	$ 7,194
Development	104,694	54,968	—	—	18,008	12,275	19,443
Unimproved land	102,857	17,206	12,074	—	25,343	9,892	38,342
1-4 family construction	318,716	156,679	8,397	15,140	84,260	17,057	37,183
Construction, land development and other land loans	$ 587,244	$ 253,145	$ 26,969	$ 15,234	$ 147,711	$ 42,023	$ 102,162
Loans Secured by Nonfarm, Nonresidential (NFNR) Properties by Region							
Nonowner-occupied:							
Retail	$ 309,752	$ 99,486	$ 21,718	$ —	$ 93,786	$ 18,743	$ 76,019
Office	242,741	92,612	18,965	—	96,541	1,330	33,293
Hotel/motel	281,946	145,483	43,816	—	68,604	24,043	—
Mini-storage	145,027	33,789	1,598	6,537	90,748	616	11,739
Industrial	522,204	98,101	17,814	68,257	176,775	2,523	158,734
Health care	152,396	124,873	674	—	24,342	323	2,184
Convenience stores	23,627	2,658	399	—	12,693	207	7,670
Nursing homes/senior living	384,232	140,569	—	—	143,539	4,186	95,938
Other	100,983	28,242	7,613	—	49,094	7,699	8,335
Total nonowner-occupied loans	2,162,908	765,813	112,597	74,794	756,122	59,670	393,912
Owner-occupied:							
Office	150,115	49,734	34,049	—	38,489	10,216	17,627
Churches	50,304	11,726	3,844	—	29,223	3,130	2,381
Industrial warehouses	176,506	12,582	8,323	—	48,821	12,489	94,291
Health care	121,319	10,786	8,064	—	83,381	2,195	16,893
Convenience stores	109,568	10,907	2,092	—	56,605	—	39,964
Retail	67,668	8,449	12,992	—	31,750	6,399	8,078
Restaurants	52,385	3,466	2,745	—	25,491	16,413	4,270
Auto dealerships	40,377	4,113	174	—	21,105	14,985	—
Nursing homes/senior living	480,393	130,474	—	—	323,911	—	26,008
Other	121,739	15,942	7,332	—	66,912	799	30,754
Total owner-occupied loans	1,370,374	258,179	79,615	—	725,688	66,626	240,266
Loans secured by NFNR properties	$ 3,533,282	$1,023,992	$ 192,212	$ 74,794	$1,481,810	$ 126,296	$ 634,178

Trustmark's variable rate LHFI are based primarily on various prime and SOFR interest rate bases. The following table provides information regarding Trustmark's LHFI maturities by loan class and interest rate terms at December 31, 2024 ($ in thousands):

	Maturing				
	Within One Year or Less	One Year Through Five Years	Five Years Through Fifteen Years	After Fifteen Years	Total
Loans secured by real estate:					
Construction, land development and other land	$ 381,841	$ 176,290	$ 16,235	$ 12,878	$ 587,244
Other secured by 1-4 family residential properties	54,157	235,454	342,193	18,746	650,550
Secured by nonfarm, nonresidential properties	1,166,935	1,958,236	398,832	9,279	3,533,282
Other real estate secured	836,979	777,004	19,832	15	1,633,830
Other loans secured by real estate:					
Other construction	130,638	684,812	14,454	—	829,904
Secured by 1-4 family residential properties	36,658	225,629	1,091,062	945,644	2,298,993
Commercial and industrial loans	288,078	1,390,832	161,812	—	1,840,722
Consumer loans	46,696	103,954	5,919	—	156,569
State and other political subdivision loans	101,483	398,786	421,683	47,884	969,836
Other commercial loans and leases	113,130	337,894	137,595	393	589,012
LHFI	$ 3,156,595	$ 6,288,891	$ 2,609,617	$ 1,034,839	$ 13,089,942
Loans with Fixed Interest Rates					
Loans secured by real estate:					
Construction, land development and other land	$ 53,123	$ 58,095	$ 15,430	$ 12,878	$ 139,526
Other secured by 1-4 family residential properties	25,953	112,275	49,259	425	187,912
Secured by nonfarm, nonresidential properties	447,945	817,763	112,747	2,656	1,381,111
Other real estate secured	64,283	90,958	4,583	15	159,839
Other loans secured by real estate:					
Other construction	23,555	4,277	3,634	—	31,466
Secured by 1-4 family residential properties	3,955	41,206	266,617	945,057	1,256,835
Commercial and industrial loans	58,231	564,521	139,897	—	762,649
Consumer loans	26,367	98,619	5,919	—	130,905
State and other political subdivision loans	99,975	376,418	404,395	25,462	906,250
Other commercial loans and leases	23,464	216,403	136,763	75	376,705
LHFI	$ 826,851	$ 2,380,535	$ 1,139,244	$ 986,568	$ 5,333,198
Loans with Variable Interest Rates					
Loans secured by real estate:					
Construction, land development and other land	$ 328,718	$ 118,195	$ 805	$ —	$ 447,718
Other secured by 1-4 family residential properties	28,204	123,179	292,934	18,321	462,638
Secured by nonfarm, nonresidential properties	718,990	1,140,473	286,085	6,623	2,152,171
Other real estate secured	772,696	686,046	15,249	—	1,473,991
Other loans secured by real estate:					
Other construction	107,083	680,535	10,820	—	798,438
Secured by 1-4 family residential properties	32,703	184,423	824,445	587	1,042,158
Commercial and industrial loans	229,847	826,311	21,915	—	1,078,073
Consumer loans	20,329	5,335	—	—	25,664
State and other political subdivision loans	1,508	22,368	17,288	22,422	63,586
Other commercial loans and leases	89,666	121,491	832	318	212,307
LHFI	$ 2,329,744	$ 3,908,356	$ 1,470,373	$ 48,271	$ 7,756,744

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 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.

During the second quarter of 2024, Trustmark executed a sale on a portfolio of 1-4 family mortgage loans that were at least three payments delinquent and/or nonaccrual at the time of selection. As a result of this sale, a credit mark was established for a sub-pool of the loans in the sale. Due to the lack of historical experience and the use of industry data for this sub-pool, management elected to use the credit mark for reserving purposes on a go forward basis for this sub-pool that meet the same credit criteria of being three payments delinquent and/or nonaccrual. All loans of the sub-pool that meet the above credit criteria will be removed from the 1-4 family residential properties pool and placed into a separate pool with the credit mark reserve applied to the total balance.

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 its 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. Additionally, for 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). During the third quarter of 2024, Trustmark activated the External Factor – Credit Quality Review qualitative factor. This qualitative factor ensures reserve adequacy for collectively evaluated commercial loans that may not have been identified and downgraded timely for various reasons. This qualitative factor population is all commercial loans risk rated 1-5. These loans are then applied to the historical average of the Watch/Special Mention rated percentage. Then the balance of these loans are applied additional reserves based on the same reserve rates utilized in the performance trends qualitative factor for Watch/Special Mention rated loans. Then the Watch/Special Mention population is applied the historical Substandard rated percentage and then subsequently applied the Substandard reserve rate utilized in the performance trends qualitative factor as well. The historical Watch/Special Mention and Substandard rated percentage averages captures the weighted-average life of the commercial loan portfolio. Thus, Trustmark will allocate additional reserves to capture the proportion of potential Watch/Special Mention and Substandard rated credits that may not have been categorized as such at any given point in time through the life of the commercial loan portfolio.

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-pools of credits are 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 with 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 5 – LHFI and ACL, LHFI included in Part II. Item 8. – Financial Statements and Supplementary Data of this report.

At December 31, 2024, the ACL, LHFI was $160.3 million, an increase of $20.9 million, or 15.0%, when compared with December 31, 2023. The increase in the ACL, LHFI during 2024 was principally due to credit migration and other net changes in the qualitative reserve factors, loan growth, changes in the macroeconomic forecast and an increase in specific reserves for individually analyzed credits. Allocation of Trustmark’s ACL, LHFI represented 1.10% of commercial LHFI and 1.62% of consumer and home mortgage LHFI, resulting in an ACL to total LHFI of 1.22% at December 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 home mortgage LHFI at 1.81%.

The table below illustrates the changes in Trustmark’s ACL on LHFI as well as Trustmark’s loan loss experience for the periods presented ($ in thousands):

	Years Ended December 31,		
	2024	2023	2022
Balance at beginning of period	$ 139,367	$ 120,214	$ 99,457
LHFI charged off	(26,316)	(17,515)	(11,332)
LHFI charged off, sale of 1-4 family mortgage loans	(8,633)	—	—
Recoveries	9,932	9,306	10,412
Net (charge-offs) recoveries	(25,017)	(8,209)	(920)
PCL, LHFI	37,287	27,362	21,677
PCL, LHFI sale of 1-4 family mortgage loans	8,633	—	—
Balance at end of period	$ 160,270	$ 139,367	$ 120,214

Charge-offs exceeded recoveries for 2024 resulting in net charge-offs of $25.0 million, or 0.19% of average loans (LHFS and LHFI), compared to net charge-offs of $8.2 million, or 0.06% of average loans (LHFS and LHFI), in 2023, and net charge-offs of $920 thousand, or 0.01% of average loans (LHFS and LHFI), in 2022. The increase in net charge-offs during 2024 was principally due to the charge-offs related to the sale of 1-4 family mortgage loans during the second quarter of 2024 and an increase in gross charge-offs in the Alabama and Texas market regions, primarily related to four large nonaccrual commercial credits, as well as a decline in gross recoveries in the Tennessee market region, partially offset by an increase in gross recoveries in the Texas market region. Excluding the charge-offs related to the sale of 1-4 family mortgage loans, net charge-offs totaled $16.4 million, or 0.12% of average loans (LHFS and LHFI), in 2024.

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

	Years Ended December 31,		
	2024	2023	2022
Alabama	$ (6,988)	$ (873)	$ 2,019
Florida	884	130	652
Mississippi	(13,801)	(5,347)	(2,713)
Tennessee	(805)	1,644	(790)
Texas	(4,307)	(3,763)	(88)
Total net (charge-offs) recoveries	$ (25,017)	$ (8,209)	$ (920)

The following table presents selected credit ratios for the periods presented ($ in thousands):

	Years Ended December 31,		
	2024	2023	2022
ACL, LHFI to Total LHFI	1.22%	1.08%	0.99%
ACL, LHFI	$ 160,270	$ 139,367	$ 120,214
LHFI	13,089,942	12,950,524	12,204,039
Nonaccrual LHFI to Total LHFI	0.61%	0.77%	0.53%
Nonaccrual LHFI	$ 80,109	$ 100,008	$ 65,972
LHFI	13,089,942	12,950,524	12,204,039
ACL, LHFI to Nonaccrual LHFI	200.06%	139.36%	182.22%
ACL, LHFI	$ 160,270	$ 139,367	$ 120,214
Nonaccrual LHFI	80,109	100,008	65,972
Net (Charge-offs) Recoveries to Average LHFI			
Construction, land development and other land loans	0.16%	-0.02%	0.16%
Net (charge-offs) recoveries	$ 992	$ (100)	$ 1,054
Average LHFI	608,671	652,922	655,680
Other loans secured by 1-4 family residential properties	0.02%	0.02%	0.07%
Net (charge-offs) recoveries	$ 160	$ 119	$ 372
Average LHFI	641,498	599,723	541,383
Loans secured by nonfarm, nonresidential properties	-0.07%	0.06%	0.05%
Net (charge-offs) recoveries	$ (2,391)	$ 2,050	$ 1,418
Average LHFI	3,563,373	3,455,308	3,094,532
Other loans secured by real estate	-0.01%	—	-0.02%
Net (charge-offs) recoveries	$ (88)	$ 28	$ (117)
Average LHFI	1,459,922	1,079,402	636,658
Other construction loans	-0.19%	-0.35%	0.01%
Net (charge-offs) recoveries	$ (1,793)	$ (3,380)	$ 69
Average LHFI	936,608	976,849	831,435
Loans secured by 1-4 family residential properties	-0.45%	-0.06%	—
Net (charge-offs) recoveries	$ (10,152)	$ (1,419)	$ 13
Average LHFI	2,261,353	2,250,931	1,881,006
Commercial and industrial loans	-0.44%	-0.06%	0.02%
Net (charge-offs) recoveries	$ (8,085)	$ (1,095)	$ 284
Average LHFI	1,851,959	1,867,199	1,603,499
Consumer loans	-2.32%	-2.48%	-0.35%
Net (charge-offs) recoveries	$ (3,630)	$ (4,098)	$ (562)
Average LHFI	156,252	165,241	161,145
State and other political subdivision loans	—	—	—
Net (charge-offs) recoveries	$ —	$ —	$ —
Average LHFI	1,017,430	1,104,444	1,159,939
Other commercial loans and leases	-0.01%	-0.06%	-0.72%
Net (charge-offs) recoveries	$ (30)	$ (314)	$ (3,451)
Average LHFI	599,995	486,518	477,296
Total LHFI	-0.19%	-0.06%	-0.01%
Net (charge-offs) recoveries	$ (25,017)	$ (8,209)	$ (920)
Average LHFI	13,097,061	12,638,537	11,042,573

The PCL, LHFI, excluding the PCL, LHFI 1-4 family mortgage loans, for 2024 totaled 0.28% of average loans (LHFS and LHFI), compared to 0.21% of average loans (LHFS and LHFI) in 2023 and 0.19% of average loans (LHFS and LHFI) in 2022. The PCL, LHFI, excluding the PCL, LHFI sale of 1-4 family mortgage loans, for 2024 primarily reflected an increase in required reserves as a result of credit migration and other net changes in the qualitative reserve factors, loan growth, changes in the macroeconomic forecast and an increase in specific reserves for individually analyzed credits.

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 includes both quantitative and a majority of the qualitative aspects of the current period's expected credit loss rate. During 2024, Management implemented a performance trends qualitative factor for unfunded commitments and an External Factor - Credit Quality Review qualitative factor for unfunded commitments. For both qualitative factors, the same assumptions are applied in the unfunded commitment calculation that are used in the funded balance calculation with the only difference being the unfunded commitment calculation includes the funding rates for the unfunded commitments. The reserves for these two qualitative factors are added to the other calculated reserve to get a total reserve for off-balance sheet credit exposures. See the section captioned "Lending Related" in Note 17 – Commitments and Contingencies included in Part II. Item 8. – Financial Statements and Supplementary Data 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 PCL, off-balance sheet credit exposures. At December 31, 2024, the ACL on off-balance sheet credit exposures totaled $29.4 million compared to $34.1 million at December 31, 2023, a decrease of $4.7 million, or 13.7%. The PCL, off-balance sheet credit exposures totaled a negative $4.7 million for 2024, compared to a negative PCL, off-balance sheet credit exposures of $2.8 million for 2023 and a PCL, off-balance sheet credit exposures of $1.2 million for 2022. The release in PCL, off-balance sheet credit exposures for 2024 primarily reflected a decrease in required reserves as a result of changes in the total reserve rate coupled with a decrease in unfunded commitments which was partially offset by an increase in required reserves as a result of implementing the Performance Trend and the External Factor-Credit Quality Review qualitative reserve factors.

Nonperforming Assets

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

	December 31,	
	2024	2023
Nonaccrual LHFI		
Alabama	$ 18,601	$ 23,271
Florida	305	170
Mississippi	42,203	54,615
Tennessee	2,431	1,802
Texas	16,569	20,150
Total nonaccrual LHFI	80,109	100,008
Other real estate		
Alabama	170	1,397
Mississippi	2,407	1,242
Tennessee	1,079	—
Texas	2,261	4,228
Total other real estate	5,917	6,867
Total nonperforming assets	$ 86,026	$ 106,875
Nonperforming assets/total loans (LHFS and LHFI) and other real estate	0.65%	0.81%
Loans Past Due 90 Days or More		
LHFI	$ 4,092	$ 5,790
LHFS - Guaranteed GNMA services loans *(1)*	$ 71,255	$ 51,243

(1) No obligation to repurchase.

For additional information regarding the Trustmark's serviced GNMA loans eligible for repurchase, please see the section captioned "Loans Held for Sale (LHFS)" included in Note 1 – Significant Accounting Policies of Part II. Item 8. – Financial Statements and Supplementary Data of this report.

Nonaccrual LHFI

At December 31, 2024, nonaccrual LHFI totaled $80.1 million, or 0.60% of total LHFS and LHFI, reflecting a decrease of $19.9 million, or 19.9%, relative to December 31, 2023, primarily as a result of the sale of 1-4 family mortgage loans during the second quarter of 2024 as well as the resolution of three large nonaccrual commercial credits in the Texas and Alabama market regions, partially offset by mortgage loans placed on nonaccrual in the Mississippi market region and three large commercial credits placed on nonaccrual in the Alabama and Texas market regions. Trustmark's mortgage loans 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.

For additional information regarding nonaccrual LHFI, see the section captioned "Nonaccrual and Past Due LHFI" in Note 5 – LHFI and ACL, LHFI included in Part II. Item 8. – Financial Statements and Supplementary Data of this report.

Other Real Estate

Other real estate at December 31, 2024 decreased $950 thousand, or 13.8%, when compared with December 31, 2023, principally due to properties sold in Trustmark's Mississippi and Alabama market regions as well as a write-down on a large commercial property in the Texas market region, partially offset by properties foreclosed in the Mississippi market region.

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

	Year Ended December 31, 2024					
	Total	Alabama	Florida	Mississippi	Tennessee	Texas
Balance at beginning of period	$ 6,867	$ 1,397	$ —	$ 1,242	$ —	$ 4,228
Additions	6,782	92	—	5,716	974	—
Disposals	(6,084)	(1,475)	(71)	(4,452)	(86)	—
Net (write-downs) recoveries	(1,648)	156	—	(28)	191	(1,967)
Adjustments	—	—	71	(71)	—	—
Balance at end of period	$ 5,917	$ 170	$ —	$ 2,407	$ 1,079	$ 2,261

	Year Ended December 31, 2023					
	Total	Alabama	Florida	Mississippi	Tennessee	Texas
Balance at beginning of period	$ 1,986	$ 194	$ —	$ 1,769	$ 23	$ —
Additions	7,237	1,073	—	1,706	230	4,228
Disposals	(2,555)	(194)	—	(2,108)	(253)	—
Net (write-downs) recoveries	199	324	—	(125)	—	—
Balance at end of period	$ 6,867	$ 1,397	$ —	$ 1,242	$ —	$ 4,228

	Year Ended December 31, 2022					
	Total	Alabama	Florida	Mississippi	Tennessee	Texas
Balance at beginning of period	$ 4,557	$ —	$ —	$ 4,557	$ —	$ —
Additions	1,533	151	—	1,359	23	—
Disposals	(4,142)	(48)	—	(4,094)	—	—
Net (write-downs) recoveries	38	91	—	(53)	—	—
Balance at end of period	$ 1,986	$ 194	$ —	$ 1,769	$ 23	$ —

Net write-downs of other real estate increased $1.8 million during 2024 compared to an increase in net recoveries of other real estate of $161 thousand during 2023. The increase in net write-downs of other real estate during 2024 compared to 2023 was primarily due to a write-down on a large commercial foreclosed property in the Texas market region.

The following table illustrates other real estate by type of property at December 31, 2024 and 2023 ($ in thousands):

	December 31,	
	2024	2023
Construction, land development and other land properties	$ 46	$ —
1-4 family residential properties	2,260	1,977
Nonfarm, nonresidential properties	3,611	4,835
Other real estate properties	—	55
Total other real estate	$ 5,917	$ 6,867

Deposits

Trustmark's deposits are its primary source of funding and consist primarily 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 $15.108 billion at December 31, 2024 compared to $15.570 billion at December 31, 2023, a decrease of $461.6 million, or 3.0%, reflecting declines in both noninterest-bearing and interest-bearing deposits accounts. During 2024, noninterest-bearing deposits decreased $124.1 million, or 3.9%, primarily due to a decline in commercial demand deposit accounts. Interest-bearing deposits decreased $337.5 million, or 2.7%, during 2024, primarily due to intentional declines in public interest checking accounts and brokered deposits as well as a decline in consumer interest checking accounts, partially offset by growth in consumer MMDAs and commercial interest checking accounts and consumer CDs.

At December 31, 2024, Trustmark's total uninsured deposits were $5.359 billion, or 35.5% of total deposits, compared to $5.601 billion, or 36.0% of total deposits, at December 31, 2023.

The maturities of time deposits that exceed the FDIC insurance limit of $250 thousand at December 31, 2024 are as follows ($ in thousands):

Three months or less	$ 575,174
Over three months through six months	263,272
Over six months through twelve months	83,456
Over twelve months	13,461
Total time deposits in excess of FDIC insurance limit	$ 935,363

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 repurchase agreements totaled $324.0 million at December 31, 2024 compared to $405.7 million at December 31, 2023, a decrease of $81.7 million, or 20.1%, principally due to a decrease in upstream federal funds purchased. At December 31, 2024 and 2023, $39.0 million and $35.7 million, respectively, represented customer related transactions, such as commercial sweep repurchase balances. Trustmark had $285.0 million of upstream federal funds purchased at December 31, 2024, compared to $370.0 million at December 31, 2023.

Other borrowings totaled $301.5 million at December 31, 2024, a decrease of $181.7 million, or 37.6%, when compared with $483.2 million at December 31, 2023, principally due to a decline in outstanding short-term FHLB advances obtained from the FHLB of Dallas.

Benefit Plans

Defined Benefit Plans

As disclosed in Note 15 – Defined Benefit and Other Postretirement Benefits included in Part II. Item 8. – Financial Statements and Supplementary Data of this report, 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.

At December 31, 2024, the fair value of the Continuing Plan's assets totaled $2.7 million and was exceeded by the projected benefit obligation of $5.5 million by $2.8 million. Net periodic benefit cost equaled $177 thousand in 2024, compared to $262 thousand in 2023 and $410 thousand in 2022.

The fair value of plan assets is determined utilizing current market quotes, while the benefit obligation and periodic benefit costs are determined utilizing actuarial methodology with certain weighted-average assumptions. For 2024, 2023 and 2022, the process used to select the discount rate assumption under FASB ASC Topic 715, *"Compensation-Retirement Benefits,"* takes into account the benefit cash flow and the segmented yields on high-quality corporate bonds that would be available to provide for the payment of the benefit cash flow. Assumptions, which have been chosen to represent the estimate of a particular event as required by GAAP, have been reviewed and approved by Management based on recommendations from its actuaries.

The range of potential contributions to the Continuing Plan is determined annually by the Continuing Plan's actuary in accordance with applicable IRS rules and regulations. Trustmark's policy is to fund amounts that are sufficient to satisfy the annual minimum funding requirements and do not exceed the maximum that is deductible for federal income tax purposes. The actual amount of the contribution is determined annually based on the Continuing Plan's funded status and return on plan assets as of the measurement date, which is December 31. For the plan year ending December 31, 2024, Trustmark's minimum required contribution to the Continuing Plan was $127 thousand; however, Trustmark contributed $290 thousand, $163 thousand in excess of the minimum required. For the plan year ending December 31, 2025, Trustmark's minimum required contribution to the Continuing Plan is expected to be $109 thousand; however, Management and the Board of Directors of Trustmark will monitor the Continuing Plan throughout 2025 to determine any additional funding requirements by the plan's measurement date.

Supplemental Retirement Plans

As disclosed in Note 15 – Defined Benefit and Other Postretirement Benefits included in Part II. Item 8. – Financial Statements and Supplementary Data of this report, 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 dates.

At December 31, 2024, the accrued benefit obligation for the supplemental retirement plans equaled $38.2 million, while the net periodic benefit cost equaled $2.4 million in 2024, $2.5 million in 2023 and $2.4 million in 2022. The net periodic benefit cost and projected benefit obligation are determined using actuarial assumptions as of the plans' measurement date. The process used to select the discount rate assumption under FASB ASC Topic 715 takes into account the benefit cash flow and the segmented yields on high-quality corporate bonds that would be available to provide for the payment of the benefit cash flow. At December 31, 2024, unrecognized actuarial losses and unrecognized prior service costs continue to be amortized over future service periods.

Legal Environment

Information required in this section is set forth under the heading "Legal Proceedings" of Note 17 – Commitments and Contingencies in Part II. Item 8. – Financial Statements and Supplementary Data of this report.

Off-Balance Sheet Arrangements

Information required in this section is set forth under the heading "Lending Related" of Note 17 – Commitments and Contingencies in Part II. Item 8. – Financial Statements and Supplementary Data 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 December 31, 2024, Trustmark's total shareholders' equity was $1.962 billion, an increase of $300.5 million, or 18.1%, when compared to December 31, 2023. The increase in shareholders' equity during 2024 was primarily as a result of net income of $223.0 million as well as an increase in the fair market value of available for sale securities, net of tax, of $126.8 million and a decrease in the unrealized net holding losses on securities transferred from available for sale to held to maturity, net of tax, of $10.9 million, partially offset by common stock dividends of $56.8 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 this 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 December 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 December 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 December 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 December 31, 2024 and 2023, the carrying amount of the subordinated notes was $123.7 million and $123.5 million, respectively. 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 December 31, 2024 and 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 December 31, 2024 and 2023. Trustmark intends to continue to utilize $60.0 million in trust preferred securities issued by the Trust as Tier 1 capital up to the regulatory limit, as permitted by the grandfather provision in the Dodd-Frank Act and the Basel III Final Rule.

Refer to the section captioned "Regulatory Capital" included in Note 18 – Shareholders' Equity in Part II. Item 8. – Financial Statements and Supplementary Data 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 December 31, 2024 and 2023.

Dividends on Common Stock

Dividends per common share for each of the years ended December 31, 2024, 2023 and 2022 were $0.92. Trustmark's dividend payout ratio for 2024, 2023 and 2022 was 25.21%, 33.95%, and 78.63%, respectively. The increase in the dividend payout ratio for 2022 was principally due to the $100.8 million of litigation settlement expense recorded during the fourth quarter of 2022. Since Trustmark is a holding company and does not conduct operations, its primary source of liquidity are dividends paid from TNB and borrowings from outside sources. Approval by TNB's regulators is required if the total of all dividends declared in any calendar year exceeds the total of its net income for that year combined with its retained net income of the preceding two years. In 2025, TNB will have available approximately $255.3 million plus its net income for that year to pay as dividends to Trustmark. The actual amount of any dividends declared in 2025 by Trustmark will be determined by Trustmark's Board of Directors. Trustmark's Board of Directors declared a quarterly cash dividend of $0.24 per share payable of March 15, 2025, to shareholders of record on March 1, 2025.

Stock Repurchase Plan

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. Under the stock repurchase plan effective January 1, 2022 through December 31, 2022, Trustmark repurchased approximately 789 thousand shares of its common stock valued at $24.6 million. Under the stock repurchase plan effective January 1, 2023 through December 31, 2023, Trustmark did not

repurchase any of its outstanding common stock. Under the stock repurchase plan effective January 1, 2024 through December 31, 2024, Trustmark repurchased approximately 203 thousand shares of its common stock valued at $7.5 million. On December 3, 2024, Trustmark's Board of Directors authorized a stock repurchase program effective January 1, 2025, under which $100.0 million of Trustmark's outstanding shares may be acquired through December 31, 2025. The repurchase program, which is subject to market conditions and management discretion, will be implemented through open market repurchases or privately negotiated transactions. Under this authority, Trustmark repurchased approximately 243 thousand shares of its common stock valued at $8.5 million during January 2025.

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 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 to $15.366 billion for 2024 and represented approximately 82.8% of average liabilities and shareholders' equity, compared to average deposits of $14.935 billion, which represented 80.0% of average liabilities and shareholders' equity for 2023.

Trustmark had $297.3 million held in an interest-bearing account at the FRBA at December 31, 2024, compared to $712.0 million at December 31, 2023. Trustmark efficiently managed its FRBA balance to lower levels during 2024.

Trustmark utilizes brokered deposits to supplement other wholesale funding sources. At both December 31, 2024 and 2023, brokered sweep MMDA deposits totaled $10.6 million. In addition, Trustmark had $250.0 million of brokered CDs at December 31, 2024 compared to $578.8 million at December 31, 2023. Trustmark lowered its brokered deposits during 2024 as it managed its balance sheet and controlled deposit costs.

At December 31, 2024, Trustmark had $285.0 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 $200.0 million of outstanding short-term advances and no long-term advances at December 31, 2024, compared to $400.0 million of short-term and no long-term FHLB advances outstanding at December 31, 2023. Under the existing borrowing agreement, Trustmark had sufficient qualifying collateral to increase FHLB advances with the FHLB of Dallas by $4.292 billion at December 31, 2024.

In addition, at December 31, 2024, Trustmark had no short-term and no long-term FHLB advances outstanding with the FHLB of Atlanta, compared to no short-term and $58 thousand in long-term FHLB advances outstanding at December 31, 2023, which were acquired in the BancTrust merger in 2013. Trustmark had 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 December 31, 2024, Trustmark had approximately $1.107 billion available in unencumbered Treasury and agency securities compared to $842.0 million at December 31, 2023.

Another borrowing source is the Discount Window. At December 31, 2024, Trustmark had approximately $1.187 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.

During 2020, Trustmark issued $125.0 million aggregate principal amount of its 3.625% fixed-to-floating rate subordinated notes. At December 31, 2024 and 2023, the carrying amount of the subordinated notes was $123.7 million and $123.5 million, respectively. 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 December 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 December 31, 2024, Management is not aware of any events that are reasonably likely to have a material adverse effect on our 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 II. Item 8. – Financial Statements and Supplementary Data of this report for the expected timing of such payments as of December 31, 2024. These include payments related to (i) short-term and long-term borrowings (Note 12 – Borrowings), (ii) operating and finance leases (Note 10 – Leases), (iii) time deposits with stated maturity dates (Note 11 – Deposits) and (iv) commitments to extend credit and standby letters of credit (Note 17 – Commitments and Contingencies).

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 December 31, 2024, all of Trustmark's LIBOR exposure was 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 this 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

Trustmark engages in a cash flow hedging program 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 December 31, 2024, the aggregate notional value of Trustmark's interest rate swaps and floor spreads designated as cash flow hedges totaled $1.500 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 $474 thousand of amortization expense for the year ended December 31, 2024, compared to $57 thousand of amortization expense for the year ended December 31, 2023, 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 years ended December 31, 2024 and 2023, Trustmark reclassified a loss, net of tax, of $13.6 million and $12.3 million, respectively, into interest and fees on LHFS and LHFI. During the next twelve months, Trustmark estimates that $8.1 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 $162.1 million at December 31, 2024, with a positive valuation adjustment of $908 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 the 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 $311.5 million at December 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 $9.2 million for the year ended December 31, 2024, compared to a net negative ineffectiveness of $6.3 million for the year ended December 31, 2023 and a net negative ineffectiveness of $4.1 million for the year ended December 31, 2022.

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. At December 31, 2024, Trustmark had interest rate swaps with an aggregate notional amount of $1.819 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 deemed to be in default on its derivatives obligations.

At December 31, 2024, the 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 was $568 thousand compared to $1.4 million at December 31, 2023. At December 31, 2024 and 2023, Trustmark had posted collateral of $1.5 million 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 December 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 December 31, 2024, Trustmark had entered into eleven risk participation agreements as a beneficiary with and aggregate notional amount of $83.9 million compared to six risk participation agreements as a beneficiary with an aggregate notional amount of $40.1 million at December 31, 2023. At December 31, 2024, Trustmark had entered into twenty-eight risk participation agreements as a guarantor with an aggregate notional amount of $229.1 million, compared to thirty-five risk participation agreements as a guarantor with an aggregate notional amount of $304.7 million at December 31, 2023. The aggregate fair values of these risk participation agreements were immaterial at December 31, 2024 and 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.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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 December 31, 2024 and 2023.

	Estimated % Change in Net Interest Income	
Change in Interest Rates	2024	2023
+200 basis points	0.8%	0.5%
+100 basis points	0.4%	0.3%
-100 basis points	-1.2%	-0.4%
-200 basis points	-3.0%	-1.0%

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 2025 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 December 31, 2024 and 2023.

	Estimated % Change in Net Portfolio Value	
Change in Interest Rates	2024	2023
+200 basis points	-1.3%	-2.3%
+100 basis points	-0.4%	-0.9%

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 December 31, 2024, the MSR fair value was $139.3 million, compared to $131.9 million at December 31, 2023. The impact on the MSR fair value of a 10% adverse change in prepayment speeds or a 100-basis point increase in discount rates at December 31, 2024 would be a decline in fair value of approximately $4.9 million and $5.6 million, respectively, compared to a decline in fair value of approximately $4.8 million and $5.4 million, respectively, at December 31, 2023. Changes of equal magnitude in the opposite direction would produce similar increases in fair value in the respective amounts.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

Shareholders and the Board of Directors of Trustmark Corporation
Jackson, Mississippi

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Trustmark Corporation and subsidiaries (the "Company") as of December 31, 2024, and 2023, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework: (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and 2023, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework: (2013) issued by COSO.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Credit Losses, LHFI Reasonable and Supportable Forecasts

As described in Note 1 - Significant Accounting Policies and Note 5 – LHFI and ACL, LFHI to the consolidated financial statements, the Company uses a third-party software application to calculate the quantitative portion of the allowance for credit losses, which employs a discounted cash flow (DCF) or weighted average remaining maturity (WARM) method by loan pool. A reasonable and supportable forecast is developed through a Loss Driver Analysis (LDA) by loan class. The LDA uses charge off data from Trustmark National Bank's Federal Financial Institutions Examination Council (FFIEC) reports to construct a periodic default rate (PDR). The PDR is decomposed into a probability of default (PD). Regressions are run using the data for various macroeconomic variables in order to determine which correlate to the Company's losses. These variables are then incorporated into the application to calculate a quarterly PD using a third-party baseline forecast. Loss given default (LGD) is derived from a method that traces the relationship between LGD and PD over a period of time and projects LGD based on the PD forecast. 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 all other consumer and other loans pools. For commercial and industrial loan pools, the Company uses its own PD and LGD data. The Company utilizes a third-party bond default study to derive the PD and LGD for the obligations of state and political subdivisions pool.

The Company determined that reasonable and supportable forecasts could be made for a twelve-month period for all of its loan pools in which models were developed through the LDA. 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.

Estimating reasonable and supportable forecasts requires significant judgment and could have a material effect on the Company's financial statements. Management leverages economic projections from an independent third party for its forecasts over the forecast period. We identified auditing the reasonableness of forecasts, including the LDA, as a critical audit matter as it involves especially subjective auditor judgment and increased audit effort, including the involvement of specialists.

The primary audit procedures we performed to address this critical audit matter included the following:

Tested the effectiveness of controls over the LDA and reasonable and supportable forecast including:

- Relevance and reliability of the underlying data including FFIEC data.
- Model validation performed by a third-party specialist.
- Reasonableness of significant assumptions and judgments applied in the forecast and results of the calculation.

Performed substantive testing over the LDA and reasonable and supportable forecast including:

- Tested relevance and reliability of underlying data including FFIEC data.
- Utilized the work of internal specialists to assist in evaluating the appropriateness and mathematical accuracy of the LDA, methodologies applied, and the relevance and reliability of data used in the development of the forecast models.
- Evaluated the reasonableness of significant assumptions and judgments.

/s/ Crowe LLP

We have served as the Company's auditor since 2015, which is the year the engagement letter was signed for the audit of the 2016 financial statements.

Fort Lauderdale, Florida
February 19, 2025

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

	December 31,	
	2024	2023
Assets		
Cash and due from banks	$ 567,251	$ 975,343
Securities available for sale, at fair value (amortized cost: $1,719,537-2024; $1,959,007-2023; allowance for credit losses (ACL): $0)	1,692,534	1,762,878
Securities held to maturity, net of ACL of $0 (fair value: $1,259,107-2024; $1,355,504-2023)	1,335,385	1,426,279
Loans held for sale (LHFS)	200,307	184,812
Loans held for investment (LHFI)	13,089,942	12,950,524
Less ACL, LHFI	160,270	139,367
Net LHFI	12,929,672	12,811,157
Premises and equipment, net	235,410	232,229
Mortgage servicing rights (MSR)	139,317	131,870
Goodwill	334,605	334,605
Identifiable intangible assets, net	126	236
Other real estate, net	5,917	6,867
Operating lease right-of-use assets	34,668	35,711
Other assets	677,230	752,568
Assets of discontinued operations	—	67,634
Total Assets	$ 18,152,422	$ 18,722,189
Liabilities		
Deposits:		
Noninterest-bearing	$ 3,073,565	$ 3,197,620
Interest-bearing	12,034,610	12,372,143
Total deposits	15,108,175	15,569,763
Federal funds purchased and securities sold under repurchase agreements	324,008	405,745
Other borrowings	301,541	483,230
Subordinated notes	123,702	123,482
Junior subordinated debt securities	61,856	61,856
ACL on off-balance sheet credit exposures	29,392	34,057
Operating lease liabilities	38,698	39,097
Other liabilities	202,723	331,085
Liabilities of discontinued operations	—	12,027
Total Liabilities	16,190,095	17,060,342
Shareholders' Equity		
Common stock, no par value:		
Authorized: 250,000,000 shares		
Issued and outstanding: 61,008,023 shares - 2024; 61,071,173 shares - 2023	12,711	12,725
Capital surplus	157,899	159,688
Retained earnings	1,875,376	1,709,157
Accumulated other comprehensive income (loss), net of tax	(83,659)	(219,723)
Total Shareholders' Equity	1,962,327	1,661,847
Total Liabilities and Shareholders' Equity	$ 18,152,422	$ 18,722,189

See notes to consolidated financial statements.

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

	Years Ended December 31,		
	2024	2023	2022
Interest Income			
Interest and fees on LHFS & LHFI	$ 844,738	$ 775,309	$ 472,990
Interest and fees on PPP loans	—	—	639
Interest on securities:			
Taxable	85,921	66,100	59,717
Tax exempt	4	208	333
Other interest income	29,667	37,215	8,154
Total Interest Income	960,330	878,832	541,833
Interest Expense			
Interest on deposits	329,381	245,951	29,069
Interest on federal funds purchased and securities sold under repurchase agreements	20,154	20,419	6,127
Other interest expense	26,374	59,584	11,929
Total Interest Expense	375,909	325,954	47,125
Net Interest Income	584,421	552,878	494,708
Provision for credit losses (PCL), LHFI	37,287	27,362	21,677
PCL, LHFI sale of 1-4 family mortgage loans	8,633	—	—
PCL, off-balance sheet credit exposures	(4,665)	(2,781)	1,215
Net Interest Income After PCL	543,166	528,297	471,816
Noninterest Income			
Service charges on deposit accounts	44,382	43,416	42,157
Bank card and other fees	33,301	33,439	36,105
Mortgage banking, net	26,626	26,216	28,306
Wealth management	37,251	35,092	35,013
Other, net	17,813	10,231	9,841
Securities gains (losses), net	(182,792)	39	—
Total Noninterest Income (Loss)	(23,419)	148,433	151,422
Noninterest Expense			
Salaries and employee benefits	266,239	268,270	254,247
Services and fees	101,590	107,805	103,893
Net occupancy - premises	29,128	28,507	27,986
Equipment expense	24,915	25,844	24,145
Litigation settlement expense	—	6,500	100,750
Other expense	63,818	58,770	53,112
Total Noninterest Expense	485,690	495,696	564,133
Income from continuing operations before income taxes	34,057	181,034	59,105
Income taxes from continuing operations	(11,153)	27,744	(1,813)
Income From Continuing Operations	45,210	153,290	60,918
Income from discontinued operations before income taxes	237,152	16,302	14,642
Income taxes from discontinued operations	59,353	4,103	3,673
Income From Discontinued Operations	177,799	12,199	10,969
Net Income	$ 223,009	$ 165,489	$ 71,887
Earnings Per Share (EPS)			
Basic EPS from continuing operations	$ 0.74	$ 2.51	$ 0.99
Basic EPS from discontinued operations	2.91	0.20	0.18
Basic EPS *(1)*	3.65	2.71	1.17
Diluted EPS from continuing operations	$ 0.74	$ 2.50	$ 0.99
Diluted EPS from discontinued operations	2.90	0.20	0.18
Diluted EPS *(1)*	3.63	2.70	1.17

(1) Due to rounding, earnings (loss) per share from continuing operations and discontinued operations may not sum to earnings per share from net income.

See notes to consolidated financial statements.

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

	Years Ended December 31,		
	2024	2023	2022
Net income per consolidated statements of income	$ 223,009	$ 165,489	$ 71,887
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	(10,249)	38,133	(172,143)
Reclassification adjustment for net (gains) losses realized in net income	137,094	(29)	—
Change in net unrealized holding loss on securities transferred to held to maturity	10,940	11,668	(64,525)
Pension and other postretirement benefit plans:			
Change in the actuarial loss of pension and other postretirement benefit plans	1,095	(518)	8,094
Reclassification adjustments for changes realized in net income:			
Net change in prior service costs	83	83	83
Recognized net (gain) loss due to lump sum settlements	(10)	19	—
Change in net actuarial loss	186	133	817
Derivatives:			
Change in the accumulated gain (loss) on effective cash flow hedge derivatives	(16,674)	(6,098)	(15,514)
Reclassification adjustment for (gain) loss realized in net income	13,599	12,289	345
Other comprehensive income (loss), net of tax	136,064	55,680	(242,843)
Comprehensive income (loss)	$ 359,073	$ 221,169	$ (170,956)

See notes to consolidated financial statements.

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

	Common Stock				Accumulated Other Comprehensive	
	Shares Outstanding	Amount	Capital Surplus	Retained Earnings	Income (Loss)	Total
Balance, January 1, 2022	61,648,679	$ 12,845	$175,913	$ 1,585,113	$ (32,560)	$ 1,741,311
Net income per consolidated statements of income	—	—	—	71,887	—	71,887
Other comprehensive income (loss), net of tax	—	—	—	—	(242,843)	(242,843)
Cash dividends paid on common stock ($0.92 per share)	—	—	—	(56,679)	—	(56,679)
Shares withheld to pay taxes, long-term incentive plan	118,398	24	(1,711)	—	—	(1,687)
Repurchase and retirement of common stock	(789,391)	(164)	(24,440)	—	—	(24,604)
Compensation expense, long-term incentive plan	—	—	4,883	—	—	4,883
Balance, December 31, 2022	60,977,686	12,705	154,645	1,600,321	(275,403)	1,492,268
Net income per consolidated statements of income	—	—	—	165,489	—	165,489
Other comprehensive income (loss), net of tax	—	—	—	—	55,680	55,680
Cash dividends paid on common stock ($0.92 per share)	—	—	—	(56,653)	—	(56,653)
Shares withheld to pay taxes, long-term incentive plan	93,487	20	(1,112)	—	—	(1,092)
Compensation expense, long-term incentive plan	—	—	6,155	—	—	6,155
Balance, December 31, 2023	61,071,173	12,725	159,688	1,709,157	(219,723)	1,661,847
Net income per consolidated statements of income	—	—	—	223,009	—	223,009
Other comprehensive income (loss), net of tax	—	—	—	—	136,064	136,064
Cash dividends paid on common stock ($0.92 per share)	—	—	—	(56,790)	—	(56,790)
Shares withheld to pay taxes, long-term incentive plan	140,003	29	(1,548)	—	—	(1,519)
Repurchase and retirement of common stock	(203,153)	(43)	(7,456)	—	—	(7,499)
Compensation expense, long-term incentive plan	—	—	7,215	—	—	7,215
Balance, December 31, 2024	61,008,023	$ 12,711	$157,899	$ 1,875,376	$ (83,659)	$ 1,962,327

See notes to consolidated financial statements.

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

	Years Ended December 31,		
	2024	2023	2022
Operating Activities			
Net income per consolidated statements of income	$ 223,009	$ 165,489	$ 71,887
Adjustments to reconcile net income to net cash provided by operating activities:			
PCL	41,255	24,581	22,892
Depreciation and amortization	38,067	35,756	39,882
Net (accretion) amortization of securities	(10,571)	6,140	11,206
Securities (gains) losses, net	182,792	(39)	—
Gains on sales of loans, net	(19,279)	(13,599)	(24,914)
Gain on disposition of business	(228,272)	—	—
Compensation expense, long-term incentive plan	7,215	6,155	4,883
Deferred income tax provision	23,800	(4,800)	(16,800)
Proceeds from sales of LHFS	1,161,563	1,149,609	1,267,967
Purchases and originations of LHFS	(1,137,962)	(1,177,563)	(1,116,232)
Originations of MSR	(13,291)	(13,712)	(17,843)
Earnings on bank-owned life insurance	(4,078)	(5,244)	(4,875)
Net change in other assets	(6,225)	(11,454)	(51,921)
Net change in other liabilities	(108,545)	34,376	167,743
Other operating activities, net	(32,549)	1,192	(57,359)
Net cash from operating activities	116,929	196,887	296,516
Investing Activities			
Proceeds from maturities, prepayments and calls of securities held to maturity	116,186	103,051	136,135
Proceeds from maturities, prepayments and calls of securities available for sale	243,981	301,344	435,386
Proceeds from sales of securities available for sale	1,378,272	4,796	—
Purchases of securities held to maturity	(10,644)	(19,491)	(604,938)
Purchases of securities available for sale	(1,555,065)	—	(230,527)
Net proceeds from bank-owned life insurance	(46)	(46)	288
Net change in federal funds sold and securities purchased under reverse repurchase agreements	—	4,000	(4,000)
Net change in member bank stock	9,496	17,830	(39,329)
Net change in LHFI	(220,974)	(761,931)	(1,925,327)
Proceeds from sales of 1-4 family mortgage loans	43,935	—	—
Purchases of premises and equipment	(23,493)	(40,082)	(26,624)
Proceeds from sales of premises and equipment	2,219	1,863	5,107
Proceeds from sales of other real estate	4,980	2,410	3,136
Purchases of software	(5,092)	(8,575)	(7,388)
Investments in tax credit and other partnerships	(20,706)	(16,343)	(22,321)
Proceeds from disposition of business, net	321,345	—	—
Other, net	200	—	—
Net cash from investing activities	284,594	(411,174)	(2,280,402)
Financing Activities			
Net change in deposits	(461,588)	1,132,115	(649,512)
Net change in federal funds purchased and securities sold under repurchase agreements	(81,737)	(43,586)	210,754
Net change in other borrowings	(200,058)	(575,020)	974,981
Payments under finance lease obligations	(424)	(721)	(1,409)
Common stock dividends	(56,790)	(56,653)	(56,679)
Repurchase and retirement of common stock	(7,499)	—	(24,604)
Shares withheld to pay taxes, long-term incentive plan	(1,519)	(1,092)	(1,687)
Net cash from financing activities	(809,615)	455,043	451,844
Net change in cash and cash equivalents	(408,092)	240,756	(1,532,042)
Cash and cash equivalents at beginning of year	975,343	734,587	2,266,629
Cash and cash equivalents at end of year	$ 567,251	$ 975,343	$ 734,587

See notes to consolidated financial statements.

Note 1 – Significant Accounting Policies

Business

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, Florida, Georgia, Mississippi, Tennessee and Texas.

Basis of Financial Statement Presentation

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 consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP). 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 2025 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.

Securities

Securities are classified as either held to maturity or available for sale. Securities are classified as held to maturity and carried at amortized cost when Management has the positive intent and the ability to hold them until maturity. Securities to be held for indefinite periods of time are classified as available for sale and carried at fair value, with the unrealized holding gains and losses reported as a component of other comprehensive income (loss), net of tax. Securities available for sale are used as part of Trustmark's interest rate risk management strategy and may be sold in response to changes in interest rates, changes in prepayment rates and other factors. Management determines the appropriate classification of securities at the time of purchase.

The amortized cost of debt securities classified as securities held to maturity or securities available for sale is adjusted for amortization of premiums and accretion of discounts to maturity of the security using the interest method. Such amortization or accretion is included in interest on securities. Realized gains and losses are determined using the specific identification method and are included in noninterest income as securities gains (losses), net.

Securities transferred from the available for sale category to the held to maturity category are recorded at fair value at the date of transfer. Unrealized holding gains or losses associated with the transfer of securities from available for sale to held to maturity are included in the balance of accumulated other comprehensive income (loss), net of tax, in the consolidated balance sheets. These unrealized holding gains or losses are amortized over the remaining life of the security as a yield adjustment in a manner consistent with the amortization or accretion of the original purchase premium or discount on the associated security.

Allowance for Credit Losses (ACL)

Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 326 requires a current expected credit losses methodology for estimating allowances for credit losses and applies to all financial instruments carried at amortized cost, including securities held to maturity, and makes targeted improvements to the accounting for credit losses on securities available for sale.

Under FASB ASC Topic 326, the ACL is an estimate measured using relevant information about past events, including historical credit loss experience on financial assets with similar risk characteristics, current conditions, and reasonable and supportable forecasts that affect the collectability of the remaining cash flows over the contractual term of the financial assets.

Trustmark adopted a zero-credit loss assumption for certain classes of securities. This zero-credit loss assumption applies to debt issuances of the U.S. Treasury and agencies and instrumentalities of the United States government. The reasons behind the adoption of the zero-credit loss assumption were as follows:

- High credit rating
- Long history with no credit losses
- Guaranteed by a sovereign entity
- Widely recognized as "risk-free rate"

- Ability and authority to print its own currency
- Currency is routinely held by central banks, used in international commerce, and commonly viewed as reserve currency
- Currently under the U.S. Government conservatorship or receivership

Trustmark continuously monitors any changes in economic conditions, credit downgrades, changes to explicit or implicit guarantees granted to certain debt issuers, and any other relevant information that would indicate potential credit deterioration and prompt Trustmark to reconsider its zero-credit loss assumption.

Securities Available for Sale

FASB ASC Subtopic 326-30, "Financial Instruments-Credit Losses-Available-for-Sale Debt Securities," replaced the concept of other-than-temporarily impaired with the ACL. Unlike securities held to maturity, securities available for sale are evaluated on an individual level and pooling of securities is not allowed.

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 as outlined below:

- Review the extent to which the fair value is less than the amortized cost and observe the security's lowest credit rating as reported by third-party credit ratings companies.
- The securities that violate the credit loss triggers above would be subjected to additional analysis that may include, but is not limited to: changes in market interest rates, changes in securities credit ratings, security type, service area economic factors, financial performance of the issuer/or obligor of the underlying issue and third-party guarantee.
- If Trustmark determines that a credit loss exists, the credit portion of the allowance will be 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 Trustmark records will be 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).

Accrued interest receivable is excluded from the estimate of credit losses for securities available for sale and reported in other assets on the consolidated balance sheets.

Securities Held to Maturity

FASB ASC Subtopic 326-20, "Financial Instruments-Credit Losses-Measured at Amortized Cost," requires institutions to measure expected credit losses on financial assets carried at amortized cost on a collective or pool basis when similar risks exist. Trustmark uses several levels of segmentation to measure expected credit losses for its held to maturity securities:

- The portfolio is segmented into agency and non-agency securities.
- The non-agency securities are separated into municipal, mortgage, and corporate securities.
- Each individual segment is categorized by third-party credit ratings.

As discussed above, Trustmark has determined that for certain classes of securities it would be appropriate to assume the expected credit loss to be zero, which include debt issuances of the U.S. Treasury and agencies and instrumentalities of the United States government. This assumption is reviewed and attested to quarterly. Trustmark uses an internally built model to verify the accuracy of third-party provided calculations.

Accrued interest receivable is excluded from the estimate of credit losses for securities held to maturity and included in other assets on the consolidated balance sheets.

Trustmark monitors the credit quality of securities held to maturity on a monthly basis through credit ratings.

LHFS

Trustmark's LHFS portfolio consists of mortgage loans purchased from wholesale customers or originated in Trustmark's General Banking Segment. Trustmark has elected to account for its LHFS under the fair value option permitted by FASB ASC Topic 825, "Financial Instruments," with interest income on the LHFS reported in interest and fees on LHFS and LHFI. Trustmark reports unrealized gains and losses resulting from changes in the fair value of the LHFS accounted for under the fair value option as noninterest income in mortgage banking, net. 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 the fair value reported as noninterest income in mortgage banking, net. Changes in the fair value of the LHFS are largely offset by changes in the fair value of the derivative instruments. Election of the fair value option allows Trustmark to reduce the accounting volatility that would otherwise result from the asymmetry created by accounting for its LHFS at the lower of cost or fair value and the derivative instruments at fair value. Realized gains and losses upon ultimate sale of the loans are reported as noninterest income in mortgage banking, net.

Government National Mortgage Association (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 percent of the remaining principal balance of the loan. Under FASB ASC Topic 860, "Transfers and Servicing," 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 LHFS, regardless of whether Trustmark intends to exercise the buy-back option. These loans are reported as LHFS with the offsetting liability being reported as short-term borrowings. The fair value option election does not apply to the GNMA optional repurchase loans which do not meet the requirements under FASB ASC Topic 825 to be accounted for under the fair value option.

Trustmark defers the upfront loan fees and costs related to the LHFS. In general, the LHFS are only retained on Trustmark's balance sheet for 30 to 45 days before they are pooled and sold in the secondary market. The difference between deferring these loan fees and costs until the loans are sold and recognizing them in earnings as incurred as required by FASB ASC Subtopic 825-10 is considered immaterial. Deferred loan fees and costs are reflected in the basis of the LHFS and, as such, impact the resulting gain or loss when the loans are sold.

LHFI

LHFI are loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off and are reported at amortized cost net of the ACL. Amortized cost is the amount of unpaid principal, adjusted for the net amount of direct costs and nonrefundable loan fees associated with lending. The net amount of nonrefundable loan origination fees and direct costs associated with the lending process, including commitment fees, is deferred and accreted to interest income over the lives of the loans using a method that approximates the interest method. Interest on LHFI is accrued and recorded as interest income based on the outstanding principal balance.

Past due LHFI are loans contractually past due 30 days or more as to principal or interest payments. A LHFI is classified as nonaccrual, and the accrual of interest on such loan is discontinued, when the contractual payment of principal or interest becomes 90 days past due on commercial credits and 120 days past due on non-business purpose credits. In addition, a credit may be placed on nonaccrual at any other time Management has serious doubts about further collectability of principal or interest according to the contractual terms, even though the loan is currently performing. A LHFI may remain in accrual status if it is in the process of collection and well-secured. When a LHFI is placed in nonaccrual status, interest accrued but not received is reversed against interest income. Interest payments received on nonaccrual LHFI are applied against principal under the cost-recovery method, until qualifying for return to accrual status. Under the cost-recovery method, interest income is not recognized until the principal balance is reduced to zero. LHFI are restored to accrual status when the ultimate collectability of the total contractual principal and interest is no longer in doubt and the obligation has either been brought current or has performed in accordance with the contractual terms for a reasonable period of time.

Purchased Credit Deteriorated (PCD) Loans

Purchased loans which have experienced more than insignificant credit deterioration since origination are considered PCD loans. An initial ACL for PCD loans is determined at acquisition using the same ACL methodology as the LHFI. The initial ACL determined on a collective basis is allocated to individual loans. PCD loans are reported at the amortized cost, which equals the loan purchased price plus the initial ACL. The difference between the amortized cost basis of the PCD loan and the par value of the loan is the noncredit premium or discount, which is amortized into interest income over the life of the loan. Subsequent changes to the ACL are recorded through the PCL, LHFI.

Upon adoption of FASB ASC Topic 326, Trustmark elected to maintain pools of loans that were previously accounted for under FASB ASC Subtopic 310-30, "Receivables-Loans and Debt Securities Acquired with Deteriorated Credit Quality," and will continue to account for these pools as a unit of account. Loans are only removed from the existing loan pools if they are written off, paid off or sold. Upon adoption of FASB ASC Topic 326, the ACL was determined for each pool and added to the pool's carrying value to establish a new amortized cost basis. The difference between the unpaid principal balance of the pool and the new amortized cost basis is the noncredit premium or discount which will be amortized into interest income over the remaining life of the pool. Changes to the ACL after adoption of FASB ASC Topic 326 are recorded through the PCL, LHFI.

ACL

LHFI

Trustmark's ACL methodology for LHFI is based upon guidance within FASB ASC Subtopic 326-20 as well as applicable regulatory guidance. The ACL on LHFI 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 on LHFI. The ACL on LHFI 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. 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.

Trustmark estimates the ACL on LHFI using relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. Trustmark uses a third-party software application to calculate the quantitative portion of the ACL on LHFI using a methodology and assumptions specific to each loan pool. The qualitative portion of the allowance is based on general economic conditions and other internal and external factors affecting Trustmark as a whole as well as specific LHFI. Factors considered include the following: lending policies and procedures, economic conditions and concentrations of credit, nature and volume of the portfolio, performance trends, and external factors. The quantitative and qualitative portions of the allowance are added together to determine the total ACL on LHFI, which reflects Management's expectations of future conditions based on reasonable and supportable forecasts.

The methodology for estimating the amount of expected credit losses reported in the ACL on LHFI 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.

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 ACL for individual loans that do not share risk characteristics with other loans is measured as the difference between the discounted value of expected future cash flows, based on the effective interest rate at origination, and the amortized cost basis of the loan, or the net realizable value. The ACL is the difference between the loan's net realizable value and its amortized cost basis (net of previous charge-offs and deferred loan fees and costs), except for collateral-dependent loans. 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 the '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. If the calculated expected credit loss is determined to be permanent or not recoverable, the amount of the expected credit loss is charged off.

Accrued interest receivable is not included in the amortized cost basis of Trustmark's LHFI and, therefore, excluded from the estimate of credit losses for LHFI.

LHFI are charged off against the ACL on LHFI, with any subsequent recoveries credited back to the ACL on LHFI account. Recoveries may not exceed the aggregate of amounts previously charged off. Trustmark's Loan Policy Manual dictates the guidelines to be followed in determining when a loan is charged off. Commercial purpose LHFI are charged off when a determination is made that the loan is uncollectible and continuance as a bankable asset is not warranted. Consumer LHFI secured by 1-4 family residential real estate are generally charged off or written down to the fair value of the collateral less cost to sell at no later than 180 days of delinquency. Non-real estate consumer purpose LHFI, including both secured and unsecured loans, are generally charged off by 120 days of delinquency. Consumer revolving lines of credit and credit card debt are generally charged off on or prior to 180 days of delinquency.

ACL on Off-Balance Sheet Credit Exposures

Under FASB ASC Subtopic 326-20, Trustmark is required to estimate expected credit losses for off-balance sheet credit exposures which are not unconditionally cancellable. Trustmark maintains a separate ACL on off-balance sheet credit exposures, including unfunded loan commitments and letters of credit.

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 views the loan pools as either closed-ended or open-ended. Closed-ended loan pools are those that typically fund up to 100% such as other construction and nonowner-occupied. Open-ended loan pools are those that behave similar to a revolver such as the commercial and industrial and home equity line of credit loan pools. In addition to the unfunded balances, Trustmark uses a funding rate for loan pools that are considered open-ended. Trustmark calculates the funding rate of the open-ended loan pools each period. In order to mitigate volatility and incorporate historical experience in the funding rate, Trustmark uses a twelve-quarter moving average. For the closed-ended loan pools, Trustmark takes a conservative approach and uses a 100% funding rate. The expected funding rate is applied to each pool's unfunded commitment balances to ensure that reserves will be applied to each pool based on balances expected to be funded based upon historical levels. In addition to the funding rate being applied to the unfunded commitment balance, a reserve rate is applied, which includes both quantitative and a majority of the qualitative aspects of the current period's expected credit loss rate. During 2024, Management implemented a performance trends qualitative factor for unfunded commitments and an External Factor - Credit Quality Review qualitative factor for unfunded commitments. For both qualitative factors, the same assumptions are applied in the unfunded commitment calculation that are used in the funded balance calculation with the only difference being the unfunded commitment calculation includes the funding rates for the unfunded commitments. The reserves for these two qualitative factors are added to the other calculated reserve to get a total reserve for 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.

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.

Premises and Equipment, Net

Premises and equipment are reported at cost, less accumulated depreciation and amortization. Depreciation is charged to expense over the estimated useful lives of the assets, which are up to thirty-nine years for buildings and three to ten years for furniture and equipment. Leasehold improvements are amortized over the terms of the respective leases or the estimated useful lives of the improvements, whichever is shorter. In cases where Trustmark has the right to renew the lease for additional periods, the lease term for the purpose of calculating amortization of the capitalized cost of the leasehold improvements is extended when Trustmark is "reasonably assured" that it will renew the lease. Depreciation and amortization expenses are computed using the straight-line method. Trustmark continually evaluates whether events and circumstances have occurred that indicate that such long-lived assets have become impaired. Measurement of any impairment of such long-lived assets is based on the fair values of those assets.

Branch closures and purchased land held for future branch expansion for more than five years are evaluated to determine if the related land, buildings and building improvements should be transferred to assets held for sale in accordance with FASB ASC Topic 360, "Property, Plant and Equipment." The property is transferred to assets held for sale at the lower of its carrying value or fair value less cost to sell. An impairment loss is recorded at the time of transfer if the carrying value of the assets exceeds the fair value. Impairment losses are recorded as noninterest expense in other expense.

MSR

Trustmark recognizes as assets the rights to service mortgage loans based on the estimated fair value of the MSR when loans are sold and the associated servicing rights are retained. Trustmark has elected to account for the MSR at fair value.

The fair value of the MSR is determined using a valuation model administered by a third party that calculates the present value of estimated future net servicing income. Estimates of fair value involve several assumptions, including the key valuation assumptions about market expectations of future prepayment rates, interest rates and discount rates which are provided by a third-party firm. Prepayment rates are projected using an industry standard prepayment model. The model considers other key factors, such as a wide range of standard industry assumptions tied to specific portfolio characteristics such as remittance cycles, escrow payment requirements, geographic factors, foreclosure loss exposure, VA no-bid exposure, delinquency rates and cost of servicing, including base cost and cost to service delinquent mortgages. Prevailing market conditions at the time of analysis are factored into the accumulation of assumptions and determination of servicing value.

Trustmark economically hedges changes in the fair value of the MSR attributable to interest rates. See the section titled "Derivative Financial Instruments – Derivatives Not Designated as Hedging Instruments" of this note for information regarding these derivative instruments.

Trustmark receives annual servicing fee income for loans serviced, which is recorded as noninterest income in mortgage banking, net. The fees are based on a contractual percentage of the outstanding principal or a fixed amount per loan and are recorded as income when earned. Late fees and ancillary fees related to loan servicing are not considered material.

Goodwill and Identifiable Intangible Assets

Trustmark accounts for goodwill and other intangible assets in accordance with FASB ASC Topic 350, "Intangibles – Goodwill and Other." Goodwill, which represents the excess of cost over the fair value of the net assets of an acquired business, is not amortized but tested for impairment on an annual basis, which is October 1 for Trustmark, or more often if events or circumstances indicate that there may be impairment.

Identifiable intangible assets are acquired assets that lack physical substance but can be distinguished from goodwill because of contractual or legal rights or because the assets are capable of being sold or exchanged either on their own or in combination with a related contract, asset or liability. Trustmark's identifiable intangible assets primarily relate to core deposits and borrower relationships. These intangibles, which have definite useful lives, are amortized on an accelerated basis over their estimated useful lives. In addition, these intangibles are evaluated for impairment whenever events and changes in circumstances indicate that the carrying amount should be reevaluated. Trustmark also purchased banking charters in order to facilitate its entry into the states of Florida and Texas. These identifiable intangible assets were amortized on a straight-line method over 20 years.

Other Real Estate

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. When foreclosed real estate is received in full satisfaction of a loan, the amount, if any, by which the recorded amount of the loan exceeds the estimated fair value of the property is a loss charged against the ACL at the time of foreclosure. If the recorded amount of the loan is less than the estimated fair value of the property, a credit is recorded to write-downs of other real estate at the time of foreclosure.

Other real estate is revalued on an annual basis or more often if market conditions necessitate. An other real estate specific reserve may be recorded through other real estate expense for declines in fair value subsequent to foreclosure based on recent appraisals or changes in market conditions. Subsequent to foreclosure, losses on the periodic revaluation of the property are charged against an existing other real estate specific reserve or as noninterest expense in other real estate expense if a reserve does not exist. Costs of operating and maintaining the properties as well as gains or losses on their disposition are also included in other real estate expense as incurred. Improvements made to properties are capitalized if the expenditures are expected to be recovered upon the sale of the properties.

Leases

Lessor Arrangements

Trustmark leases certain types of machinery and equipment to its commercial customers through sales-type and direct financing leases as part of its equipment financing portfolio. Sales-type and direct financing leases are similar to other forms of installment lending in that lessors generally do not retain benefits and risks incidental to ownership of the property subject to the leases. Such arrangements are essentially financing transactions that permit lessees to acquire and use property. Trustmark does not have any significant operating leases in which it is the lessor.

As lessor, the sum of all minimum lease payments over the lease term and the estimated residual value, less unearned interest income, is recorded as the net investment in the lease on the commencement date and is included in LHFI on the consolidated balance sheets. Interest income is accrued as earned over the term of the lease based on the net investment in the leases and is recognized in interest and fees on LHFS and LHFI on the consolidated statements of income. Certain fees or costs associated with lease originations are deferred and accreted or amortized to interest income over the life of the lease using the effective interest method.

Trustmark's portfolio of sales-type and direct financing leases generally have remaining lease terms of three to ten 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 at either the residual value or a specified price. Trustmark expects to sell or release the equipment at the end of the lease term. Due to the structure of these leases, there is no selling profit or loss on these transactions.

Lessee Arrangements

Trustmark has certain contracts that it has identified as leases according to FASB ASC Topic 842, "Leases". Trustmark classifies these leases as either operating or finance leases and recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability represents the present value of the lease payments that remain unpaid as of the commencement date and the right-of-use asset is the initial lease liability recognized for the lease plus any lease payments made to the lessor at or before the commencement date as well as any initial direct costs less any lease incentives received. Trustmark accounts for the lease and nonlease components separately as such amounts are readily determinable.

Trustmark's finance leases consist of building and equipment leases. Trustmark recognizes interest expense based on the discount rate of the lease as interest expense in other interest expense and recognizes depreciation expense on a straight-line basis over the lease term as noninterest expense in net occupancy – premises for building leases and in equipment expense for equipment leases. Trustmark amortizes the right-of-use asset over the life of the lease term on a straight-line basis. Trustmark's lease liabilities are measured as the present value of the remaining lease payments throughout the lease term. Trustmark records its finance lease right-of-use assets in premises and equipment, net and its finance lease liabilities in other borrowings.

Trustmark's operating leases primarily consist of building and land leases. Trustmark recognizes lease rent expense on a straight-line basis over the term of the lease contract and records it as noninterest expense in net occupancy – premises for building and land leases and in equipment expense for equipment leases. Trustmark's amortization of the right-of-use asset is the difference between the straight-line lease expense and the interest expense recognized on the lease liability during the period. Trustmark's lease liabilities are measured as the present value of the remaining lease payments throughout the lease term.

Trustmark's leases typically have one or more renewal options included in the lease contract. Due to the nature of Trustmark's leases, for leases with renewal options available, Trustmark considers the first renewal option as reasonably certain to renew and is therefore included in the measurement of the right-of-use assets and lease liabilities.

In order to calculate its right-of-use assets and lease liabilities, FASB ASC Topic 842 requires Trustmark to use the rate of interest implicit in the lease when readily determinable. If the rate implicit in the lease is not readily determinable, Trustmark is required to use its incremental borrowing rate, which is the rate of interest Trustmark would have to pay to borrow on a collateralized basis over a similar term in a similar economic environment. Trustmark was able to determine the implicit interest rate for its equipment leases and used that rate as its discount rate. Since the implicit interest rate for most of its building and land leases were not readily determinable, Trustmark used its incremental borrowing rate.

Trustmark made an accounting policy election to not recognize short-term leases (12 months or less) on the balance sheet. Trustmark's short-term leases primarily include automated teller machines. For short-term leases, Trustmark recognizes lease expense on a straight-line basis over the lease term.

Federal Home Loan Bank (FHLB) and Federal Reserve Bank of Atlanta Stock

Trustmark accounts for its investments in FHLB and Federal Reserve Bank of Atlanta stock in accordance with FASB ASC Subtopic 942-325, "Financial Services-Depository and Lending-Investments-Other." FHLB and Federal Reserve Bank stock are equity securities that do not have a readily determinable fair value because its ownership is restricted and it lacks a market. FHLB and Federal Reserve Bank stock are carried at cost and evaluated for impairment. Trustmark's investment in member bank stock is included in other assets in the accompanying consolidated balance sheets. At December 31, 2024 and 2023, Trustmark's investment in member bank stock totaled $44.9 million and $54.4 million, respectively. The carrying value of Trustmark's member bank stock gave rise to no other-than-temporary impairment for the years ended December 31, 2024, 2023 and 2022.

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, net, 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 expense, are also within the scope of FASB ASC Topic 606.

General Banking Segment

Service Charges on Deposit Accounts

In general, deposit accounts represent contracts with customers with no fixed duration and can be terminated or modified by either party at any time without compensation to the other party. According to FASB ASC Topic 606, a contract that can be terminated by either party without compensation does not exist for periods beyond the then-current period. Therefore, deposit contracts are considered to renew day-to-day if not minute-to-minute.

Deposit contracts have a single continuous or stand-ready service obligation whereby Trustmark makes customer funds available for use by the customer as and when the customer chooses as well as other services such as statement rendering and online banking. The specific services provided vary based on the type of deposit account. These services are not individually distinct, but are distinct as a group, and therefore, constitute a single performance obligation which is satisfied over time and qualifies as a series of distinct service periods.

Trustmark receives a fixed service charge amount as consideration monthly for services rendered. The service charge amount varies based on the type of deposit account. Some of the service charge revenue is subject to refund provisions, which is variable consideration under the guidelines of FASB ASC Topic 606. Trustmark has elected the 'as-invoiced' practical expedient permitted under FASB ASC Topic 606 for recognition of service charge revenue. Therefore, revenue is recognized at the time and in the amount the customer is charged. The service charge revenue is presented net of refunded amounts on Trustmark's consolidated statements of income.

Services related to non-sufficient funds, overdrafts, excess account activity, stop payments, dormant accounts, etc. are considered optional purchases for a deposit contract because there is no performance obligation for Trustmark until the service is requested by the customer or the occurrence of a triggering event. Fees for these services are fixed amounts and are charged to the customer when the service is performed. Revenue is recognized at the time the customer is charged.

Bank Card and Other Fees

Revenue from contracts with customers in bank card and other fees includes income related to interchange fees and various other contracts which primarily consists of contracts with a single performance obligation that is satisfied at a point in time. Trustmark receives a fixed consideration amount once the performance obligation is completed for these contracts. Trustmark reports revenue from these contracts net of amounts refunded or due to a third party.

As both a debit and credit card issuer, Trustmark receives an interchange fee for every card transaction completed by its customers with a merchant. Trustmark receives two types of interchange fees: point-of-sale transactions in which the customer must enter the PIN associated with the card to complete the transaction (a debit card transaction), and signature transactions in which the signature of the customer is required to complete the transaction (a credit card transaction).

Trustmark, as the card issuing or settlement bank, has a contract (implied based on customary business practices) with the payment network in which Trustmark has a single continuous service obligation to make funds available for settlement of the card transaction. Trustmark's service obligation is satisfied over time and qualifies as a series of distinct service periods. Trustmark receives interchange fees as consideration for services rendered in the amount established by the respective payment network. The interchange fees are established by the payment network based on the type of transaction and is posted on their website. Trustmark receives and records interchange fee revenue from the payment networks daily net of all fees and amounts due to the payment network.

Other Income

Revenue from contracts with customers in other income includes income related to cash management services and other contracts with a single performance obligation that is satisfied at a point in time. Trustmark receives a fixed consideration amount once the performance

obligation is completed for these contracts. Trustmark reports revenue from these contracts net of amounts refunded or due to a third party.

Trustmark provides cash management services through the delivery of various products and services offered to its business and municipal customers including various departments of state, city and local governments, universities and other non-profit entities. Similar to the deposit account contracts, the cash management contracts primarily represent contracts with customers with no fixed duration and can be terminated or modified by either party at any time without compensation to the other party. Therefore, cash management contracts are generally considered to renew day-to-day if not minute-to-minute.

Cash management contracts have a single continuous or stand-ready service obligation whereby Trustmark makes a specific service or group of services available for use by the customer as and when the customer chooses. The specific services provided vary based on the type of account or product. These services are not individually distinct, but are distinct as a group, and therefore, constitute a single performance obligation which is satisfied over time and qualifies as a series of distinct service periods.

Trustmark receives a set service charge or maintenance fee amount as consideration monthly for services rendered. However, some of the fees are based on the number of transactions that occur (*i.e.,* flat fee for a set number of transactions per month then an additional charge for each transaction after that) or the average daily account balance maintained by the customer during the month and a small amount of the cash management fee revenue is subject to refund provisions. These fees represent variable consideration under the guidelines of FASB ASC Topic 606. Trustmark has elected the 'as-invoiced' practical expedient permitted under FASB ASC Topic 606 for recognition of cash management fee revenue. The cash management revenue is presented net of any refunded amounts on Trustmark's consolidated statements of income.

Trustmark's merchant services provider contracts directly with Trustmark business customers and provides Trustmark's merchant customers card processing equipment and transaction processing services. Trustmark's contract with the merchant services provider has a single-continuous service obligation to provide customer referrals for potential new accounts which is satisfied over time and qualifies as a series of distinct service periods. Trustmark receives a flat fee for each new account established and a percentage of the residual income related to transactions processed for Trustmark's merchant customers each month as provided in the contract. Under the guidelines of FASB ASC Topic 606, the fee received for each new account and the profit sharing represent variable consideration. Revenue from merchant card services contracts is recognized monthly using a time-elapsed measure of progress. Trustmark has elected the 'as-invoiced' practical expedient permitted under FASB ASC Topic 606 for recognition of the merchant card services revenue.

Other Real Estate

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 expense. Other real estate sales for the year ended December 31, 2024 resulted in a net loss of $1.1 million compared to a net loss of $145 thousand for the year ended December 31, 2023 and a net loss of $1.0 million for the year ended December 31, 2022.

In general, purchases of Trustmark's other real estate property are not financed by Trustmark. Financing the purchase of other real estate is evaluated based upon the same lending policies and procedures as all other types of loans. Under FASB ASC Subtopic 610-20, "Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets," when Trustmark finances the sale of its other real estate to a buyer, Trustmark is required to assess whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these two criteria are met, Trustmark derecognizes the other real estate asset and records a gain or loss on the sale once control of the property is transferred to the buyer.

Wealth Management Segment

Trust Management

There are four categories of revenue included in trust management: personal trust and investments, retirement plan services, institutional custody and other. Each of these categories includes multiple types of contracts, service obligations and fee income. However, the majority of these contracts include a single service obligation that is satisfied over time, the customer is charged in arrears for services rendered and revenue is recognized when payment is received. In general, the time period between when the service obligation is completed and when payment from the customer is received is less than 30 days. Revenue from trust management contracts is primarily related to monthly service periods and based on the prior month-end's market value. Some trust management revenue is mandated by a court order, while other revenue consists of flat fees. Trust management revenue based on an account's market value represents variable consideration under the guidelines of FASB ASC Topic 606. Trustmark has elected the 'as-invoiced' practical expedient allowed under FASB ASC Topic 606 to account for the trust management revenue.

Assets under administration held by Trustmark in a fiduciary or agency capacity for customers are not included in Trustmark's consolidated balance sheets.

Investment Services

Investment services includes both brokerage and annuity income. Trustmark has a contract with a third-party investment services company which contains a single continuous service obligation, to provide broker-dealer and advisory services to customers on behalf of the third-party, which is satisfied over time and qualifies as a series of distinct service periods. Trustmark serves as the agent between the third-party investment services company, the principle, and the customer. In accordance with the contract, Trustmark receives a monthly payment from the investment services company for commissions and advisory fees (asset management fees) earned on transactions completed in the prior month net of all charges and fees due to the investment services company. Trustmark recognizes revenue from the investment services company, net of the revenue sharing expense due to the investment services company, when the payments are received. Commissions vary from month-to-month based on the specific products and transactions completed. The advisory fees vary based on the average daily balance of the managed assets for the period. The commissions and advisory fees represent variable consideration under FASB ASC Topic 606. Trustmark has elected the 'as-invoiced' practical expedient allowed under FASB ASC Topic 606 to recognize revenue from the investment services company.

Derivative Financial Instruments

Trustmark maintains an overall interest rate risk management strategy that incorporates the use of derivative instruments to minimize significant unplanned fluctuations in earnings and cash flows caused by interest rate volatility. Trustmark's interest rate risk management strategy involves modifying the repricing characteristics of certain assets and liabilities so that changes in interest rates do not adversely affect the net interest margin and cash flows. Under the guidelines of FASB ASC Topic 815, "Derivatives and Hedging," all derivative instruments are required to be recognized as either assets or liabilities and carried at fair value on the balance sheet. The fair value of derivative positions outstanding is included in other assets and/or other liabilities in the accompanying consolidated balance sheets and in the net change in these financial statement line items in the accompanying consolidated statements of cash flows as well as included in noninterest income in the accompanying consolidated statements of income and other comprehensive income (loss), net of tax in the accompanying consolidated statements of comprehensive income. Trustmark's interest rate 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.

Derivatives Designated as Hedging Instruments

FASB ASC Topic 815, *Derivatives and Hedging* (ASC 815), provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments, (b) how the entity accounts for derivative instruments and related hedged items, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. Further, qualitative disclosures are required that explain the objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments.

Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge.

When entering into a hedge transaction, Trustmark formally documents the relationship between the hedging instrument and the hedged item, as well as the risk management objective and strategy for undertaking the hedge transaction, which includes designating the derivative instrument as a fair value or cash flow hedge to a specific asset or liability on the balance sheet or to specific forecasted transactions and the risk being hedged, along with a formal assessment at the inception of the hedge as to the effectiveness of the derivative instrument in offsetting changes in fair values or cash flows of the hedged item. Trustmark continues to assess hedge effectiveness on an ongoing basis using either a qualitative or a quantitative assessment (regression analysis).

As required by ASC 815, Trustmark records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether Trustmark has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. For cash flow hedges, changes in the fair value of the derivative instrument are recorded in accumulated other comprehensive income (loss) and subsequently reclassified to net income in the same period that the hedged transaction impacts net

income. Upon discontinuation of hedge accounting for cash flow hedges, any amounts in accumulated other comprehensive income (loss) related to that relationship affects earnings at the same time and in the same manner in which the hedged transaction affects earnings. If it becomes probable that the forecasted transaction will not occur, any related amounts in accumulated other comprehensive income (loss) are reclassified to earnings immediately.

Derivatives Not Designated as Hedging Instruments

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 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. See Note 1 – Significant Accounting Policies, "LHFS" for information regarding the fair value option election.

Trustmark also utilizes derivative instruments such as interest rate lock commitments in its mortgage banking area. 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 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. 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 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 the fair value of the 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.

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. Derivative 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.

Income Taxes

Trustmark accounts for uncertain tax positions in accordance with FASB ASC Topic 740, "Income Taxes," which clarifies the accounting and disclosure for uncertainty in tax positions. Under the guidance of FASB ASC Topic 740, Trustmark accounts for deferred income taxes using the liability method. Deferred tax assets and liabilities are based on temporary differences between the financial statement carrying amounts and the tax basis of Trustmark's assets and liabilities. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled and are presented net in the accompanying consolidated balance sheets in other assets.

Stock-Based Compensation

Trustmark accounts for the stock and incentive compensation under the provisions of FASB ASC Topic 718, "Compensation – Stock Compensation." Under this accounting guidance, fair value is established as the measurement objective in accounting for stock awards and requires the application of a fair value based measurement method in accounting for compensation cost, which is recognized over the requisite service period. Trustmark has elected to account for forfeitures of stock awards as they occur.

Statements of Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and amounts due from banks. The following table reflects specific transaction amounts for the periods presented ($ in thousands):

	Years Ended December 31,		
	2024	2023	2022
Income taxes paid	$ 21,472	$ 38,803	$ 2,701
Interest paid on deposits and borrowings	385,779	306,568	45,275
Noncash transfers from loans to other real estate	6,782	7,237	1,533
Securities transferred from available for sale to held to maturity	—	—	674,092
Investment in tax credit partnership not funded	4,839	3,202	18,891
Operating right-of-use assets resulting from lease liabilities	1,831	7,303	6,912

Per Share Data

Trustmark accounts for per share data in accordance with FASB ASC Topic 260, "Earnings Per Share," which provides that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of EPS pursuant to the two-class method. Trustmark has determined that its outstanding unvested stock awards are not participating securities. Based on this determination, no change has been made to Trustmark's current computation for basic and diluted EPS.

Basic EPS is computed by dividing net income by the weighted-average shares of common stock outstanding. Diluted EPS is computed by dividing net income by the weighted-average shares of common stock outstanding, adjusted for the effect of potentially dilutive stock awards outstanding during the period.

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

	Years Ended December 31,		
	2024	2023	2022
Basic shares	61,158	61,054	61,242
Dilutive shares	226	177	190
Diluted shares	61,384	61,231	61,432

Weighted-average antidilutive stock awards were excluded in determining diluted EPS. The following table reflects weighted-average antidilutive stock awards for the periods presented (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Weighted-average antidilutive stock awards	2	23	—

Fair Value Measurements

FASB ASC Topic 820, "Fair Value Measurements and Disclosures," defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and requires certain disclosures about fair value measurements. The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. Depending on the nature of the asset or liability, Trustmark uses various valuation techniques and assumptions when estimating fair value. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. FASB ASC Topic 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 Inputs – Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that Trustmark has the ability to access at the measurement date.

Level 2 Inputs – Valuation is based upon quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability such as interest rates, yield curves, volatilities and default rates and inputs that are derived principally from or corroborated by observable market data.

Level 3 Inputs – Unobservable inputs reflecting the reporting entity's own determination about the assumptions that market participants would use in pricing the asset or liability based on the best information available.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the fair value measurement in its entirety is classified is based on the lowest level input that is significant to the fair value measurement in its entirety. Trustmark's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. Transfers between levels of the fair value hierarchy are recognized on the actual date of the event or circumstances that caused the transfer.

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 adopted the amendments of ASU 2023-07 related to annual disclosure requirements effective January 1, 2024, and the newly required annual disclosures are included in Note 21 – Segment Information of this report. Trustmark adopted 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 did not have a material impact to Trustmark's consolidated financial statements or results of operations.

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 adopted 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.

Pending Accounting Pronouncements

ASU 2024-03, "Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses." Issued in November 2024, ASU 2024-03 with the objective of providing investors with more decision-useful information regarding a public business entity's expenses by enhancing disclosures on income statement expenses. Investor feedback indicated a strong preference for the disclosure of disaggregated financial reporting information as a top priority for the FASB. Detailed knowledge of an entity's expenses is crucial for understanding its prospects for future cash flows and

for making performance comparisons over time and with other entities. Investors emphasized that information regarding cost of sales, selling, general, and administrative expenses, employee compensation costs, depreciation and amortization, and research and development expenditure would enhance their comprehension of an entity's cost structure and ability to forecast future cash flows. The ASU applies exclusively to public business entities and mandates additional disclosures about specific expense categories on both annual and interim bases in the notes to financial statements that are not currently required. The amendments do not alter or eliminate existing expense disclosure requirements nor change requirements for presenting expenses on the face of the income statement. However, they do specify that certain existing disclosures must now appear in the same tabular format as the new disaggregation requirements. The FASB issued ASU 2025-01 in January 2025, clarifying that the amendments in ASU 2024-03 are effective for public business entities for annual reporting periods beginning after December 15, 2026, and for interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. Trustmark intends to adopt the amendments of ASU 2024-03 effective January 1, 2027, and will include the required annual disclosures in its Annual Report on Form 10-K for the year ending December 31, 2027, and required interim disclosures in its Quarterly Report on Form 10-Q for the period ending March 31, 2028. Trustmark is currently evaluating the changes to disclosures required by ASU 2024-03; however, adoption of ASU 2024-03 is not expected to have a material impact to Trustmark’s consolidated financial statements or results of operations.

Note 2 - Discontinued Operations

On May 31, 2024, Trustmark National Bank (TNB) completed the sale of its wholly owned subsidiary, Fisher Brown Bottrell Insurance, Inc. (FBBI), to Marsh & McLennan Agency LLC (MMA) for approximately $336.9 million in cash. The transaction resulted in a pre-tax net gain of $228.3 million. The gain, along with FBBI's historical financial results for periods prior to the sale, is reflected in Trustmark's consolidated financial statements as discontinued operations. The assets and liabilities of FBBI have been presented as "Assets of discontinued operations" and "Liabilities of discontinued operations" on the consolidated balance sheet at December 31, 2023. FBBI's operating results have been presented as "Discontinued operations" within the accompanying consolidated statements of income and prior period amounts have been reclassified to conform with the current period presentation. Cash flows from both continuing and discontinued operations are included in the Consolidated Statements of Cash Flows.

The following table summarizes financial information related to FBBI which has been segregated from continuing operations and reported as discontinued operations for the periods presented ($ in thousands):

	Years Ended December 31,		
	2024	2023	2022
Noninterest income:			
Insurance commissions	$ 27,728	$ 57,569	$ 53,721
Gain on sale of discontinued operations, net	228,272	—	—
Other, net	527	956	1
Total noninterest income	256,527	58,525	53,722
Noninterest expense:			
Salaries and employee benefits	16,263	36,395	33,193
Services and fees	704	1,673	1,576
Net occupancy - premises	269	975	1,278
Equipment expense	93	298	303
Other expense	2,046	2,882	2,730
Total noninterest expense	19,375	42,223	39,080
Income from discontinued operations before income taxes	237,152	16,302	14,642
Income taxes from discontinued operations	59,353	4,103	3,673
Income from discontinued operations	$ 177,799	$ 12,199	$ 10,969

The assets and liabilities of discontinued operations on the consolidated balance sheet at December 31, 2023 were as follows ($ in thousands):

	December 31, 2023
Carrying amounts of assets included as part of discontinued operations:	
Cash and due from banks	$ 200
Premises and equipment, net	308
Goodwill	49,633
Identifiable intangible assets, net	2,729
Operating lease right-of-use assets	2,431
Other assets	12,333
Assets of discontinued operations	$ 67,634
Carrying amounts of liabilities included as part of discontinued operations:	
Operating lease liabilities	$ 2,487
Other liabilities	9,540
Liabilities of discontinued operations	$ 12,027

Note 3 – Cash and Due from Banks

Trustmark is no longer required to maintain reserve balances with the Federal Reserve Bank of Atlanta based on a percentage of deposits. Effective March 26, 2020, the Federal Reserve reduced reserve requirement ratios to zero percent, eliminating the reserve requirements for all depository institutions, in order to provide liquidity in the banking system to support lending to households and businesses due to the COVID-19 pandemic.

Note 4 – 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 December 31, 2024 and 2023 ($ in thousands):

	Securities Available for Sale				Securities Held to Maturity			
December 31, 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities	$ 203,524	$ 548	$ (1,403)	$ 202,669	$ 29,842	$ 1	$ (522)	$ 29,321
U.S. Government agency obligations	41,194	—	(2,387)	38,807	—	—	—	—
Mortgage-backed securities								
Residential mortgage pass-through securities								
Guaranteed by GNMA	31,365	3	(2,957)	28,411	16,218	—	(844)	15,374
Issued by FNMA and FHLMC	1,091,122	1,610	(22,194)	1,070,538	423,372	94	(23,853)	399,613
Other residential mortgage-backed securities								
Issued or guaranteed by FNMA, FHLMC or GNMA	—	—	—	—	123,685	—	(8,004)	115,681
Commercial mortgage-backed securities								
Issued or guaranteed by FNMA, FHLMC or GNMA	352,332	827	(1,050)	352,109	742,268	3	(43,153)	699,118
Total	$1,719,537	$ 2,988	$ (29,991)	$1,692,534	$1,335,385	$ 98	$ (76,376)	$1,259,107
December 31, 2023								
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. On 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 December 31, 2024, the net unamortized, unrealized loss on transferred securities included in accumulated other comprehensive income (loss) in the accompanying balance sheet totaled $46.6 million compared to approximately $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 DCF analysis using the effective interest rate as of the security's purchase date. The amount of credit loss Trustmark records will be 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.

At both December 31, 2024 and 2023, the results of the loss analysis performed 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 December 31, 2024 and 2023, accrued interest receivable totaled $5.0 million and $3.7 million, respectively, for securities available for sale and was reported in other assets on the accompanying consolidated balance sheet.

Securities Held to Maturity

At December 31, 2024, Trustmark identified no securities held to maturity with the potential for credit loss exposure, compared to $340 thousand at December 31, 2023, which consisted of municipal securities. After applying appropriate probability of default and loss given default assumptions, the total amount of current expected credit losses was zero at December 31, 2024 and immaterial at December 31, 2023. Therefore, no reserve was recorded at either December 31, 2024 or December 31, 2023.

Accrued interest receivable is excluded from the estimate of credit losses for securities held to maturity. At December 31, 2024 and 2023, accrued interest receivable totaled $2.4 million and $2.6 million for securities held to maturity and was reported in other assets on the accompanying consolidated balance sheet.

At both December 31, 2024 and 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 December 31, 2024 and 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 December 31, 2024 and 2023 ($ in thousands):

	December 31,	
	2024	2023
Aaa	$ 1,335,385	$ 1,425,939
Not Rated *(1)*	—	340
Total	$ 1,335,385	$ 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 ACL has not been recorded and segregated by length of impairment at December 31, 2024 and 2023 ($ in thousands):

	Less than 12 Months		12 Months or More		Total	
December 31, 2024	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
U.S. Treasury securities	$ 123,277	$ (1,925)	$ —	$ —	$ 123,277	$ (1,925)
U.S. Government agency obligations	38,807	(2,387)	—	—	38,807	(2,387)
Mortgage-backed securities						
Residential mortgage pass-through securities						
Guaranteed by GNMA	15,802	(293)	27,803	(3,508)	43,605	(3,801)
Issued by FNMA and FHLMC	981,747	(13,848)	237,487	(32,199)	1,219,234	(46,047)
Other residential mortgage-backed securities						
Issued or guaranteed by FNMA, FHLMC or GNMA	—	—	115,681	(8,004)	115,681	(8,004)
Commercial mortgage-backed securities						
Issued or guaranteed by FNMA, FHLMC or GNMA	164,971	(536)	767,566	(43,667)	932,537	(44,203)
Total	$ 1,324,604	$ (18,989)	$ 1,148,537	$ (87,378)	$ 2,473,141	$ (106,367)
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

Realized gains and losses are determined using the specific identification method and are included in noninterest income (loss) as securities gains (losses), net. For the periods presented, gross realized gains or losses as a result of calls and dispositions of securities, as well as any associated proceeds, were as follows ($ in thousands):

	Years Ended December 31,		
Available for Sale	2024	2023	2022
Proceeds from calls and sales of securities	$ 1,378,272	$ 4,796	$ —
Gross realized gains	—	47	—
Gross realized losses	(182,792)	(8)	—

During the second quarter of 2024, Trustmark restructured its investment securities portfolio by selling $1.561 billion of available for sale securities with an average yield of 1.36%, which generated a loss of $182.8 million ($137.1 million, net of taxes) and was recorded to noninterest income (loss) in securities gains (losses), net. Proceeds from the sale were used to purchase $1.378 billion of available for sale securities with an average yield of 4.85%.

Securities Pledged

Securities with a carrying value of $1.910 billion and $2.321 billion at December 31, 2024 and 2023, respectively, were pledged to collateralize public deposits and securities sold under repurchase agreements and for other purposes as permitted by law. At both December 31, 2024 and 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 December 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	$ 45,777	$ 45,976	$ —	$ —
Due after one year through five years	62,388	62,737	29,842	29,321
Due after five years through ten years	136,553	132,763	—	—
	244,718	241,476	29,842	29,321
Mortgage-backed securities	1,474,819	1,451,058	1,305,543	1,229,786
Total	$ 1,719,537	$ 1,692,534	$ 1,335,385	$ 1,259,107

Note 5 – LHFI and ACL, LHFI

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

	December 31,	
	2024	2023
Loans secured by real estate:		
Construction, land development and other land	$ 587,244	$ 642,886
Other secured by 1-4 family residential properties	650,550	622,397
Secured by nonfarm, nonresidential properties	3,533,282	3,489,434
Other real estate secured	1,633,830	1,312,551
Other loans secured by real estate:		
Other construction	829,904	867,793
Secured by 1-4 family residential properties	2,298,993	2,282,318
Commercial and industrial loans	1,840,722	1,922,910
Consumer loans	156,569	165,734
State and other political subdivision loans	969,836	1,088,466
Other commercial loans and leases	589,012	556,035
LHFI	13,089,942	12,950,524
Less ACL	160,270	139,367
Net LHFI	$ 12,929,672	$ 12,811,157

Accrued interest receivable is not included in the amortized cost basis of Trustmark's LHFI. At December 31, 2024 and 2023, accrued interest receivable for LHFI totaled $64.7 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 December 31, 2024, Trustmark's geographic loan distribution was concentrated primarily in its six key market regions: Alabama, Florida, Georgia, 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.

Related Party Loans

At December 31, 2024 and 2023, loans to certain executive officers and directors, including their immediate families and companies in which they are principal owners, totaled $33.1 million and $41.1 million, respectively. During 2024, $235.9 million of new loan advances were made, while repayments were $243.9 million. There were no increases in loans due to changes in executive officers and directors.

Nonaccrual and Past Due LHFI

No material interest income was recognized in the income statement on nonaccrual LHFI for each of the years in the three-year period ended December 31, 2024.

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 December 31, 2024 and 2023 ($ in thousands):

	December 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	$ —	$ 366	$ 159
Other secured by 1-4 family residential properties	521	7,275	266
Secured by nonfarm, nonresidential properties	426	13,061	—
Other real estate secured	1,904	1,984	—
Other loans secured by real estate:			
Secured by 1-4 family residential properties	1,533	31,583	3,253
Commercial and industrial loans	16	24,525	—
Consumer loans	—	236	414
Other commercial loans and leases	—	1,079	—
Total	$ 4,400	$ 80,109	$ 4,092

	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 loans) at December 31, 2024 and 2023 ($ in thousands):

	December 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	$ 199	$ —	$ 324	$ 523	$ 586,721	$ 587,244
Other secured by 1-4 family residential properties	5,656	1,821	3,223	10,700	639,850	650,550
Secured by nonfarm, nonresidential properties	1,488	380	3,111	4,979	3,528,303	3,533,282
Other real estate secured	1,979	—	28	2,007	1,631,823	1,633,830
Other loans secured by real estate:						
Other construction	—	—	—	—	829,904	829,904
Secured by 1-4 family residential properties	17,898	7,111	21,524	46,533	2,252,460	2,298,993
Commercial and industrial loans	1,114	13,300	8,835	23,249	1,817,473	1,840,722
Consumer loans	1,930	600	414	2,944	153,625	156,569
State and other political subdivision loans	24	—	—	24	969,812	969,836
Other commercial loans and leases	168	67	69	304	588,708	589,012
Total	$ 30,456	$ 23,279	$ 37,528	$ 91,263	$ 12,998,679	$ 13,089,942

	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:

	Year Ended December 31, 2024			
	Payment Concessions	Term Extensions	Total	% of Total Class of Loan
Loans secured by real estate:				
Other secured by 1-4 family residential properties	$ —	$ 3,456	$ 3,456	0.53 %
Other loans secured by real estate:				
Secured by 1-4 family residential properties	—	129	129	0.01 %
Commercial and industrial loans	6,207	—	6,207	0.34 %
Total	$ 6,207	$ 3,585	$ 9,792	0.07 %

	Year Ended December 31, 2023			
	Payment Concessions	Term Extensions	Total	% of Total Class of Loan
Loans secured by real estate:				
Other secured by 1-4 family residential properties	$ —	$ 805	$ 805	0.13%
Secured by nonfarm, nonresidential properties	—	359	359	0.01%
Other loans secured by real estate:				
Secured by 1-4 family residential properties	—	1,148	1,148	0.05%
Commercial and industrial loans	242	—	242	0.01%
Consumer loans	—	36	36	0.02%
Other commercial loans and leases	116	31	147	0.03%
Total	$ 358	$ 2,379	$ 2,737	0.02%

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

	Year Ended December 31, 2024	
	Financial Effect	
	Payment Concessions	Term Extensions
Loans secured by real estate:		
Other secured by 1-4 family residential properties		Modified five loans and twenty-five lines of credit to amortize over 24 month terms
Other loans secured by real estate:		
Secured by 1-4 family residential properties		Modified nine loans to amortize over weighted average 35 months
Commercial and industrial loans	Thirty-four month principal payment deferral	

	Year Ended December 31, 2023	
	Financial Effect	
	Payment Concessions	Term Extensions
Loans secured by real estate:		
Other secured by 1-4 family residential properties		Modified lines of credit to amortize over 12 month and 24 month terms
Secured by nonfarm, nonresidential properties		One loan renewed and extended maturity by six months
Other loans secured by real estate:		
Secured by 1-4 family residential properties		Extended amortization with term adjusted by weighted-average 3.4 years
Commercial and industrial loans	Six month payment deferrals	
Consumer loans		Bankruptcies extended amortization with term adjusted by weighted average 1.3 years reducing borrower payment
Other commercial loans and leases	Six month payment deferrals	One loan renewed and extended maturity by seven months

Trustmark had no unused commitments on modified loans to borrowers experiencing financial difficulty at December 31, 2024 or December 31, 2023.

During the year ended December 31, 2024, Trustmark had a payment concession balance of $6.2 million and a term extension balance of $70 thousand at default for LHFI in the commercial and industrial portfolio and the other secured by 1-4 family residential properties portfolio, respectively, that had a payment default and were modified within the twelve months prior to that default to borrowers experiencing financial difficulty. During the year ended December 31, 2023, Trustmark had payment concession balances of $116 thousand at default for LHFI in the other commercial loans and leases portfolio that had a payment default and were modified within the twelve months prior to that default to borrowers experiencing financial difficulty.

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):

	Year Ended December 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	$ 739	$ 128	$ 50	$ 917	$ 2,539	$ 3,456
Other loans secured by real estate:						
Secured by 1-4 family residential properties	—	—	—	—	129	129
Commercial and industrial loans	—	—	6,207	6,207	—	6,207
Total	$ 739	$ 128	$ 6,257	$ 7,124	$ 2,668	$ 9,792

	Year Ended December 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:						
Other secured by 1-4 family residential properties	$ 290	$ 17	$ —	$ 307	$ 498	$ 805
Secured by nonfarm, nonresidential properties	—	—	—	—	359	359
Other loans secured by real estate:						
Secured by 1-4 family residential properties	64	—	—	64	1,084	1,148
Commercial and industrial loans	—	—	—	—	242	242
Consumer loans	17	—	—	17	19	36
Other commercial loans and leases	—	—	—	—	147	147
Total	$ 371	$ 17	$ —	$ 388	$ 2,349	$ 2,737

Collateral-Dependent Loans

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

	December 31, 2024			
	Real Estate	Vehicles	Miscellaneous	Total
Loans secured by real estate:				
Other secured by 1-4 family residential properties	$ 521	$ —	$ —	$ 521
Secured by nonfarm, nonresidential properties	9,783	—	—	9,783
Other real estate secured	1,904	—	—	1,904
Other loans secured by real estate:				
Secured by 1-4 family residential properties	1,533	—	—	1,533
Commercial and industrial loans	—	1,818	20,685	22,503
Other commercial loans and leases	—	—	896	896
Total	$ 13,741	$ 1,818	$ 21,581	$ 37,140

	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. During 2024, one collateral dependent relationship had a decrease in collateral value that secures the credit. There have been no other 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. During 2024, four relationships had decreases in collateral value that secures the credit. There have been no other 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 and leases – Loans and leases 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 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 all bank regulatory agencies and are generally equally applied by 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 $250 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 December 31, 2024 and 2023 ($ in thousands):

	Term Loans by Origination Year							
As of December 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	$ 324,775	$ 83,503	$ 33,580	$ 23,124	$ 8,145	$ 1,587	$ 42,469	$ 517,183
Special Mention - RR 7	2,165	—	—	—	—	—	2,002	4,167
Substandard - RR 8	17	62	226	983	—	—	176	1,464
Doubtful - RR 9	—	—	—	—	—	—	—	—
Total	326,957	83,565	33,806	24,107	8,145	1,587	44,647	522,814
Current period gross charge-offs	—	—	—	—	—	(24)	—	(24)
Other secured by 1-4 family residential properties:								
Pass - RR 1 through RR 6	$ 31,013	$ 24,339	$ 22,693	$ 24,090	$ 11,635	$ 2,106	$ 7,742	$ 123,618
Special Mention - RR 7	27	—	—	32	—	—	—	59
Substandard - RR 8	125	375	555	328	—	191	27	1,601
Doubtful - RR 9	—	—	—	—	—	—	—	—
Total	31,165	24,714	23,248	24,450	11,635	2,297	7,769	125,278
Current period gross charge-offs	—	—	—	—	—	(16)	—	(16)
Secured by nonfarm, nonresidential properties:								
Pass - RR 1 through RR 6	$ 542,747	$ 441,159	$ 880,511	$ 429,929	$ 464,504	$ 392,802	$ 127,812	$ 3,279,464
Special Mention - RR 7	16,266	—	52,093	—	17,978	3,335	—	89,672
Substandard - RR 8	10,007	7,321	41,686	37,915	25,601	41,598	—	164,128
Doubtful - RR 9	11	—	—	—	—	7	—	18
Total	569,031	448,480	974,290	467,844	508,083	437,742	127,812	3,533,282
Current period gross charge-offs	—	—	—	(2,529)	—	(16)	—	(2,545)
Other real estate secured:								
Pass - RR 1 through RR 6	$ 152,314	$ 157,827	$ 726,814	$ 233,861	$ 137,786	$ 43,478	$ 7,434	$ 1,459,514
Special Mention - RR 7	—	7,450	15,481	41,019	—	—	263	64,213
Substandard - RR 8	14,610	—	26,685	42,636	252	25,419	244	109,846
Doubtful - RR 9	—	—	—	—	—	—	—	—
Total	166,924	165,277	768,980	317,516	138,038	68,897	7,941	1,633,573
Current period gross charge-offs	—	—	(89)	—	—	—	—	(89)

As of December 31, 2024	Term Loans by Origination Year						Revolving Loans	Total
	2024	2023	2022	2021	2020	Prior		
	Commercial LHFI							
Other loans secured by real estate:								
Other construction								
Pass - RR 1 through RR 6	$ 115,221	$ 410,064	$ 201,526	$ 20,647	$ —	$ —	$ 18,400	$ 765,858
Special Mention - RR 7	—	2,250	24,557	—	—	—	—	26,807
Substandard - RR 8	—	—	17,820	—	19,419	—	—	37,239
Doubtful - RR 9	—	—	—	—	—	—	—	—
Total	115,221	412,314	243,903	20,647	19,419	—	18,400	829,904
Current period gross charge-offs	—	(14)	(2,493)	—	—	—	—	(2,507)
Commercial and industrial loans:								
Pass - RR 1 through RR 6	$ 505,557	$ 365,724	$ 231,875	$ 98,318	$ 45,551	$ 27,456	$ 462,740	$ 1,737,221
Special Mention - RR 7	—	564	14,066	15	—	—	13,836	28,481
Substandard - RR 8	7,204	1,113	39,698	5,091	891	12,905	7,598	74,500
Doubtful - RR 9	227	—	35	145	1	2	110	520
Total	512,988	367,401	285,674	103,569	46,443	40,363	484,284	1,840,722
Current period gross charge-offs	(341)	(1,211)	(640)	(3,251)	(158)	(3,132)	(315)	(9,048)
State and other political subdivision loans:								
Pass - RR 1 through RR 6	$ 156,130	$ 82,532	$ 212,528	$ 135,251	$ 78,543	$ 302,709	$ 2,143	$ 969,836
Special Mention - RR 7	—	—	—	—	—	—	—	—
Substandard - RR 8	—	—	—	—	—	—	—	—
Doubtful - RR 9	—	—	—	—	—	—	—	—
Total	156,130	82,532	212,528	135,251	78,543	302,709	2,143	969,836
Current period gross charge-offs	—	—	—	—	—	—	—	—
Other commercial loans and leases:								
Pass - RR 1 through RR 6	$ 157,619	$ 148,099	$ 7,371	$ 9,800	$ 15,606	$ 45,227	$ 203,345	$ 587,067
Special Mention - RR 7	—	—	116	48	—	—	—	164
Substandard - RR 8	55	682	116	12	—	—	901	1,766
Doubtful - RR 9	9	—	6	—	—	—	—	15
Total	157,683	148,781	7,609	9,860	15,606	45,227	204,246	589,012
Current period gross charge-offs	(25)	—	(38)	—	—	(32)	—	(95)
Total commercial LHFI	$ 2,036,099	$ 1,733,064	$ 2,550,038	$ 1,103,244	$ 825,912	$ 898,822	$ 897,242	$ 10,044,421
Total commercial LHFI gross charge-offs	$ (366)	$ (1,225)	$ (3,260)	$ (5,780)	$ (158)	$ (3,220)	$ (315)	$ (14,324)

As of December 31, 2024	Term Loans by Origination Year							
	2024	2023	2022	2021	2020	Prior	Revolving Loans	Total
	Consumer LHFI							
Loans secured by real estate:								
Construction, land development and other land:								
Current	$ 31,478	$ 22,752	$ 4,302	$ 2,762	$ 930	$ 1,804	$ —	$ 64,028
Past due 30-89 days	—	47	11	—	—	106	—	164
Past due 90 days or more	91	—	—	68	—	—	—	159
Nonaccrual	—	31	21	4	—	23	—	79
Total	31,569	22,830	4,334	2,834	930	1,933	—	64,430
Current period gross charge-offs	—	—	—	—	—	(8)	—	(8)
Other secured by 1-4 family residential properties:								
Current	$ 24,756	$ 17,202	$ 6,733	$ 5,260	$ 3,651	$ 9,563	$ 445,598	$ 512,763
Past due 30-89 days	569	38	67	66	3	579	4,524	5,846
Past due 90 days or more	21	—	8	—	—	17	219	265
Nonaccrual	71	5	69	44	103	593	5,513	6,398
Total	25,417	17,245	6,877	5,370	3,757	10,752	455,854	525,272
Current period gross charge-offs	(29)	(87)	(233)	(40)	(31)	(76)	—	(496)
Other real estate secured:								
Current	$ 161	$ —	$ —	$ —	$ 68	$ 28	$ —	$ 257
Past due 30-89 days	—	—	—	—	—	—	—	—
Past due 90 days or more	—	—	—	—	—	—	—	—
Nonaccrual	—	—	—	—	—	—	—	—
Total	161	—	—	—	68	28	—	257
Current period gross charge-offs	—	—	—	—	—	—	—	—

As of December 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	$ 274,500	$ 224,266	$ 808,527	$ 459,191	$ 161,856	$ 314,906	$ —	$ 2,243,246
Past due 30-89 days	169	4,405	9,883	4,082	814	1,558	—	20,911
Past due 90 days or more	4	1,263	1,098	461	170	257	—	3,253
Nonaccrual	568	3,744	17,306	5,009	1,394	3,562	—	31,583
Total	275,241	233,678	836,814	468,743	164,234	320,283	—	2,298,993
Current period gross charge-offs	—	(228)	(9,910)	(143)	(6)	(17)	—	(10,304)
Consumer loans:								
Current	$ 55,908	$ 22,226	$ 12,922	$ 4,654	$ 1,188	$ 105	$ 56,423	$ 153,426
Past due 30-89 days	844	396	323	4	—	13	913	2,493
Past due 90 days or more	38	67	17	4	—	—	288	414
Nonaccrual	25	49	63	61	19	—	19	236
Total	56,815	22,738	13,325	4,723	1,207	118	57,643	156,569
Current period gross charge-offs	(5,929)	(785)	(470)	(131)	(100)	(337)	(2,065)	(9,817)
Total consumer LHFI	$ 389,203	$ 296,491	$ 861,350	$ 481,670	$ 170,196	$ 333,114	$ 513,497	$ 3,045,521
Total consumer LHFI gross charge-offs	$ (5,958)	$ (1,100)	$ (10,613)	$ (314)	$ (137)	$ (438)	$ (2,065)	$ (20,625)
Total LHFI	$2,425,302	$2,029,555	$3,411,388	$1,584,914	$ 996,108	$1,231,936	$ 1,410,739	$13,089,942
Total current period gross charge-offs	$ (6,324)	$ (2,325)	$ (13,873)	$ (6,094)	$ (295)	$ (3,658)	$ (2,380)	$ (34,949)

As of December 31, 2023	Term Loans by Origination Year							
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
	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	Term Loans by Origination Year						Revolving Loans	Total
	2023	2022	2021	2020	2019	Prior		
	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)

As of December 31, 2023	Term Loans by Origination Year							
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
	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	—	—	—	—	—	—	—	—

As of December 31, 2023	Term Loans by Origination Year							
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
	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 $71.3 million and $51.2 million at December 31, 2024 and 2023, respectively.

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

ACL, LHFI

Trustmark's ACL methodology for LHFI is based upon guidance within FASB 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 December 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
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.

During the second quarter of 2024, Trustmark executed a sale on a portfolio of 1-4 family mortgage loans that were at least three payments delinquent and/or nonaccrual at the time of selection. As a result of this sale, a credit mark was established for a sub-pool of the loans in the sale. Due to the lack of historical experience and the use of industry data for this sub-pool, management elected to use the credit mark for reserving purposes on a go forward basis for this sub-pool that meets the same credit criteria of being three payments delinquent and/or nonaccrual. All loans of the sub-pool that meet the above credit criteria will be removed from the 1-4 family residential properties pool and placed into a separate pool with the credit mark reserve applied to the total balance.

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 such events as the COVID-19 pandemic, the macroeconomic variables used for reasonable and supportable forecasting can change rapidly. At the macroeconomic levels experienced during the COVID-19 pandemic, it was not clear that the models in production at that time would produce reasonably representative results since the models at that time 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 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. Additionally, when periods have 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 four are currently considered active at December 31, 2024: (i) economic conditions and concentrations of credit, (ii) nature and volume of the portfolio, (iii) performance trends and (iv) external factors.

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). During the third quarter of 2024, Trustmark activated the External Factor – Credit Quality Review qualitative factor. This qualitative factor ensures reserve adequacy for collectively evaluated commercial loans that may not have been identified and downgraded timely for various reasons. This qualitative factor population is all commercial loans risk rated 1-5. These loans are then applied to the historical average of the Watch/Special Mention rated percentage. Then the balance of these loans are applied additional reserves based on the same reserve rates utilized in the performance trends qualitative factor for Watch/Special Mention rated loans. Then the Watch/Special Mention population is applied the historical Substandard rated percentage and then subsequently applied the Substandard reserve rate utilized in the performance trends qualitative factor as well. The historical Watch/Special Mention and Substandard rated percentage averages captures the weighted average life of the commercial loan portfolio. Thus, Trustmark will allocate additional reserves to capture the proportion of potential Watch/Special Mention and Substandard rated credits that may not have been categorized as such at any given point in time through the life of the commercial loan portfolio.

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

	December 31, 2024					
	ACL			LHFI		
	Individually Evaluated for Credit Loss	Collectively Evaluated for Credit Loss	Total ACL	Individually Evaluated for Credit Loss	Collectively Evaluated for Credit Loss	Total LHFI
Loans secured by real estate:						
Construction, land development and other land	$ —	$ 6,452	$ 6,452	$ —	587,244	$ 587,244
Other secured by 1-4 family residential properties	—	11,347	11,347	521	650,029	650,550
Secured by nonfarm, nonresidential properties	2,251	35,645	37,896	9,783	3,523,499	3,533,282
Other real estate secured	—	19,491	19,491	1,904	1,631,926	1,633,830
Other loans secured by real estate:						
Other construction	—	13,297	13,297	—	829,904	829,904
Secured by 1-4 family residential properties	—	32,129	32,129	1,533	2,297,460	2,298,993
Commercial and industrial loans	10,518	16,502	27,020	22,503	1,818,219	1,840,722
Consumer loans	—	5,141	5,141	—	156,569	156,569
State and other political subdivision loans	—	1,250	1,250	—	969,836	969,836
Other commercial loans and leases	892	5,355	6,247	896	588,116	589,012
Total	$ 13,661	$ 146,609	$ 160,270	$ 37,140	$ 13,052,802	$ 13,089,942

	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):

	Years Ended December 31,		
	2024	2023	2022
Balance at beginning of period	$ 139,367	$ 120,214	$ 99,457
Loans charge-off, sale of 1-4 family mortgage loans	(8,633)	—	—
Loans charged-off	(26,316)	(17,515)	(11,332)
Recoveries	9,932	9,306	10,412
Net (charge-offs) recoveries	(25,017)	(8,209)	(920)
PCL, LHFI	37,287	27,362	21,677
PCL, LHFI sale of 1-4 family mortgage loans	8,633	—	—
Balance at end of period	$ 160,270	$ 139,367	$ 120,214

The following tables detail changes in the ACL, LHFI by loan class for the years ended December 31, 2024 and 2023 ($ in thousands):

	2024				
	Balance January 1,	Charge-offs	Recoveries	PCL	Balance December 31,
Loans secured by real estate:					
Construction, land development and other land	$ 17,192	$ (32)	$ 1,024	$ (11,732)	$ 6,452
Other secured by 1-4 family residential properties	12,942	(512)	672	(1,755)	11,347
Secured by nonfarm, nonresidential properties	24,043	(2,545)	154	16,244	37,896
Other real estate secured	4,488	(89)	1	15,091	19,491
Other loans secured by real estate:					
Other construction	5,758	(2,507)	714	9,332	13,297
Secured by 1-4 family residential properties	34,794	(10,304)	152	7,487	32,129
Commercial and industrial loans	26,638	(9,048)	963	8,467	27,020
Consumer loans	5,794	(9,817)	6,187	2,977	5,141
State and other political subdivision loans	646	—	—	604	1,250
Other commercial loans and leases	7,072	(95)	65	(795)	6,247
Total	$ 139,367	$ (34,949)	$ 9,932	$ 45,920	$ 160,270

The PCL, LHFI for the year ended December 31, 2024 was primarily attributable to loan growth, changes in the macroeconomic forecast, an increase in specific reserves on individually analyzed credits and net adjustments to the qualitative factors.

The negative PCL, LHFI for the construction, land development and other land portfolio and other secured by 1-4 family residential properties portfolio for the year ended December 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 other commercial loans and leases portfolio for the year ended December 31, 2024 was primarily due to a decrease in loan balances.

	2023				
	Balance January 1,	Charge-offs	Recoveries	PCL	Balance December 31,
Loans secured by real estate:					
Construction, land development and other land	$ 12,828	$ (242)	$ 142	$ 4,464	$ 17,192
Other secured by 1-4 family residential properties	12,374	(320)	439	449	12,942
Secured by nonfarm, nonresidential properties	19,488	(278)	2,328	2,505	24,043
Other real estate secured	4,743	—	28	(283)	4,488
Other loans secured by real estate:					
Other construction	15,132	(3,453)	73	(5,994)	5,758
Secured by 1-4 family residential properties	21,185	(1,457)	38	15,028	34,794
Commercial and industrial loans	23,140	(2,161)	1,066	4,593	26,638
Consumer loans	5,792	(9,290)	5,192	4,100	5,794
State and other political subdivision loans	885	—	—	(239)	646
Other commercial loans and leases	4,647	(314)	—	2,739	7,072
Total	$ 120,214	$ (17,515)	$ 9,306	$ 27,362	$ 139,367

The PCL, LHFI for the year ended December 31, 2023 was primarily attributable to loan growth, extended maturities on the secured by 1-4 family residential properties resulting from lower prepayment speeds, changes in the macroeconomic forecast and net adjustments to the qualitative factors.

The negative PCL, LHFI for the other construction portfolio for the year ended December 31, 2023 was primarily due to the transfer of a fully-reserved nonaccrual loan to other real estate, net.

Note 6 – Premises and Equipment, Net

At December 31, 2024 and 2023, premises and equipment, net consisted of the following ($ in thousands):

	December 31,	
	2024	2023
Land	$ 56,610	$ 56,747
Buildings and leasehold improvements	249,405	246,759
Furniture and equipment	227,329	210,158
Total cost of premises and equipment	533,344	513,664
Less accumulated depreciation and amortization	302,201	286,383
Premises and equipment, net	231,143	227,281
Finance lease right-of-use assets	3,299	3,751
Assets held for sale	968	1,197
Total premises and equipment, net	$ 235,410	$ 232,229

There were two properties included in assets held for sale at December 31, 2024 compared to three properties at December 31, 2023. These properties were transferred from premises and equipment, net to assets held for sale due to Trustmark's intent to sell the properties over the subsequent twelve months as a result of its strategic initiatives. No property valuation adjustments were recognized in other expense for 2024 compared to $470 thousand for 2023 and $400 thousand for 2022.

Depreciation and amortization of premises and equipment totaled $18.7 million in 2024, $17.4 million in 2023 and $16.2 million in 2022.

Note 7 – Mortgage Banking

MSR

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

	Years Ended December 31,	
	2024	2023
Balance at beginning of period	$ 131,870	$ 129,677
Origination of servicing assets	13,291	13,712
Change in fair value:		
Due to market changes	5,801	(1,489)
Due to runoff	(11,645)	(10,030)
Balance at end of period	$ 139,317	$ 131,870

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 December 31, 2024, the fair value of the MSR included an assumed average prepayment speed of 8 CPR and an average discount rate of 10.65% compared to an assumed average prepayment speed of 9 CPR and an average discount rate of 10.07% at December 31, 2023.

Mortgage Loans Sold/Serviced

During 2024, 2023 and 2022, Trustmark sold $1.141 billion, $1.136 billion and $1.243 billion, respectively, of residential mortgage loans. Gain on sales of loans, net totaled $19.3 million in 2024, $15.3 million in 2023 and $20.2 million in 2022. Trustmark receives annual servicing fee income approximating 0.32% of the outstanding balance of the underlying loans, which totaled $28.0 million in 2024, $26.9 million in 2023 and $26.0 million in 2022. The gains on the sale of residential mortgage loans and the annual servicing fee are both recorded to noninterest income in mortgage banking, net in the accompanying consolidated statements of income. The investors and the securitization trusts have no recourse to the assets of Trustmark for failure of debtors to pay when due.

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

	December 31, 2024	December 31, 2023
Federal National Mortgage Association	$ 4,821,246	$ 4,826,028
Government National Mortgage Association	3,695,419	3,510,983
Federal Home Loan Mortgage Corporation	213,358	112,352
Other	32,686	28,012
Total mortgage loans sold and serviced for others	$ 8,762,709	$ 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 December 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 8 – Goodwill and Identifiable Intangible Assets

The goodwill and identifiable intangible assets of FBBI are included in discontinued operations, and as a result, have been excluded from the amounts below.

Goodwill

The table below illustrates goodwill by segment for the years ended December 31, 2024 and 2023 ($ in thousands):

	General Banking
Balance as of January 1, 2023	$ 334,605
Adjustment during 2023	—
Balance as of December 31, 2023	334,605
Adjustment during 2024	—
Balance as of December 31, 2024	$ 334,605

Trustmark's General Banking Segment delivers a full range of banking services to consumer, corporate, small and middle-market businesses through its extensive branch network. Trustmark performed goodwill impairment tests for the General Banking Segment during 2024, 2023 and 2022. Based on these tests, Trustmark concluded that the fair value of the General Banking Segment exceeded the book value and no impairment charge was required.

Identifiable Intangible Assets

At December 31, 2024 and 2023, identifiable intangible assets consisted of the following ($ in thousands):

	December 31, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Core deposit intangibles	$ 87,674	$ 87,548	$ 126	$ 87,674	$ 87,438	$ 236
Banking charters	—	—	—	1,325	1,325	—
Total	$ 87,674	$ 87,548	$ 126	$ 88,999	$ 88,763	$ 236

Trustmark recorded $110 thousand of amortization of identifiable intangible assets in 2024, $290 thousand in 2023 and $985 thousand in 2022. Trustmark estimates that amortization expense for identifiable intangible assets will be $126 thousand in 2025 and none in the following years. Trustmark continually evaluates whether events and circumstances have occurred that indicate that identifiable intangible assets have become impaired. Measurement of any impairment of such identifiable intangible assets is based on the fair values of those assets. There were no impairment losses on identifiable intangible assets recorded during 2024, 2023 or 2022.

The following table illustrates the carrying amounts and remaining weighted-average amortization periods of identifiable intangible assets at December 31, 2024 ($ in thousands):

	Net Carrying Amount	Remaining Weighted-Average Amortization Period in Years
Core deposit intangibles	$ 126	1.0

Note 9 – Other Real Estate

At December 31, 2024, Trustmark's geographic other real estate distribution was primarily concentrated in its Alabama, Mississippi Tennessee 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 these regions.

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

	Years Ended December 31,		
	2024	2023	2022
Balance at beginning of period	$ 6,867	$ 1,986	$ 4,557
Additions	6,782	7,237	1,533
Disposals	(6,084)	(2,555)	(4,142)
(Write-downs) recoveries	(1,648)	199	38
Balance at end of period	$ 5,917	$ 6,867	$ 1,986
Gains (losses), net on the sale of other real estate included in other real estate expense	$ (1,104)	$ (145)	$ (1,006)

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

	December 31,	
	2024	2023
Construction, land development and other land properties	$ 46	$ —
1-4 family residential properties	2,260	1,977
Nonfarm, nonresidential properties	3,611	4,835
Other real estate properties	—	55
Total other real estate	$ 5,917	$ 6,867

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

	December 31,	
	2024	2023
Alabama	$ 170	$ 1,397
Mississippi *(1)*	2,407	1,242
Tennessee *(2)*	1,079	—
Texas	2,261	4,228
Total other real estate	$ 5,917	$ 6,867

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

At December 31, 2024 and 2023, the balance of other real estate included $2.3 million and $2.0 million, respectively, of foreclosed residential real estate properties recorded as a result of obtaining physical possession of the property. At December 31, 2024 and 2023, the recorded investment of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process was $7.6 million and $6.4 million, respectively.

Note 10 – 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 eight 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 $12.7 million and $3.2 million for the years ended December 31, 2024 and 2023, respectively. 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 at December 31, 2024 and 2023 ($ in thousands):

	December 31,	
	2024	2023
Leases receivable	$ 282,771	$ 161,319
Unearned income	(45,585)	(29,011)
Initial direct costs	2,252	1,326
Unguaranteed lease residual	7,084	4,101
Total net investment	$ 246,522	$ 137,735

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

	December 31, 2024
2025	$ 50,494
2026	49,906
2027	62,457
2028	52,086
2029	38,486
Thereafter	29,342
Total leases receivable	$ 282,771

Lessee Arrangements

For Trustmark's lessee arrangements, the leases of FBBI are included in discontinued operations, and as a result, have been excluded from the amounts below. Prior period amounts have been reclassified. The table below details the components of net lease cost for the periods presented ($ in thousands):

	Years Ended December 31,		
	2024	2023	2022
Finance leases			
Amortization of right-of-use assets	$ 452	$ 786	$ 1,479
Interest on lease liabilities	148	163	188
Operating lease cost	5,075	4,787	4,577
Short-term lease cost	230	229	307
Variable lease cost	841	840	1,080
Sublease income	(122)	(12)	(168)
Net lease cost	$ 6,624	$ 6,793	$ 7,463

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

	Years Ended December 31,		
	2024	2023	2022
Finance leases			
Operating cash flows included in operating activities	$ 148	$ 163	$ 188
Financing cash flows included in payments under finance lease obligations	424	721	1,409
Operating leases			
Operating cash flows (fixed payments) included in other operating activities, net	4,848	3,666	4,242
Operating cash flows (liability reduction) included in other operating activities, net	3,473	3,204	3,514

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

	December 31,	
	2024	2023
Finance lease right-of-use assets, net of accumulated depreciation	$ 3,299	$ 3,751
Finance lease liabilities	3,910	4,334
Operating lease right-of-use assets	34,668	35,711
Operating lease liabilities	38,698	39,097
Weighted-average lease term		
Finance leases	7.35 years	8.34 years
Operating leases	9.31 years	10.28 years
Weighted-average discount rate		
Finance leases	3.61%	3.61%
Operating leases	3.72%	3.67%

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

	Finance Leases	Operating Leases
2025	$ 584	$ 5,288
2026	589	5,161
2027	594	5,193
2028	599	4,824
2029	633	4,655
Thereafter	1,454	21,258
Total minimum lease payments	4,453	46,379
Less imputed interest	(543)	(7,681)
Lease liabilities	$ 3,910	$ 38,698

Note 11 – Deposits

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

	December 31,	
	2024	2023
Noninterest-bearing demand	$ 3,073,565	$ 3,197,620
Interest-bearing demand	5,453,708	4,947,626
Savings	3,387,984	4,047,853
Time	3,192,918	3,376,664
Total	$ 15,108,175	$ 15,569,763

Interest expense on deposits by type consisted of the following for the periods presented ($ in thousands):

	Years Ended December 31,		
	2024	2023	2022
Interest-bearing demand	$ 148,888	$ 121,138	$ 16,409
Savings	30,121	28,605	9,654
Time	150,372	96,208	3,006
Total	$ 329,381	$ 245,951	$ 29,069

Time deposits that exceed the FDIC insurance limit of $250 thousand totaled $935.4 million and $822.4 million at December 31, 2024 and 2023, respectively.

The maturities of interest-bearing deposits at December 31, 2024, are as follows ($ in thousands):

2025	$ 3,090,620
2026	75,164
2027	15,143
2028	5,764
2029	5,169
Thereafter	1,058
Total time deposits	3,192,918
Interest-bearing deposits with no stated maturity	8,841,692
Total interest-bearing deposits	$ 12,034,610

Note 12 - Borrowings

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 are secured by securities with a carrying amount of $40.3 million and $61.6 million at December 31, 2024 and 2023, respectively. At both December 31, 2024 and 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 December 31, 2024 and 2023 ($ in thousands):

	December 31,	
	2024	2023
Mortgage-backed securities		
Residential mortgage pass-through securities		
Issued by FNMA and FHLMC	$ 11,685	$ 28,600
Other residential mortgage-backed securities		
Issued or guaranteed by FNMA, FHLMC or GNMA	7,487	526
Commercial mortgage-backed securities		
Issued or guaranteed by FNMA, FHLMC or GNMA	10,169	—
Total securities sold under repurchase agreements	$ 29,341	$ 29,126

Other Borrowings

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

	December 31,	
	2024	2023
FHLB advances	$ 200,000	$ 400,058
Serviced GNMA loans eligible for repurchase	97,631	78,838
Finance lease liabilities	3,910	4,334
Total other borrowings	$ 301,541	$ 483,230

FHLB Advances

At both December 31, 2024 and 2023, Trustmark had no outstanding short-term FHLB advances with the FHLB of Atlanta.

At December 31, 2024, Trustmark had no outstanding long-term FHLB advances with the FHLB of Atlanta, compared to one outstanding long-term FHLB advance with the FHLB of Atlanta totaling $58 thousand at December 31, 2023. This advance was assumed through the BancTrust merger and had a fixed interest rate of 0.08%. At December 31, 2023, this advance had a remaining maturity of 2.71 years. There was no fair market value adjustment associated with the BancTrust merger included in the FHLB advances at December 31, 2023. Trustmark's FHLB advance was collateralized by securities held in safekeeping with the FHLB of Atlanta.

At December 31, 2024, Trustmark had two outstanding short-term FHLB advances totaling $200.0 million and no long-term FHLB advances with the FHLB of Dallas, compared to five outstanding short-term FHLB advances totaling $400.0 million and no long-term FHLB advances with the FHLB of Dallas at December 31, 2023. The outstanding short-term advances with the FHLB of Dallas at December 31, 2024 had fixed rates of 4.55% and 4.65% with balances of $100.0 million each. The outstanding short-term FHLB advances had a weighted-average remaining maturity of 8 days with a weighted-average cost of 4.60% at December 31, 2024, compared to a weighted-average remaining maturity of 9 days with a weighted-average cost of 5.54% at December 31, 2023.

Trustmark incurred $16.8 million of interest expense on short-term FHLB advances in 2024, compared to $49.9 million of interest expense in 2023 and $4.8 million of interest expense in 2022. Trustmark incurred no interest expense on long-term FHLB advances in 2024, 2023 and 2022.

At December 31, 2024 and 2023, Trustmark had $4.292 billion and $4.003 billion, respectively, available in additional borrowing capacity from the FHLB of Dallas.

Subordinated Notes

During 2020, Trustmark agreed to issue and sell $125.0 million aggregate principal amount of its 3.625% Fixed-to-Floating Rate Subordinated Notes (the Notes) due December 1, 2030. The Notes were sold at an underwriting discount of 1.2%, resulting in net proceeds to Trustmark of $123.5 million before deducting offering expenses. At December 31, 2024 and 2023, the carrying amount of the Notes was $123.7 million and $123.5 million, respectively. The 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 Notes are obligations of Trustmark only and are not obligations of, and are not guaranteed by, any of its subsidiaries, including TNB. From the date of issuance until November 30, 2025, the Notes bear interest at a fixed rate of 3.625% per year, payable semi-annually in arrears on June 1 and December 1 of each year. Beginning December 1, 2025, the Notes will bear interest at a floating rate per year equal to the Benchmark

rate, which is the Three-Month Term Secured Overnight Financing Rate (SOFR), plus 338.7 basis points, payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year. The Notes qualify as Tier 2 capital for Trustmark. The Notes may be redeemed at Trustmark's option under certain circumstances. Trustmark intends to use the net proceeds for general corporate purposes.

Junior Subordinated Debt Securities

On August 18, 2006, Trustmark completed a private placement of $60.0 million of trust preferred securities through a newly formed Delaware trust affiliate, Trustmark Preferred Capital Trust I (the Trust). The trust preferred securities mature September 30, 2036, are redeemable at Trustmark's option and bear interest at a variable rate per annum equal to the three-month Chicago Mercantile Exchange, Inc. (CME) SOFR plus a spread adjustment of 0.26% and a margin of 1.72%. Under applicable regulatory guidelines, these trust preferred securities qualify as Tier 1 capital. 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 debentures were issued pursuant to a Junior Subordinated Indenture, dated August 18, 2006, between Trustmark, as issuer, and Wilmington Trust Company, National Association, as trustee. Like the trust preferred securities, the debentures bear interest at a variable rate per annum equal to the three-month CME SOFR plus a spread adjustment of 0.26% and a margin of 1.72% and mature on September 30, 2036. The debentures may be redeemed at Trustmark's option at any time. The interest payments by Trustmark will be used to pay the quarterly distributions payable by the Trust to the holder of the trust preferred securities. However, so long as no event of default has occurred under the debentures, Trustmark may defer interest payments on the debentures (in which case the Trust will also defer distributions otherwise due on the trust preferred securities) for up to 20 consecutive quarters.

The debentures are subordinated to the prior payment of any other indebtedness of Trustmark that, by its terms, is not similarly subordinated. The trust preferred securities are recorded as a long-term liability on Trustmark's balance sheet; however, for regulatory purposes the trust preferred securities are treated as Tier 1 capital under the rules of the Federal Reserve Board (FRB), Trustmark's primary federal regulatory agency.

Trustmark also entered into a Guarantee Agreement, dated August 18, 2006, pursuant to which it has agreed to guarantee the payment by the Trust of distributions on the trust preferred securities and the payment of principal of the trust preferred securities when due, either at maturity or on redemption, but only if and to the extent that the Trust fails to pay distributions on or principal of the trust preferred securities after having received interest payments or principal payments on the junior subordinated debentures from Trustmark for the purpose of paying those distributions or the principal amount of the trust preferred securities.

As defined in applicable accounting standards, the Trust, a wholly-owned subsidiary of Trustmark, is considered a variable interest entity for which Trustmark is not the primary beneficiary. Accordingly, the accounts of the Trust are not included in Trustmark's consolidated financial statements.

At both December 31, 2024 and 2023, assets for the Trust totaled $61.9 million, resulting from the investment in junior subordinated debentures issued by Trustmark. Liabilities and shareholders' equity for the Trust also totaled $61.9 million at both December 31, 2024 and 2023, resulting from the issuance of trust preferred securities in the amount of $60.0 million as well as $1.9 million in common securities issued to Trustmark. During 2024, net income for the Trust equaled $134 thousand resulting from interest income from the junior subordinated debt securities issued by Trustmark to the Trust, compared with net income of $132 thousand during 2023 and $66 thousand during 2022. Dividends issued to Trustmark by the Trust during 2024 totaled $134 thousand, compared to $132 thousand during 2023 and $66 thousand during 2022.

Note 13 – Revenue from Contracts with Customers

The Insurance Segment is included in discontinued operations for all periods presented in the accompanying consolidated balance sheets and the consolidated statements of income. See Note 2 - Discontinued Operations for additional information about discontinued operations.

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

	Year Ended December 31, 2024			Year Ended December 31, 2023			Year Ended December 31, 2022		
	Topic 606	Not Topic 606 *(1)*	Total	Topic 606	Not Topic 606 *(1)*	Total	Topic 606	Not Topic 606 *(1)*	Total
General Banking Segment									
Service charges on deposit accounts	$ 44,295	$ —	$ 44,295	$ 43,329	$ —	$ 43,329	$ 42,073	$ —	$ 42,073
Bank card and other fees	31,010	2,138	33,148	30,387	2,995	33,382	31,474	4,584	36,058
Mortgage banking, net	—	26,626	26,626	—	26,216	26,216	—	28,306	28,306
Wealth management	748	—	748	838	—	838	639	—	639
Other, net	16,906	337	17,243	11,769	(2,076)	9,693	8,469	805	9,274
Securities gains (losses), net	—	(182,792)	(182,792)	—	39	39	—	—	—
Total noninterest income (loss)	$ 92,959	$(153,691)	$ (60,732)	$ 86,323	$ 27,174	$ 113,497	$ 82,655	$ 33,695	$ 116,350
Wealth Management Segment									
Service charges on deposit accounts	$ 87	$ —	$ 87	$ 87	$ —	$ 87	$ 84	$ —	$ 84
Bank card and other fees	153	—	153	57	—	57	47	—	47
Wealth management	36,503	—	36,503	34,254	—	34,254	34,374	—	34,374
Other, net	193	377	570	162	376	538	528	39	567
Total noninterest income	$ 36,936	$ 377	$ 37,313	$ 34,560	$ 376	$ 34,936	$ 35,033	$ 39	$ 35,072
Consolidated									
Service charges on deposit accounts	$ 44,382	$ —	$ 44,382	$ 43,416	$ —	$ 43,416	$ 42,157	$ —	$ 42,157
Bank card and other fees	31,163	2,138	33,301	30,444	2,995	33,439	31,521	4,584	36,105
Mortgage banking, net	—	26,626	26,626	—	26,216	26,216	—	28,306	28,306
Wealth management	37,251	—	37,251	35,092	—	35,092	35,013	—	35,013
Other, net	17,099	714	17,813	11,931	(1,700)	10,231	8,997	844	9,841
Securities gains (losses), net	—	(182,792)	(182,792)	—	39	39	—	—	—
Total noninterest income (loss)	$ 129,895	$(153,314)	$ (23,419)	$ 120,883	$ 27,550	$ 148,433	$ 117,688	$ 33,734	$ 151,422

(1) Noninterest income (loss) not in scope for FASB ASC Topic 606 includes customer derivatives revenue and miscellaneous credit card 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 securities gains (losses), net.

Note 14 – Income Taxes

The income tax provision attributable to continuing operations included in the consolidated statements of income was as follows for the periods presented ($ in thousands):

	Years Ended December 31,		
	2024	2023	2022
Current			
Federal	$ (28,470)	$ 26,100	$ 12,362
State	(6,563)	6,392	2,560
Deferred			
Federal	19,104	(3,798)	(13,388)
State	4,776	(950)	(3,347)
Income tax provision	$ (11,153)	$ 27,744	$ (1,813)

For the periods presented, the income tax provision attributable to continuing operations differs from the amount computed by applying the statutory federal income tax rate in effect for each respective period to income before income taxes as a result of the following ($ in thousands):

	Years Ended December 31,		
	2024	2023	2022
Income tax computed at statutory tax rate	$ 7,152	$ 38,018	$ 12,412
Tax exempt interest	(5,605)	(5,521)	(4,419)
Nondeductible interest expense	2,153	2,104	271
State income taxes, net	(5,185)	5,050	2,025
Income tax credits, net	(11,483)	(11,904)	(10,071)
Death benefit gains	(92)	(80)	(287)
Other	1,907	77	(1,744)
Income tax provision	$ (11,153)	$ 27,744	$ (1,813)

Temporary differences between the financial statement carrying amounts and the tax basis of assets and liabilities gave rise to the following net deferred tax assets at December 31, 2024 and 2023, which are included in other assets on the accompanying consolidated balance sheets ($ in thousands):

	December 31,	
	2024	2023
Deferred tax assets:		
Litigation losses	$ —	$ 26,647
Other real estate	2,293	1,743
Accumulated credit losses	47,416	43,473
Deferred compensation	19,299	17,893
Finance and operating lease liabilities	10,652	11,426
Realized built-in losses	7,679	8,429
Securities	22,294	68,223
Pension and other postretirement benefit plans	1,574	2,025
Interest on nonaccrual loans	1,173	1,218
LHFS	236	777
Stock-based compensation	3,544	3,196
Derivatives	4,018	2,993
Tax credit carryforward	3,489	—
Other	8,745	10,543
Gross deferred tax asset	132,412	198,586
Deferred tax liabilities:		
Goodwill and other identifiable intangibles	13,880	14,297
Premises and equipment	14,218	17,382
Finance and operating lease right-of-use assets	9,492	10,420
MSR	29,206	26,271
Securities	3,789	3,181
Equipment financing	8,803	—
Other	2,874	2,264
Gross deferred tax liability	82,262	73,815
Net deferred tax asset	$ 50,150	$ 124,771

The following table provides a summary of the changes during the calendar years presented in the amount of unrecognized tax benefits that are included in other liabilities in the consolidated balance sheet ($ in thousands):

	December 31,		
	2024	2023	2022
Balance at beginning of period	$ 2,864	$ 2,316	$ 2,129
Change due to tax positions taken during the current year	1,497	1,333	653
Change due to tax positions taken during a prior year	(1,076)	(426)	(266)
Change due to the lapse of applicable statute of limitations during the current year	(407)	(359)	(200)
Balance at end of period	$ 2,878	$ 2,864	$ 2,316
Accrued interest, net of federal benefit	$ 415	$ 470	$ 489
Unrecognized tax benefits that would impact the effective tax rate, if recognized	$ 2,579	$ 2,518	$ 1,948

Interest and penalties related to unrecognized tax benefits, if any, are recorded in income tax expense. With limited exception, Trustmark is no longer subject to U.S. federal, state and local audits by tax authorities for 2018 and earlier tax years. Trustmark does not anticipate a significant change to the total amount of unrecognized tax benefits within the next twelve months.

Note 15 – 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 tables present information regarding the benefit obligation, plan assets, funded status, amounts recognized in accumulated other comprehensive loss, net periodic benefit cost and other statistical disclosures for the Continuing Plan for the periods presented ($ in thousands):

	December 31,	
	2024	2023
Change in benefit obligation:		
Benefit obligation, beginning of year	$ 5,923	$ 6,907
Service cost	40	52
Interest cost	246	292
Actuarial (gain) loss	(214)	164
Benefits paid	(464)	(1,492)
Benefit obligation, end of year	$ 5,531	$ 5,923
Change in plan assets:		
Fair value of plan assets, beginning of year	$ 2,403	$ 2,907
Actual return on plan assets	233	237
Employer contributions	513	751
Benefit payments	(464)	(1,492)
Fair value of plan assets, end of year	$ 2,685	$ 2,403
Funded status at end of year - net liability	$ (2,846)	$ (3,520)
Amounts recognized in accumulated other comprehensive loss:		
Net (gain) loss - amount recognized	$ (601)	$ (262)
Actuarial (gain) loss included in benefit obligation:		
Change in discount rate	$ (344)	$ 124
Change in mortality table	—	(38)
Other	130	78
Actuarial (gain) loss	$ (214)	$ 164

	Years Ended December 31,		
	2024	2023	2022
Net periodic benefit cost:			
Service cost	$ 40	$ 52	$ 115
Interest cost	246	292	192
Expected return on plan assets	(96)	(107)	(121)
Recognized net (gain) loss due to lump sum settlements	(13)	25	—
Recognized net actuarial loss	—	—	224
Net periodic benefit cost	$ 177	$ 262	$ 410
Other changes in plan assets and benefit obligation recognized in other comprehensive income (loss), before taxes:			
Net loss - Total recognized in other comprehensive income (loss)	$ (339)	$ 9	$ (1,699)
Total recognized in net periodic benefit cost and other comprehensive income (loss)	$ (162)	$ 271	$ (1,289)
Weighted-average assumptions as of end of year:			
Discount rate for benefit obligation	5.30%	4.67%	4.88%
Discount rate for net periodic benefit cost	4.67%	4.88%	2.41%
Expected long-term return on plan assets	5.00%	5.00%	5.00%

Plan Assets

The weighted-average asset allocations by asset category are presented below for the Continuing Plan at December 31, 2024 and 2023.

	December 31,	
	2024	2023
Money market fund	2.0%	27.0%
Exchange traded funds:		
Equity securities	33.0%	36.0%
Fixed income	59.0%	28.0%
International	6.0%	9.0%
Total	100.0%	100.0%

The strategic objective of the investments of the assets in the Continuing Plan aims to provide both income and potential capital appreciation. The allocation is managed on a total return basis with the average participant age in mind. It is well suited for moderately conservative investors seeking an ample level of income while also participating in equity markets. This investment mix is designed to take advantage of rising stock markets while cushioning the effects of stock market downturns. The portfolio is typically balanced between equity and fixed income. The equity exposure has the potential to earn a return greater than inflation while the fixed income exposure may reduce the risk and volatility of the portfolio to which the equity mutual funds contribute.

Fair Value Measurements

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.

The following tables set forth by level, within the fair value hierarchy, the Continuing Plan's assets measured at fair value at December 31, 2024 and 2023 ($ in thousands):

	December 31, 2024			
	Total	Level 1	Level 2	Level 3
Money market fund	$ 55	$ 55	$ —	$ —
Exchange traded funds:				
Equity securities	874	874	—	—
Fixed income	1,600	1,600	—	—
International	156	156	—	—
Total assets at fair value	$ 2,685	$ 2,685	$ —	$ —

	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Money market fund	$ 643	$ 643	$ —	$ —
Exchange traded funds:				
Equity securities	861	861	—	—
Fixed income	690	690	—	—
International	209	209	—	—
Total assets at fair value	$ 2,403	$ 2,403	$ —	$ —

There have been no changes in the methodologies used in estimating the fair value of plan assets at December 31, 2024. The money market fund approximates fair value due to its immediate maturity.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Trustmark believes their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Contributions

The range of potential contributions to the Continuing Plan is determined annually by the Continuing Plan's actuary in accordance with applicable IRS rules and regulations. Trustmark's policy is to fund amounts that are sufficient to satisfy the annual minimum funding

requirements and do not exceed the maximum that is deductible for federal income tax purposes. The actual amount of the contribution is determined annually based on the Continuing Plan's funded status and return on plan assets as of the measurement date, which is December 31. For the plan year ending December 31, 2024, Trustmark's minimum required contribution to the Continuing Plan was $127 thousand and Trustmark contributed $290 thousand. For the plan year ending December 31, 2025, Trustmark's minimum required contribution to the Continuing Plan is expected to be $109 thousand. Management and the Board of Directors of Trustmark will monitor the Continuing Plan throughout 2025 to determine any additional funding requirements by the plan's measurement date.

Estimated Future Benefit Payments and Other Disclosures

The following table presents the expected benefit payments, which reflect expected future service, for the Continuing Plan ($ in thousands):

Year	Amount
2025	$ 693
2026	762
2027	961
2028	535
2029	414
2030 - 2034	1,575

Amounts in accumulated other comprehensive income (loss) expected to be recognized as components of net periodic benefit cost during 2025 include a gain of $7 thousand.

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 tables present information regarding the benefit obligation, plan assets, funded status, amounts recognized in accumulated other comprehensive loss, net periodic benefit cost and other statistical disclosures for Trustmark's nonqualified supplemental retirement plans for the periods presented ($ in thousands):

	December 31,	
	2024	2023
Change in benefit obligation:		
Benefit obligation, beginning of year	$ 41,619	$ 43,201
Service cost	45	69
Interest cost	1,851	2,013
Actuarial (gain) loss	(1,009)	763
Benefits paid	(4,344)	(4,427)
Benefit obligation, end of year	$ 38,162	$ 41,619
Change in plan assets:		
Fair value of plan assets, beginning of year	$ —	$ —
Employer contributions	4,344	4,427
Benefit payments	(4,344)	(4,427)
Fair value of plan assets, end of year	$ —	$ —
Funded status at end of year - net liability	$ (38,162)	$ (41,619)
Amounts recognized in accumulated other comprehensive loss:		
Net loss	$ 6,880	$ 8,235
Prior service cost	15	126
Amounts recognized	$ 6,895	$ 8,361
Actuarial (gain) loss included in benefit obligation:		
Change in discount rate	$ (1,794)	$ 649
Change in mortality table	—	(308)
Other	785	422
Actuarial (gain) loss	$ (1,009)	$ 763

	Years Ended December 31,		
	2024	2023	2022
Net periodic benefit cost:			
Service cost	$ 45	$ 69	$ 71
Interest cost	1,851	2,013	1,278
Amortization of prior service cost	111	111	111
Recognized net actuarial loss	346	284	986
Net periodic benefit cost	$ 2,353	$ 2,477	$ 2,446
Other changes in plan assets and benefit obligation recognized in other comprehensive income (loss), before taxes:			
Net (gain) loss	$ (1,355)	$ 479	$ (10,181)
Amortization of prior service cost	(111)	(111)	(111)
Total recognized in other comprehensive income (loss)	$ (1,466)	$ 368	$ (10,292)
Total recognized in net periodic benefit cost and other comprehensive income (loss)	$ 887	$ 2,845	$ (7,846)
Weighted-average assumptions as of end of year:			
Discount rate for benefit obligation	5.30%	4.67%	4.88%
Discount rate for net periodic benefit cost	4.67%	4.88%	2.41%

Estimated Supplemental Retirement Plan Payments and Other Disclosures

The following table presents the expected benefits payments for Trustmark's supplemental retirement plans ($ in thousands):

Year	Amount
2025	$ 3,885
2026	3,850
2027	3,673
2028	3,550
2029	3,545
2030 - 2034	15,563

Amounts in accumulated other comprehensive income (loss) expected to be recognized as components of net periodic benefit cost during 2025 include a loss of $261 thousand and prior service cost of $15 thousand.

Other Benefit Plans

Defined Contribution Plan

Trustmark provides associates with a self-directed 401(k) retirement plan that allows associates to contribute a percentage of eligible compensation, within limits provided by the Internal Revenue Code and accompanying regulations, into the plan. Trustmark matches 100% of associate contributions to the plan based on the amount of each participant's contributions up to a maximum of 6% of eligible compensation, subject to the IRS maximum eligible compensation. Associates are automatically enrolled in the plan at 3% of eligible compensation unless they opt out within 60 days of employment. Associates may become eligible to make elective deferral contributions the first of the month following one month of employment. Eligible associates that elect to participate vest immediately in Trustmark's matching contributions, as this is a Safe Harbor 401(k) Plan. Trustmark's contributions to this plan were $10.7 million in 2024, $10.8 million in 2023 and $10.2 million in 2022.

Note 16 – Stock and Incentive Compensation Plans

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. At December 31, 2024, the maximum number of shares of Trustmark's common stock available for issuance under the Stock Plan was 849,968 shares.

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 is 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 are granted at 100% of target, yet provide for achievement units if performance measures exceed 100%. The restricted stock agreement for these units provide for dividend privileges, but no voting rights.

The following table summarizes Trustmark's performance unit activity for the periods presented:

	Years Ended December 31,					
	2024		2023		2022	
	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
Nonvested shares, beginning of year	174,214	$ 30.81	148,416	$ 31.63	140,821	$ 31.80
Granted	80,580	26.67	70,666	29.78	60,773	32.64
Adjustment for performance factor	9,348	30.02	—	—	—	—
Released from restriction	(54,973)	30.02	(39,943)	31.98	(19,723)	33.40
Forfeited	(1,124)	28.32	(4,925)	31.41	(33,455)	33.11
Nonvested shares, end of year	208,045	$ 29.39	174,214	$ 30.81	148,416	$ 31.63

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 Trustmark's time-based unit activity for the periods presented:

	Years Ended December 31,					
	2024		2023		2022	
	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
Nonvested shares, beginning of year	358,252	$ 30.04	312,978	$ 30.99	337,466	$ 31.18
Granted	167,646	27.27	145,003	28.59	133,307	31.85
Released from restriction	(140,637)	28.63	(90,587)	30.90	(148,905)	32.16
Forfeited	(12,985)	28.79	(9,142)	30.72	(8,890)	31.62
Nonvested shares, end of year	372,276	$ 29.37	358,252	$ 30.04	312,978	$ 30.99

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

	Recognized Compensation Expense for Years Ended December 31,			At December 31, 2024	
	2024	2023	2022	Unrecognized Compensation Expense	Weighted Average Life of Unrecognized Compensation Expense
Performance awards	$ 2,827	$ 1,772	$ 1,258	$ 2,110	1.67
Time-based awards	4,388	4,383	3,625	2,815	1.63
Total	$ 7,215	$ 6,155	$ 4,883	$ 4,925	

Note 17 – Commitments and 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 December 31, 2024 and 2023, Trustmark had unused commitments to extend credit of $4.575 billion and $4.907 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 December 31, 2024 and 2023, Trustmark's maximum exposure to credit loss in the event of nonperformance by the other party for letters of credit was $110.4 million and $125.4 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. At December 31, 2024 and 2023, the fair value of collateral held was $27.2 million and $31.4 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 sheets.

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

	Years Ended December 31,		
	2024	2023	2022
Balance at beginning of period	$ 34,057	$ 36,838	$ 35,623
PCL, off-balance sheet credit exposures	(4,665)	(2,781)	1,215
Balance at end of period	$ 29,392	$ 34,057	$ 36,838

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 year ended December 31, 2024 primarily reflected a decrease in required reserves as a result of changes in the total reserve rate coupled with a decrease in unfunded commitments which was partially offset by an increase in required reserves as a result of implementing the Performance Trend and the External Factor-Credit Quality Review qualitative reserve factors. The decrease in the ACL on off-balance sheet credit exposures for the year ended December 31, 2023 was primarily due to decreases in unfunded commitments for the construction, land development and other land portfolio and other construction loan portfolio.

Legal Proceedings

Trustmark 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," Trustmark 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, Trustmark 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 18 – 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 this 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%. 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. At December 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 December 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 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 December 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 December 31, 2024 and 2023 ($ in thousands):

	Actual Regulatory Capital		Minimum	To Be Well
	Amount	Ratio	Requirement	Capitalized
At December 31, 2024:				
Common Equity Tier 1 Capital (to Risk Weighted Assets)				
Trustmark Corporation	$ 1,729,672	11.54%	7.000%	n/a
Trustmark National Bank	1,828,044	12.20%	7.000%	6.50%
Tier 1 Capital (to Risk Weighted Assets)				
Trustmark Corporation	$ 1,789,672	11.94%	8.500%	n/a
Trustmark National Bank	1,828,044	12.20%	8.500%	8.00%
Total Capital (to Risk Weighted Assets)				
Trustmark Corporation	$ 2,094,874	13.97%	10.500%	n/a
Trustmark National Bank	2,009,544	13.41%	10.500%	10.00%
Tier 1 Leverage (to Average Assets)				
Trustmark Corporation	$ 1,789,672	9.99%	4.00%	n/a
Trustmark National Bank	1,828,044	10.21%	4.00%	5.00%
At December 31, 2023:				
Common Equity Tier 1 Capital (to Risk Weighted Assets)				
Trustmark Corporation	$ 1,521,665	10.04%	7.000%	n/a
Trustmark National Bank	1,602,327	10.58%	7.000%	6.50%
Tier 1 Capital (to Risk Weighted Assets)				
Trustmark Corporation	$ 1,581,665	10.44%	8.500%	n/a
Trustmark National Bank	1,602,327	10.58%	8.500%	8.00%
Total Capital (to Risk Weighted Assets)				
Trustmark Corporation	$ 1,862,246	12.29%	10.500%	n/a
Trustmark National Bank	1,759,426	11.61%	10.500%	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%

Dividends on Common Stock

Dividends paid by Trustmark are substantially funded from dividends received from TNB. Approval by TNB's regulators is required if the total of all dividends declared in any calendar year exceeds the total of its net income for that year combined with its retained net income of the preceding two years. In 2025, TNB will have available approximately $255.3 million plus its net income for that year to pay as dividends.

Stock Repurchase Program

On December 7, 2021, Trustmark's Board of Directors authorized a stock repurchase program effective January 1, 2022, under which $100.0 million of Trustmark's outstanding shares could be acquired through December 31, 2022. Under this authority, Trustmark repurchased approximately 789 thousand shares of its common stock valued at $24.6 million during the twelve months ended December 31, 2022.

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 could be acquired through December 31, 2024. Under this authority, Trustmark repurchased approximately 203 thousand shares of its common stock valued at $7.5 million during the twelve months ended December 31, 2024.

On December 3, 2024, Trustmark's Board of Directors authorized a stock repurchase program effective January 1, 2025, under which $100.0 million of Trustmark's outstanding shares may be acquired through December 31, 2025. The repurchase program, which is subject to market conditions and management discretion, will be implemented through open market repurchases or privately negotiated transactions. Under this authority, Trustmark repurchased approximately 243 thousand shares of its common stock valued at $8.5 million during January 2025.

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

The following tables present the net change in the components of accumulated other comprehensive income (loss) and the related tax effects allocated to each component for the years ended December 31, 2024, 2023 and 2022 ($ 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 15 – 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.

	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
Year Ended December 31, 2024			
Securities available for sale and transferred securities:			
Net unrealized holding gains (losses) arising during the period	$ (13,666)	$ 3,417	$ (10,249)
Reclassification adjustment for net (gains) losses realized in net income	182,792	(45,698)	137,094
Change in net unrealized holding loss on securities transferred to held to maturity	14,587	(3,647)	10,940
Total securities available for sale and transferred securities	183,713	(45,928)	137,785
Pension and other postretirement benefit plans:			
Change in the actuarial loss of pension and other postretirement benefit plans	1,460	(365)	1,095
Reclassification adjustments for changes realized in net income:			
Net change in prior service costs	111	(28)	83
Recognized net loss due to lump sum settlements	(13)	3	(10)
Change in net actuarial loss	248	(62)	186
Total pension and other postretirement benefit plans	1,806	(452)	1,354
Cash flow hedge derivatives:			
Change in accumulated gain (loss) on effective cash flow hedge derivatives	(22,232)	5,558	(16,674)
Reclassification adjustment for (gain) loss realized in net income	18,132	(4,533)	13,599
Total cash flow hedge derivatives	(4,100)	1,025	(3,075)
Total other comprehensive income (loss)	$ 181,419	$ (45,355)	$ 136,064
Year Ended December 31, 2023			
Securities available for sale and transferred securities:			
Net unrealized holding gains (losses) arising during the period	$ 50,537	$ (12,404)	$ 38,133
Reclassification adjustment for net (gains) losses realized in net income	(39)	10	(29)
Change in net unrealized holding loss on securities transferred to held to maturity	15,557	(3,889)	11,668
Total securities available for sale and transferred securities	66,055	(16,283)	49,772
Pension and other postretirement benefit plans:			
Change in the actuarial loss of pension and other postretirement benefit plans	(691)	173	(518)
Reclassification adjustments for changes realized in net income:			
Net change in prior service costs	111	(28)	83
Recognized net loss due to lump sum settlements	25	(6)	19
Change in net actuarial loss	177	(44)	133
Total pension and other postretirement benefit plans	(378)	95	(283)
Cash flow hedge derivatives:			
Change in accumulated gain (loss) on effective cash flow hedge derivatives	(8,131)	2,033	(6,098)
Reclassification adjustment for (gain) loss realized in net income	16,385	(4,096)	12,289
Total cash flow hedge derivatives	8,254	(2,063)	6,191
Total other comprehensive income (loss)	$ 73,931	$ (18,251)	$ 55,680
Year Ended December 31, 2022			
Securities available for sale and transferred securities:			
Net unrealized holding gains (losses) arising during the period	$ (229,524)	$ 57,381	$ (172,143)
Change in net unrealized holding loss on securities transferred to held to maturity	(86,033)	21,508	(64,525)
Total securities available for sale and transferred securities	(315,557)	78,889	(236,668)
Pension and other postretirement benefit plans:			
Change in the actuarial loss of pension and other postretirement benefit plans	10,792	(2,698)	8,094
Reclassification adjustments for changes realized in net income:			
Net change in prior service costs	111	(28)	83
Change in net actuarial loss	1,089	(272)	817
Total pension and other postretirement benefit plans	11,992	(2,998)	8,994
Cash flow hedge derivatives:			
Change in accumulated gain (loss) on effective cash flow hedge derivatives	(20,685)	5,171	(15,514)
Reclassification adjustment for (gain) loss realized in net income	460	(115)	345
Total cash flow hedge derivatives	(20,225)	5,056	(15,169)
Total other comprehensive income (loss)	$ (323,790)	$ 80,947	$ (242,843)

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 Derivative	Total
Balance, January 1, 2022	$ (17,774)	$ (14,786)	$ —	$ (32,560)
Other comprehensive income (loss) before reclassification	(236,668)	8,094	(15,514)	(244,088)
Amounts reclassified from accumulated other comprehensive income (loss)	—	900	345	1,245
Net other comprehensive income (loss)	(236,668)	8,994	(15,169)	(242,843)
Balance, December 31, 2022	(254,442)	(5,792)	(15,169)	(275,403)
Other comprehensive income (loss) before reclassification	49,801	(518)	(6,098)	43,185
Amounts reclassified from accumulated other comprehensive income (loss)	(29)	235	12,289	12,495
Net other comprehensive income (loss)	49,772	(283)	6,191	55,680
Balance, December 31, 2023	(204,670)	(6,075)	(8,978)	(219,723)
Other comprehensive income (loss) before reclassification	691	1,095	(16,674)	(14,888)
Amounts reclassified from accumulated other comprehensive income (loss)	137,094	259	13,599	150,952
Net other comprehensive income (loss)	137,785	1,354	(3,075)	136,064
Balance, December 31, 2024	$ (66,885)	$ (4,721)	$ (12,053)	$ (83,659)

Note 19 – 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 December 31, 2024 and 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 years ended December 31, 2024 and 2023.

	December 31, 2024			
	Total	Level 1	Level 2	Level 3
U.S. Treasury securities	$ 202,669	$ 202,669	$ —	$ —
U.S. Government agency obligations	38,807	—	38,807	—
Mortgage-backed securities	1,451,058	—	1,451,058	—
Securities available for sale	1,692,534	202,669	1,489,865	—
LHFS	200,307	—	200,307	—
MSR	139,317	—	—	139,317
Other assets - derivatives	15,397	18	15,150	229
Other liabilities - derivatives	41,355	2,183	39,172	—

	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	—
Obligations of states and political subdivisions	—	—	—	—
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 years ended December 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)*	(5,844)	2,229
Additions	13,291	—
Sales	—	(2,845)
Balance, December 31, 2024	$ 139,317	$ 229
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 December 31, 2024	$ 5,801	$ 1,681
Balance, January 1, 2023	$ 129,677	$ 157
Total net (loss) gain included in Mortgage banking, net *(1)*	(11,519)	2,470
Additions	13,712	—
Sales	—	(1,782)
Balance, December 31, 2023	$ 131,870	$ 845
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 December 31, 2023	$ (1,489)	$ 1,103

(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 December 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 December 31, 2024, Trustmark had outstanding balances of $37.1 million with a related ACL of $13.7 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 $5.5 million were re-measured during 2024, requiring write-downs of $2.2 million to reach their current fair values compared to $898 thousand of foreclosed assets that were re-measured during 2023, requiring write-downs of $243 thousand.

Fair Value of Financial Instruments

FASB ASC Topic 825 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 December 31, 2024 and 2023 were as follows ($ in thousands):

	December 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	$ 567,251	$ 567,251	$ 975,343	$ 975,343
Securities held to maturity	1,335,385	1,259,107	1,426,279	1,355,504
Level 3 Inputs:				
Net LHFI	12,929,672	12,886,168	12,811,157	12,762,505
Financial Liabilities:				
Level 2 Inputs:				
Deposits	15,108,175	15,098,854	15,569,763	15,553,417
Federal funds purchased and securities sold under repurchase agreements	324,008	324,008	405,745	405,745
Other borrowings	301,541	301,541	483,230	483,226
Subordinated notes	123,702	120,625	123,482	108,125
Junior subordinated debt securities	61,856	49,794	61,856	46,856

Fair Value Option

Trustmark has elected to account for its LHFS under the fair value option, with interest income on these LHFS reported in interest and fees on LHFS and LHFI. The fair value of the LHFS is determined using quoted prices for a similar asset, adjusted for specific attributes of that loan. The 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 the LHFS are largely offset by changes in the fair value of the derivative instruments. For the year ended December 31, 2024, a net loss of $2.1 million was recorded as noninterest income in mortgage banking, net for changes in the fair value of the LHFS accounted for under the fair value option compared to net gain of $2.2 million and a net loss of $3.3 million, respectively, for the years ended December 31, 2023 and 2022. Interest and fees on LHFS and LHFI for the year ended December 31, 2024 included $8.6 million of interest earned on the LHFS accounted for under the fair value option compared to $7.8 million and $6.8 million for the years ended December 31, 2023 and 2022, respectively. 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 the 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 $97.6 million and $78.8 million at December 31, 2024 and 2023, respectively, and are included in LHFS on the accompanying consolidated balance sheets.

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

	December 31,	
	2024	2023
Fair value of LHFS	$ 102,676	$ 105,974
LHFS contractual principal outstanding	105,322	102,994
Fair value less unpaid principal	$ (2,646)	$ 2,980

Note 20 – Derivative Financial Instruments

Derivatives Designated as Hedging Instruments

Trustmark engages in a cash flow hedging program 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 December 31, 2024, the aggregate notional value of Trustmark's interest rate swaps and floor spreads designated as cash flow hedges totaled $1.500 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 included in interest and fees on LHFS and LHFI totaled $474 thousand and $57 thousand of amortization expense for the years ended December 31, 2024 and 2023, respectively. 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 $8.1 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 $311.5 million at December 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 $9.2 million, $6.3 million and $4.1 million for the years ended December 31, 2024, 2023 and 2022, 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 $110.0 million at December 31, 2024, with a positive valuation adjustment of $679 thousand, compared to $109.5 million at December 31, 2023, with a negative valuation adjustment of $994 thousand.

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 $52.1 million at December 31, 2024, with a positive valuation adjustment of $229 thousand, compared to $61.9 million at December 31, 2023, with a positive valuation adjustment of $845 thousand.

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 December 31, 2024, Trustmark had interest rate swaps with an aggregate notional amount of $1.819 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 December 31, 2024, the 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 was $568 thousand compared to $1.4 million at December 31, 2023. At December 31, 2024 and 2023, Trustmark had posted collateral of $1.5 million 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 December 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 December 31, 2024, Trustmark had entered into eleven risk participation agreements as a beneficiary with an aggregate notional amount of $83.9 million compared to six risk participation agreements as a beneficiary with an aggregate notional amount of $40.1 million at December 31, 2023. At December 31, 2024, Trustmark had entered into twenty-eight risk participation agreements as a guarantor with aggregate notional amounts of $229.1 million compared to thirty-five risk participation agreements as a guarantor with aggregate notional amounts of $304.7 million at December 31, 2023. The aggregate fair values of these risk participation agreements were immaterial at December 31, 2024 and 2023.

Tabular Disclosures

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

	December 31,	
	2024	2023
Derivatives in hedging relationships		
Interest rate contracts:		
Interest rate swaps included in other assets *(1)*	$ 74	$ 1,182
Interest rate floors included in other assets	1,582	1,689
Interest rate swaps included in other liabilities *(1)*	5,958	267
Derivatives not designated as hedging instruments		
Interest rate contracts:		
Exchange traded purchased options included in other assets	$ 18	$ 180
OTC written options (rate locks) included in other assets	229	845
Futures contracts included in other assets	—	7,505
Interest rate swaps included in other assets *(1)*	13,478	11,910
Credit risk participation agreements included in other assets	16	5
Futures contracts included in other liabilities	1,972	—
Forward contracts included in other liabilities	(679)	994
Exchange traded written options included in other liabilities	211	21
Interest rate swaps included in other liabilities *(1)*	33,817	34,255
Credit risk participation agreements included in other liabilities	76	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.

	Years Ended December 31,		
	2024	2023	2022
Derivatives in hedging relationships			
Amount of gain (loss) reclassified from accumulated other comprehensive income (loss) and recognized in interest and fees on LHFS & LHFI	$ (18,132)	$ (16,385)	$ (460)
Derivatives not designated as hedging instruments			
Amount of gain (loss) recognized in mortgage banking, net	$ (13,965)	$ (5,281)	$ (43,764)
Amount of gain (loss) recognized in bank card and other fees	135	271	403

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):

	Years Ended December 31,		
	2024	2023	2022
Derivatives in cash flow hedging relationship			
Amount of gain (loss) recognized in other comprehensive income (loss), net of tax	$ (16,674)	$ (6,098)	$ (15,514)

Information about financial instruments that are eligible for offset in the consolidated balance sheets at December 31, 2024 and 2023 is presented in the following tables ($ in thousands):

Offsetting of Derivative Assets
As of December 31, 2024

	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		Net Amount
				Financial Instruments	Cash Collateral Received	
Derivatives	$ 15,134	$ —	$ 15,134	$ (7,956)	$ (2,000)	$ 5,178

Offsetting of Derivative Liabilities
As of December 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		Net Amount
				Financial Instruments	Cash Collateral Posted	
Derivatives	$ 39,775	$ —	$ 39,775	$ (7,956)	$ (1,460)	$ 30,359

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		Net Amount
				Financial Instruments	Cash Collateral Received	
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		Net Amount
				Financial Instruments	Cash Collateral Posted	
Derivatives	$ 34,522	$ —	$ 34,522	$ (4,339)	$ (2,040)	$ 28,143

Note 21 – Segment Information

Trustmark's management reporting structure includes two segments: General Banking and Wealth Management. The General Banking Segment is responsible for all traditional banking products and services, including loans and deposits. The General Banking Segment also consists of internal operations such as Human Resources, Executive Administration, Treasury (Funds Management), Public Affairs and Corporate Finance. The Wealth Management Segment provides customized solutions for customers by integrating financial services with traditional banking products and services such as money management, full-service brokerage, financial planning, personal and institutional trust and retirement services. Trustmark's reportable segments are determined by the Chief Executive Officer (CEO), who is the designated chief operating decision maker (CODM), based upon information provided about Trustmark's products and services offered. The reportable segments are also distinguished by the level of information provided to the CEO, who uses such information to review performance of various lines of business, which are then aggregated if operating performance, products and services and customers are similar. The CEO evaluates the financial performance of Trustmark's lines of business, such as evaluating revenue

streams, significant expenses and budget to actual results, in assessing the performance of Trustmark's reportable segments and in the determination of allocating resources.

The Insurance Segment is included in discontinued operations for all periods presented in the accompanying consolidated balance sheets and the consolidated statements of income. See Note 2 - Discontinued Operations for additional information about discontinued operations.

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 tables disclose financial information by reportable segment for the periods presented ($ in thousands):

Year Ended December 31, 2024	General Banking	Wealth Management	Consolidated
Interest income	$ 949,600	$ 10,730	$ 960,330
Interest expense	373,369	2,540	375,909
Funds transfer pricing, net	2,231	(2,231)	—
Net interest income	578,462	5,959	584,421
PCL	41,101	154	41,255
Net interest income after PCL	537,361	5,805	543,166
Service charges on deposit accounts	44,295	87	44,382
Bank card and other fees	33,148	153	33,301
Mortgage banking, net	26,626	—	26,626
Wealth management	748	36,503	37,251
Other, net	17,620	193	17,813
Securities gains (losses), net	(182,792)	—	(182,792)
Internal allocations	(377)	377	—
Noninterest income (loss)	(60,732)	37,313	(23,419)
Salaries and employee benefits	243,930	22,309	266,239
Services and fees	98,833	2,757	101,590
Other segment expenses *(1)*	116,080	1,781	117,861
Internal allocations	(5,897)	5,897	—
Noninterest expense	452,946	32,744	485,690
Income from continuing operations before income taxes	23,683	10,374	34,057
Income taxes from continuing operations	(13,726)	2,573	(11,153)
Consolidated income from continuing operations	$ 37,409	$ 7,801	$ 45,210
Selected Financial Information			
Total assets from continuing operations	$ 17,938,268	$ 214,154	$ 18,152,422
Depreciation and amortization from continuing operations	$ 37,599	$ 250	$ 37,849

(1) Other segment expenses for the General Banking Segment include net occupancy-premises, equipment expense, litigation settlement expense, FDIC assessment expense, other real estate expense, net, loan expense and other miscellaneous expense. Other segment expenses for the Wealth Management Segment include net occupancy-premises, equipment expense, FDIC assessment expense, loan expense and other miscellaneous expense.

Year Ended December 31, 2023	General Banking	Wealth Management	Consolidated
Interest income	$ 869,143	$ 9,689	$ 878,832
Interest expense	324,470	1,484	325,954
Funds transfer pricing, net	2,326	(2,326)	—
Net interest income	546,999	5,879	552,878
PCL	26,716	(2,135)	24,581
Net interest income after PCL	520,283	8,014	528,297
Service charges on deposit accounts	43,329	87	43,416
Bank card and other fees	33,382	57	33,439
Mortgage banking, net	26,216	—	26,216
Wealth management	838	34,254	35,092
Other, net	10,069	162	10,231
Securities gains (losses), net	39	—	39
Internal allocations	(376)	376	—
Noninterest income (loss)	113,497	34,936	148,433
Salaries and employee benefits	247,014	21,256	268,270
Services and fees	104,432	3,373	107,805
Other segment expenses *(1)*	117,757	1,864	119,621
Internal allocations	(5,846)	5,846	—
Noninterest expense	463,357	32,339	495,696
Income from continuing operations before income taxes	170,423	10,611	181,034
Income taxes from continuing operations	25,091	2,653	27,744
Consolidated income from continuing operations	$ 145,332	$ 7,958	$ 153,290
Selected Financial Information			
Total assets from continuing operations	$ 18,469,213	$ 185,342	$ 18,654,555
Depreciation and amortization from continuing operations	$ 34,924	$ 261	$ 35,185

(1) Other segment expenses for the General Banking Segment include net occupancy-premises, equipment expense, litigation settlement expense, FDIC assessment expense, other real estate expense, net, loan expense and other miscellaneous expense. Other segment expenses for the Wealth Management Segment include net occupancy-premises, equipment expense, FDIC assessment expense, loan expense and other miscellaneous expense.

Year Ended December 31, 2022	General Banking	Wealth Management	Consolidated
Interest income	$ 534,531	$ 7,302	$ 541,833
Interest expense	47,044	81	47,125
Funds transfer pricing, net	1,900	(1,900)	—
Net interest income	489,387	5,321	494,708
PCL	22,913	(21)	22,892
Net interest income after PCL	466,474	5,342	471,816
Service charges on deposit accounts	42,073	84	42,157
Bank card and other fees	36,058	47	36,105
Mortgage banking, net	28,306	—	28,306
Wealth management	639	34,374	35,013
Other, net	9,313	528	9,841
Securities gains (losses), net	—	—	—
Internal allocations	(39)	39	—
Noninterest income (loss)	116,350	35,072	151,422
Salaries and employee benefits	232,720	21,527	254,247
Services and fees	100,397	3,496	103,893
Other segment expenses *(1)*	204,097	1,896	205,993
Internal allocations	(5,954)	5,954	—
Noninterest expense	531,260	32,873	564,133
Income from continuing operations before income taxes	51,564	7,541	59,105
Income taxes from continuing operations	(3,683)	1,870	(1,813)
Consolidated income from continuing operations	$ 55,247	$ 5,671	$ 60,918
Selected Financial Information			
Total assets from continuing operations	$ 17,724,953	$ 214,313	$ 17,939,266
Depreciation and amortization from continuing operations	$ 38,909	$ 288	$ 39,197

(1) Other segment expenses for the General Banking Segment include net occupancy-premises, equipment expense, litigation settlement expense, FDIC assessment expense, other real estate expense, net, loan expense and other miscellaneous expense. Other segment expenses for the Wealth Management Segment include net occupancy-premises, equipment expense, FDIC assessment expense, loan expense and other miscellaneous expense.

Note 22 – Parent Company Only Financial Information

($ in thousands)

Condensed Balance Sheets

	December 31,	
	2024	2023
Assets:		
Investment in banks	$ 2,062,555	$ 1,770,392
Other assets	86,907	77,901
Total Assets	$ 2,149,462	$ 1,848,293
Liabilities and Shareholders' Equity:		
Accrued expense	$ 1,577	$ 1,108
Subordinated notes	123,702	123,482
Junior subordinated debt securities	61,856	61,856
Shareholders' equity	1,962,327	1,661,847
Total Liabilities and Shareholders' Equity	$ 2,149,462	$ 1,848,293

Condensed Statements of Income

	Years Ended December 31,		
	2024	2023	2022
Revenue:			
Dividends received from banks	$ 82,536	$ 67,189	$ 89,733
Earnings of subsidiaries over distributions	148,884	106,388	(11,269)
Other income	165	163	94
Total Revenue	231,585	173,740	78,558
Expense:			
Other expense	8,576	8,251	6,671
Total Expense	8,576	8,251	6,671
Net Income	$ 223,009	$ 165,489	$ 71,887

Condensed Statements of Cash Flows

	Years Ended December 31,		
	2024	2023	2022
Operating Activities:			
Net income	$ 223,009	$ 165,489	$ 71,887
Adjustments to reconcile net income to net cash provided by operating activities:			
Net change in investment in subsidiaries	(148,884)	(106,388)	11,269
Other	(835)	(797)	(1,550)
Net cash from operating activities	73,290	58,304	81,606
Financing Activities:			
Common stock dividends	(56,790)	(56,653)	(56,679)
Repurchase and retirement of common stock	(7,499)	—	(24,604)
Net cash from financing activities	(64,289)	(56,653)	(81,283)
Net change in cash and cash equivalents	9,001	1,651	323
Cash and cash equivalents at beginning of year	77,511	75,860	75,537
Cash and cash equivalents at end of year	$ 86,512	$ 77,511	$ 75,860

Trustmark paid income taxes of approximately $21.5 million in 2024, $38.8 million in 2023 and $2.7 million in 2022. Trustmark (parent company only) paid interest of $4.5 million in 2024, 2023 and 2022.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There has been no change of accountants within the two-year period prior to December 31, 2024.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, 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 upon that evaluation, the Chief Executive Officer and Principal Financial Officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report. No changes were made to Trustmark's internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during the last fiscal quarter that materially affected, or are reasonably likely to materially affect, Trustmark's internal control over financial reporting.

Management Report on Internal Control over Financial Reporting

The management of Trustmark is responsible for establishing and maintaining adequate internal control over financial reporting. Trustmark's internal control over financial reporting was designed under the supervision of the Chief Executive Officer and Treasurer (Principal Financial Officer) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of published financial statements in accordance with GAAP.

Management assessed the effectiveness of internal control over financial reporting as of December 31, 2024. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework (2013)*. Based on our assessment, we believe that, as of December 31, 2024, Trustmark's internal control over financial reporting was effective based on those criteria.

The effectiveness of Trustmark's internal control over financial reporting as of December 31, 2024 was audited by Crowe LLP, Fort Lauderdale, Florida, (U.S. PCAOB Auditor Firm I.D.: 173), an independent registered public accounting firm, as stated in their report appearing in the section captioned "Report of Independent Registered Public Accounting Firm" included in Part II. Item 8. – Financial Statements and Supplementary Data of this report.

ITEM 9B. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

During the three months ended December 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 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Certain information regarding executive officers is included under the section captioned "Information about Executive Officers of Trustmark" in Part I. Item 1. - Business, elsewhere in this Annual Report on Form 10-K. Other information required by this Item is incorporated herein by reference to Trustmark Corporation's (Trustmark's) Proxy Statement (Schedule 14A) for its 2025 Annual Meeting of Shareholders to be filed with the SEC within 120 days of Trustmark's fiscal year-end.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to Trustmark's Proxy Statement (Schedule 14A) for its 2025 Annual Meeting of Shareholders to be filed with the SEC within 120 days of Trustmark's fiscal year-end.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated herein by reference to Trustmark's Proxy Statement (Schedule 14A) for its 2025 Annual Meeting of Shareholders to be filed with the SEC within 120 days of Trustmark's fiscal year-end.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated herein by reference to Trustmark's Proxy Statement (Schedule 14A) for its 2025 Annual Meeting of Shareholders to be filed with the SEC within 120 days of Trustmark's fiscal year-end.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated herein by reference to Trustmark's Proxy Statement (Schedule 14A) for its 2025 Annual Meeting of Shareholders to be filed with the SEC within 120 days of Trustmark's fiscal year-end.

PART IV

ITEM. 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

A-1. Financial Statements

The report of Crowe LLP, independent registered public accounting firm, and the following consolidated financial statements of Trustmark Corporation (Trustmark) and subsidiaries are included in the Registrant's 2024 Annual Report on Form 10-K and are incorporated into Part II. Item 8. – Financial Statements and Supplementary Data herein by reference:

Consolidated Balance Sheets as of December 31, 2024 and 2023

Consolidated Statements of Income for the Years Ended December 31, 2024, 2023 and 2022

Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2024, 2023 and 2022

Consolidated Statements of Changes in Shareholders' Equity for the Years Ended December 31, 2024, 2023 and 2022

Consolidated Statements of Cash Flows for the Years Ended December 31, 2024, 2023 and 2022

Notes to Consolidated Financial Statements (Notes 1 through 22)

A-2. Financial Statement Schedules

The schedules to the consolidated financial statements set forth by Article 9 of Regulation S-X are not required under the related instructions or are inapplicable and therefore have been omitted.

A-3. Exhibits

The exhibits to this Annual Report on Form 10-K listed below have been included only with the copy of this report filed with the Securities and Exchange Commission. Copies of individual exhibits will be furnished to shareholders upon written request to Trustmark and payment of a reasonable fee.

ITEM. 16. SUMMARY

None.

EXHIBIT INDEX

2-a	Agreement and Plan of Reorganization by and between Trustmark Corporation and BancTrust Financial Group, Inc. Filed June 1, 2012, as Exhibit 2.1 to Trustmark's Form 8-K Current Report, incorporated herein by reference.
2-b	First Amendment to Agreement and Plan of Reorganization by and between Trustmark Corporation and BancTrust Financial Group, Inc. Filed October 9, 2012 as Exhibit 2.1 to Trustmark's Form 8-K Current Report, incorporated herein by reference.
3-a	Articles of Incorporation of Trustmark, as restated April 25, 2023. Filed May 8, 2023, as Exhibit 3-a to Trustmark's Form 10-Q Quarterly Report for the quarter ended March 31, 2023, incorporated herein by reference.
3-b	Amended and Restated Bylaws of Trustmark Corporation as of February 15, 2023. Filed February 17, 2023, as Exhibit 3.1 to Trustmark's Form 8-K Current Report, incorporated herein by reference.
4-a	Amended and Restated Trust Agreement among Trustmark Corporation, Wilmington Trust Company and the Administrative Trustees regarding Trustmark Preferred Capital Trust I. Filed August 21, 2006, as Exhibit 4.1 to Trustmark's Form 8-K Current Report, incorporated herein by reference.
4-b	Junior Subordinated Indenture between Trustmark Corporation and Wilmington Trust Company. Filed August 21, 2006, as Exhibit 4.2 to Trustmark's Form 8-K Current Report, incorporated herein by reference.
4-c	Guarantee Agreement between Trustmark Corporation and Wilmington Trust Company. Filed August 21, 2006, as Exhibit 4.3 to Trustmark's Form 8-K Current Report, incorporated herein by reference.
4-d	Description of Trustmark's Common Stock. Filed February 20, 2020, as exhibit 4-d to Trustmark's Form 10-K Annual Report, incorporated herein by reference.
10-a	Deferred Compensation Plan for Executive Officers (Executive Deferral Plan-Group 2) of Trustmark National Bank, as amended. Filed as Exhibit 10-a to Trustmark's Form 10-K Annual Report for the year ended December 31, 2007, incorporated herein by reference. *
10-b	Deferred Compensation Plan for Directors of First National Financial Corporation acquired October 7, 1994. Filed as Exhibit 10-c to Trustmark's Form 10-K Annual Report for the year ended December 31, 1994, incorporated herein by reference. *
10-c	Deferred Compensation Plan for Directors (Directors' Deferred Fee Plan) of Trustmark National Bank, as amended. Filed as Exhibit 10-e to Trustmark's Form 10-K Annual Report for the year ended December 31, 2007, incorporated herein by reference. *
10-d	Deferred Compensation Plan for Executives (Executive Deferral Plan-Group 1) of Trustmark National Bank, as amended. Filed as Exhibit 10-f to Trustmark's Form 10-K Annual Report for the year ended December 31, 2007, incorporated herein by reference. *
10-e	Trustmark Corporation Deferred Compensation Plan (Master Plan Document), as amended. Filed as Exhibit 10-g to Trustmark's Form 10-K Annual Report for the year ended December 31, 2007, incorporated herein by reference. *
10-f	Trustmark Corporation Amended and Restated Stock and Incentive Compensation Plan, as amended and restated April 28, 2015. Filed May 4, 2015, as Exhibit 10-f to Trustmark's Form 8-K Current Report, incorporated herein by reference. *
10-g	First Amendment to Trustmark Corporation Deferred Compensation Plan (Master Plan Document). Filed November 7, 2008, as Exhibit 10-r to Trustmark's Form 10-Q Quarterly Report for the quarter ended September 30, 2008, incorporated herein by reference. *

10-h	Summary of the Trustmark Corporation Management Incentive Plan. Filed November 7, 2012, as Exhibit 10-ab to Trustmark's Form 10-Q Quarterly Report for the quarter ended September 30, 2012 and incorporated herein by reference. *
10-i	Form of Change in Control Agreement between Trustmark Corporation and certain executive officers. Filed February 7, 2014, as Exhibit 10-ad to Trustmark's Form 8-K Current Report, incorporated herein by reference. *
10-j	Second Amendment to Trustmark Corporation Deferred Compensation Plan (Master Plan Document). Filed May 7, 2018, as Exhibit 10-w to Trustmark's Form 10-Q Quarterly Report, incorporated herein by reference. *
10-k	First Amendment to Deferred Compensation Plan for Directors (Directors' Deferred Fee Plan) of Trustmark National Bank. Filed May 7, 2018, as Exhibit 10-x to Trustmark's Form 10-Q Quarterly Report, incorporated herein by reference. *
10-l	First Amendment to Deferred Compensation Plan for Executives (Executive Deferral Plan-Group 1) of Trustmark National Bank. Filed May 7, 2018, as Exhibit 10-y to Trustmark's Form 10-Q Quarterly Report, incorporated herein by reference. *
10-m	Employment Agreement between Trustmark Corporation and Duane A. Dewey dated October 27, 2020. Filed October 27, 2020 as Exhibit 10.2 to Trustmark's Form 8-K Current Report, incorporated herein by reference. *
10-n	Amendment No. 2022-1 to the Trustmark Corporation Deferred Compensation Plan. Filed November 3, 2022, as exhibit 10-ag to Trustmark's Form 10-Q Quarterly Report, incorporated herein by reference.*
10-o	Exhibit 1 Company Contribution in Respect of the Year Ending December 31, 2022 to the Trustmark Corporation Deferred Compensation Plan. Filed February 16, 2023, as exhibit 10-ah to Trustmark's Form 10-K Annual Report, incorporated herein by reference. *
10-p	Form of Fully Executed Settlement Agreement. Filed February 16, 2023, as exhibit 10-ai to Trustmark's Form 10-K Annual Report, incorporated herein by reference.
10-q	Exhibit 2 Company Contribution in Respect of the Year Ending December 31, 2023 to the Trustmark Corporation Deferred Compensation Plan. Filed May 8, 2023, as Exhibit 10-aj to Trustmark's Form 10-Q Quarterly Report for the quarter ended March 31, 2023, incorporated herein by reference. *
10-r	Form of Compensation Clawback Policy, adopted on October 24, 2023 and revised on January 23, 2024. Filed February 15, 2024, as Exhibit 10-ak to Trustmark's Form 10-K Annual Report, incorporated herein by reference. *
10-s	Form of Time-Based Restricted Stock Unit Agreement for Associate (under the Amended and Restated Stock and Incentive Compensation Plan). Filed February 15, 2024, as Exhibit 10-al to Trustmark's Form 10-K Annual Report, incorporated herein by reference. *
10-t	Form of Performance Unit Agreement for Associate (under the Amended and Restated Stock and Incentive Compensation Plan). Filed February 15, 2024, as Exhibit 10-am to Trustmark's Form 10-K Annual Report, incorporated herein by reference. *
10-u	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-v	Form of Time-Based Restricted Stock Unit Agreement for Director (under the Stock and Incentive Compensation Plan). Filed May 7, 2024, as Exhibit 10-ao to Trustmark's Form 10-Q Quarterly Report for the quarter ended March 31, 2024, incorporated herein by reference. *
10-w	Form of Time-Based Restricted Stock Unit Agreement for Associate (under the Stock and Incentive Compensation Plan). Filed May 7, 2024, as Exhibit 10-ap to Trustmark's Form 10-Q Quarterly Report for the quarter ended March 31, 2024, incorporated herein by reference. *
10-x	Form of Performance Unit Agreement for Associate (under the Stock and Incentive Compensation Plan). Filed May 7, 2024, as Exhibit 10-aq to Trustmark's Form 10-Q Quarterly Report for the quarter ended March 31, 2024, incorporated herein by reference. *
10-y	Amendment to Employment Agreement between Trustmark Corporation and Duane A. Dewey dated April 23, 2024. Filed May 7, 2024, as Exhibit 10-ar to Trustmark's Form 10-Q Quarterly Report for the quarter ended March 31, 2024, incorporated herein by reference. *
10-z	Exhibit 3 Company Contribution in Respect of the Year Ending December 31, 2024 to the Trustmark Corporation Deferred Compensation Plan. Filed November 5, 2024, as Exhibit 10-as to Trustmark's Form 10-Q Quarterly Report for the quarter ended September 30, 2024, incorporated herein by reference. *

10-aa	Exhibit 4 Company Contribution in Respect of the Year Ending December 31, 2025 to the Trustmark Corporation Deferred Compensation Plan. *
19	Trustmark Corporation Insider Trading Policy.
21	List of Subsidiaries.
23	Consent of Crowe LLP.
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.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbases Document
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

DATE: February 19, 2025

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

DATE: February 19, 2025	BY: /s/ Adolphus B. Baker Adolphus B. Baker, Director
DATE: February 19, 2025	BY: /s/ William A. Brown William A. Brown, Director
DATE: February 19, 2025	BY: /s/ Augustus L. Collins Augustus L. Collins, Director
DATE: February 19, 2025	BY: /s/ George T. Chambers, Jr. George T. Chambers, Jr., Principal Accounting Officer
DATE: February 19, 2025	BY: /s/ Tracy T. Conerly Tracy T. Conerly, Director
DATE: February 19, 2025	BY: /s/ Duane A. Dewey Duane A. Dewey, President, Chief Executive Officer and Director
DATE: February 19, 2025	BY: /s/ Marcelo Eduardo Marcelo Eduardo, Director
DATE: February 19, 2025	BY: /s/ J. Clay Hays, Jr., M.D. J. Clay Hays, Jr., M.D., Director
DATE: February 19, 2025	BY: /s/ Gerard R. Host Gerard R. Host, Chair and Director
DATE: February 19, 2025	BY: /s/ Harris V. Morrissette Harris V. Morrissette, Director
DATE: February 19, 2025	BY: /s/ Thomas C. Owens Thomas C. Owens, Treasurer and Principal Financial Officer
DATE: February 19, 2025	BY: /s/ Richard H. Puckett Richard H. Puckett, Director
DATE: February 19, 2025	BY: /s/ Lea B. Turnipseed Lea B. Turnipseed, Director
DATE: February 19, 2025	BY: /s/ William G. Yates III William G. Yates III, Director