



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Trustmark Corporation

Person to be contacted regarding this report:	Louis Greer	RSSD: (For Bank Holding Companies)	1079562
UST Sequence Number:	77	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	215,000,000	FDIC Certificate Number: (For Depository Institutions)	4988
CPP Funds Repaid to Date:	215,000,000	City:	Jackson
Date Funded (first funding):	November 21, 2008	State:	Mississippi
Date Repaid ¹ :	December 9, 2009		

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	The Troubled Asset Relief Program (TARP) Capital Purchase Program (CPP) funds enabled Trustmark to reduce lending less than otherwise would have occurred during this recessionary period. (Continued at (1) below.)
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	The TARP CPP capital provided flexibility for Trustmark in managing its balance sheet, and as such supported Trustmark's residential mortgage lending, its ongoing foreclosure mitigation efforts, and its lending activity in other areas of the U.S. economy. (Continued at (2) below.)
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Based on its analysis of market conditions when it first participated in CPP, Trustmark determined that the proceeds of the Treasury investment initially would be best deployed in U.S. Government Agency mortgage-backed securities (MBS) until loan demand improved. (Continued at (3) below.)

<input checked="" type="checkbox"/>	Make other investments	No other investments were made using TARP CPP funds apart from the investments described in response to the immediately preceding question.
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	In 2009, Trustmark faced an increase in its non-performing assets. The TARP CPP investment served as an additional source of funding to assist Trustmark in maintaining its funding capacity and reserves to address the increase in non-performing assets (2009 10-K at p. 6).
<input checked="" type="checkbox"/>	Reduce borrowings	To the extent that there was a reduction in any of Trustmark's borrowings in 2009, TARP CPP funds played a role by supporting factors that contributed to this change. These factors included Trustmark's strong liquidity position and its access to alternative funding sources. (Continued at (6) below.)
<input checked="" type="checkbox"/>	Increase charge-offs	While TARP CPP funds were not used to increase charge-offs of non-performing loans, the TARP CPP funds did assist Trustmark in maintaining the liquidity necessary to handle an increase in necessary loan charge-offs on its balance sheet in 2009 (2009 10-K at p. 53).
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	Trustmark did not use its TARP CPP funds to purchase another financial institution, or to purchase assets from another financial institution.
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Prior to its participation in TARP CPP, Trustmark exceeded all minimal regulatory capital ratios and met applicable regulatory guidelines to be considered well-capitalized. The TARP CPP investment served to further enhance this well-capitalized position (SIGTARP at p. 1; 2009 10-K at p. 25).

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

While there are no particular actions that Trustmark was able to avoid because of the capital infusion, there are certain measures that banks have had to take during economic recessions which Trustmark did not need to consider in light of its favorable liquidity levels and strong balance sheet. In particular, banks have had to borrow heavily in order to maintain adequate liquidity levels and decrease their lending activities to consumers and businesses. By contrast, Trustmark's economic health, which was in part due to the receipt of TARP CPP funds, enabled Trustmark to focus its efforts on increasing lending activity in residential mortgages and addressing economic difficulties in the real estate market.

In the Florida Panhandle real estate market, the economy declined as a result of overbuilding commercial developments of residential real estate, and Trustmark focused its efforts on resolving credit issues in this area. The Florida market represented approximately 8% of Trustmark's total loans but 52% of nonperforming assets, 62% of total provisioning and 53% of net charge-offs in 2009. As a result of this situation, Trustmark could have been required to reduce its lending activities elsewhere because of the influence of the Florida real estate market on its finances. The TARP CPP funds contributed to liquidity and flexibility on Trustmark's balance sheet, which in turn enabled Trustmark to make significant progress in resolving its construction and land development portfolio issues in Florida (2009 10-K at p. 50).

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

The role of the TARP CPP investment in Trustmark's business was a supportive one, reinforcing the bank's strong capital position and assisting it in activities to support an economic recovery. Trustmark elected to participate in the TARP CPP in November 2008 as a healthy, well-capitalized bank in order to position itself for continued success in a challenging economic environment. The TARP CPP funds were not segregated from Trustmark's other funds, and thus Trustmark is not generally able to directly trace these funds or pinpoint actions that would not have been possible without the funds. However, the one particular action that would not have taken place without the capital infusion from the Treasury was Trustmark's completion, on December 7, 2009, of the issuance of 6,216,216 shares of common stock in an underwritten public offering yielding net proceeds of \$109.3 million. Following discussions with federal regulators and utilizing the funding provided by this common stock offering, Trustmark redeemed all the Senior Preferred Stock from the Treasury on December 9, 2009. In this manner, Trustmark exited TARP CPP and returned taxpayer funds. The amount paid by Trustmark to redeem the Senior Preferred Stock consisted of \$215.0 million, which was equivalent to both the original issuance price and the liquidation value of the Senior Preferred Stock, plus final accrued dividends of \$716.7 thousand. In addition to this return of TARP CPP funds, the underwritten public offering on December 7, 2009 was deemed to be a success for Trustmark, and as a result, it placed Trustmark in an even stronger financial and market position (2009 10-K at p. 7).

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

The infusion of TARP CPP funds supported Trustmark's multifaceted strategy in handling difficulties during the economic recession. 1