



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

December 16, 1996

Trustmark National Bank
Charter Number 10523
248 East Capitol Street
Jackson, Mississippi 39201

by

Office of the Comptroller of the Currency
Southeastern District
Marquis One Tower, Suite 600
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Note: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal Financial Supervisory Agency concerning the safety and soundness of this financial institution.



General Information

This document is an evaluation of the Community Reinvestment Act (CRA) performance of *Trustmark National Bank* (Trustmark) prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency.

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of September 30, 1996. It does not reflect any CRA related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. §2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with the examination of a financial institution, each federal financial supervisory agency will (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve the application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based upon a review of twelve assessment factors, which are grouped together under five performance categories, as detailed in the following section of this evaluation.



Assignment of Rating

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.



Institution & Community Profile

Community Profile:

Trustmark has delineated twenty-one of the eighty-two counties in the state as its community. Delineated counties include: Amite, Copiah, DeSoto, Forrest, Hinds, Itawamba, Jones, Lamar, Lauderdale, Lee, Leflore, Lincoln, Lowndes, Madison, Marion, Pike, Rankin, Simpson, Walthall, Warren and Washington. These twenty-one counties have been grouped into eighteen different communities, including the Jackson and Hattiesburg Metropolitan Statistical Areas (MSA) and the Mississippi portion of the Memphis MSA. Total population of these communities amounts to 1,169,621 or 45% of the state population. The delineated community contains 308,600 families with 23% designated as low-income, 15% moderate income, 19% middle income and 43% upper income. This closely approximates the income distribution for the 679,191 families in the State of Mississippi - 24% low, 16% moderate, 19% middle, and 41% upper.

The State of Mississippi has the lowest per capita income in the United States and an unemployment rate of 8.8%. The 1996 state-wide median family, non-MSA, income totals \$26,000. Median family income for the three MSA's in the bank's community ranges from \$29,000 to \$39,500. The median housing value is \$42,500 with a median year built of 1970. Affordable housing is one of the state's greatest needs. There is also a large number of substandard housing units in need of renovation.

Bank Profile:

Trustmark is the largest bank in the State of Mississippi with total assets on September 30, 1996 of \$5.2 billion. The bank is profitable and well capitalized by regulatory standards. There are no financial, legal or economic barriers preventing Trustmark from meeting community credit needs. The bank is a wholly owned subsidiary of Trustmark Corporation, Jackson, Mississippi, a one bank holding company. Our evaluation of Trustmark's CRA activities covered the time frame from March 1994 through September 1996. Trustmark has emphasized affordable housing and small business lending during the evaluation period.

Reasonableness of Delineated Community

The bank's community delineation is reasonable and does not arbitrarily exclude any low- and moderate-income neighborhoods. The bank's delineated community contains 261 census tracts compared to the state total of 581. A further comparison of the census tracts reveals the following:

	Low	Moderate	Middle	Upper	Unpopulated
Trustmark	11%	20%	44%	25%	0%
State of Mississippi	7%	20%	54%	18%	1%



Discussion of Institution's Performance

Institution Rating: Based upon the findings presented below, this institution's record of meeting its community's credit needs is rated "*Satisfactory*."

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

The institution effectively determines community credit needs through ongoing, meaningful contact with community groups, organizations and community leaders.

The bank develops an annual CRA Action Plan for each of its delineated communities. These Action Plans outline the ascertainment methods to be utilized by the bank. These methods include an officer call program, market research, participation in community organizations, and credit workshops/seminars in churches and schools in low-income areas.

The results of the officer call program are documented on call forms which in turn are compiled by the compliance department. During the first half of 1996, the Jackson office made 533 CRA calls. While the majority of calls were made to small businesses, calls were also made to realtors, contractors, builders, schools, colleges, government officials, religious leaders, and community organizations. Calls are also being made by all offices throughout the state with annual goals of 8 to 24 calls per year per officer.

The bank uses surveys (distributed during CRA calls or in statement stuffers), as well as market research studies, to help ascertain community credit needs. In 1994-1996 market research studies were conducted in all of the delineated communities. The studies surveyed individuals with annual income of less than \$20,000 and identified community leaders regarding the credit needs of the community and their perceptions of the bank. The findings of these studies are used to identify community credit needs as well as set marketing strategies. The primary needs identified through these outreach efforts are affordable housing loans, small consumer loans, small business loans, and credit education. To address those identified needs, Trustmark created the following products:

- o the Better Home Opportunity Loan program for families with annual incomes less than \$35,000,
- o a home improvement loan with longer maturities and lower fixed rates for low- and moderate-income individuals, and
- o a secured credit card for those with "no credit" or "slow credit."



Also, the bank expended considerable resources in the area of credit education. See Assessment Factor L for further discussion.

Assessment Factor C - The extent of participation by the institution's Board of Directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

The Board of Directors (Board) and management have incorporated CRA into their planning process. The Board and management are supportive of community reinvestment activities, have provided satisfactory policy oversight and support for training of affected personnel.

Annually, the Board approves an expanded CRA statement and CRA Action and Marketing Plans. The expanded CRA statement describes the bank's CRA policies and provides a summary of the bank's performance under the regulation. The CRA Action Plans include specific objectives for CRA performance and an implementation strategy to achieve each objective. In addition, the CRA marketing plan outlines how the bank will ensure the low- and moderate-income areas and individuals are informed about the products and services available.

The bank has established a Board Compliance/CRA Committee as well as management Compliance and CRA Committees. These committees meet monthly to discuss, plan, and review CRA related activities. CRA self-assessments are prepared semi-annually and presented to the committees for review. These self-assessments review the bank's efforts in reaching the objectives outlined in the CRA Action Plans as well as the geographic distribution of loans. The Board and management also ensure that the technical requirements of the regulation are met and employee training is provided.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

The bank has implemented a comprehensive marketing program which effectively informs all segments of its community about credit products offered, including those developed to address identified needs.

The bank advertises extensively to keep its entire delineated areas, including low- and moderate-income areas, aware of the Trustmark name and its products. Since 1994, the bank ran advertisements featuring small business loans, farm loans, personal loans, equity loans, student loans, auto loans, home improvement loans, and mortgage loans. Media types were newspapers, radio, TV, billboard, magazines, and statement stuffers.

The bank develops an annual CRA Marketing Plan. This plan outlines how the bank plans to reach low- and moderate-income areas and individuals. The plan is developed by the CRA



officers and the Marketing Department and is approved by the Board. Some of the efforts developed through the Trustmark CRA Marketing Plan include:

- o INFOLINE, a phone system that provides information on thirty-seven products and subjects including “How to Establish Credit,” “Buying a Home,” etc.
- o Five credit related brochures including: “Credit Rights and Responsibilities,” “Budget and Save,” “Establishing a Good Credit Rating,” “Buying a Home,” and “Credit - How it Works.”. These brochures are easy to understand and geared to low- and moderate-income individuals.
- o Eight “Back to Basics of Banking” posters placed in Jackson low- and moderate-income locations. The posters list a number of topics that the bank is willing to provide seminars or workshops and how to contact the bank about providing a seminar for interested parties.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

The bank satisfactorily originates conventional mortgage, housing rehabilitation, home improvement, small business and small farm loans within its community.

The bank is an active originator of the specific types of loans included in this assessment factor. During 1995 and year-to-date 1996 the bank originated the following HMDA purpose, geocoded loans:

	1995			9/30/96		
	Number of Loans	Amount (000)	% of \$ Inside Delineated Community	Number of Loans	Amount (000)	% of \$ Inside Delineated Community
Conventional Home Purchase	1,303	124,785	84	935	87,789	85
Refinances	501	42,504	87	602	49,478	84
Home Improvement	475	5,854	100	432	5,472	100



	1995			9/30/96		
Small Farm Loans	1,141	54,563	65	870	22,486	84
Small Business	Not Readily Available			5,348	200,606	85

As shown in the foregoing table, the bank extends a significant portion of HMDA purpose, small farm and small business loans in its delineated community. In addition, during 1996 the bank purchased 1,115 mortgage loans totaling \$73 million of which 69% were in their delineated community.

As of September 30, 1996, Trustmark had a loan to deposit ratio of 68% which means that for every dollar in deposits the bank had extended 68 cents in loans. This volume of lending, although somewhat below similar banks in the state and nation, is satisfactory.

Assessment Factor J - The institution's participation in government-insured, guaranteed or subsidized loan programs for housing, small business, or small farms.

The bank satisfactorily participates in governmentally-insured/guaranteed/subsidized loan programs for housing, small business and rural development.

Trustmark originated the following government guaranteed loans:

Type of Loan (\$=000)	1994		1995		9/30/96	
	#	\$	#	\$	#	\$
VA	56	3,794	74	6,296	145	12,070
FHA	502	29,239	580	36,422	668	41,683
FmHA	4	2,327	4	1,392	6	3,113
Student Loans	6,387	15,172	5,772	16,612	7,595	25,054
SBA	Not Available		90	13,502	22	3,276

The bank is a very active government program lender. The bank is a "Certified Lender" in the SBA loan program and is also certified under the FmHA program.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.



The bank's documented analysis shows a reasonable distribution of credit extensions, applications and denials. The review of Home Mortgage Disclosure Act (HMDA) related data shows that the bank is effectively reaching all segments of its community, including low- and moderate- income segments.

The bank performs an extensive analysis of the geographic distribution of its credit extensions, applications and denials on a semi-annual basis. This analysis is performed for each of the bank's communities. It focuses on HMDA purpose credits (home purchase, home improvement, and mortgage refinancing), but also considers non-HMDA consumer lending. The analysis is used by the Board of Directors and management to establish marketing and lending strategies to address census tracts with low penetration ratios.

The bank has lent funds in every census tract in its delineated community. There are only a few census tracts where the bank has experienced low penetration rates. These tracts are located in the Jackson MSA and are 17.00, 18.00, 20.00 and 26.00. While the bank's direct lending activity in these tracts is less than other areas of its community, the bank does facilitate significant lending activity in these tracts via zero interest loans to some community housing groups which operate to a large degree in the aforementioned tracts. These housing groups then make loans to low- and moderate-income borrowers for home purchase and renovation.

A further analysis of the bank's lending by census tracts shows that Trustmark is among the top three lenders in 58% of the low- and moderate-income tracts in the bank's community. Considering that there are 218 mortgage lenders in the bank's delineated community, this is good performance.

The following chart depicts a profile of the borrower's income level for HMDA reportable loans. It shows that, the percentage of lending to the low/moderate borrowers declined from 1994 to 1995 and has remained the same from 1995 to September of 1996. The percentage of lending to the middle income category increased from 1994 to 1995 but declined in 1996. Meanwhile, the percentage of loans to the upper income borrower category increased. The decline in residential lending to low, moderate, and middle income borrowers does not appear to be caused by diminished efforts on the bank's part. Instead, the decline appears to be caused by increasing competition.

HMDA REPORTABLE LOANS ORIGINATED WITHIN THE COMMUNITY (MSA'S)



Borrower Income Level	1994			1995			YTD 9/30/96		
	#	\$ (000)	% of #	#	\$ (000)	% of #	#	\$ (000)	% of #
Low-to-Moderate Income	520	14,991	21	412	13,374	17	333	9,283	17
Middle Income	591	27,577	24	597	32,165	25	428	22,885	21
Upper Income	1,354	122,625	55	1,413	130,097	58	1,181	106,693	59
Total	2,465	165,193	100	2,422	175,636	100	1,942	138,861	100

The above table compares satisfactorily to the composition of families by income level contained within the HMDA reporting area (the three MSA's in the bank's delineated community). That composition is 23% designated as low income, 16% moderate income, 20% middle income and 41% upper income.

The bank's lending to borrowers residing in low- and moderate-income census *tracts* showed more favorable trends than lending to low- and moderate-income borrowers. In 1994, such loans equaled 12% of HMDA reportable loans made that year. While the ratio dropped to 10.5% in 1995, it has returned to 12% year-to-date 1996.

As mentioned above, there was a total of 218 different mortgage lenders competing for HMDA purpose loans within the bank's delineated community. Trustmark topped this list as the largest originator of HMDA purpose loans in the community. Despite this intense competition, Trustmark generated 13% of the total HMDA purpose applications and 14% of the total HMDA loans to individuals in low- and moderate-income tracts. The fact that Trustmark generated a larger proportion of loans than applications is a positive indicator.

To analyze the geographic distribution of loans in non-MSA delineated communities, we sampled four of the thirteen non-MSA communities. We analyzed all consumer loans made from 1/1/95 to 6/30/96 in the following communities: Warren County (Vicksburg), Lee/Itawamba County (Tupelo), Jones County (Laurel), and Lincoln County (Brookhaven). These areas were selected due to their level of lending. These four communities coupled with the three MSA's comprise 82% of Trustmark's outstanding loans as of September 30, 1996.

Of the 44 block numbering areas (BNAs) in these four communities, 5 are moderate income (11%), 29 are middle income (64%), 10 are upper income (24%) and none are low income. As evident in the following table, the bank has extended 14% of their loans in the moderate income BNA's which compares favorably to the percentage of tracts designated as moderate income.



**January 1, 1995 through June, 1996 Consumer Loan Originations
by Block Numbering Area
Vicksburg, Tupelo, Laurel and Brookhaven**

BNA Income Segment	Number of Loans	Percentage of Loans	Number of Families	Percentage of Families
Moderate	1113	14%	6003	10%
Middle	3988	52%	38873	62%
Upper	2586	34%	17562	28%
Total	7687	100%	62438	100%

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

The bank's offices provide reasonable access to all segments of the delineated community.

Trustmark has 118 banking offices throughout its delineated community. All but one of these branches are full service. Thirty (25%) of the bank's branches are located in low- and moderate-income areas. This compares satisfactorily to the overall composition of the bank's community with 31% of the census tracts being low- and moderate-income. In addition, Trustmark has 128 automated teller machines in 112 locations. Business hours are appropriate to meet the needs of the customers. Many branches offer extended hours at their drive thru as well as Saturday banking.

Since the 1994 examination, Trustmark has opened two new branches in Jackson and purchased eight branches in Vicksburg. One of the new branches in Jackson and three of the new branches in Vicksburg are located in low- and moderate-income areas. Trustmark's Board approved a written branch closing policy. Two branches have been closed since the last examination. Neither branch was located in a low- and moderate-income area. The Branch Closing Policy was followed in both instances.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D) Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).



The bank solicits credit applications from all segments of its communities including low- and moderate-income areas. We did not identify any practices intended to discourage applications for the types of credit listed in the bank's CRA Statement.

Through ongoing outreach and calling efforts, Trustmark actively solicits credit applications from its entire community. The bank has implemented various programs to promote and ensure compliance with fair lending laws and regulations. Bank policies and procedures require consistent treatment for all credit applicants. The bank monitors compliance with fair lending regulations through its internal audit department.

The bank also has a second review process for proposed rejections of HMDA-reportable loans, and HMDA-reportable loans approved with major exceptions to policy. Employees receive adequate fair lending training. Training sessions on fair lending topics are conducted on a regular basis. All lending and branch personnel have received this training in the past year.

Assessment Factor F) Evidence of prohibited discrimination or other illegal credit practices.

We found no evidence of discrimination or other illegal credit practices during our examination.

Our fair lending review included a comparative file analysis to determine if the application process would yield similar results for minority and non-minority applicants with similar qualifications. This analysis compared home purchase and home improvement files for 172 denied black applicants to 388 approved white applicants. The sample included HMDA reportable applications from the retail and mortgage departments received during 1995. Based upon our review, we found the bank in compliance with the provisions of the fair lending laws and regulations.

V. COMMUNITY DEVELOPMENT

Assessment Factor H) The institution's participation, including investment, in local community development and redevelopment projects or programs.

Through ongoing efforts, Trustmark has maintained a high level of participation in development and redevelopment programs and projects within its delineated community, often in a leadership role.

The Board of Directors and management have demonstrated leadership in community development. They have established ongoing relationships with numerous government and private sector representatives and organizations. The bank has provided over \$4 million in zero



interest credit lines and another \$190,000 in grants to 17 community development groups devoted to the revitalization of low- and moderate-income areas in Jackson and across the state. The most significant community development and redevelopment projects include the following:

- o Voice of Calvary (VOC) - This organization teaches poor, working families how to be homeowners and good neighbors. Trustmark provides a \$500,000 zero interest credit line for the organization's "Adopt-A-Home" program. This program allows qualified participants to purchase VOC renovated homes after committing themselves to a one year training program emphasizing home ownership, budgeting, use of credit, home repair, etc. This is done in lieu of a down payment. In 1994-1996, 13 loans totaling \$295,811 were made under the line.
- o Habitat Jackson - This organization renovates and builds low-cost housing for the working poor. Habitat then sells these houses to the working poor utilizing no-interest home loans. Trustmark provides a \$650,000 zero interest credit line to Habitat. In 1994-1996, 29 loans totaling \$430,022 were made under the line.
- o Jackson/Hinds Minority Capital Fund (MINCAP) - This organization provides financing and technical assistance to minority-owned businesses. The bank continues to fund a \$450,000 zero interest credit line used to fund loans as well as pay administrative costs. In 1994-1996, 16 loans totaling \$607,368 were made under the line. In addition, Trustmark has provided another \$49,000 in grants to MINCAP during 1994-1996.
- o Jackson Metro Housing Partnership (JMHP) - This partnership of banks, corporations, and government agencies serves as an umbrella organization for consolidating housing resources in Metro Jackson. Its projects include a first time home buyer's program, owner occupied housing rehabilitation program, rental rehabilitation and special needs program. Trustmark funds \$2,360,000 of a \$5.9 million zero interest credit line which is used to fund JMHP's lending programs. In 1994-1996, 66 loans totaling \$3,036,592 were made under the line. During the same time period, Trustmark has provided another \$100,000 in grants to JMHP.

The bank is a large supporter of municipal projects in Mississippi. During 1994 to 1996, Trustmark was the underwriter in almost \$188 million in bond issues in the State of Mississippi.

Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

The bank's leadership and participation in community development and redevelopment projects are consistent with its size, financial capacity, location and local economic condition. There are no legal or financial impediments that prevent the bank from helping to meet various community credit needs.

Refer to the Community and Bank Profile sections of this Performance Evaluation for a description of the bank and its delineated community.



Assessment Factor L - Any other factors that, in the regulatory authority's judgement, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

The bank has participated in other meaningful activities which have benefited its delineated community and are not covered in other categories.

Trustmark contributes time, money, and effort to a wide variety of civic minded organizations and causes. From 1994-1996, Trustmark made contributions totaling \$1.4 million to community organizations throughout its delineated communities (11% youth related, 11% housing related, 4% business/economic related, and 74% other). In addition to donations, employee and management give freely of their time. From 1994-1996, bank personnel, as members of the bank's Community Involvement Teams, participated in hundreds of civic activities and community betterment type projects.

Examples include:

- o Two hundred bank employees worked on the completion of the Trustmark Habitat House for one deserving family.
- o A bank officer or Director serves on the Board of Directors of each of the organizations listed under Assessment Factor H.
- o Bank employees helped renovate a house and a small low-income apartment complex in cooperation with the Voice of Calvary Ministries.
- o A bank officer served as interim Executive Director to the Jackson/Hinds Minority Capital Fund. This officer served for several months at no cost to the fund.

The bank is heavily involved in educational programs. Bank management present education programs to schools, church groups, and senior citizens. Topics include "The How and Why of Banking," "Money Management," "How to Establish and Maintain Credit," "How to Obtain a Mortgage Loan," "Available Bank Credit Services," and "Financial Aid".

In addition, Trustmark has purchased and donated the educational program "Choices and Decision: Taking Charge of Your Life" to 153 school districts in Mississippi. This product teaches high school students to take charge of their finances.

Trustmark is a sponsor of 32 Adopt-A-School relationships throughout the state. The bank is in process of implementing the "Frugal" savings program for students. This program uses a character, club membership, and prizes to teach students how to save. As an example, the bank will award \$5 to the student for the first \$25 saved.

ADDITIONAL INFORMATION

None.