



CRA Public File Improvement Efforts

Last Updated: February 28, 2024

1.1 OVERVIEW

Per section § 25.43(b)(5) of the Community Reinvestment Act, a bank that receives a less than “Satisfactory” institution rating during its most recent examination must include in its public file a description of its current efforts to improve its performance in helping to meet the credit needs of its entire community.

The recent CRA Performance Evaluation dated April 24, 2023, examined Trustmark’s CRA performance between January 1, 2019 – December 31, 2021. As per the Performance Evaluation, the Bank demonstrated High Satisfactory performance in the three Performance Tests related to lending, investment, and service. The overall rating was lowered from Satisfactory to Needs to Improve as a result of the consent order covering lending performance in the Memphis TN-MS-AR metropolitan statistical area (MSA) between 2014 through 2017.

This document details Trustmark’s overall fair lending and CRA strategy and efforts undertaken by the Bank to improve performance.

1.2 OVERALL FAIR LENDING AND CRA STRATEGY

The following describes Trustmark's sweeping and comprehensive efforts starting in 2018 to improve overall CRA and fair lending performance and the resulting framework that has been established:

TRUSTMARK HAS DEVELOPED A NEW, WHOLE-OF-BANK APPROACH AND STRATEGY TO CRA PERFORMANCE AND FAIR LENDING COMPLIANCE

Beginning in the latter half of 2018 and throughout the evaluation period, Trustmark engaged in a concerted effort to reshape and refocus its efforts to serve the needs of low- and moderate-income ("LMI") and minority residents and communities (collectively, "diverse consumers" and "diverse markets") across its footprint. Trustmark's effort built on earlier initiatives the Bank had implemented, including the creation in 2016 of its CRA- and fair lending-focused Community Lending Specialist mortgage loan originator role and Home Advantage first-lien mortgage product, as well as the hiring of a highly experienced Fair Lending Director (now the Director of Fair and Responsible Banking & Compliance) in 2017.

While Trustmark has always had a deeply rooted commitment to serving all within its communities, the efforts commencing in 2018 were undertaken in recognition of the fact that a more sophisticated and structured strategy for CRA and fair lending compliance was necessary to continue to fulfill this commitment as the Bank grows.

Creation of Community Lending Specialist Role, Advantage Program, and the Beginnings of Trustmark's Current Strategy

Recognizing that the obstacles to homeownership for diverse consumers and how they differ from other market segments - as well as the approaches and skillsets needed to reach them - Trustmark committed in 2015 to establishing a new mortgage loan originator position dedicated to serving their needs. The new position was called Community Lending Specialist ("CLS Lender") and began to gain traction in 2016. To a much greater extent than Trustmark's other originators, CLS Lenders focus on one-on-one counseling, financial education, and capacity building, and establishing relationships with community housing organizations and diverse market realtors. CLS Lenders are also compensated differently to encourage the origination of smaller loan amounts and devotion of more of their time to outreach. With a new mechanism in place for effectively engaging with diverse consumers, the Bank quickly realized that its existing line of LMI-focused government and investor products such as Fannie Mae's HomeReady and FHA programs left gaps in Trustmark's ability to expand homeownership opportunities in diverse markets. Specifically, the Bank recognized that required down payments and the way such programs calculated debt-to-income ("DTI") ratios remained as barriers to many otherwise creditworthy applicants. Trustmark thus began developing an in-house solution called Home Advantage that featured up to 100% financing of a primary residence, no mortgage insurance requirement, and more flexible DTI calculations. Home Advantage was piloted in 2017 in its Memphis market and later deployed throughout its footprint. Home Advantage would later become just one of several proprietary diverse markets-focused home financing solutions within what is now the Bank's Advantage suite of products.

An expansion of boots-on-the-ground and product line were not the only actions the Bank took. Shortly after the introduction of Home Advantage, Trustmark also began strengthening its oversight framework with the hiring of a new Fair Lending Director who was tasked with proposing and implementing significant enhancements to the Bank's fair lending risk management program. These enhancements included more robust coordination between Trustmark's CRA strategy and fair lending program in order to improve the Bank's performance in both.

Trustmark's Current Diverse Market Strategy Framework

Together, the Bank's team of CLS Lenders, its Home Advantage mortgage product, and enhancement of its fair lending risk management program provided the backbone and paved the way for the centerpiece of Trustmark's current, overarching approach to serving its diverse markets. First introduced in 2019 following the expansion of the Bank's fair lending oversight structure, the Diverse Market Strategic Plan (the "Plan") was developed by the Fair Lending Oversight Committee and Fair Lending Steering Committee. The Plan serves as a vehicle for coordinating CRA and fair lending business and compliance initiatives and activities across the entire enterprise. The Plan includes, among others, (1) CRA and fair lending compliance governance and oversight; (2) budgets; (3) corporate marketing efforts; (4) local market outreach; (5) lending products, services, and delivery channels; (6) community development investments and partnerships; (7) branching and facilities; (8) associate training; and (9) human resources, hiring, and diverse markets leadership development.

TRUSTMARK'S APPROACH HAS LED TO SIGNIFICANT SUCCESSES DURING THE EVALUATION PERIOD

Trustmark's commitment to its communities and redoubling of its efforts to serve diverse consumers has not gone unnoticed. The Bank's public and visible engagement with its communities has allowed Trustmark to form many new and exciting partnerships during the recent CRA evaluation period (2019-2021), including:

- **Partnership with Operation Hope** - A partnership that involves embedding a trained Operation Hope representative in Trustmark branches to offer one-on-one financial coaching and counseling to diverse consumers to promote economic empowerment and build financial capacity in underserved areas. The partnership has grown from its 2020 beginning in Memphis, Tennessee, to now extends to Montgomery, Alabama and Jackson, Mississippi.
- **Partnership with the Federal Home Loan Bank ("FHLB") of Dallas** - A partnership through which CLS Lenders utilize FHLB's HELP program to provide another source of down payment assistance to eligible first-time homebuyers in Jackson, Houston, and non-MSA areas of Mississippi. An additional FHLB partnership through the SNAP program provides rehabilitation grants to low-income and underserved homeowners to renovate and improve safety conditions in their homes.
- **Relationships with Over 100 Schools** - The expansion of the Trustmark Financial Scholars program through the use of technology has allowed the Bank to deploy its financial education program to over 100 schools and over 11,000 students, over half of which predominantly serve LMI families and communities.
- **Multiple Nonprofit Partnerships in Alabama to Deploy the FDIC's Money Smart program** - Trustmark is a member of the FDIC's Money Smart Alliance and has successfully partnered with multiple nonprofit organizations in the Alabama area to offer Bank associate-led educational courses in local communities, earning it praise in the FDIC's Money Smart Newsletter.

The Bank's efforts have also translated into significantly increased diverse markets lending performance. Whereas prior to 2018 Trustmark trailed its peers in lending distributions from a fair lending and CRA perspective, the Bank saw rapid improvement from 2018 to present. Trustmark's increased visibility in its communities, combined with its comprehensive incorporation of each part of the enterprise in its CRA efforts from management to business lines to marketing to hiring, have resulted in significant improvements to its lending performance in diverse markets. For example, in its Memphis and Houston assessment areas, the Bank significantly exceeded its peers in 2022³ with respect to the distribution of its mortgage lending in LMI census tracts. In Memphis in particular, the Bank's proportion of lending in LMI tracts was materially above that of the peer average. Results are similar across nearly all of the Bank's assessment areas with respect to peer comparisons for both LMI and MMCT lending.

TRUSTMARK'S APPROACH POSITIONS THE BANK FOR CONTINUED SUCCESS

The Diverse Market Strategic Plan and the infrastructure Trustmark has developed around it is intentionally flexible and scalable to evolve alongside the Bank and the communities it serves. The Plan (1) can serve as a blueprint for maintaining CRA performance and managing fair lending risk when entering

new markets; (2) promotes innovation and continual self-evaluation and improvement; and (3) can be readily scaled by adding additional working groups and reporting lines to existing governance structures to accommodate growth. Trustmark therefore believes that it has made significant strides in improving its approach to CRA compliance that meets or exceeds approaches taken by its competitors, setting the Bank up for long-term success.

1.3 IMPROVEMENT EFFORTS AND RESPONSIVE OUTREACH SINCE CONCLUSION OF RECENT PERFORMANCE EVALUATION

Since the conclusion of the CRA Performance Evaluation on December 31, 2021, Trustmark has taken the following steps to improve performance to meet the credit needs of our community:

1.3.1 2022

- Extended over \$11.5 million in down payment assistance grants to LMI homebuyers and for homes in LMI and minority census tracts.
- Offered over \$2.5 million in closing cost credit incentive for home mortgage applicants.
- Approved over \$3.5 million in contributions and sponsorships, \$2.45 million of which were to CRA-approved organizations and activities.
- Engaged in over 6,500 hours of volunteer service, including 1,600 hours of CRA-qualifiable board/committee service to nonprofits, financial education classes, and technical service to organizations serving LMI and small businesses.
- Participated in *A Banker in Every Classroom*, sending 17 associates to 34 local Mississippi schools to lead classes on financial education.
- Invested over \$350,000 in Operation HOPE through direct investments and through office space donations for HOPE centers and coaches to promote financial wellbeing and economic empowerment. Operation HOPE helped over 850 clients achieve financial literacy empowerment through Operation HOPE Partnership in 2022 in Memphis, Jackson, and Montgomery.
- Made a \$350,000 grant to United Housing to sponsor Wolf River, an affordable housing development in Memphis, TN.
- Donated \$1.5 million to eligible organizations under the Mississippi Children’s Promise Act. Eligible charitable organizations provide services for the safety and wellbeing of at-risk children in the state.
- Entered into strategic collaboration agreement with Agility Bank, a women-owned Minority Depository Institution (MDI), to highlight the strengths and deepen the community commitment of both banks. Trustmark shares educational and marketing activities in local communities to ensure more information is put into the hands of those who have developed businesses and those who aspire to become business owners. In addition to an equity investment in Agility, Trustmark also shares in loan participations and deposits, as well as provides access to its comprehensive range of personal and business banking services.

- Engaged ADI Consulting to conduct community credit needs assessments (CCNAs) in Memphis, TN, Birmingham, AL, and Montgomery, AL. Upon receipt of the completed CCNAs from ADI, Trustmark began incorporating the results into the Bank's diverse market strategy.
- Opened a new mortgage loan production office (LPO) in a majority-Black and Hispanic census tract in Memphis, TN.
- Began construction on a new LPO in Birmingham, AL to meet credit needs of the community. Grand opening was held on November 1, 2022.
- October 2022: Held six focus groups in Memphis to gain an in-depth understanding of the financial needs of low- to moderate-income consumers, explore opportunities to engage them financially, and to create financial products to support them.
- Hired eight new resources in the bank's Fair and Responsible Banking Department (FRBD).
- Hired an experienced Community Development Manager in the Central Alabama market to promote community outreach.
- Reviewed and revised internal corporate policies, including CRA Policy, Fair and Responsible Banking Policy, Consumer Compliance Management Policy, Fair Housing Act Policy, Equal Credit Opportunity Act Policy, and UDAAP Policy.
- Developed standards to set forth the fair and responsible banking principles that Trustmark considers with respect to all potential expansionary and contractionary strategies.
- Conducted internal lending policy analysis with respect to loan officers, policies, practices, and training to ensure Mortgage Loan Officers (MLO) and Community Lending Specialists (CLS) collectively devote appropriate attention to the Bank's entire geographic market.
- Ensured all full-service branches in the Memphis Market is staffed with at least one, full-time Nationwide Multistate Licensing System and Registry (NMLS) registered associate qualified to discuss the Bank's mortgage products and terms with customers.
- Began development of in-house software solution to implement a technology solution to better monitor MLO and CLS sales efforts and distribution of marketing collateral to ensure adequate coverage of the Bank's entire service area.
- Developed written standards to evaluating MLO and CLS referral networks to promote penetration into minority geographies and business practices consistent with fair and responsible banking principles.
- Formally implementing mandatory, standing monthly team meetings between MLO and CLS teams within each market where lenders will receive sales training, discuss strategies, and best practices, and share business generation techniques designed to increase applications from minority and low-to-moderate income ("LMI") census tracts.
- Conducted staffing assessment to determine the optimal size and ratio of MLO and CLS teams to ensure fair lending comparable to other lenders in the bank's assessment areas.
- Developed and conducted fair lending training for all bank associates.
- Implemented "Appraisal Bias" training for underwriters and loan processors to proactively counter any potential appraisal bias.

- Developed Memphis MSA Advertising/Financial Education/Outreach Plan to ensure marketing efforts are helping meet the credit needs of minority-Black and Hispanic census tracts (MBHCTs) and allocating \$200,000 in 2022 to help fund these efforts.
- Added annual diverse market strategy marketing allocation in the overall marketing budgets, separate from other allocation categories, to ensure sufficient resources are set aside to the bank's diverse market strategy.
- Engaged in new community development partnership with South Memphis Renewal Community Development Corporation to focus on the organization's work to revitalize the Whitehaven community through the development of a 47-unit housing development called Graceland Estates.
- Engaged in new community development partnership with Frayser Community Development Corporation in Memphis, TN to promote access to affordable housing for LMI homebuyers. The Bank provided a financial education workshop to Frayser CDC and offers one of its offices as a satellite location for the Bank's community outreach and consumer financial education seminars.
- Promoted community outreach initiatives, including contributions to local community organizations, sponsorships of nonprofits, community events, and collateral to support these efforts. Associates across the organization are engaged in these outreach efforts:
 - Greater Whitehaven Redevelopment Community – Community Development Manager (CDM) participated in panel discussion about Trustmark, financial education, the Advantage suite of products and the importance of homeownership. The townhall meeting included more than 75 community leaders, local business owners and homeowner associations.
 - Trustmark worked with the City of Memphis and the Greater Whitehaven CDC to distribute the True Advantage promotion flyer to its constituents. Greater Whitehaven CDC sent it to community stakeholders, business owners and neighborhood associations. The City of Memphis sent it as an employee blast. Both are giving us in person opportunities to provide financial education and homeownership.
 - Trustmark was a corporate sponsor for Greater Whitehaven community development annual fundraiser. The Mayor of Memphis was the special guest.
 - Memphis Interfaith Coalition for Action and Hope (MICAHA) – Trustmark is represented on the board and recently introduced a Trustmark CLS as the contact for homeownership needs. Trustmark's products and services were highlighted to its thousands of members who are primarily located in the Greater Memphis market.
 - MICAHA – Trustmark is participating in a South Memphis Financial Access Summit focused on financial resources, financial planning, home ownership, small business management and downpayment assistance. The location is near the campus of LeMoyné-Owen College (HBCU).
 - Trustmark hosted the Memphis chapter of the National Association of Real Estate Brokers (NAREB) to foster relationship building and create opportunities for homeownership.
 - Mississippi Band of Choctaw Indians – Trustmark facilitates ongoing Native Americans Financial Empowerment seminars for youth in the spring and summer semesters. Planning sessions are hosted in the fall to discuss the financial and educational needs of the tribe.

1.3.2 2023

- Extended over \$3.6 million in down payment assistance grants to LMI homebuyers and for homes in LMI and minority census tracts.
- Offered approximately \$1.8 million in closing cost credit incentive for home mortgage applicants.
- Approved over \$3.1 million in contributions and sponsorships, almost \$2.2 million of which were to CRA-approved organizations and activities.
- Engaged in over 6,000 hours of volunteer service, including over 2,400 hours of CRA-qualifiable board/committee service to nonprofits, financial education classes, and technical service to organizations serving LMI and small businesses.
- Participated in *A Banker in Every Classroom* in 2023, sending Bank associates to local Mississippi schools to lead classes on financial education.
- Invested over \$358,000 in Operation HOPE through direct investments and through office space donations for HOPE centers and coaches to promote financial wellbeing and economic empowerment in Memphis, Jackson, and Montgomery.
- Donated \$1.3 million to eligible organizations under the Mississippi Children’s Promise Act. Eligible charitable organizations provide services for the safety and wellbeing of at-risk children in the state.
- Developed a working group to oversee Small Business Lending regulatory change initiatives.
- Entered into a new community development partnership with Crosstown Memphis Community Development Corporation.
- Established internal working groups in markets of focus to provide ongoing evaluation of outreach strategies and opportunities as a result of the Memphis Consent Order. Working groups consist of members of Trustmark’s Diverse Market Strategy Team and Retail and Mortgage associates in each market and meetings are centered on goals/results, Retail and Mortgage success/concerns, possible strategies, competition from peers, outreach opportunities, and marketing.
- Executed an organizational restructuring in the form of a comprehensive program of Focus, Innovation and Transformation designed to enhance Trustmark’s ability to grow and serve customers. As part of this program, Trustmark is focusing our community bank efforts on commercial, small business, and consumer lines of business to provide additional expertise for our customers.
- Hired a Community Development Manager in the Houston, Texas market to promote community outreach.
- Engaged ADI Consulting to conduct community credit needs assessments in Jackson, MS and Houston, TX.
- Received community credit needs assessments results for Jackson and Houston and began incorporating the results into the Bank’s diverse market strategy.
- Deployed annual fair lending training for relevant bank staff and officials.
- Implemented new processes for obtaining second and third appraisals to further counter appraisal bias.
- Incorporated annual fair lending training certification for all Trustmark Mortgage Brokers.

- Deployed in-house lender tracking tool to track referral sources by census tract.
- Deployed ongoing annual fair lending training for bank staff.
- Conducted fair lending training for Board of Directors.
- Implemented upgrade and held training for Trustmark’s internal Loan Officer Dashboard in the Lender Tracking Tool.

1.3.3 2024

Q1-2024

- Extended over \$106,000 in down payment assistance grants and closing cost credit incentives to LMI homebuyers and for homes in LMI and minority census tracts.
- Donated office space to three Operation HOPE centers and coaches to promote financial wellbeing and economic empowerment in Memphis, Jackson, and Montgomery.
- Donated \$1.2 million to eligible organizations under the Mississippi Children’s Promise Act. Eligible charitable organizations provide services for the safety and wellbeing of at-risk children in the state.
- Originated over \$8.44 million in mortgage product offerings targeting LMI applicants and properties in LMI and minority tracts.
- Continued community outreach and financial education initiatives through Community Lending Specialists and Community Development Mangers.

1.3.4 LENDING PERFORMANCE

HMDA LENDING: All Assessment Areas					
	2019	2020	2021	2022	2023
Loans in all Areas (#)	11,222	15,930	15,517	13,818	9,463
Loans in all Areas (\$)	\$2,020,716,970	\$3,322,783,202	\$3,198,219,049	\$2,565,731,265	\$1,751,170,888
Loans in LMI Tracts (#)	1,194	1,376	1,757	2,970	1946
Loans in LMI Tracts (\$)	\$141,795,266	\$213,704,464	\$292,175,642	\$345,500,826	\$253,325,851
Loans in LMI Tracts (%)	11%	9%	11%	21%	21%
Loans to LMI Individuals (#)	2,342	3,502	3,842	4,600	2,628
Loans to LMI Individuals (\$)	\$260,745,921	\$439,809,512	\$478,334,106	\$514,688,056	\$299,037,489
Loans to LMI Individuals (%)	21%	22%	25%	33%	28%

SMALL BUSINESS LENDING: All Assessment Areas					
	2019	2020*	2021*	2022	2023
Small Business Loans <\$1M (#)	3,864	12,592	9,619	3,945	2,999
Small Business Loans <\$1M (\$)	\$468,058,000	\$1,083,035,000	\$837,346,000	\$480,908,000	\$382,402,000
Loans in LMI Tracts (#)	1,035	2,975	2,558	939	713
Loans in LMI Tracts (\$)	\$126,544,000	\$282,956,000	\$214,054,000	\$123,638,000	\$98,774,000
Loans in LMI Tracts (%)	27%	24%	27%	24%	24%
Loans to SB with <\$1M Revenue (#)	2,322	11,169	2,404	1,964	1,803
Loans to SB with <\$1M Revenue (\$)	\$218,256,000	\$843,404,000	\$210,608,000	\$155,998,000	\$149,171,000
Loans to SB with <\$1M Revenue (%)	60%	89%	25%	50%	60%
<i>*Higher volume due to participation in Paycheck Protection Program (PPP)</i>					

SMALL FARM LENDING: All Assessment Areas					
	2019	2020	2021	2022	2023
Small Farm Loans <\$500K (#)	766	826	908	675	439
Small Farm Loans <\$500K (\$)	\$62,829,000	\$64,278,000	\$66,754,000	\$59,304,000	\$37,702,000
Loans in LMI Tracts (#)	178	194	233	166	108
Loans in LMI Tracts (\$)	\$16,156,000	\$17,209,000	\$18,087,000	\$16,234,000	\$9,389,000
Loans in LMI Tracts (%)	23%	23%	26%	25%	25%
Loans to SF with <\$1M Revenue (#)	645	714	600	461	353
Loans to SF with <\$1M Revenue (\$)	\$43,558,000	\$47,875,000	\$40,052,000	\$28,798,000	\$23,814,000
Loans to SF with <\$1M Revenue (%)	84%	86%	66%	68%	80%