

TRUSTMARK CORP  
Form 10-Q  
August 11, 2008

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

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Form 10-Q

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

For the quarterly period ended June 30, 2008

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-03683

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

Mississippi  
(State or other jurisdiction of incorporation or organization)

64-0471500  
(I.R.S. Employer Identification No.)

248 East Capitol Street, Jackson, Mississippi  
(Address of principal executive offices)

39201  
(Zip Code)

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

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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

As of July 30, 2008, there were 57,296,449 shares outstanding of the registrant's common stock (no par value).

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PART I. FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

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

	(Unaudited)	
	June 30, 2008	December 31, 2007
<b>Assets</b>		
Cash and due from banks (noninterest-bearing)	\$ 296,628	\$ 292,983
Federal funds sold and securities purchased under reverse repurchase agreements	23,901	17,997
Securities available for sale (at fair value)	908,949	442,345
Securities held to maturity (fair value: \$263,156 - 2008; \$276,631 - 2007)	260,741	275,096
Loans held for sale	184,858	147,508
Loans	6,859,375	7,040,792
Less allowance for loan losses	86,576	79,851
Net loans	6,772,799	6,960,941
Premises and equipment, net	154,026	151,680
Mortgage servicing rights	76,209	67,192
Goodwill	291,145	291,177
Identifiable intangible assets	25,958	28,102
Other assets	319,835	291,781
<b>Total Assets</b>	<b>\$ 9,315,049</b>	<b>\$ 8,966,802</b>
<b>Liabilities</b>		
<b>Deposits:</b>		
Noninterest-bearing	\$ 1,443,553	\$ 1,477,171
Interest-bearing	5,680,130	5,392,101
<b>Total deposits</b>	<b>7,123,683</b>	<b>6,869,272</b>
Federal funds purchased and securities sold under repurchase agreements	748,137	460,763
Short-term borrowings	260,812	474,354
Subordinated notes	49,725	49,709
Junior subordinated debt securities	70,104	70,104
Other liabilities	126,703	122,964
<b>Total Liabilities</b>	<b>8,379,164</b>	<b>8,047,166</b>
<b>Commitments and Contingencies</b>		
<b>Shareholders' Equity</b>		
<b>Common stock, no par value:</b>		
Authorized: 250,000,000 shares		
Issued and outstanding: 57,296,449 shares - 2008; 57,272,408 shares - 2007	11,938	11,933
Capital surplus	126,881	124,161
Retained earnings	814,674	797,993
Accumulated other comprehensive loss, net of tax	(17,608)	(14,451)
<b>Total Shareholders' Equity</b>	<b>935,885</b>	<b>919,636</b>

Total Liabilities and Shareholders' Equity	\$ 9,315,049	\$ 8,966,802
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See notes to consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
<b>Interest Income</b>				
Interest and fees on loans	\$ 107,456	\$ 122,804	\$ 225,506	\$ 241,138
Interest on securities:				
Taxable	11,079	9,018	16,936	18,098
Tax exempt	1,263	1,649	2,619	3,360
Interest on federal funds sold and securities purchased under reverse repurchase agreements	168	457	347	1,433
Other interest income	475	541	1,047	1,133
<b>Total Interest Income</b>	<b>120,441</b>	<b>134,469</b>	<b>246,455</b>	<b>265,162</b>
<b>Interest Expense</b>				
Interest on deposits	36,881	51,686	80,244	102,041
Interest on federal funds purchased and securities sold under repurchase agreements	3,019	5,014	6,092	8,827
Other interest expense	2,923	3,937	7,752	8,520
<b>Total Interest Expense</b>	<b>42,823</b>	<b>60,637</b>	<b>94,088</b>	<b>119,388</b>
<b>Net Interest Income</b>	<b>77,618</b>	<b>73,832</b>	<b>152,367</b>	<b>145,774</b>
Provision for loan losses	31,012	145	45,255	1,784
<b>Net Interest Income After Provision for Loan Losses</b>	<b>46,606</b>	<b>73,687</b>	<b>107,112</b>	<b>143,990</b>
<b>Noninterest Income</b>				
Service charges on deposit accounts	13,223	13,729	25,787	26,422
Insurance commissions	8,394	9,901	16,650	18,673
Wealth management	7,031	6,400	14,229	12,279
General banking - other	6,053	6,418	11,841	12,588
Mortgage banking, net	6,708	1,799	17,764	4,554
Other, net	6,999	2,194	10,220	4,018
Securities gains, net	58	29	491	87
<b>Total Noninterest Income</b>	<b>48,466</b>	<b>40,470</b>	<b>96,982</b>	<b>78,621</b>
<b>Noninterest Expense</b>				
Salaries and employee benefits	42,771	42,853	86,355	86,019
Services and fees	9,526	9,041	18,956	18,599
Net occupancy - premises	4,850	4,634	9,651	9,048
Equipment expense	4,144	4,048	8,218	7,952
Other expense	8,323	8,257	16,260	16,621
<b>Total Noninterest Expense</b>	<b>69,614</b>	<b>68,833</b>	<b>139,440</b>	<b>138,239</b>
<b>Income Before Income Taxes</b>	<b>25,458</b>	<b>45,324</b>	<b>64,654</b>	<b>84,372</b>
Income taxes	7,906	15,496	20,923	28,687
<b>Net Income</b>	<b>\$ 17,552</b>	<b>\$ 29,828</b>	<b>\$ 43,731</b>	<b>\$ 55,685</b>

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Earnings Per Share

Basic	\$	0.31	\$	0.52	\$	0.76	\$	0.96
Diluted	\$	0.31	\$	0.51	\$	0.76	\$	0.95
Dividends Per Share	\$	0.23	\$	0.22	\$	0.46	\$	0.44

See notes to consolidated financial statements.

Trustmark Corporation and Subsidiaries  
 Consolidated Statements of Changes in Shareholders' Equity  
 (\$ in thousands)  
 (Unaudited)

	2008	2007
Balance, January 1,	\$ 919,636	\$ 891,335
Comprehensive income:		
Net income per consolidated statements of income	43,731	55,685
Other comprehensive income:		
Net change in fair value of securities available for sale	(3,621)	1,126
Net change in defined benefit plans	464	610
Comprehensive income	40,574	57,421
Cash dividends paid	(26,497)	(25,630)
Common stock issued-net, long-term incentive plans	(48)	232
Excess tax benefit from stock-based compensation arrangements	136	7
Compensation expense, long-term incentive plans	2,084	1,654
Repurchase and retirement of common stock	-	(38,859)
Balance, June 30,	\$ 935,885	\$ 886,160

See notes to consolidated financial statements.

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

	Six Months Ended June 30,	
	2008	2007
Operating Activities		
Net income	\$ 43,731	\$ 55,685