



# BancorpSouth Bank

## *Director Independence Standards*

October 28, 2020



# BANCORPSOUTH BANK

## DIRECTOR INDEPENDENCE STANDARDS

The Board of Directors (the Board) of BancorpSouth Bank<sup>1</sup> (the Company), through its Nominating and Corporate Governance Committee will annually review the independence of all directors, affirmatively make a determination as to the independence of each director and disclose the basis for those determinations. No director will qualify as “independent” unless the Board determines that the director has no material relationship to the Company, directly or as a partner, shareholder or officer of an organization that has a relationship with the Company. The Board will consider all relevant facts and circumstances when making independence determinations. To determine whether a director is independent, the Board shall consider the standards set forth below. In addition the Company may also have to disclose other relationships pursuant to the Federal Deposit Insurance Corporation (FDIC), Securities and Exchange Commission (SEC) or the New York Stock Exchange (NYSE) rules and regulations.

### Employment.

- I. A director will not be considered independent if, at any time within the preceding three years:
- the director was employed by the Company; provided, however, that employment as an interim Chairman or Chief Executive Officer or other executive officer will not disqualify a director from being considered independent following termination of that employment;
  - an immediate family member of the director was employed by the Company as an executive officer;
  - the director was a partner or employee of a firm that is the Company’s internal or external auditor;
  - an immediate family member of the director was (i) a partner of a firm that is the Company’s internal or external auditor or (ii) an employee of such a firm and personally worked on the Company’s audit;
  - the director was employed as an executive officer of another company where a present Company executive officer at the same time served on that company’s compensation committee; or
  - an immediate family member of the director was employed as an executive officer of another company where a present Company executive officer at the same time served on that company’s compensation committee.
- II. A director will not be considered independent if:
- the director or an immediate family member is a current partner, member or shareholder of a firm that is the Company’s internal or external auditor;
  - the director is a current employee of a firm that is the Company’s internal or external auditor;  
or

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<sup>1</sup> The term Company or the Bank means BancorpSouth Bank and its subsidiaries and their affiliates.

- the director has an immediate family member who is a current employee of a firm that is the Company's internal or external auditor and personally works on the Company's audit.

Compensation and Certain Affiliate Relationships. A director will not be considered independent if, within the preceding three years, the director, or any one of his or her immediate family members, receives more than \$120,000 during any twelve-month period, in direct compensation from the Company, other than for director and committee fees and pension or other forms of deferred compensation for prior service (provided such service is not contingent in any way on continued service). Compensation received by a director for former service as an interim Chairman or Chief Executive Officer or other executive officer will not be considered in determining independence under this test. Compensation received by an immediate family member for service as an employee of the Company (other than an executive officer) will not be considered in determining independence under this test.

Audit Committee Members. Audit Committee members will not be considered independent if he or she, other than in his or her capacity as a member of the Audit Committee, the Board or any other Board committee: (i) accepts directly or indirectly any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries; or (ii) is an affiliated person of the Company or any of its subsidiaries. For purposes of this paragraph, compensatory fees do not include, however, the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company; provided that such compensation is not contingent in any way on continued service. An Audit Committee member that sits on the Company's Board, or the board of one of the Company's subsidiaries or affiliates, may be considered independent if he or she, except for being a director on each such board of directors, otherwise meets the independence requirements set forth above in this paragraph for each such entity, including the receipt of only ordinary-course compensation for serving as a member of the board, audit committee or any other board committee of each such entity.

Executive Compensation and Stock Incentive Committee Members. In determining the independence of any director who serves on the Executive Compensation and Stock Incentive Committee, the Board shall consider all factors specifically relevant to determining whether a director has a relationship to the Company or any of its subsidiaries which is material to that director's ability to be independent from management in connection with the duties of a member of the Executive Compensation and Stock Incentive Committee, including, but not limited to:

- the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company or any of its subsidiaries to such director; and
- whether such director is affiliated with the Company, any of its subsidiaries or any affiliates of its subsidiaries.

When considering these sources of compensation, the Board will consider whether the director receives compensation from any person or entity that would impair his or her ability to make independent judgments about the Company's executive compensation. Similarly, when considering any affiliate relationship a director has with the Company, any of its subsidiaries or any affiliate of its subsidiaries, the Board will consider whether the affiliate relationship places the director under the direct or indirect control of the Company or its senior management, or creates a direct relationship between the director and members of senior management, in each case of a nature that would impair his or her ability to make independent judgments about the Company's executive compensation.

Customer Relationships. A director will not fail to be considered independent solely as a result of lending relationships, deposit relationships or other banking relationships (such as depository, transfer,

registrar, indenture trustee, trusts and estates, private banking, investment banking, investment management, custodial, securities brokerage, cash management and similar services) between the Company on the one hand, and the director or a company in which the director is affiliated by reason of being a director, officer or a significant shareholder thereof, on the other, provided that:

- such relationships are in the ordinary course of business of the Company and are on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons;
- with respect to extensions of credit by the Company or its subsidiaries to such director, company or its subsidiaries:
- such extensions of credit have been made in compliance with applicable law, including Regulation O of the Board of Governors of the Federal Reserve, Sections 23A and 23B of the Federal Reserve Act and Section 13(k) of the Securities Exchange Act of 1934; and
- no event of default has occurred under the extension of credit.

Business Relationships. A director will not be considered independent if the director is a current employee, or any immediate family member of the director is a current executive officer, of a company (or general partner of a partnership) that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues. Contributions to tax exempt organizations are not considered "payments" for purposes of these standards; provided, however, that a director will not be considered independent if the Board determines that a director has had a material relationship with the Company within the preceding three years due to charitable contributions made by the Company to a charitable organization in which a director serves as an executive officer.

Definitions. For purposes of these independence standards, "immediate family members" of a director include the director's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares the director's home. The Board need not consider individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or become incapacitated.