

**PROSPERITY BANCSHARES, INC.
AND PROSPERITY BANK**

AUDIT COMMITTEE CHARTER

I. PURPOSE

The primary purpose of the Audit Committee of Prosperity Bancshares, Inc. and Prosperity Bank (collectively referred to herein as the "Company") is to provide independent and objective oversight with respect to:

- the Company's financial statements and reports and any additional financial information provided to shareholders and others;
- the Company's internal controls;
- the independent auditor's qualifications and independence;
- the Company's audit, accounting and financial reporting processes generally; and
- the compliance by the Company with legal and regulatory requirements.

The Audit Committee is also responsible to prepare the report required by the rules of the Securities and Exchange Commission ("SEC") to be included in the Company's annual proxy statement.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the organization. The Audit Committee has the authority to retain and consult with any special legal, accounting or other consultants or experts it deems necessary in the performance of its duties. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

II. COMPOSITION AND QUALIFICATIONS

The Audit Committee shall be comprised of three or more directors as determined by the Board of Directors. Each member of the Audit Committee shall meet the independence and experience requirements of The NASDAQ Stock Market, Inc., the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC. No consulting, advisory, or other compensatory fees (other than as a member of the Company's Board of Directors and/or the Audit Committee) may be accepted from the Company or any affiliate or subsidiary thereof by an Audit Committee member. Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to serve effectively on the Audit Committee, and such determination is disclosed in the Company's proxy statement.

Each member of the Audit Committee shall, in the judgment of the Board, be financially literate at the time of appointment, which at a minimum means possessing a working familiarity with basic finance and accounting practices, and at least one member of the Audit Committee must be an "audit committee financial expert" as defined by the SEC. In addition, no Audit Committee member may have participated in the preparation of the financial statements of the Company or any of its subsidiaries at any time in the past three years.

Audit Committee members shall be appointed annually by the Board of Directors upon the recommendation of the Nominating Committee and shall serve until such member's successor is designated or until such member's earlier resignation or removal. The members of the Audit Committee shall designate a chairperson by majority vote of the members. The chairperson shall schedule and preside at all meetings of the Audit Committee and shall be responsible for preparing agendas and making regular reports to the Board of Directors.

III. MEETINGS

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Audit Committee shall meet periodically with management and the independent auditors privately in separate sessions. A majority of the members of the Audit Committee present in person or by telephone shall constitute a quorum.

The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

IV. RESPONSIBILITIES AND DUTIES

Appointment of Independent Auditor and Pre-Approval Policies

The Audit Committee shall have the sole authority to appoint or replace the independent auditor (subject, if applicable, to shareholder ratification). The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.

The Audit Committee shall preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next scheduled meeting.

With respect to services, it is the policy of the Audit Committee that no independent auditor shall perform both the audit of the financial statements and the internal audit and that no independent auditor shall perform any of the following services:

- bookkeeping or other services related to the accounting records;
- financial information systems design and implementation;
- appraisal or valuation services, fairness opinions or contribution-in-kind reports;
- actuarial services;
- internal audit outsourcing services;
- management or human resources functions;
- broker, dealer, investment adviser or investment banking services; or
- legal services and expert services unrelated to the audit.

To fulfill its duties, the Audit Committee, to the extent it deems necessary or appropriate given the circumstances, shall:

Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent auditors the annual audited financial statements and quarterly financial statements, including disclosures made in "Management's Discussion and Analysis of Financial Condition and Results of Operations" prior to issuance by the auditors of their report thereon, filing such statements on Form 10-K or Form 10-Q with the SEC and distribution to third parties. The review shall include:
 - the Company's consolidated financial statements and the notes thereto;
 - the independent auditor's audit of the annual consolidated financial statements and report, including judgments made in connection with the preparation of such financial statements and report;
 - all critical accounting policies and practices used;
 - all alternative treatments of financial information within GAAP discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
 - other material written communications between the independent auditor and the management of the Company (such as any management letter or schedule of unadjusted differences);
 - any significant changes required in the independent auditor's examination plan;
 - particularly sensitive accounting estimates, reserves and accruals, judgmental areas, audit adjustments and other inquiries as the Audit Committee or independent auditors deem appropriate; and
 - the adequacy of the Company's internal controls.

Based on such a review, the Audit Committee shall recommend to the Board whether to include such audited financial statements in the Company's Annual Report and on Form 10-K.

2. Discuss with the independent auditor the matters required to be discussed by Statement of Auditing Standards No. 61 (Communication with Audit Committees), as may be modified, supplemented or replaced, related to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.
3. Review with the independent auditors and management the integrity of the Company's financial reporting processes and controls. Review and discuss significant financial risk exposures and the steps management has taken to monitor and control such exposure, including the Company's risk assessment and risk management policies.
4. Review major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors or management.
5. Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to

analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).

6. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
7. Obtain from and review with the independent auditors the annual management letter as to the adequacy of the Company's internal control environment and the existence of any reportable conditions or material weaknesses. Review management's responses to the annual management letter. Review and make recommendations as to the resolution of any disagreements between the Company's management and the independent auditors.
8. Review with the Company's Disclosure Committee or if there is no such committee, the persons performing such functions, (a) the Company's disclosure controls and procedures, (b) any significant deficiencies in the design or operation of internal controls of the Company which could adversely affect the Company's ability to record, process, summarize and report financial data and (c) any fraud, material or otherwise, that involves management or other employees who have a significant role in the Company's internal controls.
9. Review and discuss with management and the independent auditors the Company's internal control systems intended to ensure the reliability of financial reporting and compliance with applicable laws and regulations. The review shall include the organizational structure, responsibilities, budget, plans, staffing and the performance of the Chief Financial Officer.
10. Review disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
11. Review significant reports of internal audits together with management's response and follow-up to these reports.

Oversight of Company's Relationship with the Independent Auditor

12. Evaluate the qualifications, performance and independence of the independent auditor periodically and make determinations regarding the appointment or termination of the independent auditor.
13. On an annual basis, obtain from the independent auditors a formal written statement describing all relationships between the auditors and the Company, consistent with Independence Standards Board Statement No. 1, as may be modified, supplemented or replaced. The Audit Committee shall discuss such reports with the independent auditors and recommend that the Board of Directors take appropriate action on any disclosed relationships that may reasonably be thought to bear on the independence of the auditors.
14. At least annually, obtain and review a report from the independent auditor describing (a) the independent auditor's internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review or peer review of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditor; and (c) any steps taken to deal with any such issues; and all relationships between the independent auditor and the Company.

15. Review a written statement to be provided annually from the independent auditors certifying that the lead or coordinating audit partner with primary responsibility for the audit has not performed such audit services for the Company in excess of five previous fiscal years.
16. Meet with the independent auditor prior to the audit to discuss the plan of audit, including its scope, staffing, locations and reliance on management.
17. Develop and recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.
18. Discuss with the national office of the independent auditor issues on which they were consulted by the Company's audit team and matters of audit quality and consistency.

Ethical and Legal Compliance

19. Obtain reports from the Company's Chief Financial Officer and the independent auditors that the Company is in conformity with applicable legal requirements.
20. Review alleged material fraudulent actions or violations of law reported by internal compliance programs, by the independent auditors or otherwise, and take any necessary action resulting therefrom.
21. At least annually, review with the Company's legal counsel any legal matters (including the status of pending litigation) that may have a material impact on the Company's financial statements, compliance with applicable laws and regulations and any material reports or inquiries received from regulators or governmental agencies. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations.
22. Establish procedures for the receipt, retention and treatment of concerns or complaints regarding accounting, internal accounting controls or auditing matters and review all such concerns or complaints from Company employees or other sources. Employees, officers or directors who have concerns or complaints regarding such matters are encouraged to promptly submit those concerns or complaints to MessagePro's hotlink at 866-469-5703 (account number 4695703) or directly to the Audit Committee. The submission of all concerns or complaints can be made confidentially and anonymously. MessagePro is an independent third party that is to provide hotline access with complete privacy 24x7x365 on a toll free basis within the United States. Submissions made directly to the Audit Committee may be to any Director who is a member of the Audit Committee at the principal executive offices of the Company or the office of the Director. No retaliation of any kind will be permitted against a person who in good faith submits any concern or complaint. All material concerns or complaints should be reported to the Board of Directors along with the findings and corrective action recommendations of the Audit Committee within ninety days of the concern(s) or complaint(s) coming to the attention of the Audit Committee. All documentation regarding any concerns or complaints is to be retained for five years from the date the Company became aware of such concerns or complaints.
23. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated.
24. Obtain reports from management, the Company's senior internal auditing executive and the independent auditor that the Company and its subsidiary are in conformity with applicable legal requirements and the Company's Code of Ethics. Review reports and disclosures of insider and affiliated party transactions. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Ethics.

25. Perform any other activities consistent with this Charter, the bylaws of the company, the rules of The Nasdaq Stock Market, Inc. and any other applicable law, rules or regulations as the Audit Committee or the Board deems necessary or appropriate.

Charter and Evaluation of Audit Committee

26. Review and reassess the adequacy of the Audit Committee Charter on an annual basis and recommend any proposed changes to the Board for approval. Include the Charter as an appendix to the proxy statement for the Company's annual meeting of shareholders every three years or in the next proxy statement for an annual meeting of shareholders following any significant amendment of the Charter.
27. The Audit Committee shall annually evaluate the performance of the Audit Committee and its members.

Limitation of Audit Committee's Role

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditors. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditors or to assure compliance with applicable laws and regulations.