

**Corporate Governance Guidelines
for
Prosperity Bancshares, Inc.
and
Prosperity Bank**

The following guidelines are promulgated by the Boards of Directors of both Prosperity Bancshares, Inc. and Prosperity Bank (both of which are hereinafter called “the Bank”). Both Boards of Directors are hereinafter called “the Board of Directors” and their members are hereinafter the “Directors” governed by these Guidelines.

Director Qualification Standards

A majority of the members of the Board of Directors must qualify as independent directors in accordance with the applicable provisions of the Securities Exchange Act of 1934 and the rules promulgated thereunder and any NASDAQ listing standards pertaining to corporate governance. The Corporate Governance Committee and the Nominating Committee shall be responsible for establishing additional qualifications for Directors, taking into account the composition and skills of the entire Board of Directors.

The Board of Directors shall determine, with respect to each member, whether he or she qualifies as independent, which shall mean that the Director has no material relationship with the Bank, either directly or as a partner, shareholder, or officer of an organization that has a relationship with the Bank. The Board of Directors has adopted the categorical standard that a Director will not fail to be deemed independent solely as a result of lending relationships, deposit relationships, or other banking relationships (including trust department, investment, and insurance relationships) between the Bank, on the one hand, and the Director or an entity with which the Director is affiliated, on the other, provided that

- (1) such relationships are in the ordinary course of business of the Bank and are on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons; and
- (2) with respect to extensions of credit by the Bank or its subsidiaries to the Director or such entity, such extensions of credit are made in compliance with applicable law, including Regulation O of the Board of Governors of the Federal Reserve and Section 13(k) of the Securities Exchange Act of 1934, no event of default has occurred with respect to such credit, and such credit is otherwise in good standing as determined from time to time by the Board of Directors in its sole discretion.

A Director who is indebted to the Bank shall terminate his directorship in the event that such indebtedness is not maintained in good standing as determined by the Board of Directors.

In addition, as a categorical standard, a Director will not fail to be deemed independent solely as a result of his or her affiliation with a vendor of goods or services to the Bank if

- (1) the economic benefit derived by such Director from the consideration paid to such vendor is not material to the Director and
- (2) the purchase is approved by the Board of Directors in accordance with the following paragraph. A Director's ownership of even a significant amount of stock of the Bank shall not, by itself, impair such Director's independence.

In general, Directors are not to be vendors of goods or services to the Bank or materially affiliated with any such vendor. The role of a Director is distinct from that of a consultant, advisor, or other provider of goods or services to the Bank, and the Board of Directors has determined that the two roles should not be commingled. Notwithstanding the foregoing, the Board of Directors may approve the purchase of goods or services from a Director or his or her affiliated entity if

- (1) such purchase is deemed to be in the best interest of the Bank,
- (2) the economic benefit to be derived by the Director from such purchase is not larger than his or her compensation for service as a Director, and
- (3) such purchase is approved by the Board of Directors without the presence of the involved Director.

No member of the Board of Directors shall serve on the Board of Directors of more than three other publicly traded companies.

Directors are expected to advise the Chairman of the Board and the Chairman of the Corporate Governance Committee promptly upon accepting any other public company directorship or any assignment to the audit committee or compensation committee of the board of directors of any public company of which such Director is a member.

Directors are expected to report changes in their business or professional affiliations or responsibilities, including retirement, to the Chairman of the Board and the Chairman of the Corporate Governance Committee. A Director shall resign if the Corporate Governance Committee concludes that the Director no longer meets the Bank's requirements for service on the Board of Directors.

Director Tenure and Retirement

Directors hold office for staggered three-year terms.

Related Party Transactions

The Board of Directors or its Executive Committee must review and approve all related-party transactions, as defined by laws or rules promulgated under the Securities Exchange Act of 1934 or by applicable stock exchanges.

Director Responsibilities

Directors should exercise their business judgment to act in good faith and in what they reasonably believe to be in the best interests of the Bank in a manner consistent with their fiduciary duties. Directors should regularly attend meetings of the Board of

Directors and of all Board committees upon which they serve. To prepare for meetings, Directors should review the materials that are sent to Directors in advance of those meetings. Each Director is expected

- (1) to serve on, and participate diligently in the work of, at least one committee and
- (2) to attend the entirety of at least 75% of all Board and committee meetings each year.

In general, employees of the Bank who are not also Directors, other than the corporate Counsel, will not attend meetings other than to make presentations and otherwise to inform and advise the Board of Directors. The Board of Directors will schedule regular executive sessions where non-management Directors (Directors who are not Bank officers) meet without management participation. The Chairman of the Board shall preside at each executive session, and in his or her absence the non-management Directors shall select a non-management Director to preside. The Board of Directors or a committee of the Board of Directors will establish methods by which interested parties may communicate directly with the presiding Director or with the non-management Directors as a group and cause such methods to be disclosed.

The Board of Directors shall at all times maintain an Audit Committee, a Corporate Governance Committee, a Nominating Committee, and a Compensation Committee, which must operate in accordance with applicable law, their respective charters as adopted and amended from time to time by the Board, the applicable rules of the Securities and Exchange Commission, and any NASDAQ listing standards pertaining to corporate governance. The Board may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by applicable law and the Bank's bylaws as the Board sees fit.

Information and data that is important to the Board's understanding of the business to be discussed at meetings will be distributed in advance of meetings to the extent practicable and advisable.

Directors shall preserve the confidentiality of confidential material given or presented to the Board of Directors.

The Chairman of the Board, in consultation with management, shall set the agenda of meetings of the Board of Directors and the Chairman of each committee shall set the agenda of meetings of the applicable committee. Any Director may suggest agenda items and may raise at meetings other matters that he or she considers worthy of discussion.

Directors must disclose to other Directors any potential conflicts of interest they may have with respect to any matter under discussion and, if appropriate, refrain from deliberations and voting on a matter in which they may have a conflict.

Except in unusual circumstances or as required by committee charters or as requested by senior management, Directors are expected to follow the principle that senior management, as opposed to individual Directors, provides the public voice of the Bank. Directors receiving inquiries from institutional investors, the press, or others should refer them to the Chief Executive Officer or other appropriate officer of the Bank.

The Board does not believe in mandating fixed rotation of Board committee members and/or chairpersons, since at any time there may be reasons for maintaining continuity. The Board believes that ideally there should be some rotation over time on a staggered basis to foster diverse views while at the same time ensuring continuity.

The Board believes that Directors should be stockholders and have a financial stake in the Bank. Each Director is expected to maintain an ownership position in the Prosperity Bancshares, Inc. that has a market value equal to or greater than \$25,000 within one year of becoming a Director.

In considering the best long-term and short-term interests of the Bank, Directors may, to the extent consistent with their duties to the shareholders of the Bank, consider the needs of employees, suppliers, and customers of the Bank and its subsidiaries, communities in which the Bank and its subsidiaries conduct business, and other pertinent factors in addition to fulfilling its obligations for increased shareholder value.

Director Access to Management and Independent Advisors

The Bank shall provide each Director with complete access to the management of the Bank, subject to reasonable advance notice to the Bank and reasonable efforts to avoid disruption to the Bank's management, business, and operations. The Board of Directors and Board committees, to the extent set forth in the applicable committee charter, have the right to consult with and retain independent legal and other advisors at the expense of the Bank.

Director Compensation

The Board of Directors, on the recommendation of the Compensation Committee, will determine the form and amount of Director compensation, including cash, equity-based awards, and other Director compensation. In connection with such Director compensation, the Board of Directors will be aware that questions may be raised when Directors' fees and benefits exceed what is customary. Similarly, the Board of Directors will be aware that the independence of Directors could be questioned if substantial charitable contributions are made to organizations in which a Director is affiliated or if the Bank enters into consulting contracts with, or provides other indirect compensation to, a Director. The Board of Directors will critically evaluate each of these matters when determining the form and amount of Director compensation and the independence of a Director.

Director Education

The Board of Directors or the Bank will identify and provide access to appropriate orientation programs, sessions, or materials for newly elected Directors of the Bank within a reasonable period of time after their nomination or election as a Director. The Board of Directors or the Bank will encourage, but not require, Directors to periodically attend or obtain appropriate programs, sessions, or materials as to the responsibilities of directors of publicly-traded companies.

Management Evaluation and Succession

The Board of Directors (not including any members of management of the Bank) will conduct an annual review of the performance and compensation of the Chief Executive Officer, taking into account the views and recommendations of the Compensation Committee, as set forth in its charter. The Board of Directors will establish and review such formal or informal policies and procedures, consulting with the Compensation Committee, the Chief Executive Officer, and others, as it considers appropriate, regarding succession to the Chief Executive Officer in the event of emergency or retirement.

The Chief Executive Officer is to provide an annual report on succession planning and related development recommendations to the Compensation Committee, including a short-term succession plan delineating temporary delegation of authority in the event that the Chief Executive Officer or any other executive officer is unexpectedly unable to perform his or her duties.

At the resignation, retirement or removal of the Chief Executive Officer, the Directors shall appoint an interim Chief Executive Officer. The interim Chief Executive Officer may be an existing Director or Company Executive. In conjunction with this appointment, the Board shall commence a search for a permanent Chief Executive Officer.

Annual Performance Evaluation of the Board

The Board of Directors will conduct a self-evaluation annually to determine whether it and its committees are functioning effectively. The full Board of Directors will discuss the evaluation report to determine what, if any, action could improve Board and committee performance. The Board of Directors, with the assistance of the Corporate Governance Committee, as appropriate, shall review these Corporate Governance Guidelines on an annual basis to determine whether any changes are appropriate.

Amendment, Modification and Waiver

These Guidelines may be amended, modified, or waived by the Board of Directors and waivers of these Guidelines may also be granted by the Corporate Governance Committee, subject to the disclosure and other provisions of the Securities and Exchange Act of 1934 and the rules promulgated thereunder.

Executive Management Ownership of Prosperity Bancshares, Inc. Common Stock

Within one year of becoming an Executive Officer of the Corporation, each such officer is expected to maintain an ownership position in the Prosperity Bancshares, Inc. that has a market value equal to or greater than \$25,000 within one year of becoming an Executive Officer.