

**PROSPERITY BANCSHARES, INC.**  
**COMPENSATION COMMITTEE CHARTER**

**I. Committee Purpose**

The purposes of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Prosperity Bancshares, Inc. (the “Company”) shall be to (i) discharge the responsibilities of the Board relating to the compensation of the Company's Chief Executive Officer (“CEO”), other executive officers and directors, including to review and approve corporate goals and objectives relevant to CEO compensation, (ii) evaluate the CEO’s performance in light of the Company's goals and objectives relevant to CEO compensation and determine and approve the CEO’s overall compensation level based on such evaluation, (iii) make recommendations to the Board with respect to non-CEO executive officer compensation, and incentive compensation and equity-based plans that are subject to Board approval, (iv) review and discuss with management the Company’s compensation discussion and analysis (“CD&A”) to be included in the Company’s annual proxy statement or annual report on Form 10-K filed with the Securities and Exchange Commission (“SEC”), (v) prepare the Compensation Committee Report as required by the rules of the SEC and (vi) perform such further functions as may be consistent with this Charter or assigned by applicable law, by the Company’s articles of incorporation or bylaws or by the Board.

**II. Composition of the Committee**

The Committee shall consist of three or more directors, as determined by the Board upon recommendation by the Nominating and Corporate Governance Committee of the Board. Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of the New York Stock Exchange (“NYSE”), SEC rules and regulations and any additional requirements that the Board deems appropriate.

Each member of the Committee must meet the following criteria:

- (a) be an “independent director” as defined under the applicable NYSE rules, regulations and listing requirements, except as may otherwise be permitted by the NYSE rules;
- (b) satisfy the independence requirements and additional independence criteria under Rule 10C-1 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”);
- (c) be a “non-employee director,” as defined in Rule 16b-3 under the Exchange Act;
- (d) be an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”) to the extent such requirement is applicable to the Company;
- (e) be free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member; and

(f) meet any other requirements imposed by applicable law, regulations or rules, subject to any applicable exemptions and transition provisions, as well as any additional requirements that the Board may deem appropriate.

The chairperson of the Committee shall be appointed by the majority vote of the Board upon recommendation of the Nominating and Corporate Governance Committee of the Board, and may be replaced in the Board's discretion. If a chairperson is not designated, the members of the Committee may designate a chairperson by majority vote of the Committee members. The members shall serve for such term or terms as the Board may determine or until their earlier resignation, retirement or removal by the Board.

Any vacancy on the Committee shall be filled by majority vote of the Board upon recommendation of the Nominating and Corporate Governance Committee. No member of the Committee shall be removed except by majority vote of the Independent Directors of the Board.

### **III. Committee Meetings and Operations**

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less than annually. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary, provided, that the CEO of the Company may not be present during any portion of a Committee meeting in which deliberation or any vote regarding his or her compensation occurs.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee shall maintain minutes of its meetings and records relating to those meetings and shall report regularly to the Board on its activities, as appropriate.

### **IV. Committee Responsibilities and Duties**

#### **A. Executive Compensation**

The Committee shall have the following duties and responsibilities with respect to the Company's executive compensation plans:

1. To review and approve at least annually the corporate goals and objectives relevant to the CEO's compensation, evaluate the CEO's performance in light of those goals and objectives, and approve and recommend to the Board the CEO's compensation level based on this evaluation. In determining the long-term incentive component of the CEO's compensation, the Committee may consider appropriate factors, including, but not limited to, the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the CEO in past years.

2. To review at least annually and recommend to the Board the compensation of the Company's other executive officers, taking into account peer group practices

and other appropriate factors, such as corporate and individual performance and historical compensation practices for such officers. The Committee shall be entitled to consider the recommendations of the CEO in connection with the foregoing.

3. To review at least annually the goals and objectives of the Company's executive compensation plans and amend, or recommend that the Board amend, these goals and objectives if the Committee deems it appropriate.

4. To review at least annually director fees for Board meetings and committee meetings. The Committee shall make recommendations to the Board based upon its review as to the amount of fees to be paid to directors for Board and committee attendance.

5. To perform such duties and responsibilities as may be assigned to the Board or the Committee under the terms of any executive compensation plan.

6. To review perquisites or other personal benefits to the Company's executive officers and directors and recommend any changes to the Board.

7. To consider the results of the most recent shareholder advisory vote on executive compensation as required by Section 14A of the Exchange Act and, to the extent the Committee determines it appropriate to do so, take such results into consideration in connection with the review and approval of executive officer compensation.

8. To review and discuss with management the Company's CD&A, and based on that review and discussion, to recommend to the Board that the CD&A be included in the Company's annual proxy statement or annual report on Form 10-K.

9. To prepare the Compensation Committee Report in accordance with the rules and regulations of the SEC for inclusion in the Company's annual proxy statement or annual report on Form 10-K.

10. To the extent it deems necessary, review and approve the terms of any compensation "clawback" or similar policy or agreement between the Company and the Company's executive officers or other employees subject to Section 16 of the Exchange Act.

11. To oversee annual evaluations of management.

12. To perform such other functions as assigned by law, the Company's charter or bylaws or the Board or a committee of the Board.

## **B. Incentive Compensation and Equity-Based Plans**

1. The Committee shall periodically review and make recommendations to the Board with respect to the Company's incentive compensation plans and equity-based plans that are subject to Board approval and shall periodically review and make recommendations to the Board with respect to the adoption of or material changes in material employee benefit, bonus, severance and other compensation plans of the Company. As appropriate in connection with this process, the Committee shall seek appropriate assurances from internal or external advisors that

all compensation and perquisites are appropriate, legally permissible and, where required, properly disclosed to the Company's shareholders.

2. Subject to the equity-based incentive plans of the Company then in effect, the Compensation Committee shall approve the granting of all stock-based compensation, including but not limited to stock options, restricted stock and stock appreciation rights, covered by such equity-based incentive plans, and report such grants to the Board on a periodic basis.

#### **V. Role of Chief Executive Officer**

The CEO shall make, and the Committee may consider, recommendations to the Committee regarding the Company's compensation and employee benefit plans and practices, including its executive compensation plans, its incentive compensation and equity-based plans with respect to executive officers other than the CEO and the Company's director compensation arrangements.

#### **VI. Delegation of Authority**

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; provided, however, that no subcommittee shall consist of fewer than two members; and provided further that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

#### **VII. Evaluation of the Committee**

The Committee shall, no less frequently than annually, evaluate its performance. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope and shall recommend such changes as it deems necessary or appropriate. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

#### **VIII. Investigations and Studies; Outside Advisers**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities and may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel or other adviser retained by the Committee, and the Company will provide for appropriate funding, as determined by the Committee, for payment of compensation to any such compensation consultant, legal counsel or other adviser retained by the Committee. The Committee may select a compensation consultant, legal counsel or other adviser to the

Committee only after taking into consideration all factors relevant to that person's independence from management, including the following:

- (a) The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
- (b) The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
- (c) The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
- (d) Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
- (e) Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
- (f) Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.

The Committee shall conduct the independence assessment with respect to any compensation consultant, legal counsel or other adviser that provides advice to the Committee, other than: (i) in-house legal counsel; and (ii) any compensation consultant, legal counsel or other adviser whose role is limited to the following activities for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K: consulting on any broad-based plan that does not discriminate in scope, terms or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; or providing information that either is not customized for the Company or that is customized based on parameters that are not developed by the compensation consultant, and about which the compensation consultant does not provide advice.

Nothing herein requires a compensation consultant, legal counsel or other compensation adviser to be independent, only that the Committee consider the enumerated independence factors before selecting or receiving advice from a compensation consultant, legal counsel or other compensation adviser. The Committee may select or receive advice from any compensation consultant, legal counsel or other compensation adviser it prefers, including ones that are not independent, after considering the six independence factors outlined above.

Nothing herein shall be construed: (1) to require the Committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel or other adviser to the Committee; or (2) to affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.

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While the members of the Committee have the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of members of the Committee, except to the extent otherwise provided under applicable federal or state law.