

**Charter of the  
Nominating and Corporate Governance Committee  
of Prosperity Bancshares, Inc.  
Board of Directors  
Approved July 21, 2009**

**Committee Composition and Meetings**

The Nominating and Corporate Governance Committee (the "Committee") of the Board of Directors of Prosperity Bancshares, Inc. (the "Company") shall be composed of three or more directors, as determined by the Board, none of whom shall be executive officers or employees of the Company or its subsidiaries, and all of whom shall satisfy the independence requirements under the rules of the Securities and Exchange Commission and The NASDAQ Stock Market, Inc.

The Committee's members and Chair shall be appointed by the majority vote of the Board on an annual basis, considering any recommendation of the Chairman of the Board. If a Committee Chair is not designated or present, the members of the Committee may designate a Chair by majority vote of the Committee membership in attendance. The members shall serve for a one-year term or until their earlier resignation, retirement, disqualification for lack of independence, or removal by the Board. No member of the Committee shall be removed except by majority vote of the independent directors of the Board.

The Committee shall meet at least annually, or more frequently as circumstances dictate. The Committee Chair shall prepare and/or approve an agenda in advance of each meeting. 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 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.

The Committee may request that any directors, officers, or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests. The Committee shall regularly report on its meetings to the Board. The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities.

**Director Nominations**

***Purpose***

The Committee is responsible for making recommendations to the Board regarding the membership of the Board of the Company and each of its subsidiaries, including (i) recommending to the Board the slate of director nominees for election at the annual meeting of shareholders, (ii) considering, recommending and recruiting candidates to fill any vacancies or new positions on the Board, including candidates that may be recommended by shareholders, (iii) establishing criteria for selecting new directors and (iv) reviewing the backgrounds and qualifications of possible candidates for director positions.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities.

## *Nominating Procedures*

### **General**

The Committee will consider candidates recommended by shareholders who appear to be qualified to serve on the Company's board of directors and meet the criteria for nominees considered by the committee. The Committee may choose not to consider an unsolicited recommendation if no vacancy exists on the board of directors and the Committee does not perceive a need to increase the size of the board. In order to avoid the unnecessary use of the Committee's resources, the Committee will consider only those director candidates recommended by shareholders in accordance with the procedures set forth below.

### **Procedures to be Followed by Shareholders**

The Committee will evaluate a candidate proposed by any single shareholder or group of shareholders that beneficially owned more than 5% of the Company's Common Stock for at least one year (and will hold the required number of shares through the meeting of shareholders at which the election will occur) and that satisfies the notice, information and consent procedures set forth below.

To submit a recommendation of a director candidate to the Committee, a shareholder should submit the following information in writing, addressed to the Chairman of the Committee, care of the Corporate Secretary, at the Company's main office:

1. The name of the person recommended as a director candidate;
2. All information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended;
3. The written consent of the person being recommended as a director candidate to being named in the proxy statement as a nominee and to serving as a director if elected;
4. As to the shareholder making the recommendation, the name and address, as they appear on the Company's books, of such shareholder; provided, however, that if the shareholder is not a registered holder of the Company's Common Stock, the shareholder should submit his or her name and address along with a current written statement from the record holder of the shares that reflects ownership of the Company's Common Stock; and
5. A statement disclosing whether such shareholder is acting with or on behalf of any other person and, if applicable, the identity of such person.

In order for a director candidate to be considered for nomination at the Company's annual meeting of shareholders, the recommendation must be received by the Committee at least 120 calendar days prior to the date the Company's proxy statement was released to shareholders in connection with the previous year's annual meeting, advanced by one year.

### **Criteria for Director Nominees**

The Committee will consider the following criteria in selecting nominees: financial, regulatory and business experience; familiarity with and participation in the local community; integrity, honesty and reputation; dedication to the Company and its shareholders; independence; and any other factors the Committee deems relevant, including age, size of the board of directors and regulatory disclosure obligations.

The Committee may weight the foregoing criteria differently in different situations, depending on the composition of the board of directors at the time. The Committee will strive to maintain at least one director who meets the definition of "audit committee financial expert" under the regulations of the Securities and Exchange Commission.

In addition, prior to nominating an existing director for re-election to the board of directors, the Committee will consider and review an existing director's board and committee attendance and performance; length of board service; experience, skills and contributions that the existing director brings to the board; and independence.

### **Process for Identifying and Evaluating Director Nominees**

The process that the Committee intends to follow when they identify and evaluate individuals to be nominated for election to the Board of Directors is as follows:

*Identification.* For purposes of identifying nominees for the Board of Directors, the Committee will rely on personal contacts of the members of the Board of Directors as well as their knowledge of members of the Bank's local communities. The Committee will also consider director candidates recommended by shareholders in accordance with the policy and procedures set forth above in the paragraph titled "Procedures to be Followed by Shareholders."

*Evaluation.* In evaluating potential nominees, the Committee will determine whether the candidate is eligible and qualified for service on the Board of Directors by evaluating the candidate under the selection criteria set forth above. In addition, for any new director nominee, the Committee will conduct a check of the individual's background and interview the candidate.

### **Corporate Governance**

The Committee is also to assist the Board in the fulfillment of its oversight responsibilities and functions as the Board Governance Committee of the Board of Directors of the Company's subsidiary, Prosperity Bank.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities.

The Committee may request that any directors, officers, or employees of the Company, or other persons whose advise and counsel are sought by the Committee, attend any meetings of the Committee to provide such pertinent information as the Committee requests. The Committee shall regularly report on its meetings to the Board.

### ***Corporate Governance Responsibilities***

1. Review and recommend to the Board for approval, policies to enhance the Board's effectiveness, including policies with respect to the distribution of information to Board members, the size and composition of the Board, and the frequency and structure of Board meetings.

2. Review and reassess at least annually the Corporate Governance Guidelines of the Company to determine whether they are appropriate for the Company and comply with applicable laws, regulations, and listing standards, and recommend any proposed changes to the Board for approval.

3. Review and recommend to the Board for adoption, a Code of Conduct and Code of Ethics for directors, officers (including senior financial officers), and employees and reassess the Code of Conduct and Code of Ethics on a periodic basis. Consider any requests for waiver of any provision of such Code and initiate or review any required disclosures with respect to any waiver or any amendment of such Code. To the extent any waiver is approved, take such action as is required to report such waiver to the appropriate regulatory and stock listing agencies.

4. Consider any other corporate governance issues that arise from time to time, and develop appropriate recommendations for the Board.

5. Conduct performance evaluations for the Board and committees.

6. Monitor director performance.

### **Additional Duties of the Committee**

The Committee will also:

- Review the purposes and duties of Board committees, the composition of those committees, and the committee charters and report on such matters to the Board.
- Recommend to the Board those directors to be selected for membership on the various Board committees. Recommendations should consider the qualifications for membership on each committee; the extent to which there should be a policy of periodic rotation of directors among the committees, and any limitations on the number of consecutive years a director should serve on any one Board committee.
- Recommend individual directors for designation as chairs of Board committees, particularly those that perform oversight functions, such as the Audit and Compensation Committees.
- As deemed necessary, review Board composition size and organization and recommend any desirable changes to the Board.
- Review and assess the adequacy of this Charter at least annually. Submit this Charter to the Board for approval.
- Perform any other activities consistent with this Charter, the Company's bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

- Maintain minutes of meetings and periodically report to the Board on significant results of the foregoing activities.
- Review and evaluate the performance of the Committee and the independence of its members at least annually.
- Review and recommend to the Board the size and nominations to the Board of Directors of Prosperity Bank.