

CULLEN/FROST BANKERS, INC.
CORPORATE GOVERNANCE GUIDELINES
(Restated as of January 30, 2014)

I. INTRODUCTION

The Board of Directors (the “Board”) of Cullen/Frost Bankers, Inc. (“Cullen/Frost”) has developed and adopted a set of corporate governance guidelines (the “Guidelines”) to promote the functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its functions. The Guidelines embody, and are intended to further, Cullen/Frost’s mission statement and core values, which have been developed over Cullen/Frost’s existence, beginning in 1868, and the long-standing culture and traditions of Cullen/Frost and its way of doing business. The philosophy, culture and traditions are set forth in a brochure entitled “The Frost Philosophy”.

II. FUNCTION OF THE BOARD

The function of the Board is oversight. The Board oversees, directly or through committees, the performance of Cullen/Frost’s business and operations. The Board recognizes and expects that management’s involvement and views will play an important role in the Board’s exercise of its duties and responsibilities.

III. SELECTION OF CHAIRMAN OF THE BOARD, LEAD DIRECTOR AND CHIEF EXECUTIVE OFFICER

The Board shall select its Chairman, Lead Director and Cullen/Frost’s Chief Executive Officer (“CEO”) in the manner it considers to be in the best interests of Cullen/Frost.

IV. BOARD COMPOSITION

The composition of the Board should balance the following goals:

- The size of the Board should facilitate substantive discussions of the whole Board in which each director can participate meaningfully;
- The composition of the Board should encompass a broad range of skills, expertise, industry knowledge, diversity of opinion and contacts relevant to Cullen/Frost’s business; and

A majority of the Board must consist of directors who the Board has determined are “independent” under the then-existing rules of the New York Stock Exchange, Inc. (the “NYSE”).

V. SELECTION AND RECOMMENDATION OF DIRECTORS

Nominations. The Board is responsible for selecting the nominees for election to the Board. Cullen/Frost's Corporate Governance and Nominating Committee is responsible for recommending to the Board a slate of directors to stand for election or reelection at the annual meeting of shareholders or one or more nominees to fill vacancies occurring between annual meetings of shareholders.

Criteria. The Board should, based on the recommendations of the Corporate Governance and Nominating Committee, select new nominees for the position of independent director considering the following criteria:

- Personal qualities and characteristics, accomplishments and reputation in the business community;
- Active engagement in a business or professional activity in the general area served by Cullen/Frost and its subsidiaries;
- Ability and willingness to commit adequate time to Board and committee matters;
- The fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective, collegial and responsive to the needs of Cullen/Frost;
- Diversity of viewpoints, background, experience and other demographics; and
- Satisfaction of any applicable statutory or regulatory requirements.

Invitation. The invitation to join the Board should be extended by the Board.

Orientation and Continuing Education. Management, working with the Board, will provide an orientation process for new directors, including background material on Cullen/Frost, its business plan and its risk profile, and meetings with senior management. Periodically, management should prepare additional educational material for directors on matters relevant to Cullen/Frost, its business plan and risk profile.

VI. BOARD MEETINGS

The Board currently plans at least four meetings each year, with further meetings to occur (or action to be taken by unanimous consent) at the discretion of the Board.

The agenda for each Board meeting will be prepared by the Office of Corporate Counsel/Corporate Secretary. Management will seek to provide to all directors an agenda and appropriate materials in advance of meetings, although the Board recognizes that this will not always be consistent with the timing of transactions and the operations of the business, and that in certain cases it may not be possible.

Materials presented to the Board or its committees should be as concise as possible, while still providing the desired information needed for the directors to make an informed judgment.

VII. EXECUTIVE SESSIONS

To ensure open discussion among the non-management directors of the Board, the non-management directors will meet in consultative executive sessions, with no members of management present, at the end of regularly scheduled meetings of the full Board prior to adjournment. The chairperson of the Corporate Governance and Nominating Committee will preside at the executive sessions and will present to the full Board any matters discussed in the executive sessions that may need to be considered or acted upon by the full Board. Non-management directors who are not “independent” under the rules of the NYSE may participate in the executive sessions, but independent directors should meet separately in an executive session at least once per year.

VIII. THE COMMITTEES OF THE BOARD

Cullen/Frost shall have an Audit Committee, a Compensation and Benefits Committee, a Corporate Governance and Nominating Committee, an Executive Committee, and a Strategic Planning Committee. The Audit Committee shall satisfy the requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Each of the Audit Committee, Compensation and Benefits Committee and Corporate Governance and Nominating Committee shall have a written charter satisfying the rules of the NYSE.

All directors, whether members of a committee or not, are invited to make suggestions to a committee chairperson for additions to the agenda of his or her committee or to request that an item from a committee agenda be considered by the Board. Each committee chairperson will give a periodic report of his or her committee’s activities to the Board.

Each of the Audit Committee, Compensation and Benefits Committee, and Corporate Governance and Nominating Committee shall be comprised of directors who the Board has determined are “independent” under the then-existing rules of the NYSE, and, in the case of the Audit Committee, under the Exchange Act Rule 10A-3. The required qualifications, as well as any additional qualifications, for the members of these committees shall be set out in the respective committee’s charter. A director may serve on more than one committee for which he or she qualifies.

IX. MANAGEMENT SUCCESSION

The Board, acting through the Corporate Governance and Nominating Committee, shall discuss a succession plan, developed in conjunction with the CEO.

In the event that the Chairman of the Board and CEO is unable to perform his duties and responsibilities as a result of sudden or unexpected (1) death or (2) permanent incapacity by reason of illness or accident, then, immediately following the occurrence of such event, the Chairperson of the Corporate Governance and Nominating Committee shall call a special meeting of the Board at the earliest practicable time and preside at the meeting for the purpose of selecting a Chairman of the Board and CEO.

X. BOARD COMPENSATION

The Board, acting through the Compensation and Benefits Committee, shall review, as necessary, the components and amount of Board compensation in relation to other similarly situated companies. Only non-management directors shall receive compensation for services as a director.

XI. EXPECTATIONS OF DIRECTORS

The Board has developed a number of specific expectations of directors to promote the discharge of their oversight responsibilities, the efficient conduct of the Board's business and the advancement of the Frost Philosophy and Traditions.

- A. *Commitment and Attendance.* All independent and management directors should make every effort to attend meetings of the Board and meetings of committees of which they are members. Members may attend by telephone or video conference to mitigate conflicts.
- B. *Participation in Meetings.* Each director should be sufficiently familiar with the business of Cullen/Frost, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Directors should also review the materials provided by management and advisors in advance of the meetings of the Board and its committees and should arrive prepared to discuss the issues presented.
- C. *Loyalty and Ethics.* In their roles as directors, all directors owe a duty of loyalty to Cullen/Frost. This duty of loyalty mandates that the best interests of Cullen/Frost take precedence over any interests possessed by a director.
- D. *Changes in Outside Activities and Residence.* A director who ceases to be active in the principal activity in which he or she was engaged when elected a director, or who ceases to reside in the general area served by Cullen/Frost and its subsidiaries, should promptly tender his or her proposed resignation to the Chairman of the Board. The Corporate Governance and Nominating Committee shall review the director's continuation on the Board and recommend to the Board whether, in light of all the circumstances, the Board should accept such proposed resignation or request that the director continue to serve.
- E. *Other Directorships.* Cullen/Frost values the experience directors bring from other boards on which they serve, but recognizes that those boards may also present demands on a director's time and availability and may present conflicts or legal issues. Directors should consult with the Chairman of the Board before accepting membership on other boards of directors, significant committees of other boards of directors or other significant commitments.

- F. *Contact with Management.* All directors are invited to contact the CEO to discuss Cullen/Frost's business. Furthermore, the Board expects that there will be opportunities for directors to meet with the CEO and other members of management in Board and committee meetings, as well as other formal or informal settings.
- G. *Contact with Other Constituencies.* It is important that Cullen/Frost speak to employees and outside constituencies with a single voice, and that the CEO or other members of management, not the Board, serve as the primary spokesperson. Directors should not under any circumstances discuss matters relating to Cullen/Frost's overall strategy or strategic initiatives with third parties. The CEO shall be Cullen/Frost's exclusive spokesperson on such matters.
- H. *Confidentiality.* The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

XII. EVALUATING BOARD PERFORMANCE

The Board, acting through the Corporate Governance and Nominating Committee, should conduct an annual self-evaluation of itself, as well as of the Audit Committee, the Compensation and Benefits Committee, and the Corporate Governance and Nominating Committee. The self-evaluations should be conducted in accordance with the procedures established by the Corporate Governance and Nominating Committee.

XIII. RELIANCE ON MANAGEMENT AND OUTSIDE ADVICE

In performing its functions, the Board is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Board shall have the authority to select, retain, terminate and approve any fees and other retention terms of its outside advisors, as it deems appropriate.