

PRESS RELEASE

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FOR IMMEDIATE RELEASE

PROSPERITY BANCSHARES, INC.® REPORTS STRONG THIRD QUARTER 2013 EARNINGS

- Third quarter 2013 earnings per share (diluted) increased 11.0% to \$0.91 compared with the third quarter 2012
- Net income increased \$9.102 million or 19.7% compared with the third quarter 2012
- Announced the pending acquisitions of First Victoria National Bank headquartered in Victoria,
 Texas and The F&M Bank & Trust Company headquartered in Tulsa, Oklahoma
- Nonperforming assets remain low at 0.09% of third quarter average earning assets
- Deposits increased \$1.501 billion or 13.7% compared with the third quarter 2012
- Loans increased \$1.103 billion or 21.7% compared with the third quarter 2012
- Organic loan growth of 2.5% (10.0% annualized) on a linked quarter basis
- Dividend increased 11.6% to \$0.96 annually from \$0.86 annually

HOUSTON, October 23, 2013. Prosperity Bancshares, Inc. (NYSE: PB), the parent company of Prosperity Bank, reported net income for the quarter ended September 30, 2013, of \$55.278 million or \$0.91 per diluted common share, an increase in net income of \$9.102 million or 19.7%, compared with \$46.176 million, and an increase in diluted earnings per share of 11.0%, compared with \$0.82 per diluted common share for the same period in 2012.

"I am once again pleased to announce record earnings of \$55.278 million for the third quarter of 2013, as well as record earnings per diluted share of \$0.91, representing an 11.0% increase over the same period last year. During the last year, our bank has experienced significant growth, with total assets increasing \$2.342 billion, or 17.1%, compared with the same quarter last year," said David Zalman, Prosperity's Chairman and Chief Executive Officer.

"During the past quarter, we announced the signing of definitive merger agreements with FVNB Corp. and its wholly-owned subsidiary First Victoria National Bank headquartered in Victoria, Texas and with F&M Bancorporation Inc. and its wholly-owned subsidiary The F&M Bank & Trust Company headquartered in Tulsa, Oklahoma," continued Zalman. Combined, these banks have approximately \$4.943 billion in total assets as of September 30, 2013.

"We are proud to announce that we increased our annual dividend again this year 11.6% to \$0.96 annually. We have increased our dividend every year since 1999. We are also pleased with our organic loan growth of 2.5% (10.0%)

annualized) on a linked quarter basis. We continue to see that customers are investing more in their businesses by taking out more loans and using their deposits on hand to grow their business," added Zalman.

"I would like to congratulate our team of associates and board members on another successful quarter and thank them for their ongoing hard work, insight and dedication. We would also like to express appreciation to our customers for their continued loyalty to the bank," concluded Zalman.

Prosperity's management uses certain non–GAAP (generally accepted accounting principles) financial measures to evaluate its performance. Specifically, Prosperity reviews tangible book value per share, return on average tangible common equity and the tangible equity to tangible assets ratio. In addition, due to the application of purchase accounting, Prosperity uses certain non-GAAP measures and ratios that exclude the impact of these items to evaluate its allowance for credit losses to total loans (excluding acquired loans accounted for under ASC Topics 310-20 and 310-30). Prosperity has included in this Earnings Release information relating to these non-GAAP financial measures for the applicable periods presented. Please refer to the "Notes to Selected Financial Data" at the end of this Earnings Release for a reconciliation of these non-GAAP financial measures.

Results of operations for the three months ended September 30, 2013

For the three months ended September 30, 2013, net income was \$55.278 million compared with \$46.176 million for the same period in 2012. Net income per diluted common share was \$0.91 for the three months ended September 30, 2013 compared with \$0.82 for the same period in 2012. Annualized returns on average assets, average common equity and average tangible common equity for the three months ended September 30, 2013 were 1.37%, 9.31% and 22.14%, respectively. Prosperity's efficiency ratio (excluding credit loss provisions, net gains and losses on the sale of assets and securities and taxes) was 41.59% for the three months ended September 30, 2013.

Net interest income before provision for credit losses for the quarter ended September 30, 2013, increased 18.4% to \$126.533 million compared with \$106.893 million during the same period in 2012. The increase was primarily due to a 15.3% increase in average interest-earning assets for the same period. Linked quarter net interest income before provision for credit losses increased 6.6% or \$7.791 million to \$126.533 million compared with \$118.742 million during the three months ended June 30, 2013. The net interest margin on a tax equivalent basis increased to 3.59% for the three months ended September 30, 2013, compared with 3.52% for the same period in 2012 and 3.43% for the three months ended June 30, 2013.

Noninterest income decreased \$2.274 million or 9.5% to \$21.554 million for the three months ended September 30, 2013, compared with \$23.828 million for the same period in 2012. The decrease was primarily due to a decrease in debit card income as a result of a Durbin Amendment that became effective on July 1, 2013. This Federal Reserve rule is applicable to financial institutions that have assets of \$10 billion or more and imposes limits on the amount of interchange, or swipe, fees that can be collected. On a linked quarter basis, noninterest income decreased 14.7% or \$3.720 million.

Noninterest expense increased \$1.295 million or 2.1% to \$61.537 million for the three months ended September 30, 2013, compared with \$60.242 million for the same period in 2012. The increase is primarily due to additional noninterest expenses associated with the acquisition of Coppermark Bancshares, Inc. ("Coppermark Bank") on April 1, 2013. On a linked quarter basis, noninterest expense increased 0.4% or \$237 thousand due to one-time pre-tax merger expenses of \$308 thousand primarily related to the Coppermark Bank and First Victoria National Bank ("FVNB") acquisitions.

Average loans increased 19.4% or \$1.004 billion to \$6.173 billion for the quarter ended September 30, 2013, compared with \$5.169 billion for the same period in 2012. On a linked quarter basis, average loans increased 1.0% (4.0% annualized) or \$58.796 million from \$6.115 billion at June 30, 2013. Average deposits increased 14.6% to \$12.432 billion for the quarter ended September 30, 2013, compared with \$10.846 billion for the same period of 2012.

Loans at September 30, 2013 were \$6.183 billion, an increase of \$1.103 billion or 21.7%, compared with \$5.079 billion at September 30, 2012. On a linked quarter basis, loans increased \$10.106 million or 0.2% (0.7% annualized) from \$6.172 billion at June 30, 2013. Deposits at September 30, 2013 were \$12.456 billion, an increase of \$1.501 billion or 13.7% compared with \$10.955 billion at September 30, 2012.

Results of operations for the nine months ended September 30, 2013

For the nine months ended September 30, 2013, net income was \$158.427 million compared with \$119.635 million for the same period in 2012. Net income per diluted common share was \$2.67 for the nine months ended September 30, 2013 compared with \$2.37 for the same period in 2012. Returns on average assets, average common equity and average tangible common equity, each on an annualized basis, for the nine months ended September 30, 2013 were 1.35%, 9.29%, and 22.21%, respectively. Prosperity's efficiency ratio (excluding credit loss provisions, net gains and losses on the sale of assets and securities and taxes) was 42.16% for the nine months ended September 30, 2013.

Net interest income before provision for credit losses for the nine months ended September 30, 2013 increased \$80.952 million or 29.7% to \$353.357 million compared with \$272.405 million during the same period in 2012. The increase was attributable primarily to a 33.3% increase in average earning assets over the same period.

Noninterest income increased \$18.840 million or 36.6% to \$70.269 million for the nine months ended September 30, 2013 compared with \$51.429 million for the same period in 2012. The increase was primarily due to increased NSF fees and service charges and the additional products and services acquired through the acquisition of American State Bank ("ASB") on July 1, 2012. The increase in fees and service charges was mainly the result of the additional accounts acquired in the acquisitions consummated in 2012 and 2013.

Noninterest expense increased \$37.115 million or 26.2% to \$178.604 million for the nine months ended September 30, 2013 compared with \$141.489 million for the same period in 2012. This increase was primarily attributable to the increase in salaries and benefits as a result of the completion of four acquisitions over the past year. Additionally, total noninterest expense for the nine months ended September 30, 2013 included one-time pre-tax merger expenses of \$1.170 million.

Average loans increased 36.0% or \$1.550 billion to \$5.854 billion for the nine months ended September 30, 2013, compared with \$4.304 billion for the same period in 2012. Average deposits increased 33.0% to \$12.294 billion for the nine months ended September 30, 2013, compared with \$9.242 billion for the same period in 2012.

The table below provides detail on loans acquired and deposits assumed in the ASB, Community National Bank ("Community National"), East Texas Financial Services and Coppermark Bank transactions completed on July 1, 2012, October 1, 2012, January 1, 2013 and April 1, 2013, respectively:

Balance Sheet Data (at period end) (In thousands)

| (III tilousalius) | ~ | | _ | | | | _ | | ~ | |
|---|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|
| | | ep 30, 2013 | | ın 30, 2013 | | ar 31, 2013 | | ec 31, 2012 | | ep 30, 2012 |
| | (| Unaudited) | (| Unaudited) | (| Unaudited) | (| Unaudited) | J) | Jnaudited) |
| Loans acquired (including new production since respective acquisition dates): | | | | | | | | | | |
| ASB | \$ | 961,746 | \$ | 967,732 | \$ | 974,223 | \$ | 1,068,077 | \$ | 1,131,005 |
| Community National | | 62,673 | | 61,722 | | 61,966 | | 63,940 | | = |
| East Texas Financial Services | | 104,403 | | 111,626 | | 117,863 | | - | | - |
| Coppermark Bank | | 688,656 | | 772,965 | | - | | - | | - |
| All other | | 4,365,111 | | 4,258,438 | | 4,108,972 | | 4,047,923 | | 3,948,098 |
| Total loans | \$ | 6,182,589 | \$ | 6,172,483 | \$ | 5,263,024 | \$ | 5,179,940 | \$ | 5,079,103 |
| Deposits assumed (including new deposits since respective acquisition dates): | | | | | | | | | | |
| ASB | \$ | 2,370,287 | \$ | 2,367,198 | \$ | 2,461,485 | \$ | 2,510,855 | \$ | 2,518,178 |
| Community National | | 154,378 | | 156,210 | | 156,274 | | 160,404 | | - |
| East Texas Financial Services | | 90,649 | | 88,289 | | 98,359 | | - | | - |
| Coppermark Bank | | 1,073,567 | | 1,087,137 | | - - | | - | | - |
| All other | | 8,766,918 | | 8,809,816 | | 8,997,349 | | 8,970,585 | | 8,436,419 |
| Total deposits | \$ | 12,455,799 | \$ | 12,508,650 | \$ | 11,713,467 | \$ | 11,641,844 | \$ | 10,954,597 |

As reflected in the table above, loan and deposit growth was impacted by the acquisitions of ASB, Community National, East Texas Financial Services and Coppermark Bank. Excluding loans acquired in these acquisitions and new production at the acquired banking centers since the respective acquisition dates, loans at September 30, 2013 grew 10.6% compared with September 30, 2012 and 2.5% (10.0% annualized) on a linked quarter basis. Excluding deposits assumed in these acquisitions and new deposits generated at the acquired banking centers since the respective acquisition dates, deposits at September 30, 2013 grew 3.9% compared with September 30, 2012 and decreased 0.5% on a linked quarter basis.

At September 30, 2013, Prosperity had \$16.054 billion in total assets, \$6.183 billion in loans and \$12.456 billion in deposits. Assets, loans and deposits at September 30, 2013 increased by 17.1%, 21.7% and 13.7%, respectively, compared with their respective levels at September 30, 2012.

Asset Quality

Nonperforming assets totaled \$12.687 million or 0.09% of quarterly average earning assets at September 30, 2013, compared with \$14.051 million or 0.11% of quarterly average earning assets at September 30, 2012, and \$14.864 million or 0.11% of quarterly average earning assets at June 30, 2013. The allowance for credit losses was 0.97% of total loans at September 30, 2013, 1.00% of total loans at September 30, 2012 and 0.91% of total loans at June 30, 2013. Excluding loans acquired that are accounted for under ASC Topics 310-20 and 310-30, the allowance for credit losses was 1.20% and 1.18% of remaining loans as of September 30, 2013 and June 30, 2013, respectively. Refer to the "Notes to Selected Financial Data" at the end of this Earnings Release for a reconciliation of this non-GAAP financial measure.

The provision for credit losses was \$4.025 million for the three months ended September 30, 2013 compared with \$2.550 million for the three months ended June 30, 2013 and \$1.800 million for the three months ended September 30, 2012. Net charge offs were \$288 thousand for the three months ended September 30, 2013 compared with \$1.423 million for the three months ended June 30, 2013 and \$1.255 million for the three months ended September 30, 2012.

Conference Call

Prosperity's management team will host a conference call on Wednesday, October 23, 2013 at 10:30 a.m. Eastern Daylight Time (9:30 a.m. Central Daylight Time) to discuss Prosperity's third quarter 2013 earnings. Individuals and investment professionals may participate in the call by dialing 866-952-1906, the reference code is PBUS.

Alternatively, individuals may listen to the live webcast of the presentation by visiting Prosperity's website at http://www.prosperitybankusa.com. The webcast may be accessed directly from Prosperity's home page by clicking the "About Us" tab and then the "Presentations & Calls" link.

Dividend

Prosperity Bancshares, Inc. declared a fourth quarter cash dividend of \$0.240, an increase of 11.6% over the third quarter dividend of \$0.215, to be paid on January 2, 2014 to all shareholders of record as of December 16, 2013.

Pending Acquisition of F&M Bancorporation

On August 29, 2013, Prosperity announced the signing of a definitive merger agreement with F&M Bancorporation Inc. ("FMBC") and its wholly-owned subsidiary The F&M Bank & Trust Company ("F&M Bank") headquartered in Tulsa, Oklahoma. F&M Bank operates 13 banking offices; 10 in Tulsa, Oklahoma and surrounding areas and 3 in Dallas, Texas. As of September 30, 2013, FMBC on a consolidated basis, reported total assets of \$2.470 billion, total loans of \$1.882 billion and total deposits of \$2.257 billion.

Under the terms of the definitive agreement, Prosperity will issue approximately 3,298,246 shares of Prosperity common stock plus \$47.000 million in cash for all outstanding shares of FMBC capital stock, subject to certain conditions and potential adjustments. The transaction is subject to customary closing conditions, including the receipt of customary regulatory approvals and approval by FMBC's shareholders.

Pending Acquisition of FVNB Corp.

On July 1, 2013, Prosperity announced the signing of a definitive merger agreement with FVNB Corp. and its wholly-owned subsidiary First Victoria National Bank (collectively referred to as "FVNB") headquartered in Victoria, Texas. First Victoria National Bank operates 34 banking offices; 4 in Victoria, Texas; 7 in the South Texas area including Corpus

Christi; 6 in the Bryan/College Station area; 5 in the Central Texas area including New Braunfels; and 12 in the Houston area including The Woodlands and Huntsville. As of September 30, 2013, FVNB, on a consolidated basis, reported total assets of \$2.473 billion, total loans of \$1.648 billion and total deposits of \$2.195 billion.

Under the terms of the definitive agreement, Prosperity will issue approximately 5,570,818 shares of Prosperity common stock plus \$91.250 million in cash for all outstanding shares of FVNB Corp. capital stock, subject to certain conditions and potential adjustments. The transaction is subject to customary closing conditions. Prosperity Bank has received approval of the transaction from the FDIC and Texas Department of Banking and FVNB Corp.'s shareholders have approved the merger agreement and merger. Prosperity expects the merger to be consummated in the fourth quarter of 2013.

Acquisition of Coppermark Bancshares, Inc.

On April 1, 2013, Prosperity completed the previously announced acquisition of Coppermark Bancshares, Inc. and its wholly-owned subsidiary, Coppermark Bank ("Coppermark") headquartered in Oklahoma City, Oklahoma. Coppermark operated nine (9) full-service banking offices; six (6) in Oklahoma City, Oklahoma and surrounding areas and three (3) in the Dallas, Texas area. As of March 31, 2013, Coppermark reported, on a consolidated basis, total assets of \$1.2 billion, total loans of \$847.6 million and total deposits of \$1.1 billion.

Pursuant to the terms of the acquisition agreement, Prosperity issued 3,258,718 shares of Prosperity common stock plus \$60.0 million in cash for all outstanding shares of Coppermark Bancshares capital stock, which resulted in a premium of \$91.7 million.

Acquisition of East Texas Financial Services, Inc.

On January 1, 2013, Prosperity completed the previously announced acquisition of East Texas Financial Services, Inc. (OTC BB: FFBT) and its wholly-owned subsidiary, First Federal Bank Texas ("Firstbank"). Firstbank operated four (4) banking offices in the Tyler MSA, including three locations in Tyler, Texas and one location in Gilmer, Texas. As of December 31, 2012, East Texas Financial Services reported, on a consolidated basis, total assets of \$165.0 million, total loans of \$129.3 million and total deposits of \$112.3 million.

Pursuant to the terms of the acquisition agreement, Prosperity issued 530,940 shares of Prosperity common stock for all outstanding shares of East Texas Financial Services capital stock, which resulted in a premium of \$7.0 million.

Acquisition of Community National Bank

On October 1, 2012, Prosperity completed the previously announced acquisition of Community National Bank, Bellaire, Texas. Community National operated one (1) banking office in Bellaire, Texas, in the Houston Metropolitan Area. As of September 30, 2012, Community National reported total assets of \$183.0 million, total loans of \$68.0 million and total deposits of \$164.6 million.

Pursuant to the terms of the acquisition agreement, Prosperity issued 372,282 shares of Prosperity common stock plus \$11.4 million in cash for all outstanding shares of Community National capital stock, which resulted in a premium of \$10.6 million.

Acquisition of American State Financial Corporation

On July 1, 2012, Prosperity completed the previously announced acquisition of American State Financial Corporation and its wholly-owned subsidiary American State Bank. American State Bank operated thirty-seven (37) full-service banking offices in eighteen (18) counties across West Texas. As of June 30, 2012, ASB, on a consolidated basis, reported total assets of \$3.2 billion, total loans of \$1.2 billion and total deposits of \$2.5 billion.

Pursuant to the terms of the acquisition agreement, Prosperity issued 8,524,835 shares of Prosperity common stock plus \$178.5 million in cash for all outstanding shares of American State Financial Corporation capital stock, which resulted in a premium of \$240.4 million.

Prosperity Bancshares, Inc.®

Prosperity Bancshares Inc. [®] is a \$16.054 billion Houston, Texas based regional financial holding company, formed in 1983. Operating under a community banking philosophy and seeking to develop broad customer relationships based on service and convenience, Prosperity offers a variety of traditional loan and deposit products to its customers, which consist primarily of

small and medium sized businesses and consumers. In addition to established banking products, Prosperity offers a complete line of services including: Internet Banking services at http://www.prosperitybankusa.com, Retail Brokerage Services, MasterMoney Debit Cards, 24 hour voice response banking, Trust and Wealth Management; and Mobile Banking. Prosperity currently operates 218 full-service banking locations; 57 in the Houston area; 20 in the South Texas area including Corpus Christi and Victoria; 35 in the Dallas/Fort Worth area; 22 in the East Texas area; 34 in the Central Texas area including Austin and San Antonio; 34 in the West Texas area including Lubbock, Midland-Odessa and Abilene; 10 in the Bryan/College Station area and 6 in the Central Oklahoma area.

Bryan/College Station Area -Bryan Bryan-East Bryan-North Caldwell College Station Greens Prairie Madisonville Navasota Rock Prairie Wellborn Road

Haltom City Keller Roanoke

Plano

Preston Forest

Preston Road

The Colony

Turtle Creek

Westmoreland

Red Oak

Sachse

Fort Worth -Stockyards

Locations -

Arlington

Gainesville

Glen Rose

Granbury

Mesquite

Muenster

Waxahachie

Weatherford

Sanger

Azle

Ennis

Other Dallas/Fort Worth

Heights Highway 6 West Hillcroft Little York Medical Center Memorial Drive Northside Pasadena Pecan Grove River Oaks Sugar Land SW Medical Center Tanglewood Uptown Waugh Drive Westheimer West University Woodcreek

Fairfield

Gessner

First Colony

Gladebrook

West Texas Area -Abilene -Antilley Road Barrow Street Cypress Street Judge Ely Mockingbird

Victoria-North

Edna

Goliad

Mathis

Palacios

Portland

Rockport

Sinton

Victoria

Kingsville

Padre Island

Port Lavaca

Lubbock -4th Street 66th Street 82nd Street 86th Street 98th Street Avenue Q North University Texas Tech Student Union

Midland -Wadley Wall Street

Odessa -Grandview Grant Kermit Highway Parkway

Other West Texas Locations -

Big Spring Brownfield Brownwood Cisco Comanche Early Floydada Gorman Levelland Littlefield Merkel Plainview San Angelo Slaton Snyder

Oklahoma 23rd Street Edmond Expressway I-240 Memorial Norman

Central Texas Area -

Austin -183 Allandale Cedar Park Congress Lakeway Liberty Hill Northland Oak Hill Parmer Lane Research Blvd Westlake

Other Central Texas Locations -

Bastrop Cuero Dime Box **Dripping Springs** Elgin Flatonia Georgetown Gonzales Hallettsville Kingsland La Grange Lexington New Braunfels Pleasanton Round Rock San Antonio Schulenburg Seguin Smithville Thorndale Weimar Yoakum

Dallas/Fort Worth Area -Dallas -

Yorktown

Abrams Centre

Balch Springs Camp Wisdom Cedar Hill Dallas - Central Expressway Frisco Frisco-West Independence Kiest McKinney

McKinney-Stonebridge

Houston Area -Houston -Aldine Allen Parkway Bellaire Beltway Clear Lake Copperfield Cypress Downtown Eastex

East Texas Area -Athens Blooming Grove Canton Carthage Corsicana Crockett Eustace Gilmer Grapeland Gun Barrel City Jacksonville Kerens Longview Mount Vernon Palestine Rusk Seven Points Teague Tyler-Beckham Tyler-South Broadway

Tyler-University Winnsboro

Other Houston Area Locations -Angleton Bay City Beaumont Cinco Ranch Cleveland East Bernard El Campo Davton Galveston Groves Hempstead Hitchcock Katy Liberty Magnolia Mont Belvieu Nederland Needville

Shadow Creek

West Columbia

Sweenv

Tomball

Wharton

Saratoga

Beeville

Water Street

Winnie

Wirt

Waller

South Texas Area -Corpus Christi -Airline Carmel Northwest

Other South Texas Locations -Alice Aransas Pass

In connection with the proposed merger of FVNB Corp. into Prosperity Bancshares, Prosperity Bancshares has filed with the Securities and Exchange Commission a registration statement on Form S-4 to register the shares of Prosperity's common stock to be issued to the shareholders of FVNB Corp. The registration statement includes a proxy statement/prospectus which has been sent to the shareholders of FVNB Corp. seeking their approval of the proposed transaction.

WE URGE INVESTORS AND SECURITY HOLDERS TO READ THE REGISTRATION STATEMENT ON FORM S-4, THE PROXY STATEMENT/PROSPECTUS INCLUDED WITHIN THE REGISTRATION STATEMENT ON FORM S-4 AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IN CONNECTION WITH THE PROPOSED TRANSACTION BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT PROSPERITY, FVNB CORP. AND THE PROPOSED TRANSACTION.

In connection with the proposed merger of F&M Bancorporation Inc. into Prosperity Bancshares, Prosperity Bancshares will file with the Securities and Exchange Commission a registration statement on Form S-4 to register the shares of Prosperity's common stock to be issued to the shareholders of F&M Bancorporation. The registration statement will include a proxy statement/prospectus which will be sent to the shareholders of F&M Bancorporation seeking their approval of the proposed transaction.

WE URGE INVESTORS AND SECURITY HOLDERS TO READ THE REGISTRATION STATEMENT ON FORM S-4, THE PROXY STATEMENT/PROSPECTUS INCLUDED WITHIN THE REGISTRATION STATEMENT ON FORM S-4 AND ANY OTHER RELEVANT DOCUMENTS TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IN CONNECTION WITH THE PROPOSED TRANSACTION BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT PROSPERITY, F&M BANCORPORATION INC. AND THE PROPOSED TRANSACTION.

Investors and security holders may obtain free copies of these documents through the website maintained by the Securities and Exchange Commission at http://www.sec.gov. Documents filed with the SEC by Prosperity will be available free of charge by directing a request by telephone or mail to Prosperity Bancshares, Inc., Prosperity Bank Plaza, 4295 San Felipe, Houston, Texas 77027 Attn: Investor Relations. Prosperity's telephone number is (281) 269-7199.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: This release contains, and the remarks by Prosperity's management on the conference call may contain, forward-looking statements within the meaning of the securities laws that are based on current expectations, assumptions, estimates and projections about Prosperity and its subsidiaries. These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties, many of which are outside of Prosperity's control, which may cause actual results to differ materially from those expressed or implied by the forward-looking statements. These risks and uncertainties include but are not limited to whether Prosperity can: successfully identify acquisition targets and integrate the businesses of acquired companies and banks; continue to sustain its current internal growth rate or total growth rate; provide products and services that appeal to its customers; continue to have access to debt and equity capital markets; and achieve its sales objectives. Other risks include, but are not limited to: the possibility that credit quality could deteriorate; actions of competitors; changes in laws and regulations (including changes in governmental interpretations of regulations and changes in accounting standards); a deterioration or downgrade in the credit quality and credit agency ratings of the securities in Prosperity's securities portfolio; customer and consumer demand, including customer and consumer response to marketing; effectiveness of spending, investments or programs; fluctuations in the cost and availability of supply chain resources; economic conditions, including currency rate fluctuations and interest rate fluctuations; and weather. These and various other factors are discussed in Prosperity's Annual Report on Form 10-K for the year ended December 31, 2012 and other reports and statements Prosperity has filed with the SEC. Copies of the SEC filings for Prosperity Bancshares® may be downloaded from the Internet at no charge from http://www.prosperitybankusa.com.

(In thousands)

| | S | ep 30, 2013 | Ju | ın 30, 2013 | M | ar 31, 2013 | D | ec 31, 2012 | Se | ep 30, 2012 |
|--------------------------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|
| Balance Sheet Data | | | | | | | | | | |
| (at period end) | | | | | | | | | | |
| Total loans | \$ | 6,182,589 | \$ | 6,172,483 | \$ | 5,263,024 | \$ | 5,179,940 | \$ | 5,079,103 |
| Investment securities (A) | | 7,771,345 | | 8,017,884 | | 7,985,811 | | 7,442,065 | | 6,799,513 |
| Federal funds sold | | 1,121 | | 606 | | 835 | | 352 | | 302 |
| Allowance for credit losses | | (59,913) | | (56,176) | | (55,049) | | (52,564) | | (50,927) |
| Cash and due from banks | | 269,987 | | 250,542 | | 180,577 | | 325,952 | | 207,650 |
| Goodwill | | 1,351,782 | | 1,350,834 | | 1,235,743 | | 1,217,162 | | 1,200,098 |
| Core deposit intangibles | | 25,233 | | 26,688 | | 26,514 | | 26,159 | | 28,092 |
| Other real estate | | 7,432 | | 10,244 | | 9,913 | | 7,234 | | 8,846 |
| Fixed assets, net | | 232,240 | | 227,455 | | 206,829 | | 205,268 | | 201,445 |
| Other assets | | 272,463 | | 270,158 | | 227,117 | | 232,005 | | 237,997 |
| Total assets | \$ | 16,054,279 | \$ | 16,270,718 | \$ | 15,081,314 | \$ | 14,583,573 | \$ | 13,712,119 |
| | | | | | | | | | | |
| Demand deposits | \$ | 3,368,357 | \$ | 3,283,082 | \$ | 2,995,828 | \$ | 3,016,205 | \$ | 2,827,748 |
| Interest bearing deposits | | 9,087,442 | | 9,225,568 | | 8,717,639 | | 8,625,639 | | 8,126,849 |
| Total deposits | | 12,455,799 | | 12,508,650 | | 11,713,467 | | 11,641,844 | | 10,954,597 |
| Securities sold under | | | | | | | | | | |
| repurchase agreements | | 431,969 | | 481,170 | | 470,241 | | 454,502 | | 443,856 |
| Federal funds purchased and | | | | | | | | | | |
| other borrowings | | 605,951 | | 781,215 | | 576,768 | | 256,753 | | 112,017 |
| Junior subordinated debentures | | 85,055 | | 85,055 | | 85,055 | | 85,055 | | 85,055 |
| Other liabilities | | 86,393 | | 69,346 | | 86,328 | | 56,030 | | 78,418 |
| Total liabilities | | 13,665,167 | | 13,925,436 | | 12,931,859 | | 12,494,184 | | 11,673,943 |
| Shareholders' equity(B) | | 2,389,112 | | 2,345,282 | | 2,149,455 | | 2,089,389 | | 2,038,176 |
| Total liabilities and equity | \$ | 16,054,279 | \$ | 16,270,718 | \$ | 15,081,314 | \$ | 14,583,573 | \$ | 13,712,119 |

⁽A) Includes \$8,588, \$9,724, \$12,054, \$13,824 and \$16,991, in unrealized gains on available for sale securities for the quarterly periods ending September 30, 2013, June 30, 2013, March 31, 2013, December 31, 2012 and September 30, 2012, respectively.

⁽B) Includes \$5,582, \$6,321, \$7,835, \$8,986 and \$11,044, in after-tax unrealized gains on available for sale securities for the quarterly periods ending September 30, 2013, June 30, 2013, March 31, 2013, December 31, 2012 and September 30, 2012, respectively.

(In thousands)

| | | T | hree Months End | ed | | Year-t | o-Date |
|--|--------------|--------------|-----------------|--------------|--------------|--------------|--------------|
| | Sep 30, 2013 | Jun 30, 2013 | Mar 31, 2013 | Dec 31, 2012 | Sep 30, 2012 | Sep 30, 2013 | Sep 30, 2012 |
| Income Statement Data | | | | | | | |
| Interest income: | | | | | | | |
| Loans | \$ 94,236 | \$ 89,842 | \$ 81,464 | \$ 82,727 | \$ 80,587 | \$ 265,542 | \$ 188,597 |
| Securities ^(C) | 41,961 | 39,384 | 36,548 | 34,956 | 37,025 | 117,893 | 113,418 |
| Federal funds sold and other earning assets | 16 | 76 | 19 | 36 | 21 | 111 | 108 |
| Total interest income | 136,213 | 129,302 | 118,031 | 117,719 | 117,633 | 383,546 | 302,123 |
| Interest expense: | | | | | | | |
| Deposits | 8,314 | 9,170 | 8,690 | 8,217 | 9,395 | 26,174 | 26,269 |
| Junior subordinated debentures | 610 | 606 | 605 | 631 | 651 | 1,821 | 1,962 |
| Securities sold under repurchase agreements | 317 | 312 | 292 | 294 | 315 | 921 | 411 |
| Other borrowings | 439 | 472 | 362 | 276 | 379 | 1,273 | 1,076 |
| Total interest expense | 9,680 | 10,560 | 9,949 | 9,418 | 10,740 | 30,189 | 29,718 |
| Net interest income | 126,533 | 118,742 | 108,082 | 108,301 | 106,893 | 353,357 | 272,405 |
| Provision for credit losses | 4,025 | 2,550 | 2,800 | 3,550 | 1,800 | 9,375 | 2,550 |
| Net interest income after provision for credit losses | 122,508 | 116,192 | 105,282 | 104,751 | 105,093 | 343,982 | 269,855 |
| Noninterest income: | | | | | | | |
| Nonsufficient funds (NSF) fees | 8,649 | 8,346 | 8,509 | 9,292 | 9,265 | 25,504 | 19,050 |
| Debit card and ATM card income | 4,307 | 7,007 | 6,487 | 6,683 | 6,246 | 17,801 | 14,374 |
| Service charges on deposit accounts | 3,169 | 3,304 | 2,931 | 2,877 | 3,362 | 9,404 | 9,006 |
| Trust income | 901 | 896 | 1,017 | 915 | 831 | 2,814 | 831 |
| Mortgage income | 931 | 1,567 | 991 | 1,120 | 1,437 | 3,489 | 1,350 |
| Bank owned life insurance income | 916 | 932 | 776 | 1,242 | 736 | 2,624 | 1,430 |
| Net gain (loss) on sale of assets | 126 | (180) | 1 | (244) | (50) | (53) | 13 |
| Net (loss) gain on sale of other real estate | (864) | 237 | (105) | (113) | (597) | (732) | (344) |
| Other noninterest income | 3,419 | 3,165 | 2,834 | 2,334 | 2,598 | 9,418 | 5,719 |
| Total noninterest income | 21,554 | 25,274 | 23,441 | 24,106 | 23,828 | 70,269 | 51,429 |
| Noninterest expense: | | | | | | | |
| Salaries and benefits | 37,135 | 37,517 | 33,209 | 31,980 | 36,701 | 107,861 | 83,525 |
| Core deposit intangibles amortization | 1,455 | 1,341 | 1,755 | 1,932 | 2,007 | 4,551 | 5,297 |
| Net occupancy and equipment | 5,094 | 4,669 | 4,278 | 4,812 | 4,614 | 14,041 | 11,663 |
| Depreciation | 2,679 | 2,464 | 2,378 | 2,491 | 2,369 | 7,521 | 6,432 |
| Debit card, data processing and software amortization | 2,756 | 3,249 | 2,570 | 3,106 | 2,901 | 8,575 | 6,339 |
| Regulatory assessments and FDIC insurance | 2,516 | 2,579 | 2,395 | 2,365 | 2,107 | 7,490 | 5,314 |
| Communications (includes telephone, courier and postage) | 2,397 | 2,410 | 2,196 | 2,381 | 2,226 | 7,003 | 5,777 |
| Other real estate expense | 75 | 237 | 223 | 465 | 271 | 535 | 2,619 |
| Other non-interest expense | 7,430 | 6,834 | 6,763 | 7,436 | 7,046 | 21,027 | 14,523 |
| Total noninterest expense | 61,537 | 61,300 | 55,767 | 56,968 | 60,242 | 178,604 | 141,489 |
| Net income before taxes | 82,525 | 80,166 | 72,956 | 71,889 | 68,679 | 235,647 | 179,795 |
| Federal income taxes | 27,247 | 26,322 | 23,651 | 23,623 | 22,503 | 77,220 | 60,160 |
| Net income available to common shareholders | \$ 55,278 | \$ 53,844 | \$ 49,305 | \$ 48,266 | \$ 46,176 | \$ 158,427 | \$ 119,635 |

⁽C) Interest income on securities was reduced by net premium amortization of \$15,136, \$18,838, \$22,710, \$23,992 and \$21,423 for the three month periods ended September 30, 2013, June 30, 2013, March 31, 2013, December 31, 2012 and September 30, 2012, respectively, and \$56,685 and \$42,897 for the nine month periods ended September 30, 2013 and 2012, respectively.

(Dollars and share amounts in thousands, except per share data and market prices)

| | | | | Th | ree M | Ionths Endo | ed | | | | Year-to Sep 30, 2013 | | o-Dat | e |
|--|-----|----------|-----|----------|-------|-------------|-----|-----------|-----|----------|----------------------|------------|-------|----------|
| | Sep | 30, 2013 | Jun | 30, 2013 | Mai | r 31, 2013 | Dec | 231, 2012 | Sep | 30, 2012 | Sej | o 30, 2013 | Sep | 30, 2012 |
| Profitability Net income | \$ | 55,278 | \$ | 53,844 | \$ | 49,305 | \$ | 48,266 | \$ | 46,176 | \$ | 158,427 | \$ | 119,635 |
| Basic earnings per share | \$ | 0.92 | \$ | 0.89 | \$ | 0.87 | \$ | 0.86 | \$ | 0.83 | \$ | 2.68 | \$ | 2.38 |
| Diluted earnings per share | \$ | 0.91 | \$ | 0.89 | \$ | 0.86 | \$ | 0.85 | \$ | 0.82 | \$ | 2.67 | \$ | 2.37 |
| Return on average assets (D) | | 1.37% | | 1.33% | | 1.33% | | 1.36% | | 1.32% | | 1.35% | | 1.35% |
| Return on average common equity (D) | | 9.31% | | 9.27% | | 9.23% | | 9.28% | | 9.10% | | 9.29% | | 9.08% |
| Return on average tangible common equity (D) (E) | | 22.14% | | 22.32% | | 22.30% | | 22.92% | | 21.59% | | 22.21% | | 21.80% |
| Tax equivalent net interest margin (F) | | 3.59% | | 3.43% | | 3.42% | | 3.53% | | 3.52% | | 3.48% | | 3.56% |
| Efficiency ratio (G) | | 41.59% | | 42.51% | | 42.40% | | 42.95% | | 46.07% | | 42.16% | | 43.69% |
| Liquidity and Capital Ratios | | | | | | | | | | | | | | |
| Equity to assets | | 14.88% | | 14.41% | | 14.25% | | 14.33% | | 14.86% | | 14.88% | | 14.86% |
| Tier 1 risk-based capital | | 14.74% | | 14.15% | | 14.77% | | 14.40% | | 14.43% | | 14.74% | | 14.43% |
| Total risk-based capital | | 15.55% | | 14.91% | | 15.61% | | 15.22% | | 15.26% | | 15.55% | | 15.26% |
| Tier 1 leverage capital | | 7.37% | | 7.07% | | 7.10% | | 7.10% | | 6.92% | | 7.37% | | 6.92% |
| Tangible equity to tangible assets $^{(E)}$ | | 6.90% | | 6.50% | | 6.42% | | 6.34% | | 6.49% | | 6.90% | | 6.49% |
| Other Data | | | | | | | | | | | | | | |
| Shares used in computed earnings per share | | | | | | | | | | | | | | |
| Basic | | 60,344 | | 60,250 | | 56,988 | | 56,427 | | 55,958 | | 59,207 | | 50,239 |
| Diluted | | 60,504 | | 60,394 | | 57,134 | | 56,554 | | 56,093 | | 59,362 | | 50,393 |
| Period end shares outstanding | | 60,383 | | 60,315 | | 57,014 | | 56,447 | | 56,058 | | 60,383 | | 56,058 |
| Cash dividends paid per common share | \$ | 0.2150 | \$ | 0.2150 | \$ | 0.2150 | \$ | 0.2150 | \$ | 0.1950 | \$ | 0.6450 | \$ | 0.4100 |
| Book value per share | \$ | 39.57 | \$ | 38.88 | \$ | 37.70 | \$ | 37.02 | \$ | 36.36 | \$ | 39.57 | \$ | 36.36 |
| Tangible book value per share (E) | \$ | 16.76 | \$ | 16.05 | \$ | 15.56 | \$ | 14.99 | \$ | 14.45 | \$ | 16.76 | \$ | 14.45 |
| Common Stock Market Price | | | | | | | | | | | | | | |
| High | \$ | 61.99 | \$ | 52.38 | \$ | 47.56 | \$ | 43.54 | \$ | 45.40 | \$ | 61.99 | \$ | 47.66 |
| Low | | 51.85 | | 44.33 | | 42.38 | | 38.56 | | 38.90 | | 42.38 | | 38.90 |
| Period end market price | | 61.84 | | 51.79 | | 47.39 | | 42.00 | | 42.62 | | 61.84 | | 42.62 |
| Employees – FTE | | 2,454 | | 2,496 | | 2,304 | | 2,266 | | 2,260 | | 2,454 | | 2,260 |
| Number of banking centers | | 218 | | 219 | | 224 | | 217 | | 213 | | 218 | | 213 |

⁽D) Interim periods annualized.

⁽E) Refer to the "Notes to Selected Financial Data" at the end of this Earnings Release for a reconcilation of this non-GAAP financial measure.

⁽F) Net interest margin for all periods presented is calculated on an actual 365 day basis or 366 day basis.

⁽G) Calculated by dividing total noninterest expense, excluding credit loss provisions, by net interest income plus noninterest income, excluding net gains and losses on the sale of assets and securities. Additionally, taxes are not part of this calculation.

| YIELD ANALYSIS | | | | Thre | ee Months Ende | d | | | | |
|--|---|--|-------------------------------------|---|--|---|---|--|-------------------------------------|----|
| | S | ep 30, 2013 | | | Jun 30, 2013 | | S | ep 30, 2012 | | |
| | Average Balance | Interest Earned/ Interest Paid | Average Yield/ Rate | Average Balance | Interest Earned/ Interest Paid | Average Yield/ Rate | Average Balance | Interest Earned/ Interest Paid | Average Yield/ Rate | |
| Interest-Earning Assets: Loans Investment securities Federal funds sold and other earning assets Total interest earning assets Allowance for credit losses Noninterest-earning assets Total assets | \$ 6,173,394 8,015,221 27,451 14,216,066 (56,765) 2,034,968 \$ 16,194,269 | \$ 94,236 41,961 16 \$ 136,213 | 6.06% 2.08% (F 0.22% 3.80% | \$ 6,114,598 7,964,157 35,113 14,113,868 (57,754) 2,114,816 \$ 16,170,930 | \$ 89,842 39,384 76 \$ 129,302 | 5.89% 1.98% (H) 0.87% 3.67% | \$ 5,169,101 7,106,871 53,111 12,329,083 (53,944) 1,730,120 \$ 14,005,259 | \$ 80,587 37,025 21 \$117,633 | 6.20% 2.08% (0 0.16% 3.80% | H) |
| Interest-Bearing Liabilities: Interest-bearing demand deposits Savings and money market deposits Certificates and other time deposits Securities sold under repurchase agreements Federal funds purchased and other borrowings | \$ 2,400,555 4,233,911 2,489,848 455,276 772,083 | \$ 1,708 2,911 3,695 317 439 | 0.28% 0.27% 0.59% 0.28% | \$ 2,580,750 4,261,466 2,543,895 471,430 541,034 | \$ 2,100 3,172 3,898 312 472 | 0.33% 0.30% 0.61% 0.27% 0.35% | \$ 2,181,928 3,516,601 2,387,279 438,410 512,739 | \$ 2,273 2,987 4,135 315 379 | 0.41% 0.34% 0.69% 0.29% | |
| Junior subordinated debentures Total interest-bearing liabilities | 85,055 10,436,728 | 9,680 | 2.85% 0.37% (I | 85,055 | 10,560 | 2.86% 0.40% (I) | 85,055 9,122,012 | 651 10,740 | 3.04% 0.47% (I | I) |
| Noninterest-bearing liabilities: Noninterest-bearing demand deposits Other liabilities Total liabilities Shareholders' equity Total liabilities and shareholders' equity | 3,308,158 73,571 13,818,457 2,375,812 \$16,194,269 | | | 3,295,211 69,741 13,848,582 2,322,348 \$16,170,930 | | | 2,760,405 92,873 11,975,290 2,029,969 \$14,005,259 | | | |
| Net interest income and margin | 1 1,1 1,1 | \$ 126,533 | 3.53% | | \$ 118,742 | 3.37% | , ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | \$ 106,893 | 3.45% | |
| Non-GAAP to GAAP reconciliation: Tax equivalent adjustment | | 2,028 | | | 2,063 | | | 2,138 | | |
| Net interest income and margin (tax equivalent basis) | | \$ 128,561 | 3.59% | | \$ 120,805 | 3.43% | | \$ 109,031 | 3.52% | |

⁽H) Yield on securities was impacted by net premium amortization of \$15,136, \$18,838, and \$21,423 for the three month periods ended September 30, 2013, June 30, 2013 and September 30, 2012, respectively.

⁽I) Total cost of funds, including noninterest bearing deposits, was 0.28%, 0.31% and 0.36% for the three months ended September 30, 2013, June 30, 2013, and September 30, 2012, respectively.

| YIELD ANALYSIS | | | Year | r-to- | -Date | | | | |
|--|---|--|---|-------------|---|-------|---|---|-----|
| | S | ep 30, 2013 | | | | Sep 3 | 0, 2012 | | |
| | Average Balance | Interest Earned/ Interest Paid | Average Yield/ Rate | • | Average Balance | E | nterest Carned/ erest Paid | Average Yield/ Rate | : |
| Interest-Earning Assets: Loans Investment securities Federal funds sold and other earning assets Total interest-earning assets Allowance for credit losses Noninterest-earning assets Total assets | \$ 5,853,924 7,912,599 32,426 13,798,949 (55,933) 2,000,425 \$ 15,743,441 | \$ 265,542 117,893 111 \$ 383,546 | 6.06% 1.99% 0.46% 3.72% | - - - | \$ 4,303,984 5,983,102 66,771 10,353,857 (52,104) 1,498,332 \$ 11,800,085 | \$ | 188,597 113,418 108 302,123 | 5.85% 2.53% 0.22% 3.90% | (J) |
| Interest-Bearing Liabilities: Interest-bearing demand deposits Savings and money market deposits Certificates and other time deposits Securities sold under repurchase agreements Federal funds purchased and other borrowings Junior subordinated debentures Total interest bearing liabilities Noninterest-bearing liabilities: Noninterest-bearing demand deposits | \$ 2,545,983 4,096,889 2,468,518 458,441 558,594 85,055 10,213,480 | \$ 6,018 8,912 11,244 921 1,273 1,821 30,189 | 0.32% 0.29% 0.61% 0.27% 0.30% 2.86% 0.40% | K) . | \$ 1,861,954 3,031,269 2,080,606 197,775 465,505 85,055 7,722,164 | \$ | 6,425 8,020 11,824 411 1,076 1,962 29,718 | 0.46% 0.35% 0.76% 0.28% 0.31% 3.08% 0.51% | (K) |
| Other liabilities Total liabilities Shareholders' equity Total liabilities and shareholders' equity Net interest income and margin | 68,721 13,464,550 2,278,891 \$ 15,743,441 | \$ 353,357 | 3.42% | | 53,320 10,043,360 1,756,725 \$ 11,800,085 | \$ | 272,405 | 3.51% | |
| Non-GAAP to GAAP reconciliation: Tax equivalent adjustment Net interest income and margin | | 6,216 | | | | | 3,866 | | |
| (tax equivalent basis) | | \$ 359,573 | 3.48% | | | \$ | 276,271 | 3.56% | |

⁽J) Yield on securities was impacted by net premium amortization of \$56,685 and \$42,897 for the nine month periods ended September 30, 2013 and September 30, 2012, respectively.

⁽K) Total cost of funds, including noninterest bearing deposits, was 0.30% and 0.40% for the nine months ended September 30, 2013 and September 30, 2012, respectively.

| | | | | Т | hree | Months End | ed | | | | | Year-t | o-Da | te |
|---|----|------------|----|-------------|------|-------------|----|-------------|----|------------|----|-------------|------|------------|
| | Se | p 30, 2013 | Ju | ın 30, 2013 | M | ar 31, 2013 | D | ec 31, 2012 | Se | p 30, 2012 | Se | ep 30, 2013 | Se | p 30, 2012 |
| Adjustment to Loan Yield ^(L) | | | | | | | | | | | | | | |
| Interest on loans, as reported | \$ | 94,236 | \$ | 89,842 | \$ | 81,464 | \$ | 82,727 | \$ | 80,587 | \$ | 265,542 | \$ | 188,597 |
| Less: Purchase accounting adjustment- | | | | | | | | | | | | | | |
| loan discount accretion | | (16,421) | _ | (12,031) | _ | (14,292) | _ | (14,523) | _ | (11,188) | _ | (42,744) | _ | (11,889) |
| Interest on loans without discount accretion | \$ | 77,815 | \$ | 77,811 | \$ | 67,172 | \$ | | \$ | 69,399 | \$ | 222,798 | \$ | 176,708 |
| Average loans | \$ | 6,173,394 | \$ | 6,114,598 | \$ | 5,263,784 | \$ | 5,140,163 | \$ | 5,169,101 | \$ | - , ,- | \$ | 4,303,984 |
| Loan yield without discount accretion | | 5.00% | | 5.10% | | 5.18% | | 5.28% | | 5.34% | | 5.09% | | 5.48% |
| Loan yield, as reported | | 6.06% | | 5.89% | | 6.28% | | 6.40% | | 6.20% | | 6.06% | | 5.85% |
| | | | | | | | | | | | | | | |
| | | ***** | Į. | | | Months End | | 21 2012 | ~ | 20. 2012 | | Year-t | | |
| | Se | p 30, 2013 | Ju | ın 30, 2013 | M | ar 31, 2013 | D | ec 31, 2012 | Se | p 30, 2012 | Se | ep 30, 2013 | Se | p 30, 2012 |
| Adjustment to Securities Yield (L) | | | | | | | | | | | | | | |
| Interest on securities, as reported | \$ | 41,961 | \$ | 39,384 | \$ | 36,548 | \$ | 34,956 | \$ | 37,025 | \$ | 117,893 | \$ | 113,418 |
| Add: Purchase accounting adjustment- | | | | | | | | | | | | | | |
| securities amortization | | 2,275 | | 2,599 | | 3,106 | | 3,540 | | 3,451 | | 7,980 | | 3,451 |
| Interest on securities including amortization | \$ | 44,236 | \$ | 41,983 | \$ | 39,654 | \$ | 38,496 | \$ | 40,476 | \$ | 125,873 | \$ | 116,869 |
| Average securities | \$ | 8,015,221 | \$ | 7,964,157 | \$ | 7,755,567 | \$ | 7,228,418 | \$ | 7,106,871 | \$ | 7,912,599 | \$ | 5,983,102 |
| Securities yield without purchase accounting adjustment | | 2.19% | | 2.11% | | 2.07% | | 2.12% | | 2.27% | | 2.13% | | 2.61% |
| Securities yield, as reported | | 2.08% | | 1.98% | | 1.91% | | 1.92% | | 2.08% | | 1.99% | | 2.53% |
| Net Interest Margin (tax equivalent basis, excluding | | | | | | | | | | | | | | |
| purchase accounting adjustments to yield) | | 3.19% | | 3.09% | | 3.08% | | 3.18% | | 3.16% | | 3.13% | | 3.46% |
| Net Interest Margin (tax equivalent basis), as reported | | 3.59% | | 3.43% | | 3.42% | | 3.53% | | 3.52% | | 3.48% | | 3.56% |
| Net income available to common shareholders, | | | | | | | | | | | | | | |
| as reported | \$ | 55,278 | \$ | 53,844 | \$ | 49,305 | \$ | 48,266 | \$ | 46,176 | \$ | 158,427 | \$ | 119,635 |
| Less: Purchase accounting adjustments, net of tax (M) | | (9,476) | | (6,335) | | (7,560) | | (7,374) | | (5,202) | | (23,371) | | (5,615) |
| Net income available to common shareholders, adjusted | \$ | 45,802 | \$ | 47,509 | \$ | 41,745 | \$ | 40,892 | \$ | 40,974 | \$ | 135,056 | \$ | 114,020 |

| | Acquired Loans Accounted for Under ASC 310-20 | | | | | or | | • | | ans Accour ASC 310-3 | | r | Total Loans Accounted for Under ASC 310-20 and 310-30 | | | | | |
|-----------------------------------|--|----------------------------------|----|---------------------------|----|------------------------|----|---------------------------------|----|-------------------------|----|-------------------|--|-----------------------------------|------|-------------------------|----|-------------------------|
| | | Salance at cquisition Date | | Salance at in 30, 2013 | | Salance at ep 30, 2013 | | alance at equisition Date | | alance at a 30, 2013 | | lance at 30, 2013 | | Balance at acquisition Date | | nlance at 1 30, 2013 | | alance at p 30, 2013 |
| Loan marks: | | | | | | | | | | <u>_</u> | | | | | | | | |
| Previouly acquired banks (N) | \$ | 81,328 | \$ | 37,832 | \$ | 32,842 | \$ | 28,764 | \$ | 22,989 | \$ | 21,977 | \$ | 110,092 | \$ | 60,821 | \$ | 54,819 |
| 2013 acquisitions (O) | | 29,440 | | 24,695 | | 19,101 | | 23,414 | | 22,571 | | 19,122 | | 52,854 | | 47,266 | | 38,223 |
| Total | \$ | 110,768 | \$ | 62,527 | \$ | 51,943 | \$ | 52,178 | \$ | 45,560 | \$ | 41,099 | \$ | 162,946 | \$ | 108,087 | \$ | 93,042 |
| Acquired portfolio loan balances: | Φ | 1 200 200 | ¢ | 652.045 | ¢ | 602 120 | ¢. | 57,070 | Φ | 42.505 | Φ | 20.715 | ¢ | 1.256.250 | ¢. | 607.450 | ¢. | C41 042 |
| Previouly acquired banks (N) | \$ | 1,298,380 | \$ | 653,945 | \$ | 602,128 | \$ | 57,979 | \$ | 43,505 | \$ | 39,715 | \$ | 1,356,359 | \$ | 697,450 | \$ | 641,843 |
| 2013 acquisitions (O) | | 939,804 | _ | 775,372 | _ | 595,119 | | 54,083 | | 53,754 | | 37,639 | _ | 993,887 | | 829,126 | | 632,758 |
| Total | \$ | 2,238,184 | \$ | 1,429,317 | \$ | 1,197,247 | \$ | 112,062 | \$ | 97,259 | \$ | 77,354 | \$ | 2,350,246 (P) | \$ 1 | 1,526,576 | \$ | 1,274,601 |

⁽L) Non-GAAP financial measure.

⁽M) Using effective tax rate of 33.0%, 32.8%, 32.45, 32.9% and 32.8% for the three month periods ended September 30, 2013, June 30, 2013, March 31, 2013, December 31, 2012 and September 30, 2012, respectively, and 32.8% and 33.0% for the nine month periods ended September 30, 2013 and 2012, respectively.

⁽N) Includes Bank of Texas, Bank Arlington, ASB and Community National which were acquired in 2012.

 $⁽O) \ \ Includes \ East \ Texas \ Financial \ Services \ and \ Coppermark \ Bank.$

⁽P) Actual principal balances acquired.

Three Months Ended Sep 30, Jun 30, Mar 31, Dec 31, Sep 30, 2013 2013 2013 2012 2012 YIELD TREND Interest-Earning Assets: Loans 6.06% 5.89% 6.28% 6.40% 6.20% Investment securities (Q) 2.08% 1.98% 1.91% 1.92% 2.08% Federal funds sold and other earning assets 0.22% 0.87% 0.22% 0.19% 0.16% 3.67% 3.80% Total interest-earning assets 3.80% 3.67% 3.76% Interest-Bearing Liabilities: Interest-bearing demand deposits 0.28% 0.33% 0.34% 0.31% 0.41% Savings and money market deposits 0.27% 0.30% 0.30% 0.29% 0.34% Certificates and other time deposits 0.59% 0.69% 0.61% 0.62% 0.64% Securities sold under repurchase agreements 0.28% 0.27% 0.26% 0.25% 0.29% Federal funds purchased and other borrowings 0.23% 0.35% 0.41% 0.40% 0.29% Junior subordinated debentures 2.88% 2.95% 3.04% 2.85% 2.86% Total interest-bearing liabilities 0.37% 0.40% 0.42% 0.41% 0.47% Net Interest Margin 3.53% 3.37% 3.36% 3.46% 3.45% Net Interest Margin (tax equivalent) 3.59% 3.42% 3.43% 3.53% 3.52%

⁽Q) Yield on securities was impacted by net premium amortization of \$15,136, \$18,838, \$22,710, \$23,992 and \$21,423 for the three month periods ended September 30, 2013, June 30, 2013, March 31, 2013, December 31, 2012 and September 30, 2012, respectively.

(In thousands)

Three Months Ended

| | S | Sep 30, 2013 | Jı | ane 30, 2013 | N | 1ar 31, 2013 | Dec 31, 2012 | S | ep 30, 2012 |
|--------------------------------------|----|--------------|----|--------------|----|--------------|------------------|----|-------------|
| Balance Sheet Averages | | - | | | | | | | |
| Total loans | \$ | 6,173,394 | \$ | 6,114,598 | \$ | 5,263,784 | \$ 5,140,163 | \$ | 5,169,101 |
| Investment securities | | 8,015,221 | | 7,964,157 | | 7,755,567 | 7,228,418 | | 7,106,871 |
| Federal funds sold and | | | | | | | | | |
| other earning assets | | 27,451 | | 35,113 | | 34,793 | 75,135 | | 53,111 |
| Total interest-earning assets | | 14,216,066 | | 14,113,868 | | 13,054,144 | 12,443,716 | | 12,329,083 |
| Allowance for credit losses | | (56,765) | | (57,754) | | (53,242) | (50,775) | | (53,944) |
| Cash and due from banks | | 189,082 | | 279,271 | | 206,990 | 198,797 | | 206,124 |
| Goodwill | | 1,351,236 | | 1,331,568 | | 1,226,332 | 1,211,596 | | 1,157,330 |
| Core Deposit Intangibles (CDI) | | 25,938 | | 25,893 | | 25,244 | 27,108 | | 17,280 |
| Other real estate | | 9,494 | | 19,605 | | 11,789 | 9,571 | | 11,600 |
| Fixed assets, net | | 231,480 | | 223,769 | | 207,517 | 206,869 | | 192,542 |
| Other assets | | 227,738 | | 234,710 | | 171,589 | 190,815 | | 145,244 |
| Total assets | \$ | 16,194,269 | \$ | 16,170,930 | \$ | 14,850,363 | \$ 14,237,697 | \$ | 14,005,259 |
| | | | | | | | | | |
| Noninterest-bearing deposits | \$ | 3,308,158 | \$ | 3,295,211 | \$ | 2,939,621 | \$ 2,963,998 | \$ | 2,760,405 |
| Interest-bearing demand deposits | | 2,400,555 | | 2,580,750 | | 2,659,489 | 2,328,969 | | 2,181,928 |
| Savings and money market deposits | | 4,233,911 | | 4,261,466 | | 3,790,416 | 3,600,109 | | 3,516,601 |
| Certificates and other time deposits | | 2,489,848 | | 2,543,895 | | 2,370,499 | 2,366,155 | | 2,387,279 |
| Total deposits | | 12,432,472 | | 12,681,322 | | 11,760,025 | 11,259,231 | | 10,846,213 |
| Securities sold under | | | | | | | | | |
| repurchase agreements | | 455,276 | | 471,430 | | 448,542 | 459,998 | | 438,410 |
| Federal funds purchased and | | | | | | | | | |
| other borrowings | | 772,083 | | 541,034 | | 358,120 | 272,239 | | 512,739 |
| Junior subordinated debentures | | 85,055 | | 85,055 | | 85,055 | 85,055 | | 85,055 |
| Other liabilities | | 73,571 | | 69,741 | | 62,716 | 80,085 | | 92,873 |
| Shareholders' equity | | 2,375,812 | | 2,322,348 | | 2,135,905 | 2,081,089 | | 2,029,969 |
| Total liabilities and equity | \$ | 16,194,269 | \$ | 16,170,930 | \$ | 14,850,363 | \$ 14,237,697 | \$ | 14,005,259 |
| | | | | | | | | | |

| | Sep 30, 2013 | Jun 30, 2013 | Mar 31, 2013 | Dec 31, 2012 | Sep 30, 2012 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Period End Balances | | | | | |
| Loan Portfolio Commercial and other Construction 1-4 family residential Home equity Commercial real estate Agriculture (includes farmland) Consumer Total loans | \$ 1,028,799 16.6% | \$ 999,677 16.2% | \$ 760,531 14.5% | \$ 798,882 15.4% | \$ 792,247 15.6% |
| | 703,193 11.4% | 694,585 11.2% | 575,307 10.9% | 550,768 10.6% | 496,417 9.8% |
| | 1,503,771 24.4% | 1,452,268 23.7% | 1,338,936 25.5% | 1,255,765 24.3% | 1,213,872 23.9% |
| | 211,742 3.4% | 208,739 3.4% | 203,815 3.9% | 186,801 3.6% | 183,844 3.6% |
| | 2,304,862 37.2% | 2,390,820 38.6% | 1,993,518 37.8% | 1,990,642 38.4% | 1,976,112 38.9% |
| | 321,518 5.2% | 314,945 5.1% | 286,789 5.4% | 285,637 5.5% | 304,134 6.0% |
| | 108,704 1.8% | 111,449 1.8% | 104,128 2.0% | 111,445 2.2% | 112,477 2.2% |
| | \$ 6,182,589 | \$ 6,172,483 | \$ 5,263,024 | \$ 5,179,940 | \$ 5,079,103 |
| Deposit Types Noninterest-bearing DDA Interest-bearing DDA Money Market Savings Certificates and other time deposits Total deposits | \$ 3,368,357 27.0% | \$ 3,283,082 26.0% | \$ 2,995,828 25.6% | \$ 3,016,205 25.9% | \$ 2,827,748 25.8% |
| | 2,366,997 19.0% | 2,483,428 19.9% | 2,521,998 21.5% | 2,626,331 22.6% | 2,208,568 20.2% |
| | 2,834,172 22.8% | 2,868,880 23.0% | 2,509,501 21.4% | 2,362,454 20.3% | 2,303,680 21.0% |
| | 1,413,153 11.3% | 1,371,214 11.0% | 1,345,044 11.5% | 1,293,552 11.1% | 1,276,271 11.7% |
| | 2,473,120 19.9% | 2,502,046 20.1% | 2,341,096 20.0% | 2,343,302 20.1% | 2,338,330 21.3% |
| | \$ 12,455,799 | \$ 12,508,650 | \$ 11,713,467 | \$ 11,641,844 | \$ 10,954,597 |
| Loan to Deposit Ratio | 49.6% | 49.3% | 44.9% | 44.5% | 46.4% |
| Construction Loans Single family residential construction Land development Raw land Residential lots Commercial lots Commercial construction and | \$ 239,980 33.5% | \$ 234,257 32.9% | \$ 177,218 30.6% | \$ 161,401 29.2% | \$ 150,959 30.1% |
| | 60,927 8.6% | 63,857 9.0% | 42,520 7.4% | 42,199 7.6% | 38,075 7.6% |
| | 52,789 7.4% | 59,701 8.4% | 46,672 8.1% | 58,794 10.6% | 47,620 9.5% |
| | 95,361 13.4% | 91,018 12.8% | 93,598 16.2% | 92,697 16.8% | 97,445 19.4% |
| | 58,085 8.2% | 60,960 8.6% | 64,394 11.2% | 63,716 11.5% | 63,418 12.7% |
| other Net unaccreted discount Total construction loans | 204,940 28.9% | 200,633 28.3% | 153,047 26.5% | 134,427 24.3% | 103,677 20.7% |
| | (8,889) | (15,841) | (2,142) | (2,466) | (4,777) |
| | \$ 703,193 | \$ 694,585 | \$ 575,307 | \$ 550,768 | \$ 496,417 |

| | | | | T | hree Mo | onths Ended | | | | |
|--|---------|----------|-----|----------|---------|-------------|----------|----------|----------|----------|
| | Sep | 30, 2013 | Jun | 30, 2013 | Mar | 31, 2013 | Dec | 31, 2012 | Sep | 30, 2012 |
| Asset Quality | | | | | | | | | | |
| Nonaccrual loans | \$ | 4,954 | \$ | 4,295 | \$ | 7,529 | \$ | 5,382 | \$ | 5,063 |
| Accruing loans 90 or more | Ψ | 7,757 | Ψ | 7,273 | Ψ | 1,52) | Ψ | 3,302 | Ψ | 3,003 |
| days past due | | 283 | | 325 | | 642 | | 331 | | 132 |
| Total non-performing loans | - | 5,237 | | 4,620 | | 8,171 | | 5,713 | | 5,195 |
| Repossessed assets | | 18 | | -,020 | | 49 | | 68 | | 10 |
| Other real estate | | 7,432 | | 10,244 | | 9,913 | | 7,234 | | 8,846 |
| Total nonperforming assets | \$ | 12,687 | \$ | 14,864 | \$ | 18,133 | \$ | 13,015 | \$ | 14,051 |
| | | | | | 1 | | | | | |
| Nonperforming assets: | | | | | | | | | | |
| Commercial | \$ | 1,223 | \$ | 1,191 | \$ | 3,896 | \$ | 1,568 | \$ | 1,599 |
| Construction | | 4,611 | | 5,898 | | 3,678 | | 3,522 | | 3,182 |
| 1-4 family (including home equity) Commercial real estate (including multi- | | 2,441 | | 2,112 | | 3,746 | | 3,081 | | 3,089 |
| family) | | 4,233 | | 4,330 | | 5,533 | | 2,608 | | 4,671 |
| Agriculture | | 23 | | 1,213 | | 1,183 | | 1,463 | | 1,476 |
| Consumer and other | | 156 | | 120 | | 97 | | 773 | | 34 |
| Total | \$ | 12,687 | \$ | 14,864 | \$ | 18,133 | \$ | 13,015 | \$ | 14,051 |
| Number of loans/properties | | 128 | | 123 | | 124 | | 116 | | 119 |
| Allowance for credit losses at | | | | | | | | | | |
| end of period | \$ | 59,913 | ¢ | 56,176 | ¢ | 55,049 | \$ | 52 564 | \$ | 50,927 |
| end of period | | 39,913 | \$ | 30,170 | \$ | 33,049 | D | 52,564 | 3 | 30,927 |
| Net charge-offs: | | | | | | | | | | |
| Commercial | \$ | 119 | \$ | 148 | \$ | 59 | \$ | 205 | \$ | (511) |
| Construction | | (30) | | 124 | | (56) | | 21 | | 155 |
| 1-4 family (including home equity) Commercial real estate (including | | 15 | | 35 | | 102 | | 65 | | 251 |
| multi-family) | | (471) | | 801 | | (57) | | 1,012 | | 800 |
| Agriculture | | 13 | | 13 | | (7) | | 70 | | (30) |
| Consumer and other | | 642 | | 302 | | 274 | | 540 | | 590 |
| Total | \$ | 288 | \$ | 1,423 | \$ | 315 | \$ | 1,913 | \$ | 1,255 |
| | | | | | | | | | | |
| Asset Quality Ratios | | | | | | | | | | |
| Nonperforming assets to | | 0.000/ | | 0.110/ | | 0.1.40/ | | 0.100/ | | 0.110/ |
| average earning assets | | 0.09% | | 0.11% | | 0.14% | | 0.10% | | 0.11% |
| Nonperforming assets to loans | | 0.200/ | | 0.240/ | | 0.240/ | | 0.250/ | | 0.200/ |
| and other real estate | | 0.20% | | 0.24% | | 0.34% | | 0.25% | | 0.28% |
| Net charge-offs to | | | | | | | | | | |
| average loans (annualized) | | 0.02% | | 0.09% | | 0.02% | | 0.15% | | 0.08% |
| Allowance for credit losses to | | | | | | | | | | |
| total loans | | 0.97% | | 0.91% | | 1.05% | | 1.01% | | 1.00% |
| Allowance for credit losses to total loans (excluding acquired loans accounted for | | | | | | | | | | |
| under ASC Topics 310-20 and 310-30) $^{(E)}$ | | 1.20% | | 1.18% | | 1.25% | | 1.22% | | 1.27% |

Prosperity Bancshares, Inc.® Notes to Selected Financial Data (Unaudited)

(Dollars and share amounts in thousands, except per share data)

Consolidated Financial Highlights

NOTES TO SELECTED FINANCIAL DATA

Prosperity's management uses certain non-GAAP (generally accepted accounting principles) financial measures to evaluate its performance. Specifically, Prosperity reviews tangible book value per share, return on average tangible common equity and the tangible equity to tangible assets ratio for internal planning and forecasting purposes. In addition, due to the application of purchase accounting, Prosperity uses certain non-GAAP measures and ratios that exclude the impact of these items to evaluate its allowance for credit losses to total loans (excluding acquired loans accounted for under ASC Topics 310-20 and 310-30). Prosperity has included in this Earnings Release information relating to these non-GAAP financial measures for the applicable periods presented. Prosperity believes these non-GAAP financial measures provide information useful to investors in understanding Prosperity's financial results and Prosperity believes that its presentation, together with the accompanying reconciliations, provides a complete understanding of factors and trends affecting Prosperity's business and allows investors to view performance in a manner similar to management, the entire financial services sector, bank stock analysts and bank regulators. Further, Prosperity believes that these non-GAAP measures provide useful information by excluding certain items that may not be indicative of its core operating earnings and business outlook. These non-GAAP measures should not be considered a substitute for GAAP basis measures and results and Prosperity strongly encourages investors to review its consolidated financial statements in their entirety and not to rely on any single financial measure. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names.

| | | T | hree Months End | ed | Year-t | to-Date |
|--|---------------|---------------|-----------------|-----------------------------|---------------|---------------|
| | Sep 30, 2013 | Jun 30, 2013 | Mar 31, 2013 | Dec 31, 2012 Sep 30, 2012 | Sep 30, 2013 | Sep 30, 2012 |
| Return on average tangible common equity: | | | | | | |
| Net income | \$ 55,278 | \$ 53,844 | \$ 49,305 | \$ 48,266 \$ 46,176 | \$ 158,427 | \$ 119,635 |
| Average shareholders' equity | \$ 2,375,812 | \$ 2,322,348 | \$ 2,135,905 | \$ 2,081,089 \$ 2,029,969 | \$ 2,278,891 | \$ 1,756,725 |
| Less: Average goodwill and other intangible assets | (1,377,174) | (1,357,461) | (1,251,576) | (1,238,704) (1,174,610) | (1,325,214) | (1,025,116) |
| Average tangible shareholders' equity | \$ 998,638 | \$ 964,887 | \$ 884,329 | \$ 842,385 \$ 855,359 | \$ 953,677 | \$ 731,609 |
| Return on average tangible common equity: | 22.14% | 22.32% | 22.30% | 22.92% 21.59% | 22.21% | 21.80% |
| Tangible book value per share: | | | | | | |
| Shareholders' equity | \$ 2,389,112 | \$ 2,345,282 | \$ 2,149,455 | \$ 2,089,389 \$ 2,038,176 | \$ 2,389,112 | \$ 2,038,176 |
| Less: Goodwill and other intangible assets | (1,377,015) | (1,377,522) | (1,262,257) | (1,243,321) (1,228,190) | (1,377,015) | (1,228,190) |
| Tangible shareholders' equity | \$ 1,012,097 | \$ 967,760 | \$ 887,198 | \$ 846,068 \$ 809,986 | \$ 1,012,097 | \$ 809,986 |
| Period end shares outstanding | 60,383 | 60,315 | 57,014 | 56,447 56,058 | 60,383 | 56,058 |
| Tangible book value per share: | \$ 16.76 | \$ 16.05 | \$ 15.56 | \$ 14.99 \$ 14.45 | \$ 16.76 | \$ 14.45 |
| Tangible equity to tangible assets ratio: | | | | | | |
| Tangible shareholders' equity | \$ 1,012,097 | \$ 967,760 | \$ 887,198 | \$ 846,068 \$ 809,986 | \$ 1,012,097 | \$ 809,986 |
| Total assets | \$ 16,054,279 | \$ 16,270,718 | \$ 15,081,314 | \$ 14,583,573 \$ 13,712,119 | \$ 16,054,279 | \$ 13,712,119 |
| Less: Goodwill and other intangible assets | (1,377,015) | (1,377,522) | (1,262,257) | (1,243,321) (1,228,190) | (1,377,015) | (1,228,190) |
| Tangible assets | \$ 14,677,264 | \$ 14,893,196 | \$ 13,819,057 | \$ 13,340,252 \$ 12,483,929 | \$ 14,677,264 | \$ 12,483,929 |
| Tangible equity to tangible assets ratio: | 6.90% | 6.50% | 6.42% | 6.34% 6.49% | 6.90% | 6.49% |

Prosperity Bancshares, Inc.® Notes to Selected Financial Data (Unaudited) (Dollars in thousands)

| | Sep 30, 2013 | | Jun 30, 2013 | | Dec 31, 2012 | |
|---|--------------|-----------|--------------|-----------|--------------|-----------|
| Allowance for credit losses to total loans, excluding acquired loans: | | | | | | |
| Allowance for credit losses | \$ | 59,913 | \$ | 56,176 | \$ | 52,564 |
| Total loans | \$ | 6,182,589 | \$ | 6,172,483 | \$ | 5,179,940 |
| Less: Fair value of acquired loans accounted for under ASC | | | | | | |
| Topics 310-20 and 310-30 (does not include new production) | \$ | 1,181,559 | \$ | 1,418,489 | \$ | 887,953 |
| Total loans less acquired loans | \$ | 5,001,030 | \$ | 4,753,994 | \$ | 4,291,987 |
| Allowance for credit losses to total loans, excluding | | | | | | |
| acquired loans (non-GAAP basis) | | 1.20% | | 1.18% | | 1.22% |