

### "Safe Harbor" Statement

under the Private Securities Litigation Reform Act of 1995

Statements contained in this presentation which are not historical facts and which pertain to future operating results of Prosperity Bancshares<sup>®</sup>, Inc. and its subsidiaries constitute "forward-looking statements' within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve significant risks and uncertainties. Actual results may differ materially from the results discussed in these forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in the company's periodic reports and filings with the SEC. Copies of the SEC filings for Prosperity Bancshares® may be downloaded the Internet from at charge from no www.prosperitybankusa.com.

## Corporate Profile a Track Record of Success

- A Texas based financial holding company with approximately \$18 billion in assets and the 2<sup>nd</sup> largest Texas based commercial bank by Texas deposits
- Strong balance sheet growth 10 year CAGR of 26% for loans, 22% for deposits and 23% for assets
- Strong earnings growth 10 year CAGR of 10% for EPS (diluted) and 24% for net income
- Shareholder driven with 6.6% fully diluted insider ownership
- For 2013: Return on Average Assets was 1.36%; Return on Average Tangible Equity was 22.52%; and Efficiency Ratio was 41.60%
- Successful integration of 35 acquisitions, including 7 transactions in the last
   24 months
- November 1, 2013 completed acquisition of First Victoria National Bank Corp
- August 29, 2013 announced acquisition of F&M Bancorporation Inc. (assets \$2.57 billion; loans \$1.76 billion; deposits \$2.33 billion, as of December 30, 2013)

## 4Q13 Highlights

- Strong Earnings \$62.9 million or \$0.98 per share (diluted), an increase of 30.5% and 15.3%, respectively, when compared to same period last year
- Significant balance sheet growth assets increased 28%, loans 50% and deposits 31% when compared to December 31, 2012
- Net Interest Income before provision for credit losses increased 34.3% to \$145.5 million when compared to same period in 2012
- For 4<sup>th</sup> Quarter 2013: Return on Average Assets was 1.42%; Return on Average Tangible Equity was 23.97%; and Efficiency Ratio was 40.21%
- Tangible Common Equity Ratio was 6.35% at December 31, 2013
- Excellent asset quality Annualized Net Charge Offs / Average Loans of 0.03% for three months ending December 31, 2013
- Non-Performing Assets to Average Earning Assets remain low at 0.15% or \$22.5 million for fourth quarter 2013

## **Banking Center Network**

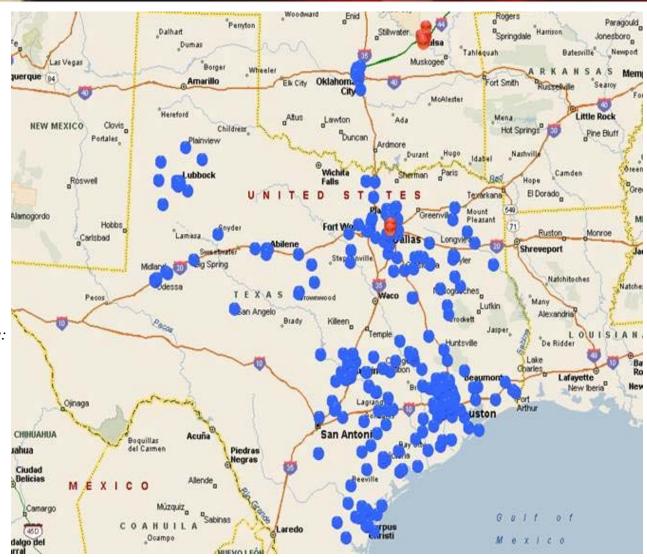


### 238 Full Service Locations

- 16 in Bryan/ College Station Area
- **36** in Central Texas Area
- 35 in Dallas/ Fort Worth Area
- 22 in East Texas Area
- 63 in Houston Area
- 26 in South Texas Area
- 34 in West Texas Area
  - 6 in Central Oklahoma

Map Includes Pending & Recent Acquisitions:

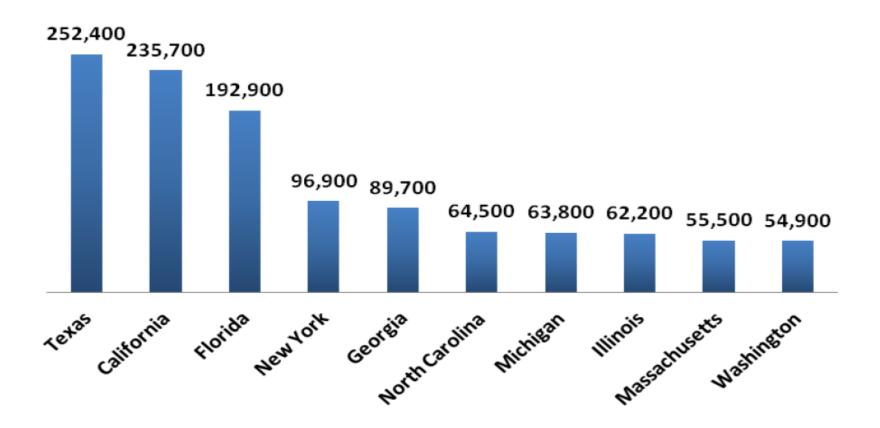
- 13 F&M Bank Locations:
- 10 In Tulsa Oklahoma
- 3 In Dallas



## Strong Texas Economy

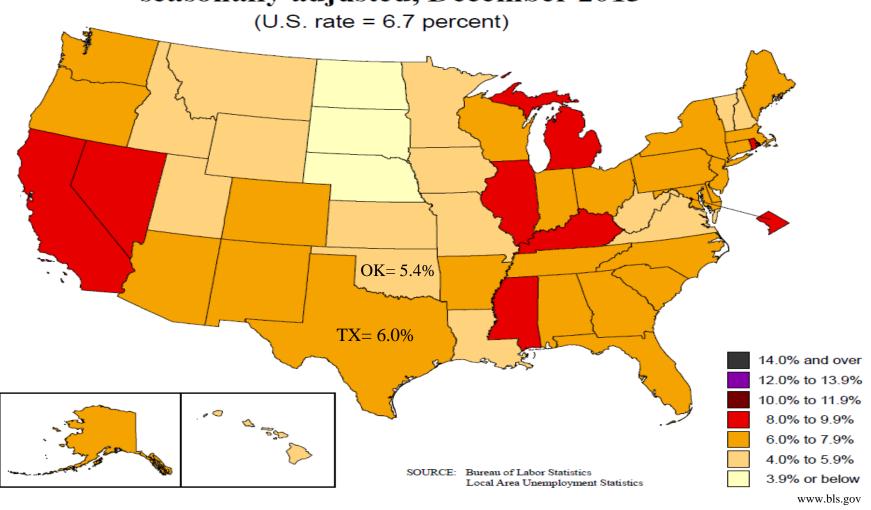
### **Texas Job Growth Sets The Pace**

In 2013, (December 2012—December 2013), Texas employment grew the most of the 10 fastest growing states.

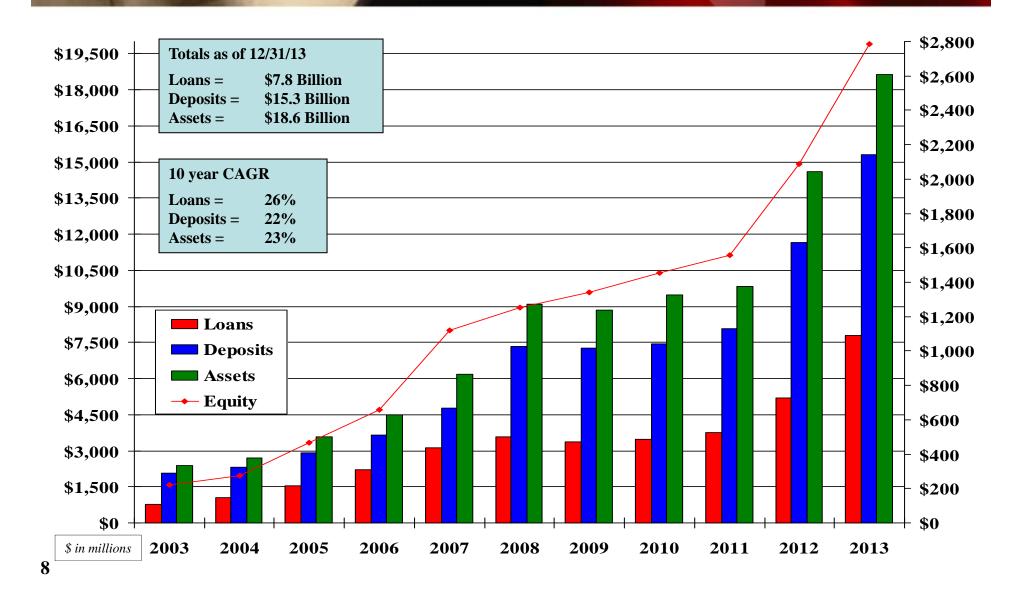


## Strong Texas/Oklahoma Economies Unemployment Rate

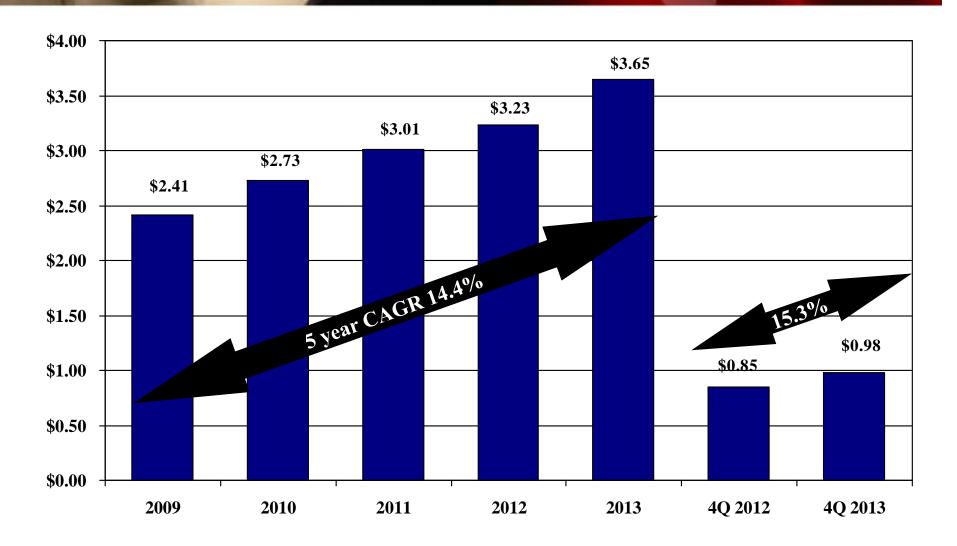
## Unemployment rates by state, seasonally adjusted, December 2013



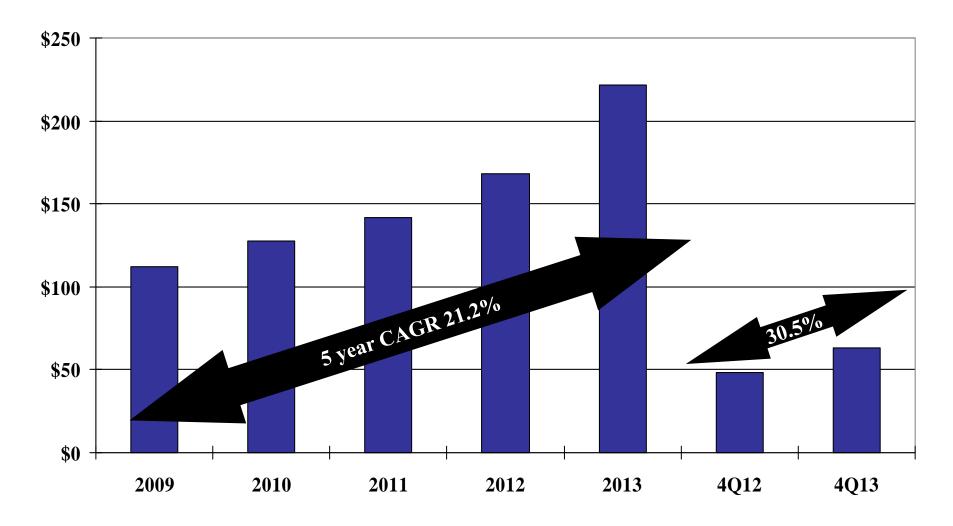
### **Balance Sheet Summary**



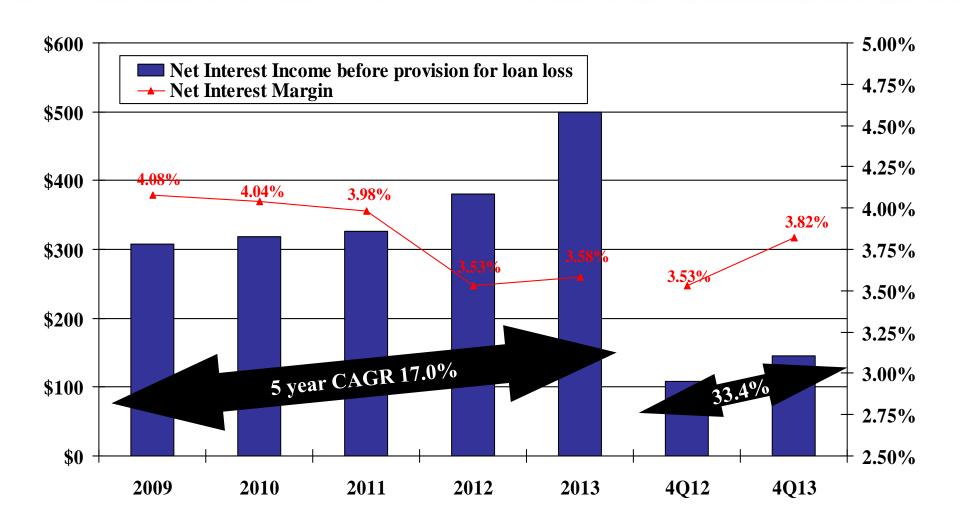
## EPS Growth Diluted



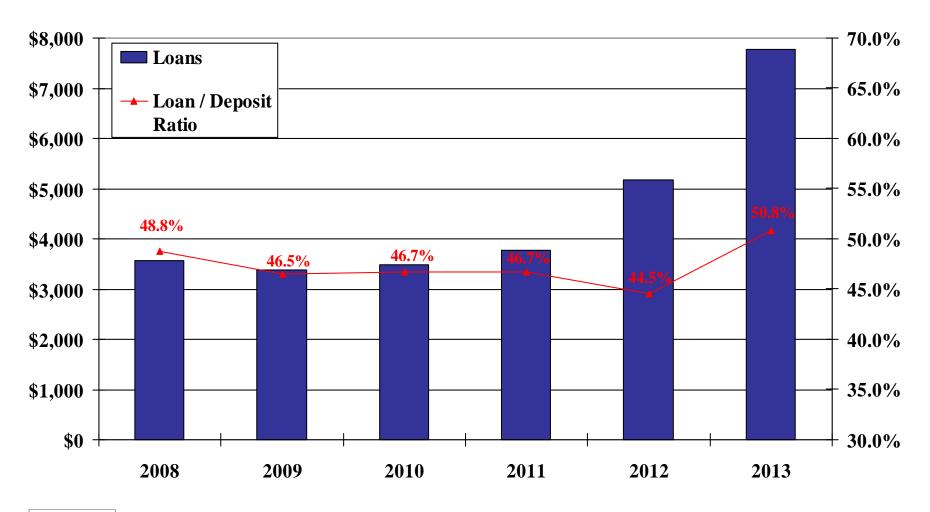
## Net Income Output Description:



### **Net Interest Income**

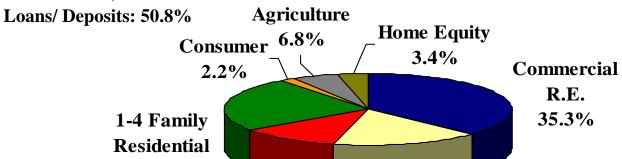


## Loan Growth



### Loan Portfolio

**December 31, 2013** 



Construction

11.1%

### Construction Loan Breakout

Approximate \$ in millions

**Single Family:** \$271

24.2%

\$84 **Land Development:** 

Raw Land: \$49

Lots: \$226

**Commercial/Other:** \$244

**Purchase Accounting Discount (\$9)** 

**Commercial** 

17.0%

CRE Loan Breakout

Approximate \$ in millions

**Owner Occupied:** \$1,491

**Office Building:** \$213

**Multi-family:** \$162

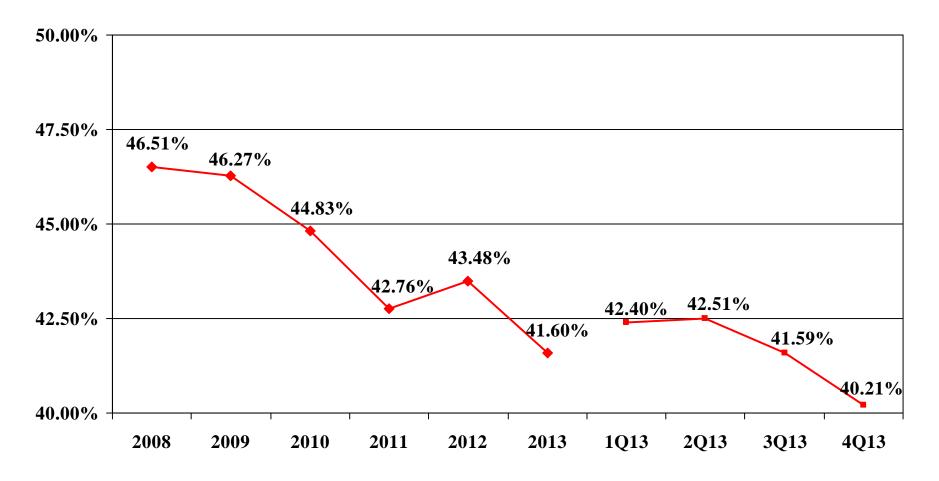
**Strip Center:** \$206

Other: \$751

**Purchase Accounting Discount** (\$69)

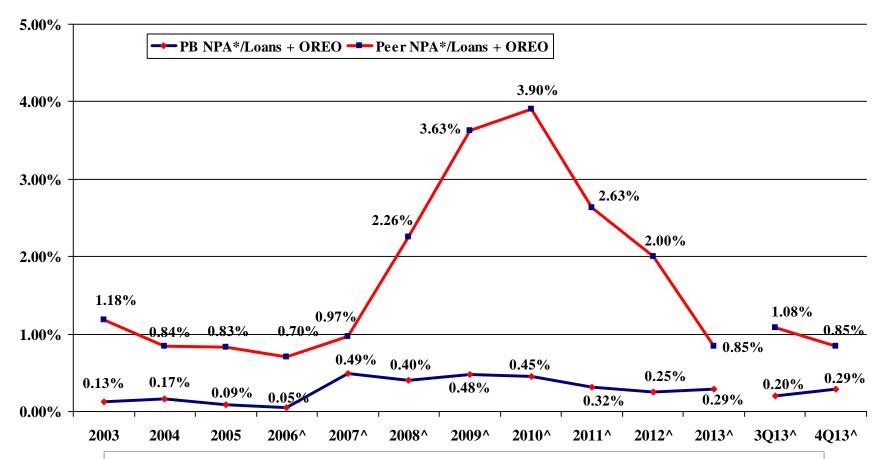
	 Amount	% of total
Commercial R.E.	\$ 2,753,797	35.3%
Commercial	1,322,975	17.0
Construction	865,511	11.1
1-4 Family Residential	1,870,365	24.2
Consumer	169,960	2.2
Agriculture	531,258	6.8
Home Equity	 261,355	3.4
Gross Loans	\$ 7,775,221	100.0%

## **Efficiency Ratio**



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

## Asset Quality – NPA\*/ Loans + OREO



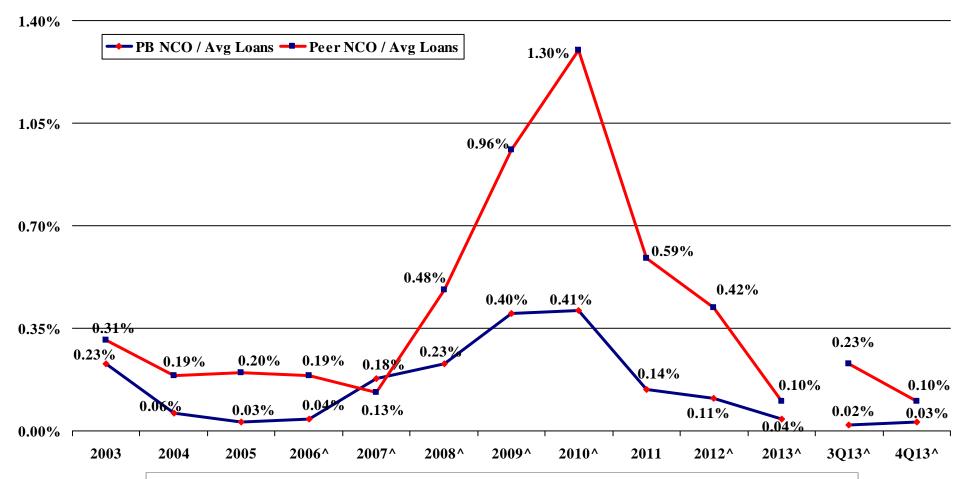
\*Includes loans past due 90 days and still accruing

Note: Peer group for 2013 and 4Q13 includes only FFIN and TCBI, both of which had reported 4Q13 numbers as of the date of this report

Texas Peer Group Includes: CFR, EBTX, FFIN, FBTX, IBOC, MCBI, SBSI, SNBI, SBIB, SBIT, TCBI, TRBS & TXUI

^ SNBI, SBIT, TRBS & TXUI have been acquired and were excluded from 2006 & 2007 and FBTX failed and was excluded from 2008, SBIB was acquired and excluded from 2011, EBTX was acquired and excluded from 2012, MCBI was acquired and excluded from 2013

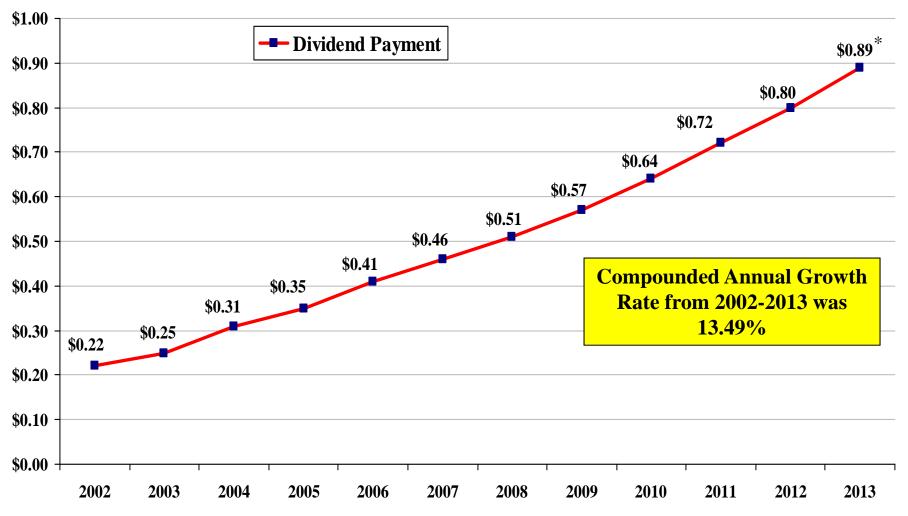
## Asset Quality – NCO/ Average Loans



Note: Peer group for 2013 and 4Q13 includes only FFIN and TCBI, both of which had reported 4Q13 numbers as of the date of this report

Texas Peer Group Includes: CFR, EBTX, FFIN, FBTX, IBOC, MCBI, SBSI, SNBI, SBIB, SBIT, TCBI, TRBS & TXUI ^ SNBI, SBIT, TRBS & TXUI have been acquired and were excluded from 2006 & 2007 and FBTX failed and was excluded from 2008, SBIB was acquired and excluded from 2011, EBTX was acquired and excluded from 2012, MCBI was acquired and excluded from 2013

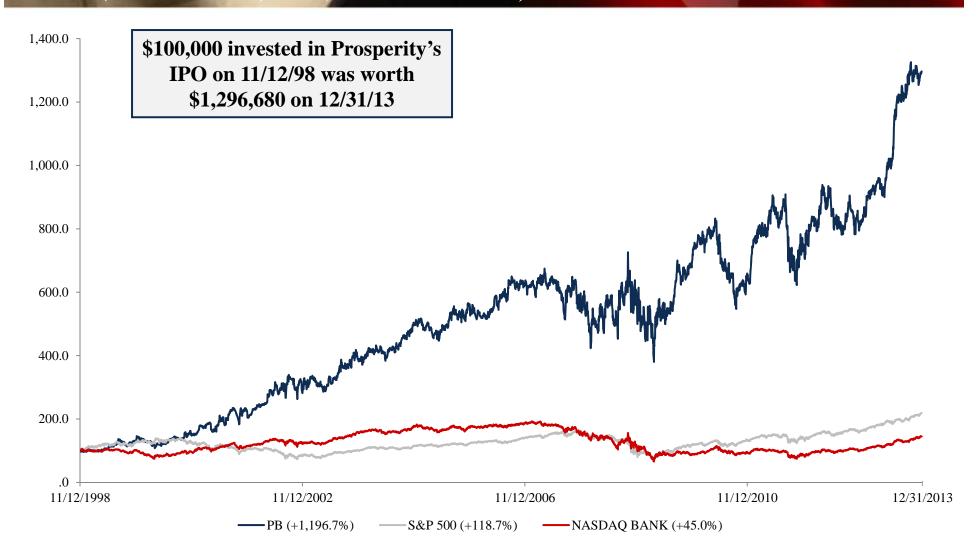
### **Dividend History**



<sup>\* 2013</sup> dividend consists of \$0.215 per share declared in 1Q 2013, 2Q 2013, 3Q 2013 and \$0.24 per share declared in 4Q 2013

### **Total Return Performance**

IPO (November 12, 1998) to December 31, 2013



## Contact Information

### **Corporate Headquarters**

**Prosperity Bank Plaza** 

4295 San Felipe

Houston, Texas 77027

281.269.7199 Telephone

281.269-7222 Fax

www.prosperitybankusa.com

### **Investor Contacts**

**David Zalman** 

**Chairman & Chief Executive Officer** 

979.543.2200

david.zalman@prosperitybankusa.com

**David Hollaway** 

**Chief Financial Officer** 

281.269.7199

david.hollaway@prosperitybankusa.com



# Financial Impact

				PB
	Prosperity Bancshares, Inc.	FVNB Corp.	F&M Bancorporation Inc.	Pro Forma (1)
Financial Impact	6/30/13	6/30/13	6/30/13	3/31/14
Balance Sheet (\$mm)				
Total Assets	\$16,270.7	\$2,417.1	\$2,436.7	\$21,272.4
Gross Loans	6,172.5	1,648.3	1,900.1	9,671.0
Total Deposits	12,508.7	2,149.9	2,208.4	16,866.9
Tangible Common Equity	967.8	151.6	131.5	1,214.7
Capital (%)				
TCE / TA (%)	6.50%	6.40%	5.40%	6.23%
Leverage Ratio (%)	7.07%	8.72%	9.13%	7.09%
Tier 1 Capital Ratio (%)	14.15%	12.58%	10.15%	12.34%
Total Capital Ratio (%)	14.91%	13.83%	11.28%	12.85%

Source: SNL Financial

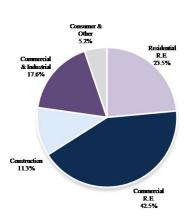
Note: Includes impact of the redemption of FVNB's \$18.0 million SBLF preferred and F&M's \$38.2 million SBLF preferred

Includes estimated purchase accounting adjustments Assumes no asset growth from 6/30/13 through 3/31/14

<sup>(1)</sup> Pro Forma includes both the merger with FVNB Corp. and the proposed merger with F&M Bancorporation Inc.; closing for the FVNB Corp. merger was 11/1/2013; estimated closing for the F&M merger is the 1st quarter of 2014

## **Pro Forma Loan Composition**

### **Prosperity Bancshares, Inc.**



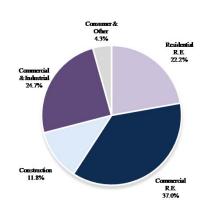
Loan Portfolio (\$000)	Amount	%
Residential R.E.	1,452,268	23.5%
Commercial R.E.	2,621,209	42.5%
Construction	694,585	11.3%
Commercial & Industrial	1,084,233	17.6%
Consumer & Other	320,188	5.2%

Total Loans & Leases

Yield on Loans: 5.89% Loans / Deposits: 49.3%

\$6,172,483

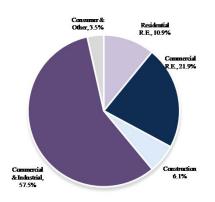
### **FVNB** Corp.



Loan Portfolio (\$000)	Amount	%
Residential R.E.	366,066	22.2%
Commercial R.E.	609,124	37.0%
Construction	194,510	11.8%
Commercial & Industrial	407,073	24.7%
Consumer & Other	71,499	4.3%
Total Loans & Leases	\$1,648,272	100.0%

Yield on Loans: 5.25% Loans / Deposits: 76.7%

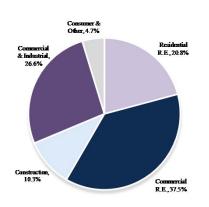
### F&M Bancorporation Inc.



Loan Portfolio (\$000)	Amount	%
Residential R.E.	207,400	10.9%
Commercial R.E.	417,060	21.9%
Construction	116,309	6.1%
Commercial & Industrial	1,092,694	57.5%
Consumer & Other	66,672	3.5%
Total Loans & Leases	\$1,900,135	100.0%

Yield on Loans: 5.01% Loans / Deposits: 86.0%

#### **Pro Forma**

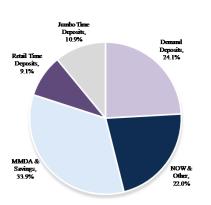


Loan Portfolio (\$000)	Amount	%
Residential R.E.	\$2,025,734	20.8%
Commercial R.E.	\$3,647,393	37.5%
Construction	\$1,005,404	10.3%
Commercial & Industrial	\$2,584,000	26.6%
Consumer & Other	\$458,359	4.7%
Total Loans & Leases	\$9,720,890	100.0%

Yield on Loans: 5.61% Loans / Deposits: 57.6%

## Pro Forma Deposit Composition

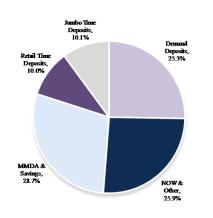
### **Prosperity Bancshares, Inc.**



Deposit Portfolio (\$000)	Amount	%
Demand Deposits	3,016,205	24.1%
NOW & Other	2,750,305	22.0%
MMDA & Savings	4,240,094	33.9%
Retail Time Deposits	1,133,753	9.1%
Jumbo Time Deposits	1,368,293	10.9%
Total Deposits	\$12,508,650	100%

Cost of Deposits: 0.30%

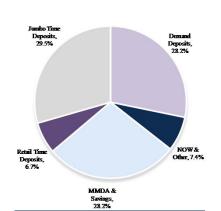
### FVNB Corp.



Deposit Portfolio (\$000)	Amount	%
Demand Deposits	543,526	25.3%
NOW & Other	557,891	25.9%
MMDA & Savings	617,807	28.7%
Retail Time Deposits	214,234	10.0%
Jumbo Time Deposits	216,421	10.1%
Total Deposits	\$2 149 879	100.0%

Cost of Deposits: 0.32%

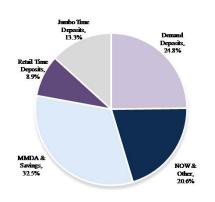
### F&M Bancorporation Inc.



Deposit Portfolio (\$000)	Amount	%
Demand Deposits	623,374	28.2%
NOW & Other	162,491	7.4%
MMDA & Savings	623,468	28.2%
Retail Time Deposits	148,587	6.7%
Jumbo Time Deposits	650,451	29.5%
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Cost of Deposits: 0.42%

#### **Pro Forma**



Deposit Portfolio (\$000)	Amount	%
Demand Deposits	\$4,183,105	24.8%
NOW & Other	\$3,470,687	20.6%
MMDA & Savings	\$5,481,369	32.5%
Retail Time Deposits	\$1,496,574	8.9%
Jumbo Time Deposits	\$2,235,165	13.3%
Total Deposits	\$16,866,900	100.0%

Cost of Deposits: 0.32%

# PB Acquisitions

					At Announcement				
Date of Announcement Seller		# of Branches	Consideration	Accounting Method	PRSP Assets (\$000)	Sellers' Assets (\$000)	Sellers' Assets Contribution (%)	Deal Value (\$000)	
1	8/29/2013	F&M Bancorporation Inc. (Tulsa) *	13	Mixed	Purchase	16,270,718	2,470,137	13.2	243.9
2	7/1/2013	FVNB Corp. (Victoria)	34	Mixed	Purchase	16,270,718	2,417,000	12.9	388.8
3	12/10/2012	Coppermark Bancshares (Oklahoma City)	9	Mixed	Purchase	13,712,119	1,325,000	8.8	194.3
4	6/27/2012	Community National Bank (Houston)	1	Mixed	Purchase	10,889,955	182,900	1.7	26.6
5	2/27/2012	American State Financial Corp. (Lubbock)	37	Mixed	Purchase	9,822,671	3,081,689	31.4	529.2
6	1/19/2012	The Bank Arlington (Dallas)	1	Common Stock	Purchase	9,822,671	37,300	0.38	5.8
7	12/9/2011	East Texas Financial Services, Inc. (Tyler)	3	Common Stock	Purchase	9,822,671	210,600	2.14	21.1
8	9/13/2011	Texas Bankers, Inc. (Austin)	1	Common Stock	Purchase	9,567,087	72,500	0.76	12.7
9	2/7/2008	1st Choice Bancorp, Inc. (Houston)	1	Mixed	Purchase	6,372,343	313,900	4.69	66.2
10	5/1/2007	The Bank of Navasota (Navasota)	1	Common Stock	Purchase	6,247,926	72,300	1.14	17.1
11	7/19/2006	Texas United Bancshares, Inc.(La Grange)	34	Common Stock	Purchase	4,547,220	1,818,000	27.82	357.1
12	11/16/2005	SNB Bancshares, Inc. (Houston)	6	Mixed	Purchase	3,493,972	1,121,747	24.3	242.7
13	9/12/2005	Grapeland Bancshares, Inc.(Grapeland)	2	Common Stock	Purchase	3,479,747	73,000	2.15	7.3
14	10/26/2004	FirstCapital Bankers, Inc. (Corpus Chrisit)	20	Common Stock	Purchase	2,709,169	773,566	22.21	135.7
15	5/12/2004	Village Bank and Trust (Austin)	1	Cash	Purchase	2,449,553	110,400	4.31	20.2
16	4/26/2004	Liberty Bank (Austin)	4	Mixed	Purchase	2,449,553	186,000	7.06	42.0
17	10/6/2003	First State Bank of North Texas (Dallas)	3	Mixed	Purchase	2,078,532	93,900	4.32	21.3
18	7/21/2003	Mainbancorp (Dallas)	3	Mixed	Purchase	1,983,277	195,700	8.98	39.7
19	3/5/2003	BankDallas SSB (Dallas)	1	Cash	Purchase	1,822,256	40,716	2.19	7.0
20	2/3/2003	Abrams Centre Bancshares, Inc. (Dallas)	1	Cash	Purchase	1,822,256	95,388	4.97	16.3
21	8/15/2002	First National Bank of Bay City (Bay City)	1	Cash	Purchase	1,360,356	28,174	2.03	5.0
22	7/15/2002	Southwest Bank Holding Company (Dallas)	2	Cash	Purchase	1,289,637	127,055	8.97	21.0
23	5/2/2002	Paradigm Bancorporation, Inc. (Houston)	8	Common Stock	Purchase	1,289,637	259,262	16.74	41.6
24	4/26/2002	First State Bank (Needville)	1	Cash	Purchase	1,289,637	17,539	1.36	3.7
25	2/22/2002	Texas Guaranty Bank, N.A. (Houston)	2	Cash	Purchase	1,262,152	75,019	5.61	11.8
26	11/8/2000	Commercial Bancshares, Inc.(Houston)	12	Common Stock	Pooling	693,079	401,271	36.67	53.3
27	6/21/1999	South Texas Bancshares, Inc. (Beeville)	3	Cash	Purchase	461,903	142,091	23.53	23.4
28	06/05/98	Union State Bank (East Bernard)	1	Cash	Purchase	339,287	79,174	18.92	17.6

<sup>\*</sup> Pending Acquisition

## PB Branch Acquisitions

### **Branch Acquisitions**

						Amount of	
					Branch	Deposits	Deposit
	Date of		# of	Branch	Locale	Transferred	Premium
	Announcement	Seller	Branches	Type	State	(\$000)	(\$000)
1	2/8/2010	First Bank	19	Bank	TX	500,000	36,000
2	1/19/2010	U.S. Bank	3	Bank	TX	420,000	13,000
3	11/7/2008	Franklin Bank	46	Bank	TX	3,700,000	60,000
4	10/22/2007	Banco Popular North America	6	Bank	TX	140,000	NA
5	6/15/2000	Compass Bancshares, Inc.	5	Bank	TX	87,000	NA
6	2/27/1998	Grimes County Capital Corporation	1	Bank	TX	5,900	250
7	3/30/1997	Wells Fargo & Company	1	Bank	TX	NA	NA
8	3/11/1996	Victoria Bankshares, Inc.	1	Bank	TX	46,000	NA

## Additional Information for Shareholders

In connection with the proposed merger of F&M Bancorporation Inc. into Prosperity Bancshares, Prosperity Bancshares 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 F&M Bancorporation. The registration statement included 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 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 <a href="http://www.sec.gov">http://www.sec.gov</a>. 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.

