

PRESS RELEASE

For more information contact:

Prosperity Bancshares, Inc.

Prosperity Bank Plaza
4295 San Felipe
Houston, Texas 77027

David Zalman
Chairman and Chief Executive Officer
281.269.7199
david.zalman@prosperitybankusa.com

FOR IMMEDIATE RELEASE

PROSPERITY BANCSHARES, INC.® REPORTS RECORD FOURTH QUARTER 2013 EARNINGS

- Named Best Bank in America for 2014 by Forbes Magazine
- Fourth quarter 2013 earnings per share (diluted) increased 15.3% to \$0.98 compared with the fourth quarter 2012
- Net income increased \$14.705 million or 30.5% compared with the fourth quarter 2012
- Completed the acquisition of First Victoria National Bank
- Nonperforming assets remain low at 0.15% of fourth quarter average earning assets
- Loans increased \$2.595 billion or 50.1% compared with 2012
- Deposits increased \$3.649 billion or 31.3% compared with 2012

HOUSTON, January 24, 2014. Prosperity Bancshares, Inc.® (NYSE: PB), the parent company of Prosperity Bank® (collectively, "Prosperity"), reported net income for the quarter ended December 31, 2013, of \$62.971 million or \$0.98 per diluted common share, an increase in net income of \$14.705 million or 30.5%, compared with \$48.266 million, and an increase in diluted earnings per share of 15.3%, compared with \$0.85 per diluted common share for the same period in 2012. Prosperity also reported net income for the year ended December 31, 2013 of \$221.398 million or \$3.65 per diluted common share, up 31.9% from 2012 net income of \$167.901 million and up 13.0% from 2012 diluted earnings per common share of \$3.23.

"I am very excited to announce the great results and accomplishments for the fourth quarter and full year 2013. We were again selected by Forbes magazine as the #1 Best Bank in America. All of our Associates and Directors have worked very hard and this honor recognizes them for that," said David Zalman, Prosperity's Chairman and Chief Executive Officer.

"We completed the merger and operational integration of First Victoria National Bank, with assets in excess of \$2 billion and a footprint complimentary to Prosperity. We are very excited about the relationship and all of their team members have been great to work with. I know that all the associates with First Victoria will help take us to another level and share in our success going forward," continued Zalman.

"We look forward to our pending merger with F&M Bancorporation and its wholly owned subsidiary ("F&M Bank") headquartered in Tulsa, Oklahoma, which we hope to close at the end of the first quarter or very early in the second quarter of this year. The pending merger with F&M Bank, combined with our recent merger of Coppermark Bank in Oklahoma

City will increase our market share substantially in Oklahoma and increase our ability to compete more effectively from a size standpoint," added Zalman.

"We could not be more pleased with our earnings per share for 2013 increasing 13.0% to \$3.65 compared with 2012 diluted earnings per share of \$3.23. Including acquisitions, our loans increased \$2.595 billion or 50.1% and our deposits increased \$3.649 billion or 31.3% when compared with the fourth quarter of 2012. These are excellent results and this achievement could not be done without all the hard work of our Associates and Directors. I appreciate all that has been done by everyone to make us the Best Bank in America," 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 December 31, 2013

For the three months ended December 31, 2013, net income was \$62.971 million compared with \$48.266 million for the same period in 2012. Net income per diluted common share was \$0.98 for the three months ended December 31, 2013 compared with \$0.85 for the same period in 2012. Annualized returns on average assets, average common equity and average tangible common equity for the three months ended December 31, 2013 were 1.42%, 9.53% and 23.97%, respectively. Prosperity's efficiency ratio (excluding credit loss provisions, net gains and losses on the sale of assets and securities and taxes) was 40.21% for the three months ended December 31, 2013.

Net interest income before provision for credit losses for the quarter ended December 31, 2013, increased 34.3% to \$145.469 million compared with \$108.301 million during the same period in 2012. The increase was primarily due to a 23.2% increase in average interest-earning assets for the same period. Linked quarter net interest income before provision for credit losses increased 15.0% or \$18.936 million to \$145.469 million compared with \$126.533 million during the three months ended September 30, 2013. The net interest margin on a tax equivalent basis increased to 3.82% for the three months ended December 31, 2013, compared with 3.53% for the same period in 2012 and 3.59% for the three months ended September 30, 2013. Excluding purchase accounting adjustments, the net interest margin on a tax equivalent basis increased on a linked quarter basis from 3.19% for the quarter ended September 30, 2013 to 3.35% for the quarter ended December 31, 2013.

Noninterest income increased \$1.052 million or 4.4% to \$25.158 million for the three months ended December 31, 2013, compared with \$24.106 million for the same period in 2012. The increase was primarily due to the acquisitions of FVNB Corp. and First Victoria National Bank (collectively "FVNB") on November 1, 2013, Coppermark Bancshares, Inc. and Coppermark Bank (collectively "Coppermark") on April 1, 2013 and East Texas Financial Services on January 1, 2013, partially offset by 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 increased 16.7% or \$3.604 million.

Noninterest expense increased \$11.624 million or 20.4% to \$68.592 million for the three months ended December 31, 2013, compared with \$56.968 million for the same period in 2012. The increase was primarily due to additional noninterest expenses associated with the acquisitions of FVNB, Coppermark and East Texas Financial Services. On a linked quarter basis, noninterest expense increased 11.5% or \$7.055 million due mainly to the acquisition of FVNB and one-time pre-tax merger expenses of \$2.032 million primarily related to the FVNB acquisition.

Loans at December 31, 2013 were \$7.775 billion, an increase of \$2.595 billion or 50.1%, compared with \$5.180 billion at December 31, 2012. Linked quarter loans increased \$1.593 billion or 25.8% from \$6.183 billion at September 30, 2013.

Deposits at December 31, 2013 were \$15.291 billion, an increase of \$3.649 billion or 31.3% compared with \$11.642 billion at December 31, 2012. Linked quarter deposits increased \$2.835 billion or 22.8% from \$12.456 billion at September 30, 2013.

Average loans increased 40.8% or \$2.098 billion to \$7.238 billion for the quarter ended December 31, 2013, compared with \$5.140 billion for the same period in 2012. On a linked quarter basis, average loans increased 17.3% or \$1.065 billion from \$6.173 billion for the quarter ended September 30, 2013. Average deposits increased 26.0% to \$14.191 billion for the quarter ended December 31, 2013, compared with \$11.259 billion for the same period of 2012. On a linked quarter basis, average deposits increased 14.1% or \$1.758 billion from \$12.432 billion for the quarter ended September 30, 2013.

Results of operations for the twelve months ended December 31, 2013

For the twelve months ended December 31, 2013, net income was \$221.398 million compared with \$167.901 million for the same period in 2012. Net income per diluted common share was \$3.65 for the twelve months ended December 31, 2013 compared with \$3.23 for the same period in 2012. Returns on average assets, average common equity and average tangible common equity for the twelve months ended December 31, 2013 were 1.36%, 9.31%, and 22.52%, respectively. Prosperity's efficiency ratio (excluding credit loss provisions, net gains and losses on the sale of assets and securities and taxes) was 41.60% for the twelve months ended December 31, 2013.

Net interest income before provision for credit losses for the twelve months ended December 31, 2013 increased \$118.120 million or 31.0% to \$498.826 million compared with \$380.706 million during the same period in 2012. The increase was attributable primarily to a 29.6% increase in average earning assets over the same period.

Noninterest income increased \$19.892 million or 26.3% to \$95.427 million for the twelve months ended December 31, 2013 compared with \$75.535 million for the same period in 2012. The increase was primarily due to the full year effect of the acquisition of American State Bank ("ASB"), including their trust department and home loan center, in addition to the East Texas Financial Services, Coppermark and FVNB acquisitions completed in 2013.

Noninterest expense increased \$48.739 million or 24.6% to \$247.196 million for the twelve months ended December 31, 2013 compared with \$198.457 million for the same period in 2012. This increase in noninterest expense was the result of the completion of three acquisitions in 2013 and the full year effect of the ASB acquisition. Additionally, total noninterest expense for the twelve months ended December 31, 2013 included one-time pre-tax merger expenses of \$3.203 million.

Average loans increased 37.4% or \$1.689 billion to \$6.203 billion for the twelve months ended December 31, 2013, compared with \$4.514 billion for the same period in 2012. Average deposits increased 30.9% to \$12.764 billion for the twelve months ended December 31, 2013, compared with \$9.749 billion for the same period in 2012.

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

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

(in thousands)	ec 31, 2013 Unaudited)	 ep 30, 2013 Unaudited)	Jun 30, 2013 (Unaudited)		_	Unaudited)	ec 31, 2012 Unaudited)
Loans acquired (including new production since respective acquisition dates): Community National East Texas Financial Services Coppermark FVNB	\$ 59,992 99,281 616,333 1,588,238	\$ 62,673 104,403 688,656	\$	61,722 111,626 772,965	\$	61,966 117,863	\$ 63,940 - -
All other	5,411,377	5,326,857		5,226,170		5,083,195	5,116,000
Total loans	\$ 7,775,221	\$ 6,182,589	\$	6,172,483	\$	5,263,024	\$ 5,179,940
Deposits assumed (including new deposits since respective acquisition dates): Community National East Texas Financial Services	\$ 159,302 81,200	\$ 154,378 90,649	\$	156,210 88,289	\$	156,274 98.359	\$ 160,404 -
Coppermark	1,031,993	1,073,567		1,087,137		-	_
FVNB	2,239,415	-		-		_	-
All other	11,779,361	11,137,205		11,177,014		11,458,834	11,481,440
Total deposits	\$ 15,291,271	\$ 12,455,799	\$	12,508,650	\$	11,713,467	\$ 11,641,844

As reflected in the table above, loan and deposit growth was impacted by the acquisitions of Community National, East Texas Financial Services, Coppermark and FVNB. Excluding loans acquired in these acquisitions and new production at the acquired banking centers since the respective acquisition dates, loans at December 31, 2013 grew 5.8% compared with December 31, 2012 and 1.6% (6.3% 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 December 31, 2013 grew 2.6% compared with December 31, 2012 and increased 5.8% (23.1% annualized) on a linked quarter basis.

At December 31, 2013, Prosperity had \$18.642 billion in total assets, \$7.775 billion in loans and \$15.291 billion in deposits. Assets, loans and deposits at December 31, 2013 increased by 27.8%, 50.1% and 31.3%, respectively, compared with their respective levels at December 31, 2012.

Asset Quality

Nonperforming assets totaled \$22.504 million or 0.15% of quarterly average earning assets at December 31, 2013, compared with \$13.015 million or 0.10% of quarterly average earning assets at December 31, 2012, and \$12.687 million or 0.09% of quarterly average earning assets at September 30, 2013. The allowance for credit losses was 0.87% of total loans at December 31, 2013, 1.01% of total loans at December 31, 2012 and 0.97% of total loans at September 30, 2013. Excluding loans acquired that are accounted for under ASC Topics 310-20 and 310-30, the allowance for credit losses was 1.25% and 1.20% of remaining loans as of December 31, 2013 and September 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 \$7.865 million for the three months ended December 31, 2013 compared with \$4.025 million for the three months ended September 30, 2013 and \$3.550 million for the three months ended December 31, 2012. The provision for credit losses was \$17.240 million for the twelve months ended December 31, 2013 compared with \$6.100 million for the twelve months ended December 31, 2012.

Net charge offs were \$496 thousand for the three months ended December 31, 2013 compared with \$288 thousand for the three months ended September 30, 2013 and \$1.913 million for the three months ended December 31, 2012. Net charge offs

were \$2.522 million for the twelve months ended December 31, 2013 compared with \$5.130 million for the twelve months ended December 31, 2012.

Conference Call

Prosperity's management team will host a conference call on Friday, January 24, 2014 at 10:30 a.m. Eastern Time (9:30 a.m. Central Time) to discuss Prosperity's fourth 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.

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 (collectively, "F&M Bank") headquartered in Tulsa, Oklahoma. F&M Bank operates 13 banking offices; 10 in Tulsa, Oklahoma and surrounding areas (including 1 loan production office) and 3 in Dallas, Texas. As of December 31, 2013, FMBC on a consolidated basis, reported total assets of \$2.568 billion, total loans of \$1.761 billion and total deposits of \$2.332 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.

Acquisition of FVNB Corp.

On November 1, 2013, Prosperity completed the acquisition of FVNB Corp. and its wholly-owned subsidiary First Victoria National Bank (collectively, "FVNB") headquartered in Victoria, Texas. First Victoria National Bank operated 33 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 11 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.

Pursuant to the terms of the acquisition agreement, Prosperity issued 5,570,667 shares of Prosperity common stock plus \$91.250 million in cash for all outstanding shares of FVNB Corp. capital stock, which resulted in a premium of \$278.3 million.

Acquisition of Coppermark Bancshares, Inc.

On April 1, 2013, Prosperity completed the acquisition of Coppermark Bancshares, Inc. and its wholly-owned subsidiary, Coppermark Bank (collectively, "Coppermark") headquartered in Oklahoma City, Oklahoma. Coppermark operated 9 full-service banking offices; 6 in Oklahoma City, Oklahoma and surrounding areas and 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 acquisition of East Texas Financial Services, Inc. (OTC BB: FFBT) and its wholly-owned subsidiary, First Federal Bank Texas ("Firstbank"). Firstbank operated 4 banking offices in the Tyler MSA, including 3 locations in Tyler, Texas and 1 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 acquisition of Community National Bank, Bellaire, Texas. Community National operated 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.

Prosperity Bancshares, Inc.®

Prosperity Bancshares Inc. [®] is a \$18.642 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, Credit Cards, MasterMoney Debit Cards, 24 hour voice response banking, Trust and Wealth Management; and Mobile Banking. Prosperity currently operates 238 full-service banking locations; 63 in the Houston area, including The Woodlands and Huntsville; 26 in the South Texas area including Corpus Christi and Victoria; 35 in the Dallas/Fort Worth area; 22 in the East Texas area; 36 in the Central Texas area including Austin and San Antonio; 34 in the West Texas area including Lubbock, Midland-Odessa and Abilene; 16 in the Bryan/College Station area and 6 in the Central Oklahoma area.

Bryan/College Station Area -

Bryan
Bryan-29th Street
Bryan-East
Bryan-North
Caldwell
College Station
Crescent Point
Hearne
Huntsville

Madisonville

Navasota New Waverly Rock Prairie Southwest Parkway Tower Point Wellborn Road

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

Canyon Lake Cuero Dime Box **Dripping Springs** Elgin Flatonia Georgetown Gonzales Gruene Hallettsville Kingsland La Grange Lexington New Braunfels Pleasanton Round Rock San Antonio Schulenburg Seguin

Yorktown

Dallas/Fort Worth Area -

Dallas -Abrams Centre Balch Springs Camp Wisdom Cedar Hill

Smithville

Thorndale

Weimar

Yoakum

Kiest

Dallas – Central Expressway Frisco Frisco-West Independence McKinney

McKinney-Stonebridge

Midway Plano Preston Forest Preston Road Red Oak Sachse The Colony Turtle Creek Westmoreland

Fort Worth -Haltom City Keller Roanoke Stockyards

Other Dallas/Fort Worth

Cother Dalla
Locations Arlington
Azle
Ennis
Gainesville
Glen Rose
Granbury
Mesquite
Muenster
Sanger
Waxahachie
Weatherford

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

Winnsboro

Houston Area Houston Aldine

Tyler-University

Tyler-South Broadway

Aldine
Allen Parkway
Bellaire
Beltway
Clear Lake
Copperfield
Cypress
Downtown
Eastex
Fairfield
First Colony

Gessner

Gladebrook Heights Highway 6 West

Little York Medical Center Memorial Drive Northside Pasadena Pecan Grove River Oaks Sugar Land

Sugar Land SW Medical Center Tanglewood Uptown Waugh Drive Westheimer West University Woodcreek

Other Houston Area

Locations Angleton
Bay City
Beaumont
Cinco Ranch
Cleveland
East Bernard
El Campo
Dayton
Galveston
Groves
Hempstead
Hitchcock

Katy Katy-S. Mason Road Katy-Spring Green

Liberty
Magnolia
Magnolia Parkway
Mont Belvieu
Nederland
Needville
Rosenberg
Shadow Creek
Spring
Sweeny

The Woodlands-I-45

The Woodlands-Research Forest Tomball

Waller
West Columbia
Wharton
Winnie
Wirt

South Texas Area -Corpus Christi -

Airline
Calallen
Carmel
Northwest
Saratoga
Timbergate
Water Street

Other South Texas Locations -Alice Aransas Pass Beeville Colony Creek
Edna
Goliad
Kingsville
Mathis
Padre Island
Palacios
Port Lavaca
Portland
Rockport
Sinton
Taft
Victoria
Victoria

Victoria-Navarro Victoria-North Victoria-North #2

West Texas Area -

Abilene -Antilley Road Barrow Street Cypress Street Judge Ely Mockingbird

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

- -

In connection with the proposed merger of F&M Bancorporation Inc. into Prosperity Bancshares, Inc., 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 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)

Balance Sheet Data (at period end) Total loans \$7,775,221 \$6,182,589 \$6,172,483 \$5,263,024 \$5,179,940 Investment securities (A) 8,224,448 7,771,345 8,017,884 7,985,811 7,442,065 Federal funds sold 400 1,121 606 835 352 Allowance for credit losses (67,282) (59,913) (56,176) (55,049) (52,564) Cash and due from banks 380,990 269,987 250,542 180,577 325,952 Goodwill 1,674,209 1,351,782 1,350,834 1,235,743 1,217,162 Core deposit intangibles 37,912 25,233 26,688 26,514 26,159 Other real estate 7,299 7,432 10,244 9,913 7,234 Fixed assets, net 282,925 232,240 227,455 206,829 205,268 Other assets 325,906 272,463 270,158 227,117 232,005 Total assets \$18,642,028 \$16,054,279 \$16,270,718 \$15,081,314 \$14,583,573
Total loans \$ 7,775,221 \$ 6,182,589 \$ 6,172,483 \$ 5,263,024 \$ 5,179,940 Investment securities (A) 8,224,448 7,771,345 8,017,884 7,985,811 7,442,065 Federal funds sold 400 1,121 606 835 352 Allowance for credit losses (67,282) (59,913) (56,176) (55,049) (52,564) Cash and due from banks 380,990 269,987 250,542 180,577 325,952 Goodwill 1,674,209 1,351,782 1,350,834 1,235,743 1,217,162 Core deposit intangibles 37,912 25,233 26,688 26,514 26,159 Other real estate 7,299 7,432 10,244 9,913 7,234 Fixed assets, net 282,925 232,240 227,455 206,829 205,268 Other assets 325,906 272,463 270,158 227,117 232,005 Total assets \$ 18,642,028 \$ 16,054,279 \$ 16,270,718 \$ 15,081,314 \$ 14,583,573
Investment securities (A) 8,224,448 7,771,345 8,017,884 7,985,811 7,442,065 Federal funds sold 400 1,121 606 835 352 Allowance for credit losses (67,282) (59,913) (56,176) (55,049) (52,564) Cash and due from banks 380,990 269,987 250,542 180,577 325,952 Goodwill 1,674,209 1,351,782 1,350,834 1,235,743 1,217,162 Core deposit intangibles 37,912 25,233 26,688 26,514 26,159 Other real estate 7,299 7,432 10,244 9,913 7,234 Fixed assets, net 282,925 232,240 227,455 206,829 205,268 Other assets 325,906 272,463 270,158 227,117 232,005 Total assets \$18,642,028 \$16,054,279 \$16,270,718 \$15,081,314 \$14,583,573
Federal funds sold 400 1,121 606 835 352 Allowance for credit losses (67,282) (59,913) (56,176) (55,049) (52,564) Cash and due from banks 380,990 269,987 250,542 180,577 325,952 Goodwill 1,674,209 1,351,782 1,350,834 1,235,743 1,217,162 Core deposit intangibles 37,912 25,233 26,688 26,514 26,159 Other real estate 7,299 7,432 10,244 9,913 7,234 Fixed assets, net 282,925 232,240 227,455 206,829 205,268 Other assets 325,906 272,463 270,158 227,117 232,005 Total assets \$ 18,642,028 \$ 16,054,279 \$ 16,270,718 \$ 15,081,314 \$ 14,583,573
Allowance for credit losses(67,282)(59,913)(56,176)(55,049)(52,564)Cash and due from banks380,990269,987250,542180,577325,952Goodwill1,674,2091,351,7821,350,8341,235,7431,217,162Core deposit intangibles37,91225,23326,68826,51426,159Other real estate7,2997,43210,2449,9137,234Fixed assets, net282,925232,240227,455206,829205,268Other assets325,906272,463270,158227,117232,005Total assets\$ 18,642,028\$ 16,054,279\$ 16,270,718\$ 15,081,314\$ 14,583,573
Cash and due from banks 380,990 269,987 250,542 180,577 325,952 Goodwill 1,674,209 1,351,782 1,350,834 1,235,743 1,217,162 Core deposit intangibles 37,912 25,233 26,688 26,514 26,159 Other real estate 7,299 7,432 10,244 9,913 7,234 Fixed assets, net 282,925 232,240 227,455 206,829 205,268 Other assets 325,906 272,463 270,158 227,117 232,005 Total assets \$ 18,642,028 \$ 16,054,279 \$ 16,270,718 \$ 15,081,314 \$ 14,583,573
Goodwill 1,674,209 1,351,782 1,350,834 1,235,743 1,217,162 Core deposit intangibles 37,912 25,233 26,688 26,514 26,159 Other real estate 7,299 7,432 10,244 9,913 7,234 Fixed assets, net 282,925 232,240 227,455 206,829 205,268 Other assets 325,906 272,463 270,158 227,117 232,005 Total assets \$ 18,642,028 \$ 16,054,279 \$ 16,270,718 \$ 15,081,314 \$ 14,583,573
Core deposit intangibles 37,912 25,233 26,688 26,514 26,159 Other real estate 7,299 7,432 10,244 9,913 7,234 Fixed assets, net 282,925 232,240 227,455 206,829 205,268 Other assets 325,906 272,463 270,158 227,117 232,005 Total assets \$ 18,642,028 \$ 16,054,279 \$ 16,270,718 \$ 15,081,314 \$ 14,583,573
Other real estate 7,299 7,432 10,244 9,913 7,234 Fixed assets, net 282,925 232,240 227,455 206,829 205,268 Other assets 325,906 272,463 270,158 227,117 232,005 Total assets \$ 18,642,028 \$ 16,054,279 \$ 16,270,718 \$ 15,081,314 \$ 14,583,573
Fixed assets, net 282,925 232,240 227,455 206,829 205,268 Other assets 325,906 272,463 270,158 227,117 232,005 Total assets \$ 18,642,028 \$ 16,054,279 \$ 16,270,718 \$ 15,081,314 \$ 14,583,573
Other assets 325,906 272,463 270,158 227,117 232,005 Total assets \$ 18,642,028 \$ 16,054,279 \$ 16,270,718 \$ 15,081,314 \$ 14,583,573
Total assets \$ 18,642,028 \$ 16,054,279 \$ 16,270,718 \$ 15,081,314 \$ 14,583,573
Demand denosits \$ 4.108.835 \$ 3.368.357 \$ 3.283.082 \$ 2.005.828 \$ 3.016.205
Demand denosits \$ 4.108.835 \$ 3.368.357 \$ 3.283.082 \$ 2.005.828 \$ 3.016.205
Defination deposits \$4,100,033 \$3,000,337 \$3,203,002 \$2,993,020 \$3,010,203
Interest-bearing deposits 11,182,436 9,087,442 9,225,568 8,717,639 8,625,639
Total deposits 15,291,271 12,455,799 12,508,650 11,713,467 11,641,844
Securities sold under
repurchase agreements 364,357 431,969 481,170 470,241 454,502
Federal funds purchased and
other borrowings 10,689 605,951 781,215 576,768 256,753
Junior subordinated debentures 124,231 85,055 85,055 85,055
Other liabilities 64,662 86,393 69,346 86,328 56,030
Total liabilities 15,855,210 13,665,167 13,925,436 12,931,859 12,494,184
Shareholders' equity ^(B) 2,786,818 2,389,112 2,345,282 2,149,455 2,089,389
Total liabilities and equity \$ 18,642,028 \$ 16,054,279 \$ 16,270,718 \$ 15,081,314 \$ 14,583,573

⁽A) Includes \$7,512, \$8,588, \$9,724, \$12,054 and \$13,824, in unrealized gains on available for sale securities for the quarterly periods ending December 31, 2013, September 30, 2013, June 30, 2013, March 31, 2013 and December 31, 2012, respectively.

⁽B) Includes \$4,883, \$5,582, \$6,321, \$7,835 and \$8,986, in after-tax unrealized gains on available for sale securities for the quarterly periods ending December 31, 2013, September 30, 2013, June 30, 2013, March 31, 2013 and December 31, 2012, respectively.

(In thousands)

		T		Year Ended			
	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012
Income Statement Data							
Interest income:							
Loans	\$ 110,575	\$ 94,236	\$ 89,842	\$ 81,464	\$ 82,727	\$ 376,117	\$ 271,324
Securities ^(C)	45,100	41,961	39,384	36,548	34,956	162,993	148,374
Federal funds sold and other earning assets	76	16	76	19	36	187	144
Total interest income	155,751	136,213	129,302	118,031	117,719	539,297	419,842
Interest expense:							
Deposits	9,048	8,314	9,170	8,690	8,217	35,222	34,486
Junior subordinated debentures	730	610	606	605	631	2,551	2,593
Securities sold under repurchase agreements	280	317	312	292	294	1,201	705
Other borrowings	224	439	472	362	276	1,497	1,352
Total interest expense	10,282	9,680	10,560	9,949	9,418	40,471	39,136
Net interest income	145,469	126,533	118,742	108,082	108,301	498,826	380,706
Provision for credit losses	7,865	4,025	2,550	2,800	3,550	17,240	6,100
Net interest income after provision for credit losses	137,604	122,508	116,192	105,282	104,751	481,586	374,606
Noninterest income:							
Nonsufficient funds (NSF) fees	9,669	8,649	8,346	8,509	9,292	35,173	29,113
Credit card, debit card and ATM card income	4,662	4,307	7,007	6,487	6,683	22,463	21,057
Service charges on deposit accounts	3,460	3,169	3,304	2,931	2,877	12,864	11,112
Trust income	1,542	901	896	1,017	915	4,356	1,746
Mortgage income	549	931	1,567	991	1,120	4,038	2,681
Brokerage income	719	233	263	303	154	1,518	648
Bank owned life insurance income	1,011	916	932	776	1,242	3,635	2,673
Net gain (loss) on sale of assets	40	126	(180)	1	(244)	(13)	(231)
Net gain (loss) on sale of other real estate	196	(864)	237	(105)	(113)	(536)	(457)
Other noninterest income	3,310	3,186	2,902	2,531	2,180	11,929	7,193
Total noninterest income	25,158	21,554	25,274	23,441	24,106	95,427	75,535
Noninterest expense:							
Salaries and benefits	40,633	37,135	37,517	33,209	31,980	148,494	115,505
Core deposit intangibles amortization	1,594	1,455	1,341	1,755	1,932	6,145	7,229
Net occupancy and equipment	4,893	5,094	4,669	4,278	4,812	18,934	16,475
Depreciation	3,072	2,679	2,464	2,378	2,491	10,593	8,923
Debit card, data processing and software amortization	3,333	2,756	3,249	2,570	3,106	11,908	9,445
Regulatory assessments and FDIC insurance	2,771	2,516	2,579	2,395	2,365	10,261	7,679
Communications (includes telephone, courier and postage)	2,468	2,397	2,410	2,196	2,381	9,471	8,158
Other real estate expense	176	75 7 120	237	223	465	711	1,810
Other noninterest expense	9,652	7,430	6,834	6,763	7,436	30,679	23,233
Total noninterest expense	68,592	61,537	61,300	55,767	56,968	247,196	198,457
Net income before taxes	94,170	82,525	80,166	72,956	71,889	329,817	251,684
Federal income taxes	31,199	27,247	26,322	23,651	23,623	108,419	83,783
Net income available to common shareholders	\$ 62,971	\$ 55,278	\$ 53,844	\$ 49,305	\$ 48,266	\$ 221,398	\$ 167,901

⁽C) Interest income on securities was reduced by net premium amortization of \$12,017, \$15,136, \$18,838, \$22,710 and \$23,992 for the three month periods ended December 31, 2013, September 30, 2013, June 30, 2013, March 31, 2013 and December 31, 2012, respectively, and \$66,889 for the years ended December 31, 2013 and 2012, respectively.

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

	Three Months Ended							Year Ended						
	Dec	31, 2013	Sep	30, 2013	Jun	30, 2013	Mai	r 31, 2013	Dec	31, 2012	De	c 31, 2013	Dec 31, 2012	
Profitability Net income	\$	62,971	\$	55,278	\$	53,844	\$	49,305	\$	48,266	\$	221,398	\$	167,901
Basic earnings per share	\$	0.98	\$	0.92	\$	0.89	\$	0.87	\$	0.86	\$	3.66	\$	3.24
Diluted earnings per share	\$	0.98	\$	0.91	\$	0.89	\$	0.86	\$	0.85	\$	3.65	\$	3.23
Return on average assets (D)		1.42%		1.37%		1.33%		1.33%		1.36%		1.36%		1.35%
Return on average common equity (D)		9.53%		9.31%		9.27%		9.23%		9.28%		9.31%		9.10%
Return on average tangible common equity (D) (E)		23.97%		22.14%		22.32%		22.30%		22.92%		22.52%		21.93%
Tax equivalent net interest margin (F)		3.82%		3.59%		3.43%		3.42%		3.53%		3.58%		3.53%
Efficiency ratio (G)		40.21%		41.59%		42.51%		42.40%		42.95%		41.60%		43.48%
Liquidity and Capital Ratios														
Equity to assets		14.95%		14.88%		14.41%		14.25%		14.33%		14.95%		14.33%
Tier 1 risk-based capital		13.29%		14.74%		14.15%		14.77%		14.40%		13.29%		14.40%
Total risk-based capital		14.03%		15.55%		14.91%		15.61%		15.22%		14.03%		15.22%
Tier 1 leverage capital		7.44%		7.37%		7.07%		7.10%		7.10%		7.44%		7.10%
Tangible equity to tangible assets (E)		6.35%		6.90%		6.50%		6.42%		6.34%		6.35%		6.34%
Other Data														
Shares used in computed earnings per share														
Basic		64,024		60,344		60,250		56,988		56,427		60,421		51,794
Diluted		64,173		60,504		60,394		57,134		56,554		60,578		51,941
Period end shares outstanding		66,048		60,383		60,315		57,014		56,447		66,048		56,447
Cash dividends paid per common share	\$	0.240	\$	0.215	\$	0.215	\$	0.215	\$	0.215	\$	0.885	\$	0.800
Book value per share	\$	42.19	\$	39.57	\$	38.88	\$	37.70	\$	37.02	\$	42.19	\$	37.02
Tangible book value per share ^(E)	\$	16.27	\$	16.76	\$	16.05	\$	15.56	\$	14.99	\$	16.27	\$	14.99
Common Stock Market Price														
High	\$	65.07	\$	61.99	\$	52.38	\$	47.56	\$	43.54	\$	65.07	\$	47.66
Low		61.53		51.85		44.33		42.38		38.56		42.38		38.56
Period end market price		63.39		61.84		51.79		47.39		42.00		63.39		42.00
Net charge-offs	\$	496	\$	288	\$	1,423	\$	315	\$	1,913	\$	2,522	\$	5,130
Employees – FTE		2,995		2,454		2,496		2,304		2,266		2,995		2,266
Number of banking centers		238		218		219		224		217		238		217

 $⁽D)\ Interim\ periods\ annualized.$

⁽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	Three Months Ended										
	D	ec 31, 2013			Sep 30, 2013		D	ec 31, 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	\$ 7,238,438 7,992,673 103,413 15,334,524 (60,170) 2,502,276 \$ 17,776,630	\$ 110,575 45,100 76 \$ 155,751	6.06% 2.24% (1 0.29% 4.03%	\$ 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% (H) 0.22% 3.80%	\$ 5,140,163 7,228,418 75,135 12,443,716 (50,775) 1,844,756 \$ 14,237,697	\$ 82,727 34,956 36 \$ 117,719	6.40% 1.92% (H) 0.19% 3.76%		
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	\$ 2,963,899 4,654,044 2,712,699 398,100 210,492 111,172	\$ 1,899 3,049 4,100 280 224 730	0.25% 0.26% 0.60% 0.28% 0.42% 2.61%	\$ 2,400,555 4,233,911 2,489,848 455,276 772,083 85,055	\$ 1,708 2,911 3,695 317 439 610	0.28% 0.27% 0.59% 0.28% 0.23% 2.85%	\$ 2,328,969 3,600,109 2,366,155 459,998 272,239 85,055	\$ 1,803 2,580 3,834 294 276 631	0.31% 0.29% 0.64% 0.25% 0.40% 2.95%		
Total interest-bearing liabilities Noninterest-bearing liabilities: Noninterest-bearing demand deposits Other liabilities Total liabilities Shareholders' equity Total liabilities and shareholders' equity	3,860,296 223,394 15,134,096 2,642,534 \$ 17,776,630	10,282	0.37% a	3,308,158 73,571 13,818,457 2,375,812 \$ 16,194,269	9,680	0.37% (1)	9,112,525 2,963,998 80,085 12,156,608 2,081,089 \$14,237,697	9,418	0.41% (1)		
Net interest income and margin Non-GAAP to GAAP reconciliation: Tax equivalent adjustment		\$ 145,469 2,152	3.76%		\$ 126,533	3.53%		\$108,301	3.46%		
Net interest income and margin (tax equivalent basis)		\$ 147,621	3.82%		\$ 128,561	3.59%		\$ 110,400	3.53%		

⁽H) Yield on securities was impacted by net premium amortization of \$12,017, \$15,136 and \$23,992 for the three month periods ended December 31, 2013, September 30, 2013 and December 31, 2012, respectively.

⁽I) Total cost of funds, including noninterest bearing deposits, was 0.27%, 0.28% and 0.31% for the three months ended December 31, 2013, September 30, 2013 and December 31, 2012, respectively.

YIELD ANALYSIS	Year Ended									
		2013				201	2		•	
	Average Balance	Interest Earned/ Interest Paid	Average Yield/ Rate		Average Balance	Ear	terest rned/ est 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	\$ 6,202,897 7,932,782 50,318 14,185,997 (57,001) 2,126,918	\$ 376,117 162,993 <u>187</u> \$ 539,297	6.06% 2.05% (J) 0.37% 3.80%		\$ 4,514,171 6,364,917 68,900 10,947,988 (51,770) 1,536,448		271,324 148,374 144 419,842	6.01% 2.33% 0.21% 3.83%	(J)	
Total assets	\$ 16,255,914				\$ 12,432,666					
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	\$ 2,651,320 4,237,323 2,530,065 443,231 470,854 91,584 10,424,377	\$ 7,917 11,961 15,344 1,201 1,497 2,551 40,471	0.30% 0.28% 0.61% 0.27% 0.32% 2.79% 0.39% (K	_	\$ 1,979,345 3,174,256 2,152,382 263,689 416,925 85,055 8,071,652	\$	8,228 10,600 15,658 705 1,352 2,593 39,136	0.42% 0.33% 0.73% 0.27% 0.32% 3.05% 0.48%	(K)	
Noninterest-bearing liabilities: Noninterest-bearing demand deposits Other liabilities Total liabilities Shareholders' equity Total liabilities and shareholders' equity	3,345,594 107,709 13,877,680 2,378,234 \$ 16,255,914			_ _ _ _	2,442,860 73,820 10,588,332 1,844,334 \$ 12,432,666					
Net interest income and margin		\$ 498,826	3.52%			\$	380,706	3.48%		
Non-GAAP to GAAP reconciliation: Tax equivalent adjustment		8,368					5,965			
Net interest income and margin (tax equivalent basis)		\$ 507,194	3.58%			\$	386,671	3.53%		

⁽J) Yield on securities was impacted by net premium amortization of \$68,701 and \$66,889 for the years ended December 31, 2013 and 2012, respectively.

⁽K) Total cost of funds, including noninterest bearing deposits, was 0.29% and 0.37% for the years ended December 31, 2013 and 2012, respectively.

					Th	ree N	Ionths Ende	d					Year	Ende	i
		De	ec 31, 2013	Se	p 30, 2013	Ju	n 30, 2013	Ma	ar 31, 2013	Dec	c 31, 2012	Dec	c 31, 2013	De	c 31, 2012
(I)															
Adjustment to Loan Yield (L)															
Interest on loans, as reported		\$	110,575	\$	94,236	\$	89,842	\$	81,464	\$	82,727	\$	376,117	\$	271,324
Less: Purchase accounting adjusti	nent-		(10.070)		(16.401)		(10.021)		(1.4.202)		(14.500)		(60.700)		(0.6.412)
loan discount accretion		•	(19,979)	Ф.	(16,421)	ф.	(12,031)	Φ.	(14,292)	Φ.	(14,523)	ф.	(62,723)	Φ.	(26,413)
Interest on loans without discount a	ccretion	3	90,596 7,238,438	\$	77,815 6,173,394	\$	77,811 6,114,598	\$	67,172 5,263,784	\$	68,204 5,140,163	\$	313,394 6,202,897	<u>\$</u> \$	244,911 4,514,171
Average loans	o.n	Þ	7,238,438 4.97%	\$	5.00%	Э	5.10%	Þ	5,263,784	3.		Э	5.05%	Þ	
Loan yield without discount accreti-	OII		4.97% 6.06%		5.00% 6.06%						5.28%		5.05% 6.06%		5.43%
Loan yield, as reported			0.00%		0.00%		5.89%		6.28%		6.40%		0.00%		6.01%
					Th	ree N	Ionths Ende	d					Year	Ende	i
		De	ec 31, 2013	Se	p 30, 2013	Ju	n 30, 2013	Ma	ar 31, 2013	Dec	e 31, 2012	Dec	c 31, 2013	De	c 31, 2012
			_				_		_		_				_
Adjustment to Securities Yield (L)															
Interest on securities, as reported		\$	45,100	\$	41,961	\$	39,384	\$	36,548	\$	34,956	\$	162,993	\$	148,374
Add: Purchase accounting adjustr	ment-														
securities amortization			1,892		2,275		2,599		3,106		3,540		9,872		6,991
Interest on securities including amo	rtization	\$	46,992	\$	44,236	\$	41,983	\$	39,654	\$	38,496	\$	172,865	\$	155,365
Average securities		\$	7,992,673	\$	8,015,221	\$	7,964,157	\$	7,755,567	\$ 7	7,228,418	\$	7,932,782	\$	6,364,917
Securities yield without purchase ac	ecounting adjustment		2.33%		2.19%		2.11%		2.07%		2.12%		2.18%		2.44%
Securities yield, as reported			2.24%		2.08%		1.98%		1.91%		1.92%		2.05%		2.33%
Net Interest Margin (tax equivale purchase accounting adjustmen	_		3.35%		3.19%		3.09%		3.08%		3.18%		3.20%		3.35%
Net Interest Margin (tax equivale	nt basis), as reported		3.82%		3.59%		3.43%		3.42%		3.53%		3.58%		3.53%
Net income available to common	shareholders,														
as reported		\$	62,971	\$	55,278	\$	53,844	\$	49,305	\$	48,266	\$	221,398	\$	167,901
Less: Purchase accounting adjus			(12,095)		(9,476)		(6,335)		(7,560)		(7,374)		(35,476)		(12,957)
Net income available to common	shareholders, adjusted	\$	50,876	\$	45,802	\$	47,509	\$	41,745	\$	40,892	\$	185,922	\$	154,944
	Acquired Loa	ns Accoun	ted for		Aco	uired	Loans Accou	inted	for		Tot	tal Lo	ans Account	ed for	
	-	SC 310-2			•	•	der ASC 310-				Unde	er ASC	C 310-20 and	310-3	30
	Balance at				Balance at					В	alance at				
	Acquisition Bal	ance at	Balance a	at	Acquisition	1	Balance at	I	Balance at		cquisition		Balance at]	Balance at
		30, 2013	Dec 31, 20	13	Date		Sep 30, 2013	D	ec 31, 2013		Date	1	Sep 30, 2013	D	ec 31, 2013
Loan marks:												_			
Previouly acquired banks (N)	\$ 81,328 \$	32,842	\$ 28,0	140	\$ 28,76	4	\$ 21,977	\$	20,741	\$	110,092		\$ 54,819	\$	48,781
2013 acquisitions ^(O)								Ψ		Ψ					
=	78,299	19,101	59,7		34,78		19,122	ф.	24,756	_	113,082	. <u>-</u>	38,223		84,514
Total	\$ 159,627 \$	51,943	\$ 87,7	98	\$ 63,54	-/	\$ 41,099	\$	45,497	\$	223,174	=	\$ 93,042	\$	133,295
Acquired portfolio loan balances:															
Previouly acquired banks (N)	\$ 1,298,380 \$	602,128	\$ 522,6	520	\$ 57,97	9	\$ 39,715	\$	37,724	\$	1,356,359		\$ 641,843	\$	560,344
2013 acquisitions ^(O)	2,541,268	595,119	1,936,3		77,30		37,639	·	49,256		2,618,568		632,758		1,985,611
Total										•		(D) (\$ 1,274,601		
1 VIAI	\$ 3,839,648 \$ 1	,197,247	\$ 2,458,9	11)	\$ 135,27	7	\$ 77,354	\$	86,980	À	3,974,927	(r) 3	p 1,4/4,001	<u> </u>	2,545,955

⁽L) Non-GAAP financial measure.

⁽M) Using effective tax rate of 33.1%, 33.0%, 32.8%, 32.4% and 32.9% for the three month periods ended December 31, 2013, September 30, 2013,

June 30, 2013, March 31, 2013 and December 31, 2012, respectively, and 32.9% and 33.3% for the years ended December 31, 2013 and 2012, respectively.

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

⁽O) Includes East Texas Financial Services, Coppermark and FVNB. FVNB added \$1.634 billion in loans with related loan marks of \$60.228 million at acquisition date.

⁽P) Actual principal balances acquired.

Three Months Ended Dec 31, Sep 30, Jun 30, Mar 31, Dec 31, 2013 2013 2013 2013 2012 YIELD TREND Interest-Earning Assets: Loans 6.06% 6.06% 5.89% 6.28% 6.40% Investment securities (Q) 2.24% 2.08% 1.98% 1.91% 1.92% Federal funds sold and other earning assets 0.29% 0.22% 0.87% 0.22% 0.19% Total interest-earning assets 4.03% 3.80% 3.67% 3.67% 3.76% Interest-Bearing Liabilities: Interest-bearing demand deposits 0.25% 0.28% 0.33% 0.34% 0.31% Savings and money market deposits 0.29% 0.26% 0.27% 0.30% 0.30% Certificates and other time deposits 0.60% 0.59% 0.61%0.62% 0.64%Securities sold under repurchase agreements 0.28% 0.28% 0.27%0.26% 0.25% Federal funds purchased and other borrowings 0.42% 0.23% 0.35% 0.41% 0.40% Junior subordinated debentures 2.88% 2.95% 2.61% 2.85% 2.86% Total interest-bearing liabilities 0.37% 0.37% 0.40% 0.42% 0.41% Net Interest Margin 3.76% 3.53% 3.37% 3.36% 3.46% Net Interest Margin (tax equivalent) 3.82% 3.59% 3.53% 3.43% 3.42%

⁽Q) Yield on securities was impacted by net premium amortization of \$12,017, \$15,136, \$18,838, \$22,710 and \$23,992 for the three month periods ended December 31, 2013, September 30, 2013, June 30, 2013, March 31, 2013 and December 31, 2012, respectively.

(In thousands)

Three Months Ended

Balance Sheet Averages Total loans \$ 7,238,438 \$ 6,173,394 \$ 6,114,598 \$ 5,263,784 \$ 5,140,163 Investment securities 7,992,673 8,015,221 7,964,157 7,755,567 7,228,418 Federal funds sold and other earning assets 103,413 27,451 35,113 34,793 75,135 Total interest-earning assets 15,334,524 14,216,066 14,113,868 13,054,144 12,443,716 Allowance for credit losses (60,170) (56,765) (57,754) (53,242) (50,775) Cash and due from banks 232,666 189,082 279,271 200,990 198,797 Goodwill 1,560,905 1,351,236 1,331,568 1,226,332 1,211,596 Core deposit intangibles 30,641 25,938 25,893 25,244 27,108 Other real estate 7,254 9,494 19,605 11,789 9,571 Fixed assets, net 251,688 231,480 223,769 207,517 206,869 Other assets 14,91,22 227,738 234,710		D	ec 31, 2013	S	ep 30, 2013	Ju	ne 30, 2013	M	lar 31, 2013	Dec 31, 2012	
Investment securities 7,992,673 8,015,221 7,964,157 7,755,567 7,228,418 Federal funds sold and other earning assets 103,413 27,451 35,113 34,793 75,135 Total interest-earning assets 15,334,524 14,216,066 14,113,868 13,054,144 12,443,716 Allowance for credit losses (60,170) (56,765) (57,754) (53,242) (50,775) Cash and due from banks 232,666 189,082 279,271 206,990 198,797 Goodwill 1,560,905 1,351,236 1,331,568 1,226,332 1,211,596 Core deposit intangibles 30,641 25,938 25,893 25,244 27,108 Core deposit intangibles 7,254 9,494 19,605 11,789 9,571 Fixed assets, net 251,688 231,480 223,769 207,517 206,869 Other assets 419,122 227,738 234,710 171,589 190,815 Total assets 5,17,776,630 16,194,269 16,170,930 14,850,363 14,237,697 Savings and money market deposits 3,860,296 3,308,158 3,295,211 2,939,621 2,963,998 Interest-bearing demand deposits 2,963,899 2,400,555 2,580,750 2,659,489 2,328,969 Savings and money market deposits 4,654,044 4,233,911 4,261,466 3,790,416 3,600,109 Certificates and other time deposits 14,190,938 12,432,472 12,681,322 11,760,025 11,259,231 Total deposits 14,190,938 12,432,472 12,681,322 11,760,025 11,259,231 Total deposits 39,8100 455,276 471,430 448,542 459,998 Federal funds purchased and other time deposits 39,8100 455,276 471,430 448,542 459,998 Federal funds purchased and other borrowings 210,492 772,083 541,034 358,120 272,239 Junior subordinated debentures 111,172 85,055 85,055 85,055 Shareholders' equity 2,642,534 2,335,812 2,335,905 2,081,085 Shareholders' equity 2,642,534 2,335,812 2,335,905 2,081,085 Shareholders' equity 2,642,534 2,375,812 2,322,348 2,135,905 2,081,085 Correction 2,23,2394 2,335,812 2,325,348 2,135,905 2,081,085 Correction 2,23,2394 2,2	Balance Sheet Averages										
Federal funds sold and other earning assets 103,413 27,451 35,113 34,793 75,135 Total interest-earning assets 15,334,524 14,216,066 14,113,868 13,054,144 12,443,716 Allowance for credit losses (60,170) (56,765) (57,754) (53,242) (50,775) Cash and due from banks 232,666 189,082 279,271 206,990 198,797 Goodwill 1,560,905 1,351,236 1,331,568 1,226,332 1,211,596 Core deposit intangibles 30,641 25,938 25,893 25,244 27,108 Other real estate 7,254 9,494 19,605 11,789 9,571 Fixed assets, net 251,688 231,480 223,769 207,517 206,869 Other assets 419,122 227,738 234,710 171,589 190,815 Total assets 17,776,630 \$ 16,194,269 \$ 16,170,930 \$ 14,850,363 \$ 14,237,697 Savings and money market deposits 2,963,899 2,400,555 2,580,750 2,659,489	Total loans	\$	7,238,438	\$	6,173,394	\$	6,114,598	\$	5,263,784	\$	5,140,163
other earning assets 103,413 27,451 35,113 34,793 75,135 Total interest-earning assets 15,334,524 14,216,066 14,113,868 13,054,144 12,443,716 Allowance for credit losses (60,170) (56,765) (57,754) (53,242) (50,775) Cash and due from banks 232,666 189,082 279,271 206,990 198,797 Goodwill 1,560,905 1,351,236 1,331,568 1,226,332 1,211,596 Core deposit intangibles 30,641 25,938 25,893 25,244 27,108 Other real estate 7,254 9,494 19,605 11,789 9,571 Fixed assets, net 251,688 231,480 223,769 207,517 206,869 Other assets 419,122 227,738 234,710 171,589 190,815 Total assets 3,860,296 3,308,158 3,295,211 2,939,621 2,963,998 Interest-bearing demand deposits 2,963,899 2,400,555 2,580,750 2,659,489 2,322,969	Investment securities		7,992,673		8,015,221		7,964,157		7,755,567		7,228,418
Total interest-earning assets 15,334,524 14,216,066 14,113,868 13,054,144 12,443,716 Allowance for credit losses (60,170) (56,765) (57,754) (53,242) (50,775) Cash and due from banks 232,666 189,082 279,271 206,990 198,797 Goodwill 1,560,905 1,351,236 1,331,568 1,226,332 1,211,596 Core deposit intangibles 30,641 25,938 25,893 25,244 27,108 Other real estate 7,254 9,494 19,605 11,789 9,571 Fixed assets, net 251,688 231,480 223,769 207,517 206,869 Other assets 419,122 227,738 234,710 171,589 190,815 Total assets 3,860,296 \$3,308,158 \$3,295,211 \$2,939,621 \$2,963,998 Interest-bearing demand deposits 2,963,899 2,400,555 2,580,750 2,659,489 2,328,969 Savings and money market deposits 2,654,044 4,233,911 4,261,466 3,790,416 3,	Federal funds sold and										
Allowance for credit losses (60,170) (56,765) (57,754) (53,242) (50,775) Cash and due from banks 232,666 189,082 279,271 206,990 198,797 Goodwill 1,560,905 1,351,236 1,331,568 1,226,332 1,211,596 Core deposit intangibles 30,641 25,938 25,893 25,244 27,108 Other real estate 7,254 9,494 19,605 11,789 9,571 Fixed assets, net 251,688 231,480 223,769 207,517 206,869 Other assets 419,122 227,738 234,710 171,589 190,815 Total assets \$ 17,776,630 \$ 16,194,269 \$ 16,170,930 \$ 14,850,363 \$ 14,237,697 Noninterest-bearing deposits \$ 3,860,296 \$ 3,308,158 \$ 3,295,211 \$ 2,939,621 \$ 2,963,899 Interest-bearing demand deposits 2,963,899 2,400,555 2,580,750 2,659,489 2,328,969 Savings and money market deposits 2,712,699 2,489,848 2,543,895 2,370,499	other earning assets		103,413		27,451		35,113				75,135
Cash and due from banks 232,666 189,082 279,271 206,990 198,797 Goodwill 1,560,905 1,351,236 1,331,568 1,226,332 1,211,596 Core deposit intangibles 30,641 25,938 25,893 25,244 27,108 Other real estate 7,254 9,494 19,605 11,789 9,571 Fixed assets, net 251,688 231,480 223,769 207,517 206,869 Other assets 419,122 227,738 234,710 171,589 190,815 Total assets \$ 17,776,630 \$ 16,194,269 \$ 16,170,930 \$ 14,850,363 \$ 14,237,697 Noninterest-bearing deposits \$ 3,860,296 \$ 3,308,158 \$ 3,295,211 \$ 2,939,621 \$ 2,963,998 Interest-bearing demand deposits 2,963,899 2,400,555 2,580,750 2,659,489 2,328,969 Savings and money market deposits 2,712,699 2,489,848 2,543,895 2,370,499 2,366,155 Total deposits 14,190,938 12,432,472 12,681,322 11,760,025	Total interest-earning assets		15,334,524		14,216,066		14,113,868		13,054,144		12,443,716
Goodwill 1,560,905 1,351,236 1,331,568 1,226,332 1,211,596 Core deposit intangibles 30,641 25,938 25,893 25,244 27,108 Other real estate 7,254 9,494 19,605 11,789 9,571 Fixed assets, net 251,688 231,480 223,769 207,517 206,869 Other assets 419,122 227,738 234,710 171,589 190,815 Total assets \$ 17,776,630 \$ 16,194,269 \$ 16,170,930 \$ 14,850,363 \$ 14,237,697 Noninterest-bearing deposits \$ 3,860,296 \$ 3,308,158 \$ 3,295,211 \$ 2,939,621 \$ 2,963,998 Interest-bearing demand deposits 2,963,899 2,400,555 2,580,750 2,659,489 2,328,969 Savings and money market deposits 4,654,044 4,233,911 4,261,466 3,790,416 3,600,109 Certificates and other time deposits 2,712,699 2,489,848 2,543,895 2,370,499 2,366,155 Total deposits 398,100 455,276 471,430 448,5	Allowance for credit losses		(60,170)		(56,765)		(57,754)		(53,242)		(50,775)
Core deposit intangibles 30,641 25,938 25,893 25,244 27,108 Other real estate 7,254 9,494 19,605 11,789 9,571 Fixed assets, net 251,688 231,480 223,769 207,517 206,869 Other assets 419,122 227,738 234,710 171,589 190,815 Total assets \$ 17,776,630 \$ 16,194,269 \$ 16,170,930 \$ 14,850,363 \$ 14,237,697 Noninterest-bearing deposits \$ 3,860,296 \$ 3,308,158 \$ 3,295,211 \$ 2,939,621 \$ 2,963,998 Interest-bearing demand deposits 2,963,899 2,400,555 2,580,750 2,659,489 2,328,969 Savings and money market deposits 4,654,044 4,233,911 4,261,466 3,790,416 3,600,109 Certificates and other time deposits 2,712,699 2,489,848 2,543,895 2,370,499 2,366,155 Total deposits 398,100 455,276 471,430 448,542 459,998 Federal funds purchased and other time deposits agreements 398,100 455,276	Cash and due from banks		232,666		189,082		279,271		206,990		198,797
Other real estate 7,254 9,494 19,605 11,789 9,571 Fixed assets, net 251,688 231,480 223,769 207,517 206,869 Other assets 419,122 227,738 234,710 171,589 190,815 Total assets \$ 17,776,630 \$ 16,194,269 \$ 16,170,930 \$ 14,850,363 \$ 14,237,697 Noninterest-bearing deposits \$ 3,860,296 \$ 3,308,158 \$ 3,295,211 \$ 2,939,621 \$ 2,963,998 Interest-bearing demand deposits 2,963,899 2,400,555 2,580,750 2,659,489 2,328,969 Savings and money market deposits 4,654,044 4,233,911 4,261,466 3,790,416 3,600,109 Certificates and other time deposits 2,712,699 2,489,848 2,543,895 2,370,499 2,366,155 Total deposits 398,100 455,276 471,430 448,542 459,998 Federal funds purchased and other times deposits 210,492 772,083 541,034 358,120 272,239 Junior subordinated debentures 111,172 85,055	Goodwill		1,560,905		1,351,236		1,331,568		1,226,332		1,211,596
Fixed assets, net 251,688 231,480 223,769 207,517 206,869 Other assets 419,122 227,738 234,710 171,589 190,815 Total assets \$ 17,776,630 \$ 16,194,269 \$ 16,170,930 \$ 14,850,363 \$ 14,237,697 Noninterest-bearing deposits \$ 3,860,296 \$ 3,308,158 \$ 3,295,211 \$ 2,939,621 \$ 2,963,998 Interest-bearing demand deposits 2,963,899 2,400,555 2,580,750 2,659,489 2,328,969 Savings and money market deposits 4,654,044 4,233,911 4,261,466 3,790,416 3,600,109 Certificates and other time deposits 2,712,699 2,489,848 2,543,895 2,370,499 2,366,155 Total deposits 14,190,938 12,432,472 12,681,322 11,760,025 11,259,231 Securities sold under repurchase agreements 398,100 455,276 471,430 448,542 459,998 Federal funds purchased and other borrowings 210,492 772,083 541,034 358,120 272,239 Junior subordinated deben	Core deposit intangibles		30,641		25,938		25,893		25,244		27,108
Other assets 419,122 227,738 234,710 171,589 190,815 Total assets \$ 17,776,630 \$ 16,194,269 \$ 16,170,930 \$ 14,850,363 \$ 14,237,697 Noninterest-bearing deposits \$ 3,860,296 \$ 3,308,158 \$ 3,295,211 \$ 2,939,621 \$ 2,963,998 Interest-bearing demand deposits 2,963,899 2,400,555 2,580,750 2,659,489 2,328,969 Savings and money market deposits 4,654,044 4,233,911 4,261,466 3,790,416 3,600,109 Certificates and other time deposits 2,712,699 2,489,848 2,543,895 2,370,499 2,366,155 Total deposits 14,190,938 12,432,472 12,681,322 11,760,025 11,259,231 Securities sold under repurchase agreements 398,100 455,276 471,430 448,542 459,998 Federal funds purchased and other borrowings 210,492 772,083 541,034 358,120 272,239 Junior subordinated debentures 111,172 85,055 85,055 85,055 85,055 Other liabilities <t< td=""><td>Other real estate</td><td></td><td>7,254</td><td></td><td>9,494</td><td></td><td>19,605</td><td></td><td>11,789</td><td></td><td>9,571</td></t<>	Other real estate		7,254		9,494		19,605		11,789		9,571
Total assets \$ 17,776,630 \$ 16,194,269 \$ 16,170,930 \$ 14,850,363 \$ 14,237,697 Noninterest-bearing deposits \$ 3,860,296 \$ 3,308,158 \$ 3,295,211 \$ 2,939,621 \$ 2,963,998 Interest-bearing demand deposits 2,963,899 2,400,555 2,580,750 2,659,489 2,328,969 Savings and money market deposits 4,654,044 4,233,911 4,261,466 3,790,416 3,600,109 Certificates and other time deposits 2,712,699 2,489,848 2,543,895 2,370,499 2,366,155 Total deposits 14,190,938 12,432,472 12,681,322 11,760,025 11,259,231 Securities sold under repurchase agreements 398,100 455,276 471,430 448,542 459,998 Federal funds purchased and other borrowings 210,492 772,083 541,034 358,120 272,239 Junior subordinated debentures 111,172 85,055 85,055 85,055 Other liabilities 223,394 73,571 69,741 62,716 80,085 Shareholders' equity 2,642,534	Fixed assets, net		251,688		231,480		223,769		207,517		206,869
Noninterest-bearing deposits \$ 3,860,296 \$ 3,308,158 \$ 3,295,211 \$ 2,939,621 \$ 2,963,998 Interest-bearing demand deposits 2,963,899 2,400,555 2,580,750 2,659,489 2,328,969 Savings and money market deposits 4,654,044 4,233,911 4,261,466 3,790,416 3,600,109 Certificates and other time deposits 2,712,699 2,489,848 2,543,895 2,370,499 2,366,155 Total deposits 14,190,938 12,432,472 12,681,322 11,760,025 11,259,231 Securities sold under repurchase agreements 398,100 455,276 471,430 448,542 459,998 Federal funds purchased and other borrowings 210,492 772,083 541,034 358,120 272,239 Junior subordinated debentures 111,172 85,055 85,055 85,055 Other liabilities 223,394 73,571 69,741 62,716 80,085 Shareholders' equity 2,642,534 2,375,812 2,322,348 2,135,905 2,081,089	Other assets		419,122		227,738		234,710		171,589		190,815
Interest-bearing demand deposits 2,963,899 2,400,555 2,580,750 2,659,489 2,328,969 Savings and money market deposits 4,654,044 4,233,911 4,261,466 3,790,416 3,600,109 Certificates and other time deposits 2,712,699 2,489,848 2,543,895 2,370,499 2,366,155 Total deposits 14,190,938 12,432,472 12,681,322 11,760,025 11,259,231 Securities sold under repurchase agreements 398,100 455,276 471,430 448,542 459,998 Federal funds purchased and other borrowings 210,492 772,083 541,034 358,120 272,239 Junior subordinated debentures 111,172 85,055 85,055 85,055 85,055 Other liabilities 223,394 73,571 69,741 62,716 80,085 Shareholders' equity 2,642,534 2,375,812 2,322,348 2,135,905 2,081,089	Total assets	\$	17,776,630	\$	16,194,269	\$	16,170,930	\$	14,850,363	\$	14,237,697
Interest-bearing demand deposits 2,963,899 2,400,555 2,580,750 2,659,489 2,328,969 Savings and money market deposits 4,654,044 4,233,911 4,261,466 3,790,416 3,600,109 Certificates and other time deposits 2,712,699 2,489,848 2,543,895 2,370,499 2,366,155 Total deposits 14,190,938 12,432,472 12,681,322 11,760,025 11,259,231 Securities sold under repurchase agreements 398,100 455,276 471,430 448,542 459,998 Federal funds purchased and other borrowings 210,492 772,083 541,034 358,120 272,239 Junior subordinated debentures 111,172 85,055 85,055 85,055 85,055 Other liabilities 223,394 73,571 69,741 62,716 80,085 Shareholders' equity 2,642,534 2,375,812 2,322,348 2,135,905 2,081,089											
Savings and money market deposits 4,654,044 4,233,911 4,261,466 3,790,416 3,600,109 Certificates and other time deposits 2,712,699 2,489,848 2,543,895 2,370,499 2,366,155 Total deposits 14,190,938 12,432,472 12,681,322 11,760,025 11,259,231 Securities sold under repurchase agreements 398,100 455,276 471,430 448,542 459,998 Federal funds purchased and other borrowings 210,492 772,083 541,034 358,120 272,239 Junior subordinated debentures 111,172 85,055 85,055 85,055 85,055 Other liabilities 223,394 73,571 69,741 62,716 80,085 Shareholders' equity 2,642,534 2,375,812 2,322,348 2,135,905 2,081,089	Noninterest-bearing deposits	\$	3,860,296	\$	3,308,158	\$	3,295,211	\$	2,939,621	\$	2,963,998
Certificates and other time deposits 2,712,699 2,489,848 2,543,895 2,370,499 2,366,155 Total deposits 14,190,938 12,432,472 12,681,322 11,760,025 11,259,231 Securities sold under repurchase agreements 398,100 455,276 471,430 448,542 459,998 Federal funds purchased and other borrowings 210,492 772,083 541,034 358,120 272,239 Junior subordinated debentures 111,172 85,055 85,055 85,055 Other liabilities 223,394 73,571 69,741 62,716 80,085 Shareholders' equity 2,642,534 2,375,812 2,322,348 2,135,905 2,081,089	Interest-bearing demand deposits		2,963,899		2,400,555		2,580,750		2,659,489		2,328,969
Total deposits 14,190,938 12,432,472 12,681,322 11,760,025 11,259,231 Securities sold under repurchase agreements 398,100 455,276 471,430 448,542 459,998 Federal funds purchased and other borrowings 210,492 772,083 541,034 358,120 272,239 Junior subordinated debentures 111,172 85,055 85,055 85,055 0ther liabilities 223,394 73,571 69,741 62,716 80,085 Shareholders' equity 2,642,534 2,375,812 2,322,348 2,135,905 2,081,089	Savings and money market deposits		4,654,044		4,233,911		4,261,466		3,790,416		3,600,109
Securities sold under repurchase agreements 398,100 455,276 471,430 448,542 459,998 Federal funds purchased and other borrowings 210,492 772,083 541,034 358,120 272,239 Junior subordinated debentures 111,172 85,055 85,055 85,055 Other liabilities 223,394 73,571 69,741 62,716 80,085 Shareholders' equity 2,642,534 2,375,812 2,322,348 2,135,905 2,081,089	Certificates and other time deposits		2,712,699		2,489,848		2,543,895		2,370,499		2,366,155
repurchase agreements 398,100 455,276 471,430 448,542 459,998 Federal funds purchased and other borrowings 210,492 772,083 541,034 358,120 272,239 Junior subordinated debentures 111,172 85,055 85,055 85,055 Other liabilities 223,394 73,571 69,741 62,716 80,085 Shareholders' equity 2,642,534 2,375,812 2,322,348 2,135,905 2,081,089	Total deposits		14,190,938		12,432,472		12,681,322		11,760,025		11,259,231
Federal funds purchased and other borrowings 210,492 772,083 541,034 358,120 272,239 Junior subordinated debentures 111,172 85,055 85,055 85,055 85,055 Other liabilities 223,394 73,571 69,741 62,716 80,085 Shareholders' equity 2,642,534 2,375,812 2,322,348 2,135,905 2,081,089	Securities sold under										
other borrowings 210,492 772,083 541,034 358,120 272,239 Junior subordinated debentures 111,172 85,055 85,055 85,055 85,055 Other liabilities 223,394 73,571 69,741 62,716 80,085 Shareholders' equity 2,642,534 2,375,812 2,322,348 2,135,905 2,081,089	repurchase agreements		398,100		455,276		471,430		448,542		459,998
Junior subordinated debentures 111,172 85,055 85,055 85,055 85,055 Other liabilities 223,394 73,571 69,741 62,716 80,085 Shareholders' equity 2,642,534 2,375,812 2,322,348 2,135,905 2,081,089	Federal funds purchased and										
Other liabilities 223,394 73,571 69,741 62,716 80,085 Shareholders' equity 2,642,534 2,375,812 2,322,348 2,135,905 2,081,089	other borrowings		210,492		772,083		541,034		358,120		272,239
Shareholders' equity 2,642,534 2,375,812 2,322,348 2,135,905 2,081,089	Junior subordinated debentures		111,172		85,055		85,055		85,055		85,055
	Other liabilities		223,394		73,571		69,741		62,716		80,085
Total liabilities and equity \$ 17,776,630 \$ 16,194,269 \$ 16,170,930 \$ 14,850,363 \$ 14,237,697	Shareholders' equity		2,642,534		2,375,812		2,322,348		2,135,905		2,081,089
	Total liabilities and equity	\$	17,776,630	\$	16,194,269	\$	16,170,930	\$	14,850,363	\$	14,237,697

	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 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	\$ 1,322,975 17.0% 865,511 11.1% 1,870,365 24.2% 261,355 3.4% 2,753,797 35.3% 531,258 6.8% 169,960 2.2%	\$ 1,028,799 16.6% 703,193 11.4% 1,503,771 24.4% 211,742 3.4% 2,304,862 37.2% 321,518 5.2% 108,704 1.8% \$ 6,182,589	\$ 999,677 16.2% 694,585 11.2% 1,452,268 23.7% 208,739 3.4% 2,390,820 38.6% 314,945 5.1% 111,449 1.8% \$ 6,172,483	\$ 760,531 14.5% 575,307 10.9% 1,338,936 25.5% 203,815 3.9% 1,993,518 37.8% 286,789 5.4% 104,128 2.0% \$ 5,263,024	\$ 798,882 15.4% 550,768 10.6% 1,255,765 24.3% 186,801 3.6% 1,990,642 38.4% 285,637 5.5% 111,445 2.2% \$ 5,179,940		
Deposit Types Noninterest-bearing DDA Interest-bearing DDA Money market Savings Certificates and other time deposits Total deposits	\$ 4,108,835 26.9% 3,470,316 22.7% 3,320,062 21.7% 1,571,504 10.3% 2,820,554 18.4% \$ 15,291,271	\$ 3,368,357 27.0% 2,366,997 19.0% 2,834,172 22.8% 1,413,153 11.3% 2,473,120 19.9% \$ 12,455,799	\$ 3,283,082 26.0% 2,483,428 19.9% 2,868,880 23.0% 1,371,214 11.0% 2,502,046 20.1% \$ 12,508,650	\$ 2,995,828 25.6% 2,521,998 21.5% 2,509,501 21.4% 1,345,044 11.5% 2,341,096 20.0% \$ 11,713,467	\$ 3,016,205 25.9% 2,626,331 22.6% 2,362,454 20.3% 1,293,552 11.1% 2,343,302 20.1%		
Loan to Deposit Ratio	50.8%	49.6%	49.3%	44.9%	44.5%		
Construction Loans Single family residential construction Land development Raw land Residential lots Commercial lots Commercial construction and	\$ 271,491 30.9% 83,820 9.6% 48,996 5.6% 122,449 14.0% 103,878 11.9%	\$ 239,980 33.5% 60,927 8.6% 52,789 7.4% 95,361 13.4% 58,085 8.2%	\$ 234,257 32.9% 63,857 9.0% 59,701 8.4% 91,018 12.8% 60,960 8.6%	\$ 177,218 30.6% 42,520 7.4% 46,672 8.1% 93,598 16.2% 64,394 11.2%	\$ 161,401 29.2% 42,199 7.6% 58,794 10.6% 92,697 16.8% 63,716 11.5%		
other Net unaccreted discount Total construction loans	244,124 28.0% (9,247) \$ 865,511	204,940 28.9% (8,889) \$ 703,193	200,633 28.3% (15,841) \$ 694,585	153,047 26.5% (2,142) \$ 575,307	134,427 24.3% (2,466) \$ 550,768		

				T	Three Months Ended						
	Dec	31, 2013	Sep	30, 2013	Jun	30, 2013	Mai	r 31, 2013	Dec	31, 2012	
A good Owelliter											
Asset Quality Nonaccrual loans	\$	10,231	\$	4,954	\$	4 205	\$	7,529	\$	5,382	
Accruing loans 90 or more	Ф	10,231	Ф	4,934	Ф	4,295	Ф	1,329	Ф	3,362	
days past due		4,947		283		325		642		331	
Total nonperforming loans		15,178	-	5,237		4,620		8,171		5,713	
Repossessed assets		27		18		4,020		49		68	
Other real estate		7,299		7,432		10,244		9,913		7,234	
Total nonperforming assets	\$	22,504	\$	12,687	\$	14,864	\$	18,133	\$	13,015	
Total honperforming assets	Ψ	22,304	Ψ	12,007	Ψ	14,004	Ψ	16,133	Ψ	13,013	
Nonperforming assets:											
Commercial	\$	3,153	\$	1,223	\$	1,191	\$	3,896	\$	1,568	
Construction		4,558		4,611		5,898		3,678		3,522	
1-4 family (including home equity)		6,279		2,441		2,112		3,746		3,081	
Commercial real estate (including multi-		,		,		•		,		,	
family)		8,033		4,233		4,330		5,533		2,608	
Agriculture		279		23		1,213		1,183		1,463	
Consumer and other		202		156		120		97		773	
Total	\$	22,504	\$	12,687	\$	14,864	\$	18,133	\$	13,015	
Number of loans/properties		203		128		123		124		116	
A11 6 11 1											
Allowance for credit losses at	Ф	67.000	Φ	50.012	Φ	56 176	Φ	55 O 40	Φ	50.564	
end of period	\$	67,282	\$	59,913	\$	56,176	\$	55,049	\$	52,564	
Net charge-offs:											
Commercial	\$	7	\$	119	\$	148	\$	59	\$	205	
Construction		(12)		(30)		124		(56)		21	
1-4 family (including home equity)		21		15		35		102		65	
Commercial real estate (including											
multi-family)		(311)		(471)		801		(57)		1,012	
Agriculture		(85)		13		13		(7)		70	
Consumer and other		876		642		302		274		540	
Total	\$	496	\$	288	\$	1,423	\$	315	\$	1,913	
Asset Quality Ratios											
Nonperforming assets to											
average earning assets		0.15%		0.09%		0.11%		0.14%		0.10%	
Nonperforming assets to loans		0.1370		0.05%		0.1170		0.1470		0.1070	
and other real estate		0.29%		0.20%		0.24%		0.34%		0.25%	
		0.29%		0.20%		0.24%		0.34%		0.23%	
Net charge-offs to average loans (annualized)		0.03%		0.02%		0.09%		0.02%		0.15%	
Allowance for credit losses to		0.03%		0.02%		0.09%		0.02%		0.13%	
total loans		0.970/		0.070/		0.010/		1.050/		1.010/	
		0.87%		0.97%		0.91%		1.05%		1.01%	
Allowance for credit losses to total loans (excluding acquired loans accounted for											
under ASC Topics 310-20 and 310-30) (E)		1.25%		1.20%		1.18%		1.25%		1.22%	
ander ASC Topics 310-20 and 310-30)		1.45/0		1.40/0		1.10/0		1.45/0		1.44/0	

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.

			Year Ended			
	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013 Mar 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012
Return on average tangible common equity:						
Net income	\$ 62,971	\$ 55,278	\$ 53,844 \$ 49,305	\$ 48,266	\$ 221,398	\$ 167,901
Average shareholders' equity	\$ 2,642,534	\$ 2,375,812	\$ 2,322,348 \$ 2,135,905	\$ 2,081,089	\$ 2,378,234	\$ 1,844,334
Less: Average goodwill and other intangible assets	(1,591,546)	(1,377,174)	(1,357,461) (1,251,576)	(1,238,704)	(1,395,323)	(1,078,804)
Average tangible shareholders' equity	\$ 1,050,988	\$ 998,638	\$ 964,887 \$ 884,329	\$ 842,385	\$ 982,911	\$ 765,530
Return on average tangible common equity:	23.97%	22.14%	22.32% 22.30%	22.92%	22.52%	21.93%
Tangible book value per share:						
Shareholders' equity	\$ 2,786,818	\$ 2,389,112	\$ 2,345,282 \$ 2,149,455	\$ 2,089,389	\$ 2,786,818	\$ 2,089,389
Less: Goodwill and other intangible assets	(1,712,121)	(1,377,015)	(1,377,522) (1,262,257)	(1,243,321)	(1,712,121)	(1,243,321)
Tangible shareholders' equity	\$ 1,074,697	\$ 1,012,097	\$ 967,760 \$ 887,198	\$ 846,068	\$ 1,074,697	\$ 846,068
Period end shares outstanding	66,048	60,383	60,315 57,014	56,447	66,048	56,447
Tangible book value per share:	\$ 16.27	\$ 16.76	\$ 16.05 \$ 15.56	\$ 14.99	\$ 16.27	\$ 14.99
Tangible equity to tangible assets ratio:						
Tangible shareholders' equity	\$ 1,074,697	\$ 1,012,097	\$ 967,760 \$ 887,198	\$ 846,068	\$ 1,074,697	\$ 846,068
Total assets	\$ 18,642,028	\$ 16,054,279	\$ 16,270,718 \$ 15,081,314	\$ 14,583,573	\$ 18,642,028	\$ 14,583,573
Less: Goodwill and other intangible assets	(1,712,121)	(1,377,015)	(1,377,522) (1,262,257)	(1,243,321)	(1,712,121)	(1,243,321)
Tangible assets	\$ 16,929,907	\$ 14,677,264	\$ 14,893,196 \$ 13,819,057	\$ 13,340,252	\$ 16,929,907	\$ 13,340,252
Tangible equity to tangible assets ratio:	6.35%	6.90%	6.50% 6.42%	6.34%	6.35%	6.34%

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

	Dec 31, 2013		Se	ep 30, 2013	De	ec 31, 2012
Allowance for credit losses to total loans, excluding acquired loans:						
Allowance for credit losses	\$	67,282	\$	59,913	\$	52,564
Total loans	\$	7,775,221	\$	6,182,589	\$	5,179,940
Less: Fair value of acquired loans accounted for under ASC						
Topics 310-20 and 310-30 (does not include new production)	\$	2,412,660	\$	1,181,559	\$	887,953
Total loans less acquired loans	\$	5,362,561	\$	5,001,030	\$	4,291,987
Allowance for credit losses to total loans, excluding						
acquired loans (non-GAAP basis)		1.25%		1.20%		1.22%