

PRESS RELEASE

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FOR IMMEDIATE RELEASE

PROSPERITY BANCSHARES, INC.® REPORTS STRONG THIRD QUARTER EARNINGS

- 3Q11 Earnings Per Share of \$0.77 (diluted)
- YTD Loan Growth 9.7% (annualized)
- Tangible Common Equity Ratio increased 116 bp to 6.89% over last year
- Cash Dividend Increased 11.4%
- Non-Performing Assets remain low at 0.16% of Average Earning Assets

HOUSTON, October 21, 2011. Prosperity Bancshares, Inc.® (NASDAQ: PRSP), the parent company of Prosperity Bank®, reported net income for the quarter ended September 30, 2011 of \$36.373 million or \$0.77 per diluted common share, an increase in net income of \$4.207 million or 13.1%, compared with \$32.166 million or \$0.69 per diluted common share for the same period in 2010.

"Thanks to our customers, our associates and the leadership of our directors, we continued our strong financial performance, recording an increase of 13.1% in net income compared to the same quarter last year. As a result of our associates' calling efforts, our loans increased 9.5% or \$323.8 million over the past 12 months," commented David Zalman, Chairman and Chief Executive Officer. "Our company continues to exhibit excellent loan quality and our tangible common equity ratio increased to 6.89% from 5.73% one year ago – all from retained earnings."

"Our bank is in an enviable position with 175 full service banking locations throughout one of the fastest growing states in our nation. We are capitalizing on the current environment by attracting new loan customers as well as taking care of our existing customers' growth needs," continued Zalman. "I also look forward to welcoming Gordon Muir and his team of talented bankers upon the closing of our merger with Bank of Texas in early 2012."

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. Prosperity has included in this Earnings Release information relating to these non-GAAP financial measures for the applicable periods presented. Please refer to the "Notes to Selected Financial Data" at the end of this Earnings Release for a reconciliation of these non-GAAP financial measures.

Results of operations for the three months ended September 30, 2011

For the three months ended September 30, 2011, net income was \$36.373 million compared with \$32.166 million for the same period in 2010. Net income per diluted common share was \$0.77 for the three months ended September 30, 2011 and \$0.69 for the same period in 2010. Returns on average assets, average common equity and average tangible common equity for the three months ended September 30, 2011 were 1.52%, 9.51% and 25.03%, respectively. Prosperity's efficiency ratio (excluding net gains and losses on the sale of securities and assets) was 42.38% for the three months ended September 30, 2011.

Net interest income before provision for credit losses for the quarter ended September 30, 2011 increased 2.8% to \$82.538 million compared with \$80.267 million during the same period in 2010. The increase was attributable to a 1.8% increase in average earning assets during the same period. Additionally, the average yield on interest earning assets decreased 23 basis points while the rate paid on interest bearing liabilities decreased 30 basis points for the same period. The net interest margin on a tax equivalent basis increased to 4.02% for the three months ended September 30, 2011 compared with 3.97% for the same period in 2010. On a linked quarter basis, the tax equivalent net interest margin decreased four basis points to 4.02% for the three months ended September 30, 2011 from 4.06% reported for the three months ended June 30, 2011.

Non-interest income increased \$927,000 or 6.8% to \$14.581 million for the three months ended September 30, 2011 compared with \$13.654 million for the same period in 2010. The increase was mainly attributable to a reduction in net loss on the sale of other real estate and an increase in debit card and ATM card income, partially offset by a decrease in NSF income.

Non-interest expense decreased \$1.442 million or 3.4% to \$41.151 million for the three months ended September 30, 2011 compared with \$42.593 million for the same period in 2010. The decrease was attributable primarily due to a decrease in ORE expenses and reduced FDIC assessments partially offset by an increase in salaries and benefits expense.

Average loans increased 8.4% or \$285.717 million to \$3.694 billion for the quarter ended September 30, 2011 compared with \$3.408 billion for the same period in 2010. Average deposits increased 0.6% or \$44.301 million to \$7.653 billion for the quarter ended September 30, 2011 compared with \$7.608 billion for the same period in 2010.

Loans at September 30, 2011 were \$3.738 billion, an increase of \$323.811 million or 9.5%, compared with \$3.414 billion at September 30, 2010. Loans increased 2.0% (7.9% annualized) or \$72.382 million on a linked quarter basis compared with loans of \$3.665 billion at June 30, 2011.

Deposits at September 30, 2011 were \$7.799 billion, an increase of \$307.159 million or 4.1%, compared with \$7.492 billion at September 30, 2010. Linked quarter deposits increased \$131.047 million or 1.7% (6.8% annualized) from \$7.668 billion at June 30, 2011.

At September 30, 2011, construction loans totaled \$490.193 million, consisting of \$126.926 million of single family residential construction loans; \$44.400 million of land development loans; \$64.178 million of raw land loans; \$88.600 million of residential lot loans; \$54.016 million of commercial lot loans; and \$112.073 million of commercial and other construction loans. This is an increase of \$6.612 million from construction loans at June 30, 2011.

At September 30, 2011, Prosperity had \$9.567 billion in total assets, \$3.738 billion in loans, and \$7.799 billion in deposits. Assets, loans and deposits at September 30, 2011 increased by 3.6%, 9.5% and 4.1%, respectively, compared with their level at September 30, 2010.

Asset Quality

Non-performing assets totaled \$13.363 million or 0.16% of average earning assets at September 30, 2011 compared with \$20.700 million or 0.26% of average earning assets at September 30, 2010 and \$12.680 million or 0.15% of average earnings assets at June 30, 2011. The allowance for credit losses was 1.40% of total loans at September 30, 2011 compared with 1.50% at September 30, 2010 and 1.42% of total loans at June 30, 2011.

Non-performing assets (In thousands)	S	Sept 30, 2011			ne 30, 20	11	Ş	10	
	A	Amount		Ar	Amount		Amount		#
Commercial	\$	1,440	17	\$	875	15	\$	1,446	20
Construction		5,042	30		4,692	26		7,740	44
1-4 family (including home equity)		3,894	38		2,875	32		4,024	46
Commercial real estate (including multi-family)		2,885	11		4,151	18		7,383	9
Agriculture		51	3		51	3		0	0
Consumer		51	4		36	3		107	15
Total	\$	13,363	103	\$	12,680	97	\$	20,700	134

Net Charge-offs (In thousands)	Three Months Ended Sept 30, 2011	Three Months Ended June 30, 2011	Three Months Ended Sept 30, 2010		
Commercial	\$ 7	\$ 271	\$ 464		
Construction	(197)	455	829		
1-4 family (including home equity)	134	157	392		
Commercial real estate (including multi-family)	271	177	2,138		
Agriculture			(4)		
Consumer	<u>153</u>	169	554		
Total	\$ 36 <u>8</u>	\$ 1,229	\$ 4,37 <u>3</u>		

The provision for credit losses was \$950,000 for the three months ended September 30, 2011 and \$3.000 million for the three months ended September 30, 2010. Net charge offs were \$368,000 for the three months ended September 30, 2011 and \$4.373 million for the three months ended September 30, 2010.

The provision for credit losses was \$4.050 million for the nine months ended September 30, 2011 compared to \$10.685 million for the nine months ended September 30, 2010. Net charge offs were \$3.121 million for the nine months ended September 30, 2011 compared to \$11.194 million for the nine months ended September 30, 2010.

Results of operations for the nine months ended September 30, 2011

For the nine months ended September 30, 2011, net income was \$105.343 million compared with \$94.910 million for the same period in 2010. Net income per diluted common share was \$2.24 for the nine months ended September 30, 2011 compared with \$2.03 for the same period in 2010. Returns on average assets, average common equity and average tangible common equity for the nine months ended September 30, 2011 were 1.46%, 9.37% and 25.58%, respectively. Prosperity's efficiency ratio was 43.41% for the nine months ended September 30, 2011.

Net interest income before provision for credit losses for the nine months ended September 30, 2011 increased \$7.942 million or 3.3%, to \$246.581 million compared with \$238.639 million during the same period in 2010. The increase was attributable primarily to a 4.1% increase in average earning assets during the same period.

Non-interest income increased \$2.050 million or 5.1% to \$41.978 million for the nine months ended September 30, 2011 compared with \$39.928 million for the same period in 2010. The increase was mainly attributable to a decrease in net loss on the sale of other real estate and an increase in debit and ATM card income partially offset by a decrease in NSF income.

Non-interest expense decreased \$7,000 or 0.01% to \$125.360 million for the nine months ended September 30, 2011 compared with \$125.367 million for the same period in 2010.

Dividend Increase

Prosperity Bancshares, Inc. has increased their regular cash dividend to \$0.78 per share per year. The fourth quarter cash dividend of \$0.195, an increase of 11.4%, is payable on January 2, 2012 to all shareholders of record as of December 16, 2011.

Conference Call

Prosperity's management team will host a conference call on Friday, October 21, 2011 at 10:30 a.m. Eastern Daylight Time (9:30 a.m. Central Daylight Time) to discuss Prosperity's third quarter earnings. Individuals and investment professionals may participate in the call by dialing 800-895-0198, the reference code is PBTX.

Alternatively, individuals may listen to the live webcast of the presentation by visiting Prosperity's website at www.prosperitybanktx.com. The webcast may be accessed directly from Prosperity's Home page under News and Events.

Acquisition of Texas Bankers, Inc.

On September 13, 2011 Prosperity Bancshares, Inc.® announced the signing of a definitive agreement to acquire Texas Bankers, Inc. and its wholly-owned subsidiary, Bank of Texas, Austin, Texas.

Texas Bankers, Inc. operates three (3) banking offices in the Austin, Texas CMSA including a location in Rollingwood, which will be consolidated with Prosperity's Westlake location and remain in Bank of Texas' Rollingwood banking office; one in downtown Austin which will be consolidated into Prosperity's downtown Austin location and another in Thorndale. As of September 30, 2011, Bank of Texas reported total assets of \$71.3 million, loans of \$30.5 million and deposits of \$63.1 million.

Under the terms of the definitive agreement, Prosperity will issue 315,000 shares of Prosperity common stock for all outstanding shares of Texas Bankers capital stock, subject to certain conditions and potential adjustments. The transaction is expected to be consummated during the first quarter of 2012, although delays may occur.

Prosperity Bancshares, Inc.®

Prosperity Bancshares, Inc.[®], a \$9.6 billion Houston, Texas based regional financial holding company, formed in 1983, operates under a community banking philosophy and seeks 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.prosperitybanktx.com, Retail Brokerage Services, MasterMoney Debit Cards, and 24 hour voice response banking. Prosperity currently operates one hundred seventy five (175) full service banking locations; sixty (60) in the Houston area; twenty (20) in the South Texas area including Corpus Christi and Victoria; thirty-one (31) in the Dallas/Fort Worth area; twenty-one (21) in the East Texas area; thirty-three (33) in the Central Texas area including Austin and San Antonio; and ten (10) in the Bryan/College Station area.

Bryan/College Station Area -Dallas/Fort Worth Area -Jacksonville Bay City Beaumont Kerens Dallas -Longview Cinco Ranch Bryan Bryan-East Abrams Centre Mount Vernon Cleveland Bryan-North **Balch Springs** Palestine East Bernard Camp Wisdom Caldwell Rusk El Campo College Station Cedar Hill Seven Points Dayton Greens Prairie Central Expressway Teague Galveston East Renner Madisonville Groves Tyler Navasota Frisco Tyler-University Hempstead Rock Prairie Frisco-West Winnsboro Hitchcock Wellborn Road Independence Katy Kiest Liberty Central Texas Area -McKinney Houston Area -Magnolia Mont Belvieu McKinney-Stonebridge Austin -Midway **Houston** -Nederland Preston Forest Aldine Needville Allandale Allen Parkway Preston Road Shadow Creek Red Oak Bellaire Cedar Park Sweeny Tomball Sachse Congress Beltway Lakeway The Colony Clear Lake Waller Liberty Hill West Columbia Turtle Creek Copperfield Northland Cypress Westmoreland Wharton Oak Hill Downtown Winnie Parmer Lane Wirt Eastex Research Blvd Fort Worth -Fairfield West Lake Haltom City First Colony Keller Gessner South Texas Area -Gladebrook Roanoke Other Central Texas Stockyards Corpus Christi -Harrisburg Locations -Heights Airline Bastrop Highway 6 West Carmel Hillcroft Cuero Other Dallas/Fort Worth Northwest Dime Box Little York Saratoga Locations -**Dripping Springs** Medical Center Water Street Azle Elgin Ennis Memorial Drive Flatonia Gainesville Northside Other South Texas Georgetown Mesquite Pasadena Locations -Gonzales Muenster Pecan Grove Alice Hallettsville Pinev Point Aransas Pass Sanger Waxahachie Beeville Kingsland River Oaks La Grange Royal Oaks Edna Lexington Sugar Land Goliad New Braunfels East Texas Area -SW Medical Center Kingsville Pleasanton Athens Tanglewood Mathis Athens-South Round Rock Uptown Palacios San Antonio Blooming Grove Waugh Drive Port Aransas Schulenburg West University Canton Port Lavaca Seguin Carthage Westheimer Portland Smithville Corsicana Woodcreek Rockport Weimar Crockett Sinton Yoakum Eustace Other Houston Area Victoria Grapeland Yorktown **Locations** -Victoria-North Gun Barrel City Angleton

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

WE URGE INVESTORS AND SECURITY HOLDERS TO READ THE REGISTRATION STATEMENT ON FORM S-4 AND THE PROXY STATEMENT/PROSPECTUS INCLUDED WITHIN THE REGISTRATION STATEMENT ON FORM S-4 AND ANY OTHER RELEVANT DOCUMENTS TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IN CONNECTION WITH THE PROPOSED TRANSACTION, BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT PROSPERITY, TEXAS BANKERS 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, that 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 whether 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; weather; and the stock price volatility associated with "small-cap" companies. These and various other factors are discussed in Prosperity's Annual Report on Form 10-K for the year ended December 31, 2010 and other reports and statements Prosperity bas filed with the SEC. Copies of the SEC

Prosperity Bancshares, Inc. ® Financial Highlights

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

		Three Mont	hs Ended	l	Nine Months Ended				
	Sept 3	0, 2011	Sept 3	0, 2010	Sept :	30, 2011	Sept	30, 2010	
Selected Earnings and Per	(Una	udited)	(Una	(Unaudited)		audited)	(Unaudited)		
Share Data									
Total interest income	\$	93,189	\$	96,247	\$	282,250	\$	292,101	
Total interest expense		10,651		15,980		35,669		53,462	
Net interest income		82,538		80,267		246,581		238,639	
Provision for credit losses		950		3,000		4,050		10,685	
Net interest income after									
provision for credit losses		81,588		77,267		242,531		227,954	
Total non-interest income		14,581		13,654		41,978		39,928	
Total non-interest expense		41,151		42,593		125,360		125,367	
Net income before taxes		55,018		48,328		159,149		142,515	
Federal income taxes		18,645		16,162		53,806		47,605	
Net income	<u>\$</u>	36,373	<u>\$</u>	32,166	<u>\$</u>	105,343	<u>\$</u>	94,910	
Basic earnings per share		\$0.78		\$0.69		\$2.25		\$2.04	
Diluted earnings per share		\$0.77		\$0.69		\$2.24		\$2.03	
Period end shares outstanding		46,893		46,653		46,893		46,653	
Weighted average shares									
outstanding (basic)		46,890		46,640		46,830		46,604	
Weighted average shares									
outstanding (diluted)		47,033		46,774		47,013		46,835	

Prosperity Bancshares, Inc. ® Financial Highlights (Dollars in thousands)

Three Months Ended Nine Months Ended Sept 30, 2011 Sept 30, 2010 Sept 30, 2011 Sept 30, 2010 **Balance Sheet Averages** (Unaudited) (Unaudited) (Unaudited) (Unaudited) Total loans \$ 3,694,039 3,408,322 3,614,590 3,385,337 Investment securities 4,524,213 4,667,697 4,635,880 4,497,623 Federal funds sold and other temporary investments 18,636 12,812 15,031 60,618 Total earning assets 8,236,888 8,088,831 8,265,501 7,943,578 Allowance for credit losses (52,208)(52,577)(51,924)(52,354)Cash and due from banks 125,750 127,497 129,526 129,520 Goodwill 924,537 921,714 924,496 902,109 Core deposit intangibles (CDI) 23,814 32,178 25,737 33,445 Other real estate (ORE) 8,637 15,840 10,360 14,952 160,476 159,890 Fixed assets, net 160,831 158,158 Other assets 132,180 143,407 138,896 142,019 Total assets 9,560,074 9,437,721 9,602,482 9,271,427 \$ 1,535,936 Non-interest bearing deposits 1,828,957 1,577,013 1,758,182 5,823,627 6,031,270 5,943,012 6,023,479 Interest bearing deposits Total deposits 7,652,584 7,608,283 7,701,194 7,559,415 Securities sold under repurchase agreements 90,821 94,181 70,425 82,925 Federal funds purchased and other borrowings 135,336 159,423 181,656 79,127 Junior subordinated debentures 85,055 92,265 87,058 92,265 Other liabilities 66,560 63,785 62,765 64,433 Shareholders' equity(A) 1,529,718 1,419,784 1,499,384 1,393,262 Total liabilities and equity 9,560,074 9,437,721 9,602,482 9,271,427

⁽A) Includes \$15,702 and \$18,392 in after tax unrealized gains on available for sale securities for the three months ending September 30, 2011 and September 30, 2010, respectively, and \$14,735 and \$17,752 for the nine months ending September 30, 2011 and September 30, 2010, respectively.

(Dollars in thousands)

	Three Months Ended			ed	Nine Months Ended				
	Sept 3	0, 2011	Sept :	30, 2010	Sept 3	30, 2011	Sept	30, 2010	
Income Statement Data	(Una	udited)	(Unaudited)		(Una	udited)	(Un	audited)	
Interest on loans	\$	54,471	\$	52,855	\$	160,374	\$	156,989	
Interest on securities		38,714		43,382		121,861		134,999	
Interest on federal funds sold and									
other temporary investments		4		10		15		113	
Total interest income		93,189		96,247		282,250		292,101	
Interest expense – deposits		9,717		14,702		32,293		49,760	
Interest expense – debentures		607		857		2,352		2,447	
Interest expense – other		327		421		1,024		1,255	
Total interest expense		10,651		15,980		35,669		53,462	
Net interest income (B)		82,538		80,267		246,581		238,639	
Provision for credit losses		950		3,000		4,050		10,685	
Net interest income after									
provision for credit losses		81,588		77,267		242,531		227,954	
Non-sufficient funds (NSF) fees		6,249		7,274		18,582		20,675	
Debit card and ATM card income		3,941		3,393		11,202		9,321	
Service charges on deposit accounts		2,472		2,534		7,466		7,474	
Net gain on sale of assets		17		1		377		400	
Net gain (loss) on sale of ORE		95		(1,364)		(431)		(3,347)	
Net loss on sale of securities						(581)			
Other non-interest income		1,807		1,816		5,363		5,405	
Total non-interest income		14,581		13,654		41,978		39,928	
Salaries and benefits (C)		23,601		22,016		70,799		65,559	
CDI amortization		1,924		2,274		5,901		6,844	
Net occupancy and equipment		3,784		4,036		10,979		11,178	
Depreciation		2,041		2,161		6,099		6,314	
Debit card, data processing									
and software amortization		1,954		1,550		5,406		4,707	
Regulatory assessments and									
FDIC insurance		1,488		2,817		7,383		8,227	
ORE expense		235		1,053		821		2,470	
Other non-interest expense		6,124		6,686		17,972		20,068	
Total non-interest expense		41,151		42,593		125,360		125,367	
Net income before taxes		55,018		48,328		159,149		142,515	
Federal income taxes		18,645		16,162		53,806		47,605	
Net income available		<u>, </u>		,		,		, -	
to common shareholders	\$	36,373	\$	32,166	\$	105,343	\$	94,910	

⁽B) Net interest income on a tax equivalent basis would be \$83,440 and \$81,014 for the three months ended September 30, 2011 and September 30, 2010, respectively, and \$249,345 and \$240,811 for the nine months ended September 30, 2011 and September 30, 2010, respectively.

 $^{^{(}C)}$ Salaries and benefits includes stock-based compensation expense of \$961 and \$729 for the three months ended September 30, 2011 and September 30, 2010, respectively, and \$2,604 and \$2,212 for the nine months ended September 30, 2011 and September 30, 2010, respectively.

Prosperity Bancshares, Inc.® Financial Highlights (Dollars and share amounts in thousands, except per share data)

	,	Three Mont	hs Ende	ed	Nine Months Ended				
	Sept 3	0, 2011	Sept	Sept 30, 2010		Sept 30, 2011		30, 2010	
Common Share and	(Unau	idited)	(Un	audited)	(Unaudited)		(Un	audited)	
Other Data									
Employees - FTE		1,678		1,719		1,678		1,719	
Book value per share	\$	32.87	\$	30.64	\$	32.87	\$	30.64	
Tangible book value per share	\$	12.67	\$	10.17	\$	12.67	\$	10.17	
Period end shares outstanding		46,893		46,653		46,893		46,653	
Weighted average shares		4.5.000		4.5.40		4.5.000		4.5.50.4	
outstanding (basic)		46,890		46,640		46,830		46,604	
Weighted average shares		47.022		46.774		47.010		46.025	
outstanding (diluted)		47,033		46,774		47,013		46,835	
Non-accrual loans	\$	5,105	\$	7,530	\$	5,105	\$	7,530	
Restructured loans		0		0		0		0	
Accruing loans 90 or more									
days past due		20		1,776		20		1,776	
Total non-performing loans		5,125		9,306		5,125		9,306	
Repossessed assets		22		161		22		161	
Other real estate		8,216		11,233		8,216		11,233	
Total non-performing assets	\$	13,363	\$	20,700	\$	13,363	\$	20,700	
Allowance for credit losses at									
end of period	\$	52,513	\$	51,354	\$	52,513	\$	51,354	
Net charge-offs	\$	368	\$	4,373	\$	3,121	\$	11,194	
Basic earnings per share	\$	0.78	\$	0.69	\$	2.25	\$	2.04	
Diluted earnings per share	\$	0.77	\$	0.69	\$	2.24	\$	2.03	

	Three Mont	hs Ended	Nine Mont	hs Ended
_	Sept 30, 2011	Sept 30, 2010	Sept 30, 2011	Sept 30, 2010
Performance Ratios	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Return on average assets (annualized)	1.52%	1.36%	1.46%	1.36%
Return on average common				
equity (annualized)	9.51%	9.06%	9.37%	9.08%
Return on average tangible				
common equity (annualized) Net interest margin	25.03%	27.62%	25.58%	27.65%
(tax equivalent) (annualized) (D)	4.02%	3.97%	4.03%	4.05%
Efficiency ratio ^(E)	42.38%	45.35%	43.41%	47.07%
Asset Quality Ratios				
Non-performing assets to				
average earning assets	0.16%	0.26%	0.16%	0.26%
Non-performing assets to loans				
and other real estate	0.36%	0.60%	0.36%	0.60%
Net charge-offs to average loans	0.01%	0.13%	0.09%	0.33%
Allowance for credit losses to				
total loans	1.40%	1.50%	1.40%	1.50%
Common Stock Market Price				
High	\$46.87	\$36.05	\$46.87	\$43.66
Low	\$30.91	\$28.27	\$30.91	\$28.27
Period end market price	\$32.68	\$32.47	\$32.68	\$32.47

 $^{^{\}left(D\right) }$ Net interest margin for all periods presented is calculated on an actual 365 day basis.

⁽E)The efficiency ratio is calculated by dividing total non-interest expense (excluding provision for credit losses) by net interest income plus non-interest income (excluding net gains and losses on the sale of securities and assets). Additionally, taxes are not part of this calculation.

Prosperity Bancshares, Inc.® Financial Highlights (Dollars in thousands)

	Sept 30, 20	11	June 30, 20	11	March 31, 2	011	Dec 31, 201	10
Loan Portfolio	(Unaudited)	(Unaudited)	(Unaudited)		(Unaudited))
	h 171 711		* *** ** * * * * * * 		.		.	
Commercial	\$ 451,541	12.1%	\$ 455,791	12.4%	\$ 460,066	12.9%	\$ 440,480	12.6%
Construction	490,193	13.1%	483,581	13.2%	494,159	13.8%	502,327	14.4%
1-4 family residential	981,388	26.3%	941,250	25.7%	882,807	24.7%	824,057	23.7%
Home equity	139,553	3.7%	131,213	3.6%	123,696	3.4%	118,781	3.4%
Commercial real estate	1,426,704	38.2%	1,411,501	38.5%	1,385,031	38.8%	1,370,649	39.3%
Agriculture	168,011	4.5%	160,780	4.4%	144,535	4.1%	140,752	4.1%
Consumer	80,240	2.1%	81,132	2.2%	82,626	2.3%	87,977	2.5%
Total Loans	<u>\$3,737,630</u>		<u>\$3,665,248</u>		<u>\$3,572,920</u>		<u>\$3,485,023</u>	
Deposit Types								
Non-interest bearing DDA	\$1,861,907	23.9%	\$1,788,756	23.3%	\$1,730,427	22.2%	\$1,673,190	22.4%
Interest bearing DDA	1,332,914	17.1%	1,358,649	17.7%	1,432,766	18.3%	1,412,337	19.0%
Money Market	1,995,248	25.6%	1,878,679	24.5%	2,014,674	25.8%	1,748,344	23.5%
Savings	498,451	6.4%	471,082	6.1%	454,649	5.8%	423,026	5.6%
Time < \$100	1,005,672	12.9%	1,037,492	13.6%	1,072,343	13.7%	1,119,336	15.0%
Time > \$100	1,104,547	14.1%	1,133,034	14.8%	1,111,525	14.2%	1,078,687	14.5%
Total Deposits	<u>\$7,798,739</u>		<u>\$7,667,692</u>		<u>\$7,816,384</u>		<u>\$7,454,920</u>	
Loan to Deposit Ratio	45.9%		47.8%		45.7%		46.7%	
Construction Loans								
Single family residential construction	\$ 126,926	25.9%	\$ 124,995	25.8%	\$ 112,175	22.7%	\$ 118,207	23.5%
Land development	44,400	9.1%	46,405	9.6%	50,600	10.2%	52,773	10.5%
Raw land	64,178	13.1%	69,769	14.4%	70,074	14.2%	64,524	12.9%
Residential lots	88,600	18.1%	86,515	17.9%	86,359	17.5%	88,648	17.6%
Commercial lots	54,016	11.0%	54,419	11.3%	50,543	10.2%	52,183	10.4%
Commercial								
construction and other	112,073	22.8%	101,478	21.0%	124,408	25.2%	125,992	25.1%
Total Construction Loans	\$ 490,193		\$ 483,581		\$ 494,159		\$ 502,327	

(Dollars in thousands)

	Sept 30, 2011	June 30, 2011	Mar 31, 2011	Dec 31, 2010	Sept 30, 2010
Balance Sheet Data (at period end)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total loans	\$ 3,737,630	\$ 3,665,248	\$ 3,572,920	\$ 3,485,023	\$ 3,413,819
Investment securities (F)	4,430,530	4,641,664	4,798,642	4,617,116	4,472,639
Federal funds sold	294	350	517	393	553
Allowance for credit losses	(52,513)	(51,932)	(51,760)	(51,584)	(51,354)
Cash and due from banks	211,261	145,910	145,521	158,975	140,678
Goodwill	924,537	924,537	924,537	924,258	923,933
Core deposit intangibles	22,874	24,799	26,742	28,776	30,948
Other real estate	8,216	8,841	10,465	11,053	11,233
Fixed assets, net	160,099	160,119	159,050	159,053	159,717
Other assets	124,159	137,611	136,313	143,509	136,336
Total assets	<u>\$ 9,567,087</u>	<u>\$ 9,657,147</u>	<u>\$ 9,722,947</u>	<u>\$ 9,476,572</u>	<u>\$ 9,238,502</u>
Demand deposits	\$ 1,861,907	\$ 1,788,756	\$ 1,730,427	\$ 1,673,190	\$ 1,623,078
Interest bearing deposits	5,936,832	<u>5,878,936</u>	6,085,957	5,781,730	5,868,502
Total deposits	7,798,739	7,667,692	7,816,384	7,454,920	7,491,580
Securities sold under					
repurchase agreements	66,166	91,288	51,847	60,659	96,416
Federal funds purchased and					
other borrowings	13,583	248,839	228,092	374,433	71,686
Junior subordinated					
debentures	85,055	85,055	85,055	92,265	92,265
Other liabilities	62,205	52,625	61,071	41,956	56,985
Total liabilities	8,025,748	8,145,499	8,242,449	8,024,233	7,808,932
Shareholders' equity (G)	1,541,339	1,511,648	1,480,498	1,452,339	1,429,570
Total liabilities and equity	<u>\$ 9,567,087</u>	\$ 9,657,147	\$ 9,722,947	<u>\$ 9,476,572</u>	\$ 9,238,502

 $⁽F)\ Includes\ \$24,278,\ \$23,647,\ \$21,088,\ \$22,007\ and\ \$26,869\ in\ unrealized\ gains\ on\ available\ for\ sale\ securities\ for\ the\ quarterly\ periods\ ending\ September\ 30,\ 2011,\ June\ 30,\ 2011,\ March\ 31,\ 2011,\ December\ 31,\ 2010,\ and\ September\ 30,\ 2010,\ respectively.$

⁽G) Includes \$15,781, \$15,371, \$13,707, \$14,304 and \$17,465 in after-tax unrealized gains on available for sale securities for the quarterly periods ending September 30, 2011, June 30, 2011, March 31, 2011, December 31, 2010, and September 30, 2010, respectively.

Prosperity Bancshares, Inc.® Financial Highlights (Dollars in thousands)

Three Months Ended

	Sept 30, 2011		June 30, 2011		Mar 31, 2011		Dec 31, 2010		Sept 30, 2010	
Income Statement Data	(Ur	naudited)	(Una	audited)	(Un	audited)	(Una	audited)	(Ur	naudited)
Interest on loans	\$	54,471	\$	53,703	\$	52,200	\$	52,722	\$	52,855
Interest on securities		38,714		41,943		41,204		39,708		43,382
Interest on federal funds										
sold and other earning assets		4		6		5		6		10
Total interest income		93,189		95,652		93,409		92,436		96,247
Interest expense - deposits		9,717		11,064		11,512		11,749		14,702
Interest expense - debentures		607		598		1,147		803		857
Interest expense - other		327		360		337		375		421
Total interest expense		10,651		12,022		12,996		12,927		15,980
Net interest income		82,538		83,630		80,413		79,509		80,267
Provision for credit losses		950		1,400		1,700		2,900		3,000
Net interest income after										
provision for credit losses		81,588		82,230		78,713		76,609		77,267
Non-sufficient funds (NSF) fees		6,249		6,226		6,107		6,905		7,274
Debit card and ATM card										
income		3,941		3,809		3,452		3,261		3,393
Service charges on deposit accounts		2,472		2,511		2,483		2,614		2,534
		2,472		195		165		2,014		
Net gain (loss) on sale of assets Net (loss) gain on sale of ORE		95		(366)		(160)				1 (1,364)
Net loss on sale of securities				(581)		(100)		(915)		(1,304)
Other non-interest income		1 907				1 920		2.029		1 016
		1,807	-	1,736		1,820		2,038		1,816
Total non-interest income Salaries and benefits		14,581		13,530		13,867		13,905		13,654
		23,601		23,994		23,204		21,421		22,016
CDI amortization		1,924		1,943		2,034		2,172		2,274
Net occupancy and equipment		3,784		3,547		3,648		3,975		4,036
Depreciation		2,041		2,037		2,021		1,999		2,161
Debit card, data processing and		1.054		1 700		1 (72		1.515		1.550
software amortization		1,954		1,780		1,672		1,515		1,550
Regulatory assessments and		1 400		2.004		2.001		0.010		0.017
FDIC insurance		1,488		2,894		3,001		2,812		2,817
ORE expense		235		294		292		1,013		1,053
Other non-interest expense		6,124		6,025		5,823		6,320		6,686
Total non-interest expense		41,151		42,514		41,695		41,227		42,593
Net income before taxes		55,018		53,246		50,885		49,287		48,328
Federal income taxes		18,645		18,154		17,007		16,489		16,162
Net income available										
to common shareholders	<u>\$</u>	36,373	<u>\$</u>	35,092	<u>\$</u>	33,878	<u>\$</u>	32,798	<u>\$</u>	32,166

Comparative Quarterly	Three Months Ended									
Asset Quality, Performance	Sept 30, 2011	June 30, 2011	Mar 31, 2011	Dec 31, 2010	Sept 30, 2010					
& Capital Ratios	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)					
Return on average										
assets (annualized)	1.52%	1.45%	1.42%	1.41%	1.36%					
Return on average common										
equity (annualized)	9.51%	9.36%	9.22%	9.08%	9.06%					
Return on average tangible										
common equity (annualized)	25.03%	25.56%	26.22%	26.70%	27.62%					
Net interest margin										
(tax equivalent) (annualized)	4.02%	4.06%	4.02%	3.99%	3.97%					
Employees – FTE	1,678	1,675	1,672	1,708	1,719					
Efficiency ratio	42.38%	43.58%	44.30%	44.13%	45.35%					
Non-performing assets to										
average earning assets	0.16%	0.15%	0.16%	0.20%	0.26%					
Non-performing assets to loans										
and other real estate	0.36%	0.35%	0.36%	0.45%	0.60%					
Net charge-offs to										
average loans	0.01%	0.03%	0.04%	0.08%	0.13%					
Allowance for credit losses to										
total loans	1.40%	1.42%	1.45%	1.48%	1.50%					
Book value per share	\$32.87	\$32.24	\$31.65	\$31.11	\$30.64					
Tangible book value per share	\$12.67	\$11.99	\$11.31	\$10.70	\$10.17					
Tier 1 risk-based capital	15.47%	14.72%	14.00%	13.64%	13.23%					
Total risk-based capital	16.69%	15.93%	15.21%	14.87%	14.47%					
Tier 1 leverage capital	7.70%	7.24%	6.97%	6.87%	6.45%					
Tangible equity to tangible assets	6.89%	6.46%	6.03%	5.86%	5.73%					
Equity to assets	16.11%	15.65%	15.23%	15.33%	15.47%					

Prosperity Bancshares, Inc.® Supplemental Financial Data (Unaudited) (Dollars in thousands)

YIELD ANALYSIS	1	hree Months Average Balance	Interes	September st Earned rest Paid	Average Yield/Rate	,	Three Month Average Balance	Interest Earned / Interest Paid		er 30, 2010 Average Yield/Rate
Interest Earning Assets:										
Loans	\$	3,694,039	\$	54,471	5.85%	\$	3,408,322	\$	52,855	6.15%
Investment securities		4,524,213		38,714	3.42%		4,667,697		43,382	3.72%
Federal funds sold and other										
temporary investments	_	18,636		4	0.09%	_	12,812		10	0.31%
Total interest earning assets		8,236,888	\$	93,189	4.49%		8,088,831	\$	96,247	4.72%
Allowance for credit losses		(52,208)					(52,577)			
Non-interest earning assets		1,375,394				_	1,401,467			
Total assets	\$	9,560,074				\$	9,437,721			
Interest Bearing Liabilities:										
Interest bearing demand deposits	\$	1,319,800	\$	1,667	0.50%	\$	1,290,299	\$	1,967	0.60%
Savings and money market deposits		2,369,745		2,702	0.45%		2,240,630		3,658	0.65%
Certificates and other time deposits		2,134,082		5,348	0.99%		2,500,341		9,077	1.44%
Securities sold under repurchase		90,821		127	0.55%		94,181		162	0.68%
Federal funds purchased and other		105.006		200	0.500/		150 100		250	0.6404
borrowings		135,336		200	0.59%		159,423		259	0.64%
Junior subordinated debentures	-	85,055 6,134,839	\$	607 10,651	2.83% 0.69%	-	92,265 6,377,139	\$	857 15,980	3.69% 0.99%
Total interest bearing liabilities Non-interest bearing liabilities:		0,134,639	<u> Þ</u>	10,031	0.09%		0,377,139	<u> </u>	13,960	0.99%
Non-interest bearing demand deposits		1,828,957					1,577,013			
Other liabilities		66,560					63,785			
Total liabilities	_	8,030,356				_	8,017,937			
Shareholders' equity	<u> </u>	1,529,718				Φ.	1,419,784			
Total liabilities and shareholders' equity	<u> </u>	9,560,074				<u>\$</u>	9,437,721			
Net Interest Income & Margin			<u>\$</u>	82,538	3.98%			<u>\$</u>	80,267	3.94%
Net Interest Income & Margin										
(tax equivalent)			\$	83,440	4.02%			<u>\$</u>	81,014	3.97%

Prosperity Bancshares, Inc.® Supplemental Financial Data (Unaudited) (Dollars in thousands)

YIELD ANALYSIS	Nine Months Average Balance	Ended September Interest Earned / Interest Paid	30, 2011 Average Yield/Rate	Nine Months Average Balance	s Ended Septembe Interest Earned / Interest Paid	r 30, 2010 Average Yield/Rate
Interest Earning Assets:						
Loans	\$ 3,614,590	\$ 160,374	5.93%	\$ 3,385,337	\$ 156,989	6.20%
Investment securities	4,635,880	121,861	3.50%	4,497,623	134,999	4.00%
Federal funds sold and other						
temporary investments	15,031	15	0.13%	60,618	113	0.25%
Total interest earning assets	8,265,501	\$ 282,250	4.57%	7,943,578	\$ 292,101	4.92%
Allowance for credit losses	(51,924)			(52,354)		
Non-interest earning assets	1,388,905			1,380,203		
Total assets	\$ 9,602,482			\$ 9,271,427		
Interest Bearing Liabilities:						
Interest bearing demand deposits	\$ 1,403,477	\$ 5,966	0.57%	\$ 1,351,595	\$ 7,222	0.71%
Savings and money market deposits	2,377,423	9,386	0.53%	2,176,350	11,970	0.74%
Certificates and other time deposits	2,162,112	16,941	1.05%	2,495,534	30,568	1.64%
Securities sold under repurchase	70,425	306	0.58%	82,925	485	0.78%
Federal funds purchased and other						
borrowings	181,656	718	0.53%	79,127	770	1.30%
Junior subordinated debentures	87,058	2,352	3.61%	92,265	2,447	3.55%
Total interest bearing liabilities	6,282,151	\$ 35,669	0.76%	6,277,796	\$ 53,462	1.14%
Non-interest bearing liabilities:	1 550 100			1.525.026		
Non-interest bearing demand deposits	1,758,182			1,535,936		
Other liabilities	62,765			64,433		
Total liabilities	8,103,098			7,878,165		
Shareholders' equity	1,499,384			1,393,262		
Total liabilities and shareholders' equity	\$ 9,602,482			<u>\$ 9,271,427</u>		
Net Interest Income & Margin		<u>\$ 246,581</u>	3.99%		<u>\$ 238,639</u>	4.02%
Net Interest Income & Margin						
(tax equivalent)		<u>\$ 249,345</u>	4.03%		\$ 240,811	4.05%

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

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. 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.

	Three months ended					
	Sept 30,	June 30,	Mar 31,	Dec 31,	Sept 30,	
	2011	2011	2011	2010	2010	
Return on average tangible common equity:						
Net income	\$ 36,373	\$ 35,092	\$ 33,878	\$ 32,798	\$ 32,166	
Average shareholders' equity Less: Average goodwill and other intangible	1,529,718	1,499,385	1,469,048	1,444,847	1,419,784	
assets	(948,351)	(950,265)	(952,123)	(953,509)	(953,892)	
Average tangible shareholders' equity	\$ 581,367	\$ 549,120	\$ 516,925	\$ 491,338	\$ 465,892	
Return on average tangible common equity:	25.03%	25.56%	26.22%	26.70%	27.62%	
Tangible book value per share:						
Shareholders' equity	\$1,541,339	\$ 1,511,648	\$1,480,498	\$1,452,339	\$1,429,570	
Less: Goodwill and other intangible assets	(947,411)	(949,336)	(951,279)	(953,034)	(954,881)	
Tangible shareholders' equity	\$ 593,928	\$ 562,312	\$ 529,219	\$ 499,305	\$ 474,689	
Period end shares outstanding	46,893	46,888	46,782	46,684	46,653	
Tangible book value per share:	\$ 12.67	\$ 11.99	\$ 11.31	\$ 10.70	\$ 10.17	
Tangible equity to tangible assets ratio:						
Tangible shareholders' equity	\$ 593,928	\$ 562,312	\$ 529,219	\$ 499,305	\$ 474,689	
Total assets	\$9,567,087	\$ 9,657,147	\$9,722,947	\$9,476,572	\$9,238,502	
Less: Goodwill and other intangible assets	(947,411)	(949,336)	(951,279)	(953,034)	(954,881)	
Tangible assets	\$8,619,676	\$ 8,707,811	\$8,771,668	\$8,523,538	\$8,283,621	
Tangible equity to tangible assets ratio:	6.89%	6.46%	6.03%	5.86%	5.73%	

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

	Nine Months Ended				
	Se	ept 30, 2011	S	Sept 30, 2010	
Return on average tangible common equity:					
Net income	\$	105,343	\$	94,910	
Average shareholders' equity		1,499,384		1,393,262	
Less: Average goodwill and other intangible assets		(950,233)		(935,554)	
Average tangible shareholders' equity	\$	549,151	\$	457,708	
Return on average tangible common equity:		25.58%		27.65%	
Tangible book value per share:					
Shareholders' equity	\$	1,541,339	\$	1,429,570	
Less: Goodwill and other intangible assets		(947,411)		(954,881)	
Tangible shareholders' equity	\$	593,928	\$	474,689	
Period end shares outstanding		46,893		46,653	
Tangible book value per share:	\$	12.67	\$	10.17	
Tangible equity to tangible assets ratio:					
Tangible shareholders' equity	\$	593,928	\$	474,689	
Total assets	\$	9,567,087	\$	9,238,502	
Less: Goodwill and other intangible assets		(947,411)		(954,881)	
Tangible assets	\$	8,619,676	\$	8,283,621	
Tangible equity to tangible assets ratio:		6.89%		5.73%	