

PRESS RELEASE

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FOR IMMEDIATE RELEASE

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

- Second quarter 2013 earnings per share (diluted) increased 14.1% to \$0.89 compared with the second quarter 2012
- Net income increased \$16.872 million or 45.6% compared with the second quarter 2012
- Acquisition of Coppermark Bancshares completed on April 1, 2013
- Announced the pending acquisition of FVNB Corp. and its wholly-owned subsidiary First
 Victoria National Bank headquartered in Victoria, Texas
- Nonperforming assets remain low at 0.11% of second quarter average earning assets
- Deposits increased \$4.114 billion or 49.0% compared with the second quarter 2012
- Loans increased \$2,222 billion or 56.3% compared with the second quarter 2012
- Organic loan growth of 3.7% (14.6% annualized) on a linked quarter basis

HOUSTON, July 24, 2013. Prosperity Bancshares, Inc.® (NYSE: PB), the parent company of Prosperity Bank®, reported net income for the quarter ended June 30, 2013, of \$53.844 million or \$0.89 per diluted common share, an increase in net income of \$16.872 million or 45.6%, compared with \$36.972 million and an increase in diluted earnings per share of 14.1% compared with \$0.78 per diluted common share for the same period in 2012.

"Again I am delighted to be able to announce record earnings of \$53.844 million for the second quarter of 2013, as well as record earnings per diluted share of \$0.89, representing a 14.1% increase over the same period last year. As you can see, our bank has experienced significant growth. In fact, our assets increased \$5.533 billion, or 51.5%, when compared with the same quarter last year," said David Zalman, Prosperity's Chairman and Chief Executive Officer.

"During the past quarter, we completed our merger with Coppermark Bancshares, Inc. based in Oklahoma. The operational integration went very well and we believe the entire Coppermark team is ahead of schedule. We have thoroughly enjoyed working with the former Coppermark, now Prosperity, associates and customers in Oklahoma. You could not ask for a more professional group to work and grow with," said Zalman.

"On July 1, 2013, Prosperity announced the signing of a definitive merger agreement with FVNB Corp. and its wholly-owned subsidiary First Victoria National Bank headquartered in Victoria, Texas. I could not be more excited about joining forces with all of the professionals of First Victoria National Bank. We have always had a great deal of respect for the bank and all of the people that have contributed to its success Both of our banks do business in many of the same communities and we have knowledge of the specific needs of those communities in terms of financial products as well as community support. We believe this combination will further strengthen our already strong management and operations teams in South Texas and increase our ability to effectively compete and serve our customers," continued Zalman.

"We are also very pleased with our organic loan growth of 3.7% (14.6% annualized) on a linked quarter basis. It appears that customers are starting to invest more in their businesses by taking out more loans and using their deposits on hand to grow their business. The future for Oklahoma and Texas looks very bright with increasing populations and business moving to our states primarily because of structures that favor business and growth," added Zalman.

"Again we owe all of our success to our team of associates and board members who have helped grow the company in the right direction with all of their hard work, insight and dedication and for that I say thank you! We would also like to thank all of our customers for their business and loyalty to the bank," concluded Zalman.

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

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

For the three months ended June 30, 2013, net income was \$53.844 million compared with \$36.972 million for the same period in 2012. Net income per diluted common share was \$0.89 for the three months ended June 30, 2013 compared with \$0.78 for the same period in 2012. Annualized returns on average assets, average common equity and average tangible common equity for the three months ended June 30, 2013 were 1.33%, 9.27% and 22.32%, respectively. Prosperity's efficiency ratio (excluding credit loss provisions, net gains and losses on the sale of assets and securities and taxes) was 42.51% for the three months ended June 30, 2013.

Net interest income before provision for credit losses for the quarter ended June 30, 2013, increased 41.9% to \$118.742 million compared with \$83.666 million during the same period in 2012. The increase is primarily due to a 47.5% increase in average interest-earning assets for the same period. Linked quarter net interest income before provision for credit losses increased 9.9% or \$10.660 million to \$118.742 million compared with \$108.082 million during the three months ended March 31, 2013. The net interest margin on a tax equivalent basis decreased to 3.43% for the three months ended June 30, 2013, compared with 3.55% for the same period in 2012 and increased from 3.42% for the three months ended March 31, 2013.

Noninterest income increased \$11.618 million or 85.1% to \$25.274 million for the three months ended June 30, 2013, compared with \$13.656 million for the same period in 2012. The increase was primarily due to increases in NSF fees, ATM and debit card income and service charges, as a result of a larger customer base, and trust and mortgage income as a result of the acquisition of American State Financial Corporation ("ASB") on July 1, 2012. Through ASB, Prosperity acquired additional services and products including trust, credit cards and mortgage lending operations. On a linked quarter basis, noninterest income increased 7.8% or \$1.833 million.

Noninterest expense increased \$20.512 million or 50.3% to \$61.300 million for the three months ended June 30, 2013, compared with \$40.788 million for the same period in 2012. The increase is primarily due to additional noninterest expenses associated with the acquisition of ASB on July 1, 2012 and Coppermark Bancshares, Inc. ("Coppermark Bank") on April 1, 2013. On a linked quarter basis, noninterest expense increased 9.9% or \$5.533 million primarily due to an increase in salaries and benefits as a result of the acquisition of Coppermark Bank. Additionally, total noninterest expense for the three months ended June 30, 2013 included one-time pre-tax merger expenses of \$610,000 primarily related to the Coppermark Bank acquisition.

Average loans increased 56.2% or \$2.200 billion to \$6.115 billion for the quarter ended June 30, 2013, compared with \$3.914 billion for the same period in 2012. On a linked quarter basis, average loans increased 16.2% or \$850.814 million from \$5.264 billion at March 31, 2013. Average deposits increased 50.3% to \$12.681 billion for the quarter ended June 30, 2013, compared with \$8.436 billion for the same period of 2012. On a linked quarter basis, average deposits increased 7.8% or \$921.297 million from \$11.760 billion at March 31, 2013.

Loans at June 30, 2013 were \$6.172 billion, an increase of \$2.222 billion or 56.3%, compared with \$3.950 billion at June 30, 2012. On a linked quarter basis, loans increased \$909.459 million or 17.3% from \$5.263 billion at March 31, 2013. Deposits at June 30, 2013 were \$12.509 billion, an increase of \$4.114 billion or 49.0% compared with \$8.395 billion at June 30, 2012. On a linked quarter basis, deposits increased \$795.183 million or 6.8% from \$11.713 billion at March 31, 2013.

Results of operations for the six months ended June 30, 2013

For the six months ended June 30, 2013, net income was \$103.149 million compared with \$73.459 million for the same period in 2012. Net income per diluted common share was \$1.76 for the six months ended June 30, 2013 compared with \$1.55 for the same period in 2012. Returns on average assets, average common equity and average tangible common equity, each on an annualized basis, for the six months ended June 30, 2013 were 1.33%, 9.25%, and 22.31%, respectively. Prosperity's efficiency ratio (excluding credit loss provisions, net gains and losses on the sale of assets and securities and taxes) was 42.46% for the six months ended June 30, 2013.

Net interest income before provision for credit losses for the six months ended June 30, 2013 increased \$61.312 million or 37.0% to \$226.824 million compared with \$165.512 million during the same period in 2012. The increase was attributable primarily to a 45.2% increase in average earning assets over the same period.

Noninterest income increased \$21.114 million or 76.5% to \$48.715 million for the six months ended June 30, 2013 compared with \$27.601 million for the same period in 2012. The increase was primarily due to the additional services and products acquired through the acquisition of ASB on July 1, 2012.

Noninterest expense increased \$35.820 million or 44.1% to \$117.067 million for the six months ended June 30, 2013 compared with \$81.247 million for the same period in 2012. This increase was primarily attributable to the increase in salaries and benefits as a result of the completion of five acquisitions over the past year. Additionally, total noninterest expense for the six months ended June 30, 2013 included one-time pre-tax merger expenses of \$862,000.

Average loans increased 47.2% or \$1.825 billion to \$5.692 billion for the six months ended June 30, 2013, compared with \$3.867 billion for the same period in 2012. Average deposits increased 45.0% to \$12.223 billion for the six months ended June 30, 2013, compared with \$8.432 billion for the same period in 2012.

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

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

		n 30, 2013		nr 31, 2013		ec 31, 2012		ep 30, 2012		n 30, 2012
	J)	Jnaudited)	(U	Inaudited)	(U	Inaudited)	J)	Jnaudited)	(U	naudited)
Loans acquired (including new production since respective acquisition dates):										
The Bank Arlington	\$	22,826	\$	22,919	\$	23,308	\$	21,806	\$	22,542
ASB		967,732		974,223		1,068,077		1,131,005		-
Community National		61,722		61,966		63,940		-		-
East Texas Financial Services		111,626		117,863		-		-		-
Coppermark Bank		772,965		-		-		-		-
All other	_	4,235,612		4,086,053		4,024,615		3,926,292		3,927,790
Total loans	\$	6,172,483	\$	5,263,024	\$	5,179,940	\$	5,079,103	\$	3,950,332
Deposits assumed (including new deposits since respective acquisition dates):										
The Bank Arlington	\$	29,772	\$	28,220	\$	29,842	\$	33,609	\$	33,505
ASB		2,367,198		2,461,485		2,510,855		2,518,178		-
Community National		156,210		156,274		160,404		-		-
East Texas Financial Services		88,289		98,359		-		-		_
Coppermark Bank		1,087,137		-		-		-		_
All other		8,780,044		8,969,129		8,940,743		8,402,810		8,361,077
Total deposits	\$	12,508,650	\$	11,713,467	\$	11,641,844	\$	10,954,597	\$	8,394,582

As reflected in the table above, loan and deposit growth was impacted by the acquisitions of The Bank Arlington, ASB, Community National, East Texas Financial Services and Coppermark Bank. Excluding loans acquired in these acquisitions and new production at the acquired banking centers since the respective acquisition dates, loans at June 30, 2013 grew 7.8% compared with June 30, 2012 and 3.7% (14.6% 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 June 30, 2013 grew 5.0% compared with June 30, 2012 and decreased 2.1% on a linked quarter basis.

At June 30, 2013, Prosperity had \$16.271 billion in total assets, \$6.172 billion in loans and \$12.509 billion in deposits. Assets, loans and deposits at June 30, 2013 increased by 51.5%, 56.3% and 49.0%, respectively, compared with their respective levels at June 30, 2012.

Asset Quality

Nonperforming assets totaled \$14.864 million or 0.11% of quarterly average earning assets at June 30, 2013, compared with \$11.873 million or 0.12% of quarterly average earning assets at June 30, 2012, and \$18.133 million or 0.14% of quarterly average earnings assets at March 31, 2013. The allowance for credit losses was 0.91% of total loans at June 30, 2013, 1.28% of total loans at June 30, 2012 and 1.05% of total loans at March 31, 2013. Excluding loans acquired that are accounted for under ASC Topics 310-20 and 310-30, the allowance for credit losses was 1.18% and 1.25% of remaining loans as of June 30, 2013 and March 31, 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 \$2.550 million for the three months ended June 30, 2013 compared to \$2.800 million for the three months ended March 31, 2013 and \$600,000 for the three months ended June 30, 2012. Net charge offs were \$1.423 million for the three months ended June 30, 2013 compared to \$315,000 for the three months ended March 31, 2013 and \$1.860 million for the three months ended June 30, 2012.

Conference Call

Prosperity's management team will host a conference call on Wednesday, July 24, 2013 at 10:30 a.m. Eastern Standard Time (9:30 a.m. Central Standard Time) to discuss Prosperity's second quarter 2013 earnings. Individuals and investment professionals may participate in the call by dialing 866-952-7532, 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 FVNB Corp.

On July 1, 2013, Prosperity announced the signing of a definitive merger agreement with FVNB Corp. and its wholly-owned subsidiary First Victoria National Bank (collectively referred to as "FVNB") headquartered in Victoria, Texas. First Victoria National Bank operates thirty-four (34) banking offices; seven (7) in the South Texas area including Corpus Christi; six (6) in the Bryan/College Station area; five (5) in the Central Texas area including New Braunfels; and twelve (12) in the Houston area including The Woodlands and Huntsville. As of June 30, 2013, FVNB, on a consolidated basis, reported total assets of \$2.417 billion, total loans of \$1.648 billion and total deposits of \$2.150 billion.

Under the terms of the definitive agreement, Prosperity will issue approximately 5,570,818 shares of Prosperity common stock plus \$91.250 million in cash for all outstanding shares of FVNB Corp. capital stock, subject to certain conditions and potential adjustments. The transaction is subject to customary closing conditions, including the receipt of customary regulatory approvals and approval by FVNB's shareholders.

Acquisition of Coppermark Bancshares, Inc.

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

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

Acquisition of East Texas Financial Services, Inc.

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

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

Acquisition of Community National Bank

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

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

Acquisition of American State Financial Corporation

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

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

Acquisition of The Bank Arlington

On April 1, 2012, Prosperity completed the previously announced acquisition of The Bank Arlington. The Bank Arlington operated one (1) banking office in Arlington, Texas, in the Dallas/Fort Worth CMSA. As of March 31, 2012, The Bank Arlington reported total assets of \$37.3 million, total loans of \$22.8 million and total deposits of \$33.2 million.

Pursuant to the terms of the acquisition agreement, Prosperity issued 135,389 shares of Prosperity common stock for all outstanding shares of The Bank Arlington capital stock, which resulted in a premium of \$2.8 million.

Prosperity Bancshares, Inc.®

Prosperity Bancshares Inc. [®] is a \$16.271 billion Houston, Texas based regional financial holding company, formed in 1983. Operating under a community banking philosophy and seeking to develop broad customer relationships based on service and convenience, Prosperity offers a variety of traditional loan and deposit products to its customers, which consist primarily of small and medium sized businesses and consumers. In addition to established banking products, Prosperity offers a complete line of services including: Internet Banking services at http://www.prosperitybankusa.com, Retail Brokerage Services, MasterMoney Debit Cards, 24 hour voice response banking, Trust and Wealth Management; and Mobile Banking. Prosperity now operates two hundred nineteen (219) full-service banking locations; fifty-eight (58) in the Houston area; twenty (20) in the South Texas area including Corpus Christi and Victoria; thirty-five (35) in the Dallas/Fort Worth area; twenty-two (22) in the East Texas area; thirty-four (34) in the Central Texas area including Austin and San Antonio; thirty-four (34) in the West Texas area including Lubbock, Midland-Odessa and Abilene; ten (10) in the Bryan/College Station area and six (6) in the Central Oklahoma area.

Bryan/College Station Area -

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

Central Texas Area -

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

Other Central Texas

Locations Bastrop
Cuero
Dime Box
Dripping Springs
Eloin

Elgin Flatonia Georgetown Gonzales Hallettsville Kingsland La Grange Lexington New Braunfels Pleasanton Round Rock San Antonio Schulenburg Seguin Smithville Thorndale

Dallas/Fort Worth Area -

Dallas -Abrams Centre Balch Springs Camp Wisdom Cedar Hill

Weimar

Yoakum

Yorktown

Dallas - Central Expressway

Frisco Frisco-West Independence Kiest 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

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 Tyler-South Broadway Tyler-University Winnsboro

Houston Area -

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

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

First Colony

Other Houston Area Locations -

Angleton Bay City Beaumont Cinco Ranch Cleveland East Bernard El Campo Dayton Galveston Groves Hempstead Hitchcock Katy Liberty Magnolia Mont Belvieu Nederland Needville Shadow Creek Sweeny Tomball Waller West Columbia Wharton Winnie

South Texas Area -

Corpus Christi -

Airline Carmel Northwest Saratoga Water Street

Wirt

Other South Texas Locations -

Alice Aransas Pass Beeville Edna Goliad
Kingsville
Mathis
Padre Island
Palacios
Port Lavaca
Portland
Rockport
Sinton
Victoria
Victoria-North

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

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

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)

	Ju	ın 30, 2013	Ma	r 31, 2013	De	ec 31, 2012	Se	p 30, 2012	Ju	n 30, 2012
Balance Sheet Data										
(at period end)										
Total loans	\$	6,172,483	\$	5,263,024	\$	5,179,940	\$	5,079,103	\$	3,950,332
Investment securities (A)		8,017,884		7,985,811		7,442,065		6,799,513		5,400,044
Federal funds sold		606		835		352		302		133
Allowance for credit losses		(56,176)		(55,049)		(52,564)		(50,927)		(50,382)
Cash and due from banks		250,542		180,577		325,952		207,650		152,678
Goodwill		1,350,834		1,235,743		1,217,162		1,200,098		932,965
Core deposit intangibles		26,688		26,514		26,159		28,092		17,706
Other real estate		10,244		9,913		7,234		8,846		10,236
Fixed assets, net		227,455		206,829		205,268		201,445		166,273
Other assets		270,158		227,117		232,005		237,997		157,366
Total assets	\$	16,270,718	\$	15,081,314	\$	14,583,573	\$	13,712,119	\$	10,737,351
Demand deposits	\$	3,283,082	\$	2,995,828	\$	3,016,205	\$	2,827,748	\$	2,083,910
Interest bearing deposits		9,225,568		8,717,639		8,625,639		8,126,849		6,310,672
Total deposits		12,508,650		11,713,467		11,641,844		10,954,597		8,394,582
Securities sold under										
repurchase agreements		481,170		470,241		454,502		443,856		122,743
Federal funds purchased and										
other borrowings		781,215		576,768		256,753		112,017		437,278
Junior subordinated debentures		85,055		85,055		85,055		85,055		85,055
Other liabilities		69,346		86,328		56,030		78,418		53,876
Total liabilities		13,925,436		12,931,859		12,494,184		11,673,943		9,093,534
Shareholders' equity (B)		2,345,282		2,149,455		2,089,389		2,038,176		1,643,817
Total liabilities and equity	\$	16,270,718	\$	15,081,314	\$	14,583,573	\$	13,712,119	\$	10,737,351

⁽A) Includes \$9,724, \$12,054, \$13,824, \$16,991 and \$17,709, in unrealized gains on available for sale securities for the quarterly periods ending June 30, 2013, March 31, 2013, December 31, 2012, September 30, 2012 and June 30, 2012, respectively.

⁽B) Includes \$6,321, \$7,835, \$8,986, \$11,044 and \$11,511, in after-tax unrealized gains on available for sale securities for the quarterly periods ending June 30, 2013, March 31, 2013, December 31, 2012, September 30, 2012 and June 30, 2012, respectively.

(In thousands)

		T	hree Months End	ed		Year-t	o-Date
	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012	Jun 30, 2012	Jun 30, 2013	Jun 30, 2012
Income Statement Data							
Interest income:							
Loans	\$ 89,842	\$ 81,464	\$ 82,727	\$ 80,587	\$ 54,793	\$ 171,306	\$ 108,010
Securities (C)	39,384	36,548	34,956	37,025	38,072	75,932	76,393
Federal funds sold and other earning assets	76	19	36	21	9	95	87
Total interest income	129,302	118,031	117,719	117,633	92,874	247,333	184,490
Interest expense:							
Deposits	9,170	8,690	8,217	9,395	8,083	17,860	16,874
Junior subordinated debentures	606	605	631	651	648	1,211	1,311
Securities sold under repurchase agreements	312	292	294	315	59	604	96
Other borrowings	472	362	276	379	418	834	697
Total interest expense	10,560	9,949	9,418	10,740	9,208	20,509	18,978
Net interest income	118,742	108,082	108,301	106,893	83,666	226,824	165,512
Provision for credit losses	2,550	2,800	3,550	1,800	600	5,350	750
Net interest income after provision for credit losses	116,192	105,282	104,751	105,093	83,066	221,474	164,762
Noninterest income:							
Nonsufficient funds (NSF) fees	8,346	8,509	9,292	9,265	5,167	16,855	10,556
Debit card and ATM card income	7,007	6,487	6,683	6,246	4,292	13,494	8,128
Service charges on deposit accounts	3,304	2,931	2,877	3,362	2,432	6,235	4,873
Trust income	896	1,017	915	831	-	1,913	-
Mortgage income	1,567	991	1,120	1,437	65	2,558	124
Bank owned life insurance income	932	776	1,242	736	345	1,708	694
Net (loss) gain on sale of assets	(180)	1	(244)	(50)	70	(179)	63
Net gain (loss) on sale of other real estate	237	(105)	(113)	(597)	(165)	132	253
Other noninterest income	3,165	2,834	2,334	2,598	1,450	5,999	2,910
Total noninterest income	25,274	23,441	24,106	23,828	13,656	48,715	27,601
Noninterest expense:							
Salaries and benefits	37,517	33,209	31,980	36,701	23,572	70,726	46,824
Core deposit intangibles amortization	1,341	1,755	1,932	2,007	1,595	3,096	3,290
Net occupancy and equipment	4,669	4,278	4,812	4,614	3,492	8,947	7,049
Depreciation	2,464	2,378	2,491	2,369	2,028	4,842	4,063
Debit card, data processing and software amortization	3,249	2,570	3,106	2,901	1,906	5,819	3,438
Regulatory assessments and FDIC insurance	2,579	2,395	2,365	2,107	1,659	4,974	3,207
Communications (includes telephone, courier and postage)	2,410	2,196	2,381	2,226	1,802	4,606	3,550
Other real estate expense	237	223	465	271	383	460	1,074
Other non-interest expense	6,834	6,763	7,436	7,046	4,351	13,597	8,752
Total non-interest expense	61,300	55,767	56,968	60,242	40,788	117,067	81,247
Net income before taxes	80,166	72,956	71,889	68,679	55,934	153,122	111,116
Federal income taxes	26,322	23,651	23,623	22,503	18,962	49,973	37,657
Net income available to common shareholders	\$ 53,844	\$ 49,305	\$ 48,266	\$ 46,176	\$ 36,972	\$ 103,149	\$ 73,459

⁽C) Interest income on securities was reduced by net premium amortization of \$18,838, \$22,710, \$23,992, \$21,423 and \$11,755 for the three month periods ended June 30, 2013, March 31, 2013, December 31, 2012, September 30, 2012 and June 30, 2012, respectively, and \$41,548 and \$21,474 for the six month periods ended June 30, 2013 and 2012, respectively.

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

				Tl	ree N	Ionths End	ed					Year-t	o-Date	;
	Jun	30, 2013	Mar	31,2013	Dec	31,2012	Sep	30, 2012	Jun	30, 2012	Jun	30, 2013	Jun	30, 2012
Profitability														
Net income	\$	53,844	\$	49,305	\$	48,266	\$	46,176	\$	36,972	\$	103,149	\$	73,459
												<u> </u>		
Basic earnings per share	\$	0.89	\$	0.87	\$	0.86	\$	0.83	\$	0.78	\$	1.76	\$	1.55
Diluted earnings per share	\$	0.89	\$	0.86	\$	0.85	\$	0.82	\$	0.78	\$	1.76	\$	1.55
Return on average assets (D)		1.33%		1.33%		1.36%		1.32%		1.35%		1.33%		1.37%
Return on average common equity (D)		9.27%		9.23%		9.28%		9.10%		9.06%		9.25%		9.10%
Return on average tangible common equity (D) (E)		22.32%		22.30%		22.92%		21.59%		21.70%		22.31%		22.12%
Tax equivalent net interest margin (F)		3.43%		3.42%		3.53%		3.52%		3.55%		3.43%		3.60%
Efficiency ratio (G)		42.51%		42.40%		42.95%		46.07%		41.94%		42.46%		42.09%
T'- 'P' 10 - '-10 - '-10 - '														
Liquidity and Capital Ratios		14.41%		14.25%		14 220/		1/1 0/40/		15.31%		14.41%		15 210/
Equity to assets		14.41%				14.33% 14.40%		14.86% 14.43%		15.51%		14.41%		15.31% 16.42%
Tier 1 risk-based capital Total risk-based capital		14.15% 14.91%		14.77%				14.45%		17.49%		14.13%		17.49%
1				15.61%		15.22%								
Tier 1 leverage capital		7.07%		7.10%		7.10%		6.92%		7.69%		7.07%		7.69%
Tangible equity to tangible assets (E)		6.50%		6.42%		6.34%		6.49%		7.08%		6.50%		7.08%
Other Data														
Shares used in computed earnings per share														
Basic		60,250		56,988		56,427		55,958		47,456		58,629		47,347
Diluted		60,394		57,134		56,554		56,093		47,608		58,774		47,508
Period end shares outstanding		60,315		57,014		56,447		56,058		47,474		60,315		47,474
Cash dividends paid per common share	\$	0.2150	\$	0.2150	\$	0.2150	\$	0.1950	\$	0.1950	\$	0.4300	\$	0.3900
Book value per share	\$	38.88	\$	37.70	\$	37.02	\$	36.36	\$	34.63	\$	38.88	\$	34.63
Tangible book value per share $^{(E)}$	\$	16.05	\$	15.56	\$	14.99	\$	14.45	\$	14.60	\$	16.05	\$	14.60
Common Stock Market Price														
High	\$	52.38	\$	47.56	\$	43.54	\$	45.40	\$	47.31	\$	52.38	\$	47.66
Low		44.33		42.38		38.56		38.90		39.87		42.38		39.66
Period end market price		51.79		47.39		42.00		42.62		42.03		51.79		42.03
Employees – FTE		2,496		2,304		2,266		2,260		1,666		2,496		1,666
Number of banking centers		219		224		217		213		176		219		176

 $⁽D)\ Interim\ periods\ annualized.$

⁽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 non-interest 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					Thr	ee Mo	nths Ended	l						_
	Ju	un 30, 2013]	Mar 3	1,2013			J	ın 30), 2012		_
	Average Balance	Interest Earned/ Interest Paid	Average Yield/ Rate		Average Balance	I	nterest Parned/ Prest Paid	Average Yield/ Rate	• •	Awerage Balance	I	nterest Earned/ nterest Paid	Average Yield/ Rate	;
Interest-Earning Assets: Loans	\$ 6,114,598	\$ 89,842	5.89%		\$ 5,263,784	\$	81,464	6.28%		\$ 3,914,352	\$	54,793	5.63%	
Investment securities Federal funds sold and other	7,964,157	39,384	1.98%	(H)	7,755,567		36,548	1.91%	(H)	5,635,810		38,072		(H)
earning assets	35,113	76	0.87%		34,793		19	0.22%		20,916		9	0.17%	
Total interest earning assets	14,113,868	\$ 129,302	3.67%		13,054,144	\$	118,031	3.67%		9,571,078	\$	92,874	3.90%	
Allowance for credit losses	(57,754)			_	(53,242)					(50,746)				
Noninterest-earning assets	2,114,816			_	1,849,461					1,398,857				
Total assets	\$ 16,170,930			=	\$ 14,850,363					\$ 10,919,189				
Interest-Bearing Liabilities:														
Interest-bearing demand deposits	\$ 2,580,750	\$ 2,100	0.33%		\$ 2,659,489	\$	2,210	0.34%		\$ 1,706,176	\$	2,089	0.49%	
Savings and money market deposits	4,261,466	3,172	0.30%		3,790,416		2,829	0.30%		2,779,524		2,444	0.35%	
Certificates and other time deposits	2,543,895	3,898	0.61%		2,370,499		3,651	0.62%		1,880,096		3,550	0.76%	
Securities sold under repurchase agreements	471,430	312	0.27%		448,542		292	0.26%		98,968		59	0.24%	
Federal funds purchased and other														
borrowings	541,034	472	0.35%		358,120		362	0.41%		610,499		418	0.28%	
Junior subordinated debentures	85,055	606	2.86%	_	85,055		605	2.88%		85,055	_	648	3.06%	
Total interest-bearing liabilities	10,483,630	10,560	0.40%	(I)	9,712,121	_	9,949	0.42%	(I)	7,160,318		9,208	0.52%	(I)
Noninterest-bearing liabilities:														
Noninterest-bearing demand deposits	3,295,211				2,939,621					2,069,965				
Other liabilities	69,741			_	62,716					56,742				
Total liabilities	13,848,582				12,714,458					9,287,025				
Shareholders' equity	2,322,348			_	2,135,905					1,632,164				
Total liabilities and shareholders' equity	\$ 16,170,930			=	\$ 14,850,363					\$ 10,919,189				
Net interest income and margin		\$ 118,742	3.37%			\$	108,082	3.36%			\$	83,666	3.52%	
Non-GAAP to GAAP reconciliation:														
Tax equivalent adjustment		2,063					2,125				_	832		
Net interest income and margin														
(tax equivalent basis)		\$ 120,805	3.43%			\$	110,207	3.42%			\$	84,498	3.55%	

⁽H) Yield on securities was impacted by net premium amortization of \$18,838, \$22,710 and \$11,755 for the three month periods ended June 30, 2013, March 31, 2013, and June 30, 2012, respectively.

⁽I) Total cost of funds, including non-interest bearing deposits, was 0.31%, 0.32% and 0.40% for the three months ended June 30, 2013, March 31, 2013 and June 30, 2012, respectively.

YIELD ANALYSIS				Ye	ar-to	-Date	:				
	Jı	un 3(), 2013				J	un 30	0,2012		_
	Average Balance	E	nterest Farned/ nterest Paid	Average Yield/ Rate	·		Average Balance	F	nterest Carned/ nterest Paid	Average Yield/ Rate	:
Interest-Earning Assets: Loans Investment securities Federal funds sold and other earning assets Total interest-earning assets Allowance for credit losses Noninterest-earning assets Total assets	5,691,541 7,860,438 34,954 13,586,933 (55,513) 1,982,871 15,514,291	\$	171,306 75,932 95 247,333	6.07% 1.95% 0.55% 3.67%	(J)	\$	3,866,672 5,414,033 73,536 9,354,241 (51,174) 1,403,182 10,706,249	\$	108,010 76,393 87 184,490	5.62% 2.82% 0.24% 3.97%	(1)
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	\$ 2,619,902 4,027,242 2,457,676 460,049 450,082 85,055 10,100,006	\$	4,309 6,001 7,550 604 834 1,211 20,509	0.33% 0.30% 0.62% 0.26% 0.37% 2.87% 0.41%	(K)	\$	1,700,208 2,785,936 1,925,584 76,136 441,630 85,055 7,014,549	\$	4,152 5,033 7,689 96 697 1,311 18,978	0.49% 0.36% 0.80% 0.25% 0.32% 3.10% 0.54%	(K)
Noninterest-bearing liabilities: Noninterest-bearing demand deposits Other liabilities Total liabilities Shareholders' equity Total liabilities and shareholders' equity Net interest income and margin	3,118,400 66,251 13,284,657 2,229,634 15,514,291	\$	226,824	3.37%		\$	2,020,453 57,523 9,092,525 1,613,724 10,706,249	\$	165,512	3.56%	
Non-GAAP to GAAP reconciliation: Tax equivalent adjustment			4,188						1,728		
Net interest income and margin (tax equivalent basis)		\$	231,012	3.43%				\$	167,240	3.60%	

⁽J) Yield on securities was impacted by net premium amortization of \$41,548 and \$21,474 for the six month periods ended June 30, 2013 and June 30, 2012, respectively.

⁽K) Total cost of funds, including non-interest bearing deposits, was 0.31% and 0.42% for the six months ended June 30, 2013, and June 30, 2012, respectively.

				7	hree	Months End	led					Year-to	o-Date	<u>;</u>
	Ju	n 30, 2013	M	ar 31, 2013	De	c 31, 2012	Sep	30, 2012	Ju	ın 30, 2012	Ju	n 30, 2013	Ju	n 30, 2012
A. 1. () () () () () () () () () (
Adjustment to Loan Yield (L)	\$	90 942	\$	91 161	\$	דרד מי	¢	on 507	¢	54.702	\$	171 206	\$	100 010
Interest on loans, as reported Less: Purchase accounting adjustment-loan discount accretion	Þ	89,842 (12,031)	ф	81,464 (14,292)	ф	82,727 (14,523)	\$	80,587 (11,188)	\$	54,793 (756)	Þ	171,306 (26,323)	Þ	108,010 (701)
Interest on loans without discount accretion	\$	77,811	\$	67,172	\$	68,204	\$	69,399	\$	54,037	\$	144,983	\$	107,309
Average loans	\$	6,114,598		5,263,784		5,140,163		5,169,101		3,914,352		5,691,541		3,866,672
Loan yield without discount accretion		5.10%		5.18%		5.28%		5.34%		5.55%		5.14%		5.58%
Loan yield, as reported		5.89%		6.28%		6.40%		6.20%		5.63%		6.07%		5.62%
					Three	Months End						Year-to	o-Date	2
	Ju	n 30, 2013	M	ar 31, 2013	De	c 31, 2012	Sep	30, 2012	Ju	ın 30, 2012	Ju	n 30, 2013	Ju	n 30, 2012
Adjustment to Securities Yield (L)														
Interest on securities, as reported	\$	39,384	\$	36,548	\$	34,956	\$	37,025	\$	38,072	\$	75,932	\$	76,393
Add: Purchase accounting adjustment-securities amortization		2,599		3,106		3,540		3,451		_		5,705		-
Interest on securities including amortization	\$	41,983	\$	39,654	\$	38,496	\$	40,476	\$	38,072	\$	81,637	\$	76,393
Average securities	\$	7,964,157	\$	7,755,567	\$	7,228,418	\$	7,106,871	\$	5,635,810	\$	7,860,438	\$	5,414,033
Securities yield without purchase accounting adjustment		2.11%		2.07%		2.12%		2.28%		2.72%		2.09%		2.82%
Securities yield, as reported		1.98%		1.91%		1.92%		2.08%		2.70%		1.95%		2.82%
Net Interest Margin (tax equivalent basis, excluding														
purchase accounting adjustments to yield)		3.09%		3.08%		3.18%		3.16%		3.52%		3.12%		3.60%
Net Interest Margin (tax equivalent basis), as reported		3.43%		3.42%		3.53%		3.52%		3.55%		3.43%		3.60%
Net income available to common shareholders, as reported	\$	53,844	\$	49,305	\$	48,266	\$	46,176	\$	36,972	\$	103,149	\$	73,459
Less: Purchase accounting adjustments, net of tax (M)		(6,319)		(7,606)		(7,469)		(5,261)		(514)		(13,925)		(477)
Net income available to common shareholders, adjusted	\$	47,525	\$	41,699	\$	40,797	\$	40,915	\$	36,458	\$	89,224	\$	72,982
	Ac	quired Loan			Ac	quired Loan			Tot	tal Loans Acc				
		Under AS	_		_	Under AS			_		_			
		alance at cquisition		lemaining Salance at	_	alance at equisition		maining lance at		alance at equisition		emaining alance at		
	11.	Date		ne 30, 2013	11	Date		e 30, 2013	11	Date		ne 30, 2013		
Loan marks:			_		_									
Previouly acquired banks (N)	\$	81,328	\$	37,832	\$	28,764	\$	22,989	\$	110,092	\$	60,821		
2013 acquisitions ^(O)		29,440		24,695		23,414		22,571		52,854		47,266		
Total	\$	110,768	\$	62,527	\$	52,178	\$	45,560	\$	162,946	\$	108,087		
Acquired portfolio loan balances:												<u>-</u> _		
Previouly acquired banks (N)	\$	1,298,380	\$	653,945	\$	57,979	\$	43,505	\$	1,356,359	\$	697,450		
2013 acquisitions ^(O)	Ψ	939,804	Ψ	775,372	Ψ	54,083	Ψ	53,754	Ψ	993,887	Ψ	829,126		
Total	\$	2,238,184	\$	1,429,317	\$	112,062	\$	97,259	\$	2,350,246 (P	\$	1,526,576		
- V ****-	Ψ	-,200,107	Ψ	-, 12/,011	Ψ	112,002	Ψ	11,401	Ψ	2,330,240	Ψ	1,020,070		

- (L) Non-GAAP financial measure.
- (M) Using effective tax rate.
- $(N)\ \ Includes\ Bank\ of\ Texas, Bank\ Arlington, ASB\ and\ Community\ National\ which\ were\ acquired\ in\ 2012.$
- (O) Includes East Texas Financial Services and Coppermark Bank.
- (P) Actual principal balances acquired.

		Thi	ree Months E	nded	
	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012	Jun 30, 2012
YIELD TREND					
Interest-Earning Assets:					
Loans	5.89%	6.28%	6.40%	6.20%	5.63%
Investment securities (Q)	1.98%	1.91%	1.92%	2.08%	2.70%
Federal funds sold and other earning assets	0.87%	0.22%	0.19%	0.16%	0.17%
Total interest-earning assets	3.67%	3.67%	3.76%	3.80%	3.90%
Interest-Bearing Liabilities:					
Interest-bearing demand deposits	0.33%	0.34%	0.31%	0.41%	0.49%
Savings and money market deposits	0.30%	0.30%	0.29%	0.34%	0.35%
Certificates and other time deposits	0.61%	0.62%	0.64%	0.69%	0.76%
Securities sold under repurchase agreements	0.27%	0.26%	0.25%	0.29%	0.24%
Federal funds purchased and other borrowings	0.35%	0.41%	0.40%	0.29%	0.28%
Junior subordinated debentures	2.86%	2.88%	2.95%	3.04%	3.06%
Total interest-bearing liabilities	0.40%	0.42%	0.41%	0.47%	0.52%
Net Interest Margin	3.37%	3.36%	3.46%	3.45%	3.52%
Net Interest Margin (tax equivalent)	3.43%	3.42%	3.53%	3.52%	3.55%

⁽Q) Yield on securities was impacted by net premium amortization of \$18,838, \$22,710, \$23,992, \$21,423 and \$11,755 for the three month periods ended June 30, 2013, March 31, 2013, December 31, 2012, September 30, 2012 and June 30, 2012, respectively.

(In thousands)

Three Months Ended

	Ju	ın 30, 2013	Ma	ar 31, 2013	De	ec 31, 2012	Se	ep 30, 2012	Ju	n 30, 2012
Balance Sheet Averages										
Total loans	\$	6,114,598	\$	5,263,784	\$	5,140,163	\$	5,169,101	\$	3,914,352
Investment securities		7,964,157		7,755,567		7,228,418		7,106,871		5,635,810
Federal funds sold and										
other earning assets		35,113		34,793		75,135		53,111		20,916
Total interest-earning assets		14,113,868		13,054,144		12,443,716		12,329,083		9,571,078
Allowance for credit losses		(57,754)		(53,242)		(50,775)		(53,944)		(50,746)
Cash and due from banks		279,271		206,990		198,797		206,124		134,055
Goodwill		1,331,568		1,226,332		1,211,596		1,157,330		932,112
Core Deposit Intangibles (CDI)		25,893		25,244		27,108		17,280		18,465
Other real estate		19,605		11,789		9,571		11,600		10,178
Fixed assets, net		223,769		207,517		206,869		192,542		165,784
Other assets		234,710		171,589		190,815		145,244		138,263
Total assets	\$	16,170,930	\$	14,850,363	\$	14,237,697	\$	14,005,259	\$	10,919,189
Noninterest-bearing deposits	\$	3,295,211	\$	2,939,621	\$	2,963,998	\$	2,760,405	\$	2,069,965
Interest-bearing demand deposits		2,580,750		2,659,489		2,328,969		2,181,928		1,706,176
Savings and money market deposits		4,261,466		3,790,416		3,600,109		3,516,601		2,779,524
Certificates and other time deposits		2,543,895		2,370,499		2,366,155		2,387,279		1,880,096
Total deposits		12,681,322		11,760,025		11,259,231		10,846,213		8,435,761
Securities sold under										
repurchase agreements		471,430		448,542		459,998		438,410		98,968

358,120

85,055

62,716

\$

2,135,905

14,850,363

272,239

85,055

80,085

2,081,089

14,237,697

610,499

85,055

56,742

1,632,164

10,919,189

512,739

85,055

92,873

2,029,969

14,005,259

541,034

85,055

69,741

\$

2,322,348

16,170,930

Federal funds purchased and

Junior subordinated debentures

other borrowings

Shareholders' equity

Total liabilities and equity

Other liabilities

_	Jun 30, 2013	3	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012	Jun 30, 2012
Period End Balances						
Loan Portfolio						
Commercial and other	\$ 999,677 1	6.2% \$	760,531 14.5%	\$ 798,882 15.4%	\$ 792,247 15.6%	\$ 491,907 12.5%
Construction	694,585 1	1.3%	575,307 10.9%	550,768 10.6%	496,417 9.8%	466,884 11.8%
1-4 family residential	1,452,268 2	23.6%	1,338,936 25.5%	1,255,765 24.3%	1,213,872 23.9%	1,084,936 27.4%
Home equity	208,739	3.4%	203,815 3.9%	186,801 3.6%	183,844 3.6%	154,147 3.9%
Commercial real estate	2,390,820 3	38.6%	1,993,518 37.8%	1,990,642 38.4%	1,976,112 38.9%	1,484,787 37.6%
Agriculture (includes farmland)	314,945	5.1%	286,789 5.4%	285,637 5.5%	304,134 6.0%	192,462 4.9%
Consumer	111,449	1.8%	104,128 2.0%	111,445 2.2%	112,477 2.2%	75,209 1.9%
Total loans	\$ 6,172,483	\$	5,263,024	\$ 5,179,940	\$ 5,079,103	\$ 3,950,332
Deposit Types						
Noninterest-bearing DDA	\$ 3,283,082 2	26.2% \$	2,995,828 25.6%	\$ 3,016,205 25.9%	\$ 2,827,748 25.8%	\$ 2,083,910 24.8%
Interest-bearing DDA	2,483,428 1	9.9%	2,521,998 21.5%	2,626,331 22.6%	2,208,568 20.2%	1,684,492 20.1%
Money Market	2,868,880 2	22.9%	2,509,501 21.4%	2,362,454 20.3%	2,303,680 21.0%	2,206,220 26.3%
Savings	1,371,214 1	1.0%	1,345,044 11.5%	1,293,552 11.1%	1,276,271 11.7%	581,480 6.9%
Certificates and other time deposits	2,502,046 2	20.0%	2,341,096 20.0%	2,343,302 20.1%	2,338,330 21.3%	1,838,480 21.9%
Total deposits	\$ 12,508,650	\$	11,713,467	\$ 11,641,844	\$ 10,954,597	\$ 8,394,582
Loan to Deposit Ratio	49.3%		44.9%	44.5%	46.4%	47.1%
-						
Construction Loans						
Single family residential						
construction	\$ 234,257 3	32.9% \$	177,218 30.6%	\$ 161,401 29.2%	\$ 150,959 30.1%	\$ 143,600 30.8%
Land development	63,857	9.0%	42,520 7.4%	42,199 7.6%	38,075 7.6%	39,704 8.5%
Raw land		8.4%	46,672 8.1%	58,794 10.6%	47,620 9.5%	51,070 10.9%
Residential lots	<i>'</i>	2.8%	93,598 16.2%	92,697 16.8%	97,445 19.4%	86,201 18.5%
Commercial lots	60,960	8.6%	64,394 11.2%	63,716 11.5%	63,418 12.7%	49,454 10.6%
Commercial construction and	•				•	•
other	200,633 2	28.3%	153,047 26.5%	134,427 24.3%	103,677 20.7%	96,855 20.7%
Net unaccreted discount	(15,841)		(2,142)	(2,466)	(4,777)	-
Total construction loans	\$ 694,585	\$	575,307	\$ 550,768	\$ 496,417	\$ 466,884

				Т	hree M	onths Ended				
	Jun	30, 2013	Mar	31,2013		31, 2012	Sep	30, 2012	Jun	30, 2012
Asset Quality										
Nonaccrual loans	\$	4,295	\$	7,529	\$	5,382	\$	5,063	\$	1,624
Accruing loans 90 or more	,	-,	7	.,	Ť	-,	7	-,	_	-,
days past due		325		642		331		132		_
Total non-performing loans		4,620		8,171		5,713		5,195		1,624
Repossessed assets		- 1,020		49		68		10		13
Other real estate		10,244		9,913		7,234		8,846		10,236
Total nonperforming assets	\$	14,864	\$	18,133	\$	13,015	\$	14,051	\$	11,873
Nonperforming assets:										
Commercial	¢	1,191	\$	3,896	\$	1 560	\$	1.500	¢	394
Construction	\$	1,191 5,898	Þ	3,896 3,678	Э	1,568 3,522	Ф	1,599 3,182	\$	394 4,056
1-4 family (including home equity)		2,112		3,746		3,081		3,089		2,284
Commercial real estate (including multi-		4.220		5 500		2 (00		4 651		5.055
family)		4,330		5,533		2,608		4,671		5,077
Agriculture		1,213		1,183		1,463		1,476		44
Consumer and other		120		97		773		34		18
Total	\$	14,864	\$	18,133	\$	13,015	\$	14,051	\$	11,873
Number of loans/properties		123		124		116		119		88
Allowance for credit losses at										
end of period	\$	56,176	\$	55,049	\$	52,564	\$	50,927	\$	50,382
Net charge-offs:										
Commercial	\$	148	\$	59	\$	205	\$	(511)	\$	180
Construction		124		(56)		21		155		1,179
1-4 family (including home equity)		35		102		65		251		90
Commercial real estate (including										
multi-family)		801		(57)		1,012		800		296
Agriculture		13		(7)		70		(30)		(3)
Consumer and other		302		274		540		590		118
Total	\$	1,423	\$	315	\$	1,913	\$	1,255	\$	1,860
Asset Quality Ratios	Ψ	1,123	Ψ	313	Ψ	1,713	Ψ	1,200	Ψ	1,000
Nonperforming assets to										
average earning assets		0.11%		0.14%		0.10%		0.11%		0.12%
Nonperforming assets to loans		0.1170		0.14/0		0.1070		0.11/0		0.12/0
and other real estate		0.24%		0.34%		0.25%		0.28%		0.30%
Net charge-offs to		0.2470		0.5470		0.2370		0.2070		0.5070
9		0.000/		0.020/		0.150/		0.000/		0.200/
average loans (annualized)		0.09%		0.02%		0.15%		0.08%		0.20%
Allowance for credit losses to		0.010/		1.050/		1.010/		1.000/		1.000/
total loans		0.91%		1.05%		1.01%		1.00%		1.28%
Allowance for credit losses to total loans (excluding acquired loans accounted for										
under ASC Topics 310-20 and 310-30) (E)		1.18%		1.25%		1.22%		1.27%		N/A

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.

				TI	ıree	Months End	led					Year-t	o-Da	ite
	Ju	ın 30, 2013	Ma	ar 31, 2013	Do	ec 31, 2012	Se	ep 30, 2012	Ju	n 30, 2012	Ju	ın 30, 2013	Ju	n 30, 2012
Return on average tangible common equity:														
Net income	\$	53,844	\$	49,305	\$	48,266	\$	46,176	\$	36,972	\$	103,149	\$	73,459
Average shareholders' equity	\$	2,322,348	\$	2,135,905	\$	2,081,089	\$	2,029,969	\$	1,632,164	\$	2,229,634	\$	1,613,724
Less: Average goodwill and other intangible assets		(1,357,461)		(1,251,576)		(1,238,704)		(1,174,610)		(950,577)		(1,304,811)		(949,548)
Average tangible shareholders' equity	\$	964,887	\$	884,329	\$	842,385	\$	855,359	\$	681,587	\$	924,823	\$	664,176
Return on average tangible common equity:		22.32%		22.30%		22.92%		21.59%		21.70%		22.31%		22.12%
Tangible book value per share:														
Shareholders' equity	\$	2,345,282	\$	2,149,455	\$	2,089,389	\$	2,038,176	\$	1,643,817	\$	2,345,282	\$	1,643,817
Less: Goodwill and other intangible assets		(1,377,522)		(1,262,257)		(1,243,321)		(1,228,190)		(950,671)		(1,377,522)		(950,671)
Tangible shareholders' equity	\$	967,760	\$	887,198	\$	846,068	\$	809,986	\$	693,146	\$	967,760	\$	693,146
Period end shares outstanding		60,315		57,014		56,447		56,058		47,474		60,315		47,474
Tangible book value per share:	\$	16.05	\$	15.56	\$	14.99	\$	14.45	\$	14.60	\$	16.05	\$	14.60
Tangible equity to tangible assets ratio:														
Tangible shareholders' equity	\$	967,760	\$	887,199	\$	846,068	\$	809,986	\$	693,146	\$	967,760	\$	693,146
Total assets	\$	16,270,718	\$	15,081,314	\$	14,583,573	\$	13,712,119	\$	10,737,351	\$	16,270,718	\$	10,737,351
Less: Goodwill and other intangible assets		(1,377,522)		(1,262,257)		(1,243,321)		(1,228,190)		(950,671)		(1,377,522)		(950,671)
Tangible assets	\$	14,893,196	\$	13,819,057	\$	13,340,252	\$	12,483,929	\$	9,786,680	\$	14,893,196	\$	9,786,680
Tangible equity to tangible assets ratio:		6.50%		6.42%		6.34%		6.49%		7.08%		6.50%		7.08%
				Page 19	of 2	20								

Page 19 of 20

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

	Jun 30, 2013		Mar 31, 2013		Dec 31, 2012	
Allowance for credit losses to total loans, excluding acquired loans: Allowance for credit losses	\$	56,176	\$	55,049	\$	52,564
Total loans	\$	6,172,483	\$	5,263,024	\$	5,179,940
Less: Fair value of acquired loans accounted for under ASC						
Topics 310-20 and 310-30 (does not include new production)	\$	1,418,489	\$	853,751	\$	887,953
Total loans less acquired loans	\$	4,753,994	\$	4,409,273	\$	4,291,987
Allowance for credit losses to total loans, excluding						
acquired loans (non-GAAP basis)		1.18%		1.25%		1.22%