



**— PROSPERITY —**  
**BANCSHARES, INC.®**

**Acquisition of FVNB Corp.**



**First Victoria®**

THE OLDEST INDEPENDENT BANK IN TEXAS

**July 1, 2013**

# **“Safe Harbor” Statement**

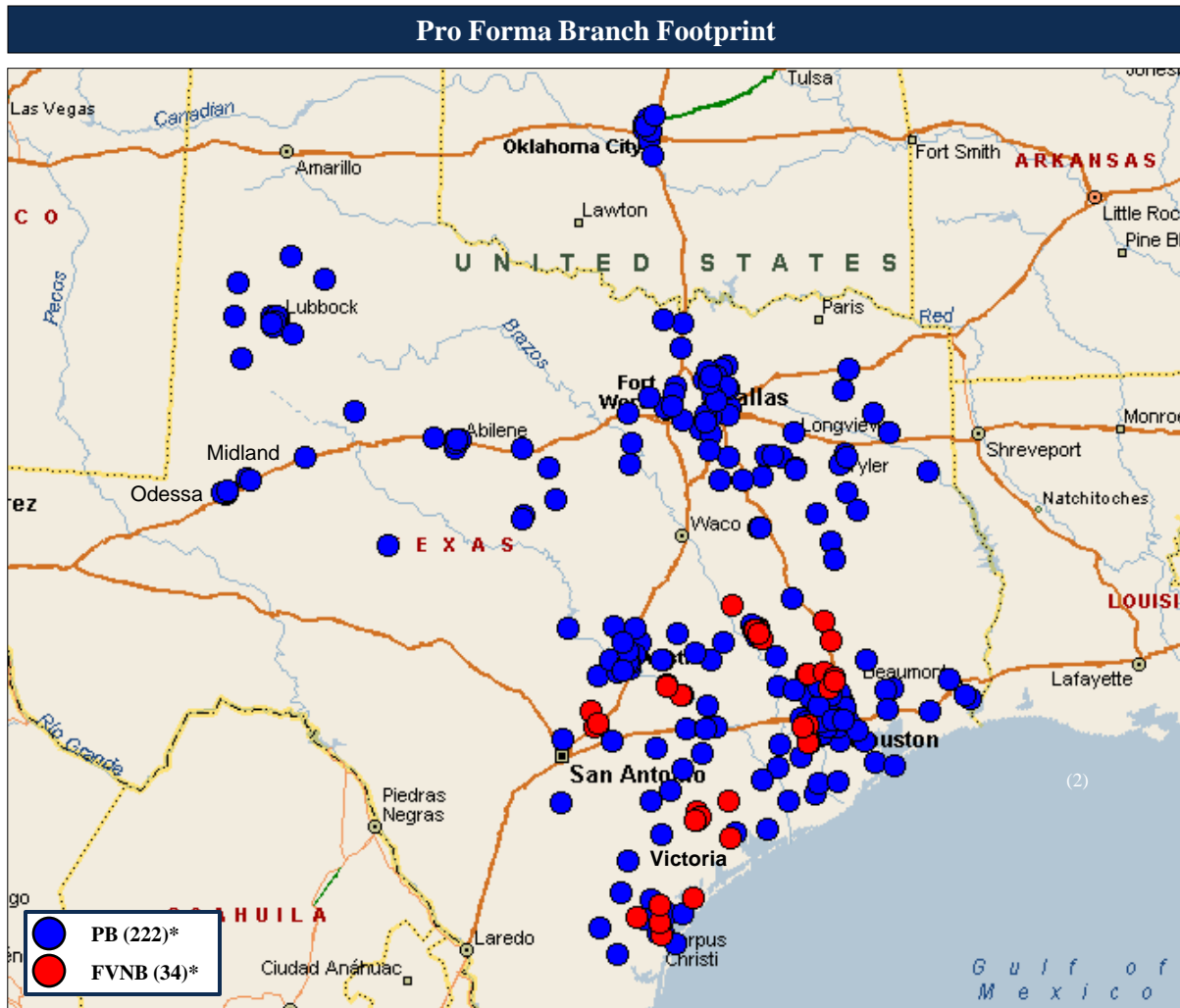
**under the Private Securities Litigation Reform Act of 1995**

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

# Strategic Rationale

- **Strengthens Prosperity's position in the economically attractive Gulf Coast and Central regions of Texas:**
  - Complimentary franchises and markets
  - Similar cultures and operating philosophies
  - Enhances market share in existing Victoria and Bryan/College Station markets
  - Adds to the North Houston footprint near The Woodlands, where Exxon Mobil is building their 400 acre headquarters to house 10,000+ employees
- **Diversifies Prosperity's revenue stream with FVNB's brokerage and trust businesses**
  - FVNB ranks #1 against peers, #5 overall in brokerage commissions<sup>(1)</sup>
  - \$540 million trust assets under management at year end 2012, significantly enhancing current trust business
- **Meaningful accretion to earnings per share**
- **Prosperity will remain well-capitalized**
- **Following the merger, Prosperity will be the 39th largest U.S. headquartered banking institution**

# Strengthens Texas Franchise



Source: SNL Financial

\* Branch count excludes duplicative drive-thru locations and includes one FVNB loan production office in Sugar Land

# Enhances Market Share

Texas Deposit Market Share				
Rank	Institution (ST)	Number of Branches	Deposits in Market (\$mm)	Market Share (%)
1	JPMorgan Chase & Co. (NY)	681	106,289	20.6
2	Bank of America Corp. (NC)	437	79,784	15.5
3	Wells Fargo & Co. (CA)	689	56,269	10.9
4	BBVA	374	28,035	5.4
5	Cullen/Frost Bankers Inc. (TX)	131	17,365	3.4
	<b>Pro Forma</b>	<b>250</b>	<b>13,219</b>	<b>2.6</b>
<b>6</b>	<b>Prosperity Bancshares Inc. (TX)*</b>	<b>216</b>	<b>11,243</b>	<b>2.2</b>
7	Capital One Financial Corp. (VA)	174	9,972	1.9
8	Comerica Inc. (TX)	139	9,563	1.9
9	Zions Bancorp. (UT)	97	9,424	1.8
10	International Bancshares Corp. (TX)	169	6,921	1.3
11	Texas Capital Bancshares Inc. (TX)	13	6,264	1.2
12	BOK Financial Corp. (OK)	47	4,604	0.9
13	Citigroup Inc. (NY)	100	4,177	0.8
14	Regions Financial Corp. (AL)	84	3,985	0.8
15	Hilltop Holdings Inc. (TX)	33	3,963	0.8
<b>23</b>	<b>FVNB Corp. (TX)*</b>	<b>34</b>	<b>1,976</b>	<b>0.4</b>
	<b>Top 15</b>	<b>3,384</b>	<b>357,858</b>	<b>69.3</b>
	<b>Total</b>	<b>6,858</b>	<b>516,072</b>	<b>100.0</b>

Source: SNL Financial

Note: Deposit data as of June 30, 2012; Pro forma for pending and completed transactions

\* Branch count excludes duplicative drive-thru locations and includes one FVNB loan production office in Sugar Land



# Growing Markets of Operation

## *Victoria & Coastal Cities*

- Expected capital investment of \$28 billion in the Eagle Ford Shale play in 2013
- Construction of the 1.1 million square foot Caterpillar plant in Victoria
- \$1 billion TPCO Pipe plant is under construction and is estimated to create 400 to 600 jobs
- Cheniere Energy is set to begin construction of a liquefied natural gas plant on the La Quinta ship channel, which will have production capacity of 13.5 million tons per year



## *Bryan / College Station & San Antonio / Austin Corridor*



- Home to Texas A&M University and Blinn College which enroll approximately 50,000 and 15,000 students every year, respectively
- G-Con Biopharmaceutical Manufacturing facility is open and projected to add 150 six figure salary jobs to the Bryan / College Station community
- Construction of a 3,500 acre bio medical complex is underway along Highway 47
- 600,000 square foot Sysco Foods distribution center completed and will house 600+ employees

## *Houston and Surrounding Area*

- Exxon Mobil is expected to complete a 400 acre facility by 2015 which will house over 10,000 relocated employees in The Woodlands market
- Ben E. King, Noble Drilling, Team Industrial Services, BP America, Shell, Transwestern and Worley Parsons added over 5,000 new jobs to the South / West Houston market
- The Walker County market is home to Sam Houston State University, the fastest growing four-year institution in Texas, which enrolls approximately 18,500 every semester



# Financial Highlights – FVNB Corp.

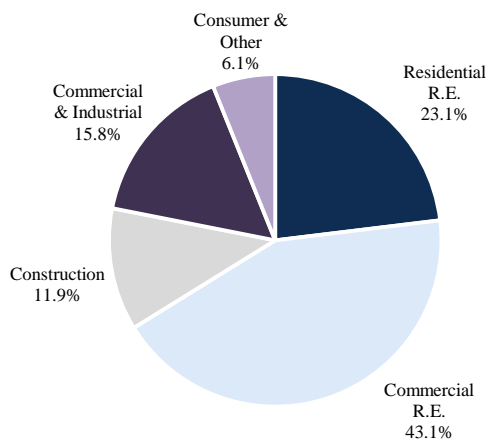


- Founded in 1867, First Victoria National Bank is the oldest independent bank in Texas
- Operates 34 locations across the Gulf Coast and Central regions of Texas
- Consistent growth and profitability through the cycle
- Established presence in economically and demographically attractive markets

<i>Dollars in thousands</i>	Year ended,			Quarter ended,
	12/31/10	12/31/11	12/31/12	03/31/13
<b><u>Balance Sheet</u></b>				
Total Assets	\$ 1,732,919	\$ 1,912,657	\$ 2,390,445	\$ 2,410,497
Gross Loans HFI	1,295,322	1,327,800	1,615,819	1,607,681
Securities	246,343	270,103	372,644	379,451
Deposits	1,527,680	1,698,404	2,132,369	2,147,212
Total Equity	123,701	159,689	205,777	212,387
Tangible Common Equity	94,619	113,244	140,388	147,153
<b><u>Balance Sheet Ratio</u></b>				
Loans / Deposits (%)	84.8	78.2	75.8	74.9
Tangible Common Equity / Tangible Assets (%)	5.55	6.01	5.99	6.23
Leverage Ratio (%)	7.85	8.95	8.33	8.73
Tier 1 Capital Ratio (%)	10.10	12.18	11.92	12.48
Total Capital Ratio (%)	11.36	13.44	13.18	13.74
<b><u>Income Statement</u></b>				
Net Interest Income	\$ 62,882	\$ 66,265	\$ 75,608	\$ 21,350
Provision Expense	11,750	7,100	6,150	1,000
Noninterest Income	23,886	24,718	26,493	6,582
Noninterest Expense	59,035	62,816	67,123	17,494
Net Income Available to Common	11,312	14,636	19,058	6,380
<b><u>Profitability Ratios</u></b>				
Return on Average Assets (%)	0.69	0.83	0.93	1.10
Return on Average Tangible Common Equity (%)	12.9	14.4	15.9	17.9
Net Interest Margin - FTE (%)	4.27	4.07	4.09	4.01
Efficiency Ratio (%)	68.0	69.0	65.7	62.6
Fee Income / Operating Revenue (%)	27.5	27.2	25.9	23.6

# Pro Forma Loan Composition

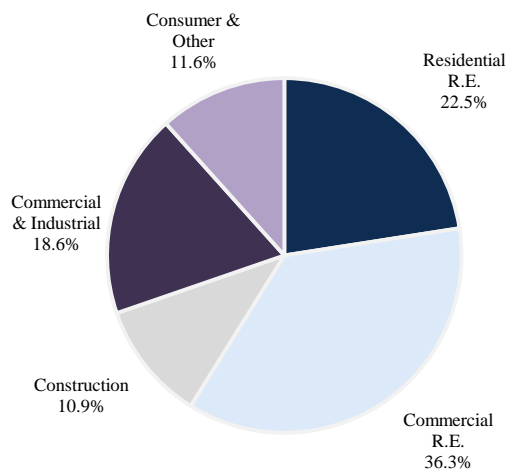
## Prosperity Bancshares, Inc.



Loan Portfolio (\$000)	Amount	%
Residential R.E.	\$1,409,967	23.1%
Commercial R.E.	2,633,869	43.1%
Construction	728,639	11.9%
Commercial & Industrial	965,505	15.8%
Consumer & Other	372,602	6.1%
<b>Total Loans &amp; Leases</b>	<b>\$6,110,582</b>	<b>100.0%</b>

**Yield on Loans: 6.08%**  
**Loans / Deposits: 47.6%**

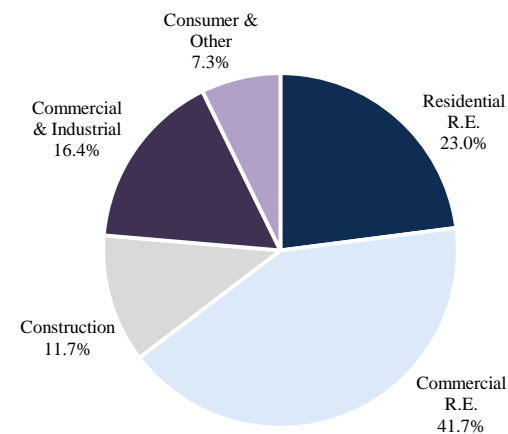
## FVNB Corp.



Loan Portfolio (\$000)	Amount	%
Residential R.E.	\$362,477	22.5%
Commercial R.E.	583,850	36.3%
Construction	174,641	10.9%
Commercial & Industrial	299,509	18.6%
Consumer & Other	187,204	11.6%
<b>Total Loans &amp; Leases</b>	<b>\$1,607,681</b>	<b>100.0%</b>

**Yield on Loans: 5.34%**  
**Loans / Deposits: 74.9%**

## Pro Forma



Loan Portfolio (\$000)	Amount	%
Residential R.E.	\$1,772,444	23.0%
Commercial R.E.	3,217,719	41.7%
Construction	903,280	11.7%
Commercial & Industrial	1,265,014	16.4%
Consumer & Other	559,806	7.3%
<b>Total Loans &amp; Leases</b>	<b>\$7,718,263</b>	<b>100.0%</b>

**Yield on Loans: 5.93%**  
**Loans / Deposits: 51.5%**

Sources: SNL Financial and FVNB company documents; Data as of March 31, 2013

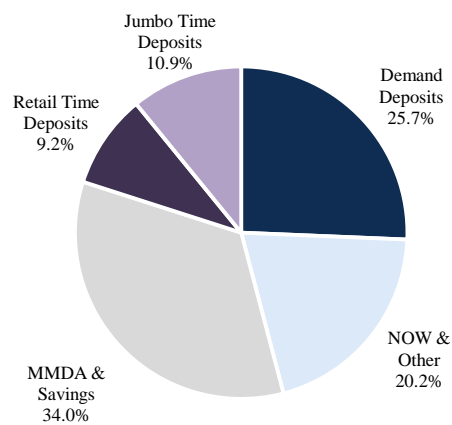
Note: Pro forma loan composition excludes fair value purchase accounting adjustments; Loan to deposit ratio excludes purchase accounting adjustments

Prosperity loan composition pro forma for Coppermark Bancshares, Inc. acquisition and excludes fair value purchase accounting adjustments; Loan to deposit ratio excludes purchase accounting adjustments



# Pro Forma Deposit Composition

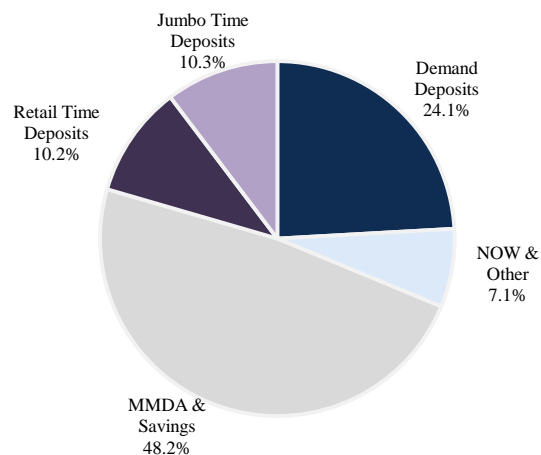
## Prosperity Bancshares, Inc.



Deposit Portfolio (\$000)	Amount	%
Demand Deposits	\$3,292,545	25.7%
NOW & Other	2,597,300	20.2%
MMDA & Savings	4,368,729	34.0%
Retail Time Deposits	1,175,772	9.2%
Jumbo Time Deposits	1,396,901	10.9%
<b>Total Deposits</b>	<b>\$12,831,247</b>	<b>100.0%</b>

Cost of Deposits: 0.30%

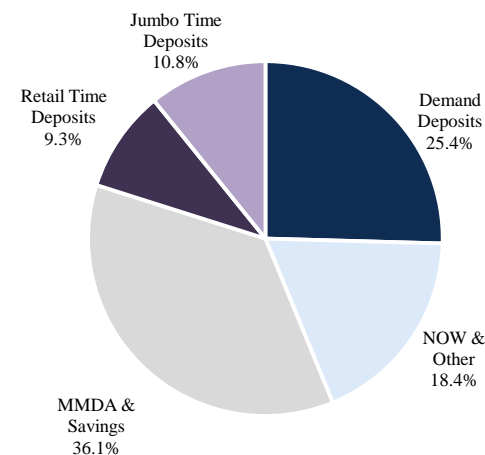
## FVNB Corp.



Deposit Portfolio (\$000)	Amount	%
Demand Deposits	\$517,839	24.1%
NOW & Other	153,297	7.1%
MMDA & Savings	1,035,746	48.2%
Retail Time Deposits	219,045	10.2%
Jumbo Time Deposits	221,285	10.3%
<b>Total Deposits</b>	<b>\$2,147,212</b>	<b>100.0%</b>

Cost of Deposits: 0.35%

## Pro Forma



Deposit Portfolio (\$000)	Amount	%
Demand Deposits	\$3,810,384	25.4%
NOW & Other	2,750,597	18.4%
MMDA & Savings	5,404,475	36.1%
Retail Time Deposits	1,394,817	9.3%
Jumbo Time Deposits	1,618,186	10.8%
<b>Total Deposits</b>	<b>\$14,978,459</b>	<b>100.0%</b>

Cost of Deposits: 0.30%

Source: SNL Financial and FVNB company documents; Data as of March 31, 2013

Note: Pro forma deposit composition excludes fair value purchase accounting adjustments

Prosperity deposit composition pro forma for Coppermark Bancshares, Inc. acquisition and excludes purchase accounting adjustments

FVNB deposit data per regulatory filings; Sweep accounts data supplemented by company documents

# Transaction Terms

<b>Merger Partner:</b>	FVNB Corp. (“FVNB”)
<b>Aggregate Deal Value:</b>	\$374.2 million <sup>(1)</sup>
<b>Consideration Structure:</b>	5,570,818 shares of Prosperity and \$91.25 million of cash
<b>Consideration Mix:</b>	76% stock / 24% cash <sup>(1)</sup>
<b>Termination Fee:</b>	\$15.0 million plus expenses incurred by Prosperity up to \$750,000
<b>Required Approvals:</b>	Customary regulatory approval; FVNB shareholder approval
<b>Due Diligence:</b>	Completed
<b>Anticipated Closing:</b>	Fourth quarter of 2013

# Transaction Summary

<b>Aggregate Deal Value (\$mm)<sup>(1)</sup></b>	<b>\$374.2</b>
<b><u>Transaction Multiples</u></b>	
LTM Earnings (\$21.1mm)	17.7x
2013 Annualized Earnings (\$25.5mm)	14.7x
Book Value (\$194.4mm)	1.92x
Tangible Book Value (\$147.2mm)	2.54x
Core Deposit Premium (\$1,925.9mm) <sup>(2)</sup>	11.8%

Source: FVNB company documents; Balance sheet data as of March 31, 2013

(1) Based on Prosperity's closing stock price on June 26, 2013

(2) Equal to aggregate deal value less FVNB's tangible common equity as a percentage of core deposits; Core deposits defined as total deposits less jumbo time deposits (greater than \$100,000)

# Management Retention

*Prosperity Bank has placed a very high value on the existing FVNB leadership team and has extended numerous individual employment offer agreements to members of FVNB. Among them, the following executive leaders will join Prosperity Bank in the following capacity:*

FVNB Member	Current Role	Prosperity Bank Position
M. Russell Marshall	Chairman & CEO	Chairman – Wealth Management/Private Banking
Kenneth Vickers	Chief Lending Officer	Senior Executive Vice President Executive Loan Committee
John Zacek	Executive Vice President of the Victoria Region	President – South Texas Area

# Financial Impact

<b>Financial Impact</b>	<b>Prosperity Bancshares, Inc. 03/31/13</b>	<b>FVNB Corp. 03/31/13</b>	<b>Pro Forma <sup>(1)</sup> 12/31/13</b>
<b>Balance Sheet (\$mm)</b>			
Total Assets	\$16,107.7	\$2,410.5	\$18,574.1
Gross Loans HFI	6,094.7	1,607.7	7,677.5
Total Deposits	12,879.4	2,147.2	15,007.9
Tangible Common Equity	944.0	147.2	1,132.9
<b>Regulatory Capital (%)</b>			
TCE/ TA (%)	6.39%	6.23%	6.65%
Leverage Ratio (%)	7.02%	8.73%	7.47%
Tier 1 Capital Ratio (%)	13.64%	12.48%	13.76%
Total Capital Ratio (%)	14.38%	13.74%	14.37%

Source: SNL Financial and FVNB company documents

Note: Prosperity Bancshares, Inc. pro forma for Coppermark Bancshares, Inc. acquisition and subsequent \$300 million borrowings pay down

(1) Includes estimated purchase accounting adjustments; Includes impact of \$18.0 million SBLF redemption



