



PRESS RELEASE

For more information contact:

PROSPERITY BANCSHARES, INC.®
Prosperity Bank Plaza
4295 San Felipe
Houston, Texas 77027

Dan Rollins
President & Chief Operating Officer
281.269.7199
dan.rollins@prosperitybanktx.com

FOR IMMEDIATE RELEASE

PROSPERITY BANCSHARES, INC.® MAKES DECISION NOT TO APPLY FOR GOVERNMENT'S CAPITAL PURCHASE PROGRAM

HOUSTON, November 17, 2008. Prosperity Bancshares, Inc. ® (Nasdaq: [PRSP - news](#)) one of the largest Texas-based banking institutions made the decision not to apply for funds available through the U. S. Treasury Department's Capital Purchase Program. The program is part of the federal government's Troubled Assets Relief Program (TARP) which provides banks with new capital through the issuance of preferred stock. The application deadline for these funds for publicly traded banks was Friday, November 14th, and Prosperity did not make application.

"The Board of Directors and Management spent a significant amount of time considering this opportunity and decided ultimately not to seek federal Capital Purchase Program funds," said Prosperity Chairman and CEO David Zalman.

"As of our third quarter financial results dated September 30, 2008, Prosperity is considered well capitalized under regulatory guidelines. We should be able to continue building our business and take advantage of opportunities that arise during these uncertain times, as we did with our recent assumption of Franklin Bank's deposits. Operating exclusively in Texas has been an advantage to us; Texas has not felt the financial hardship experienced by some of the other states in the U.S. While there is an obvious slowing in our Texas economy, it should fair better than much of the rest of the country due to the fact that it still

is experiencing job and population growth. It is also important to note that Texas did not experience the sharp rise in Real Estate prices as did other places in the country,” added Zalman.

“We expect that our business and its earnings, as in the past, will provide the necessary capital for continued growth,” commented Zalman. “In the event that a large acquisition opportunity arises where additional capital may be needed, we feel we have the ability to raise capital through traditional sources.”

“Prosperity expresses support for the program and applauds the Administration, Congress and the Senate for taking steps to stabilize the Nations financial troubles,” Zalman said.

Prosperity Bancshares, Inc.®

Prosperity Bancshares, Inc.®, a \$10.5 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 over one hundred seventy (170) full service banking locations; forty-nine (49) in the Houston CMSA; thirty-three (33) in the South Texas area including Corpus Christi and Victoria; twenty-six (26) in the Dallas/Fort Worth metroplex; nineteen (19) in the East Texas area; forty-five (45) in the Central Texas area including Austin, Bryan/College Station and San Antonio.

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995: This release contains, and the remarks by our 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 Bancshares®, 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 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; weather; and the stock price volatility associated with “small-cap” companies. These and various other factors are discussed in our most recent Annual Report on Form 10-K and other reports and statements we have filed with the SEC. Copies of the SEC filings for Prosperity Bancshares’s® may be downloaded from the Internet at no charge from www.prosperitybanktx.com.

- - -