



## **PRESS RELEASE**

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FOR IMMEDIATE RELEASE

## **PROSPERITY BANCSHARES, INC.® INCREASES CASH DIVIDEND**

HOUSTON, October 27, 2008. Prosperity Bancshares, Inc.® (Nasdaq: [PRSP](#) - [news](#)) the parent company of Prosperity Bank®, announced the increase of their regular annual cash dividend to \$0.55 per share. The fourth quarter cash dividend of \$0.1375, an increase of 10.0%, is payable on January 2, 2009 to all shareholders of record as of December 12, 2008.

“We are pleased to announce the increase of our annual cash dividend again this year,” said David Zalman, Chairman and Chief Executive Officer of Prosperity. “This step, taken by our Board of Directors, displays our confidence in our continued financial strength during this volatile time in the financial industry. Increasing the cash dividend is how we can convey our thanks to the shareholders for their support and share our continued success with them.”

As of September 30, 2008, Prosperity's capital ratios, as shown below, were all above the levels required to be categorized "well-capitalized" by the regulators. In addition, Prosperity's non-performing assets were 0.26% of average earning assets as of September 30, 2008, which compares very favorably to the non-performing asset levels of our peer banks.

<b>Comparative Capital Ratios</b>	Sept 30, 2008 (Unaudited)	Well-Capitalized (Regulatory Minimum)	Adequately Capitalized (Regulatory Minimum)
Tier 1 risk-based capital	13.31%	6.00%	4.00%
Total risk-based capital	14.29%	10.00%	8.00%
Tier 1 leverage capital	7.75%	5.00%	3.00%
Tangible equity to tangible	6.28%	No Regulatory Minimum	No Regulatory Minimum
Equity to assets	18.11%	No Regulatory Minimum	No Regulatory Minimum

### **Prosperity Bancshares, Inc.®**

Prosperity Bancshares, Inc.®, a \$6.8 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 thirty-one (131) full service banking locations; forty-six (46) 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; two (2) in the East Texas area; twenty-four (24) in the Central Texas area including Austin, Bryan/College Station and San Antonio.

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