

PROSPERITY BANCSHARES, INC. (NYSE: PB; Houston, TX) has agreed to acquire AMERICAN STATE FINANCIAL CORPORATION (Private; Lubbock, TX)

Deal Value: Approximately \$529.2 million

Sandler O'Neill served as financial advisor to American State Financial Corporation in this transaction and provided a fairness opinion. This transaction represents Sandler O'Neill's 58th bank or thrift transaction since January 1, 2010, more than any other financial advisor during that time period. Additionally, based on deal value, Sandler O'Neill has advised on more transactions in Texas since January 1, 2011 than any other financial advisor during that time period.¹

HOUSTON, February 27, 2012. Prosperity Bancshares, Inc.® (NYSE: PB), the parent company of Prosperity Bank®, (collectively referred to as "Prosperity") announced today the signing of a definitive merger agreement with American State Financial Corporation and its wholly owned subsidiary American State Bank (collectively referred to as "ASB") whereby American State Bank will be merged with and into Prosperity Bank. This is the fourth transaction announced by Prosperity within the past few months.

American State Bank operates thirty-seven (37) banking offices in eighteen (18) counties across West Texas. As of December 31, 2011, ASB, on a consolidated basis, reported total assets of \$3.08 billion, total loans of \$1.21 billion and total deposits of \$2.46 billion.

Under the terms of the definitive agreement, Prosperity will issue up to 8,525,000 shares of Prosperity common stock plus \$178.5 million in cash for all outstanding shares of American State Financial Corporation capital stock, subject to certain conditions and potential adjustment.

W. R. Collier, Chairman and Chief Executive Officer of ASB will become a director of Prosperity Bancshares and serve the combined entity as Senior Chairman – West Texas Area. Michael F. Epps, ASB's President, will become Chairman – West Texas Area and will be responsible for the day to day operations and management of all West Texas locations. Tony Whitehead, ASB's Lubbock Division President, will become President – West Texas Area and will be responsible for credit approval in West Texas.

The merger has been approved by the Boards of Directors of both companies and is expected to close during the third quarter of 2012, although delays may occur. The transaction is subject to certain conditions, including the approval by American State Financial's shareholders and customary regulatory approvals. Operational integration is anticipated to begin during the third quarter of 2012.

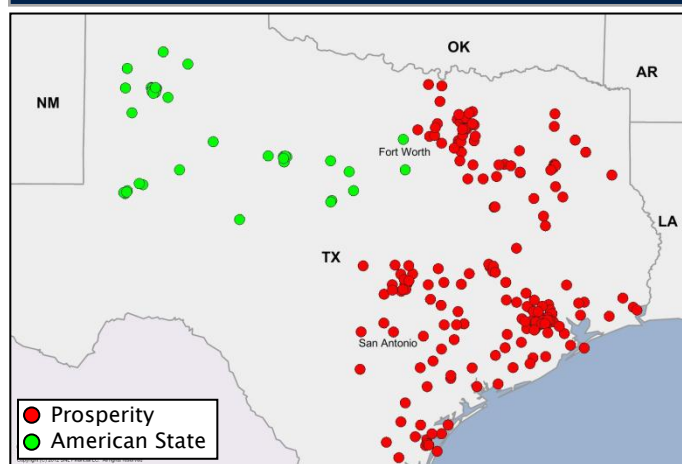
Transaction Highlights

Transaction Multiples

Price/ Book Value	189%
Price/ Tangible Book Value	206%
Price/ LTM EPS	12.6x
Deposit Premium	11.1%

*(1) Excludes terminated transactions
Source: SNL Financial*

Pro Forma Branch Network



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