



PRESS RELEASE

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FOR IMMEDIATE RELEASE

PROSPERITY BANCSHARES, INC.®
REPORTS SECOND QUARTER
2015 EARNINGS

- **Second quarter 2015 earnings per share (diluted) of \$1.03**
- **Second quarter net income of \$71.932 million**
- **Nonperforming assets remain low at 0.19% of second quarter average earning assets**
- **Return on second quarter average assets of 1.33%**
- **Second quarter efficiency ratio of 42.35%**

HOUSTON, July 24, 2015. Prosperity Bancshares, Inc.® (NYSE: PB), the parent company of Prosperity Bank® (collectively, “Prosperity”), reported net income for the quarter ended June 30, 2015 of \$71.932 million or \$1.03 per diluted common share. Additionally, nonperforming assets remain low at 0.19% of second quarter average earning assets with return on second quarter average assets of 1.33%.

“Texas, which has been the top state in job creation for the past decade, continues to produce opportunities and growth in employment despite the struggling oil and gas industry. Texas payrolls increased by 16,700 workers in June, while unemployment fell to 4.2%. Refining, petrochemicals and service industries are offsetting job losses in the oil industry. Employment in the health services and education sectors has been strong as well. Austin continues to boom with an annual job growth rate of 6.6%. Texas is now America’s top technology exporter, surpassing longtime leader California. The Texas strategy of avoiding burdensome taxation and regulation continues to attract growing businesses and has resulted in economic diversification,” said David Zalman, Prosperity’s Chairman and Chief Executive Officer.

“During the second quarter of 2015, our bank continued to see growth in loans and deposits compared to the same quarter a year ago, excluding the F&M acquisition. In our experience, most of the banks we have acquired go through a transition period during which we anticipate loans and deposits to decrease. We continue to see opportunities in the markets we serve and are optimistic about the potential business possibilities that are being presented to us,” continued Zalman.

“We continue to grow core earnings. Net income for the quarter ended June 30, 2015 (excluding purchase accounting adjustments) was \$63.800 million, an increase of \$4.191 million or 7.0%, compared with \$59.609 million in net income (excluding purchase accounting adjustments) for the quarter ended June 30, 2014,” added Zalman.

“I would like to thank our associates and directors for all of their hard work and dedication and give a special thank you to all of our customers for their continued business and loyalty,” concluded Zalman.

Results of operations for the three months ended June 30, 2015

Net income was \$71.932 million for the three months ended June 30, 2015 compared with \$75.506 million for the same period in 2014. Net income per diluted common share was \$1.03 for the three months ended June 30, 2015 compared with \$1.08 for the same period in 2014. Net income (excluding purchase accounting adjustments) was \$63.800 million for the quarter ended June 30, 2015 compared with \$59.609 million for the quarter ended June 30, 2014. Net income per diluted common share (excluding purchase accounting adjustments) was \$0.91 for the three months ended June 30, 2015 compared with \$0.85 for the three months ended June 30, 2014. The reconciliation of these non-GAAP financial measures is shown on page 12. Annualized returns on average assets, average common equity and average tangible common equity for the three months ended June 30, 2015 were 1.33%, 8.61% and 20.49%, respectively. Prosperity's efficiency ratio (excluding credit loss provisions, net gains and losses on the sale of assets and taxes) was 42.35% for the three months ended June 30, 2015.

Net interest income before provision for credit losses for the quarter ended June 30, 2015 was \$158.239 million compared with \$174.055 million during the same period in 2014. This change was primarily due to a decrease in loan discount accretion of \$11.750 million for the quarter ended June 30, 2015 compared with the quarter ended June 30, 2014. Linked quarter net interest income before provision for credit losses was \$158.239 million compared with \$162.905 million during the three months ended March 31, 2015. This change was primarily due to a decrease in loan discount accretion of \$6.045 million for the quarter ended June 30, 2015 compared with the quarter ended March 31, 2015. The net interest margin on a tax equivalent basis decreased to 3.39% for the three months ended June 30, 2015, compared with 3.83% for the same period in 2014 and 3.57% for the three months ended March 31, 2015. This was primarily due to the decrease in loan discount accretion and lower yields on average interest earning assets partially offset by lower rates paid on average interest bearing liabilities for the quarter ended June 30, 2015. Excluding purchase accounting adjustments, the net interest margin on a tax equivalent basis was 3.13% for the three months ended June 30, 2015, compared with 3.31% for the same period in 2014 and 3.17% for the three months ended March 31, 2015.

Noninterest income was \$30.297 million for the three months ended June 30, 2015 compared with \$32.597 million for the same period in 2014. This change was primarily due to a decrease in net gain on sale of assets and NSF fees. On a linked quarter basis, noninterest income increased \$1.876 million or 6.6% compared with the quarter ended March 31, 2015. This was primarily due to an increase in other noninterest income resulting from a merchant incentive payment of \$1.5 million recorded during the second quarter of 2015.

Noninterest expense was \$79.735 million for the three months ended June 30, 2015 compared with \$87.292 million for the same period in 2014. This change was primarily due to a decrease in salary and benefits expense. On a linked quarter basis, noninterest expense increased \$273 thousand or 0.3% compared with the quarter ended March 31, 2015.

Results of operations for the six months ended June 30, 2015

Net income was \$145.573 million for the six months ended June 30, 2015 compared with \$142.643 million for the same period in 2014. Net income per diluted common share was \$2.08 for the six months ended June 30, 2015 compared with \$2.10 for the same period in 2014. Net income (excluding purchase accounting adjustments) was \$125.183 million for the six months ended June 30, 2015 compared with \$119.020 million for the six months ended June 30, 2014. Net income per diluted common share (excluding purchase accounting adjustments) was \$1.79 for the six months ended June 30, 2015 compared with \$1.75 for the six months ended June 30, 2014. The reconciliation of these non-GAAP financial measures is shown on page 12. Returns on average assets, average common equity and average tangible common equity, each on an annualized basis, for the six months ended June 30, 2015 were 1.35%, 8.80% and 21.16%, respectively. Prosperity's efficiency ratio (excluding credit loss provisions, net gains and losses on the sale of assets and securities and taxes) was 42.09% for the six months ended June 30, 2015.

Net interest income before provision for credit losses for the six months ended June 30, 2015, increased \$3.398 million to \$321.144 million compared with \$317.746 million during the same period in 2014. The increase was primarily due to an 8.1% increase in average interest earning assets and a decrease in average rate paid on interest bearing liabilities, partially offset by a decrease in average yield on interest earning assets and a \$5.578 million decrease in loan discount accretion. The net interest margin on a tax equivalent basis for the six months ended June 30, 2015 decreased to 3.48% compared with 3.73% for the same period in 2014. This was primarily due to lower yields on average interest earning assets and the decrease in loan discount accretion, partially offset by lower rates paid on interest bearing liabilities for the six months ended June 30, 2015. Excluding purchase accounting adjustments, the net interest margin on a tax equivalent basis decreased to 3.15% for the six months ended June 30, 2015 from 3.32% for the same period in 2014.

Noninterest income was \$58.718 million for the six months ended June 30, 2015 compared with \$61.261 million for the same period in 2014. This change was primarily due to a decrease in gain on sale of assets and NSF fees, partially offset by an increase

in mortgage income. Noninterest expense was \$159.197 million for the six months ended June 30, 2015 compared with \$158.386 million for the same period in 2014.

The table below provides detail on total loans and deposits including loans acquired and deposits assumed in the acquisition of F&M completed on April 1, 2014:

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

	<u>Jun 30, 2015</u> (Unaudited)	<u>Mar 31, 2015</u> (Unaudited)	<u>Dec 31, 2014</u> (Unaudited)	<u>Sep 30, 2014</u> (Unaudited)	<u>Jun 30, 2014</u> (Unaudited)
Loans acquired (including new production since acquisition date):					
F&M	\$ 1,080,439	\$ 1,139,849	\$ 1,224,498	\$ 1,451,075	\$ 1,502,836
All other loans	8,033,896	8,026,156	8,019,685	7,917,813	7,805,326
Total loans	<u>\$ 9,114,335</u>	<u>\$ 9,166,005</u>	<u>\$ 9,244,183</u>	<u>\$ 9,368,888</u>	<u>\$ 9,308,162</u>
Deposits assumed (including new deposits since acquisition date):					
F&M	\$ 1,548,817	\$ 1,705,203	\$ 2,063,229	\$ 1,905,233	\$ 2,090,468
All other deposits	15,452,847	15,856,149	15,629,929	15,108,794	15,190,587
Total deposits	<u>\$ 17,001,664</u>	<u>\$ 17,561,352</u>	<u>\$ 17,693,158</u>	<u>\$ 17,014,027</u>	<u>\$ 17,281,055</u>

Loans at June 30, 2015 were \$9.114 billion, a decrease of \$193.827 million or 2.1%, compared with \$9.308 billion at June 30, 2014. Linked quarter loans decreased \$51.670 million or 0.6% from \$9.166 billion at March 31, 2015. Excluding loans acquired in the F&M acquisition and new production at the acquired banking centers since the acquisition date, loans at June 30, 2015 increased \$228.570 million or 2.9% compared with June 30, 2014 and increased \$7.740 million or 0.1% on a linked quarter basis.

Deposits at June 30, 2015 were \$17.002 billion, a decrease of \$279.391 million or 1.6%, compared with \$17.281 billion at June 30, 2014. Linked quarter deposits decreased \$559.688 million or 3.2% from \$17.561 billion at March 31, 2015. Excluding deposits assumed in the F&M acquisition and new deposits generated at the acquired banking centers since the acquisition date, deposits at June 30, 2015 increased \$262.260 million or 1.7% compared with June 30, 2014 and decreased \$403.302 million or 2.5% on a linked quarter basis, primarily due to seasonality.

At June 30, 2015, Prosperity had \$21.686 billion in total assets, \$9.114 billion in loans and \$17.002 billion in deposits. At June 30, 2015 assets increased by 2.1%, loans decreased by 2.1% and deposits decreased by 1.6%, compared with their respective levels at June 30, 2014.

Asset Quality

Nonperforming assets totaled \$35.119 million or 0.19% of quarterly average earning assets at June 30, 2015, compared with \$28.521 million or 0.15% of quarterly average earning assets at June 30, 2014, and \$35.376 million or 0.19% of quarterly average earning assets at March 31, 2015. The allowance for credit losses was 0.89% of total loans at June 30, 2015, 0.79% of total loans at June 30, 2014 and 0.88% of total loans at March 31, 2015. Excluding loans acquired that are accounted for under ASC Topics 310-20 and 310-30, the allowance for credit losses was 1.09% of remaining loans as of June 30, 2015, compared with 1.15% at June 30, 2014 and 1.12% at March 31, 2015. 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 \$500 thousand for the three months ended June 30, 2015 compared with \$6.325 million for the three months ended June 30, 2014 and \$1.250 million for the three months ended March 31, 2015. The provision for credit losses was \$1.750 million for the six months ended June 30, 2015 compared with \$6.925 million for the six months ended June 30, 2014.

Net charge offs were \$491 thousand for the three months ended June 30, 2015 compared with \$155 thousand for the three months ended June 30, 2014 and \$1.049 million for the three months ended March 31, 2015. Net charge offs were \$1.540 million for the six months ended June 30, 2015 compared with \$941 thousand for the six months ended June 30, 2014.

Conference Call

Prosperity's management team will host a conference call on Friday, July 24, 2015 at 10:30 a.m. Eastern Time (9:30 a.m. Central Time) to discuss Prosperity's second quarter 2015 earnings. Individuals and investment professionals may participate in the call by dialing 877-883-0383. The elite entry number is 8652160.

Alternatively, individuals may listen to the live webcast of the presentation by visiting Prosperity's website at www.prosperitybankusa.com. The webcast may be accessed directly from Prosperity's home page by clicking the "Investor Relations" tab and then the "Presentations & Calls" link.

Non-GAAP Financial Measures

Prosperity's management uses certain non-GAAP 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. Further, as a result of acquisitions, and the related purchase accounting adjustments, Prosperity uses certain non-GAAP measures and ratios that exclude the impact of these items to evaluate its net income and earnings per share (excluding purchase accounting adjustments) and its allowance for credit losses to total loans (excluding acquired loans accounted for under FASB Accounting Standards Codification ("ASC") Topics 310-20, "*Receivables-Nonrefundable Fees and Other Costs*" and 310-30, "*Receivables-Loans and Debt Securities Acquired with Deteriorated Credit Quality*"). Prosperity has included in this Earnings Release information related 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.

Dividend

Prosperity Bancshares, Inc. ("Bancshares") declared a third quarter cash dividend of \$0.2725 per share, to be paid on October 1, 2015 to all shareholders of record as of September 18, 2015.

Capital Management

The Basel III Capital Rules adopted by the federal regulatory authorities in 2013 substantially revised the risk-based capital requirements applicable to Bancshares and Prosperity Bank. The Basel III Capital Rules became effective for Prosperity on January 1, 2015, subject to a phase-in period for certain provisions. Among other things, the Basel III Capital Rules introduced a new capital measure called "Common Equity Tier 1," which is a comparison of the sum of certain equity capital components to total risk-weighted assets, and revised the risk-weighting approach of the capital ratios with a more risk-sensitive approach that expanded the risk-weighting categories from the previous Basel I derived categories to a much larger and more risk-sensitive number of categories, depending on the nature of the assets. Prosperity's capital ratios as of June 30, 2015 reflect the phase-in provisions of the new Basel III Capital Rules.

Acquisition of F&M Bancorporation Inc.

On April 1, 2014, Prosperity completed the acquisition of F&M Bancorporation Inc. ("FMBC") and its wholly-owned subsidiary, The F&M Bank & Trust Company ("F&M") headquartered in Tulsa, Oklahoma. F&M operated 13 banking offices: 9 in Tulsa, Oklahoma and surrounding areas; 3 in Dallas, Texas; and 1 loan production office in Oklahoma City, Oklahoma. As of March 31, 2014, FMBC, on a consolidated basis, reported total assets of \$2.412 billion, total loans of \$1.738 billion and total deposits of \$2.267 billion.

Pursuant to the terms of the acquisition agreement, Prosperity issued 3,298,022 shares of Prosperity common stock plus \$34.240 million in cash for all outstanding shares of FMBC capital stock, which resulted in goodwill of \$206.010 million as of June 30, 2015. Additionally, Prosperity recognized \$27.140 million of core deposit intangibles as of June 30, 2015.

Prosperity Bancshares, Inc.®

As of June 30, 2015, Prosperity Bancshares Inc.® is a \$21.686 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 www.prosperitybankusa.com, Retail Brokerage Services, Credit Cards, MasterMoney Debit Cards, 24 hour voice response banking, Trust and Wealth Management, Mortgage Services and Mobile Banking.

Prosperity currently operates 245 full-service banking locations: 61 in the Houston area, including The Woodlands; 30 in the South Texas area including Corpus Christi and Victoria; 37 in the Dallas/Fort Worth area; 22 in the East Texas area; 30 in the Central Texas area including Austin and San Antonio; 34 in the West Texas area including Lubbock, Midland-Odessa and Abilene; 16 in the Bryan/College Station area, 6 in the Central Oklahoma area and 9 in the Tulsa, Oklahoma area.

Bryan/College Station Area -

Bryan
Bryan-29th Street
Bryan-East
Bryan-North
Caldwell
College Station
Crescent Point
Hearne
Huntsville
Madisonville
Navasota
New Waverly
Rock Prairie
Southwest Parkway
Tower Point
Wellborn Road

Central Texas Area -

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

Other Central Texas Locations -

Bastrop
Canyon Lake
Dime Box
Dripping Springs
Elgin
Flatonia
Georgetown
Gruene
Kingsland
La Grange
Lexington
New Braunfels
Pleasanton
Round Rock
San Antonio
Schulenburg
Seguin
Smithville
Thorndale
Weimar

Dallas/Fort Worth Area -

Dallas -
Abrams Centre
Balch Springs
Camp Wisdom
Cedar Hill
Dallas – Central Expressway
Forest Park
Frisco
Frisco-West
Kiest
McKinney
McKinney-Stonebridge
Midway
Northwest Highway
Plano
Preston Forest
Preston Road
Red Oak

Sachse
The Colony
Turtle Creek
Turtle Creek Loan Office
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
Bellaire
Beltway
Clear Lake
Copperfield
Cypress
Downtown
Eastex
Fairfield
First Colony
Gessner
Gladebrook
Heights
Highway 6 West
Little York
Medical Center
Memorial Drive
Northside
Pasadena
Pecan Grove
River Oaks

Sugar Land
SW Medical Center
Tanglewood
Uptown
Waugh Drive
Westheimer
West University
Woodcreek

Other Houston Area

Locations -

Angleton
Bay City
Beaumont
Cinco Ranch
Cleveland
East Bernard
El Campo
Dayton
Galveston
Groves
Hempstead
Hitchcock
Katy
Katy-Spring Green
Liberty
Magnolia
Magnolia Parkway
Mont Belvieu
Nederland
Needville
Rosenberg
Shadow Creek
Spring
Sweeny
The Woodlands-I-45
The Woodlands-Research Forest
Tomball
Waller
West Columbia
Wharton
Winnie
Wirt

South Texas Area -

Corpus Christi -

Airline
Calallen
Carmel
Northwest
Saratoga
Timbergate
Water Street

Other South Texas

Locations -

Alice
Aransas Pass
Beeville
Colony Creek
Cuero
Edna
Goliad
Gonzales
Hallettsville
Kingsville
Mathis
Padre Island
Palacios
Port Lavaca
Portland
Rockport

Sinton
Taft
Victoria
Victoria-Navarro
Victoria-North
Yoakum
Yorktown

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

Central Oklahoma-

23rd Street
Edmond
Expressway
I-240
Memorial
Norman

Tulsa-

Garnett
Harvard
Memorial
Owasso
Sheridan
S. Harvard
Utica Square
Utica Tower
Yale

“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, 2014 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>.

Prosperity Bancshares, Inc.[®]
Financial Highlights (Unaudited)
(In thousands)

	<u>June 30, 2015</u>	<u>Mar 31, 2015</u>	<u>Dec 31, 2014</u>	<u>Sep 30, 2014</u>	<u>Jun 30, 2014</u>
Balance Sheet Data					
(at period end)					
Total loans	\$ 9,114,335	\$ 9,166,005	\$ 9,244,183	\$ 9,368,888	\$ 9,308,162
Investment securities ^(A)	9,698,079	9,579,496	9,045,776	8,845,909	8,851,235
Federal funds sold	1,451	1,639	569	484	3,630
Allowance for credit losses	(80,972)	(80,963)	(80,762)	(77,613)	(73,266)
Cash and due from banks	353,047	352,642	677,285	330,952	509,853
Goodwill	1,881,955	1,881,955	1,874,191	1,892,255	1,894,270
Core deposit intangibles, net	54,068	56,458	58,947	34,474	37,072
Other real estate owned	2,806	3,010	3,237	5,504	5,093
Fixed assets, net	275,347	276,468	281,549	283,011	285,751
Other assets	386,171	370,149	402,758	433,450	426,306
Total assets	<u>\$ 21,686,287</u>	<u>\$ 21,606,859</u>	<u>\$ 21,507,733</u>	<u>\$ 21,117,314</u>	<u>\$ 21,248,106</u>
Noninterest-bearing deposits	\$ 5,040,628	\$ 5,038,436	\$ 4,936,420	\$ 4,968,867	\$ 4,921,398
Interest-bearing deposits	11,961,036	12,522,916	12,756,738	12,045,160	12,359,657
Total deposits	<u>17,001,664</u>	<u>17,561,352</u>	<u>17,693,158</u>	<u>17,014,027</u>	<u>17,281,055</u>
Other borrowings	886,741	331,914	8,724	289,972	200,210
Securities sold under repurchase agreements	334,189	318,418	315,523	358,053	388,342
Junior subordinated debentures	-	-	167,531	167,531	167,531
Other liabilities	106,408	93,314	77,971	104,781	90,374
Total liabilities	<u>18,329,002</u>	<u>18,304,998</u>	<u>18,262,907</u>	<u>17,934,364</u>	<u>18,127,512</u>
Shareholders' equity ^(B)	3,357,285	3,301,861	3,244,826	3,182,950	3,120,594
Total liabilities and equity	<u>\$ 21,686,287</u>	<u>\$ 21,606,859</u>	<u>\$ 21,507,733</u>	<u>\$ 21,117,314</u>	<u>\$ 21,248,106</u>

(A) Includes \$4,655, \$5,296, \$5,737, \$5,756 and \$6,706 in unrealized gains on available for sale securities for the quarterly periods ended June 30, 2015, March 31, 2015, December 31, 2014, September 30, 2014 and June 30, 2014, respectively.

(B) Includes \$3,026, \$3,442, \$3,729, \$3,741 and \$4,359 in after-tax unrealized gains on available for sale securities for the quarterly periods ended June 30, 2015, March 31, 2015, December 31, 2014, September 30, 2014 and June 30, 2014, respectively.

Prosperity Bancshares, Inc.[®]
Financial Highlights (Unaudited)
(In thousands)

	Three Months Ended					Year-to-Date	
	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Jun 30, 2015	Jun 30, 2014
Income Statement Data							
Interest income:							
Loans	\$ 119,404	\$ 124,878	\$ 139,396	\$ 140,521	\$ 138,655	\$ 244,282	\$ 245,799
Securities ^(C)	48,530	48,562	47,108	46,910	47,670	97,092	94,726
Federal funds sold and other earning assets	47	165	74	35	178	212	226
Total interest income	<u>167,981</u>	<u>173,605</u>	<u>186,578</u>	<u>187,466</u>	<u>186,503</u>	<u>341,586</u>	<u>340,751</u>
Interest expense:							
Deposits	9,169	9,577	7,326	10,240	10,918	18,746	20,305
Other borrowings	365	129	200	225	189	494	347
Securities sold under repurchase agreements	208	203	202	245	254	411	491
Junior subordinated debentures	-	791	1,099	1,099	1,087	791	1,862
Total interest expense	<u>9,742</u>	<u>10,700</u>	<u>8,827</u>	<u>11,809</u>	<u>12,448</u>	<u>20,442</u>	<u>23,005</u>
Net interest income	158,239	162,905	177,751	175,657	174,055	321,144	317,746
Provision for credit losses	500	1,250	6,350	5,000	6,325	1,750	6,925
Net interest income after provision for credit losses	<u>157,739</u>	<u>161,655</u>	<u>171,401</u>	<u>170,657</u>	<u>167,730</u>	<u>319,394</u>	<u>310,821</u>
Noninterest income:							
Nonsufficient funds (NSF) fees	8,310	7,918	9,345	9,734	9,099	16,228	17,969
Credit card, debit card and ATM card income	6,003	5,638	5,786	5,921	6,030	11,641	11,182
Service charges on deposit accounts	4,189	4,179	4,263	4,255	4,325	8,368	7,934
Trust income	2,047	2,009	2,165	2,099	2,044	4,056	3,844
Mortgage income	1,513	1,148	1,049	1,414	1,208	2,661	1,801
Brokerage income	1,541	1,409	1,455	1,743	1,401	2,950	2,670
Bank owned life insurance income	1,390	1,380	1,392	1,404	1,365	2,770	2,393
Net gain on sale of assets	270	1,379	24	23	1,301	1,649	4,611
Other noninterest income	5,034	3,361	3,901	3,598	5,824	8,395	8,857
Total noninterest income	<u>30,297</u>	<u>28,421</u>	<u>29,380</u>	<u>30,191</u>	<u>32,597</u>	<u>58,718</u>	<u>61,261</u>
Noninterest expense:							
Salaries and benefits	47,819	49,966	49,557	52,179	54,126	97,785	97,534
Net occupancy and equipment	5,812	5,964	6,620	6,801	5,996	11,776	11,335
Debit card, data processing and software amortization	4,045	3,817	4,553	4,044	4,009	7,862	7,193
Regulatory assessments and FDIC insurance	4,253	4,354	4,354	4,051	3,886	8,607	6,612
Core deposit intangibles amortization	2,390	2,489	2,667	2,598	2,630	4,879	4,675
Depreciation	3,420	2,916	3,491	3,516	3,522	6,336	6,723
Communications	2,835	2,809	2,993	2,960	2,919	5,644	5,656
Other real estate expense	129	132	363	72	188	261	584
Net (gain) loss on sale of other real estate	(32)	14	(726)	30	(1,404)	(18)	(1,344)
Other noninterest expense	9,064	7,001	10,164	9,289	11,420	16,065	19,418
Total noninterest expense	<u>79,735</u>	<u>79,462</u>	<u>84,036</u>	<u>85,540</u>	<u>87,292</u>	<u>159,197</u>	<u>158,386</u>
Income before income taxes	108,301	110,614	116,745	115,308	113,035	218,915	213,696
Provision for income taxes	36,369	36,973	38,517	38,738	37,529	73,342	71,053
Net income available to common shareholders	<u>\$ 71,932</u>	<u>\$ 73,641</u>	<u>\$ 78,228</u>	<u>\$ 76,570</u>	<u>\$ 75,506</u>	<u>\$ 145,573</u>	<u>\$ 142,643</u>

(C) Interest income on securities was reduced by net premium amortization of \$15,466, \$14,144, \$13,031, \$13,531 and \$12,837 for the three month periods ended June 30, 2015, March 31, 2015, December 31, 2014, September 30, 2014 and June 30, 2014, respectively, and \$29,610 and \$25,117 for the six month periods ended June 30, 2015 and June 30, 2014, respectively.

Prosperity Bancshares, Inc.[®]
Financial Highlights (Unaudited)

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

	Three Months Ended					Year-to-Date	
	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Jun 30, 2015	Jun 30, 2014
Profitability							
Net income	\$ 71,932	\$ 73,641	\$ 78,228	\$ 76,570	\$ 75,506	\$ 145,573	\$ 142,643
Basic earnings per share	\$ 1.03	\$ 1.05	\$ 1.12	\$ 1.10	\$ 1.08	\$ 2.08	\$ 2.10
Diluted earnings per share	\$ 1.03	\$ 1.05	\$ 1.12	\$ 1.10	\$ 1.08	\$ 2.08	\$ 2.10
Return on average assets ^(D)	1.33%	1.37%	1.48%	1.45%	1.42%	1.35%	1.43%
Return on average common equity ^(D)	8.61%	8.98%	9.70%	9.69%	9.75%	8.80%	9.72%
Return on average tangible common equity ^{(D)(E)}	20.49%	21.84%	23.87%	24.84%	24.06%	21.16%	24.12%
Tax equivalent net interest margin ^(F)	3.39%	3.57%	3.89%	3.85%	3.83%	3.48%	3.73%
Efficiency ratio ^(G)	42.35%	41.83%	40.78%	41.55%	42.90%	42.09%	42.51%
Liquidity and Capital Ratios							
Equity to assets	15.48%	15.28%	15.09%	15.07%	14.69%	15.48%	14.69%
Common equity tier 1 capital ^(H)	12.91%	12.40%	N/A	N/A	N/A	12.91%	N/A
Tier 1 risk-based capital	12.91% ^(I)	12.40% ^(I)	13.80%	13.18%	12.50%	12.91% ^(I)	12.50%
Total risk-based capital	13.63% ^(I)	13.14% ^(I)	14.56%	13.90%	13.18%	13.63% ^(I)	13.18%
Tier 1 leverage capital	7.35% ^(I)	6.96% ^(I)	7.69%	7.40%	6.98%	7.35% ^(I)	6.98%
Period end tangible equity to period end tangible assets ^(E)	7.20%	6.93%	6.70%	6.55%	6.16%	7.20%	6.16%
Other Data							
Shares used in computed earnings per share							
Basic	70,037	70,034	69,768	69,751	69,667	70,035	67,936
Diluted	70,053	70,055	69,796	69,791	69,728	70,054	68,014
Period end shares outstanding	70,040	70,024	69,780	69,756	69,744	70,040	69,744
Cash dividends paid per common share	\$ 0.2725	\$ 0.2725	\$ 0.2725	\$ 0.2400	\$ 0.2400	\$ 0.5450	\$ 0.4800
Book value per share	\$ 47.93	\$ 47.15	\$ 46.50	\$ 45.63	\$ 44.74	\$ 47.93	\$ 44.74
Tangible book value per share ^(E)	\$ 20.29	\$ 19.47	\$ 18.80	\$ 18.01	\$ 17.05	\$ 20.29	\$ 17.05
Common Stock Market Price							
High	\$ 59.30	\$ 55.88	\$ 61.15	\$ 63.73	\$ 67.49	\$ 59.30	\$ 67.68
Low	50.91	45.01	52.62	55.99	56.04	45.01	56.04
Period end closing price	57.74	52.48	55.36	57.17	62.60	57.74	62.60
Employees – FTE	3,065	3,081	3,096	3,057	3,199	3,065	3,199
Number of banking centers	245	244	245	245	247	245	247

(D) Interim periods annualized.

(E) Refer to the "Notes to Selected Financial Data" at the end of this Earnings Release for a reconciliation of this non-GAAP financial measure.

(F) Net interest margin for all periods presented is calculated on an actual 365 day basis.

(G) Calculated by dividing total noninterest expense, excluding credit loss provisions, by net interest income plus noninterest income, excluding net gains and losses on the sale of assets. Additionally, taxes are not part of this calculation.

(H) Common equity tier 1 capital ratio is a new ratio required under the Basel III Capital Rules effective January 1, 2015.

(I) Calculated pursuant to the phase-in provisions of the Basel III Capital Rules.

Prosperity Bancshares, Inc.®
Financial Highlights (Unaudited)

(Dollars in thousands)

YIELD ANALYSIS

	Three Months Ended								
	Jun 30, 2015			Mar 31, 2015			Jun 30, 2014		
	Average Balance	Interest Earned/ Interest Paid	Average Yield/ Rate	Average Balance	Interest Earned/ Interest Paid	Average Yield/ Rate	Average Balance	Interest Earned/ Interest Paid	Average Yield/ Rate
Interest-Earning Assets:									
Loans	\$ 9,133,625	\$ 119,404	5.24%	\$ 9,189,380	\$ 124,878	5.51%	\$ 9,468,136	\$ 138,655	5.87%
Investment securities	9,688,961	48,530	2.01% ^(J)	9,241,434	48,562	2.13% ^(J)	8,748,322	47,670	2.19% ^(J)
Federal funds sold and other earning assets	79,659	47	0.24%	267,672	165	0.25%	234,302	178	0.30%
Total interest-earning assets	<u>18,902,245</u>	<u>\$ 167,981</u>	3.56%	<u>18,698,486</u>	<u>\$ 173,605</u>	3.77%	<u>18,450,760</u>	<u>\$ 186,503</u>	4.05%
Allowance for credit losses	(80,868)			(80,681)			(72,587)		
Noninterest-earning assets	2,817,644			2,871,702			2,939,375		
Total assets	<u>\$ 21,639,021</u>			<u>\$ 21,489,507</u>			<u>\$ 21,317,548</u>		
Interest-Bearing Liabilities:									
Interest-bearing demand deposits	\$ 3,891,682	\$ 2,227	0.23%	\$ 4,178,883	\$ 2,583	0.25%	\$ 3,568,475	\$ 2,272	0.26%
Savings and money market deposits	5,476,931	3,374	0.25%	5,542,081	3,405	0.25%	5,479,978	3,550	0.26%
Certificates and other time deposits	2,821,058	3,568	0.51%	2,956,038	3,589	0.49%	3,379,819	5,096	0.60%
Other borrowings	684,371	365	0.21%	72,118	129	0.73%	140,906	189	0.54%
Securities sold under repurchase agreements	333,220	208	0.25%	340,469	203	0.24%	382,692	254	0.27%
Junior subordinated debentures	-	-	—	119,408	791	2.69%	167,531	1,087	2.60%
Total interest-bearing liabilities	<u>13,207,262</u>	<u>9,742</u>	0.30% ^(K)	<u>13,208,997</u>	<u>10,700</u>	0.33% ^(K)	<u>13,119,401</u>	<u>12,448</u>	0.38% ^(K)
Noninterest-bearing liabilities:									
Noninterest-bearing demand deposits	4,992,301			4,899,279			4,735,575		
Other liabilities	98,133			100,648			365,169		
Total liabilities	<u>18,297,696</u>			<u>18,208,924</u>			<u>18,220,145</u>		
Shareholders' equity	<u>3,341,325</u>			<u>3,280,583</u>			<u>3,097,403</u>		
Total liabilities and shareholders' equity	<u>\$ 21,639,021</u>			<u>\$ 21,489,507</u>			<u>\$ 21,317,548</u>		
Net interest income and margin		<u>\$ 158,239</u>	3.36%		<u>\$ 162,905</u>	3.53%		<u>\$ 174,055</u>	3.78%
Non-GAAP to GAAP reconciliation:									
Tax equivalent adjustment		<u>1,563</u>			<u>1,664</u>			<u>2,083</u>	
Net interest income and margin (tax equivalent basis)		<u>\$ 159,802</u>	3.39%		<u>\$ 164,569</u>	3.57%		<u>\$ 176,138</u>	3.83%

(J) Yield on securities was impacted by net premium amortization of \$15,466, \$14,144 and \$12,837 for the three month periods ended June 30, 2015, March 31, 2015 and June 30, 2014, respectively.

(K) Total cost of funds, including noninterest bearing deposits, was 0.21%, 0.24% and 0.28% for the three months ended June 30, 2015, March 31, 2015 and June 30, 2014, respectively.

Prosperity Bancshares, Inc.®
Financial Highlights (Unaudited)
(Dollars in thousands)

YIELD ANALYSIS

	Year-to-Date					
	2015			2014		
	Average Balance	Interest Earned/ Interest Paid	Average Yield/ Rate	Average Balance	Interest Earned/ Interest Paid	Average Yield/ Rate
Interest-Earning Assets:						
Loans	\$ 9,161,349	\$ 244,282	5.38%	\$ 8,616,796	\$ 245,799	5.75%
Investment securities	9,466,434	97,092	2.07% (L)	8,608,411	94,726	2.22% (L)
Federal funds sold and other earning assets	173,147	212	0.25%	168,368	226	0.27%
Total interest-earning assets	<u>18,800,930</u>	<u>\$ 341,586</u>	3.66%	<u>17,393,575</u>	<u>\$ 340,751</u>	3.95%
Allowance for credit losses	(80,775)			(69,919)		
Noninterest-earning assets	<u>2,843,739</u>			<u>2,746,112</u>		
Total assets	<u>\$ 21,563,894</u>			<u>\$ 20,069,768</u>		
Interest-Bearing Liabilities:						
Interest-bearing demand deposits	\$ 4,034,489	\$ 4,810	0.24%	\$ 3,561,460	\$ 4,404	0.25%
Savings and money market deposits	5,509,326	6,779	0.25%	5,237,557	6,705	0.26%
Certificates and other time deposits	2,888,176	7,157	0.50%	3,099,815	9,196	0.60%
Other borrowings	379,936	494	0.26%	96,666	347	0.72%
Securities sold under repurchase agreements	336,824	411	0.25%	365,316	491	0.27%
Junior subordinated debentures	59,374	791	2.69%	145,881	1,862	2.57%
Total interest-bearing liabilities	<u>13,208,125</u>	<u>20,442</u>	0.31% (M)	<u>12,506,695</u>	<u>23,005</u>	0.37% (M)
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	4,946,138			4,378,471		
Other liabilities	99,375			224,497		
Total liabilities	<u>18,253,638</u>			<u>17,109,663</u>		
Shareholders' equity	<u>3,310,256</u>			<u>2,960,105</u>		
Total liabilities and shareholders' equity	<u>\$ 21,563,894</u>			<u>\$ 20,069,768</u>		
Net interest income and margin		<u>\$ 321,144</u>	3.44%		<u>\$ 317,746</u>	3.68%
Non-GAAP to GAAP reconciliation:						
Tax equivalent adjustment		<u>3,227</u>			<u>4,135</u>	
Net interest income and margin (tax equivalent basis)		<u>\$ 324,371</u>	3.48%		<u>\$ 321,881</u>	3.73%

(L) Yield on securities was impacted by net premium amortization of \$29,610 and \$25,117 for the six month periods ended June 30, 2015 and 2014, respectively.

(M) Total cost of funds, including noninterest bearing deposits, was 0.23% and 0.27% for the six month periods ended June 30, 2015 and 2014, respectively.

Prosperity Bancshares, Inc.®
Financial Highlights (Unaudited)

(Dollars in thousands)

	Three Months Ended					Year -to-Date	
	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Jun 30, 2015	Jun 30, 2014
Adjustment to Loan Yield ^(N)							
Interest on loans, as reported	\$ 119,404	\$ 124,878	\$ 139,396	\$ 140,521	\$ 138,655	\$ 244,282	\$ 245,799
Purchase accounting adjustment- loan discount accretion	(13,602)	(19,647)	(28,590)	(28,458)	(25,352)	(33,249)	(38,827)
Interest on loans without discount accretion	<u>\$ 105,802</u>	<u>\$ 105,231</u>	<u>\$ 110,806</u>	<u>\$ 112,063</u>	<u>\$ 113,303</u>	<u>\$ 211,033</u>	<u>\$ 206,972</u>
Average loans	\$ 9,133,625	\$ 9,189,380	\$ 9,325,330	\$ 9,381,248	\$ 9,468,136	\$ 9,161,349	\$ 8,616,796
Loan yield without purchase accounting adjustment	4.65%	4.64%	4.71%	4.74%	4.80%	4.65%	4.84%
Loan yield, as reported	5.24%	5.51%	5.93%	5.94%	5.87%	5.38%	5.75%
Adjustment to Securities Yield ^(N)							
Interest on securities, as reported	\$ 48,530	\$ 48,562	\$ 47,108	\$ 46,910	\$ 47,670	\$ 97,092	\$ 94,726
Purchase accounting adjustment- securities amortization	1,579	1,647	1,590	1,466	1,570	3,226	3,534
Interest on securities without amortization	<u>\$ 50,109</u>	<u>\$ 50,209</u>	<u>\$ 48,698</u>	<u>\$ 48,376</u>	<u>\$ 49,240</u>	<u>\$ 100,318</u>	<u>\$ 98,260</u>
Average securities	\$ 9,688,961	\$ 9,241,434	\$ 8,835,176	\$ 8,836,309	\$ 8,748,322	\$ 9,466,434	\$ 8,608,411
Securities yield without purchase accounting adjustment	2.07%	2.20%	2.19%	2.17%	2.26%	2.14%	2.30%
Securities yield, as reported	2.01%	2.13%	2.12%	2.11%	2.19%	2.07%	2.22%
Adjustment to Time Deposits Yield ^(N)							
Interest on time deposits, as reported	\$ 3,568	\$ 3,589	\$ 1,957	\$ 4,751	\$ 5,096	\$ 7,157	\$ 9,196
Purchase accounting adjustment- time deposit amortization	220	420	2,443	16	16	640	97
Interest on time deposits without amortization	<u>\$ 3,788</u>	<u>\$ 4,009</u>	<u>\$ 4,400</u>	<u>\$ 4,767</u>	<u>\$ 5,112</u>	<u>\$ 7,797</u>	<u>\$ 9,293</u>
Average time deposits	\$ 2,821,058	\$ 2,956,038	\$ 3,083,047	\$ 3,235,185	\$ 3,379,819	\$ 2,888,176	\$ 3,099,815
Time deposits yield without purchase accounting adjustment	0.54%	0.55%	0.57%	0.58%	0.61%	0.54%	0.60%
Time deposits yield, as reported	0.51%	0.49%	0.25%	0.58%	0.60%	0.50%	0.60%
Net Interest Margin (tax equivalent basis, excluding purchase accounting adjustments to yield)	3.13%	3.17%	3.25%	3.26%	3.31%	3.15%	3.32%
Net Interest Margin (tax equivalent basis), as reported	3.39%	3.57%	3.89%	3.85%	3.83%	3.48%	3.73%
Net income available to common shareholders, as reported	\$ 71,932	\$ 73,641	\$ 78,228	\$ 76,570	\$ 75,506	\$ 145,573	\$ 142,643
Less: Purchase accounting adjustments, net of tax ^(O)	(8,132)	(12,263)	(19,729)	(17,935)	(15,897)	(20,390)	(23,623)
Net income available to common shareholders, adjusted	<u>\$ 63,800</u>	<u>\$ 61,378</u>	<u>\$ 58,499</u>	<u>\$ 58,635</u>	<u>\$ 59,609</u>	<u>\$ 125,183</u>	<u>\$ 119,020</u>
Basic earnings per share, adjusted ^(N)	\$ 0.91	\$ 0.88	\$ 0.84	\$ 0.84	\$ 0.86	\$ 1.79	\$ 1.75
Diluted earnings per share, adjusted ^(N)	\$ 0.91	\$ 0.88	\$ 0.84	\$ 0.84	\$ 0.85	\$ 1.79	\$ 1.75

	Acquired Loans Accounted for Under ASC 310-20			Acquired Loans Accounted for Under ASC 310-30			Total Loans Accounted for Under ASC 310-20 and 310-30		
	Balance at Acquisition Date	Balance at Mar 31, 2015	Balance at Jun 30, 2015	Balance at Acquisition Date	Balance at Mar 31, 2015	Balance at Jun 30, 2015	Balance at Acquisition Date	Balance at Mar 31, 2015	Balance at Jun 30, 2015
Loan marks:									
Acquired banks ^(P)	\$ 225,589	\$ 78,289	\$ 67,895	\$ 131,906	\$ 51,647	\$ 48,277	\$ 357,495	\$ 129,936	\$ 116,172
Acquired portfolio loan balances:									
Acquired banks ^(P)	5,456,934	1,939,609	1,727,123	255,846	100,973	94,601	5,712,780 ^(Q)	2,040,582	1,821,724
Acquired portfolio loan balances less loan marks	<u>\$ 5,231,345</u>	<u>\$ 1,861,320</u>	<u>\$ 1,659,228</u>	<u>\$ 123,940</u>	<u>\$ 49,326</u>	<u>\$ 46,324</u>	<u>\$ 5,355,285</u>	<u>\$ 1,910,646</u>	<u>\$ 1,705,552</u>

(N) Non-GAAP financial measure.

(O) Using effective tax rate of 33.6%, 33.4%, 33.0%, 33.6% and 33.2% for the three month periods ended June 30, 2015, March 31, 2015, December 31, 2014, September 30, 2014 and June 30, 2014, respectively, and 33.5% and 33.2% for the six month periods ended June 30, 2015 and 2014, respectively.

(P) Includes Bank of Texas, Bank Arlington, American State Bank, Community National Bank, First Federal Bank Texas, Coppermark Bank, First Victoria National Bank and F&M Bank.

(Q) Actual principal balances acquired.

Prosperity Bancshares, Inc.®
Financial Highlights (Unaudited)
(Dollars in thousands)

	Three Months Ended				
	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014
YIELD TREND					
Interest-Earning Assets:					
Loans	5.24%	5.51%	5.93%	5.94%	5.87%
Investment securities ^(R)	2.01%	2.13%	2.12%	2.11%	2.19%
Federal funds sold and other earning assets	0.24%	0.25%	0.20%	0.15%	0.30%
Total interest-earning assets	3.56%	3.77%	4.04%	4.06%	4.05%
Interest-Bearing Liabilities:					
Interest-bearing demand deposits	0.23%	0.25%	0.23%	0.24%	0.26%
Savings and money market deposits	0.25%	0.25%	0.24%	0.25%	0.26%
Certificates and other time deposits	0.51%	0.49%	0.25%	0.58%	0.60%
Other borrowings	0.21%	0.73%	0.47%	0.42%	0.54%
Securities sold under repurchase agreements	0.25%	0.24%	0.25%	0.25%	0.27%
Junior subordinated debentures	—	2.69%	2.60%	2.60%	2.60%
Total interest-bearing liabilities	0.30%	0.33%	0.28%	0.36%	0.38%
Net Interest Margin	3.36%	3.53%	3.85%	3.81%	3.78%
Net Interest Margin (tax equivalent)	3.39%	3.57%	3.89%	3.85%	3.83%

(R) Yield on securities was impacted by net premium amortization of \$15,466, \$14,144, \$13,031, \$13,531 and \$12,837 for the three month periods ended June 30, 2015, March 31, 2015, December 31, 2014, September 30, 2014 and June 30, 2014, respectively.

Prosperity Bancshares, Inc.®
Financial Highlights (Unaudited)

(Dollars in thousands)

	Three Months Ended				
	Jun 30, 2015	March 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014
Balance Sheet Averages					
Total loans	\$ 9,133,625	\$ 9,189,380	\$ 9,325,330	\$ 9,381,248	\$ 9,468,136
Investment securities	9,688,961	9,241,434	8,835,176	8,836,309	8,748,322
Federal funds sold and other earning assets	<u>79,659</u>	<u>267,672</u>	<u>143,705</u>	<u>95,378</u>	<u>234,302</u>
Total interest-earning assets	18,902,245	18,698,486	18,304,211	18,312,935	18,450,760
Allowance for credit losses	(80,868)	(80,681)	(76,948)	(73,977)	(72,587)
Cash and due from banks	241,110	284,395	273,503	267,389	284,432
Goodwill	1,881,955	1,874,274	1,883,654	1,893,667	1,803,534
Core deposit intangibles, net	55,245	57,687	43,157	35,753	38,469
Other real estate	2,972	3,536	4,843	5,405	8,562
Fixed assets, net	276,761	280,515	282,827	285,039	292,075
Other assets	<u>359,601</u>	<u>371,295</u>	<u>395,045</u>	<u>394,509</u>	<u>512,303</u>
Total assets	<u>\$ 21,639,021</u>	<u>\$ 21,489,507</u>	<u>\$ 21,110,292</u>	<u>\$ 21,120,720</u>	<u>\$ 21,317,548</u>
Noninterest-bearing deposits	\$ 4,992,301	\$ 4,899,279	\$ 5,045,097	\$ 4,939,388	\$ 4,735,575
Interest-bearing demand deposits	3,891,682	4,178,883	3,546,825	3,399,655	3,568,475
Savings and money market deposits	5,476,931	5,542,081	5,442,568	5,502,326	5,479,978
Certificates and other time deposits	<u>2,821,058</u>	<u>2,956,038</u>	<u>3,083,047</u>	<u>3,235,185</u>	<u>3,379,819</u>
Total deposits	17,181,972	17,576,281	17,117,537	17,076,554	17,163,847
Other borrowings	684,371	72,118	168,167	215,222	140,906
Securities sold under repurchase agreements	333,220	340,469	323,882	389,726	382,692
Junior subordinated debentures	-	119,408	167,531	167,531	167,531
Other liabilities	98,133	100,648	106,222	109,287	365,169
Shareholders' equity	<u>3,341,325</u>	<u>3,280,583</u>	<u>3,226,953</u>	<u>3,162,400</u>	<u>3,097,403</u>
Total liabilities and equity	<u>\$ 21,639,021</u>	<u>\$ 21,489,507</u>	<u>\$ 21,110,292</u>	<u>\$ 21,120,720</u>	<u>\$ 21,317,548</u>

Prosperity Bancshares, Inc.[®]
Financial Highlights (Unaudited)
(Dollars in thousands)

	<u>Jun 30, 2015</u>		<u>Mar 31, 2015</u>		<u>Dec 31, 2014</u>		<u>Sep 30, 2014</u>		<u>Jun 30, 2014</u>	
Period End Balances										
Loan Portfolio										
Commercial and other	\$ 1,774,652	19.5%	\$ 1,851,906	20.2%	\$ 1,952,945	21.1%	\$ 2,058,217	22.0%	\$ 2,139,983	23.0%
Construction	1,068,056	11.7%	1,040,845	11.3%	1,026,475	11.1%	1,041,300	11.1%	1,005,099	10.8%
1-4 family residential	2,289,114	25.1%	2,272,788	24.8%	2,250,251	24.4%	2,210,141	23.6%	2,153,801	23.1%
Home equity	273,538	3.0%	269,894	2.9%	271,930	2.9%	269,850	2.9%	267,759	2.9%
Commercial real estate	2,958,239	32.5%	3,021,656	33.0%	3,030,340	32.8%	3,091,090	33.0%	3,027,945	32.6%
Agriculture (includes farmland)	600,745	6.6%	556,839	6.1%	551,646	6.0%	534,672	5.7%	542,360	5.8%
Consumer	149,991	1.6%	152,077	1.7%	160,596	1.7%	163,618	1.7%	171,215	1.8%
Total loans	<u>\$ 9,114,335</u>		<u>\$ 9,166,005</u>		<u>\$ 9,244,183</u>		<u>\$ 9,368,888</u>		<u>\$ 9,308,162</u>	
Deposit Types										
Noninterest-bearing DDA	\$ 5,040,628	29.7%	\$ 5,038,436	28.7%	\$ 4,936,420	27.9%	\$ 4,968,867	29.2%	\$ 4,921,398	28.5%
Interest-bearing DDA	3,746,939	22.0%	4,038,690	23.0%	4,260,038	24.1%	3,359,606	19.7%	3,467,826	20.1%
Money market	3,607,000	21.2%	3,773,011	21.5%	3,680,711	20.8%	3,788,358	22.3%	3,861,339	22.3%
Savings	1,853,322	10.9%	1,828,790	10.4%	1,784,889	10.1%	1,728,676	10.2%	1,707,645	9.9%
Certificates and other time deposits	2,753,775	16.2%	2,882,425	16.4%	3,031,100	17.1%	3,168,520	18.6%	3,322,847	19.2%
Total deposits	<u>\$ 17,001,664</u>		<u>\$ 17,561,352</u>		<u>\$ 17,693,158</u>		<u>\$ 17,014,027</u>		<u>\$ 17,281,055</u>	
Loan to Deposit Ratio	53.6%		52.2%		52.2%		55.1%		53.9%	
Construction Loans										
Single family residential construction	\$ 354,211	33.0%	\$ 356,081	34.1%	\$ 329,797	32.0%	\$ 317,307	30.3%	\$ 316,579	31.2%
Land development	84,864	7.9%	89,403	8.5%	84,051	8.2%	89,553	8.5%	88,947	8.8%
Raw land	145,885	13.6%	129,470	12.4%	106,058	10.3%	83,013	7.9%	62,731	6.2%
Residential lots	127,671	11.9%	128,064	12.2%	148,763	14.4%	154,027	14.7%	138,769	13.7%
Commercial lots	87,719	8.2%	92,677	8.9%	89,565	8.7%	86,991	8.3%	93,200	9.2%
Commercial construction and other	271,833	25.4%	249,504	23.9%	272,723	26.4%	317,355	30.3%	312,870	30.9%
Net unaccrued discount	(4,127)		(4,354)		(4,482)		(6,946)		(7,997)	
Total construction loans	<u>\$ 1,068,056</u>		<u>\$ 1,040,845</u>		<u>\$ 1,026,475</u>		<u>\$ 1,041,300</u>		<u>\$ 1,005,099</u>	

Prosperity Bancshares, Inc.[®]
Financial Highlights (Unaudited)
(Dollars in thousands)

	Three Months Ended					Year-to-Date	
	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Jun 30, 2015	Jun 30, 2014
Asset Quality							
Nonaccrual loans	\$ 31,987	\$ 29,252	\$ 31,422	\$ 26,804	\$ 23,082	\$ 31,987	\$ 23,082
Accruing loans 90 or more days past due	153	2,968	2,193	17,753	335	153	335
Total nonperforming loans	32,140	32,220	33,615	44,557	23,417	32,140	23,417
Reposessed assets	173	146	67	21	11	173	11
Other real estate	2,806	3,010	3,237	5,504	5,093	2,806	5,093
Total nonperforming assets	<u>\$ 35,119</u>	<u>\$ 35,376</u>	<u>\$ 36,919</u>	<u>\$ 50,082</u>	<u>\$ 28,521</u>	<u>\$ 35,119</u>	<u>\$ 28,521</u>
Nonperforming assets:							
Commercial and industrial	\$ 20,295	\$ 16,830	\$ 21,418	\$ 26,172	\$ 14,434	\$ 20,295	\$ 14,434
Construction, land development and other land loans	813	3,023	1,893	5,998	2,449	813	2,449
1-4 family residential (including home equity)	5,124	5,087	5,232	7,559	6,909	5,124	6,909
Commercial real estate (including multi-family residential)	7,939	9,736	6,695	9,686	3,970	7,939	3,970
Agriculture (including farmland)	605	281	473	182	140	605	140
Consumer and other	343	419	1,208	485	619	343	619
Total	<u>\$ 35,119</u>	<u>\$ 35,376</u>	<u>\$ 36,919</u>	<u>\$ 50,082</u>	<u>\$ 28,521</u>	<u>\$ 35,119</u>	<u>\$ 28,521</u>
Number of loans/properties	<u>161</u>	<u>166</u>	<u>169</u>	<u>194</u>	<u>179</u>	<u>161</u>	<u>179</u>
Allowance for credit losses at end of period	<u>\$ 80,972</u>	<u>\$ 80,963</u>	<u>\$ 80,762</u>	<u>\$ 77,613</u>	<u>\$ 73,266</u>	<u>\$ 80,972</u>	<u>\$ 73,266</u>
Net charge-offs:							
Commercial and industrial	\$ (28)	\$ 504	\$ 318	\$ 17	\$ (64)	\$ 476	\$ 17
Construction, land development and other land loans	(2)	145	(1)	(28)	115	143	98
1-4 family residential (including home equity)	12	86	420	70	406	98	537
Commercial real estate (including multi-family residential)	114	33	1,732	(6)	5	147	65
Agriculture (including farmland)	(65)	(78)	(13)	(53)	(843)	(143)	(924)
Consumer and other	460	359	745	653	536	819	1,148
Total	<u>\$ 491</u>	<u>\$ 1,049</u>	<u>\$ 3,201</u>	<u>\$ 653</u>	<u>\$ 155</u>	<u>\$ 1,540</u>	<u>\$ 941</u>
Asset Quality Ratios							
Nonperforming assets to average earning assets	0.19%	0.19%	0.20%	0.27%	0.15%	0.19%	0.16%
Nonperforming assets to loans and other real estate	0.39%	0.39%	0.40%	0.53%	0.31%	0.39%	0.31%
Net charge-offs to average loans (annualized)	0.02%	0.05%	0.14%	0.03%	0.01%	0.03%	0.02%
Allowance for credit losses to total loans	0.89%	0.88%	0.87%	0.83%	0.79%	0.89%	0.79%
Allowance for credit losses to total loans (excluding acquired loans accounted for under ASC Topics 310-20 and 310-30) ^(E)	1.09%	1.12%	1.14%	1.14%	1.15%	1.09%	1.15%

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 net income and earnings per share (each excluding purchase accounting adjustments) and its allowance for credit losses to total loans (excluding acquired loans accounted for under ASC Topics 310-20 and 310-30). Prosperity has included information below and on page 12 of this Earnings Release 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.

	Three Months Ended					Year-to-Date	
	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Jun 30, 2015	Jun 30, 2014
Return on average tangible common equity:							
Net income	\$ 71,932	\$ 73,641	\$ 78,228	\$ 76,570	\$ 75,506	\$ 145,573	\$ 142,643
Average shareholders' equity	\$ 3,341,325	\$ 3,280,583	\$ 3,226,953	\$ 3,162,400	\$ 3,097,403	\$ 3,310,256	\$ 2,960,105
Less: Average goodwill and other intangible assets	(1,937,200)	(1,931,961)	(1,926,811)	(1,929,420)	(1,842,003)	(1,934,595)	(1,777,346)
Average tangible shareholders' equity	\$ 1,404,125	\$ 1,348,622	\$ 1,300,142	\$ 1,232,980	\$ 1,255,400	\$ 1,375,661	\$ 1,182,759
Return on average tangible common equity:	20.49%	21.84%	23.87%	24.84%	24.06%	21.16%	24.12%
Tangible book value per share:							
Shareholders' equity	\$ 3,357,285	\$ 3,301,861	\$ 3,244,826	\$ 3,182,950	\$ 3,120,594	\$ 3,357,285	\$ 3,120,594
Less: Goodwill and other intangible assets	(1,936,023)	(1,938,413)	(1,933,138)	(1,926,729)	(1,931,342)	(1,936,023)	(1,931,342)
Tangible shareholders' equity	\$ 1,421,262	\$ 1,363,448	\$ 1,311,688	\$ 1,256,221	\$ 1,189,252	\$ 1,421,262	\$ 1,189,252
Period end shares outstanding	70,040	70,024	69,780	69,756	69,744	70,040	69,744
Tangible book value per share:	\$ 20.29	\$ 19.47	\$ 18.80	\$ 18.01	\$ 17.05	\$ 20.29	\$ 17.05
Period end tangible equity to period end tangible assets ratio:							
Tangible shareholders' equity	\$ 1,421,262	\$ 1,363,448	\$ 1,311,688	\$ 1,256,221	\$ 1,189,252	\$ 1,421,262	\$ 1,189,252
Total assets	\$ 21,686,287	\$ 21,606,859	\$ 21,507,733	\$ 21,117,314	\$ 21,248,106	\$ 21,686,287	\$ 21,248,106
Less: Goodwill and other intangible assets	(1,936,023)	(1,938,413)	(1,933,138)	(1,926,729)	(1,931,342)	(1,936,023)	(1,931,342)
Tangible assets	\$ 19,750,264	\$ 19,668,446	\$ 19,574,595	\$ 19,190,585	\$ 19,316,764	\$ 19,750,264	\$ 19,316,764
Period end tangible equity to period end tangible assets ratio:	7.20%	6.93%	6.70%	6.55%	6.16%	7.20%	6.16%

Prosperity Bancshares, Inc.[®]
Notes to Selected Financial Data (Unaudited)

(Dollars in thousands)

	<u>Three Months Ended</u>					<u>Year-to-Date</u>	
	<u>Jun 30, 2015</u>	<u>Mar 31, 2015</u>	<u>Dec 31, 2014</u>	<u>Sep 30, 2014</u>	<u>Jun 30, 2014</u>	<u>Jun 30, 2015</u>	<u>Jun 30, 2014</u>
Allowance for credit losses to total loans, excluding acquired loans:							
Allowance for credit losses	\$ 80,972	\$ 80,963	\$ 80,762	\$ 77,613	\$ 73,266	\$ 80,972	\$ 73,266
Total loans	\$ 9,114,335	\$ 9,166,005	\$ 9,244,183	\$ 9,368,888	\$ 9,308,162	\$ 9,114,335	\$ 9,308,162
Less: Fair value of acquired loans (acquired portfolio loan balances less loan marks)	\$ 1,705,552	\$ 1,910,646	\$ 2,154,148	\$ 2,536,433	\$ 2,948,999	\$ 1,705,552	\$ 2,948,999
Total loans less acquired loans	\$ 7,408,783	\$ 7,255,358	\$ 7,090,035	\$ 6,832,455	\$ 6,359,163	\$ 7,408,783	\$ 6,359,163
Allowance for credit losses to total loans, excluding acquired loans (non-GAAP basis)	1.09%	1.12%	1.14%	1.14%	1.15%	1.09%	1.15%