



PRESS RELEASE

Prosperity Bancshares, Inc.®
Prosperity Bank Plaza
4295 San Felipe
Houston, Texas 77027

For more information contact:

David Zalman
Chairman and Chief Executive Officer
281.269.7199
[david.zalman@prosperitybankusa.com](mailto: david.zalman@prosperitybankusa.com)

FOR IMMEDIATE RELEASE

**PROSPERITY BANCSHARES, INC.®
REPORTS THIRD QUARTER
2017 EARNINGS**

- **Third quarter earnings per common share (diluted) of \$0.98**
- **Third quarter net income of \$67.908 million**
- **Nonperforming assets remain low at 0.24% of third quarter average interest-earning assets**
- **Return (annualized) on third quarter average assets of 1.22%**
- **Returns (annualized) on third quarter average common equity of 7.20% and average tangible common equity of 14.83%⁽¹⁾**
- **Loans increased 4.0% (annualized) as of September 30, 2017 (year-to-date)**
- **Increase in dividend of 5.9% to \$0.36 per share for the fourth quarter 2017**

HOUSTON, October 25, 2017. Prosperity Bancshares, Inc.® (NYSE: PB), the parent company of Prosperity Bank® (collectively, “Prosperity”), reported net income for the quarter ended September 30, 2017 of \$67.908 million or \$0.98 per diluted common share. Additionally, nonperforming assets remain low at 0.24% of third quarter average interest-earning assets.

“Texas accounts for 8.8% of the U.S. GDP and 8.4% of the U.S. nonfarm employment. It is the largest exporting state in the U.S. and is home to more than 50 Fortune 500 companies. When a natural disaster such as Hurricane Harvey strikes several areas of the state, it can have a far-reaching impact,” said David Zalman, Prosperity’s Chairman and Chief Executive Officer.

“Hurricane Harvey made landfall near Rockport, Texas on Friday, August 25 and continued to impact the Houston and Beaumont areas through much of the following week. Within seven days after landfall, we had 91% of affected banking centers open (86 of 94) and today, every banking center except one is open for business,” continued Zalman.

“Our lenders have visited with every loan relationship we have in the affected areas in excess of \$1 million. The vast majority of our customers affected had flood insurance and/or business interruption insurance. We did however make a small provision this quarter given the increased risk on loan performance and the possibility of some adverse economic impact from the storm,” added Zalman.

“During the first two quarters of 2017, we experienced approximately 5% annualized organic loan growth, however, given the distraction of the Hurricane and recovery process, organic loan growth for the third quarter was approximately 1.9% annualized. Our fee income was also slightly impacted this quarter as we waived certain ATM, overdraft and late payment fees for customers in the affected areas,” stated Zalman.

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

“We are pleased with our results for the third quarter considering the challenges in some of our areas. The Federal Reserve Bank of Dallas expects that the fourth quarter will show a rebound in economic activity that will more than offset the economic decline in the third quarter. We are excited about the opportunities we have for the fourth quarter,” concluded Zalman.

Results of Operations for the Three Months Ended September 30, 2017

Net income was \$67.908 million⁽²⁾ for the three months ended September 30, 2017 compared with \$68.651 million⁽³⁾ for the same period in 2016. Net income per diluted common share was \$0.98 for the three months ended September 30, 2017 compared with \$0.99 for the same period in 2016. Annualized returns on average assets, average common equity and average tangible common equity for the three months ended September 30, 2017 were 1.22%, 7.20% and 14.83%⁽¹⁾, respectively. Prosperity’s efficiency ratio (excluding credit loss provisions, net gains and losses on the sale of assets and taxes) was 41.92%⁽¹⁾ for the three months ended September 30, 2017.

Net interest income before provision for credit losses for the three months ended September 30, 2017 was \$156.147 million compared with \$154.064 million during the same period in 2016, an increase of \$2.083 million or 1.4%. This change was primarily due to an increase in the average balance and yield on interest-earning assets, partially offset by an increase in the average rate on interest-bearing liabilities. Linked quarter net interest income before provision for credit losses increased \$3.916 million or 2.6% to \$156.147 million compared with \$152.231 million during the three months ended June 30, 2017. This increase was primarily due to an increase in loan discount accretion of \$3.415 million.

The net interest margin on a tax equivalent basis was 3.22% for the three months ended September 30, 2017 compared with 3.29% for the same period in 2016. This change was primarily due to an increase in the average rates on interest-bearing liabilities. On a linked quarter basis, the net interest margin was 3.22% compared with 3.14% for the three months ended June 30, 2017. This increase was primarily due to an increase in loan discount accretion.

Noninterest income was \$28.809 million for the three months ended September 30, 2017 compared with \$29.684 million for the same period in 2016, a decrease of \$875 thousand or 2.9%. This change was primarily due to a decrease in mortgage income. On a linked quarter basis, noninterest income increased \$1.029 million or 3.7% compared with the three months ended June 30, 2017. This change was primarily due to an increase in other noninterest income and NSF fees.

Noninterest expense was \$77.509 million for the three months ended September 30, 2017 compared with \$79.476 million for the same period in 2016, a decrease of \$1.967 million or 2.5%. This change was primarily due to a decrease in amortization of core deposit intangibles and salaries and benefits. On a linked quarter basis, noninterest expense increased \$1.067 million or 1.4% compared with the three months ended June 30, 2017. This increase was primarily due to an increase in salaries and benefits and other noninterest expense.

Results of Operations for the Nine Months Ended September 30, 2017

Net income was \$205.027 million⁽⁴⁾ for the nine months ended September 30, 2017 compared with \$205.673 million⁽⁵⁾ for the same period in 2016. Net income per diluted common share was \$2.95 for the nine months ended September 30, 2017 and 2016. Annualized returns on average assets, average common equity and average tangible common equity for the nine months ended September 30, 2017 were 1.22%, 7.34% and 15.34%⁽¹⁾, respectively. Prosperity’s efficiency ratio (excluding credit loss provisions, net gains and losses on the sale of assets and securities and taxes) was 42.42%⁽¹⁾ for the nine months ended September 30, 2017.

Net interest income before provision for credit losses for the nine months ended September 30, 2017 was \$460.813 million compared with \$478.788 million for the same period in 2016, a decrease of \$17.975 million or 3.8%. This change was primarily due to a decrease in loan discount accretion of \$14.308 million.

The net interest margin on a tax equivalent basis for the nine months ended September 30, 2017 was 3.18% compared with 3.38% for the same period in 2016. This change was primarily due to a decrease in loan discount accretion and an increase in the average rate on interest-bearing liabilities.

(2) Includes purchase accounting adjustments of \$4.903 million, net of tax, primarily comprised of loan discount accretion of \$7.886 million for the three months ended September 30, 2017.

(3) Includes purchase accounting adjustments of \$4.796 million, net of tax, primarily comprised of loan discount accretion of \$7.620 million for the three months ended September 30, 2016.

(4) Includes purchase accounting adjustments of \$10.138 million, net of tax, primarily comprised of loan discount accretion of \$17.110 million for the nine months ended September 30, 2017.

(5) Includes purchase accounting adjustments of \$19.220 million, net of tax, primarily comprised of loan discount accretion of \$31.418 million for the nine months ended September 30, 2016.

Noninterest income was \$87.413 million for the nine months ended September 30, 2017 compared with \$88.950 million for the same period in 2016, a decrease of \$1.537 million or 1.7%. This change was primarily due to the net loss on sale of assets and a decrease in brokerage and mortgage income, partially offset by a gain on sale of securities and an increase in service charges on deposit accounts.

Noninterest expense was \$232.013 million for the nine months ended September 30, 2017 compared with \$239.239 million for the same period in 2016, a decrease of \$7.226 million or 3.0%. This change was primarily due to decreases in salaries and benefits, core deposit intangibles amortization and communications expense.

Balance Sheet Information

At September 30, 2017, Prosperity had \$22.143 billion in total assets, an increase of \$739.219 million or 3.5%, compared with \$21.404 billion at September 30, 2016.

Loans at September 30, 2017 were \$9.911 billion, an increase of \$362.888 million or 3.8%, compared with \$9.548 billion at September 30, 2016. Linked quarter loans increased \$47.183 million or 0.5% (1.9% annualized) from \$9.864 billion at June 30, 2017.

As part of its commercial and industrial lending activities, Prosperity extends credit to oil and gas production and service companies. Oil and gas production loans are loans to companies directly involved in the exploration and/or production of oil and gas. Oil and gas service loans are loans to companies that provide services for oil and gas production and exploration. At September 30, 2017, oil and gas loans totaled \$291.827 million or 2.9% of total loans, of which \$106.524 million were to production companies and \$185.303 million were to service companies. This compares with total oil and gas loans of \$308.951 million or 3.2% of total loans at September 30, 2016, of which \$139.913 million were to production companies and \$169.038 million were to service companies. At June 30, 2017, oil and gas loans totaled \$287.815 million or 2.9% of total loans, of which \$115.358 million were production loans and \$172.457 million were service loans.

Deposits at September 30, 2017 were \$16.907 billion, a decrease of \$13.933 million or 0.1%, compared with \$16.921 billion at September 30, 2016. Linked quarter deposits decreased \$163.054 million or 1.0% from \$17.071 billion at June 30, 2017.

Asset Quality

Nonperforming assets totaled \$45.823 million or 0.24% of quarterly average interest-earning assets at September 30, 2017, compared with \$60.166 million or 0.32% of quarterly average interest-earning assets at September 30, 2016, and \$47.618 million or 0.24% of quarterly average interest-earning assets at June 30, 2017.

The allowance for credit losses was \$86.812 million or 0.88% of total loans at September 30, 2017, \$85.585 million or 0.90% of total loans at September 30, 2016 and \$83.783 million or 0.85% of total loans at June 30, 2017. Excluding loans acquired that are accounted for under FASB Accounting Standards Codification ("ASC") Topics 310-20 and 310-30, the allowance for credit losses was 0.95%(1) of remaining loans as of September 30, 2017, compared with 1.03%(1) at September 30, 2016 and 0.93%(1) at June 30, 2017.

The provision for credit losses was \$6.900 million for the three months ended September 30, 2017 compared with \$2.000 million for the three months ended September 30, 2016 and \$2.750 million for the three months ended June 30, 2017. The provision for credit losses was \$12.325 million for the nine months ended September 30, 2017 compared with \$22.000 million for the nine months ended September 30, 2016.

Net charge-offs were \$3.871 million for the three months ended September 30, 2017 compared with \$241 thousand for the three months ended September 30, 2016 and \$3.062 million for the three months ended June 30, 2017. Net charge-offs for the third quarter of 2017 were primarily comprised of two commercial and industrial loans. Net charge-offs were \$10.839 million for the nine months ended September 30, 2017 compared with \$17.799 million for the nine months ended September 30, 2016.

Dividend

Prosperity Bancshares, Inc. declared a fourth quarter cash dividend of \$0.36 per share, to be paid on January 2, 2018 to all shareholders of record as of December 15, 2017, an increase of 5.9% compared with the third quarter 2017 dividend.

Hurricane Harvey

On August 25, 2017, Hurricane Harvey came ashore in Rockport, Texas impacting numerous communities along the Texas Gulf coast. Prosperity Bank operates 94 banking centers in the Houston and South Texas areas, which include Beaumont, Corpus Christi and Victoria. All except one of those banking centers are currently operational. As of September 30, 2017, we have experienced manageable financial impact related to Hurricane Harvey.

Conference Call

Prosperity's management team will host a conference call on Wednesday, October 25, 2017 at 10:30 a.m. Eastern Time (9:30 a.m. Central Time) to discuss Prosperity's third quarter 2017 earnings. Individuals and investment professionals may participate in the call by dialing 877-883-0383. The elite entry number is 4077605.

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 from Prosperity's home page by selecting "Presentations & Calls" from the drop-down menu on the Investor Relations tab and following the instructions.

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, tangible equity to tangible assets ratio and the efficiency ratio, excluding net gains and losses on the sale of assets and securities. 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 allowance for credit losses to total loans (excluding acquired loans accounted for under ASC Topics 310-20, "*Receivables-Nonrefundable Fees and Other Costs*" and 310-30, "*Receivables-Loans and Debt Securities Acquired with Deteriorated Credit Quality*"). Prosperity believes these non-GAAP financial measures provide information useful to investors in understanding Prosperity's financial results and that their presentation, together with the accompanying reconciliations, provides a more 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 financial measures provide useful information by excluding certain items that may not be indicative of its core operating earnings and business outlook. These non-GAAP financial measures should not be considered a substitute for, nor of greater importance than, GAAP basis measures and results; 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. 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 to the nearest respective GAAP financial measures.

Prosperity Bancshares, Inc. ®

As of September 30, 2017, Prosperity Bancshares, Inc. ® is a \$22.143 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, Cash Management and Mobile Banking.

As of September 30, 2017, Prosperity operated 243 full-service banking locations: 65 in the Houston area, including The Woodlands; 29 in the South Texas area including Corpus Christi and Victoria; 34 in the Dallas/Fort Worth area; 22 in the East Texas area; 29 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 8 in the Tulsa, Oklahoma area.

“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. Forward-looking statements include all statements other than statements of historical fact, including forecasts or trends, and 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, 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, interest rate and commodity price fluctuations; and weather. These and various other factors are discussed in Prosperity Bancshares’ Annual Report on Form 10-K for the year ended December 31, 2016 and other reports and statements Prosperity Bancshares 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>.

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 -**

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

Other Central Texas Area**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
 Frisco
 Frisco-West
 Kiest
 McKinney
 McKinney-Stonebridge
 Midway
 Plano
 Preston Forest
 Preston Road
 Red Oak
 Sachse
 The Colony
 Turtle Creek
 Westmoreland

Fort Worth -

Haltom City
 Keller
 Roanoke
 Stockyards

Other Dallas/Fort Worth Area**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
 Alief
 Bellaire
 Beltway
 Clear Lake
 Copperfield
 Cypress
 Downtown
 Eastex
 Fairfield
 First Colony
 Fry Road
 Gessner
 Gladebrook
 Grand Parkway
 Heights
 Highway 6 West
 Little York
 Medical Center
 Memorial Drive
 Northside
 Pasadena
 Pecan Grove
 Pin Oak
 River Oaks
 Sugar Land
 SW Medical Center
 Tanglewood
 The Plaza
 Uptown

Waugh Drive
 Westheimer
 West University
 Woodcreek

Katy -

Cinco Ranch
 Katy-Spring Green

The Woodlands -

The Woodlands-College Park
 The Woodlands-I-45
 The Woodlands-Research Forest

Other Houston Area**Locations -**

Angleton
 Bay City
 Beaumont
 Cleveland
 East Bernard
 El Campo
 Dayton
 Galveston
 Groves
 Hempstead
 Hitchcock
 Liberty
 Magnolia
 Magnolia Parkway
 Mont Belvieu
 Nederland
 Needville
 Rosenberg
 Shadow Creek
 Spring
 Tomball
 Waller
 West Columbia
 Wharton
 Winnie
 Wirt

South Texas Area -**Corpus Christi -**

Calallen
 Carmel
 Northwest
 Saratoga
 Timbergate
 Water Street

Victoria -

Victoria Main
 Victoria-Navarro
 Victoria-North

Other South Texas Area**Locations -**

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

Taft
 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 Area**Locations -**

Big Spring
 Brownfield
 Brownwood
 Cisco
 Comanche
 Early
 Floydada
 Gorman
 Levelland
 Littlefield
 Merkel
 Plainview
 San Angelo
 Slaton
 Snyder

Oklahoma**Central Oklahoma Area-****Oklahoma City -**

23rd Street
 Expressway
 I-240
 Memorial

Other Central Oklahoma Area**Locations -**

Edmond
 Norman

Tulsa Area-**Tulsa -**

Garnett
 Harvard
 Memorial
 Sheridan
 S. Harvard
 Utica Tower
 Yale

Other Tulsa Area Locations -

Owasso

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

| | <u>Sep 30, 2017</u> | <u>Jun 30, 2017</u> | <u>Mar 31, 2017</u> | <u>Dec 31, 2016</u> | <u>Sep 30, 2016</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Balance Sheet Data (at period end) | | | | | |
| Loans | \$ 9,911,202 | \$ 9,864,019 | \$ 9,739,253 | \$ 9,622,060 | \$ 9,548,314 |
| Investment securities(A) | 9,410,522 | 9,582,195 | 9,854,120 | 9,726,086 | 8,988,021 |
| Federal funds sold | 1,007 | 757 | 945 | 1,178 | 630 |
| Allowance for credit losses | (86,812) | (83,783) | (84,095) | (85,326) | (85,585) |
| Cash and due from banks | 302,469 | 321,958 | 324,797 | 436,203 | 341,483 |
| Goodwill | 1,900,845 | 1,900,845 | 1,900,845 | 1,900,845 | 1,900,349 |
| Core deposit intangibles, net | 40,464 | 42,150 | 43,869 | 45,784 | 48,010 |
| Other real estate owned | 14,512 | 15,472 | 15,698 | 15,463 | 16,280 |
| Fixed assets, net | 256,011 | 256,511 | 257,558 | 262,083 | 270,386 |
| Other assets | 393,043 | 396,419 | 424,429 | 406,696 | 376,156 |
| Total assets | <u>\$ 22,143,263</u> | <u>\$ 22,296,543</u> | <u>\$ 22,477,419</u> | <u>\$ 22,331,072</u> | <u>\$ 21,404,044</u> |
| Noninterest-bearing deposits | \$ 5,465,474 | \$ 5,397,293 | \$ 5,299,264 | \$ 5,190,973 | \$ 5,159,333 |
| Interest-bearing deposits | 11,442,002 | 11,673,237 | 11,736,308 | 12,116,329 | 11,762,076 |
| Total deposits | 16,907,476 | 17,070,530 | 17,035,572 | 17,307,302 | 16,921,409 |
| Other borrowings | 960,365 | 1,035,506 | 1,270,644 | 990,781 | 425,916 |
| Securities sold under repurchase agreements | 334,621 | 346,324 | 335,875 | 320,430 | 318,449 |
| Other liabilities | 159,443 | 107,995 | 146,246 | 70,248 | 143,458 |
| Total liabilities | 18,361,905 | 18,560,355 | 18,788,337 | 18,688,761 | 17,809,232 |
| Shareholders' equity(B) | 3,781,358 | 3,736,188 | 3,689,082 | 3,642,311 | 3,594,812 |
| Total liabilities and equity | <u>\$ 22,143,263</u> | <u>\$ 22,296,543</u> | <u>\$ 22,477,419</u> | <u>\$ 22,331,072</u> | <u>\$ 21,404,044</u> |

(A) Includes \$1,635, \$2,871, \$2,200, \$2,171 and \$2,310 in unrealized gains on available for sale securities for the quarterly periods ended September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016 and September 30, 2016, respectively.

(B) Includes \$1,063, \$1,866, \$1,430, \$1,411 and \$1,502 in after-tax unrealized gains on available for sale securities for the quarterly periods ended September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016 and September 30, 2016, respectively.

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

| | Three Months Ended | | | | Year-to-Date | | |
|--|--------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| | Sep 30, 2017 | Jun 30, 2017 | Mar 31, 2017 | Dec 31, 2016 | Sep 30, 2016 | Sep 30, 2016 | |
| Income Statement Data | | | | | | | |
| Interest income: | | | | | | | |
| Loans | \$ 121,567 | \$ 114,975 | \$ 111,710 | \$ 115,993 | \$ 116,247 | \$ 348,252 | \$ 359,066 |
| Securities(C) | 50,610 | 52,912 | 53,157 | 48,573 | 48,132 | 156,679 | 151,802 |
| Federal funds sold and other earning assets | 242 | 160 | 183 | 103 | 81 | 585 | 242 |
| Total interest income | <u>172,419</u> | <u>168,047</u> | <u>165,050</u> | <u>164,669</u> | <u>164,460</u> | <u>505,516</u> | <u>511,110</u> |
| Interest expense: | | | | | | | |
| Deposits | 12,376 | 11,441 | 9,908 | 9,478 | 9,396 | 33,725 | 29,647 |
| Other borrowings | 3,540 | 4,040 | 2,476 | 1,121 | 752 | 10,056 | 1,944 |
| Securities sold under repurchase agreements | 356 | 335 | 231 | 238 | 248 | 922 | 694 |
| Junior subordinated debentures | — | — | — | — | — | — | 37 |
| Total interest expense | <u>16,272</u> | <u>15,816</u> | <u>12,615</u> | <u>10,837</u> | <u>10,396</u> | <u>44,703</u> | <u>32,322</u> |
| Net interest income | 156,147 | 152,231 | 152,435 | 153,832 | 154,064 | 460,813 | 478,788 |
| Provision for credit losses | 6,900 | 2,750 | 2,675 | 2,000 | 2,000 | 12,325 | 22,000 |
| Net interest income after provision for credit losses | <u>149,247</u> | <u>149,481</u> | <u>149,760</u> | <u>151,832</u> | <u>152,064</u> | <u>448,488</u> | <u>456,788</u> |
| Noninterest income: | | | | | | | |
| Nonsufficient funds (NSF) fees | 8,350 | 7,805 | 8,089 | 8,552 | 8,764 | 24,244 | 24,984 |
| Credit card, debit card and ATM card income | 6,075 | 6,186 | 5,953 | 5,902 | 5,903 | 18,214 | 17,659 |
| Service charges on deposit accounts | 5,251 | 5,405 | 5,421 | 4,934 | 4,698 | 16,077 | 13,898 |
| Trust income | 2,040 | 2,271 | 2,155 | 2,480 | 1,851 | 6,466 | 5,640 |
| Mortgage income | 854 | 1,107 | 1,266 | 1,690 | 2,143 | 3,227 | 5,386 |
| Brokerage income | 461 | 427 | 488 | 782 | 1,213 | 1,376 | 3,789 |
| Bank owned life insurance income | 1,366 | 1,364 | 1,353 | 1,390 | 1,417 | 4,083 | 4,273 |
| Net gain (loss) on sale of assets | 62 | (3,783) | 1,759 | 475 | 37 | (1,962) | 1,389 |
| Gain on sale of securities | — | 3,270 | — | — | — | 3,270 | — |
| Other noninterest income | 4,350 | 3,728 | 4,340 | 3,270 | 3,658 | 12,418 | 11,932 |
| Total noninterest income | <u>28,809</u> | <u>27,780</u> | <u>30,824</u> | <u>29,475</u> | <u>29,684</u> | <u>87,413</u> | <u>88,950</u> |
| Noninterest expense: | | | | | | | |
| Salaries and benefits | 47,866 | 47,343 | 48,444 | 51,231 | 48,328 | 143,653 | 146,666 |
| Net occupancy and equipment | 5,691 | 5,460 | 5,503 | 5,696 | 5,997 | 16,654 | 17,362 |
| Credit and debit card, data processing and software amortization | 4,506 | 4,216 | 4,085 | 4,249 | 4,207 | 12,807 | 12,801 |
| Regulatory assessments and FDIC insurance | 3,455 | 3,548 | 3,549 | 2,424 | 3,434 | 10,552 | 10,311 |
| Core deposit intangibles amortization | 1,686 | 1,719 | 1,915 | 2,226 | 2,418 | 5,320 | 6,974 |
| Depreciation | 3,050 | 3,051 | 3,103 | 3,170 | 3,289 | 9,204 | 9,924 |
| Communications | 2,618 | 2,664 | 2,702 | 2,771 | 2,870 | 7,984 | 8,790 |
| Other real estate expense | 110 | 128 | 95 | 378 | 44 | 333 | 136 |
| Net (gain) loss on sale of other real estate | (140) | (71) | (10) | (44) | (3) | (221) | 330 |
| Other noninterest expense | 8,667 | 8,384 | 8,676 | 7,047 | 8,892 | 25,727 | 25,945 |
| Total noninterest expense | <u>77,509</u> | <u>76,442</u> | <u>78,062</u> | <u>79,148</u> | <u>79,476</u> | <u>232,013</u> | <u>239,239</u> |
| Income before income taxes | 100,547 | 100,819 | 102,522 | 102,159 | 102,272 | 303,888 | 306,499 |
| Provision for income taxes | 32,639 | 32,265 | 33,957 | 33,366 | 33,621 | 98,861 | 100,826 |
| Net income available to common shareholders | <u>\$ 67,908</u> | <u>\$ 68,554</u> | <u>\$ 68,565</u> | <u>\$ 68,793</u> | <u>\$ 68,651</u> | <u>\$ 205,027</u> | <u>\$ 205,673</u> |

(C) Interest income on securities was reduced by net premium amortization of \$10,115, \$9,403, \$9,883, \$11,502 and \$11,312 for the three-month periods ended September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016 and September 30, 2016, respectively, and \$29,401 and \$31,972 for the nine-month periods ended September 30, 2017 and September 30, 2016, 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 | | |
|---|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Sep 30, 2017 | Jun 30, 2017 | Mar 31, 2017 | Dec 31, 2016 | Sep 30, 2016 | Sep 30, 2017 | Sep 30, 2016 |
| Profitability | | | | | | | |
| Net income (D) (E) | \$ 67,908 | \$ 68,554 | \$ 68,565 | \$ 68,793 | \$ 68,651 | \$ 205,027 | \$ 205,673 |
| Basic earnings per share | \$ 0.98 | \$ 0.99 | \$ 0.99 | \$ 0.99 | \$ 0.99 | \$ 2.95 | \$ 2.95 |
| Diluted earnings per share | \$ 0.98 | \$ 0.99 | \$ 0.99 | \$ 0.99 | \$ 0.99 | \$ 2.95 | \$ 2.95 |
| Return on average assets (F) | 1.22% | 1.22% | 1.23% | 1.26% | 1.27% | 1.22% | 1.25% |
| Return on average common equity (F) | 7.20% | 7.36% | 7.45% | 7.58% | 7.66% | 7.34% | 7.74% |
| Return on average tangible common equity (F) (G) | 14.83% | 15.39% | 15.82% | 16.33% | 16.79% | 15.34% | 17.17% |
| Tax equivalent net interest margin (D) (H) | 3.22% | 3.14% | 3.20% | 3.26% | 3.29% | 3.18% | 3.38% |
| Efficiency ratio (G) (I) | 41.92% | 42.34% | 43.01% | 43.29% | 43.26% | 42.42% | 42.24% |
| Liquidity and Capital Ratios | | | | | | | |
| Equity to assets | 17.08% | 16.76% | 16.41% | 16.31% | 16.80% | 17.08% | 16.80% |
| Common equity tier 1 capital | 15.10% | 14.80% | 14.45% | 14.48% | 14.41% | 15.10% | 14.41% |
| Tier 1 risk-based capital | 15.10% | 14.80% | 14.45% | 14.48% | 14.41% | 15.10% | 14.41% |
| Total risk-based capital | 15.81% | 15.49% | 15.14% | 15.20% | 15.14% | 15.81% | 15.14% |
| Tier 1 leverage capital | 9.15% | 8.82% | 8.62% | 8.68% | 8.50% | 9.15% | 8.50% |
| Period end tangible equity to period end tangible assets (G) | 9.11% | 8.81% | 8.50% | 8.32% | 8.46% | 9.11% | 8.46% |
| Other Data | | | | | | | |
| Weighted-average shares used in computing earnings per common share | | | | | | | |
| Basic | 69,485 | 69,487 | 69,480 | 69,482 | 69,478 | 69,484 | 69,738 |
| Diluted | 69,485 | 69,487 | 69,482 | 69,486 | 69,484 | 69,485 | 69,745 |
| Period end shares outstanding | 69,484 | 69,488 | 69,480 | 69,491 | 69,478 | 69,484 | 69,478 |
| Cash dividends paid per common share | \$ 0.3400 | \$ 0.3400 | \$ 0.3400 | \$ 0.3400 | \$ 0.3000 | \$ 1.0200 | \$ 0.9000 |
| Book value per common share | \$ 54.42 | \$ 53.77 | \$ 53.10 | \$ 52.41 | \$ 51.74 | \$ 54.42 | \$ 51.74 |
| Tangible book value per common share (G) | \$ 26.48 | \$ 25.81 | \$ 25.11 | \$ 24.40 | \$ 23.70 | \$ 26.48 | \$ 23.70 |
| Common Stock Market Price | | | | | | | |
| High | \$ 66.75 | \$ 71.97 | \$ 77.87 | \$ 73.68 | \$ 56.27 | \$ 77.87 | \$ 56.27 |
| Low | \$ 55.84 | \$ 61.29 | \$ 65.34 | \$ 52.81 | \$ 45.94 | \$ 55.84 | \$ 33.57 |
| Period end closing price | \$ 65.73 | \$ 64.24 | \$ 69.71 | \$ 71.78 | \$ 54.89 | \$ 65.73 | \$ 54.89 |
| Employees – FTE | 2,993 | 3,037 | 3,033 | 3,035 | 3,071 | 2,993 | 3,071 |
| Number of banking centers | 243 | 243 | 244 | 245 | 245 | 243 | 245 |

(D) Includes purchase accounting adjustments for the periods presented as follows:

| | Three Months Ended | | | | Year-to-Date | | |
|----------------------------|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Sep 30, 2017 | Jun 30, 2017 | Mar 31, 2017 | Dec 31, 2016 | Sep 30, 2016 | Sep 30, 2017 | Sep 30, 2016 |
| Loan discount accretion | | | | | | | |
| ASC 310-20 | \$6,361 | \$2,755 | \$3,270 | \$3,956 | \$5,296 | \$12,386 | \$17,792 |
| ASC 310-30 | \$1,525 | \$1,716 | \$1,483 | \$3,596 | \$2,324 | \$4,724 | \$13,626 |
| Securities amortization | \$667 | \$745 | \$852 | \$950 | \$1,051 | \$2,264 | \$3,721 |
| Time deposits amortization | \$40 | \$39 | \$99 | \$232 | \$575 | \$178 | \$935 |

(E) Using effective tax rate of 32.5%, 32.0%, 33.1%, 32.7% and 32.9% for the three-month periods ended September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016 and September 30, 2016, respectively and 32.5% and 32.9% for the nine-month periods ended September 30, 2017 and September 30, 2016, respectively.

(F) Interim periods annualized.

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

(H) Net interest margin for all periods presented is based on average balances on an actual 365 day or 366 day basis.

(I) 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 and securities. Additionally, taxes are not part of this calculation.

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

YIELD ANALYSIS

| | Three Months Ended | | | | | | | | |
|--|---------------------|---|-------------------------------|---------------------|---|-------------------------------|---------------------|---|-------------------------------|
| | Sep 30, 2017 | | | Jun 30, 2017 | | | Sep 30, 2016 | | |
| | Average Balance | Interest Earned/ Interest Paid | Average Yield/ Rate (J) | Average Balance | Interest Earned/ Interest Paid | Average Yield/ Rate (J) | Average Balance | Interest Earned/ Interest Paid | Average Yield/ Rate (J) |
| Interest-Earning Assets: | | | | | | | | | |
| Loans | \$ 9,888,922 | \$ 121,567 | 4.88% | \$ 9,797,793 | \$ 114,975 | 4.71% | \$ 9,601,628 | \$ 116,247 | 4.82% |
| Investment securities | 9,526,215 | 50,610 | 2.11% (K) | 9,817,781 | 52,912 | 2.16% (K) | 9,203,253 | 48,132 | 2.08% (K) |
| Federal funds sold and other earning assets | 77,337 | 242 | 1.24% | 84,497 | 160 | 0.76% | 72,171 | 81 | 0.45% |
| Total interest-earning assets | <u>19,492,474</u> | <u>172,419</u> | 3.51% | <u>19,700,071</u> | <u>168,047</u> | 3.42% | <u>18,877,052</u> | <u>164,460</u> | 3.47% |
| Allowance for credit losses | (84,047) | | | (84,100) | | | (84,476) | | |
| Noninterest-earning assets | <u>2,801,852</u> | | | <u>2,838,242</u> | | | <u>2,804,773</u> | | |
| Total assets | <u>\$22,210,279</u> | | | <u>\$22,454,213</u> | | | <u>\$21,597,349</u> | | |
| Interest-Bearing Liabilities: | | | | | | | | | |
| Interest-bearing demand deposits | | | | | | | | | |
| | \$ 3,601,116 | \$ 3,003 | 0.33% | \$ 3,749,395 | \$ 2,748 | 0.29% | \$ 3,858,821 | \$ 2,280 | 0.24% |
| Savings and money market deposits | | | | | | | | | |
| | 5,658,569 | 5,259 | 0.37% | 5,520,346 | 4,827 | 0.35% | 5,610,342 | 3,753 | 0.27% |
| Certificates and other time deposits | | | | | | | | | |
| | 2,270,114 | 4,114 | 0.72% | 2,296,425 | 3,866 | 0.68% | 2,492,889 | 3,363 | 0.54% |
| Other borrowings | | | | | | | | | |
| | 1,099,583 | 3,540 | 1.28% | 1,460,238 | 4,040 | 1.11% | 532,301 | 752 | 0.56% |
| Securities sold under repurchase agreements | | | | | | | | | |
| | 344,177 | 356 | 0.41% | 324,804 | 335 | 0.41% | 331,254 | 248 | 0.30% |
| Total interest-bearing liabilities | <u>12,973,559</u> | <u>16,272</u> | 0.50% (L) | <u>13,351,208</u> | <u>15,816</u> | 0.48% (L) | <u>12,825,607</u> | <u>10,396</u> | 0.32% (L) |
| Noninterest-bearing liabilities: | | | | | | | | | |
| Noninterest-bearing demand deposits | | | | | | | | | |
| | 5,361,362 | | | 5,290,142 | | | 5,070,094 | | |
| Other liabilities | | | | | | | | | |
| | 102,046 | | | 87,074 | | | 118,881 | | |
| Total liabilities | <u>18,436,967</u> | | | <u>18,728,424</u> | | | <u>18,014,582</u> | | |
| Shareholders' equity | | | | | | | | | |
| | 3,773,312 | | | 3,725,789 | | | 3,582,767 | | |
| Total liabilities and shareholders' equity | <u>\$22,210,279</u> | | | <u>\$22,454,213</u> | | | <u>\$21,597,349</u> | | |
| Net interest income and margin | | | | | | | | | |
| | | <u>\$ 156,147</u> | 3.18% | | <u>\$ 152,231</u> | 3.10% | | <u>\$ 154,064</u> | 3.25% |
| Non-GAAP to GAAP reconciliation: | | | | | | | | | |
| Tax equivalent adjustment | | | | | | | | | |
| | | <u>1,940</u> | | | <u>1,989</u> | | | <u>1,930</u> | |
| Net interest income and margin (tax equivalent basis) | | | | | | | | | |
| | | <u>\$ 158,087</u> | 3.22% | | <u>\$ 154,220</u> | 3.14% | | <u>\$ 155,994</u> | 3.29% |

(J) Annualized and based on an actual 365 day or 366 day basis.

(K) Yield on securities was impacted by net premium amortization of \$10,115, \$9,403 and \$11,312 for the three-month periods ended September 30, 2017, June 30, 2017 and September 30, 2016, respectively.

(L) Total cost of funds, including noninterest bearing deposits, was 0.35%, 0.34% and 0.23% for the three months ended September 30, 2017, June 30, 2017 and September 30, 2016, respectively.

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

YIELD ANALYSIS

| | Year-to-Date | | | | | | | |
|---|---------------------|---|---------------------------|--------------|---------------------|---|---------------------------|-----|
| | Sep 30, 2017 | | | Sep 30, 2016 | | | | |
| | Average Balance | Interest Earned/ Interest Paid | Average Yield/ Rate | (M) | Average Balance | Interest Earned/ Interest Paid | Average Yield/ Rate | (M) |
| Interest-Earning Assets: | | | | | | | | |
| Loans | \$ 9,777,432 | \$ 348,252 | 4.76% | | \$ 9,653,891 | \$ 359,066 | 4.97% | |
| Investment securities | 9,735,912 | 156,679 | 2.15% | (N) | 9,422,744 | 151,802 | 2.15% | (N) |
| Federal funds sold and other earning assets | 80,651 | 585 | 0.97% | | 73,608 | 242 | 0.44% | |
| Total interest-earning assets | <u>19,593,995</u> | <u>505,516</u> | 3.45% | | <u>19,150,243</u> | <u>511,110</u> | 3.57% | |
| Allowance for credit losses | (84,391) | | | | (83,801) | | | |
| Noninterest-earning assets | <u>2,838,422</u> | | | | <u>2,856,117</u> | | | |
| Total assets | <u>\$22,348,026</u> | | | | <u>\$21,922,559</u> | | | |
| Interest-Bearing Liabilities: | | | | | | | | |
| Interest-bearing demand deposits | \$ 3,826,963 | \$ 8,338 | 0.29% | | \$ 4,135,579 | \$ 7,633 | 0.25% | |
| Savings and money market deposits | 5,572,534 | 13,673 | 0.33% | | 5,721,341 | 11,470 | 0.27% | |
| Certificates and other time deposits | 2,310,777 | 11,714 | 0.68% | | 2,529,353 | 10,544 | 0.56% | |
| Other borrowings | 1,227,652 | 10,056 | 1.10% | | 461,491 | 1,944 | 0.56% | |
| Securities sold under repurchase agreements | 325,606 | 922 | 0.38% | | 319,948 | 694 | 0.29% | |
| Junior subordinated debentures | — | — | — | | 2,591 | 37 | 1.91% | |
| Total interest-bearing liabilities | <u>13,263,532</u> | <u>44,703</u> | 0.45% | (O) | <u>13,170,303</u> | <u>32,322</u> | 0.33% | (O) |
| Noninterest-bearing liabilities: | | | | | | | | |
| Noninterest-bearing demand deposits | 5,264,649 | | | | 5,085,041 | | | |
| Other liabilities | <u>93,463</u> | | | | <u>122,076</u> | | | |
| Total liabilities | <u>18,621,644</u> | | | | <u>18,377,420</u> | | | |
| Shareholders' equity | <u>3,726,382</u> | | | | <u>3,545,139</u> | | | |
| Total liabilities and shareholders' equity | <u>\$22,348,026</u> | | | | <u>\$21,922,559</u> | | | |
| Net interest income and margin | | <u>\$ 460,813</u> | 3.14% | | | <u>\$ 478,788</u> | 3.34% | |
| Non-GAAP to GAAP reconciliation: | | | | | | | | |
| Tax equivalent adjustment | | <u>5,924</u> | | | | <u>5,734</u> | | |
| Net interest income and margin (tax equivalent basis) | | <u>\$ 466,737</u> | 3.18% | | | <u>\$ 484,522</u> | 3.38% | |

(M) Annualized and based on an actual 365 or 366 day basis.

(N) Yield on securities was impacted by net premium amortization of \$29,401 and \$31,972 for the nine-month periods ended September 30, 2017 and 2016, respectively.

(O) Total cost of funds, including noninterest bearing deposits, was 0.32% and 0.24% for the nine-month periods ended September 30, 2017 and 2016, respectively.

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

| | Three Months Ended | | | | |
|---|--------------------|--------------|--------------|--------------|--------------|
| | Sep 30, 2017 | Jun 30, 2017 | Mar 31, 2017 | Dec 31, 2016 | Sep 30, 2016 |
| YIELD TREND (P) | | | | | |
| Interest-Earning Assets: | | | | | |
| Loans | 4.88% | 4.71% | 4.70% | 4.83% | 4.82% |
| Investment securities (Q) | 2.11% | 2.16% | 2.18% | 2.07% | 2.08% |
| Federal funds sold and other earning assets | 1.24% | 0.76% | 0.92% | 0.39% | 0.45% |
| Total interest-earning assets | 3.51% | 3.42% | 3.42% | 3.45% | 3.47% |
| Interest-Bearing Liabilities: | | | | | |
| Interest-bearing demand deposits | 0.33% | 0.29% | 0.25% | 0.23% | 0.24% |
| Savings and money market deposits | 0.37% | 0.35% | 0.26% | 0.26% | 0.27% |
| Certificates and other time deposits | 0.72% | 0.68% | 0.64% | 0.61% | 0.54% |
| Other borrowings | 1.28% | 1.11% | 0.89% | 0.63% | 0.56% |
| Securities sold under repurchase agreements | 0.41% | 0.41% | 0.31% | 0.30% | 0.30% |
| Total interest-bearing liabilities | 0.50% | 0.48% | 0.38% | 0.34% | 0.32% |
| Net Interest Margin | 3.18% | 3.10% | 3.16% | 3.22% | 3.25% |
| Net Interest Margin (tax equivalent) | 3.22% | 3.14% | 3.20% | 3.26% | 3.29% |

(P) Annualized and based on average balances on an actual 365 day or 366 day basis.

(Q) Yield on securities was impacted by net premium amortization of \$10,115, \$9,403, \$9,883, \$11,502 and \$11,312 for the three-month periods ended September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016 and September 30, 2016, respectively.

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

| | Three Months Ended | | | | |
|---|---------------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>Sep 30, 2017</u> | <u>Jun 30, 2017</u> | <u>Mar 31, 2017</u> | <u>Dec 31, 2016</u> | <u>Sep 30, 2016</u> |
| Balance Sheet Averages | | | | | |
| Loans | \$ 9,888,922 | \$ 9,797,793 | \$ 9,642,877 | \$ 9,557,712 | \$ 9,601,628 |
| Investment securities | 9,526,215 | 9,817,781 | 9,867,491 | 9,338,903 | 9,203,253 |
| Federal funds sold and other earning assets | 77,337 | 84,497 | 80,150 | 106,214 | 72,171 |
| Total interest-earning assets | 19,492,474 | 19,700,071 | 19,590,518 | 19,002,829 | 18,877,052 |
| Allowance for credit losses | (84,047) | (84,100) | (85,037) | (85,347) | (84,476) |
| Cash and due from banks | 225,574 | 228,518 | 262,794 | 248,735 | 226,621 |
| Goodwill | 1,900,845 | 1,900,845 | 1,900,845 | 1,900,337 | 1,903,418 |
| Core deposit intangibles, net | 41,314 | 42,957 | 44,762 | 46,895 | 43,790 |
| Other real estate | 15,262 | 15,871 | 15,669 | 15,826 | 16,041 |
| Fixed assets, net | 256,809 | 257,229 | 260,716 | 267,952 | 272,058 |
| Other assets | 362,048 | 392,822 | 391,200 | 359,033 | 342,845 |
| Total assets | <u>\$ 22,210,279</u> | <u>\$ 22,454,213</u> | <u>\$ 22,381,467</u> | <u>\$ 21,756,260</u> | <u>\$ 21,597,349</u> |
| Noninterest-bearing deposits | \$ 5,361,362 | \$ 5,290,142 | \$ 5,140,010 | \$ 5,214,656 | \$ 5,070,094 |
| Interest-bearing demand deposits | 3,601,116 | 3,749,395 | 4,136,260 | 3,861,952 | 3,858,821 |
| Savings and money market deposits | 5,658,569 | 5,520,346 | 5,537,355 | 5,471,109 | 5,610,342 |
| Certificates and other time deposits | 2,270,114 | 2,296,425 | 2,366,857 | 2,434,565 | 2,492,889 |
| Total deposits | 16,891,161 | 16,856,308 | 17,180,482 | 16,982,282 | 17,032,146 |
| Other borrowings | 1,099,583 | 1,460,238 | 1,123,396 | 712,126 | 532,301 |
| Securities sold under repurchase agreements | 344,177 | 324,804 | 307,433 | 318,367 | 331,254 |
| Other liabilities | 102,046 | 87,074 | 91,157 | 111,083 | 118,881 |
| Shareholders' equity | 3,773,312 | 3,725,789 | 3,678,999 | 3,632,402 | 3,582,767 |
| Total liabilities and equity | <u>\$ 22,210,279</u> | <u>\$ 22,454,213</u> | <u>\$ 22,381,467</u> | <u>\$ 21,756,260</u> | <u>\$ 21,597,349</u> |

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

| Period End Balances | <u>Sep 30, 2017</u> | | <u>Jun 30, 2017</u> | | <u>Mar 31, 2017</u> | | <u>Dec 31, 2016</u> | | <u>Sep 30, 2016</u> | |
|--|---------------------|-------|---------------------|-------|---------------------|-------|---------------------|-------|---------------------|-------|
| Loan Portfolio | | | | | | | | | | |
| Commercial and industrial | \$ 1,180,570 | 11.9% | \$ 1,201,748 | 12.2% | \$ 1,287,216 | 13.2% | \$ 1,254,900 | 13.0% | \$ 1,233,108 | 12.9% |
| Construction, land development and other land loans | 1,453,535 | 14.7% | 1,383,539 | 14.0% | 1,326,685 | 13.6% | 1,263,923 | 13.1% | 1,205,820 | 12.6% |
| 1-4 family residential | 2,449,051 | 24.7% | 2,432,348 | 24.7% | 2,424,533 | 24.9% | 2,439,348 | 25.3% | 2,427,616 | 25.5% |
| Home equity | 284,076 | 2.9% | 283,729 | 2.9% | 281,298 | 2.9% | 278,483 | 2.9% | 279,836 | 2.9% |
| Commercial real estate (includes multi-family residential) | 3,295,001 | 33.2% | 3,309,227 | 33.5% | 3,226,978 | 33.1% | 3,162,109 | 32.9% | 3,158,569 | 33.1% |
| Agriculture (includes farmland) | 692,516 | 7.0% | 699,228 | 7.1% | 662,797 | 6.8% | 672,336 | 7.0% | 664,080 | 7.0% |
| Consumer and other | 264,626 | 2.7% | 266,385 | 2.7% | 262,301 | 2.7% | 266,422 | 2.8% | 270,334 | 2.8% |
| Energy | 291,827 | 2.9% | 287,815 | 2.9% | 267,445 | 2.8% | 284,539 | 3.0% | 308,951 | 3.2% |
| Total loans | \$ 9,911,202 | | \$ 9,864,019 | | \$ 9,739,253 | | \$ 9,622,060 | | \$ 9,548,314 | |
| Deposit Types | | | | | | | | | | |
| Noninterest-bearing DDA | \$ 5,465,474 | 32.3% | \$ 5,397,293 | 31.6% | \$ 5,299,264 | 31.1% | \$ 5,190,973 | 30.0% | \$ 5,159,333 | 30.5% |
| Interest-bearing DDA | 3,645,754 | 21.6% | 3,702,910 | 21.7% | 3,845,061 | 22.6% | 4,215,671 | 24.3% | 3,749,018 | 22.1% |
| Money market | 3,273,110 | 19.4% | 3,451,803 | 20.2% | 3,370,055 | 19.8% | 3,368,599 | 19.5% | 3,468,639 | 20.5% |
| Savings | 2,264,959 | 13.4% | 2,240,126 | 13.1% | 2,189,822 | 12.8% | 2,125,854 | 12.3% | 2,074,169 | 12.3% |
| Certificates and other time deposits | 2,258,179 | 13.3% | 2,278,398 | 13.4% | 2,331,370 | 13.7% | 2,406,205 | 13.9% | 2,470,250 | 14.6% |
| Total deposits | \$16,907,476 | | \$17,070,530 | | \$17,035,572 | | \$17,307,302 | | \$16,921,409 | |
| Loan to Deposit Ratio | 58.6% | | 57.8% | | 57.2% | | 55.6% | | 56.4% | |

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

Construction Loans

| | Sep 30, 2017 | | Jun 30, 2017 | | Mar 31, 2017 | | Dec 31, 2016 | | Sep 30, 2016 | |
|--|--------------------|-------|--------------------|-------|--------------------|-------|--------------------|-------|--------------------|-------|
| Single family residential construction | \$ 386,891 | 26.6% | \$ 410,164 | 29.6% | \$ 411,553 | 30.9% | \$ 396,794 | 31.3% | \$ 390,397 | 32.3% |
| Land development | 77,202 | 5.3% | 79,641 | 5.8% | 83,475 | 6.3% | 76,275 | 6.0% | 77,789 | 6.4% |
| Raw land | 191,563 | 13.1% | 200,122 | 14.4% | 183,453 | 13.8% | 194,267 | 15.3% | 170,640 | 14.1% |
| Residential lots | 128,109 | 8.8% | 130,919 | 9.4% | 129,389 | 9.7% | 130,096 | 10.3% | 131,589 | 10.9% |
| Commercial lots | 113,692 | 7.8% | 83,104 | 6.0% | 84,705 | 6.4% | 75,625 | 6.0% | 84,862 | 7.0% |
| Commercial construction and other | 558,649 | 38.4% | 482,347 | 34.8% | 437,083 | 32.9% | 394,040 | 31.1% | 353,942 | 29.3% |
| Net unaccreted discount | (2,571) | | (2,758) | | (2,973) | | (3,174) | | (3,399) | |
| Total construction loans | \$1,453,535 | | \$1,383,539 | | \$1,326,685 | | \$1,263,923 | | \$1,205,820 | |

Non-Owner Occupied Commercial Real Estate Loans by Metropolitan Statistical Area (MSA) as of September 30, 2017

| | Houston | Dallas | Austin | OK City | Tulsa | Other (R) | Total |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|------------------------|
| Collateral Type | | | | | | | |
| Shopping center/retail | \$ 204,773 | \$ 45,312 | \$ 43,688 | \$ 17,104 | \$ 26,848 | \$ 147,194 | \$ 484,919 |
| Commercial and industrial buildings | 114,851 | 31,259 | 13,732 | 11,897 | 22,817 | 72,087 | 266,643 |
| Office buildings | 67,660 | 125,295 | 22,912 | 44,935 | 12,294 | 75,298 | 348,394 |
| Medical buildings | 54,878 | 8,884 | 45 | 12,058 | 7,984 | 68,686 | 152,535 |
| Apartment buildings | 23,697 | 12,144 | 17,957 | 20,987 | 5,570 | 81,590 | 161,945 |
| Hotel | 42,700 | 31,599 | 13,322 | 28,817 | — | 111,617 | 228,055 |
| Other | 46,830 | 7,911 | 14,407 | 11,903 | 4,670 | 58,803 | 144,524 |
| Total | \$ 555,389 | \$ 262,404 | \$ 126,063 | \$ 147,701 | \$ 80,183 | \$ 615,275 | \$1,787,015 (S) |

Acquired Loans

| | 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 Jun 30, 2017 | Balance at Sep 30, 2017 | Balance at Acquisition Date | Balance at Jun 30, 2017 | Balance at Sep 30, 2017 | Balance at Acquisition Date | Balance at Jun 30, 2017 | Balance at Sep 30, 2017 |
| Loan marks: | | | | | | | | | |
| Acquired banks (T) | \$ 229,080 | \$ 29,359 | \$ 22,997 | \$ 142,128 | \$ 18,580 | \$ 17,040 | \$ 371,208 | \$ 47,939 | \$ 40,037 |
| Acquired portfolio loan balances: | | | | | | | | | |
| Acquired banks (T) | 5,690,998 | 892,604 | 796,477 | 275,221 | 43,507 | 40,367 | 5,966,219 (U) | 936,111 | 836,844 |
| Acquired portfolio loan balances less loan marks | \$ 5,461,918 | \$ 863,245 | \$ 773,480 | \$ 133,093 | \$ 24,927 | \$ 23,327 | \$ 5,595,011 | \$ 888,172 | \$ 796,807 |

(R) Includes other MSA and non-MSA regions.

(S) Represents a portion of total commercial real estate loans of \$3.295 billion as of September 30, 2017.

(T) Includes Bank of Texas, Bank Arlington, American State Bank, Community National Bank, First Federal Bank Texas, Coppermark Bank, First Victoria National Bank, The F&M Bank & Trust Company and Tradition Bank.

(U) Actual principal balances acquired.

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

| | Three Months Ended | | | | Year-to-Date | | |
|--|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Sep 30, 2017 | Jun 30, 2017 | Mar 31, 2017 | Dec 31, 2016 | Sep 30, 2016 | Sep 30, 2016 | |
| Asset Quality | | | | | | | |
| Nonaccrual loans | \$ 26,267 | \$ 30,517 | \$ 24,360 | \$ 31,642 | \$ 43,451 | \$ 26,267 | \$ 43,451 |
| Accruing loans 90 or more days past due | 4,934 | 1,613 | 880 | 956 | 399 | 4,934 | 399 |
| Total nonperforming loans | 31,201 | 32,130 | 25,240 | 32,598 | 43,850 | 31,201 | 43,850 |
| Repossessed assets | 110 | 16 | 261 | 241 | 36 | 110 | 36 |
| Other real estate | 14,512 | 15,472 | 15,698 | 15,463 | 16,280 | 14,512 | 16,280 |
| Total nonperforming assets | <u>\$ 45,823</u> | <u>\$ 47,618</u> | <u>\$ 41,199</u> | <u>\$ 48,302</u> | <u>\$ 60,166</u> | <u>\$ 45,823</u> | <u>\$ 60,166</u> |
| Nonperforming assets: | | | | | | | |
| Commercial and industrial (includes energy) | \$ 22,241 | \$ 25,628 | \$ 18,743 | \$ 24,537 | \$ 26,848 | \$ 22,241 | \$ 26,848 |
| Construction, land development and other land loans | 847 | 1,572 | 1,461 | 1,766 | 1,711 | 847 | 1,711 |
| 1-4 family residential (includes home equity) | 3,781 | 4,156 | 4,070 | 4,119 | 4,450 | 3,781 | 4,450 |
| Commercial real estate (includes multi-family residential) | 18,208 | 15,454 | 16,235 | 17,167 | 26,680 | 18,208 | 26,680 |
| Agriculture (includes farmland) | 635 | 676 | 534 | 542 | 248 | 635 | 248 |
| Consumer and other | 111 | 132 | 156 | 171 | 229 | 111 | 229 |
| Total | <u>\$ 45,823</u> | <u>\$ 47,618</u> | <u>\$ 41,199</u> | <u>\$ 48,302</u> | <u>\$ 60,166</u> | <u>\$ 45,823</u> | <u>\$ 60,166</u> |
| Number of loans/properties | 113 | 121 | 139 | 158 | 158 | 113 | 158 |
| Allowance for credit losses at end of period | <u>\$ 86,812</u> | <u>\$ 83,783</u> | <u>\$ 84,095</u> | <u>\$ 85,326</u> | <u>\$ 85,585</u> | <u>\$ 86,812</u> | <u>\$ 85,585</u> |
| Net charge-offs: | | | | | | | |
| Commercial and industrial (includes energy) | \$ 3,225 | \$ 2,531 | \$ 3,495 | \$ 3,161 | \$ (107) | \$ 9,251 | \$ 8,398 |
| Construction, land development and other land loans | (2) | (60) | (65) | (1,922) | (368) | (127) | (579) |
| 1-4 family residential (includes home equity) | 12 | 95 | (95) | (82) | 48 | 12 | — |
| Commercial real estate (includes multi-family residential) | (3) | — | 133 | 41 | (1) | 130 | 255 |
| Agriculture (includes farmland) | — | (29) | (65) | 305 | (45) | (94) | 6,262 |
| Consumer and other | 639 | 525 | 503 | 756 | 714 | 1,667 | 3,463 |
| Total | <u>\$ 3,871</u> | <u>\$ 3,062</u> | <u>\$ 3,906</u> | <u>\$ 2,259</u> | <u>\$ 241</u> | <u>\$ 10,839</u> | <u>\$ 17,799</u> |
| Asset Quality Ratios | | | | | | | |
| Nonperforming assets to average interest-earning assets | 0.24% | 0.24% | 0.21% | 0.25% | 0.32% | 0.23% | 0.31% |
| Nonperforming assets to loans and other real estate | 0.46% | 0.48% | 0.42% | 0.50% | 0.63% | 0.46% | 0.63% |
| Net charge-offs to average loans (annualized) | 0.16% | 0.13% | 0.16% | 0.09% | 0.01% | 0.15% | 0.25% |
| Allowance for credit losses to total loans | 0.88% | 0.85% | 0.86% | 0.89% | 0.90% | 0.88% | 0.90% |
| Allowance for credit losses to total loans (excluding acquired loans accounted for under ASC Topics 310-20 and 310-30) (G) | 0.95% | 0.93% | 0.96% | 1.00% | 1.03% | 0.95% | 1.03% |

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, the tangible equity to tangible assets ratio and the efficiency ratio, excluding net gains and losses on the sale of assets and securities, 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 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 relating to these non-GAAP financial measures for the applicable periods presented.

| | Three Months Ended | | | | | Year-to-Date | |
|--|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Sep 30, 2017 | Jun 30, 2017 | Mar 31, 2017 | Dec 31, 2016 | Sep 30, 2016 | Sep 30, 2017 | Sep 30, 2016 |
| Reconciliation of return on average common equity to return on average tangible common equity: | | | | | | | |
| Net income | \$ 67,908 | \$ 68,554 | \$ 68,565 | \$ 68,793 | \$ 68,651 | \$ 205,027 | \$ 205,673 |
| Average shareholders' equity | \$ 3,773,312 | \$ 3,725,789 | \$ 3,678,999 | \$ 3,632,402 | \$ 3,582,767 | \$ 3,726,382 | \$ 3,545,139 |
| Less: Average goodwill and other intangible assets | (1,942,159) | (1,943,802) | (1,945,607) | (1,947,232) | (1,947,208) | (1,943,843) | (1,948,229) |
| Average tangible shareholders' equity | \$ 1,831,153 | \$ 1,781,987 | \$ 1,733,392 | \$ 1,685,170 | \$ 1,635,559 | \$ 1,782,539 | \$ 1,596,910 |
| Return on average tangible common equity (F) | 14.83% | 15.39% | 15.82% | 16.33% | 16.79% | 15.34% | 17.17% |
| Reconciliation of book value per share to tangible book value per share: | | | | | | | |
| Shareholders' equity | \$ 3,781,358 | \$ 3,736,188 | \$ 3,689,082 | \$ 3,642,311 | \$ 3,594,812 | \$ 3,781,358 | \$ 3,594,812 |
| Less: Goodwill and other intangible assets | (1,941,309) | (1,942,995) | (1,944,714) | (1,946,629) | (1,948,359) | (1,941,309) | (1,948,359) |
| Tangible shareholders' equity | \$ 1,840,049 | \$ 1,793,193 | \$ 1,744,368 | \$ 1,695,682 | \$ 1,646,453 | \$ 1,840,049 | \$ 1,646,453 |
| Period end shares outstanding | 69,484 | 69,488 | 69,480 | 69,491 | 69,478 | 69,484 | 69,478 |
| Tangible book value per share: | \$ 26.48 | \$ 25.81 | \$ 25.11 | \$ 24.40 | \$ 23.70 | \$ 26.48 | \$ 23.70 |
| Reconciliation of equity to assets ratio to period end tangible equity to period end tangible assets ratio: | | | | | | | |
| Tangible shareholders' equity | \$ 1,840,049 | \$ 1,793,193 | \$ 1,744,368 | \$ 1,695,682 | \$ 1,646,453 | \$ 1,840,049 | \$ 1,646,453 |
| Total assets | \$ 22,143,263 | \$ 22,296,543 | \$ 22,477,419 | \$ 22,331,072 | \$ 21,404,044 | \$ 22,143,263 | \$ 21,404,044 |
| Less: Goodwill and other intangible assets | (1,941,309) | (1,942,995) | (1,944,714) | (1,946,629) | (1,948,359) | (1,941,309) | (1,948,359) |
| Tangible assets | \$ 20,201,954 | \$ 20,353,548 | \$ 20,532,705 | \$ 20,384,443 | \$ 19,455,685 | \$ 20,201,954 | \$ 19,455,685 |
| Period end tangible equity to period end tangible assets ratio: | 9.11% | 8.81% | 8.50% | 8.32% | 8.46% | 9.11% | 8.46% |
| Reconciliation of allowance for credit losses to total loans to allowance for credit losses to total loans, excluding acquired loans: | | | | | | | |
| Allowance for credit losses | \$ 86,812 | \$ 83,783 | \$ 84,095 | \$ 85,326 | \$ 85,585 | \$ 86,812 | \$ 85,585 |
| Total loans | \$ 9,911,202 | \$ 9,864,019 | \$ 9,739,253 | \$ 9,622,060 | \$ 9,548,314 | \$ 9,911,202 | \$ 9,548,314 |
| Less: Fair value of acquired loans (acquired portfolio loan balances less loan marks) | \$ 796,807 | \$ 888,172 | \$ 991,894 | \$ 1,107,293 | \$ 1,230,466 | \$ 796,807 | \$ 1,230,466 |
| Total loans less acquired loans | \$ 9,114,395 | \$ 8,975,847 | \$ 8,747,359 | \$ 8,514,767 | \$ 8,317,848 | \$ 9,114,395 | \$ 8,317,848 |
| Allowance for credit losses to total loans, excluding acquired loans (non-GAAP basis) | 0.95% | 0.93% | 0.96% | 1.00% | 1.03% | 0.95% | 1.03% |
| Reconciliation of efficiency ratio to efficiency ratio, excluding net gains and losses on the sale of assets and securities: | | | | | | | |
| Noninterest expense | \$ 77,509 | \$ 76,442 | \$ 78,062 | \$ 79,148 | \$ 79,476 | \$ 232,013 | \$ 239,239 |
| Net interest income | \$ 156,147 | \$ 152,231 | \$ 152,435 | \$ 153,832 | \$ 154,064 | \$ 460,813 | \$ 478,788 |
| Noninterest income | 28,809 | 27,780 | 30,824 | 29,475 | 29,684 | 87,413 | 88,950 |
| Less: net gain (loss) on sale of assets | 62 | (3,783) | 1,759 | 475 | 37 | (1,962) | 1,389 |
| Less: gain on sale of securities | — | 3,270 | — | — | — | 3,270 | — |
| Noninterest income, excluding net gains and losses on the sale of assets and securities | 28,747 | 28,293 | 29,065 | 29,000 | 29,647 | 86,105 | 87,561 |
| Total income, excluding net gains and losses on the sale of assets and securities | \$ 184,894 | \$ 180,524 | \$ 181,500 | \$ 182,832 | \$ 183,711 | \$ 546,918 | \$ 566,349 |
| Efficiency ratio, excluding net gains and losses on the sale of assets and securities | 41.92% | 42.34% | 43.01% | 43.29% | 43.26% | 42.42% | 42.24% |