



PRESS RELEASE

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FOR IMMEDIATE RELEASE

**PROSPERITY BANCSHARES, INC.®
REPORTS FIRST QUARTER
2022 EARNINGS**

- **First quarter net income of \$122.3 million and earnings per share (diluted) of \$1.33**
- **Deposits increased \$296.5 million or 1.0% (3.9% annualized) during the first quarter 2022**
- **Allowance for credit losses on loans and on off-balance sheet credit exposure of \$315.1 million**
- **Allowance for credit losses on loans to total loans, excluding Warehouse Purchase Program and SBA Paycheck Protection Program loans, of 1.71%⁽¹⁾**
- **Nonperforming assets remain low at 0.08% of first quarter average interest-earning assets**
- **Return (annualized) on first quarter average assets of 1.29%**
- **Returns (annualized) on first quarter average common equity of 7.54% and average tangible common equity of 15.30%⁽¹⁾**
- **Prosperity Bancshares was ranked Number 6 in Forbes' 2022 America's Best Banks**

HOUSTON, April 27, 2022. Prosperity Bancshares, Inc.® (NYSE: PB), the parent company of Prosperity Bank® (collectively, “Prosperity”), reported net income of \$122.3 million for the quarter ended March 31, 2022 compared with \$133.3 million for the same period in 2021. Net income per diluted common share was \$1.33 for the quarter ended March 31, 2022, compared with \$1.44 for the same period in 2021, and the annualized return on first quarter average assets was 1.29%. Nonperforming assets remain low at 0.08% of first quarter average interest-earning assets.

“Each year, Forbes assesses the 100 largest banks in the United States on growth, credit quality and earnings, as well as other factors, for its America’s Best Banks list. Prosperity Bank has been ranked in the Top 10 since the list’s inception in 2010. We have twice been ranked number 1, were ranked number 2 in 2021 and are ranked number 6 for 2022. It is a testament to Prosperity’s performance, culture, vision and consistency and distinguishes us among most banks” said David Zalman, Prosperity’s Senior Chairman and Chief Executive Officer.

“I wish to congratulate and thank all our customers, associates and directors for helping us achieve this great honor,” added Zalman.

“On a year-over-year basis, excluding Warehouse Purchase Program and Paycheck Protection Program (“PPP”) loans, loans grew \$409.3 million or 2.5% and deposits were up \$2.3 billion or 8.0% for the same period. On a linked quarter basis, deposits increased \$296.5 million or 3.9% annualized and loans were slightly down as we continue to see significant payoffs despite strong loan production,” continued 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.

“Companies and individuals continue to move to Texas and Oklahoma primarily because of lower tax rates and a favorable pro-business political environment. The overall economy remains strong despite concerns around higher interest rates, inflation, supply chain issues and the war between Russia and Ukraine,” stated Zalman.

“Prosperity has a talented team, deep bench, strong earnings, a solid capital position and a fortress balance sheet. We will continue working to help our customers and associates succeed and to build shareholder value,” concluded Zalman.

Results of Operations for the Three Months Ended March 31, 2022

Net income was \$122.3 million⁽²⁾ for the three months ended March 31, 2022 compared with \$133.3 million⁽³⁾ for the same period in 2021. The change was primarily due to a decrease in loan interest income (including a decrease in PPP fees) and loan discount accretion of \$11.1 million, partially offset by an increase in securities interest income and a decrease in interest expense. Net income per diluted common share was \$1.33 for the three months ended March 31, 2022 compared with \$1.44 for the same period in 2021. On a linked quarter basis, net income was \$122.3 million⁽²⁾ for the three months ended March 31, 2022 compared with \$126.8 million⁽⁴⁾ for the three months ended December 31, 2021. The change was primarily due to a decrease in loan interest income (including a decrease in PPP fees), partially offset by an increase in securities interest income. Net income per diluted common share was \$1.33 for the three months ended March 31, 2022 compared with \$1.38 for the three months ended December 31, 2021. Annualized returns on average assets, average common equity and average tangible common equity for the three months ended March 31, 2022 were 1.29%, 7.54% and 15.30%⁽¹⁾, respectively. Prosperity’s efficiency ratio (excluding net gains and losses on the sale or write down of assets and securities) was 43.68%⁽¹⁾ for the three months ended March 31, 2022.

Net interest income before provision for credit losses for the three months ended March 31, 2022 was \$239.9 million compared with \$254.6 million for the same period in 2021. The change was primarily due to a decrease in the average balance and average rate on loans and a decrease in loan discount accretion of \$11.1 million, partially offset by an increase in the average investment securities balance and a decrease in the average rate on interest-bearing liabilities. On a linked quarter basis, net interest income before provision for credit losses was \$239.9 million compared with \$244.8 million for the three months ended December 31, 2021.

The net interest margin on a tax equivalent basis was 2.88% for the three months ended March 31, 2022 compared with 3.41% for the same period in 2021. The change was primarily due to lower average rates on loans, a decrease in loan discount accretion of \$11.1 million and an increase in the average balance on investment securities, partially offset by a decrease in the average rate on interest-bearing liabilities. On a linked quarter basis, the net interest margin on a tax equivalent basis was 2.88% for the three months ended March 31, 2022 compared with 2.97% for the three months ended December 31, 2021. The change was primarily due to lower average rates on loans and higher cash balances due to excess liquidity, partially offset by higher average balance and rates on investment securities.

Noninterest income was \$35.1 million for the three months ended March 31, 2022 compared with \$34.0 million for the same period in 2021, an increase of \$1.1 million or 3.3%. This change was primarily due to an increase in nonsufficient funds fees, an increase in other noninterest income and a net gain on the sale of assets, partially offset by a decrease in mortgage income. On a linked quarter basis, noninterest income was \$35.1 million compared with \$35.8 million for the three months ended December 31, 2021.

Noninterest expense was \$119.9 million for the three months ended March 31, 2022 compared with \$119.1 million for the same period in 2021 and \$119.5 million for the three months ended December 31, 2021.

Balance Sheet Information

At March 31, 2022, Prosperity had \$38.271 billion in total assets, an increase of \$2.713 billion or 7.6% compared with \$35.558 billion at March 31, 2021.

Loans at March 31, 2022 were \$18.068 billion, a decrease of \$1.571 billion or 8.0%, compared with \$19.639 billion at March 31, 2021, primarily due to a decrease in PPP, Warehouse Purchase Program and commercial real estate loans, partially offset by an increase in 1-4 family residential loans. Linked quarter loans decreased \$548.6 million or 2.9% from \$18.616 billion at December 31, 2021, primarily due to Warehouse Purchase Program loans. At March 31, 2022, Prosperity had \$86.3 million of PPP loans compared to \$1.139 billion of PPP loans at March 31, 2021 and \$169.9 million of PPP loans at December 31, 2021. Excluding Warehouse Purchase Program and PPP loans, loans at March 31, 2022 were \$16.637 billion compared to \$16.227 billion at March 31, 2021, an

(2) Includes purchase accounting adjustments of \$4.1 million, net of tax, primarily comprised of loan discount accretion of \$5.2 million for the three months ended March 31, 2022.

(3) Includes purchase accounting adjustments of \$13.2 million, net of tax, primarily comprised of loan discount accretion of \$16.3 million for the three months ended March 31, 2021.

(4) Includes purchase accounting adjustments of \$4.2 million, net of tax, primarily comprised of loan discount accretion of \$5.4 million for the three months ended December 31, 2021.

increase of \$409.3 million or 2.5%. Linked quarter loans, excluding Warehouse Purchase Program and PPP loans, decreased \$33.8 million from \$16.671 billion at December 31, 2021.

As part of its lending activities, Prosperity extends credit to oil and gas production and servicing 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 servicing loans are loans to companies that provide services for oil and gas production and exploration. At March 31, 2022, oil and gas loans totaled \$445.9 million (net of discount and excluding PPP loans totaling \$17.0 million) or 2.5% of total loans, of which \$251.5 million were production loans and \$194.4 million were servicing loans, compared with total oil and gas loans of \$503.9 million (net of discount and excluding PPP loans totaling \$142.6 million) or 2.6% of total loans at March 31, 2021 of which \$289.4 million were production loans and \$214.5 million were servicing loans. In addition, as of March 31, 2022, Prosperity had total unfunded commitments to oil and gas companies of \$417.0 million compared with total unfunded commitments to oil and gas companies of \$248.1 million as of March 31, 2021. Unfunded commitments to producers include letters of credit issued in lieu of oil well plugging bonds.

Additionally, Prosperity extends credit to hotels and restaurants. At March 31, 2022, loans to hotels totaled \$392.0 million (excluding PPP loans totaling \$512 thousand) or 2.2% of total loans, a decrease of \$9.2 million or 2.3%, compared with \$401.2 million (excluding PPP loans totaling \$13.1 million) or 2.0% of total loans at March 31, 2021. At March 31, 2022, loans to restaurants totaled \$193.2 million (excluding PPP loans totaling \$12.3 million) or 1.1% of total loans, a decrease of \$15.5 million or 7.4%, compared with \$208.7 million (excluding PPP loans totaling \$125.2 million) or 1.1% of total loans at March 31, 2021.

Deposits at March 31, 2022 were \$31.068 billion, an increase of \$2.305 billion or 8.0%, compared with \$28.763 billion at March 31, 2021. Linked quarter deposits increased \$296.5 million or 1.0% (3.9% annualized) from \$30.772 billion at December 31, 2021.

Asset Quality

Nonperforming assets totaled \$27.2 million or 0.08% of quarterly average interest-earning assets at March 31, 2022, compared with \$44.2 million or 0.15% of quarterly average interest-earning assets at March 31, 2021 and \$28.1 million or 0.09% of quarterly average interest-earning assets at December 31, 2021.

The allowance for credit losses on loans and off-balance sheet credit exposures was \$315.1 million at March 31, 2022 compared with \$337.2 million at March 31, 2021 and \$316.3 million at December 31, 2021.

The allowance for credit losses on loans was \$285.2 million or 1.58% of total loans at March 31, 2022 compared with \$307.2 million or 1.56% of total loans at March 31, 2021 and \$286.4 million or 1.54% of total loans at December 31, 2021. Excluding Warehouse Purchase Program and PPP loans, the allowance for credit losses on loans to total loans was 1.71%⁽¹⁾ at March 31, 2022 compared with 1.89%⁽¹⁾ at March 31, 2021 and 1.72%⁽¹⁾ at December 31, 2021.

There was no provision for credit losses for the three months ended March 31, 2022, December 31, 2021 and March 31, 2021.

Net charge-offs were \$1.2 million for the three months ended March 31, 2022, compared with net charge-offs of \$8.9 million for the three months ended March 31, 2021 and net charge-offs of \$807 thousand for the three months ended December 31, 2021. During the first quarter of 2022, net charge-offs did not include any purchased credit deteriorated (“PCD”) loans and \$553 thousand of specific reserves on resolved PCD loans was released to the general reserve.

Dividend

Prosperity Bancshares declared a first quarter cash dividend of \$0.52 per share to be paid on July 1, 2022, to all shareholders of record as of June 15, 2022.

COVID-19 Pandemic

Prosperity continues to monitor the latest developments regarding COVID-19. As of March 31, 2022, pandemic-related restrictions on all business and activities in the states of Texas and Oklahoma remained lifted. The COVID-19 pandemic has resulted in significant economic uncertainties that have had, and could continue to have, an adverse impact on Prosperity’s operating income, financial condition and cash flows.

Since the implementation of the Paycheck Protection Program in 2020, Prosperity has obtained SBA approvals on approximately 18,700 loans totaling \$2.036 billion and, as of March 31, 2022, had an outstanding balance of 819 loans totaling \$86.3 million.

Also, in response to the COVID-19 pandemic, Prosperity has provided relief to its loan customers through loan extensions and deferrals. Prosperity’s troubled debt restructurings do not include loan modifications related to COVID-19. Beginning in mid-March of 2020, Prosperity began offering deferral and modification of principal and/or interest payments to selected borrowers on a case-by-case basis. As of March 31, 2022, Prosperity had approximately \$29.0 million in outstanding loans subject to deferral and modification agreements.

Conference Call

Prosperity's management team will host a conference call on Wednesday, April 27, 2022, at 11:30 a.m. Eastern Time (10:30 a.m. Central Time) to discuss Prosperity's first quarter 2022 earnings. Individuals and investment professionals may participate in the call by dialing 877-883-0383 for domestic participants, or 412-902-6506 for international participants. The participant elite entry number is 4266827.

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, Webcasts & Calls" from the menu on the Investor Relations link and following the instructions.

Non-GAAP Financial Measures

Prosperity's management uses certain non-GAAP financial measures to evaluate its performance. Specifically, Prosperity reviews return on average tangible common equity; tangible book value per share; the tangible equity to tangible assets ratio; allowance for credit losses on loans to total loans excluding Warehouse Purchase Program and PPP loans; and the efficiency ratio excluding net gains and losses on the sale or write down of assets and securities, for internal planning and forecasting purposes. Prosperity believes these non-GAAP financial measures provide information useful to investors in understanding Prosperity's financial results and 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 financial 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 March 31, 2022, Prosperity Bancshares, Inc.® is a \$38.271 billion Houston, Texas based regional financial holding company providing personal banking services and investments to consumers and businesses throughout Texas and Oklahoma. Founded in 1983, Prosperity believes in a community banking philosophy, taking care of customers, businesses and communities in the areas it serves by providing financial solutions to simplify everyday financial needs. In addition to offering traditional deposit and loan products, Prosperity offers digital banking solutions, credit and debit cards, mortgage services, retail brokerage services, trust and wealth management, and treasury management.

Prosperity currently operates 272 full-service banking locations: 65 in the Houston area, including The Woodlands; 30 in the South Texas area including Corpus Christi and Victoria; 62 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.

Cautionary Notes on Forward-Looking Statements

"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 federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are typically, but not exclusively, identified by the use in the statements of words or phrases such as "aim," "anticipate," "estimate," "expect," "goal," "guidance," "intend," "is anticipated," "is expected," "is intended," "objective," "plan," "projected," "projection," "will affect," "will be," "will continue," "will decrease," "will grow," "will impact," "will increase," "will incur," "will reduce," "will remain," "will result," "would be," variations of such words or phrases (including where the word "could," "may," or "would" is used rather than the word "will" in a phrase) and similar words and phrases indicating that the statement addresses some future result, occurrence, plan or objective. 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 may include information about Prosperity's possible or assumed future economic performance or future results of operations, including future revenues, income, expenses, provision for loan losses, provision for taxes, effective tax rate, earnings per share and cash flows and Prosperity's future capital expenditures and dividends, future financial condition and changes therein, including changes in Prosperity's loan portfolio and allowance for loan losses, future capital structure or changes therein, as well as the plans and objectives of management for Prosperity's future operations, future or proposed acquisitions, the future or expected effect of acquisitions on Prosperity's operations, results of operations, financial condition, and future economic performance, statements about the anticipated benefits of the proposed transaction, and statements about the assumptions underlying any such statement, as well as expectations regarding the effects of the COVID-19 pandemic on Prosperity's operating income, financial condition and cash flows. 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); the possibility that the anticipated benefits of an acquisition transaction, are not realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of two companies or as a result of the strength of the economy and competitive factors generally; 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; the effect, impact, potential duration or other implications of the COVID-19 pandemic; and weather. These and various other factors are discussed in Prosperity Bancshares' Annual Report on Form 10-K for the year ended December 31, 2021, and other reports and statements Prosperity Bancshares has filed with the Securities and Exchange Commission ("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**

14th Street Plano
 Abrams Centre
 Addison
 Allen
 Balch Springs
 Camp Wisdom
 Carrollton
 Cedar Hill
 Coppell
 East Plano
 Euless
 Frisco
 Frisco Warren
 Frisco-West

Garland
 Grapevine
 Grapevine Main
 Kiest
 Lake Highlands
 McKinney
 McKinney Eldorado
 McKinney Redbud
 North Carrollton
 Park Cities
 Plano
 Plano-West
 Preston Forest
 Preston Parker
 Preston Royal
 Red Oak
 Richardson
 Richardson-West
 Rosewood Court
 The Colony
 Tollroad
 Trinity Mills
 Turtle Creek
 West 15th Plano
 West Allen
 Westmoreland
 Wylie

Fort Worth

Haltom City
 Hulen
 Keller
 Museum Place
 Renaissance Square
 Roanoke
 Stockyards

Other Dallas/Fort Worth Area**Locations**

Arlington
 Azle
 Ennis
 Gainesville
 Glen Rose
 Granbury
 Grand Prairie
 Jacksboro
 Mesquite
 Muenster
 Runaway Bay
 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
 Victoria Salem

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)

	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Balance Sheet Data (at period end)					
Loans held for sale	\$ 2,810	\$ 7,274	\$ 10,197	\$ 9,080	\$ 20,991
Loans held for investment	16,720,173	16,833,171	16,949,486	17,147,146	17,345,506
Loans held for investment - Warehouse Purchase Program	1,344,541	1,775,699	1,998,049	2,095,559	2,272,389
Total loans	<u>18,067,524</u>	<u>18,616,144</u>	<u>18,957,732</u>	<u>19,251,785</u>	<u>19,638,886</u>
Investment securities ^(A)	14,798,127	12,818,901	12,629,368	11,918,691	10,088,002
Federal funds sold	274	241	237	281	8,986
Allowance for credit losses on loans	(285,163)	(286,380)	(287,187)	(302,884)	(307,210)
Cash and due from banks	1,560,321	2,547,739	1,055,386	1,059,879	1,947,235
Goodwill	3,231,636	3,231,636	3,231,636	3,231,636	3,231,636
Core deposit intangibles, net	59,064	61,684	64,539	67,417	70,304
Other real estate owned	1,705	622	150	144	462
Fixed assets, net	336,075	319,799	322,799	324,502	326,970
Other assets	501,623	523,584	537,459	548,473	553,147
Total assets	<u>\$ 38,271,186</u>	<u>\$37,833,970</u>	<u>\$36,512,119</u>	<u>\$36,099,924</u>	<u>\$35,558,418</u>
Noninterest-bearing deposits	\$ 10,776,652	\$10,750,034	\$10,326,489	\$10,099,149	\$ 9,820,445
Interest-bearing deposits	20,291,658	20,021,728	19,125,163	19,011,092	18,942,660
Total deposits	31,068,310	30,771,762	29,451,652	29,110,241	28,763,105
Securities sold under repurchase agreements	440,891	448,099	440,969	433,069	377,106
Allowance for credit losses on off-balance sheet credit exposures	29,947	29,947	29,947	29,947	29,947
Other liabilities	227,614	156,926	244,110	216,330	166,414
Total liabilities	31,766,762	31,406,734	30,166,678	29,789,587	29,336,572
Shareholders' equity ^(B)	6,504,424	6,427,236	6,345,441	6,310,337	6,221,846
Total liabilities and equity	<u>\$ 38,271,186</u>	<u>\$37,833,970</u>	<u>\$36,512,119</u>	<u>\$36,099,924</u>	<u>\$35,558,418</u>

(A) Includes \$2,115, \$2,290, \$2,483, \$1,394 and \$970 in unrealized gains on available for sale securities for the quarterly periods ended March 31, 2022, December 31, 2021, September 30, 2021, June 30, 2021 and March 31, 2021, respectively.

(B) Includes \$1,671, \$1,809, \$1,961, \$1,101 and \$766 in after-tax unrealized gains on available for sale securities for the quarterly periods ended March 31, 2022, December 31, 2021, September 30, 2021, June 30, 2021 and March 31, 2021, respectively.

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

	Three Months Ended				
	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Income Statement Data					
Interest income:					
Loans	\$ 193,025	\$ 206,209	\$ 213,821	\$ 216,803	\$ 233,075
Securities ^(C)	55,011	46,857	46,217	43,708	38,677
Federal funds sold and other earning assets	847	563	302	340	351
Total interest income	<u>248,883</u>	<u>253,629</u>	<u>260,340</u>	<u>260,851</u>	<u>272,103</u>
Interest expense:					
Deposits	8,754	8,685	11,578	15,288	17,362
Securities sold under repurchase agreements	185	184	195	164	159
Total interest expense	<u>8,939</u>	<u>8,869</u>	<u>11,773</u>	<u>15,452</u>	<u>17,521</u>
Net interest income	239,944	244,760	248,567	245,399	254,582
Provision for credit losses	—	—	—	—	—
Net interest income after provision for credit losses	<u>239,944</u>	<u>244,760</u>	<u>248,567</u>	<u>245,399</u>	<u>254,582</u>
Noninterest income:					
Nonsufficient funds (NSF) fees	8,124	8,401	7,962	6,560	6,687
Credit card, debit card and ATM card income	8,179	8,894	8,837	8,918	8,031
Service charges on deposit accounts	6,211	6,237	6,115	6,062	5,978
Trust income	2,703	2,698	2,467	2,276	2,837
Mortgage income	455	685	1,396	2,914	3,307
Brokerage income	892	953	861	795	711
Bank owned life insurance income	1,283	1,317	1,325	1,294	1,292
Net gain (loss) on sale or write-down of assets	689	1,165	255	(244)	(79)
Other noninterest income	6,586	5,407	5,427	6,981	5,244
Total noninterest income	<u>35,122</u>	<u>35,757</u>	<u>34,645</u>	<u>35,556</u>	<u>34,008</u>
Noninterest expense:					
Salaries and benefits	79,411	76,496	78,412	75,611	80,037
Net occupancy and equipment	7,848	8,140	8,165	8,046	7,833
Credit and debit card, data processing and software amortization	8,849	9,050	9,103	8,718	8,233
Regulatory assessments and FDIC insurance	2,850	2,801	2,497	2,670	2,670
Core deposit intangibles amortization	2,620	2,855	2,878	2,887	2,931
Depreciation	4,547	4,518	4,524	4,513	4,540
Communications	2,919	3,134	3,013	2,982	2,899
Other real estate expense	214	24	30	198	244
Net (gain) loss on sale or write-down of other real estate	(621)	2	4	(1,839)	(887)
Other noninterest expense	11,213	12,518	11,189	11,405	10,576
Total noninterest expense	<u>119,850</u>	<u>119,538</u>	<u>119,815</u>	<u>115,191</u>	<u>119,076</u>
Income before income taxes	155,216	160,979	163,397	165,764	169,514
Provision for income taxes	32,890	34,192	34,807	35,153	36,205
Net income available to common shareholders	<u>\$ 122,326</u>	<u>\$ 126,787</u>	<u>\$ 128,590</u>	<u>\$ 130,611</u>	<u>\$ 133,309</u>

(C) Interest income on securities was reduced by net premium amortization of \$12,857, \$16,006, \$15,141, \$14,436 and \$12,844 for the three months ended March 31, 2022, December 31, 2021, September 30, 2021, June 30, 2021 and March 31, 2021, respectively.

Prosperity Bancshares, Inc.®
Financial Highlights (Unaudited)
(Dollars and share amounts in thousands, except per share data and market prices)

	Three Months Ended				
	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Profitability					
Net income ^(D) ^(E)	\$ 122,326	\$ 126,787	\$ 128,590	\$ 130,611	\$ 133,309
Basic earnings per share	\$ 1.33	\$ 1.38	\$ 1.39	\$ 1.41	\$ 1.44
Diluted earnings per share	\$ 1.33	\$ 1.38	\$ 1.39	\$ 1.41	\$ 1.44
Return on average assets ^(F)	1.29%	1.37%	1.42%	1.45%	1.54%
Return on average common equity ^(F)	7.54%	7.91%	8.07%	8.31%	8.60%
Return on average tangible common equity ^(F) ^(G)	15.30%	16.26%	16.72%	17.49%	18.43%
Tax equivalent net interest margin ^(D) ^(E) ^(H)	2.88%	2.97%	3.10%	3.11%	3.41%
Efficiency ratio ^(G) ^(I)	43.68%	42.79%	42.34%	40.96%	41.25%
Liquidity and Capital Ratios					
Equity to assets	17.00%	16.99%	17.38%	17.48%	17.50%
Common equity tier 1 capital	15.32% ^(J)	15.10%	14.84%	15.26%	14.60%
Tier 1 risk-based capital	15.32% ^(J)	15.10%	14.84%	15.26%	14.60%
Total risk-based capital	15.99% ^(J)	15.45%	15.20%	15.71%	15.07%
Tier 1 leverage capital	9.44% ^(J)	9.62%	9.55%	9.50%	9.68%
Period end tangible equity to period end tangible assets ^(G)	9.19%	9.07%	9.18%	9.18%	9.05%
Other Data					
Weighted-average shares used in computing earnings per common share					
Basic	92,161	92,162	92,683	92,935	92,854
Diluted	92,161	92,162	92,683	92,935	92,854
Period end shares outstanding	92,160	92,170	92,160	92,935	92,929
Cash dividends paid per common share	\$ 0.52	\$ 0.52	\$ 0.49	\$ 0.49	\$ 0.49
Book value per common share	\$ 70.58	\$ 69.73	\$ 68.85	\$ 67.90	\$ 66.95
Tangible book value per common share ^(G)	\$ 34.87	\$ 34.00	\$ 33.09	\$ 32.40	\$ 31.42
Common Stock Market Price					
High	\$ 80.46	\$ 78.67	\$ 72.97	\$ 78.06	\$ 83.02
Low	\$ 69.08	\$ 68.53	\$ 64.40	\$ 69.83	\$ 66.45
Period end closing price	\$ 69.38	\$ 72.35	\$ 71.13	\$ 71.80	\$ 76.16
Employees – FTE (excluding overtime)	3,595	3,704	3,625	3,724	3,724
Number of banking centers	272	273	273	274	275

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

	Three Months Ended				
	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Loan discount accretion					
ASC 310-20	\$4,674	\$4,635	\$3,761	\$9,731	\$13,313
ASC 310-30	\$521	\$731	\$1,618	\$2,462	\$3,027
Securities net amortization	\$52	\$139	\$136	\$171	\$111
Time deposits amortization	\$100	\$127	\$201	\$327	\$507

(E) Using effective tax rate of 21.2%, 21.2%, 21.3%, 21.2% and 21.4% for the three months ended March 31, 2022, December 31, 2021, September 30, 2021, June 30, 2021 and March 31, 2021, 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 to the nearest GAAP financial measure.

(H) Net interest margin for all periods presented is based on average balances on an actual 365-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 or write down of assets and securities. Additionally, taxes are not part of this calculation.

(J) Beginning on January 1, 2022, the cumulative amount of the current expected credit loss (“CECL”) transition adjustments will be phased in over a three-year transition period.

Prosperity Bancshares, Inc.[®]
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YIELD ANALYSIS

	Three Months Ended								
	Mar 31, 2022			Dec 31, 2021			Mar 31, 2021		
	Average Balance	Interest Earned/ Interest Paid	Average Yield/ Rate ^(K)	Average Balance	Interest Earned/ Interest Paid	Average Yield/ Rate ^(K)	Average Balance	Interest Earned/ Interest Paid	Average Yield/ Rate ^(K)
Interest-earning assets:									
Loans held for sale	\$ 4,611	\$ 40	3.52%	\$ 8,794	\$ 71	3.20%	\$ 33,327	\$ 238	2.90%
Loans held for investment	16,712,690	183,033	4.44%	16,830,163	192,200	4.53%	17,279,066	213,978	5.02%
Loans held for investment - Warehouse Purchase Program	1,268,715	9,952	3.18%	1,772,971	13,938	3.12%	2,369,601	18,859	3.23%
Total Loans	17,986,016	193,025	4.35%	18,611,928	206,209	4.40%	19,681,994	233,075	4.80%
Investment securities	13,772,974	55,011	1.62% ^(L)	12,751,857	46,857	1.46% ^(L)	9,148,841	38,677	1.71% ^(L)
Federal funds sold and other earning assets	2,135,503	847	0.16%	1,393,859	563	0.16%	1,506,645	351	0.09%
Total interest-earning assets	33,894,493	248,883	2.98%	32,757,644	253,629	3.07%	30,337,480	272,103	3.64%
Allowance for credit losses on loans	(285,692)			(287,191)			(315,590)		
Noninterest-earning assets	4,458,669			4,476,582			4,522,470		
Total assets	<u>\$38,067,470</u>			<u>\$36,947,035</u>			<u>\$34,544,360</u>		
Interest-bearing liabilities:									
Interest-bearing demand deposits	\$ 6,775,114	\$ 2,452	0.15%	\$ 6,196,283	\$ 2,187	0.14%	\$ 6,112,469	\$ 5,943	0.39%
Savings and money market deposits	10,870,461	4,026	0.15%	10,286,650	3,817	0.15%	9,420,064	5,753	0.25%
Certificates and other time deposits	2,637,529	2,276	0.35%	2,766,123	2,681	0.38%	3,031,621	5,666	0.76%
Securities sold under repurchase agreements	452,054	185	0.17%	432,981	184	0.17%	376,662	159	0.17%
Total interest-bearing liabilities	20,735,158	8,939	0.17% ^(M)	19,682,037	8,869	0.18% ^(M)	18,940,816	17,521	0.38% ^(M)
Noninterest-bearing liabilities:									
Noninterest-bearing demand deposits	10,636,624			10,587,441			9,206,791		
Allowance for credit losses on off-balance sheet credit exposures	29,947			29,947			29,947		
Other liabilities	176,360			234,746			169,138		
Total liabilities	31,578,089			30,534,171			28,346,692		
Shareholders' equity	6,489,381			6,412,864			6,197,668		
Total liabilities and shareholders' equity	<u>\$38,067,470</u>			<u>\$36,947,035</u>			<u>\$34,544,360</u>		
Net interest income and margin		<u>\$239,944</u>	2.87%		<u>\$244,760</u>	2.96%		<u>\$254,582</u>	3.40%
Non-GAAP to GAAP reconciliation:									
Tax equivalent adjustment		472			457			635	
Net interest income and margin (tax equivalent basis)		<u>\$240,416</u>	2.88%		<u>\$245,217</u>	2.97%		<u>\$255,217</u>	3.41%

(K) Annualized and based on an actual 365-day basis.

(L) Yield on securities was impacted by net premium amortization of \$12,857, \$16,006 and \$12,844 for the three months ended March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

(M) Total cost of funds, including noninterest bearing deposits, was 0.12%, 0.12% and 0.25% for the three months ended March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

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(Dollars in thousands)

	Three Months Ended				
	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
YIELD TREND ^(N)					
Interest-Earning Assets:					
Loans held for sale	3.52%	3.20%	3.08%	3.19%	2.90%
Loans held for investment	4.44%	4.53%	4.62%	4.65%	5.02%
Loans held for investment - Warehouse Purchase Program	3.18%	3.12%	3.18%	3.21%	3.23%
Total loans	4.35%	4.40%	4.48%	4.50%	4.80%
Investment securities ^(O)	1.62%	1.46%	1.50%	1.57%	1.71%
Federal funds sold and other earning assets	0.16%	0.16%	0.16%	0.11%	0.09%
Total interest-earning assets	2.98%	3.07%	3.24%	3.30%	3.64%
Interest-Bearing Liabilities:					
Interest-bearing demand deposits	0.15%	0.14%	0.24%	0.35%	0.39%
Savings and money market deposits	0.15%	0.15%	0.18%	0.22%	0.25%
Certificates and other time deposits	0.35%	0.38%	0.47%	0.58%	0.76%
Securities sold under repurchase agreements	0.17%	0.17%	0.17%	0.17%	0.17%
Total interest-bearing liabilities	0.17%	0.18%	0.24%	0.32%	0.38%
Net Interest Margin	2.87%	2.96%	3.09%	3.10%	3.40%
Net Interest Margin (tax equivalent)	2.88%	2.97%	3.10%	3.11%	3.41%

(N) Annualized and based on average balances on an actual 365-day basis.

(O) Yield on securities was impacted by net premium amortization of \$12,857, \$16,006, \$15,141, \$14,436 and \$12,844 for the three months ended March 31, 2022, December 31, 2021, September 30, 2021, June 30, 2021 and March 31, 2021, respectively.

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

	Three Months Ended				
	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Balance Sheet Averages					
Loans held for sale	\$ 4,611	\$ 8,794	\$ 11,714	\$ 13,716	\$ 33,327
Loans held for investment	16,712,690	16,830,163	17,102,998	17,305,259	17,279,066
Loans held for investment - Warehouse Purchase Program	1,268,715	1,772,971	1,836,252	1,984,305	2,369,601
Total Loans	<u>17,986,016</u>	<u>18,611,928</u>	<u>18,950,964</u>	<u>19,303,280</u>	<u>19,681,994</u>
Investment securities	13,772,974	12,751,857	12,184,964	11,180,948	9,148,841
Federal funds sold and other earning assets	2,135,503	1,393,859	734,787	1,221,993	1,506,645
Total interest-earning assets	33,894,493	32,757,644	31,870,715	31,706,221	30,337,480
Allowance for credit losses on loans	(285,692)	(287,191)	(301,011)	(306,059)	(315,590)
Cash and due from banks	326,552	329,406	570,765	521,737	308,787
Goodwill	3,231,637	3,231,637	3,231,637	3,231,637	3,233,231
Core deposit intangibles, net	60,346	63,091	65,955	68,830	71,763
Other real estate	1,893	321	279	3,001	6,385
Fixed assets, net	327,297	321,524	323,584	326,570	326,004
Other assets	510,944	530,603	536,745	544,085	576,300
Total assets	<u>\$ 38,067,470</u>	<u>\$ 36,947,035</u>	<u>\$ 36,298,669</u>	<u>\$ 36,096,022</u>	<u>\$ 34,544,360</u>
Noninterest-bearing deposits	\$ 10,636,624	\$ 10,587,441	\$ 10,286,062	\$ 10,062,085	\$ 9,206,791
Interest-bearing demand deposits	6,775,114	6,196,283	6,089,678	6,281,068	6,112,469
Savings and money market deposits	10,870,461	10,286,650	9,944,664	9,872,624	9,420,064
Certificates and other time deposits	2,637,529	2,766,123	2,897,123	2,980,186	3,031,621
Total deposits	30,919,728	29,836,497	29,217,527	29,195,963	27,770,945
Securities sold under repurchase agreements	452,054	432,981	448,338	383,975	376,662
Allowance for credit losses on off-balance sheet credit exposures	29,947	29,947	29,947	29,947	29,947
Other liabilities	176,360	234,746	229,502	198,748	169,138
Shareholders' equity	6,489,381	6,412,864	6,373,355	6,287,389	6,197,668
Total liabilities and equity	<u>\$ 38,067,470</u>	<u>\$ 36,947,035</u>	<u>\$ 36,298,669</u>	<u>\$ 36,096,022</u>	<u>\$ 34,544,360</u>

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

Period End Balances	Mar 31, 2022		Dec 31, 2021		Sep 30, 2021		Jun 30, 2021		Mar 31, 2021	
Loan Portfolio										
Commercial and industrial	\$ 2,007,783	11.1%	\$ 2,050,631	11.0%	\$ 1,841,899	9.7%	\$ 2,021,951	10.5%	\$ 2,104,116	10.7%
Warehouse purchase program	1,344,541	7.4%	1,775,699	9.5%	1,998,049	10.6%	2,095,559	10.9%	2,272,389	11.6%
Construction, land development and other land loans	2,327,837	12.9%	2,299,715	12.4%	2,269,417	12.0%	2,147,474	11.2%	2,031,355	10.4%
1-4 family residential	4,970,620	27.5%	4,860,419	26.1%	4,709,468	24.8%	4,531,589	23.5%	4,310,437	21.9%
Home equity	870,130	4.8%	808,289	4.4%	746,426	3.9%	637,431	3.3%	554,278	2.8%
Commercial real estate (includes multi-family residential)	5,150,555	28.5%	5,251,368	28.2%	5,550,841	29.3%	5,681,184	29.5%	5,858,475	29.8%
Agriculture (includes farmland)	617,418	3.4%	620,338	3.3%	631,497	3.3%	590,135	3.1%	571,783	2.9%
Consumer and other	246,433	1.4%	288,496	1.6%	274,980	1.5%	264,652	1.4%	293,023	1.5%
Energy	445,949	2.5%	491,305	2.6%	569,314	3.0%	501,821	2.6%	503,947	2.6%
Paycheck Protection Program	86,258	0.5%	169,884	0.9%	365,841	1.9%	779,989	4.0%	1,139,083	5.8%
Total loans	\$18,067,524		\$18,616,144		\$18,957,732		\$19,251,785		\$19,638,886	
Deposit Types										
Noninterest-bearing DDA	\$10,776,652	34.7%	\$10,750,034	34.9%	\$10,326,489	35.0%	\$10,099,149	34.7%	\$ 9,820,445	34.1%
Interest-bearing DDA	6,603,934	21.2%	6,741,092	21.9%	6,088,923	20.7%	6,185,115	21.2%	6,158,641	21.4%
Money market	7,603,329	24.5%	7,178,904	23.3%	6,864,664	23.3%	6,706,252	23.0%	6,714,889	23.4%
Savings	3,543,300	11.4%	3,401,727	11.1%	3,293,850	11.2%	3,160,606	10.9%	3,083,447	10.7%
Certificates and other time deposits	2,541,095	8.2%	2,700,005	8.8%	2,877,726	9.8%	2,959,119	10.2%	2,985,683	10.4%
Total deposits	\$31,068,310		\$30,771,762		\$29,451,652		\$29,110,241		\$28,763,105	
Loan to Deposit Ratio	58.2%		60.5%		64.4%		66.1%		68.3%	

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Construction Loans

	Mar 31, 2022		Dec 31, 2021		Sep 30, 2021		Jun 30, 2021		Mar 31, 2021	
Single family residential construction	\$ 816,072	35.0%	\$ 728,393	31.7%	\$ 659,248	29.0%	\$ 624,954	29.1%	\$ 590,223	29.1%
Land development	103,853	4.5%	99,099	4.3%	92,623	4.1%	97,709	4.6%	97,267	4.8%
Raw land	310,987	13.4%	322,673	14.0%	315,803	13.9%	245,484	11.4%	243,394	12.0%
Residential lots	212,029	9.1%	206,978	9.0%	195,201	8.6%	165,645	7.7%	176,884	8.6%
Commercial lots	183,760	7.9%	184,901	8.0%	169,189	7.5%	153,714	7.2%	137,512	6.8%
Commercial construction and other	701,148	30.1%	757,687	33.0%	837,436	36.9%	860,069	40.0%	786,192	38.7%
Net unaccreted discount	(12)		(16)		(83)		(101)		(117)	
Total construction loans	\$2,327,837		\$2,299,715		\$2,269,417		\$2,147,474		\$2,031,355	

Non-Owner Occupied Commercial Real Estate Loans by Metropolitan Statistical Area (MSA) as of March 31, 2022

Collateral Type	Houston	Dallas	Austin	OK City	Tulsa	Other ^(P)	Total
Shopping center/retail	\$ 326,121	\$ 279,776	\$ 45,751	\$ 16,548	\$ 28,018	\$ 271,861	\$ 968,075
Commercial and industrial buildings	158,618	78,634	17,496	22,983	17,583	162,506	457,820
Office buildings	121,213	376,630	42,520	70,277	4,648	70,284	685,572
Medical buildings	108,561	18,452	2,570	19,882	41,190	69,449	260,104
Apartment buildings	153,768	88,583	10,989	14,937	35,603	173,764	477,644
Hotel	85,057	70,170	44,833	28,538	—	141,223	369,821
Other	77,727	69,152	26,433	7,649	2,755	71,389	255,105
Total	\$1,031,065	\$ 981,397	\$ 190,592	\$ 180,814	\$ 129,797	\$ 960,476	\$3,474,141^(Q)

Acquired Loans

	Non-PCD Loans			PCD Loans			Total Acquired Loans		
	Balance at Acquisition Date	Balance at Dec 31, 2021	Balance at Mar 31, 2022	Balance at Acquisition Date	Balance at Dec 31, 2021	Balance at Mar 31, 2022	Balance at Acquisition Date	Balance at Dec 31, 2021	Balance at Mar 31, 2022
Loan marks:									
Acquired banks ^(R)	\$ 345,599	\$ 8,143	\$ 3,469	\$ 320,052	\$ 4,838	\$ 4,317	\$ 665,651	\$ 12,981	\$ 7,786
Acquired portfolio loan balances:									
Acquired banks ^(R)	12,286,159	2,094,039	1,868,511	689,573	83,909	72,992	12,975,732 ^(S)	2,177,948	1,941,503
Acquired portfolio loan balances less loan marks	\$11,940,560	\$2,085,896	\$1,865,042	\$ 369,521	\$ 79,071	\$ 68,675	\$12,310,081	\$2,164,967	\$1,933,717

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

(Q) Represents a portion of total commercial real estate loans of \$5.151 billion as of March 31, 2022.

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

(S) Actual principal balances acquired.

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	Three Months Ended				
	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Asset Quality					
Nonaccrual loans	\$ 21,765	\$ 26,269	\$ 35,035	\$ 32,880	\$ 43,025
Accruing loans 90 or more days past due	3,695	887	1,038	330	313
Total nonperforming loans	25,460	27,156	36,073	33,210	43,338
Reposessed assets	19	310	326	310	362
Other real estate	1,705	622	150	144	462
Total nonperforming assets	<u>\$ 27,184</u>	<u>\$ 28,088</u>	<u>\$ 36,549</u>	<u>\$ 33,664</u>	<u>\$ 44,162</u>
Nonperforming assets:					
Commercial and industrial (includes energy)	\$ 4,403	\$ 6,150	\$ 8,199	\$ 8,613	\$ 11,290
Construction, land development and other land loans	1,761	1,841	803	1,423	1,692
1-4 family residential (includes home equity)	11,899	11,990	11,117	11,681	11,920
Commercial real estate (includes multi-family residential)	7,685	7,276	15,691	11,266	16,896
Agriculture (includes farmland)	1,402	816	643	661	803
Consumer and other	34	15	96	20	1,561
Total	<u>\$ 27,184</u>	<u>\$ 28,088</u>	<u>\$ 36,549</u>	<u>\$ 33,664</u>	<u>\$ 44,162</u>
Number of loans/properties	<u>147</u>	<u>157</u>	<u>155</u>	<u>152</u>	<u>167</u>
Allowance for credit losses on loans	<u>\$ 285,163</u>	<u>\$ 286,380</u>	<u>\$ 287,187</u>	<u>\$ 302,884</u>	<u>\$ 307,210</u>
Net charge-offs (recoveries):					
Commercial and industrial (includes energy)	\$ 14	\$ 177	\$ 3,763	\$ 3,529	\$ 1,584
Construction, land development and other land loans	430	(162)	(4)	(105)	(5)
1-4 family residential (includes home equity)	87	(72)	66	(6)	47
Commercial real estate (includes multi-family residential)	(366)	(10)	11,180	517	6,589
Agriculture (includes farmland)	(103)	(102)	(63)	(9)	33
Consumer and other	1,155	976	755	400	610
Total	<u>\$ 1,217</u>	<u>\$ 807</u>	<u>\$ 15,697</u>	<u>\$ 4,326</u>	<u>\$ 8,858</u>
Asset Quality Ratios					
Nonperforming assets to average interest-earning assets	0.08%	0.09%	0.11%	0.11%	0.15%
Nonperforming assets to loans and other real estate	0.15%	0.15%	0.19%	0.17%	0.22%
Net charge-offs to average loans (annualized)	0.03%	0.02%	0.33%	0.09%	0.18%
Allowance for credit losses on loans to total loans	1.58%	1.54%	1.51%	1.57%	1.56%
Allowance for credit losses on loans to total loans, excluding Warehouse Purchase Program loans and Paycheck Protection Program loans ^(G)	1.71%	1.72%	1.73%	1.85%	1.89%

Prosperity Bancshares, Inc.[®]
Notes to Selected Financial Data (Unaudited)
(Dollars and share amounts in thousands, except per share data)

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 return on average tangible common equity; tangible book value per share; the tangible equity to tangible assets ratio; allowance for credit losses on loans to total loans excluding Warehouse Purchase Program and PPP loans; and the efficiency ratio, excluding net gains and losses on the sale or write down of assets and securities, for internal planning and forecasting purposes. In addition, due to the application of purchase accounting, Prosperity uses certain non-GAAP financial measures and ratios that exclude the impact of these items to evaluate its allowance for credit losses on loans to total loans (excluding Warehouse Purchase Program loans and PPP loans). Prosperity has included information below relating to these non-GAAP financial measures for the applicable periods presented.

	Three Months Ended				
	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Reconciliation of return on average common equity to return on average tangible common equity:					
Net income	\$ 122,326	\$ 126,787	\$ 128,590	\$ 130,611	\$ 133,309
Average shareholders' equity	\$ 6,489,381	\$ 6,412,864	\$ 6,373,355	\$ 6,287,389	\$ 6,197,668
Less: Average goodwill and other intangible assets	(3,291,983)	(3,294,728)	(3,297,592)	(3,300,467)	(3,304,994)
Average tangible shareholders' equity	\$ 3,197,398	\$ 3,118,136	\$ 3,075,763	\$ 2,986,922	\$ 2,892,674
Return on average tangible common equity ^(F)	15.30%	16.26%	16.72%	17.49%	18.43%
Reconciliation of book value per share to tangible book value per share:					
Shareholders' equity	\$ 6,504,424	\$ 6,427,236	\$ 6,345,441	\$ 6,310,337	\$ 6,221,846
Less: Goodwill and other intangible assets	(3,290,700)	(3,293,320)	(3,296,175)	(3,299,053)	(3,301,940)
Tangible shareholders' equity	\$ 3,213,724	\$ 3,133,916	\$ 3,049,266	\$ 3,011,284	\$ 2,919,906
Period end shares outstanding	92,160	92,170	92,160	92,935	92,929
Tangible book value per share	\$ 34.87	\$ 34.00	\$ 33.09	\$ 32.40	\$ 31.42
Reconciliation of equity to assets ratio to period end tangible equity to period end tangible assets ratio:					
Tangible shareholders' equity	\$ 3,213,724	\$ 3,133,916	\$ 3,049,266	\$ 3,011,284	\$ 2,919,906
Total assets	\$ 38,271,186	\$ 37,833,970	\$ 36,512,119	\$ 36,099,924	\$ 35,558,418
Less: Goodwill and other intangible assets	(3,290,700)	(3,293,320)	(3,296,175)	(3,299,053)	(3,301,940)
Tangible assets	\$ 34,980,486	\$ 34,540,650	\$ 33,215,944	\$ 32,800,871	\$ 32,256,478
Period end tangible equity to period end tangible assets ratio	9.19%	9.07%	9.18%	9.18%	9.05%
Reconciliation of allowance for credit losses to total loans to allowance for credit losses on loans to total loans excluding Warehouse Purchase Program and Paycheck Protection Program loans:					
Allowance for credit losses on loans	\$ 285,163	\$ 286,380	\$ 287,187	\$ 302,884	\$ 307,210
Total loans	\$ 18,067,524	\$ 18,616,144	\$ 18,957,732	\$ 19,251,785	\$ 19,638,886
Less: Warehouse Purchase Program loans	(1,344,541)	(1,775,699)	(1,998,049)	(2,095,559)	(2,272,389)
Less: Paycheck Protection Program loans	(86,258)	(169,884)	(365,841)	(779,989)	(1,139,083)
Total loans less Warehouse Purchase Program and Paycheck Protection Program loans	\$ 16,636,725	\$ 16,670,561	\$ 16,593,842	\$ 16,376,237	\$ 16,227,414
Allowance for credit losses on loans to total loans excluding Warehouse Purchase Program and Paycheck Protection Program loans	1.71%	1.72%	1.73%	1.85%	1.89%
Reconciliation of efficiency ratio to efficiency ratio excluding net gains and losses on the sale of assets and securities:					
Noninterest expense	\$ 119,850	\$ 119,538	\$ 119,815	\$ 115,191	\$ 119,076
Net interest income	\$ 239,944	\$ 244,760	\$ 248,567	\$ 245,399	\$ 254,582
Noninterest income	35,122	35,757	34,645	35,556	34,008
Less: net gain (loss) on sale or write down of assets	689	1,165	255	(244)	(79)
Noninterest income excluding net gains and losses on the sale or write down of assets and securities	34,433	34,592	34,390	35,800	34,087
Total income excluding net gains and losses on the sale or write down of assets and securities	\$ 274,377	\$ 279,352	\$ 282,957	\$ 281,199	\$ 288,669
Efficiency ratio, excluding net gains and losses on the sale or write down of assets and securities	43.68%	42.79%	42.34%	40.96%	41.25%