

**PRESS RELEASE**

**Prosperity Bancshares, Inc.**<sup>®</sup>  
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**FOR IMMEDIATE RELEASE**

**PROSPERITY BANCSHARES, INC.**<sup>®</sup>  
**REPORTS FOURTH QUARTER**  
**2018 EARNINGS**

- **Fourth quarter earnings per common share (diluted) increased 22.7% to \$1.19 compared with the fourth quarter 2017**
- **Fourth quarter net income increased 24.1% to \$83.331 million compared with the fourth quarter 2017**
- **Nonperforming assets remain low at 0.10% of fourth quarter average interest-earning assets**
- **Return (annualized) on fourth quarter average assets of 1.47%**
- **Returns (annualized) on fourth quarter average common equity of 8.25% and average tangible common equity of 15.84%<sup>(1)</sup>**
- **Loans increased 3.5% during 2018**
- **Average noninterest-bearing deposits increased 5.7% during 2018**
- **Prosperity Bank has been rated in the Top 10 of Forbes Best Banks in America for six consecutive years**

HOUSTON, January 30, 2019. Prosperity Bancshares, Inc.<sup>®</sup> (NYSE: PB), the parent company of Prosperity Bank<sup>®</sup> (collectively, “Prosperity”), reported net income for the quarter ended December 31, 2018 of \$83.331 million, an increase of \$16.193 million or 24.1% compared with \$67.138 million for the same period in 2017. Net income per diluted common share increased 22.7% to \$1.19 compared with \$0.97 for the same period in 2017. Additionally, loans increased 3.5% during 2018 and nonperforming assets remain low at 0.10% of fourth quarter average interest-earning assets.

“We are extremely proud that Prosperity Bank has once again been ranked in the Top 10 of Forbes Best Banks in America for 2019, making Prosperity the only bank in the country to have been ranked in the Top 10 every year from 2014 to 2019,” said David Zalman, Prosperity’s Chairman and Chief Executive Officer.

“Prosperity’s earnings per share increased 22.7% in the fourth quarter 2018 compared to the fourth quarter of 2017. For 2018, loans increased \$349.5 million, or 3.5%, and average noninterest bearing deposits increased \$303.5 million, or 5.7%. Further, our asset quality remains one of the best in the industry, with non-performing loans at 0.10% of fourth quarter 2018 average interest earning assets,” 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.

“Texas and Oklahoma continue to experience employment and population growth, with many companies moving to these states because of favorable tax environments and business friendly political climates. We look forward to the opportunities ahead in 2019. We will continue our focus on organic growth and serving our customers and communities, while also pursuing strategic acquisition opportunities,” concluded Zalman.

### **Results of Operations for the Three Months Ended December 31, 2018**

Net income was \$83.331 million<sup>(2)</sup> for the three months ended December 31, 2018 compared with \$67.138 million<sup>(3)</sup> for the same period in 2017, an increase of \$16.193 million or 24.1%. Net income per diluted common share was \$1.19 for the three months ended December 31, 2018 compared with \$0.97 for the same period in 2017, an increase of 22.7%. Annualized returns on average assets, average common equity and average tangible common equity for the three months ended December 31, 2018 were 1.47%, 8.25% and 15.84%<sup>(1)</sup>, respectively. Prosperity’s efficiency ratio (excluding credit loss provisions, net gains and losses on the sale of assets and taxes) was 43.20%<sup>(1)</sup> for the three months ended December 31, 2018.

Net interest income before provision for credit losses for the three months ended December 31, 2018 was \$157.248 million compared with \$156.050 million for the same period in 2017, an increase of \$1.198 million or 0.8%. Net interest income was impacted by a decrease in loan discount accretion of \$1.893 million. Linked quarter net interest income before provision for credit losses decreased \$71 thousand to \$157.248 million compared with \$157.319 million for the three months ended September 30, 2018.

The net interest margin on a tax equivalent basis was 3.15% for the three months ended December 31, 2018 compared with 3.20% for the same period in 2017 and 3.15% for the three months ended September 30, 2018. The change compared with the fourth quarter 2017 was primarily due to higher rates on interest-bearing liabilities and a decrease in loan discount accretion, partially offset by higher yields on interest-earning assets.

Noninterest income was \$29.079 million for the three months ended December 31, 2018 compared with \$29.220 million for the same period in 2017, a decrease of \$141 thousand or 0.5%. On a linked quarter basis, noninterest income decreased \$1.545 million or 5.0% to \$29.079 million compared with \$30.624 million for the three months ended September 30, 2018. This decrease was primarily due to the net loss on sale of assets and a decrease in other noninterest income.

Noninterest expense was \$80.804 million for the three months ended December 31, 2018 compared with \$81.088 million for the same period in 2017, a decrease of \$284 thousand or 0.4%. On a linked quarter basis, noninterest expense decreased \$956 thousand or 1.2% to \$80.804 million compared with \$81.760 million for the three months ended September 30, 2018. This change was primarily due to a decrease in regulatory assessments and FDIC insurance resulting from the elimination of the FDIC temporary surcharge imposed on large banks by the Dodd-Frank Act.

### **Results of Operations for the Year Ended December 31, 2018**

Net income was \$321.812 million<sup>(4)</sup> for the year ended December 31, 2018 compared with \$272.165 million<sup>(5)</sup> for the same period in 2017, an increase of \$49.647 million or 18.2%. Net income per diluted common share was \$4.61 for the year ended December 31, 2018 compared with \$3.92 for the same period in 2017, an increase of 17.6%. Annualized returns on average assets, average common equity and average tangible common equity for the year ended December 31, 2018 were 1.42%, 8.15% and 16.00%<sup>(1)</sup>, respectively. Prosperity’s efficiency ratio (excluding credit loss provisions, net gains and losses on the sale of assets and securities and taxes) was 43.71%<sup>(1)</sup> for the year ended December 31, 2018.

Net interest income before provision for credit losses for the year ended December 31, 2018 was \$629.593 million compared with \$616.863 million for the same period in 2017, an increase of \$12.730 million or 2.1%. Net interest income was impacted by a decrease in loan discount accretion of \$7.997 million.

The net interest margin on a tax equivalent basis for the year ended December 31, 2018 was 3.18% compared with 3.19% for the same period in 2017.

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(2) Includes purchase accounting adjustments of \$2.099 million, net of tax, primarily comprised of loan discount accretion of \$2.903 million for the three months ended December 31, 2018.

(3) Includes purchase accounting adjustments of \$2.771 million, net of tax, primarily comprised of loan discount accretion of \$4.796 million for the three months ended December 31, 2017.

(4) Includes purchase accounting adjustments of \$10.070 million, net of tax, primarily comprised of loan discount accretion of \$13.909 million for the year ended December 31, 2018.

(5) Includes purchase accounting adjustments of \$12.909 million, net of tax, primarily comprised of loan discount accretion of \$21.906 million for the year ended December 31, 2017.

Noninterest income was \$116.012 million for the year ended December 31, 2018 compared with \$116.633 million for the same period in 2017, a decrease of \$621 thousand or 0.5%. This decrease was primarily due to the gain on sale of securities during 2017, partially offset by a lower net loss on sale of assets during 2018.

Noninterest expense was \$326.220 million for the year ended December 31, 2018 compared with \$313.101 million for the same period in 2017, an increase of \$13.119 million or 4.2%. This increase was primarily due to higher salaries and benefits.

### **Balance Sheet Information**

At December 31, 2018, Prosperity had \$22.693 billion in total assets, an increase of \$106.110 million or 0.5%, compared with \$22.587 billion at December 31, 2017.

Loans at December 31, 2018 were \$10.370 billion, an increase of \$349.540 million or 3.5%, compared with \$10.021 billion at December 31, 2017. Linked quarter loans increased \$77.467 million or 0.8% (3.0% annualized) from \$10.293 billion at September 30, 2018.

Deposits at December 31, 2018 were \$17.257 billion, a decrease of \$564.902 million or 3.2%, compared with \$17.821 billion at December 31, 2017. This was primarily due to lower municipal deposits compared with the prior year. Linked quarter deposits increased \$522.794 million or 3.1% from \$16.734 billion at September 30, 2018. This change was primarily due to seasonality.

### **Asset Quality**

Nonperforming assets totaled \$18.956 million or 0.10% of quarterly average interest-earning assets at December 31, 2018, compared with \$37.455 million or 0.19% of quarterly average interest-earning assets at December 31, 2017, and \$16.777 million or 0.08% of quarterly average interest-earning assets at September 30, 2018.

The allowance for credit losses was \$86.440 million or 0.83% of total loans at December 31, 2018, \$84.041 million or 0.84% of total loans at December 31, 2017 and \$85.996 million or 0.84% of total loans at September 30, 2018. 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 0.88%<sup>(1)</sup> of remaining loans as of December 31, 2018, compared with 0.91%<sup>(1)</sup> at December 31, 2017 and 0.88%<sup>(1)</sup> at September 30, 2018.

The provision for credit losses was \$1.000 million for the three months ended December 31, 2018 compared with \$2.000 million for the three months ended December 31, 2017 and \$2.350 million for the three months ended September 30, 2018. The provision for credit losses was \$16.350 million for the year ended December 31, 2018 compared with \$14.325 million for the year ended December 31, 2017.

Net charge-offs were \$556 thousand for the three months ended December 31, 2018 compared with \$4.771 million for the three months ended December 31, 2017 and \$1.318 million for the three months ended September 30, 2018. Net charge-offs were \$13.951 million for the year ended December 31, 2018 compared with \$15.610 million for the year ended December 31, 2017.

### **Dividend**

Prosperity Bancshares, Inc. declared a first quarter cash dividend of \$0.41 per share to be paid on April 1, 2019 to all shareholders of record as of March 15, 2019.

### **Conference Call**

Prosperity’s management team will host a conference call on Wednesday, January 30, 2019 at 11:30 a.m. Eastern Time (10:30 a.m. Central Time) to discuss Prosperity’s fourth quarter 2018 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 elite entry number is 7034870.

Alternatively, individuals may listen to the live webcast of the presentation by visiting Prosperity’s website at [www.prosperitybankusa.com](http://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 financial 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 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 December 31, 2018, Prosperity Bancshares, Inc. ® is a \$22.693 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](http://www.prosperitybankusa.com), Retail Brokerage Services, Credit Cards, Debit Cards, 24 hour voice response banking, Trust and Wealth Management, Mortgage Services, Cash Management and Mobile Banking.

As of December 31, 2018, Prosperity operated 242 full-service banking locations: 65 in the Houston area, including The Woodlands; 29 in the South Texas area including Corpus Christi and Victoria; 33 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, 2017 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-29<sup>th</sup> 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  
 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 -**

4<sup>th</sup> Street  
 66<sup>th</sup> Street  
 82<sup>nd</sup> Street  
 86<sup>th</sup> Street  
 98<sup>th</sup> 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 -**

23<sup>rd</sup> 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

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**Prosperity Bancshares, Inc.<sup>®</sup>**  
**Financial Highlights (Unaudited)**  
(In thousands)

|   | Dec 31, 2018         | Sep 30, 2018         | Jun 30, 2018         | Mar 31, 2018         | Dec 31, 2017         |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Balance Sheet Data (at period end)</b>   |                      |                      |                      |                      |                      |
| Loans                                       | \$ 10,370,313        | \$ 10,292,846        | \$ 10,146,565        | \$ 10,011,416        | \$ 10,020,773        |
| Investment securities <sup>(A)</sup>        | 9,408,966            | 9,504,733            | 9,620,614            | 9,710,254            | 9,672,116            |
| Federal funds sold                          | 552                  | 639                  | 577                  | 469                  | 697                  |
| Allowance for credit losses                 | (86,440)             | (85,996)             | (84,964)             | (83,600)             | (84,041)             |
| Cash and due from banks                     | 410,575              | 293,831              | 274,902              | 243,514              | 391,616              |
| Goodwill                                    | 1,900,845            | 1,900,845            | 1,900,845            | 1,900,845            | 1,900,845            |
| Core deposit intangibles, net               | 32,883               | 34,295               | 35,773               | 37,274               | 38,842               |
| Other real estate owned                     | 1,805                | 889                  | 10,316               | 10,538               | 11,152               |
| Fixed assets, net                           | 257,046              | 256,426              | 255,465              | 257,057              | 257,065              |
| Other assets                                | 396,857              | 414,075              | 410,647              | 384,547              | 378,227              |
| Total assets                                | <u>\$ 22,693,402</u> | <u>\$ 22,612,583</u> | <u>\$ 22,570,740</u> | <u>\$ 22,472,314</u> | <u>\$ 22,587,292</u> |
| Noninterest-bearing deposits                | \$ 5,666,115         | \$ 5,700,242         | \$ 5,657,589         | \$ 5,707,994         | \$ 5,623,322         |
| Interest-bearing deposits                   | 11,590,443           | 11,033,522           | 11,321,015           | 11,624,885           | 12,198,138           |
| Total deposits                              | 17,256,558           | 16,733,764           | 16,978,604           | 17,332,879           | 17,821,460           |
| Other borrowings                            | 1,031,126            | 1,501,207            | 1,254,849            | 820,079              | 505,223              |
| Securities sold under repurchase agreements | 284,720              | 297,126              | 293,039              | 339,576              | 324,154              |
| Other liabilities                           | 68,174               | 84,789               | 108,796              | 103,635              | 112,301              |
| Total liabilities                           | 18,640,578           | 18,616,886           | 18,635,288           | 18,596,169           | 18,763,138           |
| Shareholders' equity <sup>(B)</sup>         | 4,052,824            | 3,995,697            | 3,935,452            | 3,876,145            | 3,824,154            |
| Total liabilities and equity                | <u>\$ 22,693,402</u> | <u>\$ 22,612,583</u> | <u>\$ 22,570,740</u> | <u>\$ 22,472,314</u> | <u>\$ 22,587,292</u> |

(A) Includes \$392, \$586, \$436, \$57 and (\$143) in unrealized gains (losses) on available for sale securities for the quarterly periods ended December 31, 2018, September 30, 2018, June 30, 2018, March 31, 2018 and December 31, 2017, respectively.

(B) Includes \$310, \$463, \$345, \$45 and (\$113) in after-tax unrealized gains (losses) on available for sale securities for the quarterly periods ended December 31, 2018, September 30, 2018, June 30, 2018, March 31, 2018 and December 31, 2017, respectively.

**Prosperity Bancshares, Inc.<sup>®</sup>**  
**Financial Highlights (Unaudited)**  
(In thousands)

|  | Three Months Ended |                  |                  |                  | Year Ended       |                   |                   |
|--|--------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
|  | Dec 31,<br>2018    | Sep 30,<br>2018  | Jun 30,<br>2018  | Mar 31,<br>2018  | Dec 31,<br>2017  | Dec 31,<br>2018   | Dec 31,<br>2017   |
| <b>Income Statement Data</b>                                     |                    |                  |                  |                  |                  |                   |                   |
| <b>Interest income:</b>  |                    |                  |                  |                  |                  |                   |                   |
| Loans  | \$ 130,627         | \$ 128,645       | \$ 128,445       | \$ 116,246       | \$ 120,086       | \$ 503,963        | \$ 468,338        |
| Securities <sup>(C)</sup>  | 56,170             | 55,705           | 55,577           | 54,457           | 51,510           | 221,909           | 208,189           |
| Federal funds sold and other earning assets                      | 397                | 326              | 299              | 315              | 243              | 1,337             | 828               |
| Total interest income  | <u>187,194</u>     | <u>184,676</u>   | <u>184,321</u>   | <u>171,018</u>   | <u>171,839</u>   | <u>727,209</u>    | <u>677,355</u>    |
| <b>Interest expense:</b>   |                    |                  |                  |                  |                  |                   |                   |
| Deposits   | 21,643             | 19,208           | 16,061           | 14,472           | 12,587           | 71,384            | 46,312            |
| Other borrowings   | 7,639              | 7,583            | 6,046            | 2,973            | 2,852            | 24,241            | 12,908            |
| Securities sold under repurchase agreements                      | 664                | 566              | 411              | 350              | 350              | 1,991             | 1,272             |
| Total interest expense   | 29,946             | 27,357           | 22,518           | 17,795           | 15,789           | 97,616            | 60,492            |
| Net interest income  | 157,248            | 157,319          | 161,803          | 153,223          | 156,050          | 629,593           | 616,863           |
| Provision for credit losses                                      | 1,000              | 2,350            | 4,000            | 9,000            | 2,000            | 16,350            | 14,325            |
| Net interest income after provision for credit losses            | 156,248            | 154,969          | 157,803          | 144,223          | 154,050          | 613,243           | 602,538           |
| <b>Noninterest income:</b>                                       |                    |                  |                  |                  |                  |                   |                   |
| Nonsufficient funds (NSF) fees                                   | 8,902              | 8,606            | 7,828            | 7,827            | 8,110            | 33,163            | 32,354            |
| Credit card, debit card and ATM card income                      | 6,508              | 6,242            | 6,335            | 5,961            | 6,211            | 25,046            | 24,425            |
| Service charges on deposit accounts                              | 5,090              | 5,137            | 5,150            | 5,275            | 5,250            | 20,652            | 21,327            |
| Trust income   | 2,507              | 2,692            | 2,251            | 2,728            | 2,734            | 10,178            | 9,200             |
| Mortgage income  | 627                | 856              | 1,109            | 763              | 826              | 3,355             | 4,053             |
| Brokerage income   | 521                | 784              | 687              | 625              | 574              | 2,617             | 1,950             |
| Bank owned life insurance income                                 | 1,330              | 1,326            | 1,317            | 1,311            | 1,347            | 5,284             | 5,430             |
| Net (loss) gain on sale of assets                                | (715)              | 4                | (44)             | —                | 41               | (755)             | (1,921)           |
| Net (loss) gain on sale of securities                            | —                  | —                | (13)             | —                | —                | (13)              | 3,270             |
| Other noninterest income   | 4,309              | 4,977            | 3,751            | 3,448            | 4,127            | 16,485            | 16,545            |
| Total noninterest income   | 29,079             | 30,624           | 28,371           | 27,938           | 29,220           | 116,012           | 116,633           |
| <b>Noninterest expense:</b>                                      |                    |                  |                  |                  |                  |                   |                   |
| Salaries and benefits  | 51,852             | 51,906           | 53,360           | 50,399           | 48,756           | 207,517           | 192,409           |
| Net occupancy and equipment                                      | 5,651              | 5,808            | 5,692            | 5,609            | 5,748            | 22,760            | 22,402            |
| Credit and debit card, data processing and software amortization | 4,474              | 4,512            | 4,356            | 4,448            | 4,423            | 17,790            | 17,230            |
| Regulatory assessments and FDIC insurance                        | 2,764              | 3,347            | 3,575            | 3,575            | 3,759            | 13,261            | 14,311            |
| Core deposit intangibles amortization                            | 1,412              | 1,478            | 1,501            | 1,568            | 1,622            | 5,959             | 6,942             |
| Depreciation   | 3,139              | 3,139            | 3,054            | 3,033            | 3,011            | 12,365            | 12,215            |
| Communications   | 2,404              | 2,442            | 2,606            | 2,580            | 2,608            | 10,032            | 10,592            |
| Other real estate expense  | 110                | 219              | 83               | 89               | 181              | 501               | 514               |
| Net loss (gain) on sale or write-down of other real estate       | 91                 | (2)              | 10               | 122              | 2,978            | 221               | 2,757             |
| Other noninterest expense  | 8,907              | 8,911            | 9,365            | 8,631            | 8,002            | 35,814            | 33,729            |
| Total noninterest expense  | 80,804             | 81,760           | 83,602           | 80,054           | 81,088           | 326,220           | 313,101           |
| Income before income taxes                                       | 104,523            | 103,833          | 102,572          | 92,107           | 102,182          | 403,035           | 406,070           |
| Provision for income taxes                                       | 21,192             | 21,310           | 20,975           | 17,746           | 35,044           | 81,223            | 133,905           |
| Net income available to common shareholders                      | <u>\$ 83,331</u>   | <u>\$ 82,523</u> | <u>\$ 81,597</u> | <u>\$ 74,361</u> | <u>\$ 67,138</u> | <u>\$ 321,812</u> | <u>\$ 272,165</u> |

(C) Interest income on securities was reduced by net premium amortization of \$7,338, \$8,073, \$7,753, \$8,450 and \$9,521 for the three-month periods ended December 31, 2018, September 30, 2018, June 30, 2018, March 31, 2018 and December 31, 2017, respectively, and \$31,614 and \$38,922 for the years ended December 31, 2018 and December 31, 2017, respectively.

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

|   | Three Months Ended |                 |                 |                 | Year Ended      |                 |                 |
|---|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | Dec 31,<br>2018    | Sep 30,<br>2018 | Jun 30,<br>2018 | Mar 31,<br>2018 | Dec 31,<br>2017 | Dec 31,<br>2018 | Dec 31,<br>2017 |
| <b>Profitability</b>  |                    |                 |                 |                 |                 |                 |                 |
| Net income <sup>(D) (E)</sup>   | \$ 83,331          | \$ 82,523       | \$ 81,597       | \$ 74,361       | \$ 67,138       | \$ 321,812      | \$ 272,165      |
| Basic earnings per share  | \$ 1.19            | \$ 1.18         | \$ 1.17         | \$ 1.07         | \$ 0.97         | \$ 4.61         | \$ 3.92         |
| Diluted earnings per share  | \$ 1.19            | \$ 1.18         | \$ 1.17         | \$ 1.07         | \$ 0.97         | \$ 4.61         | \$ 3.92         |
| Return on average assets <sup>(F)</sup>                                 | 1.47%              | 1.46%           | 1.44%           | 1.32%           | 1.20%           | 1.42%           | 1.22%           |
| Return on average common equity <sup>(F)</sup>                          | 8.25%              | 8.30%           | 8.33%           | 7.69%           | 7.04%           | 8.15%           | 7.26%           |
| Return on average tangible common equity <sup>(F) (G)</sup>             | 15.84%             | 16.17%          | 16.48%          | 15.43%          | 14.31%          | 16.00%          | 15.06%          |
| Tax equivalent net interest margin <sup>(D) (E) (H)</sup>               | 3.15%              | 3.15%           | 3.28%           | 3.16%           | 3.20%           | 3.18%           | 3.19%           |
| Efficiency ratio <sup>(G) (I)</sup>                                     | 43.20%             | 43.50%          | 43.95%          | 44.19%          | 43.78%          | 43.71%          | 42.76%          |
| <b>Liquidity and Capital Ratios</b>                                     |                    |                 |                 |                 |                 |                 |                 |
| Equity to assets  | 17.86%             | 17.67%          | 17.44%          | 17.25%          | 16.93%          | 17.86%          | 16.93%          |
| Common equity tier 1 capital  | 16.32%             | 15.94%          | 15.65%          | 15.31%          | 15.08%          | 16.32%          | 15.08%          |
| Tier 1 risk-based capital   | 16.32%             | 15.94%          | 15.65%          | 15.31%          | 15.08%          | 16.32%          | 15.08%          |
| Total risk-based capital  | 16.99%             | 16.60%          | 16.32%          | 15.97%          | 15.74%          | 16.99%          | 15.74%          |
| Tier 1 leverage capital   | 10.23%             | 9.94%           | 9.68%           | 9.40%           | 9.31%           | 10.23%          | 9.31%           |
| Period end tangible equity to period end tangible assets <sup>(G)</sup> | 10.21%             | 9.97%           | 9.69%           | 9.44%           | 9.13%           | 10.21%          | 9.13%           |
| <b>Other Data</b>   |                    |                 |                 |                 |                 |                 |                 |
| Weighted-average shares used in computing earnings per common share     |                    |                 |                 |                 |                 |                 |                 |
| Basic   | 69,838             | 69,838          | 69,839          | 69,768          | 69,484          | 69,821          | 69,484          |
| Diluted   | 69,838             | 69,838          | 69,839          | 69,768          | 69,484          | 69,821          | 69,484          |
| Period end shares outstanding   | 69,847             | 69,838          | 69,838          | 69,819          | 69,491          | 69,847          | 69,491          |
| Cash dividends paid per common share                                    | \$ 0.4100          | \$ 0.3600       | \$ 0.3600       | \$ 0.3600       | \$ 0.3600       | \$ 1.4900       | \$ 1.3800       |
| Book value per common share   | \$ 58.02           | \$ 57.21        | \$ 56.35        | \$ 55.52        | \$ 55.03        | \$ 58.02        | \$ 55.03        |
| Tangible book value per common share <sup>(G)</sup>                     | \$ 30.34           | \$ 29.50        | \$ 28.62        | \$ 27.76        | \$ 27.12        | \$ 30.34        | \$ 27.12        |
| <b>Common Stock Market Price</b>  |                    |                 |                 |                 |                 |                 |                 |
| High  | \$ 72.24           | \$ 76.25        | \$ 76.92        | \$ 79.20        | \$ 73.00        | \$ 79.20        | \$ 73.00        |
| Low   | \$ 57.01           | \$ 67.27        | \$ 67.30        | \$ 68.95        | \$ 61.95        | \$ 57.01        | \$ 55.84        |
| Period end closing price  | \$ 62.30           | \$ 69.35        | \$ 68.36        | \$ 72.63        | \$ 70.07        | \$ 62.30        | \$ 70.07        |
| Employees – FTE   | 3,036              | 3,029           | 3,044           | 3,027           | 3,017           | 3,036           | 3,017           |
| Number of banking centers   | 242                | 242             | 242             | 242             | 242             | 242             | 242             |

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

|                             | Three Months Ended |              |              |              | Year Ended   |              |              |
|-----------------------------|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                             | Dec 31, 2018       | Sep 30, 2018 | Jun 30, 2018 | Mar 31, 2018 | Dec 31, 2017 | Dec 31, 2018 | Dec 31, 2017 |
| Loan discount accretion     |                    |              |              |              |              |              |              |
| ASC 310-20                  | \$1,289            | \$1,287      | \$1,452      | \$1,640      | \$2,462      | \$5,668      | \$14,848     |
| ASC 310-30                  | \$1,614            | \$2,170      | \$3,771      | \$686        | \$2,334      | \$8,241      | \$7,058      |
| Securities net amortization | \$270              | \$291        | \$366        | \$477        | \$598        | \$1,404      | \$2,862      |
| Time deposits amortization  | —                  | —            | \$53         | \$53         | \$39         | \$106        | \$217        |

(E) Using effective tax rate of 20.3%, 20.5%, 20.4%, 19.3% and 34.3% for the three-month periods ended December 31, 2018, September 30, 2018, June 30, 2018, March 31, 2018 and December 31, 2017, respectively, and 20.2% and 33.0% for the years ended December 31, 2018 and December 31, 2017, 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 of assets and securities. Additionally, taxes are not part of this calculation.



**Prosperity Bancshares, Inc.<sup>®</sup>**  
**Financial Highlights (Unaudited)**  
(Dollars in thousands)

**YIELD ANALYSIS**

|   | Dec 31, 2018        |   |  | Three Months Ended<br>Sep 30, 2018 |   |  | Dec 31, 2017        |   |  |
|---|---------------------|---|--|------------------------------------|---|--|---------------------|---|--|
|   | Average<br>Balance  | Interest<br>Earned/<br>Interest<br>Paid | Average<br>Yield/<br>Rate <sup>(J)</sup> | Average<br>Balance                 | Interest<br>Earned/<br>Interest<br>Paid | Average<br>Yield/<br>Rate <sup>(J)</sup> | Average<br>Balance  | Interest<br>Earned/<br>Interest<br>Paid | Average<br>Yield/<br>Rate <sup>(J)</sup> |
| <b>Interest-Earning Assets:</b>                       |                     |   |  |                                    |   |  |                     |   |  |
| Loans   | \$10,319,596        | \$130,627                               | 5.02%                                    | \$10,208,171                       | \$128,645                               | 5.00%                                    | \$9,955,145         | \$120,086                               | 4.79%                                    |
| Investment securities                                 | 9,499,166           | 56,170                                  | 2.35% <sup>(K)</sup>                     | 9,647,744                          | 55,705                                  | 2.29% <sup>(K)</sup>                     | 9,521,081           | 51,510                                  | 2.15% <sup>(K)</sup>                     |
| Federal funds sold and other earning assets           | 100,339             | 397                                     | 1.57%                                    | 67,974                             | 326                                     | 1.90%                                    | 91,257              | 243                                     | 1.06%                                    |
| Total interest-earning assets                         | <u>19,919,101</u>   | <u>187,194</u>                          | <u>3.73%</u>                             | <u>19,923,889</u>                  | <u>184,676</u>                          | <u>3.68%</u>                             | <u>19,567,483</u>   | <u>171,839</u>                          | <u>3.48%</u>                             |
| Allowance for credit losses                           | (86,464)            |   |  | (85,254)                           |   |  | (84,465)            |   |  |
| Noninterest-earning assets                            | <u>2,861,369</u>    |   |  | <u>2,820,156</u>                   |   |  | <u>2,833,964</u>    |   |  |
| Total assets  | <u>\$22,694,006</u> |   |  | <u>\$22,658,791</u>                |   |  | <u>\$22,316,982</u> |   |  |
| <b>Interest-Bearing Liabilities:</b>                  |                     |   |  |                                    |   |  |                     |   |  |
| Interest-bearing demand deposits                      | \$3,720,133         | \$5,327                                 | 0.57%                                    | \$3,676,452                        | \$4,699                                 | 0.51%                                    | \$3,787,421         | \$3,365                                 | 0.35%                                    |
| Savings and money market deposits                     | 5,382,699           | 9,842                                   | 0.73%                                    | 5,465,143                          | 9,206                                   | 0.67%                                    | 5,530,158           | 5,032                                   | 0.36%                                    |
| Certificates and other time deposits                  | 2,087,871           | 6,474                                   | 1.23%                                    | 2,055,652                          | 5,303                                   | 1.02%                                    | 2,225,555           | 4,190                                   | 0.75%                                    |
| Other borrowings                                      | 1,297,917           | 7,639                                   | 2.34%                                    | 1,447,328                          | 7,583                                   | 2.08%                                    | 891,396             | 2,852                                   | 1.27%                                    |
| Securities sold under repurchase agreements           | 285,984             | 664                                     | 0.92%                                    | 288,706                            | 566                                     | 0.78%                                    | 337,690             | 350                                     | 0.41%                                    |
| Total interest-bearing liabilities                    | <u>12,774,604</u>   | <u>29,946</u>                           | <u>0.93%</u> <sup>(L)</sup>              | <u>12,933,281</u>                  | <u>27,357</u>                           | <u>0.84%</u> <sup>(L)</sup>              | <u>12,772,220</u>   | <u>15,789</u>                           | <u>0.49%</u> <sup>(L)</sup>              |
| <b>Noninterest-bearing liabilities:</b>               |                     |   |  |                                    |   |  |                     |   |  |
| Noninterest-bearing demand deposits                   | 5,785,882           |   |  | 5,646,183                          |   |  | 5,598,345           |   |  |
| Other liabilities                                     | 95,124              |   |  | 102,092                            |   |  | 129,533             |   |  |
| Total liabilities                                     | <u>18,655,610</u>   |   |  | <u>18,681,556</u>                  |   |  | <u>18,500,098</u>   |   |  |
| Shareholders' equity                                  | <u>4,038,396</u>    |   |  | <u>3,977,235</u>                   |   |  | <u>3,816,884</u>    |   |  |
| Total liabilities and shareholders' equity            | <u>\$22,694,006</u> |   |  | <u>\$22,658,791</u>                |   |  | <u>\$22,316,982</u> |   |  |
| Net interest income and margin                        |                     | <u>\$157,248</u>                        | 3.13%                                    |                                    | <u>\$157,319</u>                        | 3.13%                                    |                     | <u>\$156,050</u>                        | 3.16%                                    |
| <b>Non-GAAP to GAAP reconciliation:</b>               |                     |   |  |                                    |   |  |                     |   |  |
| Tax equivalent adjustment                             |                     | <u>892</u>                              |  |                                    | <u>879</u>                              |  |                     | <u>1,921</u>                            |  |
| Net interest income and margin (tax equivalent basis) |                     | <u>\$158,140</u>                        | 3.15%                                    |                                    | <u>\$158,198</u>                        | 3.15%                                    |                     | <u>\$157,971</u>                        | 3.20%                                    |

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

**(K) Yield on securities was impacted by net premium amortization of \$7,338, \$8,073 and \$9,521 for the three-month periods ended December 31, 2018, September 30, 2018 and December 31, 2017, respectively.**

**(L) Total cost of funds, including noninterest bearing deposits, was 0.64%, 0.58% and 0.34% for the three months ended December 31, 2018, September 30, 2018 and December 31, 2017, respectively.**

**Prosperity Bancshares, Inc.<sup>®</sup>**  
**Financial Highlights (Unaudited)**  
**(Dollars in thousands)**

**YIELD ANALYSIS**

|   | Year Ended          |   |                           |              |                     |   |                           |     |
|---|---------------------|---|---------------------------|--------------|---------------------|---|---------------------------|-----|
|   | Dec 31, 2018        |   |                           | Dec 31, 2017 |                     |   |                           |     |
|   | Average<br>Balance  | Interest<br>Earned/<br>Interest<br>Paid | Average<br>Yield/<br>Rate | (M)          | Average<br>Balance  | Interest<br>Earned/<br>Interest<br>Paid | Average<br>Yield/<br>Rate | (M) |
| <b>Interest-Earning Assets:</b>                       |                     |   |                           |              |                     |   |                           |     |
| Loans   | \$ 10,141,625       | \$ 503,963                              | 4.97%                     |              | \$ 9,822,225        | \$ 468,338                              | 4.77%                     |     |
| Investment securities                                 | 9,664,404           | 221,909                                 | 2.30%                     | (N)          | 9,681,763           | 208,189                                 | 2.15%                     | (N) |
| Federal funds sold and other earning assets           | 82,521              | 1,337                                   | 1.62%                     |              | 83,324              | 828                                     | 0.99%                     |     |
| Total interest-earning assets                         | <u>19,888,550</u>   | <u>727,209</u>                          | 3.66%                     |              | <u>19,587,312</u>   | <u>677,355</u>                          | 3.46%                     |     |
| Allowance for credit losses                           | (84,511)            |   |                           |              | (84,410)            |   |                           |     |
| Noninterest-earning assets                            | 2,828,706           |   |                           |              | 2,837,299           |   |                           |     |
| Total assets  | <u>\$22,632,745</u> |   |                           |              | <u>\$22,340,201</u> |   |                           |     |
| <b>Interest-Bearing Liabilities:</b>                  |                     |   |                           |              |                     |   |                           |     |
| Interest-bearing demand deposits                      | \$ 3,937,479        | \$ 20,072                               | 0.51%                     |              | \$ 3,816,996        | \$ 11,703                               | 0.31%                     |     |
| Savings and money market deposits                     | 5,417,014           | 30,999                                  | 0.57%                     |              | 5,561,853           | 18,705                                  | 0.34%                     |     |
| Certificates and other time deposits                  | 2,101,287           | 20,313                                  | 0.97%                     |              | 2,289,296           | 15,904                                  | 0.69%                     |     |
| Other borrowings                                      | 1,189,459           | 24,241                                  | 2.04%                     |              | 1,142,897           | 12,908                                  | 1.13%                     |     |
| Securities sold under repurchase agreements           | 300,429             | 1,991                                   | 0.66%                     |              | 328,652             | 1,272                                   | 0.39%                     |     |
| Total interest-bearing liabilities                    | <u>12,945,668</u>   | <u>97,616</u>                           | 0.75%                     | (O)          | <u>13,139,694</u>   | <u>60,492</u>                           | 0.46%                     | (O) |
| <b>Noninterest-bearing liabilities:</b>               |                     |   |                           |              |                     |   |                           |     |
| Noninterest-bearing demand deposits                   | 5,650,720           |   |                           |              | 5,347,227           |   |                           |     |
| Other liabilities                                     | 88,524              |   |                           |              | 102,553             |   |                           |     |
| Total liabilities                                     | <u>18,684,912</u>   |   |                           |              | <u>18,589,474</u>   |   |                           |     |
| Shareholders' equity                                  | 3,947,833           |   |                           |              | 3,750,727           |   |                           |     |
| Total liabilities and shareholders' equity            | <u>\$22,632,745</u> |   |                           |              | <u>\$22,340,201</u> |   |                           |     |
| Net interest income and margin                        |                     | <u>\$ 629,593</u>                       | 3.17%                     |              |                     | <u>\$ 616,863</u>                       | 3.15%                     |     |
| <b>Non-GAAP to GAAP reconciliation:</b>               |                     |   |                           |              |                     |   |                           |     |
| Tax equivalent adjustment                             |                     | 3,615                                   |                           |              |                     | 7,844                                   |                           |     |
| Net interest income and margin (tax equivalent basis) |                     | <u>\$ 633,208</u>                       | 3.18%                     |              |                     | <u>\$ 624,707</u>                       | 3.19%                     |     |

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

**(N) Yield on securities was impacted by net premium amortization of \$31,614 and \$38,922 for the years ended December 31, 2018 and 2017, respectively.**

**(O) Total cost of funds, including noninterest bearing deposits, was 0.52% and 0.33% for the years ended December 31, 2018 and 2017, respectively.**

**Prosperity Bancshares, Inc.<sup>®</sup>**  
**Financial Highlights (Unaudited)**  
**(Dollars in thousands)**

|   | Dec 31, 2018 | Sep 30, 2018 | Three Months Ended<br>Jun 30, 2018 | Mar 31, 2018 | Dec 31, 2017 |
|---|--------------|--------------|------------------------------------|--------------|--------------|
| <b>YIELD TREND <sup>(P)</sup></b>           |              |              |                                    |              |              |
| <b>Interest-Earning Assets:</b>             |              |              |                                    |              |              |
| Loans                                       | 5.02%        | 5.00%        | 5.13%                              | 4.72%        | 4.79%        |
| Investment securities <sup>(Q)</sup>        | 2.35%        | 2.29%        | 2.28%                              | 2.27%        | 2.15%        |
| Federal funds sold and other earning assets | 1.57%        | 1.90%        | 1.50%                              | 1.56%        | 1.06%        |
| Total interest-earning assets               | 3.73%        | 3.68%        | 3.72%                              | 3.50%        | 3.48%        |
| <b>Interest-Bearing Liabilities:</b>        |              |              |                                    |              |              |
| Interest-bearing demand deposits            | 0.57%        | 0.51%        | 0.50%                              | 0.47%        | 0.35%        |
| Savings and money market deposits           | 0.73%        | 0.67%        | 0.50%                              | 0.39%        | 0.36%        |
| Certificates and other time deposits        | 1.23%        | 1.02%        | 0.84%                              | 0.78%        | 0.75%        |
| Other borrowings                            | 2.34%        | 2.08%        | 1.91%                              | 1.65%        | 1.27%        |
| Securities sold under repurchase agreements | 0.92%        | 0.78%        | 0.55%                              | 0.43%        | 0.41%        |
| Total interest-bearing liabilities          | 0.93%        | 0.84%        | 0.70%                              | 0.55%        | 0.49%        |
| Net Interest Margin                         | 3.13%        | 3.13%        | 3.26%                              | 3.14%        | 3.16%        |
| Net Interest Margin (tax equivalent)        | 3.15%        | 3.15%        | 3.28%                              | 3.16%        | 3.20%        |

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

**(Q) Yield on securities was impacted by net premium amortization of \$7,338, \$8,073, \$7,753, \$8,450 and \$9,521 for the three-month periods ended December 31, 2018, September 30, 2018, June 30, 2018, March 31, 2018 and December 31, 2017, respectively.**

**Prosperity Bancshares, Inc.<sup>®</sup>**  
**Financial Highlights (Unaudited)**  
**(Dollars in thousands)**

|   | Dec 31, 2018         | Sep 30, 2018         | Three Months Ended   |                      | Dec 31, 2017         |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
|   |                      |                      | Jun 30, 2018         | Mar 31, 2018         |                      |
| <b>Balance Sheet Averages</b>               |                      |                      |                      |                      |                      |
| Loans                                       | \$ 10,319,596        | \$ 10,208,171        | \$ 10,044,064        | \$ 9,990,319         | \$ 9,955,145         |
| Investment securities                       | 9,499,166            | 9,647,744            | 9,770,963            | 9,742,601            | 9,521,081            |
| Federal funds sold and other earning assets | 100,339              | 67,974               | 79,947               | 81,779               | 91,257               |
| Total interest-earning assets               | 19,919,101           | 19,923,889           | 19,894,974           | 19,814,699           | 19,567,483           |
| Allowance for credit losses                 | (86,464)             | (85,254)             | (84,285)             | (81,983)             | (84,465)             |
| Cash and due from banks                     | 252,481              | 232,643              | 234,856              | 269,917              | 257,462              |
| Goodwill                                    | 1,900,845            | 1,900,845            | 1,900,845            | 1,900,845            | 1,900,845            |
| Core deposit intangibles, net               | 33,580               | 35,041               | 36,550               | 38,064               | 39,650               |
| Other real estate                           | 1,325                | 9,193                | 10,386               | 10,758               | 14,177               |
| Fixed assets, net                           | 257,726              | 256,458              | 256,281              | 257,465              | 256,657              |
| Other assets                                | 415,412              | 385,976              | 370,279              | 346,736              | 365,173              |
| Total assets                                | <u>\$ 22,694,006</u> | <u>\$ 22,658,791</u> | <u>\$ 22,619,886</u> | <u>\$ 22,556,501</u> | <u>\$ 22,316,982</u> |
| Noninterest-bearing deposits                | \$ 5,785,882         | \$ 5,646,183         | \$ 5,646,114         | \$ 5,510,320         | \$ 5,598,345         |
| Interest-bearing demand deposits            | 3,720,133            | 3,676,452            | 3,971,356            | 4,392,230            | 3,787,421            |
| Savings and money market deposits           | 5,382,699            | 5,465,143            | 5,342,323            | 5,478,411            | 5,530,158            |
| Certificates and other time deposits        | 2,087,871            | 2,055,652            | 2,094,065            | 2,168,951            | 2,225,555            |
| Total deposits                              | 16,976,585           | 16,843,430           | 17,053,858           | 17,549,912           | 17,141,479           |
| Other borrowings                            | 1,297,917            | 1,447,328            | 1,272,032            | 731,500              | 891,396              |
| Securities sold under repurchase agreements | 285,984              | 288,706              | 300,471              | 327,136              | 337,690              |
| Other liabilities                           | 95,124               | 102,092              | 75,161               | 81,414               | 129,533              |
| Shareholders' equity                        | 4,038,396            | 3,977,235            | 3,918,364            | 3,866,539            | 3,816,884            |
| Total liabilities and equity                | <u>\$ 22,694,006</u> | <u>\$ 22,658,791</u> | <u>\$ 22,619,886</u> | <u>\$ 22,556,501</u> | <u>\$ 22,316,982</u> |

**Prosperity Bancshares, Inc.<sup>®</sup>**  
**Financial Highlights (Unaudited)**  
**(Dollars in thousands)**

|  | Dec 31, 2018        |       | Sep 30, 2018        |       | Jun 30, 2018        |       | Mar 31, 2018        |       | Dec 31, 2017        |       |
|--|---------------------|-------|---------------------|-------|---------------------|-------|---------------------|-------|---------------------|-------|
| <b>Period End Balances</b>                                 |                     |       |                     |       |                     |       |                     |       |                     |       |
| <b>Loan Portfolio</b>                                      |                     |       |                     |       |                     |       |                     |       |                     |       |
| Commercial and industrial                                  | \$ 1,111,089        | 10.7% | \$ 1,159,735        | 11.3% | \$ 1,168,892        | 11.5% | \$ 1,148,980        | 11.5% | \$ 1,179,364        | 11.8% |
| Construction, land development and other land loans        | 1,622,289           | 15.7% | 1,560,142           | 15.2% | 1,542,771           | 15.2% | 1,502,393           | 15.0% | 1,509,137           | 15.1% |
| 1-4 family residential                                     | 2,438,949           | 23.5% | 2,440,157           | 23.7% | 2,418,021           | 23.8% | 2,438,224           | 24.4% | 2,454,548           | 24.5% |
| Home equity  | 267,960             | 2.6%  | 273,608             | 2.7%  | 277,447             | 2.7%  | 284,339             | 2.8%  | 285,312             | 2.8%  |
| Commercial real estate (includes multi-family residential) | 3,538,557           | 34.1% | 3,507,223           | 34.1% | 3,405,466           | 33.6% | 3,330,860           | 33.3% | 3,315,627           | 33.1% |
| Agriculture (includes farmland)                            | 729,501             | 7.0%  | 705,750             | 6.8%  | 709,617             | 7.0%  | 671,319             | 6.7%  | 690,118             | 6.9%  |
| Consumer and other   | 289,486             | 2.8%  | 281,112             | 2.7%  | 271,724             | 2.7%  | 259,896             | 2.6%  | 286,121             | 2.8%  |
| Energy   | 372,482             | 3.6%  | 365,119             | 3.5%  | 352,627             | 3.5%  | 375,405             | 3.7%  | 300,546             | 3.0%  |
| Total loans  | <u>\$10,370,313</u> |       | <u>\$10,292,846</u> |       | <u>\$10,146,565</u> |       | <u>\$10,011,416</u> |       | <u>\$10,020,773</u> |       |
| <b>Deposit Types</b>                                       |                     |       |                     |       |                     |       |                     |       |                     |       |
| Noninterest-bearing DDA                                    | \$ 5,666,115        | 32.8% | \$ 5,700,242        | 34.1% | \$ 5,657,589        | 33.3% | \$ 5,707,994        | 32.9% | \$ 5,623,322        | 31.5% |
| Interest-bearing DDA                                       | 4,124,412           | 23.9% | 3,551,456           | 21.2% | 3,808,694           | 22.4% | 4,106,255           | 23.7% | 4,501,394           | 25.3% |
| Money market   | 3,115,531           | 18.1% | 3,100,310           | 18.5% | 3,153,261           | 18.6% | 3,062,999           | 17.7% | 3,200,763           | 18.0% |
| Savings  | 2,271,170           | 13.2% | 2,291,952           | 13.7% | 2,311,795           | 13.6% | 2,314,112           | 13.3% | 2,300,450           | 12.9% |
| Certificates and other time deposits                       | 2,079,330           | 12.0% | 2,089,804           | 12.5% | 2,047,265           | 12.1% | 2,141,519           | 12.4% | 2,195,531           | 12.3% |
| Total deposits   | <u>\$17,256,558</u> |       | <u>\$16,733,764</u> |       | <u>\$16,978,604</u> |       | <u>\$17,332,879</u> |       | <u>\$17,821,460</u> |       |
| Loan to Deposit Ratio                                      | 60.1%               |       | 61.5%               |       | 59.8%               |       | 57.8%               |       | 56.2%               |       |

**Prosperity Bancshares, Inc.<sup>®</sup>**  
**Financial Highlights (Unaudited)**  
**(Dollars in thousands)**

**Construction Loans**

|  | Dec 31, 2018       |       | Sep 30, 2018       |       | Jun 30, 2018       |       | Mar 31, 2018       |       | Dec 31, 2017       |       |
|--|--------------------|-------|--------------------|-------|--------------------|-------|--------------------|-------|--------------------|-------|
| Single family residential construction | \$ 441,487         | 27.2% | \$ 422,738         | 27.1% | \$ 426,767         | 27.6% | \$ 417,302         | 27.7% | \$ 388,966         | 25.7% |
| Land development                       | 89,226             | 5.5%  | 89,357             | 5.7%  | 88,562             | 5.7%  | 88,609             | 5.9%  | 86,122             | 5.7%  |
| Raw land                               | 152,516            | 9.4%  | 137,400            | 8.8%  | 134,906            | 8.7%  | 128,771            | 8.5%  | 131,022            | 8.7%  |
| Residential lots                       | 124,429            | 7.6%  | 122,366            | 7.8%  | 118,759            | 7.7%  | 113,813            | 7.6%  | 117,080            | 7.7%  |
| Commercial lots                        | 92,234             | 5.7%  | 95,982             | 6.1%  | 92,283             | 6.0%  | 91,653             | 6.1%  | 91,624             | 6.1%  |
| Commercial construction and other      | 723,740            | 44.6% | 693,917            | 44.5% | 683,255            | 44.3% | 664,437            | 44.2% | 696,763            | 46.1% |
| Net unaccreted discount                | (1,343)            |       | (1,618)            |       | (1,761)            |       | (2,192)            |       | (2,440)            |       |
| <b>Total construction loans</b>        | <b>\$1,622,289</b> |       | <b>\$1,560,142</b> |       | <b>\$1,542,771</b> |       | <b>\$1,502,393</b> |       | <b>\$1,509,137</b> |       |

**Non-Owner Occupied Commercial Real Estate Loans by Metropolitan Statistical Area (MSA) as of December 31, 2018**

|                                     | Houston           | Dallas            | Austin            | OK City           | Tulsa            | Other <sup>(R)</sup> | Total                            |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------|----------------------|----------------------------------|
| <b>Collateral Type</b>              |                   |                   |                   |                   |                  |                      |                                  |
| Shopping center/retail              | \$ 261,261        | \$ 83,639         | \$ 26,986         | \$ 16,342         | \$ 31,200        | \$ 146,022           | \$ 565,450                       |
| Commercial and industrial buildings | 125,435           | 34,975            | 13,607            | 16,537            | 21,620           | 80,261               | 292,435                          |
| Office buildings                    | 94,459            | 119,344           | 24,736            | 45,302            | 10,577           | 68,171               | 362,589                          |
| Medical buildings                   | 29,429            | 8,023             | 10,967            | 5,360             | 10,433           | 59,517               | 123,729                          |
| Apartment buildings                 | 39,026            | 38,317            | 18,672            | 11,643            | 7,410            | 67,445               | 182,513                          |
| Hotel                               | 49,206            | 62,310            | 20,767            | 32,589            | —                | 143,769              | 308,641                          |
| Other                               | 45,630            | 12,923            | 17,981            | 10,927            | 15,843           | 75,648               | 178,952                          |
| <b>Total</b>                        | <b>\$ 644,446</b> | <b>\$ 359,531</b> | <b>\$ 133,716</b> | <b>\$ 138,700</b> | <b>\$ 97,083</b> | <b>\$ 640,833</b>    | <b>\$2,014,309<sup>(S)</sup></b> |

**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 Sep 30, 2018 | Balance at Dec 31, 2018 | Balance at Acquisition Date                   | Balance at Sep 30, 2018 | Balance at Dec 31, 2018 | Balance at Acquisition Date                           | Balance at Sep 30, 2018 | Balance at Dec 31, 2018 |
| <b>Loan marks:</b>                                      |   |                         |                         |   |                         |                         |   |                         |                         |
| Acquired banks <sup>(T)</sup>                           | \$ 229,080                                    | \$ 16,124               | \$ 14,833               | \$ 142,128                                    | \$ 4,445                | \$ 2,831                | \$ 371,208  | \$ 20,569               | \$ 17,664               |
| <b>Acquired portfolio loan balances:</b>                |   |                         |                         |   |                         |                         |   |                         |                         |
| Acquired banks <sup>(T)</sup>                           | 5,690,998                                     | 578,659                 | 526,840                 | 275,221                                       | 14,005                  | 11,419                  | 5,966,219 <sup>(U)</sup>                              | 592,664                 | 538,259                 |
| <b>Acquired portfolio loan balances less loan marks</b> | <b>\$ 5,461,918</b>                           | <b>\$ 562,535</b>       | <b>\$ 512,007</b>       | <b>\$ 133,093</b>                             | <b>\$ 9,560</b>         | <b>\$ 8,588</b>         | <b>\$ 5,595,011</b>                                   | <b>\$ 572,095</b>       | <b>\$ 520,595</b>       |

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

**(S) Represents a portion of total commercial real estate loans of \$3.539 billion as of December 31, 2018.**

**(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.<sup>®</sup>**  
**Financial Highlights (Unaudited)**  
(Dollars in thousands)

|   | Three Months Ended |                  |                  |                  |                  | Year Ended       |                  |
|---|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | Dec 31,<br>2018    | Sep 30,<br>2018  | Jun 30,<br>2018  | Mar 31,<br>2018  | Dec 31,<br>2017  | Dec 31,<br>2018  | Dec 31,<br>2017  |
| <b>Asset Quality</b>  |                    |                  |                  |                  |                  |                  |                  |
| Nonaccrual loans  | \$ 13,147          | \$ 13,399        | \$ 20,415        | \$ 22,572        | \$ 25,264        | \$ 13,147        | \$ 25,264        |
| Accruing loans 90 or more days past due   | 4,004              | 2,379            | 854              | 107              | 1,004            | 4,004            | 1,004            |
| Total nonperforming loans   | 17,151             | 15,778           | 21,269           | 22,679           | 26,268           | 17,151           | 26,268           |
| Repossessed assets  | —                  | 110              | —                | —                | 35               | —                | 35               |
| Other real estate   | 1,805              | 889              | 10,316           | 10,538           | 11,152           | 1,805            | 11,152           |
| Total nonperforming assets  | <u>\$ 18,956</u>   | <u>\$ 16,777</u> | <u>\$ 31,585</u> | <u>\$ 33,217</u> | <u>\$ 37,455</u> | <u>\$ 18,956</u> | <u>\$ 37,455</u> |
| <b>Nonperforming assets:</b>  |                    |                  |                  |                  |                  |                  |                  |
| Commercial and industrial (includes energy)   | \$ 4,435           | \$ 6,620         | \$ 12,234        | \$ 13,558        | \$ 15,533        | \$ 4,435         | \$ 15,533        |
| Construction, land development and other land loans   | 3,100              | 2,046            | 1,829            | 1,019            | 1,888            | 3,100            | 1,888            |
| 1-4 family residential (includes home equity)   | 8,135              | 4,527            | 4,884            | 5,440            | 5,845            | 8,135            | 5,845            |
| Commercial real estate (includes multi-family residential)  | 2,982              | 3,254            | 12,038           | 12,992           | 13,533           | 2,982            | 13,533           |
| Agriculture (includes farmland)   | 256                | 262              | 519              | 128              | 550              | 256              | 550              |
| Consumer and other  | 48                 | 68               | 81               | 80               | 106              | 48               | 106              |
| Total   | <u>\$ 18,956</u>   | <u>\$ 16,777</u> | <u>\$ 31,585</u> | <u>\$ 33,217</u> | <u>\$ 37,455</u> | <u>\$ 18,956</u> | <u>\$ 37,455</u> |
| Number of loans/properties  | <u>83</u>          | <u>83</u>        | <u>90</u>        | <u>95</u>        | <u>99</u>        | <u>83</u>        | <u>99</u>        |
| Allowance for credit losses at end of period  | <u>\$ 86,440</u>   | <u>\$ 85,996</u> | <u>\$ 84,964</u> | <u>\$ 83,600</u> | <u>\$ 84,041</u> | <u>\$ 86,440</u> | <u>\$ 84,041</u> |
| <b>Net charge-offs:</b>   |                    |                  |                  |                  |                  |                  |                  |
| Commercial and industrial (includes energy)   | \$ (685)           | \$ 657           | \$ 1,047         | \$ 8,016         | \$ 3,822         | \$ 9,035         | \$ 13,073        |
| Construction, land development and other land loans   | 97                 | (1)              | (1)              | 123              | (1)              | 218              | (128)            |
| 1-4 family residential (includes home equity)   | 42                 | 11               | 114              | 257              | 61               | 424              | 73               |
| Commercial real estate (includes multi-family residential)  | 34                 | (10)             | 986              | 502              | 22               | 1,512            | 152              |
| Agriculture (includes farmland)   | (54)               | (113)            | (45)             | (61)             | (63)             | (273)            | (157)            |
| Consumer and other  | 1,122              | 774              | 535              | 604              | 930              | 3,035            | 2,597            |
| Total   | <u>\$ 556</u>      | <u>\$ 1,318</u>  | <u>\$ 2,636</u>  | <u>\$ 9,441</u>  | <u>\$ 4,771</u>  | <u>\$ 13,951</u> | <u>\$ 15,610</u> |
| <b>Asset Quality Ratios</b>   |                    |                  |                  |                  |                  |                  |                  |
| Nonperforming assets to average interest-earning assets   | 0.10%              | 0.08%            | 0.16%            | 0.17%            | 0.19%            | 0.10%            | 0.19%            |
| Nonperforming assets to loans and other real estate   | 0.18%              | 0.16%            | 0.31%            | 0.33%            | 0.37%            | 0.18%            | 0.37%            |
| Net charge-offs to average loans (annualized)   | 0.02%              | 0.05%            | 0.10%            | 0.38%            | 0.19%            | 0.14%            | 0.16%            |
| Allowance for credit losses to total loans  | 0.83%              | 0.84%            | 0.84%            | 0.84%            | 0.84%            | 0.83%            | 0.84%            |
| Allowance for credit losses to total loans (excluding acquired loans accounted for under ASC Topics 310-20 and 310-30) <sup>(G)</sup> | 0.88%              | 0.88%            | 0.89%            | 0.90%            | 0.91%            | 0.88%            | 0.91%            |

**Prosperity Bancshares, Inc.<sup>®</sup>**

**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 financial 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 Ended      |                 |                 |
|--|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | Dec 31,<br>2018    | Sep 30,<br>2018 | Jun 30,<br>2018 | Mar 31,<br>2018 | Dec 31,<br>2017 | Dec 31,<br>2018 | Dec 31,<br>2017 |
| <b>Reconciliation of return on average common equity to return on average tangible common equity:</b>  |                    |                 |                 |                 |                 |                 |                 |
| Net income   | \$ 83,331          | \$ 82,523       | \$ 81,597       | \$ 74,361       | \$ 67,138       | \$ 321,812      | \$ 272,165      |
| Average shareholders' equity   | \$ 4,038,396       | \$ 3,977,235    | \$ 3,918,364    | \$ 3,866,539    | \$ 3,816,884    | \$ 3,947,833    | \$ 3,750,727    |
| Less: Average goodwill and other intangible assets   | (1,934,425)        | (1,935,886)     | (1,937,395)     | (1,938,909)     | (1,940,495)     | (1,936,639)     | (1,942,999)     |
| Average tangible shareholders' equity  | \$ 2,103,971       | \$ 2,041,349    | \$ 1,980,969    | \$ 1,927,630    | \$ 1,876,389    | \$ 2,011,194    | \$ 1,807,728    |
| Return on average tangible common equity <sup>(F)</sup>  | 15.84%             | 16.17%          | 16.48%          | 15.43%          | 14.31%          | 16.00%          | 15.06%          |
| <b>Reconciliation of book value per share to tangible book value per share:</b>  |                    |                 |                 |                 |                 |                 |                 |
| Shareholders' equity   | \$ 4,052,824       | \$ 3,995,697    | \$ 3,935,452    | \$ 3,876,145    | \$ 3,824,154    | \$ 4,052,824    | \$ 3,824,154    |
| Less: Goodwill and other intangible assets   | (1,933,728)        | (1,935,140)     | (1,936,618)     | (1,938,119)     | (1,939,687)     | (1,933,728)     | (1,939,687)     |
| Tangible shareholders' equity  | \$ 2,119,096       | \$ 2,060,557    | \$ 1,998,834    | \$ 1,938,026    | \$ 1,884,467    | \$ 2,119,096    | \$ 1,884,467    |
| Period end shares outstanding  | 69,847             | 69,838          | 69,838          | 69,819          | 69,491          | 69,847          | 69,491          |
| Tangible book value per share:   | \$ 30.34           | \$ 29.50        | \$ 28.62        | \$ 27.76        | \$ 27.12        | \$ 30.34        | \$ 27.12        |
| <b>Reconciliation of equity to assets ratio to period end tangible equity to period end tangible assets ratio:</b>                           |                    |                 |                 |                 |                 |                 |                 |
| Tangible shareholders' equity  | \$ 2,119,096       | \$ 2,060,557    | \$ 1,998,834    | \$ 1,938,026    | \$ 1,884,467    | \$ 2,119,096    | \$ 1,884,467    |
| Total assets   | \$ 22,693,402      | \$ 22,612,583   | \$ 22,570,740   | \$ 22,472,314   | \$ 22,587,292   | \$ 22,693,402   | \$ 22,587,292   |
| Less: Goodwill and other intangible assets   | (1,933,728)        | (1,935,140)     | (1,936,618)     | (1,938,119)     | (1,939,687)     | (1,933,728)     | (1,939,687)     |
| Tangible assets  | \$ 20,759,674      | \$ 20,677,443   | \$ 20,634,122   | \$ 20,534,195   | \$ 20,647,605   | \$ 20,759,674   | \$ 20,647,605   |
| Period end tangible equity to period end tangible assets ratio:  | 10.21%             | 9.97%           | 9.69%           | 9.44%           | 9.13%           | 10.21%          | 9.13%           |
| <b>Reconciliation of allowance for credit losses to total loans to allowance for credit losses to total loans, excluding acquired loans:</b> |                    |                 |                 |                 |                 |                 |                 |
| Allowance for credit losses  | \$ 86,440          | \$ 85,996       | \$ 84,964       | \$ 83,600       | \$ 84,041       | \$ 86,440       | \$ 84,041       |
| Total loans  | \$ 10,370,313      | \$ 10,292,846   | \$ 10,146,565   | \$ 10,011,416   | \$ 10,020,773   | \$ 10,370,313   | \$ 10,020,773   |
| Less: Fair value of acquired loans (acquired portfolio loan balances less loan marks)  | \$ 520,595         | \$ 572,095      | \$ 622,534      | \$ 681,888      | \$ 740,157      | \$ 520,595      | \$ 740,157      |
| Total loans less acquired loans  | \$ 9,849,718       | \$ 9,720,751    | \$ 9,524,031    | \$ 9,329,528    | \$ 9,280,616    | \$ 9,849,718    | \$ 9,280,616    |
| Allowance for credit losses to total loans, excluding acquired loans (non-GAAP basis)  | 0.88%              | 0.88%           | 0.89%           | 0.90%           | 0.91%           | 0.88%           | 0.91%           |
| <b>Reconciliation of efficiency ratio to efficiency ratio, excluding net gains and losses on the sale of assets and securities:</b>          |                    |                 |                 |                 |                 |                 |                 |
| Noninterest expense  | \$ 80,804          | \$ 81,760       | \$ 83,602       | \$ 80,054       | \$ 81,088       | \$ 326,220      | \$ 313,101      |
| Net interest income  | \$ 157,248         | \$ 157,319      | \$ 161,803      | \$ 153,223      | \$ 156,050      | \$ 629,593      | \$ 616,863      |
| Noninterest income   | 29,079             | 30,624          | 28,371          | 27,938          | 29,220          | 116,012         | 116,633         |
| Less: net (loss) gain on sale of assets  | (715)              | 4               | (44)            | —               | 41              | (755)           | (1,921)         |
| Less: net (loss) gain on sale of securities  | —                  | —               | (13)            | —               | —               | (13)            | 3,270           |
| Noninterest income excluding net gains and losses on the sale of assets and securities   | 29,794             | 30,620          | 28,428          | 27,938          | 29,179          | 116,780         | 115,284         |
| Total income excluding net gains and losses on the sale of assets and securities   | \$ 187,042         | \$ 187,939      | \$ 190,231      | \$ 181,161      | \$ 185,229      | \$ 746,373      | \$ 732,147      |
| Efficiency ratio, excluding net gains and losses on the sale of assets and securities  | 43.20%             | 43.50%          | 43.95%          | 44.19%          | 43.78%          | 43.71%          | 42.76%          |