



— PROSPERITY —
BANCSHARES, INC.®

3rd Quarter 2016



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BANCSHARES, INC.®



Prosperity Bank has been ranked in the **Top Ten of Forbes' America's Best Banks** for five years in a row; twice being named **Best Bank in America** in 2012 and 2014.

“Safe Harbor” Statement

under the Private Securities Litigation Reform Act of 1995



— PROSPERITY —
BANCSHARES, INC.®

Statements contained in this presentation which are not historical facts and which pertain to future operating results of Prosperity Bancshares[®], Inc. and its subsidiaries constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve significant risks and uncertainties. Actual results may differ materially from the results discussed in these forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in the company’s periodic reports and filings with the SEC. Copies of the SEC filings for Prosperity Bancshares[®] may be downloaded from the Internet at no charge from www.prosperitybankusa.com.

3Q16 Highlights



- **Net Income of \$68.651 million and earnings per share (diluted) of \$0.99 for three months ending September 30, 2016**
- **Assets of \$21.404 billion, loans of \$9.548 billion, and deposits of \$16.921 billion at September 30, 2016**
- **Common equity tier 1 ratio was 14.41% and leverage ratio was 8.50% at September 30, 2016**
- **Sound asset quality with annualized net charge offs/average loans of 0.01% for the third quarter 2016**
- **Non-performing assets to average earning assets remain low at 0.32% or \$60.166 million for the third quarter 2016**
- **Declared cash dividend of \$0.30 per share for the third quarter 2016; increased dividend to \$0.34 per share for the fourth quarter 2016**

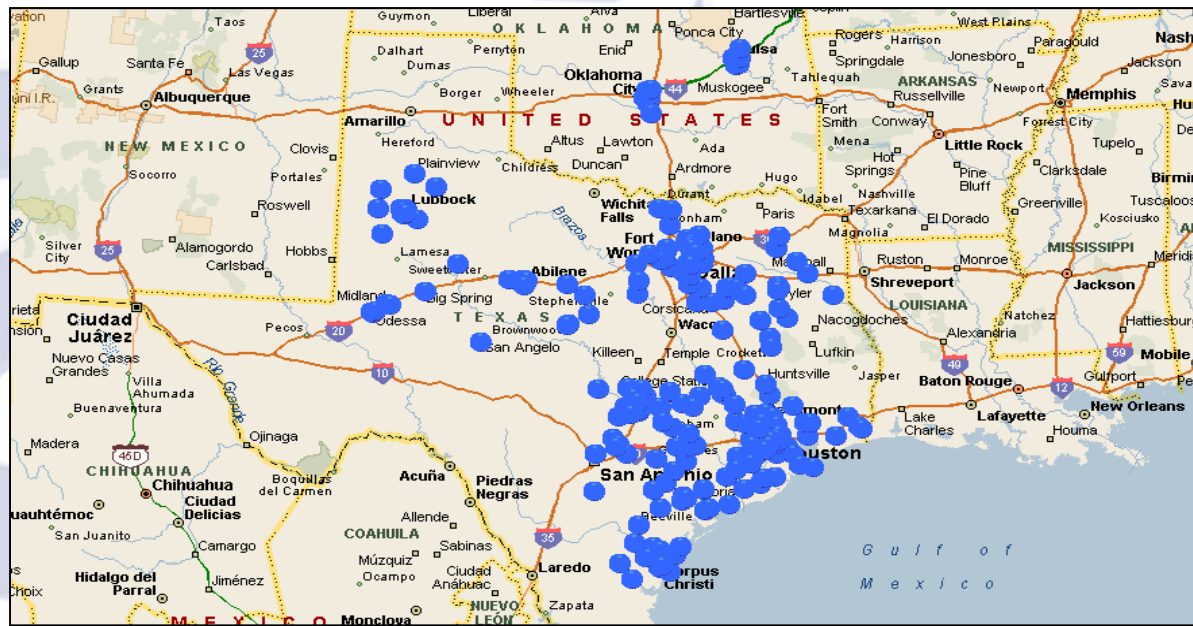
Corporate Profile



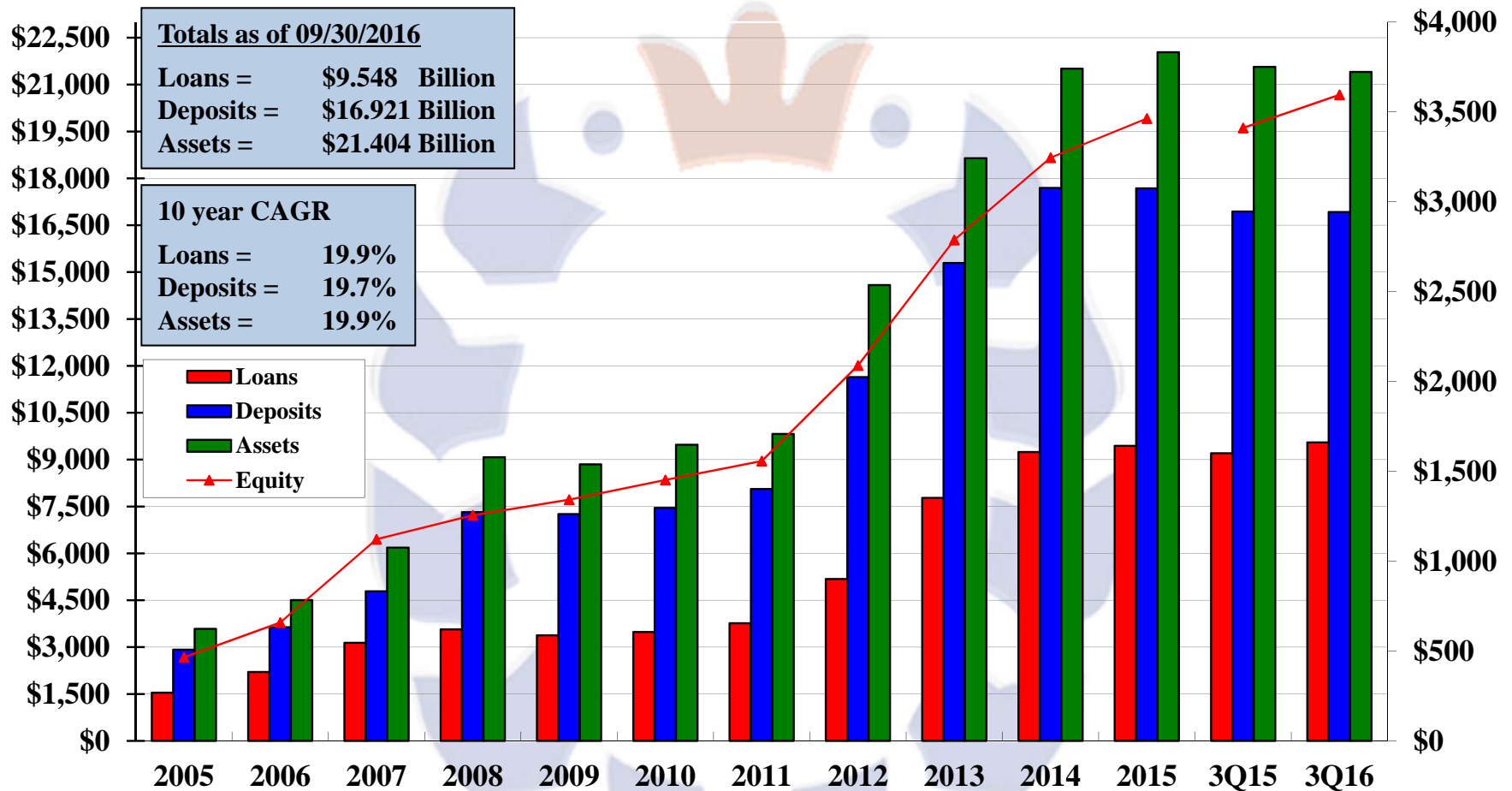
- A Texas based financial holding company with approximately \$21.404 billion in assets, and the 2nd largest Texas-based commercial bank
- Shareholder driven with 4.9% fully diluted insider ownership
- Successful integration of 42 acquisitions (includes branch and failed bank transactions)

245 Full Service Locations

- 16 in Bryan/College Station Area
- 29 in Central Texas Area
- 36 in Dallas/Fort Worth Area
- 22 in East Texas Area
- 65 in Houston Area
- 29 in South Texas Area
- 34 in West Texas Area
- 6 in Central Oklahoma Area
- 8 in Tulsa Area

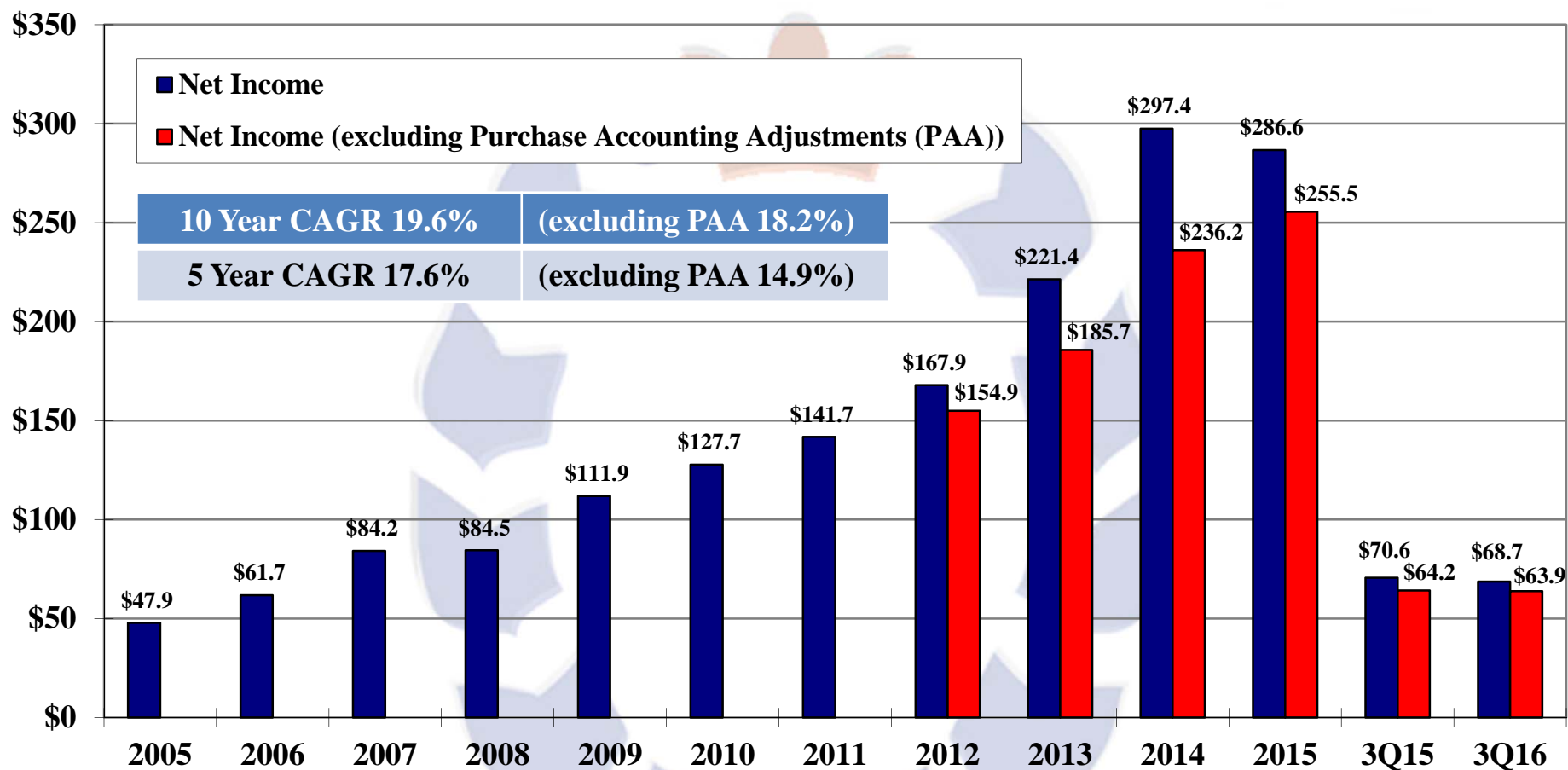


Balance Sheet Summary



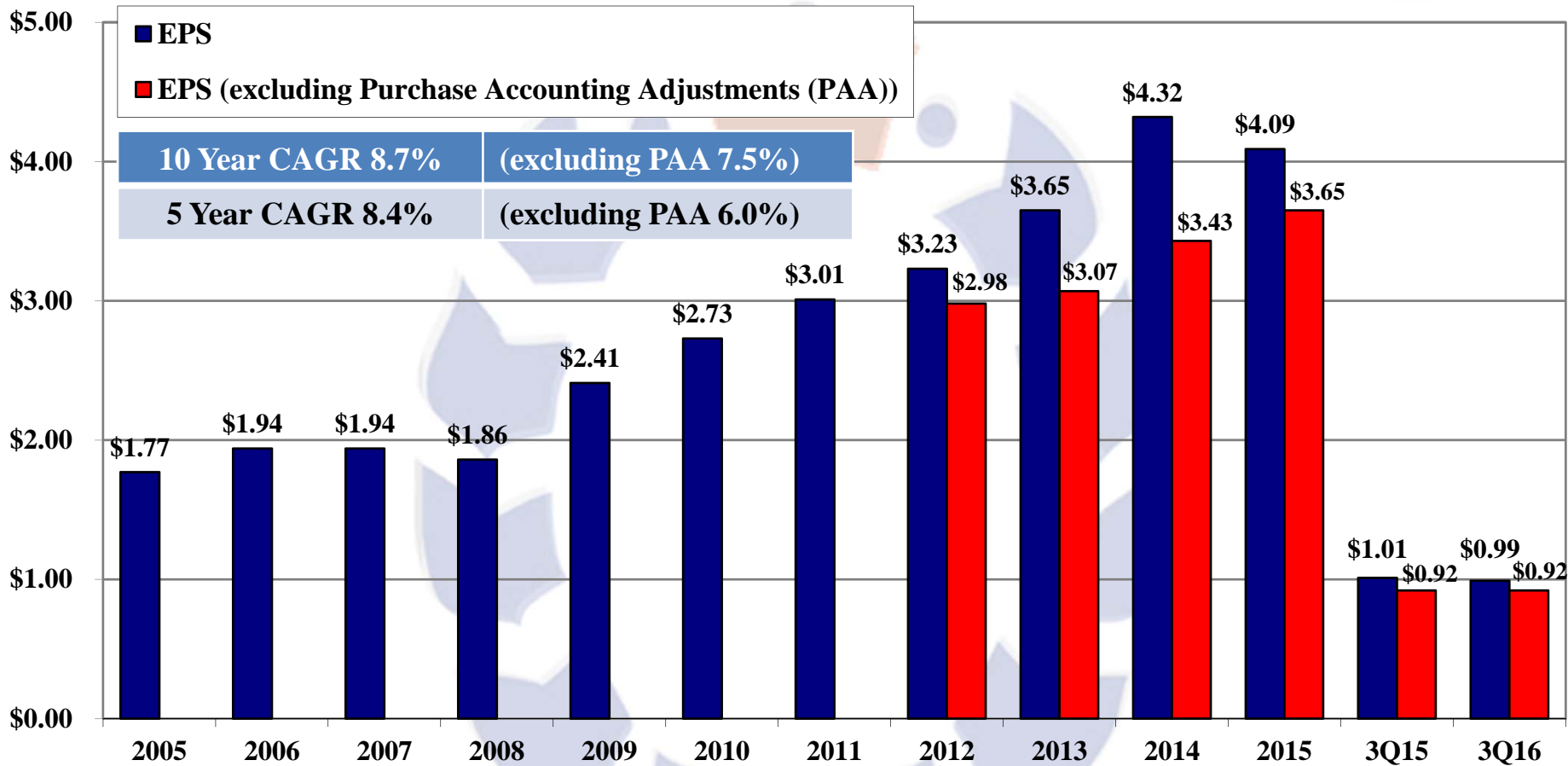
\$ in millions

Net Income

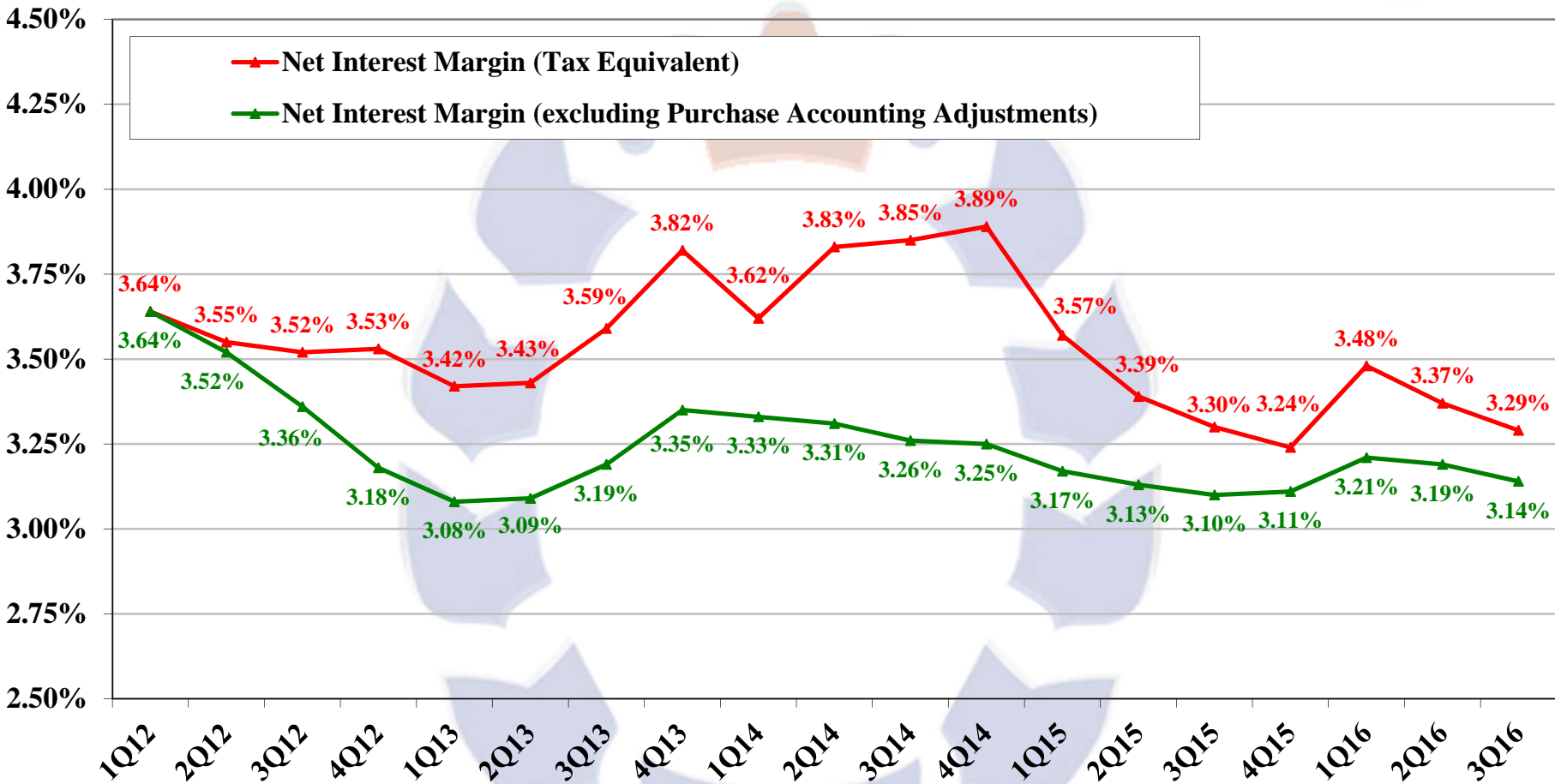


\$ in millions

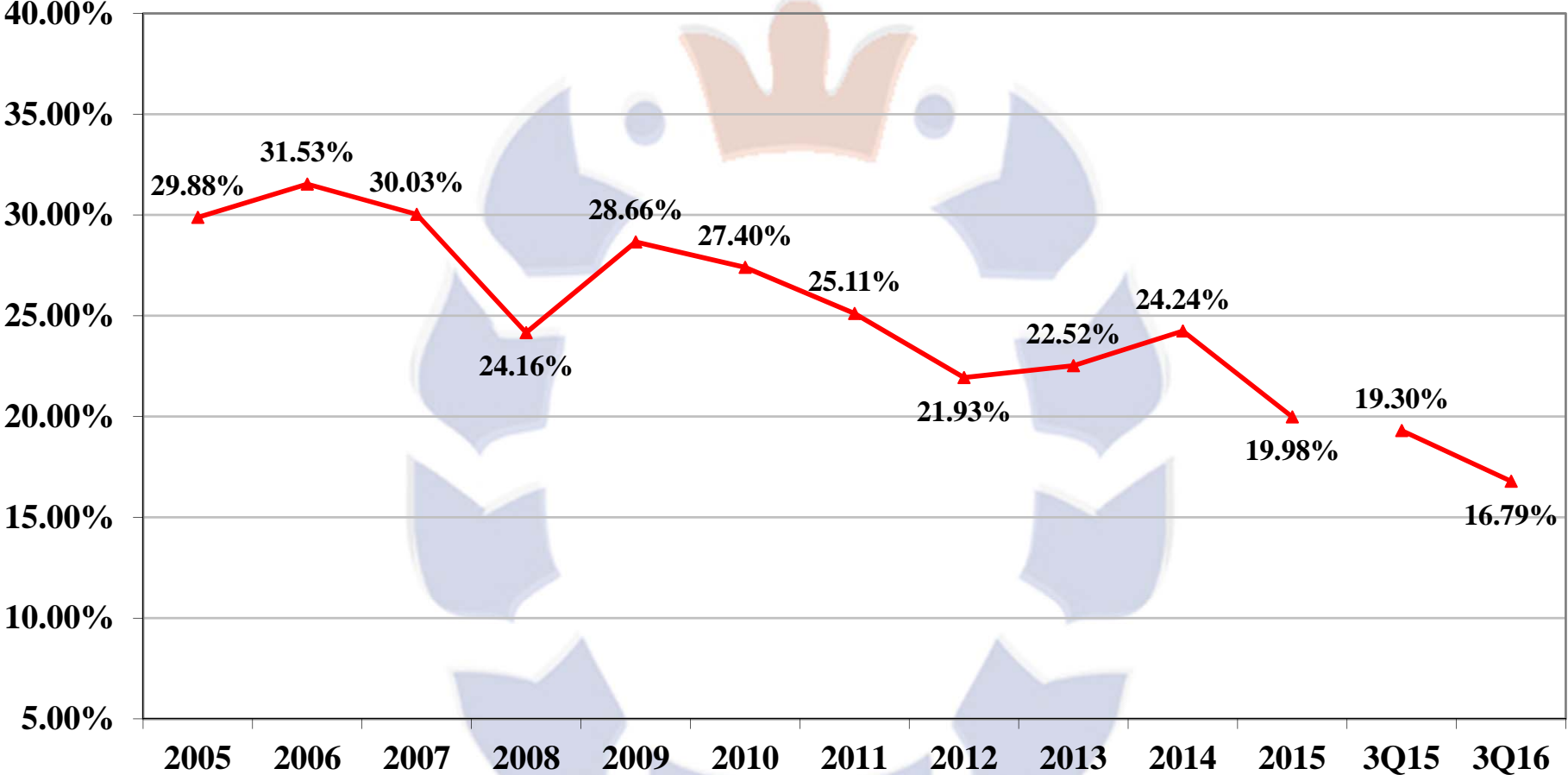
EPS Growth Diluted



Net Interest Margin

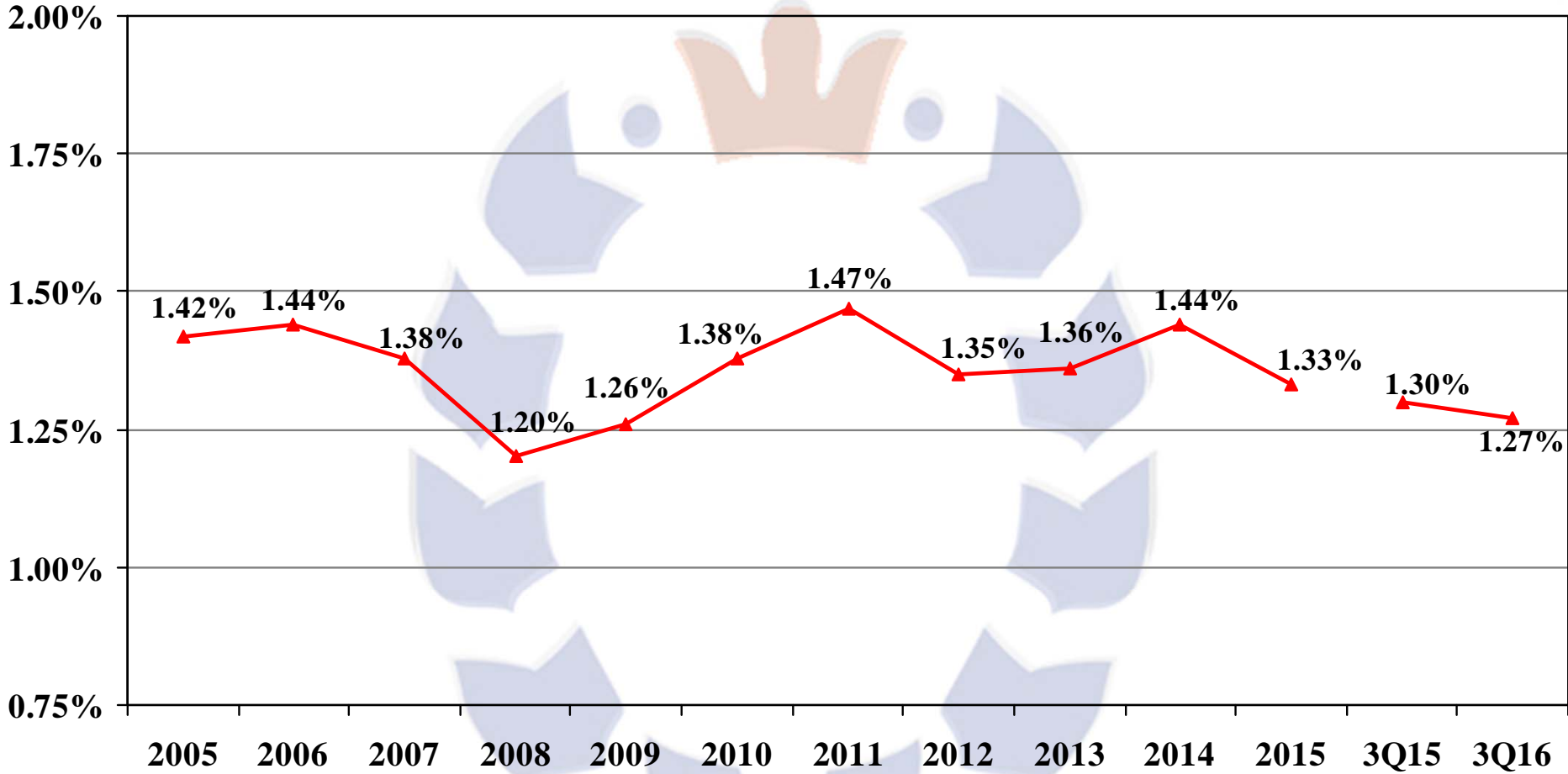


Return on Average Tangible Common Equity



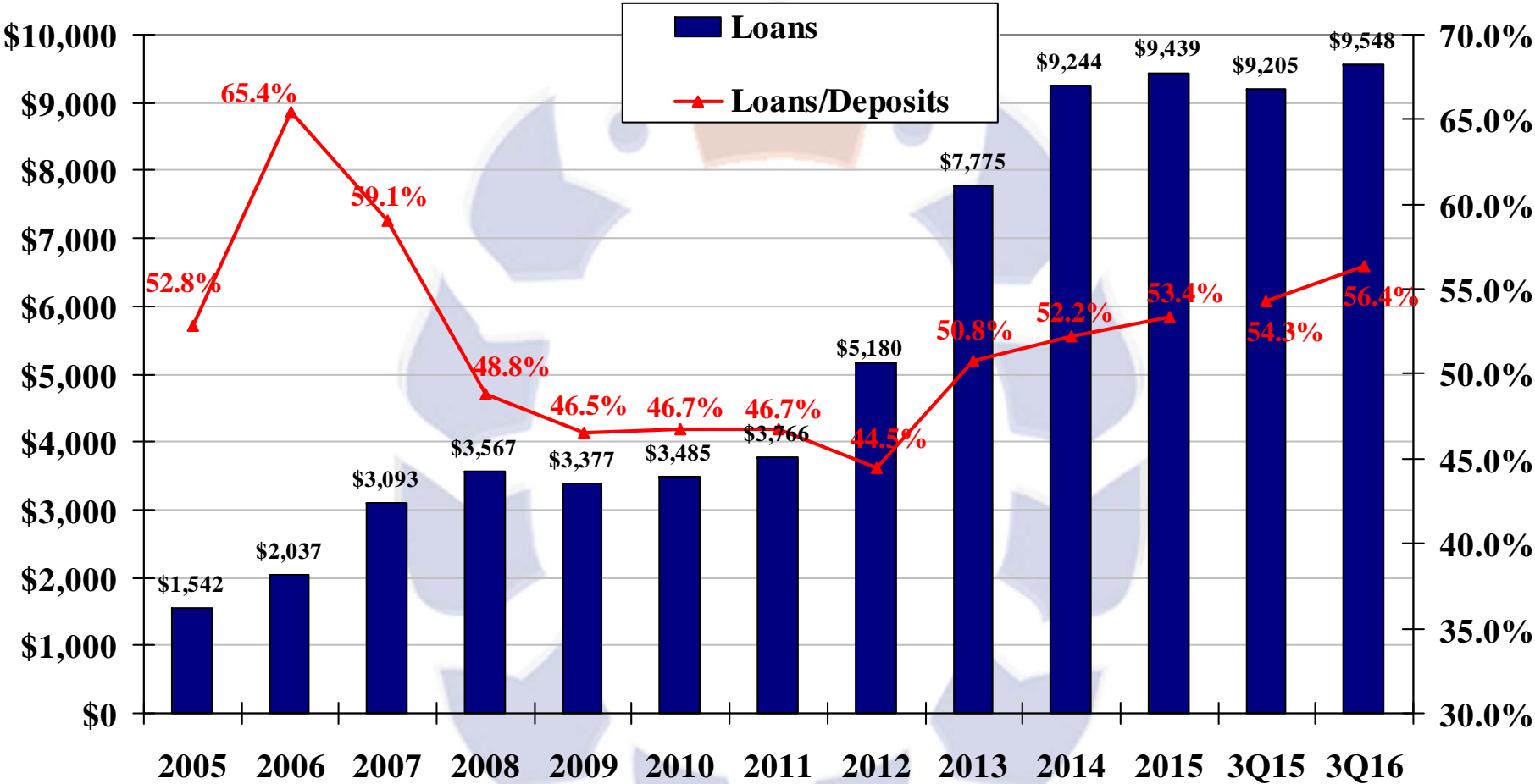
Interim periods annualized.

Return on Average Assets



Interim periods annualized.

Loan Growth

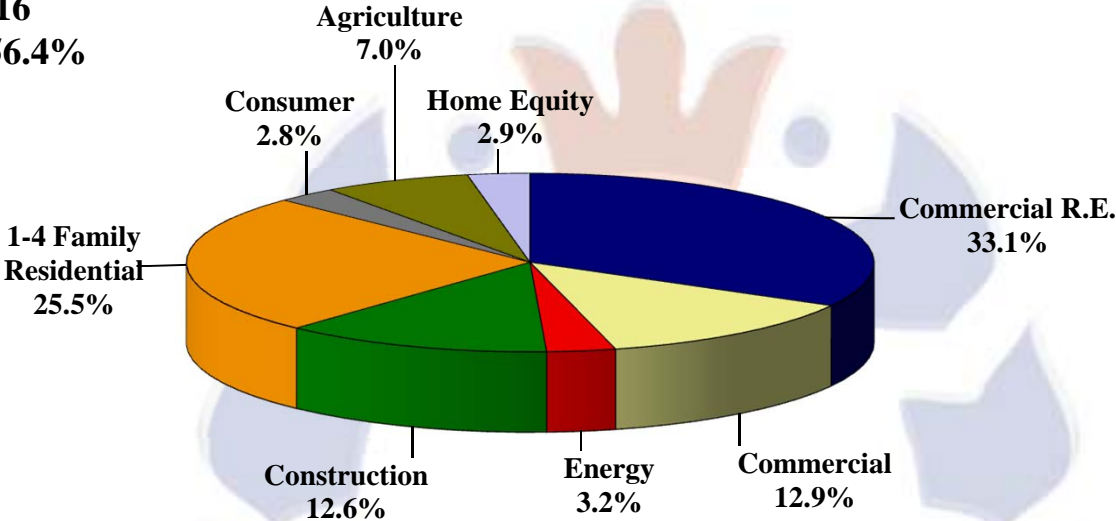


\$ in millions

Loan Portfolio



September 30, 2016
Loans/Deposits: 56.4%



Bryan/College Station:	\$569
Central Oklahoma:	\$499
Central Texas:	\$1,251
Dallas/Ft. Worth:	\$1,010
East Texas:	\$332
Houston:	\$3,108
South Texas:	\$1,252
Tulsa Oklahoma:	\$685
West Texas:	\$842

	Amount	% of total
Commercial & Industrial	\$ 1,233	12.9%
Construction, Land Dev	1,206	12.6
1-4 Family Residential	2,427	25.5
Home Equity	280	2.9
Commercial R.E.	3,159	33.1
Agriculture (includes farmland)	664	7.0
Consumer & Other	270	2.8
Energy	309	3.2
Gross Loans	\$ 9,548	100.0%

Single Family:	\$390
Land Development:	\$78
Raw Land:	\$171
Residential Lots:	\$132
Commercial/Other:	\$438
Purchase Accounting Discount:	(\$3)

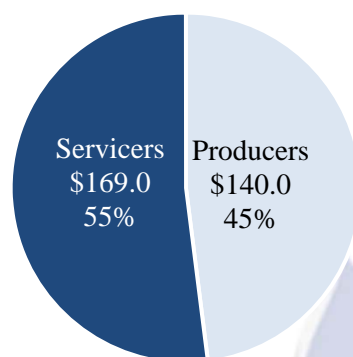
Owner Occupied:	\$1,460
Shopping Center:	\$434
Office Building:	\$341
Multi-family:	\$182
Other:	\$742

Energy Portfolio

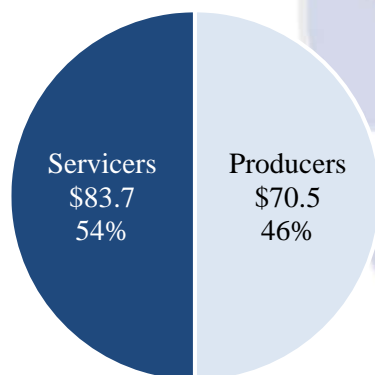
As of September 30, 2016



Outstanding Balance



Unfunded Commitments



Portfolio Commentary

- Total outstanding balance of \$309 million, or 3.2% of total loans
- Total unfunded commitments of \$154.2 million
- Total energy reserves of 2.93% or \$9.0 million
- \$26.2 million of energy loans are subject to a fair value mark of \$5.9 million
- Four energy loans are Shared National Credits (SNCs) with an outstanding balance of \$5.6 million
- Average relationship size for both producers and servicers is under \$1.0 million, with only six relationships over \$10.0 million
- Reserve-based lending is only on proven producing reserves
- Servicing portfolio is well-diversified

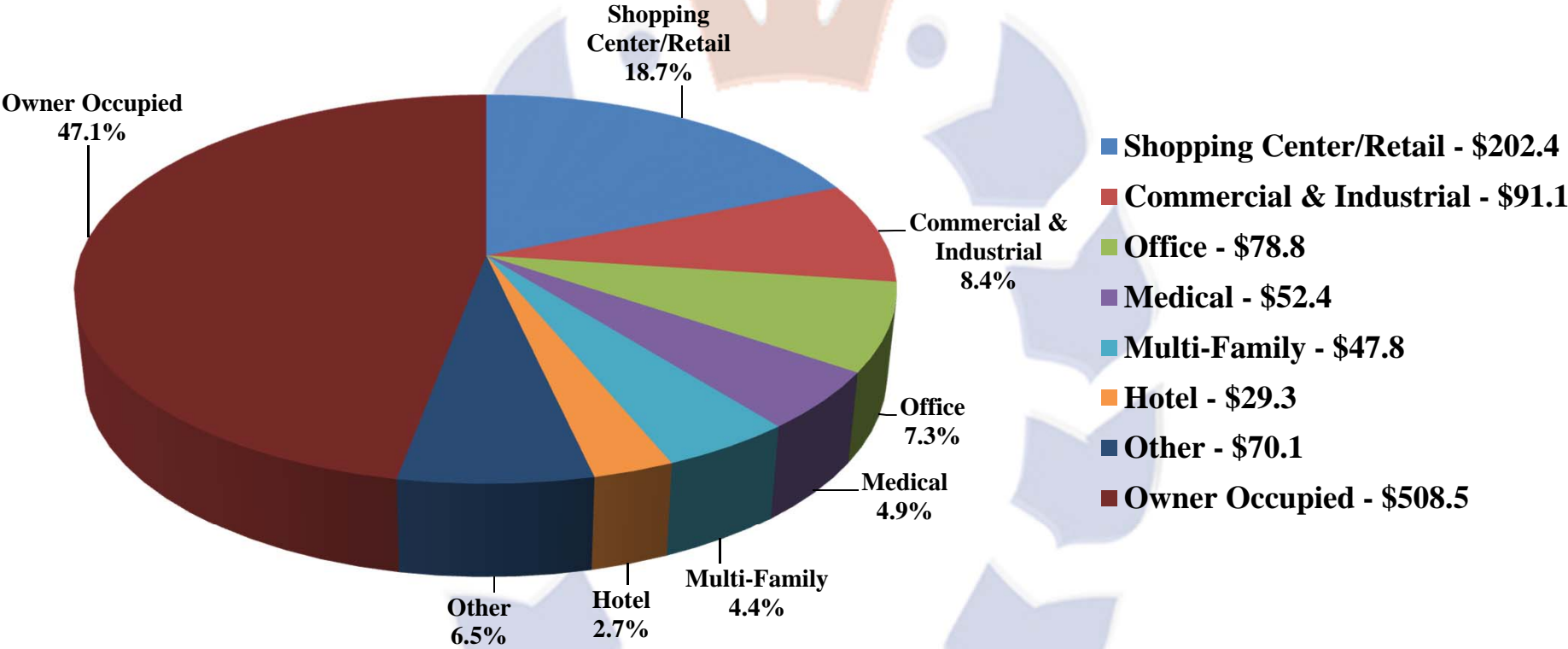
\$ in millions

Houston MSA CRE Portfolio

As of September 30, 2016



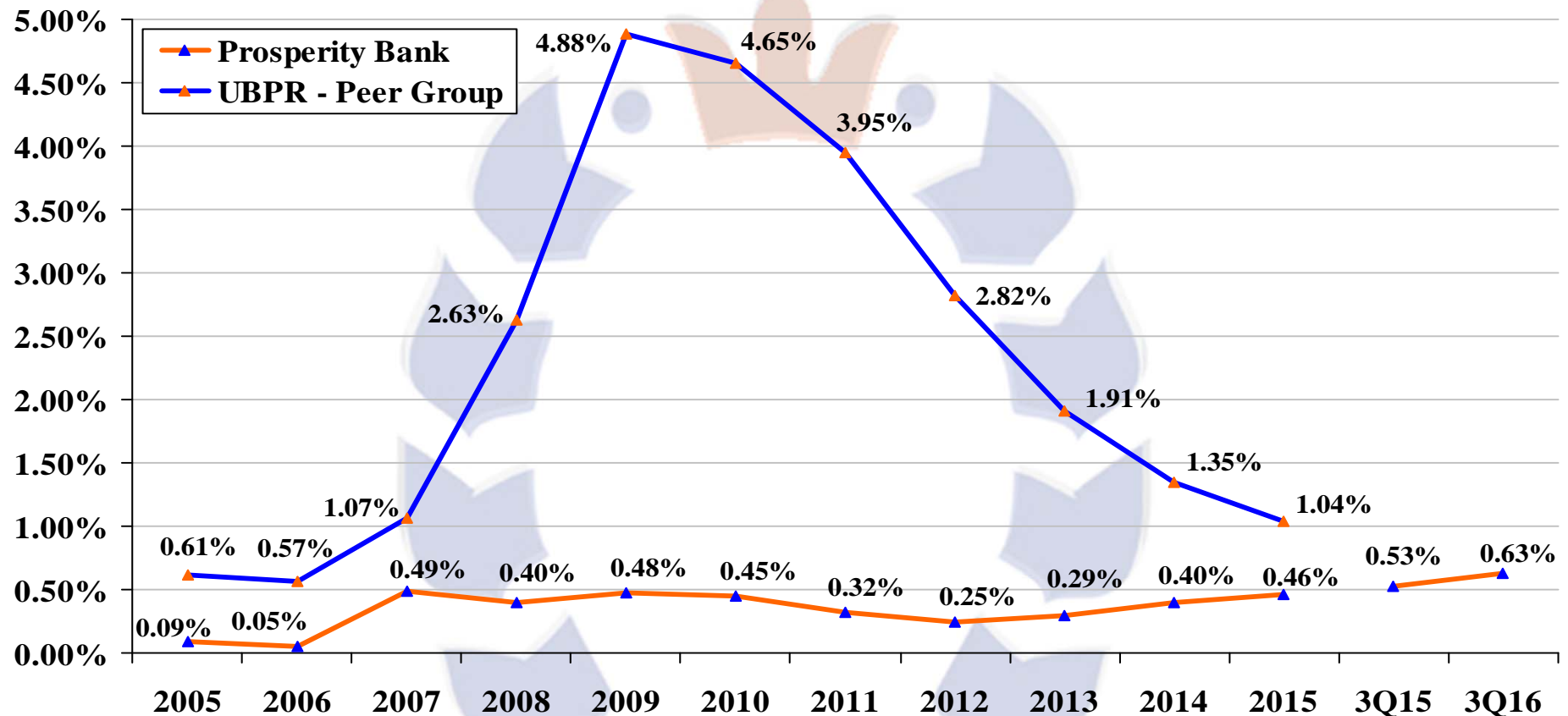
TOTAL: \$1.080B



\$ in millions

Asset Quality

NPA*/Loans + OREO



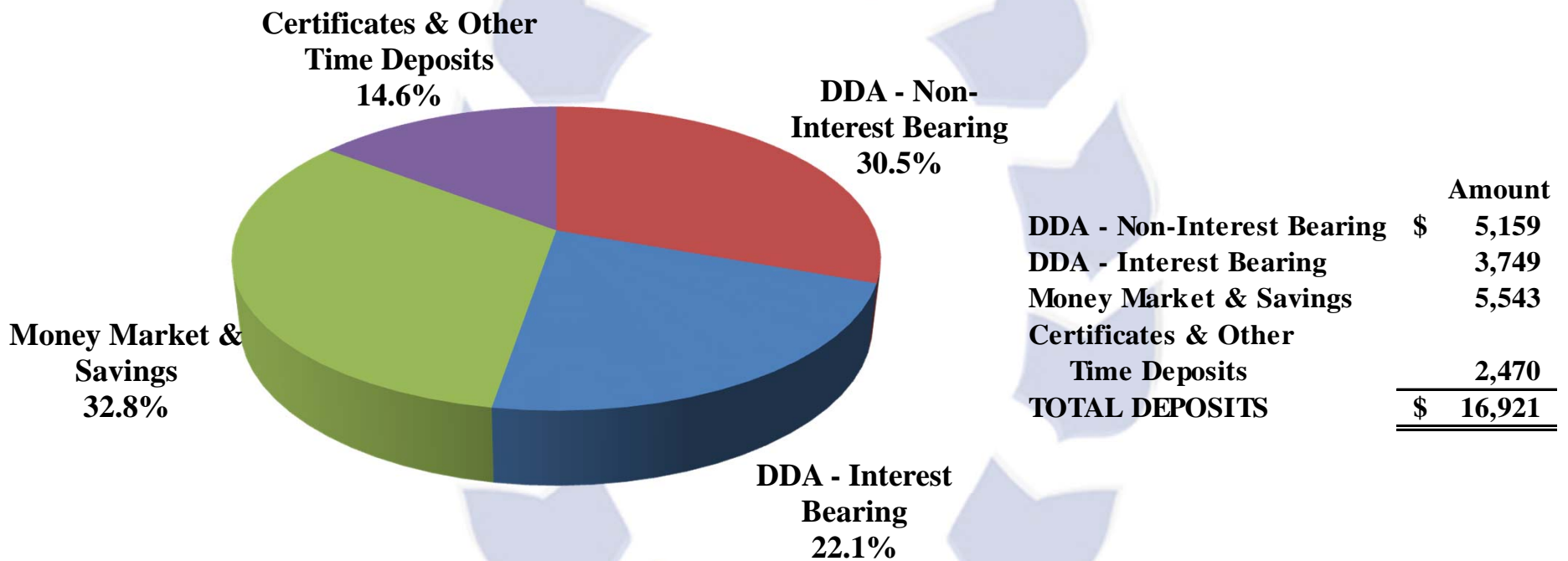
*Includes loans past due 90 days and still accruing

Source: UBPR = Uniform Bank Performance Report; Peer Group 11 (231 Banks) – insured commercial bank having assets greater than \$3 billion

Deposit Composition

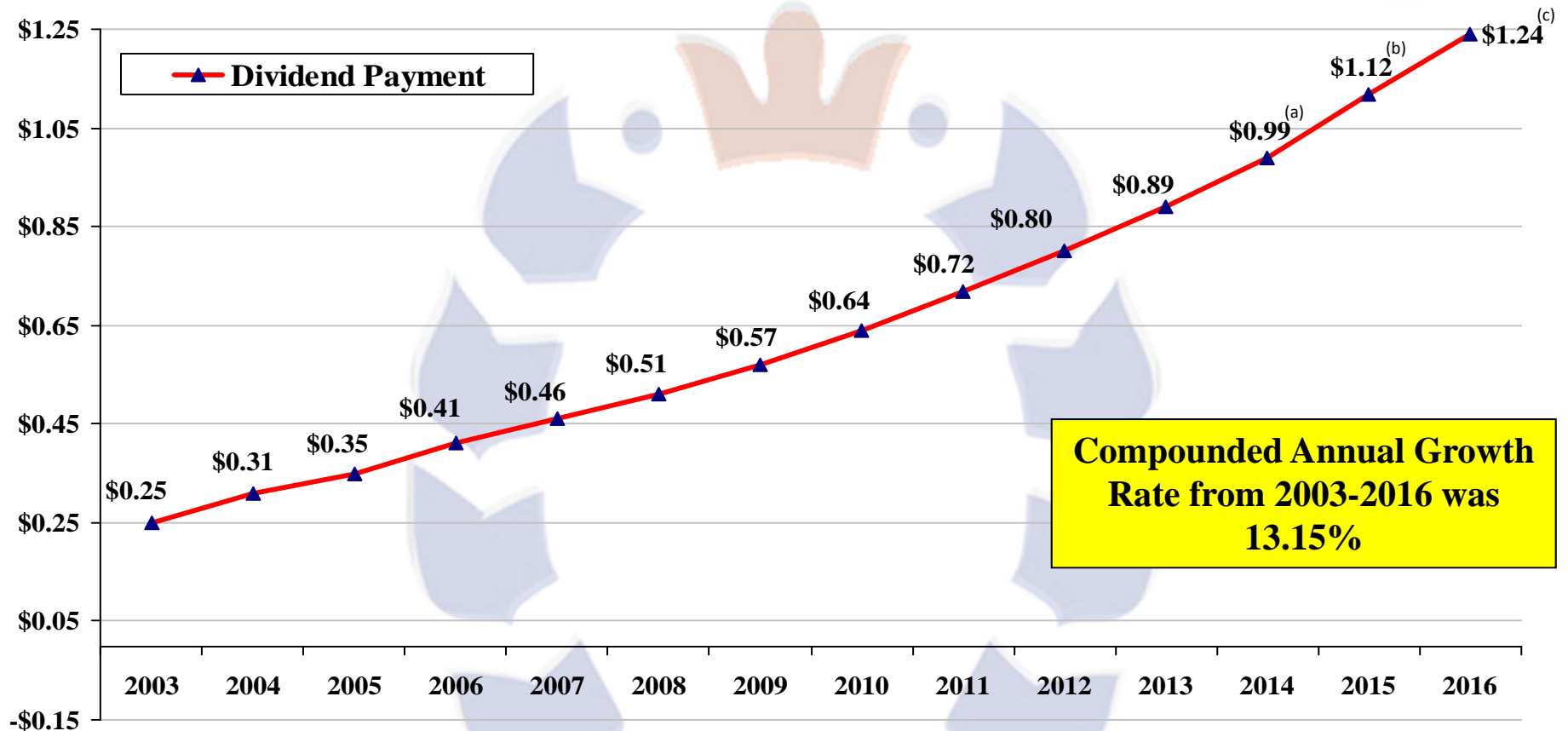


September 30, 2016
 Cost of Deposits: 0.22%



\$ in millions

Dividend History



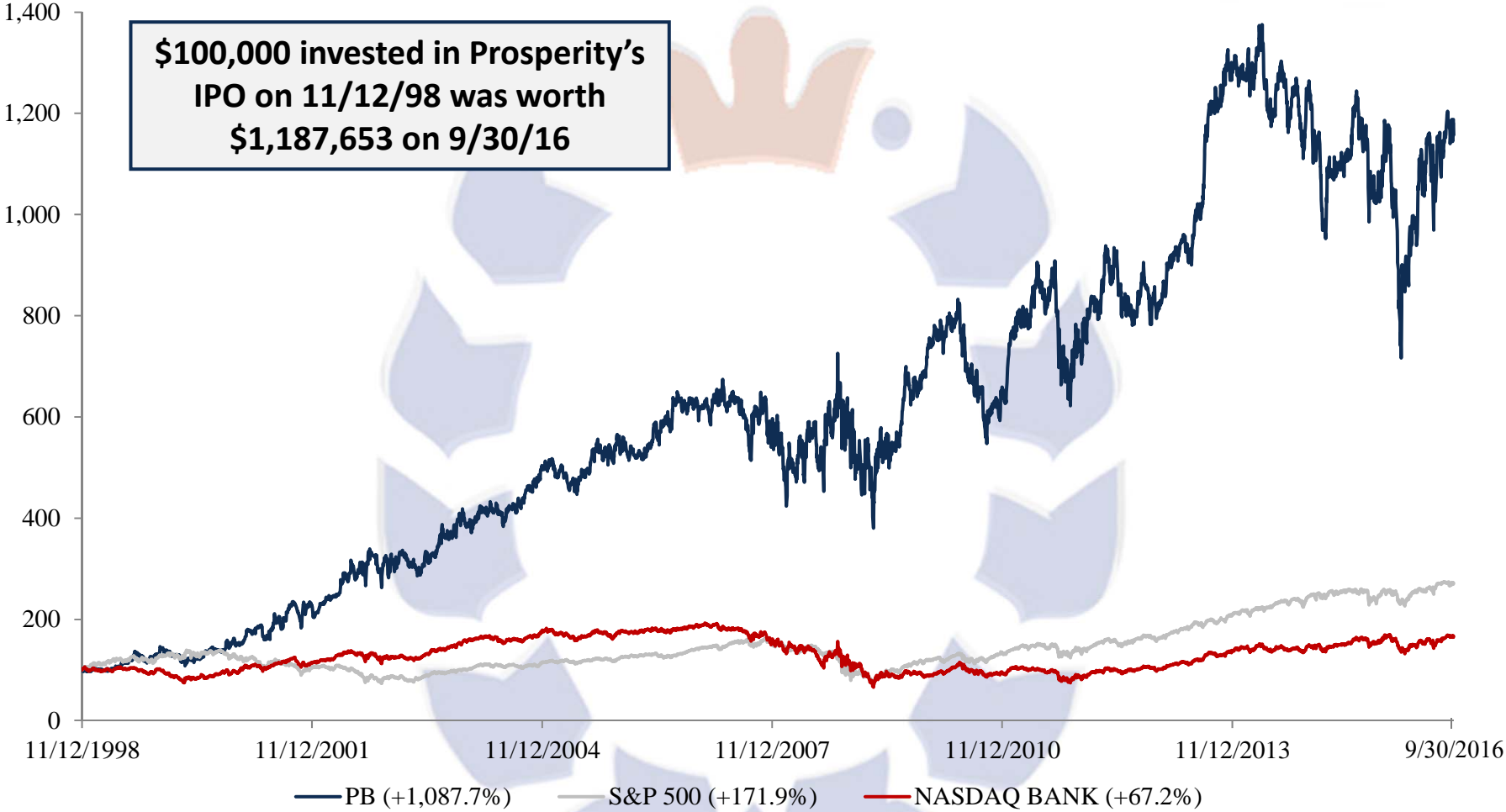
(a) 2014 dividend consists of \$0.24 per share declared in 1Q 2014, 2Q 2014, 3Q 2014 and \$0.2725 per share declared in 4Q 2014

(b) 2015 dividend consists of \$0.2725 per share declared in 1Q 2015, 2Q 2015, 3Q 2015 and \$0.30 per share declared in 4Q 2015

(c) 2016 dividend consists of \$0.30 per share declared in 1Q 2016, 2Q 2016, 3Q 2016 and \$0.34 per share declared in 4Q 2016

Total Return Performance

IPO (November 12, 1998) to September 30, 2016



Corporate Relocations to Texas



Corporate Relocations to Texas (2004 – Present)

California

AccentCare
Active Networks
The Allen Group, Inc.
Allied Electronic Recycling
ALL-Q-TELL Corp.
Ameriflight LLC
Banker's Toolbox, Inc.
Boreland Software Corporation
Caliber Collision Centers
Calpine
CCRA Travel Solutions
Channell Commercial Corp.
CompassLearning
Consolidated Electrical Distributors
Copart (CPRT)
Daegis, Inc. (DAEG)
DBG
Dimensional Fund Advisors
DMX MUSIC, Inc.
DynaPump, Inc.
EDM Laboratories
Epicore Software Corporation
Farmer Brothers (FARM)
Firefly Space Systems
Fluor Corporation (FLR)
Freebirds World Burrito
Fonality
Glenmount Global Solutions
HID Global
Ironclad Performance Wear Corp.
Jacobs Engineering
Jamba Juice Company
Kubota
Liberty Fitness Holdings, LLC
loanDepot, LLC
Marco Fine Arts
MC Endeavors, Inc. (MSMY)
MDB Capital
Mitratch
Monkey Sports Inc.
MVTransportation
Occidental Petroleum (OXY)
OmniTracs
Pacific Union Financial
Pain Therapeutics (PTIE)
Primoris Services Corporation (PRIM)
R2Sonic
Red Mango, Inc.
Revolivics, Inc.
Rifle Gear
Sanyo Energy
Sionix Corp. (SINX)
Solera Holdings (SLH)
Superconductor Technologies (SCON)
Telmar Network Technology, Inc.
Tenet Healthcare (THC)
Thermasol
Toyota USA (TM)
Trend Micro (TYO.4704)
Vendor Resource Management
Vermillion, Inc. (VRML)
Visual Numerics
W3global
Waste Connections, Inc. (WCN)
Websense
Xeris Pharmaceuticals

Washington

LifeLast, Inc.
National Scooter Co.
Prometheus Energy Company

Canada

Absolute Software (ABT)
Bio-Solutions Corp (BISU)
Direct Energy
Mitel Corp (MITL)
QI Systems Inc.
MoneyGram (MGI)
Speed Commerce

Minnesota

American Environmental Energy, Inc. (AEEI)
EmpowerMX
LecTec Corp.
Enerlex Resources, Inc.
Ottobock Healthcare
MoneyGram (MGI)
Speed Commerce

New York

American Locker Group Inc. (ALGI)
DataTreasury Corp
Fiesta Restaurant Group (FRGI)
Greatbatch (GB)
HMS Holdings (HMSY)
Six Flags Entertainment (SIX)
Signature Systems Group
Visionworks of America

Massachusetts

Cimage Novasoft
Circor Energy (CIR)
Invensys Process Systems
Liberty Mutual
NTT Data Inc. (TYO.9613)
VCE Corp.

Connecticut

Accudyne Industries
iCall Inc.
TradeCapture Inc.

Michigan

Comerica (CMA)
Cambium Learning (ABCD)

Pennsylvania

Big Brothers Big Sisters
Linn Energy, LLC (LINE)
MPOWER Mobile
Union Drilling, Inc.

New Jersey

Ameriflex
CVE Technology
Compax USA

Maryland

Broadwing Corp.
Hanger Inc. (HGR)

Ohio

Covington Group, Inc.
Robbins & Myers
CyrusOne (CONE)

Washington D.C.

EF Johnson Technologies, Inc.

North Carolina

Dex Media (DXM)

Georgia

Cyntech Technologies (CYNT)

Alabama

NYLO Hotels
Torchmark Corporation (TMK)
Zoes Kitchen (ZOES)

Florida

CCS Medical
DreamVision
iWorld Projects & Systems, Inc. (IWPS)
Puguet Technologies, Inc. (PUGE)
SoftServe

Montana

ViZn

Nebraska

Heartland Automotive Services

Kansas

Alco Stores (ALCS)
Layne Christensen Co. (LAYN)
Lulu's Dessert Corp
Enerlex Resources, Inc.

Colorado

Cagney Global Logistics
Global Clean Energy, Inc. (GCEI)
Heartland Oil & Gas Corp.
Magpul Industries
Par Petroleum Corporation (PARR)
Quovadx
Sun River Energy, Inc. (SNRV)

Nevada

CoreSpace

Arizona

Quest Resource Holdings Corp. (QRHC)

Oklahoma

Casedhole Solutions, Inc.
CITGO Petroleum Corp
Global Power Equipment Group
Hilti North America
LinkAmerica
NATCO Group, Inc.
Petrohawk Energy Corp
Ring Energy, Inc. (REI)
Soalr Winds (SWI)
Trinity Hospice Inc.

Missouri

Kupper Parker Comm.
PotentialMetrics

Tennessee

Elite Data Services, Inc. (DEAC)
Miller Energy Resources, Inc.
Forward Air Corp. (FWRD)

Arkansas

Golden Living
US Rare Earths Inc. (UREE)

Louisiana

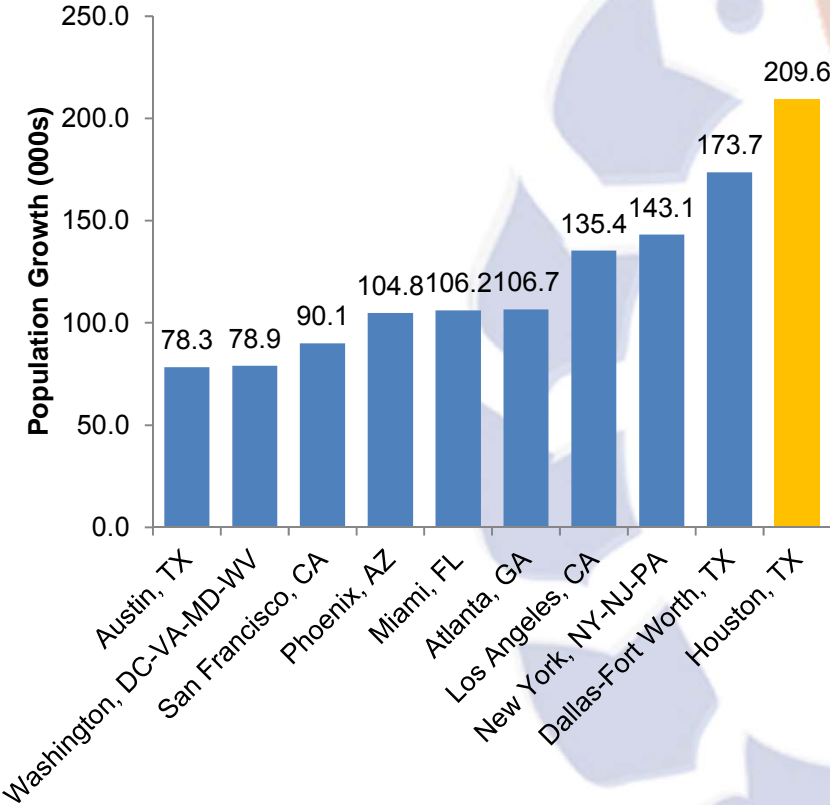
Bristow Group, Inc. (BRS)
EPL Oil & Gas, Inc.
NGC Transmission

The Houston Market: Overview



Population Growth From January 2015 to January 2016

Houston added more people last year than any other MSA



Growth Drivers

- In the 12 months ending August 2016, Houston created 14,200 jobs
- Mining and logging (oil and gas extraction and oil field services) gained 1,200 jobs in August of 2016
- The Houston Airport System handled 36.7 million passengers through the first eight months of 2016
 - International passengers totaled 8.1 million, up 10.4% from the same period in 2015
- Single family home sales rose 8.2% from 7,314 in August of 2015 to 7,914 in August of 2016
- The Houston Purchasing Managers Index (PMI), a short-term leading indicator for regional production, registered 46.1 in August, up from 43.8 in July

Economic Diversity

- With 2.2 million residents, Houston is the fourth most populous city in the U.S., trailing only New York, Los Angeles and Chicago
- Houston is home to 26 Fortune 500 companies, half of the total Fortune 500 companies in Texas (which ranks 2nd nationally)

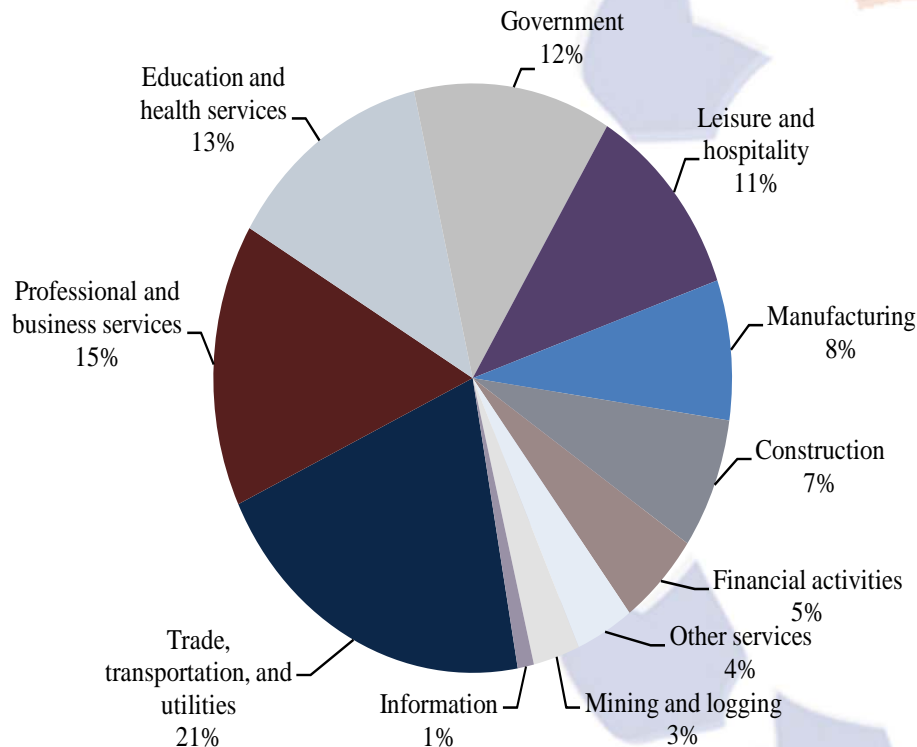
Source: Bureau of Labor Statistics as of February 2016, PHA Accounting, PHA Market Development, United States Census Bureau, Greater Houston Partnership and Fact Set.

The Houston Market: Economic Diversity



- Houston maintains a diverse and productive economy despite recent turbulence in the oil and gas industry
- The Perryman Group forecasts sustained growth for the Houston metro over the next quarter century

August 2016 Employment by Industry



Source: Bureau of Labor Statistics.

Forecasted Houston MSA Gross Area Product (\$bn)



Source: The Perryman Group as of June 2016.

Contact Information



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