



— PROSPERITY —  
BANCSHARES, INC.®

# “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<sup>®</sup>, 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<sup>®</sup> may be downloaded from the Internet at no charge from [www.prosperitybankusa.com](http://www.prosperitybankusa.com).**

# 4Q15 Highlights



- **Net Income of \$70.475 million and earnings per share (diluted) of \$1.01 for three months ending December 31, 2015**
- **Assets of \$22.037 billion, loans of \$9.439 billion, and deposits of \$17.681 billion at December 31, 2015**
- **Common Equity Tier 1 Ratio was 13.55% and Leverage Ratio was 7.97% at December 31, 2015**
- **Sound asset quality with Annualized Net Charge Offs / Average Loans of 0.01% for three months ending December 31, 2015**
- **Non-Performing Assets to Average Earning Assets remain low at 0.23% or \$43.459 million for the fourth quarter 2015**
- **Declared cash dividend of \$0.30 per share for the first quarter 2016**
- **Acquisition of Tradition Bancshares, Inc. completed on January 1, 2016**

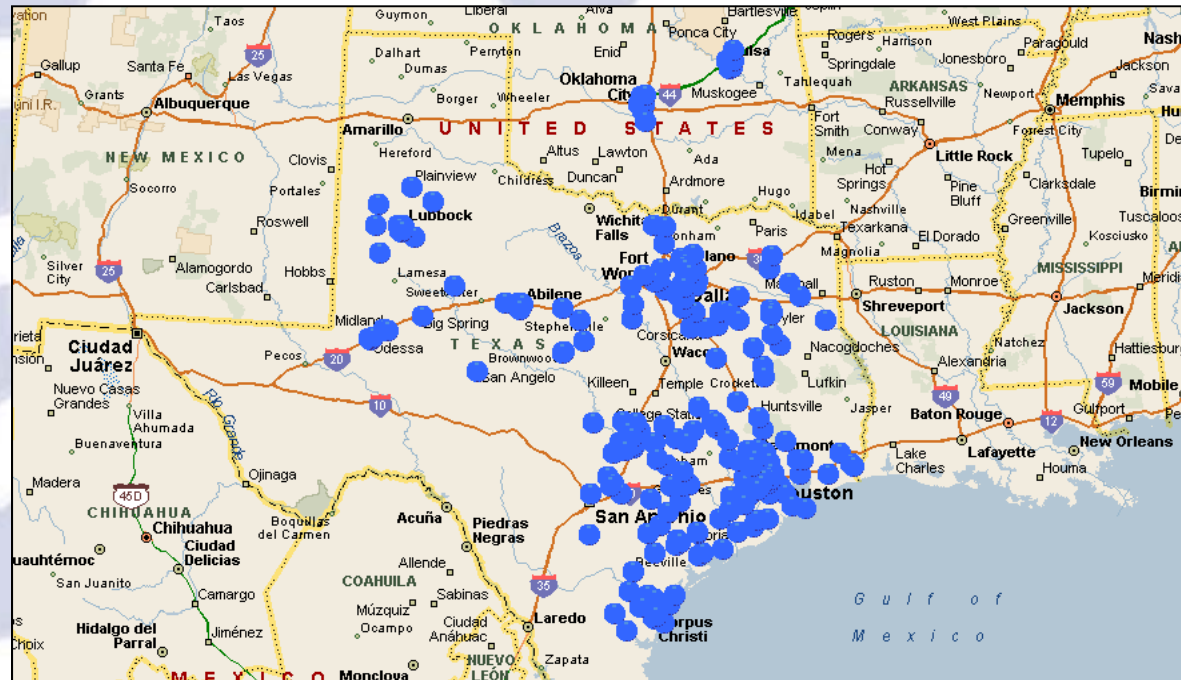
# Corporate Profile



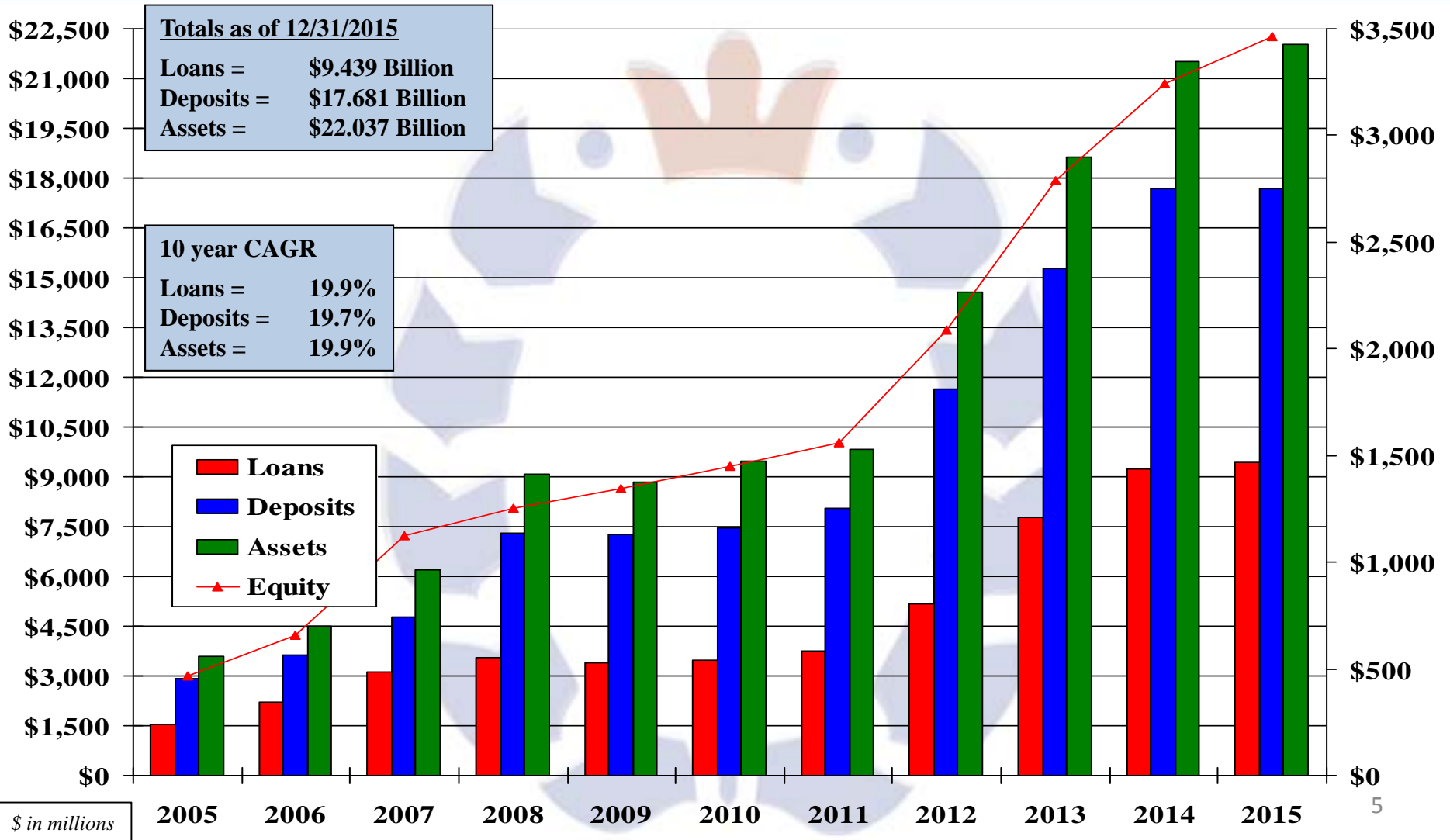
- A Texas based financial holding company with approximately \$22 billion in assets, and the 2<sup>nd</sup> largest Texas based commercial bank by Texas deposits
- Shareholder driven with 6.0% fully diluted insider ownership
- Successful integration of 37 acquisitions, including 9 transactions since January 2012

## *248 Full Service Locations*

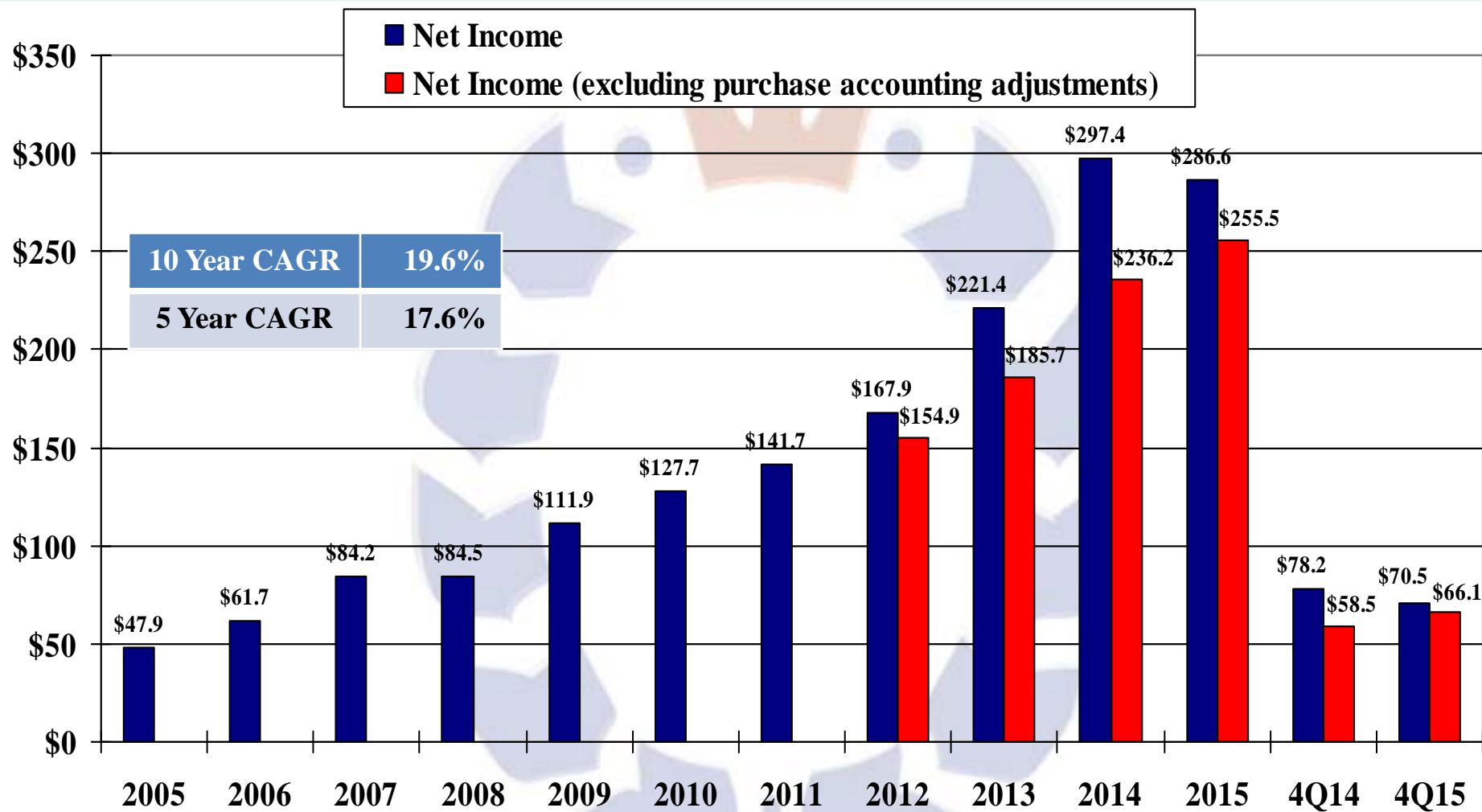
- 16 in Bryan/ College Station Area
- 29 in Central Texas Area
- 36 in Dallas/ Fort Worth Area
- 22 in East Texas Area
- 67 in Houston Area
- 30 in South Texas Area
- 34 in West Texas Area
- 6 in Central Oklahoma Area
- 8 in Tulsa Area



# Balance Sheet Summary

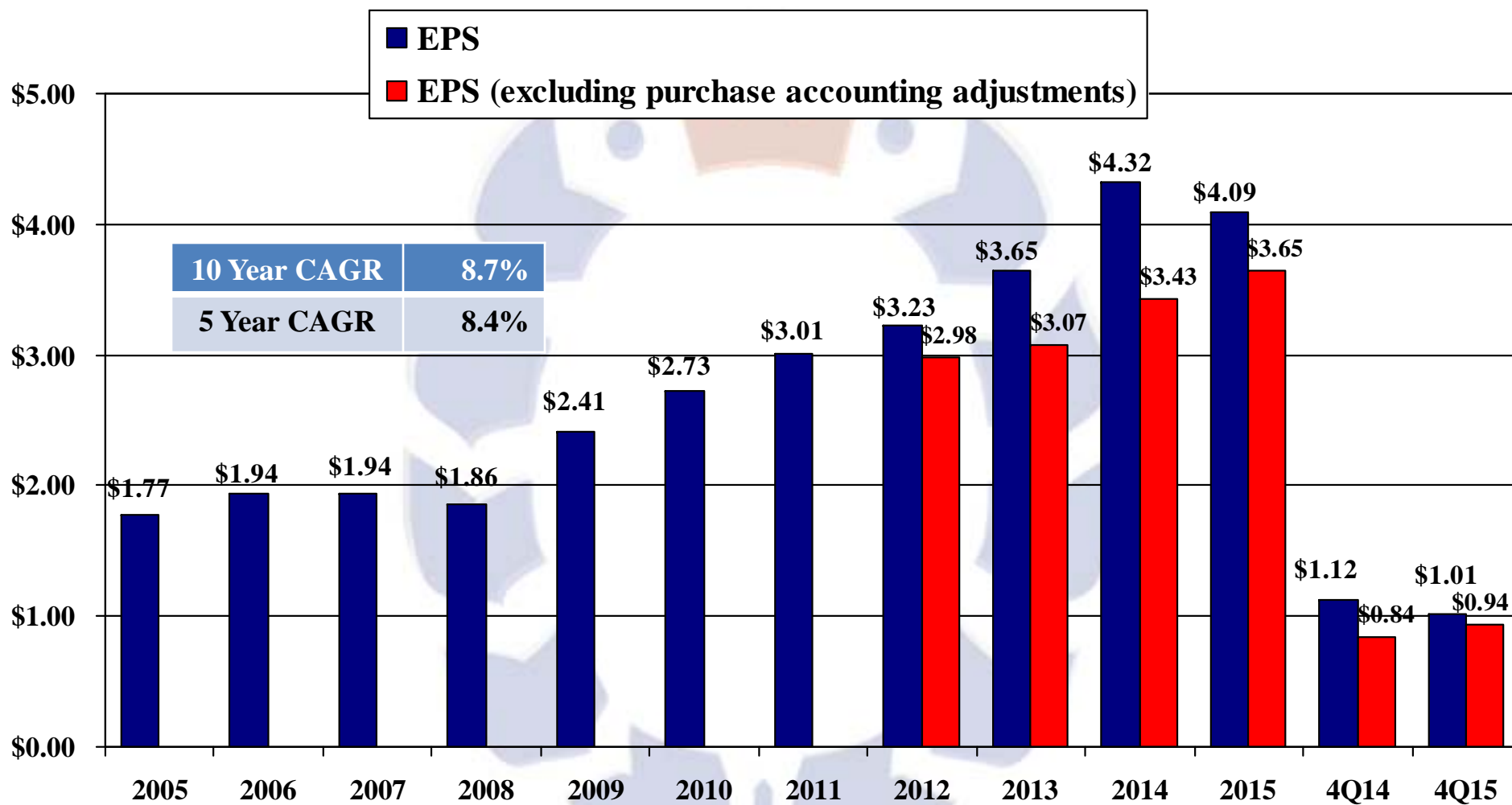


# Net Income



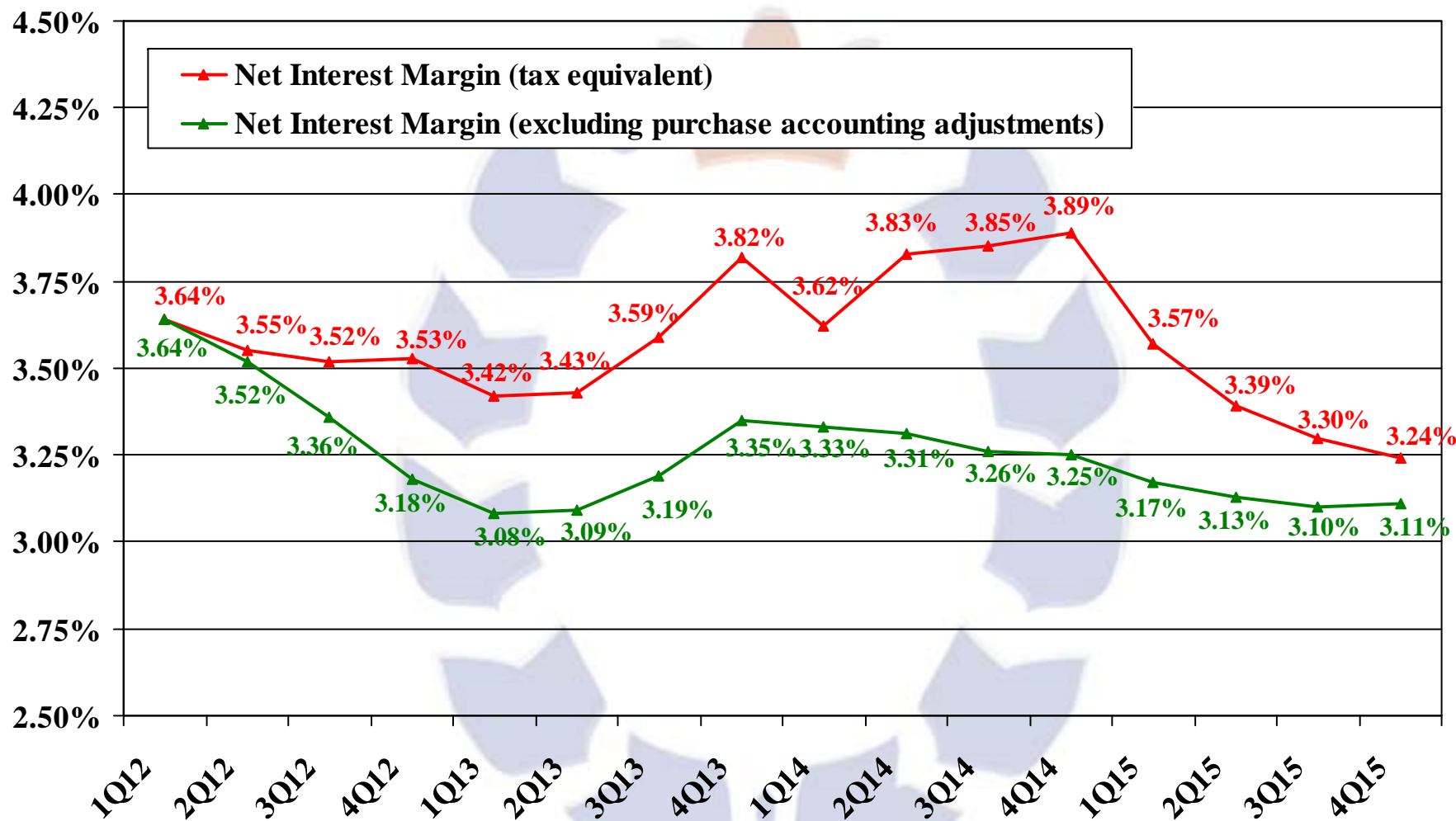
\$ in millions

# EPS Growth Diluted



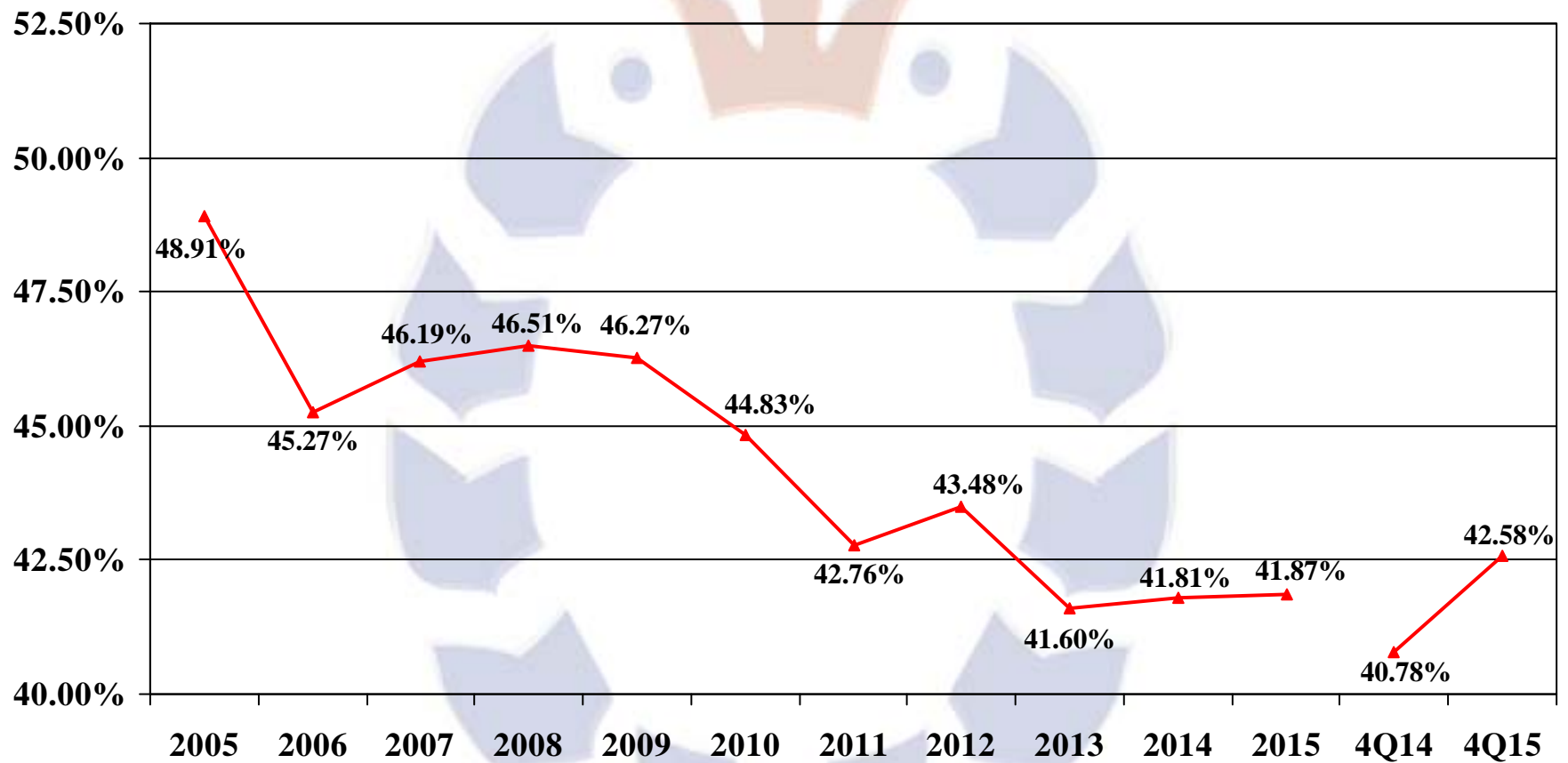


# Net Interest Margin



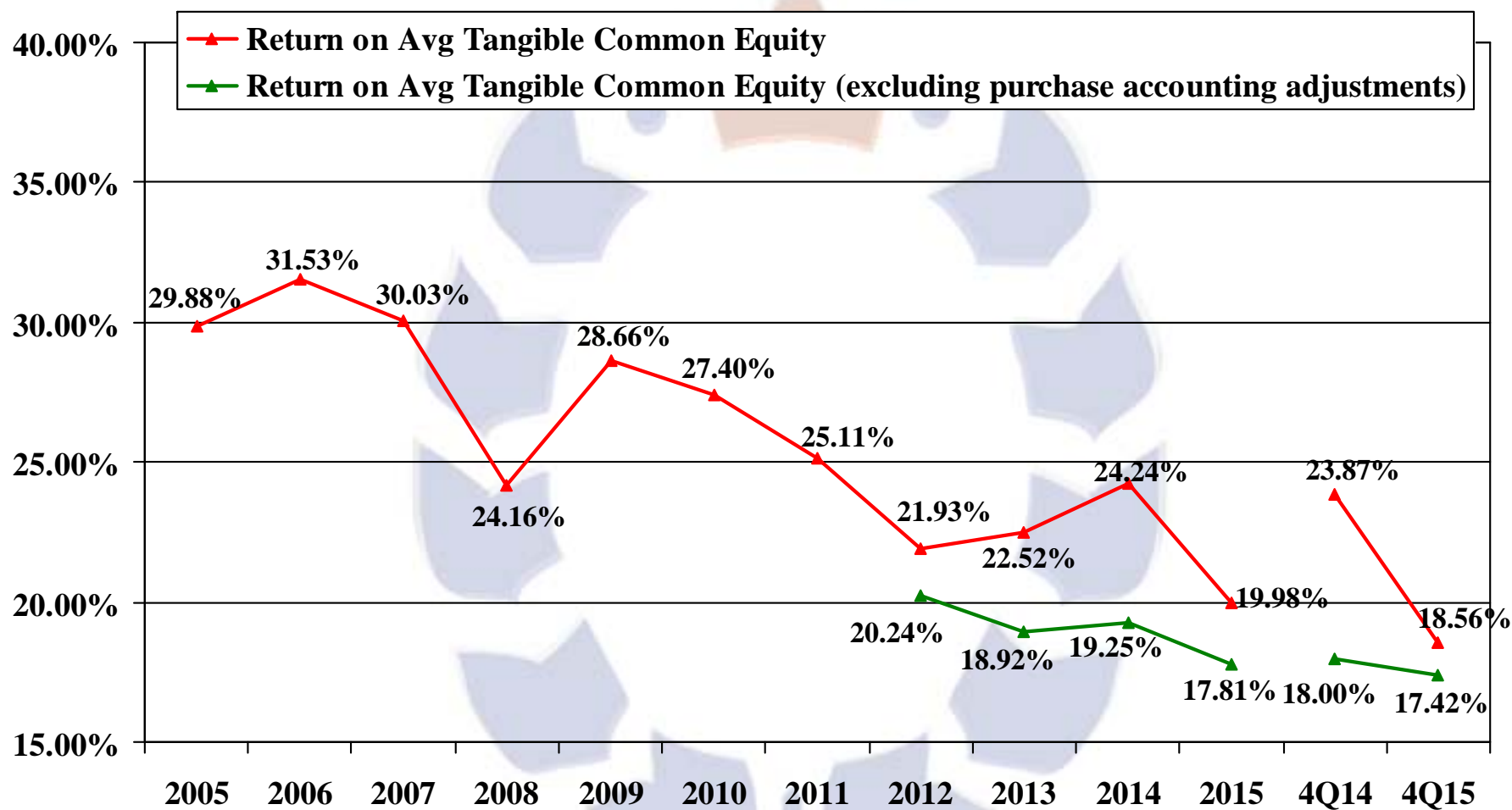


# Efficiency Ratio\*

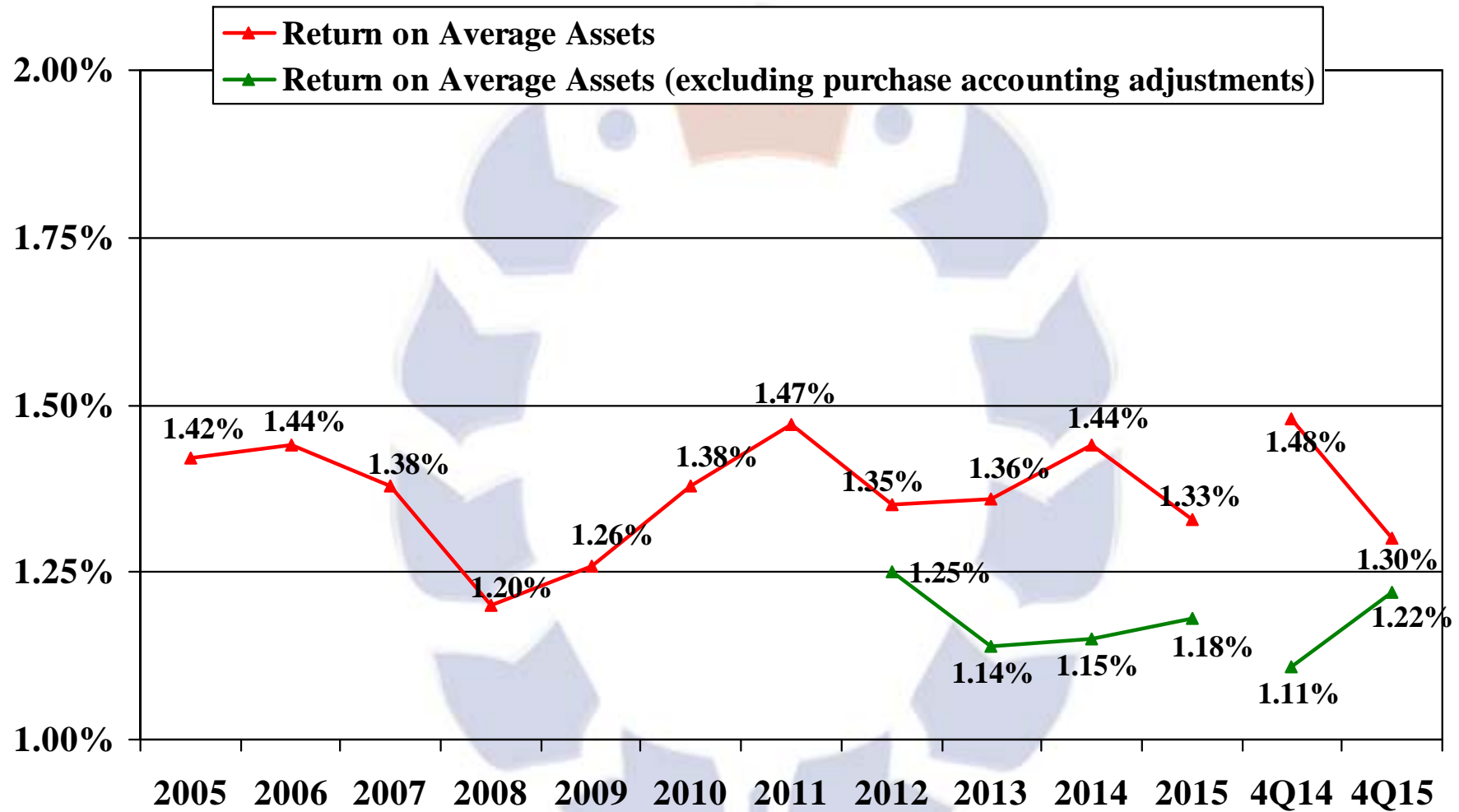


\*Calculated by dividing total noninterest expense, excluding credit loss provisions, by net interest income plus noninterest income, excluding net gains and losses on the sale of assets and securities. Additionally, taxes are not part of this calculation.

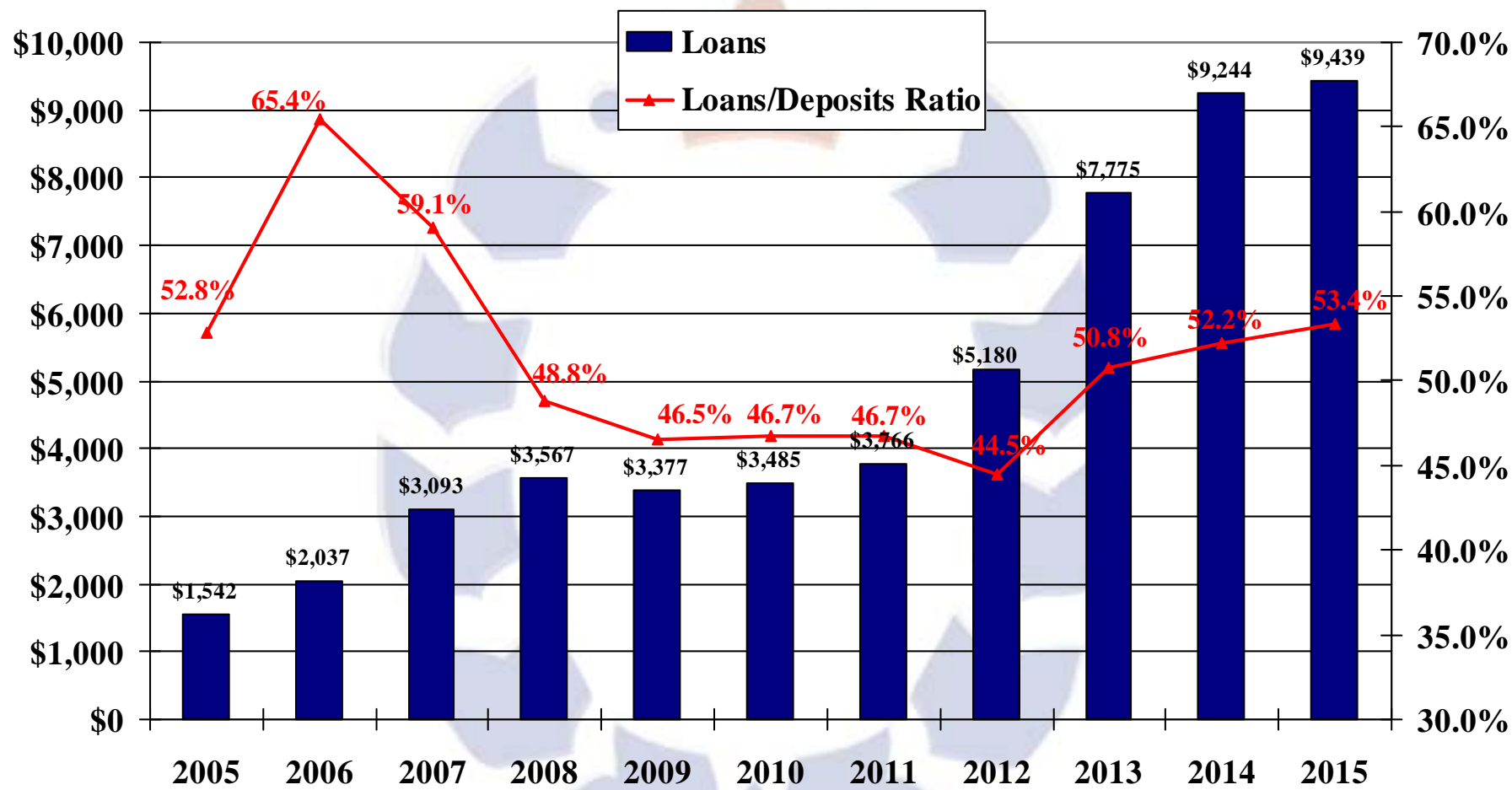
# Return on Average Tangible Common Equity



# Return on Average Assets



# Loan Growth

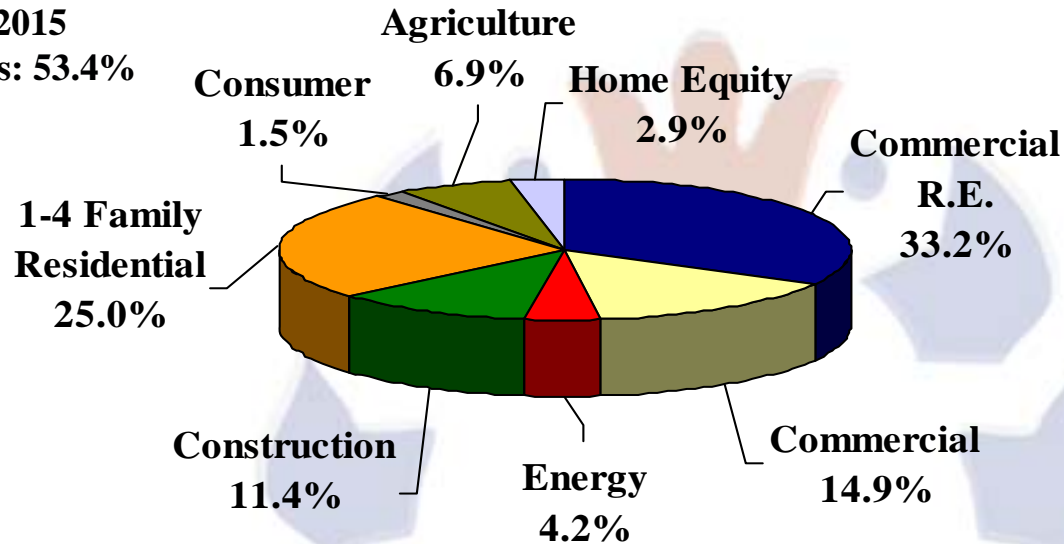


\$ in millions

# Loan Portfolio



December 31, 2015  
Loans/ Deposits: 53.4%



<i>Loans By Area</i> <i>Approximate \$ in millions</i>	
Bryan/College Station:	\$530
Central Oklahoma:	\$507
Central Texas:	\$1,195
Dallas/Ft. Worth:	\$878
East Texas:	\$316
Houston:	\$2,684
South Texas:	\$1,348
Tulsa Oklahoma:	\$1,103
West Texas:	\$878

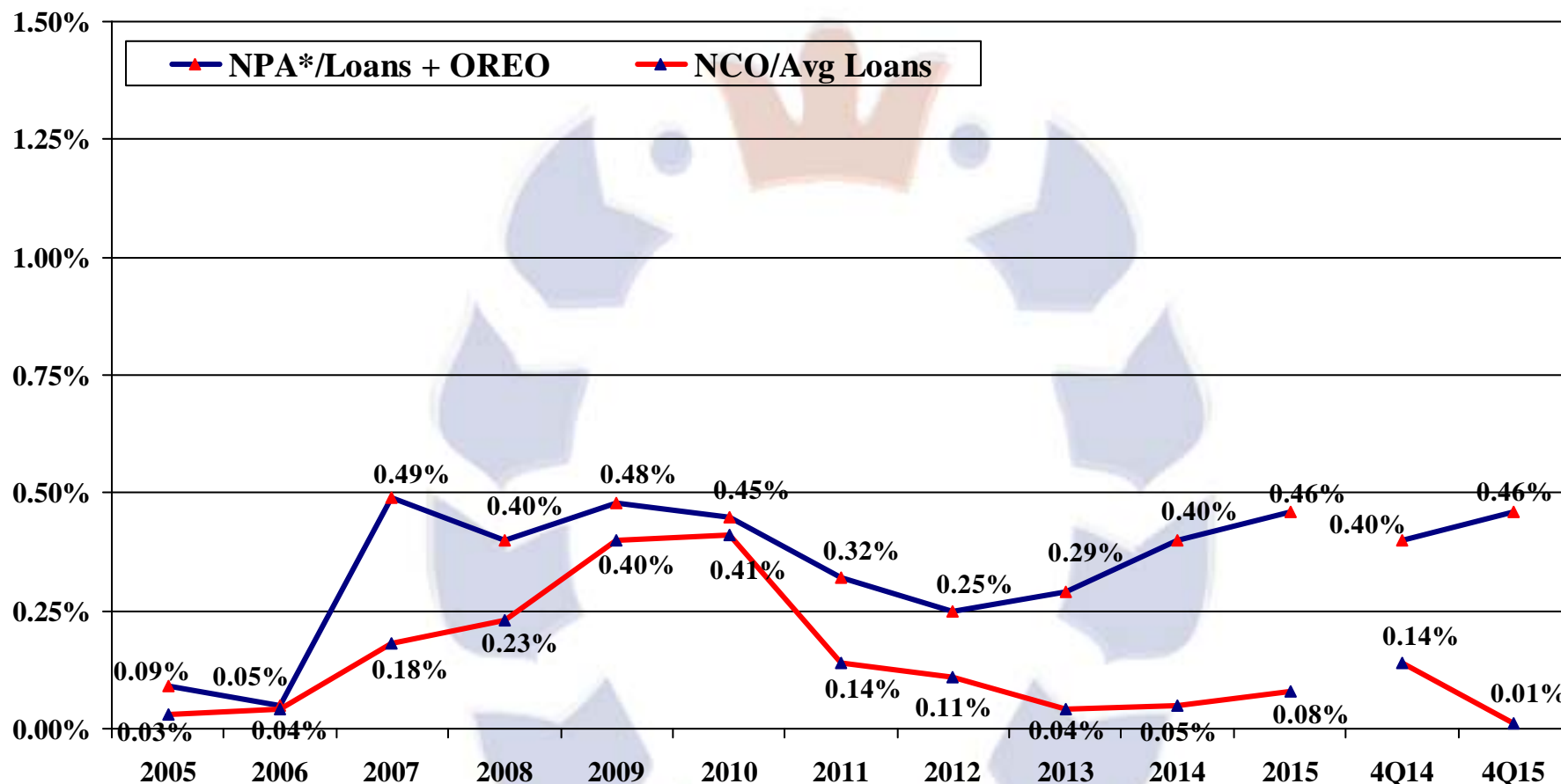
<i>Construction Loan Breakout</i> <i>Approximate \$ in millions</i>	
Single Family:	\$354
Land Development:	\$88
Raw Land:	\$153
Lots:	\$131
Commercial/ Other:	\$350
Purchase Accounting Discount	(\$3)

	Amount	% of total
Commercial R.E.	\$ 3,131	33.2%
Commercial	1,403	14.9
Energy	399	4.2
Construction	1,073	11.4
1-4 Family Residential	2,361	25.0
Consumer	143	1.5
Agriculture (includes farmland)	649	6.9
Home Equity	280	2.9
<b>Gross Loans</b>	<b>\$ 9,439</b>	<b>100.0%</b>

<i>CRE Loan Breakout</i> <i>Approximate \$ in millions</i>	
Owner Occupied:	\$1,446
Office Building:	\$322
Multi-family:	\$203
Strip Center:	\$411
Other:	\$749

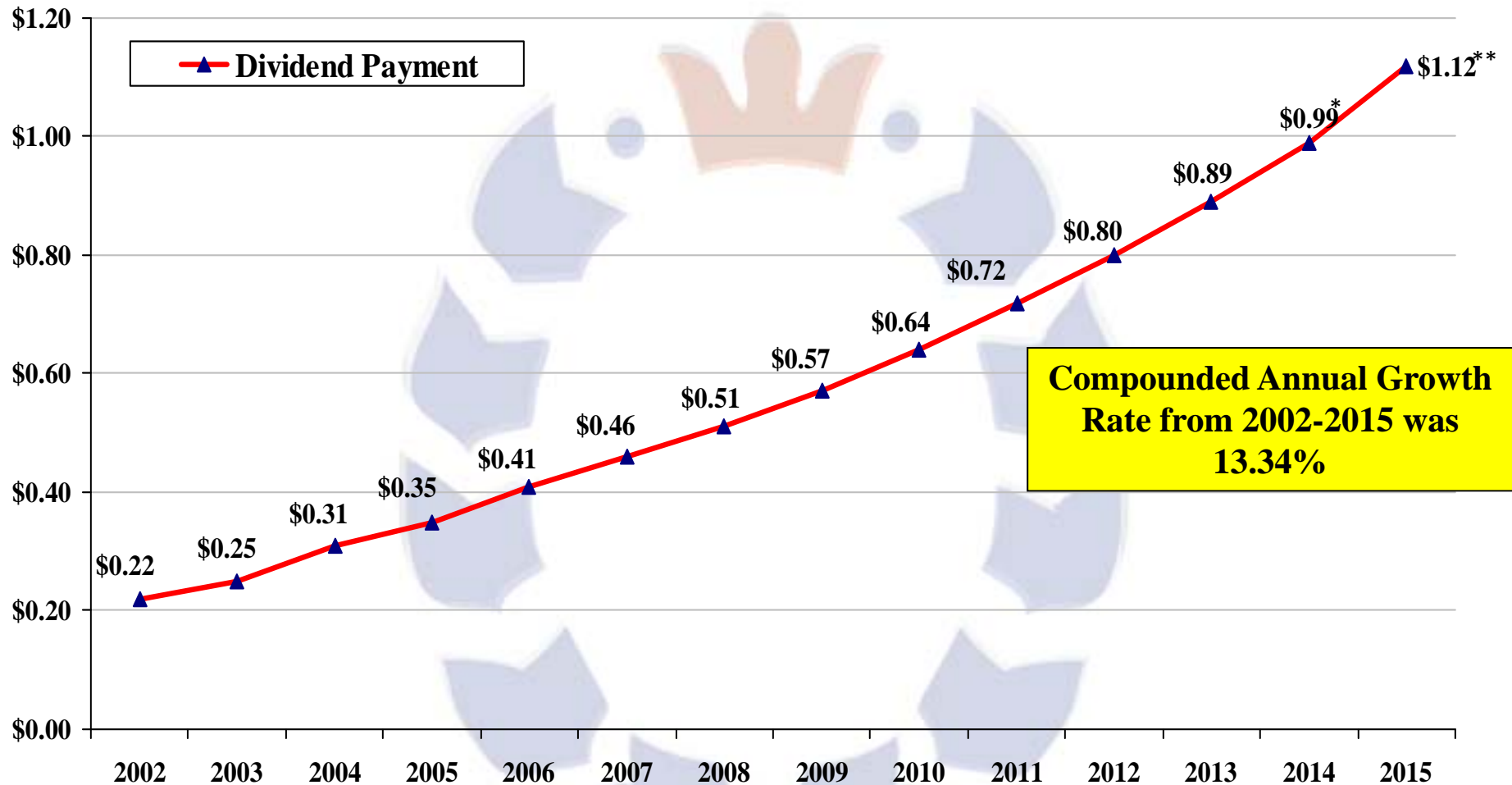
# Asset Quality

## NPA\*/Loans + OREO and NCO/Average Loans



\*Includes loans past due 90 days and still accruing

# Dividend History



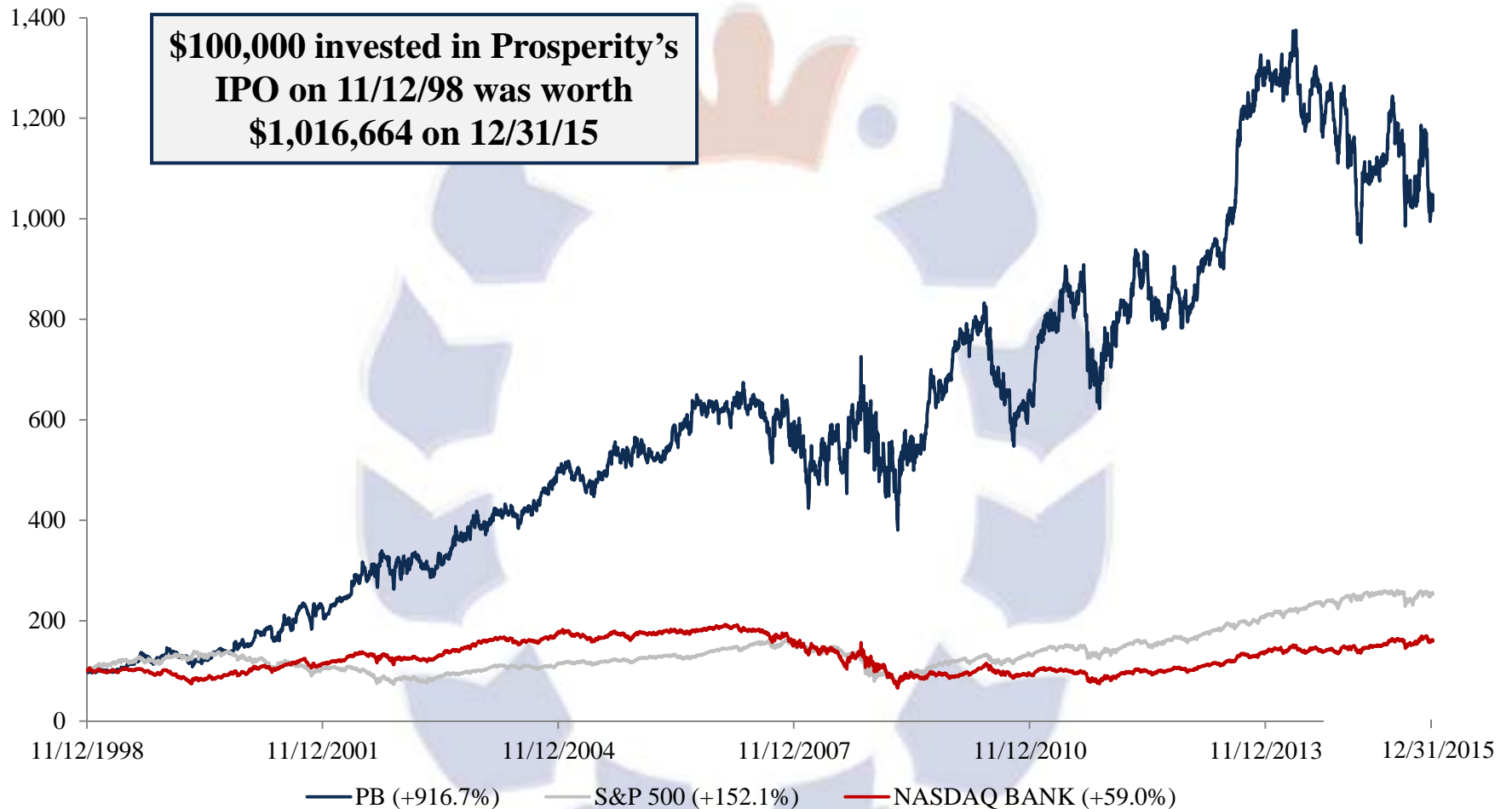
\* 2014 dividend consists of \$0.24 per share declared in 1Q 2014, 2Q 2014, 3Q 2014 and \$0.2725 per share declared in 4Q 2014

\*\*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



# Total Return Performance

IPO (November 12, 1998) to December 31, 2015

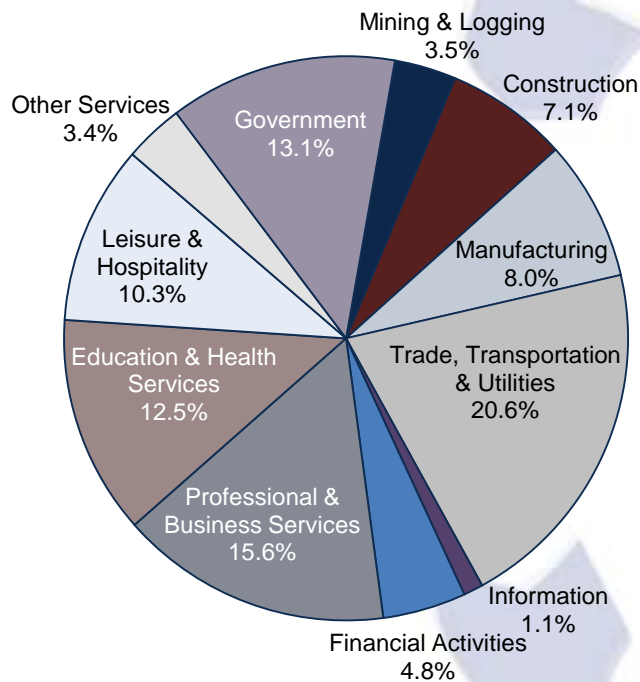


# The Houston Market: Economic Diversity



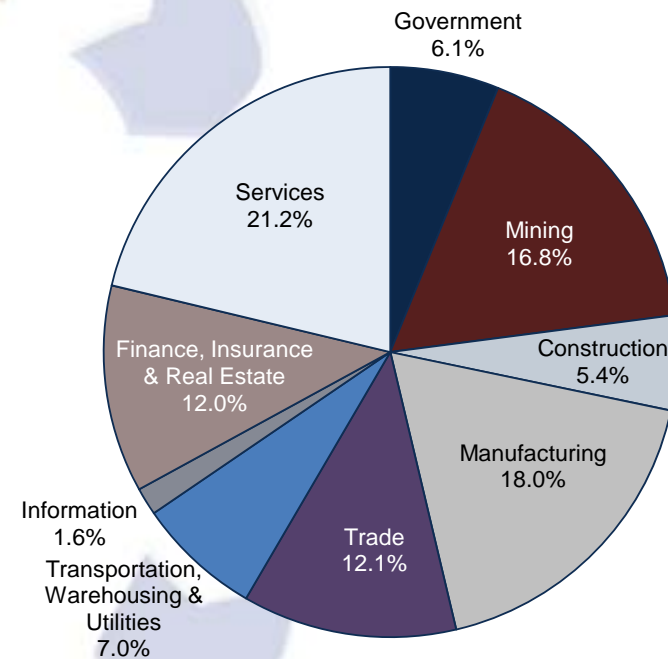
- Houston has a thriving and well diversified economy that expands far beyond the oil and gas industry

Employment by Industry as of December 2015



Source: Bureau of Labor Statistics.

2015 Houston MSA Gross Area Product



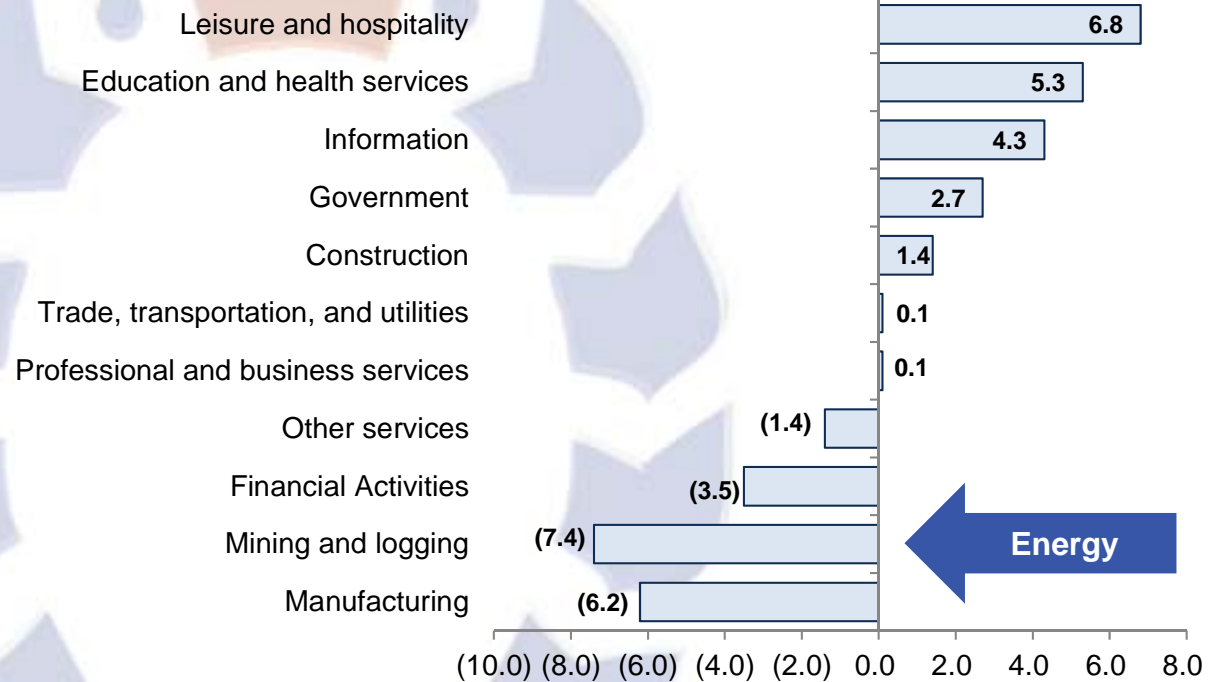
Source: The Perryman Group.

# The Houston Market: Economic Diversity



## Year Over Year Industry Employment Growth (%)

- 5<sup>th</sup> largest MSA in the U.S. with over 6.2 million people
- 2<sup>nd</sup> largest home to Fortune 500 companies in the U.S. with 24
- Increasingly diversified economy including the Port of Houston and Texas Medical Center



Source: Bureau of Labor Statistics as of December 2015.

# The Houston Market: Growth Drivers



## Port of Houston

- The Port of Houston is the U.S.'s largest port in foreign tonnage and second largest in total tonnage supporting over one million jobs

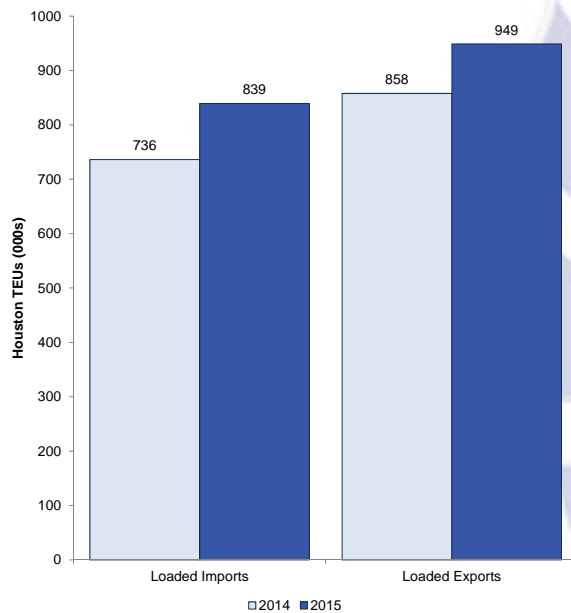
## Texas Medical Center

- TMC is the world's largest medical complex, with 7.2 million patient visits annually and an estimated annual economic impact of \$15 billion

## Construction

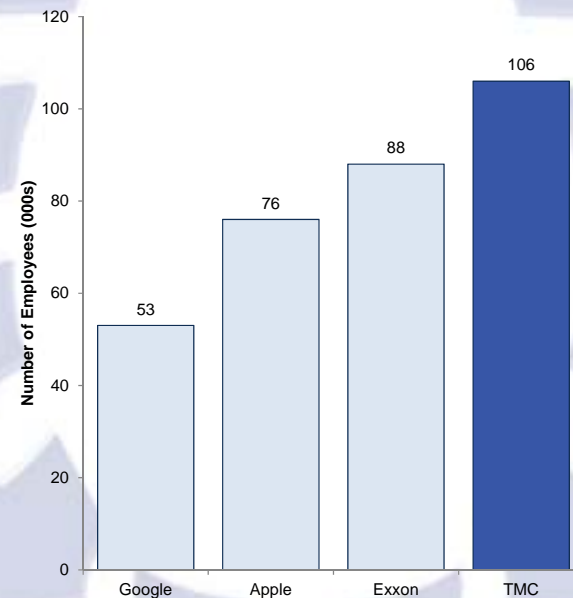
- Huge gains occurred in permits for hospitals, growing sevenfold from \$49.4 million in 2014 to \$370.0 million in 2015
- Educational building permits more than doubled from \$208.3 million to \$423.4 million

## Port of Houston Traffic



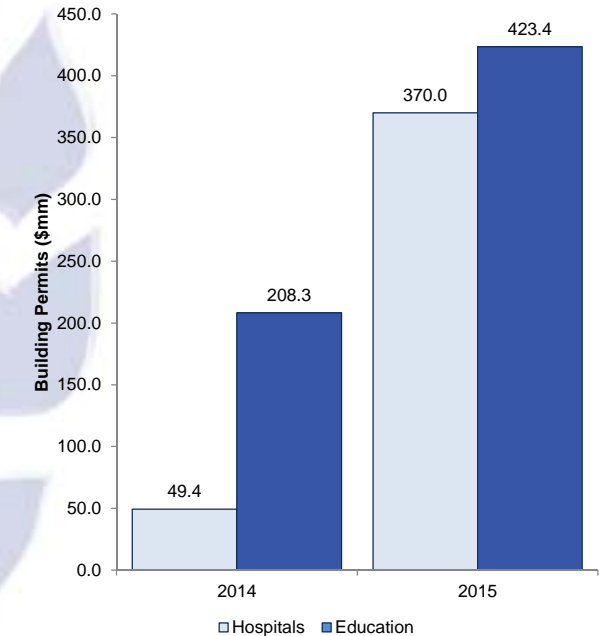
Source: PHA Accounting, PHA Market Development.

## Number of Employees



Source: Texas Medical Center.

## Building Permits

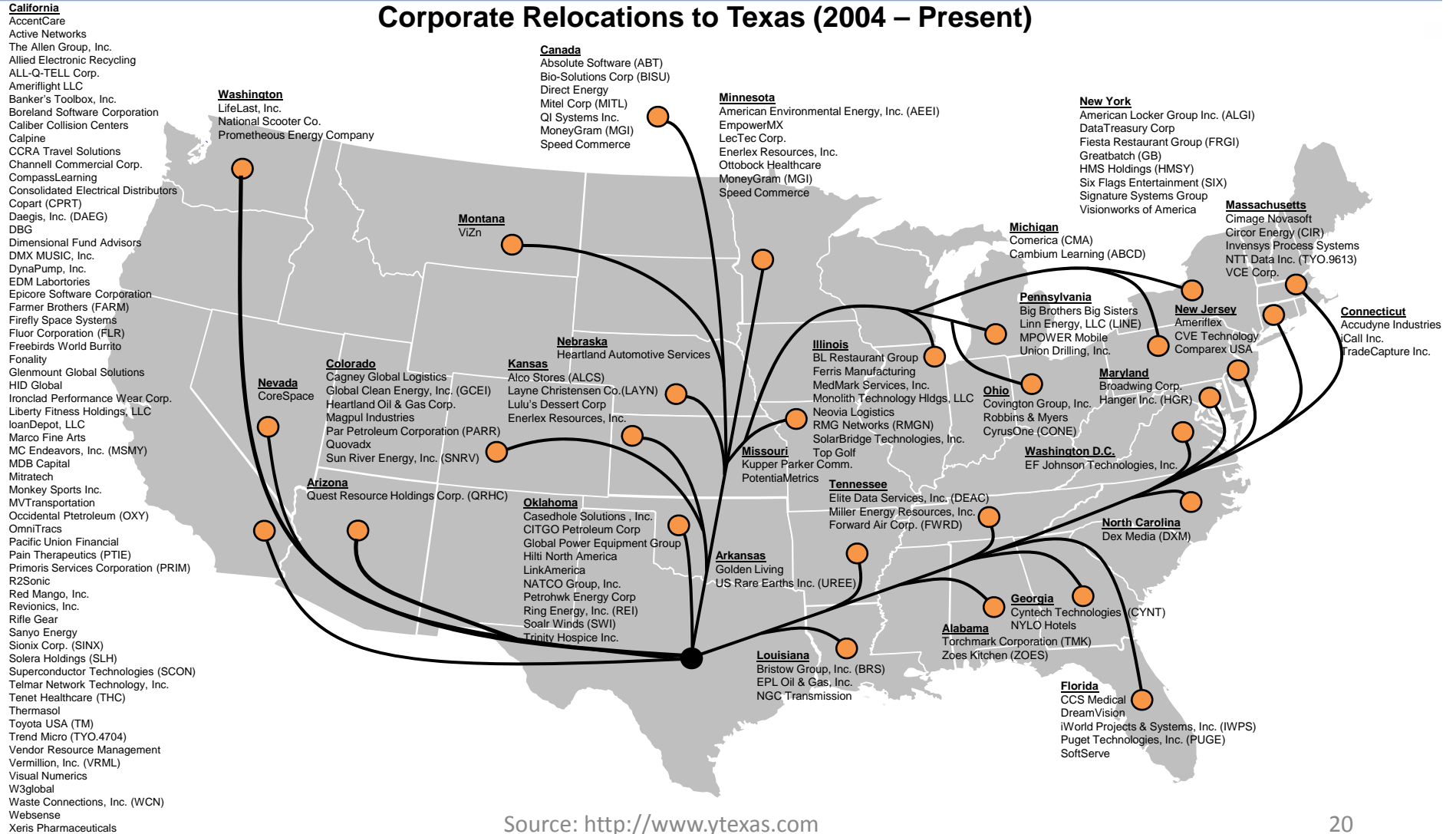


Source: Greater Houston Partnership via the City of Houston.

# Corporate Relocations to Texas



## Corporate Relocations to Texas (2004 – Present)



Source: <http://www.ytexas.com>

# Contact Information



## Corporate Headquarters

Prosperity Bank Plaza  
4295 San Felipe  
Houston, Texas 77027

281.269.7199 Telephone

281.269-7222 Fax

[www.prosperitybankusa.com](http://www.prosperitybankusa.com)

## Investor Contacts

David Zalman

Chairman & Chief Executive Officer

979.543.2200

[david.zalman@prosperitybankusa.com](mailto:david.zalman@prosperitybankusa.com)

David Hollaway

Chief Financial Officer

281.269.7199

[david.hollaway@prosperitybankusa.com](mailto:david.hollaway@prosperitybankusa.com)



# PB Acquisitions



Date of Announcement	Seller	# of Branches	Consideration	Accounting Method	At Announcement			Deal Value (\$000)	
					PRSP Assets (\$000)	Sellers' Assets (\$000)	Sellers' Assets Contribution (%)		
1	8/6/2015	Tradition Bancshares, Inc. (Houston)	7	Mixed	Purchase	21,563,894	521,902	2.4	83.8
2	8/29/2013	F&M Bancorporation Inc. (Tulsa)	13	Mixed	Purchase	16,270,718	2,470,137	13.2	243.9
3	7/1/2013	First Victoria National Bank Corp. (Victoria)	34	Mixed	Purchase	16,270,718	2,417,000	12.9	388.8
4	12/10/2012	Coppermark Bancshares (Oklahoma City)	9	Mixed	Purchase	13,712,119	1,325,000	8.8	194.3
5	6/27/2012	Community National Bank (Houston)	1	Mixed	Purchase	10,889,955	182,900	1.7	26.6
6	2/27/2012	American State Financial Corp. (Lubbock)	37	Mixed	Purchase	9,822,671	3,081,689	31.4	529.2
7	1/19/2012	The Bank Arlington (Dallas)	1	Common Stock	Purchase	9,822,671	37,300	0.38	5.8
8	12/9/2011	East Texas Financial Services, Inc. (Tyler)	3	Common Stock	Purchase	9,822,671	210,600	2.14	21.1
9	9/13/2011	Texas Bankers, Inc. (Austin)	1	Common Stock	Purchase	9,567,087	72,500	0.76	12.7
10	2/7/2008	1st Choice Bancorp, Inc. (Houston)	1	Mixed	Purchase	6,372,343	313,900	4.69	66.2
11	5/1/2007	The Bank of Navasota (Navasota)	1	Common Stock	Purchase	6,247,926	72,300	1.14	17.1
12	7/19/2006	Texas United Bancshares, Inc.(La Grange)	34	Common Stock	Purchase	4,547,220	1,818,000	27.82	357.1
13	11/16/2005	SNB Bancshares, Inc. (Houston)	6	Mixed	Purchase	3,493,972	1,121,747	24.3	242.7
14	9/12/2005	Grapeland Bancshares, Inc.(Grapeland)	2	Common Stock	Purchase	3,479,747	73,000	2.15	7.3
15	10/26/2004	FirstCapital Bankers, Inc. (Corpus Christit)	20	Common Stock	Purchase	2,709,169	773,566	22.21	135.7
16	5/12/2004	Village Bank and Trust (Austin)	1	Cash	Purchase	2,449,553	110,400	4.31	20.2
17	4/26/2004	Liberty Bank (Austin)	4	Mixed	Purchase	2,449,553	186,000	7.06	42.0
18	10/6/2003	First State Bank of North Texas (Dallas)	3	Mixed	Purchase	2,078,532	93,900	4.32	21.3
19	7/21/2003	Mainbancorp (Dallas)	3	Mixed	Purchase	1,983,277	195,700	8.98	39.7
20	3/5/2003	BankDallas SSB (Dallas)	1	Cash	Purchase	1,822,256	40,716	2.19	7.0
21	2/3/2003	Abrams Centre Bancshares, Inc. (Dallas)	1	Cash	Purchase	1,822,256	95,388	4.97	16.3
22	8/15/2002	First National Bank of Bay City (Bay City)	1	Cash	Purchase	1,360,356	28,174	2.03	5.0
23	7/15/2002	Southwest Bank Holding Company (Dallas)	2	Cash	Purchase	1,289,637	127,055	8.97	21.0
24	5/2/2002	Paradigm Bancorporation, Inc. (Houston)	8	Common Stock	Purchase	1,289,637	259,262	16.74	41.6
25	4/26/2002	First State Bank (Needville)	1	Cash	Purchase	1,289,637	17,539	1.36	3.7
26	2/22/2002	Texas Guaranty Bank, N.A. (Houston)	2	Cash	Purchase	1,262,152	75,019	5.61	11.8
27	11/8/2000	Commercial Bancshares, Inc.(Houston)	12	Common Stock	Pooling	693,079	401,271	36.67	53.3
28	6/21/1999	South Texas Bancshares, Inc. (Beeville)	3	Cash	Purchase	461,903	142,091	23.53	23.4
29	06/05/98	Union State Bank (East Bernard)	1	Cash	Purchase	339,287	79,174	18.92	17.6



# PB Branch Acquisitions



## *Branch Acquisitions*

	<b>Date of Announcement</b>	<b>Seller</b>	<b># of Branches</b>	<b>Branch Type</b>	<b>Branch Locale State</b>	<b>Amount of Deposits Transferred (\$000)</b>	<b>Deposit Premium (\$000)</b>
1	2/8/2010	First Bank	19	Bank	TX	500,000	36,000
2	1/19/2010	U.S. Bank	3	Bank	TX	420,000	13,000
3	11/7/2008	Franklin Bank	46	Bank	TX	3,700,000	60,000
4	10/22/2007	Banco Popular North America	6	Bank	TX	140,000	NA
5	6/15/2000	Compass Bancshares, Inc.	5	Bank	TX	87,000	NA
6	2/27/1998	Grimes County Capital Corporation	1	Bank	TX	5,900	250
7	3/30/1997	Wells Fargo & Company	1	Bank	TX	NA	NA
8	3/11/1996	Victoria Bankshares, Inc.	1	Bank	TX	46,000	NA



— PROSPERITY —  
BANCSHARES, INC.®



**4<sup>th</sup> Quarter 2015**