



— PROSPERITY —
BANCSHARES, INC.®

2nd Quarter 2016



— PROSPERITY —
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.

2Q16 Highlights



- **Net Income of \$68.071 million and earnings per share (diluted) of \$0.98 for three months ending June 30, 2016**
- **Assets of \$21.796 billion, loans of \$9.650 billion, and deposits of \$17.219 billion at June 30, 2016**
- **Common equity tier 1 ratio was 13.66% and leverage ratio was 8.11% at June 30, 2016**
- **Sound asset quality with annualized net charge offs/average loans of 0.24% for the second quarter 2016**
- **Non-performing assets to average earning assets remain low at 0.27% or \$52.130 million for the second quarter 2016**
- **Declared cash dividend of \$0.30 per share for the second quarter 2016**

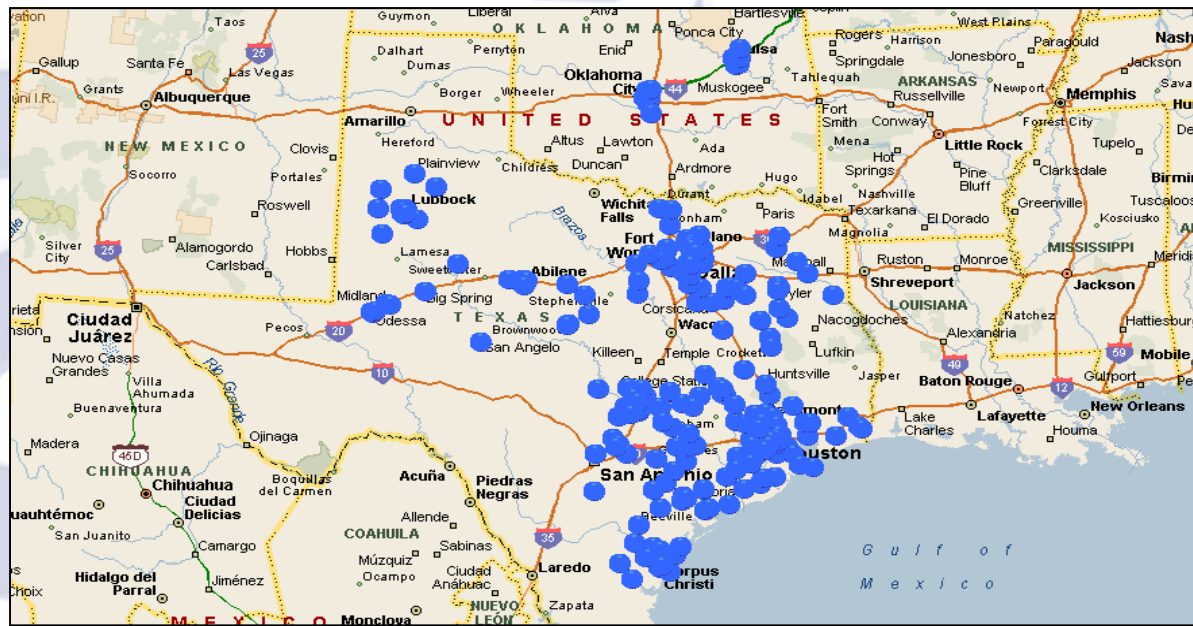
Corporate Profile



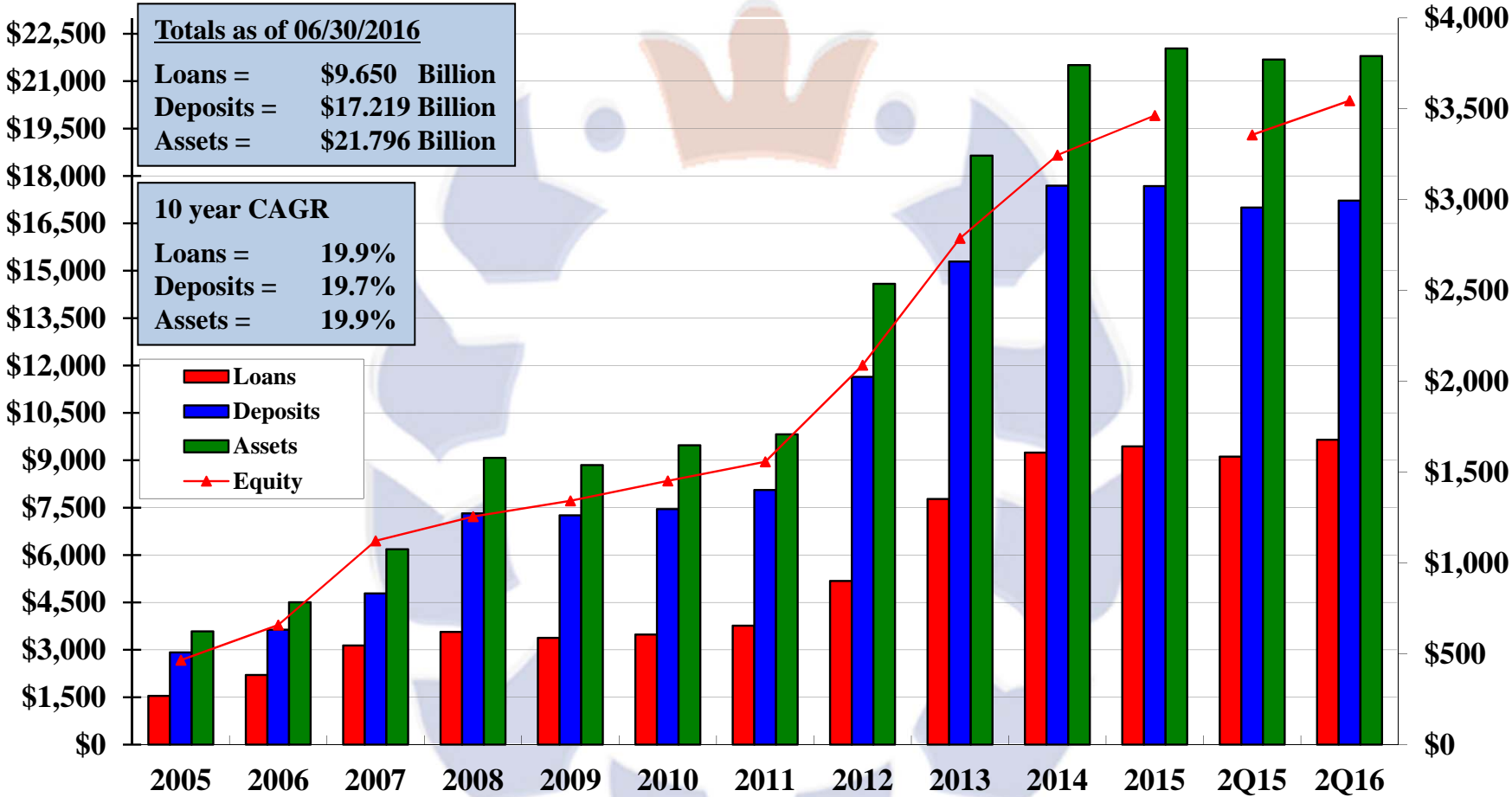
- A Texas based financial holding company with approximately \$21.796 billion in assets, and the 2nd largest Texas-based commercial bank
- Shareholder driven with 4.9% fully diluted insider ownership
- Successful integration of 42 acquisitions (includes branch and failed bank transactions)

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



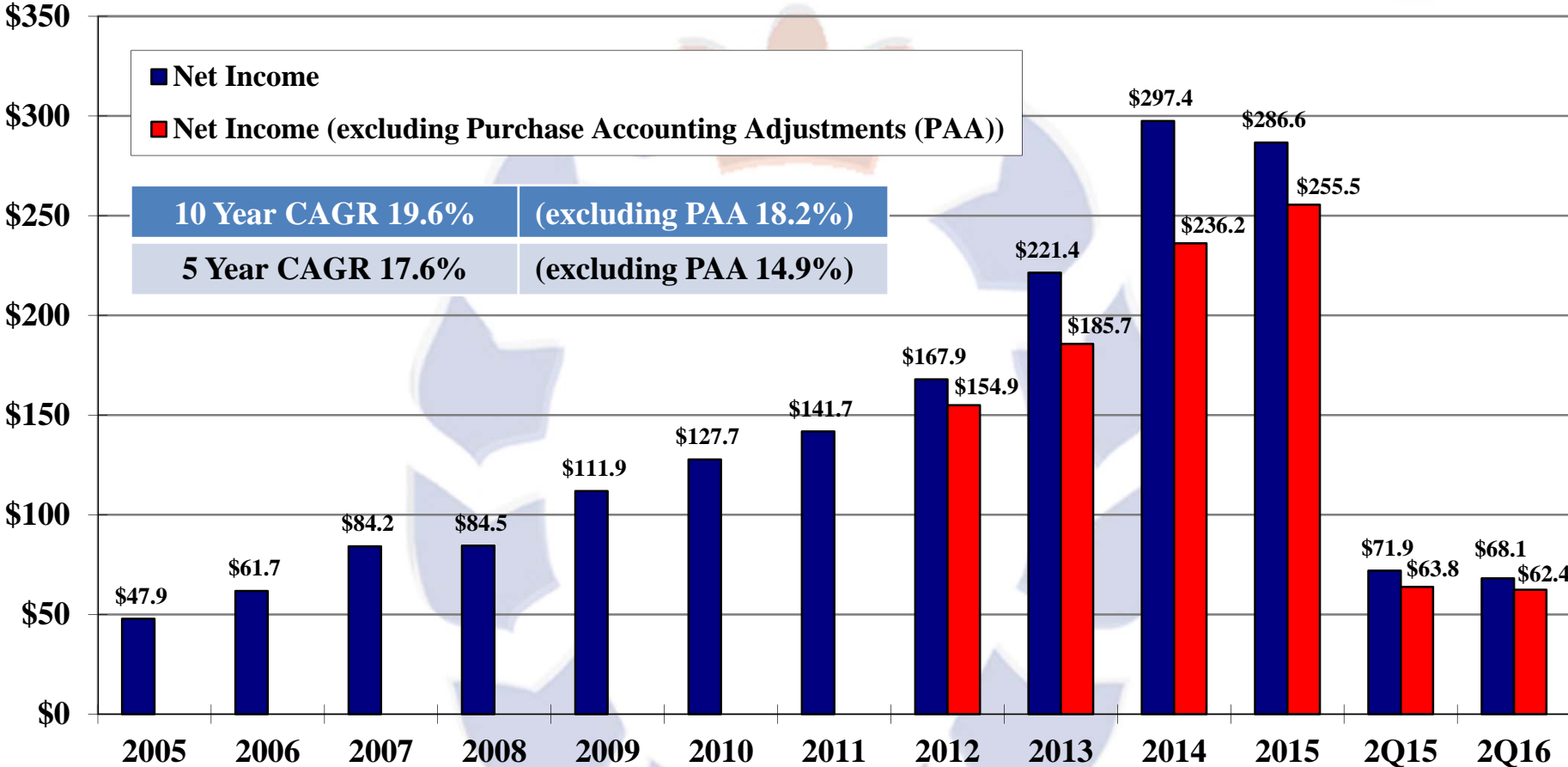
Totals as of 06/30/2016
 Loans = \$9.650 Billion
 Deposits = \$17.219 Billion
 Assets = \$21.796 Billion

10 year CAGR
 Loans = 19.9%
 Deposits = 19.7%
 Assets = 19.9%

Loans
 Deposits
 Assets
 Equity

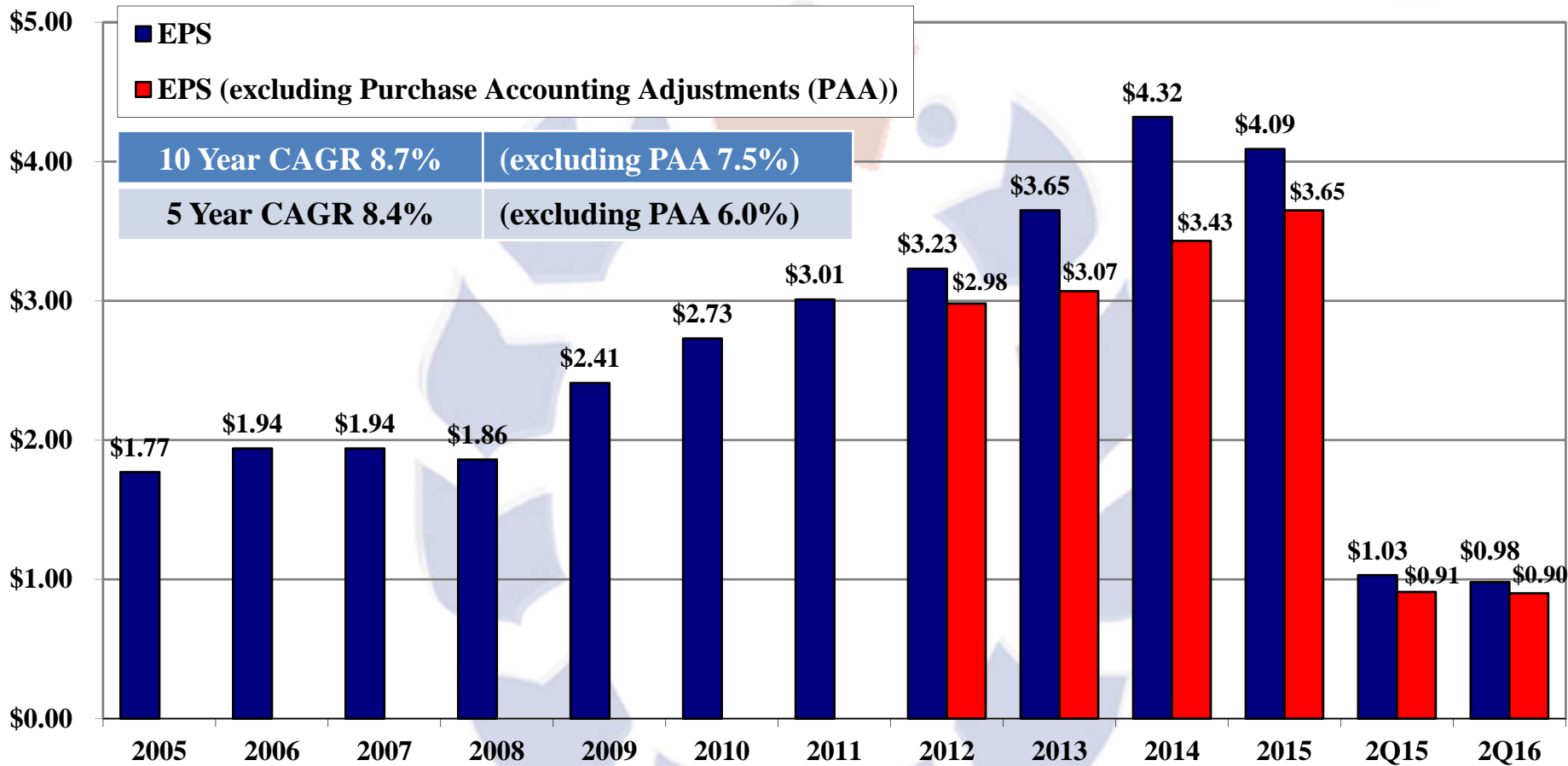
\$ in millions

Net Income

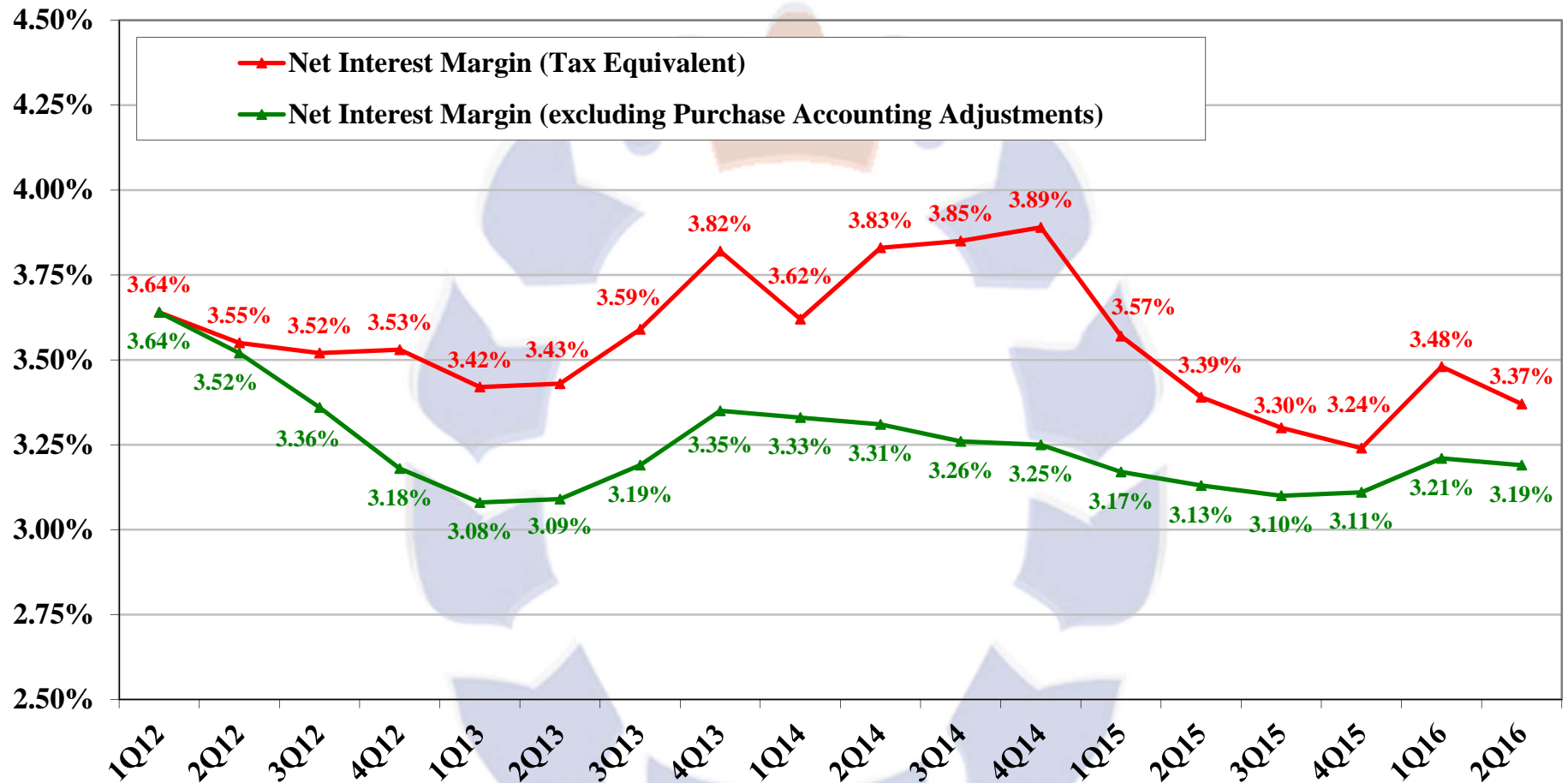


\$ in millions

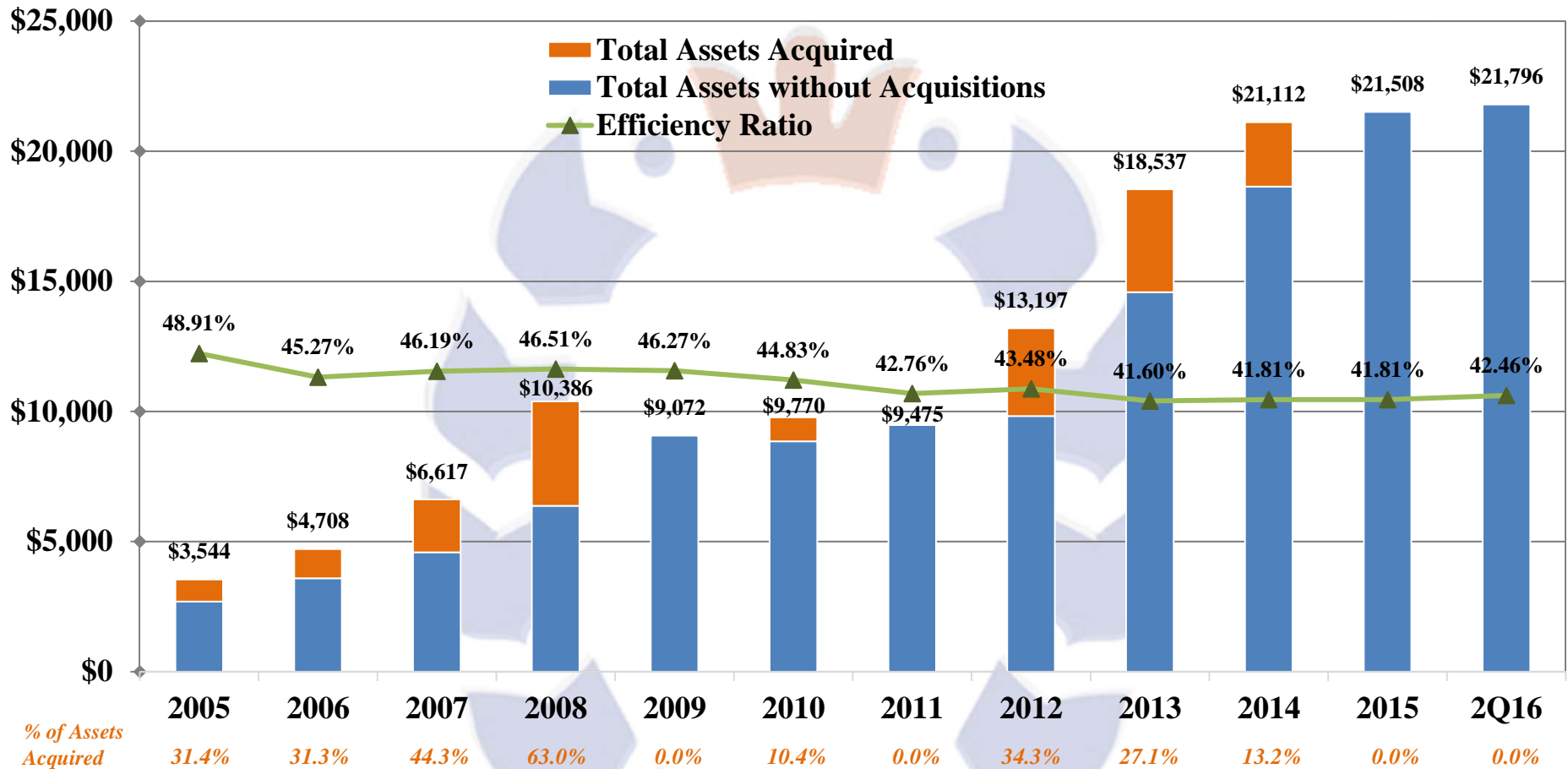
EPS Growth Diluted



Net Interest Margin



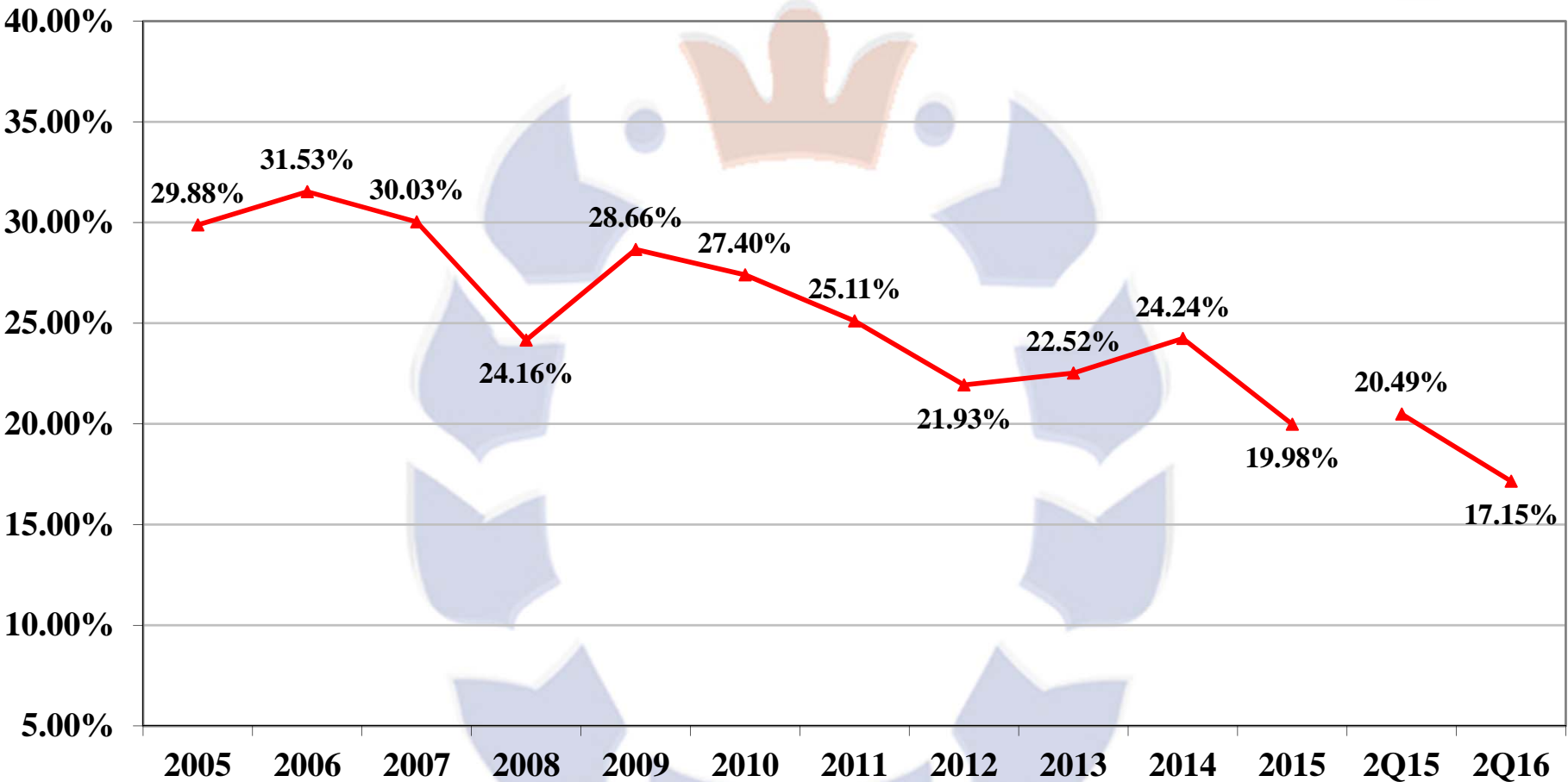
Acquisitions & Efficiency Ratio*



*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.

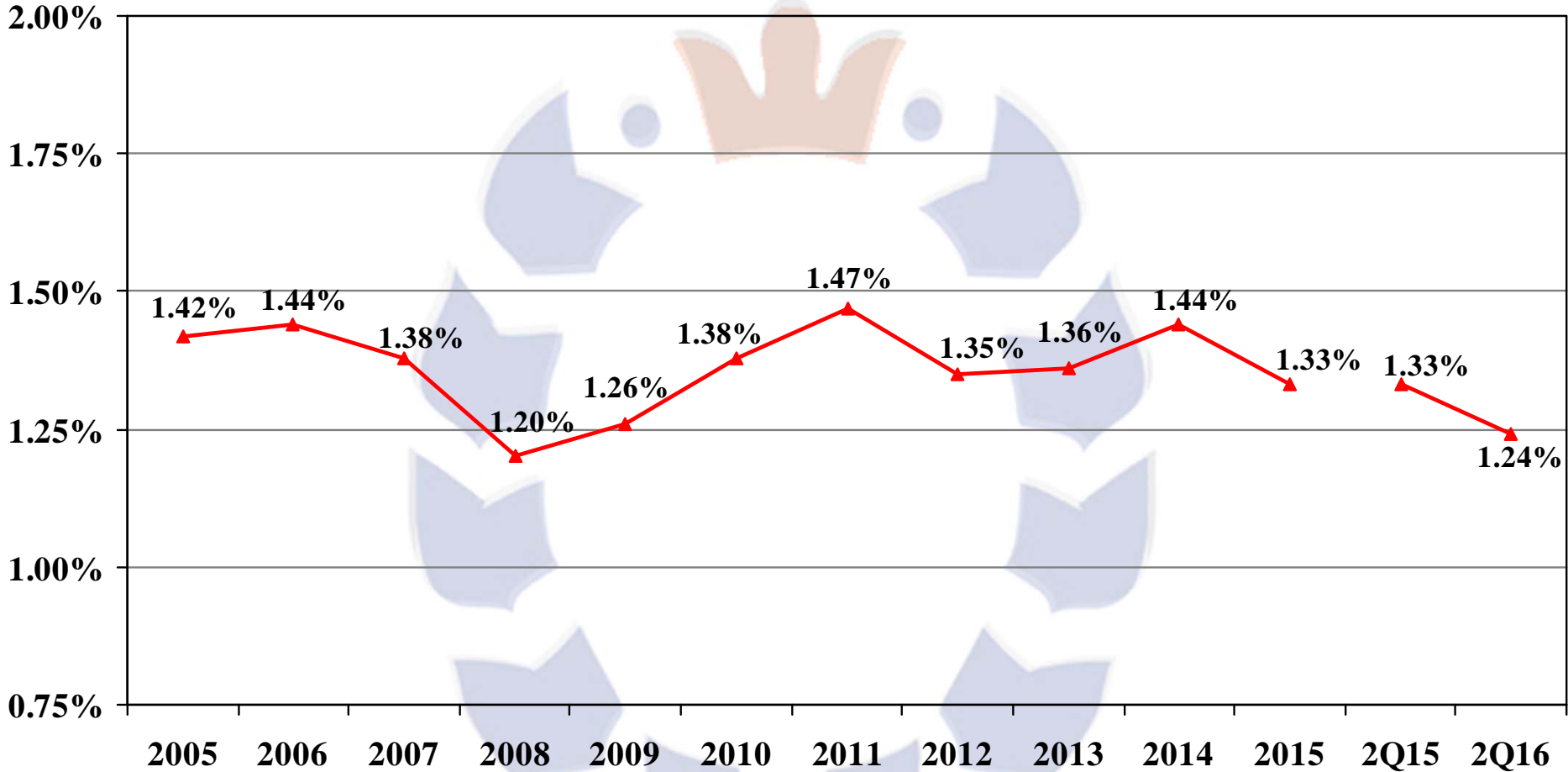
\$ in millions

Return on Average Tangible Common Equity



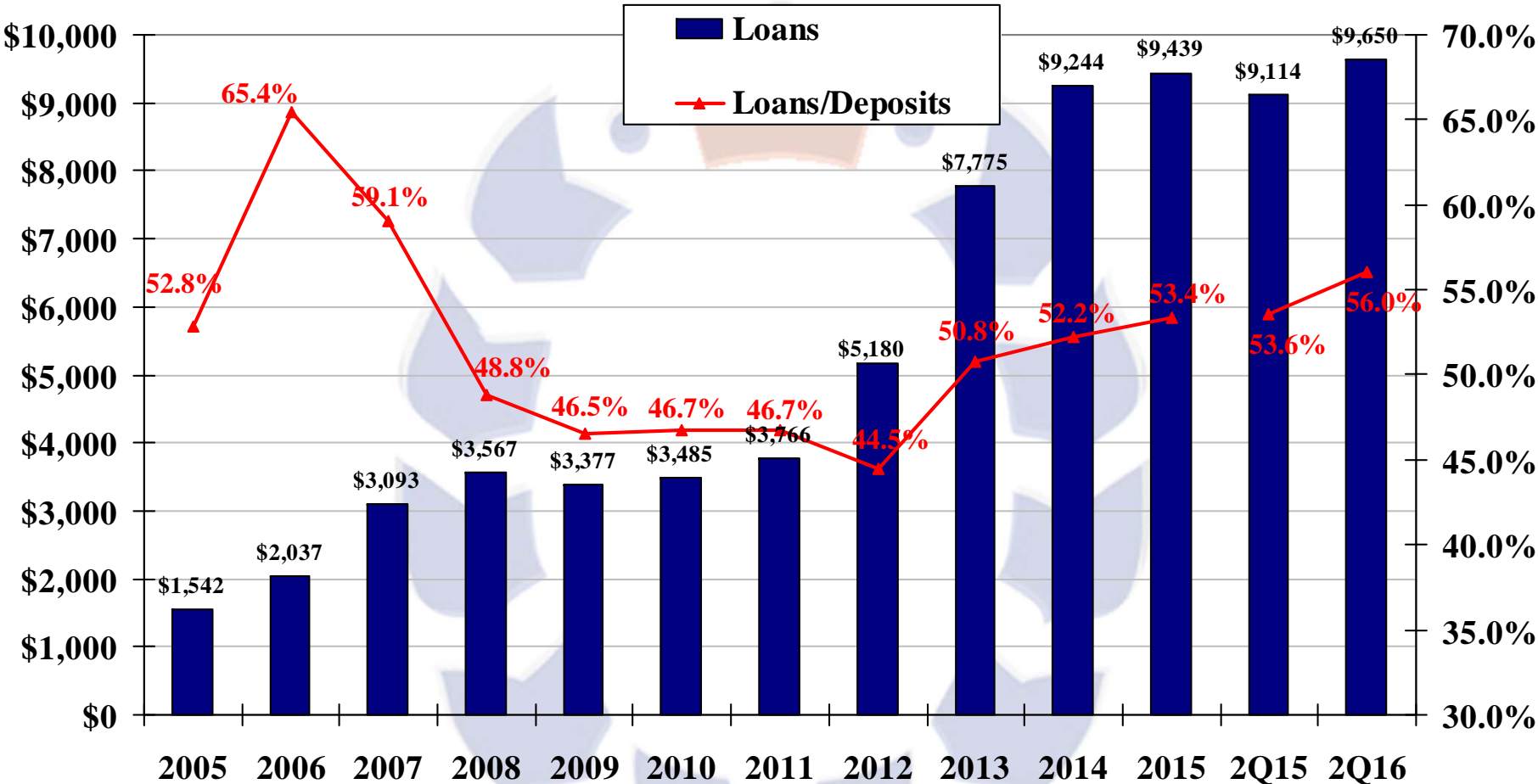
Interim periods annualized.

Return on Average Assets



Interim periods annualized.

Loan Growth

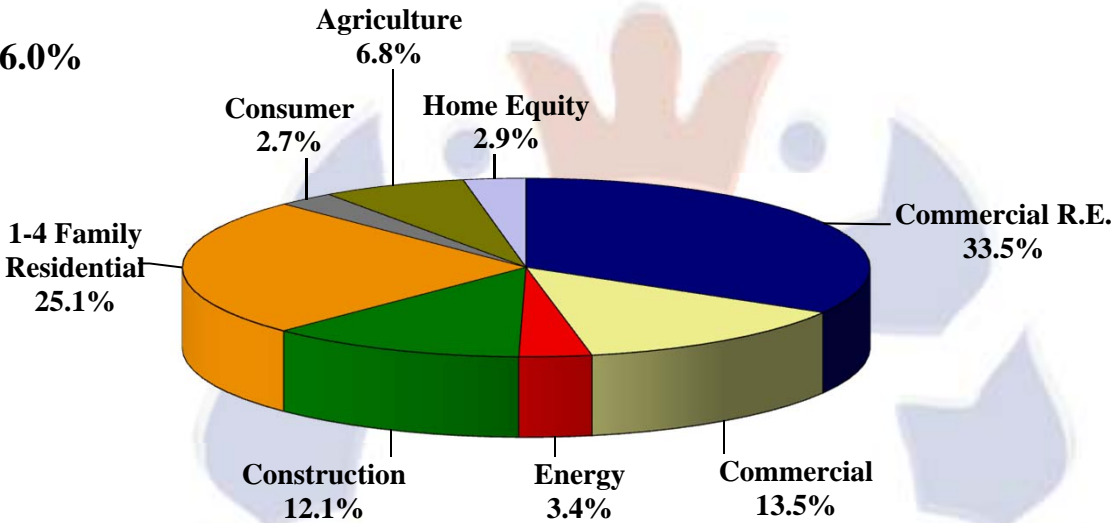


\$ in millions

Loan Portfolio



June 30, 2016
Loans/Deposits: 56.0%



Bryan/College Station:	\$557
Central Oklahoma:	\$496
Central Texas:	\$1,235
Dallas/Ft. Worth:	\$1,041
East Texas:	\$323
Houston:	\$3,103
South Texas:	\$1,283
Tulsa Oklahoma:	\$754
West Texas:	\$858

	Amount	% of total
Commercial & Industrial	\$ 1,299	13.5%
Construction, Land Dev	1,167	12.1
1-4 Family Residential	2,425	25.1
Home Equity	283	2.9
Commercial R.E.	3,230	33.5
Agriculture (includes farmland)	658	6.8
Consumer & Other	260	2.7
Energy	328	3.4
Gross Loans	\$ 9,650	100.0%

Single Family:	\$418
Land Development:	\$86
Raw Land:	\$161
Lots:	\$132
Commercial/ Other:	\$382
Purchase Accounting Discount:	(\$4)

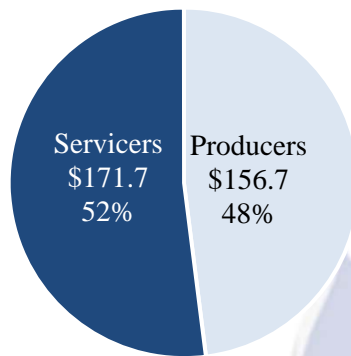
Owner Occupied:	\$1,477
Shopping Center:	\$450
Office Building:	\$364
Multi-family:	\$183
Other:	\$756

Energy Portfolio

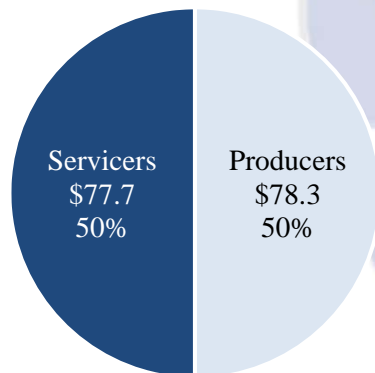
As of June 30, 2016



Outstanding Balance



Unfunded Commitments



Portfolio Commentary

- Total outstanding balance of \$328.4 million, or 3.4% of total loans
- Total unfunded commitments of \$156.0 million
- Total energy reserves of 2.49% or \$8.3 million
- \$37.5 million of energy loans are subject to a fair value mark of \$6.0 million
- Four energy loans are Shared National Credits (SNCs) with an outstanding balance of \$5.8 million
- Average relationship size for both producers and servicers is under \$1.0 million, with only seven relationships over \$10.0 million
- Reserve-based lending is only on proven producing reserves
- Servicing portfolio is well-diversified

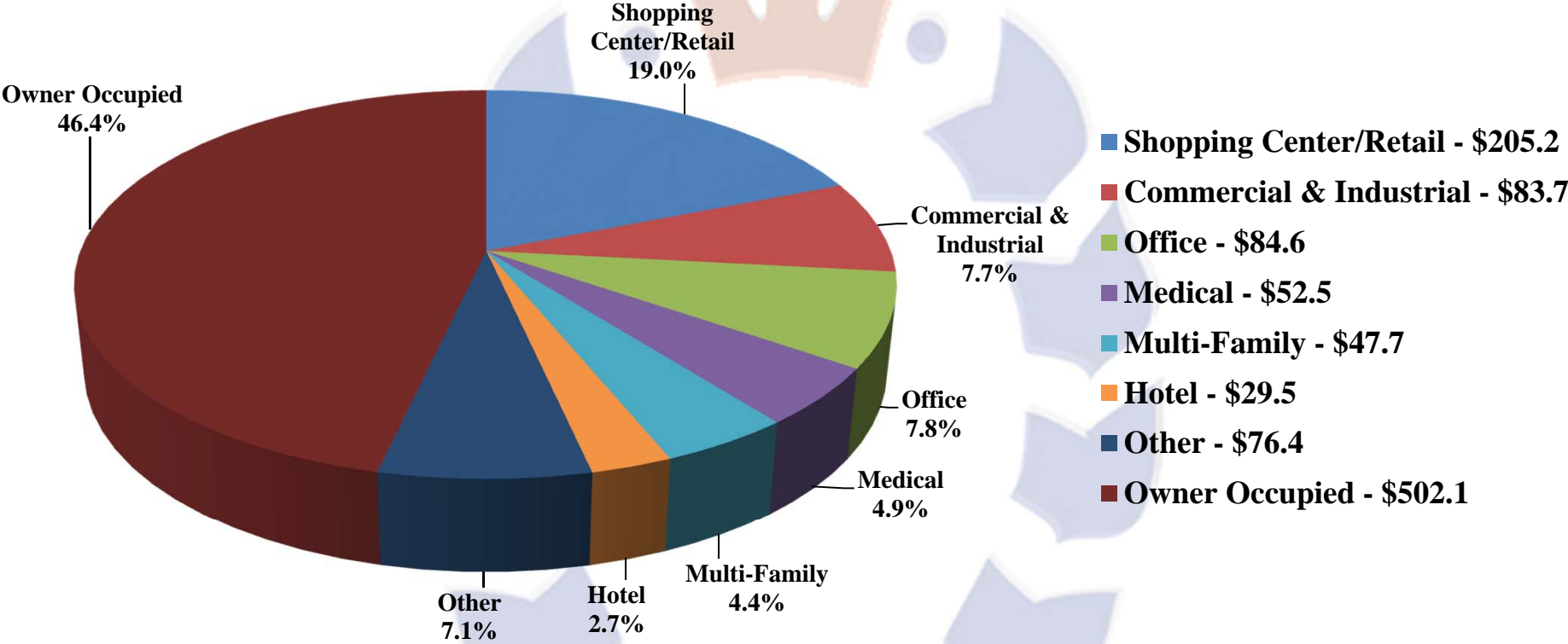
\$ in millions

Houston MSA CRE Portfolio

As of June 30, 2016



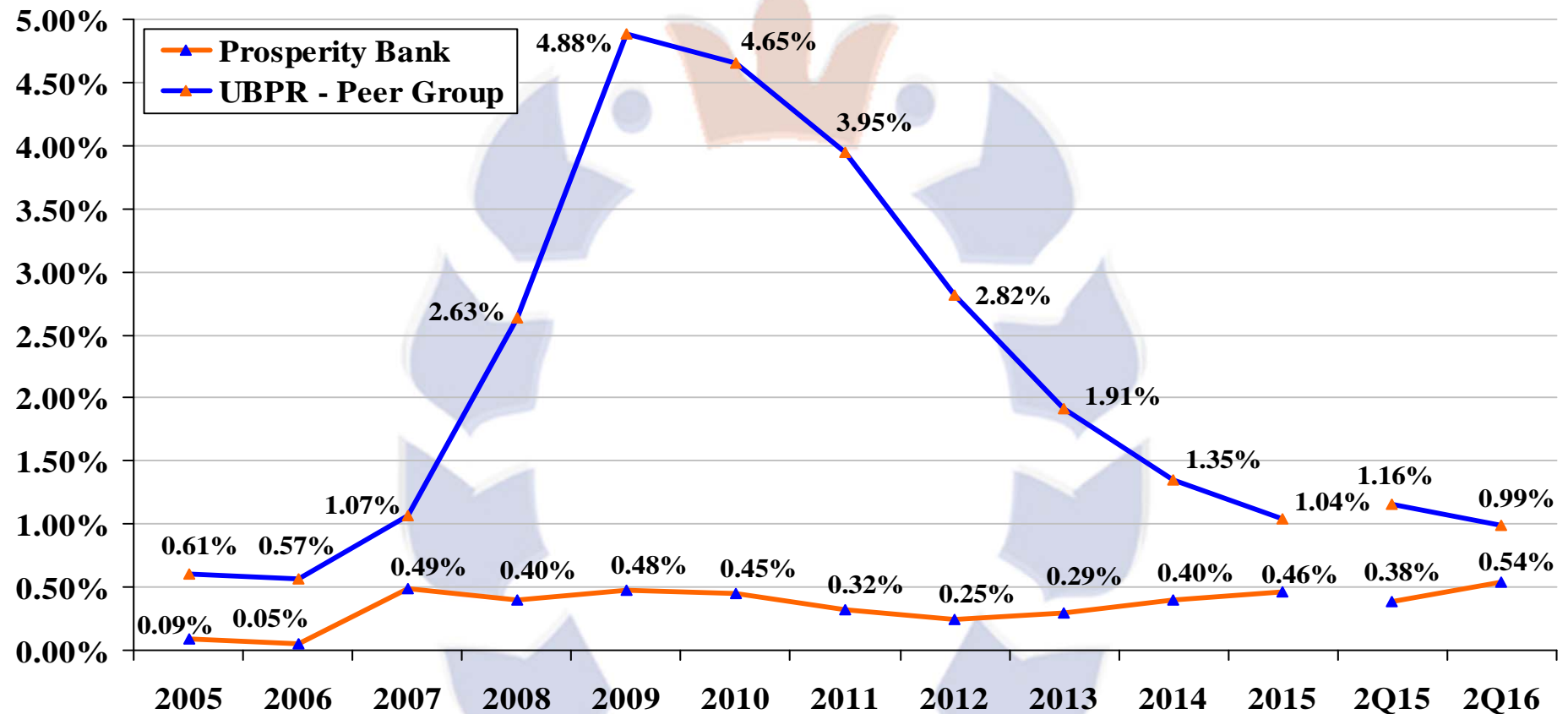
TOTAL: \$1.082B



\$ in millions

Asset Quality

NPA*/Loans + OREO



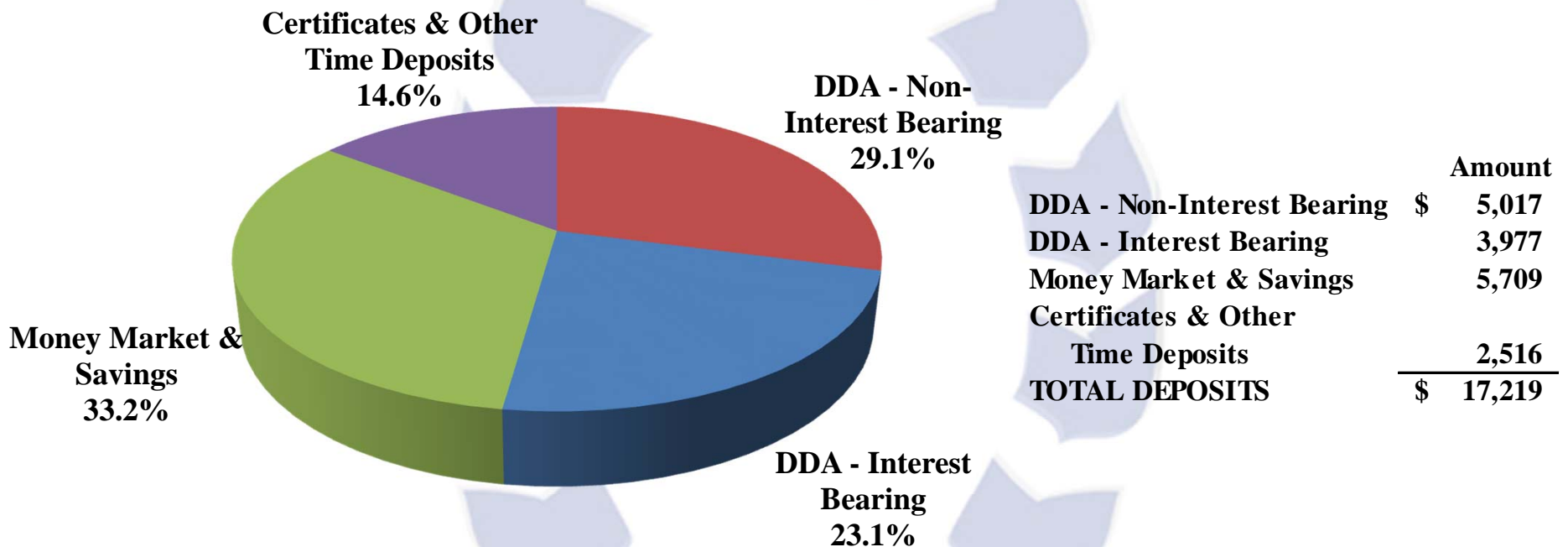
*Includes loans past due 90 days and still accruing

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

Deposit Composition

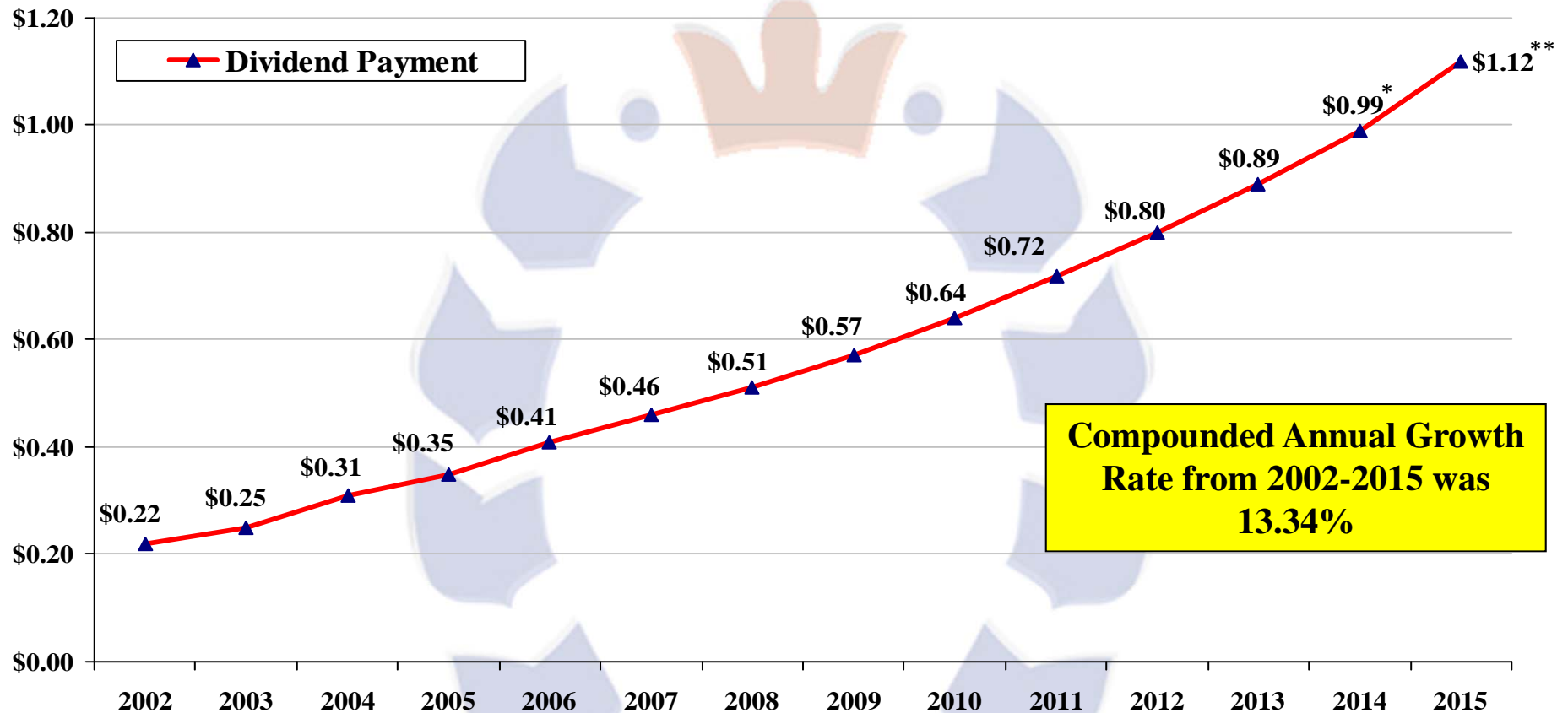


June 30, 2016
 Cost of Deposits: 0.24%



\$ in millions

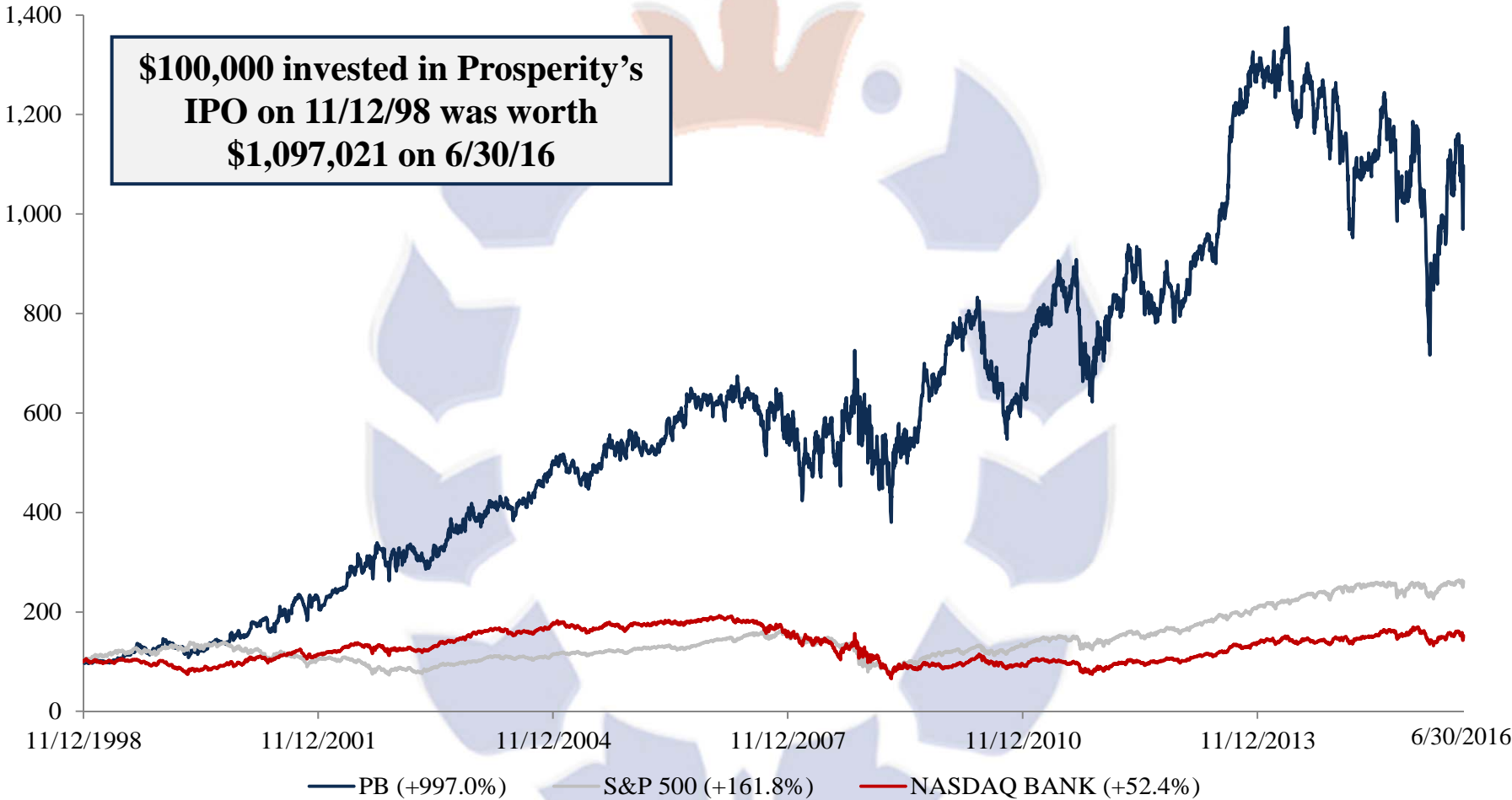
Dividend History



* 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 June 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.
 Liberty Fitness Holdings, LLC
 IoanDepot, 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.
 Revionics, 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
 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)

Illinois

BL Restaurant Group
 Ferris Manufacturing
 MedMark Services, Inc.
 Monolith Technology Hldgs. LLC
 Neovia Logistics
 RMG Networks (RMGN)
 SolarBridge Technologies, Inc.

Missouri

Top Golf
 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)

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.

Louisiana

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

Alabama

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

Georgia

Cyntech Technologies (CYNT)

Florida

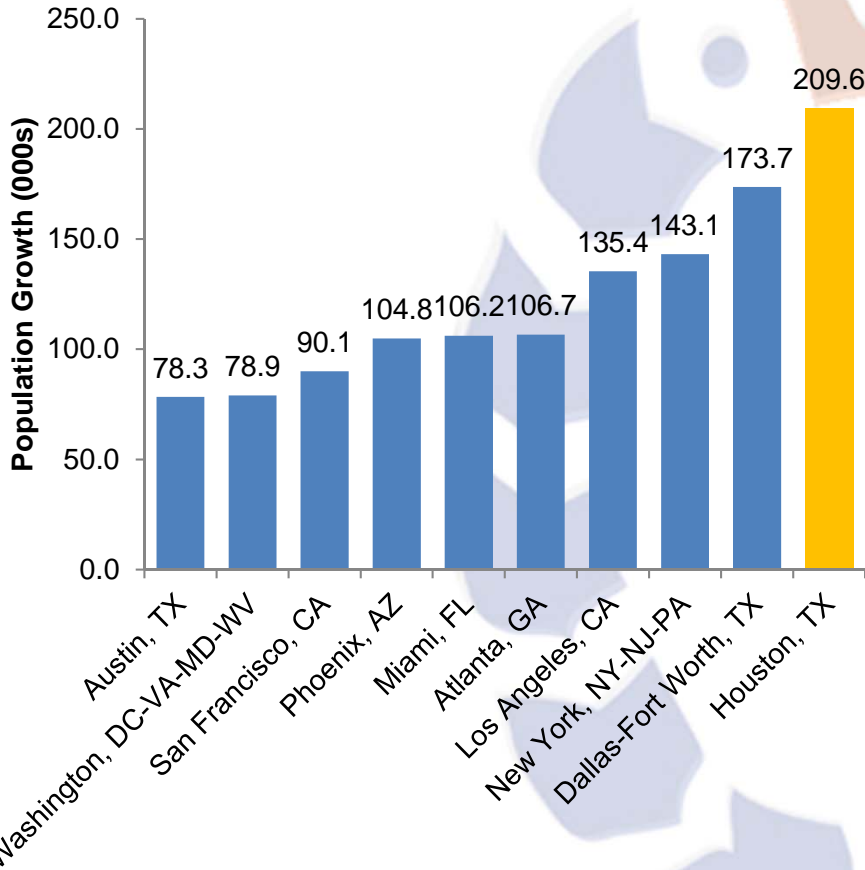
CCS Medical
 DreamVision
 iWorld Projects & Systems, Inc. (IWPS)
 Puget Technologies, Inc. (PUGE)
 SoftServe

The Houston Market: Overview



Population Growth From January 2015 to January 2016

Houston added more people last year than any other MSA



Growth Drivers

- Single-family sales totaled 36,393 units through the first half of 2016, a 2.7% increase from the 35,448 units sold during the same period last year – a record for the first six months of any year in Houston
- 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 is the world’s largest medical complex, with 8 million patient visits annually and an estimated annual economic impact of \$15 billion
- City of Houston building permits for 2016 YTD totaled \$3.5 billion
- Metro Houston added 5,500 jobs in June compared to 3,500 added in June 2015

Economic Diversity

- 5th largest MSA in the U.S. with 6.7 million people
- 2nd largest home to Fortune 500 companies in the U.S. with 24
- Increasingly diversified economy including the Port of Houston and Texas Medical Center

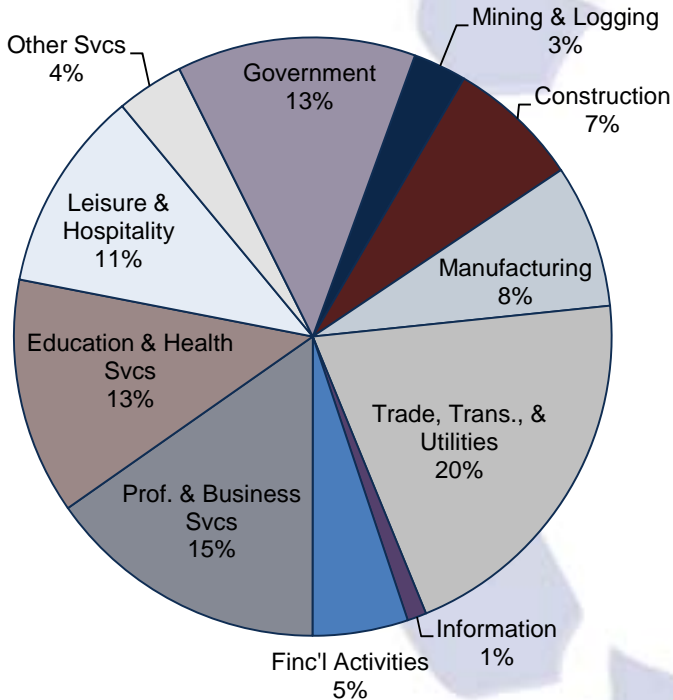
Source: Nielsen via SNL Financial, Greater Houston Partnership and FactSet

The Houston Market: Economic Diversity



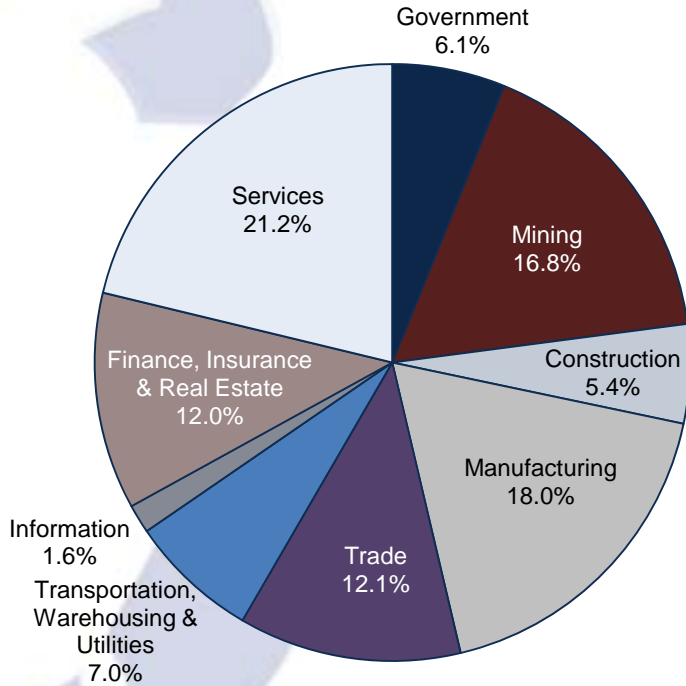
- **Houston has a thriving and well diversified economy that expands far beyond the oil and gas industry**
- **Houston MSA Gross Product in 2015 was \$535.1 billion, nearly double from 2005**

June 2016 Employment by Industry



Source: Bureau of Labor Statistics

2015 Houston MSA Gross Area Product



Source: The Perryman Group

Contact Information



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