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.
4Q16 Highlights

- Net Income of $68.793 million and earnings per share (diluted) of $0.99 for three months ending December 31, 2016
- Common equity tier 1 ratio was 14.48% and leverage ratio was 8.68% at December 31, 2016
- Sound asset quality with annualized net charge offs/average loans of 0.09% for the fourth quarter 2016
- Non-performing assets to average earning assets remain low at 0.25% or $48.302 million for the fourth quarter 2016
- Declared cash dividend of $0.34 per share for the fourth quarter 2016
Corporate Profile

- A Texas based financial holding company with approximately $22.331 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 12/31/2016
- Loans = $9.622 Billion
- Deposits = $17.307 Billion
- Assets = $22.331 Billion

10 year CAGR
- Loans = 16.0%
- Deposits = 16.6%
- Assets = 17.1%

$ in millions
Net Income

10 Year CAGR 16.1% (excluding PAA 15.0%)
5 Year CAGR 14.1% (excluding PAA 12.1%)

$ in millions


Net Income
Net Income (excluding Purchase Accounting Adjustments (PAA))

10 Year CAGR 16.1% (excluding PAA 15.0%)
5 Year CAGR 14.1% (excluding PAA 12.1%)
EPS Growth

- **Diluted**
- **EPS**
- **EPS (excluding Purchase Accounting Adjustments (PAA))**

10 Year CAGR 7.3% (excluding PAA 6.4%)
5 Year CAGR 5.5% (excluding PAA 3.6%)

**EPS Growth Diluted**

- **2006** $1.94
- **2007** $1.94
- **2008** $1.86
- **2009** $2.41
- **2010** $2.73
- **2011** $3.01
- **2012** $2.98
- **2013** $3.23
- **2014** $3.65
- **2015** $4.32
- **2016** $4.09
- **4Q15** $3.94
- **4Q16** $3.60

**EPS (excluding Purchase Accounting Adjustments (PAA))**

- **2006** $1.01
- **2007** $0.99
- **2008** $0.92
- **2009** $0.94
- **2010** $0.92
- **2011** $0.94
- **2012** $0.99
- **2013** $0.94
- **2014** $0.99
- **2015** $0.92
- **2016** $0.92
- **4Q15** $0.94
- **4Q16** $0.92

10 Year CAGR 7.3% (excluding PAA 6.4%)
5 Year CAGR 5.5% (excluding PAA 3.6%)
Net Interest Margin

Net Interest Margin (Tax Equivalent)

Net Interest Margin (excluding Purchase Accounting Adjustments)
**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.*
Return on Average Tangible Common Equity

Interim periods annualized.
Return on Average Assets

Interim periods annualized.
Loan Portfolio

December 31, 2016
Loans/Deposits: 55.6%

**Construction Loan Breakout**
*Approximate $ in millions *
- Single Family: $397
- Land Development: $76
- Raw Land: $194
- Residential Lots: $130
- Commercial/Other: $470
- Purchase Accounting Discount: ($3)

**CRE Loan Breakout**
*Approximate $ in millions *
- Owner Occupied: $1,456
- Shopping Center: $442
- Office Building: $339
- Multi-family: $179
- Other: $746

**Gross Loans**
$9,622 100.0%

**Approximate $ in millions**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial &amp; Industrial</td>
<td>$1,255</td>
<td>13.0%</td>
</tr>
<tr>
<td>Construction, Land Dev</td>
<td>$1,264</td>
<td>13.1%</td>
</tr>
<tr>
<td>1-4 Family Residential</td>
<td>$2,439</td>
<td>25.3%</td>
</tr>
<tr>
<td>Home Equity</td>
<td>$278</td>
<td>2.9%</td>
</tr>
<tr>
<td>Commercial R.E.</td>
<td>$3,162</td>
<td>32.9%</td>
</tr>
<tr>
<td>Agriculture (includes farmland)</td>
<td>$672</td>
<td>7.0%</td>
</tr>
<tr>
<td>Consumer &amp; Other</td>
<td>$267</td>
<td>2.8%</td>
</tr>
<tr>
<td>Energy</td>
<td>$285</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

**Loans By Area**
*Approximate $ in millions *
- Bryan/College Station: $603
- Central Oklahoma: $493
- Central Texas: $1,287
- Dallas/Ft. Worth: $1,004
- East Texas: $345
- Houston: $3,137
- South Texas: $1,282
- Tulsa Oklahoma: $657
- West Texas: $814
Energy Portfolio
As of December 31, 2016

### Portfolio Commentary

- **Total outstanding balance** of $284.5 million, or 3.0% of total loans
- **Total unfunded commitments** of $145.4 million
- **Total energy reserves** of 2.10% or $6.0 million
- **$19.0 million** of energy loans are subject to a fair value mark of **$3.6 million**
- Four energy loans are Shared National Credits (SNCs) with an outstanding balance of **$6.0 million**
- Average relationship size for both producers and servicers is under **$1.0 million**, with only five relationships over **$10.0 million**
- Reserve-based lending is only on proven producing reserves
- Servicing portfolio is well-diversified

### Outstanding Balance

<table>
<thead>
<tr>
<th></th>
<th>Producers</th>
<th>Servicers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>$119.9</td>
<td>$164.6</td>
</tr>
<tr>
<td>Percent</td>
<td>42%</td>
<td>58%</td>
</tr>
</tbody>
</table>

### Unfunded Commitments

<table>
<thead>
<tr>
<th></th>
<th>Producers</th>
<th>Servicers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>$72.0</td>
<td>$73.4</td>
</tr>
<tr>
<td>Percent</td>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>
Houston MSA CRE Portfolio
As of December 31, 2016

TOTAL: $1.1 Billion

- Owner Occupied: 45.5%
- Shopping Center/Retail: 19.5%
- Commercial & Industrial: 8.6%
- Office: 7.1%
- Medical: 5.6%
- Multi-Family: 4.1%
- Hotel: 3.1%
- Other: 6.6%

$ in millions:

- Shopping Center/Retail: $211.0
- Commercial & Industrial: $93.3
- Office: $76.4
- Medical: $61.0
- Multi-Family: $44.9
- Hotel: $33.1
- Other: $71.0
- Owner Occupied: $492.2
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

December 31, 2016
Cost of Deposits: 0.22%

<table>
<thead>
<tr>
<th>Deposit Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>DDA - Non-Interest Bearing</td>
<td>$5,191</td>
</tr>
<tr>
<td>DDA - Interest Bearing</td>
<td>$4,216</td>
</tr>
<tr>
<td>Money Market &amp; Savings</td>
<td>$5,494</td>
</tr>
<tr>
<td>Certificates &amp; Other Time Deposits</td>
<td>$2,406</td>
</tr>
<tr>
<td><strong>TOTAL DEPOSITS</strong></td>
<td><strong>$17,307</strong></td>
</tr>
</tbody>
</table>
Dividend History

Compounded Annual Growth Rate from 2003-2016 was 13.11%

(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 December 31, 2016

$100,000 invested in Prosperity’s IPO on 11/12/98 was worth $1,560,705 on 12/31/16
The Houston Market: Overview

Growth Drivers

- In the 12 months ending December 2016, Houston created approximately 22,000 jobs.
- Mining and logging (oil and gas extraction and oil field services) gained 800 jobs in November of 2016:
  - Domestic rig count is up 65% from the bottom.
- The Houston Airport System handled 45.4 million passengers through October of 2016:
  - International passengers totaled 9.7 million, up 10.0% from 8.8 million YTD in 2015.
- Home sales totaled 91,520 during 2016, up 180 from the previous all time high of 91,340 reported in 2014.
- Super Bowl LI is expected to bring $450 million of new spending to Houston in late January or early February of 2017.
- The Texas Medical Center is the world’s largest medical complex.
- $3 billion in construction projects to expand The Medical Center are underway.

Economic Diversity

- The city of Houston is the fourth most populous city in the nation, with an estimated 2.3 million residents as of the most recently published U.S. Census Bureau report.
- Houston is home to 24 Fortune 500 companies, nearly half of the total Fortune 500 companies in Texas (which ranks 2nd nationally).
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

November 2016 Employment by Industry

- Trade, transportation, and utilities: 21%
- Professional and business services: 15%
- Education and health services: 13%
- Government: 13%
- Leisure and hospitality: 11%
- Manufacturing: 8%
- Construction: 7%
- Financial activities: 5%
- Other services: 3%
- Mining and logging: 3%
- Information: 1%

Forecasted Houston MSA Gross Area Product ($bn)

- 2015: $492.7
- 2020: $608.6
- 2025: $731.5
- 2030: $861.0
- 2035: $993.1
- 2040: $1,123.4


Contact Information

Corporate Headquarters
Prosperity Bank Plaza
4295 San Felipe
Houston, Texas 77027

281.269.7199 Telephone
281.269-7222 Fax
www.prosperitybankusa.com

Investor Contacts
David Zalman
Chairman & Chief Executive Officer
979.543.2200
david.zalman@prosperitybankusa.com

David Hollaway
Chief Financial Officer
281.269.7199
david.hollaway@prosperitybankusa.com