



PROSPERITY
BANCSHARES, INC.®

“Safe Harbor” Statement

under the Private Securities Litigation Reform Act of 1995



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, Inc.[®] may be downloaded from the Internet at no charge from www.prosperitybankusa.com.

1Q17 Highlights



- **Net Income of \$68.565 million and earnings per share (diluted) of \$0.99 for three months ending March 31, 2017**
- **Assets of \$22.477 billion, loans of \$9.739 billion, and deposits of \$17.036 billion at March 31, 2017**
- **Common equity tier 1 ratio was 14.45% and leverage ratio was 8.62% at March 31, 2017**
- **Sound asset quality with annualized net charge offs/average loans of 0.16% for the first quarter 2017**
- **Non-performing assets to average earning assets remain low at 0.21% or \$41.199 million for the first quarter 2017**
- **Declared cash dividend of \$0.34 per share for the first quarter 2017**

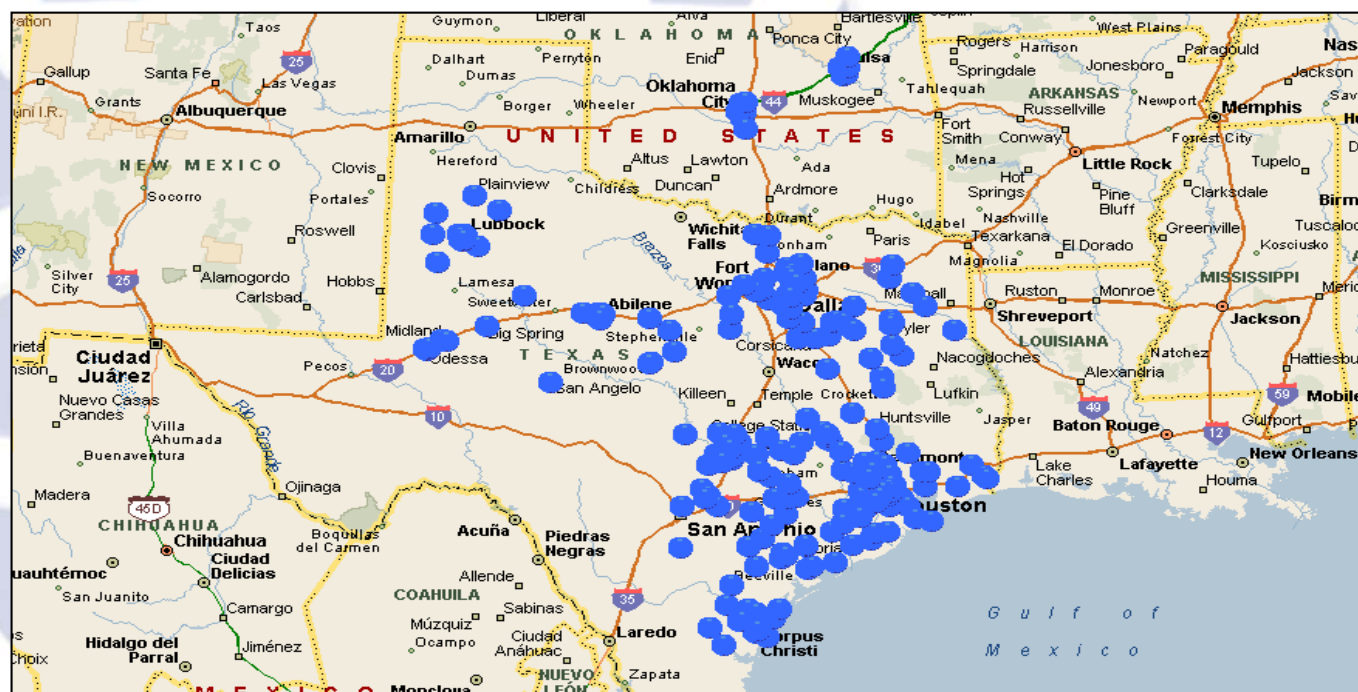
Corporate Profile



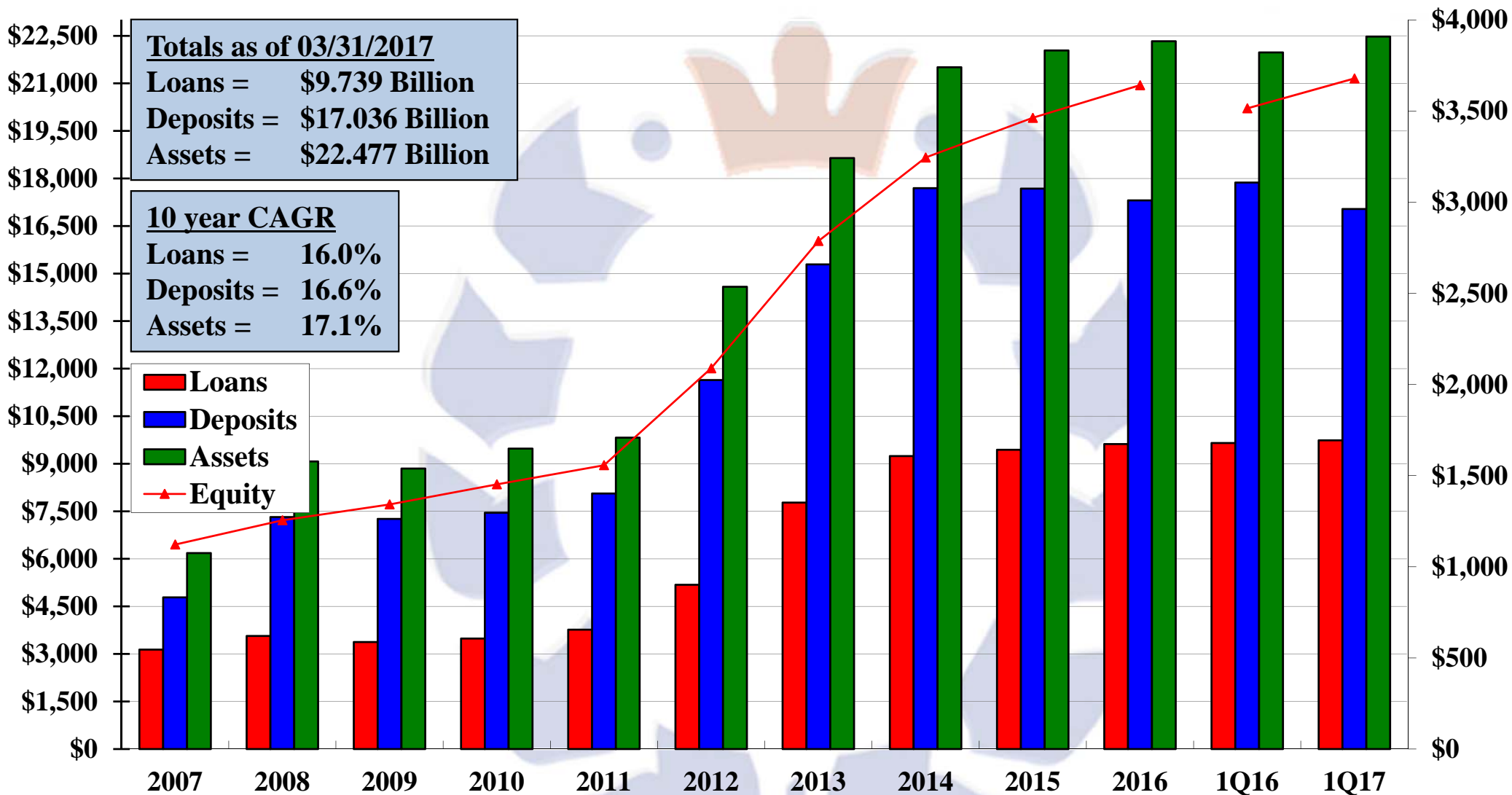
- A Texas based financial holding company with approximately \$22.477 billion in assets, and the 3rd largest Texas-based commercial bank
- Shareholder driven with 4.9% fully diluted insider ownership
- Successful integration of 42 acquisitions (includes branch and failed bank transactions)

244 Full Service Locations

- 16 in Bryan/College Station Area
- 29 in Central Texas Area
- 35 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

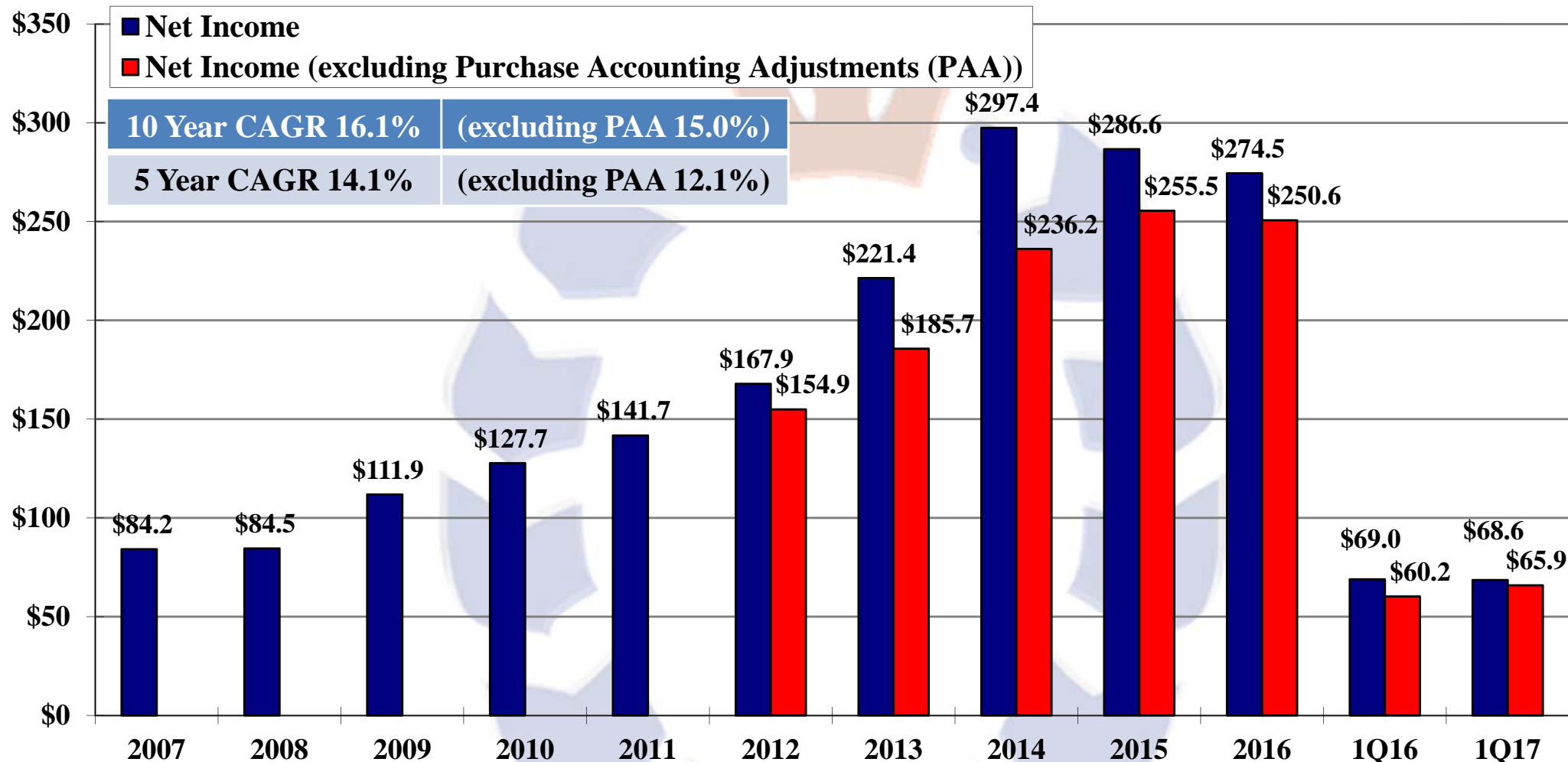


Balance Sheet Summary



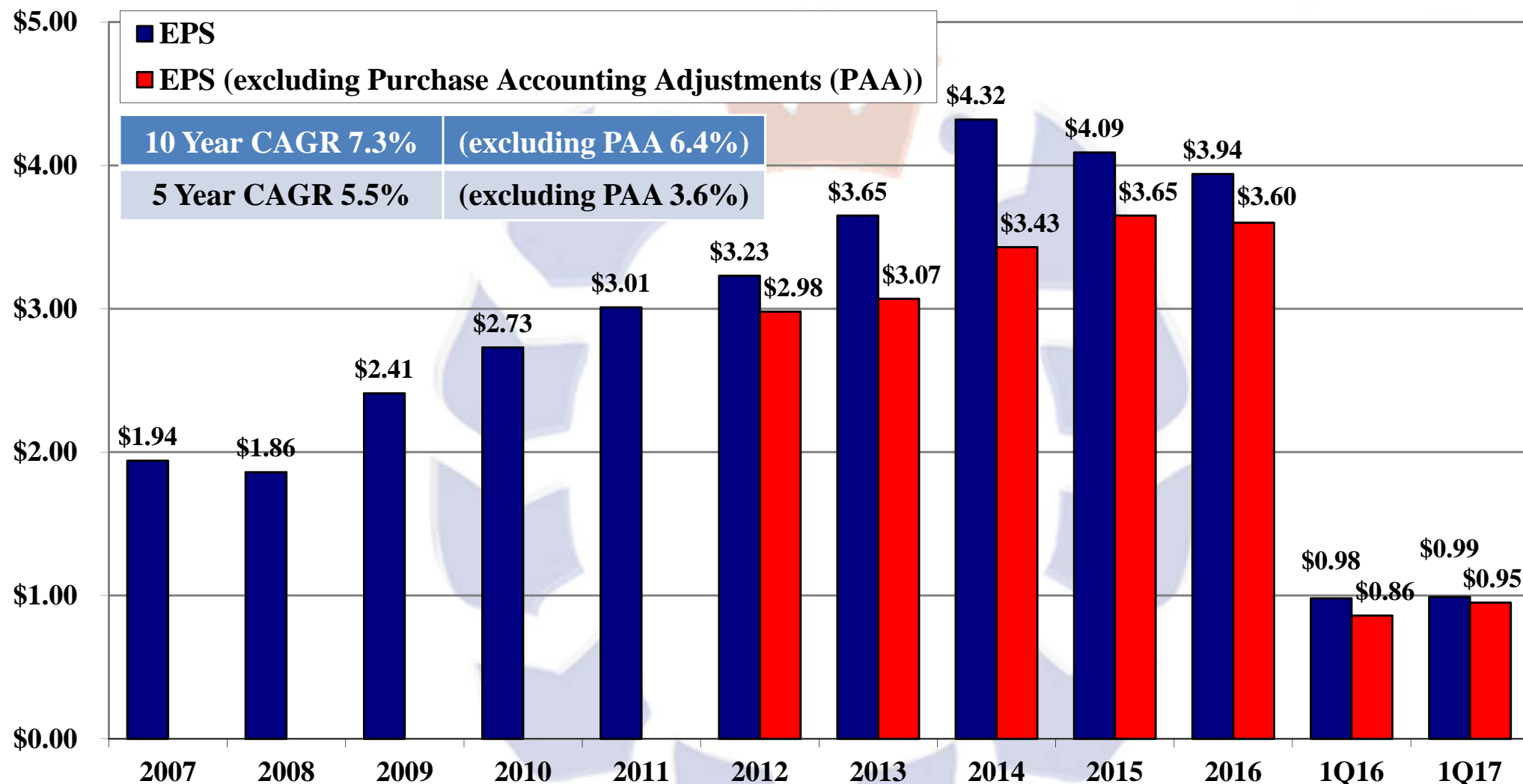
\$ in millions

Net Income

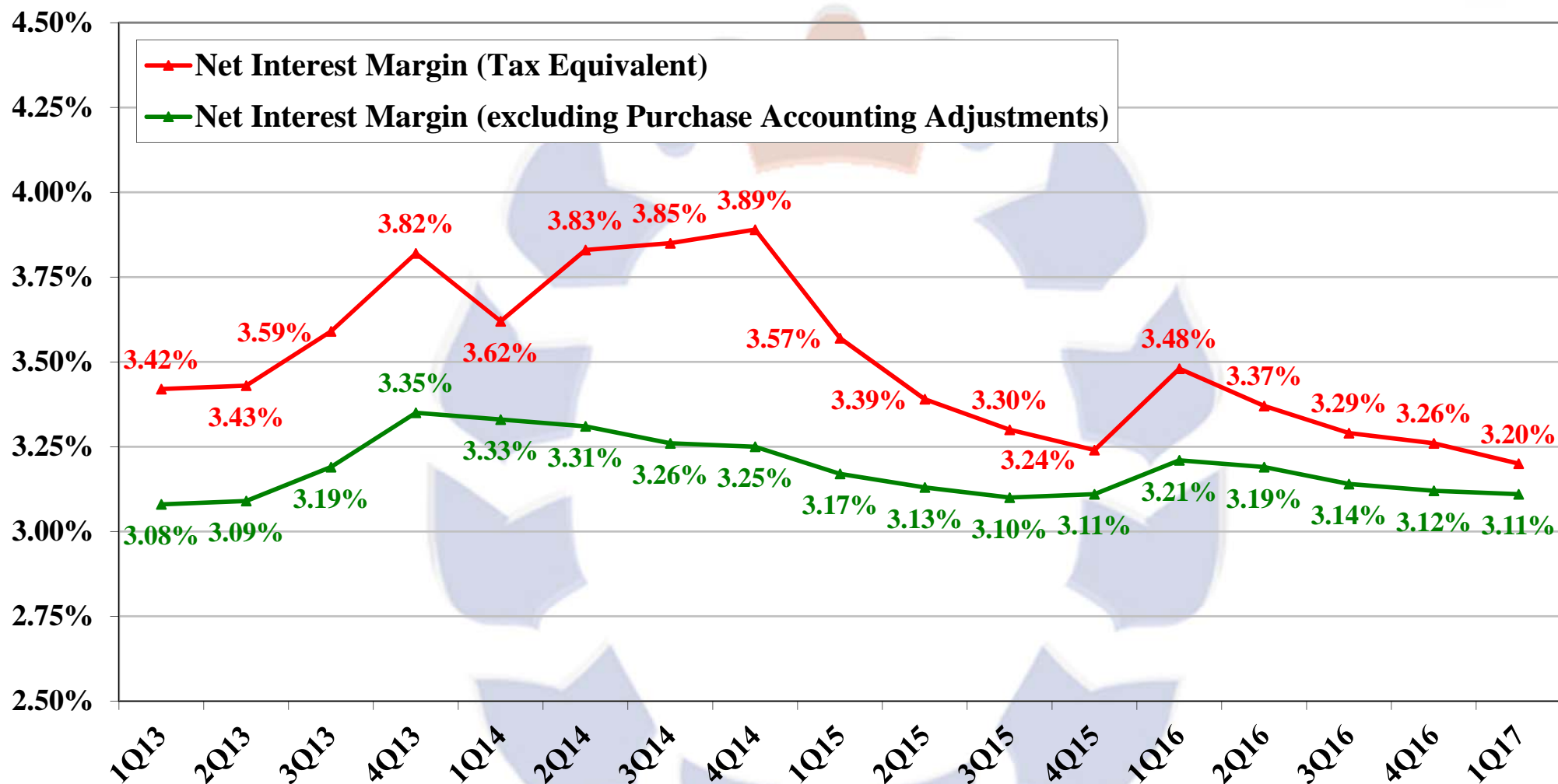


\$ in millions

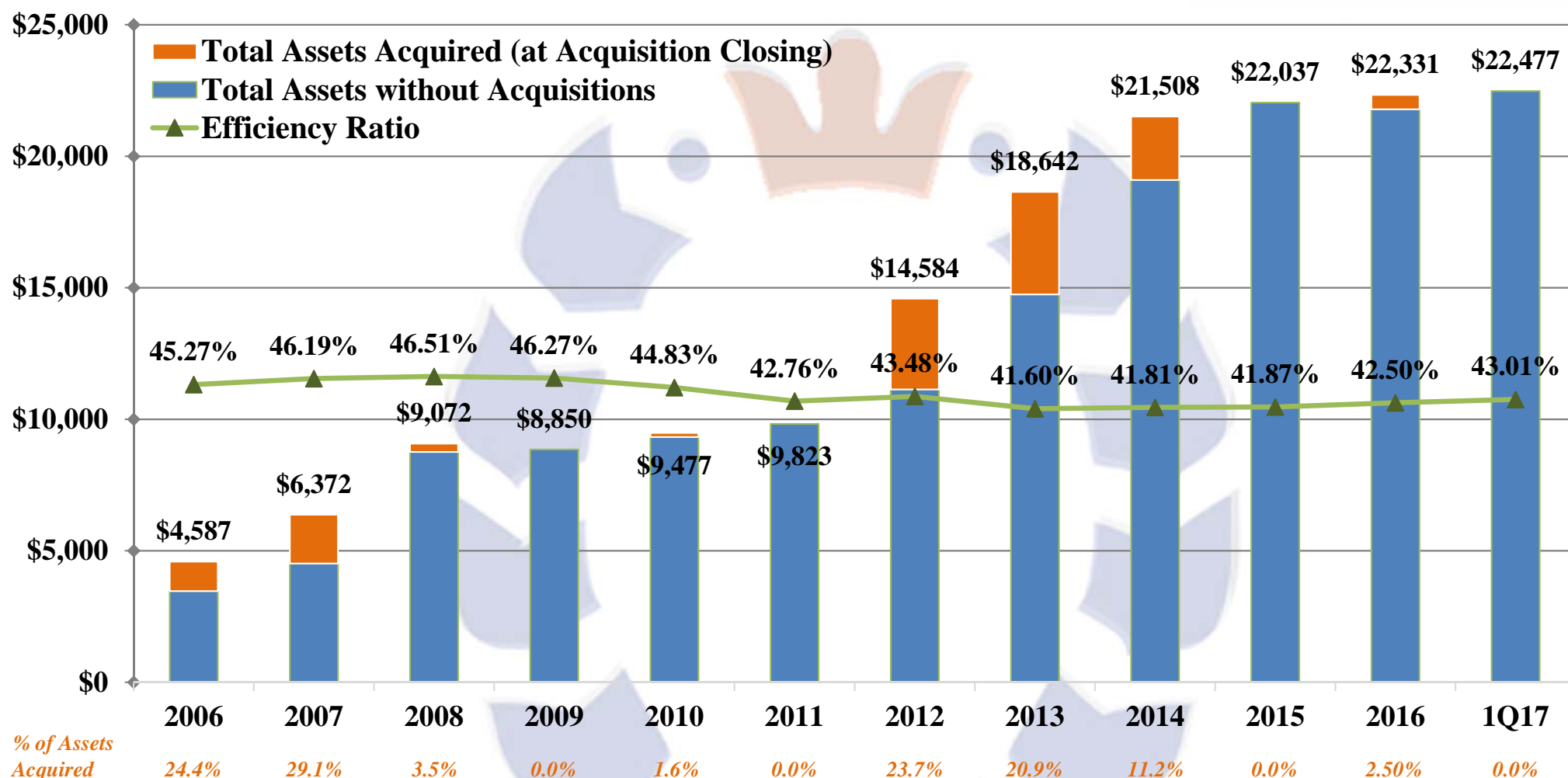
EPS Growth Diluted



Net Interest Margin



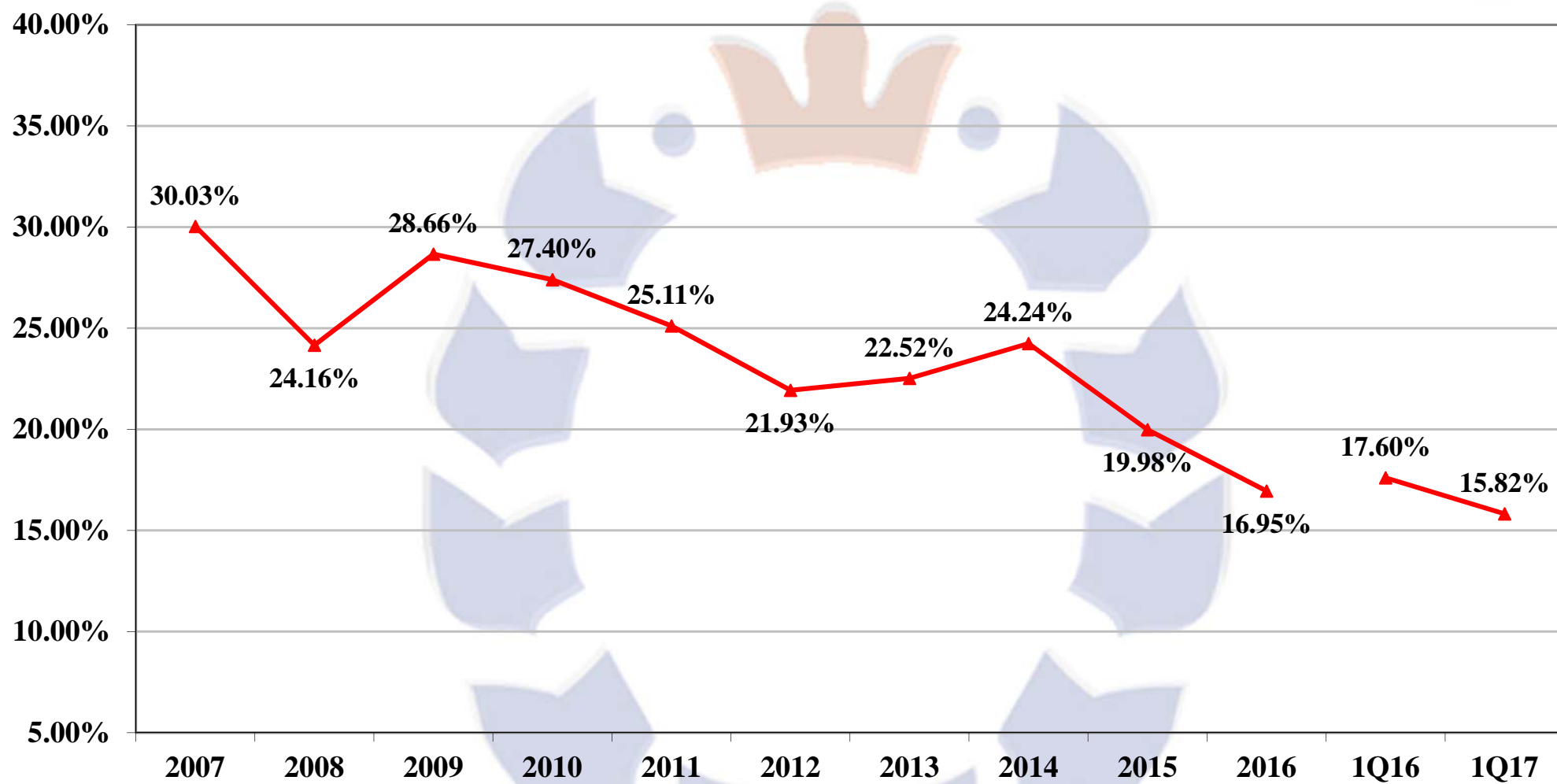
Acquisitions & Efficiency Ratio*



*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.

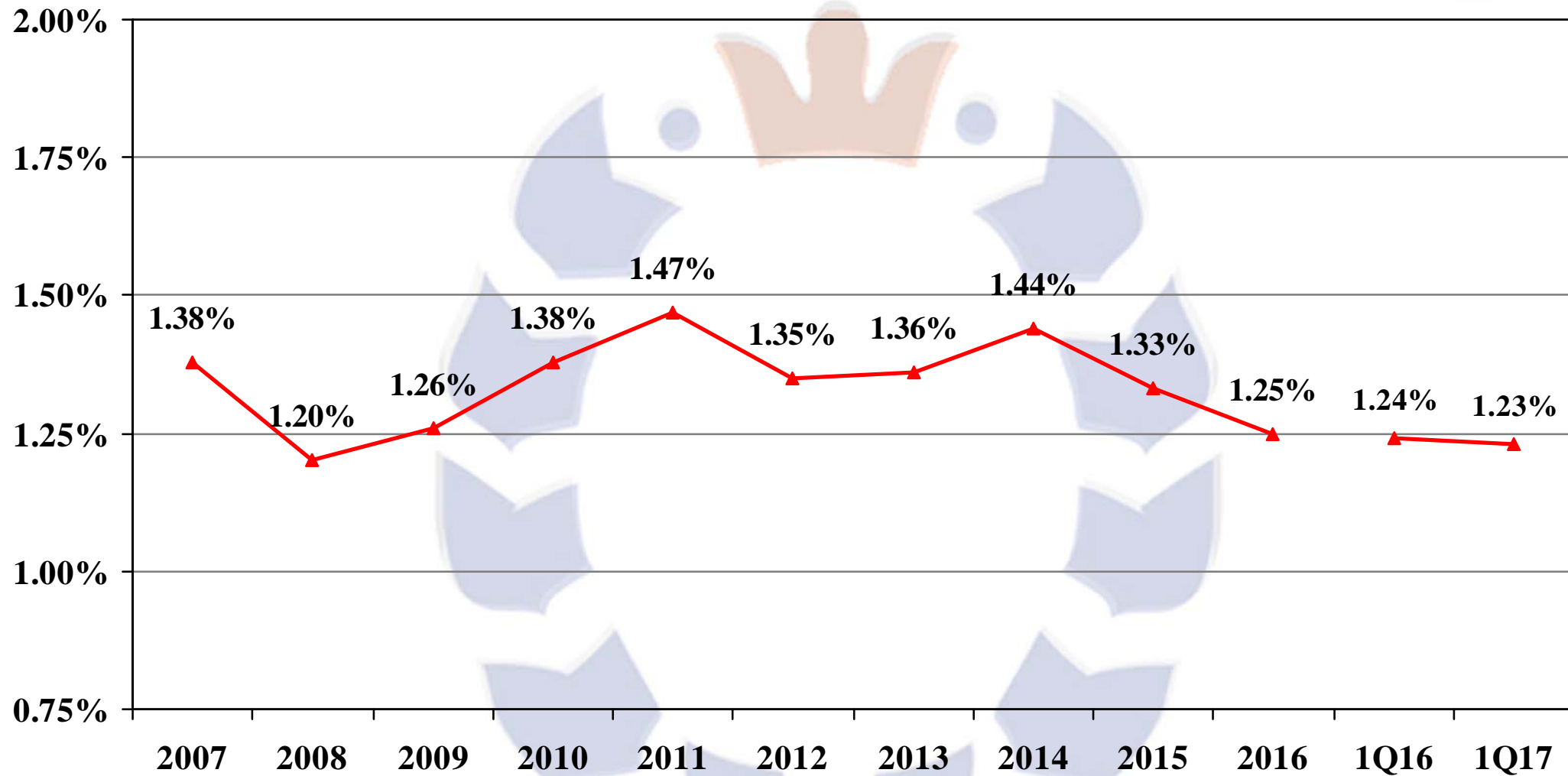
\$ in millions

Return on Average Tangible Common Equity



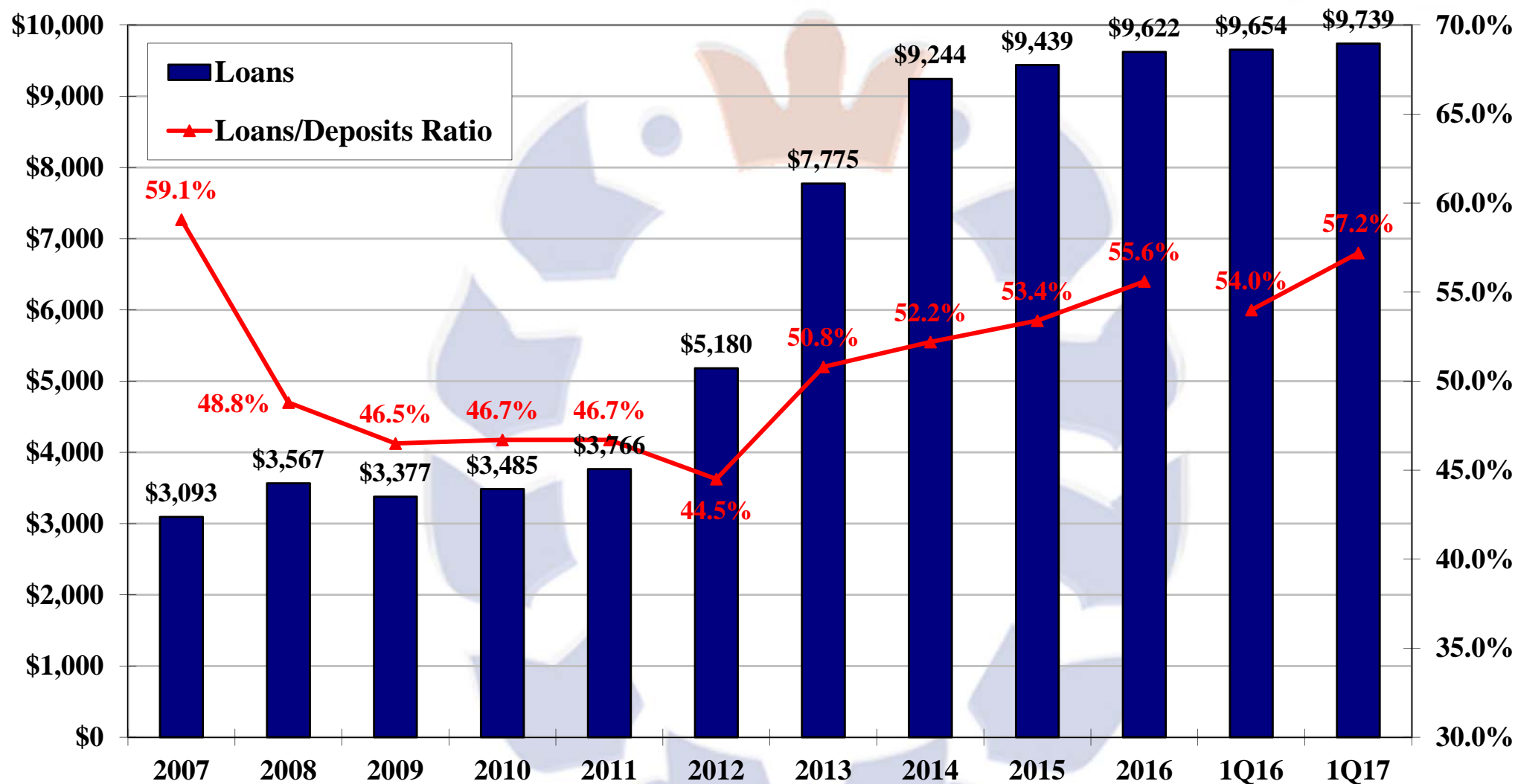
Interim periods annualized.

Return on Average Assets



Interim periods annualized.

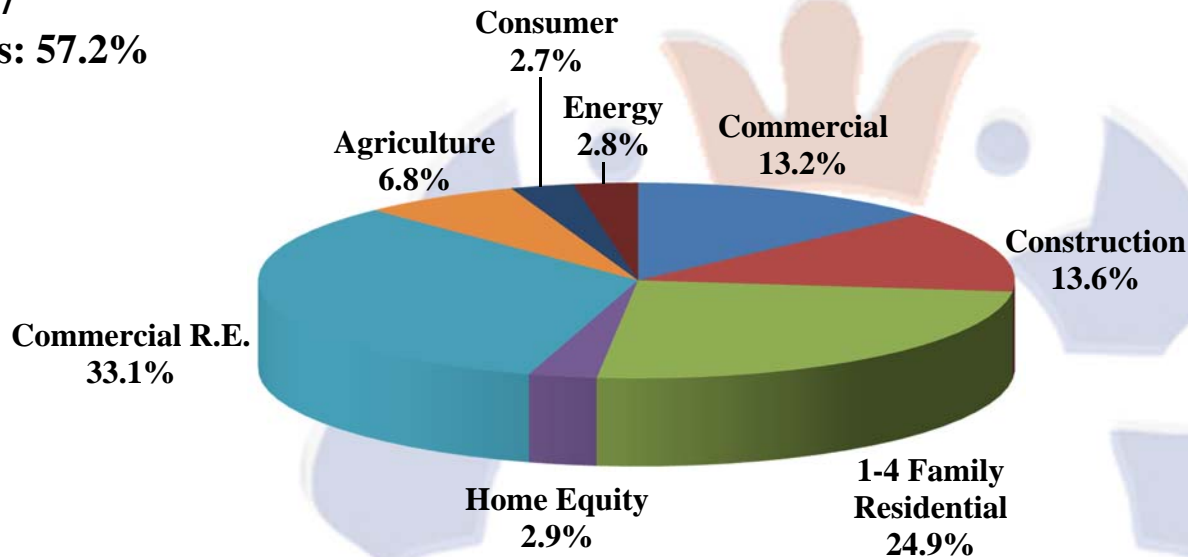
Loan Growth



\$ in millions

Loan Portfolio

March 31, 2017
Loans/Deposits: 57.2%



Approximate \$ in millions

	Amount	% of total
Commercial & Industrial	\$ 1,287	13.2%
Construction	1,327	13.6
1-4 Family Residential	2,425	24.9
Home Equity	281	2.9
Commercial R.E.	3,227	33.1
Agriculture (includes farmland)	663	6.8
Consumer & Other	262	2.7
Energy	267	2.8
Gross Loans	\$ 9,739	100.0%

Construction Loan Breakout

Approximate \$ in thousands

Single Family:	\$412
Land Development:	\$83
Raw Land:	\$183
Residential Lots:	\$129
Commercial/Other:	\$522
Purchase Accounting Discount: (\$2)	

Loans By Area

Approximate \$ in millions

Bryan/College Station:	\$605
Central Oklahoma:	\$490
Central Texas:	\$1,310
Dallas/Ft. Worth:	\$1,022
East Texas:	\$352
Houston:	\$3,248
South Texas:	\$1,274
Tulsa Oklahoma:	\$642
West Texas:	\$796

CRE Loan Breakout

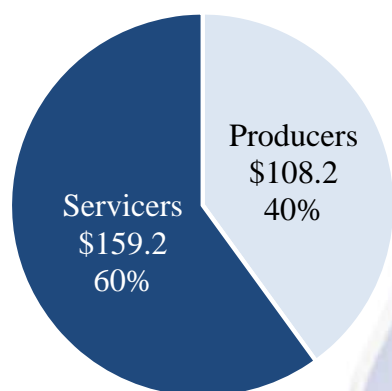
Approximate \$ in millions

Owner Occupied:	\$1,487
Shopping Center:	\$451
Office Building:	\$343
Multi-family:	\$172
Other:	\$774

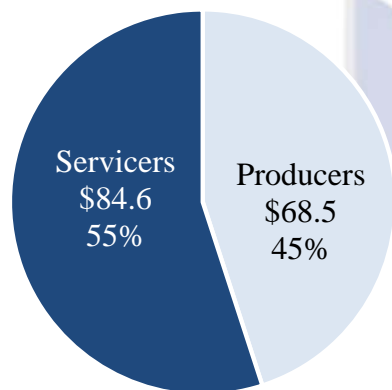
Energy Portfolio

As of March 31, 2017

Outstanding Balance



Unfunded Commitments



\$ in millions

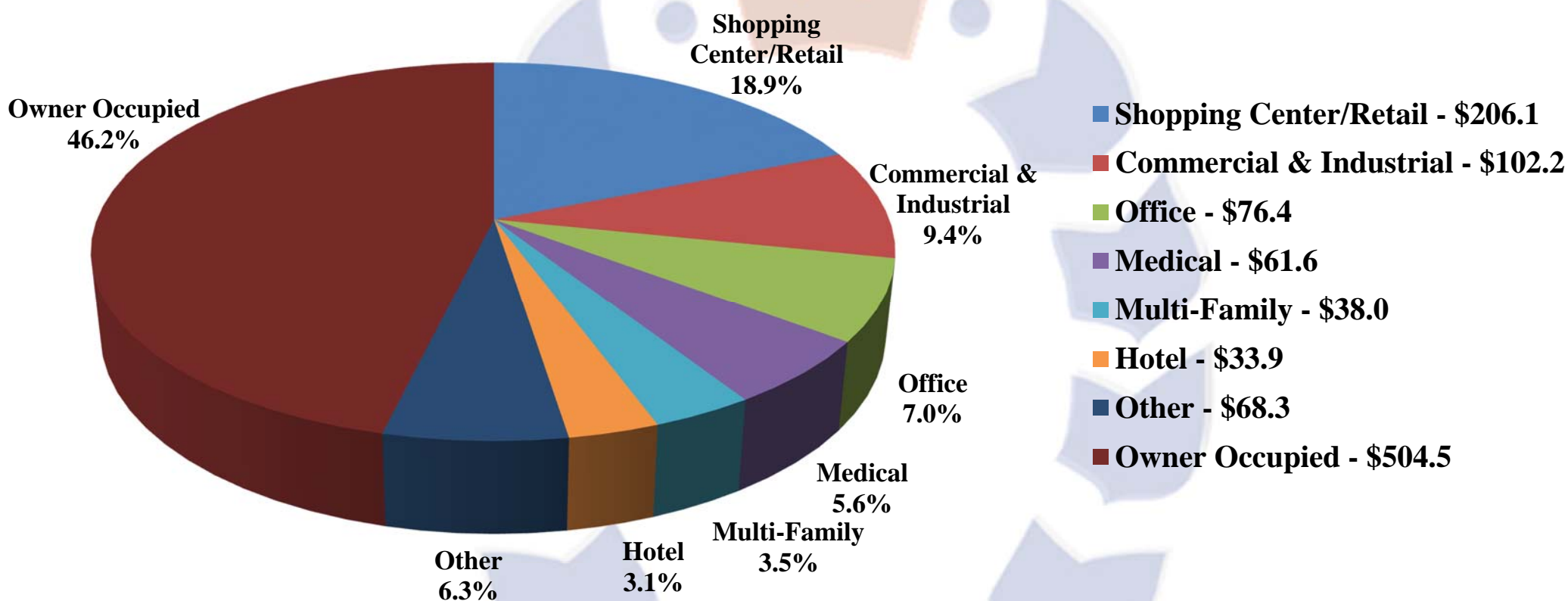
Portfolio Commentary

- Total outstanding balance of \$267.4 million, or 2.8% of total loans
- Total unfunded commitments of \$153.1 million
- Total energy reserves of 1.9% or \$5.1 million
- \$16.2 million of energy loans are subject to a fair value mark of \$3.4 million
- Three energy loans are Shared National Credits (SNCs) with an outstanding balance of \$5.0 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

Houston MSA CRE Portfolio

As of March 31, 2017

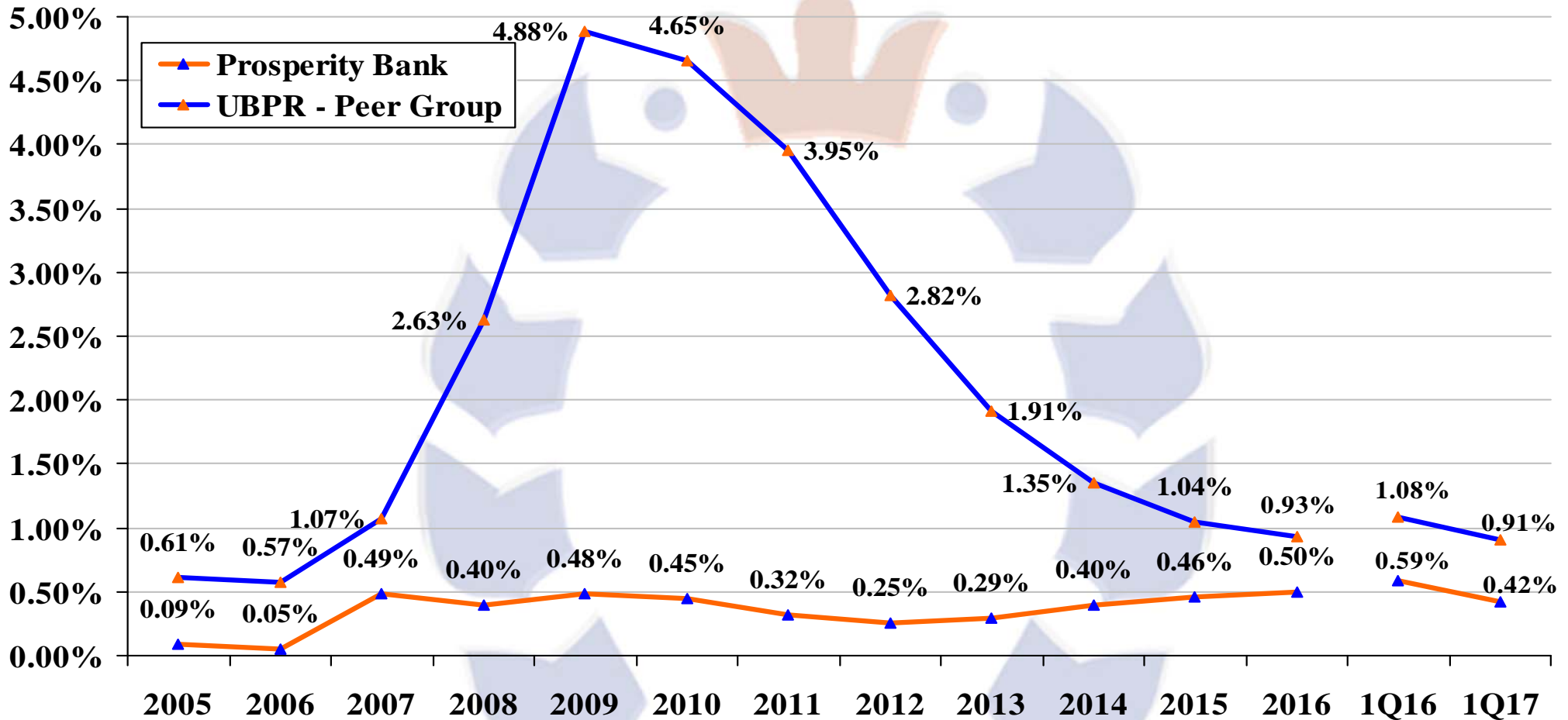
TOTAL: \$1.1 Billion



\$ in millions

Asset Quality

NPA*/Loans + OREO



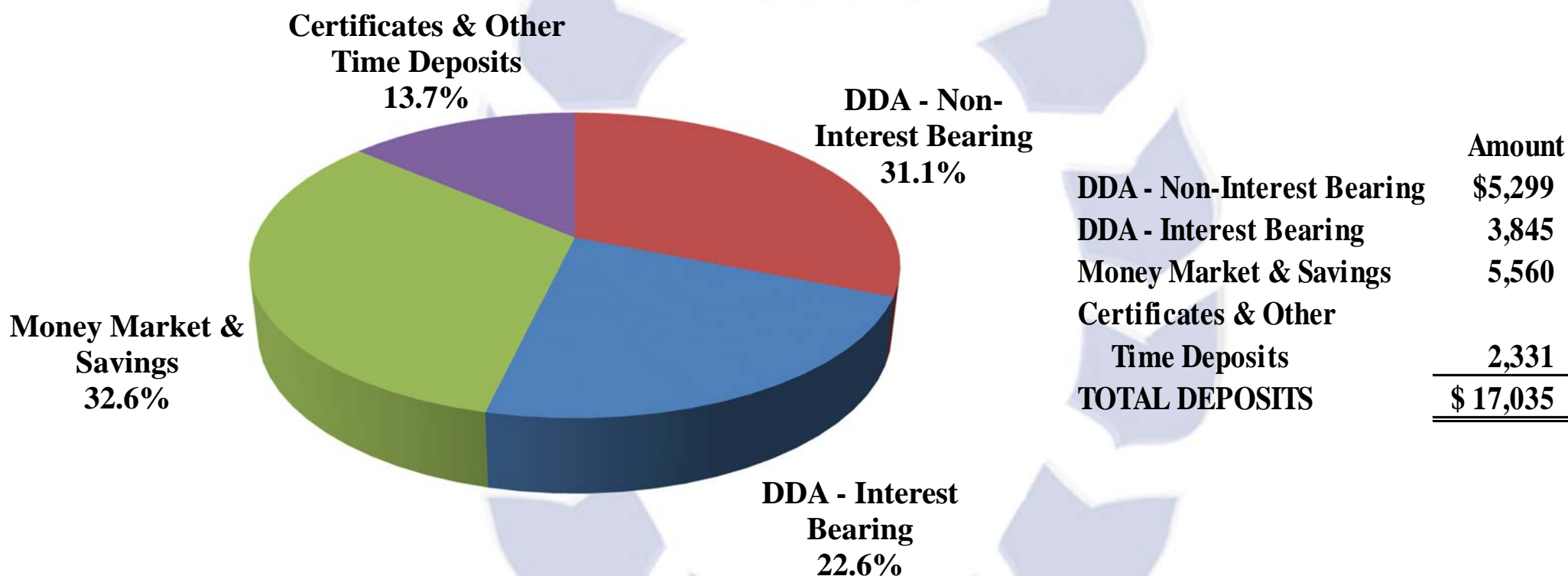
*Includes loans past due 90 days and still accruing

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

Deposit Composition

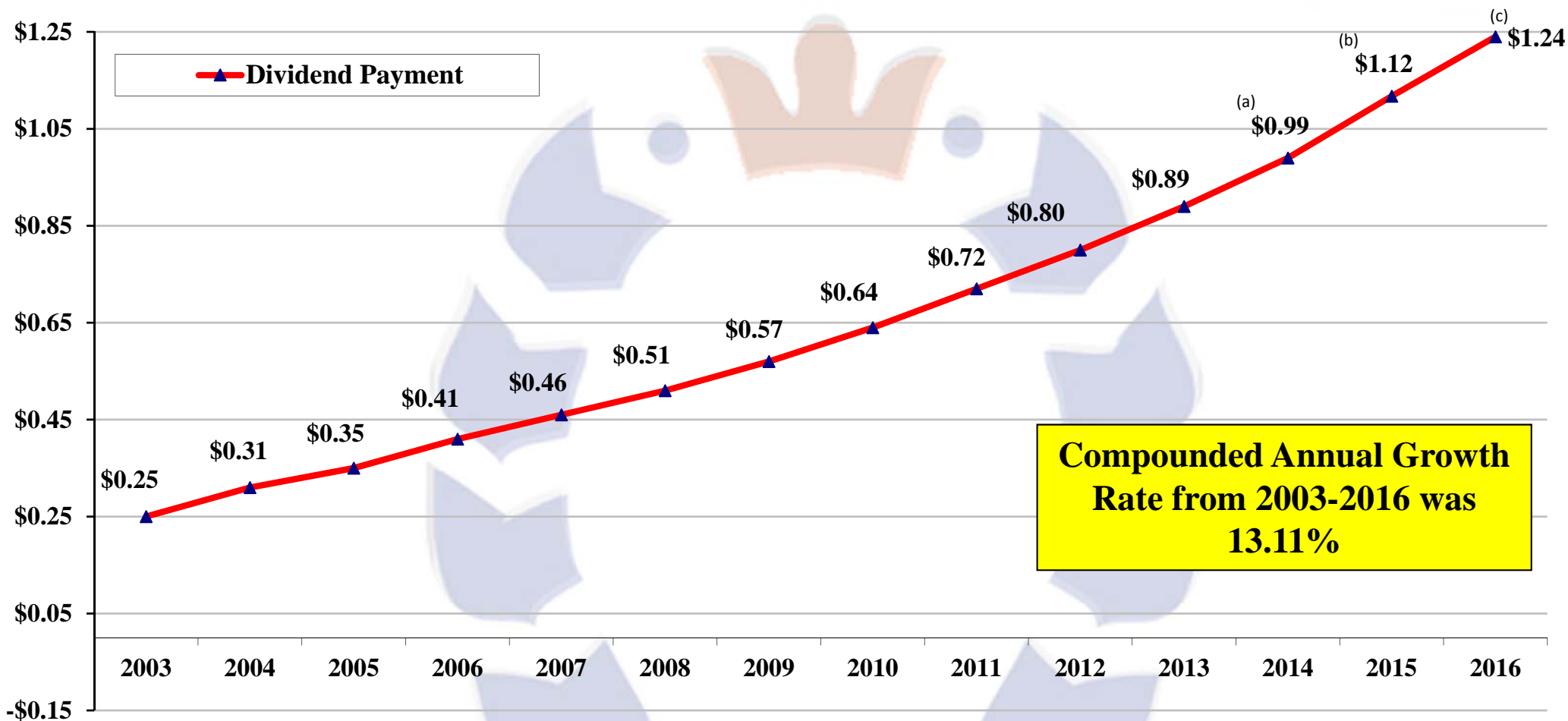
March 31, 2017

Cost of Deposits: 0.23%



\$ in millions

Dividend History



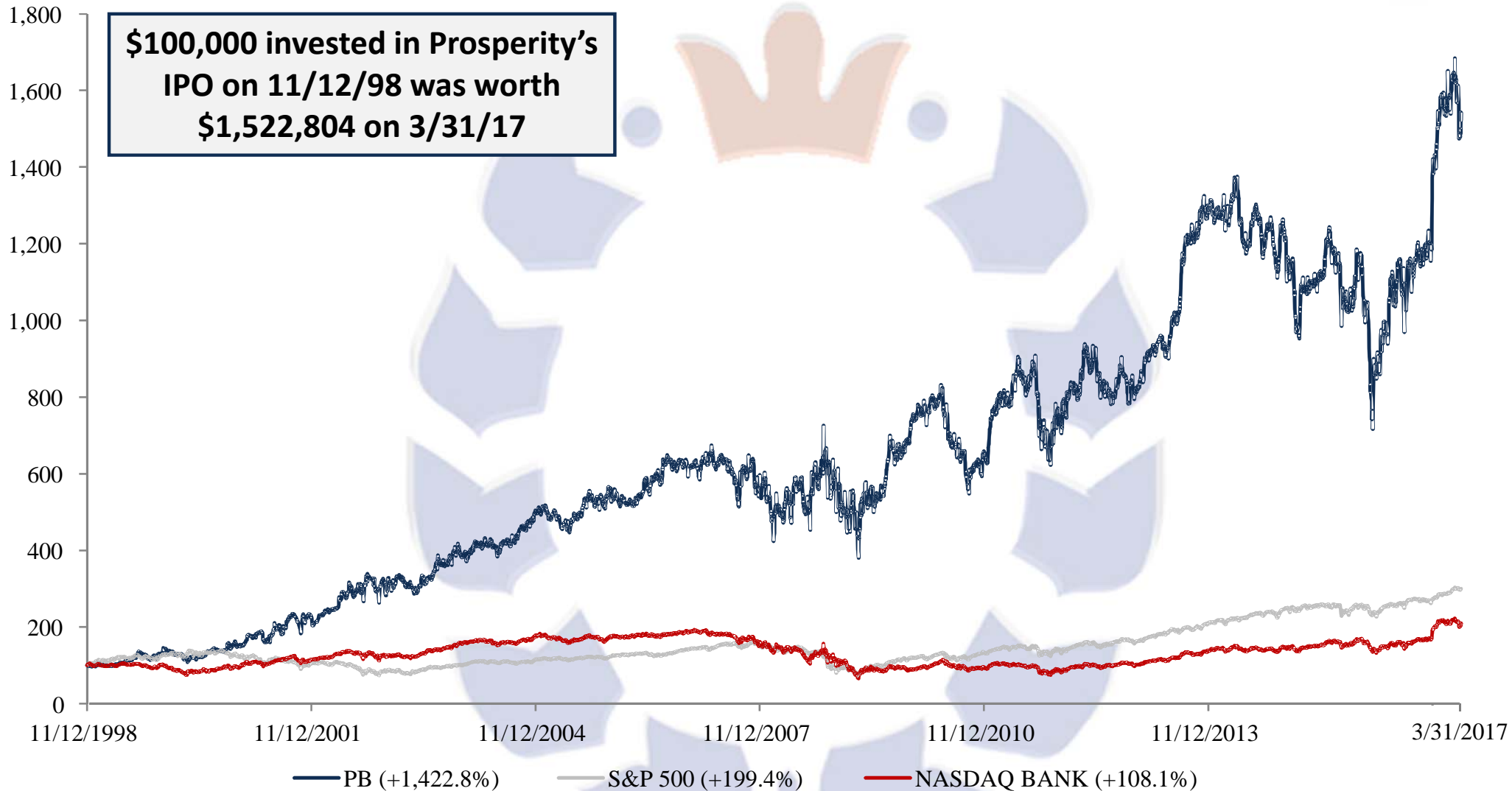
(a) 2014 dividend consists of \$0.24 per share declared in 1Q 2014, 2Q 2014, 3Q 2014 and \$0.2725 per share declared in 4Q 2014

(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 March 31, 2017



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
Mitratech
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
Slonix 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.
Prometheous Energy Company

Montana

ViZn

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)

Arizona

Quest Resource Holdings Corp. (QRHC)

Kansas

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

Nebraska

Heartland Automotive Services

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

Illinois

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

Missouri

Kupper Parker Comm.
PotentialMetrics

Tennessee

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

Louisiana

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

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

Michigan

Comerica (CMA)
Cambium Learning (ABCD)

Pennsylvania

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

Ohio

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

Washington D.C.

EF Johnson Technologies, Inc.

Maryland

Broadwing Corp.
Hanger Inc. (HGR)

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.

New Jersey

Ameriflex
CVE Technology
Comparex USA

North Carolina

Dex Media (DXM)

Alabama

Torchmark Corporation (TMK)
Zoes Kitchen (ZOES)

Georgia

Cyntech Technologies (CYNT)
NYLO Hotels

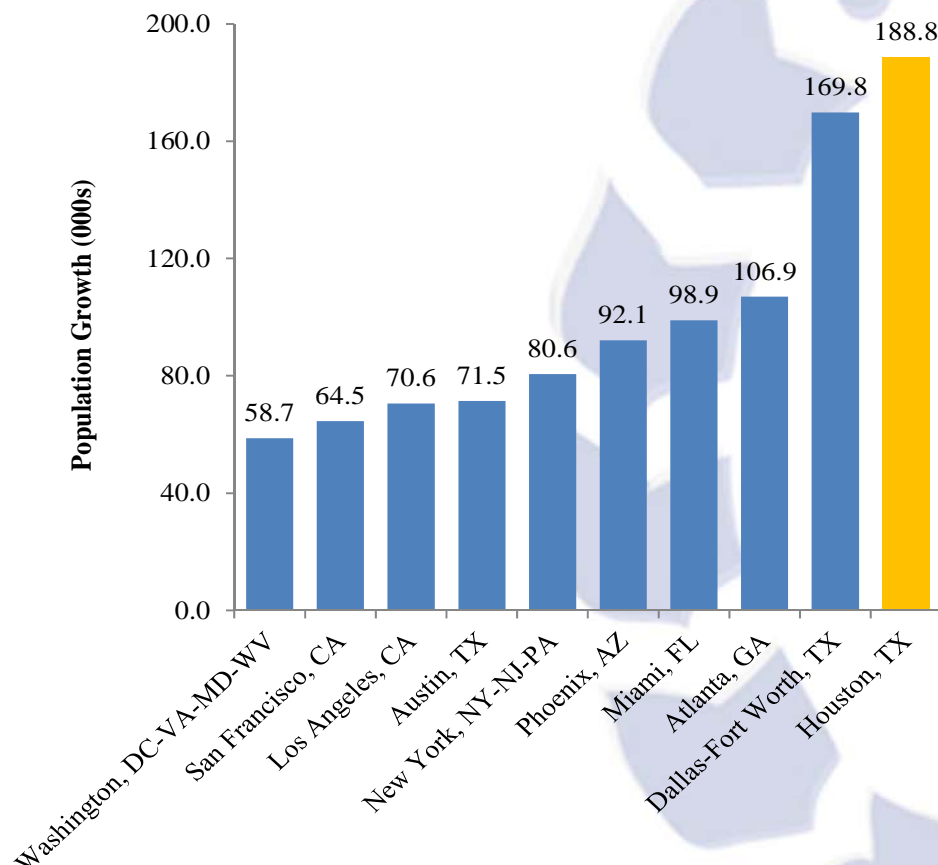
Florida

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

The Houston Market: Overview

Estimated Growth From January 2016 to January 2017

Houston is estimated to have added more people than any other MSA



Source: U.S. Census Bureau, Greater Houston Partnership, SNL Financial, Baker Hughes and Nielsen.

Growth Drivers

- The Houston MSA created 16,700 jobs in February of 2017, more than the 15,600 jobs created in February of 2016
- Since the 2010 census, the Houston MSA has added 851,971 residents
- The outlook for the energy industry is slowly improving:
 - Baker Hughes reports 420 active drilling rigs as of April 2017, more than two times April 2016 level
- Construction starts in the Houston region totaled \$1.3 billion in February of 2017, a 17.4 percent increase from \$1.1 billion in February of 2016, according to Dodge Data & Analytics
- The Houston Purchasing Managers Index (PMI), a short-term leading indicator for regional production, registered 54.2 in February of 2017, signaling economic expansion in metro Houston for the fifth consecutive month

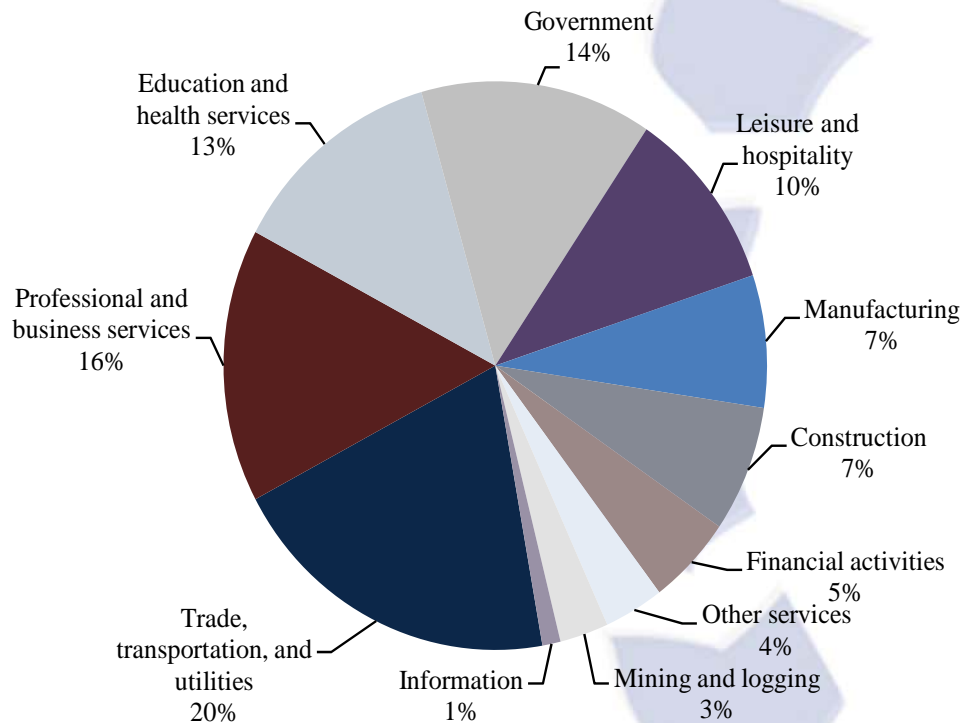
Economic Diversity

- 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 25 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

February 2017 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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