

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

# 2Q17 Highlights



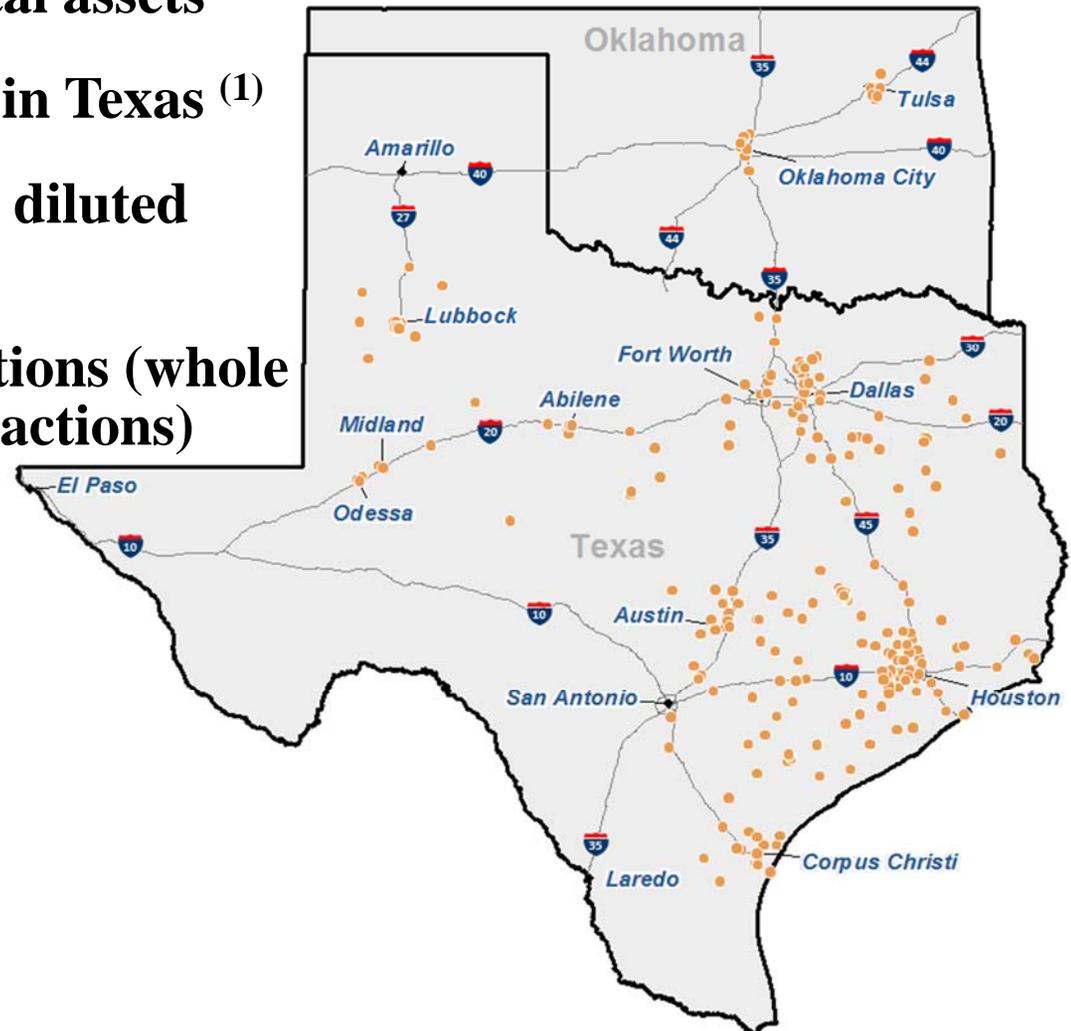
- **Net income of \$68.554 million and earnings per share (diluted) of \$0.99 for three months ending June 30, 2017**
- **Assets of \$22.297 billion, loans of \$9.864 billion, and deposits of \$17.071 billion at June 30, 2017**
- **Common equity tier 1 ratio was 14.80% and leverage ratio was 8.82% at June 30, 2017**
- **Sound asset quality with annualized net charge offs/average loans of 0.13% at June 30, 2017**
- **Non-performing assets to average earning assets remain low at 0.24% or \$47.618 million for the second quarter 2017**
- **Efficiency ratio of 42.34% for the second quarter 2017**
- **Declared cash dividend of \$0.34 per share for the second quarter 2017**

# Strong Presence in Texas and Oklahoma

- A Texas-based financial holding company with approximately \$22.297 billion in total assets
- Ranked #2 in deposit market share in Texas <sup>(1)</sup>
- Shareholder driven with 4.9% fully diluted insider ownership
- Successful integration of 42 acquisitions (whole bank, branch and failed bank transactions)

## 243 Full Service Locations

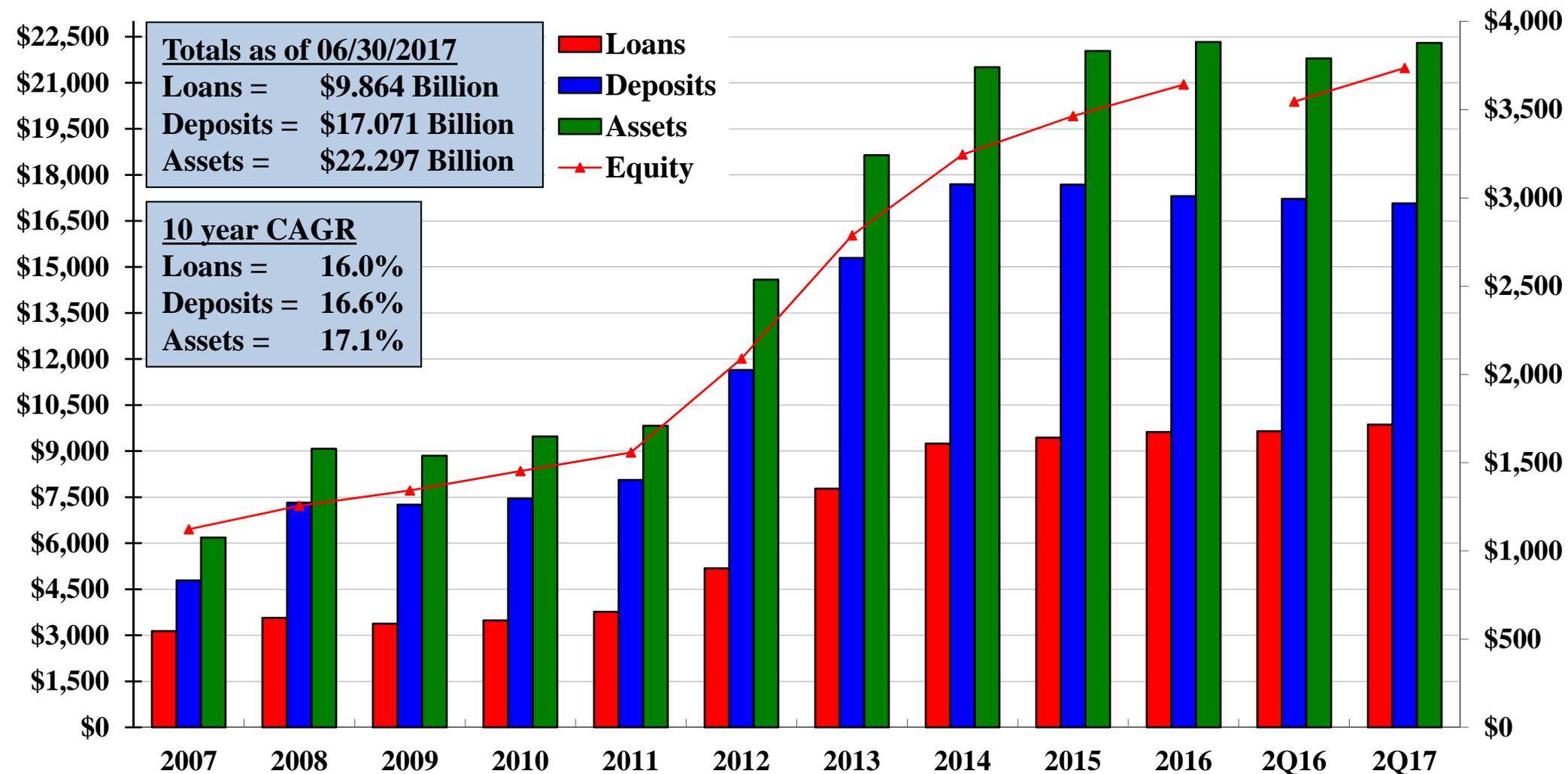
- 16 in Bryan/College Station Area
- 29 in Central Texas Area
- 34 in Dallas/Fort Worth Area
- 22 in East Texas Area
- 65 in Houston Area
- 29 in South Texas Area
- 34 in West Texas Area
- 6 in Central Oklahoma Area
- 8 in Tulsa Area



Source: SNL Financial.

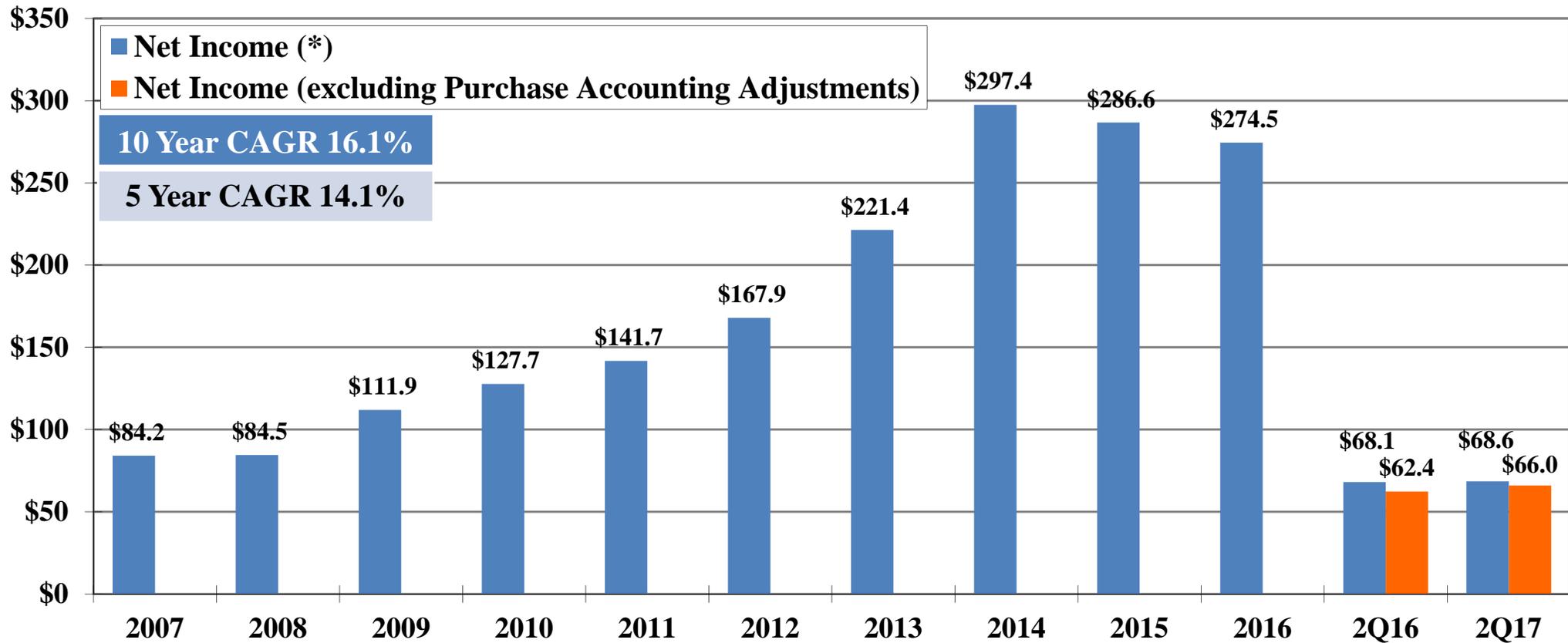
(1) Includes Texas headquartered banks. Deposits as of 06/30/2016

# Balance Sheet Summary



\$ in millions

# Net Income

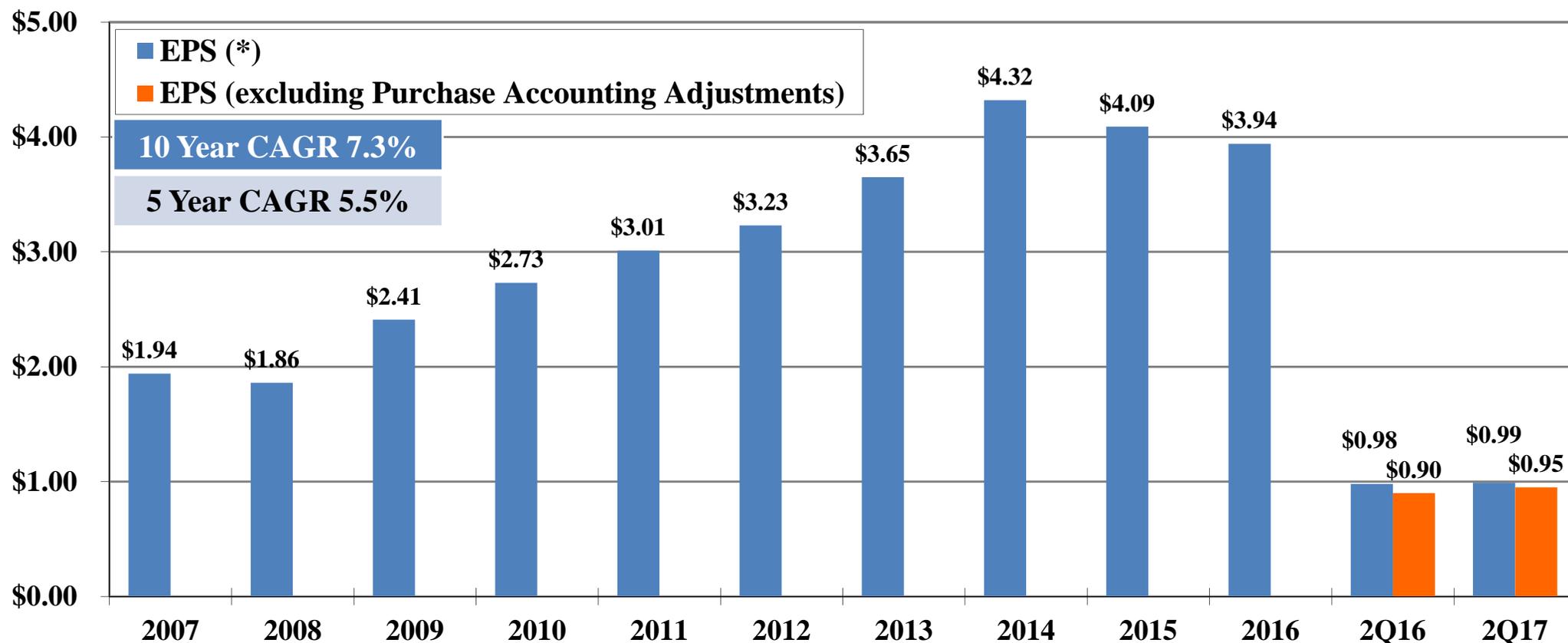


\* Net Income amounts include the following (\$ in thousands):

Provision for Credit Losses	\$760	\$9,867	\$28,775	\$13,585	\$5,200	\$6,100	\$17,240	\$18,275	\$7,560	\$24,000	\$6,000	\$2,750
Loan Discount Accretion	-	-	-	-	-	\$26,413	\$62,723	\$95,875	\$52,122	\$38,970	\$9,304	\$4,471

\$ in millions

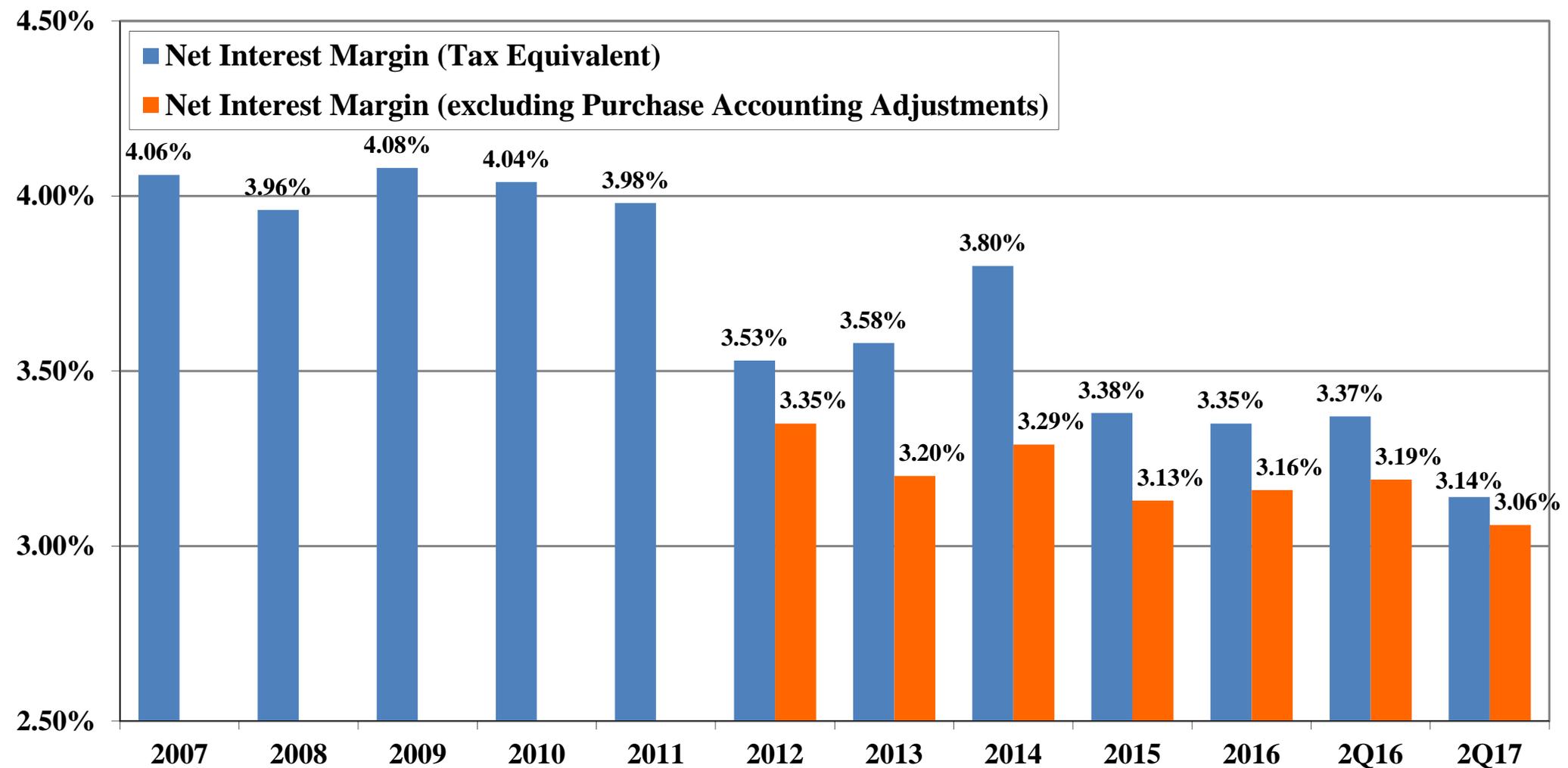
# EPS Growth Diluted



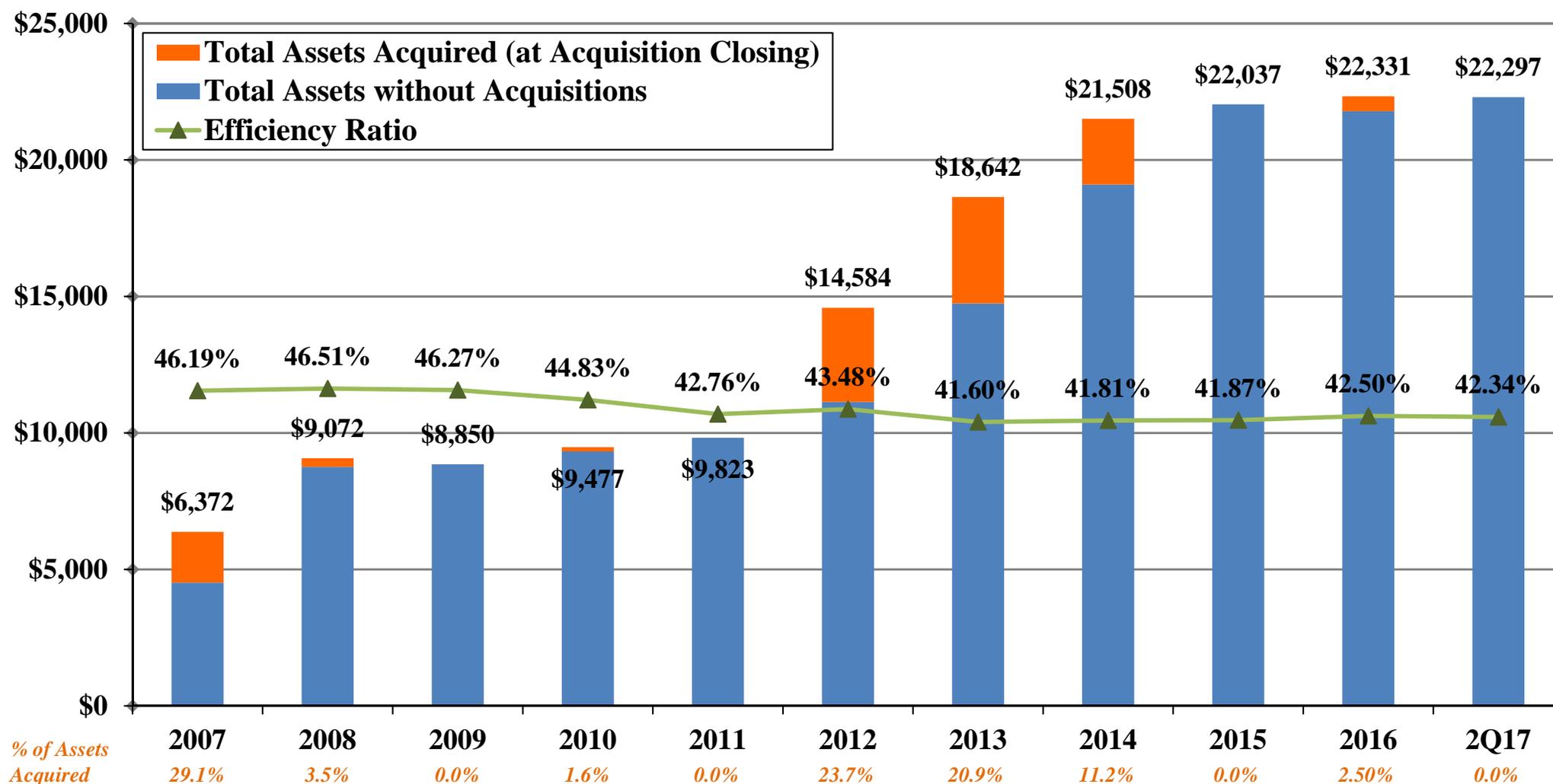
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Loan Discount Accretion	-	-	-	-	-	\$26,413	\$62,723	\$95,875	\$52,122	\$38,970	\$9,304	\$4,471

# Net Interest Margin



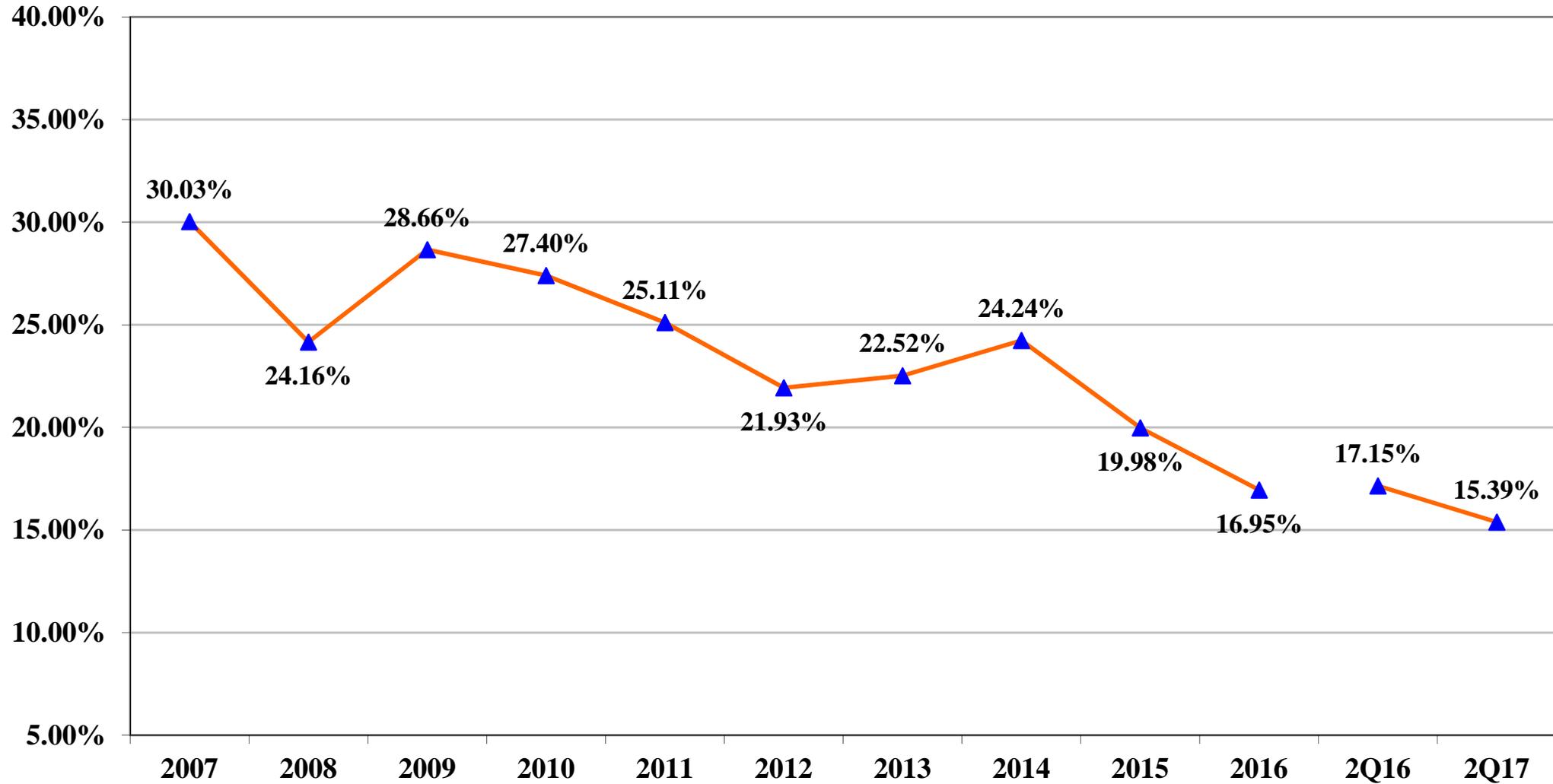
# Acquisitions & Efficiency Ratio\*



\*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.

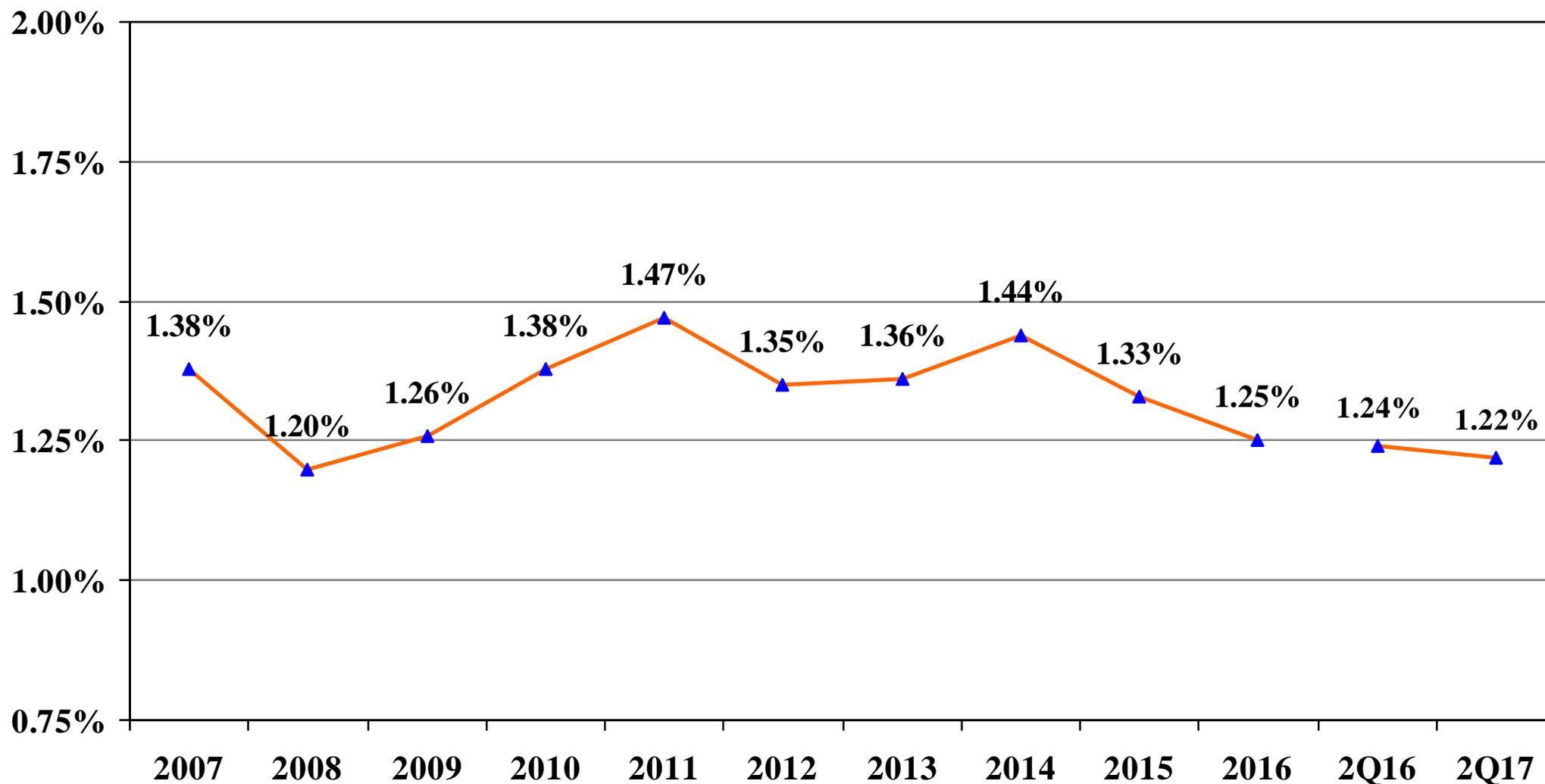
\$ in millions

# Return on Average Tangible Common Equity



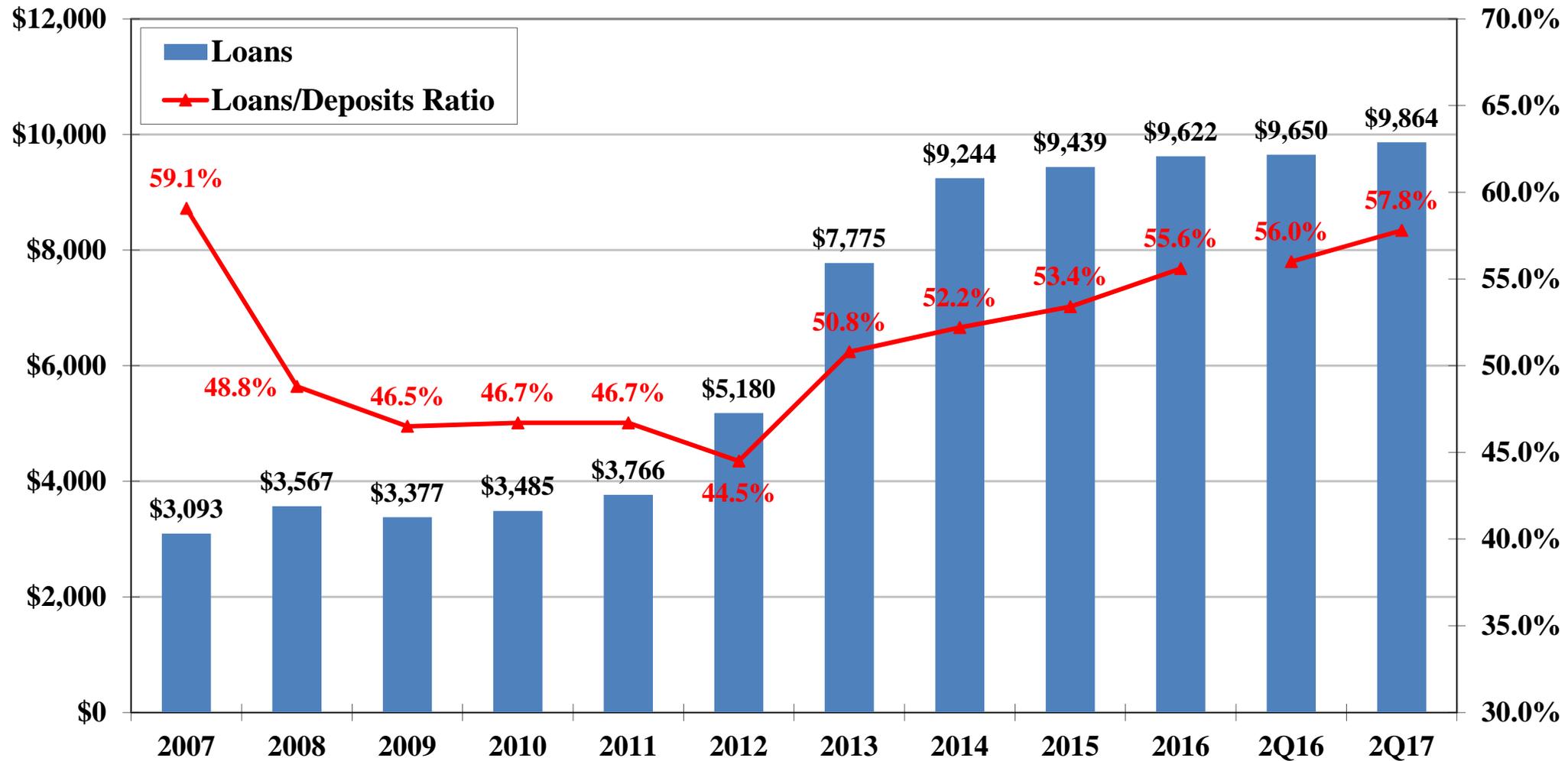
*Interim periods annualized.*

# Return on Average Assets



*Interim periods annualized.*

# Loan Growth

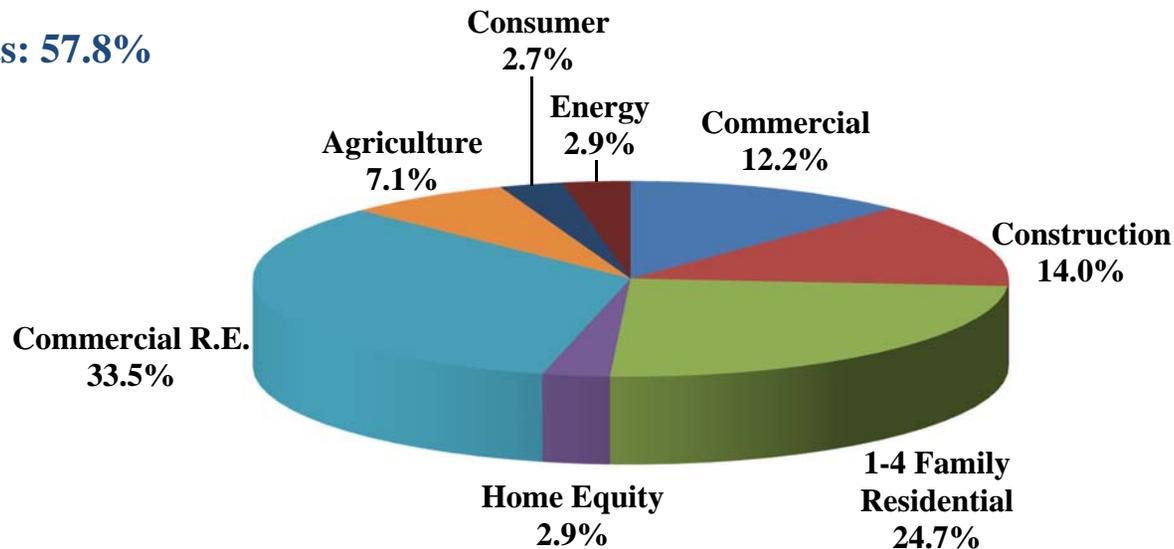


\$ in millions

# Loan Portfolio



June 30, 2017  
Loans/Deposits: 57.8%



<i>Loans By Area</i> Approximate \$ in millions	
Bryan/College Station:	\$616
Central Oklahoma:	\$491
Central Texas:	\$1,334
Dallas/Ft. Worth:	\$1,052
East Texas:	\$373
Houston:	\$3,288
South Texas:	\$1,272
Tulsa Oklahoma:	\$640
West Texas:	\$798

Approximate \$ in millions

	Amount	% of total
<b>Commercial &amp; Industrial</b>	\$ 1,202	12.2%
<b>Construction</b>	1,384	14.0
<b>1-4 Family Residential</b>	2,432	24.7
<b>Home Equity</b>	284	2.9
<b>Commercial R.E.</b>	3,309	33.5
<b>Agriculture (includes farmland)</b>	699	7.1
<b>Consumer &amp; Other</b>	266	2.7
<b>Energy</b>	288	2.9
<b>Gross Loans</b>	\$ 9,864	100.0%

<i>Construction Loan Breakout</i> Approximate \$ in thousands	
Single Family:	\$410
Land Development:	\$80
Raw Land:	\$200
Residential Lots:	\$131
Commercial/Other:	\$565
Purchase Accounting Discount:	(\$2)

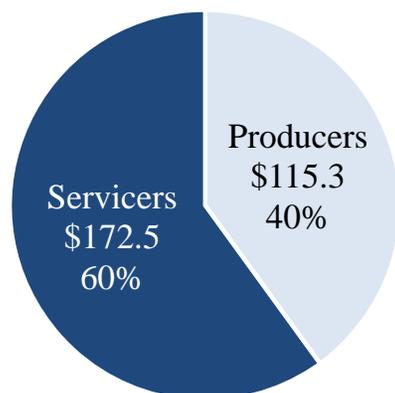
<i>CRE Loan Breakout</i> Approximate \$ in millions	
Owner Occupied:	\$1,500
Shopping Center:	\$507
Office Building:	\$346
Multi-family:	\$164
Other:	\$792

# Energy Portfolio

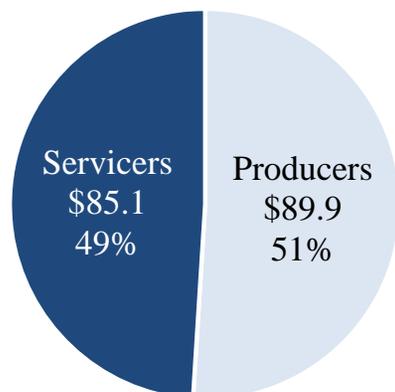
As of June 30, 2017



## Outstanding Balance



## Unfunded Commitments



\$ in millions

## Portfolio Commentary

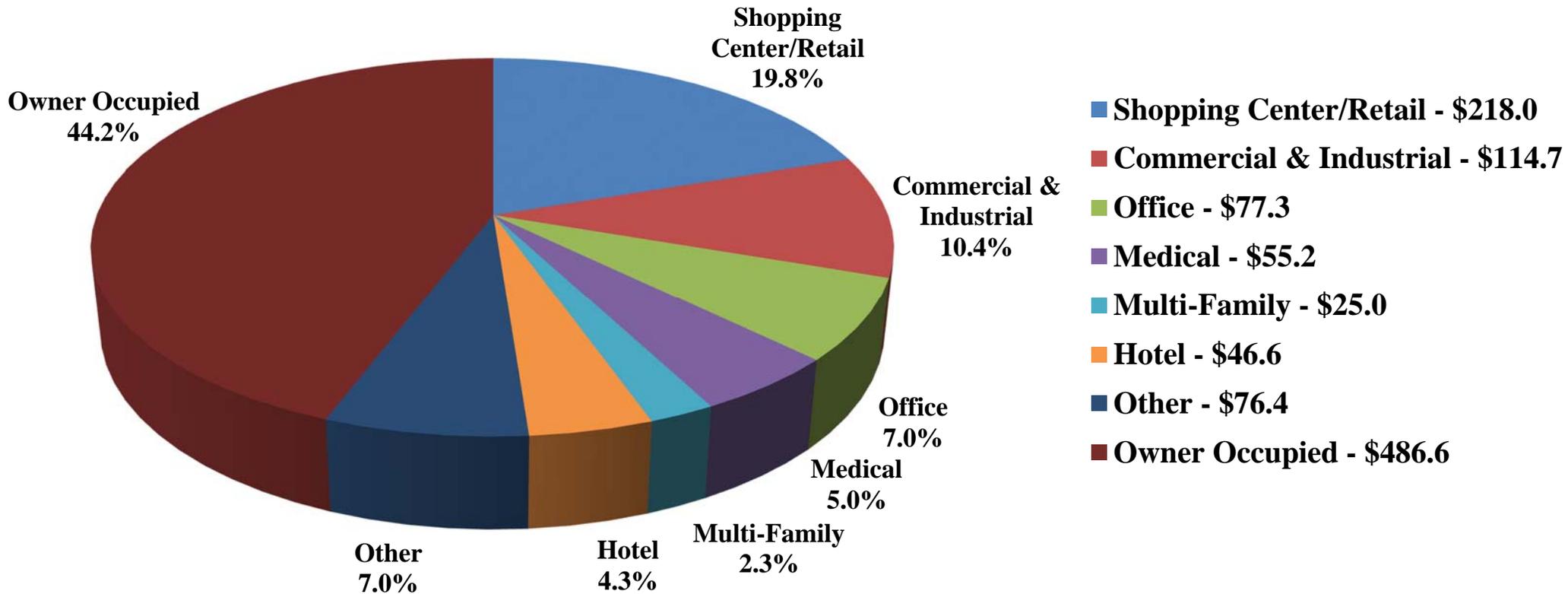
- Total outstanding balance of \$287.8 million, or 2.9% of total loans
- Total unfunded commitments of \$175.0 million
- Total energy reserves of 2.94% or \$8.5 million
- \$13.8 million of energy loans are subject to a fair value mark of \$3.4 million
- Three energy loans are Shared National Credits (SNCs) with an outstanding balance of \$2.9 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

# Houston MSA CRE Portfolio

As of June 30, 2017



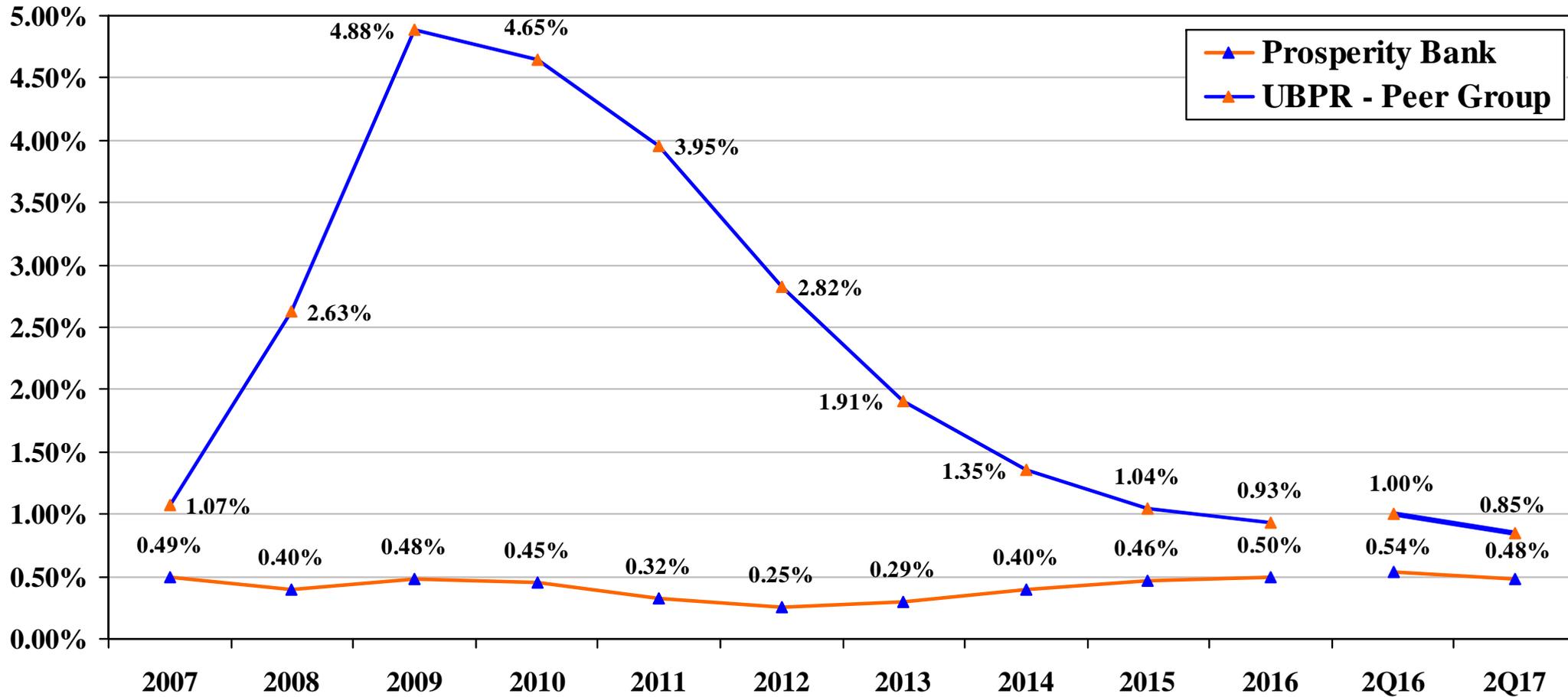
**TOTAL: \$1.1 Billion**



\$ in millions

# Asset Quality

NPA\*/Loans + OREO



\*Includes loans past due 90 days and still accruing

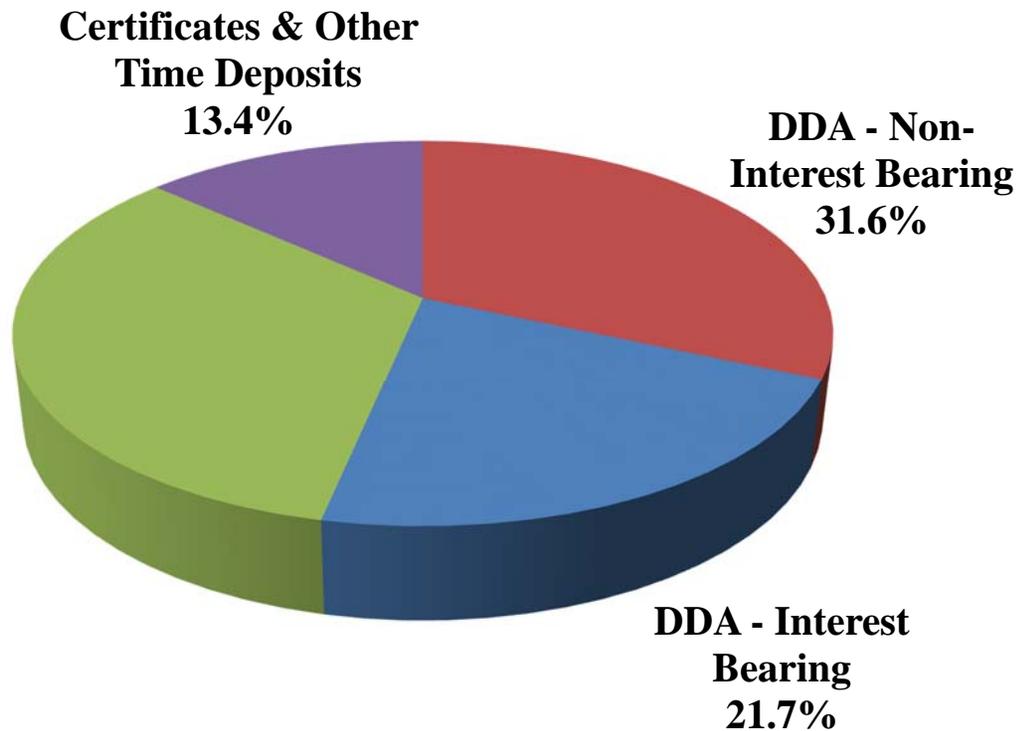
Source: UBPR = Uniform Bank Performance Report; Peer Group 11 (231 Banks) – insured commercial bank having assets greater than \$3 billion

# Deposit Composition



June 30, 2017

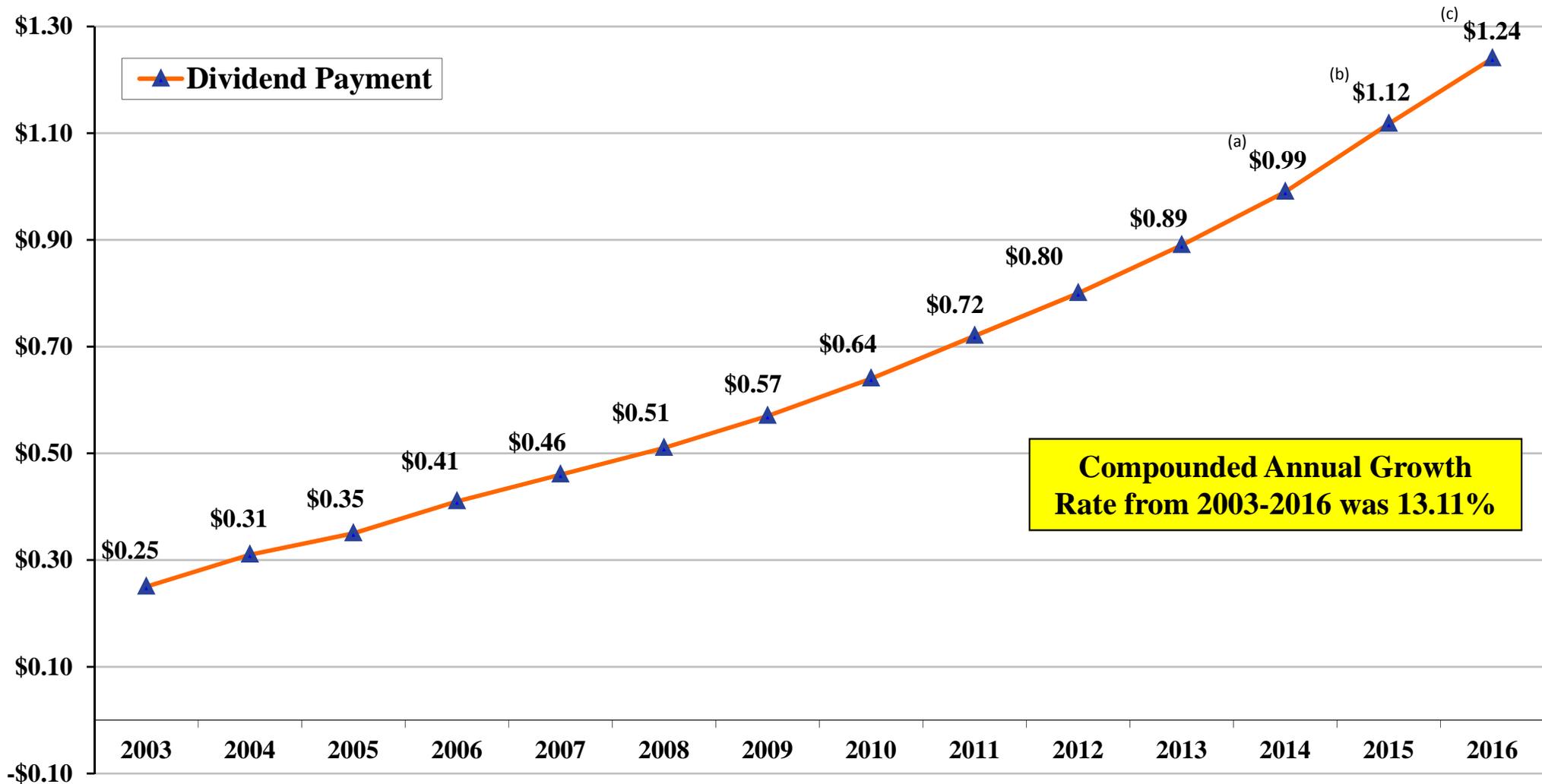
Cost of Deposits: 0.27%



	Amount
DDA - Non-Interest Bearing	\$5,397
DDA - Interest Bearing	3,703
Money Market & Savings	5,692
Certificates & Other Time Deposits	2,278
<b>TOTAL DEPOSITS</b>	<b><u><u>\$ 17,070</u></u></b>

\$ in millions

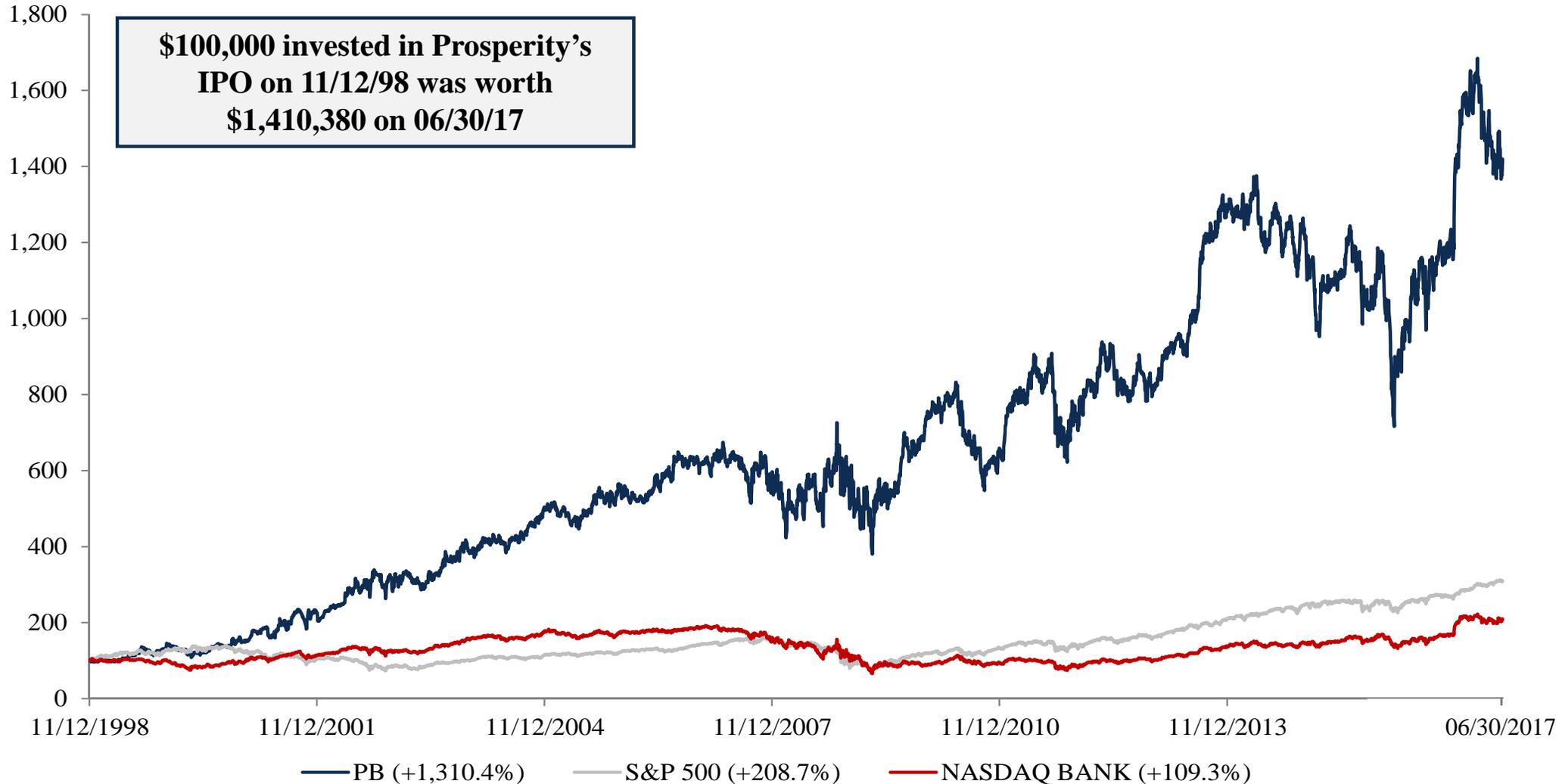
# Dividend History



(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

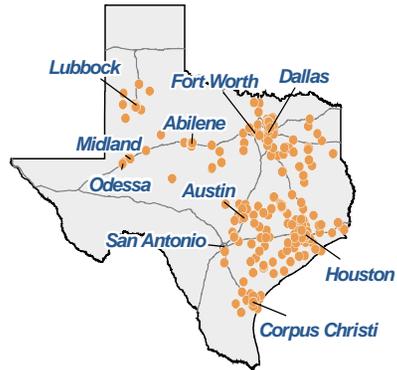
# Total Return Performance

IPO (November 12, 1998) to June 30, 2017



# Presence in Fast-Growing Markets

## Positioned in Strong Markets



- Texas is the second largest state in the U.S. with nearly 28 million residents
- Ranked #2 on the Fortune 500 list with 54 headquartered companies as of 2016
- Economy centered around the real estate, manufacturing and energy sectors



- Oklahoma City and Tulsa comprise 45% of the state's population
- Economy centered around aviation, energy, telecommunications and biotechnology
- Ranked third in the nation for production of natural gas

## Top 10 Fastest Growing MSAs in the U.S. <sup>(1)</sup>

#	MSA	Prosperity Presence	Prosperity Deposits (\$mm)	2017 - 2022 Population Growth
1	Austin-Round Rock, TX	✓	\$ 859.2	10.0%
2	Houston-The Woodlands-Sugar Land, TX	✓	5,190.1	8.8
3	San Antonio-New Braunfels, TX	✓	340.0	8.4
4	Orlando-Kissimmee-Sanford, FL		--	8.3
5	Raleigh, NC		--	8.2
6	Dallas-Fort Worth-Arlington, TX	✓	1,393.8	8.1
7	Denver-Aurora-Lakewood, CO		--	8.1
8	Las Vegas-Henderson-Paradise, NV		--	7.2
9	Charlotte-Concord-Gastonia, NC-SC		--	7.2
10	Phoenix-Mesa-Scottsdale, AZ		--	7.1

- Presence in the top three fastest growing MSAs in the United States and four of the top six
- Combined, Texas and Oklahoma accounted for \$1.8 trillion, or 10%, of the GDP in the United States in 2015

# 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.  
Revisions, 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.  
Ottohook 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  
Comparex USA

### Maryland

Broadwing Corp.  
Hanger Inc. (HGR)

### Ohio

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

### Washington D.C.

EF Johnson Technologies, Inc.

### 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)

### 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)  
Puget 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.  
Petrohkw Energy Corp  
Ring Energy, Inc. (REI)  
Soalr Winds (SWI)  
Trinity Hospice Inc.

### Arkansas

Golden Living  
US Rare Earths Inc. (UREE)

### Louisiana

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

# Houston Market Highlights

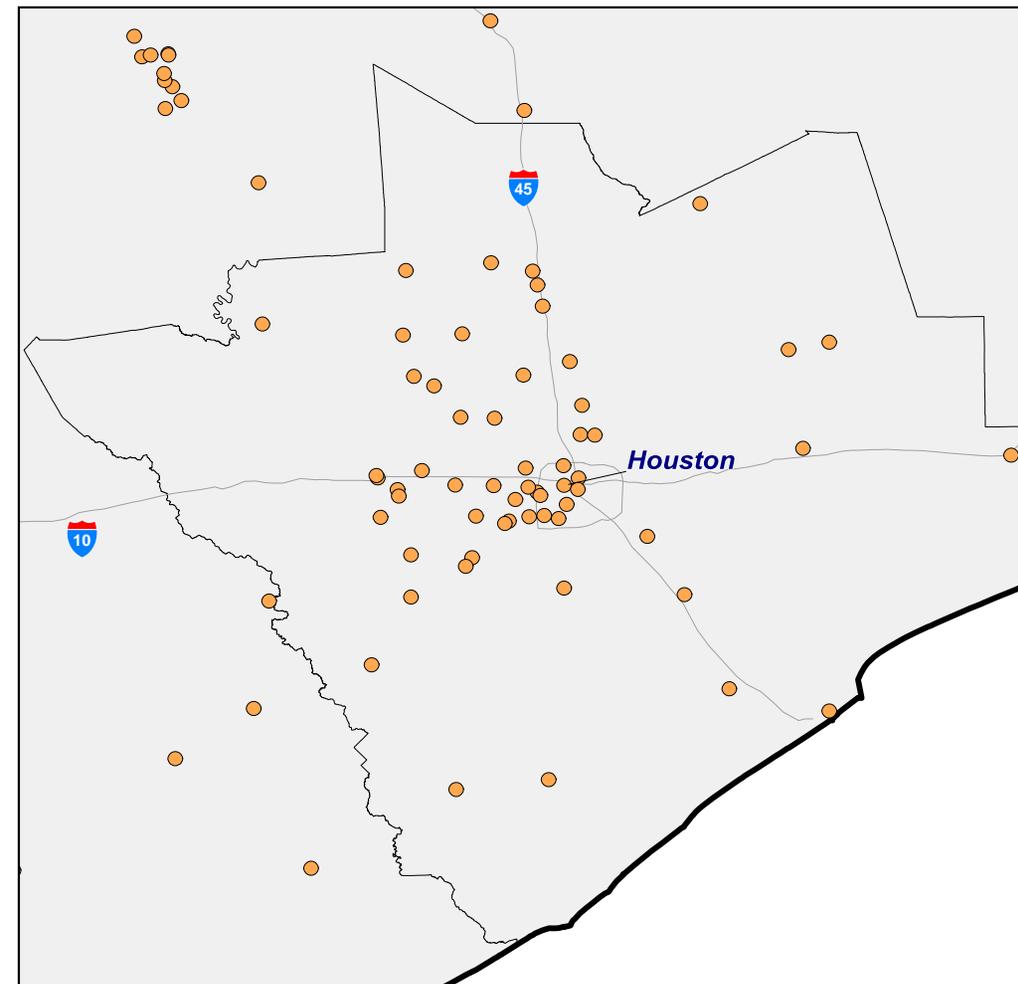
## Market Highlights

- Houston is the 5<sup>th</sup> most populous metropolitan area in the nation
- Headquarters to 25 Fortune 500 companies
- Port of Houston is ranked 1<sup>st</sup> in the United States in foreign tonnage in 2015
- Home of the Texas Medical Center – the world’s largest medical complex
- The number of high-wage, professional service jobs increased by 48% since 2000 (2.0x the rate of San Francisco, 2.5x NYC and Chicago, and 4.0x Los Angeles)
- Houston’s population is expected to grow 8.8% from 2017 to 2022

## Fortune 500 Companies



## Houston Franchise



# Dallas/Ft. Worth Market Highlights

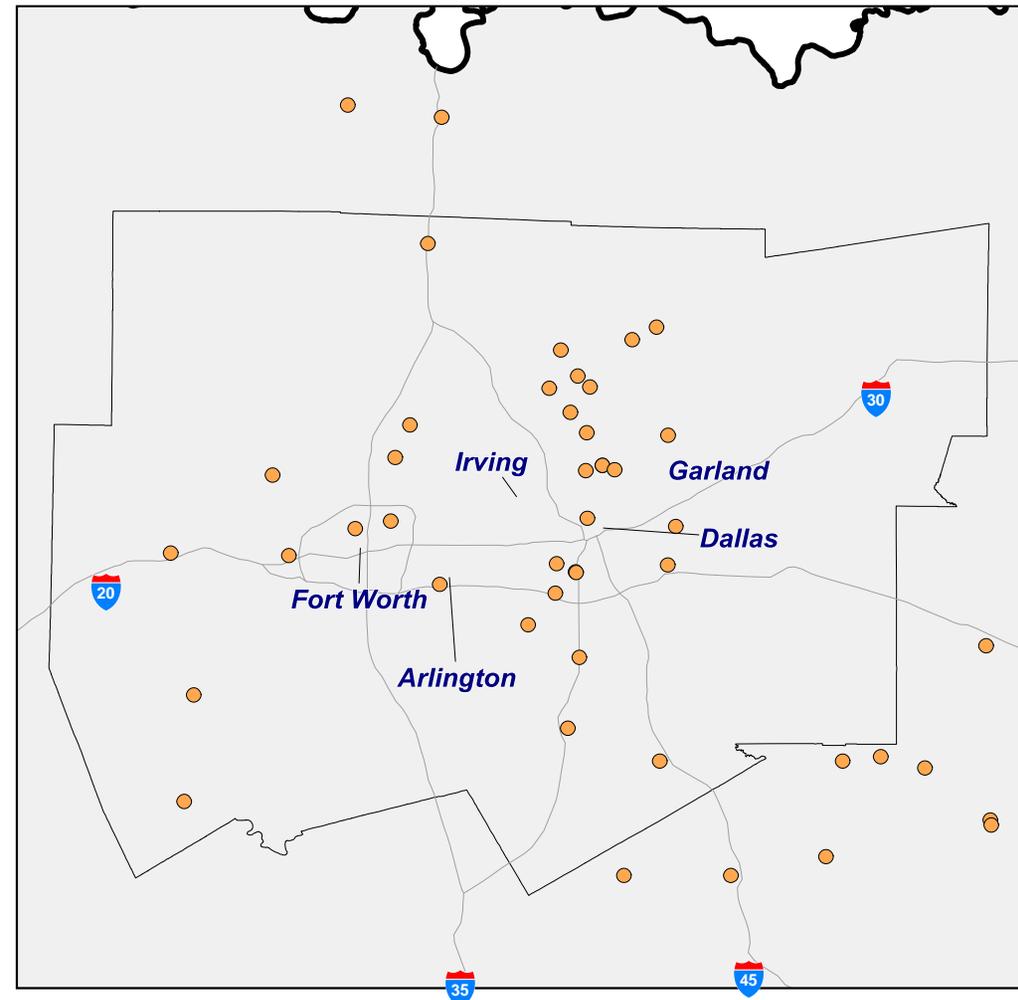
## Market Highlights

- Dallas/Ft. Worth is the 4<sup>th</sup> most populous metropolitan area in the nation
- Headquarters to 25 Fortune 500 companies
- Added 119,300 jobs from February 2016 to February 2017, representing a 3.5% growth rate, which is more than double the national average rate of 1.7%
- Population grew by 143,435 residents from July 2015 to July 2016, the most of any metropolitan area in the U.S.
- Dallas/Ft. Worth population is expected to grow 8.1% from 2017 to 2022

## Fortune 500 Companies



## Dallas/Ft. Worth Franchise



# Austin Market Highlights

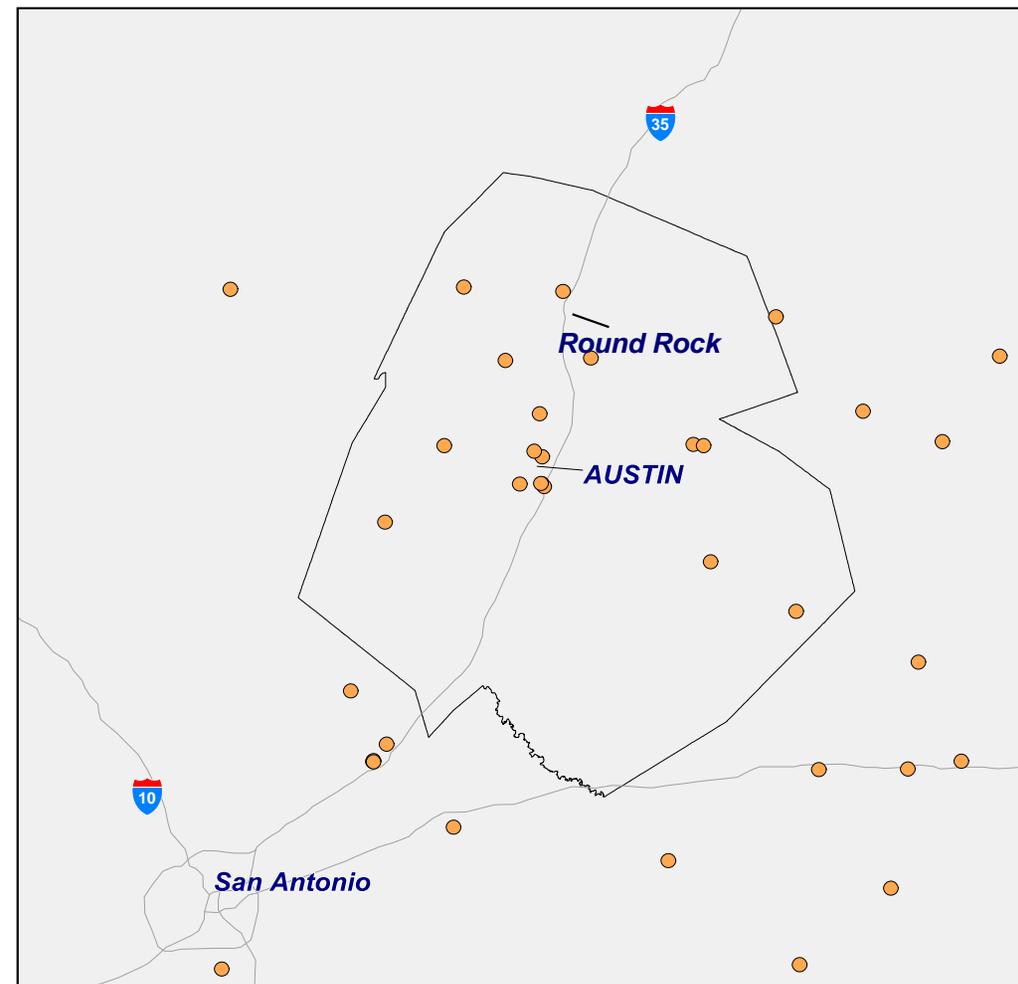
## Market Highlights

- Austin has nearly doubled in size over the last 10 years, from 1.2 million residents in 2000 to 2.0 million residents in 2015
- Jobs in the technology industry total nearly 129,700, or 13.6% of all jobs, compared to 6.7% nationally
- Austin's population growth rate from 2005 to 2015 was 37.7%, compared to 20.6% for Texas and 8.7% for the nation
- Austin's population is expected to grow 10.0% from 2017 to 2022
- Ranked #1 place to live in the U.S. in 2017 by U.S. News and World Report

## Fortune 500 Companies



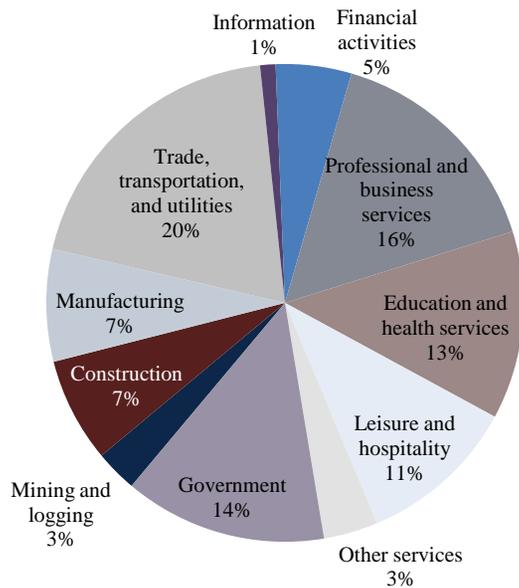
## Austin Franchise



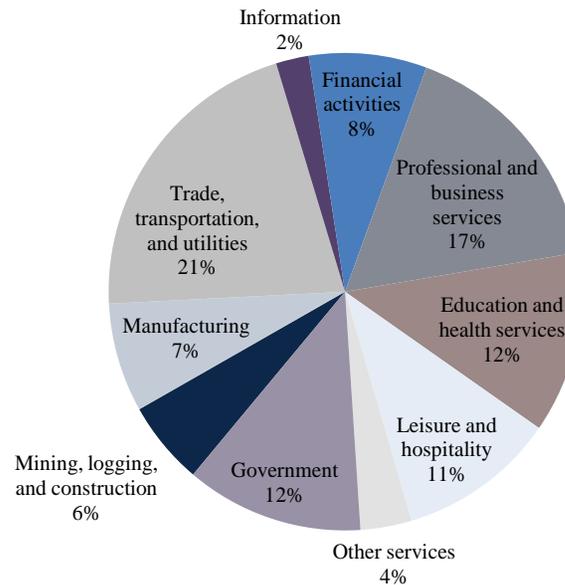
# Texas Markets: Economic Diversity



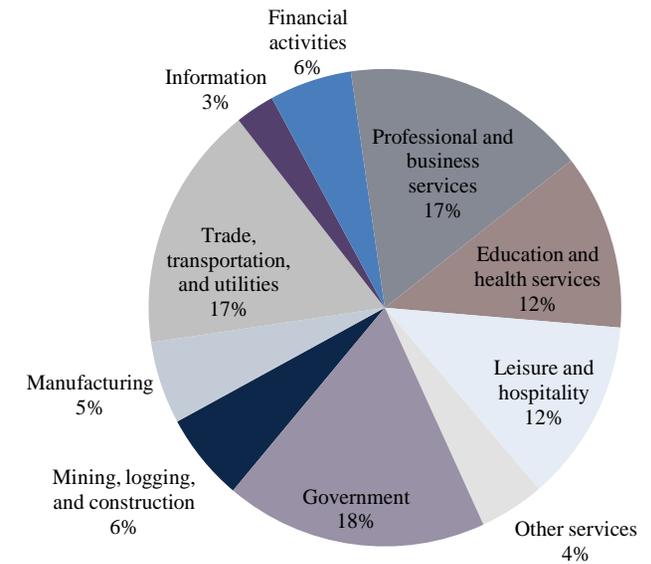
## Houston Employment by Industry



## DFW Employment by Industry



## Austin Employment by Industry



Source: Bureau of Labor Statistics. Information is as of May 2017.  
 References to Houston refer to the Houston – The Woodlands – Sugar Land metropolitan statistical area.  
 References to Dallas refer to the Dallas – Fort Worth – Arlington metropolitan statistical area.  
 References to Austin refer to the Austin – Round Rock metropolitan statistical area.

# Contact Information



## Corporate Headquarters

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