



PROSPERITY —
BANCSHARES, INC.®

Investor Presentation

— **Third Quarter 2017** —



“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.

2017 Third Quarter Highlights

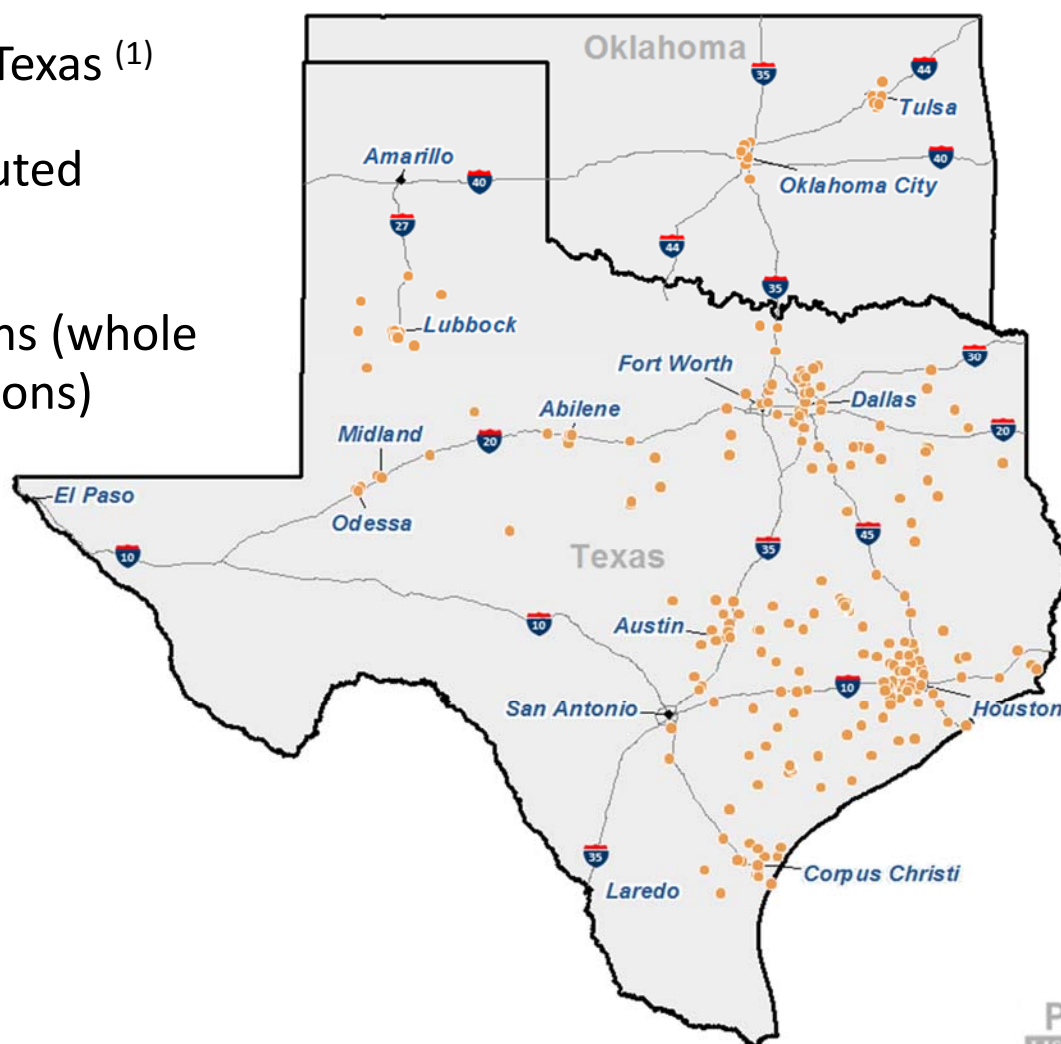
- Net income of \$67.908 million and earnings per share (diluted) of \$0.98 for three months ending September 30, 2017
- Assets of \$22.143 billion, loans of \$9.911 billion, and deposits of \$16.907 billion at September 30, 2017
- Common equity tier 1 ratio was 15.10% and leverage ratio was 9.15% at September 30, 2017
- Sound asset quality with annualized net charge offs/average loans of 0.16% for the quarter ending September 30, 2017
- Non-performing assets to average earning assets remain low at 0.24% or \$45.823 million for the third quarter 2017
- Efficiency ratio of 41.92% for the third quarter 2017
- Increased cash dividend 5.9% to \$0.36 per share for the fourth quarter 2017

Strong Presence in Texas and Oklahoma

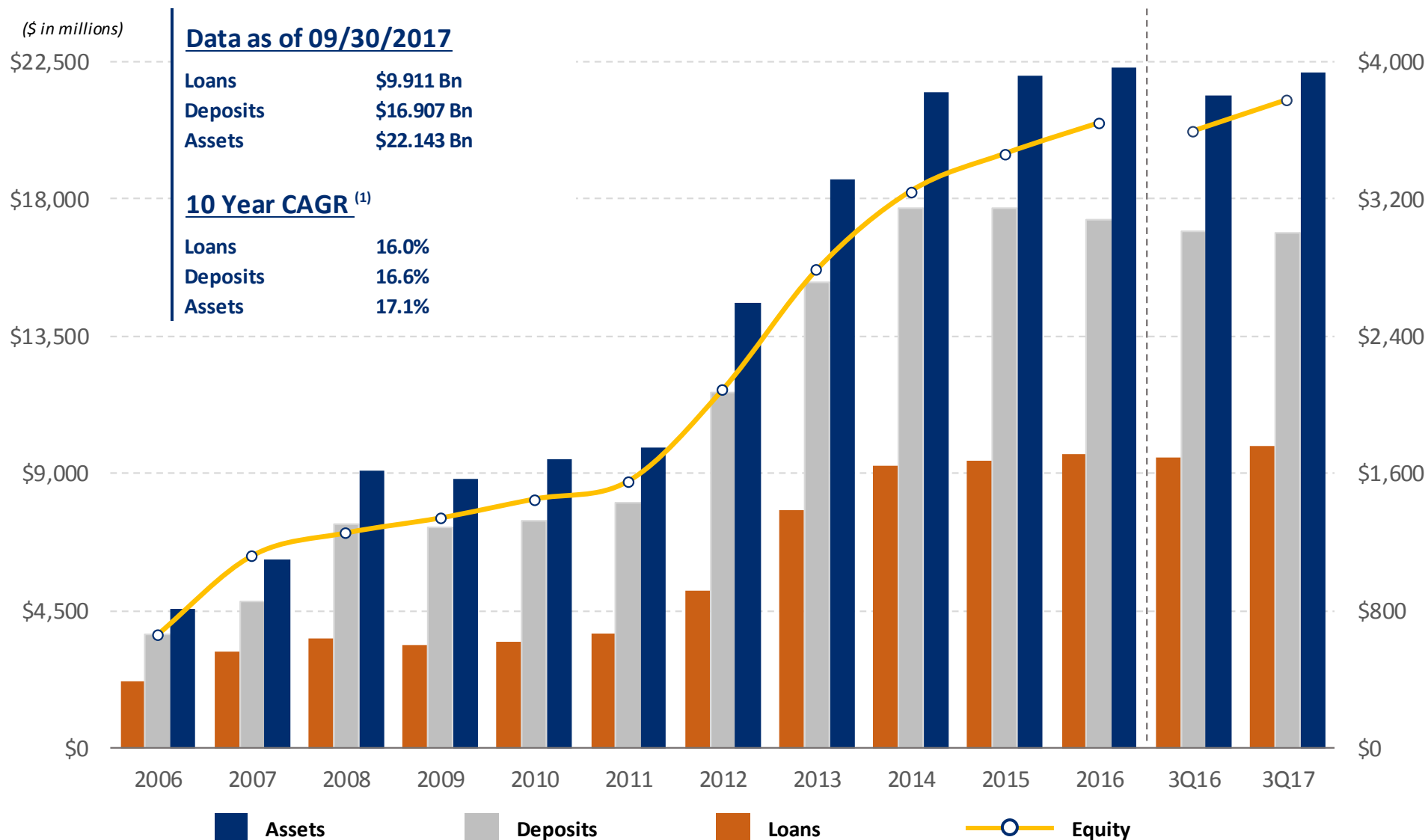
- A Texas-based financial holding company with approximately \$22.143 billion in total assets
- Ranked #3 in deposit market share in Texas ⁽¹⁾
- Shareholder driven with 4.9% fully diluted insider ownership
- Successful integration of 42 acquisitions (whole bank, branch and failed bank transactions)

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



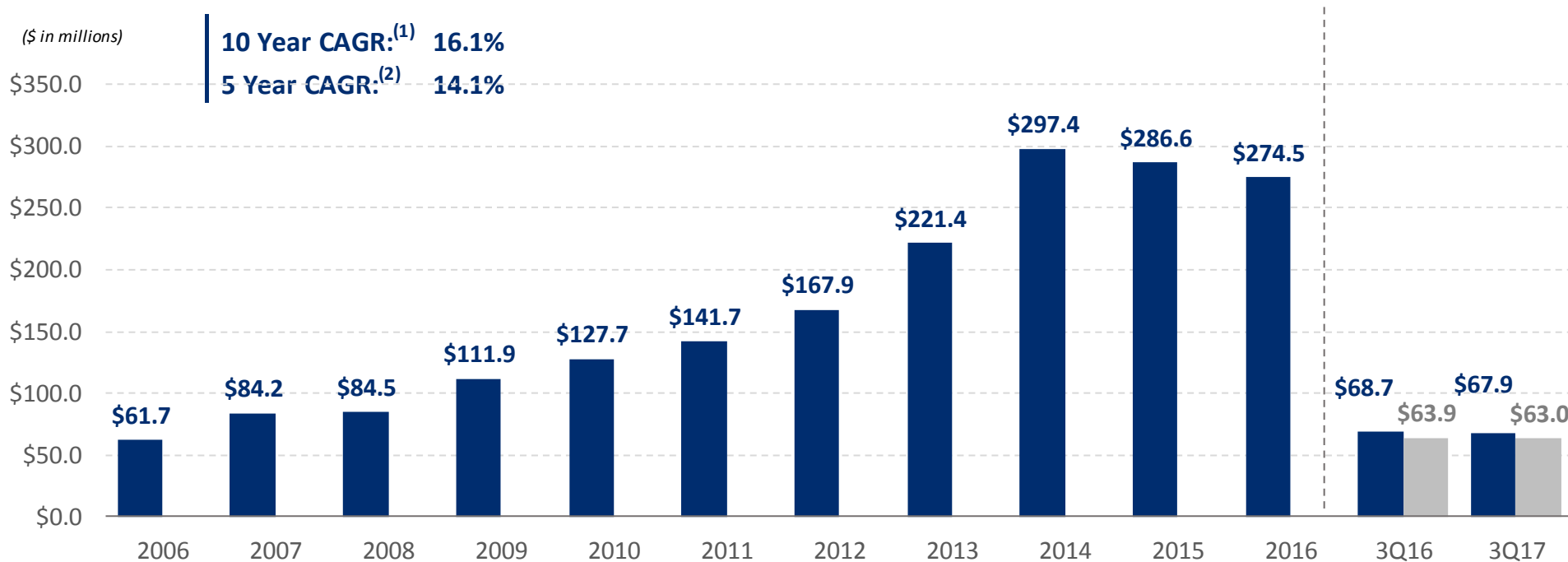
Balance Sheet Summary



Source: Company Documents

(1) Represents the Compound Annual Growth Rate from 12/31/2006 – 12/31/2016

Net Income



Note: Net Income Includes the Following (\$ in thousands)

Provision for Credit Losses	\$504	\$760	\$9,867	\$28,775	\$13,585	\$5,200	\$6,100	\$17,240	\$18,275	\$7,560	\$24,000	\$2,000	\$6,900
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Loan Discount Accretion	-	-	-	-	-	-	\$26,413	\$62,723	\$95,875	\$52,122	\$38,970	\$7,620	\$7,886
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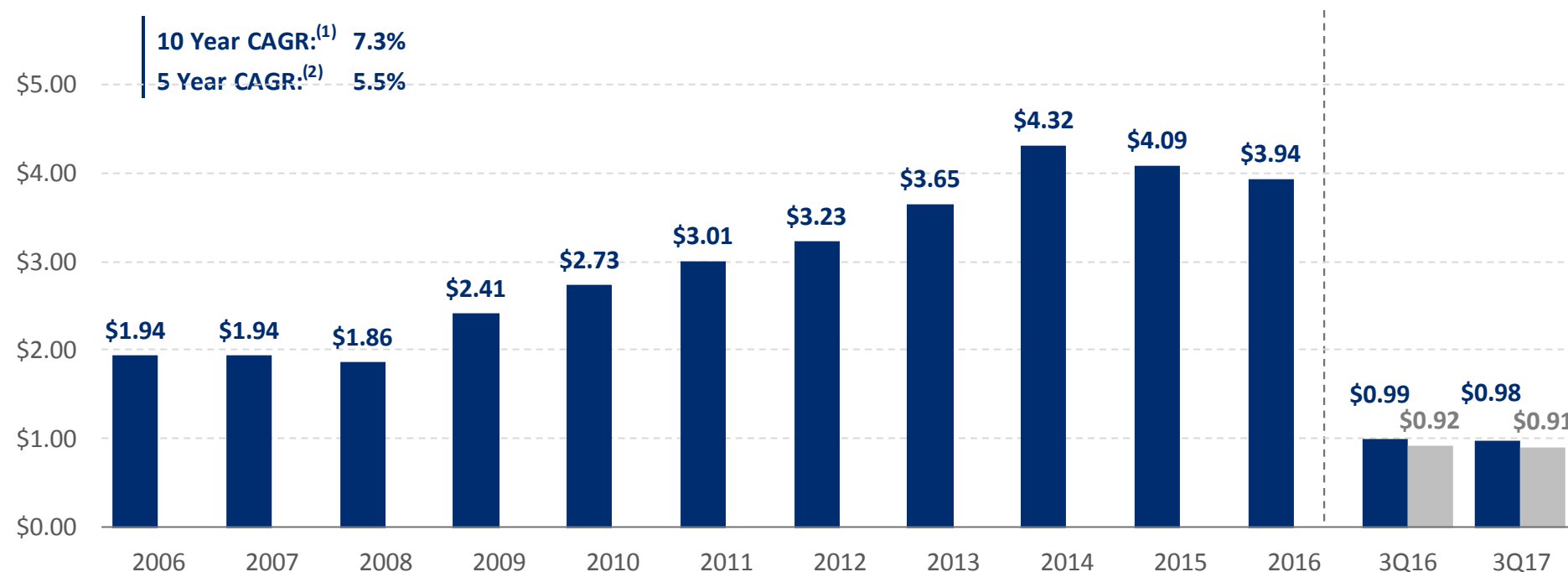
Net Income
 Net Income (Excluding Purchase Accounting Adjustments)

Source: Company Documents

(1) Represents the Compound Annual Growth Rate from 12/31/2006 – 12/31/2016

(2) Represents the Compound Annual Growth Rate from 12/31/2011 – 12/31/2016

Earnings per Share Growth



Note: Net Income Includes the Following (\$ in thousands)

Provision for Credit Losses	\$504	\$760	\$9,867	\$28,775	\$13,585	\$5,200	\$6,100	\$17,240	\$18,275	\$7,560	\$24,000	\$2,000	\$6,900
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EPS



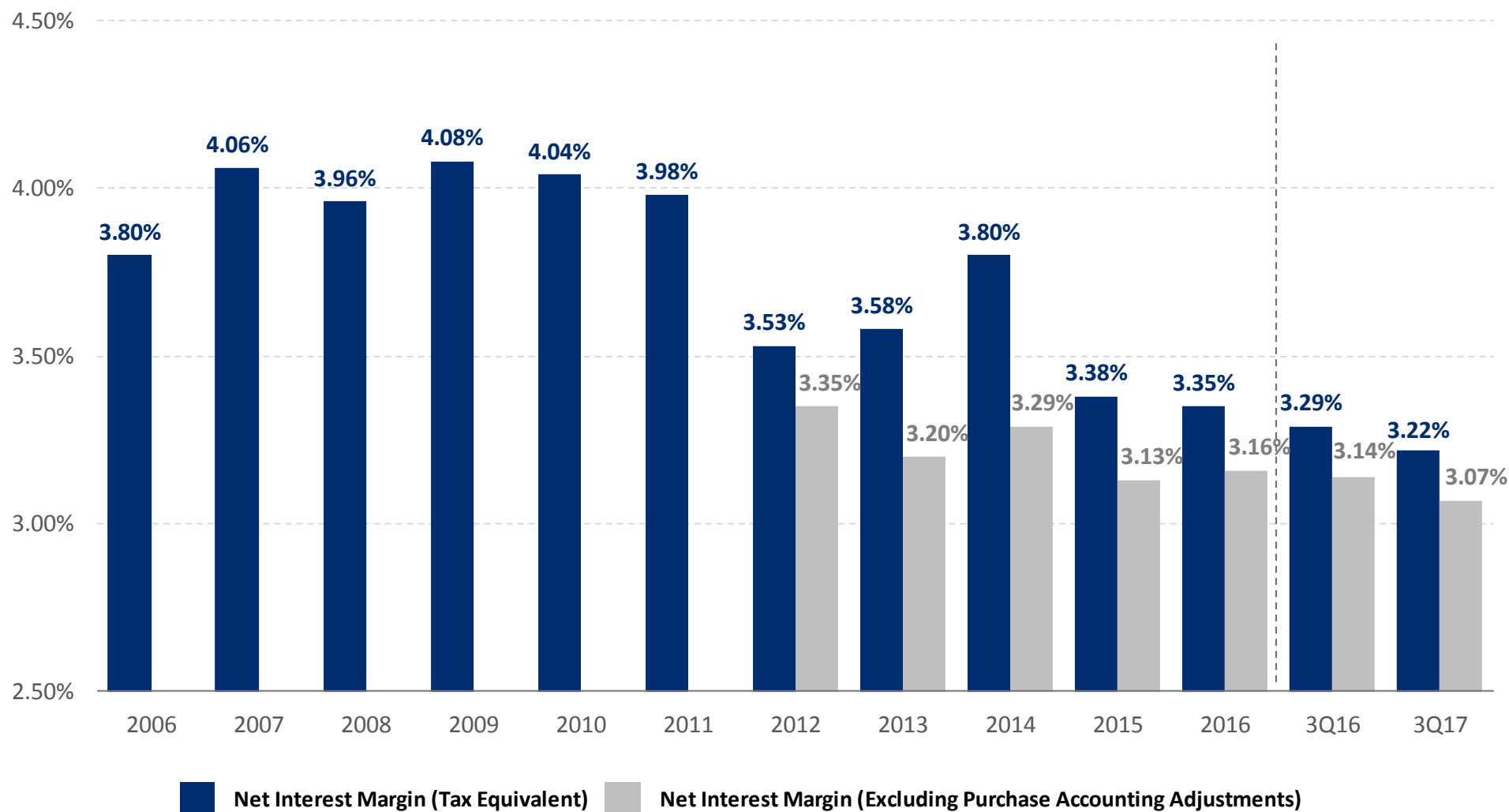
EPS (Excluding Purchase Accounting Adjustments)

Source: Company Documents

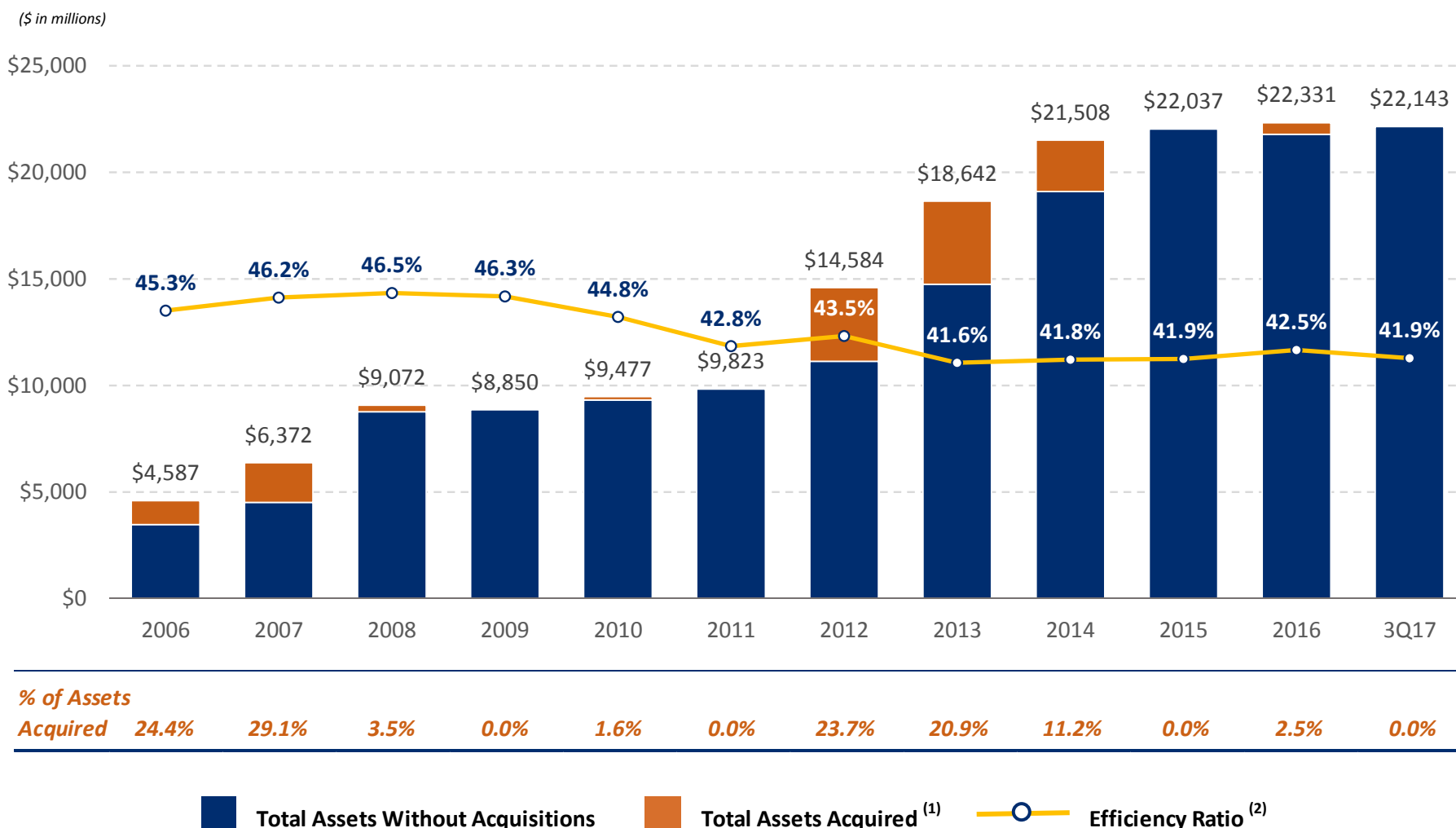
(1) Represents the Compound Annual Growth Rate from 12/31/2006 – 12/31/2016

(2) Represents the Compound Annual Growth Rate from 12/31/2011 – 12/31/2016

Net Interest Margin



Acquisitions & Efficiency Ratio

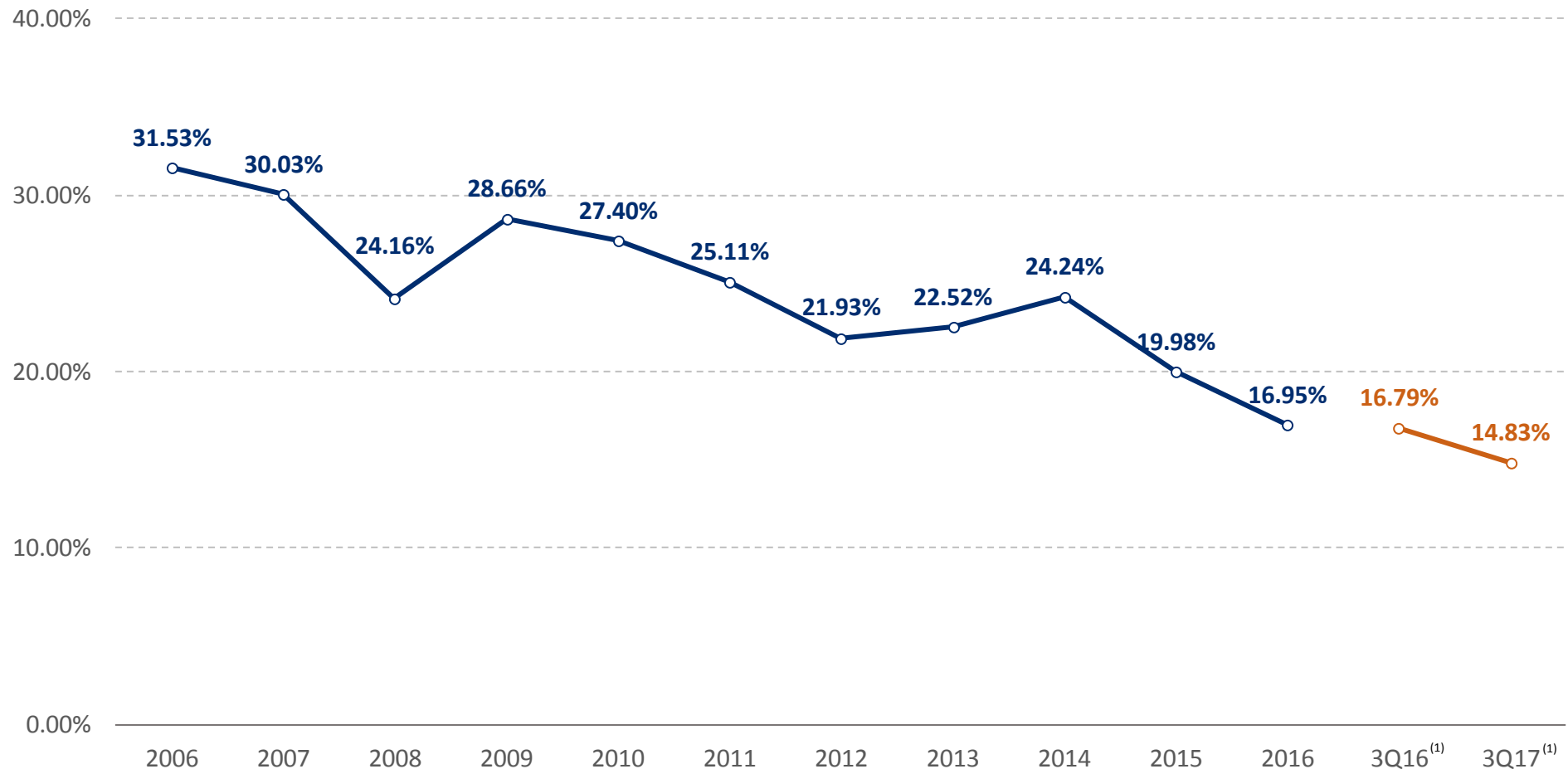


Source: Company Documents

(1) Representative of assets at closing

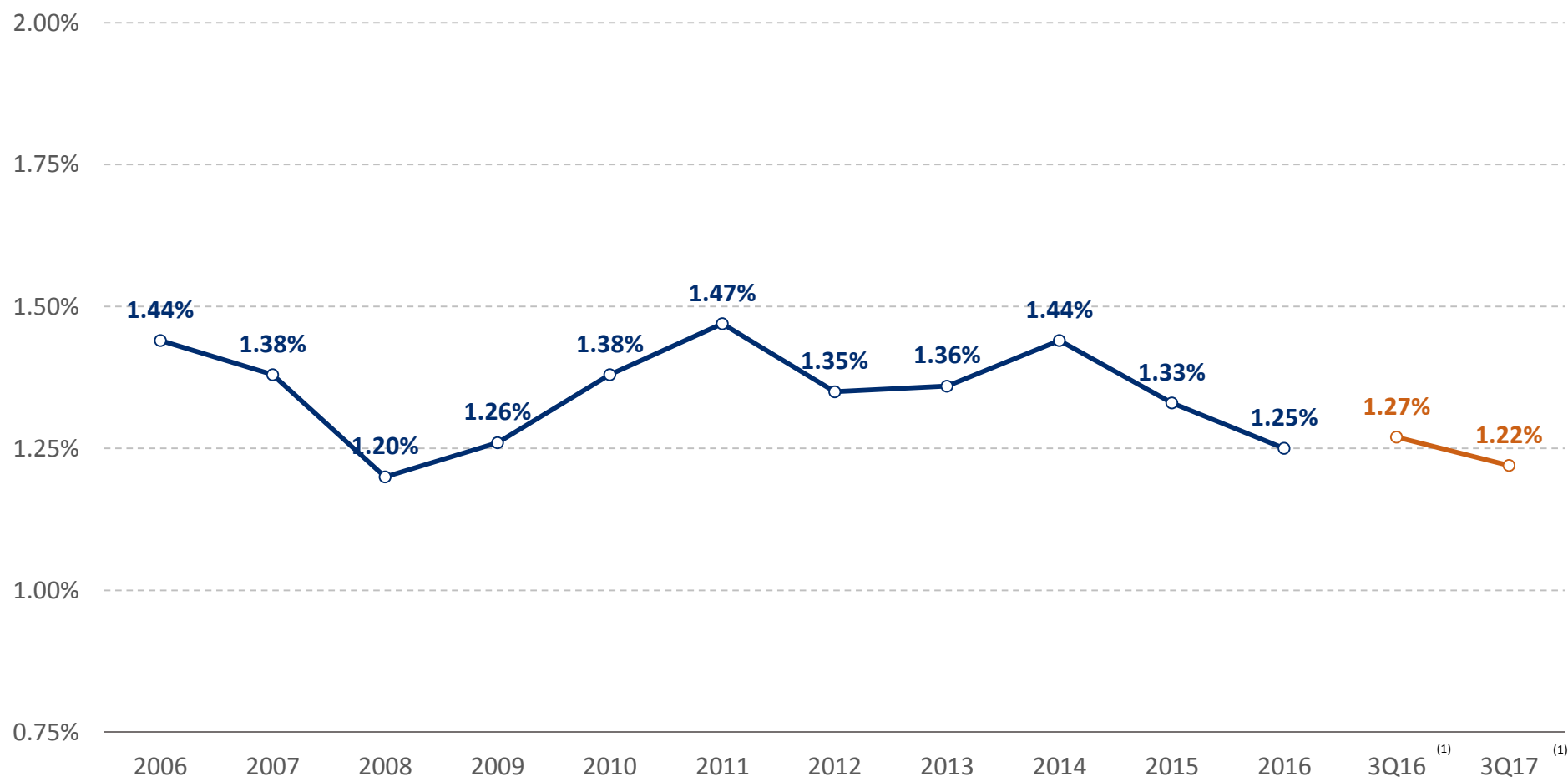
(2) Calculated by dividing total noninterest expense, excluding credit loss provisions, by net interest income plus noninterest income, excluding net gains and losses on the sale of assets and securities. Additionally, taxes are not part of this calculation.

Return on Average Tangible Common Equity



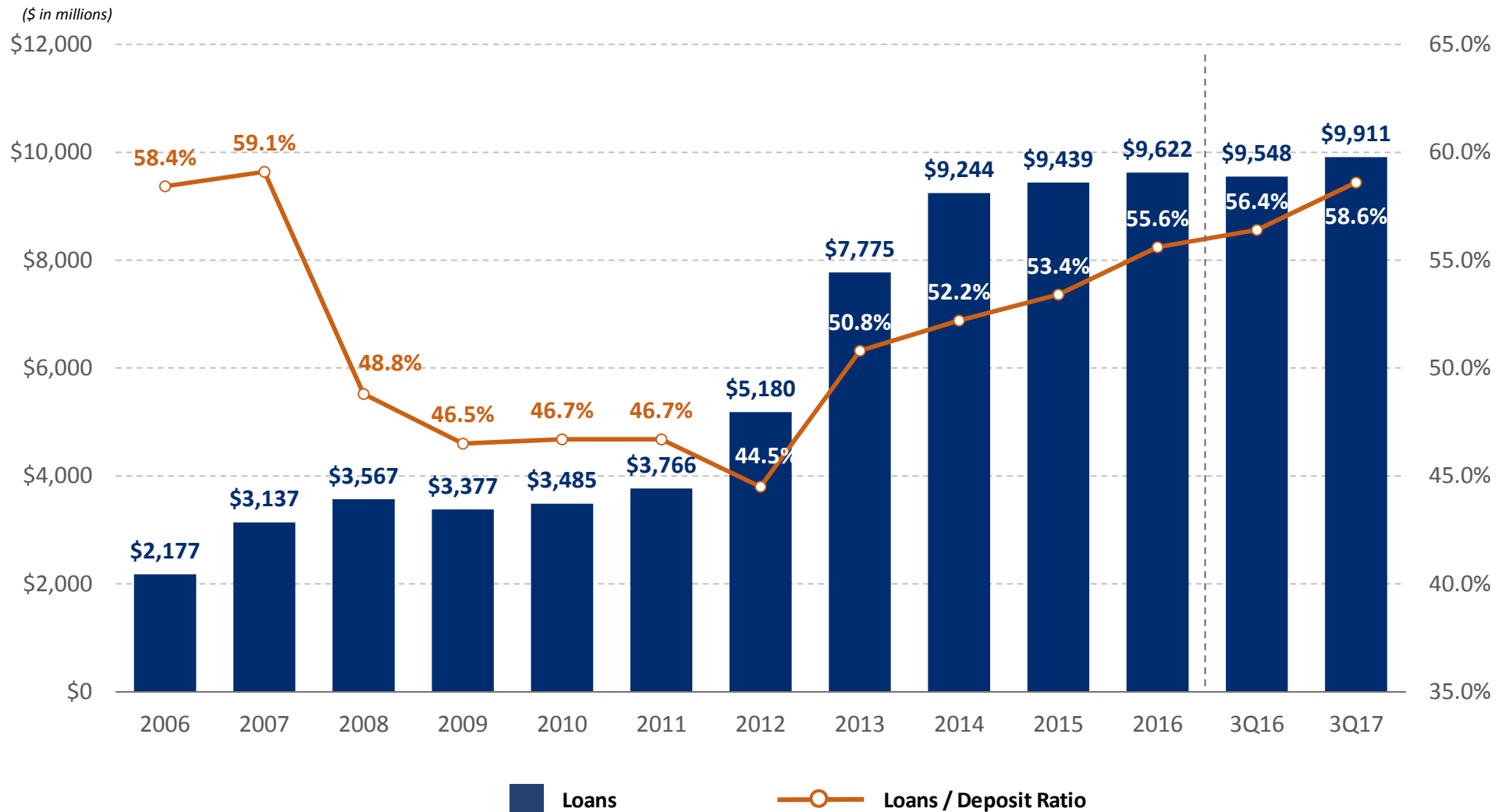
(1) Interim periods shown on an annualized basis

Return on Average Assets



(1) Interim periods shown on an annualized basis

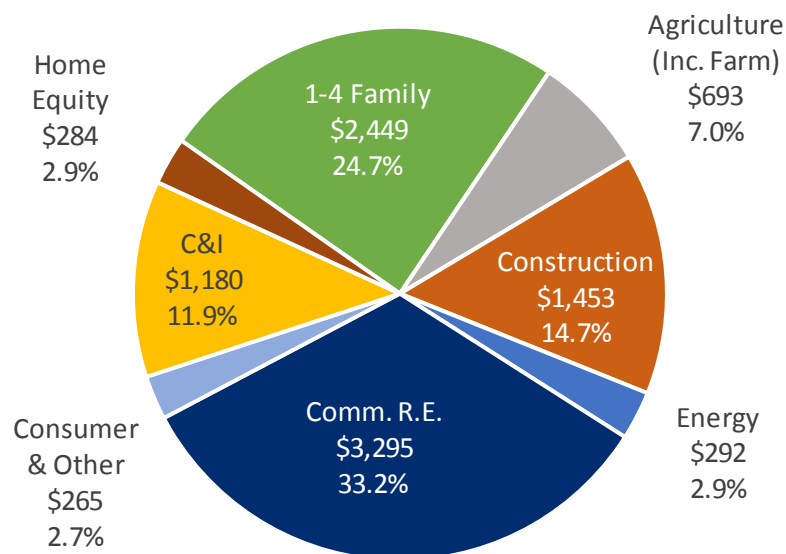
Loan Growth



Loan Portfolio

As of September 30, 2017
(\$ in millions)

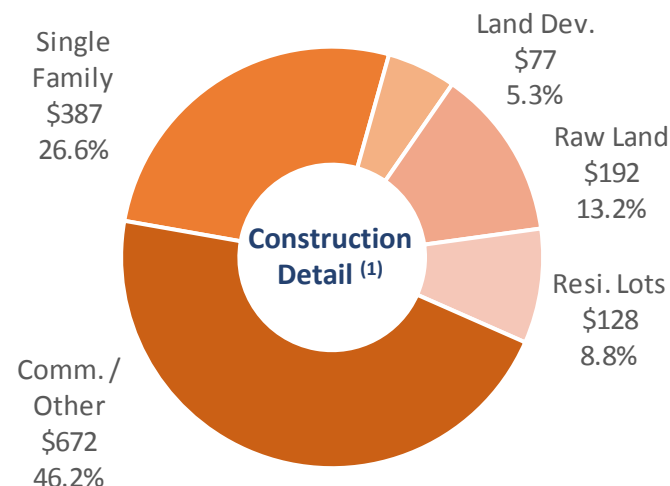
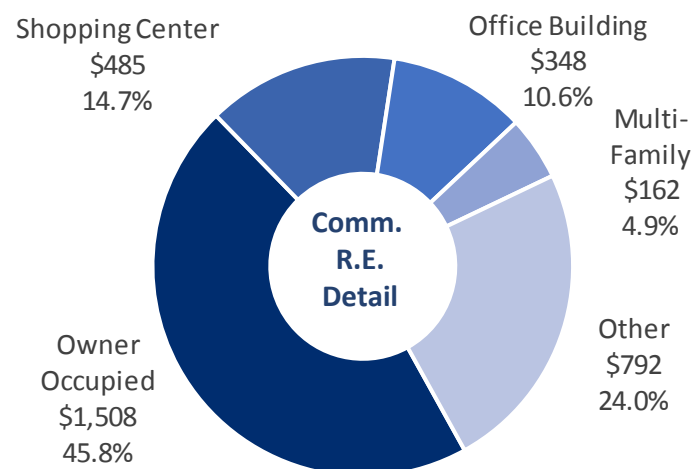
Loan Portfolio by Category & Geography



Loans By Area

	Amount	% of Total
Bryan / College Station:	\$617	6.2%
Central Oklahoma:	\$497	5.0%
Central Texas:	\$1,344	13.6%
Dallas / Ft. Worth:	\$1,150	11.6%
East Texas:	\$394	4.0%
Houston:	\$3,193	32.2%
South Texas:	\$1,280	12.9%
Tulsa Oklahoma:	\$616	6.2%
West Texas:	\$820	8.3%

CRE & Construction Detail



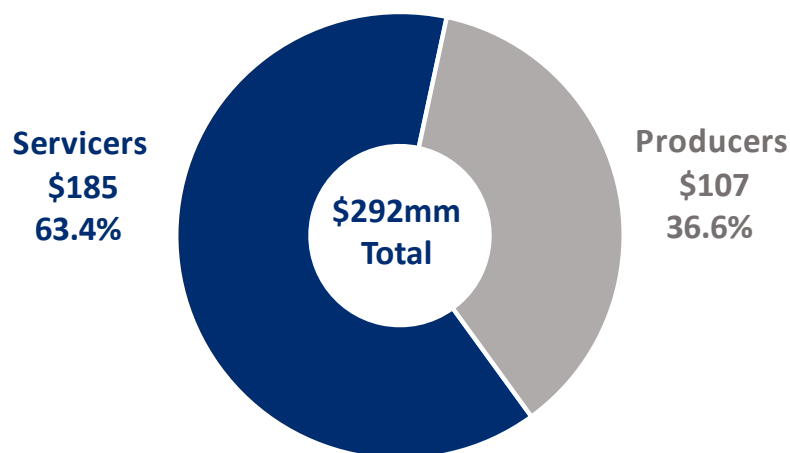
Source: Company Documents

(1) Totals do not include purchase accounting discount of (\$2.571)

Energy Portfolio

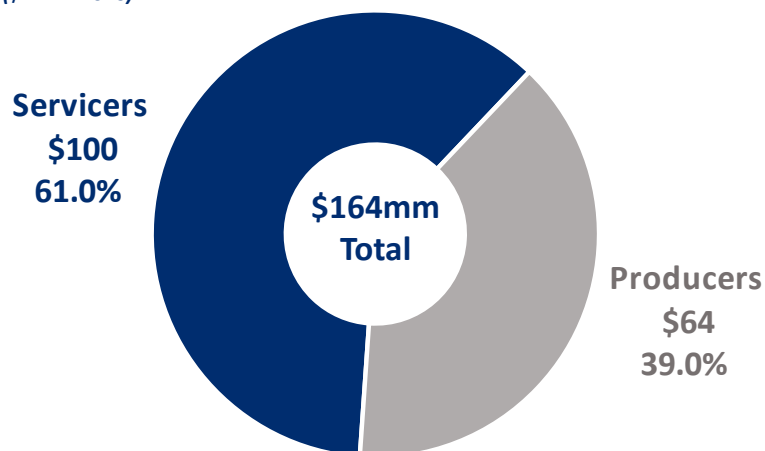
Outstanding Balance

(\$ in millions)



Unfunded Commitments

(\$ in millions)

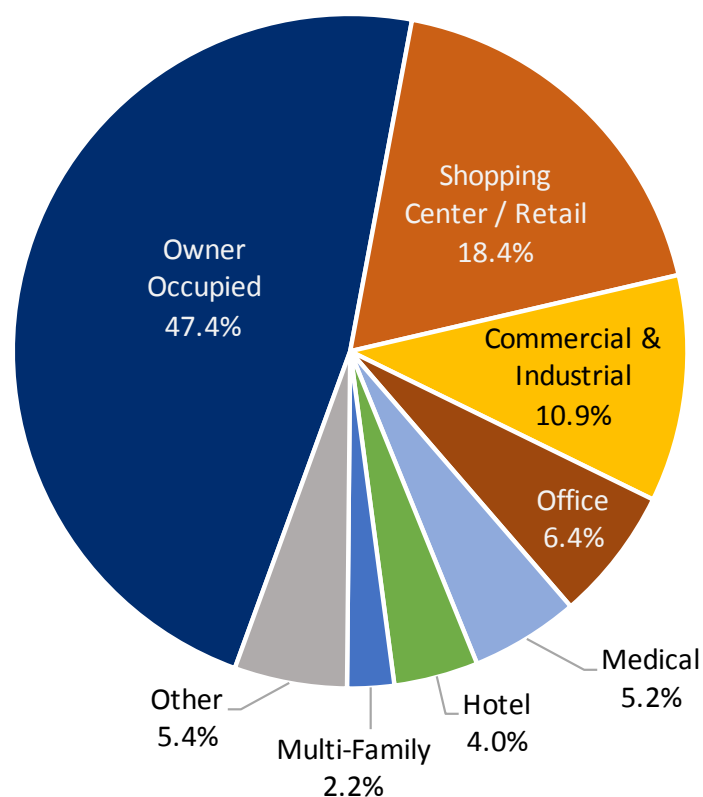


Portfolio Commentary

- Total outstanding balance of \$291.8 million, or 2.9% of total loans
- Total unfunded commitments of \$164.4 million
- Total energy reserves of 2.6% or \$7.6 million
- \$13.7 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 September 30, 2017
(\$ in millions)

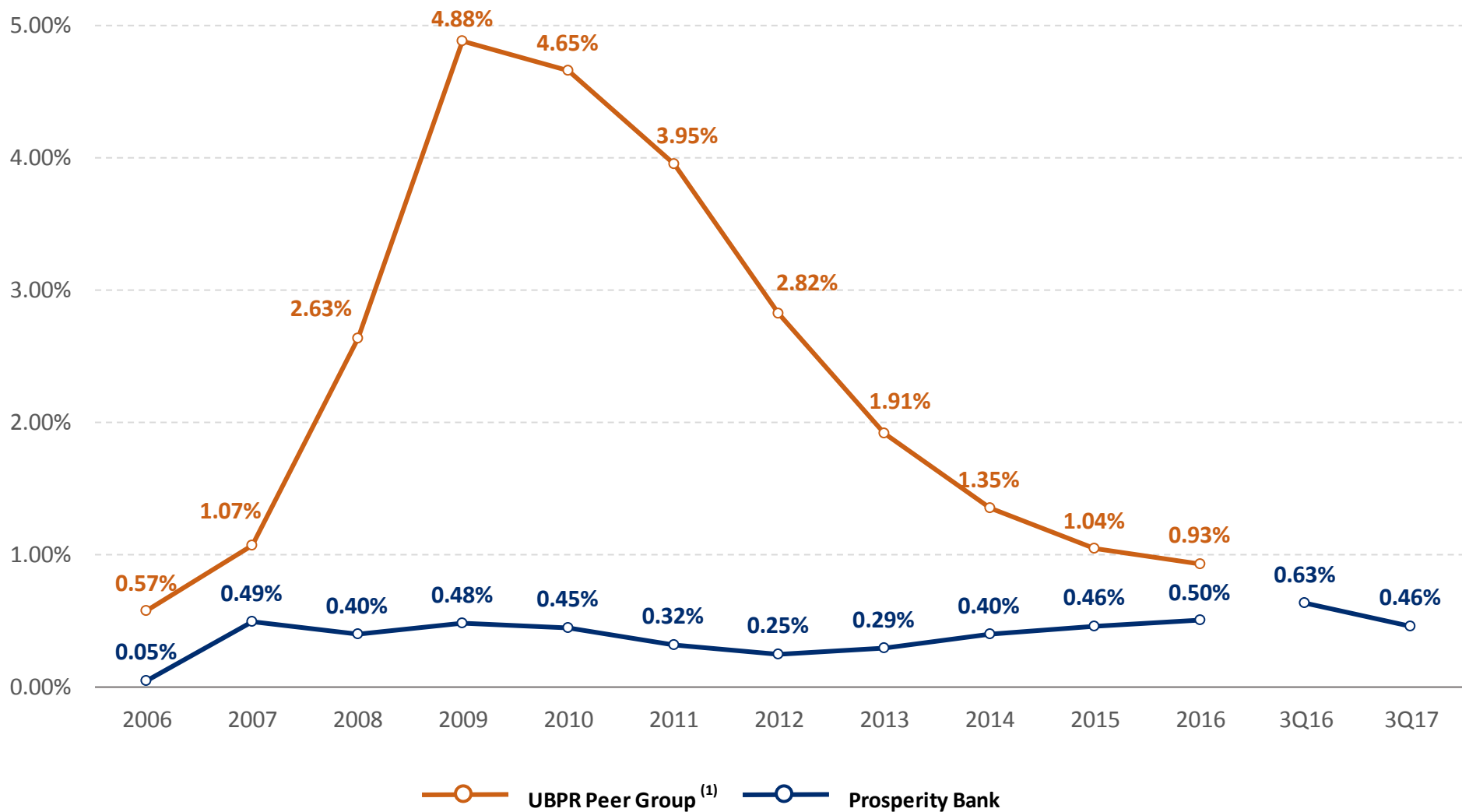


	Owner Occupied	\$500.1
	Shopping Center / Retail	\$194.5
	Commercial & Industrial	\$114.9
	Office	\$67.7
	Medical	\$54.9
	Hotel	\$42.7
	Multi-Family	\$23.7
	Other	\$57.1

Total Houston MSA CRE: \$1.1Bn

Asset Quality

NPA's / Loans + OREO



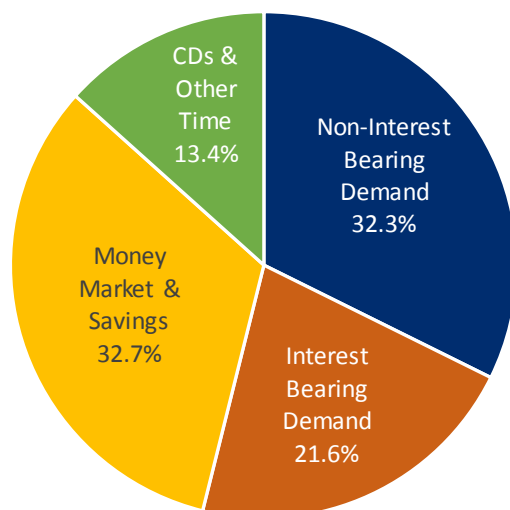
Source: Company Documents & Uniform Bank Performance Report

Note: NPAs include loans past due 90 days and still accruing

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

Deposit Composition

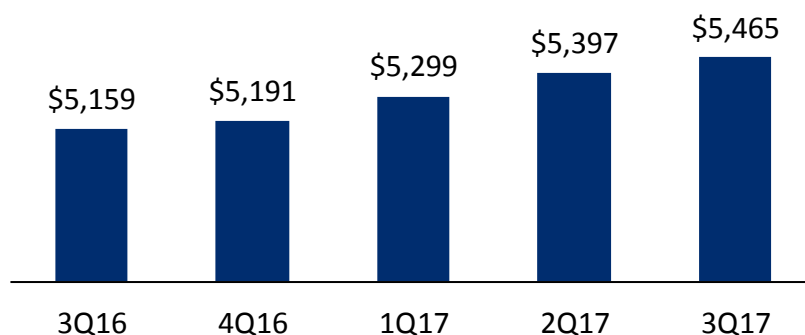
As of September 30, 2017
(\$ in millions)



■	Non-Interest Bearing Demand	\$5,465
■	Interest Bearing Demand	\$3,646
■	Money Market & Savings	\$5,538
■	CDs & Other Time	\$2,258

Non-Interest Bearing Demand Deposits

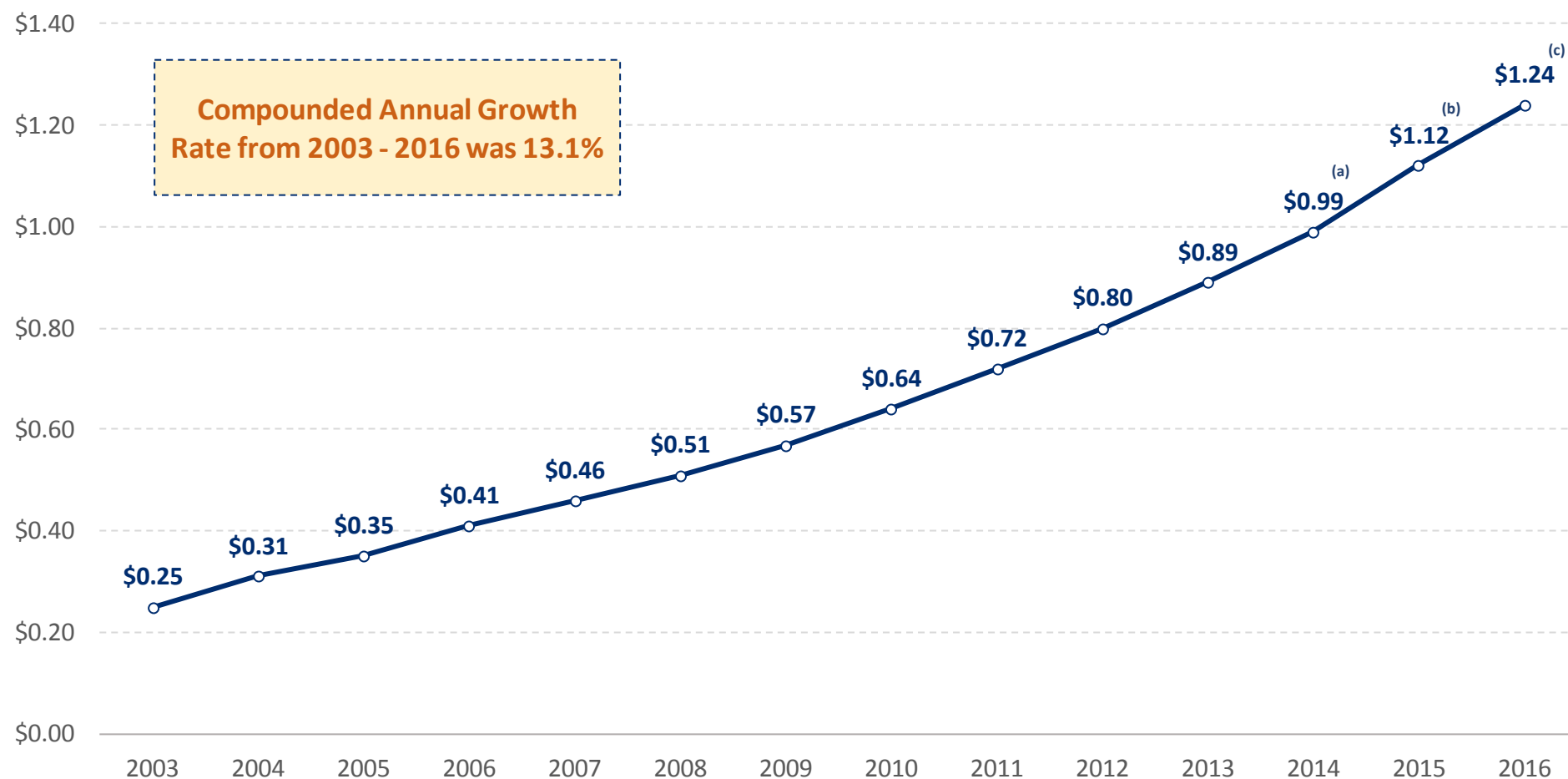
Linked Qtr Growth: 5.9%



Total Deposits: \$16.9Bn

Cost of Deposits: 0.29%

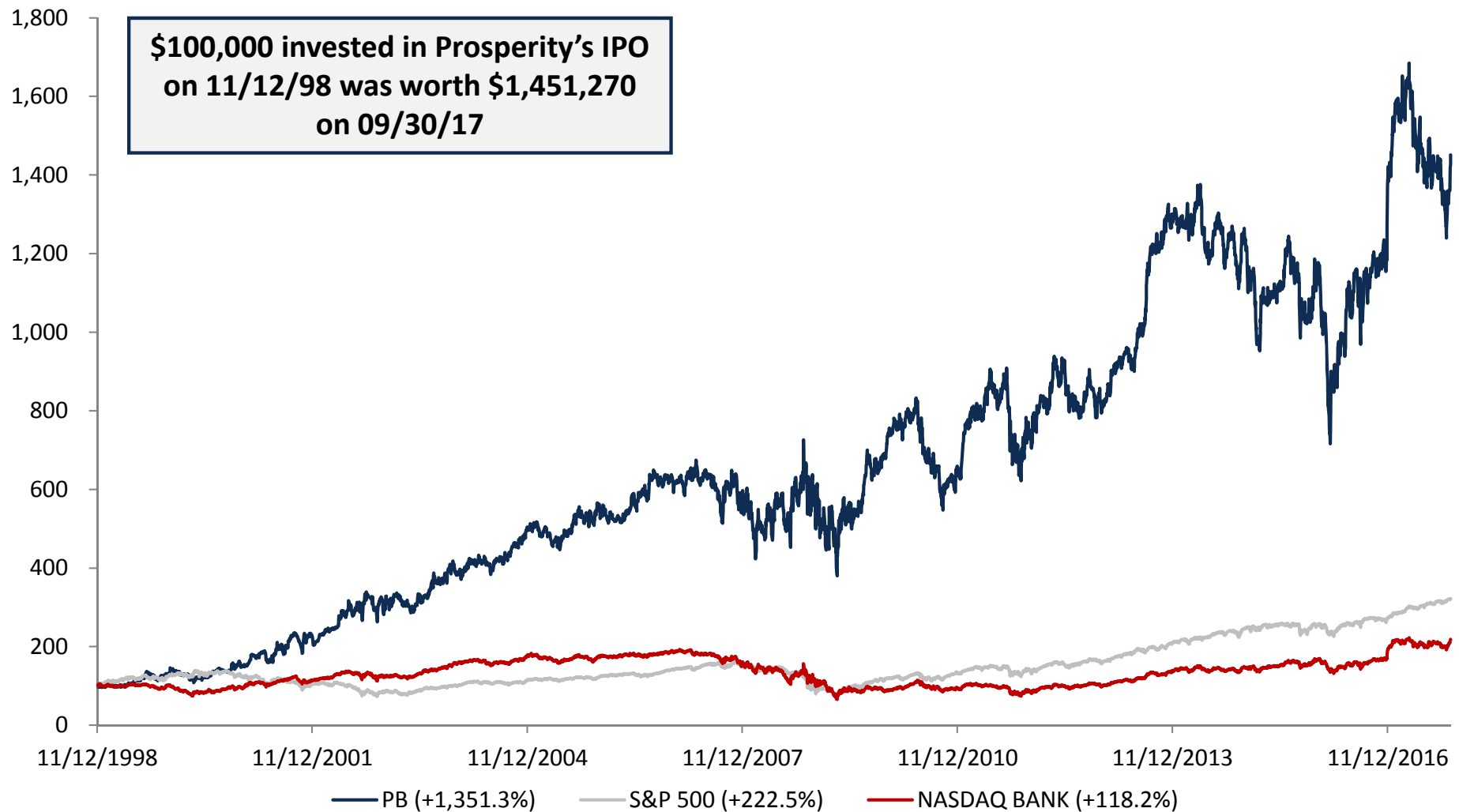
Dividend History



- (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

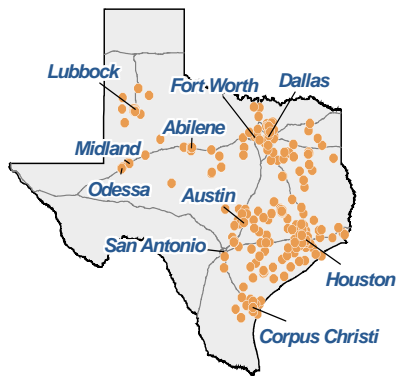
Total Return Performance

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



Presence in Fast-Growing Markets

Positioned in Strong Markets



- Today, Texas is the 2nd largest state in the U.S. with over 28 million residents
- Ranked #2 on the Fortune 500 list with 54 headquartered companies as of 2016
- Texas contributed \$1.6 trillion to United States GDP, second to only California
- Ranked 1st by Forbes for current economic climate thanks to the 2nd fastest economic growth and 3rd fastest job growth over the past five years



- Oklahoma City and Tulsa comprise 45% of the state's population
- Business tax climate is one of the best in the country and employers also benefit from energy costs that are 24% below the national average
- Ranked 4th in the nation for natural gas production and 5th for crude oil

Top 10 Fastest Growing MSAs in the U.S. ⁽¹⁾

Metropolitan Statistical Area	Prosperity Presence	2018 - 2023	
		Prosperity Deposits (\$mm)	Population Growth (%)
1 Austin-Round Rock, TX	✓	\$842	9.5%
2 Orlando-Kissimmee-Sanford, FL		-	8.2%
3 Houston-The Woodlands-Sugar Land, TX	✓	\$5,029	8.3%
4 San Antonio-New Braunfels, TX	✓	\$366	8.1%
5 Dallas-Fort Worth-Arlington, TX	✓	\$1,453	7.7%
6 Denver-Aurora-Lakewood, CO		-	7.7%
7 Phoenix-Mesa-Scottsdale, AZ		-	7.2%
8 Las Vegas-Henderson-Paradise, NV		-	7.3%
9 Seattle-Tacoma-Bellevue, WA		-	6.7%
10 Atlanta-Sandy Springs-Roswell, GA		-	6.5%

- Presence in four of the top five fastest growing MSAs in the United States
- The South is home of ten of the 15 fastest growing cities with populations greater than 50,000 in the United States

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
Coptart (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
Mitrarech
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.
Promethean Energy Company

Montana

VIZn

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.
Enerflex 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
JP Morgan (6,000 workers)

Massachusetts

Cimage Novasoft
Circor Energy (CIR)
Invensys Process Systems
Liberty Mutual
NTT Data Inc. (TYO.9613)
VCE Corp.
Raytheon

Connecticut

Accudyne Industries
iCall Inc.
TradeCapture Inc.

New Jersey

Ameriflex
CVE Technology
Compaq USA
Creston Electronics

Maryland

Broadwing Corp.
Hanger Inc. (HGR)
Geico Insurance Division

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.

Virginia

Capital One

North Carolina

Dex Media (DXM)

Georgia

Cyntech Technologies (CYNT)
NYLO Hotels

Alabama

Torchmark Corporation (TMK)
Zoes Kitchen (ZOES)

Florida

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

Tennessee

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

Missouri

Kupper Parker Comm.
PotentialMetrics
Emerson Process Management

Arkansas

Golden Living
US Rare Earths Inc. (UREE)

Louisiana

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

Kansas

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

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.

Nebraska

Heartland Automotive Services

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)

Nevada

CoreSpace

Houston Market Highlights

Market Highlights

- Houston MSA is the 5th largest in the United States by population with 7.0 million people
- Headquarters to 20 Fortune 500 companies, and only New York City is home to more publicly traded companies
- Home of the Texas Medical Center – the world's largest medical complex, and NASA's Johnson Space Center where the Mission Control Center is located
- The Port of Houston is 1st in the U.S. in international waterborne tonnage handled and 2nd in total cargo tonnage handled
- Houston's population is expected to grow 8.3% from 2018 to 2023

Fortune 500 Companies



ConocoPhillips



Good things come from
Sysco

HALLIBURTON



BAKER
HUGHES

NOV
NATIONAL OILWELL
VARCO

Apache



eog resources

KINDER MORGAN



HUNTSMAN

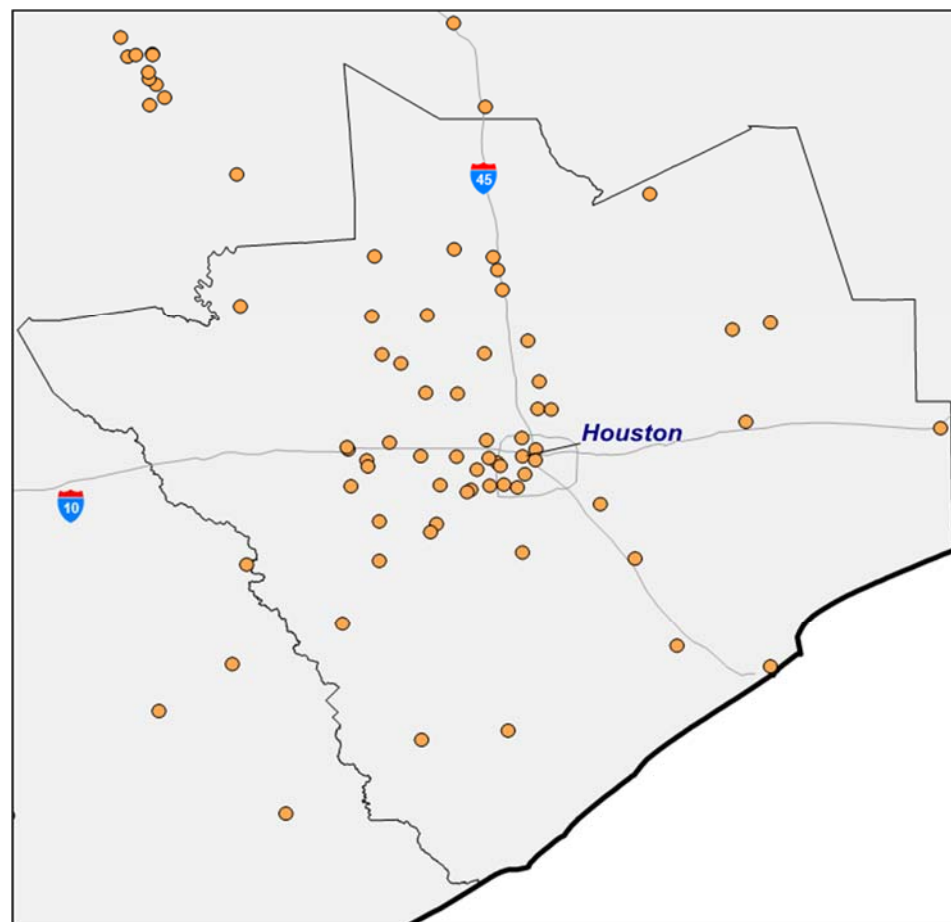


GROUP 1
AUTOMOTIVE

CenterPoint
Energy



Houston Franchise



Dallas/Ft. Worth Market Highlights

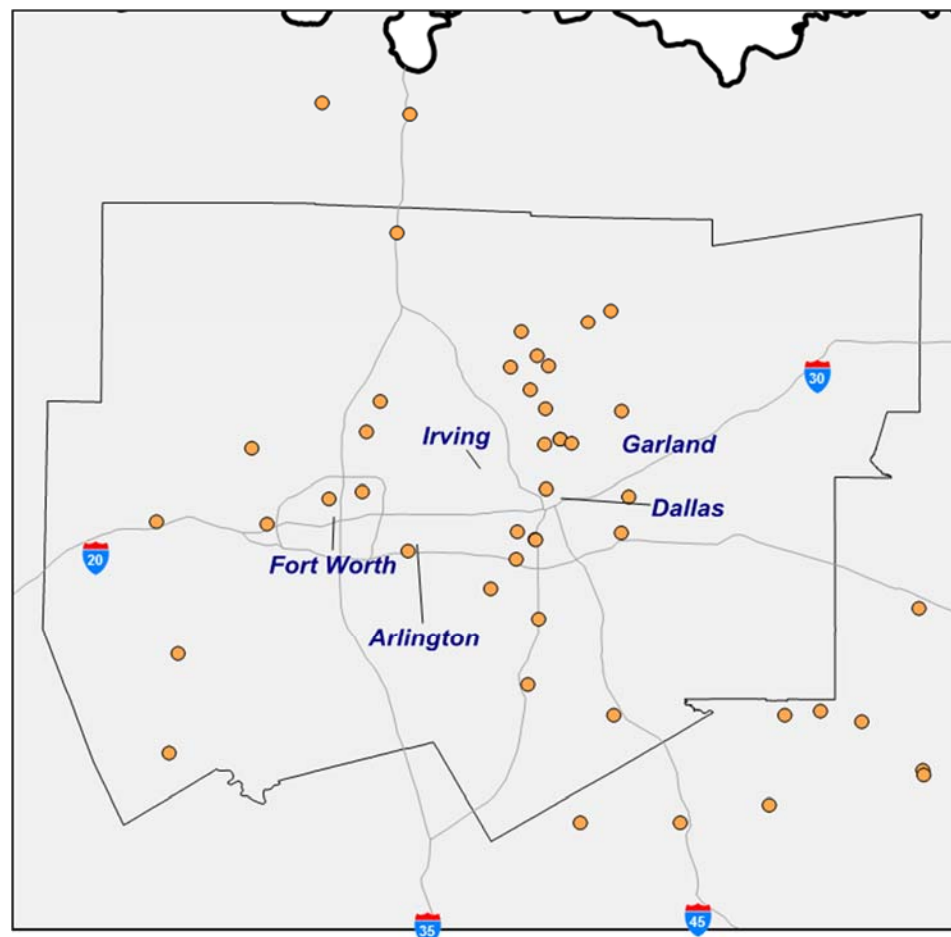
Market Highlights

- Dallas/Ft. Worth MSA is the 4th largest in the United States by population with 7.4 million people
- Headquarters to 22 Fortune 500 companies
- Total nonfarm employment in the Dallas-Fort Worth-Arlington MSA stood at 3.6 million in September 2017, up 96,700 over the year
- As of September 2017, Dallas had the 2nd highest year-over-year percent job growth out of any MSA in the country at 2.8%
- Dallas/Ft. Worth population is expected to grow 7.7% from 2018 to 2023

Fortune 500 Companies



Dallas / Ft. Worth Franchise



Austin Market Highlights

Market Highlights

- Ranked #1 place to live in the U.S. in 2017 by U.S. News and World Report
- Austin's population growth rate from 2006 to 2016 was 35.7%, compared to 19.3% for Texas and 8.2% for the nation
- Ranked by Forbes as the #8 best place in the United States for businesses and careers in 2017
- In the Austin metro, 41.5% of adults have at least a bachelor's degree, compared to 30.1% nationally, putting Austin in the top 10 among the largest metro areas
- Austin's population is expected to grow 9.5% from 2018 to 2023

Fortune 500 Companies

amazon

cisco

ebay



Google

IBM

intel

ORACLE

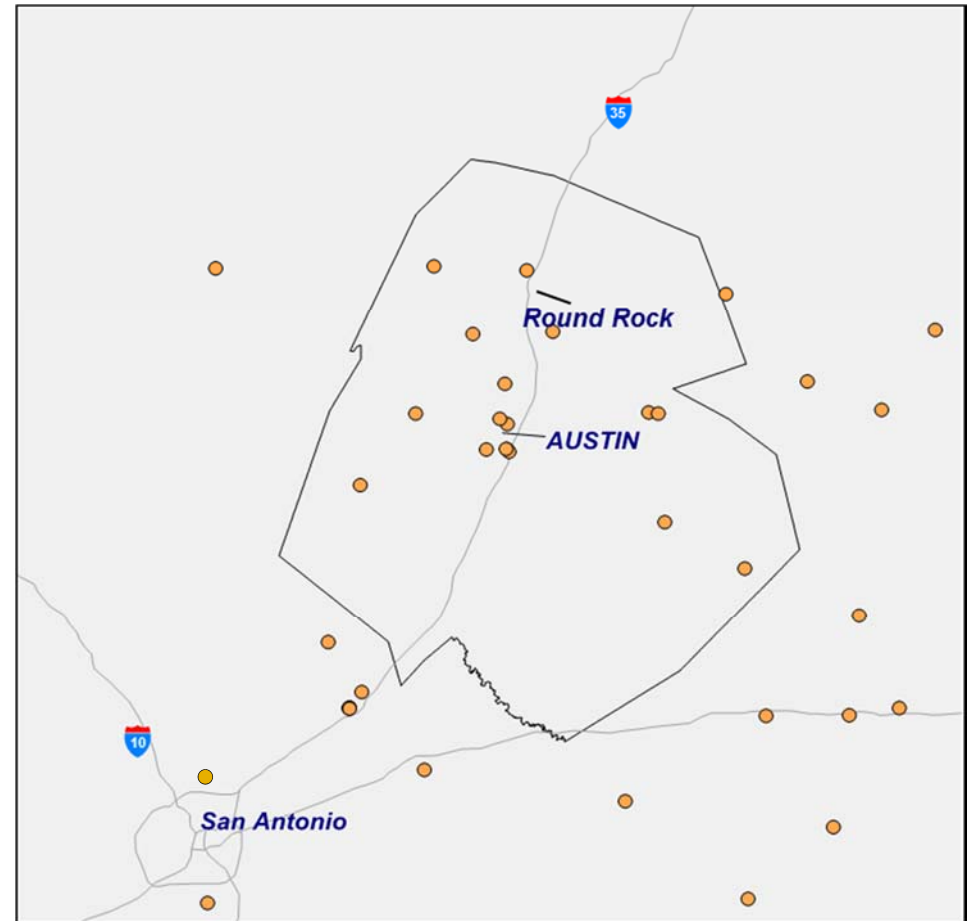
3M



DELL



Austin Franchise



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