



PROSPERITY —————
BANCSHARES, INC.®

Investor Presentation

————— **First Quarter 2019** —————



“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.

2019 First Quarter Highlights

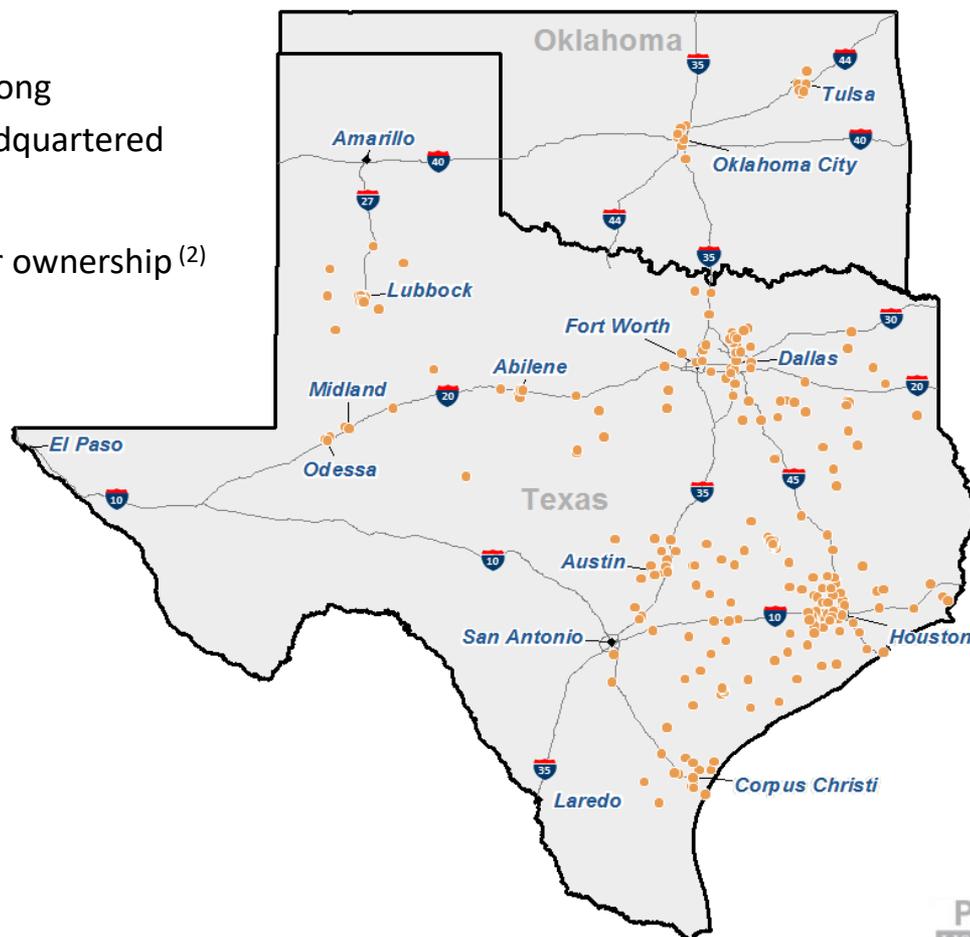
- Net income of \$82.402 million and earnings per share (diluted) of \$1.18 for three months ended March 31, 2019
- Assets of \$22.354 billion, loans of \$10.414 billion, and deposits of \$17.198 billion at March 31, 2019
- Common equity tier 1 ratio was 16.76% and leverage ratio was 10.59% at March 31, 2019
- Sound asset quality with annualized net charge offs/average loans of 0.04% for the first quarter 2019
- Nonperforming assets to average earning assets remain low at 0.21% or \$40.883 million for the first quarter 2019
- Efficiency ratio of 42.94% for the first quarter 2019
- Declared cash dividend of \$0.41 for the second quarter 2019

Strong Presence in Texas and Oklahoma

- A Texas-based financial holding company with \$22.354 billion in total assets
- Ranked #3 in deposit market share in Texas ⁽¹⁾
- Texas and Oklahoma continue to benefit from strong economies, and are home to 53 Fortune 500 headquartered companies
- Shareholder driven with 4.9% fully diluted insider ownership ⁽²⁾
- Successful integration of 42 acquisitions (whole bank, branch and failed bank transactions)

242 Full Service Locations

16	in Bryan/College Station Area
29	in Central Texas Area
33	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

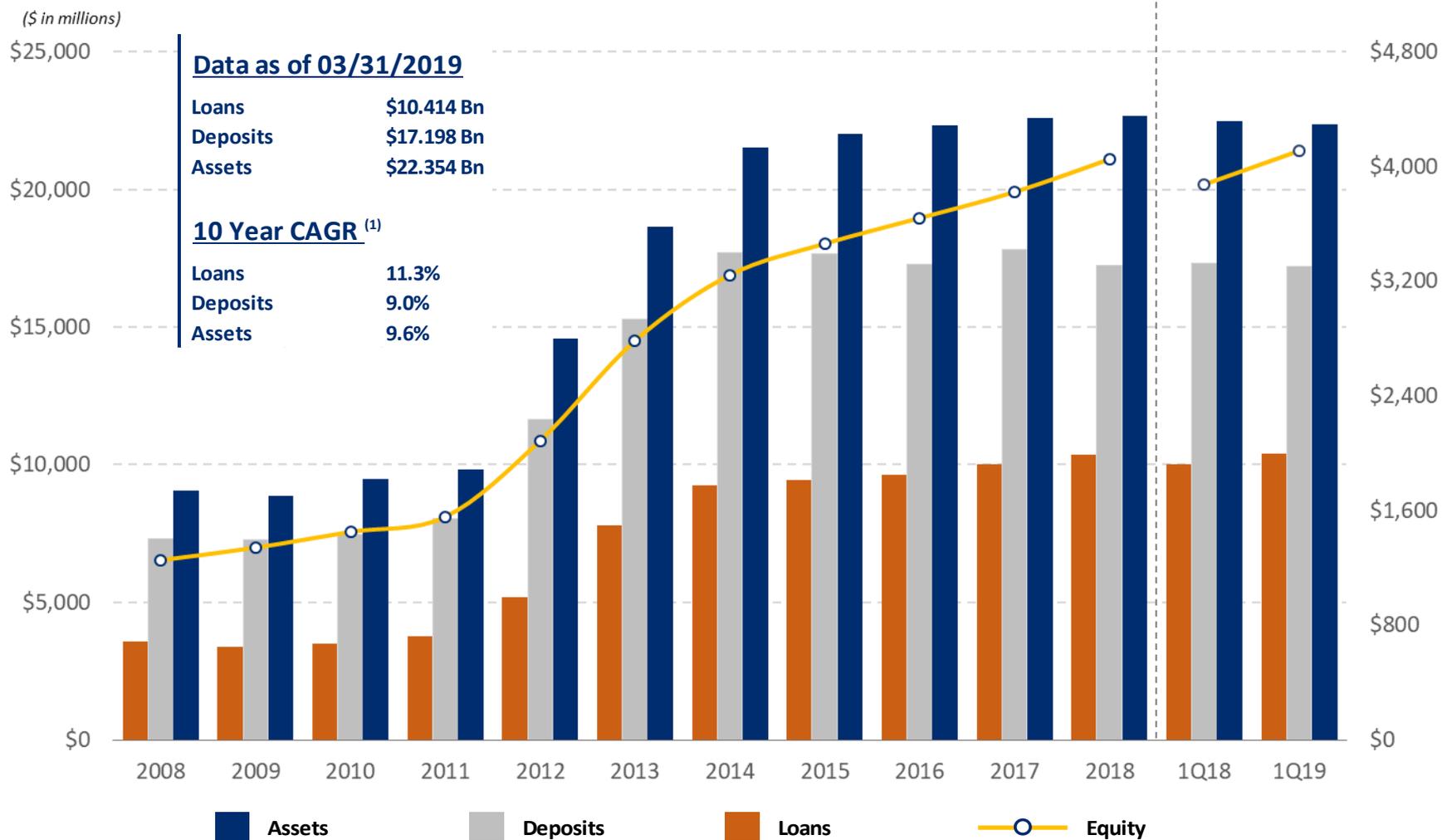


Source: SNL Financial

(1) Per FDIC; Includes Texas headquartered banks; Deposits as of 6/30/2018

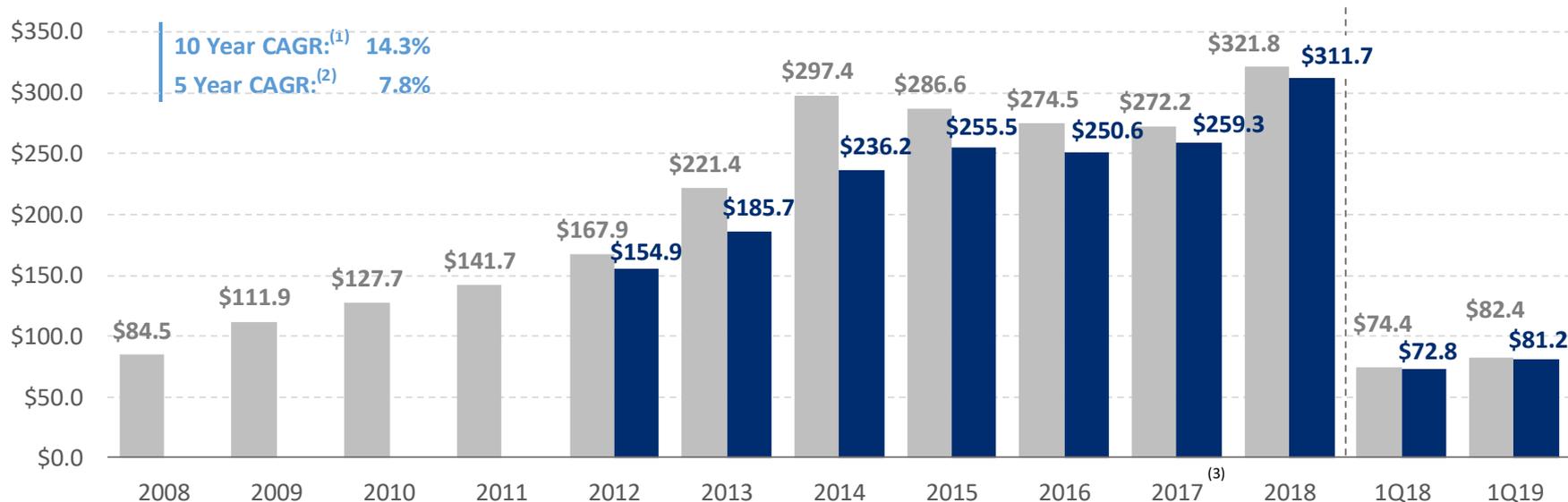
(2) Per proxy statement (Form DEF 14A) filed on 3/14/2019

Balance Sheet Summary



Net Income

(\$ in millions)



Note: Net income includes the following (\$ in thousands)

Provision for Credit Losses	\$9,867	\$28,775	\$13,585	\$5,200	\$6,100	\$17,240	\$18,275	\$7,560	\$24,000	\$14,325	\$16,350	\$9,000	\$700
Loan Discount Accretion	-	-	-	-	\$26,413	\$62,723	\$95,875	\$52,122	\$38,970	\$21,906	\$13,909	\$2,326	\$1,793

Net Income
 Net Income (Excluding Purchase Accounting Adjustments)

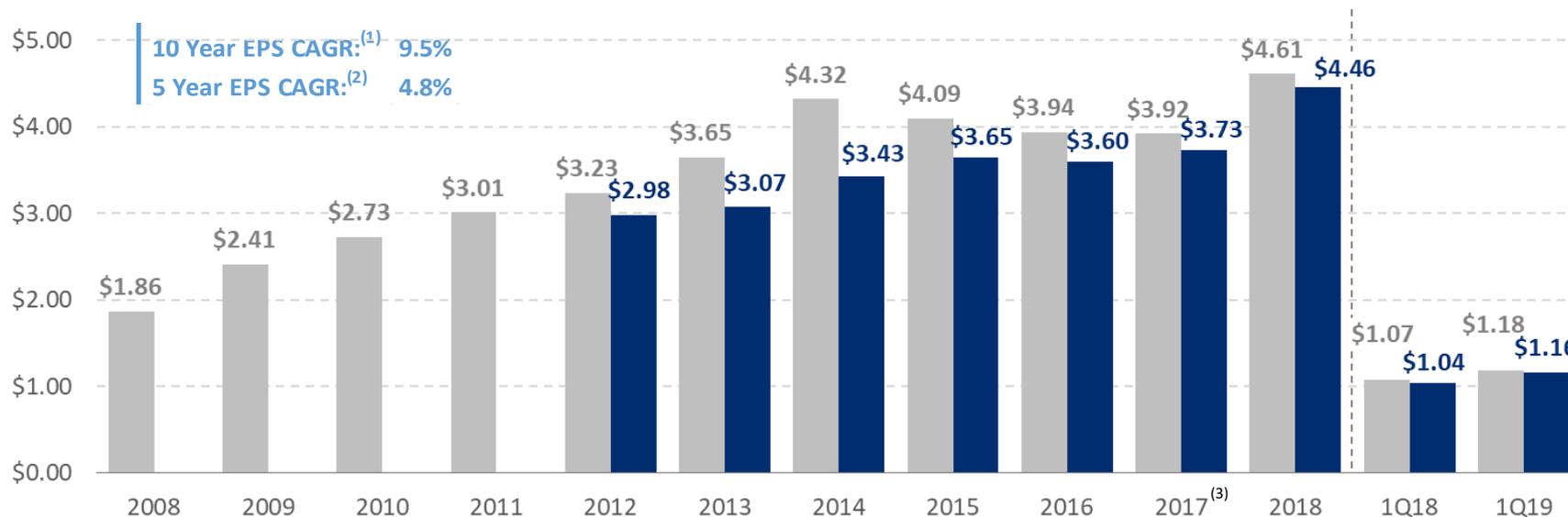
Source: Company Documents

(1) Represents the Compound Annual Growth Rate of net income from 12/31/2008 – 12/31/2018

(2) Represents the Compound Annual Growth Rate of net income from 12/31/2013 – 12/31/2018

(3) Net income includes a one-time non-cash charge of \$1.431 million related to the "Tax Cuts and Jobs Act" enacted on December 22, 2017

Earnings Per Share



Note: Net income includes the following (\$ in thousands)

Provision for Credit Losses	\$9,867	\$28,775	\$13,585	\$5,200	\$6,100	\$17,240	\$18,275	\$7,560	\$24,000	\$14,325	\$16,350	\$9,000	\$700
Loan Discount Accretion	-	-	-	-	\$26,413	\$62,723	\$95,875	\$52,122	\$38,970	\$21,906	\$13,909	\$2,326	\$1,793

■ EPS ■ Core EPS (Excluding Purchase Accounting Adjustments)

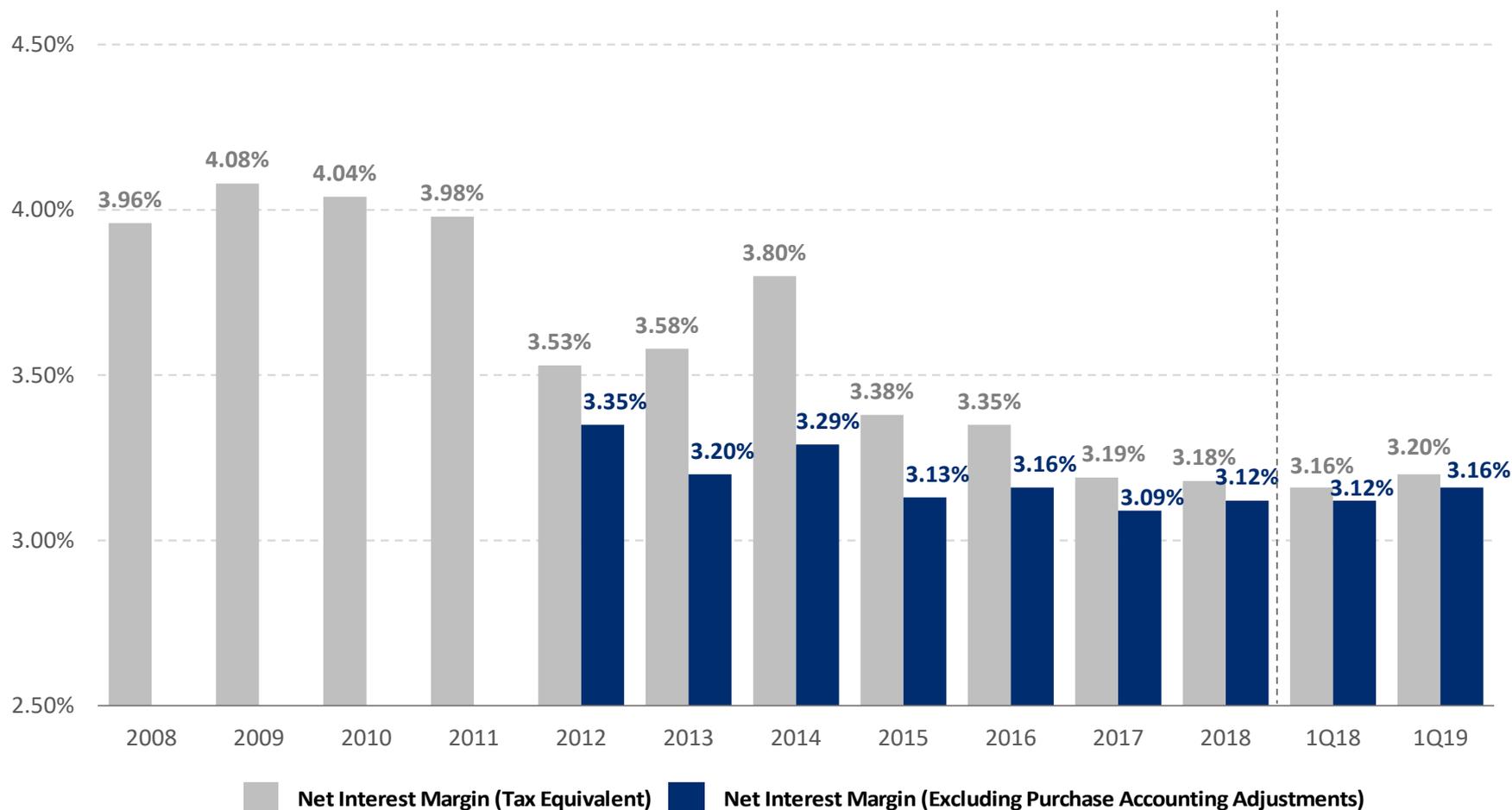
Source: Company Documents

(1) Represents the Compound Annual Growth Rate for EPS from 12/31/2008 – 12/31/2018

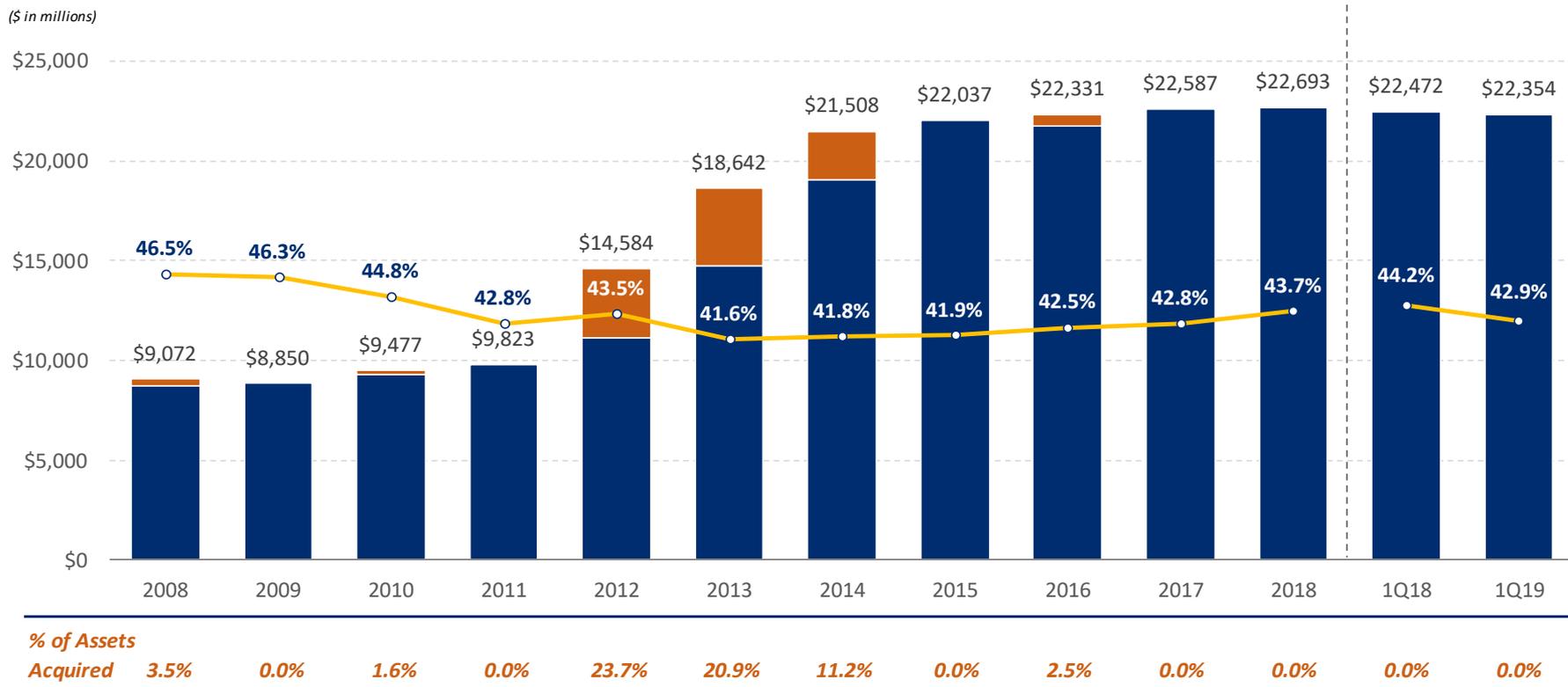
(2) Represents the Compound Annual Growth Rate for EPS from 12/31/2013 – 12/31/2018

(3) Net income includes a one-time non-cash charge of \$0.02 per diluted share related to the "Tax Cuts and Jobs Act" enacted on December 22, 2017

Net Interest Margin



Efficiency Ratio



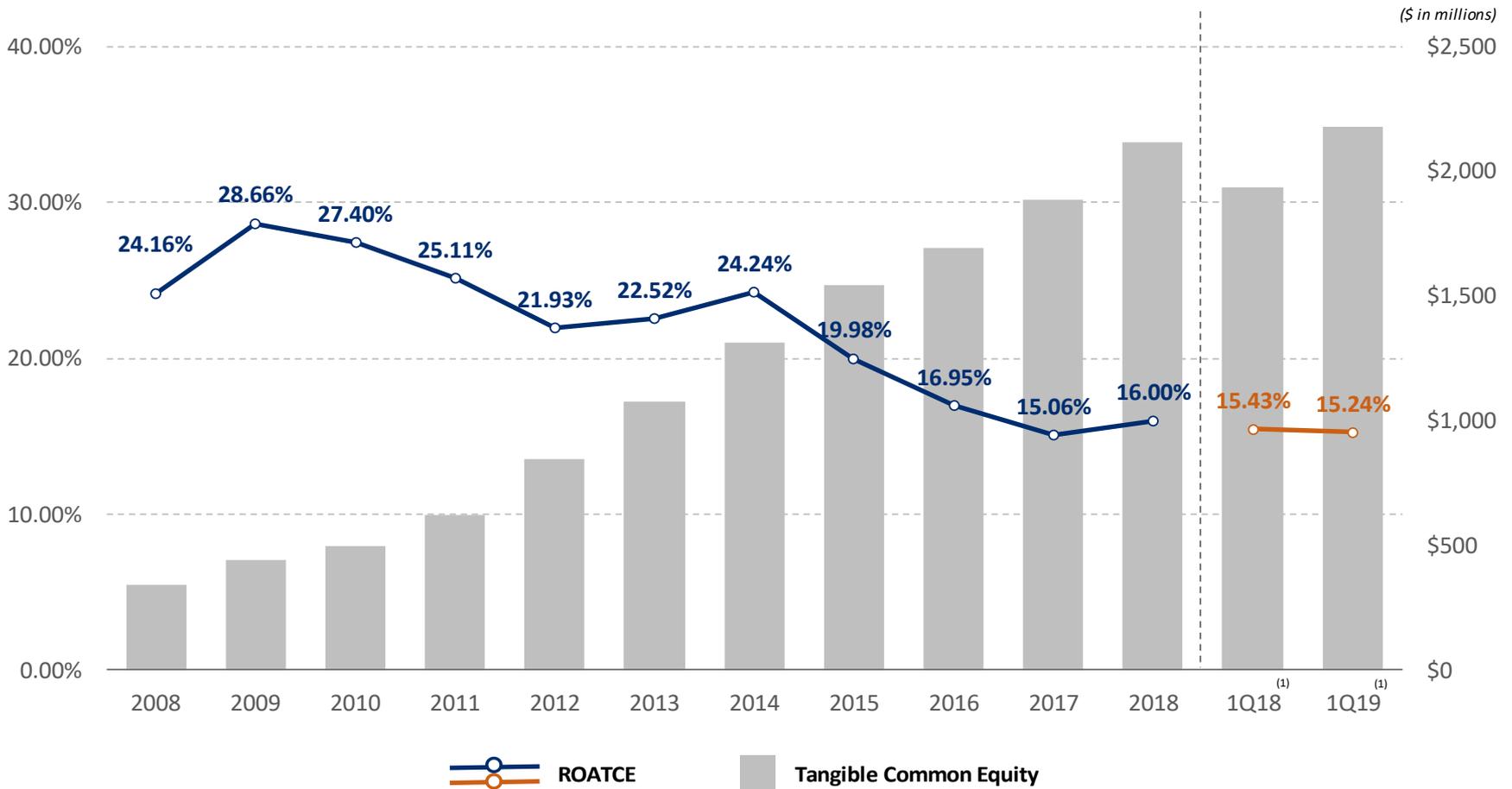
■ Total Assets Excluding Acquisitions
 ■ Total Assets Acquired ⁽¹⁾
—○— Efficiency Ratio ⁽²⁾

Source: Company Documents

(1) Representative of target assets at closing

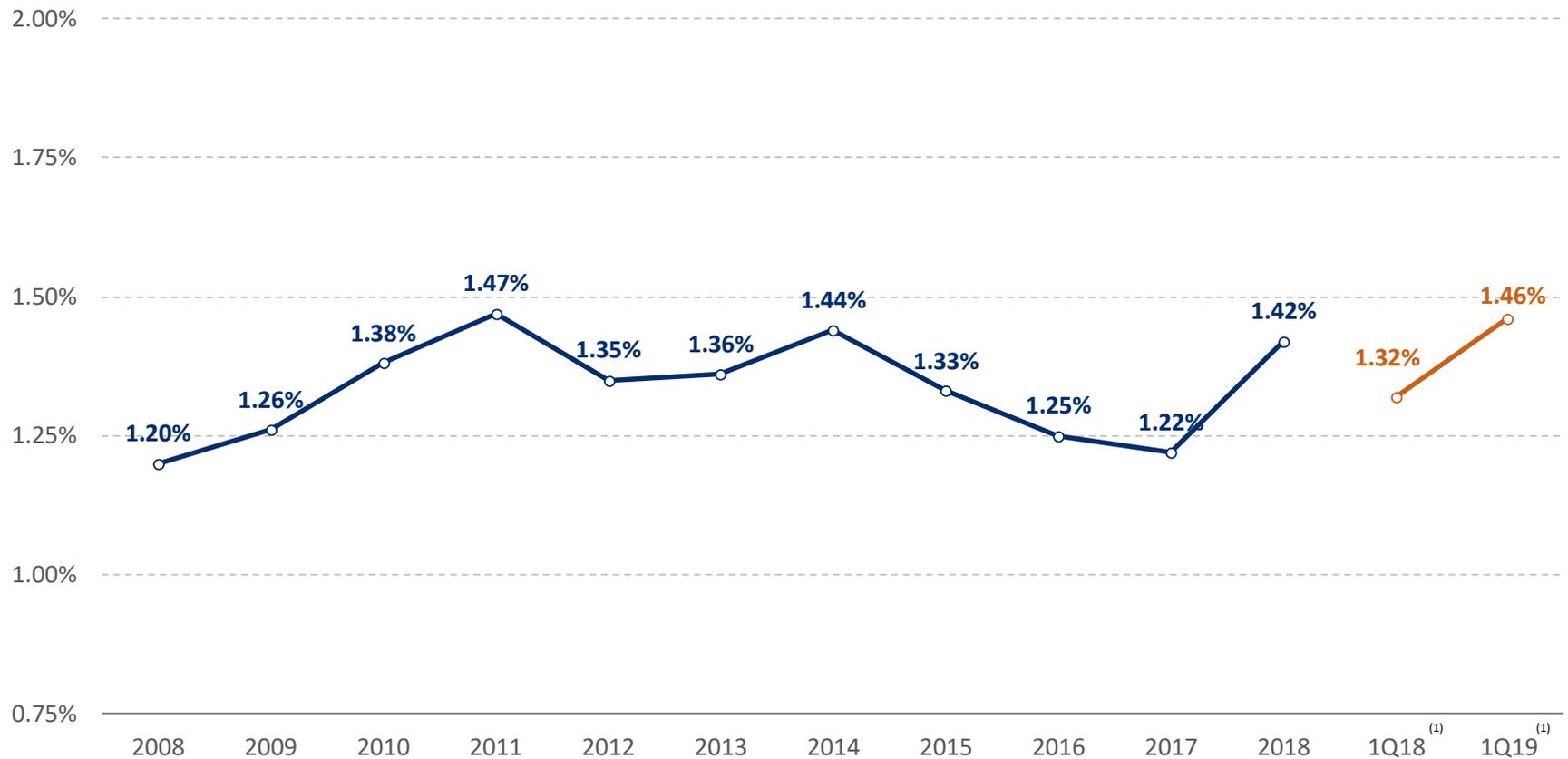
(2) Calculated by dividing total noninterest expense, excluding credit loss provisions, by net interest income plus noninterest income, excluding net gains and losses on the sale of assets and securities. Additionally, taxes are not part of this calculation.

Return on Average Tangible Common Equity



(1) Interim periods shown on an annualized basis

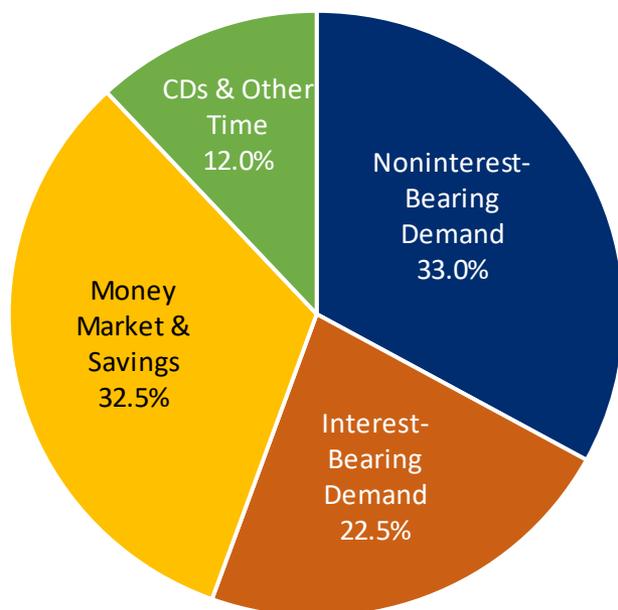
Return on Average Assets



(1) Interim periods shown on an annualized basis

Deposit Composition

As of March 31, 2019
(\$ in millions)



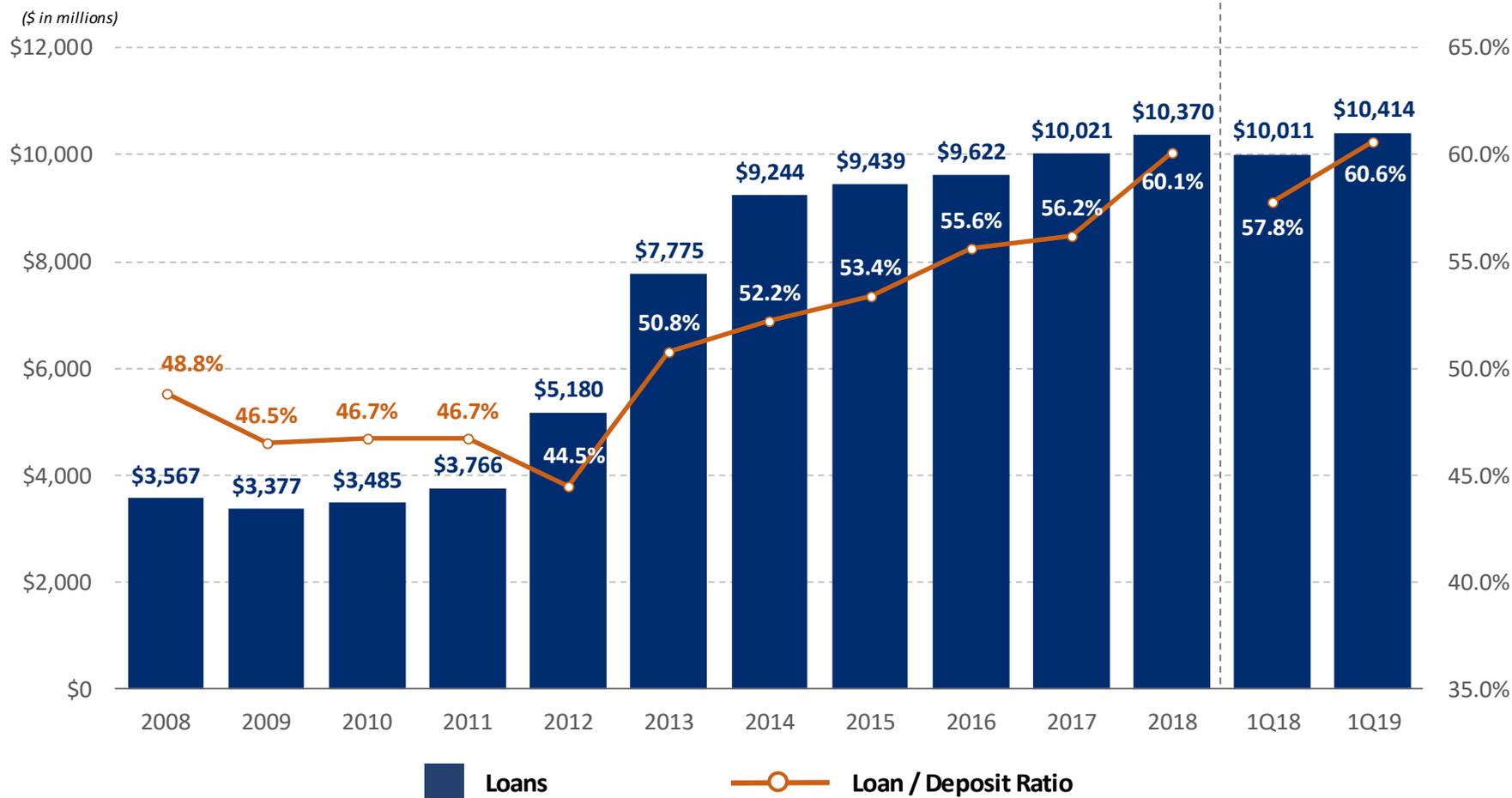
	\$mm	Cost (%) ⁽¹⁾
Noninterest-Bearing Demand	\$5,674	0.00%
Interest-Bearing Demand	\$3,875	0.67%
Money Market & Savings	\$5,596	0.83%
CDs & Other Time	\$2,053	1.40%

Total Deposits: \$17.2Bn

Total Cost of Deposits: 0.59%⁽¹⁾

Cost of Deposits, Net of NIBD: 0.87%⁽¹⁾

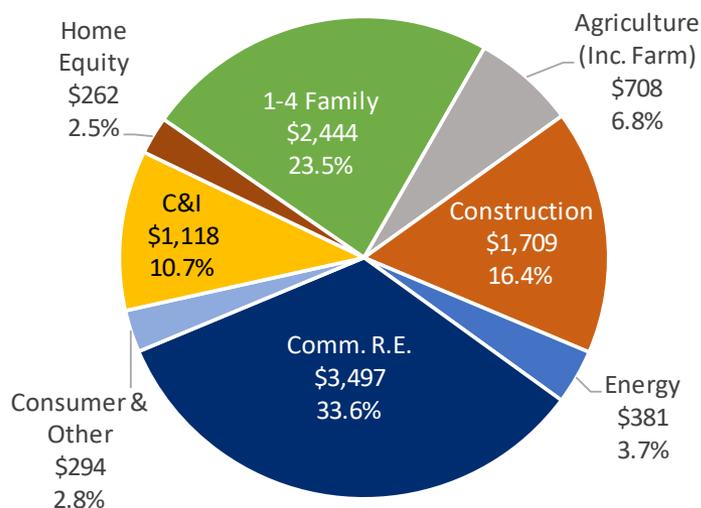
Loan Growth



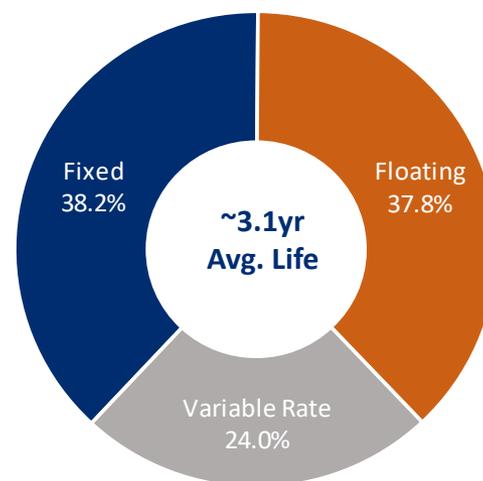
Loan Portfolio Overview

As of March 31, 2019
(\$ in millions)

Loan Portfolio by Category & Geography



Loans by Rate Structure



Loans By Area

Loans By Area	Amount ⁽²⁾	% of Total
Bryan / College Station	\$638	6.2%
Central Oklahoma	\$554	5.3%
Central Texas	\$1,476	14.3%
Dallas / Ft. Worth	\$1,269	12.2%
East Texas	\$436	4.2%
Houston	\$3,173	30.6%
South Texas	\$1,314	12.7%
Tulsa Oklahoma	\$622	6.0%
West Texas	\$877	8.5%

Total Loans: \$10.4Bn

Yield on Loans: 5.08%⁽¹⁾

Core Yield on Loans: 5.01%⁽¹⁾⁽³⁾

Source: Company Documents

(1) Data for the three months ended March 31, 2019

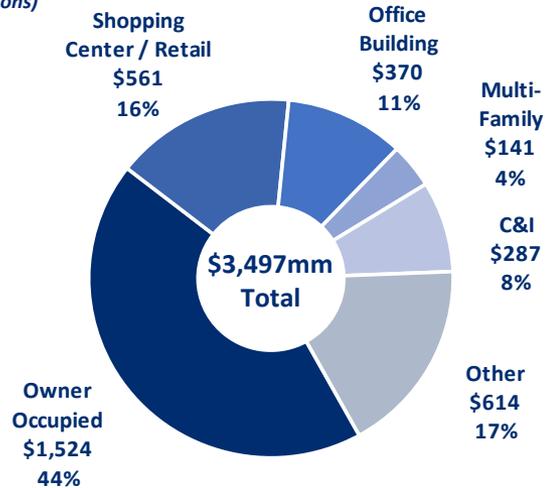
(2) Excludes \$55 million in loans assigned to the Corporate Group

(3) Core yield excludes purchase accounting adjustments

Loan Portfolio Segment Detail

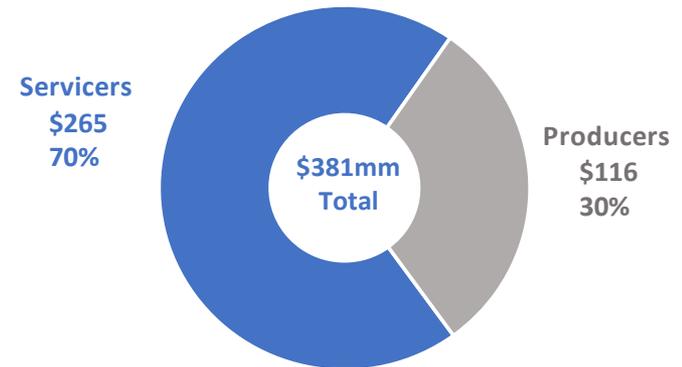
Commercial Real Estate Detail

(\$ in millions)



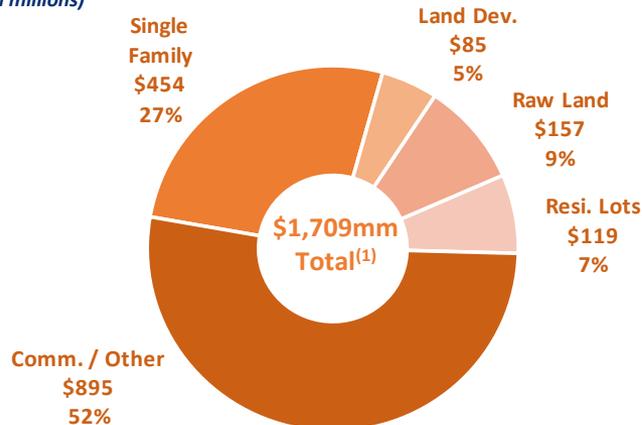
Energy Detail - Outstanding Balance

(\$ in millions)



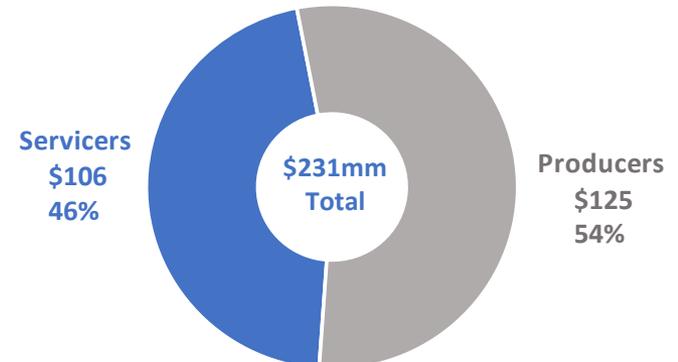
Construction Detail

(\$ in millions)



Energy Detail - Unfunded Commitments

(\$ in millions)

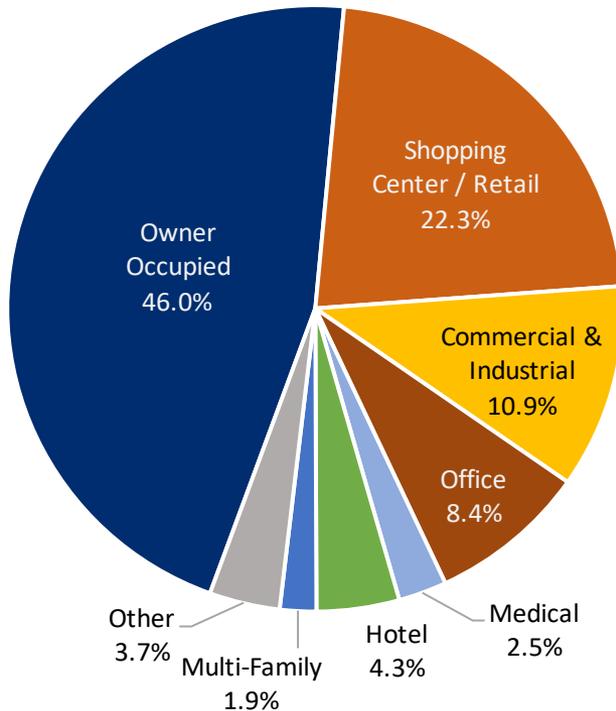


Source: Company Documents

(1) Total includes a net unaccrued discount of (\$0.974) million, not shown in graph

Houston MSA CRE Portfolio

As of March 31, 2019
(\$ in millions)

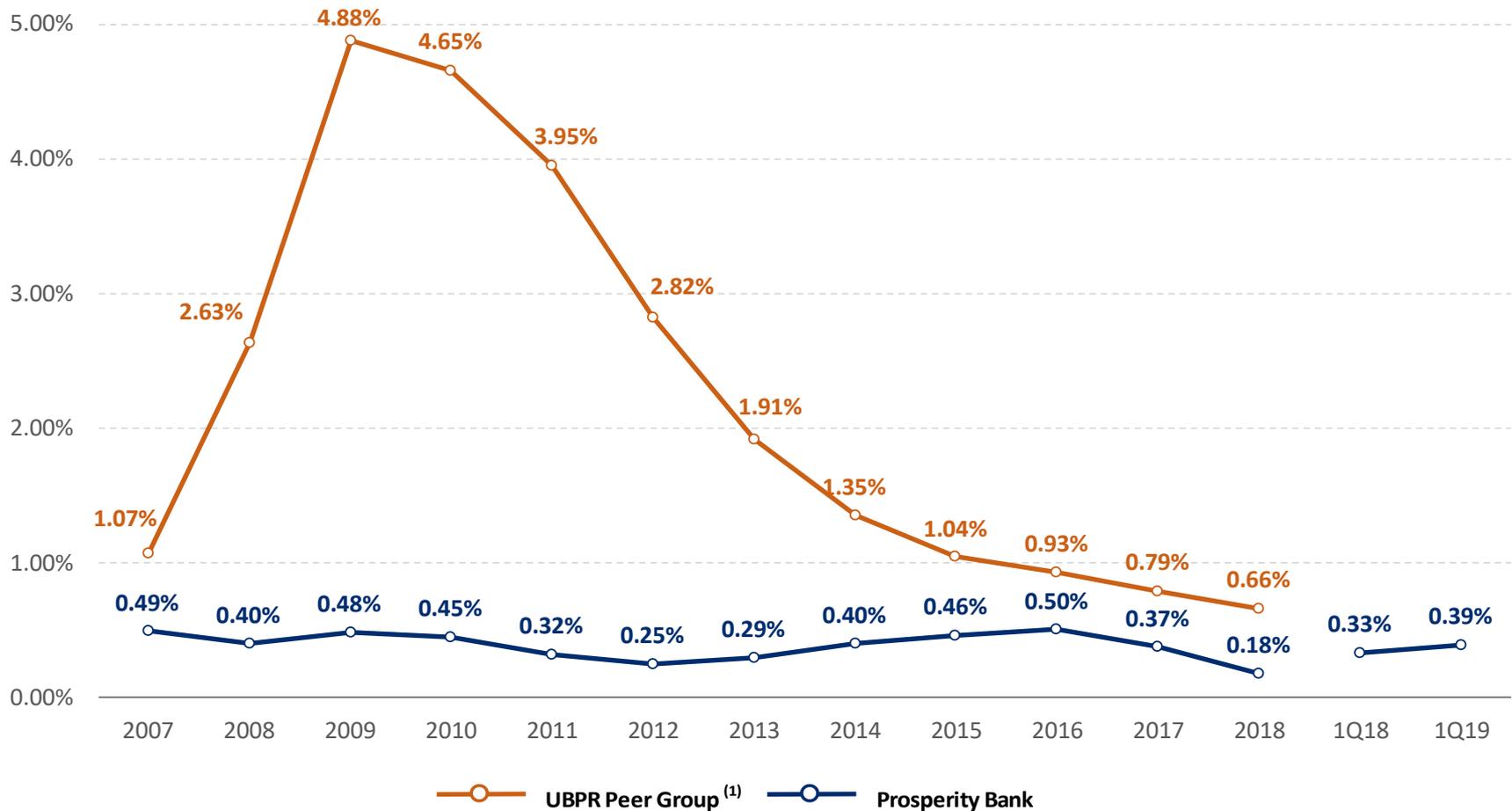


Owner Occupied	\$544
Shopping Center / Retail	\$264
Commercial & Industrial	\$129
Office	\$99
Medical	\$30
Hotel	\$51
Multi-Family	\$23
Other	\$44

Total Houston MSA CRE: \$1.2Bn

Asset Quality

NPAs / Loans + OREO



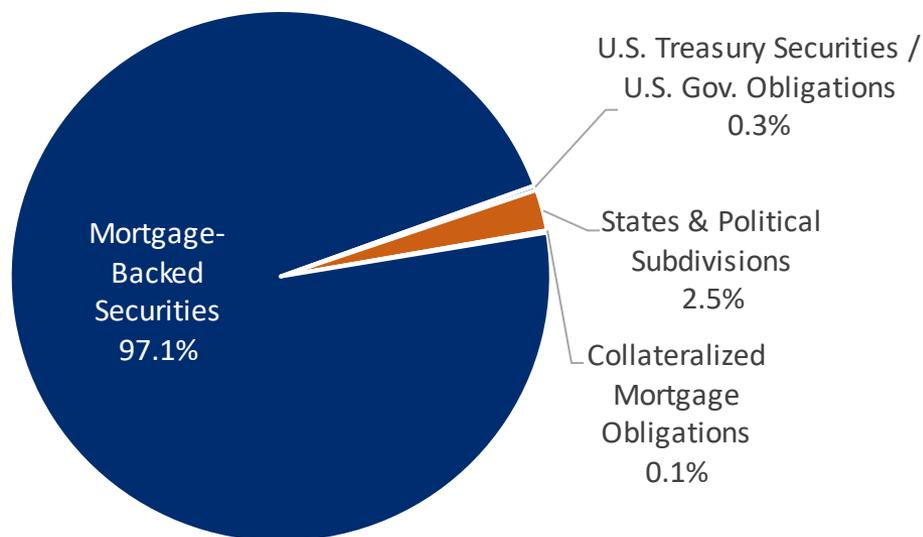
Source: Company Documents & Uniform Bank Performance Report

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

Securities Portfolio Detail

As of March 31, 2019
(\$ in millions)



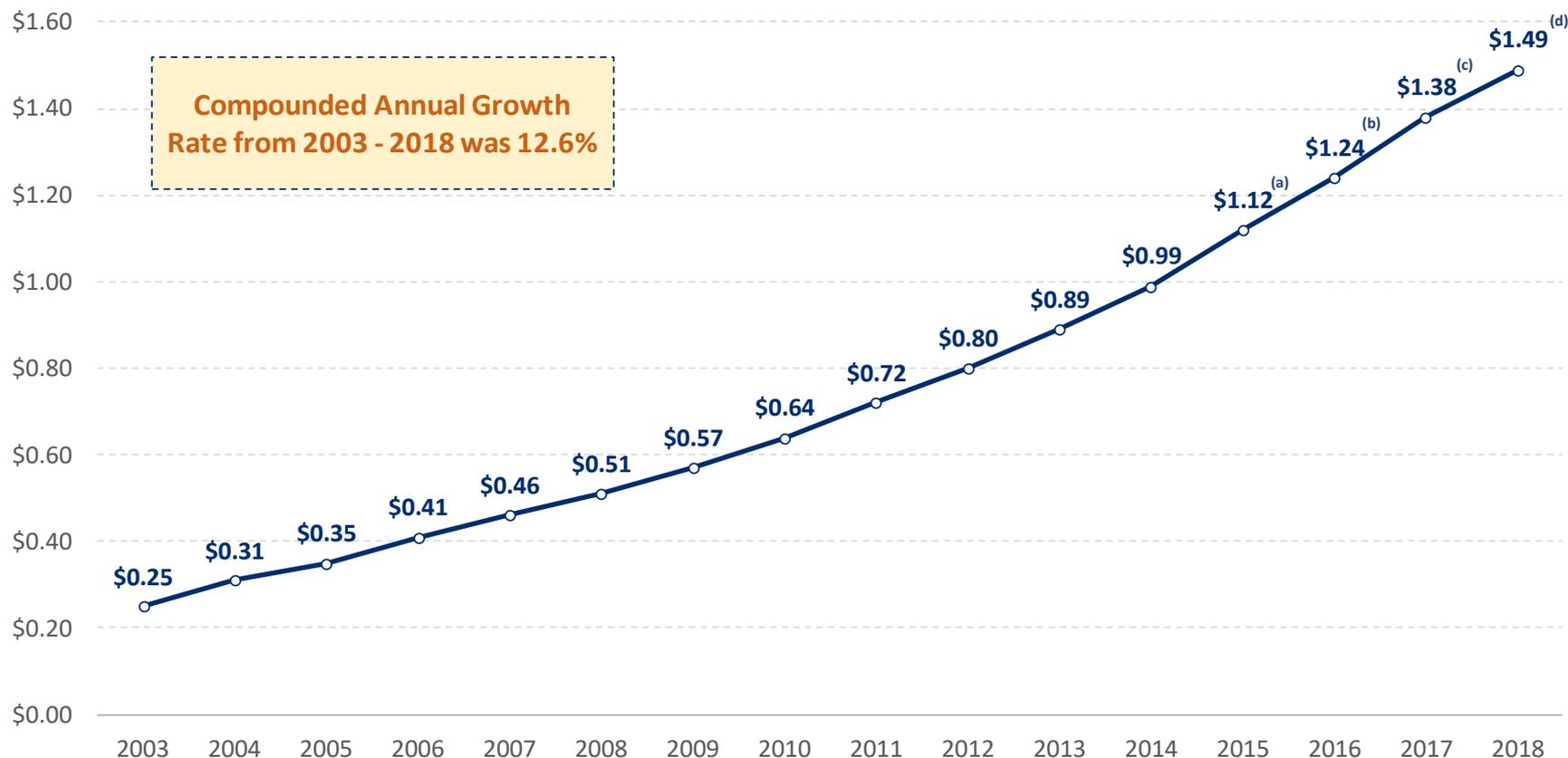
■ Mortgage-Backed Securities	\$8,875
■ States & Political Subdivisions	\$227
■ U.S. Treasury Securities / U.S. Gov. Obligations	\$23
■ Collateralized Mortgage Obligations	\$13

99.1% Held to Maturity
0.9% Available for Sale

Total Securities: \$9.1Bn
Yield on Securities: 2.43%⁽¹⁾
Duration: ~3.4 Yrs.⁽²⁾
Avg. Yearly Cash Flow: ~\$1.9Bn

Source: Company Documents
(1) Data for the three months ended March 31, 2019
(2) Effective duration +300bps shown

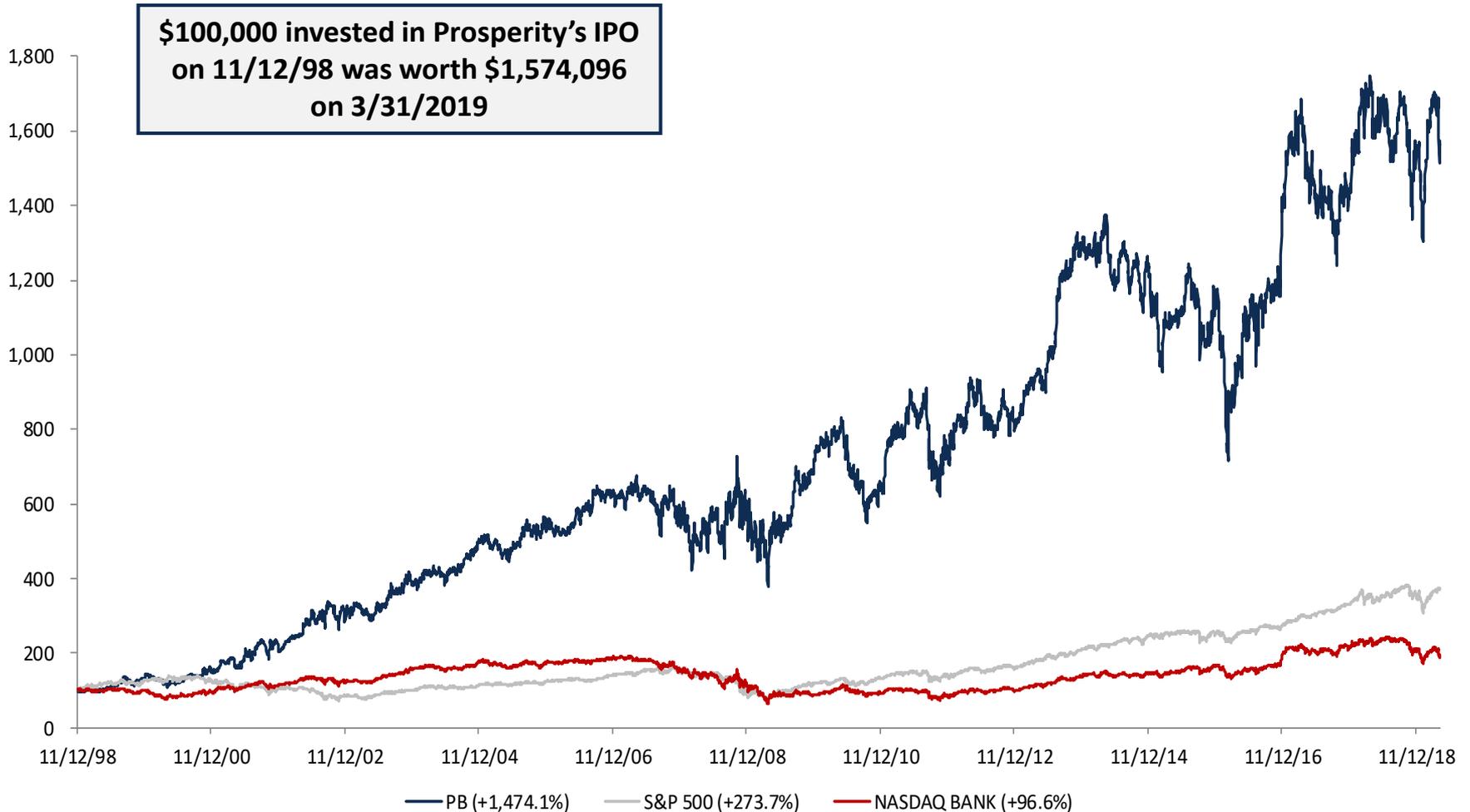
Dividend History



(a) 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
 (b) 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
 (c) 2017 dividend consists of \$0.34 per share declared in 1Q 2017, 2Q 2017, 3Q 2017 and \$0.36 per share declared in 4Q 2017
 (d) 2018 dividend consists of \$0.36 per share declared in 1Q 2018, 2Q 2018, 3Q 2018 and \$0.41 per share declared in 4Q 2018

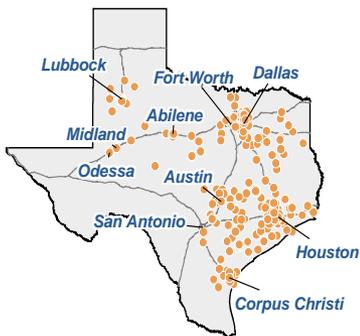
Total Return Performance

IPO (November 12, 1998) to March 31, 2019



Presence in Fast-Growing Markets

Positioned in Strong Markets



- Today, Texas is the 2nd largest state in the U.S., and largest in the 48 contiguous U.S. with over 29 million residents
- Ranked #3 on the Fortune 500 list with 48 headquartered companies in 2018
- 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 nearly 50% of the state's population
- Oklahoma is home to five Fortune 500 Companies
- Business tax climate is one of the best in the country and employers also benefit from energy costs that are roughly 25% below the national average
- Oklahoma is one of the top five producers of wheat and Natural gas in the United States

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

Metropolitan Statistical Area	Prosperity Presence	Prosperity Deposits (\$mm)	2019 - 2024 Population Growth
1 Austin-Round Rock, TX	✓	\$840	9.1%
2 Orlando-Kissimmee-Sanford, FL		-	8.1%
3 Houston-The Woodlands-Sugar Land, TX	✓	\$4,976	8.0%
4 San Antonio-New Braunfels, TX	✓	\$356	7.9%
5 Dallas-Fort Worth-Arlington, TX	✓	\$1,429	7.7%
6 North Port-Sarasota-Bradenton, FL		-	7.5%
7 Las Vegas-Henderson-Paradise, NV		-	7.5%
8 Denver-Aurora-Lakewood, CO		-	7.2%
9 Phoenix-Mesa-Scottsdale, AZ		-	7.0%
10 Colorado Springs, Co		-	6.9%

- 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

Aatonomy
 AccentCare
 Active Networks
 AEND Industries, Inc.
 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)
 Core-Mark
 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
 Glenmont Global Solutions
 HID Global
 Hutto
 Ironclad Performance Wear Corp.
 Jacobs Engineering
 Jamba Juice Company
 Kubota
 Liberty Fitness Holdings, LLC
 loanDepot, LLC
 Marco Fine Arts
 MC Endeavors, Inc. (MSMY)
 McKesson Corp
 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.
 Revlonics, 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)
 QJ Systems Inc.
 MoneyGram (MGI)
 Speed Commerce

Minnesota

American Environmental Energy, Inc. (AEEI)
 EmpowerMX
 LecTec Corp.
 Enerlex Resources, Inc.
 Ottobock Healthcare
 MoneyGram (MGI)
 Resideo Technologies Inc.
 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

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)
 Soar Winds (SWI)
 Trinity Hospice Inc.

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

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
 Boeing (Global Services Business)

Tennessee

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

Michigan

Comerica (CMA)
 Cambium Learning (ABCD)

Pennsylvania

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

Ohio

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

Washington D.C.

EF Johnson Technologies, Inc.

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)
 PGA of America
 Puget Technologies, Inc. (PUGE)
 SoftServe

New Jersey

Ameriflex
 CVE Technology
 Compax USA
 Creston Electronics

Maryland

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

Connecticut

Accudyne Industries
 iCall Inc.
 TradeCapture Inc.

Virginia

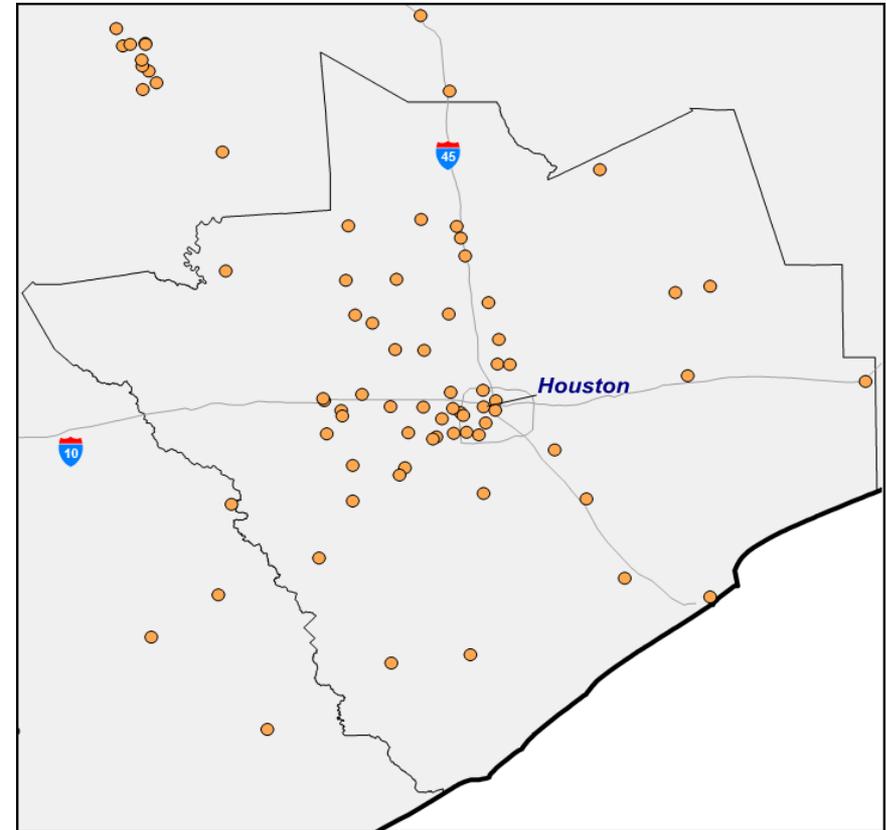
Capital One

Houston Market Highlights

Market Highlights

- Houston MSA is the 5th largest in the United States by population with 7.0 million people
- Headquarters to 21 Fortune 500 companies in 2018
- For the twelve months ended March 2019, Houston added 68,500 jobs, representing a growth rate of 2.2%
- 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 8.0% from 2019 to 2024
- Economic success is projected to continue, with employment growth of 1.7% annually through the year 2040

Houston Franchise



Fortune 500 Companies



Sources: S&P Global, Worldpopulationreview.com, Houston.org, Forbes.com, Houston.org, Greater Houston Partnership, the Perryman Group.
References to Houston refer to the Houston – The Woodlands – Sugar Land metropolitan statistical area.

Dallas / Ft. Worth Market Highlights

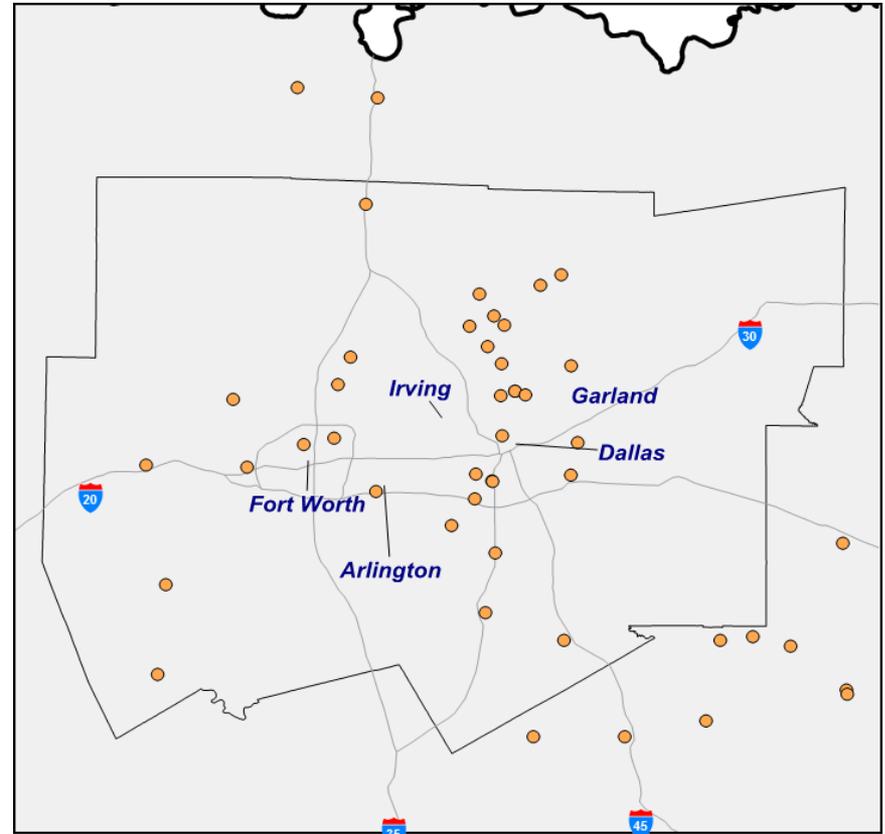
Market Highlights

- Dallas / Ft. Worth MSA is the 4th largest in the United States by population with 7.6 million residents
- Headquarters to 22 Fortune 500 companies in 2018
- Dallas has the largest workforce of any MSA in Texas
- For the twelve months ended March 2019, Dallas added 90,600 jobs, representing a year over year growth rate of 3.5%, ranking 3rd in the country
- Among the 12 largest metropolitan areas in the country, Dallas ranked 2nd in both the number of jobs added over the year and the annual rate of job growth
- Dallas / Ft. Worth population is expected to grow 7.7% from 2019 to 2024

Fortune 500 Companies



Dallas / Ft. Worth Franchise



Austin Market Highlights

Market Highlights

- Ranked #1 place to live in the U.S. in 2019 by U.S. News and World Report for the third year in a row
- For the twelve months ended March 2019, Austin added 22,700 jobs, representing a growth rate of 2.1%
- Wholesale trade was Austin's fastest growing industry (8.2%) while professional and business services added the most jobs (6,000) over the last 12 months
- Ranked by Forbes as the #8 best place in the United States for businesses and careers in 2018
- Austin's seasonally adjusted unemployment rate is 2.7%, down from 2.9% in February
- Austin's population is expected to grow 9.1% from 2019 to 2024

Fortune 500 Companies

amazon

cisco

ebay



Google

IBM

intel

ORACLE

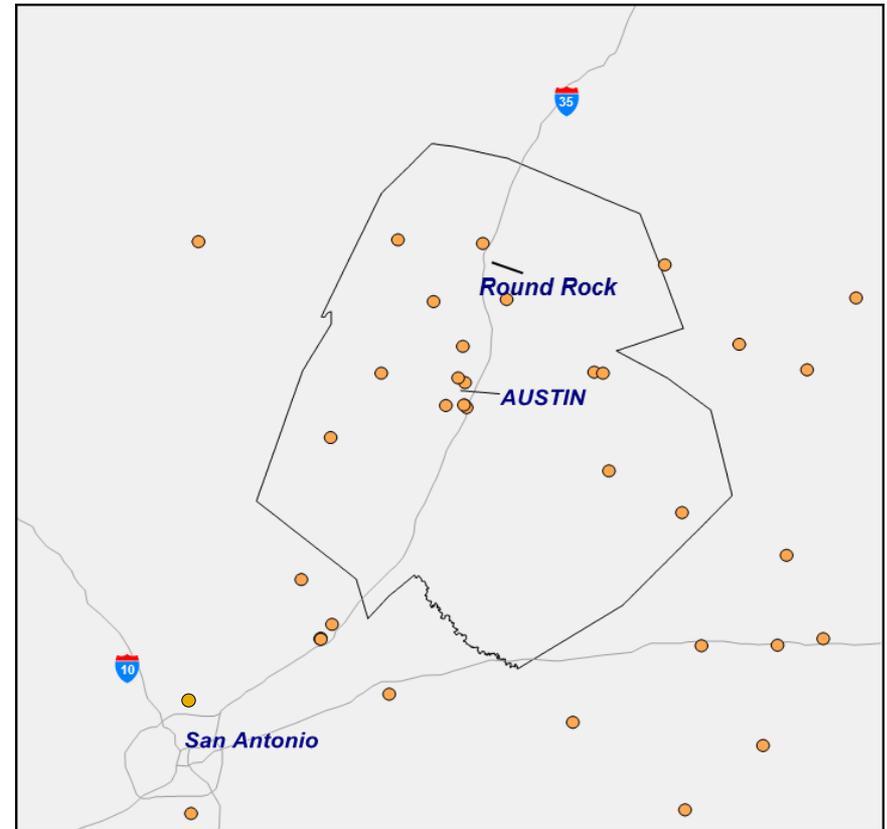
3M



DELL



Austin Franchise



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