



PROSPERITY —
BANCSHARES, INC.®

Investor Presentation

— **First Quarter 2018** —



“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.

2018 First Quarter Highlights

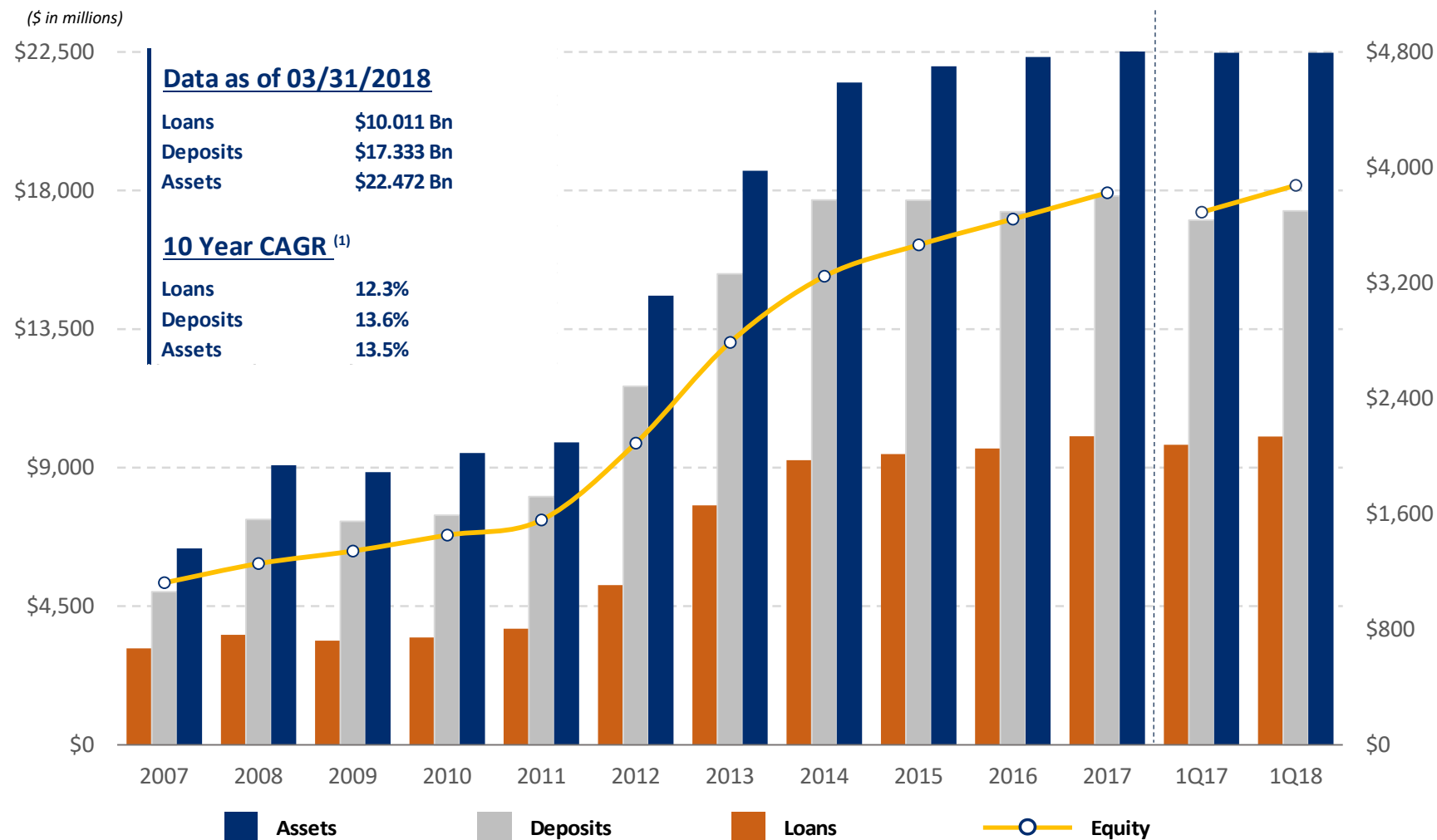
- Net income of \$74.361 million and earnings per share (diluted) of \$1.07 for three months ending March 31, 2018
- Assets of \$22.472 billion, loans of \$10.011 billion, and deposits of \$17.333 billion at March 31, 2018
- Common equity tier 1 ratio was 15.31% and leverage ratio was 9.40% at March 31, 2018
- Nonperforming assets to average earning assets remain low at 0.17% or \$33.217 million for the first quarter 2018
- Efficiency ratio of 44.19% for the first quarter 2018
- Declared cash dividend of \$0.36 per share for the second quarter 2018

- A Texas-based financial holding company with approximately \$22.472 billion in total assets
- Ranked #3 in deposit market share in Texas ⁽¹⁾
- Shareholder driven with 5.1% fully diluted insider ownership ⁽²⁾
- Successful integration of 42 acquisitions (whole bank, branch and failed bank transactions)

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



Balance Sheet Summary

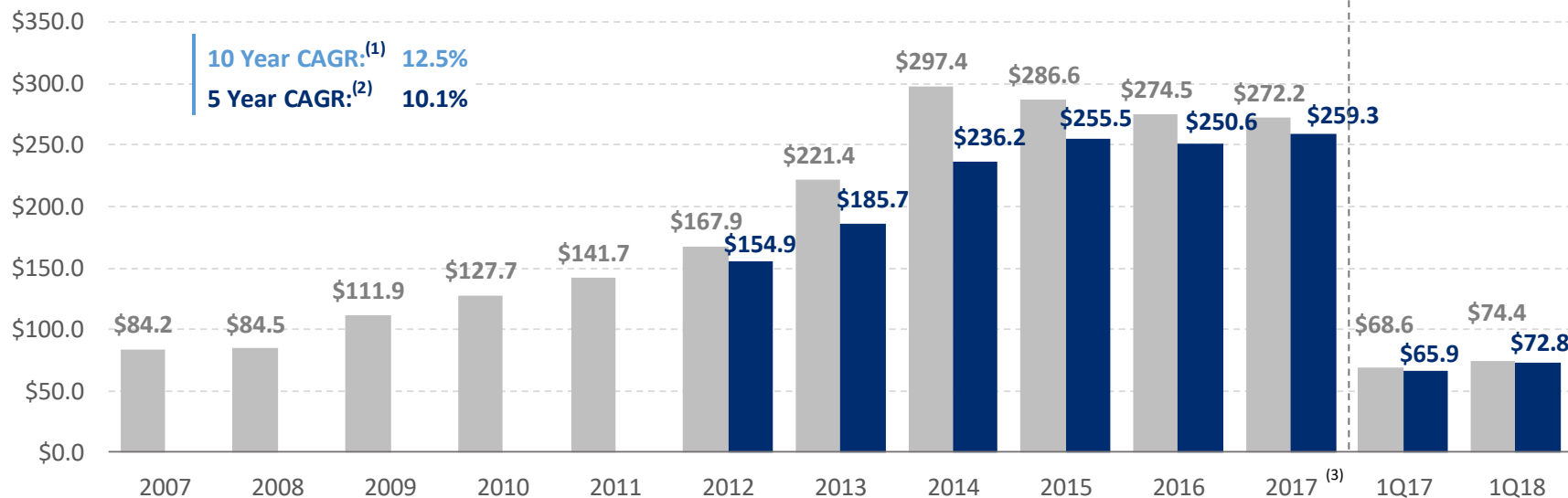


Source: Company Documents

(1) Represents the Compound Annual Growth Rate from 12/31/2007 – 12/31/2017

Net Income

(\$ in millions)



Note: Net Income Includes 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	\$14,325	\$2,675	\$9,000
Loan Discount Accretion	-	-	-	-	-	\$26,413	\$62,723	\$95,875	\$52,122	\$38,970	\$21,906	\$4,753	\$2,326

Net Income
 Net Income (Excluding Purchase Accounting Adjustments)

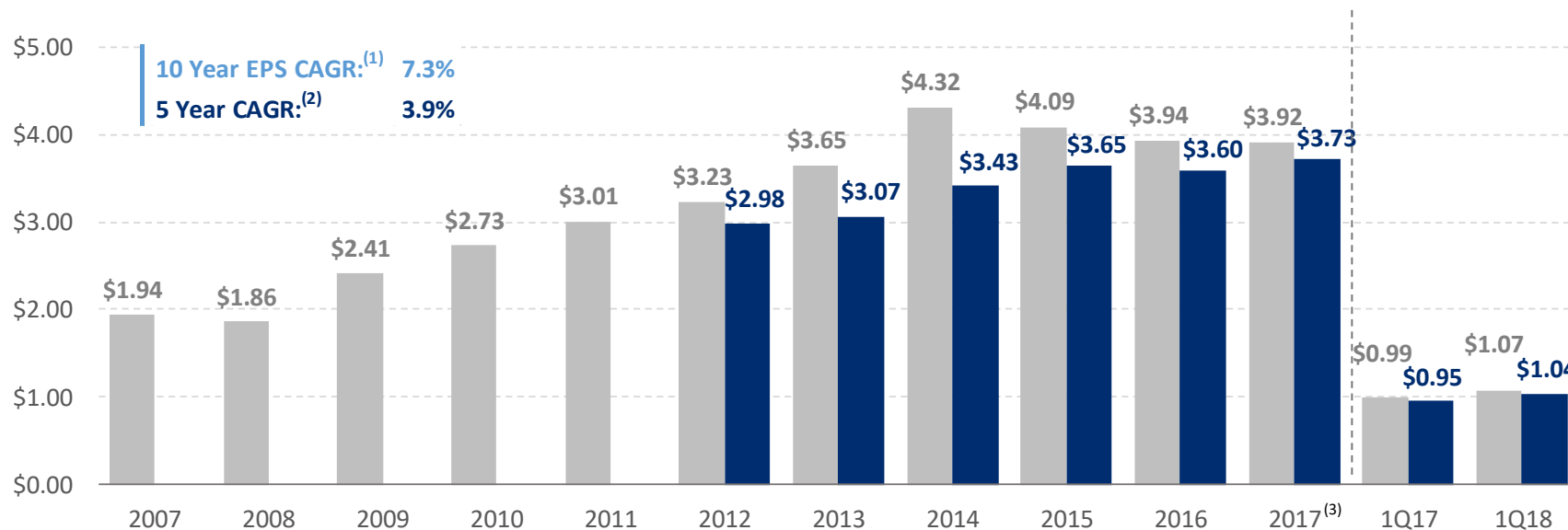
Source: Company Documents

(1) Represents the Compound Annual Growth Rate from 12/31/2007 – 12/31/2017

(2) Represents the Compound Annual Growth Rate from 12/31/2012 – 12/31/2017

(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 Growth



Note: Net Income Includes 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	\$14,325	\$2,675	\$9,000
Loan Discount Accretion	-	-	-	-	-	\$26,413	\$62,723	\$95,875	\$52,122	\$38,970	\$21,906	\$4,753	\$2,326

■ EPS

■ Core EPS (Excluding Purchase Accounting Adjustments)

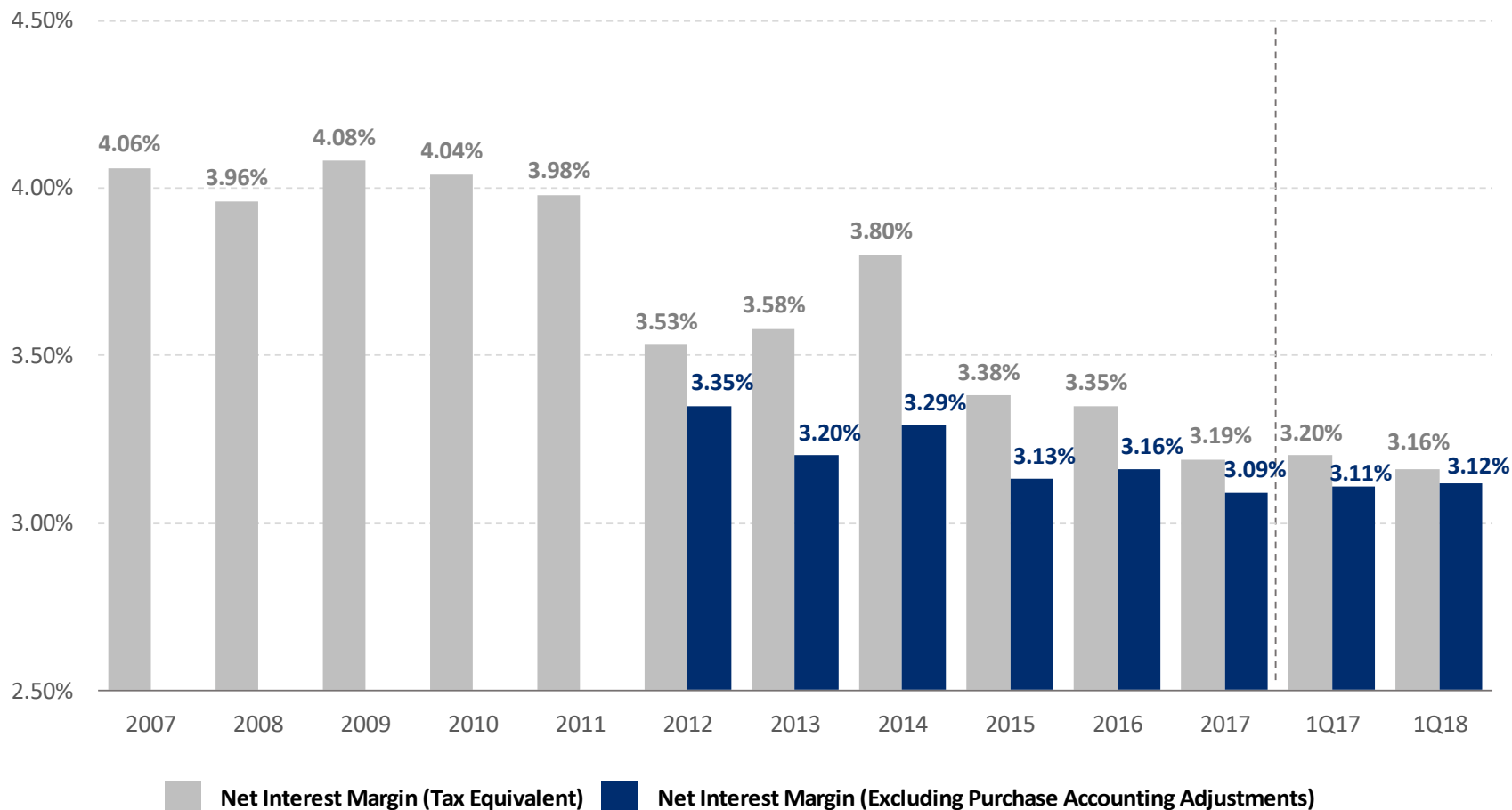
Source: Company Documents

(1) Represents the Compound Annual Growth Rate from 12/31/2007 – 12/31/2017

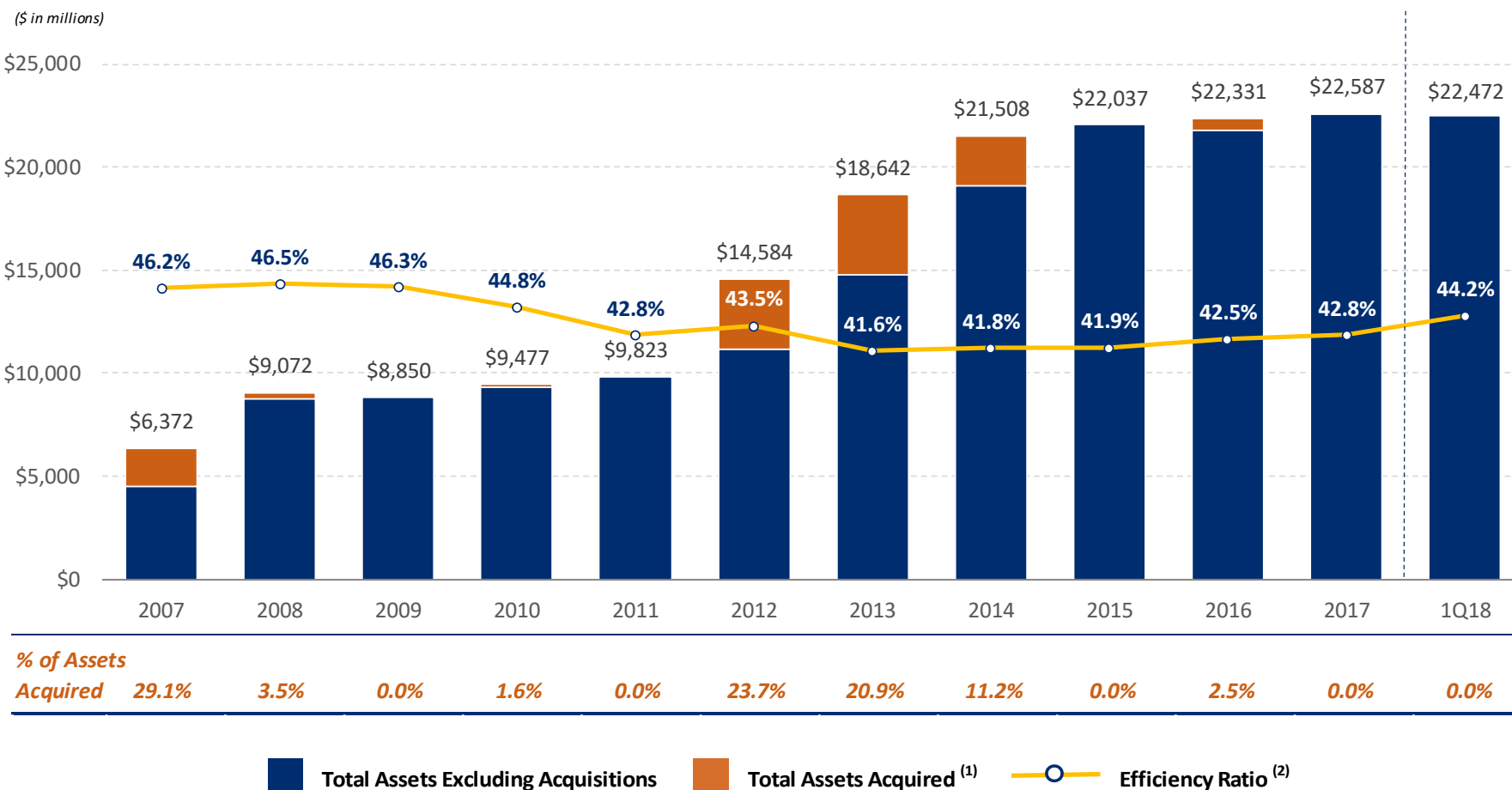
(2) Represents the Compound Annual Growth Rate from 12/31/2012 – 12/31/2017

(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



Acquisitions & Efficiency Ratio

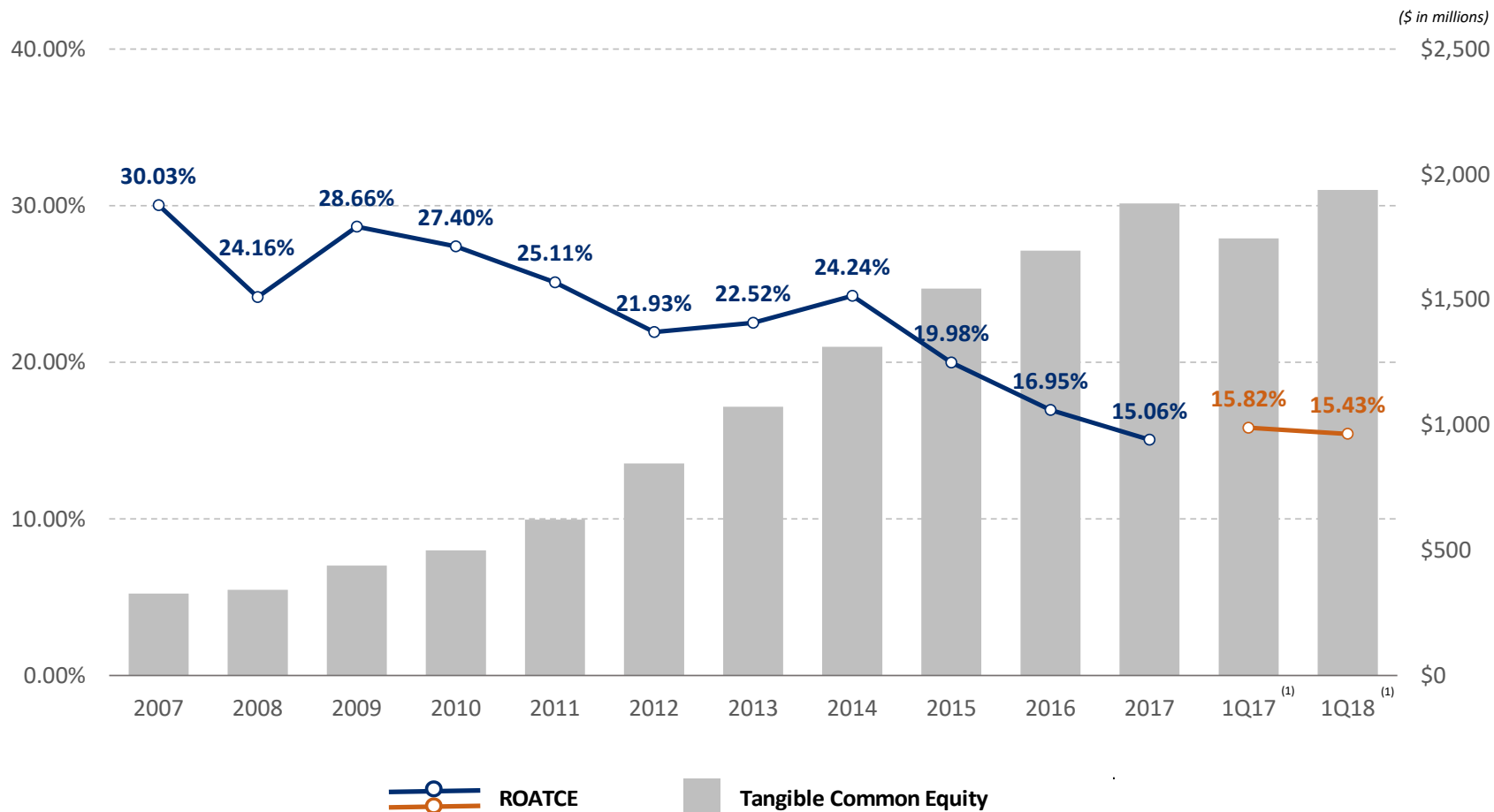


Source: Company Documents

(1) Representative of target assets at closing

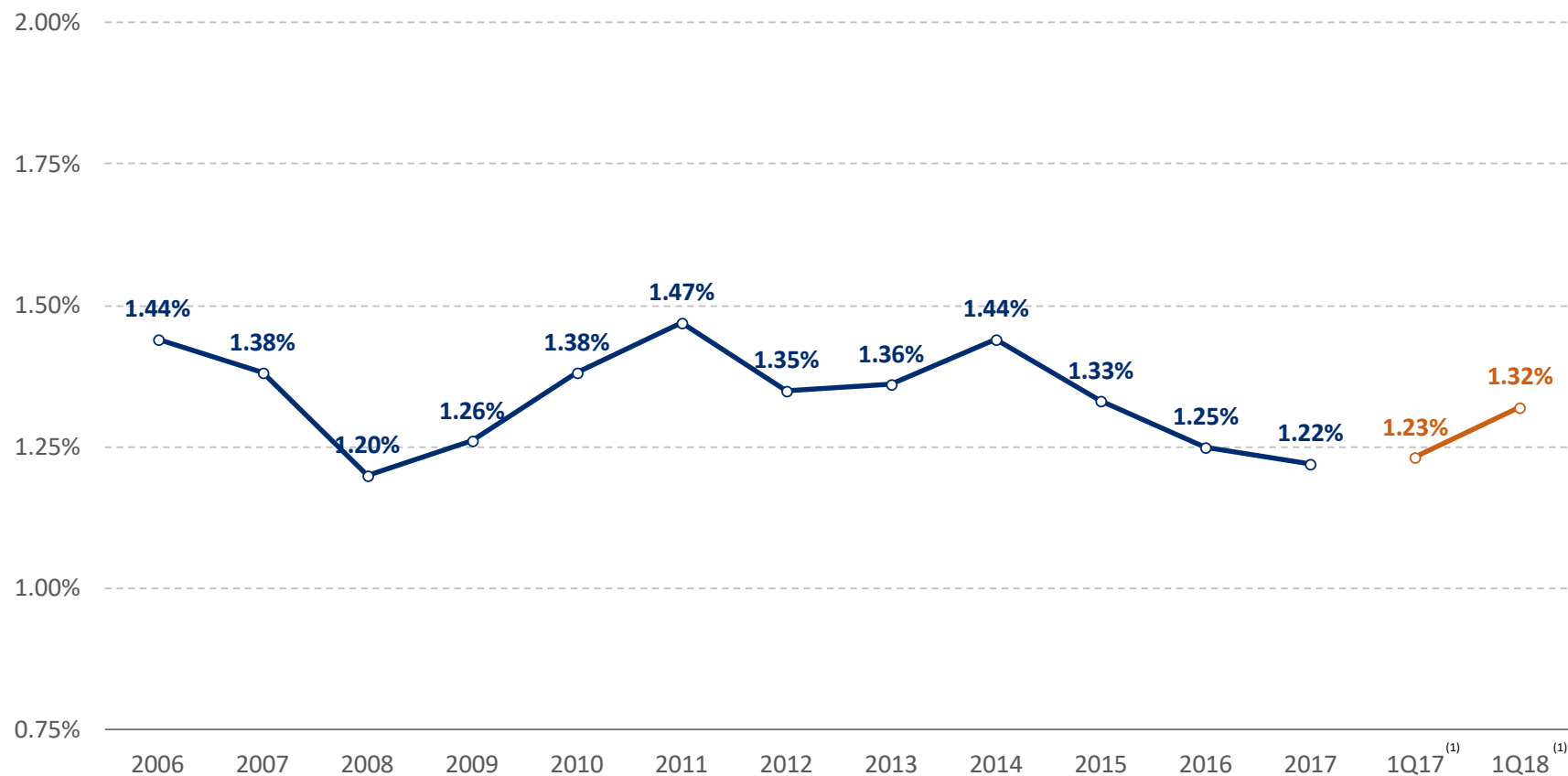
(2) Calculated by dividing total noninterest expense, excluding credit loss provisions, by net interest income plus noninterest income, excluding net gains and losses on the sale of assets and securities. Additionally, taxes are not part of this calculation.

Return on Average Tangible Common Equity



(1) Interim periods shown on an annualized basis

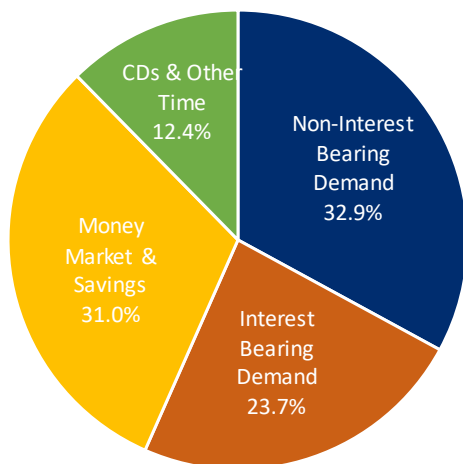
Return on Average Assets



(1) Interim periods shown on an annualized basis

Deposit Composition

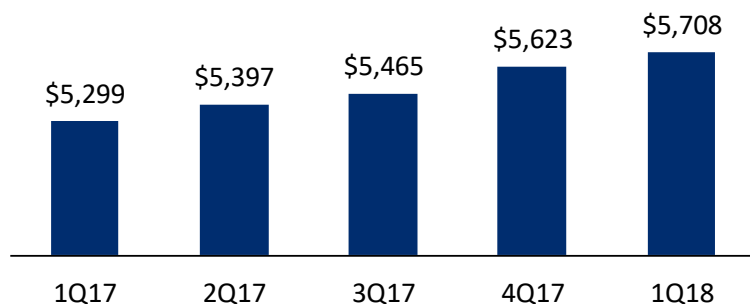
As of March 31, 2018
(\$ in millions)



	\$mm	Cost (%) ⁽¹⁾
Non-Interest Bearing Demand	\$5,708	0.00%
Interest Bearing Demand	\$4,106	0.47%
Money Market & Savings	\$5,377	0.39%
CDs & Other Time	\$2,142	0.78%

Non-Interest Bearing Demand Deposits

Year over Year Growth: 7.7%

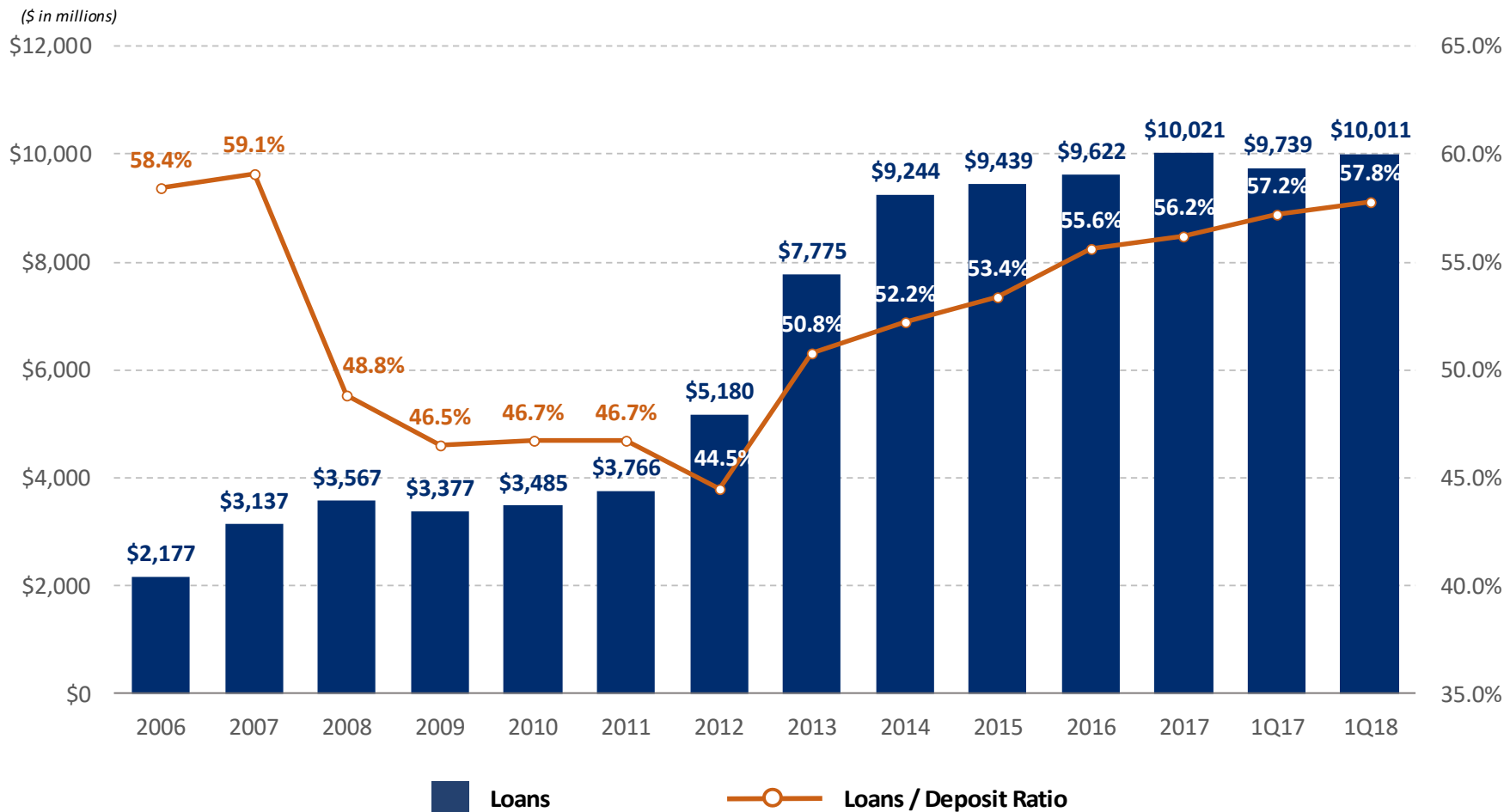


Total Deposits: \$17.3Bn

Total Cost of Deposits: 0.33%⁽¹⁾

Cost of Deposits, Net of NIBD: 0.49%⁽¹⁾

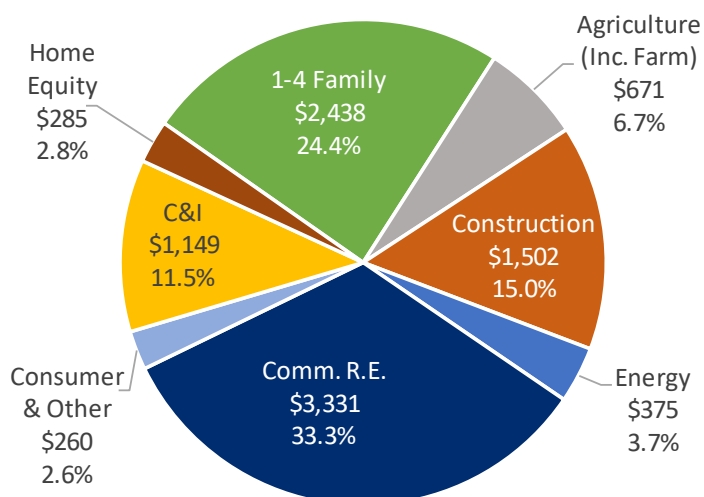
Loan Growth



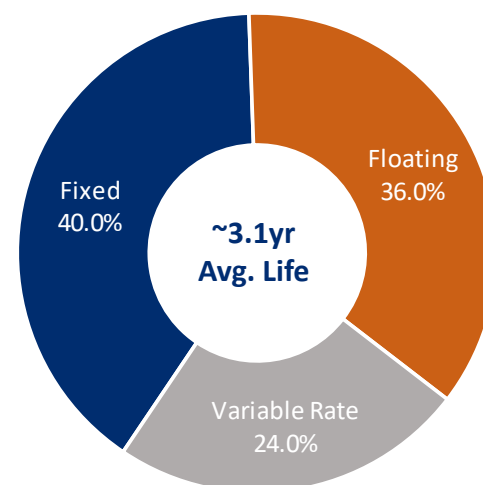
Loan Portfolio Overview

As of March 31, 2018
(\$ in millions)

Loan Portfolio by Category & Geography



Loans by Rate Structure



Loans By Area	Amount ⁽²⁾	% of Total
Bryan / College Station:	\$638	6.4%
Central Oklahoma:	\$523	5.3%
Central Texas:	\$1,355	13.7%
Dallas / Ft. Worth:	\$1,139	11.5%
East Texas:	\$391	3.9%
Houston:	\$3,050	30.8%
South Texas:	\$1,313	13.2%
Tulsa Oklahoma:	\$593	6.0%
West Texas:	\$914	9.2%

Total Loans: \$10.0Bn

Yield on Loans: 4.72%⁽¹⁾

Core Yield on Loans: 4.62%⁽³⁾

Source: Company Documents

(1) Data for the three months ended March 31, 2018

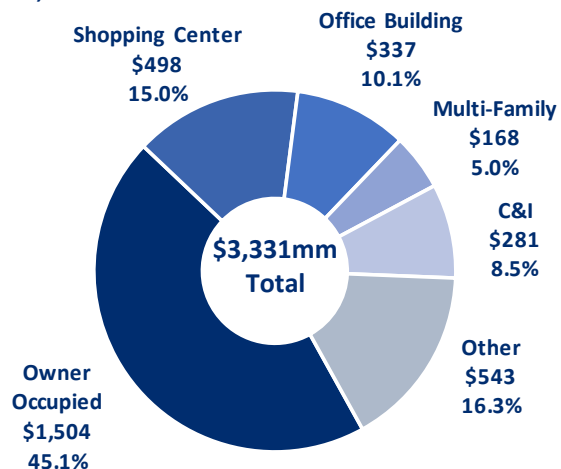
(2) Excludes \$95 million in loans assigned to the Corporate Group

(3) Core Yield excludes purchase accounting adjustments

Loan Portfolio Segment Detail

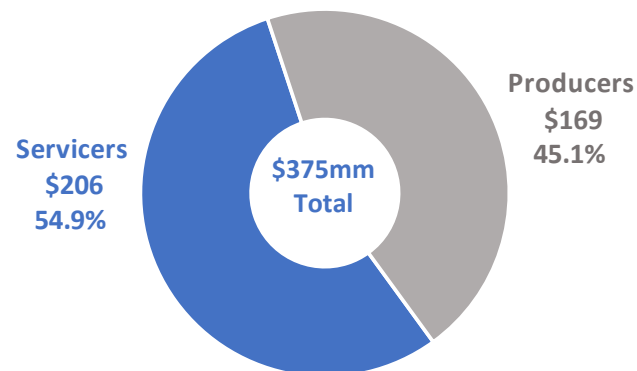
Commercial Real Estate Detail

(\$ in millions)



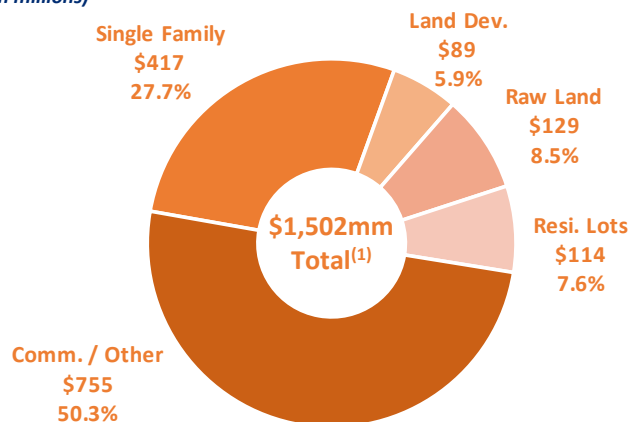
Energy Detail - Outstanding Balance

(\$ in millions)



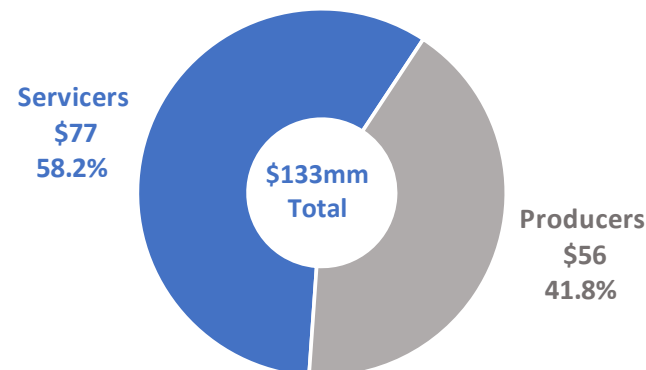
Construction Detail

(\$ in millions)



Energy Detail - Unfunded Commitments

(\$ in millions)

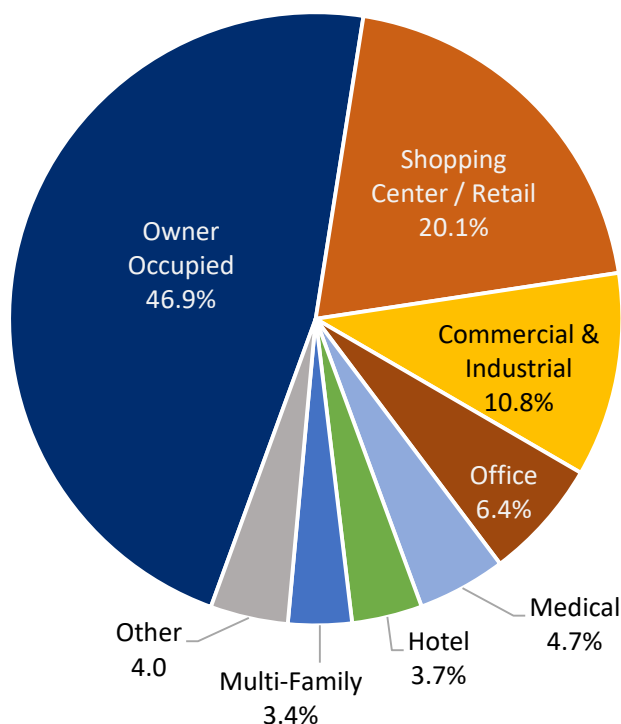


Source: Company Documents

(1) Total includes a net unaccreted discount of (\$2.192) million, not shown in graph

Houston MSA CRE Portfolio

As of March 31, 2018
(\$ in millions)

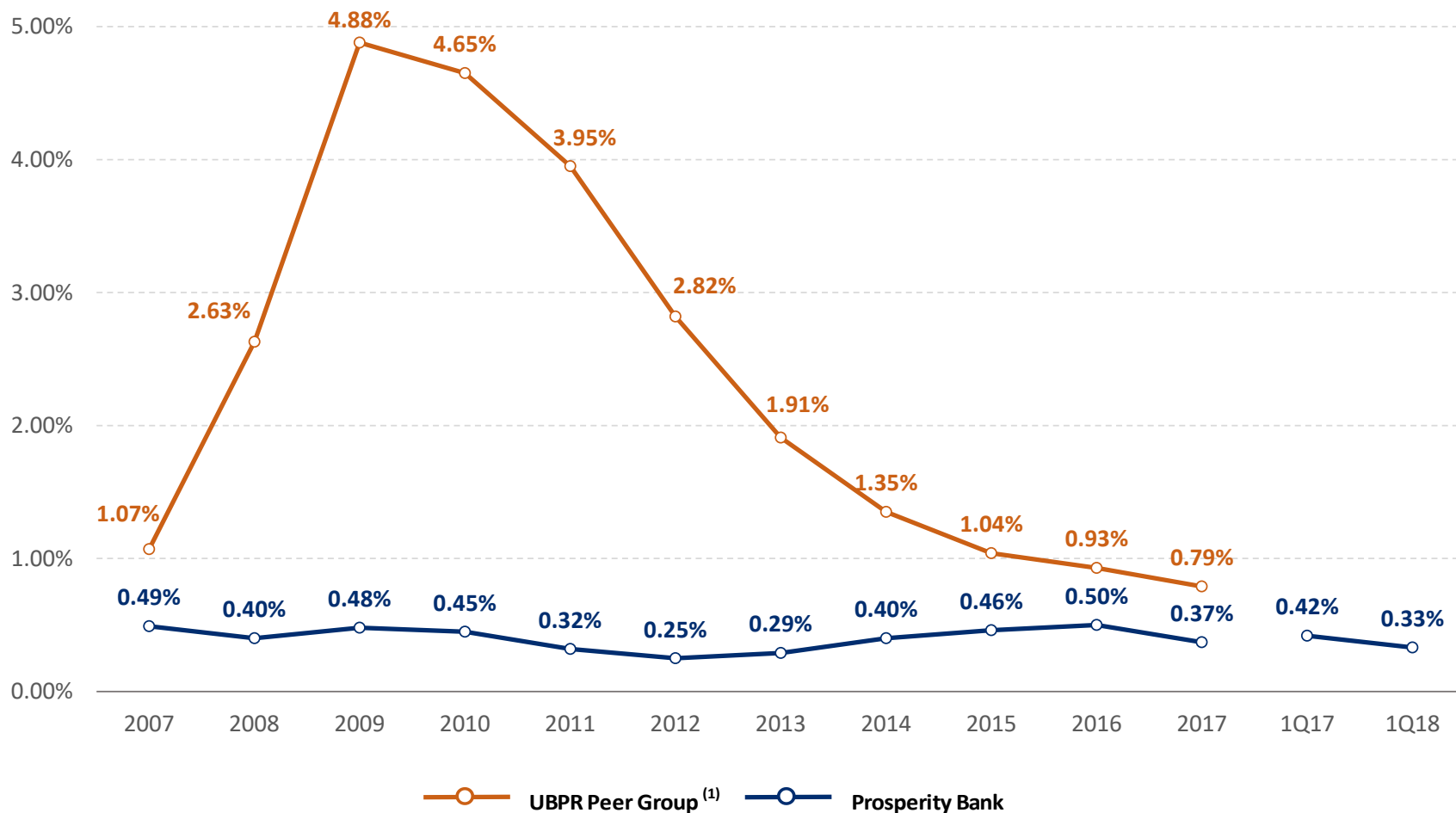


Owner Occupied	\$537
Shopping Center / Retail	\$230
Commercial & Industrial	\$123
Office	\$73
Medical	\$53
Hotel	\$43
Multi-Family	\$38
Other	\$47

Total Houston MSA CRE: \$1.1Bn

Asset Quality

NPA's / Loans + OREO



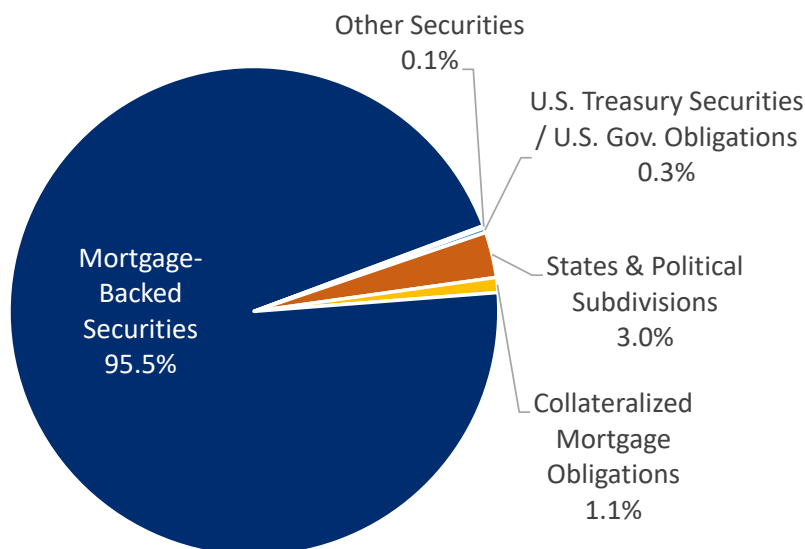
Source: Company Documents & Uniform Bank Performance Report

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

Securities Portfolio Detail

As of March 31, 2018
(\$ in millions)

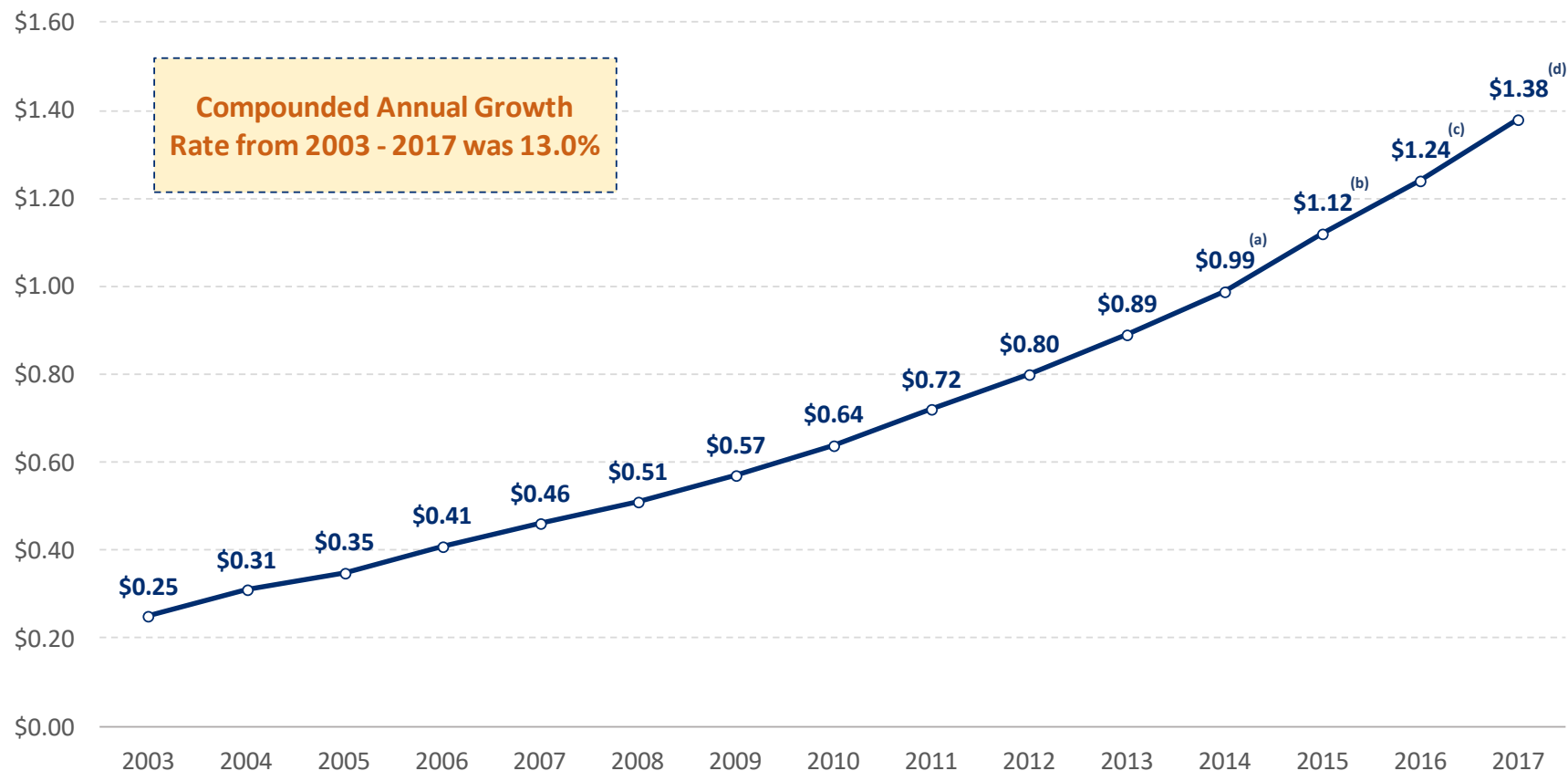


■ Mortgage-Backed Securities	\$9,277
■ States & Political Subdivisions	\$292
■ Collateralized Mortgage Obligations	\$96
■ U.S. Treasury Securities / U.S. Gov. Obligations	\$32
■ Other Securities	\$13

97.9% Held to Maturity
2.1% Available for Sale

Total Securities: \$9.7Bn
Yield on Securities: 2.27%⁽¹⁾
Duration: ~3.6 Yrs.⁽²⁾
Avg. Yearly Cash Flow: ~\$1.8Bn

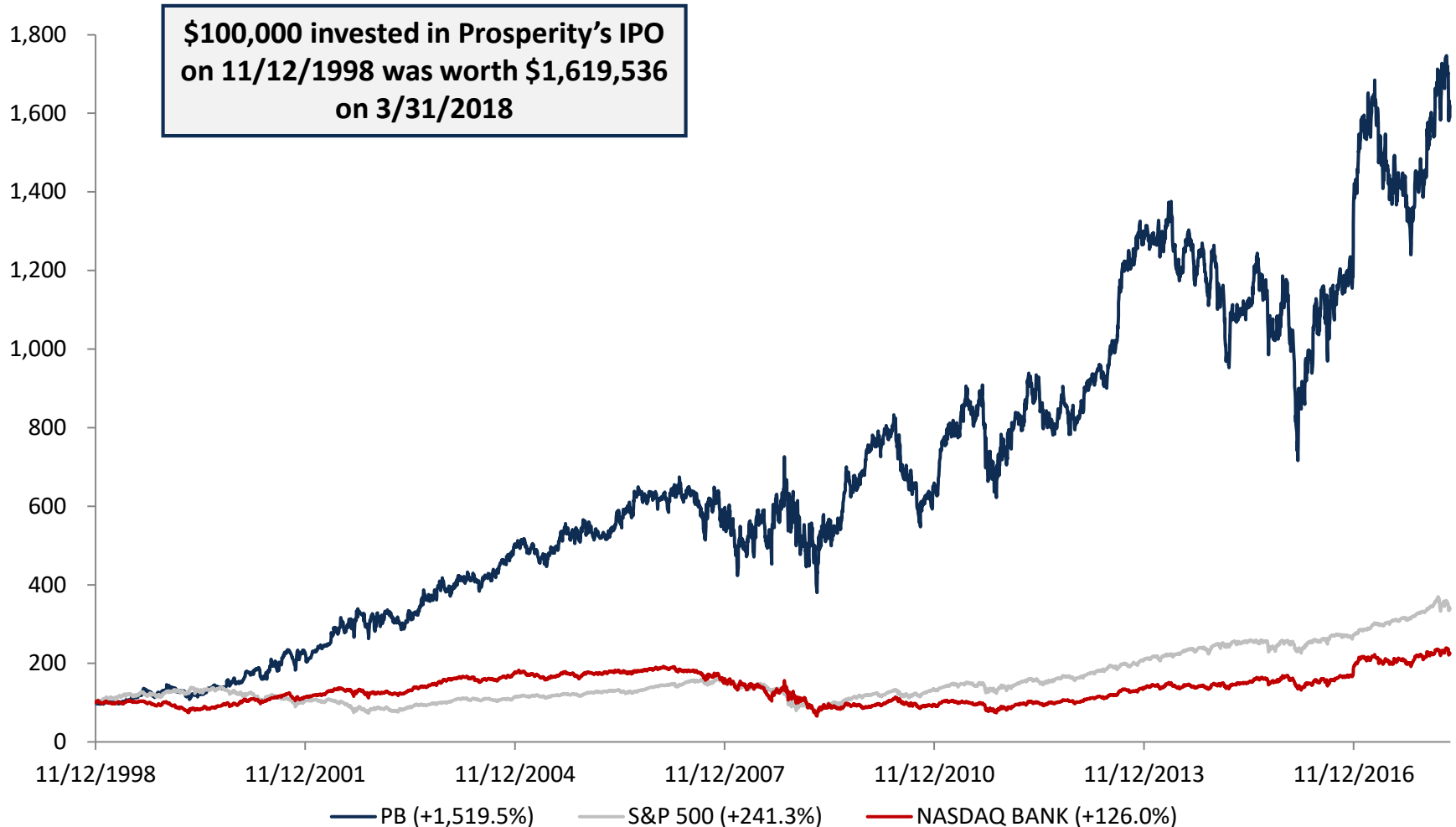
Dividend History



- (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
 (d) 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

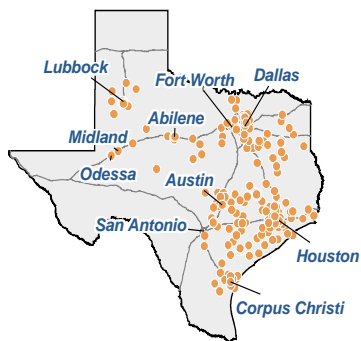
Total Return Performance

IPO (November 12, 1998) to March 31, 2018



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 #3 on the Fortune 500 list with 54 headquartered companies as of 2017
- 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
- Business tax climate is one of the best in the country and employers also benefit from energy costs that are 25% 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	Prosperity Deposits (\$mm)	2018 - 2023 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
Mitrach
Monkey Sports Inc.
MVTTransportation
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.
Prometheous 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.
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

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

Connecticut

Accudyne Industries
iCall Inc.
TradeCapture Inc.

Montana

VIZn

Nebraska

Heartland Automotive Services

Kansas

Alco Stores (ALCS)
Layne Christensen Co.(LAYN)
Lulu's Desert 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)
Soalr 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
Linn Energy, LLC (LINE)
MPower Mobile
Union Drilling, Inc.

Ohio

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

Maryland

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

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

Houston Market Highlights

Market Highlights

- Houston MSA is the 5th largest in the United States by population with 7 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
- The Houston job market rebounded post Hurricane Harvey, adding 40,500 new jobs between September and November of 2017
- The Houston Museum District attracts over 7 million visitors per year

Fortune 500 Companies



ConocoPhillips



Good things come from Sysco

HALLIBURTON



BAKER HUGHES

NATIONAL OILWELL VARCO

Apache



WM WASTE MANAGEMENT

EOG resources

KINDER MORGAN

CALPINE

HUNTSMAN

Anadarko Petroleum Corporation

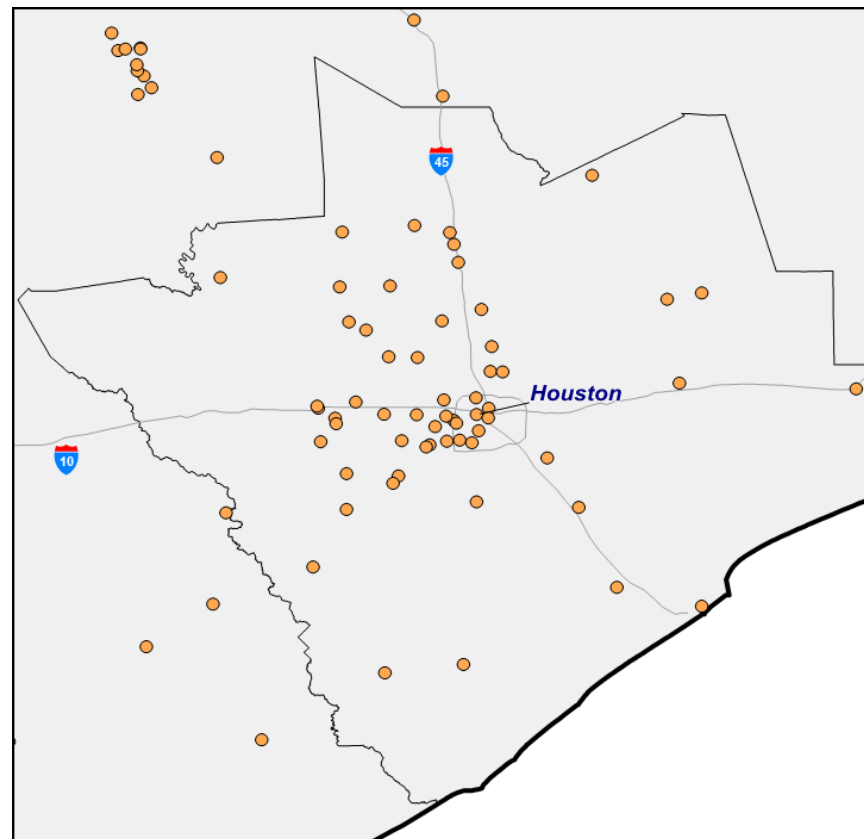
GROUP 1 AUTOMOTIVE

CenterPoint Energy

TARGA

QUANTA SERVICES

Houston Franchise



Dallas/Ft. Worth Market Highlights

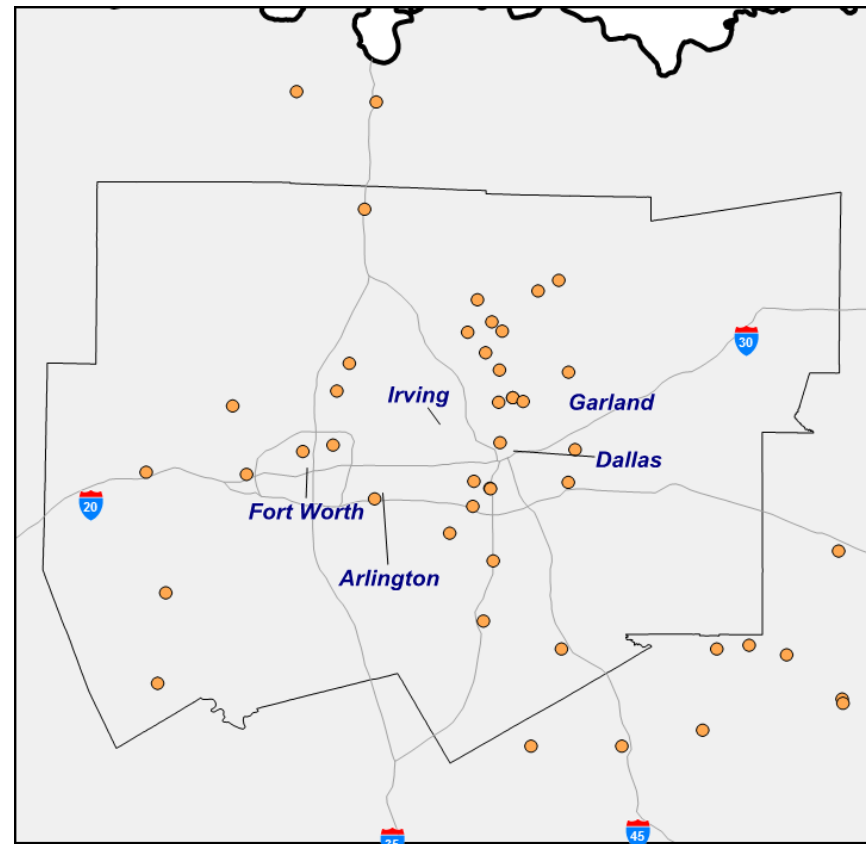
Market Highlights

- 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
- As of November 2017, Dallas had the 2nd highest year-over-year percent job growth out of any MSA in the country at 2.8%
- Dallas has the largest workforce of any MSA in Texas
- 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
- 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

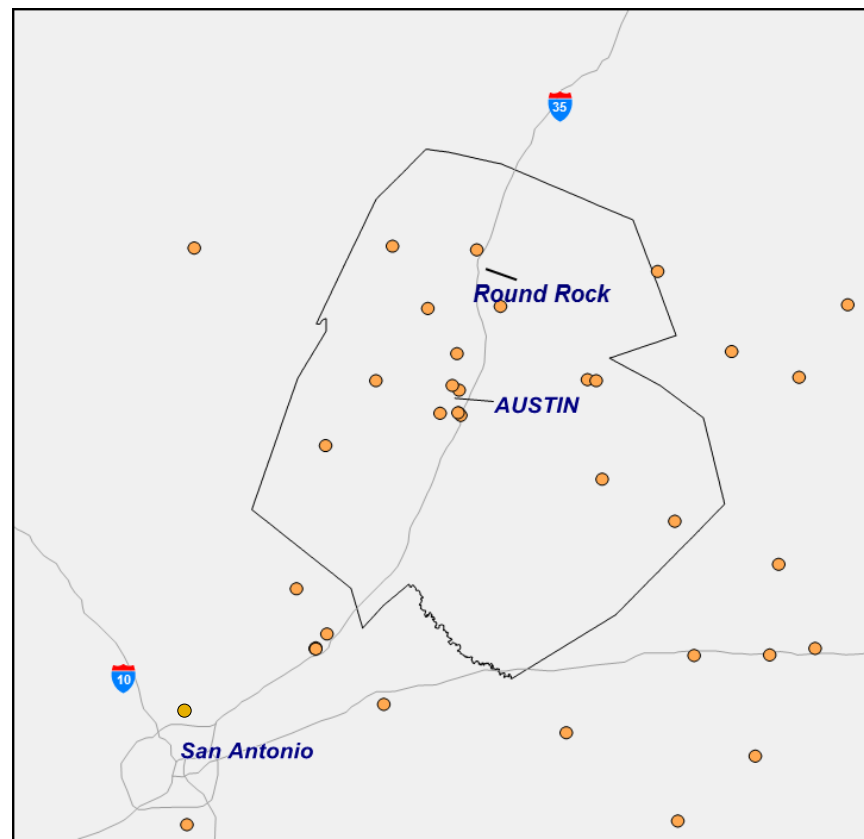
3M



DELL



Austin Franchise



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