



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.

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**

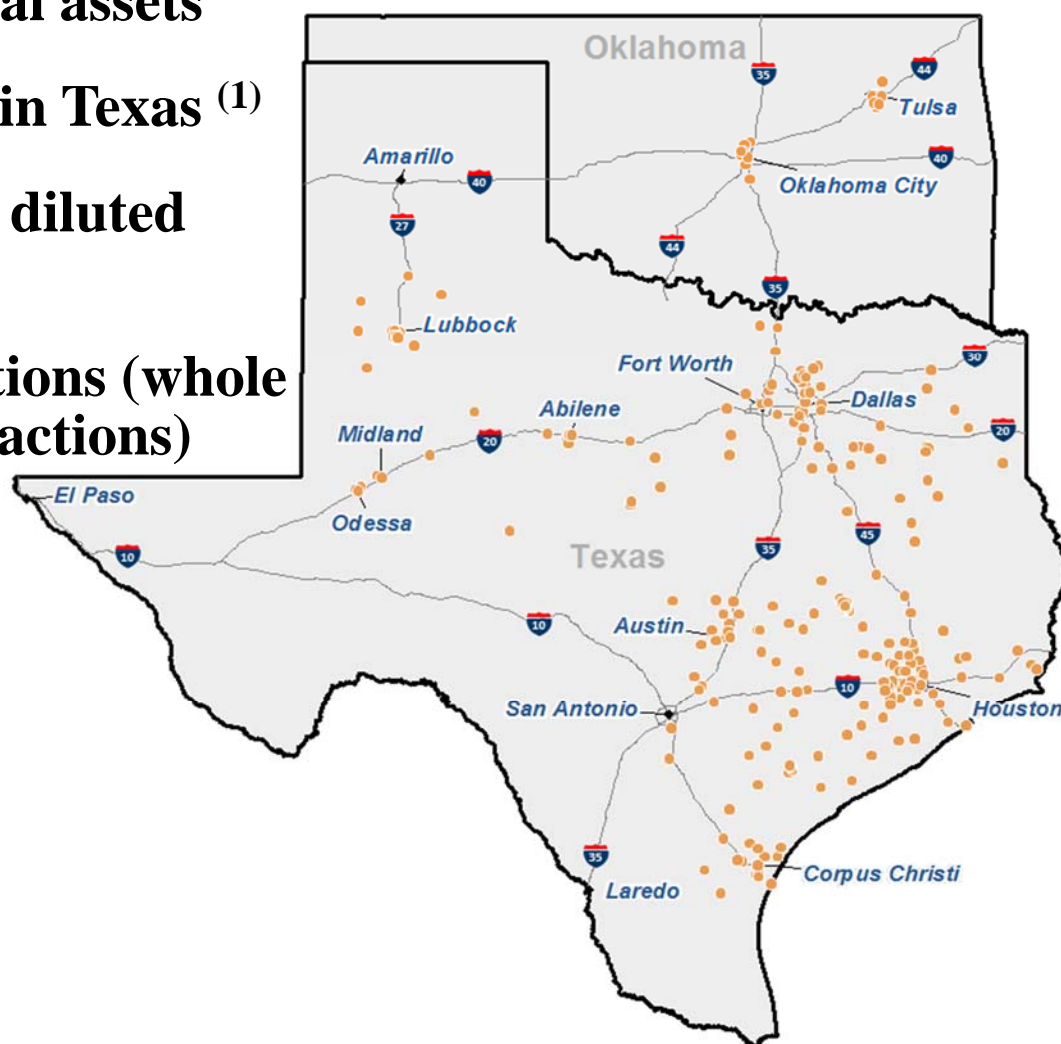
Strong Presence in Texas and Oklahoma



- A Texas-based financial holding company with approximately \$22.297 billion in total assets
- Ranked #2 in deposit market share in Texas ⁽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

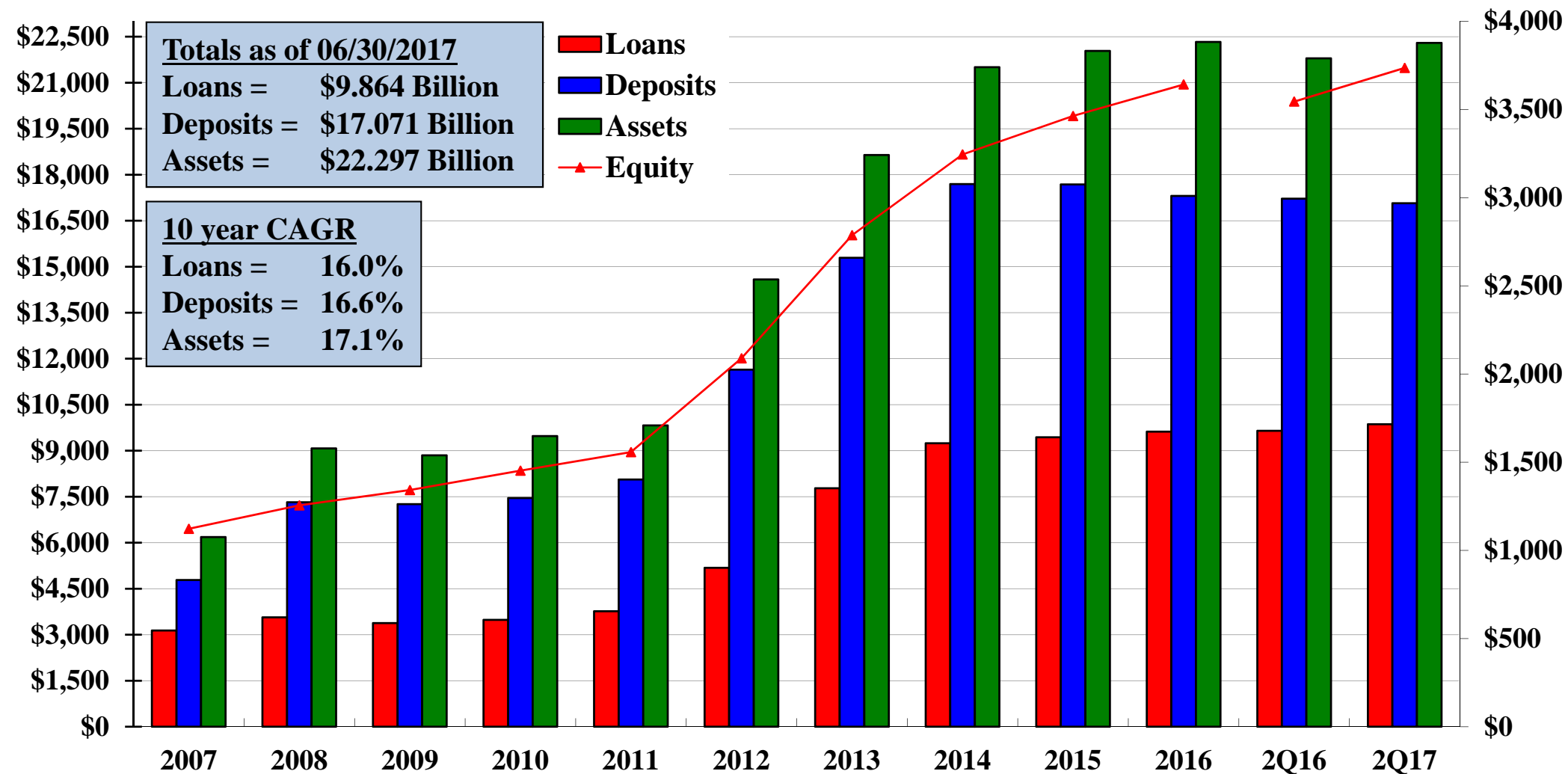
- 16 in Bryan/College Station Area
- 29 in Central Texas Area
- 34 in Dallas/Fort Worth Area
- 22 in East Texas Area
- 65 in Houston Area
- 29 in South Texas Area
- 34 in West Texas Area
- 6 in Central Oklahoma Area
- 8 in Tulsa Area



Source: SNL Financial.

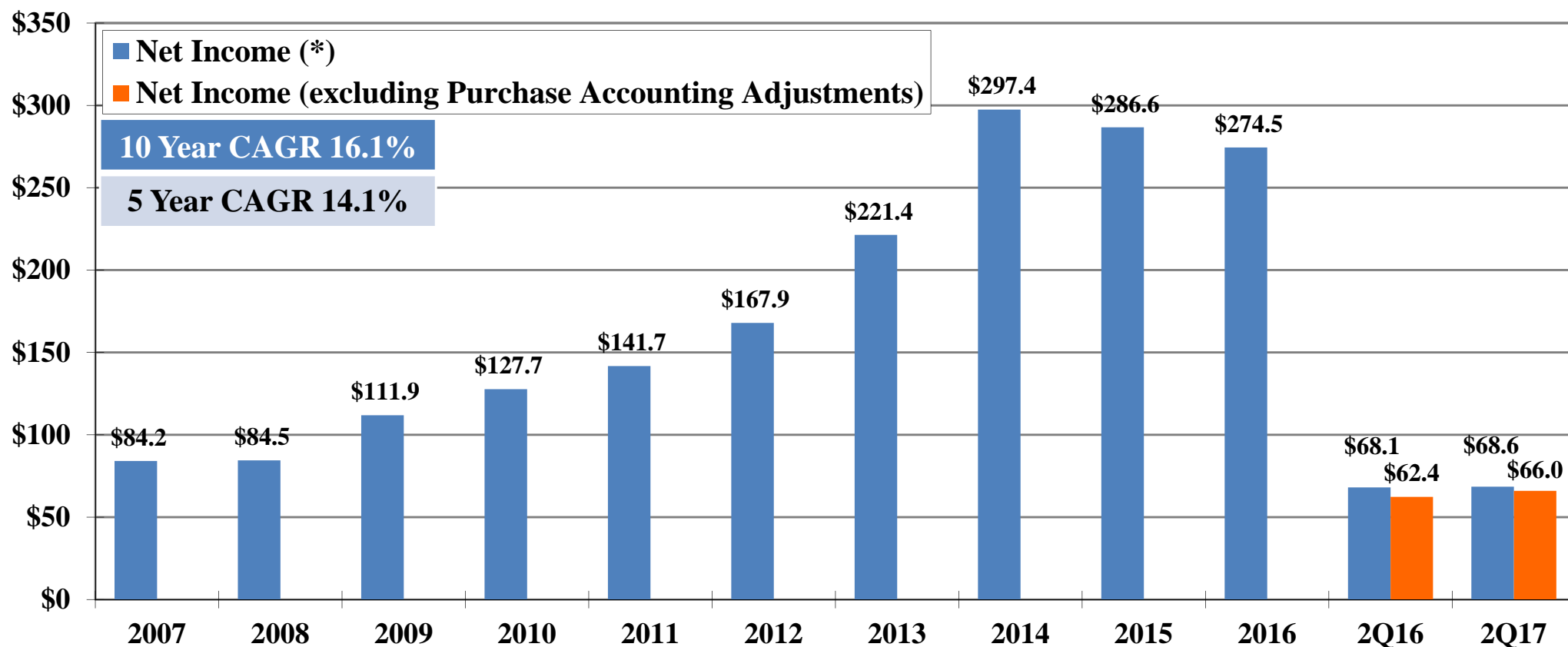
(1) Includes Texas headquartered banks. Deposits as of 06/30/2016

Balance Sheet Summary



\$ in millions

Net Income

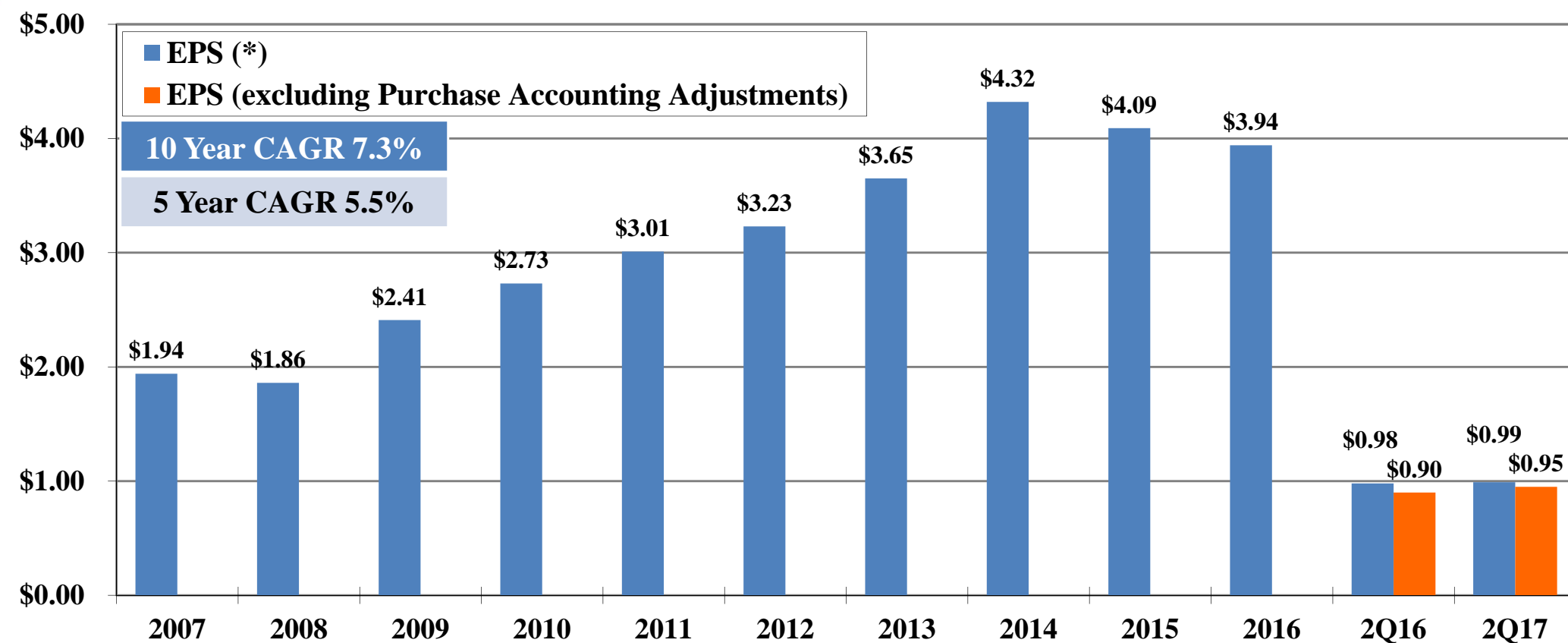


* Net Income amounts include the following (\$ in thousands):

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

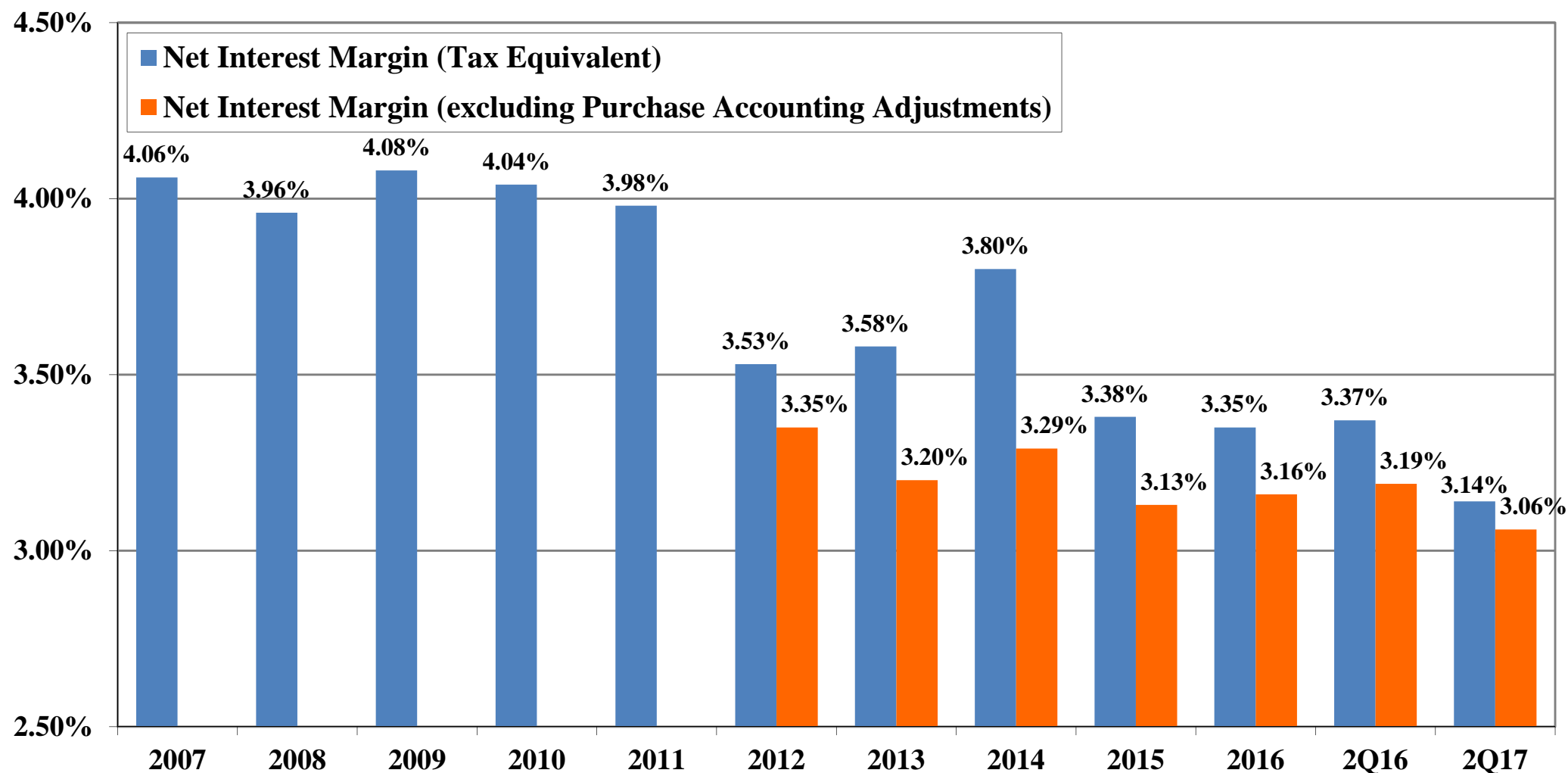
EPS Growth Diluted



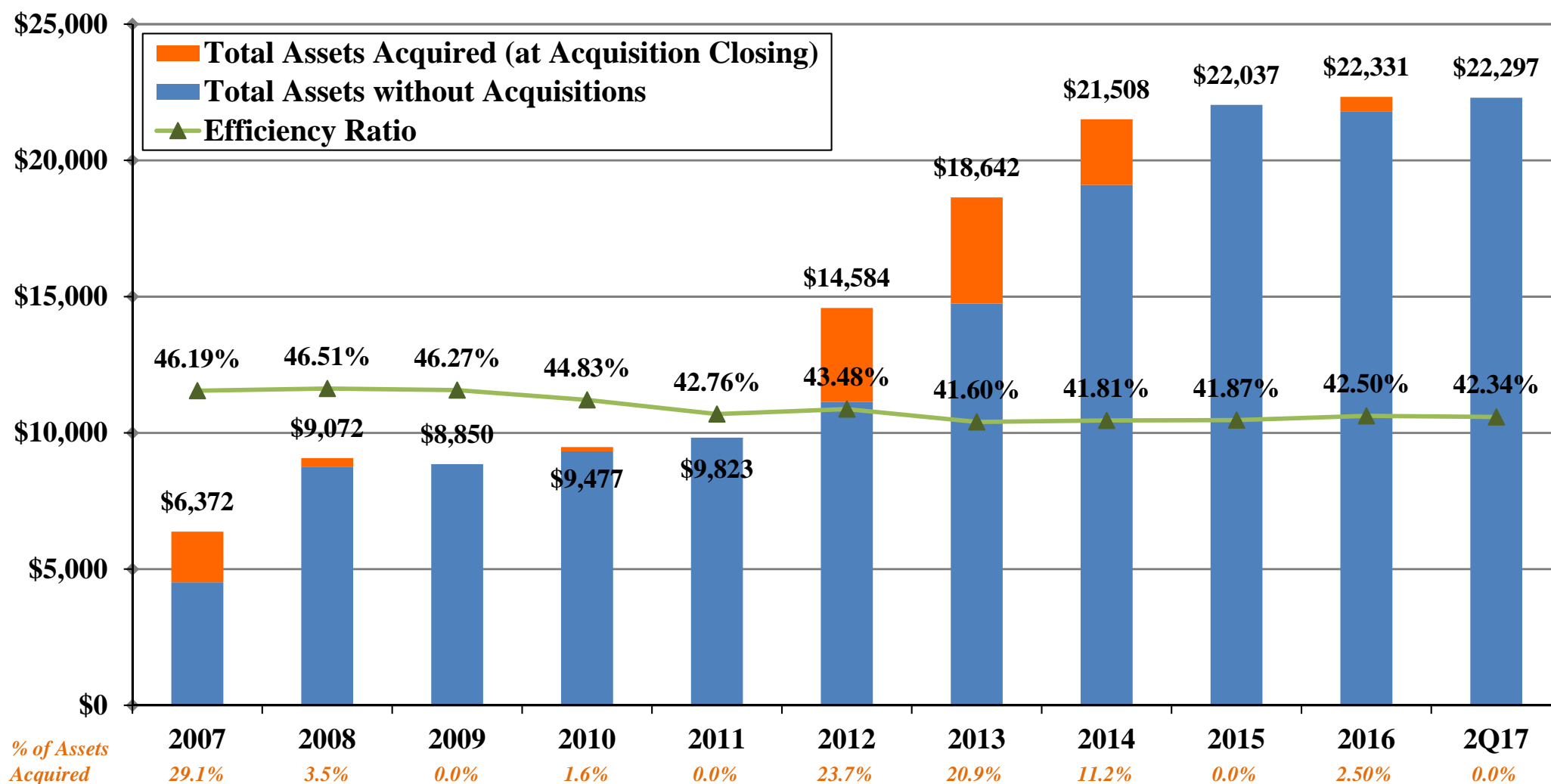
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Net Interest Margin



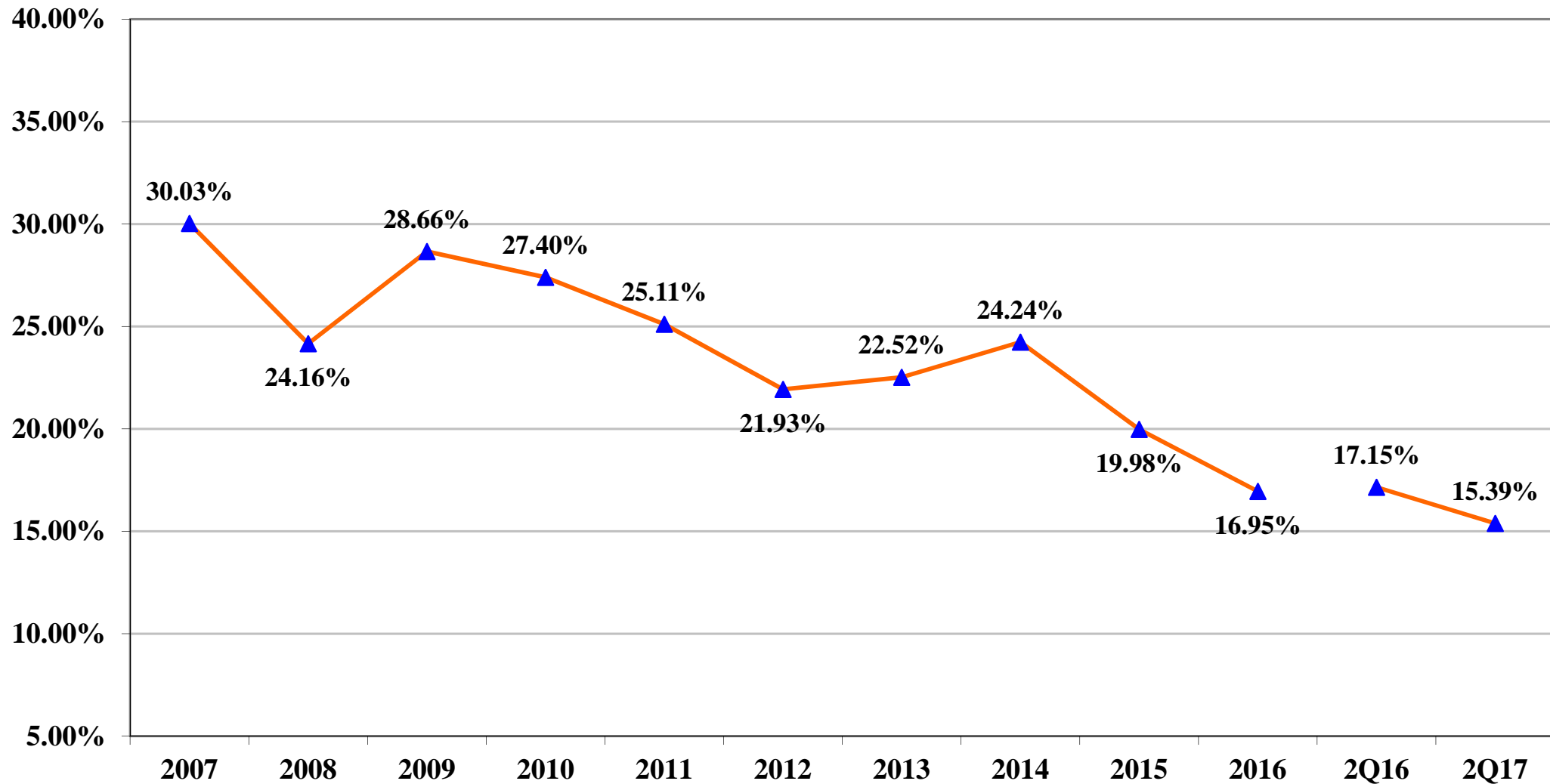
Acquisitions & Efficiency Ratio*



*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.

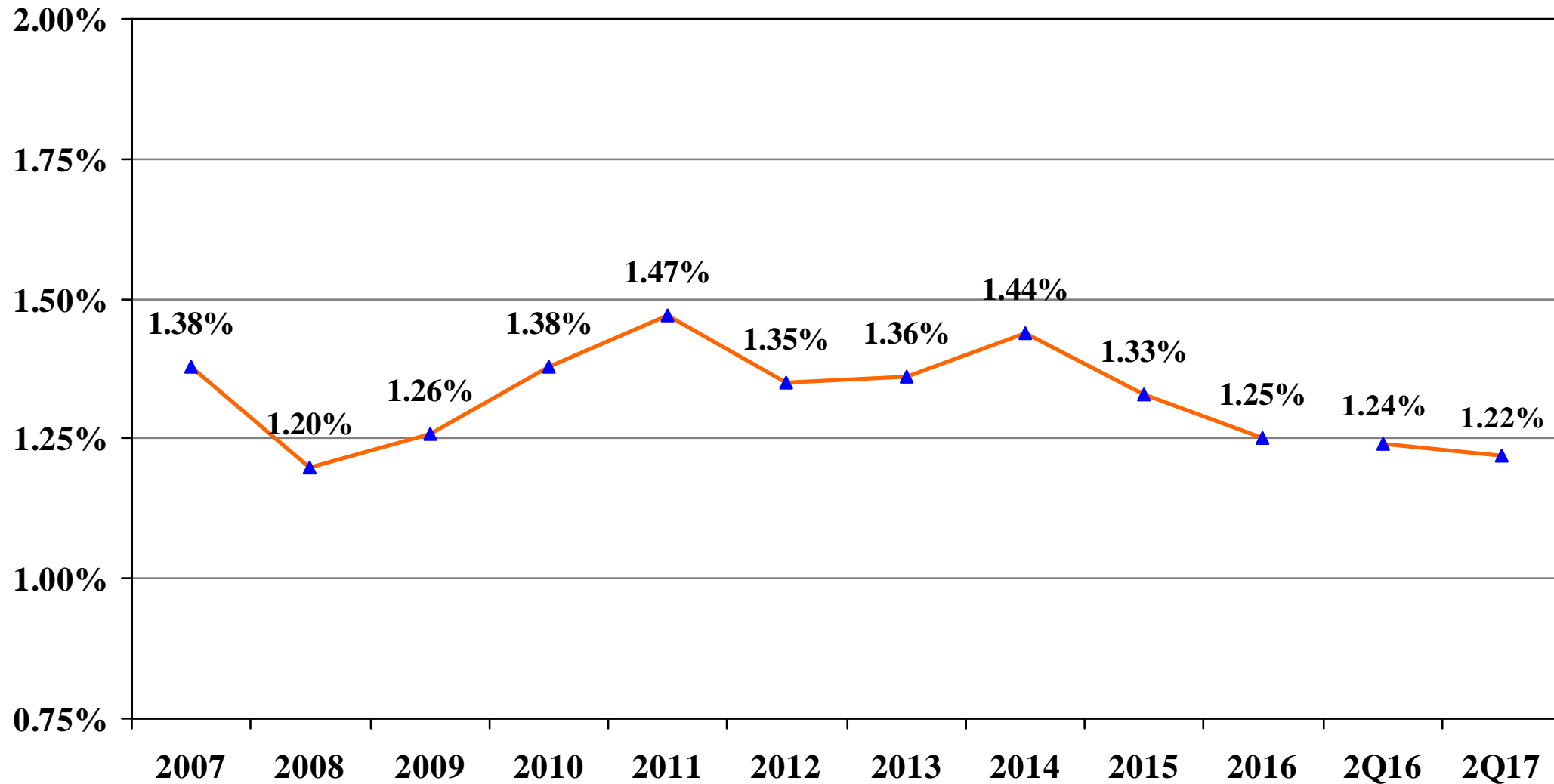
\$ in millions

Return on Average Tangible Common Equity



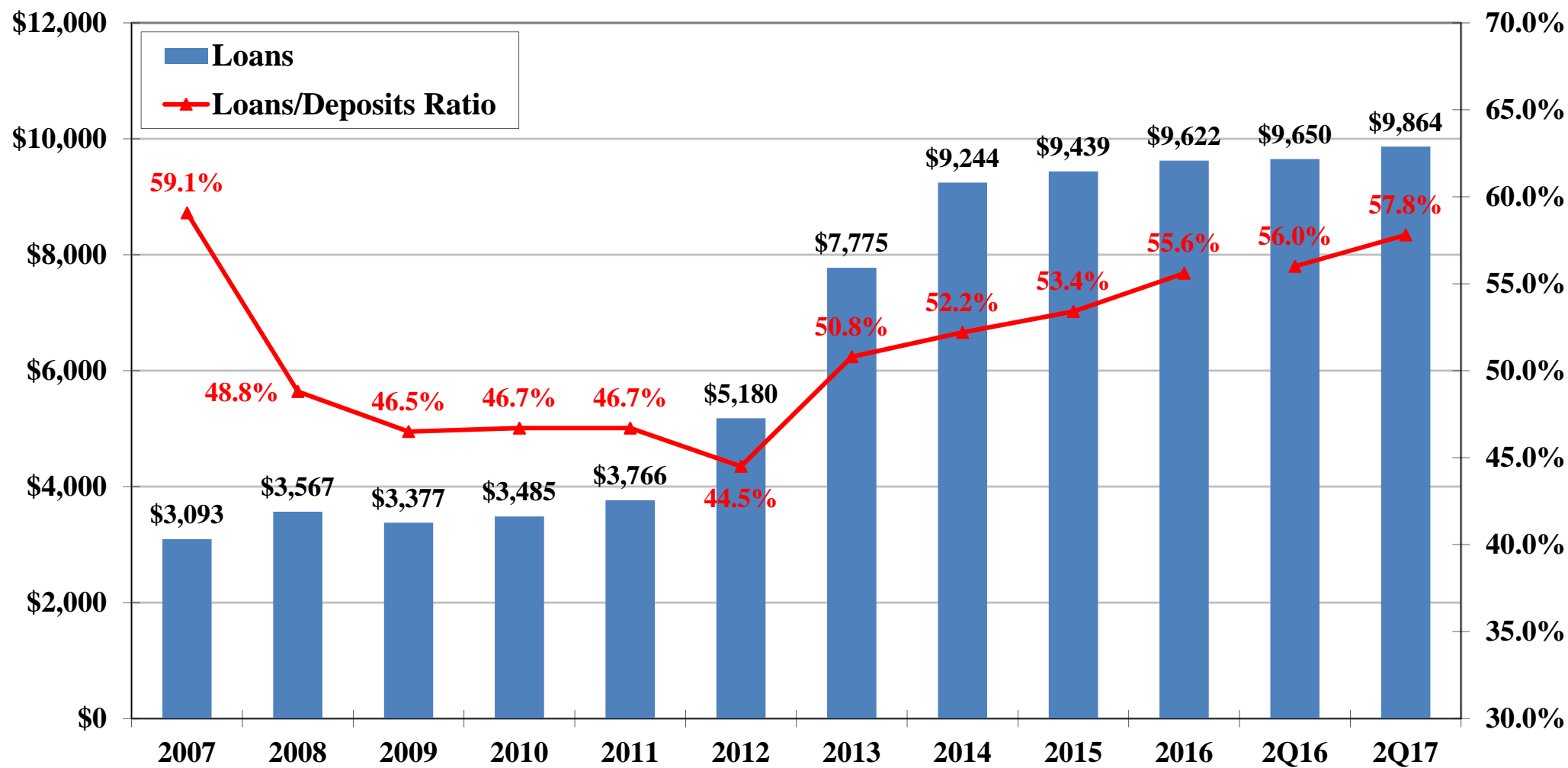
Interim periods annualized.

Return on Average Assets



Interim periods annualized.

Loan Growth

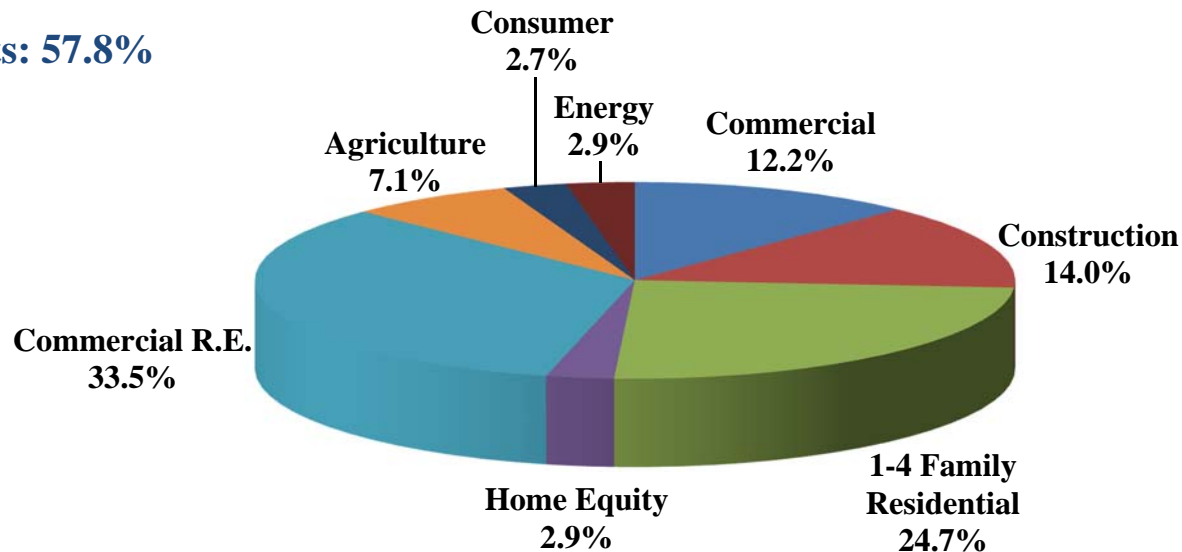


\$ in millions

Loan Portfolio

June 30, 2017

Loans/Deposits: 57.8%



Loans By Area 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

Construction Loan Breakout Approximate \$ in thousands

Single Family:	\$410
Land Development:	\$80
Raw Land:	\$200
Residential Lots:	\$131
Commercial/Other:	\$565
Purchase Accounting Discount: (\$2)	

Approximate \$ in millions

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

CRE Loan Breakout Approximate \$ in millions

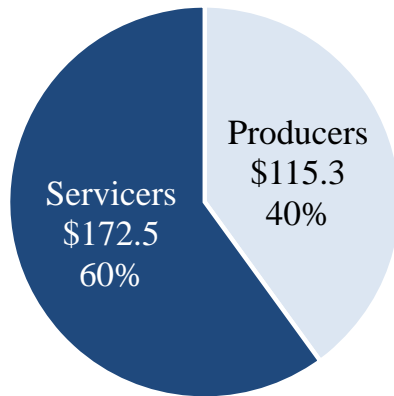
Owner Occupied:	\$1,500
Shopping Center:	\$507
Office Building:	\$346
Multi-family:	\$164
Other:	\$792

Energy Portfolio

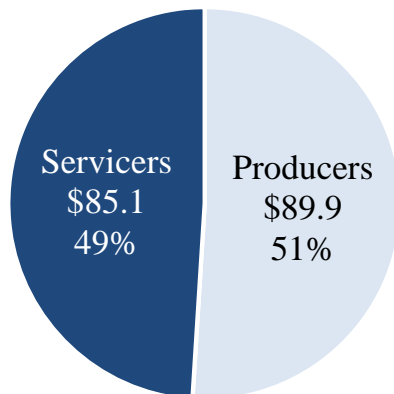
As of June 30, 2017



Outstanding Balance



Unfunded Commitments



\$ in millions

Portfolio Commentary

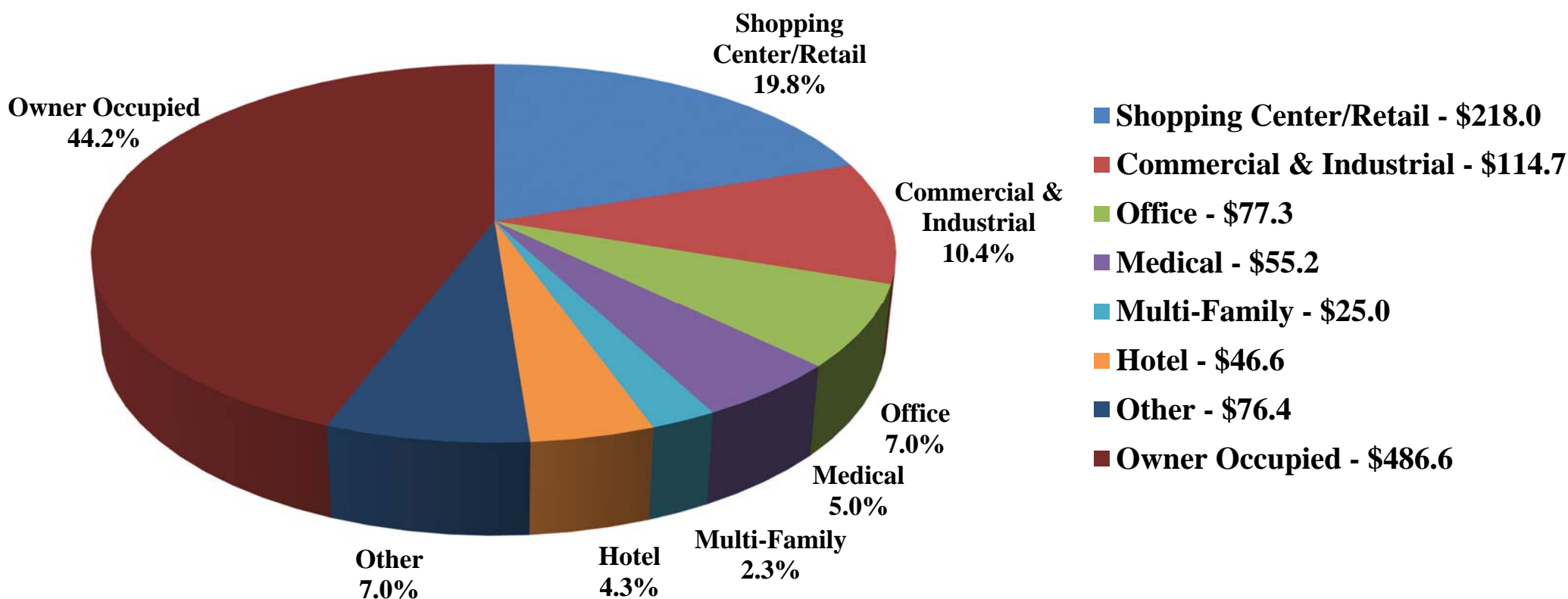
- Total outstanding balance of \$287.8 million, or 2.9% of total loans
- Total unfunded commitments of \$175.0 million
- Total energy reserves of 2.94% or \$8.5 million
- \$13.8 million of energy loans are subject to a fair value mark of \$3.4 million
- Three energy loans are Shared National Credits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



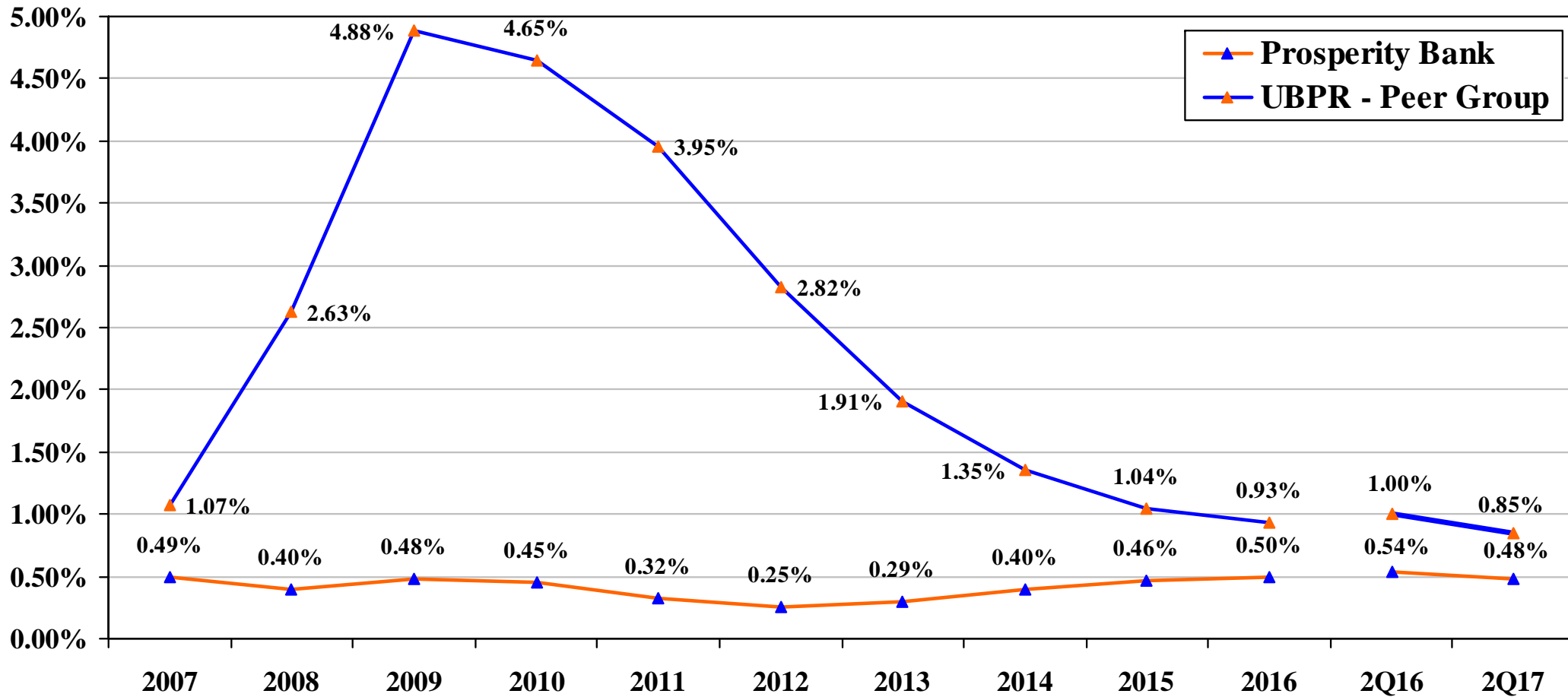
TOTAL: \$1.1 Billion



\$ in millions

Asset Quality

NPA*/Loans + OREO



*Includes loans past due 90 days and still accruing

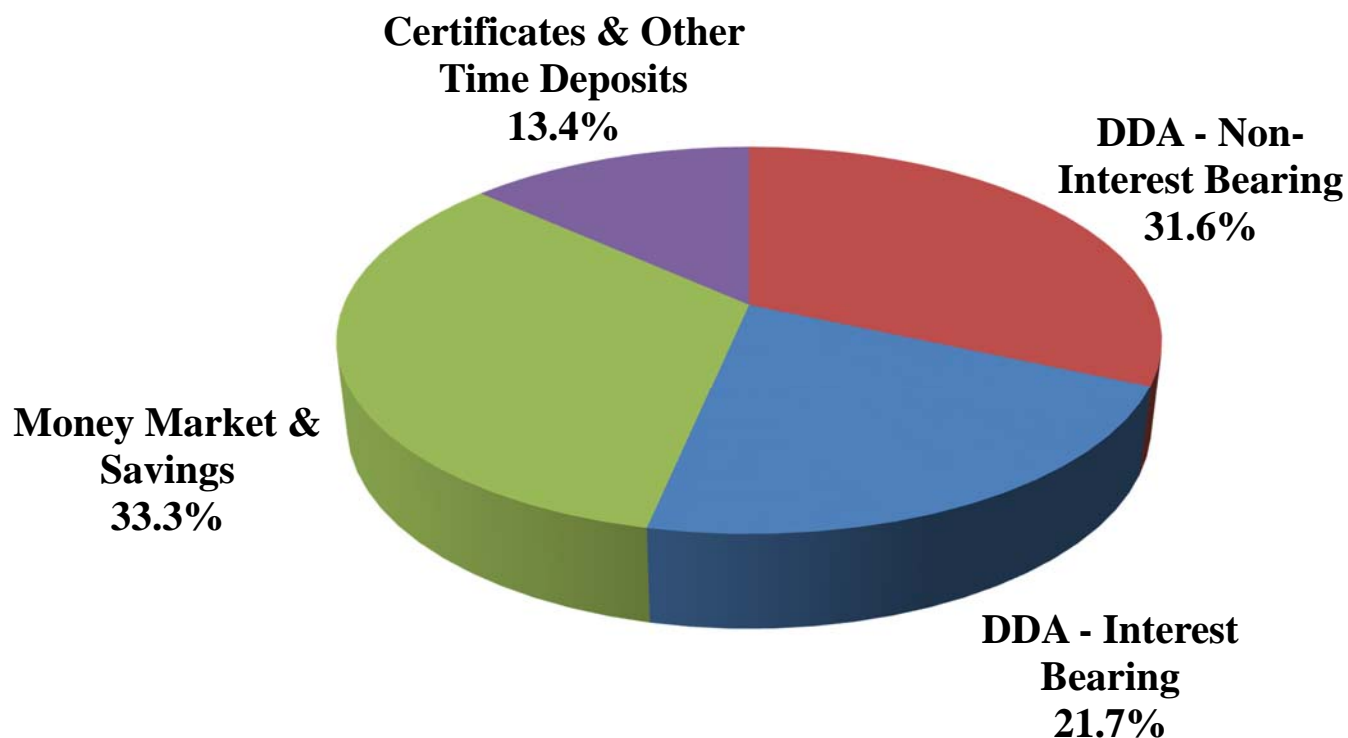
Source: UBPR = Uniform Bank Performance Report; Peer Group 11 (231 Banks) – insured commercial bank having assets greater than \$3 billion

Deposit Composition



June 30, 2017

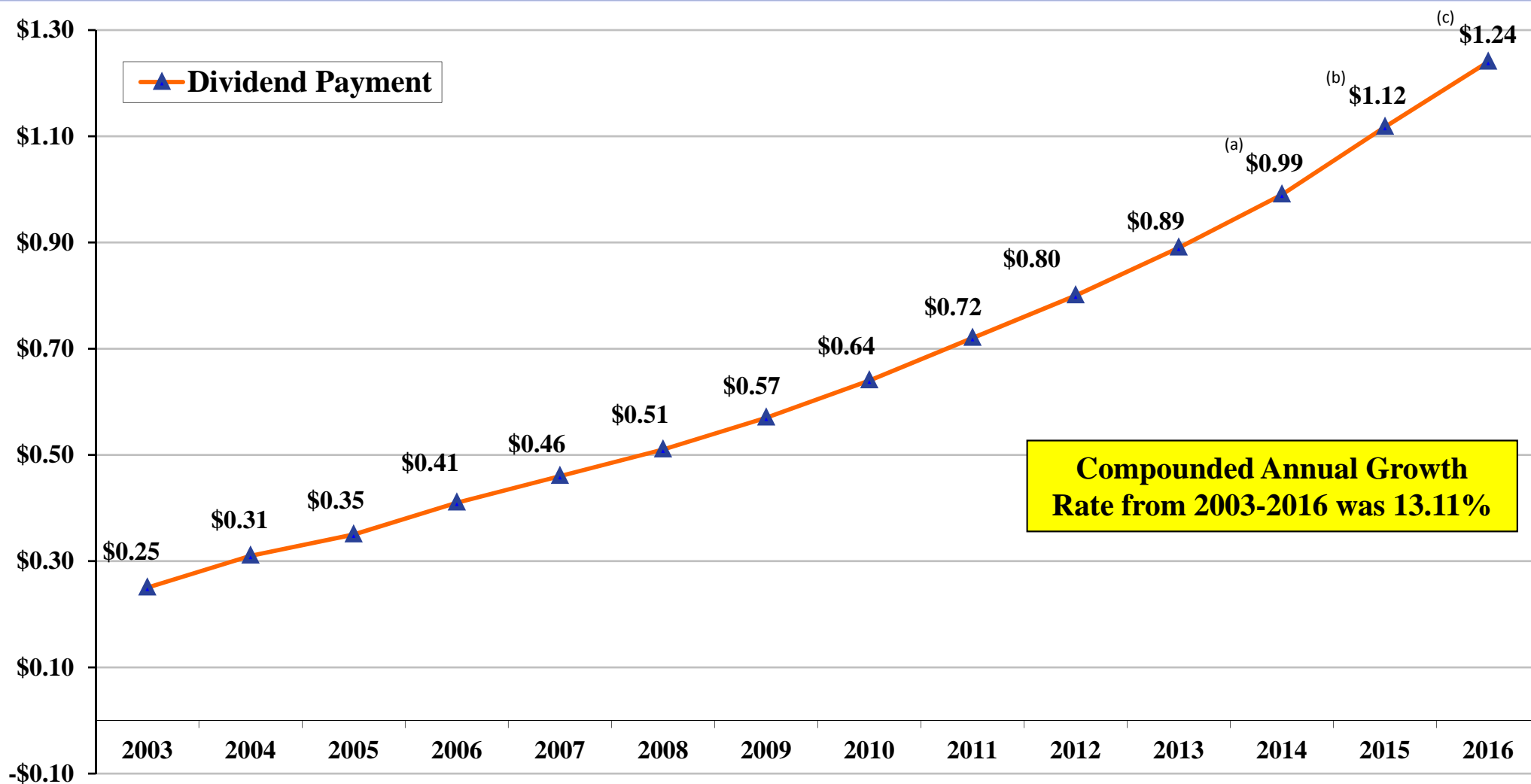
Cost of Deposits: 0.27%



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

\$ 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

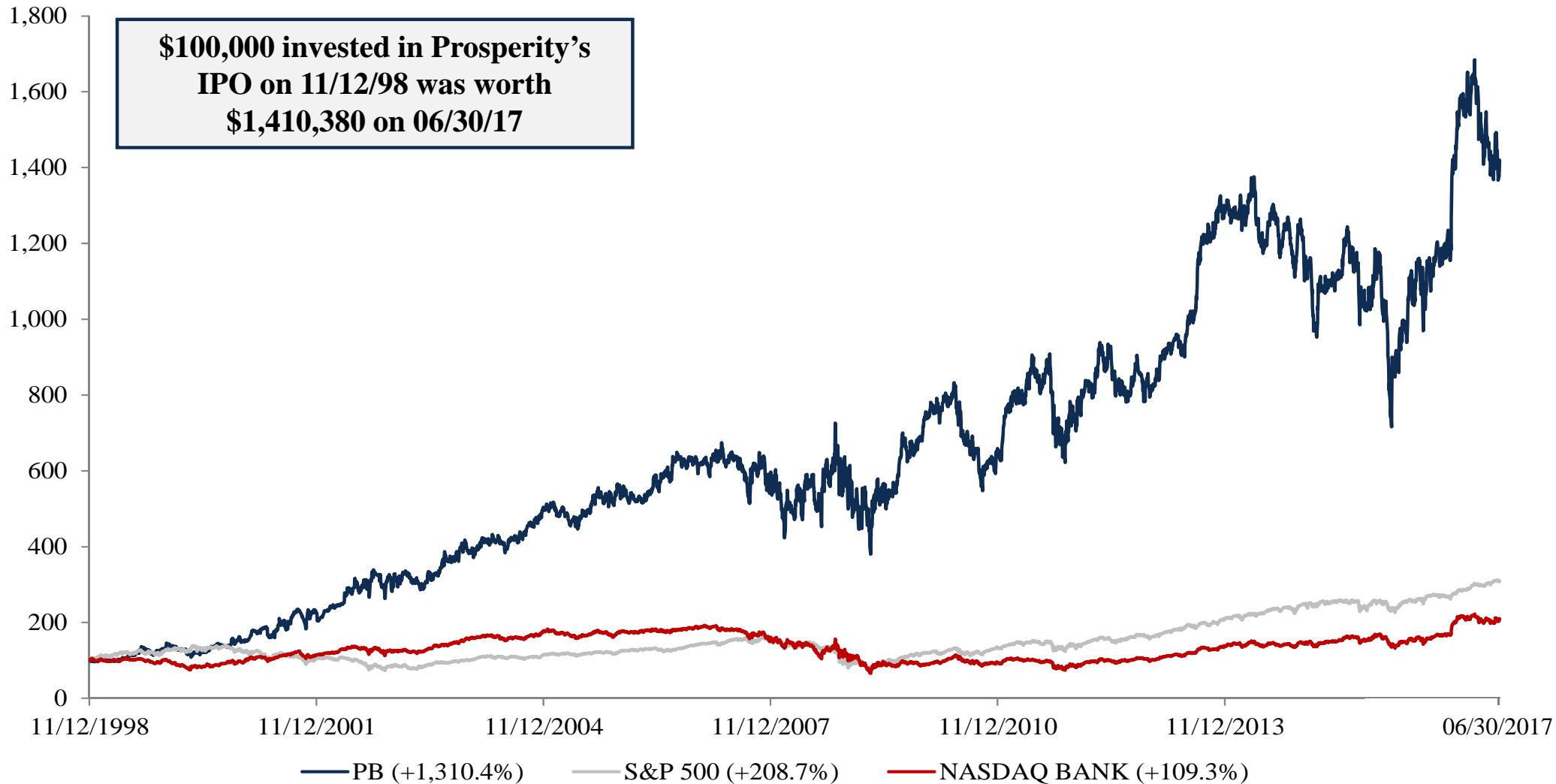
(c) 2016 dividend consists of \$0.30 per share declared in 1Q 2016, 2Q 2016, 3Q 2016 and \$0.34 per share declared in 4Q 2016

Total Return Performance

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

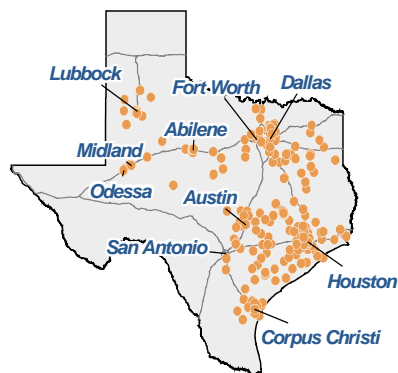


**\$100,000 invested in Prosperity's
IPO on 11/12/98 was worth
\$1,410,380 on 06/30/17**



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. ⁽¹⁾

#	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.
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)

Maryland

Broadwing Corp.
Hanger Inc. (HGR)

Washington D.C.

EF Johnson Technologies, Inc.

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

Houston Market Highlights



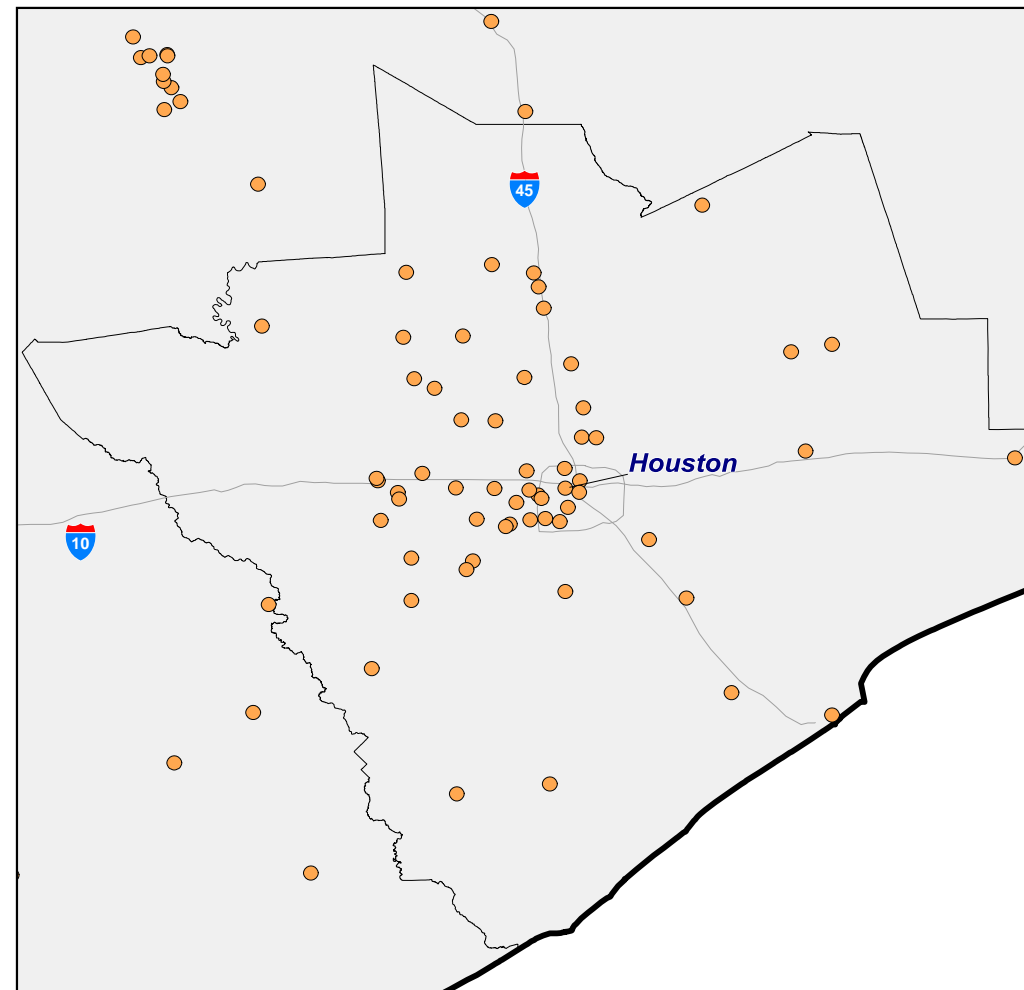
Market Highlights

- Houston is the 5th most populous metropolitan area in the nation
- Headquarters to 25 Fortune 500 companies
- Port of Houston is ranked 1st 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

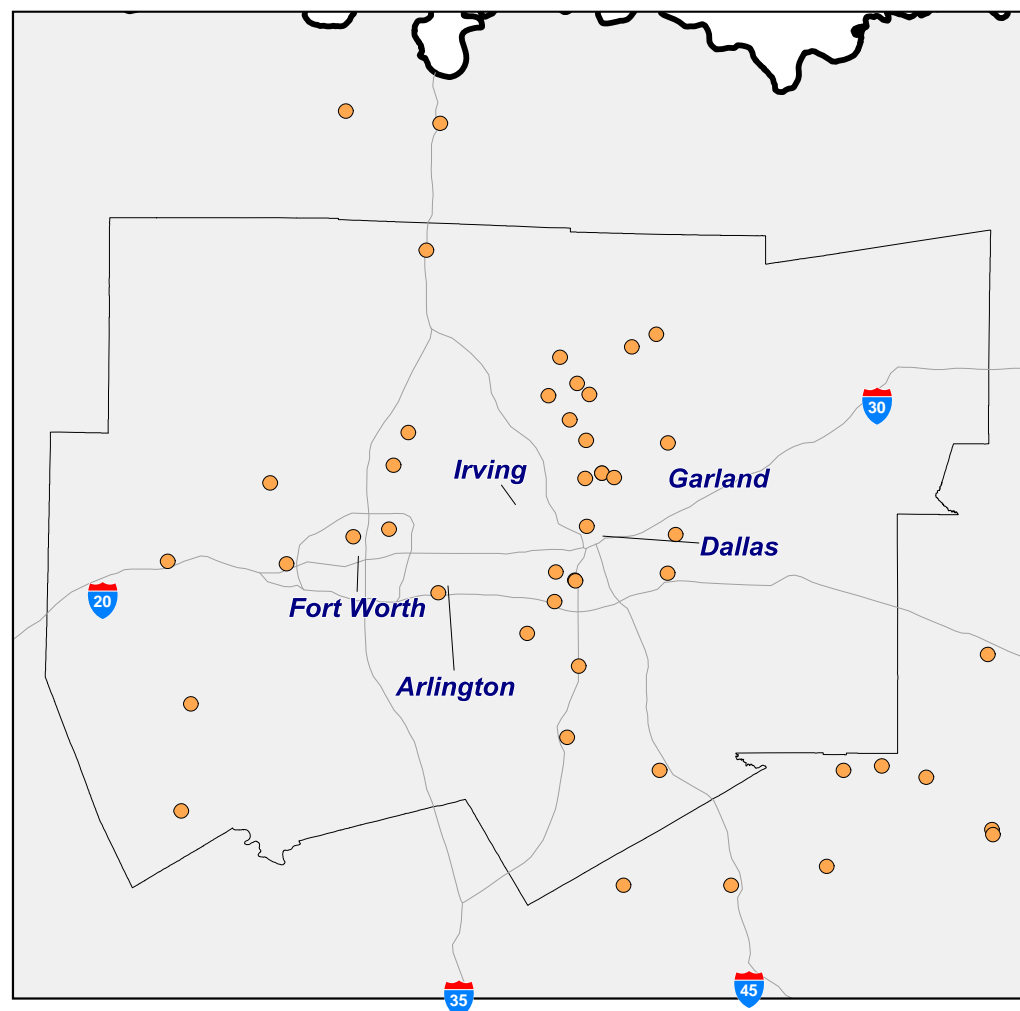
- Dallas/Ft. Worth is the 4th most populous metropolitan area in the nation
- Headquarters to 25 Fortune 500 companies
- Added 119,300 jobs from February 2016 to February 2017, representing a 3.5% growth rate, which is more than double the national average rate of 1.7%
- Population grew by 143,435 residents 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



Energy Future Holdings

Dallas/Ft. Worth Franchise



Austin Market Highlights



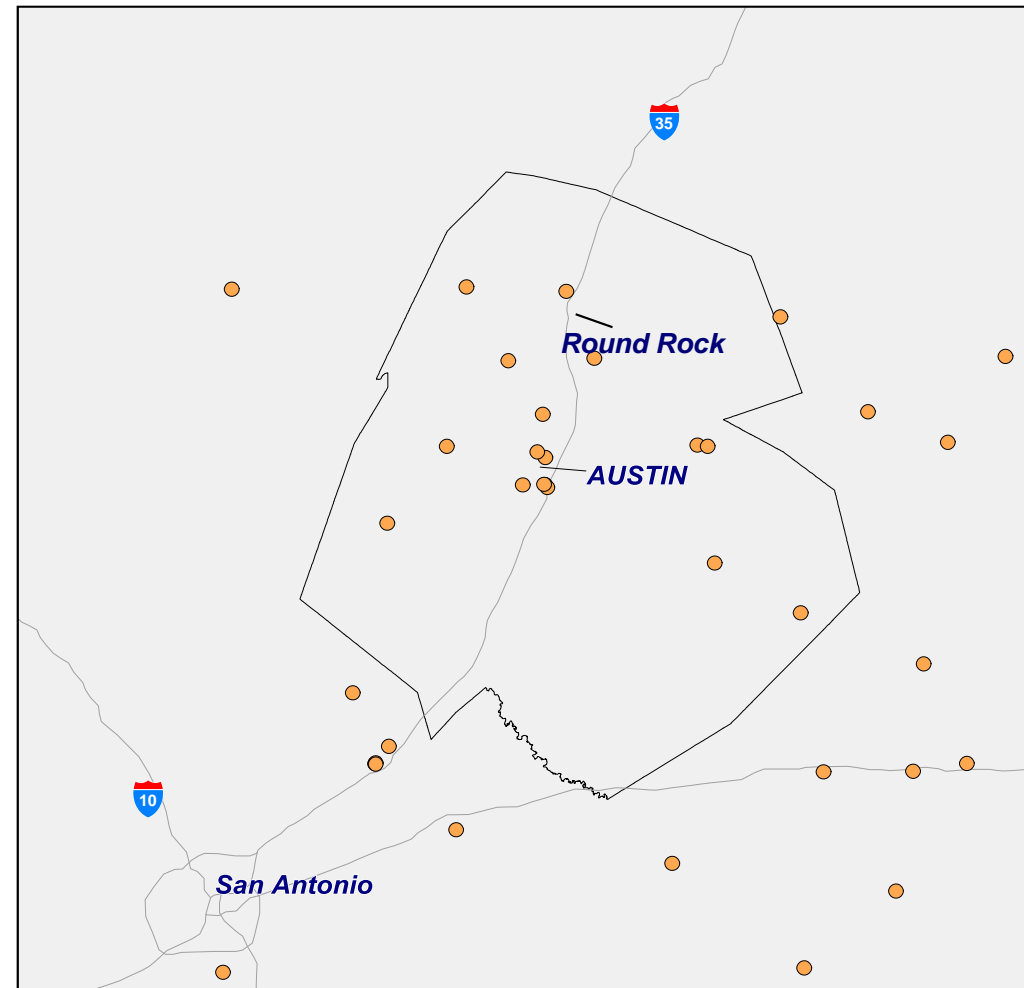
Market Highlights

- 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

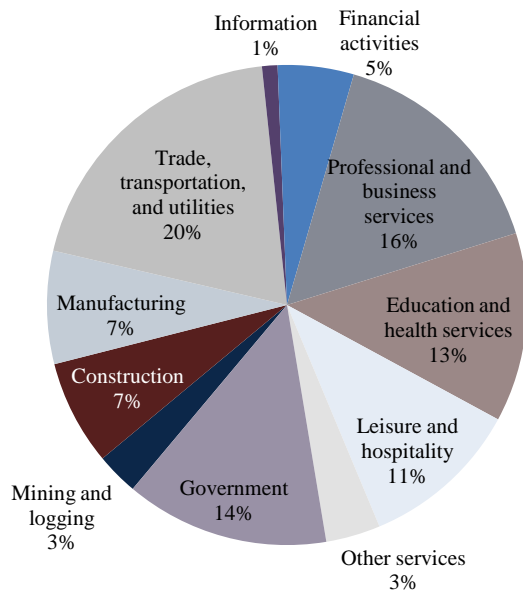


Austin Franchise

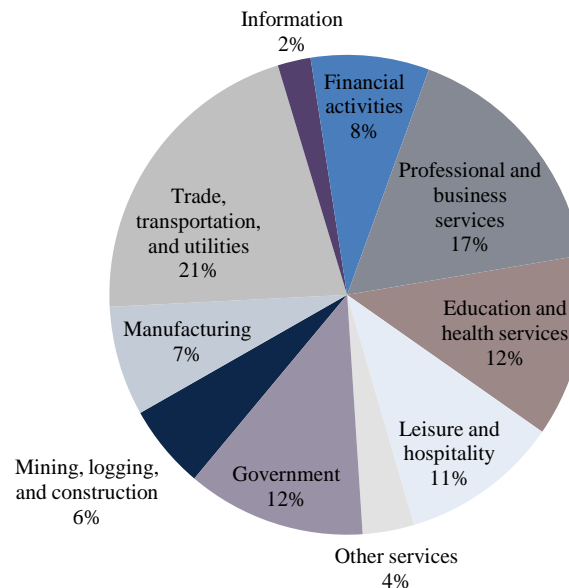


Texas Markets: Economic Diversity

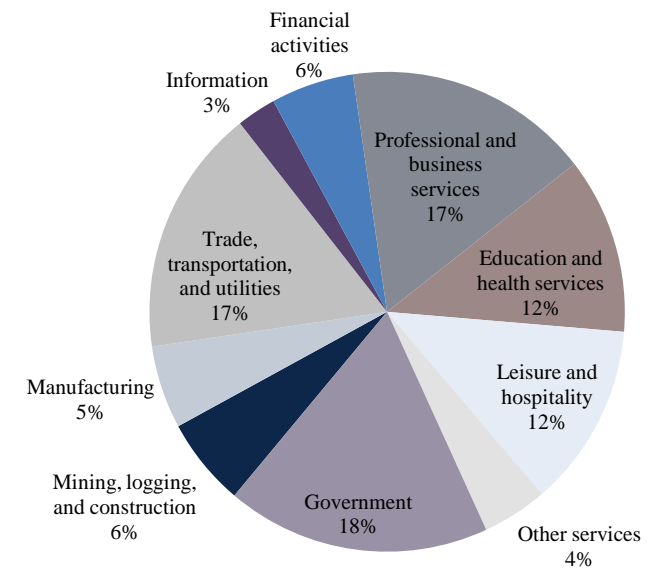
Houston Employment by Industry



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



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