



PROSPERITY —
BANCSHARES, INC.®

Investor Presentation

— First Quarter 2022 —



“Safe Harbor” Statement

Under the Private Securities Litigation Reform Act of 1995

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995: This presentation contains forward-looking statements within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are typically, but not exclusively, identified by the use in the statements of words or phrases such as “aim,” “anticipate,” “estimate,” “expect,” “goal,” “guidance,” “intend,” “is anticipated,” “is expected,” “is intended,” “objective,” “plan,” “projected,” “projection,” “will affect,” “will be,” “will continue,” “will decrease,” “will grow,” “will impact,” “will increase,” “will incur,” “will reduce,” “will remain,” “will result,” “would be,” variations of such words or phrases (including where the word “could,” “may,” or “would” is used rather than the word “will” in a phrase) and similar words and phrases indicating that the statement addresses some future result, occurrence, plan or objective. Forward-looking statements include all statements other than statements of historical fact, including forecasts or trends, and are based on current expectations, assumptions, estimates and projections about Prosperity Bancshares and its subsidiaries. These forward-looking statements may include information about Prosperity’s possible or assumed future economic performance or future results of operations, including future revenues, income, expenses, provision for loan losses, provision for taxes, effective tax rate, earnings per share and cash flows and Prosperity’s future capital expenditures and dividends, future financial condition and changes therein, including changes in Prosperity’s loan portfolio and allowance for loan losses, future capital structure or changes therein, as well as the plans and objectives of management for Prosperity’s future operations, future or proposed acquisitions, the future or expected effect of acquisitions on Prosperity’s operations, results of operations, financial condition, and future economic performance, statements about the anticipated benefits of the proposed transaction, and statements about the assumptions underlying any such statement, as well as expectations regarding the effects of the COVID-19 pandemic on Prosperity’s operating income, financial condition and cash flows. These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties, many of which are outside of Prosperity’s control, which may cause actual results to differ materially from those expressed or implied by the forward-looking statements. These risks and uncertainties include but are not limited to whether Prosperity can: successfully identify acquisition targets and integrate the businesses of acquired companies and banks; continue to sustain its current internal growth rate or total growth rate; provide products and services that appeal to its customers; continue to have access to debt and equity capital markets; and achieve its sales objectives. Other risks include, but are not limited to: the possibility that credit quality could deteriorate; actions of competitors; changes in laws and regulations (including changes in governmental interpretations of regulations and changes in accounting standards); the possibility that the anticipated benefits of an acquisition transaction, are not realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of two companies or as a result of the strength of the economy and competitive factors generally; a deterioration or downgrade in the credit quality and credit agency ratings of the securities in Prosperity’s securities portfolio; customer and consumer demand, including customer and consumer response to marketing; effectiveness of spending, investments or programs; fluctuations in the cost and availability of supply chain resources; economic conditions, including currency rate, interest rate and commodity price fluctuations; the effect, impact, potential duration or other implications of the COVID-19 pandemic; and weather. These and various other factors are discussed in Prosperity Bancshares’ Annual Report on Form 10-K for the year ended December 31, 2021 and other reports and statements Prosperity Bancshares has filed with the Securities and Exchange Commission (“SEC”). Copies of the SEC filings for Prosperity Bancshares may be downloaded from the Internet at no charge from <http://www.prosperitybankusa.com>.

First Quarter Highlights

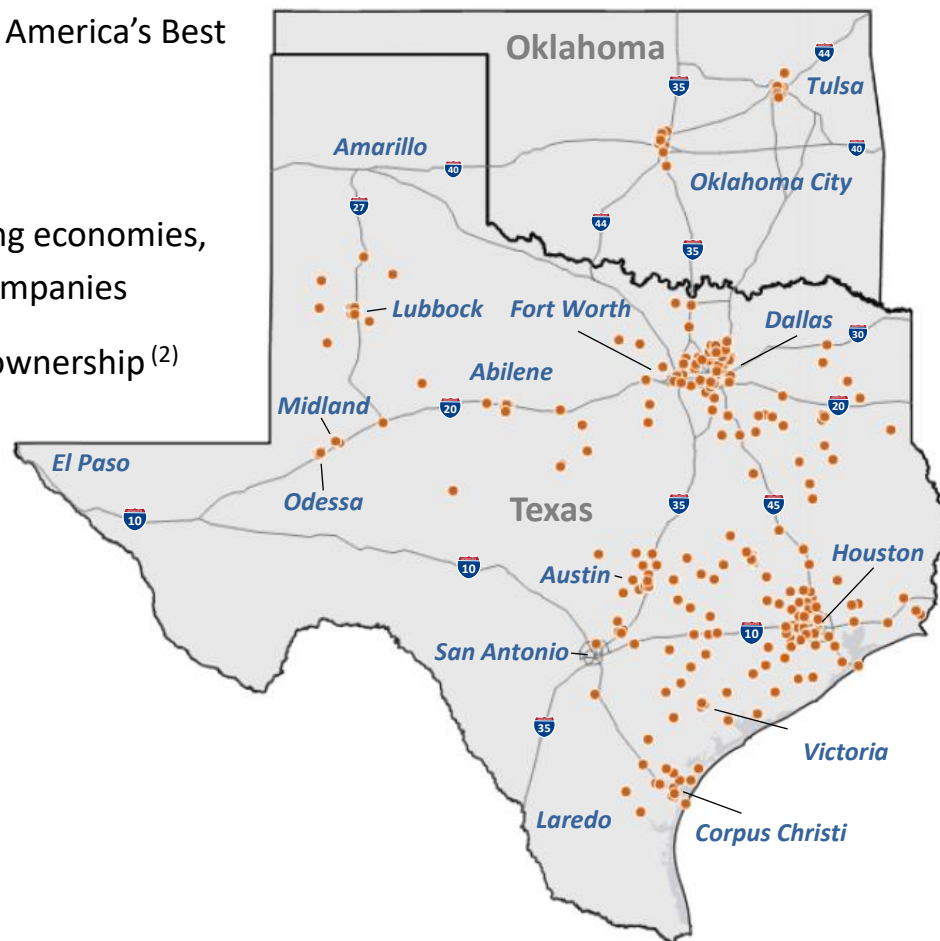
- Net income of \$122.3 million and earnings per share (diluted) of \$1.33 for three months ended March 31, 2022
- Assets of \$38.3 billion, total loans of \$18.1 billion, and deposits of \$31.1 billion at March 31, 2022
- Common equity tier 1 ratio of 15.32% and leverage ratio of 9.44% at March 31, 2022
- Deposits increased 3.9% on an annualized basis during the first quarter 2022
- Sound asset quality with annualized net charge-offs / quarterly average loans of 0.03%
- Nonperforming assets to average earning assets remain low at 0.08% or \$27.2 million for the first quarter 2022
- Allowance for credit losses on loans and on off-balance sheet credit exposure of \$315.1 million
- Allowance for credit losses to total loans, excluding Warehouse Purchase Program and SBA Paycheck Protection Program loans, of 1.71%
- Efficiency ratio of 43.7% for the first quarter 2022
- Declared cash dividend of \$0.52 for the second quarter 2022
- Prosperity Bank has been ranked the 6th best bank in America in 2022 by Forbes

Strong Presence in Texas and Oklahoma

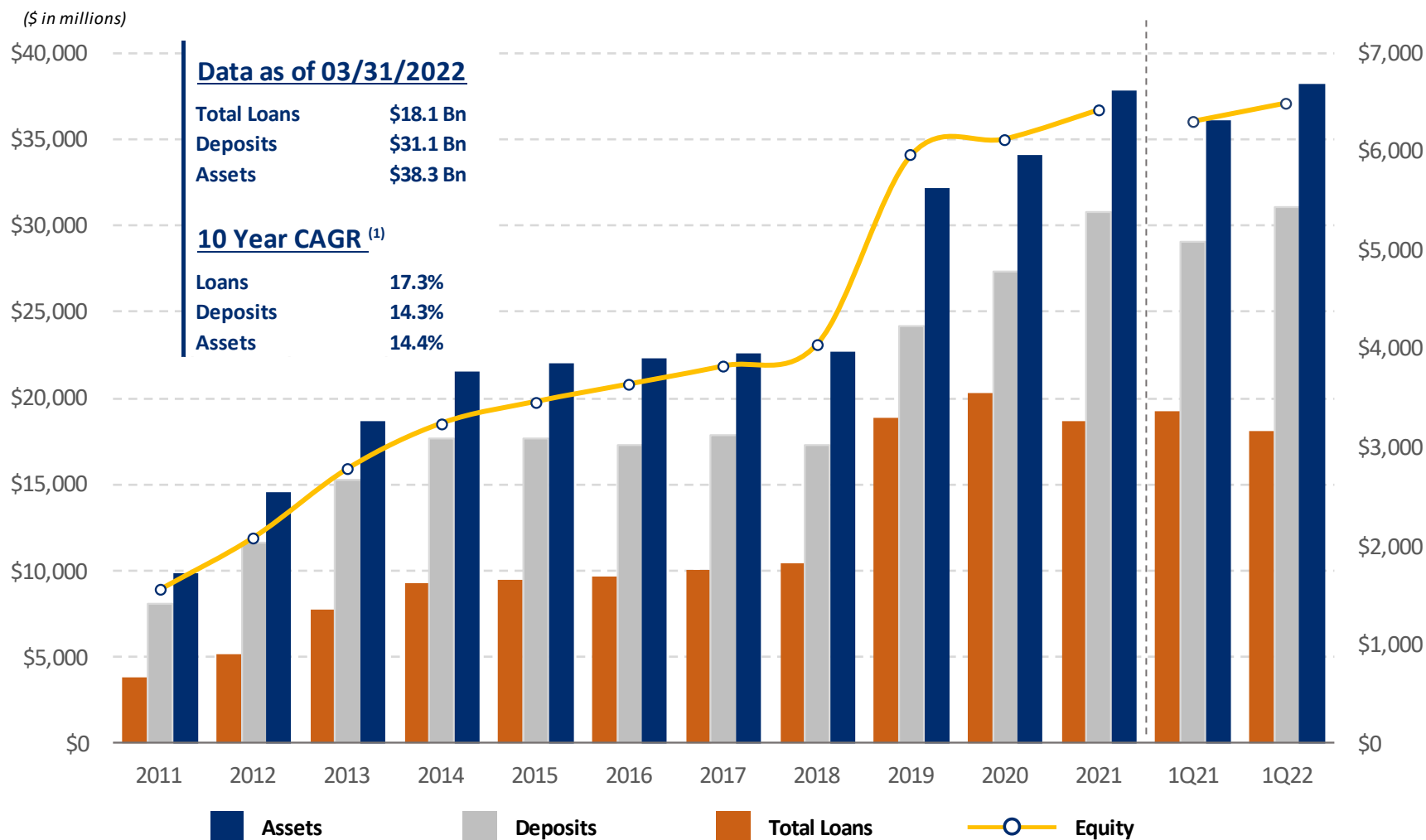
- A Texas-based financial holding company with \$38.3 billion in total assets
- Prosperity has been ranked in the Top 10 of Forbes America's Best Banks since the list's inception in 2010
- Ranked #3 in deposit market share in Texas ⁽¹⁾
- Texas and Oklahoma continue to benefit from strong economies, and are home to 52 Fortune 500 headquartered companies
- Shareholder driven with 4.2% fully diluted insider ownership ⁽²⁾
- Successful completion of 43 acquisitions (whole bank, branch and failed bank transactions)

272 Full-Service Locations

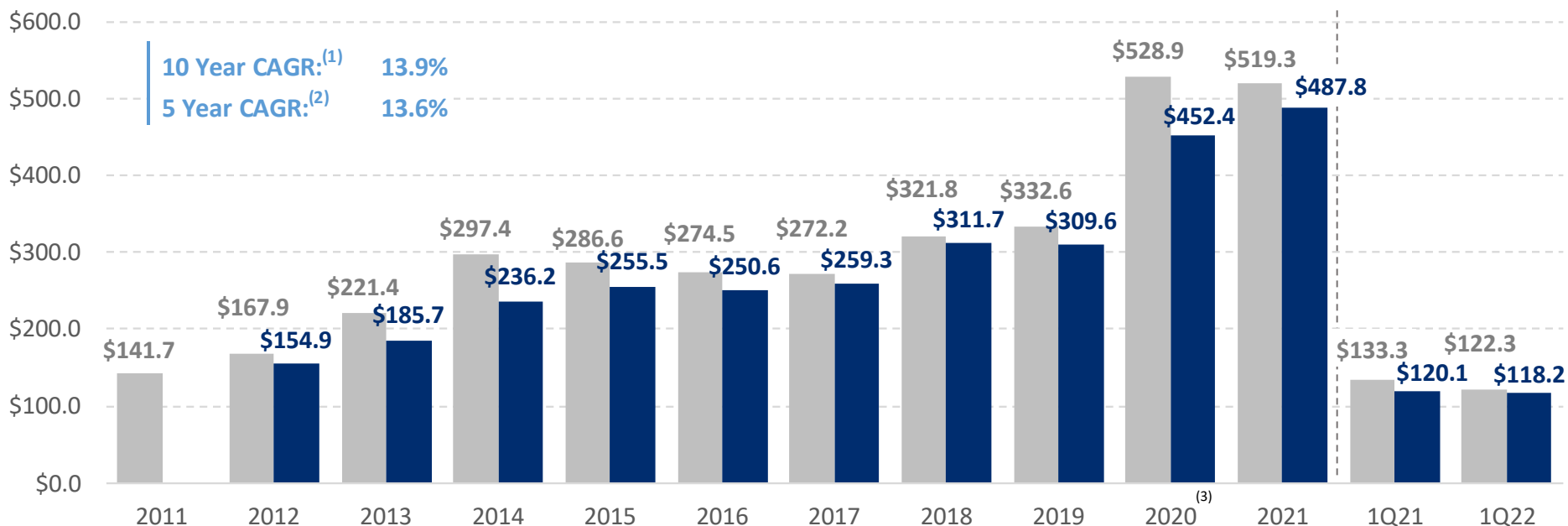
16	in Bryan/College Station Area
6	in Central Oklahoma Area
29	in Central Texas Area
62	in Dallas/Fort Worth Area
22	in East Texas Area
65	in Houston Area
30	in South Texas Area
8	in Tulsa Area
34	in West Texas Area



Balance Sheet Summary



Net Income



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

Provision for Credit Losses	\$5,200	\$6,100	\$17,240	\$18,275	\$7,560	\$24,000	\$14,325	\$16,350	\$4,300	\$20,000	-	-	-
Loan Discount Accretion	-	\$26,413	\$62,723	\$95,875	\$52,122	\$38,970	\$21,906	\$13,909	\$28,045	\$91,341	\$39,278	\$16,340	\$5,195

Net Income

Net Income (Excluding Purchase Accounting Adjustments)

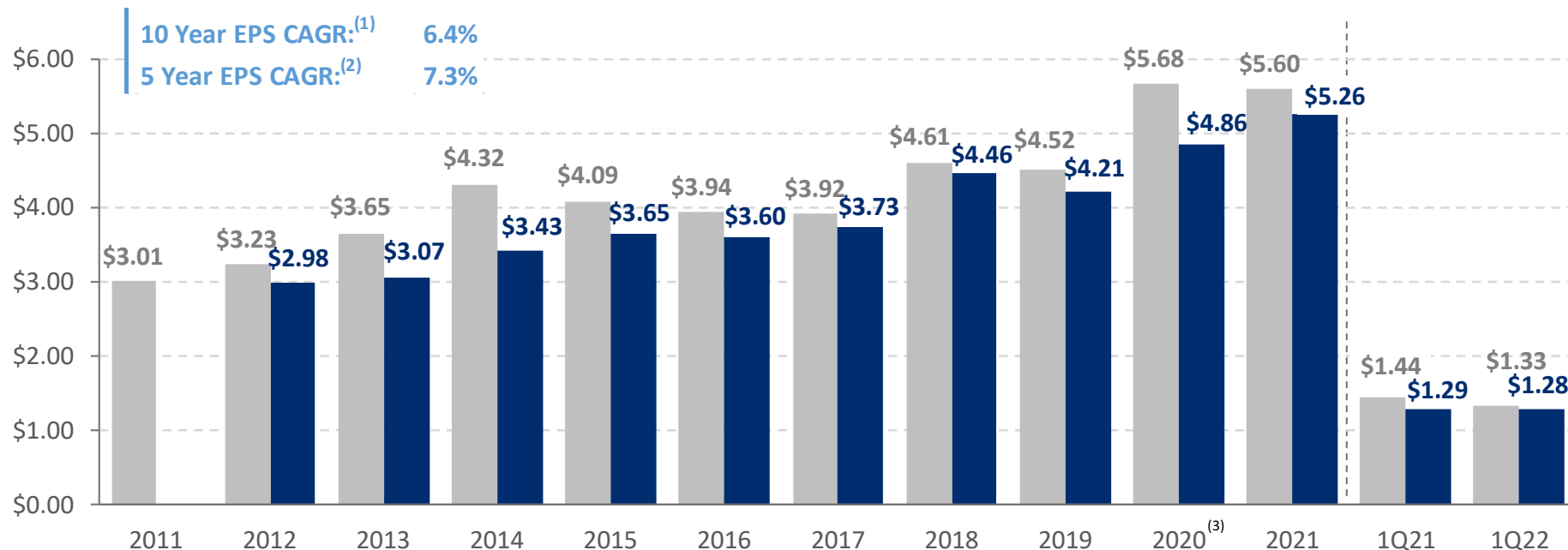
Source: Company Documents

(1) Represents the Compound Annual Growth Rate of net income from 12/31/2011 – 12/31/2021

(2) Represents the Compound Annual Growth Rate of net income from 12/31/2016 – 12/31/2021

(3) Includes NOL tax benefit of \$20.145 million related to the CARES Act

Earnings Per Share



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

Provision for Credit Losses	\$5,200	\$6,100	\$17,240	\$18,275	\$7,560	\$24,000	\$14,325	\$16,350	\$4,300	\$20,000	-	-	-
Loan Discount Accretion	-	\$26,413	\$62,723	\$95,875	\$52,122	\$38,970	\$21,906	\$13,909	\$28,045	\$91,341	\$39,278	\$16,340	\$5,195

EPS

Core EPS (Excluding Purchase Accounting Adjustments)

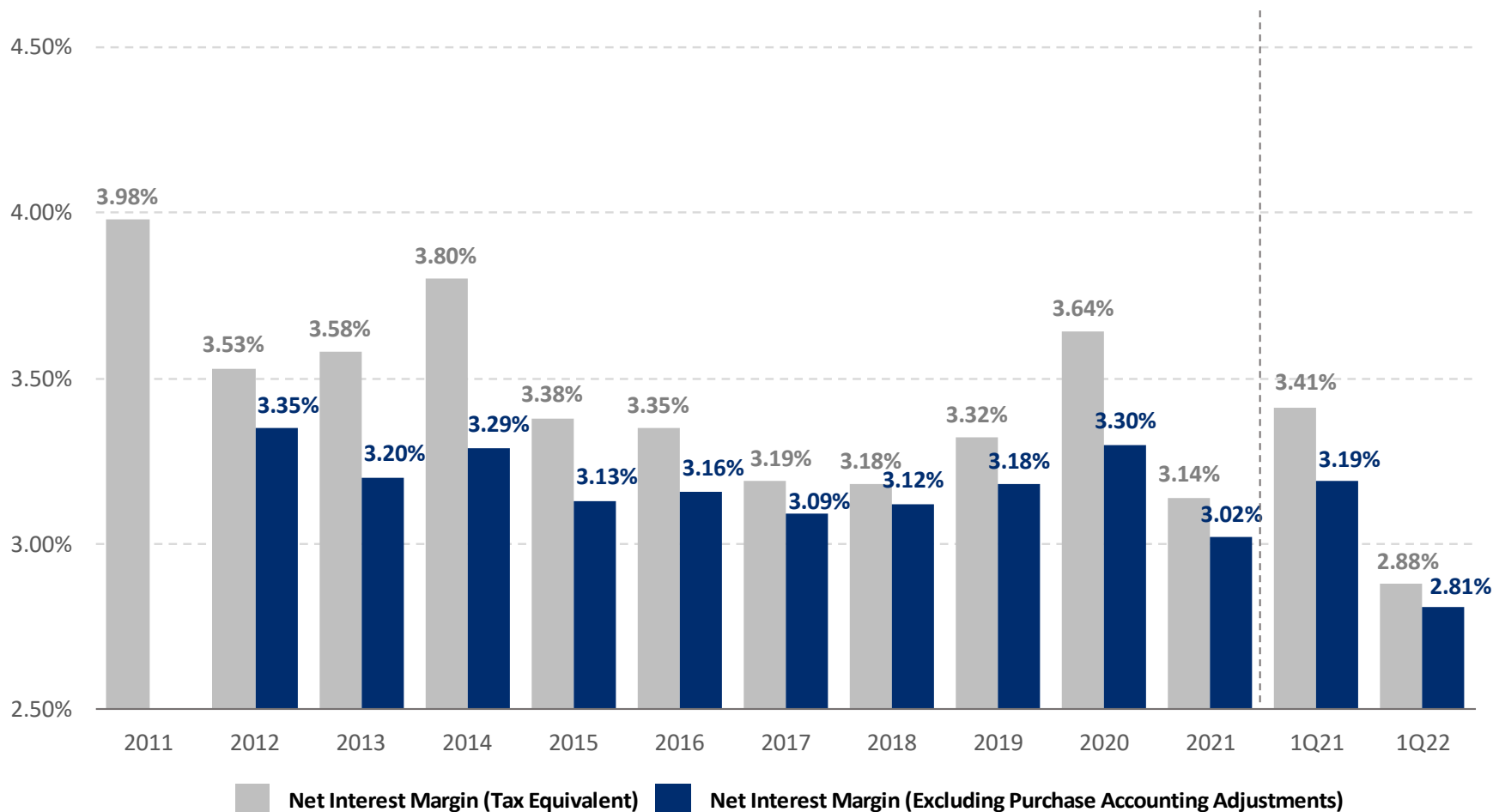
Source: Company Documents

(1) Represents the Compound Annual Growth Rate for EPS from 12/31/2011 – 12/31/2021

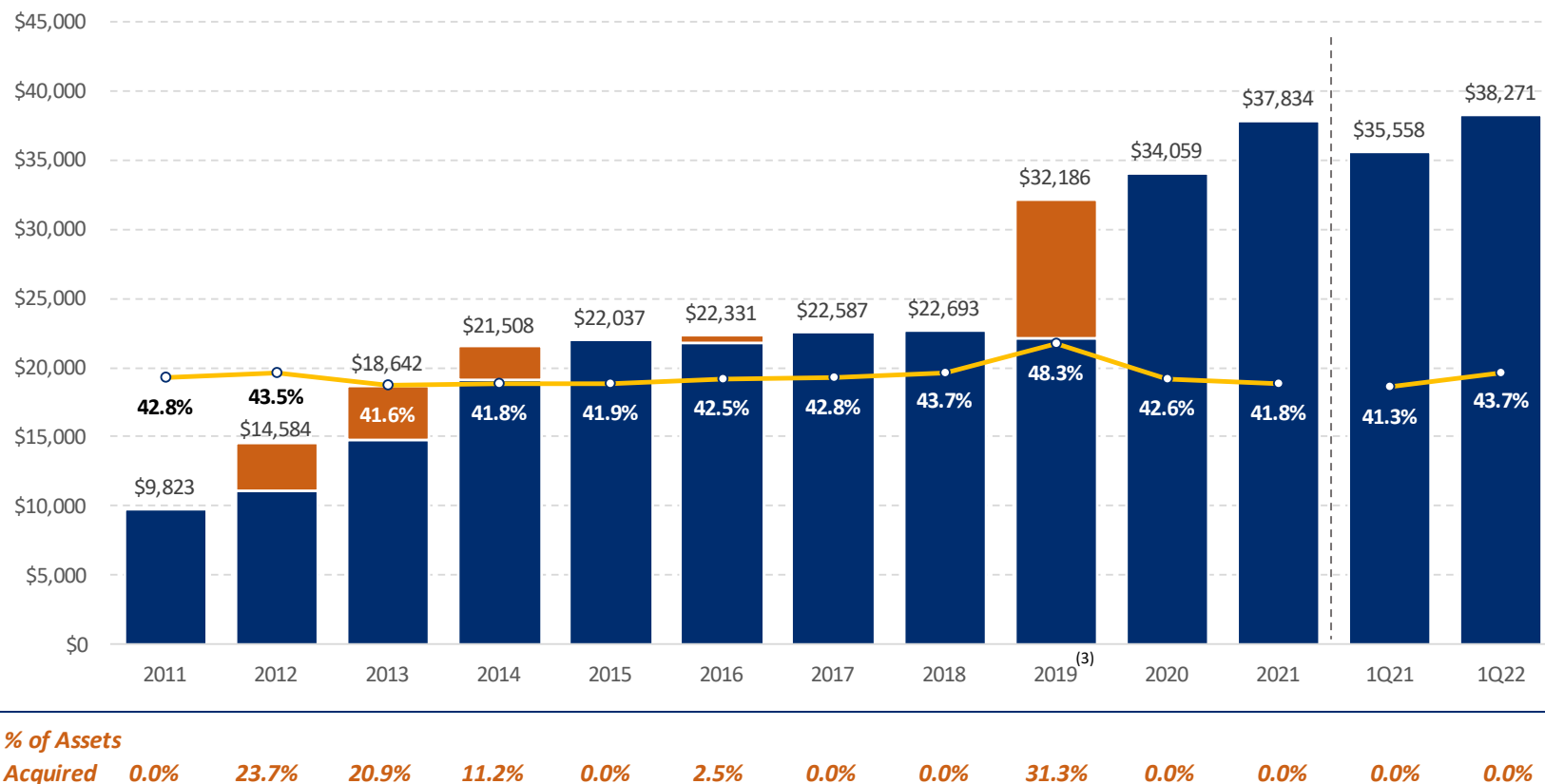
(2) Represents the Compound Annual Growth Rate for EPS from 12/31/2016 – 12/31/2021

(3) Includes NOL tax benefit of \$20.145 million related to the CARES Act

Net Interest Margin



Acquisitions & Efficiency Ratio



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

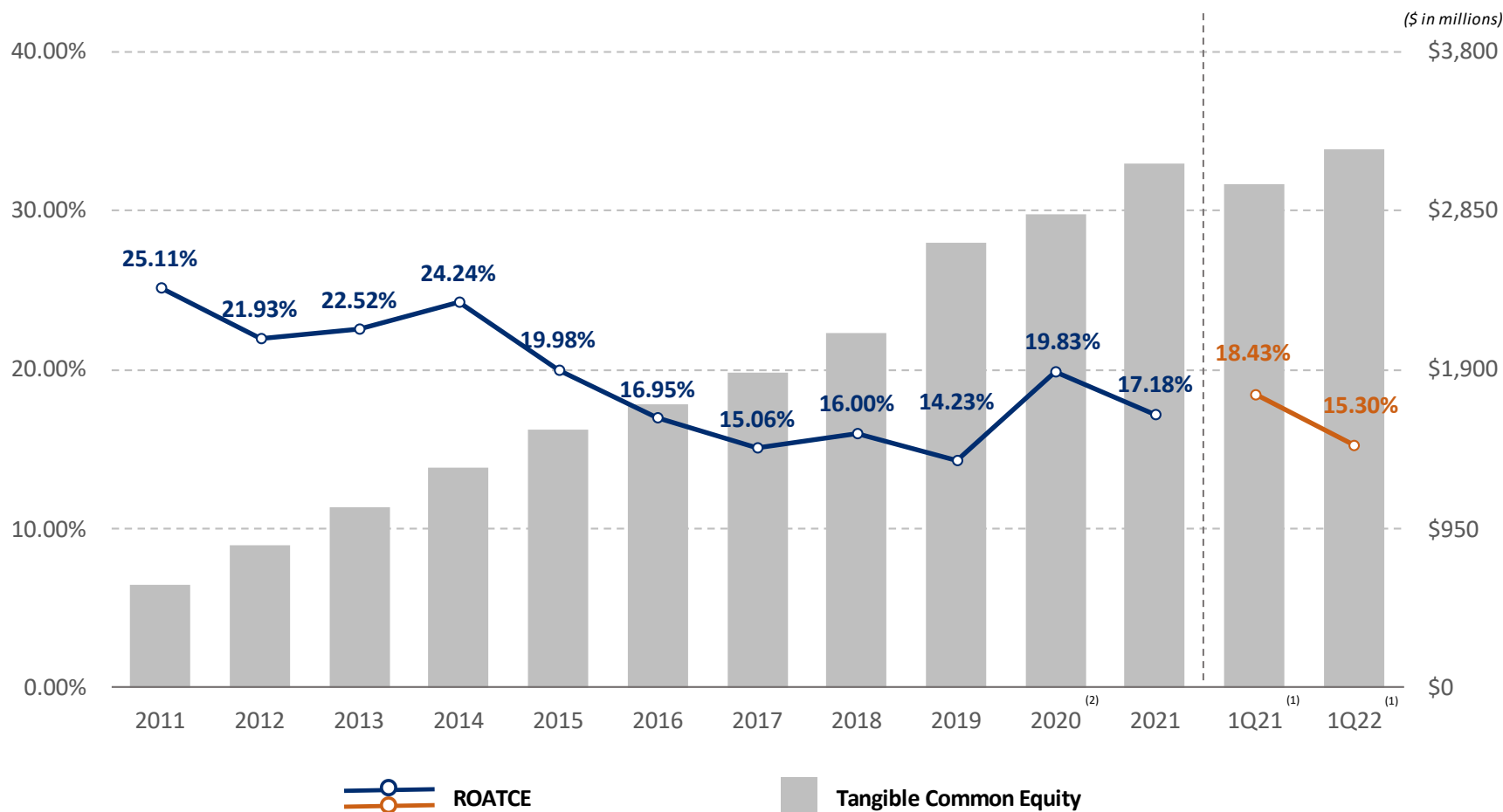
Source: Company Documents

(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 or write down of assets and securities. Additionally, taxes are not part of this calculation.

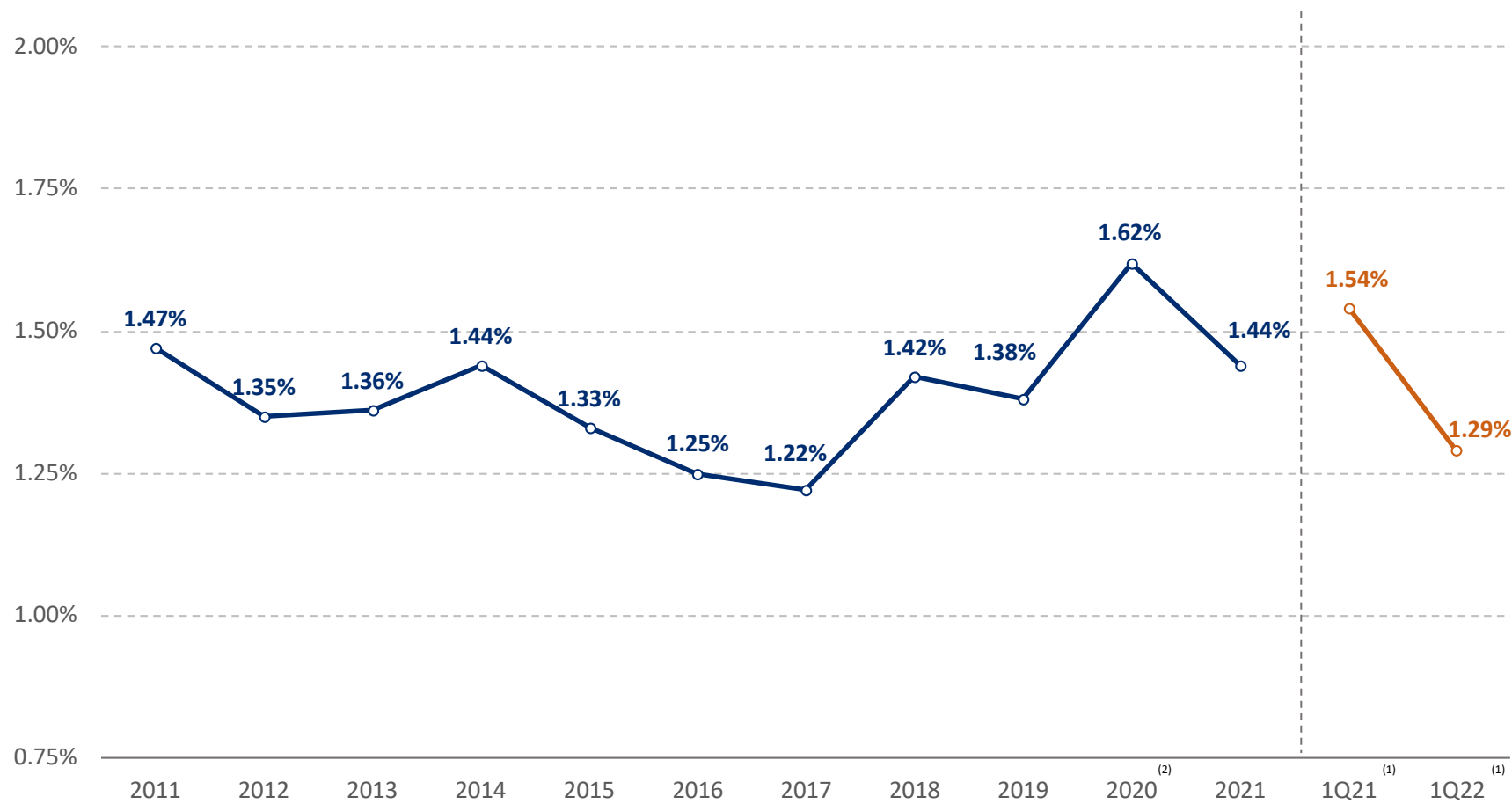
(3) Ratio impacted by the merger with LegacyTexas Financial

Return on Average Tangible Common Equity



(1) Interim periods shown on an annualized basis
 (2) Includes NOL tax benefit of \$20.145 million related to the CARES Act

Return on Average Assets

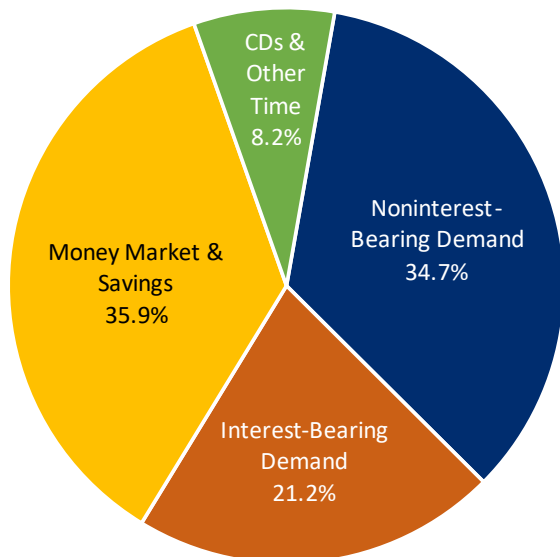


(1) Interim periods shown on an annualized basis

(2) Includes NOL tax benefit of \$20.145 million related to the CARES Act

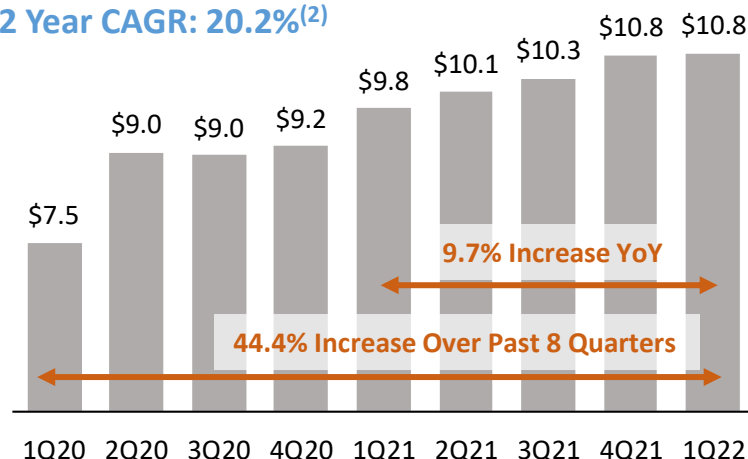
Deposit Composition

As of March 31, 2022
(\$ in millions)



Noninterest-Bearing Deposit Growth

2 Year CAGR: 20.2%⁽²⁾



	\$mm	Cost (%) ⁽¹⁾
Noninterest-Bearing Demand	\$10,777	0.00%
Interest-Bearing Demand	\$6,604	0.15%
Money Market & Savings	\$11,147	0.15%
CDs & Other Time	\$2,541	0.35%

Total Deposits: \$31.1Bn

Total Cost of Deposits: 0.11%⁽¹⁾

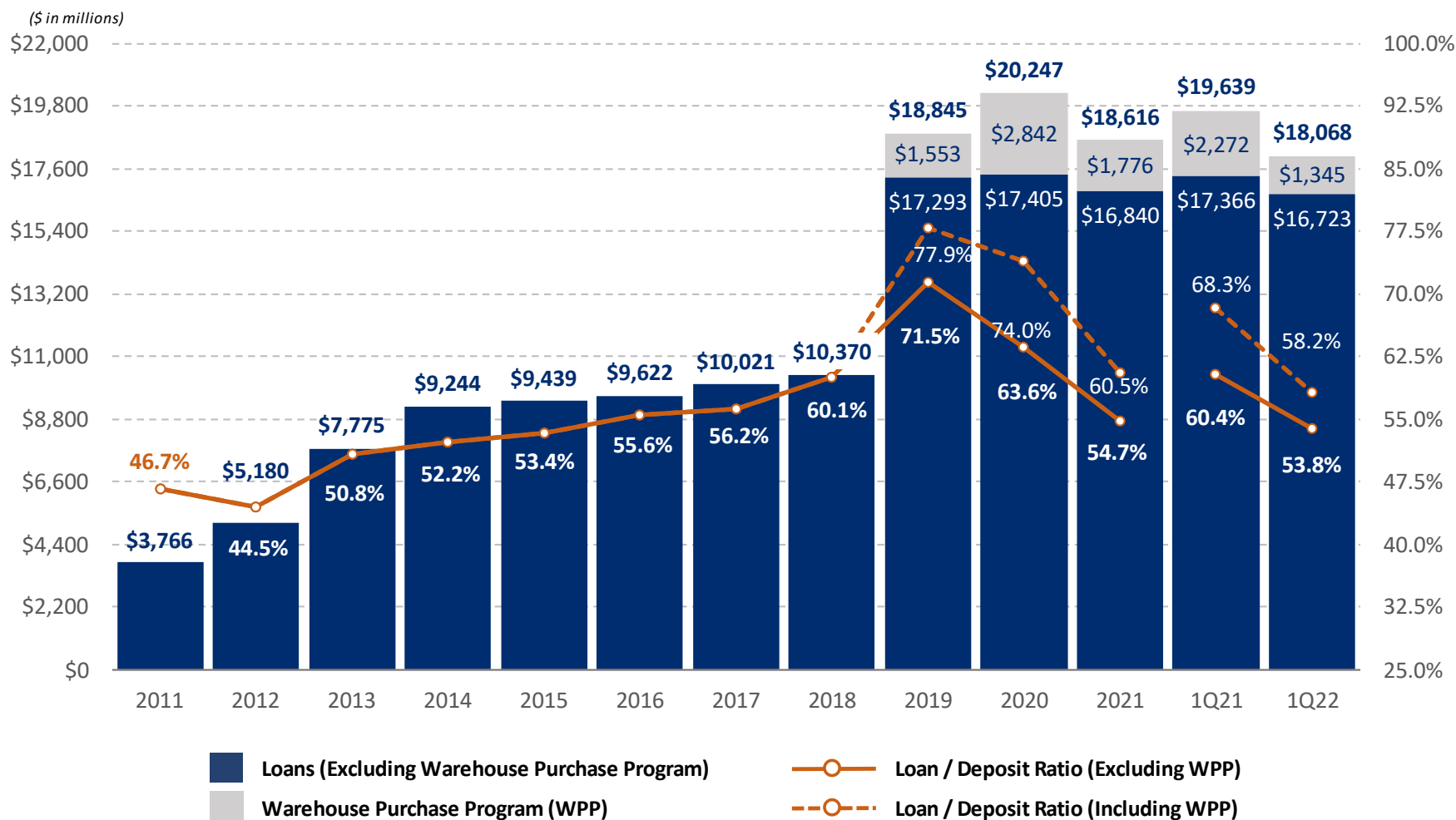
Cost of Interest-Bearing Deposits: 0.18%⁽¹⁾

Source: Company Documents

(1) Data for the three months ended March 31, 2022

(2) Represents the Compound Annual Growth Rate of noninterest-bearing deposits from 1Q 2020 – 1Q 2022

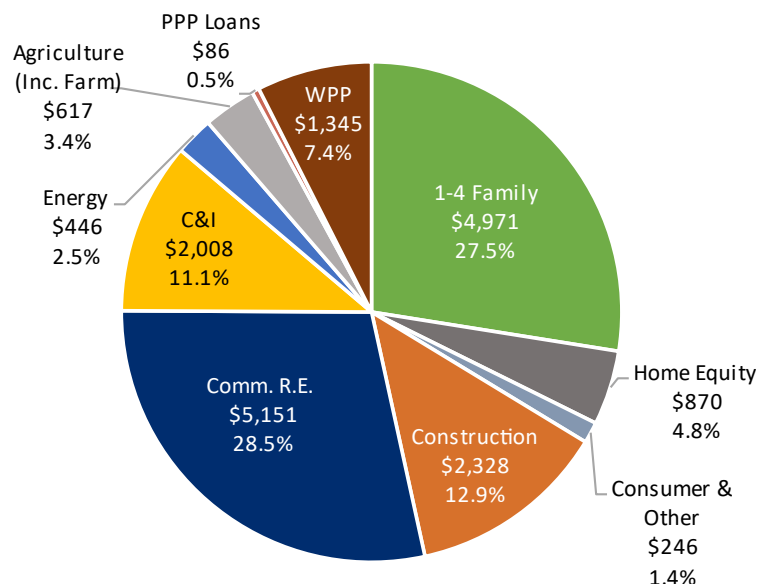
Loan Growth



Loan Portfolio Overview

As of March 31, 2022
(\$ in millions)

Loan Portfolio by Category & Geography



Loans By Area

Loans By Area	Amount ⁽²⁾⁽⁴⁾	% of Total
Bryan / College Station	\$671	4.0%
Central Oklahoma	\$619	3.7%
Central Texas	\$2,014	12.1%
Dallas / Ft. Worth	\$6,232	37.4%
East Texas	\$600	3.6%
Houston	\$3,681	22.0%
South Texas	\$581	3.5%
Tulsa	\$1,365	8.2%
West Texas	\$920	5.5%

Source: Company Documents

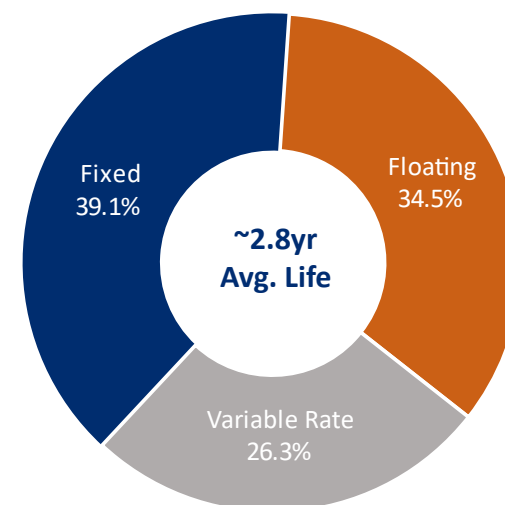
(1) Data for the three months ended March 31, 2022

(2) Excludes \$39 million in loans assigned to the Corporate Group

(3) Core yield excludes purchase accounting adjustments

(4) Excludes Warehouse Purchase Program (WPP) loans

Loans by Rate Structure



Total Loans: \$18.1Bn

Loans HFI (Excl. WPP): \$16.7Bn

Yield on Total Loans: 4.35%⁽¹⁾

Yield on Loans HFI (Excl. WPP): 4.44%⁽¹⁾

Core Yield on Loans HFI (Excl. WPP): 4.32%⁽¹⁾⁽³⁾

Loan Portfolio Detail

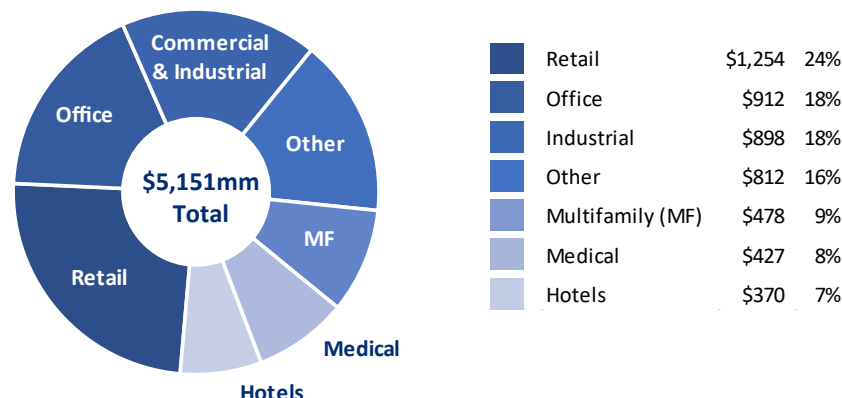
As of March 31, 2022
(\$ in millions)

Portfolio Commentary

- 33% of commercial real estate is owner occupied
- CRE and construction loans conservatively underwritten to cost of collateral
- Hotel loans equal to ~2% of total loans
- Restaurant loans equal to ~1% of total loans

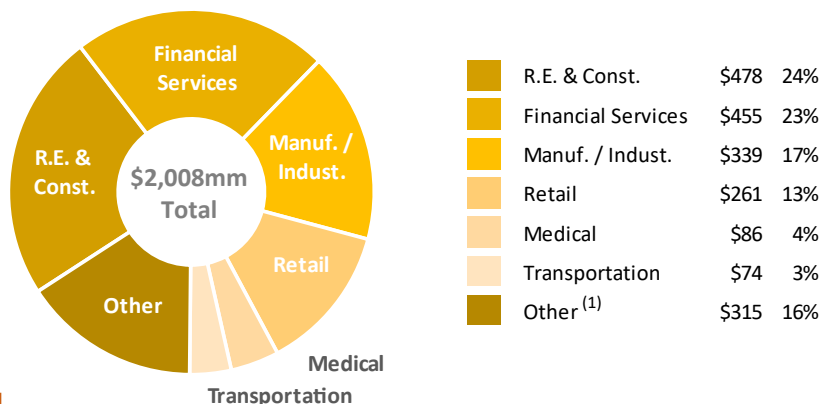
Commercial Real Estate Detail

(\$ in millions)



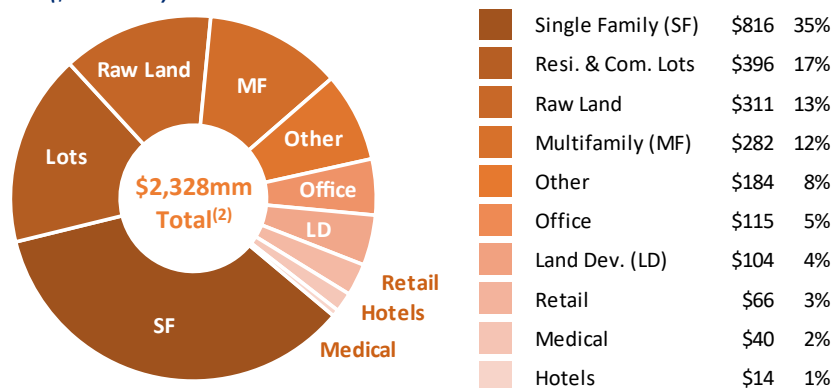
C&I Detail (Excluding Energy Loans)

(\$ in millions)



Construction Detail

(\$ in millions)



Source: Company Documents

(1) Includes State & Political loans

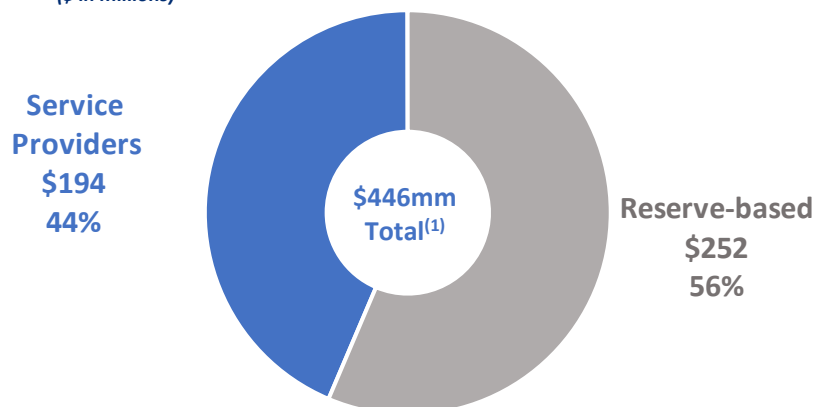
(2) Total includes a net unaccrued discount of (\$12,000) not shown in graph

Energy Portfolio Detail

As of March 31, 2022
(\$ in millions)

Energy Detail - Outstanding Balance

(\$ in millions)

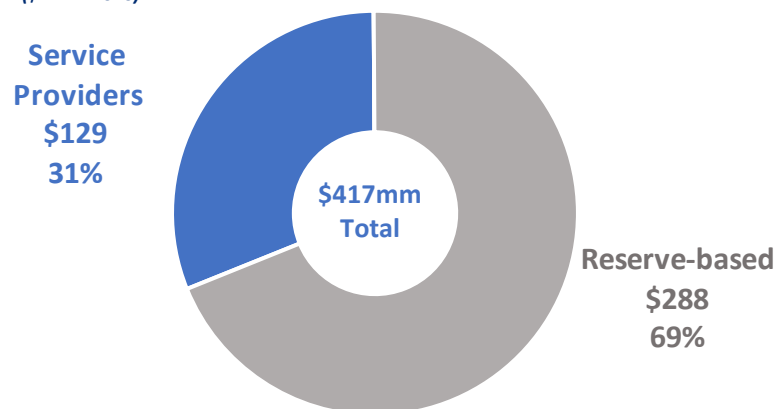


Portfolio Commentary

- Total energy loan loss reserves of 4.2%, or \$18.6 million (excluding fair value marks)⁽¹⁾
- \$11.2 million, or 2.5% of energy loans, are subject to fair value marks of \$0.6 million in addition to general and specific loan loss reserves
- Portfolio is company-led with only 4 Shared National Credits (SNC), all of which were originated and syndicated by Prosperity
- Portfolio focused on lending on proven producing reserves and therefore not dependent on ongoing development
- Acquired oil portfolio is 86.7% hedged during 2022 at a weighted average price of \$54.14 and 82.5% hedged during 2023 at a weighted average price of \$47.32
- Acquired gas portfolio is 43.6% hedged during 2022 at a weighted average price of \$2.56 and 45.0% hedged during 2023 at a weighted average price of \$2.56

Energy Detail - Unfunded Commitments

(\$ in millions)

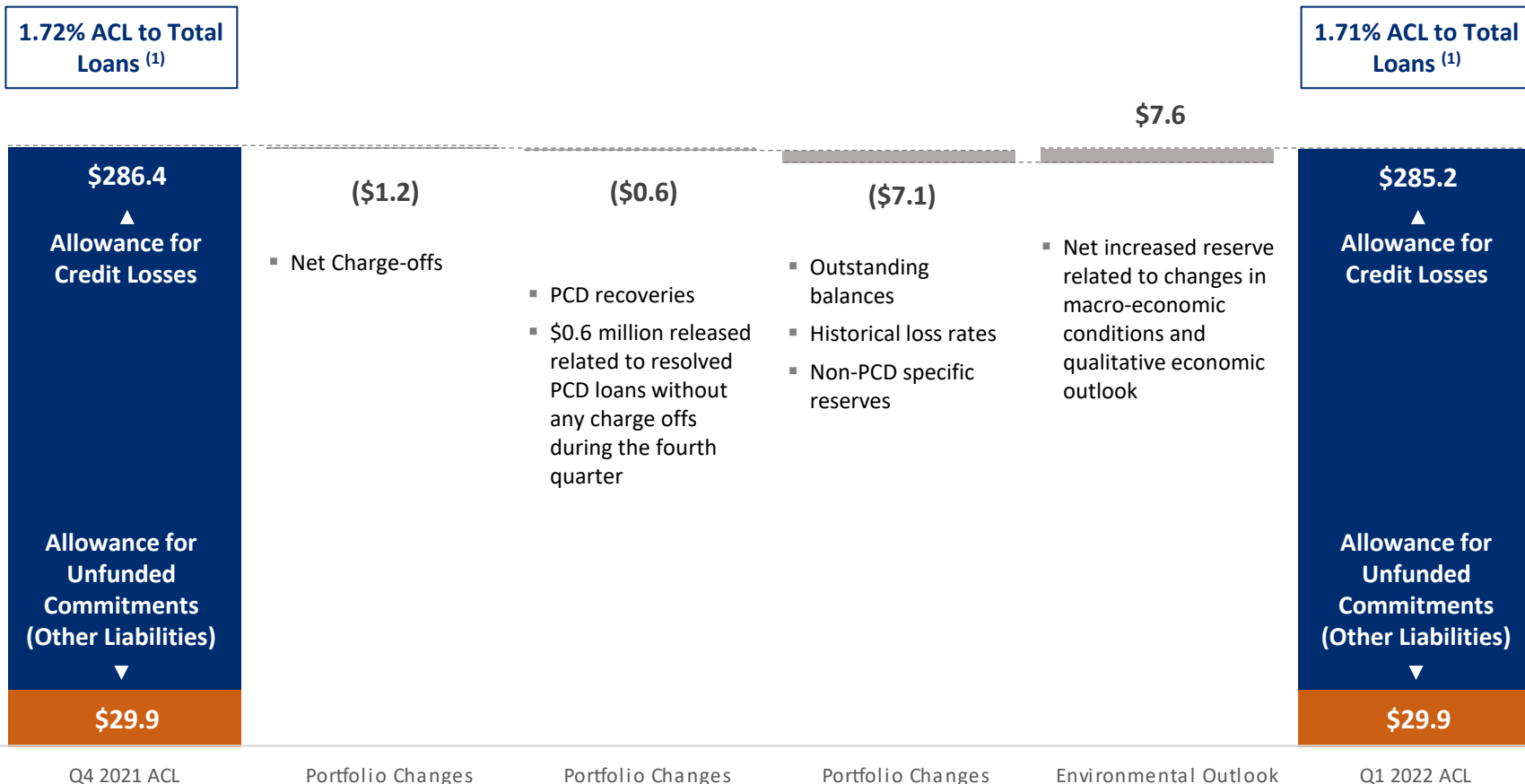


Source: Company Documents

(1) Amount shown net of discount related to purchase accounting; Excludes PPP loans

Changes to Allowance for Credit Losses

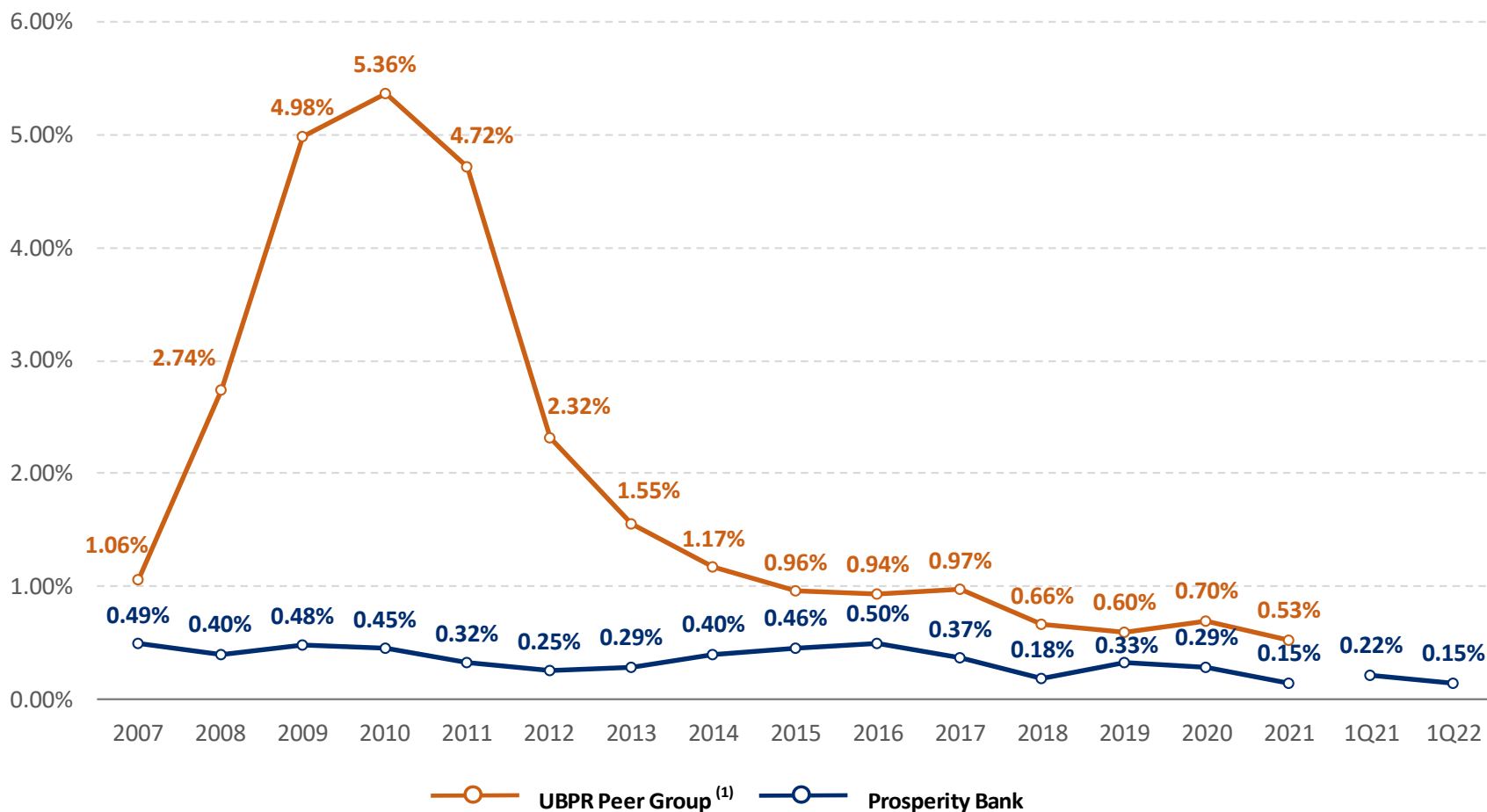
(\$ in millions)



(1) Excludes Warehouse Purchase Program (WPP) and SBA Paycheck Protection Program (PPP) loans

Asset Quality

NPA's / Loans + OREO



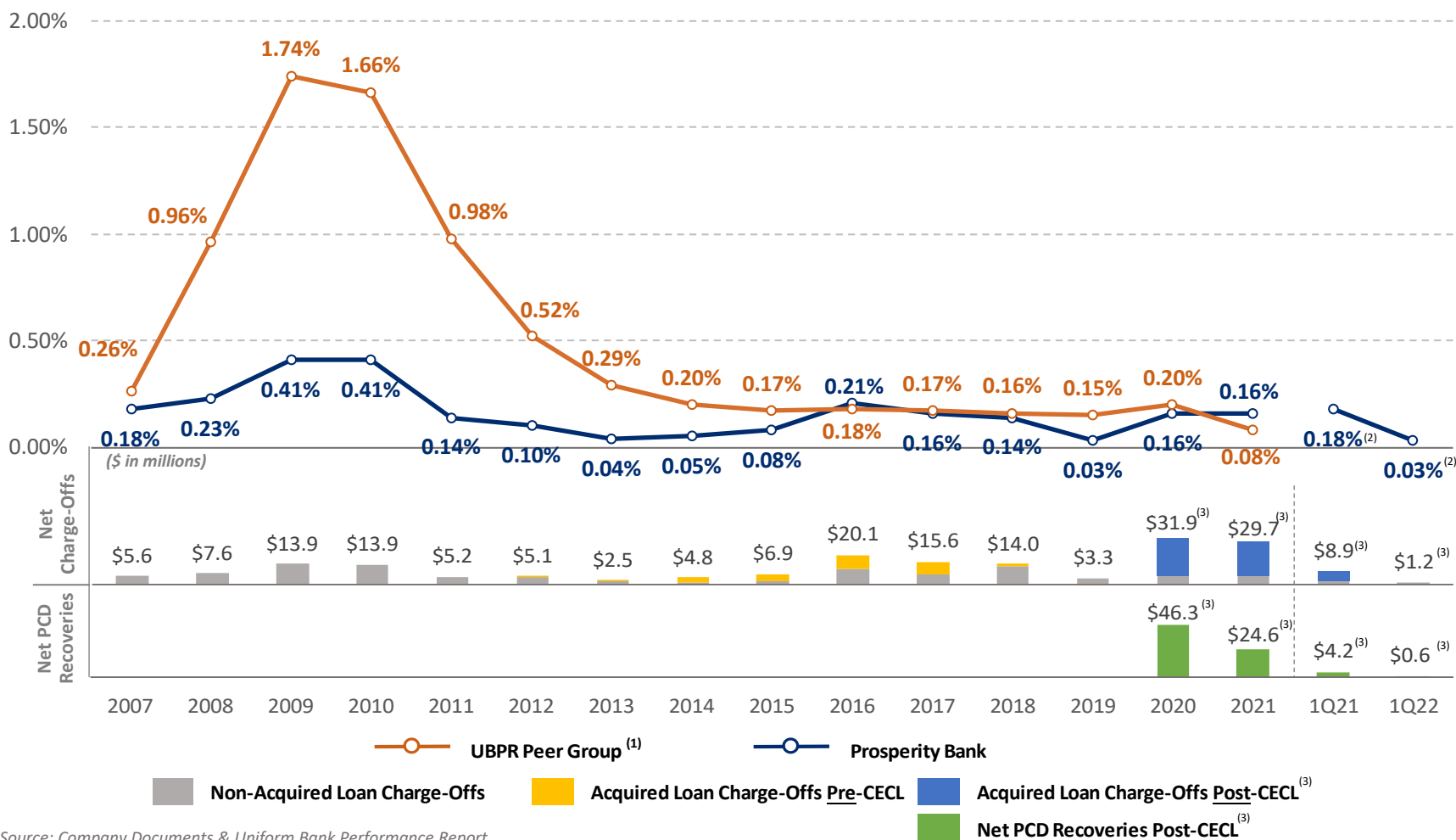
Source: Company Documents & Uniform Bank Performance Report

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

(1) UBPR = Uniform Bank Performance Report; Peer Group 2 (115 banks) – Insured commercial banks having assets between \$10 billion and \$100 billion

Asset Quality

Net Charge-Offs / Average Loans



Source: Company Documents & Uniform Bank Performance Report
 Note: NPAs include loans past due 90 days and still accruing

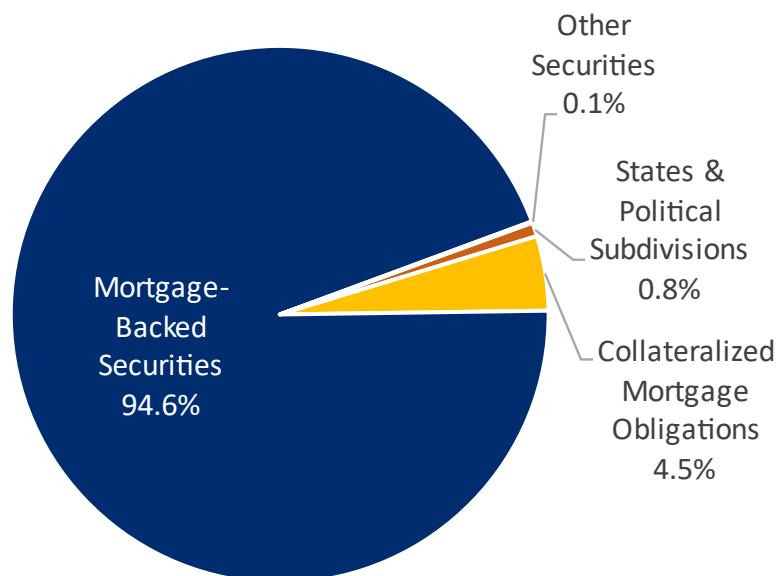
(1) UBPR = Uniform Bank Performance Report; Peer Group 2 (94 banks) – Insured commercial banks having assets between \$10 billion and \$100 billion

(2) Interim period net charge-off ratios shown on an annualized basis

(3) Reflects all charge-offs and recoveries on acquired loans in accordance with CECL accounting practices; Prior to the adoption of CECL in the first quarter of 2020, PCD loans were classified as Purchased Credit Impaired (PCI) loans and their assigned fair-value marks were netted against the outstanding loan balance with a charge-off only being recorded when the loss exceeded the amount of fair-value marks remaining.

Securities Portfolio Detail

As of March 31, 2022
(\$ in millions)



*96.9% Held to Maturity
3.1% Available for Sale*

	\$mm
Mortgage-Backed Securities	\$13,996
Collateralized Mortgage Obligations	\$666
States & Political Subdivisions	\$124
Other Securities	\$12

Total Securities: \$14.8Bn

Yield on Securities: 1.62%⁽¹⁾

Duration: ~3.6 Yrs.⁽²⁾

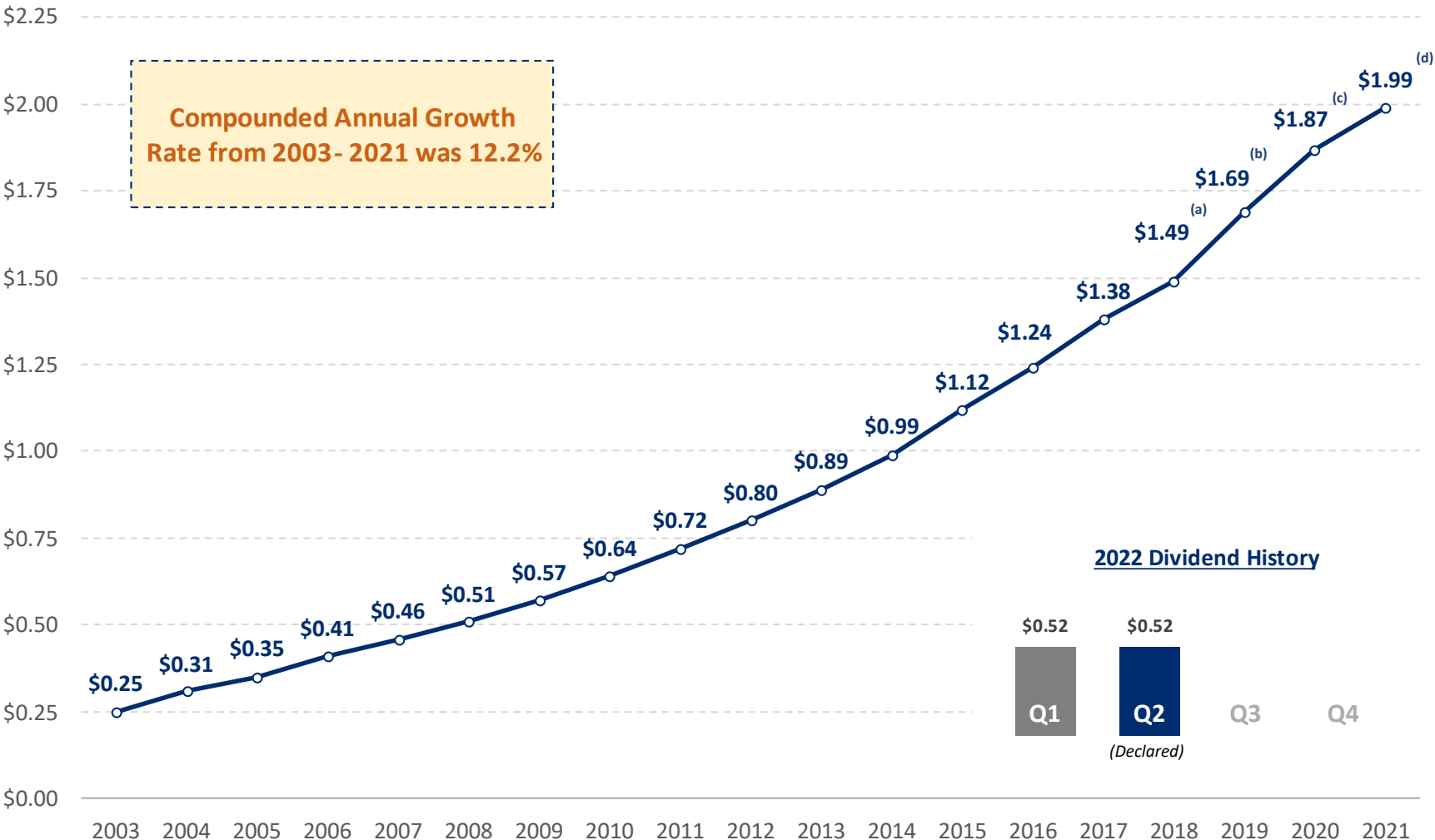
Avg. Yearly Cash Flow: ~\$2.2Bn

Source: Company Documents

(1) Data for the three months ended March 31, 2022

(2) Effective duration +300bps shown; Effective duration -300bps equal to 2.4 years; Weighted average life equal to 5.1 years

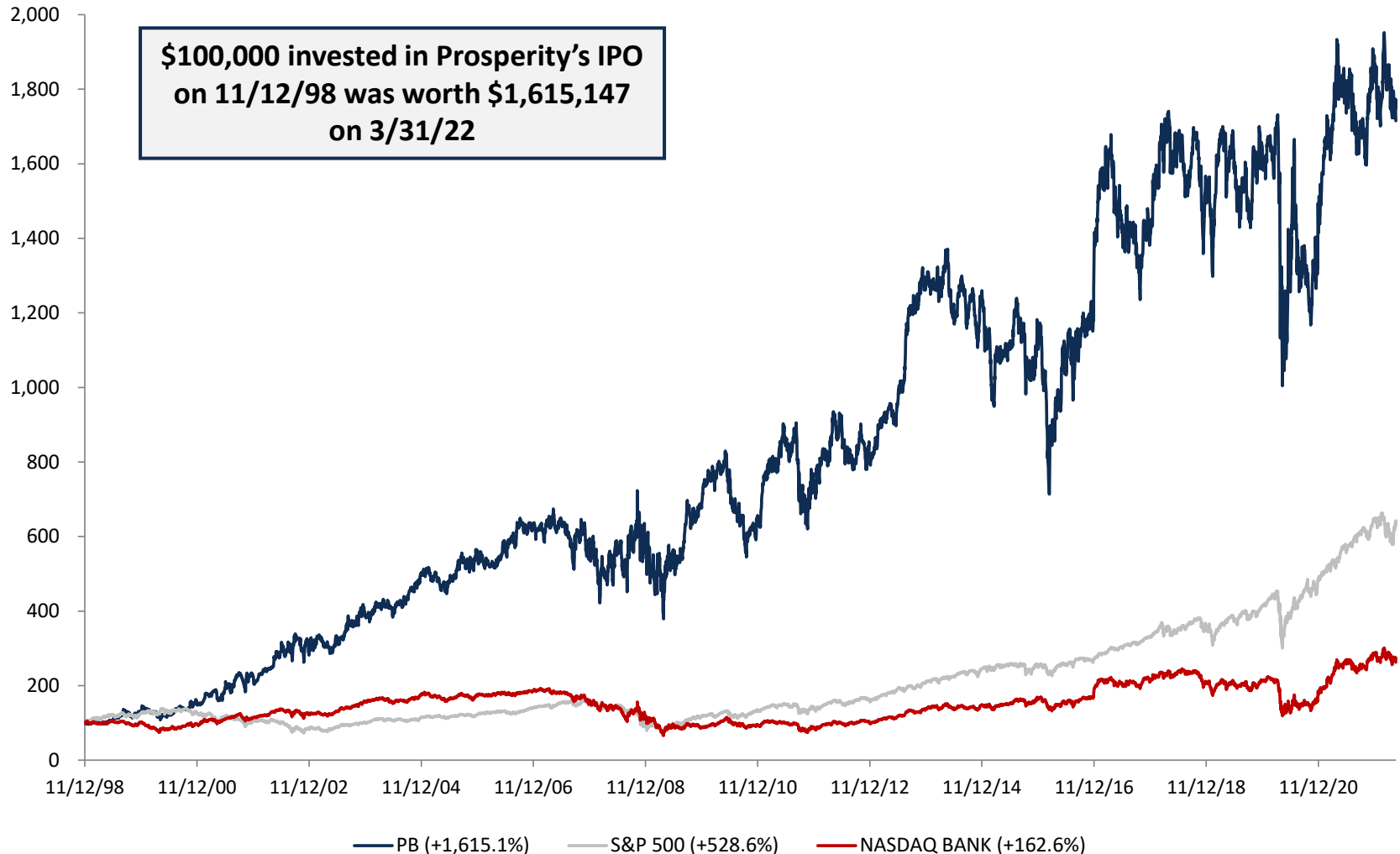
Dividend History



(a) 2021 dividend consists of \$0.49 per share declared in Q1 2021, 2Q 2021, 3Q 2021 and \$0.52 per share declared in 4Q 2021

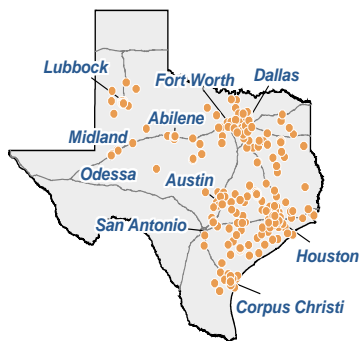
Total Return Performance

IPO (November 12, 1998) to March 31, 2022



Presence in Fast-Growing Markets

Positioned in Strong Markets



- Today, Texas is the 2nd largest state in the U.S by population with over 29 million residents
- Ranked #3 on the Fortune 500 list with 49 headquartered companies in 2021
- Ranked #1 state for business for the 9th consecutive time by U.S. corporate executives in an International Economic Development Council survey



- Oklahoma City and Tulsa MSAs comprise over 50% of the state's population
- Oklahoma is home to three of the 2021 Fortune 500 Companies
- Top 4 state for production of natural gas, net electricity generation from wind, and production of crude oil
- Oklahoma is one of the top 5 producers of wheat in the United States

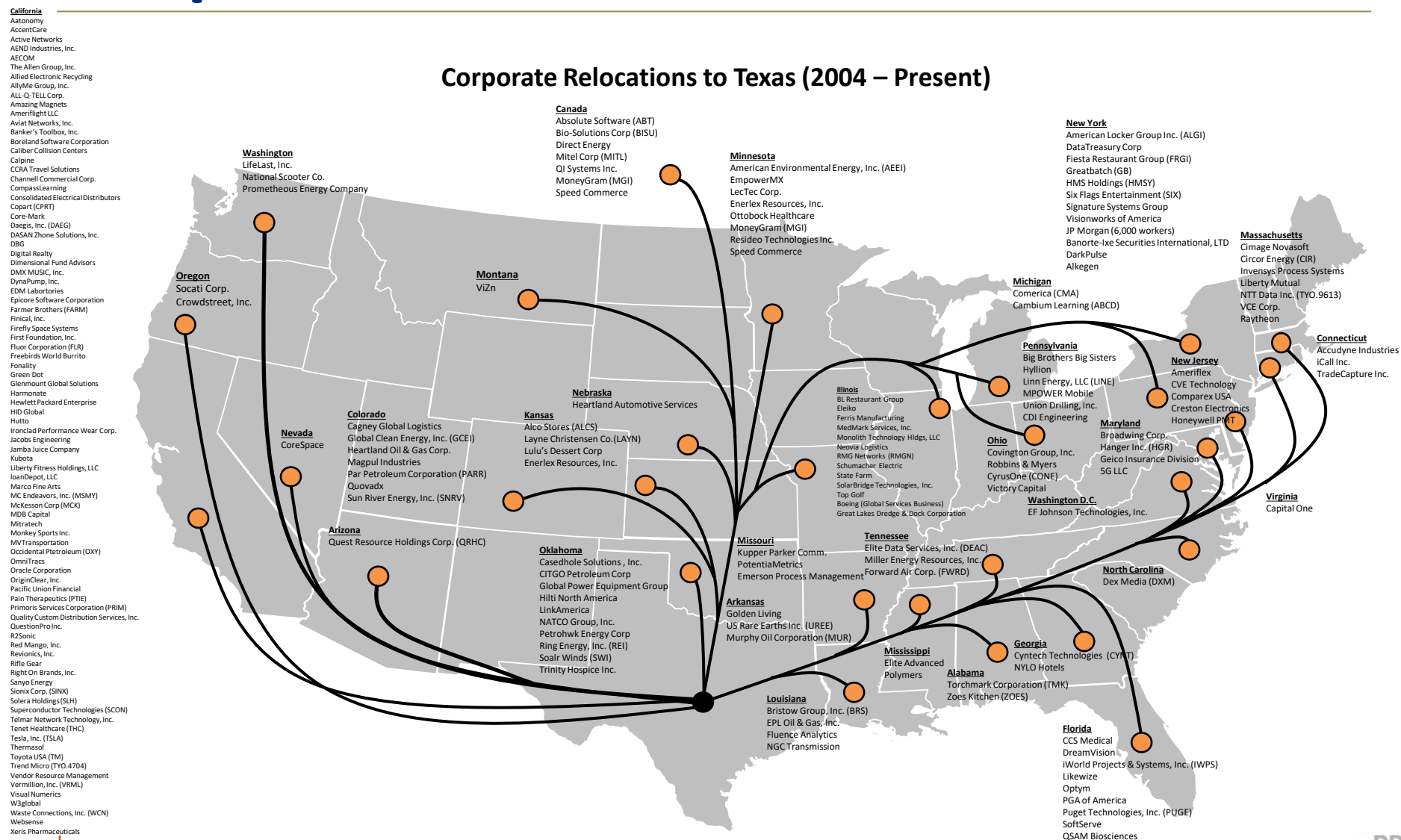
Top 10 Fastest Growing MSAs in the U.S. ⁽¹⁾

Metropolitan Statistical Area	Prosperity Presence	Prosperity Deposits (\$mm)	2022 - 2027 Population Growth
Salt Lake City, UT			7.0%
Austin-Round Rock-Georgetown, TX	✓	\$1,401	6.9%
Seattle-Tacoma-Bellevue, WA			6.5%
San Antonio-New Braunfels, TX	✓	\$493	6.1%
Nashville-Davidson--Murfreesboro--Franklin, TN			6.1%
Houston-The Woodlands-Sugar Land, TX	✓	\$6,444	6.0%
Dallas-Fort Worth-Arlington, TX	✓	\$8,335	5.9%
Orlando-Kissimmee-Sanford, FL			5.6%
Las Vegas-Henderson-Paradise, NV			5.6%
Denver-Aurora-Lakewood, CO			5.5%

- Presence in the top four fastest growing MSAs in the United States

Corporate Relocations to Texas

Corporate Relocations to Texas (2004 – Present)



Houston Market Highlights

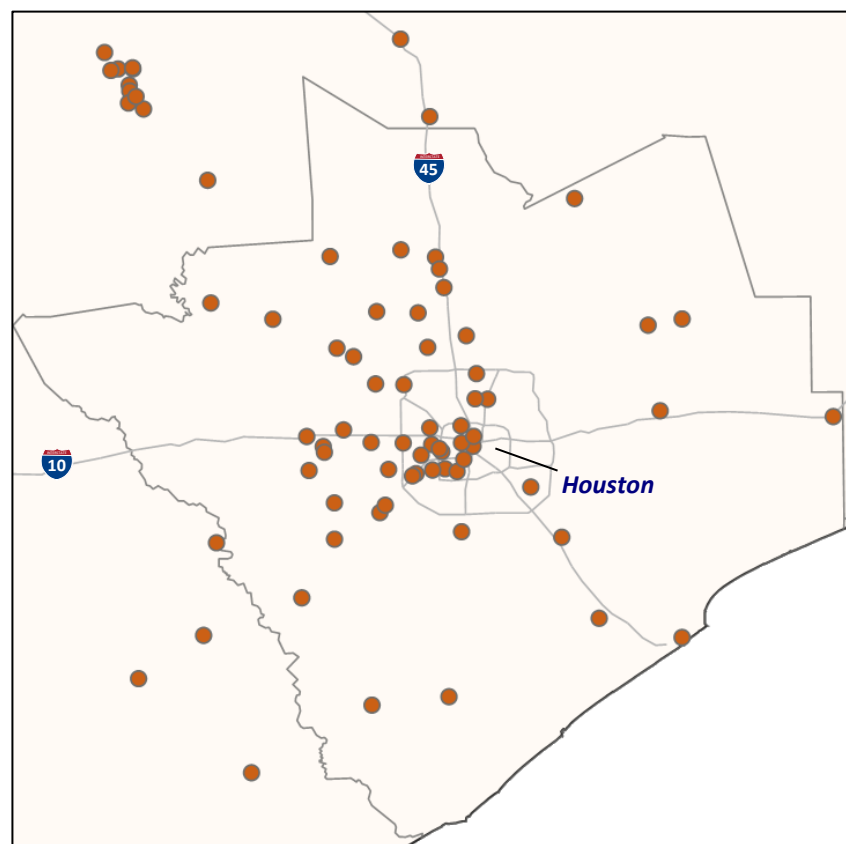
Market Highlights

- Houston MSA is the 5th largest in the United States by population with nearly 7.3 million residents
 - Population is expected to grow 6.0% from 2022 to 2027
- Headquarters to 24 Fortune 500 companies
 - Home to the Texas Medical Center – the world's largest medical complex, and NASA's Johnson Space Center
 - Hewlett Packard Enterprise is moving its global headquarters to the Houston Area in 2022
 - The Port of Houston is ranked 1st in the U.S. in international waterborne tonnage and in total waterborne tonnage handled
- Houston was ranked as the 2nd fastest growing tech hubs during the pandemic

Select Fortune 500 Companies



Houston Franchise



Dallas/Ft. Worth Market Highlights

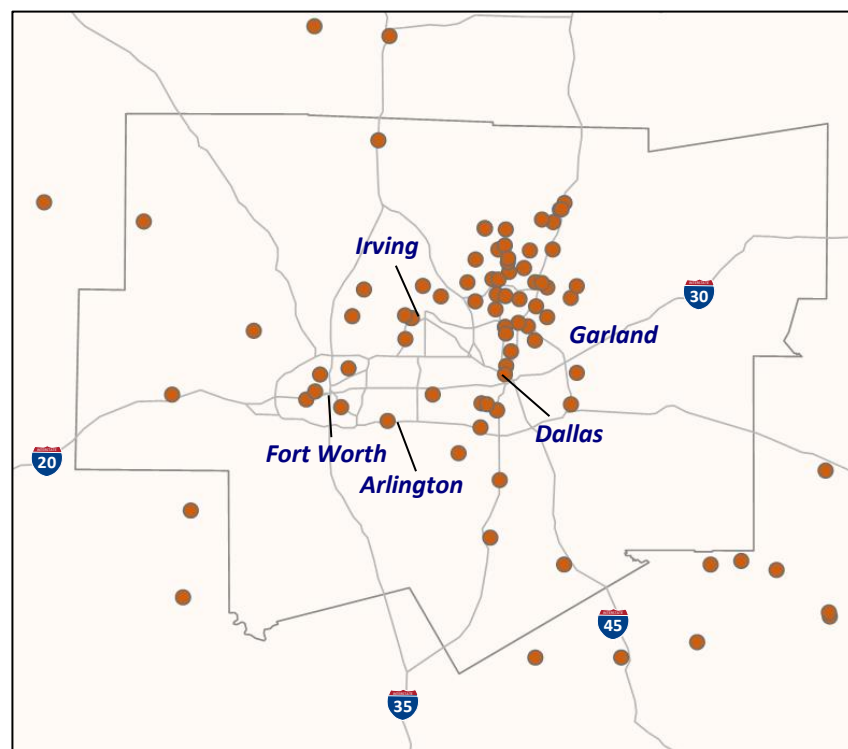
Market Highlights

- Dallas/Ft. Worth MSA is the 4th largest in the United States by population with over 7.8 million residents
 - Population is expected to grow 5.9% from 2022 to 2027
- As of March 2022, total nonfarm employment has increased 7.1% YoY, compared to the 4.5% YoY increase nationwide and 5.9% statewide
 - Unemployment rate is 4.1%, down from 5.9% in March 2021
- As of March 2022, employment increased 7.8% YoY in financial activities and 7.0% in information services
 - Among the 12 largest MSAs by population, Dallas had the highest YoY increase in employment in financial activities
- Headquarters to 22 Fortune 500 companies
 - Ranked the second best job center in the U.S. for technology professionals in 2020

Select Fortune 500 Companies



Dallas / Ft. Worth Franchise



Austin Market Highlights

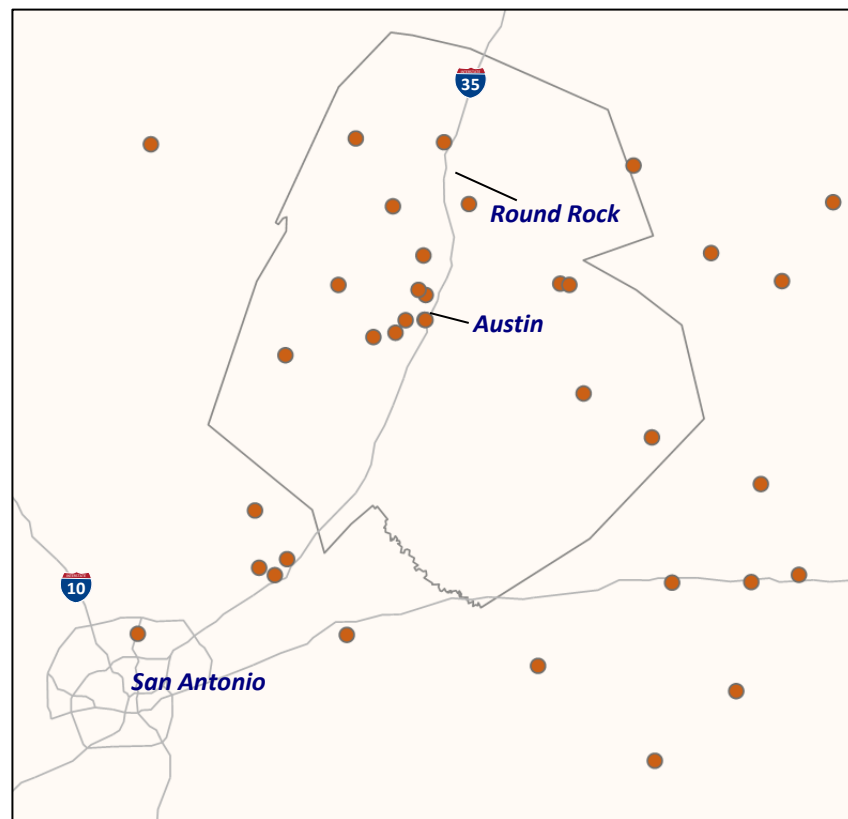
Market Highlights

- Ranked #5 place to live in the U.S. in 2021 by U.S. News and World Report
- Expected population growth of 6.9% through 2027, the second highest of any major MSA in the country
- Ranked as the best city in the U.S. for technology professionals and businesses
 - IT job growth is expected to expand 15% over the next 5 years
- As of March 2022, total nonfarm employment has increased 8.5% YoY, compared to the 12 month statewide increase of 5.9% and the nationwide increase of 4.5%
 - Unemployment rate is 3.3%, compared to 4.4% statewide and 3.6% nationwide, as of March 2022
 - Employment has increased 15.2% YoY in the information services sector and 13.2% YoY in professional services, compared to 10.2% and 7.7% statewide, respectively
- 20 companies have begun operations and 28 companies expanded their existing operations in the Austin-Round Rock MSA in Q1 2022

Select Fortune 500 Companies



Austin Franchise Franchise



Contact Information

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