


# 1st Quarter 2022

FIRST FINANCIAL BANKSHARES, INC.™

# Forward Looking Statement

The numbers, as of and for the year ended March 31, 2022, contained within this presentation are unaudited. Certain statements contained herein may be considered "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. These statements are based upon the belief of the Company's management, as well as assumptions made beyond information currently available to the Company's management and, may be, but not necessarily are identified by such words as "believes", "expect", "plan", "anticipate", "target", "forecast" and "goal". Because such "forward-looking statements" are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from the Company's expectations include competition from other financial institutions and financial holding companies; the effects of and changes in trade, monetary and fiscal policies and laws, including interest rate policies of the Federal Reserve Board; changes in the demand for loans; fluctuations in value of collateral and loan reserves; inflation, interest rate, market and monetary fluctuations; changes in consumer spending, borrowing and savings habits; and acquisitions and integration of acquired businesses, and similar variables. Other key risks are described in the Company's reports filed with the Securities and Exchange Commission, which may be obtained under "Investor Relations-Documents/Filings" on the Company's web site or by writing or calling the Company at 325.627.7155. The Company does not undertake any obligation to update publicly or revise any forward-looking statements herein because of new information, future events or otherwise.

# Who We Are

- $13.3 billion financial holding company headquartered in Abilene, Texas
- Group of 12 separate bank regions
- Trust and Asset Management Company with 10 locations and manages approximately $8.6 billion in assets
- 132 year history
- Growth markets include 50 mile radius of
  Dallas, Fort Worth, and Houston

# Top Rated Bank by Bank Director

| RANK | YEAR |
|---|---|
| #2 | 2009 |
| #1 | 2010 |
| #2 | 2011 |
| #2 | 2012 |
| #3 | 2013 |
| #1 | 2014 |
| #2 | 2015 |
| #7 | 2016 |
| #7 | 2017 |
| #5 | 2018 |
| #4 | 2019 |
| #3 | 2020 |

Bank Director®

$5 to $50 Billion

## Top 7 for each of the last 13 years

## #2 in 2021

FIRST FINANCIAL BANK

MEMBER FDIC

# The 1 For Texas



# Recognitions – Financial Exploitation Prevention Program

- Stopped fraud and saved customers from monetary losses totaling more than $20 million since 2014
- Philadelphia Federal Reserve Presentation – December 2017
- Texas Bankers Association Cornerstone Award for Day of Service – May 2017
- Texas Bankers Association 2016 Leaders in Financial Education Award – May 2016
- House Investments and Financial Services Committee – March 2016
- Texas Senate Committee on Business and Commerce – January 2016
- AARP Roundtable Discussion – November 2015
- ABA Foundation Community Commitment Award – November 2015
- White House Conference on Aging – July 2015

# Other Recognitions

- SNL Best Performing Community Banks – Assets between $3 and $10 billion - #10 – March 2020
- KBW Honor Roll – One of sixteen banks named – April 2021
- Raymond James Community Bankers Cup, One of 26 banks named– May 2020

# What Makes Us Different

## One Bank, Twelve Regions Concept

- **One Bank**
  - Consolidation of credit, call center, accounting, technology, human resources, risk management, training, and compliance (drives lower efficiency ratio)

- **Twelve Regions**
  - Regional Presidents run their regions
  - Local Boards – Movers and shakers of the Community
    - Keep our regions locally focused
    - Make sure we meet the needs of the community
    - Help us make better loan decisions
    - Help us market the region

# FFIN's Unique Positioning in Texas

| Bank | Key Markets |
|---|---|
| Allegiance | Houston |
| CommunityBank of Texas | Beaumont, Houston, Dallas |
| Comerica | DFW, Austin, Houston, California, Michigan, Florida, Mexico |
| Frost | San Antonio, Austin, Corpus Christi, DFW, Rio Grande, West Texas |
| Guaranty | Dallas, East Texas, Bryan |
| Independent | Dallas, Houston, Austin, Colorado |
| International Bancshares | Rio Grande, Houston, San Antonio, Oklahoma |
| Origin Bancorp | Dallas, Louisiana |
| Prosperity | Houston, DFW, Austin, West Texas, South Central Texas, Oklahoma |
| Southside | East Texas, Fort Worth |
| Spirit of Texas | Houston, DFW, College Station, Central Texas |
| Texas Capital | DFW, Austin, San Antonio, Houston |
| Triumph | Dallas |
| Veritex | Dallas, Houston, Austin |

# Customer Service First (CS1st)

- Began CS1st initiative in 2005 with Dennis Snow (former Disney executive charged with Disney's customer experience).

- Implemented the Service Improvement Team with ten distinct teams with various strategic objectives.

- Key Successes
  - Established a robust employee recognition program
  - Developed a centralized team to address system and process obstacles
  - Designed and implemented a nationally recognized Financial Exploitation program
  - Day of Service (Completed 6th Annual on October 11, 2021)
  - Have transitioned what began as a service initiative into a culture of service excellence

- Since 2019, the Company has partnered with Horst Schulze (co-founder and former COO of the Ritz-Carlton Hotel Company) to further enhance the Company's culture by developing:
  - 5 and 10 year Vision and Mission Statements
  - 21 Service Non-negotiables
  - Daily Line-Ups
  - Train-the-trainer sessions for all branch managers (over 300 employees spent 2 days in training)
  - Incorporated into new employee orientation

# FIRST FINANCIAL BANKSHARES, INC.™

## LOCATIONS AND PHONE NUMBERS

**Abilene Region**
325-627-7200
- ▲ ABILENE
- CLYDE
- MORAN
- ALBANY
- ▲ ODESSA

**Bryan/College Station**
979-260-1457
- ▲ BRYAN
- COLLEGE STATION

**Cleburne Region**
817-556-5000
- CLEBURNE
- BURLESON
- ALVARADO
- MIDLOTHIAN
- WAXAHACHIE

**Conroe Region**
963-760-1888
- CONROE
- MONTGOMERY
- CUT AND SHOOT
- WILLIS
- TOMBALL
- MAGNOLIA
- SPRING

**Eastland**
254-629-6100
- EASTLAND
- RANGER
- RISING STAR
- CISCO

**Fort Worth Region**
817-410-4979
- ▲ FORT WORTH

**Hereford Region**
806-363-8200
- HEREFORD

**Huntsville**
936-295-2224
- HUNTSVILLE
- NEW WAVERLY

**Kingwood Region**
281-318-4600
- KINGWOOD
- EL CAMPO
- FULSHEAR
- PALACIOS

**Mineral Wells Region**
940-327-5400
- MINERAL WELLS

**San Angelo Region**
325-659-5900
- ▲ SAN ANGELO

**Southeast Region**
800-300-8904
- ORANGE
- PORT ARTHUR
- VIDOR
- MAURICEVILLE
- NEWTON
- ▲ BEAUMONT

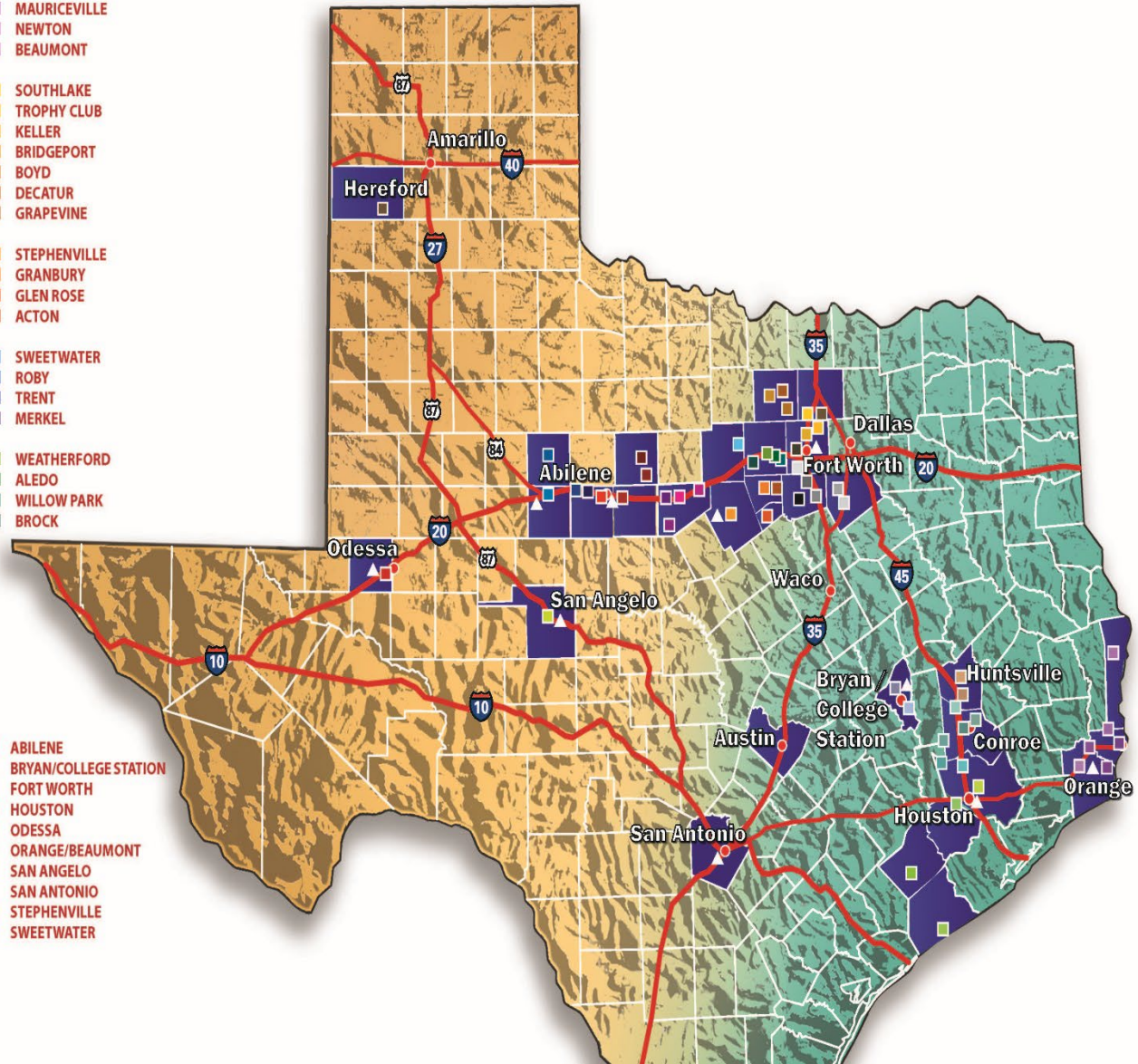
**Southlake Region**
817-410-2915
940-683-8700
- SOUTHLAKE
- TROPHY CLUB
- KELLER
- BRIDGEPORT
- BOYD
- DECATUR
- GRAPEVINE

**Stephenville Region**
254-965-5036
817-573-6900
- ▲ STEPHENVILLE
- GRANBURY
- GLEN ROSE
- ACTON

**Sweetwater**
254-629-6100
- ▲ SWEETWATER
- ROBY
- TRENT
- MERKEL

**Weatherford Region**
817-596-0307
- WEATHERFORD
- ALEDO
- WILLOW PARK
- BROCK

**First Financial Trust & Asset Management**
325-627-7100
- ▲ ABILENE
- ▲ BRYAN/COLLEGE STATION
- ▲ FORT WORTH
- ▲ HOUSTON
- ▲ ODESSA
- ▲ ORANGE/BEAUMONT
- ▲ SAN ANGELO
- ▲ SAN ANTONIO
- ▲ STEPHENVILLE
- ▲ SWEETWATER



# Texas: Large and Growing

| Five most populous states:* | | Growth (2010 – 2020) |
|---|---|---|
| California | 39.2 million | 5.3% |
| Texas | 29.5 million | 17.4% |
| Florida | 21.8 million | 15.9% |
| New York | 19.8 million | 2.4% |
| Illinois | 12.7 million | -1.3% |

** U.S. Census Bureau*

# Target Markets – Population Growth

| Population growth (2010-2020) in FFIN expansion markets:* | |
|---|---|
| Texas | 17.4% |
| Bridgeport & Wise County | 16.1% |
| Fort Worth & Tarrant County | 16.7% |
| Cleburne & Johnson County | 19.2% |
| Weatherford, Willow Park, Aledo & Parker County | 26.8% |
| Granbury & Hood County | 20.4% |
| Stephenville & Erath County | 12.3% |
| Conroe & Montgomery County | 36.1% |
| Bryan / College Station & Brazos County | 20.0% |



** U.S. Census Bureau*

# Core Markets: West Central Texas

- **Markets served benefiting from well-established, long- time customers**

| REGION | ASSET SIZE* | LOCATIONS | DEPOSIT MARKET SHARE** | MARKET SHARE RANK** |
|---|---|---|---|---|
| First Financial Bank *(Abilene, Clyde, Moran, Albany, Odessa, Eastland, Ranger, Rising Star, Cisco, Sweetwater, Roby, Trent, Merkel)* | $4,083M | 23 | 53% | 1 |
| First Financial Bank *(Hereford)* | $200M | 1 | 41% | 1 |
| First Financial Bank *(San Angelo)* | $1,112M | 2 | 32% | 1 |
| TOTALS | $5,395M | 26 | | |



* Data as of 3-31-22

** Data as of 6-30-21

# Expansion Markets – Dallas / Fort Worth Area

| REGION | ASSET SIZE* | LOCATIONS | DEPOSIT MARKET SHARE** | MARKET SHARE RANK** |
|---|---|---|---|---|
| First Financial Bank | $724M | 4 | 17% | 2 |
| *(Cleburne, Burleson, Alvarado)* | | 2 | 6% | 5 |
| *(Midlothian, Waxahachie)* | | | | |
| First Financial Bank | $1,008M | 4 | 5% | 6 |
| *(Southlake, Trophy Club, Keller, Grapevine)* | | 3 | 22% | 2 |
| *(Bridgeport, Decatur, Boyd)* | | | | |
| First Financial Bank | $940M | 6 | 26% | 1 |
| *(Stephenville, Granbury, Glen Rose, Acton)* | | | | |
| First Financial Bank | $1,373M | 7 | 21% | 1 |
| *(Weatherford, Aledo, Willow Park, Brock, Mineral Wells)* | | | | |
| First Financial Bank | $280M | 1 | 0.29% | 34 |
| *(Fort Worth)* | | | | |
| TOTALS | $4,325M | 27 | | |



* Data as of 3-31-22

** Data as of 6-30-21

# Expansion Markets – Houston Area

| REGION | ASSET SIZE* | LOCATIONS | DEPOSIT MARKET SHARE** | MARKET SHARE RANK** |
|---|---|---|---|---|
| **First Financial Bank** | $991M | 3 | 47% | 1 |
| *(Orange, Mauriceville, Vidor)* | | 3 | 5% | 8 |
| *(Newton, Port Arthur, Beaumont)* | | | | |
| **First Financial Bank** *(Conroe, Magnolia, Cut and Shoot, Montgomery, Huntsville, Willis, Tomball, New Waverly, Spring)* *(Market Share for Huntsville, Conroe, Magnolia, Cut and Shoot, Montgomery and Willis Only)* | $998M | 10 | 10% | 4 |
| **First Financial Bank** | $724M | 4 | | |
| *Kingwood – Montgomery County* | | | 4% | 7 |
| *El Campo – Wharton County* | | | 8% | 4 |
| *Fulshear – Fort Bend County* | | | 0.20% | 30 |
| *Palacios – Matagorda County* | | | 10% | 3 |
| **First Financial Bank** *(Bryan / College Station)* | $1,116M | 5 | 10% | 4 |
| TOTALS | **$3,829M** | **25** | | |



* Data as of 3-31-22
** Data as of 6-30-21

# Recent De Novo Growth

- Bryan / College Station: Office of Trust Company – September 2020
- Austin: Office of the Mortgage Company – January 2020
- San Antonio: Office of the Trust Company – December 2019
- Grand Parkway (Spring): Branch of Conroe – Opened January 2019
- Houston: Office of Trust Company – December 2018
- New Waverly: Branch of Huntsville – August 2014 (New Building – Opened December 2018)
- Beaumont: Branch of Orange – August 2014
- Weatherford: I-20 Branch – June 2013
- Waxahachie: Branch of Cleburne – December 2012
- Abilene: Antilley Road Branch – September 2012
- Grapevine: Branch of Southlake – March 2012
- Cisco: Branch of Eastland – September 2011 (New Building – Opened August 2016)
- Lamesa: Office of Trust Company – April 2011
- Odessa: Branch of Abilene – February 2010 (New Building – Opened September 2016)
- Fort Worth: February 2010
- Odessa: Office of Trust Company – April 2009
- Merkel: Branch of Sweetwater – July 2008
- Brock: Branch of Weatherford – March 2008
- Acton: Branch of Stephenville – March 2008
- Albany: Branch of Abilene – May 2007
- Fort Worth: Office of Trust Company – April 2007 (New Building – Opened May 2016)

# Executive Management Team at First Financial

| | Years with Company | Years in Industry |
|---|---|---|
| **Scott Dueser**<br>*Chairman of the Board, President & Chief Executive Officer* | 46 | 51 |
| **John Ruzicka**<br>*Executive Vice President*<br>*Chief Information Officer* | 4 | 42 |
| **Ron Butler**<br>*Executive Vice President*<br>*Chief Administrative Officer* | 29 | 40 |
| **Kirk Thaxton, CTFA**<br>*Chairman of the Board, President & Chief Executive Officer*<br>*First Financial Trust & Asset Management* | 35 | 39 |
| **James Gordon**<br>*Executive Vice President*<br>*Chief Financial Officer* | 2 | 35 |

# Executive Management Team at First Financial

| | Years with Company | Years in Industry |
|---|---|---|
| **Randy Roewe**<br>*Executive Vice President*<br>*Chief Risk Officer* | 7 | 32 |
| **Luke Longhofer**<br>*Executive Vice President*<br>*Chief Lending Officer* | 11 | 19 |
| **David Bailey**<br>*Executive Vice President*<br>*Commercial Banking* | 19 | 19 |
| **Kyle McVey, CPA**<br>*Executive Vice President*<br>*Chief Accounting Officer* | 12 | 14 |

# Senior Management at First Financial

| | Years with Company | Years in Industry |
|---|---|---|
| **Rett Everett**<br>*Executive Vice President*<br>*Lending* | - | 19 |
| **Brandon Harris**<br>*Senior Vice President*<br>*Appraisal Services* | 7 | 20 |
| **Larry Kentz**<br>*Senior Vice President*<br>*Chief Compliance Officer* | 7 | 40 |
| **Marna Yerigan**<br>*Executive Vice President*<br>*Lending* | 11 | 40 |

# Line of Business Executives

| | Years with Company | Years in Industry |
|---|---|---|
| **Chris Cook**<br>*Executive Vice President*<br>*Marketing* | - | 29 |
| **Troy Fore**<br>*President*<br>*First Financial Mortgage* | 7 | 37 |
| **Frank Gioia**<br>*Senior Vice President*<br>*Customer Care Center* | 7 | 35 |
| **Monica Houston**<br>*Executive Vice President*<br>*Retail Banking & Training* | 28 | 28 |

# Line of Business Executives

| | Years with Company | Years in Industry |
|---|---|---|
| **Gary Milliorn**<br>*Vice President*<br>*Property Management* | 7 | 33 |
| **Andrea Smiddy-Schlagel**<br>*Executive Vice President*<br>*Treasury Management* | 4 | 34 |
| **Maggie Tuschinski**<br>*Executive Vice President*<br>*Chief Digital Officer* | - | 20 |
| **Michael Wolverton**<br>*Executive Vice President*<br>*Consumer Lending* | 11 | 37 |

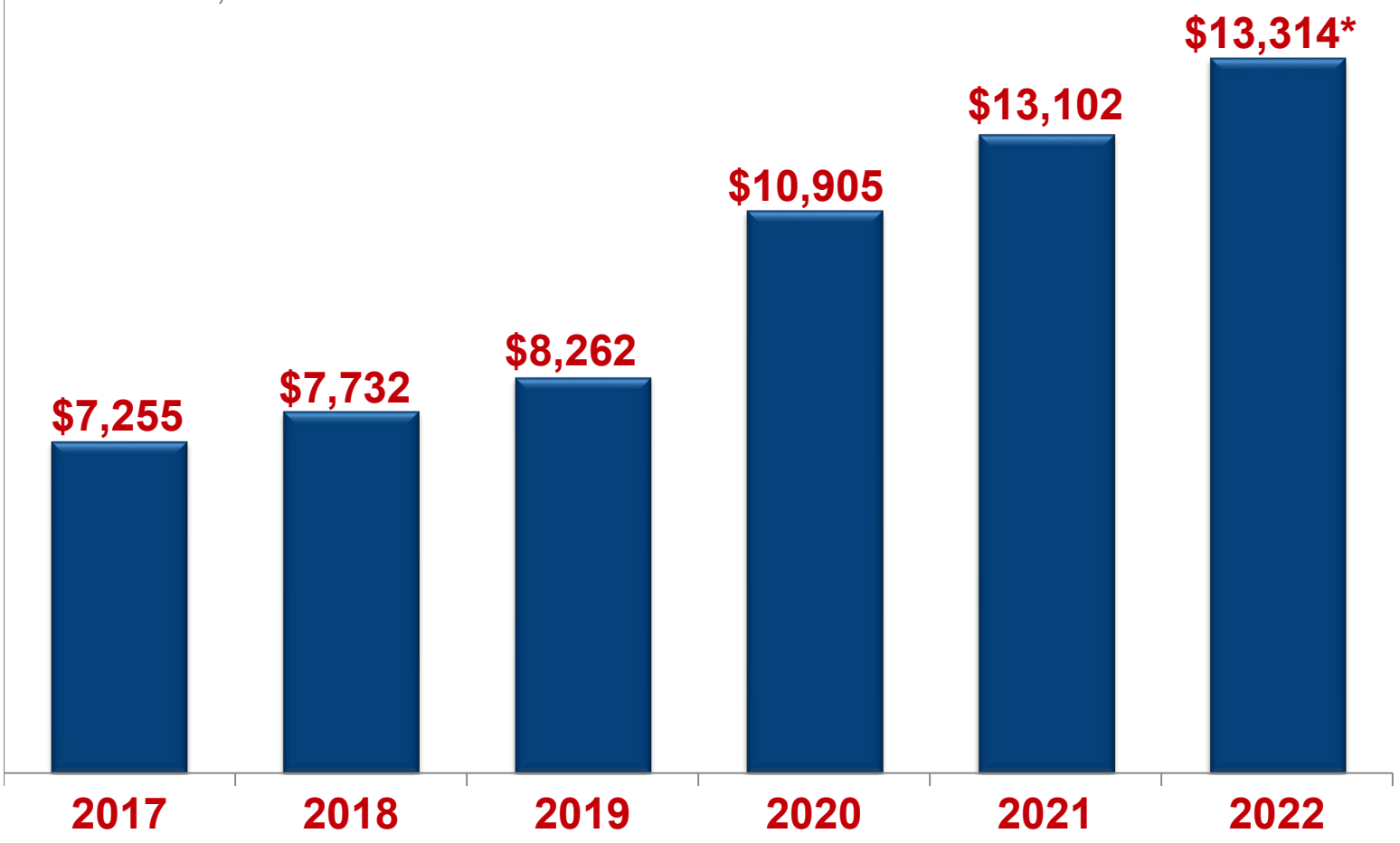
# Experienced Regional CEOs & Presidents

| | Years with Company | Years in Industry |
|---|---|---|
| **Marelyn Shedd**, *Abilene* | 32 | 39 |
| **Candice Kanady**, *Eastland* | 21 | 21 |
| **Joseph Crouch**, *Sweetwater* | 4 | 26 |
| **Jamie Esch**, *Hereford* | - | 25 |
| **Chris Evatt**, *San Angelo* | 22 | 22 |
| **Austin Elsner**, *Cleburne* | 5 | 22 |
| **Trent Swearengin**, Stephenville | 23 | 25 |
| **Justin Hooper**, *Weatherford* | 18 | 29 |
| **Mark Jones**, *Southlake* | 22 | 45 |
| **Shelby Bruhn**, *Southlake* | - | 22 |
| **Stephen Lee**, *Southeast Texas* | 10 | 34 |
| **Chris Baughman**, *Conroe* | 6 | 39 |
| **Marcus Morris**, *Fort Worth* | 12 | 14 |
| **Shelley Dacus**, *Kingwood* | 4 | 18 |
| **Nora Thompson**, *Bryan/College Station* | 2 | 31 |

# Asset Performance

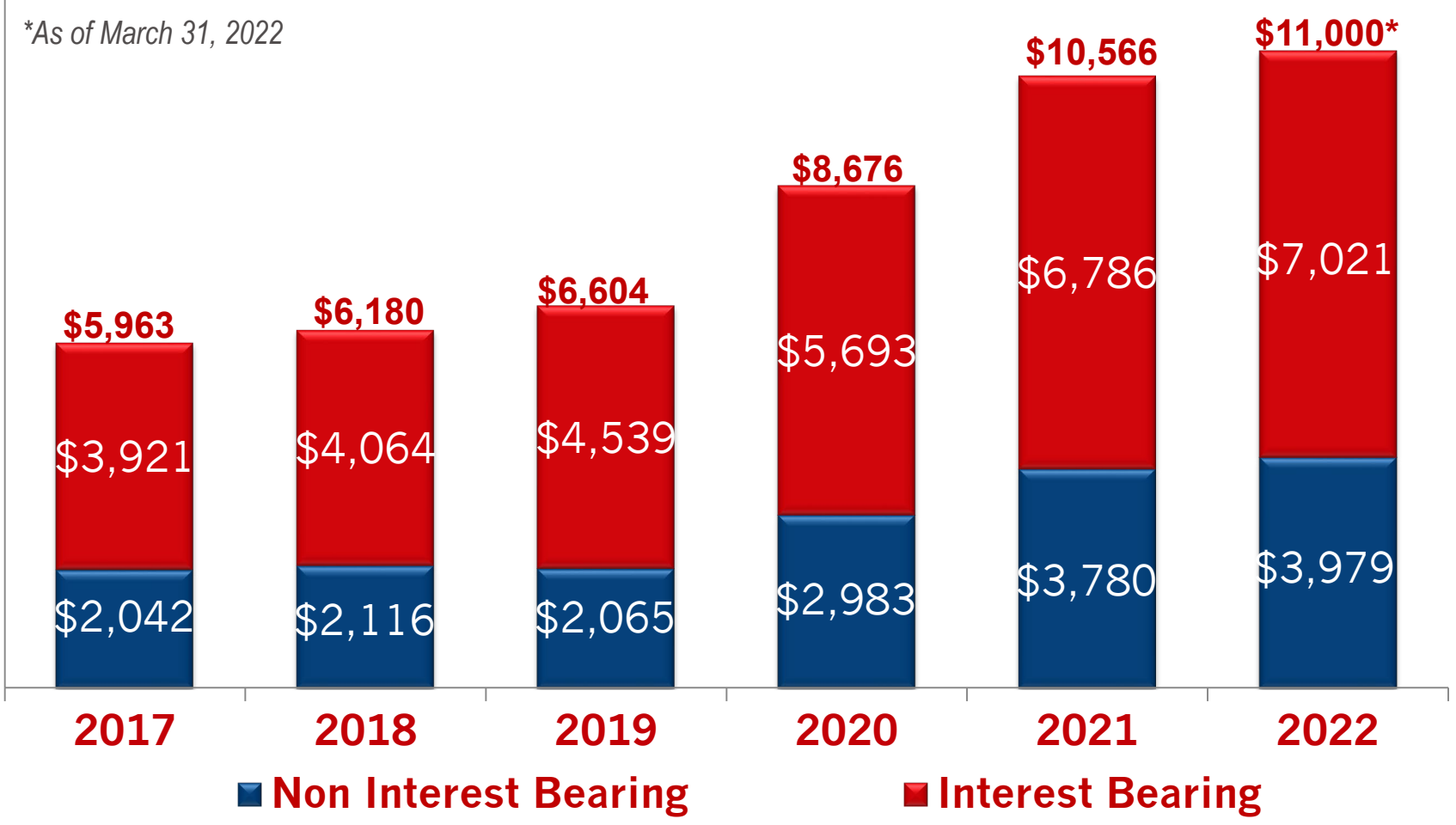
## Total Asset Growth *(in millions)*

*As of March 31, 2022



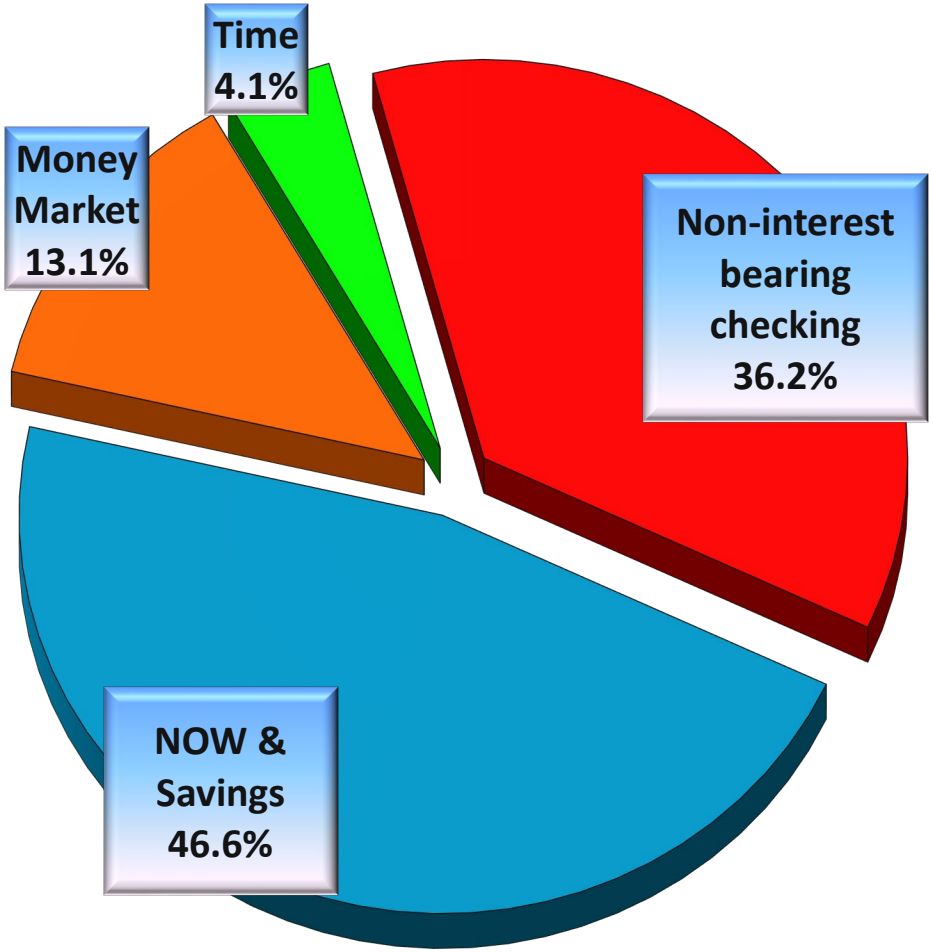
# Total Deposit Growth

## Growth in FFIN Total Deposits *(in millions)*

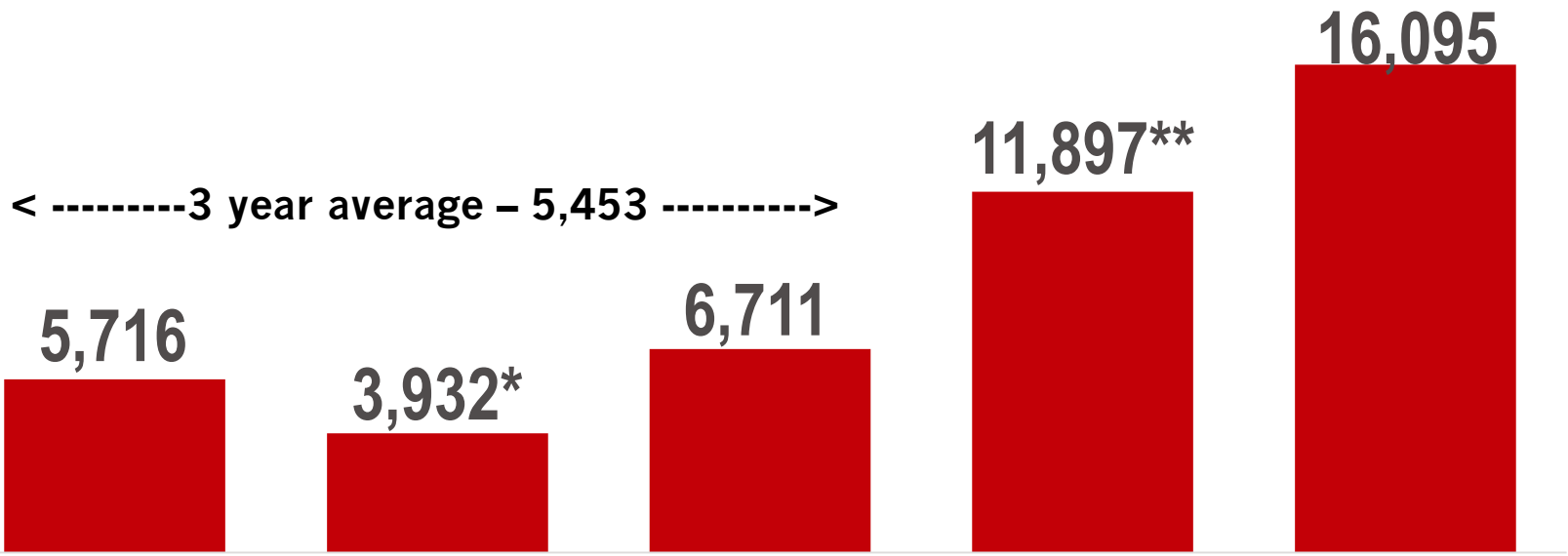


# Deposit Products - $11.0 Billion*

*As of March 31, 2022



# Deposit Account Growth

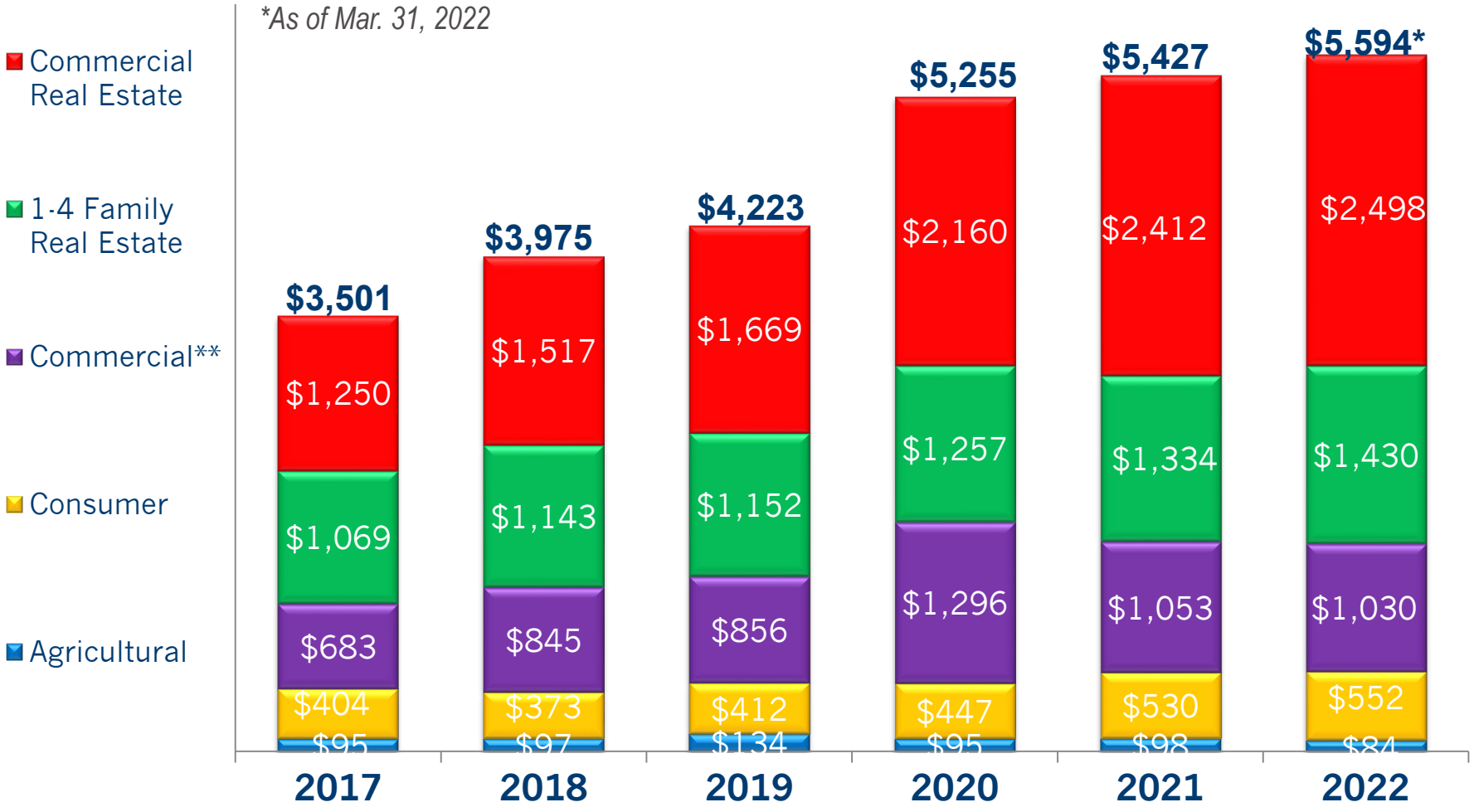



| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Total Number of Accounts | 260,430 | 270,976 | 277,687 | 303,169 | 319,264 |

*(Excluding Kingwood Acquisition)
**(Excluding Bryan/College Station Acquisition)

# Loan Performance

## Growth in FFIN Total Loans *(in millions)*

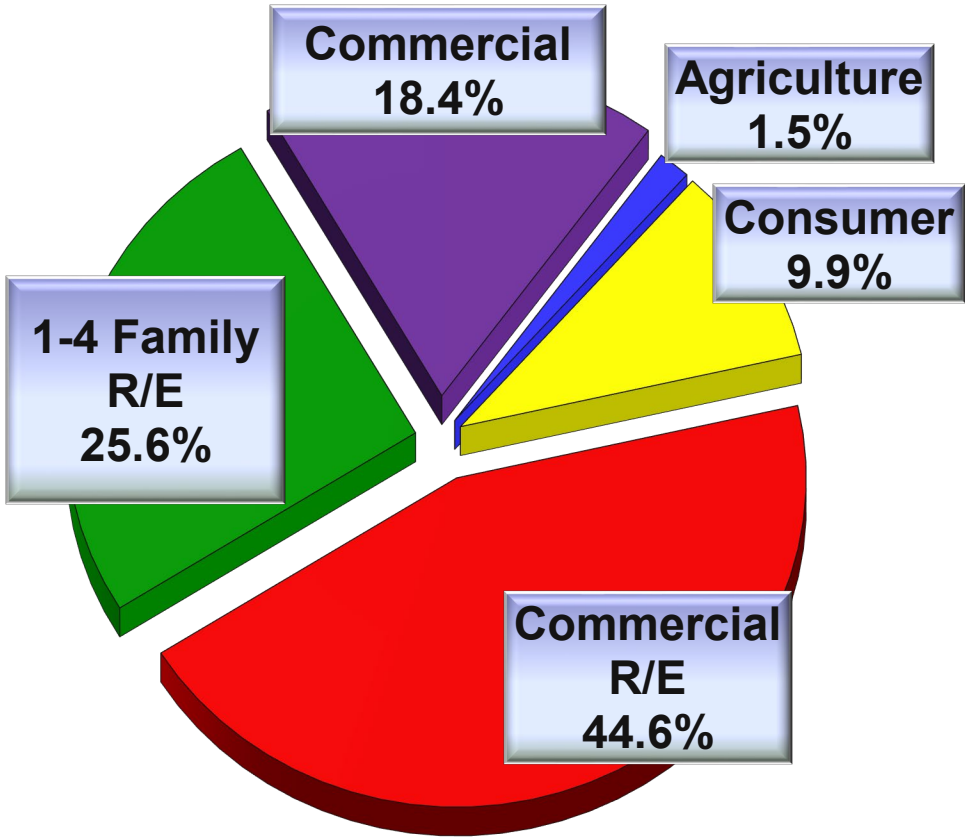





**Includes $16MM in PPP loans

# Overview of Loan Portfolio – $5.59 Billion*

*As of March 31, 2022

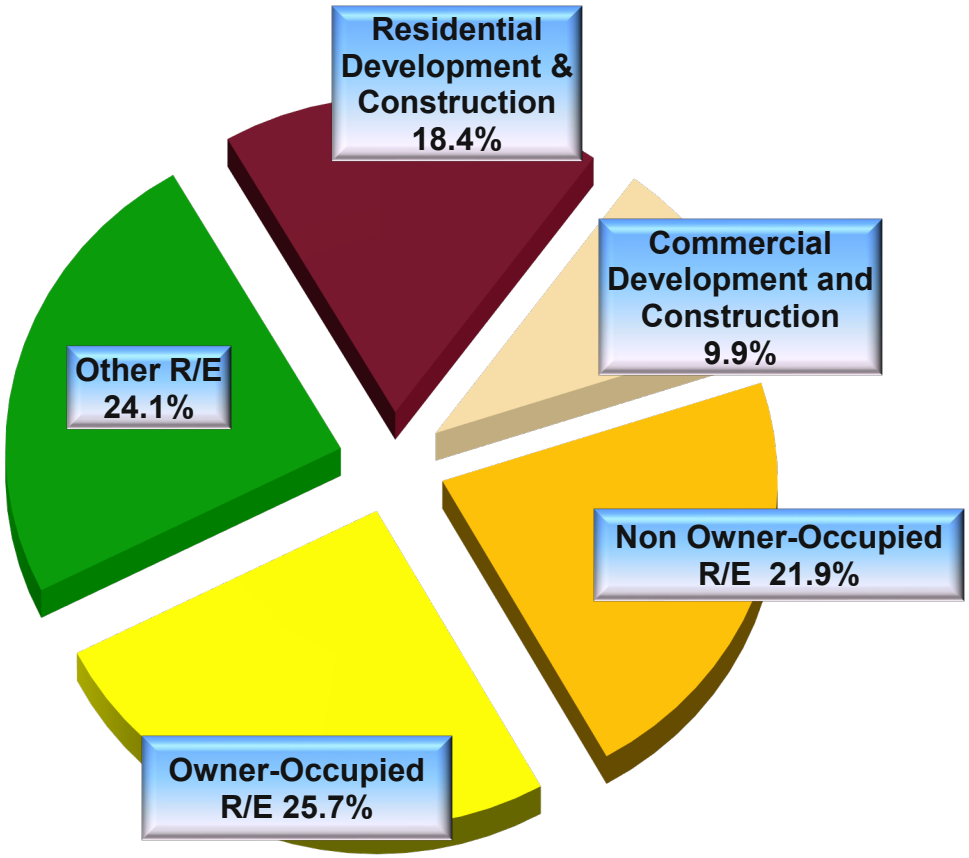





*Includes $16MM in PPP loans

# Breakdown of Commercial R/E Loans

*As of March 31, 2022



# COVID-19 Government Loan Program Performance

*Through March 31st, 2022*

**6,530**
PPP Round 1
Loans Made

**$703MM**
PPP Round 1
Dollars Loaned

**7**
Main Street
Loans Made

**$142MM**
Main Street
Dollars Loaned

**3,179**
PPP Round 2
Loans Made

**$267MM**
PPP Round 2
Dollars Loaned

**$1.12 Billion**
Total Government
Dollars Loaned

**Thousands**
Of Texas
Jobs Saved

# Loan to Deposit Ratio

*As of March 31, 2022

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022* |
|---|---|---|---|---|---|---|
| End of Period | 58.7 | 64.3 | 64.0 | 60.6 | 51.4 | 50.9 |
| Average Balances | 61.0 | 62.0 | 64.2 | 64.6 | 55.2 | 51.1 |

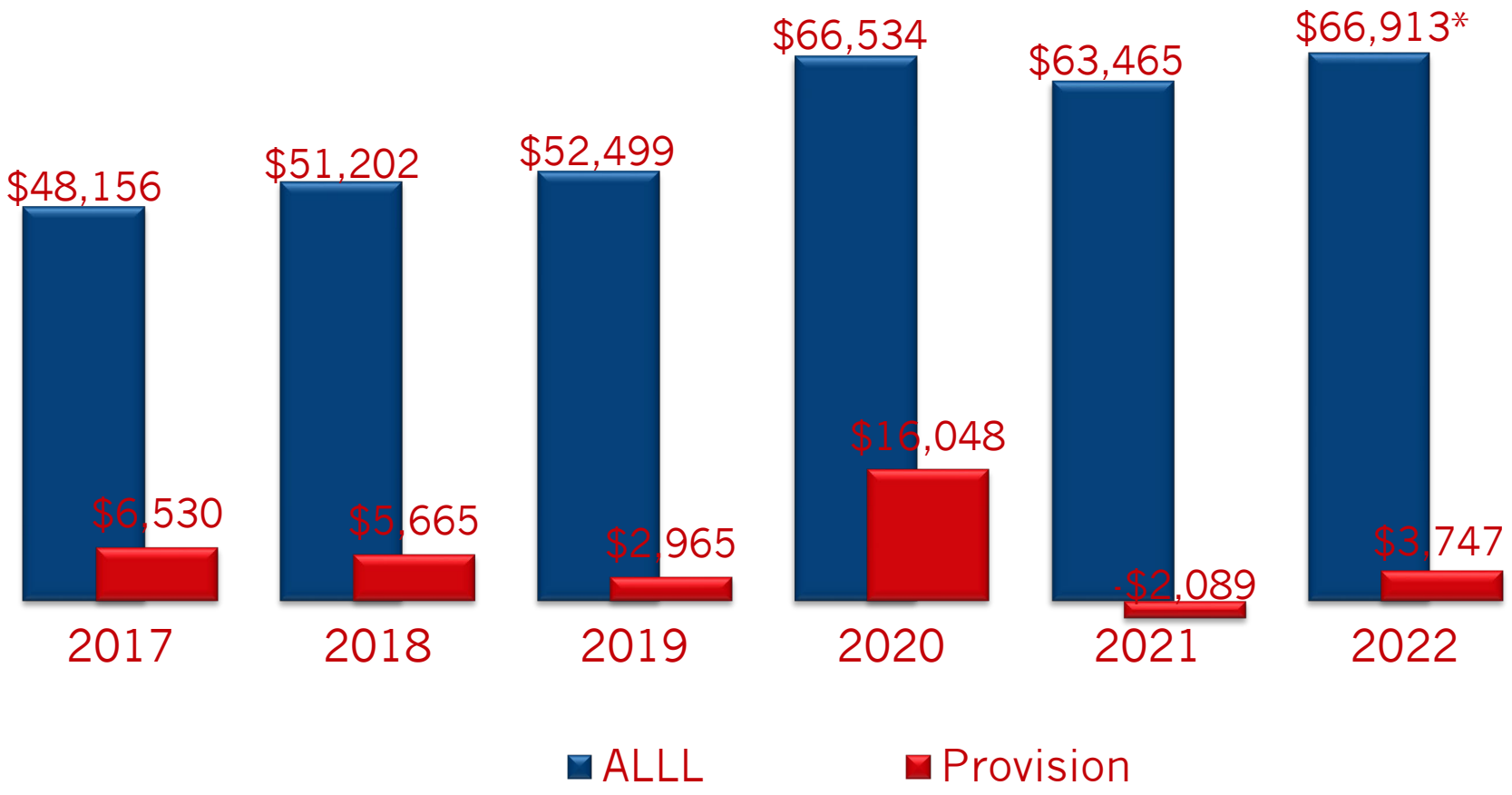
# Sound Lending Practices

*As of March 31, 2022

| Nonperforming assets as a percentage of loans + foreclosed assets | | | | | | *(FFIN vs. Peers)* |
|---|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| First Financial | 0.57% | 0.75% | 0.61% | 0.83% | 0.63% | 0.52%* |
| Peer Group | 0.86% | 0.82% | 0.78% | 0.97% | 0.71% | |

# Allowance for Credit Losses and Provision for Credit Losses

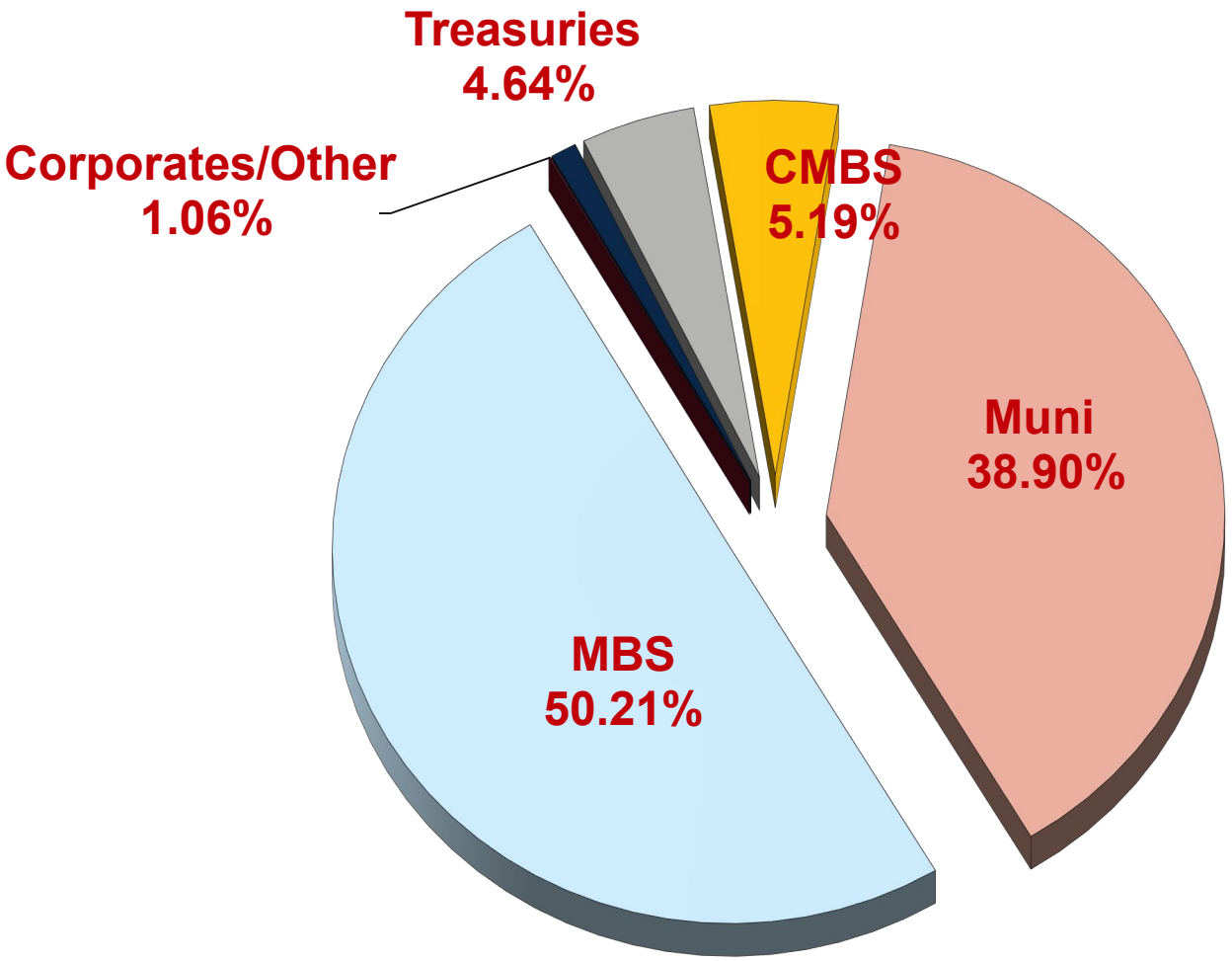
*(in thousands)*




*For the period ended March 31, 2022 and excludes $7.4 million in reserve for unfunded commitments

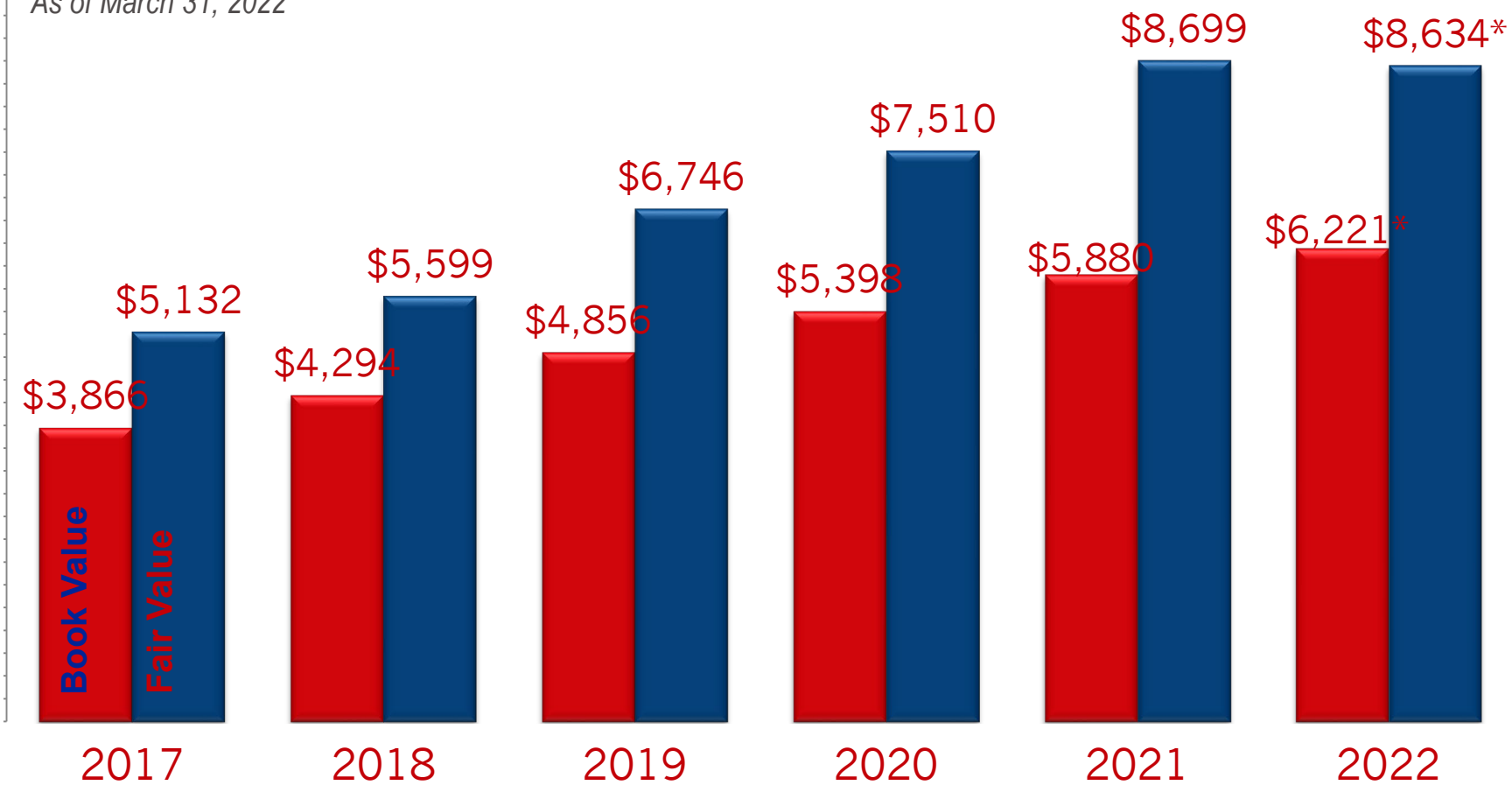
# Summary of Bond Portfolio - $6.50 Billion*

*As of March 31, 2022



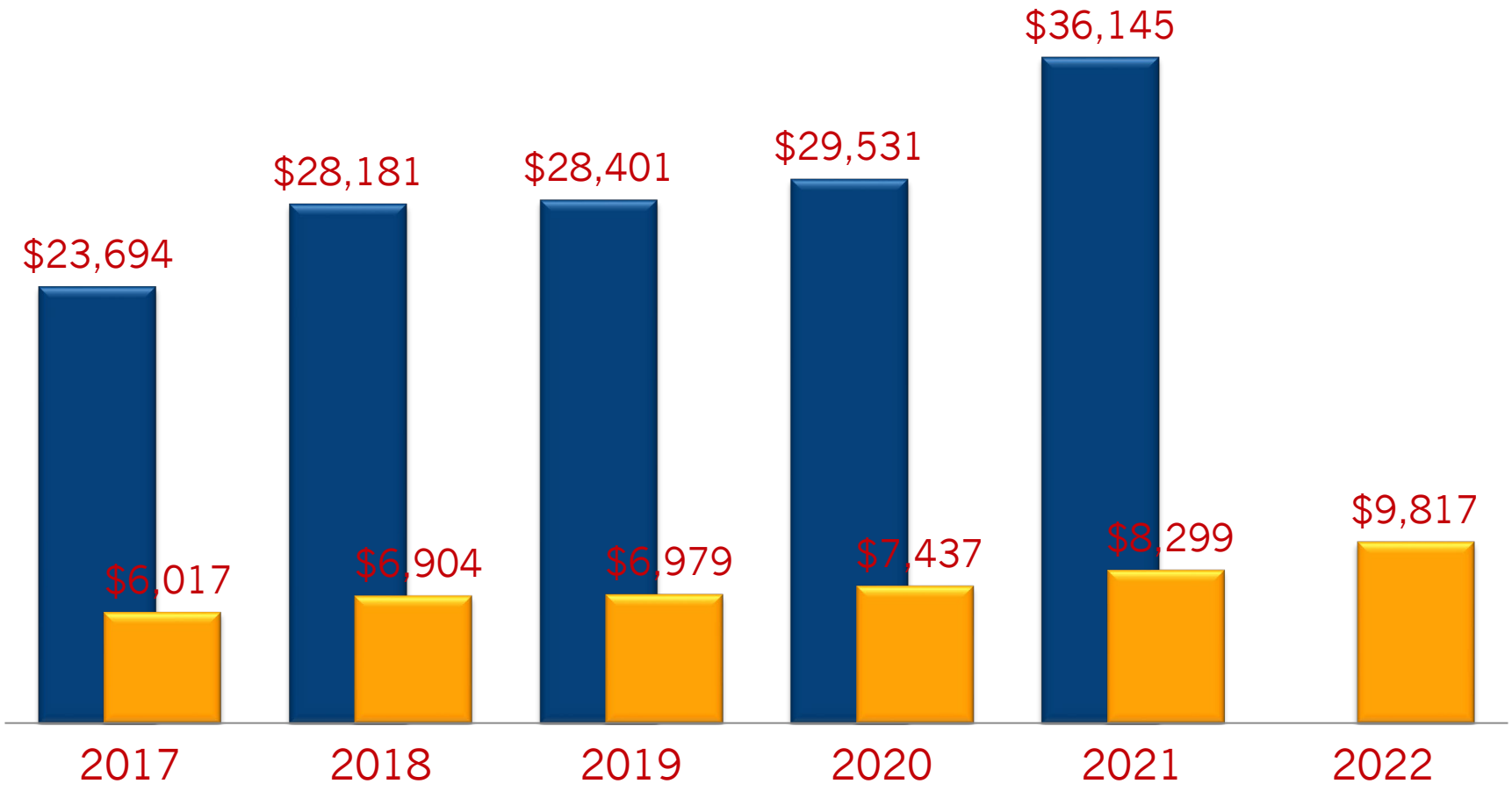
# Growth in Trust Assets

## Total Trust Assets – Book Value / Fair Value *(in millions)*



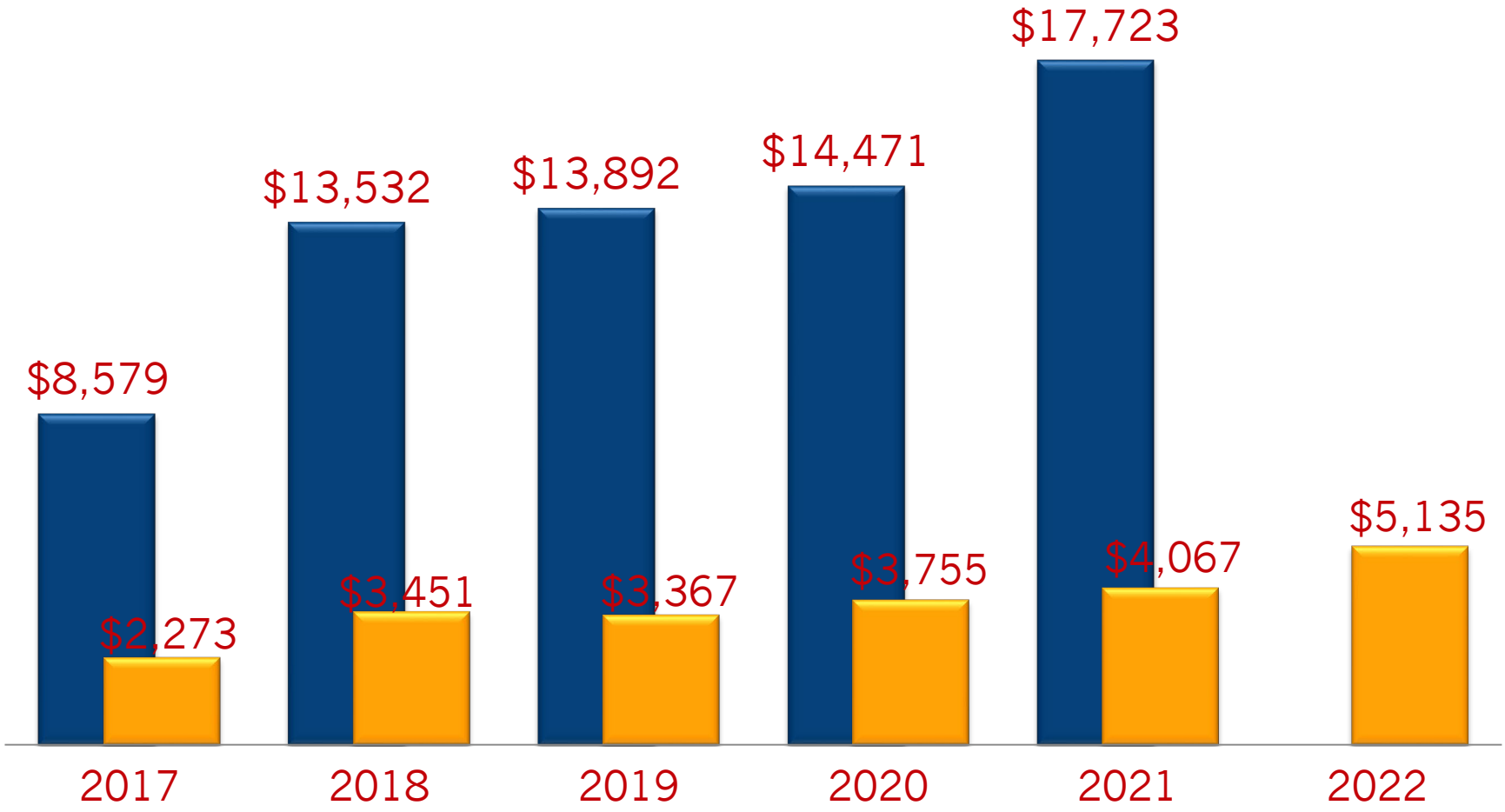
# Total Trust Fees

## Growth in FFTAM Fees *(Full year and 1st 3 months)* *(in thousands)*



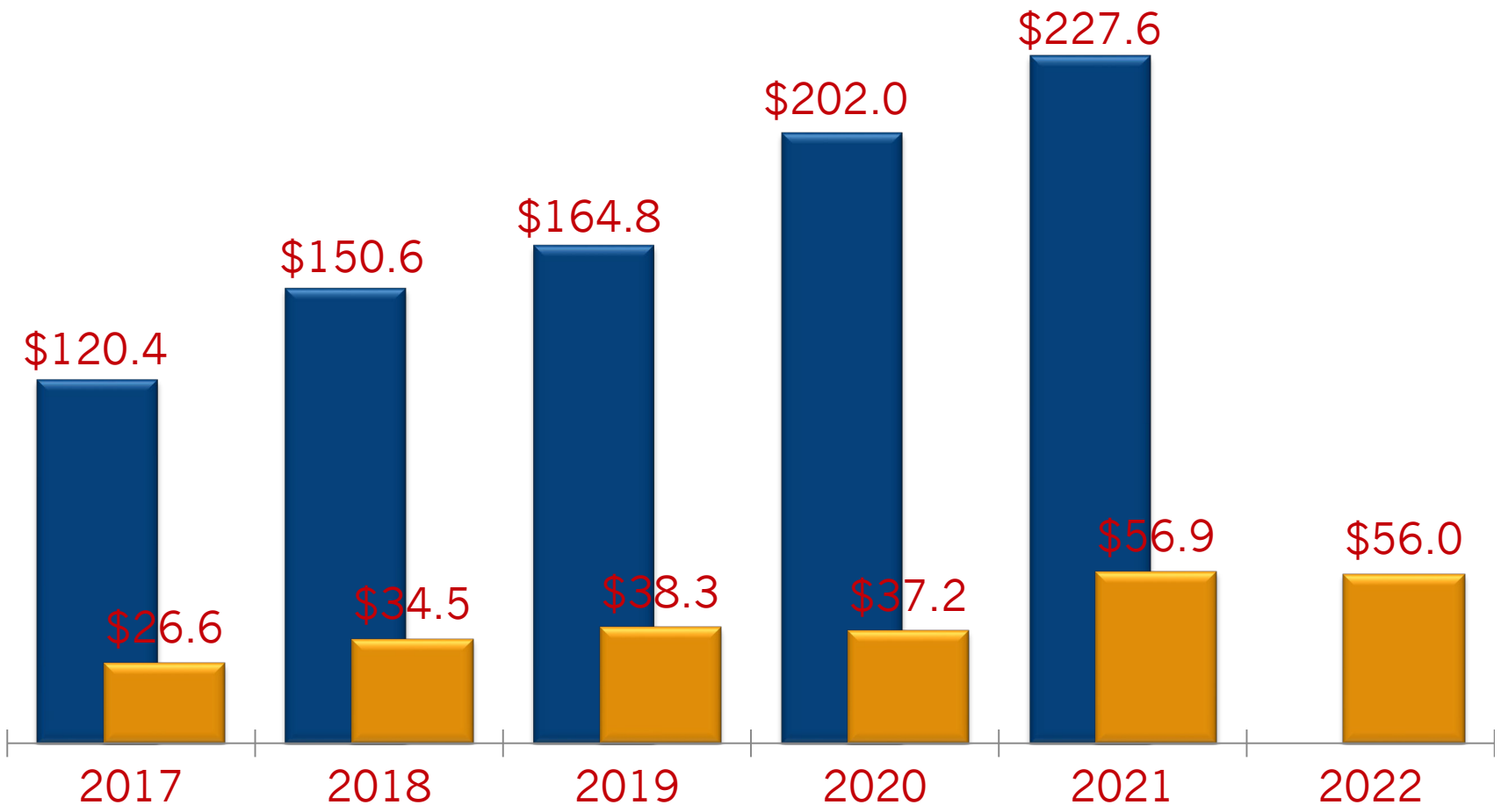
# Total Trust Net Income

## Growth in FFTAM Net Income *(Full year and 1st 3 months)* *(in thousands)*



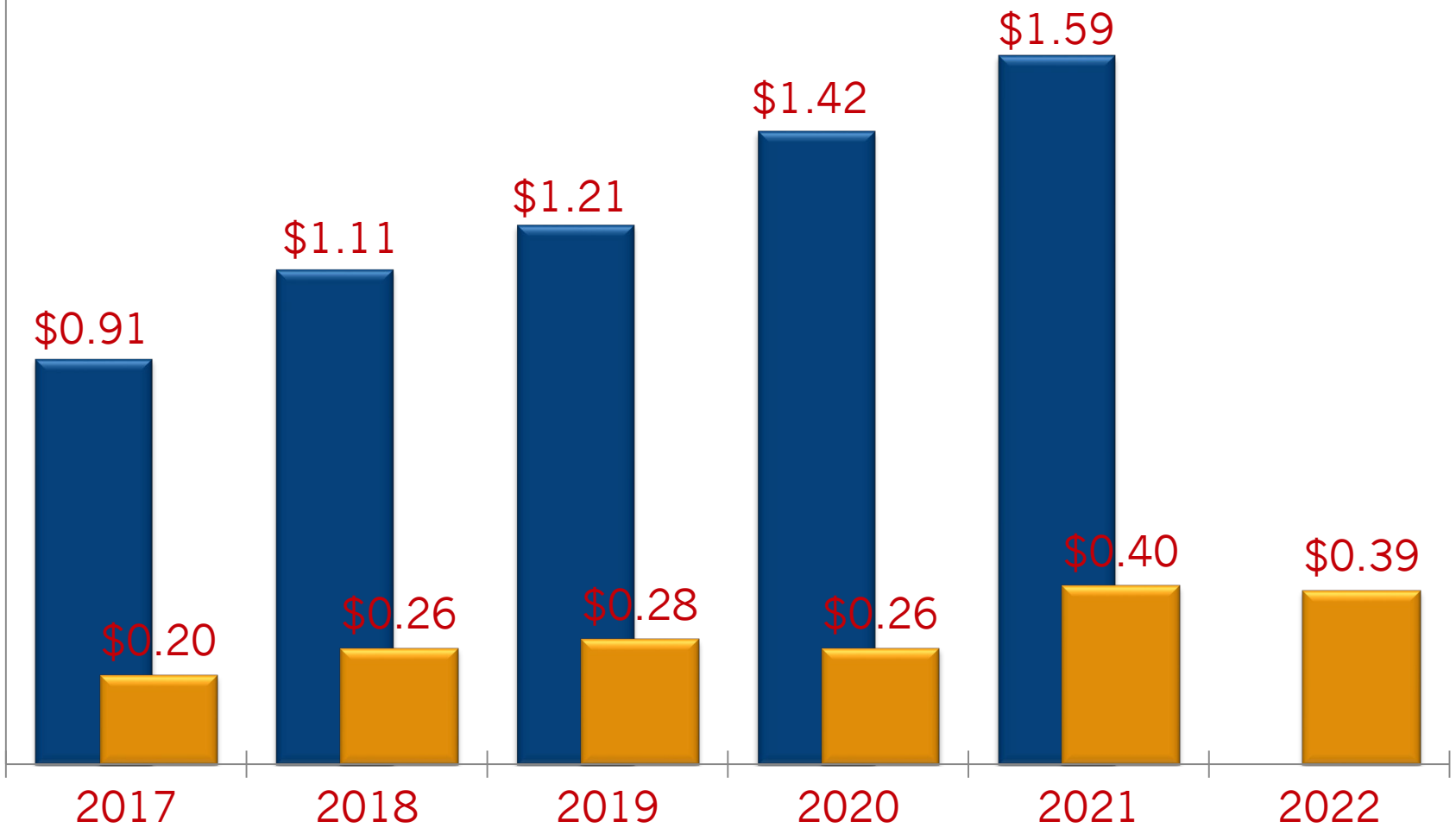
# 35th Consecutive Year of Increased Earnings

## FFIN Earnings *(Full year and 1st 3 months)* *(in millions)*



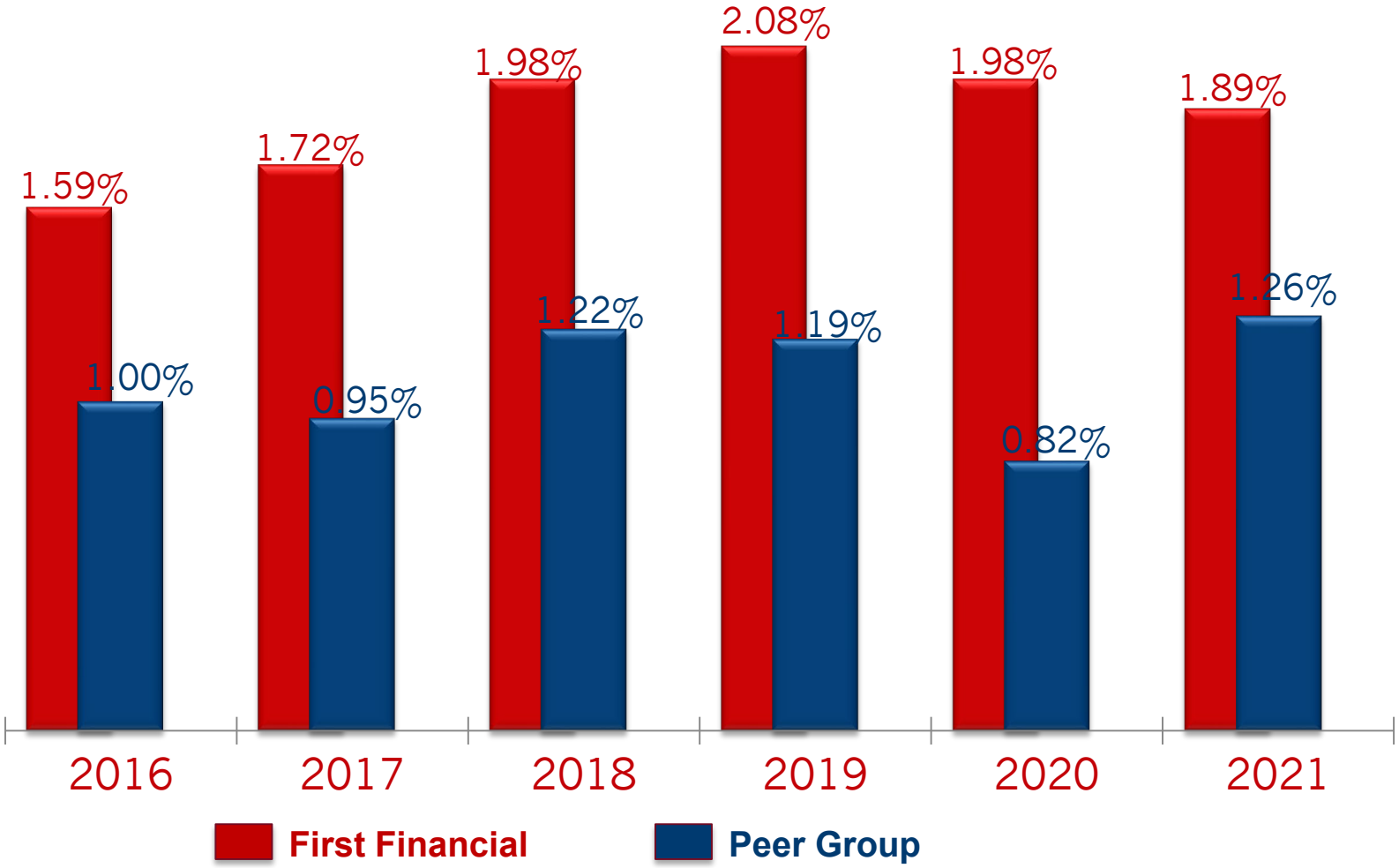
# Strong Shareholder Earnings

## Diluted Earnings Per Share *(Full year and 1st 3 months)*



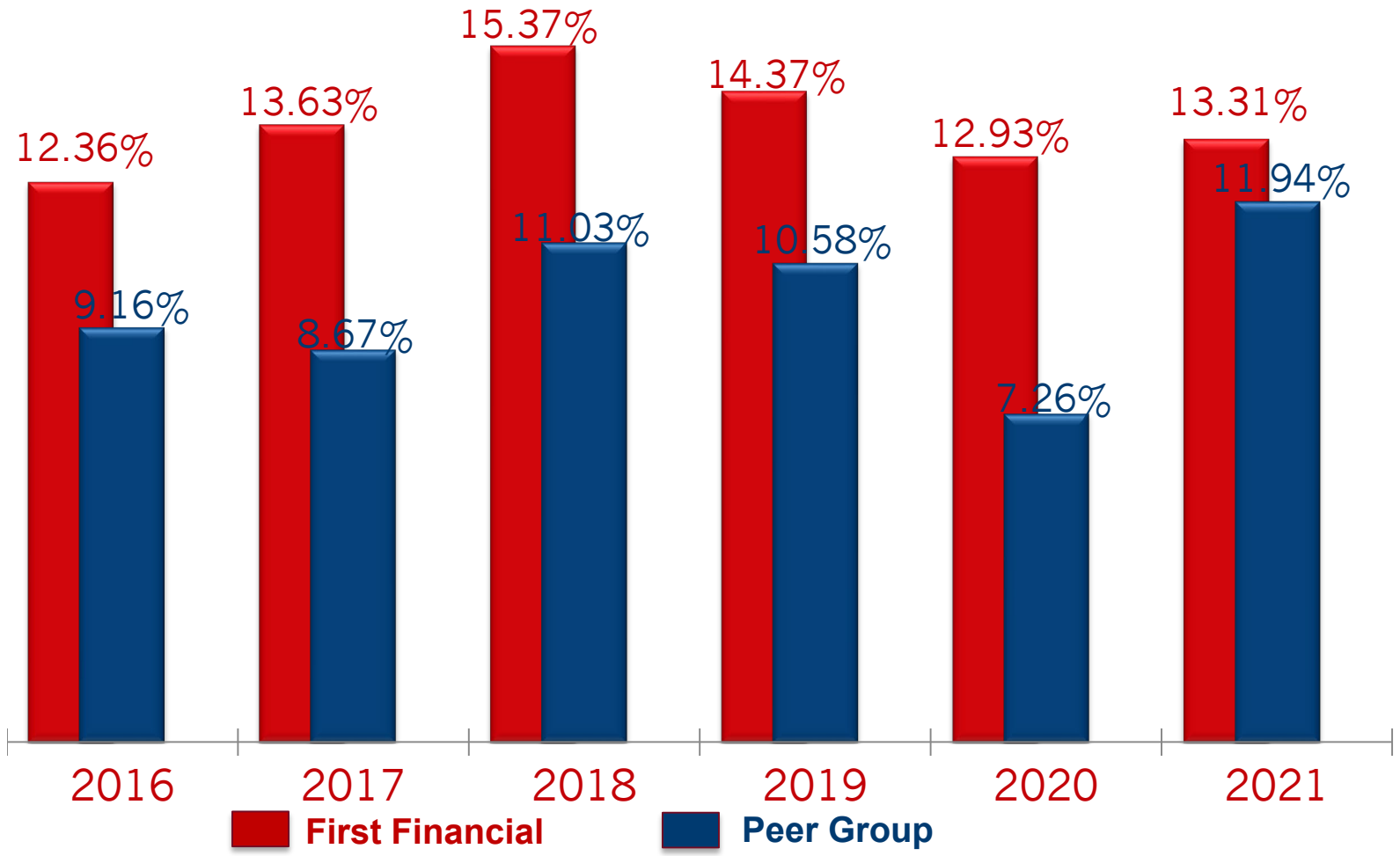
# FFIN Outperforms Peers

## Return on Average Assets



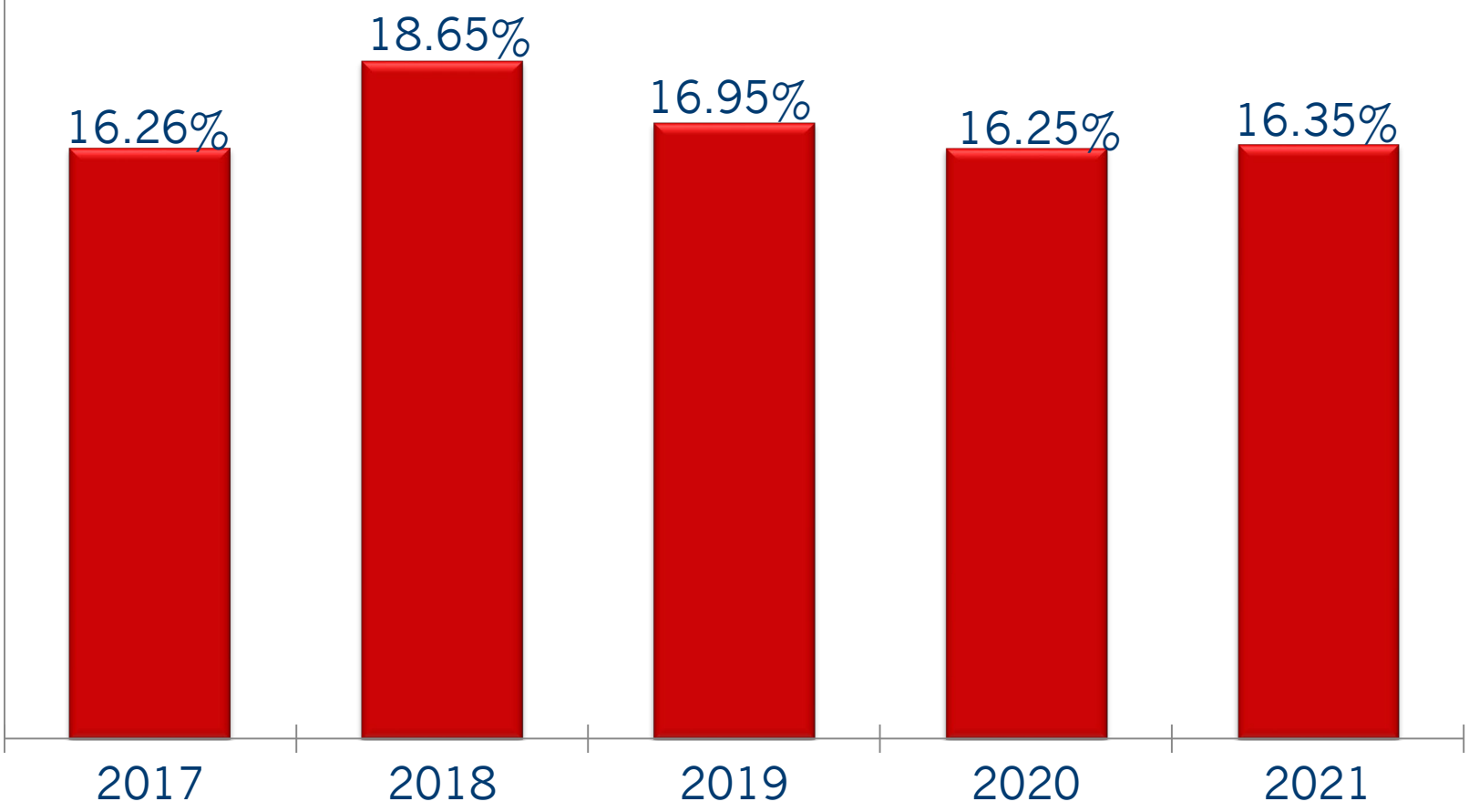
# Strong Return on Capital

## Return on Average Equity



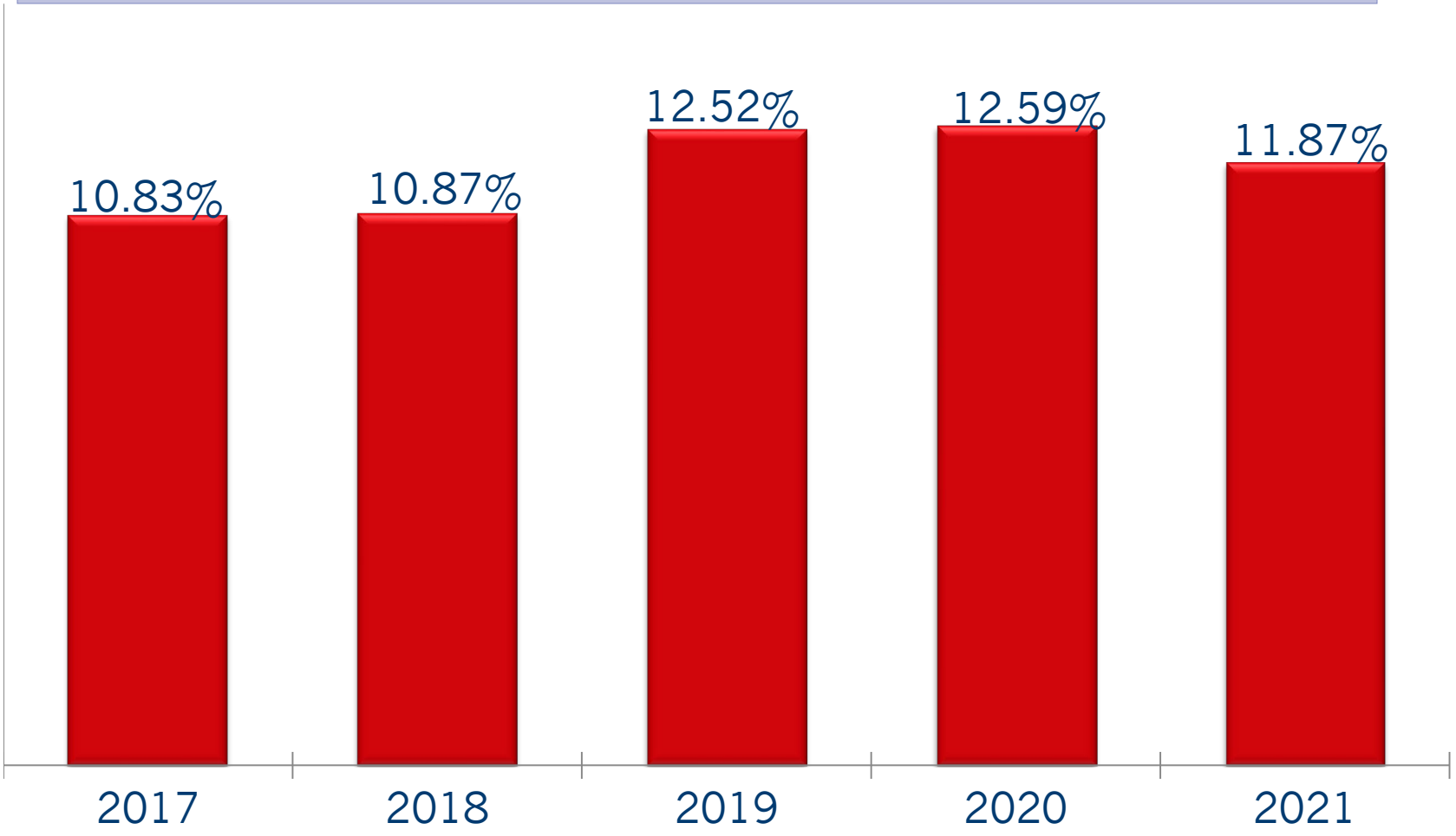
# Strong Return on Capital

## Return on Average Tangible Equity



# Strong Capital

## Tangible Common Equity Ratio



# Capital & Capital Ratios

*(dollars in thousands)*

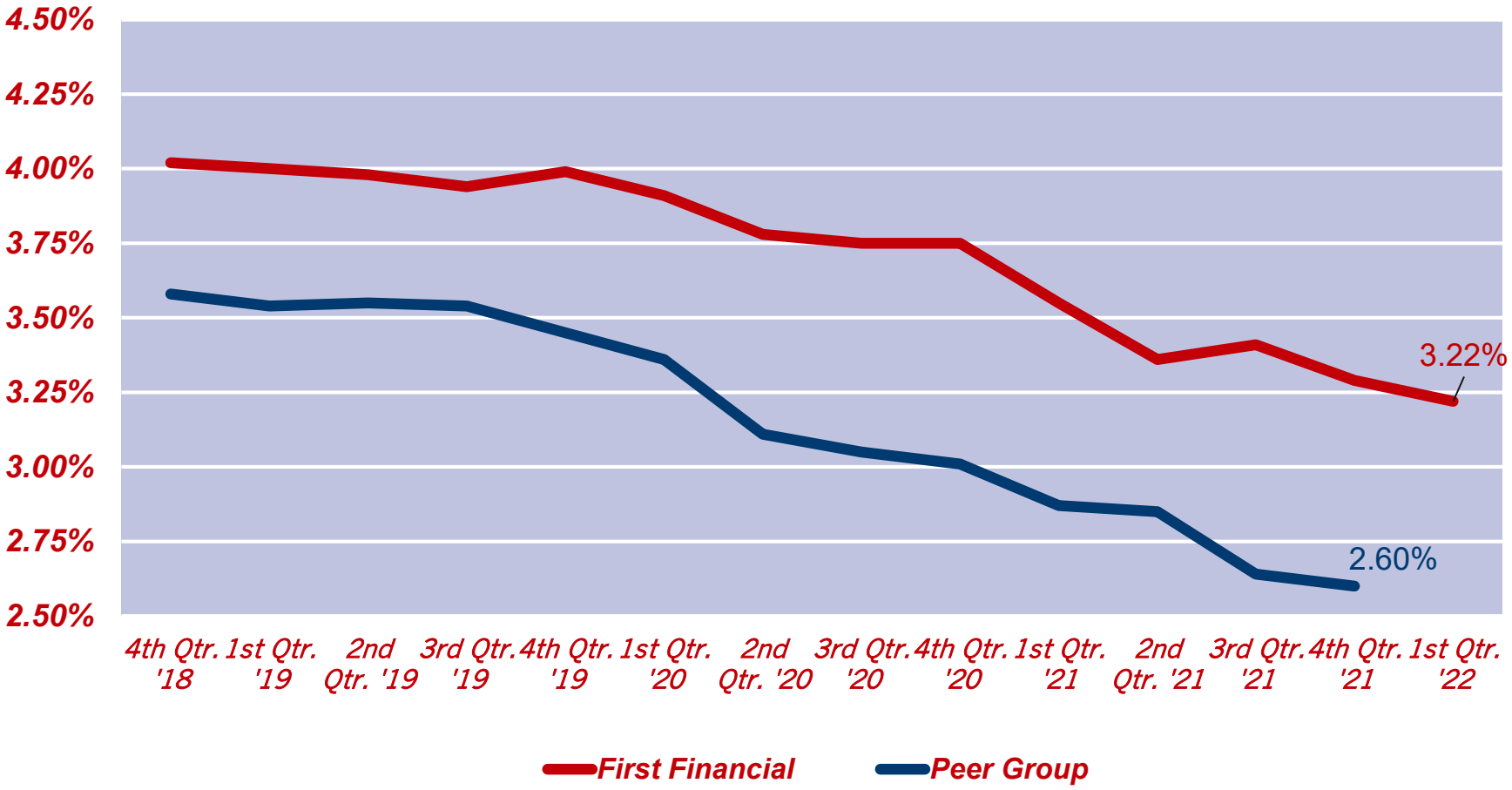
| | 2018 | 2019 | 2020 | 2021 | 2022* |
|---|---|---|---|---|---|
| Shareholders' Equity ($) | 1,053,295 | 1,227,197 | 1,678,190 | 1,759,224 | 1,488,749 |
| As a Percent of Total Assets (%) | 13.62 | 14.85 | 15.39 | 13.43 | 11.18 |
| Tangible Equity ($) | 878,612 | 1,053,530 | 1,359,798 | 1,442,445 | 1,172,290 |
| Tier 1 Leverage Ratio (%) | 11.85 | 12.60 | 11.86 | 11.13 | 10.78 |
| Common Equity Tier 1 Capital Ratio (%) | 19.47 | 20.06 | 20.79 | 19.35 | 19.00 |
| Tier 1 Capital Ratio (%) | 19.47 | 20.06 | 20.79 | 19.35 | 19.00 |
| Total Capital Ratio (%) | 20.61 | 21.13 | 22.03 | 20.34 | 20.01 |



*As of March 31, 2022

# Net Interest Margin

## Quarterly Interest Margin



# Working Smarter

## Efficiency Ratio *(FFIN vs. Peers)*

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022* |
|---|---|---|---|---|---|---|
| First Financial | 49.26% | 49.72% | 48.61% | 45.49% | 45.84% | 44.16%* |
| Peer Group | 61.01% | 60.51% | 59.91% | 61.85% | 58.80% | |

*For the three-months ended March 31, 2022

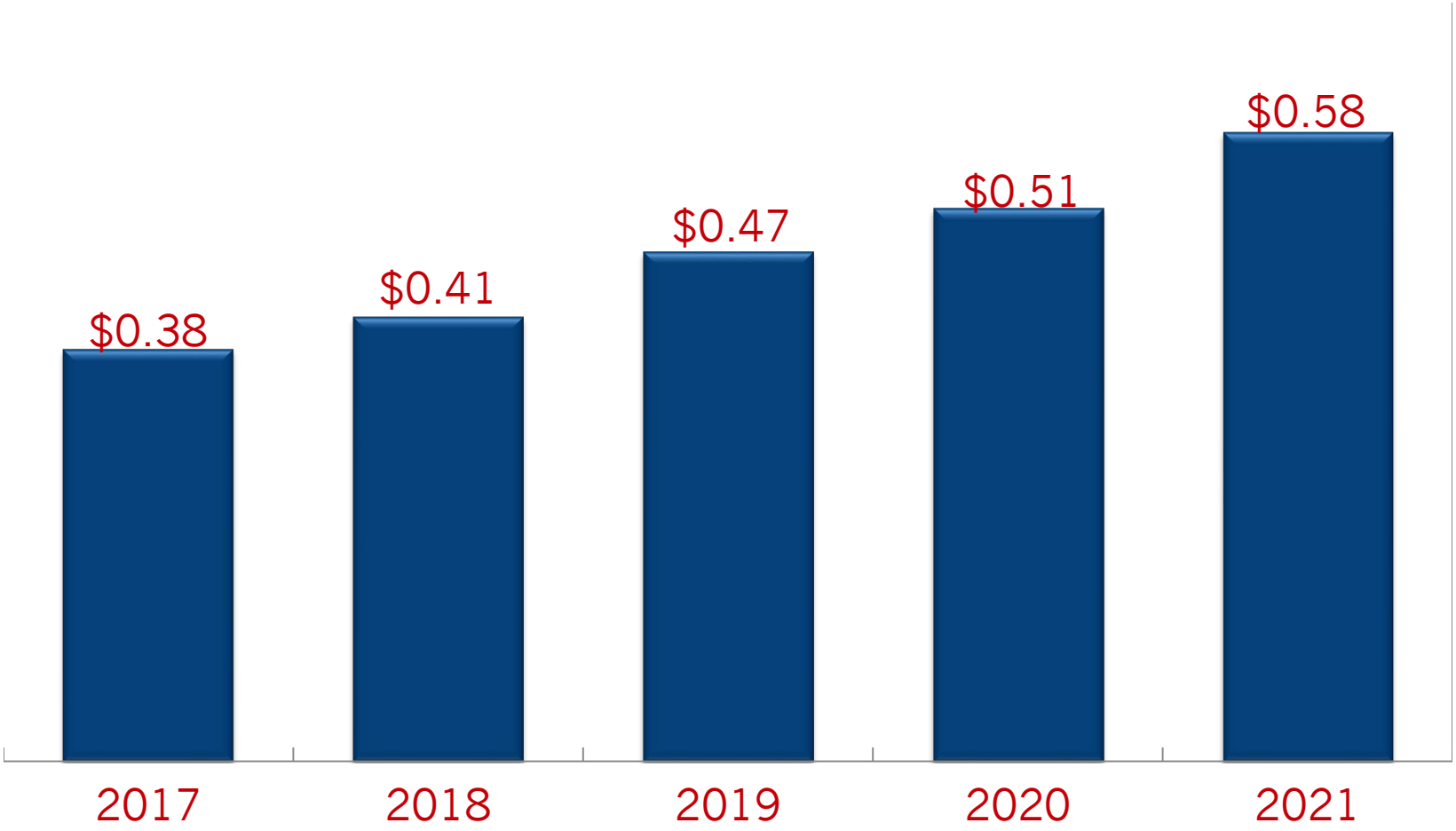
# Total Return on Investment

**Assume you owned 1,000 shares of FFIN stock on January 1, 2017…**

| | |
|---|---|
| 2021 return on investment | 40.56% |
| 2020 return on investment | 6.35% |
| 2019 return on investment | 23.34% |
| 2018 return on investment | 29.88% |
| 2017 return on investment | 1.33% |
| **5-year average annual return** | **20.29%** |

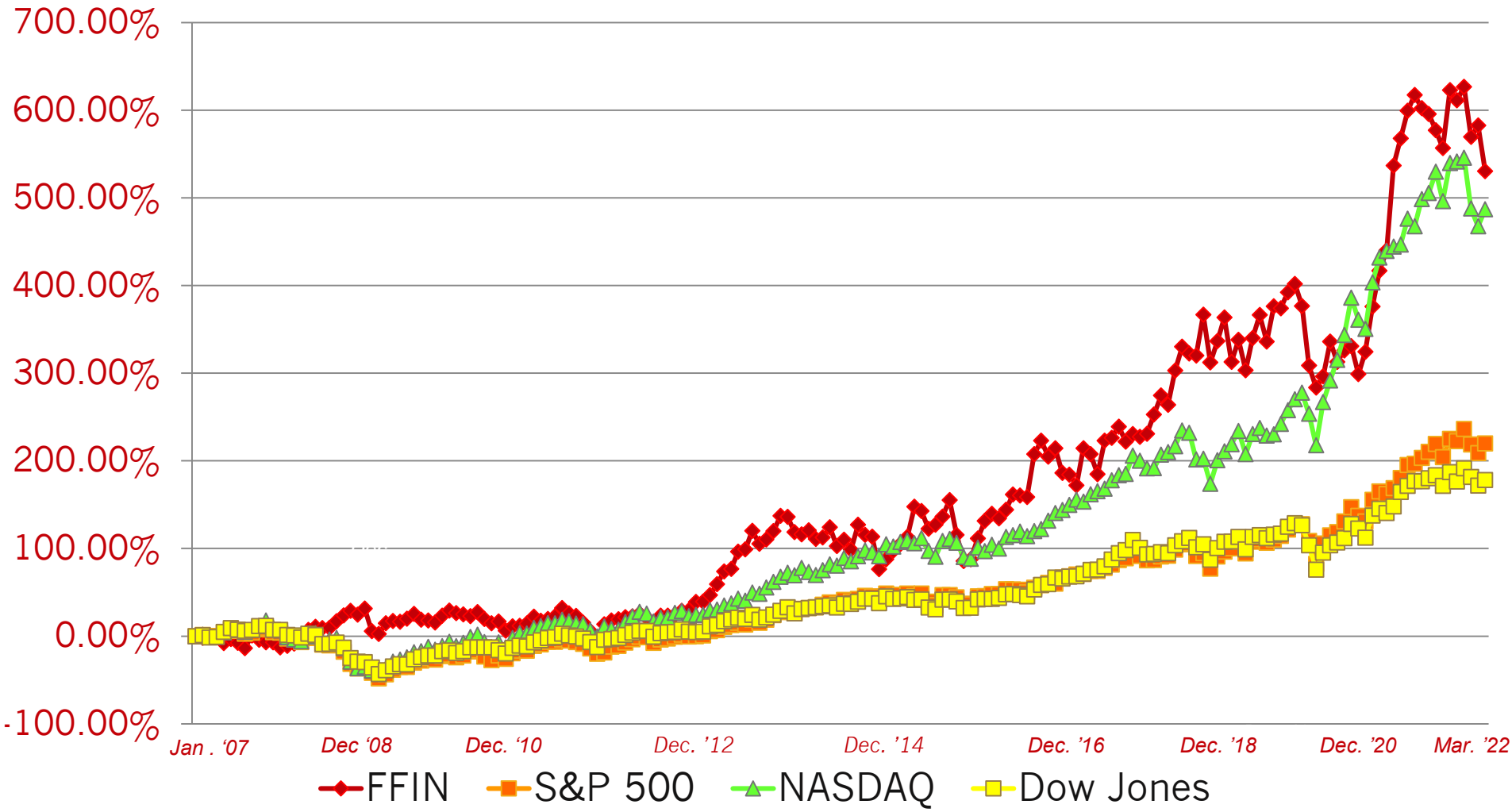
# Dividends Per Share

## Annual Dividends Declared Per Share




*Note: Increased quarterly dividend to $0.17 per quarter payable on July 1, 2022.

# Strong Stock Performance



# Focus for 2022

- Grow loans across all regions and products
- Grow net new deposit accounts and treasury management services
- Grow trust assets and fee income
- Continue growth in mortgage income
- Deepen overall level of human capital, including focus on diversity
- Control expenses and continue technology investments
- Manage credit quality
- Evaluate acquisition opportunities in the $1 - $3 billion asset range in key growth markets
- Continue to address the impact of crossing the $10 billion asset threshold & the effect of Durbin in the second half of 2022

FIRST FINANCIAL BANKSHARES, INC.™