

FIRST FINANCIAL BANKSHARES INC
Form PRE 14A
February 19, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

First Financial Bankshares, Inc.

(Name of Registrant As Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): \$

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- 3) Filing Party:

- 4) Date Filed:

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FIRST FINANCIAL BANKSHARES, INC.

400 Pine Street

Abilene, Texas 79601

325.627.7157

NOTICE OF THE 2019 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 23, 2019

To our shareholders:

We cordially invite you to attend the annual meeting of our shareholders, which will be held in the Abilene Civic Center, 1100 North 6th Street, Abilene, Texas, at 10:30 a.m., Central time, on Tuesday, April 23, 2019, for the following purposes:

- (1) To elect twelve directors;
- (2) To ratify the appointment by our audit committee of Ernst & Young LLP as our independent auditors for the year ending December 31, 2019;
- (3) To conduct an advisory, non-binding vote on the compensation of named executive officers;
- (4) To approve an amendment to the Amended and Restated Certificate of Formation to increase the number of authorized common shares; and
- (5) To act on such other business as may properly come before the annual meeting or any adjournment thereof.

Only shareholders of record at the close of business on March 1, 2019, are entitled to notice of and to vote at the annual meeting (or any adjournment or postponement thereof).

Important Notice Regarding the Availability of Proxy Materials for the 2019 Annual Meeting of Shareholders to be Held on April 23, 2019, the proxy statement and other information for security holders are available free of charge at <http://www.ffin.com/sec>.

We have included, along with this notice and proxy statement, (1) our 2018 annual report, which describes our activities during 2018, (2) our Form 10-K for the year ended December 31, 2018, and (3) an invitation to attend the annual meeting luncheon. These additional materials do not form any part of the materials for solicitation of proxies.

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We hope that you will be present at the annual meeting and the luncheon to be held immediately afterward for those who attend the annual meeting. We respectfully urge you, whether or not you plan to attend the annual meeting, to sign, date and mail the enclosed proxy card in the envelope provided in order to eliminate any question of your vote being counted. You can revoke your proxy in writing at any time before the annual meeting, so long as your written request is received by our corporate secretary before the call to order of the annual meeting. We can accommodate everyone at the annual meeting; however, there is limited seating for the luncheon so we request that you confirm your attendance by completing the enclosed reply card and returning it to us by April 12, 2019 or calling 325-627-7038 to RSVP before this date.

By order of the Board of Directors,

March , 2019

F. SCOTT DUESER, Chairman

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FIRST FINANCIAL BANKSHARES, INC.

400 Pine Street

Abilene, Texas 79601

325.627.7157

PROXY STATEMENT

2019 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 23, 2019

INTRODUCTION

The Board of Directors of First Financial Bankshares, Inc. (sometimes referred to as the Company) hereby solicits your proxy for use at the 2019 annual meeting of our shareholders and any continuation of the meeting if it is adjourned. The annual meeting will be held in the Abilene Civic Center, 1100 North 6th Street, Abilene, Texas, at 10:30 a.m., Central time, on Tuesday, April 23, 2019.

Our principal executive office is located at 400 Pine Street, Abilene, Texas 79601. Our telephone number is 325.627.7157.

We released for mailing this proxy statement and the accompanying proxy card on March , 2019. The date of this proxy statement is March , 2019.

VOTING OF SECURITIES

Important Voting Information

You may only vote if you hold shares directly in your own name.

If your shares are held in the name of a bank, broker or other holder of record, you should have received these proxy materials in paper form including a voting instruction card so you can instruct the holder of record how to vote your shares. Pursuant to Nasdaq rules, you must instruct your broker how you wish your shares to be voted on all non-routine matters. If you did not receive the luncheon invitation from your broker, please contact your broker because the invitations were sent with the annual report, Form 10-K, and this notice and proxy statement to shareholders to the brokerage firm.

Voting Rule. Your broker is not permitted to vote on your behalf on the election of directors, the advisory vote on compensation paid to our named executive officers or on the amendment to the Amended and Restated Certificate of Formation unless you provide specific instructions by following the instructions from your broker about voting your shares by telephone or Internet or completing and returning the voting instruction card. For your vote to be counted, you will need to communicate your voting decisions to your bank, broker or other holder of record sufficiently in advance of the date of the annual meeting in accordance with the instructions you receive from them.

Your Participation in Voting the Shares You Own is Important. Voting your shares is important to ensure that you have a say in the governance of the Company. Please review the proxy materials and follow the relevant instructions to vote your shares. We encourage you to exercise your rights and fully participate as a shareholder.

More Information is Available. If you have any questions about the proxy voting process in general, please contact the bank, broker or other holder of record through which you hold your shares. The Securities and Exchange Commission also has a website (www.sec.gov/spotlight/proxymatters.shtml) with more information about your rights as a shareholder.

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Record Date

Our Board of Directors has established the close of business on March 1, 2019, as the record date for determining the shareholders entitled to notice of, and to vote at, the annual meeting. On the record date, we had 67,816,714 common shares outstanding. Each of our shareholders is entitled to one vote for each common share held as of the record date.

Quorum

In order for any business to be conducted at the annual meeting, a quorum consisting of shareholders having voting rights with respect to a majority of our outstanding common shares on the record date must be present in person or by proxy. For purposes of determining the presence or absence of a quorum, we intend to count as present shares present in person but not voting and shares for which we have received proxies but for which holders thereof have abstained. Furthermore, shares represented by proxies returned by a broker holding the shares in nominee or street name will be counted as present for purposes of determining whether a quorum is present, even if the shares are not entitled to be voted on matters where discretionary voting by the broker is not allowed (broker non-votes).

If a quorum is not present at the annual meeting, we will adjourn the meeting, and the Board of Directors will continue to solicit proxies.

Required Vote

As discussed in more detail under Proposal 1 Election of Directors, each director is required to be elected by the affirmative vote of a majority of the votes cast at the annual meeting. Withheld votes have the effect of voting against the director nominee. Shares not represented at the annual meeting will have no effect on the election of directors. Brokers are not entitled to vote on director elections and thus broker non-votes are not treated as votes cast and will have no effect on the election of directors.

The matter described in Proposal 2 Ratification of Appointment of Independent Auditors is required to be approved by the affirmative vote of the majority of the votes cast at the annual meeting and entitled to vote on the matter. Abstentions and shares not represented at the meeting will not be counted for purposes of determining whether such matter has been approved. Brokers may vote in their discretion on this proposal on behalf of clients who have not furnished voting instructions. As a result, broker non-votes will not arise in connection with, and will have no effect on, this proposal.

With respect to Proposal 3 Advisory, Non-Binding Vote on Executive Compensation, the affirmative vote of a majority of the votes cast at the annual meeting and entitled to vote on this matter is required for approval of the compensation of our named executive officers. Voting for Proposal 3 is being conducted on an advisory basis and, therefore, the voting results will not be binding on the Company, the Board of Directors or the Compensation Committee. Abstentions, broker non-votes and shares not otherwise represented at the meeting will have no effect on the outcome of such matter.

With respect to Proposal 4 Amendment to Amended and Restated Certificate of Formation to Increase the Number of Common Shares Authorized, the affirmative vote of two-thirds of the outstanding shares entitled to vote on this matter is required for the approval of the amendment to our Amended and Restated Certificate of Formation to increase the number of common shares authorized. Abstentions, broker non-votes and shares not otherwise represented at the meeting will have the effect of a vote against this proposal.

The Board of Directors unanimously recommends that you vote FOR the election of all twelve directors nominated and recommended by the Board of Directors, FOR the ratification of the appointment of our independent auditors, FOR the resolution approving the compensation of our named executive officers and FOR the amendment to our Amended and Restated Certificate of Formation to increase the number of our common shares authorized.

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Failure to Provide Specific Voting Instructions

If you are a shareholder of record and you properly sign, date and return a proxy card, but do not indicate how you wish to vote with respect to a particular nominee or proposal, then your shares will be voted FOR the twelve directors nominated and recommended by the Board of Directors, FOR the ratification of the appointment of our independent auditors, FOR the resolution approving the compensation of our named executive officers and FOR the amendment to our Amended and Restated Certificate of Formation to increase the number of our common shares authorized.

Shareholder List

A list of shareholders registered with our stock transfer company entitled to vote at the annual meeting, which will show each shareholder's address and the number of shares registered in his, her or its name, will be open to any shareholder to examine for any purpose related to the annual meeting. Any shareholder may examine this list at our principal office, 400 Pine Street, Abilene, Texas 79601 during ordinary business hours commencing April 13, 2019, and continuing through the date of the annual meeting.

SOLICITATION AND REVOCABILITY OF PROXIES

Solicitation

We will bear the expense to solicit proxies, which will include reimbursement of expenses incurred by brokerage firms and other custodians, nominees and fiduciaries to forward solicitation materials regarding the annual meeting to beneficial owners. Our officers and directors may further solicit proxies from shareholders and other persons by telephone, electronic communication or other means. We will not pay these officers and directors any extra compensation for participating in this solicitation. We may engage Georgeson, Inc. to assist us with the solicitation of proxies and, if so, would expect to pay that firm approximately \$20,000 for their services, plus out-of-pocket expenses.

Proxies and Revocation

Each executed and returned proxy card will be voted according to the directions indicated on that proxy card. If no direction is indicated, the proxy will be voted according to the Board of Directors' recommendations, which are contained in this proxy statement. The Board of Directors does not intend to present, and has no information that others will present, any business at the annual meeting that requires a vote on any other matter. If any other matter requiring a vote properly comes before the annual meeting, the proxies will be voted in the discretion of the proxyholders in accordance with the terms of the proxy.

Each shareholder giving a proxy has the power to revoke it at any time before the annual meeting is called to order. This revocation is effective upon receipt, at any time before the annual meeting is called to order, by our corporate secretary of either (1) an instrument revoking the proxy or (2) a duly executed proxy bearing a later date than the preceding proxy.

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PROPOSAL 1

ELECTION OF DIRECTORS

General

While our amended and restated bylaws fix the number of directors at a number not less than seven nor more than fifteen, the Board of Directors has fixed the number of directors at twelve for 2019, effective as of the date of our annual meeting. Although we do not contemplate that any of the nominees will be unable to serve, if such a situation arises before the annual meeting, the proxies will be voted to elect any substitute nominee or nominees designated by the Board of Directors. At the annual meeting, twelve directors are to be elected, each for a term of one year and until their respective successors have been duly elected and qualified.

Identifying and Evaluating Nominees for Director

The Board of Directors, acting through the Nominating/Corporate Governance Committee and pursuant to the Board of Directors Nominating/Corporate Governance Committee Charter, is responsible for identifying and evaluating candidates for Board of Directors membership. The Nominating/Corporate Governance Committee is responsible for recommending nominees who have the experience, qualifications, attributes and skills appropriate to function collaboratively and effectively as the Board of Directors for the Company. The Board of Directors and the Nominating/Corporate Governance Committee believe that the Board of Directors as a whole and its members individually should possess a combination of skills, professional experience, and diversity of backgrounds and viewpoints necessary to oversee our Company's current and future needs. The attributes that the Board of Directors and every director should possess are in the director nomination criteria set forth in our corporate governance guidelines. These criteria include:

at least a majority of the Board of Directors must be composed of independent directors;

candidates should be capable of working in a collegial manner with persons of diverse educational, business and cultural backgrounds and should possess skills and expertise that complements the attributes of the existing directors;

candidates should represent a diversity of viewpoints, backgrounds, experiences and other demographics;

candidates should demonstrate notable or significant achievement and possess senior-level business, management or regulatory experience that would benefit our Company;

candidates should have familiarity with and experience in the commercial banking industry;

candidates shall be individuals of highest character and integrity;

candidates shall be free of conflicts of interest that would interfere with their ability to discharge their duties or that would violate any applicable laws or regulations;

candidates shall be capable of devoting the necessary time to discharge their duties, taking into account memberships on other boards and other responsibilities; and

candidates shall have a desire to represent the interests of all shareholders.

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The Nominating/Corporate Governance Committee and the Board of Directors may, from time to time, establish and consider other specific skills and experience that they believe our Company should seek in order to constitute a diverse, balanced, collaborative and effective Board of Directors. For an incumbent director, the Nominating/Corporate Governance Committee and the Board of Directors also consider past performance of such director on our Board of Directors. See **Nominees** below for the qualifications of each nominee for election at the annual meeting.

The Nominating/Corporate Governance Committee regularly reviews the composition of the Board of Directors in light of our Company's business and structure; the changing needs of our Company as a result the business environment; our operations, financial conditions and complexity; its assessment of the Board of Directors performance; and input from shareholders and other key constituencies. As part of this review, the Nominating/Corporate Governance Committee evaluates the effectiveness of the Board of Directors' director nomination standards.

The Nominating/Corporate Governance Committee will, in consultation with the Chairman of the Board of Directors and in accordance with its charter, consider candidates proposed or suggested by members of the Board of Directors, management, third party search firms retained by the Nominating/Corporate Governance Committee and shareholders. The Nominating/Corporate Governance Committee follows the same process and uses the same criteria for evaluating candidates whether they are proposed by members of the Board of Directors, management, third party search firms or shareholders. Any shareholder wishing to recommend a candidate to be considered by the Nominating/Corporate Governance Committee for nomination at an annual meeting of shareholders should review the procedure outlined under **Committees of the Board of Directors' Nominating/Corporate Governance Committee** beginning on page 35 of this proxy statement.

Changes in Composition of the Board of Directors

Mr. Robert Nickles, Jr., founder and executive chairman of Alegacy Group, LLC, Houston, Texas is being nominated as a new member of the Board of Directors along with Mr. Mike Denny and our current board members. Mr. Nickles was identified by the Nominating/Corporate Governance Committee and recommended to the Board of Directors for nomination at the annual meeting. For more information regarding Mr. Nickles' qualifications, attributes and skills, see **Nominees** beginning on page 7 of this proxy statement.

Mr. Mike Denny, owner and president of Batjer and Associates, Inc., Abilene, Texas is being nominated as a new member of the Board of Directors along with Mr. Nickles and our current board members. Mr. Denny was identified by the Nominating/Corporate Governance Committee and recommended to the Board of Directors for nomination at the annual meeting. For more information regarding Mr. Denny's qualifications, attributes and skills, see **Nominees** beginning on page 7 of this proxy statement.

Nominees

Based upon recommendations of the Nominating/Corporate Governance Committee, the Board of Directors has nominated the individuals below, for election to the Board of Directors at the annual meeting to serve a one-year term and until their respective successors have duly elected and qualified.

In light of the Company's business and structure, the business environment and the Company's long-term strategy, the Board of Directors, upon recommendation of the Nominating/Corporate Governance Committee, selected a slate of nominees whose experience, qualification, attributes and skills in leadership, commercial and investment banking and financial advisor services, finance and accounting, risk management, operations management, strategic planning,

business development, regulatory and government affairs, and corporate governance and public policy, led the Board of Directors to conclude that these persons should serve as our directors at this time.

Pursuant to Nasdaq rules, a majority of the Board of Directors must be comprised of independent directors. The Board of Directors has determined that each director nominated, except Mr. Dueser, is independent under applicable Nasdaq rules.

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The names and principal occupations of our current directors and nominees, together with the length of service as a director and the number of our common shares beneficially owned by each of them on March 1, 2019, are set forth in the following tables. Except as otherwise indicated, the named beneficial owner has sole voting and investment power with respect to shares held by him or her. The address for each individual is 400 Pine Street, Abilene, Texas 79601.

Name	Age	Years as Director	Principal Occupation During Last Five Years	Shares Beneficially Owned	Percent of Shares Outstanding (1)
April Anthony	51	4	CEO, Encompass Health Home Health and Hospice and Homecare Homebase	13,646 (2)(15)	*
Tucker S. Bridwell	67	12	President, Mansefeldt Investment Corporation	217,248 (3)(15)	*
David Copeland	63	21	President, SIPCO and Shelton Family Foundation, a private charitable foundation	258,743 (4)(15)	*
Mike Denny	65		Owner/President of Batjer and Associates, Inc.	21,753 (5)	*
F. Scott Dueser	65	28	See Executive Officers on page 12	1,018,622 (6)(7)(8)(9)	1.50%
Murray Edwards	67	13	Principal, The Edwards Group	178,197 (10)(15)	*
Ron Giddiens	71	10	Investments/Business Consulting; Former bank president	16,918 (11)(15)	*
Tim Lancaster	65	6	Retired President and CEO, Hendrick Health System	12,651 (15)	*
Kade L. Matthews	61	21	Ranching and Investments	855,006 (12)(15)	1.26%
Robert Nickles, Jr.	52		Executive Chairman of Alegacy Group, LLC	37,433 (13)	*
Ross H. Smith, Jr.	71	5	Chairman and President, Akrotex Inc.	25,128 (15)	*
Johnny E. Trotter	67	16	President & CEO, Livestock Investors, Ltd.	418,926 (14)(15)	*
Shares beneficially owned by all executive officers and directors**				3,326,217	4.90%

* Less than 1%

** See Executive Officers on page 15

(1) Based on 67,816,714 common shares outstanding as of March 1, 2019.

- (2) Includes 3,518 shares that are owned by a trust for the benefit of Ms. Anthony's spouse and 6,000 shares held by a trust of which Ms. Anthony is the beneficiary.
- (3) Includes 168,354 shares that are owned by a private foundation for which Mr. Bridwell serves as president to which he disclaims beneficial ownership, 5,000 shares that are owned by a company that Mr. Bridwell is sole stockholder and sole director and 1,766 shares held by his spouse.
- (4) Includes 225,636 shares that are owned by trusts for which Mr. Copeland serves as trustee or co-trustee to which he disclaims beneficial ownership.
- (5) Represents shares owned by a limited partnership that Mr. Denny and his spouse jointly own.
- (6) Includes 278,002 shares that are owned by a family limited partnership of which Mr. Dueser serves as the manager of the general partner and to which he disclaims beneficial ownership with respect to 208,502 shares; 404,629 shares held by several trusts of which Mr. Dueser is the trustee, settlor and beneficiary; and 224,155 shares owned by a family limited partnership of which Mr. Dueser serves as the manager of the general partner and to which he disclaims beneficial ownership with respect to 159,823 shares.
- (7) Includes 99,583 shares indirectly owned as of March 1, 2019 through the employee stock ownership plan portion of the profit sharing plan which each participant has sole voting powers.
- (8) Includes 6,254 unvested shares owned as of March 1, 2019 through our Restricted Stock Plan which each participant has sole voting powers.

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- (9) Includes 6,000 shares of our common shares issuable upon exercise of options presently exercisable or exercisable within 60 days as of March 1, 2019.
- (10) Includes 4,440 shares of our common shares owned by Mr. Edwards spouse, 56,577 shares held by a limited partnership of which Mr. Edwards is the general partner and of which Mr. Edwards and his spouse are the limited partners, 14,812 shares held by a trust of which Mr. Edwards is the beneficiary and 9,740 shares that are owned by a trust in which Mr. Edwards serves as trustee and administrator to which he disclaims beneficial ownership.
- (11) Includes 3,171 shares held by Mr. Giddiens spouse.
- (12) Includes 280,000 shares that are owned by a private foundation for which Mr. Matthews serves as president and director to which he disclaims beneficial ownership and 276,238 shares owned by the estate of Mr. Matthews mother in which Mr. Matthews is the co-executor.
- (13) Represents shares owned by a limited liability company that is jointly owned by Mr. Nickles and his spouse.
- (14) Includes 34,000 shares held by Mr. Trotter s spouse.
- (15) Includes 1,190 for each director, other than Mr. Dueser, Mr. Denny and Mr. Nickles, owned as of March 1, 2019 through our 2015 Restricted Stock Plan which each participant has sole voting powers but are not yet vested. Each nominee s biography and the specific experiences, qualifications, attributes and skills of each nominee are described below.

April Anthony, Dallas, Texas, has served as a director of the Company since 2014. She serves on the Audit Committee and is designated as a financial expert. She is also a director of First Financial Bank, N.A., Abilene (the Bank), a wholly owned subsidiary of the Company and of First Technology Services, Inc. (the Technology Company), a wholly owned subsidiary of the Bank. She is chief executive officer of Encompass Health Home Health and Hospice, which she founded in 1998, and Homecare Homebase. Encompass Health Home Health and Hospice is the nation s largest provider of Medicare certified home health services and boasts national leading scores in clinical quality outcomes and patient satisfaction. It provides home care and hospice services to over 45,000 patients per day through a network of over 280 offices in 31 states. Homecare Homebase provides leading homecare software technology to over 200 homecare providers across the United States, representing 35% of homecare and hospice services in the nation. She is a graduate of Abilene Christian University and is a certified public accountant. She is a member of the Board of Trustees of Abilene Christian University, serving for 18 years and currently serves as chair. She was named Outstanding Alumnus in February 2018. She is also the founder and a director of Encompass Cares Foundation, a nonprofit foundation formed to support domestic and international medical mission efforts and over the past ten years has provided over \$5 million in mission grants. Her experience and qualifications provide sound leadership to the board of Directors. In addition, as a certified public accountant, Ms. Anthony brings strong accounting, management, strategic planning, technology and financial skills important to the oversight of our financial reporting, enterprise and operational risk management.

Tucker S. Bridwell, Abilene, Texas, has served as a director of the Company since 2007. He serves as lead director, chairman of the Nominating/Corporate Governance Committee and also on the Executive Committee. He is also a director of the Bank serving on the directors' loan committee and serves as an advisory director of the Bank's Abilene region. He has been president of Mansfeldt Investment Corporation, a privately owned investment company, and the Dian Graves Owen Foundation, a private charitable foundation, since September 1997 and manages investments for both entities. Mr. Bridwell is also a director of Concho Resources Inc., serving on its audit and reserves committees. Mr. Bridwell was a director of Halcon Resources from 2012 until 2016 and Petrohawk Energy Corporation from 2004 until 2010. He was selected as Abilene's Outstanding Citizen of the Year in 2010. He is a graduate of Southern Methodist University and is a certified public accountant. Mr. Bridwell's service as a director to public companies adds administration and operational management experience, as well as corporate governance expertise to the Board of Directors. His experience and qualifications provide sound leadership to the Board of Directors. In addition, as a certified public accountant, Mr. Bridwell brings strong accounting, oil and gas expertise, investment, lending and financial skills important to the oversight of our financial reporting, enterprise and operational risk management.

David Copeland, Abilene, Texas, has served as director of the Company since 1998. He serves as chairman of the Audit Committee and also is a member of the Executive and Nominating/Corporate Governance Committees. He is designated as a financial expert for our Audit Committee. He also is a director of the Bank serving on the asset liability management committee and of First Financial Trust & Asset Management Company, N.A. (the Trust Company), a wholly owned subsidiary of the Company. He also serves as an advisory director of the Bank's Abilene region. He is president of the Shelton Family Foundation, a private charitable foundation, and SIPCO, Inc., the management and investment company for the Andrew B. Shelton family. He also serves as a director of Harte-Hanks, Inc., a publicly traded targeted marketing company. He is a graduate of Abilene Christian University and is a certified public accountant and chartered financial analyst. Mr. Copeland's service as a director to public companies adds administration and operational management experiences, as well as corporate governance expertise

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to the Board of Directors. His experience and qualifications provide sound leadership to the Board of Directors. In addition, as a certified public accountant and chartered financial analyst, Mr. Copeland brings strong investment, accounting and financial skills important to the oversight of our financial reporting, enterprise and operational risk management.

Mike Denny, Abilene, Texas, is a new nominee for director of the Company. He currently serves on the Bank's Directors' Loan Committee and as an advisory director of the Bank's Abilene Region. He is owner and president of Batjer and Associates, Inc., a mechanical contractor, the largest mechanical contractor in the Abilene area, having been with the company for over 40 years. He also is vice president and partner in Batjer Services, LLC. He is a graduate of the University of Texas in Austin with a finance degree. He has served on several non-profit boards in Abilene and presently serves on the Abilene Industrial Foundation. His experience and qualifications provide sound leadership to the Board of Directors. Mr. Denny brings strong finance and construction lending and other lending skills important to the oversight of our financial reporting, enterprise and operational risk management.

F. Scott Dueser, Abilene, Texas, has served as a director of the Company since 1991. He serves as chairman of the Executive Committee. He also is a director of the Bank serving on the asset liability management committee, of the Trust Company and of First Technology Services, Inc., (the Technology Company), a wholly owned subsidiary of the Bank. He is Chairman, Chief Executive Officer and President of the Company. He became Chairman in 2008 and became CEO/President in 2001. Prior to his role at the Company, he was CEO/President of the Bank from 1991 to 2001 and assumed these roles again as well as Chairman of the Board effective December 30, 2012. He is a graduate of Texas Tech University with finance and accounting degrees and served on the Board of Regents of Texas Tech University from 2005 to 2009, the last two years as Chairman. He currently serves on the boards of Breck Operating, Inc., Brazos LLP, Salt Fork, Ltd., Petco Ltd. and States Royalty LLP, which are privately held oil and gas companies. He was selected as Abilene's Outstanding Citizen of the Year in 2009. Mr. Dueser adds financial services experience, especially lending, oil and gas expertise and asset liability management to the Board of Directors, as well as a deep understanding of the Company's business and operations. Mr. Dueser also brings risk and operations management and strategic planning expertise to the Board of Directors, skills that are important as we continue to implement our business strategy and acquire and integrate growth opportunities.

Murray Edwards, Clyde, Texas, has served as director of the Company since 2006. He serves on the Audit, Executive and Nominating/Corporate Governance Committees. He also is a director of the Bank serving as chairman of the directors' loan committee and serves as an advisory director of the Bank's Abilene region and chairman of the Fort Worth region. He is principal of The Edwards Group, a privately owned investment company, and has an undergraduate degree from Texas A&M University and a masters of business administration from Harvard Business School. He has successfully owned and managed a number of businesses including Automated Farm Systems, Alderman-Cave Feeds, Abilene Cattle Feeders, Cape & Son, Bluebonnet Feeds and Innovation Event Management. In 2018, he received the Texas A&M University Outstanding Agribusiness Entrepreneur Award, only the second time the award had been given. He was the largest shareholder and a director of Peoples State Bank, Clyde, Texas, prior to it being acquired by the Company. Mr. Edwards has significant risk management, merger and acquisitions and strategic planning skills. In addition, he brings strong agriculture, accounting, lending and financial skills important to the oversight of our financial reporting, enterprise and operational risk management.

Ron Giddiens, San Angelo, Texas, has served as a director of the Company since 2009. He serves on the Audit Committee. He also is a director of the Bank serving on the directors' loan committee and asset liability management committee and of the Technology Company and serves as an advisory director of the Bank's San Angelo region. He is a former president of Bank of the West in San Angelo prior to its sale to Boatmans Bank and Bank of America. He currently provides business, acquisition and valuations consulting through his company, D & G Consulting. He is a graduate of Baylor University and the Southwestern Graduate School of Banking at Southern Methodist University.

Mr. Giddiens adds significant financial services industry expertise relevant to our community banking, wealth management, and commercial lending businesses. His leadership experience with a large financial services company is important to the oversight of our multi-region business model.

Tim Lancaster, Abilene, Texas, has served as a director of the Company since 2013. He serves as chairman of the Compensation Committee and also is a member of the Executive, Nominating/Corporate Governance and Audit Committees. He also is a director of the Bank and serves as an advisory director of the Bank's Abilene region. He retired as President and CEO of Hendrick Health Systems, a 525 bed regional hospital based in Abilene, Texas, having served in this capacity since 2004. From 1998 to 2004, he was CEO of Brownwood Regional Medical Center, Brownwood, Texas. He has a bachelor of finance degree from Texas Tech University and a

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masters in health care administration from Texas Women's University. He is past Chair of the Board of Trustees of the Texas Hospital Association and was honored in February 2018 with the Earl M. Collier Award for Distinguished Health Care Administration in Texas. He has served on numerous healthcare related boards on a national and state level. He currently serves as Chairman of the Board of Regents of Texas Tech University. Mr. Lancaster adds significant operational, risk management, strategic planning and administrative experiences, as well as corporate governance expertise that is important to the Company. His past leadership as the chief executive of a large hospital system brings strong accounting, management skills and medical industry expertise to the oversight of the financial reporting and operational risk management. Mr. Lancaster had ten years in the banking industry prior to going into hospital administration.

Kade L. Matthews, Clarendon, Texas, has served as a director of the Company since 1998. He serves on the Compensation Committee. He also is a director of the Bank and serves as an advisory director of the Bank's Hereford region. He is President of the Legett Foundation, a private charitable foundation in Texas, as well as a trustee of Texas Christian University, where he is a graduate. He also is on the board of visitors of the MD Anderson Cancer Center in Houston, president of the Dodge Jones Legacy Foundation, a private charitable foundation in Abilene, president of Kickapoo Springs Foundation, a private charitable foundation in Abilene, and a former member of the Amarillo Area Foundation. Mr. Matthews is also a former regent of Clarendon College and former president of the Clarendon College Foundation. He is a rancher and manages investments. Mr. Matthews provides excellent agriculture and wealth management experience, local knowledge of economic trends in the communities that we serve as well as compensation and benefits experience and corporate governance experience garnered through his leadership position and board service with other entities.

Robert Nickles, Jr., Houston Texas, is a new nominee for director of the Company. He currently serves as an advisory director of the Bank's Kingwood Region. He is founder and executive chairman of Alegacy Group, LLC, the second largest gas compressor packager in the world, with over \$525 million in revenue and over 1,300 employees. He is also managing director of 3MCB Investments, LLC, Nickles5 Investments, LLC and serves on the board of directors of Frisco Professional Building Investors Ltd. and Fast Fusion LLC. Mr. Nickles previously served in management roles including CEO of Nickles Industries, senior vice president of operations and senior vice president of sales for Cooper Cameron and COO of Valerus Compression Services. He is a graduate of Oklahoma State University. In 2010, he was elected to the Commercial State Bank, Kingwood, Texas board of directors and served on that board until the Company's acquisition of that bank on January 1, 2018. His experience and qualifications provide sound leadership to the Board of Directors. Mr. Nickles brings strong financial, oil and gas expertise, investment and lending skills important to the oversight of our financial reporting, enterprise and operational risk management.

Ross H. Smith, Jr., Orange, Texas, has served as a director of the Company since 2014. He serves on the Compensation Committee. He also is a director of the Bank serving on the Directors' Loan Committee and serves as an advisory director of the Bank's Southeast Texas region. He served as a director of Orange Savings Bank, SSB from 2008 to 2013, prior to the Company acquiring Orange Savings Bank, SSB in May 2013. He is chairman and president of Akrotex Inc., Orange, Texas, a service company for the petrochemical/plastics industry. He also is chairman of the board and president of Sabine River Ford, Inc., Orange, Texas and Volkswagen of Lake Charles, Louisiana. He serves on the board of directors of the Foundation of South East Texas, a three county community charitable foundation and also on the board of directors of the Foundation for Lamar State College, Orange, Texas. He has received several community builder and leadership awards and in 2010, was named Citizen of the Year for the Greater Orange Area Chamber of Commerce. Mr. Smith brings a wealth of experience and leadership in business to the Board.

Johnny E. Trotter, Hereford, Texas, has served as a director of the Company since 2003. He serves on the Executive, Compensation and Nominating/Corporate Governance Committees. He also is a director of the Bank and serves as an advisory director of the Bank's Hereford region. He is president of Livestock Investors, Ltd., one of the largest cattle

feeders in the United States as well as an officer in Deaf Smith Enterprises LLC, a privately owned real estate company. He also is president of Whiteface Ford dealership in Hereford, Texas, and owns and manages ranches/farms in Texas, New Mexico, Oklahoma and Mississippi. He also is a director of First United Bank, Dimmitt, Texas, an unaffiliated bank. He is also a director and became president of the American Quarter Horse Association in March 2014 and is active in numerous other cattle/horse associations and philanthropic/community involvement. Beginning in 2016, he serves on the Donald Trump Agriculture Advisory Committee. He was named 2004 Citizen of the Year in Hereford/Deaf County, Texas. He was inducted into the Texas Cowboy Hall of Fame in January 2015, was awarded an honorary doctorate from West Texas A&M University in December 2015 and

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received the Chester A. Reynolds Memorial Award at the National Cowboy & Western Heritage Museum in Oklahoma City, Oklahoma in 2017. Mr. Trotter brings key leadership, risk management, operations, strategic planning and auto industry/agricultural expertise that assist the Board of Directors in overseeing the Company's operations.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU
VOTE FOR THE ELECTION OF EACH OF THESE NOMINEES.**

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PROPOSAL 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

The Audit Committee of your Board of Directors has selected Ernst & Young LLP to serve as our independent auditors for the year ending December 31, 2019 and to serve until the next annual meeting in April 2020. Ernst & Young LLP has served as the Company's independent auditors since 2002. We have been advised by Ernst & Young LLP that neither its firm nor any of its members has any financial interest, direct or indirect, in us, nor has had any connection with us or any of our subsidiaries in any capacity other than independent auditors. The Board of Directors recommends that you vote for the ratification of the selection of Ernst & Young LLP. Shareholder ratification of the selection of Ernst & Young LLP as our independent auditors is not required by our certificate of formation, bylaws or otherwise. Nevertheless, your Board of Directors is submitting this matter to the shareholders in conformance with the practices of good corporate governance. If the shareholders do not ratify the appointment of Ernst & Young LLP, then the appointment of independent auditors will be reconsidered by our Audit Committee. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent audit firm at any time during the year if it is determined that such a change would be in the best interests of the Company and its shareholders. Representatives of Ernst & Young LLP are expected to be present at the annual shareholders meeting, and they may have the opportunity to make a statement, if they desire to do so, and to respond to appropriate questions.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE YEAR ENDING DECEMBER 31, 2019.

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PROPOSAL 3

ADVISORY, NON-BINDING VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS

Pursuant to the Securities and Exchange Commission rules adopted under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), we are conducting a shareholder advisory vote on the compensation paid to our named executive officers. Although the vote is advisory and is not binding on the Board of Directors, the Company or the Compensation Committee, the Board's Compensation Committee will take into account, among other criteria, the outcome of the vote when considering future executive compensation decisions.

This proposal, commonly referred to as a "say-on-pay" proposal, gives our shareholders the opportunity to express their views on the compensation of our named executive officers and the executive compensation philosophy, policies and programs described in this proxy statement. We ask that you support the compensation of our named executive officers as disclosed under the heading "Executive Compensation", including the "Compensation Discussion and Analysis" section and the accompanying compensation tables and related narrative disclosure.

As described in the Compensation Discussion and Analysis section, we seek to provide a compensation package that attracts and retains executive talent, provides rewards for superior performance and produces consequences for underperformance. We believe that our compensation program strikes the appropriate balance between utilizing responsible, measured pay practices and effectively incentivizing our named executive officers to dedicate themselves fully to value creation for our shareholders.

You are encouraged to read the detailed information under "Executive Compensation" beginning on page 14 of this proxy statement for additional details about our executive compensation programs. We believe shareholders should consider the following in determining whether to approve this proposal:

Each member of our Compensation Committee is independent under the applicable standards of the Nasdaq Stock Market;

The Compensation Committee continually monitors our performance and adjusts compensation practices accordingly;

Beginning in October 2016, all award agreements evidencing awards granted under the 2012 Incentive Stock Option Plan or the 2015 Restricted Stock Plan include a compensation recoupment ("clawback") provision; and

In 2018, the Compensation Committee established a Compensation Recovery Policy for all bonuses and awards that will now be subject to repayment or forfeiture should the Company be required to prepare an accounting restatement. See page 19 for further description and information related to this newly established policy.

Shareholder advisory votes on executive compensation currently take place on an annual basis.

The Board of Directors strongly endorses the Company's executive compensation program and recommends that shareholders vote in favor of the following resolution:

RESOLVED, that the shareholders of First Financial Bankshares, Inc. hereby approve, on an advisory basis, the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K in the Company's Proxy Statement for the 2019 Annual Meeting of Shareholders, including the Compensation Discussion and Analysis compensation tables and narrative discussion.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE RESOLUTION RELATED TO COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS.

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PROPOSAL 4

AMENDMENT TO THE AMENDED AND RESTATED CERTIFICATE OF FORMATION

TO INCREASE THE NUMBER OF AUTHORIZED COMMON SHARES

Our Amended and Restated Certificate of Formation currently authorizes 120,000,000 common shares, par value \$0.01 per share, which we refer to as our common stock. Because 67,816,714 million common shares are currently issued and outstanding and 3,380,991 shares are reserved for issuance upon exercise of our outstanding stock options and granting of restricted stock, we have 48,802,295 common shares available for future issuances. Accordingly, we believe it is necessary to increase our total number of authorized common shares to 200,000,000 so that we have the flexibility in the future to issue more common shares, whether as a stock dividend, as consideration for an acquisition, in accordance with our stock option or restricted stock plans, to raise additional capital or otherwise. As described in our annual report on Form 10-K, we routinely consider acquisition opportunities and should we be able to reach an agreement with one or more acquisition targets, we would likely use our common shares as some or all of the acquisition consideration. Although the proposed increase in our authorized common shares could be construed as having anti-takeover effects, neither our Board of Directors nor our management views this proposal in that perspective, and we are not aware of any takeover bid at this time. Our Board of Directors has approved this amendment, but your approval is also required under Texas law to amend our Amended and Restated Certificate of Formation. Should the amendment not be approved, the Company would be limited in regards to future stock dividends, acquisitions using our common shares as consideration or incentivizing our employees through equity compensation plans.

The effect of the proposed amendment is to authorize an additional 80,000,000 common shares, par value \$0.01 per share. The future issuance of any newly authorized common shares, if any, would be authorized by resolution of the Board of Directors without further approval of the shareholders. Shareholders will have no preemptive rights to subscribe for additional common shares. The additional common shares to be authorized would be identical to our currently outstanding common shares, including being subject to the same conditions and having the same voting and other rights. Approval of this proposed amendment and any subsequent issuance of additional common shares would not affect your current rights as a shareholder, except for effects of a potential increase in the number of common shares outstanding, such as dilution of the earnings per share, book value per share and the voting power of current holders of common shares. Therefore, we are asking you to vote on the following resolution:

RESOLVED, that the Amended and Restated Certificate of Formation of First Financial Bankshares, Inc. (the Company) be amended to increase the total number of authorized common shares so that the Company is authorized to issue 200,000,000 common shares, to be effected by amending Article Four of the Company s Amended and Restated Certificate of Formation to read in its entirety as follows:

The aggregate number of common shares which the corporation shall have authority to issue is 200,000,000 of the par value of \$0.01 each.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE AMENDMENT TO
INCREASE IN THE NUMBER OF AUTHORIZED COMMON SHARES.**

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EXECUTIVE OFFICERS

Set forth in the following table are our named executive officers of our common shares beneficially owned by each of them as of March 1, 2019. Except as otherwise indicated, the named executive officer has sole voting and investment power with respect to the shares he holds. The address for each individual is 400 Pine Street, Abilene, Texas 79601.

Name	Age	Office	Years Served in Such Office	Principal Occupation During Past 5 Years
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