# COMMUNITY

## 3rd Quarter 2023

FIRST FINANCIAL BANKSHARES, INC.™

# Forward Looking Statement

The numbers, as of and for the year ended September 30, 2023, 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

- $12.8 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 $9.02 billion in assets
- 133 year history

# Forbes – Number 2 Bank in the Nation

*February 2023*

# NUMBER 2 IN THE NATION



# #7 Bank in the Nation

FIRST FINANCIAL BANK

MEMBER FDIC

S&P Global

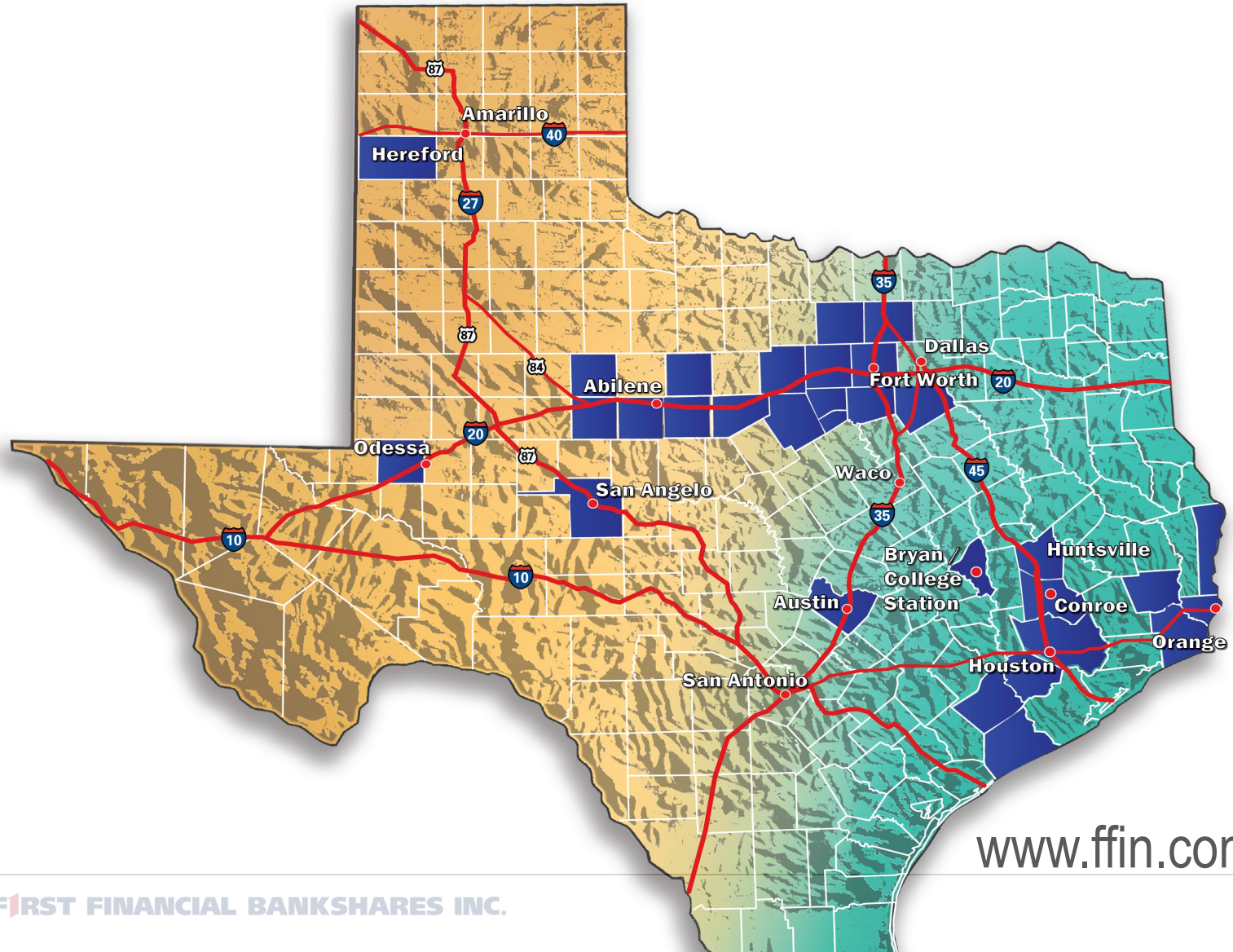
# What Makes Us Different

## 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

# Diverse Footprint Across Texas




www.ffin.com/locations

# Texas: Large and Growing

| Five most populous states:* | | Growth (2011 – 2021) |
|---|---|---|
| California | 39.0 million | 3.7% |
| Texas | 30.0 million | 17.1% |
| Florida | 22.2 million | 16.7% |
| New York | 19.7 million | .9% |
| Illinois | 12.6 million | -2.2% |

** U.S. Census Bureau*

# Target Markets – Population Growth

| Population growth (2011-2021) in FFIN expansion markets:* | |
|---|---|
| Texas | 17.1% |
| Bridgeport & Wise County | 19.6% |
| Fort Worth & Tarrant County | 15.1% |
| Cleburne & Johnson County | 23.2% |
| Weatherford, Willow Park, Aledo & Parker County | 32.5% |
| Granbury & Hood County | 24.6% |
| Stephenville & Erath County | 11.4% |
| Conroe & Montgomery County | 37.6% |
| 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)* | $4,121M | 23 | 59% | 1 |
| First Financial Bank *(Hereford)* | $186M | 1 | 28% | 1 |
| First Financial Bank *(San Angelo)* | $1,115M | 2 | 33% | 1 |
| TOTALS | $5,422M | 26 | | |



* Data as of 09-30-23

** Data as of 06-30-23

# Expansion Markets – Dallas / Fort Worth Area

| REGION | ASSET SIZE* | LOCATIONS | DEPOSIT MARKET SHARE** | MARKET SHARE RANK** |
|---|---|---|---|---|
| First Financial Bank | $772M | 4 | 16% | 3 |
| *(Cleburne, Burleson, Alvarado)* | | 2 | 9% | 4 |
| *(Midlothian, Waxahachie)* | | | | |
| First Financial Bank | $962M | 4 | 6% | 5 |
| *(Southlake, Trophy Club, Keller, Grapevine)* | | 3 | 25% | 1 |
| *(Bridgeport, Decatur, Boyd)* | | | | |
| First Financial Bank | $1,022M | 6 | 28% | 1 |
| *(Stephenville, Granbury, Glen Rose, Acton)* | | | | |
| First Financial Bank | $1,291M | 7 | 23% | 1 |
| *(Weatherford, Aledo, Willow Park, Brock, Mineral Wells)* | | | | |
| First Financial Bank | $464M | 1 | 0.49% | 26 |
| *(Fort Worth)* | | | | |
| TOTALS | $4,511M | 27 | | |



* Data as of 09-30-23

** Data as of 06-30-23

# Expansion Markets – Houston Area

| REGION | ASSET SIZE* | LOCATIONS | DEPOSIT MARKET SHARE** | MARKET SHARE RANK** |
|---|---|---|---|---|
| **First Financial Bank** | $1,011M | 3 | 46% | 1 |
| *(Orange, Mauriceville, Vidor)* | | 4 | 5% | 8 |
| *(Newton, Port Arthur, Beaumont, Lumberton)* | | | | |
| **First Financial Bank** | $1,049M | 10 | 11% | 4 |
| *(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)* | | | | |
| **First Financial Bank** | $582M | 4 | | |
| *Kingwood – Montgomery County* | | | 5% | 6 |
| *El Campo – Wharton County* | | | 9% | 4 |
| *Fulshear – Fort Bend County* | | | 0.16% | 32 |
| *Palacios – Matagorda County* | | | 12% | 2 |
| **First Financial Bank** | $957M | 6 | 10% | 4 |
| *(Bryan / College Station, Franklin)* | | | | |
| TOTALS | **$3,599M** | **27** | | |



* Data as of 09-30-23
** Data as of 06-30-23

# Recent De Novo Growth

- Franklin: Branch of Bryan / College Station – August 2023
- Lumberton: Branch of Orange – December 2022
- 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)

# FFIN's Unique Positioning in Texas

| Bank | Key Markets |
|---|---|
| Stellar | Houston, Beaumont, 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 |
| 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 7th Annual on October 10, 2022)
  - 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:
  - Defined Clear 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

# Recognitions – Financial Exploitation Prevention Program

- Stopped fraud and saved customers from monetary losses totaling more than $24 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

# Executive Management Team at First Financial

| | Years with Company | Years in Industry |
|---|---|---|
| **Scott Dueser**<br>*Chairman of the Board, President & Chief Executive Officer* | 47 | 52 |
| **Ron Butler**<br>*Executive Vice President Chief Administrative Officer* | 30 | 41 |
| **Michelle Hickox**<br>*Executive Vice President Chief Financial Officer* | - | 33 |
| **Kirk Thaxton, CTFA**<br>*Chairman of the Board, President & Chief Executive Officer*<br>*First Financial Trust & Asset Management* | 36 | 40 |
| **Luke Longhofer**<br>*Executive Vice President Chief Lending Officer* | 12 | 20 |
| **John Ruzicka**<br>*Executive Vice President Chief Information Officer* | 5 | 43 |

# Executive Management Team at First Financial

| | Years with Company | Years in Industry |
|---|---|---|
| **David Bailey**<br>*Executive Vice President*<br>*Commercial Banking* | 20 | 20 |
| **Randy Roewe**<br>*Executive Vice President*<br>*Chief Risk Officer* | 8 | 33 |
| **Kyle McVey, CPA**<br>*Executive Vice President*<br>*Chief Accounting Officer &*<br>*Investor Relations Director* | 13 | 15 |
| **Stephen Lee**<br>*Southeast Texas Banking Executive* | 10 | 34 |

# Senior Management and Line of Businesses Executives

| | Years with Company | Years in Industry |
|---|---|---|
| **Marna Yerigan**<br>*Executive Vice President*<br>*Lending* | 12 | 41 |
| **Michael Wolverton**<br>*Executive Vice President*<br>*Consumer Lending* | 12 | 38 |
| **Troy Fore**<br>*President*<br>*First Financial Mortgage* | 8 | 38 |
| **Frank Gioia**<br>*Senior Vice President*<br>*Customer Care Center* | 8 | 36 |
| **Andrea Smiddy-Schlagel**<br>*Executive Vice President*<br>*Treasury Management* | 5 | 35 |

# Senior Management and Line of Businesses Executives

| | Years with Company | Years in Industry |
|---|---|---|
| **Megan Dobbs**<br>*Executive Vice President*<br>*Marketing* | - | 10 |
| **Monica Houston**<br>*Executive Vice President*<br>*Retail Banking & Training* | 29 | 29 |
| **Maggie Tuschinski**<br>*Executive Vice President*<br>*Chief Digital Officer* | 2 | 21 |
| **Rett Everett**<br>*Executive Vice President*<br>*Lending* | 2 | 20 |
| **Michael Parker**<br>*Executive Vice President*<br>*Chief Compliance Officer* | 1 | 18 |

# Experienced Regional CEOs & Presidents

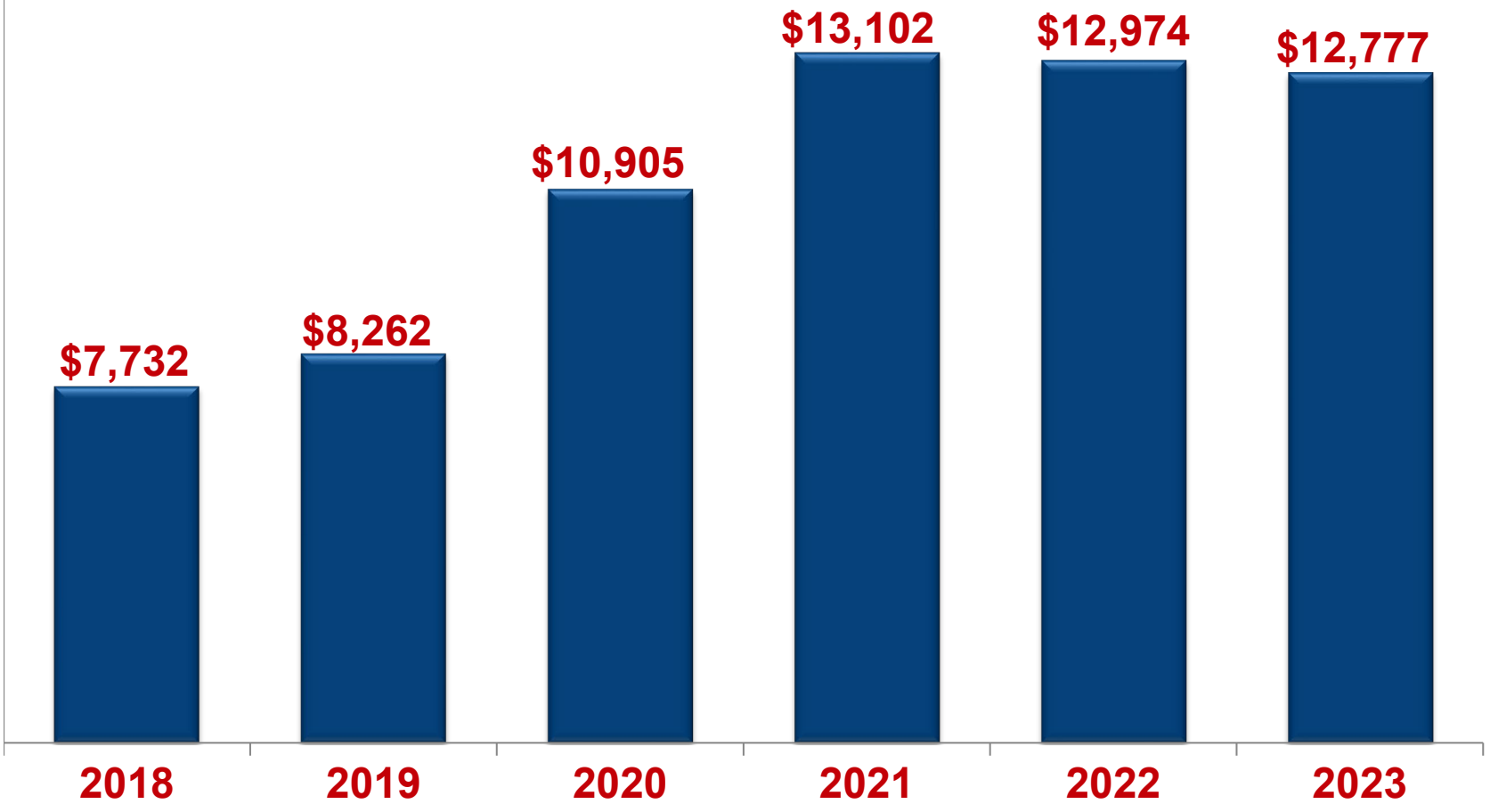
| | Years with Company | Years in Industry |
|---|---|---|
| **Marelyn Shedd**, *Abilene* | 33 | 40 |
| **Candice Kanady**, *Eastland* | 22 | 22 |
| **Joseph Crouch**, *Sweetwater* | 5 | 27 |
| **Jamie Esch**, *Hereford* | 2 | 26 |
| **Chris Evatt**, *San Angelo* | 23 | 23 |
| **Austin Elsner**, *Cleburne* | 6 | 23 |
| **Trent Swearengin**, Stephenville | 24 | 26 |
| **Justin Hooper**, *Weatherford* | 19 | 30 |
| **Shelby Bruhn**, *Southlake* | 2 | 23 |
| **Stephen Lee**, *Southeast Texas* | 10 | 34 |
| **Chris Baughman**, *Conroe* | 7 | 40 |
| **Marcus Morris**, *Fort Worth* | 13 | 15 |
| **Shelley Dacus**, *Kingwood* | 5 | 19 |
| **Nora Thompson**, *Bryan/College Station* | 3 | 32 |

# Asset Performance

## Total Asset Growth

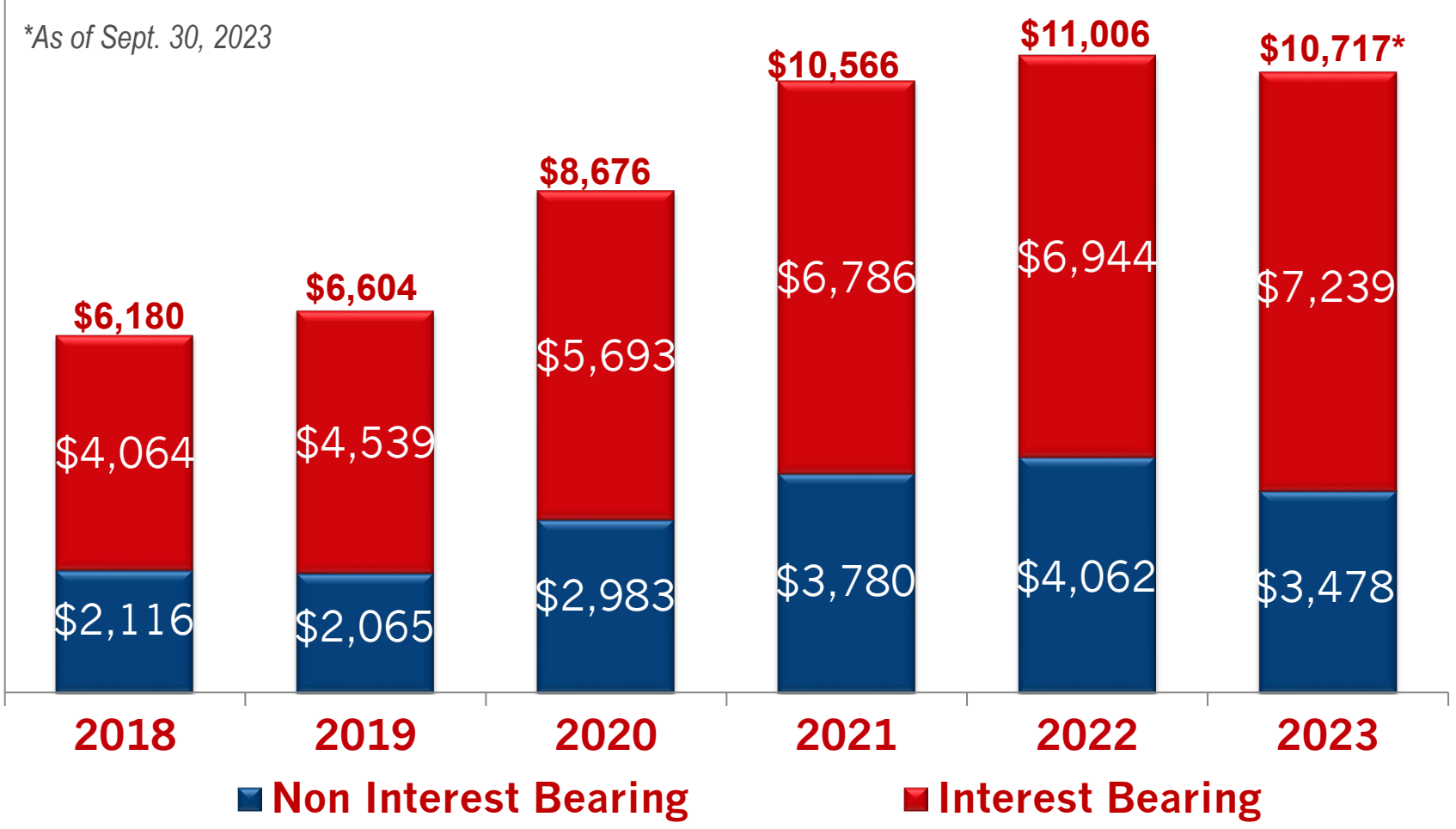
*(in millions)*

*As of Sept. 30, 2023



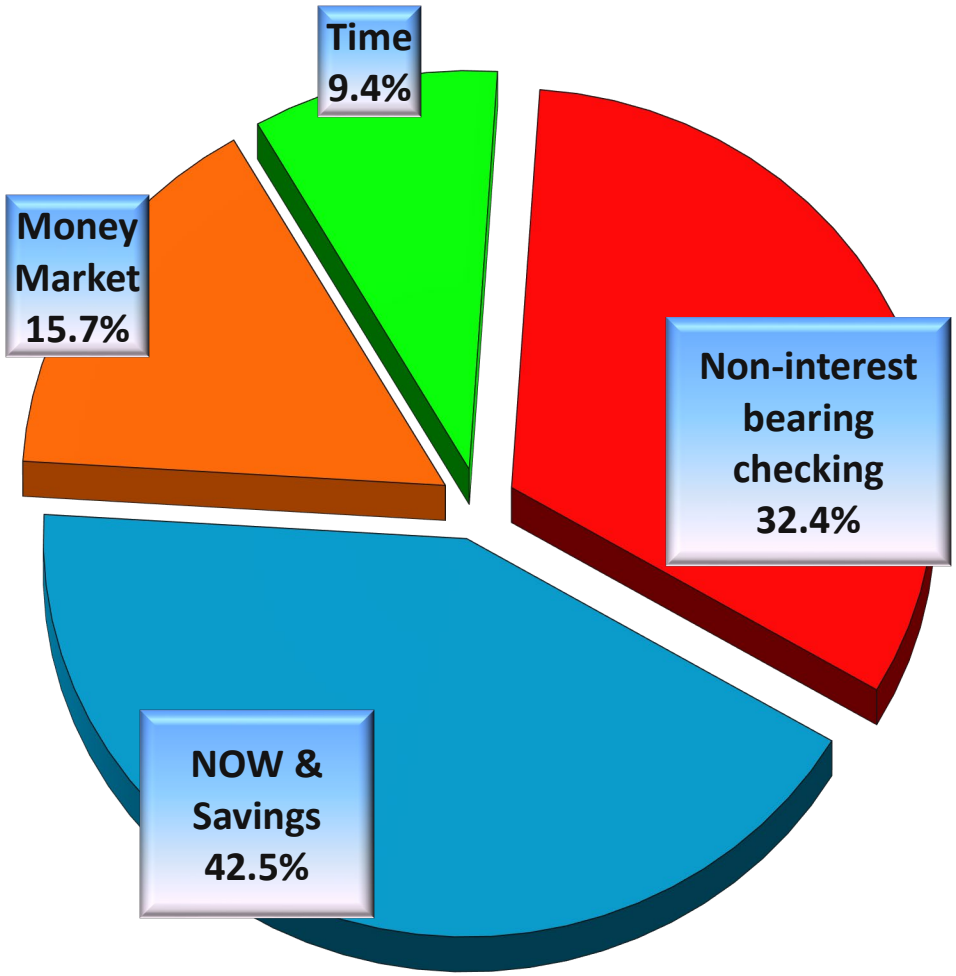
# Total Deposit Growth

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



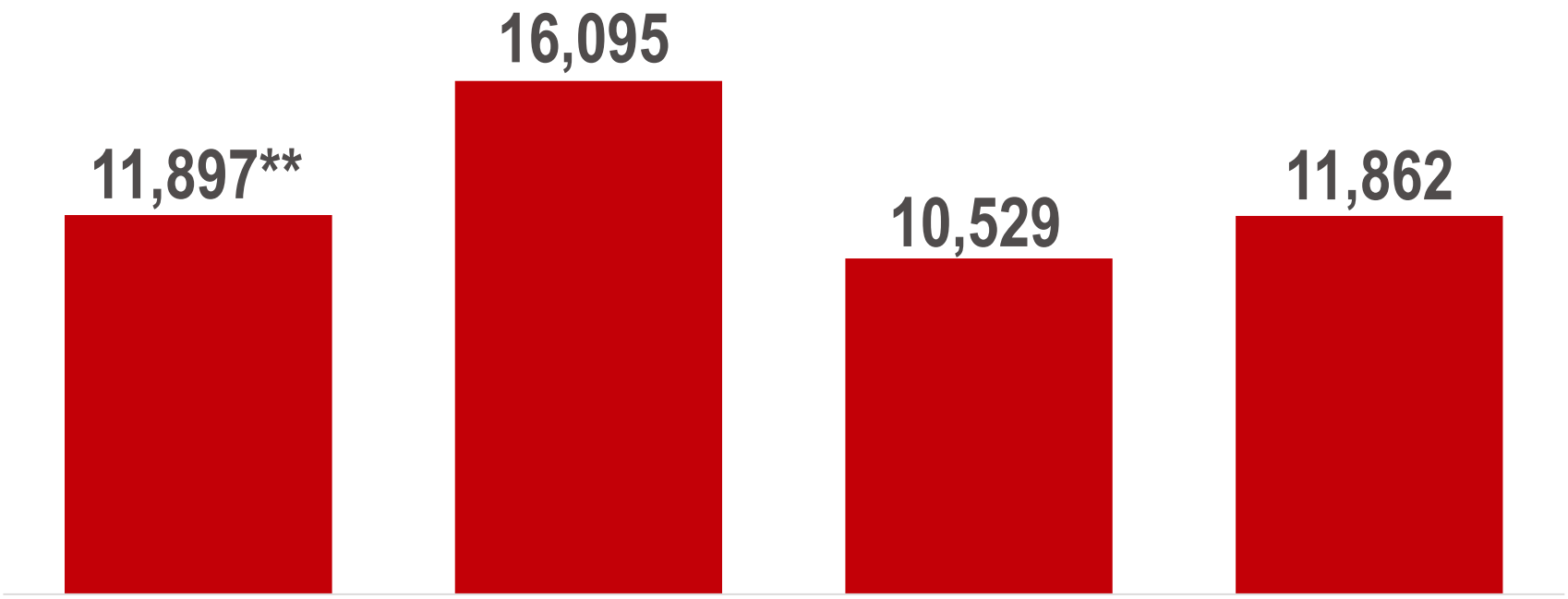
# Deposit Products - $10.7 Billion*

*As of Sept. 30, 2023



# Deposit Account Growth

*As of Sept. 30, 2023*

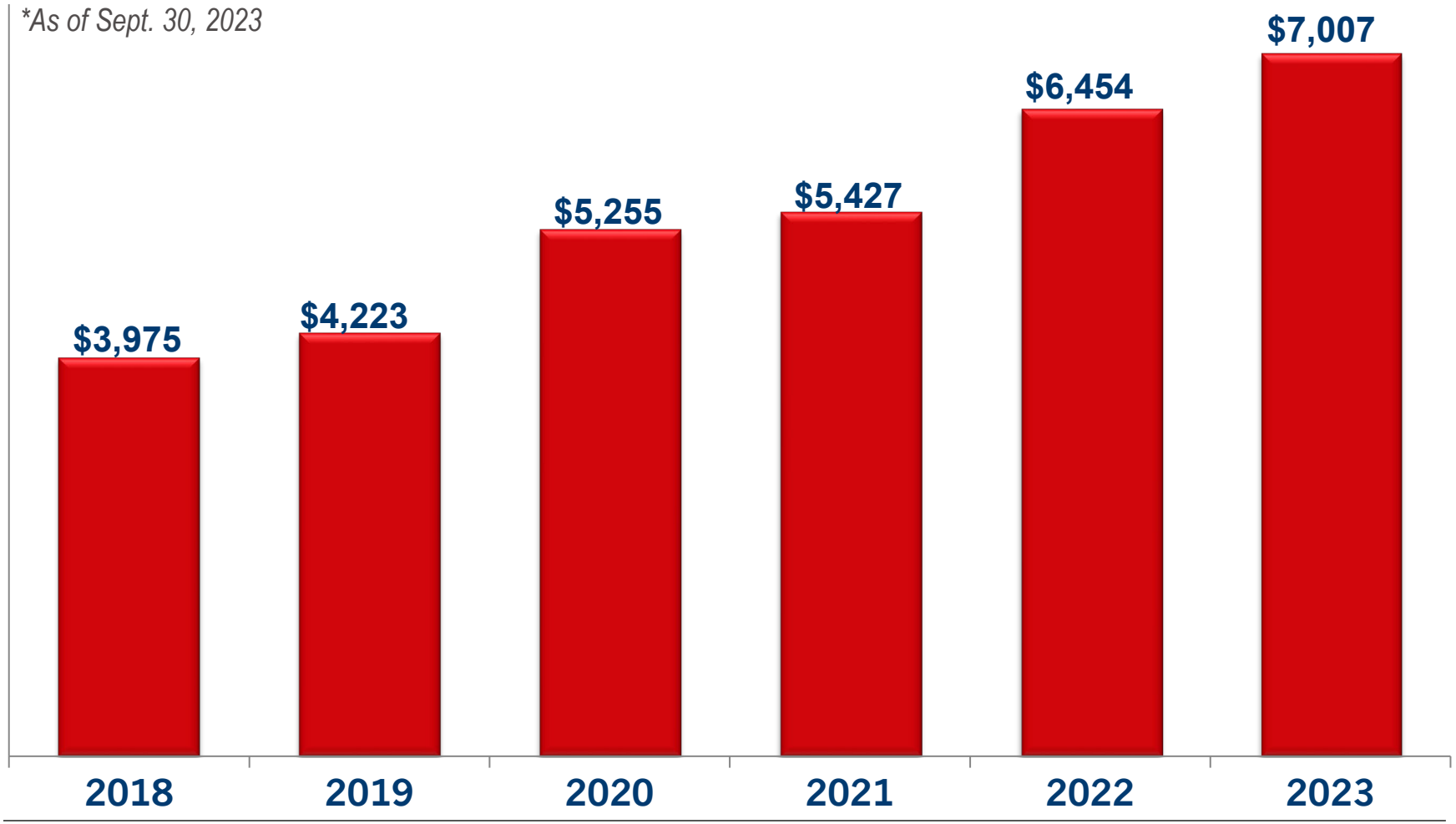



| | 2020 | 2021 | 2022 | 2023* |
|---|---|---|---|---|
| Total Number of Accounts | 303,169 | 319,264 | 329,793 | 341,655 |

**(Excluding Bryan/College Station Acquisition)

# Loan Performance

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



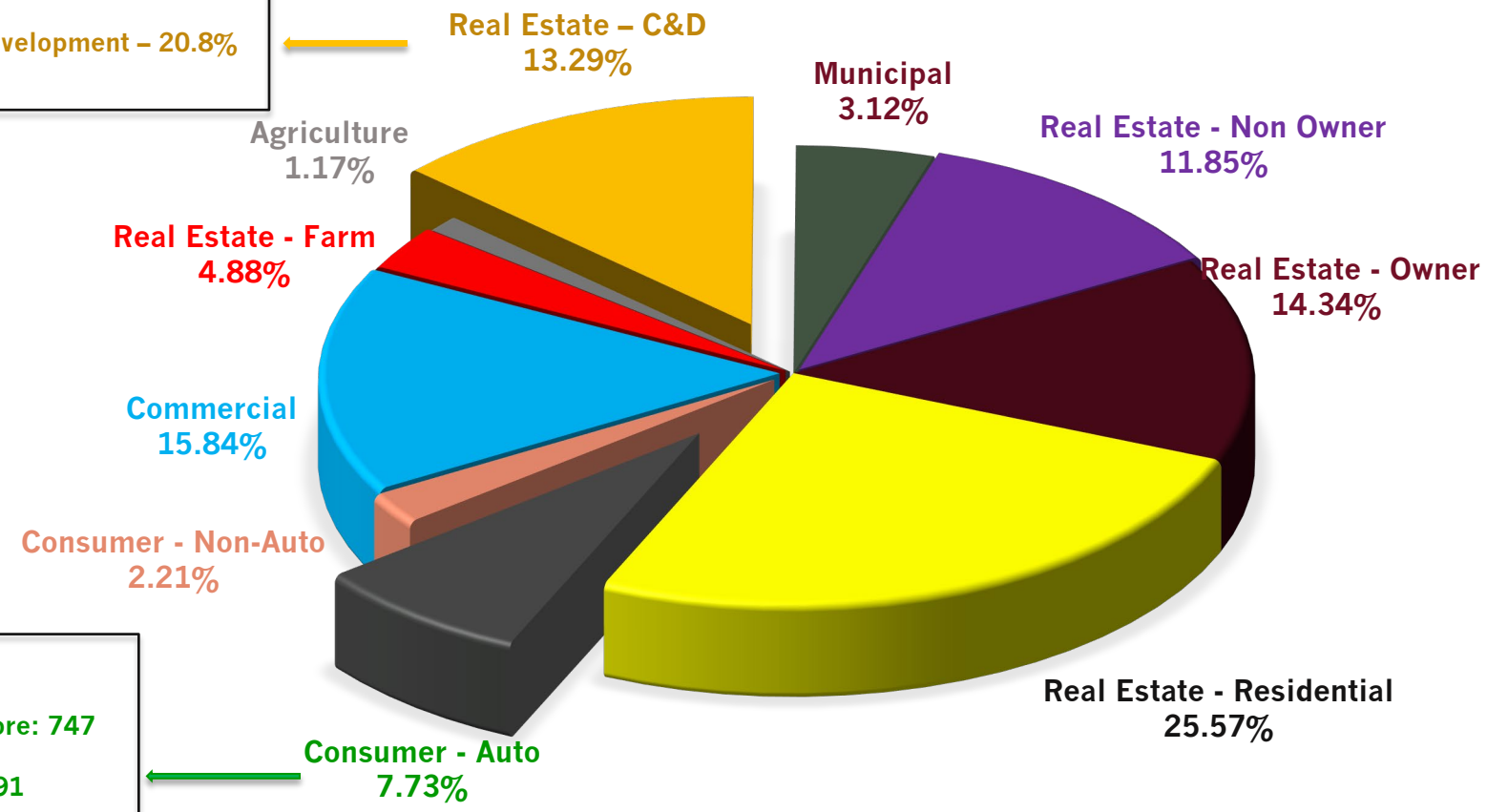
# Overview of Loan Portfolio – $7.0 Billion*

*As of Sept. 30, 2023

Real Estate – C&D:

Residential Development – 79.2%

Commercial Development – 20.8%




Consumer– Auto:

Average FICO Score: 747

Average DTI: 28.91

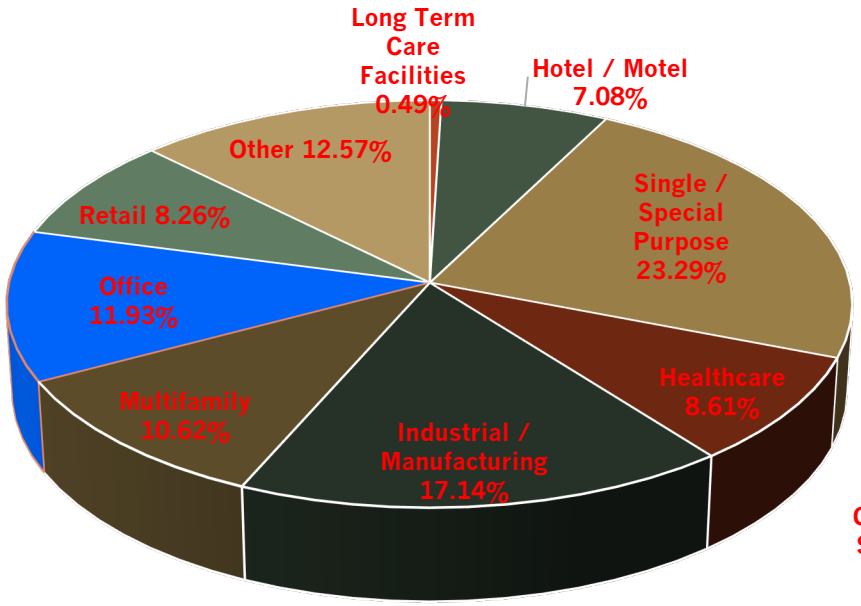
Average LTV: 81.91



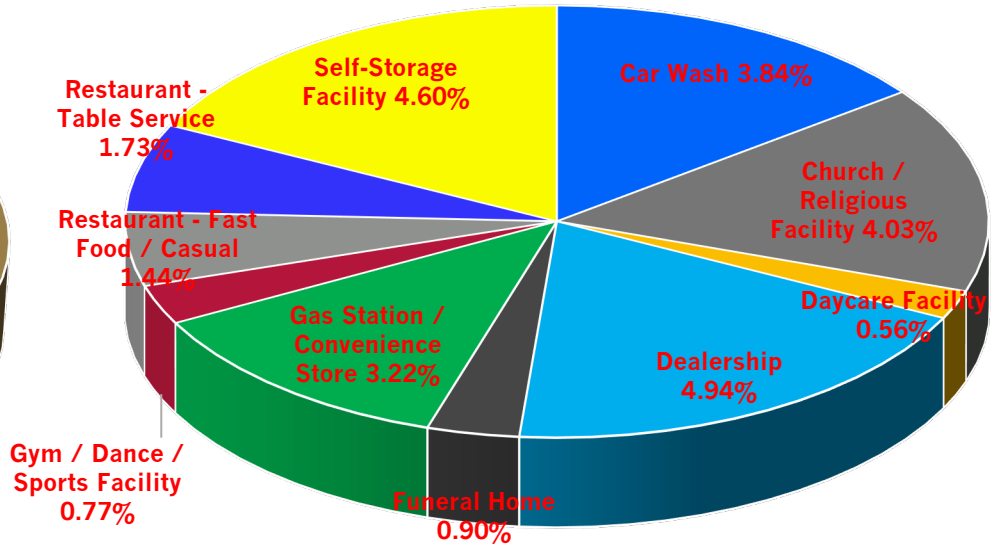
*Includes $122M in PPP loans

# Commercial R/E Overview

- Diversified mix of CRE by Property type
- Balanced portfolio across all of Texas, less than 2% of loans are located outside of the State
- Excellent credit quality, 1.8% of CRE loans are classified and less than 0.2% are non-performing (as a percentage of total CRE loans)




Breakdown of Single/Special Purpose R/E






*As of Sept. 30, 2023

# Loan to Deposit Ratio

*As of Sept. 30, 2023

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023* |
|---|---|---|---|---|---|---|
| End of Period | 64.3 | 64.0 | 60.6 | 51.4 | 58.6 | 65.4 |
| Average Balances | 62.0 | 64.2 | 64.6 | 55.2 | 53.8 | 61.9 |

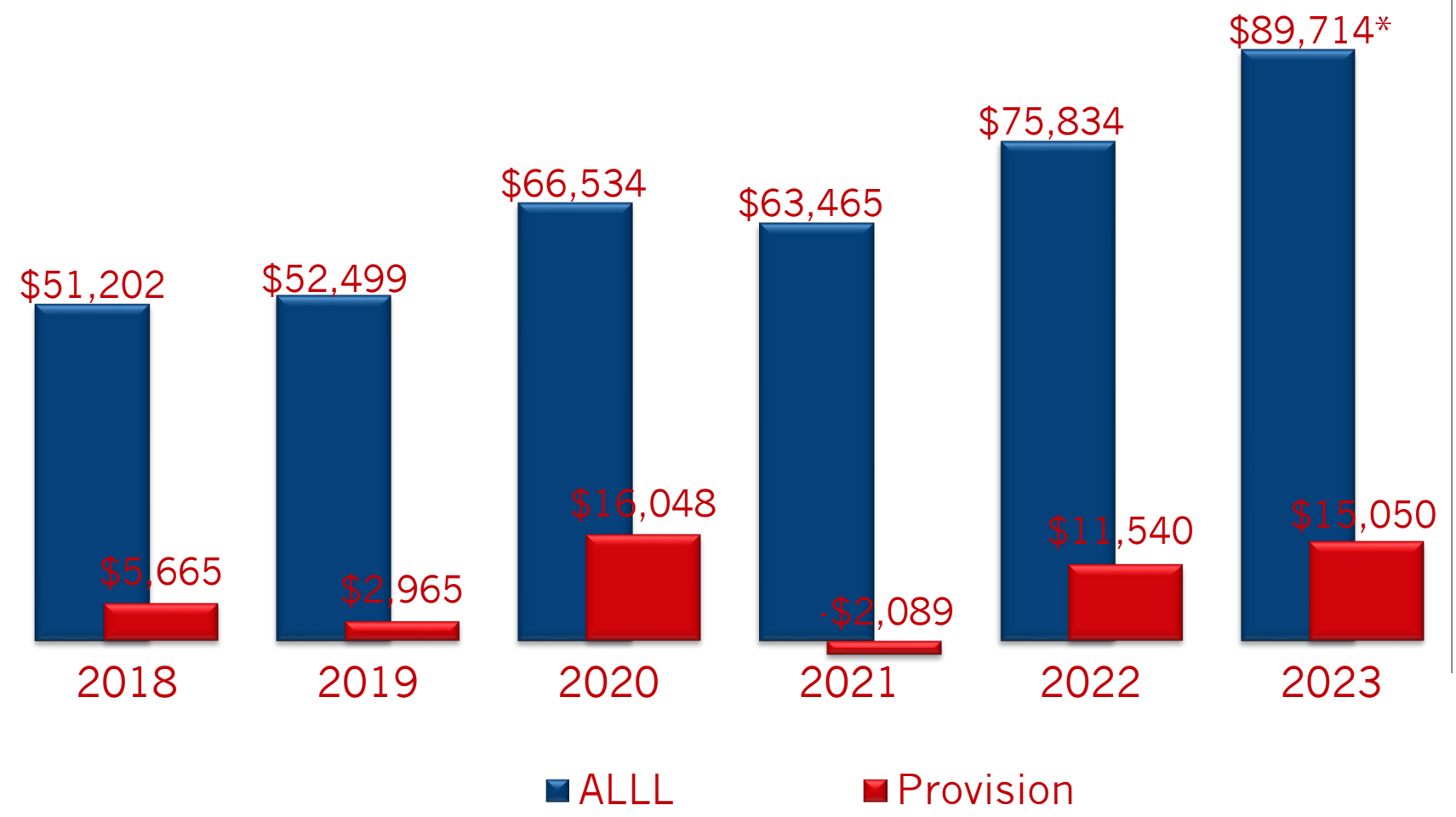
# Sound Lending Practices

*As of Sept. 30, 2023
**As of June 30, 2023

| Nonperforming assets as a percentage of loans + foreclosed assets | | | | | | *(FFIN vs. Peers)* |
|---|---|---|---|---|---|---|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| First Financial | 0.75% | 0.61% | 0.83% | 0.63% | 0.38% | 0.57%* |
| Peer Group | 0.82% | 0.78% | 0.97% | 0.71% | 0.59% | 0.58%** |

# Allowance for Credit Losses and Provision for Credit Losses

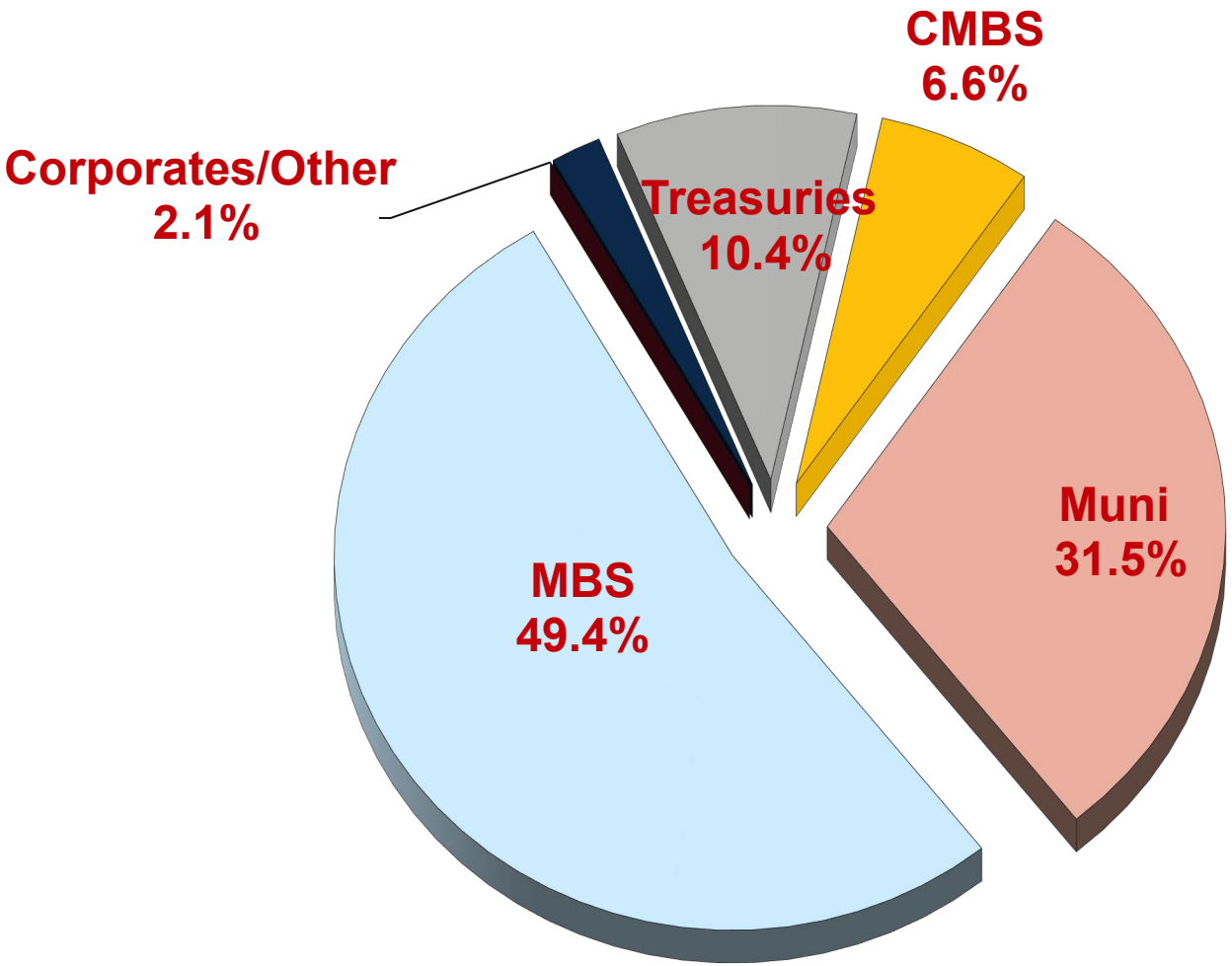
*(in thousands)*




*For the period ended Sept. 30, 2023 and excludes $7.9 million in reserve for unfunded commitments

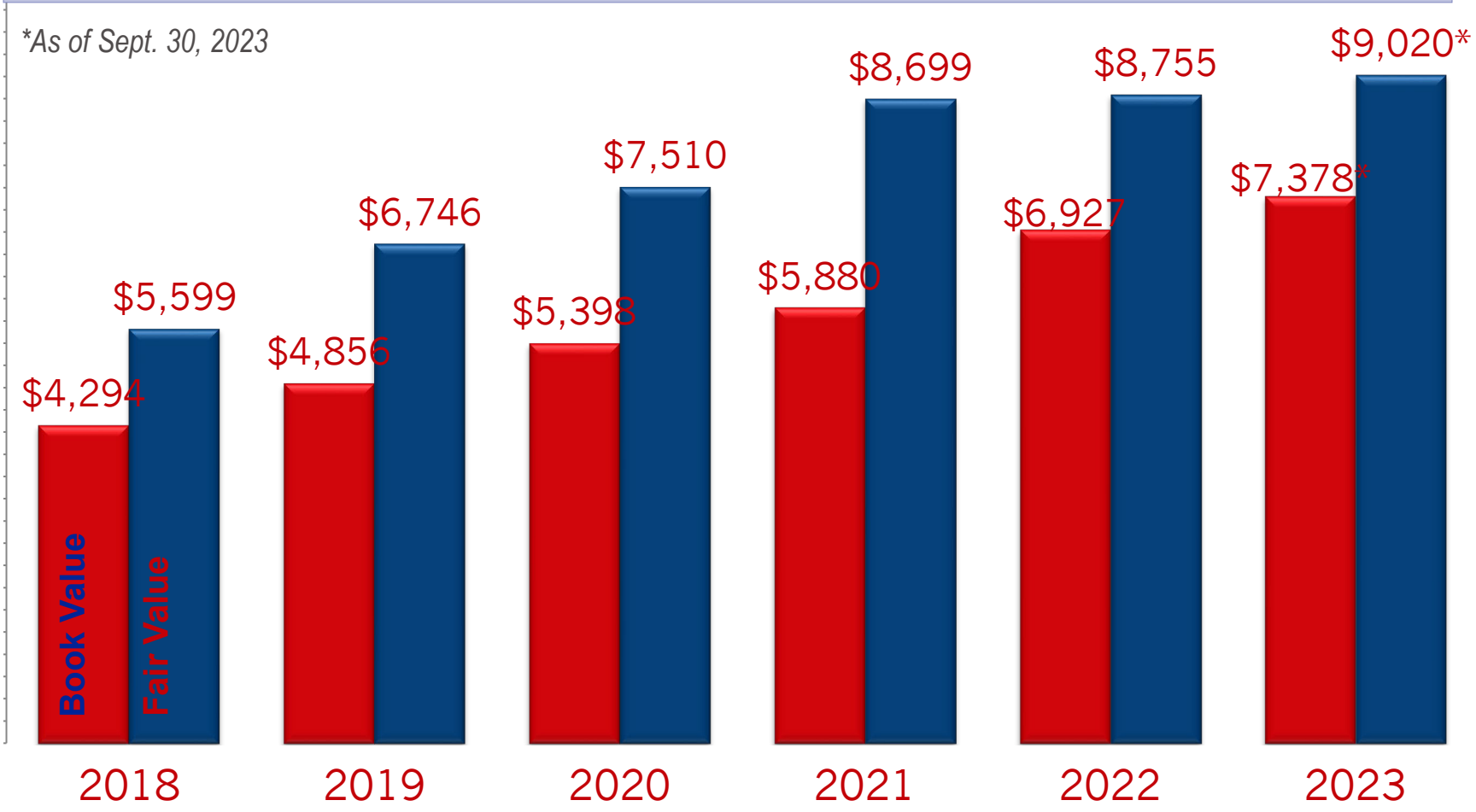
# Summary of Bond Portfolio - $4.65 Billion*

*As of Sept. 30, 2023



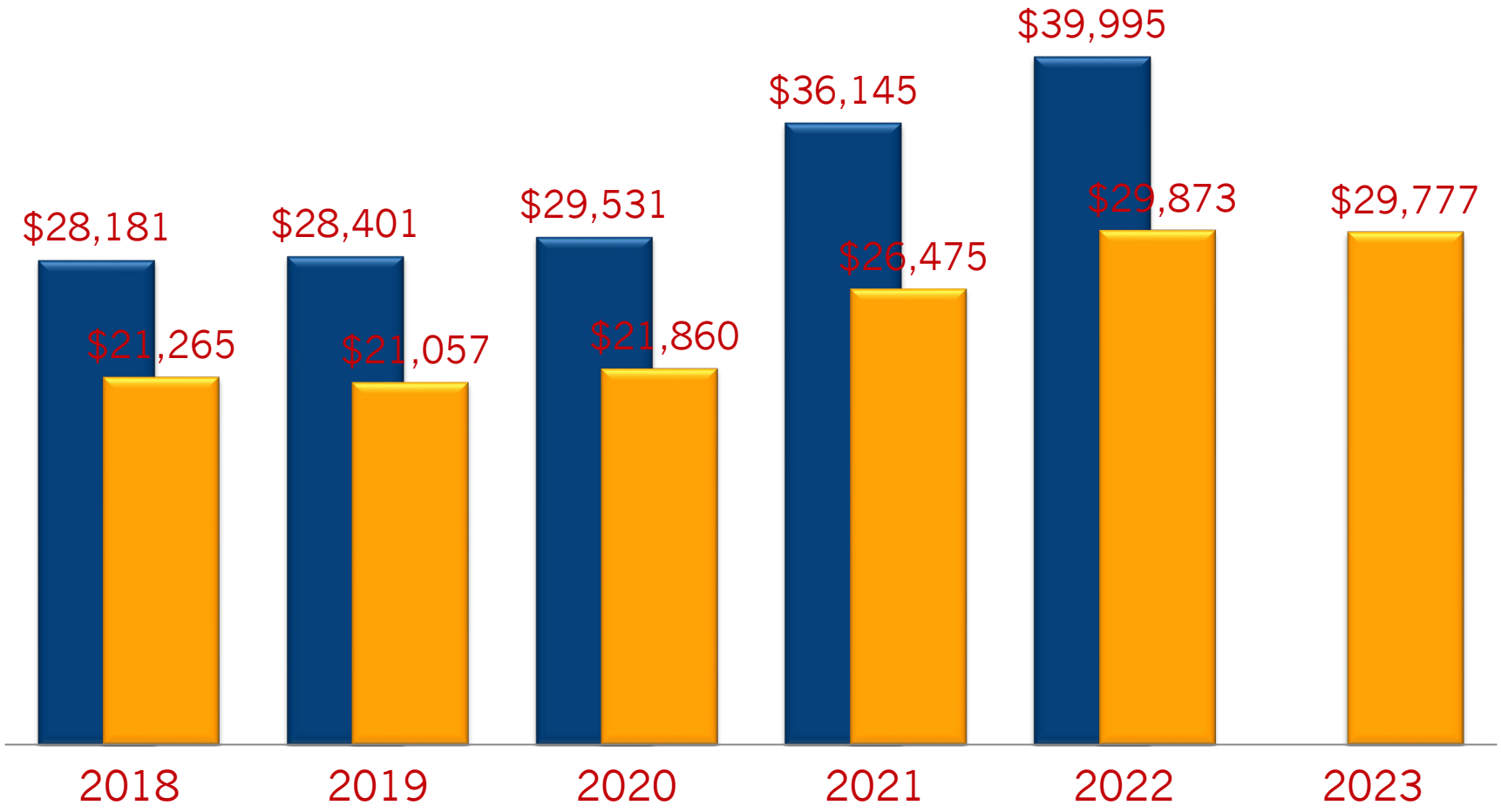
# Growth in Trust Assets

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



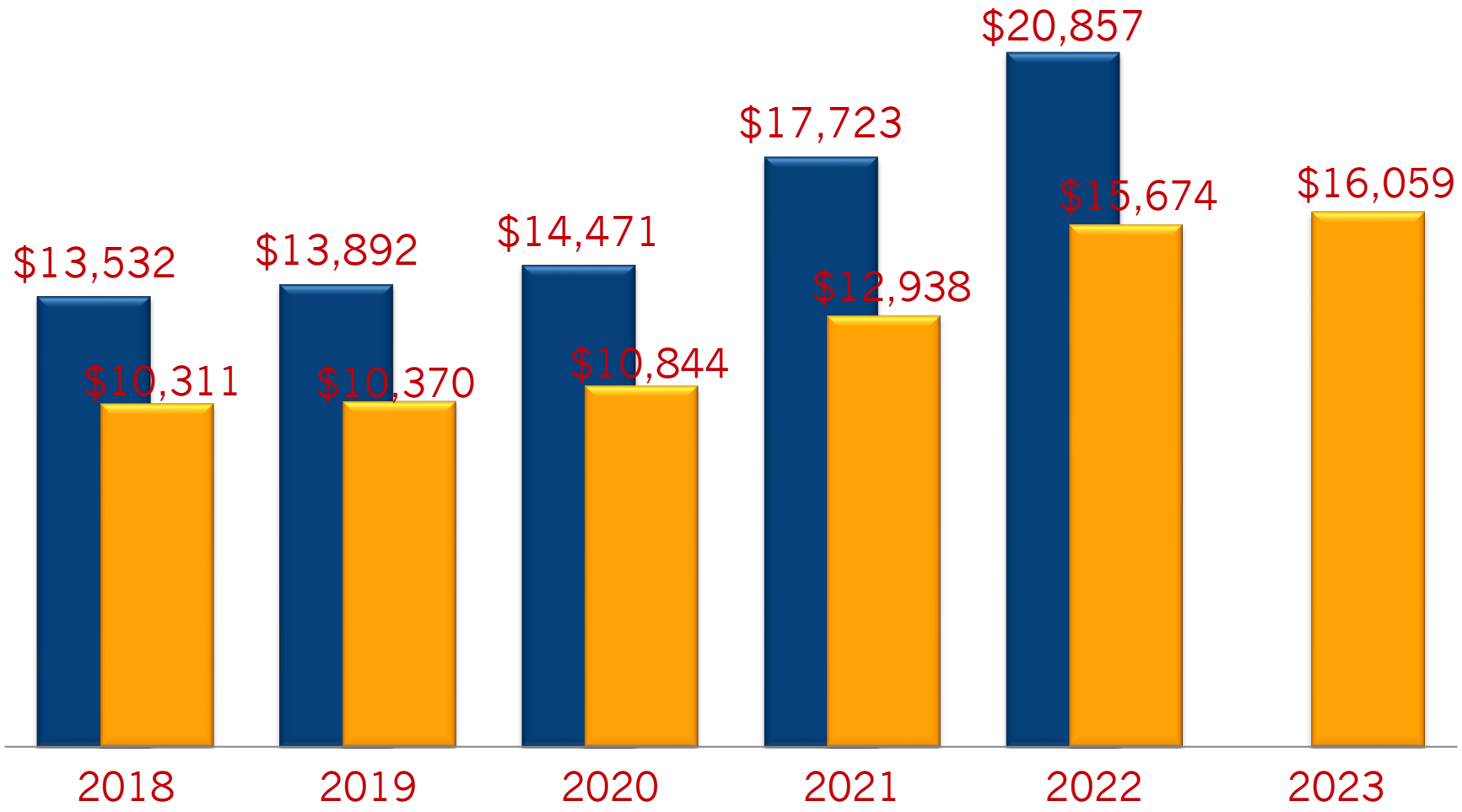
# Total Trust Fees

## Growth in FFTAM Fees *(Full year and 1st 9 months)* *(in thousands)*



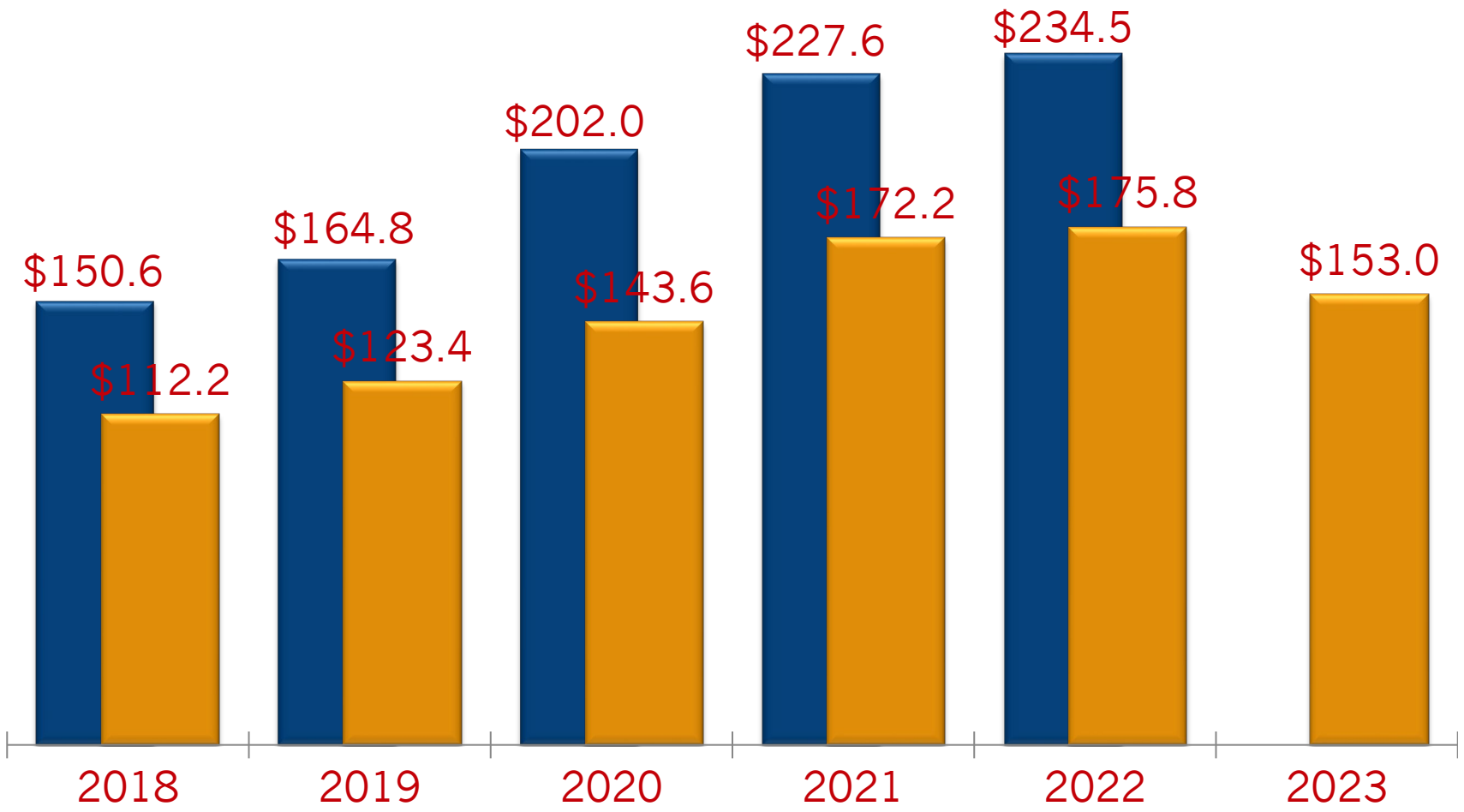
# Total Trust Net Income

## Growth in FFTAM Net Income *(Full year and 1st 9 months)* *(in thousands)*



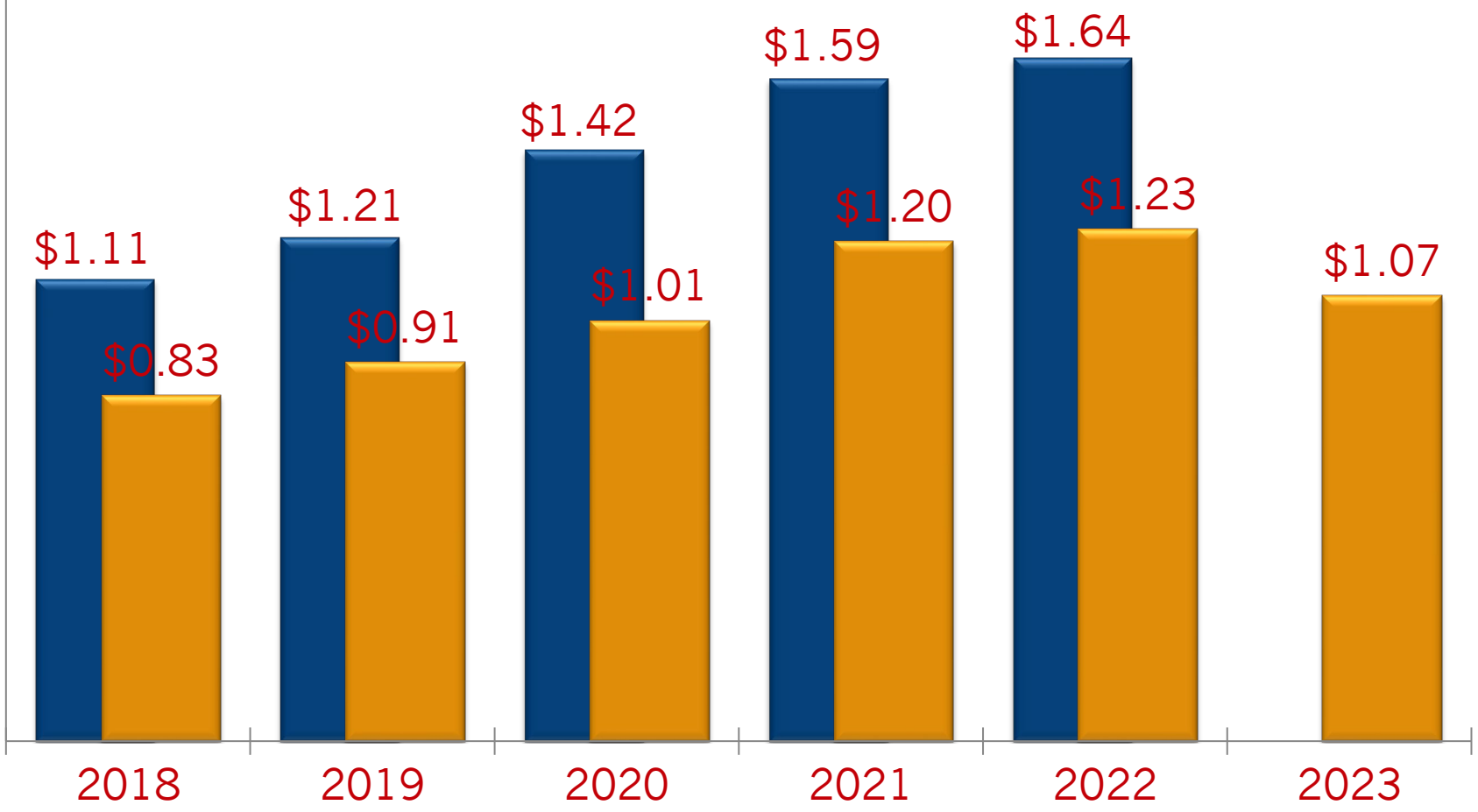
# 36th Consecutive Year of Increased Earnings

## FFIN Earnings *(Full year and 1st 9 months)* *(in millions)*



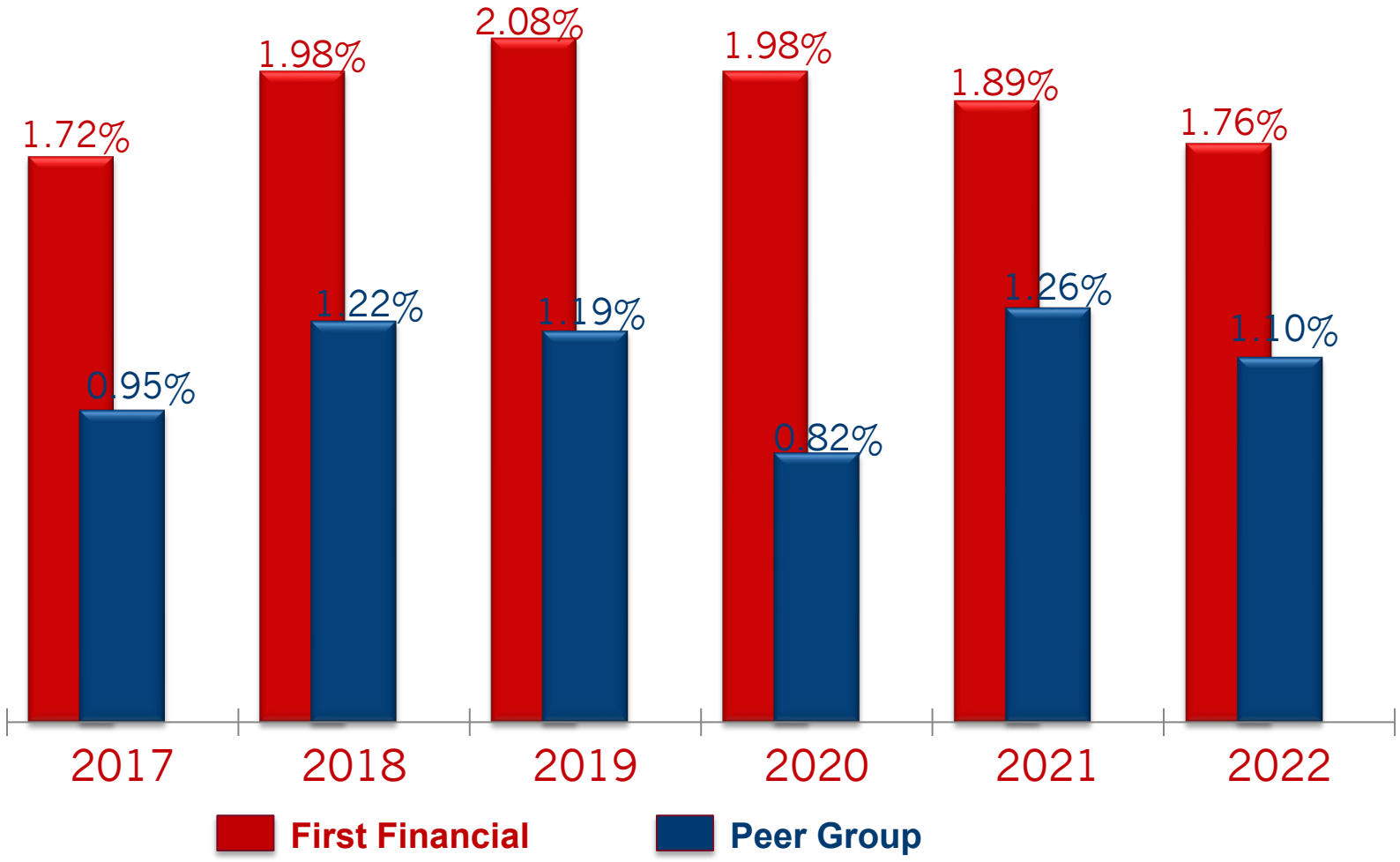
# Strong Shareholder Earnings

## Diluted Earnings Per Share *(Full year and 1st 9 months)*



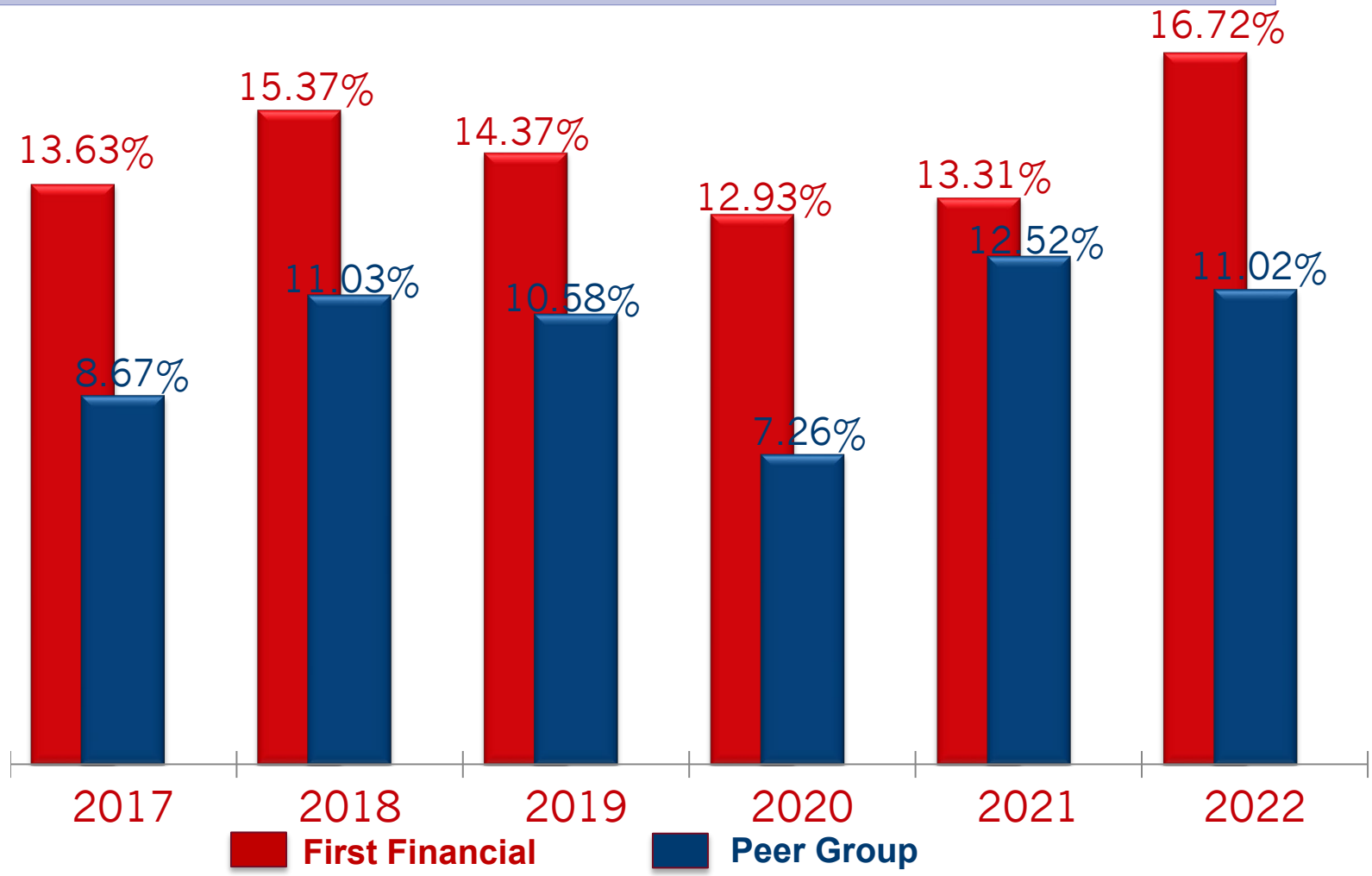
# FFIN Outperforms Peers

## Return on Average Assets



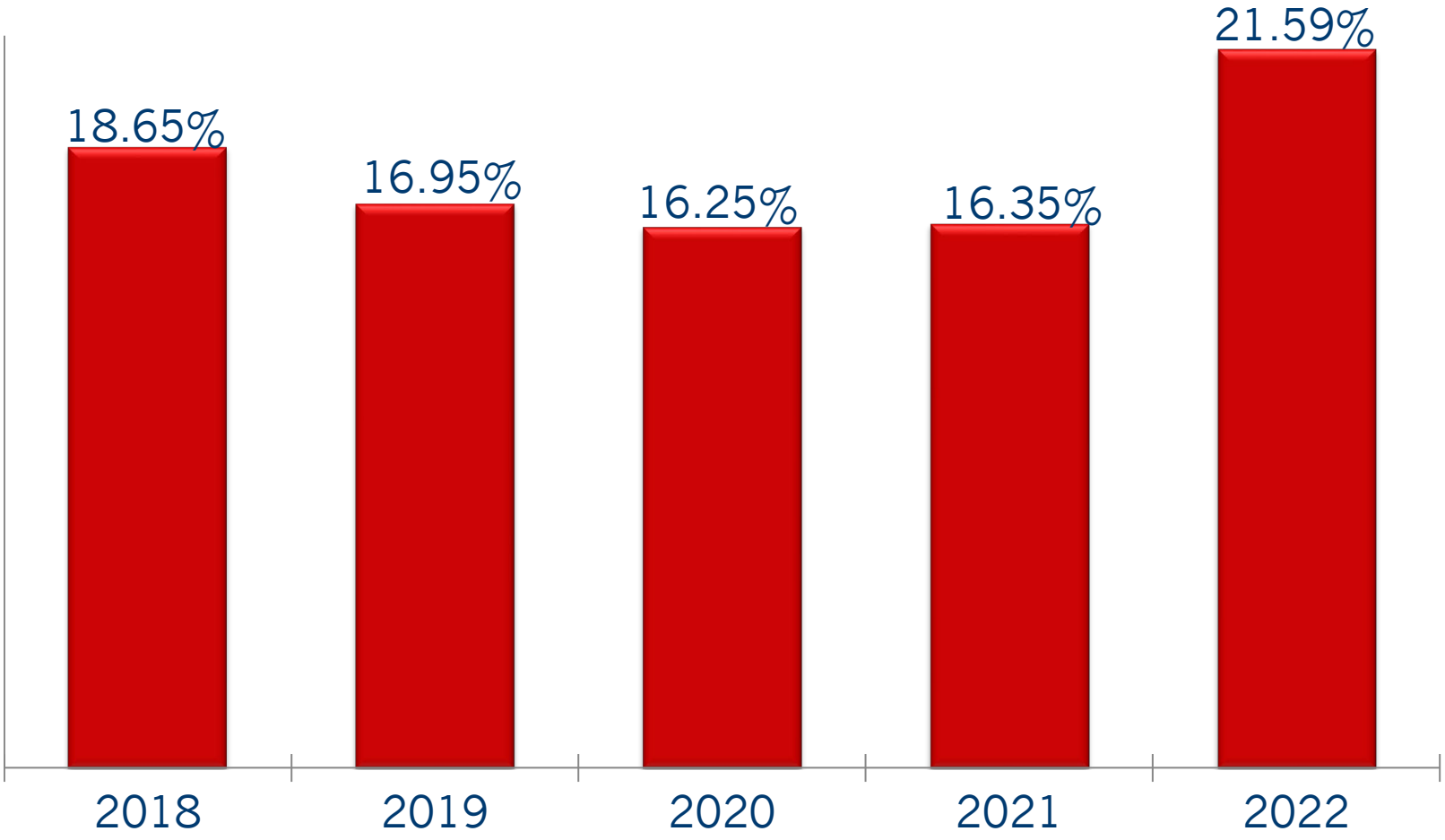
# Strong Return on Capital

## Return on Average Equity



# Strong Return on Capital

## Return on Average Tangible Equity



# Capital & Capital Ratios

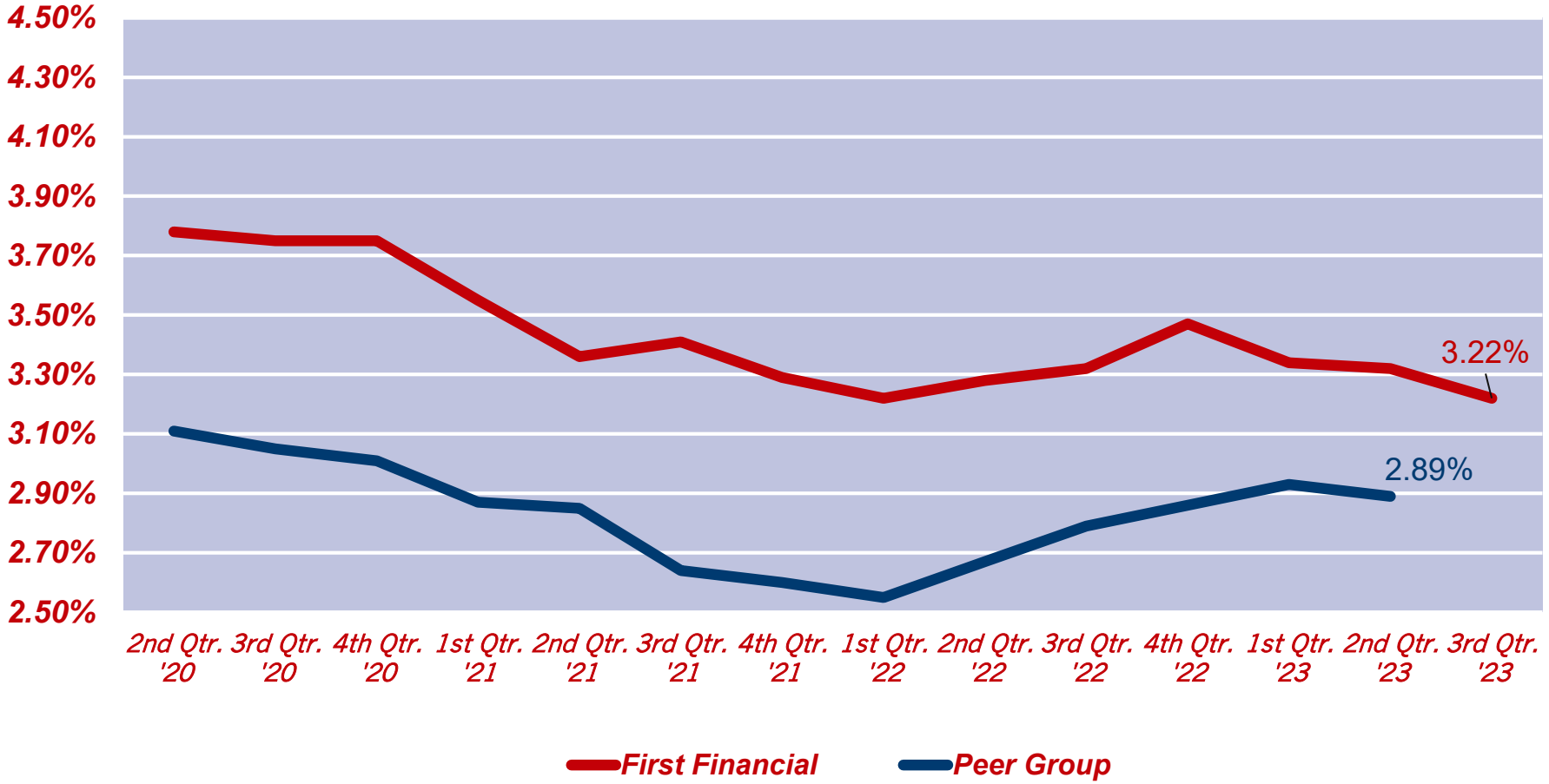
*As of Sept. 30, 2023

*(dollars in thousands)*

| | 2019 | 2020 | 2021 | 2022 | 2023* |
|---|---|---|---|---|---|
| Shareholders' Equity ($) | 1,227,197 | 1,678,190 | 1,759,224 | 1,265,737 | 1,240,110 |
| As a Percent of Total Assets (%) | 14.85 | 15.39 | 13.43 | 9.76 | 9.71 |
| Tangible Equity ($) | 1,053,530 | 1,359,798 | 1,442,445 | 950,203 | 925,260 |
| Tier 1 Leverage Ratio (%) | 12.60 | 11.86 | 11.13 | 10.96 | 12.00 |
| Common Equity Tier 1 Capital Ratio (%) | 20.06 | 20.79 | 19.35 | 18.22 | 18.35 |
| Tier 1 Capital Ratio (%) | 20.06 | 20.79 | 19.35 | 18.22 | 18.35 |
| Total Capital Ratio (%) | 21.13 | 22.03 | 20.44 | 19.29 | 19.49 |

# Net Interest Margin

## Quarterly Interest Margin



# Uninsured/Uncollateralized Deposits

*Total Deposits - $10.7 Billion (down 2.63% from Dec. 2022)*

## Uninsured / Uncollateralized Percentage

**33.38%**

Deposits as of Sept. 30th, 2023

**First Financial Average Account Balance: $31 Thousand**

## Coverage Ratio of Uninsured and Uncollateralized Deposits

| | |
|---|---|
| Total Deposits | 10,716,523 |
| Less: Insured and/or Collateralized Deposits | 7,139,156 |
| Total Deposits – Uninsured / Uncollateralized | 3,577,367 |
| Estimated Liquidity Available for Uninsured Deposits: | |
| Cash & Cash Equivalents | 388,285 |
| FHLB, Fed Discount Window, and FED BTFP Program Availability | 2,969,440 |
| Fed Funds Lines and other lines of credit | 155,000 |
| Bonds available for pledging | 606,425 |
| Estimated Liquidity Available for Uninsured Deposits | 4,119,150 |
| Coverage Ratio of Uninsured and Uncollateralized Deposits | 1.15% |

# Working Smarter

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

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023* |
|---|---|---|---|---|---|---|
| First Financial | 49.72% | 48.61% | 45.49% | 45.84% | 42.77% | 45.75%* |
| Peer Group | 60.51% | 59.91% | 61.85% | 58.80% | 57.36% | 59.32%** |

*For the nine-months ended Sept. 30, 2023

**For the six-months ended June 30, 2023

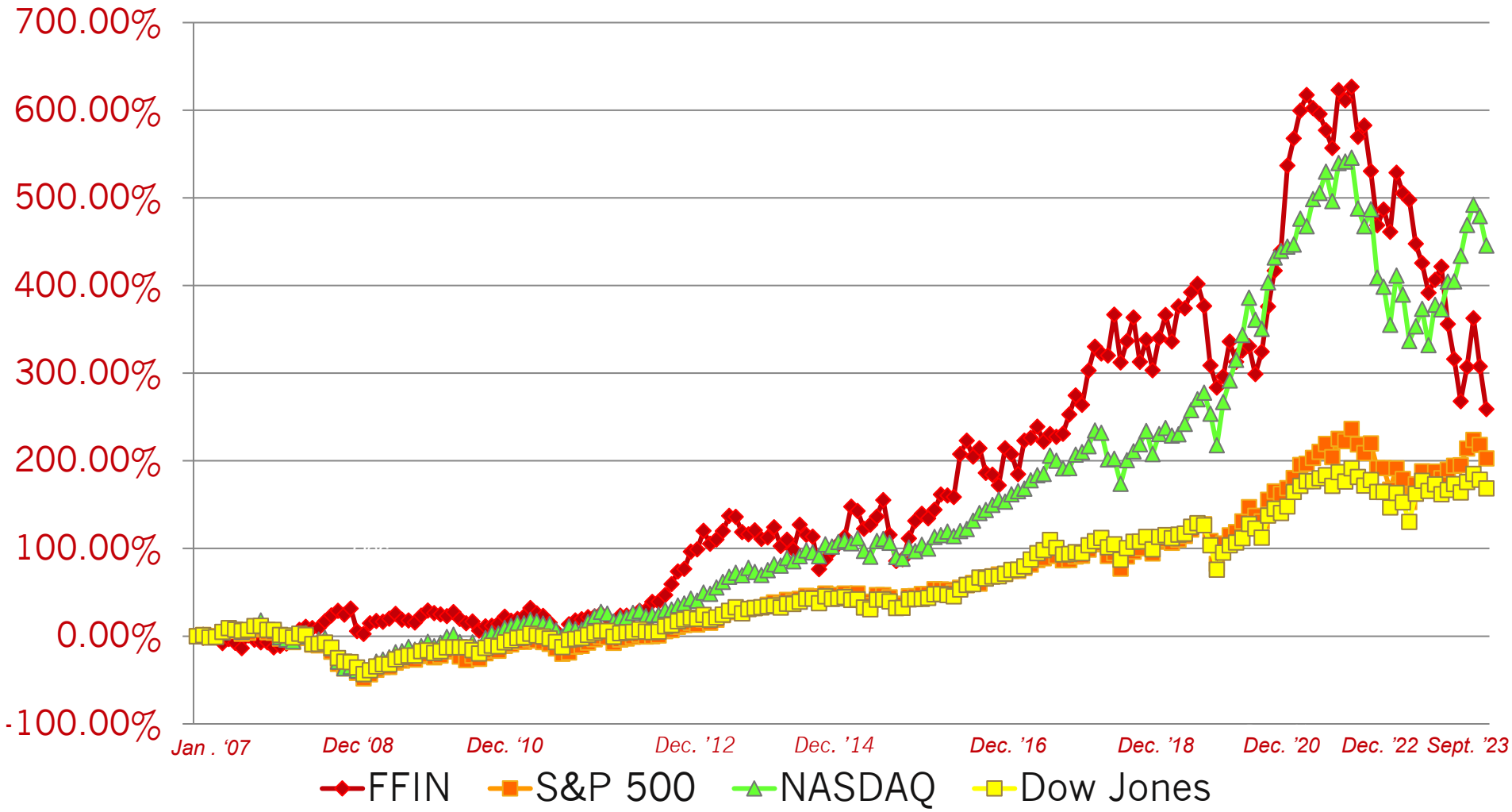
# Dividends Per Share

## Annual Dividends Declared Per Share




*Note: Increased quarterly dividend to $0.18 per quarter payable on July 3, 2023.

# Strong Stock Performance



# Focus for 2023

- Grow loans across all regions and products
- Grow net new deposit accounts and treasury management services
- Grow trust assets and fee income
- Become the mortgage lender of choice and to increase market share
- Deepen overall level of human capital, including focus on diversity
- Control expenses and continue technology investments
- Manage credit quality
- Continue to transition into a greater than $10 billion bank holding company

FIRST FINANCIAL BANKSHARES, INC.™