

FIRST FINANCIAL BANKSHARES INC
Form DEF 14A
March 02, 2015
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SCHEDULE 14A INFORMATION

**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.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

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FIRST FINANCIAL BANKSHARES, INC.

400 Pine Street

Abilene, Texas 79601

325.627.7155

NOTICE OF THE 2014 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 28, 2015

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 28, 2015, for the following purposes:

- (1) To elect eleven directors;
- (2) To ratify the appointment by our audit committee of Ernst & Young LLP as our independent auditors for the year ending December 31, 2015;
- (3) To conduct an advisory vote on the compensation of named executive officers;
- (4) To approve a restricted stock plan for selected employees, officers, non-employee directors and consultants;
- (5) To approve an amendment to the Amended and Restated Certificate of Formation to increase the number of authorized common shares; and
- (6) 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 2, 2015, 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 2015 Annual Meeting of Shareholders to be Held on April 28, 2015, 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 2014 annual report, which describes our activities during 2014, (2) our Form 10-K for the year ended December 31, 2014, 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.

We hope that you will be present at the annual meeting and the luncheon to be held immediately afterward. 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 13, 2015.

By order of the Board of Directors,

March 2, 2015

F. SCOTT DUESER, Chairman

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FIRST FINANCIAL BANKSHARES, INC.

400 Pine Street

Abilene, Texas 79601

325.627.7155

PROXY STATEMENT

2014 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 28, 2015

INTRODUCTION

The Board of Directors of First Financial Bankshares, Inc. (sometimes referred to as the Company) hereby solicits your proxy for use at the 2015 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 28, 2015.

Our principal executive office is located at 400 Pine Street, Abilene, Texas 79601. Our telephone number is 325.627.7155.

We released for mailing this proxy statement and the accompanying proxy card on March 5, 2015. The date of this proxy statement is March 2, 2015.

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.

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, the approval of the restricted stock plan and the approval of 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 before 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 First Financial Bankshares, Inc. Please review the proxy materials and follow the

relevant instructions to vote your shares. We hope you will 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.investor.gov) 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 2, 2015, 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 64,128,797 common shares outstanding. Each of our shareholders is entitled to one vote for each common share held as of the record date.

Stock Split

On April 22, 2014, the Company's Board of Directors declared a two-for-one stock split in the form of a 100% stock dividend effective for shareholders of record on May 15, 2014 that was distributed on June 2, 2014. All share and per share amounts in this proxy statement have been restated to reflect this stock split.

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 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 Approval of Restricted Stock Plan, the affirmative vote of a majority of the votes cast at the annual meeting and entitled to vote on this matter is required for the approval of the restricted stock plan for selected employees, officers, non-employee directors and consultants. Abstentions, broker non-votes, and shares not otherwise represented at the meeting will have no effect on the outcome of this proposal.

With respect to Proposal 5 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.

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The Board of Directors unanimously recommends that you vote FOR the election of all eleven 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, FOR the approval of the restricted stock plan and FOR the amendment to our amended and restated certificate of formation to increase the number of common shares authorized.

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 eleven 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, FOR the approval of the restricted stock plan and FOR the amendment to our Amended and Restated Certificate of Formation to increase the number of common shares authorized.

Shareholder List

A list of shareholders 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 March 2, 2015, 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 eleven for 2015, 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, eleven 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 view points 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 complement 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 the 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.

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

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Nominating/Corporate Governance Committee and the Board of Directors also consider past performance of such director on our Board of Directors. See "The Nominees" on page 6 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 36 of this proxy statement.

Changes in Composition of the Board of Directors

Ms. April Anthony, chief executive officer of Encompass Home Health and Hospice and Homecare Homebase, Dallas, Texas is being nominated as a new member of the Board of Directors along with ten of our current board members. Ms. Anthony 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 Ms. Anthony's qualifications, attributes and skills, see "Nominees" beginning on page 6 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 our 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.

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 2, 2015, 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.

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Name	Age	Years as Director	Principal Occupation During Last Five Years	Shares Beneficially Owned	Percent of Shares Outstanding(1)
April Anthony	47		CEO, Encompass Home Health and Hospice and Homecare Homebase	9,518(2)	0.01%
Steven L. Beal	56	5	Director and Former President and Chief Operating Officer of Concho Resources Inc.	14,500	0.02%
Tucker S. Bridwell	63	8	President, Mansefeldt Investment Corporation	226,120(3)	0.35%
David Copeland	59	17	President, SIPCO and Shelton Family Foundation, a private charitable foundation	267,050(4)	0.42%
F. Scott Dueser	61	24	See Executive Officers on page 12	949,665(5)(6)(7)	1.48%
Murray Edwards	63	9	Principal, The Edwards Group	155,340(8)	0.24%
Ron Giddiens	67	6	Investments/Business Consulting; Former bank president	14,980	0.02%
Tim Lancaster	61	2	President and CEO, Hendrick Health System	5,698	0.01%
Kade L. Matthews	56	17	Ranching and Investments	574,640(9)	0.89%
Ross H. Smith, Jr.	67	1	Chairman and President, Akrotex Inc.	20,000	0.03%
Johnny E. Trotter	63	12	President & CEO, Livestock Investors, Ltd.	402,200	0.63%
Shares beneficially owned by all executive officers and directors*				2,889,780	4.51%

* See Executive Officers on page 15

(1) Based on 64,128,797 common shares outstanding as of March 2, 2015.

(2) Includes 3,518 shares that are owned by a trust for the benefit of Ms. Anthony's spouse.

(3) Includes 208,354 shares that are owned by a private foundation for which Mr. Bridwell serves as president to which he disclaims beneficial ownership.

(4) Includes 235,046 shares that are owned by trusts for which Mr. Copeland serves as trustee or co-trustee to which he disclaims beneficial ownership.

(5) Includes 208,502 shares that are owned by a partnership for which Mr. Dueser serves as manager to which he disclaims beneficial ownership.

(6)

Includes shares indirectly owned as of March 2, 2015 through the employee stock ownership plan portion of the profit sharing plan which each participant has sole voting powers, as follows: Mr. Dueser 91,779 and all executive officers as a group 128,914.

- (7) Includes shares of our common stock issuable upon exercise of options presently exercisable or exercisable within 60 days as of March 2 2015, as follows: Mr. Dueser none and all executive officers as a group 49,300.
- (8) Includes 4,350 shares of our common stock owned by Mr. Edwards spouse and 1,236 shares that are owned by a trust for which Mr. Edwards serves as trustee and administrator to which he disclaims beneficial ownership.
- (9) 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.

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Each nominee's biography and the specific experiences, qualifications, attributes and skills of each nominee are described below.

April Anthony, Dallas, Texas is a new nominee for director of the Company. She is chief executive officer of Encompass Home Health and Hospice, which she founded in 1998, and Homecare Homebase. Encompass Home Health and Hospice was named as one of the fastest growing companies in America and boasts national leading scores in clinical quality outcomes and patient satisfaction. It provides home care and hospice services to over 18,000 patients per day through a network of 140 offices in 135 states. Homecare Homebase provides leading homecare software technology to over 140 homecare providers across the United States, representing 15% 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 16 years. 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 five years has provided over \$1 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 and financial skills important to the oversight of our financial reporting, enterprise and operational risk management.

Steven L. Beal, Brownwood, Texas, has served as a director of the Company since 2010. He serves as chairman of the Compensation Committee and also serves on the Executive and Nominating/Corporate Governance Committees. He is also a director of First Financial Bank, N.A., Abilene (the Bank), a wholly owned subsidiary of the Company. He is a director and was president and chief operating officer of Concho Resources Inc., a publicly traded oil and gas company, since its formation in February 2006. He retired as an officer of Concho Resources, Inc. effective July 1, 2009. From 1998 to 2006, he served as a director, executive vice president, and chief financial officer for various predecessor companies to Concho Resources Inc. From 1988 until 1997, Mr. Beal was employed by Parker & Parsley Petroleum Company (now Pioneer Natural Resources Company) in a variety of capacities, including serving as its senior vice president and chief financial officer. From 1981 until 1988, Mr. Beal was employed by the accounting firm of Price Waterhouse. He is a graduate of the University of Texas and is a certified public accountant. As a former chief financial officer and chief operating officer of a publicly-held oil and natural gas company engaged in the acquisition, development, exploitation and exploration of oil and natural gas properties, Mr. Beal provides the Board of Directors with operations, mergers and acquisitions, risk management, strategic planning and corporate governance expertise that is important to our Company. In addition, as a former chief financial officer and certified public accountant, Mr. Beal brings strong accounting, oil and gas expertise 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 reserves committee, and is a director of Halcon Resources serving on its compensation and reserves committees. Mr. Bridwell was a director of Petrohawk Energy Corporation from its inception in 2004 until December 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 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, compensation committee chairman and on the audit committee 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

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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 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.

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, the Trust Company and First Technology Services, Inc., (the Technology Company), a wholly owned subsidiary of the Company. 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 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. 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. 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 the Technology Company and serves as an advisory director of the Bank's San Angelo region. He is a former president of West Side National Bank 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 on the Audit Committee. He also is a director of the Bank and the Technology Company and serves as an advisory director of the Bank's Abilene region. He is 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 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 has served on numerous healthcare related boards on a national and state level. He currently serves on 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 leadership as the chief executive of a large hospital system brings strong accounting and management skills to the oversight of the financial reporting and operational risk management.

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Kade L. Matthews, Amarillo, 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 an emeritus 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 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.

Ross H. Smith, Jr., Orange, Texas, was a new nominee for director of the Company in 2014. He serves on the Compensation Committee. He also is a director of the Bank. 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 also serves as an advisory director of the Bank's southeast region. 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, Volkswagen of Lake Charles, Louisiana and Nexus Resin Group Inc., Mystic, Connecticut. 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 Panhandle Express Transportation LLC, a privately owned feed transportation company, and 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. 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. 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 in a challenging economy.

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, 2015 and to serve until the next annual meeting in April 2016. 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 ENDED DECEMBER 31, 2015.

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PROPOSAL 3

ADVISORY 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 21 of this proxy statement for additional details about our executive compensation programs. Shareholder advisory votes on executive compensation will currently take place on an annual basis. Accordingly, our next shareholder advisory vote on executive compensation is expected to occur at the 2016 annual meeting of shareholders.

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 2015 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

APPROVAL OF RESTRICTED STOCK PLAN

The Board of Directors (the Board) at a meeting held on January 27, 2015, adopted, subject to shareholder approval, the First Financial Bankshares, Inc. 2015 Restricted Stock Plan (the Plan). Our employees, officers, non-employee directors and consultants and the employees of our subsidiaries are eligible to participate in the Plan. The Plan provides for the award of restricted stock, restricted stock units (RSUs) and performance awards. Our named executive officers and members of our Board will be eligible to receive awards under the Plan and therefore have an interest in this proposal.

Introduction and Background

The Company currently provides equity-based compensation to its employees through the award of stock options under our incentive stock option plan approved by the shareholders in 2012. Shareholder approval of the Plan will give the Company the flexibility to also grant equity awards in the form of restricted stock, RSUs and performance awards.

We are also asking our shareholders to approve the Plan to satisfy the shareholder approval requirements of Section 162(m) of the Internal Revenue Code (the Code) and to approve the material terms of the performance goals for performance awards that may be granted under the Plan intended to comply with the performance-based compensation exemption under Section 162(m) of the Code. In general, Section 162(m) of the Code denies a tax deduction to public companies for compensation paid to certain covered employees within a taxable year to the extent such compensation exceeds \$1,000,000. However, compensation that qualifies as performance-based under Section 162(m) of the Code does not count against this \$1,000,000 limit. In order for awards under the Plan to be treated as performance-based compensation under Section 162(m) of the Code, the material terms of the Plan under which such awards may be granted must be disclosed to and approved by the shareholders. For purposes of Section 162(m) of the Code, the material terms include (a) the employees eligible to receive compensation, (b) a description of the business criteria on which the performance goals may be based and (c) the maximum amount of compensation that can be paid to an employee under the performance goals. Each of these aspects of the Plan is discussed below, and shareholder approval of the proposal will constitute approval of the material terms of the Plan and the performance goals for purposes of Section 162(m) of the Code. Nothing in this proposal or the Plan precludes us or the plan administrator from making any payment or granting awards that do not qualify for tax deductibility under Section 162(m) of the Code or any other provision of the Code.

In its determination to recommend that the Board adopt the Plan, the Compensation Committee reviewed the burn rate, dilution and overhang metrics disclosed in the section titled Key Equity Metrics, below.

We believe strongly that the approval of the Plan is important to our continued success. Awards such as those provided under the Plan will help us attract and retain outstanding individuals and motivate employees to achieve our business goals and objectives.

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Approval of the Plan will enable us to compete in the competitive market for employee talent over the coming years, while maintaining reasonable burn rates and overhang.

The following table shows key equity metrics under our existing incentive stock option plan:

Key Equity Metrics	2014	3-Year Average (2012-2014)
Shares subject to options granted ⁽¹⁾		131,667
Gross burn rate ⁽²⁾		0.21%
Net burn rate ⁽³⁾		0.16%
Dilution at Fiscal Year End ⁽⁴⁾	5.54%	5.79%
Overhang at Fiscal Year End ⁽⁵⁾	1.45%	1.48%

- (1) Reflects total number of shares subject to options granted during the fiscal year and excludes any cancelled or forfeited options.
- (2) Gross burn rate is calculated by dividing the total number of shares subject to options granted during the fiscal year by the total weighted-average number of shares outstanding during the period, and excludes any cancelled or forfeited options.
- (3) Net burn rate is calculated by dividing the total number of shares subject to options granted during the fiscal year by the total weighted-average number of shares outstanding during the period, and takes into account any cancelled or forfeited options.
- (4) Dilution is calculated by dividing the sum of (x) the number of shares subject to options outstanding at the end of the fiscal year and (y) the number of shares available for future grants, by the number of shares outstanding at the end of the fiscal year.
- (5) Overhang is calculated by dividing the number of shares subject to options outstanding at the end of the fiscal year by the number of shares outstanding at the end of the fiscal year.

Summary of the Plan Terms

The following summary of the Plan is qualified in its entirety by the specific language of the Plan, a copy of which is attached as Appendix A.

General. The purpose of the Plan is to provide an additional incentive to selected officers, employees, non-employee directors and consultants of the Company, and employees of the Company's subsidiaries, whose contributions are essential to the growth and success of the Company's business, and to attract and retain competent and dedicated persons whose efforts will contribute to and promote the long-term growth and profitability of the Company.

Shares Subject To Plan. Subject to adjustment as described below, the maximum number of shares of common stock that may be issued under the Plan is 500,000. The closing price of our common stock, as reported on the NASDAQ Global Select Market on February 27, 2015, was \$26.27 per share. No individual who is likely to be a covered

employee for purposes of Section 162(m) of the Code will be granted performance awards covering more than 10,000 shares (subject to equitable adjustment) during any calendar year. No individual who is a non-employee director will be granted awards covering more than 4,000 shares (subject to equitable adjustment) during any calendar year.

If an award is forfeited, cancelled, exchanged or surrendered, or if an award otherwise terminates or expires without a distribution of shares to the participant, the shares subject to such award or such forfeited shares are returned to the Plan and become available for future awards. In addition, any shares withheld by the Company or any subsidiary to satisfy the tax withholding obligations related to any award will again be available for future awards. If an award is denominated in shares, but settled in cash, the number of shares previously subject to the award will again be available for grants under the Plan. If an award can only be settled in cash, it will not be counted against the total number of shares available for grants under the Plan.

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The total number of shares reserved for issuance and the individual award limitations are subject to equitable adjustment upon the occurrence of any extraordinary dividend or other distribution, recapitalization, stock split, reorganization, merger, consolidation, combination, repurchase, or share exchange, or other similar corporate transaction or event.

Administration. The Plan will be administered by our Board, or if our Board does not administer the Plan, a committee of our Board that complies with the applicable requirements of Section 162(m) of the Code, Section 16 of the Exchange Act and any other applicable legal or stock exchange listing requirements (the Board or committee, as applicable, the plan administrator).

Eligibility. Our officers, including the named executive officers listed in the 2015 Summary Compensation Table, employees, non-employee directors and consultants are eligible to receive awards under the Plan at the discretion of the plan administrator.

Types of Awards. The Plan will provide for the issuance of restricted stock, RSUs and performance awards (that is, awards of restricted stock or RSUs the vesting of which is subject to performance conditions).

Restricted Stock. Awards of restricted stock are shares that vest in accordance with the terms and conditions established by the plan administrator. The plan administrator will determine the number of shares of restricted stock granted to any employee or non-employee director. Once the restricted stock is issued, voting, dividend and other rights as a shareholder will exist with respect to the restricted stock. However, the restricted stock and the appurtenant dividends, if any, will not be transferable until the restricted stock vests.

Restricted Stock Units. RSUs are awards that obligate the Company to pay the recipient of the award a value equal to the fair market value of a specific number of shares of Company common stock in the future if the vesting terms and conditions established by the plan administrator and set forth in the applicable award agreement are satisfied. Payment under an RSU may be made in cash or in shares of our common stock. The plan administrator will determine the number of shares that are subject to such RSUs. A holder of an RSU does not have any rights as a shareholder until shares of common stock, if any, are issued with respect to the RSU. Payment under a RSU will be made at a time that is permissible under or exempt from Section 409A of the Code. The plan administrator may permit a participant to defer the receipt of cash or shares pursuant to a RSU under the Plan. Any such deferral will be administered as determined by the plan administrator and in a manner that is intended to comply with Section 409A of the Code.

Performance Goals. The vesting of awards that are intended to qualify as performance-based compensation for purposes of Section 162(m) of the Code will be based upon one or more of the following business criteria: earnings as a percentage of revenues; pre-tax income, after-tax income or adjusted net income; earnings per share (basic or diluted); operating profit; revenue, revenue growth or rate of revenue growth; return on assets (gross or net), return on investment, return on capital, or return on equity; returns on sales or revenues; operating expenses; stock price appreciation; total shareholder return; earnings growth; return on average assets; return on average equity; efficiency ratio; net interest margin; audit, compliance and asset quality objectives; cost targets, reductions and savings, productivity and efficiencies; strategic business criteria, consisting of one or more objectives based on meeting specified market penetration, geographic business expansion, customer satisfaction, employee satisfaction, human resources management, goals relating to acquisitions, divestitures, joint ventures and/or similar transactions and/or goals relating to budget comparisons; and any combination of, or a specified increase or decrease in, any of the foregoing. Such performance goals may be measured on a GAAP or non-GAAP basis, and be based solely by reference to the performance of the Company as a whole or any subsidiary, division, business segment or business unit of the Company, or any combination of the foregoing or based upon the relative performance of other companies or upon comparisons of any of the indicators of performance relative to a peer group of other comparable companies,

or as compared to the performance of a published or special index deemed applicable by the plan administrator, including by not limited to, a stock index. Unless otherwise stated in an award agreement a performance goal need not be based on an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria).

The plan administrator may provide for adjustment of performance goals for certain accounting charges as it determines appropriate, provided that any such adjustment not described in the immediately following sentence

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has been provided at the time the relevant performance