FIRST FINANCIAL BANKSHARES, INC.™

ANNUAL REPORT 2011

You, First.

First Financial Bank is not your everyday bank. Which is exactly why, for so many people and businesses, First Financial Bank is their bank. In fact, while many are asking these days, “Is it possible to like your bank?”, our customers are responding with a resounding, “Yes!” as indicated by our ratings in the 2011 J.D. Power U.S. Retail Banking Satisfaction Study.

So what sets us apart from other banks? Our customers are our priority. Period. The End. They always come first whether we’re talking about personal banking, business banking, giving a customer a ride home on a rainy day or changing a flat tire for a customer. If those last two made you pause, they should. Wow, a banker giving a customer a ride home? That is customer service. That’s You, First. In this year’s annual report, along with the facts and figures about our banks, we’ll be sharing some of the customer service stories that have wowed our customers this year – stories that reflect our unique approach. In the First Financial Bank world of banking, there is a natural order – You, First.

– The Banker And The Bride-To-Be, A Match Made In Hereford –

Charlene Sanders in our Hereford bank nev really thought of herself as a wedding plani or a guardian angel, but one day a while b she became a little bit of both. It started when a custom came into the bank visibly upset. Apparently, she had locl her keys in her car and needed a phone to call her fia She tried him several times, but was unable to reach h at which point she became even more distraught. Charl had a hunch there might be more at play here than a woi locking her keys in her car. She invited the customer i her office to help her calm down. After visiting for sever minutes, Charlene learned the woman was getting mari later that day and was out trying to get her pre-wedd errands done. The woman's distress now made per sense to Charlene. After several more attempts to re her fiancé, Charlene took matters into her own hands – wheels, you might say. She drove the bride-to-be sev miles out in the country to her house, then waited while t woman found an extra set of car keys and drove her bac her car. The customer thanked Charlene and hurried c She was able to get her errands done and still made it tc altar on time. As far as Charlene knows, the woman and husband have been living happily ever after, which is h she likes every trip to her bank to er

– Our Most Important Transactions Don’t Involve Money. They Involve People –

When it comes to interacting with people it’s hard to beat Janis McDowell in ou Sweetwater bank’s Trust office. Jan read an article in th Sweetwater Repor detailing the accomplishments of a local World War II veteran wh happened to be one of Janis’ customers at the bank. J knew the customer had recently moved into an assis living facility and had been experiencing some medi issues. She wanted to do something to lift his spirits, so had the newspaper article framed and adorned the matt around the piece with U.S. Army symbols. Janis’ gift w a big hit with her customer, who deeply appreciated h gesture and said it truly touched hir

– Do You Have Your Banker’s Cell Phone Number? We’re Guessing Not –

Giving out a banker’s personal pho number is not standard operatin procedure at any bank, including ou But Cecilia Cortez in our Huntsville bank has been known to make an exception, espec to accommodate a customer in need. Recently, a wor who was hearing and speech impaired came into the b By exchanging written notes with the woman, Ceci discovered she wanted to open a checking account, wh Cecilia helped her do. Cecilia also learned that the wom felt most comfortable communicating via texts. So Ceci gave the customer her personal cell phone number, allov her to communicate with our bank anytime. Cecilia likes say it’s her own little twist on telephone bankin

– A Letter To Our Shareholders –

Last year was the 25th straight year our company produced higher earnings, proving once again that doing what is right for our customers and communities is the right formula for serving our shareholders.

We delivered excellent results despite another year of sluggish economic activity for both Texas and the nation. Unemployment remained high, and the housing market remained weak. Economic crises in Europe added to the drag on our own economy. Additionally, the banking industry continued to face challenges from record-low interest rates and increased government regulations, including the onerous Dodd-Frank Act.

During these trying times, we stayed true to the integrity and conservative financial principles that have seen First Financial through difficult economic times throughout its 121-year history. And once again in 2011, our superior financial results brought us national recognition, including the following honors:

- Rated as the top publicly traded community bank in the nation and the sixth-best overall of public and private banks by SNL Financial, a leading provider of business intelligence services.
- Ranked number two on Bank Director magazine's list of top-performing banks. We have finished in one of the top two positions on this prestigious list for three consecutive years.
- Listed as one of only 40 banks nationwide (out of nearly 400 screened) to be named to the KBW Bank Honor Roll, an annual listing of financial institutions with long-term and consistent profitability. The Honor Roll is sponsored by investment bank Keefe, Bruyette and Woods.
- Ranked number four in the nation on a list of "proven performers" compiled by Bank Intelligence, a financial services solution from information systems provider Fiserv. The list covers banks with assets of $1 billion to $10 billion.

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– F. Scott Dueser

with the First Financial organization since 1997 and has 30 years' experience in banking.

Another key initiative in 2011 was to further improve credit quality and minimize problem loans. In March, we announced the hiring of Marna Yerigan as Executive Vice President of Lending to work with our Dallas/Fort Worth-area banks. She has deep roots in Fort Worth and brings more than 25 years of Texas banking experience. The exceptional lending team Marna has joined is headed by Gary Gragg, Executive Vice President of Lending, based in Abilene.

At the April 2011 Annual Shareholders' Meeting, the Board of Directors announced a three-for-two stock split in the form of a 50 percent stock dividend. It was the Company's first stock split since 2005.

Facilities Expansion

Besides acquiring the Huntsville bank, we expanded our physical footprint in other ways last year. We opened a new branch office in Cisco and a new trust office in Lamesa. (We plan to open other new branches in Grapevine, Abilene and San Angelo during 2012.) We also built new state-of-the-art buildings in Southlake and downtown Cleburne to replace our older and less-efficient buildings. Additionally, we remodeled our Ridgeway branch in Cleburne, along with our Trophy Club and Sweetwater facilities, to further enhance customer service and make these locations more efficient. We are very pleased with each of the new buildings and the additional business that the enhancements have brought.

Recognitions

We want to thank Dian Graves Stai, who is retiring from the Company's Board of Directors at this year's Annual Shareholders' Meeting in April, for her 19 years of dedication and service to the Company. She is Chair of the Mansefeldt Investment Corporation, Director of the Dian Graves Owen Foundation and one of the top businesswomen in the United States. We will miss her counsel and support, and we thank her for her outstanding service.

Looking Ahead

Despite near-term challenges, we see continued growth opportunities ahead, both internally and externally. We have the infrastructure and strong capital in place to make additional acquisitions, and we are constantly networking with other Texas bankers to keep abreast of acquisition opportunities. The main challenges in the year ahead come from uncertainties about the U.S. and world economies and costly additional compliance burdens from new federal regulations for the banking industry. We will continue to monitor these developments closely and prudently steer the Company through them.

The Company's future will be bright if we stay focused on serving our customers well, doing the right thing for each and every one of them, each and every day. To our employees, we say thank you for enthusiastically embracing the spirit of "Customer Service First." We say thanks, as well, to you, our shareholders, for your loyalty and support.

F. Scott Dueser
Chairman, President and CEO

SELECTED FINANCIAL DATA

IN THOUSANDS (except for share data)

YEAR-END	TOTAL ASSETS	SHAREHOLDERS' EQUITY	NET INCOME	BASIC EARNINGS (PER SHARE)	CASH DIVIDENDS (PER SHARE)	STOCK DIVIDENDS AND SPLITS	YEAR-END BOOK VALUE (PER SHARE)	YEAR-END MARKET VA (PER SHARE)
2002	$1,993,183	$238,768	$33,953	$1.10	$0.54	–	$7.73	$15.20
2003	$2,092,571	$251,487	$35,305	$1.14	$0.61	5/4 split	$8.13	$20.56
2004	$2,315,224	$265,545	$39,171	$1.27	$0.67	–	$8.56	$22.41
2005	$2,733,827	$276,276	$44,023	$1.42	$0.73	4/3 split	$8.89	$23.37
2006	$2,850,165	$300,901	$46,029	$1.48	$0.79	–	$9.67	$27.91
2007	$3,070,309	$335,495	$49,490	$1.59	$0.84	–	$10.77	$25.10
2008	$3,212,385	$368,782	$53,164	$1.71	$0.89	–	$11.82	$36.81
2009	$3,279,456	$415,702	$53,797	$1.72	$0.91	–	$13.31	$36.15
2010	$3,776,367	$441,688	$59,659	$1.91	$0.91	–	$14.06	$34.17
2011	$4,120,531	$508,537	$68,369	$2.17	$0.95	3/2 split	$16.16	$33.43
Ten-Year Compound Growth Rate	7.88%	9.06%	8.82%	8.57%	7.25%	–	8.83%	10.75%

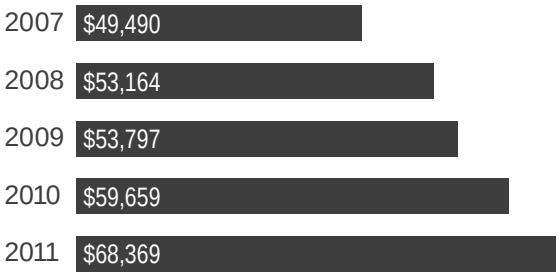
Adjusted for stock dividends and splits

FINANCIAL HIGHLIGHTS

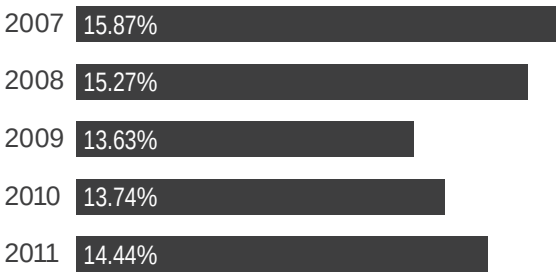
IN THOUSANDS (except for share data)

FOR THE YEAR	2010	2011	% INCR
NET INCOME	$59,659	$68,369	14.60%
Basic Earnings (PER SHARE)	$1.91	$2.17	13.61%
Dividends Declared	$28,385	$29,790	4.95%
Dividends (PER SHARE)	$0.91	$0.95	4.40%
AVERAGES			
Assets	$3,402,274	$3,848,327	13.11%
Securities	$1,408,088	$1,675,251	18.97%
Loans	$1,543,537	$1,715,266	11.13%
Deposits	$2,758,584	$3,139,338	13.80%
Shareholders' Equity	$ 434,152	$ 473,405	9.04%

NET INCOME GROWTH (IN THOUSANDS)



RETURN ON AVERAGE EQUITY



2011 COMMON STOCK MARKET VALUE AND DIVIDEND DATA

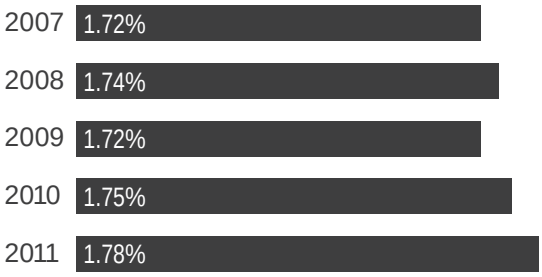
QUARTER	HIGH	LOW	CLOSE	DIVI
Fourth	$34.19	$25.01	$33.43	$0.24
Third	$34.90	$24.56	$26.16	$0.24
Second	$37.16	$32.16	$34.45	$0.24
First	$35.55	$32.00	$34.25	$0.23

2010 COMMON STOCK MARKET VALUE AND DIVIDEND DATA

QUARTER	HIGH	LOW	CLOSE	DIVI
Fourth	$35.31	$30.67	$34.17	$0.23
Third	$33.89	$29.03	$31.33	$0.23
Second	$36.63	$32.06	$32.06	$0.23
First	$36.68	$33.34	$34.37	$0.23

NET INTEREST MARGIN

RETURN ON AVERAGE ASSETS



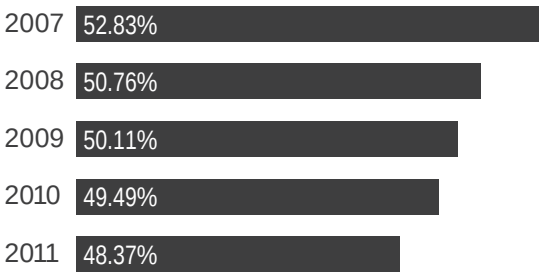
IN THOUSANDS (except for share data)

FOR THE YEAR	2010	2011	% INCRE
AT YEAR-END			
Assets	$3,776,367	$4,120,531	9.11%
Securities	$1,546,242	$1,844,998	19.32%
Loans	$1,690,346	$1,786,544	5.69%
Deposits	$3,113,301	$3,334,798	7.11%
Shareholders' Equity	$ 441,688	$ 508,537	15.13%
Book Value Per Share	$14.06	$16.16	14.94%
Trust Assets	$1,783,396	$1,911,682	7.19%

KEY RATIOS

Return On Avg. Assets	1.75%	1.78%
Return On Avg. Equity	13.74%	14.44%
Year-End Equity/Assets	11.70%	12.34%
Efficiency	49.49%	48.37%

EFFICIENCY RATIO



ABILENE | CLYDE | MORAN | ALBANY | ODESSA

RON BUTLER
President and CEO

MAIN OFFICE
400 Pine St.
Abilene, TX 79601

325.627.7200

SENIOR OFFICERS

Ron Butler
President and CEO

Tom Boecking
Executive Vice President
South Branch

Ben McAnally
Executive Vice President
Treasury Management

John Prince
Executive Vice President
Personal Loans

Marelyn Shedd
Executive Vice President
Commercial Loans

Charles E. Tennesson
Executive Vice President
CFO and Cashier

Michael Wolverton
Executive Vice President
Consumer Banking

DIRECTORS

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Chairman of the Board

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President
James M. Alexander & Co.

Tucker S. Bridwell
President
Mansefeldt Investment Corp.

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Executive Director
Dodge Jones Foundation

David Copeland
President
Shelton Family Foundation

Joe Crawford
President
Abilene Aero, Inc.

Mike Denny
President
Batjer and Associates

Murray Edwards
Principal
The Edwards Group

Allan D. Frizzell
Executive Vice President
Enrich Oil Corporation

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Chairman, CEO and President
Hendrick Health System

Kirk Massey
Investments

Stanley Morris, Jr.
Investments

Mike Parsons
Partner
Momentum Operating Co.

Dian Graves Stai
Chair, Mansefeldt
Investment Corporation
Director, Dian Graves
Owen Foundation

Leigh Taliaferro, M.D.
Physician

ADVISORY DIRECTORS

Paul Cannon
McMahon Surovik Suttle, P.C.

Steve Suttle
McMahon Surovik Suttle, P.C.

CLEBURNE | BURLESON | ALVARADO | MIDLOTHIAN | CROWLEY

MATT REYNOLDS
President and CEO

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SENIOR OFFICERS

Matt Reynolds
Chairman of the Board, President and CEO

Craig Beskow
Executive Vice President and Cashier

Bobby Ranger
Executive Vice President

Cynthia Allen
Senior Vice President

Lisa Roye
Senior Vice President

Darlene Walker
Senior Vice President

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Chairman of the Board, President and CEO

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Vice Chairman
Walls Industries, Inc.

Ray Beavers
General Manager and CEO
United Cooperative Services

Byron Black
Investments

F. Scott Dueser
First Financial Bankshares, Inc.

Tim Lyness
Lyness Construction, LP

George Marti
Marti Enterprises

Dr. Joe Martin
Cleburne Eye Clinic

LOCATIONS

400 Pine St., Abilene, TX 79601
4400 Buffalo Gap Rd., Abilene, TX 79606
4350 Southwest Dr., Abilene, TX 79606
920 N. Willis St., Abilene, TX 79603
3300 S. 14th St., Abilene, TX 79605
1010 N. Judge Ely Blvd., Abilene, TX 79601
701 Pine St., Abilene, TX 79601
1345 Barrow St., Abilene, TX 79605
2617 Antilley Rd., Abilene, TX 79606
1650 State Hwy. 351, Abilene, TX 79601
718 Elm St., Clyde, TX 79510
400 Ground St., Moran, TX 76464
232 North Main St., Albany, TX 76430

4.522%

LOCATIONS

403 N. Main St., Cleburne, TX 76033
200 N. Ridgeway Dr., Cleburne, TX 76033
1900 SW Wilshire Blvd., Burleson, TX 76028
201 E. Hwy. 67, Alvarado, TX 76009
1490 E. Main St., Midlothian, TX 76065
816 S. Crowley Rd., Crowley, TX 76036

EASTLAND | RANGER | RISING STAR | CISCO

THOMAS M. O'NEIL
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Chairman of the Board, President and CEO

David Bailey
Senior Vice President

Steve Simmel
Senior Vice President
Operations

Terry Trout
Senior Vice President and Cashier

DIRECTORS

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Chairman of the Board, President and CEO

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President and CEO
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Doug Crawley
Rancher, Real Estate

Jim Farrar
Attorney

Jim Keffer
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EBAA Iron Sales, Inc.

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Ledbetter Insurance Agency

Mike T. Perry
President
Kinnaird, Rossander & Perry Agency, Inc.

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Owner
Eastland Drug Company

Tommy Warford
Turner, Seaberry and Warford
Attorneys

M.D. White Jr.
President and Owner
Ace Hardware Store
Eastland/Cisco

HEREFORD

MIKE MAULDIN
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Kent Jackson
Executive Vice President and Chief Credit Officer

Adrian Alejandre
Vice President and Cashier

DIRECTORS

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Chairman of the Board, President and CEO

F. Scott Dueser
First Financial Bankshares, Inc.

Steve Lewis, D.V.M.
Manager and Sr. Partner
Hereford Veterinary Clinic

Kade Matthews
Ranching and Investments

Garth Merrick
Board Member and Founder
Merrick Pet Care, Inc.

Allen Parson
Restaurateur and Investments

Craig Smith
Rancher and Retired
Chairman of the Board, President and CEO
First Financial Bank Hereford

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Vice President and General Manager
Stevens 5-Star Car and Truck Center

Johnny E. Trotter
President and CEO
Livestock Investors, Ltd.

Roger Williams
Farmer

HUNTSVILLE

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CEO

Michelle Murray
Executive Vice President
and Cashier

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Chairman of the Board

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CEO

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Investments

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Petroleum Engineer

John J. Certa, Jr.
Owner
Collateral Protection, Inc.
and Team Auto Group

Renee N. Davis
Investments

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First Financial Bankshares, Inc.

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Owner
Ernst Jewelers

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Retired Educator
Huntsville I.S.D.

J.V. Martin
Chairman of the Board
First Financial Bank
Sweetwater

ROBERT PATE
CEO

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MINERAL WELLS

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Lending

Eddie Gregory
Senior Vice President
and Cashier

Mike Mearse
Senior Vice President
Lending

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and CEO

Spencer Baum, D.D.S.
Baum Dental Clinic

F. Scott Dueser
First Financial Bankshares, Inc.

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Attorney
Gault & Gault

Paul McGettes
Chief Financial Officer
Upham Oil & Gas Co., L.P.

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President and Chief
Executive Officer
Murphy and Murphy, Inc.

David Ramsey, M.D.
Family Practice Center

Albert Rincon
Vice President of Operations
Texas Packaging Company, Inc.

KENNETH A. WILLIAMSON
President and CEO

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RON N. MULLINS
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Glen Rose Market President

Bart Rodgers
Granbury Market President

Derecce Howell
Executive Vice President and Cashier

Monty Bedwell
Executive Vice President

Robert Lemons
Executive Vice President

Angie Dusek
Senior Vice President

Donna Feller
Senior Vice President

Connie Frank
Senior Vice President

Vickie Pettit
Senior Vice President

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Senior Vice President

Larry Upshaw
Senior Vice President

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Keith Brown
Prime Building Components, LLC

F. Scott Dueser
First Financial Bankshares, Inc.

J. Bruce Hildebrand
First Financial Bankshares, Inc.

Bill Hooks
Autos – Real Estate

John Moore
Craft Associates, Inc.

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RP's Western Wear, Inc.

Bill Parham
Parham & Parham, CPAs

Jerry Parham
Parham's Garage & Wrecker Services

John Terrill
Attorney

ADVISORY DIRECTORS

Julie Graham
SPEC Management Co.

Ron Hance
Hance Financial Services

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SENIOR OFFICERS

Kirby N. Andrews
President and CEO

Donnie Ruppert
Executive Vice President and Cashier

Rodney Foster
Executive Vice President and Senior Lending Officer

Debbie Anthony
Senior Vice President
Retail Operations

Britt Stuart
Senior Vice President
and Roby Branch Manager

DIRECTORS

J.V. Martin
Chairman of the Board

Kirby N. Andrews
President and CEO

Jeff Branson
General Partner
Williamsom-Branson Real Estate

Louis Brooks,

IN THOUSANDS	ASSETS	LOANS	DEPOSITS	EQUITY	NET INCOME	RETURN ON AVG. ASSETS	EFFICIENCY
Dec. 31, 2010	$335,893	$185,084	$282,948	$43,745	$5,387	1.60%	51.79%
Dec. 31, 2011	$361,579	$217,264	$307,551	$46,346	$6,354	1.84%	49.44%

IN THOUSANDS	ASSETS	LOANS	DEPOSITS	EQUITY	NET INCOME	RETURN ON AVG. ASSETS	EFFICIENCY	
Dec. 31, 2010	$154,833	$74,117	$140,567	$13,393	$2,503	1.76%	50.81%	
Dec. 31, 2011	$174,065	$79,074	$157,494	$15,249	$2,688	1.62%	49.74%	$13,393