

FIRST FINANCIAL BANKSHARES, INC.

COMPENSATION RECOVERY POLICY

(Effective October 23, 2018)

The following First Financial Bankshares, Inc. Compensation Recovery Policy (the “Policy”) is hereby adopted by the Board of Directors (the “Board”) of First Financial Bankshares, Inc. (the “Company”) effective October 23, 2018.

1. The Policy will be administered by the Compensation Committee of the Board (the “Committee”).
2. The Policy will apply to any individual who is (or, at any time during the two-year period ending on the date such individual ceased to be employed by the Company or one of its subsidiaries, was) (a) an executive officer of the Company subject to Section 16 of the Securities Exchange Act of 1934, as amended, as determined by the Committee, (b) the president of one of the Company’s subsidiaries, (c) the president of a regional division of First Financial Bank, N.A. (the “Association”), or (d) the regional board chairperson of one of the Association’s regional divisions (each individual covered by this Policy, a “Covered Individual”).
3. Each Covered Individual shall repay or forfeit, to the fullest extent permitted by law and as directed by the Committee, any Incentive Compensation (defined below) received by him or her if:
 - (a) the Company is required to prepare an accounting restatement as a result of its material noncompliance with financial reporting requirements under the federal securities laws (an “Accounting Restatement”);
 - (b) the amount, payment, grant or vesting of the Incentive Compensation was based on the achievement of financial results that were, within three years of such payment, grant, or vesting, subsequently the subject of a restatement of the Company’s financial statements filed with the Securities and Exchange Commission; and
 - (c) the amount of the Incentive Compensation that would have been received by the Covered Individual had the financial results been properly reported would have been less than the amount actually received.
4. The amount that the Covered Individual shall repay or forfeit pursuant to Section 3, above, will be the excess of the Incentive Compensation paid or granted to, or earned by, the Covered Individual based on the erroneous data over the Incentive Compensation that would have been paid or granted to, or earned by, the Covered Individual had it been based on the restated results, as determined by the Committee. If the Committee cannot determine the amount of excess Incentive Compensation received by the Covered Individual directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement.
5. The Committee shall use all commercially reasonable efforts to pursue recovery of the full amount of all excess Incentive Compensation received by a Covered Individual (as determined pursuant to Sections 3 and 4, above) unless the Committee determines, in its sole discretion, that it is in the best interests of the Company and its stockholders that the Committee not pursue recovery of any or a portion of such excess Incentive Compensation. In making this determination, the Committee shall take into account such considerations as it deems appropriate, including, without limitation, (a) the likelihood of success under governing law versus the cost and effort involved, or (b) whether the assertion of a claim for recovery of

excess Incentive Compensation may prejudice the interests of the Company, including in any related proceeding or investigation.

6. The Committee will determine, in its sole discretion, the method for recouping excess Incentive Compensation hereunder which may include, without limitation: (a) requiring reimbursement of cash Incentive Compensation previously paid; (b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity-based awards; (c) offsetting the recouped amount from any compensation otherwise owed by the Company or a subsidiary to the Covered Individual; (d) cancelling outstanding vested or unvested equity awards; (e) taking any other remedial and recovery action permitted by law, as determined by the Committee; or (f) any combination of the foregoing.

7. As used herein “Incentive Compensation” means all bonuses and other incentive and equity compensation awarded to each of the Covered Individuals, the amount, payment, grant and/or vesting of which was calculated based wholly or in part on the application of objective performance criteria measured during any part of the period covered by the Accounting Restatement.

8. The Committee shall have full and final authority to make all determinations under this Policy, including without limitation whether the Policy applies and if so, the amount of compensation to be repaid or forfeited by the Covered Individuals. All determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company, its subsidiaries, its stockholders and employees.

9. From and after the adoption of this Policy, (a) each award agreement or other document setting forth the terms and conditions of any grant of Incentive Compensation to a Covered Individual shall include a provision incorporating the requirements of this Policy, and (b) as a condition to receiving any grant of Incentive Compensation, a Covered Individual shall enter into a “First Financial Bancshares, Inc. Compensation Recovery Policy Acknowledgement and Agreement” substantially in the form attached hereto as Exhibit A. The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company.

10. Notwithstanding the forgoing, the Committee and Company will comply with the relevant requirements of the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

EXHIBIT A

FIRST FINANCIAL BANKSHARES, INC. COMPENSATION RECOVERY POLICY

FORM OF ACKNOWLEDGEMENT AND AGREEMENT

This First Financial Bankshares, Inc. Compensation Recovery Policy Acknowledgment and Agreement (this “Agreement”) is entered into as of the [•] day of _____, 20__, between First Financial Bankshares, Inc. (the “Company”) and [•] (the “Covered Individual”).

Recitals:

WHEREAS, the Covered Individual is (a) an executive officer of the Company subject to Section 16 of the Securities Exchange Act of 1934, as amended, (b) the president of one of the Company’s subsidiaries, (c) the president of a regional division of First Financial Bank, N.A. (the “Association”), or (d) the regional board chairperson of one of the Association’s regional divisions;

WHEREAS, the Compensation Committee (the “Committee”) of the Board of Directors of the Company (the “Board”) administers the First Financial Bankshares, Inc. Compensation Recovery Policy, as adopted by the Board effective October 23, 2018, as the same may be amended from time to time (the “Compensation Recovery Policy”); and

WHEREAS, in consideration of, and as a condition to the receipt of, any bonus or other incentive and/or equity compensation awarded to the Covered Individual by the Company or any of its subsidiaries (collectively, the “Covered Compensation”), the Covered Individual and the Company are entering into this Agreement.

Agreement:

NOW, THEREFORE, the Company and the Covered Individual hereby agree as follows:

1. The Covered Individual acknowledges receipt of the Compensation Recovery Policy, a copy of which is attached hereto as Annex A and is incorporated into this Agreement by reference. The Covered Individual represents that he or she has read and fully understands the Compensation Recovery Policy and has had the opportunity to ask the Committee questions regarding the Compensation Recovery Policy.

2. The Covered Individual hereby acknowledges and agrees that the Compensation Recovery Policy shall apply to any Covered Compensation granted on or after October 23, 2018, and all such Covered Compensation shall be subject to repayment or forfeiture under the Compensation Recovery Policy.

3. Each award agreement or other document setting forth the terms and conditions of any Covered Compensation granted to Executive on or after October 23, 2018, is hereby amended to incorporate by reference the terms of this Agreement and Compensation Recovery Policy in their entirety. In the event of any inconsistency between the provisions of the Compensation Recovery Policy and the applicable award agreement or other document setting forth the terms and conditions of any Covered Compensation, the terms of the Compensation Recovery Policy shall govern.

4. The repayment or forfeiture of Covered Compensation pursuant to the Compensation Recovery Policy and this Agreement shall not in any way limit or affect the Company’s right to pursue disciplinary action or dismissal, take legal action or pursue any other available remedies available to the

Company. This Agreement and the Compensation Recovery Policy shall not replace, and shall be in addition to, any rights of the Company to recover Covered Compensation, or any other compensation, from the Covered Individual under applicable laws and regulations, including but not limited to the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

5. The Covered Individual acknowledges that his or her execution of this Agreement is in consideration of, and is a condition to, the receipt by the Covered Individual of grants of any Covered Compensation from the Company and/or its subsidiaries on and after October 23, 2018; *provided, however*, that nothing in this Agreement shall be deemed to obligate the Company or any of its subsidiaries to make any such awards to the Covered Individual.

6. This Agreement may be executed in two or more counterparts, and by facsimile or electronic transmission, each of which will be deemed to be an original but all of which, taken together, shall constitute one and the same Agreement.

7. To the extent not preempted by federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without reference to principles of conflict of laws. No modifications, waivers or amendments of the terms of this Agreement shall be effective unless in writing and signed by the parties or their respective duly authorized agents. Each of this Agreement and the Compensation Recovery Policy shall survive and continue in full force in accordance its terms notwithstanding any termination of the Covered Individual's employment with the Company and its subsidiaries. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Covered Individual, and the successors and assigns of the Company.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

FIRST FINANCIAL BANCSHARES, INC.

By: _____
Name: _____
Title: _____

COVERED INDIVIDUAL

Name: _____
Title: _____