

FIRST FINANCIAL BANKSHARES INC  
Form 10-Q  
April 30, 2019  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF**  
**THE SECURITIES EXCHANGE ACT OF 1934**  
**For the quarterly period ended March 31, 2019**  
**Commission file number 0-7674**

**FIRST FINANCIAL BANKSHARES, INC.**  
**(Exact name of registrant as specified in its charter)**

**Texas**  
**(State or other jurisdiction of**  
**incorporation or organization)**

**75-0944023**  
**(I.R.S. Employer**  
**Identification No.)**

**400 Pine Street, Abilene, Texas**  
**(Address of principal executive offices)**

**79601**  
**(Zip Code)**

**(325) 627-7155**

**(Registrant's telephone number, including area code)**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  
Non-accelerated filer

Accelerated filer  
Smaller reporting company  
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class  
Common Stock, \$0.01 par value per share

Outstanding at April 30, 2019  
135,702,134 (see note 2)

**Table of Contents**

**TABLE OF  
CONTENTS**

**PART I**

**FINANCIAL INFORMATION**

<b>Item</b>		<b>Page</b>
1.	<u>Financial Statements</u>	3
	<u>Consolidated Balance Sheets – Unaudited</u>	4
	<u>Consolidated Statements of Earnings – Unaudited</u>	5
	<u>Consolidated Statements of Comprehensive Earnings – Unaudited</u>	6
	<u>Consolidated Statements of Shareholders' Equity – Unaudited</u>	7
	<u>Consolidated Statements of Cash Flows – Unaudited</u>	8
	<u>Notes to Consolidated Financial Statements – Unaudited</u>	9
2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	34
3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	51
4.	<u>Controls and Procedures</u>	51

**PART II**

**OTHER INFORMATION**

1.	<u>Legal Proceedings</u>	52
1A.	<u>Risk Factors</u>	52
2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	52
3.	<u>Defaults Upon Senior Securities</u>	52
4.	<u>Mine Safety Disclosures</u>	52
5.	<u>Other Information</u>	52
6.	<u>Exhibits</u>	53
	<u>Signatures</u>	54

**Table of Contents**

**PART I**

**FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

The consolidated balance sheets of First Financial Bankshares, Inc. (the Company or we ) at March 31, 2019 and 2018 and December 31, 2018, and the consolidated statements of earnings, comprehensive earnings, shareholders equity and cash flows for the three months ended March 31, 2019 and 2018, follow on pages 4 through 8.

Table of Contents**FIRST FINANCIAL BANKSHARES, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(Dollars in thousands, except per share amounts)**

	<b>March 31,</b>	<b>2018</b>	<b>December 31,</b>
	<b>2019</b>		<b>2018</b>
	<b>(Unaudited)</b>		
<b><u>ASSETS</u></b>			
CASH AND DUE FROM BANKS	\$ 176,278	\$ 130,979	\$ 207,835
FEDERAL FUNDS SOLD	12,825		
INTEREST-BEARING DEPOSITS IN BANKS	197,758	67,060	40,812
Total cash and cash equivalents	386,861	198,039	248,647
INTEREST-BEARING TIME DEPOSITS IN BANKS	1,458	1,458	1,458
SECURITIES AVAILABLE-FOR-SALE, at fair value	3,212,812	3,276,193	3,158,777
<b>LOANS:</b>			
Held for investment	3,989,160	3,730,051	3,953,636
Less allowance for loan losses	(51,585)	(49,499)	(51,202)
Net loans held for investment	3,937,575	3,680,552	3,902,434
Held for sale (\$12,007 at fair value at March 31, 2019; none at March 31, 2018; and \$19,185 at December 31, 2018)	14,446	17,030	21,672
Net loans	3,952,021	3,697,582	3,924,106
BANK PREMISES AND EQUIPMENT, net	135,321	126,446	133,421
INTANGIBLE ASSETS	174,415	175,569	174,683
OTHER ASSETS	83,007	92,162	90,762
Total assets	\$ 7,945,895	\$ 7,567,449	\$ 7,731,854

**LIABILITIES AND SHAREHOLDERS EQUITY**

NONINTEREST-BEARING DEPOSITS	\$ 2,165,745	\$ 2,111,116	\$ 2,116,107
INTEREST-BEARING DEPOSITS	4,184,996	4,079,647	4,064,282
Total deposits	6,350,741	6,190,763	6,180,389
DIVIDENDS PAYABLE	14,244	12,589	14,227
BORROWINGS	382,711	372,155	468,706
OTHER LIABILITIES	90,677	22,128	15,237
Total liabilities	6,838,373	6,597,635	6,678,559

**COMMITMENTS AND CONTINGENCIES****SHAREHOLDERS EQUITY:**

Common stock (\$0.01 par value, authorized 200,000,000 shares;

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135,680,420, 67,612,760 and 67,753,133 shares issued at March 31, 2019 and 2018 and December 31, 2018, respectively)	1,356	676	678
Capital surplus	445,672	437,868	443,114
Retained earnings	629,988	533,427	606,658
Treasury stock (shares at cost: 928,678, 493,994 and 467,811 at March 31, 2019 and 2018, and December 31, 2018, respectively)	(7,660)	(7,291)	(7,507)
Deferred compensation	7,660	7,291	7,507
Accumulated other comprehensive earnings (loss)	30,506	(2,157)	2,845
<b>Total shareholders equity</b>	<b>1,107,522</b>	<b>969,814</b>	<b>1,053,295</b>
<b>Total liabilities and shareholders equity</b>	<b>\$ 7,945,895</b>	<b>\$ 7,567,449</b>	<b>\$ 7,731,854</b>

See notes to consolidated financial statements.

**Table of Contents**

**FIRST FINANCIAL BANKSHARES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)**

(Dollars in thousands, except per share amounts)

	Three Months Ended March 31,	
	2019	2018
<b>INTEREST INCOME:</b>		
Interest and fees on loans	\$ 53,232	\$ 46,746
Interest on investment securities:		
Taxable	13,289	11,354
Exempt from federal income tax	9,763	10,341
Interest on federal funds sold and interest-bearing deposits in banks	617	641
<b>Total interest income</b>	<b>76,901</b>	<b>69,082</b>
<b>INTEREST EXPENSE:</b>		
Interest on deposits	6,661	3,519
Other	726	114
<b>Total interest expense</b>	<b>7,387</b>	<b>3,633</b>
Net interest income	69,514	65,449
<b>PROVISION FOR LOAN LOSSES</b>	<b>965</b>	<b>1,310</b>
Net interest income after provision for loan losses	68,549	64,139
<b>NONINTEREST INCOME:</b>		
Trust fees	6,979	6,904
Service charges on deposit accounts	5,176	4,884
ATM, interchange and credit card fees	6,840	6,996
Real estate mortgage operations	3,474	2,933
Net gain on sale of available-for-sale securities (includes \$0 and \$1,221 for the three months ended March 31, 2019 and 2018, respectively, related to accumulated other comprehensive earnings reclassifications)		1,221
Net gain on sale of foreclosed assets	69	99
Net (loss) gain on sale of assets		(91)
Interest on loan recoveries	338	119
Other	1,561	1,358
<b>Total noninterest income</b>	<b>24,437</b>	<b>24,423</b>
<b>NONINTEREST EXPENSE:</b>		

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Salaries and employee benefits	27,424	26,203
Net occupancy expense	2,763	2,883
Equipment expense	3,127	3,516
FDIC insurance premiums	538	566
ATM, interchange and credit card expenses	2,383	2,143
Professional and service fees	1,832	2,413
Printing, stationery and supplies	366	486
Operational and other losses	266	566
Software amortization and expense	923	524
Amortization of intangible assets	269	387
Other	7,476	8,111
Total noninterest expense	47,367	47,798
<b>EARNINGS BEFORE INCOME TAXES</b>	<b>45,619</b>	<b>40,764</b>
<b>INCOME TAX EXPENSE</b> (includes \$0 and \$256 for the three months ended March 31, 2019 and 2018, respectively, related to income tax expense reclassification)	<b>7,367</b>	<b>6,245</b>
<b>NET EARNINGS</b>	<b>\$ 38,252</b>	<b>\$ 34,519</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 0.28</b>	<b>\$ 0.26</b>
<b>EARNINGS PER SHARE, ASSUMING DILUTION</b>	<b>\$ 0.28</b>	<b>\$ 0.25</b>
<b>DIVIDENDS PER SHARE</b>	<b>\$ 0.11</b>	<b>\$ 0.10</b>

See notes to consolidated financial statements.



Table of Contents**FIRST FINANCIAL BANKSHARES, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (UNAUDITED)****(Dollars in thousands)**

	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>NET EARNINGS</b>	\$ 38,252	\$ 34,519
<b>OTHER ITEMS OF COMPREHENSIVE EARNINGS (LOSS):</b>		
Change in unrealized gain on investment securities available-for-sale, before income taxes	35,014	(42,706)
Reclassification adjustment for realized gains on investment securities included in net earnings, before income taxes		(1,221)
Total other items of comprehensive earnings (loss)	35,014	(43,927)
Income tax benefit (expense) related to other items of comprehensive earnings	(7,353)	9,225
Reclassification of certain income tax effects related to the change in the U.S. statutory federal income tax rate under the Tax Cuts and Jobs Act to retained earnings		5,759
<b>COMPREHENSIVE EARNINGS</b>	<b>\$ 65,913</b>	<b>\$ 5,576</b>

See notes to consolidated financial statements.

Table of Contents

**FIRST FINANCIAL BANKSHARES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY**

(Dollars in thousands, except per share amounts)

	Common Shares	Stock Amount	Capital Surplus	Retained Earnings	Treasury Shares	Stock Amount	Deferred Compensation	Accumulated Other Comprehensive Earnings	Total Shareholders Equity
Balances at December 31, 2017	66,260,444	\$ 663	\$ 378,062	\$ 517,257	(495,964)	\$(7,148)	\$ 7,148	\$ 26,786	\$ 922,768
Net earnings (unaudited)				34,519					34,519
Stock option exercises (unaudited)	62,945		1,355						1,355
Cash dividends declared, \$0.10 per share (unaudited)				(12,590)					(12,590)
Stock issued in acquisition of Commercial Bancshares, Inc.	1,289,371	13	58,074						58,087
Change in unrealized gain in investment securities available-for-sale, net of related income taxes (unaudited)								(34,702)	(34,702)
Shares purchased (redeemed) in connection with directors' deferred compensation plan, net (unaudited)					1,970	(143)	143		
Stock option expense (unaudited)			377						377
Reclassification of certain income tax				(5,759)				5,759	

effects related to the change in the U.S. statutory federal income tax rate under the Tax Cuts and Jobs Act to retained earnings

Balances at March 31, 2018 (unaudited)

67,612,760 \$ 676 \$ 437,868 \$ 533,427 (493,994) \$ (7,291) \$ 7,291 \$ (2,157) \$ 969,814

Balances at December 31, 2018

67,753,133 \$ 678 \$ 443,114 \$ 606,658 (467,811) \$ (7,507) \$ 7,507 \$ 2,845 \$ 1,053,295

Net earnings (unaudited)

38,252 38,252

Stock option exercises (unaudited)

87,077 2,246 2,246

Cash dividends declared, \$0.11 per share (unaudited)

(14,244) (14,244)

Change in unrealized gain in investment securities available-for-sale, net of related income taxes (unaudited)

27,661 27,661

Shares purchased (redeemed) in connection with directors deferred compensation plan, net (unaudited)

3,472 (153) 153

Stock option expense (unaudited)

312 312

Two-for-one stock split in the form of a 100% stock dividend (unaudited)

67,840,210 678 (678) (464,339)

Balances at March 31, 2019

135,680,420 \$ 1,356 \$ 445,672 \$ 629,988 (928,678) \$ (7,660) \$ 7,660 \$ 30,506 \$ 1,107,522

(unaudited)

See notes to consolidated financial statements.

**Table of Contents**

**FIRST FINANCIAL BANKSHARES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

(Dollars in thousands)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net earnings	\$ 38,252	\$ 34,519
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	2,982	3,178
Provision for loan losses	965	1,310
Securities premium amortization (discount accretion), net	6,132	7,185
Gain (loss) on sale of assets, net	83	(1,229)
Deferred federal income tax benefit		261
Change in loans held-for-sale	6,953	(1,901)
Change in other assets	7,927	(4,462)
Change in other liabilities	8,972	6,269
Total adjustments	34,014	10,611
Net cash provided by operating activities	72,266	45,130
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash received in acquisition of Commercial Bancshares, Inc.		18,653
Activity in available-for-sale securities:		
Sales	231	91,445
Maturities	106,188	107,980
Purchases	(72,142)	(373,547)
Net decrease (increase) in loans	(36,070)	21,753
Purchases of bank premises and equipment and other assets	(4,700)	(1,808)
Proceeds from sale of bank premises and equipment and other assets	65	266
Net cash used in investing activities	(6,428)	(135,258)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase (decrease) in noninterest-bearing deposits	49,638	(92,574)
Net increase (decrease) in interest-bearing deposits	120,714	(21,526)
Net increase (decrease) in borrowings	(85,995)	41,155
Common stock transactions:		
Proceeds from stock issuances	2,246	1,355
Dividends paid	(14,227)	(12,590)
Net cash provided by (used in) financing activities	72,376	(84,180)

<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	138,214	(174,308)
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	248,647	372,347
<b>CASH AND CASH EQUIVALENTS, end of period</b>	\$ 386,861	\$ 198,039
<b>SUPPLEMENTAL INFORMATION AND NONCASH TRANSACTIONS:</b>		
Interest paid	\$ 7,220	\$ 3,635
Transfer of loans and bank premises to other real estate	237	126
Investment securities purchased but not settled	59,397	
See notes to consolidated financial statements.		

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**Table of Contents**

**FIRST FINANCIAL BANKSHARES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**Note 1 Basis of Presentation**

The unaudited interim consolidated financial statements include the accounts of the Company, a Texas corporation and a financial holding company registered under the Bank Holding Company Act of 1956, as amended, or BHCA, and its wholly-owned subsidiaries: First Financial Bank, National Association, Abilene, Texas; First Technology Services, Inc.; First Financial Trust & Asset Management Company, National Association; First Financial Investments, Inc.; and First Financial Insurance Agency, Inc.

Through our subsidiary bank, we conduct a full-service commercial banking business. Our banking centers are located primarily in Central, North Central, Southeast and West Texas. As of March 31, 2019, we had 73 financial centers across Texas, with eleven locations in Abilene, three locations in Weatherford, two locations in Cleburne, Conroe, San Angelo, Stephenville and Granbury, and one location each in Acton, Albany, Aledo, Alvarado, Beaumont, Boyd, Bridgeport, Brock, Burleson, Cisco, Clyde, Cut and Shoot, Decatur, Eastland, El Campo, Fort Worth, Fulshear, Glen Rose, Grapevine, Hereford, Huntsville, Keller, Kingwood, Magnolia, Mauriceville, Merkel, Midlothian, Mineral Wells, Montgomery, Moran, New Waverly, Newton, Odessa, Orange, Palacios, Port Arthur, Ranger, Rising Star, Roby, Southlake, Spring, Sweetwater, Tomball, Trent, Trophy Club, Vidor, Waxahachie, Willis and Willow Park, all in Texas. Our trust subsidiary has eight locations which are located in Abilene, Fort Worth, Houston, Odessa, Beaumont, San Angelo, Stephenville and Sweetwater.

In the opinion of management, the unaudited interim consolidated financial statements reflect all adjustments necessary for a fair presentation of the Company's financial position and unaudited results of operations and should be read in conjunction with the Company's audited consolidated financial statements, and notes thereto in the Company's Annual Report on Form 10-K, for the year ended December 31, 2018. All adjustments were of a normal recurring nature. However, the results of operations for the three months ended March 31, 2019, are not necessarily indicative of the results to be expected for the year ending December 31, 2019, due to seasonality, changes in economic conditions and loan credit quality, interest rate fluctuations, regulatory and legislative changes and other factors. The preparation of financial statements in conformity with United States generally accepted accounting principles ( GAAP ) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the financial statement date. Actual results could vary. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted under U.S. Securities and Exchange Commission ( SEC ) rules and regulations. The Company evaluated subsequent events for potential recognition and/or disclosure through the date the consolidated financial statements were issued.

Goodwill and other intangible assets are evaluated annually for impairment as of the end of the second quarter. No such impairment has been noted in connection with the current or any prior evaluations.

**Note 2 Stock Split and Stock Repurchase**

On April 23, 2019, 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, 2019 to be distributed on June 3, 2019. All per share amounts in this report have been restated to reflect this stock split. An amount equal to the par value of the additional common shares to be issued pursuant to the stock split was reflected as a transfer from retained earnings to common stock on the consolidated financial statements as of and for the three months ended March 31, 2019.

On July 25, 2017, the Company's Board of Directors authorized the repurchase of up to 2,000,000 common shares through September 30, 2020. The shares buyback plan authorizes management to repurchase the shares at such time as repurchases are considered beneficial to shareholders. Any



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**Table of Contents**

repurchase of shares will be made through the open market, block trades or in privately negotiated transactions in accordance with applicable laws and regulations. Under the repurchase plan, there is no minimum number of shares that the Company is required to repurchase. Through March 31, 2019, no shares were repurchased under this authorization.

**Note 3 Earnings Per Share**

Basic earnings per common share is computed by dividing net income available to common shareholders by the weighted average number of shares outstanding during the periods presented. In computing diluted earnings per common share for the three months ended March 31, 2019 and 2018, the Company assumes that all dilutive outstanding options to purchase common shares have been exercised at the beginning of the period (or the time of issuance, if later). The dilutive effect of these outstanding options and the restricted shares is reflected by application of the treasury stock method, whereby the proceeds from exercised options and restricted shares are assumed to be used to purchase common shares at the average market price during the respective periods. The weighted average common shares outstanding used in computing basic earnings per common share for the three months ended March 31, 2019 and 2018 were 135,494,254 and 135,054,020 shares, respectively. The weighted average common shares outstanding used in computing fully diluted earnings per common share for the three months ended March 31, 2019 and 2018 were 136,286,862 and 135,599,090 shares, respectively. For the three months ended March 31, 2019 and 2018, there were no stock options that were anti-dilutive that have been excluded from the EPS calculation.

**Note 4 Interest-bearing Time Deposits in Banks and Securities**

Interest-bearing time deposits in banks totaled \$1,458,000 at March 31, 2019 and 2018 and December 31, 2018, respectively, and at March 31, 2019 have original maturities within twelve months.

Management classifies debt and equity securities as held-to-maturity, available-for-sale, or trading based on its intent. Debt securities that management has the positive intent and ability to hold to maturity are classified as held-to-maturity and recorded at cost, adjusted for amortization of premiums and accretion of discounts, which are recognized as adjustments to interest income using the interest method. Debt securities not classified as held-to-maturity or trading are classified as available-for-sale and recorded at fair value, with all unrealized gains and unrealized losses judged to be temporary, net of deferred income taxes, excluded from earnings and reported in the consolidated statements of comprehensive earnings. Available-for-sale debt securities that have unrealized gains and losses are excluded from earnings and reported net of tax in accumulated other comprehensive income until realized. Declines in the fair value of available-for-sale debt securities below their cost that are deemed to be other-than-temporary are reflected in earnings as a realized loss if there is no ability or intent to hold to recovery. If the Company does not intend to sell and will not be required to sell prior to recovery of its amortized cost basis, only the credit component of the impairment is reflected in earnings as a realized loss with the noncredit portion recognized in other comprehensive income. In estimating other-than-temporary impairment losses, we consider (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) our intent and ability to retain our investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Effective January 1, 2018, in accordance with ASU 2016-01 (see note 13), increases or decreases in the fair value of equity securities are recorded in earnings. Prior to January 1, 2018, such increases or decreases were recorded similar to increases or decreases in debt securities.

The Company records its available-for-sale and equity securities portfolio at fair value. Fair values of these securities are determined based on methodologies in accordance with current authoritative accounting guidance. Fair values are

volatile and may be influenced by a number of factors, including market interest rates, prepayment speeds, discount rates, credit ratings and yield curves. Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on the quoted prices of similar instruments or an estimate of fair value by using a range of fair value estimates in the market place as a result of the illiquid market specific to the type of security.

**Table of Contents**

When the fair value of a debt security is below its amortized cost, and depending on the length of time the condition exists and the extent the fair value is below amortized cost, additional analysis is performed to determine whether an other-than-temporary impairment condition exists. Available-for-sale and held-to-maturity debt securities are analyzed quarterly for possible other-than-temporary impairment. The analysis considers (i) whether we have the intent to sell our debt securities prior to recovery and/or maturity, (ii) whether it is more likely than not that we will have to sell our debt securities prior to recovery and/or maturity, (iii) the length of time and extent to which the fair value has been less than amortized cost, and (iv) the financial condition of the issuer. Often, the information available to conduct these assessments is limited and rapidly changing, making estimates of fair value subject to judgment. If actual information or conditions are different than estimated, the extent of the impairment of the debt security may be different than previously estimated, which could have a material effect on the Company's results of operations and financial condition.

The Company's investment portfolio consists of U.S. Treasury securities, obligations of U.S. government sponsored enterprises and agencies, obligations of state and political subdivisions, mortgage pass-through securities, corporate bonds and general obligation or revenue based municipal bonds. Pricing for such securities is generally readily available and transparent in the market. The Company utilizes independent third-party pricing services to value its investment securities, which the Company reviews as well as the underlying pricing methodologies for reasonableness and to ensure such prices are aligned with pricing matrices. The Company validates prices supplied by the independent pricing services by comparison to prices obtained from other third-party sources on a quarterly basis.

A summary of the Company's available-for-sale securities follows (in thousands):

	March 31, 2019			
	Amortized	Gross	Gross	Estimated
	Cost Basis	Unrealized	Unrealized	Fair Value
		Holding Gains	Holding Losses	
U.S. Treasury securities	\$ 9,977	\$ 14	\$	\$ 9,991
Obligations of states and political subdivisions	1,196,111	44,155	(536)	1,239,730
Corporate bonds and other	4,874		(15)	4,859
Residential mortgage-backed securities	1,519,004	8,506	(11,222)	1,516,288
Commercial mortgage-backed securities	442,569	1,771	(2,396)	441,944
Total securities available-for-sale	\$ 3,172,535	\$ 54,446	\$ (14,169)	\$ 3,212,812

**Table of Contents**

	March 31, 2018			
	Amortized Cost Basis	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Obligations of U.S. government sponsored enterprises and agencies	\$ 50,467	\$	\$ (252)	\$ 50,215
Obligations of states and political subdivisions	1,289,886	33,014	(2,767)	1,320,133
Corporate bonds and other	9,382		(55)	9,327
Residential mortgage-backed securities	1,449,482	2,912	(24,622)	1,427,772
Commercial mortgage-backed securities	476,060	235	(7,549)	468,746
Total securities available-for-sale	\$ 3,275,277	\$ 36,161	\$ (35,245)	\$ 3,276,193

	December 31, 2018			
	Amortized Cost Basis	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
U.S. Treasury securities	\$ 9,970	\$	\$ (8)	\$ 9,962
Obligations of U.S. government sponsored enterprises and agencies	301			301
Obligations of states and political subdivisions	1,229,828	30,013	(1,970)	1,257,871
Corporate bonds and other	4,875		(77)	4,798
Residential mortgage-backed securities	1,472,228	3,928	(21,611)	1,454,545
Commercial mortgage-backed securities	436,366	670	(5,736)	431,300
Total securities available-for-sale	\$ 3,153,568	\$ 34,611	\$ (29,402)	\$ 3,158,777

The Company invests in mortgage-backed securities that have expected maturities that differ from their contractual maturities. These differences arise because borrowers may have the right to call or prepay obligations with or without a prepayment penalty. These securities include collateralized mortgage obligations (CMOs) and other asset backed securities. The expected maturities of these securities at March 31, 2019 were computed by using scheduled amortization of balances and historical prepayment rates. At March 31, 2019 and 2018, and December 31, 2018, the Company did not hold CMOs that entail higher risks than standard mortgage-backed securities.

The amortized cost and estimated fair value of available-for-sale securities at March 31, 2019, by contractual and expected maturity, are shown below (in thousands):

	Amortized Cost Basis	Estimated Fair Value
Due within one year	\$ 176,257	\$ 177,722
Due after one year through five years	554,136	575,051
Due after five years through ten years	478,849	499,689

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Due after ten years	1,720	2,118
Mortgage-backed securities	1,961,573	1,958,232
Total	\$ 3,172,535	\$ 3,212,812

**Table of Contents**

The following tables disclose the Company's investment securities that have been in a continuous unrealized-loss position for less than 12 months and for 12 or more months (in thousands):

	Less than 12 Months Unrealized		12 Months or Longer Unrealized		Total Unrealized	
	Fair Value	Loss	Fair Value	Loss	Fair Value	Loss
<b>March 31, 2019</b>						
Obligations of states and political subdivisions	\$ 2,807	\$ 13	\$ 48,068	\$ 523	\$ 50,875	\$ 536
Corporate bonds and other			4,873	15	4,873	15
Residential mortgage-backed securities	2,473	17	854,482	11,205	856,955	11,222
Commercial mortgage-backed securities			303,637	2,396	303,637	2,396
<b>Total</b>	<b>\$ 5,280</b>	<b>\$ 30</b>	<b>\$ 1,211,060</b>	<b>\$ 14,139</b>	<b>\$ 1,216,340</b>	<b>\$ 14,169</b>

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
<b>March 31, 2018</b>						
Obligations of U.S. government sponsored enterprises and agencies	\$ 50,215	\$ 252	\$	\$		