Form **8937**(December 2017) Department of the Treasury Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-0123

P	art i Reporting	lssuer	·			
1	Issuer's name		2 Issuer's employer identification number (EIN)			
FIR	ST FINANCIAL BANKS	HARES INC.	75-0944023			
	Name of contact for ad-		4 Telephor	e No. of contact	5 Email address of contact	
				325-627-7167	BHILDEBRAND@FFIN.COM	
	UCE HILDEBRAND Number and street (or F	P.O. box if mail is not	delivered to	street address) of contact	7 City, town, or post office, state, and ZIP code of contact	
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	. BOX 701	· · · · · · · · · · · · · · · · · · ·	J		ABILENE, TX 79604	
8	Date of action		9 Class	sification and description		
JAN	NUARY 1, 2020		соммо	N STOCK		
	CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)	
	32020R109	N/A		FFIN	N/A	
					See back of form for additional questions.	
14	Describe the organiza the action ► SEE AT		ipplicable, the	date of the action or the c	date against which shareholders' ownership is measured for	
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15	share or as a percenta				curity in the hands of a U.S. taxpayer as an adjustment per	
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16	Describe the calculation valuation dates ► SEE		asis and the	data that supports the calc	culation, such as the market values of securities and the	
	<u> </u>	TTTT TOTAL				
						

Part I		Organizational Action (continued)				Western Constitution of the Constitution of th	
17 Li	st the	applicable Internal Revenue Code section(s) an	d subsection(s) upon which the tax to	reatment	is based		· · · · · · · · · · · · · · · · · · ·
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10 0	all all	resulting loss be recognized: F SEE ATTAC	HIMENT				
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		any other information necessary to implement	the adjustment, such as the reportab	le tax yea	ar ▶ The r	eportable tax y	ear is the
calenda	r yea	ending December 31, 2020.					
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	Unde	r penalties of perjury, I declare that I have examined	this return, including accompanying sched	dules and	statements	and to the hest of	of my knowledge and
		, it is true, correct, and complete. Declaration of prepa					
Sign			*				
Here	Signa	ture > &	1	Date ►	1-	15 - 20	2
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	Print	your name ► BRUCE HILDEBRAND		Title ▶	CFO		
Paid	-		arer's signature	Date		Check if F	PTIN
	ror	RUSSELL GUTHRIE CPA	has the one	1/15	12020	self-employed	P00053437
Prepa Use O		Firm's name ► EIDE BAILLY LLP		/		Firm's EIN ▶	45-0250958
USE C	illy	Firm's address ► 400 PINE ST, STE 600 ABIL	ENE, TX 79601-5190				325-672-4000
Send Fo	rm 89	37 (including accompanying statements) to: De		venue Se	rvice, Ogo		

Attachment to Form 8937 Report of Organizational Actions Affecting Basis of Securities First Financial Bankshares, Inc.

FEIN: 75-0944023

Part II, Item 14

Effective January 1, 2020, TB&T Bancshares, Inc. (TB&T) was merged with and into First Financial Bankshares, Inc., (FFIN) pursuant to the Agreement and Plan of Reorganization, dated September 19, 2019 (Reorganization Agreement). FFIN intends that the merger qualify as a tax-free reorganization under Section 368 of the Internal Revenue Code.

Part II, Item 15

Pursuant to the Reorganization Agreement, each share of TB&T common stock was exchanged for 1.2502 shares of FFIN common stock and \$0.39 in cash. In addition, cash was paid in lieu of fractional shares (calculated as \$30.28 per fractional share). In total, 6,275,574 shares of FFIN stock were issued with a value of \$220,272,647 (\$35.10 per share) along with \$1,975,707 of cash.

A TB&T shareholder who receives cash and FFIN shares generally will recognize gain (but not loss) in the amount equal to the lesser of (i) cash received by such holder and (ii) the amount, if any, by which the cash received plus the fair market value of FFIN stock received by such holder exceeds the tax basis of such holder's TB&T stock surrendered in exchange therefore (in each case excluding cash received in lieu of fractional share of 35.10). Each TB&T shareholder's total tax basis in TB&T common stock should equal such shareholder's total tax basis in the TB&T stock surrendered in the merger transaction, decreased by the amount of cash received and increased by the amount of gain recognized in the transaction.

Part II, Item 16

In exchange for each share of TB&T common stock, the TB&T shareholder will receive 1.2502 shares of FFIN common stock and \$0.39 in cash, with a total value of \$35.49. The shareholder will generally recognize capital gain (discussed in #18), with the nature of the gain being determined by how long TB&T stock was held by each individual shareholder.

The basis of TB&T shares received, once computed, must be allocated to the individual TB&T shares received in accordance with Treasury Regulation 1.358-2(a). See also Proposed Treasury Regulation 1.358-2(b). Since more shares of FFIN common stock were received than shares of TB&T common stock surrendered, the basis of the TB&T shares surrendered must be allocated to the shares of FFIN stock received in a manner that reflects, to the greatest extent possible, that a share of FFIN stock received in respect of TB&T shares of stock that were acquired on the same date and at the same price. To the extent it is not possible to allocate the basis in this manner, the basis of the TB&T shares surrendered must be allocated to the shares of FFIN stock received in a manner that minimizes the disparity in the holding periods of the surrendered shares whose basis is allocated to any particular FFIN share received. This could result in a single share of FFIN stock having a split basis and split holding period. Each TB&T shareholder should consult their tax advisor for the specific guidance.

See explanation on Item 15 regarding the fair market value of FFIN stock and calculation of change in basis for former TB&T shareholders.

Part II, Item 18

TB&T shareholders receiving a combination of FFIN stock and cash will generally recognize capital gain, but not loss, as expanded in detail in Item 15. Each TB&T shareholder should consult their tax advisor for specific guidance.