

FIRST FINANCIAL BANKSHARES INC

Form S-4/A

November 17, 2017

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As filed with the Securities and Exchange Commission on November 17, 2017

Registration No. 333 -221437

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

Amendment No. 1

to

Form S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

FIRST FINANCIAL BANKSHARES, INC.

(Exact name of registrant as specified in its charter)

Texas (State or other jurisdiction of	6021 (Primary Standard Industrial	75-0944023 (I.R.S. Employer
incorporation or organization)	Classification Code Number) 400 Pine Street	Identification No.)

Abilene, Texas 79601

(325) 627-7155

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

F. Scott Dueser

Chairman of the Board, President and Chief Executive Officer

First Financial Bankshares, Inc.

400 Pine Street

Abilene, Texas 79601

(325) 627-7155

(325) 627-7393 (Fax)

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-7932
(214) 855-3906
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400 West 15th Street, Suite 705
Austin, Texas 78701
(512) 477-4467
(512) 477-4478 (Fax)

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and all other conditions to the proposed merger described herein have been satisfied or waived.

If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or 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		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	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 7(a)(2)(B) of the Securities Act .

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, \$0.01 par value ⁽¹⁾	1,424,243 ⁽²⁾	N/A	\$47,000,022 ⁽³⁾	\$5,852 ⁽⁴⁾⁽⁵⁾

(1)

This Registration Statement relates to shares of common stock, par value \$0.01 per share (First Financial Common Stock), of First Financial Bankshares, Inc., issuable to holders of common stock, par value \$1.00 per share (CBI Common Stock), of Commercial Bancshares, Inc. upon completion of the merger described herein.

- (2) Represents the estimated maximum number of shares of First Financial Common Stock issuable to holders of CBI Common Stock upon completion of the merger described herein based on average closing price of First Financial Common Stock for the quarter ended September 30, 2017 of \$41.87, as a substitute for the volume-weighted average price that will be used to calculate the actual number of shares of First Financial Common Stock issuable to holders of CBI Common Stock. The number of shares included in the registration fee table does not include additional shares of First Financial Common Stock that could be issued due to a decrease below \$41.87 per share in the volume-weighted average price of First Financial Common Stock over a specified period of time pursuant to the reorganization agreement described in more detail herein. The shares of First Financial Common Stock that could be issued in that context cannot be determined at this time.
- (3) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, as amended (the Securities Act), and computed pursuant to Rule 457(f)(2) under the Securities Act, by multiplying the book value of CBI Common Stock of approximately \$13.86 per share as of September 30, 2017, the latest practicable date prior to the date of filing this registration statement, by 3,391,055, the maximum number of shares of CBI Common Stock to be cancelled in the merger described herein.
- (4) Determined in accordance with Section 6(b) of the Securities Act at a rate equal to \$124.50 per \$1,000,000 of the proposed maximum aggregate offering price.
- (5) Previously paid by Registrant.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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PRELIMINARY SUBJECT TO COMPLETION, DATED NOVEMBER 17, 2017

The information in this proxy statement/prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities, and it is not soliciting to buy these securities, in any state where the offer or sale is not permitted.

PROXY STATEMENT/PROSPECTUS

COMMERCIAL BANCSHARES, INC.

PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT

Dear Shareholder:

You are cordially invited to attend the special meeting of shareholders of Commercial Bancshares, Inc., referred to as CBI, to be held on December 21, 2017 at 3:00 p.m. at Commercial State Bank, 24080 Hwy 59 North, Kingwood, TX 77339. At this special meeting, you will be asked to approve the Agreement and Plan of Reorganization, which we refer to as the reorganization agreement, dated October 12, 2017, by and among First Financial Bankshares, Inc., referred to as First Financial, Kingwood Merger Sub, Inc., a wholly-owned subsidiary of First Financial referred to as Merger Sub, and CBI, which provides for the acquisition of CBI by First Financial. The acquisition of CBI by First Financial will be completed pursuant to the terms and conditions of the reorganization agreement by means of a merger of Merger Sub, with and into CBI, which we refer to as the merger, with CBI surviving as a wholly-owned subsidiary of First Financial. Thereafter, First Financial will cause CBI to merge with and into First Financial, with First Financial surviving the merger, which together with the merger we refer to as the integrated merger, and subsequently, at such time that First Financial may determine, First Financial will cause Commercial State Bank to merge with and into First Financial Bank, N.A., with First Financial Bank, N.A. as the surviving bank.

If the merger is completed, all outstanding shares of CBI common stock, other than cancelled shares and dissenting shares, will be converted, pursuant to the reorganization agreement, into the right to receive a total number of shares of First Financial common stock with an aggregate value of approximately \$59.4 million. The number of shares of First Financial common stock deliverable for each share of CBI common stock will be determined based on a volume-weighted average price of First Financial common stock over a measuring period for the twenty (20) consecutive trading days ending on the fifth business day immediately preceding the closing date of the merger. For illustration purposes only, using First Financial's closing stock price of \$44.20 on November 16, 2017 as a substitute for the volume-weighted average price, CBI stockholders would have received approximately 0.40 shares of First Financial common stock for each share of CBI common stock, which would have provided CBI stockholders with aggregate ownership of approximately 2.0% of the issued and outstanding shares of First Financial common stock after completion of the merger. First Financial's common stock is listed on the NASDAQ Global Select Market under the symbol FFIN. **We urge you to obtain current market quotations for First Financial's common stock.** There are no current market quotations for CBI common stock because CBI is a privately owned corporation and its common stock is not traded on any established public trading market.

In addition, in connection with the closing of the merger, CBI expects to pay a special dividend, referred to as the special dividend, to its shareholders of approximately \$15.6 million in the aggregate, which may be increased or decreased for the amount by which CBI's consolidated shareholders' equity as of the closing date exceeds or is less than \$42,402,486, after certain adjustments prescribed by the reorganization agreement for merger expenses. As of September 30, 2017, CBI's shareholders' equity was approximately \$47.0 million. From September 30, 2017 through the anticipated closing of the merger in the first quarter of 2018, CBI estimates that it will earn approximately \$1.3 million and that the exercise of outstanding stock options to purchase shares of CBI common stock will contribute an estimated additional \$2.5 million to CBI's consolidated shareholders' equity. As of October 31, 2017, CBI estimated that its merger expenses, which will reduce CBI's consolidated shareholders' equity, would be approximately \$1.1 million. Based on the foregoing estimates, CBI expects that the CBI shareholders will receive a special dividend of \$6.56 in cash per share of CBI common stock in connection with the closing of the merger.

The board of directors of CBI has determined that the reorganization agreement and the transactions contemplated therein, including the merger, are fair to and in the best interests of CBI and its shareholders, and

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approved and declared advisable the reorganization agreement and the transactions contemplated therein, including the merger. **The CBI board of directors recommends that you vote FOR the proposal to approve the reorganization agreement.**

First Financial and CBI intend that the merger will qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code . If the merger qualifies as a reorganization under Section 368(a) of the Code, a U.S. holder (as defined in this proxy statement/prospectus) of CBI common stock who exchanges CBI common stock for a combination of First Financial common stock and cash should recognize gain (but not loss) in the exchange equal to the lesser of the cash received by such holder and the amount, if any, by which the cash plus the fair market value of First Financial common stock received by such holder exceeds the tax basis of such holder's CBI common stock surrendered in exchange therefor (in each case excluding cash received in lieu of a fractional share of First Financial common stock). Further, a U.S. holder of CBI common stock generally will recognize gain or loss with respect to cash received in lieu of fractional shares of First Financial common stock that the U.S. holder would otherwise be entitled to receive.

Your vote is very important. Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed proxy card to CBI. Submitting a proxy now will not prevent you from being able to vote in person at the special meeting. If you sign, date and mail your proxy card without indicating your vote, your proxy will be counted as a vote FOR the proposal to adopt and approve the reorganization agreement and the transactions contemplated thereby. If you do not return your proxy card, abstain from voting or do not instruct your brokerage firm, bank, trust or other nominee how to vote any shares held for you in street name, the effect will be a vote AGAINST such proposal.

This proxy statement/prospectus contains a more complete description of the special meeting, the reorganization agreement and the transactions contemplated therein, including the merger. **Please carefully read this entire proxy statement/prospectus, including the Risk Factors, beginning on page 17, for a discussion of the risks relating to the proposed merger and an investment in First Financial common stock. You may also obtain information about First Financial from documents that First Financial has filed with the Securities and Exchange Commission, referred to as the SEC.**

We thank you for your continued support and look forward to seeing you at the special meeting.

Sincerely,

Harry J. Brooks
Chairman and Chief Executive Officer
Commercial Bancshares, Inc.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE MERGER OR OTHER TRANSACTIONS DESCRIBED IN THE ATTACHED PROXY STATEMENT/PROSPECTUS OR THE SECURITIES TO BE ISSUED PURSUANT TO THE MERGER UNDER THE ATTACHED PROXY STATEMENT/PROSPECTUS NOR HAVE THEY DETERMINED IF THE ATTACHED PROXY STATEMENT/

PROSPECTUS IS ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The securities that First Financial is offering through this document are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of either of First Financial or CBI, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this proxy statement/prospectus is November 17, 2017 and it is first being mailed to shareholders of CBI on or about November 21, 2017

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COMMERCIAL BANCSHARES, INC.

24080 Hwy 59 North, Suite 250

Kingwood, Texas 77339

(281) 318-4555

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders of Commercial Bancshares, Inc., or CBI, will be held on December 21, 2017, at 3:00 p.m., local time, at Commercial State Bank, 24080 Hwy 59 North, Kingwood, TX 77339, for the following purposes:

1. to approve the Agreement and Plan of Reorganization, dated October 12, 2017, by and among First Financial Bankshares, Inc., or First Financial, Kingwood Merger Sub, Inc., a wholly-owned subsidiary of First Financial referred to as Merger Sub, and CBI, pursuant to which Merger Sub will merge with and into CBI, which we refer to as the merger, with CBI surviving the merger as a wholly-owned subsidiary of First Financial, all on and subject to the terms and conditions contained therein (which proposal we refer to as the merger proposal); and
2. to approve one or more adjournments of the special meeting to a later date or dates, if the board of directors of CBI determines such an adjournment is necessary to permit further solicitation of additional proxies (which proposal we refer to as the adjournment proposal).

Only shareholders of record at the close of business on November 15, 2017 will be entitled to notice of and to vote at the special meeting and any adjournments or postponements thereof. Approval of the merger proposal requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of CBI common stock entitled to vote. The adjournment proposal requires the affirmative vote of a majority of the shares of CBI common stock present, in person or by proxy for approval. The special meeting may be adjourned or postponed from time to time upon approval of adjournment proposal by CBI's shareholders without any notice other than by announcement at the meeting of the adjournment or postponement thereof, and any and all business for which notice is hereby given may be transacted at such adjourned or postponed meeting.

Shareholders of CBI have the right to dissent from the merger and obtain payment in cash of the appraised fair value of their shares of CBI common stock under applicable provisions of the Texas Business Organizations Code. In order for a shareholder of CBI to perfect its right to dissent, such shareholder must file a written objection to the merger prior to the special meeting, must vote against the merger proposal and must file a written demand with First Financial

within 20 days after the consummation of the merger for payment of the fair value of the shareholder's shares of CBI common stock. A copy of the applicable statutory provisions of the Texas Business Organizations Code is included as **Appendix E** to the accompanying proxy statement/prospectus and a summary of these provisions can be found under the caption *Proposal 1: Merger Proposal Dissenters' Rights of CBI Shareholders*.

The board of directors of CBI unanimously recommends that you vote (i) FOR the merger proposal and (ii) FOR the adjournment proposal.

Your Vote is Very Important. A proxy card is enclosed. Whether or not you plan to attend the special meeting, please complete, sign and date the proxy card and promptly mail it in the enclosed envelope. You may revoke your proxy card in the manner described in the proxy statement/prospectus at any time before the special meeting is called to order. If you attend the special meeting, you may vote in person if you wish, even if you have previously returned your proxy card.

This proxy statement/prospectus provides a detailed description of the CBI special meeting, the merger proposal, and the adjournment proposal, the documents related to the merger and other related matters. You are

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urged to read this proxy statement/prospectus, including any documents they refer you to, and its appendices carefully and in their entirety. We look forward with pleasure to seeing and visiting with you at the special meeting.

By Order of the Board of Directors,

Harry J. Brooks
Chairman and Chief Executive Officer
Commercial Bancshares, Inc.

Kingwood, Texas

November 17, 2017

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HOW TO OBTAIN ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about First Financial from documents filed with the SEC that have not been included in or delivered with this document. This information is described on page 77 under *Where You Can Find More Information*. You can obtain free copies of this information by writing or calling:

First Financial Bankshares, Inc.

400 Pine Street

Abilene, Texas 79601

Attention: J. Bruce Hildebrand, Executive Vice President and Chief Financial Officer

Telephone (325) 627-7155

To obtain timely delivery of the documents before the special meeting of CBI, you must request the information by December 14, 2017.

PLEASE NOTE

We have not authorized anyone to provide you with any information other than the information included in this document and the documents to which we refer you. If someone provides you with other information, please do not rely on it as being authorized by us.

This proxy statement/prospectus has been prepared as of November 17, 2017. There may be changes in the affairs of CBI or First Financial since that date, which are not reflected in this document.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL
MEETING**

Q: What are CBI's shareholders being asked to vote upon?

A: The shareholders of CBI are being asked to consider and vote on the following matters:

1. to approve the Agreement and Plan of Reorganization, dated October 12, 2017, by and among First Financial Bankshares, Inc., or First Financial, Kingwood Merger Sub, Inc., a wholly-owned subsidiary of First Financial referred to as Merger Sub, and CBI, pursuant to which Merger Sub will merge with and into CBI, which we refer to as the merger, with CBI surviving the merger as a wholly-owned subsidiary of First Financial, all on and subject to the terms and conditions contained therein (which proposal we refer to as the merger proposal); and
2. to approve one or more adjournments of the special meeting to a later date or dates, if the board of directors of CBI determines such an adjournment is necessary to permit further solicitation of additional proxies (which proposal we refer to as the adjournment proposal).

As of the date of this proxy statement/prospectus, CBI's board of directors is not aware of any matters, other than those stated above, that may be brought before the special meeting.

Q: What will happen in the merger?

A: In the merger, Merger Sub will merge with and into CBI, with CBI surviving the merger as a wholly-owned subsidiary of First Financial. Following the merger, First Financial will cause (i) CBI to merge with and into First Financial, with First Financial as the surviving entity and CBI ceasing its separate corporate existence, referred to as the second step merger and collectively with the merger, the integrated merger, and (ii) following the second step merger, Commercial State Bank to merge with and into First Financial Bank, N.A., referred to as First Financial Bank, with First Financial Bank as the surviving bank and Commercial State Bank, ceasing its separate corporate existence, which transaction is referred to as the bank merger. As a result of the bank merger, the existing main office and branches of Commercial State Bank will become branches of First Financial Bank.

Q: Why am I receiving this proxy statement/prospectus?

A: CBI is sending these materials to its shareholders to help them decide how to vote their shares of CBI common stock with respect to the merger proposal and other matters to be considered at the special meeting. The merger cannot be completed unless CBI common shareholders approve the merger proposal. CBI is holding a special meeting of its shareholders to vote on the proposal to approve the merger proposal as well as other related

matters. Information about this special meeting, the merger and the other business to be considered by shareholders at the special meeting is contained in this document.

This document constitutes both a proxy statement of CBI and a prospectus of First Financial. It is a proxy statement because the CBI board of directors is soliciting proxies from CBI common shareholders using this document with respect to the matters to be considered at the special meeting. It is a prospectus because First Financial, in connection with the merger, is offering shares of its common stock in exchange for outstanding shares of CBI common stock in the merger.

Q: What form of consideration will CBI shareholders receive as a result of the merger?

A: If the merger is completed, all outstanding shares of CBI common stock, other than cancelled shares and dissenting shares, will be converted, pursuant to the reorganization agreement, into the right to receive a

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total number of shares of First Financial common stock with an aggregate value of approximately \$59.4 million, and a special dividend of \$15.6 million in the aggregate, which special dividend is subject to adjustment as described below.

The number of shares of First Financial common stock deliverable for each share of CBI common stock will be determined based on a volume-weighted average price of First Financial common stock over a measuring period for the twenty (20) consecutive trading days ending on the fifth business day immediately preceding the closing date of the merger, rounded to the nearest cent, as reported by Bloomberg Finance L.P. For illustration purposes only, using First Financial's closing stock price of \$44.20 on November 16, 2017 as a substitute for the volume-weighted average price, CBI stockholders would have received approximately 0.40 shares of First Financial common stock for each share of CBI common stock, which would have provided CBI stockholders with aggregate ownership of approximately 2.0% of the issued and outstanding shares of First Financial common stock after completion of the merger (based on the number of shares of First Financial's common stock outstanding as of November 7, 2017).

In connection with the closing of the merger, CBI expects to pay a special dividend, referred to as the special dividend, to its shareholders of approximately \$15.6 million in the aggregate, which may be increased or decreased for the amount by which CBI's consolidated shareholders' equity as of the closing date exceeds or is less than \$42,402,486, after certain adjustments prescribed by the reorganization agreement for merger expenses. As of September 30, 2017, CBI's shareholders' equity was approximately \$47.0 million. From September 30, 2017 through the anticipated closing of the merger in the first quarter of 2018, CBI estimates that it will earn approximately \$1.3 million and that the exercise of outstanding stock options to purchase shares of CBI common stock will contribute an estimated additional \$2.5 million to CBI's consolidated shareholders' equity. As of October 31, 2017, CBI estimated that its merger expenses, which will reduce CBI's consolidated shareholders' equity, would be approximately \$1.1 million. Based on the foregoing estimates, CBI expects that the CBI shareholders will receive a special dividend of \$6.56 in cash per share of CBI common stock in connection with the closing of the merger.

The actual merger consideration is subject to adjustment and may be higher or lower than the consideration described in the examples above. Because the amount of the special dividend will be determined based upon the adjusted consolidated shareholders' equity of CBI, the amount of consideration you will receive will not be known at the time you vote on the reorganization agreement. Accordingly, you should read this proxy statement/prospectus carefully to understand the value of the consideration you will receive in the merger. For an explanation of how the merger consideration will be calculated, please see *Proposal 1: Approval of the Merger Proposal Terms of the Merger*, beginning on page 26.

Q: What are the expected U.S. federal income tax consequences to a holder of CBI common stock as a result of the transactions contemplated by the merger agreement?

A: First Financial and CBI intend that the integrated merger will qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code). If the integrated merger qualifies as a reorganization under Section 368(a) of the Code, a U.S. holder (as defined in the section titled *Proposal 1: Approval of the Merger Material U.S. Federal Income Tax Consequences of the Integrated Merger* beginning on page 53) of CBI common stock who exchanges CBI common stock for a combination of First Financial common stock and cash (including cash from the special dividend) should recognize gain (but not loss) in the exchange equal to the lesser of the cash received by such holder and the amount, if any, by which the cash plus the fair market value of First Financial common stock received by such holder exceeds the tax basis of such holder's CBI common stock surrendered in exchange therefor (in each case

excluding cash received in lieu of a fractional share of First Financial common stock). Further, a U.S. holder of CBI common stock generally will recognize gain or loss

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with respect to cash received in lieu of fractional shares of First Financial common stock that the U.S. holder would otherwise be entitled to receive.

For further information, please see Proposal 1: Approval of the Merger Material U.S. Federal Income Tax Consequences of the Integrated Merger beginning on page 53.

The U.S. federal income tax consequences described above may not apply to all holders of CBI common stock. Your tax consequences will depend on your individual situation. Accordingly, First Financial and CBI strongly urge you to consult your tax advisor for a full understanding of the particular tax consequences of the integrated merger to you.

Q: When do you expect the merger to be completed?

A: We are working to complete the merger during the first quarter of 2018, although delays could occur.

Q: When and where will CBI shareholders meeting be held?

A: The CBI shareholders meeting is scheduled to take place at 3:00 p.m., local time, on December 21, 2017 at Commercial State Bank, 24080 Hwy 59 North, Kingwood, TX 77339.

Q: What are my choices when voting?

A: With respect to each of the proposals, you may vote for the proposal, against the proposal or abstain from voting on the proposal. An abstention will count as a vote against approval of the merger proposal.

Q: What votes are required for approval the reorganization agreement?

A: Approval by CBI shareholders of the merger proposal requires the affirmative vote of the holders of at least two-thirds of the shares of CBI common stock outstanding on November 15, 2017.

Q: What votes are required to adjourn or postpone the special meeting?

A: To adjourn or postpone the special meeting, the affirmative vote of a majority of the shares of CBI common stock present, in person or by proxy, at the meeting is required.

Q: How does the board of directors of CBI recommend that I vote?

A: The board of directors of CBI unanimously recommends that the shareholders vote their shares as follows:
Proposal 1 **FOR** the merger proposal; and

Proposal 2 **FOR** the adjournment proposal.

Q: What happens if I transfer my shares after the record date for the special meeting?

A: The record date for the special meeting is earlier than the expected date of completion of the merger. Therefore, if you transfer your shares of CBI common stock after the applicable record date, but prior to the completion of the merger, you will retain the right to vote at the special meeting, but the right to receive the merger consideration will transfer with your shares of CBI common stock.

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Q: What do I need to do now?

A: After you have thoroughly read and considered the information contained in this proxy statement/prospectus, indicate on the proxy card applicable to your CBI common stock your vote and sign, date and mail your proxy card(s) in the enclosed pre-addressed postage-paid envelope as soon as possible so that your shares of CBI common stock may be represented at the special meeting.

Q: What happens if I don't return a proxy card for the special meeting?

A: Because approval of the merger proposal requires the affirmative approval of the holders of at least two-thirds of the outstanding shares of CBI common stock, the failure to return your proxy card will have the same effect as a vote against the merger proposal, unless you attend the special meeting in person and vote for approval of the merger proposal.

Q: May I vote in person?

A: Yes. Even if you have previously completed and returned your proxy card, you may vote your shares in person by attending the special meeting, revoking your previously submitted proxy prior to the start of the special meeting and voting your shares in person.

Q: May I change my vote after I have submitted my proxy card?

A: Yes. You may change your vote at any time before the special meeting is called to order by attending the special meeting, revoking your proxy and voting your shares in person or by submitting a new proxy card. If you choose to revoke your proxy and submit a new proxy card, CBI must have received the subsequent proxy card no later than December 20, 2017, at 5:00 p.m. local time, which is the business day immediately prior to the special meeting.

Q: If my shares are held in street name by my brokerage firm, bank, trust or other nominee, will my brokerage firm, bank, trust or other nominee vote my shares for me?

A: Your brokerage firm, bank, trust or other nominee will vote your shares only if you provide instructions on how to vote. You should instruct your brokerage firm, bank, trust or other nominee how to vote your shares, following the directions your brokerage firm, bank, trust or other nominee provides. If you do not provide instructions to your brokerage firm, bank, trust or other nominee, your shares will not be voted, which will have the same effect as a vote against the merger proposal.

Q: Do I have any rights to dissent from the merger pursuant to the reorganization agreement?

A: You have the right to vote against approval of the merger pursuant to the reorganization agreement, dissent from the merger and seek payment of the appraised fair value of your shares in cash as described in *Proposal 1: Approval of the Merger Proposal Dissenters Rights of CBI Shareholders* beginning on page 59. The appraised fair value of your shares of CBI common stock may be more or less than the value of the First Financial common stock to be paid pursuant to the terms of the reorganization agreement.

Q: Should I send in my stock certificates now?

A: No. After the merger is completed, the exchange agent, Continental Stock Transfer & Trust Company, will send you written instructions for exchanging your stock certificates. You should not send your CBI stock certificates with your proxy card.

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Q: Who can help answer my questions?

A: If you have additional questions about the merger, you should contact Harry J. Brooks, Commercial Bancshares, Inc., 24080 Hwy 59 North, Suite 250, Kingwood, Texas, telephone (281) 318-4555.

Q: Are there any risks I should consider in deciding whether I vote for the reorganization agreement?

A: Yes. A number of risk factors that you should consider carefully are set forth under the heading of Risk Factors, beginning on page 17.

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SUMMARY

*This brief summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. We urge you to carefully read this entire document and the other documents we refer to in this document. These documents will give you a more complete description of the transaction we are proposing. For more information about First Financial, see *Where You Can Find More Information* on page 77. We have included page references in this summary to direct you to other places in this proxy statement/prospectus where you can find a more complete description of the topics we have summarized.*

The Companies

First Financial Bankshares, Inc.

400 Pine Street

Abilene, Texas 79601

(325) 627-7155

First Financial is a Texas corporation and a financial holding company registered under the Bank Holding Company Act of 1956, as amended, referred to in this proxy statement/prospectus as the BHC Act. First Financial owns all of the issued and outstanding shares of common stock of First Financial Bank. As of September 30, 2017, on a consolidated basis, First Financial had total assets of approximately \$7.0 billion, total net loans of approximately \$3.4 billion, total deposits of approximately \$5.7 billion and shareholders' equity of approximately \$906.6 million.

First Financial Bank is a national banking association chartered and regulated by the Office of the Comptroller of the Currency (the OCC) and its deposits are insured by the Federal Deposit Insurance Corporation (the FDIC). First Financial Bank conducts a complete range of commercial and personal banking activities. As of September 30, 2017, First Financial Bank had 69 financial centers across Texas, with eleven locations in Abilene, three locations in San Angelo and Weatherford, two locations in Cleburne, Conroe, Stephenville and Granbury, and one location each in Acton, Albany, Aledo, Alvarado, Beaumont, Boyd, Bridgeport, Brock, Burleson, Cisco, Clyde, Cut and Shoot, Decatur, Eastland, Fort Worth, Glen Rose, Grapevine, Hereford, Huntsville, Keller, Magnolia, Mauriceville, Merkel, Midlothian, Mineral Wells, Montgomery, Moran, New Waverly, Newton, Odessa, Orange, Port Arthur, Ranger, Rising Star, Roby, Southlake, Sweetwater, Tomball, Trent, Trophy Club, Vidor, Waxahachie, Willis and Willow Park, all in Texas. Our trust subsidiary has seven locations which are located in Abilene, Fort Worth, Odessa, Beaumont, San Angelo, Stephenville and Sweetwater.

Commercial Bancshares, Inc.

24080 Hwy 59 North, Suite 250

Kingwood, Texas 77339

(281) 318-4555

CBI is a Texas corporation and a bank holding company registered under the BHC Act. CBI owns all of the issued and outstanding shares of common stock of Commercial State Bank. Commercial State Bank is a Texas state bank chartered in El Campo, Texas and its deposits are insured by the FDIC. Commercial State Bank conducts a complete

range of commercial and personal banking activities. As of September 30, 2017, Commercial State Bank had total assets of \$366.2 million, total net loans of \$263.8 million and total deposits of \$321.9 million. In addition to its principal office in Kingwood, Texas, Commercial State Bank operates three branches in the following Texas locations: El Campo, Fulshear and Palacios. Commercial State Bank's principal office is located at 24080 Hwy 59 North, Suite 250, Kingwood, Texas 77339.

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Proposed Merger

*The reorganization agreement is the legal document that governs the merger. We have attached the reorganization agreement to this document as **Appendix A**. Please read the entire reorganization agreement.*

Pursuant to the reorganization agreement, First Financial will acquire CBI and its wholly-owned subsidiary, Commercial State Bank, through the merger of Merger Sub with and into CBI, with CBI surviving the merger as a wholly-owned subsidiary of First Financial. We expect to complete the merger during the first quarter of 2018, although delays could occur.

Terms of the Merger (page 26)

The reorganization agreement provides for the acquisition of CBI and its wholly-owned subsidiary, Commercial State Bank, by First Financial. Subject to the receipt of various governmental and third party approvals and the satisfaction of the conditions set forth in the reorganization agreement, we anticipate that the transactions contemplated by the reorganization agreement will be completed in the first quarter of 2018, although delays could occur.

If the merger is completed, all outstanding shares of CBI common stock, other than cancelled shares and dissenting shares, will be converted, pursuant to the reorganization agreement, into the right to receive a total number of shares of First Financial common stock with an aggregate value of approximately \$59.4 million. The number of shares of First Financial common stock deliverable for each share of CBI common stock will be determined based on a volume-weighted average price of First Financial common stock over a measuring period for the twenty (20) consecutive trading days ending on the fifth business day immediately preceding the closing date of the merger, rounded to the nearest cent, as reported by Bloomberg Finance L.P. For illustration purposes only, using First Financial's closing stock price of \$44.20 on November 16, 2017 as a substitute for the volume-weighted average price, CBI stockholders would have received approximately 0.40 shares of First Financial common stock for each share of CBI common stock, which would have provided CBI stockholders with aggregate ownership of approximately 2.0% of the issued and outstanding shares of First Financial common stock after completion of the merger (based on the number of shares of First Financial's common stock outstanding as of November 7, 2017).

In addition, in connection with the closing of the merger, CBI expects to pay a special dividend to its shareholders of approximately \$15.6 million in the aggregate, which may be increased or decreased for the amount by which CBI's consolidated shareholders' equity as of the closing date exceeds or is less than \$42,402,486, after certain adjustments prescribed by the reorganization agreement for merger expenses. As of September 30, 2017, CBI's shareholders' equity was approximately \$47.0 million. From September 30, 2017 through the anticipated closing of the merger in the first quarter of 2018, CBI estimates that it will earn approximately \$1.3 million and that the exercise of outstanding stock options to purchase shares of CBI common stock will contribute an estimated additional \$2.5 million to CBI's consolidated shareholders' equity. As of October 31, 2017, CBI estimated that its merger expenses, which will reduce CBI's consolidated shareholders' equity, would be approximately \$1.1 million. Based on the foregoing estimates, CBI expects that the CBI shareholders will receive a special dividend of \$6.56 in cash per share of CBI common stock in connection with the closing of the merger.

The actual merger consideration is subject to adjustment and may be higher or lower than the consideration described in the examples above. Because the amount of the special dividend will be determined based upon the adjusted consolidated shareholders' equity of CBI, the amount of consideration you will receive will not be known at the time you vote on the reorganization agreement. Accordingly, you should read this proxy statement/prospectus carefully to understand the value of the

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consideration you will receive in the merger. For an explanation of how the merger consideration will be calculated, please see *Proposal 1: Approval of the Merger Proposal Terms of the Merger*, beginning on page 26.

Material U.S. Federal Income Tax Consequences of the Integrated Merger (page 53)

The obligation of First Financial to complete the integrated merger is conditioned on, among other things, the receipt by First Financial of a tax opinion from Norton Rose Fulbright US LLP, dated as of the closing date of the integrated merger, to the effect that, on the basis of facts, representations and assumptions described in such opinion, the integrated merger will be treated as an integrated transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Code.

Assuming that the integrated merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, it is anticipated that a U.S. holder (as defined in the section titled *Proposal 1: Approval of the Merger Material U.S. Federal Income Tax Consequences of the Integrated Merger* beginning on page 53) of CBI common stock who exchanges CBI common stock for a combination of First Financial common stock and cash (including cash from the special dividend) should recognize gain (but not loss) in the exchange equal to the lesser of the cash received by such holder and the amount, if any, by which the cash plus the fair market value of First Financial common stock received by such holder exceeds the tax basis of such holder's CBI common stock surrendered in exchange therefor (in each case excluding cash received in lieu of a fractional share of First Financial common stock). Further, a U.S. holder of CBI common stock generally will recognize gain or loss with respect to cash received in lieu of fractional shares of First Financial common stock that the U.S. holder would otherwise be entitled to receive.

For further information, please see *Proposal 1: Approval of the Merger Material U.S. Federal Income Tax Consequences of the Integrated Merger* beginning on page 53.

The U.S. federal income tax consequences described above may not apply to all holders of CBI common stock. Your tax consequences will depend on your individual situation. Accordingly, First Financial and CBI strongly urge you to consult your tax advisor for a full understanding of the particular tax consequences of the integrated merger to you.

Opinion of Financial Advisor of CBI (page 31)

Hovde Group, LLC (Hovde) has delivered a written opinion to the board of directors of CBI that, as of September 26, 2017, based upon and subject to certain matters stated in the opinion, the merger consideration is fair to the holders of CBI common stock from a financial point of view. We have attached this opinion to this proxy statement/prospectus as *Appendix D*. The opinion of Hovde is not a recommendation to any CBI shareholder as to how to vote on the proposal to approve the merger proposal. You should carefully read this opinion in its entirety to understand the procedures followed, matters considered and limitations on the reviews undertaken by Hovde in providing its opinion.

First Financial's Dividend Policy

First Financial generally expects to pay cash dividends to its shareholders of approximately 40% of annual net earnings while maintaining adequate capital to support growth. The cash dividend payout ratios have amounted to 44.14%, 40.20% and 39.34% of net earnings, respectively, in 2016, 2015 and 2014. Following the merger, subject to applicable statutory and regulatory restrictions and the discretion of First Financial's board of directors, First Financial expects to continue its practice of paying quarterly cash dividends. For the fourth quarter of 2017, First Financial announced a cash dividend of \$0.19 per share on October 24, 2017 that is payable to shareholders of record as of December 15, 2017 on January 2, 2018.

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Ownership of First Financial After the Merger

Pursuant to the reorganization agreement, First Financial will issue shares of its common stock to shareholders of CBI in the merger. For illustration purposes only, using First Financial's closing stock price of \$44.20 on November 16, 2017 as a substitute for the volume-weighted average price, and assuming that 3,391,055 shares of CBI common stock are outstanding at the effective time of the merger, CBI stockholders would have received 0.40 shares of First Financial common stock for each share of CBI common stock, which would have provided CBI stockholders with aggregate ownership, on a pro forma basis, of approximately 2.0% of the common stock of First Financial following the merger (based on the number of shares of First Financial's common stock outstanding as of November 7, 2017).

Market Prices of First Financial Common Stock (page 73)

Shares of First Financial common stock are quoted on the NASDAQ Global Select Market under the symbol FFIN. On October 12, 2017, the last trading day before the merger was announced, First Financial common stock closed at \$44.50 per share. On November 16, 2017, First Financial common stock closed at 44.20 per share. The market price of First Financial common stock will fluctuate prior to the special meeting and the merger. You should obtain the current stock quotation for First Financial common stock. Shares of CBI are not traded on any established public trading market.

The CBI Special Shareholders Meeting (page 23)

The special meeting of shareholders of CBI will be held on December 21, 2017, at 3:00 p.m., local time, at Commercial State Bank, 24080 Hwy 59 North, Kingwood, TX 77339. At the special meeting, you will be asked to consider and vote on the following:

1. the approval of the Agreement and Plan of Reorganization, dated October 12, 2017, by and among First Financial, Merger Sub and CBI, pursuant to which Merger Sub will merge with and into CBI, with CBI surviving the merger as a wholly-owned subsidiary of First Financial, all on and subject to the terms and conditions contained therein (which proposal we refer to as the merger proposal); and
2. the approval of one or more adjournments of the special meeting to a later date or dates, if the board of directors of CBI determines such an adjournment is necessary to permit further solicitation of additional proxies (which proposal we refer to as the adjournment proposal).

Record Date Set at November 15, 2017; Approval of at Least Two-Thirds of Outstanding Shares Required to Approve the Merger Proposal (page 23)

You may vote at the special meeting of CBI shareholders if you owned CBI common stock at the close of business November 15, 2017, which is the record date for the special meeting. You can cast one vote for each share of CBI common stock you owned at that time. As of November 15, 2017, there were 3,391,055 shares of CBI common stock outstanding.

Approval of the merger proposal requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of CBI common stock entitled to vote. If you fail to vote, it will have the effect of a vote against the merger proposal.

You may vote your shares of CBI common stock by attending the special meeting and voting in person or by completing and mailing the enclosed proxy card. If you are the record holder of your shares, you can revoke your proxy at any time before the vote is taken at the special meeting by sending a written notice revoking the proxy or a later-dated proxy to the Secretary of CBI, or by voting in person at the special meeting.

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CBI's Reasons for the Merger and Recommendations of CBI's Board (page 30)

Based on the reasons discussed elsewhere in this proxy statement/prospectus, the board of directors of CBI believes that the merger pursuant to the reorganization agreement is fair to you and in your best interests, and unanimously recommends that you vote **FOR** the merger proposal. For a discussion of the circumstances surrounding the merger and the factors considered by CBI's board of directors in approving the reorganization agreement, see page 30.

Directors and Certain Officers of CBI are Subject to a Voting Agreement (page 23)

As of the record date, the directors of CBI and named executive officers of CBI were entitled to vote 697,845 shares of CBI common stock, or approximately 20.6% of the outstanding shares of the common stock entitled to vote at the special meeting. Each of the directors has executed a Voting Agreement, dated as of October 12, 2017, referred to as the voting agreement in this proxy statement/prospectus, pursuant to which each director agreed to vote his shares of CBI common stock in favor of approval of the merger pursuant to the reorganization agreement. As of the record date, 737,556 shares of CBI common stock, or approximately 21.8% of the outstanding shares of CBI common stock entitled to vote at the CBI special meeting, are bound by the voting agreement.

The foregoing description of the voting agreement is subject to, and qualified in its entirety by reference to, the voting agreement, a form of which is attached to this proxy statement/prospectus as **Appendix B** and is incorporated by reference into this proxy statement/prospectus.

CBI Director Support Agreements (page 51)

In connection with entering into the reorganization agreement, each of the directors of CBI entered into a director support agreement with First Financial (which we refer to in this proxy statement/prospectus as the CBI director support agreements) pursuant to which they agreed to refrain from harming the goodwill of CBI and to certain post-closing restrictive covenants.

The foregoing description of the CBI director support agreement is subject to, and qualified in its entirety by reference to, the CBI director support agreement, a form of which is attached to this proxy statement/prospectus as **Appendix C** and is incorporated by reference into this proxy statement/prospectus.

Effective Time of the Merger

The merger will become effective at the date and time specified in the certificate of merger to be filed with the Secretary of State of the State of Texas regarding the merger. If CBI shareholders approve the merger pursuant to the reorganization agreement at the special meeting, and if all necessary government approvals are obtained and the other conditions to the parties' obligations to effect the merger are met or waived by the party entitled to do so, we anticipate that the merger will be completed in the first quarter of 2018, although delays could occur.

We cannot assure you that the necessary shareholder and governmental approvals will be obtained or that the other conditions to completion of the merger can or will be satisfied.

Conversion; Exchange of CBI Stock Certificates (page 39)

After the effective time of the merger, you will receive a letter of transmittal and instructions from Continental Stock Transfer & Trust Company, as exchange and transfer agent, describing the procedures for

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surrendering your stock certificates representing shares of CBI common stock in exchange for shares of First Financial common stock in accordance with the terms of the reorganization agreement. You must carefully review and complete the transmittal materials from the exchange agent and return them as instructed along with your stock certificates representing shares CBI common stock or other satisfactory evidence of ownership specified by the exchange agent. Please do not send the exchange agent any stock certificates until you receive these instructions. Stock certificates delivered to the exchange agent without a properly completed letter of transmittal will be rejected and returned for corrective action. The shares of First Financial common stock issuable in exchange for the shares of CBI common stock will be issued solely in uncertificated book-entry form.

Conditions to Completion of the Merger (page 48)

Currently, CBI and First Financial expect to complete the merger in the first calendar quarter of 2018. As more fully described in this proxy statement/prospectus and in the reorganization agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. Each party's obligations under the reorganization agreement are conditioned upon (1) subject to certain exceptions, the accuracy of the representations and warranties of the other party, (2) the performance in all material respects by the other party of its obligations under the reorganization agreement, (3) approval of the merger proposal by CBI's shareholders, (4) receipt of required regulatory and other third party consents or approvals, (5) no action having been taken and the absence of any statute, rule, regulation or order prohibiting the consummation of the merger, (6) the receipt of required closing documents from the other party, (7) the absence of any material adverse change with respect to the other party since June 30, 2017, and (8) the effectiveness of the registration statement of which this proxy statement/prospectus is a part.

CBI's obligation to complete the merger is also subject to the shares of First Financial common stock to be issued pursuant to the reorganization agreement being approved for listing on NASDAQ. First Financial's obligation to complete the merger is also subject to (1) receipt of releases from directors and certain officers of CBI and Commercial State Bank, (2) the termination of certain employee benefit plans of CBI, (3) receipt of fully executed employment agreements from certain employees of Commercial State Bank, (4) holders of not more than 5% of the outstanding shares of CBI common stock having duly exercised their dissenters' rights under the TBOC, (5) the termination and cancellation of all options to purchase common stock of CBI; (6) the CBI adjusted shareholders equity being at least \$38,070,000, (7) receipt from CBI of certain tax documents, (8) First Financial will have received from Norton Rose Fulbright US LLP an opinion to the effect that the integrated merger should qualify as a reorganization within the meaning of Section 368(a) of the Code, and (9) the repayment of all loans made by CBI or Commercial State Bank to directors or employees of CBI or Commercial State Bank that are secured by common stock of CBI.

Any condition to the completion of the merger, except the required shareholder and regulatory approvals, and the absence of an order or ruling prohibiting the merger, may be waived in writing by the party to the reorganization agreement entitled to the benefit of such condition. We cannot be certain when or if the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Regulatory Approvals Required (page 58)

In addition, the acquisition of CBI by First Financial requires the approval of the Board of Governors of the Federal Reserve System (the Federal Reserve) and the OCC. On October 20, 2017, First Financial filed an application with the Federal Reserve to obtain approval of First Financial's acquisition of CBI by virtue of the merger. Additionally, on October 18, 2017, First Financial Bank and Commercial State Bank filed an application with the OCC to obtain approval of the merger of First Financial Bank and Commercial State Bank, which will follow the merger of Merger

Sub with and into CBI and the subsequent merger of CBI with and into First Financial. The U.S. Department of Justice will have between 15 and 30 days following approval by the OCC to

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challenge the approval of the merger on antitrust grounds. While CBI and First Financial do not know of any reason that the Department of Justice would challenge regulatory approval by the Federal Reserve or the OCC and believe that the likelihood of such action is remote, there can be no assurance that the Department of Justice will not initiate such a proceeding, or if such a proceeding is initiated, as to the result of any such challenge.

We cannot complete the merger unless it is approved by the Federal Reserve and the bank merger is approved by the OCC.

Amendments or Waiver (page 51)

We may amend the reorganization agreement and each of us may waive our right to require the other party to adhere to any term or condition of the reorganization agreement other than regulatory and shareholder approvals. Generally, the consideration to be received by the shareholders of CBI pursuant to the reorganization agreement may not be decreased after the approval of the merger proposal without the further approval by CBI shareholders, except in accordance with the terms of the reorganization agreement. The reorganization agreement provides for a decrease in the amount of the special dividend payable by CBI without shareholder approval if CBI's total consolidated shareholder equity is less than \$42,402,486 on the fifth business day immediately preceding the closing date, or such other date as mutually agreeable to the parties after certain adjustments set forth in the reorganization agreement.

Termination of the Reorganization Agreement (page 51)

The reorganization agreement can be terminated at any time prior to completion of the merger in the following circumstances:

by the mutual written consent of First Financial and CBI;

by either CBI or First Financial (as long as the terminating party is not in material breach of any representation, warranty, covenant or other agreement contained in the reorganization agreement) if the conditions precedent to such party's obligations to close have not been met or waived by May 15, 2018; provided, however, that such date may be extended to such later date as agreed upon by CBI and First Financial;

by either First Financial or CBI if any of the transactions contemplated by the reorganization agreement are disapproved by any regulatory agency or authority whose approval is required to complete such transactions or if any court of competent jurisdiction in the United States or other federal or state governmental entity has issued an order, decree or ruling or taken any other action restraining, enjoining, invalidating or otherwise prohibiting the reorganization agreement or the transactions contemplated hereby and such disapproval, order, decree, ruling or other action is final and nonappealable; provided, however, that the party seeking to terminate the reorganization agreement pursuant to this provision is required to use its commercially reasonable efforts to contest, appeal and remove such order, decree, ruling or other action;

by either First Financial or CBI if it reasonably determines, in good faith and after consulting with counsel, there is substantial likelihood that any necessary regulatory approval will not be obtained or will be obtained

only upon a condition or conditions that could reasonably be expected to be materially burdensome on, or materially impair the anticipated benefits of the merger to, First Financial and its subsidiaries and affiliates, taken as a whole;

by either First Financial or CBI if there has been any material adverse change with respect to the other party;

subject to certain cure rights, by First Financial or CBI, if there shall have been a breach of any of the covenants or agreements or any of the representations or warranties (or any such representation or

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warranty shall cease to be true and correct) set forth in the reorganization agreement or any other agreement contemplated in the reorganization agreement on the part of the other party to the reorganization agreement, which breach or failure to be true and correct, either individually or in the aggregate with all other breaches (or inaccuracies of such representations and warranties), would constitute, if occurring or continuing on the closing date, the failure of a closing condition; provided, however, that the right to terminate the reorganization agreement under this provision shall not be available to a party if it is then in material breach of any of its representations, warranties, covenants or agreements set forth in the reorganization agreement;

by First Financial or CBI, if CBI does not receive the required shareholder approval at the CBI special meeting or any adjournment or postponement thereof; provided, that CBI may only terminate the reorganization agreement pursuant to this provision if the board of directors of CBI recommended that the shareholders of CBI vote in favor of the approval merger proposal;

by First Financial on or prior to January 25, 2018, if First Financial disapproves of the results of the certain environmental inspections, secondary investigation or other environmental survey conducted in accordance with the terms of the reorganization agreement;

by First Financial if CBI or the Commercial State Bank enter into any formal or informal administrative action with a governmental entity or any such action is threatened by a governmental entity; and

by First Financial, if (i) CBI has mailed this proxy statement/prospectus to its shareholders and CBI does not hold the special meeting within 60 days thereafter, (ii) the board of directors of CBI fails to recommend that the CBI shareholders vote in favor of approval of the merger proposal, or (iii) the individuals that executed a voting agreement or a director support agreement have violated the terms thereof.

Some of the Directors and Officers of CBI Have Interests in the Merger that Differ from Your Interests (page 50)

In considering the recommendation of the board of directors of CBI with respect to the merger proposal, you should be aware that some of CBI's directors and executive officers may have interests in the merger that are different from, or in addition to, the interests of the CBI shareholders generally. Interests of directors and executive officers that may be different from or in addition to the interests of the CBI shareholders include:

Indemnification and Insurance. First Financial has agreed to indemnify the directors and officers of CBI against certain liabilities arising before the effective time of the merger and CBI is paying to provide certain tail insurance for the benefit of the directors and officers of CBI.

Employment Agreements. First Financial Bank has entered into employment agreements to be effective as of the effective time of the merger with James Alexander, Harry J. Brooks, Shelley Dacus, G. Doug Faver, Jeff Fuechec, Brandon Zabodyn and Brian Bonner.

Employee Benefit Plans. On or as soon as reasonably practicable following the merger, employees of CBI who continue on as employees of First Financial will be entitled to participate in the First Financial health and welfare benefit and similar plans on the same terms and conditions as employees of First Financial. Subject to certain exceptions, these employees will receive credit for their years of service to CBI or Commercial State Bank for participation, vesting and benefit accrual purposes.

Employee Severance Benefits. First Financial has agreed to provide certain severance benefits to CBI s employees whose employment is terminated under the circumstances specified in the reorganization agreement.

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Brooks Change in Control Payment. Upon the closing of the merger, Mr. Brooks, our Chairman and Chief Executive Officer, will be paid a \$326,775 change in control payment by Commercial State Bank pursuant to the terms of his Employment Agreement with Commercial State Bank.

Certain of the above payments are transaction expenses borne by CBI shareholders. These interests are discussed in more detail in the section of this proxy statement/prospectus entitled *The Merger Interests of CBI's Directors and Executive Officers in the Merger* beginning on page 50. The board of directors of CBI was aware of these interests and considered them, among other matters, in approving the reorganization agreement.

Comparison of Rights of Shareholders of First Financial and CBI (page 63)

CBI is a Texas corporation and the rights of shareholders of CBI are governed by Texas law and CBI's certificate of formation and bylaws. First Financial is a Texas corporation and the rights of First Financial shareholders are governed by Texas law and First Financial's certificate of formation and bylaws. Upon completion of the merger, the shareholders of CBI will become shareholders of First Financial and their rights will be governed by First Financial's certificate of formation and bylaws, in addition to Texas law. First Financial's certificate of formation and bylaws will remain the same unless later altered, amended or repealed.

Dissenters' Rights of Appraisal in the Merger (page 59)

As a shareholder of CBI, under Texas law you have the right to dissent from the merger and have the appraised fair value of your shares of CBI common stock paid to you in cash. The appraised fair value may be more or less than the value of First Financial common stock and cash, if any, CBI shareholders will receive for their shares of CBI common stock in the merger.

Persons having beneficial interests in CBI common stock held of record in the name of another person, such as a broker or bank, must act promptly to cause the record holder to take the actions required under Texas law to exercise your dissenter's rights.

In order to dissent, you must carefully follow the requirements of the TBOC including giving the required written notice prior to the special meeting at which the vote on the reorganization agreement is taken. These steps are summarized under the caption *Dissenters' Rights of CBI Shareholders* on page 59.

If you intend to exercise dissenters' rights, you should carefully read the statutes and consult with your own legal counsel. You should also remember that if you return a signed proxy card, but fail to provide instructions as to how your shares of CBI common stock are to be voted, you will be considered to have voted in favor of the merger and the reorganization agreement and you will not be able to assert dissenters' rights.

Also, if you exercise dissenters' rights, you may have taxable income as a result, so you should consult with your own tax advisor if you intend to dissent. See *Proposal 1: Approval of the Merger Proposal Material U.S. Federal Income Tax Consequences of the Merger Dissenters*. If the merger pursuant to the reorganization agreement is approved by the shareholders of CBI, holders of CBI common stock who make a written objection to the merger prior to the CBI special meeting, vote against the approval of the merger pursuant to the reorganization agreement and properly make a written demand for payment following notice of the consummation of the merger will be entitled to receive the appraised fair value of their shares in cash under the TBOC.

The text of the provisions of the TBOC pertaining to dissenters' rights is attached to this proxy statement/prospectus as *Appendix E*.

Table of Contents**SELECTED HISTORICAL FINANCIAL DATA OF FIRST FINANCIAL**

The following table sets forth selected historical financial data of First Financial as of and for the years ended December 31, 2016, 2015, 2014, 2013, and 2012, have been derived from our audited consolidated financial statements. The selected historical financial data as of September 30, 2017 and 2016 and for the three-month periods then ended are derived from First Financial's unaudited interim financial statements, but First Financial's management believes that such amounts reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of its financial position and results of operations as of the dates and for the periods indicated. This information is only a summary and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the notes thereto incorporated by reference into this proxy statement/prospectus from First Financial's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2017. The results of operations presented below or contained elsewhere in this proxy statement/prospectus are not necessarily indicative of the results of operations that may be achieved in the future.

	As of and for the Nine Months Ended September 30,		Year Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
(dollars in thousands, except per share data) (unaudited)							
Summary Income Statement Information:							
Interest income	\$ 182,519	\$ 174,309	\$ 232,288	\$ 221,623	\$ 198,539	\$ 176,369	\$ 159,796
Interest expense	6,726	4,008	5,451	4,088	4,181	4,088	5,112
Net interest income	175,793	170,301	226,837	217,535	194,358	172,281	154,684
Provision for loan losses	5,090	8,219	10,212	9,685	4,465	3,753	3,484
Noninterest income	68,715	63,410	85,132	73,432	66,624	62,052	57,209
Noninterest expense	129,891	123,840	165,830	149,464	137,925	126,012	109,049
Earnings before income taxes and extraordinary item	109,527	101,652	135,927	131,818	118,592	104,568	99,360
Income tax expense	25,300	23,544	31,153	31,437	29,033	25,700	25,135
Net earnings	\$ 84,227	\$ 78,108	\$ 104,774	\$ 100,381	\$ 89,559	\$ 78,868	\$ 74,225
Per Share Data:							
Earnings per share, basic	\$ 1.27	\$ 1.18	\$ 1.59	\$ 1.55	\$ 1.40	\$ 1.24	\$ 1.18
Earnings per share, assuming dilution	1.27	1.18	1.59	1.54	1.39	1.24	1.18

Cash dividends declared	0.56	0.52	0.70	0.62	0.55	0.52	0.50
Book value at period-end	13.69	13.14	12.68	12.20	10.63	9.18	8.84
Earnings performance ratios:							
Return on average assets	1.62%	1.59%	1.59%	1.61%	1.65%	1.64%	1.75%
Return on average equity	12.88%	12.33%	12.36%	13.60%	14.00%	13.75%	13.85%
Summary Balance Sheet Data (Period-end):							
Securities	\$ 2,885,483	\$ 2,729,159	\$ 2,860,958	\$ 2,734,177	\$ 2,416,297	\$ 2,058,407	\$ 1,820,096
Loans	3,491,346	3,369,384	3,384,205	3,350,593	2,937,991	2,689,448	2,088,623
Total assets	7,009,164	6,686,736	6,809,931	6,665,070	5,848,202	5,222,208	4,502,012
Deposits	5,697,460	5,235,464	5,478,539	5,190,169	4,750,255	4,135,075	3,632,584
Total liabilities	6,102,608	5,818,792	5,972,046	5,860,084	5,166,665	4,634,561	3,945,049
Total shareholders equity	906,556	867,944	837,885	804,986	681,537	587,647	556,963
Asset quality ratios:							
Allowance for loan losses/period-end loans	1.37%	1.34%	1.35%	1.25%	1.25%	1.26%	1.67%
Nonperforming assets/period-end loans plus foreclosed assets	0.63%	1.04%	0.86%	0.89%	0.74%	1.16%	1.22%
Net charge offs/average loans	0.10%	0.43%	0.19%	0.15%	0.06%	0.15%	0.15%

Table of Contents**Capital ratios:**

Average shareholders equity/average assets	12.73%	13.10%	12.85%	11.86%	11.78%	11.95%	12.62%
Total risk-based capital (1)	19.54%	18.28%	18.45%	16.97%	17.16%	16.92%	18.68%
Tier 1 risk-based capital (2)	18.35%	17.12%	17.30%	15.90%	16.05%	15.82%	17.43%
Common equity tier 1 capital (3)	18.35%	17.12%	17.30%	15.90%			
Leverage ratio (4)	10.84%	10.60%	10.71%	9.96%	9.89%	9.84%	10.60%
Dividend payout ratio	43.99%	43.98%	44.14%	40.20%	39.34%	41.62%	41.99%

- (1) Calculated by dividing at period-end, shareholders equity (before accumulated other comprehensive earnings/loss) less intangible assets plus allowance for loan losses to the extent allowed under regulatory guidelines by risk-adjusted assets.
- (2) Calculated by dividing at period-end, shareholders equity (before accumulated other comprehensive earnings/loss) less intangible assets by risk-adjusted assets.
- (3) Calculated by dividing at period-end, shareholders equity (before accumulated other comprehensive earnings/loss) less intangible assets by risk-adjusted assets.
- (4) Calculated by dividing at period-end, shareholders equity (before accumulated other comprehensive earnings/loss) less intangible assets by quarter average assets less intangible assets.

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RISK FACTORS

*In addition to general investment risks and the other information contained in or incorporated by reference into this proxy statement/prospectus, including the matters addressed under the section **Cautionary Statement Regarding Forward-Looking Statements** beginning on page 21 and the matters discussed under the caption **Risk Factors** in Annual Report on Forms 10-K filed with the SEC by First Financial, for the year ended December 31, 2016, as updated by other reports filed with the SEC, you should carefully consider the following risk factors in deciding how to vote on the proposals presented in this proxy statement/prospectus. See **Where You Can Find More Information** beginning on page 77.*

Risks Relating to the Merger

The merger may not be completed.

Completion of the merger is subject to regulatory approval. First Financial cannot assure you that it will be successful in obtaining required regulatory approvals. If First Financial is not successful in obtaining required regulatory approvals, the merger will not be completed. If such regulatory approvals are received, there can be no assurance to the timing of those approvals or whether any conditions will be imposed that would result in certain closing conditions of the merger not being satisfied.

The consummation of the merger is also subject to other conditions precedent described in the reorganization agreement. If a condition of either party is not satisfied, the other party may be able to terminate the reorganization agreement and, in such case, the transaction would not be consummated. The parties cannot assure you that all of the conditions precedent in the reorganization agreement will be satisfied or that the merger will be completed.

The value of the shares of First Financial common stock received as merger consideration will fluctuate between the date the exchange ratio is determined (i.e., fifth business day immediately preceding the closing date of the merger) and the date shareholders of CBI exchange their shares for the merger consideration.

If the merger is completed, all outstanding shares of CBI common stock, other than cancelled shares and dissenting shares, will be converted, pursuant to the reorganization agreement, into the right to receive a total number of shares of First Financial common stock with an aggregate value of approximately \$59.4 million. The number of shares of First Financial common stock deliverable for each share of CBI common stock will be determined based on a volume-weighted average price of First Financial common stock over a measuring period for the twenty (20) consecutive trading days ending on the fifth business day immediately preceding the closing date of the merger, rounded to the nearest cent, as reported by Bloomberg Finance L.P. Following the determination of the number of shares of First Financial common stock to be exchanged for each shares of CBI common stock, there will be a time period between such date and the date that the stockholder receives the shares of First Financial common stock to be paid as merger consideration. During such time period, the price of First Financial's common stock will fluctuate based on a variety of factors that are beyond the control of First Financial, including, but not limited to, general market and economic conditions, changes in First Financial's business, operations and prospects and regulatory considerations. Accordingly, the actual aggregate value on the date that the CBI shareholders receive their shares of First Financial common stock may be greater, equal to, or less than \$59.4 million.

The market price of First Financial common stock after the merger may be affected by factors different from those affecting CBI common stock or First Financial common stock currently.

The businesses of First Financial and CBI differ in some respects and, accordingly, the results of operations of the combined company and the market price of First Financial's shares of common stock after the merger may be affected by factors different from those currently affecting the independent results of operations of each of First Financial and CBI. For a discussion of the business of First Financial and of certain factors to consider in connection with that business, see the documents incorporated by reference into this proxy statement/prospectus and referred to under *Where You Can Find More Information*.

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Because CBI common stock is traded infrequently, it is difficult to determine how the fair value of CBI common stock compares with the merger consideration.

CBI common stock is not traded on any public markets. Any market for CBI common stock has been illiquid and irregular. This lack of liquidity makes it difficult to determine the fair value of CBI common stock.

The amount of the special dividend to be paid by CBI in connection with the closing of the merger may be an amount less than \$15.6 million.

In connection with the closing of the merger, CBI expects to pay a special dividend to its shareholders of approximately \$15.6 million in the aggregate; however, this amount will be increased or decreased for the amount by which CBI's consolidated shareholders' equity as of the closing date exceeds or is less than \$42,402,486, after certain adjustments prescribed by the reorganization agreement for merger expenses. As of September 30, 2017, CBI's consolidated shareholders' equity was approximately \$47.0 million. From September 30, 2017 through the anticipated closing of the merger in the first quarter of 2018, CBI estimates that it will earn approximately \$1.3 million and that the exercise of outstanding stock options to purchase shares of CBI common stock will contribute an estimated additional \$2.5 million to CBI's consolidated shareholders' equity. Preparing for integration of the merger may have a negative impact on CBI's results of operations, and the merger-related expenses for which CBI will be liable are difficult to predict. As of October 31, 2017, CBI estimated that its merger expenses, which will reduce CBI's consolidated shareholders' equity, would be approximately \$1.1 million. Based on such estimates, CBI expects to pay a special dividend of \$6.56 per share. If CBI's operations do not perform as expected or are negatively impacted by the merger, or if expenses associated with the merger are greater than expected, CBI may pay a special dividend less than \$15.6 million. For a discussion of the possible downward adjustment to the cash component of the merger consideration, see *Proposal 1: Approval of the Merger Proposal Terms of Merger Merger Consideration* beginning on page 26.

Regulatory approvals may not be received, may take longer than expected or impose conditions that are not presently anticipated.

The Federal Reserve must approve First Financial's acquisition of CBI and the OCC must approve the merger of Commercial State Bank with and into First Financial Bank. On October 20, 2017, First Financial filed an application with the Federal Reserve to obtain approval of the merger under the BHC Act and First Financial Bank and Commercial State Bank filed an application with the OCC on October 18, 2017 to obtain approval of bank merger. The Federal Reserve and the OCC will consider, among other factors, the competitive impact of the merger, the financial and managerial resources of our companies and our subsidiary banks and the convenience and needs of the communities to be served. As part of that consideration, we expect that the Federal Reserve and OCC will review issues related to capital position, safety and soundness, and legal and regulatory compliance, including compliance with anti-money laundering laws. There can be no assurance as to whether this and other regulatory approvals will be received, the timing of those approvals or whether any conditions will be imposed.

Shareholders should bear in mind that regulatory approval reflects only the view that the merger does not contravene applicable competitive standards imposed by law, and that the merger is consistent with regulatory policies relating to safety and soundness. Further, regulatory approval is not an opinion that the proposed merger is favorable to the shareholders of either party to the merger from a financial point of view or that the regulatory authority has considered the adequacy of the terms of the merger. Regulatory approval is not an endorsement or recommendation of the merger.

CBI will be subject to business uncertainties while the merger is pending.

Uncertainty about the effect of the merger on employees and customers of CBI may have an adverse effect on CBI and its wholly-owned subsidiary, Commercial State Bank, and consequently on First Financial following completion of the merger. These uncertainties may impair CBI's ability to attract, retain and motivate key

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personnel until the merger is completed, and could cause customers and others that deal with CBI to seek to change existing business relationships with CBI. Retention of certain employees of CBI and Commercial State Bank may be challenging while the merger is pending, as certain employees may experience uncertainty about their future roles with First Financial. If key employees depart, First Financial's business following the merger could be harmed. See the section entitled *Proposal 1: Approval of the Merger Proposal Conduct of Business Pending Effective Time* beginning on page 43 of this proxy statement/prospectus for a description of the restrictive covenants to which CBI is subject.

Combining our two banks may be more difficult, costly or time-consuming than we expect.

First Financial Bank and Commercial State Bank have historically operated and, until the bank merger is completed, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees or disruption of each bank's ongoing business or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with customers and employees or to achieve the anticipated benefits of the merger. As with any combination of banking institutions, there also may be business disruptions that cause us to lose customers or cause customers to take their deposits out of our banks. The success of the combined bank following the merger may depend in large part on the ability to integrate the two businesses, business models and cultures. If we are not able to integrate our operations successfully and timely, the expected benefits of the merger may not be realized.

Some of the directors and officers of CBI may have interests and arrangements that may have influenced their decisions to support or recommend that you approve the merger proposal and the transactions contemplated therein.

CBI's shareholders should be aware that some of CBI's directors and executive officers may have interests in the merger and have arrangements that are different from, or in addition to, those of CBI's shareholders generally. The board of directors of CBI was aware of these interests and considered these interests, among other matters, when making its decision to approve the reorganization agreement, and in recommending that CBI's shareholders vote in favor of approving the merger proposal. These interests include the following:

Indemnification and Insurance. First Financial has agreed to indemnify the directors and officers of CBI against certain liabilities arising before the effective time of the merger and CBI is paying to provide certain tail insurance for the benefit of the directors and officers of CBI.

Employment Agreements. First Financial Bank has entered into employment agreements to be effective as of the effective time of the merger with James Alexander, Harry J. Brooks, Shelley Dacus, G. Doug Faver, Jeff Fuechec, Brandon Zabodyn and Brian Bonner.

Employee Benefit Plans. On or as soon as reasonably practicable following the merger, employees of CBI who continue on as employees of First Financial will be entitled to participate in the First Financial health and welfare benefit and similar plans on the same terms and conditions as employees of First Financial. Subject to certain exceptions, these employees will receive credit for their years of service to CBI or Commercial State Bank for participation, vesting and benefit accrual purposes.

Employee Severance Benefits. First Financial has agreed to provide certain severance benefits to CBI's employees whose employment is terminated under the circumstances specified in the reorganization agreement.

Brooks Change in Control Payment. Upon the closing of the merger, Mr. Brooks, our Chairman and Chief Executive Officer, will be paid a \$326,775 change in control payment by Commercial State Bank pursuant to the terms of his Employment Agreement with Commercial State Bank.

For a more complete description of these interests, see "The Merger" Interests of CBI's Directors and Officers in the Merger beginning on page 50.

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First Financial may fail to realize the cost savings estimated for the merger.

Although First Financial estimates that it will realize cost savings from the merger when integrated, it is possible that the estimates of the potential cost savings could turn out to be incorrect. For example, the combined purchasing power may not be as strong as expected, and therefore the cost savings could be reduced. In addition, unanticipated growth in First Financial's business may require First Financial to continue to operate or maintain some facilities or support functions that are currently expected to be combined or reduced. The cost savings estimates also depend on our ability to combine the businesses of First Financial Bank and Commercial State Bank in a manner that permits those cost savings to be realized. If the estimates turn out to be incorrect or First Financial is not able to combine successfully the two banks, the anticipated cost savings may not be fully realized or realized at all, or may take longer to realize than expected.

CBI shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

The merger will transfer control of CBI to First Financial and to the shareholders of First Financial. When the merger is completed, each CBI shareholder (other than dissenting shareholders) will become a shareholder of First Financial with a percentage ownership of First Financial much smaller than such shareholder's percentage ownership of CBI. Because of this, CBI shareholders will have less influence on the management and policies of First Financial, and thus First Financial Bank, than they now have on the management and policies of CBI.

If the merger is not completed, First Financial and CBI will have incurred substantial expenses without realizing the expected benefits of the merger.

Each of First Financial and CBI has incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the reorganization agreement, as well as the costs and expenses of filing, printing and mailing this proxy statement/prospectus and all filing and other fees paid to the SEC in connection with the merger. If the merger is not completed, First Financial and CBI would have to recognize these expenses without realizing the expected benefits of the merger.

The opinion of CBI's financial advisors received by the board of directors of CBI prior to the signing of the reorganization agreement does not reflect changes in circumstances since the date of such opinion.

The opinion of CBI's financial advisor received by the board of directors of CBI was delivered on September 26, 2017. Changes in the operations and prospects of First Financial or CBI, general market and economic conditions and other factors that may be beyond the control of First Financial or CBI may significantly alter the value of CBI or the price of First Financial's common stock by the time the merger is completed. The opinion speaks only as of the date of such opinion and not as of the date of this proxy statement/prospectus, the time the merger will be completed or as of any date other than the date of such opinion.

Litigation may be filed against First Financial, CBI or their respective boards of directors or officers, which could prevent or delay the completion of the merger or result in the payment of damages following completion of the merger.

Lawsuits may be filed against First Financial, CBI or their respective boards of directors or officers in connection with the merger, which could prevent or delay completion of the merger and result in substantial costs to First Financial and CBI, including any costs associated with indemnification. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is completed may adversely affect First Financial's and CBI's business,

financial condition, results of operations and cash flows following completion of the merger.

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A WARNING ABOUT FORWARD-LOOKING STATEMENTS

Certain statements contained in this proxy statement/prospectus, including statements included or incorporated by reference in this proxy statement/prospectus, that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of operations of First Financial after the merger is completed as well as information about the merger. Words such as believes, expects, anticipates, estimates, intends, continue, should, may, or similar expressions, or the use thereof, are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. Many possible events or factors could affect the future financial results and performance of each of our companies before the merger or First Financial after the merger, and could cause those results or performance to differ materially from those expressed in the forward-looking statements. These possible events or factors include, but are not limited to:

First Financial's actual cost savings resulting from the merger are less than expected, First Financial is unable to realize those cost savings as soon as expected or First Financial incurs additional or unexpected costs;

First Financial's revenues after the merger are less than expected;

deposit attrition, operating costs, customer loss and business disruption before and after the merger, including, without limitation, difficulties in maintaining relationships with employees, may be greater than First Financial expected;

competition among financial services companies may increase;

the risk that the businesses of First Financial Bank and Commercial State Bank will not be integrated successfully, or such integration may be more difficult, time-consuming or costly than expected;

the failure of CBI's shareholders to approve the merger proposal;

the ability to obtain the governmental approvals of the merger on the proposed terms and schedule;

changes in the level of nonperforming assets and charge-offs;

changes in the interest rate environment reduce First Financial's or CBI's interest margins;

general business and economic conditions in the markets First Financial or CBI serves change or are less favorable than expected;

legislative or regulatory changes adversely affect First Financial's or CBI's businesses;

changes in tax rates, rules, regulations or policy;

changes occur in business conditions and inflation;

changes in commodity prices (i.e., oil and gas, cattle and wind energy);

personal or commercial customers' bankruptcies increase;

changes occur in the securities markets; and

technology-related changes are harder to make or more expensive than expected.

For other factors, risks and uncertainties that could cause actual results to differ materially from estimates and projections contained in forward-looking statements, please read the *Risk Factors* section of this proxy statement/prospectus.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe we have chosen these assumptions or bases in good faith and that they are

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reasonable. However, we caution you that assumptions or bases almost always vary from actual results, and the differences between assumptions or bases and actual results can be material. Therefore, we caution you not to place undue reliance on our forward-looking statements. The forward-looking statements are made as of the date of this proxy statement/prospectus or the date of the applicable document incorporated by reference into this proxy statement/prospectus. We undertake no obligation to publicly update or otherwise revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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GENERAL INFORMATION

This document constitutes a proxy statement of CBI and is being furnished to all record holders of CBI common stock in connection with the solicitation of proxies by the board of directors of CBI to be used at the special meeting of shareholders of CBI to be held on December 21, 2017. The purpose of the CBI special meeting is to consider and vote to approve the merger proposal.

This document also constitutes a prospectus relating to the First Financial common stock to be issued to shareholders of CBI common stock upon completion of the merger.

CBI SPECIAL SHAREHOLDERS MEETING

Date, Place and Time of the Special Meeting

The special meeting of shareholders of CBI will be held on December 21, 2017 at 3:00 p.m., local time, at Commercial State Bank, 24080 Hwy 59 North, Kingwood, TX 77339. The special meeting may be postponed to another date or place for proper purposes, including for the purpose of soliciting additional proxies.

Purpose

The purpose of the special meeting are to consider and vote on the following:

1. a proposal to approve the Agreement and Plan of Reorganization, dated October 12, 2017, by and among First Financial Bankshares, Merger Sub, and CBI, pursuant to which Merger Sub will merge with and into CBI, which we refer to as the merger , with CBI surviving the merger as a wholly-owned subsidiary of First Financial, all on and subject to the terms and conditions contained therein (which proposal we refer to as the merger proposal); and
2. any proposal to adjourn the special meeting to a later date or dates, if the board of directors of CBI determines such an adjournment is necessary to permit further solicitation of additional proxies (which proposal we refer to as the adjournment proposal).

At this time, the board of directors of CBI and the voting representatives are unaware of any matter, other than the matter set forth above, that may be presented for action at the special meeting.

Record Date; Shares Entitled to Vote

The close of business on November 15, 2017 is the record date. The holders of record of the outstanding shares of CBI common stock as of the close of business on the record date are entitled to notice of, and to vote at, the special meeting, or any postponement thereof. At the close of business on the record date, there were 3,391,055 shares of CBI common stock outstanding and entitled to vote at the special meeting. At the special meeting, the shareholders of CBI will be entitled to one vote for each share of common stock owned as of the close of business on the record date.

Quorum; Vote Required

The holders of a majority of the shares of CBI common stock entitled to vote at the special meeting must be present, either in person or by proxy, to constitute a quorum at the special meeting. Approval of the merger proposal requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of CBI common stock entitled to vote. If you fail to vote, it will have the effect of a vote against the merger proposal.

Shares Held by Directors and Named Executive Officers

As of the record date, the directors of CBI and named executive officers of CBI were entitled to vote 697,845 shares of CBI common stock, or approximately 20.6% of the outstanding shares of the common stock

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entitled to vote at the special meeting. Each of the directors and executive officers has executed a Voting Agreement, dated as of October 12, 2017, referred to as the voting agreement in this proxy statement/prospectus, pursuant to which each director and executive officer agreed to vote his shares of CBI common stock in favor of approval of the merger pursuant to the reorganization agreement. As of the record date, 737,556 shares of CBI common stock, or approximately 21.8% of the outstanding shares of CBI common stock entitled to vote at the CBI special meeting, are bound by the voting agreement.

The foregoing description of the voting agreement is subject to, and qualified in its entirety by reference to, the voting agreement, a form of which is attached to this proxy statement/prospectus as **Appendix B** and is incorporated by reference into this proxy statement/prospectus.

Voting and Revocation of Proxies

Any holder of record of shares of CBI common stock entitled to vote may submit a proxy by returning a signed proxy card by mail, or may vote in person by appearing at the special meeting. Proxies, in the form enclosed, which are properly executed and returned to CBI and not subsequently revoked, will be voted in accordance with the instructions indicated on the proxies. Any properly executed proxy on which voting instructions are not specified will be voted **FOR** the merger proposal and **FOR** the adjournment proposal. The proxy also grants authority to the persons designated in such proxy to vote in accordance with their own judgment if an unscheduled matter is properly brought before the special meeting.

If you are a beneficial owner and hold your shares of CBI common stock in street name through a brokerage firm, bank, trust or other nominee, you should instruct your nominee on how you wish to vote your shares of CBI common stock using the instructions provided by your nominee. Under applicable rules, brokerage firms, banks, trusts and other nominees have the discretion to vote on routine matters. The merger proposal is a non-routine matter, and brokerage firms, banks, trusts and other nominees cannot vote on these proposals without your instructions. Therefore, it is important that you cast your vote or instruct your brokerage firm, bank, trust or other nominee on how you wish to vote your shares of CBI common stock.

If you do not return your proxy card or attend the special meeting, your shares of CBI common stock will not be voted, which will have the same effect as a vote against the merger. Even if you plan to attend the special meeting, if you hold your shares of CBI common stock in your own name as the shareholder of record, please vote your shares of CBI common stock by completing, signing, dating and returning the enclosed proxy card.

If you are the record holder of your shares, you may revoke any proxy given pursuant to this solicitation by the board of directors of CBI at any time before it is voted at the special meeting by:

giving written notice to the Secretary of CBI;

executing a proxy bearing a later date and filing that proxy with the Secretary of CBI at or before the special meeting; or

attending and voting in person at the special meeting.

All written notices of revocation and other communications with respect to revocation or proxies must be received by CBI no later than December 20, 2017, at 5:00 p.m. local time, which is the business day immediately prior to the special meeting and should be sent to: Commercial Bancshares, Inc., 24080 Hwy 59 North, Suite 250, Kingwood, Texas 77339, Attention: Secretary. If you hold your shares in street name with a brokerage firm, bank, trust or other nominee, you must contact such brokerage firm, bank, trust or other nominee if you wish to revoke your proxy.

Your presence without voting at the special meeting will not automatically revoke your proxy, and any revocation during the special meeting will not affect votes previously taken.

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The secretary of CBI will determine all questions as to validity, form, eligibility (including time of receipt) and acceptance of proxies. Its determination will be final and binding. The board of directors has the right to waive any irregularities or conditions as to the manner of voting. CBI may accept your proxy by any form of communication permitted by the TBOC so long as CBI is reasonably assured that the communication is authorized by you.

Shares Held in Street Name

Your brokerage firm, bank, trust or other nominee cannot vote your shares of CBI common stock for or against approval and adoption of the merger proposal unless you tell the brokerage firm, bank, trust or other nominee how you wish to vote. To tell your nominee how to vote, you should follow the directions that your nominee provides to you. Please note that you may not vote your shares of CBI common stock held in street name by returning a proxy card directly to CBI or by voting in person at the special meeting unless you provide a legal proxy, which you must obtain from your nominee. If you do not instruct your broker or other nominee on how to vote your shares of CBI common stock, your broker or other nominee may not vote your CBI common shares, which will have the same effect as a vote against the merger proposal for purposes of the required vote. You should therefore provide your brokerage firm, bank, trust or other nominee with instructions as to how to vote your shares of CBI common stock.

Solicitation of Proxies; Expenses

This proxy solicitation is made by the board of directors of CBI. CBI is responsible for its expenses incurred in preparing, assembling, printing and mailing this proxy statement/prospectus. Proxies will be solicited through the mail. Additionally, directors of CBI intend to solicit proxies personally or by telephone or other means of communication. The directors will not be additionally compensated. CBI will reimburse banks, brokers and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding the proxy materials to beneficial owners.

Recommendation of CBI's Board of Directors

After considering various factors described in the section entitled *Proposal 1: Approval of the Merger Proposal Recommendation of CBI's board of directors and its Reasons for the Merger*, the board of directors of CBI has unanimously determined that the reorganization agreement and the transactions contemplated by the reorganization agreement, including the merger, are advisable and in the best interests of CBI's shareholders and has adopted and approved the reorganization agreement and the transactions contemplated by the reorganization agreement, including the merger. The board of directors recommends that you vote **FOR** the merger proposal.

Dissenters' Rights

Holders of shares of CBI common stock are entitled to dissenters' rights under Subchapter H of Chapter 10 of the TBOC, provided they satisfy the special conditions and conditions set forth therein. For a more detailed discussion of your dissenters' rights and the requirements for perfecting your dissenters' rights, see *Proposal 1: Approval of the Merger Proposal Dissenters' Rights of CBI Shareholders* on page 59. In addition, a copy of Subchapter H of Chapter 10 of the TBOC is attached as **Appendix E** to this proxy statement/prospectus.

Table of Contents**PROPOSAL 1: APPROVAL OF THE MERGER PROPOSAL**

The following information describes material aspects of the merger pursuant to the reorganization agreement. It is not intended to be a complete description of all information relating to the merger pursuant to the reorganization agreement and is qualified in its entirety by reference to more detailed information contained in the appendices to this document, including the reorganization agreement. A copy of the reorganization agreement is included as *Appendix A* and is incorporated herein by reference. You are urged to read the appendices in their entirety.

Terms of the Merger

Structure of Merger. The reorganization agreement provides for the acquisition of CBI and its wholly-owned subsidiary, Commercial State Bank, by First Financial. If (i) the shareholders of CBI approve the merger proposal at the special meeting, (ii) the required regulatory approvals are obtained, and (iii) the other conditions to the parties obligations to effect the transactions contemplated by the reorganization agreement are met or waived by the party entitled to do so, we anticipate that the transactions contemplated by the reorganization agreement will be completed in the first quarter of 2018, although delays could occur.

The first transaction contemplated by the reorganization agreements is the merger of Merger Sub, a wholly-owned subsidiary of First Financial, with and into CBI, with CBI surviving the merger as a wholly-owned subsidiary of First Financial. As a result of the merger, holders of CBI common stock as of the effective time of the merger, other than canceled shares and dissenting shares, will be entitled to receive whole shares of First Financial common stock and cash payable in lieu of any fractional share. Following the merger, certificates for CBI common stock will only represent the right to receive the merger consideration pursuant to the reorganization agreement, and otherwise will be null and void.

Following immediately after the merger, or at such later time as First Financial may determine in its sole discretion, First Financial will cause (i) CBI to merge with and into First Financial, with First Financial as the surviving entity and CBI ceasing its separate corporate existence and (ii) Commercial State Bank to merge with and into First Financial Bank, with First Financial Bank as the surviving bank and Commercial State Bank ceasing its separate corporate existence. As a result of the bank merger, the existing branches and main office of Commercial State Bank will become branches of First Financial Bank.

Merger Consideration. If the merger is completed, all outstanding shares of CBI common stock, other than cancelled shares and dissenting shares, will be converted, pursuant to the reorganization agreement, into the right to receive a total number of shares of First Financial common stock with an aggregate value of approximately \$59.4 million. The number of shares of First Financial common stock deliverable for each share of CBI common stock will be determined based on a volume-weighted average price of First Financial common stock over a measuring period for the twenty (20) consecutive trading days ending on the fifth business day immediately preceding the closing date of the merger, rounded to the nearest cent, as reported by Bloomberg Finance L.P. For illustration purposes only, using First Financial's closing stock price of \$44.20 on November 16, 2017 as a substitute for the volume-weighted average price, CBI stockholders would have received approximately 0.40 shares of First Financial common stock for each share of CBI common stock, which would have provided CBI stockholders with aggregate ownership of approximately 2.0% of the issued and outstanding shares of First Financial common stock after completion of the merger (based on the number of shares of First Financial's common stock outstanding as of November 7, 2017).

In addition, in connection with the closing of the merger, CBI expects to pay a special dividend to its shareholders of approximately \$15.6 million in the aggregate, which may be increased or decreased for the amount by which CBI's consolidated shareholders' equity as of the closing date exceeds or is less than \$42,402,486, after certain adjustments

prescribed by the reorganization agreement for merger expenses. Pursuant to the terms of the reorganization agreement, CBI's consolidated shareholders' equity may be reduced for the

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following merger expenses, among others, (i) the legal, professional, investment banking, consulting and accounting fees and expenses of CBI associated with the merger, including any cost to obtain any opinion as to the financial fairness of the merger, (ii) all fees related to obtaining the tail insurance for CBI's and Commercial State Bank's officers and directors, (iii) the payments owed by CBI or Commercial State Bank for any stay-pay or retention bonus amounts (other than stay-pay or retention bonus amounts requested or directed by First Financial) or change in control payments, (iv) the cost of terminating any employment related agreements and obligations (including any non-competition agreements, option agreements or equity based plans) including, among others, the employment agreements and certain survivor income agreements, (v) if requested by First Financial, a mutually agreeable estimate of the cost of obtaining a determination letter from the Internal Revenue Service in connection with the termination of a retirement plan, (vi) any federal income tax obligations, franchise tax obligations or real property tax obligations incurred prior to the effective time of the merger, (vii) the accrual or payment of all of the costs, fees, expenses and penalties necessary to be paid by CBI or Commercial State Bank in connection with any contract termination required pursuant to the reorganization agreement, including, without limitation, all costs, fees, expenses and penalties associated with the termination of the data processing or technology contracts or other contracts contemplated by the reorganization agreement, and (viii) a reduction in the amount of the total consolidated shareholders' equity of CBI equal to the amount of the gain recognized on the property located at 29818 FM 1093, Fulshear, Ft. Bend County, Texas.

As of September 30, 2017, CBI's shareholders' equity was approximately \$47.0 million. From September 30, 2017 through the anticipated closing of the merger in the first quarter of 2018, CBI estimates that it will earn approximately \$1.3 million and that the exercise of outstanding stock options to purchase shares of CBI common stock will contribute an estimated additional \$2.5 million to CBI's consolidated shareholders' equity. As of October 31, 2017, CBI estimated that its merger expenses, which will reduce CBI's consolidated shareholders' equity, would be approximately \$1.1 million. Based on the foregoing estimates, CBI expects that the CBI shareholders will receive a special dividend of \$6.56 in cash per share of CBI common stock in connection with the closing of the merger. If CBI's operations do not perform as expected or are negatively impacted by the merger, or if expenses associated with the merger are greater than expected, CBI may pay a special dividend less than \$15.6 million.

The actual merger consideration is subject to adjustment and may be higher or lower than the consideration described in the examples above. Because the amount of the special dividend will be determined based upon the adjusted consolidated shareholders' equity of CBI, the amount of consideration you will receive will not be known at the time you vote on the reorganization agreement. Accordingly, you should read this proxy statement/prospectus carefully to understand the value of the consideration you will receive in the merger.

Background of the Merger

The board of directors and management of CBI regularly review CBI's future prospects for earnings and asset growth as well as the implementation and viability of CBI's strategic initiatives. From time to time, the board of directors and management reviewed and discussed CBI's long-term objectives and considered ways in which it could enhance shareholder value as well as its performance, and discussed and evaluated, among other things, the economic and regulatory environment in general and for South Texas in addition to financial institutions, specifically.

Over the past few years, representatives from Hovde Group, LLC have met with and assisted Harry J. Johnny Brooks, Chairman, President and Chief Executive Officer of CBI with evaluating strategic options available to CBI. As part of these discussions, Mr. Brooks and Hovde have evaluated both acquisitions for CBI as well as strategic merger partners for CBI, as well as other strategic options available to CBI such as capital raising options. Furthermore, and during these discussions, Mr. Brooks discussed with Hovde the desire for shareholder liquidity and the ability for CBI to merge with another institution that would both enhance shareholder value while also providing cash and or a

marketable stock as form of consideration.

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During September 2016, Mr. Brooks was approached, on an unsolicited basis, by representatives of Bank A about the potential for Bank A to acquire CBI. During these discussions, the CEO of Bank A noted orally Bank A's interest in acquiring CBI for \$70 million in cash. After the meeting, Mr. Brooks made Hovde aware of this proposal and decided to schedule a follow-up meeting with Bank A to discuss what a transaction might look like. A follow-up meeting between Mr. Brooks and representatives of Bank A occurred on September 29, 2016. During this meeting executives from Bank A indicated that they would be prepared to increase their all-cash offer to between \$72 million and \$75 million. Mr. Brooks indicated that if Bank A would deliver this offer in writing he would call a special meeting to discuss the offer with CBI's board of directors. Shortly after this meeting, Bank A indicated that, for various reasons regarding Bank A, it were no longer in a position to pursue a transaction with CBI and discussions terminated.

As part of these discussions, Mr. Brooks and Hovde discussed the timing of a transaction due to, among other things, a favorable market for pursuing a merger as well as favorable termination costs associated with CBI's major service providers. On September 14, 2016, representatives from Hovde visited with Scott Dueser, Chairman, President and CEO of First Financial in Austin, Texas. During this visit, Mr. Dueser noted to Hovde First Financial's interest in expanding around the Houston, Texas market. After the visit, Hovde relayed this interest to Mr. Brooks and Mr. Brooks indicated that he thought highly of First Financial as a company and would be interested in visiting with representatives of First Financial if the interest was mutual. Hovde then contacted Mr. Dueser to set up a meeting between First Financial and CBI. This meeting occurred on December 16, 2016 in Kingwood, Texas. After the visit, First Financial declined to pursue a deal at that time but indicated its interest in CBI and agreed to continue discussions.

Mr. Dueser contacted Mr. Brooks in early January 2017 and invited him to meet in Abilene, Texas on January 12, 2017. At that meeting, Mr. Dueser made an oral offer to acquire CBI for \$60 million. Mr. Brooks responded that he knew that would not be acceptable to the CBI board of directors or shareholders. The discussions terminated at that point.

In April 2017, Mr. Brooks was contacted, on an unsolicited basis, by the Chairman of Bank B to indicate Bank B's interest in pursuing a transaction with CBI. Mr. Brooks relayed this interest and conversation to Hovde, and, after conferring, decided that Bank B was a strong candidate and Mr. Brooks continued discussions. On April 13, 2017 Bank B invited Mr. Brooks to its headquarters to visit in person and discuss the details of a potential merger between CBI and Bank B. After this meeting, the Chairman of Bank B indicated Bank B's interest in providing CBI with an indication of interest (IOI) to detail the terms for which Bank B would propose acquiring CBI.

On May 25, 2017, Bank B provided a non-binding IOI to Mr. Brooks outlining the proposed transaction between Bank B and CBI. The terms within the IOI detailed an offer for CBI based on \$69 million all-cash offer. Mr. Brooks then met with members of CBI's executive committee to discuss the terms outlined within the IOI. After visiting with the executive committee, it was determined that the proposed offer from Bank B was inadequate in order to relinquish independence and sell CBI. Mr. Brooks responded to Bank B that an offer of \$75 million was needed based on CBI's tangible common equity as of March 31, 2017. Bank B responded that it would need additional due diligence before responding to CBI.

During May 2017 and June 2017, Mr. Brooks worked with Hovde to provide Bank B additional due diligence and projections for CBI. On May 31, 2017, Hovde was formally engaged to represent CBI as its exclusive investment banker. On June 6, 2017, representatives from Bank B met with Mr. Brooks in Houston over dinner to further discuss the merits of a transaction between the two companies. On June 17, 2017, the Chairman of Bank B delivered a revised IOI proposing a cash purchase price of \$70 million for CBI.

On June 21, 2017, Mr. Dueser called Mr. Brooks to indicate First Financial's interest in pursuing a transaction with CBI. Mr. Dueser indicated that he would like to come to Kingwood and visit with Mr. Brooks. On June 22, 2017 Mr. Dueser met with Mr. Brooks in Kingwood. During a follow-up call between executives for

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First Financial and Mr. Brooks, Mr. Dueser asked at what price for CBI would Mr. Brooks think CBI's board of directors would consider a transaction with First Financial. Mr. Brooks told Mr. Dueser that it would require a price of \$75 million.

On June 29, 2017, Mr. Brooks met with members of the executive committee to deliver the terms of the revised IOI. After deliberation, the executive committee determined that the offer was inadequate and a purchase price in the mid-\$70 million range would be needed in order for the executive committee to recommend a transaction to CBI's board of directors. Mr. Brooks promptly delivered this information to Bank B. After further discussions, Bank B indicated that it would be able to deliver an IOI with a purchase price of \$74 million, but would require that CBI deliver tangible common equity at closing of approximately \$48.5 million. Mr. Brooks indicated that once this revised offer was provided in writing, he would promptly review with the executive committee.

First Financial delivered a non-binding IOI dated July 3, 2017 to Mr. Brooks proposing a purchase price of \$75 million with a minimum equity requirement equal to CBI's consolidated tangible common equity as of March 31, 2017. The IOI also indicated that the purchase consideration would consist of \$59.4 million in First Financial common stock and a dividend of \$15.6 million from CBI's retained earnings. Mr. Brooks visited with Hovde and a few members of CBI's executive committee to discuss the IOI also on July 3, 2017. It was concluded that a few items within the IOI required further clarification before delivering the IOI to CBI's board of directors.

Over the next week, Mr. Brooks discussed key points in the IOI with executives from First Financial, as well as Hovde and members of CBI's executive committee. It was determined that if CBI be allowed to dividend out any tangible common equity at closing in excess of its consolidated tangible common equity as of March 31, 2017 after paying or accruing transaction related expenses, CBI's executive committee would recommend the IOI to the board of directors of CBI. On July 13, 2017, CBI's board of directors convened to discuss the proposed terms of the IOI with Hovde. CBI's board of directors concluded that if First Financial would fix the value of the stock portion of the purchase consideration at \$59.4 million and the number of shares issued to CBI would vary, the board of directors would vote to authorize Mr. Brooks to execute the IOI on behalf of CBI and continue negotiations and due diligence with First Financial. After adjourning the meeting, Mr. Brooks contacted First Financial to deliver this request. Later that afternoon, First Financial delivered a revised IOI with the requested terms to Mr. Brooks who then executed and returned the IOI to First Financial. Upon the execution of the IOI, due diligence commenced between the two companies.

On August 25, 2017 CBI received the initial draft of the reorganization Agreement from First Financial and the parties continued to negotiate the terms of the reorganization agreement until the document was executed on October 12, 2017.

During CBI's board of directors meeting on September 20, 2017, legal counsel, Larry Temple, reviewed for CBI directors the fiduciary duties of directors under law, as well as the legal standards applicable to their decisions and actions with respect to the proposed transaction. CBI's legal counsel reviewed the terms and conditions of the Reorganization Agreement and ancillary legal documents with the board of directors, and discussed in detail the business points, contingencies and timing issues.

On September 26, 2017, the CBI board of directors met with its legal and financial advisors, to discuss the Reorganization Agreement which was in its substantially final form. During the meeting, the CBI directors heard a presentation from Hovde on the financial aspects of the transaction. At the conclusion of this discussion and after responding to questions from the directors, Hovde rendered to CBI's board of directors its oral opinion that the aggregate merger consideration to be received from First Financial, which consisted of \$59.4 million in shares of First Financial common stock and a \$15.6 million dividend from CBI to its shareholders in cash, subject to adjustment as

provided in the Reorganization Agreement, was fair to the shareholders of CBI, from a financial point of view. Hovde's oral opinion was subsequently confirmed by delivery of its written opinion, dated September 26, 2017, to CBI's board of directors.

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Based upon the board of directors' review and discussion of the Reorganization Agreement, the opinion of Hovde and other relevant factors, CBI's board unanimously authorized and approved the execution of the Reorganization Agreement with First Financial.

On September 26, 2017, First Financial's board of directors held a special meeting to review and discuss the proposed mergers and the Reorganization Agreement. At this meeting, First Financial's board of directors received presentations from its legal counsel, Norton Rose Fulbright US LLP. Following this discussion, First Financial's board of directors unanimously voted to approve the Reorganization Agreement and the other transactions contemplated by the Reorganization Agreement, including the mergers, and authorized First Financial's executives to execute the Reorganization Agreement.

On October 12, 2017, CBI and First Financial executed the reorganization agreement, and the directors of CBI delivered to First Financial their respective voting and support agreements. Later that day, First Financial announced the transaction after the close of trading on the NASDAQ Global Select Market.

Recommendation of CBI's Board of Directors and its Reasons for the Merger

CBI's board of directors has unanimously approved the Reorganization Agreement and unanimously recommends that the CBI shareholders vote **FOR** merger proposal.

The terms of the reorganization agreement, including the consideration to be paid to CBI shareholders, were the result of arms-length negotiations between the representatives of CBI and representatives of First Financial. CBI's board of directors has determined that the merger is fair to, and in the best interests of, CBI's shareholders. In approving the Reorganization Agreement, CBI's board of directors consulted with (a) the Hovde Group with respect to financial aspects and fairness of the merger consideration, from a financial point of view, to the CBI shareholders and (b) its outside legal counsel on its legal duties and the terms of the Reorganization Agreement. In arriving at its determination, CBI's board of directors also considered a number of factors, including:

CBI's board of directors' familiarity with and review of information concerning the business results of operations, financial condition, competitive position, and future prospects of CBI and Commercial State Bank.

CBI's board of directors' knowledge and analysis of the current and prospective industry and economic conditions facing the financial services industry generally, including continued consolidation in the industry, increasing competition, and the increasing importance of operational scale and financial resources in maintaining efficiency, remaining competitive, and capitalizing on technological developments.

The increased regulatory burden on financial institutions and the associated costs of regulatory compliance.

The terms of the Reorganization Agreement.

The opinion provided to CBI's board of directors by the Hovde Group that the consideration to be received in the transaction is fair, from a financial point of view, to the shareholders of CBI.

The future prospects of CBI compared with the future prospects of First Financial considering that by receiving First Financial common stock in the transaction, CBI shareholders would be investing in a larger, more diversified banking organization operating in a broader geographic area.

The shareholders of CBI would receive part of the merger consideration in shares of First Financial common stock, which is publicly traded on the NASDAQ Global Select Market thereby representing a more liquid and flexible investment than does CBI common stock.

That the number of shares to be issued to CBI shareholders will be determined based on the volume-weighted average price per share of First Financial stock over a measuring period for twenty (20) consecutive trading days ending on the fifth business day immediately preceding the closing date of the merger, rounded to the nearest cent, as reported by Bloomberg Financial L.P.

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The results that CBI could expect to obtain if it continued to operate independently, and the likely benefit to CBI shareholders of that course of action, as compared with the value of the merger consideration offered by First Financial.

The noneconomic terms of the transaction, including the impact on existing customers and employees.

That a merger with a large banking institution could provide the opportunity to realize the economies of scale, increased efficiencies of operations, and enhance the development of new products and services that would benefit customers.

The ability of First Financial as an experienced acquirer of financial institutions to integrate the operations of CBI and Commercial State Bank.

The potential benefits and opportunities for employees of CBI and Commercial State Bank as a result of both employment opportunities and benefit plans in a larger organization.

The likelihood that the transaction would receive approval from the appropriate regulatory authorities in a timely manner.

The reasons set out above for the merger are not intended to be exhaustive but do include all material factors considered by CBI's board of directors in approving the Reorganization Agreement and the merger. In reaching its determination, the CBI board of directors did not assign any relative or specific weights to different factors, and individual directors may have given different weights to different factors. Based on the reasons stated, the CBI board believed that the merger was in the best interests of CBI's shareholders, and therefore the board of directors of CBI unanimously approved the Reorganization Agreement and the merger. In addition, all members of the CBI board of directors have entered into voting agreements requiring them to vote the shares of CBI stock over which they have voting authority in favor of the Reorganization Agreement.

THE BOARD OF DIRECTORS OF CBI UNANIMOUSLY RECOMMENDS THAT YOU VOTE (I) FOR THE MERGER PROPOSAL AND (II) FOR THE ADJOURNMENT PROPOSAL.

Opinion of CBI's Financial Advisor

*The fairness opinion and a summary of the underlying financial analyses of CBI's financial advisor, Hovde Group, LLC, is described below. The description contains projections, estimates and other forward-looking statements about the future earnings or other measures of the future performance of CBI. The projections were based on numerous variables and assumptions, which are inherently uncertain, including factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in the projections. You should not rely on any of these statements as having been made or adopted by CBI or First Financial. You should review the copy of the fairness opinion, which is attached as **Appendix D**.*

Hovde has acted as CBI's financial advisor in connection with the proposed merger. Hovde is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and is familiar with CBI and its operations. As part of its investment banking business, Hovde is continually engaged in the valuation of businesses

and their securities in connection with, among other things, mergers and acquisitions.

Hovde reviewed the financial aspects of the proposed merger with CBI's board of directors and, on September 26, 2017, delivered a written opinion to CBI's board of directors that the merger consideration to be received by the shareholders of CBI in connection with the merger is fair to the shareholders of CBI.

The full text of Hovde's written opinion is included in this proxy statement/prospectus as **Appendix D** and is incorporated herein by reference. You are urged to read the opinion in its entirety for a description of the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Hovde. The summary of Hovde's opinion included in this proxy statement/prospectus is qualified

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in its entirety by reference to the full text of such opinion. Hovde's opinion was directed to CBI's board of directors and addresses only the fairness, from a financial point of view, of the aggregate merger consideration to be paid to CBI shareholders in connection with the merger. Hovde did not opine on any individual stock, cash, or other components of consideration payable in connection with the merger. Hovde's opinion does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any of the shareholders as to how such shareholder should vote at the CBI special meeting on the merger proposal or any related matter.

During the course of its engagement and for the purpose of rendering its opinion, Hovde:

reviewed the reorganization agreement, as provided to Hovde by CBI;

reviewed unaudited financial statements for First Financial, First Financial Bank, CBI and Commercial State Bank as of and for the six-month period ended June 30, 2017;

reviewed certain historical annual reports of each of First Financial, First Financial Bank, CBI and Commercial State Bank including audited annual reports as of and for the year ended December 31, 2016;

reviewed certain historical publicly available business and financial information concerning each of First Financial, First Financial Bank, CBI and Commercial State Bank;

reviewed certain internal financial statements and other financial and operating data concerning of CBI and Commercial State Bank;

reviewed financial projections prepared by certain members of senior management of CBI and Commercial State Bank;

discussed with certain members of senior management of CBI, the business, financial condition, results of operations and future prospects of CBI and Commercial State Bank; the history and past and current operations of CBI and Commercial State Bank; CBI's and Commercial State Bank's historical financial performance; and their assessment of the rationale for the merger;

reviewed and analyzed materials detailing the merger prepared by First Financial and CBI and by their respective legal and financial advisors including the estimated amount and timing of the cost savings and related expenses, purchase accounting adjustments and synergies expected to result from the merger (the Synergies);

assessed general economic and market conditions;

analyzed the pro forma financial impact of the merger on the combined company's earnings, tangible book value, financial ratios and other such metrics we deemed relevant, giving effect to the merger based on assumptions relating to the Synergies;

evaluated the contribution of assets, deposits, equity and earnings of First Financial and CBI to the combined company;

reviewed certain S&P CapIQ consensus earnings per share estimates for First Financial for 2017 and for 2018;

reviewed the terms of recent merger, acquisition and control investment transactions, to the extent publicly available, involving financial institutions and financial institution holding companies that we considered relevant;

reviewed historical market prices and trading volumes of First Financial's common stock;

taken into consideration our experience in other similar transactions and securities valuations as well as our knowledge of the banking and financial services industry;

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reviewed certain publicly available financial and stock market data relating to selected public companies that we deemed relevant to our analysis; and

performed such other analyses and considered such other factors as we have deemed appropriate.

Hovde also conducted meetings and had discussions with members of senior management of CBI and Commercial State Bank for purposes of reviewing the business, financial condition, results of operations and future prospects of CBI and Commercial State Bank; the history and past and current operations of CBI and Commercial State Bank; and CBI's and Commercial State Bank's historical financial performance. Hovde discussed with management of CBI and Commercial State Bank their assessment of the rationale for the merger. Hovde also performed such other analyses and considered such other factors as Hovde deemed appropriate, and took into account its experience in other similar transaction and securities valuations, as well as its knowledge of the banking and financial services industry.

Hovde assumed, without independent verification, that the representations as well as the financial and other information provided to Hovde by CBI or included in the reorganization agreement, which has formed a substantial basis for this opinion, are true and complete. Hovde relied upon the management of CBI and Commercial State Bank as to the reasonableness and achievability of the financial forecasts and projections (and the assumptions and bases therein) provided to Hovde by CBI and Commercial State Bank, and Hovde assumed such forecasts and projections have been reasonably prepared by CBI and Commercial State Bank on a basis reflecting the best currently available information and CBI's and Commercial State Bank's judgments and estimates. Hovde assumed that such forecasts and projections would be realized in the amounts and at the times contemplated thereby, and Hovde does not in any respect assume any responsibility for the accuracy or reasonableness thereof. Hovde has been authorized by CBI to rely upon such forecasts and projections and other information and data, including without limitation the projections, and Hovde expresses no view as to any such forecasts, projections or other information or data, or the bases or assumptions on which they were prepared.

In performing its review, Hovde relied upon the accuracy and completeness of all of the financial and other information that was available to Hovde from public sources, that was provided to Hovde by CBI and Commercial State Bank or their respective representatives or that was otherwise reviewed by Hovde and assumed such accuracy and completeness for purposes of rendering its opinion. Hovde has further relied on the assurances of the respective managements of CBI and Commercial State Bank that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Hovde has not been asked to and has not undertaken an independent verification of any of such information and Hovde does not assume any responsibility or liability for the accuracy or completeness thereof. Hovde assumed that each party to the reorganization agreement would advise them promptly if any information previously provided to them became inaccurate or was required to be updated during the period of Hovde's review. Hovde is not an expert in the evaluation of loan and lease portfolios for purposes of assessing the adequacy of the allowances for losses with respect thereto. Hovde assumed that such allowances for CBI, Commercial State Bank, First Financial and First Financial Bank are, in the aggregate, adequate to cover such losses, and will be adequate on a pro forma basis for the combined entity. Hovde was not requested to make, and did not make, an independent evaluation, physical inspection or appraisal of the assets, properties, facilities, or liabilities (contingent or otherwise) of CBI, Commercial State Bank, First Financial and First Financial Bank, the collateral securing any such assets or liabilities, or the collectability of any such assets and, Hovde was not furnished with any such evaluations or appraisals, nor did Hovde review any loan or credit files of CBI, Commercial State Bank, First Financial and First Financial Bank.

Hovde has assumed that the merger will be consummated substantially in accordance with the terms set forth in the reorganization agreement, without any waiver of material terms or conditions by CBI or any other party to the reorganization agreement and that the final reorganization agreement will not differ materially from the draft Hovde

reviewed. Hovde has assumed that the merger will be consummated in compliance with all applicable laws and regulations. CBI has advised Hovde that CBI is not aware of any factors that would impede

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any necessary regulatory or governmental approval of the merger. Hovde has assumed that the necessary regulatory and governmental approvals as granted will not be subject to any conditions that would be unduly burdensome on CBI, Commercial State Bank, First Financial and First Financial Bank or would have a material adverse effect on the contemplated benefits of the merger.

CBI engaged Hovde on May 31, 2017, to serve as a financial advisor to CBI in connection with the proposed merger and to issue a fairness opinion to CBI's board of directors in connection with such proposed transaction. Pursuant to the terms of the engagement, at the time the merger is completed, CBI will pay Hovde a completion fee of \$750,000, which is contingent upon the completion of the merger. Hovde also received a \$40,000 fee upon rendering its fairness opinion to the CBI board of directors, which fairness opinion fee will be credited towards the completion fee payable to Hovde upon the completion of the merger. Pursuant to the engagement agreement, in addition to its fees and regardless of whether the merger is consummated, CBI has agreed to reimburse Hovde for certain reasonable out-of-pocket expenses incurred in performing its services and to indemnify Hovde against certain claims, losses and expenses arising out of the merger or Hovde's engagement.

In performing its analyses, Hovde made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Hovde, CBI, Commercial State Bank, First Financial and First Financial Bank. Hovde's opinion was necessarily based on financial, economic, market and other conditions and circumstances as they existed on, and on the information made available to Hovde as of, the dates used in its opinion. Any estimates contained in the analyses performed by Hovde are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities may be sold or the prices at which any securities may trade at any time in the future. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. Hovde's opinion does not address the relative merits of the merger as compared to any other business combination in which CBI might engage. In addition, Hovde's fairness opinion was among several factors taken into consideration by CBI's board of directors in making its determination to approve the reorganization agreement and the merger. Consequently, the analyses described below should not be viewed as solely determinative of the decision of CBI's board of directors or CBI's management with respect to the fairness of the aggregate merger consideration to be received by CBI's shareholders in connection with the merger.

The following is a summary of the material analyses prepared by Hovde and delivered to CBI's board of directors on September 26, 2017, in connection with the delivery of its fairness opinion. This summary is not a complete description of the analyses underlying the fairness opinion or the presentation prepared by Hovde, but it summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Hovde did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. The analyses and the summary of the analyses must be considered as a whole and selecting portions of the analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying the analyses and opinion of Hovde. The tables alone are not a complete description of the financial analyses.

Market Approach *Comparable Transactions*. As part of its analysis, Hovde reviewed publicly available information related to two comparable groups (a *Regional Group* and a *Nationwide Group*) of select acquisition transactions of banks. The Regional Group consisted of acquisition transactions of banks in the

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Southwest Region of the United States (consisting of the states of Colorado, Louisiana, New Mexico, Oklahoma, Texas and Utah) announced since January 1, 2015, in which the sellers' total assets were between \$150 million and \$900 million, last-twelve-months (*LTM*) return on average assets (*ROAA*) was more than 0.75%, and nonperforming assets were less than 2.0% of total assets. The Nationwide Group consisted of acquisition transactions of select banks in the United States announced since January 1, 2016, in which the sellers' total assets were between \$200 million and \$600 million, last-twelve-months (*LTM*) return on average assets (*ROAA*) was more than 0.75%, nonperforming assets were less than 2.0% of total assets, and tangible equity was greater than 11.0% of tangible assets. In each case, for which financial information was available, no transaction that fit the selection criteria was excluded. Information for the target institutions was based on balance sheet data as of, and income statement data for the twelve months preceding the most recent quarter prior to announcement of the transactions. The resulting two groups consisted of the following transactions (8 transactions for the Regional Group and 8 transactions for the Nationwide Group):

Regional Group:**Buyer (State)**

Investar Holding Corporation (LA)
 Equity Bancshares, Inc. (KS)
 Equity Bancshares, Inc. (KS)
 Investar Holding Corporation (LA)
 Texas State Bankshares, Inc. (TX)
 Guaranty Bancorp (CO)
 Prosperity Bancshares, Inc. (TX)
 Home Bancorp, Inc. (LA)

Target (State)

BOJ Bancshares, Inc. (LA)
 Cache Holdings, Inc. (OK)
 Eastman National Bancshares, Inc. (OK)
 Citizens Bancshares, Inc. (LA)
 Blanco National Holdings (TX)
 Home State Bancorp (CO)
 Tradition Bancshares, Inc. (TX)
 Louisiana Bancorp, Inc. (LA)

Nationwide Group:**Buyer (State)**

Horizon Bancorp (IN)
 QCR Holdings, Inc. (IL)
 Seacoast Banking Corporation of Florida (FL)
 Progress Financial Corporation (AL)
 Glacier Bancorp, Inc. (MT)
 First Defiance Financial Corp. (OH)
 Middlefield Banc Corp. (OH)
 Simmons First National Corporation (AR)

Target (State)

Wolverine Bancorp, Inc. (MI)
 Guaranty Bank and Trust Company (IA)
 Palm Beach Community Bank (FL)
 First Partners Financial, Inc. (AL)
 TFB Bancorp, Inc. (AZ)
 Commercial Bancshares, Inc. (OH)
 Liberty Bank, National Association (OH)
 Citizens National Bank (TN)

For each precedent transaction, Hovde compared the implied ratio of deal value to certain financial characteristics of CBI as follows:

the multiple of the purchase consideration to the acquired company's tangible common book value (the *Price-to-Tangible Common Book Value Multiple*);

the multiple of the purchase consideration to the acquired company's adjusted tangible common book value based upon tangible common book value equivalent to 8% of tangible assets with the purchase consideration being adjusted for any amount excess (shortfall) in tangible common book value (the *Price-to-Adjusted Tangible Common Book Value Multiple*);

the multiple of the purchase consideration to the acquired company's LTM net earnings per share (the *Price-to-LTM Earnings Multiple*); and

the multiple of the difference between the purchase consideration and the acquired company's tangible book value to the acquired company's core deposits (the *Premium-to-Core Deposits Multiple*).

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The results of the analysis are set forth in the table below. Transaction multiples for the merger were derived from the estimated merger consideration of \$75,000,000 for CBI and were based on June 30, 2017 financial results of CBI.

Implied Value for CBI Based On:	Price-to-Tangible Common Book Value Multiple	Price-to- Adjusted Tangible Common Book Value Multiple	Price-to-LTM Earnings Multiple	Premium-to-Core Deposits Multiple
		Book Value Multiple		
Total Deal Value	165%	205%	18.4x	10.7%
<i>Precedent Transactions</i>				
<i>Regional Group:</i>				
Median	160%	169%	19.4x	8.2%
Minimum	120%	144%	10.8x	5.7%
Maximum	192%	210%	22.5x	38.0%
<i>Precedent Transactions</i>				
<i>Nationwide Group:</i>				
Median	154%	182%	17.7x	10.2%
Minimum	127%	137%	14.3x	4.3%
Maximum	172%	206%	27.4x	17.6%

Using publicly available information, Hovde compared the financial performance of CBI with that of the median of the precedent transactions from both the Regional and Nationwide Groups. The performance highlights are based on June 30, 2017 financial results of CBI.

	Tangible Equity/ Tangible Assets	Core Deposits	LTM ROAA (1)	LTM ROAE (2)	Efficiency Ratio	NPAs/ Assets (3)	ALLL/ NPLs (4)
CBI	12.91%	90.0%	1.19%	10.11%	58.0%	0.07%	NM
<i>Precedent Transactions Regional</i>							
<i>Group:</i>							
Median	10.26%	80.4%	0.94%	9.10%	64.5%	0.49%	190.8%
<i>Precedent Transactions Nationwide</i>							
<i>Group:</i>							
Median	11.71%	81.6%	1.15%	8.41%	64.6%	1.40%	89.0%

(1) Last twelve months return on average assets.

(2) Last twelve months return on average equity.

(3) Non-performing assets as a percent of total assets.

(4) Allowance for loan and lease losses as a percentage of non-performing loans.

No company or transaction used as a comparison in the above transaction analyses is identical to CBI, and no transaction was consummated on terms identical to the terms of the reorganization agreement. Accordingly, an

analysis of these results is not strictly mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies. The resulting median values of the Precedent Transactions Regional Group indicated an implied aggregate valuation ranging between \$64.9 million and \$78.9 million compared to the proposed merger consideration of \$75.0 million. The resulting median values of the Precedent Transactions Nationwide Group indicated an implied aggregate valuation ranging between \$68.4 million and \$73.7 million compared to the proposed merger consideration of \$75.0 million.

Income Approach Discounted Cash Flow Analysis. Taking into account various factors including, but not limited to, CBI's recent performance, the current banking environment and the local economy in which CBI operates, Hovde determined, in consultation with and based on information provided by management of CBI, earnings estimates for CBI over a forward looking five year period, and CBI management developed the forward-looking projections and key assumptions, which formed the basis for the discounted cash flow analyses. The

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resulting projected net income numbers used for the analysis were \$4.6 million for 2017, \$4.8 million for 2018, \$5.1 million for 2019, \$5.3 million for 2020, and \$5.6 million for 2021.

To determine present values of CBI based on these projections, Hovde utilized two discounted cash flow models, each of which capitalized terminal values using a different methodology: (1) Terminal Price/Earnings Multiple (*DCF Terminal P/E Multiple*); and, (2) Terminal Price/Tangible Book Value Multiple (*DCF Terminal P/TBV Multiple*).

In the DCF Terminal P/E Multiple analysis, an estimated value of CBI's common stock was calculated based on the present value of CBI's after-tax net income based on CBI management's forward-looking projections. Hovde utilized a terminal value at the end of 2021 by applying a range of price-to-earnings multiples of 15.7x to 19.7x, with a midpoint of 17.7x, which is based around the median price-to-earnings multiple derived from transactions in the Regional Group. The present value of CBI's terminal value was then calculated assuming a range of discount rates between 12.00% and 14.00%, with a midpoint of 13.00%. This range of discount rates was chosen to reflect different assumptions regarding the required rates of return of holders or prospective buyers of CBI's common stock. The resulting aggregate values of CBI's common stock of the DCF Terminal P/E Multiple ranged between \$50.5 million and \$68.4 million, with a midpoint of \$59.1 million.

In the DCF Terminal P/TBV Multiple model, the same earnings estimates and projected net income were used; however, in arriving at the terminal value at the end of 2021, Hovde applied a range of price-to-tangible book value multiples of 1.34x to 1.74x with the midpoint being 1.54x, which is based around the median price-to-tangible book value multiple derived from transactions in the Regional Group. The present value of the terminal value, was then calculated assuming a range of discount rates between 12.00% and 14.00%, with a midpoint of 13.00%. The resulting aggregate values of CBI's common stock of the DCF Terminal P/TBV Multiple ranged between \$52.6 million and \$73.6 million, with a midpoint of \$62.8 million.

These analyses and their underlying assumptions yielded a range of values for CBI, which are outlined in the table below:

Implied Value for CBI Based On:	Premium-to-Core		
	Price-to-Tangible Book Value Multiple	Price-to-LTM Earnings Multiple	Deposits Multiple
Total Deal Value	165%	18.4x	10.7%
<i>DCF Analysis Terminal P/E Multiple</i> Midpoint	130%	14.5x	4.9%
<i>DCF Analysis Terminal P/TBV Multiple</i> Midpoint	138%	15.4x	6.2%

Hovde noted that while the discounted cash flow present value analysis is a widely used valuation methodology, it relies on numerous assumptions, including asset and earnings growth rates, projected dividend payouts, terminal values and discount rates. Hovde's analysis does not purport to be indicative of the actual values or expected values of CBI's common stock.

First Financial Comparable Companies Analysis: Hovde used publicly available information to compare selected financial and trading information for First Financial and a group of 9 publicly-traded financial institutions selected by Hovde which was based on publicly-traded banks in the Southwest United States with total assets between \$2.0 billion and \$15.0 billion and LTM ROAA greater than 0.75%:

Allegiance Bancshares, Inc.
BancFirst Corporation
CoBiz Financial Inc.
Guaranty Bancorp
Hilltop Holdings Inc.

Independent Bank Group, Inc.
LegacyTexas Financial Group, Inc.
Southside Bancshares, Inc.
Triumph Bancorp, Inc.

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The analysis compared publicly available financial and market trading information for First Financial and the data for the 9 financial institutions identified above as of and for the most recent twelve-month period which was publicly available. The table below compares the data for First Financial and the median data for the 9 financial institutions identified above, with pricing data as of September 22, 2017.

	Market Cap (\$M)	Price/ Tangible Book Value	Price/ LTM EPS	Price/ 2017E EPS	Dividend Yield	YTD/ Price Change	Two Year Total Return
First Financial	\$ 2,839	380.5%	26.5x	25.1x	1.77%	(5.1)%	46.8%
<i>Comparable Companies:</i>							
Median	\$ 995	239.7%	19.3x	18.3x	1.20%	(0.4)%	51.7%

No company used as a comparison in the above analyses is identical to First Financial. Accordingly, an analysis of these results is not strictly mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

Accretion / Dilution Analysis: Hovde performed pro forma merger analyses that combined projected income statement and balance sheet information of CBI and First Financial. Assumptions regarding the accounting treatment, acquisition adjustments and cost savings were used to calculate the financial impact that the merger would have on certain projected financial results of First Financial. In the course of this analysis, Hovde used the median S&P CapIQ consensus estimates for earnings estimates for First Financial for the years ending December 31, 2017 and December 31, 2018, and December 31, 2019 and used earnings estimates provided by CBI's management for CBI for the years ending December 31, 2017, December 31, 2018 and December 31, 2019. This analysis indicated that the merger is expected to be accretive by 1 cents per share to First Financial's consensus estimated earnings per share of \$1.85 in 2018 and accretive by 4 cents per share to First Financial's estimated earnings per share of \$1.94 in 2019. The analysis also indicated that the merger is expected to be accretive to tangible book value per share for First Financial by 15 cents per share in 2018 and by 20 cent per share in 2019 and that First Financial would maintain capital ratios in excess of those required for First Financial to be considered well-capitalized under existing regulations. For all of the above analyses, the actual results achieved by CBI and First Financial prior to and following the merger will vary from the projected results, and the variations may be material.

Other Factors and Analyses. Hovde took into consideration various other factors and analyses, including but not limited to: current market environment; merger and acquisition environment; movements in the common stock valuations of selected publicly-traded banking companies; and movements in the S&P 500 Index.

Conclusion. Based upon the foregoing analyses and other investigations and assumptions set forth in its opinion, without giving specific weightings to any one factor or comparison, Hovde determined that the aggregate merger consideration to be paid in connection with the merger is fair from a financial point of view to CBI's shareholders. **Each shareholder is encouraged to read Hovde's fairness opinion in its entirety. The full text of this fairness opinion is included as Appendix D to this proxy statement.**

First Financial's Reasons for the Merger

As a part of First Financial's growth strategy, First Financial routinely evaluates opportunities to acquire financial institutions. The acquisition of CBI and its wholly-owned subsidiary Commercial State Bank is consistent with First Financial's expansion strategy. First Financial's board of directors, senior management and certain lenders reviewed the

business, financial condition, results of operation and prospects for Commercial State Bank, the market condition of the market area in which Commercial State Bank conducts business, the compatibility of the management and the proposed financial terms of the transaction. In addition, management of First Financial believes that the transaction will expand First Financial's footprint in the Kingwood and the markets surrounding Houston, Texas, provide opportunities for future growth and provide the potential to realize

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cost savings. First Financial's board of directors also considered the financial condition and valuation for both CBI and First Financial as well as the financial and other effects the transaction would have on First Financial's shareholders.

While management of First Financial believes that revenue opportunities will be achieved and costs savings will be obtained following the transaction, First Financial has not quantified the amount of enhancements or projected the areas of operation in which such enhancements will occur.

In view of the variety of factors considered in connection with its evaluation of the transaction, the First Financial board did not find it useful to and did not attempt to quantify, rank or otherwise assign relative weights to factors it considered. Further, individual directors may have given differing weights to different factors. In addition, the First Financial board did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination. Rather, the board conducted an overall analysis of the factors it considered material, including thorough discussions with, and questioning of, First Financial's management.

Effective Time of the Merger

The merger will become effective at the date and time specified in the certificate of merger to be filed with the Secretary of State of the State of Texas regarding the merger. If the shareholders of CBI approve the merger pursuant to the reorganization agreement at the special meeting, and if all required regulatory approvals are obtained and the other conditions to the parties' obligations to effect the merger are met or waived by the party entitled to do so, we anticipate that the merger will be completed in the first quarter of 2018, although delays could occur. We cannot assure you that we can obtain the necessary shareholder and regulatory approvals or that the other conditions to completion of the merger set forth in the reorganization agreement can or will be satisfied.

Conversion; Exchange of CBI Stock Certificates

The conversion of CBI common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger. After completion of the merger, the exchange agent will exchange certificates representing shares of CBI common stock for the merger consideration to be received pursuant to the terms of the reorganization agreement.

Letter of Transmittal; Dividends

Promptly after the effective time of the merger, First Financial will deposit with or make available to Continental Stock Transfer & Trust Company, as exchange and transfer agent, shares of First Financial common stock to be exchanged for shares of CBI common stock in accordance with the reorganization agreement and any cash payable in lieu of fractional shares (the "Exchange Fund"). With the intent to be within five days of the effective time of the merger, First Financial will cause the exchange agent to mail to each record holder of CBI common stock a letter of transmittal and instructions describing the procedures for surrendering stock certificates representing shares of CBI common stock in exchange for shares of First Financial common stock. The shares of First Financial common stock issuable in exchange for the shares of CBI common stock will be issued in uncertificated book-entry form. Please do not send the exchange agent any stock certificates until you receive these instructions. Stock certificates delivered to the exchange agent without a properly completed letter of transmittal will be rejected and returned for corrective action.

Until surrendered in accordance with the instructions of the exchange agent, other than shares of CBI common stock subject to the exercise of dissenters' rights, each stock certificate representing shares of CBI common stock will

represent after the effective time of the merger only the right to receive, without interest, the merger consideration and any cash in lieu of a fractional share of First Financial common stock to be issued or paid upon surrender of such stock certificate and any dividends or distributions to which such holder is entitled

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pursuant to the reorganization agreement. Subject to the terms of the reorganization agreement, each record holder of CBI common stock will generally be entitled to receive without interest, the amount of dividends or other distributions with a record date after the effective time of the merger that are payable with respect to whole shares of First Financial common stock.

Any portion of the Exchange Fund that remains unclaimed by the shareholders of CBI at the expiration of six months after the effective time of the merger will be paid to First Financial. In such event, any former shareholders of CBI who have not previously complied with exchange procedures set forth in the reorganization agreement and instructions from the exchange agent will look only to First Financial with respect to the merger consideration, any cash in lieu of any fractional shares and any unpaid dividends and distributions on the First Financial common stock as determined pursuant to the reorganization agreement, in each case, without any interest.

Lost Certificates

If any certificate representing shares of CBI common stock is lost, stolen or destroyed, upon the making of an affidavit of such fact by the person claiming the certificate to be lost, stolen or destroyed and, if required by First Financial or the exchange agent, the posting by such person of a bond in such amount as the exchange agent may determine is reasonably necessary as indemnity against any claim that may be made against it with respect to such certificate, the exchange agent will issue in exchange for the lost, stolen or destroyed certificate the merger consideration, cash in lieu of fractional shares and any dividends or other distributions that have been payable or become payable in respect of the shares of First Financial common stock represented by that certificate pursuant to the reorganization agreement.

Withholding

First Financial and the exchange agent, as the case may be, will be entitled to deduct and withhold, if necessary, from any consideration payable pursuant to the reorganization agreement to any holder of CBI common stock such amounts as First Financial or the exchange agent is required to deduct or withhold under applicable tax laws, and any such withheld amounts that are paid to the appropriate taxing authorities will be treated for purposes of the reorganization agreement as having been paid to the holder of CBI common stock from whom such amounts were deducted or withheld.

Fractional Shares

First Financial will not issue any fractional shares of First Financial common stock in the merger. CBI shareholders who would otherwise be entitled to a fraction of a share of First Financial common stock upon the completion of the merger will instead receive, for the fraction of a share, an amount in cash (rounded to the nearest cent), determined by multiplying the fractional share by volume-weighted average price of First Financial common stock over a measuring period for the twenty (20) consecutive trading days ending on the fifth business day immediately preceding the closing date of the merger, without interest.

Representations and Warranties of CBI and First Financial

The reorganization agreement and this summary of the representations and warranties in this section are included to provide you with information regarding the terms of the reorganization agreement. Factual disclosures about First Financial and CBI contained in this proxy statement/prospectus or in the public reports of First Financial filed with the SEC may supplement, update or modify the factual disclosures about First Financial and CBI contained in the reorganization agreement. The reorganization agreement contains representations and warranties of First Financial and CBI that may be subject to limitations, qualifications or exceptions agreed upon by the parties, including being

qualified by confidential disclosures, and may be subject to a contractual standard of materiality that differs from the materiality standard that applies to reports and documents filed with the SEC.

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In particular, in your review of the representations and warranties contained in the reorganization agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purpose of establishing circumstances in which a party to the reorganization agreement may have the right not to consummate the merger if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise, and allocating risk between the parties to the reorganization agreement. The representations and warranties, other provisions of the reorganization agreement or any description of these provisions should not be read alone, but instead should be read only in conjunction with the information provided elsewhere in this proxy statement/prospectus, the documents incorporated by reference into this proxy statement/prospectus and the other reports, statements and filings that First Financial publicly files with the SEC. See *Where You Can Find More Information*.

The reorganization agreement contains customary representations and warranties of each of First Financial and CBI relating to their respective businesses. The representations and warranties in the reorganization agreement do not survive the effective time.

The reorganization agreement contains representations and warranties made by CBI relating to a number of matters, including the following:

corporate matters, including due organization and qualification and subsidiaries;

authority relative to execution and delivery of the reorganization agreement;

capitalization;

compliance with laws;

the absence of conflicts with, or violations of, organizational documents or other obligations as a result of the merger;

financial statements;

the absence of undisclosed liabilities;

legal proceedings;

consents and approvals, required governmental and other regulatory filings in connection with the merger;

title to assets;

the absence of certain changes or events;

certain contracts;

certain tax matters;

insurance matters;

the absence of any material adverse change;

intellectual property;

related party transactions;

validity and enforceability of debt instruments;

condition of assets;

environmental matters;

regulatory compliance;

absence of certain business practices;

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books and records;

forms of instruments;

fiduciary responsibilities;

guaranties;

voting agreements and shareholders' agreements;

employment matters;

employee benefits;

certain obligations to employees;

interest rate risk management;

internal controls;

compliance with the various specified statutes, rules and regulations;

the accuracy of information supplied for inclusion in this proxy statement/prospectus and other similar documents;

intercompany agreements;

the nature of the representations in the reorganization agreement;

inapplicability of takeover statutes; and

receipt by the CBI's board of directors of an opinion from CBI's financial advisor.

The reorganization agreement contains representations and warranties made by First Financial relating to a more limited number of matters, including the following:

corporate matters, including due organization and qualification and subsidiaries;

authority relative to execution and delivery of the reorganization agreement;

capitalization;

filings with the SEC, certain compliance matters and financial statements;

compliance with laws; and the absence of conflicts with, or violations of, organizational documents or other obligations as a result of the merger;

the absence of undisclosed liabilities;

legal proceedings;

consents and approvals, required governmental and other regulatory filings in connection with the merger;

regulatory compliance;

the accuracy of information supplied for inclusion in this proxy statement/prospectus and other similar documents;

the absence of certain changes or events;

disclosure controls and procedures; and

the nature of the representations in the reorganization agreement.

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Certain representations and warranties of First Financial and CBI are qualified as to materiality or material adverse change. For purposes of the reorganization agreement, a material adverse change, means, with respect to either First Financial or CBI, any event, occurrence, fact, condition, effect or change that is, or would reasonably expect to become, materially adverse to the business, results of operations, condition (financial or otherwise), assets, properties, liabilities (absolute, accrued, contingent or otherwise) or reserves, taken as a whole, or the ability of the parties to consummate the transactions contemplated by the reorganization agreement on a timely basis; provided, however, that none of the following shall constitute, or shall be considered in determining whether there has occurred, and no event, circumstance, change or effect resulting from or arising out of any of the following shall constitute a material adverse change: (i) any changes in laws or interpretations thereof that are generally applicable to the banking or savings industries; (ii) changes in generally accepted accounting principles of the United States, which we refer to as GAAP , or regulatory accounting principles, which we refer to as RAP , that are generally applicable to the banking or savings industries; (iii) expenses incurred in connection with the transactions contemplated by the reorganization agreement; (iv) changes in global, national or regional political conditions or general economic or market conditions in the United States or the State of Kansas or Oklahoma, including changes in prevailing interest rates, credit availability and liquidity, currency exchange rates, and price levels or trading volumes in the United States or foreign securities markets affecting other companies in the financial services industry; (v) general changes in the credit markets or general downgrades in the credit markets; (vi) actions or omissions of a party taken as required by the reorganization agreement or with the prior informed written consent of the other party or parties in contemplation of the transactions contemplated by the reorganization agreement; (vii) any outbreak or escalation of hostilities, declared or undeclared acts of war or terrorism; or (viii) any change resulting from the announcement or pendency of any of the transactions contemplated by the reorganization agreement; provided, however, that in the case of clauses (i) through (vii), such party is not affected to a greater extent than other persons, bank holding companies or insured depository institutions in the industry in which such party operates.

Covenants and Agreements

Conduct of Businesses Prior to the Completion of the Merger

From the date of the reorganization agreement to and including the closing date of the merger, unless otherwise permitted in writing by First Financial, CBI will, and will cause Commercial State Bank to:

operate (including, without limitation, the making of, or agreeing to make, any loans or other extensions of credit) only in the ordinary course of business and consistent with past practices and safe and sound banking principles;

except as required by prudent business practices, use commercially reasonable efforts to preserve its business organization intact and to retain its present directors, officers, employees, key personnel and customers, depositors and goodwill and to maintain all assets owned, leased or used by it (whether under its control or the control of others), in good operating condition and repair, ordinary wear and tear excepted;

perform all of its obligations under any material contracts, leases and documents relating to or affecting its assets, properties and business, except such obligations as CBI or any of its subsidiaries may in good faith reasonably dispute;

maintain in full force and effect all insurance policies now in effect or renewals thereof and give all notices and present all claims under all insurance policies in due and timely fashion;

timely file, subject to extensions, all reports required to be filed with any governmental entity and observe and conform, in all material respects, to all applicable laws, except those being contested in good faith by appropriate proceedings;

timely file, subject to extensions, all tax returns required to be filed by it and timely pay all taxes that become due and payable, except those being contested in good faith by appropriate proceedings;

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promptly notify First Financial of any tax proceeding or claim pending or threatened against or with respect to CBI or any of its subsidiaries;

withhold from each payment made to each of its employees, independent contractors, creditors and other third parties the amount of all taxes required to be withheld therefrom and pay the same to the proper governmental entity when due;

account for all transactions and prepare all financial statements in accordance with GAAP (unless otherwise instructed by RAP in which instance account for such transaction in accordance with RAP);

promptly classify and charge off loans and make appropriate adjustments to loss reserves in accordance with GAAP, RAP and the instructions to the Call Report and the Uniform Retail Credit Classification and Account Management Policy;

maintain the allowance for loan and lease losses account in an amount adequate in all material respects to provide for all losses, net of recoveries relating to loans previously charged off, on all outstanding loans and in compliance with applicable regulatory requirements; provided, further, that such allowance for loan and lease losses as determined in accordance with its GAAP, shall equal the greater of (A) \$2,645,000 or (B) the amount required to comply with GAAP standards;

pay or accrue all costs, expenses and other charges to be incurred in connection with the merger, including, but not limited to, all legal fees, accounting fees, consulting fees and brokerage fees, prior to the calculation date (the fifth business day immediately preceding the closing date); and

ensure that all accruals for taxes are accounted for in the ordinary course of business, consistent with past practices and in accordance with its GAAP (unless otherwise instructed by RAP in which case such accrual will be accounted for in accordance with RAP).

From the date of the reorganization agreement to closing, unless permitted by the reorganization agreement or First Financial consents in writing, CBI will not, and will not allow Commercial State Bank to:

take or fail to take any action that would cause the representations and warranties made by CBI to be inaccurate at the time of the closing or preclude CBI from making such representations and warranties at the time of the closing;

merge into, consolidate with or sell its assets to any other person or entity, change or amend CBI's or any of its subsidiaries' articles of incorporation or bylaws, increase the number of shares of common stock of CBI or any of its subsidiaries' stock outstanding or increase the amount of the Commercial State Bank's surplus (as calculated in accordance with the instructions to the Call Report);

except as explicitly permitted hereunder or in accordance with applicable law or pursuant to a contract existing as of the date of the reorganization agreement, engage in any transaction with any affiliated person or allow such persons to acquire any assets from CBI or any of its subsidiaries, except (i) in the form of wages, salaries, fees for services, reimbursement of expenses and benefits already granted or accrued under the employee plans in effect at the signing of the reorganization agreement, or (ii) any deposit (in any amount) made by an officer, director or employee;

except for the payment of the special dividend in connection with the closing of the merger, declare, set aside or pay any dividends or make any other distribution to its shareholders (including any share dividend, dividends in kind or other distribution) whether in cash, shares or other property or purchase, retire or redeem, or obligate itself to purchase, retire or redeem, any of its capital shares or other securities;

discharge or satisfy any lien or pay any obligation or liability, whether absolute or contingent, due or to become due, except in the ordinary course of business consistent with past practices and except for liabilities incurred in connection with the transactions contemplated hereby;

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issue, reserve for issuance, grant, sell or authorize the issuance of any shares of its capital stock or other securities or subscriptions, options, warrants, calls, rights or commitments of any kind relating to the issuance thereto;

accelerate the vesting of pension or other benefits in favor of employees of CBI or any of its subsidiaries except according to the employee plans or as otherwise contemplated by the reorganization agreement or as required by applicable law;

acquire any capital stock or other equity securities or acquire any equity or ownership interest in any bank, corporation, partnership or other entity (except (i) through settlement of indebtedness, foreclosure, or the exercise of creditors' remedies or (ii) in a fiduciary capacity, the ownership of which does not expose it to any liability from the business, operations or liabilities of such Person);

mortgage, pledge or subject to lien any of its property, business or assets, tangible or intangible, except (i) certain permitted encumbrances and (ii) pledges of assets to secure public funds deposits;

sell, transfer, lease to others or otherwise dispose of any of its assets, or cancel or compromise any debt or claim, or waive or release any right or claim of a market value in excess of \$10,000;

make any change in the rate or timing of payment of compensation, commission, bonus or other direct or indirect remuneration payable, or pay or agree or orally promise to pay, conditionally or otherwise, any bonus, extra compensation, pension or severance or vacation pay, to or for the benefit of any of its shareholders, directors, officers, employees or agents, other than annual increases in compensation consistent with past practices, and bonuses, commissions, and incentives consistent with past and normal practices to its employees and officers;

enter into any employment or consulting contract (other than as contemplated by the terms of the employee plans or the reorganization agreement) or other agreement with any current or proposed director, officer or employee or adopt, amend any employment agreement, amend in any material respect or terminate any pension, employee welfare, retirement, stock purchase, stock option, phantom stock, stock appreciation rights, termination, severance, income protection, golden parachute, savings or profit-sharing plan (including trust agreements and insurance contracts embodying such plans), any deferred compensation, or collective bargaining agreement, any group insurance contract or any other incentive, welfare or employee benefit plan or agreement for the benefit of its directors, employees or former employees, except as required by applicable law or the reorganization agreement;

sell or dispose of, or otherwise divest itself of the ownership, possession, custody or control, of any corporate books or records of any nature that, in accordance with sound business practice, normally are retained for a period of time after their use, creation or receipt, except at the end of the normal retention period;

make any, or acquiesce with any, change in any (i) credit underwriting standards or practices, including loan loss reserves, (ii) asset liability management techniques, (iii) accounting methods, principles or practices, except as required by changes in GAAP as concurred by CBI's independent auditors, or as required by any applicable regulatory agency, (iv) tax election, change in taxable year, accounting methods for tax purposes, amendment of a tax return, restriction on any assessment period relating to taxes, settlement of any tax claim or assessment relating to CBI or any of its subsidiaries, closing agreement within the meaning of Section 7121 of the Code (or any similar provision of state, local or foreign Law), or surrender any claim to a refund, or (v) any extension or waiver of the limitation period applicable to any tax claim or assessment relating to CBI or its subsidiaries;

reduce the amount of Commercial State Bank's allowance for loan losses except through charge offs;

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sell (but payment at maturity is not a sale) or purchase any investment securities, other than purchases of obligations of the U.S. Treasury (or any agency thereof) with a duration of four (4) years or less and an AA rating by at least one nationally recognized ratings agency;

renew, extend the maturity of, or alter any of the terms of any loan classified by CBI as special mention, substandard, or impaired or other words of similar import; or

enter into any acquisitions or leases of real property, including new leases and lease extensions. For a complete description of such restrictions on the conduct of the business of CBI, we refer you to the reorganization agreement, which is attached as *Appendix A* to this proxy statement/prospectus.

Regulatory Matters

First Financial and CBI have agreed to use their commercially reasonable efforts to promptly prepare and file or cause to be filed applications for all regulatory approvals required to be obtained by each of the parties in connection with the reorganization agreement and the transactions contemplated thereby.

Employee Matters

Subject to the right of subsequent amendment, modification, replacement or termination in the sole discretion of First Financial, each former Commercial State Bank employee that becomes employed by First Financial or its subsidiaries after the effective time of the merger shall be entitled, as an employee of First Financial or its subsidiaries, to participate in the employee benefit plans of First Financial in effect as of the date of the reorganization agreement; provided, that such continuing employee is eligible to participate and, if required, selected for participation therein under the terms thereof and makes any required contributions. All such participation shall be subject to such terms of such plans as may be in effect from time to time and the reorganization agreement is not intended to give any such employee any rights or privileges superior to those of other similarly situated employees of First Financial or its subsidiaries. The provisions of the reorganization agreement shall not be deemed or construed so as to provide duplication of similar benefits but, subject to that qualification, First Financial shall, for purposes of vesting and any age or period of service requirements for commencement of participation with respect to any employee benefit plans in which a continuing employee may participate (excluding any defined benefit pension plan), credit each continuing employee with his or her term of service with CBI or Commercial State Bank to the extent such service was recognized under the analogous employee benefit plan of CBI .

Director and Officer Indemnification and Insurance

The reorganization agreement provides that for a three year period after the effective time of the merger, and subject to the limitations contained in applicable Federal Reserve, OCC and FDIC regulations and to any limitations contained in the CBI governance documents, First Financial will indemnify, defend and hold harmless each director and officer of CBI or Commercial State Bank as of the effective time of the merger, against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of matters existing or occurring at or before the effective time of the merger, whether asserted or claimed before, at or after the effective time of the merger that arise in whole or in part out of or pertaining to the fact that he or she was acting in his or her capacity as a director or officer of the CBI or Commercial State Bank.

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Prior to closing, CBI will obtain, at its expense, an extended reporting period policy, with terms and coverage reasonable for such policies, covering directors and officers of CBI and the Commercial State Bank for a period of not less than three (3) years from the closing date, and the total premium for such policy shall be included as a merger expense and reduce the adjusted equity of CBI.

No Solicitation

CBI agreed that neither it, nor Commercial State Bank, nor any of their respective directors or officers will take any action to:

initiate, solicit, encourage or otherwise facilitate any inquiries, provide any information to or negotiate with any other party any proposal or offer that constitutes, or may reasonably be expected to lead to an acquisition proposal;

enter into or maintain or continue discussions or negotiate with any person in furtherance of such inquiries or to obtain an acquisition proposal;

agree to, approve, recommend, or endorse any acquisition proposal, or authorize or permit any of its or their directors or officers to take any such action.

CBI or Commercial State Bank shall notify First Financial orally (within one (1) Business Day) and in writing (as promptly as practicable) of any such inquiries and proposals received by CBI or the Commercial State Bank or any of its respective directors or officers, relating to any of such matters

For purposes of the reorganization agreement, an acquisition proposal is any proposal involving: (a) a merger, consolidation, or any similar transaction of any entity with CBI or any subsidiary of CBI, (b) a purchase, lease or other acquisition of all or substantially all the assets of CBI or any subsidiary of CBI, (c) a purchase or other acquisition of beneficial ownership by any person or group (as such terms are defined in Section 13(d)(3) of Exchange Act) (including by way of merger, consolidation, share exchange, or otherwise) that would cause such person or group to become the beneficial owner of any securities of CBI or any subsidiary of CBI after October 12, 2017, (d) a tender or exchange offer to acquire any securities of CBI or any subsidiary of CBI, (e) a public proxy or consent solicitation made to the shareholders of CBI or any subsidiary of CBI seeking proxies in opposition to any proposal relating to any of the transactions contemplated by the reorganization agreement, or (f) the making of a bona fide offer or proposal to the board of directors or shareholders of CBI or any subsidiary of CBI to engage in one or more of the transactions referenced above.

CBI Option Vesting, Exercise and Cancellation

The reorganization agreement generally requires that in advance of the closing of the merger, the board of directors of CBI (or, if appropriate, a committee thereof) take all necessary actions to cause the vesting of any unvested options to purchase CBI common stock granted pursuant to the CBI equity incentive plan, and CBI shall use its commercially reasonable efforts to cause all holders of options to purchase common stock of CBI to exercise such options prior to the calculation date, or CBI shall pay cash to the holders of options to purchase common stock of CBI for the termination and cancellation of such options. The reorganization agreement also requires that CBI terminate and cancel all options to purchase common stock of CBI that are not cashed out or exercised in the time frame specified by

the reorganization agreement.

Repayment of Certain Loans Secured by Stock of CBI

The reorganization agreement requires that prior to closing of the merger, CBI shall take all actions necessary to cause all loans made by CBI or Commercial State Bank that were used to acquire stock of CBI by directors or employees or to pay the exercise price for options to acquire stock of CBI to be repaid.

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Certain Additional Covenants

The reorganization agreement also contains additional covenants, including, among others, covenants relating efforts to perform and fulfill all conditions and obligations under the reorganization agreement, holding the special meeting, the recommendation of the board of directors of CBI, the filing and preparation of this joint proxy statement/prospectus, due diligence and access to the information, properties and personnel of CBI and Commercial State Bank, financial statements, breaches of representations, warranties and covenants, notices relating to litigation, notices relating to the occurrence of a material change, obtaining required consents and approvals, environmental due diligence and investigations, the termination of certain employee benefit plans, the termination of certain contracts, tax matters, supplemental disclosure schedules, assistance with planning the integration of the operations of CBI and First Financial, the absence of control over the other party's business, voting agreements, director support agreements, director and officer releases, and the listing of the shares of First Financial common stock to be issued in the merger.

Conditions to Completion of the Merger

The reorganization agreement contains a number of conditions to the obligations of First Financial and CBI to complete the merger which must be satisfied as of the closing date of the merger.

CBI's obligations to complete the merger are subject to the satisfaction or waiver of the following conditions:

subject to certain materiality and material adverse change exceptions, each of the representations and warranties of First Financial set forth in the reorganization agreement will be true and correct in all respects at and as of the date of the reorganization agreement and at and as of the closing date as though made at and as of the closing date (unless any such representation or warranty is made only as of a specific date, in which case as of such specific date);

First Financial and Merger Sub have, or have caused to be, performed or observed, in all material respects, all obligations and agreements required to be performed or observed by First Financial and Merger Sub under the reorganization agreement on or prior to the closing date;

the merger proposal having been approved by the requisite vote of CBI's shareholders;

CBI and First Financial having received approvals, acquiescences or consents of the transactions contemplated by the reorganization agreement from all necessary governmental entities and certain the third parties, and all applicable waiting periods having expired. Further, the approvals and the transactions contemplated hereby not having been contested or threatened to be contested by any federal or state governmental entity or by any other third party by formal proceedings;

no action having been taken, and no statute, rule, regulation or order being promulgated, enacted, entered, enforced or deemed applicable to the reorganization agreement or the transactions contemplated hereby by any federal, state or foreign government or governmental entity or by any court, including the entry of a preliminary or permanent injunction, which, if successful, would (a) make the reorganization agreement or

any other agreement contemplated hereby, or the transactions contemplated hereby or thereby illegal, invalid or unenforceable, (b) impose material limits on the ability of any party to the reorganization agreement to complete the reorganization agreement or any other agreement contemplated hereby, or the transactions contemplated hereby or thereby, or (c) if the reorganization agreement or any other agreement contemplated hereby, or the transactions contemplated hereby or thereby are completed, subject CBI or any officer, director, shareholder or employee of CBI to criminal or civil liability. Further, no action or proceeding before any court or governmental entity, by any government or governmental entity or by any other person is threatened, instituted or pending that would reasonably be expected to result in any of the consequences described above;

CBI shall have received all documents required to be received from First Financial on or prior to the closing date in form and substance reasonably satisfactory to CBI;

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there having been no material adverse change with respect to First Financial since June 30, 2017;

the registration statement of which this proxy statement/prospectus is a part,, including any amendments or supplements thereto, shall be effective under the Securities Act and no stop order suspending the effectiveness of the registration statement shall be in effect or proceedings for such purpose pending before or threatened by the SEC. All state securities permits or approvals required by applicable state securities laws to consummate the transactions contemplated by the reorganization agreement shall have been received and remain in effect; and

the shares of First Financial Stock to be issued pursuant to the reorganization agreement shall have been approved for listing on the NASDAQ Global Select Market.

First Financial's obligations to complete the merger are subject to the satisfaction or waiver of the following conditions:

subject to certain materiality and material adverse change exceptions, each of the representations and warranties of CBI set forth in the reorganization agreement will be true and correct in all respects at and as of the date of the reorganization agreement and at and as of the closing date as though made at and as of the closing date (unless any such representation or warranty is made only as of a specific date, in which case as of such specific date);

CBI has, or has caused to be, performed or observed, in all material respects, all obligations and agreements required to be performed or observed by CBI under the reorganization agreement on or prior to the closing date.

the merger proposal having been approved by the requisite vote of CBI's shareholders;

CBI and First Financial having received approvals, acquiescences or consents of the transactions contemplated by the reorganization agreement from all necessary governmental entities and certain the third parties, and all applicable waiting periods having expired. Further, the approvals and the transactions contemplated hereby not having been contested or threatened to be contested by any federal or state governmental entity or by any other third party by formal proceedings;

no action having been taken, and no statute, rule, regulation or order being promulgated, enacted, entered, enforced or deemed applicable to the reorganization agreement or the transactions contemplated hereby by any federal, state or foreign government or governmental entity or by any court, including the entry of a preliminary or permanent injunction, which, if successful, would (a) make the reorganization agreement or any other agreement contemplated hereby, or the transactions contemplated hereby or thereby illegal, invalid or unenforceable, (b) impose material limits on the ability of any party to the reorganization agreement to complete the reorganization agreement or any other agreement contemplated hereby, or the transactions contemplated hereby or thereby, or (c) if the reorganization agreement or any other agreement contemplated

hereby, or the transactions contemplated hereby or thereby are completed, subject First Financial or any officer, director, shareholder or employee of First Financial to criminal or civil liability. Further, no action or proceeding before any court or governmental entity, by any government or governmental entity or by any other person is threatened, instituted or pending that would reasonably be expected to result in any of the consequences described above;

First Financial having received from each of the directors of CBI an instrument dated as of the closing date releasing CBI, its subsidiaries and each of its affiliates, successors and assigns, from any and all claims of such directors (except to certain matters described therein). Further, First Financial having received from each of the specified officers of CBI an instrument dated as of the closing date releasing CBI, its subsidiaries and each of its affiliates, successors and assigns, from any and all claims of such officers;

there having been no material adverse change with respect to CBI since June 30, 2017;

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First Financial having received evidence reasonably satisfactory to it that, as of the effective time of the merger, all employee plans of CBI (other than such plans First Financial elects not to terminate) have been terminated in accordance with the terms of such employee plans of CBI, the Code, ERISA and all other applicable laws on a basis satisfactory to First Financial in its reasonable discretion and that, to the extent required by the employee plans or applicable law, affected participants have been notified of such terminations and/or integrations;

First Financial will have received fully executed employment agreements from CBI for certain employees of Commercial State Bank;

the registration statement of which this proxy statement/prospectus is a part,, including any amendments or supplements thereto, shall be effective under the Securities Act and no stop order suspending the effectiveness of the registration statement shall be in effect or proceedings for such purpose pending before or threatened by the SEC. All state securities permits or approvals required by applicable state securities laws to consummate the transactions contemplated by the reorganization agreement shall have been received and remain in effect; and

holders of not more than 5% of the outstanding shares of CBI common stock having duly exercised their appraisal rights under the TBOC;

First Financial will have received all documents required to be received from CBI on or prior to the closing date, all in form and substance reasonably satisfactory to First Financial;

each holder of an option to purchase common stock of CBI shall have exercised such option or CBI has compensated in cash such holder of an option to purchase common stock of CBI for the termination and cancellation of such option prior to the calculation date and CBI shall have terminated and cancelled all options to purchase common stock of CBI as of the calculation date;

CBI's adjusted shareholders' equity shall be equal to or greater than \$38,070,000.

First Financial will have received from CBI certain tax documents in form and substance satisfactory to First Financial, dated as of the closing date and executed by CBI;

First Financial will have received from Norton Rose Fulbright US LLP an opinion to the effect that the integrated merger should qualify as a reorganization within the meaning of Section 368(a) of the Code; and

All loans made to directors or employees of CBI or Commercial State Bank that are secured by common stock of CBI shall have been repaid.

Any condition to the completion of the merger, except the required shareholder and regulatory approvals, and the absence of an order or ruling prohibiting the merger, may be waived in writing by the party to the reorganization agreement entitled to the benefit of such condition. We cannot be certain when or if the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Interests of CBI's Directors and Officers in the Merger

In considering the recommendation of the board of directors of CBI with respect to the merger proposal, you should be aware that some of CBI's directors and executive officers may have interests in the merger that are different from, or in addition to, the interests of the CBI shareholders generally. Interests of directors and executive officers that may be different from or in addition to the interests of the CBI shareholders include:

Indemnification and Insurance. First Financial has agreed to indemnify the directors and officers of CBI against certain liabilities arising before the effective time of the merger and CBI is paying to provide certain tail insurance for the benefit of the directors and officers of CBI.

Employment Agreements. First Financial Bank has entered into employment agreements to be effective as of the effective time of the merger with James Alexander, Harry J. Brooks, Shelley Dacus, G. Doug Faver, Jeff Fuechec, Brandon Zabodyn and Brian Bonner.

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Employee Benefit Plans. On or as soon as reasonably practicable following the merger, employees of CBI who continue on as employees of First Financial will be entitled to participate in the First Financial health and welfare benefit and similar plans on the same terms and conditions as employees of First Financial. Subject to certain exceptions, these employees will receive credit for their years of service to CBI or Commercial State Bank for participation, vesting and benefit accrual purposes.

Employee Severance Benefits. First Financial has agreed to provide certain severance benefits to CBI's employees whose employment is terminated under the circumstances specified in the reorganization agreement.

Brooks Change in Control Payment. Upon the closing of the merger, Mr. Brooks, our Chairman and Chief Executive Officer, will be paid a \$326,775 change in control payment by Commercial State Bank pursuant to the terms of his Employment Agreement with Commercial State Bank.

The cost of the tail insurance is a transaction expense that will be borne by CBI shareholders.

CBI Director Support Agreements

In connection with entering into the reorganization agreement, each of the directors of CBI entered into a director support agreement with First Financial (which we refer to in this proxy statement/prospectus as the CBI director support agreements) pursuant to which they agreed to refrain from harming the goodwill of CBI and to certain post-closing restrictive covenants.

The foregoing description of the CBI director support agreement is subject to, and qualified in its entirety by reference to, the CBI director support agreement, a form of which is attached to this proxy statement/prospectus as **Appendix C** and is incorporated by reference into this proxy statement/prospectus.

NASDAQ Listing

First Financial agreed to file with NASDAQ Global Select Market all documents with respect to the listing of the shares of First Financial common stock to be issued in the merger.

Amendment or Waiver of the Reorganization Agreement

No termination, cancellation, modification, amendment, deletion, addition or other change to the reorganization agreement, or any provision thereof, or waiver of any right or remedy therein provided, is effective for any purpose unless specifically set forth in a writing executed by the party against which enforcement of the amendment, modification or supplement is sought. The waiver of any right or remedy in respect to any occurrence or event on one occasion is not deemed a waiver of such right or remedy in respect to such occurrence or event on any other occasion.

The reorganization agreement may be amended at any time prior to or after approval of the merger proposal by the shareholders of CBI but, after any submission of the reorganization agreement to such shareholders for approval, no amendment of the reorganization agreement will be made that reduces the consideration payable to CBI or that materially and adversely affects the rights of shareholders of CBI under the reorganization agreement without the requisite approval of such shareholders.

Termination of the Reorganization agreement

The reorganization agreement can be terminated at any time prior to completion of the merger in the following circumstances:

by the mutual written consent of First Financial and CBI;

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by either CBI or First Financial (as long as the terminating party is not in material breach of any representation, warranty, covenant or other agreement contained in the reorganization agreement) if the conditions precedent to such party's obligations to close have not been met or waived by May 15, 2018; provided, however, that such date may be extended to such later date as agreed upon by CBI and First Financial;

by either First Financial or CBI if any of the transactions contemplated by the reorganization agreement are disapproved by any regulatory agency or authority whose approval is required to complete such transactions or if any court of competent jurisdiction in the United States or other federal or state governmental entity has issued an order, decree or ruling or taken any other action restraining, enjoining, invalidating or otherwise prohibiting the reorganization agreement or the transactions contemplated hereby and such disapproval, order, decree, ruling or other action is final and nonappealable; provided, however, that the party seeking to terminate the reorganization agreement pursuant to this provision is required to use its commercially reasonable efforts to contest, appeal and remove such order, decree, ruling or other action;

by either First Financial or CBI if it reasonably determines, in good faith and after consulting with counsel, there is substantial likelihood that any necessary regulatory approval will not be obtained or will be obtained only upon a condition or conditions that could reasonably be expected to be materially burdensome on, or materially impair the anticipated benefits of the merger to, First Financial and its subsidiaries and affiliates, taken as a whole;

by either First Financial or CBI if there has been any material adverse change with respect to the other party;

subject to certain cure rights, by First Financial or CBI, if there shall have been a breach of any of the covenants or agreements or any of the representations or warranties (or any such representation or warranty shall cease to be true and correct) set forth in the reorganization agreement or any other agreement contemplated in the reorganization agreement on the part of the other party to the reorganization agreement, which breach or failure to be true and correct, either individually or in the aggregate with all other breaches (or inaccuracies of such representations and warranties), would constitute, if occurring or continuing on the closing date, the failure of a closing condition; provided, however, that the right to terminate the reorganization agreement under this provision shall not be available to a party if it is then in material breach of any of its representations, warranties, covenants or agreements set forth in the reorganization agreement;

by First Financial or CBI, if CBI does not receive the required shareholder approval at the CBI special meeting or any adjournment or postponement thereof; provided, that CBI may only terminate the reorganization agreement pursuant to this provision if the board of directors of CBI recommended that the shareholders of CBI vote in favor of the approval merger proposal;

by First Financial on or prior to January 25, 2018, if First Financial disapproves of the results of the certain environmental inspections, secondary investigation or other environmental survey conducted in accordance with the terms of the reorganization agreement;

by First Financial if CBI or the Commercial State Bank enter into any formal or informal administrative action with a governmental entity or any such action is threatened by a governmental entity; and

by First Financial, if (i) CBI has mailed this proxy statement/prospectus to its shareholders and CBI does not hold the special meeting within 60 days thereafter, (ii) the board of directors of CBI fails to recommend that the CBI shareholders vote in favor of approval of the merger proposal, or (iii) the individuals that executed a voting agreement or a director support agreement have violated the terms thereof.

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Expenses

CBI and First Financial will each pay their respective expenses incurred in connection with the preparation and performance of their respective obligations under the reorganization agreement, whether or not the transactions provided for in the reorganization agreement are completed, including, but not limited to, fees and expenses of their own counsel, financial or other consultants, investment bankers and accountants, and filing, registration, application and printing fees. Similarly, each of CBI and First Financial agreed to indemnify the other party against any amounts owed to any agent, representative or broker of the other party.

Material U.S. Federal Income Tax Consequences of the Integrated Merger

The following discussion addresses the material U.S. federal income tax consequences of the integrated merger to U.S. holders (as defined below) of CBI common stock. This discussion is based on the Code, Treasury regulations, administrative rulings and judicial decisions, all as in effect as of the effective date of this proxy statement/prospectus and all of which are subject to change (possibly with retroactive effect) and to differing interpretations. Accordingly, the U.S. federal income tax consequences of the integrated merger to holders of CBI common stock could differ from those described below.

This discussion applies only to U.S. holders that hold their CBI common stock and will hold the FFIN common stock received in exchange for their CBI common stock, as a capital asset within the meaning of Section 1221 of the Code (generally assets held for investment). Further, this discussion does not address all aspects of U.S. federal taxation that may be relevant to a particular U.S. holder in light of such holder's personal circumstances or to a U.S. holder that is subject to special treatment under U.S. federal income tax laws, including, without limitation:

financial institutions or mutual funds,

tax-exempt organizations,

insurance companies,

dealers in securities or foreign currency,

traders in securities who elect to apply a mark-to-market method of accounting,

partnerships and other pass-through entities and investors in such entities,

controlled foreign corporations or passive foreign investment companies,

regulated investment companies and real estate investment trusts,

broker-dealers,

holders liable for the alternative minimum tax,

holders that have a functional currency other than the U.S. dollar,

holders who received, or have a right to receive, their CBI common stock through the exercise of employee stock options, through a tax-qualified retirement plan, deferred stock award or otherwise as compensation,

holders who hold CBI common stock as part of a hedge, straddle, constructive sale, conversion transaction or other integrated investment, and

U.S. expatriates or certain former citizens or long-term residents of the United States.

In addition, this discussion does not address any state, local or foreign tax consequences of the integrated merger, or any tax consequences of the integrated merger under any U.S. federal tax laws other than those pertaining to income tax.

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For purposes of this discussion, a U.S. holder is a beneficial owner of CBI common stock who is, for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation (or any other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States or any state thereof or the District of Columbia; (iii) an estate that is subject to U.S. federal income tax on its income regardless of its source; or (iv) a trust (A) if a U.S. court is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust or (B) that was in existence on August 20, 1996, and has made a valid election to be treated as a United States person for U.S. federal income tax purposes. Holders of CBI common stock who are not U.S. holders may have different tax consequences than those described below and are urged to consult their own tax advisors regarding the tax treatment of the integrated merger under United States and non-United States tax laws.

If a partnership (or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds shares of CBI common stock, the U.S. federal income tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. First Financial and CBI urge such partners and partnerships to consult their own tax advisors regarding the particular tax consequences of the integrated merger to them.

Determining the actual U.S. federal income tax consequences of the integrated merger to a U.S. holder may be complex and will depend, in part, on the holder's particular circumstances. First Financial and CBI urge each U.S. holder of CBI common stock to consult his or her tax advisor with respect to the particular tax consequences of the integrated merger to such holder.

U.S. Federal Income Tax Consequences of the Integrated Merger Generally

The obligation of First Financial to complete the integrated merger is conditioned on, among other things, the receipt by First Financial of a tax opinion from Norton Rose Fulbright US LLP, dated as of the closing date of the integrated merger, to the effect that, on the basis of facts, representations and assumptions described in such opinion, the integrated merger will be treated as a reorganization within the meaning of Section 368(a) of the Code.

The opinion will be subject to customary qualifications and assumptions, including assumptions regarding the absence of changes in existing facts and the completion of the integrated merger strictly in accordance with the merger agreement and the registration statement. In rendering its opinion, Norton Rose Fulbright US LLP will rely upon representations and covenants, including those contained in certificates of officers of First Financial and CBI. If any of the assumptions, representations or covenants upon which the opinion is based are incorrect or inaccurate in any way, the opinion and the U.S. federal income tax consequences of the integrated merger could be adversely affected. In addition, the obligation of Norton Rose Fulbright US LLP to deliver such opinion is conditioned on the integrated merger satisfying the continuity of proprietary interest requirement. That requirement generally will be satisfied if the aggregate value of the First Financial stock constitutes at least 40% of the aggregate value of the merger consideration (including the special dividend) at the time the integrated merger becomes effective. The opinion represents Norton Rose Fulbright US LLP's best legal judgment, but does not bind the courts and does not preclude the IRS from adopting a position contrary to the one expressed in the opinion. Additionally, the IRS has not issued (and is not expected to issue) any ruling as to the qualification of the integrated merger as a reorganization under Section 368(a) of the Code. Accordingly, there can be no assurance that the IRS will not assert, and a court will not sustain, a position contrary to the position addressed below or in the opinion of Norton Rose Fulbright US LLP. The following discussion regarding the U.S. federal income tax consequences of the integrated merger assumes that the integrated merger will be treated as a transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Code.

Exchange for First Financial Common Stock and Cash. A U.S. holder who receives both First Financial common stock and cash (including cash from the special dividend) in the exchange for such holder's CBI

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common stock will recognize gain (but not loss) equal to the lesser of: (1) the amount by which the sum of the fair market value of the First Financial common stock and cash received by such holder of CBI common stock exceeds such holder's adjusted tax basis in its CBI common stock; and (2) the amount of cash received by such holder of CBI common stock (in each case excluding cash received in lieu of a fractional share of First Financial common stock, the U.S. federal income tax treatment of which is discussed below). Except to the extent any cash received is treated as a dividend as discussed below, any gain recognized by the U.S. holder generally will be long-term capital gain if, as of the effective date of the integrated merger, such holder's holding period with respect to the CBI common stock surrendered exceeds one year.

In connection with the integrated merger and as more completely described above in Summary Terms of the Merger, CBI will make a special dividend to its shareholders immediately prior to the integrated merger. Although the matter is not free from doubt, First Financial and CBI intend to treat the special dividend as additional consideration received by a U.S. holder in exchange for such holder's CBI common stock with the U.S. federal income tax consequences described above under this heading Proposal 1: Approval of the Merger Material U.S. Federal Income Tax Consequences of the Integrated Merger Exchange for First Financial Common Stock and Cash.

If CBI common stock was acquired by a U.S. holder at different times or different prices, such holder should consult the holder's tax advisor regarding the manner in which gain or loss should be determined for each identifiable block of CBI common stock surrendered in the exchange.

The aggregate tax basis of the shares of First Financial common stock received (including any fractional share of First Financial common stock deemed received and redeemed for cash as described below) by a U.S. holder will be equal to such holder's aggregate tax basis in the shares of CBI common stock surrendered in exchange for the shares of First Financial common stock reduced by the amount of tax basis allocated to any fractional share deemed received and redeemed, and then increased by any taxable gain recognized in the integrated merger by such holder (excluding any gain recognized as a result of cash received in lieu of a fractional share of First Financial common stock) regardless of whether such gain is classified as capital gain or dividend income, and minus any cash received (other than cash received in lieu of a fractional share of First Financial common stock) by such holder in the integrated merger. The holding period for shares of First Financial common stock received in the integrated merger (including any fractional share of First Financial common stock deemed received and redeemed for cash as described below) by a U.S. holder will include such holder's holding period for the CBI common stock surrendered in exchange for the First Financial common stock. If CBI common stock was purchased or acquired by a U.S. holder on different dates or at different prices, such holder should consult such holder's tax advisor for purposes of determining the basis and holding period of the First Financial common stock received in the integrated merger.

Cash Received in Lieu of a Fractional Share. A U.S. holder who receives cash in lieu of a fractional share of First Financial common stock will be treated as having received the fractional share in the integrated merger and then as having exchanged the fractional share for cash in redemption by First Financial. As a result, the U.S. holder will generally recognize gain or loss equal to the difference between the amount of cash received and such holder's tax basis allocable to the fractional share. The gain or loss will be capital gain or loss and will be long-term capital gain or loss if the U.S. holder has held the fractional share exchanged (including the holding period for the CBI common stock exchanged therefor) for more than one year as of the effective date of the integrated merger. The deductibility of capital losses is subject to limitations.

Potential Characterization of Gain as a Dividend. In general, the determination of whether gain recognized by a U.S. holder in the exchange will be treated as capital gain or as a dividend will depend on whether, and to what extent, the integrated merger reduces such holder's deemed percentage ownership of First Financial common stock. For purposes of this determination, the U.S. holder will be treated as if such holder first exchanged such holder's CBI common stock

solely for First Financial common stock and then First Financial immediately redeemed a portion of such holder's First Financial common stock in the exchange for cash, which

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for this purpose includes the special dividend, received in the integrated merger by such holder. The gain recognized by the U.S. holder in the exchange followed by a deemed redemption will be capital gain if, with respect to such holder, the deemed redemption is substantially disproportionate or not essentially equivalent to a dividend.

In general, the deemed redemption will be substantially disproportionate with respect to a U.S. holder if the percentage described in clause (2) below is less than 80% of the percentage described in clause (1) below. In general, such determination requires a comparison of (1) the percentage of outstanding voting stock of First Financial that the U.S. holder is deemed actually and constructively to have owned immediately before the deemed redemption by First Financial and (2) the percentage of outstanding voting stock of First Financial actually and constructively owned by such holder immediately after the deemed redemption by First Financial. In applying the foregoing test, the U.S. holder may, under constructive ownership rules, be deemed to own stock in addition to stock actually owned by such holder, including stock owned by certain other persons and stock subject to an option held by such holder or by certain other persons. Because the constructive ownership rules are complex, each U.S. holder should consult such holder's tax advisor as to the applicability of these rules. Whether the deemed redemption is not essentially equivalent to a dividend with respect to a U.S. holder will depend on such holder's particular circumstances. In order for the deemed redemption to be not essentially equivalent to a dividend, the reduction must result in a meaningful reduction in the U.S. holder's deemed percentage ownership of First Financial common stock. The IRS has indicated that a minority shareholder in a publicly traded corporation whose relative stock interest is minimal and who exercises no control with respect to corporate affairs is considered to have a meaningful reduction if that shareholder has any reduction in his or her percentage stock ownership under the foregoing analysis.

These rules are complex and dependent upon the specific facts of a particular U.S. holder. Consequently, First Financial and CBI urge each U.S. holder that may be subject to these rules to consult such holder's tax advisor as to the application of these rules to the particular facts relevant to such holder.

Dissenters. Upon the proper exercise of dissenters' rights, a U.S. holder will exchange all of the shares of CBI common stock actually owned by such holder solely for cash and will recognize gain or loss equal to the difference between the amount of cash received, which for this purposes includes the special dividend, and such holder's tax basis in the shares of CBI common stock surrendered. The gain or loss will be long-term capital gain or loss if the U.S. holder's holding period with respect to the CBI common stock surrendered is more than one year. The deductibility of capital losses is subject to limitations. In some cases, if the U.S. holder owns shares of First Financial common stock actually or constructively after the integrated merger, the cash received could be treated as a dividend, in which case such holder may recognize dividend income up to the amount of cash received. Because the possibility of dividend treatment depends upon each U.S. holder's particular circumstances, including the application of constructive ownership rules, U.S. holders of CBI common stock are urged to consult their tax advisors regarding the application of the foregoing rules to their particular circumstances.

Medicare Tax. If a U.S. holder that is an individual has modified gross income for the taxable year over a certain threshold (between \$125,000 and \$250,000 depending upon the individual's U.S. federal income tax filing status), such an individual is subject to a 3.8% tax (the Medicare Tax) on the lesser of: (i) his or her net investment income for the relevant taxable year; or (ii) the excess of his or her modified gross income for the taxable year over his or her applicable threshold (between \$125,000 and \$250,000 depending upon the individual's U.S. federal income tax filing status). In the case of an estate or trust, the Medicare Tax will be imposed on the lesser of: (i) undistributed net investment income, or (ii) the excess of its adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins for the relevant taxable year. Net investment income generally would include any capital gain incurred in connection with the integrated merger (including gain treated as dividend income), as well as other items of interest, dividends, capital gains, and rental or royalty income.

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Information Reporting and Backup Withholding

Payments of cash to a U.S. holder pursuant to the integrated merger may under certain circumstances be subject to information reporting and backup withholding. Generally, backup withholding will not apply if a U.S. holder:

furnishes a correct taxpayer identification number to the exchange agent and certifies that such holder is not subject to backup withholding on the substitute Form W-9 or successor form included in the letter of transmittal received and otherwise complies with applicable requirements of the backup withholding rules; or

is otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules are not an additional tax and will generally be allowed as a refund or credit against a U.S. holder's U.S. federal income tax liability, provided such holder furnishes the required information to the IRS.

Reporting Requirements

A U.S. holder who receives shares of First Financial common stock upon completion of the integrated merger and who is considered a significant holder will be required to retain records pertaining to the integrated merger and to file with such holder's U.S. federal income tax return for the year in which the integrated merger takes place a statement setting forth certain facts relating to the integrated merger. For this purpose, a U.S. holder is a significant holder if the person owns at least 1% by vote or value of CBI's outstanding shares or has a tax basis of \$1,000,000 or more in such holder's CBI common stock and securities. Such statement must include the U.S. holder's tax basis in and fair market value of such holder's CBI common stock and securities surrendered in the integrated merger.

Tax Treatment of Entities

No gain or loss should be recognized by First Financial or CBI for U.S. federal income tax purposes as a result of the integrated merger.

Tax Legislation

The United States Congress is currently considering tax legislation. It is unclear whether any tax legislation will be enacted, and if enacted, what changes will be made to existing U.S. federal income tax laws and whether any such changes will affect the tax consequences of the integrated merger described above. First Financial and CBI urge holders of CBI common stock to consult their own tax advisors regarding the United States Congress' current consideration of tax legislation.

This discussion of certain material U.S. federal income tax consequences is for general information only and is not tax advice. First Financial and CBI urge holders of CBI common stock to consult their tax advisors with respect to the application of U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the U.S. federal estate or gift tax rules, and under the laws of any applicable state, local, foreign or other taxing jurisdiction or under any applicable tax treaty.

Accounting Treatment

The merger will be accounted for under the acquisition method of accounting under accounting principles generally accepted in the United States of America. Under this method, CBI's assets and liabilities as of the date of the merger will be recorded at their respective fair values. Any difference between the purchase price for CBI and the fair value of the identifiable net assets acquired (including core deposit intangibles) will be recorded as

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goodwill. In accordance with ASC Topic 805, *Business Combinations*, issued in July 2001, the goodwill resulting from the merger will not be amortized to expense, but instead will be reviewed for impairment at least annually and to the extent goodwill is impaired, its carrying value will be written down to its implied fair value and a charge will be made to earnings. Core deposit and other intangibles with definite useful lives recorded by First Financial in connection with the merger will be amortized to expense in accordance with such rules. The consolidated financial statements of First Financial issued after the merger will reflect the results attributable to the acquired operations of CBI beginning on the date of completion of the merger.

Restrictions on Resales of First Financial Common Stock Received in the Merger

The shares of First Financial common stock issued in the merger will not be subject to any restrictions on transfer arising under the Securities Act of 1933, as amended, referred to in this proxy statement/prospectus as the Securities Act, except for shares of First Financial common stock issued to any CBI shareholder who may be deemed to be an affiliate of First Financial after completion of the merger. Affiliates generally are defined as persons or entities who control, are controlled by or are under common control with First Financial at or after the effective time of the merger and generally include executive officers, directors and beneficial owners of 10% or more of the common stock of First Financial. CBI shareholders who are not affiliates of First Financial after the completion of the merger may sell their shares of First Financial common stock at any time.

To the knowledge of CBI, no CBI shareholder who receives First Financial common stock will be deemed to be an affiliate of First Financial upon completion of the merger. In the event a CBI shareholder become an affiliates of First Financial after completion of the merger, any sales of First Financial common stock will be subject to the volume and sale limitations of Rule 144 under the Securities Act, until such former CBI Shareholder is no longer an affiliate of First Financial. This proxy statement/prospectus does not cover resales of First Financial common stock received by any person upon completion of the merger, and no person is authorized to make any use of this proxy statement/prospectus in connection with any resale.

Regulatory Approvals Required for the Merger

First Financial's acquisition of CBI must be approved by the Federal Reserve. On October 20, 2017, First Financial filed the required application with the Federal Reserve Bank of Dallas to request the Federal Reserve's approval under the BHC Act.

In addition, the bank merger of Commercial State Bank with and into First Financial Bank requires the approval of the OCC. On October 18, 2017, First Financial Bank and Commercial State Bank filed an application with the OCC to obtain approval of bank merger. The U.S. Department of Justice will have between 15 and 30 days following approval by the OCC to challenge the approval on antitrust grounds. While CBI and First Financial do not know of any reason that the Department of Justice would challenge regulatory approval by the OCC and believe that the likelihood of such action is remote, there can be no assurance that the Department of Justice will not initiate such a proceeding, or if such a proceeding is initiated, as to the result of any such challenge.

The merger cannot proceed in the absence of these required regulatory approvals. The approval of any notice or application merely implies satisfaction of regulatory criteria for approval, and does not include review of the merger from the standpoint of the adequacy of the consideration to be received by, or fairness to, shareholders. Regulatory approval does not constitute an endorsement or recommendation of the proposed transaction.

We cannot assure you as to whether or when the requisite regulatory approvals will be obtained, and, if obtained, we cannot assure you as to the date of receipt of any of these approvals, the terms thereof or the absence of any litigation

challenging them. Likewise, we cannot assure you that the Department of Justice or a state attorney general will not attempt to challenge the merger on antitrust grounds, or, if such a challenge is made, as to the result of that challenge.

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First Financial and CBI are not aware of any material governmental approvals or actions that are required prior to the parties' completion of the merger other than those described in this proxy statement/prospectus. If any additional governmental approvals or actions are required, the parties presently intend to seek those approvals or actions. However, the parties cannot assure you that any of these additional approvals or actions will be obtained.

Although the approval of the Texas Department of Banking is not required for the merger of Commercial State Bank with and into First Financial Bank, a copy of the application filed with the Federal Reserve was filed with the Texas Department of Banking on October 23, 2017.

Dissenters' Rights of CBI Shareholders

General. If you hold one or more shares of CBI common stock, you are entitled to dissenters' rights under Texas law and have the right to dissent from the merger and have the appraised fair value of your shares of CBI common stock paid to you in cash. The appraised fair value may be more or less than the value of the shares of First Financial common stock and, if applicable, cash, being paid in the merger in exchange for the common stock of CBI. If you are contemplating exercising your right to dissent, we urge you to read carefully the provisions of Chapter 10, Subchapter H of the TBOC, which are attached to this proxy statement/prospectus as *Appendix E*, and consult with your legal counsel before electing or attempting to exercise these rights. The following discussion describes the steps you must take if you want to exercise your right to dissent. You should read this summary and the full text of the law carefully.

How to Exercise and Perfect Your Right to Dissent. To be eligible to exercise your right to dissent to the merger:

- (i) you must, prior to the CBI special meeting, provide CBI with a written objection to the merger that states that you intend to exercise your right to dissent if the reorganization agreement is approved and the merger is completed and that provides an address to which CBI may send a notice if the merger is completed;
- (ii) you must vote your shares of CBI common stock against approval of the merger proposal at the special meeting in person or by proxy; and
- (iii) you must, not later than the 20th day after First Financial (which will be the successor to CBI) sends you notice that the merger was completed, provide First Financial with (1) a written demand for payment of the fair value of the shares of CBI common stock that you own which states the number and class of shares of CBI capital stock you own, your estimate of the fair value of such stock and an address to which a notice relating to the dissent and appraisal procedures may be sent and (2) your certificates representing CBI common stock.

If you intend to dissent from the merger, you should send the notice to:

Commercial Bancshares, Inc.

24080 Hwy 59 North, Suite 250

Kingwood, Texas 77339

Attention: President and Secretary

If you fail to (i) send the written objection to the merger in the proper form prior to the CBI special meeting, (ii) vote your shares of CBI common stock at the special meeting against the approval of the merger proposal or (iii) submit your demand for payment in the proper form on a timely basis, you will lose your right to dissent from the merger. If you fail to submit to First Financial on a timely basis the certificates representing the shares of CBI common stock that you hold after you have submitted the demand for payment as described above, First Financial will have the option to terminate your right of dissent as to your shares of CBI common stock. In any

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instance of a termination or loss of your right of dissent, you will instead receive the consideration authorized by the board of directors of CBI and calculated in accordance with the reorganization agreement following consummation of the merger. If you comply with items (i) and (ii) above and the merger is completed, First Financial will send you a written notice advising you that the merger has been completed. First Financial must deliver this notice to you within ten days after the merger is completed.

Your Demand for Payment. If the merger is completed, you have provided your written objection to the merger to CBI in a timely manner and in proper form and you have voted against the merger proposal at the special meeting as described above and you desire to receive the fair value of your shares of CBI common stock in cash, you must, within 20 days of the date on which First Financial sends to you the notice of the effectiveness of the merger, give First Financial a written demand for payment of the fair value of your shares of CBI common stock. The fair value of your shares of CBI common stock will be the value of the shares on the day immediately preceding the merger, excluding any appreciation or depreciation in anticipation of the merger. After the merger is completed, your written demand and any notice sent to First Financial must be addressed to:

First Financial Bankshares, Inc.

400 Pine Street

Abilene, Texas 79601

Attention: President and Secretary

Your written demand must include a demand for payment for your shares for which rights of dissent and appraisal are sought and must state the number of shares and class of CBI common stock you own and your estimate of the fair value of your shares of CBI common stock and an address to which a notice relating to the dissent and appraisal procedures may be sent. This written demand must be delivered to First Financial within 20 days of the date on which First Financial sends to you the notice of the effectiveness of the merger. If your written demand for payment in proper form is not received by First Financial within that 20 day period, you will be bound by the merger and you will not be entitled to receive a cash payment representing the fair value of your shares of CBI common stock. Instead, you will receive shares of First Financial common stock and, if applicable, cash as the merger consideration set forth in the reorganization agreement.

Delivery of Stock Certificates. If you have satisfied the requirements for the exercise of your right to dissent described above, including the delivery of the written demand for payment to First Financial as described above, you must, not later than the 20th day after you make your written demand for payment to First Financial, submit to First Financial your certificate or certificates representing the shares of CBI common stock that you own, as the case may be. You may submit those certificates with your demand for payment if you prefer. In accordance with the provisions of the TBOC, First Financial will note on each such certificate that you have demanded payment of the fair value of the shares of CBI common stock that were represented by such certificate under the provisions of the TBOC relating to the rights of dissenting owners. If you fail to submit all of the certificates representing the shares of CBI common stock for which you have exercised the right of dissent in a timely fashion, First Financial will have the right to terminate your rights of dissent and appraisal with respect to all of your shares of CBI common stock unless a court, for good cause shown, directs First Financial not to terminate those rights.

First Financial's Actions Upon Receipt of Your Demand for Payment. Within 20 days after First Financial receives your demand for payment and your estimate of the fair value of your shares of CBI common stock, First Financial must send you written notice stating whether or not it accepts your estimate of the fair value of your shares.

If First Financial accepts your estimate, First Financial will notify you that it will pay the amount of your estimated fair value within 90 days of the merger being completed. First Financial will make this payment to you only if you have surrendered the share certificates representing your shares of CBI common stock, duly endorsed for transfer, to First Financial.

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If First Financial does not accept your estimate, First Financial will notify you of this fact and will make an offer of an alternative estimate of the fair value of your shares that it is willing to pay you within 120 days of the merger being completed, which you may accept within 90 days or decline.

Payment of the Fair Value of Your Shares of CBI Common Stock Upon Agreement of an Estimate. If you and First Financial have reached an agreement on the fair value of your shares of CBI common stock within 90 days after the merger is completed, First Financial must pay you the agreed amount within 120 days after the merger is completed, provided that you have surrendered the share certificates representing your shares of CBI common stock, duly endorsed for transfer, to First Financial.

Commencement of Legal Proceedings if a Demand for Payment Remains Unsettled. If you and First Financial have not reached an agreement as to the fair market value of your shares of CBI common stock within 90 days after the merger is completed, you or First Financial may, within 60 days after the expiration of such 90 day period, commence proceedings in Taylor County, Texas, asking the court to determine the fair value of your shares of CBI common stock. The court will determine if you have complied with provisions of the TBOC regarding their right of dissent and if you have become entitled to a valuation of and payment for your shares of CBI common stock. The court will appoint one or more qualified persons to act as appraisers to determine the fair value of your shares in the manner prescribed by the TBOC. The appraisers will determine the fair value of your shares and will report this value to the court. The court will consider the report, and both you and First Financial may address the court about the report. The court will determine the fair value of your shares and direct First Financial to pay that amount, plus interest, which will begin to accrue 91 days after the merger is completed. The court may require you to share in the court costs relating to the matter to the extent the court deems it fair and equitable that you do so.

Rights as a Shareholder. If you have made a written demand on First Financial for payment of the fair value of your shares of CBI common stock, you will not thereafter be entitled to vote or exercise any other rights as a shareholder except the right to receive payment for your shares as described herein and the right to maintain an appropriate action to obtain relief on the ground that the merger would be or was fraudulent. In the absence of fraud in the transaction, your right under the dissent provisions described herein is the exclusive remedy for the recovery of the value of your shares of CBI common stock or money damages with respect to the merger.

Withdrawal of Demand. If you have made a written demand on First Financial for payment of the fair value of your CBI common stock, you may withdraw such demand at any time before payment for your shares has been made or before a petition has been filed with a court for determination of the fair value of your shares. If you withdraw your demand or are otherwise unsuccessful in asserting your dissenters' rights, you will be bound by the merger and your status as a shareholder will be restored without prejudice to any corporate proceedings, dividends or distributions which may have occurred during the interim.

Income Tax Consequences. See *Proposal 1: Approval of the Merger Proposal Material U.S. Federal Income Tax Consequences of the Merger* on page 53 for a discussion on how the federal income tax consequences of your action will change if you elect to dissent from the merger.

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PROPOSAL 2: ADJOURNMENT OF THE SPECIAL MEETING

The special meeting may be adjourned or postponed to a later date or dates in order to permit further solicitation of proxies. In order to allow proxies that have been received at the time of the meeting to be voted for an adjournment, if necessary, the voting representatives and board of directors of CBI are submitting the question of adjournment/postponement to the CBI shareholders as a separate matter for their consideration. The voting representatives and the board of directors of CBI recommend that its shareholders vote **FOR** the adjournment proposal. If it is necessary to adjourn or postpone the special meeting, no notice of such adjourned or postponed meeting is required to be given to CBI's shareholders. To adjourn or postpone the special meeting, the affirmative vote of a majority of the shares of CBI common stock present, in person or by proxy, at the meeting is required.

The board of directors of CBI recommends that you vote FOR the adjournment proposal.

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**COMPARISON OF RIGHTS OF SHAREHOLDERS
OF CBI AND FIRST FINANCIAL**

The rights of shareholders of CBI under the certificate of formation and bylaws of CBI will differ in some respects from the rights that shareholders of CBI will have as shareholders of First Financial under the certificate of formation and bylaws of First Financial. Copies of First Financial's certificate of formation and bylaws have been previously filed by First Financial with the SEC. Copies of CBI's certificate of formation and bylaws are available upon written request from CBI

Certain differences between the provisions contained in the certificate of formation and bylaws of CBI, and the certificate of formation and bylaws of First Financial, as such differences may affect the rights of shareholders, are summarized below. The summary set forth below is not intended to be complete and is qualified by reference to Texas law and, the certificate of formation and bylaws of CBI and the certificate of formation and bylaws of First Financial. If the merger is consummated, holders of CBI common stock (other than dissenting shareholders) will become holders of First Financial common stock, and their rights as holders of First Financial common stock will be governed by the TBOC and First Financial's certificate of formation and bylaws.

Summary of Material Differences Between Current Rights of

Shareholders of CBI and Rights Those Persons

Will Have as Shareholders of First Financial

	CBI	First Financial
Capitalization:	The certificate of formation of CBI authorizes the issuance of up to 10,000,000 shares of common stock, par value \$1.00 per share.	The certificate of formation of First Financial authorizes the issuance of up to 120,000,000 shares of common stock, par value \$0.01 per share.
Corporate Governance:	The rights of CBI shareholders are governed by Texas law and the certificate of formation and bylaws of CBI.	The rights of First Financial shareholders are governed by Texas law and the certificate of formation and bylaws of First Financial.
Convertibility of Stock:	CBI common stock is not convertible into any other securities of CBI.	First Financial common stock is not convertible into any other securities of First Financial.
Preemptive Rights:	The certificate of formation of CBI denies preemptive rights	The certificate of formation of First Financial denies preemptive rights.
Election of Directors:	Directors of CBI are elected by a majority of the votes cast by the holders entitled to vote at the	Directors of First Financial are elected by a majority of the votes cast by the holders entitled

meeting.

CBI shareholders are not permitted to cumulate their votes in the election of directors. Each share of CBI stock has one vote for each director position.

to vote at the meeting.

First Financial shareholders are not permitted to cumulate their votes in the election of directors. Each share of First Financial stock has one vote for each nominee for director.

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	CBI	First Financial
	<p>If the number of director nominees exceeds the number of directors to be elected, the directors shall be elected by a plurality of the votes cast by the holders of shares entitled to vote in the election of directors.</p>	<p>If the number of director nominees exceeds the number of directors to be elected, the directors shall be elected by a plurality of the voting power of the shares entitled to vote who are present, in person or by proxy, at any such meeting and entitled to vote on the election of directors.</p>
	<p>A majority of the votes cast means that the number of shares voted for proposal, including the election of directors, must exceed the number of shares voted against, or withheld for that proposal, and an abstention shall not constitute a vote cast. CBI directors are elected at the annual meeting of shareholders and serve until the next annual meeting or until the director's successor shall have been elected and qualified or until such director's earlier death, resignation or removal.</p>	<p>A majority of the votes cast means that the number of shares voted for a proposal, including the election of directors, must exceed the number of shares voted against, or withheld for, that proposal, and an abstention shall not constitute a vote cast. If, for any cause, the entire board of directors shall not have been elected at an annual meeting, any vacancies may be filled by an election as soon thereafter as convenient at a special meeting of the shareholders called for that purpose in the manner provided in the bylaws.</p>
Removal of Directors and Board Vacancies:	<p>CBI's bylaws provide that any director or the entire board of directors may be removed, but only for cause, by the holders of a majority of the shares then entitled to vote at an election of directors.</p>	<p>First Financial's bylaws provide that at any meeting of First Financial's shareholders, any director or the entire board of directors may be removed, with or without cause, by a vote of the holders of a majority of the shares then entitled to vote at any election of directors.</p>
	<p>Any vacancies existing on the board of directors of CBI for any reason may be filled by the affirmative vote of a majority of directors then in office, although less than a quorum, or by the sole remaining director, and any director so chosen shall hold office until the next annual meeting held for the election of</p>	<p>Any vacancies existing in the board of directors of First Financial may be filled by election at an annual or special meeting of the shareholders or by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors.</p>

directors and until such director s A director elected to fill a
successor shall have been elected vacancy will be elected for the
and qualified, or until such director s unexpired term of his
earlier death, resignation, or predecessor in office.
removal.

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	CBI	First Financial
	<p>The number of directors which shall constitute the whole board of directors shall be determined from time to time by a resolution adopted by a majority of the board of directors but no decrease in the number of directors which would have the effect of shortening the term of an incumbent director may be made by the board of directors.</p>	<p>A directorship to be filled by reason of an increase in the number of directors either may be filled by the board of directors for a term of office continuing only until the next election of one or more directors by the shareholders or may be filled by election at an annual meeting or at a special meeting of the shareholders entitled to vote called for that purpose; provided that the board of directors may not fill more than two such directorships during the period between any two successive annual meetings of shareholders.</p>
Vote Required for Certain Shareholder Actions:	<p>The TBOC provides that the affirmative vote of the holders of a majority of the shares entitled to vote on, and who voted for, against, or expressly abstained with respect to, the matter at the shareholders meeting of the corporation including the election of directors at which a quorum is present is the act of the shareholders.</p>	<p>First Financial's bylaws provide that if a quorum exists, action on any matter, including the election of directors, by a voting group shall be approved by the affirmative vote of a majority of the votes cast, unless the certificate of formation, bylaws or applicable law require a greater number of affirmative votes. The bylaws also provide that a majority of the votes cast means that the number of shares voted for a proposal, including the election of directors, must exceed the number of shares voted against, or withheld for, that proposal, and an abstention shall not constitute a vote cast.</p>
Amendment of Certificate of Formation:	<p>CBI's certificate of formation may be amended in accordance with the TBOC. Under the TBOC, amendments to a corporation's certificate of formation generally must be approved by the affirmative vote of the holders of two-thirds of the outstanding shares entitled to vote on the amendment.</p>	<p>First Financial's certificate of formation may be amended in accordance with the TBOC. Under the TBOC, amendments to a corporation's certificate of formation generally must be approved by the affirmative vote of the holders of two-thirds of the outstanding shares entitled to</p>

vote on the amendment.

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	CBI	First Financial
Amendment of Bylaws:	CBI's certificate of formation and the bylaws provide that the board of directors shall have the power to adopt, amend and repeal from time to time bylaws of the corporation. The shareholders of CBI shall not have the power to adopt, amend or repeal the bylaws of the corporation.	First Financial's bylaws provide that the bylaws may be altered, amended or repealed and new bylaws may be adopted by the affirmative vote of a majority of the board of directors, subject to repeal or change by the affirmative vote of a majority of the shareholders.
Shareholder Actions Without a Meeting:	CBI's certificate of formation provides that any action required to be taken at any annual or special meeting of the shareholders of the corporation and/or any action that may be taken at any annual or special meeting of the corporation, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the shareholder or shareholders having not less than the minimum number of votes that would be necessary to take such action at a meeting at which the shareholders of all shares entitled to vote on the action were present and voted.	First Financial's certificate of formation does not provide for less than unanimous consent when shareholder action is taken without a meeting, and therefore, no action may be taken by written consent unless all shareholders agree.
Special Meetings of Shareholders:	CBI's bylaws provide that special meetings of shareholders may be called at any time by the chairman of the board, by the chief executive officer, by the president, by a majority of the board of directors, or by the holders of 50% of the outstanding shares of the corporation entitled to vote at the proposed special meeting.	First Financial's bylaws provide that special meetings of the shareholders may be called only by the chairman of the board joined by at least three members of the board of directors, or a majority of the board of directors, and shall be called by the chairman of the board or secretary at the request in writing of shareholders owning not less than 20% of the issued and outstanding shares of First Financial entitled to vote at such meeting.

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	CBI	First Financial
Nomination of Directors:	CBI's certificate of formation and bylaws do not specify a process for nomination for election to the CBI board of directors. However, the existing board of directors of CBI has traditionally nominated directors for election at the annual meeting of CBI.	Nominations for election to the First Financial board of directors may be made by the board of directors or by any shareholder entitled to vote in the election of directors, provided the shareholder gives timely written notice of such intention. To be timely, notice given in the context of an annual meeting of shareholders must be received by First Financial not less than 120 days nor more than 150 days in advance of the first anniversary of the preceding year's annual meeting.
Shareholder Proposal of Business:	CBI's certificate of formation and bylaws do not specify how proposals for business to be brought before an annual shareholder meeting will be determined but the board of directors of CBI has traditionally made that decision in approving the notice of meeting. There is no provision in those governing documents authorizing a shareholder to make a proposal.	Proposals for business to be brought before an annual shareholder meeting may be made by the board of directors or by any shareholder entitled to vote in such meeting. If a proposal is made by a shareholder, the shareholder must give timely written notice. To be timely, notice must be received by First Financial not less than 90 nor more than 120 days in advance of the first anniversary of the preceding year's annual meeting.
Indemnification; Limitation of Director Liability:	CBI's certificate of formation and bylaws adopt the mandatory and the permissive indemnification provisions of the TBOC. A director, officer, or agent/representative serving at the request of CBI shall be indemnified against all reasonable expenses actually incurred in connection with a proceeding in which the person is a respondent because the person is or was a governing person or representative/agent if the person is wholly successful on the merits or otherwise, in the defense of the	First Financial's certificate of formation and bylaws provide for mandatory indemnification to the fullest extent allowed by Texas law for all former or present directors or officers and all persons who were serving at the request of First Financial as a director, officer, or agent of another entity. First Financial's certificate of formation provides that a

proceeding. In addition, an officer, director or representative/agent serving at the request of CBI who was, is, or is threatened to be a

director shall not be liable to First Financial s or its shareholders for monetary damages for an act or omission in his or her capacity as a director, except for liability for:

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CBI	First Financial
<p>respondent in a proceeding may be indemnified if that person (1) acted in good faith, (2) reasonably believed in the case of conduct in the person's official capacity, that the person's conduct was in CBI's best interests and in any other case that the person's conduct was not opposed to CBI's best interests and (3) in the case of a criminal proceeding, did not have a reasonable cause to believe the person's conduct was unlawful.</p>	<p>breach of the duty of loyalty to First Financial or its shareholders;</p> <p>an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law;</p>
<p>CBI's certificate of formation and bylaws provide that the corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the corporation or who is or was serving at the request of the corporation in any capacity whether or not the corporation would have the power to indemnify such person against that liability under the provisions of the certificate of formation or bylaws or the TBOC.</p>	<p>a transaction from which the director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office;</p> <p>an act or omission for which the liability of the director is expressly provided by statute; or</p> <p>an act related to an unlawful stock repurchase or payment of a dividend.</p>
	<p>First Financial's certificate of formation and bylaws provide that the corporation shall have the power to purchase and maintain insurance on behalf of the directors against any liability incurred by directors in such a capacity or arising out of such person's status.</p>

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TEXAS ANTI-TAKEOVER STATUTES

First Financial is subject to the affiliated business combinations provisions of Chapter 21, Subchapter M of the TBOC (Sections 21.601 through 21.610), which provide that a Texas corporation may not engage in certain business combinations, including mergers, consolidations and asset sales, with a person, or an affiliate or associate of such person, who is an Affiliated Shareholder (generally defined as the holder of 20% or more of the corporation's voting shares) for a period of three years from the date such person became an Affiliated Shareholder unless: (1) the business combination or purchase or acquisition of shares made by the Affiliated Shareholder was approved by the board of directors of the corporation before the Affiliated Shareholder became an Affiliated Shareholder or (2) the business combination was approved by the affirmative vote of the holders of at least two-thirds of the outstanding voting shares of the corporation not beneficially owned by the Affiliated Shareholder, at a meeting of shareholders called for that purpose (and not by written consent), not less than six months after the Affiliated Shareholder became an Affiliated Shareholder.

The affiliated business combinations provisions of the TBOC are not applicable to:

the business combination of a corporation:

- (a) where the corporation's original certificate of formation or bylaws contain a provision expressly electing not to be governed by the affiliated business combinations provisions of the TBOC;
- (b) that adopted an amendment to its certificate of formation or bylaws before December 31, 1997, expressly electing not to be governed by the affiliated business combinations provisions of the TBOC; or
- (c) that adopts an amendment to its certificate of formation or bylaws after December 31, 1997, by the affirmative vote of the holders, other than Affiliated Shareholders, of at least two-thirds of the outstanding voting shares of the corporation, expressly electing not to be governed by the affiliated business combinations provisions of the TBOC;

a business combination of a corporation with an Affiliated Shareholder that became an Affiliated Shareholder inadvertently, if the Affiliated Shareholder:

- (a) as soon as practicable divests itself of enough shares to no longer be an Affiliated Shareholder; and
- (b) would not at any time within the three-year period preceding the announcement of the business combination have been an Affiliated Shareholder but for the inadvertent acquisition;

a business combination with an Affiliated Shareholder that was the beneficial owner of 20% or more of the outstanding voting shares of the corporation on December 31, 1996, and continuously until the announcement date of the business combination;

a business combination with an Affiliated Shareholder who became an Affiliated Shareholder through a transfer of shares of the corporation by will or intestate succession and continuously was such an Affiliated Shareholder until the announcement date of the business combination; or

a business combination of a corporation with a wholly owned subsidiary if the subsidiary is not an affiliate or associate of the Affiliated Shareholder other than by reason of the Affiliated Shareholder's beneficial ownership of the voting shares of the corporation.

Neither First Financial's certificate of formation nor its bylaws contain any provision expressly providing that First Financial will not be subject to the affiliated business combinations provisions of the TBOC. The affiliated business combinations provisions of the TBOC may have the effect of inhibiting a non-negotiated merger or other business combination involving First Financial, even if such event(s) would be beneficial to the shareholders of First Financial.

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BUSINESS OF COMMERCIAL BANCSHARES, INC.

General

CBI was incorporated as a Texas corporation in 2010 to serve as a bank holding company for Commercial State Bank. CBI does not, as an entity, engage in separate business activities of a material nature apart from the activities it performs for Commercial State Bank. Its primary activities are to provide assistance in the management and coordination of Commercial State Bank's financial resources. CBI has no significant assets other than all of the outstanding common stock of Commercial State Bank. CBI derives its revenues primarily from the operations of Commercial State Bank in the form of dividends received from Commercial State Bank.

Commercial State Bank was chartered as Texas state bank in 1921. Since its inception, Commercial State Bank has generally grown organically without any significant acquisitions.

As a bank holding company, CBI is subject to supervision and regulation by the Federal Reserve in accordance with the requirements set forth in the BHC Act and by the rules and regulations issued by the Federal Reserve.

As of September 30, 2017, CBI had, on a consolidated basis, total assets of \$367.2 million, total deposits of \$319.8 million, total loans (net of unearned discount and allowance for loan losses) of \$263.8 million and total shareholders' equity of \$47.0 million. CBI does not file reports with the SEC. CBI does, however, voluntarily provide annual reports, including audited financial statements, to its shareholders in connection with its annual meeting.

Products and Services

Commercial State Bank is a traditional commercial bank offering a wide variety of services to satisfy the needs of the consumer and commercial customers in its primary market areas. Commercial State Bank offers most types of loans for any legitimate purpose, including loans to small- and medium-sized businesses for the purpose of purchasing equipment, inventory, real estate or for working capital. Consumer loans offered include loans for the purpose of purchasing automobiles, recreational vehicles, personal residences and household goods, and for home improvements needs. Further, Commercial State Bank offers mortgage loans with either fixed or variable interest rates to borrowers to purchase, improve and refinance one-to-four family properties. Commercial State Bank also provides business and personal depository products and services, including checking and savings accounts, certificates of deposit, money market accounts, debit cards, online banking, direct deposit services, business accounts and cash management services. Cashier's checks and wire transfer services are also available. Commercial State Bank's business is not seasonal in any material respect.

Commercial State Bank funds its lending activities primarily from the core deposit base. Commercial State Bank obtains deposits from the local market with no material portion (in excess of 10% of total deposits) dependent upon any one person or entity.

Market Area

Commercial State Bank currently has a total of four banking locations with one location in each of El Campo, Fulshear, Kingwood, and Palacios, Texas. Commercial State Bank's business is not dependent on one or a few major customers.

Table of Contents**Competition**

The table below lists Commercial State Bank's deposit market share for certain significant market areas (including Metropolitan Statistical Areas, or MSAs) in which Commercial State Bank provides services.

Market Area	Market Rank⁽¹⁾	No. of Institutions in Market	Branch Count	Deposits In Market (in thousands)	Market Share (%)
Fort Bend County	32	40	1	\$ 25,235	0.19%
Montgomery County	11	33	1	\$ 121,149	1.03%
Matagorda County	3	7	1	\$ 61,657	11.68%
Wharton County	4	10	1	\$ 100,184	9.35%

(1) Deposit information used to determine market rank was provided by the FDIC's Summary of Deposits, reported as of June 30, 2017.

Each activity in which CBI is engaged involves competition with other banks, as well as with nonbanking financial institutions and nonfinancial enterprises. In addition to competing with other commercial banks within and outside its primary service area, CBI competes with other financial institutions engaged in the business of making loans or accepting deposits, such as savings and loan associations, credit unions, insurance companies, small loan companies, financial companies, mortgage companies, real estate investment trusts, certain governmental agencies, credit card organizations and other enterprises. CBI also competes with suppliers of equipment in furnishing equipment financing. Banks and other financial institutions with which CBI competes may have capital resources and legal loan limits substantially higher than those maintained by CBI.

Employees

As of September 30, 2017, CBI had 59 full-time equivalent employees, none of whom is covered by a collective bargaining agreement.

Legal Proceedings

There are no threatened or pending legal proceedings against CBI which, if determined adversely, would, in the opinion of management, have a material adverse effect on the business of CBI's financial condition, results of operations or cash flows.

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**BENEFICIAL OWNERSHIP OF CBI COMMON STOCK BY
MANAGEMENT AND PRINCIPAL SHAREHOLDERS OF CBI**

The following table sets forth certain information regarding the beneficial ownership of CBI common stock as of the record date by: (1) each person who is known by CBI to beneficially own 5% or more of CBI's common stock; (2) each director of CBI; (3) the principal executive officer, the principal financial officer and the three other most highly compensated executive officers of CBI, or CBI's named executive officers; and (4) all directors and executive officers of CBI as a group. Unless otherwise indicated, based on information furnished by such shareholders, management of CBI believes that each person has sole voting and dispositive power over the shares indicated as owned by such person. The address for each of the listed beneficial owners is c/o Commercial Bancshares, Inc., 24080 Hwy 59 North, Suite 250, Kingwood, Texas 77339.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage Beneficially Owned
Principal Shareholders		
Dianna Melanson ⁽¹⁾	618,971	18.3%
Directors and Named Executive Officers		
James Alexander, President ⁽²⁾	35,476	1.0%
Julie Barry	1,000	*%
J. Nolan Bedford, Vice Chairman ⁽³⁾	156,053	4.6%
Harry J. Brooks, Chairman & CEO ⁽⁴⁾	271,851	8.0%
Jeff Cravey ⁽⁵⁾	5,000	*%
Jesse Gonzalez	50,000	1.5%
Ronnie Matthews ⁽⁶⁾	15,000	*%
David Melanson	1,537	*%
Robert Nickles ⁽⁷⁾	100,000	2.9%
Scott Trull	61,928	1.8%
<i>Principal Shareholder, Directors and Named Executive Officers as a group (11 persons)</i>	1,316,816	38.8%

* indicates ownership which does not exceed 1.0%.

- (1) Includes stock held as trustee for benefit of David Ridell Melanson Trust and stock held as trustee for benefit of Julie Melanson Fuechec Trust.
- (2) Includes stock held in IRA.
- (3) Includes stock held in IRA.
- (4) Includes stock held in IRA and stock held jointly in the name of Harry J. Brooks or Cindy Chezem Brooks.
- (5) Includes stock held in IRA for his benefit and stock held in IRA for benefit of Cynthia S. Cravey.
- (6) Stock held in name of Ronnie Matthews and Cathy Matthews.
- (7) Stock held in name of Nickles Investments LLC.

Table of Contents**COMPARATIVE MARKET PRICES AND DIVIDEND DATA****First Financial**

First Financial common stock is listed on the NASDAQ Global Select Market under the symbol FFIN. Quotations of the sales volume and the closing sales prices of the common stock of First Financial are listed daily in the NASDAQ's listings.

The following table sets forth, for the periods indicated, the high and low intra-day sales prices for the First Financial common stock as reported by the NASDAQ Global Select Market and the cash dividends declared per share (adjusted for stock dividends and splits):

	High	Low	Cash Dividends Per Share
2015 First Quarter	\$ 30.17	\$ 24.46	\$ 0.14
Second Quarter	35.32	27.16	0.16
Third Quarter	36.20	29.21	0.16
Fourth Quarter	36.51	29.56	0.16
2016 First Quarter	\$ 30.75	\$ 24.12	\$ 0.16
Second Quarter	34.50	27.72	0.18
Third Quarter	37.06	30.95	0.18
Fourth Quarter	46.70	35.05	0.18
2017 First Quarter	\$ 46.45	\$ 37.55	\$ 0.18
Second Quarter	44.80	36.85	0.19
Third Quarter	45.67	37.31	0.19
Fourth Quarter ⁽¹⁾	47.90	44.15	0.19

(1) Through November 16, 2017. First Financial announced a cash dividend of \$0.19 per share on October 24, 2017 that is payable to shareholders of record as of December 15, 2017 on January 2, 2018.

CBI shareholders are advised to obtain the current stock quotation for First Financial common stock. The market price of First Financial common stock will fluctuate from the date of this proxy statement/prospectus to the date of completion of the merger. Because the number of shares of First Financial common stock to be issued in the merger and the aggregate merger consideration that CBI shareholders will receive will fluctuate based on the market price of the First Financial common stock, CBI shareholders will not know the exact amount of the value of the consideration that CBI shareholders will receive in connection with the merger when CBI shareholders vote on the reorganization agreement and merger.

After the merger, First Financial currently expects to pay (when, as and if declared by First Financial's board of directors out of funds legally available for that purpose) regular quarterly cash dividends. While First Financial currently pays dividends on its common stock, there is no assurance that it will continue to pay dividends in the future. Future dividends on First Financial common stock will depend upon its earnings and financial condition, liquidity and capital requirements, the general economic and regulatory climate, its ability to service any equity or debt obligations senior to the common stock and other factors deemed relevant by the board of directors of First Financial.

As a holding company, First Financial is ultimately dependent upon its subsidiaries to provide funding for its operating expenses, debt service and dividends. Various banking laws applicable to First Financial Bank limit the payment of dividends and other distributions by First Financial Bank to First Financial, and may therefore limit First Financial's ability to pay dividends on its common stock. Regulatory authorities could impose administratively stricter limitations on the ability of First Financial Bank to pay dividends to First Financial if such limits were deemed appropriate to preserve certain capital adequacy requirements.

Table of Contents**CBI**

There is no established public trading market for the shares of CBI common stock, and no market for CBI common stock is expected to develop if the first merger does not occur. No registered broker/dealer makes a market in the CBI common stock, and no shares of such stock are listed for trading or quoted on any stock exchange or automated quotation system. CBI acts as the transfer agent and registrar for its own shares. As of the CBI record date, there were approximately 233 holders of record of CBI common stock.

CBI becomes aware of trades of shares of CBI common stock as transfer agent of its shares and sometimes the prices at which these trades are made. The following table sets forth the high and low sales prices known to management of CBI for trades of its common stock for the periods shown:

	High	Low	Number of Trades	Number of Shares Traded
2015 First Quarter	\$ 16.00	\$ 10.65	5	4,500
Second Quarter	\$ 10.65	\$ 10.65	1	500
Third Quarter	\$ 0.00	\$ 0.00	0	0
Fourth Quarter	\$ 0.00	\$ 0.00	0	0
2016 First Quarter	\$ 15.00	\$ 15.00	1	3,731
Second Quarter	\$ 15.00	\$ 15.00	1	500
Third Quarter	\$ 15.00	\$ 15.00	2	30,000
Fourth Quarter	\$ 0.00	\$ 0.00	0	0
2017 First Quarter	\$ 0.00	\$ 0.00	0	0
Second Quarter	\$ 0.00	\$ 0.00	0	0
Third Quarter ⁽¹⁾	\$ 0.00	\$ 0.00	0	0

(1) Through September 30, 2017.

The most recent trade of CBI common stock occurred in September 2016, when 30,000 shares were traded at a price of \$15.00 per share. There have been other limited transfers of CBI common stock that are not reflected in the table above, which were excluded as they were transferred between related parties (as gifts or to trusts or estates). Because of limited trading, the prices described above may not be representative of the actual or fair value of the CBI common stock.

CBI has never paid a dividend. CBI is not permitted to pay dividends to its shareholders with the exception of the dividend to be paid in connection with the closing of the merger.

CBI's shareholders are entitled to receive dividends out of legally available funds when, as and if declared by CBI's board of directors, in its sole discretion. As a Texas corporation, CBI is subject to certain restrictions on dividends under the TBOC. Generally, a Texas corporation may pay dividends to its shareholders out of its surplus (the excess of its assets over its liabilities and stated capital) unless the corporation is insolvent or the payment of the dividend would render the corporation insolvent.

Consistent with its policy that bank holding companies should serve as a source of financial strength for their subsidiary banks, the Federal Reserve has stated that, as a matter of prudent banking, a bank holding company generally should not maintain a rate of dividends to shareholders unless its net income available has been sufficient to fully fund the dividends, and the prospective rate of earnings retention appears consistent with the bank holding company's capital needs, asset quality and overall financial condition.

CBI does not engage in separate business activities of a material nature. As a result, CBI's ability to pay dividends depends upon the dividends received from its subsidiary, Commercial State Bank. As a Texas-chartered banking association, Commercial State Bank's ability to pay dividends is restricted by certain laws and

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regulations. Under the Texas Finance Code, Commercial State Bank generally may not pay a dividend that would reduce its capital or surplus without the prior approval of the Texas Department of Banking. All dividends must be paid out of net profits then on hand, after deducting expenses, including losses and provisions for loan losses. As a member of the Federal Reserve System, Commercial State Bank's dividends in any year cannot exceed its net income during that year plus the prior two years' net income less dividends paid, without the prior approval of the Federal Reserve.

In addition to Texas law restrictions on Commercial State Bank's ability to pay dividends, under the Federal Deposit Insurance Corporation Improvement Act, Commercial State Bank may not pay any dividend if Commercial State Bank is undercapitalized or if the payment of the dividend would cause Commercial State Bank to become undercapitalized. The Federal Reserve may further restrict the payment of dividends by requiring that Commercial State Bank maintain a higher level of capital than would otherwise be required to be adequately capitalized for regulatory purposes. Moreover, if, in the opinion of the Federal Reserve, Commercial State Bank is engaged in an unsound practice (which could include the payment of dividends), the Federal Reserve may require that Commercial State Bank cease such practice. The federal bank regulatory agencies have indicated that paying dividends that deplete a depository institution's capital base to an inadequate level would be an unsafe banking practice. Moreover, the federal bank regulatory agencies have issued policy statements providing that insured depository institutions generally should pay dividends only out of current operating earnings.

Under regulatory capital guidelines, Commercial State Bank must maintain a common equity Tier 1 capital to total risk-weighted assets ratio of at least 4.5%, a Tier 1 capital to total risk-weighted assets ratio of 6.0%, a total capital to total risk-weighted assets ratio of 8.0% and a Tier 1 capital to average total assets ratio of 4.0%. As of September 30, 2017, Commercial State Bank had a ratio of common equity Tier 1 capital to total risk-weighted assets of 11.93%, a ratio of Tier 1 capital to total risk-weighted assets of 15.23%, a ratio of total capital to total risk-weighted assets of 16.16%, and a ratio of Tier 1 capital to average total assets of 11.93%.

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DESCRIPTION OF FIRST FINANCIAL CAPITAL STOCK

General

First Financial has authorized 120,000,000 shares of First Financial common stock, par value \$0.01 per share, 66,226,057 shares of which are outstanding as of November 7, 2017. The following summary is qualified in its entirety by reference to the certificate of formation and bylaws of First Financial.

First Financial common stock

The holders of First Financial common stock are entitled to one vote for each share of First Financial common stock owned. Holders of First Financial common stock may not cumulate their votes for the election of directors. Holders of First Financial common stock do not have preemptive rights to acquire any additional, unissued or treasury shares of First Financial. First Financial common stock is not convertible into any other security of First Financial and does not carry a right to subscribe to or acquire shares of First Financial.

Holders of First Financial common stock will be entitled to receive dividends out of funds legally available therefor, if and when properly declared by the First Financial board. On liquidation of First Financial, the holders of First Financial common stock are entitled to share pro rata in any distribution of the assets of First Financial after all other indebtedness of First Financial has been retired.

EXPERTS

The consolidated financial statements of First Financial Bankshares, Inc. appearing in First Financial Bankshares, Inc. Annual Report (Form 10-K) for the year ended December 31, 2016, and the effectiveness of First Financial Bankshares, Inc. internal control over financial reporting as of December 31, 2016 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports included therein, and incorporated here in reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

LEGAL MATTERS

The validity of the shares of First Financial common stock to be issued by First Financial in connection with the merger will be passed upon by Norton Rose Fulbright US LLP, Dallas, Texas. Certain U.S. federal income tax consequences relating to the mergers will also be passed upon for First Financial by Norton Rose Fulbright US LLP, Dallas, Texas.

OTHER MATTERS

As of the date of this proxy statement/prospectus, the board of directors of CBI knows of no matters that will be presented for consideration at the special meeting of shareholders other than as described in this proxy statement/prospectus. However, if any other matters are properly brought before the special meeting or any adjournment or postponement thereof, it is intended that the proxies will act in accordance with their best judgment unless otherwise indicated in the appropriate box on the proxy.

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WHERE YOU CAN FIND MORE INFORMATION

First Financial files reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934. You may read and copy this information at the SEC's Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549.

You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements and other information about issuers, like First Financial, who file electronically with the SEC. The address of that site is <http://www.sec.gov>.

The SEC allows First Financial to incorporate by reference information in this proxy statement/prospectus. This means that First Financial can disclose important business and financial information to you by referring you to another document filed separately with the SEC. The information that First Financial incorporates by reference is considered to be part of this proxy statement/prospectus, and later information that First Financial files with the SEC will automatically update and supersede the information First Financial included in this proxy statement/prospectus. This document incorporates by reference the documents that are listed below that First Financial has previously filed with the SEC, except to the extent that any information contained in such filings is deemed furnished in connection with SEC rules.

First Financial SEC Filings (File Number: 000-07674)

Proxy Statement for Annual Meeting filed on March 1, 2017;

Annual Report on Form 10-K for the year ended December 31, 2017 filed on February 17, 2017;

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017, and September 30, 2017 filed with the SEC on May 2, 2017, July 28, 2017 and October 31, 2017, respectively;

Current Reports on Form 8-K filed on April 27, 2017, June 30, 2017, and October 12, 2017; and

The description of First Financial's common stock, par value \$0.01 per share, contained in First Financial's Registration Statements on Form 8-A dated January 7, 1994 and November 21, 1995, including any amendment or report filed with the SEC for the purpose of updating such description.

First Financial also incorporates by reference any future filings it makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this proxy statement/prospectus and before the meeting. Any statement contained in this proxy statement/prospectus or in a document incorporated or deemed to be incorporated by reference in this proxy statement/prospectus is deemed to be modified or superseded to the extent that a statement contained herein or in any subsequently filed document that also is, or is deemed to be, incorporated by reference herein modified or superseded such statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this proxy statement/prospectus.

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Documents incorporated by reference are available from First Financial without charge (except for exhibits to the documents unless the exhibits are specifically incorporated in the document by reference). You may obtain documents incorporated by reference in this document by requesting them in writing or by telephone from First Financial at the following address:

First Financial Bankshares, Inc.

400 Pine Street

Abilene, Texas 79601

Attention: J. Bruce Hildebrand,

Executive Vice President and

Chief Financial Officer

Telephone: (325) 625-7155

To obtain timely delivery, you must make a written or oral request for a copy of such information by December 14, 2017.

First Financial has filed a registration statement on Form S-4 under the Securities Act with the SEC with respect to the First Financial common stock to be issued to shareholders of CBI in the merger. This proxy statement/prospectus constitutes the prospectus of First Financial filed as part of the registration statement. This proxy statement/prospectus does not contain all of the information set forth in the registration statement because certain parts of the registration statement are omitted in accordance with the rules and regulations of the SEC. The registration statement and its exhibits are available for inspection and copying as set forth above.

You should rely only on the information contained in this proxy statement/prospectus. Neither First Financial nor CBI has authorized anyone to provide you with different information. Therefore, if anyone gives you different or additional information, you should not rely on it. The information contained in this proxy statement/prospectus is correct as of its date. It may not continue to be correct after this date. CBI has supplied all of the information about CBI and Commercial State Bank contained in this proxy statement/prospectus and First Financial has supplied all of the information contained in this proxy statement/prospectus about First Financial and its subsidiaries. Each of us is relying on the correctness of the information supplied by the other.

This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this proxy statement/prospectus, or the solicitation of a proxy, in any jurisdiction to or from any person to whom or from it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction.

AGREEMENT AND PLAN OF REORGANIZATION

BY AND AMONG

FIRST FINANCIAL BANKSHARES, INC.

KINGWOOD MERGER SUB, INC.

AND

COMMERCIAL BANCSHARES, INC.

Dated as of October 12, 2017

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AGREEMENT AND PLAN OF REORGANIZATION

This AGREEMENT AND PLAN OF REORGANIZATION (this Agreement) is effective as of October 12, 2017, by and among First Financial Bankshares, Inc., a Texas corporation and registered bank holding company under the Bank Holding Company Act of 1956, as amended (the BHCA), with its principal offices in Abilene, Texas (FFIN), Kingwood Merger Sub, Inc., a Texas corporation and wholly-owned subsidiary of FFIN (Merger Sub), and Commercial Bancshares, Inc., a Texas corporation and registered bank holding company under the BHCA (CBI). An index of defined terms is included in Section 10.11.

RECITALS

WHEREAS, CBI owns all of the common stock of Commercial State Bank, a Texas state bank chartered in El Campo, Texas (the Bank);

WHEREAS, FFIN owns all of the common stock of First Financial Bank, National Association, a national association with its principal offices in Abilene, Texas (FFB);

WHEREAS, the board of directors of FFIN (the FFIN Board) and the board of directors of CBI (the CBI Board) have determined that it is advisable and in the best interests of their respective companies and their shareholders to consummate a business combination transaction provided for in this Agreement;

WHEREAS, on the terms and subject to the conditions set forth in this Agreement, FFIN will acquire CBI for aggregate consideration of approximately \$75,000,000 composed of a combination of approximately \$15,600,000 in cash, in the form of a dividend payment from CBI to its shareholders prior to Closing, and approximately \$59,400,000 of common stock, par value \$0.01 per share, of FFIN (the FFIN Stock), through the merger of Merger Sub with and into CBI, with CBI surviving the merger (the Merger) as a wholly-owned subsidiary of FFIN;

WHEREAS, immediately following, and in connection with, the Merger, FFIN will cause CBI to be merged with and into FFIN, with FFIN surviving the merger (the Second Step Merger and together with the Merger, the Integrated Mergers), and immediately following the Second Step Merger, or at such later time as FFIN may determine, FFIN will cause the Bank to be merged with and into FFB, with FFB surviving the merger (the Bank Merger);

WHEREAS, it is intended that the Merger be treated as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code); and

WHEREAS, the parties hereto desire to set forth certain representations, warranties and covenants made by each to the other as an inducement to the execution and delivery of this Agreement and certain additional agreements related to the transactions contemplated hereby:

AGREEMENT

NOW, THEREFORE, for and in consideration of the foregoing and of the mutual representations, warranties, covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to the conditions set forth below, the parties, intending to be legally bound, undertake, promise, covenant and agree with each other as follows:

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ARTICLE I

THE MERGER

Section 1.01 Merger of Merger Sub with and into CBI. Subject to the terms and conditions of this Agreement, at the Effective Time, Merger Sub will merge with and into CBI in accordance with the provisions of Chapter 10 of the Texas Business Organizations Code (the TBOC). CBI will be the surviving corporation in the Merger (the Surviving Corporation) and will continue its corporate existence under the TBOC as a wholly-owned subsidiary of FFIN. Upon consummation of the Merger, the separate corporate existence of Merger Sub shall terminate.

Section 1.02 Effects of the Merger. The Merger will have the effects set forth in Section 10.008 of the TBOC. The name of the Surviving Corporation will be Commercial Bancshares, Inc.

Section 1.03 Certificate of Formation and Bylaws. The certificate of formation and bylaws of CBI, as in effect immediately before the Effective Time, will be the certificate of formation and bylaws of the Surviving Corporation until thereafter changed or amended as provided by applicable Law.

Section 1.04 Directors and Officers. The directors and officers, respectively, of Merger Sub at the Effective Time will become the directors and officers of the Surviving Corporation and will hold office from the Effective Time until their respective successors are duly elected or appointed and qualified in the manner provided in the certificate of formation and bylaws of the Surviving Corporation or as otherwise provided by Law.

Section 1.05 Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any further action on the part of FFIN, CBI, Merger Sub or any holder of record of the following securities:

- (a) Each share of FFIN Stock, outstanding prior to the Effective Time shall remain one validly issued, fully paid and nonassessable share of FFIN Stock after the Effective Time and each outstanding and unexercised option to purchase a share of FFIN Stock shall remain one validly issued and outstanding option to purchase a share of FFIN Stock after the Effective Time.
- (b) Except for the Cancelled Shares and Dissenting Shares, each share of common stock, par value \$1.00 per share, of CBI (the CBI Stock) that is issued and outstanding immediately prior to the Effective Time shall cease to be outstanding and shall automatically be converted into and become the right to receive, without interest, a number of shares of FFIN Stock rounded to the nearest hundredth of a share equal to the quotient of (i) the CBI Per Share Value, divided by (ii) the FFIN Closing VWAP (the Merger Consideration). For purposes of this Agreement, (i) the CBI Per Share Value shall be equal to the quotient of (A) \$59,400,000, divided by (B) the number of shares of CBI Stock issued and outstanding immediately prior to the Effective Time, and (ii) FFIN Closing VWAP means the volume-weighted average price per share of FFIN Stock for a twenty (20) trading day period, starting with the opening of trading on the twenty-first (21st) trading day prior to the Calculation Date to the closing of trading on the trading day prior to the Calculation Date, rounded to the nearest cent, as reported by Bloomberg Finance L.P.
- (c) No certificates representing a fractional share shall be issued by FFIN. In lieu of any fractional share, each holder of CBI Stock entitled to a fractional share, upon surrender of such shares of CBI Stock, shall be entitled to receive from FFIN an amount in cash (without interest), payable in accordance with Section 1.06, rounded to the nearest cent, determined by multiplying the fractional share by the FFIN Closing VWAP.
- (d) All shares of CBI Stock to be converted into the right to receive the Merger Consideration pursuant to this Section 1.05 shall no longer be outstanding and shall automatically be cancelled and cease to exist, and each holder of

a certificate that immediately prior to the Effective Time represented any such shares of CBI Stock shall thereafter cease to have any rights with respect to such shares of CBI Stock, except the right to receive the proportionate share of the Merger Consideration.

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(e) Any shares of CBI Stock that are owned immediately prior to the Effective Time by CBI, FFIN or their respective Subsidiaries (other than (i) shares of CBI Stock held, directly or indirectly, in trust accounts, managed accounts and the like or otherwise held in a fiduciary capacity that are beneficially owned by third parties and (ii) shares of CBI Stock held in respect of a debt previously contracted) shall be canceled and extinguished without any conversion thereof or consideration therefor (the Cancelled Shares).

(f) Each share of common stock, par value \$0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted automatically into and become one newly issued, fully paid and non-assessable share of common stock of the Surviving Corporation.

Section 1.06 Exchange Procedures.

(a) Prior to the Effective Time, FFIN shall appoint an exchange agent (the Exchange Agent) to act as the exchange agent hereunder.

(b) At or promptly after the Effective Time, FFIN shall deposit with or make available to the Exchange Agent for exchange in accordance with this Section 1.06, the Aggregate Stock Consideration and any cash payable in lieu of fractional shares (collectively, the Exchange Fund).

(c) Following receipt of the Requisite CBI Vote and no later than five (5) Business Days after the Effective Time and subject to FFIN's receipt of a list of CBI's shareholders in a format that is acceptable to the FFIN, FFIN shall, or shall cause the Exchange Agent to, mail to each holder of record immediately prior to the Effective Time of certificates (other than with respect to Cancelled Shares and Dissenting Shares) representing shares of CBI Stock (each, a Certificate, it being understood that any reference herein to a Certificate shall be deemed to include reference to book-entry account statements relating to the ownership of shares of CBI Stock), (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to each Certificate shall pass, only upon delivery of such Certificate (or an affidavit of loss in lieu of such Certificate and, if reasonably required by FFIN or the Exchange Agent, the posting by such holder of CBI Stock of a bond in such amount as FFIN may determine is reasonably necessary as indemnity against any claim that may be made against it with respect to such Certificate; provided, that the amount of such bond shall not exceed the amount of Merger Consideration to be received with respect to such Certificate)) to the Exchange Agent and shall be substantially in such form and have such other provisions as shall be prescribed by the Exchange Agent (the Letter of Transmittal) and (ii) instructions for use in surrendering each Certificate in exchange for the Merger Consideration, any cash in lieu of a fractional share of FFIN Stock to be issued or paid in consideration therefor and any dividends or distributions to which such holder is entitled pursuant to this Section 1.06. The CBI shareholders will be entitled to receive their Merger Consideration only after receipt by the Exchange Agent of a properly completed Letter of Transmittal. If a Letter of Transmittal contains an error, is incomplete or is not accompanied by all appropriate Certificates, then the Exchange Agent will notify that CBI shareholder promptly of the need for further information or documentation.

(d) Within five (5) Business Days after surrender to the Exchange Agent of its Certificate or Certificates, accompanied by a properly completed Letter of Transmittal, or within five (5) Business Days after the Effective Time for any uncertificated shares of CBI Stock held of record in book-entry form (subject to receipt of any customary tax documentation that may be reasonably requested by the Exchange Agent), the Exchange Agent shall deliver to such holder of CBI Stock the Merger Consideration and any cash in lieu of a fractional share of FFIN Stock to be issued or paid in consideration therefor in respect of the shares of CBI Stock represented by such holder's Certificate or Certificates, and each Certificate surrendered will be canceled. FFIN may, at its option, deliver any shares of FFIN Stock in book-entry form. Until so surrendered, each Certificate shall represent after the Effective Time, for all purposes, only the right to receive, without interest, the Merger Consideration and any cash in lieu of a fractional

share of FFIN Stock to be issued or paid in consideration therefor upon surrender of such Certificate in accordance with this Section 1.06, and any dividends or distributions to which such holder is entitled pursuant to this Section 1.06. Notwithstanding anything to the contrary herein, no Certificate or Certificates shall be deemed surrendered to the Exchange Agent prior to the Effective Time.

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(e) No dividends or other distributions with respect to FFIN Stock shall be paid to the holder of any unsurrendered Certificate with respect to the shares of FFIN Stock represented thereby, in each case unless and until the surrender of such Certificate in accordance with this Section 1.06. However, upon surrender of such Certificate, the Merger Consideration, together with all such undelivered dividends or other distributions without interest, shall be delivered and paid with respect to each share represented by such Certificate. Subject to the effect of applicable abandoned property, escheat or similar Laws, following surrender of any such Certificate in accordance with this Section 1.06, the record holder thereof shall be entitled to receive, without interest, (i) the amount of dividends or other distributions, if any, with a record date at or after the Effective Time that are payable with respect to the whole shares of FFIN Stock issuable with respect to such Certificate and not paid and/or (ii) at the appropriate payment date, the amount of dividends or other distributions payable with respect to shares of FFIN Stock issuable with respect to such Certificate with a record date after the Effective Time (but before such surrender date) and with a payment date subsequent to the issuance of the FFIN Stock issuable with respect to such Certificate.

(f) In the event of a transfer of ownership of a Certificate representing CBI Stock prior to the Effective Time that is not registered in the stock transfer records of CBI, the Merger Consideration and any cash in lieu of a fractional share of FFIN Stock to be issued or paid in consideration therefor shall be issued or paid in exchange therefor to a Person other than the Person in whose name the Certificate so surrendered is registered if the Certificate formerly representing such CBI Stock shall be properly endorsed or otherwise be in proper form for transfer and the Person requesting such payment or issuance shall pay any transfer or other similar Taxes required by reason of the payment or issuance to a Person other than the registered holder of the Certificate or establish to the satisfaction of FFIN and the Exchange Agent that the Tax has been paid or is not applicable.

(g) FFIN and the Exchange Agent, as the case may be, shall be entitled to deduct and withhold, if necessary, from any consideration otherwise payable pursuant to this Agreement to any Person such amounts as FFIN or the Exchange Agent, as the case may be, is required to deduct and withhold under the Code, or any provision of state, local or foreign tax law, with respect to the making of such payment. To the extent that amounts are so withheld by FFIN or the Exchange Agent, as the case may be, and remitted to the appropriate Governmental Entity, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to such Person in respect of which such deduction and withholding was made by FFIN or the Exchange Agent, as the case may be.

(h) Any portion of the Exchange Fund that remains unclaimed by the shareholders of CBI at the expiration of six (6) months after the Effective Time shall be paid to FFIN. In such event, any former shareholders of CBI who have not theretofore complied with this Section 1.06 shall thereafter look only to FFIN with respect to the Merger Consideration, any cash in lieu of any fractional shares and any unpaid dividends and distributions on the FFIN Stock deliverable in respect of each share represented by a Certificate such shareholder holds as determined pursuant to this Agreement, in each case, without any interest thereon.

(i) Any other provision of this Agreement notwithstanding, none of FFIN, the Surviving Corporation or the Exchange Agent shall be liable to a holder of CBI Stock for any amounts paid or property delivered in good faith to a public official pursuant to any applicable abandoned property, escheat or similar law.

Section 1.07 Adjusted Equity Calculation.

(a) The Adjusted Equity of CBI shall be calculated in accordance with this Section 1.07 as of the close of business on the fifth Business Day immediately preceding the Closing Date, or such other date as mutually agreeable to the parties hereto (the Calculation Date).

(b) For purposes of this Agreement, Adjusted Equity means the total consolidated shareholders' equity of CBI, calculated on a consolidated basis and in accordance with GAAP and adjusted to reflect the payment of or accrual for all CBI Merger Costs through the Closing Date (including reasonable estimates mutually agreeable to FFIN and CBI for the period from the Calculation Date through the Closing Date).

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For comparative purposes and without any binding effect on the parties with respect to this Section 1.07(b), the total consolidated shareholders' equity of CBI as of March 31, 2017 was \$42,402,486. For purposes of this Agreement, CBI Merger Costs means, on an after-tax basis, (i) the legal, professional, investment banking, consulting and accounting fees and expenses of CBI associated with the Merger, including any cost to obtain any opinion as to the financial fairness of the Merger, (ii) all fees related to obtaining the Tail Coverage, (iii) the payments owed by CBI or the Bank to those employees and in such amounts listed on Confidential Schedule 1.07(b), including, without limitation any stay-pay or retention bonus amounts (other than stay-pay or retention bonus amounts requested or directed by FFIN) or change in control payments (all of which shall be reflected on Confidential Schedule 1.07(b) including the name of the recipient, the amount of such payment and with respect to any stay-pay or retention bonus arrangements, the date through which the recipient must remain employed by the Surviving Corporation to receive the stay-pay or retention bonus amount), (iv) the cost of terminating any employment related agreements and obligations (including any non-competition agreements, option agreements or equity based plans) including, among others, the employment agreements and Executive Survivor Income Agreements set forth on Confidential Schedule 5.15(b), (v) if requested by FFIN, a mutually agreeable estimate of the cost of obtaining a determination letter from the Internal Revenue Service (the IRS) in connection with the termination of a Retirement Plan, (vi) any federal income tax obligations, franchise tax obligations or real property tax obligations incurred prior to the Effective Time, (vii) the accrual or payment of all of the costs, fees, expenses and penalties necessary to be paid by CBI or the Bank in connection with any contract termination required pursuant to this Agreement, including, without limitation, all costs, fees, expenses and penalties associated with the termination of the data processing or technology contracts or other contracts contemplated by Section 5.15(a) hereof, and (viii) a reduction in the amount of the total consolidated shareholders' equity of CBI equal to the amount of the gain recognized on the property located at 29818 FM 1093, Fulshear, Ft. Bend County, Texas. In addition, any dividends (whether paid or declared) by CBI shall have been recorded by CBI as a reduction of Adjusted Equity; provided, however, that the Dividend Payment pursuant to Section 1.08 shall be excluded from the calculation of Adjusted Equity.

Section 1.08 Dividend to Shareholders. On the Closing Date and prior to the Effective Time, CBI shall pay a dividend to the holders of CBI Stock in an aggregate amount equal to (such amount, the Dividend Payment) the sum of (a) the amount by which the Adjusted Equity is greater than \$42,402,486, if any, plus (b) \$15,600,000, (c) minus the amount by which the Adjusted Equity is less than \$42,402,486, if any.

Section 1.09 Tax Treatment. For U.S. federal income Tax purposes, it is intended that the Merger shall qualify as a reorganization within the meaning of Section 368(a) of the Code, and that this Agreement shall constitute, and is hereby adopted as, a plan of reorganization within the meaning of Treasury Regulation Section 1.368-2(g). From and after the date of this Agreement and until the Closing Date, each party hereto shall use its reasonable best efforts to cause the Merger to qualify, and will not knowingly take any action, cause any action to be taken, fail to take any action or cause any action not to be taken, which action or failure to act could reasonably be expected to prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

Section 1.10 Modification of Structure. Notwithstanding any provision of this Agreement to the contrary, FFIN may elect, subject to the filing of all necessary applications and the receipt of all required regulatory approvals, to modify the structure of the transactions contemplated hereby so long as (i) there are no material adverse federal or state income tax consequences to the holders of CBI Stock as a result of such modification (taken as a whole and not with respect to any individual holder), (ii) the after tax consideration to be paid to the holders of CBI Stock is not changed in kind or reduced in amount, and (iii) such modification will not be likely to materially delay or jeopardize receipt of any required regulatory approvals or the Closing.

Section 1.11 Dissenting Shareholders. Notwithstanding anything in this Agreement to the contrary, each share of CBI Stock that is outstanding immediately prior to the Effective Time and that is held by shareholders (Dissenting Shares)

who have not voted such shares in favor of this Agreement, the Merger and the

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transactions contemplated hereby and who will have otherwise complied with the terms and provisions of Chapter 10, Subchapter H of the TBOC will be entitled to those rights and remedies set forth in Chapter 10, Subchapter H of the TBOC; but if a shareholder fails to perfect, withdraws or otherwise loses any such right or remedy granted by the TBOC, each such Dissenting Shares shall be deemed to have been converted into and to have become exchangeable for, the right to receive the Merger Consideration without any interest thereon in accordance with the provisions of this Article I.

Section 1.12 Second Step Merger. On the Closing Date and as soon as reasonably practicable following the Effective Time, in accordance with the TBOC, FFIN shall cause the Surviving Corporation to be merged with and into FFIN in the Second Step Merger, with FFIN surviving the Second Step Merger and continuing its existence under the Laws of the State of Texas, and the separate corporate existence of the Surviving Corporation ceasing as of the Second Effective Time. In furtherance of the foregoing, FFIN shall cause to be filed with each of the Texas Secretary of State, in accordance with the TBOC, a certificate of merger relating to the Second Step Merger (the Second Certificate of Merger). The Second Step Merger shall become effective as of the date and time specified in the Second Certificate of Merger (such date and time, the Second Effective Time). At and after the Second Effective Time, the Second Step Merger shall have the effects set forth in the applicable provisions of the TBOC.

Section 1.13 Bank Merger. Immediately following the Second Step Merger, or at such later time as FFIN may determine in its sole discretion, FFIN will cause the Bank Merger on the terms and subject to the terms and conditions set forth in the Bank Merger Agreement attached hereto as Exhibit A (the Bank Merger Agreement). FFB shall be the surviving entity in the Bank Merger and, following the Bank Merger, the separate corporate existence of the Bank shall cease. The parties agree that the Bank Merger will become effective immediately after the Second Effective Time or at such later time as FFIN may determine. Prior to or on the date of this Agreement, the board of directors each of FFB and the Bank have approved the Bank Merger Agreement and FFB and the Bank entered into the Bank Merger Agreement. In furtherance of the foregoing, the parties shall execute and cause to be filed applicable articles or certificates of merger and such other documents as are necessary to effectuate the Bank Merger.

ARTICLE II

THE CLOSING AND THE CLOSING DATE

Section 2.01 Time and Place of the Closing and Closing Date.

(a) On a date mutually acceptable to FFIN and CBI within thirty (30) days after the receipt of all necessary regulatory, corporate and other approvals and the expiration of any mandatory waiting periods (the Closing Date), as may be extended by mutual agreement of the parties for a reasonable period to facilitate a Calculation Date on month-end in the event the parties so agree, a meeting will take place at which the parties to this Agreement will exchange certificates, letters and other documents in order to determine whether all of the conditions set forth in Article VII and Article VIII have been satisfied or waived or whether any condition exists that would permit a party to this Agreement to terminate this Agreement. If none of the foregoing conditions then exists or if no party elects to exercise any right it may have to terminate this Agreement, then the parties will execute such documents and instruments as may be necessary or appropriate in order to effect the Merger and the other transactions contemplated by this Agreement (the Closing).

(b) The Merger and other transactions contemplated by this Agreement shall become effective on the date and at the time specified in the certificate of merger (the Certificate of Merger), reflecting the Merger, filed with the Texas Secretary of State in accordance with the TBOC (the Effective Time). The parties will use their commercially reasonable efforts to cause the Effective Time to occur on the same date as the Closing Date, but in no event will the

Effective Time occur more than one (1) day after the Closing Date.

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(c) The Closing will take place at the offices of Norton Rose Fulbright US LLP, 2200 Ross Avenue, Suite 3600, Dallas, Texas 75201 at 10:00 a.m. on the Closing Date, or at such other time and place to which the parties may agree.

Section 2.02 Actions to be Taken at the Closing by CBI. At the Closing, CBI will execute and acknowledge, or cause to be executed and acknowledged, and deliver to FFIN such documents and certificates contemplated to be delivered pursuant to this Agreement or reasonably necessary to evidence the transactions contemplated by this Agreement, including the following (all of such actions constituting conditions precedent to the obligations of FFIN to close hereunder):

(a) True, correct and complete copies of CBI's certificate of formation and all amendments thereto, duly certified as of a recent date by the Texas Secretary of State;

(b) True, correct and complete copies of the Bank's certificate of formation and all amendments thereto, duly certified as of a recent date by the Texas Department of Banking (TDB);

(c) A certificate of account status, dated as of a recent date, issued by the Texas Comptroller of Public Accounts (the TCPA), duly certifying as to the good standing of CBI under the Laws of the State of Texas;

(d) A certificate of existence of the Bank, dated as of a recent date, issued by the TDB;

(e) A certificate, dated as of a recent date, issued by the Federal Deposit Insurance Corporation (the FDIC), duly certifying that the deposits of the Bank are insured by the FDIC pursuant to the Federal Deposit Insurance Act, as amended (the FDIA);

(f) A letter, dated as of a recent date, from the Federal Reserve Bank of Dallas, to the effect that CBI is a registered bank holding company under the BHCA;

(g) A certificate, dated as of the Closing Date, executed by the secretary or other appropriate executive officer of CBI, pursuant to which such officer will certify: (i) the due adoption by the CBI Board of corporate resolutions attached to such certificate authorizing the execution and delivery of this Agreement and the other agreements and documents contemplated hereby and the taking of all actions contemplated hereby and thereby; (ii) the due adoption and approval by the shareholders of CBI of this Agreement; (iii) the incumbency and true signatures of those officers of CBI duly authorized to act on its behalf in connection with the transactions contemplated by this Agreement and to execute and deliver this Agreement and other agreements and documents contemplated hereby and thereby; (iv) that the copy of the bylaws of CBI attached to such certificate is true and correct and such bylaws have not been amended except as reflected in such copy; and (v) a true and correct copy of the list of the holders of CBI Stock as of the Closing Date;

(h) A certificate, dated as of the Closing Date, executed by the secretary or other appropriate executive officer of the Bank, pursuant to which such officer will certify: (i) the due adoption by the board of directors of the Bank of corporate resolutions attached to such certificate authorizing the execution and delivery of the Bank Merger Agreement and the other agreements and documents contemplated thereby and the taking of all actions contemplated thereby; (ii) the due adoption by the sole shareholder of the Bank of resolutions authorizing the Bank Merger, the Bank Merger Agreement and the transactions contemplated by the Bank Merger Agreement, (iii) the incumbency and true signatures of those officers of the Bank duly authorized to act on its behalf in connection with the transactions contemplated by the Bank Merger Agreement and to execute and deliver the Bank Merger Agreement and the other agreements and documents contemplated hereby and thereby; and (iv) that the copy of the bylaws of the Bank attached to such certificate is true and correct and such bylaws have not been amended except as reflected in such copy;

(i) A certificate, dated as of the Closing Date, executed by the chief executive officer of CBI, pursuant to which CBI will certify that (i) CBI has satisfied the conditions set forth in Sections 8.01 and 8.02; and (ii) except as expressly permitted by this Agreement, there has been no Material Adverse Change with respect to CBI or any of its Subsidiaries, individually or in the aggregate since June 30, 2017;

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(j) All consents required from third parties to complete the transactions contemplated by this Agreement, including those listed on Confidential Schedule 2.02(j);

(k) All releases as required under Section 8.06;

(l) CBI shall have delivered to FFIN a duly executed certificate in form and substance as prescribed by Treasury Regulations promulgated under Section 1445 of the Code, stating that CBI is not, and has not been, during the relevant period specified in Section 897(c)(1)(A)(ii) of the Code, a United States real property holding corporation within the meaning of Section 897(c) of the Code;

(m) A certificate, dated as of the Closing Date, executed by the chief financial officer of CBI certifying the amount of the Adjusted Equity of CBI as of the Calculation Date; and

(n) All other documents required to be delivered to FFIN under this Agreement, and all other documents, certificates and instruments as are reasonably requested by FFIN or its counsel.

Section 2.03 Actions to be Taken at the Closing by FFIN. At the Closing, FFIN will execute and acknowledge, or cause to be executed and acknowledged, and deliver to CBI such documents and certificates contemplated to be delivered pursuant to this Agreement or reasonably necessary to evidence the transactions contemplated by this Agreement, including the following (all of such actions constituting conditions precedent to the obligations of CBI to close hereunder):

(a) True, correct and complete copies of FFIN's certificate of formation and all amendments thereto, duly certified as of a recent date by the Texas Secretary of State;

(b) A certificate of account status, dated as of a recent date, issued by the TCPA, duly certifying as to the good standing of FFIN under the Laws of the State of Texas;

(c) A letter, dated as of a recent date, from the Federal Reserve Bank of Dallas, to the effect that FFIN is a registered bank holding company under the BHCA;

(d) A certificate, dated as of the Closing Date, executed by the Corporate Secretary or other appropriate executive officer of FFIN, pursuant to which such officer will certify: (i) the due adoption by the FFIN Board of corporate resolutions attached to such certificate authorizing the execution and delivery of this Agreement and the other agreements and documents contemplated hereby, and the taking of all actions contemplated hereby and thereby; (ii) the incumbency and true signatures of those officers of FFIN duly authorized to act on its behalf in connection with the transactions contemplated by this Agreement and to execute and deliver this Agreement and other agreements and documents contemplated hereby and thereby; and (iii) that the copy of the bylaws of FFIN attached to such certificate is true and correct and such bylaws have not been amended except as reflected in such copy;

(e) A certificate, dated as of the Closing Date, executed by the secretary or other appropriate executive officer of FFB, pursuant to which such officer will certify: (i) the due adoption by the board of directors of FFB of corporate resolutions attached to such certificate authorizing the execution and delivery of the Bank Merger Agreement and the other agreements and documents contemplated thereby and the taking of all actions contemplated thereby; (ii) the incumbency and true signatures of those officers of FFB duly authorized to act on its behalf in connection with the transactions contemplated by the Bank Merger Agreement and to execute and deliver the Bank Merger Agreement and the other agreements and documents contemplated thereby; and (iii) that the copy of the bylaws of FFB attached to such certificate is true and correct and such bylaws have not been amended except as reflected in such copy;

(f) A certificate, dated as of the Closing Date, executed by the chief executive officer of FFIN, pursuant to which FFIN will certify that (i) FFIN has satisfied the conditions set forth in Sections 7.01 and 7.02; and (ii) except as expressly permitted by this Agreement, there has been no Material Adverse Change with respect to FFIN since June 30, 2017;

(g) All consents required from third parties to complete the transactions contemplated by this Agreement, including those listed on Confidential Schedule 2.03(g); and

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(h) All other documents required to be delivered to CBI by FFIN or Merger Sub under this Agreement, and all other documents, certificates and instruments as are reasonably requested by CBI or its counsel.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF CBI

Except as disclosed in the disclosure schedules delivered by CBI to FFIN prior to the execution hereof (the CBI Confidential Schedules); provided, that (a) no such item is required to be set forth as an exception to a representation or warranty if its absence would not result in the related representation or warranty being deemed untrue or incorrect, (b) the mere inclusion of an item in the CBI Confidential Schedule as an exception to a representation or warranty shall not be deemed an admission by CBI that such item represents a material exception or fact, event or circumstance or that such item is reasonably likely to result in a Material Adverse Change, and (c) any disclosures made with respect to a section of this Article III shall be deemed to qualify (1) any other section of this Article III specifically referenced or cross-referenced and (2) other sections of this Article III to the extent it is reasonably apparent on its face (notwithstanding the absence of a specific cross reference) from a reading of the disclosure that such disclosure applies to such other sections, CBI hereby represents and warrants to FFIN as follows:

Section 3.01 Organization and Qualification.

(a) CBI is a corporation, duly organized, validly existing and in good standing under the Laws of the State of Texas and is a bank holding company registered under the BHCA. CBI has the corporate power and authority (including all licenses, franchises, permits and other governmental authorizations as are legally required) to carry on its business as now being conducted, to own, lease and operate its properties and assets as now owned, leased or operated and to enter into and carry out its obligations under this Agreement. True and complete copies of the certificate of formation and bylaws of CBI, as amended to date, have been made available to FFIN. Except as set forth in Confidential Schedule 3.01(a), CBI does not own or control any Affiliate or Subsidiary, other than the Bank. The nature of the business of CBI and its activities do not require it to be qualified to do business in any jurisdiction other than the State of Texas. Except as set forth in Confidential Schedule 3.01(a), CBI has no equity interest, direct or indirect, in any other bank or corporation or in any partnership, joint venture or other business enterprise or entity, other than the Bank or as acquired through settlement of indebtedness, foreclosure, the exercise of creditors' remedies or in a fiduciary capacity, and the business carried on by CBI has not been conducted through any other direct or indirect Subsidiary or Affiliate of CBI other than the Bank.

(b) The Bank is a Texas state bank, duly organized and validly existing under the Laws of the State of Texas and in good standing under the Laws of the State of Texas. The Bank has the corporate power and authority (including all licenses, franchises, permits and other governmental authorizations as are legally required) to carry on its business as now being conducted, to own, lease and operate its properties and assets as now owned, leased or operated and to enter into and to carry on the business and activities now conducted by it. True and complete copies of the articles of association and bylaws of the Bank, as amended to date, have been made available to FFIN. The Bank is an insured depository institution as defined in the FDIA and is a member of the Federal Reserve System (the Federal Reserve). Except as set forth in Confidential Schedule 3.01(b), the Bank does not own or control any Affiliate or Subsidiary. The nature of the business of the Bank does not require it to be qualified to do business in any jurisdiction other than the State of Texas. Except as set forth in Confidential Schedule 3.01(b), the Bank has no equity interest, direct or indirect, in any other bank or corporation or in any partnership, joint venture or other business enterprise or entity, except as acquired through settlement of indebtedness, foreclosure, the exercise of creditors' remedies or in a fiduciary capacity, and the business carried on by the Bank has not been conducted through any other direct or indirect Subsidiary or Affiliate of the Bank.

Section 3.02 Authority, Execution and Delivery. CBI has the full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated herein. The execution and delivery

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of this Agreement and the consummation of the Merger have been duly and validly approved by the CBI Board. The CBI Board has determined that the Merger, on the terms and conditions set forth in this Agreement, is in the best interests of CBI and its shareholders, has directed that this Agreement and the transactions contemplated hereby be submitted to CBI's shareholders for adoption at a meeting of such shareholders with a recommendation from the CBI Board in favor of adoption and has adopted a resolution to the foregoing effect. CBI has taken all action necessary to authorize the execution, delivery and (provided the required regulatory and shareholder approvals are obtained) performance of this Agreement and the other agreements and documents contemplated hereby to which it is a party. This Agreement has been, and the other agreements and documents contemplated hereby, have been or at Closing will be, duly executed by CBI, and each constitutes the legal, valid and binding obligation of CBI, enforceable in accordance with its respective terms and conditions, except as enforceability may be limited by the Bankruptcy Exception.

Section 3.03 Capitalization.

(a) The entire authorized capital stock of CBI consists solely of 10,000,000 shares of CBI Stock, of which 3,391,055 shares are issued and outstanding and 22,900 shares are held as treasury stock. Except as set forth on Confidential Schedule 3.03, there are no (i) outstanding equity securities of any kind or character or (ii) outstanding subscriptions, options, convertible securities, rights, warrants, calls or other agreements or commitments of any kind issued or granted by, or binding upon, CBI to purchase or otherwise acquire any security of or equity interest in CBI, obligating CBI to issue any shares of, restricting the transfer of or otherwise relating to shares of its capital stock of any class. All of the issued and outstanding shares of CBI Stock have been duly authorized, validly issued and are fully paid and nonassessable, and have not been issued in violation of the preemptive rights of any Person. Such shares of CBI Stock have been issued in compliance with the securities Laws of the United States and the states in which such shares of CBI Stock were issued. There are no restrictions applicable to the payment of dividends on the shares of CBI Stock except pursuant to applicable Laws, and all dividends declared before the date of this Agreement have been paid.

(b) The entire authorized capital stock of the Bank consists solely of 60,000 shares of common stock, par value \$20.00 per share, of the Bank (Bank Stock) of which 60,000 shares are issued and outstanding and no shares are held as treasury stock. There are no (i) outstanding equity securities of any kind or character or (ii) outstanding subscriptions, options, convertible securities, rights, warrants, calls or other agreements or commitments of any kind issued or granted by, or binding upon, the Bank to purchase or otherwise acquire any security of or equity interest in the Bank, obligating the Bank to issue any shares of, restricting the transfer of or otherwise relating to shares of its capital stock of any class. All of the issued and outstanding shares of Bank Stock have been duly authorized, validly issued and are fully paid and nonassessable, and have not been issued in violation of the preemptive rights of any Person. Such shares of Bank Stock have been issued in compliance with the securities Laws of the United States and the State of Texas. There are no restrictions applicable to the payment of dividends on the shares of Bank Stock except pursuant to applicable Laws, and all dividends declared before the date of this Agreement have been paid.

(c) CBI owns, directly or indirectly, all the issued and outstanding shares of capital stock or other equity ownership interests of each of its Subsidiaries, free and clear of any Liens whatsoever, and all such shares or equity ownership interests are duly authorized and validly issued and are fully paid, nonassessable (except, with respect to any Subsidiary of CBI that is an insured depository institutions, as provided under 12 U.S.C. § 55 or any comparable provision of applicable state Law) and free of preemptive rights, with no personal liability attaching to the ownership thereof. No Subsidiary of CBI has or is bound by any outstanding subscriptions, options, warrants, calls, rights, commitments or agreements of any character calling for the purchase or issuance of any shares of capital stock or any other equity security of such Subsidiary or any securities representing the right to purchase or otherwise receive any shares of capital stock or any other equity security of such Subsidiary.

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Section 3.04 Compliance with Laws, Permits and Instruments.

(a) Except as set forth on Confidential Schedule 3.04(a), CBI and each of its Subsidiaries have in all material respects performed and abided by all obligations required to be performed by it to the date hereof, and have complied with, and is in compliance with, and is not in default (and with the giving of notice or the passage of time will not be in default) under, or in violation of, (i) any provision of the certificate of formation of CBI or any of its Subsidiaries, the bylaws or other governing documents of CBI or any of its Subsidiaries, as applicable (collectively, the CBI Constituent Documents), (ii) any material provision of any mortgage, indenture, lease, contract, agreement or other instrument applicable to CBI, the Bank or their respective assets, operations, properties or businesses, or (iii) any Law or Order of any Governmental Entity applicable to CBI or any of its Subsidiaries or their respective assets, operations, properties or businesses.

(b) Except as set forth on Confidential Schedule 3.04(b), the execution, delivery and performance (provided the required regulatory and shareholder approvals are obtained) of this Agreement and the other agreements contemplated hereby, and the completion of the transactions contemplated hereby and thereby will not conflict with, or result, by itself or with the giving of notice or the passage of time, in any violation of or default or loss of a benefit under, (i) the CBI Constituent Documents, (ii) any material mortgage, indenture, lease, contract, agreement or other instrument applicable to CBI or any of its Subsidiaries or their respective assets, operations, properties or businesses or (iii) any Law or Order of any Governmental Entity applicable to CBI or any of its Subsidiaries or their respective assets, operations, properties or businesses.

Section 3.05 Financial Statements.

(a) CBI has furnished to FFIN true and complete copies of (i) the audited consolidated balance sheets of CBI as of December 31, 2014, 2015 and 2016, the audited consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows of CBI for the years ended December 31, 2014, 2015 and 2016, and the unaudited consolidated balance sheet of CBI as of June 30, 2017, the unaudited consolidated statements of income and changes in shareholders' equity of CBI for the six-month period ended June 30, 2017, and (ii) the audited balance sheets of the Bank as of December 31, 2014, 2015 and 2016, the audited statements of income, comprehensive income, changes in shareholders' equity and cash flows of the Bank for the years ended December 31, 2014, 2015 and 2016, and the unaudited balance sheet of the Bank as of June 30, 2017, and the unaudited statements of income and changes in shareholders' equity of the Bank for the six-month period ended June 30, 2017 (collectively, such financial statements listed in clause (i) and (ii) the CBI Financial Statements). The CBI Financial Statements (including the related notes) complied as to form, as of their respective dates, in all material respects with applicable accounting requirements, have been prepared according to generally accepted accounting principles of the United States (GAAP) applied on a consistent basis during the periods and at the dates involved (except as may be indicated in the notes thereto), fairly present, in all material respects, the consolidated financial condition of CBI and the Bank at the dates thereof and the consolidated results of operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to notes and normal year-end adjustments that were not material in amount or effect), and the accounting records underlying the CBI Financial Statements accurately and fairly reflect in all material respects the transactions of CBI. Except as set forth on Confidential Schedule 3.05(a), the CBI Financial Statements do not contain any items of extraordinary or nonrecurring income or any other income not earned in the ordinary course of business except as expressly specified therein.

(b) CBI has furnished FFIN with true and complete copies of the Reports of Condition and Income as of December 31, 2014, 2015 and 2016 and June 30, 2017 (the Bank Call Reports), for the Bank. The Bank Call Reports fairly present, in all material respects, the financial position of the Bank and the results of its operations at the date and for the period indicated in that Bank Call Report in conformity with the instructions to the Bank Call Report. The

Bank Call Reports do not contain any items of special or nonrecurring income or any other income not earned in the ordinary course of business except as expressly specified therein. The Bank has calculated its allowance for loan losses in accordance with GAAP and regulatory accounting principles (RAP) as applied to banking institutions and in accordance with all

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applicable rules and regulations. The allowance for loan losses account for the Bank is, and as of the Closing Date will be, adequate in all material respects to provide for all losses, net of recoveries relating to loans previously charged off, on all outstanding loans of the Bank.

Section 3.06 Undisclosed Liabilities. Except as set forth on Confidential Schedule 3.06, neither CBI nor any of its Subsidiaries have liability or obligation, accrued, absolute, contingent or otherwise and whether due or to become due (including, without limitation, unfunded obligations under any employee benefit plan maintained by CBI or any of its Subsidiaries or liabilities for federal, state or local taxes or assessments), that are not reflected in or disclosed in the appropriate CBI Financial Statements or Bank Call Reports, except (a) those liabilities and expenses incurred in the ordinary course of business and consistent with prudent business practices since the applicable dates of the CBI Financial Statements or the Bank Call Reports, respectively, or (b) that are not, individually or in the aggregate, material to CBI and its Subsidiaries.

Section 3.07 Litigation.

(a) Except as set forth on Confidential Schedule 3.07, neither CBI nor any of its Subsidiaries is a party to any, and there are no pending or, to the Knowledge of CBI, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental or regulatory investigations of any nature against CBI or any of its Subsidiaries, nor to the Knowledge of CBI, is there any basis for any proceeding, claim or any action against CBI or any of its Subsidiaries. Except as set forth in Confidential Schedule 3.07, the amounts in controversy in each matter described on Confidential Schedule 3.07, and the costs and expenses of defense thereof (including attorneys' fees) are fully covered by insurance, subject to the deductible set forth on Confidential Schedule 3.07 with respect to each matter and subject to the policy limits set forth on Confidential Schedule 3.07. There is no Order imposed upon CBI or any of its Subsidiaries or the assets or Property of CBI or any of its Subsidiaries that has resulted in, or is reasonably likely to result in, a Material Adverse Change as to CBI or any of its Subsidiaries.

(b) No legal action, suit or proceeding or judicial, administrative or governmental investigation is pending or, to the Knowledge of CBI, threatened against CBI or any of its Subsidiaries that questions or might question the validity of this Agreement or the agreements contemplated hereby or any actions taken or to be taken by CBI or any of its Subsidiaries pursuant hereto or thereto or seeks to enjoin or otherwise restrain the transactions contemplated hereby or thereby.

Section 3.08 Consents and Approvals. Except for (a) the filing of applications, filings and notices, as applicable, with the Federal Reserve under the BHCA and approval of such applications, filings and notices, (b) the filings of applications, filings and notices, as applicable, with the Federal Reserve, and approval of such applications, filings and notices, (c) the filing of applications, filings and notices, as applicable, with the TDB and OCC in connection with the Bank Merger, and approval of such applications, filings and notices, (d) the filing with the Securities and Exchange Commission (SEC) of (i) any filings under applicable requirements of the Exchange Act, including the filing of the Proxy Statement/Prospectus and (ii) the Form S-4 and declaration of effectiveness of the Form S-4, (e) the filing of the certificates of merger with the Texas Secretary of State pursuant to the requirements of the TBOC, and (f) such filings and approvals as are required to be made or obtained under the securities or Blue Sky Laws of various states in connection with the issuance of shares of FFIN Stock pursuant to this Agreement and the approval of the listing of such FFIN Stock on the NASDAQ, no consents, Orders or approvals of or filings or registrations with any Governmental Entity are necessary in connection with (A) the execution and delivery by CBI of this Agreement or (B) the consummation by CBI of the transactions contemplated by this Agreement. As of the date of this Agreement, CBI knows of no reason why all regulatory approvals from any Governmental Entity or Regulatory Agency required for the consummation of the transactions contemplated hereby should not be obtained on a timely basis and CBI has no Knowledge of any fact or circumstance that would materially delay receipt of any such required regulatory

approval.

Section 3.09 Title to Assets. *Confidential Schedule 3.09* sets forth a list of all existing deeds, leases and title insurance policies for all real property owned or leased by CBI or the Bank, including all other real estate, and all

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mortgages, deeds of trust, security agreements and other documents describing encumbrances to which such real property is subject, true and complete copies of which have been made available to FFIN. Each of CBI and the Bank has good and marketable title to all of its assets and Properties, including all personal and intangible properties as reflected in the CBI Financial Statements or the Bank Call Reports or acquired subsequent thereto, subject to no liens, mortgages, security interests, encumbrances or charges of any kind except (a) as described in Confidential Schedule 3.09, (b) as noted in the CBI Financial Statements or the Bank Call Reports, (c) statutory liens not yet delinquent, (d) consensual landlord liens, (e) encumbrances that do not materially impair the use thereof for the purpose for which they are held, (f) pledges of assets in the ordinary course of business to secure public funds deposits, and (g) those assets and properties disposed of for fair value in the ordinary course of business since the applicable dates of the CBI Financial Statements or the Bank Call Reports. At the time of Closing, each Property shall have full, free and uninterrupted access to and from all streets and rights of way adjacent to any Property, and CBI has no Knowledge of any fact or condition which would result in the termination or impairment of such access.

Section 3.10 Absence of Certain Changes or Events. Except as set forth on Confidential Schedule 3.10, since June 30, 2017, each of CBI and each of its Subsidiaries has conducted its business only in the ordinary course and has not:

(a) incurred any obligation or liability, absolute, accrued, contingent or otherwise, whether due or to become due, except deposits taken and federal funds purchased and current liabilities for trade or business obligations, other than in the ordinary course of business and consistent with past practices and safe and sound banking practices;

(b) discharged or satisfied any Lien or paid any obligation or liability, whether absolute or contingent, due or to become due, other than in the ordinary course of business and consistent with past practices and safe and sound banking practices;

(c) increased the shares of CBI Stock or Bank Stock outstanding (other than as the result of the exercise of any stock option award (a CBI Option) that is outstanding as of the date of this Agreement under the Commercial Bancshares, Inc. 2011 Stock Option Plan and Commercial Bancshares, Inc. 2015 Stock Option Plan (collectively, the CBI Stock Plans)) or its surplus (as calculated in accordance with the Call Report Instructions), or declared or made any payment of dividends or other distribution to its shareholders, or purchased, retired or redeemed, or obligated itself to purchase, retire or redeem, any of its shares of capital stock or other securities;

(d) issued, reserved for issuance, granted, sold or authorized the issuance of any shares of its capital stock or other securities or subscriptions, options, warrants, calls, rights or commitments of any kind relating to the issuance thereto;

(e) acquired any capital stock or other equity securities or acquired any ownership interest in any bank, corporation, partnership or other entity (except (i) through settlement of indebtedness, foreclosure, or the exercise of creditors remedies or (ii) in a fiduciary capacity, the ownership of which does not expose it to any liability from the business, operations or liabilities of such Person);

(f) mortgaged, pledged or subjected to Lien any of its material property, business or assets, tangible or intangible, except (i) Permitted Encumbrances, (ii) pledges of assets to secure public fund deposits, and (iii) those assets and properties disposed of for fair value since the applicable dates of the CBI Financial Statements or the Call Reports;

(g) sold, transferred, leased to others or otherwise disposed of any of its assets (except for assets disposed of for fair value) or canceled or compromised any debt or claim, or waived or released any right or claim, other than in the ordinary course of business and consistent with past business practices and prudent banking practices;

(h) terminated, canceled or surrendered, or received any notice of or threat of termination or cancellation of any contract, lease or other agreement or suffered any damage, destruction or loss which, individually or in the aggregate, may reasonably constitute a Material Adverse Change;

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(i) disposed of, permitted to lapse, transferred or granted any rights under, or entered into any settlement regarding the breach or infringement of, any license or Proprietary Right or modified any existing rights with respect thereto;

(j) other than annual increases in compensation consistent with past practices, made any change in the rate of compensation, commission, bonus, vesting or other direct or indirect remuneration payable, or paid or agreed or orally promised to pay any bonus, extra compensation, pension or severance or vacation pay, to or for the benefit of any of its shareholders, directors, officers, employees or agents, or entered into any employment or consulting contract or other agreement with any director, officer or employee or adopted, amended in any material respect or terminated any pension, employee welfare, retirement, stock purchase, stock option, stock appreciation rights, termination, severance, income protection, golden parachute, savings or profit-sharing plan (including trust agreements and insurance contracts embodying such plans), any deferred compensation, or collective bargaining agreement, any group insurance contract or any other incentive, welfare or employee benefit plan or agreement maintained by it for the benefit of its directors, employees or former employees, except to the extent required by applicable Law;

(k) except for improvements or betterments relating to Properties, made any capital expenditures or capital additions or betterments in excess of an aggregate of \$50,000;

(l) instituted, had instituted against it, settled or agreed to settle any litigation, action or proceeding prior to any court or Governmental Entity relating to its property;

(m) suffered any change, event or condition that, in any case or in the aggregate, has caused or may result in a Material Adverse Change;

(n) except for the transactions contemplated by this Agreement or as otherwise permitted hereunder, entered into any transaction, or entered into, modified or amended any contract or commitment, other than in the ordinary course of business and consistent with past business practices and prudent banking practices;

(o) entered into or given any promise, assurance or guarantee of the payment, discharge or fulfillment of any undertaking or promise made by any Person, other than in the ordinary course of business and consistent with past business practices and prudent banking practices;

(p) sold, or disposed of, or otherwise divested itself of the ownership, possession, custody or control, of any corporate books or records of any nature that, in accordance with sound business practice, normally are retained for a period of time after their use, creation or receipt, except at the end of the normal retention period;

(q) made any, or acquiesced with any, change in any accounting methods, principles or practices except as required by GAAP or RAP;

(r) sold (*provided, however*, that payment at maturity is not deemed a sale) or purchased any investment securities in an aggregate amount of \$100,000 or more;

(s) made, renewed, extended the maturity of, or altered any of the material terms of any loan to any single borrower and his related interests in excess of the principal amount of \$500,000;

(t) renewed, extended the maturity of, or altered any of the terms of any loan classified by CBI as special mention, substandard, or impaired or other words of similar import; or

(u) entered into any agreement or made any commitment whether in writing or otherwise to take any of the types of action described in subsections (a) through (t) above.

Section 3.11 Leases, Contracts and Agreements.

(a) Confidential Schedule 3.11(a) sets forth a complete listing, as of October 12, 2017, of all contracts to which CBI or any of its Subsidiaries is a party (collectively, the Listed Contracts) that:

(i) relate to real property used by CBI or any of its Subsidiaries in its operations (such contracts being referred to herein as the Leases);

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(ii) relate in any way to the assets or operations of CBI or any of its Subsidiaries and involves payments to or by CBI or any of its Subsidiaries of \$50,000 or more during the term thereof;

(iii) contain any right of first refusal or option to purchase in favor of a third party;

(iv) limits the ability of CBI or any of its Subsidiaries to compete in any line of business or with any Person or in any geographic area or that upon consummation of the Merger will restrict the ability of FFIN or any of its Affiliates to engage in any line of business in which a bank holding company may lawfully engage;

(v) obligates CBI or its Subsidiaries (or, following the consummation of the transactions contemplated hereby, FFIN and its Subsidiaries) to conduct business with any third party on an exclusive or preferential basis, or that grants any Person other than CBI or any of its Subsidiaries most favored nation status or similar rights;

(vi) relates to the formation, creation or operation, management or control of any partnership, limited liability company, joint venture or other similar arrangement with any third parties;

(vii) relates to indebtedness of CBI or any of its Subsidiaries;

(viii) provides for potential indemnification payments by CBI or any of its Subsidiaries or the potential obligation of CBI or any of its Subsidiaries to repurchase loans;

(ix) is material to CBI's and its Subsidiaries' balance sheets or their financial conditions or results of operations;

(x) provides any rights to investors in CBI, including registration, preemptive or antidilution rights or rights to designate members of or observers to CBI's or any of its Subsidiaries' board of directors;

(xi) is a data processing/technology contract, software programming or licensing contract;

(xii) requires a consent to, waiver of or otherwise contains a provision relating to a change of control, or that would or would reasonably be expected to prevent, delay or impair the consummation of the transactions contemplated by this Agreement;

(xiii) limits the payment of dividends by the Bank or any other Subsidiary of CBI; or

(xiv) was otherwise not entered into in the ordinary course of business or that is material to CBI or any of its Subsidiaries or its financial condition or results of operations.

(b) For the purposes of this Agreement, the term Listed Contracts does not include (i) loans made by, (ii) unfunded loan commitments made by, (iii) letters of credit issued by, (iv) loan participations of, (v) Federal funds sold or purchased by, (vi) repurchase agreements made by, (vii) bankers acceptances of, or (viii) deposit liabilities of, CBI or the Bank.

(c) No participations or loans have been sold that have buy back, recourse or guaranty provisions that create contingent or direct liability to CBI or any of its Subsidiaries. All of the Listed Contracts are legal, valid and binding obligations of the parties to the contracts enforceable according to their terms, subject to the Bankruptcy Exception.

(d) True and correct copies of all such Listed Contracts, and all amendments thereto, have been furnished to FFIN.

(e) Except as set forth on Confidential Schedule 3.11(e), all rent and other payments by CBI and each of its Subsidiaries under the Listed Contracts are current, there are no existing defaults by CBI or any of its Subsidiaries under the Listed Contracts and no termination, condition or other event has occurred that (whether with or without notice, lapse of time or the happening or occurrence of any other event) would constitute a default by CBI or any of its Subsidiaries thereunder.

(f) Except as set forth on Confidential Schedule 3.11(f), since June 30, 2017, neither CBI nor any of its Subsidiaries has entered into any contracts of the type described under Sections 3.11(a)(i) (xiv).

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Section 3.12 Taxes.

(a) CBI and each of its Subsidiaries have duly and timely filed all Tax Returns that they were required to file under applicable Laws with the appropriate Governmental Entity. All such Tax Returns were correct and complete in all respects and have been prepared in compliance with all applicable Laws and all Taxes due and owing by CBI and each of its Subsidiaries (whether or not shown on any Tax Return) have been timely and properly paid. Neither CBI nor any of its Subsidiaries is currently the beneficiary of any extension of time within which to file any Tax Return. No claim has been made by an authority in a jurisdiction where CBI or any of its Subsidiaries does not file Tax Returns that it is subject to taxation by that jurisdiction. Other than Permitted Encumbrances, there are no Liens for Taxes upon any of the assets of CBI or any of its Subsidiaries.

(b) CBI and each of its Subsidiaries have collected or withheld and duly paid to the appropriate Governmental Entity all Taxes required to have been collected or withheld in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder or other third party.

(c) There is no action, suit, proceeding, audit, assessment, dispute or claim concerning any Tax liability of CBI or any of its Subsidiaries either (i) claimed or raised by any Governmental Entity in writing or (ii) as to which CBI or any of its Subsidiaries has Knowledge based upon personal contact with any agent of such authority. To the Knowledge of CBI, no taxing authority has threatened to assess additional Taxes for any period for which Tax Returns have been filed.

(d) True and complete copies of the federal, state and local income Tax Returns of CBI and each of its Subsidiaries, as filed with the taxing authority for the years ended December 31, 2014, 2015, and 2016 have been furnished to FFIN. Neither CBI nor any of its Subsidiaries have waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, which w