FIRST FINANCIAL BANKSHARES

J. Bruce Hildebrand
Executive Vice President
and Chief Financial Officer

February 25, 2019

Mr. Russell G. Golden
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Dear Mr. Golden

Thank you for allowing me to express our views related to Accounting Standards Update 2016-13, "Financial Instruments – Credit Losses," also known as the "Current Expected Credit Loss" accounting standard or "CECL".

First Financial Bankshares, Inc. (FFIN) is a $7.7 billion asset bank holding company with 73 locations throughout Texas, primarily surrounding the larger cities but not in the larger cities. We are truly a community bank with commercial, real estate and consumer loans and commercial and retail deposit base. We are publicly traded on NASDAQ with a $4.2 billion market cap at February 15, 2019. Our focus is on small to mid-market customers. Our competition is generally not the large money-center banks, but rather the regional and local smaller financial institutions.

As you are well aware, the allowance for loan and lease losses (ALLL) is very subjective and by nature of the account is an estimate. CECL is extremely complex and attempts to bring in a level of precision that truly does not exist in the ALLL. We are continuing to evaluate the assumptions and forecasts of economic conditions needed in the modeling for CECL and note that minor adjustments/tweaking of the assumptions results in materially different ALLL amounts.

FIG Partners Inc. performed the attached CECL Survey that clearly states that 85% of investors, the primary users of financial statements/earnings releases and other financial information, do not view CECL as important or necessary. Further, the survey addresses M&A transactions and concluded that 73% of investors believe GAAP distorts net interest margin and ALLL.

We are working diligently to implement CECL and are generally on schedule for implementation effective January 1, 2020. We have engaged Sageworks as our third-party vendor. We are audited by Ernst & Young LLP and our primary banking regulator is the Office of Comptroller of the Currency. We have spent well over $250,000 of third party costs and have had hundreds of hours of time performed by 6 to 7 of our leading financial and credit officers that has pulled them away from more productive and important matters of our bank. We do not believe that most community banks like us have the resources or manpower to appropriately address the provisions of CECL.

The current GAAP methodology for ALLL works today and we do not believe it is in need of change and certainly not of the magnitude of CECL. The auditors and regulators simply need to ensure compliance with the today's GAAP. If it is believed that generally there is inadequate ALLL, we would suggest increasing regulatory capital requirements, not changing the accounting for ALLL.

In conclusion, we strongly urge the FASB to delay implementation of ASU 2016-13 to reconsider the requirements and whether such new ALLL accounting is truly necessary and whether the cost benefit justifies such change. We certainly believe that no change is the best option and the FASB should re-visit ASU 2016-13.

Again, thank you for allowing us to express our views related to CECL and ASU 2016-13. Please call me at 325-627-7167 if I can be of assistance or to clarify our comments in any way.

Sincerely,

J. Bruce Hildebrand
Executive Vice President
and Chief Financial Officer

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