

FIRST FINANCIAL BANKSHARES INC
Form 10-Q
May 03, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2012

Commission file number 0-7674

FIRST FINANCIAL BANKSHARES, INC.

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of

75-0944023
(I.R.S. Employer

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incorporation or organization) Identification No.)
400 Pine Street, Abilene, Texas **79601**
(Address of principal executive offices) (Zip Code)
(325) 627-7155
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting 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
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

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

Class	Outstanding at May 3, 2012
Common Stock, \$0.01 par value per share	31,477,868

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PART I

FINANCIAL INFORMATION

Item 1. Financial Statements.

The consolidated balance sheets of First Financial Bankshares, Inc. (the Company) at March 31, 2012 and 2011 and December 31, 2011, the consolidated statements of earnings, comprehensive earnings, changes in shareholders' equity and cash flows for the three months ended March 31, 2012 and 2011, follow on pages 4 through 8.

Table of Contents**FIRST FINANCIAL BANKSHARES, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands, except per share amounts)

	March 31, 2012 (Unaudited)	March 31, 2011	December 31, 2011
<u>ASSETS</u>			
CASH AND DUE FROM BANKS	\$ 131,163	\$ 105,969	\$ 146,239
FEDERAL FUNDS SOLD	11,200	4,945	
INTEREST-BEARING DEPOSITS IN BANKS	84,169	115,134	104,597
Total cash and cash equivalents	226,532	226,048	250,836
INTEREST-BEARING TIME DEPOSITS IN BANKS	62,018	87,884	61,175
SECURITIES AVAILABLE-FOR-SALE, at fair value	1,960,760	1,656,109	1,841,389
SECURITIES HELD-TO-MATURITY (fair value of \$2,612, \$6,809 and \$3,655 at March 31, 2012 and 2011 and December 31, 2011, respectively)	2,581	6,683	3,609
LOANS			
Held for investment	1,793,172	1,678,385	1,775,915
Less allowance for loan losses	(34,529)	(32,501)	(34,315)
Net loans held for investment	1,758,643	1,645,884	1,741,600
Held for sale	5,695	3,427	10,629
Net loans	1,764,338	1,649,311	1,752,229
BANK PREMISES AND EQUIPMENT, net	79,308	70,301	76,483
INTANGIBLE ASSETS	72,078	72,412	72,122
OTHER ASSETS	59,635	59,455	62,688
Total assets	\$ 4,227,250	\$ 3,828,203	\$ 4,120,531

LIABILITIES AND SHAREHOLDERS EQUITY

NONINTEREST-BEARING DEPOSITS	\$ 1,125,577	\$ 969,416	\$ 1,101,576
INTEREST-BEARING DEPOSITS	2,272,495	2,162,475	2,233,222
Total deposits	3,398,072	3,131,891	3,334,798
DIVIDENDS PAYABLE	7,553	7,125	7,550
SHORT-TERM BORROWINGS	237,567	192,171	207,756
OTHER LIABILITIES	67,053	40,801	61,890
Total liabilities	3,710,245	3,371,988	3,611,994

COMMITMENTS AND CONTINGENCIES**SHAREHOLDERS EQUITY**

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Common stock \$0.01 par value, authorized 40,000,000 shares; 31,477,483, 31,436,257, and 31,459,635 shares issued at March 31, 2012 and 2011 and December 31, 2011, respectively	315	314	314
Capital surplus	276,623	275,256	276,127
Retained earnings	195,074	155,462	184,871
Treasury stock (shares at cost: 261,454, 251,412, and 258,235 at March 31, 2012 and 2011 and December 31, 2011, respectively)	(4,712)	(4,314)	(4,597)
Deferred compensation	4,712	4,314	4,597
Accumulated other comprehensive earnings	44,993	25,183	47,225
Total shareholders equity	517,005	456,215	508,537
Total liabilities and shareholders equity	\$ 4,227,250	\$ 3,828,203	\$ 4,120,531

See notes to consolidated financial statements.

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

(Dollars in thousands, except per share amounts)

	Three Months Ended March 31,	
	2012	2011
INTEREST INCOME:		
Interest and fees on loans	\$ 24,640	\$ 24,287
Interest on investment securities:		
Taxable	8,804	9,592
Exempt from federal income tax	6,141	5,481
Interest on federal funds sold and interest-bearing deposits in banks	212	367
Total interest income	39,797	39,727
INTEREST EXPENSE:		
Interest on deposits	1,482	2,349
Other	58	51
Total interest expense	1,540	2,400
Net interest income	38,257	37,327
PROVISION FOR LOAN LOSSES	1,296	2,127
Net interest income after provision for loan losses	36,961	35,200
NONINTEREST INCOME:		
Trust fees	3,454	3,044
Service charges on deposit accounts	3,882	4,373
ATM, interchange and credit card fees	3,676	3,077
Real estate mortgage operations	1,050	933
Net gain on sale of available-for-sale securities	346	219
Net gain (loss) on sale of foreclosed assets	6	(63)
Other	884	1,259
Total noninterest income	13,298	12,842
NONINTEREST EXPENSE:		
Salaries and employee benefits	14,229	14,235
Net occupancy expense	1,737	1,647
Equipment expense	2,108	1,871
FDIC insurance premiums	527	970
ATM, interchange and credit card expenses	1,249	1,148
Professional and service fees	737	972
Printing, stationery and supplies	505	428
Amortization of intangible assets	44	111
Other	5,332	4,779
Total noninterest expense	26,468	26,161

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EARNINGS BEFORE INCOME TAXES	23,791	21,881
INCOME TAX EXPENSE	6,035	5,586
NET EARNINGS	\$ 17,756	\$ 16,295
EARNINGS PER SHARE, BASIC	\$ 0.56	\$ 0.52
EARNINGS PER SHARE, ASSUMING DILUTION	\$ 0.56	\$ 0.52
DIVIDENDS PER SHARE	\$ 0.24	\$ 0.23

See notes to consolidated financial statements.

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

(Dollars in thousands)

	Three Months Ended March 31,	
	2012	2011
NET EARNINGS	\$ 17,756	\$ 16,295
OTHER ITEMS OF COMPREHENSIVE EARNINGS:		
Change in unrealized gain on investment securities available-for-sale, before income taxes	(3,088)	7,496
Reclassification adjustment for realized gains on investment securities included in net earnings, before income tax	(346)	(219)
Total other items of comprehensive earnings	(3,434)	7,277
Income tax benefit (expense) related to other items of comprehensive earnings	1,202	