

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

**FIRST CITIZENS BANCSHARES INC /DE/**

CIK: **798941** | IRS No.: **561528994** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **001-16715** | Film No.: **09545421**  
SIC: **6022** State commercial banks

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RALEIGH NC 27609

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RALEIGH NC 27609  
919 716 7000

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of  
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **January 26, 2009**

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**First Citizens BancShares, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation)

**0-16471**

(Commission File Number)

**56-1528994**

(IRS Employer Identification No.)

**4300 Six Forks Road; Raleigh, North Carolina**

(Address of principal executive offices)

**27609**

(Zip Code)

Registrant's telephone number, including area code: **(919) 716-7000**

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(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

## Item 7.01. Regulation FD Disclosure.

On January 26, 2009, Registrant announced its results of operations for the year ended December 31, 2008. A copy of Registrant's press release issued this date is attached as Exhibit 99 to this Report and is incorporated by reference into this Report.

## Item 9.01. Financial Statements and Exhibits.

(c) Exhibits. The following exhibit is being filed with this Report:

<u>Exhibit No.</u>	<u>Exhibit Description</u>
99	Copy of press release dated January 26, 2009

### Disclosures About Forward Looking Statements

The discussions included in this Report and its exhibits may contain forward looking statements within the meaning of the Private Securities Litigation Act of 1995, including Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. For the purposes of these discussions, any statements that are not statements of historical fact may be deemed to be forward looking statements. Such statements are often characterized by the use of qualifying words such as "expects," "anticipates," "believes," "estimates," "plans," "projects," or other statements concerning opinions or judgments of the Registrant and its management about future events. The accuracy of such forward looking statements could be affected by such factors as, including but not limited to, the financial success or changing conditions or strategies of the Registrant's customers or vendors, fluctuations in interest rates, actions of government regulators, the availability of capital and personnel or general economic conditions.

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### SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**First Citizens BancShares, Inc.**

(Registrant)

**/s/ KENNETH A. BLACK**

Kenneth A. Black

*Vice President*

**January 26, 2009**

(Date)

## First Citizens Reports Earnings for 2008

RALEIGH, N.C., Jan. 26, 2009 (GLOBE NEWSWIRE) -- First Citizens BancShares Inc. (Nasdaq:FCNCA) reports earnings for the year ending December 31, 2008, of \$91.1 million, compared to \$108.6 million earned during 2007, according to Lewis R. Holding, chairman of the board.

Lower net income during 2008 resulted from higher provision for credit losses and noninterest expense. Net income benefited from improved net interest income and noninterest income.

Per share income for 2008 totaled \$8.73, compared to \$10.41 for 2007. First Citizens' return on average assets equaled 0.56 percent for 2008, compared to 0.68 percent for 2007. The return on average equity was 6.13 percent during 2008, compared to 7.92 percent for 2007.

Net interest income during 2008 increased \$19.4 million, or 4.0 percent versus 2007. For 2008, the impact of a \$618.6 million increase in average interest-earning assets more than offset the unfavorable impact of lower interest rates. The taxable-equivalent net yield on interest-earning assets equaled 3.40 percent during 2008 compared to 3.41 percent during 2007.

The provision for credit losses increased \$32.2 million during 2008, the result of higher net charge-offs and deterioration in the residential construction loan portfolio. Net charge-offs for 2008 totaled \$45.3 million, compared to \$28.0 million recorded during 2007. The increased level of net charge-offs in 2008 resulted from higher losses among retail and residential construction loans. The ratio of net charge-offs to average loans and leases in 2008 equaled 0.40 percent, compared to 0.27 percent for the prior year. Nonperforming assets totaled \$71.7 million or 0.61 percent of loans plus other real estate owned as of December 31, 2008, compared to \$19.9 million and 0.18 percent as of December 31, 2007. The increase in nonperforming assets is primarily attributable to the residential construction loan portfolio.

Noninterest income increased \$16.6 million or 5.6 percent during 2008. Service charges on deposit accounts increased \$4.5 million or 5.8 percent in 2008 primarily due to higher commercial service charge income resulting from lower interest rates. Fees from processing services increased \$3.1 million or 9.4 percent as a result of continued expansion in the customer base. Wealth management services income fell \$1.1 million or 2.3 percent caused by a decline in the market values of assets under management. Securities gains totaled \$8.1 million during 2008 due to gains recognized on the redemption of Visa stock, compared to \$1.4 million during 2007.

Noninterest expense increased \$31.8 million or 5.5 percent during 2008. Salaries and wages increased \$15.4 million or 6.3 percent during 2008 as a result of additional costs from new branch locations and merit increases offset partially by reduced incentive-based compensation. Benefit costs were up \$6.2 million or 11.7 percent for the year due to higher health and executive retirement costs. Occupancy costs grew \$3.9 million or 6.9 percent due to new branches and expenses related to the new headquarters building.

Net income for the quarter ending December 31, 2008, equaled \$12.9 million, compared to \$26.2 million for the corresponding period of 2007. Results for the fourth quarter 2008 include a significant increase in the provision for credit losses and higher noninterest expense when compared to the same period of 2007. While net interest income improved during the fourth quarter of 2008, noninterest income declined.

Per share income for the fourth quarter 2008 totaled \$1.24, compared to \$2.51 for the same period a year ago. First Citizens' results generated an annualized return on average assets of 0.31 percent for the fourth quarter of 2008,

compared to 0.64 percent for the fourth quarter of 2007. The annualized return on average equity was 3.43 percent during the current quarter, compared to 7.31 percent for the same period of 2007.

Net interest income increased \$2.5 million or 2.1 percent during the fourth quarter of 2008 due to a \$638.1 million or 4.4 percent increase in average interest-earning assets when compared to the same period of 2007. However, falling interest rates had a greater impact on asset yields than on liabilities, causing the taxable-equivalent net yield on interest-earning assets to drop 8 basis points to 3.27 percent.

The provision for credit losses increased \$10.3 million during the fourth quarter of 2008, up 87.7 percent versus the same period of 2007, due primarily to deterioration in the residential construction loan portfolio. Net charge-offs equaled \$18.0 million during the fourth quarter of 2008, compared to \$8.4 million during the fourth quarter of 2007. Net charge-offs for 2008 increased due to higher losses among retail and residential construction loans. The annualized ratio of net charge-offs to average loans and leases equaled 0.61 percent during the fourth quarter of 2008, compared to 0.31 percent during the same period of 2007.

Noninterest income decreased \$4.4 million or 5.7 percent during the fourth quarter of 2008. The decline resulted from general economic weakness causing reductions in wealth management services, cardholder and merchant services income and service charge income. Noninterest expense increased \$9.5 million during the fourth quarter of 2008. This 6.5 percent increase resulted primarily from higher personnel, advertising and foreclosure-related expenses. Salary expense increased \$3.4 million or 5.5 percent, due to merit increases, new branch offices and severance costs, partially offset by lower incentive-based compensation. Employee benefits expense increased \$2.5 million due to higher employer health expense and current year costs related to an enhanced 401(k) plan.

As of December 31, 2008, First Citizens had total assets of \$16.7 billion. BancShares' banking subsidiaries, First Citizens Bank and IronStone Bank, provide a broad range of financial services to individuals, businesses, professionals and the medical community through a network of 400 branch offices, telephone banking, online banking and ATMs. For more information, visit First Citizens' Web site at [firstcitizens.com](http://firstcitizens.com).

This news release may contain forward-looking statements. A discussion of factors that could cause First Citizens' actual results to differ materially from those expressed in such forward-looking statements is included in First Citizens' filings with the SEC.

CONDENSED STATEMENTS OF INCOME

(thousands, except share data; unaudited)	Three Months Ended December 31		Year Ended December 31	
	2008	2007	2008	2007
Interest income	\$ 195,366	\$ 230,826	\$ 814,716	\$ 904,056
Interest expense	71,211	109,197	314,945	423,714
Net interest income	124,155	121,629	499,771	480,342
Provision for credit losses	22,142	11,795	65,805	33,594
Net interest income after				

provision for credit losses	102,013	109,834	433,966	446,748
Noninterest income	72,182	76,534	312,119	295,470
Noninterest expense	155,800	146,285	606,481	574,664
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Income before income taxes	18,395	40,083	139,604	167,554
Income taxes	5,502	13,920	48,546	58,937
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Net income	\$ 12,893	\$ 26,163	\$ 91,058	\$ 108,617
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Taxable-equivalent net interest income	\$ 125,779	\$ 123,666	\$ 506,516	\$ 488,019
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Net income per share	\$ 1.24	\$ 2.51	\$ 8.73	\$ 10.41
Cash dividends per share	0.275	0.275	1.10	1.10
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Profitability Information (annualized)				
Return on average assets	0.31%	0.64%	0.56%	0.68%
Return on average equity	3.43	7.31	6.13	7.92
Taxable-equivalent net yield on interest-earning assets	3.27	3.35	3.40	3.41
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CONDENSED BALANCE SHEETS

(thousands, except share data; unaudited)	December 31 2008	December 31 2007	Change
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Cash and due from banks	\$ 593,375	\$ 793,788	-25.25%
Investment securities	3,271,650	3,236,835	1.08%
Loans and leases	11,719,285	10,963,904	6.89%
Allowance for loan and lease losses	(157,569)	(136,974)	15.04%
Other assets	1,318,921	1,354,554	-2.63%
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Total assets	\$16,745,662	\$16,212,107	3.29%

Deposits	\$13,713,763	\$12,928,544	6.07%
Other liabilities	1,588,524	1,842,355	-13.78%
Shareholders' equity	1,443,375	1,441,208	0.15%
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Total liabilities and shareholders' equity	\$16,745,662	\$16,212,107	3.29%
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Book value per share	\$ 138.33	\$ 138.12	0.15%
Tangible book value per share	128.13	127.72	0.32%
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 SELECTED AVERAGE BALANCES  
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(thousands, except shares outstanding; unaudited)	Three Months Ended		Year Ended	
	December 31		December 31	
	2008	2007	2008	2007
Total assets	\$16,741,696	\$16,276,649	\$16,403,717	\$15,919,222
Investment securities	3,193,703	3,272,015	3,153,121	3,144,052
Loans and leases	11,665,522	10,831,571	11,306,900	10,513,599
Interest-earning assets	15,293,442	14,655,309	14,910,905	14,292,322
Deposits	13,544,762	12,876,549	13,108,246	12,659,236
Interest-bearing liabilities	12,471,757	12,216,067	12,312,499	11,883,421
Shareholders' equity	\$ 1,497,619	\$ 1,420,348	\$ 1,484,605	\$ 1,370,617
Shares outstanding	10,434,453	10,434,453	10,434,453	10,434,453

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 ASSET QUALITY  
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(dollars in thousands; unaudited)	December 31		Change
	2008	2007	
Nonaccrual loans and leases	\$ 39,361	\$ 13,021	202.29%
Other real estate	29,956	6,893	334.59%
Troubled debt restructuring	2,349	--	--

Total nonperforming assets	\$ 71,666	\$ 19,914	259.88%
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Accruing loans and leases 90 days or more past due	\$ 22,459	\$ 7,124	215.26%
Net charge-offs, year to date	45,331	27,971	62.06%
Nonperforming assets to gross loans and leases plus other real estate	0.61%	0.18%	
Allowance for credit losses to gross loans and leases	1.41	1.32	
Net charge-offs to average loans and leases	0.40	0.27	
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CAPITAL INFORMATION

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(dollars in thousands; unaudited)	December 31 2008	December 31 2007	Change
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Tier 1 capital	\$ 1,649,675	\$ 1,557,190	5.94%
Total capital	1,935,993	1,836,763	5.40%
Risk-weighted assets	12,499,545	11,961,124	4.50%
Tier 1 capital ratio	13.20%	13.02%	
Total capital ratio	15.49	15.36	
Leverage capital ratio	9.88	9.63	
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CONTACT: First Citizens BancShares  
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