



Fourth Quarter 2009 Financial Commentary - Unaudited

The following financial commentary is intended to provide an executive summary of First Citizens Bancorporation's ("Bancorporation" or "Bancorp") Consolidated Statements of Condition as of December 31, 2009 and December 31, 2008 and Consolidated Statements of Income for the quarters and years ended December 31, 2009 and 2008 (collectively, the "consolidated financial statements"). The financial commentary below and the consolidated financial statements which follow are unaudited.

Update to Third Quarter 2009 Financial Commentary related to Georgian Bank Transaction. On September 25, 2009, First Citizens Bank and Trust Company, Inc. (the "Bank") purchased substantially all the assets and assumed substantially all the liabilities of Georgian Bank from the Federal Deposit Insurance Corporation ("FDIC"), as receiver of Georgian Bank, which resulted in a pre-tax gain totaling \$107.90 million included as a component of noninterest income in the Consolidated Statements of Income. Subsequent to the third quarter 2009, the Bank increased the effective tax rate applied to this gain resulting in additional income tax expense of \$3.05 million. This adjustment is reflected in the Consolidated Statement of Income for the year ended December 31, 2009.

Statement of Condition. Total assets increased from \$7.02 billion as of December 31, 2008 to \$8.44 billion as of December 31, 2009. Loans and leases, net of deferred fees, as of December 31, 2009 were \$5.58 billion compared to \$5.03 billion as of December 31, 2008. The increase in loans was primarily due to the Georgian Bank transaction. Without this transaction, Bancorporation experienced a \$321.55 million decline in loans since December 31, 2008 due primarily to lower loan demand.

Total deposits as of December 31, 2009 were \$7.20 billion compared to \$5.80 billion as of December 31, 2008. At December 31, 2009, deposits acquired in the Georgian Bank transaction totaled \$1.10 billion. The remainder of the growth was internal.

Consolidated Operating Results and Asset Quality. The following tables represent Bancorporation’s condensed operating results for the current quarter and the comparable quarter in the prior year and asset quality trends for the current quarter, the prior quarter and the comparable quarter in the prior year. The following section labeled “Financial Commentary for the quarter and year ended December 31, 2009” provides an analysis of our financial results. See the “Consolidated Statements of Income” attached to this commentary for more detailed income statements.

Condensed Consolidated Statements of Income - Unaudited
(dollars in thousands)

	4Q'09	4Q'08
Net interest income	\$ 75,200	\$ 58,919
Provision for loan losses	38,439	17,369
Net interest income after provision for loan losses	36,761	41,550
Noninterest income	36,440	18,353
Noninterest expense	60,435	53,443
Income before income tax expense	12,766	6,460
Income tax expense	3,569	1,696
Net income	\$ 9,197	\$ 4,764

Asset Quality Ratios

(without loans and nonperforming assets subject to FDIC loss share):

	4Q'09	3Q'09	4Q'08
Net charge-off ratio-quarter to date*	2.00%	1.01%	0.87%
Net charge-off ratio-year to date	1.02%	0.70%	0.46%
Nonaccrual loans to total loans	2.07%	1.76%	0.89%
Nonperforming assets to total assets	1.89%	1.74%	0.93%
Allowance ratio	1.90%	1.74%	1.44%

* Annualized

Financial Commentary for the quarter and year ended December 31, 2009

Fourth Quarter Accounting for Loans and Other Real Estate Owned Covered by FDIC Loss Sharing Agreements

During the fourth quarter, Bancorporation's results of operations were impacted by accounting for certain of the former Georgian Bank's other real estate owned and loans acquired from the FDIC under loss sharing agreements ("LSAs"). The accounting guidance that controlled the approach to recording both the initial gain at acquisition and accounting for the covered loans and other real estate owned during the fourth quarter is AICPA Statement of Position 03-3 "Accounting for Certain Loans or Debt Securities Acquired in a Transfer" (now referred to as FASB ASC 310-30) and Statement of Financial Accounting Standards ("SFAS") No. 141(R) "Business Combinations" (now referred to as FASB ASC 805).

Considering the unique nature of LSAs, and the fact that most aspects of LSA transactions are not addressed explicitly in the existing accounting literature, there is not a consensus view on many of the relevant accounting issues involved in these transactions. The accounting policies included in the following sections include Bancorporation's view of the appropriate treatment for the various accounting issues within the context of the accounting guidance referred to in the previous paragraph. The accounting treatments for these issues are subject to change once definitive guidance emerges from regulators and authoritative accounting standards.

During the quarter and year ended December 31, 2009, Bancorporation's Consolidated Statements of Income were impacted by accounting for LSAs as follows:

Noninterest income	\$ 15.77 million
Interest income	\$ 8.59 million
Provision expense	\$ 8.39 million

See the following sections of this commentary for the components of these adjustments.

Receivable from FDIC for LSAs

Under LSAs with the FDIC, Bancorporation recorded a receivable from the FDIC equal to 80 percent of the estimated losses over a predetermined amount on the covered loans and other real estate owned of the former Georgian Bank. If estimated losses exceed a stated threshold specified by the FDIC, the amounts of losses in excess of the stated threshold are covered in an amount equal to 95 percent.

The gross amount of the receivable was derived at the acquisition date based upon the non-accretable difference on loans (see definition of “nonaccretable difference” in the following section) and the adjustment to record other real estate owned at net realizable value (see definition of “net realizable value” in the *Other Real Estate Owned Covered Under LSAs* section below). The receivable was recorded at the present value of the estimated cash flows at the date of the acquisition and will be reviewed and updated prospectively as loss estimates related to covered loans and other real estate owned acquired through foreclosure change. The receivable recorded in the Statement of Condition as of December 31, 2009 was \$288.21 million. The discount recorded on the receivable is accreted to noninterest income over the lives of the covered loans and other real estate owned. For the quarter and year ended December 31, 2009, \$822 thousand was accreted to noninterest income.

Loans Covered Under LSAs

Acquired loans are recorded at fair value at the date of acquisition. There is no carryover of pre-existing allowance for loan losses on acquired loans. Management made significant estimates and exercised significant judgment in recording acquired loans at the date of the acquisition.

The fair values of acquired loans are recorded in the Consolidated Statements of Condition net of a non-accretable difference (the difference between contractually required payments at acquisition and the cash flows expected to be collected) and an accretable yield. The accretable yield was derived at the acquisition date by discounting the cash flows expected to be collected to present value. For non-impaired loans, the accretable yield is recognized as interest income over the remaining lives of the loans. During the fourth quarter, \$2.85 million was accreted to interest income on non-impaired loans. For impaired loans (loans with evidence of credit deterioration), the accretable yield is recognized under the cost recovery method with any payments received first applied to reduce the carrying amount of the loan and any additional amounts received recognized as income.

Subsequent decreases to the expected cash flows result in provision for loan losses and an increase in the FDIC receivable for the estimated amount to be reimbursed, with a corresponding amount recorded as noninterest income. To the extent that the accretable yield is used to absorb a portion or all of the adjustment to net realizable value, the FDIC receivable is credited with a corresponding increase to noninterest income (the FDIC receivable was originally established only on the nonaccretable difference).

Subsequent increases in expected cash flows result in a reversal of provision for loan losses to the extent of prior charges, or a reclassification of the difference from nonaccretable difference to accretable yield. The FDIC receivable is also reduced to recognize the expected increase in cash flows. Given Bancorporation’s limited experience with the covered loans, no such adjustments were made on loans where expected cash flow increased (based on updated appraisals) during the fourth quarter.

During the fourth quarter, Bancorporation obtained updated appraisals on certain of the covered impaired loans. On some of the loans, the expected cash flows declined since the acquisition date. As a result, Bancorporation recognized \$835 thousand in provision expense for the decline in expected cash flows since the acquisition date, offset by \$669 thousand in noninterest income to recognize an increase in the FDIC receivable. Use of the accretable yield to absorb all or a portion of the adjustment to expected cash flows resulted in the recognition of \$1.28 million in noninterest income during the quarter, offset by an increase in the FDIC receivable.

Bancorporation executed short sales or incurred charge-offs on certain of the covered impaired loans during the fourth quarter. On some of the loans, Bancorporation recognized provision expense of \$1.87 million offset by noninterest income of \$1.49 million. Use of the accretable yield to absorb all or a portion of the adjustment to the proceeds received or the amount charged-off resulted in the recognition of \$739 thousand in noninterest income during the quarter, offset by an increase in the FDIC receivable. During the fourth quarter, \$812 thousand was recognized as interest income to reverse the remaining accretable yield upon the short sale or the incurred charge-off of certain covered loans.

Bancorporation recognized interest income of \$3.13 million and noninterest income of \$798 thousand related to loans that fully or partially paid off during the quarter. Most of this income related to loans that fully paid off during the quarter. Interest income was recognized to reverse the remaining accretable yield on the loans and noninterest income was recognized to reverse the remaining nonaccretable difference on the loans. Income was only recognized on loans that partially paid off to the extent that the payment would have resulted in a negative carrying value. To the extent that a nonaccretable difference was established at the acquisition date on these loans, the FDIC receivable was reduced by the appropriate amount.

Other Real Estate Owned Covered Under LSAs

Other real estate owned acquired at the acquisition date or through foreclosure subsequent to the acquisition date covered under LSAs is reported at net realizable value (current fair market value less estimated selling costs). Subsequent adjustments to the net realizable value result in a reduction of covered other real estate owned, and a charge to noninterest expense, and an increase in the FDIC receivable for the amount to be reimbursed, with a corresponding amount recorded as noninterest income.

For other real estate owned acquired through foreclosure after the acquisition date, Bancorporation obtained updated appraisals. Bancorporation recognizes the other real estate owned at the time of foreclosure at net realizable value. At the time of foreclosure and to the extent that the nonaccretable difference and the accretable yield are insufficient to record the other real estate owned at net realizable value, provision for loan losses is increased with a corresponding charge-off of the loan. To the extent that the accretable yield is used to absorb all or a portion of the adjustment to net realizable value, the FDIC receivable is credited with a corresponding increase to noninterest income.

During the fourth quarter, Bancorporation recognized \$5.69 million in provision expense to recognize the decline in expected cash flows since the acquisition date upon transfer of certain loans to other real estate owned, offset by \$4.55 million in noninterest income to recognize an increase in the FDIC receivable. Use of the accretable yield to absorb all or a portion of the adjustment to expected cash flows resulted in the recognition of \$5.42 million in noninterest income during the quarter, offset by an increase in the FDIC receivable.

Generally, any remaining accretable yield after adjusting to net realizable value is recognized as interest income at the time of transfer of the loan to other real estate owned. Any remaining nonaccretable difference is either maintained as a valuation allowance to absorb remaining holding and selling costs and/or additional short-falls in the selling price or is credited to gain on transfer to other real estate owned.

During the fourth quarter, \$1.80 million was recognized as interest income to reverse the remaining accretable yield upon transfer of certain covered loans to other real estate owned.

Net income and asset quality trends

Net income for the quarter ended December 31, 2009 was \$9.20 million, an increase of \$4.44 million from \$4.76 million during the comparable quarter in 2008. The most significant factors contributing to the increase was an \$18.09 million increase in non-interest income (\$15.77 million related to the FDIC loss sharing agreement discussed in the previous section) and a \$16.28 million increase in net interest income (\$8.59 million related to the FDIC loss sharing agreement discussed in the previous section). These increases were partially offset by \$21.07 million increase in provision expense (\$8.39 million related to the FDIC loss sharing agreement discussed in the previous section) and a \$6.99 million increase in noninterest expense of which \$4.35 million is primarily related to the ongoing operations of the former Georgian Bank.

For the comparable quarters, provision expense increased due to an increase in the net charge-off ratio and an increase in the allowance ratio. The net charge-off ratio increased from .87% to 2.00% (excluding loans subject to loss share) which represented an increase in net charge-off dollars from \$10.54 million to \$23.72 million. The allowance ratio increased from 1.44% to 1.90% (excluding loans subject to loss share). The most significant component of the increase in net charge-offs related to an increase in losses on commercial and consumer real estate loans located in the coastal areas of South Carolina.

Nonaccrual loans to total loans (excluding loans subject to loss share) increased from .89% at December 31, 2008 to 2.07% at December 31, 2009. The increase in nonaccrual loans was primarily driven by commercial and consumer real estate loans that have been adversely impacted by broad economic conditions, particularly among the coastal regions of South Carolina. Bancorporation analyzed its larger nonaccrual loans (excluding loans acquired in the Georgian Bank transaction) for specific reserves on a loan-by-loan basis based on management's evaluation of the exposure for each credit and has included the results in its allowance calculation.

For the year ended December 31, 2009, consolidated net income was \$101.02 million, up from \$44.65 million for the year ended December 31, 2008. The most significant factor contributing to the increase was the \$107.90 million (\$66.69 million net of taxes) gain recorded in the third quarter of 2009 related to the Georgian Bank transaction.

Net interest income

Net interest income increased by \$16.28 million over the fourth quarter of 2008. Excluding the \$8.59 million related to the FDIC loss sharing agreement discussed in the section above, net interest income increased by \$7.69 million, or by 13.06% over the fourth quarter of 2008. The increase was primarily due to average earning asset growth during the quarter.

During the quarter, the net interest margin increased from 3.78% to 3.99%. The increase is primarily due to the \$8.59 million related to the FDIC loss sharing agreement discussed in the section above. Excluding the \$8.59 million, the net interest margin declined from 3.78% to 3.54%. The decrease was primarily attributable to declines in the yield on loans and investment securities, partially offset by a decline in deposit costs. For the year ended December 31, the net interest margin declined by 8 basis points from 3.74% to 3.66%. The decrease was due to the same reasons as discussed for the quarterly decline above partially offset by the \$8.59 million.

Noninterest income

Noninterest income increased by \$18.09 million over the fourth quarter of 2008. This increase was primarily due to the \$15.77 million related to the FDIC loss sharing agreement discussed in the section above. Excluding the \$15.77 million, noninterest income increased by \$2.32 million, or by 12.61% over the fourth quarter of 2008. The most significant components of the change were a \$3.09 million dollar increase in mortgage income and a \$742 thousand increase in the gain on the sale of investment securities. The increase in mortgage income during the quarter primarily related to an impairment charge of \$2.09 million recorded on mortgage servicing rights in the fourth quarter of 2008 versus \$645 thousand in impairment recapture during the current quarter. These increases were offset by \$3.08 million in other-than-temporary impairment related to the write-down of certain equity securities.

Noninterest income for the year ended December 31, 2009 increased by \$130.84 million over the year ended December 31, 2008. The increase was primarily due to the \$107.90 million gain that resulted from the Georgian Bank transaction. Excluding the gain on the Georgian Bank transaction and the \$15.77 million related to the FDIC loss sharing agreement discussed in the section above, noninterest income increased by \$7.16 million in 2009 over 2008. The increase was primarily due to a \$5.96 million increase in mortgage income. After adjusting for the \$624 thousand impairment recapture in 2009 and \$2.09 million impairment charge in 2008, mortgage income increased by \$3.22 million. The increase in mortgage income was primarily related to increased mortgage refinancing activity as mortgage interest rates were at historically low levels in 2009.

Noninterest expense

Noninterest expense increased by \$6.99 million, or by 13.08% over the fourth quarter of 2008. The most significant components of the change were a \$4.92 million increase in salaries and employee benefits expense and a \$2.68 million increase in other noninterest expense. A majority of the increase in salaries and employee benefits was related to the Georgian Bank transaction. The increase in other noninterest expense was primarily related to a \$2.29 million increase in FDIC premiums. The increase in FDIC premiums is impacting the overall banking industry as the FDIC restores its Deposit Insurance Fund which has been depleted due to bank failures across the country.

Noninterest expense for the year ended December 31, 2009 increased by \$21.79 million over the year ended December 31, 2008. The increase was primarily due to a \$9.75 million increase in other noninterest expense and a \$9.14 million increase in salaries and employee benefits. Of the \$9.75 million increase in other noninterest expense, \$9.37 million related to an increase in FDIC premiums which included a \$3.23 million FDIC special assessment in the second quarter of 2009. Salaries and employee benefits primarily increased due to the Georgian Bank transaction and a full year's impact of Community Bankshares, Inc. which was acquired on November 1, 2008.

Dividend. The Board of Directors of Bancorporation declared a quarterly common stock dividend of \$ 0.35 per share for shareholders of record as of February 12, 2010, payable February 26, 2010.

First Citizens Bancorporation, Inc. is a two-bank financial holding company headquartered in Columbia, South Carolina, with \$8.44 billion in total consolidated assets as of December 31, 2009. Merchants and Farmers Bank of Comer, Georgia was merged into First Citizens Bank and Trust Company, Inc. on October 16, 2009.

Disclaimer Regarding “Forward-Looking Statements”

Statements in this financial commentary relating to our plans, strategies, financial performance and trends, projections of results of specific activities or investments, our expectations or beliefs about future events or results, and other statements that are not descriptions of historical facts, are "forward-looking statements" and are inherently subject to risks and uncertainties. Our actual results could differ materially from those we currently anticipate and describe in those statements due to a number of factors. Forward-looking statements may be identified by terms such as "may," "will," "should," "could," "expects," "plans," "intends," "anticipates," "believes," "estimates," "predicts," "forecasts," "potential" or "continue," or similar terms or the negative of these terms, or other statements concerning opinions or judgments of our management about future events. Factors that could influence the accuracy of forward-looking statements include, but are not limited to, pressures on our earnings, capital and liquidity resulting from current and future conditions in the credit and capital markets, the financial success or changing strategies of our customers, actions of government regulators, the level of market interest rates, and changes in general economic conditions and real estate values in our banking markets (particularly changes that affect our loan portfolio, the abilities of our borrowers to repay their loans, and the values of collateral for our loans). Although we believe the expectations reflected in the forward-looking statements are reasonable, they represent our management's judgments only as of the date they are made, and we cannot guarantee future results, levels of activity, performance or achievements. As a result, readers are cautioned not to place undue reliance on these forward-looking statements. All forward-looking statements attributable to us are expressly qualified in their entirety by the cautionary statements in this paragraph. We have no obligation, and do not intend, to update these forward-looking statements.

FIRST CITIZENS BANCORPORATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CONDITION - UNAUDITED

(Dollars in thousands)

	December 31, 2009	December 31, 2008
ASSETS		
Cash and due from banks	\$ 174,439	\$ 140,720
Interest bearing balances with other banks	537,420	20,090
Investment securities	1,298,353	1,151,365
Federal funds sold	-	189,953
Loans and leases not subject to FDIC loss share agreement	4,705,296	5,026,848
Less: Allowance for loan and lease losses	(89,187)	(72,381)
Net loans and leases not subject to FDIC loss share agreement	4,616,109	4,954,467
Loans subject to FDIC loss share agreement at fair value	871,917	-
Net loans and leases	5,488,026	4,954,467
Other real estate owned not subject to FDIC loss share agreement	17,314	9,425
Other real estate owned subject to FDIC loss share agreement at fair value	83,667	-
Premises and equipment, net	228,383	235,866
Interest receivable	26,318	29,095
Intangible assets	22,671	27,425
Goodwill	179,712	179,887
FDIC receivable for loss sharing agreements	288,214	-
Other assets	92,351	84,670
Total assets	\$ 8,436,868	\$ 7,022,963
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Demand	\$ 1,180,313	\$ 918,302
Time and savings	6,024,404	4,877,638
Total deposits	7,204,717	5,795,940
Securities sold under agreements to repurchase	254,452	342,463
Short-term borrowings	3,154	8,293
Long-term debt	308,492	296,527
Other liabilities	47,875	63,115
Total liabilities	7,818,690	6,506,338
STOCKHOLDERS' EQUITY		
Preferred stock	3,105	3,105
Common stock	4,238	4,243
Surplus	65,081	65,081
Undivided profits	538,850	439,396
Accumulated other comprehensive income	6,904	4,800
Total stockholders' equity	618,178	516,625
Total liabilities and stockholders' equity	\$ 8,436,868	\$ 7,022,963

FIRST CITIZENS BANCORPORATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED

Quarter-to-date and Year-to-date Actual

(Dollars in thousands, except per share data)

	For the quarter ended December 31,		For the year ended December 31,	
	2009	2008	2009	2008
Interest income:				
Interest and fees on loans	\$91,563	\$78,512	\$313,208	\$302,287
Interest on investment securities:				
Taxable	6,708	10,197	30,189	42,272
Non-taxable	108	136	503	345
Interest on interest bearing balances with other banks	320	23	893	61
Federal funds sold	1	344	51	7,095
Total interest income	98,700	89,212	344,844	352,060
Interest expense:				
Interest on deposits	19,473	25,493	79,637	111,163
Interest on securities sold under agreements to repurchase	163	443	832	4,071
Interest on borrowings	3,864	4,357	18,433	15,158
Total interest expense	23,500	30,293	98,902	130,392
Net interest income	75,200	58,919	245,942	221,668
Provision for loan losses	38,439	17,369	74,556	31,685
Net interest income after provision for loan losses	36,761	41,550	171,386	189,983
Noninterest income:				
Service charges on deposits	12,717	11,773	46,912	44,467
Commissions and fees from fiduciary activities	2,560	2,208	9,680	8,870
Mortgage income	2,740	(349)	12,685	6,728
Bankcard discount and fees	2,295	2,110	9,405	8,805
Gain on sale of investment securities	823	81	3,918	2,241
Other-than-temporary-impairment write-down on securities	(3,083)	-	(3,083)	-
Gain on Georgian Bank transaction	(33)	-	107,903	-
Other	18,421	2,530	25,846	11,315
Total noninterest income	36,440	18,353	213,266	82,426
Noninterest expense:				
Salaries and employee benefits	32,084	27,163	114,435	105,293
Net occupancy expense	4,069	4,247	17,325	15,295
Furniture and equipment expense	2,778	3,206	11,359	12,052
Bankcard fees	2,749	2,613	11,249	10,867
Data processing fees	5,089	4,659	19,486	18,050
Amortization expense	1,404	1,980	7,156	7,418
Other	12,262	9,575	44,108	34,353
Total noninterest expense	60,435	53,443	225,118	203,328
Income before income tax expense	12,766	6,460	159,534	69,081
Income tax expense	3,569	1,696	58,514	24,427
Net income	\$9,197	\$4,764	\$101,020	\$44,654
Net income per common share	\$ 10.79	\$ 5.56	\$ 118.91	\$ 52.37
Weighted average common shares outstanding	847,931	848,652	848,125	849,421