

FIRST CITIZENS BANCSHARES INC /DE/

Form 10-Q

November 07, 2006

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2006

or

.. Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Commission File Number: 0-16471

First Citizens BancShares, Inc

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

56-1528994
(I.R.S. Employer
Identification Number)

4300 Six Forks Road, Raleigh, North Carolina
(Address of principle executive offices)

27608
(Zip code)

(919) 716-7000

(Registrant's telephone number, including area code)

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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 twelve 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 ninety days. Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Class A Common Stock \$1 Par Value 8,756,778 shares

Class B Common Stock \$1 Par Value 1,677,675 shares

(Number of shares outstanding, by class, as of November 7, 2006)

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PART I

Item 1. Financial Statements (Unaudited)

Consolidated Balance Sheets

First Citizens BancShares, Inc. and Subsidiaries

(thousands, except share data)	September 30* 2006	December 31# 2005	September 30* 2005
Assets			
Cash and due from banks	\$ 909,702	\$ 777,928	\$ 702,837
Overnight investments	571,080	481,012	764,756
Investment securities available for sale	2,830,810	2,293,020	2,174,803
Investment securities held to maturity	287,215	636,496	696,928
Loans and leases	10,129,423	9,642,994	9,359,540
Less allowance for loan and lease losses	131,652	128,847	126,297
Net loans	9,997,771	9,514,147	9,233,243
Premises and equipment	679,822	639,469	624,423
Income earned not collected	63,733	54,879	53,918
Other assets	289,110	242,441	234,011
Total assets	\$ 15,629,243	\$ 14,639,392	\$ 14,484,919
Liabilities			
Deposits:			
Noninterest-bearing	\$ 2,724,938	\$ 2,616,177	\$ 2,685,555
Interest-bearing	9,956,212	9,557,681	9,437,936
Total deposits	12,681,150	12,173,858	12,123,491
Short-term borrowings	1,129,510	779,028	696,865
Long-term obligations	424,351	408,987	409,742
Other liabilities	121,978	96,460	95,936
Total liabilities	14,356,989	13,458,333	13,326,034
Shareholders' Equity			
Common stock:			
Class A - \$1 par value (8,756,778 shares issued during all periods)	8,757	8,757	8,757
Class B - \$1 par value (1,677,675 shares issued during all periods)	1,678	1,678	1,678
Surplus	143,766	143,766	143,766
Retained earnings	1,113,693	1,029,005	1,004,038
Accumulated other comprehensive income (loss)	4,360	(2,147)	646
Total shareholders' equity	1,272,254	1,181,059	1,158,885
Total liabilities and shareholders' equity	\$ 15,629,243	\$ 14,639,392	\$ 14,484,919

* Unaudited

Derived from the 2005 Annual Report on Form 10-K.

See accompanying Notes to Consolidated Financial Statements.

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Consolidated Statements of Income

First Citizens BancShares, Inc. and Subsidiaries

(thousands, except per share data; unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Interest income				
Loans	\$ 175,279	\$ 146,009	\$ 501,658	\$ 417,745
Investment securities:				
U. S. Government	29,615	21,031	80,484	49,621
State, county and municipal	57	61	177	191
Dividends	846	746	2,460	1,495
Total investment securities interest and dividend income	30,518	21,838	83,121	51,307
Overnight investments	8,853	5,687	22,371	12,933
Total interest income	214,650	173,534	607,150	481,985
Interest expense				
Deposits	75,990	47,476	199,599	123,322
Short-term borrowings	11,801	4,373	27,970	8,984
Long-term obligations	8,982	7,457	24,953	19,114
Total interest expense	96,773	59,306	252,522	151,420
Net interest income	117,877	114,228	354,628	330,565
Provision for credit losses	3,813	7,211	13,523	19,531
Net interest income after provision for credit losses	114,064	107,017	341,105	311,034
Noninterest income				
Cardholder and merchant services income	23,146	20,120	63,877	55,612
Service charges on deposit accounts	18,025	19,553	54,491	57,929
Commission income	8,497	6,669	24,708	19,503
Fees from processing services	7,522	6,335	22,003	18,851
Trust and asset management fees	5,203	4,680	15,556	13,966
Mortgage income	2,521	2,507	5,675	6,326
ATM income	1,530	1,985	5,229	6,020
Other service charges and fees	3,999	4,375	11,992	12,479
Securities losses	(120)		(659)	(22)
Other	2,282	1,882	5,091	7,231
Total noninterest income	72,605	68,106	207,963	197,895
Noninterest expense				
Salaries and wages	59,333	55,659	173,022	159,923
Employee benefits	11,034	13,805	38,863	39,461
Occupancy expense	13,353	12,100	38,617	34,986
Equipment expense	13,300	12,388	39,055	37,417
Other	37,845	34,713	112,227	102,174
Total noninterest expense	134,865	128,665	401,784	373,961
Income before income taxes	51,804	46,458	147,284	134,968
Income taxes	18,877	16,505	53,988	49,942
Net income	\$ 32,927	\$ 29,953	\$ 93,296	\$ 85,026

Other comprehensive income (loss) net of taxes

Unrealized securities gains (losses) arising during period	\$	14,978	\$	(2,440)	\$	7,308	\$	(3,855)
Unrealized loss on interest rate swap arising during period		(1,434)				(1,200)		
Less: reclassification adjustment for gains (losses) included in net income		(73)				(399)		(13)
Other comprehensive income (loss)		13,617		(2,440)		6,507		(3,842)
Comprehensive income	\$	46,544	\$	27,513	\$	99,803	\$	81,184
Average shares outstanding		10,434,453		10,434,453		10,434,453		10,434,453
Net income per share	\$	3.16	\$	2.87	\$	8.94	\$	8.15

See accompanying Notes to Consolidated Financial Statements.

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Consolidated Statements of Changes in Shareholders' Equity

First Citizens BancShares, Inc. and Subsidiaries

	Class A Common Stock	Class B Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
(thousands, except share data, unaudited)						
Balance at December 31, 2004	\$ 8,757	\$ 1,678	\$ 143,766	\$ 927,621		