

FIRST CITIZENS BANCSHARES INC /DE/

Form 10-Q

November 09, 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 September 30, 2012

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 001-16715

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)

27609

(Zip code)

(919) 716-7000

(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 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 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 Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or 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 definition of 'accelerated filer' and 'large accelerated filer' in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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—8,622,022 shares

Class B Common Stock—\$1 Par Value—1,626,937 shares

(Number of shares outstanding, by class, as of November 9, 2012)

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Part 1

Item 1. Financial Statements (Unaudited)

First Citizens BancShares, Inc. and Subsidiaries
Consolidated Balance Sheets

	September 30* 2012	December 31# 2011	September 30* 2011
	(thousands, except share data)		
Assets			
Cash and due from banks	\$606,107	\$590,801	\$539,337
Overnight investments	688,196	434,975	410,002
Investment securities available for sale	5,012,041	4,056,423	3,994,825
Investment securities held to maturity	1,459	1,822	1,943
Loans held for sale	78,610	92,539	78,178
Loans and leases:			
Covered under loss share agreements	1,897,097	2,362,152	2,557,450
Not covered under loss share agreements	11,455,233	11,581,637	11,603,526
Less allowance for loan and lease losses	276,554	270,144	254,184
Net loans and leases	13,075,776	13,673,645	13,906,792
Premises and equipment	885,757	854,476	847,372
Other real estate owned:			
Covered under loss share agreements	116,405	148,599	160,443
Not covered under loss share agreements	45,063	50,399	48,616
Income earned not collected	51,565	42,216	43,886
Receivable from FDIC for loss share agreements	243,893	539,511	607,907
Goodwill	102,625	102,625	102,625
Other intangible assets	4,322	7,032	8,081
Other assets	261,801	286,430	265,337
Total assets	\$21,173,620	\$20,881,493	\$21,015,344
Liabilities			
Deposits:			
Noninterest-bearing	\$4,895,588	\$4,331,706	\$4,274,945
Interest-bearing	12,997,627	13,245,568	13,388,330
Total deposits	17,893,215	17,577,274	17,663,275
Short-term borrowings	677,773	615,222	600,384
Long-term obligations	472,170	687,599	744,839
Other liabilities	156,338	140,270	135,430
Total liabilities	19,199,496	19,020,365	19,143,928
Shareholders' Equity			
Common stock:			
Class A - \$1 par value (11,000,000 shares authorized; 8,628,810 shares issued and outstanding at September 30, 2012; 8,644,307 shares issued and outstanding at December 31, 2011; 8,669,439 shares issued and outstanding at September 30, 2011)	8,629	8,644	8,669
Class B - \$1 par value (2,000,000 shares authorized; 1,626,937 shares issued and outstanding at September 30, 2012; 1,639,812 shares issued and outstanding at December 31, 2011; 1,639,812	1,627	1,640	1,640

shares issued and outstanding at September 30, 2011)

Surplus	143,766	143,766	143,766
Retained earnings	1,872,088	1,773,652	1,749,868
Accumulated other comprehensive loss	(51,986)	(66,574)	(32,527)
Total shareholders' equity	1,974,124	1,861,128	1,871,416
Total liabilities and shareholders' equity	\$21,173,620	\$20,881,493	\$21,015,344

* Unaudited

Derived from 2011 Annual Report on Form 10-K.

See accompanying Notes to Consolidated Financial Statements.

Table of ContentsFirst Citizens BancShares, Inc. and Subsidiaries
Consolidated Statements of Income

	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
	(thousands, except share and per share data, unaudited)			
Interest income				
Loans and leases	\$226,812	\$240,493	\$696,813	\$705,677
Investment securities:				
U. S. Treasury	559	1,707	1,968	7,176
Government agency	3,692	5,162	12,401	15,072
Residential mortgage-backed securities	4,792	2,366	8,883	7,123
Corporate bonds	278	1,971	2,319	6,266
State, county and municipal	6	108	30	133
Other	108	21	301	480
Total investment securities interest and dividend income	9,435	11,335	25,902	36,250
Overnight investments	427	351	1,230	1,056
Total interest income	236,674	252,179	723,945	742,983
Interest expense				
Deposits	13,850	24,825	45,369	81,726
Short-term borrowings	1,114	1,470	4,089	4,649
Long-term obligations	6,354	8,697	22,747	28,059
Total interest expense	21,318	34,992	72,205	114,434
Net interest income	215,356	217,187	651,740	628,549
Provision for loan and lease losses	17,623	44,628	78,005	143,024
Net interest income after provision for loan and lease losses	197,733	172,559	573,735	485,525
Noninterest income				
Gains on acquisitions	—	86,943	—	150,417
Cardholder and merchant services	24,725	30,801	71,872	88,124
Service charges on deposit accounts	15,549	16,389	45,456	47,957
Wealth management services	14,129	14,011	42,414	41,418
Fees from processing services	9,521	7,883	25,640	22,724
Securities gains (losses)	31	254	(11	) (291
Other service charges and fees	3,377	6,256	10,392	18,173
Mortgage income	2,335	3,994	7,183	8,839
Insurance commissions	2,568	2,196	7,562	7,010
ATM income	1,263	1,453	3,999	4,413
Adjustment for FDIC receivable for loss share agreements	(16,858	) (18,893	) (57,788	) (43,019
Other	(4,798	) 11,612	(638	) 13,363
Total noninterest income	51,842	162,899	156,081	359,128
Noninterest expense				
Salaries and wages	76,675	77,877	229,145	229,805
Employee benefits	18,741	17,153	59,548	55,510
Occupancy expense	18,860	18,538	55,467	55,338
Equipment expense	17,983	17,478	54,147	52,384

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FDIC insurance expense	2,016	2,768	7,739	13,494
Foreclosure-related expenses	8,667	14,558	29,053	23,793
Other	47,135	55,460	133,106	151,018
Total noninterest expense	190,077	203,832	568,205	581,342
Income before income taxes	59,498	131,626	161,611	263,311
Income taxes	19,974	50,205	49,009	98,830
Net income	\$39,524	\$81,421	\$112,602	\$164,481
Average shares outstanding	10,264,159	10,363,964	10,273,082	10,406,833
Net income per share	\$3.85	\$7.86	\$10.96	\$15.81

See accompanying Notes to Consolidated Financial Statements.

Table of ContentsConsolidated Statements of Comprehensive Income
First Citizens BancShares, Inc. and Subsidiaries

	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
	(thousands, unaudited)			
Net income	\$39,524	\$81,421	\$112,602	\$164,481
Other comprehensive income (loss)				
Unrealized gains on securities:				
Change in unrealized securities gains arising during period	14,783	(2,753	) 16,376	5,344
Deferred tax benefit (expense)	(5,949	) 1,064	(6,582	) (2,104
Reclassification adjustment for losses (gains) included in income before income taxes	(31	) (254	) (34	) 291
Deferred tax expense (benefit)	12	122	13	(93
Total change in unrealized gains on securities, net of tax	8,815	(1,821	) 9,773	3,438
Change in fair value of cash flow hedges:				
Change in unrecognized loss on cash flow hedges	619	(2,701	) 1,838	(78
Deferred tax benefit (expense)	(244	) 1,057	(726	) 31
Reclassification adjustment for gains (losses) included in income before income taxes	(769	) (1,030	) (2,294	) (3,961
Deferred tax benefit (expense)	304	416	906	1,564
Total change in unrecognized loss on cash flow hedges, net of tax	(90	) (2,258	) (276	) (2,444
Change in pension obligation:				
Change in pension obligation	2,788	1,648	8,368	4,944
Deferred tax benefit (expense)	(1,092	) (645	) (3,277	) (1,936
Total change in pension obligation, net of tax	1,696	1,003	5,091	3,008
Other comprehensive income (loss)	10,421	(3,076	) 14,588	4,002
Total comprehensive income	\$49,945	\$78,345	\$127,190	\$168,483

See accompanying Notes to Consolidated Financial Statements.

Table of ContentsConsolidated 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 Loss	Total Shareholders' Equity
(thousands, except share data, unaudited)						
Balance at December 31, 2010	\$8,757	\$ 1,678	\$143,766	\$1,615,290	\$ (36,529)	\$1,732,962
Comprehensive income:						
Net income	—	—	—	164,481	—	164,481
Other comprehensive income, net of tax	—	—	—	—	4,002	4,002
Total comprehensive income						168,483
Repurchase of 87,339 shares of Class A common stock	(88)	—	—	(12,975)	—	(13,063)
Repurchase of 37,688 shares of Class B common stock	—	(38)	—	(7,564)	—	(7,602)
Cash dividends (\$0.90 per share)	—	—	—	(9,364)	—	(9,364)
Balance at September 30, 2011	\$8,669	\$ 1,640	\$143,766	\$1,749,868	\$ (32,527)	\$1,871,416
Balance at December 31, 2011	\$8,644	\$ 1,640	\$143,766	\$1,773,652	\$ (66,574)	\$1,861,128
Comprehensive income:						
Net income	—	—	—	112,602	—	112,602
Other comprehensive income, net of tax	—	—	—	—	14,588	14,588
Total comprehensive income						127,190
Repurchase of 15,497 shares of Class A common stock	(15)	—	—	(2,520)	—	(2,535)