



Second Quarter 2008 Financial Commentary - Unaudited

The following financial commentary is intended to provide an executive summary of First Citizens Bancorporation's ("Bancorporation") Consolidated Statements of Condition as of June 30, 2008 and December 31, 2007 and its Consolidated Statements of Income for the quarters and six months ended June 30, 2008 and 2007 (collectively, the "consolidated financial statements"). The consolidated financial statements which follow this financial commentary are unaudited.

Statement of condition. Total assets increased from \$6.08 billion as of December 31, 2007 to \$6.53 billion as of June 30, 2008. Loans and leases, net of deferred fees, as of June 30, 2008 were \$4.50 billion compared to \$4.21 billion as of December 31, 2007. Total deposits as of June 30, 2008 were \$5.45 billion compared to \$5.02 billion as of December 31, 2007.

On June 1, 2008, Bancorporation completed its acquisition of Merchants and Farmers Bank of Comer, Georgia ("Merchants"). As a result of the Merchants acquisition, total loans of \$95.47 million, deposits of \$135.49 million, and goodwill and other intangibles of \$17.67 million were recorded. Bancorporation remained well-capitalized at June 30, 2008.

Net income. For the six months ended June 30, 2008, consolidated net income was \$ 26.06 million, up from \$ 26.05 million for the six months ended June 30, 2007. Increases in net interest income and noninterest income were partially offset by increases in provision for loan and lease losses and noninterest expense.

Net income for the quarter ended June 30, 2008 was \$10.97 million compared to \$14.10 million for the quarter ended June 30, 2007. The decrease in net income for the quarter ended June 30, 2008 was driven primarily by increases in noninterest expense and provision for loan and lease losses, partially offset by increases in net interest income and noninterest income.

Provision expense increased by \$3.88 million during the quarter. While the net charge-off ratio increased slightly and the ratio of nonaccrual loans increased, the most significant factor contributing to the increase in provision expense was a \$2.21 million reduction in specific reserves in the second quarter of 2007 related to two large commercial loans. Therefore, \$2.21 million of the \$3.88 million increase in provision expense during the current quarter versus the second quarter of 2007 was due to the reduction in reserves on these two loans.

While Bancorporation has experienced some decline in credit quality trends as noted below, its overall credit quality remains stable and compares favorably to peer institutions and the overall banking industry.

The components of net income are discussed in more detail in the sections below labeled net interest income, allowance and provision for loan and lease losses, noninterest income and noninterest expense.

Net interest income. Net interest income increased by \$1.23 million during the second quarter, or by 2.36%, from \$52.14 million to \$53.37 million. The increase in net interest income was due to average earning asset growth, partially offset by a decline in the net interest margin. Average earning assets grew by 6.17% from \$5.47 billion as of June 30, 2007 to \$5.80 billion as of June 30, 2008. Net interest margin decreased from 3.81% for the quarter ended June 30, 2007 to 3.68% for the quarter ended June 30, 2008. The decrease was primarily attributable to loan yields declining at a faster pace than deposit costs. The net interest margin improved by one basis point since the first quarter of 2008.

Allowance and provision for loan and lease losses. As discussed above, provision expense increased by \$3.88 million during the second quarter, most of which was due to a \$2.21 million reduction in specific reserves in the second quarter of 2007 related to two large commercial loans. The remainder of the increase was due to an increase in loan growth during the second quarter of 2008 versus the second quarter of 2007 and a \$685 thousand increase in net charge-offs.

The allowance ratio increased from 1.25% as of December 31, 2007 to 1.28% as of June 30, 2008. The increase in the ratio was due to an uptick in net charge-off and nonaccrual loan ratios.

The net charge-off ratio was .27% and .23% for the quarters ended June 30, 2008 and 2007, respectively, and was .22% and .15% for the six months ended June 30, 2008 and 2007, respectively. The ratio of nonaccrual loans to total loans increased from .16% at June 30, 2007 to .33% as of June 30, 2008. Net charge-offs totaled \$2.30 million during the second quarter of 2007 compared to \$2.98 million during the second quarter of 2008.

Noninterest income. Noninterest income increased by \$2.64 million during the second quarter, or by 15.17%, from \$17.40 million to \$20.04 million. The most significant components of the change in noninterest income were a \$1.46 million increase in service charges on deposits and a \$644 thousand increase in commissions and fees from fiduciary activities primarily related to an increase in brokerage fee income.

Noninterest expense. Noninterest expense increased by \$4.89 million during the quarter, or by 10.60%, from \$46.12 million to \$51.01 million. The most significant components of the change in noninterest expense were a \$3.38 million increase in salaries and employee benefits and a \$1.56 million increase in other noninterest expense. The increase in other noninterest expense was primarily due to a \$594 thousand increase in FDIC premiums (this increase is impacting the overall banking industry) and a \$584 thousand increase in advertising expense.

The Board of Directors of Bancorporation declared a quarterly common stock dividend of \$ 0.35 per share for shareholders of record as of August 15, 2008, payable August 29, 2008.

First Citizens Bancorporation, Inc. is a three-bank financial holding company headquartered in Columbia, South Carolina, with \$6.53 billion in total consolidated assets as of June 30, 2008.

FIRST CITIZENS BANCORPORATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CONDITION - UNAUDITED

(Dollars in thousands)

	June 30, 2008	December 31, 2007
ASSETS		
Cash and due from banks	\$ 215,855	\$ 206,571
Investment securities	1,034,994	1,061,174
Federal funds sold	363,237	218,727
Loans and leases, net	4,498,446	4,205,277
Less: Allowance for loan and lease losses	(57,410)	(52,748)
Net loans and leases	4,441,036	4,152,529
Premises and equipment, net	220,993	215,086
Interest receivable	25,658	28,307
Intangible assets	26,569	27,989
Goodwill	127,289	112,444
Other assets	73,054	56,401
Total assets	\$ 6,528,685	\$ 6,079,228
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Demand	\$ 919,707	\$ 829,364
Time and savings	4,527,712	4,187,789
Total deposits	5,447,419	5,017,153
Securities sold under agreements to repurchase	318,328	313,926
Short-term borrowings	7,350	11,250
Long-term debt	206,602	202,908
Other liabilities	44,742	47,020
Total liabilities	6,024,441	5,592,257
STOCKHOLDERS' EQUITY		
Preferred stock	3,105	3,105
Common stock	4,244	4,256
Surplus	65,081	65,081
Undivided profits	421,572	397,289
Accumulated other comprehensive income	10,242	17,240
Total stockholders' equity	504,244	486,971
Total liabilities and stockholders' equity	\$ 6,528,685	\$ 6,079,228

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		For the year ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Interest income:				
Interest and fees on loans	\$73,092	\$74,311	\$148,342	\$146,252
Interest on investment securities:				
Taxable	10,572	12,927	22,067	25,545
Non-taxable	61	44	100	101
Federal funds sold	2,043	5,386	5,449	10,219
Total interest income	85,768	92,668	175,958	182,117
Interest expense:				
Interest on deposits	27,987	32,717	60,056	64,856
Interest on securities sold under agreements to repurchase	1,009	3,822	2,515	7,427
Interest on borrowings	3,407	3,994	7,180	7,998
Total interest expense	32,403	40,533	69,751	80,281
Net interest income	53,365	52,135	106,207	101,836
Provision for loan losses	5,179	1,298	8,252	2,160
Net interest income after provision for loan losses	48,186	50,837	97,955	99,676
Noninterest income:				
Service charges on deposits	10,812	9,356	20,955	18,340
Commissions and fees from fiduciary activities	2,406	1,762	4,501	3,373
Mortgage income	2,012	2,095	5,464	3,855
Bankcard discount and fees	2,297	2,273	4,348	4,196
Gain (loss) on sale of investment securities	92	2	655	(1,479)
Other	2,423	1,914	6,164	4,212
Total noninterest income	20,042	17,402	42,087	32,497
Noninterest expense:				
Salaries and employee benefits	26,377	22,998	51,671	46,046
Net occupancy expense	3,482	3,977	7,229	7,980
Furniture and equipment expense	2,916	2,816	5,889	5,630
Bankcard fees	2,648	2,719	5,326	5,219
Data processing fees	4,542	4,122	8,910	8,105
Amortization expense	1,820	1,828	3,646	3,656
Other	9,223	7,659	16,462	14,513
Total noninterest expense	51,008	46,119	99,133	91,149
Income before income tax expense	17,220	22,120	40,909	41,024
Income tax expense	6,251	8,016	14,850	14,975
Net income	\$10,969	\$14,104	\$26,059	\$26,049
Net income per common share	\$ 12.87	\$ 16.49	\$ 30.56	\$ 30.45
Weighted average common shares outstanding	849,194	852,731	850,197	852,823