



Second Quarter 2006 Financial Commentary-Unaudited

The following financial commentary is intended to provide a summary analysis of First Citizens Bancorporation's ("Bancorporation") Consolidated Statements of Condition and Income as of June 30, 2006 and December 31, 2005 and for the quarters and six months ended June 30, 2006 and 2005 (collectively, the "consolidated financial statements"). This financial commentary and the accompanying consolidated financial statements are unaudited.

Net income. Net income for the quarter ended June 30, 2006 was \$13.06 million compared to \$11.20 million for the quarter ended June 30, 2005, an increase of 16.61%. The increase in net income for the quarter ended June 30, 2006 was driven primarily by increases in net interest income and noninterest income, partially offset by an increase in noninterest expense. The components of net income are discussed below in the sections labeled net interest income, provision for loan losses, noninterest income and noninterest expense.

Statement of condition. Total assets increased from \$5.43 billion as of December 31, 2005 to \$5.58 billion as of June 30, 2006. As of June 30, 2006, loans and leases, net of deferred fees, were \$3.71 billion compared to \$3.63 billion as of December 31, 2005. As of June 30, 2006, total deposits were \$4.62 billion compared to \$4.49 billion as of December 31, 2005.

Net interest income. During the second quarter of 2006, net interest income increased by \$6.69 million, or by 15.83%, over the comparable quarter in 2005. The increase in net interest income was primarily due to average earning asset growth and improvement in the ratio of net interest income to average earning assets (net interest margin). Average earning assets grew by 8.58% from \$4.53 billion as of June 30, 2005 to \$4.92 billion as of June 30, 2006. Average earning asset growth was attributable to acquisitions completed in 2005 and internal growth. Net interest margin increased from 3.74% for the quarter ended June 30, 2005 to 3.99% for the quarter ended June 30, 2006. The improvement in net interest margin was driven primarily by loan and investment yields increasing at a faster pace than rates paid on interest bearing deposits.

Provision for loan losses. Provision for loan losses increased by \$7 thousand during the quarter. The increase was primarily due to loan growth, partially offset by a decline in the ratio of the allowance for loan losses to total loans ("allowance ratio") which declined from 1.36% as of June 30, 2005 to 1.30% as of June 30, 2006. The decline in the allowance ratio was primarily due to continued improvement in the net charge-off ratio which declined from .10% in the second quarter of 2005 to .08% in the second quarter of 2006. In addition, the net charge-off ratio declined from .13% for the six months ended June 30, 2005 to .08% for the six months ended June 30, 2006.

Noninterest income. During the second quarter of 2006, noninterest income increased by \$1.42 million, or by 9.90%, over the comparable period in 2005. The most significant components of the increase in noninterest income were a \$426 thousand increase in the gain on sale of investment securities and a \$352 thousand increase in mortgage income.

The \$352 thousand increase in mortgage income was primarily due to \$307 thousand of mortgage servicing rights impairment expense recorded during the second quarter 2005 compared to \$59 thousand of recapture of impairment expense recorded in the current quarter.

Noninterest expense. During the second quarter of 2006, noninterest expense increased by \$ 5.12 million, or by 13.47%, over the comparable period in 2005. The most significant components of the increase in noninterest expense were a \$2.25 million increase in other noninterest expense, a \$1.41 million increase in salaries and employee benefits expense, and an \$851 thousand increase in net occupancy and furniture and equipment expense.

The most significant components of the \$2.25 million increase in other noninterest expense were a \$626 thousand increase in advertising expense and a \$343 thousand increase in professional services expense. The increases in advertising and professional services expense were primarily related to new marketing campaigns conducted during the quarter. The remainder of the increase was spread among other general and administrative expenses and was attributable to the bank's overall growth. The increase in salaries and employee benefits expense was primarily due to increases in salaries related to prior year acquisitions and an increase in incentive program expense. Depreciation expense increased by \$528 thousand during the quarter contributing to the majority of the increase in net occupancy and furniture and equipment expense. Depreciation increased due to placing the new corporate headquarters building into service during the quarter and the increase in expense related to prior year acquisitions.

Net income for the six months ended June 30, 2006. For the six months ended June 30, 2006, consolidated net income was \$27.05 million compared to \$21.16 million for the six months ended June 30, 2005, an increase of 27.85%. Net income increased for the six months ended June 30, 2006 due to a \$15.86 million increase in net interest income after provision for loan losses, and a \$1.59 million increase in noninterest income, partially offset by an \$8.07 million increase in noninterest expense. Net interest income after provision for loan losses and noninterest expense increased for similar reasons explained above for the quarter ended June 30, 2006. The most significant change in noninterest income consisted of an \$825 thousand increase in service charges on deposits.

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, 2006, payable August 25, 2006.

First Citizens Bancorporation, Inc. is a two-bank financial holding company headquartered in Columbia, South Carolina, with \$5.58 billion in total consolidated assets as of June 30, 2006.

**FIRST CITIZENS BANCORPORATION, INC. AND
SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CONDITION - UNAUDITED
(Dollars in thousands)

	June 30, 2006	December 31, 2005
ASSETS		
Cash and due from banks	\$ 225,586	\$ 218,933
Investment securities	1,042,763	1,026,340
Federal funds sold	203,000	170,000
Loans and leases, net	3,706,265	3,628,259
Less: Allowance for loan losses	(48,246)	(48,090)
Net loans and leases	3,658,019	3,580,169
Premises and equipment, net	211,490	196,504
Interest receivable	22,390	22,400
Intangible assets	35,192	38,873
Goodwill	112,444	112,444
Other assets	71,192	67,406
Total assets	\$5,582,076	\$ 5,433,069
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Demand	\$ 876,939	\$ 828,723
Time and savings	3,739,082	3,659,274
Total deposits	4,616,021	4,487,997
Securities sold under repurchase agreements	286,615	254,734
Short-term borrowings	1,600	9,493
Long-term debt	222,831	227,614
Other liabilities	43,143	35,856
Total liabilities	5,170,210	5,015,694
STOCKHOLDERS' EQUITY		
Preferred stock	3,110	3,111
Common stock	4,279	4,495
Surplus	65,081	65,081
Undivided profits	323,249	328,350
Accumulated other comprehensive income	16,147	16,338
Total stockholders' equity	411,866	417,375
Total liabilities and stockholders' equity	\$5,582,076	\$ 5,433,069

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 June 30,		For the year ended June 30,	
	2006	2005	2006	2005
Interest income:				
Interest and fees on loans	\$66,272	\$51,629	\$129,925	\$99,417
Interest on investment securities:				
Taxable	10,203	6,435	19,406	12,069
Non-taxable	72	90	156	175
Federal funds sold	2,535	2,227	4,843	3,677
Total interest income	79,082	60,381	154,330	115,338
Interest expense:				
Interest on deposits	23,116	13,325	44,226	25,209
Interest on short-term borrowings	3,253	1,543	5,940	2,668
Interest on long-term debt	3,737	3,231	6,967	5,234
Total interest expense	30,106	18,099	57,133	33,111
Net interest income	48,976	42,282	97,197	82,227
Provision for loan losses	1,128	1,121	1,551	2,439
Net interest income after provision for loan losses	47,848	41,161	95,646	79,788
Noninterest income:				
Service charges on deposits	9,230	9,230	18,249	17,424
Commissions and fees from fiduciary activities	1,025	761	1,811	1,501
Mortgage income	1,278	926	2,634	2,734
Bankcard discount and fees	2,016	1,878	3,802	3,445
Gain on sale of investment securities	334	(92)	250	(60)
Other	1,910	1,667	3,710	3,827
Total noninterest income	15,793	14,370	30,456	28,871

Noninterest expense:

Salaries and employee benefits	20,585	19,180	40,925	37,543
Net occupancy expense	3,595	3,292	7,108	6,600
Furniture and equipment expense	2,792	2,244	5,284	4,540
Bankcard fees	2,299	2,094	4,317	3,915
Data processing fees	3,843	3,427	7,533	6,808
Amortization expense	1,953	1,960	3,984	4,049
Other	8,091	5,837	14,525	12,150

Total noninterest expense	43,158	38,034	83,676	75,605
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Income before income tax expense	20,483	17,497	42,426	33,054
Income tax expense	7,425	6,299	15,380	11,899

Net income	\$13,058	\$11,198	\$27,046	\$21,155
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Net income per common share	\$ 15.21	\$ 12.41	\$ 31.40	\$ 23.44
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Weighted average common shares outstanding	855,808	898,914	858,675	898,914
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