



**FIRST CITIZENS
BANCSHARES, INC.**

2017
SECOND QUARTER REPORT

TO OUR SHAREHOLDERS

The truth about successful banks or being successful may not be easy, but can be simple. We believe in hiring positive, core value-driven teammates, who are self-disciplined winners. Discipline is mandatory if First Citizens wants to control its own destiny. Your leaders also understand that success is never owned; it is only rented, and our rent is due every day. Vince Lombardi once said, "Winning is a habit; unfortunately so is losing." Your leaders choose to win. Our company's mid-year core barometers such as: asset quality, margin, efficiency and corporate culture rating reflect positive trends.

Chattanooga and Spring Hill, here we come! Teammates have been hired for our new markets and the physical locations will be ready September 2017. Your company will continue to grow into new markets by acquisition or de novo branches contingent on finding the right teammates as stated above. One solution for growing earnings is achieving great operating scale or efficiency ratio. Achieving a greater efficiency, whether organically or through acquisitions, is a key factor to creating shareholder return.

Net income for the first six months of 2017 has exceeded prior year and budget once again. Return on average equity continues to exceed 10% compared to Tennessee peer average of 7%. Earnings growth is largely driven by 6% loan growth and overall controlled operating expenses. Provision for loan losses is \$1.2 million for the first six months of 2017 compared to \$1.1 for the same period in 2016. Total assets increased modestly at approximately 2.5% from June 2016 to June 2017 as loan growth has been funded partially with existing cash and fed fund reserves. Deposit growth was 3% from June 2016 to June 2017 while borrowed funds decreased 3% over the past year.

Strategic actions are being executed to defend against barriers such as: cybersecurity, long-term low rate environment, flat yield curve, agriculture pressures and others. Our leaders will continue to protect and defend this great bank with proactive risk management techniques.

Our teammates remain confident in our ability to continue to produce a consistent, growing dividend and strong earnings growth, providing an attractive shareholder return for stakeholders. What we've got is just "Unbelievably Good." We love our team, our community and our customers---and it's easy to see why. FirstCNB is a big family and it's at the core of who we are. We are a fired up top-performing leader, truly caring for the community since 1889.

A handwritten signature in black ink that reads "Jeff Agee".

Jeff Agee
Chairman & Chief Executive Officer

A handwritten signature in black ink that reads "Judy Long".

Judy Long
President & Chief Operating Officer

FINANCIAL SUMMARY

(In thousands, except per share data)

JUNE 30 Condensed Balance Sheet	2017	2016	% Change
Cash & due from banks	\$49,001	\$53,734	-8.81%
Federal Funds Sold	6,046	16,261	-62.82%
Available-for-sale investment securities	582,895	566,414	2.91%
Loans (net of allowance for loan losses)	879,122	827,024	6.30%
Goodwill & intangibles	23,659	23,852	-0.81%
Other assets	85,971	100,443	-14.41%
Total assets	<u>\$1,626,694</u>	<u>\$1,587,728</u>	<u>2.45%</u>
Total deposits	\$1,341,900	\$1,302,918	2.99%
Borrowed funds	104,764	108,035	-3.03%
Other liabilities	9,570	11,784	-18.79%
Total liabilities	<u>1,456,234</u>	<u>1,422,737</u>	<u>2.35%</u>
Total equity	170,460	164,991	3.31%
Total liabilities & equity	<u>\$1,626,694</u>	<u>\$1,587,728</u>	<u>2.45%</u>

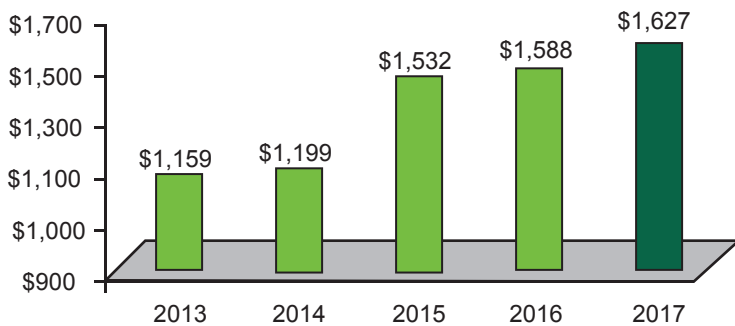
YEAR-TO-DATE AS OF JUNE 30 Condensed Results of Operations	2017	2016	% Change
Interest income	\$29,827	\$28,136	6.01%
Interest expense	3,835	3,682	4.16%
Net interest income	<u>25,992</u>	<u>24,454</u>	<u>6.29%</u>
Provision for loan losses	1,200	1,076	11.52%
Net interest income after provision	24,792	23,378	6.05%
Non-interest income	8,302	8,092	2.60%
Non-interest expense	21,954	21,714	1.11%
Income before taxes	11,140	9,756	14.19%
Income tax expense	2,397	1,883	27.30%
Net income	<u>\$8,743</u>	<u>\$7,873</u>	<u>11.05%</u>

YEAR-TO-DATE AS OF JUNE 30 Financial Highlights	2017	2016
PER SHARE DATA		
Net income	\$2.20	\$1.98
Dividends	\$0.50	\$0.50
Book value	\$42.88	\$41.47
RATIOS		
Net interest income to avg assets	3.26%	3.14%
Return on average assets	1.10%	1.01%
Return on average equity	10.77%	9.86%
Equity to assets	10.48%	10.39%
Non-performing assets to capital	5.76%	5.45%
STOCK PRICE RANGE		
High	\$58.50	\$54.00
Low	\$50.00	\$50.00
AVERAGES (IN THOUSANDS)		
Total assets	\$1,609,463	\$1,561,648
Shareholders' equity	\$163,746	\$160,624
Outstanding shares	3,980	3,980

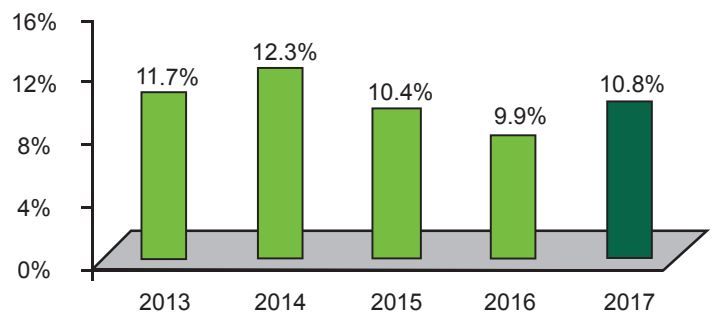
YEAR-TO-DATE AS OF JUNE 30

TOTAL ASSETS

(In Millions)



RETURN ON EQUITY



OUR STORY

What we've got here is
UNBELIEVABLY GOOD.

We love our team, our community and our customers – and it's easy to see why.

It goes further than who we work with or live near – we are a big family, and it's at the core of who we are.

We're a fired up, top-performing leader, truly caring for the community since 1889, and we put actions behind our words by giving back and doing good.

We're passionate and positive, and believe we can do just about anything to make a difference. Our core values are rock solid.

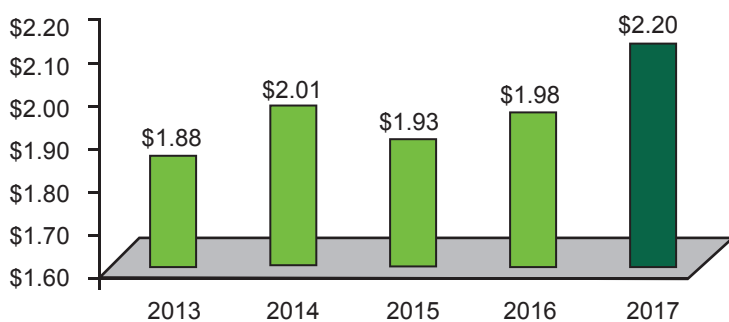
Our attitude is driven.

Our promise is to serve you with everything we have.

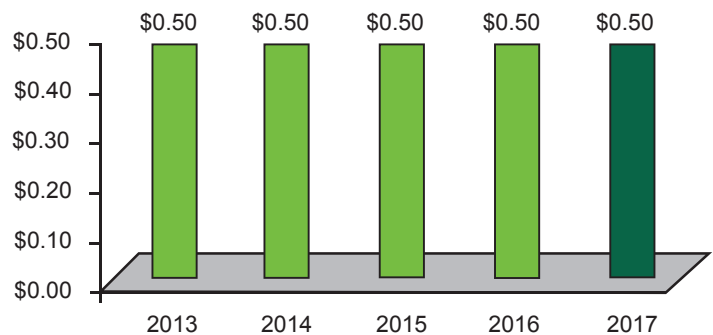
COMMON STOCK

Questions concerning the sale of Bancshares' stock should be directed to Brenda Enoch, Assistant Vice President & Executive Assistant, at: 731-287-4258

EARNINGS PER SHARE



DIVIDENDS PER SHARE



Board of Directors

Jeffrey D. Agee	Ralph E. Henson
Eddie E. Anderson	Barry T. Ladd
Sherrell Armstrong	John M. Lannom
J. Walter Bradshaw	Judy Long
J. Daniel Carpenter	Milton E. Magee
Robert S. Carpenter	J. Lee Stewart
Richard W. Donner	Larry S. White
Larry W. Gibson	Dwight Steven Williams
Christian E. Heckler	Joseph S. Yates

Executive Officers

Jeffrey D. Agee -
Chairman &
Chief Executive Officer

Judy Long -
President &
Chief Operating Officer

Sherrell Armstrong -
Executive Vice President &
Chief Credit Officer

Laura Beth Butler -
Executive Vice President,
Chief Financial Officer &
Secretary

Christian E. Heckler -
Executive Vice President
of Retail Banking



**FIRST CITIZENS
BANCSHARES, INC.**

P.O. Box 370
Dyersburg, TN 38025-0370

RETURN SERVICE REQUESTED

FIRST CLASS MAIL
U.S. POSTAGE
PAID
DYERSBURG, TN
PERMIT NO. 246