A LETTER FROM THE CHAIRMAN

Frank B. Holding, Jr.

Dear Shareholder:

2022 was a transformational year for First Citizens as we completed the largest merger in our company's history. We remained focused on our customers, helping them navigate a challenging economic landscape impacted by inflationary pressures, continued supply chain disruptions and higher borrowing costs. In addition, we delivered solid financial results marked by strong top-line growth, continued low credit losses and well-controlled expenses.

2023 marks our 125th anniversary. Over those years, we have delivered sustained growth demonstrating stability and resilience while adapting to changes in the business environment along the way. We have weathered many tightening cycles like the one we find ourselves in now, growing and prospering through them. Given our continued focus on full, long-term banking relationships with our customers, the expertise of our associates in helping our customers meet their financial needs and our strong risk management practices, I am confident that we will realize our full potential moving forward.

Solid Financial Results

Excluding merger-related and other notable items, we generated net income available to common shareholders of $1.20 billion on net revenues of $4.09 billion, with a return on equity of 12.78% and a return on assets of 1.15%.

Top-line revenues of our combined organization were led by 8.5% loan growth and higher earning asset yields, both driving higher net interest income and margin. Additionally, we experienced solid revenue growth in rail, card and merchant, wealth management and various other fee-income-producing lines of business.

We maintained outstanding credit performance with key quality metrics near historic lows. Our net charge-off ratio for the year was 0.12%.

We maintained prudent expense discipline in the face of inflationary headwinds, resulting in positive operating leverage for the full year as well as an improved efficiency ratio. We remain on track to meet our merger expense synergy goal.

Despite a challenging environment for deposits, as a combined entity we experienced modest growth in noninterest checking accounts and experienced only a slight decline in deposits during the year.

At the end of 2022, our capital and liquidity positions were strong. Our Common Equity Tier 1 (CET1) capital ratio was 10.08% and our loan-to-deposit ratio was 79%. Ninety-three percent of our funding base was composed of deposits.

During 2022, we returned $1.24 billion of capital to our common shareholders as we repurchased 1.5 million shares of our Class A common stock. We executed the repurchase plan while exceeding our CET1 target at year-end.

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Lines of Business Helped Our Customers Meet Their Financial Needs

General Banking

The General Bank is comprised of our branch network, the direct bank, business services, community association banking and wealth management. The General Bank's strategic focus is developing long-term customer relationships, which includes not only fulfilling lending needs, but also focusing on depository and other banking services through our branch network.

The General Bank delivered net income of $629 million in 2022. This performance was led by 12.3% loan growth, double-digit percentage revenue growth in our wealth business and strong growth in cardholder and merchant services. Loan growth within the branch network was concentrated in business and commercial loans. In addition, we experienced solid growth in mortgage loans as the production of ARM loans that we kept on our balance sheet offset prepayments.

Undeterred by challenging market conditions, our wealth management team produced strong top-line revenue as continued client acquisition efforts and expansion of our wealth management sales teams offset some of the pressure we felt in the broad-based equity and bond markets. Our cardholder and merchant services lines of business benefitted from increased transaction volumes and new customer account growth.

Given the rising rate environment, 2022 was a challenging year for deposits, yet we were able to grow noninterest-bearing deposits while total deposits only declined modestly. While our primary deposit gathering business is our branch network, it was complemented by our direct bank, which grew digital deposits by $1.02 billion during the year.

Last year, *American Banker* ranked our direct bank No. 1 in delivering the best "humanized experience" in an evaluation of financial institutions' customer satisfaction and loyalty. We continue to invest in this important online banking channel to deliver a positive digital experience and make the products and services offered easily accessible. In 2023, we anticipate continued growth in the direct bank to support loan growth.

Commercial Banking

The Commercial Bank provides lending, leasing, capital markets, asset management, factoring, receivables management and other financial and advisory services primarily to small and middle market companies in a wide range of industries. These industry verticals maintained key executive talent and pursued a business-as-usual strategy to drive ongoing performance in our most important industry sectors including energy, healthcare, and technology, media and telecom (TMT), to name a few.

The Commercial Bank delivered net income of $415 million in 2022. This strong performance was led by 7.4% loan growth in our industry verticals (led by healthcare and TMT) and 13.6% growth in Business Capital, recently rebranded as First Citizens Bank Equipment Finance, which provides business equipment financing and leasing.

Last year, we launched our Middle Market Banking unit to support the financial needs and goals of midsize businesses and help bridge product fulfillment between the Commercial and General Banks. Our premier Middle Market Banking provides best-in-class relationship banking support to some of the top business owners, entrepreneurs and family offices throughout our footprint. We understand their needs, challenges and opportunities, and we can now support them throughout their entire business lifecycle.

Rail

Our rail organization delivered net income of $112 million in 2022. Rail achieved an improved revenue mix and higher utilization rates, which resulted in strong year-over-year results. We are encouraged by this momentum and will continue to invest in the business as opportunities arise.

A Look Ahead – Strategic Areas of Focus in 2023

Invest in our core businesses to achieve profitable organic growth.

We are pleased with the momentum in many of our core lines of business including our branch network, wealth, equipment finance, rail, industry verticals and middle market banking. We are going to continue to add revenue producers and enhance our capabilities in these areas to remain competitive and expand market share.

Focus on core deposit growth and optimize capital.

A key foundation of our strategy will remain our focus on full, long-term banking relationships, which in addition to making loans includes the deposit relationship. Our goal is to fund earning assets with low cost, stable deposits, and this remains a significant component of our "go to market" strategy. In terms of capital allocation, our No. 1 priority is to focus on our customers, but to the extent we have excess capital after funding internal growth, our strategy is to redeploy it into share repurchases at attractive prices.

Focus on talent acquisition and retention.

We are going to continue to be proactive in adding and retaining talent to support our continued growth.

In addition to our focus on talent and our associates, we will remain focused on our customers.

We will continue to align our products and services across all business segments in ways that meet our customers' financial needs. We will continue to distribute the capabilities we have across our lines of business more broadly, which will help create additional revenue synergies as our customers have access to a wider variety of products.

Capitalize on the benefits of shifting from merger integration to operating as a combined company to boost our operating leverage.

While we are in line to achieve our cost-savings goal, we are going to continue to focus on further optimization and efficiency, as we believe there is more opportunity to build upon the efficiency we have recognized to date. We will continue to assess processes and capitalize on revenue synergy opportunities.

Manage risk effectively.

We are committed to strong risk management and regulatory compliance. Our teams made great progress in 2022 building out our new regulatory capabilities to ensure we meet the requirements of the large financial institutions' framework. We will focus intently on executing upon these plans in 2023 to ensure our readiness to comply with heightened regulatory standards.

Thank You

Our excellent performance in 2022 would not have been possible without all 10,000 of our associates who, on a daily basis, deliver the best products, services, counsel and experiences to our customers, clients and communities. I am also thankful for their tireless efforts in preparing us for our transformation to a large financial institution and at the same time, keeping the business operating as usual and delivering solid returns to our shareholders.

We are excited about what we were able to achieve in 2022, but even more excited about what lies ahead. We enter 2023 with confidence that, regardless of market conditions, if we execute on our strategy, we will continue to deliver solid results to all of our stakeholders.

Sincerely,

Frank B. Holding, Jr.
March 9, 2023

For comparative purposes, loan and deposit growth rates are presented as if BancShares and CIT were combined in 2021.

First Citizens BancShares®