

A LETTER FROM THE CHAIRMAN

Frank B. Holding, Jr.



Dear Fellow Shareholders:

2023 was another remarkable year for our company, marking our 125th year of helping clients and customers reach their financial goals. We began the year celebrating the first anniversary of our merger with CIT and the substantial completion of our merger integration efforts. The combination added scale in our commercial and middle market banking businesses and allowed for continued expansion of our branch network in California, while the nationwide online Direct Bank provided a significant source of liquidity during the year.

In March, we acquired the majority of Silicon Valley Bank's (SVB) U.S. operations. We gained a dedicated group of professional bankers with deep expertise in supporting the innovation economy, and we are excited about the capabilities and new markets SVB brings to our franchise.

While the CIT and SVB combinations added significant growth over the past two years, we remain steadfast in our long-term approach, focus on our clients and customers, and commitment to maintaining a strong risk management environment. At the same time, we delivered another year of excellent financial results, marked by strong revenue growth and disciplined expense management.

We enter 2024 as a top 20 U.S. financial institution at more than \$200 billion in assets with good earnings prospects and solid capital and liquidity positions. I am truly proud of what we accomplished in 2023, and there is an undeniable sense of momentum as we look ahead to the future.

Notable Leadership Appointments

As we continue to grow and expand, we remain focused on having the right leaders in place. Shortly following the SVB acquisition, we appointed Marc Cadieux, a 30-year veteran of SVB, as President of SVB's Commercial Banking business. Marc has established a leadership team with an average SVB tenure of more than 20 years to manage and lead our nationwide team of experienced and talented bankers dedicated to private equity and the innovation economy. Under Marc's leadership, the SVB team continues to build trust with our client base and deliver financial solutions with the level of service, specialization and expertise upon which they rely.

In June, Jim Hudak joined our organization as President of our Commercial Finance business in the Commercial Bank. With more than 20 years as a commercial finance executive, Jim is known throughout the industry for his leadership capabilities and strong commitment to customer support and satisfaction. It was a return of sorts for Jim, who oversaw legacy CIT's commercial finance businesses from 2008 to 2019. Under his leadership, many of those businesses grew to become leading lenders in their industry verticals, and we are excited to have him back on the team.

Later in the year, we appointed David Leitch to our Board of Directors. A distinguished leader, executive and attorney, Leitch brings extensive experience and valuable insight to our board. He retired from Bank of America

Corp. in 2022, where he served as vice chair from 2021 to 2022 and as global general counsel from 2016 to 2021. Prior to his role at Bank of America, he served as general counsel and group vice president of Ford Motor Co. from 2005 to 2015, spent several years working for the federal government in a range of roles, and was a partner in an appellate litigation group. His considerable legal and banking industry knowledge will help First Citizens continue to successfully navigate the ever-changing landscape for large financial institutions.

Most recently, Greg Smith joined our Executive Leadership Team as Chief Information and Operations Officer (CIOO). With more than 18 years of experience in the banking industry, Greg joins our team from TD Bank Financial Group in Toronto, Canada, where he served as head of Transformation and Corporate Operations. In the CIOO role, Greg will be responsible for the strategic enablement of technology, operations, cyber and data functions across the enterprise.

Strong Financial Results

Excluding acquisition-related and other notable items, we generated net income available to common shareholders of \$2.5 billion, representing a return on equity of 14.9% and a return on assets of 1.3%.

The SVB acquisition and strong loan growth in our Commercial and General Bank segments drove top-line revenue growth, despite higher funding costs and expenses. While 2023 was a challenging year in terms of deposit gathering, we grew deposits by double digit percentage points, primarily driven by our nationwide Direct Bank, and shortly following the SVB combination, deposits began to stabilize in that deposit base.



Our net charge-off ratio for the year was 0.47%. We continued to see credit normalize from historically low net charge-offs, leading certain portfolios, such as general office, investor dependent and equipment finance, to experience higher loan losses. We continue to take proactive steps to help limit losses and feel that we are properly balancing our growth and underwriting strategies, emphasizing opportunities that provide an appropriate risk-adjusted return.

Throughout all of this, we continued to focus on prudent expense discipline in the face of inflationary headwinds, and we remain on track to meet our acquisition-related expense synergy goals.

At the end of 2023, our capital and liquidity positions remained strong. Our Common Equity Tier 1 (CET1) capital ratio was 13.36%, and liquid assets consisting of cash on hand and high-quality liquid securities represented 39.3% of total deposits.

Client-Focused Lines of Business Deliver Value

General Banking

The General Bank comprises our branch network, the Direct Bank, business services, community association banking and wealth management. The General Bank's strategic priorities are to develop and expand long-term client relationships by providing expertise, proactive partnerships and tailored solutions to fulfill clients' depository and other banking needs through our branch network or the channel of their choice.

The General Bank achieved net income of \$909 million in 2023, up from \$662 million in 2022. Strong loan growth and a higher earning asset yield were the primary drivers, while higher deposit costs, loan loss provision and noninterest expense partially offset these results.

Strong business and commercial loan growth in our branch network contributed to a 9.5% increase in loans. We also focused efforts on raising core deposits in our Direct Bank to increase core deposits as a percentage of our funding base. This resulted in a 21.7% increase in total deposits.



While we saw strong organic growth in our legacy markets, we also expanded our capabilities and markets over the past few years with recent expansion efforts in California and the Northeast. The SVB acquisition accelerated these efforts by providing complementary geographic distribution expansion into some of these attractive target markets.

In 2023, we focused on attracting and developing talent within the General Bank team in recognition of the increasing sophistication and complexity of our clients' financial needs and to ensure the appropriate leadership to drive our strategic priorities. We also continued building digital offerings to support the changing needs and preferences of the General Bank client base.

Commercial Banking

The Commercial Bank provides a range of lending, leasing, capital markets, asset management, factoring and other financial and advisory services, primarily to small and middle market companies in a wide range of industries.

While the Commercial Bank delivered 14.0% pre-provision net revenue growth during 2023 to \$751 million, net income declined due to higher provision for credit losses as a result of higher net charge-offs and deterioration in the macroeconomic forecast.

Pre-provision net revenue benefitted not only from higher interest rates but also from strong loan growth in our industry verticals such as energy, healthcare, and technology, media and telecom. Noninterest income grew 8.1% over the prior year as our Capital Markets group delivered its highest fee income on record and net rental income on operating leases was up over the prior year.

The Commercial Bank also completed a major milestone by bringing the Commercial Finance and Equipment Finance groups under the First Citizens brand umbrella. This alignment simplifies our go-to-market strategy, builds on our overall brand recognition and accelerates collaboration and relationship expansion opportunities.

In addition, we continued to expand our Middle Market Banking unit after officially launching the business in 2022. This unit provides best-in-class relationship banking support to top middle market companies and entrepreneurs across a wide range of industry sectors. Loan growth for the business unit more than doubled last year, revenue tripled, and deposits were up substantially as well. Having added top banking talent in Boston, New York and Southern California, our Middle Market Banking team is successfully building out a national footprint that will foster future growth.

Silicon Valley Bank

The SVB segment offers products and services to commercial clients in key innovation markets, such as healthcare and technology, as well as to private equity and venture capital firms. The segment provides solutions to meet the financial needs of commercial clients through credit, treasury management, foreign exchange, trade finance and other services such as capital call lines of credit. In addition, the segment offers private banking and wealth management and provides a range of personal financial solutions for consumers.

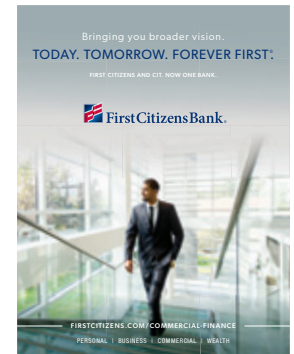


The SVB segment delivered net income of \$530 million in 2023. Loans totaled \$55.0 billion at the end of the year, down from \$68.5 billion at the acquisition date. As of the acquisition date, loan balances included clients who had drawn on their lines of credit during the uncertainty in the banking industry in March of 2023. Most of the subsequent

declines since these initial repayments have been in our Global Fund Banking business due to the slowdown in private equity and venture capital markets that reduced new fundings, as well as the impacts of prepayments and run-off of certain foreign operations. Despite these slowdowns, we are encouraged by a strengthening loan pipeline in Global Fund Banking as the team continues to support our existing clients as well as add new relationships.

Deposits totaled \$38.5 billion at the end of the year, declining from \$56.0 billion at the acquisition date. Deposits in this segment began to stabilize early in the second quarter of 2023 and, since that time, balances have remained largely stable despite continued cash burn exceeding funds sourced from fundraising activities. While we expect this environment to remain challenging, particularly in the first half of 2024, we are encouraged by new client acquisition efforts and believe our emphasis on client engagement, coupled with better fundraising in the back half of 2024, will help propel this segment moving forward.

In 2023, we invested substantial time and resources to stabilize SVB clients and associates. Those efforts have succeeded in retaining talent and clients, and winning back business. We look forward to continued progress in the



year ahead as it becomes increasingly clear to the market that SVB has resumed its role as the preferred bank to the innovation economy.

Rail

Our Rail segment also had another outstanding year, delivering \$90 million of net income in 2023 as we saw continued strong utilization rates and positive repricing trends. We remain encouraged by the momentum in this business. While we expect some normalization to historically high utilization levels in 2024, we believe that our diversified fleet positions us well for the future.

Strategic Focus Areas for 2024

Invest in our core businesses to achieve deposit and revenue growth.

We remain focused on our clients and customers. Our combinations with CIT and SVB have introduced us to new strategic markets and allow us to deliver expanded products and solutions across our diversified lines of business.

We continue to support SVB's innovation economy clients and are focused on capturing synergies with the commercial businesses we acquired from CIT. In the General Bank, we have enhanced our deposit campaigns to continue to grow quality core deposits. Additionally, we continue to expand our Wealth business across our geographic footprint and are expanding advisory and self-service options for our clients in that space.

Focus on talent acquisition and retention while continuing to build on a leading culture.

Developing our associates and adding talent to support growth remain important priorities. Our integration efforts are centered on ensuring that we retain our culture, which emphasizes a relationship-based approach to banking, a client- and customer-centric service delivery model, a long-term focus and strong risk management.

Drive toward strong operational efficiency.

Operational efficiency is very important to us. In addition to disciplined expense management, we are managing our balance sheet to optimize our liquidity and capital positions to support continued profitable growth. Core deposit growth will be a major priority as we continue to increase deposits as a percentage of our total funding mix.

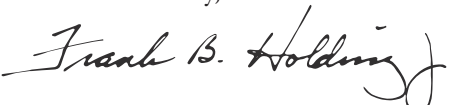
Manage risk effectively while supporting regulatory readiness.

We are committed to strong risk management and regulatory compliance and continue to make this a top strategic priority. We have made meaningful progress on our efforts thus far, but we acknowledge we need to continue to refine and mature our processes to support the change in the company's size and complexity. We will be intently focused on these efforts in 2024.

Thank You

In closing, I am very pleased with our performance in 2023 and excited about the growth opportunities ahead of us as we enter 2024. I would like to thank all of our associates for making 2023 a strong year and positioning the bank for a successful future. None of this would be possible without their continued dedication. As we embark on a new year, I am confident we have the resources, the values, the capabilities and – most importantly – the people to make the most of future opportunities.

Sincerely,

A handwritten signature in black ink, reading "Frank B. Holding, Jr." with a stylized flourish at the end.

Frank B. Holding, Jr.
March 5, 2024