FIRST CITIZENS BANCSHARES INC /TN/
Form DEF 14A
March 14, 2012
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. _____)

Filed by the Registrant x

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

FIRST CITIZENS BANCSHARES, INC.
(Name of Registrant as Specified In Its Charter)

N/A
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

First Citizens Bancshares, Inc.

One First Citizens Place

Dyersburg, Tennessee 38024

Notice of Annual Meeting of Shareholders

To Be Held Wednesday, April 18, 2012

TO: Shareholders of First Citizens Bancshares, Inc.

The annual meeting of shareholders of First Citizens Bancshares, Inc. will be held in the Lipford Room of First Citizens National Bank, One First Citizens Place, Dyersburg, Tennessee, on April 18, 2012 at 10:00 a.m. to act upon the following items of business:

1. To elect seven directors for a term of three years expiring in 2015;
2. To ratify the appointment of Alexander Thompson Arnold PLLC as our independent registered public accounting firm for the year ending December 31, 2012; and
3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

We describe these items of business in more detail in the accompanying proxy statement. Shareholders of record at the close of business February 21, 2012 are entitled to notice of and to vote at the meeting.

Please date, sign and return the enclosed proxy promptly in the stamped envelope provided. It is important that you sign and return the proxy, even if you plan to attend the meeting in person. You may revoke the proxy at any time before the proxy is exercised by giving written notice to us or by advising us at the meeting. If you will need special assistance at the meeting because of a disability, please contact Laura Beth Butler, Corporate Secretary, at (731) 288-4580.

By Order of the Board of Directors

/s/ Katie S. Winchester

Katie S. Winchester
Chairman

March 14, 2012

YOUR VOTE IS VERY IMPORTANT. PLEASE VOTE YOUR PROXY BY

COMPLETING, SIGNING AND RETURNING THE ENCLOSED PROXY FORM PROMPTLY.

First Citizens Bancshares, Inc.

One First Citizens Place

Dyersburg, Tennessee 38024

Proxy Statement

Annual Meeting of Shareholders

April 18, 2012

Solicitation

The proxy accompanying this statement is solicited by and on behalf of the board of directors of First Citizens Bancshares, Inc. (the Company) for use at the annual meeting of shareholders and any adjournment or postponement thereof. The annual meeting of shareholders of the Company will be held in the Lipford Room of First Citizens National Bank, One First Citizens Place, Dyersburg, Tennessee, on April 18, 2012 at 10:00 a.m.

We will pay the expense of preparing, assembling, printing and mailing the proxy statement and materials used in the solicitation of proxies for the meeting. We will solicit proxies principally through use of the mail, but our officers, directors and employees may solicit proxies personally or by telephone, without receiving special compensation therefor. Brokers, custodians and similar parties will be requested to send proxy material to beneficial owners of stock and will be reimbursed for reasonable expenses. We have commenced mailing this proxy statement and accompanying form of proxy to shareholders on or about March 14, 2012.

We will vote all proxies that are properly executed and returned to management in accordance with your directions. You may revoke any proxy you deliver to us at any time before it is exercised by providing written notice to Laura Beth Butler, Corporate Secretary of the Company, or by voting another proxy at a later date. If you are present at the meeting and wish to vote in person, you should advise the Chairman of your intention to vote in person prior to any vote being taken.

If you are a record holder and return your proxy but do not specify how you wish your shares to be voted, we will vote the shares represented by your executed proxy **FOR** the nominees for election as directors (provided that in the event cumulative voting occurs, the proxy holders will cumulate votes using their judgment so as to ensure the election of as many of the nominees as possible), and **FOR** the ratification of Alexander Thompson Arnold PLLC to serve as our independent registered public accounting firm for the year ending December 31, 2012. If any other business is properly presented at the meeting, the proxy holders will vote your proxy in accordance with their discretion.

Voting Securities

At the close of business on February 21, 2012, we had 3,607,854 shares of common stock outstanding and entitled to vote. You are entitled to one vote, in person or by proxy, for each share of common stock you owned as of February 21, 2012, the record date for the annual meeting.

A majority of the shares of our common stock, representing a majority of the votes entitled to be cast, present or represented by proxy, constitutes a quorum for the annual meeting. A quorum is necessary to conduct business at the annual meeting.

If any shareholder present at the annual meeting gives notice of the intention to vote cumulatively at the meeting prior to the voting for election of directors, then all shareholders eligible to vote will be entitled to cumulate their shares in voting for the election of directors. Cumulative voting allows you to cast a number of votes equal to the number of shares held in your name as of the record date, multiplied by the number of directors to be elected. You may cast votes for any one nominee or you may distribute your votes among as many nominees as you wish. You may not, however, cumulate your votes against a nominee. If cumulative voting is declared at the meeting, we will cumulate votes represented by proxies delivered pursuant to this proxy statement at the discretion of the proxy holders, in accordance with management s recommendation.

If cumulative voting is not declared at the meeting, director nominees will be elected by a plurality of the votes cast by the shareholders of our common stock entitled to vote in the election of directors. The appointment of Alexander Thompson Arnold PLLC to serve as our independent registered public accounting firm for the year ending December 31, 2012 will be ratified if the votes cast (in person or by proxy by the shares of common stock entitled to vote at the meeting) favoring ratification exceed the votes cast (in person or by proxy by the shares of common stock entitled to vote at the meeting) opposing ratification. The approval of all other matters submitted to the shareholders will be approved if the votes cast favoring the matter exceed the votes cast opposing the matter.

Inspectors of election will treat shares represented by proxies that reflect abstentions as shares that are present and entitled to be cast for purposes of determining the presence of a quorum. Inspectors of election will also treat broker non-votes as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Broker non-votes are shares held of record by brokers or nominees as to which voting instructions have not been received from the beneficial owner with respect to any proposal that does not relate to a routine matter, such as ratifying the appointment of our independent registered public accounting firm. Because the election of directors is not a routine matter, if shares are held in street name through a broker or other holder of record and the beneficial holder does not indicate how to vote in the election of directors, the record holder will not vote the beneficial holder s shares on that matter.

Abstentions and broker non-votes do not constitute a vote for or against and will be disregarded in the calculation of both a plurality and votes cast. Therefore, neither abstentions nor broker non-votes will have any effect on either of the proposals presented for shareholder approval at the annual meeting.

PROPOSAL 1: ELECTION OF DIRECTORS

Our board of directors currently consists of 21 members, with the terms of approximately one-third of the directors expiring every year. At the meeting you will be asked to elect the individuals listed below who have been nominated by the board of directors to serve a term of three years. Once elected, each director shall serve the stated term or until his or her successor has met the necessary qualifications and has been elected. Should any nominee determine that he or she is unable to serve, the persons named in the accompanying proxy intend to vote for the balance of the nominees named. Each member of the Company s board of directors also serves as a director on the board of First Citizens National Bank (the Bank), a wholly-owned subsidiary of the Company.

Stallings Lipford, a director whose term was scheduled to expire in 2013, passed away on May 23, 2011. On September 21, 2011, our board of directors elected Judy Long to serve as a director, filling the vacancy resulting from Mr. Lipford s death.

Our Corporate Governance Guidelines provide that a director shall be deemed to retire from the board of directors as of January 1st following his or her 75th birthday. Pursuant to this policy, William Cloar will retire as of April 18, 2012, because he has reached 75 years of age. The remaining directors have not yet decided whether to fill the pending vacancy on the board of directors that will result from this retirement. The board of directors could decide to fill the vacancy, however, in accordance with the terms of our bylaws, which require approval of a majority of the directors then in office.

The information below sets forth the name, age, length of service and a summary of specific experience, qualifications, attributes or skills for each of our nominees and for directors whose terms expire in the years 2013 and 2014. No director holds a directorship with any other public company or registered investment company. Each nominee has consented to be a candidate and to serve as a director, if elected.

Nominees for Election Whose Terms Will Expire in 2015

Jeffrey D. Agee	**Age 51**	**Director Since 2005**

Mr. Agee serves as President and Chief Executive Officer of the Bank and the Company. He previously served as Executive Vice President and Chief Financial Officer of the Bank and Vice President and Chief Financial Officer of the Company from August 1999 to June 2004. Mr. Agee holds a bachelor s degree in accounting from the University of Tennessee and is a graduate of ABA Stonier Graduate School of Banking at Georgetown University and of BAI School of Bank Administration at University of Wisconsin. He is also a Certified Public Accountant and certified through FINRA as holder of a Series 27 license. He serves as Financial and Operations Principal of First Citizens Financial Plus, Inc. (a wholly-owned subsidiary of the Bank) and possesses an understanding of SEC rules and regulations, internal controls and financial reporting. He also currently serves on boards of directors of 16 community and professional organizations.

Mr. Agee brings to the board of directors vast experience in banking, a strong financial background and commitment to our community. Based on this experience and his prior participation on and contributions to the board of directors and its committees, the Corporate Governance Committee nominated him for re-election.

Eddie E. Anderson	**Age 64**	**Director Since 1984**

Mr. Anderson is owner and operator of Anderson Farms and attended the University of Tennessee. He is member and Chairman of Board of Dyer County Fair Association and Vice Chairman of Agriculture Dyersburg/Dyer Chamber of Commerce. He has also served as past Chairman of Dyersburg/Dyer County Chamber of Commerce.

Mr. Anderson s institutional knowledge and longstanding service on the board of directors make him a qualified member of the board of directors. Based on this experience and his prior participation on and contributions to the board of directors and its committees, the Corporate Governance Committee nominated him for re-election.

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Christian E. Heckler **Age 44** **Director Since 2006**

Mr. Heckler was appointed Regional President of the Southwest Region for the Bank in April 2006. He previously served as Community Bank President and Commercial Lender from 2002 to April 2006. Mr. Heckler earned a bachelor s degree in business administration from the University of Tennessee and is a 2007 graduate from the Graduate School of Banking from Louisiana State University. He also served as Vice President/Commercial Lending for Renasant Bank from 2000 to 2003 and Vice President/Commercial Lending of Trustmark National Bank from 1998 to 2000. He also serves as Chairman on the board of directors for Millington YMCA, on the Memphis Metro Board of Directors and as Tipton County Fundraising Campaign Chair for Dyersburg State Community College.

Mr. Heckler brings to the board experience in banking, commercial lending and business development. Based on this experience and his prior participation on and contributions to the board of directors and its committees, the Corporate Governance Committee nominated him for re-election.

Barry T. Ladd **Age 71** **Director Since 1996**

Mr. Ladd is retired and previously served as Executive Vice President and Chief Administrative Officer of the Company and the Bank from January 1996 to December 31, 2006. Prior to his service as Executive Vice President of the Bank, he also served as Branch Manager and Lending Officer of the Bank and as Commercial Lending Officer of the Bank. He earned a bachelor s degree and master s degree in business from the University of Tennessee. He is a graduate of School of Banking of the South. He also previously served as Technical Representative for Shell Chemical Company, Account Production Officer for Security Bank and as Partner in family farming/cattle operation business. He has served as Chairman of Newbern Industrial board of directors and on the boards of directors of Newbern Housing Authority and Dyer County Community Housing.

Mr. Ladd possesses extensive banking knowledge, experience in commercial lending and business development and institutional knowledge regarding operations of the Bank. Based on this experience and his prior participation on and contributions to the board of directors and its committees, the Corporate Governance Committee nominated him for re-election.

John M. Lannom **Age 58** **Director Since 1999**

Mr. Lannom is an attorney in private legal practice in Dyersburg, Tennessee. He also serves as Board Chairman and Chief Executive Officer of Forcum-Lannom, Inc. He earned a bachelor s degree from Vanderbilt University and his law degree from University of Memphis School of Law. He also serves as Secretary of Forcum Lannom Contractors, LLC and on the boards of directors for Dyer County Adult Education, Dyersburg State Community College Foundation, Dyer County United Way and Dyersburg/Dyer County Chamber of Commerce. He is also past Chairman of Dyersburg/Dyer County Chamber of Commerce.

Mr. Lannom brings an extensive legal background and executive decision-making and risk assessment skills to the board of directors. He has also served on the boards of directors of other corporations and charitable organizations. Based on this experience and his prior participation on and contributions to the board of directors and its committees, the Corporate Governance Committee nominated him for re-election.

Milton E. Magee	**Age 75**	**Director Since 1969**

Mr. Magee is retired from Chic Farm Co., a general farming operation. He is Partner of Magee and Taylor Family Limited Partnership and J&M FLP. He earned a bachelor s degree in agriculture from the University of Tennessee. He is a member and Chairman of Dyer County Commission. He has also served on the Finance Committee of Dyer County Commission. He is a member of the board of directors of Baptist Memorial Health Care Corporation in Memphis, Tennessee and has served as past and incoming Chairman of that corporation.

Mr. Magee brings leadership, business knowledge and executive decision-making skills to the board of directors through his over 40 years of service on the board of directors as well as service on other boards. Based on this experience and his prior participation on and contributions to the board of directors and its committees, the Corporate Governance Committee nominated him for re-election.

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G. W. Smitheal	**Age 56**	**Director Since 1993**

Mr. Smitheal is Managing Partner of Smitheal Farm & Biesel and Smitheal Cattle Company. He earned a bachelor s degree in agriculture and economics from University of Tennessee. He serves as Treasurer of Farming Partnership and served on the Advisory Board for Boy Scout Troop 88 and participated in the Annual Fund Drive for West Tennessee Area Council of Boy Scouts of America. He is also a member of Dyer County Ag Committee.

Mr. Smitheal brings entrepreneurial and business building skills and experience to the board of directors, having successfully managed his own business. His expertise in agriculture is also helpful, given the size of the Bank s agricultural loan portfolio. Based on this experience and his prior participation on and contributions to the board of directors and its committees, the Corporate Governance Committee nominated him for re-election.

Incumbents Whose Terms Will Expire in 2014

J. Walter Bradshaw	**Age 50**	**Director Since 1993**

Mr. Bradshaw is manager of Bradshaw & Company, Insurors, an independent insurance agency. Mr. Bradshaw holds a bachelor s degree from University of Tennessee and law degree from the University of Memphis School of Law. He has served as past Chairman of Dyersburg/Dyer County Chamber of Commerce and is on the board of directors for Dyersburg Electric System. He is past President of Dyersburg Rotary Club, member and past President of Dyer County Fair Association and past President of Insurors of Tennessee.

Mr. Bradshaw brings strong and broad financial services experience to the board of directors as well as an understanding of our business and operations.

Larry W. Gibson	**Age 65**	**Director Since 1995**

Mr. Gibson is owner and President of Roberts-Gibson, Inc., a gasoline jobber company. He is past President and co-Chair of Executive Committee for Dyer County Fair Board and has served on the Tennessee State Fair board of directors. He is past President of Tennessee State Fair Association, past President of Dyer County Young Farmers & Homemakers and past President of Dyer County Ducks Unlimited. He has also previously served on Foundation Board of Dyersburg State Community College and is former member of Dyersburg/Dyer County Chamber of Commerce board of directors. He also serves on Board of Crime Stoppers.

Mr. Gibson brings entrepreneurial and business building skills and experience to the board of directors, having successfully managed his own business and served on other boards.

Allen G. Searcy	**Age 70**	**Director Since 1999**

Mr. Searcy is Secretary of Allen Searcy Builder-Contractor, Inc., President of Crestwood Development Corporation, Vice President of Building Solutions, Inc., Partner of Allen s Building Materials Company and Vice President of Latimer & Searcy Investments, Inc. Mr. Searcy attended the University of Tennessee.

Mr. Searcy brings executive decision-making, leadership and risk assessment skills to the board of directors as a result of his experience in the construction industry. His experience in real estate development and construction is especially important to the board of directors as we manage through the current economic recession, much of which is real estate driven.

David R. Taylor	**Age 65**	**Director Since 1997**

Mr. Taylor is Chairman of Forcum Lannom Contractors, LLC, a company of engineers, contractors and developers. He holds a bachelor s degree in civil engineering from the University of Tennessee. He previously served as President and Chief Executive Officer from 1993 to 2003 of CENTEX/FORCUM LANNOM and President and Chief Executive Officer from 2003 to 2008 of Forcum Lannom Contractors, LLC. He has served as Past Chairman of Dyersburg/Dyer County Chamber of Commerce, Vice-Chairman of Dyersburg/Dyer County Chamber of Commerce, Industrial & Economic Development, member of Dyersburg State Community College Foundation Board, Chairman of Investment Committee for DSCC Foundation Board, member of Dyer County United Way Board of Directors, Past Chairman of Dyer County United Way, Past President for Tennessee Society of Professional Engineers and Past President of West Tennessee Area Council, Boy Scouts of America.

Mr. Taylor brings experience in leadership, strategic planning, executive decision-making and risk assessment to the board of directors, as a result of his roles in business and on other boards.

Dwight Steven Williams	**Age 56**	**Director Since 1991**

Mr. Williams is owner and President of Johnson-Williams Funeral Home, Inc. and a member of West TN Golf, LLC. He holds a bachelor s degree in agriculture business from the University of Tennessee and a B.A. in mortuary science from Northwest Mississippi School of Mortuary Science. He has a State Board Certification as a licensed Funeral Director and Embalmer. He is manager of a farming and land management operation. Mr. Williams serves on the Workforce Development Board, Dyer County High School Advisory Board, Newbern s Lion s Club, Fellowship of Christian Athletes Board, and as Chairman of the Newbern Housing Authority. Mr. Williams also serves as President of the Newbern Industrial Corporation.

Mr. Williams brings entrepreneurial and business building skills and experience to the board of directors, having successfully managed his own business.

Katie S. Winchester	**Age 71**	**Director Since 1990**

Ms. Winchester serves as Chairman of the Company and the Bank. She previously served as President of the Company and the Bank from 1992 to 2006 and Chief Executive Officer and Vice Chairman of the Company and the Bank from 1996 to April 2007. She served as Past Chairman of the Tennessee Higher Education Commission and Past Chairman of Baptist Memorial Health Care Corporation in Memphis, Tennessee. She served as a Member of Federal Advisory Council for the Federal Reserve Board in Washington, D.C. in 2000, 2001 and 2002. She is also a member of the boards of directors for Dyersburg State Community College Foundation Board, United Way of Dyer County, Dyer County Adult Education and Tennessee Vocational Rehabilitation (Dyersburg).

As our previous Chief Executive Officer, Ms. Winchester brings deep institutional knowledge and perspective to the board of directors regarding our strengths, challenges and opportunities. She also provides governance and community-service skills and experience gained through her service on the boards of various companies and charities.

Joe Yates	**Age 49**	**Director Since 2005**

Mr. Yates is President and Chief Executive Officer of General Appliance & Furniture Co., a retail furniture and appliance outlet. He earned a bachelor s degree in business from the University of Tennessee and is past Chairman of Dyersburg/Dyer County Chamber of Commerce. He has also served as Chairman of Dyersburg City Schools Board, member and Chairman of Dyersburg Downtown Association, and member of board of directors for Dyersburg/Dyer County Chamber of Commerce.

Mr. Yates brings business management skills and experience to the board of directors, having successfully managed his own business.

Incumbents Whose Terms Will Expire in 2013

James Daniel Carpenter	**Age 62**	**Director Since 1993**

Mr. Carpenter retired as Managing Partner of Flatt Heating & Air Conditioning in 2011. He holds a bachelor s degree from the University of Tennessee. Mr. Carpenter previously served as Lending and Credit Manager for Dyersburg Production Credit Association and managed a farming operation for 20 years. Mr. Carpenter has served as member of Dyer County Community Housing Board and past President of Newbern Rotary Club.

Mr. Carpenter brings a valuable lending background and strong knowledge of business to the board of directors through his successful operation of his own business.

Richard W. Donner	**Age 61**	**Director Since 1985**

Mr. Donner is President of Trenton Textile Company, a textile manufacturing facility, and attended the University of Tennessee. Mr. Donner previously served as Vice President of Sales and Marketing at Dyersburg Fabrics. He is also the owner/operator of a livestock farm in Dyer County. Mr. Donner has served as chair of annual fund drives for Boy Scouts of America, Girl Scouts of America and West Tennessee Heart Fund.

Mr. Donner possesses strong business experience as well as a commitment to the success of the Company, as shown by his 25 years of service on the board of directors and various committees.

Bentley F. Edwards	**Age 54**	**Director Since 1997**

Mr. Edwards is Chief Operating Officer of Burks Beverage, L.P., a distributor of Dr. Pepper-Pepsi Cola products, and Executive Vice President of Burks Enterprises, Inc. Mr. Edwards has previously served as past Chairman of Dyersburg/Dyer County Chamber of Commerce, Partner of Pennwards Associates, L.P., and Partner of Green Village Partners, L.P. He has also served as Chairman of Beverage Association of Tennessee, past President and member of Dyersburg Kiwanis Club, and Vice-Chair of Dyersburg/Dyer County Chamber of Commerce Retail Development.

Mr. Edwards brings to the board of directors solid experience in business operations and commitment to our community.

Ralph E. Henson	**Age 70**	**Director Since 1997**

Mr. Henson serves as a consultant to the Bank. He previously served as Chief Credit Officer of the Bank from February 1993 to December 31, 2006, at which time he transitioned to part-time employment through December 31, 2011. Mr. Henson holds a bachelor s degree from the University of Tennessee and has over 45 years of experience in commercial banking. He has also served as Managing Partner of a commercial real estate company. He has also serves as member of the Northwest Tennessee Regional Port Authority board of directors and as member of the Dyer

County Industrial Development Board.

Mr. Henson possesses extensive experience in commercial lending and real estate and has contributed to our success, demonstrated by his many years of service to the Company as an employee and director.

Judy Long **Age 57** **Director Since 2011**

Ms. Long has served as Executive Vice President for the Company and Executive Vice President, and Chief Operating Officer of the Bank since August 1999. Ms. Long previously served as Corporate Secretary of the Company from 1997 until September 2011, at which time she was appointed to the board of directors of the Bank and the Company. Ms. Long previously served as Senior Vice President and Chief Operating Officer from 1997 to 1999, Senior Vice President and Administrative Officer from 1996 to 1997 and Vice President and Loan Operations Manager from 1992 to 1996. Ms. Long has been employed by the Company since July 1974. Ms. Long holds a Bachelor of Business Administration with a major in finance and is a graduate of the Mid South School of Banking, the School for Bank Administration, BAI Graduate School of Bank Operations and Technology, and Dyersburg/Dyer County Leadership and Weststar Leadership programs. In addition, she serves on the Board of Directors for Fidelity National Information Systems (FNIS) Charter Bank Group, the Board of Directors of NACHA The Electronic Payments Association and Chairperson of Tennessee Bankers Technology Conference Advisory Committee. Ms. Long has also served various charitable organizations such as Rotary Past President, American Cancer Society, Leukemia Society of Tennessee, Life Choices, Dyersburg State Community College Annual Fund Campaign and Dyer County Agricultural Committee.

Ms. Long s extensive experience in bank operations and technology has contributed to our success, demonstrated by her many years of service as a member of executive management and as Corporate Secretary to the Company. She has also served on the boards of directors of other corporations and charitable organizations.

Larry S. White	**Age 63**	**Director Since 1997**

Mr. White is President of White & Associates Insurance Agency, Inc., a general insurance agency offering all lines of insurance, and Managing Partner of First Citizens/White and Associates Insurance Company (50%-owned subsidiary of the Bank). He earned a bachelor s degree in business from the University of Tennessee. He is President of Home Health Company and serves on Dyersburg State Community College Foundation Board and Dyersburg/Dyer County Chamber of Commerce Board. He is past President and member of Dyersburg Rotary Club and past President of Dyersburg Lions Club. He has also served as Chairman of Dyersburg Regional Medical Center.

Mr. White has extensive business knowledge and experience in the insurance industry and experience serving on other boards of directors. His commitment to our success is also demonstrated by his service as Managing Partner of the Bank s 50%-owned insurance subsidiary.

Required Vote

If cumulative voting is not declared at the annual meeting, and assuming the presence of a quorum, director nominees will be elected by a plurality of the votes cast by the shares of our common stock entitled to vote at the annual meeting. If cumulative voting is properly declared at the annual meeting, the seven director nominees receiving the highest number of votes cast by the shares of our common stock present in person or by proxy at the annual meeting will be elected, assuming the presence of a quorum.

The board of directors recommends a vote FOR each of the nominees listed above.

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PROPOSAL 2: RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has selected Alexander Thompson Arnold PLLC as our independent registered public accounting firm for the year ending December 31, 2012. We are presenting this proposal to the shareholders for ratification at the annual meeting. A representative of Alexander Thompson Arnold PLLC is expected to be present at the meeting, will have the opportunity to make a statement and will be available to respond to appropriate questions.

Total fees paid to Alexander Thompson Arnold PLLC for the fiscal years ended December 31, 2011 and 2010 were as follows:

	2011	2010
Audit Fees(1)	$125,601	$116,069
Audit-Related Fees		
Tax Fees(2)	19,070	20,665
All Other Fees		
Total	$144,671	$136,734

(1) Audit fees for the years ended December 31, 2011 and 2010 consisted principally of fees for professional services in connection with the audit of the Company s consolidated financial statements and the audit of internal control over financial reporting as well as various statutory and compliance audits.

(2) Tax fees for the years ended December 31, 2011 and 2010 consisted principally of fees for professional services for tax compliance, tax advice and tax planning.

The Audit Committee reviews and pre-approves each audit and non-audit service provided by Alexander Thompson Arnold PLLC prior to its engagement to perform such services. The Audit Committee has not adopted any other pre-approval policies or procedures.

Required Vote

Assuming the presence of a quorum, the appointment of Alexander Thompson Arnold PLLC as our independent registered public accounting firm for the year ending December 31, 2012 will be ratified if the votes cast (in person or by proxy by the shares of common stock entitled to vote at the meeting) favoring ratification exceed the votes cast (in person or by proxy by the shares of common stock entitled to vote at the meeting) opposing ratification. In the event that shareholders do not ratify the appointment of Alexander Thompson Arnold PLLC by such vote, the Audit Committee would consider the vote in connection with the engagement of an independent registered public accounting firm for fiscal year 2013, but would likely not consider a change for fiscal year 2012 because of the difficulty and expense of making such a change.

The board of directors recommends a vote FOR the ratification of the appointment of Alexander Thompson Arnold PLLC as our independent registered public accounting firm for the year ending December 31, 2012.

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CORPORATE GOVERNANCE

Director Independence

The Corporate Governance Committee of the board of directors of the Bank has determined that a majority of our directors are independent, as that term is defined below. The Corporate Governance Committee has determined that Messrs. Agee and Heckler and Mss. Long and Winchester are not independent, because each is an employee of the Bank. Mr. Henson is also considered not independent because he served as Executive Vice President of the Bank until December 31, 2010 and continues to provide real estate consulting services to the Bank. Although Mr. White meets the criteria defined below for independence, the Corporate Governance Committee does not consider Mr. White to be independent because he serves as Managing Partner of First Citizens/White and Associates Insurance Company, which is a 50% owned subsidiary of the Bank. The Corporate Governance Committee annually reviews relationships that exist between the Company and each director and his or her related interests for the purpose of determining whether the director is independent. The full board conducts this review on directors serving as members of the Corporate Governance Committee. A director is presumed to be independent unless the director (or his or her immediate family members):

- Has been an employee or executive of the Company at any time during the last three years;
- Has been an employee or partner of the Company s independent registered public accounting firm at any time during the last three years;
- Is an owner, partner, employee or director of an entity with material relationships (i.e., makes payments to, or receives payments from, the Company which exceed the greater of $1 million or 2% of the entity s gross revenues) with the Company, either as a vendor or customer, except in situations where revenues are generated as a result of a competitive bid process in which the board determines the business relationship is in the best interest of the Company; or
- Receives more than $100,000 per year in direct compensation from the Company, other than director and related fees.

These independence standards can also be found in the About Us Investor Relations Corporate Governance Guidelines Director Independence section of our website at www.firstcitizens-bank.com. The Corporate Governance Committee does not consider any additional transactions below the threshold amount of $100,00 in determining whether any director is independent.

Board and Committee Meetings

Our board of directors met seven times in 2011 and the Bank s board of directors held 12 meetings in 2011. The Company s board of directors has no standing committees. All directors attended at least 75% of the total of all meetings of the Company s board of directors and all Bank board committees on which such director served during the fiscal year. Although we have no specific policy with regard to attendance by directors at the annual meeting, all directors attended the annual meeting in 2011 except for Mr. Lipford.

Committees of the Board of Directors

Although the Company s board of directors has no standing committees, the Bank s board of directors has an Audit Committee and a Corporate Governance/Nominating/Compensation Committee. The Bank s board of directors also has an Executive Committee, Trust Committee, CRA Committee, Information Technology Committee and Risk Committee. On April 18, 2011, the Bank s board appointed members of each of these committees to serve for a term of one year.

All members of the Audit Committee and the Corporate Governance/Nominating/Compensation Committee are independent as described above in the section entitled Director Independence. The Audit Committee met five times during 2011 and the Corporate Governance/Nominating/Compensation Committee met five times during 2011. The Audit Committee charter and the Corporate Governance/Nominating/Compensation Committee charter can be found in the About Us Investor Relations section of our website at www.firstcitizens-bank.com.

Audit Committee

The Audit Committee charter requires members of the committee to be financially literate. The Audit Committee currently does not have an audit committee financial expert, as defined by Item 407(d)(5)(i) of Regulation S-K. Because of our size and limited resources, we have not been able to attract a director who qualifies as an audit committee financial expert, but have focused on identifying directors who have overall characteristics that are beneficial to the board of directors as a whole. In the future, the board of directors hopes to attract an independent director who qualifies as an audit committee financial expert. The Audit Committee s meetings include, whenever appropriate, sessions with our independent registered public accounting firm and our senior internal auditor, in each case without the presence of management.

Nominating Committee

The Corporate Governance/Nominating/Compensation Committee assists the Company s board in identifying individuals qualified to become directors and recommends to the Company s board nominees to be voted upon at each annual meeting of shareholders. The committee has responsibility for the selection and composition of the Company s board. The process for shareholders to propose nominees for election to the board is discussed in detail in the section below entitled General Information Proposals by Shareholders/Director Selection. The committee also has the responsibility to review shareholder proposals, if any, including shareholder nominations of directors, that are duly and properly submitted and recommend appropriate action to the Company s board. Currently, neither the committee nor the Company s board has a specific policy that takes diversity into consideration in identifying nominees for director, except that the committee seeks members from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. The committee does consider diversity of the board, however, as part of its annual evaluation of the effectiveness of board oversight.

Compensation Committee

The Corporate Governance/Nominating/Compensation Committee addressed compensation issues during two of the five meetings of the committee in 2011. One purpose of the committee is to discharge the board s responsibilities relating to compensation of executive officers of the Company. The committee has overall responsibility for evaluating and approving executive officer salary, benefits, bonus, incentive compensation, severance, equity-based or other compensation plans, as well as compensation policies and programs. The committee also annually reviews the compensation of directors serving on the boards of the Company and the Bank and the Bank s committees. Based on its review, the committee annually recommends director compensation to the Company s board for consideration and approval. The committee does not delegate any of its responsibilities to other officers or directors.

Board Leadership Structure and Role in Risk Oversight

The board seeks composition of members with diverse professional backgrounds who combine a broad spectrum of experience, expertise and integrity, reside in markets served by the Company and represent financial and business interests of existing and potential customers. The positions of Chairman and Chief Executive Officer have been separate since April 2007.

The Company s board is ultimately responsible for overall risk management functions. Many components of risk management, however, are divided among various Bank board committees to facilitate efficiency and effectiveness of these functions. Each committee is responsible for reporting its activities to the Bank s board. The Risk Committee is responsible for assisting the board in overseeing and reviewing information regarding the Bank s overall risk management framework and processes. The Audit Committee is responsible for oversight of financial reporting processes, system of internal controls, internal and external audit processes, and monitoring compliance with laws and regulations. The CRA Committee is responsible for assessment and implementation of actions necessary to comply with the Community Reinvestment Act. The Trust Committee is responsible for oversight of risk management as it relates to the Bank s trust department.

The Information Technology Committee is responsible for risk management oversight of activities related to the Bank s information technology infrastructure, computer services, data communication systems, data security and utilization of all technology resources. The Executive Committee has risk management responsibilities related to the approval of loans in accordance with our loan policy. The Corporate Governance/Nominating/Compensation Committee is responsible for oversight of risk management as it relates to compliance with corporate governance laws, safe and sound corporate governance practices, nomination of directors and compensation of executive officers and directors. As part of its responsibility to ensure strong corporate governance practices are followed, this committee has the responsibility to evaluate effectiveness of board oversight. In this process, the committee reviews the charter and activities of each committee on an annual basis to ascertain if each committee is functioning as outlined in the appropriate charter and as it relates to the overall oversight function of the board.

Compensation Committee Interlocks and Insider Participation

The Corporate Governance/Nominating/Compensation Committee consists of five directors as identified in the Compensation Committee Report. No member of this committee has at any time been an officer or employee of the Company, the Bank or any of its subsidiaries and all are considered independent based on guidelines described above. None of our executive officers serves, or in the past year served, as a member of the board of directors or compensation committee of any entity that has or had one or more of its executive officers serving on our board of directors or the Corporate Governance/Nominating/Compensation Committee.

Code of Ethics

The Company has a Code of Conduct applicable to all employees, including the principal executive officer as well as all professionals serving in a finance, accounting, treasury, tax or investor relation role. A separate Code of Ethics for Financial Professionals contains provisions specific to professionals serving in finance, accounting, treasury, tax or investor relations roles. Both the Code of Conduct and the Code of Ethics for Financial Professionals are available under the About Us Investor Relations section on our website at www.firstcitizens-bank.com. We also intend to post changes and amendments (if any) to our Code(s) of Conduct and Ethics on our website.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below sets forth, as of February 21, 2012, the record date for the annual meeting, the beneficial ownership of our common stock by (i) each person known by us to be the beneficial owner of more than 5% of the outstanding shares of our common stock, (ii) each director and nominee, (iii) each of our Named Executive Officers identified in the section below entitled Executive Compensation Summary Compensation Table and (iv) all directors and executive officers as a group. As of February 21, 2012, there were 3,607,854 shares of our common stock outstanding. We relied on information supplied by directors, executive officers and beneficial owners for purposes of this table.

Name and Address of Beneficial Owner[1]	Amount and Nature of Beneficial Ownership		Percent of Class
First Citizens National Bank Employee Stock Ownership Plan and Trust	750,798		20.81%
Jeffrey D. Agee	10,296	(2)	*
Eddie E. Anderson	10,556		*
Sherrell Armstrong	822	(2)	*
J. Walter Bradshaw	43,047		1.19
Laura Beth Butler	400	(2)	*
James Daniel Carpenter	3,226		*
William C. Cloar	20,208		*
Richard W. Donner	10,383		*
Bentley F. Edwards	2,020		*
Larry W. Gibson	6,887		*
Christian E. Heckler	750	(2)	*
Ralph E. Henson	13,450	(2)	*
Barry T. Ladd	24,693		*
John M. Lannom	26,840		*
Judy Long	4,379	(2)	*
Milton E. Magee	53,155		1.47
Allen G. Searcy	19,031		*
G. W. Smitheal	32,811		*
David R. Taylor	2,544		*
Larry S. White	59,751		1.66
Dwight Steven Williams	12,113		*
Katie S. Winchester	1,702	(2)	*
Joseph S. Yates	24,418		*
Directors and executive officers as a group (24 persons)	384,429	(2)	10.66

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* Less than one percent.

(1) The address for all listed beneficial owners is One First Citizens Place, Dyersburg, Tennessee 38024.

(2) Excludes shares of our common stock held through the First Citizens National Bank Employee Stock Ownership Plan and Trust (the ESOP). As of February 21, 2012, the numbers of shares of our common stock held by directors and Named Executive Officers through the ESOP were as follows:

Name	Number
Jeffrey D. Agee	22,079
Sherrell Armstrong	4,764
Laura Beth Butler	1,258
Christian E. Heckler	1,873
Ralph E. Henson	31,191
Judy Long	17,899
Katie S. Winchester	30,038

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COMPENSATION DISCUSSION AND ANALYSIS

Our compensation program is designed to align compensation with business objectives and performance, and to enable us to attract, retain and reward executive officers who contribute to our success. In order to link pay to performance, the Compensation Committee has implemented an executive compensation program that includes base pay, annual incentive bonuses and retirement benefits through contributions to our ESOP and 401(k) plan. In addition, all Named Executive Officers except for the Chief Financial Officer are provided life insurance during the term of their employment and in post-retirement periods. Life insurance benefits for the Chief Financial Officer are limited to the term of her employment.

Compensation Philosophy

The same philosophies used in determining compensation for all Named Executive Officers are used in determining compensation for the Chief Executive Officer and Chief Financial Officer. The Chief Executive Officer s compensation has been reviewed and set by the Compensation Committee since 1996. The Compensation Committee establishes compensation of the Chief Executive Officer based on the achievement of specific financial and non-financial objectives, as discussed below. The Chief Executive Officer makes recommendations for the base salaries of all executive officers (other than himself), subject to approval of the Compensation Committee. No specific weighting or formula is used to determine the aggregate amount of base salary and cash incentive bonus for the Chief Executive Officer or the Chief Financial Officer. The Company has not engaged any compensation consultants to assist in determining or recommending the amount or form of executive compensation awarded.

In determining the aggregate amount of base salary and cash incentive bonus for each of the Named Executive Officers for 2011, the Compensation Committee considered the aggregate amount of base salary and cash incentive bonus levels for chief executive officer, chief financial officer and other similarly-situated executive officer positions at peer financial institutions as published in 2011 annual compensation and benefits surveys conducted by the American Bankers Association, The Delves Group and The Travillian Group. The Compensation Committee also reviewed salary and bonus information included in 2011 SEC filings of certain banks and bank holding companies with asset size and geographic location comparable to the Company and that were included in the Top 200 Community Banks as of December 31, 2010, as presented in U.S. Banker magazine based on the three-year average return on equity for public banks under $2 billion. The Compensation Committee used selected peer group data from these surveys that it believed most closely matched the characteristics of the Company.

The American Bankers Association survey provided compensation data for 386 banks located across the United States. This survey did not list the names of all of the participant banks, but it did provide a breakdown of participants by asset size. The Compensation Committee used data from a peer category consisting of 44 banks with total assets ranging from $1 billion to $2.9 billion. In its analysis, the Compensation Committee considered the average salary and bonus range for banks in this peer category.

The Delves Group is a consulting firm that designs, conducts and administers compensation surveys to banking and financial services companies and provides data on salaries, cash incentives, equity incentives benefits and perquisites for positions from teller to chief executive officer. The Delves Group survey provided compensation data for 106 banks located across the United States. This survey did not list the names of all of the participant banks, but it did provide a breakdown of participants by asset size. The Compensation Committee used data from a peer group category consisting of 10 banks with an asset size of $500 million to $1 billion and 12 banks with an asset size of greater than $1 billion located in the Southeast and Central United States. In its analysis, the Compensation Committee considered the 75th percentile salary and bonus range for banks in the $500 million to $1 billion peer group category and the 25th percentile salary and bonus range for the greater than $1 billion peer group category.

The Travillian Group is an executive recruiting firm with a niche focus on banking. The Travillian Group provided compensation data for chief executive officers and chief financial officers for publicly-traded banks and thrifts in the Southeast United States. This survey did not list the names or total number of participant banks, but it did provide a breakdown of the data by asset size. The Compensation Committee used data from a peer group category consisting of banks with an asset size of $1 billion to $5 billion located in the Southeast United States for its evaluation of compensation for Mr. Agee and Ms. Butler.

The Compensation Committee used the survey data points of the aggregate of base salary plus incentive bonus for similarly situated executives described above, taking into consideration the asset size and location of the financial institutions surveyed, as the benchmark to determine if the aggregate of base salary plus incentive bonus for each Named Executive Officer was competitive and appropriate to retain and reward the executive. The Compensation Committee followed this process to evaluate the base salary and incentive bonus for each of the Named Executive Officers, except with respect to Ms. Winchester, whose compensation was based solely on the terms of her employment agreement, as described below in the section entitled Executive Compensation Summary Compensation Table Employment Agreements. As a result of this analysis, the Compensation Committee determined that the aggregate base salary and incentive bonus for each of the Named Executive Officers was in the range of 85% to 120% of the comparable benchmark compensation.

2011 Say-on-Pay Advisory Vote

At our 2011 annual meeting of shareholders, 94% of the votes cast on the advisory say-on-pay proposal voted in favor of our executive compensation. The Compensation Committee believes that this vote affirmed overwhelming shareholder support for our compensation program. This vote took place in April 2011, after the Compensation Committee had already established executive compensation for 2011. As a result of the level of shareholder approval and the timing of the vote, the Compensation Committee did not make any significant changes to the compensation program for 2011 based on the say-on-pay advisory vote.

Base Salary

Ms. Winchester s base salary is determined in accordance with the terms of her employment agreement, as discussed below in the section entitled Executive Compensation Summary Compensation Table Employment Agreements. Subject to approval of the Compensation Committee, base salaries of the other Named Executive Officers are set annually based upon job-related experience, individual performance and pay levels of similar positions at peer institutions. For each executive office position, salary and incentive bonus ranges for similarly situated executives in our peer group as published in annual surveys are averaged and compared to current salary and incentive bonus levels for our executives. The Compensation Committee adjusted the 2011 base salary for certain of the Named Executive Officers so that their respective aggregate base salary plus cash incentive bonus opportunity could be in the range of 85% to 120% of the aggregate average base salary plus incentive bonus reported in the surveys.

The following table provides the base salary for each of the Named Executive Officers for the year ended December 31, 2011:

Name	2011 Base Salary	Change from 2010 Base Salary
Jeffrey D. Agee	$260,120	24%
Laura Beth Butler	150,000	7%
Katie S. Winchester	200,000	%
Judy Long	180,000	7%
Sherrell Armstrong	150,000	5%

Incentive Compensation Plan

With the exception of Ms. Winchester, whose compensation is determined in accordance with the terms of her employment agreement, as described in the section below entitled Executive Compensation Summary Compensation table Employment Agreements, each of the Named Executive Officers is eligible for a cash incentive bonus under our incentive compensation plan. The incentive compensation plan provides bonus cash compensation opportunities based on corporate, business unit and individual performance goals established each year by the Compensation Committee. For 2011 cash bonuses, the level of incentive compensation for the four eligible Named Executive Officers was based on a minimum return on equity of 9.0% for the Company. Because our return on equity was 12.20% for the year ended December 31, 2011, each of the eligible Named Executive Officers received a cash incentive bonus under the incentive compensation plan. After the amount of each earned bonus is determined for each eligible Named Executive Officer, as discussed below, up to 25% of each such bonus can be deducted from the total amount actually paid if the executive does not meet or exceed personal business development goals during the plan year.

For 2011, all eligible Named Executive Officers met or exceeded their respective personal business development goals and, therefore, no cash incentive bonuses were reduced for this metric.

Cash incentives are paid annually in January following the year in which the incentives are earned. The following bonuses were paid to the Named Executive Officers in 2012 based on achievement of corporate and individual performance goals for 2011:

Name	Percentage of Potential Bonus Received	Incentive Plan Compensation
Jeffrey D. Agee	90%	$117,054
Laura Beth Butler	90%	67,500
Katie S. Winchester	N/A	
Judy Long	90%	81,000
Sherrell Armstrong	90%	67,500

The incentive plans for our executives and other employees are designed to promote efficient and effective individual job performance, provide accountability for specific job responsibilities and are directly aligned with our strategic plan to promote achievement of specific strategic initiatives and objectives. Efficient and effective job performance and achievement of key objectives of our strategic plan is in the interest of shareholders and creates long-term shareholder value. The strategic plan is divided into four major areas employees, shareholders, customers and risk management. The various components of the incentive plan relate to these areas and the plan has various components that balance risk and reward. Furthermore, executives and other employees are shareholders of the Company through ownership in individual shares and/or ownership through participation in our ESOP. Ownership in the Company provides an incentive for executives and other employees to pursue actions that drive long-term shareholder value rather than pursuing short-term goals that may expose us to material risk.

Prior to 2011, the Compensation Committee had established separate, individualized incentive compensation plans for the Named Executive Officers. For 2011, however, the Compensation Committee adopted a single incentive plan for Messrs. Agee and Armstrong and Mss. Butler and Long. The adoption of a single incentive plan was a strategic effort to ensure that the Named Executive Officers are equally accountable and responsible for all key areas of our performance. The 2011 plan provided an incentive of 25% to 50% of base salary based on performance in certain categories. Performance was measured using a balanced scorecard matrix, which was aligned with our strategic goals of creating long-term shareholder value and protecting the interests of the Bank s depositors**.** The balanced scorecard matrix for 2011 included the following five, equally-weighted categories:

- ♦ Employees (comprised of employee turnover rate and results of corporate culture surveys);
- ♦ Customers;

- Growth and Innovation (comprised of growth in total assets, Tier I leverage ratio, growth in services per household, household retention and innovation);
- Shareholder Return (comprised of the Company s return on equity, total shareholder return and dividend yield); and
- Regulatory Ratings.

Based on a comparison of the 2011 performance to the targets established by the Compensation Committee for each category, an overall rating of 1-5 (i.e., low to high) was assigned for each category. For 2011, the performance metrics, targets, actual performance and resultant ratings were as follows:

Performance Metric	**Target**	**2011 Performance**	**Rating**
Employee Turnover	<18%	8%	4.5[1]
Corporate Culture Survey Results	92%	91%	
Customers[2]	Qualitative[2]	Achieved[2]	4.74
Asset Growth	3%[3]	8.1%	
Tier I Leverage Ratio	>9.0%	9.15%	
Services per Household	2.4	2.5	5.0[5]
Household Retention	93%	94%	
Innovation[4]	Qualitative[4]	Achieved[4]	
Return on Equity	(2.81)%[6]	12.20%	
Total Shareholder Return	(18.7)%[6]	9.12%	5[7]
Dividend Yield	1.73%[6]	3.24%	
Regulatory Ratings	[8]	[8]	[8]

(1) This overall rating reflects an average rating based on the achievement of both of the performance metrics related to the Employees category.

(2) This performance metric was qualitative and based on results of various customer surveys conducted throughout the year, including independent mystery shopping results.

(3) This target was based on the average asset growth for peer institutions (depository institutions with an asset size of $300 million to $1 billion), as set forth in the Uniform Bank Performance Report as of September 30, 2011.

(4) This performance metric was qualitative and considered factors such as new strategic initiatives designed to improve efficiencies of work flow and various recognitions received by the Company. During 2011, we implemented, among other things, new sales training, new vault and lockbox services, improved electronic channels to deliver products, efficiency strategies related to utilization of technology for improved operations and communications to customers and increased resources used to combat fraud. We also received recognition as, among other things, one of the top agricultural lenders, one of the largest donors to certain charitable organizations within the communities it serves and as a leader in health and wellness efforts in West Tennessee.

(5) This overall rating reflects an average rating based on a comparison of the 2011 performance compared to the targets for each of the performance metrics related to the Growth and Innovation category.

(6) This target was based on information set forth in the Southeast Public Bank Peer Report, or the Peer Report, produced by Mercer Capital with data provided by SNL Financial LC as of December 31, 2011.

(7) This overall rating reflects an average rating based on a comparison of the 2011 performance compared to the targets for each of the performance metrics related to the Shareholder Return category.

(8) This information is confidential.

Based on the results of the balanced scorecard matrix for 2011, each of Messrs. Agee and Armstrong and Mss. Butler and Long received incentive pay totaling 45% of their respective base salaries. The Compensation Committee did not award a discretionary bonus to any of the Named Executive Officers with respect to 2011 performance.

The above-referenced categories and performance metrics were designed to incentivize each of the Named Executive Officers (except for Ms. Winchester) with measurable goals. It is possible, however, that certain of these metrics, taken alone, could encourage an executive to take certain risks that could have a material adverse effect on the Company. For example, with respect to the asset growth performance metric in the Growth and Innovation category, an executive could attempt to grow assets in a given year by increasing the loan portfolio without considering the ability of borrowers to repay such loans, which could increase the amount of non-performing loans in the future. The Compensation Committee believes, however, that the balanced scorecard approach mitigates such risks because risk-taking in one performance metric would likely negatively impact results for another performance metric. For example, if an executive increased the loan portfolio without considering the ability of borrowers to repay in order to increase his or her Growth and Innovation category rating, then ratings for the Regulatory Ratings and Shareholder Return categories would likely decrease in subsequent years. Because each of the categories in the balanced scorecard matrix are weighted equally and address broad areas of overall performance, the Compensation Committee believes that the executives are not incentivized to take risks that might have a material adverse effect on the Company.

The Compensation Committee believes that the overall balanced mixture of performance metrics in the incentive compensation plan for the Named Executive Officers (except for Ms. Winchester) are designed to reward long-term, rather than short-term, shareholder value. The Employee performance metric relates to maintaining strong employee retention rates and strong favorable corporate culture survey results. Low employee turnover rates and positive corporate culture help foster success with customers and shareholder return, both long-term and short-term. The Customers performance metric relates to strategic objectives to provide an exceptional level of customer service, as measured by customer retention and customer surveys. Incentivizing strong customer service levels helps create long-term shareholder value by establishing a strong base of profitable customers, which is measured by their satisfaction with our products and services. The Growth and Innovation performance metric measures growth in assets and Tier I leverage ratio. Strong performance in these areas helps create both short-term and long-term value for the Company and shareholders. The other three factors in the Growth and Innovation performance metric are designed to incent quality growth that is in the best interest of the Company and its shareholders. Growth without regard to quality is not fully rewarded, as it would likely result in lower ratings or the failure to achieve goals in the other performance metrics of the incentive plan. For example, if loan growth was pursued without regard to quality, then target Regulatory Ratings and Shareholder Return goals would likely not be met in the future. The Shareholder Return performance metric measures dividend yield, return on equity and total shareholder return against peer institutions. Dividend yield and return on equity are short-term measures, but if participants focus on these metrics without regard to the overall impact on our risk profile, then target Regulatory Ratings goals would likely not be met in the future. Total shareholder return is used to measure our performance over time and combines share price appreciation and dividends paid to provide total return to the shareholder. The Regulatory Ratings performance metric serves as an independent measure of the overall risk level and risk management practices of the Company. This is a key balancing factor in the incentive plan and is designed to promote strong risk management practices as well as the overall safety and soundness of the Company.

Perquisites

We provide our executive officers with perquisites in amounts that we believe help us attract and retain highly-qualified leaders. For certain executives, including Mr. Agee and Mss. Winchester and Long, we provide a company automobile.

Compensation Policies and Practices Related to Risk Management

The Compensation Committee and management endeavor to structure compensation for all employees, including executive officers, in a manner that will not incentivize risk-taking activities above acceptable risk tolerance levels established by the board of directors and aligned with our strategic plan. The Compensation Committee endeavors to include broad areas of overall performance and individual performance in the incentive compensation plan in a balanced manner so that no executive is incentivized to take risks that might have a material adverse effect on the

Company. In particular, the Compensation Committee believes that none of the Named Executive Officers are incentivized to take any such risks, as described in the previous section entitled Incentive Compensation Plan.

Certain employees of the Company and the Bank are eligible for commissions and other cash incentives. Management has adopted various plans and policies that govern potential cash incentives that are payable to non-executives and the Compensation Committee annually reviews and approves these plans and policies. Management endeavors to include broad areas of our overall performance and individual performance in the various employee incentive compensation plans in a balanced manner so that no employees are incentivized to take risks that might have a material adverse effect on us. Management believes that the performance targets in each employee incentive compensation plan mitigate such risks because risk-taking in one performance area would likely negatively impact the results for another performance area, resulting in a decreased commission or cash incentive for a given employee. Management believes that none of the non-executive employees are incentivized to take risks that might have a material adverse effect on the Company.

Retirement Contributions

The ESOP provides for participation by all employees of the Bank who are at least 21 years old and who have completed a year of service if, at the end of the first 12 consecutive months of employment, the employee has been credited with at least 1,000 hours of service. All Named Executive Officers are participants in the ESOP. The Bank annually makes a discretionary contribution under the ESOP, which equaled 6% of each participant s total compensation for 2011, subject to applicable limits under the Internal Revenue Code.

The Bank s 401(k) plan provides for participation by all employees of the Bank who are at least 21 years old and who have completed a year of service if, at the end of the first 12 consecutive months of employment, the employee has been credited with at least 1,000 hours of service. All Named Executive Officers are participants in the 401(k) plan. The Bank makes contributions under the 401(k) plan equal to 3% of each participant s total compensation. In addition, employees may elect to make employee contributions, subject to applicable limits under the Internal Revenue Code. Total compensation for retirement contribution purposes is based on total compensation subject to federal income tax for each calendar year.

Endorsement Split Dollar Life Insurance and Imputed Income Tax Reimbursement Agreements

The Bank has a bank-owned life insurance plan that offers endorsement split dollar life insurance to certain officers of the Bank with a position of Vice President and higher. Each Named Executive Officer participates in this plan. Each of the Named Executive Officers, except for Ms. Butler, is eligible for death benefits in post-retirement periods under this plan. Ms. Butler is eligible for death benefits under the plan limited to the term of her employment. The Bank has also entered into an Amended and Restated Split Dollar Agreement with each of Mr. Agee and Mss. Winchester and Long. The agreements combine the death benefits from the bank-owned life insurance plan with the death benefits established in the Executive Management Life Insurance Death Benefit Only Salary Continuation Plans.

Because the endorsement split dollar life insurance plans create imputed income to each participant without generating cash to pay the tax expense associated with the imputed income, we entered into Imputed Income Tax Reimbursement Agreements with each of Mr. Agee and Mss. Winchester and Long. The Imputed Income Tax Reimbursement Agreements provide for annual cash payments to the participants until death for the previous tax year in amounts equal to a portion of federal income taxes attributable to (i) the income imputed to the participant on the benefit under the Amended and Restated Split Dollar Agreement and (ii) the additional cash payments under the Imputed Income Tax Reimbursement Agreement. Each participant is 100% vested in this benefit and interest accrues monthly at a discount rate of 7.0%.

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EXECUTIVE COMPENSATION

Executive Officers

Our board of directors has the authority to appoint officers of the Company. Each officer will hold office for such term as may be prescribed by the board of directors and until such person s successor is chosen and qualified or until such person s death, resignation or removal. Each of Mr. Agee and Mss. Winchester and Long has entered into an employment agreement with the Company. The biographies of Mr. Agee and Mss. Winchester and Long are provided in the section above entitled Proposal 1: Election of Directors.

Laura Beth Butler, age 36, has served as Executive Vice President and Chief Financial Officer for the Company and the Bank since April 2009. Ms. Butler was appointed Corporate Secretary of the Bank and the Company in September 2011. Ms. Butler previously served as Senior Vice President and Chief Financial Officer from June 2004 to April 2009. Ms. Butler is a Certified Public Accountant and previously served as Senior Audit Manager of the banking practice of a local accounting firm from 2000 to 2004.

Sherrell Armstrong, age 49, has served as Executive Vice President of the Company and Executive Vice President and Chief Credit Officer for the Bank since January 1, 2007. Mr. Armstrong previously served as Executive Vice President and Loan Administrator of the Bank from 2003 to 2007. He also served as Senior Vice President of the Bank from 2002 to 2003 as well as a Vice President and Commercial Lender of the Bank from 1997 to 2002. Mr. Armstrong has been employed by the Bank since June 1997.

Summary Compensation Table

The table below discloses compensation paid to each of the Chief Executive Officer, Chief Financial Officer and the three other most highly compensated executive officers who were serving as executive officers at December 31, 2011 and whose total compensation for 2011 exceeded $100,000 (the Named Executive Officers). This tabulation is for the years ended December 31, 2011, 2010 and 2009.

Name and Principal Position	Year	Salary	Bonus[1]	Non-Equity Incentive Plan Compensation[2]	Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation[4]	Total

					Earnings(3)		
Jeffrey D. Agee	2011	$260,120	$	$117,054	$1,257	$38,845	$417,276
	2010	210,120	42,000	94,564	1,201	26,976	374,861
Chief Executive Officer and							
President	2009	206,000	32,000	72,163	1,145	26,848	338,156
Laura Beth Butler	2011	150,000		67,500		21,156	238,656
	2010	140,000		48,000		9,501	197,501
Chief Financial Officer	2009	113,300	10,000	38,000		7,124	168,424
Katie S. Winchester	2011	200,000			3,093	44,656	247,749
	2010	200,000			3,411	32,110	235,521
Chairman	2009	200,000			3,671	32,981	236,652
Judy Long	2011	180,000		81,000	1,959	38,208	301,167
	2010	168,096		75,678	1,914	25,128	270,816
Chief Operating Officer	2009	164,800		57,680	1,867	24,175	248,522
Sherrell Armstrong	2011	150,000		67,500		17,124	234,624
	2010	142,579	15,000	21,384		8,487	187,450
Chief Credit Officer	2009	139,783		20,850		8,937	169,570

(1) Reflects a discretionary cash bonus awarded by the Compensation Committee.

(2) Reflects cash bonus earned under incentive compensation plan.

(3) The key assumptions used to determine the present value of the accumulated benefit under the Imputed Income Tax Reimbursement Agreements are described below in the section entitled Pension Benefits.

(4) Details of the amounts reported as All Other Compensation for 2011 are as follows:

Name	Taxable Automobile Fringe Benefit	Imputed Income for Life Insurance Benefit	Retirement Plan Contribution	Director Fees[(a)]
Jeffrey D. Agee	$1,093	$ 702	$22,050	$15,000
Laura Beth Butler		102	18,054	3,000
Katie S. Winchester	6,193	4,471	18,992	15,000
Judy Long	3,176	982	22,050	12,000
Sherrell Armstrong		319	16,805	

(a) Named Executive Officers who are also directors or attend board meetings as Corporate Secretary receive fees for board meetings they attend but not for Bank board committee meetings. For additional information about fees for board meetings, see the section below entitled Director Compensation. Compensation for service by Named Executive Officers on our board of directors and the Bank board of directors during the year ended December 31, 2011 is reflected in the following table:

Name	Fees Earned or Paid in Cash	All Other Compensation*	Total
Jeffrey D. Agee	$ 4,000	$10,000	$15,000
Laura Beth Butler	3,000		3,000
Katie S. Winchester	4,000	11,000	15,000
Judy Long	11,000	1,000	12,000

* All Other Compensation consists of director fees paid to charitable organizations.

Employment Agreements

Employment agreements are currently in effect for each of Mr. Agee and Mss. Long and Winchester. Agreements for Mr. Agee and Ms. Long include severance provisions in the event the executive voluntarily terminates his or her employment or the executive is terminated under certain circumstances, including without cause or in connection with a change in control, as specified below. Under the employment agreements for Mr. Agee and Ms. Long, cause generally means (i) the conviction of the executive or the rendering of a final non-appealable judgment for the willful and continued failure to substantially perform his or her duties under the agreement, our policies or federal or state law, which breach of duty materially adversely affected the safety and soundness of the Company or (ii) the non-appealable conviction of a felony. Further, change in control generally means (i) the acquisition by any person or group of persons of the shares of the Company or the Bank which, when added to any other shares beneficially owned by such acquiror, results in ownership by any person(s) of 10% of such stock or which would require prior notification under federal or state banking laws or regulations, or (ii) the occurrence of any merger, consolidation or reorganization to which the Company or the Bank is a party and to which the Bank or the Company is not a surviving entity, or the sale of substantially all assets of the Company or the Bank.

Under the employment agreements for Mr. Agee and Ms. Long, if termination by the Company for cause occurs before, coincident with or after a change in control or termination by the executive occurs prior to a change in control (including by reason of death, disability or retirement), the executive is entitled to receive (a) his or her base salary at the annual rate in effect through the last day of the month in which the termination occurs, (b) a pro-rata portion of any bonus earned prior to the date of termination to the extent not paid and (c) any amounts due under any other benefit plan in effect at the date of termination. If termination by the Company without cause occurs at least six months before a change in control, the executive is entitled to receive payments under the agreement through the end of the term of the agreement without further automatic extensions. Both of these employment agreements are renewable annually in April.

In the event that either Mr. Agee or Ms. Long is terminated without cause or terminates his or her employment coincident with or following a change of control (including by reason of death, disability or retirement), the employment agreements provide for compensation in addition to the amount specified above that the executive would receive upon termination for cause. In these circumstances, the executive would also receive a lump sum cash payment in an amount equal to two times compensation paid in the preceding calendar year, or scheduled to be paid to the executive during the year of the termination, whichever is greater, plus an additional amount sufficient to pay United States income tax on such lump sum amount; provided, however, that if the lump sum payment, together with other payments that the executive is entitled to receive from the Company, would constitute a parachute payment under Section 280G of the Internal Revenue Code, the payment will be reduced to the largest amount that would result in no portion of the lump sum payment being subject to the excise tax imposed by Section 4999 of the Internal Revenue Code. For purposes of this calculation, compensation is equal to the amount of total compensation reported or to be reported on the executive s Form W-2 for the applicable year.

Pursuant to these employment agreements as amended by the Amended and Restated Split Dollar Agreements (described above in the section entitled Compensation Discussion and Analysis Endorsement Split Dollar Life Insurance and Imputed Income Tax Reimbursement Agreements), we have purchased a life insurance policy for each of Mr. Agee and Ms. Long with a face amount of $650,000. Upon the death of Mr. Agee prior to separation of service, we will pay an amount equal to $650,000 from the proceeds of the policy to the person(s) he properly designated or the personal representative of the his estate. Upon the death of Mr. Agee after separation of service, we will pay an amount equal to $300,000 from the proceeds of the policy to the person(s) he properly designated or the personal representative of his estate. Upon the death of Ms. Long prior to or after separation of service, we will pay an amount equal to $650,000 from the proceeds of the policy to the person(s) she properly designated or the personal representative of her estate. All proceeds received from the policies in excess of these amounts will be retained by the Company to offset the cost of providing these benefits.

The employment agreement with Ms. Winchester was amended and restated effective January 1, 2012 to provide for part-time employment with annual base compensation of $100,000 plus payment of premiums on her long-term care insurance. This employment agreement is renewable annually in January. Additional benefits include payment of premiums on health insurance and use of a bank-owned vehicle. Ms. Winchester participates in the ESOP and 401(k) plan and will serve as a member of the board during the term of her employment for so long as shareholders continue to elect her. Ms. Winchester does not participate in the incentive compensation plan offered to other Named Executive Officers. Pursuant to her Amended and Restated Split Dollar Agreement (described above in the section entitled Compensation Discussion and Analysis Endorsement Split Dollar Life Insurance and Imputed Income Tax Reimbursement Agreements), we have purchased a life insurance policy for Ms. Winchester with a face amount of $850,000. Upon the death of Ms. Winchester prior to or after separation of service, we will pay an amount equal to $850,000 from proceeds of the policy to the person(s) she properly designated or the personal representative of her estate. All proceeds received from the policy in excess of this amount will be retained by the Company to offset the cost of providing the benefit.

Grants of Plan-Based Awards

The following table sets forth certain information regarding incentive compensation plan awards granted to the Named Executive Officers during 2011:

	Estimated Future Payouts Under Non-Equity Incentive Plan Awards		
Name	**Threshold**	**Target**	**Maximum**
Jeffrey D. Agee[1]	$65,030	$130,060	
Laura Beth Butler[1]	37,500	75,000	

Katie S. Winchester		
Judy Long[(1)]	45,000	90,000
Sherrell Armstrong[(1)]	37,500	75,000

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(1) The incentive compensation plan for this Named Executive Officer did not specify a maximum payout amount.

Pension Benefits

The following table provides information regarding the present value of the accumulated benefit to each of the Named Executive Officers under the corresponding Imputed Income Tax Reimbursement Agreement, each of which is a non-qualified defined benefit plan and not a pension plan, as of December 31, 2011:

Name	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit	Payments During Last Fiscal Year
Jeffrey D. Agee	Imputed Income Tax Reimbursement Agreement	N/A	$ 24,280	$ 356
Laura Beth Butler				
Katie S. Winchester	Imputed Income Tax Reimbursement Agreement	N/A	129,999	5,311
Judy Long	Imputed Income Tax Reimbursement Agreement	N/A	40,520	723
Sherrell Armstrong				

Under each Imputed Income Tax Reimbursement Agreement, the present value of the accumulated benefit consists of two components service costs and interest costs. Service costs are based on the net present value of the sum of payments in accordance with each participant s agreement. Interest costs are credited at an interest rate of 7%.

Potential Payments Upon Termination or Change-in-Control

We have entered into certain agreements and maintain certain plans that will require us to provide compensation to Mr. Agee and Ms. Long in the event of a termination of employment or change in control. We are not required to make any payments to Mr. Armstrong or Mss. Winchester or Butler upon their termination or a change in control, except for death benefits from life insurance plans described above in the section entitled Compensation Discussion and Analysis Endorsement Split Dollar Life Insurance and Imputed Income Tax Reimbursement Agreements. The amount of compensation payable to each Named Executive Officer if each situation occurred on December 31, 2011 is listed in the tables below.

Jeffrey D. Agee

Executive Benefits and Payments upon Termination	Retirement	Involuntary Termination without Cause	Involuntary Termination for Cause	Termination Related to Change in Control	Death or Disability
Cash Payments	$	$79,818[(1)]	$	$731,701[(2)]	$650,000[(3)]
Federal Tax Gross-Up Payments				256,095[(4)]	

Laura Beth Butler

Executive Benefits and Payments upon Termination	Retirement	Involuntary Termination without Cause	Involuntary Termination for Cause	Termination Related to Change in Control	Death or Disability
Cash Payments	$	$	$	$	$300,000[3]
Federal Tax Gross-Up Payments					

Katie S. Winchester

Executive Benefits and Payments upon Termination	Retirement	Involuntary Termination without Cause	Involuntary Termination for Cause	Termination Related to Change in Control	Death or Disability
Cash Payments	$	$	$	$	$850,000[3]
Federal Tax Gross-Up Payments					

Judy Long

Executive Benefits and Payments upon Termination	Retirement	Involuntary Termination without Cause	Involuntary Termination for Cause	Termination Related to Change in Control	Death or Disability
Cash Payments	$	$55,233[1]	$	$506,326[2]	$650,000[3]
Federal Tax Gross-Up Payments				177,217[4]	

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Sherrell Armstrong

Executive Benefits and Payments upon Termination	Retirement	Involuntary Termination without Cause	Involuntary Termination for Cause	Termination Related to Change in Control	Death or Disability
Cash Payments	$	$	$	$	$350,000(3)
Federal Tax Gross-Up Payments					

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(1) Pursuant to the Named Executive Officer s employment agreement, the amount shown reflects a severance payment equal to the executive s base salary at the annual rate for the period from December 31, 2011 to the end of the current term of the agreement, April 18, 2012, and assumes that the termination occurs at least six months before a change in control.

(2) Pursuant to the Named Executive Officer s employment agreement, the amount shown reflects a severance payment equal to two times the compensation that is subject to federal income taxes for 2011.

(3) Pursuant to the Named Executive Officer s Amended and Restated Split Dollar Agreement, the amount shown reflects the proceeds from a life insurance policy purchased and maintained by the Company, offset by our cost in providing the benefit. For Mr. Agee, the amount shown reflects a payment upon his death prior to separation of service.

(4) Pursuant to the Named Executive Officer s employment agreement, the amount shown reflects an amount sufficient to pay income tax on the severance amount, assuming a tax rate of 35%.

DIRECTOR COMPENSATION

The following table provides information with respect to director compensation for directors who were not Named Executive Officers for the fiscal year ended December 31, 2011:

Name	Fees Earned or Paid in Cash	Change in Pension Value and Nonqualified Deferred Compensation Earnings(1)	All Other Compensation(2)	Total
Eddie E. Anderson	$20,000	$	$ 2,000	$ 22,000
J. Walter Bradshaw	11,000		6,000	17,000
James Daniel Carpenter	9,000		8,000	17,000
William C. Cloar	17,000			17,000
Richard W. Donner	24,000		8,000	32,000
Bentley F. Edwards	21,000		1,000	22,000
Larry W. Gibson	20,000		2,000	22,000
Christian Heckler	13,750		182,683	196,433
Ralph E. Henson	24,500	989	8,500	33,989
Barry T. Ladd	26,000	979	1,000	27,979
John M. Lannom	31,500			31,500
Stallings Lipford(3)	3,500		52,788	56,288
Milton E. Magee	34,000			34,000
Allen G. Searcy	32,000			32,000
G. W. Smitheal	20,000		2,000	22,000
David R. Taylor	20,500		13,000	33,500
Larry S. White	1,000		20,500	21,500
Dwight Steven Williams	14,000		8,000	22,000
Joseph S. Yates	15,500		1,000	16,500

(1) The Bank has entered an Imputed Income Tax Reimbursement Agreement, as described in the section above entitled Compensation Discussion and Analysis Endorsement Split Dollar Life Insurance and Imputed Income Tax Reimbursement Agreements, with each of Messrs. Henson and Ladd. The key assumptions used to determine the present value of the accumulated benefit under the Imputed Income Tax Reimbursement Agreements are described above in the section entitled Executive Compensation Pension Benefits. Participant information for these directors is as follows:

Name	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit	Payments During Last Fiscal Year
Ralph E. Henson	Imputed Income Tax Reimbursement Agreement	N/A	$75,704	$3,853
Barry T. Ladd	Imputed Income Tax Reimbursement Agreement	N/A	75,093	3,824

(2) In general, the amounts reported as All Other Compensation consisted of fees contributed to charitable organizations, at the election of the respective director. Details of the aggregate amounts that exceeded $10,000, however, are as follows:

Name	Salary	Non-Equity Incentive Plan Compensation	Loan Commission	Taxable Automobile Fringe Benefit	Imputed Income for Life Insurance Benefits	Retirement Plan Contribution	Fees Paid to Charitable Organizations
Christian Heckler	$136,578	$24,035[(a)]	$1,154	$3,807	$183	$15,926	$ 1,000
Stallings Lipford	48,140					4,648	
David R. Taylor							13,000
Larry S. White							20,500

(a) Reflects cash bonus earned under incentive compensation plan.

(3) Mr. Lipford's service on the board terminated May 23, 2011 due to death.

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The board of directors establishes director fees on an annual basis. Directors who are executive officers of the Bank or any of its subsidiaries receive fees for service on the board, but do not receive additional compensation for service on a Bank board committee. In 2011, directors were paid $500 for each Bank board meeting attended as well as an annual retainer fee of $6,000. In addition, annual fees were paid in the amount of $3,000 to each of Ms. Winchester and Messrs. Heckler and Agee for service on our Southwest Region Advisory Board. This Advisory Board considers issues specific to customers in our southwest markets.

We pay additional amounts annually for service on various Bank board committees. Members of the Audit Committee and Corporate Governance/Nominating/Compensation Committee are each paid an annual fee of $10,000 with an additional $2,000 paid to each committee chairman. Outside directors serving on all other Bank board committees (Trust, CRA, Information Technology and Risk) are compensated at $5,000 annually, except Executive Committee members (Messrs. Anderson, Donner, Henson, Magee, Searcy and White) who receive $10,000 annually.

All director fees are paid in cash. Directors may elect to have all or any portion of their fees donated to a charitable organization qualifying under Section 501(c)(3) of the Internal Revenue Code.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the section titled Compensation Discussion and Analysis with management. Based on the review and discussions with management, the Compensation Committee recommended to the board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2011.

Compensation Committee:

Milton Magee, Chairman
Richard Donner
John Lannom
Allen Searcy
David Taylor

AUDIT COMMITTEE REPORT

The role and responsibilities of the Audit Committee are set forth in the committee s charter, a copy of which can be found in the About Us Investor Relations section of our website at www.firstcitizens-bank.com. In fulfilling its responsibilities, the Audit Committee:

- Has reviewed and discussed the audited financial statements with management.
- Has discussed with Alexander Thompson Arnold PLLC the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.
- Has received written disclosures and the letter from the independent accountants required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant s communications with the audit committee concerning independence, and has discussed with the independent accountants the independent accountants independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Company s board of directors that the audited financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2011 and for filing with the Securities and Exchange Commission.

Audit Committee:

David Taylor, Chairman
Bentley Edwards
Barry Ladd
John Lannom
G. W. Smitheal

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We conduct certain transactions with executive officers, directors, principal shareholders and their affiliates (collectively referred to hereafter as related persons). Such transactions are conducted in the ordinary course of business and consist primarily of loan and deposit activities. Extensions of credit to related persons are governed by board-approved policies. Such policies are designed and implemented to comply with applicable regulations including but not limited to Regulation O (12 CFR 215). Our Code of Conduct provides guidance regarding transactions with related persons. Written policies and procedures as well as the Code of Conduct require related person transactions to be entered into under substantially the same terms as unrelated person transactions. All non-lending transactions with related persons of a material nature must be approved by the board of directors.

Banking transactions in the ordinary course of business with related persons are on substantially the same terms, including interest rates and collateral on loans, as those prevailing at the time for comparable loans with persons not related to the Company. An affiliate includes a corporation or other entity of which an officer or director of the Company is an officer, partner, or 10% shareholder, any trust or estate of which he is a trustee, executor or significant beneficiary or any relative or spouse or spouse s relative who lives in his home. These loans do not represent unfavorable features or more than a normal risk of collectability. These loans aggregated $6.5 million and represented approximately 6.3% of total equity capital as of December 31, 2011.

GENERAL INFORMATION

Section 16(a) Beneficial Ownership Reporting Compliance

Our directors and certain of our officers are subject to reporting requirements of Section 16(a) of the Securities Exchange Act of 1934, as amended. Based solely on a review of relevant filings and representations made to us by these persons, all changes in beneficial ownership of securities by insiders were reported to the Securities and Exchange Commission in 2011 on a timely basis.

Proposals by Shareholders/Director Selection

Shareholder proposals intended to be presented in proxy materials to be mailed in 2013 must be submitted by certified or registered mail to Laura Beth Butler, Corporate Secretary, First Citizens Bancshares, Inc., P.O. Box 370, Dyersburg, Tennessee 38025-0370. Such proposals must include proof of ownership of our common stock in accordance with Rule 14a-8(b)(2) promulgated under the Securities Exchange Act of 1934, as amended. We must receive all such proposals no later than November 14, 2012 in order for the nomination or proposal to be included in our proxy statement. Shareholder proposals submitted after November 14, 2012 will not be included in our proxy statement, but may be included in the agenda for our 2013 annual meeting if properly submitted to our Corporate Secretary at the address listed above.

Names of nominees to be proposed for election to the board of directors other than those made by the Nominating Committee must be delivered in writing to the Corporate Secretary of the Company no later than December 14, 2012. The written notice must include the full name of the proposed director, age and date of birth, educational background and a list of business experience and positions held by the proposed director for the preceding five years. The notice must include home and business addresses and telephone numbers. In addition, the submission must include a signed representation by the nominee to timely provide all necessary information requested by the Company in order that disclosure requirements may be met in the solicitation of proxies for the election of directors. Shareholder nominations submitted after November 14, 2012 but before December 14, 2012 will not be included in our proxy materials, but may be included in the agenda for our 2013 annual meeting if the preceding requirements are satisfied. The name of each nominee for director must be placed in nomination by a shareholder present in person at the annual meeting. The nominee must also be present in person at the annual meeting for the nomination to be made.

Shareholder Communication

Shareholders desiring to communicate directly with the board of directors may do so through the Corporate Governance/Nominating/Compensation Committee by contacting the chairman or any member of the committee. Committee membership is identified in the About Us Investor Relations section of our website at www.firstcitizens-bank.com or may be obtained by calling the Audit Department at 731-287-4275. Letters sent via the U.S. Postal Service may be mailed to Chairman, Corporate Governance Committee, First Citizens National Bank Audit Department, P.O. Box 890, Dyersburg, Tennessee 38025-0890. The Chairman of the Corporate Governance Committee will directly forward written communications to the individual director(s) to whom they are addressed.

Other Business

The board of directors knows of no other business other than that set forth herein to be transacted at the meeting. If other matters requiring a vote of shareholders arise, persons designated as proxies will vote their judgment on such matters. If you specify a different choice on the proxy, your shares will be voted in accordance with the specifications you make.

Annual Reports

A copy of our Annual Report to Shareholders for the year ended December 31, 2011 accompanies this proxy statement. **A copy of our Annual Report on Form 10-K for the year ended December 31, 2011 will be furnished without charge to any shareholder who requests such report by sending a written request to:**

First Citizens Bancshares, Inc.

P.O. Box 370

Dyersburg, Tennessee 38025-0370

Attention: Laura Beth Butler, Corporate Secretary

Neither the Annual Report to Shareholders nor the Annual Report on Form 10-K is considered proxy-soliciting material.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting

This proxy statement and our 2011 Annual Report to Shareholders are available in the About Us Investor Relations section of our website at www.firstcitizens-bank.com. If you wish to attend the annual meeting and need directions, please call us at (731) 288-4580.

By Order of the Board of Directors

/s/ Laura Beth Butler

Laura Beth Butler
Corporate Secretary

Dyersburg, Tennessee

March 14, 2012

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FIRST CITIZENS BANCSHARES, INC.

One First Citizens Place

Dyersburg, Tennessee 38024

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned, a shareholder of First Citizens Bancshares, Inc., hereby appoints Dwight Steven Williams and Richard Donner, and each of them severally, proxies of the undersigned, with full power of substitution, to vote the shares of common stock of First Citizens Bancshares, Inc. held in the name of the undersigned, at the Annual Meeting of Shareholders to be held in the Lipford Room of First Citizens National Bank, on Wednesday, April 18, 2012, at 10:00 a.m., and at all adjournments or postponements thereof:

(1) Election of the following seven nominees as directors of the Company:

Jeffrey D. Agee	Eddie E. Anderson
Christian E. Heckler	Barry T. Ladd
John M. Lannom	Milton E. Magee
G. W. Smitheal	

[ ] FOR all nominees [ ] Withhold authority to vote for all nominees

INSTRUCTIONS: **To withhold authority to vote for any individual nominee listed above, line through or strike out the nominee s name.**

(2) Ratify the appointment of Alexander Thompson Arnold PLLC as independent registered public accounting firm for the year ending December 31, 2012.

[ ] FOR [ ] Against [ ] Abstain

(3) In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting or any adjournments or postponements thereof.

If no direction is given, this proxy will be voted FOR the election of all nominees named (provided that in the event cumulative voting occurs, the proxy holders will cumulate votes using their judgment so as to ensure the election of as many of the nominees as possible), and FOR ratification of the appointment of Alexander Thompson Arnold PLLC as independent registered public accounting firm for the year ending December 31, 2012.

Please sign exactly as name appears below.

When shares are held by joint tenants both should sign. When signing as attorney, executor, administrator, trustee or guardian, please sign full title. If more than one trustee, all should sign.

Dated _____________, 2012

Signature ____

Signature if jointly held ____

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY FORM

PROMPTLY USING THE ENCLOSED ENVELOPE.