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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT**  
**FORM X-17A-5**  
**PART III**

SEC  
Mail Processing  
Section

MAR 04 2014

SEC FILE NUMBER
8- 67287

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2013 AND ENDING 12/31/2013  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: First Citizens Securities Corp

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1230 Main Street

(No and Street)

Columbia

SC

29201

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Robert Spires

803-931-1693

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Dixon Hughes Goodman LLP

(Name - if individual, state last, first, middle name)

225 Peachtree St NE Suite 600

Atlanta

GA

30303

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

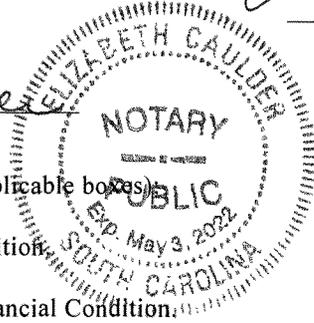
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OATH OR AFFIRMATION

I, John Suger, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of First Citizens Securities Corp, as of December 31, 2013, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

John B. Suger  
Signature  
\_\_\_\_\_  
President  
\_\_\_\_\_

Elizabeth Caulder  
Notary Public  


- This report \*\* contains (check all applicable boxes)
- (a) Facing Page.
  - (b) Statement of Financial Condition.
  - (c) Statement of Income (Loss).
  - (d) Statement of Changes in Financial Condition.
  - (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
  - (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
  - (g) Computation of Net Capital.
  - (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
  - (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
  - (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
  - (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
  - (l) An Oath or Affirmation.
  - (m) A copy of the SIPC Supplemental Report.
  - (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**FIRST CITIZENS SECURITIES  
CORPORATION**

**(A WHOLLY OWNED SUBSIDIARY OF  
FIRST CITIZENS BANK AND TRUST  
COMPANY, INC.)**

**Financial Statements and Schedules**

**December 31, 2013 and 2012**

**(With Independent Auditors' Report Thereon)**

SEC  
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Section

MAR 14 2014

Washington DC  
405

*First Citizens Securities Corporation*

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**DIXON HUGHES GOODMAN<sup>LLP</sup>**

*positively unique*

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
First Citizens Securities Corporation:

***Report of the Financial Statements***

We have audited the accompanying financial statements of First Citizens Securities Corporation (a wholly owned subsidiary of First Citizens Bank and Trust Company, Inc.) (the "Company"), which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of income, comprehensive income, changes in stockholder's equity, and cash flows for the years then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First Citizens Securities Corporation as of December 31, 2013 and 2012 and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Other Matter*

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in the supplemental schedules is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities and Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in the supplementary schedules has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in the supplemental schedules is fairly stated in all material respects in relation to the financial statements as a whole.

*Dixon Hughes Goodman LLP*

Atlanta, Georgia  
February 26, 2014

**FIRST CITIZENS SECURITIES CORPORATION***(A Wholly Owned Subsidiary of First Citizens Bank and Trust Company, Inc.)***Balance Sheets****December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash	\$ 3,911,687	\$ 4,357,581
Investment securities available-for-sale, at fair value (Note 4)	7,709,910	4,685,730
Furniture and equipment, net (Note 5)	34,600	16,376
Prepaid expenses	65,116	75,190
Commissions receivable	72,474	34,245
Other assets	370,900	305,848
Total assets	<u>12,164,687</u>	<u>9,474,970</u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>Liabilities:</b>		
Due to Related Parties (Note 6)	1,554,773	1,114,901
Accrued compensation expense	431,822	446,958
Total liabilities	<u>1,986,595</u>	<u>1,561,859</u>
<b>Stockholder's equity (Note 10):</b>		
Common stock, \$100 par value, 1 share authorized, issued and outstanding	100	100
Additional paid-in capital	749,900	749,900
Retained earnings	9,432,621	7,165,801
Accumulated other comprehensive loss, net of deferred taxes of \$2,695 at December 31, 2013 and \$1,600 at December 31, 2012	(4,529)	(2,690)
Total stockholder's equity	<u>10,178,092</u>	<u>7,913,111</u>
Total liabilities and stockholder's equity	<u>\$ 12,164,687</u>	<u>\$ 9,474,970</u>

The accompanying notes are an integral part of these financial statements.

**FIRST CITIZENS SECURITIES CORPORATION**  
*(A Wholly Owned Subsidiary of First Citizens Bank and Trust Company, Inc.)*  
**Statements of Income**  
**For the years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>REVENUES</b>		
Commissions	\$ 11,942,013	\$ 9,390,781
Gain on sale of investments	-	658
Other income	49,319	26,986
Total revenues	<u>11,991,332</u>	<u>9,418,425</u>
<b>EXPENSES</b>		
Employee compensation and benefits (Note 8)	6,903,434	5,353,890
Brokerage fees	823,193	704,828
Fees paid to Related Parties (Note 6)	156,291	156,291
Professional fees	73,501	35,381
Printing and office supplies	23,306	18,730
Depreciation expense	13,752	11,632
Furniture and equipment expense	6,560	7,385
Other expenses	375,952	283,131
Total expenses	<u>8,375,989</u>	<u>6,571,268</u>
Income before income taxes	3,615,343	2,847,157
Income tax expense (Note 7)	(1,348,523)	(1,061,990)
Net income	<u>\$ 2,266,820</u>	<u>\$ 1,785,167</u>

The accompanying notes are an integral part of these financial statements.

**FIRST CITIZENS SECURITIES CORPORATION**  
*(A Wholly Owned Subsidiary of First Citizens Bank and Trust Company, Inc.)*  
**Statements of Comprehensive Income**  
**For the years ended December 31, 2013 and 2012**

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	For the Year ended December 31,	
	2013	2012
<b>NET INCOME</b> .....	\$ 2,266,820	\$ 1,785,167
<b>OTHER COMPREHENSIVE (LOSS) INCOME:</b>		
Net unrealized (losses) gains on investment securities available-for-sale .....	(2,934)	3,124
Tax effect .....	<u>1,095</u>	<u>(1,076)</u>
Net unrealized (losses) gains on investment securities available-for-sale, net of taxes .....	(1,839)	2,048
Reclassification adjustment for gains on securities available-for-sale included in net income .....	-	(658)
Tax effect .....	<u>-</u>	<u>227</u>
Reclassification adjustment for gains on securities available-for-sale included in net income, net of taxes .....	<u>-</u>	<u>(431)</u>
<b>OTHER COMPREHENSIVE (LOSS) INCOME, NET OF TAX</b> .....	<u>(1,839)</u>	<u>1,617</u>
<b>TOTAL COMPREHENSIVE INCOME</b> .....	<u>\$ 2,264,981</u>	<u>\$ 1,786,784</u>

The accompanying notes are an integral part of these financial statements.

**FIRST CITIZENS SECURITIES CORPORATION**  
*(A Wholly Owned Subsidiary of First Citizens Bank and Trust Company, Inc.)*  
**Statements of Changes in Stockholder's Equity**  
**For the years ended December 31, 2013 and 2012**

	Common Stock - Shares	Common Stock - Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholder's Equity
Balance at December 31, 2011	1	\$ 100	\$ 749,900	\$ 5,380,634	\$ (4,307)	\$ 6,126,327
Net income	—	—	—	1,785,167	—	1,785,167
Other comprehensive income	—	—	—	—	1,617	1,617
Balance at December 31, 2012	1	\$ 100	\$ 749,900	\$ 7,165,801	\$ (2,690)	\$ 7,913,111
Net income	—	—	—	2,266,820	—	2,266,820
Other comprehensive loss	—	—	—	—	(1,839)	(1,839)
Balance at December 31, 2013	1	\$ 100	\$ 749,900	\$ 9,432,621	\$ (4,529)	\$ 10,178,092

The accompanying notes are an integral part of these financial statements.

**FIRST CITIZENS SECURITIES CORPORATION***(A Wholly Owned Subsidiary of First Citizens Bank and Trust Company, Inc.)***Statements of Cash Flows****For the years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 2,266,820	\$ 1,785,167
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation	13,752	11,632
Net amortization of premiums and discounts on investment securities	75,981	30,205
Gain on sale of investment securities available-for-sale	-	(658)
Decrease in prepaid expenses	10,074	25,795
(Increase) decrease in commissions receivable	(38,229)	26,446
Increase in other assets	(63,957)	(298,812)
Net change in due to Related Parties	439,872	281,021
Decrease in accrued compensation expense	(15,136)	(50,351)
Net cash provided by operating activities	<u>2,689,177</u>	<u>1,810,445</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of furniture and equipment	(31,976)	(2,884)
Purchase of investment securities available-for-sale	(6,703,095)	(4,745,752)
Proceeds from maturities of investment securities available-for-sale	3,600,000	1,700,000
Proceeds from calls of investment securities available-for-sale	-	500,000
Proceeds from sales of investment securities available-for-sale	-	39,133
Net cash used by investing activities	<u>(3,135,071)</u>	<u>(2,509,503)</u>
Decrease in cash	(445,894)	(699,058)
Cash at beginning of year	4,357,581	5,056,639
Cash at end of year	<u>\$ 3,911,687</u>	<u>\$ 4,357,581</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Unrealized securities (losses) gains, net of tax	(1,839)	1,617

The accompanying notes are an integral part of these financial statements.

## **FIRST CITIZENS SECURITIES CORPORATION**

*(A Wholly Owned Subsidiary of First Citizens Bank and Trust Company, Inc.)*

### **Notes to Financial Statements**

**December 31, 2013 and 2012**

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#### **NOTE 1 – NATURE OF OPERATIONS**

First Citizens Securities Corporation (“FC Securities” or the “Company”) was organized as a South Carolina corporation, and on October 13, 2005, it became a wholly owned subsidiary of First Citizens Bank and Trust Company, Inc. (“First Citizens” or the “Parent”) through the issuance of 1 share of \$100 par value common stock. The Parent is a wholly owned subsidiary of First Citizens Bancorporation, Inc. (“Bancorporation”), a financial holding company located in Columbia, South Carolina. First Citizens and other subsidiaries of Bancorporation are collectively referred to as “Related Parties”.

FC Securities is a registered broker/dealer in securities with the Financial Industry Regulatory Authority (“FINRA”) and the Securities and Exchange Commission, a registered investment adviser, and a licensed insurance agency. Revenue is earned through commissions and fees earned on transactions with its customers. The majority of FC Securities’ customers are located in South Carolina and Georgia in markets served by First Citizens.

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES**

The accounting and reporting policies of the Company are in accordance with accounting principles generally accepted in the United States of America. The more significant of these policies used in preparing the Company’s financial statements are described in this summary.

**(a) Investment Securities Available for Sale**

Investments are classified as available-for-sale and are accounted for at fair value as determined by quoted market prices. Unrealized holding gains and losses, net of deferred taxes, are presented as a separate component of stockholder’s equity in accumulated other comprehensive income. The cost of securities sold is specifically identified for use in calculating realized gains and losses. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities.

**(b) Furniture and Equipment**

Furniture and equipment are reported at cost less accumulated depreciation. Depreciation is included in expense over the estimated useful lives of the assets (generally three to ten years). Depreciation and amortization are calculated using straight-line methods. Maintenance, repairs and minor improvements are expensed as incurred.

**(c) Income Taxes**

The Company is included in the consolidated federal income tax return of Bancorporation, and computes its provision for federal income taxes using Bancorporation’s federal income tax rate. A tax allocation arrangement exists between the Company and Bancorporation. State income taxes are computed on a separate company basis since the Company files separate state income tax returns.

**(d) Commission Revenue**

Commissions earned on sales and purchases of securities for customers are recorded on a settlement date basis, which does not differ materially from a trade date basis.

**(e) Use of Estimates in Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates.

**FIRST CITIZENS SECURITIES CORPORATION**  
*(A Wholly Owned Subsidiary of First Citizens Bank and Trust Company, Inc.)*  
**Notes to Financial Statements**  
**December 31, 2013 and 2012**

**(f) Comprehensive Income**

Comprehensive income consists of net income for the period and unrealized gains and losses on investment securities available-for-sale, net of deferred income taxes.

**NOTE 3—ACCUMULATED OTHER COMPREHENSIVE INCOME**

Accumulated other comprehensive income (loss) (“AOCI”) is reported as a component of stockholder’s equity. AOCI can include, among other items, unrealized holding gains and losses on securities available for sale. The components of AOCI are reported net of related tax effects. The components of AOCI and changes in those components are presented in the following table.

	<b>Unrealized gains (losses) on available-for-sale securities</b>
<b>Balance, January 1, 2013</b>	\$ (2,690)
Other comprehensive income before income taxes:	
Net change in unrealized loss	(2,934)
Income tax expense	1,095
Net comprehensive loss	(1,839)
<b>Ending balance at December 31, 2013</b>	<b>\$ (4,529)</b>

For the year ended December 31, 2013, there were no reclassifications from AOCI affecting the statement of income. For the year ended December 31, 2012, total reclassifications from AOCI affecting the statement of income were comprised of gross unrealized losses on available-for-sale securities of \$658 less tax expense of \$227 for a net decrease of \$431.

**NOTE 4 – INVESTMENTS**

The cost and the estimated fair value of investment securities available-for-sale at December 31 along with gross unrealized gains and losses determined on an individual security basis are presented below.

**Available-for-sale at December 31, 2013:**

	<b>Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Estimated Fair Value</b>
U.S. government treasuries and agencies	\$ 7,495,659	\$ 2,088	\$ 4,424	\$ 7,493,323
Other	221,475	-	4,888	216,587
<b>Total</b>	<b>\$ 7,717,134</b>	<b>\$ 2,088</b>	<b>\$ 9,312</b>	<b>\$ 7,709,910</b>

**FIRST CITIZENS SECURITIES CORPORATION**  
*(A Wholly Owned Subsidiary of First Citizens Bank and Trust Company, Inc.)*  
**Notes to Financial Statements**  
**December 31, 2013 and 2012**

**Available-for-sale at December 31, 2012:**

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government treasuries and agencies	\$ 4,524,545	\$ 1,674	\$ 1,116	\$ 4,525,103
Other	165,475	38	4,886	160,627
Total	<u>\$ 4,690,020</u>	<u>\$ 1,712</u>	<u>\$ 6,002</u>	<u>\$ 4,685,730</u>

At December 31, 2013, the Company had five securities having a continuous unrealized loss position for less than 12 months and five securities having a continuous unrealized loss position for more than 12 months. Securities with unrealized losses were as follows:

	Less than Twelve Months		Over Twelve Months	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
U.S. government treasuries and agencies .....	\$ 4,387	\$3,086,490	\$ 37	\$350,090
Other .....	1,348	69,127	3,540	147,459
Total securities with unrealized losses .....	<u>\$ 5,735</u>	<u>\$3,155,617</u>	<u>\$ 3,577</u>	<u>\$ 497,549</u>

At December 31, 2012, the Company had six securities having a continuous unrealized loss position for less than 12 months and three securities having a continuous unrealized loss position for more than 12 months. Securities with unrealized losses were as follows:

	Less than Twelve Months		Over Twelve Months	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
U.S. government treasuries and agencies .....	\$ 1,116	\$ 1,762,708	\$ —	\$ —
Other .....	—	—	4,886	146,114
Total securities with unrealized losses .....	<u>\$ 1,116</u>	<u>\$ 1,762,708</u>	<u>\$ 4,886</u>	<u>\$146,114</u>

The Company has continued its ongoing monitoring process to review its investments portfolio to ensure that investments which may be other-than-temporarily impaired are identified on a timely basis.

Proceeds from the sale of available-for-sale investments were \$0 and \$39,133 in 2013 and 2012, respectively. Gross realized gains were \$0 and \$658 in 2013 and 2012, respectively. There were no gross realized losses in 2013 and 2012.

The following table provides maturity information for investment securities at December 31, 2013.

Years to maturity	Cost	Estimated Fair Value
Due in one year or less	\$ 4,441,445	\$ 4,439,283
Due after one year through five years	3,054,214	3,054,040
Equity securities	221,475	216,587
	<u>\$ 7,717,134</u>	<u>\$ 7,709,910</u>

**FIRST CITIZENS SECURITIES CORPORATION**  
*(A Wholly Owned Subsidiary of First Citizens Bank and Trust Company, Inc.)*  
**Notes to Financial Statements**  
**December 31, 2013 and 2012**

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**NOTE 5 – FURNITURE AND EQUIPMENT**

Furniture and equipment are summarized as follows:

	<u>2013</u>	<u>2012</u>
Furniture and equipment	\$ 113,795	\$ 81,819
Less: Accumulated depreciation	(79,195)	(65,443)
Total premises and equipment	<u>\$ 34,600</u>	<u>\$ 16,376</u>

Provisions for depreciation were \$13,752 and \$11,632 for the years ended December 31, 2013 and 2012, respectively.

**NOTE 6 – TRANSACTIONS AND RELATED PARTIES**

At December 31, 2013 and 2012, the Company had \$781,872 and \$302,762, respectively in a noninterest bearing demand deposit account at the Parent. Due to Related Parties consists primarily of taxes due to the Parent and various items paid by the Parent on behalf of the Company, such as payroll and various general and administrative expenses. Expenses discussed in this note are allocated under various methods determined by the Company and Related Parties and are subject to change.

In 2013 and 2012, the Company paid a management fee of \$156,291 to First Citizens to compensate it for various executive management and professional services.

**NOTE 7 – INCOME TAXES**

The components of income tax expense are as follows:

	<u>2013</u>	<u>2012</u>
Current:		
Federal	\$ 1,248,377	\$ 976,995
State	127,927	100,746
	<u>1,376,304</u>	<u>1,077,741</u>
Deferred - Federal	(27,781)	(15,751)
	<u>\$ 1,348,523</u>	<u>\$ 1,061,990</u>

The significant components of FC Securities deferred tax liabilities and assets pursuant to ASC 740, which are included in "Other assets" on the Balance Sheet, are as follows:

	<u>2013</u>	<u>2012</u>
Deferred tax assets:		
Employee benefits	\$ 151,872	\$ 119,118
Mark-to-market of available-for-sale-securities	2,695	1,600
<b>Total deferred tax assets</b>	<u>154,567</u>	<u>120,718</u>

**FIRST CITIZENS SECURITIES CORPORATION**  
*(A Wholly Owned Subsidiary of First Citizens Bank and Trust Company, Inc.)*  
**Notes to Financial Statements**  
**December 31, 2013 and 2012**

Deferred tax liabilities:		
Depreciation	\$ 4,326	\$ 1,218
Other	2,338	57
<b>Total deferred tax liabilities</b>	<b>6,664</b>	<b>1,275</b>
<b>Net deferred tax asset</b>	<b>\$ 147,903</b>	<b>\$ 119,443</b>

The income tax expense for the period differed from the amount computed by applying the Parent's Federal income tax rate of 35% to income before income taxes because of the following:

	<u>2013</u>	<u>2012</u>
Income tax expense at Federal rate	\$ 1,265,370	\$ 996,505
State taxes, net of Federal benefit	83,153	65,485
	<u>\$ 1,348,523</u>	<u>\$ 1,061,990</u>

**NOTE 8 – EMPLOYEE BENEFIT PLANS**

The Parent sponsors a noncontributory, qualified defined benefit pension plan (the "Pension Plan") covering substantially all full-time employees, including the employees of the Company. On July 19, 2007, the Parent's Board of Directors approved an amendment to the Pension Plan to provide that any employee who is hired or rehired on or after September 1, 2007 will not be eligible to participate in the Pension Plan. Under the Pension Plan, benefits are based on years of service and average earnings. The Parent's policy is to fund amounts approximating the maximum amount that is deductible for federal income tax purposes. The Pension Plan's assets consist of investments in listed common stocks and fixed income securities, mutual funds, as well as investments in mid-cap and small-cap stocks. For the years ended December 31, 2013 and 2012, pension expense of \$46,072 and \$21,421 was allocated, respectively, to the Company by the Parent.

The Parent also sponsors a defined contribution savings plan and an enhanced contributory savings plan covering employees hired or rehired on or after September 1, 2007 and received benefits beginning January 1, 2008 (the "Plans"), covering substantially all full-time employees, including the employees of the Company. The Plans permit eligible employees to make contributions, with the Company matching a certain percentage of the employee's contributions. During 2013 and 2012, the Company made matching contributions of approximately \$210,334 and \$181,996, respectively, to the Plans. The Plans are immediately available for employees at the beginning of the calendar quarter following their employment date.

**NOTE 9—FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value estimates presented herein are based on pertinent information available to management. The fair value of investment securities is based upon quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

The Company groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair values. These levels are:

**Level 1:** Valuation is based upon quoted prices for identical instruments traded in active markets.

**Level 2:** Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

**FIRST CITIZENS SECURITIES CORPORATION**  
*(A Wholly Owned Subsidiary of First Citizens Bank and Trust Company, Inc.)*  
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**December 31, 2013 and 2012**

**Level 3:** Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques included use of discounted cash flow models and similar techniques.

Among the Company's assets and liabilities, investment securities available for sale are reported at their fair values on a recurring basis.

For assets carried at fair value, the following table provides fair value information as of December 31, 2013:

	Fair Value at December 31, 2013	Fair value measurements at December 31, 2013		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b><u>Assets measured at fair value</u></b>				
<b>Investment securities available-for-sale:</b>				
U.S. government treasuries and agencies .....	\$7,493,323	\$7,493,323	\$ —	\$ —
Other .....	<u>216,587</u>	<u>—</u>	<u>216,587</u>	<u>—</u>
Total investment securities available-for-sale .....	<u>\$7,709,910</u>	<u>\$7,493,323</u>	<u>\$ 216,587</u>	<u>\$ —</u>

For assets carried at fair value, the following table provides fair value information as of December 31, 2012:

	Fair Value at December 31, 2012	Fair value measurements at December 31, 2012		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b><u>Assets measured at fair value</u></b>				
<b>Investment securities available-for-sale:</b>				
U.S. government treasuries and agencies .....	\$4,525,103	\$4,525,103	\$ —	\$ —
Other .....	<u>160,627</u>	<u>—</u>	<u>160,627</u>	<u>—</u>
Total investment securities available-for-sale .....	<u>\$4,685,730</u>	<u>\$4,525,103</u>	<u>\$160,627</u>	<u>\$ —</u>

**NOTE 10 – NET CAPITAL REQUIREMENTS**

FC Securities is a registered broker/dealer in securities with FINRA. FC Securities is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1) (the "Rule"), which requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital as defined by the Rule, shall not exceed 15 to 1.

At December 31, 2013, the Company had net capital as defined of \$9,542,926; the Company's aggregate indebtedness to net capital ratio was .21 to 1.

At December 31, 2012, the Company had net capital as defined of \$7,436,998; the Company's aggregate indebtedness to net capital ratio was .21 to 1.

**FIRST CITIZENS SECURITIES CORPORATION**

*(A Wholly Owned Subsidiary of First Citizens Bank and Trust Company, Inc.)*

**Notes to Financial Statements**

**December 31, 2013 and 2012**

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**NOTE 11 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 26, 2014, the date these financial statements were issued, and there were no significant subsequent events to disclose or recognize.

**FIRST CITIZENS SECURITIES CORPORATION**  
*(A Wholly Owned Subsidiary of First Citizens Bank and Trust Company, Inc.)*  
**Computation of Aggregate Indebtedness and Net Capital**  
**Pursuant to Rule 15c3-1 of the Securities Exchange Act of 1934**  
**December 31, 2013**

**Schedule 1**

	<u>2013</u>
<b>AGGREGATE INDEBTEDNESS</b>	
Accounts payable, accrued liabilities and due to Related Parties	<u>\$ 1,986,595</u>
<b>NET CAPITAL</b>	
Total stockholder's equity	10,178,092
<b>Less nonallowable assets:</b>	
Prepaid expenses	65,116
Excess cash deposit with the Parent bank	42,160
Other assets	455,083
Net capital before haircuts	<u>9,615,733</u>
Haircut adjustment	(72,807)
Net capital	9,542,926
Capital requirement	134,111
Net capital excess	<u>\$ 9,408,815</u>
Ratio – aggregate indebtedness to net capital	<u>.21 to 1</u>

The above computations do not differ materially from the Company's computations, as shown in its FOCUS Report Form X-17A-5, Part II-A Quarterly, dated December 31, 2013.

See the accompanying Independent Auditors' Report.

*(A Wholly Owned Subsidiary of First Citizens Bank and Trust Company, Inc.)*

**Computation for Determination of Reserve Requirements and  
Information Relating to Possession or Control Requirements  
Pursuant to Rule 15c3-3 of the Securities and Exchange Act of 1934  
December 31, 2013**

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**Computation for Determination of Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Act of 1934:**

The Company is subject to the provisions of Rule 15c3-3 of the Securities Exchange Act of 1934. The Company does not hold customer cash or securities. Checks are received in the name of the Company or the clearing agent and are immediately restrictively endorsed and promptly deposited in a bank account of the clearing agent. Securities received are promptly forwarded overnight to the clearing agent. The Company fully introduces brokerage accounts to the clearing agent and the Company does not have balances which would be included in a reserve computation. Therefore, the reserve requirement under Rule 15c3-3 was \$-0- at December 31, 2013.

The above computation does not materially differ from the Company's computation, as shown in its FOCUS Report Form X-1 7A-5, Part II-A, dated December 31, 2013.

**Information Relating to Possession or Control Requirements Under Rule 15c3-3 of the Securities and Exchange Commission:**

Information relating to possession or control requirements is not applicable to First Citizens Securities Corporation as the Company qualifies for exemption under Rule 15c3-3(k)(2)(ii).

See the accompanying Independent Auditors' Report.



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**Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5(g)(1) for a Broker-Dealer Claiming an Exemption From SEC Rule 15c3-3**

To the Board of Directors  
First Citizens Securities Corporation:

In planning and performing our audit of the financial statements of First Citizens Securities Corporation (the "Company"), as of and for the year ended December 31, 2013 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2013, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority ("FINRA"), and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Dixon Hughes Goodman LLP*

Atlanta, Georgia  
February 26, 2014

**Supplemental Report**  
**With respect to the**  
**Transitional Assessment Reconciliation (Form SIPC-7T)**



**DIXON HUGHES GOODMAN** LLP

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**Independent Auditors' Report on Applying Agreed  
Upon Procedures Related to SIPC Assessment  
Reconciliation Required by SEC Rule 17a-5(e)(4)**

To the Board of Directors  
First Citizens Securities Corporation:

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2013, which were agreed to by First Citizens Securities Corporation (the "Company") and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records and entries noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2013, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2013, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers, which include the FOCUS reports and the commission payout schedules, supporting the adjustments noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

*Dixon Hughes Goodman LLP*

Atlanta, Georgia  
February 26, 2014