

FIRST CITIZENS BANCSHARES INC /TN/
Form S-4
July 18, 2014
As filed with the Securities and Exchange Commission on July 18, 2014

Registration No. 333-[]

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM S-4

**REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933**

FIRST CITIZENS BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

Tennessee

6022

62-1180360

(State or other jurisdiction of incorporation or organization)

(Primary Standard Industrial Classification Code Number)

(I.R.S. Employer Identification Number)

**One First Citizens Place
Dyersburg, Tennessee 38024
(731) 285-4410**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jeffrey D. Agee

President and Chief Executive Officer

First Citizens Bancshares, Inc.
One First Citizens Place
Dyersburg, Tennessee 38024
(731) 285-4410

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and completion of the merger described in the enclosed Proxy Statement/Prospectus.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price(2)	Amount of registration fee(2)(3)
Common stock, no par value per share	269,302	N/A	\$6,224,259.90	\$801.68
Class A common stock, no par value per share	108,356	N/A	-	-

- (1) Represents the maximum number of shares of the Registrant's common stock expected to be issued in connection with the proposed merger to which this Registration Statement relates, before giving effect to any adjustment provided in the agreement and plan of merger.
- (2) Estimated solely for the purpose of determining the registration fee in accordance with Rule 457(f)(2) and (f)(3) under the Securities Act by multiplying (1) the book value of Southern Heritage Bancshares, Inc. stock of \$16.99 per share as of March 31, 2014 by (2) the maximum number of shares of Southern Heritage Bancshares, Inc. stock to be exchanged in the merger to which this Registration Statement relates, minus (3) the cash portion of the merger consideration of \$16,085,903.75 to be paid by the Registrant to the holders of Southern Heritage Bancshares, Inc. stock, before giving effect to any adjustment provided in the agreement and plan of merger based on the combined number of shares of the Registrant's common stock and the Class A common stock to be issued.
- (3) Determined in accordance with Section 6(b) of the Securities Act at a rate equal to \$128.80 per \$1,000,000 of the proposed maximum aggregate offering price.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Subject to completion, dated July 18, 2014

PROXY STATEMENT/PROSPECTUS

First Citizens Bancshares, Inc., holding company for

**Southern Heritage Bancshares, Inc.,
holding company for**

MERGER PROPOSED - YOUR VOTE IS VERY IMPORTANT

The boards of directors of First Citizens Bancshares, Inc. (First Citizens) and Southern Heritage Bancshares, Inc. (SHB) have approved an agreement and plan of merger, as amended (the Merger Agreement), to merge our two companies. If SHB shareholders approve the Merger Agreement and the transactions contemplated thereby, and the merger is completed, SHB will merge with and into First Citizens and SHB shareholders (other than SHB shareholders who properly exercise their right to dissent from the merger and subject to all applicable securities laws) will have the right to receive an aggregate of (i) \$16,085,903.75 in cash, subject to adjustment as set forth in the Merger Agreement, and (ii) 377,658 shares of First Citizens stock, subject to adjustment as set forth in the Merger Agreement, of the following classes depending on the class of SHB stock held by them: 269,302 shares of First Citizens common stock and 108,356 shares of First Citizens Class A common stock.

If the merger is completed, each share of SHB stock issued and outstanding immediately prior to the effective time of the merger will, subject to the election described below, be converted into the right to receive (i) \$12.25 in cash, plus (ii) 0.2876 of a share of First Citizens stock. Shareholders of SHB who hold more than one share of SHB stock may elect to receive consideration in exchange for each share of SHB common stock in the form of: (a) 0.5751 shares of First Citizens stock or (b) \$24.50 in cash, subject to adjustment pursuant to the merger consideration adjustments as provided in the Merger Agreement, including First Citizens' rights to adjust the aggregate merger consideration such that, in the aggregate, no more than 377,658 shares of First Citizens stock will be issued in connection with the merger; provided, however, that if SHB's accumulated other comprehensive income as of the closing date is a loss of greater than \$3.4 million, then First Citizens may increase the number of shares issued as merger consideration so that up to 55% of the aggregate merger consideration is comprised of First Citizens stock. First Citizens may not issue its stock to residents of any state in which the offering of these securities is not registered or eligible for a claim of exemption from registration.

SHB shareholders who hold SHB common stock shall receive First Citizens common stock and SHB shareholders who hold SHB Class A common stock, SHB Class B common stock or SHB Series A preferred stock shall receive First Citizens Class A common stock. In lieu of the issuance of any fractional shares of First Citizens stock, First Citizens will pay to each former SHB shareholder who would otherwise be entitled to receive such fractional share an amount in cash determined by multiplying (i) \$42.60 by (ii) the fraction of a share of First Citizens common stock to which such holder would otherwise be entitled to receive. All holders of SHB common stock, SHB Class A common stock, SHB Class B common stock and SHB Series A preferred stock shall have the right to vote on the merger; however, only holders of SHB common stock have the right to vote with respect to the other proposals to be submitted at the annual meeting of SHB shareholders.

First Citizens stock is not currently listed or traded on any securities exchange or quotation system. Neither the common stock nor the preferred stock of SHB is listed or traded on any securities exchange or quotation system.

We cannot complete the merger unless we obtain the necessary governmental approvals and unless the shareholders of SHB approve the merger agreement. The board of directors of SHB unanimously recommends that you vote in favor of the merger agreement.

This Proxy Statement/Prospectus provides you with detailed information about the proposed merger between First Citizens and SHB. This document also contains information about First Citizens and SHB. We encourage you to carefully read and consider this Proxy Statement/Prospectus in its entirety.

You should carefully consider the risk factors described beginning on page 13 of this Proxy Statement/Prospectus.

First Citizens is an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012 and, as such, may elect to comply with certain reduced public company reporting requirements after this offering.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this Proxy Statement/Prospectus or determined if this Proxy Statement/Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This Proxy Statement/Prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this Proxy Statement/Prospectus, or the solicitation of a proxy, in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction.

Shares of First Citizens stock are not savings or deposit accounts or other obligations of any bank or savings association, and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this Proxy Statement/Prospectus is [], 2014,
and it is first being mailed to the shareholders of SHB on or about [], 2014.

Southern Heritage Bancshares, Inc.,

The holding company for

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON [], 2014**

TO THE SHAREHOLDERS OF SOUTHERN HERITAGE BANCSHARES, INC.:

This serves as notice to you that an annual meeting of shareholders of Southern Heritage Bancshares, Inc. (SHB) will be held on [], 2014, at [] Eastern Time, at 3020 Keith Street NW, Cleveland, Tennessee 37312, for the following purposes:

1. *Merger Proposal.* Considering and voting upon the approval of the agreement and plan of merger (the Merger Agreement), dated as of March 20, 2014, between SHB and First Citizens Bancshares, Inc. (First Citizens), which provides for the merger of SHB with and into First Citizens as more fully described in the accompanying Proxy Statement/Prospectus, and the transactions contemplated by the Merger Agreement;
2. *Election of Directors.* Electing two Class III members of the board of directors to serve three-year terms until the annual meeting of shareholders in 2017 or until their successors have been duly elected and qualified. Note that upon the effective date of the merger, if approved and then consummated, the directors of SHB will no longer serve as directors of SHB, but since the same directors generally are elected as the directors of Southern Heritage Bank, they will continue to serve in that capacity;
3. *Adjournment.* If necessary, adjourning the annual meeting to a later date; and
4. *Other Business.* Transacting such other business as may properly come before the annual meeting or any adjournment of the annual meeting.

All holders of record of SHB common stock, SHB Class A common stock, SHB Class B common stock and SHB Series A preferred stock at the close of business on [], 2014 (the record date) are entitled to notice of and to vote on the merger. Each share of SHB stock is entitled to one vote. Approval of the Merger Agreement requires approval by an affirmative vote of at least a majority of the outstanding shares of SHB stock entitled to vote on the proposal, voting as separate classes. Only holders of SHB common stock at the close of business on the record date have the right to vote with respect to the other proposals to be submitted at the annual meeting of SHB shareholders.

The board of directors of SHB has unanimously approved the Merger Agreement and the transactions contemplated thereby and recommends that SHB shareholders vote FOR approval of the Merger Agreement and the transactions contemplated thereby.

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Under the terms of the Merger Agreement, if the Merger Agreement is approved and the merger is completed, all outstanding shares of SHB stock will be converted into the right to receive an aggregate of (i) \$16,085,903.75 in cash, subject to adjustment as set forth in the Merger Agreement, and (ii) 377,658 shares of First Citizens stock, subject to adjustment as set forth in the Merger Agreement, of the following classes depending on the class of SHB stock held by SHB's shareholders: 269,302 shares of First Citizens common stock and 108,356 shares of First Citizens Class A common stock.

If the merger is completed, each share of SHB stock issued and outstanding immediately prior to the effective time of the merger will, subject to the election described below, be converted into the right to receive (i) \$12.25 in cash, plus (ii) 0.2876 of a share of First Citizens stock. Shareholders of SHB who hold more than one share of SHB stock may elect to receive consideration in exchange for each share of SHB common stock in the form of: (a) 0.5751 shares of First Citizens stock or (b) \$24.50 in cash, subject to adjustment pursuant to the merger consideration adjustments as provided in the Merger Agreement, including First Citizens' rights to adjust the aggregate merger consideration such that, in the aggregate, no more than 377,658 shares of First Citizens stock will be issued in connection with the merger; provided, however, that if SHB's accumulated other comprehensive income as of the closing date is a loss of greater than \$3.4 million, then First Citizens may increase the number of shares issued as merger consideration so that up to 55% of the aggregate merger consideration is comprised of First Citizens stock. First Citizens may not issue its stock to residents of any state in which the offering of these securities is not registered or eligible for a claim of exemption from registration.

SHB shareholders who hold SHB common stock shall receive First Citizens common stock and SHB shareholders who hold SHB Class A common stock, SHB Class B common stock or SHB Series A preferred stock shall receive First Citizens Class A common stock. In lieu of the issuance of any fractional shares of First Citizens stock, First Citizens will pay to each former SHB shareholder who would otherwise be entitled to receive such fractional share an amount in cash determined by multiplying (i) \$42.60 by (ii) the fraction of a share of First Citizens common stock to which such holder would otherwise be entitled to receive. All holders of SHB common stock, SHB Class A common stock, SHB Class B common stock and SHB Series A preferred stock shall have the right to vote on the merger; however, only holders of SHB common stock have the right to vote with respect to the other proposals to be submitted at the annual meeting of SHB shareholders.

Notice of Right to Dissent. Dissenting SHB shareholders who comply with the procedural requirements of Chapter 23 of the Tennessee Business Corporation Act will be entitled to receive payment of the fair value of their shares. A copy of Chapter 23 of the Tennessee Business Corporation Act containing the procedural requirements to exercise dissenters' rights is attached as Annex B to the accompanying Proxy Statement/Prospectus. In addition, please see the section entitled PROPOSAL 1: THE MERGER Dissenters' Rights in the accompanying Proxy Statement/Prospectus for a discussion of the procedures to be followed in asserting these dissenters' rights.

Please vote through the Internet or mark, sign, date and return the enclosed proxy card promptly, whether or not you plan to attend the annual meeting. All SHB shareholders are invited to attend the annual meeting. To ensure your representation at the annual meeting, please complete and promptly mail the enclosed proxy card in the enclosed postage paid business reply envelope or vote through the Internet by visiting the following website: www.voteproxy.com. This will not prevent you from voting in person, but will help to secure a quorum and avoid added solicitation costs. If you do not vote your proxy and do not attend the annual meeting in order to vote in person, the effect will be the same as a vote against the Merger Agreement and the transactions contemplated thereby. You may revoke your proxy at any time before it is voted.

Please review the Proxy Statement/Prospectus accompanying this notice for more complete information regarding the proposed merger and the annual meeting.

BY ORDER OF THE BOARD OF DIRECTORS,

J. Lee Stewart
President and Chief Executive Officer

[], 2014

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**QUESTIONS AND ANSWERS
ABOUT THE MERGER AND THE ANNUAL MEETING**

The following are some questions that you may have regarding the merger and the SHB annual meeting and brief answers to those questions. We urge you to carefully read the remainder of this Proxy Statement/Prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger and the annual meeting.

Q : What am I being asked to vote on?

A: If you are a record holder of SHB common stock, SHB Class A common stock, SHB Class B common stock or SHB Series A preferred stock, you are being asked to vote on a proposal to approve a merger in which SHB will merge with and into First Citizens, with First Citizens surviving. Southern Heritage Bank will become a wholly-owned subsidiary of First Citizens. After the merger, SHB shareholders will no longer own shares of SHB stock and will receive the per share merger consideration.

In addition, if you are a holder of SHB common stock, you are also being asked to vote on the following proposals:

- *Election of Directors.* To elect two Class III members of the board of directors to serve three-year terms until the annual meeting of shareholders in 2017 or until their successors have been duly elected and qualified. Note that upon the effective date of the merger, if approved and then consummated, the directors of SHB will no longer serve as directors of SHB, but since the same directors generally are elected as the directors of Southern Heritage Bank, they will continue to serve in that capacity.
- *Adjournment.* If necessary, to adjourn the annual meeting to a later date.
- *Other Business.* To transact such other business as may properly come before the annual meeting or any adjournment of the annual meeting.

Q: Why is SHB merging with First Citizens?

A: SHB is merging with First Citizens because the boards of directors of both companies believe that the merger will provide shareholders of both companies with substantial benefits and will enable the combined company to better serve customers. The combined company would have a presence throughout West and East Tennessee. A detailed discussion of the background of and reasons for the proposed merger is contained under the headings PROPOSAL 1: THE MERGER - Background of the Merger, and PROPOSAL 1: THE MERGER - Reasons for the Merger; Recommendation of the Board of Directors.

Q: **What do I need to do now?**

A: After you carefully read this Proxy Statement/Prospectus, please vote using the Internet by visiting the following website: www.voteproxy.com or, if you have been provided a proxy card, please vote it promptly by indicating on the enclosed proxy card how you want to vote, and by signing and mailing the proxy card in the enclosed postage-paid business reply envelope as soon as possible so that your shares may be represented at the annual meeting of shareholders. Do not send in your stock certificates now.

Regardless of whether you plan to attend the annual meeting in person, if you are a SHB shareholder, we encourage you to vote your proxy promptly. This will help to ensure that a quorum is present at the annual meeting and will help reduce the costs associated with the solicitation of proxies.

The board of directors of SHB unanimously recommends that SHB shareholders vote **FOR** approval of the Merger Agreement and the transactions contemplated thereby and that holders of SHB common stock vote **FOR** the election of two Class III directors to serve until the 2017 annual meeting of shareholders.

Q: **Why is my vote important?**

A: Pursuant to the Tennessee Business Corporation Act, the Merger Agreement must be approved by a majority of all the votes of each class entitled to be cast by SHB shareholders, with each class of stock voting separately. Therefore, a majority of the outstanding shares of SHB stock held by SHB shareholders, present in person or by proxy at the annual meeting, must vote to approve the Merger Agreement. Accordingly, if you abstain, it will have the same effect as a vote **AGAINST** approval of the Merger Agreement.

Q: Can I change my vote after I have delivered my proxy card?

A: You may change your vote at any time before your proxy is voted at the meeting. You can do this in any of the following three ways:

- by sending a written notice to the corporate secretary of SHB in time to be received before the annual meeting stating that you would like to revoke your proxy;
- by completing, signing and dating another proxy card and returning it by mail in time to be received before the annual meeting, in which case your later-submitted proxy will be recorded and your earlier proxy revoked;
- re-vote by using the Internet and visiting the following website: www.voteproxy.com; or
- if you are a SHB shareholder, by attending the annual meeting and voting in person, although attendance by itself will not revoke a previously granted proxy.

If your shares are held in an account at a broker, you should contact your broker to change your vote.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: **NOT WITH RESPECT TO THE PROPOSAL TO APPROVE THE MERGER AGREEMENT.** You should instruct your broker to vote your shares, following the directions your broker provides. Your broker will not have the discretion to vote your shares on the proposal to approve the Merger Agreement or on the proposal to elect two Class III directors. Failure to instruct your broker how to vote your shares on the proposal to approve the Merger Agreement will have the same effect as voting AGAINST the Merger Agreement.

Q: What is the aggregate amount of consideration to be paid by First Citizens in the merger?

A: Under the terms of the Merger Agreement, if the Merger Agreement is approved and the merger is completed, the outstanding shares of SHB stock will be converted into the right to receive an aggregate of (i) \$16,085,903.75 in cash, subject to adjustment as set forth in the Merger Agreement, and (ii) 377,658 shares of First Citizens stock, subject to adjustment as set forth in the Merger Agreement.

Q: What will I receive in connection with the merger?

A: If the merger is completed, each share of SHB stock issued and outstanding immediately prior to the effective time of the merger will, subject to the election described below, be converted into the right to receive (i) \$12.25 in cash, plus (ii) 0.2876 of a share of First Citizens stock. Shareholders of SHB who hold more than one share of SHB stock may elect to receive consideration in exchange for each share of SHB common stock in the form of: (a) 0.5751 shares of First Citizens stock or (b) \$24.50 in cash, subject to adjustment pursuant to the merger consideration adjustments as provided in the Merger Agreement, including First Citizens' rights to adjust the aggregate merger consideration such that, in the aggregate, no more than 377,658 shares of First Citizens stock will be issued in connection with the merger; provided, however, that if SHB's accumulated other comprehensive income as of the closing date is a loss of greater than \$3.4 million, then First Citizens may increase the number of shares issued as merger consideration so that up to 55% of the aggregate merger consideration is comprised of First Citizens stock. First Citizens may not issue its stock to residents of any state in which the offering of these securities is not registered or eligible for a claim of exemption from registration.

SHB shareholders who hold SHB common stock shall receive First Citizens common stock and SHB shareholders who hold SHB Class A common stock, SHB Class B common stock or SHB Series A preferred stock shall receive First Citizens Class A common stock. In lieu of the issuance of any fractional shares of First Citizens stock, First Citizens will pay to each former SHB shareholder who would otherwise be entitled to receive such fractional share an amount in cash determined by multiplying (i) \$42.60 by (ii) the fraction of a share of First Citizens common stock to which such holder would otherwise be entitled to receive.

Q: **Who will be on the board of directors of First Citizens after the merger?**

A: Following the merger, the board of directors of First Citizens will consist of 19 members. Eighteen of these directors will be the current members of the board of directors of First Citizens. For more information on these individuals, see INFORMATION ABOUT FIRST CITIZENS - Management of First Citizens. J. Lee Stewart, the current president and chief executive officer of SHB, will be joining the First Citizens board of directors as the 19th member. He will also be

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joining the First Citizens National Bank board of directors. If, prior to the closing date, Mr. Stewart becomes unavailable for any reason to serve as a member of the board of directors of First Citizens or First Citizens National Bank following the merger, the boards of directors of First Citizens and First Citizens National Bank will continue with their current members. See THE MERGER AGREEMENT - Management and Operations Following the Merger for biographical information with respect to Mr. Stewart.

Q: What are the material U.S. federal income tax consequences of the merger to the shareholders?

A: The merger has been structured and is intended to qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). As a result of the merger's qualification as a reorganization, it is anticipated that SHB shareholders will not recognize gain or loss for U.S. federal income tax purposes on the exchange of shares of SHB stock for shares of First Citizens stock, except with respect to cash received in connection with the merger and cash delivered in lieu of fractional shares of First Citizens stock and except for SHB shareholders who exercise their dissenters' rights with respect to the merger.

This tax treatment may not apply to all SHB shareholders. You are urged to consult your own tax advisor for a full understanding of the merger's tax consequences that are particular to you.

Q: What is the purpose of this Proxy Statement/Prospectus?

A: This document serves as SHB's proxy statement and as First Citizens' prospectus. As a proxy statement, this document is being provided to SHB's shareholders because SHB's board of directors is soliciting proxies to vote to approve the Merger Agreement, the election of directors and other business that may properly come before the meeting. As a prospectus, this document is being provided to SHB's shareholders by First Citizens because First Citizens is offering shares of First Citizens stock in exchange for their shares of SHB's stock if the merger is completed.

Q: Should I send in my SHB stock certificates now?

A: No. You should not send in your stock certificates at this time. If the merger is approved by the SHB shareholders, then shortly after the annual meeting, the exchange agent will send SHB shareholders written instructions for exchanging SHB stock certificates for First Citizens stock certificates, including a letter of transmittal and an election form with instructions.

Q: Do I have the right to dissent and obtain the fair value for my shares?

A: Yes, if you are a SHB shareholder, Tennessee law permits you to dissent from the merger and to obtain payment in cash of the fair value of your shares of SHB stock. To do this, an SHB shareholder must follow specific procedures, including delivering written notice to SHB of his or her intent to demand payment for his or her shares if the merger is completed. This notice must be delivered to SHB before the shareholder vote on the Merger Agreement is taken and a dissenting SHB shareholder must not vote his or her shares in favor of the Merger Agreement. If an SHB shareholder follows the required procedures, his or her only right will be to receive the fair value of his or her SHB stock in cash if the merger is completed. If a shareholder thinks that he or she may desire to dissent, then such person should not send in a proxy unless it is marked to vote against the merger. Copies of the applicable Tennessee statutes are attached to this Proxy Statement/Prospectus as Annex B. See PROPOSAL 1: THE MERGER - Dissenters Rights.

Tennessee law does not provide dissenters' rights to First Citizens' shareholders.

Q: Whom do I contact if I have questions about the merger?

A: If you have questions about the merger, including about the procedures for voting your shares, you should contact:
Southern Heritage Bancshares, Inc.

3020 Keith Street NW

Cleveland, Tennessee 37312

Attention: J. Lee Stewart, President and Chief Executive Officer

Phone Number: (423) 473-7980

Q: When and where will the annual meeting of shareholders of SHB be held?

A: The annual meeting of shareholders of SHB will be held on [], 2014, at [] Eastern Time, at 3020 Keith Street NW, Cleveland, Tennessee 37312.

Q: Who is entitled to vote at the annual meeting of shareholders of SHB?

A: All holders of record of SHB common stock, SHB Class A common stock, SHB Class B common stock and SHB Series A preferred stock at the close of business on [], 2014 are entitled to notice of and to vote on the merger. Only holders of SHB common stock at the close of business on the record date have the right to vote with respect to the other proposals to be submitted at the annual meeting of SHB shareholders.

Q: When do you expect the merger to be completed?

A: We expect to complete the merger during the third quarter of 2014, although delays could occur. We received approval from the Federal Reserve System (the "Federal Reserve") on May 13, 2014, and the Federal Reserve has extended the deadline by which the

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merger must close to November 13, 2014. We received approval from the Tennessee Department of Financial Institutions (the TDFI) on [], 2014. The next step is to obtain the approval of SHB shareholders at their annual shareholders meeting.

- Q:** Are there any risks I should consider in deciding whether I vote for the Merger Agreement?
- A:** Yes. A number of risk factors that you should consider carefully are set forth under the heading of Risk Factors, beginning on page 13.

SUMMARY

This summary highlights selected information from this Proxy Statement/Prospectus. It does not contain all of the information that is important to you. You should carefully read this entire Proxy Statement/Prospectus and the documents to which it refers in order to understand fully the merger and to obtain a more complete description of the companies and the legal terms of the merger. For information on how to obtain copies of documents referred to in this Proxy Statement/Prospectus, you should read the section entitled **WHERE YOU CAN FIND MORE INFORMATION**. Each item in this summary includes a page reference that directs you to a more complete description in this Proxy Statement/Prospectus of the topic discussed.

The Companies (Pages 70, 112)

FIRST CITIZENS BANCSHARES, INC.

One First Citizens Place

Dyersburg, Tennessee 38024

(731) 287-4391

First Citizens Bancshares, Inc. (**First Citizens**) is incorporated in Tennessee, based in Dyersburg, Tennessee, and operates as a financial holding company under the Bank Holding Company Act of 1956, as amended (the **Bank Holding Company Act**). First Citizens conducts its operations through its national bank subsidiary, First Citizens National Bank, and its banking-related subsidiaries. First Citizens National Bank operates 21 commercial banking, mortgage and insurance locations in West and Middle Tennessee. As of December 31, 2013, First Citizens had total assets of approximately \$1.18 billion, deposits of approximately \$969 million and shareholders' equity of approximately \$113 million.

On March 20, 2014, First Citizens announced that it had entered into a definitive agreement to acquire Southern Heritage Bancshares, Inc. (**SHB**). The merger has been approved by the boards of directors of both First Citizens and SHB and is expected to close during the third quarter of 2014, although delays may occur. The transaction is subject to certain conditions, including the approval by shareholders of SHB and customary regulatory approvals.

SOUTHERN HERITAGE BANCSHARES, INC.

3020 Keith Street NW

Cleveland, Tennessee 37312

(423) 473-7980

SHB is incorporated in Tennessee, based in Cleveland, Tennessee, and operated as a bank holding company under the Bank Holding Company Act. As of December 31, 2013, SHB had total assets of approximately \$237 million and shareholders' equity of approximately \$30 million. Southern Heritage Bank, a wholly-owned subsidiary of SHB, is a full service commercial bank with three locations in Cleveland, Bradley County, Tennessee, with total loans of approximately \$139 million and deposits of approximately \$206 million. As of December 31, 2013, there were 936,375 shares of SHB common stock issued and outstanding, 151,949 shares of SHB Class A common stock issued and outstanding, 193,176 shares of SHB Class B common stock issued and outstanding and 31,635 shares of SHB Series A preferred stock issued and outstanding.

The Merger (Page 41)

First Citizens and SHB entered into an agreement and plan of merger (the **Merger Agreement**) whereby SHB will merge with and into First Citizens, with First Citizens surviving, subject to SHB's shareholders approving the merger and the receipt of regulatory approval and other conditions. If the merger is completed, Southern Heritage Bank will become a wholly-owned subsidiary of First Citizens. The Merger

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Agreement is attached to this Proxy Statement/Prospectus as Annex A. You should read it carefully. Subject to shareholder and regulatory approval, management of First Citizens and SHB expect to complete the merger during the third quarter of 2014.

What SHB Shareholders Will Receive in the Merger (Page 59)

Under the terms of the Merger Agreement, if the Merger Agreement is approved and the merger is completed, all outstanding shares of SHB stock will be converted into the right to receive an aggregate of (i) \$16,085,903.75 in cash, subject to adjustment as set forth in the Merger Agreement, and (ii) 377,658 shares of First Citizens stock, subject to adjustment as set forth in the Merger Agreement, of the following classes depending on the class of SHB stock held by them: 269,302 shares of First Citizens common stock and 108,356 shares of First Citizens Class A common stock.

If the merger is completed, each share of SHB stock issued and outstanding immediately prior to the effective time of the merger will, subject to the election described below, be converted into the right to receive (i) \$12.25 in cash, plus (ii) 0.2876 of a share of First Citizens stock. Shareholders of SHB who hold more than one share of SHB stock may elect to receive consideration in exchange for each share of SHB common stock in the form of: (a) 0.5751 shares of First Citizens stock or (b) \$24.50 in cash, subject to adjustment pursuant to the merger consideration adjustments as provided in the Merger Agreement, including First Citizens' rights to adjust the aggregate merger consideration such that, in the aggregate, no more than 377,658 shares of First Citizens stock will be issued in connection with the merger; provided, however, that if SHB's accumulated other comprehensive income as of the closing date is a loss of greater than \$3.4 million, then First Citizens may increase the number of shares issued as merger consideration so that up to 55% of the aggregate merger consideration is comprised of First Citizens stock. First Citizens may not issue its stock to residents of any state in which the offering of these securities is not registered or eligible for a claim of exemption from registration.

SHB shareholders who hold SHB common stock shall receive First Citizens common stock and SHB shareholders who hold SHB Class A common stock, SHB Class B common stock or SHB Series A preferred stock shall receive First Citizens Class A common stock. In lieu of the issuance of any fractional shares of First Citizens stock, First Citizens will pay to each former SHB shareholder who would otherwise be entitled to receive such fractional share an amount in cash determined by multiplying (i) \$42.60 by (ii) the fraction of a share of First Citizens common stock to which such holder would otherwise be entitled to receive.

At the effective time of the merger, persons who are First Citizens shareholders immediately prior to the merger would own approximately 90.5% of the outstanding shares of stock of the combined company, including approximately 93% of the voting stock, and persons who are SHB shareholders immediately prior to the merger would own approximately 9.5% of the outstanding shares of stock of the combined company including approximately 7% of the voting stock.

The Board of Directors of SHB Recommends that its Shareholders Approve the Merger Agreement (Page 42)

The board of directors of SHB has approved the Merger Agreement and the transactions contemplated thereby, and believes, based on a number of factors described in this Proxy Statement/Prospectus, that the merger between SHB and First Citizens is in the best interests of SHB shareholders and recommends that SHB shareholders vote FOR the proposal to approve the Merger Agreement and the transactions contemplated thereby.

Vote Required to Complete the Merger (Page 39)

The Merger Agreement must be approved by a majority of all the votes entitled to be cast by SHB shareholders on this merger. Therefore, a majority of the outstanding shares of SHB stock held by SHB shareholders, present in person or by proxy at the annual meeting, must be voted to approve the Merger Agreement. SHB expects that its executive officers and directors will vote all of their shares of SHB stock in favor of the Merger Agreement.

The following chart describes the SHB shareholder vote required to approve the Merger Agreement:

Number of shares of SHB stock entitled to vote outstanding on []	[] shares of SHB common stock
	[] shares of SHB Class A common stock
	[] shares of SHB Class B common stock
	[] shares of SHB Series A preferred stock
Number of votes necessary to approve the Merger Agreement	[] shares of SHB common stock
	[] shares of SHB Class A common stock
	[] shares of SHB Class B common stock

shares of SHB Series A preferred stock

Percentage of outstanding shares of SHB stock entitled to vote necessary to approve >50% of each class of SHB stock the Merger Agreement

Number of votes that executive officers, directors and their affiliates can cast as of shares of SHB common stock

shares of SHB Class A common stock

shares of SHB Class B common stock

shares of SHB Series A preferred stock

Percentage of votes that executive officers, directors and their affiliates can cast as of % of SHB common stock of

% of SHB Class A common stock

% of SHB Class B common stock

% of SHB Series A preferred stock

Annual Meeting (Page 38)

An annual meeting of the shareholders of SHB will be held at the following time and place:

, 2014
 (Eastern Time)
3020 Keith Street NW

Cleveland, Tennessee 37312

At the SHB annual meeting, the following proposals will be considered and voted upon:

1. *Merger Proposal.* To approve the Merger Agreement and the transactions contemplated by the Merger Agreement;
2. *Election of Directors.* To elect two Class III members of the board of directors to serve three-year terms until the annual meeting of shareholders in 2017 or until their successors have been duly elected and qualified. Note that upon the effective date of the merger, if approved and then consummated, the directors of SHB will no longer serve as directors of SHB, but since the same directors generally are elected as the directors of Southern Heritage Bank, they will continue to serve in that capacity;

3. *Adjournment.* If necessary, to adjourn the annual meeting to a later date; and

4. *Other Business.* To transact such other business as may properly come before the annual meeting or any adjournment of the annual meeting.

All holders of SHB common stock, SHB Class A common stock, SHB Class B common stock and SHB Series A preferred stock shall have the right to vote on the merger; however, only holders of SHB common stock have the right to vote with respect to the other proposals to be submitted at the annual meeting of SHB shareholders.

Vote Required on Other Matters (Page 39)

Only holders of SHB common stock are entitled to vote on matters other than the merger at the annual meeting. You are entitled to vote your common stock if our records show that you held your shares as of the close of business on [], the record date. Holders of shares of our Class A common stock, Class B common stock and SHB Series A preferred stock are not entitled to vote on these other matters being presented at the annual meeting.

Each shareholder is entitled to one vote for each share of common stock held on the record date. On that date, there were [] shares of common stock outstanding and entitled to vote. Shareholders are not entitled to cumulative voting rights.

For the election of directors, you may vote for (1) all of the nominees, (2) none of the nominees, or (3) all of the nominees except those you designate. For other matters, or adjournment, you may vote FOR or AGAINST or you may ABSTAIN from voting.

If you return your signed proxy card but do not specify how you want to vote your shares, we will vote them FOR the election of the nominees for directors and FOR the adjournment, if necessary, of the annual meeting to a later date.

If a quorum is present at the annual meeting, the director nominees will be elected by a plurality of the votes cast in person or by proxy at the meeting, and any other matters submitted to the shareholders will require the affirmative vote of a majority of the shares of common stock present or represented by proxy at the meeting.

Record Date and Voting Rights On the Merger (Page 39)

You can vote on the merger at the annual meeting of SHB shareholders if you owned SHB common stock, SHB Class A common stock, SHB Class B common stock or SHB Series A preferred stock as of the close of business on [], 2014, the record date set by the SHB board of directors. Each share of SHB common stock, SHB Class A common stock, SHB Class B common stock and SHB Series A preferred stock is entitled to one vote. Holders of those shares will be considered as separate voting groups and will be entitled to vote and be counted as separate voting groups for each class of shares. On [], there were [] shares of SHB common stock, SHB Class A common stock, SHB Class B common stock and SHB Series A preferred stock outstanding and entitled to vote on the Merger Agreement.

Background of the Merger (Page 41)

On March 27, 2013, SHB engaged FIG Partners, LLC (FIG Partners) to act as its exclusive agent to provide investment banking and financial advisory services in relation to exploring its strategic alternatives including a possible business combination with another party. FIG Partners was asked to identify a limited number of potential acquirers and analyze the benefits of each potential offer to SHB's shareholders. On May 24, 2013, First Citizens engaged Olsen Palmer, LLC (Olsen Palmer) to act as its exclusive agent to provide investment banking and financial advisory services in connection with the potential acquisition of SHB. After reviewing the information delivered by its financial advisor and considering its own strategic plans, on December 3, 2013, First Citizens' management submitted an indication of interest to SHB. After considering the proposal, the management of SHB, in consultation with FIG Partners, elected to enter into exclusive negotiations with First Citizens. The parties and their representatives began negotiation of the terms of the Merger Agreement on December 4, 2013 and continued to negotiate the terms of the Merger Agreement until on March 19, 2014, following presentations from their respective legal and financial advisors, First Citizens' and SHB's boards of directors approved the Merger Agreement. The Merger Agreement was executed by the parties on March 20,

2014.

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Why First Citizens and SHB are Seeking to Merge (Page 42)

The merger will combine the strengths of First Citizens and SHB and their subsidiary banks. First Citizens has an established presence in West and Middle Tennessee with plans to significantly enhance its market share in those markets. Joining with First Citizens will provide SHB's customers opportunities offered by a similar but larger, resourceful, community-minded bank. First Citizens has been actively seeking other banking locations to expand its presence in Tennessee. The proposed merger with SHB accelerates First Citizens' opportunity to grow across Tennessee and brings a number of outstanding bankers to First Citizens' team. First Citizens currently operates 21 commercial banking, mortgage, and insurance locations in West and Middle Tennessee, with total assets of approximately \$1.18 billion. First Citizens' management views Bradley County as a logical growth area for its community style of banking.

Opinion of Financial Advisor to SHB (Page 43)

FIG Partners has delivered to the board of directors of SHB its written opinion, dated March 19, 2014, that, based upon and subject to the various considerations set forth in its opinion, the total transaction consideration to be paid to the shareholders of SHB is fair from a financial point of view as of such date. In requesting FIG Partners' advice and opinion, no instructions were given and no limitations were imposed by SHB upon FIG Partners with respect to the investigations made or procedures followed by it in rendering its opinion.

The full text of the opinion of FIG Partners, which describes the procedures followed, assumptions made, matters considered and limitations on the review undertaken, is attached as Annex C to this Proxy Statement/Prospectus. SHB shareholders should read this opinion in its entirety.

Opinion of Financial Advisor to First Citizens (Page 47)

Olsen Palmer has delivered to the board of directors of First Citizens its written opinion, dated March 19, 2014, that, based upon and subject to the various considerations set forth in its opinion, the total merger consideration to be issued pursuant to the terms of the Merger Agreement is fair, from a financial point of view, to First Citizens as of such date. In requesting Olsen Palmers' advice and opinion, no instructions were given and no limitations were imposed by First Citizens upon Olsen Palmer with respect to the investigations made or procedures followed by it in rendering its opinion.

The full text of the opinion of Olsen Palmer, which describes the procedures followed, assumptions made, matters considered and limitations on the review undertaken, is attached as Annex D to this Proxy Statement/Prospectus.

Management and Board of Directors of First Citizens Following the Merger (Page 67)

The officers and directors of each of First Citizens and First Citizens National Bank immediately prior to the effective time of the merger will continue to be officers and directors of First Citizens and First Citizens National Bank, respectively, following the merger. Mr. J. Lee Stewart, President and Chief Executive Officer of SHB, will be joining the boards of directors of First Citizens and First Citizens National Bank.

Material U.S. Federal Income Tax Consequences of the Merger (Page 52)

As a result of the structure of the merger as a reorganization, it is anticipated that SHB shareholders will not recognize gain or loss for U.S. federal income tax purposes on the exchange of shares of SHB stock for shares of First Citizens stock, except with respect to cash received in connection with the merger and cash delivered in lieu of fractional shares of First Citizens stock and except for SHB shareholders who exercise their dissenters' rights with respect to the merger.

This tax treatment may not apply to all shareholders of SHB. Determining the actual tax consequences of the merger to you can be complicated. You are urged to consult your own tax advisor for a full understanding of the merger's tax consequences that are particular to you.

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First Citizens and SHB will not be obligated to complete the merger unless they each receive an opinion from their respective legal counsel, dated as of the closing date, that the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code and that First Citizens and SHB will each be a party to that reorganization. If such opinions are rendered, the U.S. federal income tax treatment of the merger should be as described above. The opinions of the parties' respective counsel, however, do not bind the Internal Revenue Service and do not preclude the IRS or the courts from adopting a contrary position.

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Accounting Treatment (Page 52)

First Citizens will account for the merger under the purchase method of accounting for business combinations under United States generally accepted accounting principles (GAAP).

Interests of SHB Management and Directors in the Merger (Page 57)

Executive officers and directors of SHB will be issued shares of First Citizens stock and paid cash in the merger on the same basis as other shareholders of SHB. The following chart shows the number of shares of First Citizens stock that may be issued to executive officers, directors and principal shareholders of SHB in the merger (including shares reserved for issuance upon exercise of stock options):

Shares of stock of SHB beneficially owned by its executive officers, directors and holders of

more than 10% of SHB stock on April 30, 2014	248,149
--	---------

Shares of First Citizens stock that may be received in the merger by executive officers,

directors and holders of more than 10% of SHB stock based upon their beneficial ownership	71,367
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Some of the directors and officers of SHB have interests in the merger that differ from, or are in addition to, their interests as shareholders of SHB. These interests include the following:

- ◆ As a condition to the merger, First Citizens has required that three of the officers of SHB (J. Lee Stewart, Steve Ledbetter, and Virginia Kibble) enter into employment agreements with non-competition and non-solicitation obligations to be effective upon completion of the merger whereby each individual is entitled to receive a salary, annual bonus, and certain additional incentives; and
- ◆ The directors and officers of SHB and Southern Heritage Bank currently covered under comparable policies held by SHB at First Citizens expense will receive directors and officers liability insurance coverage for a period of five years after completion of the merger.

SHB Shareholders May Dissent from the Merger (Page 55)

Tennessee law permits SHB shareholders to dissent from the merger and to receive the fair value of their shares of SHB stock in cash. To dissent, an SHB shareholder must follow certain procedures, including filing certain notices with SHB and voting his or her shares against approval of the Merger Agreement. The shares of SHB stock held by a dissenter will not be exchanged for stock consideration or cash consideration in the merger and a dissenter's only right will be to receive the fair value of his or her shares of SHB stock in cash. A copy of the Tennessee statute describing these dissenters' rights and the procedures for exercising them is attached as Annex B to this Proxy Statement/Prospectus. SHB shareholders who perfect their dissenters' rights and receive cash in exchange for their shares of SHB stock may recognize gain or loss for U.S. federal income tax purposes.

Tennessee law does not provide dissenters' rights to First Citizens' shareholders, who are not being asked to vote on the Merger Agreement.

We Must Obtain Regulatory Approvals to Complete the Merger (Page 52)

We cannot complete the merger unless it is approved by the Board of Governors of the Federal Reserve. First Citizens filed a Notification pursuant to Section 3(a)(5) of the Bank Holding Company Act with the Federal Reserve on April 4, 2014 (the Notification). In connection with the Notification, First Citizens was required to publish public notice of the merger in the newspapers of general circulation in the communities served by the head offices of First Citizens National Bank and Southern Heritage Bank which provided for a 30-day period for public comments. First Citizens published the required notices on April 8, 2014. The Federal Reserve is required to act on the Notification within five days of the end of the public comment period. The Federal Reserve approved the merger on May 13, 2014, and has extended the deadline by which it must close to November 13, 2014. Once the Federal Reserve approves a merger, federal law requires a waiting period of up to 30 calendar days to

complete the merger in order to give the U.S. Department of Justice the opportunity to review and object to the merger.

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The merger must also be approved by the Tennessee Department of Financial Institutions (the "TDFI"). First Citizens filed an application with the TDFI on April 4, 2014 (the "Application"). In connection with the Application, First Citizens was required to publish public notice of the merger in the newspapers of general circulation in each county in which First Citizens National Bank and Southern Heritage Bank have their main offices which provided for a 15-day period for public comments. First Citizens published the required notices on April 8, 2014. In addition to the Application, the TDFI was provided a copy of the Notification to the Federal Reserve and has 30 calendar days to provide any comments to the Federal Reserve on the proposed merger. The TDFI approved the application on [], 2014.

Further, because SHB has agreed to use its best efforts to redeem the Small Business Lending Fund ("SBLF") investment by the United States Treasury in the Series D preferred stock of SHB, the Federal Reserve's consent will also be required for this redemption. The Merger Agreement requires SHB to use its best efforts to (a) cause the redemption of all SBLF preferred stock prior to the effective time of the merger such that, as of the effective time, SHB will have no SBLF preferred stock issued or outstanding, or (b) give proper notice to call for redemption of all outstanding SBLF preferred stock and deposit sufficient funds in trust for such redemption, in each case pursuant to the applicable provisions of the Small Business Lending Fund - Securities Purchase Agreement No. 0438 dated September 8, 2011, by and between SHB and the United States Department of Treasury. SHB will file a request with the Federal Reserve prior to the closing of the merger to obtain its consent to consummate the SBLF redemption.

We also intend to make all required filings with the U.S. Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, (the "Securities Act") and the Securities Exchange Act of 1934, as amended, (the "Securities Exchange Act") relating to the merger, and with applicable states securities regulatory authorities to the extent required to register the offering of First Citizens stock or to claim an exemption from registration requirements.

While we believe that we will obtain regulatory approvals in a timely manner, we cannot be certain if or when we will obtain them.

Conditions to Complete the Merger (Page 65)

The completion of the merger depends on a number of conditions being met, including the following:

- ◆ approval by SHB's shareholders of the Merger Agreement;
- ◆ approval by First Citizens' shareholders of the First Citizens charter amendment authorizing an additional class of common stock to be issued to the shareholders of First Citizens (the "First Citizens Charter Amendment");
- ◆ receipt of all required regulatory approvals and expiration of all related statutory waiting periods;
- ◆ effectiveness of First Citizens' registration statement on Form S-4 of which this Proxy Statement/Prospectus constitutes a part;
- ◆ absence of any order, injunction or decree of a court or agency of competent jurisdiction which prohibits completion of the merger;
- ◆ accuracy of the other party's representations and warranties contained in the Merger Agreement, except, in the case of most of such representations and warranties, where the failure to be accurate would not be reasonably likely to have a material adverse effect on the party making the representations and warranties (see "THE MERGER AGREEMENT - Representations and Warranties"), and the performance by the other party of its obligations contained in the Merger Agreement in all material respects;
- ◆ absence of any statute, rule, regulation, order, injunction or decree which prohibits or makes illegal completion of the merger;
- ◆ the holders of less than 10% of the total outstanding shares of SHB stock have exercised dissenters' rights with respect to the merger;
- ◆ the receipt of opinions of legal counsel to each company, dated the effective time of the merger, substantially to the effect that the merger will be treated as a reorganization under Section 368(a) of the Code and that First Citizens and SHB will each be a party to the reorganization;
- ◆ the required consents shall have been obtained and First Citizens shall have received evidence thereof;
- ◆ the required tail coverage shall have been obtained by both companies;

- ◆ First Citizens shall have succeeded to SHB's rights, interests and obligations pursuant to the indenture and the predecessor trustee shall have been replaced by the successor trustee; and
- ◆ each of the employment agreements, direct support agreements, and director/officer releases shall remain in full force and effect.

In addition, SHB has agreed to use its best efforts to cause the redemption of all outstanding preferred stock related to its participation in the SBLF program prior to the completion of the merger.

In cases where the law permits, a party to the Merger Agreement could elect to waive a condition that has not been satisfied and complete the merger although the party is entitled not to complete the merger. We cannot be certain whether or when any of these conditions will be satisfied (or waived, where permissible) or that the merger will be completed.

Termination of the Merger Agreement (Page 66)

The Merger Agreement may be terminated at any time prior to the effective time of the merger, whether before or after approval of the merger by SHB shareholders, as set forth in the Merger Agreement, including by mutual consent of First Citizens and SHB. In addition, the Merger Agreement may generally be terminated by either party:

- ◆ 60 days after the date on which any request or application for a requisite regulatory approval has been denied or withdrawn at the request or recommendation of the governmental entity which must grant such requisite regulatory approval, unless within the 60-day period following such denial or withdrawal a petition for rehearing or an amended application has been filed with the applicable governmental entity; provided, however, that no party shall have the right to terminate the Merger Agreement in this manner if such denial or request or recommendation for withdrawal is due to the failure of the party seeking to terminate the Merger Agreement to perform or observe the covenants and agreements of such party as set forth in the Merger Agreement;
- ◆ if a governmental entity of competent jurisdiction issues a final nonappealable order enjoining or otherwise prohibiting the merger;
- ◆ if the merger is not completed on or before September 30, 2014, unless one or more regulatory approvals have not been received or the party seeking to terminate the Merger Agreement has failed to perform or observe the covenants and agreements of such party set forth in the Merger Agreement;
- ◆ if SHB shareholders fail to approve the Merger Agreement;
- ◆ if First Citizens shareholders fail to approve the required First Citizens Charter Amendment within 15 business days prior to the closing date of the merger (which vote was obtained on July 16, 2014); or
- ◆ if any of the representations or warranties provided by the other party set forth in the Merger Agreement become untrue or incorrect or the other party materially breaches its covenants set forth in the Merger Agreement, and the representation or material breach is not cured within the prescribed time limit.

SHB may terminate the Merger Agreement, without the consent of First Citizens, if the board of directors of SHB receives an unsolicited, bona fide alternative acquisition proposal (as defined in the Merger Agreement) and, under certain terms and conditions, determines that it is a superior proposal to that made by First Citizens as reflected in the Merger Agreement and that the failure to accept such proposal would cause the board of directors to violate its fiduciary duties under applicable law; but SHB must notify First Citizens of the superior proposal and keep First Citizens fully informed of the status and details (including amendments or proposed amendments) of any such request or acquisition proposal.

First Citizens may terminate the Merger Agreement if SHB has materially breached its non-solicitation obligations contained in the Merger Agreement in a manner adverse to First Citizens, the board of SHB resolves to accept a competing acquisition proposal or the board of SHB changes its recommendation regarding the merger.

First Citizens may also terminate the Merger Agreement if any legal proceedings are filed or threatened relating to the consummation of the merger (but not relating to the adequacy of the merger consideration) or if any actions by a governmental authority are filed or threatened relating to the consummation of the merger.

Termination Fee (Page 66)

If the Merger Agreement is terminated by:

- ◆ First Citizens because SHB materially breaches the non-solicitation obligations set forth in the Merger Agreement in a manner adverse to First Citizens;
- ◆ First Citizens because SHB's board of directors resolves to accept another acquisition proposal;
- ◆ First Citizens because SHB's board of directors withdraws, amends or modifies, in any manner adverse to First Citizens, its recommendation of shareholder approval of the Merger Agreement or the merger; or
- ◆ SHB because SHB's board of directors receives an unsolicited, bona fide alternative acquisition proposal and, under certain terms and conditions, determines that it is a superior proposal to that of the Merger Agreement taking into account any adjustments made by First Citizens to the merger consideration,

then, unless First Citizens is in material breach of any covenant or obligation under the Merger Agreement, SHB will be required to pay First Citizens a termination fee of \$1,000,000 in cash at the time it enters into a third party acquisition agreement.

If either First Citizens or SHB terminates the Merger Agreement, and within 12 months of termination of the Merger Agreement SHB enters into an acquisition agreement with a third party:

- ◆ if SHB takes any action that is intended or may reasonably be expected to result in any of its representations or warranties set forth in the Merger Agreement being or becoming untrue or materially breaching its covenants set forth in the Merger Agreement, and the representation or material breach is not cured within the prescribed time limit, and an acquisition proposal exists at the time of termination;
- ◆ without regard to timing, if SHB shareholders do not approve the Merger Agreement and an acquisition proposal exists at the time of termination,

then, unless First Citizens is in material breach of any covenant or obligation under the Merger Agreement, SHB will be required to pay First Citizens a termination fee of \$1,000,000 in cash.

Comparative Per Share Market Price Information (Page 69)

There is no established public trading market for shares of First Citizens, which is inactively traded in private transactions. Since January 1, 2013 to the date of this Proxy Statement/Prospectus there have been trades of approximately 40,279 shares of First Citizens common stock, which was the only class of stock issued and outstanding prior to July 17, 2014. The per share sales price for these trades has ranged from a low of \$39.00 to a high of \$44.00.

There is no established public trading market for shares of SHB stock, which is inactively traded in private transactions. Since January 1, 2013, there have been trades of approximately 7,846 shares of SHB common stock, 3,181 shares of SHB Class A common stock and 1,734 shares of SHB Class B common stock. The per share sales price for these trades has ranged from a low of \$19.00 to a high of \$24.50.

Comparison of Rights of Shareholders (Page 144)

At the effective time of the merger, SHB shareholders who receive shares of First Citizens stock will automatically become First Citizens shareholders. First Citizens is a Tennessee corporation governed by provisions of the Tennessee Business Corporation Act and First Citizens charter, as amended, and bylaws, as amended. SHB is a Tennessee corporation governed by provisions of the Tennessee Business Corporation Act, and SHB's charter, as amended, and bylaws, as amended. See **COMPARISON OF RIGHTS OF SHAREHOLDERS**.

RISK FACTORS

*If the merger is consummated and you are an SHB shareholder, you will receive shares of First Citizens common stock in exchange for your shares of SHB common stock and you will receive shares of First Citizens Class A common stock in exchange for your shares of SHB Class A common stock, SHB Class B common stock and SHB Series A preferred stock. An investment in First Citizens common stock is subject to a number of risks and uncertainties. Risks and uncertainties relating to general economic conditions are not summarized below. However, First Citizens and SHB believe that there are a number of other risks and uncertainties relating to First Citizens that you should consider in deciding how to vote on the Merger Agreement in addition to the risks and uncertainties associated with financial institutions generally. Many of these risks and uncertainties could affect First Citizens' future financial results and may cause First Citizens' future earnings and financial condition to be less favorable than First Citizens' expectations. There are also a number of risks related to the merger that shareholders of SHB should consider in deciding how to vote on the Merger Agreement. This section summarizes those risks. You should keep these risk factors in mind when you read forward-looking statements in this document. Please refer to the section of this Proxy Statement/Prospectus titled *Cautionary Statement Concerning Forward-Looking Information*.*

Risks Related to the Merger

The value of First Citizens shares received may fluctuate; shareholders of SHB may receive more or less value depending on fluctuations in the price of First Citizens stock

The number of shares of First Citizens stock issued to SHB shareholders in exchange for each share of SHB stock is fixed. The market values of First Citizens stock and SHB stock at the time the merger is completed may vary from their market values at the date the Merger Agreement was executed, the date of this document and at the date of the shareholders' meeting of SHB. Shares of First Citizens stock are not traded on an exchange, and therefore, as of the date of this Proxy Statement/Prospectus, there is no public market for such shares. There is no assurance that shares of First Citizens stock can be sold at a price equal to or greater than the implied per share merger value of \$24.50 per SHB share following completion of the merger. See *Risks Related to First Citizens and First Citizens Stock - Lack of Trading Market*. Because the exchange ratio will not be adjusted to reflect any changes in the market value of First Citizens stock, the market value of First Citizens stock issued in the merger may be higher or lower than the value of such shares on earlier dates. If the value of First Citizens stock declines prior to completion of the merger, the value of the merger consideration to be received by SHB's shareholders will decrease.

These variations may be the result of various factors, many of which are beyond the control of SHB and First Citizens, including:

- ◆ changes in the business, operations or prospects of First Citizens, SHB or the combined company;
- ◆ governmental and/or litigation developments and/or regulatory considerations;
- ◆ market assessments as to whether and when the merger will be consummated and the anticipated benefits of the merger;
- ◆ governmental action affecting the banking and financial industry generally;
- ◆ market assessments of the potential integration or other costs;
- ◆ lack of a trading market for First Citizens stock; and
- ◆ general market and economic conditions.

The merger may not be completed until a significant period of time has passed after the SHB shareholder meeting. At the time of the shareholder meeting, SHB shareholders will not know the exact value of the First Citizens stock that will be issued in connection with the merger.

The value of First Citizens stock and SHB stock at the effective time of the merger may vary from their prices on the date the Merger Agreement was executed, the date of this Proxy Statement/Prospectus and the date of the shareholders' meeting. Because there is no public market for either First Citizens stock or SHB stock, the future market prices of First Citizens stock and SHB stock cannot be guaranteed or predicted.

SHB's shareholders may not receive the form of merger consideration they elect.

The Merger Agreement contains provisions that are designed to ensure that 50% of the outstanding shares of SHB stock are exchanged for shares of First Citizens stock and the other 50% of the shares of SHB stock are exchanged for cash consideration; provided, however, that the Merger Agreement provides that the stock portion of the merger consideration may be increased to 55%. If elections are made by SHB shareholders that would otherwise result in more or less than 50% of such shares being converted into First Citizens stock, the amount of First Citizens stock that SHB shareholders will have elected to receive upon exchange of their shares will be adjusted so that, in the aggregate, 50% of the shares of SHB stock will be exchanged for the right to receive shares of First Citizens stock and the remaining shares of SHB stock will be exchanged for the right to receive cash. As a result, there is a risk that you will not receive a portion of the merger consideration in the form that you elect, which could result in, among other things, tax consequences that differ from those that would have resulted had you received the form of consideration you elected (including the recognition of gain for U.S. federal income tax purposes with respect to the cash received). If you do not make an election, you will be deemed to have made an election to receive the merger consideration in such combination of cash and/or shares of First Citizens stock as provided for in the Merger Agreement. Further, First Citizens may not issue its stock as merger consideration to residents of any state in which the offering of First Citizens' stock is not registered or eligible for a claim of exemption from registration. One or more state securities commissions may deny First Citizens' application for registration or claim of exemption, in which case First Citizens could not sell its stock in the subject jurisdiction.

We may fail to achieve the anticipated benefits of the merger.

First Citizens and SHB have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits of the merger.

First Citizens may fail to realize the cost savings estimated for the merger.

Although First Citizens estimates that it will realize cost savings from the merger when fully phased in, it is possible that the estimates of the potential cost savings could turn out to be incorrect. For example, the combined purchasing power may not be as strong as expected, and therefore the estimated cost savings could be reduced. In addition, unanticipated growth in First Citizens' business may require First Citizens to continue to operate or maintain some facilities or support functions that are currently expected to be combined or reduced. The cost savings estimates also depend on our ability to combine the businesses of First Citizens and SHB in a manner that permits those cost savings to be realized. If the estimates turn out to be incorrect or First Citizens is not able to combine the two companies successfully, the anticipated cost savings may not be fully realized or realized at all, or may take longer to realize than expected.

The market price of shares of First Citizens stock after the merger may be affected by factors different from those affecting shares of SHB or First Citizens currently.

The businesses of First Citizens and SHB differ in some respects and, accordingly, the results of operations of the combined company and the market price of the combined company's shares of stock may be affected by factors different from those currently affecting the independent results of operations of each of First Citizens and SHB. For a discussion of the businesses of First Citizens and SHB and of certain factors to consider in connection with those businesses, see INFORMATION ABOUT FIRST CITIZENS and INFORMATION ABOUT SHB beginning on pages 70 and 112, respectively.

The executive officers and directors of SHB have interests different from typical SHB shareholders.

The executive officers and directors of SHB have certain interests in the merger and participate in certain arrangements that are different from, or are in addition to, those of SHB shareholders generally. See THE MERGER Interests of Certain Persons in the Merger. As a result, these executive officers and directors could be more likely to approve the Merger Agreement than if they did not hold these interests.

The value of First Citizens shares received may fluctuate; shareholders of SHB may receive more or less value dep

Former shareholders of SHB will be limited in their ability to influence First Citizens actions and decisions following the merger.

Following the merger, former shareholders of SHB will hold less than 9.5 percent of the outstanding shares of First Citizens stock, including only approximately 7 percent of the outstanding voting stock. As a result, former SHB shareholders will have only limited ability to influence First Citizens business. Former SHB shareholders will not have separate approval rights with respect to any actions or decisions of First Citizens or, other than Mr. Stewart, have separate representation on First Citizens board of directors.

The merger may result in a loss of current SHB employees.

Despite First Citizens' efforts to retain quality employees, First Citizens might lose some of SHB's current employees following the merger. Current SHB employees may not want to work for First Citizens or may not want to assume different duties, positions and compensation that First Citizens offers to the SHB employees. Competitors may recruit employees prior to the merger and during the integration process after the merger. As a result, current employees of SHB could leave with little or no prior notice. First Citizens cannot assure you that the combined companies will be able to attract, retain and integrate employees following the merger.

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or cannot be met.

Before the transactions contemplated in the Merger Agreement may be completed, various approvals must be obtained from bank regulatory and other governmental authorities. These governmental entities may impose conditions on the granting of such approvals. Such conditions and the process of obtaining regulatory approvals could have the effect of delaying completion of the merger or of imposing additional costs or limitations on First Citizens following the merger. The regulatory approvals may not be received at any time, may not be received in a timely fashion, and may contain conditions on the completion of the merger that are not anticipated or cannot be met. Although First Citizens and SHB do not currently expect that any such material conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs or limiting the revenues of the combined company following the merger, any of which might have an adverse effect on the combined company following the merger.

The Merger Agreement limits SHB's ability to pursue an alternative transaction and requires SHB to pay a termination fee plus expenses incurred by First Citizens under certain circumstances relating to alternative acquisition proposals.

The Merger Agreement prohibits SHB from soliciting, initiating, encouraging or knowingly facilitating certain alternative acquisition proposals with any third party, subject to exceptions set forth in the Merger Agreement. The Merger Agreement also provides for the payment by SHB to First Citizens of a termination fee of \$1,000,000 in the event that the Merger Agreement is terminated in certain circumstances, involving, among others, certain changes in the recommendation of SHB's board of directors. These provisions may discourage a potential competing acquirer that might have an interest in acquiring SHB from considering or proposing such an acquisition. See THE MERGER AGREEMENT Termination; Termination Fee on page 66 of this prospectus/proxy statement.

The fairness opinions obtained by SHB and First Citizens from their respective financial advisors will not reflect changes in circumstances subsequent to the date of the fairness opinions.

FIG Partners, SHB's financial advisor in connection with the proposed merger, has delivered to the board of directors of SHB its opinion dated as of March 19, 2014. Olsen Palmer, First Citizens' financial advisor in connection with the proposed merger, has delivered to the board of directors of First Citizens its opinion dated as of March 19, 2014. Each opinion states that, as of the date of such opinion and based upon and subject to the factors and assumptions set forth therein, the total merger consideration was fair to their respective clients from a financial point of view. The opinions do not reflect changes that may occur or may have occurred after the date of the opinions, including changes to the operations and prospects of First Citizens or SHB, changes in general market and economic conditions or regulatory or other factors. Any such changes, or changes in other factors on which the opinions are based, may materially alter or affect the respective opinions as to the fairness of the total merger consideration to First Citizens and/or SHB.

Failure to complete the merger could cause First Citizens' or SHB's stock price to decline.

If the merger is not completed for any reason, although neither First Citizens nor SHB's stock trades on an active or liquid market, First Citizens or SHB's stock price may decline because costs related to the merger, such as legal, accounting and certain financial advisory fees, must be paid even if the merger is not completed. In addition, if the merger is not completed, First Citizens' or SHB's stock price may decline to the extent that the current market price reflects a market assumption that the merger will be completed or due to questions about why (or whose fault it was that) the merger was not completed.

Risks Related to First Citizens and First Citizens Stock

First Citizens is subject to credit quality risks and First Citizens credit policies may not be sufficient to avoid losses.

First Citizens is subject to the risk of losses resulting from the failure of borrowers, guarantors and related parties to pay interest and principal amounts on loans. Although First Citizens maintains credit policies and credit underwriting, monitoring and collection procedures that management believes are sufficient to manage this risk, these policies and procedures may not prevent losses, particularly during periods in which the local, regional or national economy suffers a general decline. If a large number of borrowers fail to repay their loans, First Citizens financial condition and results of operations may be adversely affected.

Earnings could be adversely affected if values of other real estate owned decline.

First Citizens is subject to the risk of losses from the liquidation and/or valuation adjustments on other real estate owned. First Citizens owns over 95 properties totaling \$5.9 million in other real estate owned as of March 31, 2014. Other real estate owned is valued at the lower of cost or fair market value less cost to sell. Fair market values are based on independent appraisals for properties valued at \$50,000 or greater and appraisals are updated annually. First Citizens may incur future losses on these properties if economic and real estate market conditions result in further declines in the fair market value of these properties.

If First Citizens allowance for loan losses becomes inadequate, First Citizens financial condition and results of operations could be adversely affected.

First Citizens maintains an allowance for loan losses that it believes is a reasonable estimate of known and inherent potential losses in its loan portfolio. Management uses various assumptions and judgments to evaluate on a quarterly basis the adequacy of the allowance for loan losses in accordance with GAAP as well as regulatory guidelines. The amount of future losses is susceptible to changes in economic, operating and other conditions, as well as changes in interest rates most of which are beyond First Citizens control, and these losses may exceed current estimates. Although First Citizens believes the allowance for loan losses is a reasonable estimate of known and inherent potential losses in its loan portfolio, First Citizens cannot fully predict such potential losses or that its loan loss allowance will be adequate in the future. Excessive loan losses could have an adverse effect on First Citizens financial performance.

Federal and state regulators periodically review First Citizens allowance for loan losses and may require First Citizens to increase its provision for loan losses or recognize further loan charge-offs, based on judgments different than those of its management. Any increase in the amount of First Citizens provision or loans charged-off as required by these regulatory agencies could have an adverse effect on First Citizens results of operations.

Changes in interest rates could have an adverse effect on First Citizens earnings.

First Citizens profitability is in part a function of interest rate spread, or the difference between interest rates earned on investments, loans and other interest-earning assets and the interest rates paid on deposits and other interest-bearing liabilities. Interest rates are largely driven by monetary policies set by the Federal Open Market Committee, or FOMC, and trends in the prevailing market rate of interest embodied by the yield curve. The FOMC establishes target rates of interest to influence the cost and availability of capital and promote national economic goals. In January 2012, the FOMC indicated that rates would most likely remain at the historical low of a range of 0.00% to 0.25% through the end of 2014. The yield curve is a representation of the relationship between short-term interest rates to longer-term debt maturity rates. Currently, the yield curve is fairly steep as short-term rates continue at historic lows. As of December 31, 2013, First Citizens National Bank was liability sensitive in terms of interest rate risk exposure, meaning that First Citizens National Bank will likely experience margin compression when federal funds rates increase. In other words, upward pressure on deposit interest rates will outpace increases in the interest rates on interest-earning assets. Deposits are currently priced at historically low levels and are likely to reprice at a faster pace than interest-earning assets when the rate environment begins rising. The majority of variable-rate loans are priced at floors that will require significant increases in federal fund and prime rates before loan yields increase.

If the rate of interest paid on deposits and other borrowings increases more than the rate of interest earned on loans and other investments, First Citizens net interest income and, therefore, earnings could be adversely affected. Earnings could also be adversely affected if the rates on loans and other investments fall more quickly than those on deposits and other borrowings. While management takes measures to guard against interest rate risk, there can be no assurance that such measures will be effective in minimizing the exposure to interest rate risk. A sudden and significant increase in the market rate of interest could have a material adverse effect on the First Citizens financial position and earnings.

Failure to complete the merger could cause First Citizens or SHB's stock price to decline.

First Citizens is an emerging growth company and it cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make First Citizens stock less attractive to investors.

After filing the registration statement, of which this Proxy Statement/Prospectus is a part, First Citizens will be subject to periodic reporting requirements under the Exchange Act. First Citizens is an emerging growth company, as defined in the Jumpstart Our Business Startups Act (the JOBS Act), however, and it may take advantage of certain exemptions from various reporting requirements that are applicable to public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In addition, even if First Citizens complies with the greater obligations of public companies that are not emerging growth companies immediately after this offering, First Citizens may avail itself of the reduced requirements applicable to emerging growth companies from time to time in the future, so long as it is an emerging growth company. First Citizens may remain an emerging growth company for up to five years, though First Citizens may cease to be an emerging growth company earlier under certain circumstances, including if, before the end of such five year period, it is deemed to be a large accelerated filer under the SEC rules (which depends on, among other things, having a market value of common stock held by non-affiliates in excess of \$700 million) or if First Citizens total annual gross revenues equal or exceed \$1 billion in a fiscal year. First Citizens cannot predict if investors will find its common stock less attractive because it will rely on these exemptions. If some investors find First Citizens common stock less attractive as a result, there may be a less active trading market for First Citizens common stock and First Citizens stock price may be more volatile.

First Citizens is geographically concentrated in West Tennessee, and changes in local economic conditions may impact its profitability.

First Citizens operates primarily in West Tennessee and the majority of all loan customers and most deposit and other customers live or have operations in this area. Accordingly, First Citizens success depends significantly upon growth in population, income levels, deposits, housing starts and continued attraction of business ventures to this area. First Citizens profitability is impacted by changes in general economic conditions in this market. First Citizens is concerned about the impact of plant closings (such as Goodyear and Briggs & Stratton) and their impact to unemployment levels and economic conditions in its rural markets. Additionally, unfavorable local or national economic conditions could reduce First Citizens growth rate, affect the ability of its customers to repay their loans and generally affect First Citizens financial condition and results of operations.

First Citizens is less able than larger institutions to spread the risks of unfavorable local economic conditions across a large number of diversified economies. Moreover, First Citizens is unable to give assurance that it will benefit from any market growth or favorable economic conditions in its primary market areas if they do occur.

If financial market conditions worsen or First Citizens loan demand increases significantly, First Citizens liquidity position could be adversely affected. First Citizens may be required to rely on secondary sources of liquidity to meet withdrawal needs or fund operations, and there can be no assurance that these sources will be sufficient to meet future liquidity demands.

First Citizens relies on dividends from the First Citizens National Bank as its primary source of funds. First Citizens National Bank's primary sources of funds are client deposits and loan repayments and from the sale or maturity of securities. While scheduled loan repayments have historically been a relatively stable source of funds, they are susceptible to the inability of borrowers to repay the loans. The ability of borrowers to repay loans can be adversely affected by a number of factors, including changes in economic conditions, adverse trends or events affecting business industry groups, reductions in real estate values or markets, business closings or lay-offs, natural disasters and national or international instability. Additionally, deposit levels may be affected by a number of factors, including rates paid by competitors, general interest rate levels, regulatory capital requirements, returns available to clients on alternative investments and general economic conditions. Accordingly, First Citizens may be required from time to time to rely on secondary sources of liquidity to meet withdrawal demands or otherwise fund operations. Such sources include Federal Home Loan Bank (FHLB) advances, sales of securities and loans, and federal funds lines of credit from correspondent banks, as well as out-of-market time deposits. While First Citizens believes that these sources are currently adequate, there can be no assurance they will be sufficient to meet future liquidity demands, particularly if First Citizens continues to grow and experience increasing loan demand. First Citizens may be required to slow or discontinue loan growth, capital expenditures or other investments or liquidate assets should such sources not be adequate.

Market conditions could adversely affect First Citizens ability to obtain additional capital on favorable terms should it need it.

First Citizens' business strategy calls for continued growth. First Citizens anticipates that it will be able to support this growth through the generation of additional deposits at new branch locations, as well as through returns realized as a result of investment opportunities. However, First Citizens may need to raise additional capital in the future to support continued growth and maintain adequate capital levels. First Citizens may not be able to obtain additional capital in the amounts or on terms satisfactory to it. Growth may be constrained if First Citizens is unable to raise additional capital as needed.

Failure to remain competitive in an increasingly competitive industry may adversely affect results of operations and financial condition.

First Citizens encounters strong competition from other financial institutions in its market areas. In addition, established financial institutions not already operating in First Citizens' market areas may open branches in its market areas at future dates or may compete in the market via the internet. Certain aspects of First Citizens' banking business also compete with savings institutions, credit unions, mortgage banking companies, consumer finance companies, insurance companies and other institutions, some of which are not subject to the same degree of regulation or restrictions imposed on First Citizens. Many of these competitors have substantially greater resources and lending limits and are able to offer services that First Citizens does not provide. While First Citizens believes that it competes effectively with these other financial institutions in its market areas, First Citizens may face a competitive disadvantage as a result of its smaller size, smaller asset base, lack of geographic diversification and inability to spread its marketing costs across a broader market. If First Citizens has to raise interest rates paid on deposits or lower interest rates charged on loans to compete effectively, First Citizens' net interest margin and income could be negatively affected. Failure to compete effectively to attract new or to retain existing clients may reduce or limit First Citizens' margins and its market share and may adversely affect First Citizens' results of operations and financial condition.

First Citizens and its subsidiaries are subject to extensive government regulation and supervision. Changes in laws, government regulation and monetary policy may have a material adverse effect on our results of operations.

First Citizens and its subsidiaries are subject to extensive federal and state regulation and supervision. Banking regulations are primarily intended to protect depositors' funds, federal deposit insurance funds and the banking system as a whole, not First Citizens' shareholders. These regulations affect First Citizens' lending practices, capital structure, investment practices and dividend policy and growth, among other things. Future changes to statutes, regulations or regulatory policies, including changes in interpretation or implementation of statutes, regulations or policies, could affect First Citizens in substantial and unpredictable ways. Such changes could subject First Citizens to additional costs, limit the types of financial services and products First Citizens may offer and/or increase the ability of non-banks to offer competing financial services and products, or decrease the flexibility in pricing certain products and services by First Citizens National Bank, among other things. Failure to comply with laws, regulations or policies could result in sanctions imposed by regulatory agencies, civil money penalties, civil liability and/or reputation damage, which could have a material adverse effect on First Citizens' financial condition and results of operations. While First Citizens' policies and procedures are designed to deter and detect any such violations, there can be no assurance that such violations will not occur.

First Citizens stock is not listed or traded on any established securities market and is normally less liquid than most securities traded in those markets; First Citizens anticipates filing to revert to non-reporting status following the merger.

First Citizens stock is not listed or traded on any established securities exchange or market and First Citizens has no plans to seek to list its stock on any recognized exchange or qualify it for trading in any market. Accordingly, First Citizens stock has substantially fewer trades than the average securities listed on any national securities exchange. Most transactions in First Citizens stock are privately negotiated trades and its stock is very thinly traded. There is no dealer for First Citizens stock and no market maker. First Citizens' shares do not have a trading symbol. The lack of a liquid market can produce downward pressure on First Citizens stock price and can reduce the marketability of First Citizens stock.

If First Citizens' registration statement on Form S-4 becomes effective under the Securities Act, First Citizens will be required to file with the SEC the periodic and current reports required by the Securities Exchange Act and related rules and regulations. It is the intent of First Citizens management, and the merger consideration has been structured to permit First Citizens' management, to apply to the SEC in 2015 to go dark so as not to continue being required to comply with these filing requirements. If First Citizens is eligible to discontinue SEC filings, SHB shareholders who receive First Citizens' stock in the merger will have access to less information about the financial condition and results of operations of First Citizens than would be the case if SEC filings were continued.

First Citizens' ability to pay dividends may be limited.

As a holding company, First Citizens is a separate legal entity from First Citizens National Bank and does not conduct significant income-generating operations of its own. It currently depends upon First Citizens National Bank's cash and liquidity to pay dividends to its shareholders. First Citizens cannot provide assurance that First Citizens National Bank will have the capacity to pay dividends to First Citizens in the future. Various statutes and regulations limit the availability of dividends from First Citizens National Bank. It is possible that, depending upon First Citizens National Bank's financial condition and other factors, First Citizens National Bank's regulators could assert that payment of

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dividends by First Citizens National Bank to First Citizens is an unsafe or unsound practice. In the event that First Citizens National Bank is unable to pay dividends to First Citizens, First Citizens may not be able to pay dividends to its shareholders.

A failure or breach of First Citizens' operational or security systems or infrastructure, or those of First Citizens' third party vendors and other service providers or other third parties, including as a result of cyber-attacks, could disrupt First Citizens' businesses, result in the disclosure or misuse of confidential or proprietary information, damage its reputation, increase its costs, and cause losses.

First Citizens relies heavily on communications and information systems to conduct its business. Information security risks for financial institutions such as First Citizens have generally increased in recent years in part because of the proliferation of new technologies, the use of the internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, and terrorists, activists, and other external parties. As customer, public, and regulatory expectations regarding operational and information security have increased, First Citizens' operating systems and infrastructure must continue to be safeguarded and monitored for potential failures, disruptions, and breakdowns. First Citizens' business, financial, accounting, and data processing systems, or other operating systems and facilities, may stop operating properly or become disabled or damaged as a result of a number of factors, including events that are wholly or partially beyond First Citizens' control. For example, there could be electrical or telecommunication outages; natural disasters such as earthquakes, tornadoes, and hurricanes; disease pandemics; events arising from local or larger scale political or social matters, including terrorist acts; and as described below, cyber-attacks.

As noted above, First Citizens' business relies on its digital technologies, computer and email systems, software and networks to conduct its operations. Although First Citizens has information security procedures and controls in place, First Citizens' technologies, systems and networks and its customers' devices may become the target of cyber-attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss, or destruction of First Citizens' or its customers' or other third parties' confidential information. Third parties with whom First Citizens does business or that facilitate First Citizens' business activities, including financial intermediaries, or vendors that provide service or security solutions for First Citizens' operations, and other unaffiliated third parties, could also be sources of operational and information security risk to First Citizens, including from breakdowns or failures of their own systems or capacity constraints.

While First Citizens has disaster recovery and other policies and procedures designed to prevent or limit the effect of the failure, interruption or security breach of its information systems, there can be no assurance that any such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately addressed. First Citizens' risk and exposure to these matters remain heightened because of the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of First Citizens' controls, processes, and practices designed to protect its systems, computers, software, data, and networks from attack, damage or unauthorized access remain a focus for First Citizens. As threats continue to evolve, First Citizens may be required to expend additional resources to continue to modify or enhance its protective measures or to investigate and remediate information security vulnerabilities. Disruptions or failures in the physical infrastructure or operating systems that support First Citizens' businesses and clients, or cyber-attacks or security breaches of the networks, systems or devices that First Citizens' clients use to access First Citizens' products and services could result in client attrition, regulatory fines, penalties or intervention, reputation damage, reimbursement or other compensation costs, and/or additional compliance costs, any of which could have a material effect on First Citizens' results of operations or financial condition.

Shares of First Citizens stock are not insured.

Shares of First Citizens stock are not deposits and are not insured by the Federal Deposit Insurance Corporation (the "FDIC") or any other entity.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF FIRST CITIZENS

The following table sets forth selected consolidated historical financial data of First Citizens. The selected consolidated historical financial data as of and for each of the two years ended December 31, 2013 and 2012 is derived from First Citizens' audited financial statements. The selected consolidated historical financial data as of and for each of the three-month periods ended March 31, 2014 and 2013 is derived from First Citizens' unaudited financial statements for those periods. You should not assume that the results of operations for past periods and for any interim period indicate results for any future period. You should read this information in conjunction with First Citizens' consolidated financial statements and related notes included in this Proxy Statement/Prospectus beginning on Page F-3.

	For the Three Months Ended March 31, 2014¹	For the Three Months Ended March 31, 2013¹	For the Year Ended December 31, 2013²	For the Year Ended December 31, 2012²
Earnings Summary: (Dollars in thousands, except per share amounts)				
Interest revenue	\$ 10,988	\$ 11,003	\$ 44,122	\$ 44,111
Interest expense	1,464	1,576	6,214	7,377
Net interest revenue	9,524	9,427	37,908	36,734
Provision for credit losses	225	225	775	650
Net interest revenue, after provision for credit losses	9,299	9,202	37,133	36,084
Noninterest revenue	4,357	3,699	14,030	12,454
Noninterest expense	8,555	8,135	33,341	31,017
Income before income taxes	5,101	4,766	17,822	17,521
Income tax expense	1,276	1,178	4,014	4,006
Net income	\$ 3,825	\$ 3,588	\$ 13,808	\$ 13,515
Balance Sheet - End of Period Balances:				
Total assets	\$ 1,202,856	\$ 1,181,378	\$ 1,174,472	\$ 1,178,325
Total securities	459,504	474,714	456,525	466,419
Loans and leases, net of unearned income	597,055	559,443	580,236	549,452
Total deposits	986,051	957,493	968,530	964,839
Long-term debt	50,790	58,539	51,167	48,719
Total equity	117,175	115,313	112,606	114,140
Balance Sheet - Average Balances:				
Total assets	1,178,990	1,148,604	1,165,215	1,083,182
Total securities	457,931	458,449	452,938	399,386
Loans and leases, net of unearned income	589,564	552,826	575,367	536,180
Total deposits	969,619	948,738	947,319	875,945
Long-term debt	50,922	52,100	56,407	49,042
Total equity	116,316	115,548	114,489	110,656
Common Share Data:				
Basic earnings per share	1.06	0.99	3.83	3.75
Diluted earnings per share	1.06	0.99	3.83	3.75
Cash dividends per share	0.25	0.25	1.30	1.20
Book value per share	32.49	31.96	31.21	31.64
	28.24	25.64	27.43	24.89

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Tangible book value per share				
Dividend payout ratio	23.58%	25.25%	33.94%	32.00%

¹ Derived from unaudited financial statements.

² Derived from audited financial statements.

	For the Three Months Ended March 31, 2014¹	For the Three Months Ended March 31, 2013¹	For the Year Ended December 31, 2013²	For the Year Ended December 31, 2012²
Financial Ratios:				
Return on average assets	1.32%	1.25%	1.19%	1.25%
Return on average shareholders' equity	13.34%	12.59%	12.06%	12.21%
Total shareholders' equity to total assets	9.74%	9.76%	9.57%	9.69%
Tangible shareholders' equity to tangible assets	8.57%	7.92%	8.53%	7.71%
Net interest margin-fully taxable equivalent	3.82%	3.80%	3.83%	4.01%
Credit Quality Ratios:				
Net charge-offs to average loans and leases	0.01%	0.09%	0.16%	0.14%
Provision for credit losses to average loans and leases	0.04%	0.04%	0.13%	0.12%
Allowance for credit losses to net loans and leases	1.34%	1.44%	1.35%	1.45%
Allowance for credit losses to non-performing loans	98.17%	88.35%	91.63%	89.25%
Allowance for credit losses to non-performing assets	56.73%	45.63%	50.91%	44.44%
Non-performing loans to net loans and leases	1.36%	1.63%	1.47%	1.62%
Non-performing assets to net loans and leases	2.36%	3.16%	2.65%	3.26%
Capital Ratios:				
Tier 1 capital	16.61%	15.92%	16.41%	15.86%
Total capital	17.80%	17.17%	17.58%	17.12%
Tier 1 leverage capital	9.65%	9.05%	9.40%	9.17%

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF SHB

The following table sets forth selected consolidated historical financial data of SHB. The selected consolidated historical financial data as of and for each of the two years ended December 31, 2013 is derived from SHB's audited financial statements. The selected consolidated historical financial data as of and for each of the three-month periods ended March 31, 2014 and 2013 is derived from SHB's unaudited financial statements for those periods. You should not assume that the results of operations for past periods and for any interim period indicate results for any future period. You should read this information in conjunction with SHB's consolidated financial statements and related notes included in this Proxy Statement/Prospectus beginning on Page F-65.

	For the Three Months Ended March 31, 2014	For the Three Months Ended March 31, 2013¹	For the Year Ended December 31, 2013²	For the Year Ended December 31, 2012²
Earnings Summary:	(Dollars in thousands, except per share amounts)			
Interest revenue	\$ 2,193	\$ 2,354	\$ 9,287	\$ 9,492
Interest expense	283	321	1,202	1,499
Net interest revenue	1,910	2,033	8,085	7,993
Provision for credit losses	76	121	124	980
Net interest revenue, after provision for credit losses	1,834	1,912	7,961	7,013
Noninterest revenue	698	797	2,776	3,993
Noninterest expense	1,739	1,621	7,166	7,317
Income before income taxes	793	1,088	3,571	3,689
Income tax expense (benefit)	184	318	846	1,030
Net income	\$ 609	\$ 770	\$ 2,725	\$ 2,659
Balance Sheet - End of Period Balances:				
Total assets	\$ 245,195	\$ 241,389	\$ 237,078	\$ 242,822
Total securities	73,683	61,532	68,966	57,340
Loans and leases, net of unearned income	131,810	148,761	136,034	149,288
Total deposits	211,577	208,218	205,345	208,486
Long-term debt	5,155	5,155	5,155	5,155
Total shareholders equity	26,881	26,165	25,184	26,002
Balance Sheet - Average Balances:				
Total assets	240,993	241,142	239,014	228,540
Total securities	72,866	60,370	64,399	59,993
Loans and leases, net of unearned income	134,511	148,956	142,062	141,366
Total deposits	208,521	206,948	206,522	195,738
Long-term debt	5,155	5,155	5,155	5,155
Total shareholders equity	26,033	26,084	25,593	24,902
Common Share Data ³ :				
	\$.47	\$.60	\$ 2.10	\$ 2.00

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Basic earnings per share				
Diluted earnings per share	.47	.60	2.10	2.00
Cash dividends per share	-	-	.40	.30
Book value per share	16.99	16.68	15.67	16.55
Tangible book value per share	16.99	16.68	15.67	16.55
Dividend payout ratio	0%	0%	19.23%	14.82%

¹ Derived from unaudited financial statements.

² Derived from audited financial statements.

³ Does not represent data for Class A and Class B common shares. See additional dividend information for these classes of common stock on page 115.

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	For the Three Months Ended March 31, 2014¹	For the Three Months Ended March 31, 2013¹	For the Year Ended December 31, 2013²	For the Year Ended December 31, 2012²
Financial Ratios:				
Return on average assets	1.01%	1.27%	1.14%	1.16%
Return on average shareholders' equity	9.36%	11.81%	10.65%	10.68%
Total shareholders' equity to total assets	10.96%	10.84%	10.62%	10.71%
Tangible shareholders equity to tangible assets	11.45%	10.68%	11.59%	10.30%
Net interest margin-fully taxable equivalent	3.85%	4.13%	4.07%	4.13%
Credit Quality Ratios:				
Net charge-offs to average loans and leases	.11%	-.09%	.30%	.90%
Provision for credit losses to average loans and leases	.22%	.32%	.09%	.68%
Allowance for credit losses to net loans and leases	1.48%	1.61%	1.41%	1.48%
Allowance for credit losses to non-performing loans	.66%	.93%	1.99%	1.52%
Allowance for credit losses to non-performing assets	56.73%	73.70%	88.60%	90.92%
Non-performing loans to net loans and leases	2.25%	1.74%	.71%	.97%
Non-performing assets to net loans and leases	2.72%	2.25%	1.66%	1.70%
Capital Ratios:				
Tier 1 capital	20.47%	17.49%	19.42%	17.10%
Total capital	21.72%	18.74%	20.61%	18.35%
Tier 1 leverage capital	13.63%	12.73%	13.60%	12.74%

UNAUDITED PRO FORMA COMBINED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma combined consolidated financial information and accompanying notes show the impact on the historical financial condition and results of operations of First Citizens and SHB and have been prepared to illustrate the effects of the merger under the acquisition method of accounting. See THE MERGER - Accounting Treatment.

The unaudited pro forma combined consolidated balance sheet as of March 31, 2014 is presented as if the merger had occurred on March 31, 2014. The unaudited pro forma combined consolidated income statements for the year ended December 31, 2013 and the three months ended March 31, 2014 are presented as if the merger had occurred on January 1, 2013. The historical consolidated financial information has been adjusted to reflect factually supportable items that are directly attributable to the merger and, with respect to the income statements only, expected to have a continuing impact on consolidated results of operations.

The selected unaudited pro forma combined consolidated financial statements are provided for informational purposes only. The unaudited pro forma combined consolidated financial statements are not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the merger been completed as of the dates indicated or that may be achieved in the future. The preparation of the unaudited pro forma combined consolidated financial statements and related adjustments required management to make certain assumptions and estimates. The unaudited pro forma combined consolidated financial statements should be read together with:

- ◆ the accompanying notes to the unaudited pro forma combined consolidated financial statements;
- ◆ First Citizens' audited consolidated financial statements and accompanying notes as of and for the year ended December 31, 2013, included beginning on Page F-3 in this Proxy Statement/Prospectus;
- ◆ SHB's audited consolidated financial statements and accompanying notes as of and for the year ended December 31, 2013, included beginning on Page F-65 elsewhere in this Proxy Statement/Prospectus;
- ◆ First Citizens' unaudited condensed consolidated financial statements and accompanying notes as of and for the three months ended March 31, 2014, included beginning on Page F-43 in this Proxy Statement/Prospectus;
- ◆ SHB's unaudited consolidated financial statements and accompanying notes as of and for the three months ended March 31, 2014, included beginning on Page F-97 in this Proxy Statement/Prospectus; and
- ◆ other information pertaining to First Citizens and SHB included elsewhere in this Proxy Statement/Prospectus.

FIRST CITIZENS BANCSHARES, INC. AND SUBSIDIARIES**UNAUDITED PRO FORMA COMBINED CONSOLIDATED BALANCE SHEET****MARCH 31, 2014**

(all amounts are in thousands, except per share data, unless otherwise indicated)

	First Citizens Bancshares, Inc. 3/31/2014	Southern Heritage Bancshares, Inc. 3/31/2014	Redemption of Series D Preferred Stock (SBLF)	Purchase Accounting Adjustments		Pro Forma Adjustments	Pro Forma 3/31/2014
	(as reported)	(as reported)				Combined	
Cash and cash equivalents	\$ 27,212	\$ 29,911	\$ (5,105)	(a)	\$ (2,087)	(b)	\$ (1,000) (p) 48,931
Interest bearing deposits in banks	30,211	101					30,312
Available-for-sale investment securities	459,504	73,683					533,187
Loans, net of unearned income	597,055	131,810			(5,131)	(c)	723,734
Allowance for loan losses	(7,995)	(2,006)			2,006	(d)	(7,995)
Net loans	589,060	129,804			(3,125)		