January 26, 2010

Capital City Bank Group, Inc. Reports Fourth Quarter and Full Year 2009 Results

TALLAHASSEE, Fla., Jan. 26, 2010 (GLOBE NEWSWIRE) -- Capital City Bank Group, Inc. (Nasdaq:CCBG) today reported a net loss of $3.4 million ($0.20 per diluted share) for the fourth quarter of 2009 compared to a net loss of $1.5 million ($0.08 per diluted share) for the third quarter of 2009 and a net loss of $1.7 million ($0.10 per diluted share) in the fourth quarter of 2008. For the full year 2009, a net loss of $3.5 million ($0.20 per diluted share) was realized compared to net income of $15.2 million ($0.89 per diluted share) for 2008.

The loss reported for the fourth quarter of 2009 reflects a loan loss provision of $10.8 million ($0.39 per diluted share) versus $12.3 million ($0.45 per diluted share) in the third quarter of 2009 and $12.5 million ($0.45 per diluted share) in the fourth quarter of 2008. Higher costs related to the management and resolution of problem assets also negatively impacted earnings for the quarter.

Earnings for the full year 2009 include a loan loss provision of $40.0 million ($1.44 per diluted share) compared to $32.5 million ($1.16 per diluted share) for 2008. Higher pension costs, FDIC insurance fees, and an increase in costs related to the management and resolution of problem assets also negatively impacted earnings for 2009. 2008 earnings included a $6.25 million gain ($0.22 per diluted share) from the sale of a portion of the bank's merchant services portfolio, a $2.4 million gain from the redemption of Visa shares and the reversal of $1.1 million in Visa related litigation reserves.

"As we close out one of the toughest years in Capital City's history and enter 2010, we are cautiously optimistic," said William G. Smith, Jr., Chairman, President and CEO. "The early signs would indicate a slight uptick in the economy, although we believe the road to recovery will be jagged as we move off the bottom. It's still too early to be certain we have turned the corner, but our confidence is growing as we sense our markets in north Florida and south Georgia are becoming more stable.

"At Capital City, nonperforming assets were flat for the second consecutive quarter. Additionally, the gross additions to our total problem loan pool declined substantially quarter over quarter and we continue to see increased activity in the resolution of our ORE properties.

"Over the last two years our allowance for loan loss has increased by $25.9 million to $44.0 million, and at year-end represents 2.30% of outstanding loans. During this period our cumulative provision has outpaced our cumulative net charge-offs by a factor of 1.6x. To date, our two-year cumulative net charge-offs total 2.4% of our outstanding loan balances.

"On the deposit side, we continue to focus on core deposits and are using this time of market disruption to effectively capitalize on organic growth opportunities. Our efforts are centered on generating core deposit growth, retaining these relationships for the longer term, and creating realistic opportunities to cross-sell new deposit clients into other profitable products and services. In addition to the seasonal inflow of public funds, we added over 800 new accounts and $70 million in new deposit balances through our money market promotion. These clients carry substantial balances and offer an excellent opportunity to expand relationships over time.

"As we move into 2010, our priorities will continue to be the resolution of our problem assets and a return to more normalized levels of profitability. Persistent unemployment levels across our markets will be challenging, but our prospects are encouraging; we are the leading locally-owned and operated banking company across northern Florida, we believe we can continue to execute our strategy without raising additional capital, and we fully understand that our core deposit base is the single largest driver of our overall profitability," said Smith.

The Return on Average Assets was -0.52% and the Return on Average Equity was -5.03% for the fourth quarter of 2009. These metrics were -0.24% and -2.15% for the third quarter of 2009 and -0.28% and -2.24% for the fourth quarter of 2008, respectively.

For the full year of 2009, the Return on Average Assets was -0.14% and the Return on Average Equity was -1.26% compared to 0.59% and 5.06%, respectively, for the full year of 2008.

Discussion of Financial Condition

Average earning assets were $2.238 billion for the fourth quarter of 2009, an increase of $80.2 million, or 3.6% from the third quarter of 2009, and an increase of $86.7 million, or 4.0% from the fourth quarter of 2008. The improvement from the third quarter is primarily attributable to an increase in the overnight funds position of $109.0 million, partially offset by a $9.2 million and $20.1 million decrease in the investment and loan portfolios, respectively. The improvement in the net funds position reflects our focus on core deposit growth, a successful money market account ("MMA") campaign in selected markets and the increase in balances of several large deposit relationships. Loans declined primarily in the residential and construction portfolios with moderate growth experienced in the commercial mortgage portfolio. Loans transferred to Other Real Estate Owned and gross charge-offs were significant factors contributing to the net reduction in the loan portfolio for the quarter. Compared to the fourth quarter of 2008, the increase in earning assets primarily reflects growth in the overnight funds position, partially offset by a reduction in investment securities.

At the end of the fourth quarter, nonperforming assets (including nonaccrual loans, restructured loans, and other real estate owned) totaled $144.1 million, a net decrease of $0.3 million from the third quarter and an increase of $36.2 million from the fourth quarter of 2008. Nonaccrual loans totaled $86.3 million at the end of the fourth quarter, a net decrease of $5.6 million from the prior linked quarter reflective of both an improvement in successful problem loan resolutions and the migration of loans to the other real estate owned category. Quarter over quarter, the other real estate owned balance increased $2.8 million and restructured loans increased by $2.5 million. Compared to the prior year-end, the overall increase in nonperforming assets reflects weak economic and real estate market conditions, which have increased loan default rates primarily within our residential real estate loan portfolio. Vacant residential land loans of $28.1 million represented approximately 33% of our nonaccrual loan balance at quarter-end, which is a decline from $39.4 million, or 43%, at the end of the linked quarter. Total nonperforming assets represented 7.38% of loans and other real estate at the end of the fourth quarter compared to 7.25% at the prior quarter-end and 5.48% at year-end 2008. The increase over the linked quarter is attributable to a net decline in the loan portfolio as nonperforming assets have been essentially flat for the last two quarters.

Average total deposits were $2.090 billion for the fourth quarter, an increase of $139.8 million, or 7.2%, from the third quarter and an increase of $144.1 million, or 7.4%, from the fourth quarter of 2008. On a linked quarter basis, the increase reflects core deposit growth of approximately $150.0 million resulting from the MMA campaign in select markets and the opening of several large deposit relationships. The recent MMA campaign, which was launched during the third quarter, generated in excess of $70.0 million in new deposit balances and served to support our core deposit growth initiatives and to further strengthen the bank's overall liquidity position. Additionally, our absolutely free checking product continues to be successful as both balances and the number of accounts continue to post growth quarter over quarter. Certificates of deposit balances have grown as rate pressures from higher paying institutions have eased in most of our markets. Partially offsetting the core deposit growth was a decline in average public funds of approximately $10.0 million attributable to seasonal run-off and the decision not to match competitors' rates. Starting late in the fourth quarter, we had an influx of public funds deposits (an increase of $159 million over prior quarter-end), which is seasonal in nature and we anticipate those deposits will decline during the first and second quarter of 2010.

We maintained an average net overnight funds (deposits with banks plus Fed funds sold less Fed funds purchased) sold position of $101.1 million during the fourth of 2009 compared to an average net overnight funds purchased position of $53.5 million in the third quarter and an average overnight funds purchased position of $18.0 million during the fourth quarter of 2008. The favorable variance of $154.5 million in the funds position compared to the linked quarter is primarily attributable to the growth in core deposits mentioned above and net reductions in both the loan and investment portfolios. The favorable variance from the fourth quarter of 2008 reflects core deposit growth and a net reduction in investment securities.

Equity capital was $267.9 million as of December 31, 2009, compared to $268.4 million as of September 30, 2009 and $278.8 million as of December 31, 2008. Our leverage ratio was 10.39%, 10.96%, and 11.51%, respectively, for the comparable periods. Further, our risk-adjusted capital ratio of 14.11% at December 31, 2009 exceeds the 8.0% minimum requirement and the 10.0% threshold to be designated as "well-capitalized" under the risk-based regulatory guidelines. At December 31, 2009, our tangible common equity ratio was 6.84%, compared to 7.43% at September 30, 2009 and 7.76% at December 31, 2008. During the first quarter 2009, we repurchased approximately 146,000 shares of our common stock at a weighted average stock price of $10.65; no shares were repurchased during the last three quarters of 2009.

Discussion of Operating Results

Tax equivalent net interest income for the fourth quarter of 2009 was $25.8 million compared to $27.1 million for the third quarter of 2009 and $28.4 million for the fourth quarter of 2008. For 2009, tax equivalent net interest income totaled $108.2 million compared to $111.3 million in 2008.

The decrease of $1.3 million in net interest income on a linked quarter basis was partially due to a shift in earning asset mix, unfavorable asset repricing and a slight increase in the costs of funds. Quarter over quarter, interest income was adversely impacted by declines in the investment and loan portfolios as well as unfavorable repricing, while interest expense increased reflecting the incremental costs of our money market promotion. A decrease in both short-term and long-term borrowings, and a lower level of foregone interest on nonaccrual loans partially offset the unfavorable variances referenced above.

The decline from the fourth quarter of 2008 reflects the downward repricing of earning assets, higher foregone interest on nonaccrual loans, and lower loan fees. Partially offsetting the decline was the lower costs of funds. Beginning in September 2007, we responded aggressively to reductions in the Federal Reserve's target rate and, as a result, we were able to significantly lower cost of funds year over year.

Pressure on asset repricing and an unfavorable shift in our earning asset mix, coupled with a higher cost of funds resulted in the net interest margin of 4.59% for the fourth quarter of 2009, which represents a decline of 40 basis points over the linked quarter and a 67 basis point decline over the fourth quarter of 2008. During the course of 2009, historically low interest rates (essentially setting a floor on deposit repricing), foregone interest, lower loan fees, unfavorable asset repricing without the flexibility to significantly adjust deposit rates and core deposit growth (which has strengthened our liquidity position, but resulted in an unfavorable shift in our earning asset mix), have all placed pressure on our net interest margin. Although the market offers a steep yield curve, our current strategy as well as historically, is to not accept greater interest rate risk by reaching further out the curve for yield, particularly given the fact that short term rates are at historical lows. We continue to maintain short duration portfolios on both sides of the balance sheet and believe we are well positioned to respond to changing market conditions. Over time, this strategy has produced fairly consistent outcomes and a net interest margin that is significantly above peer comparisons. Given our recent deposit growth and unfavorable asset repricing, we anticipate continued pressure on the margin during the first quarter of 2010.

The provision for loan losses for the fourth quarter was $10.8 million compared to $12.3 million for the third quarter of 2009 and $12.5 million for the fourth quarter of 2008. The reduction in the loan loss provision compared to the prior quarter was primarily due to a lower level of reserves required for impaired loans as this portfolio declined $9.1 million from the third quarter. For the full year 2009, our loan loss provision was $40.0 million compared to $32.5 million for 2008 with the increase attributable to a higher level of required reserves. Growth in the level of nonperforming loans coupled with weaker economic conditions and declining property values (primarily vacant residential land) were the primary factors contributing to the higher required reserves. Net charge-offs in the fourth quarter totaled $11.8 million (2.42% of average loans) compared to $8.7 million (1.76% of average loans) in the third quarter of 2009 and $6.0 million (1.24% of average loans) in the fourth quarter of 2008. For 2009, our net charge-offs totaled $32.6 million (1.66% of average loans), compared to $13.6 million (.71% of average loans) for 2008. Over the last eight quarters, we have recorded a cumulative loan loss provision totaling $72.5 million, or 3.8% of beginning loans and recognized cumulative net charge-offs of $46.2 million, or 2.4%. At year-end 2009, the allowance for loan losses of $44.0 million was 2.30% of outstanding loans (net of overdrafts) and provided coverage of 41% of nonperforming loans compared to 2.32% and 41%, respectively at the end of the third quarter and 1.89% and 38%, respectively at year-end 2008.

Noninterest income for the fourth quarter of 2009 totaled $14.4 million compared to $14.3 million in the third quarter of 2009 and $13.3 million for the fourth quarter of 2008. Compared to the linked quarter, the $0.1 million, or 0.7% increase was due to higher deposit and asset management fees of $84,000 and $105,000, respectively, partially offset by lower mortgage banking revenues ($113,000). The increase in deposit fees reflects a reduction in overdraft losses, while the increase in asset management fees is attributable to higher account valuations for managed accounts. The decline in mortgage banking revenues is attributable to a reduction in our residential real estate loan pipeline. Compared to the prior year quarter, the $1.1 million, or 8.3% increase primarily reflects higher deposit fees ($376,000), asset management fees ($130,000), retail brokerage fees ($142,000), and mortgage banking revenues ($258,000). The same aforementioned factors drove the prior year variances in deposit fees and asset management fees. The higher level of mortgage banking revenues was due to a mid-year spike in refinancing activity due to the lower interest rate environment. Retail brokerage fees were higher due to an increase in both account trading activity and new account growth. For the full year 2009, noninterest income decreased $9.6 million, or 14.4%, due to one-time transactions in 2008, including a $6.25 million pre-tax gain from the bank's merchant services portfolio sale and a $2.4 million pre-tax gain from the redemption of Visa shares. Additionally, lower merchant fees of $3.2 million related to the aforementioned merchant services portfolio sale also contributed to the unfavorable variance. Improvement in deposit fees ($400,000) and mortgage banking fees ($1.1 million) as well as a higher level of card fees ($794,000) partially offset the aforementioned unfavorable variances.

Noninterest expense totaled $35.3 million for the fourth quarter of 2009 compared to $31.6 million in the third quarter of 2009 and $31.0 million for the fourth quarter of 2008. Compared to the linked quarter, increases in professional fees ($595,000), legal fees ($214,000), other real estate owned expense ("OREO") ($1.6 million), pension expense ($587,000), and advertising expense ($223,000) drove the unfavorable variance. Legal fees and OREO expenses were higher due to the cost of managing and resolving problem assets. The increase in professional fees primarily reflects payment to a consulting firm for services related to a review of our vendor maintenance contracts that will result in future cost reductions. The variance in pension expense reflects a third quarter adjustment based on final pension expense estimates provided to us by our actuarial firm. A deposit promotion initiated during the fourth quarter as well an increase in public relations expenses drove the unfavorable variance in advertising expense. Compared to the prior year quarter, the $4.3 million, or 13.9% increase in noninterest expense was primarily due to higher legal fees ($529,000), OREO expenses ($2.9 million), FDIC insurance premium cost ($508,000), and pension expense ($613,000). The same aforementioned factors drove the variance in legal fees and OREO expense. Insurance premiums have risen in 2009 reflecting higher assessments as mandated by the FDIC. The unfavorable variance in pension expense reflects a decline in pension asset value in 2008. For the full year 2009, noninterest expense increased $10.6 million, or 8.8%, due to higher legal fees ($1.7 million), OREO expenses ($5.7 million), and pension expense ($2.8 million). The same aforementioned factors drove the variance in legal fees, OREO expense, and pension expense. The unfavorable variance was also impacted by the reversal of a portion ($1.1 million) of our Visa litigation accrual in 2008, which had the effect of reducing noninterest expense.

We realized a tax benefit of $3.0 million for the fourth quarter of 2009 and a tax benefit of $5.3 million for the full year 2009, both of which primarily reflect the impact of a higher level of permanent book/tax differences (primarily tax exempt income) in relation to our book operating profit.

About Capital City Bank Group, Inc.

Capital City Bank Group, Inc. (Nasdaq:CCBG) is one of the largest publicly traded financial services companies headquartered in Florida and has approximately $2.7 billion in assets. The Company provides a full range of banking services, including traditional deposit and credit services, asset management, trust, mortgage banking, merchant services, bankcards, data processing and securities brokerage services. The Company's bank subsidiary, Capital City Bank, was founded in 1895 and now has 70 banking offices and 79 ATMs in Florida, Georgia and Alabama. For more information about Capital City Bank Group, Inc., visit www.ccbg.com.

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this Press Release are based on current plans and expectations that are subject to uncertainties and risks, which could cause the Company's future results to differ materially. The following factors, among others, could cause the Company's actual results to differ: the frequency and magnitude of foreclosure of the Company's loans; the effects of the Company's lack of a diversified loan portfolio, including the risks of geographic and industry concentrations; the accuracy of the Company's financial statement estimates and assumptions, including the estimate for the Company's loan loss provision; the Company's ability to integrate acquisitions; the strength of the U.S. economy and the local economies where the Company conducts operations; harsh weather conditions; fluctuations in inflation, interest rates, or monetary policies; changes in the stock market and other capital and real estate markets; legislative or regulatory changes; customer acceptance of third-party products and services; increased competition and its effect on pricing; technological changes; the effects of security breaches and computer viruses that may affect the Company's computer systems; changes in consumer spending and savings habits; the Company's growth and profitability; changes in accounting; and the Company's ability to manage the risks involved in the foregoing. Additional factors can be found in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, and the Company's other filings with the SEC, which are available at the SEC's internet site (http://www.sec.gov). Forward-looking statements in this Press Release speak only as of the date of the Press Release, and the Company assumes no obligation to update forward-looking statements or the reasons why actual results could differ.

EARNINGS HIGHLIGHTS

	Three Months Ended		
(Dollars in thousands, except per share data)	Dec 31, 2009	Sep 30, 2009	Dec 31, 2008
EARNINGS			

Net Income	$	(3,407)	$	(1,488)	$	(1,703)	$
Diluted Earnings Per Common Share		(0.20)		(0.08)		(0.10)	
------------------------	$	-------	$	-------	$	-------	$
PERFORMANCE							
Return on Average Equity		-5.03%		-2.15%		-2.24%	
Return on Average Assets		-0.52%		-0.24%		-0.28%	
Net Interest Margin		4.59%		4.99%		5.26%	
Noninterest Income as % of Operating Revenue		36.30%		35.01%		32.42%	
Efficiency Ratio		85.21%		73.86%		71.21%	
CAPITAL ADEQUACY							
Tier 1 Capital Ratio		12.76%		12.76%		13.34%	
Total Capital Ratio		14.11%		14.12%		14.69%	
Tangible Capital Ratio		6.84%		7.43%		7.76%	
Leverage Ratio		10.39%		10.96%		11.51%	
Equity to Assets		9.89%		10.77%		11.20%	
ASSET QUALITY							
Allowance as % of Non-Performing Loans		40.77%		40.90%		37.52%	
Allowance as a % of Loans		2.30%		2.32%		1.89%	
Net Charge-Offs as % of Average Loans		2.42%		1.76%		1.24%	
Nonperforming Assets as % of Loans and ORE		7.38%		7.25%		5.48%	
STOCK PERFORMANCE							
High	$	14.34	$	17.10	$	33.32	$
Low	$	11.00	$	13.92	$	21.06	$
Close	$	13.84	$	14.20	$	27.24	$
Average Daily Trading Volume		39,672		33,823		43,379	

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENT OF INCOME

Unaudited

(Dollars in thousands, except per share data)		2009 Fourth Quarter		2009 Third Quarter		2009 Second Quarter	
INTEREST INCOME							
Interest and Fees on Loans	$	28,582	$	29,463	$	29,742	$
Investment Securities		1,097		1,323		1,437	

Funds Sold	77	1	1
Total Interest Income	29,756	30,787	31,180
INTEREST EXPENSE			
Deposits	2,964	2,626	2,500
Short-Term Borrowings	22	113	88
Subordinated Notes Payable	936	936	931
Other Long-Term Borrowings	542	560	566
Total Interest Expense	4,464	4,235	4,085
Net Interest Income	25,292	26,552	27,095
Provision for Loan Losses	10,834	12,347	8,426
Net Interest Income after Provision for Loan Losses	14,458	14,205	18,669
NONINTEREST INCOME			
Service Charges on Deposit Accounts	7,183	7,099	7,162
Data Processing Fees	948	914	896
Asset Management Fees	1,065	960	930
Retail Brokerage Fees	772	765	625
Gain on Sale of Investment Securities	--	4	6
Mortgage Banking Revenues	550	663	902
Merchant Fees	345	393	663
Interchange Fees	1,129	1,129	1,118
Gain on Sale of Portion of Merchant Services Portfolio	--	--	--
ATM/Debit Card Fees	892	876	884
Other	1,527	1,501	1,448
Total Noninterest Income	14,411	14,304	14,634
NONINTEREST EXPENSE			
Salaries and Associate Benefits	16,121	15,660	16,049
Occupancy, Net	2,458	2,455	2,540
Furniture and Equipment	2,261	2,193	2,304
Intangible Amortization	1,010	1,011	1,010
Other	13,463	10,296	11,027
Total Noninterest Expense	35,313	31,615	32,930
OPERATING PROFIT	(6,444)	(3,106)	373
Provision for Income Taxes	(3,037)	(1,618)	(401)

NET INCOME	$ (3,407)	$ (1,488)	$ 774	$
PER SHARE DATA				
Basic Earnings	$ (0.20)	$ (0.08)	$ 0.04	$
Diluted Earnings	$ (0.20)	$ (0.08)	$ 0.04	$
Cash Dividends	0.190	0.190	0.190	
AVERAGE SHARES				
Basic	17,034	17,024	17,010	
Diluted	17,035	17,025	17,010	

	Twelve Months Ended December 31	
(Dollars in thousands, except per share data)	2009	2008
INTEREST INCOME		
Interest and Fees on Loans	$ 117,324	$ 132,682
Investment Securities	5,370	7,075
Funds Sold	82	3,109
Total Interest Income	122,776	142,866
INTEREST EXPENSE		
Deposits	10,585	27,306
Short-Term Borrowings	291	1,157
Subordinated Notes Payable	3,730	3,735
Other Long-Term Borrowings	2,236	1,802
Total Interest Expense	16,842	34,000
Net Interest Income	105,934	108,866
Provision for Loan Losses	40,017	32,496
Net Interest Income after Provision for Loan Losses	65,917	76,370
NONINTEREST INCOME		
Service Charges on Deposit Accounts	28,142	27,742
Data Processing Fees	3,628	3,435
Asset Management Fees	3,925	4,235
Retail Brokerage Fees	2,655	2,399
Gain on Sale of Investment Securities	10	125
Mortgage Banking Revenues	2,699	1,623
Merchant Fees	2,359	5,548
Interchange Fees	4,432	4,165
Gain on Sale of Portion of		

Merchant Services Portfolio	--	6,250
ATM/Debit Card Fees	3,515	2,988
Other	6,026	8,530
Total Noninterest Income	57,391	67,040
NONINTEREST EXPENSE		
Salaries and Associate Benefits	65,067	61,831
Occupancy, Net	9,798	9,729
Furniture and Equipment	9,096	9,902
Intangible Amortization	4,042	5,685
Other	44,112	34,325
Total Noninterest Expense	132,115	121,472
OPERATING PROFIT	(8,807)	21,938
Provision for Income Taxes	(5,336)	6,713
NET INCOME	$ (3,471)	$ 15,225
PER SHARE DATA		
Basic Earnings	$ (0.20)	$ 0.89
Diluted Earnings	$ (0.20)	$ 0.89
Cash Dividends	0.760	0.745
AVERAGE SHARES		
Basic	17,044	17,141
Diluted	17,045	17,147

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
Unaudited

(Dollars in thousands, except per share data)	2009 Fourth Quarter	2009 Third Quarter	2009 Second Quarter	2009 First Quarter	2 Fo Qua
ASSETS					
Cash and Due From Banks	$57,877	$79,275	$92,394	$81,317	$
Funds Sold and Interest Bearing Deposits	276,416	828	2,016	4,241	
Total Cash and Cash Equivalents	334,293	80,103	94,410	85,558	

Investment Securities, Available-for-Sale	176,673	183,944	194,002	195,767	1
Loans, Net of Unearned Interest					
Commercial, Financial, & Agricultural	189,061	203,813	201,589	202,038	2
Real Estate - Construction	111,249	128,476	153,507	154,102	1
Real Estate - Commercial	716,791	704,595	686,420	673,066	6
Real Estate - Residential	406,262	424,715	447,652	464,358	4
Real Estate - Home Equity	246,722	243,808	235,473	223,505	2
Consumer	233,524	241,672	241,467	243,280	2
Other Loans	10,207	7,790	7,933	8,068	
Overdrafts	2,124	3,163	3,022	3,195	
Total Loans, Net of Unearned Interest	1,915,940	1,958,032	1,977,063	1,971,612	1,9
Allowance for Loan Losses	(43,999)	(45,401)	(41,782)	(40,172)	(3
Loans, Net	1,871,941	1,912,631	1,935,281	1,931,440	1,9
Premises and Equipment, Net	115,439	111,797	109,050	107,259	1
Intangible Assets	88,841	89,851	90,862	91,872	
Other Assets	121,137	113,611	102,234	87,483	
Total Other Assets	325,417	315,259	302,146	286,614	2
Total Assets	$2,708,324	$2,491,937	$2,525,839	$2,499,379	$2,4
LIABILITIES					
Deposits:					
Noninterest Bearing Deposits	$427,791	$397,943	$424,125	$413,608	$4
NOW Accounts	899,649	687,679	733,526	726,069	7
Money Market Accounts	373,105	301,662	300,683	312,541	3
Regular Savings Accounts	122,370	122,040	123,257	121,245	1
Certificates of Deposit	435,319	440,666	424,339	416,326	3
Total Deposits	2,258,234	1,949,990	2,005,930	1,989,789	1,9
Short-Term Borrowings	35,841	103,711	73,989	68,193	
Subordinated Notes Payable	62,887	62,887	62,887	62,887	
Other Long-Term Borrowings	49,380	50,665	52,354	53,448	
Other Liabilities	34,083	56,269	57,973	49,518	
Total Liabilities	2,440,425	2,223,522	2,253,133	2,223,835	2,2
SHAREOWNERS' EQUITY					
Common Stock	170	170	170	170	
Additional Paid-In Capital	36,099	36,065	35,698	35,841	
Retained Earnings	246,460	253,104	257,828	260,287	2

Accumulated Other Comprehensive Loss, Net of Tax	(14,830)	(20,924)	(20,990)	(20,754)	(2
Total Shareowners' Equity	267,899	268,415	272,706	275,544	2
Total Liabilities and Shareowners' Equity	$2,708,324	$2,491,937	$2,525,839	$2,499,379	$2,4
OTHER BALANCE SHEET DATA					
Earning Assets	$2,369,029	$2,142,804	$2,173,081	$2,171,620	$2,1
Intangible Assets					
Goodwill	84,811	84,811	84,811	84,811	
Deposit Base	3,233	4,196	5,159	6,121	
Other	797	844	892	940	
Interest Bearing Liabilities	1,978,551	1,769,310	1,771,035	1,760,709	1,7
Book Value Per Diluted Share	$15.72	$15.76	$16.03	$16.18	
Tangible Book Value Per Diluted Share	10.51	10.48	10.70	10.80	
Actual Basic Shares Outstanding	17,036	17,032	17,010	17,010	
Actual Diluted Shares Outstanding	17,037	17,033	17,010	17,031	

CAPITAL CITY BANK GROUP, INC.
ALLOWANCE FOR LOAN LOSSES
AND NONPERFORMING ASSETS

Unaudited

(Dollars in thousands)	2009 Fourth Quarter	2009 Third Quarter	2009 Second Quarter	2009 First Quart
ALLOWANCE FOR LOAN LOSSES				
Balance at Beginning of Period	$45,401	$41,782	$40,172	$37,0
Provision for Loan Losses	10,834	12,347	8,426	8,4
Transfer of Unfunded Reserve to Other Liability	392	--	--	
Net Charge-Offs	11,844	8,728	6,816	5,2

Balance at End of Period	$43,999	$45,401	$41,782	$40,1
As a % of Loans	2.30%	2.32%	2.12%	2.0
As a % of Nonperforming Loans	40.77%	40.90%	33.71%	34.8
As a % of Nonperforming Assets	30.54%	31.45%	29.09%	31.6
CHARGE-OFFS				
Commercial, Financial and Agricultural	$712	$633	$388	$8
Real Estate - Construction	2,040	2,315	3,356	3
Real Estate - Commercial	1,584	1,707	123	1,0
Real Estate - Residential	7,377	3,394	2,379	1,9
Consumer	1,324	1,324	1,145	2,1
Total Charge-Offs	$13,037	$9,373	$7,391	$6,2
RECOVERIES				
Commercial, Financial and Agricultural	$343	$64	$84	$
Real Estate - Construction	5	150	--	3
Real Estate - Commercial	43	8	1	
Real Estate - Residential	331	92	51	
Consumer	471	331	439	5
Total Recoveries	$1,193	$645	$575	$1,0
NET CHARGE-OFFS	$11,844	$8,728	$6,816	$5,2
Net Charge-Offs as a % of Average Loans(1)	2.42%	1.76%	1.39%	1.0
RISK ELEMENT ASSETS				
Nonaccruing Loans	$86,274	$91,880	$111,039	$110,2
Restructured Loans	21,644	19,121	12,916	5,1
Total Nonperforming Loans	107,918	111,001	123,955	115,3
Other Real Estate	36,134	33,371	19,671	11,4
Total Nonperforming Assets	$144,052	$144,372	$143,626	$126,7
Past Due Loans 90 Days or More	$--	$486	$--	$

Nonperforming Loans as a % of Loans	5.63%	5.67%	6.27%	5.8
Nonperforming Assets as a % of Loans and Other Real Estate	7.38%	7.25%	7.19%	6.3
Nonperforming Assets as a % of Capital(2)	46.19%	46.01%	45.67%	40.1

(1) Annualized
(2) Capital includes allowance for loan losses.

AVERAGE BALANCE AND INTEREST RATES(1)

Unaudited

	Fourth Quarter 2009			
(Dollars in thousands)	Average Balance	Interest	Average Rate	
ASSETS:				
Loans, Net of Unearned Interest	$1,944,873	28,813	5.88%	$
Investment Securities				
Taxable Investment Securities	72,537	498	2.74%	
Tax-Exempt Investment Securities	107,361	921	3.43%	
Total Investment Securities	179,898	1,419	3.15%	
Funds Sold	112,790	77	0.27%	
Total Earning Assets	2,237,561	$ 30,309	5.38%	
Cash and Due From Banks	69,687			
Allowance for Loan Losses	(46,468)			
Other Assets	314,470			
Total Assets	2,575,250			$
LIABILITIES:				
Interest Bearing Deposits				
NOW Accounts	$ 740,550	$ 308	0.17%	$

Money Market Accounts		361,104		625	0.69%	
Savings Accounts		122,158		16	0.05%	
Time Deposits		439,654		2,015	1.82%	
Total Interest Bearing Deposits		1,663,466		2,964	0.71%	
Short-Term Borrowings		47,114		22	0.18%	
Subordinated Notes Payable		62,887		936	5.83%	
Other Long-Term Borrowings		50,026		542	4.30%	
Total Interest Bearing Liabilities		1,823,493	$	4,464	0.97%	
Noninterest Bearing Deposits		426,542				
Other Liabilities		56,659				
Total Liabilities		2,306,694				
SHAREOWNERS' EQUITY:		268,556				
	$					$
Total Liabilities and Shareowners' Equity		2,575,250				
	$					$
Interest Rate Spread				25,845	4.41%	
			$			
Interest Income and Rate Earned(1)			$	30,309	5.38%	
Interest Expense and Rate Paid(2)				4,464	0.79%	
Net Interest Margin				25,845	4.59%	
			$			

		Second Quarter 2009		
(Dollars in thousands)		Average Balance	Interest	Average Rate
ASSETS:				
Loans, Net of Unearned Interest	$	1,974,197	29,954	6.09%

Investment Securities				
Taxable Investment Securities		89,574	742	3.31%
Tax-Exempt Investment Securities		106,869	1,067	4.00%
Total Investment Securities		196,443	1,809	3.68%
Funds Sold		4,641	1	0.10%
Total Earning Assets		2,175,281	$ 31,764	5.86%
Cash and Due From Banks		81,368		
Allowance for Loan Losses		(41,978)		
Other Assets		291,681		
Total Assets	$	2,506,352		
LIABILITIES:				
Interest Bearing Deposits				
NOW Accounts	$	709,039	$ 249	0.14%
Money Market Accounts		298,007	192	0.26%
Savings Accounts		123,034	15	0.05%
Time Deposits		417,545	2,044	1.96%
Total Interest Bearing Deposits		1,547,625	2,500	0.65%
Short-Term Borrowings		87,768	88	0.40%
Subordinated Notes Payable		62,887	931	5.86%
Other Long-Term Borrowings		52,775	566	4.30%
Total Interest Bearing Liabilities		1,751,055	$ 4,085	0.94%
Noninterest Bearing Deposits		423,566		
Other Liabilities		54,617		
Total Liabilities		2,229,238		
SHAREOWNERS' EQUITY:	$	277,114		
Total Liabilities and				

Shareowners' Equity	$ 2,506,352			
Interest Rate Spread		$	27,679	4.92%
Interest Income and Rate Earned(1)		$	31,764	5.86%
Interest Expense and Rate Paid(2)			4,085	0.75%
Net Interest Margin		$	27,679	5.11%

(1)Interest and average rates are calculated on a tax-equivalent basis using the 35% Federal tax rate.
(2)Rate calculated based on average earning assets.

AVERAGE BALANCE AND INTEREST RATES(1)

Unaudited

	Third Quarter 2009			
(Dollars in thousands)	Average Balance	Interest	Average Rate	
ASSETS:				
Loans, Net of Unearned Interest	$ 1,964,984	29,695	6.00%	$
Investment Securities Taxable Investment Securities	81,777	682	3.32%	
Tax-Exempt Investment Securities	107,307	985	3.67%	
Total Investment Securities	189,084	1,667	3.52%	
Funds Sold	3,294	1	0.11%	
Total Earning Assets	2,157,362	$ 31,363	5.77%	
Cash and Due From Banks	76,622			
Allowance for Loan Losses	(42,774)			

Other Assets		306,759				
Total Assets	$	2,497,969				$
LIABILITIES:						
Interest Bearing Deposits						
NOW Accounts	$	678,292	$	257	0.15%	$
Money Market Accounts		301,230		281	0.37%	
Savings Accounts		122,934		15	0.05%	
Time Deposits		430,944		2,073	1.91%	
Total Interest Bearing Deposits		1,533,400		2,626	0.68%	
Short-Term Borrowings		97,305		113	0.45%	
Subordinated Notes Payable		62,887		936	5.83%	
Other Long-Term Borrowings		51,906		560	4.28%	
Total Interest Bearing Liabilities		1,745,498	$	4,235	0.96%	
Noninterest Bearing Deposits		416,770				
Other Liabilities		60,674				
Total Liabilities		2,222,942				
SHAREOWNERS' EQUITY:	$	275,027				$
Total Liabilities and Shareowners' Equity	$	2,497,969				$
Interest Rate Spread			$	27,128	4.81%	
Interest Income and Rate Earned(1)			$	31,363	5.77%	
Interest Expense and Rate Paid(2)				4,235	0.78%	
Net Interest Margin			$	27,128	4.99%	

(1)Interest and average rates are calculated on a tax-equivalent basis

using the 35% Federal tax rate.
(2) Rate calculated based on average earning assets.

AVERAGE BALANCE AND INTEREST RATES(1)

Unaudited

(Dollars in thousands)		First Quarter 2009 Average Balance		Interest	Average Rate	
ASSETS:						
Loans, Net of Unearned Interest	$	1,964,086		29,724	6.14%	$
Investment Securities						
Taxable Investment Securities		90,927		776	3.43%	
Tax-Exempt Investment Securities		101,108		1,133	4.48%	
Total Investment Securities		192,035		1,909	3.98%	
Funds Sold		10,116		3	0.13%	
Total Earning Assets		2,166,237	$	31,636	5.92%	
Cash and Due From Banks		76,826				
Allowance for Loan Losses		(38,007)				
Other Assets		281,869				
Total Assets	$	2,486,925				$
LIABILITIES:						
Interest Bearing Deposits						
NOW Accounts	$	719,265	$	225	0.13%	$
Money Market Accounts		321,562		190	0.24%	
Savings Accounts		118,142		14	0.05%	
Time Deposits		392,006		2,066	2.14%	
Total Interest Bearing Deposits		1,550,975		2,495	0.65%	
Short-Term Borrowings		85,318		68	0.32%	
Subordinated Notes Payable		62,887		927	5.89%	

Other Long-Term Borrowings		53,221		568	4.33%
Total Interest Bearing Liabilities		1,752,401	$	4,058	0.94%
Noninterest Bearing Deposits		406,380			
Other Liabilities		46,510			
Total Liabilities		2,205,291			
SHAREOWNERS' EQUITY:	$	281,634			
Total Liabilities and Shareowners' Equity	$	2,486,925			
Interest Rate Spread			$	27,578	4.98%
Interest Income and Rate Earned(1)			$	31,636	5.92%
Interest Expense and Rate Paid(2)				4,058	0.76%
Net Interest Margin			$	27,578	5.16%

(1)Interest and average rates are calculated on a tax-equivalent basis using the 35% Federal tax rate.
(2)Rate calculated based on average earning assets.

AVERAGE BALANCE AND INTEREST RATES(1)

Unaudited

		December 2009 YTD		
(Dollars in thousands)		Average Balance	Interest	Average Rate
ASSETS:				
Loans, Net of Unearned Interest	$	1,961,990	118,186	6.02%

Investment Securities						
Taxable Investment Securities		83,648		2,698	3.22%	
Tax-Exempt Investment Securities		105,683		4,106	3.88%	
Total Investment Securities		189,331		6,804	3.59%	
Funds Sold		32,911		82	0.25%	
Total Earning Assets		2,184,232	$	125,072	5.73%	
Cash and Due From Banks		76,107				
Allowance for Loan Losses		(42,331)				
Other Assets		298,807				
Total Assets	$	2,516,815				$
LIABILITIES:						
Interest Bearing Deposits						
NOW Accounts	$	711,753	$	1,039	0.15%	$
Money Market Accounts		320,531		1,288	0.40%	
Savings Accounts		121,582		60	0.05%	
Time Deposits		420,198		8,198	1.95%	
Total Interest Bearing Deposits		1,574,064		10,585	0.67%	
Short-Term Borrowings		79,321		291	0.36%	
Subordinated Notes Payable		62,887		3,730	5.85%	
Other Long-Term Borrowings		51,973		2,236	4.30%	
Total Interest Bearing Liabilities		1,768,245	$	16,842	0.95%	
Noninterest Bearing Deposits		418,365				
Other Liabilities		54,660				
Total Liabilities		2,241,270				
SHAREOWNERS' EQUITY:	$	275,545				$
Total Liabilities and						

Shareowners' Equity	$ 2,516,815			$
Interest Rate Spread		$	108,230	4.78%
Interest Income and Rate Earned(1)		$	125,072	5.73%
Interest Expense and Rate Paid(2)			16,842	0.77%
Net Interest Margin		$	108,230	4.96%

(1)Interest and average rates are calculated on a tax-equivalent basis using the 35% Federal tax rate.
(2)Rate calculated based on average earning assets.

CONTACT: Capital City Bank Group, Inc.
J. Kimbrough Davis, Executive Vice President and Chief Financial Officer
850.402.7820