January 25, 2011

Capital City Bank Group, Inc. Reports Fourth Quarter and Full Year 2010 Results

TALLAHASSEE, Fla., Jan. 25, 2011 (GLOBE NEWSWIRE) -- Capital City Bank Group, Inc. (Nasdaq:CCBG) today reported net income for the fourth quarter of 2010 totaling $1.9 million, or $0.12 per diluted share, compared to net income of $0.4 million, or $0.02 per diluted share, for the third quarter of 2010 and a net loss of $3.4 million, or $0.20 per diluted share, in the fourth quarter of 2009. For the full year 2010, a net loss of $0.4 million, or $0.02 per diluted share was realized compared to a net loss of $3.5 million, or $0.20 per diluted share, in 2009.

Compared to the third quarter of 2010, net income reflects a lower loan loss provision of $1.9 million and higher noninterest income of $1.3 million, partially offset by a $0.4 million decline in net interest income, higher noninterest expense of $1.2 million, and a lower income tax benefit of $0.1 million. Earnings for the fourth quarter of 2010 include the reversal of our Visa related litigation reserve of $0.8 million. Compared to the fourth quarter of 2009, net income improved due to a lower loan loss provision of $7.0 million, higher noninterest income of $0.3 million, and lower noninterest expense of $1.8 million, which was partially offset by lower net interest income of $0.9 million and a lower income tax benefit of $2.9 million.

For the full year 2010, the improvement in earnings was due to a lower loan loss provision of $16.2 million, partially offset by an $8.4 million reduction in net interest income, lower noninterest income of $0.6 million, higher noninterest expense of $1.8 million, as well as a lower income tax benefit of $2.3 million.

"In the fourth quarter, Capital City reported its third consecutive quarter of positive earnings and improving credit quality," said William G. Smith, Jr., Chairman, President and CEO. Perhaps, more important is the Company's momentum as we enter 2011. While we acknowledge the difficulties inherent in the current operating environment and expect our return to historical performance levels to be gradual, I remain excited about what I see for 2011. The inflow of non-performing loans has slowed and our ability to sell other real estate remains steady. Despite the current economic conditions, which we expect to be choppy as the country emerges from this difficult period, I am confident in Capital City's ability to resolve our problem assets and improve our overall performance. Absent another economic event, I believe the worst is behind us. A strong margin, lower credit costs, an incredible core deposit book and strong capital were the drivers in the fourth quarter and I believe will continue to produce good results in 2011."

The Return on Average Assets was 0.30% and the Return on Average Equity was 2.90% for the fourth quarter of 2010. These metrics were 0.06% and 0.60% for the third quarter of 2010, and -0.52% and -5.03% for the fourth quarter of 2009, respectively.

For the full year 2010, the Return on Average Assets was -0.02% and the Return on

Average Equity was -0.16% compared to -0.14% and -1.26%, respectively, for the full year of 2009.

Discussion of Financial Condition

Average earning assets were $2.218 billion for the fourth quarter of 2010, a decrease of $55.1 million, or 2.4% from the third quarter of 2010, and a decline of $19.5 million, or 0.9%, from the fourth quarter of 2009. The decrease from the third quarter of 2010 is primarily attributable to a lower level of overnight funds of $79.7 million (partially reflecting a reduction in deposits), and problem loan resolutions, which have the effect of lowering the loan portfolio as loans are either charged off or transferred to the other real estate owned category, partially offset by a higher investment portfolio. The lower earning asset total compared to the fourth quarter of 2009 is attributable to a decline in the loan portfolio of $162.0 million, partly offset by increases in overnight funds and investment securities of $59.9 million and $82.5 million, respectively. The favorable variances in overnight funds and investments were partially funded by an increase in average deposits of $25.9 million. Average loans have declined throughout the portfolio, driven by reductions in the commercial real estate and construction loan categories.

The portfolio continues to be impacted by weak loan demand attributable to the sluggish economy, but not at the levels we have experienced in recent quarters. In addition to lower production and normal amortization and payoffs, the reduction in the portfolio is also attributable to gross charge-offs and the transfer of loans to the other real estate owned category. On a linked quarter basis, problem loan resolutions accounted for $23.8 million, or 56%, of a net reduction in total loans of $42.6 million, and on a year over year basis, problem loan resolutions accounted for $85.0 million, or 54%, of the net reduction of $157.3 million(1).

Nonperforming assets (including nonaccrual loans, restructured loans and other real estate owned) totaled $145.3 million at year-end 2010, a reduction of $8.4 million from our 2010 high of $153.7 million at the end of the first quarter. Compared to the linked quarter, nonperforming assets have declined by $0.4 million and have increased $1.2 million from the fourth quarter of 2009. Nonaccrual loans totaled $65.7 million at the end of the fourth quarter, a decline of $8.5 million from the linked quarter reflective of the migration of loans to the other real estate category. Quarter over quarter, the other real estate owned ("OREO") balance increased by $6.7 million and the restructured loan balance increased by $1.4 million. Year over year, the slight increase in total nonperforming assets reflects a $20.6 million decline in the nonaccrual loan balance, reflective of an increased pace of problem loan resolutions flowing into the OREO category, which realized an increase of $21.8 million. At year-end, nonperforming assets represented 8.00% of loans and OREO compared to 7.86% at the prior quarter-end and 7.38% at year-end 2009. The change in this ratio from both the prior quarter and prior year-end reflects the impact of the aforementioned lower loan portfolio balances.

Average total deposits were $2.116 billion for the fourth quarter, a decrease of $56.3 million, or 2.6%, from the third quarter of 2010 and an increase of $25.9 million, or 1.2%, from the fourth quarter of 2009. Deposit levels remain strong, but down slightly from the third quarter level, primarily attributable to lower money market account, certificates of deposit balances, and a decline in public funds. Certificates of deposit declined primarily due to reductions in the number of single relationship, higher yielding certificates of deposit with the Bank.

Public funds balances have declined as anticipated from the linked quarter reflecting seasonality within this deposit category. Money market balances declined as run-off continued in our promotional deposits as rates on these deposits were lowered to standard board rates during the third quarter. To date, the bank has retained approximately $21 million in new deposits and this initiative served to support our core deposit growth strategy while succeeding in further strengthening the Bank's overall liquidity position. Our Absolutely Free Checking ("AFC") products continue to be successful as both balances and the number of accounts increased quarter over quarter. As anticipated, public funds, on average, declined from the prior quarter, but experienced significant growth late in the fourth quarter primarily reflecting the influx of tax receipts. Pursuant to changes in the FDIC's Temporary Liquidity Guarantee Program, our government guaranteed NOW product was discontinued during the fourth quarter. Approximately $95 million in balances for this product remained in the NOW category, $95 million migrated to the noninterest bearing DDA category, and $60 million in balances moved to the Repo category as of the end of December.

We continue to pursue prudent pricing discipline to manage the mix of our deposits. Therefore, we are not attempting to compete with higher rate paying competitors for deposits. The increase from the fourth quarter of 2009 reflects higher public funds of $19.4 million and core deposits of $6.0 million, fueled primarily by the success of the AFC products.

We maintained an average net overnight funds (deposits with banks plus fed funds sold less fed funds purchased) sold position of $171.4 million during the fourth quarter of 2010 compared to an average net overnight funds sold position of $246.9 million in the prior quarter and an average overnight funds sold position of $112.8 million in the fourth quarter of 2009. The lower balance when compared to the linked quarter primarily reflects the decline in deposits mentioned above and the increase in the investment portfolio, partially offset by the lower loan portfolio. The favorable variance as compared to fourth quarter 2009 is primarily attributable to the growth in deposits and net reductions in the loan portfolio, partially offset by a higher balance in the investment portfolio. A portion of the funds sold position was deployed into the investment portfolio during the third and fourth quarters of 2010. We will continue to evaluate deploying the excess funds sold position into the investment portfolio during the first quarter of 2011.

Equity capital was $259.0 million as of December 31, 2010, compared to $260.7 million as of September 30, 2010 and $267.9 million as of December 31, 2009. Our leverage ratio was 9.97%, 9.75%, and 10.39%, respectively, for the comparable periods. Further, our risk-adjusted capital ratio of 14.50% at December 31, 2010 exceeds the 10.0% threshold to be designated as "well-capitalized" under the risk-based regulatory guidelines and reflects an improvement of 21 basis points over the linked quarter. At December 31, 2010, our tangible common equity ratio was 6.82%, compared to 6.98% at September 30, 2010 and 6.84% at December 31, 2009. The reduction as compared to the linked quarter is attributable to higher tangible assets, reflecting the influx of public funds late in the fourth quarter, which is seasonal in nature.

Discussion of Operating Results

Tax equivalent net interest income for the fourth quarter of 2010 was $24.6 million compared to $25.1 million for the third quarter of 2010 and $25.8 million for the fourth quarter of 2009. For the twelve months of 2010, tax equivalent net interest income totaled $99.0 million compared to $108.2 million in 2009.

The decrease of $0.5 million in tax equivalent net interest income on a linked quarter basis was due to a reduction in loan income attributable to declining loan balances, and continued unfavorable asset repricing, partially offset by lower interest expense and a continued decrease in foregone interest on nonaccrual loans. Lower interest expense reflects a reduction in deposit rates primarily in certificates of deposit.

The decrease of $9.2 million in tax equivalent net interest income for twelve months of 2010, as compared to the same period in 2009, resulted from a reduction in loans outstanding, lower earning assets yields reflecting unfavorable asset repricing, higher foregone interest and lower loan fees, partially offset by a reduction in interest expense.

The net interest margin in the fourth quarter of 2010 was 4.41%, an increase of 3 basis points over the linked quarter and a decline of 18 basis points from the fourth quarter of 2009. The increase in the margin when compared to the linked quarter was a result of a 5 basis point reduction in the cost of funds, as the yield on earning assets declined 2 basis points. The lower cost of funds resulted from a reduction in the rates on certificates of deposit which were significantly reduced in all markets, as well as a net reduction in the rates for our variable rate subordinated notes. The decline in the margin for the twelve months of 2010 is attributable to the shift in our earning asset mix and unfavorable asset repricing, partially offset by a favorable variance in our average cost of funds.

Strong deposit growth experienced in the fourth quarter of 2009 and the first half of 2010 improved our liquidity position, but has also adversely impacted our margin in the short term as a significant portion of this growth is currently invested in overnight funds.

The provision for loan losses for the fourth quarter of 2010 was $3.8 million compared to $5.7 million in the third quarter of 2010 and $10.8 million for the fourth quarter of 2009. For the full year 2010, the loan loss provision totaled $23.8 million compared to $40.0 million for 2009. The decline in the provision for all periods reflects lower impaired loan reserves as well as other stabilizing trends within the loan portfolio, including a lower level of past due loans and potential problem loans. The balance of our impaired loans has declined for three consecutive quarters and totaled $87.8 million at year-end 2010 compared to $112.0 million at year-end 2009. Inflow into the impaired loan category has also slowed significantly year over year. Net charge-offs for the fourth quarter of 2010 totaled $6.1 million, or 1.35% of average loans, compared to $6.4 million, or 1.40%, in the third quarter of 2010, and $11.8 million, or 2.42%, in the fourth quarter of 2010. For 2010, our net charge-offs totaled $32.4 million, or 1.77% of average loans, compared to $32.6 million, or 1.66%, for 2009. Over the last twelve quarters, we have recorded a cumulative loan loss provision totaling $96.3 million, or 5.0% of beginning loans and have recognized cumulative net charge-offs of $78.6 million, or 4.1%. At year-end 2010, the allowance for loan losses of $35.4 million was 2.01% of outstanding loans (net of overdrafts) and provided coverage of 41% of nonperforming loans compared to 2.10% and 40%, respectively, at the end of the third quarter of 2010, and 2.30% and 41%, respectively, at year-end 2009.

Noninterest income for the fourth quarter of 2010 increased $1.3 million, or 9.6%, over the linked quarter attributable to higher mortgage banking fees of $0.3 million and other income of $1.0 million. Compared to the fourth quarter of 2009, noninterest income increased $0.3 million, or 2.2%, primarily due to higher mortgage banking fees of $0.5 million, bank card fees totaling $0.3 million, and other income of $0.4 million, partially offset by lower deposit fees of $0.7 million and a decline in data processing fees of $0.1 million. For both periods, the increase in mortgage banking fees reflects increased secondary market loan fundings driven by increased home purchase activity in our markets and to a lesser extent a higher level of loan refinance activity. Improved margin realized on secondary market loan sales also contributed to the improvement. Bank card fees increased from the linked quarter due to a seasonal increase in card utilization and over the prior year quarter due to a new rewards program as well as higher card activation and utilization. Also, for both periods, other income increased due to gains realized from the sale of OREO properties. The aforementioned reduction in deposit fees, relative to the fourth quarter of 2009, reflects a lower level of overdraft fees due to reduced activity reflective of current economic conditions and a higher level of consumer awareness that have both impacted consumer and business spending habits, as well as the recent implementation of new rules under Regulation E, which regulate our ability to post one-time debit card/ATM transactions for clients who have not opted in to our overdraft protection service.

For the full year 2010, noninterest income declined $0.6 million, or 1.0%, from 2009 attributable to lower deposit fees of $1.6 million and other income of $0.9 million, partially offset by higher asset management fees of $0.3 million, mortgage banking fees of $0.2 million, retail brokerage fees of $0.2 million, and bank card fees totaling $1.3 million. Deposit fees have declined for the same aforementioned reasons and the decrease in other income reflects a reduced level of merchant fees - a substantial portion of our merchant portfolio was sold in July 2008 and over the course of 2009 our remaining merchants migrated to a new processor. For 2010, we continued to service our largest remaining merchant who migrated to a new processor during the third quarter of 2010. The reduction in this revenue source has been substantially offset by a reduction in processing costs which is reflected in noninterest expense (interchange fees). The increase in asset management fees primarily reflects higher asset values on which our fee schedule is based and the higher level of retail brokerage fees is due to higher trading volume. The increase in mortgage banking fees is attributable to the same aforementioned reasons. Bank card fees increased due to a new rewards program implemented in early 2010 as well as a higher level of card activation and utilization. For 2011, we expect our data processing revenue will be reduced due to the loss of two client banks that were taken into receivership by the FDIC during the later part of 2010. We anticipate that the conversion of these two clients to a new processor will take place early in the second quarter of 2011 and that the annualized impact on our noninterest income will approximate $1.2 million.

Noninterest expense for the fourth quarter of 2010 increased $1.2 million, or 3.6%, over the linked quarter primarily due to higher expense for OREO properties of $1.4 million and an increase in advertising expense of $0.6 million, partially offset by the reversal of our Visa litigation reserve which totaled $0.8 million. The higher level of OREO expense primarily reflects higher carrying costs realized during the current quarter. Higher advertising expense generally reflects an increased level of promotional activities during the fourth quarter. Compared to the fourth quarter of 2009, noninterest expense decreased by $1.8 million, or 5.0%, due to lower compensation expense of $0.7 million, professional fees of $0.5 million, intangible amortization expense of $0.5 million, legal expense of $0.2 million, and interchange fees of $0.3 million. The reversal of our Visa litigation reserve of $0.8 million also contributed to the reduction. Higher expense for OREO properties of $1.2 million partially offset the aforementioned favorable variances. The decline in compensation primarily reflects lower pension expense due to improved pension plan asset returns which impact our accounting expense. The lower level of professional fees reflects a one-time payment made during the prior year quarter related to a contract review consulting engagement. The reduction in intangible asset amortization expense reflects the full amortization of a core deposit intangible. The lower level of legal expense generally reflects improvements made to our process for managing legal support needed for our problem loan work-outs and collections. The decline in interchange fees reflects the migration of our last merchant services client to a new processor – this decline is substantially offset by a corresponding decline in merchant fee revenue. The unfavorable variance in OREO expense reflects growth in the number of OREO properties and the associated carrying costs.

For the full year 2010, noninterest expense increased $1.8 million, or 1.4%, due primarily to higher expense for OREO properties of $7.3 million and FDIC insurance costs of $1.2 million, which was partially offset by lower expense for compensation of $2.3 million, printing and supplies of $0.4 million, advertising of $0.4 million, intangible amortization expense of $1.4 million, professional fees of $0.2 million, interchange fees of $1.0 million, and the impact of the Visa litigation reserve reversal of $0.8 million. Year over year, the increase in OREO expense primarily reflects growth in the number of OREO properties and the related carrying costs as well as property valuation write-downs. Our FDIC insurance costs increased as a result of higher premium costs and higher deposit balances. The decline in compensation cost primarily reflects lower pension expense driven by improved plan asset returns and to a lesser extent lower salary cost reflective of a reduction in headcount. The reduction in printing and supplies expense and advertising expense reflect our efforts to improve control of discretionary costs. The reduction in intangible asset amortization expense reflects the full amortization of two core deposit intangible assets. The lower level of interchange fees reflects the migration of our last merchant services client to a new processor – this decline is substantially offset by a corresponding decline in merchant fee revenue which is reflected in other income.

We realized a tax benefit of $0.1 million in the fourth quarter of 2010 compared to a tax benefit of $0.2 million for the third quarter of 2010 and a tax benefit of $3.0 million for the fourth quarter of 2009. For the full year 2010, we realized a tax benefit of $3.0 million compared to a tax benefit of $5.3 million for 2009. We have substantial tax exempt income as well as a lower level of pre-tax income at our bank subsidiary due to higher loan loss provisions – both of these factors favorably impacted our tax provision for all of the aforementioned periods.

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 $2.6 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 and the valuation allowance on deferred tax assets; restrictions on our operations, including the inability to pay dividends without our regulators' consent; continued depression of the market value of the Company that could result in an impairment of goodwill; 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 and manmade disasters; 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, 2009, 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.

(1) The problem loan resolutions and reductions in portfolio balances stated in this paragraph are based on "as of" balances, not averages.

EARNINGS HIGHLIGHTS

		Thr
(Dollars in thousands, except per share data)	Dec 31, 2010	Sep 30, 2010
EARNINGS		
Net Income(Loss)	$ 1,918	$ 401
Net Income(Loss) Per Common Share	$ 0.12	$ 0.02
PERFORMANCE		
Return on Average Equity	2.90%	0.60%
Return on Average Assets	0.30%	0.06%
Net Interest Margin	4.41%	4.38%
Noninterest Income as % of Operating Revenue	37.69%	35.17%
Efficiency Ratio	83.75%	82.08%
CAPITAL ADEQUACY		
Tier 1 Capital Ratio	13.14%	12.93%
Total Capital Ratio	14.50%	14.29%
Tangible Capital Ratio	6.82%	6.98%
Leverage Ratio	9.97%	9.75%
Equity to Assets	9.88%	10.10%
ASSET QUALITY		
Allowance as % of Non-Performing Loans	40.57%	39.94%
Allowance as a % of Loans	2.01%	2.10%
Net Charge-Offs as % of Average Loans	1.35%	1.40%
Nonperforming Assets as % of Loans and ORE	8.00%	7.86%
STOCK PERFORMANCE		
High	$ 14.19	$ 14.24
Low	$ 11.56	$ 10.76
Close	$ 12.60	$ 12.14

Average Daily Trading Volume	21,385	29,747

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
Unaudited

(Dollars in thousands, except per share data) 2010
Fourth Quarter 2010
Third Quarter 2010
Second Quarter 2010
First Quarter 2009
Fourth Quarter 2010 2009

INTEREST INCOME	
Interest and Fees on Loans	$ 25,656
Investment Securities	1,080
Funds Sold	95
Total Interest Income	26,831
INTEREST EXPENSE	
Deposits	1,524
Short-Term Borrowings	99
Subordinated Notes Payable	342
Other Long-Term Borrowings	508
Total Interest Expense	2,473
Net Interest Income	24,358
Provision for Loan Losses	3,783
Net Interest Income after Provision for Loan Losses	20,575
NONINTEREST INCOME	
Service Charges on Deposit Accounts	6,434
Data Processing Fees	880
Asset Management Fees	1,095
Retail Brokerage Fees	738
Gain on Sale of Investment Securities	--
Mortgage Banking Fees	1,027
Interchange Fees (1)	1,285
ATM/Debit Card Fees (1)	1,051
Other	2,225
Total Noninterest Income	14,735
NONINTEREST EXPENSE	
Salaries and Associate Benefits	15,389
Occupancy, Net	2,406
Furniture and Equipment	2,268
Intangible Amortization	553
Other	12,924
Total Noninterest Expense	33,540
OPERATING PROFIT(LOSS)	1,770
Provision for Income Taxes	(148)
NET INCOME(LOSS)	$ 1,918
PER SHARE DATA	
Basic Earnings	$ 0.12
Diluted Earnings	$ 0.12
Cash Dividends	0.100
AVERAGE SHARES	
Basic	17,095

Diluted	17,096

(1) Together referred to as "Bank Card Fees"

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

(Dollars in thousands, except per share data) 2010
Fourth Quarter 2010
Third Quarter 2010
Second Quarter 2010
First Quarter 2009
Fourth Quarter

ASSETS	
Cash and Due From Banks	$ 35,410
Funds Sold and Interest Bearing Deposits	200,783
Total Cash and Cash Equivalents	236,193
Investment Securities, Available-for-Sale	309,731
Loans, Net of Unearned Interest	
Commercial, Financial, & Agricultural	157,394
Real Estate - Construction	43,239
Real Estate - Commercial	671,702
Real Estate - Residential	420,604
Real Estate - Home Equity	251,565
Consumer	200,727
Other Loans	9,937
Overdrafts	3,503
Total Loans, Net of Unearned Interest	1,758,671
Allowance for Loan Losses	(35,436)
Loans, Net	1,723,235
Premises and Equipment, Net	115,356
Intangible Assets	86,159
Other Real Estate Owned	57,937
Other Assets	93,442
Total Other Assets	352,894
Total Assets	$ 2,622,053
LIABILITIES	
Deposits:	
Noninterest Bearing Deposits	$ 546,257
NOW Accounts	770,149
Money Market Accounts	275,416
Regular Savings Accounts	139,888
Certificates of Deposit	372,266
Total Deposits	2,103,976
Short-Term Borrowings	92,928
Subordinated Notes Payable	62,887
Other Long-Term Borrowings	50,101
Other Liabilities	53,142
Total Liabilities	2,363,034
SHAREOWNERS' EQUITY	

Common Stock	171
Additional Paid-In Capital	36,920
Retained Earnings	237,679
Accumulated Other Comprehensive Loss, Net of Tax	(15,751)
Total Shareowners' Equity	259,019
Total Liabilities and Shareowners' Equity	$ 2,622,053
OTHER BALANCE SHEET DATA	
Earning Assets	$ 2,269,185
Intangible Assets	
Goodwill	84,811
Core Deposits	742
Other	606
Interest Bearing Liabilities	1,763,635
Book Value Per Diluted Share	$ 15.15
Tangible Book Value Per Diluted Share	10.11
Actual Basic Shares Outstanding	17,100
Actual Diluted Shares Outstanding	17,101

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

(Dollars in thousands)	2010 Fourth Quarter	Third Q
ALLOWANCE FOR LOAN LOSSES		
Balance at Beginning of Period	$ 37,720	$ 38,4
Provision for Loan Losses	3,783	5
Transfer of Unfunded Reserve to Other Liability	--	
Net Charge-Offs	6,067	6
Balance at End of Period	$ 35,436	$ 37,7
As a % of Loans	2.01%	
As a % of Nonperforming Loans	40.57%	
As a % of Nonperforming Assets	24.39%	
CHARGE-OFFS		
Commercial, Financial and Agricultural	$ 629	$ 2
Real Estate - Construction	234	
Real Estate - Commercial	1,469	1
Real Estate - Residential	3,629	3
Consumer	582	1
Total Charge-Offs	$ 6,543	$ 6,9
RECOVERIES		
Commercial, Financial and Agricultural	$ 48	$
Real Estate - Construction	--	
Real Estate - Commercial	55	
Real Estate - Residential	7	
Consumer	366	
Total Recoveries	$ 476	$ 5
NET CHARGE-OFFS	$ 6,067	$ 6,3

Net Charge-Offs as a % of Average Loans(1)	1.35%	
RISK ELEMENT ASSETS		
Nonaccruing Loans	$ 65,700	$ 74,1
Restructured Loans	21,649	20
Total Nonperforming Loans	87,349	94
Other Real Estate	57,937	51
Total Nonperforming Assets	$ 145,286	$ 145,6
Past Due Loans 30-89 Days	$ 24,193	$ 24,90
Past Due Loans 90 Days or More	$ 159	$
Nonperforming Loans as a % of Loans	4.97%	
Nonperforming Assets as a % of Loans and Other Real Estate	8.00%	
Nonperforming Assets as a % of Capital(2)	49.34%	

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

AVERAGE BALANCE AND INTEREST RATES(1)
Unaudited

(Dollars in thousands) Average
Balance Interest Average
Rate Average
Balance Interest Average
Rate

ASSETS:		
Loans, Net of Unearned Interest	$ 1,782,916	25,799
Investment Securities		
Taxable Investment Securities	178,926	799
Tax-Exempt Investment Securities	83,469	434
Total Investment Securities	262,395	1,233
Funds Sold	172,738	95
Total Earning Assets	2,218,049	$ 27,127
Cash and Due From Banks	51,030	
Allowance for Loan Losses	(37,713)	
Other Assets	345,427	
Total Assets	$2,576,793	
LIABILITIES:		
Interest Bearing Deposits		
NOW Accounts	$ 837,625	$ 296
Money Market Accounts	282,887	134
Savings Accounts	136,276	16
Time Deposits	382,870	1,078
Total Interest Bearing Deposits	1,639,658	1,524

Short-Term Borrowings	34,706	99
Subordinated Notes Payable	62,887	342
Other Long-Term Borrowings	50,097	508
Total Interest Bearing Liabilities	1,787,348	$ 2,473
Noninterest Bearing Deposits	476,209	
Other Liabilities	50,614	
Total Liabilities	2,314,171	
SHAREOWNERS' EQUITY:	$ 262,622	
Total Liabilities and Shareowners' Equity	$ 2,576,793	
Interest Rate Spread		$ 24,654
Interest Income and Rate Earned(1)		$ 27,127
Interest Expense and Rate Paid(2)		2,473
Net Interest Margin		$ 24,654

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

AVERAGE BALANCE AND INTEREST RATES(1)
Unaudited

(Dollars in thousands) Average
Balance Interest Average
Rate Average
Balance Interest Average
Rate

ASSETS:		
Loans, Net of Unearned Interest	$ 1,841,379	26,795
Investment Securities		
Taxable Investment Securities	128,268	708
Tax-Exempt Investment Securities	92,140	624
Total Investment Securities	220,408	1,332
Funds Sold	267,578	176
Total Earning Assets	2,329,365	$28,303
Cash and Due From Banks	50,739	
Allowance for Loan Losses	(41,074)	
Other Assets	339,458	
Total Assets	$ 2,678,488	
LIABILITIES:		
Interest Bearing Deposits		
NOW Accounts	$ 879,329	$400

Money Market Accounts	333,976	331
Savings Accounts	131,333	17
Time Deposits	430,571	1,615
Total Interest Bearing Deposits	1,775,209	2,363
Short-Term Borrowings	22,694	12
Subordinated Notes Payable	62,887	639
Other Long-Term Borrowings	52,704	551
Total Interest Bearing Liabilities	1,913,494	$3,565
Noninterest Bearing Deposits	458,969	
Other Liabilities	42,152	
Total Liabilities	2,414,615	
SHAREOWNERS' EQUITY:	$ 263,873	
Total Liabilities and Shareowners' Equity	$ 2,678,488	
Interest Rate Spread		$24,738
Interest Income and Rate Earned(1)		$28,303
Interest Expense and Rate Paid(2)		3,565
Net Interest Margin		$24,738

(1) Inter

AVERAGE BALANCE AND INTEREST RATES(1)
Unaudited

(Dollars in thousands) Average
Balance Interest Average
Rate Average
Balance Interest Average
Rate

ASSETS:		
Loans, Net of Unearned Interest	$ 1,944,873	28,813
Investment Securities		
Taxable Investment Securities	72,537	498
Tax-Exempt Investment Securities	107,361	921
Total Investment Securities	179,898	1,419
Funds Sold	112,790	77
Total Earning Assets	2,237,561	$ 30,309
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
Money Market Accounts	361,104	625
Savings Accounts	122,158	16
Time Deposits	439,654	2,015
Total Interest Bearing Deposits	1,663,466	2,964
Short-Term Borrowings	47,114	22
Subordinated Notes Payable	62,887	936
Other Long-Term Borrowings	50,026	542
Total Interest Bearing Liabilities	1,823,493	$ 4,464
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
Interest Income and Rate Earned(1)		$ 30,309
Interest Expense and Rate Paid(2)		4,464
Net Interest Margin		$ 25,845

(1)

AVERAGE BALANCE AND INTEREST RATES(1)
Unaudited

(Dollars in thousands)	Average Balance	Interest	Average Rate
ASSETS:			
Loans, Net of Unearned Interest	$ 1,961,990	118,186	
Investment Securities			
Taxable Investment Securities	83,648	2,698	
Tax-Exempt Investment Securities	105,683	4,106	
Total Investment Securities	189,331	6,804	
Funds Sold	32,911	82	
Total Earning Assets	2,184,232	$ 125,072	
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
Money Market Accounts	320,531	1,288
Savings Accounts	121,582	60
Time Deposits	420,198	8,198
Total Interest Bearing Deposits	1,574,064	10,585
Short-Term Borrowings	79,321	291
Subordinated Notes Payable	62,887	3,730
Other Long-Term Borrowings	51,973	2,236
Total Interest Bearing Liabilities	1,768,245	$ 16,842
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
Interest Income and Rate Earned(1)		$ 125,072
Interest Expense and Rate Paid(2)		16,842
Net Interest Margin		$ 108,230

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

(2) Rate calculated based on a

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Source: Capital City Bank Group, Inc.