May 1, 2012

# Capital City Bank Group, Inc. Reports First Quarter 2012 Results

TALLAHASSEE, Fla., May 1, 2012 (GLOBE NEWSWIRE) -- Capital City Bank Group, Inc. (Nasdaq:CCBG) today reported a net loss of $1.2 million, or $0.07 per diluted share for the first quarter of 2012 compared to a net loss of $0.5 million, or $0.03 per diluted share in the fourth quarter of 2011 and net income of $1.3 million, or $0.08 per diluted share for the first quarter of 2011.

Compared to the fourth quarter of 2011, performance reflects lower operating revenues of $1.1 million, an increase in noninterest expense of $1.5 million, and higher income taxes of $0.9 million. These unfavorable variances were partially offset by a $2.8 million reduction in the loan loss provision reflecting improved metrics related to problem loan inflow and lower net charge-offs.

Compared to the first quarter of 2011, the reduction in earnings was due to lower operating revenues of $4.1 million and a higher loan loss provision of $0.7 million, partially offset by lower noninterest expense of $0.7 million and income taxes of $1.6 million. Earnings for the first quarter of 2011 reflect the sale of our Visa stock, which resulted in a net pre-tax gain of $2.6 million.

"Credit quality continues to be our number one priority," said William G. Smith, Jr., Chairman, President and CEO of Capital City Bank Group. "We are encouraged by a significant reduction in gross additions to our nonaccruing loan portfolio, which were at a level consistent with the trends we experienced during most of 2011. Additionally, our past due loans declined 53% to $9.2 million, which represents the lowest level since 2003. Sales of other real estate (OREO) totaled $7.9 million which is the second best quarter since this economic downturn began. As we enter the second quarter, we have a strong pipeline of OREO contracts pending. From a lending perspective, real estate markets remain weak, which when combined with the historically low interest rates and high levels of liquidity continues to put pressure on our margin. An uncertain economy and mounting regulation have produced the most difficult operating environment of my career, but our managers are working diligently to capitalize on market opportunities and to eliminate non-essential expenses. While disappointed with the first quarter loss, we acknowledged early on that the road to recovery would be bumpy, and we will continue to stay focused and commit resources to those aspects of our business which will return Capital City to its historical performance level. Although the present remains challenging, I continue to be optimistic about our long term prospects."

The Return on Average Assets was -0.18% and the Return on Average Equity was -1.84% for the first quarter of 2012, compared to -0.08% and -0.80%, respectively for the fourth quarter of 2011, and 0.20% and 2.03%, respectively for the comparable quarter in 2011.

**Discussion of Financial Condition**

Average earning assets were $2.268 billion for the first quarter of 2012, an increase of $121.8 million, or 5.7% over the fourth quarter of 2011, and a decline of $10.3 million, or 0.5%, from the first quarter of 2011. The increase compared to the fourth quarter of 2011 primarily reflects the higher level of deposits resulting from the seasonal influx of public funds. The slight decline in earning assets when compared to the prior year is attributable to the continued resolution of problem loans as they were charged off or transferred to the other real estate category (OREO). Partially offsetting the decline was a higher fund sold balance due to loan maturities/repayments and payoffs.

When compared to the fourth and first quarters of 2011, average deposits increased by $128.4 million and $36.0 million, respectively, and average loans declined (a portion of which is attributable to problem loan resolution) by $50.2 million and $133.9 million, respectively.

Loan balances continued to decline throughout the portfolio, driven primarily by a reduction in the commercial real estate, residential and commercial loan categories. Our core loan portfolio continues to be impacted by a normal amortization and a higher level of payoffs that have outpaced our new loan production. New loan production continues to be impacted by weak loan demand attributable to the lack of consumer confidence and a sluggish economy. The resolution of problem loans (which has the effect of lowering the loan portfolio as loans are either charged off or transferred to OREO) also contributed to the overall decline. During the first quarter of 2012, loan charge-offs and loans transferred to OREO accounted for $9.5 million, or 19%, of the net reduction in total loans of $49.8 million from the fourth quarter of 2011. Compared to the first quarter of 2011, loan resolution accounted for $57.8 million, or 43%, of the net reduction in loans of $133.9 million[(1)]. Efforts to stimulate new loan growth are ongoing and we have recently introduced new lending programs in our business and commercial real estate lending areas to mitigate the significant impact that consumer and business deleveraging is having on our portfolio.

Nonperforming assets (nonaccrual loans and OREO) totaled $136.8 million at the end of the first quarter of 2012, a decrease of $0.8 million from the fourth quarter of 2011 and an increase of $7.5 million over the first quarter of 2011. Nonaccrual loans totaled $78.7 million at the end of the first quarter of 2012, an increase of $3.7 million and $4.8 million, respectively, over the same prior year periods. The addition of one large commercial real estate loan drove the increase over both prior periods. The balance of OREO totaled $58.1 million at the end of the first quarter of 2012, a decrease of $4.5 million from the fourth quarter of 2011 and an increase of $2.7 million over the first quarter of 2011. OREO sales picked up momentum in the first quarter of 2012 as we sold properties totaling $7.9 million. Nonperforming assets represented 5.14% of total assets at March 31, 2012 compared to 5.21% at December 31, 2011 and 4.86% at March 31, 2011.

Average total deposits were $2.161 billion for the first quarter of 2012, an increase of $128.4 million, or 6.3%, from the fourth quarter of 2011 and higher by $36.0 million, or 1.7%, from the first quarter of 2011. The increase in deposits when compared to both periods was driven primarily by higher public funds balances, savings and noninterest bearing deposits. This was partially offset by a reduction of certificates of deposit. Although public funds are seasonal in nature they continue to represent a larger component of our deposit mix.

We continue to experience a favorable shift in the mix of our deposits as higher cost certificates of deposit are replaced with lower rate non-maturity deposits and noninterest bearing demand accounts. Prudent pricing discipline will continue to be the key to managing our mix of deposits. Therefore, we do not attempt to compete with higher rate paying competitors for deposits.

Borrowings were slightly higher when compared to the fourth quarter of 2011, but declined $47.8 million when compared to the first quarter of 2011, as a result of lower balances in repurchase agreements and amortization/payment of FHLB advances.

We maintained an average net overnight funds (deposits with banks plus fed funds sold less fed funds purchased) sold position of $373.0 million during the first quarter of 2012 compared to an average net overnight funds sold position of $191.8 million in the fourth quarter of 2011 and an average overnight funds sold position of $238.1 million in the first quarter of 2011. The higher balance when compared to both periods reflects higher deposits (public funds and noninterest bearing), and a decrease in the loan and investment portfolios.

**Discussion of Operating Results**

Tax equivalent net interest income for the first quarter of 2012 was $21.8 million compared to $22.6 million for the fourth quarter of 2011 and $23.3 million for the first quarter of 2011. The decrease in tax equivalent net interest income compared to the prior periods was due to a reduction in loan income primarily attributable to declining loan balances and unfavorable asset repricing, partially offset by a reduction in interest expense and a lower level of foregone interest on loans. The lower interest expense is attributable to certificates of deposit and reflects both lower balances and favorable repricing.

The decline in the loan portfolio, coupled with the low rate environment continues to put pressure on our net interest income. Lowering our cost of funds, to the extent we can, and continuing to shift the mix of our deposits will help to partially mitigate the unfavorable impact of weak loan demand and repricing, although the impact is expected to be minimal.

The net interest margin for the first quarter of 2012 was 3.87%, a decrease of 30 basis points from the fourth quarter of 2011 and a decline of 27 basis points from the first quarter of 2011. The decrease in the margin for all comparable periods is attributable to the shift in our earning asset mix and unfavorable asset repricing, partially offset by a lower average cost of funds. The shift in the earning asset mix compared to the fourth quarter of 2011 was driven by both a reduction in the loan portfolio and an increase in seasonal deposits (which are invested in overnight funds), while the shift in mix year over year was primarily attributable to the decline in the loan portfolio.

The provision for loan losses for the first quarter of 2012 was $4.8 million compared to $7.6 million in the fourth quarter of 2011 and $4.1 million for the first quarter of 2011. The decrease in the loan loss provision compared to fourth quarter of 2011 primarily reflects a lower level of reserves for impaired loan additions and a reduced level of loan charge-offs. The higher level of loan loss provision compared to the first quarter of 2011 reflects a higher level of general reserves. Net charge-offs for the first quarter of 2012 totaled $4.6 million, or 1.16% (annualized), of average loans compared to $6.2 million, or 1.50% for the fourth quarter of 2011 and $5.7 million, or 1.33% in the first quarter of 2011. At quarter-end, the allowance for loan losses of $31.2 million was 1.98% of outstanding loans (net of overdrafts) and provided coverage of 40% of nonperforming loans compared to 1.91% and 41%, respectively, at December 31, 2011, and 1.98% and 46%, respectively, at March 31, 2011.

Noninterest income for the first quarter of 2012 totaled $13.6 million, a decrease of $0.3 million, or 2.1%, from the fourth quarter of 2011 and $2.7 million, or 16.8%, from the first quarter of 2011. The decline from the fourth quarter of 2011 was driven by a $0.2 million reduction in deposit fees and a $0.1 million decrease in trust fees. The decline in deposit fees reflects a seasonal reduction in overdraft fees and the decline in trust fees reflects a lower level of estate management fees, which will vary depending on the number of estates being managed. The unfavorable variance compared to the first quarter of 2011 was driven by a $3.2 million gain from the sale of our Visa stock in the first quarter of 2011. Higher deposit fees of $0.3 million, mortgage banking fees of $0.2 million, and bank card fees of $0.3 million, partially offset by lower data processing fees of $0.3 million also contributed to the variance. The increase in deposit fees reflects a lower level of overdraft charge-offs. Increased loan production drove the higher level of mortgage banking fees reflecting increased home purchase activity in our markets. The increase in bank card fees was attributable to an increase in active cards and higher card utilization. Data processing fees declined due to a reduction in the number of banks that we process for as two of our user banks were acquired and discontinued service in early 2011.

Noninterest expense for the first quarter of 2012 totaled $32.6 million, an increase of $1.5 million, or 4.8%, over the fourth quarter of 2011 and a decrease of $0.7 million, or 2.2%, from the first quarter of 2011. The increase compared to the fourth quarter of 2011 was due to higher expense for salary/associate benefits, primarily pension plan expense of $0.6 million, stock compensation expense of $0.5 million, and unemployment taxes of $0.3 million. The increase in expense for our pension plan was due to the utilization of a lower discount rate in 2012 reflective of lower long-term bond interest rates. The unfavorable variance in stock compensation reflects the adjustment to our stock compensation expense accrual in the fourth quarter of 2011 due to not meeting the award criteria. The higher level of unemployment taxes reflects a higher rate due to continued high unemployment levels in Florida. The favorable variance in noninterest expense compared to the first quarter of 2011 was attributable to a reduction in other expense of $0.4 million and intangible amortization expense of $0.3 million. The decrease in other expense was primarily due to lower FDIC insurance fees of $0.3 million, advertising costs of $0.2 million, and miscellaneous expense of $0.3 million, partially offset by higher professional fees of $0.5 million. The reduction in intangible amortization expense reflects the full amortization of certain core deposit intangibles from past acquisitions. FDIC insurance fees declined due to a lower premium rate reflective of the revised rate structure implemented in mid-2011. Advertising expense declined due to improved cost controls over advertising for our free checking account products. A swap liability recorded in the first quarter of 2011 related to the sale of our Visa stock drove the favorable variance in miscellaneous expense. The increase in professional fees reflects higher audit and consulting fees.

We realized an income tax benefit of $1.0 million in the first quarter of 2012 compared to a benefit of $1.9 million for the fourth quarter of 2011. The unfavorable variance was primarily attributable to the favorable resolution of certain tax contingencies in the fourth quarter of 2011. Lower operating profit drove the variance in income taxes compared to the first quarter of 2011.

**About Capital City Bank Group, Inc.**

Capital City Bank Group, Inc. ("Company") (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 74 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: legislative or regulatory changes, including the Dodd-Frank Act; the strength of the U.S. economy and the local economies where the Company conducts operations; the accuracy of the Company's financial statement estimates and assumptions, including the estimate for the Company's loan loss provision; the frequency and magnitude of foreclosure of the Company's loans; continued depression of the market value of the Company that could result in an impairment of goodwill; restrictions on our operations, including the inability to pay dividends without our regulators' consent; the effects of the health and soundness of other financial institutions, including the FDIC's need to increase Deposit Insurance Fund assessments; the effects of the Company's lack of a diversified loan portfolio, including the risks of geographic and industry concentrations; harsh weather conditions and man-made disasters; fluctuations in inflation, interest rates, or monetary policies; changes in the stock market and other capital and real estate markets; customer acceptance of third-party products and services; increased competition and its effect on pricing, including the impact on our net interest margin from the repeal of Regulation Q; negative publicity and the impact on our reputation; 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; the Company's ability to integrate acquisitions; 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, 2011, 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 reductions in loan portfolio balances stated in this paragraph are based on "as of" balances, not averages.

**CAPITAL CITY BANK GROUP, INC.**

**EARNINGS HIGHLIGHTS**

***Unaudited***

| | Three Months Ended | | |
|---|---|---|---|
| *(Dollars in thousands, except per share data)* | **Mar 31, 2012** | **Dec 31, 2011** | **Mar 31, 2011** |
| **EARNINGS** | | | |
| Net (Loss) Income | $ (1,162) | $ (535) | $ 1,310 |
| Net (Loss) Income Per Common Share | $ (0.07) | $ (0.03) | $ 0.08 |
| **PERFORMANCE** | | | |
| Return on Average Equity | -1.84% | -0.80% | 2.03% |
| Return on Average Assets | -0.18% | -0.08% | 0.20% |
| Net Interest Margin | 3.87% | 4.17% | 4.14% |
| Noninterest Income as % of Operating Revenue | 38.64% | 38.34% | 41.54% |
| Efficiency Ratio | 91.73% | 85.08% | 83.30% |
| **CAPITAL ADEQUACY** | | | |
| Tier 1 Capital Ratio | 14.17% | 13.96% | 13.46% |
| Total Capital Ratio | 15.54% | 15.32% | 14.82% |
| Tangible Common Equity Ratio | 6.42% | 6.51% | 6.73% |
| Leverage Ratio | 9.71% | 10.26% | 9.74% |
| Equity to Assets | 9.43% | 9.54% | 9.74% |
| **ASSET QUALITY** | | | |
| Allowance as % of Non-Performing Loans | 39.65% | 41.37% | 45.80% |
| Allowance as a % of Loans | 1.98% | 1.91% | 1.98% |
| Net Charge-Offs as % of Average Loans | 1.16% | 1.50% | 1.33% |
| Nonperforming Assets as % of Loans and ORE | 8.36% | 8.14% | 7.31% |
| Nonperforming Assets as % of Total Assets | 5.14% | 5.21% | 4.86% |
| **STOCK PERFORMANCE** | | | |
| High | $ 9.91 | $ 11.11 | $ 13.80 |
| Low | 7.32 | 9.43 | 11.87 |
| Close | 7.45 | 9.55 | 12.68 |
| Average Daily Trading Volume | $ 24,751 | $ 33,026 | $ 21,740 |

**CAPITAL CITY BANK GROUP, INC.**

**CONSOLIDATED STATEMENT OF FINANCIAL CONDITION**

***Unaudited***

| | 2012 | 2011 | | | |
|---|---|---|---|---|---|
| *(Dollars in thousands)* | **First Quarter** | **Fourth Quarter** | **Third Quarter** | **Second Quarter** | **First Quarter** |
| **ASSETS** | | | | | |
| Cash and Due From Banks | $ 50,567 | $ 54,953 | $ 53,027 | $ 71,554 | $ 52,000 |
| Funds Sold and Interest Bearing Deposits | 418,678 | 330,361 | 193,387 | 223,183 | 271,375 |
| Total Cash and Cash Equivalents | 469,245 | 385,314 | 246,414 | 294,737 | 323,375 |

| | | | | | |
|---|---|---|---|---|---|
| Investment Securities, Available-for-Sale | 284,490 | 307,149 | 306,038 | 304,313 | 311,356 |
| Loans, Net of Unearned Interest | | | | | |
| Commercial, Financial, & Agricultural | 132,119 | 130,879 | 142,511 | 149,830 | 153,960 |
| Real Estate - Construction | 34,554 | 26,367 | 31,991 | 30,867 | 35,614 |
| Real Estate - Commercial | 624,528 | 639,140 | 644,128 | 660,058 | 668,583 |
| Real Estate - Residential | 364,123 | 386,877 | 388,686 | 395,126 | 404,204 |
| Real Estate - Home Equity | 240,800 | 244,263 | 245,438 | 248,228 | 248,745 |
| Consumer | 174,132 | 186,216 | 188,933 | 194,624 | 196,205 |
| Other Loans | 6,555 | 12,495 | 13,720 | 5,987 | 5,098 |
| Overdrafts | 2,073 | 2,446 | 2,292 | 2,882 | 2,385 |
| Total Loans, Net of Unearned Interest | 1,578,884 | 1,628,683 | 1,657,699 | 1,687,602 | 1,714,794 |
| Allowance for Loan Losses | (31,217) | (31,035) | (29,658) | (31,080) | (33,873) |
| Loans, Net | 1,547,667 | 1,597,648 | 1,628,041 | 1,656,522 | 1,680,921 |
| Premises and Equipment, Net | 111,408 | 110,991 | 111,471 | 112,576 | 113,918 |
| Intangible Assets | 85,376 | 85,483 | 85,591 | 85,699 | 85,806 |
| Other Real Estate Owned | 58,100 | 62,600 | 61,196 | 61,016 | 55,364 |
| Other Assets | 103,992 | 92,127 | 85,221 | 84,395 | 91,754 |
| Total Other Assets | 358,876 | 351,201 | 343,479 | 343,686 | 346,842 |
| Total Assets | $ 2,660,278 | $ 2,641,312 | $ 2,523,972 | $ 2,599,258 | $ 2,662,494 |
| **LIABILITIES** | | | | | |
| Deposits: | | | | | |
| Noninterest Bearing Deposits | $ 605,774 | $ 618,317 | $ 584,628 | $ 568,813 | $ 540,184 |
| NOW Accounts | 845,149 | 828,990 | 708,066 | 764,480 | 818,512 |
| Money Market Accounts | 283,224 | 276,910 | 280,001 | 283,230 | 288,224 |
| Regular Savings Accounts | 172,262 | 158,462 | 154,136 | 153,403 | 150,051 |
| Certificates of Deposit | 279,295 | 289,840 | 316,968 | 331,085 | 350,076 |
| Total Deposits | 2,185,704 | 2,172,519 | 2,043,798 | 2,101,011 | 2,147,047 |
| Short-Term Borrowings | 42,188 | 43,372 | 47,508 | 65,237 | 86,650 |
| Subordinated Notes Payable | 62,887 | 62,887 | 62,887 | 62,887 | 62,887 |
| Other Long-Term Borrowings | 42,826 | 44,606 | 45,389 | 49,196 | 50,050 |
| Other Liabilities | 75,876 | 65,986 | 63,465 | 60,383 | 56,582 |
| Total Liabilities | 2,409,481 | 2,389,370 | 2,263,047 | 2,338,714 | 2,403,216 |
| **SHAREOWNERS' EQUITY** | | | | | |
| Common Stock | 172 | 172 | 172 | 171 | 171 |
| Additional Paid-In Capital | 38,101 | 37,838 | 38,074 | 37,724 | 37,548 |
| Retained Earnings | 236,299 | 237,461 | 237,969 | 237,709 | 237,276 |
| Accumulated Other Comprehensive Loss, Net of Tax | (23,775) | (23,529) | (15,290) | (15,060) | (15,717) |
| Total Shareowners' Equity | 250,797 | 251,942 | 260,925 | 260,544 | 259,278 |

| | | | | | |
|---|---|---|---|---|---|
| Total Liabilities and Shareowners' Equity | $ 2,660,278 | $ 2,641,312 | $ 2,523,972 | $ 2,599,258 | $ 2,662,494 |
| | | | | | |
| **OTHER BALANCE SHEET DATA** | | | | | |
| Earning Assets | $ 2,282,053 | $ 2,266,193 | $ 2,157,124 | $ 2,215,098 | $ 2,297,525 |
| Intangible Assets | | | | | |
| Goodwill | 84,811 | 84,811 | 84,811 | 84,811 | 84,811 |
| Core Deposits | 198 | 258 | 318 | 378 | 437 |
| Other | 367 | 414 | 462 | 510 | 558 |
| Interest Bearing Liabilities | 1,727,831 | 1,705,066 | 1,614,954 | 1,709,518 | 1,806,450 |
| | | | | | |
| Book Value Per Diluted Share | $ 14.60 | $ 14.68 | $ 15.20 | $ 15.20 | $ 15.13 |
| Tangible Book Value Per Diluted Share | 9.63 | 9.70 | 10.21 | 10.21 | 10.13 |
| | | | | | |
| Actual Basic Shares Outstanding | 17,182 | 17,160 | 17,157 | 17,127 | 17,127 |
| Actual Diluted Shares Outstanding | 17,182 | 17,161 | 17,172 | 17,139 | 17,136 |

**CAPITAL CITY BANK GROUP, INC.**

**CONSOLIDATED STATEMENT OF OPERATIONS**

***Unaudited***

| | 2012 | 2011 | | | |
|---|---|---|---|---|---|
| *(Dollars in thousands, except per share data)* | First Quarter | Fourth Quarter | Third Quarter | Second Quarter | First Quarter |
| **INTEREST INCOME** | | | | | |
| Interest and Fees on Loans | $ 22,005 | $ 22,915 | $ 23,777 | $ 24,305 | $ 23,947 |
| Investment Securities | 900 | 902 | 978 | 1,017 | 1,071 |
| Funds Sold | 225 | 95 | 136 | 145 | 171 |
| Total Interest Income | 23,130 | 23,912 | 24,891 | 25,467 | 25,189 |
| | | | | | |
| **INTEREST EXPENSE** | | | | | |
| Deposits | 643 | 699 | 907 | 1,083 | 1,258 |
| Short-Term Borrowings | 8 | 6 | 78 | 110 | 111 |
| Subordinated Notes Payable | 382 | 358 | 339 | 343 | 340 |
| Other Long-Term Borrowings | 436 | 452 | 467 | 492 | 494 |
| Total Interest Expense | 1,469 | 1,515 | 1,791 | 2,028 | 2,203 |
| Net Interest Income | 21,661 | 22,397 | 23,100 | 23,439 | 22,986 |
| Provision for Loan Losses | 4,793 | 7,600 | 3,718 | 3,545 | 4,133 |
| Net Interest Income after Provision for Loan Losses | 16,868 | 14,797 | 19,382 | 19,894 | 18,853 |
| | | | | | |
| **NONINTEREST INCOME** | | | | | |
| Service Charges on Deposit Accounts | 6,309 | 6,530 | 6,629 | 6,309 | 5,983 |
| Data Processing Fees | 675 | 743 | 749 | 764 | 974 |
| Asset Management Fees | 1,015 | 1,124 | 1,080 | 1,080 | 1,080 |
| Retail Brokerage Fees | 758 | 776 | 807 | 939 | 729 |

| | | | | | |
|---|---|---|---|---|---|
| Gain on Sale of Investment Securities | -- | -- | -- | -- | -- |
| Mortgage Banking Fees | 848 | 845 | 645 | 568 | 617 |
| Interchange Fees [(1)] | 1,526 | 1,399 | 1,420 | 1,443 | 1,360 |
| ATM/Debit Card Fees [(1)] | 1,245 | 1,098 | 1,170 | 1,115 | 1,136 |
| Other | 1,210 | 1,358 | 1,693 | 2,230 | 4,455 |
| Total Noninterest Income | 13,586 | 13,873 | 14,193 | 14,448 | 16,334 |
| | | | | | |
| **NONINTEREST EXPENSE** | | | | | |
| Salaries and Associate Benefits | 16,843 | 15,260 | 15,805 | 16,000 | 16,577 |
| Occupancy, Net | 2,266 | 2,284 | 2,495 | 2,447 | 2,396 |
| Furniture and Equipment | 2,201 | 2,097 | 2,118 | 2,117 | 2,226 |
| Intangible Amortization | 107 | 107 | 108 | 107 | 353 |
| Other Real Estate | 3,513 | 3,425 | 2,542 | 3,033 | 3,677 |
| Other | 7,667 | 7,930 | 7,579 | 7,463 | 8,102 |
| Total Noninterest Expense | 32,597 | 31,103 | 30,647 | 31,167 | 33,331 |
| | | | | | |
| **OPERATING (LOSS) PROFIT** | (2,143) | (2,433) | 2,928 | 3,175 | 1,856 |
| Income Tax (Benefit) Expense | (981) | (1,898) | 951 | 1,030 | 546 |
| **NET (LOSS) INCOME** | $ (1,162) | $ (535) | $ 1,977 | $ 2,145 | $ 1,310 |
| | | | | | |
| **PER SHARE DATA** | | | | | |
| Basic (Loss) Income | $ (0.07) | $ (0.03) | $ 0.12 | $ 0.12 | $ 0.08 |
| Diluted (Loss) Income | $ (0.07) | $ (0.03) | $ 0.12 | $ 0.12 | $ 0.08 |
| Cash Dividends | 0.000 | 0.000 | 0.100 | 0.100 | 0.100 |
| **AVERAGE SHARES** | | | | | |
| Basic | 17,181 | 17,157 | 17,152 | 17,127 | 17,122 |
| Diluted | 17,181 | 17,157 | 17,167 | 17,139 | 17,130 |

[(1)] *Together referred to as "Bank Card Fees"*

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

| | 2012 | 2011 | 2011 | 2011 | 2011 |
|---|---|---|---|---|---|
| *(Dollars in thousands, except per share data)* | **First Quarter** | **Fourth Quarter** | **Third Quarter** | **Second Quarter** | **First Quarter** |
| | | | | | |
| **ALLOWANCE FOR LOAN LOSSES** | | | | | |
| Balance at Beginning of Period | $ 31,035 | $ 29,658 | $ 31,080 | $ 33,873 | $ 35,436 |
| Provision for Loan Losses | 4,793 | 7,600 | 3,718 | 3,545 | 4,133 |
| Net Charge-Offs | 4,611 | 6,223 | 5,140 | 6,338 | 5,696 |
| Balance at End of Period | $ 31,217 | $ 31,035 | $ 29,658 | $ 31,080 | $ 33,873 |
| As a % of Loans | 1.98% | 1.91% | 1.79% | 1.84% | 1.98% |
| As a % of Nonperforming Loans | 39.65% | 41.37% | 55.54% | 50.89% | 45.80% |
| As a % of Nonperforming Assets | 22.82% | 22.55% | 25.88% | 25.46% | 26.19% |

| | | | | | |
|---|---|---|---|---|---|
| **CHARGE-OFFS** | | | | | |
| Commercial, Financial and Agricultural | $ 268 | $ 634 | $ 186 | $ 301 | $ 721 |
| Real Estate - Construction | -- | 25 | 75 | 14 | -- |
| Real Estate - Commercial | 1,532 | 2,443 | 1,031 | 2,808 | 430 |
| Real Estate - Residential | 1,967 | 2,755 | 3,287 | 2,371 | 3,456 |
| Real Estate - Home Equity | 892 | 205 | 580 | 944 | 998 |
| Consumer | 732 | 879 | 832 | 606 | 620 |
| Total Charge-Offs | $ 5,391 | $ 6,941 | $ 5,991 | $ 7,044 | $ 6,216 |
| | | | | | |
| **RECOVERIES** | | | | | |
| Commercial, Financial and Agricultural | $ 67 | $ 242 | $ 33 | $ 43 | $ 63 |
| Real Estate - Construction | -- | -- | -- | 5 | 9 |
| Real Estate - Commercial | 138 | 87 | 37 | 115 | 12 |
| Real Estate - Residential | 163 | 34 | 271 | 113 | 60 |
| Real Estate - Home Equity | 18 | 13 | 108 | 57 | 36 |
| Consumer | 394 | 342 | 402 | 373 | 340 |
| Total Recoveries | $ 780 | $ 718 | $ 851 | $ 706 | $ 520 |
| | | | | | |
| NET CHARGE-OFFS | $ 4,611 | $ 6,223 | $ 5,140 | $ 6,338 | $ 5,696 |
| | | | | | |
| Net Charge-Offs as a % of Average Loans(1) | 1.16% | 1.50% | 1.22% | 1.49% | 1.33% |
| | | | | | |
| **RISK ELEMENT ASSETS** | | | | | |
| Nonaccruing Loans | $ 78,726 | $ 75,023 | $ 53,396 | $ 61,076 | $ 73,954 |
| Other Real Estate | 58,100 | 62,600 | 61,196 | 61,016 | 55,364 |
| Total Nonperforming Assets | $ 136,826 | $ 137,623 | $ 114,592 | $ 122,092 | $ 129,318 |
| | | | | | |
| Past Due Loans 30-89 Days | $ 9,193 | $ 19,425 | $ 17,053 | $ 18,103 | $ 19,391 |
| Past Due Loans 90 Days or More | 25 | 224 | 26 | 271 | -- |
| Performing Troubled Debt Restructuring's | $ 37,373 | $ 37,675 | $ 28,404 | $ 23,582 | $ 24,028 |
| | | | | | |
| Nonperforming Loans as a % of Loans | 4.99% | 4.61% | 3.22% | 3.62% | 4.31% |
| Nonperforming Assets as a % of Loans and Other Real Estate | 8.36% | 8.14% | 6.67% | 6.98% | 7.31% |
| Nonperforming Assets as a % of Capital(2) | 48.52% | 48.63% | 39.44% | 41.87% | 44.11% |
| Nonperforming Assets as a % of Total Assets | 5.14% | 5.21% | 4.54% | 4.70% | 4.86% |

(1) *Annualized*

(2) *Capital includes allowance for loan losses.*

**AVERAGE BALANCE AND INTEREST RATES(1)**

***Unaudited***

| | First Quarter 2012 | Fourth Quarter 2011 | Third Quarter 2011 |
|---|---|---|---|

| *(Dollars in thousands)* | *Average Balance* | *Interest* | *Average Rate* | *Average Balance* | *Interest* | *Average Rate* | *Average Balance* | *Interest* | *Average Rate* |
|---|---|---|---|---|---|---|---|---|---|
| **ASSETS:** | | | | | | | | | |
| Loans, Net of Unearned Interest | $ 1,596,480 | $ 22,121 | 5.57% | $ 1,646,715 | $ 23,032 | 5.55% | $ 1,667,720 | $ 23,922 | 5.69% |
| Investment Securities | | | | | | | | | |
| Taxable Investment Securities | 242,481 | 794 | 1.31 | 248,217 | 816 | 1.31 | 248,138 | 828 | 1.32 |
| Tax-Exempt Investment Securities | 56,313 | 162 | 1.15 | 59,647 | 131 | 0.88 | 55,388 | 231 | 1.67 |
| Total Investment Securities | 298,794 | 956 | 1.28 | 307,864 | 947 | 1.22 | 303,526 | 1,059 | 1.39 |
| Funds Sold | 373,033 | 225 | 0.24 | 191,884 | 96 | 0.20 | 231,681 | 136 | 0.23 |
| Total Earning Assets | 2,268,307 | $ 23,302 | 4.13% | 2,146,463 | $ 24,075 | 4.45% | 2,202,927 | $ 25,117 | 4.52% |
| Cash and Due From Banks | 49,427 | | | 49,666 | | | 47,252 | | |
| Allowance for Loan Losses | (31,382) | | | (29,550) | | | (30,969) | | |
| Other Assets | 350,555 | | | 343,336 | | | 344,041 | | |
| Total Assets | $ 2,636,907 | | | $ 2,509,915 | | | $ 2,563,251 | | |
| **LIABILITIES:** | | | | | | | | | |
| Interest Bearing Deposits | | | | | | | | | |
| NOW Accounts | $ 823,406 | 192 | 0.09% | $ 700,005 | $ 148 | 0.08% | $ 726,652 | $ 222 | 0.12% |
| Money Market Accounts | 277,558 | 75 | 0.11 | 283,677 | 75 | 0.11 | 282,378 | 95 | 0.13 |
| Savings Accounts | 165,603 | 20 | 0.05 | 156,088 | 20 | 0.05 | 153,748 | 19 | 0.05 |
| Time Deposits | 284,129 | 356 | 0.50 | 299,487 | 456 | 0.60 | 324,951 | 571 | 0.70 |
| Total Interest Bearing Deposits | 1,550,696 | 643 | 0.17% | 1,439,257 | 699 | 0.19% | 1,487,729 | 907 | 0.24% |
| Short-Term Borrowings | 45,645 | 8 | 0.07% | 44,573 | 6 | 0.05% | 64,160 | 78 | 0.48% |
| Subordinated Notes Payable | 62,887 | 382 | 2.40 | 62,887 | 358 | 2.23 | 62,887 | 339 | 2.11 |
| Other Long-Term Borrowings | 44,286 | 436 | 3.96 | 45,007 | 452 | 3.99 | 46,435 | 467 | 3.99 |
| Total Interest Bearing Liabilities | 1,703,514 | $ 1,469 | 0.35% | 1,591,724 | $ 1,515 | 0.38% | 1,661,211 | $ 1,791 | 0.43% |
| Noninterest Bearing Deposits | 610,692 | | | 593,718 | | | 574,184 | | |
| Other Liabilities | 68,254 | | | 60,197 | | | 63,954 | | |
| Total Liabilities | 2,382,460 | | | 2,245,639 | | | 2,299,349 | | |
| **SHAREOWNERS' EQUITY:** | 254,447 | | | 264,276 | | | 263,902 | | |
| Total Liabilities and Shareowners' Equity | $ 2,636,907 | | | $ 2,509,915 | | | $ 2,563,251 | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Interest Rate Spread | | $ 21,833 | 3.78% | | $ 22,560 | 4.07% | | $ 23,326 | 4.09% |
| Interest Income and Rate Earned[1] | | 23,302 | 4.13 | | 24,075 | 4.45 | | 25,117 | 4.52 |
| Interest Expense and Rate Paid[2] | | 1,469 | 0.26 | | 1,515 | 0.28 | | 1,791 | 0.32 |
| Net Interest Margin | | $ 21,833 | 3.87% | | $ 22,560 | 4.17% | | $ 23,326 | 4.20% |

| | Second Quarter 2011 | | | First Quarter 2011 | | |
|---|---|---|---|---|---|---|
| *(Dollars in thousands)* | *Average Balance* | *Interest* | *Average Rate* | *Average Balance* | *Interest* | *Average Rate* |
| **ASSETS:** | | | | | | |
| Loans, Net of Unearned Interest | $ 1,704,348 | $ 24,465 | 5.76% | $ 1,730,330 | $ 24,101 | 5.65% |
| Investment Securities | | | | | | |
| Taxable Investment Securities | 244,487 | 825 | 1.35 | 231,153 | 851 | 1.48 |
| Tax-Exempt Investment Securities | 60,963 | 297 | 1.95 | 74,226 | 337 | 1.81 |
| Total Investment Securities | 305,450 | 1,122 | 1.47 | 305,379 | 1,188 | 1.56 |
| Funds Sold | 249,133 | 145 | 0.23 | 242,893 | 171 | 0.28 |
| Total Earning Assets | 2,258,931 | $ 25,732 | 4.57% | 2,278,602 | $ 25,460 | 4.53% |
| Cash and Due From Banks | 47,465 | | | 50,942 | | |
| Allowance for Loan Losses | (32,993) | | | (34,822) | | |
| Other Assets | 344,884 | | | 348,295 | | |
| Total Assets | $ 2,618,287 | | | $ 2,643,017 | | |
| **LIABILITIES:** | | | | | | |
| Interest Bearing Deposits | | | | | | |
| NOW Accounts | $ 782,698 | $ 259 | 0.13% | $ 786,939 | $ 261 | 0.13% |
| Money Market Accounts | 284,411 | 136 | 0.19 | 278,562 | 131 | 0.19 |
| Savings Accounts | 152,599 | 16 | 0.04 | 144,623 | 18 | 0.05 |
| Time Deposits | 338,723 | 672 | 0.80 | 360,575 | 848 | 0.95 |
| Total Interest Bearing Deposits | 1,558,431 | 1,083 | 0.28% | 1,570,699 | 1,258 | 0.32% |
| Short-Term Borrowings | 76,754 | 110 | 0.58% | 87,267 | 111 | 0.52% |
| Subordinated Notes Payable | 62,887 | 343 | 2.16 | 62,887 | 340 | 2.16 |
| Other Long-Term Borrowings | 49,650 | 492 | 3.97 | 50,345 | 494 | 3.98 |
| Total Interest Bearing Liabilities | 1,747,722 | $ 2,028 | 0.47% | 1,771,198 | $ 2,203 | 0.50% |
| Noninterest Bearing Deposits | 548,870 | | | 554,680 | | |
| Other Liabilities | 59,324 | | | 55,536 | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Total Liabilities | 2,355,916 | | | 2,381,414 | | |
| **SHAREOWNERS' EQUITY:** | 262,371 | | | 261,603 | | |
| Total Liabilities and Shareowners' Equity | $ 2,618,287 | | | $ 2,643,017 | | |
| Interest Rate Spread | | $ 23,704 | 4.10% | | $ 23,257 | 4.03% |
| Interest Income and Rate Earned(1) | | 25,732 | 4.57 | | 25,460 | 4.53 |
| Interest Expense and Rate Paid(2) | | 2,028 | 0.36 | | 2,203 | 0.39 |
| Net Interest Margin | | $ 23,704 | 4.21% | | $ 23,257 | 4.14% |

(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.*

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Source: Capital City Bank Group, Inc.