

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

### **Charter of the Audit Committee of the Board of Directors**

#### **A. Title**

The title of this committee shall be the Audit Committee (the “Audit Committee”) of the Board of Directors (the “Board”) of Capital City Bank Group, Inc. (the “Company”).

#### **B. Purpose**

The primary purposes of the Audit Committee are to provide independent and objective oversight of the accounting and financial reporting functions and internal controls of the Company and its affiliates and to ensure the objectivity of the Company’s financial statements. In particular, the Audit Committee:

1. Shall provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices.
2. Shall facilitate communications between the Board and the independent auditors.
3. Shall oversee the business risk management process that identifies, sources, measures, and prioritizes business and financial reporting risks, and monitor the effectiveness of the control and risk management processes established to manage those risks.
4. Shall provide to the independent auditors a private, confidential audience at any time it is desired or requested, with or without the knowledge of management.
5. Shall review with the auditors (internal and external) and management about the quality and acceptability of material financial reporting decisions and judgments.
6. May perform the functions of an Audit Committee for each of the Company’s affiliates that are banks, as contemplated by Section 36 of the Federal Deposit Insurance Act.

The Audit Committee’s function is one of oversight and review, and it is not required to prepare or audit the financial statements, to define the scope of the audit, to control the Company’s accounting policies and practices, or to define the standards used in preparing the financial statements.

### **C. Composition**

The Audit Committee shall consist of at least three members of the Board as appointed by the Board, each of whom shall meet the independence requirements promulgated by the Securities and Exchange Commission (the “Commission”), the NASDAQ Global Select Market, and any governmental or regulatory body exercising authority over the Company (each a “Regulatory Authority”). Each member of the Audit Committee shall also be free from any relationship that, in the opinion of the Board, would interfere with that person’s independent judgment as a member of the Audit Committee. The independence and qualifications of the members of the Audit Committee shall at all times satisfy the requirements of each Regulatory Authority and other applicable laws and regulations (including the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and the rules and regulations of the Commission).

Each member of the Audit Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. No member of the Audit Committee can have participated in the preparation of the Company’s or any of the Company’s subsidiaries’ financial statements at any time during the past three years.

At least one member of the Audit Committee must be an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K. At least one member of the Audit Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that leads to financial sophistication. A person who qualifies as an audit committee financial expert will also be presumed to have financial sophistication.

The independence and qualifications of the Audit Committee members will be monitored on an annual basis by the Board.

### **D. Reporting Structure**

The independent auditors will report to the Audit Committee and will be ultimately accountable to the Audit Committee, as representatives of the shareholders.

### **E. Duties and Responsibilities**

1. The Audit Committee will have the sole authority to appoint or replace the independent auditor. The Audit Committee will be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. If the Audit Committee or its Chairman does not execute the engagement letter with the independent auditor then the Audit Committee should acknowledge and agree to the terms of the engagement.

2. The Audit Committee will preapprove all auditing services and permitted non-audit services (including the fees and terms of such services) to be performed for the Company by its independent auditor, and establish policies and procedures for the engagement of the Company's independent auditor to provide permitted audit and non-audit services.
3. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next regularly scheduled meeting.
4. The Audit Committee will, at least annually, evaluate the qualifications, performance and independence of the independent auditors, including whether the provision of non-audit services is compatible with maintaining the auditors' independence, and taking into account the opinions of management. This shall include a review and discussion of the annual communication as to independence delivered by the independent auditors (PCAOB Rule 3526 – "Communication with Audit Committees Concerning Independence"). The Audit Committee shall present its conclusions to the Board, and if so determined by the Audit Committee, recommend that the Board take additional action to satisfy itself of the qualifications, performance and independence of the auditors.
5. The Audit Committee will have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Audit Committee. The Company will provide for appropriate funding for payment of (i) compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee; and (ii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.
6. The Audit Committee will meet with the independent auditors at least annually to review the scope of the audit for the current year and the audit procedures to be utilized. This review is to include the potential effects of business and financial statement risks on the Company's control systems and quality of financial reporting, and a discussion of the extent to which the financial statements contain all disclosures that could reasonably be deemed "material" within the meaning of applicable requirements. This review should also include a review of the Audit Committee's (i) knowledge of the risks of material misstatement, including fraud; (ii) awareness of tips or complaints in the Company's financial reporting, and (iii) awareness of potential violations of law or regulations by the Company. At the conclusion of this meeting, the Audit Committee will review any comments or recommendations made by the independent auditors.

7. The Audit Committee will, at least annually, obtain and review a report by the independent auditor describing:
  - i. the auditor's internal quality-control procedures;
  - ii. any material issues raised by the most recent internal quality-control review, or peer review, of the auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditor, and any steps taken to deal with any such issues; and
  - iii. the auditor's independence, and all relationships between the independent auditor and the Company and the Company's subsidiaries.
8. The Audit Committee will review and discuss with management and the independent auditor the annual audited financial statements prior to the auditor issuing the auditor report, including disclosures made in management's discussion and analysis.
9. The Audit Committee will review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditor's reviews of the quarterly financial statements and the disclosures made in the MD&A.
10. The Audit Committee will discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles.
11. The Audit Committee will review the adequacy and effectiveness of the Company's internal controls, including any significant deficiencies and significant changes in internal controls reported to the Audit Committee by the independent auditors or management, the Company's internal audit procedures and the adequacy and effectiveness of the Company's disclosure controls and procedures.
12. The Audit Committee will discuss with the independent auditors a common framework to assess financial reporting quality and facilitate a common vocabulary and understanding about quality among the Audit Committee, management, and the auditors.
13. The Audit Committee will review and discuss quarterly reports from the independent auditors, including:

- i. All critical accounting policies and practices to be used;
  - ii. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
  - iii. Other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.
14. The Audit Committee will discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. This discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
15. The Audit Committee will discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
16. The Audit Committee will discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
17. The Audit Committee will discuss with the independent auditor the matters required to be discussed by the PCAOB Auditing Standards relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management, including management's response to such situations.
18. The Audit Committee will review disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process for all Form 10-K and Form 10-Q reports about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
19. The Audit Committee will ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit, as required by law. The Audit Committee must consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm itself on a regular basis.

20. The Audit Committee will recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.
21. The Audit Committee will obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated.
22. The Audit Committee will obtain reports from management, the Company's senior internal auditing executive and the independent auditor that the Company and its affiliates are in conformity with applicable legal requirements and the Company's Codes of Conduct and Code of Ethics. The Audit Committee will review reports and disclosures of insider and related person transactions, and will advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Codes of Conduct and Code of Ethics. The Audit Committee will establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
23. Annually, the Audit Committee will report to the Board of Directors that:
  - i. In a timely manner and prior to the issuance of the auditor's report, the Company's audited financial statements have been reviewed and discussed with the independent auditors, including all required communications pursuant to PCAOB Auditing Standard No. 16.
  - ii. The Audit Committee has executed its responsibility to oversee the independent auditors. In particular, the Audit Committee shall (a) require (and shall so report to the Board) that the independent auditors deliver to the Audit Committee a formal written statement delineating all relationships between such accountants and the Company and (b) engage in a dialogue with such auditors concerning whether the provision of permitted non-audit services is compatible with maintaining the auditor's independence, taking into account the opinions of management and internal auditors.
  - iii. The Company's financial statements be included in the Company's Annual Report on Form 10-K.
  - iv. The required Audit Committee duties and responsibilities have been met for the most recently completed fiscal year.
24. The Audit Committee will engage in such review and discussion as the Audit Committee deems appropriate with regard to activities of the Internal Audit Department and the Compliance Department, bank regulatory examination reports and/or other regulatory reports and filings, the

Company's Codes of Conduct and Code of Ethics, and other legal, regulatory or other matters.

**F. Processes**

Management will prepare annually, for review and approval by the Audit Committee, detailed procedures and processes for carrying on the Audit Committee's duties and responsibilities.

**G. Additional Authority**

The Audit Committee will review and take appropriate action with respect to any reports to the committee from legal counsel for the company concerning any material violation of securities law or breach of fiduciary duty or similar violation by the Company, its subsidiaries or any person acting on their behalf. The Audit Committee, as it may consider appropriate, may consider and review with the full Board, management, internal or outside legal counsel, the independent auditors or any other appropriate person any other topics relating to the purposes of the Audit Committee that may come to the Audit Committee's attention and will make such reports to the full Board as are necessary or advisable. The Audit Committee may perform any other activities consistent with this charter, the Company's corporate governance documents and applicable listing standards, laws and regulations as the Audit Committee or the Board considers appropriate.

**H. Meetings**

The Audit Committee will meet on an as needed basis, but not less frequently than quarterly. Meetings will be called as needed to discuss any significant issues, including those related to the review of any Form 10-Q or Form 10-K Report by the Company's independent auditors.

It is intended that any management representative present withdraw for a period at the end of each meeting so as to permit discussion in private with the independent auditors and/or internal auditors.

Selected independent members of the Board of Directors of Capital City Bank may be selected by the Audit Committee to attend audit committee meetings and share their insights with the Audit Committee. Such persons shall not be members of the Audit Committee nor shall they have any duties or liabilities as Audit Committee members.

The Audit Committee shall maintain, as part of the Company's permanent records, written minutes of the proceedings and actions of the Audit Committee and shall make such reports to the Board as may be requested by the Board or its Chairman.

**I. Review and Approval**

This Charter will be reviewed and approved annually by the Audit Committee, which will

recommend changes to the Board.

*The Audit Committee's responsibilities and powers as delegated by the Board are set forth in this Charter. This Charter is not intended to, and shall not, alter the standards of conduct set forth in the Florida Business Corporation Act, as amended (the "FBCA") or the Florida Financial Institutions Code (the "FFIC") for directors, including those directors who serve as Audit Committee members. Members of the Committee shall have the duties and the benefits of all limitations and protections from liabilities provided by the FBCA and the FFIC and other applicable laws and regulations with respect to their service on the Committee. Further, nothing herein is intended to or shall limit the responsibilities, duties and liabilities of the independent auditors to the Company, the Board or the Audit Committee. The Audit Committee relies to a significant extent on information and advice provided by management and independent advisors. Whenever the Audit Committee takes an action, it exercises its independent judgment on an informed basis that the action is in the best interests of the Company and its shareowners.*

**Approved by the Capital City Bank Audit Committee on: January 26, 2017.**

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