UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 27, 2020

CAPITAL CITY BANK GROUP, INC.
(Exact name of registrant as specified in its charter)

Florida	0-13358	59-2273542
(State of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

217 North Monroe Street, Tallahassee, Florida	32301
(Address of principal executive offices	(Zip Code)

Registrant's telephone number, including area code: (850) 402-7821

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par value $0.01	CCBG	Nasdaq Stock Market, LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of The Exchange Act. ☐

CAPITAL CITY BANK GROUP, INC.

FORM 8-K

CURRENT REPORT

Item 2.02. Results of Operations and Financial Condition.

On October 27, 2020, Capital City Bank Group, Inc. (“CCBG”) issued an earnings press release reporting CCBG’s financial results for the three and nine month period ended September 30, 2020. A copy of the press release is attached as Exhibit 99.1 hereto and incorporated herein by reference.

The information furnished under Item 2.02 of this Current Report, including the Exhibit attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) ***Exhibits*.**

Item No.	Description of Exhibit
99.1	Press release, dated October 27, 2020.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CAPITAL CITY BANK GROUP, INC.

Date: October 27, 2020 By: /s/ J.Kimbrough Davis

J. Kimbrough Davis,

Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release, dated October 27, 2020

Capital City Bank Group, Inc.
Reports Third Quarter 2020 Results

TALLAHASSEE, Fla. (October 27, 2020) – Capital City Bank Group, Inc. (NASDAQ: CCBG) today reported net income of $10.4 million, or $0.62 per diluted share for the third quarter of 2020 compared to net income of $9.1 million, or $0.55 per diluted share for the second quarter of 2020, and $8.5 million, or $0.50 per diluted share for the third quarter of 2019. For the first nine months of 2020, net income totaled $23.8 million, or $1.42 per diluted share, compared to net income of $22.2 million, or $1.32 per diluted share, for the same period of 2019.

QUARTER HIGHLIGHTS

- *Return on assets improved to 1.17% and return on equity to 12.16%*
- *Diversified revenue and strong balance sheet continue to buffer impact of pandemic and lower interest rates*
- *Strong performance by Capital City Home Loans (“CCHL”) contributed significantly ($0.23 per share)*
- *11% increase in other fee revenues (deposit, bankcard, and wealth management)*
- *Credit quality remains strong with no significant problem loan migration*
- *88% of loan balances extended in the first and second quarter have resumed payments*

“Although the environment remains challenging, Capital City reported a strong third quarter, up 12.7% over the second quarter,” said William G. Smith, Jr., Chairman, President and CEO. “I am proud of both our financial performance and how our team has responded to the COVID-19 pandemic. We continue to put the safety and well-being of our associates and clients first, as we reach out to assist our communities through the origination of SBA PPP loans, grants and volunteer hours, and endeavor to meet the needs of our clients through both in-person and virtual delivery channels. The mortgage market has been robust and we have benefitted from our alliance with CCHL, which contributed $0.23 per share in the third quarter – up from $0.20 per share in the second quarter. Earnings from CCHL and SBA PPP loan fees have helped to mitigate the adverse impacts of a lower interest rate environment and reserve build attributable to the adoption of CECL and COVID-19. Hopefully, we will continue to experience economic improvement during the fourth quarter and into 2021. I am proud of what our team has accomplished in a very difficult year, and I remain optimistic about the long-term outlook for Capital City. Thank you for your continued support.”

COVID-19 Update

- Lobby access remains open for all of our banking offices and operations are subject to national guidelines and local safety ordinances to protect both clients and associates – we will continue to monitor changing conditions with the pandemic and its impact on client and associate interactions within our banking offices
- Most operational associates returned to work in early June, but we have extended some remote work arrangements on a case-by-case basis
- Enhanced digital access options are available for banking products and access to sales associates
- We continue to monitor COVID-19 case count trends in our markets and respond appropriately to help ensure client and associate safety
- We continue to support clients with the Small Business Administration Payment Protection Program (“SBA PPP”) by actively assisting with the forgiveness process

Discussion of Operating Results

Summary Overview

Compared to the second quarter of 2020, the $2.1 million increase in operating profit was attributable to a $4.7 million increase in noninterest income and a $0.7 million decrease in the provision for credit losses, partially offset by higher noninterest expense of $3.0 million and lower net interest income of $0.3 million.

Compared to the third quarter of 2019, the $7.0 million increase in operating profit was attributable to a $21.1 million increase in noninterest income, partially offset by higher noninterest expense of $12.5 million, a $0.5 million increase in the provision for credit losses and lower net interest income of $1.1 million.

The $10.4 million increase in operating profit for the first nine months of 2020 versus the comparable period of 2019 was attributable to higher noninterest income of $41.4 million, partially offset by higher noninterest expense of $24.2 million, a $6.1 million increase in the provision for credit losses and lower net interest income of $0.7 million.

The aforementioned period over period variances reflect the acquisition of a 51% membership interest and consolidation of CCHL late in the first quarter of 2020.

Our return on average assets ("ROA") was 1.17% and our return on average equity ("ROE") was 12.16% for the third quarter of 2020. These metrics were 1.10% and 11.03% for the second quarter of 2020, respectively, and 1.14% and 10.51% for the third quarter of 2019, respectively. For the first nine months of 2020, our ROA was 0.96% and our ROE was 9.50% compared to 1.09% and 10.48%, respectively, for the same period of 2019.

Net Interest Income/Net Interest Margin

Tax-equivalent net interest income for the third quarter of 2020 was $25.2 million compared to $25.6 million for the second quarter of 2020 and $26.3 million for the third quarter of 2019. For the first nine months of 2020, tax-equivalent net interest income totaled $76.7 million compared to $77.5 million in 2019. The decrease compared to all prior periods reflected lower rates earned on overnight funds, investment securities and variable rate loans, partially offset by lower cost for deposits.

The federal funds target rate has remained in the range of 0.00%-0.25% since March 2020 when the Fed reduced its overnight rate by 150 basis points, and as a result we continue to experience lower repricing of our variable/adjustable rate earning assets and investment securities. Our overall cost of funds remained low during the third quarter of 2020 at 0.13% compared to 0.14% for the second quarter of 2020. Due to highly competitive fixed-rate loan pricing in our markets, we continue to review our loan pricing and make adjustments where we believe appropriate and prudent.

Our net interest margin for the third quarter of 2020 was 3.12%, a decrease of 29 basis points from the second quarter of 2020 and 80 basis points from the third quarter of 2019. For the first nine months of 2020, the net interest margin decreased 42 basis points to 3.42%. The decrease compared to all prior periods was primarily attributable to considerable growth in overnight funds which reduced our margin. Our net interest margin for the third quarter of 2020, excluding the impact of SBA PPP loans, was 3.17%. We discuss the effect of the pandemic related stimulus programs on our balance sheet in more detail below under *Discussion of Financial Condition*.

Provision for Credit Loss

The provision for credit losses for the third quarter of 2020 was $1.3 million compared to $2.0 million for the second quarter of 2020 and $0.8 million for the third quarter of 2019. For the first nine months of 2020, the provision was $8.3 million compared to $2.2 million in 2019. The higher provision in 2020 reflected expected losses due to deterioration in economic conditions related to COVID-19. We discuss the allowance for credit losses and COVID-19 exposure further below.

Noninterest Income and Noninterest Expense

CCHL's mortgage banking operations impacted our noninterest income and noninterest expense for the three and nine month periods ended September 30, 2020, and thus, the period over period comparisons reflect the impact of the CCHL consolidation, which occurred late in the first quarter 2020. The table below provides an overview of CCHL's impact on our noninterest income and noninterest expense for 2020.

Noninterest income for the third quarter of 2020 totaled $35.0 million compared to $30.2 million for the second quarter of 2020 and $13.9 million for the third quarter of 2019. For the first nine months of 2020, noninterest income totaled $80.6 million compared to $39.2 million for same period of 2019. The improvement over all prior periods was primarily attributable to higher mortgage banking revenues at CCHL. Higher deposit fees, bank card fees, and wealth management fees contributed to the increase over the second quarter of 2020. Compared to both prior year periods, deposit fees declined primarily due to the impact of government stimulus during the second quarter related to the COVID-19 pandemic, but were partially offset by higher debit card activity which drove improvement in bank card fees. The downward trend in deposit fees we realized in the second quarter of 2020 reversed in the third quarter of 2020 reflecting higher utilization of our overdraft product.

Noninterest expense for the third quarter of 2020 totaled $40.3 million compared to $37.3 million for the second quarter of 2020 and $27.9 million for the third quarter of 2019. The increase over the second quarter of 2020 was primarily attributable to higher compensation expense of $2.5 million and other expense of $0.4 million. The increase in compensation reflected higher commission expense of $1.6 million related to higher mortgage production volume at CCHL and lower realized loan cost (credit offset to salary expense) of $1.0 million related to the high level of SBA PPP loan originations in the second quarter. Higher amortization expense for mortgage servicing rights at CCHL and Core CCBG expenses (debit card losses, activity based costs, and miscellaneous expenses) drove the increase in other expense.

For the first nine months of 2020, noninterest expense totaled $108.6 million, an increase of $24.2 million over the same period of 2019 primarily attributable to the addition of expenses at CCHL, including compensation expense of $21.8 million, occupancy expense of $1.8 million, and other expense of $3.0 million. Core CCBG noninterest expense decreased $2.6 million and reflected lower compensation expense of $1.2 million, ORE expense of $0.9 million, and other expense of $1.6 million, partially offset by higher occupancy expense of $1.1 million. The decrease in compensation expense was primarily attributable to higher realized loan cost of $0.6 million related to the aforementioned increase in SBA PPP loan originations and lower stock compensation expense of $0.5 million. A $1.0 million gain from the sale of a banking office in the first quarter of 2020 drove the reduction in ORE expense. The decline in other expense was primarily attributable to lower service cost expense for our pension plan. Higher expense for FF&E depreciation and maintenance agreements (related to technology investment and upgrades), deferred maintenance for premises, and pandemic related cleaning/supply costs drove the increase in occupancy. The same aforementioned factors drove the increase over the third quarter of 2019.

Overall, CCHL has contributed significantly to the improvement in our efficiency ratio for 2020.

	Three Months Ended						Nine Months Ended			
	Sep 30, 2020		Jun 30, 2020		Sep 30, 2019		Sep 30, 2020		Sep 30, 2019	
(Dollars in thousands)	Core CCBG	CCHL	Core CCBG	CCHL	Core CCBG	CCHL	Core CCBG	CCHL	Core CCBG	CCHL
Deposit Fees	$ 4,316	-	$ 3,756	$ -	$ 4,961	$ -	$ 13,087	$ -	$ 14,492	$ -
Bank Card Fees	3,389	-	3,142	-	2,972	-	9,582	-	8,863	-
Wealth Management Fees	2,808	-	2,554	-	2,992	-	7,966	-	7,719	-
Mortgage Banking Fees	208	22,775	241	19,156	1,587	-	1,587	44,046	3,779	-
Other	1,182	287	1,147	203	1,391	-	3,787	587	4,372	-
Total Noninterest Income	$ 11,903	$ 23,062	$ 10,840	$ 19,359	$ 13,903	$ -	$ 36,009	$ 44,633	$ 39,225	$ -
Salaries	$ 11,603	$ 10,753	$ 11,596	$ 8,381	$ 12,533	$ -	$ 36,687	$ 21,376	$ 37,314	$ -
Other Associate Benefits	3,616	192	3,477	204	3,670	-	11,049	446	11,675	-
Total Compensation	15,219	10,945	15,073	8,585	16,203	-	47,736	21,822	48,989	-
Occupancy, Net	5,061	845	5,030	768	4,710	-	14,839	1,844	13,756	-
Other	6,930	1,342	6,599	1,248	6,960	-	19,325	3,048	21,722	-
Total Noninterest Expense	$ 27,210	$ 13,132	$ 26,702	$ 10,601	$ 27,873	$ -	$ 81,900	$ 26,714	$ 84,467	$ -

Income Taxes

We realized income tax expense of $3.2 million (effective rate of 17%) for the third quarter of 2020 compared to $2.9 million (effective rate of 18%) for the second quarter of 2020 and $3.0 million (effective rate of 26%) for the third quarter of 2019. For the first nine months of 2020, we realized income tax expense of $7.4 million (effective rate of 18%) compared to $7.4 million (effective rate of 25%) for the same period of 2019. The decrease in our effective tax rate in 2020 reflected the impact of converting CCHL to a partnership for tax purposes in the second quarter of 2020. Absent discrete items, we expect our annual effective tax rate to approximate 18%-19% for the remainder of 2020.

Discussion of Financial Condition

Earning Assets

Average earning assets were $3.224 billion for the third quarter of 2020, an increase of $207.1 million, or 6.9% over the second quarter of 2020, and an increase of $529.1 million, or 19.6% over the fourth quarter of 2019. The increase over both prior periods was primarily driven by higher deposit balances which funded growth in the loan portfolio and overnight funds sold. Deposit balances increased as a result of strong core deposit growth, in addition to funding retained at the bank from SBA PPP loans, and various other stimulus programs.

We maintained an average net overnight funds (deposits with banks plus FED funds sold less FED funds purchased) sold position of $567.9 million during the third quarter of 2020 compared to an average net overnight funds sold position of $351.5 million in the second quarter of 2020 and $228.1 million in the fourth quarter of 2019. The increase compared to both prior periods was driven by strong core deposit growth, in addition to pandemic related stimulus programs (see below – *Funding*).

Average loans held for investment ("HFI") increased $22.2 million, or 1.1%, over the second quarter of 2020 and $171.1 million, or 9.3%, over the fourth quarter of 2019. We originated SBA PPP loans totaling $190 million (reflected in the commercial loan category) which averaged $190 million in the third quarter and $134 million in the second quarter. Period-end HFI loans decreased $24.0, or 1.2%, from the second quarter of 2020 and increased $162.2 million, or 8.8%, over the fourth quarter of 2019. The decline in the core loan portfolio (ex-SBA PPP loans) has been driven by residential real estate loan run-off reflective of the lower rate environment and refinancing activity as well as lower utilization of commercial lines of credit reflective of the economic slowdown.

To date, our borrowers have submitted a nominal level of SBA PPP forgiveness applications, but these applications are expected to accelerate over the next six months. Amortized SBA PPP loan fees totaled approximately $0.6 million for the third quarter of 2020 and $0.4 million for the second quarter of 2020. At September 30, 2020, we had approximately $4.0 million (net) in deferred SBA PPP loan fees.

Allowance for Credit Losses

At September 30, 2020, the allowance for credit losses totaled $23.1 million compared to $22.5 million at June 30, 2020 and $13.9 million at December 31, 2019. At September 30, 2020, the allowance represented 1.16% of outstanding loans held for investment (HFI) and provided coverage of 420% of nonperforming loans compared to 1.11% and 322%, respectively, at June 30, 2020 and 0.75% and 311%, respectively, at December 31, 2019. At September 30, 2020, excluding SBA PPP loans (100% guaranteed), the allowance represented 1.28% of loans held for investment.

The adoption of ASC 326 ("CECL") on January 1, 2020 had an impact of $4.0 million ($3.3 million increase in the allowance for credit losses and $0.7 million increase in the allowance for unfunded loan commitments (other liability account)). The $6.4 million build (provision of $8.3 million less net charge-offs of $1.9 million) in the allowance for credit losses for the first nine months of 2020 was attributable to deterioration in economic conditions, primarily a higher rate of unemployment due to the COVID-19 pandemic and its potential effect on rates of default.

Credit Quality/COVID-19 Exposure

Nonperforming assets (nonaccrual loans and OREO) totaled $6.7 million at September 30, 2020, a $1.3 million decrease from June 30, 2020, and a $1.3 million increase over December 31, 2019. Nonaccrual loans totaled $5.5 million at September 30, 2020, a $1.5 million decrease from June 30, 2020 and a $1.0 million increase over December 31, 2019. The balance of OREO totaled $1.2 million at September 30, 2020, an increase of $0.2 million over June 30, 2020 and a $0.3 million increase over December 31, 2019.

We continue to analyze our loan portfolio for segments that have been affected by the stressed economic and business conditions caused by the pandemic. Certain at-risk segments total 8% of our loan balances at September 30, 2020, including hotel (3%), restaurant (1%), retail and shopping centers (3%), and other (1%). The other segment includes churches, non-profits, education, and recreational. To assist our clients, in mid-March of 2020, we began allowing short term 60 to 90 day loan extensions for affected borrowers. A roll-forward of loan extension activity is provided in the table below. Approximately 83% of the $325 million in loans extended were for commercial borrowers and 17% for consumer borrowers. Approximately $285 million, or 88% of the loan balances associated with these borrowers have resumed making regularly scheduled payments. Of the $40 million that remains on extension, approximately $2 million was classified at September 30, 2020 and $26 million is related to six hotel loans which were not classified, but continue to be monitored closely.

			% Loans Extended	
At October 2, 2020 *(Dollars in thousands)*	# Loans	Loan Amount	# Loans	$ Loans
Loans Extended	2,333	$ 325,014		
Loans Resuming Payments	(2,129)	(284,548)	91%	88%
Loans Still on Extension	204	$ 40,466	9%	12%

Funding (Deposits/Debt)

Average total deposits were $2.971 billion for the third quarter of 2020, an increase of $187.8 million, or 6.8% over the second quarter of 2020, and an increase of $446.3 million, or 17.7% over the fourth quarter of 2019. Period end deposit balances grew $54.4 million and $364.0 million over the second quarter of 2020 and fourth quarter of 2019, respectively, indicating strong growth in core deposit balances. The estimated deposit inflows related to the two pandemic related stimulus programs that occurred primarily during the second quarter were $179 million (SBA PPP) and $64 million (Economic Impact Payment stimulus checks). Given these large increases, the potential exists for our deposit levels to be volatile over the coming quarters due to the uncertain timing of the outflows of the stimulus related deposits and the economic recovery. It is anticipated that current liquidity levels will remain robust due to our strong overnight funds sold position. We monitor deposit rates on an ongoing basis and adjust if necessary, as prudent pricing discipline remains the key to managing our mix of deposits.

Average borrowings increased $0.9 million over the second quarter of 2020 and $65.8 million over the fourth quarter of 2019 as short-term borrowings (warehouse lines used to support HFS loans) were added as part of the CCHL integration.

Capital

Shareowners' equity was $339.4 million at September 30, 2020 compared to $335.1 million at June 30, 2020 and $327.0 million at December 31, 2019. For the first nine months of 2020, shareowners' equity was positively impacted by net income of $23.8 million, a $2.4 million increase in the unrealized gain on investment securities, net adjustments totaling $0.9 million related to transactions under our stock compensation plans, and stock compensation accretion of $0.6 million. Shareowners' equity was reduced by common stock dividends of $7.1 million ($0.42 per share), a $3.1 million (net of tax) adjustment to retained earnings for the adoption of CECL, reclassification of $3.1 million to temporary equity to increase the redemption value of the non-controlling interest in CCHL, and share repurchases of $2.0 million (99,952 shares).

At September 30, 2020, our total risk-based capital ratio was 17.88% compared to 17.60% at June 30, 2020 and 17.90% at December 31, 2019. Our common equity tier 1 capital ratio was 14.20%, 14.01%, and 14.47%, respectively, on these dates. Our leverage ratio was 9.64%, 10.12%, and 11.25%, respectively, on these dates. All of our regulatory capital ratios exceeded the threshold to be designated as "well-capitalized" under the Basel III capital standards. Further, our tangible common equity ratio was 7.16% at September 30, 2020 compared to 7.21% and 8.06% at June 30, 2020 and December 31, 2019, respectively.

About Capital City Bank Group, Inc.

Capital City Bank Group, Inc. (NASDAQ: CCBG) is one of the largest publicly traded financial holding companies headquartered in Florida and has approximately $3.6 billion in assets. We provide a full range of banking services, including traditional deposit and credit services, mortgage banking, asset management, trust, merchant services, bankcards and securities brokerage services. Our bank subsidiary, Capital City Bank, was founded in 1895 and now has 57 banking offices and 85 ATMs/ITMs 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 our future results to differ materially. The following factors, among others, could cause our actual results to differ: the magnitude and duration of the COVID-19 pandemic and its impact on the global economy and financial market conditions and our business, results of operations and financial condition, including the impact of our participation in government programs related to COVID-19; the accuracy of the our financial statement estimates and assumptions; legislative or regulatory changes; fluctuations in inflation, interest rates, or monetary policies; the effects of security breaches and computer viruses that may affect our computer systems or fraud related to debit card products; changes in consumer spending and savings habits; our growth and profitability; the strength of the U.S. economy and the local economies where we conduct operations; the effects of a non-diversified loan portfolio, including the risks of geographic and industry concentrations; natural disasters, widespread health emergencies, military conflict, terrorism or other geopolitical events; 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; negative publicity and the impact on our reputation; technological changes, especially changes that allow out of market competitors to compete in our markets; changes in accounting; and our ability to manage the risks involved in the foregoing. Additional factors can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, and our 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 we assume no obligation to update forward-looking statements or the reasons why actual results could differ.

USE OF NON-GAAP FINANCIAL MEASURES

We present a tangible common equity ratio and a tangible book value per diluted share that removes the effect of goodwill resulting from merger and acquisition activity. We believe these measures are useful to investors because it allows investors to more easily compare our capital adequacy to other companies in the industry.

The GAAP to non-GAAP reconciliations are provided below.

(Dollars in Thousands, except per share data)		**Sep 30, 2020**	**Jun 30, 2020**	**Mar 31, 2020**	**Dec 31, 2019**	**Sep 30, 2019**
Shareowners' Equity (GAAP)		$ 339,425	$ 335,057	$ 328,507	$ 327,016	$ 321,562
Less: Goodwill (GAAP)		89,095	89,095	89,275	84,811	84,811
Tangible Shareowners' Equity (non-GAAP)	A	250,330	245,962	239,232	242,205	236,751
Total Assets (GAAP)		3,587,041	3,499,524	3,086,523	3,088,953	2,934,513
Less: Goodwill (GAAP)		89,095	89,095	89,275	84,811	84,811
Tangible Assets (non-GAAP)	B	$ 3,497,946	$ 3,410,429	$ 2,997,248	$ 3,004,142	$ 2,849,702
Tangible Common Equity Ratio (non-GAAP)	**A/B**	**7.16%**	**7.21%**	**7.98%**	**8.06%**	**8.31%**
Actual Diluted Shares Outstanding (GAAP)	C	16,800,563	16,821,743	16,845,462	16,855,161	16,797,241
Tangible Book Value per Diluted Share (non-GAAP)	**A/C**	**$ 14.90**	**$ 14.62**	**$ 14.20**	**$ 14.37**	**$ 14.09**

CAPITAL CITY BANK GROUP, INC.
EARNINGS HIGHLIGHTS
Unaudited

(Dollars in thousands, except per share data)	Three Months Ended			Nine Months Ended	
	Sep 30, 2020	**Jun 30, 2020**	**Sep 30, 2019**	**Sep 30, 2020**	**Sep 30, 2019**
EARNINGS					
Net Income Attributable to Common Shareowners	$ 10,397	$ 9,146	$ 8,481	$ 23,830	$ 22,242
Diluted Net Income Per Share	$ 0.62	$ 0.55	$ 0.50	$ 1.42	$ 1.32
PERFORMANCE					
Return on Average Assets	1.17 %	1.10 %	1.14 %	0.96 %	1.00 %
Return on Average Equity	12.16	11.03	10.51	9.50	9.48
Net Interest Margin	3.12	3.41	3.92	3.42	3.84
Noninterest Income as % of Operating Revenue	58.19	54.26	34.67	51.37	33.72
Efficiency Ratio	67.01 %	66.90 %	69.27 %	69.04 %	72.37 %
CAPITAL ADEQUACY					
Tier 1 Capital	16.77 %	16.59 %	16.83 %	16.77 %	16.83 %
Total Capital	17.88	17.60	17.59	17.88	17.59
Leverage	9.64	10.12	11.09	9.64	11.09
Common Equity Tier 1	14.20	14.01	14.13	14.20	14.13
Tangible Common Equity [(1)]	7.16	7.21	8.31	7.16	8.31
Equity to Assets	9.46 %	9.57 %	10.96 %	9.46 %	10.96 %
ASSET QUALITY					
Allowance as % of Non-Performing Loans	420.30 %	322.37 %	290.55 %	420.30 %	290.55 %
Allowance as a % of Loans HFI	1.16	1.11	0.78	1.16	0.78
Net Charge-Offs as % of Average Loans HFI	0.11	0.05	0.23	0.13	0.15
Nonperforming Assets as % of Loans HFI and OREO	0.34	0.40	0.30	0.34	0.30
Nonperforming Assets as % of Total Assets	0.19 %	0.23 %	0.19 %	0.19 %	0.19 %
STOCK PERFORMANCE					
High	$ 21.71	$ 23.99	$ 28.00	$ 30.62	$ 28.00
Low	17.55	16.16	23.70	15.61	21.04
Close	$ 18.79	$ 20.95	$ 27.45	$ 18.79	$ 27.45
Average Daily Trading Volume	28,517	49,569	25,596	39,477	22,815

(1) Tangible common equity ratio is a non-GAAP financial measure. For additional information, including a reconciliation to GAAP, refer to Page 6.

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

	2020			2019	
(Dollars in thousands)	**Third Quarter**	**Second Quarter**	**First Quarter**	**Fourth Quarter**	**Third Quarter**
ASSETS					
Cash and Due From Banks	$ 76,509	$ 75,155	$ 72,676	$ 60,087	$ 61,151
Funds Sold and Interest Bearing Deposits	626,104	513,273	196,936	318,336	177,389
Total Cash and Cash Equivalents	702,613	588,428	269,612	378,423	238,540
Investment Securities Available for Sale	328,253	341,180	382,514	403,601	376,981
Investment Securities Held to Maturity	202,593	232,178	251,792	239,539	240,303
Total Investment Securities	530,846	573,358	634,306	643,140	617,284
Loans Held for Sale ("HFS")	116,561	76,610	82,598	9,509	13,075
Loans Held for Investment ("HFI"):					
Commercial, Financial, & Agricultural	402,997	421,270	249,020	255,365	259,870
Real Estate - Construction	125,804	117,794	122,595	115,018	111,358
Real Estate - Commercial	656,064	662,434	656,084	625,556	610,726
Real Estate - Residential	335,713	353,831	354,150	353,642	354,545
Real Estate - Home Equity	197,363	194,479	196,443	197,360	197,326
Consumer	268,393	266,417	275,982	279,565	277,970
Other Loans	10,488	4,883	6,580	7,808	14,248
Overdrafts	1,339	1,069	1,533	1,615	1,710
Total Loans Held for Investment	1,998,161	2,022,177	1,862,387	1,835,929	1,827,753
Allowance for Credit Losses	(23,137)	(22,457)	(21,083)	(13,905)	(14,319)
Loans Held for Investment, Net	1,975,024	1,999,720	1,841,304	1,822,024	1,813,434
Premises and Equipment, Net	87,192	87,972	87,684	84,543	85,810
Goodwill	89,095	89,095	89,275	84,811	84,811
Other Real Estate Owned	1,227	1,059	1,463	953	526
Other Assets	84,483	83,282	80,281	65,550	81,033
Total Other Assets	261,997	261,408	258,703	235,857	252,180
Total Assets	$ 3,587,041	$ 3,499,524	$ 3,086,523	$ 3,088,953	$ 2,934,513
LIABILITIES					
Deposits:					
Noninterest Bearing Deposits	$ 1,378,314	$ 1,377,033	$ 1,066,607	$ 1,044,699	$ 1,022,774
NOW Accounts	827,506	808,244	779,467	902,499	728,395
Money Market Accounts	247,823	240,754	210,124	217,839	239,410
Regular Savings Accounts	451,944	423,924	384,480	374,396	372,601
Certificates of Deposit	103,859	105,041	104,907	106,021	109,827
Total Deposits	3,009,446	2,954,996	2,545,585	2,645,454	2,473,007
Short-Term Borrowings	90,936	63,958	76,516	6,404	10,622
Subordinated Notes Payable	52,887	52,887	52,887	52,887	52,887
Other Long-Term Borrowings	5,268	5,583	5,896	6,514	6,963
Other Liabilities	71,880	75,702	70,044	50,678	69,472
Total Liabilities	3,230,417	3,153,126	2,750,928	2,761,937	2,612,951
Temporary Equity	17,199	11,341	7,088	-	-
SHAREOWNERS' EQUITY					
Common Stock	168	168	168	168	167
Additional Paid-In Capital	31,425	31,575	32,100	32,092	31,075
Retained Earnings	333,545	328,570	321,772	322,937	316,551
Accumulated Other Comprehensive Loss, Net of Tax	(25,713)	(25,256)	(25,533)	(28,181)	(26,231)
Total Shareowners' Equity	339,425	335,057	328,507	327,016	321,562
Total Liabilities, Temporary Equity and Shareowners' Equity	$ 3,587,041	$ 3,499,524	$ 3,086,523	$ 3,088,953	$ 2,934,513
OTHER BALANCE SHEET DATA					
Earning Assets	$ 3,271,672	$ 3,185,418	$ 2,776,228	$ 2,806,913	$ 2,635,501
Interest Bearing Liabilities	1,780,223	1,700,391	1,614,277	1,666,560	1,520,705
Book Value Per Diluted Share	$ 20.20	$ 19.92	$ 19.50	$ 19.40	$ 19.14
Tangible Book Value Per Diluted Share[(1)]	14.90	14.62	14.20	14.37	14.09
Actual Basic Shares Outstanding	16,761	16,780	16,812	16,772	16,749
Actual Diluted Shares Outstanding	16,801	16,822	16,845	16,855	16,797

[(1)] Tangible book value per diluted share is a non-GAAP financial measure. For additional information, including a reconciliation to GAAP, refer to Page 6.

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

(Dollars in thousands, except per share data)	2020 Third Quarter	2020 Second Quarter	2020 First Quarter	2019 Fourth Quarter	2019 Third Quarter	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
INTEREST INCOME							
Interest and Fees on Loans	$ 23,594	$ 23,687	$ 23,593	$ 23,842	$ 23,992	$ 70,874	$ 70,373
Investment Securities	2,426	2,737	3,015	3,221	3,307	8,178	10,213
Funds Sold	146	88	757	945	1,142	991	4,242
Total Interest Income	26,166	26,512	27,365	28,008	28,441	80,043	84,828
INTEREST EXPENSE							
Deposits	190	218	939	1,157	1,596	1,347	5,683
Short-Term Borrowings	498	421	132	16	27	1,051	93
Subordinated Notes Payable	316	374	471	525	558	1,161	1,762
Other Long-Term Borrowings	40	41	50	56	63	131	201
Total Interest Expense	1,044	1,054	1,592	1,754	2,244	3,690	7,739
Net Interest Income	25,122	25,458	25,773	26,254	26,197	76,353	77,089
Provision for Credit Losses	1,308	2,005	4,990	(162)	776	8,303	2,189
Net Interest Income after Provision for Credit Losses	23,814	23,453	20,783	26,416	25,421	68,050	74,900
NONINTEREST INCOME							
Deposit Fees	4,316	3,756	5,015	4,980	4,961	13,087	14,492
Bank Card Fees	3,389	3,142	3,051	3,131	2,972	9,582	8,863
Wealth Management Fees	2,808	2,554	2,604	2,761	2,992	7,966	7,719
Mortgage Banking Fees	22,983	19,397	3,253	1,542	1,587	45,633	3,779
Other	1,469	1,350	1,555	1,414	1,391	4,374	4,372
Total Noninterest Income	34,965	30,199	15,478	13,828	13,903	80,642	39,225
NONINTEREST EXPENSE							
Compensation	26,164	23,658	19,736	17,363	16,203	69,558	48,989
Occupancy, Net	5,906	5,798	4,979	4,680	4,710	16,683	13,756
Other Real Estate, Net	219	116	(798)	102	6	(463)	444
Other	8,053	7,731	7,052	6,997	6,954	22,836	21,278
Total Noninterest Expense	40,342	37,303	30,969	29,142	27,873	108,614	84,467
OPERATING PROFIT	18,437	16,349	5,292	11,102	11,451	40,078	29,658
Income Tax Expense	3,165	2,950	1,282	2,537	2,970	7,397	7,416
Net Income	15,272	13,399	4,010	8,565	8,481	32,681	22,242
Pre-Tax Income Attributable to Noncontrolling Interest	(4,875)	(4,253)	277	-	-	(8,851)	-
NET INCOME ATTRIBUTABLE TO COMMON SHAREOWNERS	$ 10,397	$ 9,146	$ 4,287	$ 8,565	$ 8,481	$ 23,830	$ 22,242
PER COMMON SHARE							
Basic Net Income	$ 0.62	$ 0.55	$ 0.25	$ 0.51	$ 0.51	$ 1.42	$ 1.33
Diluted Net Income	0.62	0.55	0.25	0.51	0.50	1.42	1.32
Cash Dividend	$ 0.14	$ 0.14	$ 0.14	$ 0.13	$ 0.13	$ 0.42	$ 0.35
AVERAGE SHARES							
Basic	16,771	16,797	16,808	16,750	16,747	16,792	16,776
Diluted	16,810	16,839	16,842	16,834	16,795	16,823	16,810

CAPITAL CITY BANK GROUP, INC.
ALLOWANCE FOR CREDIT LOSSES
AND RISK ELEMENT ASSETS
Unaudited

	2020			2019		Nine Months Ended September 30,	
(Dollars in thousands, except per share data)	**Third Quarter**	**Second Quarter**	**First Quarter**	**Fourth Quarter**	**Third Quarter**	**2020**	**2019**
ALLOWANCE FOR CREDIT LOSSES							
Balance at Beginning of Period	$ 22,457	$ 21,083	$ 13,905	$ 14,319	$ 14,593	$ 13,905	$ 14,210
Impact of Adopting ASC 326 (CECL)	-	-	3,269	-	-	3,269	-
Provision for Credit Losses - HFI	1,265	1,615	4,990	(162)	776	7,870	2,189
Net Charge-Offs	585	241	1,081	252	1,050	1,907	2,080
Balance at End of Period[2]	$ 23,137	$ 22,457	$ 21,083	$ 13,905	$ 14,319	$ 23,137	$ 14,319
As a % of Loans HFI	1.16%	1.11%	1.13%	0.75%	0.78%	1.16%	0.78%
As a % of Nonperforming Loans	420.30%	322.37%	432.61%	310.99%	290.55%	420.30%	290.55%
CHARGE-OFFS							
Commercial, Financial and Agricultural	$ 137	$ 186	$ 362	$ 149	$ 289	$ 685	$ 619
Real Estate - Construction	-	-	0	58	223	-	223
Real Estate - Commercial	17	-	11	33	26	28	181
Real Estate - Residential	1	1	110	27	44	112	373
Real Estate - Home Equity	58	52	31	0	333	141	430
Consumer	619	634	864	819	744	2,117	2,059
Overdrafts[3]	450	541	702	-	-	1,693	-
Total Charge-Offs	$ 1,282	$ 1,414	$ 2,080	$ 1,086	$ 1,659	$ 4,776	$ 3,885
RECOVERIES							
Commercial, Financial and Agricultural	$ 74	$ 74	$ 40	$ 127	$ 86	$ 188	$ 218
Real Estate - Construction	-	-	-	-	-	-	-
Real Estate - Commercial	30	70	191	266	142	291	312
Real Estate - Residential	35	51	40	116	46	126	313
Real Estate - Home Equity	41	64	33	25	58	138	150
Consumer	280	365	268	300	277	913	812
Overdrafts[3]	237	549	427	-	-	1,213	-
Total Recoveries	$ 697	$ 1,173	$ 999	$ 834	$ 609	$ 2,869	$ 1,805
NET CHARGE-OFFS	$ 585	$ 241	$ 1,081	$ 252	$ 1,050	$ 1,907	$ 2,080
Net Charge-Offs as a % of Average Loans HFI[1]	0.11%	0.05%	0.23%	0.05%	0.23%	0.13%	0.15%
RISK ELEMENT ASSETS							
Nonaccruing Loans	$ 5,505	$ 6,966	$ 4,874	$ 4,472	$ 4,928		
Other Real Estate Owned	1,227	1,059	1,463	953	526		
Total Nonperforming Assets ("NPAs")	$ 6,732	$ 8,025	$ 6,337	$ 5,425	$ 5,454		
Past Due Loans 30-89 Days	$ 3,191	$ 2,948	$ 5,077	$ 4,871	$ 5,120		
Past Due Loans 90 Days or More	-	-	-	-	-		
Classified Loans	16,772	17,091	16,548	20,847	21,323		
Performing Troubled Debt Restructuring's	$ 14,693	$ 15,133	$ 15,934	$ 16,888	$ 18,284		
Nonperforming Loans as a % of Loans HFI	0.28%	0.34%	0.26%	0.24%	0.27%		
NPAs as a % of Loans HFI and Other Real Estate	0.34%	0.40%	0.34%	0.29%	0.30%		
NPAs as a % of Total Assets	0.19%	0.23%	0.21%	0.18%	0.19%		

[1] *Annualized*
[2] *Does not include $1.5 million for unfunded commitments recorded in other liabilities at 9/30/2020.*
[3] *Prior to the first quarter 2020, overdraft losses were reflected in noninterest income (deposit fees).*

CAPITAL CITY BANK GROUP, INC.
AVERAGE BALANCE AND INTEREST RATES[(1)]
Unaudited

	Third Quarter 2020			Second Quarter 2020			First Quarter 2020			Fourth Quarter 2019			Third Quarter 2019
(Dollars in thousands)	*Average Balance*	*Interest*	*Average Rate*	*Average Balance*	*Interest*	*Average Rate*	*Average Balance*	*Interest*	*Average Rate*	*Average Balance*	*Interest*	*Average Rate*	*Average Balance*
ASSETS:													
Loans HFI and HFS	$ 2,097,700	$ 23,698	4.50 %	$ 2,057,925	$ 23,785	4.65 %	$ 1,882,703	$ 23,692	5.06 %	$ 1,846,190	23,958	5.15 %	$ 1,837,548
Investment Securities													
Taxable Investment Securities	553,395	2,401	1.73	601,509	2,708	1.80	629,512	2,995	1.91	610,046	3,186	2.08	607,363
Tax-Exempt Investment Securities	4,860	32	2.66	5,865	37	2.51	5,293	25	1.86	10,327	43	1.67	18,041
Total Investment Securities	558,255	2,433	1.74	607,374	2,745	1.81	634,805	3,020	1.91	620,373	3,229	2.08	625,404
Funds Sold	567,883	146	0.10	351,473	88	0.10	234,372	757	1.30	228,137	945	1.64	207,129
Total Earning Assets	3,223,838	$ 26,277	3.25 %	3,016,772	$ 26,618	3.55 %	2,751,880	$ 27,469	4.01 %	2,694,700	$ 28,132	4.14 %	2,670,081
Cash and Due From Banks	69,893			72,647			56,958			53,174			50,981
Allowance for Loan Losses	(22,948)			(21,642)			(14,389)			(14,759)			(14,863)
Other Assets	268,549			261,449			244,339			249,089			253,111
Total Assets	$ 3,539,332			$ 3,329,226			$ 3,038,788			$ 2,982,204			$ 2,959,310
LIABILITIES:													
Interest Bearing Deposits													
NOW Accounts	$ 826,776	$ 61	0.03 %	$ 789,378	$ 78	0.04 %	$ 808,811	$ 725	0.36 %	$ 755,625	$ 889	0.47 %	$ 749,678
Money Market Accounts	247,185	32	0.05	222,377	40	0.07	212,211	117	0.22	227,479	170	0.30	238,565
Savings Accounts	438,762	54	0.05	409,366	50	0.05	379,237	46	0.05	372,518	46	0.05	372,593
Time Deposits	104,522	43	0.16	104,718	50	0.19	105,542	51	0.19	108,407	52	0.19	111,447
Total Interest Bearing Deposits	1,617,245	190	0.05 %	1,525,839	218	0.06 %	1,505,801	939	0.25 %	1,464,029	1,157	0.31 %	1,472,283
Short-Term Borrowings	74,557	498	2.66 %	73,377	421	2.31 %	32,915	132	1.61 %	7,448	16	0.87 %	8,697
Subordinated Notes Payable	52,887	316	2.34	52,887	374	2.80	52,887	471	3.52	52,887	525	3.88	52,887
Other Long-Term Borrowings	5,453	40	2.91	5,766	41	2.84	6,312	50	3.21	6,723	56	3.33	7,158
Total Interest Bearing Liabilities	1,750,142	$ 1,044	0.24 %	1,657,869	$ 1,054	0.26 %	1,597,915	$ 1,592	0.40 %	1,531,087	$ 1,754	0.45 %	1,541,025
Noninterest Bearing Deposits	1,354,032			1,257,614			1,046,889			1,060,922			1,023,472
Other Liabilities	83,192			72,073			59,587			63,291			74,540
Total Liabilities	3,187,366			2,987,556			2,704,391			2,655,300			2,639,037
Temporary Equity	11,893			8,155			2,506			-			-
SHAREOWNERS' EQUITY:	340,073			333,515			331,891			326,904			320,273
Total Liabilities, Temporary Equity and Shareowners' Equity	$ 3,539,332			$ 3,329,226			$ 3,038,788			$ 2,982,204			$ 2,959,310
Interest Rate Spread		$ 25,233	3.01 %		$ 25,564	3.30 %		$ 25,877	3.61 %		$ 26,378	3.69 %	$
Interest Income and Rate Earned [(1)]		26,277	3.25		26,618	3.55		27,469	4.01		28,132	4.14	
Interest Expense and Rate Paid [(2)]		1,044	0.13		1,054	0.14		1,592	0.23		1,754	0.26	
Net Interest Margin		$ 25,233	3.12 %		$ 25,564	3.41 %		$ 25,877	3.78 %		$ 26,378	3.89 %	$

[(1)] *Interest and average rates are calculated on a tax-equivalent basis using a 21% Federal tax rate.*
[(2)] *Rate calculated based on average earning assets.*