

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): January 26, 2021

**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 Tallahassee, Florida 32301  
Address of principal executive offices (Zip Code)  
Registrator'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 (Section 405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (Section 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 January 26, 2021, Capital City Bank Group, Inc. ("CCBG") issued an earnings press release reporting CCBG's results for the year ended December 31, 2020. A copy of the press release is attached as Exhibit 99.1 hereto and incorporated by reference.

The information furnished under Item 2.02 of this Current Report, including the Exhibit attached hereto, shall not be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in 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.*

<u>Item No.</u> <u>Exhibit</u>	<u>Description of</u>
99.1	Press release, dated January 26, 2021.

**SIGNATURES**

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

**CAPITAL CITY BANK GROUP,  
INC.**

Date: January 26,  
2021

By: /s/ J.Kimbrough  
J.Kimbrough Davis,  
Executive Vice President and Chief Financial  
Officer

## EXHIBIT INDEX

Exhibit Number	Description
99.1	<a href="#">Press release, dated January 26, 2021</a>



**Capital City Bank Group, Inc.**  
**Reports Fourth Quarter 2020**  
**Results**

TALLAHASSEE, Fla. (January 26, 2021) – Capital City Bank Group, Inc. (NASDAQ:CCBG) today reported net income of \$11.4 million, or \$0.46 per diluted share for the fourth quarter of 2020 compared to net income of \$10.4 million, or \$0.62 per diluted share for the third quarter of 2020, and \$8.6 million, or \$0.51 per diluted share, for the fourth quarter of 2019.

For the full year of 2020, net income totaled \$31.6 million, or \$1.88 per diluted share, compared to net income of \$30.8 million, or \$1.83 per diluted share, for 2019.

**Fourth Quarter 2020**

**HIGHLIGHTS** Revenues (excluding mortgage fees) improved 1.8%

- Net interest income held firm, declining \$0.1 million
- Increase in other fee revenues (deposit, bankcard, and wealth management)
- Noninterest expense included \$0.9 million related to other real estate valuation adjustments (\$0.5 million) and other expenses totaling \$0.4 million (additional funding for our foundation and consulting/legal costs related to a strategic initiative)
- Core loans (excluding SBA PPP) increased \$20 million, or 1.1%
- SBA PPP loan forgiveness pay-offs totaled \$12 million - \$178 million in balances and \$3.2 million in related fees remain period-end
- Credit quality remains strong with no significant problem loan migration
  - 97% of loan balances for pandemic related extensions have resumed payments – only \$9 million remains on extension
- Capital City Home Loans (“CCHL”) contributed \$0.10 per share

**Full Year 2020**

**HIGHLIGHTS** Revenues (excluding mortgage fees) held firm as unfavorable asset re-pricing was offset by SBA PPP loan fees higher other fee revenues

- Loan balances buoyed by SBA PPP loan originations which totaled \$190 million
- Core loan balances (excluding SBA PPP) held firm due to stronger loan production in the fourth quarter
- Reserve build of \$6.6 million (provision of \$9.0 million less net charge-offs of \$2.4 million) in response to potential credit losses due to the pandemic
  - Allowance coverage ratio (excluding SBA PPP) was 1.30% at year-end
- Deposits grew \$572 million (period-end) and \$307 million (average) and reflected stimulus inflows as well as strong core deposit
- Acquired 51% ownership in Brand Mortgage, LLC on March 1, 2020 (renamed CCHL) – contributed \$0.52 per share

“Our strategic alliance with CCHL and the origination of \$190 million in SBA PPP loans more than offset the adverse impact of reserve build and lower interest rates, resulting in year over year earnings growth,” said William G. Smith, Jr., Chairman, President and CEO. “As we entered 2020, I certainly didn’t anticipate the difficulties we would face, but I could not be prouder of our response to the COVID-19 pandemic. We continue to put the safety and well-being of our associates and clients first, as we continue 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. 2021 will bring challenges and opportunities, but I am confident that we have the skills and capacity to successfully navigate the future, and we will continue to focus on implementing strategies that will produce long-term value for our shareowners. My outlook for Capital City remains optimistic, and I appreciate your support.”

**COVID-19**

**Update**

- We continue to monitor and adhere to national guidelines and local safety ordinances to protect both clients and associates and respond to changing conditions with the pandemic and its impact on client and associate interactions
- We continue to monitor COVID-19 case count trends in our markets and respond appropriately to help ensure client and associate safety
- On November 24, 2020 we proactively closed lobby access to clients in response to higher case count trends in our markets banking services are being provided via drive-thru or in-person by appointment only (subject to safety)
- On November 30, 2020 we reinstated remote work arrangements for non-retail
- We continue to provide enhanced digital banking options available for banking products and access to sales associates
- We continue to support clients with the Small Business Administration Payment Protection Program (“SBA PPP”) by assisting with the Round 1 forgiveness process and will offer funding for clients eligible for Round 2

## Discussion of Operating Results

### Summary Overview

Compared to the third quarter of 2020, the \$5.6 million decrease in operating profit was attributable to a \$4.5 million decrease in noninterest income, a \$1.0 million increase in noninterest expense, and a \$0.1 million decrease in net interest income.

Compared to the fourth quarter of 2019, the \$1.7 million increase in operating profit was attributable to a \$16.7 million increase in noninterest income, partially offset by higher noninterest expense of \$12.2 million, a \$1.5 million increase in the provision for credit losses and lower net interest income of \$1.3 million.

The \$12.1 million increase in operating profit for the full year 2020 versus 2019 was attributable to higher noninterest income of \$8.1 million, partially offset by higher noninterest expense of \$36.4 million, a \$7.6 million increase in the provision for credit losses and lower net interest income of \$2.0 million.

The aforementioned year over year variances primarily reflect the acquisition of a 51% membership interest and consolidation of CCHL on March 1, 2020.

Our return on average assets ("ROA") was 0.84% and our return on average equity ("ROE") was 8.97% for the fourth quarter of 2020. These metrics were 1.17% and 12.16% for the third quarter of 2020, respectively, and 1.14% and 10.39% for the fourth quarter of 2019, respectively. For the full year 2020, our ROA was 0.93% and our ROE was 9.36% compared to 1.03% and 9.72%, respectively, for 2019.

### Net Interest Income/Net Interest Margin

Tax-equivalent net interest income for the fourth quarter of 2020 was \$25.1 million compared to \$25.2 million for the third quarter of 2020 and \$26.4 million for the fourth quarter of 2019. For the full year 2020, tax-equivalent net interest income totaled \$101.8 million compared to \$103.9 million for 2019. The decrease compared to all prior periods reflected lower rates earned on securities and variable/adjustable rate loans. The year-over-year decline also reflected lower rates on overnight funds. Primarily these declines were higher volumes of earning assets, including lower yielding SBA PPP loans and overnight funds.

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 50 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 fourth quarter of 2020 at 0.14%, an increase of one basis point compared to the third quarter of 2020, due to a higher mix of seasonal public deposits.

Our net interest margin for the fourth quarter of 2020 was 3.00%, a decrease of 12 basis points from the third quarter of 2020 and 89 basis points from the fourth quarter of 2019. For the full year 2020, the net interest margin decreased 55 basis points to 3.30%. The decreases were primarily attributable to significant growth in overnight funds which reduced our margin. Our net interest margin for the fourth quarter of 2020, excluding the impact of overnight funds in excess of \$200 million, was 3.50%. We discuss the effect of the pandemic related stimulus programs on our balance sheet in more detail below *Discussion of Financial Condition* under

### Provision for Credit Loss

The provision for credit losses was \$1.3 million for both the third and fourth quarters of 2020, and was negative \$0.2 million for the fourth quarter of 2019. For the full year 2020, the provision was \$9.6 million (\$9.0 million for loans held for investment and \$0.6 million for unfunded loan commitments) compared to \$2.0 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 at 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 twelve months ended December 31, 2020, and thus, the period over period comparisons reflect the impact of the CCHL acquisition on March 1, 2020. The table below provides an overview of CCHL's impact on our noninterest income and noninterest expense for 2020.

Noninterest income for the fourth quarter of 2020 totaled \$30.5 million compared to \$35.0 million for the third quarter of 2020 and \$16.5 million for the fourth quarter of 2019. For the full year 2020, noninterest income totaled \$111.2 million compared to \$111.2 million for 2019. The decrease from the third quarter of 2020 was primarily due to lower mortgage banking revenues reflected a seasonal slowdown in loan production and a lower gain on sale margin. The improvement over both periods of 2019 is primarily attributable to higher mortgage banking revenues at CCHL with higher wealth management fees and bank card fees contributing, but to a lesser extent. For the full year 2020, deposit fees declined primarily due to the impact of government stimulus in the second quarter related to the COVID-19 pandemic. The decline in fees realized in the second quarter reversed in the third and fourth quarters of 2020 reflecting higher utilization of our overdraft product.

Noninterest expense for the fourth quarter of 2020 totaled \$41.3 million compared to \$40.3 million for the third quarter of 2020 and \$39.1 million for the fourth quarter of 2019. The increase over the third quarter of 2020 was primarily attributable to higher compensation expense of \$0.6 million and other real estate expense of \$0.3 million. The increase in compensation reflected higher commission expense of \$0.2 million, salary expense of \$0.2 million, and cash incentive expense of \$0.2 million. Valuation adjustments totaling \$0.5 million for two properties drove the increase in other real estate expense. In addition, we recognized \$0.1 million in expenses during the fourth quarter of 2020 related to additional funding of our foundation and consulting/legal costs for strategic initiative.

For the full year 2020, noninterest expense totaled \$150.0 million, an increase of \$36.4 million over 2019 primarily attributable to the addition of expenses at CCHL, including compensation expense of \$32.4 million, occupancy expense of \$2.8 million, and other expense of \$4.8 million. Core CCBG noninterest expense decreased \$3.6 million and reflected lower compensation expense of \$1.1 million, ORE expense of \$0.4 million, and other expense of \$2.2 million, partially offset by higher occupancy expense of \$1.1 million. The decrease in compensation expense was primarily attributable to lower commission expense of \$2.2 million related to the transfer of our legacy mortgage production division to CCHL and to a lesser extent, higher realized loan cost of \$0.4 million to the aforementioned increase in SBA PPP loan originations. 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 cost of living expense for our pension plan. Higher expense for FF&E depreciation and maintenance agreements (related to technology and upgrades), higher than normal premises maintenance, and pandemic related cleaning/supply costs drove the increase in occupancy. The same aforementioned factors drove the decrease in compensation, occupancy, and other expense from the fourth quarter of 2019.

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

	Three Months Ended						Twelve Months Ended			
	Dec 31, 2020		Sep 30, 2020		Dec 31, 2019		Dec 31, 2020		Dec 31, 2019	
	Core CCBG	CCHL	Core CCBG	CCHL	Core CCBG	CCHL	Core CCBG	CCHL	Core CCBG	CCHL
<i>(Dollars in thousands)</i>										
Deposit Fees	\$ 4,713	-	\$ 4,316	\$ -	\$ 4,980	\$ -	\$ 17,800	\$ -	\$ 19,472	\$ -
Bank Card Fees	3,462	-	3,389	-	3,131	-	13,044	-	11,994	-
Wealth Management Fees	3,069	-	2,808	-	2,761	-	11,035	-	10,480	-
Mortgage Banking Fees	302	17,409	208	22,775	1,542	-	1,889	61,455	5,321	-
Other	1,205	363	1,182	287	1,414	-	4,992	950	5,786	-
Total Noninterest Income	\$ 12,751	\$ 17,772	\$ 11,903	\$ 23,062	\$ 13,828	\$ -	\$ 48,760	\$ 62,405	\$ 53,053	\$ -
Salaries	\$ 12,384	\$ 10,398	\$ 11,603	\$ 10,753	\$ 13,374	\$ -	\$ 49,072	\$ 31,774	\$ 50,688	\$ -
Other Associate Benefits	3,470	200	3,616	192	3,989	-	14,789	645	15,664	-
Total Compensation	16,124	10,598	15,219	10,945	17,363	-	63,861	32,419	66,352	-
Occupancy, Net	5,056	920	5,061	845	4,680	-	19,895	2,764	18,436	-
Other	6,899	1,751	6,930	1,342	7,099	-	26,225	4,798	28,821	-
Total Noninterest Expense	\$ 28,079	\$ 13,269	\$ 27,210	\$ 13,132	\$ 29,142	\$ -	\$ 109,981	\$ 39,981	\$ 113,609	\$ -



## *Income*

### *Taxes*

We realized income tax expense of \$2.8 million (effective rate of 22%) for the fourth quarter of 2020 compared to \$3.2 million (effective rate of 17%) for the third quarter of 2020 and \$2.5 million (effective rate of 23%) for the fourth quarter of 2019. For the year 2020, we realized income tax expense of \$10.2 million (effective rate of 19%) compared to \$10.0 million (effective rate of 24%) for the same period of 2019. Tax expense for the fourth quarter of 2020 was unfavorably impacted by a \$0.3 million increase in expense. 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% in 2021.

## **Discussion of Financial Condition**

### *Earning Assets*

Average earning assets were \$3.337 billion for the fourth quarter of 2020, an increase of \$113.6 million, or 3.5%, over the third quarter of 2020, and an increase of \$642.7 million, or 23.9% over the fourth quarter of 2019. The increase over both prior periods is primarily driven by higher deposit balances, which funded growth in both overnight funds sold and SBA PPP loans. Deposits 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 \$705.1 million during the fourth quarter of 2020 compared to an average net overnight funds sold position of \$567.9 million in the third 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 HFI decreased \$11.7 million, or 0.6%, from the third quarter of 2020 and increased \$159.4 million, or 8.7%, over the fourth quarter of 2019. In 2020, we originated SBA PPP loans totaling \$190 million (reflected in the commercial loan category) averaged \$185 million in the fourth quarter and totaled \$178 million at period-end. Compared to the third quarter of 2020, the decline in average loans was primarily due to lower commercial and commercial mortgage balances with the decline in commercial loans due to the reduction in SBA PPP loans and lower utilization of commercial lines of credit reflective of the economic slowdown. Period-end HFI loans increased \$8.3 million, or 0.4%, over the third quarter of 2020 and increased \$170.5 million, or 9.3%, over the fourth quarter of 2019. The increase over the third quarter of 2020 reflected higher home equity construction, and residential loan balances.

To date, approximately \$12 million in SBA PPP loans have been forgiven and paid-off. Forgiveness applications are expected to accelerate over the next three to six months driven by the recent COVID Relief Bill which allows a streamlined application process for loans of \$150,000 and less. At December 31, 2020, SBA PPP loans of \$150,000 or less totaled \$69 million. SBA PPP loan fees totaled approximately \$0.8 million for the fourth quarter of 2020, \$0.6 million for the third quarter of 2020, \$0.4 million for the second quarter of 2020. At December 31, 2020 we had \$3.2 million (net) in deferred SBA PPP loan fees.

### *Allowance for Credit Losses*

At December 31, 2020, the allowance for credit losses totaled \$23.8 million compared to \$23.1 million at September 30, 2020 and \$18.9 million at December 31, 2019. At December 31, 2020, the allowance represented 1.19% of HFI loans and provided coverage of nonperforming loans compared to 1.16% and 420%, respectively, at September 30, 2020 and 0.75% and 231%, respectively, at December 31, 2019. At December 31, 2020, excluding SBA PPP loans (100% government guaranteed) the allowance represented 1.30% 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 \$6.6 million provision of \$9.0 million less net charge-offs of \$2.4 million in the allowance for credit losses in 2020 was attributable to stressed economic conditions related 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 December 31, 2020, comparable to September 30, 2020, a \$1.3 million increase over December 31, 2019. Nonaccrual loans totaled \$5.9 million at December 31, 2020, a \$0.4 million increase over September 30, 2020 and a \$1.4 million increase over December 31, 2019. The balance of OREO totaled \$0.8 million at December 31, 2020, a decrease of \$0.4 million from September 30, 2020 and a \$0.1 million decrease from December 31, 2019.

We continue to analyze our loan portfolio for segments that have been affected by the stressed economic and business conditions of the pandemic. Certain at-risk segments total 8% of our loan balances at December 31, 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 borrowers. We have extended loans totaling \$333 million of which 75% were for commercial borrowers and 25% were consumer borrowers. Approximately \$324 million, or 97% of the loan balances associated with these borrowers have resumed regularly scheduled payments. Of the \$9 million that remains on extension, no loans were classified at December 31, 2020. Of the \$324 million that have resumed payments, loan balances totaling \$3.5 million were over 30 days delinquent and an additional \$0.4 million was on nonaccrual status at December 31, 2020.

#### *Funding (Deposits/Debt)*

Average total deposits were \$3.066 billion for the fourth quarter of 2020, an increase of \$94.9 million, or 3.2%, over the third quarter of 2020 and \$541.2 million, or 21.4%, over the fourth quarter of 2019. The estimated deposit inflows related to the first round of pandemic related stimulus programs that occurred primarily during the second quarter were \$179 million (SBA PPP) and \$64 million (Economic Impact Payment stimulus checks). Average seasonal public funds increased \$30 million over the third quarter of 2020 and \$81 million over the fourth quarter of 2019. For each quarter during 2020, we've also realized strong deposit growth. Given these large increases as well as the incoming second round of stimulus checks, the potential exists for deposit levels to be volatile in 2021 due to the uncertain timing of the outflows of the stimulus related balances and the economic recovery. It is anticipated that current liquidity levels will remain robust due to our strong overnight funds sold position.

Average short-term borrowings increased \$20.7 million over the third quarter of 2020 and \$87.8 million over the fourth quarter of 2019, which reflected warehouse line borrowings used to support CCHL's loans held for sale.

#### *Capital*

Shareowners' equity was \$320.8 million at December 31, 2020 compared to \$339.4 million at September 30, 2020 and \$317.0 million at December 31, 2019. For the full year of 2020, shareowners' equity was positively impacted by net income of \$11.0 million, a \$1.8 million increase in the unrealized gain on investment securities, net adjustments totaling \$1.4 million related to transactions under our stock compensation plans, stock compensation accretion of \$0.9 million, and a \$0.4 million increase in the fair value of the interest rate swap related to subordinated debt. Shareowners' equity was reduced by an \$18.2 million increase in the accumulated other comprehensive loss for our pension plan, common stock dividends of \$9.6 million (\$0.57 per share), a \$11.0 million (net of tax) adjustment to retained earnings for the adoption of CECL, reclassification of \$9.4 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 December 31, 2020, our total risk-based capital ratio was 173.0% compared to 17.88% at September 30, 2020 and 17.90% at December 31, 2019. Our common equity tier 1 capital ratio was 13.71%, 14.20%, and 14.47%, respectively, on these dates. Our leverage ratio was 9.33%, 9.64%, 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 6.25% at December 31, 2020 compared to 7.16% and 8.06% at September 30, 2020 and December 31, 2019, respectively. Our tangible capital ratio was unfavorably impacted at December 31, 2020 by the aforementioned annual adjustment to the accumulated other comprehensive loss for our pension plan which was negatively impacted due to the lower discount rate used to calculate the present value of the pension obligation. The lower discount rate reflected the significant decline in long-term interest rates in 2020.

#### **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 \$3.8 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 86 ATMs/ITMs in Florida and Alabama. For more information about Capital City Bank Group, Inc., visit [www.ccbg.com](http://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; the impact of the COVID-19 pandemic on our business, results of operations and financial condition, including the impact of our participation in government programs; the accuracy of our financial statement estimates and assumptions; legislative or regulatory changes; changes in inflation, interest rates, or monetary policies; the effects of security breaches and computer viruses that may affect 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 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; 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 our 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 on the SEC's internet site (<http://www.sec.gov>). Forward-looking statements in this Press Release speak only as of the date of this 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.

<i>(Dollars in Thousands, except per share data)</i>		Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
Shareowners' Equity (GAAP)		\$ 320,837	\$ 339,425	\$ 335,057	\$ 328,507	\$ 327,016
Less: Goodwill (GAAP)		89,095	89,095	89,095	89,275	84,811
Tangible Shareowners' Equity (non-GAAP)	A	231,742	250,330	245,962	239,232	242,205
Total Assets (GAAP)		3,798,071	3,587,041	3,499,524	3,086,523	3,088,953
Less: Goodwill (GAAP)		89,095	89,095	89,095	89,275	84,811
Tangible Assets (non-GAAP)	B	\$ 3,708,976	\$ 3,497,946	\$ 3,410,429	\$ 2,997,248	\$ 3,004,142
<b>Tangible Common Equity Ratio (non-GAAP)</b>	<b>A/B</b>	<b>6.25%</b>	<b>7.16%</b>	<b>7.21%</b>	<b>7.98%</b>	<b>8.06%</b>
Actual Diluted Shares Outstanding (GAAP)	C	16,844,997	16,800,563	16,821,743	16,845,462	16,855,161
<b>Tangible Book Value per Diluted Share (non-GAAP)</b>	<b>A/C</b>	<b>\$ 13.76</b>	<b>\$ 14.90</b>	<b>\$ 14.62</b>	<b>\$ 14.20</b>	<b>\$ 14.37</b>

**CAPITAL CITY BANK GROUP,  
INC.**

**EARNINGS HIGHLIGHTS**

*Unaudited*

<i>(Dollars in thousands, except per share data)</i>	<b>Three Months Ended</b>			<b>Twelve Months Ended</b>	
	<b>Dec 31, 2020</b>	<b>Sep 30, 2020</b>	<b>Dec 31, 2019</b>	<b>Dec 31, 2020</b>	<b>Dec 31, 2019</b>
<b>EARNINGS</b>					
Net Income Attributable to Common Shareowners	\$ 7,746	\$ 10,397	\$ 8,565	\$ 31,576	\$ 30,807
Diluted Net Income Per Share	\$ 0.46	\$ 0.62	\$ 0.51	\$ 1.88	\$ 1.83
<b>PERFORMANCE</b>					
Return on Average Assets	0.84 %	1.17 %	1.14 %	0.93 %	1.03 %
Return on Average Equity	8.97	12.16	10.39	9.36	9.72
Net Interest Margin	3.00	3.12	3.89	3.30	3.85
Noninterest Income as % of Operating Revenue	55.00	58.19	34.50	52.32	33.92
Efficiency Ratio	74.36 %	67.01 %	72.48 %	70.43 %	72.40 %
<b>CAPITAL ADEQUACY</b>					
Tier 1 Capital	16.19 %	16.77 %	17.16 %	16.19 %	17.16 %
Total Capital	17.30	17.88	17.90	17.30	17.90
Leverage	9.33	9.64	11.25	9.33	11.25
Common Equity Tier 1	13.71	14.20	14.47	13.71	14.47
Tangible Common Equity <sup>(1)</sup>	6.25	7.16	8.06	6.25	8.06
Equity to Assets	8.45 %	9.46 %	10.59 %	8.45 %	10.59 %
<b>ASSET QUALITY</b>					
Allowance as % of Non-Performing Loans	405.66 %	420.30 %	310.99 %	405.66 %	310.99 %
Allowance as a % of Loans HFI	1.19	1.16	0.75	1.19	0.75
Net Charge-Offs as % of Average Loans HFI	0.09	0.11	0.05	0.12	0.13
Nonperforming Assets as % of Loans HFI and OREO	0.33	0.34	0.29	0.33	0.29
Nonperforming Assets as % of Total Assets	0.18 %	0.19 %	0.18 %	0.18 %	0.18 %
<b>STOCK PERFORMANCE</b>					
High	\$ 26.35	\$ 21.71	\$ 30.95	\$ 30.62	\$ 30.95
Low	18.14	17.55	25.75	15.61	21.04
Close	\$ 24.58	\$ 18.79	\$ 30.50	\$ 24.58	\$ 30.50
Average Daily Trading Volume	22,271	28,517	41,247	35,125	27,496

<sup>(1)</sup> 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*

<i>(Dollars in thousands)</i>	2020				2019
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter
<b>ASSETS</b>					
Cash and Due From Banks	\$ 67,919	\$ 76,509	\$ 75,155	\$ 72,676	\$ 60,087
Funds Sold and Interest Bearing Deposits	860,630	626,104	513,273	196,936	318,336
Total Cash and Cash Equivalents	928,549	702,613	588,428	269,612	378,423
Investment Securities Available for Sale	324,870	328,253	341,180	382,514	403,601
Investment Securities Held to Maturity	169,939	202,593	232,178	251,792	239,539
Total Investment Securities	494,809	530,846	573,358	634,306	643,140
Loans Held for Sale ("HFS")	114,039	116,561	76,610	82,598	9,509
Loans Held for Investment ("HFI"):					
Commercial, Financial, & Agricultural	393,930	402,997	421,270	249,020	255,365
Real Estate - Construction	135,831	125,804	117,794	122,595	115,018
Real Estate - Commercial	648,393	656,064	662,434	656,084	625,556
Real Estate - Residential	342,664	335,713	353,831	354,150	353,642
Real Estate - Home Equity	205,479	197,363	194,479	196,443	197,360
Consumer	269,520	268,393	266,417	275,982	279,565
Other Loans	9,879	10,488	4,883	6,580	7,808
Overdrafts	730	1,339	1,069	1,533	1,615
Total Loans Held for Investment	2,006,426	1,998,161	2,022,177	1,862,387	1,835,929
Allowance for Credit Losses	(23,816)	(23,137)	(22,457)	(21,083)	(13,905)
Loans Held for Investment, Net	1,982,610	1,975,024	1,999,720	1,841,304	1,822,024
Premises and Equipment, Net	86,791	87,192	87,972	87,684	84,543
Goodwill	89,095	89,095	89,095	89,275	84,811
Other Real Estate Owned	808	1,227	1,059	1,463	953
Other Assets	101,370	84,483	83,282	80,281	65,550
Total Other Assets	278,064	261,997	261,408	258,703	235,857
Total Assets	\$ 3,798,071	\$ 3,587,041	\$ 3,499,524	\$ 3,086,523	\$ 3,088,953
<b>LIABILITIES</b>					
Deposits:					
Noninterest Bearing Deposits	\$ 1,328,809	\$ 1,378,314	\$ 1,377,033	\$ 1,066,607	\$ 1,044,699
NOW Accounts	1,046,408	827,506	808,244	779,467	902,499
Money Market Accounts	266,649	247,823	240,754	210,124	217,839
Regular Savings Accounts	474,100	451,944	423,924	384,480	374,396
Certificates of Deposit	101,594	103,859	105,041	104,907	106,021
Total Deposits	3,217,560	3,009,446	2,954,996	2,545,585	2,645,454
Short-Term Borrowings	79,654	90,936	63,958	76,516	6,404
Subordinated Notes Payable	52,887	52,887	52,887	52,887	52,887
Other Long-Term Borrowings	3,057	5,268	5,583	5,896	6,514
Other Liabilities	102,076	71,880	75,702	70,044	50,678
Total Liabilities	3,455,234	3,230,417	3,153,126	2,750,928	2,761,937
Temporary Equity	22,000	17,199	11,341	7,088	-
<b>SHAREOWNERS' EQUITY</b>					
Common Stock	168	168	168	168	168
Additional Paid-In Capital	32,283	31,425	31,575	32,100	32,092
Retained Earnings	332,528	333,545	328,570	321,772	322,937
Accumulated Other Comprehensive Loss, Net of Tax	(44,142)	(25,713)	(25,256)	(25,533)	(28,181)
Total Shareowners' Equity	320,837	339,425	335,057	328,507	327,016
Total Liabilities, Temporary Equity and Shareowners' Equity	\$ 3,798,071	\$ 3,587,041	\$ 3,499,524	\$ 3,086,523	\$ 3,088,953
<b>OTHER BALANCE SHEET DATA</b>					
Earning Assets	\$ 3,475,904	\$ 3,271,672	\$ 3,185,418	\$ 2,776,228	\$ 2,806,913
Interest Bearing Liabilities	2,024,349	1,780,223	1,700,391	1,614,277	1,666,560
Book Value Per Diluted Share	\$ 19.05	\$ 20.20	\$ 19.92	\$ 19.50	\$ 19.40
Tangible Book Value Per Diluted Share <sup>(1)</sup>	13.76	14.90	14.62	14.20	14.37
Actual Basic Shares Outstanding	16,791	16,761	16,780	16,812	16,772
Actual Diluted Shares Outstanding	16,845	16,801	16,822	16,845	16,855

<sup>(1)</sup> 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,  
UNCONSOLIDATED STATEMENT OF OPERATIONS**  
*Unaudited*

	2020				2019		Twelve Months Ended	
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	December 31,		
						2020	2019	
<i>(Dollars in thousands, except per share data)</i>								
<b>INTEREST INCOME</b>								
Interest and Fees on Loans	\$ 23,878	\$ 23,594	\$ 23,687	\$ 23,593	\$ 23,842	\$ 94,752	\$ 94,215	
Investment Securities	2,096	2,426	2,737	3,015	3,221	10,274	13,434	
Funds Sold	180	146	88	757	945	1,171	5,187	
Total Interest Income	26,154	26,166	26,512	27,365	28,008	106,197	112,836	
<b>INTEREST EXPENSE</b>								
Deposits	201	190	218	939	1,157	1,548	6,840	
Short-Term Borrowings	639	498	421	132	16	1,690	109	
Subordinated Notes Payable	311	316	374	471	525	1,472	2,287	
Other Long-Term Borrowings	30	40	41	50	56	161	257	
Total Interest Expense	1,181	1,044	1,054	1,592	1,754	4,871	9,493	
Net Interest Income	24,973	25,122	25,458	25,773	26,254	101,326	103,343	
Provision for Credit Losses	1,342	1,308	2,005	4,990	(162)	9,645	2,027	
Net Interest Income after Provision for Credit Losses	23,631	23,814	23,453	20,783	26,416	91,681	101,316	
<b>NONINTEREST INCOME</b>								
Deposit Fees	4,713	4,316	3,756	5,015	4,980	17,800	19,472	
Bank Card Fees	3,462	3,389	3,142	3,051	3,131	13,044	11,994	
Wealth Management Fees	3,069	2,808	2,554	2,604	2,761	11,035	10,480	
Mortgage Banking Fees	17,711	22,983	19,397	3,253	1,542	63,344	5,321	
Other	1,568	1,469	1,350	1,555	1,414	5,942	5,786	
Total Noninterest Income	30,523	34,965	30,199	15,478	13,828	111,165	53,053	
<b>NONINTEREST EXPENSE</b>								
Compensation	26,722	26,164	23,658	19,736	17,363	96,280	66,352	
Occupancy, Net	5,976	5,906	5,798	4,979	4,680	22,659	18,436	
Other Real Estate, Net	567	219	116	(798)	102	104	546	
Other	8,083	8,053	7,731	7,052	6,997	30,919	28,275	
Total Noninterest Expense	41,348	40,342	37,303	30,969	29,142	149,962	113,609	
<b>OPERATING PROFIT</b>								
	12,806	18,437	16,349	5,292	11,102	52,884	40,760	
Income Tax Expense	2,833	3,165	2,950	1,282	2,537	10,230	9,953	
Net Income	9,973	15,272	13,399	4,010	8,565	42,654	30,807	
Pre-Tax Income Attributable to Noncontrolling Interest	(2,227)	(4,875)	(4,253)	277	-	(11,078)	-	
<b>NET INCOME ATTRIBUTABLE TO COMMON SHAREOWNERS</b>								
	\$ 7,746	\$ 10,397	\$ 9,146	\$ 4,287	\$ 8,565	\$ 31,576	\$ 30,807	
<b>PER COMMON SHARE</b>								
Basic Net Income	\$ 0.46	\$ 0.62	\$ 0.55	\$ 0.25	\$ 0.51	\$ 1.88	\$ 1.84	
Diluted Net Income	0.46	0.62	0.55	0.25	0.51	1.88	1.83	
Cash Dividend	\$ 0.15	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.13	\$ 0.57	\$ 0.48	
<b>AVERAGE SHARES</b>								
Basic	16,763	16,771	16,797	16,808	16,750	16,785	16,770	
Diluted	16,817	16,810	16,839	16,842	16,834	16,822	16,827	

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

	2020					2019		Twelve Months Ended	
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	December 31,		2020	2019
<i>(Dollars in thousands, except per share data)</i>									
<b>ALLOWANCE FOR CREDIT LOSSES</b>									
Balance at Beginning of Period	\$ 23,137	\$ 22,457	\$ 21,083	\$ 13,905	\$ 14,319	\$ 13,905	\$ 14,210		
Impact of Adopting ASC 326 (CECL)	-	-	-	3,269	-	3,269	-		
Provision for Credit Losses - HFI	1,165	1,265	1,615	4,990	(162)	9,035	2,027		
Net Charge-Offs	486	585	241	1,081	252	2,393	2,332		
Balance at End of Period <sup>(2)</sup>	\$ 23,816	\$ 23,137	\$ 22,457	\$ 21,083	\$ 13,905	\$ 23,816	\$ 13,905		
As a % of Loans HFI	1.19%	1.16%	1.11%	1.13%	0.75%	1.19%	0.75%		
As a % of Nonperforming Loans	405.66%	420.30%	322.37%	432.61%	310.99%	405.66%	310.99%		
<b>CHARGE-OFFS</b>									
Commercial, Financial and Agricultural	\$ 104	\$ 137	\$ 186	\$ 362	\$ 149	\$ 789	\$ 768		
Real Estate - Construction	-	-	-	-	58	-	281		
Real Estate - Commercial	-	17	-	11	33	28	214		
Real Estate - Residential	38	1	1	110	27	150	400		
Real Estate - Home Equity	10	58	52	31	-	151	430		
Consumer	668	619	634	864	819	2,785	2,878		
Overdrafts <sup>(3)</sup>	564	450	541	702	-	2,257	-		
Total Charge-Offs	\$ 1,384	\$ 1,282	\$ 1,414	\$ 2,080	\$ 1,086	\$ 6,160	\$ 4,971		
<b>RECOVERIES</b>									
Commercial, Financial and Agricultural	\$ 64	\$ 74	\$ 74	\$ 40	\$ 127	\$ 252	\$ 345		
Real Estate - Construction	50	-	-	-	-	50	-		
Real Estate - Commercial	27	30	70	191	266	318	578		
Real Estate - Residential	153	35	51	40	116	279	429		
Real Estate - Home Equity	40	41	64	33	25	178	175		
Consumer	306	280	365	268	300	1,219	1,112		
Overdrafts <sup>(3)</sup>	258	237	549	427	-	1,471	-		
Total Recoveries	\$ 898	\$ 697	\$ 1,173	\$ 999	\$ 834	\$ 3,767	\$ 2,639		
NET CHARGE-OFFS	\$ 486	\$ 585	\$ 241	\$ 1,081	\$ 252	\$ 2,393	\$ 2,332		
Net Charge-Offs as a % of Average Loans HFI <sup>(1)</sup>	0.09%	0.11%	0.05%	0.23%	0.05%	0.12%	0.13%		
<b>RISK ELEMENT ASSETS</b>									
Nonaccruing Loans	\$ 5,871	\$ 5,505	\$ 6,966	\$ 4,874	\$ 4,472				
Other Real Estate Owned	808	1,227	1,059	1,463	953				
Total Nonperforming Assets ("NPAs")	\$ 6,679	\$ 6,732	\$ 8,025	\$ 6,337	\$ 5,425				
Past Due Loans 30-89 Days	\$ 4,594	\$ 3,191	\$ 2,948	\$ 5,077	\$ 4,871				
Past Due Loans 90 Days or More	-	-	-	-	-				
Classified Loans	17,631	16,772	17,091	16,548	20,847				
Performing Troubled Debt Restructuring's	\$ 13,887	\$ 14,693	\$ 15,133	\$ 15,934	\$ 16,888				
Nonperforming Loans as a % of Loans HFI	0.29%	0.28%	0.34%	0.26%	0.24%				
NPAs as a % of Loans HFI and Other Real Estate	0.33%	0.34%	0.40%	0.34%	0.29%				
NPAs as a % of Total Assets	0.18%	0.19%	0.23%	0.21%	0.18%				

<sup>(1)</sup> Annualized

<sup>(2)</sup> Does not include \$1.6 million for unfunded commitments recorded in other liabilities at 12/31/2020.

<sup>(3)</sup> 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<sup>(1)</sup>**  
**Unaudited**

	Fourth Quarter			Third Quarter			Second Quarter			First Quarter			Fourth
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance
(Dollars in thousands)													
Loans HFI and	\$ 2,114,522	\$ 23,981	4.52 %	\$ 2,097,700	\$ 23,698	4.50 %	\$ 2,057,925	\$ 23,785	4.65 %	\$ 1,882,703	23,692	5.06 %	\$ 1,846,190
Investment													
Securities													
Fixed Income	513,277	2,072	1.61	553,395	2,401	1.73	601,509	2,708	1.80	629,512	2,995	1.91	610,046
Municipal Investment	4,485	30	2.71	4,860	32	2.66	5,865	37	2.51	5,293	25	1.86	10,327
Securities													
Total Investment	517,762	2,102	1.62	558,255	2,433	1.74	607,374	2,745	1.81	634,805	3,020	1.91	620,373
Securities													
Funds Sold	705,125	180	0.10	567,883	146	0.10	351,473	88	0.10	234,372	757	1.30	228,137
Total Earning	3,337,409	\$ 26,263	3.14 %	3,223,838	\$ 26,277	3.25 %	3,016,772	\$ 26,618	3.55 %	2,751,880	\$ 27,469	4.01 %	2,694,700
Assets													
Cash and Due From	73,968			69,893			72,647			56,958			53,174
Allowance for Loan	(23,725)			(22,948)			(21,642)			(14,389)			(14,759)
Others	264,784			268,549			261,449			244,339			249,089
Assets Total	\$ 3,652,436			\$ 3,539,332			\$ 3,329,226			\$ 3,038,788			\$ 2,982,204
LIABILITIES:													
Interest Bearing													
Checking Accounts	\$ 879,564	\$ 66	0.03 %	\$ 826,776	\$ 61	0.03 %	\$ 789,378	\$ 78	0.04 %	\$ 808,811	\$ 725	0.36 %	\$ 755,625
Money Market Accounts	261,543	34	0.05	247,185	32	0.05	222,377	40	0.07	212,211	117	0.22	227,479
Savings Accounts	466,116	57	0.05	438,762	54	0.05	409,366	50	0.05	379,237	46	0.05	372,518
Time	102,809	44	0.17	104,522	43	0.16	104,718	50	0.19	105,542	51	0.19	108,407
Interest Bearing	1,710,032	201	0.05 %	1,617,245	190	0.05 %	1,525,839	218	0.06 %	1,505,801	939	0.25 %	1,464,029
Deposits													
Short-Term	95,280	639	2.67 %	74,557	498	2.66 %	73,377	421	2.31 %	32,915	132	1.61 %	7,448
Intermediate-Term	52,887	311	2.30	52,887	316	2.34	52,887	374	2.80	52,887	471	3.52	52,887
Long-Term	3,700	30	3.18	5,453	40	2.91	5,766	41	2.84	6,312	50	3.21	6,723
Borrowings													
Total Interest Bearing	1,861,899	\$ 1,181	0.25 %	1,750,142	\$ 1,044	0.24 %	1,657,869	\$ 1,054	0.26 %	1,597,915	\$ 1,592	0.40 %	1,531,087
Liabilities													
Noninterest Bearing	1,356,104			1,354,032			1,257,614			1,046,889			1,060,922
Deposits	74,605			83,192			72,073			59,587			63,291
Liabilities Total	3,292,608			3,187,366			2,987,556			2,704,391			2,655,300
Shareowners' Equity	16,154			11,893			8,155			2,506.00			-
SHAREOWNERS' EQUITY:													
Total Liabilities, Temporary Equity and Shareowners' Equity	\$ 3,652,436			\$ 3,539,332			\$ 3,329,226			\$ 3,038,788			\$ 2,982,204
Interest Rate		\$ 25,082	2.88 %	\$ 25,233	3.01 %	\$ 25,564	3.30 %	\$ 25,877	3.61 %				
Spread													
Interest Income and Rate	(1)	26,263	3.14	26,277	3.25	26,618	3.55	27,469	4.01				
Interest Expense and Rate	(2)	1,181	0.14	1,044	0.13	1,054	0.14	1,592	0.23				
Net Interest Margin		\$ 25,082	3.00 %	\$ 25,233	3.12 %	\$ 25,564	3.41 %	\$ 25,877	3.78 %				

<sup>(1)</sup> Interest and average rates are calculated on a tax-equivalent basis using a 21% Federal tax

<sup>(2)</sup> Rate calculated based on average earning assets.



