

CAPITAL CITY BANK GROUP INC
Form 10-Q
November 06, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

**^X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the Quarterly Period Ended September 30, 2014

OR

**^O TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 0-13358

(Exact name of registrant as specified in its charter)

Florida **59-2273542**
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

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

(850) 402-7000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At October 31, 2014, 17,432,887 shares of the Registrant's Common Stock, \$.01 par value, were outstanding.

CAPITAL CITY BANK GROUP, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE PERIOD ENDED SEPTEMBER 30, 2014

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INTRODUCTORY NOTE

Caution Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among others, statements about our beliefs, plans, objectives, goals, expectations, estimates and intentions that are subject to significant risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. The words “may,” “could,” “should,” “would,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “target,” “goal,” and similar expressions are used to identify forward-looking statements.

All forward-looking statements, by their nature, are subject to risks and uncertainties. Our actual future results may differ materially from those set forth in our forward-looking statements.

Our ability to achieve our financial objectives could be adversely affected by the factors discussed in detail in Part I, Item 2. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Part II, Item 1A. “Risk Factors” in this Quarterly Report on Form 10-Q and the following sections of our Annual Report on Form 10-K for the year ended December 31, 2013 (the “2013 Form 10-K”): (a) “Introductory Note” in Part I, Item 1. “Business”; (b) “Risk Factors” in Part I, Item 1A, as updated in our subsequent quarterly reports filed on Form 10-Q; and (c) “Introduction” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in Part II, Item 7, as well as:

- § legislative or regulatory changes, including the Dodd-Frank Act and Basel III;
- § our ability to successfully manage interest rate risk, liquidity risk, and other risks inherent to our industry;
- § the effects of security breaches and computer viruses that may affect our computer systems;
- § the accuracy of our financial statement estimates and assumptions, including the estimates used for our loan loss provision, deferred tax asset valuation allowance, and pension plan;
- § the frequency and magnitude of foreclosure of our loans;
- § the effects of our lack of a diversified loan portfolio, including the risks of geographic and industry concentrations;
- § the strength of the United States economy in general and the strength of the local economies in which we conduct operations;
- § our need and our ability to incur additional debt or equity financing;
- § our ability to declare and pay dividends and repurchase shares of the Company’s common stock under our repurchase plan;
- § changes in the securities and real estate markets;
- § changes in monetary and fiscal policies of the U.S. Government;
- § inflation, interest rate, market and monetary fluctuations;
- § the effects of harsh weather conditions, including hurricanes, and man-made disasters;
- § our ability to comply with the extensive laws and regulations to which we are subject;
- § our ability to comply with the laws for each jurisdiction where we operate;
- § the willingness of clients to accept third-party products and services rather than our products and services and vice versa;
- § increased competition and its effect on pricing;
- § technological changes;

- § negative publicity and the impact on our reputation;
- § changes in consumer spending and saving habits;
- § growth and profitability of our noninterest income;
- § changes in accounting principles, policies, practices or guidelines;
- § the limited trading activity of our common stock;
- § the concentration of ownership of our common stock;
- § anti-takeover provisions under federal and state law as well as our Articles of Incorporation and our Bylaws;
- § other risks described from time to time in our filings with the Securities and Exchange Commission; and
- § our ability to manage the risks involved in the foregoing.

However, other factors besides those listed in *Item 1A Risk Factors* or discussed in this Form 10-Q also could adversely affect our results, and you should not consider any such list of factors to be a complete set of all potential risks or uncertainties. Any forward-looking statements made by us or on our behalf speak only as of the date they are made. We do not undertake to update any forward-looking statement, except as required by applicable law.

PART I. FINANCIAL INFORMATION**Item 1. CONSOLIDATED FINANCIAL STATEMENTS****CAPITAL CITY BANK GROUP, INC.****CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

(Dollars in Thousands)	(Unaudited) September 30, 2014	December 31, 2013
ASSETS		
Cash and Due From Banks	\$ 50,049	\$ 55,209
Federal Funds Sold and Interest Bearing Deposits	253,974	474,719
Total Cash and Cash Equivalents	304,023	529,928
Investment Securities, Available for Sale, at fair value	322,297	251,420
Investment Securities, Held to Maturity, at amortized cost (fair value of \$172,717 and \$146,961)	173,188	148,211
Total Investment Securities	495,485	399,631
Loans Held For Sale	8,700	11,065
Loans, Net of Unearned Income	1,414,375	1,388,604
Allowance for Loan Losses	(19,093)	(23,095)
Loans, Net	1,395,282	1,365,509
Premises and Equipment, Net	102,546	103,385
Goodwill	84,811	84,811
Other Intangible Assets	—	32
Other Real Estate Owned	41,726	48,071
Other Assets	67,044	69,471
Total Assets	\$ 2,499,617	\$ 2,611,903
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	\$ 667,616	\$ 641,463
Interest Bearing Deposits	1,365,962	1,494,785
Total Deposits	2,033,578	2,136,248
Short-Term Borrowings	42,586	51,321
Subordinated Notes Payable	62,887	62,887
Other Long-Term Borrowings	32,305	38,043
Other Liabilities	45,008	47,004
Total Liabilities	2,216,364	2,335,503

SHAREOWNERS' EQUITY

Preferred Stock, \$.01 par value; 3,000,000 shares authorized; no shares issued and outstanding	—	—
Common Stock, \$.01 par value; 90,000,000 shares authorized; 17,432,884 and 17,360,960 shares issued and outstanding at September 30, 2014 and December 31, 2013, respectively	174	174
Additional Paid-In Capital	41,637	41,152
Retained Earnings	249,907	243,614
Accumulated Other Comprehensive Loss, Net of Tax	(8,465) (8,540)
Total Shareowners' Equity	283,253	276,400
Total Liabilities and Shareowners' Equity	\$ 2,499,617	\$ 2,611,903

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CAPITAL CITY BANK GROUP, INC.**CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

(Dollars in Thousands, Except Per Share Data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
INTEREST INCOME				
Loans, including Fees	\$ 18,528	\$ 19,264	\$ 54,778	\$ 59,127
Investment Securities:				
Taxable	921	571	2,440	1,739
Tax Exempt	113	146	380	392
Funds Sold	204	269	752	818
Total Interest Income	19,766	20,250	58,350	62,076
INTEREST EXPENSE				
Deposits	255			