

CAPITAL CITY BANK GROUP INC
Form 10-Q
May 09, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2012

OR

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
(State or other jurisdiction of incorporation or organization)

59-2273542
(I.R.S. Employer Identification No.)

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

32301
(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.

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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 April 30, 2012, 17,191,090 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 MARCH 31, 2012
 TABLE OF CONTENTS

PART I – Financial Information		Page
Item 1.	Consolidated Financial Statements (Unaudited)	
	Consolidated Statements of Financial Condition – March 31, 2012 and December 31, 2011	4
	Consolidated Statements of Operations and Comprehensive Income – Three Months Ended March 31, 2012 and 2011	5
	Consolidated Statement of Changes in Shareowners’ Equity – Three Months Ended March 31, 2012	6
	Consolidated Statements of Cash Flow – Three Months Ended March 31, 2012 and 2011	7
	Notes to Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3.	Quantitative and Qualitative Disclosure About Market Risk	40
Item 4.	Controls and Procedures	40
PART II – Other Information		
Item 1.	Legal Proceedings	40
Item 1A.	Risk Factors	40
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	40
Item 3.	Defaults Upon Senior Securities	40
Item 4.	Mine Safety Disclosure	40
Item 5.	Other Information	40
Item 6.	Exhibits	41
	Signatures	42

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 intended 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, the following sections of our Annual Report on Form 10-K for the year ended December 31, 2011 (the "2011 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:

- § our need and our ability to incur additional debt or equity financing;
- § the accuracy of our financial statement estimates and assumptions, including the estimate for our loan loss provision;
 - § continued depression of the market value of the Company that could result in an impairment of goodwill;
 - § 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;
 - § our ability to successfully manage interest rate risk, liquidity risk, and other risks inherent to our industry;
 - § legislative or regulatory changes, including the Dodd-Frank Act;
- § the strength of the United States economy in general and the strength of the local economies in which we conduct operations;
 - § restrictions on our operations, including the inability to pay dividends without our regulators' consent;
- § the effects of the health and soundness of other financial institutions, including the FDIC's need to increase Deposit Insurance Fund assessments;
 - § our ability to declare and pay dividends;
 - § 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;
- § 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;
- § the effects of security breaches and computer viruses that may affect our computer systems;
 - § 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 referenced 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, Except Share Data)	Unaudited March 31, 2012	December 31, 2011
ASSETS		
Cash and Due From Banks	\$ 50,567	\$ 54,953
Federal Funds Sold and Interest Bearing Deposits	418,678	330,361
Total Cash and Cash Equivalents	469,245	385,314
Investment Securities, Available-for-Sale	284,490	307,149
Loans, Net of Unearned Income	1,578,884	1,628,683
Allowance for Loan Losses	(31,217)	(31,035)
Loans, Net	1,547,667	1,597,648
Premises and Equipment, Net	111,408	110,991
Goodwill	84,811	84,811
Other Intangible Assets	565	673
Other Real Estate Owned	58,100	62,600
Other Assets	103,992	92,126
Total Assets	\$ 2,660,278	\$ 2,641,312
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	\$ 605,774	\$ 618,317
Interest Bearing Deposits	1,579,930	1,554,202
Total Deposits	2,185,704	2,172,519
Short-Term Borrowings	42,188	43,372
Subordinated Notes Payable	62,887	62,887
Other Long-Term Borrowings	42,826	44,606
Other Liabilities	75,876	65,986
Total Liabilities	2,409,481	2,389,370
SHAREOWNERS' EQUITY		
Preferred Stock, \$.01 par value, 3,000,000 shares authorized; no shares outstanding	-	-
Common Stock, \$.01 par value, 90,000,000 shares authorized; 17,182,090 and 17,160,274 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	172	172
Additional Paid-In Capital	38,101	37,838
Retained Earnings	236,299	237,461
Accumulated Other Comprehensive Loss, Net of Tax	(23,775)	(23,529)
Total Shareowners' Equity	250,797	251,942

Total Liabilities and Shareowners' Equity	\$	2,660,278	\$	2,641,312
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The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(Dollars in Thousands, Except Per Share Data)	Three Months Ended March 31,	
	2012	2011
INTEREST INCOME		
Interest and Fees on Loans	\$ 22,005	\$ 23,947
Taxable Exempt Securities	794	852
Tax Exempt Securities	106	219
Federal Funds Sold	225	171
Total Interest Income	23,130	25,189
INTEREST EXPENSE		
Deposits	643	1,258
Short-Term Borrowings	8	111
Subordinated Notes Payable	382	340
Other Long-Term Borrowings	436	494
Total Interest Expense	1,469	2,203
NET INTEREST INCOME	21,661	22,986
Provision for Loan Losses	4,793	4,133
Net Interest Income After Provision For Loan Losses	16,868	18,853
NONINTEREST INCOME		
Service Charges on Deposit Accounts	6,309	5,983
Data Processing	675	974
Asset Management Fees	1,015	1,080
Retail Brokerage Fees	758	729
Mortgage Banking Fees	848	617
Bank Card Fees	2,771	2,496
Gain on Sale of Visa Stock	-	3,172
Other	1,210	1,283
Total Noninterest Income	13,586	16,334
NONINTEREST EXPENSE		
Salaries and Associate Benefits	16,843	16,577
Occupancy, Net	2,266	2,396
Furniture and Equipment	2,201	2,226
Intangible Amortization	108	353
Other Real Estate	3,513	3,677
Other	7,666	8,102
Total Noninterest Expense	32,597	33,331
(LOSS) INCOME BEFORE INCOME TAXES	(2,143)	1,856
Income Tax (Benefit) Expense	(981)	546
NET (LOSS) INCOME	\$ (1,162)	\$ 1,310
BASIC NET (LOSS) INCOME PER SHARE	\$ (0.07)	\$ 0.08
DILUTED NET (LOSS) INCOME PER SHARE	\$ (0.07)	\$ 0.08
Average Basic Shares Outstanding	17,181,333	17,121,602

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Average Diluted Shares Outstanding	17,181,333	17,130,118
Other Comprehensive (Loss) Income:		
Change in Net Unrealized Gain On Available-For-Sale Securities (net of tax)	(246)	34
Total Comprehensive (Loss) Income	\$ (1,408)	\$ 1,344

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

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREOWNERS' EQUITY
(Unaudited)

(Dollars In Thousands, Except Share Data)	Shares Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Taxes	Total
Balance, January 1, 2012	17,160,274	\$ 172	\$ 37,838	\$ 237,461	\$ (23,529)	\$ 251,942
Comprehensive Income:						
Net Loss		-	-	(1,162)	-	(1,162)
Change in Net Unrealized Gain on Available-for-Sale Securities (net of tax benefit of \$150)		-	-	-	(246)	(246)
Total Comprehensive Loss		-	-	-	-	(1,408)
Stock Performance Plan Compensation		-	56	-	-	56
Issuance of Common Stock	21,816	-	207	-	-	207
Balance, March 31, 2012	17,182,090	\$ 172	\$ 38,101	\$ 236,299	\$ (23,775)	\$ 250,797

(Dollars In Thousands, Except Share Data)	Shares Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Taxes	Total
Balance, January 1, 2011	17,100,081	\$ 171	\$ 36,920	\$ 237,679	\$ (15,751)	\$ 259,019
Comprehensive Income:						
Net Income						