January 24, 2023

Capital City Bank Group, Inc. Reports Fourth Quarter 2022 Results

TALLAHASSEE, Fla., Jan. 24, 2023 (GLOBE NEWSWIRE) -- Capital City Bank Group, Inc. (NASDAQ: CCBG) today reported net income attributable to common shareowners of $11.7 million, or $0.68 per diluted share, for the fourth quarter of 2022 compared to net income of $11.3 million, or $0.67 per diluted share, for the third quarter of 2022, and $6.4 million, or $0.38 per diluted share, for the fourth quarter of 2021.

For the full year of 2022, net income attributable to common shareowners totaled $40.1 million, or $2.36 per diluted share, compared to net income of $33.4 million, or $1.98 per diluted share, for the same period of 2021.

QUARTER HIGHLIGHTS (4th Quarter 2022 versus 3rd Quarter 2022)

- *Continued strong growth in net interest income of 14% - net interest margin percentage grew 45 basis points to 3.76% - deposit cost well controlled at 20 basis points (total deposits) and 35 basis points (interest bearing deposits)*
- *Loan growth of $179 million, or 7.6% (end of period) and $175 million, or 7.7% (average)*
- *Continued strong credit quality metrics – higher credit loss provision primarily driven by loan growth*
- *Noninterest income decreased $1.9 million, or 8.5%, primarily due to lower mortgage banking revenues at CCHL – strong adjustable rate portfolio production by CCHL contributed to loan growth for the quarter*
- *Noninterest expense included a pension settlement charge of $1.8 million, or $0.08 per share*
- *Tangible book value per share increased $1.19, or 7.2%, primarily due to strong earnings and a favorable re-measurement adjustment for pension plan*

Full Year 2022 HIGHLIGHTS

- *Strong growth in net interest income of 21% reflected improved earning asset mix and strength of deposit franchise*
- *Loan growth of $594 million, or 30.7% (end of period) and $189 million, or 9.4% (year-to-date average)*
- *Average Deposits grew $356 million, or 10.5%*
- *CCHL contribution decreased $0.24 per share due to slower secondary market loan sales, but was more than offset by strong adjustable rate production for our loan portfolio, and higher wealth and deposit fees*
- *Noninterest expense included pension settlement charges totaling $2.3 million or $0.11 per share*
- *Tangible book value per share increased $0.54, or 3.2%, primarily due to strong earnings and a favorable re-measurement adjustment for pension plan, partially offset*

by higher unrealized investment security losses

"Capital City finished out the year with another solid quarter highlighted by continued net interest margin expansion and nice tangible book value growth," said William G. Smith, Jr., Chairman, President, and CEO of Capital City Bank Group. "I am proud of our associates who produced another record year of earnings. For the quarter and year, we realized strong loan growth, stable deposit growth, maintained good control of our deposit cost, and credit quality was strong. Still, we remain vigilant in the face of economic uncertainty. As we begin 2023, I am confident in our positioning, markets and strategic initiatives. Thank you to our associates for their tireless efforts serving our clients with excellence and to our shareowners for their continued support."

Discussion of Operating Results

Net Interest Income/Net Interest Margin

Tax-equivalent net interest income for the fourth quarter of 2022 totaled $38.2 million, compared to $33.4 million for the third quarter of 2022, and $24.8 million for the fourth quarter of 2021. For the full year of 2022, tax-equivalent net interest income totaled $124.8 million compared to $103.2 million for the same period of 2021. Compared to the third quarter of 2022, the increase primarily reflected strong loan growth and higher interest rates across a majority of our earning assets. Compared to both prior year periods, the increase reflected strong loan growth, higher interest rates, and growth in the investment portfolio.

Our net interest margin for the fourth quarter of 2022 was 3.76%, an increase of 45 basis points over the third quarter of 2022 and 116 basis points over the fourth quarter of 2021, both driven by higher interest rates and an overall improved earning asset mix. For the fourth quarter of 2022, our cost of funds was 31 basis points, an increase of 11 basis points over the third quarter of 2022 and 22 basis points over the fourth quarter of 2021. Our cost of interest bearing deposits was 35 basis points, 20 basis points, and 4 basis points for the same aforementioned periods. For the month of December 2022, our net interest margin was 3.86%. Compared to the full year of 2021, the net interest margin increased by 30 basis points to 3.13% as the favorable impact of higher interest rates and an improved earning asset mix offset the favorable impact in 2021 from a significant level of SBA Paycheck Protection Program fee income.

Provision for Credit Losses

We recorded a provision for credit losses of $3.5 million for the fourth quarter of 2022 compared to $2.1 million in the third quarter of 2022 and no provision for the fourth quarter of 2021. For the full year of 2022, the provision was $7.2 million compared to a benefit of $1.6 million for the same period of 2021. The higher level of provision compared to all prior periods was primarily attributable to strong loan growth and weaker projected economic conditions, primarily a higher rate of unemployment. The credit loss provision in 2021 was favorably impacted by strong loan recoveries. We discuss the allowance for credit losses further below.

Noninterest Income and Noninterest Expense

Noninterest income for the fourth quarter of 2022 totaled $21.0 million compared to $22.9

million for the third quarter of 2022 and $24.7 million for the fourth quarter of 2021. The $1.9 million decrease from the third quarter of 2022 was attributable to lower mortgage banking revenues of $1.6 million, wealth management fees of $0.3 million, deposit fees of $0.4 million, and bank card fees of $0.1 million, partially offset by higher other income of $0.5 million. The decrease in deposit fees was partially attributable to three less processing days in the fourth quarter. Compared to the fourth quarter of 2021, the $3.7 million decrease was attributable to lower mortgage banking revenues of $4.3 million, wealth management fees of $0.1 million, and bank card fees of $0.1 million, partially offset by higher other income of $0.6 million and deposit fees of $0.2 million.

For the full year of 2022, noninterest income totaled $94.6 million compared to $107.5 million for the same period of 2021 and reflected lower mortgage banking revenues of $21.8 million, partially offset by higher wealth management fees of $4.4 million, deposit fees of $3.2 million, other income of $1.2 million, and bank card fees of $0.1 million. Lower mortgage banking revenues at Capital City Home Loans ("CCHL") for 2022 reflected a reduction in refinancing activity and, to a lesser degree, lower purchase mortgage originations primarily driven by higher interest rates. In addition, gain on sale margins were pressured due to a lower level of governmental loan originations and mandatory delivery loan sales (both of which provide a higher gain on sale percentage). Throughout 2022, strong best efforts origination volume allowed us to book a steady flow of adjustable rate residential loans in our portfolio which contributed to loan growth and earnings. In addition, continued stability in our construction/permanent loan program partially offset the slowdown in secondary market originations. For 2022, CCHL realized a $0.2 million net loss ($0.01 per diluted share) versus $3.9 million net income ($0.23 per diluted share) in 2021.

Noninterest expense for the fourth quarter of 2022 totaled $42.3 million compared to $39.8 million for the third quarter of 2022 and $40.2 million for the fourth quarter of 2021. The $2.5 million increase over the third quarter of 2022 was primarily attributable to higher other expense of $1.6 million and compensation expense of $0.8 million. Higher pension plan settlement expense of $1.7 million drove the increase in other expense. The increase in compensation expense was primarily due to higher variable/performance-based compensation of $0.3 million and lower realized loan cost of $0.3 million (credit offset to salary expense). Compared to the fourth quarter of 2021, the $2.1 million increase reflected higher other expense of $1.0 million, compensation expense of $0.8 million, and occupancy expense of $0.3 million. The increase in other expense reflected higher expense for legal, travel/entertainment, FDIC insurance fees, mortgage servicing right amortization, and loan servicing costs. The higher level of compensation expense was due to higher base salary expense reflective of annual merit raises and staffing additions related to new market expansion during 2022 and stock based compensation expense related to improved company performance for 2022.

For the full year 2022, noninterest expense totaled $161.8 million compared to $162.5 million for the same period of 2021 and reflected lower compensation expense of $0.9 million and other expense of $0.4 million, partially offset by higher occupancy expense of $0.6 million. The reduction in compensation expense was primarily due to lower variable/performance-based compensation of $7.7 million and base salaries of $1.3 million at CCHL, partially offset by higher compensation at Capital City Bank, including variable/performance-based compensation totaling $2.5 million, base salaries (merit and new market staffing additions) of $3.1 million, lower realized loan cost of $1.4 million (credit offset to salary expense), associate insurance expense (utilized self-insurance reserves in 2021) of $0.6 million and stock compensation expense of $0.7 million. The decrease in other expense was primarily due to a decrease in pension related costs, including $4.9 million for the non-service related component and $0.8 million for pension plan settlement expense, partially offset by higher expense for other real estate expense of $1.2 million, travel/entertainment and advertising costs totaling $1.3 million (return to pre-pandemic levels and market expansion), other losses of $0.9 million (primarily debit card and check fraud), mortgage servicing right amortization of $0.6 million, VISA Class B share swap conversion ratio payments of $0.4 million, FDIC insurance fees of $0.3 million, and other miscellaneous costs for training, hiring, and variable expenses related to loan production. Gains from the sale of two banking offices in 2021 drove the increase in other real estate expense. The increase in occupancy expense is related to lease expense for four new banking offices added in 2022 and various software purchases, including network security and end of life upgrades.

Income Taxes

We realized income tax expense of $2.6 million (effective rate of 19.6%) for the fourth quarter of 2022 compared to $3.1 million (effective rate of 21.4%) for the third quarter of 2022 and $2.0 million (effective rate of 22.2%) for the fourth quarter of 2021. The decrease in the effective tax rate for the fourth quarter of 2022 was due to a favorable $0.4 million discrete tax item related to our SERP plan. For the full year of 2022, we realized income tax expense of $10.1 million (effective rate of 20.1%) compared to $9.8 million (effective rate of 19.9%) for the same period of 2021. Absent discrete items, we expect our annual effective tax rate to approximate 21%-22% in 2023.

Discussion of Financial Condition

Earning Assets

Average earning assets totaled $4.033 billion for the fourth quarter of 2022, an increase of $22.8 million, or 0.6%, over the third quarter of 2022, and an increase of $241.4 million, or 6.4%, over the fourth quarter of 2021. The increase over both prior periods was primarily driven by higher deposit balances (see below – *Funding*). The mix of earning assets continues to improve driven by strong loan growth.

We maintained an average net overnight funds (interest bearing deposits with banks plus FED funds sold less FED funds purchased) sold position of $469.4 million in the fourth quarter of 2022 compared to $570.0 million in the third quarter of 2022 and $789.1 million in the fourth quarter of 2021. The declining overnight funds position reflects growth in average loans.

Average loans held for investment ("HFI") increased $175.3 million, or 7.7%, over the third quarter of 2022 and $491.1 million, or 25.2%, over the fourth quarter of 2021. Period end loans increased $179.0 million, or 7.6%, over the third quarter of 2022 and $593.7 million, or 30.7%, over the fourth quarter of 2021. The growth in 2022 was broad based with increases realized in all loan categories, more significantly, in the residential real estate, construction, and commercial real estate categories.

Allowance for Credit Losses

At December 31, 2022, the allowance for credit losses for HFI loans totaled $24.7 million compared to $22.5 million at September 30, 2022 and $21.6 million at December 31, 2021. Activity within the allowance is provided on Page 12. Incremental allowance related to loan growth, a higher projected rate of unemployment and its effect on rates of default, and slower prepayment speeds (due to higher interest rates) were all contributing factors driving the increase in the allowance during 2022. At December 31, 2022, the allowance represented 0.98% of HFI loans compared to 0.96% at September 30, 2022, and 1.12% at December 31, 2021.

Credit Quality

Overall credit quality remains strong. Nonperforming assets (nonaccrual loans and other real estate) totaled $2.7 million at December 31, 2022 compared to $2.4 million at September 30, 2022 and $4.3 million at December 31, 2021. At December 31, 2022, nonperforming assets as a percent of total assets equaled 0.06%, compared to 0.06% at September 30, 2022 and 0.10% at December 31, 2021. Nonaccrual loans totaled $2.2 million at December 31, 2022, a $0.2 million decrease from September 30, 2022 and a $2.1 million decrease from December 31, 2021. Further, classified loans totaled $19.3 million at December 31, 2022, a $1.6 million decrease from September 30, 2022 and a $1.4 million increase over December 31, 2021.

Funding (Deposits/Debt)

Average total deposits were $3.803 billion for the fourth quarter of 2022, an increase of $33.2 million, or 0.9%, over the third quarter of 2022 and $253.9 million, or 7.2%, over the fourth quarter of 2021. Compared to the third quarter of 2022, the increase reflected higher NOW account balances, primarily due to a seasonal increase in our public fund deposits. Compared to the fourth quarter of 2021, we have had strong growth in our noninterest bearing, NOW, and savings account balances. We continue to closely monitor our cost of deposits and deposit mix as we manage through this rising rate environment.

Capital

Shareowners' equity was $394.0 million at December 31, 2022 compared to $373.2 million at September 30, 2022 and $383.2 million at December 31, 2021. For the full year 2022, shareowners' equity was positively impacted by net income attributable to common shareowners of $40.1 million, a $3.1 million increase in the fair value of the interest rate swap related to subordinated debt, stock compensation accretion of $1.3 million, net adjustments totaling $1.6 million related to transactions under our stock compensation plans, and an $8.7 million decrease in the accumulated other comprehensive loss for our pension plan. Shareowners' equity was reduced by common stock dividends of $11.2 million ($0.66 per share) and a $32.8 million increase in the unrealized loss on investment securities.

At December 31, 2022, our total risk-based capital ratio was 15.52% compared to 15.75% at September 30, 2022 and 17.15% at December 31, 2021. Our common equity tier 1 capital ratio was 12.64%, 12.83%, and 13.86%, respectively, on these dates. Our leverage ratio was 9.06%, 8.91%, and 8.95%, respectively, on these dates. Further, our tangible common equity ratio was 6.79% at December 31, 2022 compared to 6.61% and 6.95% at September 30, 2022 and December 31, 2021, respectively. The decline in our regulatory capital ratios compared to 2021 was attributable to strong loan growth during 2022. At December 31, 2022, all of our regulatory capital ratios exceeded the threshold to be designated as "well-capitalized" under the Basel III capital standards.

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 $4.5 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, securities brokerage services and financial advisory services, including the sale of life insurance, risk management and asset protection services. Our bank subsidiary, Capital City Bank, was founded in 1895 and now has 58 banking offices and 89 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 words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "target," "vision," "goal," and similar expressions are intended to identify forward-looking statements. The following factors, among others, could cause our actual results to differ: our ability to successfully manage credit risk, interest rate risk, liquidity risk, and other risks inherent to our industry; legislative or regulatory changes; fluctuations in inflation, interest rates, or monetary and fiscal policies; the effects of security breaches and computer viruses that may affect our computer systems; the accuracy of our financial statement estimates and assumptions; fraud related to debit card products; changes in accounting principles, policies, practices, or guidelines; the frequency and magnitude of foreclosure on our loans; the effects of a non-diversified loan portfolio, including the risks of geographic and industry concentrations; the strength of the U.S. economy and the local economies where we conduct operations; our ability to declare and pay dividends, the payment of which is subject to our capital requirements; changes in the stock market and other capital and real estate markets; structural changes in the markets for origination, sale and servicing of residential mortgages; uncertainty in the pricing of residential mortgage loans that we sell, as well as competition for the mortgage servicing rights related to these loans and related interest rate risk or price risk resulting from retaining mortgage servicing rights and the potential effects of higher interest rates on our loan origination volumes; the effect of corporate restructuring, acquisitions or dispositions, including the actual restructuring and other related charges and the failure to achieve the expected gains, revenue growth or expense savings from such corporate restructuring, acquisitions or dispositions; the effects of natural disasters, harsh weather conditions (including hurricanes), widespread health emergencies (including pandemics, such as the COVID-19 pandemic), military conflict, terrorism, civil unrest or other geopolitical events; our ability to comply with the extensive laws and regulations to which we are subject, including 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; the outcomes of litigation or regulatory proceedings; negative publicity and the impact on our reputation; changes in consumer spending and saving habits; growth and profitability of our noninterest income; 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. Additional factors can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, 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 and other intangibles 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)		**Dec 31, 2022**	**Sep 30, 2022**	**Jun 30, 2022**	**Mar 31, 2022**	**Dec 31, 2021**
Shareowners' Equity (GAAP)		$ 394,016	$ 373,165	$ 371,675	$ 372,145	$ 383,166
Less: Goodwill and Other Intangibles (GAAP)		93,093	93,133	93,173	93,213	93,253
Tangible Shareowners' Equity (non-GAAP)	A	300,923	280,032	278,502	278,932	289,913
Total Assets (GAAP)		4,525,958	4,332,671	4,354,297	4,310,045	4,263,849
Less: Goodwill and Other Intangibles (GAAP)		93,093	93,133	93,173	93,213	93,253
Tangible Assets (non-GAAP)	B	$ 4,432,865	$ 4,239,538	$ 4,261,124	$ 4,216,832	$ 4,170,596
Tangible Common Equity Ratio (non-GAAP)	**A/B**	**6.79%**	**6.61%**	**6.54%**	**6.61%**	**6.95%**
Actual Diluted Shares Outstanding (GAAP)	C	17,039,401	16,998,177	16,981,614	16,962,362	16,935,389
Tangible Book Value per Diluted Share (non-GAAP)	**A/C**	**$ 17.66**	**$ 16.47**	**$ 16.40**	**$ 16.44**	**$ 17.12**

CAPITAL CITY BANK GROUP, INC.
EARNINGS HIGHLIGHTS
Unaudited

(Dollars in thousands, except per share data)	Three Months Ended			Twelve Months Ended	
	Dec 31, 2022	Sep 30, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
EARNINGS					
Net Income Attributable to Common Shareowners	$ 11,664	$ 11,315	$ 6,372	$ 40,147	$ 33,396
Diluted Net Income Per Share	$ 0.68	$ 0.67	$ 0.38	$ 2.36	$ 1.98
PERFORMANCE					
Return on Average Assets	1.06 %	1.03 %	0.61 %	0.93 %	0.84 %
Return on Average Equity	12.16	11.83	7.22	10.58	9.92
Net Interest Margin	3.76	3.31	2.60	3.13	2.83
Noninterest Income as % of Operating Revenue	35.50	40.76	49.96	43.19	51.11
Efficiency Ratio	71.47 %	70.66 %	81.29 %	73.76 %	77.11 %
CAPITAL ADEQUACY					
Tier 1 Capital	14.53 %	14.80 %	16.14 %	14.53 %	16.14 %
Total Capital	15.52	15.75	17.15	15.52	17.15
Leverage	9.06	8.91	8.95	9.06	8.95
Common Equity Tier 1	12.64	12.83	13.86	12.64	13.86
Tangible Common Equity [1]	6.79	6.61	6.95	6.79	6.95
Equity to Assets	8.71 %	8.61 %	8.99 %	8.71 %	8.99 %
ASSET QUALITY					
Allowance as % of Non-Performing Loans	1,076.89 %	934.53 %	499.93 %	1,076.89 %	499.93 %
Allowance as a % of Loans HFI	0.98	0.96	1.12	0.98	1.12
Net Charge-Offs as % of Average Loans HFI	0.21	0.12	0.02	0.18	(0.03)
Nonperforming Assets as % of Loans HFI and OREO	0.11	0.10	0.22	0.11	0.22
Nonperforming Assets as % of Total Assets	0.06 %	0.06 %	0.10 %	0.06 %	0.10 %
STOCK PERFORMANCE					
High	$ 36.23	$ 33.93	$ 29.00	$ 36.23	$ 29.00
Low	31.14	27.41	24.77	24.43	21.42
Close	$ 32.50	$ 31.11	$ 26.40	$ 32.50	$ 26.40
Average Daily Trading Volume	31,894	30,546	29,900	27,987	29,919

[1] Tangible common equity ratio is a non-GAAP financial measure. For additional information, including a reconciliation to GAAP, refer to Page 5.

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

(Dollars in thousands)	2022				2021
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter
ASSETS					
Cash and Due From Banks	$ 72,114	$ 72,686	$ 91,209	$ 77,963	$ 65,313
Funds Sold and Interest Bearing Deposits	528,536	497,679	603,315	790,465	970,041
Total Cash and Cash Equivalents	600,650	570,365	694,524	868,428	1,035,354
Investment Securities Available for Sale	413,294	416,745	601,405	624,361	654,611
Investment Securities Held to Maturity	660,744	676,178	528,258	518,678	339,601
Other Equity Securities	10	1,349	900	855	861
Total Investment Securities	1,074,048	1,094,272	1,130,563	1,143,894	995,073
Loans Held for Sale	54,635	50,304	48,708	50,815	52,532

Loans Held for Investment ("HFI"):					
Commercial, Financial, & Agricultural	247,362	246,304	247,902	230,213	223,086
Real Estate - Construction	234,519	237,718	225,664	174,293	174,394
Real Estate - Commercial	782,557	715,870	699,093	669,110	663,550
Real Estate - Residential	721,759	573,963	478,121	368,020	346,756
Real Estate - Home Equity	208,120	202,512	194,658	188,174	187,821
Consumer	324,450	347,949	359,906	347,785	321,511
Other Loans	5,346	20,822	6,854	6,692	13,265
Overdrafts	1,067	1,047	1,455	1,222	1,082
Total Loans Held for Investment	2,525,180	2,346,185	2,213,653	1,985,509	1,931,465
Allowance for Credit Losses	(24,736)	(22,510)	(21,281)	(20,756)	(21,606)
Loans Held for Investment, Net	2,500,444	2,323,675	2,192,372	1,964,753	1,909,859
Premises and Equipment, Net	82,138	81,736	82,932	82,518	83,412
Goodwill and Other Intangibles	93,093	93,133	93,173	93,213	93,253
Other Real Estate Owned	431	13	90	17	17
Other Assets	120,519	119,173	111,935	106,407	94,349
Total Other Assets	296,181	294,055	288,130	282,155	271,031
Total Assets	$ 4,525,958	$ 4,332,671	$ 4,354,297	$ 4,310,045	$ 4,263,849
LIABILITIES					
Deposits:					
Noninterest Bearing Deposits	$ 1,653,620	$ 1,737,046	$ 1,724,671	$ 1,704,329	$ 1,668,912
NOW Accounts	1,290,494	990,021	1,036,757	1,062,498	1,070,154
Money Market Accounts	267,383	292,932	289,337	288,877	274,611
Savings Accounts	637,374	646,526	639,594	614,599	599,811
Certificates of Deposit	90,446	92,853	95,899	95,204	99,374
Total Deposits	3,939,317	3,759,378	3,786,258	3,765,507	3,712,862
Short-Term Borrowings	56,793	52,271	39,463	30,865	34,557
Subordinated Notes Payable	52,887	52,887	52,887	52,887	52,887
Other Long-Term Borrowings	513	562	612	806	884
Other Liabilities	73,675	84,657	93,319	77,323	67,735
Total Liabilities	4,123,185	3,949,755	3,972,539	3,927,388	3,868,925
Temporary Equity	8,757	9,751	10,083	10,512	11,758
SHAREOWNERS' EQUITY					
Common Stock	170	170	170	169	169
Additional Paid-In Capital	37,331	36,234	35,738	35,188	34,423
Retained Earnings	393,744	384,964	376,532	370,531	364,788
Accumulated Other Comprehensive Loss, Net of Tax	(37,229)	(48,203)	(40,765)	(33,743)	(16,214)
Total Shareowners' Equity	394,016	373,165	371,675	372,145	383,166
Total Liabilities, Temporary Equity and Shareowners' Equity	$ 4,525,958	$ 4,332,671	$ 4,354,297	$ 4,310,045	$ 4,263,849
OTHER BALANCE SHEET DATA					
Earning Assets	$ 4,182,399	$ 3,988,440	$ 3,996,238	$ 3,970,684	$ 3,949,111
Interest Bearing Liabilities	2,395,890	2,128,052	2,154,549	2,145,736	2,132,278
Book Value Per Diluted Share	$ 23.12	$ 21.95	$ 21.89	$ 21.94	$ 22.63
Tangible Book Value Per Diluted Share[1]	17.66	16.47	16.40	16.44	17.12
Actual Basic Shares Outstanding	16,987	16,962	16,959	16,948	16,892
Actual Diluted Shares Outstanding	17,039	16,998	16,982	16,962	16,935

[1] Tangible book value per diluted share is a non-GAAP financial measure. For additional information, including a reconciliation to GAAP, refer to Page 5.

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

	2022				2021	December 31,	
(Dollars in thousands, except per share data)	**Fourth Quarter**	**Third Quarter**	**Second Quarter**	**First Quarter**	**Fourth Quarter**	**2022**	**2021**
INTEREST INCOME							
Loans, including Fees	$ 31,916	$ 27,761	$ 24,072	$ 22,133	$ 22,744	$ 105,882	$ 96,561
Investment Securities	4,847	4,372	3,840	2,896	2,505	15,955	8,792
Federal Funds Sold and Interest Bearing Deposits	4,463	3,231	1,408	409	300	9,511	998
Total Interest Income	41,226	35,364	29,320	25,438	25,549	131,348	106,351
INTEREST EXPENSE							
Deposits	1,902	1,052	266	224	213	3,444	839
Short-Term Borrowings	690	536	343	192	307	1,761	1,360
Subordinated Notes Payable	522	443	370	317	306	1,652	1,228
Other Long-Term Borrowings	8	6	8	9	12	31	63
Total Interest Expense	3,122	2,037	987	742	838	6,888	3,490
Net Interest Income	38,104	33,327	28,333	24,696	24,711	124,460	102,861
Provision for Credit Losses	3,521	2,099	1,542	-	-	7,162	(1,553)
Net Interest Income after Provision for Credit Losses	34,583	31,228	26,791	24,696	24,711	117,298	104,414
NONINTEREST INCOME							
Deposit Fees	5,536	5,947	5,447	5,191	5,300	22,121	18,882
Bank Card Fees	3,744	3,860	4,034	3,763	3,872	15,401	15,274
Wealth Management Fees	3,649	3,937	4,403	6,070	3,706	18,059	13,693
Mortgage Banking Revenues	5,497	7,116	9,065	8,946	9,800	30,624	52,425
Other	2,546	2,074	1,954	1,848	1,994	8,422	7,271
Total Noninterest Income	20,972	22,934	24,903	25,818	24,672	94,627	107,545
NONINTEREST EXPENSE							
Compensation	25,565	24,738	25,383	24,856	24,783	100,542	101,470
Occupancy, Net	6,253	6,153	6,075	6,093	5,960	24,574	23,932
Other	10,469	8,919	9,040	8,284	9,464	36,712	37,106
Total Noninterest Expense	42,287	39,810	40,498	39,233	40,207	161,828	162,508
OPERATING PROFIT	13,268	14,352	11,196	11,281	9,176	50,097	49,451
Income Tax Expense	2,599	3,074	2,177	2,235	2,040	10,085	9,835
Net Income	10,669	11,278	9,019	9,046	7,136	40,012	39,616
Pre-Tax Loss (Income) Attributable to Noncontrolling Interest	995	37	(306)	(591)	(764)	135	(6,220)
NET INCOME ATTRIBUTABLE TO COMMON SHAREOWNERS	$ 11,664	$ 11,315	$ 8,713	$ 8,455	$ 6,372	$ 40,147	$ 33,396
PER COMMON SHARE							
Basic Net Income	$ 0.69	$ 0.67	$ 0.51	$ 0.50	$ 0.38	$ 2.37	$ 1.98
Diluted Net Income	0.68	0.67	0.51	0.50	0.38	2.36	1.98
Cash Dividend	$ 0.17	$ 0.17	$ 0.16	$ 0.16	$ 0.16	$ 0.66	$ 0.62
AVERAGE SHARES							
Basic	16,963	16,960	16,949	16,931	16,880	16,951	16,863
Diluted	17,016	16,996	16,971	16,946	16,923	16,985	16,893

CAPITAL CITY BANK GROUP, INC.
ALLOWANCE FOR CREDIT LOSSES ("ACL")
AND CREDIT QUALITY
Unaudited

	2022				2021	December 31,	
(Dollars in thousands, except per share data)	**Fourth Quarter**	**Third Quarter**	**Second Quarter**	**First Quarter**	**Fourth Quarter**	**2022**	**2021**

ACL - HELD FOR INVESTMENT LOANS							
Balance at Beginning of Period	$ 22,510	$ 21,281	$ 20,756	$ 21,606	$ 21,500	$ 21,606	$ 23,816
Provision for Credit Losses	3,543	1,931	1,670	(79)	200	7,065	(2,842)
Net Charge-Offs (Recoveries)	1,317	702	1,145	771	94	3,935	(632)
Balance at End of Period	$ 24,736	$ 22,510	$ 21,281	$ 20,756	$ 21,606	$ 24,736	$ 21,606
As a % of Loans HFI	0.98%	0.96%	0.96%	1.05%	1.12%	0.98%	1.12%
As a % of Nonperforming Loans	1,076.89%	934.53%	677.57%	760.83%	499.93%	1,076.89%	499.93%
ACL - UNFUNDED COMMITMENTS							
Balance at Beginning of Period	3,012	$ 2,853	$ 2,976	$ 2,897	$ 3,117	$ 2,897	$ 1,644
Provision for Credit Losses	(23)	159	(123)	79	(220)	92	1,253
Balance at End of Period[1]	2,989	3,012	2,853	2,976	2,897	2,989	2,897
ACL - DEBT SECURITIES							
Provision for Credit Losses	$ 1	$ 9	$ (5)	$ -	$ 20	$ 5	$ 36
CHARGE-OFFS							
Commercial, Financial and Agricultural	$ 129	$ 2	$ 1,104	$ 73	$ 101	$ 1,308	$ 239
Real Estate - Construction	-	-	-	-	-	-	-
Real Estate - Commercial	88	1	-	266	-	355	405
Real Estate - Residential	-	-	-	-	20	-	108
Real Estate - Home Equity	160	-	-	33	9	193	103
Consumer	976	770	533	622	254	2,901	1,269
Overdrafts	720	989	660	780	678	3,149	2,703
Total Charge-Offs	$ 2,073	$ 1,762	$ 2,297	$ 1,774	$ 1,062	$ 7,906	$ 4,827
RECOVERIES							
Commercial, Financial and Agricultural	$ 25	$ 58	$ 59	$ 165	$ 148	$ 307	$ 453
Real Estate - Construction	-	2	-	8	-	10	10
Real Estate - Commercial	13	8	56	29	25	106	865
Real Estate - Residential	98	44	115	27	33	284	753
Real Estate - Home Equity	36	22	67	58	173	183	413
Consumer	175	260	453	183	214	1,071	1,191
Overdrafts	409	666	402	533	375	2,010	1,774
Total Recoveries	$ 756	$ 1,060	$ 1,152	$ 1,003	$ 968	$ 3,971	$ 5,459
NET CHARGE-OFFS (RECOVERIES)	$ 1,317	$ 702	$ 1,145	$ 771	$ 94	$ 3,935	$ (632)
Net Charge-Offs as a % of Average Loans HFI[2]	0.21%	0.12%	0.22%	0.16%	0.02%	0.18%	(0.03)%
CREDIT QUALITY							
Nonaccruing Loans	$ 2,297	$ 2,409	$ 3,141	$ 2,728	$ 4,322		
Other Real Estate Owned	431	13	90	17	17		
Total Nonperforming Assets ("NPAs")	$ 2,728	$ 2,422	$ 3,231	$ 2,745	$ 4,339		
Past Due Loans 30-89 Days	$ 7,829	$ 6,263	$ 3,554	$ 3,120	$ 3,600		
Past Due Loans 90 Days or More	-	-	-	-	-		
Classified Loans	19,342	20,988	19,620	22,348	17,912		
Performing Troubled Debt Restructurings	$ 5,913	$ 6,261	$ 6,728	$ 7,304	$ 7,643		
Nonperforming Loans as a % of Loans HFI	0.09%	0.10%	0.14%	0.14%	0.22%		
NPAs as a % of Loans HFI and Other Real Estate	0.11%	0.10%	0.15%	0.14%	0.22%		
NPAs as a % of Total Assets	0.06%	0.06%	0.07%	0.06%	0.10%		

[1] *Recorded in other liabilities*

[2] *Annualized*

CAPITAL CITY BANK GROUP, INC.
AVERAGE BALANCE AND INTEREST RATES
Unaudited

(Dollars in thousands)	Fourth Quarter 2022 Average Balance	Fourth Quarter 2022 Interest	Fourth Quarter 2022 Average Rate	Third Quarter 2022 Average Balance	Third Quarter 2022 Interest	Third Quarter 2022 Average Rate	Second Quarter 2022 Average Balance	Second Quarter 2022 Interest	Second Quarter 2022 Average Rate	First Average Balance
ASSETS:										
Loans Held for Sale	$ 42,910	$ 581	5.38 %	$ 55,164	$ 486	4.82 %	$ 52,860	$ 711	4.44 %	$ 43,004
Loans Held for Investment(1)	2,439,379	31,418	5.11	2,264,075	27,354	4.76	2,084,679	23,433	4.53	1,963,578
Investment Securities										
Taxable Investment Securities	1,078,265	4,835	1.78	1,117,789	4,359	1.55	1,142,269	3,834	1.34	1,056,736
Tax-Exempt Investment Securities(1)	2,827	17	2.36	2,939	17	2.30	2,488	10	1.73	2,409
Total Investment Securities	1,081,092	4,852	1.78	1,120,728	4,376	1.55	1,144,757	3,844	1.34	1,059,145
Federal Funds Sold and Interest Bearing Deposits	469,352	4,463	3.77	569,984	3,231	2.25	691,925	1,408	0.82	873,097
Total Earning Assets	4,032,733	$ 41,314	4.07 %	4,009,951	$ 35,447	3.51 %	3,974,221	$ 29,396	2.97 %	3,938,824
Cash and Due From Banks	74,178			79,527			79,730			74,253
Allowance for Credit Losses	(22,596)			(21,509)			(20,984)			(21,655)
Other Assets	297,510			289,709			288,421			275,353
Total Assets	$ 4,381,825			$ 4,357,678			$ 4,321,388			$ 4,266,775
LIABILITIES:										
Interest Bearing Deposits										
NOW Accounts	$ 1,133,733	$ 1,725	0.60 %	$ 1,016,475	$ 868	0.34 %	$ 1,033,190	$ 120	0.05 %	$ 1,079,906
Money Market Accounts	273,328	63	0.09	288,758	71	0.10	286,210	36	0.05	285,406
Savings Accounts	641,153	80	0.05	643,640	80	0.05	628,472	77	0.05	599,359
Time Deposits	92,385	34	0.15	94,073	33	0.14	95,132	33	0.14	97,054
Total Interest Bearing Deposits	2,140,599	1,902	0.35 %	2,042,946	1,052	0.20 %	2,043,004	266	0.05 %	2,061,725
Short-Term Borrowings	50,844	690	5.38 %	46,679	536	4.56 %	31,782	343	4.33 %	32,353
Subordinated Notes Payable	52,887	522	3.86	52,887	443	3.28	52,887	370	2.76	52,887
Other Long-Term Borrowings	530	8	4.80	580	6	4.74	722	8	4.54	833
Total Interest Bearing Liabilities	2,244,860	$ 3,122	0.55 %	2,143,092	$ 2,037	0.38 %	2,128,395	$ 987	0.19 %	2,147,798
Noninterest Bearing Deposits	1,662,443			1,726,918			1,722,325			1,652,337
Other Liabilities	84,585			98,501			87,207			72,166
Total Liabilities	3,991,888			3,968,511			3,937,927			3,872,301

Temporary Equity	9,367			9,862			10,096		10,518
SHAREOWNERS' EQUITY:	380,570			379,305			373,365		383,956
Total Liabilities, Temporary Equity and Shareowners' Equity	$ 4,381,825			$ 4,357,678			$ 4,321,388		$ 4,266,775
Interest Rate Spread		$ 38,192	3.52 %		$ 33,410	3.13 %		$ 28,409	2.78 %
Interest Income and Rate Earned(1)		41,314	4.07		35,447	3.51		29,396	2.97
Interest Expense and Rate Paid(2)		3,122	0.31		2,037	0.20		987	0.10
Net Interest Margin		$ 38,192	3.76 %		$ 33,410	3.31 %		$ 28,409	2.87 %

(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.*

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Capital City Bank Group

Source: Capital City Bank Group