

July 27, 2021



# Capital City Bank Group, Inc. Reports Second Quarter 2021 Results

TALLAHASSEE, Fla., July 27, 2021 (GLOBE NEWSWIRE) -- Capital City Bank Group, Inc. (NASDAQ: CCBG) today reported net income of \$7.4 million, or \$0.44 per diluted share, for the second quarter of 2021 compared to net income of \$9.5 million, or \$0.56 per diluted share, for the first quarter of 2021, and \$9.1 million, or \$0.55 per diluted share, for the second quarter of 2020. Net income for the second quarter of 2021 included a partial pension settlement charge of \$2.0 million (pre-tax), or \$0.10 per diluted share (after tax).

For the first six months of 2021, net income totaled \$16.9 million, or \$1.00 per diluted share, compared to net income of \$13.4 million, or \$0.80 per diluted share, for the same period of 2020.

Our return on average assets ("ROA") was 0.75% and our return on average equity ("ROE") was 9.05% for the second quarter of 2021. These metrics were 1.01% and 11.81% for the first quarter of 2021, respectively, and 1.10% and 11.03% for the second quarter of 2020, respectively. For the first six months of 2021, our ROA was 0.88% and our ROE was 10.42% compared to 0.85% and 8.12%, respectively, for the same period of 2020.

## **QUARTER HIGHLIGHTS**

- *Net interest income grew 6% sequentially driven by strong loan growth and higher SBA PPP fees*
- *Period-end loan balances (net of SBA PPP balances) grew by \$74 million, or 4.0% sequentially*
  - *Remaining SBA PPP balances and deferred fees totaled \$80 million and \$3.5 million, respectively, at period-end*
- *Strong credit quality metrics and a net loan loss recovery drove a negative credit loss provision of \$0.6 million*
- *Average deposit balances grew \$148 million, or 4.6% sequentially and reflected additional stimulus inflows as well as strong core deposit growth*
- *Noninterest expense increased \$1.6 million and included a partial pension settlement charge of \$2.0 million – controllable expenses at CCB continued to be well managed*
- *Capital City Home Loans ("CCHL") contributed \$0.05 per share*

"Challenges remain, but Capital City produced solid results for both the second quarter and first half of 2021," said William G. Smith, Jr., Chairman, President and CEO of Capital City Bank Group. "Excluding PPP loans, our loan portfolio grew \$74.3 million, or 3.8%, for the quarter with commercial mortgages and auto finance contributing a majority of the net growth. Continued improvement in the economy and favorable credit quality resulted in a negative credit loss provision of \$570,000. Quarter over quarter, our fee based businesses performed well. Wealth management revenues increased 6.0%, and I am pleased to welcome Capital City Strategic Wealth ("CCSW" – formerly Strategic Wealth Group) to our

team. CCSW offers financial planning services specializing in life insurance solutions and we are excited about the prospects it brings to our wealth management business. Debit and credit card fees were up 10% as consumer spending gains momentum. Although mortgage revenues were down for the quarter, CCHL continues to perform well above its historical norms. After adjusting for the pension settlement expense of \$2.0 million, our total expenses were down quarter over quarter and continue to be well managed. Our management team focuses on those aspects of our business we can do something about and strives to implement strategies that are sustainable and produce long-term value for our shareowners. I am optimistic about our future and appreciate your support.”

## **COVID-19 Update**

- We continue to closely monitor conditions including the rising case count in some of our communities.
- We have established a tentative return to work date for all associates, but we will adjust as necessary depending on changing conditions.
- All of our banking offices have returned to normal banking hours and lobby services.
- We are adhering to national guidelines and local safety ordinances to protect both clients and associates.
- We continue to support clients with the Small Business Administration Payment Protection Program (“SBA PPP”) by actively assisting with the Round 1 and 2 forgiveness process.

## **Discussion of Operating Results**

### *Net Interest Income/Net Interest Margin*

Tax-equivalent net interest income for the second quarter of 2021 totaled \$26.1 million compared to \$24.6 million for the first quarter of 2021 and \$25.6 million for the second quarter of 2020. Compared to the first quarter of 2021, the increase reflected higher SBA PPP loan fees of \$0.7 million, higher loan interest of \$0.5 million driven by loan growth, and higher investment securities income of \$0.2 million which reflected deployment of excess overnight funds into the investment portfolio. Compared to the second quarter of 2020, the increase was driven by higher SBA PPP loan fees of \$1.3 million partially offset by lower interest earned on investment securities and variable/adjustable rate loans. For the first six months of 2021, tax-equivalent net interest income totaled \$50.7 million compared to \$51.4 million for the same period of 2020. The decrease generally reflected lower rates earned on investment securities and variable/adjustable rate loans partially offset by higher SBA PPP loan fees and lower interest expense.

Our net interest margin for the second quarter of 2021 was 2.89%, an increase of three basis points over the first quarter of 2021 and a decrease of 52 basis points from the second quarter of 2020. Compared to the first quarter of 2021, the increase was driven by higher SBA PPP loan fees. Compared to the second quarter of 2020, the decrease was primarily attributable to downward re-pricing of earning assets and significant growth in overnight funds (driven by deposit inflows) which negatively impacts our margin percentage. For the first six months of 2021, the net interest margin decreased 72 basis points to 2.87% generally reflective of downward re-pricing of our earning assets (variable/adjustable rate loans and securities portfolio) partially offset by a lower cost of funds and higher SBA PPP loan fees. Our net interest margin for the second quarter of 2021, excluding the impact of

overnight funds in excess of \$200 million, was 3.46%.

### *Provision for Credit Loss*

We recorded a negative provision for credit losses of \$0.6 million for the second quarter of 2021 compared to a negative provision of \$1.0 million for the first quarter of 2021 and provision expense of \$2.0 million for the second quarter of 2020. For the first six months of 2021, we recorded a negative provision of \$1.6 million compared to provision expense of \$7.0 million for the same period of 2020. The negative provision for the first half of 2021 generally reflected improving economic conditions and strong net loan recoveries totaling \$0.9 million. We discuss the allowance for credit losses further below.

### *Noninterest Income and Noninterest Expense*

Noninterest income for the second quarter of 2021 totaled \$26.5 million compared to \$29.8 million for the first quarter of 2021 and \$30.2 million for the second quarter of 2020. The aforementioned declines were primarily due to lower mortgage banking revenues at CCHL, partially offset by improvements in wealth management and bank card fees. The decline in mortgage banking revenues reflected lower production volume (primarily re-finance activity) and a lower gain on sale margin. For the first six months of 2021, noninterest income totaled \$56.3 million compared to \$45.7 million for the same period of 2020 with the increase driven by the addition of CCHL mortgage banking revenues late in the first quarter of 2020, and higher bank card and wealth management fees which grew \$1.4 million and \$1.2 million, respectively. Additional detail on CCHL's operations and key performance metrics is provided on page 11.

Noninterest expense for the second quarter of 2021 totaled \$42.1 million compared to \$40.5 million for the first quarter of 2021 and \$37.3 million for the second quarter of 2020. For the first six months of 2021, noninterest expense totaled \$82.6 million compared to \$68.3 million for the same period of 2020. The \$1.6 million increase over the first quarter of 2021 reflected a \$2.0 million partial pension settlement charge that was partially offset by lower commission expense at CCHL and lower legal fees and other real estate owned ("OREO") expense at CCB. The partial pension settlement charge was attributable to a higher level of lump sum pay-outs, a trend that we expect will continue for the remainder of the year. Compared to the prior year periods, the increase was primarily attributable to the partial pension settlement charge of \$2.0 million, lower realized loan cost (credit offset to salary expense), higher pension plan expense (driven by a lower discount rate for plan liabilities), and performance based compensation. Additionally, the increase for the first half of 2021 reflects the inclusion of CCHL expenses for a full six month period versus only four months in 2020.

### *Income Taxes*

We realized income tax expense of \$2.1 million (effective rate of 19%) for the second quarter of 2021 compared to \$2.8 million (effective rate of 19%) for the first quarter of 2021 and \$2.9 million (effective rate of 18%) for the second quarter of 2020. For the first six months of 2021, we realized income tax expense of \$4.8 million (effective rate of 19%) compared to \$4.2 million (effective rate of 20%) for the same period of 2020. Absent discrete items, we expect our annual effective tax rate to approximate 18%-19%.

## **Discussion of Financial Condition**

## *Earning Assets*

Average earning assets totaled \$3.624 billion for the second quarter of 2021, an increase of \$126.0 million, or 3.6%, over the first quarter of 2021, and an increase of \$286.5 million, or 8.6%, over the fourth quarter of 2020. The increase over both prior periods was primarily driven by higher deposit balances, which funded growth in both overnight funds sold and the investment portfolio. Deposit balances increased as a result of strong core deposit growth, in addition to funding retained at the bank from SBA PPP loans, and various other stimulus programs.

We maintained an average net overnight funds (deposits with banks plus FED funds sold less FED funds purchased) sold position of \$818.6 million in the second quarter of 2021 compared to an average net overnight funds sold position of \$814.6 million in the first quarter of 2021 and \$705.1 million in the fourth quarter of 2020. The increase compared to both prior periods was driven by strong core deposit growth, in addition to pandemic related stimulus programs (see below – *Funding*).

Average loans held for investment (HFI) decreased \$7.6 million, or 0.4%, from the first quarter of 2021 and increased \$43.3 million, or 2.2%, over the fourth quarter of 2020. Excluding SBA PPP loans, average core loans grew \$54.4 million and \$90.4 million over both respective periods and period end loans grew \$74.3 million and \$97.7 million over both respective periods. Growth in period end loans was driven primarily in the commercial mortgage, indirect, and construction categories. At June 30, 2021, SBA PPP loan balances totaled \$79.9 million and remaining deferred SBA PPP net loan fees totaled \$3.5 million. SBA PPP loan forgiveness applications are expected to remain strong for the remainder of 2021.

## *Allowance for Credit Losses*

At June 30, 2021, the allowance for credit losses for HFI loans totaled \$22.2 million compared to \$22.0 million at March 31, 2021 and \$23.8 million at December 31, 2020. Activity within the allowance is provided on Page 9. At June 30, 2021, the allowance represented 1.10% of HFI loans and provided coverage of 434% of nonperforming loans compared to 1.07% and 411%, respectively, at March 31, 2021, and 1.19% and 406%, respectively, at December 31, 2020. At June 30, 2021, excluding SBA PPP loans (100% government guaranteed), the allowance represented 1.15% of HFI loans compared to 1.30% at December 31, 2020.

## *Credit Quality*

Nonperforming assets (nonaccrual loans and OREO) totaled \$6.3 million at June 30, 2021 compared to \$5.5 million at March 31, 2021 and \$6.7 million at December 31, 2020. Nonaccrual loans totaled \$5.1 million at June 30, 2021, a \$0.3 million decrease from March 31, 2021 and a \$0.8 million decrease from December 31, 2020. The balance of OREO totaled \$1.2 million at June 30, 2021, a \$1.0 million increase over March 31, 2021 and \$0.4 million increase over December 31, 2020.

## *Funding (Deposits/Debt)*

Average total deposits were \$3.387 billion for the second quarter of 2021, an increase of

\$147.8 million, or 4.6%, over the first quarter of 2021 and \$321.2 million, or 10.5%, over the fourth quarter of 2020. The strongest growth over both comparable periods occurred in our noninterest bearing deposits and savings account balances. Average public deposits in the second quarter 2021 increased compared to the fourth quarter 2020, but declined compared to the first quarter 2021 due to the seasonality of these deposits. Over the past 12 months, multiple government stimulus programs have been implemented, including those under the CARES Act and the American Rescue Plan Act, which are responsible for a large part of the growth in average deposits. Given these increases, the potential exists for our deposit levels to be volatile for the remainder of 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. The Bank continues to strategically consider ways to safely deploy a portion of this liquidity.

Average short-term borrowings decreased \$15.9 million over the first quarter of 2021 and declined \$44.1 million over the fourth quarter of 2020, both of which reflected a seasonal fluctuation in warehouse line borrowing needs to support CCHL's loans held for sale.

### *Capital*

Shareowners' equity was \$335.9 million at June 30, 2021 compared to \$324.4 million at March 31, 2021 and \$320.8 million at December 31, 2020. For the first six months of 2021, shareowners' equity was positively impacted by net income of \$16.9 million, a \$0.9 million increase in fair value of the interest rate swap related to subordinated debt, net adjustments totaling \$1.0 million related to transactions under our stock compensation plans, stock compensation accretion of \$0.4 million, and reclassification of \$1.2 million from temporary equity to decrease the redemption value of the non-controlling interest in CCHL. In addition, \$1.6 million was reclassified from accumulated other comprehensive loss to pension expense in conjunction with the partial pension settlement charge reflected in earnings, therefore, the charge had no net effect on equity. Shareowners' equity was reduced by common stock dividends of \$5.1 million (\$0.30 per share) and a \$1.8 million decrease in the unrealized gain on investment securities.

At June 30, 2021, our total risk-based capital ratio was 16.48% compared to 17.20% at March 31, 2021 and 17.30% at December 31, 2020. Our common equity tier 1 capital ratio was 13.14%, 13.63%, and 13.71%, respectively, on these dates. Our leverage ratio was 8.84%, 8.97%, and 9.33%, 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 6.19% at June 30, 2021 compared to 6.13% and 6.25% at March 31, 2021 and December 31, 2020, respectively.

### **About Capital City Bank Group, Inc.**

Capital City Bank Group, Inc. (NASDAQ: CCBG) is one of the largest publicly traded financial holding companies headquartered in Florida and has approximately \$4.0 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 life insurance. Our bank subsidiary, Capital City Bank ("CCB"), was founded in 1895 and now has 57 banking offices and 86 ATMs/ITMs in Florida, Georgia 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 and our business, results of operations and financial condition, including the impact of our participation in government programs related to COVID-19; the accuracy of the our financial statement estimates and assumptions; legislative or regulatory changes; fluctuations in inflation, interest rates, or monetary policies; the effects of security breaches and computer viruses that may affect our computer systems or fraud related to debit card products; changes in consumer spending and savings habits; our growth and profitability; the strength of the U.S. economy and the local economies where we conduct operations; the effects of a non-diversified loan portfolio, including the risks of geographic and industry concentrations; natural disasters, widespread health emergencies, military conflict, terrorism or other geopolitical events; changes in the stock market and other capital and real estate markets; customer acceptance of third-party products and services; increased competition and its effect on pricing; negative publicity and the impact on our reputation; technological changes, especially changes that allow out of market competitors to compete in our markets; changes in accounting; and our ability to manage the risks involved in the foregoing. Additional factors can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, 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.

<i>(Dollars in Thousands, except per share data)</i>		<b>Jun 30, 2021</b>	<b>Mar 31, 2021</b>	<b>Dec 31, 2020</b>	<b>Sep 30, 2020</b>	<b>Jun 30, 2020</b>
Shareowners' Equity (GAAP)		\$ 335,880	\$ 324,426	\$ 320,837	\$ 339,425	\$ 335,057
Less: Goodwill and Other Intangibles (GAAP)		93,333	89,095	89,095	89,095	89,095
Tangible Shareowners' Equity (non-GAAP)	A	<u>242,547</u>	<u>235,331</u>	<u>231,742</u>	<u>250,330</u>	<u>245,962</u>
Total Assets (GAAP)		4,011,459	3,929,884	3,798,071	3,587,041	3,499,524
Less: Goodwill and Other Intangibles (GAAP)		93,333	89,095	89,095	89,095	89,095
Tangible Assets (non-GAAP)	B	<u>\$ 3,918,126</u>	<u>\$ 3,840,789</u>	<u>\$ 3,708,976</u>	<u>\$ 3,497,946</u>	<u>\$ 3,410,429</u>
<b>Tangible Common Equity Ratio (non-GAAP)</b>	<b>A/B</b>	<b><u>6.19%</u></b>	<b><u>6.13%</u></b>	<b><u>6.25%</u></b>	<b><u>7.16%</u></b>	<b><u>7.21%</u></b>
Actual Diluted Shares Outstanding (GAAP)	C	16,901,375	16,875,719	16,844,997	16,800,563	16,821,743
<b>Tangible Book Value per Diluted Share (non-GAAP)</b>	<b>A/C \$</b>	<b>14.35</b>	<b>13.94</b>	<b>13.76</b>	<b>14.90</b>	<b>14.62</b>

**CAPITAL CITY BANK GROUP, INC.**  
**EARNINGS HIGHLIGHTS**  
*Unaudited*

	Three Months Ended			Six Months Ended	
	Jun 30, 2021	Mar 31, 2021	Jun 30, 2020	Jun 30, 2021	Jun 30, 2020
<i>(Dollars in thousands, except per share data)</i>					
<b>EARNINGS</b>					
Net Income Attributable to Common Shareowners	\$ 7,427	\$ 9,506	\$ 9,146	\$ 16,933	\$ 13,433
Diluted Net Income Per Share	\$ 0.44	\$ 0.56	\$ 0.55	\$ 1.00	\$ 0.80
<b>PERFORMANCE</b>					
Return on Average Assets	0.75 %	1.01 %	1.10 %	0.88 %	0.85 %
Return on Average Equity	9.05	11.81	11.03	10.42	8.12
Net Interest Margin	2.89	2.85	3.41	2.87	3.59
Noninterest Income as % of Operating Revenue	50.47	54.90	54.26	52.73	47.13
Efficiency Ratio	80.18 %	74.36 %	66.90 %	77.22 %	70.30 %
<b>CAPITAL ADEQUACY</b>					
Tier 1 Capital	15.44 %	16.08 %	16.59 %	15.44 %	16.59 %
Total Capital	16.48	17.20	17.60	16.48	17.60
Leverage	8.84	8.97	10.12	8.84	10.12
Common Equity Tier 1	13.14	13.63	14.01	13.14	14.01
Tangible Common Equity <sup>(1)</sup>	6.19	6.13	7.21	6.19	7.21
Equity to Assets	8.37 %	8.26 %	9.57 %	8.37 %	9.57 %
<b>ASSET QUALITY</b>					
Allowance as % of Non-Performing Loans	433.93 %	410.78 %	322.37 %	433.93 %	322.37 %
Allowance as a % of Loans HFI	1.10	1.07	1.11	1.10	1.11
Net Charge-Offs as % of Average Loans HFI	(0.08)	(0.10)	0.05	(0.08)	0.14
Nonperforming Assets as % of Loans HFI and OREO	0.31	0.27	0.40	0.31	0.40
Nonperforming Assets as % of Total Assets	0.16 %	0.14 %	0.23 %	0.16 %	0.23 %
<b>STOCK PERFORMANCE</b>					
High	\$ 27.39	\$ 28.98	\$ 23.99	\$ 28.98	\$ 30.62
Low	24.55	21.42	16.16	21.42	15.61
Close	\$ 25.79	\$ 26.02	\$ 20.95	\$ 25.79	\$ 20.95
Average Daily Trading Volume	28,958	30,303	49,569	29,620	45,089

(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*

	2021		2020		
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
<i>(Dollars in thousands)</i>					
<b>ASSETS</b>					
Cash and Due From Banks	\$ 78,894	\$ 73,973	\$ 67,919	\$ 76,509	\$ 75,155
Funds Sold and Interest Bearing Deposits	766,920	851,910	860,630	626,104	513,273
Total Cash and Cash Equivalents	845,814	925,883	928,549	702,613	588,428
Investment Securities Available for Sale	480,890	406,245	324,870	328,253	341,180
Investment Securities Held to Maturity	325,559	199,109	169,939	202,593	232,178
Total Investment Securities	806,449	605,354	494,809	530,846	573,358
Loans Held for Sale ("HFS")	80,821	82,081	114,039	116,561	76,610

Loans Held for Investment ("HFI"):

Commercial, Financial, & Agricultural	292,953	413,819	393,930	402,997	421,270
Real Estate - Construction	149,884	138,104	135,831	125,804	117,794
Real Estate - Commercial	707,599	669,158	648,393	656,064	662,434
Real Estate - Residential	362,018	358,849	342,664	335,713	353,831
Real Estate - Home Equity	190,078	202,099	205,479	197,363	194,479
Consumer	298,464	267,666	269,520	268,393	266,417
Other Loans	6,439	7,082	9,879	10,488	4,883
Overdrafts	1,227	950	730	1,339	1,069
Total Loans Held for Investment	2,008,662	2,057,727	2,006,426	1,998,161	2,022,177
Allowance for Credit Losses	(22,175)	(22,026)	(23,816)	(23,137)	(22,457)
Loans Held for Investment, Net	1,986,487	2,035,701	1,982,610	1,975,024	1,999,720
Premises and Equipment, Net	85,745	86,370	86,791	87,192	87,972
Goodwill and Other Intangibles	93,333	89,095	89,095	89,095	89,095
Other Real Estate Owned	1,192	110	808	1,227	1,059
Other Assets	111,618	105,290	101,370	84,483	83,282
Total Other Assets	291,888	280,865	278,064	261,997	261,408
Total Assets	\$ 4,011,459	\$ 3,929,884	\$ 3,798,071	\$ 3,587,041	\$ 3,499,524

#### LIABILITIES

##### Deposits:

Noninterest Bearing Deposits	\$ 1,552,864	\$ 1,473,891	\$ 1,328,809	\$ 1,378,314	\$ 1,377,033
NOW Accounts	970,705	993,571	1,046,408	827,506	808,244
Money Market Accounts	280,805	269,041	266,649	247,823	240,754
Regular Savings Accounts	539,477	518,373	474,100	451,944	423,924
Certificates of Deposit	103,070	103,232	101,594	103,859	105,041
Total Deposits	3,446,921	3,358,108	3,217,560	3,009,446	2,954,996

Short-Term Borrowings	47,200	55,687	79,654	90,936	63,958
Subordinated Notes Payable	52,887	52,887	52,887	52,887	52,887
Other Long-Term Borrowings	1,720	1,829	3,057	5,268	5,583
Other Liabilities	105,534	109,487	102,076	71,880	75,702
Total Liabilities	3,654,262	3,577,998	3,455,234	3,230,417	3,153,126

Temporary Equity	21,317	27,460	22,000	17,199	11,341
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#### SHAREOWNERS' EQUITY

Common Stock	169	169	168	168	168
Additional Paid-In Capital	33,560	32,804	32,283	31,425	31,575
Retained Earnings	345,574	335,324	332,528	333,545	328,570
Accumulated Other Comprehensive Loss, Net of Tax	(43,423)	(43,871)	(44,142)	(25,713)	(25,256)
Total Shareowners' Equity	335,880	324,426	320,837	339,425	335,057
Total Liabilities, Temporary Equity and Shareowners' Equity	\$ 4,011,459	\$ 3,929,884	\$ 3,798,071	\$ 3,587,041	\$ 3,499,524

#### OTHER BALANCE SHEET DATA

Earning Assets	\$ 3,662,852	\$ 3,597,071	\$ 3,475,904	\$ 3,271,672	\$ 3,185,418
Interest Bearing Liabilities	1,995,864	1,994,620	2,024,349	1,780,223	1,700,391
Book Value Per Diluted Share	\$ 19.87	\$ 19.22	\$ 19.05	\$ 20.20	\$ 19.92
Tangible Book Value Per Diluted Share <sup>(1)</sup>	14.35	13.94	13.76	14.90	14.62
Actual Basic Shares Outstanding	16,874	16,852	16,791	16,761	16,780
Actual Diluted Shares Outstanding	16,901	16,876	16,845	16,801	16,822

<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 5.



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

	2021		2020			June 30,	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	2021	2020
<i>(Dollars in thousands, except per share data)</i>							
<b>INTEREST INCOME</b>							
Interest and Fees on Loans	\$ 24,582	\$ 23,350	\$ 23,878	\$ 23,594	\$ 23,687	\$ 47,932	\$ 47,280
Investment Securities	2,054	1,883	2,096	2,426	2,737	3,937	5,752
Funds Sold	200	213	180	146	88	413	845
Total Interest Income	26,836	25,446	26,154	26,166	26,512	52,282	53,877
<b>INTEREST EXPENSE</b>							
Deposits	208	208	201	190	218	416	1,157
Short-Term Borrowings	324	412	639	498	421	736	553
Subordinated Notes Payable	308	307	311	316	374	615	845
Other Long-Term Borrowings	16	21	30	40	41	37	91
Total Interest Expense	856	948	1,181	1,044	1,054	1,804	2,646
Net Interest Income	25,980	24,498	24,973	25,122	25,458	50,478	51,231
Provision for Credit Losses	(571)	(982)	1,342	1,308	2,005	(1,553)	6,995
Net Interest Income after Provision for Credit Losses	26,551	25,480	23,631	23,814	23,453	52,031	44,236
<b>NONINTEREST INCOME</b>							
Deposit Fees	4,236	4,271	4,713	4,316	3,756	8,507	8,771
Bank Card Fees	3,998	3,618	3,462	3,389	3,142	7,616	6,193
Wealth Management Fees	3,274	3,090	3,069	2,808	2,554	6,364	5,158
Mortgage Banking Revenues	13,217	17,125	17,711	22,983	19,397	30,342	22,650
Other	1,748	1,722	1,568	1,469	1,350	3,470	2,905
Total Noninterest Income	26,473	29,826	30,523	34,965	30,199	56,299	45,677
<b>NONINTEREST EXPENSE</b>							
Compensation	25,378	26,064	26,722	26,164	23,658	51,442	43,394
Occupancy, Net	5,973	5,967	5,976	5,906	5,798	11,940	10,777
Other Real Estate, Net	(270)	(118)	567	219	116	(388)	(682)
Pension Adjustment	2,000	-	-	-	-	2,000	-
Other	9,042	8,563	8,083	8,053	7,731	17,605	14,783
Total Noninterest Expense	42,123	40,476	41,348	40,342	37,303	82,599	68,272
<b>OPERATING PROFIT</b>							
	10,901	14,830	12,806	18,437	16,349	25,731	21,641
Income Tax Expense	2,059	2,787	2,833	3,165	2,950	4,846	4,232
Net Income	8,842	12,043	9,973	15,272	13,399	20,885	17,409
Pre-Tax Income Attributable to Noncontrolling Interest	(1,415)	(2,537)	(2,227)	(4,875)	(4,253)	(3,952)	(3,976)
<b>NET INCOME ATTRIBUTABLE TO COMMON SHAREOWNERS</b>							
	\$ 7,427	\$ 9,506	\$ 7,746	\$ 10,397	\$ 9,146	\$ 16,933	\$ 13,433
<b>PER COMMON SHARE</b>							
Basic Net Income	\$ 0.44	\$ 0.56	\$ 0.46	\$ 0.62	\$ 0.55	\$ 1.00	\$ 0.80
Diluted Net Income	0.44	0.56	0.46	0.62	0.55	1.00	0.80
Cash Dividend	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.14	\$ 0.14	\$ 0.30	\$ 0.28
<b>AVERAGE SHARES</b>							
Basic	16,858	16,838	16,763	16,771	16,797	16,848	16,803
Diluted	16,885	16,862	16,817	16,810	16,839	16,874	16,844

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

	2021		2020			June 30,	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	2021	2020
<i>(Dollars in thousands, except per share data)</i>							
<b>ACL - HELD FOR INVESTMENT</b>							
Balance at Beginning of Period	\$ 22,026	\$ 23,816	\$ 23,137	\$ 22,457	\$ 21,083	\$ 23,816	\$ 13,905
Impact of Adopting ASC 326 (CECL)	-	-	-	-	-	-	3,269
Provision for Credit Losses	(184)	(2,312)	1,165	1,265	1,615	(2,496)	6,605
Net Charge-Offs (Recoveries)	(333)	(522)	486	585	241	(855)	1,322
Balance at End of Period	\$ 22,175	\$ 22,026	\$ 23,816	\$ 23,137	\$ 22,457	\$ 22,175	\$ 22,457
As a % of Loans HFI	1.10%	1.07%	1.19%	1.16%	1.11%	1.10%	1.11%
As a % of Nonperforming Loans	433.93%	410.78%	405.66%	420.30%	322.37%	433.93%	322.37%
<b>ACL - UNFUNDED COMMITMENTS</b>							
Balance at Beginning of Period	2,974	\$ 1,644	\$ 1,467	\$ 1,424	\$ 1,033	\$ 1,644	\$ 157
Impact of Adopting ASC 326 (CECL)	-	-	-	-	-	-	876
Provision for Credit Losses	(387)	1,330	177	43	391	943	391
Balance at End of Period <sup>(1)</sup>	2,587	2,974	1,644	1,467	1,424	2,587	1,424
<b>CHARGE-OFFS</b>							
Commercial, Financial and Agricultural	\$ 32	\$ 69	\$ 104	\$ 137	\$ 186	\$ 101	\$ 548
Real Estate - Construction	-	-	-	-	-	-	-
Real Estate - Commercial	-	-	-	17	-	-	11
Real Estate - Residential	65	6	38	1	1	71	111
Real Estate - Home Equity	74	5	10	58	52	79	83
Consumer	230	564	668	619	634	794	1,498
Overdrafts	440	492	564	450	541	932	1,243
Total Charge-Offs	\$ 841	\$ 1,136	\$ 1,384	\$ 1,282	\$ 1,414	\$ 1,977	\$ 3,494
<b>RECOVERIES</b>							
Commercial, Financial and Agricultural	\$ 103	\$ 136	\$ 64	\$ 74	\$ 74	\$ 239	\$ 114
Real Estate - Construction	-	-	50	-	-	-	-
Real Estate - Commercial	26	645	27	30	70	671	261
Real Estate - Residential	244	75	153	35	51	319	91
Real Estate - Home Equity	70	124	40	41	64	194	97
Consumer	332	311	306	280	365	643	633
Overdrafts	399	367	258	237	549	766	976
Total Recoveries	\$ 1,174	\$ 1,658	\$ 898	\$ 697	\$ 1,173	\$ 2,832	\$ 2,172
NET CHARGE-OFFS (RECOVERIES)	\$ (333)	\$ (522)	\$ 486	\$ 585	\$ 241	\$ (855)	\$ 1,322
Net Charge-Offs as a % of Average Loans HFI <sup>(2)</sup>	(0.07)%	(0.10)%	0.09%	0.11%	0.05%	(0.08)%	0.14%
<b>RISK ELEMENT ASSETS</b>							
Nonaccruing Loans	\$ 5,110	\$ 5,362	\$ 5,871	\$ 5,505	\$ 6,966		
Other Real Estate Owned	1,192	110	808	1,227	1,059		
Total Nonperforming Assets ("NPAs")	\$ 6,302	\$ 5,472	\$ 6,679	\$ 6,732	\$ 8,025		
Past Due Loans 30-89 Days	\$ 3,745	\$ 2,622	\$ 4,594	\$ 3,191	\$ 2,948		
Past Due Loans 90 Days or More	-	-	-	-	-		
Classified Loans	19,397	20,608	17,631	16,772	17,091		
Performing Troubled Debt Restructurings	\$ 8,992	\$ 13,597	\$ 13,887	\$ 14,693	\$ 15,133		
Nonperforming Loans as a % of Loans HFI	0.25%	0.26%	0.29%	0.28%	0.34%		
NPAs as a % of Loans HFI and Other Real Estate	0.31%	0.27%	0.33%	0.34%	0.40%		
NPAs as a % of Total Assets	0.16%	0.14%	0.18%	0.19%	0.23%		

<sup>(1)</sup> Recorded in other liabilities

<sup>(2)</sup> Annualized

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

<i>(Dollars in thousands)</i>	Second Quarter 2021			First Quarter 2021			Fourth Quarter 2020			Third
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance
<b>ASSETS:</b>										
Loans Held for Sale	\$ 77,101	\$ 566	2.94 %	\$ 106,242	\$ 970	3.70 %	\$ 121,052	\$ 878	3.85 %	\$ 92,522
Loans Held for Investment <sup>(1)</sup>	2,036,781	24,095	4.74	2,044,363	22,483	4.46	1,993,470	23,103	4.55	2,005,178
<b>Investment Securities</b>										
Taxable Investment Securities	687,882	2,036	1.18	528,842	1,863	1.41	513,277	2,072	1.61	553,395
Tax-Exempt Investment Securities <sup>(1)</sup>	3,530	23	2.58	3,844	25	2.61	4,485	30	2.71	4,860
Total Investment Securities	691,412	2,059	1.19	532,686	1,888	1.42	517,762	2,102	1.62	558,255
Funds Sold	818,616	200	0.10	814,638	214	0.11	705,125	180	0.10	567,883
Total Earning Assets	3,623,910	\$ 26,920	2.98 %	3,497,929	\$ 25,555	2.96 %	3,337,409	\$ 26,263	3.14 %	3,223,838
Cash and Due From Banks	74,076			68,978			73,968			69,893
Allowance for Loan Losses	(22,794)			(24,128)			(23,725)			(22,948)
Other Assets	281,157			278,742			264,784			268,549
<b>Total Assets</b>	<b>\$ 3,956,349</b>			<b>\$ 3,821,521</b>			<b>\$ 3,652,436</b>			<b>\$ 3,539,332</b>
<b>LIABILITIES:</b>										
<b>Interest Bearing Deposits</b>										
NOW Accounts	\$ 966,649	\$ 74	0.03 %	\$ 985,517	\$ 76	0.03 %	\$ 879,564	\$ 66	0.03 %	\$ 826,776
Money Market Accounts	272,138	33	0.05	269,829	33	0.05	261,543	34	0.05	247,185
Savings Accounts	529,844	64	0.05	492,252	60	0.05	466,116	57	0.05	438,762
Time Deposits	102,995	37	0.15	102,089	39	0.15	102,809	44	0.17	104,522
Total Interest Bearing Deposits	1,871,626	208	0.04 %	1,849,687	208	0.05 %	1,710,032	201	0.05 %	1,617,245
<b>Short-Term Borrowings</b>										
Subordinated Notes Payable	51,152	324	2.54 %	67,033	412	2.49 %	95,280	639	2.67 %	74,557
Other Long-Term Borrowings	52,887	308	2.30	52,887	307	2.32	52,887	311	2.30	52,887
	1,762	16	3.38	2,736	21	3.18	3,700	30	3.18	5,453
Total Interest Bearing Liabilities	1,977,427	\$ 856	0.17 %	1,972,343	\$ 948	0.19 %	1,861,899	\$ 1,181	0.25 %	1,750,142
<b>Noninterest Bearing Deposits</b>										
Other Liabilities	1,515,726			1,389,821			1,356,104			1,354,032
	107,801			111,050			74,605			83,192

Total Liabilities	3,600,954	3,473,214	3,292,608	3,187,366
Temporary Equity	26,355	21,977	16,154	11,893
<b>SHAREOWNERS' EQUITY:</b>	329,040	326,330	343,674	340,073
Total Liabilities, Temporary Equity and Shareowners' Equity	<u>\$ 3,956,349</u>	<u>\$ 3,821,521</u>	<u>\$ 3,652,436</u>	<u>\$ 3,539,332</u>

Interest Rate Spread	\$ 26,064	2.81 %	\$ 24,607	2.77 %	\$ 25,082	2.88 %
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Interest Income and Rate Earned <sup>(1)</sup>	26,920	2.98	25,555	2.96	26,263	3.14
Interest Expense and Rate Paid <sup>(2)</sup>	856	0.09	948	0.11	1,181	0.14
Net Interest Margin	\$ 26,064	2.89 %	\$ 24,607	2.85 %	\$ 25,082	3.00 %

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

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

**CAPITAL CITY HOME LOANS  
MORTGAGE BANKING ACTIVITY**  
*Unaudited*

<i>(Dollars in thousands)</i>	Three Months Ended			Six Months Ended	
	Jun 30, 2021	Mar 31, 2021	Jun 30, 2020	Jun 30, 2021	Jun 30, 2020
Net Interest Income	\$ 19	\$ (153)	\$ 109	\$ (134)	\$ 125
Mortgage Banking Fees	13,116	16,846	19,156	29,962	21,271
Other	425	426	203	851	299
Total Noninterest Income	13,541	17,272	19,359	30,813	21,570
Salaries	8,538	10,276	8,381	18,814	10,623
Other Associate Benefits	210	221	204	431	253
Total Compensation	8,748	10,497	8,585	19,245	10,876
Occupancy, Net	854	861	768	1,715	999
Other	1,359	1,101	1,248	2,460	1,705
Total Noninterest Expense	10,961	12,459	10,601	23,420	13,580
Operating Profit	\$ 2,599	\$ 4,660	\$ 8,867	\$ 7,259	\$ 8,115
Key Performance Metrics					
Total Loans Closed	\$ 406,859	\$ 463,126	\$ 407,118	\$ 869,985	\$ 510,008
Total Loans Closed - Mix					
Purchase	76%	60%	51%	68%	53%
Refinance	24%	40%	49%	32%	47%

*For Information Contact:*  
**J. Kimbrough Davis**  
*Executive Vice President and Chief Financial Officer*

850.402.7820



Source: Capital City Bank Group