

January 25, 2022



Capital City Bank Group, Inc. Reports Fourth Quarter and Full Year 2021 Results

TALLAHASSEE, Fla., Jan. 25, 2022 (GLOBE NEWSWIRE) -- Capital City Bank Group, Inc. (NASDAQ: CCBG) today reported net income of \$6.4 million, or \$0.38 per diluted share, for the fourth quarter of 2021 compared to net income of \$10.1 million, or \$0.60 per diluted share, for the third quarter of 2021, and \$7.7 million, or \$0.46 per diluted share, for the fourth quarter of 2020.

For the full year of 2021, net income totaled \$33.4 million, or \$1.98 per diluted share, compared to net income of \$31.6 million, or \$1.88 per diluted share, for 2020.

Fourth Quarter 2021 HIGHLIGHTS

- *Operating revenues (excluding mortgage revenues and SBA PPP loan income) improved 1.9%*
- *Capital City Home Loans ("CCHL") contributed \$0.03 per share versus \$0.06 per share in the prior quarter reflective of a typical seasonal slowdown*
- *Noninterest expense increased \$0.5 million, or 1.3%, on higher other real estate expense related to a third quarter gain of \$1.0 million on the sale of a banking office*
- *Average loans, excluding PPP loans, grew \$8 million and average investment securities increased \$82 million*
- *Noninterest expense included a pension settlement charge of \$0.6 million or \$0.03 per share*
- *Strong credit quality metrics resulted in no loan loss provision and an allowance coverage ratio of 1.12%*
- *Average Deposits grew \$101 million, or 2.9%, primarily due to a seasonal increase in public fund inflows*
- *Capital growth of \$34.3 million (\$2.03 per share), or 9.8%, primarily attributable to a favorable adjustment for year-end pension plan re-measurement*

Full Year 2021 HIGHLIGHTS

- *2021 net income totaled \$33.4 million, a record year*
- *Operating revenues (excluding mortgage revenues and SBA PPP loan income) improved 1.4%*
- *CCHL contributed \$0.23 per share versus \$0.52 per share in 2020*
- *Average loans, excluding PPP loans, grew \$76 million and average investment securities increased \$203 million*
- *Negative loan loss provision of \$1.6 million*
- *Noninterest expense included pension settlement charges totaling \$3.1 million or \$0.15 per share*
- *Average Deposits grew \$563 million, or 19.8%, reflective of government stimulus related inflows*

- *Capital growth of \$62.3 million (\$3.69 per share), or 19.4%*

“Capital City reported record earnings in 2021,” said William G. Smith, Jr., Chairman, President and CEO of Capital City Bank Group. “SBA PPP loan income, pristine credit quality and growth in our fee-based businesses drove earnings, more than offsetting the adverse impacts of a normalizing mortgage market, pension settlement charges and a lower interest rate environment. We are well positioned for rising interest rates given our asset sensitive balance sheet and the favorable impact higher interest rates have on our pension related other comprehensive loss. Year over year, the favorable pension equity adjustment added \$2.01 per share to book value. As I look toward 2022, I am excited about the prospects of our recent addition of Capital City Strategic Wealth (a financial planning/advisory service), which gained traction in the latter half of 2021, and our market expansion in the western panhandle of Florida and the northern arc of Atlanta. While challenges remain, we are identifying opportunities and executing on strategies we believe are sustainable and add long-term value for our shareowners. I am optimistic about the future and appreciate your continued support.”

Discussion of Operating Results

Net Interest Income/Net Interest Margin

Tax-equivalent net interest income for the fourth quarter of 2021 totaled \$24.8 million compared to \$27.8 million for the third quarter of 2021 and \$25.1 million for the fourth quarter of 2020. For the full year 2021 tax-equivalent net interest income totaled \$103.2 million compared to \$101.8 million for 2020. Compared to the third quarter of 2021 and the fourth quarter of 2020, the decrease was primarily due to lower SBA PPP loan income. Compared to the full year 2020, the increase was primarily attributable to higher SBA PPP loan income and higher average loan balances, partially offset by unfavorable rate repricing due to a generally lower rate environment.

Our net interest margin for the fourth quarter of 2021 was 2.60%, a decrease of 38 basis points over the third quarter of 2021 and a decrease of 40 basis points from the fourth quarter of 2020. Compared to both prior periods, the decrease was attributable to a decline in SBA PPP loan income, in conjunction with growth in earning assets (driven by deposit inflows), which negatively impacts our margin percentage. For the full year 2021, the net interest margin declined 47 basis points compared to 2020, primarily driven by growth in earning assets. Our net interest margin for the fourth quarter of 2021, excluding the impact of overnight funds in excess of \$200 million, was 3.10%.

Provision for Credit Loss

We did not record a provision for credit losses for the fourth quarter of 2021. This compares to provision expense of \$1.3 million for the fourth quarter of 2020. For the full year 2021, we recorded a negative provision of \$1.6 million compared to provision expense of \$9.6 million for 2020. The lower provision in 2021 was attributable to improvements in forecasted economic conditions, favorable loan migration and net loan recoveries totaling \$0.6 million. We discuss the allowance for credit losses further below.

Noninterest Income and Noninterest Expense

Noninterest income for the fourth quarter of 2021 totaled \$24.7 million compared to \$26.6 million for the third quarter of 2021 and \$30.5 million for the fourth quarter of 2020. For the full year 2021, noninterest income totaled \$107.5 million compared to \$111.2 million for 2020. The decrease from all prior periods was primarily attributable to lower mortgage banking revenues that were partially offset by strong gains in deposit fees, bank card fees, and wealth management fees. The decline in mortgage banking revenues for the fourth quarter of 2021 reflected a normal seasonal decline in loan purchase activity. Year over year, the decline in mortgage banking revenues was driven generally by lower refinancing activity, a shift in production mix (lower government versus conventional product), and lower market driven gain on sale margins. Additional detail on our mortgage banking operation (CCHL) is provided on Page 11. The increase in deposit fees reflected the conversion, in the third quarter of 2021, of the remaining free checking accounts to a monthly maintenance fee account type. The increase in wealth management fees was primarily attributable to higher retail brokerage transaction volume and advisory accounts added from the acquisition of Capital City Strategic Wealth on May 1, 2021. To a lesser extent, higher trust fees contributed to the increase in wealth management fees driven by higher assets under management. The increase in bank card fees generally reflected an increase in card-not-present debit card transactions and increased consumer spending.

Noninterest expense for the fourth quarter of 2021 totaled \$40.2 million compared to \$39.7 million for the third quarter of 2021 and \$41.3 million for the fourth quarter of 2020. The increase over the third quarter of 2021 was primarily attributable to higher other real estate expense of \$1.2 million, partially offset by lower compensation expense of \$0.5 million. The increase in other real estate expense reflected a gain on the sale of a banking office in the third quarter of 2021. The decrease in compensation was attributable to lower commission expense at CCHL. Compared to the fourth quarter of 2020, the decrease was primarily due to lower commission expense at CCHL.

For the full year 2021, noninterest expense totaled \$162.5 million compared to \$150.0 million for 2020. The \$12.5 million increase was attributable to the addition of expenses at CCHL (March 1, 2020 acquisition) of \$2.3 million and higher expenses at the core bank totaling \$10.2 million. The increase in expenses at the core bank were primarily due to higher compensation expense of \$3.7 million (merit raises, pension/service cost expense, and realized loan cost), pension settlement expense of \$3.1 million, and an increase in other expense of \$5.0 million, partially offset by lower other real estate expense of \$1.6 million. The increase in other expense was primarily attributable to higher expense of \$2.1 million for the non-service cost component of our pension plan attributable to the utilization of a lower discount rate for plan liabilities. Higher processing fees of \$0.7 million (debit card volume), professional fees of \$0.6 million, occupancy expense of \$0.5 million, and FDIC insurance of \$0.5 million (higher asset size) also contributed to the increase in other expense.

Income Taxes

We realized income tax expense of \$2.0 million (effective rate of 22%) for the fourth quarter of 2021 compared to \$2.9 million (effective rate of 20%) for the third quarter of 2021 and \$2.8 million (effective rate of 22%) for the fourth quarter of 2020. For the full year 2021, we realized income tax expense of \$9.8 million (effective rate of 20%) compared to \$10.2 million (effective rate of 19%) for the same period of 2020. Tax expense for the fourth quarter of

2021 and 2020 was unfavorably impacted by discrete tax expense of \$0.1 million and \$0.3 million, respectively. Absent discrete items, we expect our annual effective tax rate to approximate 19%-20% in 2022.

Discussion of Financial Condition

Earning Assets

Average earning assets totaled \$3.791 billion for the fourth quarter of 2021, an increase of \$98.2 million, or 2.7%, over the third quarter of 2021, and an increase of \$453.9 million, or 13.6%, over the fourth quarter of 2020. The increase over both prior periods was primarily driven by higher deposit balances. Deposit balances increased as a result of strong core deposit growth, SBA PPP loan proceeds deposited in client accounts, 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 \$789.1 million in the fourth quarter of 2021 compared to an average net overnight funds sold position of \$741.9 million in the third 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 \$25.8 million, or 1.3%, from the third quarter of 2021 and decreased \$45.1 million, or 2.3%, from the fourth quarter of 2020. Excluding SBA PPP loans, average loans HFI increased \$7.8 million compared to the third quarter of 2021, and increased \$133.1 million compared to the fourth quarter of 2020. Compared to the third quarter of 2021 the increase in average loans (excluding PPP loans) reflected growth in construction and indirect loans, partially offset by declines in the remaining loan products. Compared to the fourth quarter of 2020, we realized growth in construction, residential, commercial real estate and indirect loans. At December 31, 2021, remaining SBA PPP loan balances and fees totaled less than \$0.2 million.

Allowance for Credit Losses

At December 31, 2021, the allowance for credit losses for HFI loans totaled \$21.6 million compared to \$21.5 million at September 30, 2021 and \$23.8 million at December 31, 2020. Activity within the allowance is provided on Page 9. At December 31, 2021, the allowance represented 1.12% of HFI loans and provided coverage of 546% of nonperforming loans compared to 1.11% and 710%, respectively, at September 30, 2021, and 1.19% and 406%, respectively, at December 31, 2020. At December 31, 2021, excluding SBA PPP loans (100% government guaranteed), the allowance represented 1.12% of HFI loans compared to 1.30% at December 31, 2020.

Credit Quality

Overall credit quality continues to remain strong. Nonperforming assets (nonaccrual loans and other real estate) totaled \$4.3 million at December 31, 2021 compared to \$3.2 million at September 30, 2021 and \$6.7 million at December 31, 2020. At December 31, 2021, nonperforming assets as a percentage of total assets was stable at 0.10%. Nonaccrual loans totaled \$4.3 million at December 31, 2021, a \$1.3 million increase over September 30, 2021

and a \$1.5 million decrease from December 31, 2020.

Funding (Deposits/Debt)

Average total deposits were \$3.549 billion for the fourth quarter of 2021, an increase of \$101.5 million, or 2.9%, over the third quarter of 2021 and \$483.0 million, or 15.8%, over the fourth quarter of 2020. Compared to both prior periods, growth in average total deposits was experienced in all products except certificates of deposit, with the strongest growth occurring in our noninterest bearing deposits and savings account balances. Over the past 18 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 into 2022 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 \$3.4 million from the third quarter of 2021 and declined \$48.9 million from 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 \$383.2 million at December 31, 2021 compared to \$348.9 million at September 30, 2021 and \$320.8 million at December 31, 2020. For the full year 2021, shareowners' equity was positively impacted by net income of \$33.4 million, a \$34.1 million decrease in the accumulated other comprehensive loss for our pension plan, a \$1.1 million increase in fair value of the interest rate swap related to subordinated debt, net adjustments totaling \$1.4 million related to transactions under our stock compensation plans, stock compensation accretion of \$0.8 million, and reclassification of \$9.3 million from temporary equity to decrease the redemption value of the non-controlling interest in CCHL. Shareowners' equity was reduced by common stock dividends of \$10.5 million (\$0.62 per share) and a \$7.3 million decrease in the unrealized gain on investment securities.

At December 31, 2021, our total risk-based capital ratio was 17.15% compared to 16.70% at September 30, 2021 and 17.30% at December 31, 2020. Our common equity tier 1 capital ratio was 13.86%, 13.45%, and 13.71%, respectively, on these dates. Our leverage ratio was 8.95%, 9.05%, 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 6.95% at December 31, 2021 compared to 6.46% and 6.25% at September 30, 2021 and December 31, 2020, respectively. Our tangible capital ratio was favorably impacted at December 31, 2021 by the aforementioned annual adjustment to the other comprehensive loss for our pension plan. The favorable adjustment was primarily attributable to the utilization of higher discount rates to re-measure the present value of the projected benefit obligation and a strong return on plan assets for 2021.

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 \$4.3 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, 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.

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 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>		Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
Shareowners' Equity (GAAP)		\$ 383,166	\$ 348,868	\$ 335,880	\$ 324,426	\$ 320,837
Less: Goodwill and Other Intangibles (GAAP)		93,253	93,293	93,333	89,095	89,095
Tangible Shareowners' Equity (non-GAAP)	A	289,913	255,575	242,547	235,331	231,742
Total Assets (GAAP)		4,263,849	4,048,733	4,011,459	3,929,884	3,798,071
Less: Goodwill and Other Intangibles (GAAP)		93,253	93,293	93,333	89,095	89,095
Tangible Assets (non-GAAP)	B	\$ 4,170,596	\$ 3,955,440	\$ 3,918,126	\$ 3,840,789	\$ 3,708,976
Tangible Common Equity Ratio (non-GAAP)	A/B	6.95%	6.46%	6.19%	6.13%	6.25%
Actual Diluted Shares Outstanding (GAAP)	C	16,935,389	16,911,715	16,901,375	16,875,719	16,844,997
Tangible Book Value per Diluted Share (non-GAAP)	A/C	\$ 17.12	\$ 15.11	\$ 14.35	\$ 13.94	\$ 13.76

CAPITAL CITY BANK GROUP, INC.
EARNINGS HIGHLIGHTS
Unaudited

<i>(Dollars in thousands, except per share data)</i>	Three Months Ended			Twelve Months Ended	
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
EARNINGS					
Net Income Attributable to Common Shareowners	\$ 6,372	\$ 10,091	\$ 7,746	\$ 33,396	\$ 31,576
Diluted Net Income Per Share	\$ 0.38	\$ 0.60	\$ 0.46	\$ 1.98	\$ 1.88
PERFORMANCE					
Return on Average Assets	0.61 %	0.99 %	0.84 %	0.84 %	0.93 %
Return on Average Equity	7.22	11.72	8.97	9.92	9.36
Net Interest Margin	2.60	2.98	3.00	2.83	3.30
Noninterest Income as % of Operating Revenue	49.96	48.99	55.00	51.11	52.32
Efficiency Ratio	81.29 %	73.09 %	74.36 %	77.11 %	70.43 %
CAPITAL ADEQUACY					
Tier 1 Capital	16.14 %	15.69 %	16.19 %	16.14 %	16.19 %
Total Capital	17.15	16.70	17.30	17.15	17.30
Leverage	8.95	9.05	9.33	8.95	9.33
Common Equity Tier 1	13.86	13.45	13.71	13.86	13.71
Tangible Common Equity ⁽¹⁾	6.95	6.46	6.25	6.95	6.25
Equity to Assets	8.99 %	8.62 %	8.45 %	8.99 %	8.45 %
ASSET QUALITY					
Allowance as % of Non-Performing Loans	499.93 %	710.39 %	405.66 %	499.93 %	405.66 %
Allowance as a % of Loans HFI	1.12	1.11	1.19	1.12	1.19
Net Charge-Offs as % of Average Loans HFI	0.02	0.03	0.09	(0.03)	0.12
Nonperforming Assets as % of Loans HFI and OREO	0.22	0.17	0.33	0.22	0.33
Nonperforming Assets as % of Total Assets	0.10 %	0.08 %	0.18 %	0.10 %	0.18 %
STOCK PERFORMANCE					
High	\$ 29.00	\$ 26.10	\$ 26.35	\$ 29.00	\$ 30.62
Low	24.77	22.02	18.14	21.42	15.61
Close	\$ 26.40	\$ 24.74	\$ 24.58	\$ 26.40	\$ 24.58
Average Daily Trading Volume	29,900	30,515	22,271	29,919	35,125

⁽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

<i>(Dollars in thousands)</i>	2021				2020
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter
ASSETS					
Cash and Due From Banks	\$ 65,313	\$ 73,132	\$ 78,894	\$ 73,973	\$ 67,919
Funds Sold and Interest Bearing Deposits	970,041	708,988	766,920	851,910	860,630
Total Cash and Cash Equivalents	1,035,354	782,120	845,814	925,883	928,549
Investment Securities Available for Sale	654,611	645,844	480,890	406,245	324,870
Investment Securities Held to Maturity	339,601	341,228	325,559	199,109	169,939
Other Equity Securities	861	-	-	-	-
Total Investment Securities	995,073	987,072	806,449	605,354	494,809
Loans Held for Sale	52,532	77,036	80,821	82,081	114,039
Loans Held for Investment ("HFI"):					
Commercial, Financial, & Agricultural	223,086	218,929	292,953	413,819	393,930
Real Estate - Construction	174,394	177,443	149,884	138,104	135,831
Real Estate - Commercial	663,550	683,379	707,599	669,158	648,393
Real Estate - Residential	346,756	355,958	362,018	358,849	342,664
Real Estate - Home Equity	187,821	187,642	190,078	202,099	205,479
Consumer	321,511	309,983	298,464	267,666	269,520
Other Loans	13,265	6,792	6,439	7,082	9,879
Overdrafts	1,082	1,299	1,227	950	730
Total Loans Held for Investment	1,931,465	1,941,425	2,008,662	2,057,727	2,006,426
Allowance for Credit Losses	(21,606)	(21,500)	(22,175)	(22,026)	(23,816)
Loans Held for Investment, Net	1,909,859	1,919,925	1,986,487	2,035,701	1,982,610
Premises and Equipment, Net	83,412	84,750	85,745	86,370	86,791
Goodwill and Other Intangibles	93,253	93,293	93,333	89,095	89,095
Other Real Estate Owned	17	192	1,192	110	808
Other Assets	94,349	104,345	111,618	105,290	101,370
Total Other Assets	271,031	282,580	291,888	280,865	278,064
Total Assets	\$ 4,263,849	\$ 4,048,733	\$ 4,011,459	\$ 3,929,884	\$ 3,798,071
LIABILITIES					
Deposits:					
Noninterest Bearing Deposits	\$ 1,668,912	\$ 1,592,345	\$ 1,552,864	\$ 1,473,891	\$ 1,328,809
NOW Accounts	1,070,154	926,201	970,705	993,571	1,046,408
Money Market Accounts	274,611	286,065	280,805	269,041	266,649
Regular Savings Accounts	599,811	559,714	539,477	518,373	474,100
Certificates of Deposit	99,374	101,637	103,070	103,232	101,594
Total Deposits	3,712,862	3,465,962	3,446,921	3,358,108	3,217,560
Short-Term Borrowings	34,557	51,410	47,200	55,687	79,654
Subordinated Notes Payable	52,887	52,887	52,887	52,887	52,887
Other Long-Term Borrowings	884	1,610	1,720	1,829	3,057
Other Liabilities	67,735	113,720	105,534	109,487	102,076
Total Liabilities	3,868,925	3,685,589	3,654,262	3,577,998	3,455,234
Temporary Equity	11,758	14,276	21,317	27,460	22,000
SHAREOWNERS' EQUITY					
Common Stock	169	169	169	169	168
Additional Paid-In Capital	34,423	33,876	33,560	32,804	32,283
Retained Earnings	364,788	359,550	345,574	335,324	332,528
Accumulated Other Comprehensive Loss, Net of Tax	(16,214)	(44,727)	(43,423)	(43,871)	(44,142)
Total Shareowners' Equity	383,166	348,868	335,880	324,426	320,837

Total Liabilities, Temporary Equity and Shareowners' Equity	\$ 4,263,849	\$ 4,048,733	\$ 4,011,459	\$ 3,929,884	\$ 3,798,071
OTHER BALANCE SHEET DATA					
Earning Assets	\$ 3,949,111	\$ 3,714,521	\$ 3,662,852	\$ 3,597,071	\$ 3,475,904
Interest Bearing Liabilities	2,132,278	1,979,524	1,995,864	1,994,620	2,024,349
Book Value Per Diluted Share	\$ 22.63	\$ 20.63	\$ 19.87	\$ 19.22	\$ 19.05
Tangible Book Value Per Diluted Share ⁽¹⁾	17.12	15.11	14.35	13.94	13.76
Actual Basic Shares Outstanding	16,892	16,878	16,874	16,852	16,791
Actual Diluted Shares Outstanding	16,935	16,912	16,901	16,876	16,845

⁽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

<i>(Dollars in thousands, except per share data)</i>	2021				2020	December 31,	
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	2021	2020
INTEREST INCOME							
Interest and Fees on Loans	\$ 22,744	\$ 25,885	\$ 24,582	\$ 23,350	\$ 23,878	\$ 96,561	\$ 94,752
Investment Securities	2,505	2,350	2,054	1,883	2,096	8,792	10,274
Funds Sold	300	285	200	213	180	998	1,171
Total Interest Income	25,549	28,520	26,836	25,446	26,154	106,351	106,197
INTEREST EXPENSE							
Deposits	213	210	208	208	201	839	1,548
Short-Term Borrowings	307	317	324	412	639	1,360	1,690
Subordinated Notes Payable	306	307	308	307	311	1,228	1,472
Other Long-Term Borrowings	12	14	16	21	30	63	161
Total Interest Expense	838	848	856	948	1,181	3,490	4,871
Net Interest Income	24,711	27,672	25,980	24,498	24,973	102,861	101,326
Provision for Credit Losses	-	-	(571)	(982)	1,342	(1,553)	9,645
Net Interest Income after Provision for Credit Losses	24,711	27,672	26,551	25,480	23,631	104,414	91,681
NONINTEREST INCOME							
Deposit Fees	5,300	5,075	4,236	4,271	4,713	18,882	17,800
Bank Card Fees	3,872	3,786	3,998	3,618	3,462	15,274	13,044
Wealth Management Fees	3,706	3,623	3,274	3,090	3,069	13,693	11,035
Mortgage Banking Revenues	9,800	12,283	13,217	17,125	17,711	52,425	63,344
Other	1,994	1,807	1,748	1,722	1,568	7,271	5,942
Total Noninterest Income	24,672	26,574	26,473	29,826	30,523	107,545	111,165
NONINTEREST EXPENSE							
Compensation	24,783	25,245	25,378	26,064	26,722	101,470	96,280
Occupancy, Net	5,960	6,032	5,973	5,967	5,976	23,932	22,659
Other Real Estate, Net	26	(1,126)	(270)	(118)	567	(1,488)	104
Pension Settlement	572	500	2,000	-	-	3,072	-
Other	8,866	9,051	9,042	8,563	8,083	35,522	30,919
Total Noninterest Expense	40,207	39,702	42,123	40,476	41,348	162,508	149,962
OPERATING PROFIT	9,176	14,544	10,901	14,830	12,806	49,451	52,884
Income Tax Expense	2,040	2,949	2,059	2,787	2,833	9,835	10,230
Net Income	7,136	11,595	8,842	12,043	9,973	39,616	42,654
Pre-Tax Income Attributable to Noncontrolling Interest	(764)	(1,504)	(1,415)	(2,537)	(2,227)	(6,220)	(11,078)
NET INCOME ATTRIBUTABLE TO COMMON SHAREOWNERS							
	\$ 6,372	\$ 10,091	\$ 7,427	\$ 9,506	\$ 7,746	\$ 33,396	\$ 31,576
PER COMMON SHARE							
Basic Net Income	\$ 0.38	\$ 0.60	\$ 0.44	\$ 0.56	\$ 0.46	\$ 1.98	\$ 1.88
Diluted Net Income	0.38	0.60	0.44	0.56	0.46	1.98	1.88
Cash Dividend	\$ 0.16	\$ 0.16	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.62	\$ 0.57
AVERAGE SHARES							
Basic	16,880	16,875	16,858	16,838	16,763	16,863	16,785
Diluted	16,923	16,909	16,885	16,862	16,817	16,893	16,822

**CAPITAL CITY BANK
GROUP, INC.
ALLOWANCE FOR CREDIT LOSSES
("ACL")**

**AND RISK ELEMENT
ASSETS**

Unaudited

<i>(Dollars in thousands, except per share data)</i>	2021				2020	December 31,	
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	2021	2020
ACL - HELD FOR INVESTMENT LOANS							
Balance at Beginning of Period	\$ 21,500	\$ 22,175	\$ 22,026	\$ 23,816	\$ 23,137	\$ 23,816	\$ 13,905
Impact of Adopting ASC 326 (CECL)	-	-	-	-	-	-	3,269
Provision for Credit Losses	200	(546)	(184)	(2,312)	1,165	(2,842)	9,035
Net Charge-Offs (Recoveries)	94	129	(333)	(522)	486	(632)	2,393
Balance at End of Period	\$ 21,606	\$ 21,500	\$ 22,175	\$ 22,026	\$ 23,816	\$ 21,606	\$ 23,816
As a % of Loans HFI	1.12%	1.11%	1.10%	1.07%	1.19%	1.12%	1.19%
As a % of Nonperforming Loans	499.93	710.39%	433.93%	410.78%	405.66%	499.93%	405.66%
ACL - DEBT SECURITIES							
Provision for Credit Losses	\$ 20	\$ 16	\$ -	\$ -	\$ -	\$ 36	\$ -
ACL - UNFUNDED COMMITMENTS							
Balance at Beginning of Period	3,117	\$ 2,587	\$ 2,974	\$ 1,644	\$ 1,467	\$ 1,644	\$ 157
Impact of Adopting ASC 326 (CECL)	-	-	-	-	-	-	876
Provision for Credit Losses	(220)	530	(387)	1,330	177	1,253	611
Balance at End of Period ⁽¹⁾	2,897	3,117	2,587	2,974	1,644	2,897	1,644
CHARGE-OFFS							
Commercial, Financial and Agricultural	\$ 101	\$ 37	\$ 32	\$ 69	\$ 104	\$ 239	\$ 789
Real Estate - Construction	-	-	-	-	-	-	-
Real Estate - Commercial	-	405	-	-	-	405	28
Real Estate - Residential	20	17	65	6	38	108	150
Real Estate - Home Equity	9	15	74	5	10	103	151
Consumer	254	221	230	564	668	1,269	2,785
Overdrafts	678	1,093	440	492	564	2,703	2,257
Total Charge-Offs	\$ 1,062	\$ 1,788	\$ 841	\$ 1,136	\$ 1,384	\$ 4,827	\$ 6,160
RECOVERIES							
Commercial, Financial and Agricultural	\$ 148	\$ 66	\$ 103	\$ 136	\$ 64	\$ 453	\$ 252
Real Estate - Construction	-	10	-	-	50	10	50
Real Estate - Commercial	25	169	26	645	27	865	318
Real Estate - Residential	33	401	244	75	153	753	279
Real Estate - Home Equity	173	46	70	124	40	413	178
Consumer	214	334	332	311	306	1,191	1,219
Overdrafts	375	633	399	367	258	1,774	1,471
Total Recoveries	\$ 968	\$ 1,659	\$ 1,174	\$ 1,658	\$ 898	\$ 5,459	\$ 3,767
NET CHARGE-OFFS (RECOVERIES)							
Net Charge-Offs as a % of Average Loans HFI ⁽²⁾	0.02%	0.03%	(0.07)%	(0.10)%	0.09%	(0.03)%	0.12%
RISK ELEMENT ASSETS							
Nonaccruing Loans	\$ 4,322	\$ 3,026	\$ 5,110	\$ 5,362	\$ 5,871		
Other Real Estate Owned	17	192	1,192	110	808		
Total Nonperforming Assets ("NPAs")	\$ 4,339	\$ 3,218	\$ 6,302	\$ 5,472	\$ 6,679		
Past Due Loans 30-89 Days							
	\$ 3,600	\$ 3,360	\$ 3,745	\$ 2,622	\$ 4,594		

Past Due Loans 90 Days or More	-	-	-	-	-
Classified Loans	17,912	16,310	19,397	20,608	17,631
Performing Troubled Debt Restructurings	\$ 7,643	\$ 7,919	\$ 8,992	\$ 13,597	\$ 13,887

Nonperforming Loans as a % of Loans HFI	0.22%	0.16%	0.25%	0.26%	0.29%
NPAs as a % of Loans HFI and Other Real Estate	0.22%	0.17%	0.31%	0.27%	0.33%
NPAs as a % of Total Assets	0.10%	0.08%	0.16%	0.14%	0.18%

(1) Recorded in other liabilities

(2) Annualized

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

(Dollars in thousands)	Fourth Quarter 2021			Third Quarter 2021			Second Quarter 2021			First
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance
ASSETS:										
Loans Held for Sale	\$ 62,809	\$ 522	3.29 %	\$ 67,753	\$ 497	2.91 %	\$ 77,101	\$ 566	2.94 %	\$ 106,242
Loans Held for Investment ⁽¹⁾	1,948,324	22,296	4.54	1,974,132	25,458	5.12	2,036,781	24,095	4.74	2,044,363
Investment Securities										
Taxable Investment Securities	987,700	2,493	1.00	904,962	2,333	1.03	687,882	2,036	1.18	528,842
Tax-Exempt Investment Securities ⁽¹⁾	3,380	17	2.07	4,332	25	2.31	3,530	23	2.58	3,844
Total Investment Securities	991,080	2,510	1.01	909,294	2,358	1.03	691,412	2,059	1.19	532,686
Funds Sold	789,100	300	0.15	741,944	285	0.15	818,616	200	0.10	814,638
Total Earning Assets	3,791,313	\$ 25,628	2.68 %	3,693,123	\$ 28,598	3.07 %	3,623,910	\$ 26,920	2.98 %	3,497,929
Cash and Due From Banks	73,752			72,773			74,076			68,978
Allowance for Loan Losses	(22,127)			(22,817)			(22,794)			(24,128)
Other Assets	284,999			283,534			281,157			278,742
Total Assets	\$ 4,127,937			\$ 4,026,613			\$ 3,956,349			\$ 3,821,521

LIABILITIES:

Interest Bearing Deposits										
NOW Accounts	\$ 963,778	\$ 72	0.03 %	\$ 945,788	\$ 72	0.03 %	\$ 966,649	\$ 74	0.03 %	\$ 985,517
Money Market Accounts	289,335	34	0.05	282,860	34	0.05	272,138	33	0.05	269,829

Savings Accounts	573,563	71	0.05	551,383	68	0.05	529,844	64	0.05	492,252
Time Deposits	101,037	36	0.14	102,765	36	0.14	102,995	37	0.15	102,089
Total Interest Bearing Deposits	1,927,713	213	0.04 %	1,882,796	210	0.04 %	1,871,626	208	0.04 %	1,849,687
Short-Term Borrowings	46,355	307	2.63 %	49,773	317	2.53 %	51,152	324	2.54 %	67,033
Subordinated Notes Payable	52,887	306	2.26	52,887	307	2.27	52,887	308	2.30	52,887
Other Long-Term Borrowings	1,414	12	3.50	1,652	14	3.37	1,762	16	3.38	2,736
Total Interest Bearing Liabilities	2,028,369 \$	838	0.16 %	1,987,108 \$	848	0.17 %	1,977,427 \$	856	0.17 %	1,972,343
Noninterest Bearing Deposits	1,621,432			1,564,892			1,515,726			1,389,821
Other Liabilities	114,657			112,707			107,801			111,050
Total Liabilities	3,764,458			3,664,707			3,600,954			3,473,214
Temporary Equity	13,339			20,446			26,355			21,977
SHAREOWNERS' EQUITY:	350,140			341,460			329,040			326,330
Total Liabilities, Temporary Equity and Shareowners' Equity	<u>\$ 4,127,937</u>			<u>\$ 4,026,613</u>			<u>\$ 3,956,349</u>			<u>\$ 3,821,521</u>
Interest Rate Spread	\$ 24,790	2.52 %		\$ 27,750	2.91 %		\$ 26,064	2.81 %		
Interest Income and Rate Earned ⁽¹⁾	25,628	2.68		28,598	3.07		26,920	2.98		
Interest Expense and Rate Paid ⁽²⁾	838	0.09		848	0.09		856	0.09		
Net Interest Margin	\$ 24,790	2.60 %		\$ 27,750	2.98 %		\$ 26,064	2.89 %		

⁽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.

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

<i>(Dollars in thousands)</i>	Three Months Ended			Twelve Months Ended	
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Net Interest Income	\$ 35	\$ (30)	\$ 43	\$ (129)	\$ 184
Mortgage Banking Fees	9,800	12,293	17,409	52,055	61,455
Other	470	455	363	1,776	950
Total Noninterest Income	10,270	12,748	17,772	53,831	62,405
Salaries	6,643	7,600	10,398	33,057	31,774
Other Associate Benefits	202	215	200	848	645
Total Compensation	6,845	7,815	10,598	33,905	32,419
Occupancy, Net	743	849	920	3,307	2,764
Other	1,312	1,292	1,751	5,064	4,798
Total Noninterest Expense	8,900	9,956	13,269	42,276	39,981
Operating Profit	\$ 1,405	\$ 2,762	\$ 4,546	\$ 11,426	\$ 22,608
Key Performance Metrics					
Total Loans Closed	\$ 294,237	\$ 360,167	\$ 520,039	\$ 1,523,858	\$ 1,659,719
Total Loans Closed - Mix					
Purchase	76%	71%	61%	71%	60%
Refinance	24%	29%	39%	29%	40%

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Source: Capital City Bank Group