July 26, 2022

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

TALLAHASSEE, Fla., July 26, 2022 (GLOBE NEWSWIRE) -- Capital City Bank Group, Inc. (NASDAQ: CCBG) today reported net income attributable to common shareowners of $8.7 million, or $0.51 per diluted share, for the second quarter of 2022 compared to net income of $8.5 million, or $0.50 per diluted share, for the first quarter of 2022, and $7.4 million, or $0.44 per diluted share, for the second quarter of 2021.

For the first six months of 2022, net income attributable to common shareowners totaled $17.2 million, or $1.01 per diluted share, compared to net income of $16.9 million, or $1.00 per diluted share, for the same period of 2021.

QUARTER HIGHLIGHTS (2nd Quarter 2022 versus 1st Quarter 2022)

- *Net interest income grew 14.7% driven by strong loan growth and higher interest rates*
- *Period end loan balances grew $228.1 million, or 11.5%, with residential loan purchases from Capital City Home Loans (CCHL) contributing $132 million and solid growth from residential construction and commercial mortgage*
- *Provision for credit losses increased $1.5 million driven by strong loan growth – overall credit quality remained strong*
- *Average deposit balances grew $51.3 million, or 1.4%, driven by higher noninterest bearing and savings balances*
- *Noninterest income decreased $0.9 million, or 3.5%, due to lower insurance commission revenues at Capital City Strategic Wealth (CCSW), which had a very strong first quarter – deposit, bank card, and retail brokerage fees all realized solid improvement*
- *Noninterest expense increased $1.3 million, or 3.2%, primarily due to higher performance-based compensation and to a lesser extent annual merit raises and staffing additions in new markets*
- *Tangible book value per share declined $0.04, or 0.2%, buoyed by strong earnings that significantly mitigated the impact of rapidly increasing interest rates and the related impact on our unrealized loss on investment securities*

“Strong loan growth and higher rates produced another quarter of solid financial performance,” said William G. Smith, Jr., Chairman, President and CEO of Capital City Bank Group. “The quality of our core deposit base, deployment of liquidity into the loan portfolio and higher interest rates all contributed to an increase in our net interest margin percentage of 32 basis points during the second quarter. The $1.5 million loan loss provision recorded in this quarter was primarily driven by loan growth as our credit quality metrics remain very favorable. From a macro-economic perspective, we continue to face a high level of uncertainty. While much of this is out of our control, we believe we are well positioned to navigate through this year and beyond. Although higher rates will generate unrealized losses in our available-for-sale investment portfolio, our asset-sensitive balance sheet and pension liability should respond well to rising rates. Additionally, our expansion efforts in west Florida and the northern arc of Atlanta are producing favorable results. While challenges remain, we continue to focus on identifying opportunities and executing strategies we believe are sustainable and add long-term value for our shareowners."

Discussion of Operating Results

Net Interest Income/Net Interest Margin

Tax-equivalent net interest income for the second quarter of 2022 totaled $28.4 million, compared to $24.8 million for the first quarter of 2022, and $26.1 million for the second quarter of 2021. For the first six months of 2022, tax-equivalent net interest income totaled $53.2 million compared to $50.7 million for the same period of 2021. Compared to the referenced prior periods, the increase reflected higher interest rates, strong loan growth, and higher investment balances.

Our net interest margin for the second quarter of 2022 was 2.87%, an increase of 32 basis points over the first quarter of 2022 primarily attributable to higher interest rates and an overall improved earning asset mix. For the month of June 2022, our net interest margin was 3.05%. Excluding the impact of overnight funds in excess of $200 million, our net interest margin for the second quarter of 2022 was 3.24%. Compared to the three and six month periods of 2021, the net interest margin decreased two and 16 basis points, respectively, primarily due to growth in earning assets (driven by higher deposit balances), which drove net interest income dollars higher, but negatively impacted the margin percentage.

Provision for Credit Losses

We recorded a provision for credit losses of $1.5 million for the second quarter of 2022 compared to no provision in the first quarter of 2022 and a provision benefit of $0.6 million for the second quarter of 2021. Compared to the first quarter of 2022, the higher level of provision was primarily attributable to strong loan growth. For the first six months of 2022, the provision was $1.5 million compared to a benefit of $1.6 million for the same period of 2021. Improvement in credit quality and the release of reserves held for pandemic related losses favorably impacted our provision for credit losses in 2022. We discuss the allowance for credit losses further below.

Noninterest Income and Noninterest Expense

Noninterest income for the second quarter of 2022 totaled $24.9 million compared to $25.8 million for the first quarter of 2022 and $26.5 million for the second quarter of 2021. The $0.9 million decrease from the first quarter of 2022 was primarily attributable to lower wealth management fees of $1.7 million, which reflected lower insurance revenues at CCSW of $1.9 million that were partially offset by higher retail brokerage fees of $0.3 million. Combined deposit and bank card fees increased $0.5 million and mortgage banking fees increased $0.1 million. Compared to the second quarter of 2021, the $1.6 million decrease was primarily attributable to lower mortgage banking revenues of $4.2 million that were partially offset by higher deposit fees of $1.2 million and wealth management fees of $1.1 million (insurance revenues of $0.7 million and retail brokerage fees of $0.4 million). For the first six months of 2022, noninterest income totaled $50.7 million compared to $56.3 million for the same period of 2021 with the $5.6 million decrease largely driven by lower mortgage banking fees of $12.3 million partially offset by higher deposit fees of $2.1 million and wealth management fees of $4.1 million (insurance revenues of $3.4 million and retail brokerage fees of $0.7 million). Lower mortgage banking revenues 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 have been pressured due to a lower level of both governmental loan product originations and mandatory delivery loan sales (both of which provide a higher gain percentage). Strong best efforts (portfolio product) origination volume and continued stability in our construction/permanent loan program have partially offset the slowdown in secondary market originations. For 2022, CCHL contributed $0.6 million ($0.03 per diluted share) to earnings versus $2.5 million ($0.14 per diluted share) in 2021, which has largely been offset by a $1.2 million ($0.07 per diluted share) contribution to earnings by CCSW and improvement in both retail brokerage fees and deposit fees which reflects our continued focus on and commitment to revenue diversification.

Noninterest expense for the second quarter of 2022 totaled $40.5 million compared to $39.2 million for the first quarter of 2022 and $42.1 million for the second quarter of 2021. The $1.3 million increase over the first quarter of 2022 was driven by a $0.9 million increase in other expense and higher compensation of $0.5 million. Higher expense for advertising ($0.2 million), processing ($0.1 million), and travel/entertainment ($0.1 million) drove the increase in other expense. Other expense also reflects a $0.2 million expense for our VISA share swap agreement, which is triggered when VISA funds their merchant litigation reserve which happens infrequently. The $0.5 million increase in compensation was driven by higher salary expense of $0.8 million (CCHL commissions, annual merit, and staffing additions in new markets) that was partially offset by lower associate benefit expense of $0.3 million. Compared to the second quarter of 2021, the $1.6 million decrease was primarily attributable to lower pension settlement expense of $1.8 million. Other expense decreased $0.1 million and reflected lower base pension plan expense of $0.8 million partially offset by higher expense for advertising and miscellaneous (includes $0.2 million VISA share swap expense). For the first six months of 2022, noninterest expense totaled $79.7 million compared to $82.6 million for the same period of 2021 with the $2.9 million decrease primarily attributable to lower pension settlement expense of $1.6 million and lower compensation expense of $1.2 million. The decrease in compensation expense reflected lower salary expense of $1.4 million partially offset by higher associate benefit expense of $0.2 million. Lower performance-based compensation (commissions/incentives) at CCHL partially offset by higher performance based compensation at CCSW and lower realized loan cost (credit offset by salary expense) at the Bank drove the variance in salary expense. To date, the impact of inflation and higher prices on our cost structure has not been significant. While operating in a very tight labor market, we have mitigated the impact of salary pressures by not replacing certain positions that became vacant. Further, we have realized higher than historical increases in certain premises and processing contracts reflective of inflationary pressures and will continue to focus on opportunities to re-negotiate or replace vendors at periodic renewals.

Income Taxes

We realized income tax expense of $2.2 million (effective rate of 19.4%) for the second quarter of 2022 comparable to the first quarter of 2022 and $2.1 million (effective rate of 18.9%) for the second quarter of 2021. For the first six months of 2022, we realized income tax expense of $4.4 million (effective rate of 19.6%) compared to $4.8 million (effective rate of 18.8%) for the same period of 2021. For the second quarter of 2022, we realized a favorable discrete tax item for $0.3 million related to state of Florida tax refunds. Absent discrete items, we expect our annual effective tax rate to approximate 20-21% in 2022.

Discussion of Financial Condition

Earning Assets

Average earning assets totaled $3.974 billion for the second quarter of 2022, an increase of $35.4 million, or 0.9%, over the first quarter of 2022, and an increase of $182.9 million, or 4.8%, 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 and further deployment of liquidity into the investment portfolio, which has increased $135 million in 2022.

We maintained an average net overnight funds (deposits with banks plus FED funds sold less FED funds purchased) sold position of $691.9 million in the second quarter of 2022 compared to $873.1 million in the first quarter of 2022 and $789.1 million in the fourth quarter of 2021.

Average loans held for investment ("HFI") increased $121.1 million, or 6.2%, over the first quarter of 2022 and increased $136.4 million, or 7.0%, over the fourth quarter of 2021. Period end loans increased $228.1 million, or 11.5%, over the first quarter of 2022 and $282.2 million, or 14.6%, over the fourth quarter of 2022. The growth in 2022 has been broad based with increases realized in all loan categories, more significantly, residential mortgage, residential construction, and consumer (indirect auto) with strong growth in commercial mortgage in the second quarter. The increase in residential mortgage reflected a higher level of loan purchases (second quarter - $132 million, first quarter - $26 million) from CCHL driven by higher demand for portfolio/adjustable rate product. In addition, the increase in commercial mortgage reflected a loan pool purchase (7 loans for $15 million).

Allowance for Credit Losses

At June 30, 2022, the allowance for credit losses for HFI loans totaled $21.3 million compared to $20.8 million at March 31, 2022 and $21.6 million at December 31, 2021. Activity within the allowance is provided on Page 9. The $0.5 million increase in the allowance for the second quarter was driven by growth in reserves for strong new loan origination volume that was partially offset by the release of reserves held for pandemic related losses that have not materialized to the extent projected. Further, net charge-offs increased $0.4 million to $1.1 million for the second quarter and reflected one large commercial charge-off for $0.8 million related to a work-out resolved during the quarter. At June 30, 2022, the allowance represented 0.96% of HFI loans and provided coverage of 678% of nonperforming loans compared to 1.05% and 761%, respectively, at March 31, 2022, and 1.12% and 500%, respectively, at December 31, 2021.

Credit Quality

Overall credit quality remains strong. Nonperforming assets (nonaccrual loans and other real estate) totaled $3.2 million at June 30, 2022 compared to $2.8 million at March 31, 2022 and

$4.3 million at December 31, 2021. At June 30, 2022, nonperforming assets as a percentage of total assets totaled 0.07% compared to 0.06% at March 31, 2022 and 0.10% at December 31, 2021. Nonaccrual loans totaled $3.1 million at June 30, 2022, a $0.4 million increase over March 31, 2022 and a $1.2 million decrease from December 31, 2021. Further, classified loans decreased $2.7 million from the first quarter of 2022 to $19.6 million.

Funding (Deposits/Debt)

Average total deposits were $3.765 billion for the second quarter of 2022, an increase of $51.3 million, or 1.4%, over the first quarter of 2022 and $216.2 million, or 6.1%, over the fourth quarter of 2021. Compared to the first quarter of 2022, the increase reflected higher noninterest bearing and savings balances, partially offset by a decline in seasonal public fund balances. Compared to the fourth quarter of 2021, strong growth occurred in our noninterest bearing deposits, NOW accounts, and savings account balances. Over the past few years, we have experienced strong core deposit growth, in addition to growth related to multiple government stimulus programs in response to the Covid-19 pandemic, such as those under the CARES Act and the American Rescue Plan Act. Given these increases, the potential exists for our deposit levels to be volatile for the remainder of 2022 due to the uncertain timing of the outflows of the stimulus related balances, in addition to the frequency and degree to which the Federal Open Market Committee (FOMC) raises the overnight funds rate. It is anticipated that liquidity levels will remain strong given our current level of overnight funds.

Average borrowings decreased $0.7 million from the first quarter of 2022 primarily due to a decrease in short-term repurchase agreements and declined $15.3 million from the fourth quarter of 2021, reflecting lower warehouse line borrowing needs to support CCHL's loans held for sale.

Capital

Shareowners' equity was $371.7 million at June 30, 2022 compared to $372.1 million at March 31, 2022 and $383.2 million at December 31, 2021. For the first six months of 2022, shareowners' equity was positively impacted by net income attributable to common shareowners of $17.2 million, a $2.2 million increase in the fair value of the interest rate swap related to subordinated debt, net adjustments totaling $0.8 million related to transactions under our stock compensation plans, stock compensation accretion of $0.5 million, and a $0.3 million decrease in the accumulated other comprehensive loss for our pension plan. Shareowners' equity was reduced by common stock dividends of $5.4 million ($0.32 per share) and a $27.1 million increase in the unrealized loss on investment securities.

At June 30, 2022, our total risk-based capital ratio was 16.07% compared to 16.98% at March 31, 2022 and 17.15% at December 31, 2021. Our common equity tier 1 capital ratio was 13.07%, 13.77%, and 13.86%, respectively, on these dates. Our leverage ratio was 8.77%, 8.78%, and 8.95%, 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 6.54% at June 30, 2022 compared to 6.61% and 6.95% at March 31, 2022 and December 31, 2021, respectively. The decline in our regulatory capital ratios was attributable to strong loan growth and higher asset levels. The decline in our tangible capital ratio from the first quarter of 2022 was driven by an $8.0

million increase in the unrealized loss on investment securities which totaled $31.7 million, or 5.3% of available for sale securities at June 30, 2022.

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 $4.4 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 57 banking offices and 88 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: fluctuations in inflation, interest rates, or monetary policies; the accuracy of the our financial statement estimates and assumptions; legislative or regulatory changes; 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; the magnitude and duration of the ongoing COVID-19 pandemic and its impact on the global economy and financial market conditions and our business; 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, 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)		Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021
Shareowners' Equity (GAAP)		$ 371,675	$ 372,145	$ 383,166	$ 348,868	$ 335,880
Less: Goodwill and Other Intangibles (GAAP)		93,173	93,213	93,253	93,293	93,333
Tangible Shareowners' Equity (non-GAAP)	A	278,502	278,932	289,913	255,575	242,547
Total Assets (GAAP)		4,354,297	4,310,045	4,263,849	4,048,733	4,011,459
Less: Goodwill and Other Intangibles (GAAP)		93,173	93,213	93,253	93,293	93,333
Tangible Assets (non-GAAP)	B	$ 4,261,124	$ 4,216,832	$ 4,170,596	$ 3,955,440	$ 3,918,126
Tangible Common Equity Ratio (non-GAAP)	**A/B**	**6.54%**	**6.61%**	**6.95%**	**6.46%**	**6.19%**
Actual Diluted Shares Outstanding (GAAP)	C	16,981,614	16,962,362	16,935,389	16,911,715	16,901,375
Tangible Book Value per Diluted Share (non-GAAP)	**A/C**	**$ 16.40**	**$ 16.44**	**$ 17.12**	**$ 15.11**	**$ 14.35**

CAPITAL CITY BANK GROUP, INC.
EARNINGS HIGHLIGHTS
Unaudited

	Three Months Ended			Six Months Ended	
(Dollars in thousands, except per share data)	Jun 30, 2022	Mar 31, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
EARNINGS					
Net Income Attributable to Common Shareowners	$ 8,713	$ 8,455	$ 7,427	$ 17,168	$ 16,933
Diluted Net Income Per Share	$ 0.51	$ 0.50	$ 0.44	$ 1.01	$ 1.00
PERFORMANCE					
Return on Average Assets	0.81 %	0.80 %	0.75 %	0.81 %	0.88 %
Return on Average Equity	9.36	8.93	9.05	9.14	10.42
Net Interest Margin	2.87	2.55	2.89	2.71	2.87
Noninterest Income as % of Operating Revenue	46.78	51.11	50.47	48.89	52.73
Efficiency Ratio	75.96 %	77.55 %	80.18 %	76.73 %	77.22 %
CAPITAL ADEQUACY					
Tier 1 Capital	15.13 %	15.98 %	15.44 %	15.13 %	15.44 %
Total Capital	16.07	16.98	16.48	16.07	16.48
Leverage	8.77	8.78	8.84	8.77	8.84
Common Equity Tier 1	13.07	13.77	13.14	13.07	13.14
Tangible Common Equity (1)	6.54	6.61	6.19	6.54	6.19
Equity to Assets	8.54 %	8.63 %	8.37 %	8.54 %	8.37 %
ASSET QUALITY					
Allowance as % of Non-Performing Loans	677.57 %	760.83 %	433.93 %	677.57 %	433.93 %
Allowance as a % of Loans HFI	0.96	1.05	1.10	0.96	1.10
Net Charge-Offs as % of Average Loans HFI	0.22	0.16	(0.07)	0.19	(0.08)
Nonperforming Assets as % of Loans HFI and OREO	0.15	0.14	0.31	0.15	0.31
Nonperforming Assets as % of Total Assets	0.07 %	0.06 %	0.16 %	0.07 %	0.16 %
STOCK PERFORMANCE					
High	$ 28.55	$ 28.88	$ 27.39	$ 28.88	$ 28.98
Low	24.43	25.96	24.55	24.43	21.42
Close	$ 27.89	$ 26.36	$ 25.79	$ 27.89	$ 25.79
Average Daily Trading Volume	25,342	24,019	28,958	24,681	29,620

(1) Tangible common equity ratio is a non-GAAP financial measure. For additional information, including a reconciliation to GAAP, refer to Page 4.

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

	2022		2021		
(Dollars in thousands)	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
ASSETS					

Cash and Due From Banks	$ 91,209	$ 77,963	$ 65,313	$ 73,132	$ 78,894
Funds Sold and Interest Bearing Deposits	603,315	790,465	970,041	708,988	766,920
Total Cash and Cash Equivalents	694,524	868,428	1,035,354	782,120	845,814
Investment Securities Available for Sale	601,405	624,361	654,611	645,844	480,890
Investment Securities Held to Maturity	528,258	518,678	339,601	341,228	325,559
Other Equity Securities	900	855	861	-	-
Total Investment Securities	1,130,563	1,143,894	995,073	987,072	806,449
Loans Held for Sale	48,708	50,815	52,532	77,036	80,821
Loans Held for Investment ("HFI"):					
Commercial, Financial, & Agricultural	247,902	230,213	223,086	218,929	292,953
Real Estate - Construction	225,664	174,293	174,394	177,443	149,884
Real Estate - Commercial	699,093	669,110	663,550	683,379	707,599
Real Estate - Residential	478,121	368,020	346,756	355,958	362,018
Real Estate - Home Equity	194,658	188,174	187,821	187,642	190,078
Consumer	359,906	347,785	321,511	309,983	298,464
Other Loans	6,854	6,692	13,265	6,792	6,439
Overdrafts	1,455	1,222	1,082	1,299	1,227
Total Loans Held for Investment	2,213,653	1,985,509	1,931,465	1,941,425	2,008,662
Allowance for Credit Losses	(21,281)	(20,756)	(21,606)	(21,500)	(22,175)
Loans Held for Investment, Net	2,192,372	1,964,753	1,909,859	1,919,925	1,986,487
Premises and Equipment, Net	82,932	82,518	83,412	84,750	85,745
Goodwill and Other Intangibles	93,173	93,213	93,253	93,293	93,333
Other Real Estate Owned	90	17	17	192	1,192
Other Assets	111,935	106,407	94,349	104,345	111,618
Total Other Assets	288,130	282,155	271,031	282,580	291,888
Total Assets	$ 4,354,297	$ 4,310,045	$ 4,263,849	$ 4,048,733	$ 4,011,459
LIABILITIES					
Deposits:					
Noninterest Bearing Deposits	$ 1,724,671	$ 1,704,329	$ 1,668,912	$ 1,592,345	$ 1,552,864
NOW Accounts	1,036,757	1,062,498	1,070,154	926,201	970,705
Money Market Accounts	289,337	288,877	274,611	286,065	280,805
Regular Savings Accounts	639,594	614,599	599,811	559,714	539,477
Certificates of Deposit	95,899	95,204	99,374	101,637	103,070
Total Deposits	3,786,258	3,765,507	3,712,862	3,465,962	3,446,921
Short-Term Borrowings	39,463	30,865	34,557	51,410	47,200
Subordinated Notes Payable	52,887	52,887	52,887	52,887	52,887
Other Long-Term Borrowings	612	806	884	1,610	1,720
Other Liabilities	93,319	77,323	67,735	113,720	105,534
Total Liabilities	3,972,539	3,927,388	3,868,925	3,685,589	3,654,262
Temporary Equity	10,083	10,512	11,758	14,276	21,317
SHAREOWNERS' EQUITY					
Common Stock	170	169	169	169	169
Additional Paid-In Capital	35,738	35,188	34,423	33,876	33,560
Retained Earnings	376,532	370,531	364,788	359,550	345,574
Accumulated Other Comprehensive Loss, Net of Tax	(40,765)	(33,743)	(16,214)	(44,727)	(43,423)
Total Shareowners' Equity	371,675	372,145	383,166	348,868	335,880
Total Liabilities, Temporary Equity and Shareowners' Equity	$ 4,354,297	$ 4,310,045	$ 4,263,849	$ 4,048,733	$ 4,011,459
OTHER BALANCE SHEET DATA					
Earning Assets	$ 3,996,238	$ 3,970,684	$ 3,949,111	$ 3,714,521	$ 3,662,852
Interest Bearing Liabilities	2,154,549	2,145,736	2,132,278	1,979,524	1,995,864
Book Value Per Diluted Share	$ 21.89	$ 21.94	$ 22.63	$ 20.63	$ 19.87
Tangible Book Value Per Diluted Share[1]	16.40	16.44	17.12	15.11	14.35
Actual Basic Shares Outstanding	16,959	16,948	16,892	16,878	16,874
Actual Diluted Shares Outstanding	16,982	16,962	16,935	16,912	16,901

(1) Tangible book value per diluted share is a non-GAAP financial measure. For additional information, including a reconciliation to GAAP, refer to Page 4.

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

	2022		2021			June 30,	
(Dollars in thousands, except per share data)	**Second Quarter**	**First Quarter**	**Fourth Quarter**	**Third Quarter**	**Second Quarter**	**2022**	**2021**
INTEREST INCOME							
Loans, including Fees	$ 24,072	$ 22,133	$ 22,744	$ 25,885	$ 24,582	$ 46,205	$ 47,932
Investment Securities	3,840	2,896	2,505	2,350	2,054	6,736	3,937
Federal Funds Sold and Interest Bearing Deposits	1,408	409	300	285	200	1,817	413
Total Interest Income	29,320	25,438	25,549	28,520	26,836	54,758	52,282
INTEREST EXPENSE							
Deposits	266	224	213	210	208	490	416
Short-Term Borrowings	343	192	307	317	324	535	736
Subordinated Notes Payable	370	317	306	307	308	687	615
Other Long-Term Borrowings	8	9	12	14	16	17	37
Total Interest Expense	987	742	838	848	856	1,729	1,804
Net Interest Income	28,333	24,696	24,711	27,672	25,980	53,029	50,478
Provision for Credit Losses	1,542	-	-	-	(571)	1,542	(1,553)
Net Interest Income after Provision for Credit Losses	26,791	24,696	24,711	27,672	26,551	51,487	52,031
NONINTEREST INCOME							
Deposit Fees	5,447	5,191	5,300	5,075	4,236	10,638	8,507
Bank Card Fees	4,034	3,763	3,872	3,786	3,998	7,797	7,616
Wealth Management Fees	4,403	6,070	3,706	3,623	3,274	10,473	6,364
Mortgage Banking Revenues	9,065	8,946	9,800	12,283	13,217	18,011	30,342
Other	1,954	1,848	1,994	1,807	1,748	3,802	3,470
Total Noninterest Income	24,903	25,818	24,672	26,574	26,473	50,721	56,299
NONINTEREST EXPENSE							
Compensation	25,383	24,856	24,783	25,245	25,378	50,239	51,442
Occupancy, Net	6,075	6,093	5,960	6,032	5,973	12,168	11,940
Other Real Estate, Net	(29)	25	26	(1,126)	(270)	(4)	(388)
Pension Settlement	169	209	572	500	2,000	378	2,000
Other	8,900	8,050	8,866	9,051	9,042	16,950	17,605
Total Noninterest Expense	40,498	39,233	40,207	39,702	42,123	79,731	82,599
OPERATING PROFIT	11,196	11,281	9,176	14,544	10,901	22,477	25,731
Income Tax Expense	2,177	2,235	2,040	2,949	2,059	4,412	4,846
Net Income	9,019	9,046	7,136	11,595	8,842	18,065	20,885
Pre-Tax Income Attributable to Noncontrolling Interest	(306)	(591)	(764)	(1,504)	(1,415)	(897)	(3,952)
NET INCOME ATTRIBUTABLE TO COMMON SHAREOWNERS	$ 8,713	$ 8,455	$ 6,372	$ 10,091	$ 7,427	$ 17,168	$ 16,933
PER COMMON SHARE							
Basic Net Income	$ 0.51	$ 0.50	$ 0.38	$ 0.60	$ 0.44	$ 1.01	$ 1.00
Diluted Net Income	0.51	0.50	0.38	0.60	0.44	1.01	1.00
Cash Dividend	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.15	$ 0.32	$ 0.30
AVERAGE SHARES							
Basic	16,949	16,931	16,880	16,875	16,858	16,940	16,848
Diluted	16,971	16,946	16,923	16,909	16,885	16,958	16,874

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

Unaudited

(Dollars in thousands, except per share data)	2022		2021			June 30,	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	2022	2021
ACL - HELD FOR INVESTMENT LOANS							
Balance at Beginning of Period	$ 20,756	$ 21,606	$ 21,500	$ 22,175	$ 22,026	$ 21,606	$ 23,816
Provision for Credit Losses	1,670	(79)	200	(546)	(184)	1,591	(2,496)
Net Charge-Offs (Recoveries)	1,145	771	94	129	(333)	1,916	(855)
Balance at End of Period	$ 21,281	$ 20,756	$ 21,606	$ 21,500	$ 22,175	$ 21,281	$ 22,175
As a % of Loans HFI	0.96%	1.05%	1.12%	1.11%	1.10%	0.96%	1.10%
As a % of Nonperforming Loans	677.57%	760.83%	499.93%	710.39%	433.93%	677.57%	433.93%
ACL - UNFUNDED COMMITMENTS							
Balance at Beginning of Period	2,976	$ 2,897	$ 3,117	$ 2,587	$ 2,974	$ 2,897	$ 1,644
Provision for Credit Losses	(123)	79	(220)	530	(387)	(44)	943
Balance at End of Period[1]	2,853	2,976	2,897	3,117	2,587	2,853	2,587
ACL - DEBT SECURITIES							
Provision for Credit Losses	$ (5)	$ -	$ 20	$ 16	$ -	$ (5)	$ -
CHARGE-OFFS							
Commercial, Financial and Agricultural	$ 1,104	$ 73	$ 101	$ 37	$ 32	$ 1,177	$ 101
Real Estate - Construction	-	-	-	-	-	-	-
Real Estate - Commercial	-	266	-	405	-	266	-
Real Estate - Residential	-	-	20	17	65	-	71
Real Estate - Home Equity	-	33	9	15	74	33	79
Consumer	533	622	254	221	230	1,155	794
Overdrafts	660	780	678	1,093	440	1,440	932
Total Charge-Offs	$ 2,297	$ 1,774	$ 1,062	$ 1,788	$ 841	$ 4,071	$ 1,977
RECOVERIES							
Commercial, Financial and Agricultural	$ 59	$ 165	$ 148	$ 66	$ 103	$ 224	$ 239
Real Estate - Construction	-	8	-	10	-	8	-
Real Estate - Commercial	56	29	25	169	26	85	671
Real Estate - Residential	115	27	33	401	244	142	319
Real Estate - Home Equity	67	58	173	46	70	125	194
Consumer	453	183	214	334	332	636	643
Overdrafts	402	533	375	633	399	935	766
Total Recoveries	$ 1,152	$ 1,003	$ 968	$ 1,659	$ 1,174	$ 2,155	$ 2,832
NET CHARGE-OFFS (RECOVERIES)	$ 1,145	$ 771	$ 94	$ 129	$ (333)	$ 1,916	$ (855)
Net Charge-Offs as a % of Average Loans HFI[2]	0.22%	0.16%	0.02%	0.03%	(0.07)%	0.19%	(0.08)%
CREDIT QUALITY							
Nonaccruing Loans	$ 3,141	$ 2,728	$ 4,322	$ 3,026	$ 5,110		
Other Real Estate Owned	90	17	17	192	1,192		
Total Nonperforming Assets ("NPAs")	$ 3,231	$ 2,745	$ 4,339	$ 3,218	$ 6,302		
Past Due Loans 30-89 Days	$ 3,554	$ 3,120	$ 3,600	$ 3,360	$ 3,745		
Past Due Loans 90 Days or More	-	-	-	-	-		
Classified Loans	19,620	22,348	17,912	16,310	19,397		
Performing Troubled Debt Restructurings	$ 6,728	$ 7,304	$ 7,643	$ 7,919	$ 8,992		
Nonperforming Loans as a % of Loans HFI	0.14%	0.14%	0.22%	0.16%	0.25%		
NPAs as a % of Loans HFI and Other Real Estate	0.15%	0.14%	0.22%	0.17%	0.31%		
NPAs as a % of Total Assets	0.07%	0.06%	0.10%	0.08%	0.16%		

[1] *Recorded in other liabilities*

[2] *Annualized*

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

	Second Quarter 2022			First Quarter 2022			Fourth Quarter 2021			Third
(Dollars in thousands)	*Average Balance*	*Interest*	*Average Rate*	*Average Balance*	*Interest*	*Average Rate*	*Average Balance*	*Interest*	*Average Rate*	*Average Balance*
ASSETS:										
Loans Held for Sale	$ 52,860	$ 711	5.39 %	$ 43,004	$ 397	3.75 %	$ 62,809	$ 522	3.29 %	$ 67,753
Loans Held for Investment(1)	2,084,679	23,433	4.51	1,963,578	21,811	4.50	1,948,324	22,296	4.54	1,974,132
Investment Securities										
Taxable Investment Securities	1,142,269	3,834	1.34	1,056,736	2,889	1.10	987,700	2,493	1.00	904,962
Tax-Exempt Investment Securities(1)	2,488	10	1.73	2,409	10	1.60	3,380	17	2.07	4,332
Total Investment Securities	1,144,757	3,844	1.34	1,059,145	2,899	1.10	991,080	2,510	1.01	909,294
Federal Funds Sold and Interest Bearing Deposits	691,925	1,408	0.82	873,097	409	0.19	789,100	300	0.15	741,944
Total Earning Assets	3,974,221	$ 29,396	2.97 %	3,938,824	$ 25,516	2.63 %	3,791,313	$ 25,628	2.68 %	3,693,123
Cash and Due From Banks	79,730			74,253			73,752			72,773
Allowance for Loan Losses	(20,984)			(21,655)			(22,127)			(22,817)
Other Assets	288,421			275,353			284,999			283,534
Total Assets	$ 4,321,388			$ 4,266,775			$ 4,127,937			$ 4,026,613
LIABILITIES:										
Interest Bearing Deposits										
NOW Accounts	$ 1,033,190	$ 120	0.05 %	$ 1,079,906	$ 86	0.03 %	$ 963,778	$ 72	0.03 %	$ 945,788
Money Market Accounts	286,210	36	0.05	285,406	33	0.05	289,335	34	0.05	282,860
Savings Accounts	628,472	77	0.05	599,359	72	0.05	573,563	71	0.05	551,383
Time Deposits	95,132	33	0.14	97,054	33	0.14	101,037	36	0.14	102,765
Total Interest Bearing Deposits	2,043,004	266	0.05 %	2,061,725	224	0.04 %	1,927,713	213	0.04 %	1,882,796
Short-Term Borrowings	31,782	343	4.33 %	32,353	192	2.40 %	46,355	307	2.63 %	49,773
Subordinated Notes Payable	52,887	370	2.76	52,887	317	2.40	52,887	306	2.26	52,887
Other Long-Term Borrowings	722	8	4.54	833	9	4.49	1,414	12	3.50	1,652
Total Interest Bearing Liabilities	2,128,395	$ 987	0.19 %	2,147,798	$ 742	0.14 %	2,028,369	$ 838	0.16 %	1,987,108
Noninterest Bearing Deposits	1,722,325			1,652,337			1,621,432			1,564,892

Other Liabilities	87,207			72,166			114,657			112,707
Total Liabilities	3,937,927			3,872,301			3,764,458			3,664,707
Temporary Equity	10,096			10,518			13,339			20,446
SHAREOWNERS' EQUITY:	373,365			383,956			350,140			341,460
Total Liabilities, Temporary Equity and Shareowners' Equity	$ 4,321,388			$ 4,266,775			$ 4,127,937			$ 4,026,613
Interest Rate Spread		$ 28,409	2.78 %		$ 24,774	2.49 %		$ 24,790	2.52 %	
Interest Income and Rate Earned(1)		29,396	2.97		25,516	2.63		25,628	2.68	
Interest Expense and Rate Paid(2)		987	0.10		742	0.08		838	0.09	
Net Interest Margin		$ 28,409	2.87 %		$ 24,774	2.55 %		$ 24,790	2.60 %	

(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