

October 29, 2019



Capital City Bank Group, Inc. Reports Third Quarter 2019 Results

TALLAHASSEE, Fla., Oct. 29, 2019 (GLOBE NEWSWIRE) -- Capital City Bank Group, Inc. (NASDAQ: CCBG) today reported net income of \$8.5 million, or \$0.50 per diluted share for the third quarter of 2019 compared to net income of \$7.3 million, or \$0.44 per diluted share for the second quarter of 2019, and \$6.0 million, or \$0.35 per diluted share for the third quarter of 2018. For the first nine months of 2019, net income totaled \$22.2 million, or \$1.32 per diluted share, compared to net income of \$17.8 million, or \$1.04 per diluted share for the same period of 2018.

Net income for the first nine months of 2018 included tax benefits totaling \$3.3 million, or \$0.19 per diluted share (1Q - \$1.5 million, or \$0.09 per diluted share, 2Q - \$1.4 million, or \$0.08 per diluted share, and 3Q - \$0.4 million, or \$0.02 per diluted share) related to 2017 plan year pension contributions made in 2018.

HIGHLIGHTS

- *Strong operating leverage*
 - *Net interest income up 0.8% sequentially and 13.1% year-over-year*
 - *Noninterest income up 8.9% sequentially and 2.3% year-over-year*
 - *Noninterest expense down 1.8% sequentially and 0.6% year-over-year*
- *Net interest margin of 3.92%, up seven basis points over prior quarter*
- *Average loans up \$14 million, or 0.8% sequentially and \$118 million, or 7.0% year-over-year*
- *Classified loans declined \$5.1 million, or 19% sequentially*
- *Tangible common equity ratio, a non-GAAP financial measure, up 48 basis points sequentially to 8.31%*

"Capital City reported a strong third quarter, and year-to-date net income is up 25%," said William G. Smith, Jr., Capital City Bank Group Chairman, President and CEO. "Given the reduction in rates during the quarter, I was pleased with the improvement in our net interest margin, which was driven by a seven basis point decline in our cost of funds. Noninterest income is well diversified, and we posted solid growth for the quarter while our efficiency ratio declined to 69%. Although average loan growth slowed this quarter, year-to-date we have enjoyed strong growth in our C&I, construction and residential portfolios, and credit quality continues to improve. Florida and Georgia are strong and growing, and I remain optimistic. Your management team will continue to focus on implementing strategies that produce long-term value for our shareowners, and I appreciate your continued support."

Compared to the second quarter of 2019, the \$1.7 million increase in operating profit reflected a \$0.2 million increase in net interest income, higher noninterest income of \$1.1 million, and lower noninterest expense of \$0.5 million, partially offset by a \$0.1 million increase in the loan loss provision.

Compared to the third quarter of 2018, the \$4.1 million increase in operating profit was attributable to higher net interest income of \$2.6 million, higher noninterest income of \$0.6 million, lower noninterest expense of \$0.8 million, and a \$0.1 million decrease in the loan loss provision.

The increase in operating profit of \$10.6 million for the first nine months of 2019 versus the comparable period of 2018 was attributable to higher net interest income of \$8.9 million, higher noninterest income of \$0.9 million, lower noninterest expense of \$0.5 million, and a \$0.3 million decrease in the loan loss provision.

Our return on average assets ("ROA") was 1.14% and our return on average equity ("ROE") was 10.51% for the third quarter of 2019. These metrics were 0.98% and 9.37% for the second quarter of 2019, respectively, and 0.84% and 7.98% for the third quarter of 2018, respectively. For the first nine months of 2019, our ROA was 1.00% and our ROE was 9.48% compared to 0.83% and 8.12%, respectively, for the same period of 2018.

Discussion of Operating Results

Tax-equivalent net interest income for the third quarter of 2019 was \$26.3 million compared to \$26.1 million for the second quarter of 2019 and \$23.8 million for the third quarter of 2018. The increase in tax-equivalent net interest income compared to the second quarter of 2019 reflected a favorable shift in the average earning asset mix. The increase compared to the third quarter of 2018 primarily reflected higher interest rates and loan growth. For the first nine months of 2019, tax-equivalent net interest income totaled \$77.5 million compared to \$68.6 million for the comparable period of 2018. The year-over-year increase was driven by growth in the loan portfolio, coupled with higher short-term rates, partially offset by higher rates paid on our negotiated rate deposits.

The federal funds target rate reached a recent high in the second quarter of 2019 at a range of 2.25% to 2.50%. During the third quarter, 2019, the Federal Open Market Committee reduced rates by an aggregate of 50 basis points to the current range of 1.75% to 2.00%.

These rate cuts have resulted in downward repricing of our variable/adjustable rate earning assets, which to date has been offset by loan growth and lower rates paid on our negotiated rate deposit products. We continue to prudently manage our overall cost of funds, which was 33 basis points for the third quarter of 2019, compared to 40 basis points for the second quarter of 2019. Due to highly competitive fixed-rate loan pricing in our markets, we continue to review our loan pricing and make adjustments where we believe appropriate and prudent.

Our net interest margin for the third quarter of 2019 was 3.92%, an increase of seven basis points over the second quarter of 2019 and an increase of 20 basis points over the third quarter of 2018. For the first nine months of 2019, the net interest margin increased 26 basis points to 3.84% compared to the same period of 2018. The increase in margin compared to the second quarter of 2019 was fully attributable to a seven basis point decline in our cost of funds, as both the rate and balance of our seasonal public deposits declined in the third quarter 2019. The increase in the margin compared to both prior year periods reflected a favorable shift in our earning asset mix and higher interest rates.

The provision for loan losses for the third quarter of 2019 was \$0.8 million compared to \$0.6 million for the second quarter of 2019 and \$0.9 million for the third quarter of 2018. For the

first nine months of 2019, the loan loss provision was \$2.2 million compared to \$2.5 million in 2018. At September 30, 2019, the allowance for loan losses of \$14.3 million represented 0.78% of outstanding loans (net of overdrafts) and provided coverage of 291% of nonperforming loans compared to 0.79% and 260%, respectively, at June 30, 2019 and 0.80% and 207%, respectively, at December 31, 2018.

Noninterest income for the third quarter of 2019 totaled \$13.9 million, an increase of \$1.1 million, or 8.9%, over the second quarter of 2019 and a \$0.6 million, or 4.5%, increase over the third quarter of 2018. For the first nine months of 2019, noninterest income totaled \$39.2 million, a \$0.9 million, or 2.3%, increase over the same period of 2018. Higher wealth management fees, mortgage banking fees, and deposit fees drove the increase compared to the second quarter of 2019. The increase over both prior year periods was primarily attributable to higher wealth management fees (increased trading activity by retail brokerage clients and, to a lesser extent, higher assets under management) and mortgage banking fees.

Noninterest expense for the third quarter of 2019 totaled \$27.9 million, a decrease of \$0.5 million, or 1.8%, from the second quarter of 2019 and \$0.8 million, or 2.9%, from the third quarter of 2018. For the first nine months of 2019, noninterest expense totaled \$84.5 million, a \$0.5 million, or 0.6% decrease from the same period of 2018. In the third quarter of 2019, our small bank assessment credits were used to offset our FDIC insurance fees, which had a favorable impact of \$0.4 million. Lower expense for other real estate owned ("OREO") properties also contributed to the favorable variance versus both prior year periods.

We realized income tax expense of \$7.4 million (effective rate of 25.0%) for the first nine months of 2019 compared to \$1.3 million (effective rate of 6.6%) for the same period of 2018. Income tax expense for the third quarter of 2019 was unfavorably impacted by net discrete items totaling \$0.2 million. During 2018, we realized tax benefits totaling \$3.3 million (1Q - \$1.5 million, 2Q - \$1.4 million, 3Q - \$0.4 million) resulting from the effect of federal tax reform on pension plan contributions made in 2018 for the plan year 2017.

Discussion of Financial Condition

Average earning assets were \$2.670 billion for the third quarter of 2019, a decrease of \$49.1 million, or 1.8%, from the second quarter of 2019, and an increase of \$115.6 million, or 4.5%, over the fourth quarter of 2018. The change in average earning assets compared to the second quarter of 2019 was attributable to a decrease in short-term investments, primarily due to a decline in seasonal public fund balances and certificates of deposit. The increase in average earning assets over the fourth quarter of 2018 was attributable to growth in both the loan portfolio and the overnight funds position, which was primarily funded by increases in noninterest bearing deposits and savings accounts.

We maintained an average net overnight funds (deposits with banks plus fed funds sold less fed funds purchased) sold position of \$207.1 million during the third quarter of 2019 compared to an average net overnight funds sold position of \$251.8 million in the second quarter of 2019 and \$80.8 million in the fourth quarter of 2018. The decrease in average net overnight funds compared to the second quarter 2019 reflected a decline in public fund deposits, partially offset by cash flow received from the investment portfolio. Overnight funds grew compared to the fourth quarter 2018 primarily due to higher balances of noninterest bearing deposits and cash flow from our investment portfolio, partially offset by loan growth.

Average loans increased \$14.2 million, or 0.8% compared to the second quarter of 2019, and grew by \$52.0 million, or 2.9% compared to the fourth quarter of 2018. The average increase compared to the second quarter of 2019 reflected growth in all loan types except commercial real estate, consumer loans, and home equity loans. The increase compared to the fourth quarter of 2018 reflected growth in all product types except consumer and home equity loans. Over the course of 2019, we purchased adjustable rate residential loans totaling \$11.2 million and a fixed rate commercial loan pool totaling \$10.3 million based on principal balances at the time of purchase.

Without compromising our credit standards or taking on inordinate interest rate risk, we have modified some of our lending programs to address the highly competitive rate environment. We continue to closely monitor our markets and make minor rate adjustments as necessary.

Nonperforming assets (nonaccrual loans and OREO) totaled \$5.5 million at September 30, 2019, a decrease of \$1.2 million, or 17.8%, from June 30, 2019 and \$3.6 million, or 40.1%, from December 31, 2018. Nonaccrual loans totaled \$4.9 million at September 30, 2019, a \$0.7 million decrease from June 30, 2019 and a \$1.9 million decrease from December 31, 2018. The balance of OREO totaled \$0.5 million at September 30, 2019, a decrease of \$0.5 million and \$1.7 million, respectively, from June 30, 2019 and December 31, 2018.

Average total deposits were \$2.496 billion for the third quarter of 2019, a decrease of \$69.7 million, or 2.7%, from the second quarter of 2019, and an increase of \$83.4 million, or 3.5%, over the fourth quarter of 2018. The decline in average deposits compared to the second quarter of 2019 reflected lower public fund and certificates of deposit balances, partially offset by increases in noninterest bearing and savings accounts. The increase in average deposits compared to the fourth quarter of 2018 primarily reflected growth in noninterest bearing deposits.

We continue to closely monitor and manage deposit levels as part of our overall liquidity position and believe a prudent pricing discipline remains the key to managing our mix of deposits.

Average borrowings for the third quarter 2019 decreased \$1.3 million compared to the second quarter 2019, and declined \$9.5 million compared to the fourth quarter of 2018. Declines compared to both prior periods occurred in both short-term and long-term borrowings.

Shareowners equity was \$321.6 million at September 30, 2019 compared to \$314.6 million at June 30, 2019 and \$302.6 million at December 31, 2018. Our leverage ratio was 11.09%, 10.64%, and 10.89%, respectively, on these dates. At September 30, 2019, our total risk-based capital ratio was 17.59% compared to 17.13% and 17.13%, respectively. Our common equity tier 1 capital ratio was 14.13% at September 30, 2019 compared to 13.67% at June 30, 2019 and 13.58% at December 31, 2018. 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 8.31% at September 30, 2019 compared to 7.83% and 7.58% for June 30, 2019 and December 31, 2018, 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 \$2.9 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 and securities brokerage services. Our bank subsidiary, Capital City Bank, was founded in 1895 and now has 57 banking offices and 81 ATMs 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 accuracy of the our financial statement estimates and assumptions; legislative or regulatory changes, including the Dodd-Frank Act, Basel III, and the ability to repay and qualified mortgage standards; 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; harsh weather conditions and man-made disasters; 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, including the long-term impact on our net interest margin from the repeal of Regulation Q; 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, 2018, 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, except as required by law.

USE OF NON-GAAP FINANCIAL MEASURES

We present a tangible common equity ratio and tangible book value per diluted share that removes the effect of goodwill 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 reconciliation is provided below.

| (Dollars in Thousands) | | Sep 30, 2019 | Jun 30, 2019 | Mar 31, 2019 | Dec 31, 2018 | Sep 30, 2018 |
|---|-----|-----------------|-----------------|-----------------|-----------------|-----------------|
| Shareowners' Equity (GAAP) | | \$ 321,562 | \$ 314,595 | \$ 308,986 | \$ 302,587 | \$ 298,016 |
| Less: Goodwill (GAAP) | | 84,811 | 84,811 | 84,811 | 84,811 | 84,811 |
| Tangible Shareowners' Equity (non-GAAP) | A | 236,751 | 229,784 | 224,175 | 217,776 | 213,205 |
| Total Assets (GAAP) | | 2,934,513 | 3,017,654 | 3,052,051 | 2,959,183 | 2,819,190 |
| Less: Goodwill (GAAP) | | 84,811 | 84,811 | 84,811 | 84,811 | 84,811 |
| Tangible Assets (non-GAAP) | B | \$ 2,849,702 | \$ 2,932,843 | \$ 2,967,240 | \$ 2,874,372 | \$ 2,734,379 |
| Tangible Common Equity Ratio (non-GAAP) | A/B | 8.31 % | 7.83 % | 7.56 % | 7.58 % | 7.80 % |
| Actual Diluted Shares Outstanding (GAAP) | C | 16,797,241 | 16,773,449 | 16,840,496 | 16,808,542 | 17,127,846 |
| Tangible Book Value per Diluted Share (non-GAAP) | A/C | \$ 14.09 | \$ 13.70 | \$ 13.31 | \$ 12.96 | \$ 12.45 |

CAPITAL CITY BANK GROUP, INC.
EARNINGS HIGHLIGHTS
Unaudited

| | Three Months Ended | | | Nine Months Ended | |
|---|--------------------|--------------|--------------|-------------------|--------------|
| | Sep 30, 2019 | Jun 30, 2019 | Sep 30, 2018 | Sep 30, 2019 | Sep 30, 2018 |
| (Dollars in thousands, except per share data) | | | | | |
| EARNINGS | | | | | |
| Net Income | \$ 8,481 | \$ 7,325 | \$ 5,990 | \$ 22,242 | \$ 17,766 |
| Net Income Per Common Share | \$ 0.50 | \$ 0.44 | \$ 0.35 | \$ 1.32 | \$ 1.04 |
| PERFORMANCE | | | | | |
| Return on Average Assets | 1.14 % | 0.98 % | 0.84 % | 1.00 % | 0.83 % |
| Return on Average Equity | 10.51 % | 9.37 % | 7.98 % | 9.48 % | 8.12 % |
| Net Interest Margin | 3.92 % | 3.85 % | 3.72 % | 3.84 % | 3.58 % |
| Noninterest Income as % of Operating Revenue | 34.67 % | 32.95 % | 36.04 % | 33.72 % | 35.99 % |
| Efficiency Ratio | 69.27 % | 73.02 % | 77.37 % | 72.37 % | 79.46 % |
| CAPITAL ADEQUACY | | | | | |
| Tier 1 Capital Ratio | 16.83 % | 16.36 % | 16.17 % | 16.83 % | 16.17 % |
| Total Capital Ratio | 17.59 % | 17.13 % | 16.94 % | 17.59 % | 16.94 % |
| Leverage Ratio | 11.09 % | 10.64 % | 10.99 % | 11.09 % | 10.99 % |
| Common Equity Tier 1 Ratio | 14.13 % | 13.67 % | 13.43 % | 14.13 % | 13.43 % |
| Tangible Common Equity Ratio ⁽¹⁾ | 8.31 % | 7.83 % | 7.80 % | 8.31 % | 7.80 % |
| Equity to Assets | 10.96 % | 10.43 % | 10.57 % | 10.96 % | 10.57 % |
| ASSET QUALITY | | | | | |
| Allowance as % of Non-Performing Loans | 290.55 % | 259.55 % | 207.06 % | 290.55 % | 207.06 % |
| Allowance as a % of Loans | 0.78 % | 0.79 % | 0.80 % | 0.78 % | 0.80 % |
| Net Charge-Offs as % of Average Loans | 0.23 % | 0.04 % | 0.06 % | 0.15 % | 0.12 % |
| Nonperforming Assets as % of Loans and ORE | 0.30 % | 0.36 % | 0.54 % | 0.30 % | 0.54 % |
| Nonperforming Assets as % of Total Assets | 0.19 % | 0.22 % | 0.34 % | 0.19 % | 0.34 % |
| STOCK PERFORMANCE | | | | | |
| High | \$ 28.00 | \$ 25.00 | \$ 25.91 | \$ 28.00 | \$ 26.50 |
| Low | 23.70 | 21.57 | 23.19 | 21.04 | 22.28 |
| Close | \$ 27.45 | \$ 24.85 | \$ 23.34 | \$ 27.45 | \$ 23.34 |
| Average Daily Trading Volume | 25,596 | 24,258 | 16,500 | 22,815 | 20,957 |

⁽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

| | 2019 | | | 2018 | |
|--|------------------|-------------------|------------------|-------------------|------------------|
| | Third Quarter | Second Quarter | First Quarter | Fourth Quarter | Third Quarter |
| <i>(Dollars in thousands)</i> | | | | | |
| ASSETS | | | | | |
| Cash and Due From Banks | \$ 61,151 | \$ 53,731 | \$ 49,501 | \$ 62,032 | \$ 48,423 |
| Funds Sold and Interest Bearing Deposits | 177,389 | 234,097 | 304,213 | 213,968 | 26,839 |
| Total Cash and Cash Equivalents | 238,540 | 287,828 | 353,714 | 276,000 | 75,262 |
| Investment Securities Available for Sale | 376,981 | 410,851 | 429,016 | 446,157 | 484,243 |
| Investment Securities Held to Maturity | 240,303 | 229,516 | 226,179 | 217,320 | 227,923 |
| Total Investment Securities | 617,284 | 640,367 | 655,195 | 663,477 | 712,166 |
| Loans Held for Sale | 13,075 | 9,885 | 4,557 | 6,869 | 8,297 |
| Loans, Net of Unearned Interest | | | | | |
| Commercial, Financial, & Agricultural | 259,870 | 265,001 | 238,942 | 233,689 | 239,044 |
| Real Estate - Construction | 111,358 | 101,372 | 87,123 | 89,527 | 87,672 |
| Real Estate - Commercial | 610,726 | 614,618 | 615,129 | 602,061 | 596,391 |
| Real Estate - Residential | 354,545 | 349,843 | 338,574 | 334,197 | 333,896 |
| Real Estate - Home Equity | 197,326 | 201,579 | 209,194 | 210,111 | 212,942 |
| Consumer | 277,970 | 288,196 | 296,351 | 295,040 | 294,040 |
| Other Loans | 14,248 | 13,131 | 10,430 | 8,018 | 8,167 |
| Overdrafts | 1,710 | 1,442 | 1,362 | 1,582 | 1,602 |
| Total Loans, Net of Unearned Interest | 1,827,753 | 1,835,182 | 1,797,105 | 1,774,225 | 1,773,754 |
| Allowance for Loan Losses | (14,319) | (14,593) | (14,120) | (14,210) | (14,219) |
| Loans, Net | 1,813,434 | 1,820,589 | 1,782,985 | 1,760,015 | 1,759,535 |
| Premises and Equipment, Net | 85,810 | 86,005 | 86,846 | 87,190 | 89,567 |
| Goodwill | 84,811 | 84,811 | 84,811 | 84,811 | 84,811 |
| Other Real Estate Owned | 526 | 1,010 | 1,902 | 2,229 | 2,720 |
| Other Assets | 81,033 | 87,159 | 82,041 | 78,592 | 86,832 |
| Total Other Assets | 252,180 | 258,985 | 255,600 | 252,822 | 263,930 |
| Total Assets | \$ 2,934,513 | \$ 3,017,654 | \$ 3,052,051 | \$ 2,959,183 | \$ 2,819,190 |
| LIABILITIES | | | | | |
| Deposits: | | | | | |
| Noninterest Bearing Deposits | \$ 1,022,774 | \$ 1,024,898 | \$ 995,853 | \$ 947,858 | \$ 934,146 |
| NOW Accounts | 728,395 | 810,568 | 887,453 | 867,209 | 713,967 |
| Money Market Accounts | 239,410 | 240,181 | 244,628 | 237,739 | 254,099 |
| Regular Savings Accounts | 372,601 | 371,773 | 372,414 | 358,306 | 352,508 |
| Certificates of Deposit | 109,827 | 113,684 | 116,946 | 120,744 | 126,496 |
| Total Deposits | 2,473,007 | 2,561,104 | 2,617,294 | 2,531,856 | 2,381,216 |
| Short-Term Borrowings | 10,622 | 9,753 | 8,983 | 13,541 | 16,644 |
| Subordinated Notes Payable | 52,887 | 52,887 | 52,887 | 52,887 | 52,887 |
| Other Long-Term Borrowings | 6,963 | 7,313 | 7,661 | 8,568 | 12,456 |
| Other Liabilities | 69,472 | 72,002 | 56,240 | 49,744 | 57,971 |
| Total Liabilities | 2,612,951 | 2,703,059 | 2,743,065 | 2,656,596 | 2,521,174 |
| SHAREOWNERS' EQUITY | | | | | |
| Common Stock | 167 | 167 | 168 | 167 | 171 |
| Additional Paid-In Capital | 31,075 | 30,751 | 31,929 | 31,058 | 38,325 |
| Retained Earnings | 316,551 | 310,247 | 304,763 | 300,177 | 293,254 |

| | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| Accumulated Other Comprehensive Loss, Net of Tax | (26,231) | (26,570) | (27,874) | (28,815) | (33,734) |
| Total Shareowners' Equity | 321,562 | 314,595 | 308,986 | 302,587 | 298,016 |
| Total Liabilities and Shareowners' Equity | \$ 2,934,513 | \$ 3,017,654 | \$ 3,052,051 | \$ 2,959,183 | \$ 2,819,190 |
| OTHER BALANCE SHEET DATA | | | | | |
| Earning Assets | \$ 2,635,501 | \$ 2,719,530 | \$ 2,761,070 | \$ 2,658,539 | \$ 2,521,056 |
| Interest Bearing Liabilities | 1,520,705 | 1,606,159 | 1,690,972 | 1,658,994 | 1,529,057 |
| Book Value Per Diluted Share | \$ 19.14 | \$ 18.76 | \$ 18.35 | \$ 18.00 | \$ 17.40 |
| Tangible Book Value Per Diluted Share ⁽¹⁾ | 14.09 | 13.70 | 13.31 | 12.96 | 12.45 |
| Actual Basic Shares Outstanding | 16,749 | 16,746 | 16,812 | 16,748 | 17,059 |
| Actual Diluted Shares Outstanding | 16,797 | 16,773 | 16,840 | 16,809 | 17,128 |

⁽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

| | | | | | | Nine Months Ended September 30, | |
|--|----|------------------|-------------------|------------------|-------------------|------------------------------------|---------------------|
| | | 2019 | | 2018 | | 2019 | 2018 |
| | | Third Quarter | Second Quarter | First Quarter | Fourth Quarter | Third Quarter | |
| <i>(Dollars in thousands, except per share data)</i> | | | | | | | |
| INTEREST INCOME | | | | | | | |
| Interest and Fees on Loans | \$ | 23,992 | \$ 23,765 | \$ 22,616 | \$ 22,431 | \$ 21,618 | \$ 70,373 \$ 61,686 |
| Investment Securities | | 3,307 | 3,393 | 3,513 | 3,478 | 3,472 | 10,213 9,390 |
| Funds Sold | | 1,142 | 1,507 | 1,593 | 461 | 302 | 4,242 1,949 |
| Total Interest Income | | 28,441 | 28,665 | 27,722 | 26,370 | 25,392 | 84,828 73,025 |
| INTEREST EXPENSE | | | | | | | |
| Deposits | | 1,596 | 1,988 | 2,099 | 1,312 | 1,068 | 5,683 2,931 |
| Short-Term Borrowings | | 27 | 31 | 35 | 53 | 41 | 93 57 |
| Subordinated Notes Payable | | 558 | 596 | 608 | 572 | 568 | 1,762 1,595 |
| Other Long-Term Borrowings | | 63 | 66 | 72 | 85 | 92 | 201 286 |
| Total Interest Expense | | 2,244 | 2,681 | 2,814 | 2,022 | 1,769 | 7,739 4,869 |
| Net Interest Income | | 26,197 | 25,984 | 24,908 | 24,348 | 23,623 | 77,089 68,156 |
| Provision for Loan Losses | | 776 | 646 | 767 | 457 | 904 | 2,189 2,464 |
| Net Interest Income after Provision for Loan Losses | | 25,421 | 25,338 | 24,141 | 23,891 | 22,719 | 74,900 65,692 |
| NONINTEREST INCOME | | | | | | | |
| Deposit Fees | | 4,961 | 4,756 | 4,775 | 5,172 | 5,207 | 14,492 14,921 |
| Bank Card Fees | | 2,972 | 3,036 | 2,855 | 2,830 | 2,828 | 8,863 8,548 |
| Wealth Management Fees | | 2,992 | 2,404 | 2,323 | 2,320 | 2,181 | 7,719 6,391 |
| Mortgage Banking Fees | | 1,587 | 1,199 | 993 | 1,129 | 1,343 | 3,779 3,606 |
| Other | | 1,391 | 1,375 | 1,606 | 1,787 | 1,749 | 4,372 4,861 |
| Total Noninterest Income | | 13,903 | 12,770 | 12,552 | 13,238 | 13,308 | 39,225 38,327 |
| NONINTEREST EXPENSE | | | | | | | |
| Compensation | | 16,203 | 16,437 | 16,349 | 16,322 | 15,891 | 48,989 47,599 |
| Occupancy, Net | | 4,710 | 4,537 | 4,509 | 4,804 | 4,645 | 13,756 13,699 |
| Other Real Estate, Net | | 6 | 75 | 363 | (1,663) | 347 | 444 1,221 |
| Other | | 6,954 | 7,347 | 6,977 | 7,042 | 7,816 | 21,278 22,479 |
| Total Noninterest Expense | | 27,873 | 28,396 | 28,198 | 26,505 | 28,699 | 84,467 84,998 |
| OPERATING PROFIT | | 11,451 | 9,712 | 8,495 | 10,624 | 7,328 | 29,658 19,021 |
| Income Tax Expense | | 2,970 | 2,387 | 2,059 | 2,166 | 1,338 | 7,416 1,255 |
| NET INCOME | \$ | 8,481 | \$ 7,325 | \$ 6,436 | \$ 8,458 | \$ 5,990 | \$ 22,242 \$ 17,766 |
| PER SHARE DATA | | | | | | | |
| Basic Net Income | \$ | 0.51 | \$ 0.44 | \$ 0.38 | \$ 0.50 | \$ 0.35 | \$ 1.33 \$ 1.04 |
| Diluted Net Income | | 0.50 | 0.44 | 0.38 | 0.50 | 0.35 | 1.32 1.04 |
| Cash Dividend | \$ | 0.13 | \$ 0.11 | \$ 0.11 | \$ 0.09 | \$ 0.09 | \$ 0.35 \$ 0.23 |
| AVERAGE SHARES | | | | | | | |
| Basic | | 16,747 | 16,791 | 16,791 | 16,989 | 17,056 | 16,776 17,043 |
| Diluted | | 16,795 | 16,818 | 16,819 | 17,050 | 17,125 | 16,810 17,102 |

**CAPITAL CITY BANK
GROUP, INC.
ALLOWANCE FOR LOAN
LOSSES
AND RISK ELEMENT
ASSETS
*Unaudited***

| | 2019 | | | 2018 | | Nine Months Ended September 30, | |
|---|------------------|-------------------|------------------|-------------------|------------------|------------------------------------|-----------|
| <i>(Dollars in thousands, except per share data)</i> | Third Quarter | Second Quarter | First Quarter | Fourth Quarter | Third Quarter | 2019 | 2018 |
| ALLOWANCE FOR LOAN LOSSES | | | | | | | |
| Balance at Beginning of Period | \$ 14,593 | \$ 14,120 | \$ 14,210 | \$ 14,219 | \$ 13,563 | \$ 14,210 | \$ 13,307 |
| Provision for Loan Losses | 776 | 646 | 767 | 457 | 904 | 2,189 | 2,464 |
| Net Charge-Offs | 1,050 | 173 | 857 | 466 | 248 | 2,080 | 1,552 |
| Balance at End of Period | \$ 14,319 | \$ 14,593 | \$ 14,120 | \$ 14,210 | \$ 14,219 | \$ 14,319 | \$ 14,219 |
| As a % of Loans | 0.78 % | 0.79 % | 0.78 % | 0.80 % | 0.80 % | 0.78 % | 0.80 % |
| As a % of Nonperforming Loans | 290.55 % | 259.55 % | 279.77 % | 206.79 % | 207.06 % | 290.55 % | 207.06 % |
| CHARGE-OFFS | | | | | | | |
| Commercial, Financial and Agricultural | \$ 289 | \$ 235 | \$ 95 | \$ 53 | \$ 268 | \$ 619 | \$ 591 |
| Real Estate - Construction | 223 | - | - | - | - | 223 | 7 |
| Real Estate - Commercial | 26 | - | 155 | - | 25 | 181 | 315 |
| Real Estate - Residential | 44 | 65 | 264 | 111 | 106 | 373 | 669 |
| Real Estate - Home Equity | 333 | 45 | 52 | 106 | 112.00 | 430 | 427 |
| Consumer | 744 | 520 | 795 | 728 | 463 | 2,059 | 1,667 |
| Total Charge-Offs | \$ 1,659 | \$ 865 | \$ 1,361 | \$ 998 | \$ 974 | \$ 3,885 | \$ 3,676 |
| RECOVERIES | | | | | | | |
| Commercial, Financial and Agricultural | \$ 86 | \$ 58 | \$ 74 | \$ 128 | \$ 78 | \$ 218 | \$ 331 |
| Real Estate - Construction | - | - | - | 25 | - | - | 1 |
| Real Estate - Commercial | 142 | 100 | 70 | 13 | 222 | 312 | 360 |
| Real Estate - Residential | 46 | 223 | 44 | 106 | 107 | 313 | 537 |
| Real Estate - Home Equity | 58 | 60 | 32 | 61 | 47 | 150 | 130 |
| Consumer | 277 | 251 | 284 | 199 | 272 | 812 | 765 |
| Total Recoveries | \$ 609 | \$ 692 | \$ 504 | \$ 532 | \$ 726 | \$ 1,805 | \$ 2,124 |
| NET CHARGE-OFFS | \$ 1,050 | \$ 173 | \$ 857 | \$ 466 | \$ 248 | \$ 2,080 | \$ 1,552 |
| Net Charge-Offs as a % of Average Loans ⁽¹⁾ | 0.23 % | 0.04 % | 0.20 % | 0.10 % | 0.06 % | 0.15 % | 0.12 % |
| RISK ELEMENT ASSETS | | | | | | | |
| Nonaccruing Loans | \$ 4,928 | \$ 5,622 | \$ 5,047 | \$ 6,872 | \$ 6,867 | | |
| Other Real Estate Owned | 526 | 1,010 | 1,902 | 2,229 | 2,720 | | |
| Total Nonperforming Assets | \$ 5,454 | \$ 6,632 | \$ 6,949 | \$ 9,101 | \$ 9,587 | | |
| Past Due Loans 30-89 Days | \$ 5,120 | \$ 5,443 | \$ 4,682 | \$ 4,757 | \$ 3,684 | | |
| Past Due Loans 90 Days or More (accruing) | - | - | - | - | 126 | | |
| Classified Loans | 21,323 | 26,406 | 22,219 | 22,889 | 27,039 | | |
| Performing Troubled Debt Restructuring's | \$ 18,284 | \$ 18,737 | \$ 20,791 | \$ 22,084 | \$ 28,661 | | |

| | | | | | |
|--|--------|--------|--------|--------|--------|
| Nonperforming Loans as a % of Loans | 0.27 % | 0.30 % | 0.28 % | 0.39 % | 0.39 % |
| Nonperforming Assets as a % of Loans and Other Real Estate | 0.30 % | 0.36 % | 0.39 % | 0.51 % | 0.54 % |
| Nonperforming Assets as a % of Total Assets | 0.19 % | 0.22 % | 0.23 % | 0.31 % | 0.34 % |

(1) Annualized

CAPITAL CITY BANK GROUP, INC.
AVERAGE BALANCE AND INTEREST
RATES⁽¹⁾
Unaudited

| | Third Quarter 2019 | | | Second Quarter 2019 | | | First Quarter 2019 | | |
|----------------------------------|--------------------|-----------|--------------|---------------------|-----------|--------------|--------------------|-----------|--------------|
| (Dollars in thousands) | Average Balance | Interest | Average Rate | Average Balance | Interest | Average Rate | Average Balance | Interest | Average Rate |
| ASSETS: | | | | | | | | | |
| Loans, Net of Unearned Interest | \$ 1,837,548 | 24,113 | 5.21 % | \$ 1,823,311 | 23,873 | 5.25 % | \$ 1,780,406 | 22,718 | |
| Investment Securities | | | | | | | | | |
| Taxable Investment Securities | 607,363 | 3,249 | 2.13 | 614,775 | 3,301 | 2.15 | 618,127 | 3,387 | |
| Tax-Exempt Investment Securities | 18,041 | 73 | 1.63 | 29,342 | 116 | 1.58 | 40,575 | 158 | |
| Total Investment Securities | 625,404 | 3,322 | 2.12 | 644,117 | 3,417 | 2.12 | 658,702 | 3,545 | |
| Funds Sold | 207,129 | 1,142 | 2.19 | 251,789 | 1,507 | 2.40 | 265,694 | 1,593 | |
| Total Earning Assets | 2,670,081 | \$ 28,577 | 4.25 % | 2,719,217 | \$ 28,797 | 4.25 % | 2,704,802 | \$ 27,856 | |
| Cash and Due From Banks | 50,981 | | | 51,832 | | | 53,848 | | |
| Allowance for Loan Losses | (14,863) | | | (14,513) | | | (14,347) | | |
| Other Assets | 253,111 | | | 254,126 | | | 252,208 | | |
| Total Assets | \$ 2,959,310 | | | \$ 3,010,662 | | | \$ 2,996,511 | | |
| LIABILITIES: | | | | | | | | | |
| Interest Bearing Deposits | | | | | | | | | |
| NOW Accounts | \$ 749,678 | \$ 1,235 | 0.65 % | \$ 832,982 | \$ 1,623 | 0.78 % | \$ 884,277 | \$ 1,755 | |
| Money Market Accounts | 238,565 | 264 | 0.44 | 237,921 | 265 | 0.45 | 239,516 | 247 | |
| Savings Accounts | 372,593 | 46 | 0.05 | 371,716 | 46 | 0.05 | 364,783 | 44 | |
| Time Deposits | 111,447 | 51 | 0.18 | 115,442 | 54 | 0.19 | 118,839 | 53 | |
| Total Interest Bearing Deposits | 1,472,283 | 1,596 | 0.43 % | 1,558,061 | 1,988 | 0.51 % | 1,607,415 | 2,099 | |

| | | | | | | | | |
|--|--------------|----------|--------|--------------|----------|--------|--------------|----------|
| Short-Term Borrowings | 8,697 | 27 | 1.24 % | 9,625 | 31 | 1.30 % | 11,378 | 35 |
| Subordinated Notes Payable | 52,887 | 558 | 4.13 | 52,887 | 596 | 4.46 | 52,887 | 608 |
| Other Long-Term Borrowings | 7,158 | 63 | 3.47 | 7,509 | 66 | 3.53 | 8,199 | 72 |
| <hr/> | | | | | | | | |
| Total Interest Bearing Liabilities | 1,541,025 | \$ 2,244 | 0.58 % | 1,628,082 | \$ 2,681 | 0.66 % | 1,679,879 | \$ 2,814 |
| <hr/> | | | | | | | | |
| Noninterest Bearing Deposits | 1,023,472 | | | 1,007,370 | | | 957,300 | |
| Other Liabilities | 74,540 | | | 61,611 | | | 52,070 | |
| <hr/> | | | | | | | | |
| Total Liabilities | 2,639,037 | | | 2,697,063 | | | 2,689,249 | |
| <hr/> | | | | | | | | |
| SHAREOWNERS' EQUITY: | 320,273 | | | 313,599 | | | 307,262 | |
| <hr/> | | | | | | | | |
| Total Liabilities and Shareowners' Equity | \$ 2,959,310 | | | \$ 3,010,662 | | | \$ 2,996,511 | |
| <hr/> | | | | | | | | |
| Interest Rate Spread | \$ 26,333 | 3.67 % | | \$ 26,116 | 3.59 % | | \$ 25,042 | |
| <hr/> | | | | | | | | |
| Interest Income and Rate Earned ⁽¹⁾ | 28,577 | 4.25 | | 28,797 | 4.25 | | 27,856 | |
| Interest Expense and Rate Paid ⁽²⁾ | 2,244 | 0.33 | | 2,681 | 0.40 | | 2,814 | |
| <hr/> | | | | | | | | |
| Net Interest Margin | \$ 26,333 | 3.92 % | | \$ 26,116 | 3.85 % | | \$ 25,042 | |
| <hr/> | | | | | | | | |

⁽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.

For Information Contact:

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Executive Vice President and Chief Financial Officer

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Source: Capital City Bank Group