July 21, 2020

Capital City Bank Group, Inc. Reports Second Quarter 2020 Results

TALLAHASSEE, Fla., July 21, 2020 (GLOBE NEWSWIRE) -- Capital City Bank Group, Inc. (NASDAQ: CCBG) today reported net income of $9.1 million, or $0.55 per diluted share for the second quarter of 2020 compared to net income of $4.3 million, or $0.25 per diluted share for the first quarter of 2020, and $7.3 million, or $0.44 per diluted share for the second quarter of 2019. For the first six months of 2020, net income totaled $13.4 million, or $0.80 per diluted share, compared to net income of $13.8 million, or $0.82 per diluted share, for the same period of 2019.

QUARTER HIGHLIGHTS

- *Return on assets improved to 1.10% and efficiency ratio to 67%*
- *Diversified revenue and strong balance sheet continue to buffer impact of pandemic and lower interest rates*
- *Strong performance by Capital City Home Loans ("CCHL") contributed significantly ($0.20/share)*
- *Pandemic related stimulus programs contributed $190 million in loan growth and deposit balances totaling $243 million*

"Though the second quarter presented a challenging environment, I am pleased with our financial performance and how we responded to the COVID-19 pandemic," said William G. Smith, Jr., Chairman, President and CEO. "We issued $190 million in Paycheck Protection Program (PPP) loans to assist our small business clients and took critical precautions to protect the health and welfare of our associates and clients as we reopened our offices for routine lobby service. Despite a challenged economy, the mortgage market has been robust, and our recent alliance with CCHL contributed $0.20 per share during the second quarter. Earnings from CCHL and SBA/PPP fees helped mitigate the adverse impacts of a lower interest rate environment and reserve build attributable to the adoption of CECL and COVID-19. I anticipate the second half of 2020 will remain challenging but am hopeful it will bring improvement. We have taken a prudent and measured approach to managing through this ongoing crisis and continue to focus on our commitments to our associates, clients, communities, and shareowners. I remain optimistic about the long-term outlook for Capital City and appreciate your continued support."

COVID-19 Update

- Lobby access has been re-opened for 56 of our 57 banking offices and operations are subject to national guidelines and local safety ordinances to protect both clients and associates – we will continue to monitor changing conditions with the pandemic and its impact on client and associate interactions within our banking offices
- Most operational associates returned to work in early June, but we have extended some remote work arrangements on a case-by-case basis

- Enhanced digital access options are available for banking products and access to sales associates
- Continue to monitor COVID-19 case count trends in our markets and respond appropriately to help ensure client and associate safety
- Continued support of clients with the Small Business Administration Payment Protection Program ("SBA PPP") - we will actively assist our clients with the forgiveness process in coming quarters
- We continued to assist our clients and communities in the second quarter by processing a total of 2,217 loan extensions ($330 million, or 16% of loan balances at June 30, 2020).

Discussion of Operating Results

Summary Overview

Compared to the first quarter of 2020, the $11.1 million increase in operating profit was attributable to a $14.7 million increase in noninterest income (primarily mortgage banking revenues) and a $3.0 million decrease in the provision for credit losses, partially offset by higher noninterest expense of $6.3 million and lower net interest income of $0.3 million.

Compared to the second quarter of 2019, the $6.6 million increase in operating profit was attributable to a $17.4 million increase in noninterest income, partially offset by a higher noninterest expense of $8.9 million, a $1.4 million increase in the provision for credit losses and lower net interest income of $0.5 million.

The $3.4 million increase in operating profit for the first six months of 2020 versus the comparable period of 2019 was attributable to higher noninterest income of $20.4 million and net interest income of $0.3 million, partially offset by a $5.6 million increase in the provision for credit losses and higher noninterest expense of $11.7 million.

The aforementioned period over period variances reflect the acquisition of a 51% membership interest and consolidation of CCHL late in the first quarter of 2020.

Our return on average assets ("ROA") was 1.10% and our return on average equity ("ROE") was 11.03% for the second quarter of 2020. These metrics were 0.57% and 5.20% for the first quarter of 2020, respectively, and 0.98% and 9.37% for the second quarter of 2019, respectively. For the first six months of 2020, our ROA was 0.85% and our ROE was 8.12% compared to 0.92% and 8.94%, respectively, for the same period of 2019.

Net Interest Income/Net Interest Margin

Tax-equivalent net interest income for the second quarter of 2020 was $25.6 million compared to $25.9 million for the first quarter of 2020 and $26.1 million for the second quarter of 2019. The decrease compared to both prior periods reflected lower rates earned on overnight funds, investment securities and variable rate loans, partially offset by lower cost for our negotiated rate deposits. For the first six months of 2020, tax-equivalent net interest income totaled $51.4 million compared to $51.2 million in 2019. The increase was primarily due to loan growth and a reduction in the cost of our negotiated rate deposits, partially offset by lower rates on our earning assets.

The federal funds target rate ended the second quarter of 2020 in a range of 0.00%-0.25%, unchanged from the end of the first quarter of 2020. However, since 150 basis points of rate cuts were made late in the first quarter of 2020, we experienced lower repricing of our variable/adjustable rate earning assets and investment securities during the second quarter 2020. We continue to prudently manage our deposit mix and overall cost of funds, which was 14 basis points for the second quarter of 2020 compared to 23 basis points for the first quarter of 2020. 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 second quarter of 2020 was 3.41%, a decrease of 37 basis points from the first quarter of 2020 and 44 basis points from the second quarter of 2019. For the first six months of 2020, the net interest margin decreased 21 basis points to 3.59%. The decrease compared to all prior periods was attributable to lower rates on our variable and adjustable rate earning assets, partially offset by a lower cost of funds. Our net interest margin for the second quarter of 2020 excluding the impact of SBA PPP loans was 3.46%. We discuss the effect of the pandemic related stimulus programs on our balance sheet in more detail below under *Discussion of Financial Condition*.

Provision for Credit Loss

The provision for credit losses for the second quarter of 2020 was $2.0 million compared to $5.0 million for the first quarter of 2020 and $0.6 million for the second quarter of 2019. For the first six months of 2020, the provision was $7.0 million compared to $1.4 million in 2019. The higher provision in 2020 reflected expected losses due to deterioration in economic conditions related to COVID-19. We discuss this exposure further below.

Noninterest Income and Noninterest Expense

CCHL's mortgage banking operations impacted our noninterest income and noninterest expense for the three and six month periods ended June 30, 2020, and thus, the period over period comparisons reflect the impact of the CCHL consolidation, which occurred late in the first quarter 2020. The table below provides an overview of CCHL's impact on our noninterest income and noninterest expense for 2020.

Noninterest income for the second quarter of 2020 totaled $30.2 million compared to $15.5 million for the first quarter of 2020 and $12.8 million for the second quarter of 2019. The increase over both periods was driven by higher mortgage banking fees and other income (loan origination fees) at CCHL, partially offset by lower deposit fees (overdraft fees). Deposit fees decreased $1.3 million, or 25.1% compared to the first quarter of 2020 and reflected slower consumer spending and the impact of stimulus payments in the second quarter related to the COVID-19 pandemic.

Noninterest expense for the second quarter of 2020 totaled $37.3 million compared to $31.0 million for the first quarter of 2020 and $28.4 million for the second quarter of 2019. The increase over the first quarter of 2020 was attributable to higher compensation expense of $4.2 million, occupancy expense of $0.8 million, and other real estate ("ORE") expense of $1.1 million. The increase in compensation and occupancy expense was primarily due to the integration of CCHL late in the first quarter of 2020. We also realized approximately $0.8 million in expenses in the second quarter related to SBA PPP loan origination activities and pandemic related costs. Approximately $0.3 million were one-time SBA PPP expenses and the remainder are pandemic related and will phase out over time. The increase in ORE expense reflected a $1.0 million gain on the sale of a banking office in the first quarter of 2020. For the first six months of 2020, noninterest expense totaled $68.3 million compared to $56.6 million for the same period of 2019 with the increase driven primarily by the same aforementioned factors.

Overall, CCHL contributed significantly to the improvement in our efficiency ratio for the second quarter of 2020.

	Three Months Ended						Six Months Ended			
	Jun 30, 2020		Mar 31, 2020		Jun 30, 2019		Jun 30, 2020		Jun 30, 2019	
(Dollars in thousands)	Core CCBG	CCHL	Core CCBG	CCHL	Core CCBG	CCHL	Core CCBG	CCHL	Core CCBG	CCHL
Deposit Fees	$ 3,756	-	$ 5,015	$ -	$ 4,756	$ -	$ 8,771	$ -	$ 9,531	$ -
Bank Card Fees	3,142	-	3,051	-	3,036	-	6,193	-	5,891	-
Wealth Management Fees	2,554	-	2,604	-	2,404	-	5,158	-	4,727	-
Mortgage Banking Fees	241	17,573	1,138	1,892	1,199	-	1,379	19,465	2,192	-
Other	1,147	1,786	1,459	319	1,375	-	2,606	2,105	2,981	-
Total Noninterest Income	$ 10,840	$ 19,359	$ 13,267	$ 2,211	$ 12,770	$ -	$ 24,107	$ 21,570	$ 25,322	$ -
Salaries	$ 11,596	$ 8,381	$ 13,488	$ 2,242	$ 12,496	$ -	$ 25,085	$ 10,623	$ 24,781	$ -
Other Associate Benefits	3,477	204	3,957	49	3,941	-	7,433	253	8,005	-
Total Compensation	15,073	8,585	17,445	2,291	16,437	-	32,518	10,876	32,786	-
Occupancy, Net	5,030	768	4,748	231	4,537	-	9,778	999	9,046	-
Other	6,599	1,248	5,797	457	7,422	-	12,396	1,705	14,762	-
Total Noninterest Expense	$ 26,702	$ 10,601	$ 27,990	$ 2,979	$ 28,396	$ -	$ 54,692	$ 13,580	$ 56,594	$ -

Income Taxes

We realized income tax expense of $2.9 million (effective rate of 18%) for the second quarter of 2020 compared to $1.3 million (effective rate of 24%) for the first quarter of 2020 and $2.4 million (effective rate of 25%) for the second quarter of 2019. For the first six months of 2020, we realized income tax expense of $4.2 million (effective rate of 20%) compared to $4.4 million (effective rate of 24%) for the same period of 2019. The decrease in our effective tax rate for the three and six month periods ended June 30, 2020 reflected the impact of converting CCHL to a partnership for tax purposes in the second quarter of 2020. Absent discrete items, we expect our annual effective tax rate to approximate 19%-20%.

Discussion of Financial Condition

Earning Assets

Average earning assets were $3.017 billion for the second quarter of 2020, an increase of $264.9 million, or 9.6% over the first quarter of 2020, and an increase of $322.1 million, or 12.0% over the fourth quarter of 2019. The increase over both prior periods was primarily driven by higher deposit balances which funded growth in the loan portfolio and overnight funds sold. The impact of pandemic related stimulus programs on our balance sheet in the second quarter of 2020 is discussed in further detail below.

We maintained an average net overnight funds (deposits with banks plus FED funds sold less FED funds purchased) sold position of $351.5 million during the second quarter of 2020 compared to an average net overnight funds sold position of $234.4 million in the first quarter of 2020 and $228.1 million in the fourth quarter of 2019. The increase compared to both prior periods was primarily driven by pandemic related stimulus programs (see below – *Funding*).

Average loans held for investment ("HFI") increased $135.2 million, or 7.3%, over the first quarter of 2020 and $148.9 million, or 8.1%, over the fourth quarter of 2019. Period-end HFI loans increased $159.8, or 8.6%, over the first quarter of 2020 and $186.2 million, or 10.1%, over the fourth quarter of 2019. Demand from the SBA PPP was strong with SBA PPP loans (reflected in commercial loans) averaging $133.8 million in the second quarter of 2020 and totaling $190 million at June 30, 2020. In total, we funded 2,208 loans for $193 million under the SBA PPP, all from current balance sheet liquidity. To date, our borrowers have submitted a nominal level of forgiveness applications, but these applications are expected to accelerate in the second half of the year. We received 100% of our SBA PPP loan fees totaling approximately $6.3 million (net) late in the second quarter. Amortized SBA PPP loan fees totaled approximately $0.4 million for the second quarter of 2020.

Allowance for Credit Losses

At June 30, 2020, the allowance for credit losses totaled $22.5 million compared to $21.1 million at March 31, 2020 and $13.9 million at December 31, 2019. At June 30, 2020, the allowance represented 1.11% of outstanding loans held for investment (HFI) and provided coverage of 322% of nonperforming loans compared to 1.13% and 433%, respectively, at March 31, 2020 and 0.75% and 311%, respectively, at December 31, 2019. At June 30, 2020, excluding SBA PPP loans (100% government guaranteed), the allowance represented 1.23% of loans held for investment.

The adoption of ASC 326 ("CECL") on January 1, 2020 had an impact of $4.0 million ($3.3 million increase in the allowance for credit losses and $0.7 million increase in the allowance for unfunded loan commitments (other liability account)). The $5.7 million build (provision of $7.0 million less net charge-offs of $1.3 million) in the allowance for credit losses for the first six months of 2020 reflected a higher forecasted rate of unemployment due to stressed economic conditions related the COVID-19 pandemic.

Credit Quality/COVID-19 Exposure

Nonperforming assets (nonaccrual loans and OREO) totaled $8.0 million at June 30, 2020, a $1.7 million increase over March 31, 2020, and a $2.6 million increase over December 31, 2019. Nonaccrual loans totaled $7.0 million at June 30, 2020, a $2.1 million increase over March 31, 2020 and a $2.5 million increase over December 31, 2019. The balance of OREO totaled $1.1 million at June 30, 2020, a decrease of $0.4 million from March 31, 2020 and a $0.1 million increase over December 31, 2019.

We continue to analyze our loan portfolio for segments that have been affected by the stressed economic and business conditions caused by the pandemic. Certain at-risk segments total 8% of our loan balances at June 30, 2020, including hotel (3%), restaurant (1%), retail and shopping centers (3%), and other (1%). The other segment includes churches, non-profits, education, and recreational. To assist our clients, in mid-March of 2020, we began allowing short term 60 to 90 day loan extensions for affected borrowers. A roll-forward of loan extension activity is provided in the table below. Approximately 83% of these loans were for commercial borrowers and 17% for consumer borrowers.

			% Loans Extended	
At July 9, 2020 *(Dollars in thousands)*	# Loans	Loan Amount	# Loans	$ Loans
Loans Extended	2,217	$ 330,406		
Loans Resuming Payments	(1,708)	(234,610)	77 %	71 %
Loans Still on Extension	509	$ 95,796	23 %	29 %
Still on Extension: From First Extension	382	$ 60,237	17 %	18 %
Still on Extension: From Second Extension	127	$ 35,559	6 %	11 %

Funding (Deposits/Debt)

Average total deposits were $2.783 billion for the second quarter of 2020, an increase of $230.8 million, or 9.0% over the first quarter of 2020, and an increase of $258.5 million, or 10.2% over the fourth quarter of 2019. The estimated deposit inflows, related to the two pandemic related stimulus programs, were $179 million (SBA PPP) and $64 million (Economic Impact Payment stimulus checks). Period end deposit balances grew $409 million and $310 million over the first quarter of 2020 and fourth quarter of 2019, respectively, indicating strong growth in core deposit balances. Given these large increases, the potential exists for our deposit levels to be volatile over the coming quarters due to the uncertain timing of the outflows of the stimulus related deposits and the economic recovery. It is anticipated that current liquidity levels will remain robust due to our strong overnight funds sold position, in addition to cash flow generated from the investment portfolio. We monitor deposit rates on an ongoing basis and adjust if necessary, as a prudent pricing discipline remains the key to managing our mix of deposits.

Average borrowings increased $39.9 million over the first quarter of 2020 and $65.0 million over the fourth quarter of 2019 as short-term borrowings (warehouse lines used to support HFS loans) were added as part of the CCHL integration.

Capital

Shareowners' equity was $335.1 million at June 30, 2020 compared to $328.5 million at March 31, 2020 and $327.0 million at December 31, 2019. For the first six months of 2020, shareowners' equity was positively impacted by net income of $13.4 million, a $3.0 million increase in the unrealized gain on investment securities, net adjustments totaling $0.7 million related to transactions under our stock compensation plans, and stock compensation accretion of $0.4 million. Shareowners' equity was reduced by common stock dividends of $4.7 million ($0.28 per share), a $3.1 million (net of tax) adjustment to retained earnings for the adoption of ASC 326 ("CECL"), and share repurchases of $1.6 million (76,952 shares).

At June 30, 2020, our total risk-based capital ratio was 17.81% compared to 17.19% at March 31, 2020 and 17.90% at December 31, 2019. Our common equity tier 1 capital ratio was 14.21%, 13.55%, and 14.47%, respectively, on these dates. Our leverage ratio was

10.24%, 10.81%, and 11.25%, 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 7.21% at June 30, 2020 compared to 7.98% and 8.06% at March 31, 2020 and December 31, 2019, 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 $3.5 billion in assets. We provide a full range of banking services, including traditional deposit and credit services, mortgage banking, asset management, trust, merchant services, bankcards and securities brokerage services. Our bank subsidiary, Capital City Bank, was founded in 1895 and now has 57 banking offices and 85 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 the our financial statement estimates and assumptions; legislative or regulatory changes; fluctuations in inflation, interest rates, or monetary policies; the effects of security breaches and computer viruses that may affect our computer systems or fraud related to debit card products; changes in consumer spending and savings habits; our growth and profitability; the strength of the U.S. economy and the local economies where we conduct operations; the effects of a non-diversified loan portfolio, including the risks of geographic and industry concentrations; natural disasters, widespread health emergencies, military conflict, terrorism or other geopolitical events; changes in the stock market and other capital and real estate markets; customer acceptance of third-party products and services; increased competition and its effect on pricing; negative publicity and the impact on our reputation; technological changes, especially changes that allow out of market competitors to compete in our markets; changes in accounting; and our ability to manage the risks involved in the foregoing. Additional factors can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, 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 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, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019
Shareowners' Equity (GAAP)		$ 335,057	$ 328,507	$ 327,016	$ 321,562	$ 314,595
Less: Goodwill (GAAP)		89,095	89,275	84,811	84,811	84,811
Tangible Shareowners' Equity (non-GAAP)	A	245,962	239,232	242,205	236,751	229,784
Total Assets (GAAP)		3,499,524	3,086,523	3,088,953	2,934,513	3,017,654
Less: Goodwill (GAAP)		89,095	89,275	84,811	84,811	84,811
Tangible Assets (non-GAAP)	B	$ 3,410,429	$ 2,997,248	$ 3,004,142	$ 2,849,702	$ 2,932,843
Tangible Common Equity Ratio (non-GAAP)	**A/B**	**7.21 %**	**7.98 %**	**8.06 %**	**8.31 %**	**7.83 %**
Actual Diluted Shares Outstanding (GAAP)	C	16,821,743	16,845,462	16,855,161	16,797,241	16,773,449
Tangible Book Value per Diluted Share (non-GAAP)	**A/C**	**$ 14.62**	**$ 14.20**	**$ 14.37**	**$ 14.09**	**$ 13.70**

CAPITAL CITY BANK GROUP, INC.
EARNINGS HIGHLIGHTS
Unaudited

(Dollars in thousands, except per share data)	Three Months Ended Jun 30, 2020	Three Months Ended Mar 31, 2020	Three Months Ended Jun 30, 2019	Six Months Ended Jun 30, 2020	Six Months Ended Jun 30, 2019
EARNINGS					
Net Income Attributable to Common Shareowners	$ 9,146	$ 4,287	$ 7,325	$ 13,433	$ 13,761
Diluted Net Income Per Share	$ 0.55	$ 0.25	$ 0.44	$ 0.80	$ 0.82
PERFORMANCE					
Return on Average Assets	1.10 %	0.57 %	0.98 %	0.85 %	0.92 %
Return on Average Equity	11.03 %	5.20 %	9.37 %	8.12 %	8.94 %
Net Interest Margin	3.41 %	3.78 %	3.85 %	3.59 %	3.80 %
Noninterest Income as % of Operating Revenue	54.26 %	37.52 %	32.95 %	47.13 %	33.23 %
Efficiency Ratio	66.90 %	74.89 %	73.02 %	70.30 %	74.00 %
CAPITAL ADEQUACY					
Tier 1 Capital	16.79 %	16.12 %	16.36 %	16.79 %	16.36 %
Total Capital	17.81 %	17.19 %	17.13 %	17.81 %	17.13 %
Leverage	10.24 %	10.81 %	10.64 %	10.24 %	10.64 %
Common Equity Tier 1	14.21 %	13.55 %	13.67 %	14.21 %	13.67 %
Tangible Common Equity [1]	7.21 %	7.98 %	7.83 %	7.21 %	7.83 %
Equity to Assets	9.57 %	10.64 %	10.43 %	9.57 %	10.43 %
ASSET QUALITY					
Allowance as % of Non-Performing Loans	322.37 %	432.61 %	259.55 %	322.37 %	259.55 %
Allowance as a % of Loans	1.11 %	1.13 %	0.79 %	1.11 %	0.79 %
Net Charge-Offs as % of Average Loans	0.05 %	0.23 %	0.04 %	0.14 %	0.12 %
Nonperforming Assets as % of Loans and OREO	0.40 %	0.34 %	0.36 %	0.40 %	0.36 %
Nonperforming Assets as % of Total Assets	0.23 %	0.21 %	0.22 %	0.23 %	0.22 %
STOCK PERFORMANCE					
High	$ 23.99	$ 30.62	$ 25.00	$ 30.62	$ 25.87
Low	16.16	15.61	21.57	15.61	21.04
Close	$ 20.95	$ 20.12	$ 24.85	$ 20.95	$ 24.85
Average Daily Trading Volume	49,569	40,536	24,258	45,089	21,380

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

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

(Dollars in thousands)	2020 Second Quarter	2020 First Quarter	2019 Fourth Quarter	2019 Third Quarter	2019 Second Quarter
ASSETS					
Cash and Due From Banks	$ 75,155	$ 72,676	$ 60,087	$ 61,151	$ 53,731
Funds Sold and Interest Bearing Deposits	513,273	196,936	318,336	177,389	234,097
Total Cash and Cash Equivalents	588,428	269,612	378,423	238,540	287,828
Investment Securities Available for Sale	341,180	382,514	403,601	376,981	410,851

Investment Securities Held to Maturity	232,178	251,792	239,539	240,303	229,516
Total Investment Securities	573,358	634,306	643,140	617,284	640,367
Loans Held for Sale ("HFS")	76,610	82,598	9,509	13,075	9,885
Loans Held for Investment ("HFI")					
Commercial, Financial, & Agricultural	421,270	249,020	255,365	259,870	265,001
Real Estate - Construction	117,794	122,595	115,018	111,358	101,372
Real Estate - Commercial	662,434	656,084	625,556	610,726	614,618
Real Estate - Residential	353,831	354,150	353,642	354,545	349,843
Real Estate - Home Equity	194,479	196,443	197,360	197,326	201,579
Consumer	266,417	275,982	279,565	277,970	288,196
Other Loans	4,883	6,580	7,808	14,248	13,131
Overdrafts	1,069	1,533	1,615	1,710	1,442
Total Loans Held for Investment	2,022,177	1,862,387	1,835,929	1,827,753	1,835,182
Allowance for Loan Losses	(22,457)	(21,083)	(13,905)	(14,319)	(14,593)
Loans Held for Investment, Net	1,999,720	1,841,304	1,822,024	1,813,434	1,820,589
Premises and Equipment, Net	87,972	87,684	84,543	85,810	86,005
Goodwill	89,095	89,275	84,811	84,811	84,811
Other Real Estate Owned	1,059	1,463	953	526	1,010
Other Assets	83,282	80,281	65,550	81,033	87,159
Total Other Assets	261,408	258,703	235,857	252,180	258,985
Total Assets	$ 3,499,524	$ 3,086,523	$ 3,088,953	$ 2,934,513	$ 3,017,654
LIABILITIES					
Deposits:					
Noninterest Bearing Deposits	$ 1,377,033	$ 1,066,607	$ 1,044,699	$ 1,022,774	$ 1,024,898
NOW Accounts	808,244	779,467	902,499	728,395	810,568
Money Market Accounts	240,754	210,124	217,839	239,410	240,181
Regular Savings Accounts	423,924	384,480	374,396	372,601	371,773
Certificates of Deposit	105,041	104,907	106,021	109,827	113,684
Total Deposits	2,954,996	2,545,585	2,645,454	2,473,007	2,561,104
Short-Term Borrowings	63,958	76,516	6,404	10,622	9,753
Subordinated Notes Payable	52,887	52,887	52,887	52,887	52,887
Other Long-Term Borrowings	5,583	5,896	6,514	6,963	7,313
Other Liabilities	75,702	70,044	50,678	69,472	72,002
Total Liabilities	3,153,126	2,750,928	2,761,937	2,612,951	2,703,059
Temporary Equity	11,341	7,088	-	-	-
SHAREOWNERS' EQUITY					
Common Stock	168	168	168	167	167
Additional Paid-In Capital	31,575	32,100	32,092	31,075	30,751
Retained Earnings	328,570	321,772	322,937	316,551	310,247
Accumulated Other Comprehensive Loss, Net of Tax	(25,256)	(25,533)	(28,181)	(26,231)	(26,570)
Total Shareowners' Equity	335,057	328,507	327,016	321,562	314,595
Total Liabilities, Temporary Equity and Shareowners' Equity	$ 3,499,524	$ 3,086,523	$ 3,088,953	$ 2,934,513	$ 3,017,654
OTHER BALANCE SHEET DATA					
Earning Assets	$ 3,185,418	$ 2,776,228	$ 2,806,913	$ 2,635,501	$ 2,719,530
Interest Bearing Liabilities	1,700,391	1,614,277	1,666,560	1,520,705	1,606,159
Book Value Per Diluted Share	$ 19.92	$ 19.50	$ 19.40	$ 19.14	$ 18.76
Tangible Book Value Per Diluted Share[1]	14.62	14.20	14.37	14.09	13.70
Actual Basic Shares Outstanding	16,780	16,812	16,772	16,749	16,746
Actual Diluted Shares Outstanding	16,822	16,845	16,855	16,797	16,773

(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

(Dollars in thousands, except per share data)	2020 Second Quarter	2020 First Quarter	2019 Fourth Quarter	2019 Third Quarter	2019 Second Quarter	Six Months Ended Jun 30, 2020	Six Months Ended Jun 30, 2019
INTEREST INCOME							
Interest and Fees on Loans	$ 23,687	$ 23,593	$ 23,842	$ 23,992	$ 23,765	$ 47,280	$ 46,381
Investment Securities	2,737	3,015	3,221	3,307	3,393	5,752	6,906
Funds Sold	88	757	945	1,142	1,507	845	3,100
Total Interest Income	26,512	27,365	28,008	28,441	28,665	53,877	56,387
INTEREST EXPENSE							
Deposits	218	939	1,157	1,596	1,988	1,157	4,087
Short-Term Borrowings	421	132	16	27	31	553	66
Subordinated Notes Payable	374	471	525	558	596	845	1,204
Other Long-Term Borrowings	41	50	56	63	66	91	138
Total Interest Expense	1,054	1,592	1,754	2,244	2,681	2,646	5,495
Net Interest Income	25,458	25,773	26,254	26,197	25,984	51,231	50,892
Provision for Credit Losses	2,005	4,990	(162)	776	646	6,995	1,413
Net Interest Income after Provision for Loan Losses	23,453	20,783	26,416	25,421	25,338	44,236	49,479
NONINTEREST INCOME							
Deposit Fees	3,756	5,015	4,980	4,961	4,756	8,771	9,531
Bank Card Fees	3,142	3,051	3,131	2,972	3,036	6,193	5,891
Wealth Management Fees	2,554	2,604	2,761	2,992	2,404	5,158	4,727
Mortgage Banking Fees	17,814	3,030	1,542	1,587	1,199	20,844	2,192
Other	2,933	1,778	1,414	1,391	1,375	4,711	2,981
Total Noninterest Income	30,199	15,478	13,828	13,903	12,770	45,677	25,322
NONINTEREST EXPENSE							
Compensation	23,658	19,736	17,363	16,203	16,437	43,394	32,786
Occupancy, Net	5,798	4,979	4,680	4,710	4,537	10,777	9,046
Other Real Estate, Net	116	(798)	102	6	75	(682)	438
Other	7,731	7,052	6,997	6,954	7,347	14,783	14,324
Total Noninterest Expense	37,303	30,969	29,142	27,873	28,396	68,272	56,594
OPERATING PROFIT	16,349	5,292	11,102	11,451	9,712	21,641	18,207
Income Tax Expense	2,950	1,282	2,537	2,970	2,387	4,232	4,446
Net Income	13,399	4,010	8,565	8,481	7,325	17,409	13,761
(Gain) Loss Attributable to Noncontrolling Interest	(4,253)	277	-	-	-	(3,976)	-
NET INCOME ATTRIBUTABLE TO COMMON SHAREOWNERS	$ 9,146	$ 4,287	$ 8,565	$ 8,481	$ 7,325	$ 13,433	$ 13,761
PER COMMON SHARE							
Basic Net Income	$ 0.55	$ 0.25	$ 0.51	$ 0.51	$ 0.44	$ 0.80	$ 0.82
Diluted Net Income	0.55	0.25	0.51	0.50	0.44	0.80	0.82
Cash Dividend	$ 0.14	$ 0.14	$ 0.13	$ 0.13	$ 0.11	$ 0.28	$ 0.22
AVERAGE SHARES							
Basic	16,797	16,808	16,750	16,747	16,791	16,803	16,791
Diluted	16,839	16,842	16,834	16,795	16,818	16,844	16,820

CAPITAL CITY BANK GROUP, INC.

ALLOWANCE FOR CREDIT LOSSES
AND RISK ELEMENT ASSETS
Unaudited

	2020	2019				Six Months Ended Jun 30,	
(Dollars in thousands, except per share data)	**Second Quarter**	**First Quarter**	**Fourth Quarter**	**Third Quarter**	**Second Quarter**	**2020**	**2019**
ALLOWANCE FOR CREDIT LOSSES							
Balance at Beginning of Period	$ 21,083	$ 13,905	$ 14,319	$ 14,593	$ 14,120	$ 13,905	$ 14,210
Impact of Adopting ASC 326 (CECL)	-	3,269	-	-	-	3,269	-
Provision for Credit Losses - HFI	1,615	4,990	(162)	776	646	6,605	1,413
Net Charge-Offs	241	1,081	252	1,050	173	1,322	1,030
Balance at End of Period(2)	$ 22,457	$ 21,083	$ 13,905	$ 14,319	$ 14,593	$ 22,457	$ 15,623
As a % of Loans	1.11 %	1.13 %	0.75 %	0.78 %	0.79 %	1.11 %	0.79 %
As a % of Nonperforming Loans	322.37 %	432.61 %	310.99 %	290.55 %	259.55 %	322.37 %	259.55 %
CHARGE-OFFS							
Commercial, Financial and Agricultural	$ 186	$ 362	$ 149	$ 289	$ 235	$ 548	$ 330
Real Estate - Construction	-	-	58	223	-	-	-
Real Estate - Commercial	-	11	33	26	-	11	155
Real Estate - Residential	1	110	27	44	65	111	329
Real Estate - Home Equity	52	31	0	333	45	83	97
Consumer	634	864	819	744	520	1,498	1,315
Overdrafts(3)	541	702	-	-	-	1,243	-
Total Charge-Offs	$ 1,414	$ 2,080	$ 1,086	$ 1,659	$ 865	$ 3,494	$ 2,226
RECOVERIES							
Commercial, Financial and Agricultural	$ 74	$ 40	$ 127	$ 86	$ 58	$ 114	$ 132
Real Estate - Construction	-	-	-	-	-	-	-
Real Estate - Commercial	70	191	266	142	100	261	170
Real Estate - Residential	51	40	116	46	223	91	267
Real Estate - Home Equity	64	33	25	58	60	97	92
Consumer	365	268	300	277	251	633	535
Overdrafts(3)	549	427	-	-	-	976	-
Total Recoveries	$ 1,173	$ 999	$ 834	$ 609	$ 692	$ 2,172	$ 1,196
NET CHARGE-OFFS	$ 241	$ 1,081	$ 252	$ 1,050	$ 173	$ 1,322	$ 1,030
Net Charge-Offs as a % of Average Loans(1)	0.05 %	0.23 %	0.05 %	0.23 %	0.04 %	0.14 %	0.12 %
RISK ELEMENT ASSETS							
Nonaccruing Loans	$ 6,966	$ 4,874	$ 4,472	$ 4,928	$ 5,622		
Other Real Estate Owned	1,059	1,463	953	526	1,010		
Total Nonperforming Assets ("NPAs")	$ 8,025	$ 6,337	$ 5,425	$ 5,454	$ 6,632		
Past Due Loans 30-89 Days	$ 2,948	$ 5,077	$ 4,871	$ 5,120	$ 5,443		
Past Due Loans 90 Days or More	-	-	-	-	-		
Classified Loans	17,091	16,548	20,847	21,323	26,406		

Performing Troubled Debt Restructuring's	$ 15,133	$ 15,934	$ 16,888	$ 18,284	$ 18,737
Nonperforming Loans as a % of Loans	0.34 %	0.26 %	0.24 %	0.27 %	0.30 %
NPAs as a % of Loans and Other Real Estate	0.40 %	0.34 %	0.29 %	0.30 %	0.36 %
NPAs as a % of Total Assets	0.23 %	0.21 %	0.18 %	0.19 %	0.22 %

(1) *Annualized*

(2) *Does not include $1.4 million for unfunded commitments recorded in other liabilities*

(3) *Prior to the first quarter 2020, overdraft losses were reflected in noninterest income (deposit fees)*

CAPITAL CITY BANK GROUP, INC.

AVERAGE BALANCE AND INTEREST RATES(1)

Unaudited

	Second Quarter 2020			First Quarter 2020			Fourth Quarter 2019		
(Dollars in thousands)	*Average Balance*	*Interest*	*Average Rate*	*Average Balance*	*Interest*	*Average Rate*	*Average Balance*	*Interest*	*Average Rate*
ASSETS:									
Loans HFI and HFS	$ 2,057,925	$ 23,785	4.65%	$ 1,882,703	$ 23,692	5.06%	$ 1,846,190	$ 23,958	5.15%
Investment Securities									
Taxable Investment Securities	601,509	2,708	1.80	629,512	2,995	1.91	610,046	3,186	2.08
Tax-Exempt Investment Securities	5,865	37	2.51	5,293	25	1.86	10,327	43	1.67
Total Investment Securities	607,374	2,745	1.81	634,805	3,020	1.91	620,373	3,229	2.08
Funds Sold	351,473	88	0.10	234,372	757	1.30	228,137	945	1.64
Total Earning Assets	3,016,772	$ 26,618	3.55%	2,751,880	$ 27,469	4.01%	2,694,700	$ 28,132	4.14%
Cash and Due From Banks	72,647			56,958			53,174		
Allowance for Loan Losses	(21,642)			(14,389)			(14,759)		
Other Assets	261,449			244,339			249,089		
Total Assets	$ 3,329,226			$ 3,038,788			$ 2,982,204		
LIABILITIES:									
Interest Bearing Deposits									
NOW Accounts	$ 789,378	$ 78	0.04%	$ 808,811	$ 725	0.36%	$ 755,625	$ 889	0.47%
Money Market Accounts	222,377	40	0.07	212,211	117	0.22	227,479	170	0.30
Savings Accounts	409,366	50	0.05	379,237	46	0.05	372,518	46	0.05
Time Deposits	104,718	50	0.19	105,542	51	0.19	108,407	52	0.19
Total Interest Bearing Deposits	1,525,839	218	0.06%	1,505,801	939	0.25%	1,464,029	1,157	0.31%

Short-Term Borrowings	73,377		421	2.31%	32,915		132	1.61%	7,448		16	0.87%
Subordinated Notes Payable	52,887		374	2.80	52,887		471	3.52	52,887		525	3.88
Other Long-Term Borrowings	5,766		41	2.84	6,312		50	3.21	6,723		56	3.33
Total Interest Bearing Liabilities	1,657,869	$	1,054	0.26%	1,597,915	$	1,592	0.40%	1,531,087	$	1,754	0.45%
Noninterest Bearing Deposits	1,257,614				1,046,889				1,060,922			
Other Liabilities	72,073				59,587				63,291			
Total Liabilities	2,987,556				2,704,391				2,655,300			
Temporary Equity	8,155				2,506.00				-			
SHAREOWNERS' EQUITY:	333,515				331,891				326,904			
Total Liabilities, Temporary Equity and Shareowners' Equity	$ 3,329,226				$ 3,038,788				$ 2,982,204			
Interest Rate Spread		$	25,564	3.30%		$	25,877	3.61%		$	26,378	3.69%
Interest Income and Rate Earned[(1)]			26,618	3.55			27,469	4.01			28,132	4.14
Interest Expense and Rate Paid[(2)]			1,054	0.14			1,592	0.23			1,754	0.26
Net Interest Margin		$	25,564	3.41%		$	25,877	3.78%		$	26,378	3.89%

[(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.*

For Information Contact:
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Capital City Bank Group

Source: Capital City Bank Group