

October 26, 2021



Capital City Bank Group, Inc. Reports Third Quarter 2021 Results

TALLAHASSEE, Fla., Oct. 26, 2021 (GLOBE NEWSWIRE) -- Capital City Bank Group, Inc. (NASDAQ: CCBG) today reported net income of \$10.1 million, or \$0.60 per diluted share, for the third quarter of 2021 compared to net income of \$7.4 million, or \$0.44 per diluted share, for the second quarter of 2021, and \$10.4 million, or \$0.62 per diluted share, for the third quarter of 2020.

For the first nine months of 2021, net income totaled \$27.0 million, or \$1.60 per diluted share, compared to net income of \$23.8 million, or \$1.42 per diluted share, for the same period of 2020. Net income for 2021 included partial pre-tax pension settlement charges totaling \$2.5 million (3Q - \$0.5 million and 2Q - \$2.0 million), or \$0.12 per diluted share (after tax).

Our return on average assets ("ROA") was 0.99% and our return on average equity ("ROE") was 11.72% for the third quarter of 2021. These metrics were 0.75% and 9.05% for the second quarter of 2021, respectively, and 1.17% and 12.16% for the third quarter of 2020, respectively. For the first nine months of 2021, our ROA was 0.92% and our ROE was 10.87% compared to 0.96% and 9.50%, respectively, for the same period of 2020.

QUARTER HIGHLIGHTS

- *Net interest income grew \$1.7 million, or 6.5% sequentially, driven by higher loan fees of \$1.3 million (primarily SBA PPP fees of \$1.0 million) and a better earning asset mix*
- *Average loans, excluding PPP loans, grew \$35 million and average investment securities increased \$218 million*
- *Strong credit quality metrics resulted in no loan loss provision for the quarter*
- *Noninterest expense decreased \$2.4 million due to lower pension settlement charges of \$1.5 million and a \$1.0 million gain from the sale of a banking office*
- *Capital City Home Loans ("CCHL") contributed \$0.06 per share*

"Capital City posted strong third quarter results and, year over year, earnings have increased 13.4%," said William G. Smith, Jr., Chairman, President and CEO of Capital City Bank Group. "Historically favorable credit quality continued to improve resulting in no provision for loan losses in the third quarter and a net provision credit year-to-date. Operating revenues improved as we experienced growth in both net interest income and noninterest income, while noninterest expense declined reflecting lower pension settlement charges and a gain on the sale of ORE (office building). Our recent addition of Capital City Strategic Wealth (a financial planning/advisory service) is gaining traction and expands our portfolio of wealth management businesses. We continue to focus our expansion efforts on markets in west Florida and the northern arc of Atlanta. While challenges remain, we are identifying opportunities and executing on strategies we believe are sustainable and add long-term value for our shareowners. I am optimistic about the future and appreciate your

continued support.”

Discussion of Operating Results

Net Interest Income/Net Interest Margin

Tax-equivalent net interest income for the third quarter of 2021 totaled \$27.7 million compared to \$26.1 million for the second quarter of 2021 and \$25.2 million for the third quarter of 2020. Compared to the second quarter of 2021, the increase reflected higher loan fees of \$1.3 million (SBA PPP loan fees increased \$1.0 million) and higher investment securities income of \$0.3 million, which reflected deployment of excess overnight funds into the investment portfolio. Compared to the second quarter of 2021, lower loan interest income from SBA PPP loans was offset by loan interest income from growth in non-SBA PPP loans. Compared to the third quarter of 2020, the increase was primarily attributable to higher SBA PPP loan fees of \$2.5 million. For the first nine months of 2021, tax-equivalent net interest income totaled \$78.4 million compared to \$76.7 million for the same period of 2020. The increase generally reflected higher SBA PPP loan fees and lower interest expense, partially offset by lower rates earned on investment securities and variable/adjustable rate loans.

Our net interest margin for the third quarter of 2021 was 2.98%, an increase of nine basis points over the second quarter of 2021 and a decrease of 14 basis points from the third quarter of 2020. Compared to the second quarter of 2021, the increase was primarily driven by higher SBA PPP loan fees. Compared to the third quarter of 2020, the decrease was primarily attributable to growth in earning assets (driven by deposit inflows), which negatively impacts our margin percentage. For the first nine months of 2021, the net interest margin decreased 51 basis points to 2.91%, which is generally reflective of growth in earning assets. Our net interest margin for the third quarter of 2021, excluding the impact of overnight funds in excess of \$200 million, was 3.50%.

Provision for Credit Loss

We did not record a provision for credit losses for the third quarter of 2021. This compares to a negative provision of \$0.6 million for the second quarter of 2021 and a provision expense of \$1.3 million for the third quarter of 2020. For the first nine months of 2021, we recorded a negative provision of \$1.6 million compared to provision expense of \$8.3 million for the same period of 2020. The negative provision for the first nine months of 2021 generally reflected improving economic conditions, favorable loan migration and strong net loan recoveries totaling \$0.7 million. We discuss the allowance for credit losses further below.

Noninterest Income and Noninterest Expense

Noninterest income for the third quarter of 2021 totaled \$26.6 million compared to \$26.5 million for the second quarter of 2021 and \$35.0 million for the third quarter of 2020. The slight increase over the second quarter of 2021 was primarily due to higher deposit fees of \$0.8 million and wealth management fees of \$0.3 million, partially offset by lower mortgage banking revenues of \$0.9 million. The \$8.4 million decrease from the third quarter of 2020 was primarily attributable to lower mortgage banking revenues at CCHL of \$10.7 million, partially offset by higher deposit fees of \$0.8 million, wealth management fees of \$0.8 million, and bank card fees of \$0.4 million. The decline in mortgage banking revenues was

driven by lower production volume (primarily re-finance activity) and a lower gain on sale margin (additional information on CCHL is provided on Page 11). The increase in deposit fees reflected the conversion of the remaining free checking accounts to a monthly maintenance fee account type. The increase in wealth management fees was attributable to higher retail brokerage transaction volume and advisory accounts added from the acquisition of Capital City Strategic Wealth on May 1, 2021. The increase in bank card fees generally reflected an increase in card-not-present debit card transactions as well increased consumer spending. For the first nine months of 2021, noninterest income totaled \$82.9 million compared to \$80.6 million for the same period of 2020 with the increase driven by higher wealth management fees of \$2.0 million, bank card fees of \$1.8 million, deposit fees of \$0.5 million, and other income of \$0.9 million (primarily loan servicing income at CCHL), partially offset by lower mortgage banking revenues of \$3.0 million. These variances were generally due to the same aforementioned factors noted in the year over year quarterly comparison.

Noninterest expense for the third quarter of 2021 totaled \$39.7 million compared to \$42.1 million for the second quarter of 2021 and \$40.3 million for the third quarter of 2020. The \$2.4 million decrease from the second quarter of 2021 reflected a pension settlement charge of \$2.0 million in the second quarter of 2021 versus \$0.5 million in the third quarter of 2021. In addition, OREO expense declined by \$0.9 million due to a gain on the sale of a banking office in the third quarter of 2021. Compared to the third quarter of 2020, the \$0.6 million decrease was primarily attributable to lower compensation expense of \$0.9 million (primarily incentive compensation at CCHL) and OREO expense of \$1.3 million partially offset by higher other expense of \$1.0 million and a pension settlement charge of \$0.5 million. For the first nine months of 2021, noninterest expense totaled \$122.3 million compared to \$108.6 million for the same period of 2020. The \$13.7 million increase was attributable to the addition of expenses at CCHL of \$6.7 million as well as higher expenses at the core bank totaling \$7.0 million. The increase in expenses at the core bank were primarily due to higher compensation expense of \$1.5 million (primarily merit raises), processing fees of \$0.6 million (debit card volume), professional fees of \$0.5 million, occupancy expense of \$0.4 million, and FDIC insurance of \$0.4 million (higher asset size), partially offset by lower OREO expense of \$1.1 million (gains from the sale of two banking offices). In addition, we have realized pension settlement charges totaling \$2.5 million so far in 2021 and other expense increased \$1.5 million, which reflected higher expense for our base pension plan attributable to the utilization of a lower discount rate for plan liabilities. We anticipate additional settlement expense in the fourth quarter of 2021.

Income Taxes

We realized income tax expense of \$2.9 million (effective rate of 20%) for the third quarter of 2021 compared to \$2.1 million (effective rate of 19%) for the second quarter of 2021 and \$3.2 million (effective rate of 17%) for the third quarter of 2020. For the first nine months of 2021, we realized income tax expense of \$7.8 million (effective rate of 19%) compared to \$7.4 million (effective rate of 19%) for the same period of 2020. Absent discrete items, we expect our annual effective tax rate to approximate 18%-19%.

Discussion of Financial Condition

Earning Assets

Average earning assets totaled \$3.693 billion for the third quarter of 2021, an increase of

\$69.2 million, or 1.9%, over the second quarter of 2021, and an increase of \$355.7 million, or 10.7%, over the fourth quarter of 2020. The increase over both prior periods was primarily driven by higher deposit balances, which funded growth in the investment portfolio. Deposit balances increased as a result of strong core deposit growth, SBA PPP loan proceeds deposited in client accounts, and various other stimulus programs.

We maintained an average net overnight funds (deposits with banks plus FED funds sold less FED funds purchased) sold position of \$741.9 million in the third quarter of 2021 compared to an average net overnight funds sold position of \$818.6 million in the second quarter of 2021 and \$705.1 million in the fourth quarter of 2020. The decrease compared to the second quarter of 2021 was primarily due to growth in the investment portfolio. The increase compared to the fourth quarter 2020 was driven by strong core deposit growth, in addition to pandemic related stimulus programs (see below – *Funding*).

Average loans held for investment (“HFI”) decreased \$62.6 million, or 3.1%, from the second quarter of 2021 and \$19.3 million, or 1.0%, from the fourth quarter of 2020. Over these same prior periods, average loans (excluding SBA PPP loans) increased \$34.9 million and \$125.2 million and period end loans increased \$5.1 million and \$102.8 million, respectively. Compared to the second quarter of 2021, the increase in period end loans reflected growth in construction and indirect loans, partially offset by a decline in commercial real estate. Compared to the fourth quarter of 2020, we realized growth in construction, residential, commercial real estate and indirect loans. At September 30, 2021, SBA PPP loan balances totaled \$7.5 million and remaining deferred SBA PPP net loan fees totaled \$0.3 million. SBA PPP loan forgiveness applications are expected to be completed in the fourth quarter 2021.

Allowance for Credit Losses

At September 30, 2021, the allowance for credit losses for HFI loans totaled \$21.5 million compared to \$22.2 million at June 30, 2021 and \$23.8 million at December 31, 2020. Activity within the allowance is provided on Page 9. At September 30, 2021, the allowance represented 1.11% of HFI loans and provided coverage of 710% of nonperforming loans compared to 1.10% and 434%, respectively, at June 30, 2021, and 1.19% and 406%, respectively, at December 31, 2020. At September 30, 2021, excluding SBA PPP loans (100% government guaranteed), the allowance represented 1.12% of HFI loans compared to 1.30% at December 31, 2020.

Credit Quality

Nonperforming assets (nonaccrual loans and OREO) totaled \$3.2 million at September 30, 2021 compared to \$6.3 million at June 30, 2021 and \$6.7 million at December 31, 2020. Nonaccrual loans totaled \$3.0 million at September 30, 2021, a \$2.1 million decrease from June 30, 2021 and a \$2.8 million decrease from December 31, 2020. The balance of OREO totaled \$0.2 million at September 30, 2021, a \$1.0 million decrease from June 30, 2021 and \$0.6 million decrease from December 31, 2020.

Funding (Deposits/Debt)

Average total deposits were \$3.448 billion for the third quarter of 2021, an increase of \$60.3 million, or 1.8%, over the second quarter of 2021 and \$381.6 million, or 12.4%, over the fourth quarter of 2020. The strongest growth over both comparable periods occurred in our

noninterest bearing deposits and savings account balances. Average public deposits in the third quarter 2021 decreased slightly compared to the second quarter of 2021, but increased compared to the fourth quarter of 2020. Over the past 12 months, multiple government stimulus programs have been implemented, including those under the CARES Act and the American Rescue Plan Act, which are responsible for a large part of the growth in average deposits. Given these increases, the potential exists for our deposit levels to be volatile for the remainder of 2021 and into 2022 due to the uncertain timing of the outflows of the stimulus related balances and the economic recovery. It is anticipated that current liquidity levels will remain robust due to our strong overnight funds sold position. The Bank continues to strategically consider ways to safely deploy a portion of this liquidity.

Average short-term borrowings decreased \$1.4 million over the second quarter of 2021 and declined \$45.5 million from the fourth quarter of 2020, both of which reflected a seasonal fluctuation in warehouse line borrowing needs to support CCHL's loans held for sale.

Capital

Shareowners' equity was \$348.9 million at September 30, 2021 compared to \$335.9 million at June 30, 2021 and \$320.8 million at December 31, 2020. For the first nine months of 2021, shareowners' equity was positively impacted by net income of \$27.0 million, a \$1.0 million increase in fair value of the interest rate swap related to subordinated debt, net adjustments totaling \$2.2 million related to transactions under our stock compensation plans, and reclassification of \$7.8 million from temporary equity to decrease the redemption value of the non-controlling interest in CCHL. In addition, \$1.6 million was reclassified from accumulated other comprehensive loss to pension expense in conjunction with the partial pension settlement charge reflected in earnings, therefore, the charge had no net effect on equity. Shareowners' equity was reduced by common stock dividends of \$7.8 million (\$0.46 per share), a \$3.2 million decrease in the unrealized gain on investment securities, and stock compensation of \$0.5 million.

At September 30, 2021, our total risk-based capital ratio was 16.70% compared to 16.48% at June 30, 2021 and 17.30% at December 31, 2020. Our common equity tier 1 capital ratio was 13.45%, 13.14%, and 13.71%, respectively, on these dates. Our leverage ratio was 9.05%, 8.84%, and 9.33%, respectively, on these dates. All of our regulatory capital ratios exceeded the threshold to be designated as "well-capitalized" under the Basel III capital standards. Further, our tangible common equity ratio was 6.46% at September 30, 2021 compared to 6.19% and 6.25% at June 30, 2021 and December 31, 2020, respectively.

About Capital City Bank Group, Inc.

Capital City Bank Group, Inc. (NASDAQ: CCBG) is one of the largest publicly traded financial holding companies headquartered in Florida and has approximately \$4.0 billion in assets. We provide a full range of banking services, including traditional deposit and credit services, mortgage banking, asset management, trust, merchant services, bankcards, securities brokerage services and life insurance. Our bank subsidiary, Capital City Bank, was founded in 1895 and now has 57 banking offices and 86 ATMs/ITMs in Florida, Georgia and Alabama. For more information about Capital City Bank Group, Inc., visit www.ccbg.com.

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this Press Release are based on current plans and expectations that are subject to uncertainties and risks, which could cause our future results to differ materially. The following factors, among others, could cause our actual results to differ: the magnitude and duration of the COVID-19 pandemic and its impact on the global economy and financial market conditions and our business, results of operations and financial condition, including the impact of our participation in government programs related to COVID-19; the accuracy of the our financial statement estimates and assumptions; legislative or regulatory changes; fluctuations in inflation, interest rates, or monetary policies; the effects of security breaches and computer viruses that may affect our computer systems or fraud related to debit card products; changes in consumer spending and savings habits; our growth and profitability; the strength of the U.S. economy and the local economies where we conduct operations; the effects of a non-diversified loan portfolio, including the risks of geographic and industry concentrations; natural disasters, widespread health emergencies, military conflict, terrorism or other geopolitical events; changes in the stock market and other capital and real estate markets; customer acceptance of third-party products and services; increased competition and its effect on pricing; negative publicity and the impact on our reputation; technological changes, especially changes that allow out of market competitors to compete in our markets; changes in accounting; and our ability to manage the risks involved in the foregoing. Additional factors can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, and our other filings with the SEC, which are available at the SEC's internet site (<http://www.sec.gov>). Forward-looking statements in this Press Release speak only as of the date of the Press Release, and we assume no obligation to update forward-looking statements or the reasons why actual results could differ.

USE OF NON-GAAP FINANCIAL MEASURES

We present a tangible common equity ratio and a tangible book value per diluted share that removes the effect of goodwill and other intangibles resulting from merger and acquisition activity. We believe these measures are useful to investors because it allows investors to more easily compare our capital adequacy to other companies in the industry.

The GAAP to non-GAAP reconciliations are provided below.

<i>(Dollars in Thousands, except per share data)</i>		Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020
Shareowners' Equity (GAAP)		\$ 348,868	\$ 335,880	\$ 324,426	\$ 320,837	\$ 339,425
Less: Goodwill and Other Intangibles (GAAP)		93,293	93,333	89,095	89,095	89,095
Tangible Shareowners' Equity (non-GAAP)	A	<u>255,575</u>	<u>242,547</u>	<u>235,331</u>	<u>231,742</u>	<u>250,330</u>
Total Assets (GAAP)		4,048,733	4,011,459	3,929,884	3,798,071	3,587,041
Less: Goodwill and Other Intangibles (GAAP)		93,293	93,333	89,095	89,095	89,095
Tangible Assets (non-GAAP)	B	<u>\$ 3,955,440</u>	<u>\$ 3,918,126</u>	<u>\$ 3,840,789</u>	<u>\$ 3,708,976</u>	<u>\$ 3,497,946</u>
Tangible Common Equity Ratio (non-GAAP)	A/B	<u>6.46%</u>	<u>6.19%</u>	<u>6.13%</u>	<u>6.25%</u>	<u>7.16%</u>
Actual Diluted Shares Outstanding (GAAP)	C	16,911,715	16,901,375	16,875,719	16,844,997	16,800,563
Tangible Book Value per Diluted Share (non-GAAP)	A/C	\$ 15.11	\$ 14.35	\$ 13.94	\$ 13.76	\$ 14.90

CAPITAL CITY BANK GROUP, INC.
EARNINGS HIGHLIGHTS
Unaudited

	Three Months Ended			Nine Months Ended	
	Sep 30, 2021	Jun 30, 2021	Sep 30, 2020	Sep 30, 2021	Sep 30, 2020
<i>(Dollars in thousands, except per share data)</i>					
EARNINGS					
Net Income Attributable to Common Shareowners	\$ 10,091	\$ 7,427	\$ 10,397	\$ 27,024	\$ 23,830
Diluted Net Income Per Share	\$ 0.60	\$ 0.44	\$ 0.62	\$ 1.60	\$ 1.42
PERFORMANCE					
Return on Average Assets	0.99 %	0.75 %	1.17 %	0.92 %	0.96 %
Return on Average Equity	11.72	9.05	12.16	10.87	9.50
Net Interest Margin	2.98	2.89	3.12	2.91	3.42
Noninterest Income as % of Operating Revenue	48.99	50.47	58.19	51.47	51.37
Efficiency Ratio	73.09 %	80.18 %	67.01 %	75.83 %	69.04 %
CAPITAL ADEQUACY					
Tier 1 Capital	15.69 %	15.44 %	16.77 %	15.69 %	16.77 %
Total Capital	16.70	16.48	17.88	16.70	17.88
Leverage	9.05	8.84	9.64	9.05	9.64
Common Equity Tier 1	13.45	13.14	14.20	13.45	14.20
Tangible Common Equity ⁽¹⁾	6.46	6.19	7.16	6.46	7.16
Equity to Assets	8.62 %	8.37 %	9.46 %	8.62 %	9.46 %
ASSET QUALITY					
Allowance as % of Non-Performing Loans	710.39 %	433.93 %	420.30 %	710.39 %	420.30 %
Allowance as a % of Loans HFI	1.11	1.10	1.16	1.11	1.16
Net Charge-Offs as % of Average Loans HFI	0.03	(0.07)	0.11	(0.05)	0.13
Nonperforming Assets as % of Loans HFI and OREO	0.17	0.31	0.34	0.17	0.34
Nonperforming Assets as % of Total Assets	0.08 %	0.16 %	0.19 %	0.08 %	0.19 %
STOCK PERFORMANCE					
High	\$ 26.10	\$ 27.39	\$ 21.71	\$ 28.98	\$ 30.62
Low	22.02	24.55	17.55	21.42	15.61
Close	\$ 24.74	\$ 25.79	\$ 18.79	\$ 24.74	\$ 18.79
Average Daily Trading Volume	30,515	28,958	28,517	29,925	39,477

⁽¹⁾ Tangible common equity ratio is a non-GAAP financial measure. For additional information, including a reconciliation to GAAP, refer to Page 5.

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

	2021			2020	
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
<i>(Dollars in thousands)</i>					
ASSETS					
Cash and Due From Banks	\$ 73,132	\$ 78,894	\$ 73,973	\$ 67,919	\$ 76,509
Funds Sold and Interest Bearing Deposits	708,988	766,920	851,910	860,630	626,104
Total Cash and Cash Equivalents	782,120	845,814	925,883	928,549	702,613
Investment Securities Available for Sale	645,844	480,890	406,245	324,870	328,253
Investment Securities Held to Maturity	341,228	325,559	199,109	169,939	202,593
Total Investment Securities	987,072	806,449	605,354	494,809	530,846
Loans Held for Sale	77,036	80,821	82,081	114,039	116,561

Loans Held for Investment ("HFI"):

Commercial, Financial, & Agricultural	218,929	292,953	413,819	393,930	402,997
Real Estate - Construction	177,443	149,884	138,104	135,831	125,804
Real Estate - Commercial	683,379	707,599	669,158	648,393	656,064
Real Estate - Residential	355,958	362,018	358,849	342,664	335,713
Real Estate - Home Equity	187,642	190,078	202,099	205,479	197,363
Consumer	309,983	298,464	267,666	269,520	268,393
Other Loans	6,792	6,439	7,082	9,879	10,488
Overdrafts	1,299	1,227	950	730	1,339
Total Loans Held for Investment	1,941,425	2,008,662	2,057,727	2,006,426	1,998,161
Allowance for Credit Losses	(21,500)	(22,175)	(22,026)	(23,816)	(23,137)
Loans Held for Investment, Net	1,919,925	1,986,487	2,035,701	1,982,610	1,975,024
Premises and Equipment, Net	84,750	85,745	86,370	86,791	87,192
Goodwill and Other Intangibles	93,293	93,333	89,095	89,095	89,095
Other Real Estate Owned	192	1,192	110	808	1,227
Other Assets	104,345	111,618	105,290	101,370	84,483
Total Other Assets	282,580	291,888	280,865	278,064	261,997
Total Assets	\$ 4,048,733	\$ 4,011,459	\$ 3,929,884	\$ 3,798,071	\$ 3,587,041

LIABILITIES

Deposits:

Noninterest Bearing Deposits	\$ 1,592,345	\$ 1,552,864	\$ 1,473,891	\$ 1,328,809	\$ 1,378,314
NOW Accounts	926,201	970,705	993,571	1,046,408	827,506
Money Market Accounts	286,065	280,805	269,041	266,649	247,823
Regular Savings Accounts	559,714	539,477	518,373	474,100	451,944
Certificates of Deposit	101,637	103,070	103,232	101,594	103,859
Total Deposits	3,465,962	3,446,921	3,358,108	3,217,560	3,009,446

Short-Term Borrowings	51,410	47,200	55,687	79,654	90,936
Subordinated Notes Payable	52,887	52,887	52,887	52,887	52,887
Other Long-Term Borrowings	1,610	1,720	1,829	3,057	5,268
Other Liabilities	113,720	105,534	109,487	102,076	71,880
Total Liabilities	3,685,589	3,654,262	3,577,998	3,455,234	3,230,417

Temporary Equity	14,276	21,317	27,460	22,000	17,199
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SHAREOWNERS' EQUITY

Common Stock	169	169	169	168	168
Additional Paid-In Capital	33,876	33,560	32,804	32,283	31,425
Retained Earnings	359,550	345,574	335,324	332,528	333,545
Accumulated Other Comprehensive Loss, Net of Tax	(44,727)	(43,423)	(43,871)	(44,142)	(25,713)
Total Shareowners' Equity	348,868	335,880	324,426	320,837	339,425
Total Liabilities, Temporary Equity and Shareowners' Equity	\$ 4,048,733	\$ 4,011,459	\$ 3,929,884	\$ 3,798,071	\$ 3,587,041

OTHER BALANCE SHEET DATA

Earning Assets	\$ 3,714,521	\$ 3,662,852	\$ 3,597,071	\$ 3,475,904	\$ 3,271,672
Interest Bearing Liabilities	1,979,524	1,995,864	1,994,620	2,024,349	1,780,223
Book Value Per Diluted Share	\$ 20.63	\$ 19.87	\$ 19.22	\$ 19.05	\$ 20.20
Tangible Book Value Per Diluted Share ⁽¹⁾	15.11	14.35	13.94	13.76	14.90
Actual Basic Shares Outstanding	16,878	16,874	16,852	16,791	16,761
Actual Diluted Shares Outstanding	16,912	16,901	16,876	16,845	16,801

⁽¹⁾ Tangible book value per diluted share is a non-GAAP financial measure. For additional information, including a reconciliation to GAAP, refer to Page 5.

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

<i>(Dollars in thousands, except per share data)</i>	2021			2020		September 30,	
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	2021	2020
INTEREST INCOME							
Interest and Fees on Loans	\$ 25,885	\$ 24,582	\$ 23,350	\$ 23,878	\$ 23,594	\$ 73,817	\$ 70,874
Investment Securities	2,350	2,054	1,883	2,096	2,426	6,287	8,178
Funds Sold	285	200	213	180	146	698	991
Total Interest Income	28,520	26,836	25,446	26,154	26,166	80,802	80,043
INTEREST EXPENSE							
Deposits	210	208	208	201	190	626	1,347
Short-Term Borrowings	317	324	412	639	498	1,053	1,051
Subordinated Notes Payable	307	308	307	311	316	922	1,161
Other Long-Term Borrowings	14	16	21	30	40	51	131
Total Interest Expense	848	856	948	1,181	1,044	2,652	3,690
Net Interest Income	27,672	25,980	24,498	24,973	25,122	78,150	76,353
Provision for Credit Losses	-	(571)	(982)	1,342	1,308	(1,553)	8,303
Net Interest Income after Provision for Credit Losses	27,672	26,551	25,480	23,631	23,814	79,703	68,050
NONINTEREST INCOME							
Deposit Fees	5,075	4,236	4,271	4,713	4,316	13,582	13,087
Bank Card Fees	3,786	3,998	3,618	3,462	3,389	11,402	9,582
Wealth Management Fees	3,623	3,274	3,090	3,069	2,808	9,987	7,966
Mortgage Banking Revenues	12,283	13,217	17,125	17,711	22,983	42,625	45,633
Other	1,807	1,748	1,722	1,568	1,469	5,277	4,374
Total Noninterest Income	26,574	26,473	29,826	30,523	34,965	82,873	80,642
NONINTEREST EXPENSE							
Compensation	25,245	25,378	26,064	26,722	26,164	76,687	69,558
Occupancy, Net	6,032	5,973	5,967	5,976	5,906	17,972	16,683
Other Real Estate, Net	(1,126)	(270)	(118)	567	219	(1,514)	(463)
Pension Adjustment	500	2,000	-	-	-	2,500	-
Other	9,051	9,042	8,563	8,083	8,053	26,656	22,836
Total Noninterest Expense	39,702	42,123	40,476	41,348	40,342	122,301	108,614
OPERATING PROFIT							
Income Tax Expense	2,949	2,059	2,787	2,833	3,165	7,795	7,397
Net Income	11,595	8,842	12,043	9,973	15,272	32,480	32,681
Pre-Tax Income Attributable to Noncontrolling Interest	(1,504)	(1,415)	(2,537)	(2,227)	(4,875)	(5,456)	(8,851)
NET INCOME ATTRIBUTABLE TO COMMON SHAREOWNERS							
	\$ 10,091	\$ 7,427	\$ 9,506	\$ 7,746	\$ 10,397	\$ 27,024	\$ 23,830
PER COMMON SHARE							
Basic Net Income	\$ 0.60	\$ 0.44	\$ 0.56	\$ 0.46	\$ 0.62	\$ 1.60	\$ 1.42
Diluted Net Income	0.60	0.44	0.56	0.46	0.62	1.60	1.42
Cash Dividend	\$ 0.16	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.14	\$ 0.46	\$ 0.42
AVERAGE SHARES							
Basic	16,875	16,858	16,838	16,763	16,771	16,857	16,792
Diluted	16,909	16,885	16,862	16,817	16,810	16,886	16,823

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

(Dollars in thousands, except per share data)	2021			2020		September 30,	
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	2021	2020
ACL - HELD FOR INVESTMENT LOANS							
Balance at Beginning of Period	\$ 22,175	\$ 22,026	\$ 23,816	\$ 23,137	\$ 22,457	\$ 23,816	\$ 13,905
Impact of Adopting ASC 326 (CECL)	-	-	-	-	-	-	3,269
Provision for Credit Losses	(546)	(184)	(2,312)	1,165	1,265	(3,042)	7,870
Net Charge-Offs (Recoveries)	129	(333)	(522)	486	585	(726)	1,907
Balance at End of Period	\$ 21,500	\$ 22,175	\$ 22,026	\$ 23,816	\$ 23,137	\$ 21,500	\$ 23,137
As a % of Loans HFI	1.11%	1.10%	1.07%	1.19%	1.16%	1.11%	1.16%
As a % of Nonperforming Loans	710.39%	433.93%	410.78%	405.66%	420.30%	710.39%	420.30%
ACL - DEBT SECURITIES							
Provision for Credit Losses	\$ 16	\$ -	\$ -	\$ -	\$ -	\$ 16	\$ -
ACL - UNFUNDED COMMITMENTS							
Balance at Beginning of Period	2,587	\$ 2,974	\$ 1,644	\$ 1,467	\$ 1,424	\$ 1,644	\$ 157
Impact of Adopting ASC 326 (CECL)	-	-	-	-	-	-	876
Provision for Credit Losses	530	(387)	1,330	177	43	1,473	434
Balance at End of Period ⁽¹⁾	3,117	2,587	2,974	1,644	1,467	3,117	1,467
CHARGE-OFFS							
Commercial, Financial and Agricultural	\$ 37	\$ 32	\$ 69	\$ 104	\$ 137	\$ 138	\$ 685
Real Estate - Construction	-	-	-	-	-	-	-
Real Estate - Commercial	405	-	-	-	17	405	28
Real Estate - Residential	17	65	6	38	1	88	112
Real Estate - Home Equity	15	74	5	10	58	94	141
Consumer	221	230	564	668	619	1,015	2,117
Overdrafts	1,093	440	492	564	450	2,025	1,693
Total Charge-Offs	\$ 1,788	\$ 841	\$ 1,136	\$ 1,384	\$ 1,282	\$ 3,765	\$ 4,776
RECOVERIES							
Commercial, Financial and Agricultural	\$ 66	\$ 103	\$ 136	\$ 64	\$ 74	\$ 305	\$ 188
Real Estate - Construction	10	-	-	50	-	10	-
Real Estate - Commercial	169	26	645	27	30	840	291
Real Estate - Residential	401	244	75	153	35	720	126
Real Estate - Home Equity	46	70	124	40	41	240	138
Consumer	334	332	311	306	280	977	913
Overdrafts	633	399	367	258	237	1,399	1,213
Total Recoveries	\$ 1,659	\$ 1,174	\$ 1,658	\$ 898	\$ 697	\$ 4,491	\$ 2,869
NET CHARGE-OFFS (RECOVERIES)							
Net Charge-Offs as a % of Average Loans HFI ⁽²⁾	0.03%	(0.07)%	(0.10)%	0.09%	0.11%	(0.05)%	0.13%
RISK ELEMENT ASSETS							
Nonaccruing Loans	\$ 3,026	\$ 5,110	\$ 5,362	\$ 5,871	\$ 5,505		
Other Real Estate Owned	192	1,192	110	808	1,227		
Total Nonperforming Assets ("NPAs")	\$ 3,218	\$ 6,302	\$ 5,472	\$ 6,679	\$ 6,732		
Past Due Loans 30-89 Days	\$ 3,360	\$ 3,745	\$ 2,622	\$ 4,594	\$ 3,191		
Past Due Loans 90 Days or More	-	-	-	-	-		
Classified Loans	16,310	19,397	20,608	17,631	16,772		
Performing Troubled Debt Restructurings	\$ 7,919	\$ 8,992	\$ 13,597	\$ 13,887	\$ 14,693		
Nonperforming Loans as a % of Loans HFI	0.16%	0.25%	0.26%	0.29%	0.28%		
NPAs as a % of Loans HFI and Other Real Estate	0.17%	0.31%	0.27%	0.33%	0.34%		

NPAs as a % of Total Assets 0.08% 0.16% 0.14% 0.18% 0.19%

(1) Recorded in other liabilities

(2) Annualized

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

(Dollars in thousands)	Third Quarter 2021			Second Quarter 2021			First Quarter 2021			Fourth
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance
ASSETS:										
Loans Held for Sale	\$ 67,753	\$ 497	2.91 %	\$ 77,101	\$ 566	2.94 %	\$ 106,242	\$ 970	3.70 %	\$ 121,052
Loans Held for Investment ⁽¹⁾	1,974,132	25,458	5.12	2,036,781	24,095	4.74	2,044,363	22,483	4.46	1,993,470
Investment Securities										
Taxable Investment Securities	904,962	2,333	1.03	687,882	2,036	1.18	528,842	1,863	1.41	513,277
Tax-Exempt Investment Securities ⁽¹⁾	4,332	25	2.31	3,530	23	2.58	3,844	25	2.61	4,485
Total Investment Securities	909,294	2,358	1.03	691,412	2,059	1.19	532,686	1,888	1.42	517,762
Funds Sold	741,944	285	0.15	818,616	200	0.10	814,638	213	0.11	705,125
Total Earning Assets	3,693,123	\$ 28,598	3.07 %	3,623,910	\$ 26,920	2.98 %	3,497,929	\$ 25,554	2.96 %	3,337,409
Cash and Due From Banks	72,773			74,076			68,978			73,968
Allowance for Loan Losses	(22,817)			(22,794)			(24,128)			(23,725)
Other Assets	283,534			281,157			278,742			264,784
Total Assets	\$ 4,026,613			\$ 3,956,349			\$ 3,821,521			\$ 3,652,436
LIABILITIES:										
Interest Bearing Deposits										
NOW Accounts	\$ 945,788	\$ 72	0.03 %	\$ 966,649	\$ 74	0.03 %	\$ 985,517	\$ 76	0.03 %	\$ 879,564
Money Market Accounts	282,860	34	0.05	272,138	33	0.05	269,829	33	0.05	261,543
Savings Accounts	551,383	68	0.05	529,844	64	0.05	492,252	60	0.05	466,116
Time Deposits	102,765	36	0.14	102,995	37	0.15	102,089	39	0.15	102,809
Total Interest Bearing Deposits	1,882,796	210	0.04 %	1,871,626	208	0.04 %	1,849,687	208	0.05 %	1,710,032
Short-Term Borrowings	49,773	317	2.53 %	51,152	324	2.54 %	67,033	412	2.49 %	95,280
Subordinated Notes Payable	52,887	307	2.27	52,887	308	2.30	52,887	307	2.32	52,887

Other Long-Term Borrowings	1,652	14	3.37	1,762	16	3.38	2,736	21	3.18	3,700
Total Interest Bearing Liabilities	1,987,108	\$ 848	0.17 %	1,977,427	\$ 856	0.17 %	1,972,343	\$ 948	0.19 %	1,861,899
Noninterest Bearing Deposits	1,564,892			1,515,726			1,389,821			1,356,104
Other Liabilities	112,707			107,801			111,050			74,605
Total Liabilities	3,664,707			3,600,954			3,473,214			3,292,608
Temporary Equity	20,446			26,355			21,977			16,154
SHAREOWNERS' EQUITY:	341,460			329,040			326,330			343,674
Total Liabilities, Temporary Equity and Shareowners' Equity	\$ 4,026,613			\$ 3,956,349			\$ 3,821,521			\$ 3,652,436
Interest Rate Spread	\$ 27,750	2.91 %		\$ 26,064	2.81 %		\$ 24,606	2.77 %		
Interest Income and Rate Earned ⁽¹⁾	28,598	3.07		26,920	2.98		25,554	2.96		
Interest Expense and Rate Paid ⁽²⁾	848	0.09		856	0.09		948	0.11		
Net Interest Margin	\$ 27,750	2.98 %		\$ 26,064	2.89 %		\$ 24,606	2.85 %		

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

⁽²⁾ Rate calculated based on average earning assets.

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

<i>(Dollars in thousands)</i>	Three Months Ended			Nine Months Ended	
	Sep 30, 2021	Jun 30, 2021	Sep 30, 2020	Sep 30, 2021	Sep 30, 2020
Net Interest Income	\$ (30)	\$ 19	\$ 17	\$ (165)	\$ 142
Mortgage Banking Fees	12,293	13,116	22,775	42,255	44,046
Other	455	425	287	1,306	587
Total Noninterest Income	12,748	13,541	23,062	43,561	44,633
Salaries	7,600	8,538	10,753	26,414	21,376
Other Associate Benefits	215	210	192	646	446
Total Compensation	7,815	8,748	10,945	27,060	21,822
Occupancy, Net	849	854	845	2,564	1,844
Other	1,292	1,359	1,342	3,751	3,048
Total Noninterest Expense	9,956	10,961	13,132	33,375	26,714
Operating Profit	\$ 2,762	\$ 2,599	\$ 9,947	\$ 10,021	\$ 18,061
Key Performance Metrics					
Total Loans Closed	\$ 360,167	\$ 406,859	\$ 526,252	\$ 1,230,151	\$ 1,139,681
Total Loans Closed - Mix					
Purchase	71%	76%	60%	69%	59%
Refinance	29%	24%	40%	31%	41%

For Information Contact:
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Source: Capital City Bank Group