

October 25, 2022



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

TALLAHASSEE, Fla., Oct. 25, 2022 (GLOBE NEWSWIRE) -- Capital City Bank Group, Inc. (NASDAQ: CCBG) today reported net income attributable to common shareowners of \$11.3 million, or \$0.67 per diluted share, for the third quarter of 2022 compared to net income of \$8.7 million, or \$0.51 per diluted share, for the second quarter of 2022, and \$10.1 million, or \$0.60 per diluted share, for the third quarter of 2021.

For the first nine months of 2022, net income attributable to common shareowners totaled \$28.5 million, or \$1.68 per diluted share, compared to net income of \$27.0 million, or \$1.60 per diluted share, for the same period of 2021.

QUARTER HIGHLIGHTS (3rd Quarter 2022 versus 2nd Quarter 2022)

- *Continued strong growth in net interest income of 18% - net interest margin percentage grew 44 bps to 3.31%*
- *Solid loan growth of 6.0% (end of period) and 8.6% (average)*
- *Continued strong credit quality metrics – higher credit loss provision driven primarily by loan growth*
- *Noninterest income decreased \$2.0 million, or 7.9%, due to lower mortgage banking revenues at CCHL -- strong adjustable rate portfolio production by CCHL contributed to loan growth for the quarter*
- *Noninterest expense decreased \$0.7 million, or 1.7%, primarily due to lower mortgage and wealth commissions, partially offset by higher performance-based compensation*
- *Tangible book value per share increased \$0.07, or 0.4%*

“We continued to see steady loan growth and margin expansion this quarter, which contributed to nice improvement in our operating leverage,” said William G. Smith, Jr., Chairman, President and CEO of Capital City Bank Group. “I was particularly pleased to see tangible book value growth and stable deposit balances, both current headwinds for the industry. On a relative basis, our residential mortgage business has held up well given the higher rate environment and slowdown in secondary market loan sales, and we continued to use our balance sheet to book a steady flow of adjustable rate portfolio production, which has contributed to our earnings. Our credit metrics remain strong, and a large portion of our credit loss provision for the quarter was driven by loan growth. While the environment remains highly uncertain, I like our positioning, particularly, the value that our core deposit franchise should contribute in a higher rate environment. I also feel good about our credit risk management discipline. The team is excited to open two new full-service offices in Watersound, Florida and Marietta, Georgia in the fourth quarter and to ramp up our service to those communities. As we plan for 2023, we are focused on strategies that will further diversify and grow our revenue base, both product and geography, and improve our efficiency.”

Discussion of Operating Results

Net Interest Income/Net Interest Margin

Tax-equivalent net interest income for the third quarter of 2022 totaled \$33.4 million, compared to \$28.4 million for the second quarter of 2022, and \$27.7 million for the third quarter of 2021. For the first nine months of 2022, tax-equivalent net interest income totaled \$86.6 million compared to \$78.4 million for the same period of 2021. Compared to the referenced prior periods, the increase primarily reflected strong loan growth, higher investment balances, and higher rates across a majority of our earning assets.

Our net interest margin for the third quarter of 2022 was 3.31%, an increase of 44 basis points over the second quarter of 2022 and 33 basis points over the third quarter of 2021, both driven by higher interest rates and an overall improved earning asset mix. For the month of September 2022, our net interest margin was 3.41%. Excluding the impact of overnight funds in excess of \$200 million, our net interest margin for the third quarter of 2022 was 3.54%. Compared to the nine month period of 2021, the net interest margin remained flat at 2.91% as the favorable impact of higher interest rates and an improved earning asset mix offset the favorable impact in 2021 from a significant level of SBA PPP fee income.

Provision for Credit Losses

We recorded a provision for credit losses of \$2.1 million for the third quarter of 2022 compared to \$1.5 million in the second quarter of 2022 and no provision for the third quarter of 2021. For the first nine months of 2022, the provision was \$3.6 million compared to a benefit of \$1.6 million for the same period of 2021. The higher level of provision compared to all prior periods was primarily attributable to strong loan growth. The credit loss provision in 2021 was favorably impacted by strong loan recoveries. We discuss the allowance for credit losses further below.

Noninterest Income and Noninterest Expense

Noninterest income for the third quarter of 2022 totaled \$22.9 million compared to \$24.9 million for the second quarter of 2022 and \$26.6 million for the third quarter of 2021. The \$2.0 million decrease from the second quarter of 2022 was primarily attributable to lower mortgage banking revenues of \$1.9 million. Compared to the third quarter of 2021, the \$3.6 million decrease was attributable to lower mortgage banking revenues of \$5.2 million, partially offset by higher deposit fees of \$0.9 million, other income of \$0.3 million, and wealth management fees of \$0.3 million.

For the first nine months of 2022, noninterest income totaled \$73.7 million compared to \$82.9 million for the same period of 2021 and reflected lower mortgage banking revenues of \$17.5 million, partially offset by higher deposit fees of \$3.0 million and wealth management fees of \$4.4 million (primarily insurance revenues of \$3.5 million and retail brokerage fees of \$0.9 million). Lower mortgage banking revenues for 2022 reflected a reduction in refinancing activity and, to a lesser degree, lower purchase mortgage originations primarily driven by higher interest rates. In addition, gain on sale margins have been pressured due to a lower level of governmental loan originations and mandatory delivery loan sales (both of which provide a higher gain on sale percentage). During 2022, strong best efforts origination

volume has allowed us to book a steady flow of adjustable rate residential loans in our portfolio and has contributed to loan growth and earnings. In addition, continued stability in our construction/permanent loan program has partially offset the slowdown in secondary market originations. For 2022, Capital City Home Loans (CCHL) contributed \$0.5 million (\$0.03 per diluted share) to earnings versus \$3.4 million (\$0.21 per diluted share) in 2021, which has largely been offset by a \$1.2 million (\$0.07 per diluted share) contribution to earnings by Capital City Strategic Wealth (CCSW) and improvement in both deposit fees and retail brokerage fees, which reflects our continued commitment to revenue diversification.

Noninterest expense for the third quarter of 2022 totaled \$39.8 million compared to \$40.5 million for the second quarter of 2022 and \$39.7 million for the third quarter of 2021. The \$0.7 million decrease from the second quarter of 2022 was primarily attributable to lower variable/performance-based compensation expense at CCHL and CCSW totaling \$1.5 million, partially offset by variable/performance-based compensation of \$0.6 million and base salaries (primarily annual merit raises) of \$0.2 million at the Bank. Compared to the third quarter of 2021, the \$0.1 million increase reflected higher other real estate expense of \$1.0 million, partially offset by lower compensation expense of \$0.5 million and pension settlement expense of \$0.4 million. The higher level of other real estate expense was attributable to a gain from the sale of a banking office in the third quarter of 2021. The decrease in compensation expense reflected lower variable/performance-based compensation at CCHL totaling \$1.6 million, partially offset by higher variable/performance-based compensation of \$0.7 million and base salaries of \$0.3 million at the Bank.

For the first nine months of 2022, noninterest expense totaled \$119.5 million compared to \$122.3 million for the same period of 2021 and reflected lower compensation expense of \$1.7 million, pension settlement expense of \$2.0 million, and other expense of \$0.8 million, partially offset by higher other real estate expense of \$1.4 million and occupancy expense of \$0.3 million. The reduction in compensation expense was primarily due to lower variable/performance-based compensation at CCHL totaling \$7.0 million, partially offset by higher variable/performance-based compensation totaling \$2.8 million, base salaries (merit and new market staffing additions) of \$2.0 million, and associate insurance expense (utilized self-insurance reserves in 2021) of \$0.6 million at the Bank. A lower level of lump sum retirement payments drove the decrease in pension settlement expense compared to both prior year periods. We expect additional pension settlement expense for the remainder of 2022 based on our current estimate of lump sum pension pay-outs to retirees. The net \$0.8 million decrease in other expense reflected lower pension plan expense (non-service component) of \$3.7 million that was partially offset by higher advertising and travel/entertainment expense totaling \$1.0 million (return to pre-pandemic levels and market expansion), mortgage servicing right amortization of \$0.6 million at CCHL, other losses of \$0.5 million (debit card fraud), and other miscellaneous expenses related to training, hiring, and variable loan related costs. The sale of two banking offices in 2021 drove the increase in other real estate expense.

Income Taxes

We realized income tax expense of \$3.1 million (effective rate of 21.4%) for the third quarter of 2022 compared to \$2.2 million (effective rate of 19.4%) for the second quarter of 2022 and \$2.9 million (effective rate of 20.3%) for the third quarter of 2021. For the first nine

months of 2022, we realized income tax expense of \$7.5 million (effective rate of 20.3%) compared to \$7.8 million (effective rate of 19.4%) for the same period of 2021. Absent discrete items, we expect our annual effective tax rate to approximate 21%.

Discussion of Financial Condition

Earning Assets

Average earning assets totaled \$4.010 billion for the third quarter of 2022, an increase of \$35.7 million, or 0.9%, over the second quarter of 2022, and an increase of \$218.6 million, or 5.8%, over the fourth quarter of 2021. The increase over both prior periods was primarily driven by higher deposit balances (see below – *Funding*). The mix of earning assets continues to improve driven by strong loan growth.

We maintained an average net overnight funds (interest bearing deposits with banks plus FED funds sold less FED funds purchased) sold position of \$570.0 million in the third quarter of 2022 compared to \$691.9 million in the second quarter of 2022 and \$789.1 million in the fourth quarter of 2021. The declining overnight funds position reflects growth in average loans.

Average loans held for investment (“HFI”) increased \$179.4 million, or 8.6%, over the second quarter of 2022 and increased \$315.8 million, or 16.2%, over the fourth quarter of 2021. Period end loans increased \$132.5 million, or 6.0%, over the second quarter of 2022 and \$414.7 million, or 21.5%, over the fourth quarter of 2021. The growth in 2022 has been broad based with increases realized in all loan categories, more significantly, residential mortgage, residential construction and commercial real estate. The slowdown in secondary market residential loan sales has allowed us to book a steady flow of CCHL’s adjustable rate production in our loan portfolio through 2022.

Allowance for Credit Losses

At September 30, 2022, the allowance for credit losses for HFI loans totaled \$22.5 million compared to \$21.3 million at June 30, 2022 and \$21.6 million at December 31, 2021. Activity within the allowance is provided on Page 9. The \$1.2 million increase in the allowance for the third quarter was driven by incremental reserves needed for loan growth and, to a lesser extent, a higher projected rate of unemployment and its potential effect on rates of default. Net charge-offs decreased \$0.4 million to \$0.7 million for the third quarter of 2022. At September 30, 2022, the allowance represented 0.96% of HFI loans and provided coverage of 964% of nonperforming loans compared to 0.96% and 678%, respectively, at June 30, 2022, and 1.12% and 500%, respectively, at December 31, 2021.

Credit Quality

Overall credit quality remains strong. Nonperforming assets (nonaccrual loans and other real estate) totaled \$2.4 million at September 30, 2022 compared to \$3.2 million at June 30, 2022 and \$4.3 million at December 31, 2021. At September 30, 2022, nonperforming assets as a percent of total assets equaled 0.06%, compared to 0.07% at June 30, 2022 and 0.10% at December 31, 2021. Nonaccrual loans totaled \$2.4 million at September 30, 2022, a \$0.7 million decrease from June 30, 2022 and a \$1.9 million decrease from December 31, 2021. Further, classified loans increased \$1.4 million over the second quarter of 2022 to \$21.0

million.

Funding (Deposits/Debt)

Average total deposits were \$3.770 billion for the third quarter of 2022, an increase of \$4.5 million, or 0.1%, over the second quarter of 2022 and \$220.7 million, or 6.2%, over the fourth quarter of 2021. Compared to the second quarter of 2022, the increase reflected higher noninterest bearing and savings balances. Compared to the fourth quarter of 2021, we have had strong growth in our noninterest bearing deposits, NOW accounts, and savings account balances. Over the past few years, we have experienced strong core deposit growth. We continue to closely monitor our cost of deposits and deposit mix as we manage through this rising rate environment. It is anticipated that liquidity levels will remain strong given our current level of overnight funds.

Average borrowings increased \$14.9 million over the second quarter of 2022, primarily due to an increase in short-term repurchase agreements and CCHL's warehouse line.

Capital

Shareowners' equity was \$373.2 million at September 30, 2022 compared to \$371.7 million at June 30, 2022 and \$383.2 million at December 31, 2021. For the first nine months of 2022, shareowners' equity was positively impacted by net income attributable to common shareowners of \$28.5 million, a \$3.3 million increase in the fair value of the interest rate swap related to subordinated debt, stock compensation accretion of \$0.9 million, net adjustments totaling \$0.8 million related to transactions under our stock compensation plans, and a \$0.4 million decrease in the accumulated other comprehensive loss for our pension plan. Shareowners' equity was reduced by common stock dividends of \$8.3 million (\$0.49 per share) and a \$35.6 million increase in the unrealized loss on investment securities.

At September 30, 2022, our total risk-based capital ratio was 15.75% compared to 16.07% at June 30, 2022 and 17.15% at December 31, 2021. Our common equity tier 1 capital ratio was 12.83%, 13.07%, and 13.86%, respectively, on these dates. Our leverage ratio was 8.91%, 8.77%, and 8.95%, respectively, on these dates. Further, our tangible common equity ratio was 6.61% at September 30, 2022 compared to 6.54% and 6.95% at June 30, 2022 and December 31, 2021, respectively. The decline in our regulatory capital ratios compared to 2021 was attributable to strong loan growth during 2022. At September 30, 2022, all of our regulatory capital ratios exceeded the threshold to be designated as "well-capitalized" under the Basel III capital standards.

About Capital City Bank Group, Inc.

Capital City Bank Group, Inc. (NASDAQ: CCBG) is one of the largest publicly traded financial holding companies headquartered in Florida and has approximately \$4.3 billion in assets. We provide a full range of banking services, including traditional deposit and credit services, mortgage banking, asset management, trust, merchant services, bankcards, securities brokerage services and financial advisory services, including the sale of life insurance, risk management and asset protection services. Our bank subsidiary, Capital City Bank, was founded in 1895 and now has 57 banking offices and 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: fluctuations in inflation, interest rates, or monetary policies; the accuracy of the our financial statement estimates and assumptions; legislative or regulatory changes; the effects of security breaches and computer viruses that may affect our computer systems; 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; risks from the ongoing COVID-19 pandemic; and our ability to manage the risks involved in the foregoing. Additional factors can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, and our other filings with the SEC, which are available at the SEC's internet site (<http://www.sec.gov>). Forward-looking statements in this Press Release speak only as of the date of the Press Release, and we assume no obligation to update forward-looking statements or the reasons why actual results could differ.

USE OF NON-GAAP FINANCIAL MEASURES

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

The GAAP to non-GAAP reconciliations are provided below.

<i>(Dollars in Thousands, except per share data)</i>		Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021
Shareowners' Equity (GAAP)		\$ 373,165	\$ 371,675	\$ 372,145	\$ 383,166	\$ 348,868
Less: Goodwill and Other Intangibles (GAAP)		93,133	93,173	93,213	93,253	93,293
Tangible Shareowners' Equity (non-GAAP)	A	280,032	278,502	278,932	289,913	255,575
Total Assets (GAAP)		4,332,671	4,354,297	4,310,045	4,263,849	4,048,733
Less: Goodwill and Other Intangibles (GAAP)		93,133	93,173	93,213	93,253	93,293
Tangible Assets (non-GAAP)	B	\$ 4,239,538	\$ 4,261,124	\$ 4,216,832	\$ 4,170,596	\$ 3,955,440
Tangible Common Equity Ratio (non-GAAP)	A/B	6.61%	6.54%	6.61%	6.95%	6.46%
Actual Diluted Shares Outstanding (GAAP)	C	16,998,177	16,981,614	16,962,362	16,935,389	16,911,715
Tangible Book Value per Diluted Share (non-GAAP)	A/C	\$ 16.47	\$ 16.40	\$ 16.44	\$ 17.12	\$ 15.11

CAPITAL CITY BANK GROUP, INC.
EARNINGS HIGHLIGHTS
Unaudited

	Three Months Ended			Nine Months Ended	
	Sep 30, 2022	Jun 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
<i>(Dollars in thousands, except per share data)</i>					
EARNINGS					
Net Income Attributable to Common Shareowners	\$ 11,315	\$ 8,713	\$ 10,091	\$ 28,483	\$ 27,024
Diluted Net Income Per Share	\$ 0.67	\$ 0.51	\$ 0.60	\$ 1.68	\$ 1.60
PERFORMANCE					
Return on Average Assets	1.03 %	0.81 %	0.99 %	0.88 %	0.92 %
Return on Average Equity	11.83	9.36	11.72	10.05	10.87
Net Interest Margin	3.31	2.87	2.98	2.91	2.91
Noninterest Income as % of Operating Revenue	40.76	46.78	48.99	46.03	51.47
Efficiency Ratio	70.66 %	75.96 %	73.09 %	74.60 %	75.83 %
CAPITAL ADEQUACY					
Tier 1 Capital	14.80 %	15.13 %	15.69 %	14.80 %	15.69 %
Total Capital	15.75	16.07	16.70	15.75	16.70
Leverage	8.91	8.77	9.05	8.91	9.05
Common Equity Tier 1	12.83	13.07	13.45	12.83	13.45
Tangible Common Equity ⁽¹⁾	6.61	6.54	6.46	6.61	6.46
Equity to Assets	8.61 %	8.54 %	8.62 %	8.61 %	8.62 %
ASSET QUALITY					
Allowance as % of Non-Performing Loans	934.53 %	677.57 %	710.39 %	934.53 %	710.39 %
Allowance as a % of Loans HFI	0.96	0.96	1.11	0.96	1.11
Net Charge-Offs as % of Average Loans HFI	0.12	0.22	0.03	0.17	(0.05)
Nonperforming Assets as % of Loans HFI and OREO	0.10	0.15	0.17	0.10	0.17
Nonperforming Assets as % of Total Assets	0.06 %	0.07 %	0.08 %	0.06 %	0.08 %
STOCK PERFORMANCE					
High	\$ 33.93	\$ 28.55	\$ 26.10	\$ 33.93	\$ 28.98
Low	27.41	24.43	22.02	24.43	21.42
Close	\$ 31.11	\$ 27.89	\$ 24.74	\$ 31.11	\$ 24.74
Average Daily Trading Volume	30,546	25,342	30,515	26,677	29,925

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

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

	2022			2021	
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
<i>(Dollars in thousands)</i>					
ASSETS					
Cash and Due From Banks	\$ 72,686	\$ 91,209	\$ 77,963	\$ 65,313	\$ 73,132
Funds Sold and Interest Bearing Deposits	497,679	603,315	790,465	970,041	708,988
Total Cash and Cash Equivalents	570,365	694,524	868,428	1,035,354	782,120
Investment Securities Available for Sale	416,745	601,405	624,361	654,611	645,844
Investment Securities Held to Maturity	676,178	528,258	518,678	339,601	341,228
Other Equity Securities	1,349	900	855	861	-
Total Investment Securities	1,094,272	1,130,563	1,143,894	995,073	987,072
Loans Held for Sale	50,304	48,708	50,815	52,532	77,036

Loans Held for Investment ("HFI"):

Commercial, Financial, & Agricultural	246,304	247,902	230,213	223,086	218,929
Real Estate - Construction	237,718	225,664	174,293	174,394	177,443
Real Estate - Commercial	715,870	699,093	669,110	663,550	683,379
Real Estate - Residential	573,963	478,121	368,020	346,756	355,958
Real Estate - Home Equity	202,512	194,658	188,174	187,821	187,642
Consumer	347,949	359,906	347,785	321,511	309,983
Other Loans	20,822	6,854	6,692	13,265	6,792
Overdrafts	1,047	1,455	1,222	1,082	1,299
Total Loans Held for Investment	2,346,185	2,213,653	1,985,509	1,931,465	1,941,425
Allowance for Credit Losses	(22,510)	(21,281)	(20,756)	(21,606)	(21,500)
Loans Held for Investment, Net	2,323,675	2,192,372	1,964,753	1,909,859	1,919,925

Premises and Equipment, Net	81,736	82,932	82,518	83,412	84,750
Goodwill and Other Intangibles	93,133	93,173	93,213	93,253	93,293
Other Real Estate Owned	13	90	17	17	192
Other Assets	119,173	111,935	106,407	94,349	104,345
Total Other Assets	294,055	288,130	282,155	271,031	282,580
Total Assets	\$ 4,332,671	\$ 4,354,297	\$ 4,310,045	\$ 4,263,849	\$ 4,048,733

LIABILITIES

Deposits:

Noninterest Bearing Deposits	\$ 1,737,046	\$ 1,724,671	\$ 1,704,329	\$ 1,668,912	\$ 1,592,345
NOW Accounts	990,021	1,036,757	1,062,498	1,070,154	926,201
Money Market Accounts	292,932	289,337	288,877	274,611	286,065
Regular Savings Accounts	646,526	639,594	614,599	599,811	559,714
Certificates of Deposit	92,853	95,899	95,204	99,374	101,637
Total Deposits	3,759,378	3,786,258	3,765,507	3,712,862	3,465,962

Short-Term Borrowings	52,271	39,463	30,865	34,557	51,410
Subordinated Notes Payable	52,887	52,887	52,887	52,887	52,887
Other Long-Term Borrowings	562	612	806	884	1,610
Other Liabilities	84,657	93,319	77,323	67,735	113,720
Total Liabilities	3,949,755	3,972,539	3,927,388	3,868,925	3,685,589

Temporary Equity	9,751	10,083	10,512	11,758	14,276
------------------	-------	--------	--------	--------	--------

SHAREOWNERS' EQUITY

Common Stock	170	170	169	169	169
Additional Paid-In Capital	36,234	35,738	35,188	34,423	33,876
Retained Earnings	384,964	376,532	370,531	364,788	359,550
Accumulated Other Comprehensive Loss, Net of Tax	(48,203)	(40,765)	(33,743)	(16,214)	(44,727)
Total Shareowners' Equity	373,165	371,675	372,145	383,166	348,868

Total Liabilities, Temporary Equity and Shareowners' Equity	\$ 4,332,671	\$ 4,354,297	\$ 4,310,045	\$ 4,263,849	\$ 4,048,733
---	--------------	--------------	--------------	--------------	--------------

OTHER BALANCE SHEET DATA

Earning Assets	\$ 3,988,440	\$ 3,996,238	\$ 3,970,684	\$ 3,949,111	\$ 3,714,521
Interest Bearing Liabilities	2,128,052	2,154,549	2,145,736	2,132,278	1,979,524
Book Value Per Diluted Share	\$ 21.95	\$ 21.89	\$ 21.94	\$ 22.63	\$ 20.63
Tangible Book Value Per Diluted Share ⁽¹⁾	16.47	16.40	16.44	17.12	15.11
Actual Basic Shares Outstanding	16,962	16,959	16,948	16,892	16,878
Actual Diluted Shares Outstanding	16,998	16,982	16,962	16,935	16,912

(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

<i>(Dollars in thousands, except per share data)</i>	2022			2021		September 30,	
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	2022	2021
INTEREST INCOME							
Loans, including Fees	\$ 27,761	\$ 24,072	\$ 22,133	\$ 22,744	\$ 25,885	\$ 73,966	\$ 73,817
Investment Securities	4,372	3,840	2,896	2,505	2,350	11,108	6,287
Federal Funds Sold and Interest Bearing Deposits	3,231	1,408	409	300	285	5,048	698
Total Interest Income	35,364	29,320	25,438	25,549	28,520	90,122	80,802
INTEREST EXPENSE							
Deposits	1,052	266	224	213	210	1,542	626
Short-Term Borrowings	536	343	192	307	317	1,071	1,053
Subordinated Notes Payable	443	370	317	306	307	1,130	922
Other Long-Term Borrowings	6	8	9	12	14	23	51
Total Interest Expense	2,037	987	742	838	848	3,766	2,652
Net Interest Income	33,327	28,333	24,696	24,711	27,672	86,356	78,150
Provision for Credit Losses	2,099	1,542	-	-	-	3,641	(1,553)
Net Interest Income after Provision for Credit Losses	31,228	26,791	24,696	24,711	27,672	82,715	79,703
NONINTEREST INCOME							
Deposit Fees	5,947	5,447	5,191	5,300	5,075	16,585	13,582
Bank Card Fees	3,860	4,034	3,763	3,872	3,786	11,657	11,402
Wealth Management Fees	3,937	4,403	6,070	3,706	3,623	14,410	9,987
Mortgage Banking Revenues	7,116	9,065	8,946	9,800	12,283	25,127	42,625
Other	2,074	1,954	1,848	1,994	1,807	5,876	5,277
Total Noninterest Income	22,934	24,903	25,818	24,672	26,574	73,655	82,873
NONINTEREST EXPENSE							
Compensation	24,738	25,383	24,856	24,783	25,245	74,977	76,687
Occupancy, Net	6,153	6,075	6,093	5,960	6,032	18,321	17,972
Other Real Estate, Net	(92)	(29)	25	26	(1,126)	(96)	(1,514)
Pension Settlement	102	169	209	572	500	480	2,500
Other	8,909	8,900	8,050	8,866	9,051	25,859	26,656
Total Noninterest Expense	39,810	40,498	39,233	40,207	39,702	119,541	122,301
OPERATING PROFIT	14,352	11,196	11,281	9,176	14,544	36,829	40,275
Income Tax Expense	3,074	2,177	2,235	2,040	2,949	7,486	7,795
Net Income	11,278	9,019	9,046	7,136	11,595	29,343	32,480
Pre-Tax Income Attributable to Noncontrolling Interest	37	(306)	(591)	(764)	(1,504)	(860)	(5,456)
NET INCOME ATTRIBUTABLE TO COMMON SHAREOWNERS	\$ 11,315	\$ 8,713	\$ 8,455	\$ 6,372	\$ 10,091	\$ 28,483	\$ 27,024
PER COMMON SHARE							
Basic Net Income	\$ 0.67	\$ 0.51	\$ 0.50	\$ 0.38	\$ 0.60	\$ 1.68	\$ 1.60
Diluted Net Income	0.67	0.51	0.50	0.38	0.60	1.68	1.60
Cash Dividend	\$ 0.17	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.49	\$ 0.46
AVERAGE SHARES							
Basic	16,960	16,949	16,931	16,880	16,875	16,947	16,857
Diluted	16,996	16,971	16,946	16,923	16,909	16,973	16,886

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

(Dollars in thousands, except per share data)	2022			2021		September 30,	
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	2022	2021
ACL - HELD FOR INVESTMENT LOANS							
Balance at Beginning of Period	\$ 21,281	\$ 20,756	\$ 21,606	\$ 21,500	\$ 22,175	\$ 21,606	\$ 23,816
Provision for Credit Losses	1,931	1,670	(79)	200	(546)	3,522	(3,042)
Net Charge-Offs (Recoveries)	702	1,145	771	94	129	2,618	(726)
Balance at End of Period	\$ 22,510	\$ 21,281	\$ 20,756	\$ 21,606	\$ 21,500	\$ 22,510	\$ 21,500
As a % of Loans HFI	0.96%	0.96%	1.05%	1.12%	1.11%	0.96%	1.11%
As a % of Nonperforming Loans	934.53%	677.57%	760.83%	499.93%	710.39%	934.53%	710.39%
ACL - UNFUNDED COMMITMENTS							
Balance at Beginning of Period	2,853	\$ 2,976	\$ 2,897	\$ 3,117	\$ 2,587	\$ 2,897	\$ 1,644
Provision for Credit Losses	159	(123)	79	(220)	530	115	1,473
Balance at End of Period ⁽¹⁾	3,012	2,853	2,976	2,897	3,117	3,012	3,117
ACL - DEBT SECURITIES							
Provision for Credit Losses	\$ 9	\$ (5)	\$ -	\$ 20	\$ 16	\$ 4	\$ 16
CHARGE-OFFS							
Commercial, Financial and Agricultural	\$ 2	\$ 1,104	\$ 73	\$ 101	\$ 37	\$ 1,179	\$ 138
Real Estate - Construction	-	-	-	-	-	-	-
Real Estate - Commercial	1	-	266	-	405	267	405
Real Estate - Residential	-	-	-	20	17	-	88
Real Estate - Home Equity	-	-	33	9	15	33	94
Consumer	770	533	622	254	221	1,925	1,015
Overdrafts	989	660	780	678	1,093	2,429	2,025
Total Charge-Offs	\$ 1,762	\$ 2,297	\$ 1,774	\$ 1,062	\$ 1,788	\$ 5,833	\$ 3,765
RECOVERIES							
Commercial, Financial and Agricultural	\$ 58	\$ 59	\$ 165	\$ 148	\$ 66	\$ 282	\$ 305
Real Estate - Construction	2	-	8	-	10	10	10
Real Estate - Commercial	8	56	29	25	169	93	840
Real Estate - Residential	44	115	27	33	401	186	720
Real Estate - Home Equity	22	67	58	173	46	147	240
Consumer	260	453	183	214	334	896	977
Overdrafts	666	402	533	375	633	1,601	1,399
Total Recoveries	\$ 1,060	\$ 1,152	\$ 1,003	\$ 968	\$ 1,659	\$ 3,215	\$ 4,491
NET CHARGE-OFFS (RECOVERIES)	\$ 702	\$ 1,145	\$ 771	\$ 94	\$ 129	\$ 2,618	\$ (726)
Net Charge-Offs as a % of Average Loans HFI ⁽²⁾	0.12%	0.22%	0.16%	0.02%	0.03%	0.17%	(0.05)%
CREDIT QUALITY							
Nonaccruing Loans	\$ 2,409	\$ 3,141	\$ 2,728	\$ 4,322	\$ 3,026		
Other Real Estate Owned	13	90	17	17	192		
Total Nonperforming Assets ("NPAs")	\$ 2,422	\$ 3,231	\$ 2,745	\$ 4,339	\$ 3,218		
Past Due Loans 30-89 Days	\$ 6,263	\$ 3,554	\$ 3,120	\$ 3,600	\$ 3,360		
Past Due Loans 90 Days or More	-	-	-	-	-		
Classified Loans	20,988	19,620	22,348	17,912	16,310		
Performing Troubled Debt Restructurings	\$ 6,261	\$ 6,728	\$ 7,304	\$ 7,643	\$ 7,919		
Nonperforming Loans as a % of Loans HFI	0.10%	0.14%	0.14%	0.22%	0.16%		
NPAs as a % of Loans HFI and Other Real Estate	0.10%	0.15%	0.14%	0.22%	0.17%		
NPAs as a % of Total Assets	0.06%	0.07%	0.06%	0.10%	0.08%		

⁽¹⁾ Recorded in other liabilities

⁽²⁾ Annualized

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

(Dollars in thousands)	Third Quarter 2022			Second Quarter 2022			First Quarter 2022			Fourth Quarter 2021
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance
ASSETS:										
Loans Held for Sale	\$ 55,164	\$ 486	4.82 %	\$ 52,860	\$ 711	4.44 %	\$ 43,004	\$ 397	3.19 %	\$ 62,809
Loans Held for Investment ⁽¹⁾	2,264,075	27,354	4.76	2,084,679	23,433	4.53	1,963,578	21,811	4.52	1,948,324
Investment Securities										
Taxable Investment Securities	1,117,789	4,359	1.55	1,142,269	3,834	1.34	1,056,736	2,889	1.10	987,700
Tax-Exempt Investment Securities ⁽¹⁾	2,939	17	2.30	2,488	10	1.73	2,409	10	1.60	3,380
Total Investment Securities	1,120,728	4,376	1.55	1,144,757	3,844	1.34	1,059,145	2,899	1.10	991,080
Federal Funds Sold and Interest Bearing Deposits	569,984	3,231	2.25	691,925	1,408	0.82	873,097	409	0.19	789,100
Total Earning Assets	4,009,951	\$ 35,447	3.51 %	3,974,221	\$ 29,396	2.97 %	3,938,824	\$ 25,516	2.63 %	3,791,313
Cash and Due From Banks	79,527			79,730			74,253			73,752
Allowance for Credit Losses	(21,509)			(20,984)			(21,655)			(22,127)
Other Assets	289,709			288,421			275,353			284,999
Total Assets	\$ 4,357,678			\$ 4,321,388			\$ 4,266,775			\$ 4,127,937
LIABILITIES:										
Interest Bearing Deposits										
NOW Accounts	\$ 1,016,475	\$ 868	0.34 %	\$ 1,033,190	\$ 120	0.05 %	\$ 1,079,906	\$ 86	0.03 %	\$ 963,778
Money Market Accounts	288,758	71	0.10	286,210	36	0.05	285,406	33	0.05	289,335
Savings Accounts	643,640	80	0.05	628,472	77	0.05	599,359	72	0.05	573,563
Time Deposits	94,073	33	0.14	95,132	33	0.14	97,054	33	0.14	101,037
Total Interest Bearing Deposits	2,042,946	1,052	0.20 %	2,043,004	266	0.05 %	2,061,725	224	0.04 %	1,927,713
Short-Term Borrowings	46,679	536	4.56 %	31,782	343	4.33 %	32,353	192	2.40 %	46,355
Subordinated Notes Payable	52,887	443	3.28	52,887	370	2.76	52,887	317	2.40	52,887
Other Long-Term Borrowings	580	6	4.74	722	8	4.54	833	9	4.49	1,414
Total Interest Bearing Liabilities	2,143,092	\$ 2,037	0.38 %	2,128,395	\$ 987	0.19 %	2,147,798	\$ 742	0.14 %	2,028,369
Noninterest Bearing Deposits	1,726,918			1,722,325			1,652,337			1,621,432

Other Liabilities	98,501		87,207		72,166		114,657
Total Liabilities	3,968,511		3,937,927		3,872,301		3,764,458
Temporary Equity	9,862		10,096		10,518		13,339
SHAREOWNERS' EQUITY:	379,305		373,365		383,956		350,140
Total Liabilities, Temporary Equity and Shareowners' Equity	<u>\$ 4,357,678</u>		<u>\$ 4,321,388</u>		<u>\$ 4,266,775</u>		<u>\$ 4,127,937</u>
Interest Rate Spread	\$ 33,410	3.13 %	\$ 28,409	2.78 %	\$ 24,774	2.49 %	
Interest Income and Rate Earned ⁽¹⁾	35,447	3.51	29,396	2.97	25,516	2.63	
Interest Expense and Rate Paid ⁽²⁾	2,037	0.20	987	0.10	742	0.08	
Net Interest Margin	\$ 33,410	3.31 %	\$ 28,409	2.87 %	\$ 24,774	2.55 %	

⁽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:
J. Kimbrough Davis
Executive Vice President and Chief Financial Officer
850.402.7820



Source: Capital City Bank Group