January 23, 2024

Capital City Bank Group, Inc. Reports Fourth Quarter 2023 Results

TALLAHASSEE, Fla., Jan. 23, 2024 (GLOBE NEWSWIRE) -- Capital City Bank Group, Inc. (NASDAQ: CCBG) today reported net income attributable to common shareowners of $11.7 million, or $0.70 per diluted share, for the fourth quarter of 2023 compared to $12.7 million, or $0.74 per diluted share, for the third quarter of 2023, and $9.6 million, or $0.56 per diluted share, for the fourth quarter of 2022.

For the full year of 2023, net income attributable to common shareowners totaled $52.3 million, or $3.07 per diluted share, compared to net income of $33.4 million, or $1.97 per diluted share, for the same period of 2022.

QUARTER HIGHLIGHTS (4th Quarter 2023 versus 3rd Quarter 2023)

Income Statement

- *Tax-equivalent net interest income totaled $39.3 million compared to $39.4 million for the prior quarter – total deposit cost increased 8 basis points to 66 basis points – net interest margin increased four basis points to 4.07%*
- *Continued strong credit quality metrics – allowance coverage ratio increased from 1.08% to 1.10% - net loan charge-offs were 23 basis points (annualized) of average loans compared to 17 basis points for the prior quarter*
- *Noninterest income increased $0.4 million, or 2.6%, driven by higher mortgage banking revenues*
- *Noninterest expense increased $0.9 million, or 2.2%, primarily due to lower realized loan cost (credit offset to salary expense) reflective of lower level of residential loan originations and higher professional/legal fees of $0.6 million*

Balance Sheet

- *Loan balances grew $38.6 million, or 1.4% (average), and $28.7 million, or 1.1% (end of period)*
- *Deposit balances (including repurchase agreements) declined by $46.8 million, or 1.3% (average), and increased $165.4 million, or 4.6% (end of period) reflective of the seasonal increase in public fund balances*
- *Tangible book value per share increased $1.23, or 6.4%, and reflected a $12.5 million ($0.74/share) decrease in the accumulated other comprehensive loss reflective of lower investment security losses of $9.3 million and a favorable year-end re-measurement adjustment for the pension plan of $4.3 million*

FULL YEAR 2023 HIGHLIGHTS

Income Statement

- *Tax-equivalent net interest income totaled $159.4 million for 2023 compared to $125.3 million for 2022 driven by strong loan growth and higher interest rates, partially offset by higher deposit cost which was well controlled at 48 basis points for the year – net interest margin was 4.05% for 2023 compared to 3.14% for 2022*
- *Credit quality metrics remained strong throughout the year – allowance coverage ratio increased from 0.98% to 1.10% - net loan charge-offs were 18 basis points of average loans for both periods*
- *Noninterest income decreased $3.6 million, or 4.8%, driven by lower wealth management fees reflective of lower insurance commissions (large policy sales in 2022) and mortgage banking revenues (lower residential loan originations attributable to the higher interest rate environment)*
- *Noninterest expense increased $5.4 million, or 3.6%, primarily due to higher compensation and occupancy expense reflective of the addition of staffing and banking offices in our new markets*

Balance Sheet

- *Loan balances grew $467.0 million, or 21.3% (average), and $186.2 million, or 7.3% (end of period)*
- *Deposit balances (including repurchase agreements) declined by $81.9 million, or 2.2% (average), and decreased $217.1 million, or 5.5% (end of period)*
- *Tangible book value per share increased $3.18, or 18.4%, driven by strong earnings and favorable investment security and pension plan accumulated other comprehensive loss adjustments*

"I am pleased with Capital City's performance this year and am very proud of our team for achieving another year of record earnings," said William G. Smith, Jr., Chairman, President, and CEO of Capital City Bank Group, Inc. "Amid a challenging year for our industry, our deposit franchise, disciplined credit, diversified revenues, and conservative balance sheet management resulted in strong profitability and capital growth. We are well positioned as we enter 2024 and remain focused on strategies that add long-term value for our clients and shareowners."

Discussion of Operating Results

Net Interest Income/Net Interest Margin

Tax-equivalent net interest income for the fourth quarter of 2023 totaled $39.3 million, compared to $39.4 million for the third quarter of 2023, and $38.2 million for the fourth quarter of 2022. For the full year of 2023, tax-equivalent net interest income totaled $159.4 million compared to $125.3 million for the same period of 2022. Compared to the third quarter of 2023, the decrease reflected higher deposit interest expense and a lower level of interest income from overnight funds, partially offset by higher loan interest due to loan growth and loan re-pricing at higher interest rates. Compared to the full year 2022, the increase reflected loan growth and higher interest rates across a majority of our earning assets, partially offset by higher deposit interest expense.

Our net interest margin for the fourth quarter of 2023 was 4.07%, an increase of four basis points over the third quarter of 2023 and an increase of 31 basis points over the fourth quarter of 2022. For the month of December 2023, our net interest margin was 4.09%. For

2023, our net interest margin was 4.05%, an increase of 91 basis points over 2022. The increase compared to all prior periods reflected a combination of earning assets re-pricing at higher interest rates and loan growth, partially offset by a higher cost of deposits. For the fourth quarter of 2023, our cost of funds was 73 basis points, an increase of 7 basis points over the third quarter of 2023 and an increase of 42 basis points over the fourth quarter of 2022. Our total cost of deposits (including noninterest bearing accounts) was 66 basis points, 58 basis points, and 20 basis points, respectively, for the same periods.

Provision for Credit Losses

We recorded a provision for credit losses of $2.0 million for the fourth quarter of 2023 compared to $2.4 million for the third quarter of 2023 and $3.6 million for the fourth quarter of 2022. The decrease in the provision compared to the third quarter of 2023 was primarily attributable to a lower level of reserves required for unfunded commitments. For the full year of 2023, we recorded a provision for credit losses of $9.7 million compared to $7.5 million for 2022. The higher level of provision in 2023 was primarily driven by loan growth and also reflected the favorable impact in 2022 of the release of reserves held for pandemic related losses. We discuss the allowance for credit losses further below.

Noninterest Income and Noninterest Expense

Noninterest income for the fourth quarter of 2023 totaled $17.1 million compared to $16.7 million for the third quarter of 2023 and $15.3 million for the fourth quarter of 2022. The $0.4 million increase over the third quarter of 2023 reflected an increase in mortgage banking revenues of $0.5 million and wealth management fees of $0.3 million, partially offset by a decrease in deposit fees of $0.2 million and other income of $0.2 million. Compared to the fourth quarter of 2022, the $1.9 million increase was attributable to a $2.2 million increase in mortgage banking revenues and a $0.6 million increase in wealth management fees partially offset by a $0.7 million decrease in other income and a $0.2 million decrease in deposit fees.

For the full year of 2023, noninterest income totaled $71.6 million compared to $75.2 million for 2022 and reflected decreases in wealth management fees of $1.7 million, mortgage banking revenues of $1.5 million, deposit fees of $0.8 million, and bank card fees of $0.5 million, partially offset by a $0.9 million increase in other income. The decrease in wealth management fees reflected lower insurance commissions of $2.7 million due to the sale of large policies in 2022 and was partially offset by higher trust fees of $0.5 million and retail brokerage fees of $0.5 million. The decrease in mortgage banking revenues was primarily driven by lower production volume in 2023, reflective of the rapid increase in interest rates and lower market driven gain on sale margins. The decline in deposit fees reflected lower commercial account analysis fees and account service charge fees, and the reduction in bank card fees was generally due to lower card volume reflective of slower consumer spending. The increase in other income was primarily due to a $1.4 million gain from the sale of mortgage servicing rights that was partially offset by lower loan servicing income.

Noninterest expense for the fourth quarter of 2023 totaled $40.0 million compared to $39.1 million for the third quarter of 2023 and $39.3 million for the fourth quarter of 2022. The $0.9 million increase over the third quarter of 2023 was attributable to increases in compensation expense of $0.8 million and occupancy expense of $0.2 million that was partially offset by a $0.1 million decrease in other expense. The increase in compensation expense was due to a $0.8 million increase in salary expense partially attributable to a $0.5 million decrease in realized loan cost (recorded as a credit offset to salary expense) driven by lower residential loan originations. For the fourth quarter of 2023, other expense included approximately $0.6 million in professional and legal fees related to the financial statement restatement.

Compared to the fourth quarter of 2022, the $0.7 million increase in noninterest expense reflected a $0.8 million increase in compensation expense and a $0.8 million increase in occupancy expense that was partially offset by a $0.9 million decrease in other expense. The increases in compensation expense and occupancy expense were generally driven by the same factors discussed in further detail below. The variance in other expense was primarily attributable to lower pension related costs, including the recognition of pension settlement expense of $1.7 million in the fourth quarter of 2022 whereas there was no pension settlement expense in the fourth quarter of 2023 due to a significantly lower level of retirements. A $0.7 million increase in the non-service component of pension plan expense was partially offsetting.

For the full year of 2023, noninterest expense totaled $157.0 million compared to $151.6 million for 2022 and reflected increases in occupancy expense of $3.1 million and compensation expense of $2.3 million. The increase in occupancy expense was primarily driven by the addition of four new banking offices in mid-to-late 2022 and early 2023, and to a lesser extent higher expense for property insurance (increased premiums) and maintenance agreements (network and security upgrades). The increase in compensation expense reflected a $4.7 million increase in salary expense that was partially offset by a $2.4 million decrease in associate benefit expense. The increase in salary expense was primarily due to a $3.6 million increase in base salaries (primarily the addition of staffing in new markets and annual merit), a $3.0 million reduction in realized cost (lower new residential loan originations in 2023) and higher incentive expense of $1.2 million that was partially offset by lower commission expense of $3.3 million (lower residential loan originations and insurance policy sales in 2023). The decrease in associate benefit expense reflected a $2.9 million decrease in pension plan service cost expense that was partially offset by a $0.5 million increase in associate insurance expense (higher premiums). The net variance in other expense was primarily due to lower expenses for OREO of $1.6 million (gain from the sale of a banking office in the first quarter of 2023), mortgage servicing asset amortization of $1.0 million (mid-2023 sale of servicing rights), and pension plan expense (non-service component) of $0.5 million, offset by higher expenses for professional fees of $0.8 million and FDIC insurance of $0.6 million. Further, there was no pension settlement expense in 2023 whereas we realized $2.3 million in total pension settlement expense in 2022.

Income Taxes

We realized income tax expense of $2.9 million (effective rate of 20.3%) for the fourth quarter of 2023 compared to $3.0 million (effective rate of 20.7%) for the third quarter of 2023 and $1.9 million (effective rate of 18.1%) for the fourth quarter of 2022. For the full year of 2023, we realized income tax expense of $13.0 million (effective rate of 20.4%) compared to $7.8 million (effective rate of 19.0%) for 2022. The increase in our effective tax rate for the fourth quarter of 2023 reflected a lower level of tax benefit accrued from an investment in a solar tax credit equity fund. The increase in our effective tax rate for the full year of 2023 was attributable to a lower level of pre-tax income from our 51% owned residential mortgage subsidiary, Capital City Home Loans ("CCHL"), in relation to our consolidated income as the non-controlling interest adjustment for CCHL is accounted for as a permanent tax adjustment. Further, we recognized a lower level of tax benefit accrued from an investment in a solar tax credit equity fund. Absent discrete items or new tax credit investments, we expect our annual effective tax rate to approximate 21-22% for 2024.

Discussion of Financial Condition

Earning Assets

Average earning assets totaled $3.824 billion for the fourth quarter of 2023, a decrease of $53.0 million, or 1.4%, from the third quarter of 2023, and a decrease of $208.8 million, or 5.2%, from the fourth quarter of 2022. The decrease from both prior periods was attributable to lower deposit balances (see below – *Deposits*). Compared to both prior periods, the mix of earning assets improved as overnight funds were utilized to fund loan growth.

Average loans held for investment (“HFI”) increased $38.6 million, or 1.4%, over the third quarter of 2023 and $271.9 million, or 11.1%, over the fourth quarter of 2022. Period end loans increased $28.7 million, or 1.1%, over the third quarter of 2023 and $186.2 million, or 7.3%, over the fourth quarter of 2022. Compared to both prior periods, the loan growth was primarily in the residential real estate category and was partially offset by lower indirect auto and construction loan balances.

Allowance for Credit Losses

At December 31, 2023, the allowance for credit losses for HFI loans totaled $29.9 million compared to $29.1 million at September 30, 2023 and $25.1 million at December 31, 2022. Activity within the allowance is provided on Page 9. The increase in the allowance over both prior periods was driven primarily by loan growth. Further, the increase from December 31, 2022 reflected a higher loss rate for the residential real estate portfolio due to slower prepayment speeds. At December 31, 2023, the allowance represented 1.10% of HFI loans compared to 1.08% at September 30, 2023, and 0.98% at December 31, 2022.

Credit Quality

Overall credit quality remains strong. Nonperforming assets (nonaccrual loans and other real estate) totaled $6.2 million at December 31, 2023 compared to $4.7 million at September 30, 2023 and $2.7 million at December 31, 2022. At December 31, 2023, nonperforming assets as a percent of total assets equaled 0.15%, compared to 0.11% at September 30, 2023 and 0.06% at December 31, 2022. Nonaccrual loans totaled $6.2 million at December 31, 2023, a $1.5 million increase over September 30, 2023 and a $3.9 million increase over December 31, 2022. Further, classified loans totaled $22.2 million at December 31, 2023, a $0.4 million increase over September 30, 2023 and a $2.9 million increase over December 31, 2022.

Deposits

Average total deposits were $3.549 billion for the fourth quarter of 2023, a decrease of $48.3 million, or 1.3%, from the third quarter of 2023 and a decrease of $254.5 million, or 6.7%, from the fourth quarter of 2022. Compared to both prior periods, the decreases were primarily attributable to lower noninterest bearing and savings accounts, partially offset by increases in NOW balances and certificates of deposit.

At December 31, 2023, total deposits were $3.702 billion, an increase of $161.4 million, or 4.6%, from September 30, 2023 and a decline of $237.5 million, or 6.0%, from December 31, 2022. Our public fund deposit balances increased $234.4 million and declined $10.9 million from September 30, 2023 and December 31, 2022, respectively. Compared to September 30, 2023, the increase in public funds reflected the seasonal increase in these balances as municipal tax receipts are received. Lower deposit balances year-over-year reflected continued client spend of stimulus savings and clients seeking higher yielding investment products outside the Bank, a portion of which have moved to our wealth division. Additionally, compared to both prior periods, we realized a remix of deposit balances of $33 million and $140 million, respectively, as noninterest bearing accounts migrated into interest bearing accounts (primarily NOW and money market accounts).

Business deposit transaction accounts classified as repurchase agreements averaged $26.8 million for the fourth quarter of 2023, an increase of $1.5 million over the third quarter of 2023 and $18.4 million over the fourth quarter of 2022. At December 31, 2023, repurchase agreement balances were $27.0 million compared to $22.9 million at September 30, 2023 and $6.6 million at December 31, 2022.

Liquidity

The Bank maintained an average net overnight funds (deposits with banks plus FED funds sold less FED funds purchased) sold position of $99.8 million in the fourth quarter of 2023 compared to $136.6 million in the third quarter of 2023 and $469.4 million in the fourth quarter of 2022. The declining overnight funds position reflected growth in average loans and lower average deposit balances.

At December 31, 2023, we had the ability to generate approximately $1.488 billion (excludes overnight funds position of $229 million) in additional liquidity through various sources including various federal funds purchased lines, Federal Home Loan Bank borrowings, the Federal Reserve Discount Window, and brokered deposits.

We also view our investment portfolio as a liquidity source and have the option to pledge securities in our portfolio as collateral for borrowings or deposits, and/or to sell selected securities. Our portfolio consists of debt issued by the U.S. Treasury, U.S. governmental agencies, municipal governments, and corporate entities. At December 31, 2023, the weighted-average maturity and duration of our portfolio were 2.91 years and 2.53, respectively, and the available-for-sale portfolio had a net unrealized tax-effected loss of $22.3 million.

Capital

Shareowners' equity was $440.6 million at December 31, 2023 compared to $419.7 million at September 30, 2023 and $387.3 million at December 31, 2022. For the fourth quarter of 2023, the $20.9 million increase was partially attributable to a $12.5 million decrease in the accumulated other comprehensive loss including a $9.3 million net decrease in the investment securities loss and a $4.3 million decrease in the pension plan loss from the year-end re-measurement of the plan. For the full year 2023, shareowners' equity was positively impacted by net income attributable to common shareowners of $52.3 million, a

$4.1 million decrease in the accumulated other comprehensive loss for our pension plan, a $11.7 million decrease in the unrealized loss on investment securities, the issuance of stock of $2.5 million, and stock compensation accretion of $1.3 million.   Shareowners' equity was reduced by common stock dividends of $12.9 million ($0.76 per share), the repurchase of stock of $3.7 million (122,538 shares), net adjustments totaling $1.3 million related to transactions under our stock compensation plans, and a $0.7 million decrease in the fair value of the interest rate swap related to subordinated debt.

At December 31, 2023, our total risk-based capital ratio was 16.57% compared to 16.30% at September 30, 2023 and 15.30% at December 31, 2022. Our common equity tier 1 capital ratio was 13.52%, 13.26%, and 12.38%, respectively, on these dates. Our leverage ratio was 10.30%, 9.98%, and 8.91%, respectively, on these dates. At December 31, 2023, all our regulatory capital ratios exceeded the thresholds to be designated as "well-capitalized" under the Basel III capital standards. Further, our tangible common equity ratio was 8.26% at December 31, 2023 compared to 8.08% and 6.65% at September 30, 2023 and December 31, 2022, respectively. If our unrealized held-to-maturity securities losses of $21.5 million (after-tax) were recognized in accumulated other comprehensive loss, our adjusted tangible capital ratio would be 7.74%.

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 63 banking offices and 103 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 words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "target," "vision," "goal," and similar expressions are intended to identify forward-looking statements. The following factors, among others, could cause our actual results to differ: our ability to successfully manage credit risk, interest rate risk, liquidity risk, and other risks inherent to our industry; legislative or regulatory changes; adverse developments in the financial services industry generally, such as bank failures and any related impacts on depositor behavior; the effects of changes in the level of checking or savings account deposits and the competition for deposits on our funding costs, net interest margin and ability to replace maturing deposits and advances, as necessary; inflation, interest rate, market and monetary fluctuations; uncertainty in the pricing of residential mortgage loans that we sell, as well as competition for the mortgage servicing rights related to these loans and related interest rate risk or price risk resulting from retaining mortgage servicing rights and the potential effects of higher interest rates on our loan origination volumes; the effects of actions taken by governmental agencies to stabilize the financial system and the effectiveness of such actions; changes in monetary and fiscal policies of the

U.S. Government; the effects of security breaches and computer viruses that may affect our computer systems or fraud related to debit card products; the accuracy of our financial statement estimates and assumptions, including the estimates used for our allowance for credit losses, deferred tax asset valuation and pension plan; changes in our liquidity position; changes in accounting principles, policies, practices or guidelines; the frequency and magnitude of foreclosure of our loans; the effects of our lack of a diversified loan portfolio, including the risks of loan segments, geographic and industry concentrations; the strength of the United States economy in general and the strength of the local economies in which we conduct operations; our ability to declare and pay dividends, the payment of which is subject to our capital requirements; changes in the securities and real estate markets; structural changes in the markets for origination, sale and servicing of residential mortgages; risks related to changes in key personnel and any changes in our ability to retain key personnel; the effect of corporate restructuring, acquisitions or dispositions, including the actual restructuring and other related charges and the failure to achieve the expected gains, revenue growth or expense savings from such corporate restructuring, acquisitions or dispositions; the effects of natural disasters, harsh weather conditions (including hurricanes), widespread health emergencies (including pandemics, such as the COVID-19 pandemic), acts of war, terrorism, civil unrest or other geopolitical events; our ability to comply with the extensive laws and regulations to which we are subject, including the laws for each jurisdiction where we operate; the impact of the restatement of our previously issued financial statements as of and for the year ended December 31, 2022, the three months ended March 31, 2022 and 2023, the three and six months ended June 30, 2022 and 2023, and the three and nine months ended September 30, 2022; any inability to implement and maintain effective internal control over financial reporting or inability to remediate our existing material weaknesses in our internal controls deemed ineffective; the inherent limitations in internal control over financial reporting and disclosure controls and procedures; the willingness of clients to accept third-party products and services rather than our products and services and vice versa; increased competition and its effect on pricing; technological changes; the outcomes of litigation or regulatory proceedings; negative publicity and the impact on our reputation; changes in consumer spending and saving habits; growth and profitability of our noninterest income; the limited trading activity of our common stock; the concentration of ownership of our common stock; anti-takeover provisions under federal and state law as well as our Articles of Incorporation and our Bylaws; other risks described from time to time in our filings with the Securities and Exchange Commission; and our ability to manage the risks involved in the foregoing. Additional factors can be found in our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2022, and our other filings with the SEC, which are available at the SEC's internet site (http://www.sec.gov). Forward-looking statements in this Press Release speak only as of the date of the Press Release, and we assume no obligation to update forward-looking statements or the reasons why actual results could differ, except as may be required by law.

USE OF NON-GAAP FINANCIAL MEASURES
Unaudited

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

The GAAP to non-GAAP reconciliations are provided below.

(Dollars in Thousands, except per share data)		Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
Shareowners' Equity (GAAP)		$ 440,625	$ 419,706	$ 412,422	$ 403,260	$ 387,281
Less: Goodwill and Other Intangibles (GAAP)		92,933	92,973	93,013	93,053	93,093
Tangible Shareowners' Equity (non-GAAP)	A	347,692	326,733	319,409	310,207	294,188
Total Assets (GAAP)		4,304,477	4,138,287	4,391,206	4,401,762	4,519,223
Less: Goodwill and Other Intangibles (GAAP)		92,933	92,973	93,013	93,053	93,093
Tangible Assets (non-GAAP)	B	$ 4,211,544	$ 4,045,314	$ 4,298,193	$ 4,308,709	$ 4,426,130
Tangible Common Equity Ratio (non-GAAP)	**A/B**	**8.26%**	**8.08%**	**7.43%**	**7.20%**	**6.65%**
Actual Diluted Shares Outstanding (GAAP)	C	17,000,590	16,997,886	17,025,023	17,049,913	17,039,401
Tangible Book Value per Diluted Share (non-GAAP)	**A/C**	**$ 20.45**	**$ 19.22**	**$ 18.76**	**$ 18.19**	**$ 17.27**

CAPITAL CITY BANK GROUP, INC.
EARNINGS HIGHLIGHTS
Unaudited

	Three Months Ended			Twelve Months Ended	
(Dollars in thousands, except per share data)	Dec 31, 2023	Sep 30, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
EARNINGS					
Net Income Attributable to Common Shareowners	$ 11,720	$ 12,655	$ 9,609	52,258	$ 33,412
Diluted Net Income Per Share	$ 0.70	$ 0.74	$ 0.56	3.07	$ 1.97
PERFORMANCE					
Return on Average Assets (annualized)	1.12 %	1.19 %	0.87 %	1.22 %	0.77 %
Return on Average Equity (annualized)	10.69	11.74	10.02	12.40	8.81
Net Interest Margin	4.07	4.03	3.76	4.05	3.14
Noninterest Income as % of Operating Revenue	30.46	29.87	28.65	31.05	37.55
Efficiency Ratio	70.82 %	69.71 %	73.41 %	67.99 %	75.62 %
CAPITAL ADEQUACY					
Tier 1 Capital	15.37 %	15.11 %	14.27 %	15.37 %	14.27 %
Total Capital	16.57	16.30	15.30	16.57	15.30
Leverage	10.30	9.98	8.91	10.30	8.91
Common Equity Tier 1	13.52	13.26	12.38	13.52	12.38
Tangible Common Equity [(1)]	8.26	8.08	6.65	8.26	6.65
Equity to Assets	10.24 %	10.14 %	8.57 %	10.24 %	8.57 %
ASSET QUALITY					
Allowance as % of Non-Performing Loans	479.70 %	619.58 %	1091.33 %	479.70 %	1091.33 %
Allowance as a % of Loans HFI	1.10	1.08	0.98	1.10	0.98
Net Charge-Offs as % of Average Loans HFI	0.23	0.17	0.21	0.18	0.18
Nonperforming Assets as % of Loans HFI and OREO	0.23	0.17	0.11	0.23	0.11
Nonperforming Assets as % of Total Assets	0.15 %	0.11 %	0.06 %	0.15 %	0.06 %
STOCK PERFORMANCE					
High	$ 32.56	$ 33.44	$ 36.23	36.86	$ 36.23
Low	26.12	28.64	31.14	26.12	24.43
Close	$ 29.43	$ 29.83	$ 32.50	29.43	$ 32.50
Average Daily Trading Volume	33,297	26,774	31,894	33,775	27,987

(1) Tangible common equity ratio is a non-GAAP financial measure. For additional information, including a reconciliation to GAAP, refer to Page 6.

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

	2023				2022
(Dollars in thousands)	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter
ASSETS					
Cash and Due From Banks	$ 83,118	$ 72,379	$ 83,679	$ 84,549	$ 72,114
Funds Sold and Interest Bearing Deposits	228,949	95,119	285,129	303,403	528,536
Total Cash and Cash Equivalents	312,067	167,498	368,808	387,952	600,650
Investment Securities Available for Sale	337,902	334,052	386,220	402,943	413,294
Investment Securities Held to Maturity	625,022	632,076	641,398	651,755	660,744
Other Equity Securities	3,450	3,585	1,703	1,883	10
Total Investment Securities	966,374	969,713	1,029,321	1,056,581	1,074,048
Loans Held for Sale	28,211	34,013	44,659	28,475	26,909
Loans Held for Investment ("HFI"):					
Commercial, Financial, & Agricultural	225,190	221,704	227,219	236,263	247,362
Real Estate - Construction	196,091	197,526	226,404	253,903	234,519
Real Estate - Commercial	825,456	828,234	831,285	798,438	782,557
Real Estate - Residential	1,001,257	966,512	893,384	847,697	744,167
Real Estate - Home Equity	210,920	203,606	203,142	206,931	208,217
Consumer	270,994	285,122	295,646	305,324	324,450
Other Loans	2,962	1,401	5,425	7,660	5,346
Overdrafts	1,048	1,076	1,007	931	1,067
Total Loans Held for Investment	2,733,918	2,705,181	2,683,512	2,657,147	2,547,685
Allowance for Credit Losses	(29,941)	(29,083)	(28,243)	(26,808)	(25,068)
Loans Held for Investment, Net	2,703,977	2,676,098	2,655,269	2,630,339	2,522,617
Premises and Equipment, Net	81,266	81,677	82,062	82,055	82,138
Goodwill and Other Intangibles	92,933	92,973	93,013	93,053	93,093
Other Real Estate Owned	1	1	1	13	431
Other Assets	119,648	116,314	118,073	123,294	119,337
Total Other Assets	293,848	290,965	293,149	298,415	294,999
Total Assets	$ 4,304,477	$ 4,138,287	$ 4,391,206	$ 4,401,762	$ 4,519,223
LIABILITIES					
Deposits:					
Noninterest Bearing Deposits	$ 1,377,934	$ 1,472,165	$ 1,520,134	$ 1,601,388	$ 1,653,620
NOW Accounts	1,327,420	1,092,996	1,269,839	1,242,721	1,290,494
Money Market Accounts	319,319	304,323	321,743	271,880	267,383
Savings Accounts	547,634	571,003	590,245	617,310	637,374
Certificates of Deposit	129,515	99,958	86,905	90,621	90,446
Total Deposits	3,701,822	3,540,445	3,788,866	3,823,920	3,939,317
Repurchase Agreements	26,957	22,910	22,619	4,429	6,583
Other Short-Term Borrowings	8,384	18,786	28,054	22,203	50,210
Subordinated Notes Payable	52,887	52,887	52,887	52,887	52,887
Other Long-Term Borrowings	315	364	414	463	513
Other Liabilities	66,080	75,585	77,192	85,878	73,675
Total Liabilities	3,856,445	3,710,977	3,970,032	3,989,780	4,123,185
Temporary Equity	7,407	7,604	8,752	8,722	8,757
SHAREOWNERS' EQUITY					

Common Stock	170	170	170	170	170
Additional Paid-In Capital	36,326	36,182	36,853	37,512	37,331
Retained Earnings	426,275	418,030	408,771	397,654	387,009
Accumulated Other Comprehensive Loss, Net of Tax	(22,146)	(34,676)	(33,372)	(32,076)	(37,229)
Total Shareowners' Equity	440,625	419,706	412,422	403,260	387,281
Total Liabilities, Temporary Equity and Shareowners' Equity	$ 4,304,477	$ 4,138,287	$ 4,391,206	$ 4,401,762	$ 4,519,223
OTHER BALANCE SHEET DATA					
Earning Assets	$ 3,957,452	$ 3,804,026	$ 4,042,621	$ 4,045,607	$ 4,177,177
Interest Bearing Liabilities	2,412,431	2,163,227	2,372,706	2,302,514	2,395,890
Book Value Per Diluted Share	$ 25.92	$ 24.69	$ 24.21	$ 23.65	$ 22.73
Tangible Book Value Per Diluted Share[1]	20.45	19.22	18.76	18.19	17.27
Actual Basic Shares Outstanding	16,950	16,958	16,992	17,022	16,987
Actual Diluted Shares Outstanding	17,001	16,998	17,025	17,050	17,039

[1] Tangible book value per diluted share is a non-GAAP financial measure. For additional information, including a reconciliation to GAAP, refer to Page 6.

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

	2023				2022	Twelve Months Ended December 31,	
(Dollars in thousands, except per share data)	**Fourth Quarter**	**Third Quarter**	**Second Quarter**	**First Quarter**	**Fourth Quarter**	**2023**	**2022**
INTEREST INCOME							
Loans, including Fees	$ 40,407	$ 39,344	$ 37,608	$ 34,891	$ 31,908	$ 152,250	$ 106,444
Investment Securities	4,392	4,561	4,815	4,924	4,847	18,692	15,955
Federal Funds Sold and Interest Bearing Deposits	1,385	1,848	2,782	4,111	4,463	10,126	9,511
Total Interest Income	46,184	45,753	45,205	43,926	41,218	181,068	131,910
INTEREST EXPENSE							
Deposits	5,872	5,214	4,008	2,488	1,902	17,582	3,444
Repurchase Agreements	199	190	115	9	7	513	14
Other Short-Term Borrowings	310	440	336	452	683	1,538	1,747
Subordinated Notes Payable	627	625	604	571	522	2,427	1,652
Other Long-Term Borrowings	5	4	5	6	8	20	31
Total Interest Expense	7,013	6,473	5,068	3,526	3,122	22,080	6,888
Net Interest Income	39,171	39,280	40,137	40,400	38,096	158,988	125,022
Provision for Credit Losses	2,025	2,393	2,197	3,099	3,616	9,714	7,494
Net Interest Income after Provision for Credit Losses	37,146	36,887	37,940	37,301	34,480	149,274	117,528
NONINTEREST INCOME							
Deposit Fees	5,304	5,456	5,326	5,239	5,536	21,325	22,121
Bank Card Fees	3,713	3,684	3,795	3,726	3,744	14,918	15,401
Wealth Management Fees	4,276	3,984	4,149	3,928	3,649	16,337	18,059
Mortgage Banking Revenues	2,327	1,839	3,363	2,871	102	10,400	11,909
Other	1,537	1,765	3,334	1,994	2,265	8,630	7,691
Total Noninterest Income	17,157	16,728	19,967	17,758	15,296	71,610	75,181
NONINTEREST EXPENSE							
Compensation	23,822	23,003	23,438	23,524	23,032	93,787	91,519
Occupancy, Net	7,098	6,980	6,820	6,762	6,253	27,660	24,574
Other	9,038	9,122	10,027	7,389	9,977	35,576	35,541
Total Noninterest Expense	39,958	39,105	40,285	37,675	39,262	157,023	151,634
OPERATING PROFIT	14,345	14,510	17,622	17,384	10,514	63,861	41,075
Income Tax Expense	2,909	3,004	3,417	3,710	1,900	13,040	7,798
Net Income	11,436	11,506	14,205	13,674	8,614	50,821	33,277
Pre-Tax Loss (Income) Attributable to Noncontrolling Interest	284	1,149	(31)	35	995	1,437	135
NET INCOME ATTRIBUTABLE TO COMMON SHAREOWNERS	$ 11,720	$ 12,655	$ 14,174	$ 13,709	$ 9,609	$ 52,258	$ 33,412
PER COMMON SHARE							
Basic Net Income	$ 0.69	$ 0.75	$ 0.83	$ 0.81	$ 0.56	$ 3.08	$ 1.97
Diluted Net Income	0.70	0.74	0.83	0.80	0.56	3.07	1.97
Cash Dividend	$ 0.20	$ 0.20	$ 0.18	$ 0.18	$ 0.17	$ 0.76	$ 0.66
AVERAGE SHARES							
Basic	16,947	16,985	17,002	17,016	16,963	16,987	16,951
Diluted	16,997	17,025	17,035	17,045	17,016	17,023	16,985

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

(Dollars in thousands, except per share data)	2023 Fourth Quarter	2023 Third Quarter	2023 Second Quarter	2023 First Quarter	2022 Fourth Quarter	Twelve Months Ended December 31, 2023	Twelve Months Ended December 31, 2022
ACL - HELD FOR INVESTMENT LOANS							
Balance at Beginning of Period	$ 29,083	$ 28,243	$ 26,808	$ 25,068	$ 22,747	$ 25,068	$ 21,606
Transfer from Other Liabilities	66	-	-	-	-	66	-
Provision for Credit Losses	2,354	1,993	1,922	3,260	3,638	9,529	7,397
Net Charge-Offs (Recoveries)	1,562	1,153	487	1,520	1,317	4,722	3,935
Balance at End of Period	$ 29,941	$ 29,083	$ 28,243	$ 26,808	$ 25,068	$ 29,941	$ 25,068
As a % of Loans HFI	1.10%	1.08%	1.05%	1.01%	0.98%	1.10%	0.98%
As a % of Nonperforming Loans	479.70%	619.58%	426.44%	584.18%	1,091.33%	479.70%	1,091.33%
ACL - UNFUNDED COMMITMENTS							
Balance at Beginning of Period	3,502	$ 3,120	$ 2,833	$ 2,989	$ 3,012	$ 2,989	$ 2,897
Provision for Credit Losses	(311)	382	287	(156)	(23)	202	92
Balance at End of Period[1]	3,191	3,502	3,120	2,833	2,989	3,191	2,989
ACL - DEBT SECURITIES							
Provision for Credit Losses	$ (18)	$ 18	$ (12)	$ (5)	$ 1	$ (17)	$ 5
CHARGE-OFFS							
Commercial, Financial and Agricultural	$ 217	$ 76	$ 54	$ 164	$ 129	$ 511	$ 1,308
Real Estate - Construction	-	-	-	-	-	-	-
Real Estate - Commercial	-	-	-	120	88	120	355
Real Estate - Residential	79	-	-	-	-	79	-
Real Estate - Home Equity	-	-	39	-	160	39	193
Consumer	1,689	1,340	993	1,732	976	5,754	2,901
Overdrafts	602	659	894	634	720	2,789	3,149
Total Charge-Offs	$ 2,587	$ 2,075	$ 1,980	$ 2,650	$ 2,073	$ 9,292	$ 7,906
RECOVERIES							
Commercial, Financial and Agricultural	$ 83	$ 28	$ 71	$ 95	$ 25	$ 277	$ 307
Real Estate - Construction	-	-	1	1	-	2	10
Real Estate - Commercial	16	17	11	8	13	52	106
Real Estate - Residential	34	30	132	57	98	253	284
Real Estate - Home Equity	17	53	131	25	36	226	183
Consumer	433	418	514	571	175	1,936	1,071
Overdrafts	442	376	633	373	409	1,824	2,010
Total Recoveries	$ 1,025	$ 922	$ 1,493	$ 1,130	$ 756	$ 4,570	$ 3,971
NET CHARGE-OFFS (RECOVERIES)	$ 1,562	$ 1,153	$ 487	$ 1,520	$ 1,317	$ 4,722	$ 3,935
Net Charge-Offs as a % of Average Loans HFI[2]	0.23%	0.17%	0.07%	0.24%	0.21%	0.18%	0.18%
CREDIT QUALITY							
Nonaccruing Loans	$ 6,242	$ 4,694	$ 6,623	$ 4,589	$ 2,297		
Other Real Estate Owned	1	1	1	13	431		
Total Nonperforming Assets ("NPAs")	$ 6,243	$ 4,695	$ 6,624	$ 4,602	$ 2,728		
Past Due Loans 30-89 Days	$ 6,854	$ 5,577	$ 4,207	$ 5,061	$ 7,829		
Past Due Loans 90 Days or More	-	-	-	-	-		
Classified Loans	22,203	21,812	14,973	12,179	19,342		
Nonperforming Loans as a % of Loans HFI	0.23%	0.17%	0.25%	0.17%	0.09%		
NPAs as a % of Loans HFI and Other Real Estate	0.23%	0.17%	0.25%	0.17%	0.11%		
NPAs as a % of Total Assets	0.15%	0.11%	0.15%	0.10%	0.06%		

[1] *Recorded in other liabilities*

[2] *Annualized*

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

	Fourth Quarter 2023			Third Quarter 2023			Second Quarter 2023			First
(Dollars in thousands)	*Average Balance*	*Interest*	*Average Rate*	*Average Balance*	*Interest*	*Average Rate*	*Average Balance*	*Interest*	*Average Rate*	*Average Balance*
ASSETS:										
Loans Held for Sale	$ 49,790	$ 817	6.50 %	$ 62,768	$ 971	6.14 %	$ 54,350	$ 800	5.90 %	$ 55,110
Loans Held for Investment(1)	2,711,243	39,679	5.81	2,672,653	38,455	5.71	2,657,693	36,890	5.55	2,582,395
Investment Securities										
Taxable Investment Securities	962,322	4,389	1.81	1,002,547	4,549	1.80	1,041,202	4,803	1.84	1,061,372
Tax-Exempt Investment Securities(1)	862	7	4.32	2,456	17	2.66	2,656	17	2.47	2,840
Total Investment Securities	963,184	4,396	1.82	1,005,003	4,566	1.81	1,043,858	4,820	1.84	1,064,212
Federal Funds Sold and Interest Bearing Deposits	99,763	1,385	5.51	136,556	1,848	5.37	218,902	2,782	5.10	360,971
Total Earning Assets	3,823,980	$ 46,277	4.80 %	3,876,980	$ 45,840	4.69 %	3,974,803	$ 45,292	4.57 %	4,062,688
Cash and Due From Banks	76,681			75,941			75,854			74,639
Allowance for Credit Losses	(29,998)			(29,172)			(27,893)			(25,637)
Other Assets	296,114			295,106			297,837			300,175
Total Assets	$ 4,166,777			$ 4,218,855			$ 4,320,601			$ 4,411,865
LIABILITIES:										
Noninterest Bearing Deposits	$ 1,416,825			$ 1,474,574			$ 1,539,877			$ 1,601,750
NOW Accounts	1,138,461	$ 3,696	1.29 %	1,125,171	$ 3,489	1.23 %	1,200,400	$ 3,038	1.01 %	1,228,928
Money Market Accounts	318,844	1,421	1.77	322,623	1,294	1.59	288,466	747	1.04	267,573
Savings Accounts	557,579	202	0.14	579,245	200	0.14	602,848	120	0.08	629,388
Time Deposits	116,797	553	1.88	95,203	231	0.96	87,973	103	0.47	89,675
Total Interest Bearing Deposits	2,131,681	5,872	1.09	2,122,242	5,214	0.97	2,179,687	4,008	0.74	2,215,564
Total Deposits	3,548,506	5,872	0.66	3,596,816	5,214	0.58	3,719,564	4,008	0.43	3,817,314
Repurchase Agreements	26,831	199	2.94	25,356	190	2.98	17,888	115	2.58	9,343
Other Short-Term Borrowings	16,906	310	7.29	24,306	440	7.17	17,834	336	7.54	37,766
Subordinated Notes Payable	52,887	627	4.64	52,887	625	4.62	52,887	604	4.52	52,887
Other Long-Term Borrowings	336	5	4.72	387	4	4.73	431	5	4.80	480
Total Interest Bearing Liabilities	2,228,641	$ 7,013	1.25 %	2,225,178	$ 6,473	1.15 %	2,268,727	$ 5,068	0.90 %	2,316,040

Other Liabilities	78,772			83,099			84,305			81,206
Total Liabilities	3,724,238			3,782,851			3,892,909			3,998,996
Temporary Equity	7,423			8,424			8,935			8,802
SHAREOWNERS' EQUITY:	435,116			427,580			418,757			404,067
Total Liabilities, Temporary Equity and Shareowners' Equity	$ 4,166,777			$ 4,218,855			$ 4,320,601			$ 4,411,865
Interest Rate Spread		$ 39,264	3.55 %		$ 39,367	3.54 %		$ 40,224	3.67 %	
Interest Income and Rate Earned[1]		46,277	4.80		45,840	4.69		45,292	4.57	
Interest Expense and Rate Paid[2]		7,013	0.73		6,473	0.66		5,068	0.51	
Net Interest Margin		$ 39,264	4.07 %		$ 39,367	4.03 %		$ 40,224	4.06 %	

[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:
Jep Larkin
Executive Vice President and Chief Financial Officer
850.402. 8450

Capital City Bank Group

Source: Capital City Bank Group