UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2006

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from ___________ to ___________

Commission File Number: 0-13358

CAPITAL CITY BANK GROUP, INC.
(Exact name of registrant as specified in its charter)

Florida	59-2273542
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

217 North Monroe Street, Tallahassee, Florida	32301
(Address of principal executive office)	(Zip Code)

(850) 671-0300
Registrant's telephone number, including area code:

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer[ ]   Accelerated filer[X]   Non-accelerated filer[ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

At April 28, 2006, 18,666,607 shares of the Registrant's Common Stock, $.01 par value, were outstanding.

CAPITAL CITY BANK GROUP, INC.

QUARTERLY REPORT FOR THE PERIOD ENDED MARCH 31, 2006

TABLE OF CONTENTS

<TABLE>

PART I		PAGE
<S>	<C>	<C>
1.	Consolidated Financial Statements	4
2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	15
3.	Quantitative and Qualitative Disclosure About Market Risk	29
4.	Controls and Procedures	31

PART II

1.	Legal Proceedings	32
1.A.	Risk Factors	32
2.	Unregistered Sales of Equity Securities and Use of Proceeds	32
3.	Defaults Upon Senior Securities	32
4.	Submission of Matters to a Vote of Security Holders	32
5.	Other Information	32
6.	Exhibits	32
Signatures		33

</TABLE>

INTRODUCTORY NOTE:
Caution Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among others, statements about our beliefs, plans, objectives, goals, expectations, estimates and intentions that are subject to significant risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. The words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "target," "goal," and similar expressions are intended to identify forward-looking statements.

All forward-looking statements, by their nature, are subject to risks and uncertainties. Our actual future results may differ materially from those set forth in our forward-looking statements.

For information concerning these factors and related matters, see Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Part II, Item 1A "Risk Factors" in this Quarterly Report on Form 10-Q, and the following sections of our Annual Report on Form 10-K for the year ended December 31, 2005 (the "2005 Form 10-K"): (a) "Introductory Note"; (b) "Risk Factors" in Part I, Item 1A; and (c) "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7. However, other factors besides those referenced also could adversely affect our results, and you should not consider any such list of factors to be a complete set of all potential risks or uncertainties. Any forward-looking statements made by us or on our behalf speak only as of the date they are made. We do not undertake to update any forward-looking statement, except as required by applicable law.

PART I. FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31
(Unaudited)

<TABLE>

(Dollars In Thousands, Except Per Share Data)(1)	2006	2005
<S>	<C>	<C>
INTEREST INCOME		
Interest and Fees on Loans	$ 37,343	$ 28,842
Investment Securities:		
U.S. Treasury	79	136
U.S. Government Agencies and Corporations	814	820
States and Political Subdivisions	439	382
Other Securities	198	135
Funds Sold	539	159
Total Interest Income	39,412	30,474
INTEREST EXPENSE		
Deposits	7,722	4,309
Short-Term Borrowings	824	450

Subordinated Notes Payable	926	441
Other Long-Term Borrowings	810	720
Total Interest Expense	10,282	5,920
Net Interest Income	29,130	24,554
Provision for Loan Losses	667	410
Net Interest Income After Provision for Loan Losses	28,463	24,144
NONINTEREST INCOME		
Service Charges on Deposit Accounts	5,680	4,348
Data Processing	637	607
Asset Management Fees	1,050	1,112
Mortgage Banking Revenues	721	763
Other	4,957	4,230
Total Noninterest Income	13,045	11,060
NONINTEREST EXPENSE		
Salaries and Associate Benefits	15,430	12,560
Occupancy, Net	2,223	1,937
Furniture and Equipment	2,500	2,112
Intangible Amortization	1,530	1,196
Other	8,409	7,462
Total Noninterest Expense	30,092	25,267
Income Before Income Taxes	11,416	9,937
Income Taxes	3,995	3,560
NET INCOME	$ 7,421	$ 6,377
BASIC NET INCOME PER SHARE	$ .40	$ .36
DILUTED NET INCOME PER SHARE	$ .40	$ .36
Average Basic Shares Outstanding	18,651,746	17,700,071
Average Diluted Shares Outstanding	18,665,136	17,706,965

(1) All share and per share data have been adjusted to reflect the 5-for-4 stock split effective July 1, 2005.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

</TABLE>

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
AS OF MARCH 31, 2006 AND DECEMBER 31, 2005
(Unaudited)

<TABLE>

(Dollars In Thousands, Except Per Share Data)	March 31, 2006	December 31, 2005
<S>	<C>	<C>
ASSETS		
Cash and Due From Banks	$ 104,486	$ 105,195
Funds Sold and Interest Bearing Deposits	110,604	61,164
Total Cash and Cash Equivalents	215,090	166,359
Investment Securities, Available-for-Sale	180,760	171,019
Loans, Net of Unearned Interest	2,054,656	2,067,494
Allowance for Loan Losses	(17,279)	(17,410)
Loans, Net	2,037,377	2,050,084
Premises and Equipment, Net	76,693	73,818
Goodwill	84,810	84,829
Other Intangible Assets	24,148	25,622
Other Assets	55,841	53,731

Total Assets	$2,674,719	$2,625,462
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	$ 562,140	$ 559,492
Interest Bearing Deposits	1,547,016	1,519,854
Total Deposits	2,109,156	2,079,346
Short-Term Borrowings	89,105	82,973
Subordinated Notes Payable	62,887	62,887
Other Long-Term Borrowings	68,764	69,630
Other Liabilities	33,744	24,850
Total Liabilities	2,363,656	2,319,686
SHAREOWNERS' EQUITY		
Preferred Stock, $.01 par value, 3,000,000 shares authorized; no shares outstanding	-	-
Common Stock, $.01 par value; 90,000,000 shares authorized; 18,666,604 and 18,631,706 shares issued and outstanding at March 31, 2006 and December 31, 2005, respectively	187	186
Additional Paid-In Capital	84,291	83,304
Retained Earnings	227,920	223,532
Accumulated Other Comprehensive Loss, Net of Tax	(1,335)	(1,246)
Total Shareowners' Equity	311,063	305,776
Total Liabilities and Shareowners' Equity	$2,674,719	$2,625,462

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

</TABLE>

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREOWNERS' EQUITY
(Unaudited)

<TABLE>

(Dollars in Thousands, Except Per Share Data)	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Taxes	Total
<S>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 2005	$186	$83,304	$223,532	$(1,246)	$305,776
Comprehensive Income:					
Net Income	-	-	7,421	-	7,421
Net Change in Unrealized Loss On Available-for-Sale Securities	-	-	-	(89)	(89)
Total Comprehensive Income	-	-	-	-	7,332
Cash Dividends ($.1625 per share)	-	-	(3,033)	-	(3,033)
Stock Performance Plan Compensation	-	442	-	-	442
Issuance of Common Stock	1	545	-	-	546
Balance, March 31, 2006	$187	$84,291	$227,920	$(1,335)	$311,063

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

</TABLE>

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31
(Unaudited)

<TABLE>

(Dollars in Thousands)	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 7,421	$ 6,377
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Provision for Loan Losses	667	410
Depreciation	1,657	1,360
Net Securities Amortization	220	414
Amortization of Intangible Assets	1,530	1,196
Origination of Loans Held-for-Sale	(40,260)	(41,820)
Proceeds From Sale of Loans Held-for Sale	42,705	43,604
Net Gain From Sales of Loans Held-for-Sale	(721)	(763)
Non-Cash Compensation	442	338
Deferred Income Taxes	2,722	(497)
Net (Increase) Decrease in Other Assets	(2,019)	388
Net Increase in Other Liabilities	6,629	5,249
Net Cash Provided by Operating Activities	20,993	16,256
CASH FLOWS FROM INVESTING ACTIVITIES		
Securities Available-for-Sale:		
Purchases	(41,170)	-
Sales	-	-
Payments, Maturities, and Calls	31,024	17,632
Net Decrease (Increase) in Loans	9,828	(16,464)
Purchase of Premises & Equipment	(4,558)	(2,846)
Proceeds From Sales of Premises & Equipment	26	5
Net Cash Used In Investing Activities	(4,850)	(1,673)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase (Decrease) in Deposits	29,810	(5,528)
Net Increase (Decrease) in Short-Term Borrowings	2,711	(17,465)
Increase in Other Long-Term Borrowings	3,250	-
Repayment of Other Long-Term Borrowings	(694)	(531)
Dividends Paid	(3,033)	(2,691)
Issuance of Common Stock	546	70
Net Cash Provided By (Used In) Financing Activities	32,588	(26,145)
Net Increase (Decrease) in Cash and Cash Equivalents	48,731	(11,562)
Cash and Cash Equivalents at Beginning of Period	166,359	161,545
Cash and Cash Equivalents at End of Period	$215,090	$149,983
Supplemental Disclosure:		
Interest Paid on Deposits	$ 7,612	$ 4,372
Interest Paid on Debt	$ 2,558	$ 1,606
Taxes Paid	$ 27	$ 22
Loans Transferred to Other Real Estate	$ 488	$ 59
Issuance of Common Stock as Non-Cash Compensation	$ 644	$ 338
Transfer of Current Portion of Long-Term Borrowings to Short-Term Borrowings	$ 3,000	$ 43

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

</TABLE>

Notes to Consolidated Financial Statements

(1) MANAGEMENT'S OPINION AND ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, including Regulation S-X. Certain

information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. Prior period financial statements have been reformatted and/or amounts reclassified, as necessary, to conform with the current presentation.

In the opinion of management, the consolidated financial statements contain all adjustments, which are those of a recurring nature, and disclosures necessary to present fairly the financial position of the Company as of March 31, 2006 and December 31, 2005, the results of operations for the three month periods ended March 31, 2006 and 2005, and cash flows for the three month periods ended March 31, 2006 and 2005.

The Company and its subsidiary follow accounting principles generally accepted in the United States of America and reporting practices applicable to the banking industry. The principles that materially affect its financial position, results of operations and cash flows are set forth in the Notes to Consolidated Financial Statements which are included in the Company's 2005 Annual Report on Form 10-K.

Stock-Based Compensation

On January 1, 2006, the Company changed its accounting policy related to stock-based compensation in connection with the adoption of Statement of Financial Accounting Standards ("SFAS") No. 123R, "Share-Based Payment (Revised 2004)" ("SFAS 123R"). See Note 7 - Stock-Based Compensation for additional information.

(2) INVESTMENT SECURITIES

The amortized cost and related market value of investment securities available-for-sale at March 31, 2006 and December 31, 2005 were as follows:

<TABLE>

	March 31, 2006			
(Dollars in Thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury	$ 11,496	$ -	$ 59	$ 11,437
U.S. Government Agencies and Corporations	67,947	2	981	66,968
States and Political Subdivisions	69,017	24	620	68,421
Mortgage-Backed Securities	19,751	8	512	19,247
Other Securities(1)	14,687	-	-	14,687
Total Investment Securities	$182,898	$34	$2,172	$180,760

</TABLE>
<TABLE>

	December 31, 2005			
(Dollars in Thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury	$ 9,065	$ -	$ 50	$ 9,015
U.S. Government Agencies and Corporations	75,233	-	1,017	74,216
States and Political Subdivisions	53,611	44	512	53,143
Mortgage-Backed Securities	20,948	35	452	20,531
Other Securities(1)	14,114	-	-	14,114
Total Investment Securities	$172,971	$79	$2,031	$171,019

</TABLE>

(1) FHLB and FRB stock recorded at cost.

(3) LOANS

The composition of the Company's loan portfolio at March 31, 2006 and December 31, 2005 was as follows:

<TABLE>

(Dollars in Thousands)	March 31, 2006	December 31, 2005
<S>	<C>	<C>

Commercial, Financial and Agricultural	$ 209,642	$ 218,434
Real Estate - Construction	172,317	160,914
Real Estate - Commercial	693,617	718,741
Real Estate - Residential	566,356	553,124
Real Estate - Home Equity	163,189	165,337
Real Estate - Loans Held-for-Sale	3,967	4,875
Consumer	245,568	246,069
Loans, Net of Unearned Interest	$2,054,656	$2,067,494

</TABLE>

(4) ALLOWANCE FOR LOAN LOSSES

An analysis of the changes in the allowance for loan losses for the three-month periods ended March 31, 2006 and 2005, was as follows:

<TABLE>

(Dollars in Thousands)	March 31, 2006	March 31, 2005
<S>	<C>	<C>
Balance, Beginning of Period	$17,410	$16,037
Provision for Loan Losses	667	410
Recoveries on Loans Previously Charged-Off	428	428
Loans Charged-Off	(1,226)	(835)
Balance, End of Period	$17,279	$16,040

</TABLE>
<TABLE>

	March 31, 2006		December 31, 2005	
(Dollars in Thousands)	Balance	Valuation Allowance	Balance	Valuation Allowance
<S>	<C>	<C>	<C>	<C>
Impaired Loans:				
With Related Valuation Allowance	$4,129	$2,383	$5,612	$2,915
Without Related Valuation Allowance	$2,819	-	$1,658	-

</TABLE>
<TABLE>

	Three Months Ended	
(Dollars in Thousands)	March 31, 2006	December 31, 2005
<S>	<C>	<C>
Average Recorded Investment in Impaired Loans	$8,718	$9,786

</TABLE>

(5) INTANGIBLE ASSETS

The Company had intangible assets of $109.0 million and $110.5 million at March 31, 2006 and December 31, 2005, respectively. Intangible assets were as follows:

<TABLE>

	March 31, 2006		December 31, 2005	
(Dollars in Thousands)	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
<S>	<C>	<C>	<C>	<C>
Core Deposit Intangibles	$ 47,176	$24,723	$ 47,176	$23,312
Goodwill	88,596	3,786	88,615	3,786
Customer Relationship Intangible	1,867	353	1,867	305
Non-Compete Agreement	539	358	483	287
Total Intangible Assets	$138,178	$29,220	$138,141	$27,690

</TABLE>

Net Core Deposit Intangibles: As of March 31, 2006 and December 31, 2005, the Company had net core deposit intangibles of $22.5 million and $23.9 million, respectively. Amortization expense for the first three months of 2006 and 2005 was $1.4 million and $1.1 million, respectively. Estimated annual amortization expense is $5.6 million.

Goodwill: As of March 31, 2006 and December 31, 2005, the Company had goodwill, net of accumulated amortization, of $84.8 million. Goodwill is the Company's only intangible asset that is no longer subject to amortization under the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets."

Other: As of March 31, 2006 and December 31, 2005, the Company had a customer relationship intangible, net of accumulated amortization, of $1.5 million and $1.6 million, respectively. This intangible was booked as a result of the March 2004 acquisition of trust customer relationships from Synovus Trust Company. Amortization expense for the first three months of 2006 and 2005 was $48,000 and $47,000, respectively. Estimated annual amortization expense is $191,000 based on use of a 10-year useful life.

As of March 31, 2006 and December 31, 2005, the Company also had a non-compete intangible, net of accumulated amortization, of $181,000 and $196,000, respectively. This intangible was recorded as a result of the October 2004 acquisition of Farmers and Merchants Bank of Dublin, Georgia. Amortization expense for the first three months of 2006 and 2005 was $71,000 and $59,000, respectively. Estimated annual amortization expense for the remainder of 2006 is $181,000.

(6) DEPOSITS

The composition of the Company's interest-bearing deposits at March 31, 2006 and December 31, 2005 was as follows:

<TABLE>

(Dollars in Thousands)	March 31, 2006	December 31, 2005
<S>	<S>	<C>
NOW Accounts	$ 518,024	$ 520,878
Money Market Accounts	369,416	331,094
Savings Deposits	137,780	144,296
Time Deposits	521,796	523,586
Total Interest Bearing Deposits	$1,547,016	$1,519,854

</TABLE>

(7) STOCK-BASED COMPENSATION

In accordance with the Company's adoption of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123") in the first quarter of 2003, the cost related to stock-based associate compensation included in net income has been accounted for under the fair value method in all reported periods.

On January 1, 2006, the Company adopted SFAS 123R. The Company continues to include the cost of its share-based compensation plans in net income under the fair value method.

As of March 31, 2006, the Company had three stock-based compensation plans, consisting of the 2005 Associate Incentive Plan ("AIP"), the 2005 Associate Stock Purchase Plan, and the 2005 Director Stock Purchase Plan. For 2006, the Company also has a stock option arrangement with a key executive officer. Total compensation expense associated with these plans for the three months ended March 31, 2006 and 2005, was approximately $461,000 and $258,000, respectively.

2005 AIP. The Company's 2005 AIP allows the Company's Board of Directors to award key associates various forms of equity-based incentive compensation. Under the 2005 AIP, the Company has adopted the Stock-Based Incentive Plan (the "Incentive Plan"), effective January 1, 2006, which is a performance-based equity bonus plan for selected members of management, including all executive officers. Under the Incentive Plan, all participants are eligible to earn an equity award, consisting of performance shares, in each year of the five-year period ending December 31, 2010. Annual awards are tied to the annual earnings progression necessary to achieve the Project 2010 goal. The grant-date fair value of an annual compensation award is $1.5 million. A total of 43,437 shares are eligible for issuance annually.

At the end of each calendar year, the Compensation Committee will confirm whether the performance goals have been met prior to the payout of any awards. Any performance shares earned under the Incentive Plan will be issued in the calendar quarter following the calendar year in which the shares were earned.

In accordance with the provisions of SFAS 123R, the Company recognized expense of approximately $367,000 for the first quarter of 2006 related to the Incentive Plan. Under a substantially similar predecessor plan, the Company recognized expense of $166,000 for the first quarter of 2005. A total of 875,000 shares of common stock have been reserved for issuance under the 2005 AIP. To date, the Company has issued 28,093 shares of common stock.

2005 Director Stock Purchase Plan ("DSPP"). The Company's DSPP allows the directors to purchase the Company's common stock at a price equal to 90% of the closing price on the date of purchase. Stock purchases under the DSPP are limited to the amount of the directors' annual retainer and meeting fees. The DSPP has 93,750 shares reserved for issuance. A total of 11,623 shares have been issued since the inception of the DSPP. For the first quarter of 2006, the Company issued 5,034 shares under the DSPP and recognized $18,000 in expense related to this plan. For the first quarter of 2005, the Company issued 4,816 shares and recognized $14,000 in expense related to the DSPP.

2005 Associate Stock Purchase Plan ("ASPP"). Under the Company's ASPP, substantially all associates may purchase the Company's common stock through payroll deductions at a price equal to 90% of the lower of the fair market value at the beginning or end of each six-month offering period. Stock purchases under the ASPP are limited to 10% of an associate's eligible compensation, up to a maximum of $25,000 (fair market value on each enrollment date) in any plan year. Shares are issued at the beginning of the quarter following each six-month offering period. The ASPP has 593,750 shares of common stock reserved for issuance. A total of 26,938 shares have been issued since inception of the ASPP. For the first quarter of 2006, the Company recognized $23,000 in expense related to this plan. For the first quarter of 2005, the Company recognized $22,000 in expense related to the ASPP.

Based on the Black-Scholes option pricing model, the weighted average estimated fair value of the purchase rights granted under the ASPP Plan was $6.22 for the first quarter of 2006. For the first quarter of 2005, the weighted average fair value of the purchase rights granted was $5.64. In calculating compensation, the fair value of each stock purchase right was estimated on the date of grant using the following weighted average assumptions:

<TABLE>

	First Quarter	
	2006	2005
<S>	<C>	<C>
Dividend yield	1.8%	1.9%
Expected volatility	25.0%	26.0%
Risk-free interest rate	4.0%	2.2%
Expected life (in years)	0.5	0.5

</TABLE>

Executive Stock Option Agreement. In 2006, the Company's Board of Directors approved a stock option agreement for a key executive officer (William G. Smith, Jr. - Chairman, President and CEO, CCBG). Similar stock option agreements were approved in 2003-2005. These agreements grant a non-qualified stock option award upon achieving certain annual earnings per share conditions set by the Board, subject to certain vesting requirements. The options granted under the agreements have a term of ten years and vest at a rate of one-third on each of the first, second, and third anniversaries of the date of grant. Under the 2004 and 2003 agreements, 37,246 and 23,138 options, respectively, were issued, none of which has been exercised. The fair value of a 2004 option was $13.42, and the fair value of a 2003 option was $11.64. The exercise prices for the 2004 and 2003 options are $32.69 and $32.96, respectively. Under the 2005 agreement, the earnings per share conditions were not met; therefore, no economic value was earned by the executive. In accordance with the provisions of SFAS 123R and SFAS 123, the Company recognized expense of approximately $53,000 and $56,000 for the first quarter of 2006 and first quarter of 2005, respectively, related to the aforementioned agreements.

A summary of the status of the Company's nonvested option shares as of March 31, 2006 is presented below:

<TABLE>

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value

<S>	<C>	<C>	<C>	<C>
Outstanding at January 1, 2006	60,384	$32.83	8.6	$ 88,161
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited or expired	-	-	-	-
Outstanding at March 31, 2006	60,384	$32.83	8.4	$164,244
Exercisable at March 31, 2006	27,841	$32.83	8.4	$ 75,728

</TABLE>

As of March 31, 2006, there was $268,000 of total unrecognized compensation cost related to the nonvested option shares granted under the agreements. That cost is expected to be recognized over a remaining weighted-average period of 16 months.

(8) EMPLOYEE BENEFIT PLANS

The components of the net periodic benefit costs for the Company's qualified benefit pension plan and Supplemental Executive Retirement Plan ("SERP") were as follows:

<TABLE>

	Three months ended March 31,			
	Qualified Plan		SERP	
(Dollars in Thousands)	2006	2005	2006	2005
<S>	<C>	<C>	<C>	<C>
Discount Rate	5.75%	6.00%	5.75%	6.00%
Long-Term Rate of Return on Assets	8.00%	8.00%	N/A	N/A
Service Cost	$1,250	$1,040	$ 30	$ 35
Interest Cost	875	800	56	54
Expected Return on Plan Assets	(975)	(798)	N/A	N/A
Prior Service Cost Amortization	50	55	15	15
Net Loss Amortization	375	295	19	21
Net Periodic Benefit Cost	$1,575	$1,392	$120	$125

</TABLE>

(9) COMMITMENTS AND CONTINGENCIES

Lending Commitments. The Company is a party to financial instruments with off-balance sheet risks in the normal course of business to meet the financing needs of its clients. These financial instruments consist of commitments to extend credit and standby letters of credit.

The Company's maximum exposure to credit loss under standby letters of credit and commitments to extend credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in establishing commitments and issuing letters of credit as it does for on-balance sheet instruments. As of March 31, 2006, the amounts associated with the Company's off-balance sheet obligations were as follows:

<TABLE>

(Dollars in Thousands)	Amount
<S>	<C>
Commitments to Extend Credit(1)	$440,312
Standby Letters of Credit	$ 18,901

(1) Commitments include unfunded loans, revolving lines of credit, and other unused commitments.
</TABLE>

Commitments to extend credit are agreements to lend to a customer so long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Contingencies. The Company is a party to lawsuits and claims arising out of the normal course of business. In management's opinion, there are no known pending claims or litigation, the outcome of which would, individually or in the aggregate, have a material effect on the consolidated results of operations, financial position, or cash flows of the Company.

(10) COMPREHENSIVE INCOME

SFAS No. 130, "Reporting Comprehensive Income," requires that certain transactions and other economic events that bypass the income statement be displayed as other comprehensive income (loss). The Company's comprehensive income consists of net income and changes in unrealized gains (losses) on securities available-for-sale, net of income taxes. Changes in unrealized gains (losses), net of taxes, on securities totaled $(89,000) and $(797,000) for the three months ended March 31, 2006 and 2005, respectively.

<TABLE>

QUARTERLY FINANCIAL DATA (UNAUDITED)
(Dollars in Thousands, Except Per Share Data)(1)

	2006	2005				2004		
	First	Fourth	Third	Second	First	Fourth	Third	Second
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Summary of Operations:								
Interest Income	$ 39,412	$ 38,780	$ 36,889	$ 33,910	$ 30,474	$ 29,930	$ 24,660	$ 24,265
Interest Expense	10,282	9,470	7,885	6,788	5,920	5,634	3,408	3,221
Net Interest Income	29,130	29,310	29,004	27,122	24,554	24,296	21,252	21,044
Provision for Loan Losses	667	1,333	376	388	410	300	300	580
Net Interest Income After Provision for Loan Losses	28,463	27,977	28,628	26,734	24,144	23,996	20,952	20,464
Gain on Sale of Credit Card Portfolios	-	-	-	-	-	324	6,857	-
Noninterest Income	13,045	12,974	13,123	12,041	11,060	11,596	10,864	11,031
Conversion/ Merger Expense	-	24	180	234	-	436	68	4
Noninterest Expense	30,092	29,318	28,429	26,362	25,267	24,481	21,565	21,597
Income Before Provision for Income Taxes	11,416	11,609	13,142	12,179	9,937	10,999	17,040	9,894
Provision for Income Taxes	3,995	4,150	4,565	4,311	3,560	3,737	6,221	3,451
Net Income	$ 7,421	$ 7,459	$ 8,577	$ 7,868	$ 6,377	$ 7,262	$ 10,819	$ 6,443
Net Interest Income (FTE)	$ 29,461	$ 29,652	$ 29,329	$ 27,396	$ 24,835	$ 24,619	$ 21,528	$ 21,333
Per Common Share:								
Net Income Basic	$ .40	$ .40	$ .46	$ .44	$ .36	$ .40	$ .66	$ .38
Net Income Diluted	.40	.40	.46	.44	.36	.40	.66	.38
Dividends Declared	.163	.163	.152	.152	.152	.152	.144	.144
Diluted Book Value	16.65	16.39	16.17	15.87	14.69	14.51	13.19	12.64
Market Price:								
High	37.97	39.33	38.72	33.46	33.60	36.78	32.96	

								34.52
Low	33.79	33.21	31.78	28.02	29.30	30.17	26.66	28.40
Close	35.55	34.29	37.71	32.32	32.41	33.44	30.97	31.67
Selected Average Balances:								
Loans	$2,048,642	$2,062,775	$2,046,968	$1,932,637	$1,827,327	$1,779,736	$1,524,401	$1,491,142
Earning Assets	2,275,667	2,279,010	2,250,902	2,170,483	2,047,049	2,066,111	1,734,708	1,721,655
Assets	2,604,458	2,607,597	2,569,524	2,458,788	2,306,807	2,322,870	1,941,372	1,929,485
Deposits	2,040,248	2,027,017	2,013,427	1,932,144	1,847,378	1,853,588	1,545,224	1,538,630
Shareowners' Equity	311,461	306,208	300,931	278,107	260,946	248,773	217,273	210,211
Common Equivalent Average Shares:								
Basic	18,652	18,624	18,623	18,094	17,700	17,444	16,604	16,593
Diluted	18,665	18,654	18,649	18,102	17,708	17,451	16,609	16,596
Ratios:								
ROA	1.16%	1.14%	1.32%	1.28%	1.12%	1.24%	2.22%(2)	1.34%
ROE	9.66%	9.67%	11.31%	11.35%	9.91%	11.61%	19.81%(2)	12.33%
Net Interest Margin (FTE)	5.25%	5.16%	5.17%	5.07%	4.92%	4.75%	4.94%	4.99%
Efficiency Ratio	67.20%	65.22%	63.60%	63.56%	67.06%	63.85%	52.60%(2)	63.87%

(1) All share and per share data have been adjusted to reflect the 5-for-4 stock split effective July 1, 2005.

(2) Includes $6.9 million ($4.2 million after-tax) one-time gain on sale of credit card portfolio.

</TABLE>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis ("MD&A") provides supplemental information, which sets forth the major factors that have affected our financial condition and results of operations and should be read in conjunction with the Consolidated Financial Statements and related notes. The MD&A is divided into subsections entitled "Business Overview," "Financial Overview," "Results of Operations," "Financial Condition," "Liquidity and Capital Resources," "Off-Balance Sheet Arrangements," and "Accounting Policies." Information therein should facilitate a better understanding of the major factors and trends that affect our earnings performance and financial condition, and how our performance during 2006 compares with prior years. Throughout this section, Capital City Bank Group, Inc., and its subsidiary, collectively, are referred to as "CCBG," "Company," "we," "us," or "our." Capital City Bank is referred to as "CCB" or the "Bank."

The period-to-date averages used in this report are based on daily balances for each respective period. In certain circumstances, comparing average balances for the comparable quarters of consecutive years may be more meaningful than simply analyzing year-to-date averages. Therefore, where appropriate, quarterly averages have been presented for analysis and have been noted as such. See Table I for average balances and interest rates presented on a quarterly basis.

The following discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including this MD&A section, contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among others, statements about our beliefs, plans, objectives, goals, expectations, estimates and intentions that are subject to significant risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. The words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "target," "goal," and similar expressions are intended to identify forward-looking statements.

All forward-looking statements, by their nature, are subject to risks and uncertainties. Our actual future results may differ materially from those set forth in our forward-looking statements. Please see the Introductory

Note and Item 1A. Risk Factors of our Annual Report on Form 10-K, which should be read in conjunction with this Quarterly Report (as updated by Item 1A, "Risk Factors," in Part II of this Quarterly Report), and in our other filings made from time to time with the SEC after the date of this report. Our ability to achieve our financial objectives could be adversely affected by the factors discussed in detail in Item 1A, "Risk Factors," in our Annual Report on Form 10-K, as well as:

* our ability to integrate the business and operations of companies and banks that we have acquired, and those we may acquire in the future;
* strength of the United States economy in general and the strength of the local economies in which we conduct operations;
* effects of harsh weather conditions, including hurricanes;
* inflation, interest rate, market and monetary fluctuations;
* effect of changes in the stock market and other capital markets;

* legislative or regulatory changes;
* willingness of customers to accept third-party products and services for our products and services and vice versa;
* changes in the securities and real estate markets;
* increased competition and its effect on pricing;
* technological changes;
* changes in monetary and fiscal policies of the U.S. government;
* changes in consumer spending and savings habits;
* growth and profitability of our noninterest income;
* changes in accounting principles, policies, practices or guidelines;
* other risks described from time to time in filings with the Securities and Exchange Commission; and
* our ability to manage the risks involved in the foregoing.

However, other factors besides those listed above, in our Quarterly Report or in our Annual Report also could adversely affect our results, and you should not consider any such list of factors to be a complete set of all potential risks or uncertainties. Any forward-looking statements made by us or on our behalf speak only as of the date they are made. We do not undertake to update any forward-looking statement, except as required by applicable law.

BUSINESS OVERVIEW

We are a financial holding company headquartered in Tallahassee, Florida and are the parent of our wholly-owned subsidiary, Capital City Bank (the "Bank"). The Bank offers a broad array of products and services through a total of 69 full-service offices located in Florida, Georgia, and Alabama. The Bank also has mortgage lending offices in three additional Florida communities, and one Georgia community. The Bank offers commercial and retail banking services, as well as trust and asset management, merchant services, brokerage and data processing services.

Our profitability, like most financial institutions, is dependent to a large extent upon net interest income, which is the difference between the interest received on earning assets, such as loans and securities, and the interest paid on interest-bearing liabilities, principally deposits and borrowings. Results of operations are also affected by the provision for loan losses, operating expenses such as salaries and employee benefits, occupancy and other operating expenses including income taxes, and non-interest income such as service charges on deposit accounts, asset management and trust fees, mortgage banking revenues, merchant services, brokerage and data processing revenues.

Our philosophy is to grow and prosper, building long-term relationships based on quality service, high ethical standards, and safe and sound banking practices. We are a super-community bank in the relationship banking business with a locally oriented, community-based focus, which is augmented by experienced, centralized support in select specialized areas. Our local market orientation is reflected in our network of banking office locations, experienced community executives, and community advisory boards which support our focus on responding to local banking needs. We strive to offer a broad array of sophisticated products and to provide quality service by empowering

associates to make decisions in their local markets.

Pursuant to our long-term strategic initiative, "Project 2010", we have continued our expansion, emphasizing a combination of growth in existing markets and acquisitions. Acquisitions will continue to be focused on a three state area including Florida, Georgia, and Alabama with a particular focus on financial institutions, which are $100 million to $400 million in asset size and generally located on the outskirts of major metropolitan areas. We continue to evaluate de novo expansion opportunities in attractive new markets in the event that acquisition opportunities are not feasible. Other expansion opportunities that will be evaluated include asset management, insurance, and mortgage banking.

Recent Acquisitions. On May 20, 2005, we completed our merger with First Alachua Banking Corporation ("FABC"), headquartered in Alachua, Florida. We issued approximately 906,000 shares of common stock and paid approximately $29.0 million in cash for a total purchase price of $58.0 million. FABC's wholly-owned subsidiary, First National Bank of Alachua, had $228.3 million in assets at closing with seven offices in Alachua County and an eighth office in Hastings, Florida, which is in St. Johns County.

FINANCIAL OVERVIEW

A summary overview of our financial performance for the first quarter of 2006 versus the first quarter of 2005 is provided below. Results for the first quarter of 2006 include the impact of the acquisition of FABC in May 2005.

Highlights -

* Quarterly earnings totaled $7.4 million, or $0.40 per diluted share, increases of 16.4% and 11.1%, respectively.

* Earnings improvement driven by growth in operating revenue reflective of an 18.6% increase in net interest income and 17.9% increase in noninterest income.

* Growth in net interest income is reflective of loan growth from the May 2005 acquisition and strong organic loan growth throughout 2005, and improvement in the net interest margin.

* Net interest margin improved 33 basis points primarily due to a favorable re-pricing on existing assets and higher yields on new loan production.

* Growth in noninterest income is primarily due to a 30.6% increase in deposit service charge fees primarily reflective of growth in free checking accounts.

* Continued strong credit quality as reflected by a nonperforming asset ratio of .28% and an annualized net charge-off ratio of .16%.

* We remain well capitalized with a risk based capital ratio of 13.94%.

RESULTS OF OPERATIONS

Net Income

Earnings were $7.4 million, or $.40 per diluted share, for the first quarter of 2006. This compares to $6.4 million, or $.36 per diluted share for the first quarter of 2005, increases of 16.4% and 11.1%, respectively. Results include the impact of the acquisition of FABC in May 2005.

The increase in our earnings was primarily attributable to an increase in operating revenue (defined as net interest income plus noninterest income) of $6.6 million, or 18.4%, partially offset by an increase in our loan loss provision of $257,000, or 62.7%, noninterest expense of $4.8 million, or 19.1%, and income taxes of $435,000,

or 12.2%. The increase in operating revenue reflects an 18.6% increase in net interest income and a 17.9% increase in noninterest income. The increase in net interest income is attributable to loan growth and an improving net interest margin. Our noninterest income increased because of higher deposit service charge fees, retail brokerage fees, and card processing fees. The higher loan loss provision reflects a higher level of required reserves. Higher expense for compensation and occupancy drove the increase in noninterest expense.

A condensed earnings summary is presented below:

<TABLE>

(Dollars in Thousands)	For the Three Months Ended March 31, 2006	2005
Interest Income	$39,412	$30,474
Taxable Equivalent Adjustment(1)	331	281
Interest Income (FTE)	39,743	30,755
Interest Expense	10,282	5,920
Net Interest Income (FTE)	29,461	24,835
Provision for Loan Losses	667	410
Taxable Equivalent Adjustment	331	281
Net Int. Inc. After Provision	28,463	24,144
Noninterest Income	13,045	11,060
Noninterest Expense	30,092	25,267
Income Before Income Taxes	11,416	9,937
Income Taxes	3,995	3,560
Net Income	$ 7,421	$ 6,377
Percent Change	16.37%	30.84%
Return on Average Assets(2)	1.16%	1.12%
Return on Average Equity(2)	9.66%	9.91%

(1) Computed using a statutory tax rate of 35%
(2) Annualized

</TABLE>

Net Interest Income

Net interest income represents our single largest source of earnings and is equal to interest income and fees generated by earning assets, less interest expense paid on interest bearing liabilities. First quarter taxable-equivalent net interest income increased $4.6 million, or 18.6%, over the comparable quarter in 2005. This increase was caused by the effect of our acquisition of FABC, higher earning asset yields and a slight improvement in earning asset mix, partially offset by higher funding costs and change in deposit mix. The increase in yields and funding costs are a result of the higher interest rate environment. The combination of these factors resulted in a 33 basis point improvement in the net interest margin as compared to the first quarter of 2005. Table I provides a comparative analysis of our average balances and interest rates.

For the first quarter of 2006, taxable-equivalent interest income increased $9.0 million, or 29.2% over the comparable quarter in 2005. The increase was attributable to a change in earning asset mix, higher yields on earning assets, and the acquisition of FABC. Earning asset yields improved 100 basis points to 7.08% in the first quarter of 2006 from 6.09% in the first quarter of 2005 and 6.81% from the prior quarter, primarily attributable to the higher interest rate environment. We anticipate that our income on earning assets will expand during the second quarter due to the higher rate environment.

Interest expense for the first quarter increased $4.4 million, or 73.7%, from the comparable prior-year period. The unfavorable variance is attributable to higher rates paid on all interest bearing liabilities and an increase in long-term debt costs resulting from debt secured to fund the FABC acquisition. The average rate

paid on interest bearing liabilities of 2.39% in the first quarter of 2006 represents an increase of 22 and 78 basis points, respectively, over the fourth and first quarters of 2005. We anticipate that our interest expense will continue to increase in the second quarter as a result of the higher rate environment and increased competition.

Our interest rate spread (defined as the average federal taxable-equivalent yield on earning assets less the average rate paid on interest bearing liabilities) increased from 4.48% in the first quarter of 2005 to 4.69% in the comparable period of 2006, reflecting the higher yield on earning assets.

Our net yield on earning assets (defined as federal taxable-equivalent net interest income divided by average earning assets) was 5.25% in the first three months of 2006, versus 4.92% in the first three months of 2005. The increase in margin reflects higher asset yields driven by rising interest rates. If interest rates continue to rise at a measured pace, we anticipate that the net yield on earning assets will remain constant or may slightly improve during the second quarter of 2006 as higher yields will only be partially offset by the rising costs of funds. Net interest income is expected to expand slightly during the second quarter, which is attributable to anticipated higher net yield on earning assets, favorable shift in mix of earning assets and other factors noted above.

Provisions for Loan Losses

The provision for loan losses of $667,000 for the quarter was higher than the first quarter of 2005 due to a higher level of required reserves based on our analysis of the allowance for loan losses at quarter-end. Net charge-offs totaled $798,000, or .16% of average loans for the quarter compared to $407,000, or .09% for the first quarter of 2005. At quarter-end the allowance for loan losses was .84% of outstanding loans and provided coverage of 331% of nonperforming loans.

Detail of charge-off activity for the respective periods is set forth below:

<TABLE>

	Three Months Ended March 31,	
(Dollars in Thousands)	2006	2005
<S>	<C>	<C>
CHARGE-OFFS		
Commercial, Financial and Agricultural	$ 322	$ 88
Real Estate - Construction	-	-
Real Estate - Commercial	291	4
Real Estate - Residential	22	25
Consumer	591	718
Total Charge-offs	1,226	835
RECOVERIES		
Commercial, Financial and Agricultural	62	9
Real Estate - Construction	-	-
Real Estate - Commercial	3	-
Real Estate - Residential	7	2
Consumer	356	417
Total Recoveries	428	428
Net Charge-offs	$ 798	$ 407
Net Charge-Offs (Annualized) as a Percent of Average Loans Outstanding, Net of Unearned Interest	.16%	.09%

</TABLE>

Noninterest Income

Noninterest income increased $2.0 million, or 17.9%, from the first quarter of 2005 primarily due to higher deposit service charge fees, retail brokerage fees, card processing fees, and other income. Noninterest income represented 30.9% of operating revenues in the first quarter of 2006 compared to 31.1% for the same period in 2005.

The table below reflects the major components of noninterest income.

<TABLE>

	Three Months Ended March 31,	
(Dollars in Thousands)	2006	2005
<S>	<C>	<C>
Noninterest Income:		
Service Charges on Deposit Accounts	$ 5,680	$ 4,348
Data Processing	637	607
Asset Management Fees	1,050	1,112

Retail Brokerage Fees	483	299
Mortgage Banking Revenues	721	763
Merchant Services Fees	1,725	1,564
Interchange Fees	675	491
ATM/Debit Card Fees	599	538
Other	1,475	1,338
Total Noninterest Income	$13,045	$11,060

</TABLE>

Various significant components of noninterest income are discussed in more detail below.

Service Charges on Deposit Accounts. Deposit service charge fees increased $1.3 million, or 30.6%, from the comparable period in 2005. The increase reflects higher overdraft and nonsufficient funds fees due primarily to growth in deposit accounts attributable to an increase in free checking accounts.

Asset Management Fees. Income from asset management activities decreased $62,000, or 5.6%, from the comparable period in 2005.

Mortgage Banking Revenues. Mortgage banking revenues decreased $42,000, or 5.5%, from the comparable period in 2005. The decrease reflects the local and national trend of a slower housing market and a decreased level of refinance activity. The residential pipeline picked up momentum toward the end of the first quarter and is now at a level slightly lower than the first quarter of 2005.

Card Fees. Card processing fees (including merchant services fees, interchange fees, and ATM/debit card fees) increased $406,000, or 15.7%, over the comparable period in 2005 due to growth in transaction volume.

Other. Other income increased $137,000, or 10.2%, over the comparable period in 2005 due primarily to increases in credit life/vendor single interest commission fees and check printing fees.

Noninterest Expense

Noninterest expense in the first quarter of 2006 increased $4.8 million, or 19.1%, over the first quarter of 2005.

The table below reflects the major components of noninterest expense.

<TABLE>

(Dollars in Thousands)	Three Months Ended March 31, 2006	2005
<S>	<C>	<C>
Noninterest Expense:		
Salaries	$11,715	$ 9,658
Associate Benefits	3,715	2,902
Total Compensation	15,430	12,560
Premises	2,223	1,937
Equipment	2,500	2,112
Total Occupancy	4,723	4,049
Legal Fees	517	368
Professional Fees	754	696
Processing Services	434	399
Advertising	999	1,200
Travel and Entertainment	386	265
Printing and Supplies	607	451
Telephone	622	519
Postage	281	325
Intangible Amortization	1,530	1,196
Interchange Fees	1,494	1,341
Courier Service	330	308
Miscellaneous	1,985	1,590
Total Other	9,939	8,658
Total Noninterest Expense	$30,092	$25,267

</TABLE>

Various significant components of noninterest expense are discussed in more detail below.

Compensation. Salaries and associate benefit expense increased $2.9 million, or 22.9%, over the first quarter of 2005. This increase is due primarily to higher associate salaries and payroll taxes of $1.4 million, higher cash performance based compensation of $387,000 (cash incentive and profit participation), higher stock based compensation of $223,000, higher benefit expense (insurance and pension) of $483,000, and lower realized loan cost of $235,000. The increase in associate salaries and payroll tax expenses primarily reflects the addition of associates from the FABC acquisition in May 2005 and annual merit/market based raises for associates. The increase in cash performance based compensation reflects a higher achievement rate of performance goals. Higher stock based compensation reflects an increase in plan participants and higher target awards due to the adoption of our new Stock-Based Incentive Plan. The increase in expense for insurance and pension benefits is also reflective of an increase in eligible participants. Realized loan cost reflects the impact of SFAS No. 91, which requires deferral and amortization of loan costs that are accounted for as a credit offset to salary expense. The decrease in loan production for the quarter reduced the amount of this offset as compared to the first quarter of 2005.

Occupancy. Occupancy expense (including premises and equipment) increased $674,000, or 16.7%, over the first quarter of 2005. We experienced increases in depreciation of $297,000, maintenance and repairs (building and FF&E) of $135,000, utilities of $72,000, and maintenance agreements (FF&E) of $173,000 from the comparable period in 2005, all of which reflect the increase in the number of banking offices from recent acquisitions and new banking office openings during the later part of 2005.

Other. Other noninterest expense increased $1.3 million, or 14.8%, over the first quarter of 2005. Legal fees have increased due to a general increase in legal services tied to corporate activities. The higher expense for travel and entertainment is linked primarily to associate related events that took place during the quarter. The increase in printing and supplies expense was driven by an increase

in the number of banking offices requiring printed brochures for bank products and services, and supplies. Telephone expense increased also due to an increase in banking offices. The increase in intangible amortization reflects new core deposit amortization from the FABC acquisition. The increase in interchange fees is due to increased merchant card transaction volume. Miscellaneous expense grew due to increases in other losses, ATM/debit card production, associate hiring expense, and seminars/education expense.

Net noninterest expense (noninterest income minus noninterest expense, excluding intangible amortization) as a percent of average assets was 2.38% in the first quarter of 2006 compared to 2.29% in 2005. Our efficiency ratio (noninterest expense, excluding intangible amortization, expressed as a percent of the sum of taxable-equivalent net interest income plus noninterest income) was 67.20% in the first quarter 2006 compared to 67.06% for the comparable quarter in 2005.

Income Taxes

The provision for income taxes increased $435,000, or 12.2%, over the first quarter of 2005, reflecting higher taxable income. Our effective tax rate for the first quarter of 2006 was 35.1% compared to 35.8% for the same quarter in 2005. The decrease in the effective tax rate is primarily attributable to a higher level of tax-free securities income.

FINANCIAL CONDITION

Asset and liability balances include the integration of FABC in May 2005.

Average assets decreased $3.1 million, or .12%, to $2.604 billion for the quarter-ended March 31, 2006 from $2.607 billion in the fourth quarter of 2005. Average earning assets of $2.276 billion decreased $3.3 million, or ..15%, from the fourth quarter of 2005, attributable to a $14.1 million decline in average loans and a $6.5 million decline in average investment securities, partially offset by a $17.3 million increase in average short term investments. These variances are discussed in more detail below.

Funds Sold

We ended the first quarter with approximately $29.5 million in average net overnight funds sold, compared to $5.7 million net overnight funds purchased in the fourth quarter of 2005. The improvement reflects the increase in deposits that is discussed in further detail below (Deposits). Growth in deposits during the quarter helped to reduce the reliance on purchasing

overnight funds.

Investment Securities

Our investment portfolio is a significant component of our operations and, as such, it functions as a key element of liquidity and asset/liability management. As of March 31, 2006, the average investment portfolio decreased $6.5 million, or 3.6%, from the fourth quarter of 2005. We will continue to evaluate the need to purchase securities for the investment portfolio throughout 2006, taking into consideration liquidity needed to fund loan growth and to meet pledging requirements.

Securities classified as available-for-sale are recorded at fair value and unrealized gains and losses associated with these securities are recorded, net of tax, as a separate component of shareowners' equity. At March 31, 2006 and December 31, 2005, shareowners' equity included a net unrealized loss of $1.3 million and $1.2 million, respectively.

Loans

Average loans for the first quarter decreased $14.1 million, or .69%, from the fourth quarter, due to higher than expected loan activity (principal pay-downs and pay-offs). Lower than expected loan production was realized during the first quarter, however,

the pipeline of new loan requests has accelerated and net loan growth is expected in the second quarter.

Our nonperforming loans were $5.2 million at March 31, 2006 versus $5.3 million at December 31, 2005. As a percent of nonperforming loans, the allowance for loan losses represented 331% at March 31, 2006 and December 31, 2005. Nonperforming loans include nonaccruing and restructured loans. Other real estate, which includes property acquired either through foreclosure or by receiving a deed in lieu of foreclosure, was $0.6 million at March 31, 2006 versus $0.3 million at December 31, 2005. The ratio of nonperforming assets as a percent of loans plus other real estate was .28% at March 31, 2006, compared to .27% at December 31, 2005.

We maintain an allowance for loan losses at a level sufficient to provide for the estimated credit losses inherent in the loan portfolio as of the balance sheet date. Credit losses arise from borrowers' inability or unwillingness to repay, and from other risks inherent in the lending process, including collateral risk, operations risk, concentration risk and economic risk. All related risks of lending are considered when assessing the adequacy of the loan loss reserve. The allowance for loan losses is established through a provision charged to expense. Loans are charged against the allowance when management believes collection of the principal is unlikely. The allowance for loan losses is based on management's judgment of overall loan quality. This is a significant estimate based on a detailed analysis of the loan portfolio. The balance can and will change based on changes in the assessment of the portfolio's overall credit quality. We evaluate the adequacy of the allowance for loan losses on a quarterly basis.

The allowance for loan losses at March 31, 2006 was $17.3 million, compared to $17.4 million at December 31, 2005. At March 31, 2006 and December 31, 2005, the allowance represented 0.84% of total loans. While there can be no assurance that we will not sustain loan losses in a particular period that are substantial in relation to the size of the allowance, our assessment of the loan portfolio does not indicate a likelihood of this occurrence. It is management's opinion that the allowance at March 31, 2006 is adequate to absorb losses inherent in the loan portfolio at quarter-end.

Deposits

Average deposits for the first quarter of 2006 increased $16.2 million, or ..80% from the fourth quarter of 2005 due to continued strong increases in NOW ($26.5 million) and money market ($35.7 million) account balances. The increases reflect new free checking deposits and an increase in Cash Power money market balances.

The ratio of average noninterest bearing deposits to total deposits was 25.7% for the first quarter of 2006, compared to 26.8% for the fourth quarter of 2005. The decline in the percentage is attributable to the strong growth in interest bearing nonmaturity deposits, primarily interest bearing free checking accounts and Cash Power money market accounts. For the same period, the ratio of average interest bearing liabilities to average earning assets was 76.6% and 75.8%, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

General. Liquidity for a banking institution is the availability of funds to meet increased loan demand, excessive deposit withdrawals, and the payment of other contractual cash obligations. Management monitors our financial position in an effort to ensure we have ready access to sufficient liquid funds to meet normal transaction requirements and take advantage of investment opportunities and cover unforeseen liquidity demands. In addition to core deposit growth, sources of funds available to meet liquidity demands include cash received through ordinary business activities (i.e., collection of interest and fees), federal funds sold, loan and investment maturities, our bank lines of credit, approved lines for the purchase of federal funds by CCB and Federal Home Loan Bank ("FHLB") advances.

Average liquidity (defined as funds sold and interest bearing deposits with other banks) for the first quarter of 2006 was approximately $49.6 million, an increase of $17.3 million from the fourth quarter of 2005. The increase is primarily reflective of deposit growth. Management expects liquidity levels to decline in the second quarter due to funding of planned loan growth.

Borrowings. We have the ability to draw on a $25.0 million Revolving Credit Note, due on October 15, 2007. Interest is payable quarterly at LIBOR plus an applicable margin on advances. The revolving credit is unsecured. The existing loan agreement contains certain financial covenants that we must maintain. At March 31, 2006, we were in compliance with all of the terms of the agreement and had $25.0 million available under the credit facility.

For the first three months of the year, the Bank made scheduled FHLB advance payments totaling approximately $0.7 million and obtained one new FHLB advance for $3.2 million.

We issued a $32.0 million junior subordinated deferrable interest note in May 2005 to a wholly owned Delaware statutory trust, Capital City Bank Group Capital Trust II ("CCBG Capital Trust II"). Interest payments are due quarterly at a fixed rate of 6.07% for the first five years, then adjusts annually thereafter based on the three month LIBOR plus a margin of 1.80%. The note matures on June 15, 2035. The proceeds of the borrowing were used to fund the cash portion of the acquisition price for the purchase of FABC.

Contractual Cash Obligations. We maintain certain contractual arrangements to make future cash payments. The table below details those future cash payment obligations as of March 31, 2006. Payments for borrowings do not include interest. Payments related to leases are based on actual payments specified in the underlying contracts.

<TABLE>

(Dollars in Thousands)	Payments Due By Period: 1 Year or Less	1 - 3 Years	4 - 5 Years	After 5 Years	Total
<S>	<C>	<C>	<C>	<C>	<C>
Federal Home Loan Bank Advances	$32,112	$3,028	$6,349	$ 31,673	$ 73,162
Subordinated Notes Payable	-	-	-	62,887	62,887
Operating Lease Obligations	1,059	2,512	2,180	7,088	12,839
Total Contractual Cash Obligations	$33,171	$5,540	$8,529	$101,647	$148,888

</TABLE>

Capital

Equity capital was $311.1 million as of March 31, 2006 compared to $305.8 million as of December 31, 2005. Management continues to monitor its capital position in relation to its level of assets with the objective of maintaining a strong capital position. The leverage ratio was 10.34% at March 31, 2006 compared to 10.27% at December 31, 2005. Further, the risk-adjusted capital ratio of 13.56% at March 31, 2006 exceeds the 8.0% minimum requirement under risk-based regulatory guidelines. As allowed by Federal Reserve Board capital guidelines the trust preferred securities issued by CCBG Capital Trust I and CCBG Capital Trust II are included as Tier 1 capital in our capital calculations.

Adequate capital and financial strength is paramount to the stability of CCBG and the Bank. Cash dividends declared and paid should not place unnecessary strain on our capital levels. Although a consistent dividend payment is believed to be favorably viewed by the financial markets and shareowners, the Board of Directors will declare dividends only if we are considered to have adequate capital. Future capital requirements and corporate plans are considered when the Board considers a dividend payment. Dividends declared and paid during the first quarter of 2006 totaled $.1625 per share compared to $.1520 per share for the first quarter of 2005, an increase of 6.9%. The dividend payout ratios for the first quarter ended 2006 and 2005 were 40.1%

and 41.6%, respectively.

State and federal regulations as well as our long-term debt agreements place certain restrictions on the payment of dividends by both CCBG and the Bank. At March 31, 2006, these regulations and covenants did not impair CCBG or the Bank's ability to declare and pay dividends or to meet other existing obligations in the normal course of business.

During the first three months of 2006, shareowners' equity increased $5.3 million, or 6.9%, on an annualized basis. Growth in equity during the first three months of the year was positively impacted by net income of $7.4 million, the issuance of common stock of $0.5 million, and stock-based compensation accretion of $0.4 million. Equity was reduced by dividends paid during the first three months of the year by $3.0 million, or $.1625 per share and an increase in the net unrealized loss on available-for-sale securities of $0.1 million. At March 31, 2006, our common stock had a book value of $16.65 per diluted share compared to $16.39 at December 31, 2005.

Our Board of Directors has authorized the repurchase of up to 1,171,875 shares of our outstanding common stock. The purchases are made in the open market or in privately negotiated transactions. To date, we have repurchased a total of 715,884 shares at an average purchase price of $15.34 per share. We did not repurchase any shares of our common stock in the first three months of 2006.

OFF-BALANCE SHEET ARRANGEMENTS

We do not currently engage in the use of derivative instruments to hedge interest rate risks. However, we are a party to financial instruments with off-balance sheet risks in the normal course of business to meet the financing needs of our clients.

At March 31, 2006, we had $440.3 million in commitments to extend credit and $18.9 million in standby letters of credit. Commitments to extend credit are agreements to lend to a client so long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Standby letters of credit are conditional commitments issued by us to guarantee the performance of a client to a third party. We use the same credit policies in establishing commitments and issuing letters of credit as we do for on-balance sheet instruments.

If commitments arising from these financial instruments continue to require funding at historical levels, management does not anticipate that such funding will adversely impact its ability to meet on-going obligations. In the event these commitments require funding in excess of historical levels, management believes current liquidity, available lines of credit from the FHLB, investment security maturities and our revolving credit facility provide a sufficient source of funds to meet these commitments.

ACCOUNTING POLICIES

Critical Accounting Policies

The consolidated financial statements and accompanying Notes to Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require us to make various estimates and assumptions (see Note 1 in the Notes to Consolidated Financial Statements). We believe that, of our significant accounting policies, the following may involve a higher degree of judgment and complexity.

Allowance for Loan Losses. The allowance for loan losses is established through a charge to the provision for loan losses. Provisions are made to reserve for estimated losses in loan balances. The allowance for loan losses is a significant estimate and is evaluated quarterly by us for adequacy. The use of different estimates or assumptions could produce a different required allowance, and thereby a larger or smaller provision recognized as expense in any given reporting period. A further

discussion of the allowance for loan losses can be found in the section entitled "Allowance for Loan Losses" and Note 1 in the Notes to Consolidated Financial Statements in our 2005 Annual Report on Form 10-K.

Intangible Assets. Intangible assets consist primarily of goodwill, core deposit assets, and other identifiable intangibles that were recognized in connection with various acquisitions. Goodwill represents the excess of the

cost of acquired businesses over the fair market value of their identifiable net assets. We perform an impairment review on an annual basis to determine if there has been impairment of our goodwill. We have determined that no impairment existed at December 31, 2005. Impairment testing requires management to make significant judgments and estimates relating to the fair value of its identified reporting units. Significant changes to these estimates may have a material impact on our reported results.

Core deposit assets represent the premium we paid for core deposits. Core deposit intangibles are amortized on the straight-line method over various periods ranging from 5-10 years. Generally, core deposits refer to nonpublic, non-maturing deposits including noninterest-bearing deposits, NOW, money market and savings. We make certain estimates relating to the useful life of these assets, and rate of run-off based on the nature of the specific assets and the client bases acquired. If there is a reason to believe there has been a permanent loss in value, management will assess these assets for impairment. Any changes in the original estimates may materially affect reported earnings.

Pension Assumptions. We have a defined benefit pension plan for the benefit of substantially all of our associates. Our funding policy with respect to the pension plan is to contribute amounts to the plan sufficient to meet minimum funding requirements as set by law. Pension expense, reflected in the Consolidated Statements of Income in noninterest expense as "Salaries and Associate Benefits," is determined by an external actuarial valuation based on assumptions that are evaluated annually as of December 31, the measurement date for the pension obligation. The Consolidated Statements of Financial Condition reflect an accrued pension benefit cost due to funding levels and unrecognized actuarial amounts. The most significant assumptions used in calculating the pension obligation are the weighted-average discount rate used to determine the present value of the pension obligation, the weighted-average expected long-term rate of return on plan assets, and the assumed rate of annual compensation increases. These assumptions are re-evaluated annually with the external actuaries, taking into consideration both current market conditions and anticipated long-term market conditions.

The weighted-average discount rate is determined by matching anticipated Retirement Plan cash flows for a 30-year period to long-term corporate Aa-rated bonds and solving for the underlying rate of return, which investing in such securities would generate. This methodology is applied consistently from year-to-year. We anticipate using a 5.75% discount rate for 2006.

The weighted-average expected long-term rate of return on plan assets is determined based on the current and anticipated future mix of assets in the plan. The assets currently consist of equity securities, U.S. Government and Government agency debt securities, and other securities (typically temporary liquid funds awaiting investment). We anticipate using a rate of return on plan assets of 8.0% for 2006.

The assumed rate of annual compensation increases of 5.50% for 2006 is based on expected trends in salaries and the employee base. This assumption is not expected to change materially in 2006.

Information on components of our net periodic benefit cost is provided in Note 8 of the Notes to Consolidated Financial Statements included herein and Note 12 of the Notes to Consolidated Financial Statements in our 2005 Annual Report on Form 10-K.

Recent Accounting Pronouncements

SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments." SFAS 155 amends SFAS 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." SFAS 155 (i) permits fair value re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, (ii) clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS 133, (iii) establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation, (iv) clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives, and (v) amends SFAS 140 to eliminate the prohibition on a qualifying special purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS 155 is effective for us on January 1, 2007 and is not expected to have a significant impact on our financial statements.

On January 31, 2006, we adopted SFAS 123R which requires the cost related to stock-based associate compensation included in net income to be accounted for under the fair value method. SFAS 123R will not have a significant impact on

our financial statements as stock-based associate compensation has been accounted for under the provisions of SFAS 123 since the first quarter of 2003.

<TABLE>

TABLE I
AVERAGE BALANCES & INTEREST RATES

(Taxable Equivalent Basis - Dollars in Thousands)	For Three Months Ended March 31, 2006 Average Balance	Interest	Average Rate	2005 Average Balance	Interest	Average Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans, Net of Unearned Interest(1)(2)	$2,048,642	$37,439	7.41%	$1,827,327	$28,920	6.42%
Taxable Investment Securities	118,055	1,091	3.70%	153,543	1,090	2.85%
Tax-Exempt Investment Securities(2)	59,368	674	4.54%	43,928	586	5.33%
Funds Sold	49,602	539	4.36%	22,251	159	2.85%
Total Earning Assets	2,275,667	39,743	7.08%	2,047,049	30,755	6.09%
Cash & Due From Banks	109,907			97,322		
Allowance for Loan Losses	(17,582)			(16,167)		
Other Assets	236,466			178,603		
TOTAL ASSETS	$2,604,458			$2,306,807		
LIABILITIES						
NOW Accounts	$ 510,270	$ 1,446	1.15%	$ 359,151	$ 447	0.50%
Money Market Accounts	343,652	2,298	2.71%	251,849	625	1.01%
Savings Accounts	139,664	62	0.18%	147,676	75	0.21%
Other Time Deposits	521,966	3,916	3.04%	552,069	3,162	2.32%
Total Interest Bearing Deposits	1,515,552	7,722	2.07%	1,310,745	4,309	1.33%
Short-Term Borrowings	93,867	824	3.55%	79,582	450	2.29%
Subordinated Notes Payable	62,887	926	5.97%	30,928	441	5.79%
Other Long-Term Borrowings	69,966	810	4.70%	68,200	720	4.28%
Total Interest Bearing Liabilities	1,742,272	10,282	2.39%	1,489,455	5,920	1.61%
Noninterest Bearing Deposits	524,696			536,633		
Other Liabilities	26,029			19,773		
TOTAL LIABILITIES	2,292,997			2,045,861		
SHAREOWNERS' EQUITY						
Common Stock	186			176		
Surplus	83,527			52,606		
Other Comprehensive Loss	(1,194)			(489)		
Retained Earnings	228,942			208,653		
TOTAL SHAREOWNERS' EQUITY	311,461			260,946		
TOTAL LIABILITIES & EQUITY	$2,604,458			$2,306,807		
Net Interest Rate Spread			4.69%			4.48%

Net Interest Income	$29,461	$24,835
Net Interest Margin(3)	5.25%	4.92%

(1) Average balances include nonaccrual loans. Interest income includes fees on loans of approximately $964,000 and $479,000, for the three months ended March 31, 2006 and 2005, respectively.

(2) Interest income includes the effects of taxable equivalent adjustments using a 35% tax rate to adjust interest on tax-exempt loans and securities to a taxable equivalent basis.

(3) Taxable equivalent net interest income divided by average earning assets.

</TABLE>

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE FOR MARKET RISK

Overview

Market risk management arises from changes in interest rates, exchange rates, commodity prices, and equity prices. We have risk management policies to monitor and limit exposure to market risk and do not participate in activities that give rise to significant market risk involving exchange rates, commodity prices, or equity prices. In asset and liability management activities, policies are in place that are designed to minimize structural interest rate risk.

Interest Rate Risk Management

The normal course of business activity exposes us to interest rate risk. Fluctuations in interest rates may result in changes in the fair market value of our financial instruments, cash flows and net interest income. We seek to avoid fluctuations in our net interest margin and to maximize net interest income within acceptable levels of risk through periods of changing interest rates. Accordingly, our interest rate sensitivity and liquidity are monitored on an ongoing basis by our Asset and Liability Committee ("ALCO"), which oversees market risk management and establishes risk measures, limits and policy guidelines for managing the amount of interest rate risk and its effects on net interest income and capital. A variety of measures are used to provide for a comprehensive view of the magnitude of interest rate risk, the distribution of risk, the level of risk over time and the exposure to changes in certain interest rate relationships.

ALCO continuously monitors and manages the balance between interest rate-sensitive assets and liabilities. ALCO's objective is to manage the impact of fluctuating market rates on net interest income within acceptable levels. In order to meet this objective, management may adjust the rates charged/paid on loans/deposits or may shorten/lengthen the duration of assets or liabilities within the parameters set by ALCO.

Our financial assets and liabilities are classified as other-than-trading. An analysis of the other-than-trading financial components, including the fair values, are presented in Table II. This table presents our consolidated interest rate sensitivity position as of March 31, 2006 based upon certain assumptions as set forth in the Notes to the Table. The objective of interest rate sensitivity analysis is to measure the impact on our net interest income due to fluctuations in interest rates. The asset and liability values presented in Table II may not necessarily be indicative of our interest rate sensitivity over an extended period of time.

We expect rising rates to have a favorable impact on the net interest margin, subject to the magnitude and timeframe over which the rate changes occur. However, as general interest rates rise or fall, other factors such as current market conditions and competition may impact how we respond to changing rates and thus impact the magnitude of change in net interest income. Non-maturity deposits offer management greater discretion as to the direction, timing, and magnitude of interest rate changes and can have a material impact on our interest rate sensitivity. In addition, the relative level of interest rates as compared to the current yields/rates of existing assets/liabilities can impact both the direction and magnitude of the change in net interest margin as rates rise and fall from one period to the next.

Inflation

The impact of inflation on the banking industry differs significantly from

that of other industries in which a large portion of total resources are invested in fixed assets such as property, plant and equipment.

Assets and liabilities of financial institutions are virtually all monetary in nature, and therefore are primarily impacted by interest rates rather than changing prices. While the general level of inflation underlies most interest rates, interest rates react more to changes in the expected rate of inflation and to changes in monetary and fiscal policy. Net interest income and the interest rate spread are good measures of our ability to react to changing interest rates and are discussed in further detail in the section entitled "Results of Operations."

TABLE II - FINANCIAL ASSETS AND LIABILITIES MARKET RISK ANALYSIS(1)
Other Than Trading Portfolio

<TABLE>

	As of March 31, 2006							
(Dollars in Thousands)	Year 1	Year 2	Year 3	Year 4	Year 5	Beyond	Total	Fair Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Loans:								
Fixed Rate	$ 315,294	$157,171	$116,714	$53,606	$27,306	$23,075	$ 693,166	$ 694,113
Average Interest Rate	6.22%	7.37%	7.42%	7.26%	7.53%	6.42%	6.82%	
Floating Rate(2)	1,101,611	137,255	105,029	6,549	5,196	5,850	1,361,490	1,361,490
Average Interest Rate	6.54%	6.43%	6.97%	7.25%	7.34%	7.75%	6.57%	
Investment Securities:(3)								
Fixed Rate	62,354	53,474	31,814	2,898	9,712	18,589	178,841	178,841
Average Interest Rate	3.06%	3.31%	3.83%	3.91%	3.93%	4.49%	3.48%	
Floating Rate	1,919	-	-	-	-	-	1,919	1,919
Average Interest Rate	4.75%	-	-	-	-	-	4.75%	
Other Earning Assets:								
Floating Rates	110,604	-	-	-	-	-	110,604	110,604
Average Interest Rate	4.55%	-	-	-	-	-	4.55%	
Total Financial Assets	$1,591,782	$347,900	$253,557	$63,053	$42,214	$47,514	$2,346,020	$2,346,967
Average Interest Rate	6.20%	6.37%	6.78%	7.10%	6.68%	5.83%	6.31%	
Deposits:(4)								
Fixed Rate Deposits	$ 410,385	$ 75,086	$ 25,456	$ 7,615	$ 4,320	253	$ 523,115	$ 442,687
Average Interest Rate	3.23%	3.62%	3.61%	3.54%	4.09%	4.93%	3.32%	
Floating Rate Deposits	1,023,901	-	-	-	-	-	1,023,901	1,023,901
Average Interest Rate	1.68%	-	-	-	-	-	1.68%	
Other Interest Bearing Liabilities								
Fixed Rate Debt	3,920	14,421	13,796	3,505	3,263	29,859	68,764	67,130
Average Interest Rate	4.79%	4.43%	4.46%	4.62%	5.05%	5.04%	4.76%	
Floating Rate Debt	89,105	-	-	30,928	31,959	-	151,992	151,922
Average Interest Rate	3.62%	-	-	5.71%	6.07%	-	4.56%	
Total Financial Liabilities	$1,527,311	$ 89,507	$ 39,252	$42,048	$39,542	$30,112	$1,767,772	$1,685,640
Average interest Rate	2.22%	3.75%	3.91%	5.23%	5.77%	5.04%	2.53%	

(1) Based upon expected cash flows, unless otherwise indicated.
(2) Based upon a combination of expected maturities and repricing opportunities.
(3) Based upon contractual maturity, except for callable and floating rate securities, which are based on expected maturity and weighted average life, respectively.
(4) Savings, NOW and money market accounts can be repriced at any time, therefore, all such balances are included as floating rates deposits in Year 1. Other time deposit balances are classified according to maturity.

</TABLE>

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of March 31, 2006, the end of the period covered by this Form 10-Q, our

management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer each concluded that as of March 31, 2006, the end of the period covered by this Form 10-Q, we maintained effective disclosure controls and procedures.

Changes in Internal Control over Financial Reporting

Our management, including the Chief Executive Officer and Chief Financial Officer, has reviewed our internal control. There have been no significant changes in our internal control during our most recently completed fiscal quarter, nor subsequent to the date of their evaluation, that could significantly affect our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are party to lawsuits and claims arising out of the normal course of business. In management's opinion, there are no known pending claims or litigation, the outcome of which would, individually or in the aggregate, have a material effect on our consolidated results of operations, financial position, or cash flows.

Item 1.A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2005, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

10.1 2006 Stock Option Agreement by and between Capital City Bank Group, Inc. and William G. Smith, Jr., dated March 23, 2006 - incorporated herein by reference to Exhibit 10.1 of the Registrants Form 8-K (filed 3/29/06)(No. 0-13358).

10.2 Capital City Bank Group, Inc. Non-Employee Director Compensation Plan, as amended - incorporated herein by reference to Exhibit 10.2 of the Registrant's Form 8-K (filed 3/29/06)(No. 0-13358).

31.1 Certification of William G. Smith, Jr., Chairman, President and Chief Executive Officer of Capital City Bank Group, Inc., Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.

31.2 Certification of J. Kimbrough Davis, Executive Vice President and Chief Financial Officer of Capital City Bank Group, Inc., Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.

32.1 Certification of William G. Smith, Jr., Chairman, President and Chief Executive Officer of Capital City Bank Group, Inc., Pursuant to 18 U.S.C. Section 1350.

32.2 Certification of J. Kimbrough Davis, Executive Vice President and Chief Financial Officer of Capital City Bank Group, Inc., Pursuant to 18 U.S.C. Section 1350.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned Chief Financial Officer hereunto duly authorized.

CAPITAL CITY BANK GROUP, INC.
(Registrant)

/s/ William G. Smith, Jr.
- ----------------------------------
William G. Smith, Jr.
Chairman, President and
Chief Executive Officer
Date: May 10, 2006

Exhibit 31.1

Certification of CEO Pursuant to Securities Exchange Act
Rule 13a-14(a) / 15d-14(a) as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, William G. Smith, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Capital City Bank Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ William G. Smith, Jr.
- -----------------------------
William G. Smith, Jr.
Chairman, President and
Chief Executive Officer

Date: May 10, 2006

Exhibit 31.2

Certification of CFO Pursuant to Securities Exchange Act
Rule 13a-14(a) / 15d-14(a) as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, J. Kimbrough Davis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Capital City Bank Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ J. Kimbrough Davis
- ----------------------------
J. Kimbrough Davis
Executive Vice President and
Chief Financial Officer

Date: May 10, 2006

Exhibit 32.1

Certification of CEO Pursuant to 18 U.S.C. Section 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that (1) this Quarterly Report of Capital City Bank Group, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2006, as filed with the Securities and Exchange Commission on the date hereof (this "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in this Report fairly presents, in all material respects, the financial condition of the Company and its results of operations as of and for the periods covered therein.

/s/ William G. Smith, Jr.
- -----------------------------
William G. Smith, Jr.
Chairman, President, and Chief Executive Officer

Date: May 10, 2006

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification of CFO Pursuant to 18 U.S.C. Section 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that (1) this Quarterly Report of Capital City Bank Group, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2006, as filed with the Securities and Exchange Commission on the date hereof (this "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in this Report fairly presents, in all material respects, the financial condition of the Company and its results of operations as of and for the periods covered therein.

/s/ J. Kimbrough Davis
\- ----------------------------
J. Kimbrough Davis
Executive Vice President and
Chief Financial Officer

Date: May 10, 2006

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.