SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarter Ended:
March 31, 2004

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 offices)

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

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 an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [X] No [ ]

As of April 30, 2004, there were issued and outstanding 13,274,579 shares of the registrant's common stock.

CAPITAL CITY BANK GROUP, INC.

FORM 10-Q I N D E X

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INTRODUCTORY NOTE

This Report and other Company communications and statements may contain "forward-looking statements," including statements about our beliefs, plans, objectives, goals, expectations, estimates and intentions. These statements are subject to significant risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. For information concerning these factors and related matters, see Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

PART I. FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

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

(Dollars In Thousands, Except Per Share Data)	2004	2003
<S>	<C>	<C>
INTEREST INCOME		
Interest and Fees on Loans	$ 21,272	$ 22,164
Investment Securities:		
U. S. Treasury	229	136
U. S. Government Agencies and Corporations	329	866
States and Political Subdivisions	541	631
Other Securities	77	178
Funds Sold	222	352
Total Interest Income	22,670	24,327
INTEREST EXPENSE		
Deposits	2,394	3,226
Short-Term Borrowings	287	329
Long-Term Debt	497	545
Total Interest Expense	3,178	4,100
Net Interest Income	19,492	20,227
Provision for Loan Losses	961	779
Net Interest Income After Provision for Loan Losses	18,531	19,448
NONINTEREST INCOME		
Service Charges on Deposit Accounts	3,944	3,967
Data Processing	633	558
Asset Management Fees	741	605
Securities Transactions	-	11
Mortgage Banking Revenues	694	1,344
Other	3,869	3,460
Total Noninterest Income	9,881	9,945
NONINTEREST EXPENSE		
Salaries and Associate Benefits	10,740	10,128
Occupancy, Net	1,617	1,369
Furniture and Equipment	2,063	1,795
Conversion/Merger Expense	42	-
Other	6,613	6,136

Total Noninterest Expense	21,075	19,428
Income Before Income Taxes	7,337	9,965
Income Taxes	2,490	3,604
NET INCOME	$ 4,847	$ 6,361
Basic Net Income Per Share	$ .37	$ .48
Diluted Net Income Per Share	$ .37	$ .48
Cash Dividends Per Share	$ .180	$ .136
Average Basic Shares Outstanding	13,262,094	13,206,924
Average Diluted Shares Outstanding	13,285,579	13,253,424

</TABLE>

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

<TABLE>
<CAPTION>

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
AS OF MARCH 31, 2004 AND DECEMBER 31, 2003
(Unaudited)

(Dollars In Thousands, Except Per Share Data)	March 31, 2004	December 31, 2003
<S>	<C>	<C>
ASSETS		
Cash and Due From Banks	$ 93,427	$ 93,140
Funds Sold	90,469	125,452
Total Cash and Cash Equivalents	183,896	218,592
Investment Securities, Available-for-Sale	188,763	181,734
Loans, Net of Unearned Interest	1,465,804	1,341,632
Allowance for Loan Losses	(13,720)	(12,429)
Loans, Net	1,452,084	1,329,203
Premises and Equipment, Net	56,394	54,011
Intangibles	41,512	25,792
Other Assets	34,604	37,170
Total Assets	$1,957,253	$1,846,502
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	$ 482,703	$ 455,550
Interest Bearing Deposits	1,088,963	1,018,655
Total Deposits	1,571,666	1,474,205
Short-Term Borrowings	112,343	108,184
Long-Term Debt	49,950	46,475
Other Liabilities	16,366	14,829
Total Liabilities	1,750,325	1,643,693
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; 13,273,497 and 13,236,462 shares issued and outstanding at March 31, 2004 and December 31, 2003, respectively	133	132
Additional Paid-In Capital	17,787	16,157
Retained Earnings	187,592	185,134
Accumulated Other Comprehensive Income, Net of Tax	1,416	1,386
Total Shareowners' Equity	206,928	202,809

Total Liabilities and Shareowners' Equity	$1,957,253	$1,846,502
	==========	==========

</TABLE>

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

<TABLE>
<CAPTION>

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

(Dollars in Thousands)	2004	2003
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 4,847	$ 6,361
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Provision for Loan Losses	961	779
Depreciation	1,284	1,151
Net Securities Amortization	651	532
Amortization of Intangible Assets	826	811
Gain on Sale of Investment Securities	-	(11)
Non-Cash Compensation	1,588	228
Net Decrease in Other Assets	2,751	202
Net Increase in Other Liabilities	1,600	2,191
Net Cash Provided by Operating Activities	14,508	12,244
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Payments/Maturities/Sales of Investment Securities Available-for-Sale	47,347	35,464
Purchase of Investment Securities Available-for-Sale	(38,829)	(46,554)
Net Increase in Loans	(35,324)	(27,222)
Net Cash Received From Acquisition	(18,055)	-
Purchase of Premises & Equipment	(1,682)	(3,739)
Sales of Premises & Equipment	25	1
Net Cash Used In Investing Activities	(46,518)	(42,050)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (Decrease) Increase in Deposits	(4,973)	24,870
Net Increase in Short-Term Borrowings	4,158	6,463
Borrowing of Long-Term Debt	737	2,560
Repayment of Long-Term Debt	(261)	(653)
Dividends Paid	(2,389)	(1,796)
Issuance of Common Stock	43	7
Net Cash (Used In) Provided By Financing Activities	(2,685)	31,451
Net (Decrease) Increase in Cash and Cash Equivalents	(34,695)	1,645
Cash and Cash Equivalents at Beginning of Period	218,592	260,759
Cash and Cash Equivalents at End of Period	$183,897	$262,404
Supplemental Disclosure:		
Interest Paid on Deposits	$ 735	$ 3,008
Interest Paid on Debt	$ 292	$ 886
Transfer of Loans to ORE	$ 210	$ 50
Income Taxes Paid	$ 27	$ 948
Issuance of Common Stock as Non-Cash Compensation	$ 1,588	$ 333
Transfer of Current Portion of Long-Term Debt to Short-Term Borrowings	$ -	$ 20,000

</TABLE>

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

CAPITAL CITY BANK GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) SIGNIFICANT 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, 2004 and December 31, 2003, the results of operations for the three month periods ended March 31, 2004 and 2003, and cash flows for the three month periods ended March 31, 2004 and 2003.

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 Notes to Consolidated Financial Statements which are included in the Company's 2003 Annual Report on Form 10-K.

Stock-based Compensation

As of March 31, 2004, the Company had three stock-based compensation plans, consisting of the Associate Stock Incentive Plan ("AIP"), the Associate Stock Purchase Plan ("ASPP") and the Director Stock Purchase Plan ("DSPP"). In addition to stock-based compensation plans, the Company also executed an executive incentive stock option arrangement effective January 1, 2004. As a result of SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," the Company adopted the fair value recognition provisions of SFAS No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," prospectively to all associate awards granted, modified, or settled on or after January 1, 2003. Awards under the Company's plans vest over periods ranging from six months to four years. Therefore, the cost related to stock-based associate compensation included in the determination of net income for 2003 is different than that which would have been recognized if the fair value based method had been applied to all awards since the original effective date of SFAS 123, as a result of the difference between compensation measurement dates under SFAS 123 and APB 25, the differences in what instruments are considered non-compensatory, and the fact that awards granted prior to January 1, 2003 were accounted for under APB 25. The cost related to all stock-based associate compensation included in net income is accounted for under the fair value based method during 2004 as all awards granted now have effective dates after January 1, 2003.

<TABLE>
<CAPTION>

	Period Ended March 31,	
(Dollars in Thousands, Except Per Share Data)	2004	2003
<S>	<C>	<C>
Net income, as reported	$4,847	$6,361
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	119	141
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(119)	(99)

Pro forma net income	$4,847	$6,403
Earnings per share:		
Basic-as reported	$ .37	$ .48
Basic-pro forma	$ .37	$ .49
Diluted-as reported	$ .37	$ .48
Diluted-pro forma	$ .37	$ .48

</TABLE>

(2) ACQUISITIONS

On March 19, 2004, the Company completed its merger with Quincy State Bank ("QSB"), an affiliate of Synovus Financial Corp. Results of QSB's operations have been included in the Company's consolidated financial statements since March 20, 2004. Quincy State Bank had $116.6 million in assets with one office in Quincy, Florida and one office in Havana, Florida. The transaction was accounted for as a purchase and resulted in approximately $14.9 million of intangible assets, including approximately $12.5 million in goodwill and a core deposit intangible of $2.4 million. The core deposit intangible is being amortized over a 7-year period.

The information below lists the consolidated assets and liabilities of Quincy State Bank as of March 19, 2004, along with the consideration paid:

<TABLE>
<CAPTION>

(Dollars in Thousands)	Quincy State Bank
<S>	<C>
Cash and Due From Banks	$ 2,295
Funds Sold	6,949
Total Cash and Cash Equivalents	9,244
Investment Securities, Available-for-Sale	16,150
Loans, Net of Unearned Interest	88,727
Intangible Asset	14,915
Other Assets	2,498
Total Assets	$131,534
Total Deposits	$102,434
Short-Term Borrowings	3,000
Total Liabilities	$105,434
Consideration Paid to Quincy State Bank Shareowners	$ 26,100

</TABLE>

The following unaudited pro forma financial information for the three months ended March 31, 2004 and 2003 presents the consolidated operations of the Company as if the QSB acquisition had been made on January 1, 2003. The unaudited pro forma financial information is provided for informational purposes only, should not be construed to be indicative of the Company's consolidated results of operations had the acquisition of QSB been consummated on this earlier date, and do not project the Company's results of operations for any future period:

<TABLE>
<CAPTION>

	For 3 Months Ended March 31,	
(Dollars in Thousands, Except Per Share Data)	2004	2003
<S>	<C>	<C>
Interest Income	$24,376	$26,125
Interest Expense	3,407	4,458

Net Interest Income	20,969	21,667
Provision for Loan Losses	991	824
Net Interest Income After Provision for Loan Losses	19,978	20,843
Noninterest Income	10,259	10,480
Noninterest Expense	21,931	20,273
Income Before Income Taxes	8,306	11,050
Income Taxes	2,829	3,983
Net Income	$ 5,477	$ 7,067
Basic Net Income Per Share	$ .41	$ .54
Diluted Net Income Per Share	$ .41	$ .53

</TABLE>

On March 19, 2004, the Company completed its purchase of fiduciary assets from Synovus Trust Company for $2.0 million. This purchase is subject to a $800,000 earn-out agreement and, as a result, a $1.2 million intangible was recorded with the balance, to the extent earned, to be recorded in the fourth quarter of 2004. This intangible is being amortized over a 10-year period.

(3) INVESTMENT SECURITIES

The carrying values and related market value of investment securities at March 31, 2004 and December 31, 2003 were as follows:

<TABLE>
<CAPTION>

	March 31, 2004			
(Dollars in Thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury	$ 61,707	$ 203	$ -	$ 61,910
U.S. Government Agencies and Corporations	51,520	237	-	51,757
States and Political Subdivisions	50,830	1,385	3	52,212
Mortgage-Backed Securities	15,775	412	-	16,187
Other Securities	6,695	2	-	6,697
Total Investment Securities	$186,527	$2,239	$ 3	$188,763

<CAPTION>

	December 31, 2003			
(Dollars in Thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury	$ 78,498	$ 105	$ 1	$ 78,602
U.S. Government Agencies and Corporations	26,862	133	-	26,995
States and Political Subdivisions	55,641	1,511	-	57,152
Mortgage-Backed Securities	11,618	427	-	12,045
Other Securities	6,927	13	-	6,940
Total Investment Securities	$179,546	$2,189	$ 1	$181,734

</TABLE>

(4) LOANS

The composition of the Company's loan portfolio at March 31, 2004 and December 31, 2003 was as follows:

<TABLE>
<CAPTION>

(Dollars in Thousands)	March 31, 2004	December 31, 2003
<S>	<C>	<C>
Commercial, Financial and Agricultural	$ 185,237	$ 160,048
Real Estate - Construction	96,285	89,149
Real Estate - Commercial Mortgage	449,677	391,250
Real Estate - Residential	336,826	327,212
Real Estate - Home Equity	119,496	116,810
Real Estate - Loans Held-for-Sale	3,903	4,240
Consumer	243,392	233,395
Other	30,988	19,528
Loans, Net of Unearned Interest	$1,465,804	$1,341,632

</TABLE>

(5) ALLOWANCE FOR LOAN LOSSES

An analysis of the changes in the allowance for loan losses for the three-month periods ended March 31, 2004 and 2003, was as follows:

<TABLE>
<CAPTION>

	March 31,	
(Dollars in Thousands)	2004	2003
<S>	<C>	<C>
Balance, Beginning of Period	$12,429	$12,495
Provision for Loan Losses	961	779
Recoveries on Loans Previously Charged-Off	359	211
Loans Charged-Off	(1,336)	(1,048)
Acquired Reserves	1,307	-
Balance, End of Period	$13,720	$12,437

</TABLE>

Impaired loans are primarily defined as all nonaccruing loans for the loan categories which are included within the scope of SFAS 114. Selected information pertaining to impaired loans is depicted in the table below:

<TABLE>
<CAPTION>

	March 31,			
	2004		2003	
(Dollars in Thousands)	Balance	Valuation Allowance	Balance	Valuation Allowance
<S>	<C>	<C>	<C>	<C>
Impaired Loans:				
With Related Valuation Allowance	$1,066	$350	$ 641	$227
Without Related Valuation Allowance	437	-	732	-
Average Recorded Investment for the Period	1,811	*	1,451	*

* Not Applicable
</TABLE>

The Company recognizes income on impaired loans primarily on the cash basis. Any change in the present value of expected cash flows is recognized through the allowance for loan losses. For the periods ended March 31, 2004 and 2003, the Company recognized $11,000 and $5,000, respectively, in interest income on impaired loans, all of which was collected in cash.

(6) DEPOSITS

The composition of the Company's interest-bearing deposits at March 31, 2004 and December 31, 2003 was as follows:

<TABLE>
<CAPTION>

(Dollars in Thousands)	March 31, 2004	December 31, 2003
<S>	<C>	<C>
NOW Accounts	$ 294,726	$ 276,934
Money Market Accounts	222,298	207,934
Savings Deposits	128,767	110,834
Time Deposits	443,172	422,953
Total Interest Bearing Deposits	$1,088,963	$1,018,655

</TABLE>

(7) INTANGIBLE ASSETS

The Company had intangible assets of $41.5 million and $25.8 million at March 31, 2004 and December 31, 2003, respectively. Intangible assets were as follows (dollars in thousands):

<TABLE>
<CAPTION>

	March 31, 2004		December 31, 2003	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
<S>	<C>	<C>	<C>	<C>
Core Deposit Intangibles	$36,149	$15,466	$33,752	$14,640
Goodwill	23,419	3,786	10,466	3,786
Other Identifiable Intangibles	1,200	4	-	-
Total Intangible Assets	$60,768	$19,256	$44,218	$18,426

</TABLE>

Net Core Deposit Intangibles:

As of March 31, 2004 and December 31, 2003, the Company had net core deposit intangibles of $20.7 million and $19.1 million, respectively. Amortization expense for the first three months of 2004 and 2003 was $822,000 and $811,000, respectively.

Goodwill:

As of March 31, 2004 and December 31, 2003, the Company had goodwill, net of accumulated amortization, of $19.6 million and $6.7 million, respectively. The increase in goodwill is due to the acquisition of Quincy State Bank in March 2004. Goodwill is the Company's only intangible asset that is no longer subject to amortization under the provisions of SFAS 142.

Other :

As of March 31, 2004, the Company had a customer relationship intangible, net of accumulated amortization, of $1.2 million. 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 quarter of 2004 was $4,000. Estimated annual amortization expense is $120,000 based on use of a 10 year useful life.

(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>
<CAPTION>

	Three months ended March 31,	
	Qualified Plan	SERP

(Dollars in Thousands)	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
Discount rate	6.25%	6.75%	6.25%	6.75%
Long-term rate of return on assets	8.00%	8.25%	N/A	N/A
Service cost	$ 925	$ 825	$24	$20
Interest cost	700	642	32	28
Expected return on plan assets	(650)	(542)	N/A	N/A
Transition obligation/(asset) amortization	0	1	0	0
Prior service cost amortization	50	54	15	15
Net loss/(gain) amortization	300	282	(9)	(11)
Net periodic benefit cost	$1,325	$1,262	$62	$52

</TABLE>

(9) 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. The Company's comprehensive income (loss) consists of net income (loss) and changes in unrealized gains on securities available-for-sale, net of income taxes. Changes in unrealized gains (losses), net of taxes, on securities are reported as other comprehensive income (loss) and totaled $30,000 and $(485,000) for the three months ended March 31, 2004 and 2003, respectively. Reclassification adjustments consist only of realized gains on sales of investment securities and were not material for the three months ended March 31, 2004 and 2003.

<TABLE>
<CAPTION>

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

	2004	2003				2002		
	First	Fourth	Third	Second	First	Fourth	Third	Second
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Summary of Operations:								
Interest Income	$ 22,670	$ 23,022	$ 23,484	$ 23,997	$ 24,327	$ 25,272	$ 25,555	$ 25,752
Interest Expense	3,178	3,339	3,506	3,894	4,099	4,667	4,946	5,693
Net Interest Income	19,492	19,683	19,978	20,103	20,227	20,605	20,609	20,059
Provision for Loan Losses	961	850	921	886	779	863	992	641
Net Interest Income After Provision for Loan Losses	18,531	18,833	19,057	19,217	19,448	19,742	19,617	19,419
Noninterest Income	9,881	10,614	10,952	10,428	9,945	10,898	8,810	8,333
Conversion/ Merger Expense	42	-	-	-	-	59	-	39
Noninterest Expense	21,033	20,593	20,184	19,516	19,428	20,191	19,400	19,228
Income Before Provision for Income Taxes	7,337	8,854	9,825	10,129	9,965	10,390	9,027	8,485
Provision for								

Income Taxes	2,490	2,758	3,529	3,689	3,604	3,668	3,226	3,037
Net Income	$ 4,847	$ 6,096	$ 6,296	$ 6,440	$ 6,361	$ 6,722	$ 5,801	$ 5,448
Net Interest Income (FTE)	$ 19,811	$ 20,020	$ 20,332	$ 20,456	$ 20,597	$ 21,006	$ 21,026	$ 20,484
Per Common Share:								
Net Income Basic	$ .37	$ .47	$ .47	$ .49	$ .48	$ .51	$ .44	$ .41
Net Income Diluted	.37	.46	.47	.49	.48	.51	.44	.41
Dividends Declared	.180	.180	.170	.170	.136	.136	.122	.122
Diluted Book Value	15.54	15.27	15.00	14.73	14.42	14.08	13.75	13.39
Market Price:								
High	45.55	46.83	40.93	36.43	32.32	32.04	29.55	27.84
Low	39.05	36.62	35.00	29.74	26.81	22.26	22.32	20.60
Close	41.25	45.99	38.16	36.08	31.29	31.35	26.45	27.62
Selected Average Balances:								
Loans	$1,357,206	$1,329,673	$1,336,139	$1,316,705	$1,289,161	$1,292,892	$1,266,591	$1,234,787
Earning Assets	1,634,468	1,636,269	1,634,689	1,612,133	1,615,287	1,591,535	1,511,485	1,547,603
Assets	1,830,496	1,819,552	1,816,005	1,786,991	1,796,657	1,762,174	1,678,620	1,720,095
Deposits	1,457,160	1,451,095	1,451,879	1,415,798	1,407,763	1,404,818	1,388,396	1,440,615
Shareowners' Equity	206,395	201,939	199,060	194,781	190,416	185,412	180,910	176,678
Common Equivalent Average Shares:								
Basic	13,262	13,223	13,221	13,209	13,207	13,189	13,189	13,219
Diluted	13,286	13,265	13,260	13,255	13,253	13,238	13,238	13,257
Ratios:								
ROA	1.06%	1.33%	1.38%	1.45%	1.44%	1.51%	1.37%	1.27%
ROE	9.45%	11.98%	12.55%	13.26%	13.55%	14.38%	12.72%	12.37%
Net Interest Margin (FTE)	4.88%	4.85%	4.94%	5.09%	5.17%	5.24%	5.52%	5.30%
Efficiency Ratio	68.06%	64.58%	61.93%	60.57%	60.96%	60.75%	62.31%	63.91%

</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 the Company's 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 "Earnings Analysis," "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 the Company's earnings performance and financial condition, and how the Company's performance during 2004 compares with prior years. Throughout this section, Capital City Bank Group, Inc., and its subsidiary, collectively, is referred to as "CCBG" or the "Company." Capital City Bank and its subsidiaries are 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.

This Report and other Company communications and statements may contain

"forward-looking statements." 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" and similar expressions are intended to identify forward-looking statements. The following factors, among others, could cause our financial performance to differ materially from what is contemplated in those forward-looking statements:

* The strength of the United States economy in general and the strength of the local economies in which we conduct operations may be different than expected resulting in, among other things, a deterioration in credit quality or a reduced demand for credit, including the resultant effect on our loan portfolio and allowance for loan losses;

* The effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System;

* Inflation, interest rate, market and monetary fluctuations;

* Adverse conditions in the stock market and other capital markets and the impact of those conditions on our capital markets and capital management activities, including our investment and wealth management advisory businesses and brokerage activities;

* Changes in U.S. foreign or military policy;

* The timely development of competitive new products and services by us and the acceptance of those products and services by new and existing customers;

* The willingness of customers to accept third-party products marketed by us;

* The willingness of customers to substitute competitors' products and services for our products and services and vice versa;

* The impact of changes in financial services laws and regulations (including laws concerning taxes, banking, securities and insurance);

* Technological changes;

* Changes in consumer spending and saving habits;

* The effect of corporate restructuring, acquisitions or dispositions, including the actual restructuring and other related charges and the failure to achieve the expected gains, revenue growth or expense savings from such corporate restructuring, acquisitions or dispositions;

* The growth and profitability of our noninterest or fee income being less than expected;

* Unanticipated regulatory or judicial proceedings;

* The impact of changes in accounting policies by the Securities and Exchange Commission;

* Adverse changes in the financial performance and/or condition of our borrowers, which could impact the repayment of those borrowers' outstanding loans; and

* Our success at managing the risks involved in the foregoing.

We caution that the foregoing list of important factors is not exhaustive. Also, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

The Company is headquartered in Tallahassee, Florida and as of March 31, 2004 had 58 banking offices, 73 ATMs and 11 Bank 'N Shop locations in 22 counties in Florida, Georgia and Alabama. The Company also has four mortgage lending offices located in four additional Florida communities.

RESULTS OF OPERATIONS

Net Income

Earnings were $4.8 million, or $.37 per diluted share, for the first quarter of 2004. This compares to $6.4 million, or $.48 per diluted share for the first quarter of 2003, a decrease of 23.8% and 22.9%, respectively.

The decrease in earnings was primarily attributable to a decline in the net interest margin of 5.6% and an increase in noninterest expense of 8.5%. The decline in the net interest margin primarily reflects lower earning asset yields. Higher expense for associate salaries, occupancy, and professional fees drove the increase in noninterest expense. Mortgage banking revenues declined during the first quarter due to a decline in local real estate market activity, but were partially offset by higher trust fees, data processing fees, and other income.

A condensed earnings summary is presented below:

<TABLE>
<CAPTION>

(Dollars in Thousands)	For the Three Months Ended March 31, 2004	2003
<S>	<C>	<C>
Interest Income	$22,670	$24,327
Taxable Equivalent Adjustment<F1>	319	370
Interest Income (FTE)	22,989	24,697
Interest Expense	3,178	4,100
Net Interest Income (FTE)	19,811	20,597
Provision for Loan Losses	961	779
Taxable Equivalent Adjustment	319	370
Net Int. Inc. After Provision	18,531	19,448
Noninterest Income	9,881	9,945
Merger Expense	42	-
Noninterest Expense	21,033	19,428
Income Before Income Taxes	7,337	9,965
Income Taxes	2,490	3,604
Net Income	$ 4,847	$ 6,361
Percent Change	(23.80)%	24.46%
Return on Average Assets<F2>	1.06%	1.44%
Return on Average Equity<F2>	9.45%	13.55%

<FN>
<F1> Computed using a statutory tax rate of 35%
<F2> Annualized
</FN>
</TABLE>

Net Interest Income

Net interest income represents the Company's 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 decreased $786,000, or 3.8%, over the comparable quarter in 2003. The unfavorable impact was a result of declining earning asset yields driven by the continued low rate environment. Partially offsetting this unfavorable variance were lower funding costs and a shift in earning assets mix. Margin pressure experienced in 2003 began to stabilize in the first quarter of 2004. Table I on page 23 provides a comparative analysis of the Company's average balances and interest rates.

For the first quarter of 2004, taxable-equivalent interest income decreased $1.7 million, or 6.9% from the comparable quarter in 2003. Earning assets yields declined to 5.66% in the first quarter of 2004 from 6.20% for the first quarter of 2003 due primarily to repricing of existing earning assets. The yield in 2004 remained constant with the fourth quarter of 2003, as margin pressure began to stabilize. Income on earning assets is expected to increase during the second quarter due to the change in earning asset mix driven by strong loan growth and the recent acquisition of Quincy State Bank..

Interest expense for the first quarter declined $922,000, or 22.5%, from the

comparable prior-year period. The favorable variance attributable to lower rates continued to be enhanced by a favorable shift in mix, as certificates of deposit, generally a higher cost deposit product, declined relative to total deposits. Certificates of deposit, as a percent of year-to-date average deposits, declined from 30.9% in first quarter 2003 to 28.9% in 2004. The average rate paid on interest bearing liabilities in the first quarter of 2004 declined 30 basis points over the comparable period in 2003, to 1.09%.

The Company's interest rate spread (defined as the average federal taxable-equivalent yield on earning assets less the average rate paid on interest bearing liabilities) decreased from 4.81% in the first quarter of 2003 to 4.57% in the comparable period of 2004, reflecting the lower yield on earning assets.

The Company's net interest margin percentage (defined as taxable-equivalent net interest income divided by average earning assets) was 4.88% in the first three months of 2004, versus 5.17% in the first three months of 2003. The decrease in margin reflects the repricing of earning assets. The margin, in terms of amount, should increase over the next quarter reflecting the Quincy State Bank acquisition and a shift in earning asset mix.

Provisions for Loan Losses

The provision for loan losses of $961,000 for the quarter was slightly higher than the first quarter of 2003 due to an increase in net charge-offs.

Net charge-offs totaled $977,000, or .29% of average loans for the quarter compared to $837,000, or .26% for the first quarter of 2003. Net charge-offs remain at historically low levels.

Charge-off activity for the respective periods is set forth below:

<TABLE>
<CAPTION>

(Dollars in Thousands)	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003
CHARGE-OFFS		
Commercial, Financial and Agricultural	$ 167	$ 142
Real Estate - Construction	-	-
Real Estate - Commercial Mortgage	39	-
Real Estate - Residential	83	19
Consumer	1,047	887
Total Charge-offs	1,336	1,048
RECOVERIES		
Commercial, Financial and Agricultural	12	14
Real Estate - Construction	-	-
Real Estate - Commercial Mortgage	-	-
Real Estate - Residential	-	-
Consumer	347	197
Total Recoveries	359	211
Net Charge-offs	$ 977	$ 837
Net Charge-Offs (Annualized) as a Percent of Average Loans Outstanding, Net of Unearned Interest	.29%	.26%

</TABLE>

Noninterest Income

Noninterest income declined $64,000, or .65%, from the first quarter of 2003 due primarily to lower mortgage banking revenues. This decline was partially offset by higher fees for trust services, data processing, and other income. Noninterest income represented 33.6% of operating revenue for the first quarter of 2004, compared to 33.0% for the first quarter of 2003.

Service charges on deposit accounts declined $23,000, or .58%, from the comparable period in 2003. Service charge revenues in any one period are

dependent on the number of accounts, primarily transaction accounts, and the level of activity subject to service charges. The decline is due to slightly lower monthly service charge fees, overdraft fees, and account analysis fees, offset by a lower level of deposit account charge-offs. Management anticipates that planned revisions to deposit account fees

during the second quarter and the recent integration of Quincy State Bank will have a favorable impact on service charge revenues for the remainder of the year.

Data processing revenues of $633,000 for the first quarter of 2004 reflect an increase of $75,000, or 13.4%, over the comparable period in 2003. The Company currently provides data processing services for six financial clients and contract processing services for four non-financial clients. During both the first quarter of 2004 and 2003, financial clients represented approximately 63.0% of total processing revenues. Management believes quarterly revenues for the remainder of 2004 will remain consistent with the revenues generated in the first quarter of 2004.

Income from asset management activities increased $136,000, or 22.5%, over the comparable quarter in 2003. This increase is due primarily to new business generated in existing markets. At March 31, 2004, assets under management totaled $631.5 million, representing an increase of $295.9 million, or 88.1% from the comparable period in 2003. The recent acquisition of trust accounts from Synovus Trust Company added an additional $216.0 million (as of March 31, 2004) in managed trust assets and is expected to enhance trust service fees for the remainder of the year.

Mortgage banking revenues declined $650,000, or 48.4%, over the comparable quarter in 2003. Revenues were below expectations, reflecting a slow-down in residential lending markets, which occurred during the latter part of the fourth quarter and has continued through the first quarter of 2004. This declining trend stabilized in March as production improved consistent with management expectations and the residential pipeline increased 70% over year-end. With the residential pipeline growing, management expects mortgage revenues to improve in the second quarter.

Other income increased $409,000, or 11.8%, over the comparable quarter of 2003 driven primarily by a $190,000 increase in merchant fees and a $233,000 gain on sale of other real estate.

Noninterest income as a percent of average assets was 2.16% for the first quarter of 2004, compared to 2.21% for the first quarter of 2003. This decline is due primarily to the decrease in mortgage banking revenues.

Noninterest Expense

Noninterest expense in the first quarter of 2004 increased $1.6 million, or 8.5%, over the first quarter of 2003. Factors impacting the Company's noninterest expense during the first quarter of 2004 are discussed below.

Compensation expense increased $612,000, or 6.0%, over the first quarter of 2003. This increase is due primarily to higher associate salaries of $481,000, higher payroll taxes of $82,000, and higher pension plan expense of $122,000. The increase in associate salaries and payroll taxes is reflective of annual merit raises for associates. The higher pension plan expense is due primarily to a lower discount rate used for the 2004 expense projection.

Occupancy expense, including premises, furniture, fixtures and equipment increased $516,000, or 16.3%, over the first quarter of 2003. The Company experienced increases in depreciation of $133,000, maintenance and repairs of $161,000, premises rental of $72,000, and other FF&E expense of $133,000 from the comparable period in 2003. The increase in depreciation is primarily attributable to the addition of four new banking offices during 2003. Higher maintenance and repairs expense was driven by upgrades and repairs to existing banking offices and incremental expense incurred with the addition of four new banking offices during 2003. The increase in premises rental expenses is due primarily to the increase in the property lease for one banking office. Other FF&E expense increased due to higher software license expenses and noncapitalized FF&E expenses.

Other noninterest expense increased $519,000, or 8.5%, over the first quarter of 2003. The increase was primarily the result of higher professional fees of $382,000 and advertising expense of $126,000. Consulting projects, which may vary as to their

magnitude and timing, led to higher professional fees. Advertising was within budgeted amounts for the first quarter of 2004, but reflects an

increase over the first quarter of 2003 due to the timing of advertising efforts throughout the year.

Net noninterest expense (noninterest income minus noninterest expense, excluding intangible amortization) as a percent of average assets was 2.27% in the first quarter of 2004 compared to 1.96% in 2003. The Company's efficiency ratio (noninterest expense, excluding intangible amortization, expressed as a percent of the sum of taxable-equivalent net interest income plus noninterest income) was 68.06% in the first quarter 2004 compared to 60.96% for the comparable quarter in 2003. This unfavorable variance is due to the lower level of operating revenue and increase in noninterest expense.

Income Taxes
- ------------

The provision for income taxes decreased $1.1 million, or 30.9%, over the first quarter of 2003, reflecting lower taxable income and a decline in the effective tax rate. The Company's effective tax rate for the first quarter of 2004 was 33.9% compared to 36.2% for the same quarter in 2003. The decline in the effective tax rate is primarily attributable to a modification of the Company's tax structure enabling the Company to more effectively manage its tax position.

FINANCIAL CONDITION

Asset and liability balances include Quincy State Bank, which was acquired on March 19, 2004. The impact on average balances was not material due to the size of the acquisition and the limited time it was on the books during the first quarter.

The Company's average assets increased $33.8 million, or 1.9%, to $1.83 billion for the quarter-ended March 31, 2004 from $1.80 billion in the comparable quarter of 2003. Average earning assets of $1.6 billion increased $19.2 million, or 1.2%, from the comparable quarter of 2003 driven by a $68.0 million, or 5.3%, increase in average loans. Offsetting the increase in average loans were decreases in short-term investments of $21.4 million, or 17.5%, and investment securities of $27.4 million, or 13.5%. Table I on page 23 presents average balances for the three-month periods ended March 31, 2004 and 2003.

The increase in average loans was primarily driven by strong gains in the commercial and real estate loan (commercial mortgage and home equity) categories of $16.7 million, or 11.7%, and $48.2 million, or 5.4%, respectively. Loan growth was realized in all loan categories except residential 1-4 family which declined $15.5 million, or 4.5%, from the comparable period in 2003, primarily reflecting pay-offs due to refinancings in the current low interest rate environment. The first quarter ended with loans outstanding on budget.

Although management is continually evaluating alternative sources of revenue, lending is a major component of the Company's business and is key to profitability. While management strives to identify opportunities to increase loans outstanding and enhance the portfolio's overall contribution to earnings, it can do so only by adhering to sound lending principles applied in a prudent and consistent manner. Thus, management will not relax its underwriting standards in order to achieve designated growth goals.

Management maintains the 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 the borrowers' ability and willingness 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. Management evaluates the adequacy of the allowance for loan losses on a quarterly basis.

The allowance for loan losses at March 31, 2004 was $13.7 million, an increase of $1.3 million over year-end 2003. The increase reflects the integration of acquired loan reserves from Quincy State Bank during the first quarter. At quarter-end 2004, the allowance represented 0.94% of total loans. While there can be no assurance that the Company will not sustain loan losses in a particular period that are substantial in relation to the size of the allowance, management's assessment of the loan portfolio does not indicate a likelihood of this occurrence. It is management's opinion that

the allowance at March 31, 2004 is adequate to absorb losses inherent in the loan portfolio at quarter-end.

The Company ended the first quarter of 2004 with approximately $84.3 million in average net overnight funds. This represents a decline of $25.0 million, or 22.9% from the 2003 level of $109.3 million. For a further discussion on liquidity see the section "Liquidity and Capital Resources."

The investment portfolio is a significant component of the Company's operations and, as such, it functions as a key element of liquidity and asset/liability management. As of March 31, 2004, the average investment portfolio decreased $27.4 million, or 13.5%, from the first quarter of 2003. U.S. Agency, mortgage-backed, municipal, and corporate security balances declined by $57.4 million from the first quarter of 2003 offset by an increase in U.S. treasury balances of $30.0 million, reflecting the use of maturity proceeds to fund loan growth. Management will continue to evaluate the need to purchase securities for the investment portfolio throughout 2004, taking into consideration liquidity needed to fund planned loan growth and pledging requirements.

Securities 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, 2004 and December 31, 2003, shareowners' equity included a net unrealized gain of $1.4 million.

The Company's nonperforming loans were $1.9 million at March 31, 2004, versus $2.6 million for the same period in 2003. As a percent of nonperforming loans, the allowance for loan losses represented 717% at March 31, 2004 versus 530% at December 31, 2003 and 485% at March 31, 2003. 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 $1.1 million at March 31, 2004, versus $5.0 million at December 31, 2003 and $1.2 million at March 31, 2003. The ratio of nonperforming assets as a percent of loans plus other real estate was .20% at March 31, 2004 compared to .54% at December 31, 2003 and .29% at March 31, 2003. The improvement in the ratio for the first quarter of 2004 reflects the resolution of one $3.9 million problem asset that resulted in a gain on the sale of real estate of $211,000.

Average total deposits increased $49.4 million from $1.4 billion in the first quarter of 2003, to $1.5 billion in the first quarter of 2004. The increase was driven by a $63.7 million increase in nonmaturity deposits and was partially offset by a $14.3 million decline in higher cost certificates of deposit which created a favorable shift in the deposit mix and a positive impact on the Bank's cost of funds.

The ratio of average noninterest bearing deposits to total deposits was 29.8% for the first quarter of 2004 compared to 27.7% for the first quarter of 2003. For the same periods, the ratio of average interest bearing liabilities to average earning assets was 71.9% compared to 74.1%.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity for a banking institution is the availability of funds to meet increased loan demand and/or excessive deposit withdrawals. Management monitors the Company's financial position in an effort to ensure the Company has ready access to sufficient liquid funds to meet normal transaction requirements, 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, bank lines of credit for the Company, approved lines for the purchase of federal funds by CCB and Federal Home Loan Bank advances. The Company maintains a $25.0 million revolving line of credit. As of March 31, 2004, the Company had no borrowings under the revolving line of credit.

During the first quarter of 2004, the Company increased borrowings by $3.7 million due primarily to the assumption of $3.0 million in FLHB advances from the Quincy State Bank acquisition and $737,000 from the FHLB to match fund loan growth. In the first quarter of 2004, the Bank made scheduled FHLB advance payments totaling $563,000 and in March of 2004 repaid a $20 million advance from the FLHB with a rate of 2.22%. This advance originated during the third quarter of 2002, when $75 million was borrowed from the FHLB to fund growth in loan demand and the decline in certificates of deposit.

The Company's equity capital was $206.9 million as of March 31, 2004 compared to $202.8 million as of December 31, 2003. 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 8.38% at March 31, 2004 compared to 9.51% at December 31, 2003. Further, the Company's

risk-adjusted capital ratio of 11.09% at March 31, 2004 exceeds the 8.0% minimum requirement under risk-based regulatory guidelines.

Adequate capital and financial strength is paramount to the stability of CCBG and its subsidiary bank. Cash dividends declared and paid should not place unnecessary strain on the Company's 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 the Company is 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 2004 totaled $.1800 per share compared to $.136 per share for the first quarter of 2003, an increase of 32.4%. The dividend payout ratios for the first quarter ended 2004 and 2003 were 48.4% and 28.0%, respectively.

State and federal regulations as well as the Company's long-term debt agreements place certain restrictions on the payment of dividends by both the Company and the Bank. At March 31, 2004, these regulations and covenants did not impair the Company's (or its subsidiary'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 2004, shareowners' equity increased $4.1 million, or 8.2%, on an annualized basis. Growth in equity during the first quarter was positively impacted by net income of $4.8 million and the issuance of common stock of $1.6 million. Equity was reduced by dividends paid during the first quarter of $2.4 million, or $.1800 per share and an increase in the net unrealized gain on available-for-sale securities of $30,000. At March 31, 2004, the Company's common stock had a book value of $15.54 per diluted share compared to $15.27 at December 31, 2003.

On March 30, 2000, the Company's Board of Directors authorized the repurchase of up to 625,000 shares of its outstanding common stock. On January 24, 2002, the Company's Board of Directors authorized the repurchase of an additional 312,500 shares of its outstanding common stock. The purchases will be made in the open market or in privately negotiated transactions. The Company did not purchase any shares in the first quarter of 2004. From March 30, 2000 through March 31, 2004, the Company repurchased 572,707 shares at an average purchase price of $19.18 per share.

Legal Developments

Prior to 2002, the Bank maintained relationships with a small number of Independent Service Organizations ("ISO"s) in connection with its card processing operations. Certain merchant clients of one ISO have alleged they are entitled to receive

financial reserves placed with the ISO. The Bank is currently named as a co-defendant in one lawsuit brought against the ISO by a merchant. Management does not believe that the ultimate resolution of this lawsuit will have a material impact on the Company's financial position or results of operations. The Bank no longer maintains merchant service relationships with ISOs.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not currently engage in the use of derivative instruments to hedge interest rate risks. However, 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 customers.

At March 31, 2004, the Company had $340.4 million in commitments to extend credit and $8.0 million in standby letters of credit. 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. Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The Company uses the same credit policies in establishing commitments and issuing letters of credit as it does 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 Federal Home Loan Bank, investment security maturities and the Company's 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 the Company to make various estimates and assumptions (see Note 1 in the Notes to Consolidated Financial Statements). The Company believes that, of its 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 the Company 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.

Intangible Assets: Intangible assets consist primarily of goodwill and core deposit assets 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. The Company performs an impairment review on an annual basis to determine if there has been impairment of its goodwill. The Company has determined that no impairment existed at December 31, 2003. 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 the Company's reported results.

Core deposit assets represent the premium the Company paid for core deposits. Core deposit intangibles are amortized on the straight-line method over various periods ranging from 7-10 years, with the majority being amortized over approximately 10 years. Generally, core deposits refer to nonpublic, nonmaturing deposits including noninterest-bearing deposits, NOW, money market and savings. The Company makes 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 customer 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: The Company has a trusteed defined benefit pension plan for the benefit of substantially all associates of the Company and its subsidiary. The Company's 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 Balance Sheets reflect a prepaid 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. The discount rate utilized for 2004 is 6.25%.

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). The weighted-average expected long-term rate of return on plan assets utilized for 2004 is 8.0%.

The assumed rate of annual compensation increases of 5.5% in 2004 is based on expected trends in salaries and the associate base. This assumption is not expected to change materially in 2004.

Detailed information on components of the Company's net benefit cost is provided in Note 8 of the Notes to Consolidated Financial Statements.

<TABLE>
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TABLE I
AVERAGE BALANCES & INTEREST RATES
(Taxable Equivalent Basis - Dollars in Thousands)

	For Three Months Ended March 31,					
	2004			2003		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans, Net of Unearned Interest<F1><F2>	$1,357,206	$21,310	6.32%	$1,289,161	$22 ,210	6.99%
Taxable Investment Securities	121,702	635	2.09%	138,646	1,180	3.41%
Tax-Exempt Investment Securities<F2>	54,274	822	6.06%	64,772	955	5.89%
Funds Sold	101,286	222	0.87%	122,708	352	1.15%
Total Earning Assets	1,634,468	22,989	5.66%	1,615,287	24,697	6.20%
Cash & Due From Banks	90,327			82,453		
Allowance for Loan Losses	(12,725)			(12,619)		
Other Assets	118,426			111,536		
TOTAL ASSETS	$1,830,496			$1,796,657		
LIABILITIES						
NOW Accounts	$ 271,878	$ 124	0.18%	$ 262,618	$ 202	0.31%
Money Market Accounts	215,078	239	0.45%	214,539	420	0.79%
Savings Accounts	115,985	28	0.10%	106,241	65	0.25%
Other Time Deposits	420,501	2,003	1.92%	434,825	2,539	2.37%
Total Interest Bearing Deposits	1,023,442	2,394	0.94%	1,018,223	3,226	1.29%
Short-Term Borrowings	104,406	287	1.11%	106,798	329	1.25%
Long-Term Debt	47,023	497	4.25%	72,372	545	3.05%
Total Interest Bearing Liabilities	1,174,871	3,178	1.09%	1,197,393	4,100	1.39%
Noninterest Bearing Deposits	433,718			389,540		
Other Liabilities	15,512			19,308		
TOTAL LIABILITIES	1,624,101			1,606,241		
SHAREOWNERS' EQUITY						
Common Stock	133			106		
Surplus	17,248			14,862		
Other Comprehensive Income	1,403			3,006		
Retained Earnings	187,611			172,442		
TOTAL SHAREOWNERS' EQUITY	206,395			190,416		
TOTAL LIABILITIES & EQUITY	$1,830,496			$1,796,657		
Net Interest Rate Spread			4.57%			4.81%
Net Interest Income		$19,811			$20,597	
Net Interest Margin			4.88%			5.17%

<FN>
<F1> Average balances include nonaccrual loans. Interest income includes fees on loans of approximately $346,000 and $601,000, for the three months ended March 31, 2004 and 2003, respectively.

<F2> Interest income includes the effects of taxable equivalent adjustments using a 35% tax rate.
</FN>
</TABLE>

Item 3. Qualitative and Quantitative Disclosure for Market Risk

Overview

Market risk management arises from changes in interest rates, exchange rates,

commodity prices, and equity prices. The Company has risk management policies to monitor and limit exposure to market risk and does 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 CCBG to interest rate risk. Fluctuations in interest rates may result in changes in the fair market value of the Company's financial instruments, cash flows and net interest income. The Company seeks to avoid fluctuations in its net interest margin and to maximize net interest income within acceptable levels of risk through periods of changing interest rates. Accordingly, the Company's interest rate sensitivity and liquidity are monitored on an ongoing basis by its 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.

The financial assets and liabilities of the Company 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 the Company's consolidated interest rate sensitivity position as of March 31, 2004 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 the Company's net interest income due to fluctuations in interest rates. The asset and liability values presented in Table II may not necessarily be indicative of the Company's interest rate sensitivity over an extended period of time.

The Company expects 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 the Company responds to changing rates and thus impact the magnitude of change in net interest income. Nonmaturity deposits offer management greater discretion as to the direction, timing, and magnitude of interest rate changes and can have a material impact on the Company's 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.

<TABLE>
<CAPTION>

Table II - FINANCIAL ASSETS AND LIABILITIES MARKET RISK ANALYSIS<F1>
Other Than Trading Portfolio

	As of March 31, 2004							
(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	$ 207,109	$123,423	$ 70,774	$32,972	$16,115	$17,169	$ 467,561	$ 471,420
Average Interest Rate	7.00%	7.19%	7.21%	7.40%	7.27%	7.67%	7.14%	
Floating Rate<F2>	693,275	151,780	124,710	13,804	4,449	10,225	998,243	1,006,383
Average Interest Rate	5.54%	6.62%	6.37%	4.41%	6.30%	6.77%	5.81%	
Investment Securities:<F3>								
Fixed Rate	101,560	61,743	17,811	2,509	1,119	1,359	186,103	186,762
Average Interest Rate	2.47%	2.68%	3.21%	4.71%	5.73%	6.01%	2.69%	
Floating Rate	2,660	-	-	-	-	-	2,660	2,660

Average Interest Rate	4.30%	-	-	-	-	-	4.30%	
Other Earning Assets:								
Floating Rates	90,469	-	-	-	-	-	90,469	90,469
Average Interest Rate	0.93%	-	-	-	-	-	0.93%	
Total Financial Assets	$1,095,074	$336,946	$213,295	$49,285	$26,683	$28,753	$1,745,036	$1,757,694
Average Interest Rate	4.91%	6.11%	6.39%	6.42%	6.99%	6.89%	5.42%	
Deposits:<F4>								
Fixed Rate Deposits	$ 353,473	$ 57,171	$ 23,859	$ 8,279	$ 1,535	3	$ 444,320	$ 447,974
Average Interest Rate	1.61%	2.65%	3.05%	3.49%	2.68%	4.75%	1.86%	
Floating Rate Deposits	645,115	-	-	-	-	-	645,115	645,115
Average Interest Rate	0.26%	-	-	-	-	-	0.26%	
Other Interest Bearing Liabilities								
Fixed Rate Debt	4,479	19,480	3,702	2,799	2,580	16,910	49,950	51,426
Average Interest Rate	4.34%	3.35%	4.25%	4.63%	4.66%	4.88%	4.16%	
Floating Rate Debt	112,343	-	-	-	-	-	112,343	112,343
Average Interest Rate	0.54%	-	-	-	-	-	0.54%	
Total Financial Liabilities	$1,115,409	$ 76,651	$ 27,562	$11,077	$ 4,116	$16,913	$1,251,728	$1,256,858
Average interest Rate	1.04%	2.83%	3.21%	3.78%	3.92%	4.88%	1.29%	

<FN>
<F1> Based upon expected cashflows, unless otherwise indicated.
<F2> Based upon a combination of expected maturities and repricing opportunities.
<F3> Based upon contractual maturity, except for callable and floating rate securities, which are based on expected maturity and weighted average life, respectively.
<F4> 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.
</FN>
</TABLE>

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended, are recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that the information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives, and management was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation and subject to the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the design and operation of the Company's disclosure controls and procedures provided reasonable assurance that the disclosure controls and procedures are effective to accomplish their objectives.

Changes in Internal Controls

The Company's management, including the Chief Executive Officer and Chief Financial Officer, has reviewed the Company's internal controls. There have been no significant changes in the Company's internal controls during the Company's most recently completed fiscal quarter, nor subsequent to the date of their evaluation, that could significantly affect the Company's disclosure controls and procedures.

PART II. OTHER INFORMATION

ITEMS 1-4.

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) Exhibits

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.

(B) Reports on Form 8-K

On January 13, 2004, the Company furnished an 8-K to report the issuance of a press release to announce an agreement and plan of merger, by and among the Company, Capital City Bank, Synovus Financial Corp., and Quincy State Bank.

On January 29, 2004, the Company furnished an 8-K to report the issuance of a press release to announce the earnings for the year-ended December 31, 2003.

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/ J. Kimbrough Davis
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J. Kimbrough Davis
Executive Vice President and
Chief Financial Officer
Date: May 10, 2004

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Exhibit 31.1 Certification of CEO Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 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(s) 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)) 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) 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

(c) 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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.

Capital City Bank Group, Inc.

By: /s/ William G. Smith, Jr.

William G. Smith, Jr.
President and Chief Executive Officer

Date: May 10, 2004

Exhibit 31.2 Certification of CFO Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 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(s) 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)) 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) 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

(c) 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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.

Capital City Bank Group, Inc.

By: /s/ J. Kimbrough Davis

J. Kimbrough Davis
Executive Vice President and
Chief Financial Officer

Date: May 10, 2004

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, 2004, 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.

Capital City Bank Group, Inc.

By: /s/ William G. Smith, Jr.

William G. Smith, Jr.
President and Chief Executive Officer

Date: May 10, 2004

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, 2004, 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.

Capital City Bank Group, Inc.

By: /s/ J. Kimbrough Davis

J. Kimbrough Davis
Executive Vice President and
Chief Financial Officer

Date: May 10, 2004

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.