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

FORM 10-Q

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

For the Quarterly Period Ended
September 30, 2005

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 such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement 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 [ ]

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 October 28, 2005, 18,623,782 shares of the Registrant's Common Stock, $.01 par value, were outstanding.

CAPITAL CITY BANK GROUP, INC.

FORM 10-Q I N D E X

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1. Legal Proceedings Not Applicable

2. Unregistered Sales of Equity Securities and Use of Proceeds Not Applicable

3. Defaults Upon Senior Securities Not Applicable

4. Submission of Matters to a Vote of Security Holders Not Applicable

5. Other Information Not Applicable

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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 Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and the Company's other filings with the Securities and Exchange Commission.

PART I. FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED SEPTEMBER 30
(Unaudited)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
(Dollars in Thousands, Except Per Share Data)(1)	2005	2004	2005	2004
<S>	<C>	<C>	<C>	<C>
INTEREST INCOME				
Interest and Fees on Loans	$35,331	$23,316	$96,278	$67,510
Investment Securities:				
U.S. Treasury	89	167	347	619
U.S. Govt. Agencies and Corporations	788	507	2,442	1,298
States and Political Subdivisions	416	468	1,132	1,491
Other Securities	144	55	436	191
Funds Sold	121	147	638	486
Total Interest Income	36,889	24,660	101,273	71,595
INTEREST EXPENSE				
Deposits	5,480	2,434	14,407	7,213
Short-Term Borrowings	691	332	1,875	868
Subordinated Notes Payable	931	-	2,039	-
Other Long-Term Borrowings	783	642	2,272	1,726
Total Interest Expense	7,885	3,408	20,593	9,807
Net Interest Income	29,004	21,252	80,680	61,788
Provision for Loan Losses	376	300	1,174	1,841
Net Interest Income After Provision for Loan Losses	28,628	20,952	79,506	59,947
NONINTEREST INCOME				
Service Charges on Deposit Accounts	5,635	4,487	15,018	12,858
Data Processing	660	652	1,917	1,988
Asset Management Fees	1,050	1,035	3,175	2,726
Gain (Loss) on Sale of				

Investment Securities	9	(13)	9	7
Mortgage Banking Revenues	1,317	806	3,116	2,486
Gain on Sale of Credit Card Portfolio	-	6,857	-	6,857
Other	4,452	3,897	12,989	11,711
Total Noninterest Income	13,123	17,721	36,224	38,633
NONINTEREST EXPENSE				
Salaries and Associate Benefits	14,046	10,966	39,793	32,515
Occupancy, Net	2,119	1,828	6,091	5,194
Furniture and Equipment	2,285	2,174	6,589	6,214
Intangible Amortization	1,430	921	3,922	2,673
Merger Expense	180	68	414	114
Other	8,549	5,676	23,663	17,599
Total Noninterest Expense	28,609	21,633	80,472	64,309
Income Before Income Taxes	13,142	17,040	35,258	34,271
Income Taxes	4,565	6,221	12,436	12,162
NET INCOME	$ 8,577	$10,819	$22,822	$22,109
BASIC NET INCOME PER SHARE	$ .46	$ .66	$ 1.26	$ 1.34
DILUTED NET INCOME PER SHARE	$ .46	$ .66	$ 1.26	$ 1.34
Average Basic Shares Outstanding	18,623,037	16,603,681	18,142,502	16,591,499
Average Diluted Shares Outstanding	18,648,504	16,608,681	18,156,764	16,594,847

(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>
<TABLE>

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
AS OF SEPTEMBER 30, 2005 AND DECEMBER 31, 2004
(Unaudited)

(Dollars In Thousands, Except Share Data)(1)	September 30, 2005	December 31, 2004
<S>	<C>	<C>
ASSETS		
Cash and Due From Banks	$ 109,847	$ 87,039
Funds Sold and Interest Bearing Deposits	16,382	74,506
Total Cash and Cash Equivalents	126,229	161,545
Investment Securities, Available-for-Sale	192,435	210,240
Loans, Net of Unearned Interest	2,052,892	1,828,825
Allowance for Loan Losses	(17,424)	(16,037)
Loans, Net	2,035,468	1,812,788
Premises and Equipment	71,044	58,963
Goodwill	84,710	54,341
Other Intangible Assets	27,141	25,964
Other Assets	46,475	40,172
Total Assets	$2,583,502	$2,364,013
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	$ 571,880	$ 566,991
Interest Bearing Deposits	1,453,608	1,327,895
Total Deposits	2,025,488	1,894,886
Short-Term Borrowings	92,746	96,014

Subordinated Notes Payable	62,887	30,928
Other Long-Term Borrowings	71,526	68,453
Other Liabilities	29,278	16,932
Total Liabilities	2,281,925	2,107,213
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; 18,623,778 shares outstanding at September 30, 2005 and 17,694,139 shares outstanding at December 31, 2004	186	177
Additional Paid-In Capital	83,185	53,328
Retained Earnings	219,099	204,648
Accumulated Other Comprehensive Loss, Net of Tax	(893)	(353)
Total Shareowners' Equity	301,577	256,800
Total Liabilities and Shareowners' Equity	$2,583,502	$2,364,013

(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>
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CONSOLIDATED STATEMENTS OF CHANGES IN SHAREOWNERS' EQUITY

(Dollars in Thousands, Except Per Share Data)(1)	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, 2004	$177	$52,328	$204,648	$(353)	$256,800
Comprehensive Income:					
Net Income	-	-	22,822		
Net Change in Unrealized Loss On Available-for-Sale Securities	-	-	-	(540)	
Total Comprehensive Income	-	-	-	-	22,282
Cash Dividends ($.456 per share)	-	-	(8,371)	-	(8,371)
Stock Performance Plan Compensation	-	1,077	-	-	1,077
Issuance of Common Stock	9	29,780	-	-	29,789
Balance, September 30, 2005	$186	$83,185	$219,099	$(893)	$301,577

(1) All share, per share, and shareowners' equity 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.

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CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30
(Unaudited)

(Dollars in Thousands)	2005	2004
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 22,822	$ 22,109
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Provision for Loan Losses	1,174	1,841
Depreciation	4,324	3,877
Net Securities Amortization	1,133	1,673
Amortization of Intangible Assets	3,922	2,673
Gain on Sale of Investment Securities	(9)	(7)
Non-Cash Compensation	1,083	1,686
Net (Increase) Decrease in Other Assets	(4,463)	5,762
Net Increase in Other Liabilities	13,371	8,263
Net Cash Provided by Operating Activities	43,357	47,877
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Payments/Maturities/Sales of Investment Securities Available-for-Sale	94,587	119,650
Purchase of Investment Securities Available-for-Sale	(43,920)	(81,594)
Net Increase in Loans	(106,858)	(113,296)
Net Cash Acquired (Used) in Acquisitions	37,412	(18,079)
Purchase of Premises & Equipment	(13,264)	(5,145)
Proceeds from Sales of Premises & Equipment	175	1,010
Net Cash Used in Investing Activities	(31,868)	(97,454)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Decrease in Deposits	(70,983)	(6,093)
Net Decrease in Short-Term Borrowings	(88,311)	(46,968)
Proceeds from Subordinated Note Payable	31,959	-
Increase in Other Long-Term Borrowings	88,116	28,456
Dividends Paid	(8,371)	(7,169)
Issuance of Common Stock	785	569
Net Cash Used in Financing Activities	(46,805)	(31,205)
Net Decrease in Cash and Cash Equivalents	(35,316)	(80,782)
Cash and Cash Equivalents at Beginning of Period	161,545	218,592
Cash and Cash Equivalents at End of Period	$126,229	$137,810
Supplemental Disclosure:		
Interest Paid on Deposits	$ 13,685	$ 7,263
Interest Paid on Debt	$ 6,034	$ 2,616
Taxes Paid	$ 11,129	$ 6,786
Transfer of Loans to Other Real Estate	$ 2,391	$ 1,063
Issuance of Common Stock as Non-Cash Compensation	$ 339	$ 1,686
Transfer of Current Portion of Long-Term Borrowings to Short-Term Borrowings	$ 42,649	$ 15,000

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

</TABLE>

CAPITAL CITY BANK GROUP, INC.
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 September 30, 2005 and December 31, 2004, the results of operations for the three and nine month periods ended September 30, 2005 and 2004, and cash flows for the nine month periods ended September 30, 2005 and 2004.

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 2004 Annual Report on Form 10-K.

On July 1, 2005, the Company executed a five-for-four stock split in the form of a 25% stock dividend, payable to shareowners of record as of close of business on June 17, 2005. All share, per share, and shareowners' equity data have been adjusted to reflect the stock split.

Stock-based Compensation

As of September 30, 2005, the Company had three stock-based compensation plans, consisting of the Associate Incentive Plan ("AIP"), the Associate Stock Purchase Plan and the Director Stock Purchase Plan. Under the AIP, performance share units are awarded to participants based on performance goals being achieved. In addition, pursuant to the AIP, the Company executed stock option arrangements for 2005, 2004, and 2003 for a key executive officer (William G. Smith, Jr.). 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, "Accounting for Stock-Based Compensation," prospectively to all 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. The cost related to all stock-based associate compensation included in net income is accounted for under the fair value based method during 2004 and 2005 as all awards have grant dates after January 1, 2003.

(2) ACQUISITIONS

On May 20, 2005, the Company completed its merger with First Alachua Banking Corporation ("FABC"), headquartered in Alachua, Florida. The Company 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. Results of FABC operations have been included in the Company's consolidated financial statements since May 21, 2005. FABC's wholly-owned subsidiary, First National Bank of Alachua ("FNBA") 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. The transaction was accounted for as a purchase and resulted in approximately $35.6 million of intangible assets, including approximately $30.5 million in goodwill and a core deposit intangible of $5.1 million. The core deposit intangible is being amortized over a 5.5 year period.

On May 20, 2005, the Company issued a $32.0 million junior subordinated deferrable interest note to a wholly owned Delaware statutory trust, Capital City Bank Group Capital Trust II ("CCBG Capital Trust II") to facilitate the cash portion of the consideration paid to FABC shareowners. Interest payments on this note are due quarterly at a fixed rate of 6.07% for five years, then adjustable annually to three month LIBOR plus a margin of 1.80%. The note matures on June 15, 2035. The general terms and conditions of the Company's transaction with CCBG Capital Trust II are consistent with those enumerated for CCBG Capital Trust I which are described in Note 10 in the Company's 2004 Annual Report on Form 10-K.

The information below lists the consolidated assets and liabilities of FNBA as of May 20, 2005, along with the consideration paid.

<TABLE>

(Dollars in Thousands)	First National Bank of Alachua
Cash and Due From Banks	$ 9,082
Funds Sold	58,312
Total Cash and Cash Equivalents	67,394
Investment Securities, Available-for-Sale	35,181
Loans, Net of Unearned Interest	119,262
Intangible Assets	35,623
Other Assets	3,282
Total Assets Acquired	$260,742
Total Deposits	$201,748
Long-Term Borrowings	-
Other Liabilities	994
Total Liabilities Assumed	$202,742
Consideration Paid to FABC Shareowners	$ 58,000

The following unaudited pro forma financial information for the three and nine months ended September 30, 2005 and 2004, presents the consolidated operations of the Company as if the FNBA acquisition had been made on January 1, 2004. 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 FNBA been consummated on this earlier date, and do not project the Company's results of operations for any future period:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in Thousands, Except Per Share Data)(1)	2005	2004(3)	2005	2004(3)
Interest Income	$36,889	$27,425	$105,661	$79,900
Interest Expense	7,885	4,563	22,418	13,285
Net Interest Income	29,004	22,862	83,243	66,615
Provision for Loan Losses	376	300	1,174	1,841
Net Interest Income After Provision for Loan Losses	28,628	22,562	82,069	64,774
Noninterest Income	13,123	18,178	37,043	40,079
Noninterest Expense(2)	28,609	23,425	84,467	69,879
Income Before Income Taxes	13,142	17,315	34,645	34,974
Income Taxes	4,565	6,326	12,446	12,429
Net Income	$ 8,577	$10,989	$ 22,199	$22,545
Basic Net Income Per Share	$ 0.46	$ 0.63	$ 1.22	$ 1.29
Diluted Net Income Per Share	$ 0.46	$ 0.63	$ 1.22	$ 1.29

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

(2) Includes non-recurring merger related expenses at CCBG in the third quarter of 2005 totaling approximately $180,000, and year-to-date 2005 at FNBA and CCBG totaling approximately $1.3 million.

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

(3) INVESTMENT SECURITIES

The carrying value and related market value of investment securities at September 30, 2005 and December 31, 2004 were as follows:

	September 30, 2005			
	Amortized	Unrealized	Unrealized	Market
(Dollars in Thousands)	Cost	Gains	Losses	Value
U.S. Treasury	$ 15,642	$ -	$ 114	$ 15,528

U.S. Government Agencies and Corporations	83,789	-	880	82,909
States and Political Subdivisions	57,363	100	341	57,122
Mortgage-Backed Securities	22,942	67	229	22,780
Other Securities(1)	14,096	-	-	14,096
Total Investment Securities	$193,832	$167	$1,564	$192,435

(Dollars in Thousands)	December 31, 2004 Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury	$ 31,027	$ -	$ 244	$ 30,783
U.S. Government Agencies and Corporations	92,073	5	741	91,337
States and Political Subdivisions	49,889	409	92	50,206
Mortgage-Backed Securities	26,293	187	80	26,400
Other Securities(1)	11,514	-	-	11,514
Total Investment Securities	$210,796	$601	$1,157	$210,240

(1) FHLB and FRB stock recorded at cost.

</TABLE>

(4) LOANS

The composition of the Company's loan portfolio at September 30, 2005 and December 31, 2004 was as follows:

<TABLE>

(Dollars in Thousands)	September 30, 2005	December 31, 2004
<S>	<C>	<C>
Commercial, Financial and Agricultural	$ 216,695	$ 206,474
Real Estate - Construction	152,042	140,190
Real Estate - Commercial Mortgage	712,682	655,426
Real Estate - Residential	555,526	438,484
Real Estate - Home Equity	162,309	150,061
Real Estate - Loans Held-for-Sale	4,866	11,830
Consumer	248,772	226,360
Loans, Net of Unearned Interest	$2,052,892	$1,828,825

</TABLE>

(5) ALLOWANCE FOR LOAN LOSSES

An analysis of the changes in the allowance for loan losses for the nine month periods ended September 30, 2005 and 2004, is as follows:

<TABLE>

(Dollars in Thousands)	September 30, 2005	September 30, 2004
<S>	<C>	<C>
Balance, Beginning of the Period	$16,037	$12,429
Acquired Reserves	1,385	1,313
Provision for Loan Losses	1,174	1,841
Recoveries on Loans Previously Charged-Off	1,361	1,267
Loans Charged-Off	(2,533)	(3,722)
Reserves Reversal - Credit Card Portfolio Sale	-	(800)
Balance, End of Period	$17,424	$12,328

</TABLE>

Impaired loans are primarily defined as all nonaccruing loans for the loan categories which are included within the scope of SFAS 114, "Accounting by Creditors for Impairment of a Loan." Selected information pertaining to impaired loans is depicted in the table below:

<TABLE>

(Dollars in Thousands)	September 30, 2005 Balance	September 30, 2005 Valuation Allowance	December 31, 2004 Balance	December 31, 2004 Valuation Allowance
Impaired Loans:				
With Related Valuation Allowance	$6,189	$3,232	$ 578	$313
Without Related Valuation Allowance	1,412	-	3,150	-

</TABLE>
<TABLE>

(Dollars in Thousands)	September 30, 2005	December 31, 2004
Average Recorded Investment in Impaired Loans	$9,472	$5,382
Interest Income on Impaired Loans:		
Recognized	168	140
Collected in Cash	168	120

</TABLE>

(6) DEPOSITS

The composition of the Company's interest bearing deposits at September 30, 2005 and December 31, 2004 was as follows:

<TABLE>

(Dollars in Thousands)	September 30, 2005	December 31, 2004
NOW Accounts	$ 481,767	$ 338,932
Money Market Accounts	267,074	270,095
Savings Deposits	155,471	147,348
Other Time Deposits	549,296	571,520
Total Interest Bearing Deposits	$1,453,608	$1,327,895

</TABLE>

(7) INTANGIBLE ASSETS

The Company had intangible assets of $111.9 million and $80.3 million at September 30, 2005 and December 31, 2004, respectively. Intangible assets were as follows:

<TABLE>

(Dollars in Thousands)	September 30, 2005 Gross Amount	September 30, 2005 Accumulated Amortization	December 31, 2004 Gross Amount	December 31, 2004 Accumulated Amortization
Core Deposits Intangibles	$ 47,176	$21,901	$ 42,078	$18,300
Goodwill	88,497	3,786	58,127	3,786
Customer Relationship Intangible	1,867	257	1,867	114
Other	483	228	483	50
Total Intangible Assets	$138,023	$26,172	$102,555	$22,250

</TABLE>

Net Core Deposit Intangibles: As of September 30, 2005 and December 31, 2004, the Company had core deposit intangibles (net of accumulated amortization) of $25.3 million and $23.8 million, respectively. Amortization expense for the first nine months of 2005 and 2004 was $3.6 million and $2.6 million, respectively. Estimated annual amortization expense is $5.3 million.

Goodwill: As of September 30, 2005 and December 31, 2004 the Company had goodwill, net of accumulated amortization, of $84.7 million and $54.3 million, respectively. 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 September 30, 2005, the Company had a customer relationship

intangible, net of accumulated amortization, of $1.6 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 nine months of 2005 was $143,000. Estimated annual amortization expense is $191,000 based on use of a 10 year useful life.

As of September 30, 2005 and December 31, 2004, the Company also had a non-compete intangible, net of accumulated amortization, of $255,000 and $433,000, 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 nine months of 2005 was $178,000. Estimated annual amortization expense is $236,000 based on a 2-year useful life.

(8) EMPLOYEE BENEFIT PLANS

The components of the net periodic benefit costs for the Company's qualified benefit pension plan were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in Thousands)	2005	2004	2005	2004
Discount rate	6.00%	6.25%	6.00%	6.25%
Long-term rate of return on assets	8.00%	8.00%	8.00%	8.00%
Service cost	$1,183	$ 950	$3,263	$2,850
Interest cost	838	725	2,438	2,175
Expected return on plan assets	(782)	(675)	(2,378)	(2,025)
Prior service cost amortization	55	50	165	150
Net loss amortization	400	300	990	900
Net periodic benefit cost	$1,694	$1,350	$4,478	$4,050

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in Thousands)	2005	2004	2005	2004
Discount rate	6.00%	6.25%	6.00%	6.25%
Long-term rate of return on assets	N/A	N/A	N/A	N/A
Service cost	$ 35	$ 48	$105	$144
Interest cost	54	65	162	195
Expected return on plan assets	N/A	N/A	N/A	N/A
Prior service cost amortization	15	30	45	90
Net loss amortization	21	(18)	63	(54)
Net periodic benefit cost	$125	$125	$375	$375

(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 September 30, 2005, the amounts associated with the

Company's off-balance sheet obligations were as follows:

(Dollars in Millions)	Amount
Commitments to Extend Credit(1)	$480.7
Standby Letters of Credit	$ 20.6

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

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.

(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). Comprehensive income totaled $8.4 million and $22.3 million, respectively, for the three and nine months ended September 30, 2005 and $11.3 million and $21.2 million, respectively, for the comparable periods in 2004. 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 $(195,000) and $(540,000), respectively, for the three and nine months ended September 30, 2005, and $431,000 and $(934,000), respectively, for the three and nine months ended September 30, 2004. Reclassification adjustments consist only of realized gains on sales of investment securities and were not material for the three and nine months ended September 30, 2005 and 2004.

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

	2005			2004				2003
	Third	Second	First	Fourth	Third	Second	First	Fourth
Summary of Operations:								
Interest Income	$ 36,889	$ 33,910	$ 30,474	$ 29,930	$ 24,660	$ 24,265	$ 22,670	$ 23,022
Interest Expense	7,885	6,788	5,920	5,634	3,408	3,221	3,178	3,339
Net Interest Income	29,004	27,122	24,554	24,296	21,252	21,044	19,492	19,683
Provision for Loan Losses	376	388	410	300	300	580	961	850
Net Interest Income After Provision for Loan Losses	28,628	26,734	24,144	23,996	20,952	20,464	18,531	18,833
Gain on Sale of Credit Card Portfolio	-	-	-	324	6,857	-	-	

								-
Noninterest Income	13,123	12,041	11,060	11,596	10,864	11,031	9,881	10,614
Merger Expense	180	234	-	436	68	4	42	-
Noninterest Expense	28,429	26,362	25,267	24,481	21,565	21,597	21,033	20,593
Income Before Provision for Income Taxes	13,142	12,179	9,937	10,999	17,040	9,894	7,337	8,854
Provision for Income Taxes	4,565	4,311	3,560	3,737	6,221	3,451	2,490	2,758
Net Income	$ 8,577	$ 7,868	$ 6,377	$ 7,262	$ 10,819	$ 6,443	$ 4,847	$ 6,096
Net Interest Income (FTE)	$ 29,329	$ 27,396	$ 24,835	$ 24,619	$ 21,528	$ 21,333	$ 19,811	$ 20,020
Per Common Share:								
Net Income Basic	$ .46	$ .44	$ .36	$ .40	$ .66	$ .38	$ .30	$ .38
Net Income Diluted	.46	.44	.36	.40	.66	.38	.30	.37
Dividends Declared	.152	.152	.152	.152	.144	.144	.144	.144
Diluted Book Value	16.17	15.87	14.69	14.51	13.19	12.64	12.43	12.22
Market Price:								
High	38.72	33.46	33.60	36.78	32.96	34.52	36.44	37.46
Low	31.78	28.02	29.30	30.17	26.66	28.40	31.24	29.30
Close	37.71	32.32	32.41	33.44	30.97	31.67	33.00	36.79
Selected Average Balances:								
Loans	$2,046,968	$1,932,637	$1,827,327	$1,779,736	$1,524,401	$1,491,142	$1,357,206	$1,329,673
Earning Assets	2,250,902	2,170,483	2,047,049	2,066,111	1,734,708	1,721,655	1,634,468	1,636,269
Assets	2,569,524	2,458,788	2,306,807	2,322,870	1,941,372	1,929,485	1,830,496	1,819,552
Deposits	2,013,427	1,932,144	1,847,378	1,853,588	1,545,224	1,538,630	1,457,160	1,451,095
Shareowners' Equity	300,931	278,107	260,946	248,773	217,273	210,211	206,395	201,939
Common Equivalent Average Shares:								
Basic	18,623	18,094	17,700	17,444	16,604	16,593	16,578	16,528
Diluted	18,649	18,102	17,708	17,451	16,609	16,596	16,607	16,581
Ratios:								
ROA	1.32%	1.28%	1.12%	1.24%	2.22%(2)	1.34%	1.06%	1.33%
ROE	11.31%	11.35%	9.91%	11.61%	19.81%(2)	12.33%	9.45%	11.98%
Net Interest Margin (FTE)	5.17%	5.07%	4.92%	4.75%	4.94%	4.99%	4.88%	4.85%
Efficiency Ratio	63.60%	63.56%	67.06%	63.85%	52.60%(2)	63.87%	68.06%	64.58%

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

(2) Includes $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 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 "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 the Company's earnings performance and financial condition, and how the Company's performance during 2005 compares with prior years. Throughout this section, Capital City Bank Group, Inc., and its subsidiary, collectively, are referred to as "CCBG" or the "Company." 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 on page 28 for average balances and interest rates presented on a quarterly basis.

This report including the MD&A section, and other Company written and oral communications and statements may contain "forward-looking statements." These forward-looking statements include, among others, statements about the Company's 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 the Company's control. The words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan" and similar expressions are intended to identify forward-looking statements.

All forward-looking statements, by their nature, are subject to risks and uncertainties. The Company's actual future results may differ materially from those set forth in its forward-looking statements. Factors that might cause the future financial performance to vary from that described in its forward-looking statements include the credit, market, operational, liquidity, interest rate and other risks discussed in the MD&A section of this report and in other periodic reports filed with the SEC. In addition, the following discussion sets forth certain risks and uncertainties that the Company believes could cause its actual future results to differ materially from expected results. However, other factors besides those listed below or discussed in the Company's reports to the SEC also could adversely affect the Company's results, and the reader should not consider any such list of factors to be a complete set of all potential risks or uncertainties. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995. The following factors, among others, could cause the Company's financial performance to differ materially from what is contemplated in those forward-looking statements.

* The Company's ability to integrate the business and operations of companies and banks that it has acquired and that it may acquire in the future. For example, the Company may fail to realize the growth opportunities and cost savings anticipated to be derived from its acquisitions. In addition, it is possible that during the integration process of its acquisitions, the Company could lose key associates or the ability to maintain relationships with clients.

* The strength of the United States economy in general and the strength of the local economies in which the Company conducts 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 its loan portfolio and allowance for loan losses;

* Worldwide political and social unrest, including acts of war and terrorism;

* The effects of harsh weather conditions, including hurricanes;

* 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 the Company's capital markets and capital management activities, including its 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 the Company and the acceptance of those products and services by new and existing customers;

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

* The willingness of customers to substitute competitors' products and services for the Company's 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;

* 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 the Company's borrowers, which could impact the repayment of those borrowers' outstanding loans; and

* The Company's success at managing the risks involved in the foregoing.

The Company cautions that the foregoing list of important factors is not exhaustive. Any forward-looking statements made by or on behalf of the Company speak only as of the date they are made. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on its behalf. The Company may make further disclosures of a forward-looking nature in its Annual Reports on Form 10-K, its Quarterly Reports on Form 10-Q and its current report on Form 8-K.

BUSINESS OVERVIEW

The Company is a financial holding company headquartered in Tallahassee, Florida and is the parent of its wholly-owned subsidiary, Capital City Bank. The Bank offers a broad array of products and services through a total of 68 full-service offices located in Florida, Georgia, and Alabama. The Bank also has mortgage lending offices in five additional Florida communities, and one Georgia community. The Bank offers commercial and retail banking services, as well as trust and asset management, brokerage, and data processing services.

From an industry and national perspective, the Company's 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, trust service fees, mortgage banking revenues, and data processing revenues.

The Company philosophy is to grow and prosper, building long-term relationships based on quality service, high ethical standards, and safe and sound banking practices. The Company is 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. The Company's local market orientation is reflected in its network of banking office locations, experienced community executives, and community advisory boards which support the Company's focus of responding to local banking needs. The Company strives 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 the Company's long-term strategic initiative "Project 2010", the Company has continued its 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 acquiring banks and banking offices, which are $100 million to $400 million in asset size, located on the outskirts of major

metropolitan areas. The Company continues 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 October 15, 2004, the Company completed its acquisition of Farmers and Merchants Bank ("FMB) in Dublin, Georgia, a $395 million asset institution with three offices in Laurens County. The Company issued 21.35 shares and $666.50 in cash for each of the 50,000 shares of Farmers and Merchants Bank, resulting in the issuance of 1,067,500 shares of Company common stock and the payment of $33.3 million in cash for a total purchase price of approximately $66.7 million.

On May 20, 2005, the Company completed its merger with First Alachua Banking Corporation ("FABC"), headquartered in Alachua, Florida. The Company 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 ("FNBA") 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.

Throughout this section, the Company refers to the acquisitions of FMB, FABC, and Quincy State Bank, which was acquired in March 2004, as the "Recent Acquisitions."

FINANCIAL OVERVIEW

A summary overview of financial performance for 2005 is provided below. For comparison purposes, the below mentioned performance factors exclude the impact of a one-time gain on sale of the bank's credit card portfolio in the third quarter 2004.

2005 Highlights -

* Earnings of $8.6 million, up 29.8% and $22.8 million, up 27.5% for the three and nine months ended September 30, 2005 as compared to the same periods in 2004.

* Diluted earnings per share of $0.46, up 15.0% and $1.26, up 17.1% for the three and nine months ended September 30, 2005 as compared to the same periods in 2004.

* Growth in earnings was attributable to improvement in operating revenues of 31.2% and 24.9% for the three and nine month periods, respectively, driven by a higher net interest income and noninterest income.

* Taxable equivalent net interest income grew 36.3% and 30.1% for the three and nine month periods, respectively, due to earning asset growth and an improved net interest margin.

* Average earning assets grew 29.8% and 27.1% for the three and nine month periods, respectively, due to Recent Acquisitions and loan growth in existing markets.

* Net interest margin percentage improved 23 basis points and 12 basis points for the three and nine month periods, respectively, driven by an improved earning asset mix and higher earning asset yields.

* Noninterest income grew 20.8% and 14.0% for the three and nine month periods, respectively, due primarily to higher deposit service charge fees and merchant card processing fees.

* Lower loan loss provision for the year is reflective of continued strong credit quality and lower inherent risk in the loan portfolio due to the sale of the credit card portfolio. Net charge-offs totaled $1.2 million, or .08% (annualized) of average loans for the nine months in 2005 compared to $2.5 million, or .22% (annualized) for the same period in 2004. At quarter-end the allowance for loan losses was .85% of outstanding loans and provided coverage of 343% of nonperforming loans.

* Credit quality remains strong and a key driver in bank performance and growth. Nonperforming assets totaled $7.4 million, or .36% of total loans and other real estate at quarter-end compared to .36% and .29%, respectively, for the third and fourth quarters of 2004.

* Average deposits grew 30.3% and 27.6% for the three and nine month periods, respectively, due to Recent Acquisitions and the Company's free checking campaign initiated in early 2005.

* The company remains well capitalized with a risk based capital ratio of 12.35%.

RESULTS OF OPERATIONS

Net Income

Earnings for the three and nine months ended September 30, 2005 were $8.6 million, or $0.46 per diluted share, and $22.8 million, or $1.26 per diluted share, respectively. This compares to $10.8 million, or $0.66 per diluted share, and $22.1 million, or $1.34 per diluted share in 2004. The Company sold its credit card portfolio during the third quarter of 2004 which resulted in a one-time after-tax gain of $4.2 million, or $.26 per diluted share. Core earnings (reported earnings excluding the after-tax gain) for the three and nine months ended September 30, 2004 were $6.6 million, or $.40 per diluted share, and $17.9 million, or $1.08 per diluted share, respectively.

Growth in core earnings for the third quarter of $2.0 million, or 29.8%, was attributable to an increase in operating revenue (defined as net interest income plus noninterest income less the pre-tax gain) of $10.0 million, or 31.2%, partially offset by an increase in noninterest expense of $7.0 million, or 32.2%, and a higher income tax provision of $1.0 million, or 27.6%. Growth in operating revenues is reflective of higher net interest income and noninterest income.

Growth in core earnings for the nine month period of $4.9 million, or 27.5%, was attributable to an increase in operating revenue (defined as net interest income plus noninterest income less the pre-tax gain) of $23.3 million, or 24.9%, and a reduction in the loan loss provision of $667,000, or 36.2%, partially offset by an increase in noninterest expense of $16.2 million, or 25.1%, and a higher income tax provision of $2.9 million, or 30.7%.

<TABLE>

A condensed earnings summary is presented below:

(Dollars in Thousands)	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004(4)	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004(4)
Interest and Dividend Income	$36,889	$24,660	$101,273	$71,595
Taxable-Equivalent Adjustment(1)	325	276	879	884
Interest Income (FTE)	37,214	24,936	102,152	72,479
Interest Expense	7,885	3,408	20,593	9,807
Net Interest Income (FTE)	29,329	21,528	81,559	62,672
Provision for Loan Losses	376	300	1,174	1,841
Taxable-Equivalent Adjustment	325	276	879	884
Net Interest Income After Provision for Loan Losses	28,628	20,952	79,506	59,947
Noninterest Income	13,123	17,721	36,224	38,633
Merger/Conversion Expense	180	68	414	114
Noninterest Expense	28,429	21,565	80,058	64,195
Income Before Income Taxes	13,142	17,040	35,258	34,271
Income Taxes	4,565	6,221	12,436	12,162
Net Income	$ 8,577	$10,819	$ 22,822	$22,109
Percent Change(2)	(20.72)%	71.82%	3.22%	15.77%
Return on Average Assets(3)	1.32%	2.22%	1.25%	1.55%
Return on Average Equity(3)	11.31%	19.81%	10.89%	13.98%

(1) Computed using a federal statutory tax rate of 35%
(2) From prior comparable period
(3) Annualized
(4) Includes a one-time, after-tax gain of $4.2 million on sale of credit card portfolio in third quarter 2004.

</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. Third quarter of 2005 taxable-equivalent net interest income increased $7.8 million, or 36.3%, over the comparable quarter in 2004. During the first nine months of 2005, taxable-equivalent net interest income increased $18.9 million, or 30.1%, respectively, over the first nine months of 2004. This favorable variance was caused by organic loan growth in existing markets and growth in loans from the Company's Recent Acquisitions, an improved earning asset mix and higher yields; partially offset by increased funding costs resulting from the higher interest rate environment. Table I on page 28 provides a comparative analysis of the Company's average balances and interest rates.

For the three month period ended September 30, 2005, taxable-equivalent interest income increased $12.3 million or 49.2%, over the comparable period in 2004. During the first nine months of 2005, taxable-equivalent interest income improved $29.7 million, or 40.9%, respectively, over the comparable period in 2004. During the third quarter of 2005, growth in interest income resulted from growth in average earning assets (including the impact of acquisitions), and higher earning asset yields attributable to the rising rate environment. New loan production and repricing of existing earning assets produced an 84 basis point improvement in the yield on earning assets, which increased from 5.72% for the third quarter in 2004 to 6.56% for the same period in 2005. The Federal Reserve again increased interest rates during the third quarter of 2005, which continues to impact new production and repricing. Income generated on earning assets is anticipated to expand in the fourth quarter due to the improved earning asset mix and the higher rate environment.

Interest expense for the three and nine month periods ended September 30, 2005 increased $4.5 million, or 131.4% and $10.8 million, or 110.0%, respectively, from the comparable prior year periods. The unfavorable variance is attributable to acquired deposits, the higher rate environment and the cost of funding acquisitions. The average rate paid on interest bearing liabilities in 2005 increased 74 basis points over the third quarter of 2004, to a level of 1.86%. Interest expense is anticipated to increase in the fourth quarter as a result of the higher rate environment and increased competition for funding sources.

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) was stable at 4.60% for the first nine months of 2005 compared to 4.61% for the comparable period in 2004.

The Company's net interest margin (defined as taxable-equivalent net interest income divided by average earning assets) was 5.17% and 5.05%, respectively, for the three and nine month periods of 2005, versus 4.94% and 4.93%, respectively, for the comparable periods in 2004. The increase in margin reflects higher asset yields driven by rising interest rates, partially offset by higher cost of funds.

Provision for Loan Losses

The provisions for loan loss were $376,000 and $1.2 million, respectively, for the three and nine month periods ended September 30, 2005, compared to $300,000 and $1.8 million for the same periods in 2004. The lower loan loss provision for the nine month period reflects a decline in charge-offs due to the sale of the Bank's credit card portfolio in August 2004.

Similarly, the sale of the portfolio affected net charge-offs. Net charge-offs totaled $403,000, or .08% of average loans for the third quarter of 2005 compared to $829,000, or .22% for the third quarter of 2004. At quarter-end, the allowance for loan losses was .85% of outstanding loans and provided coverage of 343% of nonperforming loans.

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

<TABLE>

	Three Months Ended September 30,	Nine Months Ended September 30,

(Dollars in Thousands)	2005	2004	2005	2004
CHARGE-OFFS				
Commercial, Financial and Agricultural	$ 151	$ 187	$ 541	$ 640
Real Estate - Construction	-	-	-	-
Real Estate - Commercial Mortgage	4	-	10	39
Real Estate - Residential	115	19	177	113
Consumer	551	998	1,805	2,930
Total Charge-offs	821	1,204	2,533	3,722
RECOVERIES				
Commercial, Financial and Agricultural	43	10	150	47
Real Estate - Construction	-	-	-	-
Real Estate - Commercial Mortgage	1	14	1	14
Real Estate - Residential	20	1	36	176
Consumer	354	350	1,174	1,030
Total Recoveries	418	375	1,361	1,267
Net Charge-offs	$ 403	$ 829	$1,172	$2,455
Net Charge-offs (Annualized) as a Percent of Average Loans Outstanding, Net of Unearned Interest	.08%	.22%	.08%	.22%

</TABLE>

Noninterest Income

Noninterest income (excluding the 2004 pre-tax gain on the sale of the credit card portfolio) increased $2.3 million, or 20.8%, and $4.4 million, or 14.0%, respectively, over the comparable three and nine month periods in 2004. The increase for the third quarter was primarily due to higher deposit service charge fees, mortgage banking fees and merchant fees. The increase for the nine month period was driven by higher deposit service charge fees, asset management fees, and merchant fees. Excluding the one-time gain on the sale of the credit card portfolio, noninterest income represented 31.2% and 31.0% of operating revenue for the three and nine month periods of 2005 compared to 33.8% and 34.0% for the same periods in 2004. The table below reflects the major components of noninterest income.

<TABLE>

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in Thousands)	2005	2004	2005	2004
Noninterest Income:				
Service Charges	$ 5,635	$ 4,487	$15,018	$12,858
Data Processing	660	652	1,917	1,988
Fees for Trust Services	1,050	1,035	3,175	2,726
Retail Brokerage Fees	305	316	917	1,075
Invest Sec Gain (Losses)	9	(13)	9	7
Mortgage Banking Fees	1,317	806	3,116	2,486
Merchant Fees	1,556	1,230	4,652	3,756
Interchange Fees	582	537	1,608	1,771
Gain on Sale of Credit Card	-	6,857	-	6,857
ATM/Debit Card Fees	550	494	1,624	1,458
Other Income	1,459	1,320	4,188	3,651
Total Noninterest Income	$13,123	$17,721	$36,224	$38,633

</TABLE>

Major factors impacting the Company's noninterest income are discussed below.

Deposit service charge fees increased $1.1 million, or 25.6%, and $2.2 million, or 16.8%, respectively, over the comparable three and nine month periods in 2004. The increase is primarily reflective of higher nonsufficient

funds fees due to growth in deposit accounts attributable to Recent Acquisitions and "Absolutely Free Checking," which was launched in early 2005.

Income from asset management activities increased $15,000, or 1.5%, and $449,000, or 16.5%, respectively, over the comparable three and nine month periods in 2004. The increase for the nine month period reflects trust assets acquired late in the first quarter of 2004. At September 30, 2005, assets under management totaled $680.9 million, representing an increase of $69.2 million, or 11.3% from the comparable period in 2004.

Mortgage banking revenues increased $511,000, or 63.4%, and $630,000, or 25.3%, respectively, over the comparable three and nine month periods in 2004. The improvement is due to a lower than normal level of production for the third quarter of 2004 due to a general slow-down in the residential lending market. Lending activity picked up momentum early in the second quarter of 2005 resulting in improved performance for both the three and nine month period. The residential pipeline is expected to slow slightly during the fourth quarter as compared to the prior quarter, but revenues are expected to come in higher than the fourth quarter of 2004.

Merchant fees increased $326,000, or 26.5%, and $896,000, or 23.9%, respectively, over the comparable three and nine month periods in 2004. The improvement is directly related to growth in merchant card processing volume.

Other income increased $139,000, or 10.5%, and $537,000, or 14.7%, respectively, over the comparable three and nine month periods in 2004. The increase for both periods is primarily due to growth in credit life commission fees, ATM and debit card processing fees, and proof/bookkeeping fees.

Noninterest Expense

Noninterest expense increased $7.0 million, or 32.2%, and $16.2 million, or 25.1%, respectively, over the comparable three and nine month periods in 2004. The table below reflects the major components of noninterest expense.

<TABLE>

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in Thousands)	2005	2004	2005	2004
<S>	<C>	<C>	<C>	<C>
Noninterest Expense:				
Salaries	$10,662	$ 8,512	$30,300	$25,041
Associate Benefits	3,384	2,454	9,493	7,474
Total Personnel Expense	14,046	10,966	39,793	32,515
Premises	2,119	1,828	6,091	5,194
Equipment	2,285	2,174	6,589	6,214
Total Premises and Equipment	4,404	4,002	12,680	11,408
Legal Fees	546	245	1,358	867
Professional Fees	903	571	2,477	1,807
Processing Services	352	252	1,100	755
Advertising	1,131	297	3,079	1,351
Travel and Entertainment	346	281	950	750
Printing and Supplies	673	414	1,790	1,333
Telephone	693	479	1,771	1,525
Postage	279	262	895	759
Intangible Amortization	1,430	921	3,922	2,673
Merger Expense	180	68	414	114
Interchange Fees	1,367	1,171	4,057	3,470
Courier Service	355	282	997	827
Miscellaneous Expense	1,904	1,422	5,189	4,155
Total Other Expense	$28,609	$21,633	$80,472	$64,309

</TABLE>

Major factors impacting the Company's noninterest expense are discussed below.

Salaries and associate benefits expense increased $3.1 million, or 28.1%, and

$7.3 million, or 22.4% over the comparable three and nine month periods in 2004. For both periods, the Company experienced increases in associate salaries, payroll tax expense, pension plan expense, associate insurance expense, and stock-based compensation. The increase in associate salaries and payroll tax reflects the addition of associates from Recent Acquisitions and annual merit/market based raises for associates. Pension expense increased due to a lower discount rate used for the 2005 expense projection and an increase in the number of plan participants. The increase in associate insurance expense is primarily attributable to additional participants and higher healthcare insurance premiums. The increase in stock-based compensation reflects an increase in the number of participants in the Company's stock compensation plans and a higher level of projected performance.

Occupancy expense, including premises, furniture, fixtures and equipment increased $402,000, or 10.0%, and $1.3 million, or 11.2%, respectively, over the comparable three and nine month periods in 2004. For both periods, the Company experienced increases in depreciation, maintenance and repairs (building), and property taxes, which reflects an increase in banking offices from Recent Acquisitions and recent banking office expansion.

Other noninterest expense increased $3.5 million, or 52.4%, and $7.6 million, or 37.3%, respectively, over the comparable three and nine month periods in 2004. For both periods, the increase was primarily attributable to higher expense for legal fees, professional fees, processing services, advertising, printing and supplies, telephone, intangible amortization, and interchange fees. Legal fees have increased due to corporate governance initiatives and a general increase in legal services tied to corporate activities. Higher external audit fees have driven the increase in professional fees. The higher expense for processing fees is attributable to the cost of integrating Recent Acquisitions and core processing system upgrades. The increase in advertising expense reflects the marketing costs to support the "Absolutely Free Checking" campaign introduced in the first quarter of 2005. The higher expense for printing and supplies, and telephone is driven by the Recent Acquisitions. The increase in intangible amortization reflects core deposit

amortization from Recent Acquisitions. The increase in interchange fees is due to increased merchant card processing volume.

Annualized net noninterest expense (noninterest income minus noninterest expense, excluding intangible amortization and one-time merger expenses) as a percent of average assets was 2.18% for the first nine months of 2005 compared to 2.09% in 2004. The Company's efficiency ratio (noninterest expense, excluding intangible amortization and one-time merger expense, expressed as a percent of the sum of taxable-equivalent net interest income plus noninterest income) was 64.64% for the first nine months of 2005 compared to 65.14% for the same period in 2004. The aforementioned metrics for 2004 exclude the impact of the one-time gain on the sale of credit card portfolio.

Income Taxes

The provision for income taxes decreased $1.7 million, or 26.6%, from the third quarter 2004 due to lower taxable income. The lower level of taxable income for the current quarter was due to the one-time $6.9 million gain realized on the sale of the bank's credit card portfolio in the third quarter of 2004. The tax accrual related to the sale accounted for approximately $2.6 million of the third quarter 2004 tax provision. The provision for income taxes increased $274,000, or 2.3% for the first nine months of the year due to slightly higher taxable income. The Company's effective tax rate for the first nine months of 2005 was 35.3% compared to 35.5% for the same period in 2004. The slightly lower effective tax rate is primarily attributable to a higher level of tax-free loan income.

FINANCIAL CONDITION

Asset and liability balances include the integration of FMB on October 15, 2004, and FNBA on May 20, 2005.

The Company's average assets increased $246.7 million, or 10.6%, to $2.57 billion for the quarter-ended September 30, 2005 from $2.32 billion in the fourth quarter of 2004. Average earning assets of $2.25 billion increased $184.8 million, or 8.9%, from the fourth quarter of 2004 driven by a $267.2 million, or 15.0%, increase in average loans, partially offset by a decline in funds sold of $72.8 million, or 88.0%.

The Company ended the third quarter with approximately $21.9 million in average net overnight funds purchased as compared to $60.6 million in net

overnight funds sold in the fourth quarter of 2004. The decline primarily reflects the funding of the Company's loan growth. 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 September 30, 2005, the average investment portfolio decreased $9.7 million, or 4.8%, from the fourth quarter of 2004. Cash from portfolio run-off for the first nine months of the year has been used to fund loan growth. Management will continue to evaluate the need to purchase securities for the investment portfolio for the remainder of 2005, taking into consideration liquidity needed to fund loan growth, acquisitions, and meeting 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 September 30, 2005 and December 31, 2004, shareowners' equity included a net unrealized loss of $0.9 million and $0.4 million, respectively.

Average loans increased $267.2 million, or 15.0%, from the fourth quarter of 2004. The increase was driven by gains in all loan categories reflective of loans integrated from the FNBA acquisition and from organic loan growth for the first nine months of the year. Exclusive of the FNBA acquisition, period end loans increased $103.6 million, or 5.7% over the fourth quarter of 2004. Loan activity in all markets remains moderate to strong.

The Company's nonperforming loans were $5.1 million at September 30, 2005, versus $4.6 at December 31, 2004. As a percent of nonperforming loans, the allowance for loan losses represented 343% at September 30, 2005 versus 345% at December 31, 2004. 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 $2.3 million at September 30, 2005, versus $0.6 million at December 31, 2004. The increase is attributable to the addition of one large commercial real estate loan parcel for which management expects no significant loss upon the disposition of the asset. The ratio of nonperforming assets as a percent of loans plus other real estate was .36% at September 30, 2005 compared to .29% at December 31, 2004.

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 September 30, 2005 was $17.4 million, compared to $16.0 million at year-end 2004. The increase from year-end primarily reflects the integration of acquired loan reserves from FNBA in the second quarter of 2005. At quarter-end 2005, the allowance represented 0.85% 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 September 30, 2005 is adequate to absorb losses inherent in the loan portfolio at quarter-end.

Average total deposits increased $159.8 million, or 8.6% from the fourth quarter of 2004 driven by a $149.7 million increase in nonmaturity deposits. This increase primarily reflects accounts added from the FNBA acquisition and new accounts gained from the "Absolutely Free Checking" campaign initiated early in the first quarter of 2005.

The ratio of average noninterest bearing deposits to total deposits was 27.5% for the third quarter of 2005 compared to 29.9% for the fourth quarter of 2004. For the same periods, the ratio of average interest bearing liabilities to average earning assets was 74.8%, and 72.1%, 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 the Company's financial position in an effort to ensure the Company has 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, bank lines of credit for the Company, approved lines for the purchase of federal funds by CCB and Federal Home Loan Bank ("FHLB") advances.

Borrowings. The Company maintains a $25.0 million revolving line of credit. As of September 30, 2005, the Company had no borrowings under the revolving line of credit. For the first nine months of the year, the Bank has made scheduled FHLB advance payments totaling approximately $68.2 million and obtained $83.6 million in new FHLB advances. The borrowing activity included a new short-term advance for $50.0 million that was obtained in May and repaid in June. In addition, the net FHLB borrowings position increased by approximately $15 million during the third quarter. In September, the Company obtained an aggregate $30 million in three advances, which was partially offset by the maturity of a $15 million advance.

The Company 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 adjustable 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 of FNBA.

The Company ended the third quarter of 2005 with approximately $21.9 million in average net overnight funds purchased as compared to $13.2 million net overnight funds sold for the second quarter of 2005. The decline reflects cash used to fund loan growth. The Company expects to continue to be a net purchaser of funds in the fourth quarter.

Contractual Cash Obligations. The Company maintains certain debt and operating lease commitments that require cash payments. The table below details those future cash commitments as of September 30, 2005:

<TABLE>

	Payments Due After September 30, 2005						
(Dollars in Thousands)	2005 (Remaining)	2006	2007	2008	2009	Thereafter	Total
Federal Home Loan Bank Advances	$1,599	$32,816	$15,876	$14,873	$2,740	$ 32,294	$100,198
Subordinated Notes Payable	-	-	-	-	-	62,887	62,887
Operating Lease Obligations	356	1,259	1,138	1,125	1,104	7,129	12,111
Total Contractual Cash Obligations	$1,955	$34,075	$17,014	$15,998	$3,844	$102,310	$175,196

</TABLE>

Capital

The Company's equity capital was $301.6 million as of September 30, 2005 compared to $256.8 million as of December 31, 2004. 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 10.20% at September 30, 2005 compared to 8.79% at December 31, 2004. Further, the Company's risk-adjusted capital ratio of 12.35% at September 30, 2005 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 the Company's capital calculations previously noted.

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 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 third quarter of 2005 totaled $.1520 per share compared to $.1440 per share for the third quarter of 2004, an increase of 5.6%. The dividend payout ratios for the third quarter ended 2005 and 2004 were 33.3% and 21.9%, 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 September 30, 2005, these regulations and covenants did not impair the Company's (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 nine months of 2005, shareowners' equity increased $44.8 million, or 23.3%, on an annualized basis. Growth in equity during the first nine months of the year was positively impacted by net income of $22.8 million, the issuance of common stock of $29.8 million, and stock-based compensation accretion of $1.1 million. Equity was reduced by dividends paid during the first nine months of the year by $8.4 million, or $.456 per share and an increase in the net unrealized loss on available-for-sale securities of $0.5 million. At September 30, 2005, the Company's common stock had a book value of $16.17 per diluted share compared to $14.51 at December 31, 2004.

On July 1, 2005, the Company executed a five-for-four stock split in the form of a 25% stock dividend, payable to shareowners of record as of close of business on June 17, 2005. All share, per share, and shareowners' equity data in this Form 10-Q have been adjusted to reflect the stock split.

On March 30, 2000, the Company's Board of Directors authorized the repurchase of up to 781,250 shares of its outstanding common stock. On January 24, 2002, the Company's Board of Directors authorized the repurchase of an additional 390,625 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 third quarter of 2005. From March 30, 2000 through September 30, 2005, the Company repurchased 715,884 shares at an average purchase price of $15.34 per share.

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 September 30, 2005, the Company had $480.7 million in commitments to extend credit and $20.6 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 FHLB, investment security maturities and the Company's 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 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 in the Company's 2004 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. 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, 2004. 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 5.5-10 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 defined benefit pension plan for the benefit of substantially all associates of the Company. 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 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. The discount rate utilized for 2005 is 6.00%.

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 2005 is 8.0%.

The assumed rate of annual compensation increases of 5.50% in 2005 is based on expected trends in salaries and the employee base. This assumption is not expected to change materially in 2005.

Information on components of the Company's net periodic benefit cost is provided in Note 8 of the Notes to Consolidated Financial Statements included herein and Note 8 of the Notes to Consolidated Financial Statements in the Company's 2004 10-K.

Recent Accounting Pronouncements
- --------------------------------

SFAS No. 154, "Accounting Changes and Error Corrections, a Replacement of APB Opinion No. 20 and FASB Statement No. 3" ("SFAS 154"). SFAS 154 establishes, unless impracticable, retrospective application as the required method for reporting a change in accounting principle in the absence of explicit transition requirements specific to a newly adopted accounting principle. Previously, most changes in accounting principle were recognized by including the cumulative effect of changing to the new accounting principle in net income of the period of the change. Under SFAS 154, retrospective application requires (i) the cumulative effect of the change to the new accounting principle on periods prior to those presented to be reflected in the carrying amounts of assets and liabilities as of the beginning of the first period presented, (ii) an offsetting adjustment, if any, to be made to the opening balance of retained earnings (or other appropriate components of equity) for that period, and (iii) financial statements for each individual prior period presented to be adjusted to reflect the direct period-specific effects of applying the new accounting principle. Special retroactive application rules apply in situations where it is impracticable to determine either the period-specific effects or the cumulative effect of the change. Indirect effects of a change in accounting principle are required to be reported in the period in which the accounting change is made. SFAS 154 carries forward the guidance in APB Opinion 20 "Accounting Changes," requiring justification of a change in accounting principle on the basis of preferability. SFAS 154 also carries forward without change the guidance contained in APB Opinion 20, for reporting the correction of an error in previously issued financial statements and for a change in accounting estimate. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Corporation does not expect SFAS 154 will significantly impact its financial statements upon its adoption on January 1, 2006.

In December 2003, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position ("SOP") No. 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer." SOP No. 03-3 addresses accounting for differences between contractual cash flows and cash flows expected to be collected from an investor's initial investment in loans acquired in a transfer when those cash flow differences are attributable, at least in part, to credit quality. As such, SOP 03-3 applies to loans and debt securities acquired individually, in pools or as part of a business combination and does not apply to originated loans. The application of SOP 03-3 limits the interest income, including accretion of purchase price discounts, that may be recognized for certain loans and debt securities. Additionally, SOP 03-3 does not allow the excess of contractual cash flows over cash flows expected to be collected to be recognized as an adjustment of yield, loss accrual or valuation allowance, such as the allowance for loan losses. SOP 03-3 requires that increases in expected cash flows subsequent to the initial investment be recognized prospectively through adjustment of the yield on the loan or debt security over its remaining life. Decreases in expected cash flows should be recognized as impairment. In the case of loans acquired in a business combination where the loans show signs of credit deterioration, SOP 03-3 represents a significant change from current purchase accounting practice whereby the acquiree's allowance for loan losses is typically added to the acquirer's allowance for loan losses. SOP 03-3 is effective for loans and debt securities acquired by the Company beginning January 1, 2005. The Company has adopted SOP 03-3 and application of its guidance for the recent FABC acquisition did not have a significant impact on the Company's financial statements. Loans acquired in future acquisitions will continue to be accounted for under SOP 03-3.

<TABLE>

TABLE I
AVERAGE BALANCES & INTEREST RATES
Taxable Equivalent Basis

	FOR THREE MONTHS ENDED SEPTEMBER 30, 2005			2004		
(Dollars in Thousands)	Balance	Interest	Rate	Balance	Interest	Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans, Net of Unearned Interest(1)(2)	$2,046,968	$35,433	6.87%	$1,524,401	$23,345	6.09%
Taxable Investment Securities	137,970	1,022	2.95%	118,903	729	2.45%
Tax-Exempt Investment Securities(2)	56,079	638	4.55%	51,768	716	5.53%
Funds Sold	9,885	121	4.79%	39,636	147	1.45%
Total Earning Assets	2,250,902	37,214	6.56%	1,734,708	24,937	5.72%
Cash & Due From Banks	106,638			90,010		
Allowance for Loan Losses	(17,570)			(13,029)		
Other Assets	229,554			129,683		
TOTAL ASSETS	$2,569,524			$1,941,372		
LIABILITIES						
NOW Accounts	$ 463,936	$ 773	0.66%	$ 280,630	$ 153	0.22%
Money Market Accounts	272,724	1,062	1.54%	212,426	245	0.46%
Savings Accounts	159,080	75	0.19%	130,330	32	0.10%
Other Time Deposits	563,595	3,570	2.51%	429,702	2,004	1.86%
Total Int. Bearing Deposits	1,459,335	5,480	1.49%	1,053,088	2,434	0.92%
Short-Term Borrowings	89,483	691	3.07%	96,146	332	1.37%
Subordinated Note Payable	62,887	931	5.87	-	-	-
Other Long-Term Borrowings	72,408	783	4.29%	59,837	642	4.27%
Total Interest Bearing Liabilities	1,684,113	7,885	1.86%	1,209,071	3,408	1.12%
Noninterest Bearing Deposits	554,092	-------	----	492,136	-------	----
Other Liabilities	30,388			22,892		
TOTAL LIABILITIES	2,268,593			1,724,099		
SHAREOWNERS' EQUITY						
TOTAL SHAREOWNERS' EQUITY	300,931			217,273		
TOTAL LIABILITIES & EQUITY	$2,569,524			$1,941,372		
Interest Rate Spread			4.70%			4.60%
Net Interest Income		$29,329			$21,529	
Net Interest Margin(3)			5.17%			4.94%

	FOR NINE MONTHS ENDED SEPTEMBER 30, 2005			2004		
(Dollars in Thousands)	Balance	Interest	Rate	Balance	Interest	Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans, Net of Unearned Interest(1)(2)	$1,936,448	$96,553	6.67%	$1,457,826	$67,616	6.20%
Taxable Investment Securities	147,099	3,225	2.92%	125,057	2,109	2.25%
Tax-Exempt Investment Securities(2)	47,153	1,737	4.91%	52,077	2,267	5.81%
Funds Sold	26,191	638	3.21%	62,121	486	1.03%
Total Earning Assets	2,156,891	102,153	6.33%	1,697,081	72,478	5.70%
Cash & Due From Banks	102,800			90,086		
Allowance for Loan Losses	(16,917)			(13,185)		
Other Assets	203,228			126,619		
TOTAL ASSETS	$2,446,002			$1,900,601		
LIABILITIES						
NOW Accounts	$ 412,679	$ 1,780	0.58%	$ 278,609	$ 398	0.19%
Money Market Accounts	264,999	2,517	1.27%	214,410	723	0.45%
Savings Accounts	154,056	225	0.20%	125,351	92	0.10%
Other Time Deposits	554,570	9,885	2.38%	427,913	6,000	1.87%

	Average Balance	Interest	Rate	Average Balance	Interest	Rate
Total Int. Bearing Deposits	1,386,304	14,407	1.39%	1,046,283	7,213	0.92%
Short-Term Borrowings	92,561	1,875	2.71%	103,398	868	1.12%
Subordinated Note Payable	46,616	2,039	5.85%	-	-	-
Other Long-Term Borrowings	69,876	2,272	4.35%	53,560	1,726	4.30%
Total Interest Bearing Liabilities	1,595,357	20,593	1.73%	1,203,241	9,807	1.09%
Noninterest Bearing Deposits	545,287	-------	----	467,504	-------	----
Other Liabilities	25,217			18,541		
TOTAL LIABILITIES	2,165,861			1,689,286		
SHAREOWNERS' EQUITY						
TOTAL SHAREOWNERS' EQUITY	280,141			211,315		
TOTAL LIABILITIES & EQUITY	$2,446,002			$1,900,601		
Interest Rate Spread			4.60%			4.61%
Net Interest Income		$81,560			$62,671	
Net Interest Margin(3)			5.05%			4.93%

(1) Average balances include nonaccrual loans. Interest income includes fees on loans of approximately $897,676 and $2.2 million for the three and nine months ended September 30, 2005, versus $336,000 and $1.2 million, for the comparable periods ended September 30, 2004.

(2) Interest income includes the effects of taxable equivalent adjustments using a 35% tax rate.

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

</TABLE>

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT 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 the Company 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 on page 30. This table presents the Company's consolidated interest rate sensitivity position as of September 30, 2005 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.

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 the Company's ability to react to changing interest rates and are discussed in further detail in the section entitled "Results of Operations."

<TABLE>

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

	As of September 30, 2005							
(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	$ 361,605	$166,248	$102,977	$57,161	$34,078	$25,154	$ 747,223	$ 739,041
Average Interest Rate	6.17%	7.16%	7.15%	7.08%	7.16%	6.33%	6.65%	
Floating Rate(2)	1,035,938	141,741	107,649	8,316	5,262	6,763	1,305,669	1,276,092
Average Interest Rate	5.80%	6.16%	6.55%	6.90%	7.22%	7.54%	5.92%	
Investment Securities(3)								
Fixed Rate	90,885	36,388	18,533	7,034	7,466	29,912	190,218	190,218
Average Interest Rate	2.55%	3.09%	3.49%	3.77%	3.82%	2.86%	2.89%	
Floating Rate	2,218	-	-	-	-	-	2,218	2,218
Average Interest Rate	4.52%	-	-	-	-	-	4.52%	
Other Earning Assets								
Floating Rates	16,382	-	-	-	-	-	16,382	16,382
Average Interest Rates	3.92%	-	-	-	-	-	3.92%	
Total Financial Assets	$1,507,028	$344,377	$229,159	$72,511	$48,806	$61,829	$2,261,710	$2,223,951
Average Interest Rates	5.67%	6.32%	6.57%	6.74%	6.63%	4.42%	5.89%	
Deposits(4)								
Fixed Rate Deposits	$ 423,125	$ 78,873	$ 32,436	$ 9,826	$ 5,805	$ 345	$ 550,410	$ 548,259
Average Interest Rates	2.56%	3.06%	3.40%	3.56%	3.66%	4.69%	2.71%	
Floating Rate Deposits	903,198	-	-	-	-	-	903,198	832,644
Average Interest Rates	1.04%	-	-	-	-	-	1.04%	
Other Interest Bearing Liabilities								
Fixed Rate Debt	3,304	16,792	14,359	3,923	2,731	30,417	71,526	

								71,320
Average Interest Rate	4.69%	4.14%	4.41%	3.50%	4.87%	5.08%	4.61%	
Floating Rate Debt	92,746	-	-	-	62,887	-	155,633	155,642
Average Interest Rate	2.85%	-	-	-	5.89%	-	4.08%	
Total Financial Liabilities	$1,422,373	$ 95,665	$ 46,795	$13,749	$71,423	$30,762	$1,680,767	$1,607,865
Average interest Rate	1.62%	3.25%	3.71%	3.54%	5.67%	5.07%	2.02%	

(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 rate 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

The Company maintains disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) 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 Control over Financial Reporting

The Company's management, including the Chief Executive Officer and Chief Financial Officer, has reviewed the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(l) under the Securities Exchange Act of 1934). There have not been any changes in the Company's internal controls over financial reporting during the Company's most recently completed fiscal quarter that have materially affected, or that are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEMS 1-5.

Not applicable

Item 6. 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.

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: November 9, 2005
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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.
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William G. Smith, Jr.
Chairman, President and
Chief Executive Officer

Date: November 9, 2005

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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
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J. Kimbrough Davis
Executive Vice President and
Chief Financial Officer

Date: November 9, 2005

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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 September 30, 2005, 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: November 9, 2005

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.

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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 September 30, 2005, 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: November 9, 2005

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.

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