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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2006

OR

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

Commission File Number: 0-13358

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

Florida	59-227354
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

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

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

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

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

At July 31, 2006, 18,530,472 shares of the Registrant's Common Stock, $.01 par value, were outstanding.

CAPITAL CITY BANK GROUP, INC.

QUARTERLY REPORT FOR THE PERIOD ENDED JUNE 30, 2006

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INTRODUCTORY NOTE:
Caution Concerning Forward-Looking Statements

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

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

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

PART I. FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>

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

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
(Dollars in Thousands, Except Per Share Data)	2006	2005	2006	2005
<S>	<C>	<C>	<C>	<C>
INTEREST INCOME				
Interest and Fees on Loans	$38,967	$32,105	$76,310	$60,947
Investment Securities:				
U.S. Treasury	98	121	177	257
U.S. Govt. Agencies and Corporations	929	834	1,743	1,654
States and Political Subdivisions	583	335	1,023	717
Other Securities	206	157	403	292
Funds Sold	586	358	1,125	517
Total Interest Income	41,369	33,910	80,781	64,384

INTEREST EXPENSE				
Deposits	8,716	4,618	16,438	8,927
Short-Term Borrowings	776	734	1,600	1,184
Subordinated Notes Payable	926	667	1,852	1,108
Other Long-Term Borrowings	764	769	1,574	1,489
Total Interest Expense	11,182	6,788	21,464	12,708
Net Interest Income	30,187	27,122	59,317	51,676
Provision for Loan Losses	121	388	788	798
Net Interest Income After Provision for Loan Losses	30,066	26,734	58,529	50,878
NONINTEREST INCOME				
Service Charges on Deposit Accounts	6,096	5,035	11,776	9,383
Data Processing	703	650	1,340	1,257
Asset Management Fees	1,155	1,013	2,205	2,125
Securities Transactions	(4)	-	(4)	-
Mortgage Banking Revenues	903	1,036	1,624	1,799
Other	5,150	4,307	10,107	8,537
Total Noninterest Income	14,003	12,041	27,048	23,101
NONINTEREST EXPENSE				
Salaries and Associate Benefits	15,204	13,187	30,634	25,747
Occupancy, Net	2,358	2,035	4,581	3,972
Furniture and Equipment	2,661	2,192	5,161	4,304
Intangible Amortization	1,536	1,296	3,066	2,492
Merger Expense	-	234	-	234
Other	9,311	7,652	17,720	15,114
Total Noninterest Expense	31,070	26,596	61,162	51,863
Income Before Income Taxes	12,999	12,179	24,415	22,116
Income Taxes	4,684	4,311	8,679	7,871
NET INCOME	$ 8,315	$ 7,868	$15,736	$14,245
BASIC NET INCOME PER SHARE	$ .44	$ .44	$ .84	$ .80
DILUTED NET INCOME PER SHARE	$ .44	$ .44	$ .84	$ .80
Average Basic Shares Outstanding	18,633,132	18,094,256	18,642,387	17,898,253
Average Diluted Shares Outstanding	18,652,963	18,102,200	18,657,691	17,908,580

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 JUNE 30, 2006 AND DECEMBER 31, 2005
(Unaudited)

(Dollars In Thousands, Except Share Data)	June 30, 2006	December 31, 2005
<S>	<C>	<S>
ASSETS		
Cash and Due From Banks	$ 103,078	$ 105,195
Funds Sold and Interest Bearing Deposits	126,210	61,164
Total Cash and Cash Equivalents	229,288	166,359
Investment Securities, Available-for-Sale	191,232	171,019
Loans, Net of Unearned Interest	2,052,860	2,067,494
Allowance for Loan Losses	(17,264)	(17,410)
Loans, Net	2,035,596	2,050,084

Premises and Equipment, Net	81,407	73,818
Goodwill	84,810	84,829
Other Intangible Assets	22,612	25,622
Other Assets	52,541	53,731
Total Assets	$2,697,486	$2,625,462
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	$ 572,549	$ 559,492
Interest Bearing Deposits	1,581,310	1,519,854
Total Deposits	2,153,859	2,079,346
Short-Term Borrowings	77,571	82,973
Subordinated Notes Payable	62,887	62,887
Other Long-Term Borrowings	63,022	69,630
Other Liabilities	28,403	24,850
Total Liabilities	2,385,742	2,319,686
SHAREOWNERS' EQUITY		
Preferred Stock, $.01 par value, 3,000,000 shares authorized; no shares outstanding	-	-
Common Stock, $.01 par value, 90,000,000 shares authorized; 18,530,469 and 18,631,706 shares issued and outstanding at June 30, 2006 and December 31, 2005, respectively	185	186
Additional Paid-In Capital	80,272	83,304
Retained Earnings	233,201	223,532
Accumulated Other Comprehensive Loss, Net of Tax	(1,914)	(1,246)
Total Shareowners' Equity	311,744	305,776
Total Liabilities and Shareowners' Equity	$2,697,486	$2,625,462

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

</TABLE>

<TABLE>

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREOWNERS' EQUITY
(Dollars in Thousands, Except Per Share Data)

<S>	Common Stock <C>	Additional Paid-In Capital <C>	Retained Earnings <C>	Accumulated Other Comprehensive Loss, Net of Taxes <C>	Total <C>
Balance, December 31, 2005	$186	$83,304	$223,532	$(1,246)	$305,776
Comprehensive Income:					
Net Income	-	-	15,736	-	
Net Change in Unrealized Loss On Available-for-Sale Securities	-	-	-	(668)	
Total Comprehensive Income	-	-	-	-	15,068
Cash Dividends ($.3250 per share)	-	-	(6,067)	-	(6,067)
Stock Performance Plan Compensation	-	889	-	-	889
Issuance of Common Stock	1	918	-	-	919
Repurchase of Common Stock	(2)	(4,839)	-	-	(4,841)
Balance, June 30, 2006	$185	$80,272	$233,201	$(1,914)	$311,744

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

</TABLE>

<TABLE>

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

(Dollars in Thousands)	2006	2005
<S>	<C>	<C>

CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 15,736	$ 14,245
Adjustments to Reconcile Net Income to		
Cash Provided by Operating Activities:		
Provision for Loan Losses	788	798
Depreciation	3,539	2,769
Net Securities Amortization	362	783
Amortization of Intangible Assets	3,066	2,492
Origination of Loans Held-for-Sale	(95,580)	(99,574)
Proceeds From Sales of Loans Held-for-Sale	97,968	100,195
Net Gain From Sales of Loans Held-for-Sale	(1,624)	(1,799)
Non-Cash Compensation	889	339
Deferred Income Taxes	1,831	1,587
Net Decrease (Increase) in Other Assets	2,000	(4,539)
Net Increase in Other Liabilities	1,966	8,167
Net Cash Provided By Operating Activities	30,941	25,463
CASH FLOWS FROM INVESTING ACTIVITIES		
Securities Available--for-Sale:		
Purchases	(85,590)	(29,468)
Sales	283	34,729
Payments, Maturities, and Calls	63,614	42,628
Net Decrease (Increase) in Loans	12,297	(96,867)
Net Cash Acquired in Acquisition	-	37,412
Purchase of Premises & Equipment	(11,409)	(9,918)
Proceeds From Sales of Premises & Equipment	280	134
Net Cash Used In Investing Activities	(20,525)	(21,350)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase in Deposits	74,513	4,157
Net Decrease in Short-Term Borrowings	(8,878)	(74,909)
Proceeds from Subordinated Note Payable	-	31,959
Increase in Other Long-Term Borrowings	3,250	3,600
Repayment of Other Long-Term Borrowings	(6,382)	51,134
Dividends Paid	(6,067)	(5,541)
Repurchase of Common Stock	(4,841)	-
Issuance of Common Stock	918	925
Net Cash Provided By Financing Activities	52,513	11,325
Net Increase in Cash and Cash Equivalents	62,929	15,438
Cash and Cash Equivalents at Beginning of Period	166,359	161,545
Cash and Cash Equivalents at End of Period	$229,288	$176,983
Supplemental Disclosure:		
Interest Paid on Deposits	$ 16,105	$ 8,210
Interest Paid on Debt	$ 5,092	$ 3,525
Taxes Paid	$ 8,135	$ 6,468
Loans Transferred to Other Real Estate	$ 638	$ 99
Issuance of Common Stock as Non-Cash Compensation	$ 889	$ 339
Transfer of Current Portion of Long-Term Borrowings to Short-Term Borrowings	$ 3,061	$ 43

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 June 30, 2006 and December 31, 2005, the results of operations for the three and six month periods ended June 30, 2006 and 2005, and cash flows for the six month periods ended June 30, 2006 and 2005.

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

Stock-based Compensation

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

(2) INVESTMENT SECURITIES

The amortized cost and related market value of investment securities available-for-sale at June 30, 2006 and December 31, 2005 were as follows:

<TABLE>

(Dollars in Thousands)	June 30, 2006 Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U.S. Treasury	$ 11,064	$ -	$ 122	$ 10,942
U.S. Government Agencies and Corporations	60,934	-	1,350	59,584
States and Political Subdivisions	82,017	9	797	81,229
Mortgage-Backed Securities	25,851	-	807	25,044
Other Securities(1)	14,433	-	-	14,433
Total Investment Securities	$194,299	$ 9	$3,076	$191,232

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

(1) FHLB and FRB stock recorded at cost.

</TABLE>

(3) LOANS

The composition of the Company's loan portfolio at June 30, 2006 and December 31, 2005 was as follows:

<TABLE>

(Dollars in Thousands)	June 30, 2006	December 31, 2005
Commercial, Financial and Agricultural	$ 220,345	$ 218,434
Real Estate-Construction	180,049	160,914
Real Estate-Commercial	672,881	718,741

Real Estate-Residential	560,435	553,124
Real Estate-Home Equity	171,835	165,337
Real Estate-Loans Held-for-Sale	5,695	4,875
Consumer	241,620	246,069
Loans, Net of Unearned Interest	$2,052,860	$2,067,494

</TABLE>

(4) ALLOWANCE FOR LOAN LOSSES

An analysis of the changes in the allowance for loan losses for the six month periods ended June 30, 2006 and 2005, is as follows:

<TABLE>

(Dollars in Thousands)	2006	2005
<S>	<C>	<C>
Balance, Beginning of Period	$17,410	$16,037
Acquired Reserves	-	1,385
Provision for Loan Losses	788	798
Recoveries on Loans Previously Charged-Off	907	943
Loans Charged-Off	(1,841)	(1,712)
Balance, End of Period	$17,264	$17,451

</TABLE>

Impaired loans are primarily defined as all nonaccruing loans for the loan categories which are included within the scope of SFAS No. 114, "Accounting by Creditors for Impairment of a Loan." Selected information pertaining to impaired loans is depicted in the table below:

<TABLE>

	June 30, 2006		December 31, 2005	
(Dollars in Thousands)	Balance	Valuation Allowance	Balance	Valuation Allowance
<S>	<C>	<C>	<C>	<C>
Impaired Loans:				
With Related Valuation Allowance	$5,079	$2,377	$5,612	$2,915
Without Related Valuation Allowance	3,218	-	1,658	-

</TABLE>

(5) INTANGIBLE ASSETS

The Company had intangible assets of $107.4 million and $110.5 million at June 30, 2006 and December 31, 2005, respectively. Intangible assets were as follows:

<TABLE>

	June 30, 2006		December 31, 2005	
(Dollars in Thousands)	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
<S>	<C>	<C>	<C>	<C>
Core Deposit Intangibles	$ 47,176	$26,133	$ 47,176	$23,312
Goodwill	88,596	3,786	88,615	3,786
Customer Relationship Intangible	1,867	401	1,867	305
Non-Compete Agreement	539	436	483	287
Total Intangible Assets	$138,178	$30,756	$138,141	$27,690

</TABLE>

Net Core Deposit Intangibles: As of June 30, 2006 and December 31, 2005, the Company had net core deposit intangibles of $21.0 million and $23.9 million, respectively. Amortization expense for the first six months of 2006 and 2005 was $2.8 million and $2.3 million, respectively. Estimated annual amortization expense is $5.6 million.

Goodwill: As of June 30, 2006 and December 31, 2005, the Company had goodwill, net of accumulated amortization, of $84.8 million. Goodwill is the Company's only intangible asset that is no longer subject to amortization under the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets."

Other: As of June 30, 2006 and December 31, 2005, the Company had a customer relationship intangible, net of accumulated amortization, of $1.5 million and $1.6 million, respectively. This intangible was recorded as a result of the March 2004 acquisition of trust customer relationships from Synovus Trust Company. Amortization expense for the first six months of 2006 and 2005 was $96,000. Estimated annual amortization expense is $191,000 based on use of a 10-year useful life.

As of June 30, 2006 and December 31, 2005, the Company also had a non-compete intangible, net of accumulated amortization, of $103,000 and $196,000, respectively. This intangible was recorded as a result of the October 2004 acquisition of Farmers and Merchants Bank of Dublin, Georgia. Amortization expense for the first six months of 2006 and 2005 was $149,000 and $118,000, respectively. Estimated amortization expense for the remainder of 2006 is $103,000.

(6) DEPOSITS

The composition of the Company's interest bearing deposits at June 30, 2006 and December 31, 2005 was as follows:

<TABLE>

(Dollars in Thousands)	June 30, 2006	December 31, 2005
NOW Accounts	$ 555,350	$ 520,878
Money Market Accounts	377,958	331,094
Savings Deposits	135,330	144,296
Other Time Deposits	512,672	523,586
Total Interest Bearing Deposits	$1,581,310	$1,519,854

</TABLE>

(7) STOCK-BASED COMPENSATION

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

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

As of June 30, 2006, the Company had three stock-based compensation plans, consisting of the 2005 Associate Incentive Plan ("AIP"), the 2005 Associate Stock Purchase Plan ("ASPP"), and the 2005 Director Stock Purchase Plan ("DSPP"). For 2006, the Company also has a stock option arrangement with a key executive officer. Total compensation expense associated with these plans for the six months ended June 30, 2006 and 2005, was approximately $889,000 and $538,000, respectively.

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

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

In accordance with the provisions of SFAS 123R, the Company recognized expense of approximately $745,000 for the first six months of 2006 related to

the Incentive Plan. Under a substantially similar predecessor plan, the Company recognized expense of $381,000 for the first six months of 2005. A total of 875,000 shares of common stock have been reserved for issuance under the 2005 AIP. To date, the Company has issued 28,093 shares of common stock.

2005 DSPP. The Company's DSPP allows the directors to purchase the Company's common stock at a price equal to 90% of the closing price on the date of purchase. Stock purchases under the DSPP are limited to the amount of the directors' annual retainer and meeting fees. The DSPP has 93,750 shares reserved for issuance. A total of 13,591 shares have been issued since the inception of the DSPP. For the first six months of 2006, the Company issued 7,002 shares under the DSPP and recognized $24,000 in expense related to this plan. For the first six months of 2005, the Company issued 5,123 shares and recognized $18,000 in expense related to the DSPP.

2005 ASPP. Under the Company's ASPP, substantially all associates may purchase the Company's common stock through payroll deductions at a price equal to 90% of the lower of the fair market value at the beginning or end of each six-month offering period. Stock purchases under the ASPP are limited to 10% of an associate's eligible compensation, up to a maximum of $25,000 (fair market value on each enrollment date) in any plan year. Shares are issued at the beginning of the quarter following each six-month offering period. The ASPP has 593,750 shares of common stock reserved for issuance. A total of 26,938 shares have been issued since inception of the ASPP. For the first six months of 2006, the Company issued 9,343 shares under the ASPP and recognized $45,000 in expense related to this plan. For the first six months of 2005, the Company issued 8,928 shares and recognized $42,000 in expense related to the ASPP.

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

	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005
Dividend yield	1.8%	1.9%
Expected volatility	25.0%	26.0%
Risk-free interest rate	4.0%	2.2%
Expected life (in years)	0.5	0.5

Executive Stock Option Agreement. In 2006, the Company's Board of Directors approved a stock option agreement for a key executive officer (William G. Smith, Jr. - Chairman, President and CEO, CCBG). Similar stock option agreements were approved in 2003-2005. These agreements grant a non-qualified stock option award upon achieving certain annual earnings per share conditions set by the Board, subject to certain vesting requirements. The options granted under the agreements have a term of ten years and vest at a rate of one-third on each of the first, second, and third anniversaries of the date of grant. Under the 2004 and 2003 agreements, 37,246 and 23,138 options, respectively, were issued, none of which have been exercised. The fair value of a 2004 option was $13.42, and the fair value of a 2003 option was $11.64. The exercise prices for the 2004 and 2003 options are $32.69 and $32.96, respectively. Under the 2005 agreement, the earnings per share conditions were not met; therefore, no economic value was earned by the executive. In accordance with the provisions of SFAS 123R and SFAS 123, the Company recognized expense of approximately $95,000 and $97,000 for the first six months of 2006 and 2005, respectively, related to the aforementioned agreements.

A summary of the status of the Company's option shares as of June 30, 2006 is presented below:

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

Outstanding at January 1, 2006	60,384	$32.79	8.6	$ 88,161
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited or expired	-	-	-	-
Outstanding at June 30, 2006	60,384	$32.79	8.1	$ -
Exercisable at June 30, 2006	27,841	$32.79	8.1	$ -

As of June 30, 2006, there was $220,000 of total unrecognized compensation cost related to the nonvested option shares granted under the agreements. That cost is expected to be recognized over a remaining weighted-average period of 13 months.

(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 June 30,		Six Months Ended June 30,	
(Dollars in Thousands)	2006	2005	2006	2005
Discount Rate	5.75%	6.00%	5.75%	6.00%
Long-Term Rate of Return on Assets	8.00%	8.00%	8.00%	8.00%
Service Cost	$1,250	$1,040	$2,500	$2,080
Interest Cost	875	800	1,750	1,600
Expected Return on Plan Assets	(975)	(798)	(1,950)	(1,596)
Prior Service Cost Amortization	50	55	100	110
Net Loss Amortization	375	295	750	590
Net Periodic Benefit Cost	$1,575	$1,392	$3,150	$2,784

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in Thousands)	2006	2005	2006	2005
Discount Rate	5.75%	6.00%	5.75%	6.00%
Long-Term Rate Of Return On Assets	N/A	N/A	N/A	N/A
Service Cost	$ 30	$ 35	$ 60	$ 70
Interest Cost	56	54	112	108
Expected Return On Plan Assets	N/A	N/A	N/A	N/A
Prior Service Cost Amortization	15	15	30	30
Net Loss Amortization	19	21	38	42
Net Periodic Benefit Cost	$120	$125	$240	$250

(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 customers. 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 June 30, 2006, the amounts associated with the Company's off-balance sheet obligations were as follows:

(Dollars in Millions)	Amount

<S>	<C>
Commitments to Extend Credit(1)	$454.6
Standby Letters of Credit	$ 19.1

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

</TABLE>

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

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

(10) COMPREHENSIVE INCOME

SFAS No. 130, "Reporting Comprehensive Income," requires that certain transactions and other economic events that bypass the income statement be displayed as other comprehensive income (loss). Comprehensive income totaled $7.7 million and $15.1 million, respectively, for the three and six months ended June 30, 2006, and $8.3 million and $13.9 million, respectively, for the comparable periods in 2005. 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 $(576,000) and $(668,000), respectively, for the three and six months ended June 30, 2006, and $452,000 and $(345,000), respectively, for the three and six months ended June 30, 2005. Reclassification adjustments consist only of realized gains and losses on sales of investment securities and were not material for the six months ended June 30, 2006 and 2005.

<TABLE>

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

	2006		2005				2004	
	Second	First	Fourth	Third	Second	First	Fourth	Third
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Summary of Operations:								
Interest Income	$ 41,369	$ 39,412	$ 38,780	$ 36,889	$ 33,910	$ 30,474	$ 29,930	$ 24,660
Interest Expense	11,182	10,282	9,470	7,885	6,788	5,920	5,634	3,408
Net Interest Income	30,187	29,130	29,310	29,004	27,122	24,554	24,296	21,252
Provision for Loan Losses	121	667	1,333	376	388	410	300	300
Net Interest Income After Provision for Loan Losses	30,066	28,463	27,977	28,628	26,734	24,144	23,996	20,952
Gain on Sale of Credit Card Portfolios	-	-	-	-	-	-	324	6,857
Noninterest Income	14,003	13,045	12,974	13,123	12,041	11,060	11,596	10,864
Conversion/ Merger Expense	-	-	24	180	234	-	436	68
Noninterest Expense	31,070	30,092	29,318	28,429	26,362	25,267	24,481	21,565

Income Before Provision for Income Taxes	12,999	11,416	11,609	13,142	12,179	9,937	10,999	17,040
Provision for Income Taxes	4,684	3,995	4,150	4,565	4,311	3,560	3,737	6,221
Net Income	$ 8,315	$ 7,421	$ 7,459	$ 8,577	$ 7,868	$ 6,377	$ 7,262	$ 10,819
Net Interest Income (FTE)	$ 30,591	$ 29,461	$ 29,652	$ 29,329	$ 27,396	$ 24,835	$ 24,619	$ 21,528
Per Common Share:								
Net Income Basic	$ .44	$ .40	$ .40	$ .46	$ .44	$ .36	$ .40	$ .66
Net Income Diluted	.44	.40	.40	.46	.44	.36	.40	.66
Dividends Declared	.163	.163	.163	.152	.152	.152	.152	.144
Diluted Book Value	16.81	16.65	16.39	16.17	15.87	14.69	14.51	13.19
Market Price:								
High	35.39	37.97	39.33	38.72	33.46	33.60	36.78	32.96
Low	29.51	33.79	33.21	31.78	28.02	29.30	30.17	26.66
Close	30.20	35.55	34.29	37.71	32.32	32.41	33.44	30.97
Selected Average Balances:								
Loans	$2,040,656	$2,048,642	$2,062,775	$2,046,968	$1,932,637	$1,827,327	$1,779,736	$1,524,401
Earning Assets	2,278,817	2,275,667	2,279,010	2,250,902	2,170,483	2,047,049	2,066,111	1,734,708
Assets	2,603,090	2,604,458	2,607,597	2,569,524	2,458,788	2,306,807	2,322,870	1,941,372
Deposits	2,047,755	2,040,248	2,027,017	2,013,427	1,932,144	1,847,378	1,853,588	1,545,224
Shareowners' Equity	315,794	311,461	306,208	300,931	278,107	260,946	248,773	217,273
Common Equivalent Average Shares:								
Basic	18,633	18,652	18,624	18,623	18,094	17,700	17,444	16,604
Diluted	18,653	18,665	18,654	18,649	18,102	17,708	17,451	16,609
Ratios:								
ROA	1.28%	1.16%	1.14%	1.32%	1.28%	1.12%	1.24%	2.22%(1)
ROE	10.56%	9.66%	9.67%	11.31%	11.35%	9.91%	11.61%	19.81%(1)
Net Interest Margin (FTE)	5.38%	5.25%	5.16%	5.17%	5.07%	4.92%	4.75%	4.94%
Efficiency Ratio	66.23%	67.20%	65.22%	63.60%	63.56%	67.06%	63.85%	52.60%(1)

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

</TABLE>

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

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

The period-to-date averages used in this report are based on daily balances

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

In this MD&A, we present an operating efficiency ratio and an operating net noninterest expense as a percent of average assets, both of which are not calculated based on accounting principles generally accepted in the United State ("GAAP"), but that we believe provide important information regarding our results of operations. Our calculation of the operating efficiency ratio is computed by dividing non-interest expense less intangible amortization and one-time merger expenses, by the sum of tax equivalent net interest income and noninterest income. We calculate our operating net noninterest expense as a percent of average assets by subtracting noninterest expense excluding intangible amortization and one-time merger expenses from noninterest income. We believe that excluding intangible amortization and one-time merger expenses in our calculations better reflect our periodic expenses and is more reflective of normalized operations.

Although we believe the above-mentioned non-GAAP financial measures enhance investors' understanding of our business and performance, these non-GAAP financial measures should not be considered an alternative to GAAP.

We provide reconciliations for all non-GAAP financial measures below:

Reconciliation of operating efficiency ratio to efficiency ratio

	Six Months Ended June 30	
	2006	2005
Efficiency ratio	70.22%	68.85%
Effect of intangible amortization and one-time merger expenses	(3.52)%	(3.63)%
Operating efficiency ratio	66.70%	65.22%

Reconciliation of operating net noninterest expense to net noninterest expense

	Six Months Ended June 30	
	2006	2005
Net noninterest expense as a percent of average assets	2.64%	2.43%
Effect of intangible amortization and one-time merger expenses	(0.24)%	(0.23)%
Operating net noninterest expense as a percent of average assets	2.40%	2.20%

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

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

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

All forward-looking statements, by their nature, are subject to risks and uncertainties. Our actual future results may differ materially from those set forth in our forward-looking statements. Please see the Introductory Note and Item 1A. Risk Factors of our Annual Report on Form 10-K, which should be read in conjunction with this Quarterly Report (as updated by Item 1A, "Risk Factors," in Part II of this Quarterly Report), and in our

other filings made from time to time with the SEC after the date of this report. Our ability to achieve our financial objectives could be adversely affected by the factors discussed in detail in Item 1A, "Risk Factors," in our Annual Report on Form 10-K, as well as:

* our ability to integrate the business and operations of companies and banks that we have acquired, and those we may acquire in the future;
* strength of the United States economy in general and the strength of the local economies in which we conduct operations;
* effects of harsh weather conditions, including hurricanes;
* inflation, interest rate, market and monetary fluctuations;
* effect of changes in the stock market and other capital markets;
* legislative or regulatory changes;
* willingness of customers to accept third-party products and services for our products and services and vice versa;
* changes in the securities and real estate markets;
* increased competition and its effect on pricing;
* technological changes;
* changes in monetary and fiscal policies of the U.S. government;
* changes in consumer spending and savings habits;
* growth and profitability of our noninterest income;
* changes in accounting principles, policies, practices or guidelines;
* other risks described from time to time in filings with the Securities and Exchange Commission; and
* our ability to manage the risks involved in the foregoing.

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

BUSINESS OVERVIEW

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

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

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

Pursuant to our long-term strategic initiative, "Project 2010", we have

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

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

FINANCIAL OVERVIEW

A summary overview of our financial performance for 2006 versus 2005 is provided below.

2006 Financial Performance Highlights -

* Earnings of $8.3 million, up 5.7% and $15.7 million, up 10.5% for the three and six months ended June 30, 2006 as compared to the same periods in 2005.

* Diluted earnings per share of $.44 for the second quarter of 2006 consistent with the same period in 2005. Earnings per diluted share for the six months ended June 30, 2006 of $.84 represents a 5.0% increase over the same period in 2005.

* Growth in earnings was attributable to improvement in operating revenues of 12.8% and 15.5% for the three and six month periods, respectively, driven primarily by higher net interest income and noninterest income.

* Taxable equivalent net interest income grew 11.7% and 15.0% for the three and six month periods, respectively, due to earning asset growth and an improved net interest margin.

* Net interest margin percentage improved 31 basis points and 32 basis points for the three and six month periods, respectively, driven by favorable repricing spread and higher yield on new loan production.

* Noninterest income grew 16.3% and 17.1% for the three and six month periods, respectively, due primarily to higher deposit service charge fees and card processing fees.

* Continued strong credit quality as reflected by a nonperforming asset ratio of .28% and an annualized net charge-off ratio of .03% for the second quarter of 2006 compared to .08% for the same period in 2005. At quarter-end the allowance for loan losses was .84% of outstanding loans and provided coverage of 326% of nonperforming loans compared to .85% and 289%, respectively, for the same period in 2005.

* Credit quality remains strong and a key driver in bank performance and growth. Nonperforming assets totaled $5.8 million, or .28% of total loans and other real estate at quarter-end compared to .30% and .28%, respectively, for the second quarter of 2005 and first quarter of 2006.

* Average deposits grew 6.0% and 8.1% for the three and six month periods, respectively, due to our May 2005 acquisition and strong growth in balances related to "Absolutely Free" deposit products, and our Cash Power money market product.

* We remain well-capitalized with a risk based capital ratio of 13.92%.

RESULTS OF OPERATIONS

Net Income

Earnings for the three and six months ended June 30, 2006 were $8.3 million, or $.44 per diluted share, and $15.7 million, or $.84 per diluted share, respectively. This compared to $7.9 million, or $.44 per diluted share and $14.2 million, or $.80 per diluted share in 2005. Results include the impact of the acquisition of FABC in May 2005.

Growth in earnings for the second quarter of 2006 was primarily attributable

to an increase in operating revenue (defined as net interest income plus noninterest income) of $5.0 million, or 12.8%, and a decrease in our loan loss provision of $267,000, or 68.8%, partially offset by an increase in noninterest expense of $4.5 million, or 16.8%, and income taxes of $373,000, or 8.7%. The increase in operating revenue

reflects an 11.3% increase in net interest income and a 16.3% increase in noninterest income.

Growth in earnings for the six month period of $1.5 million, or 10.5% was primarily attributable to an increase in operating revenue (defined as net interest income plus noninterest income) of $11.6 million, or 15.5%, partially offset by an increase in noninterest expense of $9.3 million, or 17.9%, and income taxes of $808,000, or 10.3%. The increase in operating revenue reflects an 14.8% increase in net interest income and a 17.1% increase in noninterest income.

A condensed earnings summary is presented below:

<TABLE>

(Dollars in Thousands)	Three Months Ended June 30, 2006	Three Months Ended June 30, 2005	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005
<S>	<C>	<C>	<C>	<C>
Interest Income	$41,369	$33,910	$80,781	$64,384
Taxable Equivalent Adjustment(1)	404	274	735	555
Interest Income (FTE)	41,773	34,184	81,516	64,939
Interest Expense	(11,182)	(6,788)	(21,464)	(12,708)
Net Interest Income (FTE)	30,591	27,396	60,052	52,231
Provision for Loan Losses	(121)	(388)	(788)	(798)
Taxable Equivalent Adjustment	(404)	(274)	(735)	(555)
Net Interest Income After Provision	30,066	26,734	58,529	50,878
Noninterest Income	14,003	12,041	27,048	23,101
Merger Expense	-	234	-	234
Noninterest Expense	(31,070)	(26,362)	(61,162)	(51,629)
Income Before Income Taxes	12,999	12,179	24,415	22,116
Income Taxes	(4,684)	(4,311)	(8,679)	(7,871)
Net Income	$ 8,315	$ 7,868	$15,736	$14,245
Percent Change	5.68%	22.12%	10.47%	26.17%
Return on Average Assets(2)	1.28%	1.28%	1.22%	1.21%
Return on Average Equity(2)	10.56%	11.35%	10.12%	10.66%

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

</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. Second quarter of 2006 taxable-equivalent net interest income increased $3.2 million, or 11.7%, over the comparable quarter in 2005. During the first half of 2006, taxable-equivalent net interest income increased $7.8 million, or 15.0%, respectively, over the first half of 2005. This increase was caused by the effect of our acquisition of FABC, higher earning asset yields and a slight improvement in earning asset mix, partially offset by higher funding costs and a change in deposit mix. The increase in yields and funding costs are a result of the higher interest rate environment. The combination of these factors resulted in a 31 basis point improvement in the net interest margin as compared to the second quarter of 2005. Table I provides a comparative analysis of our average balances and interest rates.

For the three month period ended June 30, 2006, taxable-equivalent interest income increased $7.6 million or 22.2%, over the comparable period in 2005. During the first half of 2006, taxable-equivalent interest income improved $16.6 million, or 25.5%, respectively, over the comparable period in 2005. The increase was attributable to a change in earning asset mix and higher yields on earning assets. Earning asset yields improved 103 basis points to

7.35% in the second quarter of 2006 from 6.32% in the second quarter of 2005 and 7.08% from the prior quarter, primarily attributable to the higher interest rate environment. We anticipate that our income on earning assets will expand during the third quarter due to the higher rate environment.

Interest expense for the three and six month periods ended June 30, 2006 increased $4.4 million, or 64.7% and $8.8 million, or 68.9%, respectively, from the comparable prior year periods. The unfavorable variance is attributable to higher rates paid on all interest bearing liabilities and an increase in long-term debt costs resulting from debt secured to fund the FABC acquisition. The average rate paid on interest bearing liabilities of 2.58% in the second quarter of 2006 represents an increase of 89 and 19 basis points, respectively, over the second quarter of 2005 and first quarter of 2006. We anticipate that our interest expense will continue to increase in the third quarter as a result of the higher rate environment and increased competition for deposits.

Our interest rate spread (defined as the average fully taxable-equivalent yield on earning assets less the average rate paid on interest bearing liabilities) increased from 4.56% in the first half of 2005 to 4.72% in the comparable period of 2006, reflecting the higher yield on earning assets.

Our net yield on earning assets (defined as fully taxable-equivalent net interest income divided by average earning assets) was 5.38% and 5.31%, respectively, for the three and six month periods of 2006, versus 5.07% and 4.99%, respectively, for the comparable periods in 2005. The increase in margin reflects higher asset yields driven by rising interest rates. Net interest income is expected to expand slightly during the third quarter, which is attributable to anticipated higher net yield on earning assets and other factors noted above.

Provision for Loan Losses

The provision for loan losses was $121,000 and $788,000, respectively, for the three and six month periods ended June 30, 2006, compared to $388,000 and $798,000 for the same periods in 2005. The decrease in the provision for both of the aforementioned periods was due to a lower level of required reserves reflective of improved credit quality.

Net charge-offs totaled $136,000, or .03% of average loans for the second quarter of 2006 compared to $362,000, or .08% for the second quarter of 2005. For the six-month period ended June 30, 2006, net charge-offs totaled $934,000, or .09% of average loans compared to $769,000, or .08% of average loans for the comparable period in 2005. At quarter-end the allowance for loan losses was .84% of outstanding loans and provided coverage of 326% of nonperforming loans.

<TABLE>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in Thousands)	2006	2005	2006	2005
<S>	<S>	<S>	<S>	<S>
CHARGE-OFFS				
Commercial, Financial and Agricultural	$ 144	$ 302	$ 466	$ 390
Real Estate - Construction	-	-	-	-
Real Estate - Commercial	-	2	291	6
Real Estate - Residential	23	37	46	62
Consumer	448	536	1,038	1,254
Total Charge-offs	615	877	1,841	1,712
RECOVERIES				
Commercial, Financial and Agricultural	63	98	126	107
Real Estate - Construction	-	-	-	-
Real Estate - Commercial	2	-	4	-
Real Estate - Residential	2	14	8	16
Consumer	412	403	769	820
Total Recoveries	479	515	907	943
Net Charge-offs	$ 136	$ 362	$ 934	$ 769

Net Charge-offs (Annualized) as a Percent of Average Loans Outstanding, Net of Unearned Interest	.03%	.08%	.09%	.08%
	======	======	======	======

</TABLE>

Noninterest Income

Noninterest income increased $2.0 million, or 16.3%, and $3.9 million, or 17.1%, respectively, over the comparable three and six month periods in 2005, primarily due to higher deposit service charge fees, retail brokerage fees, and card processing fees. Noninterest income represented 31.7% and 31.3% of operating revenue for the three and six month periods of 2006 compared to 30.7% and 30.9% for the same periods in 2005. The increase is due to the aforementioned strong growth in noninterest income.

The table below reflects the major components of noninterest income.

<TABLE>

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in Thousands)	2006	2005	2006	2005
<S>	<C>	<C>	<C>	<C>
Noninterest Income:				
Service Charges on Deposit Accounts	$ 6,096	$ 5,035	$11,776	$ 9,383
Data Processing	703	650	1,340	1,257
Asset Management Fees	1,155	1,013	2,205	2,125
Retail Brokerage Fees	502	313	985	612
Mortgage Banking Revenues	903	1,036	1,624	1,799
Merchant Service Fees	1,793	1,532	3,518	3,096
Interchange Fees	788	535	1,464	1,026
ATM/Debit Card Fees	627	535	1,226	1,074
Other	1,436	1,392	2,910	2,729
Total Noninterest Income	$14,003	$12,041	$27,048	$23,101

</TABLE>

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

Service Charges on Deposit Accounts. Deposit service charge fees increased $1.1 million, or 21.1%, and $2.4 million, or 25.5%, respectively, over the comparable three and six month periods in 2005. The increase reflects higher overdraft and nonsufficient funds fees due primarily to growth in deposit accounts attributable to an increase in free checking accounts and improved fee collection efforts.

Asset Management Fees. Income from asset management activities increased $142,000, or 14.0%, and $80,000, or 3.8%, respectively, over the comparable three and six month periods in 2005. The improvement for both periods is primarily due to growth in new business within existing and new markets. At June 30, 2006, assets under management totaled $685.0 million, representing an increase of $34.0 million, or 5.2% from the comparable period in 2005.

Mortgage Banking Revenues. Mortgage banking revenues decreased $133,000, or 12.8%, and $175,000, or 9.7%, respectively, from the comparable three and six month periods in 2005. The decrease reflects the local and national trend of a slower housing market and a decreased level of refinance activity.

Card Fees. Card processing fees (including merchant services fees, interchange fees, and ATM/debit card fees) increased $606,000, or 23.3%, and $1.0 million, or 19.5%, respectively, over the comparable three and six periods in 2005. The increase in merchant service fees is primarily due to higher transaction volume reflective of growth in merchant accounts. Higher interchange fees and ATM/debit card fees reflect an increase in deposit accounts.

Other. Other income increased $286,000, or 12.1%, and $638,000, or 13.9%, respectively, over the comparable three and six month periods in 2005 due primarily to increases in retail brokerage fees, asset based lending fees, data processing fees, and a one-time gain on the sale of a real estate parcel in the amount of $109,000.

Noninterest Expense

Noninterest expense increased $4.5 million, or 16.8%, and $9.3 million, or 17.9%, respectively, over the comparable three and six month periods in 2005.

The table below reflects the major components of noninterest expense.

(Dollars in Thousands)	Three Months Ended June 30, 2006	Three Months Ended June 30, 2005	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005
Noninterest Expense:				
Salaries	$11,444	$ 9,980	$23,159	$19,638
Associate Benefits	3,760	3,207	7,475	6,109
Total Compensation	15,204	13,187	30,634	25,747
Premises	2,358	2,035	4,581	3,972
Equipment	2,661	2,192	5,161	4,304
Total Occupancy	5,019	4,227	9,742	8,276
Legal Fees	445	444	962	812
Professional Fees	865	879	1,618	1,575
Processing Services	419	349	854	748
Advertising	1,253	747	2,252	1,948
Travel and Entertainment	485	340	871	604
Printing and Supplies	670	666	1,277	1,117
Telephone	588	559	1,210	1,078
Postage	321	291	602	617
Intangible Amortization	1,536	1,296	3,066	2,492
Interchange Fees	1,546	1,349	3,040	2,690
Courier Service	327	334	657	641
Miscellaneous	2,392	1,928	4,377	3,518
Total Noninterest Expense	$31,070	$26,596	$61,162	$51,863

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

Compensation. Salaries and associate benefits expense increased $2.0 million, or 15.3%, and $4.9 million, or 19.0% over the comparable three and six month periods in 2005. For the first half of the year, we experienced increases in associate salaries of $3.3 million, payroll tax expense of $196,000, associate insurance expense of $365,000, pension plan expense of $382,000, and stock-based compensation of $507,000. The increase in associate salaries and payroll tax expense reflects the addition of FABC associates, annual merit/market based raises for associates, and lower realized loan cost. Realized loan cost reflects the impact of SFAS No. 91 "Accounting for Nonrefundable Fees and Costs Associated with Acquiring Loans", which requires deferral and amortization of loan costs that are accounted for as a credit offset to salary expense. The decrease in loan production for the first half of the year reduced the amount of this offset as compared to the first half of 2005. The increase in expense for insurance and pension benefits is reflective of an increase in eligible participants. The higher pension expense is also due to a lower discount rate used for the 2006 expense projection. Higher stock based compensation reflects an increase in plan participants and higher target awards due to the adoption of our new Stock-Based Incentive Plan.

Occupancy. Occupancy expense (including premises and equipment) increased $792,000, or 18.7%, and $1.5 million, or 17.7%, respectively over the comparable three and six month periods in 2005. For the first half of the year, we experienced increases in depreciation of $770,000, maintenance and repairs (building and FF&E) of $190,000, utilities of $174,000, maintenance agreements (FF&E) of $298,000, and building insurance of $66,000 from the comparable period in 2005, all of which reflect the increase in the number of banking offices from our May 2005 acquisition and new banking office openings during the later part of 2005.

Other. Other noninterest expense increased $1.7 million, or 18.1%, and $2.9 million, or 16.5%, respectively over the three and six month periods in 2005. For the first half of the year, the increase was primarily attributable to higher expense for the following categories: 1) legal fees - $150,000, 2)

advertising - $304,000, 3) travel and entertainment - $267,000, 4) printing and supplies - $160,000, 5) telephone expense - $132,000, 6) intangible amortization - $574,000, 7) interchange fees - $350,000, and 8) miscellaneous - - $859,000. Legal expenses have increased due to a general increase in legal services tied to corporate activities. The increase in advertising expense is due to an increase in promotional expenses associated with the addition of new banking offices in late 2005 and an expansion in our line of free checking products. The higher expense for travel and entertainment is linked primarily to associate related events that took place during the first half of the year. The increase in printing and supplies expense was driven by an increase in the number of banking offices requiring printed brochures for bank products and services, and supplies. Telephone expense increased also due to an increase in banking offices. The increase in intangible amortization reflects new core deposit amortization from the FABC acquisition. The increase in interchange fees is due to increased merchant card transaction volume. Miscellaneous expense grew due to increases in other losses, ATM/debit card production, associate hiring expense, and seminars/education expense.

Operating net noninterest expense (noninterest income minus noninterest expense, excluding intangible amortization and one-time merger expenses) as a percent of average assets was 2.40% for the first half of 2006 compared to 2.20% in 2005. Our operating efficiency ratio (noninterest expense, excluding intangible amortization and one-time merger expenses, expressed as a percent of the sum of taxable-equivalent net interest income plus noninterest income) was 66.70% for the first half of 2006 compared to 65.23% for the same period in 2005 due to expense growth as discussed above.

Income Taxes

Relative to the prior year periods, the provision for income taxes increased $373,000, or 8.7%, during the second quarter and $808,000, or 10.3%, during the first six months

of 2006, reflecting higher taxable income. Our effective tax rate for the first half of 2006 was 35.55% compared to 35.59% for the same period in 2005.

FINANCIAL CONDITION

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

Average assets decreased $4.5 million, or .17%, to $2.603 billion for the quarter-ended June 30, 2006 from $2.608 billion in the fourth quarter of 2005. Average earning assets of $2.279 billion decreased $193,000, or .01%, from the fourth quarter of 2005. A decrease in average loans of $22.1 million was partially offset by a $5.4 million increase in investment securities and a $16.5 million increase in average short term investments. These variances are discussed in more detail below.

Funds Sold

We ended the second quarter with approximately $35.7 million in average net overnight funds sold, compared to $5.7 million net overnight funds purchased in the fourth quarter of 2005. The improvement reflects the increase in deposits that is discussed in further detail below (Deposits). Growth in deposits during the first part of the year has reduced the bank's position in overnight funds purchased.

Investment Securities

Our investment portfolio is a significant component of our operations and, as such, it functions as a key element of liquidity and asset/liability management. As of June 30, 2006, the average investment portfolio increased $5.4 million, or 2.9%, from the fourth quarter of 2005. We will continue to evaluate the need to purchase securities for the investment portfolio throughout 2006, taking into consideration liquidity needed to fund loan growth and to meet pledging requirements.

Securities classified as available-for-sale are recorded at fair value and unrealized gains and losses associated with these securities are recorded, net of tax, as a separate component of shareowners' equity. At June 30, 2006 and December 31, 2005, shareowners' equity included a net unrealized loss of $1.9 million and $1.2 million, respectively.

Loans

Average loans for the second quarter decreased $22.1 million, or 1.07%, from the fourth quarter, due to higher than expected loan activity (principal pay-downs and pay-offs). We expect the loan pipeline to remain stable and loans outstanding to remain flat for the second half of the year.

Our nonperforming loans were $5.3 million at June 30, 2006 and December 31, 2005. As a percent of nonperforming loans, the allowance for loan losses represented 326% at June 30, 2006 and 331% at December 31, 2005. Nonperforming loans include nonaccruing and restructured loans. Other real estate, which includes property acquired either through foreclosure or by receiving a deed in lieu of foreclosure, was $0.5 million at June 30, 2006 versus $0.3 million at December 31, 2005. The ratio of nonperforming assets as a percent of loans plus other real estate was .28% at June 30, 2006, compared to .27% at December 31, 2005.

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

balance can and will change based on changes in the assessment of the portfolio's overall credit quality. We evaluate the adequacy of the allowance for loan losses on a quarterly basis.

The allowance for loan losses at June 30, 2006 was $17.3 million, compared to $17.4 million at December 31, 2005. At June 30, 2006 and December 31, 2005, the allowance represented 0.84% of total loans. While there can be no assurance that we will not sustain loan losses in a particular period that are substantial in relation to the size of the allowance, our assessment of the loan portfolio does not indicate a likelihood of this occurrence. It is management's opinion that the allowance at June 30, 2006 is adequate to absorb losses inherent in the loan portfolio at quarter-end.

Deposits

Average deposits for the second quarter of 2006 increased $23.7 million, or 1.17%, from the fourth quarter of 2005 due to continued strong increases in NOW ($26.3 million) and money market ($55.8 million) account balances. The increases reflect new free checking deposits and an increase in Cash Power money market balances.

The ratio of average noninterest bearing deposits to total deposits was 25.5% for the second quarter of 2006, compared to 26.8% for the fourth quarter of 2005. For the same period, the ratio of average interest bearing liabilities to average earning assets was 75.3% and 75.8%, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

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

Average liquidity (defined as funds sold and interest bearing deposits with other banks) for the second quarter of 2006 was approximately $48.8 million, an increase of $16.5 million from the fourth quarter of 2005. The increase is primarily reflective of deposit growth. Liquidity levels should fluctuate during the third quarter consistent with planned loan growth.

Borrowings. We have the ability to draw on a $25.0 million revolving credit note, due on October 15, 2007. Interest is payable quarterly at LIBOR plus an applicable margin on advances. The revolving credit note is unsecured. The existing loan agreement contains certain financial covenants that we must maintain. At June 30, 2006, we were in compliance with all of the terms of the agreement and had $25.0 million available under the credit facility.

For the first half of the year, the Bank made FHLB advance payments totaling

approximately $6.4 million and obtained one new FHLB advance for $3.2 million.

We issued a $32.0 million junior subordinated deferrable interest note in May 2005 to a wholly owned Delaware statutory trust, Capital City Bank Group Capital Trust II ("CCBG Capital Trust II"). Interest payments are due quarterly at a fixed rate of 6.07% for the first five years, then adjust 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 FABC purchase price.

Contractual Cash Obligations. We maintain certain contractual arrangements to make future cash payments. The table below details those future cash payment obligations as of June 30, 2006. Payments for borrowings do not include interest. Payments related to leases are based on actual payments specified in the underlying contracts.

<TABLE>

	Payments Due By Period				
(Dollars in Thousands)	1 Year or Less	1 - 3 Years	4 - 5 Years	After 5 Years	Total
<S>	<C>	<C>	<C>	<C>	<C>
Federal Home Loan Bank Advances	$31,414	$31,010	$6,349	$26,673	$ 95,446
Subordinated Notes Payable	-	-	-	62,887	62,887
Operating Lease Obligations	734	2,709	2,226	7,088	12,757
Total Contractual Cash Obligations	$32,148	$33,719	$8,576	$96,647	$171,090

</TABLE>

Capital

Equity capital was $311.7 million as of June 30, 2006 compared to $305.8 million as of December 31, 2005. Management continues to monitor our capital position in relation to our level of assets with the objective of maintaining a strong capital position. The leverage ratio was 10.35% at June 30, 2006 compared to 10.27% at December 31, 2005. Further, the risk-adjusted capital ratio of 13.92% at June 30, 2006 exceeds the 8.0% minimum requirement under the risk-based regulatory guidelines. As allowed by the Federal Reserve Board capital guidelines the trust preferred securities issued by Capital City Bank Group Capital Trust I and CCBG Capital Trust II are included as Tier 1 capital in our capital calculations.

Adequate capital and financial strength is paramount to the stability of CCBG and the Bank. Cash dividends declared and paid should not place unnecessary strain on our capital levels. Although a consistent dividend payment is believed to be favorably viewed by the financial markets and shareowners, the Board of Directors will declare dividends only if we are considered to have adequate capital. Future capital requirements and corporate plans are considered when the Board considers a dividend payment. Dividends declared and paid during the second quarter of 2006 totaled $.1625 per share compared to $.1520 per share for the second quarter of 2005, an increase of 6.9%. The dividend payout ratios for the second quarter ended 2006 and 2005 were 36.8% and 34.5%, respectively.

State and federal regulations as well as our long-term debt agreements place certain restrictions on the payment of dividends by both CCBG and the Bank. At June 30, 2006, these regulations and covenants did not impair CCBG or the Bank's ability to declare and pay dividends or to meet other existing obligations in the normal course of business.

During the first six months of 2006, shareowners' equity increased $6.0 million, or 3.9%, on an annualized basis. Growth in equity during the first six months of the year was positively impacted by net income of $15.7 million, the issuance of common stock of $0.9 million and, stock-based compensation accretion of $0.9 million. Equity was reduced by dividends paid during the first six months of the year by $6.1 million, or $.3250 per share, an increase in the net unrealized loss on available-for-sale securities of $0.7 million, and the repurchase of common stock of $4.8 million. At June 30, 2006, our common stock had a book value of $16.81 per diluted share compared to $16.39 at December 31, 2005.

Our Board of Directors has authorized the repurchase of up to 1,171,875 shares of our outstanding common stock. The purchases are made in the open market or in privately negotiated transactions. To date, we have repurchased a total of 864,760 shares at an average purchase price of $18.28 per share. We repurchased 148,876 shares of our common stock in the second quarter of

2006 at an average purchase price of $32.41 per share.

OFF-BALANCE SHEET ARRANGEMENTS

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

At June 30, 2006, we had $454.6 million in commitments to extend credit and $19.1 million in standby letters of credit. Commitments to extend credit are agreements to lend to a client so long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Standby letters of credit are conditional commitments issued by us to guarantee the performance of a client to a third party. We use the same credit policies in establishing commitments and issuing letters of credit as we do for on-balance sheet instruments.

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

ACCOUNTING POLICIES

Critical Accounting Policies

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

Allowance for Loan Losses. The allowance for loan losses is established through a charge to the provision for loan losses. Provisions are made to reserve for estimated losses in loan balances. The allowance for loan losses is a significant estimate and is evaluated quarterly by us for adequacy. The use of different estimates or assumptions could produce a different required allowance, and thereby a larger or smaller provision recognized as expense in any given reporting period. A further discussion of the allowance for loan losses can be found in the section entitled "Allowance for Loan Losses" and Note 1 in the Notes to Consolidated Financial Statements in our 2005 Annual Report on Form 10-K.

Intangible Assets. Intangible assets consist primarily of goodwill, core deposit assets, and other identifiable intangibles that were recognized in connection with various acquisitions. Goodwill represents the excess of the cost of acquired businesses over the fair market value of their identifiable net assets. We perform an impairment review on an annual basis to determine if there has been impairment of our goodwill. We have determined that no impairment existed at December 31, 2005. Impairment testing requires management to make significant judgments and estimates relating to the fair value of its identified reporting units. Significant changes to these estimates may have a material impact on our reported results.

Core deposit assets represent the premium we paid for core deposits. Core deposit intangibles are amortized on the straight-line method over various periods ranging from 5-10 years. Generally, core deposits refer to nonpublic, non-maturing deposits including noninterest-bearing deposits, NOW, money market and savings. We make certain estimates relating to the useful life of these assets, and rate of run-off based on the nature of the specific assets and the client bases acquired. If there is a reason to

believe there has been a permanent loss in value, management will assess these assets for impairment. Any changes in the original estimates may materially affect reported earnings.

Pension Assumptions. We have a defined benefit pension plan for the benefit

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

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

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

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

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

Recent Accounting Pronouncements

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

In July 2006, the FASB issued FASB Interpretation 48, "Accounting for Income Tax Uncertainties" ("FIN 48"). FIN 48 defines the threshold for recognizing the benefits of tax return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority. The recently issued literature also provides guidance on the derecognition, measurement and classification of income tax uncertainties, along with any related interest and penalties. FIN 48 also includes guidance concerning accounting for income tax uncertainties in interim periods and increases the level of disclosures associated with any recorded income tax uncertainties. FIN 48 is effective for fiscal years beginning after December 15, 2006. The differences between the amounts recognized in the statements of financial position prior to the adoption of FIN 48 and the amounts reported after adoption will be accounted for as a cumulative-effect adjustment recorded to the beginning balance of retained earnings. We are currently evaluating the potential impact of FIN 48 on our consolidated financial statements.

<TABLE>

TABLE I

AVERAGE BALANCES & INTEREST RATES
(Taxable Equivalent Basis - Dollars in Thousands)

	FOR THREE MONTHS ENDED JUNE 30, 2006			005		
	Balance	Interest	Rate	Balance	Interest	Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans, Net of Unearned Interest(1)(2)	$2,040,656	$39,059	7.68%	$1,932,637	$32,200	6.68%
Taxable Investment Securities	114,521	1,233	4.30%	149,958	1,113	2.96%
Tax-Exempt Investment Securities(2)	74,862	895	4.78%	41,316	513	4.97%
Funds Sold	48,778	586	4.75%	46,572	358	3.04%
Total Earning Assets	2,278,817	41,773	7.35%	2,170,483	34,184	6.32%
Cash & Due From Banks	99,830			104,336		
Allowance for Loan Losses	(17,443)			(16,998)		
Other Assets	241,886			200,967		
TOTAL ASSETS	$2,603,090			$2,458,788		
LIABILITIES						
NOW Accounts	$ 510,088	$ 1,664	1.31%	$ 413,799	$ 560	0.54%
Money Market Accounts	363,754	2,642	2.91%	270,195	830	1.23%
Savings Accounts	136,168	67	0.20%	155,286	75	0.19%
Other Time Deposits	518,679	4,343	3.36%	547,919	3,153	2.31%
Total Int. Bearing Deposits	1,528,689	8,716	2.29%	1,387,199	4,618	1.34%
Short-Term Borrowings	82,846	776	3.75%	108,508	734	2.71%
Subordinated Notes Payable	62,887	926	5.91%	45,681	667	5.86%
Other Long-Term Borrowings	63,597	764	4.82%	68,975	769	4.47%
Total Int. Bearing Liabilities	1,738,019	11,182	2.58%	1,610,363	6,788	1.69%
Noninterest Bearing Deposits	519,066			544,945		
Other Liabilities	30,211			25,373		
TOTAL LIABILITIES	2,287,296			2,180,681		
SHAREOWNERS' EQUITY						
TOTAL SHAREOWNERS' EQUITY	315,794			278,107		
TOTAL LIABILITIES & EQUITY	$2,603,090			$2,458,788		
Interest Rate Spread			4.77%			4.63%
Net Interest Income		$30,591			$27,396	
Net Interest Margin(3)			5.38%			5.07%

	FOR SIX MONTHS ENDED JUNE 30, 2006			005		
	Balance	Interest	Rate	Balance	Interest	Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans, Net of Unearned Interest(1)(2)	$2,044,627	$76,498	7.54%	$1,880,272	$61,120	6.56%
Taxable Investment Securities	16,278	2,323	3.99%	151,740	2,203	2.91%
Tax-Exempt Investment Securities(2)	67,158	1,570	4.67%	42,615	1,099	5.16%
Funds Sold	49,188	1,125	4.56%	34,479	517	2.98%
Total Earning Assets	2,277,251	81,516	7.21%	2,109,106	64,939	6.21%
Cash & Due From Banks	104,841			100,848		
Allowance for Loan Losses	(17,512)			(16,585)		
Other Assets	239,190			189,849		
TOTAL ASSETS	$2,603,770			$2,383,218		
LIABILITIES						
NOW Accounts	$ 510,178	$ 3,110	1.23%	$ 386,626	$ 1,007	0.53%
Money Market Accounts	353,759	4,940	2.82%	261,072	1,455	1.12%
Savings Accounts	137,906	130	0.19%	151,502	151	0.20%
Other Time Deposits	520,314	8,258	3.20%	549,983	6,314	2.31%
Total Int. Bearing Deposits	1,522,157	16,438	2.18%	1,349,183	8,927	1.33%
Short-Term Borrowings	88,326	1,600	3.64%	94,125	1,184	2.54%
Subordinated Notes Payable	62,887	1,852	5.94%	38,345	1,108	5.83%
Other Long-Term Borrowings	66,763	1,574	4.75%	68,590	1,489	4.38%

Total Int. Bearing Liabilities	1,740,133	21,464	2.49%	1,550,243	12,708	1.65%
Noninterest Bearing Deposits	521,865			540,812		
Other Liabilities	28,132			22,589		
TOTAL LIABILITIES	2,290,130			2,113,644		
SHAREOWNERS' EQUITY						
TOTAL SHAREOWNERS' EQUITY	313,640			269,574		
TOTAL LIABILITIES & EQUITY	2,603,770			$2,383,218		
Interest Rate Spread			4.72%			4.56%
Net Interest Income		$60,052			$52,231	
Net Interest Margin(3)			5.31%			4.99%

(1) Average balances include nonaccrual loans. Interest income includes fees on loans of $979,128 and $1.9 million, for the three and six months ended June 30, 2006, versus $820,478 and $1.3 million for the comparable periods ended June 30, 2005.

(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 DISCLOSURES ABOUT MARKET RISK

Overview

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

Interest Rate Risk Management

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

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

Our financial assets and liabilities are classified as other-than-trading. An analysis of the other-than-trading financial components, including the fair values, are presented in Table II. This table presents our consolidated interest rate sensitivity position as of June 30, 2006 based upon certain assumptions as set forth in the Notes to the Table. The objective of interest rate sensitivity analysis is to measure the impact on our net interest income due to fluctuations in interest rates. The asset and liability values presented in Table II may not necessarily be indicative of our interest rate sensitivity over an extended period of time.

We expect rising rates to have a favorable impact on the net interest margin, subject to the magnitude and timeframe over which the rate changes occur. However, as general interest rates rise or fall, other factors such as current market conditions and competition may impact how we respond to changing rates and thus impact the magnitude of change in net interest income. Non-maturity deposits offer management greater discretion as to the

direction, timing, and magnitude of interest rate changes and can have a material impact on our interest rate sensitivity. In addition, the relative level of interest rates as compared to the current yields/rates of existing assets/liabilities can impact both the direction and magnitude of the change in net interest margin as rates rise and fall from one period to the next.

Inflation

The impact of inflation on the banking industry differs significantly from that of other industries in which a large portion of total resources are invested in fixed assets such as property, plant and equipment.

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

<TABLE>

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

	As of June 30, 2006							
(Dollars in Thousands)	Year 1	Year 2	Year 3	Year 4	Year 5	Beyond	Total	Fair Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Loans								
Fixed Rate	$ 305,779	$155,784	$116,878	$55,001	$26,097	$20,923	$ 680,463	$ 679,515
Average Interest Rate	6.30%	7.47%	7.53%	7.27%	6.92%	6.04%	6.87%	
Floating Rate(2)	1,100,334	145,866	106,947	7,242	4,814	7,195	1,372,397	1,372,397
Average Interest Rate	6.78%	6.61%	7.21%	7.61%	7.69%	7.89%	6.81%	
Investment Securities(3)								
Fixed Rate	43,248	58,180	56,426	3,696	10,213	17,987	189,750	189,750
Average Interest Rate	3.05%	3.74%	4.23%	4.38%	4.08%	5.52%	3.93%	
Floating Rate	1,482	-	-	-	-	-	1,482	1,482
Average Interest Rate	5.09%	-	-	-	-	-	5.09%	
Other Earning Assets								
Floating Rate	126,211	-	-	-	-	-	126,211	126,211
Average Interest Rates	4.82%	-	-	-	-	-	4.82%	
Total Financial Assets	$1,557,053	$359,830	$280,251	$65,939	$41,123	$46,105	$2,370,302	$2,367,387
Average Interest Rates	6.43%	6.52%	6.74%	7.15%	6.30%	6.12%	6.49%	
Deposits(4)								
Fixed Rate Deposits	$ 419,299	$ 61,548	$ 21,558	$ 7,976	$ 3,045	$ 257	$ 513,682	$ 423,834
Average Interest Rates	3.53%	3.66%	3.83%	3.77%	4.11%	4.93%	3.56%	
Floating Rate Deposits	1,067,628	-	-	-	-	-	1,067,628	1,067,628
Average Interest Rates	1.94%	-	-	-	-	-	1.94%	
Other Interest Bearing Liabilities								
Fixed Rate Debt	3,981	14,545	13,610	3,509	3,281	24,097	63,022	61,025
Average Interest Rate	4.74%	4.43%	4.46%	4.64%	5.06%	5.26%	4.82%	
Floating Rate Debt	77,571	-	-	30,928	31,959	-	140,458	140,458
Average Interest Rate	3.50%	-	-	5.71%	6.07%	-	4.57%	
Total Financial Liabilities	$1,568,479	$ 76,092	$ 35,169	$74,371	$ 6,325	$24,354	$1,784,790	$1,692,945
Average interest Rate	2.45%	3.80%	4.07%	5.61%	4.60%	5.25%	2.72%	

(1) Based upon expected cashflows, 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

As of June 30, 2006, the end of the period covered by this Form 10-Q, our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer each concluded that as of June 30, 2006, the end of the period covered by this Form 10-Q, we maintained effective disclosure controls and procedures.

Changes in Internal Control over Financial Reporting

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1.A. Risk Factors

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

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

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table contains information about all purchases made by or on behalf of us or any affiliated purchaser (as defined in Rule 10b-18(a)(3) under the Exchange Act) of shares or other units of any class of our equity securities that is registered pursuant to Section 12 of the Exchange Act.

<TABLE>

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of our share repurchase program(1)	Maximum Number of shares that may yet be purchased under our share repurchase program
<S>	<C>	<C>	<C>	<C>
April 1, 2006 to April 30, 2006	-	-	-	455,991
May 1, 2006 to May 31, 2006	47,300	$32.71	763,184	408,691
June 1, 2006 to	101,576	32.27	864,760	307,115

June 30, 2006				
Total	148,876	$32.41	864,760	307,115

(1) This balance represents the number of shares that were repurchased through the Capital City Bank Group, Inc. Share Repurchase Program, which was approved on March 30, 2000, and modified by our Board on January 24, 2002 (the "Program") under which we were authorized to repurchase up to 1,171,875 shares of our common stock. The Program is flexible and shares are acquired with free cash flow from the public markets and other sources. There is no predetermined expiration date for the Program.

</TABLE>

Item 3. Defaults Upon Senior Securities

None.

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

The Annual Meeting of Shareholders of Capital City Bank Group, Inc. was held on April 25, 2006. Proxies for the meeting were solicited pursuant to Regulation 14A under the Securities Exchange Act of 1934, and there was no solicitation in opposition to management's solicitations. The following summarizes all matters voted upon at this meeting.

1. The following directors were elected for terms expiring as noted. These individuals served on the Board of Directors prior to the Annual Meeting. The number of votes cast were as follows:

For terms to expire at the 2009 annual meeting:	For	Against Withheld
DuBose Ausley	15,635,678	149,636
Frederick Carroll, III	15,768,143	17,171
John K. Humphress	15,767,211	18,103
Henry Lewis III	15,744,434	40,880

2. The shareowners ratified the selection of KPMG LLP as the Company's independent auditors for the fiscal year ending December 31, 2006. The number of votes cast were as follows:

For	Against/ Withheld	Abstentions/ Broker Non-Vote
15,761,858	11,506	11,950

Item 5. Other Information

None.

Item 6. Exhibits

(A) Exhibits

10.1 Form of Participant Agreement for the Capital City Bank Group, Inc. Long-Term Incentive Plan.

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

Date: August 9, 2006

Exhibit 10.1 Form of Participant Agreement for the Capital City Bank Group, Inc. Associate Incentive Plan.

PARTICIPANT AGREEMENT

NAME, TITLE

This Participant Agreement (the "Agreement") is made as of the DATE (effective DATE), between Capital City Bank Group, Inc., a Florida corporation (the "Company"), and NAME ("Participant"). Capitalized terms used and not otherwise defined herein shall have the meanings attributed thereto in the Capital City Bank Group, Inc. 2005 Associate Incentive Plan (the "Plan").

WHEREAS, the Participant is a key officer or associate of the Company or one of its subsidiaries who has been selected to receive an Award of Performance Share Units under the Plan by the Compensation Committee of the Company's Board of Directors (the "Committee").

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant.

(a) Performance Share Units. Upon the execution of this Agreement, the Committee hereby grants the Participant an Award of up to XXX Performance Share Units, subject to the terms and conditions of this Agreement, including Exhibit A hereto, and the Plan. Upon issuance, the Performance Share Units shall be immediately converted to shares (the "Shares") of Common Stock of the Company.

(b) Tax Supplement Bonus. Upon conversion of the Performance Share Units to Shares, the Participant will also receive a cash payment equal to 31% of the market value of the Performance Share Units payable as of the taxable income recognition date for the Shares ("Tax Supplement Bonus").

2. Earnings Goals. The Performance Share Units are hereby awarded on the basis, and Shares shall be issued at the time of achievement, of the earnings goals for such Performance Share Units set forth on Exhibit A ("Earnings Goals"). The Shares shall not be issued, and Participant shall lose all rights to same, if (i) the Earnings Goals set forth on Exhibit A and applicable to those issuances are not met, or (ii) prior to the issuance date, Participant ceases to be employed by the Company or any subsidiary for any reason, including death, disability or voluntary or involuntary termination, with or without cause, or is employed in a capacity of lesser responsibility within the Company or Subsidiary from that now occupied by Participant. The failure to meet an Earnings Goal in one calendar year will not affect the prior issuance of Shares pursuant to a previously satisfied Earnings Goal.

3. Representations and Warranties of the Participant. The Participant represents, warrants and covenants that:

(a) Knowledge and Experience. The Participant has such knowledge and experience in financial and business matters that he or she, together with his or her professional advisor, if any, is capable of evaluating the merits and risks of receipt of the Shares. The Participant has had access to such information concerning the Company, including its current financial statements, as the Participant deems necessary to enable him or her to make an informed decision concerning receipt of the Shares.

(b) Withholding Taxes. The Participant acknowledges and agrees that the Company may withhold from the Participant's cash compensation (whether paid in the form of salary, bonus or other type of cash payment) an amount calculated on the taxable income recognized by the Participant with respect to all compensation paid hereunder, calculated at the maximum withholding rate permitted for the Company under the Internal Revenue Code of 1986, as amended (the "Code"). The date of such taxable income recognition, and the Company's corresponding right to withhold from Participant's cash compensation shall occur on the first date the Participant has the right to receive the Shares, whether or not the Participant exercises that right.

4. No Change in Employment Status. Nothing in the Agreement shall alter, in any way, Participant's employment status with the Company, nor shall anything in this Agreement confer upon the Participant any right to continue in the employ of the Company or any of its subsidiaries or interfere in any way with the rights of the Company to change or terminate the employment of the Participant. Designation as a Participant pursuant to this Agreement will not confer any right on the Participant to be designated as a Participant in the future. This paragraph shall not change the terms and conditions of any employment agreement in effect between the Participant and the Company.

5. Interpretation. The Committee interpretation of this Agreement, the Plan and all other decisions and determinations by the Committee shall be final and binding upon the parties hereto. The Committee may amend any provision of this Agreement at any time; provided that, except with the consent of the Participant, no amendment of this Agreement will impair the rights of the Participant to the Shares.

6. Company Rights. This Agreement shall not in any way affect the right of the Company to make changes of its capital structure or to merge or consolidate or to dissolve, liquidate or sell all or any part of its business or its assets.

7. Plan. The terms and provisions of the Plan are incorporated herein by reference, and Participant agrees to be bound by all such terms and provisions. In the event of a conflict or inconsistency between any terms and conditions of this Agreement and the Plan, the Plan shall govern and control.

8. Miscellaneous. This Agreement and the Plan represent the entire understanding and agreement between the parties with respect to the subject matter of this Agreement, and supersedes all other negotiations, understandings and representations (if any) made by and between the parties. All of the terms and provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties and their respective heirs, legal representatives, successors and permitted assigns, whether so expressed or not. No party shall assign its rights or obligations under this Agreement without the prior written consent of each other party to this Agreement.

The headings contained in this Agreement are for convenience of reference only, and shall not limit or otherwise affect in any way the meaning or interpretation of this Agreement. If any part of this Agreement or any other agreement entered into pursuant to this Agreement is contrary to, prohibited by or deemed invalid under applicable law or regulation, such provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder of this Agreement shall not be invalidated thereby and shall be given full force and effect so far as possible. All covenants, agreements, representations and warranties made in this Agreement or otherwise made in writing by any party pursuant to this Agreement shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

The parties acknowledge that a substantial portion of the negotiations and anticipated performance of this Agreement occurred or shall occur in Leon County, Florida. Any civil action or legal proceeding arising out of or relating to this Agreement shall be brought in the courts of record of the State of Florida in Leon County or the United States District Court, Northern District of Florida. Each party consents to the jurisdiction of this court in any civil action or legal proceeding and waives any objection to the laying of venue of any civil action or legal proceeding in court. Service of any court paper may be effected on a party by mail, as provided in this Agreement, or in any other manner as may be provided under applicable laws, rules of procedure or local rules.

This Agreement and all transactions contemplated by this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Florida without regard to principles of conflicts of laws. If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any provision of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees, sales and use taxes, court costs, and all other expenses even if not taxable as court costs. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the date first written above.

Witnesses:	CAPITAL CITY BANK GROUP, INC.
	By:
- -----------------------------	-----------------------------
William G. Smith, Jr. Chairman and CEO	
- -----------------------------	
- -----------------------------	-----------------------------
	NAME
- -----------------------------	TITLE

EXHIBIT A

2006 - 2010 EARNINGS GOALS

The purpose of Exhibit A is to set forth the Earnings Goals and to advise the Participant as to the potential number of Performance Share Units which may be earned under the Plan if the Earnings Goals are achieved.

Performance Share Units

Performance Share Units may be earned for achieving designated Earnings Goals for each calendar year for the five year period ending December 31, 2010. Earnings Goals are set forth below. The Participant is eligible to receive XXX Performance Share Units each year if the established Earnings Goals are achieved. For each calendar year ending December 31, 2006 through 2009, if the Earnings Goal is not achieved, the Participant is eligible to receive 75% of XXX Performance Share Units if the Company achieves at least 75% of the predetermined year over year growth in earnings required to meet the Project 2010 goal. No award will be granted for a year when less than 75% of the predetermined year over year growth in earnings required to meet the Project 2010 goal is achieved for that year. In addition, no Performance Share Units will be awarded for the calendar year ended December 31, 2010 if the Earnings Goal is not achieved.

Shares convertible from Performance Share Units will be issued in the calendar quarter following the calendar year in which the Performance Share Units were earned. The value of the Shares issued is treated as compensation and creates an additional tax liability for the Participant as of the first date the Participant has the right to receive the Shares, whether or not the Participant exercises that right.

Due to the complexities of the tax laws and circumstances which may affect individual participants, the Participant is encouraged to consult with the Participant's tax advisor concerning any possible tax consequences of this transaction.

CALENDAR YEAR	EARNINGS GOAL FOR 100% PAYOUT	EARNINGS GOAL FOR 75% PAYOUT
2006	$ -	$ -
2007	-	-
2008	-	-
2009	-	-
2010	-	-

Exhibit 31.1

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Date: August 9, 2006

Exhibit 31.2

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

I, J. Kimbrough Davis, certify that:

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

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

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

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

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

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

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

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

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

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

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

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

Date: August 9, 2006

Exhibit 32.1

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that (1) this Quarterly Report of Capital City Bank Group, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2006, as filed with the Securities and Exchange Commission on the date hereof (this "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in this Report fairly presents, in all material respects, the financial condition of the Company and its results of operations as of and for the periods covered therein.

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

Date: August 9, 2006

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

Exhibit 32.2

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that (1) this Quarterly Report of Capital City Bank Group, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2006, as filed with the Securities and Exchange Commission on the date hereof (this "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in this Report fairly presents, in all material respects, the financial condition of the Company and its results of operations as of and for the periods covered therein.

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

Date: August 9, 2006

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