lead

execute

communicate

think

learn

welcome

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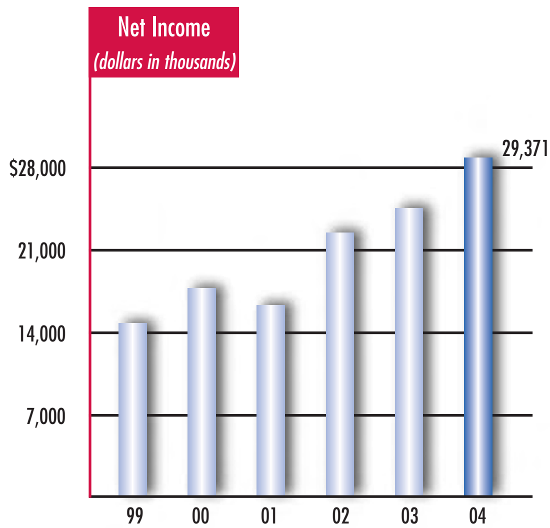
CORPORATE PROFILE Capital City Bank Group, Inc. (Capital City Bank Group) is a $2.4 billion financial services company headquartered in Tallahassee, Florida, providing traditional deposit and credit services, asset management, trust, mortgage banking, bankcards, data processing, and securities brokerage services. Founded in 1895, Capital City Bank has 60 banking offices, five mortgage lending offices, 74 ATMs, and 11 Bank 'N Shop locations in Florida, Georgia and Alabama. For more information about Capital City Bank Group, Inc. visit us on the Web at http://www.ccbg.com. Capital City Bank Group stock can be found on NASDAQ under the ticker CCBG.

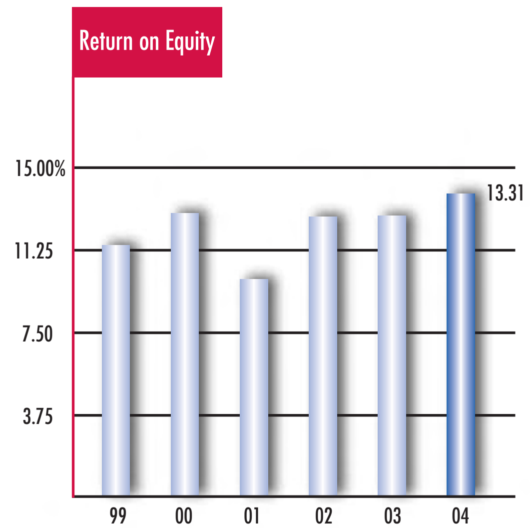
financial highlights

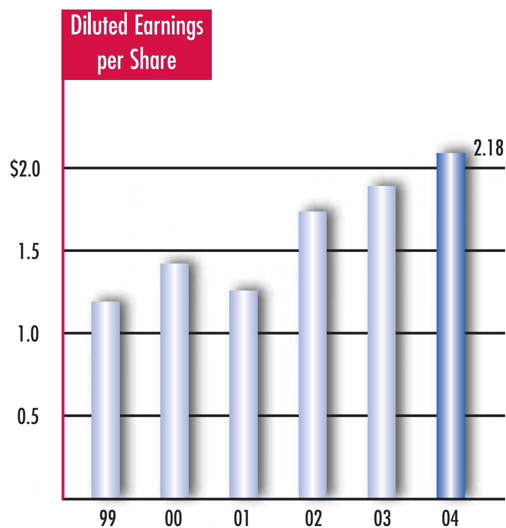
(Dollars in Thousands, Except Per Share Data)	2004	2003	Percent Change
For the Year:			
Net Income	$ 29,371	$ 25,193	16.6%
Cash Dividends Declared	9,857	8,646	14.0
Average Loans, Net of Unearned Interest	1,538,744	1,318,080	16.7
Average Earning Assets	1,789,843	1,624,680	10.2
Average Assets	2,006,745	1,804,895	11.2
Average Deposits	1,599,201	1,431,808	11.7
Average Equity	220,731	196,588	12.3
Basic Average Common Shares Outstanding	13,443,753	13,222,487	
Diluted Average Common Shares Outstanding	13,447,937	13,251,189	
Per Share:			
Basic Net Income	$ 2.18	$ 1.91	14.1
Diluted Net Income	2.18	1.90	14.7
Cash Dividends Declared	.730	.656	11.3
Diluted Book Value	18.13	15.27	18.7
Ratios:			
Return on Average Assets	1.46%	1.40%	
Return on Average Equity	13.31	12.82	
Equity to Assets, Year-End	10.86	10.98	
Dividend Payout	33.42	34.51	
Net Interest Margin[1]	4.88	5.01	

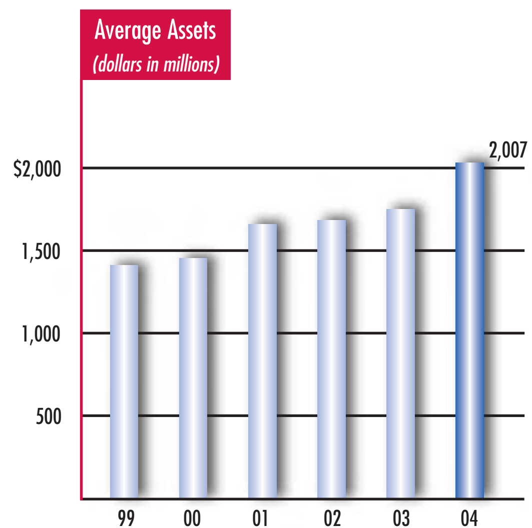
(1) Taxable-Equivalent Net Interest Income Divided by Average Earning Assets.

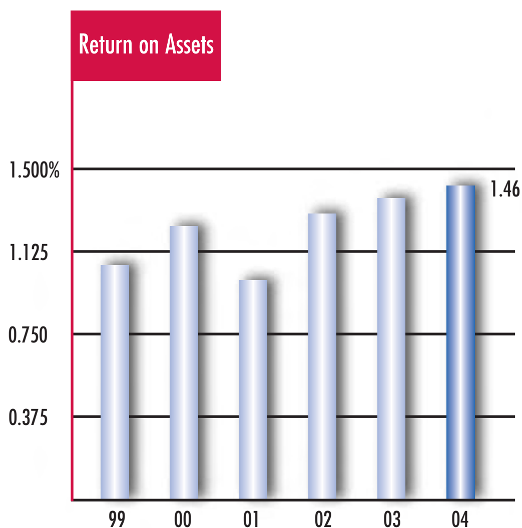
financial data

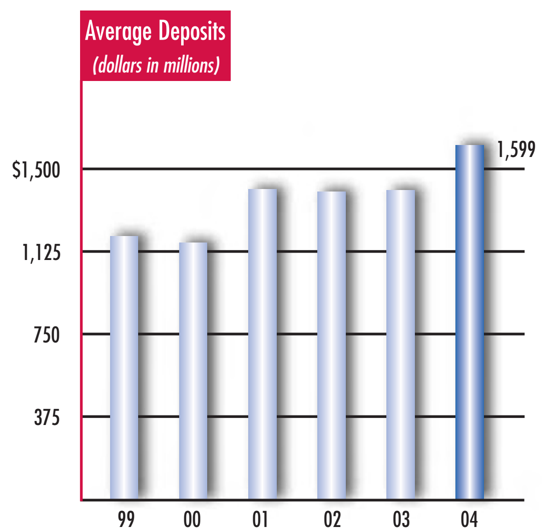












Capital City Associates think, learn, communicate, execute, lead and welcome. These are the core competencies that drive our success as we strive every day to be a super-community bank in the relationship banking business.

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

Letter from
the Chairman

In last year's annual report I wrote about an exciting undertaking at Capital City Bank Group, Project 2010. The plan, with a single goal of $50 million in annual earnings by 2010, was unveiled to all directors and associates in February 2004. We are well on the way after one year. Earnings of $29.4 million, or $2.18 per share, were up 16.6% over 2004 and put Capital City Bank Group ahead of pace toward its ambitious, yet achievable 2010 goal. The excitement, focused attention, and desire to achieve can be seen in our associates every day. The simplicity of the goal and ability to drive it to every department, office, and associate is a formula for success.

Project 2010 includes the continued building of the Capital City franchise which includes acquisitions and construction of new offices. Offices in Palatka and Keystone Heights, Florida will be relocated to new facilities that are under construction, and Capital City is entering a new market in Wakulla County, Florida with the construction of an office in Crawfordville.

The Project 2010 road map for expansion includes five areas which are targeted by Capital City for acquisition and expansion over the next seven years: Hernando/Pasco, Ocala, Gainesville, west Florida, and middle Georgia. Capital City expanded its presence in middle Georgia to almost $500 million with the purchase of the Farmers & Merchants Bank in Dublin, Georgia in October 2004. With Macon as an anchor city in the franchise, this strategic acquisition significantly strengthened the presence of Capital City in Georgia. I am pleased McGrath Keen, a fourth generation Dublin banker, with a wealth of banking knowledge, joined the Capital City Bank Group board and made an immediate impact.

In February 2005, Capital City announced an agreement to purchase the First National Bank of Alachua. This $230 million bank, with eight offices in and around Gainesville, Florida will increase our foothold in the central Florida market and is a significant step in the CCBG expansion plans. While other geographical expansion may be a part of the Capital City future, these five identified markets are critical to the 2010 goal.

2004 saw an economy that responded well to a slight rise in interest rates. Residential lending, a Capital City strength, saw production of $262 million. Capital City Trust Company finished the year with $653 million in assets under management following the successful integration of trust assets in conjunction with the Quincy State Bank purchase. Loans, excluding acquisitions, grew $166 million during the year as we saw nice gains in both commercial and commercial real estate lending. Credit quality was pristine with charge-offs of .22% and nonperforming loans of .29%.

I am humbled to have the opportunity to lead the talented group of associates that define Capital City Bank Group. Their strength, energy and passion are contagious. We have the team that will drive us relentlessly until we reach our Project 2010 goal of $50 million in annual earnings. We enter 2005 with great enthusiasm and momentum.

As always, I welcome your comments.

Senior Management

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

Thomas A. Barron
President Capital City Bank

J. Kimbrough Davis
Executive Vice President and Chief Financial Officer

Experienced mountain climbers will tell you that the first steps you take on an important climb are just as important as the last. It just doesn't seem it at the time.

Maybe it's the low altitude or the excitement of the event or that at the start of the climb, the climber tends to be so fresh and full of ambition he or she looks past those initial steps.

After the February 2004 breakthrough event where Capital City Bank Group, Inc. Chairman, President and CEO Bill Smith established the Company's lofty 2010 goal – a Mount Everest-like goal of doubling the Company's annual earnings from $25 million in 2003 to $50 million by 2010 – he inspired a lot of pick work.

So, as Capital City Bank roars into 2005, well on its way to the pinnacle that Smith pointed to, it may someday look back at 2004 – a record year – as the launching pad for an unforgettable financial climb.

A BOLD STROKE

The year began with a bold financial stroke as Capital City Bank Group acquired Quincy State Bank for $28.1 million dollars. As a result of the acquisition, Capital City acquired $218 million in trust assets – not a bad way to begin the year.

The acquisition more than doubled the Company's banking assets in the Gadsden market and increased by over 50% the total assets under management in Capital City Trust Company. "We will strengthen our presence in the Gadsden County Market," said Capital City Trust Company President Randy Pople. While Pople noted the name would change, the faces and the interpersonal relationships would not.

"Our clients will continue to work closely with the Quincy Associates they have come to know and trust," he said.

Flecia Braswell
Executive Vice President
Director of Marketing

Randolph K. Briley
Executive Vice President
Retail Credit

Edward G. Canup
Executive Vice President
Commercial Lending

ANOTHER BIG MOVE

The next big announcement to Capital City Bank Associates was the acquisition of Farmers and Merchants Bank in Dublin, Ga., a sure sign that the Star was continuing to head north as well as south and west – something that Smith had promised.

In May, the announcement came that Capital City Bank Group was buying Farmers and Merchants Bank in Dublin, a $66.7 million dollar acquisition.

Farmers and Merchants Bank, one of Georgia's oldest and largest community banks, founded in 1910, had assets totaling $395 million and 70 associates.

Farmers and Merchants Bank Chairman Wallace Miller proudly announced, "Our clients can look forward to the same friendly, personal service they have always enjoyed. We have built a loyal client base in Laurens County, serving generation after generation of local families. By teaming up with Capital City, the future of banking in Laurens County has never looked brighter."

But 2004 wasn't all about acquiring other banks. Inside the workings of Capital City, some senior managers were working overtime, trying to find better and smarter ways to do business.

A CREDITABLE DECISION

Randy Briley, Capital City Bank Executive Vice President of Retail Credit, recommended changes to the Capital City credit card product line.

Capital City's credit card offering was relatively basic and didn't offer many of the bells and whistles Briley knew our clients preferred. He also knew that for every dollar in credit card loans, about 4-5 cents would go

Senior Management

William D. Colledge
Executive Vice President
Institutional Banking

Noel A. Ellis
Executive Vice President
Credit Administration

Mitchell R. Englert
Executive Vice President
Community Banking

Russell S. Grosvenor
Executive Vice President
President
Capital City Services Company

toward bad debt or money that would never be collected.

Capital City Bank entered into an agreement with Élan Financial Services to sell our portfolio of credit cards. "This agreement enables the Bank to offer a bankcard with the features our clients desire," Briley said.

The conversion, which officially took place in November, was a bold and decisive strike for the future.

The after-tax gain on the sale of the portfolio, which included approximately 22,000 accounts and $22.7 million in receivables, was $4.2 million. Selling the portfolio enhanced profitability and improved the overall risk profile of the Capital City Bank loan portfolio, each of which is moving Capital City closer to its 2010 goal. Having announced two strategic acquisitions and its intention to sell the credit card portfolio, Capital City continued to focus on earnings and process improvement. Once again, Capital City stepped up the promotion of the annual Spring campaign called "FreedomLine Home Equity" – loan opportunities for clients and prospects.

It worked. Capital City's "FreedomLine" promotion ended up exceeding its 2004 stated goal of $42 million by $13 million – quite an achievement.

The popular Spring promotion will be continued in 2005 in all 60 offices.

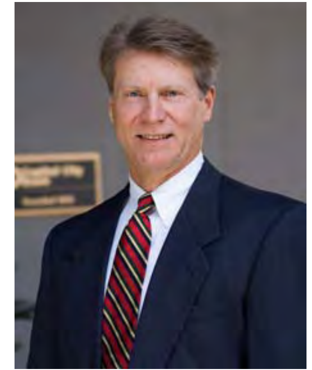
LOOKING BACK, LOOKING AHEAD

So, with a wonderful, experienced, energetic team of senior managers, arguably the finest crew in our history, Capital City was

Karen H. Love
Executive Vice President
Residential Lending

Randolph M. Pople
President
Capital City Trust Company

Dale A. Thompson
Executive Vice President
Business Banking



Edwin N. West, Jr.
Executive Vice President
Community Banking

able to make 2004 a year to remember.

"2004 was Capital City's greatest year ever," said Bill Smith. "We're off to a great start toward Project 2010. But each year must be a record year for us to achieve our goal."

Capital City must produce a 10 percent plus compounded annual growth rate to achieve Capital City's goal for 2010 of $50 million in annual earnings.

"We made $25 million in 2003," Smith said, "and we believe a little more than half of the next $25 million we'll need by 2010 will come from our existing offices and a little less than half will come from acquisitions."

Then Smith offered a challenge to Capital City's Team 2010, one that will echo in their minds for a while to come.

"Simply put," Smith said, "we will need to grow earnings over the next seven years by an amount equal to what it took Capital City 109 years to produce. Ambitious, but achievable."

Sounds like a perfect description of mountain climbing.

Pick a peak and go for it!

lead

He's never held a scalpel, taken a pulse or scrubbed up for surgery.

He will talk cholesterol, exercise and blood pressure, if you prod him.

But Capital City Bank Executive Vice President Bill Colledge knows about heart. Knows about hearts. Singular and Plural.

As National Chairman of the Board for the American Heart Association, an honor that capped a 12-year stint working as a volunteer for the association, Colledge is uniquely qualified to speak about these things.

So when he got a good look at President George W. Bush's 2005 budget and wasn't as happy with it as he might have been, he spoke up. For all of us. It was in newspapers all over the country.

"We applaud the President for all his work to safeguard Americans," Colledge said, "but we believe part of providing safety and security is to fight the diseases that kill the most Americans. The proposed budget invests too little in the search for cures and the prevention of our

Number 1 killer, heart disease, and stroke, the third-leading cause of death."

Speaking as a guy who may – in those 12 inexhaustible years – have done as much good for American hearts as Shirley Temple, those words carry weight. But that's what leaders do. They speak out. Say their piece. They lead.

Colledge is somebody who does that as a matter of course. "Bankers, I think, as a rule, are people who like to give back to the community," he said.

He has. Whether with the Chamber of Commerce (he's a former Chairman) or the United Way, Colledge is tireless about that sort of thing. And the American Heart Association? That's a topic that's really dear to his heart.

"My family was really touched by heart disease," he said. "My father, both my grandparents and my uncle all died before the age of 60. There were a lot of questions I never got answered. I would have liked for my dad to be around to see my children as adults, to get to really know them and see them become the fine people they are."

But, instead of cursing his genetic fate, Colledge decided to do something about it – a sure trait of a leader. He volunteered for the American Heart Association, became a member of the board, chaired the Florida Affiliate board in 1999 and has been on more committees than you can count.

"It is a lot of time," Colledge said, "but technology has really helped a lot in that regard. With teleconferences and emails, it's a lot more convenient to communicate. And since the organization is so spread out and I'm on the East Coast, some of these things get done in the evenings."

Not surprisingly, Colledge's role with Capital City has been a success, too. Hired seven years ago to lead Capital City's business with governments, school districts, water districts and other non-profit areas, Colledge has grown the institutional side of Capital City Bank.

In 2004, Colledge's group had a total production of $37 million, adding 11 new clients.

Leaders know the value of ideas and hard work. Bill Colledge has known for years now that he's been giving something away that's worth more than anything he'll find in a vault down the hall. His time. With that, he doesn't think like a banker. Then again, maybe he does. Time does pay.

execute

It's all in the details – and the execution.

Even if they didn't exactly know what was about to happen or why, the relentless rush of excitement was unmistakable.

Fifty-three buses perfectly timed, arriving in an undisclosed location within 15 minutes of each other. Enough candles to illuminate a baseball stadium at midnight. Enough genuine joy to tinder even the cold, cold heart of Ebenezer Scrooge.

In all, more than 1,000 Capital City Associates and Directors arrived at the 2004 kick-off event for Project 2010 with bounces in their steps and lifts in their hearts. Bankers from far and wide were ready to get rowdy, but in a really fun way.

Rowdy? Bankers? Yes, it can happen. When you have a plan – a grand plan – then execute it with a precision that rivals that of Allied Commander Dwight D. Eisenhower at Normandy, people are going to make the assumption that you know what you are doing and where you are going.

Not only that. They will also follow – if you show them that you will lead them. That goes a little deeper. That isn't something that happens in one night or 20 days. That only happens over time, over days and weeks and months of consistent, well-thought out, sharply executed ideas.

So, in the final moments of the event, when Capital City Bank Group Chairman, President and CEO Bill Smith took the stage to an ovation worthy of The Beatles on Ed Sullivan, it was enough to make you pause – in quiet – and reflect.

Why were bankers getting rowdy over a CEO in folksy jeans, sitting and idly chatting on the back of a pickup truck, talking about his plans for the Bank's future?

Do these people know something, perhaps sense something that those outside the magical circle of Capital City Bank don't? It's all in the details – and the execution.

"The details leading up to that event were incredible," said Capital City Bank Executive Vice President of Marketing Flecia Braswell. "The T-shirts, the video, Billy Dean showing up…it was a better than perfect day."

Not only that, it was evidently motivational. Sparked by that eventful day, Capital City roared through the rest of 2004, finishing ahead of schedule with earnings of $29 million and assets of $2.4 billion dollars.

With successful acquisitions of Quincy State Bank in Quincy, Florida and Farmers and Merchants Bank in Dublin, Georgia, the Capital City Bank Group network grew a little wider. There was some intricate work inside, too, selling the credit card portfolio, implementing new profit initiatives and strengthening Capital City's already distinct place in the region, as Smith puts it, "Being a super-community bank in the relationship banking business."

For 2005, there will be more to come. Three new offices will open and the acquisition of the First Alachua Banking Corporation is anticipated, giving Capital City Bank an even stronger foothold in north central Florida.

Heading down the road toward the goal of $50 million in annual earnings for 2010 will take continued commitment, dedication and enthusiasm.

Like country music icon Billy Dean, from Quincy, Florida, sang in his well-chosen song from that magical event: "Life is not tried, it is merely survived if you are standing outside the fire."

At Capital City Bank, associates aren't standing outside the fire. They are dancing on the coals and turning up the heat.

communicate

It's a Capital City Bank specialty.

"I just got back from six weeks with the United Way as a loaned executive," explained Darrell (pronounced Darr-ELL) Fowler, Capital City Bank Vice President for Business Banking, "and I'll tell you one thing I learned. We have a great brand."

He may be the new guy in town – he's only been in Tallahassee about a year – but he knows quality when he sees it.

Because of the distinctive way Capital City Bank does business, because of the Bank's tireless efforts in the community, because of all sorts of intangible things, Fowler doesn't think it's at all difficult for Tallahasseans to distinguish Capital City from its competitors.

"When people see the name, there's something there, something intangible yet very real," he said.

As a former college basketball coach, someone who was always fearful that Tuesday's newspaper interview would wind up as inspirational fodder for the other team in Wednesday's sports section, Fowler was

reluctant to talk about the opposition - at first. Then he remembered he had a new life, a new career.

"I guess I don't have to worry about bulletin board material any more," laughed Fowler. "I don't care what the big boys say, we are 'The Bank' in our communities."

How did that happen? Why did that happen? There are many facets to the answer, of course.

But a major factor – and one that generally distinguishes all quality organizations from those of lesser ilk – is communication. For a group of people to share ideals, goals, problems and solutions, they need to be able to talk to each other.

That's a Capital City Bank specialty.

"That's something I think we do exceptionally well," Fowler said, who spent a number of years in different finance-related positions, so he knows the difference.

In the long-term, Capital City Associates are able to apply those communication skills to their interaction with their clients.

"It's all about establishing relationships," Fowler said. "That's what my job is all about, working in the business end of things. A few years ago, banks would sit back and wait for the business to walk in. Not here. We have a strong sales culture. Let's go out and find the business, meet people, get involved in the community, interact with people, and bring them to us."

"That's what my role is, to communicate with businesses, clients," he said. "I probably talk to 25-30 of them a day."

"You see," he continued, "the whole point of getting out there and talking to people is that's really the only way we can let them know what we do and why we do it better than anybody else. We operate in very competitive markets. It's like I say, in Tallahassee, there's a bank and a church on every corner.

"But I think the difference with us is, we can do all the things the big banks can do – but we never lose that small-town feel..."

At Capital City Bank, feel is important. When you're a super-community bank in the relationship banking business, it always will be.

think

Mark Twain, admittedly, would have been lousy at banking commercial real estate clients.

"I was never able to recognize an opportunity," Twain once lamented, "until after it ceased to be one."

Native Tallahassean Ed Canup, Capital City Bank Executive Vice President for Commercial Real Estate, is cut from a different bolt of cloth.

To Canup, opportunity is always knocking. You just have to be listening. And thinking about what to do if you hear something.

A few months ago, Canup set up a meeting with Pat Roberts, president of the Florida Broadcasters Association. Canup, who did his homework, knew Roberts, a prominent long-time Tallahassean, did his banking elsewhere.

When Canup's fellow associate, Emory Mayfield's hard work turned up news of Roberts' impending purchase of a large parcel of land by a scenic lake in Tallahassee, Canup's mind was brimming with possibilities.

"That parcel of land hadn't changed hands in almost 100 years,"

Canup said excitedly. “It was just gorgeous.”

Roberts had plans to develop it with a number of lakefront lots. With his Tallahassee background, Canup knew instantly how valuable the land could be. What Ed and Emory had to do was find the best way to present to Roberts exactly what Capital City could bring to the project. How could Capital City add value, and create a relationship rather than just a deal?

Canup had to think on his feet and when he and Mayfield accompanied Roberts to the site. Roberts immediately started sharing his plans for developing the land. Canup had some concerns right away.

“I knew Pat was an experienced real estate developer,” Canup said, “but I also knew that lake preservation development is different.

“Fortunately, our team has had some experience with this kind of project,” Canup said. “Consequently, we were uniquely qualified to help him. We were able to help him understand the obstacles and what he needed to do to develop the land. And I do believe he genuinely appreciated the opportunity to work with someone who understood his plans and what it would take to realize them.”

To Canup, that’s one of the real strengths Capital City offers its clients. Not only thinking *about* them but also *with* them, particularly in deals where it helps to have some grasp of the geography and history of the area. It’s the ability of Capital City to add value beyond the numbers.

“It’s really relationship-banking,” Canup said. “It’s not just about the deal or the numbers. Because you’re not just thinking about this opportunity, but about another opportunity two years from now, 10 years from now.”

In this case, Canup and Mayfield were able to do that brilliantly. Despite prior loyalties, Roberts knew the value added when he saw it. Once Mayfield secured Roberts’ financial statements, he got him what every client wants: a quick answer.

When Canup and Mayfield presented the commitment letter to Roberts, explaining that Capital City Bank wanted to help him, Roberts was ready to move.

Quick responses. Right answers. The whole process, not just the start of it. Capital City Bank had it all, when necessary.

Why? Because, like Ed Canup and Emory Mayfield, these folks know how to think things through.

learn

Work made fun gets done.

The note, gracefully penned in Bill Smith's distinctive handwriting, carried an air of excitement. He was thrilled. He'd just sat in on the opening class of a revolutionary new program and knew instantly his 20-year search was over. It was that many years earlier Smith had read, and held on to, an article written on the importance and rarity of excellent client service. Now, after learning about the FISH! program, he could send the article to an associate and have them see what he did so long ago.

"I have saved this article since 1984," Smith wrote. "I read it again after our FISH! class. Hope these stories will continue to inspire us to even higher levels." That long-ago article, written by Thomas Peters, whose book "In Search Of Excellence" became a phenomenal best-seller in 1983, made perfect sense. Then and now.

"Good associate relations is good client service…" it read. "It's hard work, it's an agonizing game of inches, of millimeters. It is a thousand

things done a little better…" Which is precisely the idea behind the famous FISH! program, a radical approach to work inspired by Seattle's Pike Place Fish Market.

The Market, now one of Seattle's great tourist stops, draws enormous crowds every day, beginning at 6:30 a.m. as visitors are invited to join the fish peddlers in their daily routines, tossing stone crabs or mackerel back and forth. The idea is to involve the customers in the process in a most unique way.

Since then, the Market's four guiding principles: Play, Make Their Day, Be There, Choose Your Attitude have become concepts applicable to industries all over the world. Even banking.

"'Work made fun gets done,'" explained Denise Wilson, Capital City Bank Associate Director of Development. "And really, we've seen it work. The FISH! program is definitely a big part of our future."

How does throwing fish around an open-air market translate into banking excellence? By striving for the same kind of "Make Their Day" distinction with each and every client.

"I received a partial distribution from a legal case, a horrible endeavor to endure that took four years," writes a Capital City client. "…I went to the bank and the tellers were helpful, cheerful and acting happy to see each and every person that walked in the doors. They called people by name, asked something personal about them like, "Where are the kids today?" "How is your husband doing?" "Do you have plans for the weekend?"

In another office, an innovative plan to reduce absenteeism and tardiness has been a masterstroke. Every Monday morning, there's a drawing to see which associate will be selected for "Make Their Week." That week's winner is the recipient of extra help on the job, perhaps their favorite lunch, all sorts of perks.

"Not only did it help attendance and early arrivals," a bank associate noted, "everyone's work improved. They couldn't wait to get to work on Monday."

Yes, it's all about a thousand things, done a little better. A company that realizes where it is, where it can be and what it will take to get there. There's nothing too small, no mountain too big. Choose your attitude and be there to play and make their day. You won't want to miss it.

welcome

Sometimes, Sue Wise admits, she takes the long way home.

"It's a couple of miles out of the way," she says a little sheepishly, "but I kind of like seeing how things are coming along."

There's something unusual here. Wise, the Community President for the Perry Office, is celebrating her 40th year of banking and ninth in that office.

As she awaited daily updates about the impending birth of another grandchild, she found herself taking a new route home two or three days a week, past a new building at 1149 West Hampton Springs Road. She was checking on another new arrival.

Perry's newest church, the Mount Olive Baptist Church, is a project that Wise helped get started.

"We wondered if Sue could help us get the funding for a new church," explained Thomas Demps, a Pastor at Mount Olive Baptist Church. "I knew Capital City Bank was a fairly big bank but Sue, she's a people person."

Building a new church had been a dream of the Mount Olive congregation for several years. A small church in a tough area, they'd seen the congregation grow to the point where they had to do something.

"They say that when a congregation gets to 70 percent of capacity, it doesn't go forward, it goes back," Demps said. "There's got to be room to grow."

Church leaders started saving money and Demps made personal appeals to the Campers On Mission volunteers, visiting them at a number of sites where this nationally known group of retirees helped communities build churches. Then came Sue.

"When they came to see me," Wise said, "they had already saved $200,000. Though they checked at some other banks, and were told 'No,' I was confident we would be able to help them. I knew them and what this meant.

"It's so easy to do the right thing for the right reasons," Wise said. "I'm in an economically depressed area. It's not a white-collar area. Whenever you can do something that's going to benefit our town, it's an easy call. That's one of the great things about working for a community bank. You really feel like you can make a difference."

Demps knew at Capital City Bank their nurtured dream would be welcome. "Sue is a down-home kind of person," Demps said. "When Sue found out what we were hoping to do, she came out and saw the whole congregation in our old church."

On a Saturday in February – both parties distinctly remember it was a Saturday, not your typical workday – Sue went to a meeting to hear more.

"Sue came in, talked with us and said, 'You're going to have questions on this. Here's my number at the Bank, here's my number at home. Call me any time.'" Demps recalled, "That was impressive."

Is there a better way to make a client feel important? To make them feel welcome in sharing their dream? To let them know you and your bank want to be a part of it?

So the church is going up. Campers On Mission is in Perry helping. The congregation of the Mount Olive Baptist Church has shown them community commitment.

That congregation could also tell them about an enthusiastic banker, now beginning her 40th year in the business with a dream of her own. And a knack for making neighbors and their dreams – always feel welcome.

Atlanta
Waynesboro
Lanett
West Point
Macon
Auburn
Valley
Dublin
Phenix City
Columbus
Montgomery
Tifton
Cairo
Whigham
Thomasville
Chipley
Chattahoochee
Havana
Monticello
Madison
Quincy
Tallahassee
Jacksonville
Panama City
Panacea
Perry
Branford
Starke
Port St. Joe
Steinhatchee
Bell
Keystone Heights
Fanning
Springs
Trenton
Gainesville
Palatka
Cross City
Chiefland
Bronson
Williston
Cedar Key
Daytona Beach
Inglis
Citrus Springs
Inverness
Crystal River
Floral City
Orlando
Spring Hill
Port Richey
Lakeland
Tampa

Capital City locations

ALABAMA

CHAMBERS COUNTY
Lanett
Valley

FLORIDA

ALACHUA COUNTY
Gainesville

BRADFORD COUNTY
Starke

CITRUS COUNTY
Crystal River
Citrus Springs
Inverness

CLAY COUNTY
Keystone Heights
Floral City

DIXIE COUNTY
Cross City

GADSDEN COUNTY
Quincy
Havana
Chattahoochee

GILCHRIST COUNTY
Bell
Trenton
Fanning Springs

GULF COUNTY
Port St. Joe

HERNANDO COUNTY
Spring Hill

JEFFERSON COUNTY
Monticello

LEON COUNTY
Tallahassee

LEVY COUNTY
Chiefland
Bronson
Williston
Cedar Key
Inglis

MADISON COUNTY
Madison

PASCO COUNTY
Port Richey

POLK COUNTY
Lakeland

PUTNAM COUNTY
Palatka

SUWANNEE COUNTY
Branford

TAYLOR COUNTY
Perry
Steinhatchee

WAKULLA COUNTY
Panacea

WASHINGTON COUNTY
Chipley

GEORGIA

BIBB COUNTY
Macon

BURKE COUNTY
Waynesboro

GRADY COUNTY
Cairo
Whigham

LAURENS COUNTY
Dublin

THOMAS COUNTY
Thomasville

TROUP COUNTY
West Point

Community Presidents

LEFT TO RIGHT: Jeff Oody, Bradford and Clay Counties; Johanna White, Gulf County; Clif Bradley, Dixie, Gilchrist, Levy and Suwannee Counties; Dave Alberson, Hernando and Pasco Counties; Jimmy Suber, Gadsden County; Roy Carter, Washington County; Terry McRae, Grady County; Drew Ferguson, III, Chambers and Troup Counties; Steve Martin, Citrus County and Inglis Market; Beverly Black, Burke County; Steve Jukes, Bibb County; Sue Wise, Taylor County; Larry Fredrick, Putnam County; Bill Gunnels, Jefferson and Madison Counties.

Office Managers

ALABAMA

Chambers County
Shawmut Office – Susan Terry
Fob James Office – Sandra Fuller

FLORIDA

Bradford/Clay Counties
Keystone Heights Office – Sam Midgett
Starke Office – Vorease Jones

Citrus County/Inglis
Crystal River Office – Robin Falkenburg
Citrus Springs Office – Patricia Striglio
Floral City Office – James Segovia
Inglis Office – Vickie Keech
Inverness Office – Deborah Wade

Dixie/Gilchrist/Levy/Suwannee Counties
Bell Office – Shelly Irvin
Branford Office – Teresa Kelley
Bronson Office – Annie Sims
Cedar Key Office – Inez Worthington
Chiefland Office – Jackie Hawkins
Cross City Office – Connie Odom
Fanning Springs Office – Becky Magwood
Trenton Office – Elwanda Gore
Williston Office – Andy Lott

Gadsden County
Chattahoochee Office – Jane Thompson
Havana Office – Almeta Leverett
Quincy Office – Sue Chester

Gulf County
Port St. Joe Office – Kim Knight

Hernando/Pasco Counties
Mariner Boulevard Office – Anita Hearl
Port Richey Office – Tiffany Marholz
Suncoast Spring Hill Office – Donna Lipidarov

Jefferson/Madison Counties
Madison Office – Evelyn Pridgeon
Monticello Office – Sharon Bradley

Leon County
Apalachee Parkway East Office – Sue McCoy
Apalachee Parkway Office – Liz Beaty
Bradfordville Office – Lisa Elam
Capital Circle NW Office – Pat Ramsden
Centerville Office – Beverly Duinkerken
Governors Square Office – Beverly Duinkerken
Lake Jackson Office – Tresann Walsh
Mahan Office – Chris Maxwell
Main Office – Liz Beaty
Metropolitan Office – Pelita Sheffield
North Monroe Office – Karol Schneider
South Monroe Office – Barbara Gregg
Tharpe St. Office – Tammy Ciaccio
Thomasville Rd. Office – Jackye Beasley-Moore
West Tennessee Office – Judy Sharman
Westwood Office – Brenda Sunday

Putnam County
Palatka Main Office – Linda Baggs
Palatka Mall Office – Carol Snow

Taylor County
Perry Office – Angela Wilson

Washington County
Chipley Office – Sheila Sanders

GEORGIA

Bibb County
Macon Main Office – Darlene Stewart
Macon Main Office – Heather Turnbull
Macon Mall Office – Michelle Rodriguez
Macon Northside Office – Teresa Knipfer

Burke County
Waynesboro Office – Ruth McClellan

Grady County
Cairo Office – Becky Miller
Whigham Office – Jessica Kines

Laurens County
Dublin Main Office – Frances Purvis
Dublin Main Office – Annelle Lowery
East Dublin Office – Gloria Ikner
Westgate Office – Janie Stewart

Troup County
West Point Office – Diane McCollough

2004 financials

selected financial data

(Dollars in Thousands, Except Per Share Data) [1]	2004	2003	2002	2001	2000
	For the Years Ended December 31,				
Interest Income	$ 101,525	$ 94,830	$ 104,165	$ 117,156	$ 107,720
Net Interest Income	86,084	79,991	81,662	68,907	61,486
Provision for Loan Losses	2,141	3,436	3,297	3,983	3,120
Net Income	29,371	25,193	23,082	16,866	18,153
Per Common Share:					
Basic Net Income	$ 2.18	$ 1.91	$ 1.75	$ 1.27	$ 1.43
Diluted Net Income	2.18	1.90	1.74	1.27	1.43
Cash Dividends Declared	.730	.656	.502	.476	.436
Book Value	18.13	15.27	14.08	12.86	11.61
Key Performance Ratios:					
Return on Average Assets	1.46%	1.40%	1.34%	0.99%	1.24%
Return on Average Equity	13.31	12.82	12.85	10.00	12.99
Net Interest Margin (FTE)	4.88	5.01	5.35	4.61	4.80
Dividend Pay-Out Ratio	33.42	34.51	28.87	37.48	30.49
Equity to Assets Ratio	10.86	10.98	10.22	9.43	9.66
Asset Quality:					
Allowance for Loan Losses	$ 16,037	$ 12,429	$ 12,495	$ 12,096	$ 10,564
Allowance for Loan Losses to Loans	0.88%	0.93%	0.97%	0.98%	1.00%
Nonperforming Assets	5,271	7,301	3,843	3,940	3,909
Nonperforming Assets to Loans + ORE	0.29	0.54	0.30	0.32	0.37
Allowance to Nonperforming Loans	345.18	529.80	497.72	496.96	359.57
Net Charge-Offs to Average Loans	0.22	0.27	0.23	0.31	0.25
Averages for the Year:					
Loans, Net	$1,538,744	$1,318,080	$1,256,107	$1,184,290	$1,002,122
Earning Assets	1,789,843	1,624,680	1,556,500	1,534,548	1,315,024
Total Assets	2,006,745	1,804,895	1,727,180	1,704,167	1,463,612
Deposits	1,599,201	1,431,808	1,424,999	1,442,916	1,207,103
Subordinated Note	5,155	-	-	-	-
Long-Term Borrowings	59,462	55,594	30,423	15,308	13,070
Shareowners' Equity	220,731	196,588	179,652	168,652	139,738
Year-End Balances:					
Loans, Net	$1,828,825	$1,341,632	$1,285,221	$1,243,351	$1,051,832
Earning Assets	2,113,571	1,648,818	1,636,472	1,626,841	1,369,294
Total Assets	2,364,013	1,846,502	1,824,771	1,821,423	1,527,460
Deposits	1,894,886	1,474,205	1,434,200	1,550,101	1,268,367
Subordinated Note	30,928	-	-	-	-
Long-Term Borrowings	68,453	46,475	71,745	13,570	11,707
Shareowners' Equity	256,800	202,809	186,531	171,783	147,607
Other Data:					
Basic Average Shares Outstanding	13,443,753	13,222,487	13,225,285	13,241,957	12,732,749
Diluted Average Shares Outstanding	13,447,937	13,251,189	13,274,355	13,292,435	12,768,553
Shareowners of Record [2]	1,598	1,512	1,457	1,473	1,599
Banking Locations [2]	60	57	54	56	56
Full-Time Equivalent Associates [2]	926	795	781	787	791

(1) All share and per share data have been adjusted to reflect the 5-for-4 stock split effective June 13, 2003.
(2) As of the record date. The record date is on or about March 1st of the following year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis ("MD&A") provides supplemental information, which sets forth the major factors that have affected the Company's financial condition and results of operations and should be read in conjunction with the Consolidated Financial Statements and related notes. The MD&A is divided into subsections entitled "Business Overview," "Financial Overview," "Results of Operations," "Financial Condition," "Liquidity and Capital Resources," "Off-Balance Sheet Arrangements," and "Accounting Policies." Information therein should facilitate a better understanding of the major factors and trends that affect the Company's earnings performance and financial condition, and how the Company's performance during 2004 compares with prior years. Throughout this section, Capital City Bank Group, Inc., and its subsidiary, collectively, are referred to as "CCBG" or the "Company." Capital City Bank is referred to as "CCB" or the "Bank."

The period-to-date averages used in this report are based on daily balances for each respective period. In certain circumstances, comparing average balances for the fourth 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 2 for annual averages and Table 15 for financial information presented on a quarterly basis.

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

- Our ability to integrate the business and operations of companies and banks that we have acquired and that we may acquire in the future. For example, the Company may fail to realize the growth opportunities and cost savings anticipated to be derived from our acquisitions. In addition, it is possible that during the integration process of our acquisitions, the Company could lose key employees or the ability to maintain relationships with customers.
- The strength of the United States economy in general and the strength of the local economies in which we conduct operations may be different than expected resulting in, among other things, a deterioration in credit quality or a reduced demand for credit, including the resultant effect on our loan portfolio and allowance for loan losses;
- Worldwide political and social unrest, including acts of war and terrorism;
- The effects of harsh weather conditions, including hurricanes;
- The effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System;
- Inflation, interest rate, market and monetary fluctuations;
- Adverse conditions in the stock market and other capital markets and the impact of those conditions on our capital markets and capital management activities, including our investment and wealth management advisory businesses and brokerage activities;
- Changes in U.S. foreign or military policy;
- The timely development of competitive new products and services by us and the acceptance of those products and services by new and existing customers;
- The willingness of customers to accept third-party products marketed by us;
- The willingness of customers to substitute competitors' products and services for our products and services and vice versa;
- The impact of changes in financial services laws and regulations (including laws concerning taxes, banking, securities and insurance);
- Technological changes;
- Changes in consumer spending and saving habits;
- The growth and profitability of our noninterest or fee income being less than expected;
- Unanticipated regulatory or judicial proceedings;
- The impact of changes in accounting policies by the Securities and Exchange Commission;

- Adverse changes in the financial performance and/or condition of our borrowers, which could impact the repayment of those borrowers' outstanding loans; and
- Our success at managing the risks involved in the foregoing.

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

BUSINESS OVERVIEW

The Company is a financial holding company headquartered in Tallahassee, Florida and is the parent of its wholly-owned subsidiary, Capital City Bank. The Bank offers a broad array of products and services through a total of 60 full-service offices located in 17 Florida counties, five Georgia counties, and one Alabama county. The Bank also has mortgage lending offices in four additional Florida communities, and one Georgia community. The Bank offers commercial and retail banking services, as well as trust and asset management, brokerage, and data processing services.

From an industry and national perspective, the Company's profitability, like most financial institutions, is dependent to a large extent upon net interest income, which is the difference between the interest received on earning assets, such as loans and securities, and the interest paid on interest-bearing liabilities, principally deposits and borrowings. Results of operations are also affected by the provision for loan losses, operating expenses such as salaries and employee benefits, occupancy and other operating expenses, including income taxes, and, non-interest income such as service charges on deposit accounts, trust service fees, mortgage banking revenues, and data processing revenues. Economic conditions, competition and the monetary and fiscal policies of the Federal government, in general, significantly affect financial institutions, including the Company. During 2004, the Federal government's monetary and fiscal policy was marked by a steady increase in short-term interest rates to curb the potential for inflationary pressures. Lending activities are also significantly influenced by regional and local economic factors. Some specific factors may include the demand for and supply of housing, competition among lenders, interest rate conditions and prevailing market rates on competing investments, customer preferences and levels of personal income and savings in the Company's primary market area.

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

Pursuant to the Company's "Project 2010", the Company plans to continue its expansion, emphasizing a combination of growth in existing markets and acquisitions. Acquisitions will be focused on a three state area including Florida, Georgia, and Alabama with a particular focus on acquiring banks and banking offices, which are $100 million to $400 million in asset size, located on the outskirts of major metropolitan areas. The Company will 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. Management anticipates that roughly half of the Company's future earnings growth will be generated through growth in existing markets and half through acquisitions.

Pending Acquisition. On February 3, 2005, the Company announced the signing of a definitive agreement to acquire First Alachua Banking Corporation ("FABC"), headquartered in Alachua, Florida. FABC's wholly-owned subsidiary, First National Bank of Alachua ("FNBA") has $229 million in assets, seven offices located in Alachua County -- Gainesville (three), Alachua, High Springs, Jonesville, Newberry -- and an eighth office in Hastings, Florida, which is located in St. Johns County. FABC also has a mortgage lending office in Gainesville and a financial services division. Subject to certain potential adjustments, FABC shareowners will receive $2,847.04 in cash and 71.176 shares of CCBG common stock for each of the 10,186 shares of FABC common stock outstanding. Based on Capital City's closing market price on Nasdaq on February 3, 2005, this cash and stock combination equaled aggregate consideration of $58.0 million. Closing is anticipated for mid-year 2005.

Previous Acquisitions. On March 19, 2004, the Company's subsidiary, Capital City Bank, completed its merger with Quincy State Bank, a former subsidiary of Synovus Financial Corp. Quincy State Bank had $116.6 million in assets with one office in Quincy, Florida and one office in Havana, Florida. Both markets adjoin Leon County, home to the Company's Tallahassee headquarters. The purchase price was $26.1 million in cash.

On October 15, 2004, the Company completed its acquisition of Farmers and Merchants Bank in Dublin, Georgia, a $395 million asset institution with three offices in Laurens County. The Company issued 17.08 shares and $666.50 in cash for each of the 50,000 shares of Farmers and Merchants Bank, resulting in the issuance of 854,000 shares of Company common stock and the payment of $33.3 million in cash for a total purchase price of approximately $66.7 million.

FINANCIAL OVERVIEW

The Company's net income for 2004 totaled $29.4 million, or $2.18 per diluted share. This compares to $25.2 million, or $1.90 per diluted share in 2003. Key factors impacting the Company's financial condition and results of operations for 2004 are summarized below.

- Total assets of the Company increased to $2.4 billion at the end of 2004, or 28.0%, from $1.8 billion at the end of 2003. This strong growth is primarily reflective of increases in earning assets obtained through the two acquisitions during 2004 and strong loan production in existing markets.
- Shareowners' equity for the same periods improved from $202.8 million at the end of 2003 to $256.8 million at the end of 2004. The Company continues to be well capitalized with a Tier 1 capital ratio of 11.4%.
- Net interest income in 2004 grew $6.1 million, or 7.6% over 2003 due to higher interest income reflective of earning asset growth through acquisitions and strong organic loan growth, and an improved deposit mix, partially offset by declining asset yields primarily attributable to earning asset re-pricing. The full year net interest margin of 4.88% declined 13 basis points from the comparable period in 2003 reflective of an 18 basis point decline in earning asset yield partially offset by a 5 basis point decline in the cost of funds.
- Noninterest income increased $8.6 million, or 20.5%, over 2003 due primarily to the $6.9 million one-time gain on the sale of the bank's credit card portfolio recognized in the third quarter. Gains were also realized in deposit service fees, data processing fees, asset management fees, and merchant fees that were partially offset by a decline in mortgage banking revenues.
- Noninterest expense grew by $9.5 million, or 11.9% over 2003. Higher expense for compensation, occupancy, professional fees, advertising, and intangibles were the primary reasons for the increase. The integration of two acquisitions during the year, expansion of banking office locations, and the implementation of Sarbanes-Oxley Section 404 compliance and testing were the primary contributing factors driving the increase.
- Provision for loan losses for the year totaled $2.1 million compared to $3.4 million in 2003. The lower provision is reflective of continued strong credit quality and lower inherent risk in the loan portfolio due to the sale of the credit card portfolio. Net charge-offs totaled $3.4 million, or .22% of average loans for the year compared to $3.5 million, or .27% for 2003. At year-end the allowance for loan losses was .88% of outstanding loans and provided coverage of 345% of nonperforming loans.
- Nonperforming assets totaled $5.3 million, or .29% of total loans and other real estate at year-end. This compares to .36% for the third quarter of 2004, and .54% for the year ended 2003. Asset quality continues to be strong and a key driver in bank performance and growth.

The year 2004 set the stage for the start of the Company's "Project 2010", a strategic initiative aimed at achieving $50.0 million in annual earnings by 2010. Key parts of the initiative include the continued

Table 1
Condensed Summary of Earnings

	For the Years Ended December 31,		
(Dollars in Thousands, Except Per Share Data)	2004	2003	2002
Interest Income	$101,525	$94,830	$104,165
Taxable Equivalent Adjustments	1,207	1,414	1,682
Total Interest Income (FTE)	102,732	96,244	105,847
Interest Expense	15,441	14,839	22,503
Net Interest Income (FTE)	87,291	81,405	83,344
Provision for Loan Losses	2,141	3,436	3,297
Taxable Equivalent Adjustments	1,207	1,414	1,682
Net Interest Income After Provision for Loan Losses	83,943	76,555	78,365
Noninterest Income	43,372	41,939	36,103
Gain on Sale of Credit Card Portfolio	7,181	-	-
Noninterest Expense	89,226	79,721	78,695
Income Before Income Taxes	45,270	38,773	35,773
Income Taxes	15,899	13,580	12,691
Net Income	$ 29,371	$25,193	$ 23,082
Basic Net Income Per Share	$ 2.18	$ 1.91	$ 1.75
Diluted Net Income Per Share	$ 2.18	$ 1.90	$ 1.74

building of the Company's franchise through acquisitions and/or construction of offices in five targeted geographic areas (Hernando/Pasco, Ocala, Gainesville, west Florida, and middle Georgia), and organic growth in existing markets through the continued emphasis on relationship banking, quality service, and offering a broad array of sophisticated banking services.

RESULTS OF OPERATIONS

Net income for 2004 totaled $29.4 million, or $2.18 per diluted share. This compares to $25.2 million, or $1.90 per diluted share in 2003, and $23.1 million, or $1.74 per diluted share in 2002. Net income in 2004 included a one-time, after-tax gain of $4.2 million, or $.32 per diluted share, from the sale of the Bank's credit card portfolio.

The increase in 2004 net income was primarily attributable to

Table 2
Average Balances and Interest Rates

	2004			2003			2002		
(Taxable Equivalent Basis-Dollars in Thousands)	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
Assets:									
Loans, Net of Unearned Interest [1][2]	$1,538,744	$ 95,796	6.23%	$1,318,080	$87,608	6.65%	$1,256,107	$ 93,293	7.43%
Taxable Investment Securities	131,842	3,138	2.38	124,541	3,725	2.98	135,865	6,941	5.11
Tax-Exempt Investment Securities [2]	51,979	2,965	5.70	61,387	3,650	5.95	68,915	4,133	6.00
Funds Sold	67,278	833	1.24	120,672	1,261	1.03	95,613	1,481	1.53
Total Earning Assets	1,789,843	102,732	5.74	1,624,680	96,244	5.92	1,556,500	105,848	6.80
Cash & Due From Banks	93,070			79,625			72,960		
Allowance For Loan Losses	(13,846)			(12,544)			(12,409)		
Other Assets	137,678			113,134			110,129		
TOTAL ASSETS	$2,006,745			$1,804,895			$1,727,180		
Liabilities:									
NOW Accounts	$ 292,492	$ 733	0.25%	$ 264,159	$ 676	0.26%	$ 241,873	$ 1,272	0.53%
Money Market Accounts	227,808	1,190	0.52	215,597	1,312	0.61	224,275	2,904	1.30
Savings Accounts	130,282	164	0.13	109,837	189	0.17	104,967	500	0.48
Time Deposits	459,464	9,228	2.01	433,176	9,390	2.17	493,956	15,875	3.21
Total Interest Bearing Deposits	1,110,046	11,315	1.02	1,022,769	11,567	1.13	1,065,071	20,551	1.93
Short-Term Borrowings	100,582	1,270	1.26	101,274	1,270	1.25	72,594	767	1.06
Long-Term Borrowings	59,462	2,562	4.31	55,594	2,002	3.60	30,423	1,185	3.90
Subordinate Debentures	5,155	294	5.71	-	-	-	-	-	-
Total Interest Bearing Liabilities	1,275,245	15,441	1.21	1,179,637	14,839	1.26	1,168,088	22,503	1.93
Noninterest Bearing Deposits	489,155			409,039			359,928		
Other Liabilities	21,614			19,631			19,512		
TOTAL LIABILITIES	1,786,014			1,608,307			1,547,528		
Shareowners' Equity:									
Common Stock	135			132			132		
Additional Paid-In Capital	24,586			15,272			15,386		
Retained Earnings	196,010			181,184			164,184		
TOTAL SHAREOWNERS' EQUITY	220,731			196,588			179,652		
TOTAL LIABILITIES AND SHAREOWNERS' EQUITY	$2,006,745			$1,804,895			$1,727,180		
Interest Rate Spread			4.53%			4.66%			4.87%
Net Interest Income		$ 87,291			$81,405			$ 83,345	
Net Interest Margin [3]			4.88%			5.01%			5.35%

(1) Average balances include nonaccrual loans. Interest income includes fees on loans of approximately $1.7 million, $1.8 million and $2.7 million in 2004, 2003 and 2002, respectively.
(2) Interest income includes the effects of taxable equivalent adjustments using a 35% tax rate to adjust interest on tax-exempt loans and securities to a taxable equivalent basis.
(3) Taxable equivalent net interest income divided by average earning assets.

growth in operating revenues (defined as the total of net interest income and noninterest income) of 12.1%, driven by a 7.6% increase in net interest income and a 20.5% increase in noninterest income. A lower loan loss provision also enhanced net income. The increase in net interest income primarily reflects growth in earning assets and an improved deposit mix. The increase in noninterest income reflects higher deposit service fees, asset management fees, and a one-time gain on the sale of the credit card portfolio. The lower loan loss provision is reflective of a reduction in the overall risk of the loan portfolio due to the sale of the credit card portfolio. A condensed earnings summary for the last three years is presented in Table 1.

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. An analysis of the Company's net interest income, including average yields and rates, is presented in Tables 2 and 3. This information is presented on a "taxable equivalent" basis to reflect the tax-exempt status of income earned on certain loans and investments, the majority of which are state and local government debt obligations.

In 2004, taxable equivalent net interest income increased $5.9 million, or 7.2%. This follows a decrease of $1.9 million, or 2.3%, in 2003, and an increase of $10.8 million, or 14.9%, in 2002. The favorable impact resulted from an improved earning asset mix, lower funding costs, and two acquisitions; and was partially offset by declining asset yields attributable to the continued low interest rate environment.

For the year 2004, taxable equivalent interest income increased $6.5 million, or 6.7%, over 2003, and decreased $9.6 million, or 9.1%, in 2003 over 2002. Growth resulting from strong loan demand and two acquisitions was partially offset by lower yields on earning assets and a decline in short-term funds and investment securities. New loan production and repricing of existing earning assets produced a 18 basis point reduction in the yield on earning assets, which declined from 5.92% for 2003 to 5.74% for 2004. This compares to an 88 basis point reduction in 2003 over 2002. As shown in Table 3, the loan portfolio was a significant contributor to the net increase in interest income.

Interest expense increased $.6 million, or 4.0%, over 2003, and decreased $7.7 million, or 34.1%, in 2003 over 2002. The increase in 2004 was primarily a result of higher interest bearing liabilities attributable to the acquisitions and offset partially by the lower costs of funds. The lower cost of funds resulted from a favorable shift in mix, as certifi-

Table 3
Rate/Volume Analysis [1]

(Taxable Equivalent Basis - Dollars in Thousands)	2004 Changes from 2003				2003 Changes from 2002		
		Due To Average				Due To Average	
	Total	Calendar[3]	Volume	Rate	Total	Volume	Rate
Earning Assets:							
Loans, Net of Unearned Interest [2]	$8,188	$240	$13,939	$ (5,991)	$(5,685)	$3,189	$ (8,874)
Investment Securities:							
Taxable [2]	(587)	3	68	(658)	(3,217)	(2,448)	(769)
Tax-Exempt	(685)	-	(558)	(127)	(482)	(450)	(32)
Funds Sold	(428)	3	(558)	127	(220)	389	(609)
Total	6,488	246	12,891	(6,649)	(9,604)	680	$(10,284)
Interest Bearing Liabilities:							
NOW Accounts	55	2	73	(20)	(596)	117	(713)
Money Market Accounts	(121)	4	74	(199)	(1,592)	(111)	(1,481)
Savings Accounts	(25)	-	35	(60)	(311)	23	(334)
Time Deposits	(161)	26	568	(755)	(6,485)	(1,953)	(4,532)
Short-Term Borrowings	-	3	(197)	194	503	578	(75)
Subordinated Note Payable	294	-	294	-	-	-	-
Long-Term Borrowings	560	5	139	416	817	981	(164)
Total	602	40	986	(424)	(7,664)	(365)	(7,299)
Changes in Net Interest Income	$5,886	$206	$11,905	$ (6,225)	$(1,940)	$1,045	$ (2,985)

(1) This table shows the change in taxable equivalent net interest income for comparative periods based on either changes in average volume or changes in average rates for earning assets and interest bearing liabilities. Changes which are not solely due to volume changes or solely due to rate changes have been attributed to rate changes.
(2) Interest income includes the effects of taxable equivalent adjustments using a 35% tax rate to adjust interest on tax-exempt loans and securities to a taxable equivalent basis.
(3) Reflects difference in 366 day year (2004) versus 365 day year (2003).

cates of deposit (generally a higher cost deposit product) declined relative to total deposits. Certificates of deposit, as a percent of total average deposits, declined from 30.2% in 2003 to 28.7% in 2004. The average rate paid on interest bearing liabilities in 2004 declined 5 basis points compared to 2003, primarily attributable to the favorable shift in mix.

The Company's interest rate spread (defined as the taxable equivalent yield on average earning assets less the average rate paid on interest bearing liabilities) decreased 13 basis points in 2004 and decreased 21 basis points in 2003. The decrease in 2004 was primarily attributable to the decline in the earning asset yield.

The Company's net interest margin (defined as taxable equivalent interest income less interest expense divided by average earning assets) was 4.88% in 2004, compared to 5.01% in 2003 and 5.35% in 2002. In 2004, the lower yields on earning assets (partially offset by lower rates paid on interest bearing liabilities) resulted in the 13 basis point decline in the margin.

Loan growth is anticipated to have a favorable impact on net interest income during the upcoming year along with any favorable changes in the Federal Reserve's target rate on overnight funds. However, depending on the magnitude of the loan growth, the improvement attributable to growth may be partially or completely offset by unfavorable repricing variances associated with deposits. A further discussion of the Company's earning assets and funding sources can be found in the section entitled "Financial Condition."

Provision for Loan Losses

The provision for loan losses was $2.1 million in 2004, compared to $3.4 million in 2003 and $3.3 million in 2002. The decrease in the 2004 provision reflects continued strong credit quality and lower inherent risk in the loan portfolio due to the sale of the credit card portfolio, which previously accounted for approximately one-third of net charge-offs.

Net charge-offs for 2004 were comparable to 2003, and remain at historically low levels relative to the size of the portfolio. Net charge-offs for 2004 totaled $3.4 million, or .22% of average loans. This compares to $3.5 million, or .27% for 2003. Excluding credit card charge-offs, net charge-offs increased $500,000 due to a higher level of commercial loan and consumer indirect auto loan charge-offs.

At December 31, 2004, the allowance for loan losses totaled $16.0 million compared to $12.4 million in 2003. At year-end 2004, the allowance represented 0.88% of total loans and provided coverage of 345% of nonperforming loans. Management considers the allowance to be adequate based on the current level of nonperforming loans and the estimate of losses inherent in the portfolio at year-end. See the section entitled "Financial Condition" and Tables 7 and 8 for further information regarding the allowance for loan losses.

Noninterest Income

In 2004, noninterest income increased $8.6 million, or 20.5%, compared to an increase of $5.8 million, or 16.2% in 2003. The increase in the level of noninterest income is attributable primarily to a one-time $7.2 million gain recognized from the sale of the credit card portfolio. Higher deposit service fees, asset management fees, data processing fees, and merchant service fees also contributed to the increase, but were partially offset by a decrease in mortgage banking revenues. Excluding the one-time gain on the sale of the credit card portfolio, noninterest income represented 33.5% of operating revenue in 2004 compared to 34.4% in 2003. The increase in noninterest income in 2003 was attributable to growth in deposit service charge fees, merchant service fee income, and mortgage banking revenues. Factors affecting noninterest income are discussed below.

Service charge fees on deposit accounts increased $1.3 million, or 7.7%, in 2004, compared to an increase of $3.6 million, or 28.0%, in 2003. Deposit service charge revenues in any one year are dependent on the number of accounts, primarily transaction accounts, the level of activity subject to service charges, and the collection rate. The increase in service charge revenues in 2004 was primarily attributable to growth in NSF/overdraft fees associated with a revised fee structure implemented in mid-2004 and implementation of improved processing efficiencies in late 2004. The increase in deposit service charge fees in 2003 was primarily attributable to growth in NSF/overdraft fees associated with a new overdraft protection program implemented in late 2002.

Data processing revenues increased $225,000, or 9.4%, in 2004 versus an increase of $397,000, or 19.8%, in 2003. The data processing center provides computer services to both financial and non-financial clients in North Florida and South Georgia. The increase in 2004 was driven by an increase in revenues from financial clients. The Company currently provides data processing services for six financial clients and contract processing services for six non-financial clients. In 2004, processing revenues for financial clients increased 16.6% and represented 66.3% of total processing revenues. Processing revenues for non-financial clients decreased 8.7% in 2004 due to slightly lower processing volume for one government client. In 2003, processing revenues for financial clients represented 60.7% of total processing revenues. The increase in processing revenues for 2003 was due to higher revenues from both financial clients and government contract processing.

In 2004, asset management fees increased $1.4 million, or 51.2%, versus an increase of $129,000, or 5.1%, in 2003. At year-end 2004, assets under management totaled $653.0 million, reflecting growth of $249.0 million, or 61.6% over 2003. This growth is due to the purchase of $208 million in trust and investment management accounts from Synovus Trust Company in connection with the Quincy State Bank acquisition, growth in new business, and increased fee revenues from managed accounts due to improved asset returns. At year-end 2003, assets under management totaled $404 million, reflecting growth of $61.0 million, or 17.8% over 2002.

The Company continues to be among the leaders in the production of residential mortgage loans in many of its markets. In 2004, mortgage banking revenues decreased $2.9 million, or 47.3%, compared to an increase of $588,000, or 10.7% in 2003. The decrease in 2004 was due to a decline in fixed rate mortgage production that was affected by a general slow-down in residential lending markets. The Company gener-

ally sells all fixed rate residential loan production into the secondary market. Management expects 2005 mortgage banking revenues to remain near the levels experienced in 2004. The increase in revenue in 2003 was due to a high level of fixed rate mortgage production driven by a historically low interest rate environment. The level of interest rates, origination volume and percent of fixed rate production have significant impacts on the Company's mortgage banking revenues.

Other noninterest income increased $1.5 million, or 10.2%, in 2004 versus an increase of $1.2 million, or 8.7% in 2003. The increase in 2004 was attributable primarily to an increase in merchant service fee income, retail brokerage fees, and miscellaneous income. Merchant service fee income increased $572,000, or 12.5%, due to increased transaction volume and was partially offset with higher interchange service fees, which is reflected in noninterest expense. Retail brokerage fees increased $189,000, or 15.6% due to increased commission fees driven by higher trade volume and the number of accounts. Miscellaneous income increased $592,000 due primarily to one-time gains realized from the sale of two parcels of other real estate. The 2003 increase in noninterest income was attributable primarily to higher merchant service fees and miscellaneous recoveries.

Noninterest income as a percent of average assets increased to 2.52% in 2004, compared to 2.32% in 2003, and 2.09% in 2002, driven primarily by the one-time gain on sale of the credit card portfolio, higher deposit service charge fees, and asset management fees.

Noninterest Expense

Noninterest expense for 2004 was $89.2 million, an increase of $9.5 million, or 11.9%, over 2003, compared with an increase of $1.0 million, or 1.3%, in 2003. Factors impacting the Company's noninterest expense during 2004 and 2003 are discussed below.

The Company's aggregate compensation expense in 2004 totaled $44.3 million, an increase of $3.9 million, or 9.6%, over 2003. The increase is primarily attributable to higher associate salary expense, higher performance-based compensation, increased pension costs, and higher healthcare insurance premiums. The increase in associate salary expense reflects normal merit and market based increases, the integration of two acquired banks, and higher performance-based compensation, which is primarily reflective of higher incentive payments to loan production associates. The higher pension cost is a result of an increase in the number of plan participants, slightly lower than expected return on plan assets, and use of a slightly lower discount rate. Pension costs in 2005 are expected to be higher due to the increase in the number of plan participants associated with the two acquisitions during the year. Healthcare premiums are expected to continue to increase due to additional participants and rising costs from healthcare providers. In 2003, aggregate compensation increased $250,000, or .62%, over 2002. The increase was primarily attributable to higher pension costs, healthcare insurance premiums, and stock based compensation, partially offset by higher deferred loan costs, which is accounted for as a reduction to associate salary expense.

Occupancy expense (including furniture, fixtures and equipment) increased by $1.7 million, or 12.0%, in 2004, compared to $416,000, or 3.1% in 2003. The increase in 2004 was primarily due to higher expense for utilities, property taxes, depreciation, and premises rental attributable to the increase in banking offices. The increase in 2003 was primarily due to higher furniture/fixture, utility, and building depreciation expenses associated with the addition of four new banking offices.

Other noninterest expense increased $4.0 million, or 15.6%, in 2004, compared to $360,000, or 1.4%, in 2003. The increase in 2004 was attributable primarily to: (1) higher professional fees of $940,000; (2) higher director fees of $101,000; (3) higher advertising expense of $742,000; (4) increased interchange service fees of $560,000; (5) higher contribution expense of $132,000; (6) higher telephone expense of $176,000; (7) higher intangible amortization expense of $583,000; and (8) higher merger expenses of $550,000. The increase in professional fees is primarily reflective of the cost of Sarbanes-Oxley Section 404 compliance and testing work. The increase in director fees is reflective of an increase in the number of directors, higher fee structure, and number of committees and meetings. Higher advertising expense is due to an increased level of marketing initiatives aimed at supporting two new acquisitions during the year and an increased level of product and market support activities. The increase in interchange service fees is reflective of increased merchant card processing volume, and was offset by higher merchant service fees reflected in other income. The increase in contribution expense is due primarily to an increase in contributions made to local non-profit scholarship funding organizations. The increase in telephone, intangible amortization, and merger expenses were due to the integration of two acquisitions during the year.

The increase in 2003 was attributable to: (1) higher legal costs of $106,000 primarily resulting from corporate governance compliance work associated with the Sarbanes-Oxley Act; (2) increased processing expenses of $272,000 associated with implementation of new database systems in human resources, and custom programming work performed by the bank's core processing system vendor to facilitate the implementation of new applications (platform automation and home banking); and (3) increased interchange service fees of $717,000 associated with higher merchant card processing volume. These increases were partially offset with approximately $617,000 lower expense for legal reserves, and lower seminar/education expense of $123,000.

The net noninterest expense ratio (defined as noninterest income minus noninterest expense, net of intangible amortization and conversion/merger-related expenses, as a percent of average assets) was 1.71% in 2004 compared to 1.91% in 2003, and 2.27% in 2002. The Company's efficiency ratio (expressed as noninterest expense, net of intangible amortization and conversion/merger-related expenses, as a percent of taxable equivalent net interest income plus noninterest income) was 61.6%, 62.0%, and 63.0% in 2004, 2003 and 2002, respectively. Excluding the affect of the one-time gain realized from the sale of the credit card portfolio, the above mentioned metrics adjust to and 2.07% and 64.9%, respectively, for 2004.

Income Taxes

The consolidated provision for federal and state income taxes was $15.9 million in 2004, compared to $13.6 million in 2003, and $12.7 million in 2002. The increase in each of the three respective years was due to higher taxable income and lower tax exempt income.

The effective tax rate was 35.1% in 2004, 35.0% in 2003, and 35.5% in 2002. These rates differ from the combined federal and state statutory tax rates due primarily to tax-exempt income. The decrease in the effective tax rate in 2003 was due to an adjustment in federal income tax expense in the amount of $500,000 made during the fourth quarter of 2003. Following an IRS examination in 2003, the Company performed an evaluation of all its tax accounts. Upon completion of the analysis, the Company adjusted certain tax accounts to more appropriately reflect its current and deferred assets and liabilities.

FINANCIAL CONDITION

The Company's 2004 balance sheet reflects growth from within its existing markets plus the integration of two acquisitions during the year. Average assets totaled $2.0 billion, an increase of $201.9 million, or 11.2%, in 2004 versus the comparable period in 2003. Average earning assets for 2004 were $1.8 billion, representing an increase of $165.2 million, or 10.2%, over 2003. Loan growth, in existing markets and from acquisitions, fueled the earning asset increase in 2004 as average loans increased $220.7 million, or 16.7%. Partially offsetting the increase was a decrease in average funds sold of $53.4 million, or 44.2% and a slight decline in investment securities of $2.1 million, or 1.1%. Funding of 2004 earning asset growth is discussed in more detail under the section entitled "Liquidity".

Table 2 provides information on average balances and rates, Table 3 provides an analysis of rate and volume variances, while Table 4 highlights the changing mix of the Company's earning assets over the last three years.

Loans

Average loans increased $220.7 million, or 16.7%, over the comparable period in 2003. Loans as a percent of average earning assets increased to 86.0% for the year, compared to 81.1% for 2003. Loan growth occurred in all loan categories during the year as noted in Table 4 below. Approximately $103.2 million, or 46.8% of the growth in average loans was from loan production in existing markets, and approximately $117.5 million, or 53.2% was from acquisitions.

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

The Company's average loan-to-deposit ratio increased to 96.2% in 2004 from 92.1% in 2003. This compares to an average loan-to-deposit ratio in 2002 of 88.1%. The higher average loan-to-deposit ratio in 2004 primarily reflects higher loan growth as discussed above.

Real estate loans, combined, represented 76.1% of total loans at December 31, 2004, versus 70.7% in 2003. This increase is reflective of increases in all real estate loan categories as noted above. See the section entitled "Risk Element Assets" for a discussion concerning loan concentrations.

The composition of the Company's loan portfolio at December 31, for each of the past five years is shown in Table 5. Table 6 arrays the Company's total loan portfolio as of December 31, 2004, based upon maturities. As a percent of the total portfolio, loans with fixed interest rates represent 36.6% as of December 31, 2004, versus 32.5% at

Table 4
Sources of Earning Asset Growth

(Average Balances - Dollars in Thousands)	2003 to 2004 Change	Percentage of Total Change	Components of Total Earning Assets 2004	2003	2002
Loans:					
Commercial, Financial and Agricultural	$ 35,032	21.2%	10.3%	9.2%	8.6%
Real Estate - Construction	19,291	11.7	6.2	5.5	5.3
Real Estate - Commercial Mortgage	109,503	66.3	27.3	23.4	20.7
Real Estate - Residential	48,529	29.4	29.1	29.1	32.6
Consumer	8,309	5.0	13.1	13.9	13.5
Total Loans	220,664	133.6	86.0	81.1	80.7
Securities:					
Taxable	7,301	4.4	7.4	7.7	8.8
Tax-Exempt	(9,408)	(5.7)	2.9	3.8	4.4
Total Securities	(2,107)	(1.3)	10.3	11.5	13.2
Funds Sold	(53,394)	(32.3)	3.7	7.4	6.1
Total Earning Assets	$165,163	100.0%	100.0%	100.0%	100.0%

December 31, 2003. The increase from 2003 is reflective of the integration of loans acquired from Farmers and Merchants Bank of Dublin, which maintained a high number of fixed rate loans with one to three year stated maturities.

Allowance for Loan Losses

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

Management evaluates the adequacy of the allowance for loan losses on a quarterly basis. Loans that have been identified as impaired are reviewed for adequacy of collateral, with a specific reserve assigned to those loans when necessary. Impaired loans are defined as those in which the full collection of principal and interest in accordance with the contractual terms is improbable. Impaired loans generally include those that are past due for 90 days or more and those classified as doubtful in accordance with the Company's risk rating system. Loans classified as doubtful have a high possibility of loss, but because of certain factors that may work to strengthen the loan, its classification as a loss is deferred until a more exact status may be determined. Not all loans are considered in the review for impairment; only loans that are for business purposes exceeding $25,000 are considered. The evaluation is based on current financial condition of the borrower or current payment status of the loan.

The method used to assign a specific reserve depends on whether repayment of the loan is dependent on liquidation of collateral. If repayment is dependent on the sale of collateral, the reserve is equivalent to the recorded investment in the loan less the fair value of the collateral after estimated sales expenses. If repayment is not dependent on the sale of collateral, the reserve is equivalent to the recorded investment in the loan less the estimated cash flows discounted using the loan's effective interest rate. The discounted value of the cash flows is based on the anticipated timing of the receipt of cash payments from the borrower.

The reserve allocations assigned to impaired loans are sensitive to

Table 5
Loans by Category

	As of December 31,				
(Dollars in Thousands)	**2004**	**2003**	**2002**	**2001**	**2000**
Commercial, Financial and Agricultural	$ 206,474	$ 160,048	$ 141,459	$ 128,480	$ 108,340
Real Estate - Construction	140,190	89,149	91,110	72,778	84,133
Real Estate - Commercial Mortgage	655,426	391,250	356,807	302,239	231,099
Real Estate – Residential	600,375	467,790	474,069	530,546	444,489
Consumer	226,360	233,395	221,776	209,308	183,771
Total Loans, Net of Unearned Interest	$1,828,825	$1,341,632	$1,285,221	$1,243,351	$1,051,832

Table 6
Loan Maturities

	Maturity Periods			
(Dollars in Thousands)	**One Year or Less**	**Over One Through Five Years**	**Over Five Years**	**Total**
Commercial, Financial and Agricultural	$ 92,626	$ 89,045	$ 24,802	$ 206,474
Real Estate	338,244	287,113	770,634	1,395,991
Consumer [(1)]	37,436	183,657	5,267	226,360
Total	$468,306	$559,816	$800,703	$1,828,825
Loans with Fixed Rates	$336,290	$311,011	$ 21,637	$ 668,938
Loans with Floating or Adjustable Rates	132,046	248,805	779,066	1,159,887
Total	$468,306	$559,816	$800,703	$1,828,825

(1) Demand loans and overdrafts are reported in the category of one year or less.

Table 7
Analysis of Allowance for Loan Losses

(Dollars in Thousands)	For the Years Ended December 31, 2004	2003	2002	2001	2000
Balance at Beginning of Year	$12,429	$12,495	$12,096	$10,564	$ 9,929
Acquired Reserves	5,713	-	-	1,206	-
Reserve Reversal [(1)]	(800)	-	-	-	-
Charge-Offs:					
Commercial, Financial and Agricultural	873	426	818	483	626
Real Estate - Construction	-	-	-	-	7
Real Estate - Mortgage	48	91	-	32	-
Real Estate - Residential	191	228	175	159	168
Consumer	3,946	3,794	3,279	3,976	2,387
Total Charge-Offs	5,058	4,539	4,272	4,650	3,188
Recoveries:					
Commercial, Financial and Agricultural	81	142	136	44	52
Real Estate - Construction	-	-	-	-	11
Real Estate - Mortgage	14	-	20	65	73
Real Estate - Residential	188	18	37	116	54
Consumer	1,329	877	1,181	768	513
Total Recoveries	1,612	1,037	1,374	993	703
Net Charge-Offs	3,446	3,502	2,898	3,657	2,485
Provision for Loan Losses	2,141	3,436	3,297	3,983	3,120
Balance at End of Year	$16,037	$12,429	$12,495	$12,096	$10,564
Ratio of Net Charge-Offs to Average Loans Outstanding	.22%	.27%	.23%	.31%	.25%
Allowance for Loan Losses as a Percent of Loans at End of Year	.88%	.93%	.97%	.97%	1.00%
Allowance for Loan Losses as a Multiple of Net Charge-Offs	4.65x	3.55x	4.31x	3.31x	4.25x

(1) Reflects recapture of reserves allocated to the credit card portfolio, which was sold in August 2004.

Table 8
Allocation of Allowance for Loan Losses

	2004		2003		2002		2001		2000	
(Dollars in Thousands)	Allowance Amount	Percent of Loans in Each Category To Total Loans	Allowance Amount	Percent of Loans in Each Category To Total Loans	Allowance Amount	Percent of Loans in Each Category To Total Loans	Allowance Amount	Percent of Loans in Each Category To Total Loans	Allowance Amount	Percent of Loans in Each Category To Total Loans
Commercial, Financial and Agricultural	$ 4,341	11.3%	$ 2,824	11.9%	$ 2,740	11.0%	$ 3,257	10.3%	$ 1,423	10.3%
Real Estate:										
Construction	578	7.7	313	6.6	348	7.1	600	5.9	424	8.0
Commercial Mortgage	6,296	35.8	2,831	29.2	2,559	27.8	3,098	24.3	3,157	22.0
Residential	705	32.8	853	34.9	1,021	36.9	947	42.7	922	42.3
Consumer	2,966	12.4	4,169	17.4	4,210	17.2	4,194	16.8	3,423	17.4
Not Allocated	1,151	-	1,439	-	1,617	-	-	-	1,215	-
Total	$16,037	100.0%	$12,429	100.0%	$12,495	100.0%	$12,096	100.0%	$10,564	100.0%

the extent market conditions or the actual timing of cash receipts change.

Once specific reserves have been assigned to impaired loans, general reserves are assigned to the remaining portfolio. General reserves are assigned to commercial purpose loans exceeding $100,000 that are not impaired. Finally, general reserves are assigned to large groups of smaller-balance homogenous loans, including commercial purpose loans less than $100,000 which are not deemed to be impaired, consumer loans, and residential mortgage loans.

Large commercial purpose loans exhibiting specific weaknesses are detailed in a monthly Problem Loan Report. These loans are divided into seven different pools based on various risk characteristics and the underlying value of collateral taken to secure specific loans within the pools. These classified loans are monitored for changes in risk ratings that are assigned based on the Bank's Asset Classification Policy, and for the ultimate disposition of the loan. The ultimate disposition may include upgrades in risk ratings, payoff of the loan, or charge-off of the loan. This migration analysis results in a charge-off ratio by loan pool of classified loans that is applied to the balance of the pool to determine general reserves for specifically identified pools of problem loans. This charge-off ratio is adjusted for various environmental factors including past due and nonperforming trends in the loan portfolio, the micro-and macro-economic outlook, and credit administration practices as determined by independent parties.

General reserves are assigned to large commercial purpose loans exceeding $100,000 that do not exhibit weaknesses and pools of smaller-balance homogenous loans based on calculated overall charge-off ratios over the past three years. The charge-off ratios applied are adjusted as detailed above, with further consideration given to the highest charge-off experience of the Bank dating back to the recession of the late 1980s.

The allowance for loan losses is compared against the sum of the specific reserves assigned to problem loans plus the general reserves assigned to pools of loans that are not specific problem loans. Adjustments are made when appropriate. A most likely reserve value is determined within the computed range of required calculated reserve, with the actual allowance for loan losses compared to the most likely reserve value. The unallocated reserve is monitored on a regular basis and adjusted based on qualitative factors. Table 7 analyzes the activity in the allowance over the past five years.

The allowance for loan losses at December 31, 2004 of $16.0 million compares to $12.4 million at year-end 2003. The allowance as a percent of total loans was 0.88% in 2004 and 0.93% in 2003. The allowance for loan losses as a percentage of loans reflects management's current estimation of the credit quality of the Company's loan portfolio. While there can be no assurance that the Company will not sustain loan losses in a particular period that are substantial in relation to the size of the allowance, management's assessment of the loan portfolio does not indicate a likelihood of this occurrence. It is management's opinion that the allowance at December 31, 2004 is adequate to absorb losses inherent in the loan portfolio at year-end.

Table 8 provides an allocation of the allowance for loan losses to specific loan types for each of the past five years. The reserve allocations, as calculated using the above methodology, are assigned to specific loan categories corresponding to the type represented within the components discussed. The greatest losses experienced by the Company have historically occurred in the consumer loan portfolio, including credit cards. As such, the greatest amount of the allowance has been allocated to consumer loans despite its relatively small balance. The credit card portfolio was sold in 2004, thus the allowance amount allocated to consumer loans declined noticeably as of December 31, 2004. Compared to December 31, 2003, the increase in reserve allocated to commercial real estate mortgage loans is reflective of the large increase in this category due to loans acquired from Farmers and Merchants Bank of Dublin. Management has implemented credit risk management procedures to closely monitor all segments of its loan portfolio, including the ongoing review of the delivery, underwriting and

Table 9
Risk Element Assets

(Dollars in Thousands)	As of December 31, 2004	2003	2002	2001	2000
Nonaccruing Loans	$ 4,646	$ 2,346	$ 2,510	$ 2,414	$ 2,919
Restructured	-	-	-	20	19
Total Nonperforming Loans	4,646	2,346	2,510	2,434	2,938
Other Real Estate	625	4,955	1,333	1,506	971
Total Nonperforming Assets	$ 5,271	$ 7,301	$ 3,843	$ 3,940	$ 3,909
Past Due 90 Days or More	$ 605	$ 328	$ 2,453	$ 1,065	$ 1,102
Nonperforming Loans/Loans	.25%	.17%	.20%	.20%	.28%
Nonperforming Assets/Loans Plus Other Real Estate	.29%	.54%	.30%	.32%	.37%
Nonperforming Assets/Capital [1]	1.93%	3.39%	1.93%	2.14%	2.47%
Allowance/Nonperforming Loans	345.18%	529.80%	497.72%	496.96%	359.57%

(1) For computation of this percentage, "capital" refers to shareowners' equity plus the allowance for loan losses.

collection practices to reduce loan losses.

Risk Element Assets

Risk element assets consist of nonaccrual loans, renegotiated loans, other real estate, loans past due 90 days or more, potential problem loans and loan concentrations. Table 9 depicts certain categories of the Company's risk element assets as of December 31 for each of the last five years. Potential problem loans and loan concentrations are discussed within the narrative portion of this section.

The Company's nonperforming loans increased $2.3 million, or 98.1% from a level of $2.3 million at December 31, 2003, to $4.6 million at December 31, 2004. The increase from 2003 is primarily reflective of one large commercial real estate loan added to nonaccrual status in the amount of $2.1 million. During 2004 loans totaling approximately $7.8 million were added, while loans totaling $5.5 million were removed from nonaccruing status. Of the $5.5 million removed, $2.4 million consisted of principal reductions and loan payoffs, $811,000 represented loans transferred to other real estate, $2.0 million consisted of loans brought current and returned to an accrual status, and $284,000 was charged off. Where appropriate, management has allocated specific reserves to absorb anticipated losses. The majority (76%) of the Company's net charge-offs in 2004 were in the consumer portfolio where loans are charged off based on past due status and are not recorded as nonaccruing loans.

All nonaccrual loans exceeding $25,000 not secured by 1-4 family residential properties are reviewed quarterly for impairment. A loan is considered impaired when the full collection of principal and interest in accordance with the contractual terms is in doubt. When a loan is considered impaired, it is reviewed for exposure to credit loss. If credit loss is probable, a specific reserve is allocated to absorb the anticipated loss. The Company had $3.7 million in loans considered impaired at December 31, 2004. The anticipated loss in those impaired loans is $313,000.

Interest on nonaccrual loans is generally recognized only when received. Cash collected on nonaccrual loans is applied against the principal balance or recognized as interest income based upon management's expectations as to the ultimate collectibility of principal and interest in full. If interest on nonaccruing loans had been recognized on a fully accruing basis, interest income recorded would have been $189,000 higher for the year ended December 31, 2004.

Other real estate totaled $625,000 at December 31, 2004, versus $5.0 million at December 31, 2003. This category includes property owned by Capital City Bank that was acquired either through foreclosure procedures or by receiving a deed in lieu of foreclosure. During 2004, the Company added properties totaling $1.4 million, and partially or completely liquidated properties totaling $5.7 million, resulting in a net decrease in other real estate of approximately $4.3 million. The majority of the decrease is due to the resolution of a large commercial real estate loan in the amount of $3.9 million during the first quarter of 2004.

Potential problem loans are defined as those loans which are now current but where management has doubt as to the borrower's ability to comply with present loan repayment terms. Potential problem loans totaled $7.1 million at December 31, 2004.

Loans past due 90 days or more totaled $605,000 at year-end, up from $328,000 at the previous year-end. This is primarily the result of the addition of several smaller consumer loans.

Loan concentrations are considered to exist when there are amounts loaned to a multiple number of borrowers engaged in similar activities which cause them to be similarly impacted by economic or other conditions and such amount exceeds 10% of total loans. Due to the lack of diversified industry within the markets served by the Bank and the relatively close proximity of the markets, the Company has both geographic concentrations as well as concentrations in the types of loans funded. Specifically, due to the nature of the Company's markets, a significant portion of the portfolio has historically been secured with real estate.

While the Company has a majority of its loans (76.3%) secured by real estate, the primary types of real estate collateral are commercial properties and 1-4 family residential properties. At December 31, 2004, commercial real estate mortgage loans and residential real estate mortgage loans accounted for 35.8% and 32.8% of the loan portfolio, respectively.

The real estate portfolio, while subject to cyclical pressures, is not typically speculative in nature and is originated at amounts that are within or below regulatory guidelines for collateral values. Management anticipates no significant reduction in the percentage of real estate loans to total loans outstanding.

Management is continually analyzing its loan portfolio in an effort to identify and resolve its problem assets as quickly and efficiently as possible. As of December 31, 2004, management believes it has identified and adequately reserved for such problem assets. However, management recognizes that many factors can adversely impact various segments of its markets, creating financial difficulties for certain borrowers. As such, management continues to focus its attention on promptly identifying and providing for potential losses as they arise.

Investment Securities

In 2004, the Company's average investment portfolio decreased $2.1 million, or 1.1%, from 2003 and $18.9 million, or 9.2%, from 2003 to 2002. As a percentage of average earning assets, the investment portfolio represented 10.3% in 2004, compared to 11.4% in 2003. In 2004, the decline was due to maturities in the portfolio partially offset by the addition of $75.6 million in investment securities obtained in the two acquisitions. In 2003, the decline in the portfolio was attributable to the maturities of investment securities in most categories, which in anticipation of future loan growth, were only partially replaced during the period. Throughout 2005, the Company will closely monitor liquidity levels to determine if the Company should purchase additional investments.

In 2004, average taxable investments increased $7.3 million, or 5.9%, primarily as a result of the acquisitions, while tax-exempt investments decreased $9.4 million, or 15.3%. Although the Tax Reform Act of 1986 significantly reduced the tax benefits associated with tax-exempt securities, management will continue to purchase "bank

Table 10
Maturity Distribution of Investment Securities

(Dollars in Thousands)	2004 Amortized Cost	2004 Market Value	2004 Weighted[1] Average Yield	2003 Amortized Cost	2003 Market Value	2003 Weighted[1] Average Yield	2002 Amortized Cost	2002 Market Value	2002 Weighted[1] Average Yield
U.S. GOVERNMENTS									
Due in 1 year or less	$ 48,553	$ 48,327	2.08%	$ 82,654	$ 82,749	1.26%	$ 27,037	$ 27,651	4.57%
Due over 1 year through 5 years	66,863	66,204	2.38	22,706	22,848	2.04	34,476	34,751	3.09
Due over 5 years through 10 years	7,684	7,589	3.75	-	-	-	-	-	-
Due over 10 years	-	-	-	-	-	-	-	-	-
TOTAL	123,100	122,120	2.35	105,360	105,597	1.43	61,513	62,402	3.74
STATE & POLITICAL SUBDIVISIONS									
Due in 1 year or less	27,916	28,090	5.94	19,018	19,205	4.18	5,193	5,251	5.48
Due over 1 year through 5 years	21,076	21,200	4.56	36,046	37,337	4.47	56,724	59,264	5.96
Due over 5 years through 10 years	897	916	5.36	577	610	4.36	928	960	6.41
Due over 10 years	-	-	-	-	-	-	-	-	-
TOTAL	49,889	50,206	5.35	55,641	57,152	4.37	62,845	65,475	5.93
MORTGAGE-BACKED SECURITIES [2]									
Due in 1 year or less	489	493	5.13	356	361	5.12	10,593	10,707	4.66
Due over 1 year through 5 years	22,719	22,839	3.96	11,167	11,586	5.29	24,048	25,112	5.61
Due over 5 years through 10 years	3,085	3,068	4.83	95	98	3.26	109	111	4.27
Due over 10 years	-	-	-	-	-	-	-	-	-
TOTAL	26,293	26,400	4.09	11,618	12,045	5.27	34,750	35,930	5.31
OTHER SECURITIES									
Due in 1 year or less	-	-	-	1,003	1,016	6.18	8,515	8,693	5.42
Due over 1 year through 5 years	-	-	-	-	-	-	1,016	1,065	6.18
Due over 5 years through 10 years	-	-	-	2	2	-	127	127	4.45
Due over 10 years [3]	11,514	11,514	4.31	5,922	5,922	3.89	6,623	6,623	5.12
TOTAL	11,514	11,514	4.31	6,927	6,940	4.22	16,281	16,508	5.34
TOTAL INVESTMENT SECURITIES	$210,796	$210,240	3.38%	$179,546	$181,734	2.69%	$175,389	$180,315	4.98%

(1) Weighted average yields are calculated on the basis of the amortized cost of the security. The weighted average yields on tax-exempt obligations are computed on a taxable equivalent basis using a 35% tax rate.

(2) Based on weighted average life.

(3) Federal Home Loan Bank Stock and Federal Reserve Bank Stock are included in this category for weighted average yield, but do not have stated maturities.

AVERAGE MATURITY

(In Years)	2004	2003	2002
U.S. Governments	1.54	.73	.75
State and Political Subdivisions	1.32	1.23	1.99
Mortgage-Backed Securities	2.67	1.56	1.60
Other Securities	-	.30	.75
TOTAL	1.63	.90	1.32

MUNICIPAL PORTFOLIO QUALITY *(Dollars in Thousands)*

Moody's Rating	Amortized Cost	Percentage
AAA	$37,624	75.42%
AA-1	1,850	3.71
AA-2	1,111	2.23
AA-3	1,305	2.62
A-1	374	0.74
A-2	227	0.45
Not Rated [1]	7,398	14.83
Total	$49,889	100.00%

(1) All of the securities not rated by Moody's are rated "A-" or higher by S&P.

qualified" municipal issues when it considers the yield to be attractive and the Company can do so without adversely impacting its tax position. As of December 31, 2004, the Company may purchase additional tax-exempt securities without adverse tax consequences.

The investment portfolio is a significant component of the Company's operations and, as such, it functions as a key element of liquidity and asset/liability management. As of December 31, 2004, all securities are classified as available-for-sale. Classifying securities as available-for-sale offers management full flexibility in managing its liquidity and interest rate sensitivity without adversely impacting its regulatory capital levels. Securities in the available-for-sale portfolio are recorded at fair value with unrealized gains and losses associated with these securities recorded, net of tax, in the accumulated other comprehensive (loss) income component of shareowners' equity. At December 31, 2004, shareowners' equity included a net unrealized loss of $0.4 million, compared to a gain of $1.4 million at December 31, 2003. It is neither management's intent nor practice to participate in the trading of investment securities for the purpose of recognizing gains and therefore the Company does not maintain a trading portfolio.

The average maturity of the total portfolio at December 31, 2004 and 2003, was 1.63 and 0.90 years, respectively. See Table 10 for a breakdown of maturities by portfolio.

The weighted average taxable equivalent yield of the investment portfolio at December 31, 2004 was 3.38%, versus 2.69% in 2003. The increase in yield was due to acquisitions and purchases of securities made throughout the year in a higher interest rate environment. The quality of the municipal portfolio at year-end is depicted above. There were no investments in obligations, other than U.S. Governments, of any one state, municipality, political subdivision or any other issuer that exceeded 10% of the Company's shareowners' equity at December 31, 2004.

Table 10 and Note 3 in the Notes to Consolidated Financial Statements present a detailed analysis of the Company's investment securities as to type, maturity and yield.

Deposits and Funds Purchased

Average total deposits of $1.6 billion in 2004 increased $167.4 million, or 11.7% from the prior year. Deposit growth for the year was driven primarily by the integration of deposits from two bank acquisitions. All deposit categories grew, with a majority of the growth being realized in noninterest bearing deposits, thus creating a favorable shift

Table 11
Sources of Deposit Growth

(Average Balances - Dollars in Thousands)	2003 to 2004 Change	Percentage of Total Change	Components of Total Deposits 2004	2003	2002
Noninterest Bearing Deposits	$ 80,116	47.9%	30.6%	28.6%	25.3%
NOW Accounts	28,333	16.9	18.3	18.4	17.0
Money Market Accounts	12,211	7.3	14.3	15.1	15.7
Savings	20,445	12.2	8.1	7.7	7.4
Time Deposits	26,288	15.7	28.7	30.2	34.7
Total Deposits	$167,393	100.0%	100.0%	100.0%	100.0%

Table 12
Maturity Distribution of Certificates of Deposit $100,000 or Over

(Dollars in Thousands)	December 31, 2004 Time Certificates of Deposit	Percent
Three months or less	$ 57,337	34.38%
Over three through six months	35,816	21.48
Over six through twelve months	44,719	26.82
Over twelve months	28,889	17.32
Total	$166,761	100.00%

in deposit mix and positive impact on the Bank's cost of funds. Average noninterest bearing deposits as a percent of average total deposits improved from 28.6% in 2003 to 30.6% in 2004. This was primarily a result of the high level of core deposits retained from the two acquisitions during 2004, and the relatively low level of interest rates.

Table 2 provides an analysis of the Company's average deposits, by category, and average rates paid thereon for each of the last three years. Table 11 reflects the shift in the Company's deposit mix over the last three years and Table 12 provides a maturity distribution of time deposits in denominations of $100,000 and over.

Average short-term borrowings, which include federal funds purchased, securities sold under agreements to repurchase, Federal Home Loan Bank advances, and other borrowings, increased $692,000, or .68%. The slight increase is attributable to a $7.5 million increase in federal funds purchased and $4.8 million increase in repurchase agreement balances offset by a $13.0 million decrease in Federal Home Loan Bank advances. See Note 9 in the Notes to Consolidated Financial Statements for further information on short-term borrowings.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Liquidity for a banking institution is the availability of funds to meet increased loan demand and/or excessive deposit withdrawals. Management monitors the Company's financial position in an effort to ensure the Company has ready access to sufficient liquid funds to meet normal transaction requirements, can 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 (e.g., collection of interest and fees), federal funds sold, loan and investment maturities, bank lines of credit for the Company, approved lines for the purchase of federal funds by CCB and Federal Home Loan Bank advances.

The Company ended 2004 with approximately $75 million in liquidity, a decline of approximately $50.0 million from the previous year-end. The decline was primarily the result of loan growth and funding of acquisitions. Management expects liquidity to continue to decline throughout 2005 as the Company funds future loan growth.

The Company intends to borrow approximately $31.0 million to fund the cash portion of the consideration paid for the acquisition of First National Bank of Alachua. Management expects to use a mixture of debt and stock to fund future acquisition opportunities.

The Company has the ability to draw on a Revolving Credit Note, due on October 15, 2007. Interest is payable quarterly at LIBOR plus an applicable margin on advances. The revolving credit is unsecured. The existing loan agreement contains certain financial covenants that must be maintained by the Company. At December 31, 2004, the Company was in compliance with all of the terms of the agreement and had $36.0 million available under a $36.0 million line of credit facility. Effective January 1, 2005, in accordance with the terms of the agreement which was executed on October 15, 2004, the amount available under the facility will be reduced from $36.0 million to $25.0 million.

At December 31, 2004, the Company had $68.5 million in long-term borrowings outstanding to the Federal Home Loan Bank of Atlanta. The debt consists of 36 loans. The interest rates are fixed and the weighted average rate at December 31, 2004 was 4.29%. Required annual principal reductions approximate $2.3 million, with the remaining balances due at maturity ranging from 2006 to 2024. During 2004, the Company reclassified $16.0 million, consisting of an advance from the Federal Home Loan Bank of Atlanta ("FHLB"), from long-term to short-term borrowings. The Company also obtained a $20.0 million advance from the FHLB with a fixed rate of 2.93% and a maturity of September 2006. Additions to long-term borrowings also consists of $9.7 million primarily used to match-fund longer-term, fixed rate loan products, which management elected not to fund internally due to asset/liability management considerations. The remaining increase was attributable to FHLB debt assumed from the bank acquisitions in 2004. The debt is secured by 1-4 family residential mortgage loans and selected investment securities from the portfolio. See Note 10 in the Notes to Consolidated Financial Statements for additional information on these borrowings.

The Company issued a $30.9 million junior subordinated deferrable interest note in November 2004 to a wholly owned Delaware statutory trust, Capital City Bank Group Capital Trust I ("CCBG Capital Trust I"). See Note 10 in the Notes to Consolidated Financial Statements for additional information on this borrowing. Interest payments are due quarterly at a fixed rate of 5.71% for five years, then adjustable annually to LIBOR plus a margin of 1.90%. The note matures on December 31,

Table 13
Contractual Cash Obligations

Table 13 sets forth certain information about contractual cash obligations at December 31, 2004.

	Payments Due By Period				
	1 Year or Less	1-3 Years	4-5 Years	After 5 Years	Total
Federal Home Loan Bank Advances	$18,306	$32,599	$5,325	$28 216	$ 84,446
Subordinated Note Payable	-	-	-	30,928	30,928
Operating Lease Obligations	1,319	3,372	2,110	6,127	12,928
Total Contractual Cash Obligations	$19,625	$36,042	$7,435	$65,271	$128,302

2034. The proceeds of the borrowing were used to partially fund the Farmers and Merchants Bank of Dublin acquisition.

It is anticipated that capital expenditures will approximate $10 million over the next twelve months. These capital expenditures are expected to consist primarily of several new offices in existing markets, office equipment and furniture, and technology purchases. Management believes these capital expenditures can be funded internally without impairing the Company's ability to meet its on-going obligations.

Capital

The Company continues to maintain a strong capital position. The ratio of shareowners' equity to total assets at year-end was 10.86%, 10.98%, and 10.22%, in 2004, 2003, and 2002, respectively.

The Company is subject to risk-based capital guidelines that measure capital relative to risk weighted assets and off-balance sheet financial instruments. Capital guidelines issued by the Federal Reserve Board require bank holding companies to have a minimum total risk-based capital ratio of 8.00%, with at least half of the total capital in the form of Tier 1 capital. As of December 31, 2004, the Company exceeded these capital guidelines with a total risk-based capital ratio of 12.33% and a Tier 1 ratio of 11.44%, compared to 13.79% and 12.88%, respectively, in 2003. As allowed by Federal Reserve Board capital guidelines the trust preferred securities issued by CCBG Capital Trust I are included as Tier 1 capital in the Company's capital calculations previously noted. See Note 10 in the Notes to Consolidated Financial Statements for additional information on the trust preferred security offering. See Note 14 in the Notes to Consolidated Financial Statements for additional information as to the Company's capital adequacy.

A tangible leverage ratio is also used in connection with the risk-based capital standards and is defined as Tier 1 capital divided by average assets. The minimum leverage ratio under this standard is 3% for the highest-rated bank holding companies which are not undertaking significant expansion programs. An additional 1% to 2% may be required for other companies, depending upon their regulatory ratings and expansion plans. On December 31, 2004, the Company had a leverage ratio of 8.79% compared to 9.51% in 2003.

Shareowners' equity as of December 31, for each of the last three years is presented below:

Shareowners' Equity

(Dollars in Thousands)	2004	2003	2002
Common Stock	$ 142	$ 132	$ 132
Additional Paid-in Capital	52,363	16,157	14,691
Retained Earnings	204,648	185,134	168,587
Subtotal	257,153	201,423	183,410
Accumulated Other Comprehensive Income, Net of Tax	(353)	1,386	3,121
Total Shareowners' Equity	$256,800	$202,809	$186,531

At December 31, 2004, the Company's common stock had a book value of $18.13 per diluted share compared to $15.27 in 2003. Beginning in 1994, book value has been impacted by the net unrealized gains and losses on investment securities available-for-sale. At December 31, 2004, the net unrealized loss was $353,000 compared to a net unrealized gain in 2003 of $1.4 million. The decrease in unrealized gain is a result of changes in the portfolio due to securities which have matured or been called and an increase in interest rates.

On March 30, 2000, the Company's Board of Directors authorized the repurchase of up to 625,000 shares of its outstanding common stock. The purchases are made in the open market or in privately negotiated transactions. The Company acquired 155,775 shares during 2002 and 267,500 shares during 2001. On January 24, 2002, the Company's Board of Directors authorized the repurchase of an additional 312,500 shares of its outstanding common stock. From March 30, 2000 through February 28, 2005, the Company repurchased a total of 572,707 shares at an average purchase price of $19.18 per share.

The Company offers an Associate Incentive Plan under which certain associates are eligible to earn shares of CCBG stock based upon achieving established performance goals. In 2004, the Company issued 37,381 shares, valued at approximately $1.6 million under this plan.

The Company also offers stock purchase plans, whereby employees and directors may purchase shares at a 10% discount. In 2004, 27,425 shares, valued at approximately $991,000, were issued under these plans.

Dividends

Adequate capital and financial strength is paramount to the stability of the Company and its subsidiary bank. Cash dividends declared and paid should not place unnecessary strain on the Company's capital levels. When determining the level of dividends the following factors are considered:

- Compliance with state and federal laws and regulations;
- The Company's capital position and its ability to meet its financial obligations;
- Projected earnings and asset levels; and
- The ability of the Bank and CCBG to fund dividends.

Although a consistent dividend payment is believed to be favorably viewed by the financial markets and shareowners, the Board of Directors will declare dividends only if the Company is considered to have adequate capital. Future capital requirements and corporate plans are considered when the Board considers a dividend payment.

Dividends declared and paid totaled $.730 per share in 2004. For the first through third quarters of 2004 the Company declared a dividend of $.180 per share. The dividend was raised 6.0% in the fourth quarter of 2004 from $.180 per share to $.190 per share. The Company declared dividends of $.656 per share in 2003 and $.502 per share in 2002. The dividend payout ratio was 33.42%, 34.51%, and 28.87% for 2004, 2003 and 2002, respectively. Total cash dividends declared per share in 2004 represented an 11.3% increase over 2003. All share and per share data has been adjusted to reflect the five-for-four stock dividend paid on June 13, 2003.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not currently engage in the use of derivative instruments to hedge interest rate risks. However, the Company is a party to financial instruments with off-balance sheet risks in the normal course of business to meet the financing needs of its customers.

At December 31, 2004, the Company had $407.3 million in commitments to extend credit and $17.8 million in standby letters of credit. Commitments to extend credit are agreements to lend to a customer so long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The Company uses the same credit policies in establishing commitments and issuing letters of credit as it does for on-balance sheet instruments.

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

ACCOUNTING POLICIES

Critical Accounting Policies

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

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

Intangible Assets: Intangible assets consist primarily of goodwill, core deposit assets, and other identifiable intangibles that were recognized in connection with various acquisitions. Goodwill represents the excess of the cost of acquired businesses over the fair market value of their identifiable net assets. The Company performs an impairment review on an annual basis to determine if there has been impairment of its goodwill. The Company has determined that no impairment existed at December 31, 2004. Impairment testing requires management to make significant judgments and estimates relating to the fair value of its identified reporting units. Significant changes to these estimates may have a material impact on the Company's reported results.

Core deposit assets represent the premium the Company paid for core deposits. Core deposit intangibles are amortized on the straight-line method over various periods ranging from 7-10 years. Generally, core deposits refer to nonpublic, nonmaturing deposits including noninterest-bearing deposits, NOW, money market and savings. The Company makes certain estimates relating to the useful life of these assets, and rate of run-off based on the nature of the specific assets and the customer bases acquired. If there is a reason to believe there has been a permanent loss in value, management will assess these assets for impairment. Any changes in the original estimates may materially affect reported earnings.

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

The weighted-average discount rate is determined by matching anticipated Retirement Plan cash flows for a 30-year period to long-term corporate Aa-rated bonds and solving for the underlying rate of return, which investing in such securities would generate. This methodology is applied consistently from year-to-year. The discount rate utilized in 2004 was 6.25%. The estimated impact to 2004 pension expense of a 25 basis point increase or decrease in the discount rate would have been a decrease of approximately $208,000 and an increase of approximately $217,000, respectively. The discount rate to be used in 2005 will be 6.00%.

The weighted-average expected long-term rate of return on plan assets is determined based on the current and anticipated future mix of assets in the plan. The assets currently consist of equity securities, U.S. Government and Government agency debt securities, and other securities (typically temporary liquid funds awaiting investment). The weighted-average expected long-term rate of return on plan assets utilized in 2004 was 8.00%. The estimated impact to pension expense of a 25 basis point increase or decrease in the rate of return would have been an approximate $83,000 decrease or

increase, respectively. The rate of return on plan assets for 2005 will be 8.0%.

The assumed rate of annual compensation increases (5.50% in 2004) is based on expected trends in salaries and the employee base. This assumption is not expected to change materially in 2005.

Detailed information on the pension plan, the actuarially determined disclosures, and the assumptions used are provided in Note 12 of the Notes to Consolidated Financial Statements.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123R, "Share-Based Payment" (Revised). SFAS 123R establishes standards for the accounting for transactions in which an entity (i) exchanges its equity instruments for goods or services, or (ii) incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of the equity instruments. SFAS 123R eliminates the ability to account for stock-based compensation using APB 25 and requires that such transactions be recognized as compensation cost in the income statement based on their fair values on the date of the grant. The Company adopted the accounting standards set forth in SFAS No. 123 in 2003 and has accordingly expensed stock–based compensation for 2003 and 2004. See Note 1 — Accounting Policies.

In March 2004, the FASB ratified the consensus reached by the Emerging Issues Task Force in Issue 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" ("EITF 03-1"). EITF 03-1 provides guidance for determining when an investment is considered impaired, whether impairment is other-than-temporary, and measurement of an impairment loss. An investment is considered impaired if the fair value of the investment is less than its cost. Generally, an impairment is considered other-than-temporary unless: (a) the investor has the ability and intent to hold an investment for a reasonable period of time sufficient for a forecasted recovery of fair value up to (or beyond) the cost of the investment; and (b) evidence indicating that the cost of the investment is recoverable within a reasonable period of time outweighs evidence to the contrary. If impairment is determined to be other-than-temporary, then an impairment loss should be recognized equal to the difference between the investment's cost and its fair value. Certain disclosure requirements of EITF 03-1 were adopted in 2003 and the Company began presenting the new disclosure requirement in its consolidated financial statements for the year ended December 31, 2003. The recognition and impairment provisions were initially effective for other-than-temporary impairment evaluations in reporting periods beginning after June 15, 2004. However, in September 2004, the effective date of these provisions was delayed until the finalization of the FASB Staff Position (FSP) to provide additional implementation guidance. The Company is continuing to evaluate the impact of EITF 03-1. The amount of other-than-temporary impairment the Company will recognize, if any, will be dependent on market conditions and management's intent and ability at the time of the evaluation to hold investments with unrealized losses until a forecasted recovery in the fair value up to and beyond the adjusted cost.

In December 2003, the FASB issued Interpretation No. 46 ("FIN46") (revised December 2003 ("FIN46R")), "Consolidation of Variable Interest Entities," which addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. FIN46R replaces FIN46, which was issued in January 2003. FIN46R applies immediately to a variable interest entity created after January 31, 2003 and as of the first interim period ending after March 15, 2004 to those variable interest entities created before February 1, 2003 and not already consolidated under FIN46 in previously issued financial statements. The Company has adopted FIN 46R in connection with its consolidated financial statements for the year ended December 31, 2004. The implementation of FIN 46R requires the Company to not consolidate its investment in CCBG Capital Trust I because the Company is not the primary beneficiary.

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

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Overview

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

Interest Rate Risk Management

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

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

The financial assets and liabilities of the Company are classified as other-than-trading. An analysis of the other-than-trading financial components, including the fair values, are presented in Table 14. This table presents the Company's consolidated interest rate sensitivity position as of year-end 2004 based upon certain assumptions as set forth in the Notes to the Table. The objective of interest rate sensitivity analysis is to measure the impact on the Company's net interest income due to fluctuations in interest rates. The asset and liability values presented in Table 14 may not necessarily be indicative of the Company's interest rate sensitivity over an extended period of time.

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

Inflation

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

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

Table 14
Financial Assets and Liabilities Market Risk Analysis [1]
Other Than Trading Portfolio

(Dollars in Thousands)	Maturing or Repricing in: Year 1	Year 2	Year 3	Year 4	Year 5	Beyond	Total	Fair Value
Loans:								
Fixed Rate	$ 336,290	$153,445	$ 81,088	$48,491	$27,987	$21,637	$ 668,938	$ 670,404
Average Interest Rate	5.90%	7.09%	7.01%	6.83%	6.65%	6.34%	6.42%	
Floating Rate [2]	888,396	165,277	84,206	7,625	6,245	8,138	1,159,887	1,162,303
Average Interest Rate	5.02%	6.21%	6.17%	7.08%	7.07%	7.36%	5.32%	
Investment Securities: [3]								
Fixed Rate	83,436	76,818	25,132	9,528	4,342	8,374	207,630	207,630
Average Interest Rate	2.98%	2.57%	3.75%	3.23%	3.54%	3.25%	2.96%	
Floating Rate	2,610	-	-	-	-	-	2,610	2,610
Average Interest Rate	4.37%	-	-	-	-	-	4.37%	
Other Earning Assets:								
Floating Rate	74,506	-	-	-	-	-	74,506	74,506
Average Interest Rate	2.01%	-	-	-	-	-	2.01%	
Total Financial Assets	$1,385,238	$395,540	$190,426	$65,644	$38,574	$38,149	$2,113,571	$2,117,453
Average Interest Rate	4.95%	5.84%	6.21%	6.33%	6.37%	5.88%	5.32%	
Deposits: [4]								
Fixed Rate	$ 452,241	$ 64,554	$ 37,962	$12,563	$ 5,349	$ 8	$ 572,677	$ 535,085
Average Interest Rate	1.87%	2.64%	3.38%	3.35%	3.19%	2.50%	2.10%	
Floating Rate	755,218	-	-	-	-	-	755,218	755,218
Average Interest Rate	0.63%	-	-	-	-	-	0.63%	
Other Interest Bearing Liabilities:								
Fixed Rate Debt	4,476	24,630	3,574	3,318	2,747	29,708	68,453	68,582
Average Interest Rate	4.26%	3.18%	4.68%	4.80%	4.97%	5.04%	4.29%	
Floating Rate Debt	93,811	-	346	832	1,025	30,928	126,942	127,093
Average Interest Rate	1.40%	-	4.91%	3.05%	4.00%	5.71%	1.46%	
Total Financial Liabilities	$1,305,746	$ 89,184	$ 41,882	$16,713	$ 9,121	$60,644	$1,523,290	$1,485,978
Average Interest Rate	1.13%	2.79%	3.50%	3.62%	3.82%	5.38%	1.41%	

(1) Based upon expected cash flows unless otherwise indicated.

(2) Based upon a combination of expected maturities and repricing opportunities.

(3) Based upon contractual maturity, except for callable and floating rate securities, which are based on expected maturity and weighted average life, respectively.

(4) Savings, NOW and money market accounts can be repriced at any time, therefore, all such balances are included as floating rate deposits. Time deposit balances are classified according to maturity.

Table 15
Quarterly Financial Data (Unaudited)

(Dollars in Thousands, Except Per Share Data) [1]	2004 Fourth	2004 Third	2004 Second	2004 First	2003 Fourth	2003 Third	2003 Second	2003 First
Summary of Operations:								
Interest Income	$ 29,930	$ 24,660	$ 24,265	$ 22,670	$ 23,022	$ 23,484	$ 23,997	$ 24,327
Interest Expense	5,634	3,408	3,221	3,178	3,339	3,506	3,894	4,100
Net Interest Income	24,296	21,252	21,044	19,492	19,683	19,978	20,103	20,227
Provision for Loan Losses	300	300	580	961	850	921	886	779
Net Interest Income After Provision for Loan Losses	23,996	20,952	20,464	18,531	18,833	19,057	19,217	19,448
Gain on Sale of Credit Card Portfolio	324	6,857	-	-	-	-	-	-
Noninterest Income	11,596	10,864	11,031	9,881	10,614	10,952	10,428	9,945
Conversion/Merger Expense	436	68	4	42	-	-	-	-
Noninterest Expense	24,481	21,565	21,597	21,033	20,593	20,184	19,516	19,428
Income Before Provision for Income Taxes	10,999	17,040	9,894	7,337	8,854	9,825	10,129	9,965
Provision for Income Taxes	3,737	6,221	3,451	2,490	2,758	3,529	3,689	3,604
Net Income	$ 7,262	$ 10,819	$ 6,443	$ 4,847	$ 6,096	$ 6,296	$ 6,440	$ 6,361
Net Interest Income (FTE)	$ 24,619	$ 21,528	$ 21,333	$ 19,811	$ 20,020	$ 20,332	$ 20,456	$ 20,597
Per Common Share:								
Net Income Basic	$ .51	$ .82	$ .48	$ .37	$ .47	$ .47	$ .49	$ .48
Net Income Diluted	.51	.82	.48	.37	.46	.47	.49	.48
Dividends Declared	.190	.180	.180	.180	.180	.170	.170	.136
Diluted Book Value	18.13	16.48	15.80	15.54	15.27	15.00	14.73	14.42
Market Price:								
High	45.98	41.20	43.15	45.55	46.83	40.93	36.43	32.32
Low	37.71	33.33	35.50	39.05	36.62	35.00	29.74	26.81
Close	41.80	38.71	39.59	41.25	45.99	38.16	36.08	31.29
Selected Average Balances:								
Loans	$1,779,736	$1,524,401	$1,491,142	$1,357,206	$1,329,673	$1,336,139	$1,316,705	$1,289,161
Earning Assets	2,066,111	1,734,708	1,721,655	1,634,468	1,636,269	1,634,689	1,612,133	1,615,287
Assets	2,322,870	1,941,372	1,929,485	1,830,496	1,819,552	1,816,005	1,786,991	1,796,657
Deposits	1,853,588	1,545,224	1,538,630	1,457,160	1,451,095	1,451,879	1,415,798	1,407,763
Shareowners' Equity	248,773	217,273	210,211	206,395	201,939	199,060	194,781	190,416
Common Equivalent Average Shares:								
Basic	13,955	13,283	13,274	13,262	13,223	13,221	13,209	13,207
Diluted	13,961	13,287	13,277	13,286	13,265	13,260	13,255	13,253
Ratios:								
ROA	1.24%	2.22%	1.34%	1.06%	1.33%	1.38%	1.45%	1.44%
ROE	11.61%	19.81%	12.33%	9.45%	11.98%	12.55%	13.26%	13.55%
Net Interest Margin (FTE)	4.75%	4.94%	4.99%	4.88%	4.85%	4.94%	5.09%	5.17%
Efficiency Ratio	63.85%	52.60%[2]	63.87%	68.06%	64.58%	61.93%	60.57%	60.96%

(1) All share and per-share data have been adjusted to reflect the 5-for-4 stock split effective June 13, 2003.

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

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consolidated financial statements

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report of independent registered
public accounting firm

The Board of Directors
Capital City Bank Group, Inc.:

We have audited the accompanying consolidated statements of financial condition of Capital City Bank Group, Inc. and subsidiary (the "Company") as of December 31, 2004 and 2003, and the related consolidated statements of income, changes in shareowners' equity, and cash flows for each of the years in the three-year period ended December 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Capital City Bank Group, Inc. and subsidiary as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of computing stock-based compensation in 2003, and as discussed in Note 6 to the consolidated financial statements, changed its method of accounting for goodwill and other intangible assets in 2002.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 16, 2005 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

KPMG LLP

Orlando, Florida
March 16, 2005

consolidated statements of income

(Dollars In Thousands, Except Per Share Data) [(1)]	For the Years Ended December 31, 2004	2003	2002
INTEREST INCOME			
Interest and Fees on Loans	$ 95,607	$ 87,435	$ 92,991
Investment Securities:			
U.S. Treasury	759	664	2
U.S. Government Agencies/Corporations	2,111	2,486	5,366
States and Political Subdivisions	1,944	2,409	2,752
Other Securities	271	575	1,573
Funds Sold	833	1,261	1,481
Total Interest Income	101,525	94,830	104,165
INTEREST EXPENSE			
Deposits	11,315	11,567	20,551
Short-Term Borrowings	1,270	1,270	767
Subordinated Note Payable	294	-	-
Other Long-Term Borrowings	2,562	2,002	1,185
Total Interest Expense	15,441	14,839	22,503
Net Interest Income	86,084	79,991	81,662
Provision for Loan Losses	2,141	3,436	3,297
Net Interest Income After Provision for Loan Losses	83,943	76,555	78,365
NONINTEREST INCOME			
Service Charges on Deposit Accounts	17,574	16,319	12,749
Data Processing	2,628	2,403	2,006
Asset Management Fees	4,007	2,650	2,521
Securities Transactions	14	1	10
Mortgage Banking Revenues	3,208	6,090	5,502
Gain on Sale of Credit Cards	7,181	-	-
Other	15,941	14,476	13,315
Total Noninterest Income	50,553	41,939	36,103
NONINTEREST EXPENSE			
Salaries and Associate Benefits	44,345	40,462	40,212
Occupancy, Net	7,074	5,972	5,719
Furniture and Equipment	8,393	7,840	7,677
Intangible Amortization	3,824	3,241	3,242
Merger Expense	550	-	212
Other	25,040	22,206	21,633
Total Noninterest Expense	89,226	79,721	78,695
Income Before Income Taxes	45,270	38,773	35,773
Income Taxes	15,899	13,580	12,691
NET INCOME	$ 29,371	$ 25,193	$ 23,082
BASIC NET INCOME PER SHARE	$ 2.18	$ 1.91	$ 1.75
DILUTED NET INCOME PER SHARE	$ 2.18	$ 1.90	$ 1.74
Average Basic Common Shares Outstanding	13,444	13,222	13,225
Average Diluted Common Shares Outstanding	13,448	13,251	13,274

(1) All share and per share data have been adjusted to reflect the 5-for-4 stock split effective June 13, 2003.

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

consolidated statements of financial condition

(Dollars in Thousands, Except Per Share Data) [1]	As of December 31, 2004	2003
ASSETS		
Cash and Due From Banks	$ 87,039	$ 93,140
Funds Sold and Interest Bearing Deposits	74,506	125,452
Total Cash and Cash Equivalents	161,545	218,592
Investment Securities, Available-for-Sale	210,240	181,734
Loans, Net of Unearned Interest	1,828,825	1,341,632
Allowance for Loan Losses	(16,037)	(12,429)
Loans, Net	1,812,788	1,329,203
Premises and Equipment, Net	58,963	54,011
Goodwill	54,341	6,680
Other Intangible Assets	25,964	19,112
Other Assets	40,172	37,170
Total Assets	$2,364,013	$1,846,502
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	$ 566,991	$ 455,550
Interest Bearing Deposits	1,327,895	1,018,655
Total Deposits	1,894,886	1,474,205
Short-Term Borrowings	96,014	108,184
Subordinated Note Payable	30,928	-
Other Long-Term Borrowings	68,453	46,475
Other Liabilities	16,932	14,829
Total Liabilities	2,107,213	1,643,693
SHAREOWNERS' EQUITY		
Preferred Stock, $.01 par value; 3,000,000 shares authorized; no shares issued and outstanding	-	-
Common Stock, $.01 par value; 90,000,000 shares authorized; 14,155,312 and 13,236,462 shares issued and outstanding at December 31, 2004 and December 31, 2003, respectively	142	132
Additional Paid-In Capital	52,363	16,157
Retained Earnings	204,648	185,134
Accumulated Other Comprehensive (Loss) Income, Net of Tax	(353)	1,386
Total Shareowners' Equity	256,800	202,809
Commitments and Contingencies (See Note 18)		
Total Liabilities and Shareowners' Equity	$2,364,013	$1,846,502

(1) All share and per share data have been adjusted to reflect the 5-for-4 stock split effective June 13, 2003.

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

consolidated statements of changes in shareowners' equity

(Dollars in Thousands, Except Per Share Data) [1]	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Taxes	Total
Balance, December 31, 2001	$132	$17,152	$152,149	$2,350	$171,783
Comprehensive Income:					
Net Income	-	-	23,082		
Net Change in Unrealized Gain (Loss)					
On Available-for-Sale Securities	-	-	-	771	
Total Comprehensive Income	-		-	-	23,853
Cash Dividends ($.502 per share)	-	-	(6,644)	-	(6,644)
Issuance of Common Stock	-	934	-	-	934
Repurchase and Retirement of Common Stock	-	(3,395)	-	-	(3,395)
Balance, December 31, 2002	132	14,691	168,587	3,121	186,531
Comprehensive Income:					
Net Income	-	-	25,193		
Net Change in Unrealized (Loss) Gain					
On Available-for-Sale Securities	-	-	-	(1,735)	
Total Comprehensive Income	-	-	-	-	23,458
Cash Dividends ($.656 per share)	-	-	(8,646)	-	(8,646)
Executive Stock Performance Plan Compensation	-	62	-	-	62
Issuance of Common Stock	-	1,421	-	-	1,421
Repurchase and Retirement of Common Stock	-	(17)	-	-	(17)
Balance, December 31, 2003	132	16,157	185,134	1,386	202,809
Comprehensive Income:					
Net Income	-	-	29,371		
Net Change in Unrealized (Loss) Gain					
On Available-for-Sale Securities	-	-	-	(1,739)	
Total Comprehensive Income	-	-	-	-	27,632
Cash Dividends ($.730 per share)	-	-	(9,857)	-	(9,857)
Executive Stock Performance Plan Compensation	-	193	-	-	193
Issuance of Common Stock	10	36,013	-	-	36,023
Balance, December 31, 2004	$142	$52,363	$204,648	$ (353)	$256,800

(1) All share and per share data have been adjusted to reflect the 5-for-4 stock split effective June 13, 2003.

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

consolidated statements of cash flows

(Dollars in Thousands)	2004	2003	2002
	For the Years Ended December 31,		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	$ 29,371	$ 25,193	$ 23,082
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Provision for Loan Losses	2,141	3,436	3,297
Depreciation	5,288	4,857	4,897
Loss on Disposal of Fixed Assets	-	92	32
Net Securities Amortization	2,117	2,180	889
Amortization of Intangible Assets	3,824	3,241	3,242
Gain on Sale of Investment Securities	(14)	(1)	(10)
Non-Cash Compensation	1,707	508	892
Deferred Income Taxes	765	755	(1,479)
Net (Increase) Decrease in Other Assets	(4,210)	1,385	4,183
Net Increase (Decrease) in Other Liabilities	3,182	(3,791)	(953)
Net Cash Provided by Operating Activities	44,171	37,855	38,062
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from Payments/Maturities/Sales of Investment Securities Available-for-Sale	132,083	101,359	82,466
Purchase of Investment Securities Available-for-Sale	(88,028)	(107,695)	(43,370)
Net Increase in Loans	(139,507)	(65,180)	(46,006)
Net Cash Used in Acquisitions	(31,743)	-	-
Purchase of Premises & Equipment	(5,576)	(11,152)	(6,868)
Proceeds From Sales of Premises & Equipment	1,155	1,090	89
Net Cash Used in Investing Activities	(131,616)	(81,578)	(13,689)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net Increase (Decrease) in Deposits	23,776	40,005	(115,901)
Net (Decrease) Increase in Short-Term Borrowings	(33,559)	(45,913)	46,633
Proceeds from Subordinated Note Payable	30,928	-	-
Increase in Other Long-Term Borrowings	59,741	16,564	62,058
Repayment of Other Long-Term Borrowings	(41,815)	(1,412)	(3,883)
Dividends Paid	(9,857)	(8,646)	(6,644)
Repurchase of Common Stock	-	(17)	(3,395)
Issuance of Common Stock	1,184	975	688
Net Cash Provided By (Used in) Financing Activities	30,398	1,556	(20,444)
Net (Decrease) Increase in Cash and Cash Equivalents	(57,047)	(42,167)	3,929
Cash and Cash Equivalents at Beginning of Year	218,592	260,759	256,830
Cash and Cash Equivalents at End of Year	$161,545	$218,592	$260,759
SUPPLEMENTAL DISCLOSURES:			
Interest Paid on Deposits	$ 10,661	$ 11,999	$ 23,694
Interest Paid on Debt	$ 4,066	$ 3,238	$ 1,825
Taxes Paid	$ 12,606	$ 16,303	$ 13,175
Loans Transferred to Other Real Estate	$ 1,351	$ 5,267	$ 1,238
Issuance of Common Stock as Non-Cash Compensation	$ 1,707	$ 508	$ 246
Transfer of Current Portion of Long-Term Borrowings to Short-Term Borrowings	$ 16,002	$ 40,423	$ -

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

notes to consolidated financial statements

Note 1
SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of Capital City Bank Group, Inc. ("CCBG"), and its wholly-owned subsidiary, Capital City Bank ("CCB" or the "Bank" and together with CCBG, the "Company"). All material inter-company transactions and accounts have been eliminated.

The Company, which operates in a single reportable business segment comprised of commercial banking within the states of Florida, Georgia, and Alabama, follows accounting principles generally accepted in the United States of America and reporting practices applicable to the banking industry. The principles which materially affect the financial position, results of operations and cash flows are summarized below.

The Company determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity under accounting principles generally accepted in the United States of America. Voting interest entities are entities in which the total equity investment at risk is sufficient to enable the entity to finance itself independently and provides the equity holders with the obligation to absorb losses, the right to receive residual returns and the right to make decisions about the entity's activities. The Company consolidates voting interest entities in which it has all, or at least a majority of, the voting interest. As defined in applicable accounting standards, variable interest entities (VIEs) are entities that lack one or more of the characteristics of a voting interest entity. A controlling financial interest in an entity is present when an enterprise has a variable interest, or a combination of variable interests, that will absorb a majority of the entity's expected losses, receive a majority of the entity's expected residual returns, or both. The enterprise with a controlling financial interest, known as the primary beneficiary, consolidates the VIE. CCBG's wholly-owned subsidiary, CCBG Capital Trust I (established November 1, 2004) is a VIE for which the Company is not the primary beneficiary. Accordingly, the accounts of this entity are not included in the Company's consolidated financial statements.

Certain items in prior financial statements have been reclassified to conform to the current presentation. All acquisitions during the reported periods were accounted for using the purchase method. Accordingly, the operating results of the acquired companies are included with the Company's results of operations since their respective dates of acquisition (see Note 2 — Acquisitions).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks, interest-bearing deposits in other banks, and federal funds sold. Generally, federal funds are purchased and sold for one-day periods and all other cash equivalents have a maturity of 90 days or less.

Investment Securities

Investment securities available-for-sale are carried at fair value and represent securities that are available to meet liquidity and/or other needs of the Company. Gains and losses are recognized and reported separately in the Consolidated Statements of Income upon realization or when impairment of values is deemed to be other than temporary. Gains or losses are recognized using the specific identification method. Unrealized holding gains and losses for securities available-for-sale are excluded from the Consolidated Statements of Income and reported net of taxes in the accumulated other comprehensive (loss) income component of shareowners' equity until realized. Accretion and amortization are recognized on the effective yield method over the life of the securities.

Loans

Loans are stated at the principal amount outstanding, net of unearned income. Interest income is generally accrued on the effective yield method based on outstanding balances. Fees charged to originate loans and direct loan origination costs are deferred and amortized over the life of the loan as a yield adjustment. Loans held for sale are valued at lower of cost or market value based on information obtained from third party investors.

Allowance for Loan Losses

The allowance for loan losses is that amount considered adequate to absorb losses inherent in the portfolio based on management's evaluation of the current risk characteristics of the loan portfolio as of the reporting date. The allowance is a significant estimate recorded by management and is based on the credit quality of the portfolio.

The evaluation of credit quality begins with the review for impairment of commercial purpose loans with balances exceeding $25,000. Impaired loans are defined as those in which the full collection of principal and interest in accordance with the contractual terms is improbable. Impaired loans typically include those that are in nonaccrual status or classified as doubtful as defined by the Company's internal risk rating system. Generally, loans are placed on nonaccrual status when interest becomes past due 90 days or more, or management deems the ultimate collection of principal and interest is in doubt. A specific allowance for loss is made for impaired loans based on a comparison of the recorded investment in the loan to either the present value of the loan's expected cash flow, the loan's estimated market price or the estimated fair value of the underlying collateral less costs to sell the collateral.

Commercial purpose loans exceeding $100,000 that are not impaired, but have weaknesses requiring closer management attention, are analyzed to determine if an allowance is required. This analysis is based primarily on the underlying value of the collateral. If the value of the collateral is considered insufficient, an allowance is made for the defi-

ciency. The value of the collateral is dependent on current economic conditions in the communities served and is subject to change. In addition, the analysis includes changes in risk ratings that are assigned based on the Bank's Asset Classification Policy, and for the ultimate disposition of the loan. The ultimate disposition may include upgrades in risk ratings, payoff of the loan, or charge-off of the loan. This migration analysis results in a charge-off ratio by loan pool of classified loans that is applied to the balance of the pool to determine general reserves for specifically identified problem loans. This charge-off ratio is adjusted for various environmental factors including past due and nonperforming trends in the loan portfolio, the micro and macro-economic outlook, and credit administration practices as determined by independent parties.

Larger commercial purpose loans that show no signs of weakness are assigned an allowance based on the historical loss ratios in pools of loans with similar characteristics. The historical loss ratios are determined by analyzing losses over the prior twelve quarters, with more emphasis being placed on the recent four quarters. The historical loss ratios are then adjusted for certain external factors, including micro- and macro-economic outlook, past due and nonperforming trends within the portfolio, loan growth, and credit administration practices.

Large groups of smaller balance homogeneous loans that are not impaired are collectively evaluated to determine the allowance required for loan losses. These small balance homogenous loans include commercial purpose loans less than $100,000, consumer installment loans, and residential mortgage loans. Historical loss ratios are determined for these smaller balance loan pools and applied to the balance of the related pool of loans to determine the allowance needed. The historical loss ratios are adjusted for external factors as described above.

Long-Lived Assets

Premises and equipment are stated at cost less accumulated depreciation, computed on the straight-line method over the estimated useful lives for each type of asset with premises being depreciated over a range of 10 to 40 years, and equipment being depreciated over a range of 3 to 10 years. Major additions are capitalized and depreciated in the same manner. Repairs and maintenance are charged to noninterest expense as incurred.

Intangible assets, other than goodwill, consist of core deposit assets, and a customer relationship and non-compete asset that were recognized in connection with various acquisitions. Core deposit intangible assets are amortized on the straight-line method over various periods, with the majority being amortized over an average of 7 to 10 years. Other identifiable intangibles are amortized on the straight-line methods over their estimated useful lives.

Long-lived assets are evaluated for impairment if circumstances suggest that their carrying value may not be recoverable, by comparing the carrying value to estimated undiscounted cash flows. If the asset is deemed impaired, an impairment charge is recorded equal to the carrying value less the fair value.

Goodwill

As of January 1, 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). The adoption of SFAS 142 required the Company to discontinue goodwill amortization and identify reporting units to which the goodwill related for purposes of assessing potential impairment of goodwill on an annual basis, or more frequently, if events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. In accordance with the guidelines in SFAS 142, the Company determined it has one reporting unit with goodwill. As of December 31, 2004, the Company performed its annual impairment review and concluded that no impairment adjustment was necessary.

Income Taxes

The Company files consolidated federal and state income tax returns. In general, the parent company and its subsidiary compute their tax provisions as separate entities prior to recognition of any tax expense or benefits which may accrue from filing a consolidated return.

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities on the Company's consolidated statement of financial position and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Stock Based Compensation

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

based associate compensation included in net income is accounted for under the fair value based method during 2004 as all awards have grant dates after January 1, 2003.

The following table illustrates the effect on net income and net income per share if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based compensation.

(Dollars in Thousands, Except Per Share Data)	2004	2003	2002
Net income, as reported	$29,371	$25,193	$23,082
Add: Stock based compensation included			
in reported net income, net of tax	400	634	553
Deduct: Stock based compensation			
determined under fair value based method			
for all awards, net of tax	(400)	(348)	(388)
Pro forma net income	$29,371	$25,479	$23,247
Net Income per share:			
Basic-as reported	$ 2.18	$ 1.91	$ 1.75
Basic-pro forma	$ 2.18	$ 1.93	$ 1.76
Diluted-as reported	$ 2.18	$ 1.90	$ 1.74
Diluted-pro forma	$ 2.18	$ 1.92	$ 1.75

Director Stock Purchase Plan ("DSPP"). The Company's DSPP allows the directors to purchase the Company's common stock at a price equal to 90% of the closing price on the date of purchase. The DSPP has 187,500 shares reserved for issuance. In 2004, 2003, and 2002, CCBG issued 7,369, 4,861, and 4,438 shares, respectively, under this plan. A total of 54,388 shares have been issued to directors since the inception of this plan. Prior to 2003, the DSPP plan was accounted for under the provisions of APB 25 and no compensation expense was recognized. In accordance with the Company's adoption of SFAS 123, compensation expense has been recognized for the Company's purchase plan activity in 2004 and 2003.

Associate Stock Purchase Plan ("ASPP"). Under the Company's ASPP, substantially all associates may purchase the Company's common stock through payroll deductions at a price equal to 90% of the lower of the fair market value at the beginning or end of each six-month offering period. Stock purchases under the ASPP are limited to 10% of an associate's eligible compensation, up to a maximum of $25,000 (fair market value on each enrollment date) in any plan year. The ASPP has 562,500 shares of common stock reserved for issuance. CCBG issued 20,056, 25,234, and 31,588 shares under the plan in 2004, 2003, and 2002, respectively. A total of 321,749 shares have been issued since inception of this plan. Prior to 2003, the ASPP was accounted for under the provisions of APB 25 and no compensation expense was recognized. In accordance with the Company's adoption of SFAS 123, compensation expense has been recognized for the Company's purchase plan activity in 2004 and 2003.

Transactions under the ASPP were as follows:

	Number of Shares	Purchase Price per Share[1]
Available at December 31, 2001	317,629	
Purchased	(31,588)	$18.90
Available at December 31, 2002	286,041	
Purchased	(25,234)	$30.46
Available at December 31, 2003	260,807	
Purchased	(20,056)	$35.63
Available at December 31, 2004	240,751	

(1) Weighted Average Price for two annual offering periods

Based on the Black-Scholes option pricing model, the weighted average estimated fair value of the purchase rights granted under the ASPP was $7.37 for 2004, $6.65 for 2003, and $3.96 for 2002. In calculating pro forma compensation at December 31, the fair value of each stock purchase right is estimated on the date of grant using the following weighted average assumptions:

	2004	2003	2002
Dividend yield	1.7%	1.8%	2.4%
Expected volatility	30.0%	34.5%	33.0%
Risk-free interest rate	1.1%	1.1%	1.7%
Expected life (in years)	0.5	0.5	0.5

Associate Incentive Plan ("AIP"). Under the Company's AIP, shares are granted to participants based upon the achievement of performance goals established by the Board of Directors at the beginning of each award period. A total of 937,500 shares of common stock have been reserved for issuance under this Plan. Award periods have historically been one year for the short-term plan and three years for the long-term plan. In 2004, award periods were one year for both plans. Both plans were accounted for under SFAS 123 for 2004 and compensation expense was measured under the fair value method as of the grant date and recognized over the service period. Shares earned are issued during the first calendar quarter of the following year. CCBG issued 37,381, 10,596, and 12,618 shares under the plan in 2004, 2003, and 2002, respectively. A total of 279,438 shares have been issued since inception of this plan.

Executive Stock Option Agreement. In 2003 and 2004, the Company's Board of Directors approved stock option agreements for a key executive officer (William G. Smith, Jr. - Chairman, President and CEO, CCBG) under the provisions of the AIP. 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 2003 agreement,

18,510 option shares were issued, none of which have been exercised. The exercise price for the 2003 shares is $41.20. Under the 2004 agreement, the earnings per share conditions were analyzed resulting in economic value earned by the executive of approximately $500,000, for which the Company will issue option shares equal to that value. During 2004 and 2003, the Company recognized expense of $193,000 and $61,658, respectively, related to these agreements in accordance with the provisions of SFAS 123.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No.123R, "Share-Based Payment" (Revised). SFAS 123R establishes standards for the accounting for transactions in which an entity (i) exchanges its equity instruments for goods or services, or (ii) incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of the equity instruments. SFAS 123R eliminates the ability to account for stock-based compensation using APB 25 and requires that such transactions be recognized as compensation cost in the income statement based on their fair values on the date of the grant. The Company adopted the accounting standards set forth in SFAS No. 123 in 2003 and has accordingly expensed stock–based compensation for 2003 and 2004. See Note 1 — Accounting Policies.

In March 2004, the FASB ratified the consensus reached by the Emerging Issues Task Force in Issue 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" ("EITF 03-1"). EITF 03-1 provides guidance for determining when an investment is considered impaired, whether impairment is other-than-temporary, and measurement of an impairment loss. An investment is considered impaired if the fair value of the investment is less than its cost. Generally, an impairment is considered other-than-temporary unless: (a) the investor has the ability and intent to hold an investment for a reasonable period of time sufficient for a forecasted recovery of fair value up to (or beyond) the cost of the investment; and (b) evidence indicating that the cost of the investment is recoverable within a reasonable period of time outweighs evidence to the contrary. If impairment is determined to be other-than-temporary, then an impairment loss should be recognized equal to the difference between the investment's cost and its fair value. Certain disclosure requirements of EITF 03-1 were adopted in 2003 and the Company began presenting the new disclosure requirement in its consolidated financial statements for the year ended December 31, 2003. The recognition and impairment provisions were initially effective for other-than-temporary impairment evaluations in reporting periods beginning after June 15, 2004. However, in September 2004, the effective date of these provisions was delayed until the finalization of the FASB Staff Position to provide additional implementation guidance. The Company is continuing to evaluate the impact of EITF 03-1. The amount of other-than-temporary impairment the Company will recognize, if any, will be dependent on market conditions and management's intent and ability at the time of the evaluation to hold investments with unrealized losses until a forecasted recovery in the fair value up to and beyond the adjusted cost.

In December 2003, the FASB issued Interpretation No. 46 ("FIN46") (revised December 2003 ("FIN46R")), "Consolidation of Variable Interest Entities," which addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. FIN46R replaces FIN46, which was issued in January 2003. FIN46R applies immediately to a variable interest entity created after January 31, 2003 and as of the first interim period ending after March 15, 2004 to those variable interest entities created before February 1, 2003 and not already consolidated under FIN46 in previously issued financial statements. The Company has adopted FIN46R in connection with its consolidated financial statements for the year ended December 31, 2004. The implementation of FIN46R requires the Company to not consolidate its investment in CCBG Capital Trust I because the Company is not the primary beneficiary.

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

Note 2
ACQUISITIONS

On February 3, 2005, the Company announced the signing of a definitive agreement to acquire First Alachua Banking Corporation ("FABC"), headquartered in Alachua, Florida. FABC's wholly-owned subsidiary, First National Bank of Alachua ("FNBA") has $229 million in assets, seven offices located in Alachua County -- Gainesville (three), Alachua, High Springs, Jonesville, Newberry -- and an eighth office in Hastings, Florida, which is located in St. Johns County. FABC also has a mortgage lending office in Gainesville and a financial services division. Subject to certain potential adjustments, FABC shareowners will receive $2,847.04 in cash and 71.176 shares of CCBG common stock for each of the 10,186 shares of FABC common stock outstanding. Based on Capital City's closing market price on Nasdaq on February 3, 2005, this cash and stock combination equaled aggregate consideration of $58.0 million. Closing is anticipated for mid-year 2005.

On March 19, 2004, the Company's subsidiary, Capital City Bank, completed its merger with Quincy State Bank, a subsidiary of Synovus Financial Corp. Results of Quincy State Bank's operations have been included in the Company's consolidated financial statements since March 20, 2004. Quincy State Bank had $116.6 million in assets with one office in Quincy, Florida and one office in Havana, Florida. The transaction was accounted for as a purchase and resulted in approximately $15.4 million of intangible assets, including approximately $13.0 million in goodwill and a core deposit intangible of $2.4 million. The core deposit intangible is being amortized over a 7-year period.

On March 19, 2004, the Company completed its purchase of fiduciary assets from Synovus Trust Company for $2.0 million. This purchase was subject to a $800,000 earn-out agreement of which $634,000 was paid in October 2004. Subsequently, the intangible asset associated with this transaction was increased to $1.8 million. This intangible is being amortized over a 10-year period.

On October 15, 2004, the Company completed its acquisition of Farmers and Merchants Bank in Dublin, Georgia, a $395 million asset institution with three offices in Laurens County. The Company issued 17.08 shares and $666.50 in cash for each of the 50,000 shares of Farmers and Merchants Bank, resulting in the issuance of 854,000 shares of Company common stock and the payment of $33.3 million in cash for a total purchase price of approximately $66.7 million. The transaction resulted in approximately $41.1 million of intangible assets, including approximately $34.7 million in goodwill, a core deposit intangible of $5.9 million, and a non-compete intangible of $483,000. The core deposit intangible is being amortized over a 7-year period and the non-compete intangible is being amortized over a 2-year period.

The following table summarizes the assets acquired and liabilities assumed as of the date of each acquisition (excluding trust assets), along with the consideration paid:

(Dollars in Thousands)	Quincy State Bank	Farmers & Merchants Bank of Dublin
Cash and Due From Banks	$ 2,295	$ 8,521
Funds Sold	6,949	12,641
Total Cash and Cash Equivalents	$ 9,244	$ 21,162
Investment Securities, Available-for-Sale	16,150	61,359
Loans, Net	88,727	257,685
Intangible Asset	14,915	41,103
Other Assets	2,498	4,035
Total Assets Acquired	$131,534	$385,344
Total Deposits	102,434	293,938
Short-Term Borrowings	-	5,388
Long-Term Borrowings	3,000	17,063
Other Liabilities	-	2,305
Total Liabilities Assumed	105,434	318,694
Consideration Paid to Shareowners	$ 26,100	$ 66,650

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

	For the 12 Months Ended December 31,	
(Dollars in Thousands, Except Per Share Data)	2004	2003
Interest Income	$120,416	$121,757
Interest Expense	20,480	22,637
Net Interest Income	99,936	99,120
Provision for Loan Losses	2,696	3,976
Net Interest Income After Provision for Loan Losses	97,240	95,144
Noninterest Income	52,321	46,158
Noninterest Expense	96,443	89,432
Income Before Income Taxes	53,118	51,870
Income Taxes	18,882	18,655
Net Income	$ 34,236	$ 33,215
Basic Net Income Per Share	$ 2.36	$ 2.26
Diluted Net Income Per Share	$ 2.36	$ 2.25

Note 3
INVESTMENT SECURITIES

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

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

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

(1) FHLB and FRB stock recorded at cost.

The total proceeds from the sale of investment securities and the gross realized gains and losses from the sale of such securities for each of the last three years are as follows:

(Dollars in Thousands)

Year	Total Proceeds	Gross Realized Gains	Gross Realized Losses
2004	$114,184	$17	$ 3
2003	$ 48,922	$24	$23
2002	$ 44,576	$10	$ -

Total proceeds do not include principal reductions in mortgage-backed securities and proceeds from securities which were called of $17.9 million, $52.4 million, and $37.9 million in 2004, 2003 and 2002, respectively.

As of December 31, 2004, the Company's investment securities had the following maturity distribution based on contractual maturities:

(Dollars in Thousands)	Amortized Cost	Market Value
Due in one year or less	$ 76,958	$ 76,910
Due after one through five years	110,658	110,243
Due after five through ten years	11,666	11,573
Over ten years	11,514	11,514
Total Investment Securities	$210,796	$210,240

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Securities with an amortized cost of $142.8 million and $73.9 million at December 31, 2004 and 2003, respectively, were pledged to secure public deposits and for other purposes.

Securities with unrealized losses at year-end 2004 not recognized in income by period of time unrealized losses have existed are as follows:

	Less Than 12 months		Greater Than 12 months		Total	
(Dollars in Thousands)	Market Value	Unrealized Losses	Market Value	Unrealized Losses	Market Value	Unrealized Losses
U.S. Treasury	$ 30,783	$ 244	$ -	$ -	$ 30,783	$ 244
U.S. Government Agencies and Corporations	88,331	741	-	-	88,331	741
States and Political Subdivisions	13,217	92	-	-	13,217	92
Mortgage-Backed Securities	18,173	80	-	-	18,173	80
Total Investment Securities	$150,504	$1,157	$ -	$ -	$150,504	$1,157

Note 4
LOANS

At December 31, the composition of the Company's loan portfolio was as follows:

(Dollars in Thousands)	2004	2003
Commercial, Financial and Agricultural	$ 206,474	$ 160,048
Real Estate - Construction	140,190	89,149
Real Estate - Commercial Mortgage	655,426	391,250
Real Estate - Residential	438,484	346,170
Real Estate - Home Equity	150,061	116,810
Real Estate - Loans Held-for-Sale	11,830	4,810
Consumer	226,360	233,395
Total Loans, Net of Unearned Interest	$1,828,825	$1,341,632

Nonaccruing loans amounted to $4.6 million and $2.3 million, at December 31, 2004 and 2003, respectively. There were no restructured loans at December 31, 2004 or 2003. Interest on nonaccrual loans is generally recognized only when received. Cash collected on nonaccrual loans is applied against the principal balance or recognized as interest income based upon management's expectations as to the ultimate collectibility of principal and interest in full. If interest on nonaccruing loans had been recognized on a fully accruing basis, interest income recorded would have been $189,000, $166,000, and $116,000 higher for the years ended December 31, 2004, 2003, and 2002, respectively.

Note 5
ALLOWANCE FOR LOAN LOSSES

An analysis of the changes in the allowance for loan losses for the years ended December 31, is as follows:

(Dollars in Thousands)	2004	2003	2002
Balance, Beginning of Year	$12,429	$12,495	$12,096
Acquired Reserves	5,713	-	-
Reserve Reversal [1]	(800)	-	-
Provision for Loan Losses	2,141	3,436	3,297
Recoveries on Loans Previously Charged-Off	1,612	1,037	1,374
Loans Charged-Off	(5,058)	(4,539)	(4,272)
Balance, End of Year	$16,037	$12,429	$12,495

(1) Reflects recapture of reserves allocated to the credit card portfolio, which was sold in August 2004.

Selected information pertaining to impaired loans, at December 31, is as follows:

	2004		2003	
(Dollars in Thousands)	Balance	Valuation Allowance	Balance	Valuation Allowance
With Related Credit Allowance	$ 578	$313	$810	$178
Without Related Credit Allowance	$3,150	-	$477	-

(Dollars in Thousands)	2004	2003	2002
Average Recorded Investment in Impaired Loans	$5,382	$6,737	$2,544
Interest Income on Impaired Loans			
Recognized	140	194	169
Collected in Cash	$ 120	$ 194	$ 169

Note 6
INTANGIBLE ASSETS

The Company had intangible assets of $80.3 million and $25.8 million at December 31, 2004 and December 31, 2003, respectively. Intangible assets at December 31, were as follows:

	2004		2003	
(Dollars in Thousands)	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Core Deposits Intangibles	$ 42,078	$18,300	$33,752	$14,640
Goodwill	58,127	3,786	10,466	3,786
Customer Relationship Intangible	1,867	114	-	-
Non-Compete Agreement	483	50	-	-
Total Intangible Assets	$102,555	$22,250	$44,218	$18,426

Net Core Deposit Intangibles. As of December 31, 2004 and December 31, 2003, the Company had net core deposit intangibles of $23.8 million and $19.1 million, respectively. Amortization expense for the twelve months of 2004, 2003 and 2002 was $3.7 million, $3.2 million and $3.2 million, respectively. The estimated annual amortization expense for the next five years is expected to be approximately $4.4 million per year.

Goodwill. As of December 31, 2004 and December 31, 2003, the Company had goodwill, net of accumulated amortization, of $54.3 million and $6.7 million, respectively. The increase in goodwill is due to the acquisition of Quincy State Bank and Farmers and Merchants Bank of Dublin during 2004. Goodwill is the Company's only intangible asset that is no longer subject to amortization under the provisions of SFAS 142. On December 31, 2004, the Company performed its annual impairment review and concluded that no impairment adjustment was necessary.

Other. As of December 31, 2004, the Company had a customer relationship intangible, net of accumulated amortization, of $1.8 million. This intangible was booked as a result of the March 2004 acquisition of trust customer relationships from Synovus Trust Company. Amortization expense for the twelve months of 2004 was $114,000. Estimated annual amortization expense is $187,000 based on use of a 10-year useful life. The Company also had a non-compete intangible, net of accumulated amortization, of $433,000. This intangible was booked as a result of the October 2004 acquisition of Farmers and Merchants Bank of Dublin. Amortization expense for the twelve months of 2004 was $50,000. Estimated annual amortization expense is $242,000 based on a 2-year useful life.

Note 7
PREMISES AND EQUIPMENT

The composition of the Company's premises and equipment at December 31, was as follows:

(Dollars in Thousands)	2004	2003
Land	$ 13,251	$ 12,152
Buildings	59,311	51,577
Fixtures and Equipment	40,878	43,623
Total	113,440	107,352
Accumulated Depreciation	(54,477)	(53,341)
Premises and Equipment, Net	$ 58,963	$ 54,011

Note 8
DEPOSITS

Interest bearing deposits, by category, as of December 31, were as follows:

(Dollars in Thousands)	2004	2003
NOW Accounts	$ 338,932	$ 276,934
Money Market Accounts	270,095	207,934
Savings Accounts	147,348	110,834
Time Deposits	571,520	422,953
Total	$1,327,895	$1,018,655

At December 31, 2004 and 2003, $4.1 million and $7.2 million, respectively, in overdrawn deposit accounts were reclassified as loans.

Deposits from certain directors, executive officers, and their related interests totaled $23.1 million and $11.1 million at December 31, 2004 and 2003, respectively.

Time deposits in denominations of $100,000 or more totaled $166.8 million and $107.2 million at December 31, 2004 and 2003, respectively.

The balances maintained on deposit with the Federal Reserve Bank to meet reserve requirements as of December 31, 2004 and 2003, were $59.0 million and $57.1 million, respectively.

At December 31, 2004, the scheduled maturities of time deposits were as follows:

(Dollars in Thousands)	
2005	$448,880
2006	64,553
2007	38,309
2008	13,395
2009 and thereafter	6,383
Total	$571,520

Interest expense on deposits for the three years ended December 31, was as follows:

(Dollars in Thousands)	2004	2003	2002
NOW Accounts	$ 733	$ 678	$ 1,272
Money Market Accounts	1,189	1,310	2,904
Savings Accounts	164	189	500
Time Deposits < $100,000	6,683	7,007	12,060
Time Deposits > $100,000	2,546	2,383	3,815
Total	$11,315	$11,567	$20,551

Note 9
SHORT-TERM BORROWINGS

Short-term borrowings included the following:

(Dollars in Thousands)	Federal Funds Purchased	Securities Sold Under Repurchase Agreements	Other Short-Term Borrowings
2004			
Balance at December 31,	$19,800	$58,431	$17,783
Maximum indebtedness at any month end	27,875	77,087	41,941
Daily average indebtedness outstanding	22,291	54,607	23,683
Average rate paid for the year	1.27%	0.71%	2.52%
Average rate paid on period-end borrowings	1.97%	1.12%	3.19%

(Dollars in Thousands)	Federal Funds Purchased	Securities Sold Under Repurchase Agreements	Other Short-Term Borrowings
2003			
Balance at December 31,	$12,624	$53,223	$42,337
Maximum indebtedness at any month end	23,930	90,209	44,226
Daily average indebtedness outstanding	14,768	49,785	36,721
Average rate paid for the year	0.94%	0.59%	2.28%
Average rate paid on period-end borrowings	0.68%	0.31%	2.50%

(Dollars in Thousands)	Federal Funds Purchased	Securities Sold Under Repurchase Agreements	Other Short-Term Borrowings
2002			
Balance at December 31,	$14,120	$77,318	$22,237
Maximum indebtedness at any month end	17,395	77,318	22,237
Daily average indebtedness outstanding	9,079	55,679	7,836
Average rate paid for the year	1.46%	0.87%	1.89%
Average rate paid on period-end borrowings	0.55%	0.83%	2.32%

Note 10
LONG-TERM DEBT

Federal Home Loan Bank Notes. At December 31, Federal Home Loan Bank advances included:

(Dollars in Thousands)	2004	2003
Due on September 12, 2005, fixed rate of 3.06%	$ -	$15,000
Due on December 19, 2005, fixed rate of 6.04%	-	1,103
Due on February 15, 2006, fixed rate of 3.00%	49	86
Due on September 11, 2006, fixed rate of 2.93%	20,000	-
Due on February 13, 2007, fixed rate of 3.05%	3,000	-
Due on April 24, 2007, fixed rate of 7.30%	136	-
Due on May 30, 2008, fixed rate of 2.50%	134	168
Due on June 13, 2008, fixed rate of 5.40%	500	643
Due on November 10, 2008, fixed rate of 4.12%	2,346	2,419
Due on October 19, 2009, fixed rate of 3.69%	784	906
Due on November 10, 2010, fixed rate of 4.72%	774	798
Due on December 31, 2010, fixed rate of 3.85%	1,006	1,115
Due on April 4, 2011, fixed rate of 4.00%(1)	5,000	-
Due on December 18, 2012, fixed rate of 4.84%	610	631
Due on March 18, 2013, fixed rate of 6.37%	699	755
Due on June 17, 2013, fixed rate of 3.53%	977	1,060
Due on June 17, 2013, fixed rate of 3.85%	96	98
Due on June 17, 2013, fixed rate of 4.11%	1,828	1,877
Due on September 23, 2013, fixed rate of 5.64%	998	1,076
Due on January 27, 2014, fixed rate of 5.79%	1,297	1,344
Due on March 10, 2014, fixed rate of 4.21%	694	-
Due on May 27, 2014, fixed rate of 5.92%	527	569
Due on July 20, 2016, fixed rate of 6.27%	1,371	1,489
Due on October 3, 2016, fixed rate of 5.41%	355	-
Due on October 31, 2016, fixed rate of 5.16%	789	-
Due on June 27, 2017, fixed rate of 5.53%	875	-
Due on October 31, 2017, fixed rate of 4.79%	1,070	1,160
Due on December 11, 2017, fixed rate of 4.78%	948	1,021
Due on December 20, 2017, fixed rate of 5.37%	979	1,003
Due on February 26, 2018, fixed rate of 4.36%	2,247	2,418
Due on September 18, 2018, fixed rate of 5.15%	660	708
Due on November 5, 2018, fixed rate of 5.10%	3,749	3,866
Due on December 3, 2018, fixed rate of 4.87%	688	737
Due on December 17, 2018, fixed rate of 6.33%	1,640	1,710
Due on December 24, 2018, fixed rate of 6.29%	742	769
Due on February 16, 2021, fixed rate of 3.00%	884	915
Due on May 30, 2023, fixed rate of 2.50%	1,001	1,031
Due on May 21, 2024, fixed rate of 5.94%	9,000	-
Total outstanding	$68,453	$46,475

(1) This advance is callable quarterly at the option of the FHLB beginning on April 4, 2005.

The contractual maturities of FHLB debt for the five years succeeding December 31, 2004, are as follows:

(Dollars in Thousands)	
2005	$ 2,313
2006	22,509
2007	5,554
2008	4,536
2009	2,386
2010 and thereafter	31,155
Total	$68,453

The Federal Home Loan Bank advances are collateralized with 1-4 family residential mortgage loans and treasury securities. Interest on the Federal Home Loan Bank advances is paid on a monthly basis.

Line of Credit. The Company has the ability to draw on a Revolving Credit Note, due on October 15, 2007. Interest is payable quarterly at LIBOR plus an applicable margin on advances. The revolving credit is unsecured. The existing loan agreement contains certain financial covenants that must be maintained by the Company. At December 31, 2004, the Company was in compliance with all of the terms of the agreement and had $36.0 million available under a $36.0 million line of credit facility. Effective January 1, 2005, in accordance with the terms of the agreement which was executed on October 15, 2004, the amount available under the facility will be reduced from $36.0 million to $25.0 million.

Junior Subordinated Deferrable Interest Note. The Company has issued a $30.9 million junior subordinated deferrable interest note to a wholly owned Delaware statutory trust, Capital City Bank Group Capital Trust I ("CCBG Capital Trust I"). The trust is considered a variable interest entity for which the Company is not the primary beneficiary. Accordingly, the accounts of the trust are not included in the Company's consolidated financial statements. See Note 1 – Summary of Significant Accounting Policies for additional information about the Company's consolidation policy. Details of the Company's transaction with the trust are provided below.

In November 2004, CCBG Capital Trust I issued $30.0 million of trust preferred securities which represent beneficial interest in the assets of the trust. The interest rate is fixed at 5.71% for a period of five years, then adjustable annually to LIBOR plus a margin of 1.90%. The trust preferred securities will mature on December 31, 2034, and are redeemable upon approval of the Federal Reserve Board in whole or in part at the option of the Company at any time after December 31, 2009 and in whole or upon occurance of certain events affecting their tax or regulatory capital treatment. Distributions on the trust preferred securities are payable quarterly on March 31, June 30, September 30, and December 31 of each year. CCBG Capital Trust I also issued $928,000 of common equity securities to Capital City Bank Group, Inc. The proceeds of the offering of trust preferred securities and common equity securities were used to purchase a $30.9 million junior subordinated deferrable interest note issued by the Company, which has terms substantially similar to the trust preferred securities.

The Company has the right to defer payments of interest on the note at any time or from time to time for a period of up to twenty consecutive quarterly interest payment periods. Under the terms of the note, in the event that under certain circumstances there is an event of default under the note or the Company has elected to defer interest on the note, the Company may not, with certain exceptions, declare or pay any dividends or distributions on its capital stock or purchase or acquire any of its capital stock. The Company is current on the interest payment obligation and has not executed the right to defer interest payments on the note.

The Company has entered into an agreement to guarantee the payments of distributions on the trust preferred securities and payments of redemption of the trust preferred securities. Under this agreement, the Company also agrees, on a subordinated basis, to pay expenses and liabilities of the trust other than those arising under the trust preferred securities. The obligations of the Company under the junior subordinated note, the trust agreement establishing the trust, the guarantee and agreement as to expenses and liabilities, in aggregate, constitute a full and conditional guarantee by the Company of the trust's obligations under the trust preferred securities.

Despite the fact that the accounts of CCBG Capital Trust I are not included in the Company's consolidated financial statements, the $30.0 million in trust preferred securities issued by the trust is included in the Tier 1 capital of Capital City Bank Group, Inc. as allowed by Federal Reserve Board guidelines.

Note 11
INCOME TAXES

The provision for income taxes reflected in the statement of income is comprised of the following components:

(Dollars in Thousands)	2004	2003	2002
Current:			
Federal	$13,753	$10,876	$12,123
State	1,381	1,949	2,047
Deferred:			
Federal	656	682	(1,337)
State	109	73	(142)
Total	$15,899	$13,580	$12,691

The net deferred tax assets and the temporary differences comprising that balance at December 31, 2004 and 2003, are as follows:

(Dollars in Thousands)	2004	2003
Deferred Tax Assets attributable to:		
Allowance for Loan Losses	$5,681	$4,216
Associate Benefits	229	-
Unrealized Losses on Investment Securities	203	-
Accrued Pension/SERP	1,390	985
Market Value of Loans	248	-
Interest on Nonperforming Loans	45	-
Core Deposit Intangible Amortization	-	1,524
Intangible Assets	18	-
Accrued Expense	573	461
Other	331	871
Total Deferred Tax Assets	$8,718	$8,057
Deferred Tax Liabilities attributable to:		
Depreciation on Premises and Equipment	$3,433	$2,852
Deferred Loan Costs	2,016	3,041
Unrealized Gains on Investment Securities	-	802
Core Deposit Intangible Amortization	465	-
Securities Accretion	20	65
Other	321	150
Total Deferred Tax Liabilities	6,256	6,910
Net Deferred Tax Assets	$2,463	$1,147

Income taxes provided were different than the tax expense computed by applying the statutory federal income tax rate of 35% to pre-tax income as a result of the following:

(Dollars in Thousands)	2004	2003	2002
Tax Expense at Federal Statutory Rate	$15,845	$13,571	$12,521
Increases (Decreases) Resulting From:			
Tax-Exempt Interest Income	(992)	(957)	(1,084)
State Taxes, Net of Federal Benefit	969	1,314	1,238
Other	77	(348)	16
Actual Tax Expense	$15,899	$13,580	$12,691

Note 12
EMPLOYEE BENEFIT PLANS
Pension Plan

The Company sponsors a noncontributory pension plan covering substantially all of its associates. Benefits under this plan generally are based on the associate's years of service and compensation during the years immediately preceding retirement. The Company's general funding policy is to contribute amounts deductible for federal income tax purposes.

The following table details the components of pension expense, the funded status of the plan, amounts recognized in the Company's consolidated statements of financial condition, and major assumptions used to determine these amounts.

(Dollars in Thousands)	2004	2003	2002
Change in Projected Benefit Obligation:			
Benefit Obligation at Beginning of Year	$ 46,227	$ 37,941	$ 33,642
Service Cost	3,776	3,302	2,842
Interest Cost	2,893	2,571	2,348
Actuarial Loss	2,890	3,196	1,671
Benefits Paid	(1,092)	(1,060)	(2,385)
Expenses Paid	(165)	(237)	(177)
Plan Change [1]	-	514	-
Projected Benefit Obligation at End of Year	$ 54,529	$ 46,227	$ 37,941
Accumulated Benefit Obligation at End of Year	$ 38,325	$ 32,444	$ 26,441
Change in Plan Assets:			
Fair Value of Plan Assets at Beginning of Year	$ 34,784	$ 27,423	$ 30,113
Actual Return on Plan Assets	2,710	4,915	(3,357)
Employer Contributions	4,888	3,744	3,229
Benefits Paid	(1,092)	(1,061)	(2,385)
Expenses Paid	(165)	(237)	(177)
Fair Value of Plan Assets at End of Year	$ 41,125	$ 34,784	$ 27,423
Reconciliation of Funded Status:			
Funded Status	$(13,404)	$(11,443)	$(10,518)
Unrecognized Net Actuarial Losses	11,676	9,993	10,672
Unrecognized Prior Service Cost	1,517	1,732	1,434
Unrecognized Net Transition Obligation	-	1	1
(Accrued) Prepaid Benefit Cost	$ (211)	$ 283	$ 1,589

(Dollars in Thousands)	2004	2003	2002
Components of Net Periodic Benefit Costs:			
Service Cost	$ 3,776	$ 3,302	$ 2,842
Interest Cost	2,893	2,571	2,348
Expected Return on Plan Assets	(2,665)	(2,168)	(2,404)
Amortization of Prior Service Costs	215	216	284
Transition Obligation Recognition	1	1	1
Recognized Net Actuarial Loss	1,163	1,127	317
Net Periodic Benefit Cost	$ 5,383	$ 5,049	$ 3,388
Assumptions:			
Weighted-average used to determine benefit obligations:			
Discount Rate	6.00%	6.25%	6.75%
Expected Return on Plan Assets	8.00%	8.25%	8.25%
Rate of Compensation Increase	5.50%	5.50%	5.50%
Weighted-average used to determine net cost:			
Discount Rate	6.25%	6.75%	7.25%
Expected Return on Plan Assets	8.00%	8.25%	8.25%
Rate of Compensation Increase	5.50%	5.50%	5.50%

(1) Represents a change in mortality assumptions set forth in IRC 417(e).

Return on Plan Assets. The overall expected long-term rate of return on assets is a weighted-average expectation for the return on plan assets. The Company considers historical performance and current benchmarks to arrive at expected long-term rates of return in each asset category. The Company assumed that 65% of its portfolio would be invested in equity securities, with the remainder invested in debt securities.

Plan Assets. The Company's pension plan asset allocation at year-end 2004 and 2003, and the target asset allocation for 2005 are as follows:

	Target Allocation	Percentage of Plan Assets at Year-End	
	2005	2004	2003
Equity Securities	65%	58%	60%
Debt Securities	35%	28%	28%
Real Estate	-	-	-
Other	-	14%	12%
Total	100%	100%	100%

The Company's pension plan assets are overseen by the CCBG Retirement Committee. Capital City Trust Company acts as plan trustee and investment manager. The investment strategy is to maximize return on investments while minimizing risk. The Company believes the best way to accomplish this goal is to take a conservative approach to its investment strategy by investing in high-grade equity and debt securities.

Expected Benefit Payments. As of December 31, 2004, expected benefit payments related to the Company's defined benefit pension plan were as follows:

2005	$ 2,438,891
2006	2,660,318
2007	3,178,166
2008	3,621,447
2009	3,954,736
2010 through 2014	25,227,483
	$41,081,041

Contributions. The following table details the amounts contributed to the pension plan in 2004 and 2003, and the expected amount to be contributed in 2005.

	2004	2003	Expected 2005
Actual Contributions	$4,888,593	$3,743,763	$4,000,000 to $5,000,000

Supplemental Executive Retirement Plan

The Company has a Supplemental Executive Retirement Plan ("SERP") covering selected executives. Benefits under this plan generally are based on the executive's years of service and compensation during the years immediately preceding retirement. The Company recognized expense during 2004, 2003 and 2002 of approximately $490,000, $208,000, and $393,000, respectively, and no minimum liability, at December 31, 2004, 2003 and 2002.

The following table details the components of the Supplemental Executive Retirement Plan's periodic benefit cost, the funded status of the plan, amounts recognized in the Company's consolidated statements of financial condition, and major assumptions used to determine these amounts.

(Dollars in Thousands)	2004	2003	2002
Change in Projected Benefit Obligation:			
Benefit Obligation at Beginning of Year	$ 1,880	$ 2,770	$ 1,458
Service Cost	147	80	118
Interest Cost	198	111	169
Actuarial Loss (Gain)	1,376	(1,107)	1,025
Plan Change [1]	-	26	-
Projected Benefit Obligation at End of Year	$ 3,601	$ 1,880	$ 2,770
Accumulated Benefit Obligation at End of Year	$ 1,894	$ 1,206	$ 1,273

(Dollars in Thousands)	2004	2003	2002
Reconciliation of Funded Status:			
Funded Status	$ (3,601)	$ (1,880)	$ (2,770)
Unrecognized Net Actuarial Loss (Gain)	874	(418)	645
Unrecognized Prior Service Cost	449	511	546
Accrued Benefit Cost	$ (2,278)	$ (1,787)	$ (1,579)
Components of Net Periodic Benefit Costs:			
Service Cost	$ 147	$ 80	$ 118
Interest Cost	198	111	169
Amortization of Prior Service Cost	62	61	59
Recognized Net Actuarial Loss (Gain)	84	(44)	47
Net Periodic Benefit Cost	$ 491	$ 208	$ 393
Assumptions:			
Weighted-average used to determine the benefit obligations:			
Discount Rate	6.00%	6.25%	6.75%
Expected Return on Plan Assets	8.00%	8.25%	8.25%
Rate of Compensation Increase	5.50%	5.50%	5.50%
Weighted-average used to determine the net cost:			
Discount Rate	6.25%	6.75%	7.25%
Expected Return on Plan Assets	8.00%	8.25%	8.25%
Rate of Compensation Increase	5.50%	5.50%	5.50%

(1) Represents a change in mortality assumptions set forth in IRC 417(e)

Expected Benefit Payments. As of December 31, 2004, expected benefit payments related to the Company's SERP were as follows:

2005	$ 17,519
2006	19,411
2007	20,507
2008	103,905
2009	218,825
2010 through 2014	2,720,069
	$3,100,236

401(k) Plan

The Company has a 401(k) Plan which enables associates to defer a portion of their salary on a pre-tax basis. The plan covers substantially all associates of the Company who meet minimum age requirements. The plan is designed to enable participants to elect to have an amount from 1% to 15% of their compensation withheld in any plan year placed in the 401(k) Plan trust account. Matching contributions from the Company are made up to 6% of the participant's compensation for some qualifying associates. During 2004 and 2003, the Company made matching contributions of $66,281 and $32,258, respectively. There were no contributions made by the Company for 2002. The participant may choose to invest their contributions into seventeen investment funds available to CCBG participants, including CCBG's common stock. A total of 50,000 shares of Capital City Bank Group, Inc. stock have

been reserved for issuance.

Other Plans

The Company has a Dividend Reinvestment and Optional Stock Purchase Plan. A total of 250,000 shares have been reserved for issuance. In recent years, shares for the Dividend Reinvestment and Optional Stock Purchase Plan have been acquired in the open market and, thus, CCBG did not issue any shares under this plan in 2004, 2003 and 2002.

Note 13
EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

(Dollars in Thousands, Except per Share Data)	2004	2003	2002
Numerator:			
Net Income	$ 29,371	$ 25,193	$ 23,082
Denominator:			
Denominator for Basic Earnings Per Share Weighted-Average Shares	13,443,753	13,222,487	13,225,285
Effects of Dilutive Securities			
Stock Compensation Plans	4,184	28,702	49,070
Denominator for Diluted Earnings Per Share Adjusted Weighted-Average Shares and Assumed Conversions	13,447,937	13,251,189	13,274,355
Basic Earnings Per Share	$ 2.18	$ 1.91	$ 1.75
Diluted Earnings per Share	$ 2.18	$ 1.90	$ 1.74

Note 14
CAPITAL

The Company is subject to various regulatory capital requirements which involve quantitative measures of the Company's assets, liabilities and certain off-balance sheet items. The Company's capital amounts and classification are subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Quantitative measures established by regulation to ensure capital adequacy require that the Company maintain amounts and ratios (set forth in the table below) of total and Tier I capital to risk-weighted assets, and of Tier I capital to average assets. As of December 31, 2004, the Company met all capital adequacy requirements to which it is subject.

A summary of actual, required, and capital levels necessary to be considered well-capitalized for Capital City Bank Group, Inc. consolidated and its banking subsidiary, Capital City Bank, as of December 31, 2004 and December 31, 2003 are as follows:

	Actual		Required For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Action Provisions	
(Dollars in Thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2004:						
Tier I Capital:						
CCBG	$207,776	11.44%	$ 72,617	4.00%	*	*
CCB	199,565	11.01%	72,506	4.00%	$108,759	6.00%
Total Capital:						
CCBG	223,813	12.33%	145,235	8.00%	*	*
CCB	215,602	11.89%	145,012	8.00%	181,265	10.00%
Tier I Leverage:						
CCBG	207,776	8.79%	54,463	3.00%	*	*
CCB	199,564	8.47%	54,379	3.00%	90,632	5.00%
As of December 31, 2003:						
Tier I Capital:						
CCBG	$175,631	12.88%	$ 54,547	4.00%	*	*
CCB	167,698	12.32%	54,438	4.00%	$ 81,658	6.00%
Total Capital:						
CCBG	188,059	13.79%	109,094	8.00%	*	*
CCB	180,126	13.24%	108,877	8.00%	136,096	10.00%
Tier I Leverage:						
CCBG	175,631	9.51%	40,910	3.00%	*	*
CCB	167,698	9.10%	40,829	3.00%	68,048	5.00%

**Non-applicable to bank holding companies.*

Note 15
DIVIDEND RESTRICTIONS

Substantially all the Company's retained earnings are undistributed earnings of its banking subsidiary which are restricted by various regulations administered by federal and state bank regulatory authorities.

The approval of the appropriate regulatory authority is required if the total of all dividends declared by a subsidiary bank in any calendar year exceeds the bank's net profits (as defined under Florida law) for that year combined with its retained net profits for the preceding two calendar years. In 2005, the bank subsidiary may declare dividends without regulatory approval of $35.2 million plus an additional amount equal to the net profits of the Company's subsidiary bank for 2005 up to the date of any such dividend declaration.

Note 16
RELATED PARTY INFORMATION

DuBose Ausley, a Director of the Company, is employed by and is the former Chairman of Ausley & McMullen, the Company's general counsel. Fees paid by the Company and its subsidiary for legal services, in aggregate, approximated $797,000, $765,000, and $647,000 during 2004, 2003, and 2002, respectively.

Under a lease agreement expiring in 2024, the Bank leases land from a partnership in which several directors and officers have an interest. The lease agreement with Smith Interests General Partnership L.L.P., provides for annual lease payments of approximately $91,000, to be adjusted for inflation in future years.

At December 31, 2004 and 2003, certain officers and directors were indebted to the Company's bank subsidiary in the aggregate amount of $18.8 million and $17.8 million, respectively. During 2004, $13.6 million in new loans were made and repayments totaled $12.6 million. In the opinion of management, these loans were made on similar terms as loans to other individuals of comparable creditworthiness and were all current at year-end.

Note 17
SUPPLEMENTARY INFORMATION

Components of other noninterest income and noninterest expense in excess of 1% of the sum of total interest income and noninterest income, which are not disclosed separately elsewhere, are

(Dollars in Thousands)	2004	2003	2002
Merchant Fee Income	$5,135	$4,563	$3,715
Interchange Commission Fees	2,229	2,183	2,133
Noninterest Expense:			
Professional Fees	2,858	1,918	1,895
Printing & Supplies	1,854	1,742	1,772
Telephone	2,048	1,872	1,832
Commission/Service Fees	4,741	4,181	3,464

Note 18
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 December 31, 2004, the amounts associated with the Company's off-balance sheet obligations were as follows:

(Dollars in Thousands)	Amount
Commitments to Extend Credit [1]	$407,331
Standby Letters of Credit	$ 17,844

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

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

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities. In general, management does not anticipate any material losses as a result of participating in these types of transactions. However, any potential losses arising from such transactions are reserved for in the same manner as management reserves for its other credit facilities.

For both on- and off-balance sheet financial instruments, the Company requires collateral to support such instruments when it is deemed necessary. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained upon extension of credit is based on management's credit evaluation of the counterparty. Collateral held varies, but may include deposits held in financial institutions; U.S. Treasury securities; other marketable securities; real estate; accounts receivable; property, plant and equipment; and inventory.

Other Commitments. In the normal course of business, the Company enters into lease commitments. Minimum lease payments under leases classified as operating leases due in each of the five years subsequent to December 31, 2004, are as follows (in millions): 2005, $1.3; 2006, $1.2; 2007, $1.1; 2008, $1.1; and 2009, $1.1.

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.

Note 19
FAIR VALUE OF FINANCIAL INSTRUMENTS

Many of the Company's assets and liabilities are short-term financial instruments whose carrying values approximate fair value. These items include Cash and Due From Banks, Interest Bearing Deposits with Other Banks, Federal Funds Sold, Federal Funds Purchased, Securities Sold Under Repurchase Agreements, and Short-Term Borrowings. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. The resulting fair values may be significantly affected by the assumptions used, including the discount rates and estimates of future cash flows.

The methods and assumptions used to estimate the fair value of the Company's other financial instruments are as follows:

Investment Securities – Fair values for investment securities are based on quoted market prices. If a quoted market price is not available, fair value is estimated using market prices for similar securities.

Loans – The loan portfolio is segregated into categories and the fair value of each loan category is calculated using present value techniques based upon projected cash flows and estimated discount rates. The calculated present values are then reduced by an allocation of the allowance for loan losses against each respective loan category.

Deposits – The fair value of Noninterest Bearing Deposits, NOW Accounts, Money Market Accounts and Savings Accounts are the amounts payable on demand at the reporting date. The fair value of fixed maturity certificates of deposit is estimated using present value techniques and rates currently offered for deposits of similar remaining maturities.

Subordinated Note Payable - The fair value of the note is calculated using present value techniques, based upon projected cash flows and estimated discount rates as well as rates being offered for similar obligations.

Long-Term Borrowings – The fair value of each note is calculated using present value techniques, based upon projected cash flows and estimated discount rates as well as rates being offered for similar debt.

Commitments to Extend Credit and Standby Letters of Credit – The fair value of commitments to extend credit is estimated using the fees currently charged to enter into similar agreements, taking into account the present creditworthiness of the counterparties. Fair value of these fees is not material.

The Company's financial instruments that have estimated fair values are presented below:

	At December 31,			
	2004		2003	
(Dollars in Thousands)	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial Assets:				
Cash	$ 87,039	$ 87,039	$ 93,140	$ 93,140
Short-Term Investments	74,506	74,506	125,452	125,452
Investment Securities	210,240	210,240	181,734	181,734
Loans, Net of Allowance for Loan Losses	1,812,788	1,816,670	1,329,203	1,365,541
Total Financial Assets	$2,184,573	$2,188,455	$1,729,529	$1,765,867
Financial Liabilities:				
Deposits	$1,894,886	$1,791,797	$1,474,205	$1,486,539
Short-Term Borrowings	96,014	96,053	108,184	108,184
Subordinated Note Payable	30,928	31,040	-	-
Long-Term Borrowings	68,453	68,582	46,475	47,270
Total Financial Liabilities	$2,090,281	$1,987,472	$1,628,864	$1,641,993

Certain financial instruments and all nonfinancial instruments are excluded from the above table. The disclosures also do not include certain intangible assets such as customer relationships, deposit base intangibles and goodwill. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

Note 20
PARENT COMPANY FINANCIAL INFORMATION

The operating results of the parent company for the three years ended December 31, are shown below:

Parent Company Statements of Income

(Dollars in Thousands)	2004	2003	2002
OPERATING INCOME			
Income Received from Subsidiary Bank:			
Dividends	$12,716	$11,599	$12,678
Overhead Fees	3,232	2,935	3,061
Other Income	2	-	59
Total Operating Income	15,950	14,534	15,798

(Dollars in Thousands)	2004	2003	2002
OPERATING EXPENSE			
Salaries and Associate Benefits	$ 2,257	$ 1,847	$ 2,311
Interest on Long-Term Borrowings	33	-	7
Interest on Subordinated Note Payable	294	-	-
Professional Fees	895	1,104	994
Advertising	286	193	138
Legal Fees	468	374	197
Other	480	404	335
Total Operating Expense	4,713	3,922	3,982
Income Before Income Taxes and Equity in Undistributed Earnings of Subsidiary Bank	11,237	10,612	11,816
Income Tax Benefit	(581)	(278)	(248)
Income Before Equity in Undistributed Earnings of Subsidiary Bank	11,818	10,890	12,064
Equity in Undistributed Earnings of Subsidiary Bank	17,553	14,303	11,018
Net Income	$29,371	$25,193	$23,082

The following are condensed statements of financial condition of the parent company at December 31:

Parent Company Statements of Financial Condition

(Dollars in Thousands, Except Per Share Data) (1)	2004	2003
ASSETS		
Cash and Due From Subsidiary Bank	$ 6,893	$ 7,850
Investment in Subsidiary Bank	282,034	196,316
Other Assets	1,536	1,310
Total Assets	$290,463	$205,476
LIABILITIES		
Subordinated Note Payable	$ 30,928	$ -
Other Liabilities	2,735	2,667
Total Liabilities	$ 33,663	$ 2,667
SHAREOWNERS' EQUITY		
Preferred Stock, $.01 par value, 3,000,000 shares authorized; no shares issued and outstanding	-	-
Common Stock, $.01 par value; 90,000,000 shares authorized; 14,155,312 and 13,236,462 shares issued and outstanding at December 31, 2004 and December 31, 2003, respectively	142	132
Additional Paid-In Capital	52,363	16,157
Retained Earnings	204,648	185,134
Accumulated Other Comprehensive (Loss) Income, Net of Tax	(353)	1,386
Total Shareowners' Equity	256,800	202,809
Total Liabilities and Shareowners' Equity	$290,463	$205,476

(1) All share and per share data have been adjusted to reflect the 5-for-4 stock split effective June 13, 2003.

The cash flows for the parent company for the three years ended December 31, were as follows:

Parent Company Statements of Cash Flows

(Dollars in Thousands)	2004	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	$29,371	$25,193	$23,082
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Equity in Undistributed Earnings of Subsidiary Bank	(17,553)	(14,303)	(11,018)
Non-Cash Compensation	1,707	508	892
Increase in Other Assets	(189)	(130)	(256)
Increase (Decrease) in Other Liabilities	68	300	(2,603)
Net Cash Provided by Operating Activities	13,404	11,568	10,097
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net Cash Paid for Investment in Subsidiary	(928)	-	-
Increase in Investment in Bank Subsidiary	(35,688)	-	-
	(36,616)	-	-
CASH FROM FINANCING ACTIVITIES:			
Proceeds from Subordinated Note	30,928	-	-
Increase in Other Long-Term Borrowings	30,000	-	2,040
Repayments of Long-Term Borrowings	(30,000)	-	(2,040)
Payment of Dividends	(9,857)	(8,646)	(6,644)
Repurchase of Common Stock	-	(17)	(3,395)
Issuance of Common Stock, Net	1,184	975	688
Net Cash Provided by (Used in) Financing Activities	22,255	(7,688)	(9,351)
Net (Decrease) Increase in Cash	(957)	3,880	746
Cash at Beginning of Period	7,850	3,970	3,224
Cash at End of Period	$ 6,893	$ 7,850	$ 3,970

Note 21
COMPREHENSIVE INCOME

SFAS No. 130, "Reporting Comprehensive Income," requires that certain transactions and other economic events that bypass the income statement be displayed as other comprehensive income (loss). The Company's comprehensive income (loss) consists of net income (loss) 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 are reported as other comprehensive (loss) income and totaled ($1,739,000), ($1,735,000), and $771,000 for 2004, 2003 and 2002, respectively. Reclassification adjustments consist only of realized gains on sales of investment securities and were not material for the years ended December 31, 2004, 2003 and 2002.

officers, directors and community boards

Capital City Bank Group, Inc.
Tallahassee, Florida

OFFICERS

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

Thomas A. Barron
Treasurer

J. Kimbrough Davis
Executive Vice President
and Chief Financial Officer

John M. Hutchison
Senior Vice President

Ray A. Johnson
Senior Vice President

DIRECTORS

DuBose Ausley
Attorney
Ausley & McMullen, P.A.

Thomas A. Barron
President
Capital City Bank

Frederick Carroll, III
Managing Partner
Carroll and Company, CPAs

Cader B. Cox, III
President
Riverview Plantation Inc.

J. Everitt Drew
President
St. Joe Land Company

John K. Humphress
Partner
Krause Humphress Pace &
Wadsworth, Chartered CPAs

Lina S. Knox
Community Volunteer

Ruth A. Knox
Attorney/President
Wesleyan College

Henry Lewis, III, PharmD, RPH
Dean and Professor
Florida A&M University
College of Pharmacy

John R. Lewis, PhD
President and Chief Executive Officer
Super-Lube, Inc.

William G. Smith, Jr.
Chairman, President
and Chief Executive Officer
Capital City Bank Group, Inc.

Capital City Bank
Tallahassee, Florida

OFFICERS

William G. Smith, Jr.
Chairman of the Board

Thomas A. Barron
President

J. Kimbrough Davis
Executive Vice President and
Chief Financial Officer

Andy Andrews
Executive Vice President

Flecia Braswell
Executive Vice President

Randolph K. Briley
Executive Vice President

Edward G. Canup
Executive Vice President

William D. Colledge
Executive Vice President

Noel A. Ellis
Executive Vice President

Mitchell R. Englert
Executive Vice President

Russell S. Grosvenor
Executive Vice President

Karen H. Love
Executive Vice President

Roger Miller
Executive Vice President

Frances Purvis
Senior Vice President,
Senior Office Manager

Cynthia Y. Pyburn
Senior Vice President

Dale A. Thompson
Executive Vice President

Edwin N. West, Jr.
Executive Vice President

Charles J. Davis
Senior Vice President

Jep Larkin
Senior Vice President, Controller

Robert K. Mayer
Senior Vice President

William L. Moor, Jr.
Senior Vice President

William R. Rodrigues
Senior Vice President

David Sanda
Senior Vice President

James Y. Scarboro
Senior Vice President

William P. Smith, Jr.
Senior Vice President

Stephen Stabler
Senior Vice President

Mark W. Strickland
Senior Vice President

Emory F. Sullivan
Senior Vice President

Beverly H. Black
Community President, Burke County

Clifton E. Bradley
Community President, Dixie, Gilchrist,
Levy and Suwannee Counties

Roy L. Carter
Community President
Washington County

Drew Ferguson, III
Community President
Troup and Chambers Counties

Larry R. Fredrick
Community President, Putnam County

W. W. Gunnels, Jr.
Community President
Jefferson and Madison Counties

Stephen Jukes
Community President, Bibb County

C. Stephen Martin
Community President
Citrus County/Inglis

Terry McRae
Community President, Grady County

Wallace Miller
Community President
Laurens County

Jeffrey L. Oody
Community President
Bradford and Clay Counties

James R. Suber
Community President,
Gadsden County

Johanna White
Community President, Gulf County

Susan E. Wise
Community President, Taylor County

DIRECTORS

Daniel M. Ausley
Owner
MASK Development

Thomas A. Barron
President
Capital City Bank

Gregory V. Beauchamp
Attorney
Gregory V. Beauchamp, PA

Robert J. Beauchamp
Certified Public Accountant
Beauchamp & Edwards, PA

Donald T. Bennink
Dairy Farmer/Owner
North Florida Holsteins

Kenneth R. Hart
President
Ausley & McMullen, PA

E. Cantey Higdon
Investor

John B. Higdon
Investor
Higdon Investment Co.

McGrath Keen, Jr.
Private Investor

Harold M. Knowles
Attorney/Shareholder
Knowles, Marks & Randolph

Blucher B. Lines
Attorney
Lines, Hinson & Lines

S. Craig McMillan
President, Pat Thomas & Associates
Insurance, Inc.

John B. Mowell
President
Mowell Financial Group, Inc.

William G. Smith, Jr.
Chairman, President
and Chief Executive Officer
Capital City Bank Group, Inc.

Ben H. Wilkinson, Jr.
Partner
Tallahassee Land Company

Fred M. Williams, Jr.
President
Williams Timber, Inc.

P. Graves Williams
President
Q. L. Enterprises, Inc.

SUBSIDIARIES

Capital City Securities, Inc.
William L. Moor, Jr.
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Capital City Services Company
Russell S. Grosvenor
President

Mark Newman
Senior Vice President

Cynthia Y. Pyburn
Senior Vice President

Capital City Trust Company

Randolph M. Pople
President

Robert A. Barnett
Senior Vice President

R. David Maloy, Jr.
Senior Vice President

Ross P. Obley
Senior Vice President

COMMUNITY BOARDS

Bibb County Community Board

Marilyn L. Ashmore
Director, Capital Campaign -
Museum of Aviation Foundation

Leonard Bevill
CEO/Co-owner
Macon Occupational Medicine

Charles K. Buafo, M.D.
Chief of Staff, Medical Center of
Central Georgia

Dudley B. Christie, Jr.
Investor

Robert J. Cleveland, Jr.
President, Vantage Homes, Inc.

Guy B. Eberhardt, Sr.
President, Eberhardt Industries, Inc.

J. Milton Heard, IV
President, Hart's Mortuary

T. Baldwin Martin, Jr.
Retired Attorney

Paul R. Nagle
Investor

Edmund E. Olson
President
Sports Towne/Macon Knights

James A. Upshaw, M.D.
Partner
Internal Medicine Associates, P.C.

Bradford/Clay Counties
Community Board

Steve Denmark
Owner, Denmark Furniture Store

Susan Faulkner-O'Neal
Owner, Faulkner Realty

William E. Edwards
Area Distributor Manager
Georgia Power Company

William Marchese, DMD
Owner, Bradford Family Dentistry

John M. Miller
Owner, Bradford County Telegraph

Douglas E. Reddish
Partner, Reddish & White CPAs

Burke County
Community Board

Rickie Blackburn
Owner, Delta Termite & Pest Control

Gregory Coursey
Sheriff of Burke County

William Edwards
Area Distribution Manager
Georgia Power Company

William H. Harper, Jr.
Owner, Harper Consulting, Inc.

C.W. Hopper
Retired, Burke County Commission

Robert H. McKinney
Owner
McKinney Wholesale Company, Inc.

Bonnie Taylor
General Manager, The True Citizen

Citrus County
Community Board

C.L. Calloway
District Manager
Withlacoochee River Electric
Cooperative, Inc.

Dolores H. Clark
President/Owner
R&R Clark Construction, Inc.

Alana Crowder
Publisher
Nature Coast Visitors Guide, Inc.

Billy G. Lafferty
President/Owner
Total Rental Centers, Inc.

William M. Lyons
Semi-Retired, Real Estate

officers, directors and community boards

Gadsden County Community Board

John N. Bert
Owner/Editor, Havana Herald,
Twin City News, and Havana Publishing

John Shaw Curry
Retired Attorney

Michael Dooner
President
Southern Forestry Consultants

George Hackney
Owner/President
Hackney Nursery, Inc.

Harold J. Henderson, Ph.D.
President
Henderson Care Centers, Inc.

E.W. Hinson, Jr.
Owner/President
Hinson Oil Company

Alma Littles, M.D.
Professor/Assoc. Dean for Academic Affairs
FSU College of Medicine

William W. Mahaffey
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Mahaffey Agency, Inc.

Terrance L. Massey
President
Massey Drugs

William M. Maxwell
President
Maxwell & Suber Co.

Fount H. May, Jr.
President, May Nursery, Inc.

W. Dale Summerford
Tax Collector
Gadsden County

Bruce H. Thomas
President
Thomas Motor Cars

Pat M. Woodward, MD
Retired

Gilchrist County Community Board

Theodore M. Burt
Partner, Burt & Feather, PTR

Howell E. Lancaster, Jr.
President, Lancaster Oil

Gary E. Rexroat
Physician's Assistant
Chiefland Medical Center

Jimmie L. Troke
Co-Owner/REALTOR®, Troke Realty, Inc.

Grady County Community Board

John P. Bell, Jr.
President/Owner, Bell Irrigation,Inc.

Jo Ann Butler
Owner, Joe McNair, Inc.

Phillip Drew
President, Drew Oil Company

Michael L. Gainous
Owner, Triple L. Timber

Ken LeGette
President, Graco Fertilizer, Inc.

Sidney Pridgen
Owner, Center Drugs

Ray Prince
Owner, Prince Farms

Earl Stuckey
Owner/President, Stuckey Construction, Inc.

Richard VanLandingham
CEO, Monrovia Nursery Company

John B. Wight, Jr.
Retired

Reverend Sylvester Williams
Pastor, Beulah Missionary Baptist Church

Gulf County Community Board

Mark Costin
Owner, St. Joe Ace Hardware

B. Phillip Earley
Owner/Operator, St. Joe Rental

J. Patrick Farrell, Jr.
Owner/REALTOR®, St. Joe Realty

Shirley Jenkins
Tax Collector, Gulf County

Tommy Pitts
Port Director, Port St. Joe Port Authority

Eugene Raffield
Vice President, Raffield Fisheries, Inc.

Willie Mae Roche
Owner, Holland Roche Design

Clay Smallwood
President, St. Joe Timberland

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Vice Moderator Board of Trustees,
Hernando Health Care

Thomas D. Barb
Executive Director, Hernando Health Care

David R. Carter
Attorney, Law Offices of David R. Carter, PA

Carl A. Feddeler
President, CA Feddeler, Inc., Real Estate
Brokerage/Krysher-Delzer, Inc.

Michael J. Kierzynski
Certified Public Accountant
Kierzynski & Associates, CPAs, PA

Joseph Mazzuco, Jr.
President/Owner
Royal Coachman Homes, Inc.

G. Frank Parker
Certified Public Accountant
Stone, Parker & Assimack, CPA, PA

Jefferson County Community Board

Frank Blow
Owner
Fantasia Enterprises

Teresa Diane Freeman
Senior Engineering Representative
Progress Energy-Florida

Brian T. Hayes
Attorney, Brian T. Hayes, P.A.

Felix R. Joyner
Owner, Joyner's Travel Center

George W. Miller
Accountant, Miller Accounting, Inc.

Thomas B. Scott
Owner, Scott Septic Tank Service

Jerry P. Walton, Jr.
Managing Partner
Big Bend Timber Services, LLC

Laurens County Community Board

Nelson Carswell, Jr.
Physician, Children's Clinic

Eddie Herrin
Owner, Agriculture wholesale distributor

Leon County Community Board

Ashley P. Beggs
Co-Owner/President, Beggs Funeral Homes

Lawrence Carter, Ph.D.
Associate Dean, Florida A&M University

J. Marshall Conrad
Attorney, Ausley & McMullen, P.A.

Kevin M. Davis
REALTOR®, ERA/Blue Chip Realty

Erin Ennis
Vice President - Finance and Administration
St Joe Land Company

Fincher W. Smith
Restaurant Owner, McFinch Management, Co.

Roger C. Smith
Chairman, Prime Credit Corporation

Glenda L. Thornton
Partner, Foley & Lardner

Levy County Community Board

Sharon C. Brannan
Sharon C. Brannan, CPA, PA

Donald M. McCoy, Jr., M.D.
Physician, Nature Coast Medical Group

Robert E. Mount, Jr., DDS
Dentist

Madison County Community Board

Henry N. Davis
President, Davis Enterprises

Frederick M. Norfleet, Sr.
Pharmacist/Investor

Pam Schoelles
President, Schoelles & Associates, Inc.

Lucas M. Waring
Owner, Lucas Waring Enterprises, Inc.
Odiorne Insurance Agency

Gary L. Williams
Owner, Williams Electric

Putnam County Community Board

Bruce A. Baldwin
CEO, Putnam Community Medical Center

U.D. Floyd
Owner, Floyd Farms

Mildred G. Horton
Retired, St. John's Water Management District

Daniel A. Martinez
Retired, Georgia Pacific

Randall S. Mathews
President/CEO
Mathews' Moving and Storage, Inc., et al.

R. L. McLendon, Jr.
President, St. Johns River Community College

E. David Risch, MD
Orthopedic Surgeon, E. David Risch, MD, PA

Q. Irving Roberts
President/Owner, Roberts Communications, Inc.
Communications Products, Inc./Roberts Land &
Timber Company, Inc.

Preston Breck Sloan
President, Beck Auto Sales, Inc.

Suwannee County Community Board

Benita Byrd
Office Manager, T.W. Byrd's Sons, Inc.

Charles E. Hatch
President, Hatch Brothers Farms, Inc.

Charles D. Hurst
C & D Farms, Inc.

Brian L. McAdams, DVM
Co-Owner/President, McAdams Dairy Farm, Inc.

Robbie Suggs
Co-Owner, North Florida Bio-Med

Taylor County Community Board

James C. Bassett
President, Bassett Dairy Products, Inc.

Donald R. Everett
President, Ware Oil & Supply Co.

William R. Grant
President, Perry Auto Supply, Inc.

Carl Gross
President, CG Contractors, Inc.

Michael R. Lynn
President, Michael Lynn, Inc.

Grady C. Moore, Jr.
President, Grady C. Moore Real Estate, Inc.

Joe R. Roberts, III
Chief Financial Officer, Roberts Lumber Co. &
RDS Manufacturing Co.

Michael S. Smith
Attorney, Smith, Smith & Moore, P.A.

Troup/Chambers County Community Board

Carter Brown
Real Estate Broker, Spinks Brown Durand
Realtors

Jerry Cash
Owner, Greene Super Drug

Thomas Ray Edwards
Owner, Valley Resale

A. Drew Ferguson, IV
Owner, A. Drew Ferguson, IV, DMD

L. Foy Fisher, III
Vice President/Human Resources,
West Point Stevens

officers, directors and community boards

Edmund C. Glover
Chairman/CEO Batson Cook Company

John Hood
Owner, Hood's Pharmacy

Scott A. Huguley
Chairman, Troup/Chambers County Community Board

Willis A. Johnson
President, Johnson Brown Service Funeral Home, Inc.

William L. Nix
Attorney, Morrow & Nix

Casper Y. Wood, Jr.
Editor/Publisher, Valley Times News

Washington County Community Board

James Edwin Davis
Owner, ChuckWagon House Restaurant and Davis Angus, Inc.

W. Mark Garney
Family Nurse Practitioner

Margaret Gilmore
Secretary/Treasurer, Blackburn Properties, Inc.

Rebecca J. Harris
Branch Manager Associated Land Title Group, Inc.

Vivian P. Morris, EdD
Educator

Robert W. Snare, MD
Physician, Robert W. Snare, M.D.

Lamar L. Townsend
Owner, L. Townsend Mini Storage

Emeritus Board

Ned P. Brafford
R. Spencer Burress
C. Bob Butler
Donald E. Grant
Sumpter James
Damon D. King
James T. McNeill
Payne H. Midyette, Jr.
G. Ulmer Miller
John L. Miller
M. William Miller
Harold Mills
John T. Mitchell, Sr.
William L. Moor
Millard J. Noblin
James M. Pafford
John H. Parker, Jr., M.D.
Wesley Ramsey
Jack G. Rich
Rodney L. Scarboro
P. W. Shelfer
George A. Stephens
Giles C. Toole, Jr.
Mary M. Whatley
Earlene U. Wheeler
Warren Winkler

shareowner information

How to Communicate With Capital City Bank Group, Inc.

Telephone
(850) 671-0300

Mailing Address
P. O. Box 11248
Tallahassee, Florida 32302

Internet Address
www.ccbg.com

Capital City Bank Direct Automated
Tallahassee Area
(850) 671-0400
Outside Tallahassee
(888) 671-0400

Capital City Bank Direct Client Service Center
Tallahassee Area
(850) 671-0400
Outside Tallahassee
(888) 671-0400

Trust and Investment Management Services
(850) 671-0315

Corporate Headquarters
Capital City Bank Group, Inc.
William G. Smith, Jr.
Chairman, President and Chief Executive Officer
217 North Monroe Street
Tallahassee, Florida 32301
(850) 671-0300

Notice of Annual Meeting
The Annual Meeting of Shareowners will be held on Tuesday, April 26, 2005, 11:00 a.m., at Wesleyan College in Macon, Georgia.

Shareowner Services
Shareowners desiring to change the name, address or ownership of stock, to report lost certificates or to consolidate accounts should contact:

American Stock Transfer and Trust Company
59 Maiden Lane
New York, New York 10007
(212) 936-5100
(800) 937-5449

Independent Public Accountants
KPMG, LLP
Jacksonville, Florida

General Counsel
Ausley & McMullen, P.A.
Tallahassee, Florida

General Information
Analysts, investors and others seeking financial information should contact:

J. Kimbrough Davis
Executive Vice President and Chief Financial Officer
or
Robert H. Smith
Vice President
Capital City Bank Group, Inc.
P. O. Box 11248
Tallahassee, Florida 32302
(850) 671-0300

Capital City Bank Group, Inc. common stock trades on The Nasdaq Stock Market® under the symbol CCBG.

Form 10-K
A copy of the Company's 2003 Annual Report on Form 10-K, filed with the Securities and Exchange Commission, is available at no charge upon written request to the Chief Financial Officer listed under General Information.

Banks in the Capital City Bank Group, Inc. are members of the Federal Deposit Insurance Corporation.

locations

ALABAMA

Chambers County
Fob James Office
375 Fob James Drive
Valley, Alabama 36854
(334) 756-8550

Shawmut Office
3503 20th Avenue
Valley, Alabama 36854
(334) 768-5410

FLORIDA

Alachua County
Gainesville Mortgage Lending Office
3760 NW 83rd Street, Suite 2
Gainesville, Florida 32606
(352) 395-1330

Bradford County
Starke Office
350 North Temple Avenue
Starke, Florida 32091
(904) 964-7050

Citrus County
Citrus Springs Office
10241 North Florida Avenue
Citrus Springs, Florida 34434
(352) 465-0035

Crystal River Office
101 Southeast U.S. Highway 19
Crystal River, Florida 34429
(352) 795-6100

Floral City Office
7697 South Florida Avenue
Floral City, Florida 34436
(352) 344-1555

Inverness Office
1500 North U.S. Highway 41
Inverness, Florida 34450
(352) 726-3200

Clay County
Keystone Heights Office
405 South Lawrence Boulevard
Keystone Heights, Florida 32656
(352) 473-4952

Dixie County
Cross City Office
Barber and Chewning Avenue
Cross City, Florida 32628
(352) 498-5536

Gadsden County
Chattahoochee Office
316 West Washington Street
Chattahoochee, Florida 32324
(850) 663-4355

Havana Office
102 South Main Street
Havana, Florida 32333
(850) 539-5805

Quincy Office
4 E. Washington Street
Quincy, Florida 32351
(850) 875-1000

Gilchrist County
Bell Office
690 South U.S. Highway 129
Bell, Florida 32619
(352) 463-7660

Fanning Springs Office
7240 U.S. Highway 19
Fanning Springs, Florida 32693
(352) 463-6537

Trenton Office
109 West Wade Street
Trenton, Florida 32693
(352) 463-2329

Gulf County
Port St. Joe Office
504 Monument Avenue
Port St. Joe, Florida 32456
(850) 229-8282

Hernando County
Mariner Boulevard Office
7101 Mariner Boulevard
Spring Hill, Florida 34609
(352) 597-2707

Suncoast Spring Hill Office
14302 Spring Hill Drive
Spring Hill, Florida 34609
(352) 797-6700

Jefferson County
Monticello Office
800 South Jefferson Street
Monticello, Florida 32344
(850) 671-0589

Leon County
Apalachee Parkway Office
1801 Apalachee Parkway
Tallahassee, Florida 32301
(850) 671-0579

Apalachee Parkway East Office
3513 Apalachee Parkway
Tallahassee, Florida 32311
(850) 942-3100

Bradfordville Office
6691 Thomasville Road
Tallahassee, Florida 32312
(850) 906-5760

Capital Circle Northwest Office
1456 Capital Circle, Northwest
Tallahassee, Florida 32303
(850) 575-1705

Centerville Road Office
2375 Centerville Road
Tallahassee, Florida 32308
(850) 671-0665

Governor's Square Mall Office
Governor's Square Mall
1500 Apalachee Parkway
Tallahassee, Florida 32301
(850) 671-0640

Lake Jackson Office
3815 North Monroe Street
Tallahassee, Florida 32303
(850) 671-0643

Mahan Office
3255 Mahan Drive
Tallahassee, Florida 32308
(850) 671-0384

Main Office
217 North Monroe Street
Tallahassee, Florida 32301
(850) 671-0300

Metropolitan Office
1301 Metropolitan Boulevard
Tallahassee, Florida 32308
(850) 671-0583

North Monroe Office
2111 North Monroe Street
Tallahassee, Florida 32303
(850) 671-0655

South Monroe Office
3404 South Monroe Street
Tallahassee, Florida 32301
(850) 671-0625

Tharpe Street Office
1108 West Tharpe Street
Tallahassee, Florida 32303
(850) 671-0428

Thomasville Road Office
3528 Thomasville Road
Tallahassee, Florida 32308
(850) 671-0650

West Tennessee Street Office
1828 West Tennessee Street
Tallahassee, Florida 32304
(850) 671-0430

Westwood Office
2020 West Pensacola Street
Tallahassee, Florida 32304
(850) 671-0445

Levy County
Bronson Office
140 East Hathaway
Bronson, Florida 32621
(352) 486-2103

Cedar Key Office
390 2nd Street
Cedar Key, Florida 32625
(352) 543-5174

Chiefland Office
2012 North Young Boulevard
Chiefland, Florida 32626
(352) 493-2571

Inglis Office
95 West Highway 40
Inglis, Florida 34449
(352) 447-2231

Williston Office
144 East Noble Avenue
Williston, Florida 32696
(352) 528-5389

Madison County
Madison Office
603 West Base Street
Madison, Florida 32340
(850) 973-4161

Pasco County
Port Richey Office
10290 Regency Park Boulevard
Port Richey, Florida 34668
(727) 842-8467

Polk County
Lakeland Mortgage Lending Office
124 South Florida Avenue, Suite 304
Lakeland, Florida 33801
(863) 682-4735

Putnam County
Palatka Office
200 Reid Street
Palatka, Florida 32177
(386) 329-1150

Palatka Mall Office
400 North State Road 19, Suite 52
Palatka, Florida 32177
(386) 329-1155

Suwannee County
Branford Office
814 Suwannee Avenue
Branford, Florida 32008
(386) 935-1112

Taylor County
Perry Office
115 West Green Street
Perry, Florida 32347
(850) 584-2057

Steinhatchee Mortgage
Lending Office
1502 1st Avenue SE, Unit B
Steinhatchee, Florida 32359
(352) 498-4136

Wakulla County
Wakulla Mortgage Lending Office
91 Coastal Highway
Panacea, Florida 32346
(850) 984-3461

Washington County
Chipley Office
1242 Jackson Avenue
Chipley, Florida 32428
(850) 638-0510

GEORGIA

Bibb County
Macon Main Office
455 Walnut Street
Macon, Georgia 31201
(478) 749-6701

Macon Mall Office
3535 Mercer University Center Drive
Macon, Georgia 31204
(478) 749-8021

Macon Northside Office
3710 Northside Drive
Macon, Georgia 31210
(478) 749-8071

Burke County
Waynesboro Office
615 Liberty Street
Waynesboro, Georgia 30830
(706) 437-2000

Waynesboro Office (Remote)
243 Sixth Street
Waynesboro, Georgia 30830
(706) 437-2017

Grady County
Cairo Office
420 North Broad Street
Cairo, Georgia 39828
(229) 377-3002

Cairo Office (Remote)
397 38th Boulevard, Northeast
Cairo, Georgia 39828
(229) 377-3003

Whigham Office
126 East Broad Avenue
Whigham, Georgia 39879
(229) 762-4151

Laurens County
Dublin Main
600 Bellevue Avenue
Dublin, Georgia 31021
(478) 272-3100

East Dublin Office
220 Central Drive
East Dublin, Georgia 31027
(478) 272-3100

Westgate Office
1959 Veterans Boulevard
Dublin, Georgia 31021
(478) 272-3100

Thomas County
Mortgage Lending Office
2024-D East Pinetree Boulevard
Thomasville, Georgia 31792
(229) 226-1935

Troup County
West Point Office
410 West 10th Street
West Point, Georgia 31833
(706) 645-2944

West Point Office (Remote)
110 3rd Avenue
West Point, Georgia 31833
(706) 645-6227

SUBSIDIARIES

Capital City Securities, Inc.
420 North Broad Street
Cairo, Georgia 39828
(229) 378-8409

2012 North Young Boulevard
Chiefland, Florida 32626
(352) 490-9004

294 NE 210th Avenue
Cross City, Florida 32628
(352) 498-5442

1500 North U.S. Highway 41
Inverness, Florida 34450
(352) 726-3673

455 Walnut Street
Macon, Georgia 31201
(478) 749-6735

833 E. Winthrope Avenue
Millen, GA 30442
(478) 982-2222

200 Reid Street
Palatka, Florida 32177
(386) 312-9904

4 E. Washington Street
Quincy, Florida 32351
(850) 875-5555, Ext. 274

105 West Jefferson Street
Starke, Florida 32091
(904) 964-7056

1801 Apalachee Parkway
Tallahassee, Florida 32301
(850) 671-0505

6691 Thomasville Road
Tallahassee, Florida 32312
(850) 906-5760

1301 Metropolitan Boulevard
Tallahassee, Florida 32308
(850) 671-0505

217 North Monroe Street
Tallahassee, Florida 32301
(850) 671-0450

2111 North Monroe Street
Tallahassee, Florida 32303
(850) 671-0419

615 Liberty Street
Waynesboro, Georgia 30830
(706) 437-2006

410 West 10th Street
West Point, Georgia 31833
(706) 645-6262

Capital City Services Company
1860 Capital Circle, Northeast
Tallahassee, Florida 32308
(850) 671-0300

Capital City Trust Company
217 North Monroe Street
Tallahassee, Florida 32301
(850) 671-0315

455 Walnut Street
Macon, Georgia 31201
(478) 749-6701

14302 Spring Hill Drive
Spring Hill, Florida 34609
(352) 797-6704

4 E. Washington Street
Quincy, Florida 32351
(850) 875-1000

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