Form 10-K

Securities and Exchange Commission
Washington, D.C. 20549

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

For the Fiscal Year Ended December 31, 2000

Commission File Number 0-13358

CAPITAL CITY BANK GROUP, INC.

Incorporated in the State of Florida

I.R.S. Employer Identification Number 59-2273542

Address: 217 North Monroe Street, Tallahassee, Florida 32301

Telephone: (850) 671-0610

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock - $.01 par value

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [x]

As of March 9, 2001, there were issued and outstanding 10,759,041 shares of the registrant's common stock. The registrant's voting stock is listed on the National Association of Securities Dealers Automated Quotation ("Nasdaq") National Market under the symbol "CCBG". The aggregate market value of the voting stock held by nonaffiliates of the registrant, based on the average of the bid and asked prices of the registrant's common stock as quoted on Nasdaq on March 9, 2001, was $130.1 million.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement (pursuant to Regulation 14A), to be filed not more than 120 days after the end of the fiscal year covered by this report, are incorporated by reference into Part III.

CAPITAL CITY BANK GROUP, INC.
ANNUAL REPORT FOR 2000 ON FORM 10-K

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PART I

Item 1. Business

General

Capital City Bank Group, Inc. ("CCBG" or "Company"), is a financial holding company registered under the Gramm-Leach-Bliley Act of 1999 ("Gramm-Leach-Bliley Act") and is subject to the Bank Holding Company Act of 1956. At December 31, 2000, the Company had consolidated total assets of $1.5 billion and shareowners' equity of $147.6 million. Its principal asset is the capital stock of Capital City Bank ("CCB") and First National Bank of Grady County ("FNBGC") (collectively, the "Banks"). CCB accounted for approximately 94% of the consolidated assets at December 31, 2000, and approximately 92% of consolidated net income of the Company for the year ended December 31, 2000. In addition to its banking subsidiaries, the Company has five other indirect subsidiaries, Capital City Trust Company, Capital City Securities, Inc., Capital City Mortgage Company (inactive) and Capital City Services Company, all of which are wholly-owned subsidiaries of Capital City Bank, and First Insurance Agency of Grady County, which is a wholly-owned subsidiary of First National Bank of Grady County.

During the first quarter of 2001, the Company plans to complete its acquisition of First Bankshares of West Point, Inc., and its subsidiary First National Bank of West Point. First National Bank of West Point is a $155 million financial institution with offices located in West Point, Georgia, and two offices in the Greater Valley area of Alabama. First Bankshares of West Point, Inc. will merge with CCBG, and First National Bank of West Point will merge with CCB. The Company will issue 3.6419 shares and $17.7543 in cash for each of the 192,481 shares of First Bankshares of West Point, Inc. The transaction will be accounted for as a purchase and result in approximately $5.0 million of intangibles, primarily goodwill. These intangible assets will be amortized over fifteen years.

During the first quarter of 2001, the Company plans to complete its purchase and assumption agreement with First Union National Bank ("First Union") to acquire six of First Union's offices which includes real estate, loans and deposits. The transaction will create approximately $11.5 million in intangible assets which will be amortized over 10 years. The Company agreed to purchase approximately $26 million in loans and assume deposits of approximately $109 million.

On May 7, 1999, the Company completed its acquisition of Grady Holding Company and its subsidiary, First National Bank of Grady County in Cairo, Georgia. FNBGC is a $119 million asset institution with offices in Cairo and Whigham, Georgia. The Company issued 21.50 shares for each of the 60,910 shares of FNBGC. The consolidated financial statements of the Company give effect to the merger which has been accounted for as a pooling-of-interests. Accordingly, financial statements for the prior periods have been restated to reflect the results of operations of these entities on a combined basis from the earliest period presented.

On December 4, 1998, the Company completed its first purchase and assumption transaction with First Union and acquired eight of First Union's offices which included deposits. The Company paid a premium of $16.9 million, and assumed approximately $219 million in deposits and acquired certain real estate. The premium is being amortized over ten years.

On January 31, 1998, the Company completed its purchase and assumption transaction with First Federal Savings & Loan Association of Lakeland, Florida ("First Federal-Florida") and acquired five of First Federal-Florida's offices which included loans and deposits. The Company paid

a deposit premium of $3.6 million and assumed $55 million in deposits and purchased loans equal to $44 million. Four of the five offices were merged into existing offices of CCB. The deposit premium is being amortized over fifteen years.

Dividends and management fees received from the Banks are the Company's only source of income. Dividend payments by the subsidiaries to CCBG depend on the capitalization, earnings and projected growth of the subsidiaries, and are limited by various regulatory restrictions. See the section entitled "Regulatory Considerations" and Note 14 in the "Notes to Consolidated Financial Statements" for additional information.

The Company had a total of 791 (full-time equivalent) associates at March 9, 2001. Page 17 contains other financial and statistical information about the Company.

Banking Services

CCB is a Florida chartered bank and FNBGC is a national bank. The Banks are full service banks, engaged in the commercial and retail banking business, including accepting demand, savings and time deposits; extending credit; originating residential mortgage loans; and providing data processing services, asset management services, trust services, retail brokerage services and a broad range of other financial services to corporate and individual customers, governmental entities and correspondent banks.

The Banks are members of the "Star" ATM Network which enables customers to utilize their "QuickBucks" or "QuickCheck" cards to access cash at automatic teller machines ("ATMs") or point of sale merchants located throughout the state of Florida and Georgia. Additionally, customers may access their cash outside Florida through various interconnected ATM networks and merchant locations.

Data Processing Services

Capital City Services Company provides data processing services to financial institutions (including CCB), government agencies and commercial customers located throughout North Florida and South Georgia. As of March 9, 2001, the services company is providing computer services to six correspondent banks which have relationships with Capital City Bank.

Trust Services

Capital City Trust Company is the investment management arm of Capital City Bank. The Trust Company provides asset management for individuals through agency, personal trust, IRA's and personal investment management accounts. Administration of pension, profit sharing and 401(k) plans is a significant product line. Associations, endowments and other non-profit entities hire the Trust Company to manage their investment portfolios. Individuals requiring the services of a trustee, personal representative or a guardian are served by a staff of well trained professionals. The market value of trust assets under discretionary management exceeded $328 million as of December 31, 2000, with total assets under administration exceeding $374 million.

Brokerage Services

The Company offers access to retail investment products through Capital City Securities, Inc., a wholly-owned subsidiary of Capital City Bank. These products are offered through INVEST Financial Corporation, member NASD and SIPC. Non-deposit investment and insurance products are: not FDIC insured; not deposits, obligations, or guaranteed by any bank; and are subject to investment risk, including the possible loss of principal amount invested. Capital City Securities, Inc.'s brokers are licensed through INVEST Financial Corporation, and offer a full line of retail securities products, including U.S. Government bonds, tax-free municipal bonds, stocks, mutual funds, unit investment trusts, annuities, life insurance and long-term health care. CCBG and its subsidiaries are not affiliated with INVEST Financial Corporation.

Competition

The banking business is rapidly changing and CCBG and its subsidiaries operate in a highly competitive environment, especially with respect to services and pricing. Consolidation of the industry significantly alters the competitive environment within the State of Florida and, management believes, further enhances the Company's competitive position and opportunities in many of its markets. CCBG's primary market area is seventeen counties in Florida and one county in Georgia. In these markets, the Banks compete against a wide range of

banking and nonbanking institutions including savings and loan associations, credit unions, money market funds, mutual fund advisory companies, mortgage banking companies, investment banking companies, finance companies and other types of financial institutions.

All of Florida's major banking concerns have a presence in Leon County. Capital City Bank's Leon County deposits totaled $507 million, or 40.0%, of the Company's consolidated deposits at December 31, 2000.

The following table depicts CCBG's market share percentage within each respective county, based on total commercial bank deposits within the county.

	Market Share as of September 30(1)(2)		
	2000	1999	1998
Capital City Bank:			
Bradford County(3)	45.8%	46.1%	53.3%
Citrus County	3.8%	4.2%	4.3%
Clay County(3)	4.1%	4.6%	5.8%
Dixie County	14.2%	15.2%	15.7%
Gadsden County	27.9%	29.0%	28.0%
Gilchrist County	48.3%	50.0%	50.5%
Gulf County(3)	43.3%	39.8%	48.6%
Hernando County	1.6%	2.2%	2.0%
Jefferson County	28.9%	24.7%	27.1%
Leon County	21.5%	21.6%	23.4%
Levy County	36.5%	37.4%	37.7%
Madison County	21.2%	21.5%	20.6%
Pasco County	1.1%	1.6%	1.2%
Putnam County(3)	22.3%	24.2%	30.3%
Suwannee County	19.3%	20.5%	18.7%
Taylor County	35.1%	33.6%	32.7%
Washington County(3)	22.6%	23.9%	30.0%
First National Bank of Grady County			
Grady County(4)	43.5%	44.5%	49.0%

(1) Obtained from the September 30 Office Level Report published by the Florida Bankers Association for each year.

(2) Does not include Alachua county where Capital City Bank maintains a residential mortgage lending office.

(3) Entered the market in December 1998.

(4) Obtained from the June 30 FDIC/OTS Summary of Deposits Report.

The following table sets forth the number of commercial banks and offices, including the Company and its competitors, within each of the respective counties as of September 30, 2000.

County	Number of Commercial Banks	Number of Commercial Bank Offices
Florida:		
Bradford	3	3
Citrus	8	38
Clay	9	24
Dixie	3	4
Gadsden	4	8
Gilchrist	2	4
Gulf	2	3
Hernando	11	31
Jefferson	2	2
Leon	12	61
Levy	4	12
Madison	5	5
Pasco	18	84
Putnam	5	11
Suwannee	4	5
Taylor	3	4
Washington	3	3
Georgia:		
Grady(1)	6	10

(1) Obtained from the June 30 FDIC/OTS Summary of Deposits Report.

Other Matters

As part of its card processing services operation, the Bank has relationships with several Independent Sales Organizations ("ISOs"). A small number of one ISO's merchants have generated large amounts of charge-backs, and have not reimbursed the ISO for this charge-back activity. Should these charge-backs exceed the financial capacity of the ISO, the Bank could face related exposure. In addition, the ISO and certain merchants may have disputes about reserves placed with the ISO. The Bank is currently involved in a workout strategy with the ISO related to charge-back issues, which management believes substantially mitigates the Bank's potential exposure. The issues are still in their earliest stages and the Bank cannot reasonably estimate potential exposure for losses, if any, at this time. Management does not believe the ultimate resolution of these issues will have a material impact on the Company's financial position or results of operations.

REGULATORY CONSIDERATIONS

The Company and the Banks must comply with state and federal banking laws and regulations that control virtually all aspects of operations. These laws and regulations generally aim to protect depositors, not shareowners. Any changes in applicable laws or regulations may materially affect the business and prospects of the Company. Such legislative or regulatory changes may also affect the operations of the Company and the Banks. The following description summarizes some of the laws and regulations to which the Company and the Banks are subject. References herein to applicable statutes and regulations are brief summaries, do not purport to be complete, and are qualified in their entirety by reference to such statutes and regulations.

The Company

General

The Company is registered as a financial holding company under the Gramm-Leach-Bliley Act and is subject to the Bank Holding Company Act of 1956 ("BHCA"). As a result, the Company is subject to supervisory regulation and examination by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). The Gramm-Leach-Bliley Act, the BHCA and other federal laws subject financial holding companies to particular restrictions on the types of activities in which they may engage, and to a range of supervisory requirements and activities, including regulatory enforcement actions for violations of laws and regulations.

Financial Holding Companies
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Permitted Activities. On November 12, 1999, President Clinton signed into law the Gramm-Leach-Bliley Act. The Gramm-Leach-Bliley Act repealed two anti-affiliation provisions of the Glass-Steagall Act: Section 20, which restricted the affiliation of Federal Reserve Member Banks with firms "engaged principally" in specified securities activities; and Section 32, which restricted officer, director, or employee interlocks between a member bank and any company or person "primarily engaged" in specified securities activities. In addition, the Gramm-Leach-Bliley Act contained provisions that expressly preempted most state laws restricting state banks from owning or acquiring interests in financial affiliates, such as insurance companies. The general effect of the law was to establish a comprehensive framework to permit affiliations among commercial banks, insurance companies, securities firms, and other financial service providers. A bank holding company may now engage in a full range of activities that are financial in nature by electing to become a "Financial Holding Company." Activities that are financial in nature are broadly defined to include not only banking, insurance, and securities activities, but also merchant banking and additional activities that the Federal Reserve, in consultation with the Secretary of the Treasury, determines to be financial in nature, incidental to such financial activities, or complementary activities that do not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally.

The Gramm-Leach-Bliley Act also permits national banks to engage in expanded activities through the formation of financial subsidiaries. A national bank may have a subsidiary engaged in any activity authorized for national banks directly or any financial activity, except for insurance underwriting, insurance investments, real estate investment or development, or merchant banking, which may only be conducted through a subsidiary of a financial holding company. Financial activities include all activities permitted under new sections of the BHCA or permitted by regulation.

In contrast to financial holding companies, bank holding companies are limited to managing or controlling banks, furnishing services to or performing services for its subsidiaries, and engaging in other activities that the Federal Reserve determines to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Except for those activities that are now permitted for financial holding companies by the Gramm-Leach-Bliley Act, these restrictions will apply to the Company. In determining whether a particular activity is permissible, the Federal Reserve must consider whether the performance of such an activity reasonably can be expected to produce benefits to the public that outweigh possible adverse effects. Possible benefits include greater convenience, increased competition and gains in efficiency. Possible adverse effects include undue concentration of resources, decreased or unfair competition, conflicts of interest and unsound banking practices. The Federal Reserve has determined the following activities, among others, to be permissible for bank holding companies:

* Factoring accounts receivable;
* Acquiring or servicing loans;
* Leasing personal property;
* Conducting discount securities brokerage activities;
* Performing certain data processing services;
* Acting as agent or broker and selling credit life insurance and certain other types of insurance in connection with credit transactions; and
* Performing certain insurance underwriting activities.

There are no territorial limitations on permissible non-banking activities of financial holding companies. Despite prior approval, the Federal Reserve may order a holding company or its subsidiaries to terminate any activity or to terminate ownership or control of any subsidiary when the Federal Reserve has reasonable cause to believe that a serious risk to the financial safety, soundness or stability of any bank subsidiary of that bank holding company may result from such an activity.

Changes in Control. Subject to certain exceptions, the BHCA and the Change in Bank Control Act, together with regulations thereunder, require Federal Reserve approval (or, depending on the circumstances, no notice of disapproval) prior to any person or company acquiring "control" of a financial holding company, such as the Company. A conclusive presumption of control exists if an individual or company acquires 25% or more of any class of voting securities of the financial holding company. A rebuttable presumption of control exists if a person acquires 10% or more but less than 25% of any class of voting securities and either the Company has registered securities under Section 12 of the Securities Exchange Act of 1934, as amended, or no other person will own a greater percentage of that class of voting securities immediately after the transaction.

The BHCA requires, among other things, the prior approval of the Federal Reserve in any case where a financial holding company proposes to (i) acquire all or substantially all of the assets of a bank, (ii) acquire direct or indirect ownership or control of more than 5% of the outstanding voting stock of any bank (unless it owns a majority of such bank's voting shares), or (iii) merge or consolidate with any other financial holding company or bank holding company.

Under Florida law, a person or entity proposing to directly or indirectly acquire control of a Florida bank must first obtain permission from the State of Florida. Florida statutes define "control" as either (a) indirectly or directly owning, controlling or having power to vote 25 percent or more of the voting securities of a bank; (b) controlling the election of a majority of directors of a bank; (c) owning, controlling or having power to vote 10 percent or more of the voting securities as well as directly or indirectly exercising a controlling influence over management or policies of a bank; or (d) as determined by the Florida Department of Banking and Finance (the "Florida Department"). These requirements will effect the Company because CCB is chartered under Florida law and changes in control of the Company are indirect changes in control of CCB. Similar change in control provisions apply to FNBGC under Federal law.

Tying. Financial holding companies and their affiliates are prohibited from tying the provision of certain services, such as extending credit, to other services offered by the holding company or its affiliates.

Capital; Dividends; Source of Strength. The Federal Reserve imposes certain capital requirements on the Company under the BHCA, including a minimum leverage ratio and a minimum ratio of "qualifying" capital to risk-weighted assets. These requirements are described below under "Capital Regulations." Subject to its capital requirements and

certain other restrictions, the Company is able to borrow money to make a capital contribution to either Bank, and such loans may be repaid from dividends paid from the bank to the Company. The ability of the bank to pay dividends, however, will be subject to regulatory restrictions which are described below under "Dividends." The Company is also able to raise capital for contributions to the Banks by issuing securities without having to receive regulatory approval, subject to compliance with federal and state securities laws.

In accordance with Federal Reserve policy, the Company is expected to act as a source of financial strength to the Banks and to commit resources to support the Banks in circumstances in which the Company might not otherwise do so. In furtherance of this policy, the Federal Reserve may require a financial holding company to terminate any activity or relinquish control of a nonbank subsidiary (other than a nonbank subsidiary of a bank) upon the Federal Reserve's determination that such activity or control constitutes a serious risk to the financial soundness or stability of any subsidiary depository institution of the financial holding company. Further, federal bank regulatory authorities have additional discretion to require a financial holding company to divest itself of any bank or nonbank subsidiary if the agency determines that divestiture may aid the depository institution's financial condition.

Capital City Bank

CCB is a banking institution which is chartered by and operated in the State of Florida, and it is subject to supervision and regulation by the Florida Department. The Florida Department supervises and regulates all areas of CCB's operations including, without limitation, making of loans, the issuance of securities, the conduct of CCB's corporate affairs, capital adequacy requirements, the payment of dividends and the establishment or closing of branches. CCB is also a member bank of the Federal Reserve System and its operations are also subject to broad federal regulation and oversight by the Federal Reserve. CCB's deposit accounts are insured by the FDIC to the maximum extent permitted by law, and the FDIC has certain enforcement powers over CCB.

As a state chartered banking institution in the State of Florida, CCB is empowered by statute, subject to the limitations contained in those statutes, to take savings and time deposits and pay interest on them, to accept checking accounts, to make loans on residential and other real estate, to make consumer and commercial loans, to invest, with certain limitations, in equity securities and in debt obligations of banks and corporations and to provide various other banking services on behalf of CCB's customers. Various consumer laws and regulations also affect the operations of CCB, including state usury laws, laws relating to fiduciaries, consumer credit and equal credit laws, and fair credit reporting. In addition, the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") prohibits insured state chartered institutions from conducting activities as principal that are not permitted for national banks. A bank, however, may engage in an otherwise prohibited activity if it meets its minimum capital requirements and the FDIC determines that the activity does not present a significant risk to the deposit insurance funds.

First National Bank of Grady County

FNBGC is a national bank which is chartered by the Office of the Comptroller of the Currency ("OCC") and operates in Grady County, Georgia. FNBGC is subject to supervision, regulation and examination by the OCC, which monitors all areas of the operations of FNBGC, including reserves, loans, mortgages, issuances of securities, payment of dividends, establishment of branches, capital adequacy, and compliance with laws. FNBGC's deposit accounts are insured by the FDIC to the maximum extent permitted by law, and the FDIC has certain enforcement powers over FNBGC.

As a national bank operating in the State of Georgia, FNBGC is empowered by statute, subject to the limitations contained in those statutes, to take savings and time deposits and pay interest on them, to accept checking accounts, to make loans on residential and other real estate, to make consumer and commercial loans, to invest, with certain limitations, in equity securities and in debt obligations of banks and corporations and to provide various other banking services on behalf of FNBGC's customers. Various consumer laws and regulations also affect the operations of FNBGC, including state usury laws, laws relating to fiduciaries, consumer credit and equal credit laws, and fair credit reporting.

Reserves

The Federal Reserve requires all depository institutions to maintain reserves against their transaction accounts (primarily NOW and Super

NOW checking accounts) and non-personal time deposits. The balances maintained to meet the reserve requirements imposed by the Federal Reserve may be used to satisfy liquidity requirements.

Institutions are authorized to borrow from the Federal Reserve Bank "discount window," but Federal Reserve regulations require institutions to exhaust other reasonable alternative sources of funds before borrowing from the Federal Reserve Bank.

Dividends

The Banks are subject to legal limitations on the frequency and amount of dividends that can be paid to the Company. The Federal Reserve may restrict the ability of CCB and the OCC may restrict the ability of FNBGC to pay dividends if such payments would constitute an unsafe or unsound banking practice. These regulations and restrictions may limit the Company's ability to obtain funds from the Banks for its cash needs, including funds for acquisitions and the payment of dividends, interest and operating expenses.

In addition, Florida law also places certain restrictions on the declaration of dividends from state chartered banks to their holding companies. Pursuant to Section 658.37 of the Florida Banking Code, the board of directors of state chartered banks, after charging off bad debts, depreciation and other worthless assets, if any, and making provisions for reasonably anticipated future losses on loans and other assets, may quarterly, semi-annually or annually declare a dividend of up to the aggregate net profits of that period combined with the bank's retained net profits for the preceding two years and, with the approval of the Florida Department, declare a dividend from retained net profits which accrued prior to the preceding two years. Before declaring such dividends, 20% of the net profits for the preceding period as is covered by the dividend must be transferred to the surplus fund of the bank until this fund becomes equal to the amount of the bank's common stock then issued and outstanding. A state chartered bank may not declare any dividend if (i) its net income from the current year combined with the retained net income for the preceding two years is a loss or (ii) the payment of such dividend would cause the capital account of the bank to fall below the minimum amount required by law, regulation, order or any written agreement with the Florida Department or a federal regulatory agency.

Insurance of Accounts and Other Assessments

The Banks' deposit accounts are insured by the Bank Insurance Fund ("BIF") of the FDIC to a maximum of $100,000 for each insured depositor. The federal banking agencies require an annual audit by independent accountants of the Banks and make their own periodic examinations of the Banks. They may revalue assets of an insured institution based upon appraisals, and require establishment of specific reserves in amounts equal to the difference between such revaluation and the book value of the assets, as well as require specific charge-offs relating to such assets. The federal banking agencies may prohibit any FDIC-insured institution from engaging in any activity they determine by regulation or order poses a serious threat to the insurance fund.

Under federal law, BIF and the Savings Association Insurance Fund ("SAIF") are each statutorily required to be recapitalized to a 1.25% of insured reserve deposits ratio. In view of the BIF's achieving the 1.25% ratio during 1995, the FDIC reduced the assessments for most banks by adopting a new assessment rate schedule of 4 to 31 basis points for BIF deposits. The FDIC further reduced the BIF assessment schedule by an additional four basis points for the 1996 calendar year so that most BIF members paid only the statutory minimum semiannual assessment of $1,000. During this same period, the FDIC retained the existing assessment rate schedule applicable to SAIF deposits of 23 cents to 31 cents per $100 of domestic deposits, depending on the institution's risk classification.

In 1996, the Deposit Insurance Funds Act of 1996 ("DIFA") was enacted. DIFA was intended to reduce the amount of semi-annual FDIC insurance premiums for savings association deposits acquired by banks to the same levels assessed for deposits insured by BIF. To accomplish this reduction, DIFA provided for a special one-time assessment imposed on deposits insured by SAIF to recapitalize SAIF and bring it up to statutory required levels. This one-time assessment accrued in the third quarter of 1996. As a result, since early 1997, both BIF and SAIF deposits have been assessed at the same rate of 0 to 27 basis points depending on risk classification.

DIFA also separated from the SAIF assessments the Financing Corporation ("FICO") assessments which service the interest on its bond obligations. According to the FDIC's risk-related assessment rate schedules, the amount assessed on individual institutions by the

FICO will be in addition to the amount paid for deposit insurance.

Transactions With Affiliates

The authority of the Banks to engage in transactions with related parties or "affiliates" or to make loans to insiders is limited by certain provisions of law and regulations. Commercial banks, such as the Banks, are prohibited from making extensions of credit to any affiliate that engages in an activity not permissible under the regulations of the Federal Reserve for a bank holding company. Pursuant to Sections 23A and 23B of the Federal Reserve Act ("FRA"), member banks and national banks are subject to restrictions regarding transactions with affiliates ("Covered Transactions").

With respect to any Covered Transaction, the term "affiliate" includes any company that controls or is controlled by a company that controls the Banks, a bank or savings association subsidiary of the Banks, any persons who own, control or vote more than 25% of any class of stock of the Banks or the Company and any persons who the Board of Directors determines exercises a controlling influence over the management of the Bank or the Company. The term "affiliate" also includes any company controlled by controlling stockholders of the Banks or the Company and any company sponsored and advised on a contractual basis by the Banks or any subsidiary or affiliate of the Banks. Such transactions between the Banks and their respective affiliates are subject to certain requirements and limitations, including limitations on the amounts of such Covered Transactions that may be undertaken with any one affiliate and with all affiliates in the aggregate. The federal banking agencies may further restrict such transactions with affiliates in the interest of safety and soundness.

Section 23A of the FRA limits Covered Transactions with any one affiliate to 10% of an institution's capital stock and surplus and limits aggregate affiliate transactions to 20% of the Banks' capital stock and surplus. Sections 23A and 23B of the FRA provide that a loan transaction with an affiliate generally must be collateralized (but may not be collateralized by a low quality asset or securities issued by an affiliate) and that all Covered Transactions, as well as the sale of assets, the payment of money or the provision of services by the Banks to affiliates, must be on terms and conditions that are substantially the same, or at least as favorable to the bank, as those prevailing for comparable nonaffiliated transactions. A Covered Transaction generally is defined as a loan to an affiliate, the purchase of securities issued by an affiliate, the purchase of assets from an affiliate, the acceptance of securities issued by an affiliate as collateral for a loan, or the issuance of a guarantee, acceptance or letter of credit on behalf of an affiliate. In addition, the Banks generally may not purchase securities issued or underwritten by affiliates.

Loans to executive officers, directors or to any person who directly or indirectly, or acting through or in concert with one or more persons, owns, controls or has the power to vote more than 10% of any class of voting securities of a bank ("Principal Shareholders") and their related interests (i.e., any company controlled by such executive officer, director, or Principal Shareholders), or to any political or campaign committee the funds or services of which will benefit such executive officers, directors, or Principal Shareholders or which is controlled by such executive officers, directors or Principal Shareholders, are subject to Sections 22(g) and 22(h) of the FRA and the regulations promulgated thereunder (Regulation O).

Among other things, these loans must be made on terms substantially the same as those prevailing on transactions made to unaffiliated individuals and certain extensions of credit to such persons must first be approved in advance by a disinterested majority of the entire board of directors. Section 22(h) of the FRA prohibits loans to any such individuals where the aggregate amount exceeds an amount equal to 15% of an institution's unimpaired capital and surplus plus an additional 10% of unimpaired capital and surplus in the case of loans that are fully secured by readily marketable collateral, or when the aggregate amount on all such extensions of credit outstanding to all such persons would exceed the bank's unimpaired capital and unimpaired surplus. Section 22(g) identifies limited circumstances in which the Banks are permitted to extend credit to executive officers.

Community Reinvestment Act

The Community Reinvestment Act of 1977 ("CRA") and the regulations issued thereunder are intended to encourage banks to help meet the credit needs of their service area, including low and moderate income neighborhoods, consistent with the safe and sound operations of the banks. These regulations also provide for regulatory assessment of a bank's record in meeting the needs of its service area when considering applications to establish branches, merger applications and applications to acquire the assets and assume the liabilities of

another bank. Federal banking agencies are required to make public a rating of a bank's performance under the CRA. In the case of a financial holding company, the CRA performance record of the banks involved in the transaction are reviewed in connection with the filing of an application to acquire ownership or control of shares or assets of a bank or to merge with any other financial holding company. An unsatisfactory record can substantially delay or block the transaction.

Capital Regulations

The Federal Reserve has adopted risk-based, capital adequacy guidelines for financial holding companies and their subsidiary state-chartered banks that are members of the Federal Reserve System. The OCC has also adopted risk-based, capital adequacy guidelines for national banks. The risk-based capital guidelines are designed to make regulatory capital requirements more sensitive to differences in risk profiles among banks and financial holding companies, to account for off-balance sheet exposure, to minimize disincentives for holding liquid assets and to achieve greater consistency in evaluating the capital adequacy of major banks throughout the world. Under these guidelines assets and off-balance sheet items are assigned to broad risk categories each with designated weights. The resulting capital ratios represent capital as a percentage of total risk-weighted assets and off-balance sheet items.

The current guidelines require all financial holding companies and federally-regulated banks to maintain a minimum risk-based total capital ratio equal to 8%, of which at least 4% must be Tier I Capital. Tier I Capital, which includes common stockholders' equity, noncumulative perpetual preferred stock, and a limited amount of cumulative perpetual preferred stock, less certain goodwill items and other intangible assets, is required to equal at least 4% of risk-weighted assets. The remainder ("Tier II Capital") may consist of (i) an allowance for loan losses of up to 1.25% of risk-weighted assets, (ii) excess of qualifying perpetual preferred stock, (iii) hybrid capital instruments, (iv) perpetual debt, (v) mandatory convertible securities, and (vi) subordinated debt and intermediate-term preferred stock up to 50% of Tier I Capital. Total capital is the sum of Tier I and Tier II Capital less reciprocal holdings of other banking organizations' capital instruments, investments in unconsolidated subsidiaries and any other deductions as determined by the appropriate regulator (determined on a case by case basis or as a matter of policy after formal rule making).

In computing total risk-weighted assets, bank and financial holding company assets are given risk-weights of 0%, 20%, 50% and 100%. In addition, certain off-balance sheet items are given similar credit conversion factors to convert them to asset equivalent amounts to which an appropriate risk-weight will apply. Most loans will be assigned to the 100% risk category, except for performing first mortgage loans fully secured by residential property, which carry a 50% risk rating. Most investment securities (including, primarily, general obligation claims on states or other political subdivisions of the United States) will be assigned to the 20% category, except for municipal or state revenue bonds, which have a 50% risk-weight, and direct obligations of the U.S. Treasury or obligations backed by the full faith and credit of the U.S. Government, which have a 0% risk-weight. In covering off-balance sheet items, direct credit substitutes, including general guarantees and standby letters of credit backing financial obligations, are given a 100% conversion factor. Transaction-related contingencies such as bid bonds, standby letters of credit backing non-financial obligations, and undrawn commitments (including commercial credit lines with an initial maturity of more than one year) have a 50% conversion factor. Short-term commercial letters of credit are converted at 20% and certain short-term unconditionally cancelable commitments have a 0% factor.

The federal bank regulatory authorities have also adopted regulations which supplement the risk-based guideline. These regulations generally require banks and financial holding companies to maintain a minimum level of Tier I Capital to total assets less goodwill of 4% (the "leverage ratio"). The Federal Reserve permits a bank to maintain a minimum 3% leverage ratio if the bank achieves a 1 rating under the CAMELS rating system in its most recent examination, as long as the bank is not experiencing or anticipating significant growth. The CAMELS rating is a non-public system used by bank regulators to rate the strength and weaknesses of financial institutions. The CAMELS rating is comprised of six categories: capital, asset quality, management, earnings, liquidity, and interest rate sensitivity.

Banking organizations experiencing or anticipating significant growth, as well as those organizations which do not satisfy the criteria described above, will be required to maintain a minimum leverage ratio ranging generally from 4% to 5%. The bank regulators also continue to consider a "tangible Tier I leverage ratio" in evaluating proposals

for expansion or new activities. The tangible Tier I leverage ratio is the ratio of a banking organization's Tier I Capital, less deductions for intangibles otherwise includable in Tier I Capital, to total tangible assets.

Federal law and regulations establish a capital-based regulatory scheme designed to promote early intervention for troubled banks and require the FDIC to choose the least expensive resolution of bank failures. The capital-based regulatory framework contains five categories of compliance with regulatory capital requirements, including "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized." To qualify as a "well capitalized" institution, a bank must have a leverage ratio of no less than 5%, a Tier I risk-based ratio of no less than 6%, and a total risk-based capital ratio of no less than 10%, and the bank must not be under any order or directive from the appropriate regulatory agency to meet and maintain a specific capital level.

Under the regulations, the applicable agency can treat an institution as if it were in the next lower category if the agency determines (after notice and an opportunity for hearing) that the institution is in an unsafe or unsound condition or is engaging in an unsafe or unsound practice. The degree of regulatory scrutiny of a financial institution will increase, and the permissible activities of the institution will decrease, as it moves downward through the capital categories. Institutions that fall into one of the three undercapitalized categories may be required to (i) submit a capital restoration plan; (ii) raise additional capital; (iii) restrict their growth, deposit interest rates, and other activities; (iv) improve their management; (v) eliminate management fees; or (vi) divest themselves of all or a part of their operations. Financial holding companies controlling financial institutions can be called upon to boost the institutions' capital and to partially guarantee the institutions' performance under their capital restoration plans.

It should be noted that the minimum ratios referred to above are merely guidelines and the bank regulators possesses the discretionary authority to require higher ratios.

The Company and the Banks currently exceed the requirements contained in the applicable regulations, policies and directives pertaining to capital adequacy, and management of the Company and the Banks is unaware of any material violation or alleged violation of these regulations, policies or directives.

Interstate Banking and Branching

The BHCA was amended in September 1994 by the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "Interstate Banking Act"). The Interstate Banking Act now provides that adequately capitalized and managed financial holding companies are permitted to acquire banks in any state. State laws prohibiting interstate banking or discriminating against out-of-state banks are preempted. States were not permitted to enact laws opting out of this provision; however, states were allowed to adopt a minimum age restriction requiring that target banks located within the state be in existence for a period of years, up to a maximum of five years, before such bank may be subject to the Interstate Banking Act. The Interstate Banking Act establishes deposit caps which prohibit acquisitions that result in the acquiring company controlling 30 percent or more of the deposits of insured banks and thrift institutions held in the state in which the target maintains a branch or 10 percent or more of the deposits nationwide. States have the authority to waive the 30 percent deposit cap. State-level deposit caps are not preempted as long as they do not discriminate against out-of-state companies, and the federal deposit caps apply only to initial entry acquisitions.

The Interstate Banking Act also provides that adequately capitalized and managed banks are able to engage in interstate branching by merging with banks in different states. States were permitted to enact legislation authorizing interstate mergers earlier than June 1, 1997, or, unlike the interstate banking provision discussed above, states were permitted to opt out of the application of the interstate merger provision by enacting specific legislation before June 1, 1997.

Florida responded to the enactment of the Interstate Banking Act by enacting the Florida Interstate Branching Act (the "Florida Branching Act"). The purpose of the Florida Branching Act was to permit interstate branching through merger transactions under the Interstate Banking Act. Under the Florida Branching Act, with the prior approval of the Florida Department, a Florida bank may establish, maintain and operate one or more branches in a state other than the State of Florida pursuant to a merger transaction in which the Florida bank is the resulting bank. In addition, the Florida Branching Act provides

that one or more Florida banks may enter into a merger transaction with one or more out-of-state banks, and an out-of-state bank resulting from such transaction may maintain and operate the branches of the Florida bank that participated in such merger. An out-of-state bank, however, is not permitted to acquire a Florida bank in a merger transaction unless the Florida bank has been in existence and continuously operated for more than three years.

Consumer Laws and Regulations

The Banks are also subject to certain consumer laws and regulations that are designed to protect consumers in transactions with banks. While the list set forth below is not exhaustive, these laws and regulations include the Truth in Lending Act, the Truth in Savings Act, the Electronic Funds Transfer Act, the Expedited Funds Availability Act, the Equal Credit Opportunity Act, and the Fair Housing Act. These laws and regulations mandate certain disclosure requirements and regulate the manner in which financial institutions must deal with customers when taking deposits or making loans to such customers. The Banks must comply with the applicable provisions of these consumer protection laws and regulations as part of their ongoing customer relations.

Future Legislative Developments

Various legislation, including proposals to overhaul the bank regulatory system, expand the powers of banking institutions and financial holding companies and limit the investments that a depository institution may make with insured funds, is from time to time introduced in Congress. Such legislation may change banking statutes and the environment in which the Company and its banking subsidiaries operate in substantial and unpredictable ways. We cannot determine the ultimate effect that potential legislation, if enacted, or implementing regulations with respect thereto, would have upon our financial condition or results of operations or that of our subsidiaries.

Expanding Enforcement Authority

One of the major additional burdens imposed on the banking industry by the FDICIA is the increased ability of banking regulators to monitor the activities of banks and their holding companies. In addition, the Federal Reserve and FDIC are possessed of extensive authority to police unsafe or unsound practices and violations of applicable laws and regulations by depository institutions and their holding companies. For example, the FDIC may terminate the deposit insurance of any institution which it determines has engaged in an unsafe or unsound practice. The agencies can also assess civil money penalties, issue cease and desist or removal orders, seek injunctions, and publicly disclose such actions. FDICIA, the Financial Institutions Reform, Recovery and Enforcement Act of 1989 and other laws have expanded the agencies' authority in recent years, and the agencies have not yet fully tested the limits of their powers.

Effect of Governmental Monetary Policies

The commercial banking business in which the Banks engage is affected not only by general economic conditions, but also by the monetary policies of the Federal Reserve. Changes in the discount rate on member bank borrowing, availability of borrowing at the "discount window," open market operations, the imposition of changes in reserve requirements against member banks' deposits and assets of foreign branches and the imposition of and changes in reserve requirements against certain borrowings by banks and their affiliates are some of the instruments of monetary policy available to the Federal Reserve. These monetary policies are used in varying combinations to influence overall growth and distributions of bank loans, investments and deposits, and this use may affect interest rates charged on loans or paid on deposits. The monetary policies of the Federal Reserve have had a significant effect on the operating results of commercial banks and are expected to do so in the future. The monetary policies of the Federal Reserve are influenced by various factors, including inflation, unemployment, short-term and long-term changes in the international trade balance and in the fiscal policies of the U.S. Government. Future monetary policies and the effect of such policies on the future business and earnings of the Banks cannot be predicted.

Item 2. Properties

Capital City Bank Group, Inc., is headquartered in Tallahassee, Florida. The Company's executive office is in the Capital City Bank building located on the corner of Tennessee and Monroe Streets in downtown Tallahassee. The building is owned by Capital City Bank but is located, in part, on land leased under a long-term agreement.

Capital City Bank's Parkway Office is located on land leased from the

Smith Interests General Partnership L.L.P. in which several directors and officers have an interest. Lease payments during 2000 totaled approximately $81,000.

As of March 9, 2001, the Company had fifty-six banking locations. Of the fifty-six locations, the Company leases either the land or buildings (or both) at nine locations and owns the land and buildings at the remaining forty-seven.

Item 3. Legal Proceedings

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

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

Not Applicable

PART II

Item 5. Market for the Registrant's Common Equity and Related Shareowner Matters

The Company's common stock trades on the Nasdaq National Market under the symbol "CCBG". "The Nasdaq National Market" or "Nasdaq" is a highly-regulated electronic securities market comprised of competing market makers whose trading is supported by a communications network linking them to quotation dissemination, trade reporting, and order execution. This market also provides specialized automation services for screen-based negotiations of transactions, on-line comparison of transactions, and a range of informational services tailored to the needs of the security industry, investors and issuers. The Nasdaq National Market is operated by The Nasdaq Stock Market, Inc., a wholly-owned subsidiary of the National Association of Securities Dealers, Inc.

The following table presents the range of high and low closing sales prices reported on the Nasdaq National Market and cash dividends declared for each quarter during the past two years. The Company had a total of 1,599 shareowners of record at March 9, 2001.

<TABLE>

	2000				1999			
	Fourth Qtr.	Third Qtr.	Second Qtr.	First Qtr.	Fourth Qtr.	Third Qtr.	Second Qtr.	First Qtr. (1)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Common stock price:								
High	$26.75	$20.50	$20.50	$23.00	$25.00	$30.00	$25.00	$27.63
Low	18.88	18.75	18.00	15.00	20.19	21.00	20.25	22.00
Close	24.81	19.56	19.50	19.63	21.50	22.75	25.00	23.31
Cash dividends declared per share	.1475	.1325	.1325	.1325	.1325	.12	.12	.18

(1) Dividend amount includes a one-time distribution paid to Grady Holding Company shareowners of approximately $563,000.

</TABLE>

Future payment of dividends will be subject to determination and declaration by the Board of Directors.

<TABLE>

Item 6. Selected Financial & Other Data
(Dollars in Thousands, Except Per Share Data)(1)

<CAPTION>

	For the Years Ended December 31,				
	2000	1999	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>
Interest Income	$ 109,334	$ 99,685	$ 89,010	$ 84,981	$ 74,406
Net Interest Income	63,100	58,438	53,762	52,293	45,846
Provision for Loan Losses	3,120	2,440	2,439	2,328	1,863
Net Income	18,153	15,252	15,294	14,401	13,219

Per Common Share:

Basic Net Income	$ 1.78	$ 1.50	$ 1.51	$ 1.44	$ 1.33
Diluted Net Income	1.78	1.50	1.50	1.43	1.33
Cash Dividends Declared(2)	.545	.5525	.45	.37	.34
Book Value	14.56	12.96	12.69	11.54	10.39
Based on Net Income:					
Return on Average Assets	1.24%	1.06%	1.30%	1.30%	1.31%
Return on Average Equity	12.99	11.64	12.37	13.10	13.52
Dividend Pay-out Ratio(2)	30.62	32.86	28.20	26.10	25.45
Averages for the Year:					
Loans, Net of Unearned Interest	$1,002,122	$ 884,323	$ 824,197	$ 770,416	$ 631,437
Earning Assets	1,315,024	1,291,262	1,065,677	1,000,466	908,137
Assets	1,463,612	1,444,069	1,180,785	1,108,088	1,012,480
Deposits	1,207,103	1,237,405	985,119	924,891	856,540
Long-Term Debt	13,070	17,274	18,041	19,412	10,895
Shareowners' Equity	139,738	131,058	123,647	109,948	97,738
Year-End Balances:					
Loans, Net of Unearned Interest	$1,051,832	$ 928,486	$ 844,217	$ 775,451	$ 745,126
Earning Assets	1,369,294	1,263,296	1,288,439	998,401	996,827
Assets	1,527,460	1,430,520	1,443,675	1,116,651	1,123,221
Deposits	1,268,367	1,202,658	1,253,553	922,841	952,744
Long-Term Debt	11,707	14,258	18,746	18,106	18,847
Shareowners' Equity	147,607	132,216	128,862	115,807	103,009
Equity to Assets Ratio	9.66%	9.24%	8.93%	10.37%	9.17%
Other Data:					
Basic Average Shares Outstanding	10,186,199	10,174,945	10,146,393	10,031,116	9,908,762
Diluted Average Shares Outstanding	10,214,842	10,196,233	10,167,630	10,063,852	9,948,076
Shareowners of Record(3)	1,599	1,362	1,334	1,234	1,045
Banking Locations(3)	56	48	46	39	38
Full-Time Equivalent Associates(3)	791	678	677	637	617

(1) All share and per share data have been restated to reflect the pooling-of-interests of Grady Holding Company and its subsidiaries and adjusted to reflect the 3-for-2 stock split effective June 1, 1998, and the 2-for-1 stock split effective April 1, 1997.

(2) Dividend amount includes a one-time distribution to Grady Holding Company shareowners of approximately $563,000, paid during the first quarter of 1999.

(3) As of March 9th of the following year.

</TABLE>

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

FINANCIAL REVIEW

The following analysis reviews important factors affecting the financial condition and results of operations of Capital City Bank Group, Inc., for the periods shown below. The Company has made, and may continue to make, various forward-looking statements with respect to financial and business matters that involve numerous assumptions, risks and uncertainties. The following is a list of factors, among others, that could cause actual results to differ materially from the forward-looking statements: general and local economic conditions, competition for the Company's customers from other banking and financial institutions, government legislation and regulation, changes in interest rates, the impact of rapid growth, significant changes in the loan portfolio composition, and other risks described in the Company's filings with the Securities and Exchange Commission, all of which are difficult to predict and many of which are beyond the control of the Company.

This section provides supplemental information which should be read in conjunction with the Consolidated Financial Statements and related notes. The Financial Review is divided into three subsections entitled "Earnings Analysis", "Financial Condition", and "Liquidity and Capital Resources". Information therein should facilitate a better understanding of the major factors and trends which affect the Company's earnings performance and financial condition, and how the Company's performance during 2000 compares with prior years. Throughout this section, Capital City Bank Group, Inc., and its subsidiaries, collectively, are referred to as "CCBG" or the "Company". Capital City Bank is referred to as "CCB" and First National Bank of Grady County is referred to "FNBGC", or collectively as the "Banks".

The year-to-date averages used in this report are based on daily balances for each respective year. In certain circumstances, comparing average balances for the fourth quarter 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 14 for financial information presented on a quarterly basis.

All prior period share and per share data have been restated to reflect a three-for-two stock split effective June 1, 1998 and the acquisition of Grady Holding Company, which was accounted for under the pooling-of-interests method of accounting.

During the first quarter of 2001, the Company plans to complete its acquisition of First Bankshares of West Point, Inc., and its subsidiary First National Bank of West Point. First National Bank of West Point is a $155 million financial institution with offices located in West Point, Georgia, and two offices in the Greater Valley area of Alabama. First Bankshares of West Point, Inc., will merge with CCBG, and First National Bank of West Point will merge with CCB. The Company will issue 3.6419 shares and $17.7543 in cash for each of the 192,481 shares of First Bankshares of West Point, Inc. The transaction will be accounted for as a purchase and result in approximately $5.0 million of intangibles, primarily goodwill. These intangible assets will be amortized over fifteen years.

During the first quarter of 2001, the Company plans to complete its purchase and assumption agreement with First Union National Bank ("First Union") to acquire six of First Union's offices which includes real estate, loans and deposits. The transaction will create approximately $11.5 million in intangible assets which will be amortized over 10 years. The Company agreed to purchase approximately $26 million in loans and assume deposits of approximately $109 million.

On May 7, 1999, the Company completed its acquisition of Grady Holding Company and its subsidiary, First National Bank of Grady County in Cairo, Georgia. FNBGC is a $119 million asset institution with offices in Cairo and Whigham, Georgia. The Company issued 21.50 shares for each of the 60,910 shares of FNBGC. The consolidated financial statements of the Company give effect to the merger which has been accounted for as a pooling-of-interests. Accordingly, financial statements for the prior periods have been restated to reflect the results of operations of these entities on a combined basis from the earliest period presented.

On December 4, 1998, the Company completed its first purchase and assumption transaction with First Union and acquired eight of First Union's offices which included deposits. The Company paid a premium of $16.9 million, and assumed approximately $219 million in deposits and acquired certain real estate. The premium is being amortized over ten years.

On January 31, 1998, the Company completed its purchase and assumption transaction with First Federal Savings & Loan Association of Lakeland, Florida ("First Federal-Florida") and acquired five of First Federal-Florida's offices which included loans and deposits. The Company paid a deposit premium of $3.6 million, assumed $55 million in deposits and purchased loans equal to $44 million. Four of the five offices were merged into existing offices of CCB. The deposit premium is being amortized over its expected useful life.

The Company is headquartered in Tallahassee and, as of December 31,2000, had forty-seven offices covering seventeen counties in Florida and one county in Georgia.

EARNINGS ANALYSIS

Earnings, including the effects of special charges and intangible amortization, were $18.2 million, or $1.78 per diluted share. This compares to $15.3 million, or $1.50 per diluted share in 1999 and 1998, respectively. During 2000, special charges, net of taxes, totaled $482,000, or $.04 per diluted share, compared to $1.2 million, or $.12 per diluted share in 1999 and $75,000, or $.01 per diluted share in 1998. Amortization of intangible assets, net of taxes, in 2000 and 1999 totaled $1.9 million, or $.19 per diluted share, compared to $928,000, or $.09 per diluted share in 1998.

In 2000, excluding special charges, earnings increased $2.0 million, or 12.0%, due primarily to revenue growth. Operating revenues (defined as taxable equivalent net interest income plus noninterest income) grew $4.7 million, or 5.4%, over 1999. This and other factors are discussed throughout the Financial Review. A condensed earnings summary is presented in Table 1.

<TABLE>

Table 1
CONDENSED SUMMARY OF EARNINGS
(Dollars in Thousands, Except Per Share Data)(1)

<CAPTION>

	For the Years Ended December 31,		
	2000	1999	1998
<S>	<C>	<C>	<C>
Interest Income	$109,334	$ 99,685	$89,010
Taxable Equivalent Adjustments	1,577	1,761	1,402
Total Interest Income (FTE)	110,911	101,446	90,412
Interest Expense	46,234	41,247	35,248
Net Interest Income (FTE)	64,677	60,199	55,164
Provision for Loan Losses	3,120	2,440	2,439
Taxable Equivalent Adjustments	1,577	1,761	1,402
Net Interest Income After Provision for Loan Losses	59,980	55,998	51,323
Noninterest Income	26,769	26,561	24,384
Noninterest Expense	59,147	59,828	52,244
Income Before Income Taxes	27,602	22,731	23,463
Income Taxes	9,449	7,479	8,169
Net Income	$ 18,153	$ 15,252	$15,294
Basic Net Income Per Share	$ 1.78	$ 1.50	$ 1.51
Diluted Net Income Per Share	$ 1.78	$ 1.50	$ 1.50

(1) All share and per share data have been restated to reflect the pooling-of-interests of Grady Holding Company and its subsidiaries and adjusted to reflect the 3-for-2 stock split effective June 1, 1998.

</TABLE>

Net Interest Income

Net interest income represents the Company's single largest source of earnings and is equal to interest income and fees generated by earning assets, less interest expense paid on interest bearing liabilities. 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 2000, taxable equivalent net interest income increased $4.5 million, or 7.4%. This follows an increase of $5.0 million, or 9.1%, in 1999, and $1.3 million, or 2.4%, in 1998. The increase in taxable equivalent net interest income during 2000 is due to the change in mix of earning assets attributable to the growth of the loan portfolio and increasing yields. The favorable impact of asset growth and yield enhancement was partially offset by increasing rates in interest bearing liabilities.

<TABLE>

Table 2
AVERAGE BALANCES AND INTEREST RATES
(Taxable Equivalent Basis - Dollars in Thousands)

<CAPTION>

	2000			1999			1998		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Assets:									
Loans, Net of Unearned Interest(1)(2)	$1,002,122	$ 92,486	9.23%	$ 884,323	$ 78,646	8.89%	$ 824,197	$76,104	9.23%
Taxable Investment Securities	199,234	11,701	5.87	232,085	13,229	5.70	107,484	6,417	5.97
Tax-Exempt Investment Securities(2)	92,440	5,403	5.84	101,994	6,013	5.89	67,297		

								4,315	6.41
Funds Sold	21,228	1,321	6.22	72,860	3,558	4.88	66,699	3,576	5.36
Total Earning Assets	1,315,024	110,911	8.43	1,291,262	101,446	7.86	1,065,677	90,412	8.48
Cash & Due From Banks	62,202			67,410			53,293		
Allowance For Loan Losses	(10,468)			(10,132)			(10,056)		
Other Assets	96,854			95,529			71,871		
TOTAL ASSETS	$1,463,612			$1,444,069			$1,180,785		
Liabilities:									
NOW Accounts	$ 174,853	$ 4,444	2.54%	$ 155,584	$ 3,134	2.01%	$ 119,134	$ 2,223	1.87%
Money Market Accounts	160,258	6,673	4.16	155,594	5,766	3.71	86,244	2,562	2.97
Savings Accounts	106,072	2,446	2.31	115,789	2,453	2.12	101,007	2,243	2.22
Other Time Deposits	496,699	26,896	5.42	546,433	26,962	4.93	469,087	25,091	5.35
Total Interest Bearing Deposits	937,882	40,459	4.31	973,400	38,315	3.94	775,472	32,119	4.14
Short-Term Borrowings	86,119	4,968	5.77	42,317	1,816	4.29	38,987	1,904	4.88
Long-Term Debt	13,070	807	6.17	17,274	1,116	6.46	18,041	1,225	6.79
Total Interest Bearing Liabilities	1,037,071	46,234	4.46	1,032,991	41,247	3.99	832,500	35,248	4.23
Noninterest Bearing Deposits	269,221			264,005			209,647		
Other Liabilities	17,582			16,015			14,991		
TOTAL LIABILITIES	1,323,874			1,313,011			1,057,138		
Shareowners' Equity:									
Common Stock	102			102			102		
Additional Paid-In Capital	9,188			8,882			8,040		
Retained Earnings	130,448			122,074			115,505		
TOTAL SHAREOWNERS' EQUITY	139,738			131,058			123,647		
TOTAL LIABILITIES AND SHAREOWNERS' EQUITY	$1,463,612			$1,444,069			$1,180,785		
Interest Rate Spread			3.97%			3.87%			4.25%
Net Interest Income		$ 64,677			$ 60,199			$55,164	
Net Interest Margin(3)			4.91%			4.67%			5.18%

(1) Average balances include nonaccrual loans. Interest income includes fees on loans of approximately $4.0 million, $3.5 million and $3.2 million in 2000, 1999, and 1998, respectively.

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

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

</TABLE>
<TABLE>

Table 3
RATE/VOLUME ANALYSIS(1)
(Taxable Equivalent Basis - Dollars in Thousands)

<CAPTION>

	2000 Changes from 1999			1999 Changes from 1998		
		Due To Average			Due To Average	
	Total	Volume	Rate	Total	Volume	Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
EARNING ASSETS:						
Loans, Net of Unearned Interest(2)	$13,840	$10,472	$ 3,368	$ 2,542	$ 5,550	$(3,008)
Investment Securities:						
Taxable	(1,528)	(1,872)	344	6,812	7,439	(627)
Tax-Exempt	(610)	(562)	(48)	1,698	2,224	(526)
Funds Sold and Interest Bearing Deposits	(2,237)	(2,520)	283	(18)	330	(348)
Total	9,465	5,518	3,947	11,034	15,543	(4,509)
Interest Bearing Liabilities:						
NOW Accounts	1,310	387	923	911	682	229
Money Market Accounts	907	173	734	3,204	2,060	1,144
Savings Accounts	(7)	(206)	199	210	328	(118)
Other Time Deposits	(66)	(2,452)	2,386	1,871	4,138	(2,267)
Short-Term Borrowings	3,152	1,881	1,271	(88)	163	(251)
Long-Term Debt	(309)	(272)	(37)	(109)	(52)	(57)
Total	4,987	(489)	5,476	5,999	7,319	(1,320)
Changes in Net Interest Income	$ 4,478	$ 6,007	$(1,529)	$ 5,035	$ 8,224	$(3,189)

(1) This table shows the change in tax 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.

</TABLE>

For the year 2000, taxable equivalent interest income increased $9.5 million, or 9.3%, over 1999, compared to an increase of $11.0 million, or 12.2%, in 1999 over 1998. The Company's taxable equivalent yield on average earning assets of 8.43% represents a 57 basis point increase from 1999, compared to a 62 basis point decrease in 1999 over 1998. During 2000, interest income was positively impacted by the shift in earning asset mix and higher yields. The loan portfolio, which is the largest and highest yielding component of average earning assets, increased from 71.4% in the fourth quarter of 1999, to 77.5% in the comparable quarter of 2000.

Interest expense increased $5.0 million, or 12.1%, over 1999, compared to an increase of $6.0 million, or 17.0%, in 1999 over 1998. The higher level of interest expense in 2000 is attributable to increased competition and the general rise in interest rates. The average rate paid on interest-bearing liabilities was 4.46% in 2000, compared to 3.99% in 1999 and 4.23% in 1998. The increase in rate on interest bearing liabilities was partially offset by a shift in mix and a decline in average deposits. As a percent of average deposits, certificates of deposit (a higher cost deposit product) declined to 41.1% in 2000, from 44.1% in 1999 and 47.6% in 1998.

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) increased 10 basis points in 2000 and declined 38 basis points in 1999. The increase in 2000 is attributable to the change in earning asset mix and higher interest rates as discussed above. The decrease in 1999 is attributable to the change in earning asset mix reflecting the assumption of $219 million in deposits from First Union.

The Company's net interest margin (defined as taxable equivalent interest income less interest expense divided by average earning assets) was 4.91% in 2000, compared to 4.67% in 1999 and 5.18% in 1998. In 2000, the shift in the earning asset mix, partially offset by higher interest rates, resulted in a 24 basis point increase in the margin.

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 $3.1 million in 2000, compared to $2.4 million in 1999 and 1998. The increase in the 2000 provision primarily reflects the Company's loan growth. In 1999, the provision approximated total net charge-offs. The Company's credit quality measures improved with a nonperforming assets ratio of .37% compared to .42% at year-end 1999, and a net charge-off ratio of .25% versus .26% in 1999.

At December 31, 2000, the allowance for loan losses totaled $10.6 million compared to $9.9 million in 1999. At year-end 2000, the allowance represented 1.00% of total loans and 360% 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" for further information regarding the allowance for loan losses. Selected loss coverage ratios are presented below:

	2000	1999	1998
Provision for Loan Losses as a Multiple of Net Charge-offs	1.3x	1.0x	1.1x
Pre-tax Income Plus Provision for Loan Losses as a Multiple of Net Charge-offs	12.4x	10.8x	11.4x

Noninterest Income

In 2000, noninterest income increased $208,000, or 0.8%, and represented 29.3% of taxable equivalent operating revenue, compared to $2.2 million, or 9.6%, and 29.1% in 1999. The increase in the level of noninterest income is attributable to fees for trust services and other income. Partially offsetting this increase were declines in service charges on deposit accounts and data processing fees. The increase in 1999 was primarily a result of higher service charges on deposit accounts, trust revenues and other income. Factors affecting noninterest income are discussed below.

Service charges on deposit accounts decreased $593,000, or 5.9%, in 2000, compared to an increase of $1.4 million, or 16.8%, in 1999. 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 decrease in 2000 is primarily attributable to higher compensating balances and a decrease in the number of chargeable accounts. The increase in 1999 reflects a fee increase implemented in November 1998 and an increase in the number of accounts due to the First Union offices acquired in December 1998.

Data processing revenues decreased $336,000, or 11.7%, in 2000 versus a decrease of $662,000, or 18.8%, in 1999. The data processing center provides computer services to both financial and non-financial clients in North Florida and South Georgia. The decrease was primarily a result of a decline in revenues for non-financial clients. The Company currently processes for six financial clients, a decline of two from the third quarter. In 2000, processing revenues for non-financial entities represented approximately 23% of the total processing revenues, down from 33% in the prior year. In 1999, the decrease reflects lower processing revenues with government agencies.

In 2000, trust fees increased $208,000, or 9.3%, compared to $466,000, or 26.5% in 1999. Increases in both years were attributable to growth in assets under management. At year-end 2000, assets under management totaled $328 million, reflecting growth of $20.5 million, or 6.7%. For the comparable period in 1999, assets under management totaled $307.5 million, reflecting growth of $46.3 million, or 17.7%.

Other noninterest income increased $915,000, or 8.0%, in 2000 versus an increase of $1.0 million, or 12.0% in 1999. The increase in 2000 was attributable to credit card merchant fees, credit card interchange fees, brokerage revenues and check printing income. Partially offsetting this increase was a decline in gains recognized on the sale of real estate loans. The increase in other noninterest income in 1999 was attributable to ATM fees, brokerage revenues, receivable financing fees, credit card interchange fees and gains on the sale of bank assets.

Noninterest income as a percent of average assets increased to 1.83% in 2000, compared to 1.71% in 1999 and 1.91% in 1998.

Noninterest Expense

Noninterest expense for 2000 was $59.1 million, a decrease of $681,000, or 1.1%, over 1999, compared with an increase of $7.6

million, or 15.0%, in 1999 over 1998. Factors impacting the Company's noninterest expense during 2000 and 1999 are discussed below.

The Company's aggregate compensation expense in 2000 totaled $30.0 million, an increase of $1.0 million, or 3.4%, over 1999. The increase was primarily in salaries due to raises, higher commissions and incentives. In 1999, total compensation increased $2.4 million, or 8.9%, over 1998. The increase was primarily in salaries due to the addition of eight offices and raises.

Occupancy expense (including furniture, fixtures & equipment) increased by $304,000, or 3.0%, in 2000, compared to $1.3 million, or 14.8%, in 1999. The increase was attributable to higher depreciation, utilities and software licenses, and was partially offset by a decline in maintenance and repairs. The increase in 1999 was due to the addition of eight offices acquired from First Union resulting in higher costs in all occupancy categories. The most significant increases occurred in premises rental, utilities, and maintenance costs.

Merger-related expenses totaled $761,000 and $1.4 million, in 2000 and 1999, respectively. The costs for both years were attributable to the acquisition of Grady Holding Company and its subsidiaries.

Other noninterest expense decreased $1.4 million, or 7.1% in 2000 and increased $2.6 million, or 17.0% in 1999. The decrease in 2000 was attributable to: (1) a decrease in intangible taxes of $511,000 resulting from the elimination of this tax for banks by the State of Florida; (2) decline in other losses of $326,000; (3) decline in telephone costs of $293,000 resulting from the completion of the wide-area network; and (4) elimination of YEAR 2000 costs. The increase in 1999 was attributable to: (1) an increase in amortization expense of approximately $1.6 million due to the acquisition of First Union offices; (2) an increase in telephone expense of $282,000, as a result of implementing a wide-area network; (3) an increase in postage costs of $383,000 due to postal rate increase and higher volume with the addition of the new offices; and (4) YEAR 2000 expenses.

The net noninterest expense ratio (defined as noninterest income minus noninterest expense, net of intangible amortization and special charges, as a percent of average assets) was 1.97% in 2000, compared to 2.01% in 1999 and 2.25% in 1998. The Company's efficiency ratio (expressed as noninterest expense, net of intangible amortization and special charges, as a percent of taxable equivalent operating revenues) was 60.7%, 63.7%, and 64.0% in 2000, 1999, and 1998, respectively.

Income Taxes

The consolidated provision for federal and state income taxes was $9.4 million in 2000, compared to $7.5 million in 1999 and $8.2 million in 1998. The increase in the 2000 tax provision from 1999 is primarily attributable to a higher operating profit and a decline of tax-exempt income.

The effective tax rate was 34.2% in 2000, 32.9% in 1999, and 34.8% in 1998. These rates differ from the statutory tax rates due primarily to tax-exempt income. The increase in the effective tax rate for 2000 is primarily attributable to the increase in earnings and the decline of tax-exempt income relative to pre-tax income. Tax-exempt income (net of the adjustment for disallowed interest) as a percent of pre-tax income was 19.8% in 2000, 26.5% in 1999, and 18.0% in 1998.

FINANCIAL CONDITION

Average assets increased $19.5 million, or 1.4%, from $1.44 billion in 1999 to $1.46 billion in 2000. Average earning assets increased slightly to $1.32 billion in 2000, a $23.8 million, or 1.8%, increase over 1999. Average loans increased $118.0 million, or 13.3%, partially offset by a decline in average securities and funds sold of $42.4 million, or 12.7%, and $51.6 million, or 70.9%, respectively. Loan growth in 2000 was funded through liquidation of funds sold, and the maturity of investment securities and short-term borrowings.

Table 2 provides information on average balances while Table 4 highlights the changing mix of the Company's earning assets over the last three years.

Loans

Local markets continued to improve during 2000. Loan growth was strong throughout the year with the residential portfolio representing a significant portion of the growth. The Company continued to enhance the line of products and services offered in the markets served. Price and product competition remain strong. Other areas reflecting strong demand were home equity, consumer indirect automobile and commercial

real estate.

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.

<TABLE>

Table 4
SOURCES OF EARNING ASSET GROWTH
(Average Balances - Dollars in Thousands)

<CAPTION>

	1999 to 2000 Change	Percentage of Total Change	Components of Average Earning Assets 2000	1999	1998
<S>	<C>	<C>	<C>	<C>	<C>
Loans:					
Commercial, Financial and Agricultural	$ 14,457	60.9%	8.2%	7.2%	8.0%
Real Estate - Construction	12,719	53.5	5.2	4.3	4.5
Real Estate - Mortgage	78,765	331.5	49.3	44.2	49.9
Consumer	11,858	49.9	13.5	12.8	14.9
Total Loans	117,799	495.8	76.2	68.5	77.3
Securities:					
Taxable	(32,851)	(138.3)	15.2	18.0	10.1
Tax-Exempt	(9,554)	(40.2)	7.0	7.9	6.3
Total Securities	(42,405)	(178.5)	22.2	25.9	16.4
Funds Sold	(51,632)	(217.3)	1.6	5.6	6.3
Total Earning Assets	$ 23,762	100.0%	100.0%	100.0%	100.0%

</TABLE>

The Company's average loan-to-deposit ratio increased from 71.5% in 1999, to 83.0% in 2000. This compares to an average loan-to-deposit ratio in 1998 of 83.7%. The higher average loan-to-deposit ratio reflects the increase in loan growth and a decline in deposits, primarily certificates of deposits. The Company sold loans of approximately $23 million during the fourth quarter of 2000. The sale consisted of both fixed and variable rate residential loans.

Real estate loans, combined, represented 72.2% of total loans in 2000, versus 71.1% in 1999. 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, 2000, based upon maturities. Demand loans and overdrafts are reported in the category of one year or less. As a percent of the total portfolio, loans with fixed interest rates have decreased from 33.0% in 1999, to 30.5% in 2000.

Allowance for Loan Losses

Management attempts to maintain the allowance for loan losses at a level sufficient to provide for estimated losses inherent in the loan portfolio. 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.

Management evaluates the adequacy of the allowance for loan losses on a quarterly basis. The evaluations are based on the collectibility of loans and take into consideration such factors as growth and composition of the loan portfolio, evaluation of potential losses, past loss experience and general economic conditions. As part of these evaluations, management reviews all loans which have been classified internally or through regulatory examination and, if appropriate, allocates a specific reserve to each of these individual loans. Further, management establishes a general reserve to provide for losses inherent in the loan portfolio which are not specifically identified. The general reserve is based upon management's evaluation of the current and forecasted operating and economic environment coupled with historical experience. The allowance for loan losses is

compared against the sum of the specific reserves plus the general reserve and adjustments are made, as appropriate. Table 7 analyzes the activity in the allowance over the past five years.

<TABLE>

Table 5
LOANS BY CATEGORY
(Dollars in Thousands)

<CAPTION>

	As of December 31,				
	2000	1999	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>
Commercial, Financial and Agricultural	$ 108,340	$ 98,894	$ 91,246	$ 82,641	$ 82,724
Real Estate - Construction	84,133	62,166	51,790	51,098	46,415
Real Estate - Mortgage	231,099	214,036	542,044	492,778	472,052
Real Estate - Residential(1)	444,489	383,536	-	-	-
Consumer	183,771	169,854	159,137	148,934	143,935
Total Loans, Net of Unearned Interest	$1,051,832	$928,486	$844,217	$775,451	$745,126

(1) Real Estate - Residential loan information included in Real Estate - Mortgage category for 1998, 1997 and 1996.

</TABLE>
<TABLE>

Table 6
LOAN MATURITIES
(Dollars in Thousands)

<CAPTION>

	Maturity Periods			
	One Year Or Less	Over One Through Five Years	Over Five Years	Total
<S>	<C>	<C>	<C>	<C>
Commercial, Financial and Agricultural	$ 54,548	$ 31,777	$ 22,015	$ 108,340
Real Estate	123,527	67,139	569,055	759,721
Consumer	49,639	123,740	10,392	183,771
Total	$227,714	$222,656	$601,462	$1,051,832
Loans with Fixed Rates	$ 71,440	$172,065	$ 76,902	$ 320,407
Loans with Floating or Adjustable Rates	156,274	50,591	524,560	731,425
Total	$227,714	$222,656	$601,462	$1,051,832

</TABLE>

The allowance for loan losses at December 31, 2000 of $10.6 million compares to $9.9 million at year-end 1999. The allowance as a percent of total loans was 1.00% in 2000, versus 1.07% in 1999. There can be no assurance that in particular periods the Company will not sustain loan losses which are substantial in relation to the size of the allowance. When establishing the allowance, management makes various estimates regarding the value of collateral and future economic events. Actual experience may differ from these estimates. It is management's opinion that the allowance at December 31, 2000 is adequate to absorb losses from loans in the portfolio as of year-end.

Table 8 provides an allocation of the allowance for loan losses to specific loan categories for each of the past five years. The allocation of the allowance is developed using management's best estimates based upon available information such as regulatory examinations, internal loan reviews and historical data and trends. The allocation by loan category reflects a base level allocation derived primarily by analyzing the level of problem loans, specific reserves and historical charge-off data. Current and forecasted economic conditions, and other judgmental factors which cannot be easily quantified (e.g. concentrations), are not presumed to be included in the base level allocations, but instead are covered by the unallocated portion of the reserve. The Company faces a geographic

concentration as well as a concentration in real estate lending. Both risks are cyclical in nature and must be considered in establishing the overall allowance for loan losses. Reserves in excess of the base level reserves are maintained in order to properly reserve for the losses inherent in the Company's portfolio due to these concentrations and anticipated periods of economic difficulties.

<TABLE>

Table 7
ANALYSIS OF ALLOWANCE FOR LOAN LOSSES
(Dollars in Thousands)

<CAPTION>

	For the Years Ended December 31,				
	2000	1999	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>
Balance at Beginning of Year	$ 9,929	$9,827	$9,662	$9,450	$7,522
Acquired Reserves	-	-	-	-	1,769
Charge-Offs:					
Commercial, Financial and Agricultural	626	480	127	568	594
Real Estate - Construction	7	-	15	31	-
Real Estate - Mortgage	-	354	1,011	485	119
Real Estate - Residential(1)	168	251	-	-	-
Consumer	2,387	2,113	2,004	1,978	1,691
Total Charge-Offs	3,188	3,198	3,157	3,062	2,404
Recoveries:					
Commercial, Financial and Agricultural	52	142	72	378	235
Real Estate - Construction	11	-	142	-	3
Real Estate - Mortgage	73	84	176	83	-
Real Estate - Residential(1)	54	11	-	-	-
Consumer	513	623	493	485	462
Total Recoveries	703	860	883	946	700
Net Charge-Offs	2,485	2,338	2,274	2,116	1,704
Provision for Loan Losses	3,120	2,440	2,439	2,328	1,863
Balance at End of Year	$10,564	$9,929	$9,827	$9,662	$9,450
Ratio of Net Charge-Offs to Average Loans Outstanding	.25%	.26%	.28%	.28%	.27%
Allowance for Loan Losses as a Percent of Loans at End of Year	1.00%	1.07%	1.16%	1.25%	1.27%
Allowance for Loan Losses as a Multiple of Net Charge-Offs	4.25x	4.25x	4.32x	4.57x	5.55x

(1) Real Estate - Residential charge-off and recovery information is included in the Real Estate - Mortgage category for 1998, 1997 and 1996.

</TABLE>

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 decreased $100,000, or 1.7%, from a level of $3.0 million at December 31, 1999, to $2.9 million at December 31, 2000. During 2000, loans totaling approximately $4.5 million were added, while loans totaling $4.6 million were removed from nonaccruing status. Of the $4.6 million removed, $785,000 consisted of principal reductions, $847,000 represented loans transferred to other real estate, $2.8 million consisted of loans brought current and returned to an accrual status and loans refinanced, and $201,000 was charged off. Where appropriate, management has allocated specific reserves to absorb anticipated losses. The majority (75%) of the Company's charge-offs in 2000 were

in the consumer portfolio where loans are charged off based on past due status and are not recorded as nonaccruing loans.

<TABLE>

Table 8
ALLOCATION OF ALLOWANCE FOR LOAN LOSSES
(Dollars in Thousands)

<CAPTION>

	2000		1999		1998		1997		1996	
	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
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial, Financial and Agricultural	$ 1,423	10.3%	$1,873	10.7%	$1,599	10.8%	$ 795	10.7%	$ 773	11.1%
Real Estate:										
Construction	424	8.0	477	6.7	556	6.1	488	6.6	342	6.2
Mortgage	3,157	22.0	3,228	23.0	3,461	64.2	3,035	63.5	3,894	63.4
Residential(1)	922	42.3	573	41.3	-	-	-	-	-	-
Consumer	3,423	17.4	3,327	18.3	3,110	18.9	2,869	19.2	2,749	19.3
Not Allocated	1,215	-	451	-	1,101	-	2,475	-	1,692	-
Total	$10,564	100.0%	$9,929	100.0%	$9,827	100.0%	$9,662	100.0%	$9,450	100.0%

(1) Real Estate - Residential allowance for loan losses information is included in the Real Estate - Mortgage category for 1998, 1997 and 1996.

</TABLE>
<TABLE>

Table 9
RISK ELEMENT ASSETS
(Dollars in Thousands)

<caaption>

	As of December 31,				
	2000	1999	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>
Nonaccruing Loans	$ 2,919	$ 2,965	$ 4,996	$ 1,403	$ 2,811
Restructured	19	26	195	224	262
Total Nonperforming Loans	2,938	2,991	5,191	1,627	3,073
Other Real Estate	971	934	1,468	1,244	1,489
Total Nonperforming Assets	$ 3,909	$ 3,925	$ 6,659	$ 2,871	$ 4,562
Past Due 90 Days or More	$ 1,102	$ 781	$ 1,124	$ 994	$ 638
Nonperforming Loans/Loans	.28%	.32%	.61%	.21%	.41%
Nonperforming Assets/Loans Plus Other Real Estate	.37%	.42%	.79%	.37%	.61%
Nonperforming Assets/Capital(1)	2.47%	2.76%	4.80%	2.28%	4.06%
Reserve/Nonperforming Loans	359.57%	331.96%	189.31%	593.85%	307.52%

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

</TABLE>

The majority of nonaccrual loans are collateralized with real estate. Management continually reviews these loans and believes specific reserve allocations are sufficient to cover the loss exposure associated with these loans.

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 $291,000 higher for the year ended December 31, 2000.

Restructured loans are those with reduced interest rates or deferred payment terms due to deterioration in the financial position of the borrower.

Other real estate totaled $971,000 at December 31, 2000, versus $934,000 at December 31, 1999. This category includes property owned by Capital City Bank which was acquired either through foreclosure procedures or by receiving a deed in lieu of foreclosure. During 2000, the Company added properties totaling $904,000, and partially or completely liquidated properties totaling $867,000, resulting in a net decrease in other real estate of approximately $37,000. Management does not anticipate any significant losses associated with other real estate.

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 $3.7 million at December 31, 2000.

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 amounts exceed 10% of total loans. Due to the lack of diversified industry within the markets served by the Banks and the relatively close proximity of the markets, the Company has both geographic concentrations as well as concentrations in the types of loans funded. Further, due to the nature of the Company's markets, a significant portion of the portfolio is associated either directly or indirectly with real estate. At December 31, 2000, approximately 72.2% of the portfolio consisted of real estate loans. Residential properties comprise approximately 58.5% of the real estate portfolio.

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, 2000, 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 2000, the Company's average investment portfolio decreased $42.4 million, or 12.7%, compared to a increase of $159.3 million, or 91.1% in 1999. As a percentage of average earning assets, the investment portfolio represented 22.2% in 2000, compared to 25.9% in 1999. The decline in the portfolio was attributable to the maturities of investment securities in all categories. The maturities were used to fund the Company's loan growth throughout the year. The increase in the 1999 portfolio was a result of the purchase of approximately $200 million in investment securities as a result of the assumption of deposits from an acquisition.

In 2000, average taxable investments decreased $32.8 million, or 14.2%, while tax-exempt investments decreased $9.6 million, or 9.4%. Although the Tax Reform Act of 1986 significantly reduced the tax benefits associated with tax-exempt securities, management continues to purchase "bank qualified" municipal issues when it considers the yield to be attractive and the Company can do so without adversely impacting its tax position.

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. Securities may be classified as held-to-maturity, available-for-sale or trading. As of December 31, 2000, 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 and unrealized gains and losses associated with these securities are recorded, net of tax, in the accumulated other comprehensive loss component of shareowners' equity. At December 31, 2000, shareowners' equity included a net unrealized loss of $1.5 million, compared to a loss of $6.2 million at December 31, 1999. 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, 2000 and 1999, was 2.63 and 3.38 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, 2000, was 5.83% versus 5.74% in 1999. The quality of the municipal portfolio at such date is depicted in the chart below. 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, 2000.

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.

MUNICIPAL PORTFOLIO QUALITY
(Dollars in Thousands)

Moody's Rating	Amortized Cost	Percentage
AAA	$56,768	66.2%
AA-1	3,566	4.2
AA-2	3,269	3.8
AA-3	2,352	2.7
AA	-	-
A-1	1,935	2.3
A-2	1,132	1.3
A-3	195	.2
A	900	1.1
BAA	406	.5
Not Rated(1)	15,221	17.7
Total	$85,744	100.0%

(1) Of the securities not rated by Moody's, $12.8 million are rated "A" or higher by S&P.

<TABLE>

Table 10
MATURITY DISTRIBUTION OF INVESTMENT SECURITIES

<CAPTION>

(Dollars in Thousands)	As of December 31, 2000 Amortized Cost	Market Value	Weighted Average Yield(1)
<S>	<C>	<C>	<C>
U. S. GOVERNMENTS			
Due in 1 year or less	$ 25,037	$ 24,994	5.52%
Due over 1 year thru 5 years	54 662	54,243	5.43
Due over 5 years thru 10 years	-	-	-
Due over 10 years	-	-	-
TOTAL	79,699	79,237	5.46
STATE & POLITICAL SUBDIVISIONS			
Due in 1 year or less	13,726	13,758	6.59
Due over 1 year thru 5 years	63,774	63,225	6.00
Due over 5 years thru 10 years	7,669	7,699	6.63
Due over 10 years	575	559	-
TOTAL	85,744	85,241	6.16
MORTGAGE-BACKED SECURITIES(2)			
Due in 1 year or less	341	341	6.27
Due over 1 year thru 5 years	71,203	70,235	5.79
Due over 5 years thru 10 years	2,197	2,173	6.64
Due over 10 years	-	-	-
TOTAL	73,741	72,749	5.82
OTHER SECURITIES			
Due in 1 Year or less	1,516	1,513	5.76
Due over 1 year thru 5 years	32,481	32,055	5.58
Due over 5 years thru 10 years	625	608	5.03
Due over 10 years(3)	5,436	5,436	7.51
TOTAL	40,058	39,612	5.82
Total Investment Securities	$279,242	$276,839	5.83%

(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 do not have

stated maturities.

AVERAGE MATURITY (In Years)
AS OF DECEMBER 31, 2000

U.S. Governments	1.76
State and Political Subdivisions	3.23
Mortgage-Backed Securities	3.28
Other Securities	1.89
TOTAL	2.63

</TABLE>

Deposits and Funds Purchased

Average total deposits decreased from $1.24 billion in 1999, to $1.21 billion in 2000, representing an decrease of $30.3 million, or 2.5%, compared with an increase of $252.3 million, or 25.6%, in 1999. In 2000, the decrease is primarily due to declining balances in certificates of deposit and savings. The decline in certificates is attributable to rising interest rates and an increase in competition. Partially offsetting this decline was an increase in NOW, money market and demand balances. The most significant increase occurred in NOW balances primarily as a result of higher public funds. The Company continues to experience a notable increase in competition for deposits, in terms of both rate and product. In 1999, the annual average increase is attributable to a full year impact of the assumption of deposits from First Union and the continued success of the CashPower Money Market Account.

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 and other borrowings, increased $43.8 million, or 103.5%. The increase was primarily due to borrowings from the Federal Home Loan Bank. See Note 8 in the Notes to Consolidated Financial Statements for further information.

<TABLE>

Table 11
SOURCES OF DEPOSIT GROWTH
(Average Balances - Dollars in Thousands)

<CAPTION>

	1999 to 2000 Change	Percentage of Total Change	Components of Total Deposits		
			2000	1999	1998
<S>	<C>	<C>	<C>	<C>	<C>
Noninterest Bearing Deposits	$ 5,216	17.2 %	22.3%	21.3%	21.3%
NOW Accounts	19,269	63.6	14.5	12.6	12.1
Money Market Accounts	4,664	15.4	13.3	12.6	8.8
Savings	(9,717)	(32.1)	8.8	9.4	10.2
Other Time Deposits	(49,734)	(164.1)	41.1	44.1	47.6
Total Deposits	$(30,302)	(100.0)%	100.0%	100.0%	100.0%

</TABLE>
<TABLE>

Table 12
MATURITY DISTRIBUTION OF CERTIFICATES OF DEPOSIT $100,000 OR OVER
(Dollars in Thousands)

<CAPTION>

	December 31, 2000	
	Time Certificates of Deposit	Percent
<S>	<C>	<C>
Three months or less	$40,075	42.1%
Over three through six months	18,063	19.0

Over six through twelve months	24,319	25.6
Over twelve months	12,691	13.3
Total	$95,148	100.0%

</TABLE>

LIQUIDITY AND CAPITAL RESOURCES

Liquidity for a banking institution is the availability of funds to meet increased loan demand and/or excessive deposit withdrawals. Management monitors the Company's financial position to ensure it has ready access to sufficient liquid funds to meet normal transaction requirements, take advantage of investment opportunities and cover unforeseen liquidity demands. In addition to core deposit growth, sources of funds available to meet liquidity demands include cash received through ordinary business activities (i.e. collection of interest and fees), federal funds sold, loan and investment maturities, bank lines of credit for the Company and approved lines for the purchase of federal funds by CCB.

As of December 31, 2000, the Company had a $25.0 million credit facility under which $23.7 million was currently available. The facility offers the Company an unsecured, revolving line of credit for a period of three years which matures in November 2004. Upon expiration of the revolving line of credit, the outstanding balance may be converted to a term loan and repaid over a period of seven years. The term loan is to be secured by stock of a subsidiary bank equal to at least 125% of the principal balance of the term loan. The Company, at its option, may select from various loan rates including Prime, LIBOR or the lenders' Cost of Funds rate ("COF"), plus or minus increments thereof. The LIBOR or COF rates may be fixed for a period of up to six months. The Company also has the option to select fixed rates for periods of one through five years. In 2000, the Company reduced the amount of debt to $1.3 million. The average interest rate during 2000 was 6.71%.

The Company's credit facility imposes certain limitations on the level of the Company's equity capital, and federal and state regulatory agencies have established regulations which govern the payment of dividends to a bank holding company by its bank subsidiaries. As of year-end 2000, the Company was in compliance with all of these contractual and/or regulatory requirements.

At December 31, 2000, the Company had $10.4 million in long-term debt outstanding to the Federal Home Loan Bank of Atlanta. The debt consists of twelve loans. The interest rates are fixed and the weighted average rate at December 31, 2000 was 6.07%. Required annual principal reductions approximate $600,000, with the remaining balances due at maturity ranging from 2001 to 2018. The debt was used to match/fund selected lending activities and is secured by investment securities and first mortgage residential real estate loans which are included in the Company's loan portfolio. See Note 9 in the Notes to Consolidated Financial Statements for additional information as to the Company's long-term debt.

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, 2000, the Company had $296.3 million in commitments to extend credit and $2.3 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.

It is anticipated capital expenditures will approximate $8.0 million over the next twelve months. Management believes these capital expenditures can be funded internally without impairing the Company's ability to meet its on-going obligations.

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

Shareowners' Equity
(Dollars in Thousands)

	2000	1999	1998
Common Stock	$ 101	$ 102	$ 102
Additional Paid-in Capital	7,369	9,249	8,561
Retained Earnings	141,659	129,055	119,521
Subtotal	149,129	138,406	128,184
Accumulated Other Comprehensive Income, Net of Tax	(1,522)	(6,190)	678
Total Shareowners' Equity	$147,607	$132,216	$128,862

The Company continues to maintain a strong capital position. The ratio of shareowners' equity to total assets at year-end was 9.66%, 9.24% and 8.93%, in 2000, 1999 and 1998, 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. CCBG exceeded these capital guidelines, with a total risk-based capital ratio of 12.86% and a Tier 1 ratio of 11.87%, compared to 12.27% and 11.23%, respectively, in 1999.

In addition, a tangible leverage ratio is now being 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, 2000, the Company had a leverage ratio of 8.30% compared to 7.92% in 1999. See Note 13 in the Notes to Consolidated Financial Statements for additional information as to the Company's capital adequacy.

Dividends declared and paid totaled $.545 per share in 2000. During the fourth quarter of 2000 the quarterly dividend was raised 11.3% from $.1325 per share to $.1475 per share. The Company declared dividends of $.5525 per share in 1999 and $.45 per share in 1998. Included in the 1999 amount was approximately $563,000 of a one-time distribution paid to Grady Holding Company shareowners. The dividend payout ratio was 30.6%, 32.9%, and 28.2% for 2000, 1999 and 1998, respectively. Dividends declared per share in 2000 represented a 10.7% increase over 1999, excluding the one-time distribution.

At December 31, 2000, the Company's common stock had a diluted book value of $14.56 per share compared to $12.96 in 1999. Beginning in 1994, book value has been impacted by the net unrealized gains and losses on investment securities available-for-sale. At December 31, 2000, the net unrealized loss was $1.5 million. At December 31, 1999, the Company had a net unrealized loss of $6.2 million and thus the net impact on equity for the year was an increase in book value of approximately $4.7 million.

On March 30, 2000, the Company's Board of Directors authorized the repurchase of up to 500,000 shares of its outstanding common stock. The purchases will be made in the open market or in privately negotiated transactions. The Company acquired 119,134 shares during 2000.

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. The Company issued 5,775 shares in 2000 under this plan.

The Company also offers stock purchase plans to its associates and directors. In 2000, 31,398 shares were issued under these plans.

The Board of Directors approved a Dividend Reinvestment and Optional Stock Purchase Plan for the Company in December 1996. In 2000 and 1999, shares for this plan were purchased in the open market, and thus there were no newly issued shares under this plan.

The Company offers a 401(k) Plan which enables associates to defer a portion of their salary on a pre-tax basis. The plan covers substantially all of the Company associates who meet the minimum age requirement. The Plan is designed to enable participants to elect to have an amount withheld from their compensation in any plan year and placed in the 401(k) Plan trust account. Matching contributions from the Company can be made up to 6% of the participant's compensation.

During 2000 and 1999, no contributions were made by the Company. The participants may choose to invest their contributions into fifteen investment funds, including CCBG common stock.

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 "Earnings Analysis".

Accounting Pronouncements

In September 2000, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", a replacement of SFAS No. 125. The statement revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures. The statement is effective for fiscal years ending after December 15, 2000. The adoption of this standard did not have a material impact on reported results of operations of the Company.

In June 1998, the FASB issued SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" as amended. The statement establishes accounting and reporting standards for derivative instruments (including certain derivative instruments imbedded in other contracts). The statement is effective for fiscal years beginning after June 15, 2000. The adoption of this standard did not have a material impact on reported results of operations of the Company.

Item 7A. 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. CCBG does not actively participate in exchange rates, commodities or equities. 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. CCBG's asset/liability management process manages the Company's interest rate risk.

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 13. This table presents the Company's consolidated interest rate sensitivity position as of year-end 2000 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 13 may not necessarily be indicative of the Company's interest rate sensitivity over an extended period of time.

The Company is currently liability sensitive, which generally indicates that, in a period of rising interest rates, the net interest margin will be adversely impacted as the velocity and/or volume of liabilities being repriced exceeds assets. The opposite is true in a falling rate environment. 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.

<TABLE>

Table 13
FINANCIAL ASSETS AND LIABILITITES MARKET RISK ANALYSIS(1)
Other Than Trading Portfolio

<CAPTION>

(Dollars in Thousands)	As of December 31, 2001	2002	2003	2004	2005	Beyond	Total	Fair Value
Loans								
Fixed Rate	$ 71,440	$ 41,328	$ 49,011	$ 41,550	$ 40,176	$ 76,902	$ 320,407	$ 325,620
Average Interest Rate	9.32%	10.05%	7.81%	8.72%	9.33%	8.11%	9.28%	
Floating Rate(2)	386,394	59,238	54,324	47,831	76,501	107,137	731,425	743,325
Average Interest Rate	9.76%	8.46%	8.50%	8.13%	8.29%	7.57%	8.98%	
Investment Securities(3)								
Fixed Rate	66,009	48,930	30,310	20,338	30,003	73,451	269,041	269,041
Average Interest Rate	5.54%	5.25%	4.79%	4.19%	4.35%	5.82%	5.22%	
Floating Rate	-	-	-	7,295	-	503	7,798	7,798
Average Interest Rate	-	-	-	6.84%	-	6.05%	6.79%	
Other Earning Assets								
Fixed Rate	-	-	-	-	-	-	-	-
Average Interest Rate	-	-	-	-	-	-	-	
Floating Rate	40,623	-	-	-	-	-	40,623	40,623
Average Interest Rate	6.30%	-	-	-	-	-	6.30%	
Total Financial Assets	$564,466	$149,496	$140,940	$109,719	$146,680	$257,993	$1,369,294	$1,386,407
Average Interest Rate	8.96%	7.85%	7.38%	7.62%	7.77%	7.23%	8.22%	
Deposits(4)								
Fixed Rate Deposits	$445,397	$ 49,776	$ 7,318	$ 3,180	$ 1,422	$ 15	$ 507,108	$509,585
Average Interest Rate	5.59%	5.82%	5.24%	5.00%	4.69%	4.74%	5.60%	
Floating Rate Deposits	468,603	-	-	-	-	-	468,603	468,603
Average Interest Rate	3.27%	-	-	-	-	-	3.27%	
Other Interest Bearing Liabilities								
Fixed Rate Debt	698	703	718	731	747	6,860	10,457	11,811
Average Interest Rate	6.17%	6.17%	6.17%	6.17%	6.17%	6.17%	6.10%	
Floating Rate Debt	84,722	-	-	-	-	-	84,722	83,757
Average Interest Rate	6.20%	-	-	-	-	-	6.20%	
Total Financial Liabilities	$999,420	$ 50,479	$ 8,036	$ 3,911	$ 2,169	$ 6,875	$1,070,890	$1,073,756
Average interest Rate	4.56%	5.82%	5.32%	5.22%	5.20%	6.17%	4.63%	

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

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

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

(4) Savings, NOW and money market accounts can be repriced at any time, therefore, all such balances are included as floating rates deposits in 2001. Other time deposit balances are classified according to maturity.

</TABLE>
<TABLE>

Item 8. Financial Statements and Supplementary Data

Table 14
QUARTERLY FINANCIAL DATA (UNAUDITED)
(Dollars in Thousands, Except Per Share Data)

<CAPTION>

	2000	1999

<S>	Fourth <C>	Third <C>	Second <C>	First <C>	Fourth <C>	Third <C>	Second <C>	First(1) <C>
Summary of Operations:								
Interest Income	$ 28,717	$ 28,018	$ 26,889	$ 25,710	$ 25,366	$ 25,236	$ 24,816	$ 24,267
Interest Expense	12,949	12,039	11,070	10,176	10,171	10,287	10,476	10,313
Net Interest Income	15,768	15,979	15,819	15,534	15,195	14,949	14,340	13,954
Provision for Loan Loss	825	735	950	610	510	610	580	740
Net Interest Income After Provision for Loan Loss	14,943	15,244	14,869	14,924	14,685	14,339	13,760	13,214
Noninterest Income	7,046	6,646	6,675	6,402	6,655	6,719	6,634	6,553
Merger Expense	12	(2)	751	-	10	74	1,277	-
Noninterest Expense	14,847	14,684	14,503	14,352	14,463	14,522	15,040	14,442
Income Before Provision for Income Taxes	7,130	7,208	6,290	6,974	6,867	6,462	4,077	5,325
Provision for Income Taxes	2,478	2,487	2,123	2,361	2,548	2,089	1,182	1,660
Net Income	$ 4,652	$ 4,721	$ 4,167	$ 4,613	$ 4,319	$ 4,373	$ 2,895	$ 3,665
Net Interest Income (FTE)	$ 16,134	$ 16,364	$ 16,217	$ 15,962	$ 15,521	$ 15,435	$ 14,822	$ 14,420
Per Common Share:								
Net Income Basic	$ .46	$ .46	$ .41	$ .45	$ .42	$ .43	$ .28	$ .36
Net Income Diluted	.46	.46	.41	.45	.42	.43	.28	.36
Dividends Declared(1)	.1475	.1325	.1325	.1325	.1325	.12	.12	.18
Book Value	14.56	14.08	13.51	13.20	12.96	12.78	12.56	12.80
Market Price:								
High	26.75	20.50	20.50	23.00	25.00	30.00	25.00	27.63
Low	18.88	18.75	18.00	15.00	20.19	21.00	20.25	22.00
Close	24.81	19.56	19.50	19.63	21.50	22.75	25.00	23.31
Selected Average Balances:								
Loans	$1,053,675	$1,025,943	$ 989,695	$ 938,351	$ 915,194	$ 892,161	$ 878,976	$ 850,161
Earning Assets	1,359,345	1,318,698	1,303,633	1,277,894	1,280,746	1,297,481	1,304,093	1,282,679
Total Assets	1,503,811	1,465,455	1,454,098	1,430,620	1,446,815	1,446,505	1,452,215	1,430,533
Total Deposits	1,223,642	1,203,254	1,202,770	1,198,608	1,235,002	1,234,360	1,247,452	1,232,816
Total Shareowners' Equity	146,161	141,847	137,014	133,836	131,932	130,134	131,234	130,929
Common Equivalent Shares:								
Basic	10,162	10,192	10,196	10,195	10,179	10,179	10,172	10,170
Diluted	10,186	10,208	10,211	10,211	10,201	10,195	10,187	10,185
Ratios:								
ROA	1.23%	1.28%	1.15%	1.30%	1.18%	1.20%	.80%	1.04%
ROE	12.66%	13.24%	12.23%	13.86%	12.99%	13.33%	8.85%	11.35%
Net Interest Margin (FTE)	4.73%	4.94%	5.00%	5.02%	4.82%	4.73%	4.56%	4.56%
Efficiency Ratio	61.03%	60.64%	60.30%	60.91%	60.67%	62.30%	66.70%	65.46%

(1) First quarter 1999 dividend includes a one-time distribution paid to Grady Holding Company shareowners of approximately $563,000.

</TABLE>

CONSOLIDATED FINANCIAL STATEMENTS

44 Report of Independent Certified Public Accountants

45 Consolidated Statements of Income

46 Consolidated Statements of Financial Condition

47 Consolidated Statements of Changes in Shareowners' Equity

48 Consolidated Statements of Cash Flows

49 Notes to Consolidated Financial Statements

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Shareowners and Board of Directors of Capital City Bank Group, Inc.

We have audited the accompanying consolidated statements of financial condition of CAPITAL CITY BANK GROUP, INC. (a Florida Corporation) AND SUBSIDIARIES as of December 31, 2000 and 1999, and the related consolidated statements of income, changes in shareowners' equity, and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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 financial statements referred to above present fairly, in all material respects, the financial position of Capital City Bank Group, Inc. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Jacksonville, Florida
January 25, 2001

<TABLE>

CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Data)(1)

<CAPTION>

	For the Years Ended December 31,		
	2000	1999	1998
<S>	<C>	<C>	<C>
INTEREST INCOME			
Interest and Fees on Loans	$ 92,306	$78,527	$75,989
Investment Securities:			
U.S. Treasury	696	1,430	1,889
U.S. Government Agencies/Corp.	8,632	9,313	3,879
States and Political Subdivisions	4,006	4,371	3,028
Other Securities	2,373	2,486	649
Funds Sold	1,321	3,558	3,576
Total Interest Income	109,334	99,685	89,010
INTEREST EXPENSE			
Deposits	40,459	38,315	32,119
Short-Term Borrowings	4,968	1,816	1,904
Long-Term Debt	807	1,116	1,225
Total Interest Expense	46,234	41,247	35,248
Net Interest Income	63,100	58,438	53,762
Provision for Loan Losses	3,120	2,440	2,439
Net Interest Income After Provision for Loan Losses	59,980	55,998	51,323
NONINTEREST INCOME			
Service Charges on Deposit Accounts	9,380	9,973	8,541
Data Processing	2,525	2,861	3,523
Income from Fiduciary Activities	2,435	2,227	1,761
Securities Transactions	2	(12)	87
Other	12,427	11,512	10,472
Total Noninterest Income	26,769	26,561	24,384

NONINTEREST EXPENSE			
Salaries and Associate Benefits	29,967	28,969	26,597
Occupancy, Net	4,638	4,466	3,530
Furniture and Equipment	5,779	5,647	5,280
Merger Expense	761	1,361	115
Other	18,002	19,385	16,722
Total Noninterest Expense	59,147	59,828	52,244
Income Before Income Taxes	27,602	22,731	23,463
Income Taxes	9,449	7,479	8,169
NET INCOME	$ 18,153	$15,252	$15,294
BASIC NET INCOME PER SHARE	$ 1.78	$ 1.50	$ 1.51
DILUTED NET INCOME PER SHARE	$ 1.78	$ 1.50	$ 1.50
Basic Average Common Shares Outstanding	10,186	10,175	10,146
Diluted Average Common Shares Outstanding	10,215	10,196	10,168

(1) All share and per share data have been restated to reflect the pooling-of-interests of Grady Holding Company and its subsidiaries and adjusted to reflect the 3-for-2 stock split effective June 1, 1998.

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

</TABLE>
<TABLE>

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Dollars in Thousands, Except Per Share Data)(1)

<CAPTION>

<S>	As of December 31, 2000 <C>	1999 <C>
ASSETS		
Cash and Due From Banks	$ 73,367	$ 79,454
Funds Sold	40,623	13,618
Investment Securities, Available-for-Sale	276,839	321,192
Loans, Net of Unearned Interest	1,051,832	928,486
Allowance for Loan Losses	(10,564)	(9,929)
Loans, Net	1,041,268	918,557
Premises and Equipment	37,023	37,834
Intangibles	22,293	25,149
Other Assets	36,047	34,716
Total Assets	$1,527,460	$1,430,520
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	$ 292,656	$ 253,140
Interest Bearing Deposits	975,711	949,518
Total Deposits	1,268,367	1,202,658
Short-Term Borrowings	83,472	66,275
Long-Term Debt	11,707	14,258
Other Liabilities	16,307	15,113
Total Liabilities	1,379,853	1,298,304
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; 10,108,454 and 10,190,069 shares issued and outstanding	101	102
Additional Paid-In Capital	7,369	9,249

Retained Earnings	141,659	129,055
Accumulated Other Comprehensive Loss, Net of Tax	(1,522)	(6,190)
Total Shareowners' Equity	147,607	132,216
Total Liabilities and Shareowners' Equity	$1,527,460	$1,430,520

(1) All share and per share data have been restated to reflect the pooling-of-interests of Grady Holding Company and its subsidiaries.

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

</TABLE>
<TABLE>

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREOWNERS' EQUITY
(Dollars in Thousands, Except per Share Data)(1)

<CAPTION>

<S>	Common Stock <C>	Additional Paid-In Capital <C>	Retained Earnings <C>	Accumulated Other Comprehensive (Loss) Income, Net of Taxes <C>	Total <C>
Balance, December 31, 1997	$101	$6,544	$108,555	$ 607	$115,807
Net Income			15,294		15,294
Cash Dividends ($.45 per share)			(4,328)		(4,328)
Issuance of Common Stock	1	2,017			2,018
Net Change in Unrealized Gain (Loss) On Marketable Securities				71	71
Balance, December 31, 1998	102	8,561	119,521	678	128,862
Net Income			15,252		15,252
Cash Dividends ($.5525 per share)(2)			(5,718)		(5,718)
Issuance of Common Stock		688			688
Net Change in Unrealized Gain (Loss) On Marketable Securities				(6,868)	(6,868)
Balance, December 31, 1999	102	9,249	129,055	(6,190)	132,216
Net Income			18,153		18,153
Cash Dividends ($.545 per share)			(5,549)		(5,549)
Issuance of Common Stock		786			786
Repurchase of Common Stock	(1)	(2,666)			(2,667)
Net Change in Unrealized Gain (Loss) On Marketable Securities				4,668	4,668
Balance, December 31, 2000	$101	$7,369	$141,659	$(1,522)	$147,607

(1) All share and per share data have been restated to reflect the pooling-of-interests of Grady Holding Company and its subsidiaries and adjusted to reflect the 3-for-2 stock split effective June 1, 1998.

(2) Dividend amount includes a one-time distribution paid to Grady Holding Company shareowners of approximately $563,000.

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

</TABLE>
<TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

<CAPTION>

<S>	For the Years Ended December 31, 2000 <C>	1999 <C>	1998 <C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	$ 18,153	$ 15,252	$ 15,294
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Provision for Loan Losses	3,120	2,440	2,439
Depreciation	3,979	3,708	3,565
Net Securities Amortization	1,368	1,417	758
Amortization of Intangible Assets	2,837	2,833	1,191
(Gain) Loss on Sale of Investment Securities	(2)	12	(87)
Non-Cash Compensation	101	260	869

Deferred Income Taxes	(293)	(225)	133
Net Increase in Other Assets	(3,709)	(230)	(11,019)
Net Increase (Decrease) in Other Liabilities	1,194	(1,000)	3,125
Net Cash Provided by Operating Activities	26,748	24,467	16,268
CASH FLOWS FROM INVESTING ACTIVITES:			
Proceeds from Payments/Maturities of Investment Securities Available-for-Sale	50,837	104,189	84,524
Purchase of Investment Securities Available-for-Sale	(492)	(66,031)	(123,537)
Net Increase in Loans	(125,831)	(86,608)	(26,388)
Net Cash Received From Acquisitions	-	-	36,726
Purchase of Premises & Equipment	(3,236)	(4,471)	(4,323)
Sales of Premises & Equipment	69	100	407
Net Cash Used in Investing Activities	(78,653)	(52,821)	(32,591)
CASH FLOWS FROM FINANCING ACTIVITES:			
Net Increase (Decrease) in Deposits	65,709	(50,895)	55,082
Net Increase (Decrease) in Short-Term Borrowings	17,196	41,076	(20,914)
Borrowing from Long-Term Debt	1,428	2,262	8,241
Repayment of Long-Term Debt	(3,979)	(6,750)	(7,600)
Dividends Paid(1)	(5,549)	(5,718)	(4,281)
Repurchase of Common Stock	(2,667)	-	-
Issuance of Common Stock	685	428	1,148
Net Cash Provided By (Used in) Financing Activities	72,823	(19,597)	31,676
Net Increase (Decrease) in Cash and Cash Equivalents	20,918	(47,951)	15,353
Cash and Cash Equivalents at Beginning of Year	93,072	141,023	125,670
Cash and Cash Equivalents at End of Year	$113,990	$ 93,072	$141,023
Supplemental Disclosures:			
Interest Paid on Deposits	$ 41,863	$ 38,822	$ 31,179
Interest Paid on Debt	$ 5,873	$ 2,849	$ 3,128
Taxes Paid	$ 10,878	$ 6,137	$ 8,470
Loans Transferred To Other Real Estate	$ 904	$ 1,344	$ 2,011

(1) Dividend amount includes a one-time distribution to Grady Holding Company shareowners of approximately $563,000, paid during the first quarter of 1999.

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

</TABLE>

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., and its subsidiaries (the "Company"), all of which are wholly-owned. The historical financial statements have been restated for the acquisition of Grady Holding Company and its subsidiaries which were accounted for as a pooling-of-interests (see Note 2). All material intercompany transactions and accounts have been eliminated.

The Company follows generally accepted accounting principles and reporting practices applicable to the banking industry. Prior year financial statements and other information have been reclassified to conform to the current year presentation and to reflect a three-for-two stock split effective June 1, 1998. The principles which materially affect the financial position, results of operations and cash flows are summarized below.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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; however, in the opinion of management, such variances would not be material.

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 items have an initial maturity of ninety 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 income component of shareowners' equity until realized.

Loans

Loans are stated at the principal amount outstanding, net of unearned income. Interest income is generally accrued based on outstanding balances. Fees charged to originate loans and loan origination costs are deferred and amortized over the life of the loan as a yield adjustment.

Allowance for Loan Losses

The reserve is that amount considered adequate to absorb losses inherent in the portfolio based on management's evaluations of the size and current risk characteristics of the loan portfolio. Such evaluations consider the balance of impaired loans (which are defined as all nonperforming loans except residential mortgages and groups of small homogeneous loans), prior loan loss experience as well as the impact of current economic conditions. Specific provision for loan losses is made for impaired loans based on a comparison of the recorded carrying value 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. Specific and general provisions for loan losses are also made based on other considerations.

Loans are placed on a nonaccrual status when management believes the borrower's financial condition, after giving consideration to economic conditions and collection efforts, is such that collection of interest is doubtful. 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.

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. Additions and major facilities are capitalized and depreciated in the same manner. Repairs and maintenance are charged to operating expense as incurred.

Intangible assets consist primarily of goodwill and core deposit assets that were recognized in connection with the various acquisitions. All intangible assets are being amortized on the straight-line method over various periods ranging from five to 25 years with the majority being written off over an average life of approximately 15 years. The amortization of all intangible assets was approximately $2.8 million in 2000 and 1999, and $1.2 million in 1998.

Long-lived assets are evaluated regularly for other-than-temporary impairment. If circumstances suggest that their value may be impaired and the write-down would be material, an assessment of recoverability is performed prior to any write-down of the asset.

Income Taxes

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

Deferred income tax assets and liabilities result from temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years.

Accounting Pronouncements

In September 2000, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", a replacement of SFAS No. 125. The statement revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures. The statement is effective for fiscal years ending after December 15, 2000. The adoption of this standard did not have a material impact on reported results of operations of the Company.

In June 1998, the FASB issued SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" as amended. The statement establishes accounting and reporting standards for derivative instruments (including certain derivative instruments imbedded in other contracts). The statement is effective for fiscal years beginning after June 15, 2000. The adoption of this standard did not have a material impact on reported results of operations of the Company.

Business Segments

SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information" requires disclosure of certain information about reportable business segments of the Company. The Company operates in a single business segment, which is comprised of commercial banking within the state of Florida and Georgia.

Note 2
ACQUISITIONS

During the first quarter of 2001, the Company plans to complete its acquisition of First Bankshares of West Point, Inc., and its subsidiary First National Bank of West Point. First National Bank of West Point is a $155 million financial institution with offices located in West Point, Georgia, and two offices in the Greater Valley area of Alabama. First Bankshares of West Point, Inc., will merge with CCBG, and First National Bank of West Point will merge with CCB. The Company will issue 3.6419 shares and $17.7543 in cash for each of the 192,481 shares of First Bankshares of West Point, Inc. The transaction will be accounted for as a purchase and result in approximately $5.0 million of intangibles, primarily goodwill. These intangible assets will be amortized over fifteen years.

During the first quarter of 2001, the Company plans to complete its purchase and assumption agreement with First Union National Bank ("First Union") to acquire six of First Union's offices which includes real estate, loans and deposits. The transaction will create approximately $11.5 million in intangible assets which will be amortized over 10 years. The Company agreed to purchase approximately $26 million in loans and assume deposits of approximately $109 million.

On May 7, 1999, the Company completed its acquisition of Grady Holding Company ("GHC") and its subsidiary, First National Bank of Grady County in Cairo, Georgia. First National Bank of Grady County is a $119 million asset institution with offices in Cairo and Whigham, Georgia. The Company issued 21.50 shares for each of the 60,910 shares of First National Bank of Grady County. The consolidated financial statements of the Company give effect to the merger which has been accounted for as a pooling-of-interests. Accordingly, financial statements for the prior periods have been restated to reflect the results of operations of these entities on a combined basis from the earliest period presented.

On December 4, 1998, the Company completed its first purchase and assumption transaction with First Union and acquired eight of First Union's offices which included deposits. The Company paid a premium of approximately $16.9 million, and assumed approximately $219 million in deposits and acquired certain real estate. The premium is being amortized over ten years.

On January 31, 1998, the Company completed its purchase and assumption transaction with First Federal Savings & Loan Association of Lakeland, Florida ("First Federal-Florida") and acquired five of First Federal-Florida's offices which included loans and deposits. The Company paid a deposit premium of $3.6 million, assumed $55 million in deposits and purchased loans equal to $44 million. Four of the five offices were merged into existing offices of Capital City Bank. The deposit premium is being amortized over its expected useful life.

Note 3
INVESTMENT SECURITIES

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

	2000			
(Dollars in Thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U.S. Treasury	$ 10,016	$ 5	$ -	$ 10,021
U.S. Government Agencies and Corporations	69,683	49	516	69,216
States and Political Subdivisions	85,744	192	695	85,241
Mortgage-Backed Securities	73,741	134	1,126	72,749
Other Securities	40,058	7	453	39,612
Total Investment Securities	$279,242	$387	$2,790	$276,839

	1999			
(Dollars in Thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U.S. Treasury	$ 20,047	$ 4	$ 70	$ 19,981
U.S. Government Agencies and Corporations	79,181	-	2,557	76,624
States and Political Subdivisions	104,312	74	1,895	102,491
Mortgage-Backed Securities	85,040	88	3,728	81,400
Other Securities	42,372	-	1,676	40,696
Total Investment Securities	$330,952	$166	$9,926	$321,192

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
2000	$37,096	$ 2	$ -
1999	$86,213	$ 1	$13
1998	$46,861	$117	$30

Total proceeds include principal reductions in mortgage-backed securities and proceeds from securities which were called of $13.7 million, $18.0 million, and $27.2 million in 2000, 1999, and 1998, respectively.

As of December 31, 2000, 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	$ 40,279	$ 40,265
Due after one through five years	150,917	149,523
Due after five through ten years	8,294	8,307
Over ten years	6,011	5,995
Mortgage-Backed Securities	73,741	72,749
Total Investment Securities	$279,242	$276,839

Expected maturities will 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 $141.2 million and $143.1 million at December 31, 2000 and 1999, respectively, were pledged to secure public deposits and for other purposes.

Note 4
LOANS

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

(Dollars in Thousands)	2000	1999
Commercial, Financial and Agricultural	$ 108,340	$ 98,894
Real Estate - Construction	84,133	62,166
Real Estate - Mortgage	231,099	214,036
Real Estate - Residential	444,489	383,536
Consumer	183,771	169,854
Total Loans, Net of Unearned Interest	$1,051,832	$928,486

Nonaccruing loans amounted to $2.9 million and $3.0 million, at December 31, 2000 and 1999, respectively. Restructured loans amounted to $19,000 and $26,000, at December 31, 2000 and 1999, respectively. If such nonaccruing and restructured loans had been on a fully accruing basis, interest income would have been $291,000 higher in 2000 and $317,000 higher in 1999.

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)	2000	1999	1998
Balance, Beginning of Year	$ 9,929	$9,827	$9,662
Provision for Loan Losses	3,120	2,440	2,439
Recoveries on Loans Previously Charged-Off	703	860	883
Loans Charged-Off	(3,188)	(3,198)	(3,157)
Balance, End of Year	$10,564	$9,929	$9,827

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

	2000		1999	
(Dollars in Thousands)	Balance	Valuation Allowance	Balance	Valuation Allowance
With Related Credit Allowance	$ -	$-	$ 25	$3
Without Related Credit Allowance	1,009	-	1,238	-
Average Recorded Investment for the Period	$1,687	$-	$1,871	$-

The Company recognizes income on impaired loans primarily on the cash basis. Any change in the present value of expected cash flows is recognized through the allowance for loan losses. For the years ended December 31, 2000, 1999, and 1998 the Company recognized $86,000, $74,000, and $84,000, in interest income on impaired loans, of which $77,000, $57,000, and $31,000, was collected in cash, respectively.

Note 6
PREMISES AND EQUIPMENT

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

(Dollars in Thousands)	2000	1999
Land	$ 9,458	$ 9,289
Buildings	34,259	33,948
Fixtures and Equipment	32,587	30,229
Total	76,304	73,466
Accumulated Depreciation	(39,281)	(35,632)
Premises and Equipment, Net	$37,023	$37,834

Note 7
DEPOSITS

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

(Dollars in Thousands)	2000	1999
NOW Accounts	$207,978	$182,794
Money Market Accounts	156,590	157,825
Savings Accounts	104,035	105,498
Other Time Deposits	507,108	503,401
Total	$975,711	$949,518

Time deposits in denominations of $100,000 or more totaled $95.1 million and $101.7 million at December 31, 2000 and 1999, respectively.

At December 31, 2000, the scheduled maturities of other time deposits were as follows:

2001	$445,397
2002	49,776
2003	7,318
2004	3,180
2005 and thereafter	1,437
	$507,108

The average balances maintained on deposit with the Federal Reserve Bank for the years ended December 31, 2000 and 1999, were $34.8 million and $34.4 million, respectively.

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

(Dollars in Thousands)	2000	1999	1998
NOW Accounts	$ 4,444	$ 3,134	$ 2,223
Money Market Accounts	6,673	5,766	2,562
Savings Accounts	2,446	2,453	2,243
Other Time Deposits	26,896	26,962	25,091
Total	$40,459	$38,315	$32,119

Note 8
SHORT-TERM BORROWINGS
Short-term borrowings included the following at December 31:

(Dollars in Thousands)	Federal Funds Purchased	Securities Sold Under Repurchase Agreements	Other Short-Term Borrowings
2000			
Balance	$ 7,225	$44,478	$31,769
Maximum indebtedness at any month end	39,975	60,283	61,269
Daily average indebtedness outstanding	18,612	44,908	22,599
Average rate paid for the year	6.47%	4.95%	6.83%
Average rate paid on period-end borrowings	4.88%	4.32%	6.84%
1999			
Balance	$28,050	$36,439	$ 1,786
Maximum indebtedness at any month end	28,050	41,114	1,786
Daily average indebtedness outstanding	12,997	27,923	1,397
Average rate paid for the year	4.87%	4.02%	4.31%
Average rate paid on period-end borrowings	4.20%	3.53%	4.22%

Note 9
LONG-TERM DEBT

Long-term debt included the following at December 31:

(Dollars in Thousands)	2000	1999
Federal Home Loan Bank Note		
Due on October 10, 2001, fixed rate of 5.00%	$ 286	$ 324
Due on December 16, 2004, fixed rate of 6.52%	250	313
Due on December 16, 2004, fixed rate of 6.52%	138	172
Due on December 19, 2005, fixed rate of 6.04%	1,432	1,542

Due on December 13, 2006, fixed rate of 6.20%	936	1,002
Due on April 24, 2007, fixed rate of 7.30%	362	419
Due on March 14, 2013, fixed rate of 6.13%	-	938
Due on March 18, 2013, fixed rate of 6.37%	898	-
Due on September 20, 2013, fixed rate of 5.64%	1,277	1,334
Due on January 26, 2014, fixed rate of 5.79%	1,463	1,499
Due on May 27, 2014, fixed rate of 5.92%	683	720
Due on December 17, 2018, fixed rate of 6.33%	1,895	1,949
Due on December 24, 2018, fixed rate of 6.29%	837	857
IBM Note Payable		
Due on December 31, 2000, fixed rate of 3.77%	-	189
Revolving credit note,		
Due on November 16, 2004, variable rate of 6.68%	1,250	3,000
Total outstanding	$11,707	$14,258

The contractual maturities of long-term debt for the five years succeeding December 31, 2000, are as follows:

2001	$ 286
2002	-
2003	-
2004	1,638
2005 and thereafter	9,783
	$11,707

The Federal Home Loan Bank advances are collateralized with U.S. Treasury Securities and 1-4 family mortgages. Interest on the Federal Home Loan Bank advances is paid on a monthly basis.

Upon expiration of the revolving credit, the outstanding balance may be converted to a term loan and repaid over a period of seven years. The Company, at its option, may select from various loan rates including the following: Prime, LIBOR, or the lender's cost of funds rate, plus or minus increments thereof. The LIBOR or cost of funds rates may be fixed for a period up to six months. The revolving credit is unsecured, but upon conversion is to be collateralized by common stock of the subsidiary bank equal to 125% of the principal balance of the loan. The existing loan agreement places certain restrictions on the amount of capital which must be maintained by the Company. At December 31, 2000, the Company was in compliance with all of the terms of the agreement and had $23.75 million available under a $25 million line of credit facility.

Note 10
INCOME TAXES

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

(Dollars in Thousands)	2000	1999	1998
Current:			
Federal	$8,172	$6,880	$7,185
State	1,570	824	851
Deferred:			
Federal	(245)	(189)	117
State	(48)	(36)	16
Total	$9,449	$7,479	$8,169

The net deferred tax asset and the temporary differences comprising that balance at December 31, 2000 and 1999, are as follows:

(Dollars in Thousands)	2000	1999
Deferred Tax Asset attributable to:		
Allowance for Loan Losses	$2,841	$2,909
Unrealized Losses on Investment Securities	881	3,570
Stock Incentive Plan	875	682
Interest on Nonperforming Loans	57	169
Acquired Deposits	392	76
Acquisition Integration Costs	111	-
Other	392	306
Total Deferred Tax Asset	$5,549	$7,712
Deferred Tax Liability attributable to:		
Associate Benefits	$1,347	$1,291
Premises and Equipment	1,421	1,189
Deferred Loan Fees	291	370

Securities Accretion	210	249
Other	167	104
Total Deferred Tax Liability	3,436	3,203
Net Deferred Tax Asset	$2,113	$4,509

Income taxes provided were less than the tax expense computed by applying the statutory federal income tax rates to income. The primary differences are as follows:

(Dollars in Thousands)	2000	1999	1998
Computed Tax Expense	$9,661	$7,956	$8,212
Increases (Decreases) Resulting From:			
Tax-Exempt Interest Income	(1,357)	(1,409)	(972)
State Income Taxes, Net of Federal Income Tax Benefit	1,000	468	544
Other	145	464	385
Actual Tax Expense	$9,449	$7,479	$8,169

Note 11
ASSOCIATE BENEFITS

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)	2000	1999	1998
Change in Benefit Obligation:			
Benefit Obligation at Beginning of Year	$18,980	$22,211	$21,159
Service Cost	2,255	2,015	1,678
Interest Cost	1,777	1,477	1,478
Actuarial Loss/(Gain)	3,019	(4,411)	1,350
Amendments to Plan(1)	2,099	-	-
Benefits Paid	(1,119)	(2,021)	(3,186)
Expenses Paid	(200)	(291)	(268)
Benefit Obligation at End of Year	$26,811	$18,980	$22,211
Change in Plan Assets:			
Fair Value of Plan Assets at Beginning of Year	$32,521	$29,248	$25,826
Actual Return on Plan Assets	(798)	4,824	5,382
Employer Contribution	915	761	1,494
Benefits Paid	(1,119)	(2,021)	(3,186)
Expenses Paid	(200)	(291)	(268)
Fair Value of Plan Assets at End of Year	$31,319	$32,521	$29,248
Funded Status	$ 4,508	$13,541	$ 7,037
Unrecognized Net Actuarial Gain	(797)	(9,675)	(2,919)
Unrecognized Prior Service Cost	(232)	(468)	(704)
Prepaid Benefit Cost	$ 3,479	$ 3,398	$ 3,414
Weighted-Average Assumptions:			
Discount Rate	7.50%	7.75%	6.50%
Expected Return on Plan Assets	8.25%	8.25%	8.25%
Rate of Compensation Increase	5.50%	5.50%	5.50%
Components of Net Periodic Benefit Costs:			
Service Cost	$ 2,255	$ 2,015	$ 1,678
Interest Cost	1,777	1,477	1,478
Expected Return on Plan Assets	(2,643)	(2,401)	(2,103)
Amortization of Prior Service Cost	343	164	164
Transition Asset Recognition	(236)	(236)	(236)
Recognized Net Actuarial Gain	(663)	(242)	(131)

Net Periodic Benefit Cost	$ 833	$ 777	$ 850

(1) The amendments to the plan are a result of prior year acquisitions and the IRS regulation regarding the change from the PBGC mortality table to the GATT mortality table.

The Company has a Supplemental Employee Retirement Plan covering selected executives. Benefits under this plan generally are based on the associate's years of service and compensation during the years immediately preceding retirement. The Company recognized expense during 2000, 1999 and 1998 of $167,000, $266,000 and $193,000, respectively, and no minimum liability, at December 31, 2000, 1999 and 1998, respectively.

The Company has an Associate Incentive Plan under which shares of the Company's stock are issued as incentive awards to selected participants. Seven hundred fifty thousand shares of common stock are reserved for issuance under this plan. The expense recorded related to this plan was approximately $561,000, $432,000 and $735,000 in 2000, 1999 and 1998, respectively. The Company issued 5,775 shares under the plan in 2000.

The Company has an Associate Stock Purchase Plan under which associates may elect to make a monthly contribution towards the purchase of Company stock on a semi-annual basis. Four hundred fifty thousand shares of common stock are reserved for issuance under the Stock Purchase Plan. The Company issued 26,397 shares under the plan in 2000.

The Company has a Director Stock Purchase Plan. One hundred fifty thousand shares have been reserved for issuance. In 2000, the Company issued 5,001 shares under this 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 can be made up to 6% of the participant's compensation at the discretion of the Company. During 2000, no contributions were made by the Company. The participant may choose to invest their contributions into fifteen investment funds available to CCBG participants, including the Company's common stock.

The Company has a Dividend Reinvestment and Optional Stock Purchase Plan. Seven hundred fifty thousand 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, the Company did not issue any shares under this plan in 2000.

<TABLE>

Note 12
EARNINGS PER SHARE

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

(Dollars in Thousands, Except Per share Data)(1)

<CAPTION>

<S>	2000 <C>	1999 <C>	1998 <C>
Numerator:			
Net Income	$ 18,153	$ 15,252	$ 15,294
Preferred Stock Dividends	-	-	-
Numerator for Basic Earnings Per Share Income to Common Shareowners	18,153	15,252	15,294
Effect of Dilutive securities:			
Preferred stock dividends	-	-	-
Numerator for Diluted Earnings Per Share Income Available to Common Shareowners After Assumed Conversions	$ 18,153	$ 15,252	$ 15,294

Denominator:

Denominator for Basic Earnings Per Share Weighted-Average Shares	10,186,199	10,174,945	10,146,393
Effects of Dilutive Securities: Associate Stock Incentive Plan	28,643	21,288	21,237
Dilutive Potential Common Shares	28,643	21,288	21,237
Denominator for Diluted Earnings Per Share Adjusted Weighted-Average Shares and Assumed Conversions	10,214,842	10,196,233	10,167,630
Basic Earnings Per Share	$ 1.78	$ 1.50	$ 1.51
Diluted Earnings per Share	$ 1.78	$ 1.50	$ 1.50

(1) All share and per share data have been restated to reflect the pooling-of-interests of Grady Holding Company and its subsidiaries and adjusted to reflect the 3-for-2 stock split effective June 1, 1998.

</TABLE>

Note 13
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-weighed assets, and of Tier I capital to average assets. As of December 31, 2000, the Company meets 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, 2000 and December 31, 1999 are shown below:

(Dollars in Thousands)

	Actual		Required For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2000:						
Tier I Capital:						
CCBG	$126,836	11.87%	$42,753	4.00%	*	*
CCB	108,474	11.00%	39,451	4.00%	59,177	6.00%
Total Capital:						
CCBG	137,400	12.86%	85,507	8.00%	*	*
CCB	117,440	11.91%	78,902	8.00%	98,628	10.00%
Tier I Leverage:						
CCBG	126,836	8.30%	32,065	3.00%	*	*
CCB	108,474	7.59%	29,589	3.00%	49,314	5.00%
As of December 31, 1999:						
Tier I Capital:						
CCBG	$107,076	11.23%	$38,138	4.00%	*	*
CCB	91,832	10.65%	34,490	4.00%	51,736	6.00%
Total Capital:						
CCBG	117,005	12.27%	76,276	8.00%	*	*
CCB	100,351	11.64%	68,981	8.00%	86,226	10.00%
Tier I Leverage:						
CCBG	107,076	7.92%	28,604	3.00%	*	*
CCB	91,832	7.39%	25,868	3.00%	43,113	5.00%

*Non-applicable to bank holding companies.

Note 14
DIVIDEND RESTRICTIONS

Substantially all the Company's retained earnings are undistributed

earnings of its banking subsidiaries, 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) for that year combined with its retained net profits for the preceding two calendar years. In 2001, the bank subsidiaries may declare dividends without regulatory approval of $18.3 million plus an additional amount equal to the net profits of the Company's subsidiary banks for 2001 up to the date of any such dividend declaration.

Note 15
RELATED PARTY INFORMATION

The Chairman of the Board of Capital City Bank Group, Inc., is chairman of the law firm which serves as general counsel to the Company and its subsidiaries. Fees paid by the Company and its subsidiaries for these services, in aggregate, approximated $335,000, $320,000 and $340,000 during 2000, 1999 and 1998, respectively.

Under a lease agreement expiring in 2024, a bank subsidiary leases land from a partnership in which several directors and officers have an interest. The lease agreement provides for annual lease payments of approximately $81,000, to be adjusted for inflation in future years.

At December 31, 2000 and 1999, certain officers and directors were indebted to the Company's bank subsidiaries in the aggregate amount of $12.0 million and $8.6 million, respectively. During 2000, $13.4 million in new loans were made and repayments and other totaled $10.0 million. These loans were made on similar terms as loans to other individuals of comparable creditworthiness.

Note 16
SUPPLEMENTARY INFORMATION

Components of noninterest income in excess of 1% of total interest income and noninterest expense in excess of 1% of the sum total of interest income and noninterest income, which are not disclosed separately elsewhere, are presented below for each of the respective years.

(Dollars in Thousands)	2000	1999	1998
Noninterest Income:			
Merchant Fee Income	$3,388	$2,993	$2,984
Interchange Commission Fees	1,718	1,269	1,004
Gains on the Sale of Real Estate Loans	1,265	1,607	1,625
Noninterest Expense:			
Associate Insurance	1,697	1,653	1,448
Payroll Taxes	1,710	1,647	1,485
Maintenance and Repairs	2,972	3,106	2,773
Professional Fees	1,331	1,173	1,337
Printing & Supplies	1,590	1,720	1,811
Commission/Service Fees	3,517	3,107	3,136
Telephone	1,147*	1,440	1,158

*Less than 1% of the appropriate threshold.

Note 17
FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISKS

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 include 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, 2000, the amounts associated with the Company's off-balance-sheet obligations were as follows:

(Dollars in Thousands)	Amount
Commitments to Extend Credit(1)	$296,348
Standby Letters of Credit	$ 2,331

(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 counterpart. 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.

Note 18
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 and 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 the rates currently offered for deposits of similar remaining maturities.

Long-Term Debt - The carrying value of the Company's long-term debt approximates fair value as the current rate approximates the market rate.

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 counterparts. Fair value of these fees is not material.

The Company's financial instruments which have estimated fair values differing from their respective carrying values are presented below:

	At December 31,			
(Dollars in Thousands)	2000		1999	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial Assets:				
Loans, Net of Allowance for Loan Losses	$1,041,268	$1,068,945	$ 918,557	$ 908,766

Financial Liabilities				
Deposits	$1,268,367	$1,271,516	$1,202,658	$1,200,875

Certain financial instruments and all nonfinancial instruments are excluded from the disclosure requirements. 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 19
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)	2000	1999	1998
OPERATING INCOME			
Income Received from Subsidiary Banks:			
Dividends	$ 8,713	$ 7,285	$ 7,190
Overhead Fees	2,373	2,595	4,007
Total Operating Income	11,086	9,880	11,197
OPERATING EXPENSE			
Salaries and Associate Benefits	1,715	1,926	2,171
Interest on Debt	147	430	832
Professional Fees	332	232	527
Advertising	100	109	711
Legal Fees	67	77	115
Other	341	257	696
Total Operating Expense	2,702	3,031	5,052
Income Before Income Taxes and Equity in Undistributed Earnings of Subsidiary Banks	8,384	6,849	6,145
Income Tax Benefit	(121)	(198)	(394)
Income Before Equity in Undistributed Earnings of Subsidiary Banks	8,505	7,047	6,539
Equity in Undistributed Earnings of Subsidiary Banks	9,648	8,205	8,755
Net Income	$18,153	$15,252	$15,294

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

Parent Company Statements of Financial Condition

(Dollars in Thousands)	2000	1999
ASSETS		
Cash and Due From Group Banks	$ 187	$ 2,020
Investment in Subsidiary Banks	148,412	134,105
Other Assets	1,454	520
Total Assets	$150,053	$136,645
LIABILITIES		
Long-Term Debt	$ 1,250	$ 3,000
Other Liabilities	1,196	1,429
Total Liabilities	2,446	4,429
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; 10,108,454 and 10,190,069 shares issued and outstanding	101	102
Additional Paid-in Capital	7,369	9,249
Retained Earnings	141,659	129,055
Accumulated Other Comprehensive Loss, Net of Tax	(1,522)	(6,190)
Total Shareowners' Equity	147,607	132,216
Total Liabilities and Shareowners' Equity	$150,053	$136,645

The cash flows for the parent company for the three years ended

December 31, were as follows:

Parent Company Statements of Cash Flows

	2000	1999	1998
Cash Flows From Operating Activities:			
Net Income	$18,153	$15,252	$15,294
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Equity in Undistributed Earnings of Subsidiary Banks	(9,648)	(8,205)	(8,755)
Non-Cash Compensation	101	260	868
Amortization of Goodwill	-	-	25
(Increase) Decrease in Other Assets	(925)	(40)	1,155
(Decrease) Increase in Other Liabilities	(233)	292	(357)
Net Cash Provided by Operating Activities	7,448	7,559	8,230
Cash From Financing Activities:			
Borrowings of Long-Term Debt	500	-	-
Repayments of Long-Term Debt	(2,250)	(5,000)	(5,000)
Payment of Dividends	(5,549)	(5,718)	(4,328)
Repurchase of Common Stock	(2,667)	-	-
Issuance of Common Stock	685	428	1,148
Net Cash Used in Financing Activities	(9,281)	(10,290)	(8,180)
Net (Decrease) Increase in Cash	(1,833)	(2,729)	50
Cash at Beginning of Period	2,020	4,749	4,699
Cash at End of Period	$ 187	$ 2,020	$ 4,749

Note 20
COMPREHENSIVE INCOME

SFAS No. 130, "Reporting Comprehensive Income", requires that certain transactions and other economic events that bypass the income statement be displayed as other comprehensive income. The Company's comprehensive income consists of net income and changes in unrealized gains (losses) on securities available-for-sale, net of income taxes.

Comprehensive income for 2000, 1999 and 1998 was calculated as follows:

(Dollars in Thousands)	2000	1999	1998
Net Unrealized Gains (Losses) Recognized in Other Comprehensive Income:			
Before Tax	$ 7,357	$(10,566)	$ 109
Less Income Tax	2,689	(3,698)	38
Net of Tax	4,668	(6,868)	71
Amounts Reported in Net Income:			
Gain (Loss) On Sale of Securities	2	(12)	87
Net Amortization	1,368	1,417	758
Reclassification Adjustment	1,370	1,405	845
Less: Income Tax Expense	480	492	296
Reclassification Adjustment, Net of Tax	890	913	549
Amounts Reported in Other Comprehensive Income:			
Unrealized (Loss) Gain Arising During the Period, Net of Tax	5,558	(5,955)	620
Net Unrealized Losses Recognized in Reclassification Adjustments, Net of Tax	(890)	(913)	(549)
Other Comprehensive Income	4,668	(6,868)	71
Net Income	18,153	15,252	15,294
Total Comprehensive Income	$22,821	$ 8,384	$15,365

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures.

Not applicable.

Part III

Item 10. Directors and Executive Officers of the Registrant

Incorporated herein by reference to the sections entitled "Nominees for Election as Directors" and "Continuing Directors and Executive Officers" in the Registrant's Proxy Statement dated April 3, 2001, to be filed on or about April 3, 2001.

Item 11. Executive Compensation

Incorporated herein by reference to the sections entitled "Summary Compensation Table", "Compensation Committee Report" and "Five-Year Performance Graph" and the subsection entitled "What are directors paid for their services?" under the section entitled "Corporate Governance" in the Registrant's Proxy Statement dated April 3, 2001, to be filed on or about April 3, 2001.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Incorporated herein by reference to the section entitled "Share Ownership" in the Registrant's Proxy Statement dated April 3, 2001, to be filed on or about April 3, 2001.

Item 13. Certain Relationships and Related Transactions

Incorporated herein by reference to the subsection entitled "Transactions With Management and Related Parties" under the section entitled "Executive Officers and Transactions with Management" in the Registrant's Proxy Statement dated April 3, 2001, to be filed on or about April 3, 2001.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

14(a)(1) List of Financial Statements

Report of Independent Certified Public Accountants

Consolidated Statements of Income for each of the three years in the period ended December 31, 2000

Consolidated Statements of Financial Condition for the years ended December 31, 2000 and 1999

Consolidated Statements of Changes in Shareowners' Equity for each of the three years in the period ended December 31, 2000

Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2000

Notes to Consolidated Financial Statements

Other schedules and exhibits are omitted because the required information either is not applicable or is shown in the financial statements or the notes thereto.

14(a)(3) EXHIBITS

2(a) Agreement and Plan of Merger, dated as of December 10, 1995, by and among Capital City Bank Group, Inc.; a Florida corporation to be formed as a direct wholly-owned subsidiary of the Company; and First Financial Bancorp, Inc., is incorporated herein by reference to the Registrant's Form 10-K dated March 29, 1996 (File No. 0-13358).

2(b) Purchase and Assumption Agreement, dated as of August 26, 1998, by and between Capital City Bank and First Union National Bank, is incorporated herein by reference to Registrant's Form 8-K as filed with the Commission on December 21, 1998.

2(c) Agreement and Plan of Merger, dated as of February 11, 1999, by and among Capital City Bank Group, Inc., Grady Holding Company and First National Bank of Grady County is incorporated herein by reference to the Registrant's Form 8-K as filed with the Commission on March 26, 1999 (File No. 0-13358).

2(d) Agreement and Plan of Merger, dated as of September 25, 2000, by and between Capital City Bank Group, Inc. and First Bankshares of West Point, Inc., is filed herewith.

2(e) Purchase and Assumption Agreement, dated as of October 3, 2000, by and between Capital City Bank and First Union National Bank, is filed herewith.

3(a) Articles of Incorporation, as amended, of Capital City Bank Group, Inc., are incorporated herein by reference to Exhibit B of the Registrant's 1996 Proxy Statement dated April 12, 1996 (File No. 0-13358).

3(b) By-Laws, as amended, of Capital City Bank Group, Inc., are incorporated herein by reference to Exhibit 3(b) of the Company's Form 10-Q for the period ended September 30, 1997 (File No. 0-13358).

10(b) Promissory Note and Pledge and Security Agreement evidencing a line of credit by and between Registrant and SunTrust, dated November 18, 1995, is incorporated herein by reference to the Registrant's Form 10-K/A dated April 9, 1996 (File No. 0-13358).

10(c) Capital City Bank Group, Inc. 1996 Associate Incentive Plan, as amended, is incorporated herein by reference to Exhibit 10 of the Registrant's Form S-8 Registration Statement, as filed with the Commission on December 23, 1996 (File No. 333-18543).

10(d) Capital City Bank Group, Inc. Amended and Restated 1996 Director Stock Purchase Plan is incorporated herein by reference to the Registrant's Form 10-K dated March 30, 2000 (File No. 0-13358).

10(e) Capital City Bank Group, Inc. 1996 Dividend Reinvestment and Optional Stock Purchase Plan is incorporated herein by reference to the Registrant's Form S-3 filed on January 30, 1997 (File No. 333-20683).

21 A listing of Capital City Bank Group's subsidiaries is filed herewith.

23(a) Consent of Independent Certified Public Accountants

14(b) REPORTS ON FORM 8-K

Capital City Bank Group, Inc., filed no Form 8-K during the fourth quarter 2000.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on March 22, 2001, on its behalf by the undersigned, thereunto duly authorized.

CAPITAL CITY BANK GROUP, INC.

/s/ William G. Smith, Jr.
- ------------------------------
William G. Smith, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed on March 22, 2001 by the following persons in the capacities indicated.

/s/ William G. Smith, Jr.
- ------------------------------
William G. Smith, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

/s/ J. Kimbrough Davis
- ------------------------------
J. Kimbrough Davis
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Directors:

/s/ DuBose Ausley	/s/ Lina S. Knox
------------------------------	------------------------------
DuBose Ausley	Lina S. Knox
/s/ Thomas A. Barron	/s/ John R. Lewis

Thomas A. Barron	John R. Lewis
/s/ Cader B. Cox, III	/s/ William G. Smith, Jr.
Cader B. Cox, III	William G. Smith, Jr.
/s/ John K. Humphress	/s/ John B. Wight, Jr.
John K. Humphress	John B. Wight, Jr

Direct Subsidiaries:
Capital City Bank (Florida)
First National Bank of Grady County (Georgia)

Indirect Subsidiaries:
Capital City Trust Company (Florida)
Capital City Services Company (Florida)
Capital City Securities, Inc. (Florida)
Capital City Mortgage Company (Florida)
First Insurance Agency of Grady County (Georgia)

As independent certified public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Company's previously filed Registration Statement File Nos. 333-53398, 333-20683, 333-18557, 33-60113, 333-36693, and 333-18543.

ARTHUR ANDERSEN LLP

Jacksonville, Florida
March 29, 2001

AGREEMENT AND PLAN OF MERGER

BY AND BETWEEN

FIRST BANKSHARES OF WEST POINT, INC.

AND

CAPITAL CITY BANK GROUP, INC.

Dated as of September 25, 2000

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement") is made and entered into as of September 25, 2000, by and between CAPITAL CITY BANK GROUP, INC., a Florida corporation ("CCBG"), and FIRST BANKSHARES OF WEST POINT, INC., a Georgia corporation ("FBWP").

PREAMBLE

The respective Boards of Directors of FBWP and CCBG are of the opinion that the transactions described herein are in the best interests of the parties to this Agreement and their respective shareholders. This Agreement provides for the acquisition of FBWP by CCBG pursuant to the merger of (i) FBWP with and into CCBG (the "Holding Company Merger") and (ii) First National with and into a Florida chartered bank subsidiary of CCBG, Capital City Bank ("CCB") (the "Bank Merger") (collectively, the "Mergers"). At the effective time of the Holding Company Merger, the outstanding shares of the capital stock of FBWP shall be converted into the right to receive a combination of shares of the common stock of CCBG and cash as described in this Agreement. As a result, shareholders of FBWP shall become shareholders of CCBG and CCBG shall conduct the business and operations of FBWP. The transactions described in this Agreement are subject to the approvals of the shareholders of FBWP, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Georgia Department of Banking and Finance, and the satisfaction of certain other conditions described in this Agreement. It is the intention of the parties to this Agreement that each of the Mergers, for federal income tax purposes, shall qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code.

Certain terms used in this Agreement are defined in Section 11.1 of this Agreement.

NOW, THEREFORE, in consideration of the above and the mutual warranties, representations, covenants, and agreements set forth herein, the parties, intending to be legally bound, agree as follows:

ARTICLE 1
TRANSACTIONS AND TERMS OF MERGER

ARTICLE 1.1 HOLDING COMPANY MERGER . Subject to the terms and conditions of this Agreement, at the Effective Time, FBWP shall be merged with and into CCBG in accordance with the provisions of, and with the effect provided in, Sections 14-2-1106 and 14-2-1107 of the GBCC and Sections 607.1101, 607.1103, 607.1105, 607.1106 and 607.1107 of the FBCA. CCBG shall be the Surviving Corporation resulting from the Holding Company Merger and shall continue to be governed by the Laws of the State of Florida. The Holding Company Merger shall be consummated pursuant to the terms of this Agreement, which has been approved and adopted by the respective Boards of Directors of FBWP and CCBG.

ARTICLE 1.2 BANK MERGER . Subsequent to the consummation of the Holding Company Merger, First National shall be merged with and into CCB in accordance with the provisions of and with the effect provided in Section 658.41 of the Florida Statutes on terms and subject to the provisions of the Bank Plan of Merger ("Bank Plan"), attached hereto as Exhibit 1. FBWP shall vote the shares of capital stock of First National in favor of the Bank Plan and the Bank Merger provided therein.

ARTICLE 1.3 TIME AND PLACE OF CLOSING . The closing of the transactions contemplated hereby (the "Closing") will take place at 9:00 A.M. on the date that the Effective Time occurs (or the immediately preceding day if the Effective Time is earlier than 9:00 A.M.), or at such other time as the Parties, acting through their authorized officers, may mutually agree. The Closing shall be held at such location as may be mutually agreed upon by the Parties or may be conducted by mail or telefax as may be mutually agreed upon by the Parties.

ARTICLE 1.4 EFFECTIVE TIME . The Holding Company Merger and other transactions contemplated by this Agreement shall become effective on the date and at the time the Articles of Merger reflecting the Holding Company Merger shall become effective with the Secretary of State of the State of Florida or the Secretary of State of the State of Georgia, whichever is later (the "Effective Time"). Subject to the terms and conditions hereof, unless otherwise mutually agreed upon in writing by the authorized officers of each Party, the Parties shall use their reasonable efforts to cause the Effective Time to occur within 60 days after the last to occur of (i) the effective date (including expiration of any applicable waiting period) of the last required Consent of any Regulatory Authority having authority over and approving or exempting the Mergers, and (ii) the date on which the shareholders of FBWP and CCBG approve this Agreement to the extent such approval is required by applicable Law. The actual Effective Time within the 60-day period shall be mutually agreed upon by CCBG and FBWP.

ARTICLE 2 TERMS OF MERGER

ARTICLE 2.1 CHARTER . The Articles of Incorporation of CCBG in effect immediately prior to the Effective Time shall be the Articles of Incorporation of the Surviving Corporation until duly amended or repealed.

ARTICLE 2.2 BYLAWS . The Bylaws of CCBG in effect immediately prior to the Effective Time shall be the Bylaws of the Surviving Corporation until duly amended or repealed.

ARTICLE 2.3 DIRECTORS AND OFFICERS . The directors of CCBG in office immediately prior to the Effective Time shall serve as the directors of the Surviving Corporation from and after the Effective Time in accordance with the Bylaws of the Surviving Corporation. The officers of CCBG in office immediately prior to the Effective Time, together with such additional persons as may thereafter be elected, shall serve as the officers of the Surviving Corporation from and after the Effective Time in accordance with the Bylaws of the Surviving Corporation.

ARTICLE 3 MANNER OF CONVERTING SHARES

ARTICLE 3.1 CONVERSION OF SHARES . Subject to the provisions of this Article 3, at the Effective Time, by virtue of the Holding Company Merger and without any action on the part of CCBG, FBWP, First National or CCB or the shareholders of the foregoing, the shares of the constituent corporations shall be converted as follows:

(a) Each share of capital stock of CCBG issued and outstanding immediately prior to the Effective Time shall remain issued and outstanding from and after the Effective Time.

(b) Subject to Section 3.6, each share of FBWP Common Stock, excluding shares held by any FBWP Entity or any CCBG Entity, in each case other than in a fiduciary capacity or as a result of debts previously contracted, and excluding shares held by shareholders who perfect their statutory dissenters' rights as provided in Section 3.4 issued and outstanding immediately prior to the Effective Time shall cease to be outstanding and shall be converted into and exchanged for the right to receive 3.6419 shares of CCBG Common Stock (the "Share Exchange Ratio") and $17.7543 in cash (the "Cash Exchange Ratio") (collectively, the "Exchange Ratio").

(c) Each share of capital stock of CCB issued and outstanding immediately prior to the Effective Time shall remain issued and outstanding from and after the Effective Time.

(d) Each share of capital stock of First National issued and outstanding immediately prior to the Effective Time shall cease to be outstanding and shall be extinguished from and after the consummation of the Bank Merger.

ARTICLE 3.2 ANTI-DILUTION PROVISIONS . In the event CCBG changes the number of shares of CCBG Common Stock issued and outstanding prior to the Effective Time as a result of a stock split, stock dividend, or similar recapitalization with respect to such stock and the record date therefor (in the case of a stock dividend) or the effective date thereof (in the case of a stock split or similar recapitalization for which a record date is not established) shall be prior to the Effective Time, the Exchange Ratio shall be proportionately adjusted.

ARTICLE 3.3 SHARES HELD BY FBWP OR CCBG . Each of the shares of FBWP Common Stock held by any FBWP Entity or by any CCBG Entity, in each case other than in a fiduciary capacity or as a result of debts previously contracted, shall be canceled and retired at the Effective Time and no consideration shall be issued in exchange therefor.

ARTICLE 3.4 DISSENTING SHAREHOLDERS . Any holder of shares of FBWP Common Stock who perfects his or her dissenters' rights in accordance with and as contemplated by Section 14-2-1302 of the GBCC shall be entitled to receive the value of such shares in cash as determined pursuant to such provision of Law; provided, that no such payment shall be made to any dissenting shareholder unless and until such dissenting shareholder has complied with the applicable provisions of the GBCC and surrendered to FBWP the certificate or certificates representing the shares for which payment is being made. In the event that after the Effective Time a dissenting shareholder of FBWP fails to perfect, or effectively withdraws or loses, his or her right to appraisal and

of payment for his or her shares, subject to CCBG's consent in its sole discretion, CCBG shall issue and deliver the consideration to which such holder of shares of FBWP Common Stock is entitled under this Article 3 (without interest) upon surrender by such holder of the certificate or certificates representing shares of FBWP Common Stock held by him or her.

ARTICLE 3.5 FRACTIONAL SHARES . Notwithstanding any other provision of this Agreement, each holder of shares of FBWP Common Stock exchanged pursuant to the Holding Company Merger who would otherwise have been entitled to receive a fraction of a share of CCBG Common Stock (after taking into account all certificates delivered by such holder) shall receive, in lieu thereof, cash (without interest) in an amount equal to such fractional part of a share of CCBG Common Stock multiplied by the average market value of one share of CCBG Common Stock at the Effective Time (i.e., the average of the last sale price of CCBG Common Stock on the Nasdaq National Market (as reported by The Wall Street Journal or, if not reported thereby, any other authoritative source selected by CCBG) during each of the 10 trading days prior to the Effective Time). No such holder will be entitled to dividends, voting rights, or any other rights as a shareholder in respect of any fractional shares.

ARTICLE 3.6 FOSTER LOAN. Notwithstanding any other provision of this Agreement, CCBG shall at the Effective Date withhold from the Cash Exchange Ratio portion of the consideration payable under Section 3.1(b), an aggregate amount (the "Withholding Amount") equal to (i) $1,600,000 minus any amount paid prior to the Effective Time by the USDA to First National with respect to the Foster Loan and any amount collected prior to the Effective Time by First National with respect to the sale of any of the collateral securing the Foster Loan, and (ii) $166,000 minus 20.75% of any amount paid prior to the Effective Time by the USDA to First Peoples Bank of Pine Mountain ("First Peoples") with respect to the Foster Loan and 20.75% of any amount collected prior to the Effective Time by First Peoples with respect to the sale of any of the collateral securing the Foster Loan. The receipt of any payments and the collection of any amounts upon the sale of collateral referred to in this Section shall be confirmed in writing to CCBG's satisfaction. The Withholding Amount shall be held in escrow by Capital City Trust Company (the "Escrow Agent"). The Withholding Amount shall be held in escrow for a period of six months from the Effective Time. During this six-month period, any amounts received by First National, First Peoples or their successors with respect to the USDA Guarantee or from the sale of any collateral securing the Foster Loan shall be communicated to the Escrow Agent in writing by CCBG and the Escrow Agent shall pay promptly after the expiration of such six-month period a per share amount of the Withholding Amount to the shareholders of FBWP Common Stock that owned shares immediately prior to the Effective Time. In such event, the amount per share of FBWP Common Stock paid by the Escrow Agent to such shareholders shall equal (y) with respect to payments or amounts received that are attributable to the First National portion of the Foster Loan, the amount of the USDA payment and/or the amount received in the sale of collateral (plus interest from the Effective Time but less any costs, fees and expenses of the Escrow Agent) divided by the number of shares of FBWP Common Stock issued and outstanding immediately prior to the Effective Time, or (z) with respect to payments or amounts received that are attributable to the First Peoples portion of the Foster Loan, 20.75% of the amount of the USDA payment or the amount received in the sale of collateral each (plus interest from the Effective Time but less any costs, fees and expenses of the Escrow Agent) divided by the number of shares of FBWP Common Stock issued and outstanding immediately prior to the Effective Time. On the date which is six months after the Effective Time, any remaining portion of the Withholding Amount and any remaining accrued interest thereon held by the Escrow Agent shall be promptly paid to CCBG. Notwithstanding the foregoing, the Withholding Amount shall not be placed in escrow with the Escrow Agent if, prior to the Effective Time, (w) First National has received at least $1,250,000 of the USDA Guarantee amount, (x) First Peoples has received funds from the USDA equal to at least 75% of the USDA Guarantee amount attributable to First Peoples, (y) CCBG has received written confirmation from FBWP of both of these payments by the USDA, and (z) FBWP shall have delivered to CCBG written confirmation from a representative of the USDA that the USDA liquidation plan for the Foster Loan has been approved, as submitted and without modification, by the USDA at the national level.

ARTICLE 4 EXCHANGE OF SHARES

ARTICLE 4.1 EXCHANGE PROCEDURES . Promptly after the Effective Time, CCBG and FBWP shall cause the exchange agent selected by CCBG (the "Exchange Agent") to mail to each holder of record of a certificate or certificates which represented shares of FBWP Common Stock immediately prior to the Effective Time (the "Certificates") appropriate transmittal materials and instructions (which shall specify that delivery shall be effected, and risk of loss and title to such Certificates shall pass, only upon proper delivery of such Certificates to the Exchange Agent). The Certificate or Certificates of FBWP Common Stock so delivered shall be duly endorsed as the Exchange Agent may require. In the event of a transfer of ownership of shares of FBWP Common Stock represented by Certificates that are not registered in the transfer records of FBWP, the consideration provided in Section 3.1 may be issued to a transferee if the Certificates representing such shares are delivered to the Exchange Agent, accompanied by all documents required to evidence such transfer and by evidence satisfactory to the Exchange Agent that any applicable stock transfer taxes have been paid. If any Certificate shall have been lost, stolen, mislaid or destroyed, upon receipt of (i) an affidavit of that fact from the holder claiming such Certificate to be lost, mislaid, stolen or destroyed, (ii) such bond, security or indemnity as CCBG and the Exchange Agent may reasonably require and (iii) any other documents necessary to evidence and effect the bona fide exchange thereof, the Exchange Agent shall issue to such holder the consideration into which the shares represented by such lost, stolen, mislaid or destroyed Certificate shall have been converted. The Exchange Agent may establish such other reasonable and customary rules and procedures in connection with its duties as it may deem appropriate. After the Effective Time, each holder of shares of FBWP Common Stock (other than shares to be canceled pursuant to Section 3.3 or as to which statutory dissenters' rights have been perfected as provided in Section 3.4) issued and outstanding at the Effective Time shall surrender the Certificate or Certificates representing such shares to the Exchange Agent and shall promptly upon surrender thereof receive in exchange therefor the consideration provided in Section 3.1, together with all undelivered dividends or distributions in respect of such shares (without interest thereon) pursuant to Section 4.2. To the extent required by Section 3.5, each holder of shares of FBWP Common Stock issued and outstanding at the Effective Time also shall receive, upon surrender of the Certificate or Certificates, cash in lieu of any fractional share of CCBG Common Stock to which such holder may be otherwise entitled (without interest). CCBG shall not be obligated to deliver the consideration to which any former holder of FBWP Common Stock is entitled as a result of the Holding Company Merger until such holder surrenders such holder's Certificate or Certificates for exchange as provided in this Section 4.1. Any other provision of this Agreement notwithstanding, neither CCBG nor the Exchange Agent shall be liable to a holder of FBWP Common Stock for any amounts paid or property delivered in good faith to a public official pursuant to any applicable abandoned property, escheat or similar Law. Adoption of this Agreement by the shareholders of FBWP shall constitute ratification of the appointment of the Exchange Agent.

ARTICLE 4.2 RIGHTS OF FORMER FBWP SHAREHOLDERS . At the Effective Time, the stock transfer books of FBWP shall be closed as to holders of FBWP Common Stock immediately prior to the Effective Time and no transfer of FBWP Common Stock by any such holder shall thereafter be made or recognized. Until surrendered for exchange in accordance with the provisions of Section 4.1, each Certificate theretofore representing shares of FBWP Common Stock (other than shares to be canceled pursuant to Sections 3.3 and 3.4) shall from and after the Effective Time represent for all purposes only the right to receive the consideration provided in Sections 3.1 and 3.5 in exchange therefor, subject, however, to the Surviving Corporation's obligation to pay any dividends or make any other distributions with a record date prior to the Effective Time which have been declared or made by FBWP in respect of such shares of FBWP Common Stock in accordance with the terms of this Agreement and which remain unpaid at the Effective Time. Whenever a dividend or other distribution is declared by CCBG on the CCBG Common Stock, the record date for which is at or after the Effective Time, the declaration shall include dividends or other distributions on all shares of CCBG Common Stock issuable pursuant to this Agreement. No dividend or other distribution payable to the holders of record of CCBG Common Stock as of any time subsequent to the Effective Time shall be delivered to the holder of any Certificate until such holder surrenders such Certificate for exchange as provided in Section 4.1. However, upon surrender of such Certificate, both the CCBG Common Stock certificate (together with all such

undelivered dividends or other distributions, without interest) and any undelivered dividends and cash payments payable hereunder (without interest) shall be delivered and paid with respect to each share represented by such Certificate.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF FBWP

FBWP hereby represents and warrants to CCBG as follows:

ARTICLE 5.1 ORGANIZATION, STANDING, AND POWER . FBWP is a corporation duly organized, validly existing, and in good standing under the Laws of the State of Georgia, and has the corporate power and authority to carry on its business as now conducted and to own, lease and operate its Assets. FBWP is duly qualified or licensed to transact business as a foreign corporation in good standing in the States of the United States and foreign jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, a FBWP Material Adverse Effect. The minute books and other organizational documents and corporate records for FBWP have been made available to CCBG for its review and, except as disclosed in Section 5.1 of the FBWP Disclosure Memorandum, are true and complete in all material respects as in effect as of the date of this Agreement and accurately reflect in all material respects all amendments thereto and all proceedings of the Board of Directors and shareholders thereof.

ARTICLE 5.2 AUTHORITY OF FBWP; NO BREACH BY AGREEMENT .

(a) FBWP has the corporate power and authority necessary to execute, deliver, and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated herein, including the Mergers, have been duly and validly authorized by all necessary corporate action in respect thereof on the part of FBWP, subject to the approval of this Agreement by the holders of a majority of the outstanding shares of FBWP Common Stock, which is the only shareholder vote required for approval of this Agreement and consummation of the Mergers by FBWP. Subject to such requisite shareholder approval, this Agreement represents a legal, valid, and binding obligation of FBWP, enforceable against FBWP in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought).

(b) Neither the execution and delivery of this Agreement by FBWP, nor the consummation by FBWP of the transactions contemplated hereby, nor compliance by FBWP with any of the provisions hereof, will (i) conflict with or result in a breach of any provision of FBWP's Articles of Incorporation or Bylaws or the certificate or articles of incorporation or bylaws of any FBWP Subsidiary or any resolution adopted by the board of directors or the shareholders of any FBWP Entity, or (ii) except as disclosed in Section 5.2 of the FBWP Disclosure Memorandum, constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any Asset of any FBWP Entity under, any Contract or Permit of any FBWP Entity, where such Default or Lien, or any failure to obtain such Consent, is reasonably likely to have, individually or in the aggregate, a FBWP Material Adverse Effect or where such event would cause a breach hereof or a Default hereunder, or (iii) subject to receipt of the requisite Consents referred to in Section 9.1(b), constitute or result in a Default under, or require any Consent pursuant to, any Law or Order applicable to any FBWP Entity or any of their respective material Assets (including any CCBG Entity or any FBWP Entity becoming subject to or liable for the payment of any Tax on any of the Assets owned by any CCBG Entity or any FBWP Entity being reassessed or revalued by any Taxing authority).

(c) Other than in connection or compliance with the provisions of the Securities Laws, applicable state corporate and securities Laws, and rules of the NASD, and other than Consents required from Regulatory Authorities, and other than notices to or filings with the Internal Revenue Service or the Pension Benefit Guaranty Corporation with respect to any employee benefit

plans, or under the HSR Act, and other than Consents, filings, or notifications which, if not obtained or made, are not reasonably likely to have, individually or in the aggregate, a FBWP Material Adverse Effect, no notice to, filing with, or Consent of, any public body or authority is necessary for the consummation by FBWP of the Mergers and the other transactions contemplated in this Agreement.

ARTICLE 5.3 CAPITAL STOCK .

(a) The authorized capital stock of FBWP consists of (i) 1,000,000 shares of FBWP Common Stock, of which 192,481 shares are issued and outstanding as of the date of this Agreement and not more than 192,481 shares will be issued and outstanding at the Effective Time, and (ii) no shares of preferred stock are authorized, issued or outstanding. All of the issued and outstanding shares of capital stock of FBWP are duly and validly issued and outstanding and are fully paid and nonassessable under the GBCC. None of the outstanding shares of capital stock of FBWP has been issued in violation of any preemptive rights of the current or past shareholders of FBWP.

(b) Except as set forth in Section 5.3(a), or as disclosed in Section 5.3(b) of the FBWP Disclosure Memorandum, there are no shares of capital stock or other equity securities of FBWP outstanding and no outstanding Equity Rights relating to the capital stock of FBWP.

ARTICLE 5.4 FBWP SUBSIDIARIES . FBWP has disclosed in Section 5.4 of the FBWP Disclosure Memorandum all of the FBWP Subsidiaries that are corporations (identifying its jurisdiction of incorporation, each jurisdiction in which it is qualified and/or licensed to transact business, and the number of shares owned and percentage ownership interest represented by such share ownership) and all of the FBWP Subsidiaries that are general or limited partnerships, limited liability companies, trusts or other non-corporate entities (identifying the Law under which such entity is organized, each jurisdiction in which it is qualified and/or licensed to transact business, the type of entity and the amount and nature of the ownership interest therein). Except as disclosed in Section 5.4 of the FBWP Disclosure Memorandum, FBWP or one of its wholly-owned Subsidiaries owns all of the issued and outstanding shares of capital stock (or other equity interests) of each FBWP Subsidiary. No capital stock (or other equity interest) of any FBWP Subsidiary is or may become required to be issued (other than to another FBWP Entity) by reason of any Equity Rights, and there are no Contracts by which any FBWP Subsidiary is bound to issue (other than to another FBWP Entity) additional shares of its capital stock (or other equity interests) or Equity Rights or by which any FBWP Entity is or may be bound to transfer any shares of the capital stock (or other equity interests) of any FBWP Subsidiary (other than to another FBWP Entity). There are no Contracts relating to the rights of any FBWP Entity to vote or to dispose of any shares of the capital stock (or other equity interests) of any FBWP Subsidiary. All of the shares of capital stock (or other equity interests) of each FBWP Subsidiary held by a FBWP Entity are fully paid and (except pursuant to 12 USC Section 55 in the case of national banks and comparable, applicable state Law, if any, in the case of state depository institutions) nonassessable under the applicable corporation Law of the jurisdiction in which such Subsidiary is incorporated or organized and are owned by the FBWP Entity free and clear of any Lien. Except as disclosed in Section 5.4 of the FBWP Disclosure Memorandum, each FBWP Subsidiary is either a bank, a savings association, or a corporation, and each such Subsidiary is duly organized, validly existing, and (as to corporations) in good standing under the Laws of the jurisdiction in which it is incorporated or organized, and has the corporate power and authority necessary for it to own, lease, and operate its Assets and to carry on its business as now conducted. Each FBWP Subsidiary is duly qualified or licensed to transact business as a foreign corporation in good standing in the States of the United States and foreign jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, a FBWP Material Adverse Effect. Each FBWP Subsidiary that is a depository institution is an "insured institution" as defined in the Federal Deposit Insurance Act and applicable regulations thereunder, and the deposits in which are insured by the Bank Insurance Fund. The minute books, and other organizational and corporate documents for each FBWP Subsidiary have been made available to CCBG for its review, and, except as disclosed in

Section 5.4 of the FBWP Disclosure Memorandum, are true and complete in all material respects as in effect as of the date of this Agreement and accurately reflect in all material respects all amendments thereto and all proceedings of the Board of Directors, all committees of the Board of Directors and shareholders thereof.

ARTICLE 5.5 FINANCIAL STATEMENTS . Each of the FBWP Financial Statements (including, in each case, any related notes) was prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes to such financial statements), and fairly presents in all material respects the consolidated financial position of FBWP and its Subsidiaries as at the respective dates and the consolidated results of operations and cash flows for the periods indicated, except that the unaudited interim financial statements were or are subject to normal and recurring year-end adjustments which were not or are not expected to be material in amount or effect.

ARTICLE 5.6 ABSENCE OF UNDISCLOSED LIABILITIES . No FBWP Entity has any Liabilities that are reasonably likely to have, individually or in the aggregate, a FBWP Material Adverse Effect, except Liabilities which are accrued or reserved against in the consolidated balance sheets of FBWP as of December 31, 1999, included in the FBWP Financial Statements delivered prior to the date of this Agreement or reflected in the notes thereto. Except as set forth in Section 5.6 of the FBWP Disclosure Memorandum, no FBWP Entity has incurred or paid any Liability since December 31, 1999, except for such Liabilities incurred or paid (i) in the ordinary course of business consistent with past business practice and which are not reasonably likely to have, individually or in the aggregate, a FBWP Material Adverse Effect or (ii) in connection with the transactions contemplated by this Agreement.

ARTICLE 5.7 ABSENCE OF CERTAIN CHANGES OR EVENTS . Since December 31, 1999, except as disclosed in the FBWP Financial Statements delivered prior to the date of this Agreement or as disclosed in Section 5.7 of the FBWP Disclosure Memorandum, (i) there have been no events, changes, or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a FBWP Material Adverse Effect, and (ii) the FBWP Entities have not taken any action, or failed to take any action, prior to the date of this Agreement, which action or failure, if taken after the date of this Agreement, would represent or result in a material breach or violation of any of the covenants and agreements of FBWP provided in Article 7.

ARTICLE 5.8 TAX MATTERS .

(a) All Tax Returns required to be filed by or on behalf of any of the FBWP Entities have been timely filed or requests for extensions have been timely filed, granted, and have not expired for periods ended on or before the date of the most recent fiscal year end immediately preceding the Effective Time, except to the extent that all such failures to file, taken together, are not reasonably likely to have a FBWP Material Adverse Effect, and all Tax Returns filed are complete and accurate in all material respects. In particular, and without in any manner limiting the foregoing, none of the foregoing Tax Returns contains any position which is or would be subject to penalties under section 6662 of the Internal Revenue Code (or any corresponding provision of state, local or foreign Tax law). An extension of time within which to file any Tax Return which has not been filed has not been requested or granted. With respect to all amounts in respect of Taxes imposed upon FBWP, or for which FBWP is or could be liable, whether to taxing authorities (as, for example, under law) or to other persons or entities (as, for example, under tax allocation agreements), with respect to all taxable periods (or portions thereof) ending on or before the Effective Time, all applicable Tax laws and agreements have been fully complied with, and all such amounts required to be paid by FBWP to taxing authorities or others on or before the date hereof have been paid. As of the date of this Agreement, there is no audit examination, deficiency, or refund Litigation with respect to any Taxes, except as reserved against in the FBWP Financial Statements delivered prior to the date of this Agreement or as disclosed in Section 5.8 of the FBWP Disclosure Memorandum. No issues have been raised (and are currently pending) by any taxing authority in connection with any Tax Returns of FBWP. FBWP's federal income Tax Returns have not been audited by the IRS. All Taxes and other Liabilities due with respect to completed and settled examinations or concluded Litigation have been paid. There are no Liens with respect to Taxes upon any of the Assets

of the FBWP Entities, except for any such Liens which are not reasonably likely to have a FBWP Material Adverse Effect.

(b) None of the FBWP Entities has executed an extension or waiver of any statute of limitations on the assessment or collection of any Tax due (excluding such statutes that relate to years currently under examination by the Internal Revenue Service or other applicable taxing authorities) that is currently in effect. Section 5.8 of the FBWP Disclosure Schedule sets forth (1) the taxable years of FBWP as to which the respective statutes of limitations with respect to Taxes have not expired, and (2) with respect to such taxable years, sets forth those years for which examinations have been completed, those years for which examinations are presently being conducted, those years for which examinations have not been initiated, and those years for which required Tax Returns have not yet been filed.

(c) As of December 31, 1999, the provision for any Taxes due or to become due for any of the FBWP Entities for the period or periods through and including the date of the respective FBWP Financial Statements that has been made and is reflected on such FBWP Financial Statements is sufficient to cover all such Taxes in accordance with GAAP. The unpaid Taxes of FBWP do not exceed the reserve for Tax liability (including any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth or included in FBWP's most recent balance sheet as adjusted for the passage of time through the Effective Time in accordance with the past custom and practice of FBWP.

(d) Deferred Taxes of the FBWP Entities have been provided for in accordance with GAAP.

(e) None of the FBWP Entities is a party to any Tax allocation or Tax sharing agreement and none of the FBWP Entities has been a member of an affiliated group filing a consolidated federal income Tax Return (other than a group the common parent of which was FBWP) or has any Liability for Taxes of any Person (other than FBWP and its Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign Law) as a transferee or successor or by Contract or otherwise.

(f) Each of the FBWP Entities is in compliance with, and its records contain all information and documents (including properly completed IRS Forms W-9) necessary to comply with, all applicable information reporting and Tax withholding requirements under federal, state, and local Tax Laws, and such records identify with specificity all accounts subject to backup withholding under Section 3406 of the Internal Revenue Code, except for such instances of noncompliance and such omissions as are not reasonably likely to have, individually or in the aggregate, a FBWP Material Adverse Effect.

(g) Except as disclosed in Section 5.8 of the FBWP Disclosure Memorandum, none of the FBWP Entities has made any payments, is obligated to make any payments, or is a party to any Contract that could obligate it to make any payments that would be disallowed as a deduction under Section 280G or 162(m) of the Internal Revenue Code.

(h) There has not been an ownership change, as defined in Internal Revenue Code Section 382(g), of the FBWP Entities that occurred during or after any Taxable Period in which the FBWP Entities incurred a net operating loss that carries over to any Taxable Period ending after December 31, 1999.

(i) No FBWP Entity has or has had in any foreign country a permanent establishment, as defined in any applicable tax treaty or convention between the United States and such foreign country.

(j) All material elections with respect to Taxes affecting FBWP as of the date hereof are set forth in Section 5.8 of the FBWP Disclosure Schedule. After the date hereof, no election with respect to Taxes will be made without the written consent of CCBG.

(k) None of the assets of FBWP is property which FBWP is required to treat as being owned by any other person pursuant to the so-called "safe harbor lease" provisions of former section 168(f)(8) of the Internal Revenue Code.

(l) None of the assets of FBWP directly or indirectly secures any debt the interest on which is tax exempt under

section 103(a) of the Internal Revenue Code.

(m) None of the assets of FBWP is "tax-exempt use property" within the meaning of section 168(h) of the Internal Revenue Code.

(n) FBWP is not, and has not been, a United States real property holding corporation (as defined in section 897(c)(2) of the Internal Revenue Code) during the applicable period specified in section 897(c)(1)(A)(ii) of the Internal Revenue Code.

(o) FBWP is not a party to any joint venture, partnership, or other arrangement or contract which could be treated as a partnership for federal income tax purposes.

(p) Section 5.8 of the FBWP Disclosure Schedule sets forth as of the date hereof (i) the basis of FBWP in its assets, (ii) as of June 30, 2000, the current and accumulated earnings and profits of FBWP, (iii) the amount of any net operating loss, net capital loss, unused investment credit or other credit, unused foreign tax, or excess charitable contribution allocable to FBWP, and (iv) the amount of any deferred gain or loss allocable to FBWP arising out of any intercompany transactions.

(q) Each asset with respect to which FBWP claims depreciation, amortization or similar expense for Tax purposes is owned for Tax purposes by FBWP.

(r) Except as disclosed in the FBWP Financial Statements or FBWP's Tax Returns, no item of income or gain reported by FBWP for financial accounting purposes in any pre-closing period is required to be included in taxable income for a post-closing period.

(s) FBWP has not made nor is bound by any election under Section 197 of the Internal Revenue Code.

(t) Neither FBWP nor any FBWP Subsidiary has any excess loss account (as defined in Treasury Regulation Section 1.1502-19) with respect to the stock of any FBWP Subsidiary.

(u) There are no outstanding rulings of, or requests for rulings with, any Tax authority addressed to FBWP that are, or if issued would be, binding on FBWP.

ARTICLE 5.9 ALLOWANCE FOR POSSIBLE LOAN LOSSES . In the opinion of management of FBWP, the allowances for possible loan and lease credit losses (collectively, the "Allowance") shown on the consolidated balance sheets of FBWP immediately prior to the Effective Time will be, as of the date thereof, adequate (within the meaning of GAAP and applicable regulatory requirements or guidelines) to provide for all known or reasonably anticipated losses relating to or inherent in the loan and lease portfolio (including accrued interest receivables) of the FBWP Entities and other extensions of credit (including letters of credit) by the FBWP Entities as of the dates thereof.

ARTICLE 5.10 ASSETS .

(a) Except as disclosed in Section 5.10 of the FBWP Disclosure Memorandum or as disclosed or reserved against in the FBWP Financial Statements delivered prior to the date of this Agreement, the FBWP Entities have good and marketable title, free and clear of all Liens, to all of their respective Assets, except for any such Liens or other defects of title which are not reasonably likely to have a FBWP Material Adverse Effect. All tangible properties used in the businesses of the FBWP Entities are in good condition, reasonable wear and tear excepted, and are usable in the ordinary course of business consistent with FBWP's past practices.

(b) All Assets which are material to FBWP's business on a consolidated basis, held under leases or subleases by any of the FBWP Entities, are held under valid Contracts enforceable by the FBWP Entity and to the Knowledge of FBWP as to the counter-party to such Contracts in accordance with their respective terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceedings may be brought), and each such Contract is in full force and effect.

(c) The FBWP Entities currently maintain insurance similar in amounts, scope, and coverage to that maintained by other peer banking organizations. None of the FBWP Entities has received notice from any insurance carrier that (i) any policy of insurance will be canceled or that coverage thereunder will be reduced or eliminated, or (ii) premium costs with respect to such policies of insurance will be substantially increased. There are presently no claims for amounts exceeding in any individual case $5,000, or in the aggregate $100,000, pending under such policies of insurance and no notices of claims in excess of such amounts have been given by any FBWP Entity under such policies.

(d) The Assets of the FBWP Entities include all Assets required to operate the business of the FBWP Entities as presently conducted.

(e) Except as disclosed and described in detail in Section 5.10(e) of the FBWP Disclosure Memorandum, neither FBWP nor any FBWP Subsidiary holds any deposits or has made any loans to any individuals or related group of individuals which (i) in the case of deposits, individually or in the aggregate exceed 5% of the total consolidated deposits of FBWP as of June 30, 2000, or (ii) in the case of loans, individually or in the aggregate exceed 5% of the total consolidated loans of FBWP as of June 30, 2000.

ARTICLE 5.11 INTELLECTUAL PROPERTY . Each FBWP Entity owns or has a license to use all of the Intellectual Property used by such FBWP Entity in the course of its business. Each FBWP Entity is the owner of or has a license to any Intellectual Property sold or licensed to a third party by such FBWP Entity in connection with such FBWP Entity's business operations, and such FBWP Entity has the right to convey by sale or license any Intellectual Property so conveyed. No FBWP Entity is in Default under any of its Intellectual Property licenses. No proceedings have been instituted, or are pending or to the Knowledge of FBWP threatened, which challenge the rights of any FBWP Entity with respect to Intellectual Property used, sold or licensed by such FBWP Entity in the course of its business, nor has any person claimed or alleged any rights to such Intellectual Property. The conduct of the business of the FBWP Entities does not infringe any Intellectual Property of any other person. Except as disclosed in Section 5.11 of the FBWP Disclosure Memorandum, no FBWP Entity is obligated to pay any recurring royalties to any Person with respect to any such Intellectual Property. Except as disclosed in Section 5.11 of the FBWP Disclosure Memorandum, every officer, director, or employee of any FBWP Entity is a party to a Contract which requires such officer, director or employee to assign any interest in any Intellectual Property to a FBWP Entity and to keep confidential any trade secrets, proprietary data, customer information, or other business information of a FBWP Entity, and no such officer, director or employee is party to any Contract with any Person other than a FBWP Entity which requires such officer, director or employee to assign any interest in any Intellectual Property to any Person other than a FBWP Entity or to keep confidential any trade secrets, proprietary data, customer information, or other business information of any Person other than a FBWP Entity. Except as disclosed in Section 5.11 of the FBWP Disclosure Memorandum, no officer, director or, to the Knowledge of FBWP, any employee of any FBWP Entity is party to any Contract which restricts or prohibits such officer, director or employee from engaging in activities competitive with any Person, including any FBWP Entity.

ARTICLE 5.12 ENVIRONMENTAL MATTERS .

(a) To the Knowledge of FBWP, each FBWP Entity, its Participation Facilities, and its Operating Properties are, and have been, in compliance with all Environmental Laws, except for violations which are not reasonably likely to have, individually or in the aggregate, a FBWP Material Adverse Effect.

(b) There is no Litigation pending or, to the Knowledge of FBWP, threatened before any court, governmental agency, or authority or other forum in which any FBWP Entity or any of its Operating Properties or Participation Facilities (or FBWP in respect of such Operating Property or Participation Facility) has been or, with respect to threatened Litigation, may be named as a defendant (i) for alleged noncompliance (including by any predecessor) with any Environmental Law or (ii) relating to the release, discharge, spillage, or disposal into the environment of any Hazardous Material, whether or not occurring at, on, under, adjacent to, or affecting (or potentially affecting) a site owned, leased, or operated by any FBWP Entity or any of its Operating Properties or Participation Facilities,

nor is there any reasonable basis for any Litigation of a type described in this sentence.

(c) During the period of (i) any FBWP Entity's ownership or operation of any of their respective current properties, (ii) any FBWP Entity's participation in the management of any Participation Facility, or (iii) any FBWP Entity's holding of a security interest in a Operating Property, there have been no releases, discharges, spillages, or disposals of Hazardous Material in, on, under, or affecting (or potentially affecting) such properties; provided that with respect to the period set forth in (iii) above, this representation shall be made to the Knowledge of FBWP. Prior to the period of (i) any FBWP Entity's ownership or operation of any of their respective current properties, (ii) any FBWP Entity's participation in the management of any Participation Facility, or (iii) any FBWP Entity's holding of a security interest in a Operating Property, to the Knowledge of FBWP, there were no releases, discharges, spillages, or disposals of Hazardous Material in, on, under, or affecting any such property, Participation Facility or Operating Property.

ARTICLE 5.13 COMPLIANCE WITH LAWS . FBWP is duly registered as a bank holding company under the BHC Act. Each FBWP Entity has in effect all Permits necessary for it to own, lease, or operate its material Assets and to carry on its business as now conducted, except for those Permits the absence of which are not reasonably likely to have, individually or in the aggregate, a FBWP Material Adverse Effect, and there has occurred no Default under any such Permit, other than Defaults which are not reasonably likely to have, individually or in the aggregate, a FBWP Material Adverse Effect. Except as disclosed in Section 5.13 of the FBWP Disclosure Memorandum, none of the FBWP Entities:

(a) is in Default under any of the provisions of its Articles of Incorporation or Bylaws (or other governing instruments);

(b) is in Default under any Laws, Orders, or Permits applicable to its business or employees conducting its business, except for Defaults which are not reasonably likely to have, individually or in the aggregate, a FBWP Material Adverse Effect; or

(c) since January 1, 1997, has received any notification or communication from any agency or department of federal, state, or local government or any Regulatory Authority or the staff thereof (i) asserting that any FBWP Entity is not in compliance with any of the Laws or Orders which such governmental authority or Regulatory Authority enforces, (ii) threatening to revoke any Permits, or (iii) requiring any FBWP Entity to enter into or consent to the issuance of a cease and desist order, formal agreement, directive, commitment, or memorandum of understanding, or to adopt any Board resolution or similar undertaking, which restricts materially the conduct of its business or in any manner relates to its capital adequacy, its credit or reserve policies, its management, or the payment of dividends.

Copies of all material reports, correspondence, notices and other documents relating to any inspection, audit, monitoring or other form of review or enforcement action by a Regulatory Authority have been made available to CCBG.

ARTICLE 5.14 LABOR RELATIONS . No FBWP Entity is the subject of any Litigation asserting that it or any other FBWP Entity has committed an unfair labor practice (within the meaning of the National Labor Relations Act or comparable state law) or seeking to compel it or any other FBWP Entity to bargain with any labor organization as to wages or conditions of employment, nor is any FBWP Entity party to any collective bargaining agreement, nor is there any strike or other labor dispute involving any FBWP Entity, pending or threatened, or to the Knowledge of FBWP is there any activity involving any FBWP Entity's employees seeking to certify a collective bargaining unit or engaging in any other organization activity.

ARTICLE 5.15 EMPLOYEE BENEFIT PLANS .

(a) FBWP has disclosed in Section 5.15 of the FBWP Disclosure Memorandum, and has delivered or made available to CCBG prior to the execution of this Agreement copies in each case of, all pension, retirement, profit-sharing, deferred compensation, stock option, employee stock ownership, severance pay, vacation, bonus, or other incentive plan, all other written employee programs, arrangements, or agreements, all medical, vision, dental, or other health plans, all life insurance plans,

and all other employee benefit plans or fringe benefit plans, including "employee benefit plans" as that term is defined in Section 3(3) of ERISA, currently adopted, maintained by, sponsored in whole or in part by, or contributed to by any FBWP Entity or ERISA Affiliate thereof for the benefit of employees, retirees, dependents, spouses, directors, independent contractors, or other beneficiaries and under which employees, retirees, dependents, spouses, directors, independent contractors, or other beneficiaries are eligible to participate (collectively, the "FBWP Benefit Plans"). Any of the FBWP Benefit Plans which is an "employee pension benefit plan," as that term is defined in Section 3(2) of ERISA, is referred to herein as a "FBWP ERISA Plan." Each FBWP ERISA Plan which is also subject to Section 412 of the Internal Revenue Code is referred to herein as a "FBWP Pension Plan." No FBWP Pension Plan is or has been a multiemployer plan within the meaning of Section 3(37) of ERISA.

(b) All FBWP Benefit Plans are in compliance with the applicable terms of ERISA, the Internal Revenue Code, and any other applicable Laws the breach or violation of which are reasonably likely to have, individually or in the aggregate, a FBWP Material Adverse Effect. Each FBWP ERISA Plan which is intended to be qualified under Section 401(a) of the Internal Revenue Code has received a favorable determination letter from the Internal Revenue Service, and FBWP is not aware of any circumstances likely to result in revocation of any such favorable determination letter. To the Knowledge of FBWP, no FBWP Entity has engaged in a transaction with respect to any FBWP Benefit Plan that, assuming the taxable period of such transaction expired as of the date hereof, would subject any FBWP Entity to a Tax imposed by either Section 4975 of the Internal Revenue Code or Section 502(i) of ERISA.

(c) Except as disclosed in Section 5.15 of the FBWP Disclosure Memorandum, no FBWP Pension Plan has any "unfunded current liability," as that term is defined in Section 302(d)(8)(A) of ERISA, and the fair market value of the assets of any such plan exceeds the plan's "benefit liabilities," as that term is defined in Section 4001(a)(16) of ERISA, when determined under actuarial factors that would apply if the plan terminated in accordance with all applicable legal requirements. Since the date of the most recent actuarial valuation, there has been (i) no material change in the financial position of any FBWP Pension Plan, (ii) no change in the actuarial assumptions with respect to any FBWP Pension Plan, and (iii) no increase in benefits under any FBWP Pension Plan as a result of plan amendments or changes in applicable Law which is reasonably likely to have, individually or in the aggregate, a FBWP Material Adverse Effect or materially adversely affect the funding status of any such plan. Neither any FBWP Pension Plan nor any "single-employer plan," within the meaning of Section 4001(a)(15) of ERISA, currently or formerly maintained by any FBWP Entity, or the single-employer plan of any entity which is considered one employer with FBWP under Section 4001 of ERISA or Section 414 of the Internal Revenue Code or Section 302 of ERISA (whether or not waived) (an "ERISA Affiliate") has an "accumulated funding deficiency" within the meaning of Section 412 of the Internal Revenue Code or Section 302 of ERISA. No FBWP Entity has provided, or is required to provide, security to a FBWP Pension Plan or to any single-employer plan of an ERISA Affiliate pursuant to Section 401(a)(29) of the Internal Revenue Code.

(d) Within the six-year period preceding the Effective Time, no Liability under Subtitle C or D of Title IV of ERISA has been or is expected to be incurred by any FBWP Entity with respect to any ongoing, frozen, or terminated single-employer plan or the single-employer plan of any ERISA Affiliate. No FBWP Entity has incurred any withdrawal Liability with respect to a multiemployer plan under Subtitle B of Title IV of ERISA (regardless of whether based on contributions of an ERISA Affiliate. No notice of a "reportable event," within the meaning of Section 4043 of ERISA for which the 30-day reporting requirement has not been waived, has been required to be filed for any FBWP Pension Plan or by any ERISA Affiliate within the 12-month period ending on the date hereof.

(e) Except as disclosed in Section 5.15 of the FBWP Disclosure Memorandum, no FBWP Entity has any Liability for retiree health and life benefits under any of the FBWP Benefit Plans, other than health coverage continuation rights mandated by applicable law, and there are no restrictions on the rights of such FBWP Entity to amend or terminate any such retiree health or benefit Plan without incurring any Liability thereunder.

(f) Except as disclosed in Section 5.15 of the FBWP Disclosure Memorandum, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any payment (including severance, unemployment compensation, golden parachute, or otherwise) becoming due to any director or any employee of any FBWP Entity from any FBWP Entity under any FBWP Benefit Plan or otherwise, (ii) increase any benefits otherwise payable under any FBWP Benefit Plan, or (iii) result in any acceleration of the time of payment or vesting of any such benefit.

(g) The actuarial present values of all accrued deferred compensation entitlements (including entitlements under any executive compensation, supplemental retirement, or employment agreement) of employees and former employees of any FBWP Entity and their respective beneficiaries, other than entitlements accrued pursuant to funded retirement plans subject to the provisions of Section 401(a) and/or 412 of the Internal Revenue Code or Section 302 of ERISA, have been fully reflected on the FBWP Financial Statements to the extent required by and in accordance with GAAP.

ARTICLE 5.16 MATERIAL CONTRACTS . Except as disclosed in Section 5.16 of the FBWP Disclosure Memorandum or otherwise reflected in the FBWP Financial Statements, none of the FBWP Entities, nor any of their respective Assets, businesses, or operations, is a party to, or is bound or affected by, or receives benefits under, (i) any employment, severance, termination, consulting, or retirement Contract providing for aggregate payments to any Person in any calendar year in excess of $25,000, (ii) any Contract relating to the borrowing of money by any FBWP Entity or the guarantee by any FBWP Entity of any such obligation (other than Contracts evidencing deposit liabilities, purchases of federal funds, fully-secured repurchase agreements, and Federal Home Loan Bank advances of depository institution Subsidiaries, trade payables and Contracts relating to borrowings or guarantees made in the ordinary course of business), (iii) any Contract which prohibits or restricts any FBWP Entity from engaging in any business activities in any geographic area, line of business or otherwise in competition with any other Person, (iv) any Contract between or among FBWP Entities, (v) any Contract involving Intellectual Property (other than Contracts entered into in the ordinary course with customers and commercial "shrink-wrap" software licenses), (vi) any Contract relating to the provision of data processing, network communication, or other technical services to or by any FBWP Entity, (vii) any Contract relating to the purchase or sale of any goods or services (other than Contracts entered into in the ordinary course of business and involving payments under any individual Contract of less than $25,000), (viii) any exchange-traded or over-the-counter swap, forward, future, option, cap, floor, or collar financial Contract, or any other interest rate or foreign currency protection Contract not included on its balance sheet which is a financial derivative Contract, and (ix) any other Contract or amendment thereto that would be required to be filed with any relevant Regulatory Authority as of the date of this Agreement (together with all Contracts referred to in Sections 5.10 and 5.15(a), the "FBWP Contracts"). With respect to each FBWP Contract and except as disclosed in Section 5.16 of the FBWP Disclosure Memorandum: (i) the Contract is in full force and effect; (ii) no FBWP Entity is in Default thereunder or would be in Default thereunder as a result of this Agreement or the transaction contemplated herein; (iii) no FBWP Entity has repudiated or waived any material provision of any such Contract; and (iv) no other party to any such Contract is, to the Knowledge of FBWP, in Default in any respect or has repudiated or waived any material provision thereunder. All of the indebtedness of any FBWP Entity for money borrowed is prepayable at any time by such FBWP Entity without penalty or premium. Except as disclosed in Section 5.16 of the FBWP Disclosure Memorandum, none of FBWP nor any of the FBWP Entities has any obligation or liability to any wholesale mortgage business ("Wholesale Mortgage Business") or to any Affiliate of such Persons to purchase, fund or extend credit with respect to any loans, extensions of credit, mortgages, or any participation or other interest therein originated, brokered or referred by or through such Persons. Except as described in Section 5.16 of the FBWP Disclosure Memorandum, all Contracts to which FBWP and/or its Subsidiaries are parties may be terminated by such FBWP Entity and its successors and assigns without penalty, charge, liability or further obligation.

ARTICLE 5.17 LEGAL PROCEEDINGS . There is no Litigation instituted or pending, or, to the Knowledge of FBWP, threatened (or unasserted but considered probable of assertion and which if

asserted would have at least a reasonable probability of an unfavorable outcome) against any FBWP Entity or any employee benefit plan of any FBWP Entity, or against any director or employee of any FBWP Entity, in their capacity as such, or against any Asset, interest, or right of any of them, nor are there any Orders of any Regulatory Authorities, other governmental authorities, or arbitrators outstanding against any FBWP Entity. Section 5.17 of the FBWP Disclosure Memorandum contains a summary of all Litigation as of the date of this Agreement to which any FBWP Entity is a party and which names a FBWP Entity as a defendant or cross-defendant or for which any FBWP Entity has any potential Liability.

ARTICLE 5.18 REPORTS . Except as set forth in Section 5.18 of the FBWP Disclosure Memorandum, since January 1, 1997, or the date of organization if later, each FBWP Entity has timely filed all reports and statements, together with any amendments required to be made with respect thereto, that it was required to file with Regulatory Authorities (except, in the case of state securities authorities, failures to file which are not reasonably likely to have, individually or in the aggregate, a FBWP Material Adverse Effect). As of their respective dates, each of such reports and documents, including the financial statements, exhibits, and schedules thereto, complied in all material respects with all applicable Laws. As of its respective date, each such report and document did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

ARTICLE 5.19 STATEMENTS TRUE AND CORRECT . No statement, certificate, instrument, or other writing furnished or to be furnished by any FBWP Entity or any Affiliate thereof to CCBG pursuant to this Agreement or any other document, agreement, or instrument referred to herein contains or will contain any untrue statement of material fact or will omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the information supplied or to be supplied by any FBWP Entity or any Affiliate thereof for inclusion in the Registration Statement to be filed by CCBG with the SEC will, when the Registration Statement becomes effective, be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein not misleading. None of the information supplied or to be supplied by any FBWP Entity or any Affiliate thereof for inclusion in the Proxy Statement to be mailed to FBWP's shareholders in connection with the Shareholders' Meeting, and any other documents to be filed by a FBWP Entity or any Affiliate thereof with the SEC or any other Regulatory Authority in connection with the transactions contemplated hereby, will, at the respective time such documents are filed, and with respect to the Proxy Statement, when first mailed to the shareholders of FBWP, be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or, in the case of the Proxy Statement or any amendment thereof or supplement thereto, at the time of the Shareholders' Meeting, be false or misleading with respect to any material fact, or omit to state any material fact necessary to correct any statement in any earlier communication with respect to the solicitation of any proxy for the Shareholders' Meeting. All documents that any FBWP Entity or any Affiliate thereof is responsible for filing with any Regulatory Authority in connection with the transactions contemplated hereby will comply as to form in all material respects with the provisions of applicable Law.

ARTICLE 5.20 ACCOUNTING, TAX AND REGULATORY MATTERS . No FBWP Entity or any Affiliate thereof has taken or agreed to take any action or has any Knowledge of any fact or circumstance that is reasonably likely to (i) prevent the Mergers from qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, or (ii) materially impede or delay receipt of any Consents of Regulatory Authorities referred to in Section 9.1(b) or result in the imposition of a condition or restriction of the type referred to in the last sentence of such Section.

ARTICLE 5.21 STATE TAKEOVER LAWS . Each FBWP Entity has taken all necessary action to exempt the transactions contemplated by this Agreement from, or if necessary to challenge the validity or applicability of, any applicable "moratorium," "fair price," "business combination," "control share," or other anti-takeover Laws (collectively, "Takeover Laws"), including Sections 14-2-1111 and 14-2-1131 of the GBCC.

ARTICLE 5.22 CHARTER PROVISIONS . Each FBWP Entity has taken all action so that the entering into of this Agreement and the consummation of the Mergers and the other transactions contemplated by this Agreement do not and will not result in the grant of any rights to any Person under the Articles of Incorporation, Bylaws or other governing instruments of any FBWP Entity or restrict or impair the ability of CCBG or any of its Subsidiaries to vote, or otherwise to exercise the rights of a shareholder with respect to, shares of any FBWP Entity that may be directly or indirectly acquired or controlled by them. This Agreement and the transactions contemplated herein will not trigger any supermajority voting provisions under the Articles of Incorporation, Bylaws, or other governing instruments of any FBWP Entity.

ARTICLE 5.23 OPINION OF FINANCIAL ADVISOR . FBWP has received the verbal opinion of Brown, Burke Capital Partners, Inc., as of the date of this Agreement, to the effect that the consideration to be received in the Holding Company Merger by the holders of FBWP Common Stock is fair, from a financial point of view, to such holders.

ARTICLE 5.24 BOARD RECOMMENDATION . The Board of Directors of FBWP, at a meeting duly called and held, has by unanimous vote of the directors present (who constituted all of the directors then in office) (i) determined that this Agreement and the transactions contemplated hereby, including the Mergers, taken together, are fair to and in the best interests of the shareholders and (ii) resolved to recommend that the holders of the shares of FBWP Common Stock approve this Agreement.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF CCBG

CCBG hereby represents and warrants to FBWP as follows:

ARTICLE 6.1 ORGANIZATION, STANDING, AND POWER . CCBG is a corporation duly organized, validly existing, and in good standing under the Laws of the State of Florida, and has the corporate power and authority to carry on its business as now conducted and to own, lease and operate its material Assets. CCBG is duly qualified or licensed to transact business as a foreign corporation in good standing in the States of the United States and foreign jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect.

ARTICLE 6.2 AUTHORITY OF CCBG; NO BREACH BY AGREEMENT .

(a) CCBG has the corporate power and authority necessary to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein, including the Mergers, have been duly and validly authorized by all necessary corporate action in respect thereof on the part of CCBG, subject to receipt of the requisite Consents referred to in Section 9.1(b). This Agreement represents a legal, valid, and binding obligation of CCBG, enforceable against CCBG in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought).

(b) Neither the execution and delivery of this Agreement by CCBG, nor the consummation by CCBG of the transactions contemplated hereby, nor compliance by CCBG with any of the provisions hereof, will (i) conflict with or result in a breach of any provision of CCBG's Articles of Incorporation or Bylaws, or (ii) subject to receipt of the requisite Consents referred to Section 9.1(b), constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any Asset of any CCBG Entity under, any Contract or Permit of any CCBG Entity, where such Default or Lien, or any failure to obtain such Consent, is reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect, or, (iii) subject to receipt of the requisite Consents referred to in Section 9.1(b), constitute or result in a

Default under, or require any Consent pursuant to, any Law or Order applicable to any CCBG Entity or any of their respective material Assets (including any CCBG Entity or any FBWP Entity becoming subject to or liable for the payment of any Tax or any of the Assets owned by any CCBG Entity or any FBWP Entity being reassessed or revalued by any Taxing authority).

(c) Other than in connection or compliance with the provisions of the Securities Laws, applicable state corporate and securities Laws, and rules of the NASD, and other than Consents required from Regulatory Authorities, and other than notices to or filings with the Internal Revenue Service or the Pension Benefit Guaranty Corporation with respect to any employee benefit plans, or under the HSR Act, and other than Consents, filings, or notifications which, if not obtained or made, are not reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect, no notice to, filing with, or Consent of, any public body or authority is necessary for the consummation by CCBG of the Mergers and the other transactions contemplated in this Agreement.

ARTICLE 6.3 CAPITAL STOCK .

(a) The authorized capital stock of CCBG consists of (i) 90,000,000 shares of CCBG Common Stock, of which 10,191,848 shares are issued and outstanding as of the date of this Agreement, and (ii) 3,000,000 shares of CCBG Preferred Stock, none of which are issued and outstanding. All of the issued and outstanding shares of CCBG Capital Stock are, and all of the shares of CCBG Common Stock to be issued in exchange for shares of FBWP Common Stock upon consummation of the Mergers, when issued in accordance with the terms of this Agreement, will be, duly and validly issued and outstanding and fully paid and nonassessable under the FBCA. None of the outstanding shares of CCBG Capital Stock has been, and none of the shares of CCBG Common Stock to be issued in exchange for shares of FBWP Common Stock upon consummation of the Holding Company Merger will be, issued in violation of any preemptive rights of the current or past shareholders of CCBG.

(b) Except as set forth in Section 6.3(a), or as provided pursuant to the CCBG Stock Plans, or as disclosed in Section 6.3 of the CCBG Disclosure Memorandum, there are no shares of capital stock or other equity securities outstanding and no outstanding Equity Rights relating to the capital stock of CCBG.

ARTICLE 6.4 CCBG SUBSIDIARIES . CCBG has disclosed in Section 6.4 of the CCBG Disclosure Memorandum all of its Significant Subsidiaries as of the date of this Agreement that are corporations and all of the CCBG Subsidiaries that are general or limited partnerships or other non-corporate entities. Each CCBG Subsidiary that is a depository institution is an "insured institution" as defined in the Federal Deposit Insurance Act and applicable regulations thereunder.

ARTICLE 6.5 SEC FILINGS; FINANCIAL STATEMENTS .

(a) CCBG has timely filed and made available to FBWP all SEC Documents required to be filed by CCBG since December 31, 1997 (the "CCBG SEC Reports"). The CCBG SEC Reports (i) at the time filed, complied in all material respects with the applicable requirements of the Securities Laws and other applicable Laws and (ii) did not, at the time they were filed (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing) contain any untrue statement of a material fact or omit to state a material fact required to be stated in such CCBG SEC Reports or necessary in order to make the statements in such CCBG SEC Reports, in light of the circumstances under which they were made, not misleading.

(b) Each of the CCBG Financial Statements (including, in each case, any related notes) contained in the CCBG SEC Reports, including any CCBG SEC Reports filed after the date of this Agreement until the Effective Time, complied as to form in all material respects with the applicable published rules and regulations of the SEC with respect thereto, was prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes to such financial statements or, in the case of unaudited interim statements, as permitted by Form 10-Q of the SEC), and fairly presented in all material respects the consolidated financial position of CCBG and its Subsidiaries as at the respective dates and the consolidated results of operations and cash flows for the periods indicated, except that the unaudited interim financial

statements were or are subject to normal and recurring year-end adjustments which were not or are not expected to be material in amount or effect.

ARTICLE 6.6 ABSENCE OF UNDISCLOSED LIABILITIES . Except as disclosed in the CCBG Disclosure Memorandum, no CCBG Entity has any Liabilities that are reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect, except Liabilities which are accrued or reserved against in the consolidated balance sheets of CCBG as of December 31, 1999, included in the CCBG Financial Statements delivered prior to the date of this Agreement or reflected in the notes thereto. No CCBG Entity has incurred or paid any Liability since December 31, 1999, except for such Liabilities incurred or paid (i) in the ordinary course of business consistent with past business practice and which are not reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect or (ii) in connection with the transactions contemplated by this Agreement.

ARTICLE 6.7 ABSENCE OF CERTAIN CHANGES OR EVENTS . Since December 31, 1999, except as disclosed in the CCBG Financial Statements delivered prior to the date of this Agreement or as disclosed in Section 6.7 of the CCBG Disclosure Memorandum, (i) there have been no events, changes or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect, and (ii) the CCBG Entities have not taken any action, or failed to take any action, prior to the date of this Agreement, which action or failure, if taken after the date of this Agreement, would represent or result in a material breach or violation of any of the covenants and agreements of CCBG provided in Article 7.

ARTICLE 6.8 CERTAIN ENVIRONMENTAL AND EMPLOYEE BENEFIT MATTERS . To the Knowledge of CCBG, each CCBG Entity, its Participation Facilities and its Operating Properties are, and have been, in compliance with all Environmental Laws, except for violations which are not reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect.

ARTICLE 6.9 ALLOWANCE FOR POSSIBLE LOAN LOSSES . In the opinion of management of CCBG, the Allowance shown on the consolidated balance sheets of CCBG included in the most recent CCBG Financial Statements dated prior to the date of this Agreement was, and the Allowance shown on the consolidated balance sheets of CCBG included in the CCBG Financial Statements as of dates subsequent to the execution of this Agreement will be, as of the dates thereof, adequate (within the meaning of GAAP and applicable regulatory requirements or guidelines) to provide for all known or reasonably anticipated losses relating to or inherent in the loan and lease portfolios (including accrued interest receivables) of the CCBG Entities and other extensions of credit (including letters of credit) by the CCBG Entities as of the dates thereof.

ARTICLE 6.10 INTELLECTUAL PROPERTY . Each CCBG Entity owns or has a license to use all of the Intellectual Property used by such CCBG Entity in the course of its business. Each CCBG Entity is the owner of or has a license to any Intellectual Property sold or licensed to a third party by such CCBG Entity in connection with such CCBG Entity's business operations, and such CCBG Entity has the right to convey by sale or license any Intellectual Property so conveyed. No CCBG Entity is in Default under any of its Intellectual Property licenses. No proceedings have been instituted, or are pending or to the Knowledge of CCBG threatened, which challenge the rights of any CCBG Entity with respect to Intellectual Property used, sold or licensed by such CCBG Entity in the course of its business, nor has any person claimed or alleged any rights to such Intellectual Property. The conduct of the business of the CCBG Entities does not infringe any Intellectual Property of any other person. Except as disclosed in Section 6.10 of the CCBG Disclosure Memorandum, no CCBG Entity is obligated to pay any recurring royalties to any Person with respect to any such Intellectual Property. Except as disclosed in Section 6.10 of the CCBG Disclosure Memorandum, every officer, director, or employee of any CCBG Entity is a party to a Contract which requires such officer, director or employee to assign any interest in any Intellectual Property to a CCBG Entity and to keep confidential any trade secrets, proprietary data, customer information, or other business information of a CCBG Entity, and, to the Knowledge of CCBG, no such officer, director or employee is party to any Contract with any Person other than a CCBG Entity which requires such officer, director or employee to assign any interest in any Intellectual Property to any Person other than a CCBG Entity or to keep

confidential any trade secrets, proprietary data, customer information, or other business information of any Person other than a CCBG Entity. Except as disclosed in Section 6.10 of the CCBG Disclosure Memorandum, no officer, director or employee of any CCBG Entity is party to any Contract which restricts or prohibits such officer, director or employee from engaging in activities competitive with any Person, including any CCBG Entity.

ARTICLE 6.11 COMPLIANCE WITH LAWS . CCBG is duly registered as a bank holding company under the BHC Act. Each CCBG Entity has in effect all Permits necessary for it to own, lease or operate its material Assets and to carry on its business as now conducted, except for those Permits the absence of which are not reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect, and there has occurred no Default under any such Permit, other than Defaults which are not reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect. Except as disclosed in Section 6.11 of the CCBG Disclosure Memorandum, none of the CCBG Entities:

(a) is in Default under its Articles of Incorporation or Bylaws (or other governing instruments); or

(b) is in Default under any Laws, Orders or Permits applicable to its business or employees conducting its business, except for Defaults which are not reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect; or

(c) since January 1, 1997, has received any notification or communication from any agency or department of federal, state, or local government or any Regulatory Authority or the staff thereof (i) asserting that any CCBG Entity is not in compliance with any of the Laws or Orders which such governmental authority or Regulatory Authority enforces, where such noncompliance is reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect, (ii) threatening to revoke any Permits, the revocation of which is reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect, or (iii) requiring any CCBG Entity to enter into or consent to the issuance of a cease and desist order, formal agreement, directive, commitment or memorandum of understanding, or to adopt any Board resolution or similar undertaking, which restricts materially the conduct of its business, or in any manner relates to its capital adequacy, its credit or reserve policies, its management, or the payment of dividends.

ARTICLE 6.12 LEGAL PROCEEDINGS . Except as disclosed in Section 6.12 of the CCBG Disclosure Memorandum, there is no Litigation instituted or pending, or, to the Knowledge of CCBG, threatened (or unasserted but considered probable of assertion and which if asserted would have at least a reasonable probability of an unfavorable outcome) against any CCBG Entity or employee benefit plan of any CCBG Entity, or against any director or employee of any CCBG Entity, in their capacity as such, or against any Asset, interest, or right of any of them, that is reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect, nor are there any Orders of any Regulatory Authorities, other governmental authorities, or arbitrators outstanding against any CCBG Entity, that are reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect.

ARTICLE 6.13 REPORTS . Since January 1, 1997, or the date of organization if later, each CCBG Entity has filed all reports and statements, together with any amendments required to be made with respect thereto, that it was required to file with Regulatory Authorities (except, in the case of state securities authorities, failures to file which are not reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect).

As of their respective dates, each of such reports and documents, including the financial statements, exhibits, and schedules thereto, complied in all material respects with all applicable Laws. As of its respective date, each such report and document did not, in all material respects, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

ARTICLE 6.14 STATEMENTS TRUE AND CORRECT . No statement, certificate, instrument or other writing furnished or to be

furnished by any CCBG Entity or any Affiliate thereof to FBWP pursuant to this Agreement or any other document, agreement or instrument referred to herein contains or will contain any untrue statement of material fact or will omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the information supplied or to be supplied by any CCBG Entity or any Affiliate thereof for inclusion in the Registration Statement to be filed by CCBG with the SEC, will, when the Registration Statement becomes effective, be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein not misleading. None of the information supplied or to be supplied by any CCBG Entity or any Affiliate thereof for inclusion in the Proxy Statement to be mailed to FBWP's shareholders in connection with the Shareholders' Meeting, and any other documents to be filed by any CCBG Entity or any Affiliate thereof with the SEC or any other Regulatory Authority in connection with the transactions contemplated hereby, will, at the respective time such documents are filed, and with respect to the Proxy Statement, when first mailed to the shareholders of FBWP, be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or, in the case of the Proxy Statement or any amendment thereof or supplement thereto, at the time of the Shareholders' Meeting, be false or misleading with respect to any material fact, or omit to state any material fact necessary to correct any statement in any earlier communication with respect to the solicitation of any proxy for the Shareholders' Meeting. All documents that any CCBG Entity or any Affiliate thereof is responsible for filing with any Regulatory Authority in connection with the transactions contemplated hereby will comply as to form in all material respects with the provisions of applicable Law.

ARTICLE 6.15 ACCOUNTING, TAX AND REGULATORY MATTERS . No CCBG Entity or any Affiliate thereof has taken or agreed to take any action or has any Knowledge of any fact or circumstance that is reasonably likely to (i) prevent the Mergers from qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, or (ii) materially impede or delay receipt of any Consents of Regulatory Authorities referred to in Section 9.1(b) or result in the imposition of a condition or restriction of the type referred to in the last sentence of such Section. All Tax Returns required to be filed by or on behalf of any of the CCBG Entities have been timely filed or requests for extensions have been timely filed, granted and have not expired for periods ended on or before December 31, 1998, and on or before the day of the most recent fiscal year end immediately preceding the Effective Time, except to the extent that all such failures to file, taken together, are not reasonably likely to have a CCBG Material Adverse Effect and all such Tax Returns filed are complete and accurate in all material respects. All Taxes shown on Tax Returns have been paid. As of the date of this Agreement, there is no audit examination, deficiency, or refund Litigation with respect to any Taxes, except as reserved against any CCBG Financial Statements delivered prior to the date of this Agreement or as disclosed in Section 6.15 of the CCBG Disclosure Memorandum. The provision for Taxes due or to become due for any of the CCBG Entities for the period or periods through and including the day of the respective CCBG Financial Statements has been made and is reflected on such CCBG Financial Statements is, to the Knowledge of CCBG, sufficient to cover all such Taxes.

ARTICLE 7 CONDUCT OF BUSINESS PENDING CONSUMMATION

ARTICLE 7.1 AFFIRMATIVE COVENANTS OF FBWP . From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, unless the prior written consent of CCBG shall have been obtained, and except as otherwise expressly contemplated herein, FBWP shall and shall cause each of its Subsidiaries to operate its business only in the usual, regular, and ordinary course, and in a manner designed to preserve intact its business organization and Assets and maintain its rights and franchises, and shall take no action which would (i) adversely affect the ability of any Party to obtain any Consents required for the transactions contemplated hereby without imposition of a condition or restriction of the type referred to in the last sentences of Section 9.1(b) or 9.1(c), or (ii) adversely affect the ability of any Party to perform its covenants and agreements under this Agreement.

ARTICLE 7.2 NEGATIVE COVENANTS OF FBWP . From the date of this Agreement until the earlier of the Effective Time or the

termination of this Agreement, unless the prior written consent of CCBG shall have been obtained, and except as otherwise expressly contemplated herein, FBWP covenants and agrees that it will not do or agree or commit to do, or permit any of its Subsidiaries to do or agree or commit to do, any of the following:

(a) amend the Articles of Incorporation, Bylaws or other governing instruments of any FBWP Entity; or

(b) incur any additional debt obligation or other obligation for borrowed money (other than indebtedness of a FBWP Entity to another FBWP Entity) in excess of an aggregate of $50,000 (for the FBWP Entities on a consolidated basis) except in the ordinary course of the business of FBWP Subsidiaries consistent with past practices (which shall include, for FBWP Subsidiaries that are depository institutions, creation of deposit liabilities, purchases of federal funds, renewals of advances from the Federal Home Loan Bank which advances are outstanding on the date of this Agreement and entry into repurchase agreements fully secured by U.S. government or agency securities), or impose, or suffer the imposition, on any Asset of any FBWP Entity of any Lien or permit any such Lien to exist (other than in connection with deposits, repurchase agreements, bankers acceptances, "treasury tax and loan" accounts established in the ordinary course of business, the satisfaction of legal requirements in the exercise of trust powers, and Liens in effect as of the date hereof that are disclosed in the FBWP Disclosure Memorandum); or

(c) repurchase, redeem, or otherwise acquire or exchange (other than exchanges in the ordinary course under employee benefit plans), directly or indirectly, any shares, or any securities convertible into any shares, of the capital stock of any FBWP Entity, or except as consistent with past practice, declare or pay any dividend or make any other distribution in respect of FBWP's capital stock, except that FBWP shall be allowed to pay to its shareholders FBWP's regular dividend of $1.85 per share of FBWP Common Stock for the second half of 2000; provided, however, if the Holding Company Merger is consummated prior to the record date for CCBG's fourth quarter 2000 dividend, the FBWP dividend payable to each FBWP shareholder shall be reduced by the CCBG fourth quarter 2000 dividend payable to each FBWP shareholder; or

(d) except for this Agreement or as disclosed in Section 7.2(d) of the FBWP Disclosure Memorandum, issue, sell, pledge, encumber, authorize the issuance of, enter into any Contract to issue, sell, pledge, encumber, or authorize the issuance of, or otherwise permit to become outstanding, any additional shares of FBWP Common Stock or any other capital stock of any FBWP Entity, or any stock appreciation rights, or any option, warrant, or other Equity Right; or

(e) adjust, split, combine or reclassify any capital stock of any FBWP Entity or issue or authorize the issuance of any other securities in respect of or in substitution for shares of FBWP Common Stock, or sell, lease, mortgage or otherwise dispose of or otherwise encumber (x) any shares of capital stock of any FBWP Subsidiary (unless any such shares of stock are sold or otherwise transferred to another FBWP Entity) or (y) any Asset having a book value in excess of $50,000 other than in the ordinary course of business for reasonable and adequate consideration; or

(f) except for purchases of U.S. Treasury securities or U.S. Government agency securities, which in either case have maturities of one year or less, purchase any securities or make any material investment, either by purchase of stock or securities, contributions to capital, Asset transfers, or purchase of any Assets, in any Person other than a wholly owned FBWP Subsidiary, or otherwise acquire direct or indirect control over any Person, other than in connection with (i) foreclosures in the ordinary course of business, (ii) acquisitions of control by a depository Subsidiary solely in its fiduciary capacity, or (iii) the creation of new wholly owned Subsidiaries organized to conduct or continue activities otherwise permitted by this Agreement; or

(g) (1) make any new loans or extensions of credit or renew, extend or renegotiate any existing loans or extensions of credit (i) with respect to properties or businesses outside of Lee and Chambers Counties, Alabama, and Troup and Harris Counties, Georgia, or to borrowers whose principal residence is outside such counties unless such loans or extensions of credit

are to existing borrowers of First National that are borrowers on the date of this Agreement, (ii) that are unsecured in excess of $100,000, or (iii) that are secured in excess of $250,000; (2) purchase or sell (except for sales of single family residential first mortgage loans in the ordinary course of FBWP's business for fair market value) any whole loans, leases, mortgages or any loan participations or agented credits or other interest therein, or (3) renew or renegotiate any loans or credits that are on any watch list and/or are classified or special mentioned or take any similar actions with respect to collateral held with respect to debts previously contracted or other real estate owned, except pursuant to safe and sound banking practices and with prior disclosure to CCB; provided, however, that FBWP may, without the prior notice to or written consent of CCB, renew or extend existing credits on substantially similar terms and conditions as present at the time such credit was made or last extended, renewed or modified, for a period not to exceed one year and at rates not less than market rates for comparable credits and transactions and without any release of any collateral except as any FBWP Entity is presently obligated under existing written agreements kept as part of such FBWP Entity's official records. If any FBWP Entity makes, extends, renews, renegotiates, compromises or settles any loans or extensions of credit or releases any collateral therefor that are subject to the prior disclosure to CCB hereunder and CCB has objected thereto, the Exchange Ratio shall be proportionally reduced by an amount equal to all outstanding principal of, and all accrued but unpaid interest and other charges on, such loan(s) as of the Effective Time; or

(h) grant any increase in compensation or benefits to the employees or officers of any FBWP Entity, except in accordance with past practice as disclosed in Section 7.2(h) of the FBWP Disclosure Memorandum or as required by Law; pay any severance or termination pay or any bonus other than pursuant to written policies or written Contracts in effect on the date of this Agreement as disclosed in Section 7.2(h) of the FBWP Disclosure Memorandum; enter into or amend any severance agreements with officers of any FBWP Entity; grant any increase in fees or other increases in compensation or other benefits to directors of any FBWP Entity except in accordance with past practice disclosed in Section 7.2(h) of the FBWP Disclosure Memorandum; or voluntarily accelerate the vesting of any stock options or other stock-based compensation or employee benefits or other Equity Rights; or

(i) enter into or amend any employment Contract between any FBWP Entity and any Person (unless such amendment is required by Law) that the FBWP Entity does not have the unconditional right to terminate without Liability (other than Liability for services already rendered), at any time on or after the Effective Time; or

(j) adopt any new employee benefit plan of any FBWP Entity or terminate or withdraw from, or make any material change in or to, any existing employee benefit plans of any FBWP Entity other than any such change that is required by Law or that, in the opinion of counsel, is necessary or advisable to maintain the tax qualified status of any such plan, or make any distributions from such employee benefit plans, except as required by Law, the terms of such plans or consistent with past practice; or

(k) make any significant change in any Tax or accounting methods or systems of internal accounting controls, except as may be appropriate to conform to changes in Tax Laws or regulatory accounting requirements or GAAP; or

(l) commence any Litigation other than in accordance with past practice, settle any Litigation involving any Liability of any FBWP Entity for material money damages or restrictions upon the operations of any FBWP Entity; or

(m) except in the ordinary course of business and as expressly permitted in Section 7.2(g), enter into, modify, amend or terminate any material Contract calling for payments exceeding $50,000 or waive, release, compromise or assign any material rights or claims.

ARTICLE 7.3 COVENANTS OF CCBG . From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, unless the prior written consent of FBWP shall have been obtained, and except as otherwise expressly contemplated herein, CCBG covenants and agrees that it shall (a) continue to conduct its business and the business of its Subsidiaries in a manner designed in its reasonable judgment, to

enhance the long-term value of the CCBG Capital Stock and the business prospects of the CCBG Entities and to the extent consistent therewith use all reasonable efforts to preserve intact the CCBG Entities' core businesses and goodwill with their respective employees and the communities they serve, and (b) take no action which would (i) materially adversely affect the ability of any Party to obtain any Consents required for the transactions contemplated hereby without imposition of a condition or restriction of the type referred to in the last sentences of Section 9.1(b) or 9.1(c), or (ii) materially adversely affect the ability of any Party to perform its covenants and agreements under this Agreement; provided, that the foregoing shall not prevent any CCBG Entity from acquiring any Assets or other businesses or from discontinuing or disposing of any of its Assets or business if such action is, in the judgment of CCBG, desirable in the conduct of the business of CCBG and its Subsidiaries. CCBG further covenants and agrees that it will not amend or agree or commit to amend or permit any of its Subsidiaries to amend or agree or commit to amend, without the prior written consent of FBWP, which consent shall not be unreasonably withheld, the Articles of Incorporation or Bylaws of CCBG, in each case, in any manner adverse to the holders of FBWP Common Stock as compared to the rights of holders of CCBG Common Stock generally as of the date of this Agreement.

ARTICLE 7.4 ADVERSE CHANGES IN CONDITION . Each Party agrees to give written notice promptly to the other Party upon becoming aware of the occurrence or impending occurrence of any event or circumstance relating to it or any of its Subsidiaries which (i) is reasonably likely to have, individually or in the aggregate, a FBWP Material Adverse Effect or a CCBG Material Adverse Effect, as applicable, or (ii) would cause or constitute a breach of any of its representations, warranties, or covenants contained herein, and to use its reasonable efforts to prevent or promptly to remedy the same.

ARTICLE 7.5 REPORTS . Each Party and its Subsidiaries shall file all reports required to be filed by it with Regulatory Authorities between the date of this Agreement and the Effective Time and shall deliver to the other Party copies of all such reports promptly after the same are filed. If financial statements are contained in any such reports filed with the SEC, such financial statements will fairly present in all material respects the consolidated financial position of the entity filing such statements as of the dates indicated and the consolidated results of operations, changes in shareholders' equity, and cash flows for the periods then ended in accordance with GAAP (subject in the case of interim financial statements to normal recurring year-end adjustments that are not material). As of their respective dates, such reports filed with the SEC will comply in all material respects with the Securities Laws and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Any financial statements contained in any other reports to another Regulatory Authority shall be prepared in accordance with Laws applicable to such reports.

ARTICLE 8 ADDITIONAL AGREEMENTS

ARTICLE 8.1 REGISTRATION STATEMENT; PROXY STATEMENT; SHAREHOLDER APPROVAL . As soon as reasonably practicable after execution of this Agreement, at a date determined by CCBG in its sole discretion, CCBG shall prepare and file the Registration Statement with the SEC, and shall use its reasonable efforts to cause the Registration Statement to become effective under the 1933 Act and take any action required to be taken under the applicable state Blue Sky or securities Laws in connection with the issuance of the shares of CCBG Common Stock upon consummation of the Mergers. FBWP shall cooperate in the preparation and filing of the Registration Statement and shall furnish all information concerning it and the holders of its capital stock as CCBG may reasonably request in connection with such action. FBWP shall call a Shareholders' Meeting, to be held as soon as reasonably practicable after the Registration Statement is declared effective by the SEC, for the purpose of voting upon approval of this Agreement and such other related matters as it deems appropriate. In connection with the Shareholders' Meeting, (i) CCBG shall prepare and file with the SEC the Registration Statement which shall contain the Proxy Statement and FBWP shall mail such Proxy Statement to the FBWP shareholders, (ii) FBWP shall furnish to CCBG all information concerning FBWP that CCBG may reasonably request in connection with such Proxy Statement, (iii) the Board of Directors of FBWP shall recommend to FBWP's

shareholders the approval of the matters submitted for approval, and (iv) the Board of Directors and officers of FBWP shall use their reasonable efforts to obtain such shareholders' approval. CCBG and FBWP shall make all necessary filings with respect to the Mergers under the Securities Laws.

ARTICLE 8.2 NASDAQ LISTING . CCBG shall use its reasonable efforts to list, prior to the Effective Time, on the Nasdaq National Market the shares of CCBG Common Stock to be issued to the holders of FBWP Common Stock pursuant to the Holding Company Merger, and CCBG shall give all notices and make all filings with the NASD required in connection with the transactions contemplated herein.

ARTICLE 8.3 APPLICATIONS . CCBG shall promptly prepare and file, and FBWP shall cooperate in the preparation and, where appropriate, filing of, applications with all Regulatory Authorities having jurisdiction over the transactions contemplated by this Agreement seeking the requisite Consents necessary to consummate the transactions contemplated by this Agreement. The Parties shall deliver to each other copies of all filings, correspondence and orders to and from all Regulatory Authorities in connection with the transactions contemplated hereby.

ARTICLE 8.4 FILINGS WITH STATE OFFICES . Upon the terms and subject to the conditions of this Agreement, CCBG shall execute and file the Articles of Merger with the Secretary of State of the States of Florida and Georgia in connection with the Closing.

ARTICLE 8.5 AGREEMENT AS TO EFFORTS TO CONSUMMATE . Subject to the terms and conditions of this Agreement, each Party agrees to use, and to cause its Subsidiaries to use, its reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, or advisable under applicable Laws to consummate and make effective, as soon as reasonably practicable after the date of this Agreement, the transactions contemplated by this Agreement, including using its reasonable efforts to lift or rescind any Order adversely affecting its ability to consummate the transactions contemplated herein and to cause to be satisfied the conditions referred to in Article 9; provided, that nothing herein shall preclude either Party from exercising its rights under this Agreement. Each Party shall use, and shall cause each of its Subsidiaries to use, its reasonable efforts to obtain all Consents necessary or desirable for the consummation of the transactions contemplated by this Agreement.

ARTICLE 8.6 INVESTIGATION AND CONFIDENTIALITY .

(a) Prior to the Effective Time, each Party shall keep the other Party advised of all material developments relevant to its business and to consummation of the Holding Company Merger and shall permit the other Party to make or cause to be made such investigation of the business and properties of it and its Subsidiaries and of their respective financial and legal conditions as the other Party reasonably requests, provided that such investigation shall be reasonably related to the transactions contemplated hereby and shall not interfere unnecessarily with normal operations. No investigation by a Party shall affect the representations and warranties of the other Party.

(b) In addition to the Parties' respective obligations under the Confidentiality Agreement, which are hereby reaffirmed and adopted, and incorporated by reference herein each Party shall, and shall cause its advisers and agents to, maintain the confidentiality of all confidential information furnished to it by the other Party concerning its and its Subsidiaries' businesses, operations, and financial positions and shall not use such information for any purpose except in furtherance of the transactions contemplated by this Agreement. In the event that a Party is required by applicable law or valid court process to disclose any such confidential information, then such Party shall provide the other Party with prompt written notice of any such requirement so that the other Party may seek a protective order or other appropriate remedy and/or waive compliance with this Section 8.6. If in the absence of a protective order or other remedy or the receipt of a waiver by the other Party, a Party is nonetheless, in the written opinion of counsel, legally compelled to disclose any such confidential information to any tribunal or else stand liable for contempt or suffer other censure or penalty, a Party may, without liability hereunder, disclose to such tribunal only that portion of the confidential information which such counsel advises such Party is legally required to be

disclosed, provided that such disclosing Party use its best efforts to preserve the confidentiality of such confidential information, including without limitation, by cooperating with the other Party to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded such confidential information by such tribunal. If this Agreement is terminated prior to the Effective Time, upon written request of the other Party, each Party shall promptly return or certify the destruction of all documents and copies thereof, and all work papers containing confidential information received from the other Party.

(c) FBWP shall use its reasonable efforts to exercise its rights under confidentiality agreements entered into with Persons, if any, which were considering an Acquisition Proposal with respect to FBWP to preserve the confidentiality of the information relating to the FBWP Entities provided to such Persons and their Affiliates and Representatives.

(d) Each Party agrees to give the other Party notice as soon as practicable after any determination by it of any fact or occurrence relating to the other Party which it has discovered through the course of its investigation and which represents, or is reasonably likely to represent, either a breach of any representation, warranty, covenant or agreement of the other Party or which has had or is reasonably likely to have a FBWP Material Adverse Effect or a CCBG Material Adverse Effect, as applicable.

(e) Upon request of CCBG, FBWP shall request within 10 days of the date thereof, that all third parties that received confidential information regarding FBWP or any of its Subsidiaries within the last 12 months in connection with a possible sale or merger transaction involving FBWP or any of its Subsidiaries promptly return such confidential information to FBWP.

ARTICLE 8.7 PRESS RELEASES . Prior to the Effective Time, FBWP and CCBG shall consult with each other as to the form and substance of any press release or other public disclosure materially related to this Agreement or any other transaction contemplated hereby; provided, that nothing in this Section 8.7 shall be deemed to prohibit any Party from making any disclosure which its counsel deems necessary or advisable in order to satisfy such Party's disclosure obligations imposed by Law.

ARTICLE 8.8 CERTAIN ACTIONS . Except with respect to this Agreement and the transactions contemplated hereby, no FBWP Entity nor any Affiliate thereof nor any Representatives thereof retained by any FBWP Entity shall directly or indirectly solicit any Acquisition Proposal by any Person. Except to the extent the Board of Directors of FBWP reasonably determines in good faith, based and relying upon a written opinion from its outside counsel, that the failure to take such actions would constitute a breach of fiduciary duties of the members of such Board of Directors to FBWP's shareholder under applicable law, no FBWP Entity or any Affiliate or Representative thereof shall furnish any non-public information that it is not legally obligated to furnish, negotiate with respect to, or enter into any discussions or Contract with respect to, any Acquisition Proposal, but FBWP may communicate information about such an Acquisition Proposal to its shareholders if and to the extent that it is required to do so in order to comply with its legal obligations. FBWP shall promptly advise CCBG following the receipt of any Acquisition Proposal and the details thereof, and advise CCBG of any developments with respect to such Acquisition Proposal promptly upon the occurrence thereof. FBWP shall (i) immediately cease and cause to be terminated any existing activities, discussions or negotiations with any Persons conducted heretofore with respect to any of the foregoing, (ii) direct and use its reasonable best efforts to cause all of its Affiliates and Representatives not to engage in any of the foregoing, and (iii) use its reasonable best efforts to enforce any confidentiality or similar agreement relating to any such activities, discussions, negotiations or Acquisition Proposal. FBWP will take all actions necessary or advisable to inform the appropriate individuals or entities referred to in the first sentence of this Section 8.8 of the obligations undertaken in this Section 8.8.

ARTICLE 8.9 ACCOUNTING AND TAX TREATMENT . Each of the Parties undertakes and agrees to use its reasonable efforts to cause the Mergers, and to use its reasonable efforts to take no action which would cause the Mergers not, to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code for federal income tax purposes.

ARTICLE 8.10 STATE TAKEOVER LAWS . Each FBWP Entity and each FBWP shareholder shall take the necessary steps to exempt the transactions contemplated by this Agreement from, or if necessary to challenge the validity or applicability of, any applicable Takeover Law, including Sections 14-2-1111 and 14-2-1132 of the GBCC.

ARTICLE 8.11 CHARTER PROVISIONS . Each FBWP Entity shall take all necessary action to ensure that the entering into of this Agreement and the consummation of the Mergers and the other transactions contemplated hereby do not and will not result in the grant of any rights to any Person under the Articles of Incorporation, Bylaws or other governing instruments of any FBWP Entity or restrict or impair the ability of CCBG or any of its Subsidiaries to vote, or otherwise to exercise the rights of a shareholder with respect to, shares of any FBWP Entity that may be directly or indirectly acquired or controlled by them.

ARTICLE 8.12 FBWP MEETINGS . Each FBWP Entity shall give prior notice of each meeting or proposed action by any of their respective Boards of Directors and/or committees, including a description of any matters to be discussed and/or acted upon, and shall permit a representative of CCBG to attend each such meeting, except during discussions relating to the transactions contemplated herein that present conflict of interest and/or confidentiality issues.

ARTICLE 8.13 AGREEMENT OF AFFILIATES . FBWP has disclosed in Section 8.13 of the FBWP Disclosure Memorandum all Persons whom it reasonably believes is an "affiliate" of FBWP for purposes of Rule 145 under the 1933 Act. FBWP shall cause each such Person to deliver to CCBG upon the execution of this Agreement a written agreement, substantially in the form of Exhibit 2, providing that such Person will not sell, pledge, transfer, or otherwise dispose of the shares of FBWP Common Stock held by such Person except as contemplated by such agreement or by this Agreement and will not sell, pledge, transfer, or otherwise dispose of the shares of CCBG Common Stock to be received by such Person upon consummation of the Mergers except in compliance with applicable provisions of the 1933 Act and the rules and regulations thereunder. CCBG shall be entitled to place restrictive legends upon certificates for shares of CCBG Common Stock issued to affiliates of FBWP pursuant to this Agreement to enforce the provisions of this Section 8.13; provided that CCBG removes such legends at the appropriate time. CCBG shall not be required to maintain the effectiveness of the Registration Statement under the 1933 Act for the purposes of resale of CCBG Common Stock by such affiliates.

ARTICLE 8.14 EMPLOYEE BENEFITS AND CONTRACTS .

(a) Following the Effective Time, CCBG shall provide generally to officers and employees of the FBWP Entities employee benefits under employee benefit and welfare plans (other than stock option or other plans involving the potential issuance of CCBG Common Stock), on terms and conditions which when taken as a whole are substantially similar to those currently provided by the CCBG Entities to their similarly situated officers and employees; provided, that CCBG shall provide generally to officers and employees of FBWP Entities benefits in accordance with the policies of CCBG. CCBG shall waive any pre-existing condition exclusion under any employee health plan for which any employees and/or officers and dependents covered by FBWP plans as of Closing of the FBWP Entities shall become eligible by virtue of the preceding sentence, to the extent (i) such pre-existing condition was covered under the corresponding plan maintained by the FBWP Entity and (ii) the individual affected by the pre-existing condition was covered by the FBWP Entity's corresponding plan on the date which immediately precedes the Effective Time. For purposes of participation, vesting and (except in the case of CCBG retirement plans) benefit accrual under CCBG's employee benefit plans, the service of the employees of the FBWP Entities prior to the Effective Time shall be treated as service with a CCBG Entity participating in such employee benefit plans. CCBG also shall cause the Surviving Corporation and its Subsidiaries to honor in accordance with their terms all employment, consulting and other compensation Contracts disclosed in Section 8.14 of the FBWP Disclosure Memorandum to CCBG between any FBWP Entity and any current or former director, officer, or employee thereof, and all provisions for vested benefits or other vested amounts earned or accrued through the Effective Time under the FBWP Benefit Plans.

(b) A. Drew Ferguson, III, Scott A. Huguley, Gerald B. Andrews, Jr., and Karen Meadows shall each enter into an

employment agreement with CCBG or CCB that is satisfactory to CCBG which shall be effective as of the Effective Time (the "Employment Agreements"). The Employment Agreements shall contain standard provisions for terminating any existing employment arrangements between these individuals and any of the FBWP Entities.

(c) Subject to compliance with applicable Laws and the absence of any Material Adverse Effects upon CCBG or any FBWP Benefit Plans and/or CCBG Benefit Plans, CCBG intends to merge the FBWP 401(k) Plan with the CCBG 401(k) Plan.

ARTICLE 8.15 INDEMNIFICATION .

(a) With respect to all claims brought during the period of four (4) years after the Effective Time, CCBG shall indemnify, defend and hold harmless the present and former directors, officers and employees of the FBWP Entities (each, an "Indemnified Party") against all Liabilities arising out of actions or omissions arising out of the Indemnified Party's service or services as directors, officers or employees of FBWP or, at FBWP's request, of another corporation, partnership, joint venture, trust or other enterprise occurring at or prior to the Effective Time (including the transactions contemplated by this Agreement) to the fullest extent permitted under Florida Law. Without limiting the foregoing, in any case in which approval by the Surviving Corporation is required to effectuate any indemnification, the Surviving Corporation shall direct, at the election of the Indemnified Party, that the determination of any such approval shall be made by independent counsel mutually agreed upon between CCBG and the Indemnified Party

(b) CCBG shall, to the extent available, (and FBWP shall cooperate prior to the Effective Time in these efforts) maintain in effect for a period of two years after the Effective Time FBWP's existing directors' and officers' liability insurance policy (provided that CCBG may substitute therefor (i) policies of at least the same coverage and amounts containing terms and conditions which are substantially no less advantageous or (ii) with the consent of FBWP given prior to the Effective Time, any other policy) with respect to claims arising from facts or events which occurred prior to the Effective Time and covering persons who are currently covered by such insurance; provided, that CCBG shall not be obligated to make aggregate premium payments for such two-year period in respect of such policy (or coverage replacing such policy) which exceed, for the portion related to FBWP's directors and officers, 150% of the annual premium payments on FBWP's current policy in effect as of the date of this Agreement (the "Maximum Amount").

(c) Any Indemnified Party wishing to claim indemnification under paragraph (a) of this Section 8.15, upon learning of any such Liability or Litigation, shall promptly notify CCBG thereof. In the event of any such Litigation (whether arising before or after the Effective Time), (i) the Surviving Corporation shall have the right to assume the defense thereof and the Surviving Corporation shall not be liable to such Indemnified Parties for any legal expenses of other counsel or any other expenses subsequently incurred by such Indemnified Parties in connection with the defense thereof, except that if the Surviving Corporation elects not to assume such defense or counsel for the Indemnified Parties advises that there are substantive issues which raise conflicts of interest between the Surviving Corporation and the Indemnified Parties, the Indemnified Parties may retain counsel satisfactory to them, and the Surviving Corporation shall pay all reasonable fees and expenses of such counsel for the Indemnified Parties promptly as statements therefor are received; provided, that (i) the Surviving Corporation shall be obligated pursuant to this paragraph (c) to pay for only one firm of counsel for all Indemnified Parties in any jurisdiction, (ii) the Indemnified Parties will cooperate in the defense of any such Litigation, and (iii) the Surviving Corporation shall not be liable for any settlement effected without its prior written consent; and provided further that the Surviving Corporation shall not have any obligation hereunder to any Indemnified Party when and if a court of competent jurisdiction shall determine, and such determination shall have become final, that the indemnification of such Indemnified Party in the manner contemplated hereby is prohibited by applicable Law.

ARTICLE 8.16 CERTAIN POLICIES OF FBWP . CCBG and FBWP shall consult with respect to their respective major policies and practices and FBWP shall make such modification or changes to its policies and practices, if any, prior to the Effective Time as

may be mutually agreed upon. CCBG and FBWP also shall consult with respect to the character, amount and timing of restructuring and Merger-related expense charges to be taken by each of the Parties in connection with the transactions contemplated by this Agreement and shall take such charges in accordance with GAAP, prior to the Effective Time, as may be mutually agreed upon by the Parties. Neither Party's representations, warranties, covenants or agreements contained in this Agreement shall be deemed to be inaccurate or breached in any respect as a consequence of any modifications or charges undertaken solely on account of this Section 8.16.

ARTICLE 8.17 STOCK OPTION AGREEMENT . Concurrently with the execution and delivery of this Agreement, CCBG and FBWP agree to execute and deliver the Stock Option Agreement in the form attached hereto as Exhibit 3.

ARTICLE 8.18 DIRECTOR'S AGREEMENTS . Concurrently with the execution and delivery of this Agreement, FBWP agrees to cause each of its directors to execute and deliver a Director's Agreement in the form attached hereto as Exhibit 5.

ARTICLE 8.19 TAXES.

(a) PRE-CLOSING PREPARATION AND FILING OF TAX RETURNS; PAYMENT OF TAXES. Between the date hereof and the Effective Time, FBWP shall cause FBWP to prepare and file on or before the due date therefor all Tax Returns required to be filed by FBWP (except for any Tax Return for which an extension has been granted as permitted hereunder) on or before the Effective Time, and shall pay, or cause FBWP to pay, all Taxes (including estimated Taxes) due on such Tax Return (or due with respect to Tax Returns for which an extension has been granted as permitted hereunder) or which are otherwise required to be paid at any time prior to or during such period. Such Tax Returns shall be prepared in accordance with the most recent Tax practices as to elections and accounting methods except for new elections that may be made therein that were not previously available, subject to CCBG's consent (not to be unreasonably withheld or delayed).

(b) NOTIFICATION OF TAX PROCEEDINGS. Between the date hereof and the Effective Time, to the extent FBWP has knowledge of the commencement or scheduling of any Tax audit, the assessment of any Tax, the issuance of any notice of Tax due or any bill for collection of any Tax due for Taxes, or the commencement or scheduling of any other administrative or judicial proceeding with respect to the determination, assessment or collection of any Tax of FBWP, FBWP shall provide prompt notice to CCBG of such matter, setting forth information (to the extent known) describing any asserted Tax liability in reasonable detail and including copies of any notice or other documentation received from the applicable Tax authority with respect to such matter.

(c) TAX ELECTIONS, WAIVERS AND SETTLEMENTS. FBWP shall not take any of the following actions:

(i) make, revoke or amend any Tax election;

(ii) execute any waiver of restrictions on assessment or collection of any Tax; or

(iii) enter into or amend any agreement or settlement with any Tax authority.

(d) TERMINATION OF EXISTING TAX-SHARING AGREEMENTS. All tax-sharing agreements or similar arrangements with respect to or involving FBWP shall be terminated with respect to FBWP prior to the Effective Time, and, after the Effective Time, neither the FBWP and its affiliates, on the one hand, or FBWP, on the other, shall be bound thereby or have any liability thereunder to the other party for amounts due in respect of periods prior to the Effective Time.

ARTICLE 8.20 FAIRNESS OPINION . FBWP shall obtain from Brown, Burke Capital Partners, Inc., a letter, dated not more than five business days prior to the date of the Proxy Statement, to the effect that, in the opinion of such firm, the consideration to be received by FBWP shareholders in connection with the Holding Company Merger is fair, from a financial point of view, to such shareholders, a signed copy of which shall be immediately delivered to CCBG.

ARTICLE 9
CONDITIONS PRECEDENT TO OBLIGATIONS TO CONSUMMATE

ARTICLE 9.1 CONDITIONS TO OBLIGATIONS OF EACH PARTY . The respective obligations of each Party to perform this Agreement and consummate the Mergers and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by both Parties pursuant to Section 11.6:

(a) SHAREHOLDER APPROVAL. The shareholders of FBWP shall have approved this Agreement, and the consummation of the transactions contemplated hereby, including the Mergers, as and to the extent required by Law, by the provisions of any governing instruments, or by the rules of the NASD. The shareholders of CCBG shall have approved the issuance of shares of CCBG Common Stock pursuant to the Holding Company Merger, as and to the extent required by Law, by the provisions of any governing instruments, or by the rules of the NASD.

(b) REGULATORY APPROVALS. All Consents of, filings and registrations with, and notifications to, all Regulatory Authorities required for consummation of the Holding Company Merger shall have been obtained or made and shall be in full force and effect and all waiting periods required by Law shall have expired. No Consent obtained from any Regulatory Authority which is necessary to consummate the transactions contemplated hereby shall be conditioned or restricted in a manner (including requirements relating to the raising of additional capital or the disposition of Assets) which in the reasonable judgment of the Board of Directors of CCBG would so materially adversely affect the economic or business benefits of the transactions contemplated by this Agreement that, had such condition or requirement been known, such Party would not, in its reasonable judgment, have entered into this Agreement.

(c) CONSENTS AND APPROVALS. Each Party shall have obtained any and all Consents required for consummation of the Mergers (other than those referred to in Section 9.1(b)) or for the preventing of any Default under any Contract or Permit of such Party which, if not obtained or made, is reasonably likely to have, individually or in the aggregate, a FBWP Material Adverse Effect or a CCBG Material Adverse Effect, as applicable. No Consent so obtained which is necessary to consummate the transactions contemplated hereby shall be conditioned or restricted in a manner which in the reasonable judgment of the Board of Directors of CCBG would so materially adversely affect the economic or business benefits of the transactions contemplated by this Agreement that, had such condition or requirement been known, such Party would not, in its reasonable judgment, have entered into this Agreement.

(d) LEGAL PROCEEDINGS. No court or governmental or regulatory authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law or Order (whether temporary, preliminary or permanent) or taken any other action which prohibits, restricts or makes illegal consummation of the transactions contemplated by this Agreement.

(e) REGISTRATION STATEMENT. The Registration Statement shall be effective under the 1933 Act, no stop orders suspending the effectiveness of the Registration Statement shall have been issued, no action, suit, proceeding or investigation by the SEC to suspend the effectiveness thereof shall have been initiated and be continuing, and all necessary approvals under state securities Laws or the 1933 Act or 1934 Act relating to the issuance or trading of the shares of CCBG Common Stock issuable pursuant to the Holding Company Merger shall have been received.

(f) SHARE LISTING. The shares of CCBG Common Stock issuable pursuant to the Holding Company Merger shall have been approved for listing on the Nasdaq National Market.

(g) TAX MATTERS. Each Party shall have received a written opinion of counsel from Gunster, Yoakley & Stewart, P.A., in form reasonably satisfactory to such Parties (the "Tax Opinion"), to the effect that (i) the Holding Company Merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, (ii) the exchange in the Holding Company Merger of FBWP Common Stock for CCBG Common Stock will not give rise to gain or loss to the shareholders of FBWP with respect to such exchange (except to the extent of any cash received), and (iii) none of FBWP or CCBG will recognize gain or loss as a consequence of the Holding Company Merger (except for amounts resulting from any required change in accounting methods and any income and deferred gain recognized pursuant to Treasury regulations issued under Section 1502 of the Internal Revenue

Code). In rendering such Tax Opinion, such counsel shall be entitled to rely upon representations of officers of FBWP and CCBG reasonably satisfactory in form and substance to such counsel.

ARTICLE 9.2 CONDITIONS TO OBLIGATIONS OF CCBG . The obligations of CCBG to perform this Agreement and consummate the Mergers and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by CCBG pursuant to Section 11.6(a):

(a) REPRESENTATIONS AND WARRANTIES. For purposes of this Section 9.2(a), the accuracy of the representations and warranties of FBWP set forth in this Agreement shall be assessed as of the date of this Agreement and as of the Effective Time with the same effect as though all such representations and warranties had been made on and as of the Effective Time (provided that representations and warranties which are confined to a specified date shall speak only as of such date). There shall not exist inaccuracies in the representations and warranties of FBWP set forth in this Agreement (including, without limitation, the representations and warranties set forth in Sections 5.3, 5.20, 5.21, and 5.22) such that the aggregate effect of such inaccuracies has, or is reasonably likely to have, a FBWP Material Adverse Effect; provided that, for purposes of this sentence only, those representations and warranties which are qualified by references to "material" or "Material Adverse Effect" or to the "Knowledge" of any Person shall be deemed not to include such qualifications.

(b) PERFORMANCE OF AGREEMENTS AND COVENANTS. Each and all of the agreements and covenants of FBWP to be performed and complied with pursuant to this Agreement and the other agreements contemplated hereby prior to the Effective Time shall have been duly performed and complied with.

(c) CERTIFICATES. FBWP shall have delivered to CCBG (i) a certificate, dated as of the Effective Time and signed on its behalf by its chief executive officer and its chief financial officer, to the effect that the conditions set forth in Section 9.1 as relates to FBWP and in Section 9.2(a) and 9.2(b) have been satisfied, and (ii) certified copies of resolutions duly adopted by FBWP's Board of Directors and shareholders evidencing the taking of all corporate action necessary to authorize the execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, all in such reasonable detail as CCBG and its counsel shall request.

(d) OPINION OF COUNSEL. CCBG shall have received an opinion of Powell, Goldstein, Frazer & Murphy LLP, counsel to FBWP, dated as of the Closing, in form reasonably satisfactory to CCBG, as to the matters set forth in Exhibit 4.

(e) AFFILIATES' AGREEMENTS. CCBG shall have received from each affiliate of FBWP the affiliates letter referred to in Section 8.13.

(f) NET WORTH AND CAPITAL REQUIREMENTS. Immediately prior to the Effective Time, FBWP shall have a consolidated minimum net worth of at least $15,500,000; provided that, "net worth" shall be deemed to not be reduced by fees, costs and expenses (i) incurred or paid at the request of CCBG, except for adjustments requested by CCBG for purposes of complying with GAAP, or (ii) incurred and paid by FBWP in connection with the execution and performance of this Agreement which amounts shall not exceed $400,000. For purposes of this Section 9.2(g), "net worth" shall mean the sum of the amounts set forth on the balance sheet as stockholders' equity (including the par or stated value of all outstanding capital stock, additional paid-in surplus, retained earnings, treasury stock and unrealized gain or loss on securities available for sale) determined in accordance with GAAP.

(g) DIRECTOR'S AGREEMENTS. CCBG shall have received from each director of FBWP the Director's Agreement set forth hereto at Exhibit 5.

(h) CLAIMS LETTER. CCBG shall have received from each director and officer of FBWP the Claims Letter set forth hereto at Exhibit 6.

(i) CLEARANCE CERTIFICATE. FBWP shall provide CCBG with a clearance certificate or similar document(s) which may be required by any state taxing authority in order to relieve CCBG of any obligation to withhold any portion of the consideration under this Agreement.

(j) EMPLOYMENT AGREEMENTS. CCBG shall have received from each of the individuals listed in Section 8.14(b) an executed Employment Agreement.

ARTICLE 9.3 CONDITIONS TO OBLIGATIONS OF FBWP . The obligations of FBWP to perform this Agreement and consummate the Mergers and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by FBWP pursuant to Section 11.6(b):

(a) REPRESENTATIONS AND WARRANTIES. For purposes of this Section 9.3(a), the accuracy of the representations and warranties of CCBG set forth in this Agreement shall be assessed as of the date of this Agreement and as of the Effective Time with the same effect as though all such representations and warranties had been made on and as of the Effective Time (provided that representations and warranties which are confined to a specified date shall speak only as of such date). There shall not exist inaccuracies in the representations and warranties of CCBG set forth in this Agreement such that the aggregate effect of such inaccuracies has, or is reasonably likely to have, a CCBG Material Adverse Effect; provided that, for purposes of this sentence only, those representations and warranties which are qualified by references to "material" or "Material Adverse Effect" or to the "Knowledge" of any Person shall be deemed not to include such qualifications.

(b) PERFORMANCE OF AGREEMENTS AND COVENANTS. Each and all of the agreements and covenants of CCBG to be performed and complied with pursuant to this Agreement and the other agreements contemplated hereby prior to the Effective Time shall have been duly performed and complied with in all material respects.

(c) CERTIFICATES. CCBG shall have delivered to FBWP (i) a certificate, dated as of the Effective Time and signed on its behalf by its chief executive officer and its chief financial officer, to the effect that the conditions set forth in Section 9.1 as relates to CCBG and in Section 9.3(a) and 9.3(b) have been satisfied, and (ii) certified copies of resolutions duly adopted by CCBG's Board of Directors and shareholders evidencing the taking of all corporate action necessary to authorize the execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, all in such reasonable detail as FBWP and its counsel shall request.

(d) OPINION OF COUNSEL. FBWP shall have received an opinion of Gunster, Yoakley & Stewart, P.A., counsel to CCBG, dated as of the Effective Time, in form reasonably acceptable to FBWP, as to the matters set forth in Exhibit 7.

ARTICLE 10
TERMINATION

ARTICLE 10.1 TERMINATION . Notwithstanding any other provision of this Agreement, and notwithstanding the approval of this Agreement by the shareholders of FBWP, this Agreement may be terminated and the Mergers abandoned at any time prior to the Effective Time:

(a) By mutual consent of CCBG and FBWP; or

(b) By either Party (provided that the terminating Party is not then in material breach of any representation, warranty, covenant, or other agreement contained in this Agreement) in the event of a breach by the other Party of any representation or warranty contained in this Agreement which cannot be or has not been cured within 30 days after the giving of written notice to the breaching Party of such breach and which breach is reasonably likely, in the opinion of the non-breaching Party, to have, individually or in the aggregate, a FBWP Material Adverse Effect or a CCBG Material Adverse Effect, as applicable, on the breaching Party; or

(c) By either Party (provided that the terminating Party is not then in material breach of any representation, warranty, covenant, or other agreement contained in this Agreement) in the event of a material breach by the other Party of any covenant or agreement contained in this Agreement which cannot be or has not been cured within 30 days after the giving of written notice to the breaching Party of such breach; or

(d) By either Party (provided that the terminating Party is not then in material breach of any representation, warranty, covenant, or other agreement contained in this

Agreement) in the event (i) any Consent of any Regulatory Authority required for consummation of the Mergers and the other transactions contemplated hereby shall have been denied by final nonappealable action of such authority or if any action taken by such authority is not appealed within the time limit for appeal, or (ii) the shareholders of FBWP fail to vote their approval of the matters relating to this Agreement and the transactions contemplated hereby at the Shareholders' Meetings where such matters were presented to such shareholders for approval and voted upon; or

(e) By either Party in the event that the Holding Company Merger shall not have been consummated by March 31, 2001, which date may be extended by the mutual consent of the Parties, if the failure to consummate the transactions contemplated hereby on or before such date is not caused by any breach of this Agreement by the Party electing to terminate pursuant to this Section 10.1(e); or

(f) By either Party (provided that the terminating Party is not then in material breach of any representation, warranty, covenant, or other agreement contained in this Agreement) in the event that any of the conditions precedent to the obligations of such Party to consummate the Holding Company Merger cannot be satisfied or fulfilled by the date specified in Section 10.1(e); or

(g) By CCBG, in the event that the Board of Directors of FBWP shall have failed to reaffirm its approval of the Mergers and the transactions contemplated by this Agreement (to the exclusion of any other Acquisition Proposal), or shall have resolved not to reaffirm the Mergers, or shall have affirmed, recommended or authorized entering into any other Acquisition Proposal or other transaction involving a merger, share exchange, consolidation or transfer of substantially all of the Assets of FBWP.

ARTICLE 10.2 EFFECT OF TERMINATION . In the event of the termination and abandonment of this Agreement pursuant to Section 10.1, this Agreement shall become void and have no effect, except that (i) the provisions of this Section 10.2 and Article 11 and Sections 8.6(b) and 8.7 shall survive any such termination and abandonment, and (ii) a termination pursuant to Sections 10.1(b), 10.1(c) or 10.1(f) shall not relieve the breaching Party from Liability for an uncured willful breach of a representation, warranty, covenant, or agreement giving rise to such termination.

ARTICLE 10.3 ALTERNATE TRANSACTION . Nothing contained in this Agreement shall be deemed to prohibit any director or officer of FBWP from fulfilling his or her fiduciary duties to FBWP shareholders or from taking any action required by law. However, in addition to any other payments required by this Agreement, in the event that this Agreement is terminated as a result of FBWP or the holders of at least a majority of the shares of FBWP Common Stock entering into an agreement with respect to the merger of FBWP with a party other than CCBG or the acquisition of a majority of the outstanding shares of FBWP Common Stock by any party other than CCBG, or is terminated in anticipation of any such agreement or acquisition, then, in either event, FBWP shall immediately pay CCBG, by wire transfer, $350,000 in full satisfaction of CCBG's losses and damages resulting from such termination. FBWP agrees that $350,000 is reasonable under the circumstances, that it would be impossible to exactly determine CCBG's actual damages as a result of such a termination and that CCBG's actual damages resulting from the loss of the transaction are in excess of $350,000.

ARTICLE 10.4 NON-SURVIVAL OF REPRESENTATIONS AND COVENANTS . The respective representations, warranties, obligations, covenants, and agreements of the Parties shall not survive the Effective Time except this Section 10.4 and Articles 1, 2, 3, 4 and 11 and Sections 8.7, 8.13, 8.14, 8.15 and 10.3.

ARTICLE 11 MISCELLANEOUS

ARTICLE 11.1 DEFINITIONS .

(a) Except as otherwise provided herein, the capitalized terms set forth below shall have the following meanings:

"1933 ACT" shall mean the Securities Act of 1933, as amended.

"1934 ACT" shall mean the Securities Exchange Act of 1934,

as amended.

"ACQUISITION PROPOSAL" with respect to a Party shall mean any tender offer or exchange offer or any proposal for a merger, acquisition of all of the stock or assets of, or other business combination involving the acquisition of such Party or any of its Subsidiaries or the acquisition of a substantial equity interest in, or a substantial portion of the assets of, such Party or any of its Subsidiaries.

"AFFILIATE" of a Person shall mean: (i) any other Person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with such Person; (ii) any executive officer, director, partner, employer, or direct or indirect beneficial owner of any 10% or greater equity or voting interest of such Person; or (iii) any other Person for which a Person described in clause (ii) acts in any such capacity.

"AGREEMENT" shall mean this Agreement and Plan of Merger, including the Exhibits delivered pursuant hereto and incorporated herein by reference.

"ARTICLES OF MERGER" shall mean the Articles of Merger to be executed by CCBG and filed with the Secretary of State of the States of Florida and Georgia relating to the Holding Company Merger as contemplated by Section 1.1.

"ASSETS" of a Person shall mean all of the assets, properties, businesses and rights of such Person of every kind, nature, character and description, whether real, personal or mixed, tangible or intangible, accrued or contingent, or otherwise relating to or utilized in such Person's business, directly or indirectly, in whole or in part, whether or not carried on the books and records of such Person, and whether or not owned in the name of such Person or any Affiliate of such Person and wherever located.

"BHC ACT" shall mean the federal Bank Holding Company Act of 1956, as amended.

"CCB" shall mean Capital City Bank, a Florida chartered commercial bank and a CCBG Subsidiary.

"CCBG CAPITAL STOCK" shall mean, collectively, the CCBG Common Stock, the CCBG Preferred Stock and any other class or series of capital stock of CCBG.

"CCBG COMMON STOCK" shall mean the common stock of CCBG, $0.01 par value per share.

"CCBG DISCLOSURE MEMORANDUM" shall mean the written information entitled "Capital City Bank Group, Inc. Disclosure Memorandum" delivered prior to the date of this Agreement to FBWP describing in reasonable detail the matters contained therein and, with respect to each disclosure made therein, specifically referencing each Section of this Agreement under which such disclosure is being made. Information disclosed with respect to one Section shall not be deemed to be disclosed for purposes of any other Section not specifically referenced with respect thereto.

"CCBG ENTITIES" shall mean, collectively, CCBG and all CCBG Subsidiaries.

"CCBG FINANCIAL STATEMENTS" shall mean (i) the consolidated statements of condition (including related notes and schedules, if any) of CCBG as of June 30, 2000, and as of December 31, 1999 and 1998, and the related statements of income, changes in shareholders' equity, and cash flows (including related notes and schedules, if any) for the six months ended June 30, 2000, and for each of the three fiscal years ended December 31, 1999, 1998 and 1997, as filed by CCBG in SEC Documents, and (ii) the consolidated statements of condition and balance sheets of CCBG (including related notes and schedules, if any) and related statements of income, changes in shareholders' equity, and cash flows (including related notes and schedules, if any) included in SEC Documents filed with respect to periods ended subsequent to December 31, 1999.

"CCBG MATERIAL ADVERSE EFFECT" shall mean an event, change or occurrence which, individually or together with any other event, change or occurrence, has a material adverse impact on (i) the financial position, business, or results of operations of CCBG and its Subsidiaries, taken as a whole, or (ii) the ability

of CCBG to perform its obligations under this Agreement or to consummate the Mergers or the other transactions contemplated by this Agreement, including without limitation the tax-free reorganization status of the Mergers; provided that "Material Adverse Effect" shall not be deemed to include the impact of (a) changes in banking and similar Laws of general applicability or interpretations thereof by courts or governmental authorities, (b) changes in generally accepted accounting principles or regulatory accounting principles generally applicable to banks and their holding companies, (c) actions and omissions of CCBG (or any of its Subsidiaries) taken with the prior informed written Consent of FBWP in contemplation of the transactions contemplated hereby, and (d) the direct effects of compliance with this Agreement on the operating performance of CCBG, including expenses incurred by CCBG in consummating the transactions contemplated by this Agreement.

"CCBG PREFERRED STOCK" shall mean the preferred stock of CCBG, $0.01 par value per share.

"CCBG STOCK PLANS" shall mean the existing stock-based plans of CCBG designated as follows: (i) 1996 Associate Incentive Plan, (ii) Associate Stock Purchase Plan, (iii) Director Stock Purchase Plan and (iv) Dividend Reinvestment Plan.

"CCBG SUBSIDIARIES" shall mean the Subsidiaries of CCBG, which shall include the CCBG Subsidiaries described in Section 6.4 and any corporation, bank, savings association, or other organization acquired as a Subsidiary of CCBG in the future and held as a Subsidiary by CCBG at the Effective Time.

"CLOSING DATE" shall mean the date on which the Closing occurs.

"CONFIDENTIALITY AGREEMENT" shall mean that certain Confidentiality Agreement, dated January 25, 2000, between FBWP and CCBG.

"CONSENT" shall mean any consent, approval, authorization, clearance, exemption, waiver, or similar affirmation by any Person pursuant to any Contract, Law, Order, or Permit.

"CONTRACT" shall mean any written or oral agreement, arrangement, authorization, commitment, contract, indenture, instrument, lease, obligation, plan, practice, restriction, understanding, or undertaking of any kind or character, or other document to which any Person is a party or that is binding on any Person or its capital stock, Assets or business.

"DEFAULT" shall mean (i) any breach or violation of, default under, contravention of, or conflict with, any Contract, Law, Order, or Permit, (ii) any occurrence of any event that with the passage of time or the giving of notice or both would constitute a breach or violation of, default under, contravention of, or conflict with, any Contract, Law, Order, or Permit, or (iii) any occurrence of any event that with or without the passage of time or the giving of notice would give rise to a right of any Person to exercise any remedy or obtain any relief under, terminate or revoke, suspend, cancel, or modify or change the current terms of, or renegotiate, or to accelerate the maturity or performance of, or to increase or impose any Liability under, any Contract, Law, Order, or Permit.

"ENVIRONMENTAL LAWS" shall mean all Laws relating to pollution or protection of human health or the environment (including ambient air, surface water, ground water, land surface, or subsurface strata) and which are administered, interpreted, or enforced by the United States Environmental Protection Agency and state and local agencies with jurisdiction over, and including common law in respect of, pollution or protection of the environment, including the Comprehensive Environmental Response Compensation and Liability Act, as amended, 42 U.S.C. 9601 et seq. ("CERCLA"), the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6901 et seq. ("RCRA"), and other Laws relating to emissions, discharges, releases, or threatened releases of any Hazardous Material, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of any Hazardous Material.

"EQUITY RIGHTS" shall mean all arrangements, calls, commitments, Contracts, options, rights to subscribe to, scrip, understandings, warrants, or other binding obligations of any character whatsoever relating to, or securities or rights convertible into or exchangeable for, shares of the capital stock

of a Person or by which a Person is or may be bound to issue additional shares of its capital stock or other Equity Rights.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"EXHIBITS" 1 through 7, inclusive, shall mean the Exhibits so marked, copies of which are attached to this Agreement. Such Exhibits are hereby incorporated by reference herein and made a part hereof, and may be referred to in this Agreement and any other related instrument or document without being attached hereto.

"FBCA" shall mean the Florida Business Corporation Act.

"FBWP COMMON STOCK" shall mean the common stock of FBWP, $1.25 par value per share.

"FBWP DISCLOSURE MEMORANDUM" shall mean the written information entitled "First Bankshares of West Point, Inc. Disclosure Memorandum" delivered prior to the date of this Agreement to CCBG describing in reasonable detail the matters contained therein and, with respect to each disclosure made therein, specifically referencing each Section of this Agreement under which such disclosure is being made. Information disclosed with respect to one Section shall not be deemed to be disclosed for purposes of any other Section not specifically referenced with respect thereto.

"FBWP ENTITIES" shall mean, collectively, FBWP and all FBWP Subsidiaries.

"FBWP FINANCIAL STATEMENTS" shall mean (i) the consolidated statements of condition (including related notes and schedules, if any) of FBWP as of June 30, 2000, and as of December 31, 1999, 1998 and 1997, and the related statements of income, changes in shareholders' equity, and cash flows (including related notes and schedules, if any) for the six months ended June 30, 2000, and for each of the three fiscal years ended December 31, 1999, 1998 and 1997, and (ii) the consolidated statements of condition of FBWP (including related notes and schedules, if any) and related statements of income, changes in shareholders' equity, and cash flows (including related notes and schedules, if any) that are delivered to CCBG with respect to periods ended subsequent to December 31, 1999.

"FBWP MATERIAL ADVERSE EFFECT" shall mean an event, change or occurrence which, individually or together with any other event, change or occurrence, has a material adverse impact on (i) the financial position, business, or results of operations of FBWP and its Subsidiaries, taken as a whole, or (ii) the ability of FBWP to perform its obligations under this Agreement or to consummate the Mergers or the other transactions contemplated by this Agreement, provided that "Material Adverse Effect" shall not be deemed to include the impact of (a) changes in banking and similar Laws of general applicability or interpretations thereof by courts or governmental authorities, (b) changes in generally accepted accounting principles or regulatory accounting principles generally applicable to banks and their holding companies, (c) actions and omissions of FBWP (or any of its Subsidiaries) taken with the prior informed written Consent of CCBG in contemplation of the transactions contemplated hereby, and (d) the direct effects of compliance with this Agreement on the operating performance of FBWP, including expenses incurred by FBWP in consummating the transactions contemplated by this Agreement, subject to 9.2(f).

"FBWP STOCK PLANS" shall mean all stock-based plans of FBWP.

"FBWP SUBSIDIARIES" shall mean the Subsidiaries of FBWP, which shall include the FBWP Subsidiaries described in Section 5.4 and any corporation, bank, savings association, or other organization acquired as a Subsidiary of FBWP in the future and held as a Subsidiary by FBWP at the Effective Time.

"FHLMC" shall mean the Federal Home Loan Mortgage Corporation

"FIRST NATIONAL" shall mean The First National Bank of West Point, a national banking association and a FBWP Subsidiary.

"FNMA" shall mean the Federal National Mortgage Association.

"FOSTER LOAN" shall mean that certain loan made by First Peoples to the Foster Lumber Company and participated out to

First National which was made as of March 2, 1999, in the original principal amount of $5,000,000.

"GAAP" shall mean generally accepted accounting principles, consistently applied during the periods involved.

"HAZARDOUS MATERIAL" shall mean (i) any hazardous substance, hazardous material, hazardous waste, regulated substance, or toxic substance (as those terms are defined by any applicable Environmental Laws) and (ii) any chemicals, pollutants, contaminants, petroleum, petroleum products, or oil (and specifically shall include asbestos requiring abatement, removal, or encapsulation pursuant to the requirements of governmental authorities and any polychlorinated biphenyls).

"HSR ACT" shall mean Section 7A of the Clayton Act, as added by Title II of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"INTELLECTUAL PROPERTY" shall mean copyrights, patents, trademarks, service marks, service names, trade names, applications therefor, technology rights and licenses, computer software (including any source or object codes therefor or documentation relating thereto), trade secrets, franchises, know-how, inventions, and other intellectual property rights.

"INTERNAL REVENUE CODE" shall mean the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

"KNOWLEDGE" as used with respect to a Person (including references to such Person being aware of a particular matter) shall mean those facts that are known or should reasonably have been known after due inquiry by the chairman, president, chief financial officer, chief accounting officer, chief operating officer, chief credit officer, general counsel, any assistant or deputy general counsel, or any senior, executive or other vice president of such Person and the knowledge of any such persons obtained or which would have been obtained from a reasonable investigation.

"LAW" shall mean any code, law (including common law), ordinance, regulation, reporting or licensing requirement, rule, or statute applicable to a Person or its Assets, Liabilities, or business, including those promulgated, interpreted or enforced by any Regulatory Authority.

"LIABILITY" shall mean any direct or indirect, primary or secondary, liability, indebtedness, obligation, penalty, cost or expense (including costs of investigation, collection and defense), claim, deficiency, guaranty or endorsement of or by any Person (other than endorsements of notes, bills, checks, and drafts presented for collection or deposit in the ordinary course of business) of any type, whether accrued, absolute or contingent, liquidated or unliquidated, matured or unmatured, or otherwise.

"LIEN" shall mean any conditional sale agreement, default of title, easement, encroachment, encumbrance, hypothecation, infringement, lien, mortgage, pledge, reservation, restriction, security interest, title retention or other security arrangement, or any adverse right or interest, charge, or claim of any nature whatsoever of, on, or with respect to any property or property interest, other than (i) Liens for current property Taxes not yet due and payable, (ii) for depository institution Subsidiaries of a Party, pledges to secure deposits and other Liens incurred in the ordinary course of the banking business, (iii) Liens which do not materially impair the use of or title to the Assets subject to such Lien, and which are disclosed in Section 11.1 of the FBWP Disclosure Memorandum or the CCBG Disclosure Memorandum, as applicable.

"LITIGATION" shall mean any action, arbitration, cause of action, claim, complaint, criminal prosecution, governmental or other examination or investigation, hearing, administrative or other proceeding relating to or affecting a Party, its business, its Assets (including Contracts related to it), or the transactions contemplated by this Agreement, but shall not include regular, periodic examinations of depository institutions and their Affiliates by Regulatory Authorities.

"MATERIAL" for purposes of this Agreement shall be determined in light of the facts and circumstances of the matter in question; provided that any specific monetary amount stated in

this Agreement shall determine materiality in that instance.

"NASD" shall mean the National Association of Securities Dealers, Inc.

"NASDAQ NATIONAL MARKET" shall mean the National Market System of the National Association of Securities Dealers Automated Quotations System.

"OCC" shall mean the Office of the Comptroller of the Currency.

"OPERATING PROPERTY" shall mean any property owned, leased, or operated by the Party in question or by any of its Subsidiaries or in which such Party or Subsidiary holds a security interest or other interest (including an interest in a fiduciary capacity), and, where required by the context, includes the owner or operator of such property, but only with respect to such property.

"ORDER" shall mean any administrative decision or award, decree, injunction, judgment, order, quasi- judicial decision or award, ruling, or writ of any federal, state, local or foreign or other court, arbitrator, mediator, tribunal, administrative agency, or Regulatory Authority.

"PARTICIPATION FACILITY" shall mean any facility or property in which the Party in question or any of its Subsidiaries participates in the management and, where required by the context, said term means the owner or operator of such facility or property, but only with respect to such facility or property.

"PARTY" shall mean either FBWP or CCBG, and "PARTIES" shall mean both FBWP and CCBG.

"PERMIT" shall mean any federal, state, local, and foreign governmental approval, authorization, certificate, easement, filing, franchise, license, notice, permit, or right to which any Person is a party or that is or may be binding upon or inure to the benefit of any Person or its securities, Assets, or business.

"PERSON" shall mean a natural person or any legal, commercial or governmental entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, business association, group acting in concert, or any person acting in a representative capacity.

"PROXY STATEMENT" shall mean the proxy statement used by FBWP to solicit the approval of its shareholders of the transactions contemplated by this Agreement, which shall include the prospectus of CCBG relating to the issuance of the CCBG Common Stock to holders of FBWP Common Stock.

"REGISTRATION STATEMENT" shall mean the Registration Statement on Form S-4, or other appropriate form, including any pre-effective or post-effective amendments or supplements thereto, filed with the SEC by CCBG under the 1933 Act with respect to the shares of CCBG Common Stock to be issued to the shareholders of FBWP in connection with the transactions contemplated by this Agreement.

"REGULATORY AUTHORITIES" shall mean, collectively, the SEC, the NASD, the Federal Trade Commission, the United States Department of Justice, the Board of the Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, Georgia Department of Banking and Finance and all other federal, state, county, local or other governmental or regulatory agencies, authorities (including self- regulatory authorities), instrumentalities, commissions, boards or bodies having jurisdiction over the Parties and their respective Subsidiaries.

"REPRESENTATIVE" shall mean any investment banker, financial advisor, attorney, accountant, consultant, or other representative engaged by a Person.

"SEC DOCUMENTS" shall mean all forms, proxy statements, registration statements, reports, schedules, and other documents filed, or required to be filed, by a Party or any of its Subsidiaries with any Regulatory Authority pursuant to the Securities Laws.

"SECURITIES LAWS" shall mean the 1933 Act, the 1934 Act, the Investment Company Act of 1940, as amended, the Investment

Advisors Act of 1940, as amended, the Trust Indenture Act of 1939, as amended, and the rules and regulations of any Regulatory Authority promulgated thereunder.

"SHAREHOLDERS' MEETING" shall mean the meeting of the shareholders of FBWP to be held pursuant to Section 8.1, including any adjournment or adjournments thereof.

"SIGNIFICANT SUBSIDIARY" shall mean any present or future consolidated Subsidiary of the Party in question, the assets of which constitute ten percent (10%) or more of the consolidated assets of such Party as reflected on such Party's consolidated statement of condition prepared in accordance with GAAP.

"SUBSIDIARIES" shall mean all those corporations, associations, or other business entities of which the entity in question either (i) owns or controls 50% or more of the outstanding equity securities either directly or through an unbroken chain of entities as to each of which 50% or more of the outstanding equity securities is owned directly or indirectly by its parent (provided, there shall not be included any such entity the equity securities of which are owned or controlled in a fiduciary capacity), (ii) in the case of partnerships, serves as a general partner, (iii) in the case of a limited liability company, serves as a managing member, or (iv) otherwise has the ability to elect a majority of the directors, trustees or managing members thereof.

"SURVIVING CORPORATION" shall mean CCBG as the surviving corporation resulting from the Holding Company Merger.

"TAX RETURN" shall mean any report, return, information return, or other information required to be supplied to a taxing authority in connection with Taxes, including any return of an affiliated or combined or unitary group that includes a Party or its Subsidiaries.

"TAX" or "TAXES" shall mean any federal, state, county, local, or foreign taxes, charges, fees, levies, imposts, duties, or other assessments, including income, gross receipts, excise, employment, sales, use, transfer, license, payroll, franchise, severance, stamp, occupation, windfall profits, environmental, federal highway use, commercial rent, customs duties, capital stock, paid-up capital, profits, withholding, Social Security, single business and unemployment, disability, real property, personal property, registration, ad valorem, value added, alternative or add-on minimum, estimated, or other tax or governmental fee of any kind whatsoever, imposed or required to be withheld by the United States or any state, county, local or foreign government or subdivision or agency thereof, including any interest, penalties, and additions imposed thereon or with respect thereto.

"USDA GUARANTEE" shall mean the guarantee by the USDA of payment of the Foster Loan.

(b) The terms set forth below shall have the meanings ascribed thereto in the referenced sections:

Allowance	Section 5.9
Bank Merger	Preamble
Bank Plan	Section 1.2
Cash Exchange Ratio	Section 3.1(b)
CCBG Benefit Plans	Section 6.15
CCBG Contracts	Section 6.16
CCBG ERISA Plan	Section 6.15
CCBG Pension Plan	Section 6.15
CCBG SEC Reports	Section 6.5(a)
Closing	Section 1.2
Deficient Amount	Section 3.1(b)
Effective Time	Section 1.3
Employment Agreements	Section 8.14(b)
ERISA Affiliate	Section 5.15(b)
Escrow Agent	Section 3.6
Exchange Agent	Section 4.1
Exchange Ratio	Section 3.1(b)
FBWP Benefit Plans	Section 5.15
FBWP Contracts	Section 5.16
FBWP ERISA Plan	Section 5.15
FBWP Options	Section 3.6
FBWP Pension Plan	Section 5.15
First Peoples	Section 3.1(b)
Holding Company Merger	Preamble
Maximum Amount	Section 8.15
Mergers	Preamble

Share Exchange Ratio	Section 3.1(b)
Takeover Laws	Section 5.21
Tax Opinion	Section 9.1(h)
Wholesale Mortgage Business	Section 5.16
Withholding Amount	Section 3.6

(c) Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed followed by the words "without limitation."

ARTICLE 11.2 EXPENSES . Except as otherwise provided in this Section 11.2, each of the Parties shall bear and pay all direct costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including filing, registration and application fees, printing fees, and fees and expenses of its own financial or other consultants, investment bankers, accountants, and counsel, except that each of the Parties shall bear and pay one-half of the filing fees payable in connection with the Registration Statement and the Proxy Statement and printing costs incurred in connection with the printing of the Registration Statement and the Proxy Statement.

ARTICLE 11.3 BROKERS AND FINDERS . Except for Brown, Burke Capital Partners, Inc. as to FBWP and except for McConnell, Budd & Downes, Inc. as to CCBG, each of the Parties represents and warrants that neither it nor any of its officers, directors, employees, or Affiliates has employed any broker or finder or incurred any Liability for any financial advisory fees, investment bankers' fees, brokerage fees, commissions, or finders' fees in connection with this Agreement or the transactions contemplated hereby. In the event of a claim by any broker or finder based upon his or its representing or being retained by or allegedly representing or being retained by FBWP or by CCBG, each of FBWP and CCBG, as the case may be, agrees to indemnify and hold the other Party harmless of and from any Liability in respect of any such claim.

ARTICLE 11.4 ENTIRE AGREEMENT . Except as otherwise expressly provided herein, this Agreement (including the documents and instruments referred to herein) constitutes the entire agreement between the Parties with respect to the transactions contemplated hereunder and supersedes all prior arrangements or understandings with respect thereto, written or oral (except, as to Section 8.6(b), for the Confidentiality Agreement). Nothing in this Agreement expressed or implied, is intended to confer upon any Person, other than the Parties or their respective successors, any rights, remedies, obligations, or liabilities under or by reason of this Agreement, other than as provided in Sections 8.14 and 8.15.

ARTICLE 11.5 AMENDMENTS . To the extent permitted by Law, this Agreement may be amended by a subsequent writing signed by each of the Parties upon the approval of each of the Parties, whether before or after shareholder approval of this Agreement has been obtained; provided, that after any such approval by the holders of FBWP Common Stock, there shall be made no amendment that reduces or modifies in any material adverse respect the consideration to be received by holders of FBWP Common Stock; and further provided, that the provisions of this Agreement relating to the manner or basis in which shares of FBWP Common Stock will be exchanged for shares of CCBG Common Stock shall not be amended after the Shareholders' Meeting in a manner adverse to the holders of CCBG Common Stock without any requisite approval of the holders of the issued and outstanding shares of CCBG Common Stock entitled to vote thereon.

ARTICLE 11.6 WAIVERS .

(a) Prior to or at the Effective Time, CCBG, acting through its Board of Directors, chief executive officer or other authorized officer, shall have the right to waive any Default in the performance of any term of this Agreement by FBWP, to waive or extend the time for the compliance or fulfillment by FBWP of any and all of its obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of CCBG under this Agreement, except any condition which, if not satisfied, would result in the violation of any Law. No such waiver shall be effective unless in writing signed by a duly authorized officer of CCBG.

(b) Prior to or at the Effective Time, FBWP, acting through its Board of Directors, chief executive officer or other authorized officer, shall have the right to waive any Default in

the performance of any term of this Agreement by CCBG, to waive or extend the time for the compliance or fulfillment by CCBG of any and all of its obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of FBWP under this Agreement, except any condition which, if not satisfied, would result in the violation of any Law. No such waiver shall be effective unless in writing signed by a duly authorized officer of FBWP.

(c) The failure of any Party at any time or times to require performance of any provision hereof shall in no manner affect the right of such Party at a later time to enforce the same or any other provision of this Agreement. No waiver of any condition or of the breach of any term contained in this Agreement in one or more instances shall be deemed to be or construed as a further or continuing waiver of such condition or breach or a waiver of any other condition or of the breach of any other term of this Agreement.

ARTICLE 11.7 ASSIGNMENT . Except as expressly contemplated hereby, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any Party hereto (whether by operation of Law or otherwise) without the prior written consent of the other Party. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and assigns.

ARTICLE 11.8 NOTICES . All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered by hand, by facsimile transmission, by registered or certified mail, postage pre-paid, or by courier or overnight carrier, to the persons at the addresses set forth below (or at such other address as may be provided hereunder), and shall be deemed to have been delivered as of the date so delivered:

FBWP:
First Bankshares of West Point, Inc.
3rd Avenue and West 10th Street
West Point, Georgia 31833
Telecopy Number: (706) 645-6245
Attention: Scott A. Huguley

Copy to Counsel:
Powell, Goldstein, Frazer & Murphy LLP
191 Peachtree Street, N.E., Sixteenth Floor
Atlanta, Georgia 30303
Telecopy Number: (404) 572-6999
Attention: Walter G. Moeling IV, Esq.

CCBG:
Capital City Bank Group, Inc.
217 North Monroe Street
Tallahassee, Florida 33301
Telecopy Number: (850) 878-9150
Attention: J. Kimbrough Davis

Copy to Counsel:
Gunster, Yoakley & Stewart, P.A.
777 South Flagler Drive, Suite 500 East
West Palm Beach, Florida 33401-6194
Telecopy Number: (561) 655-5677
Attention: Michael V. Mitrione, Esq.

ARTICLE 11.9 GOVERNING LAW . This Agreement shall be governed by and construed in accordance with the Laws of the State of Florida, without regard to any applicable conflicts of Laws.

ARTICLE 11.10 COUNTERPARTS . This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

ARTICLE 11.11 CAPTIONS; ARTICLES AND SECTIONS . The captions contained in this Agreement are for reference purposes only and are not part of this Agreement. Unless otherwise indicated, all references to particular Articles or Sections shall mean and refer to the referenced Articles and Sections of this Agreement.

ARTICLE 11.12 INTERPRETATIONS . Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any party, whether under any rule of construction or otherwise. No party to this Agreement shall be considered the draftsman. The parties acknowledge and agree that this Agreement has been reviewed, negotiated, and accepted by all parties and their attorneys and shall be construed and interpreted according to the ordinary meaning of the words used so as fairly to accomplish the purposes and intentions of all parties hereto.

ARTICLE 11.13 ENFORCEMENT OF AGREEMENT . The Parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

ARTICLE 11.14 SEVERABILITY . Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on its behalf by its duly authorized officers as of the day and year first above written.

CAPITAL CITY BANK GROUP, INC.

By: /s/ William G. Smith, Jr.
William G. Smith, Jr.
President and CEO

FIRST BANKSHARES OF WEST POINT, INC.

By: /s/ Scott A. Huguley
Name: Scott A. Huguley
Its: Chairman

LIST OF EXHIBITS

Exhibit Number	Description

1. Bank Plan of Merger. (Section 1.4).
2. Form of agreement of affiliates of FBWP. (Sections 8.13 and 9.2(g)).
3. Form of Stock Option Agreement. (Section 8.17).
4. Matters as to which Powell, Goldstein, Frazer & Murphy LLP will opine. (Section 9.2(d)).
5. Form of Director's Agreement. (Sections 8.18 and 9.2(g)).
6. Claims Letter. (Section 9.2(h)).
7. Matters as to which Gunster, Yoakley & Stewart, P.A. will opine. (Section 9.3(d)).

Copies of the above exhibits will be provided to the Securities and Exchange Commission upon request.

PURCHASE AND ASSUMPTION AGREEMENT

This Agreement, dated as of October 3, 2000, is by and between Capital City Bank, a state chartered bank organized under the laws of Florida ("Buyer") and First Union National Bank, a national banking association organized under the laws of the United States of America ("Seller").

I. DEFINITIONS

1.1 Certain Defined Terms.

Some of the capitalized terms appearing in this Agreement are defined below. The definition of a term expressed in the singular also applies to that term as used in the plural and vice versa. The word "including" as used herein shall mean "including without limitation."

"ATM Service Facility" means the remote free-standing automated teller machine facility listed on Schedule 1.1(a), which facility is subject to a Real Property Lease.

"Adjusted Closing Statement" has the meaning set forth in Section 3.2(b) of this Agreement.

"Affiliate" means a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, a specified Person, except in those cases where the controlling Person exercises control solely in a fiduciary capacity.

"Amount of Premium" has the meaning set forth in Section 3.1 of this Agreement.

"Assets" has the meaning set forth in Section 2.1 of this Agreement.

"Benefit Plan" means any pension, profit-sharing, or other employee benefit, fringe benefit, severance or welfare plan maintained by or with respect to which contributions are made by, Sellers or any of their Affiliates with respect to Seller's Employees.

"Branches" means those branch offices and/or financial centers of Seller listed on Schedule 1.1(a), indicating whether such Branch is Owned Real Property or subject to a Real Property Lease.

"Business Day" means any Monday, Tuesday, Wednesday, Thursday or Friday on which Seller is open for business.

"Buyer Material Adverse Effect" means an event, occurrence or circumstance which has a material adverse effect on Buyer's ability to timely perform its obligations under this Agreement or consummate the transactions contemplated by this Agreement; provided, that a Buyer Material Adverse Effect shall not include: (i) events or conditions generally affecting the financial services industry or effects resulting from general economic conditions (including changes in interest rates), changes in accounting practices or changes to statutes, regulations or regulatory policies, that do not have a materially more adverse effect on Buyer than that experienced by similarly situated financial services companies, or (ii) events, impacts or conditions caused by the public announcement of, and response or reaction of customers, vendors, licensors or employees of Buyer to, this Agreement or any of the transactions contemplated by this Agreement.

"Cash Reserve Lines of Credit" means those consumer lines of credit made available to customers of the Branches as a protection against overdrafts on the Deposit Accounts.

"Cash Reserve Loans" means those loans outstanding on the Closing Date pursuant to Cash Reserve Lines of Credit.

"Closing" means the purchase of the Assets by Buyer and the assumption of the Liabilities by Buyer on the Closing Date.

"Closing Date" has the meaning set forth in Section 9.1 of this Agreement.

"Closing Statement" has the meaning set forth in Section 3.2(a) of this Agreement.

"Consumer Loans" means the consumer direct installment loans and certain other consumer lines of credit and loans relating to the Branches , as of the Closing Date. A listing of all such loans, as of July 31, 2000, is set forth on Schedule 1.1(b), and such schedule shall be updated by Seller in connection with the preparation of the Closing Statement and the Adjusted Closing Statement as set forth in Sections 3.1 and 3.2, respectively.

"Deposit Accounts" means the deposit accounts at the Branches, or otherwise assumed by Buyer pursuant to this Agreement, the balances of which are included in the Deposits or would be so included if the Deposit Account had a positive balance.

"Deposits" means all deposits (as defined in 12 U.S.C. Section 1813(l)) which are booked at each of the Branches as of the close of business on the Closing Date or otherwise assumed by Buyer pursuant to this Agreement, including, without limitation, consumer and business and commercial (i) demand deposits, (ii) interest checking accounts, (iii) money market accounts, (iv) savings deposits, (v) time deposits, (vi) jumbo time deposits, (vii) deposits held pursuant to Retirement Plans, and (viii) deposits relating to debit cards and ATM cards, including in each case accrued but unpaid interest and both collected and uncollected funds, but excluding (v) deposits subject to pending or threatened litigation; (w) deposits subject to liens, other than the Loans and the Cash Reserve Loans, (x) deposits held in accounts for which Seller acts as fiduciary (other than deposits held by Retirement Plans, subject to section 2.9); (y) deposits held pursuant to Seller's CAP asset management accounts; and (z) deposits constituting official checks, travelers checks, money orders or certified checks.

"Employees" means the employees of Seller employed at the Branches on the Closing Date, and listed on Schedule 8.1, as such schedule may be adjusted on the Closing Date.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any entity that is considered one employer with Sellers under Section 4001 of ERISA or Section 414 of the Internal Revenue Code of 1986, as amended.

"Excluded Loan" has the meaning set forth in this Section 1.1 in the definition of Loans.

"Federal Funds Rate" means, for any day, the rate per annum (expressed on a basis of calculation of actual days in a year) equal to the "near closing bid" federal funds rate published in The Wall Street Journal on the Business Day following the Closing Date.

"Fixed Assets" means all fixtures (including signage poles), leasehold improvements, furnishings (excluding artwork owned by Seller), vaults, safe deposit boxes, computers, equipment (including, for example, all ATM machines, but excluding any proprietary software), communications equipment, security system equipment, supplies (other than forms and other supplies which bear Seller's name or logo), and other personal property, which are owned by Seller and which are located at the Owned Real Property and the Leased Facilities on the Closing Date, and which are set forth on Schedule 1.1(c).

"Governmental Entity" means any government or any agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government having authority in the United States, whether federal, state or local.

"Hazardous Material" means any substance presently listed, defined, designated or classified as hazardous, toxic, radioactive or dangerous or otherwise regulated, under any applicable state or federal law relating to the protection,

preservation or restoration of the environment, including, but not limited to, the following federal environmental laws: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Superfund Amendment and Reauthorization Act, the Water Pollution Control Act of 1972, the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act of 1976, the Solid Waste Disposal Act, the Toxic Substances Control Act and the Insecticide, Fungicide and Rodenticide Act, each as amended.

"Leased Facilities" means all Branches and the ATM Service Facility (including, without limitation, any construction in progress) that are leased under the Real Property Leases.

"Liabilities" has the meaning set forth in Section 2.2 of this Agreement.

"Loan Instruments" means the loan agreements, promissory notes, mortgages, deeds of trust, security agreements, pledge agreements, guaranty agreements, insurance policies, financing statements, and any other such contract documents relating to the Loans.

"Loans" means the Consumer Loans to be transferred to Buyer on the Closing Date; provided, however, Loans shall not include (i) non-accrual loans (which term shall include loans in which the collateral securing the same has been repossessed or as to which collection efforts have been instituted or claim and delivery or foreclosure proceedings have been filed); (ii) loans 90 days or more past due as to principal or interest; or (iii) loans in connection with which the obligor has filed a petition for relief under the United States Bankruptcy Code, or otherwise has indicated an inability or refusal to pay the Loan as it becomes due, prior to the Closing (Loans that satisfy any of such conditions set forth in (i), (ii) or (iii) shall be referred to as "Excluded Loans").

"Marketable Title" means marketable fee simple title to the Owned Real Property. Marketable Title shall be determined according to applicable Title Standards adopted by authority of the Georgia Bar. Marketable Title shall also mean that Buyer will obtain at its cost and expense a title insurance commitment with respect to each parcel of Owned Real Property which is issued by a reputable title insurance company of national standing for an ALTA Form-B title insurance policy in the amount of the Fair Market Value as determined pursuant to Section 3.3, subject only to such exceptions as would not render title unmarketable.

"Mediator" means a firm of independent accountants of nationally recognized standing (other than a firm that has performed services for Seller or Buyer or any of their Affiliates during the past three years) mutually agreeable to Seller and Buyer.

"Overdrafts" means those overdrafts of the book balance of any Deposit Accounts which are not subject to Cash Reserve Lines of Credit.

"Owned Real Property" means (i) the land (including the improvements thereon) on which are located any Branches that are listed as "Owned Real Property" on Schedule 1.1(a), and (ii) any building or other improvements relating to such owned real estate (including, without limitation, any construction in progress) that are owned by Seller pursuant to which a Branch is operated.

"Person" means an association, a corporation, an individual, a partnership, a trust or any other entity or organization, including a Governmental Entity.

"Real Property Leases" means the lease agreements pursuant to which any Branches listed as leased real property in Schedule 1.1(b) and the ATM Service Facility are leased by Seller.

"Retirement Plans" means those non-discretionary individual retirement accounts and qualified retirement plan accounts relating to the Deposits for which Seller acts as custodian or trustee.

"Seller Material Adverse Effect" shall mean an event, occurrence or circumstance which has a material adverse effect on the Assets, taken as a whole, or Seller's ability to timely perform its obligations under this Agreement or consummate the transactions contemplated by this Agreement; provided, that a

Seller Material Adverse Effect shall not include (i) events or conditions generally affecting the financial services industry or effects resulting from general economic conditions (including changes in interest rates), changes in accounting practices or changes to statutes, regulations or regulatory policies, that do not have a materially more adverse effect on Seller than that experienced by similarly situated financial services companies, or (ii) events, impacts or conditions caused by the public announcement of, and response or reaction of customers, vendors, licensors or employees of Seller to, this Agreement or any of the transactions contemplated by this Agreement.

"Tenant Lease" shall mean the lease, dated as of October 1, 1993, between the Seller and The Glamour Box, Inc., as amended, for the premises located at 613 Liberty Street, Waynesboro, Georgia.

"Welfare Benefit Plans" means those Benefit Plans which are "welfare benefit plans" as defined by ERISA.

"Working Agreement" has the meaning set forth in Section 2.7 of the Agreement.

II. PURCHASE OF ASSETS AND ASSUMPTION OF LIABILITIES

2.1 Purchase of Assets.

Subject to the terms and conditions of this Agreement, including Section 6.6 and 7.3, Seller agrees to sell, assign and transfer possession of and all right, title and interest of the Seller in and to the following assets to Buyer (the "Assets") and Buyer agrees to purchase the same from Seller, as of the close of business on the Closing Date:

(a) the Owned Real Property;

(b) Seller's rights under the Real Property Leases;

(c) the Fixed Assets;

(d) the Loans, including the collateral for the Loans, and the Loan Instruments;

(e) cash on hand in the Branches;

(f) the Cash Reserve Loans;

(g) the Overdrafts;

(h) Seller's rights under the Cash Reserve Lines of Credit and any safe deposit box rental agreements relating to safe deposit boxes located at the Branches; and

(i) Seller's rights as landlord under the Tenant Lease.

2.2 Assumption of Liabilities.

Subject to the terms and conditions of this Agreement, including Section 6.6 and Section 7.3, Buyer agrees to assume, pay, perform and discharge the following liabilities of Seller (the "Liabilities") as of the close of business on the Closing Date from and after the Closing Date:

(a) the Deposits and all terms and agreements relating to the Deposit Accounts;

(b) Seller's duties and responsibilities relating to the Deposits with respect to: (i) the abandoned property laws of any state, (ii) any legal process which is served on Seller on or before the Closing Date with respect to garnishment claims against or for the Deposits that is not over and above the amount of the Deposits; or (iii) any other applicable law;

(c) Seller's duties and responsibilities with respect to the Real Property Leases;

(d) Seller's duties and responsibilities with respect to the Loans, including the collateral for the Loans, and the Loan Instruments;

(e) Seller's duties and responsibilities with respect to the Cash Reserve Lines of Credit;

(f) Seller's duties and responsibilities with respect to the Cash Reserve Loans;

(g) Seller's duties and responsibilities with respect to the Overdrafts;

(h) Seller's duties and responsibilities with respect to the safe deposit boxes located at the Branches;

(i) Seller's duties and responsibilities with respect to the Retirement Plans as contemplated by Section 2.9; and

(j) Seller's duties and responsibilities as landlord under the Tenant Lease.

Buyer shall not assume any other liabilities of Seller.

2.3 Transfer and Availability of Books and Records.

On the Closing Date, or as soon thereafter as is practicable, Seller will transfer and deliver to Buyer such books and records relating to the Assets and the Liabilities as exist and are in the possession or control of Seller (except that, subject to the same exceptions set forth in the next to last sentence of this Section 2.3, Seller shall be permitted to retain such books and records that contain information primarily relating to other assets and liabilities not constituting Assets and Liabilities; provided that in any such case Seller shall provide to Buyer such portions or copies of such books and records as are reasonably necessary to service the Deposits, the Loans and the Cash Reserve Loans on an ongoing basis). All books and records relating to the Assets and the Liabilities held by Seller or Buyer after the Closing Date shall be maintained in accordance with (and for the period provided in) that party's standard recordkeeping policies and procedures. Throughout such period, the party holding such books and records shall comply with the reasonable request of the other party to provide copies of specified documents, at the expense of the requesting party; provided, however, the parties shall not be required to provide access to, or copies of, any documents or information to the other party to the extent that such access or copies would violate or prejudice the legal rights of any customer or employee or attorney-client privilege or would be contrary to law, rule, regulation or any legal or regulatory order or process. The requesting party shall give reasonable notice of any such request.

2.4 Tax Matters.

(a) Notwithstanding Section 2.5, Buyer and Seller shall each pay one-half of any sales and use taxes and any interest and penalties thereon which are payable or arise as a result of this Agreement or the consummation of any of the transactions contemplated by this Agreement.

(b) Notwithstanding Section 2.5, Buyer shall pay to Seller or the relevant taxing jurisdiction (as appropriate under the circumstances), or reimburse Seller if Seller shall have paid, any real property recording costs arising out of the transfer of the Owned Real Property, the Leased Facilities, the Real Property Leases, the Loans and the Fixed Assets.

(c) Notwithstanding Section 2.5, Seller shall pay to Buyer or the relevant taxing jurisdiction (as appropriate under the circumstances), or reimburse Buyer if Buyer shall have paid, any real property documentary or similar stamp taxes arising out of the transfer of the Owned Real Property, the Leased Facilities, the Real Property Leases, the Loans and the Fixed Assets.

2.5 Proration of Certain Expenses.

Subject to the provisions of Section 2.4, all rentals, real estate taxes, personal property taxes (tangible or intangible), and utility, water and sewer charges and assessments, as well as semiannual assessments paid to the Bank Insurance Fund or the Savings Association Insurance Fund with respect to the Deposits, shall be prorated between Buyer and Seller as of the close of business on the Closing Date.

2.6 Back Office Conversion and Expenses.

Seller and Buyer shall cooperate with each other and shall use their reasonable best efforts (consistent with their internal day-to-day operations) in order to cause the timely transfer of information concerning the Assets and the Liabilities which is maintained on Seller's data processing systems so that Buyer can incorporate such information into Buyer's data processing systems no later than the opening of business on the Business Day following the Closing Date. Buyer also agrees to pay a per item fee of $1.00 for each ACH or paper item after ninety (90) days. In addition to the foregoing, Buyer hereby agrees to pay all fees and expenses (except as otherwise indicated in Section 2.4) relating to the assignment of the Loans from Seller to Buyer. It being understood and agreed, however, that the parties, agree that Loan and collateral transfer mechanics will be determined based upon the characteristics of each category of loan involved. A blanket endorsement/assignment of notes, titles and other associated security instruments included in the Assets is satisfactory with respect to certain loan categories, with the understanding that there shall be at least one blanket assignment per county and any note will be endorsed separately where there is legitimate reason for the same. With respect to real estate loans, Seller will provide Buyer with a prepared non-recorded assignment. Buyer will record assignment promptly and will bear all related recording fees.

2.7 Processing of Certain Items Pre and Post Closing.

A draft of the written practices and procedures under which Buyer and Seller shall, among other things, complete the conversion of the Branches and handle certain post closing matters, including, without limitation, all items (including, for example, automated clearing house and electronic funds transfer items) relating to the Assets and the Liabilities, which are presented or returned following the Closing Date, and any claims relating to such items, is attached to this Agreement as Exhibit A (the "Working Agreement"). As promptly as practicable following the execution of this Agreement, the parties agree to finalize the Working Agreement, which shall be substantially in the form of Exhibit A. Notwithstanding the foregoing, it is understood and agreed that the post-Closing exchange of ACH and paper items (checks and deposits) between Seller and Buyer shall continue for a period of 90 days after the Closing Date, and any items submitted to Seller following the expiration of such 90 day period shall be returned by Seller.

2.8 Information Returns.

Unless otherwise agreed by Buyer and Seller in writing, (i) Seller will report to the applicable tax authorities and customers of the Branches all reportable payments made or received in connection with the Branches (including without limitation amounts reportable on Internal Revenue Service Form 1099) from January 1 of the year of the Closing Date through and including the Closing Date and, in connection with any such payments, shall withhold and pay over to the applicable tax authorities any amounts required to be so withheld and paid over and (ii) Buyer will report to the applicable tax authorities and customers of the Branches all reportable payments made or received in connection with the Branches (including without limitation amounts reportable on Internal Revenue Service Form 1099) from the day after the Closing Date through and including December 31 of the year of the Closing Date and, in connection with any such payments, shall withhold and pay over to the applicable tax authorities any amounts required to be so withheld and paid over. For purposes of the foregoing, the term reportable payments as used in this Section 2.8 shall include, but shall not be limited to, interest paid on the Deposits, interest received on the Loans and the Cash Reserve Loans, and any other information returns required with respect to the Assets and the Liabilities.

2.9. Actions With Respect to Retirement Plan Deposits.

Seller shall (i) resign as of the close of business on the Closing Date as the trustee or custodian, as applicable, of each Retirement Plan deposit of which it is the trustee or custodian, (ii) to the extent permitted by the documentation governing each such Retirement Plan and applicable law, appoint Buyer (or one of Buyer's Affiliates designated by Buyer) as successor trustee or custodian, as applicable, of each such Retirement Plan, and Buyer or such Affiliate agrees to accept each such trusteeship or custodianship and assume all fiduciary obligations with respect thereto as of the close of business on

the Closing Date, and (iii) deliver to the IRA grantor or Keogh Plan named fiduciary of each such Retirement Plan such notice of the foregoing as is required by the documentation governing each such Retirement Plan or applicable law. If, pursuant to the terms of the documentation governing any such Retirement Plan or applicable law, (x) Seller is not permitted to name Buyer or its Affiliate as successor trustee or custodian or the IRA grantor or Keogh Plan named fiduciary objects in writing to such assignment, or is entitled to, and does, in fact name a successor trustee or custodian other than Buyer of its Affiliate, or (y) such Retirement Plan includes assets, which are not deposit liabilities of Seller and are not being transferred to Buyer, and the assumption of the deposit liabilities of Seller included in such Retirement Plan would result in a loss of qualification of such Retirement Plan under the Internal Revenue Code of 1986, as amended, or applicable Internal Revenue Service regulations, all deposit liabilities held under such Retirement Plan shall be excluded from the Deposits.

2.10 Risk of Loss.

If the Branches or Fixed Assets are damaged by fire or other casualty prior to the Closing Date, Buyer shall have the option of either: (a) utilizing any insurance proceeds payable by virtue of such loss or damage to restore the damaged Branches or Fixed Assets; or (b) terminating this Agreement solely with respect to the obligations of Buyer to purchase the damaged Branches or Fixed Assets or any of the other Assets related thereto and/or to assume the Liabilities related thereto (other than the Loans and Deposits, at Buyer's option), without liability to Buyer.

III. CONSIDERATION

3.1 Calculation.

In consideration of Buyer's purchase of the Assets and its assumption of the Liabilities, Seller agrees to pay to Buyer an amount equal to the Deposits, plus accrued interest thereon, less the sum of the following (the "Purchase Price"), in each case calculated as of the close of business on the Closing Date:

(a) the net book value, as determined in accordance with generally accepted accounting principles ("GAAP"), consistently applied, of the Fixed Assets as of the Closing Date;

(b) the Fair Market Value of the Owned Real Property determined in accordance with Section 3.3 in consideration of the Owned Real Property as of the Closing Date;

(c) the principal amount of the Loans and the Cash Reserve Loans, plus accrued interest thereon;

(d) the amount of cash on hand at the Branches;

(e) the principal amount of the Overdrafts;

(f) the net amount (which may be a negative amount) of taxes payable by Buyer and Seller under Section 2.4 (i.e., the amount payable by Buyer less the amount payable by Seller);

(g) the net amount (which may be a negative amount) of any adjustments under Section 2.5 (i.e., the amount payable by Buyer less the amount payable by Seller); and

(h) an amount equal to 10.95 percent of the daily Deposit average for the ten days preceding the Closing Date (the "Amount of Premium"); provided, however, that for purposes of calculating the Amount of Premium, the Deposits shall not include (x) public deposits, or (y) deposits that are the subject of pending or threatened litigation.

3.2 Settlement.

(a) Not later than the Saturday following the Closing Date, Seller shall deliver to Buyer the closing statement prepared in accordance with Seller's customary practices and procedures used in preparing financial statements with Buyer's input and in accordance with the terms of this Agreement, substantially in the form of Exhibit B to this Agreement (the "Closing Statement"), which shall be completed as of the close of business on the Closing Date and be the basis of the payment to be made to Buyer's

account on the Monday following the Closing Date (the "Settlement Payment").

(b) The parties shall cooperate in the preparation of the adjusted closing statement within 30 days after the Closing Date which shall be prepared in accordance with Seller's customary practices and procedures used in preparing financial statements and in accordance with the terms of this Agreement, substantially in the form of Exhibit C to this Agreement (the "Adjusted Closing Statement"), which shall be completed as of the close of business on the Closing Date. By 10:00 A.M. on the Business Day after Buyer and Seller agree to the Adjusted Closing Statement, or Buyer and Seller receive notice of any determination of the Adjusted Closing Statement under subsection (c) below, Seller shall pay by wire transfer to Buyer (or Buyer shall pay by wire transfer to Seller, as the case may be) an amount (the "Adjustment Payment") equal to the amount due stated on the Adjusted Closing Statement, plus interest from the day after the Closing Date through the Adjustment Payment Date at a rate per annum (calculated daily based on a 360-day year) equal to the Federal Funds Rate.

(c) If the parties are unable to agree on the Adjusted Closing Statement within 30 days after the Closing Date, either party may submit the matter to the Mediator, which shall determine all disputed portions of the Adjusted Closing Statement in accordance with the terms and conditions of this Agreement within 30 days after the submission. The parties shall each pay half of the fees and expenses of the Mediator, except that the Mediator may assess the full amount of its fees and expenses against either party if it determines that party negotiated the Adjusted Closing Statement in bad faith. The Adjusted Closing Statement, as agreed upon by the parties and/or determined under this subsection, shall be final and binding upon the parties.

(d) The Settlement Payment and the Adjustment Payment shall each be made by wire transfer of immediately available funds to the account of the party receiving the payment, which account shall be identified by the party receiving the funds to the other party not less than two Business Days prior to such payment.

3.3 Fair Market Value.

The fair market value of the Owned Real Property for purposes of Section 3.1(b) (the "Fair Market Value") shall be determined in accordance this Section 3.3 no later than seventy-five(75) days after the date hereof. Within ten (10) Business Days after the date hereof, the Buyer shall deliver to the Seller a list of three (3) appraisers selected by Buyer. Seller shall then within five (5) days of receiving such list select one (1) appraiser (the "Appraiser") from the list and the Appraiser shall conduct the appraisal under this Section 3.3. The Appraiser shall determine the Fair Market Value of such Owned Real Property for its current use prepared in accordance with customary practices and procedures by an M.A.I. appraiser. For all purposes hereunder, the Fair Market Value shall be the amount of cash which the Appraiser determines would be realized by Seller if Seller sold the Owned Real Property, as a willing seller, to a willing buyer on the Closing Date, in vacant condition to be used solely for their current uses, subject to all liabilities, liens, and other encumbrances to which the Owned Real Property is subject. The costs of any such appraisals shall be paid by Buyer.

3.4 Overdraft Repurchases.

Subject to the provisions set forth in this Section 3.4, Seller agrees to repurchase from Buyer, on demand, Overdrafts which have remained outstanding for forty-five (45) calendar days following the Closing Date. Such repurchase shall occur within five (5) Business Days following the forty-five (45)-day period. The amount of such repurchase shall be equal to the lesser of the balance of the Overdraft as of the Closing Date or the lowest balance of the Overdraft during such forty-five (45)-day period. Notwithstanding Seller's obligation to repurchase Overdrafts, Buyer shall use its reasonable best efforts to collect such Overdrafts prior to the expiration of such forty-five (45)-day period; provided, however, that Buyer's reasonable best efforts to collect Overdrafts shall not require that it initiate or pursue any legal action against any person.

IV. SELLER'S REPRESENTATIONS AND WARRANTIES

Seller makes the following representations and warranties to Buyer.

4.1 Organization, Power and Authority.

(a) Seller is a national banking association duly organized under the laws of the United States, validly existing and in good standing. Seller has the corporate power and authority to enter into and perform this Agreement. The execution and delivery of this Agreement has been duly authorized by all necessary corporate action by Seller. Upon execution and delivery by the parties, this Agreement will constitute a valid and binding obligation of Seller, enforceable in accordance with its terms except as enforcement may be limited by federal and state regulators of Seller or by bankruptcy, insolvency, reorganization, moratorium or other laws of general applicability relating to or affecting creditors' rights, or the limiting effect of rules of law governing specific performance, equitable relief and other equitable remedies or the waiver of rights or remedies.

(b) The performance of this Agreement by Seller will not violate any provision of the Articles of Association or charter or Bylaws of Seller, or any applicable law, rule, regulation, or order or any contract or instrument by which Seller is bound, except for such violations which alone, or taken in the aggregate, would not reasonably be expected to have a Seller Material Adverse Effect.

4.2 Litigation and Regulatory Proceedings.

There are no actions, complaints, petitions, suits or other proceedings, or any decree, injunction, judgment, order or ruling, entered, promulgated or pending or (to Seller's knowledge) threatened against Seller or any of the Assets or the Liabilities, which alone, or taken in the aggregate, reasonably would be expected to have a Seller Material Adverse Effect. No governmental agency has notified Seller that it would oppose or not approve or consent to the transactions contemplated by this Agreement and Seller knows of no reason for any such opposition, disapproval or nonconsent.

4.3 Consents and Approvals.

No consents, approvals, filings or registrations with any third party or any public body, agency or authority are required in connection with Seller's consummation of the transactions contemplated by this Agreement, other than any required lessor consents to the assignment of the Real Property Leases and as may be required as a result of any facts or circumstances relating solely to Buyer.

4.4 Owned Real Property.

(a) Schedule 1.1(a) contains a list of all the Owned Real Property.

(b) Seller will convey good and Marketable Title, such as is insurable by any reputable title insurance company, to the Owned Real Property, free and clear of all encumbrances, except for easements, restrictions and other encumbrances of record or visible from the ground, applicable zoning laws, building restrictions and all other laws of duly constituted public authorities, grants of public rights of way, standard exceptions in the title insurance policy (except for those to be removed pursuant to Section 9.3), and liens for taxes and assessments not delinquent. Seller shall maintain in effect from the date of this Agreement until the Closing Date, all property, liability, fire and casualty insurance in effect as of the date hereof with regard to the Owned Real Property, including the structures, leasehold improvements and Fixed Assets relating to the Branches.

(c) To the knowledge of Seller, Seller has not received any written notice of violation, citations, summonses,

subpoenas, compliance orders, directives, suits, other legal process, or other written notice of potential liability under applicable environmental, zoning, building, fire and other applicable laws and regulations relating to the Owned Real Property.

(d) To the knowledge of Seller, Seller has not received any written notice of a condemnation proceeding relating to the Branches.

(e) To Seller's knowledge, Seller has received no notice of any existing or pending special assessments affecting the Owned Real Property, which may be assessed by any governmental authority, water or sewer authority, drainage district or any other special taxing district.

(f) To Seller's knowledge, there are no outstanding agreements, options or commitments of any nature obligating Seller to transfer any of the Branches, Owned Real Property or rights or interests therein to any other party.

(g) To Seller's knowledge there are no leases, subleases, licenses or other rental agreements or occupancy agreements (written or oral) which grant any possessory interest in and to any space situated on or in the Owned Real Property or that otherwise give rights with regard to the use of the Owned Real Property or the Leased Facilities or any portion thereof, except as set forth on Schedule 4.4(g).

4.5 Fixed Assets.

Seller has good and marketable title to the Fixed Assets, free and clear of all encumbrances, claims, charges, security interests, or liens, if any, which do not materially detract from the value of or interfere with the use of the Fixed Assets. The Fixed Assets are in all material respects in satisfactory working order and condition, ordinary wear and tear excepted.

4.6 Ownership of Cash Reserve Loans.

Seller has full power and authority to hold each Cash Reserve Loan, and has good title to the Cash Reserve Loans free and clear of all liens and encumbrances. Seller is authorized to sell and assign the Cash Reserve Loans to Buyer and, upon such assignment, Buyer will have the rights of Seller with respect to the Cash Reserve Loans in accordance with the terms and conditions thereof.

4.7 Loans.

(a) Seller has full power and authority to hold each Loan, and has good and marketable title to the Loans free and clear of all liens and encumbrances. Seller is authorized to sell and assign the Loans to Buyer and, upon assignment, Buyer will have the rights of Seller with respect to the Loans in accordance with the terms and conditions thereof.

(b) Each Loan was originated in conformity in all material respects with applicable laws and regulations; and its principal balance as shown on Seller's books and records is true and correct as of the last day shown thereon. None of the Loans is an Excluded Loan. Seller has complied in all material respects with all of their obligations under the Loan Instruments.

(c) Other than the representations and warranties in Section 4.7(a) and (b), all Loans and Loan Instruments transferred to Buyer on the Closing Date pursuant to Section 2.1(d) shall be transferred on an "AS IS" basis and without recourse to Seller and without any representations or warranties as to the collectibility of any such Loan or the creditworthiness of any such obligor.

4.8 Validity of and Compliance with Real Property Leases.

The Real Property Leases are valid and existing leases under which Seller, as lessee, is entitled to possession of the leased premises. To Seller's knowledge, no event has occurred and is continuing, which constitutes a default under any of the Real Property Leases. Subject to Seller's obtaining any necessary landlord consents, the assignment of such leases will transfer to Buyer all of Seller's rights under the Real Property

Leases.

4.9 Compliance with Certain Laws.

The Deposit Accounts and the Cash Reserve Lines of Credit were opened, extended or made, and have been maintained, in accordance with all applicable federal, state and local laws, regulations, rules and orders, and the Branches have been operated in compliance with Seller's policies and procedures and all applicable federal, state and local laws, regulations, rules and orders, except for such instances of noncompliance which do not have, and are not reasonably likely to have, a Seller Material Adverse Effect.

4.10 FDIC Insurance.

The Deposits are insured by the Federal Deposit Insurance Corporation through the Bank Insurance Fund to the extent permitted by law, and all premiums and assessments required to be paid in connection therewith have been paid when due by Seller.

4.11 Deposit, Loan and Other Data.

All written or magnetically (or otherwise) recorded information relating to the Assets and the Liabilities that have been delivered (or will be delivered) by or on behalf of Seller to Buyer was (or will be when delivered in the future) accurate in all materials respects as of the date provided.

4.12 Organization.

Seller is a national banking association duly organized, validly existing and in good standing under the laws of the United States.

4.13 Tenants.

Except as set forth on Schedule 4.13, there are no tenants or other occupants of the Owned Real Property or the Leased Facilities.

4.14 Untrue Statements.

No representation or warranty by Seller in this Agreement or any exhibit hereto, and/or any statement, schedule, list or officer's certificate furnished or to be furnished to Buyer pursuant hereto or in connection with the transactions contemplated hereby contains or will contain, as of the date of delivery thereof or as amended or supplemented at the Closing Date and at the date of payment of the Adjustment Payment, respectively, any untrue statement of material fact, or, to Seller's knowledge, omits or will omit to state any material fact, necessary to make the statements contained herein or therein not misleading.

V. BUYER'S REPRESENTATIONS AND WARRANTIES

Buyer makes the following representations and warranties to Seller.

5.1 Organization, Power and Authority.

(a) Buyer is a state chartered bank duly organized under the laws of Florida, validly existing and in good standing. Buyer has the corporate power and authority to enter into and perform this Agreement. The execution and delivery of this Agreement has been duly authorized by all necessary corporate action by Buyer. Upon execution and delivery by both parties, this Agreement will constitute a valid and binding obligation of Buyer, enforceable in accordance with its terms except as enforcement may be limited by federal and state regulators of Buyer or by bankruptcy, insolvency, reorganization, moratorium or other laws of general applicability relating to or affecting creditors' rights, or the limiting effect of rules of law governing specific performance, equitable relief and other equitable remedies or the waiver of rights or remedies.

(b) The performance of this Agreement by Buyer will not violate any provision of the Articles of Association, charter, Bylaws or similar governing documents of Buyer, or

any applicable law, rule, regulation, or order or any contract or instrument by which Buyer is bound except for such violations which alone, or taken in the aggregate, would not reasonably be expected to have a Buyer Material Adverse Effect.

5.2 Litigation and Regulatory Proceedings.

There are no actions, complaints, petitions, suits or other proceedings, or any decree, injunction, judgment, order or ruling, entered, promulgated or pending or (to Buyer's knowledge) threatened against Buyer or any of its properties or assets which alone, or taken in the aggregate, reasonably would be expected to have a Buyer Material Adverse Effect. No governmental agency has notified Buyer that it would oppose or not approve or consent to the transactions contemplated by this Agreement, and Buyer knows of no reason for any such opposition, disapproval or nonconsent.

5.3 Consents and Approvals.

Except for required regulatory approvals no consents, approvals, filings or registrations with any third party or any public body, agency or authority are required in connection with Buyer's consummation of the transactions contemplated by this Agreement other than what may be required as a result of any facts or circumstances relating solely to Seller.

5.4 Regulatory Capital and Condition.

To Buyer's knowledge, Buyer is in compliance with all capital standards as of the date hereof, and has no reason to believe that it will be unable to obtain the required regulatory approvals for the transactions contemplated by this Agreement solely as a result of its current level of regulatory capital. As of the date of this Agreement, there is no pending or threatened legal or governmental proceedings against Buyer or to Buyer's knowledge any Affiliate that would affect Buyer's ability to obtain the required regulatory approvals or satisfy any of the other conditions required to be satisfied in order to consummate any of the transactions contemplated by this Agreement.

5.5 Untrue Statements.

No representation or warranty by Buyer in this Agreement or any exhibit hereto, and/or any statement, schedule, list or officer's certificate furnished or to be furnished to Seller pursuant hereto or in connection with the transactions contemplated hereby contains or will contain, as of the date of delivery thereof or as amended or supplemented at the Closing Date and at the date of payment of the Adjustment Payment, respectively, any untrue statement of material fact or, to Buyer's knowledge, omits or will omit to state any material fact, necessary to make the statements contained herein or therein not misleading.

VI. ADDITIONAL AGREEMENTS OF SELLER

6.1 Access to Seller's Premises, Records and Personnel.

(a) Upon execution of this Agreement, Seller shall give Buyer and its representatives such access to the Branches as Buyer may reasonably request, provided that Buyer does not unreasonably interfere with the business operations of the Branches. Seller shall not be required to provide access to or to disclose information where such access or disclosure would violate or prejudice the legal rights of any customer or employee or attorney-client privilege or would be contrary to law, rule, regulation or any legal or regulatory order or process or any fiduciary duty or binding agreement entered into prior to the date of this Agreement, none of which shall have a material adverse effect on Buyer's ability to conduct its due diligence under this Agreement.

(b) Anything contained in this Agreement to the contrary notwithstanding, Seller shall not be required to disclose, or to cause the disclosure to Buyer or its representatives (or provide access to any offices, properties, books or records of Seller, that could result in the disclosure to such Persons or others), of any tax returns and/or any work papers relating thereto or any other confidential information relating to income or franchise taxes or other taxes of Seller, or trade secrets, patent or trademark applications, or product research and development belonging to or performed by or for Seller, nor shall Seller be required to permit or to cause others to permit Buyer or

its representatives to copy or remove from the offices or properties of Seller any documents, drawings or other materials that might reveal any such confidential information; provided, however, Buyer shall have access to tax returns to the extent that liability for the taxes at issue could be imposed on Buyer.

(c) At Buyer's request and subject to Section 11.11, Seller shall authorize and permit certain of its officers and members of management to engage in discussions with Buyer for the purposes of discussing the operations of the Branches negotiating and concluding management employment contracts, employee benefit plans, and new incentive plans and Buyer shall maintain the confidentiality of any information furnished by such officers or members of management of Seller pursuant to such discussions with Buyer, except to the extent disclosure is required by applicable law or court process.

6.2 Regulatory Approvals.

Seller agrees to use its reasonable best efforts to obtain promptly any regulatory approval on which its consummation of the transactions contemplated by this Agreement is conditioned. Seller also agrees to cooperate with Buyer in obtaining any regulatory approval which Buyer must obtain before the Closing. Seller shall notify Buyer promptly of any significant development and provide copies of all correspondence with respect to any application it files under this Section. Seller also shall provide Buyer with a copy of any regulatory approval it receives under this Section, promptly after Seller's receipt of the same.

6.3 Conduct of Business.

Except as provided in this Agreement or as may otherwise be agreed upon by Buyer, Seller will continue to carry on its operations at the Branches until the Closing in the ordinary course of business, consistent with prudent business practices. From the date hereof through the Closing Date, Seller

(a) shall use reasonable efforts to maintain and preserve intact its advantageous business relationships, including relationships with the Branches' customers;

(b) other than in the ordinary course of business, shall not purchase or dispose of any Assets with an aggregate value in excess of $5,000 without the prior written consent of Buyer, which shall not be unreasonably withheld;

(c) except as otherwise provided in this Agreement, shall not specifically encourage or solicit any customer maintaining an account at the Branches in any manner to transfer such account to Seller or any other financial institution;

(d) without the prior written consent of Buyer, which shall not be unreasonably withheld, shall not pay above market rates on the Deposits or conduct any special promotion or premium for new accounts or additional deposits to existing accounts specifically for the Branches;

(e) shall not institute any changes in wages, salaries or payments paid to employees of the Branches, other than normal raises and adjustments in the ordinary course of business and consistent with past practice;

(f) shall not, without the prior written consent of Buyer, which shall not be unreasonably withheld, make any commitments for expenditures of a capital nature for the Branches;

(g) shall not dispose of any part of the Branches without the consent of Buyer;

(h) shall make no changes in the personnel employed at the Branches other than terminations for cause or replacement of departed personnel. Seller shall not transfer any of the Employees to any of its other facilities from the date hereof through the Closing Date; provided, however, that Seller may transfer any Employees who have voluntarily posted for other positions with Seller, as identified on Schedule 6.3(h), prior to the date of the announcement of the Agreement. Seller also agrees that it shall not hire any employees employed at the Branches after the announcement of the Agreement until the Closing Date;

(i) shall not change any of its deposit account practices specific to the Branches, except as required by changes in applicable law or Seller's practice with respect to its deposit accounts generally; provided, however, that any such change in Seller's practices shall not adversely affect the consummation of the transactions contemplated by the Agreement.

(j) shall not take any action which would materially affect Buyer's rights hereunder or the Assets or the Liabilities; and

(k) shall take no action which would adversely affect or delay the ability of any party hereto to obtain any regulatory approval or to perform its covenants and agreements under this Agreement.

Seller shall maintain the Owned Real Property and the Leased Facilities in their current condition, ordinary wear and tear excepted and shall not terminate the operation of any Branch, unless those operations cease due to events beyond Seller's control or as required by law. Seller will notify Buyer of any event of which Seller obtain knowledge which would make any of Seller's representations under Article IV of this Agreement false in any material respect.

6.4 Covenant of Seller's Not to Solicit.

Seller hereby agrees that for a period of two (2) years from the Closing Date, Seller and its Affiliates shall not specifically target and solicit customers of the Branches whose Deposits or Loans are being assumed or purchased by Buyer; provided, however, that nothing in this Section 6.4 shall (i) restrict general mass mailings, telemarketing calls, statement stuffers, advertisements or other similar communications whether in print, on radio, television, the Internet, or by other means that are directed to the general public or to a group of customers who may include customers of the Branches, provided that such group is defined by criteria other than primarily as customers of the Branches,(ii) otherwise prevent Seller or its Affiliates from taking such actions as may be required to comply with applicable federal or state laws, rules or regulations or from servicing or communicating with the then-current customers of Seller or its Affiliates, or (iii) restrict or prevent Seller or its Affiliates from soliciting or providing any CAP accounts, commercial loans, brokerage, capital markets, trust, investment advisory or any other financial services or products to any customer whose Deposits are assumed by, or whose Loan is assigned to, Buyer pursuant to this Agreement or any other customer, except that neither Seller nor any of its Affiliates may solicit any deposit or lending business that has the purpose or effect of replacing in whole or in part any Deposit assumed by, or Loan assigned to, Buyer pursuant to this Agreement.

6.5. Covenant of Seller not to Compete.

Seller hereby agrees not to open a de novo full-service branch facility within the county in which each Branch is located (the "Noncompete Area") for a period of one (1) year from the Closing Date; provided, however, that the Seller, or its Affiliates, shall be expressly permitted to acquire a commercial bank notwithstanding the fact that the commercial bank to be acquired has a branch or other facility in the Noncompete Area so long as a substantial part of the business and assets of such institution are located outside of the Noncompete Area (an "Acquired Commercial Bank"). In the event that Seller decides to sell any branches located within the Noncompete Area of such Acquired Commercial Bank within one (1) year of the date of this Agreement, then Buyer shall have a right of first refusal with respect to such branches at the same percentage of premium that Seller paid to the Acquired Commercial Bank.

6.6 Consents.

Within sixty (60) days from the date hereof, Seller agrees to use its reasonable best efforts to obtain from lessors and any other parties to any Real Property Leases any required consents to the assignment of such leases and agreements that will occur as a result of this Agreement or the transactions contemplated hereby. If any such required consent cannot be obtained, then the Agreement shall be terminated with respect to such Branch (including with respect to the Assets and Liabilities associated with such Branch)); provided, however, that prior to such termination, the parties hereby agree to negotiate in good faith (including negotiation of the amount of premium with

respect to the deposits associated at such Branch), and Buyer and Seller shall use their reasonable best efforts, to make alternative arrangements reasonably satisfactory to Buyer and Seller that provide Buyer, to the maximum extent reasonably possible, the benefits of such Branch or other Owned Real Property or Leased Facility in a manner that does not violate the underlying lease or agreement.

6.7 Movement of Deposits.

Seller agrees that unless expressly requested by the customer, accounts will not be moved by Seller into or out of the Branches until a documented process has been reviewed and approved by Buyer (details of which shall be documented in the Working Agreement). All account movement under the approved process will be completed by thirty (30) days prior to the Closing Date. Seller also agrees that regardless of the aforementioned process, all accounts where the customer lives outside of a centroid of 35 miles of the zip codes of the Branches and the customer has not transacted business in any of the Branches for the prior three (3) months will be removed from the sale no later than thirty (30) days prior to Closing..

6.8 Buyer's Right to Reject Loans.

(a) During the period beginning on a date no later than seventy-five (75) calendar days after the execution of this Agreement and ending on the eighth (8th) Business Day after such date (the "Review Period"), Seller shall afford to the officers and authorized representatives of Buyer, subject to Seller's normal security requirements, access to all necessary Loan Instruments relating to the Loans and Cash Reserve Loans existing on the date thereof in order that Buyer may have full opportunity to make reasonable investigations of the Loans and Cash Reserve Loans, the Loan Instruments and the Loan collateral.

(b) During the period beginning two (2) weeks prior to the Closing Date and ending three (3) Business Days after such date (the "New Loan Review Period"), Seller shall afford to the officers and authorized representatives of Buyer, subject to Seller's normal security requirements, access to all necessary Loan Instruments relating to the Loans and Cash Reserve Loans that were originated after the date hereof and were not included in the Review Period described in section 6.8(a), in order that Buyer may have full opportunity to make reasonable investigations of the Loans and Cash Reserve Loans, the Loan Instruments and the Loan collateral.

(c) Notwithstanding the foregoing, Seller shall not be required to provide access to or to disclose information during the Review Period or the New Loan Review Period where such access or disclosure would violate or prejudice the legal rights of any customer or employee or attorney-client privilege or would be contrary to law, rule, regulation or any legal or regulatory order or process or any fiduciary duty or binding agreement entered into prior to the date of this Agreement (none of which will have a material adverse effect on Buyer's ability to conduct its due diligence under this Agreement).

(d) No later than four (4) Business Days following the expiration of the Review Period and the New Loan Review Period, Buyer shall notify Seller in writing of the existence of any of the following defects relating to the Loans (any such Loan being called an "Identified Loan"):

(i) Loan Instruments, which are material to the enforceability of a Loan, have been lost or are missing or are reasonably believed by Buyer to be defective or unenforceable;

(ii)a Loan is an Excluded Loan;

(iii) a Loan was not originated or has not been administered in compliance in all material respects with applicable laws or the Loan Instruments pertaining to such Loan are not legal, valid and binding or do not contain the true signature of an obligor;

(iv)Seller's rights in any collateral are not perfected or enforceable, or the priority of such rights are not as reflected in the records;

(v)The Loan is 30-89 days past due;

(vi)The loan has been thirty (30) days past due more than two (2) times and the most recent FICO score is

less than six hundred (600); or

(vii) any loan that is the subject of pending or threatened litigation;

(e) Following receipt of any such notice, and at any time prior to the date of notification to the customers of the assignment of the Loans pursuant to applicable law, Seller may in its sole discretions attempt to cure any such defect to Buyer's reasonable satisfaction. If Seller is unable or unwilling to cure such defect to Buyer's reasonable satisfaction, Buyer shall have the right to reject such Identified Loan.

(f) From the period beginning two weeks before the Closing Date and ending on the Closing Date, Seller shall not originate any new Loans, or a new Cash Reserve Loan in excess of $25,000, without the prior consent of Buyer.

(g) Buyer's investigation and right to reject pursuant to this Section 6.8 shall not modify, diminish or have any affect on Seller's representations and warranties or obligation to indemnify Buyer, or on Buyer's rights, set forth in this Agreement.

VII. ADDITIONAL AGREEMENTS OF BUYER

7.1 Regulatory Approvals.

Buyer shall prepare and file, with the assistance of Seller, as soon as practicable, but not later than twenty (20) calendar days following the date of this Agreement, all applications, as required by law, to the appropriate federal and/or state regulatory authorities for approval to effect the transactions contemplated by this Agreement and shall use its good faith efforts to obtain such approvals. Buyer also agrees to cooperate with Seller in obtaining any regulatory approval which Seller must obtain before the Closing. Buyer shall notify Seller promptly of any significant development with respect to any application it files under this Section. Buyer also shall provide Seller with a copy of any regulatory approval it receives under this Section, promptly after Buyer's receipt of the same.

7.2 Change of Name, Etc.

Immediately after the Closing, Buyer will (a) change the name and logo on all documents and facilities relating to the Assets and the Liabilities to Buyer's name and logo, (b) notify all persons whose Cash Reserve Loans, Loans, or Deposits are transferred under this Agreement of the consummation of the transactions contemplated by this Agreement, and (c) provide all appropriate notices to the Federal Deposit Insurance Corporation and any other regulatory authorities required as a result of the consummation of such transactions. Buyer agrees not to use any forms or other documents bearing Seller's or any Affiliates' name or logo after the Closing without the prior written consent of Seller, and, if such consent is given, Buyer agrees that all such forms or other documents to which such consent relates will be stamped or otherwise marked in such a way that identifies Buyer as the party using the form or other document. As soon as practicable and, in any event, not more than ten (10) nor less than two (2) calendar days prior to the Closing Date, Buyer will mail new checks reflecting its transit and routing number to customers of the Branches with check writing privileges. Buyer shall use its best efforts to encourage these customers to begin using such checks and cease using checks bearing Seller's name.

7.3 Owned Real Property and Leased Facilities.

(a) Purchase of Owned Real Property and Assignment of Leased Facilities.

Except as expressly set forth in this Agreement, Buyer hereby acknowledges and agrees that: (i) Buyer is expressly purchasing the Owned Real Property and is taking assignments of and assuming the Leased Facilities in its existing condition "AS IS, WHERE IS, AND WITH ALL FAULTS" with respect to any facts, circumstances, conditions and defects; (ii) Seller has no obligation to repair or correct any such facts, circumstances, conditions or defects or to compensate Buyer for same; (iii) Seller has specifically bargained for the assumption by Buyer of all responsibility to inspect and investigate the Owned Real Property and the Leased Facilities and of all risk of adverse conditions; and (iv) Buyer has or will have prior to

the Closing undertaken all such physical inspections and examinations of the Owned Real Property and the Leased Facilities as Buyer deems necessary or appropriate as to the condition of the Owned Real Property and the Leased Facilities. Except as expressly set forth in this Agreement, Buyer acknowledges that Seller has made no representations or warranties and shall have no liability to Buyer (and Buyer hereby waives any right to recourse against Seller) with respect to the conditions of the soil, the existence or nonexistence of hazardous substances, any past use of the Owned Real Property, the economic feasibility of the Owned Real Property and the Leased Facilities, or the Owned Real Property's and Leased Facilities' compliance or noncompliance with all laws, rules or regulations affecting the Owned Real Property and the Leased Facilities.

(b) Buyer Due Diligence.

Buyer may, at Buyer's option, within forty-five (45) days from the date of this Agreement, undertake such physical inspections and examinations of the Owned Real Property and the Leased Facilities (subject to any landlord's approval or consent as may be required), and the legal title thereto, including such inspections of the buildings thereon, as Buyer deems necessary or appropriate. The cost of any such inspections and examinations shall be responsibility of Buyer. On or before the Closing Date, Buyer may, at Buyer's expense, have a survey prepared with respect to each Branch.

(i) Existence of Material Defect.

If Buyer shall discover a Material Defect, as defined herein, as a result of Buyer's inspections and examinations, Buyer shall give Seller written notice as soon as possible (but in no event later than the expiration of the 45 day period) describing the facts or conditions constituting such Material Defect and the measures which Buyer reasonably believes are necessary to correct such Material Defect. Seller shall notify Buyer within five (5) days of receipt of such written notice whether Seller elects to cure such Material Defect or terminate the Agreement with respect to such Branch, unless Buyer elects to waive such Material Defect. If Seller elects to cure, then Seller shall have thirty (30) days from the date of the receipt of Buyer's notice, or such later time, which shall not be later than the Closing Date, as shall be mutually agreeable to the parties in which to cure such Material Defect to Buyer's reasonable satisfaction and Seller's reasonable cure shall be a condition to Buyer's obligation to purchase the Assets and assume the Liabilities with respect to such Branch under this Agreement. If Seller fails to cure a Material Defect within such thirty (30) day period, or if Seller elects not to cure a Material Defect, Buyer may terminate this Agreement with respect to the Branches that have such Material Defect (including with respect to the Assets and Liabilities associated with such Branches); provided, however, that Buyer agrees to negotiate with Seller according to the process described in Section 7.3(b)(ii) prior to exercising Buyer's right to terminate the Agreement with respect to any such Branch. "Material Defect" shall mean the existence of:

(x) a lien or encumbrance or other title defects on the legal title, or a zoning violation not waived or grandfathered for use as a branch bank which would run to Buyer, or a substantial land use defect affecting use as a branch bank as shown on a current accurate survey furnished by Buyer, to the Owned Real Property (or to the Leased Facilities, but only to the extent affecting use as a branch bank), which Seller cannot clear title or cure the defect by providing an indemnification to the title insurance company or other entity or using reasonable efforts and expending no more than $25,000 with respect to one Owned Real Property

(provided Seller agrees to use reasonable efforts and expend up to $25,000 to cure such defects);

(y) any discharge, disposal, release or emission (or presence, but only if such presence violates Federal State or local laws) of any Hazardous Material in the ground or the structure of the Owned Real Property or Leased Facilities or the existence of any underground storage tank for which the Buyer has been advised in writing by its legal counsel that the tank is not in compliance with Federal, state or local laws; or

(z) with respect to the buildings, material deficiencies in the plumbing, electrical, HVAC, drive thru air transport system, roof, walls, or foundations.

Provided, however, that in addition to satisfying the criteria described in the preceding subsections (y) and (z), the cost to cure such conditions shall be more than $10,000 individually, or more than $75,000 in the aggregate, based on a reasonable good faith estimate from a reliable third party. The parties further agree that the provisions set forth in Section 7.3(b)(ii) shall govern the risk and responsibility of the parties in connection with any such expense in excess of such amounts with respect to each Owned Real Property and Leased Facility.

(ii) Continued Existence of Material Defect; Negotiation by Buyer and Seller.

If Seller does not elect to cure any such Material Defect or is unable to cure such Material Defect to Buyer's reasonable satisfaction at least thirty (30) days prior to the Closing, and Buyer does not elect to waive such Material Defect, the parties shall negotiate in good faith with a view towards arriving at a mutually acceptable resolution of the issue. The parties further intend that the effort to identify a mutually acceptable resolution shall include consideration by the parties of the following:

(x) subject to Seller's ability to do so pursuant to the terms of its Real Property Lease relating to any Leased Facilities, Buyer may in its sole discretion purchase the assets related to the subject Owned Real Property or Leased Facility other than the Owned Real Property (in which case the Purchase Price shall be adjusted accordingly) and assume the liabilities (other than the Real Property Lease) associated with the Owned Real Property or Leased Facility affected by the Material Defect, and lease (or sublet in the case of any Leased Facilities) the real estate and improvements associated therewith from Seller for a period of twelve (12) months at their fair market rental value (or, in the case of a sublease, Seller's then current rental payments) and on such other terms as shall be mutually agreeable to Seller and Buyer and during which time Buyer may construct or arrange for another facility in which to operate the business of the affected Owned Real Property or Leased Facility;

(y) indemnification of Buyer by Seller; provided, however, with regard to the Leased Facilities, Seller would only indemnify and defend Buyer from any expenses arising out of a Material Defect set forth in Section 7.3(b)(i)(z), identified by Buyer during the review period set forth in Section 7.3(b) and for which timely notice has been given to Seller, existing on the Leased Facilities on the date of assignment of the Real Property Leases to Buyer which is the responsibility

of Seller as lessee under such Real Property Lease, it being understood that this covenant would be effective only during the initial term of Buyer's leasehold interest (excluding renewals, extensions, and new leases) and would not extend to liability arising out of Buyer's acts or omissions, and provided, further, that Seller's obligation to indemnify Buyer would not be required to exceed $250,000 in the aggregate; or

(z) adjustment of the Purchase Price; provided, however, any such Purchase Price adjustment would not exceed $250,000 in the aggregate.

In the event that the parties are unable to reach a mutually satisfactory resolution, then Buyer shall have the right in its sole discretion to terminate the Agreement with respect to such Branch (including with respect to the Assets and Liabilities associated with such Branch).

(iii) Lessor Consent to Cure of Material Defect.

With regard to the Leased Facilities, Buyer and Seller understand that conducting the inspections and affecting the cure of a Material Defect, if any, may require the action or the consent of the lessor. In the event that the lessor elects not to undertake such action or give such consent relating to the cure of a Material Defect, then Buyer may terminate the Agreement with respect to such Branch (including with respect to the Assets and Liabilities associated with such branch).

(c) Access to Seller's Records.

In connection with Buyer's inspections and examinations of the Owned Real Property and the Leased Facilities, Seller shall, to the extent of Seller's Access, within fifteen (15) days of the date of this Agreement, and subject to the provisions of Section 7.3(d), provide Buyer with copies of all assessments (including Phase I and Phase II reports), audits, correspondence, notices, letters, determinations and plans and the documents relating to the discharge, or the potential discharge, remediation or cleanup of Hazardous Material on Owned Real Property or the Leased Facilities; provided, however, that such copies shall be provided for informational purposes only and Seller makes no representations or warranties with respect to the contents thereof.

(d) Confidentiality of Seller's Records.

No information or the contents of any environmental audits, nor the results of any investigation of the Owned Real Property or the Leased Facilities conducted pursuant to this section, including, but not limited to, the contents of the report issued in connection therewith, shall be disclosed by Buyer or its agents, consultants or employees to any third party without Seller's prior written approval, unless and until Buyer is legally compelled to make such disclosure under applicable laws or until Buyer completes its purchase of the Owned Real Property or assumes the Real Property Lease pursuant to this Agreement. Notwithstanding the foregoing, Buyer may disclose such matters to its directors, executive officers, legal counsel and such employees who are reasonably required to receive such disclosure (such parties being referred to as "Buyer" for purposes of this section), the specific identities of whom shall be supplied to Seller prior to any permitted disclosure to such party by Buyer. If this Agreement is terminated for any reason, Buyer shall immediately deliver and/or return to Seller any and all documents, plans and other items furnished to Buyer pursuant to this section.

7.4 Closing of Branches.

Prior to the Closing Date, Buyer shall not provide any notification to customers, regulatory agencies or any other party

as to its intention to close any of the Branches.

VIII. SELLER'S EMPLOYEES

8.1 Transferred Employees.

(a) Buyer will offer to employ all of the Employees effective as of the Closing Date. Buyer will communicate offers of employment in accordance with legal requirements and in a form mutually acceptable to Seller and Buyer. All such Employees shall be offered employment with Buyer in all cases (i) in a position requiring comparable skills and abilities as such Employee's position with Seller on the Closing Date, (ii) with annual base salary, or weekly or hourly rate of pay which is equal to such Employee's pay with Seller on the Closing Date, (iii) at a work location not more than 30 miles from such Employee's work location with Seller on the Closing Date, and (iv) with a work schedule that is not changed by more than 10% from such Employee's work schedule with Seller on the Closing Date (a "Comparable Job Offer"). Buyer hereby agrees to pay any severance benefits to any Employee who is not offered a Comparable Job Offer and does not otherwise accept employment with Buyer in accordance with the terms set forth on Schedule 8.1(a); provided, however, that Buyer shall not pay severance pay or benefits to any Transferred Employee who is terminated for cause. Each Employee who accepts Buyer's offer of employment and commences employment with Buyer hereunder shall be referred to as a "Transferred Employee" for purposes of this Agreement. Buyer hereby agrees to use its reasonable best efforts to cooperate with Seller in obtaining, in connection with any acceptance of an offer of employment with Buyer, an executed release from such Transferred Employee providing that Seller and its Affiliates shall not be responsible for any severance claims or obligations for such Transferred Employee with respect to any severance plan, policy or practices of Seller or any of its Affiliates or predecessors. With respect to any Employee who accepts an offer of employment from Buyer who on the Closing Date is on military leave, sick leave, maternity leave, short-term disability or other leave of absence approved by Seller (but excluding any Employee absent by reason of long-term disability, for whom Seller will retain all liability), except as required by applicable law, Buyer need only employ such Employee for the period beginning after such absence if such Employee returns to employment in accordance with the terms of such Employee's leave. Any such Employee will cease employment with Seller at the end of such leave of absence.

(b) Seller is responsible for the filing of Forms W-2 with the Internal Revenue Service and any required filing with state tax authorities, with respect to wages and benefits paid to each Transferred Employee for periods ending on or prior to the Closing Date.

(c) Seller agrees that, for a period of one (1) year following the Closing Date, Seller will not employ or attempt to employ any employee of the Branches not listed in Schedule 6.3(h) at one of Seller's facilities within fifty (50) miles of any of the Branches; provided, that Seller shall not be precluded from hiring any Employee who has been terminated by Buyer.

8.2 Certain Other Obligations of Buyer.

(a) (i) Following the Closing, Buyer shall not have any liability or obligation under any Benefit Plans or any other program or arrangement of Seller or an ERISA Affiliate thereof under which any current or former employee of Seller or any of its Affiliates has any right to any benefits;

(ii) Upon the Closing, the participation of Transferred Employees in the Benefit Plans shall cease in accordance with the terms of such plans; and

(iii) With respect to the Transferred Employees, Seller shall be responsible for any welfare benefits or claims which, by reason of events which take place on or prior to the Closing Date, become payable under the terms of any Welfare Benefit Plan. With respect to Transferred Employees, Buyer shall be responsible for any welfare benefits or claims which become payable by reason of events that take place after the Closing Date.

(b) (i) From and after the Closing Date, Buyer shall provide the Transferred Employees with employee benefit plans, programs, and arrangements (including a "group health plan" within the meaning of Section 5000(b)(1) of the Code) that are no less favorable in the aggregate than the employee benefit plans, programs, and arrangements generally provided on the Closing Date to other similarly situated employees of Buyer; provided, however, that Buyer shall not pay severance pay or benefits to any Transferred Employee who is terminated for cause. Subject to the terms and conditions of such arrangements, such Transferred Employees will be fully eligible to participate in Buyer's bonus and other incentive arrangements from the commencement of such Transferred Employees employment with Buyer to the same extent as Buyer's similarly situated employees;

(ii) Buyer will grant for purposes of vacation benefits, severance pay and all welfare benefit plans (as defined in ERISA) past service credit to all Transferred Employees for periods of time credited to such Transferred Employees under the Welfare Benefit Plans. To the extent that any Transferred Employee has satisfied in whole or in part any annual deductible under a Welfare Benefit Plan, or has paid any out-of-pocket expenses pursuant to any Welfare Benefit Plan co-insurance provision, such amount shall be counted toward the satisfaction of any applicable deductible or out-of-pocket expense maximum, respectively, under the benefit plans and programs provided to Transferred Employees by Buyer, and such plans and programs shall be applied without regard to any limitations relating to preexisting conditions or required physical examinations that would not otherwise apply under the respective Welfare Benefit Plans to the extent that such Transferred Employees are covered by the Welfare Benefit Plans on the Closing Date;

(iii) Buyer shall take whatever action is necessary, including amendment of its defined contribution pension plan, to grant to each Transferred Employee past service credit for all purposes (including any waiting period) under Buyer's defined contribution pension plan for all periods of service credited to each such Transferred Employee under the Seller's defined contribution pension plan. As soon as reasonably practicable after the Closing Date, Seller shall provide to Buyer such information as Buyer reasonably requires to establish the service for the Transferred Employees credited under the Seller's defined contribution pension plan;

(iv) As of the Closing Date, Seller will permit participants in Seller's defined contribution pension plan who become Transferred Employees to initiate a distribution from Seller's 401(k) plan;

(v) Buyer shall take whatever action is necessary, including amendment of its defined benefit pension plan, to grant to each Transferred Employee past service credit for service which has been granted under Seller's defined benefit pension plan, for all purposes, other than benefit accrual, under Buyer's defined benefit pension plan; and

(vi) Buyer shall provide coverage under Buyer's severance plan, policies and practices for each Transferred Employee as of the Closing Date. For a period of twelve (12) months following the Closing Date any Transferred Employee who shall be entitled to any such severance shall receive from Buyer the greater of the benefits under either Buyer' severance plan, policies and practices or Seller's current severance plan, policies and practices; provided, however, that Buyer shall not pay severance to any employee terminated for cause.

8.3 Training.

Seller shall permit Buyer to train the Transferred Employees before Closing with regard to Buyer's operations, policies and procedures at Buyer's sole cost and expense. To the extent reasonable, and with the mutual agreement of Buyer and Seller, this training shall take place outside of business hours and may take place at the Branches

IX. CLOSING AND CONDITIONS TO CLOSING

9.1 Time and Place of Closing.

The Closing shall be on a date mutually agreed upon by

the parties (the "Closing Date"), which shall be on a Friday and shall be not less than 45 calendar days after the last regulatory approval necessary for the Closing has been obtained by Buyer (without regard to any statutory waiting periods following such approval). Buyer understands and agrees that Seller desires to effect the Closing on February 9, 2001 and no later than March 30, 2001. The Closing shall take place at Seller's offices located at One First Union Center, Charlotte, North Carolina 28288, at 10:00 a.m. on the Closing Date, or at a time and place otherwise determined by mutual agreement of the parties. Alternatively, the Closing may be effectuated through the use of the mails and by telefax.

9.2 Exchange of Closing Documents.

The parties shall exchange drafts of all documents to be delivered at the Closing (other than the Closing Statement) at least ten Business Days prior to the Closing Date.

9.3 Buyer's Conditions to Closing.

Buyer's obligations to purchase the Assets and assume the Liabilities is contingent upon and subject to the fulfillment of the following conditions:

(a) the parties obtaining all regulatory approvals which are required in order for them to proceed with the transactions contemplated by this Agreement and the expiration of any required waiting period without the commencement of adverse proceedings by any governmental authority with jurisdiction over the transactions contemplated by this Agreement (No regulatory approval so obtained which is necessary to consummate the transactions contemplated hereby shall be conditioned or restricted (including, without limitation, any requirement for Buyer to raise additional capital) in a manner which in the reasonable judgment of the Board of Directors of Buyer would so materially adversely affect the economic or business benefits of the transactions contemplated by this Agreement that, had such condition or requirement been known, such party would not, in its reasonable judgment, have entered into this Agreement);

(b) the representations and warranties of Seller in this Agreement being true and correct as of the Closing Date (except that representations and warranties as of a specified date need be true and correct only as of such date); (provided, however, that for purposes of determining the satisfaction of the condition contained in this Section 9.3(b), such representations and warranties shall be deemed to be true and correct if the failure or failures of such representations and warranties to be so true and correct (excluding the effect of any qualification set forth therein relating to "materiality" or "Seller Material Adverse Effect") do not constitute or give rise to, and are not reasonably likely to constitute or give rise to, individually or in the aggregate, a Seller Material Adverse Effect), and all covenants and conditions of Seller to be performed or met by Seller on or before the Closing Date having been performed or met in all material respects (but without duplication of any standard of materiality set forth in any such covenant or condition);

(c) Seller's delivery to Buyer of the following documents in form and substance reasonably satisfactory to Buyer:

(i) Subject to Section 7.3, special warranty deeds conveying the Owned Real Property;

(ii) bills of sale, powers of attorney, assignments and other instruments of transfer sufficient to convey to Buyer all of Seller's right, title, and interest in and to the remaining Assets;

(iii) a certificate executed by an appropriate officer of Seller attesting, to the officer's best knowledge, to Seller's compliance with the conditions set forth in Section 9.3(b);

(iv) landlord consents, to the extent required by the terms of the Real Property Lease, and estoppel certificates executed by the lessors of the Leased Facilities, to the extent Seller can obtain such estoppel certificates using its reasonable efforts and

without the payment of any fees to such lessors in excess of $500 for each such estoppel certificate;

(v) Seller's resignation as trustee or custodian, as applicable, with respect to each IRA or Keogh Plan account included in the Deposits and designation of Buyer or its Affiliate as successor trustee or custodian with respect thereto, as contemplated by Section 2.9;

(vi) possession of the Branches and the Fixed Assets subject to Section 6.6 and Section 7.3; and

(vii) FIRPTA Affidavit complying with the requirements of Section 1445 of the Internal Revenue Code of 1986, as amended; and

(viii)a Seller's affidavit reasonably acceptable to Seller and sufficient to delete standard title exceptions for mechanic's liens and parties in possession.

(d) Buyer's agreement to receive the Closing Statement and the Settlement Payment as provided in Section 3.2.

(e) No other Material Defects shall have arisen after the expiration of the 45 day period set forth in Section 7.3(b)(i)

(f) Such other documents necessary to effect the transactions contemplated hereby as Buyer shall reasonably request.

9.4 Seller's Conditions to Closing.

Seller's obligation to sell the Assets and transfer the Liabilities to Buyer is contingent upon and subject to the fulfillment of the following conditions:

(a) the parties obtaining all regulatory approvals which are required in order for them to proceed with the transactions contemplated by this Agreement and the expiration of any required waiting period without the commencement of adverse proceedings by any governmental authority with jurisdiction over the transactions contemplated by this Agreement (No regulatory approval so obtained which is necessary to consummate the transactions contemplated hereby shall be conditioned or restricted (including, without limitation, any requirement for Seller to raise additional capital) in a manner which in the reasonable judgment of the Board of Directors of Seller would so materially adversely affect the economic or business benefits of the transactions contemplated by this Agreement that, had such condition or requirement been known, such party would not, in its reasonable judgment, have entered into this Agreement);

(b) the representations and warranties of Buyer in this Agreement being true and correct as of the Closing Date (except that representations and warranties as of a specified date need be true and correct only as of such date); (provided, however, that for purposes of determining the satisfaction of the condition contained in this Section 9.4(b), such representations and warranties shall be deemed to be true and correct if the failure or failures of such representations and warranties to be so true and correct (excluding the effect of any qualification set forth therein relating to "materiality" or "Buyer Material Adverse Effect") do not constitute or give rise to, and are not reasonably likely to constitute or give rise to, individually or in the aggregate, a Buyer Material Adverse Effect), and all covenants and conditions of Buyer to be performed or met by Buyer on or before the Closing Date having been performed or met in all material respects (but without duplication of any standard of materiality set forth in any such covenant or condition);

(c) Buyer's delivery to Seller of the following documents in form and substance reasonably satisfactory to Seller:

(i) one or more executed assumptions of the Real Property Leases;

(ii) one or more executed instruments assuming the

remaining Liabilities; and

(iii) a certificate executed by an appropriate officer of Buyer attesting, to the officer's best knowledge, to Buyer's compliance with the conditions set forth in Section 9.4(b).

9.5 Survival of Representations, Warranties and Covenants.

Unless provided otherwise in this Agreement, Buyer's and Seller's representations and warranties under this Agreement or contained in any certificate or instrument delivered by either party at the Closing shall survive for a period of one year following the Closing Date. The agreements and covenants contained in this Agreement shall not survive the Closing except to the extent expressly set forth in this Agreement; provided that the agreements and covenants set forth in Section 11.12 shall survive the Closing or any termination of this Agreement.

X. TERMINATION

10.1 Termination by Either Party.

Either party may terminate this Agreement upon written notice to the other if:

(a) as a result of any material breach of any representation, warranty or covenant of Seller (in the case of a termination by Buyer) or of Buyer (in the case of termination by Seller), the party terminating this Agreement has given the other party written notice of such breach and such breach is not cured within 30 days thereafter;

(b) the Closing does not occur within two hundred seventy (270) days after the date of this Agreement; provided, however, that Seller may not terminate this Agreement pursuant to this paragraph (b) to the extent that the failure of the Closing to occur within such period arises out of or results from the actions or omissions of Seller, and that Buyer may not terminate this Agreement pursuant to this paragraph (b) to the extent that the failure of the Closing to occur within such period arises out of or results from the actions or omissions of Buyer; or

(c) the other party so agrees in writing.

The termination of this Agreement under subsection (a) shall not absolve the breaching party from any liability to the other party arising out of its breach of this Agreement.

XI. MISCELLANEOUS

11.1 Continuing Cooperation.

(a) On and after the Closing Date, Seller agrees to execute, acknowledge and deliver such documents and instruments as Buyer may reasonably request to vest in Buyer the full legal and equitable title to the Assets and Liabilities.

(b) On and after the Closing Date, Buyer shall execute, acknowledge and deliver such documents and instruments as Seller may reasonably request to relieve and discharge Seller from its obligations with respect to the Liabilities.

(c) Seller and Buyer shall cooperate with each other in connection with any examination conducted by any tax authority subsequent to the Closing Date by promptly providing upon request information relating to the tax liability of any business operated by Seller or Buyer with respect to the Branches and promptly informing the other of the institution of, any material developments concerning, and the outcome of, the same.

(d) Except as provided in Section 7.2, no interest in or right to use First Union National Bank's logo or the name "First Union" or any other similar word, name, symbol or device in which Seller has any interest by itself or in combination with any other word, name, symbol or device, or any similar variation of any of the foregoing (collectively, the "Retained Names and Marks") is being transferred to Buyer pursuant to the transactions contemplated hereby. Unless permitted pursuant to Section 7.2, Buyer shall not after the Closing Date in any way knowingly use any materials or property, whether or not in existence on the

Closing Date, that bear any Retained Name or Mark. Buyer agrees that Seller shall have no responsibility for claims by third parties arising out of, or relating to, the use by the Buyer of any Retained Name or Mark after the Closing Date, and Buyer agrees to indemnify and hold harmless Seller from any and all claims (and all expenses, including reasonable attorneys' fees and disbursements incurred in connection with any such claim) that may arise out of the use thereof by Buyer.

(e) Buyer agrees to provide reasonable assistance and cooperation, at no expense to Buyer, to Seller and its Affiliates in activities related to the prosecution or defense of any pending or future lawsuits, arbitrations, other proceedings or claims involving the Seller's or its Affiliates and the Branches ("Seller's Litigation"). In addition, Buyer shall facilitate, without expense to Buyer, the reasonable availability to Seller of the Transferred Employees, without the need for issuance of any subpoena or similar process, to testify or assist Seller in the Seller's Litigation.

11.2 Merger and Amendment.

This Agreement sets out the complete agreement of the parties with respect to the matters discussed in this Agreement, and it supersedes all prior agreements between the parties, whether written or oral, which apply to these matters. No provision of this Agreement may be changed or waived except as expressly stated in a document executed by both parties.

11.3 Dispute Resolution.

(a) Neither Seller nor Buyer shall assert any claim arising out of or relating to this Agreement (except with respect to claims to be handled under the Working Agreement or submitted to the Mediator under Section 3.2(c)), unless:

(i) except for claims arising under or in respect of Sections 2.4, 2.5, or 11.1(d), the amount in dispute with respect to any claim exceeds $5,000;

(ii) except for claims arising in respect of Sections 2.4, 2.5 or 11.1(d), the aggregate amount of all claims by Buyer or Seller (as the case may be) which satisfy the preceding clause exceeds $100,000, in which case a claim may be asserted only to the extent that such threshold has been exceeded;

(iii) except for claims arising under Sections 2.4, 2.5, or 11.1(d), the aggregate amount of all claims by Buyer or Seller (as the case may be) shall not exceed the Amount of Premium; and

(iv) except for claims arising under Sections 2.4, 2.5 or 11.1(d), the notification required by Section 11.3(b) (if any) is given on or before the first anniversary of the Closing Date.

(b) The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiations, as provided in this subsection (b). Either party shall give the other party written notice of any dispute not resolved in the normal course of business. Executives of both parties at comparable levels at least one step above the personnel who have previously been involved in the dispute shall meet at a mutually acceptable time and place within ten days after delivery of such notice, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute. If the matter has not been resolved by these persons within 30 days of the disputing party's notice, or if the parties fail to meet within ten days, the dispute shall be referred to more senior executives of both parties who have authority to settle the dispute and who shall likewise meet to attempt to resolve the dispute. All negotiations under this subsection (b) are confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence, applicable state rules of evidence, and common law. The procedures set forth above will be followed in advance of litigation of any dispute between the parties; nevertheless, either party may seek a preliminary injunction or other provisional judicial relief if in its judgment such an action is necessary to avoid irreparable damage or to preserve the status quo.

Despite any such action, the parties will continue to participate in good faith in the procedures set forth in this subsection (b).

(c) Neither party shall have any liability for lost profits or punitive damages with respect to any claim arising out of or relating to this Agreement. The sole recourse and remedy of a party hereto for breach of this Agreement by the other party hereto shall be against such other party and its assets, and no officer, director, employee, stockholder or affiliate of any party shall be liable at law or in equity for the breach by such party of any of its obligations under this Agreement.

11.4 Indemnification.

After the Closing Date, and unless otherwise provided in the Agreement:

(a) Except as otherwise provided in this Agreement, Buyer shall indemnify, hold harmless and defend Seller, its Affiliates, and their respective officers, directors, agents and employees (collectively, the "Seller Group") from and against all claims, losses, liabilities, demands and obligations (including reasonable legal fees, consultant fees, and expenses) which any of the Seller Group shall receive, suffer or incur arising out of or resulting from (a) transactions or operations of the Branches after the Closing Date, and/or (b) the breach of any representation, warranty or covenant made by Buyer in and/or pursuant to this Agreement.

If any claim or lawsuit is made or commenced as to which Seller proposes to demand such indemnification, it shall notify Buyer with reasonable promptness; provided, however, that any failure by Seller to notify Buyer shall not relieve Buyer from its obligations hereunder, except to the extent that Buyer is actually prejudiced by such failure to give notice. Buyer shall have the option of defending such claim or lawsuit with counsel of its own choosing at its own cost and expense and such counsel shall, to the extent consistent with its professional responsibilities, cooperate with Seller and any counsel designated by Seller (in such event, the counsel designated by Seller shall be at Seller's own cost and expense). Buyer shall be liable for any settlement of any claim or lawsuit against Seller made with Buyer's written consent, which consent shall not be unreasonably withheld.

(b) Except as otherwise provided in this Agreement, Seller shall indemnify, hold harmless and defend Buyer, its Affiliates, and their respective officers, directors, agents and employees (collectively, the Buyer Group") from and against all claims, losses, liabilities, demands and obligations (including reasonable legal fees, consultant fees, and expenses) which any of the Buyer Group shall receive, suffer or incur arising out of or resulting from (a) any liability of Seller not assumed by Buyer hereunder, and/or (b) the breach of any representation, warranty or covenant made by Seller in and/or pursuant to this Agreement. If any claim or lawsuit is made or commenced as to which Buyer proposes to demand such indemnification, it shall notify Seller with reasonable promptness; provided, however, that any failure by Buyer to notify Seller shall not relieve Seller from its obligations hereunder, except to the extent the Seller is actually prejudiced by such failure to give notice. Seller shall have the option of defending such claim or lawsuit with counsel of its own choosing at its own cost and expense and such counsel shall, to the extent consistent with its professional responsibilities, cooperate with Buyer and any counsel designated by Buyer (in such event the counsel designated by Buyer shall be at Buyer's own cost and expense). Seller shall be liable for any settlement of any claim or lawsuit against Buyer made with Seller's written consent, which consent shall not be unreasonably withheld.

(c) Any claims for indemnification brought under this Section shall be subject to the provisions of Section 11.3.

11.5 Counterparts.

This Agreement may be executed in any number of counterparts, each of which will constitute an original, but all of which taken together shall constitute one and the same

instrument.

11.6 Exhibits and Schedules.

All exhibits and schedules referred to in this Agreement shall constitute a part of this Agreement.

11.7 Assignment.

This Agreement is not assignable by either party; provided, however, that this Agreement may be assigned to an Affiliate of either party with the written consent of the other party, which shall not be unreasonably withheld.

11.8 Headings.

The headings contained in this Agreement are inserted for convenience only and shall not affect the meaning of this Agreement or any of its provisions.

11.9 Notices.

Any notice under this Agreement shall be made in writing and shall be deemed given when delivered in person, when delivered by first class mail postage prepaid (in which case the notice shall be deemed given on the third Business Day following the date on which the notice is postmarked), or when delivered by facsimile transmission, which transmission also shall be sent by first class mail, postage prepaid before the second Business Day following the transmission (in which case the notice shall be deemed given on the day transmitted if transmitted before or during normal business hours or, otherwise, on the next succeeding Business Day) to the parties at the respective addresses set forth below or at such other addresses as each party shall inform the other in writing.

If to Seller to: Janet J. Hemming
Senior Vice president
First Union National Bank
1525 West W.T. Harris Boulevard
Charlotte, North Carolina 28288-0909
Facsimile: (704) 590-0997

with a copy to: Mark C. Treanor, Esq.
Executive Vice President
and General Counsel
First Union Corporation
One First Union Center
Charlotte, North Carolina 28288-0013
Facsimile: (704) 374-3425

If to Buyer to: J. Kimbrough Davis
Capital City Bank
217 North Monroe Street
Tallahassee, Florida 32301
Facsimile: (850) 878-9150

with a copy to: Michael V. Mitrione, Esq.
Gunster, Yoakley & Stewart, P.A.
777 South Flagler Drive, Suite 500 East
West Palm Beach, Florida 33401
Facsimile: (561) 655-5677

11.10 Expenses.

Unless specifically stated to the contrary in this Agreement, each party will assume and pay for the expenses it incurs with respect to the purchase and sale of the Assets and assumption of the Liabilities under this Agreement; provided, however, that Buyer shall pay all fees and expenses associated with Buyer's regulatory application process. Each party shall be responsible for any fee payable to any agent, broker or finder acting on its behalf in this transaction.

11.11 Communications.

During the period from the date of this Agreement to the Closing Date, Buyer and Seller shall not communicate with the Employees, depositors, or customers of the Branches, except as specifically required by the relevant regulatory agencies as part

of the approval process, or as specifically provided for herein:

(a) As soon as practicable following the date of this Agreement, Seller and Buyer shall jointly communicate, at Buyer's and Seller's equal expense, with the Employees, depositors or customers of the Branches advising them of the transactions contemplated by this Agreement. Such communication shall be in form and substance mutually satisfactory to the parties hereto and to any regulatory authorities as may be required by applicable law or regulation. Any and all public announcements or press releases by either party must comply with Section 11.12 of this Agreement.

(b) With the exception of the communications provided for in paragraph (a) above, and in Section 8.1 (to the extent necessary to convey an offer of employment), Buyer may not communicate with the Employees, depositors and other customers of the Branches without the prior consent of Seller. Any such permitted communications may not interrupt or interfere with the normal operations of the Branches, and shall be at Buyer's sole cost and expense. Notwithstanding anything to the contrary in the foregoing, Buyer and Seller agree that it is in their mutual best interest to facilitate Buyer's written and/or oral communications with the Employees regarding the transactions contemplated in this Agreement; Seller, therefore, will use its reasonable best efforts to consent to Buyer's communications with employees as soon as practicable after Buyer's request, and, after granting such consent, Seller shall use its reasonable best efforts to facilitate Buyer's written and/or oral communications with the Employees.

(c) In addition to the communications provided for in paragraph (a) above, with regard to Seller's communications specific to the Branches and related to the transactions contemplated by this Agreement, Seller at its own cost and expense may communicate, upon the prior consent of Buyer (and after Buyer has received a copy of any communications which are in writing), where such consent shall be presumed if Buyer has not objected to such communication within 24 hours after receiving notice, with the Employees, depositors and other customers of the Branches at such times and in such form as deemed appropriate by Seller; provided, that no such communication shall recommend any actions by any person that shall be in contravention with the terms of this Agreement or reflect adversely upon Buyer.

11.12 Public Announcements.

Each party shall consult with the other before making any announcement or other public communication with respect to the transactions contemplated by this Agreement and, prior to such announcement or other public communication, shall mutually agree upon the substance and timing thereof.

11.13 Governing Law; Jurisdiction.

This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of Florida applicable to contracts made and to be performed entirely within the State of Florida; provided, however, that with respect to issues arising from or relating to the Owned Real Property, governing law is the law of the situs of the respective Owned Real Property.

11.14 No Third Party Beneficiaries.

The parties intend that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than Seller and Buyer.

11.15 Brokers-Finders.

(a) Buyer hereby represents and warrants to Seller that it has not employed or agreed to retain any broker or finder in connection with the transactions contemplated by this Agreement, and Buyer agrees to indemnify Seller against any claim arising out of any such employment of or agreement to retain any such broker or finder by Buyer.

(b) Seller hereby represents and warrants to Buyer that it has not employed or agreed to retain any broker or finder in connection with the transactions contemplated by this Agreement, and Seller agrees to indemnify Buyer against any claim arising out of any such employment of or agreement to retain any such broker or finder by Seller.

IN WITNESS WHEREOF, each of the parties to this Agreement has caused this Agreement to be executed by a duly authorized officer as of the date written on page one of this Agreement.

CAPITAL CITY BANK

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

FIRST UNION NATIONAL BANK

By: /s/ Percy Blackburn, III
Its: Senior Vice President

EXHIBITS

A Working Agreement
B Closing Statement
C Adjusted Closing Statement

SCHEDULES

1.1a Branches and ATM Service Facilities
1.1(d) GA Consumer Loans with Credit Life Insurance
1.1(c) GA Fixed Assets
4.4(g) and 4.13 Waynesboro Main Branch - Lease
6.3(h) Employee Movement as of 10/02/2000
8.1 GA - HR Employee List

Copies of the above exhibits and schedules will be provided to the Securities and Exchange Commission upon request.

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