SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the Quarter Ended:
June 30, 2002

Commission File Number 0-13358

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

Florida	59-2273542
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days.

Yes [X] No [ ]

At July 31, 2002, 10,550,813 shares of the Registrant's Common Stock, $.01 par value, were outstanding.

CAPITAL CITY BANK GROUP, INC.

FORM 10-Q INDEX

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PART I. FINANCIAL INFORMATION
ITEM I. CONSOLIDATED FINANCIAL STATEMENTS

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CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED JUNE 30
(Dollars in Thousands, Except Per Share Data)
(Unaudited)

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2002	2001	2002	2001
<S>	<C>	<C>	<C>	<C>
INTEREST INCOME				
Interest and Fees on Loans	$23,570	$26,420	$47,397	$51,093
Investment Securities:				
U. S. Treasury	-	115	-	243
U. S. Government Agencies/Corp.	1,471	1,731	2,918	3,772
States and Political Subdivisions	702	847	1,421	1,729
Other Securities	464	587	997	1,196
Funds Sold	392	1,182	907	1,986
Total Interest Income	26,599	30,882	53,640	60,019
INTEREST EXPENSE				
Deposits	5,314	12,712	12,161	24,499
Short-Term Borrowings	177	495	337	1,606
Long-Term Debt	202	189	392	433
Total Interest Expense	5,693	13,396	12,890	26,538
Net Interest Income	20,906	17,486	40,750	33,481
Provision for Loan Losses	641	1,007	1,443	1,829
Net Interest Income After Provision for Loan Losses	20,265	16,479	39,307	31,652
NONINTEREST INCOME				
Service Charges on Deposit Accounts	3,028	2,654	5,737	5,075
Data Processing	508	586	1,009	1,087
Asset Management Fees	675	717	1,305	1,354
Securities Transactions	-	2	-	3
Mortgage Banking Revenues	1,098	1,010	2,345	1,575
Other	3,243	3,286	6,450	6,489
Total Noninterest Income	8,552	8,255	16,846	15,583
NONINTEREST EXPENSE				
Salaries and Associate Benefits	10,515	9,131	21,059	17,565
Occupancy, Net	1,485	1,411	2,879	2,629
Furniture and Equipment	1,941	1,733	3,837	3,231
Conversion/Merger Expense	39	-	153	-
Other	6,352	5,857	11,869	10,547
Total Noninterest Expense	20,332	18,132	39,797	33,972
Income Before Income Taxes	8,485	6,602	16,356	13,263
Income Taxes	3,037	2,322	5,797	4,634
NET INCOME	$ 5,448	$ 4,280	$10,559	$ 8,629
Basic Net Income Per Share	$ .52	$ .40	$ 1.00	$ .82
Diluted Net Income Per Share	$ .51	$ .40	$ .99	$ .82
Cash Dividends Per Share	$ .1525	$ .1475	$ .305	$ .2950
Basic Average Shares Outstanding	10,575,520	10,712,988	10,609,703	10,505,987
Diluted Average Shares Outstanding	10,605,808	10,721,012	10,639,991	10,514,011

</TABLE>

<TABLE>

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
AS OF JUNE 30, 2002 AND DECEMBER 31, 2001
(Dollars In Thousands, Except Share Data)
(Unaudited)

<S>	June 30, 2002 <C>	December 31, 2001 <C>
ASSETS		
Cash and Due From Banks	$ 83,008	$ 92,413
Funds Sold	51,037	164,417
Total Cash and Cash Equivalents	134,045	256,830
Investment Securities, Available-for-Sale	213,940	219,073
Loans, Net of Unearned Interest	1,262,629	1,243,351
Allowance for Loan Losses	(12,227)	(12,096)
Loans, Net	1,250,402	1,231,255
Premises and Equipment, Net	47,734	47,037
Intangibles	30,655	32,276
Other Assets	32,893	34,952
Total Assets	$1,709,669	$1,821,423
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	$ 388,348	$ 389,146
Interest Bearing Deposits	1,049,339	1,160,955
Total Deposits	1,437,687	1,550,101
Short-Term Borrowings	64,505	67,042
Long-Term Debt	13,063	13,570
Other Liabilities	17,324	18,927
Total Liabilities	1,532,579	1,649,640
SHAREOWNERS' EQUITY		
Preferred Stock, $.01 par value, 3,000,000 shares authorized, no shares outstanding	-	-
Common Stock, $.01 par value; 90,000,000 shares authorized; 10,550,810 shares outstanding at June 30, 2002 and 10,642,575 outstanding at December 31, 2001	106	106
Additional Paid-In Capital	14,526	17,178
Retained Earnings	159,467	152,149
Accumulated Other Comprehensive Income, Net of Tax	2,991	2,350
Total Shareowners' Equity	177,090	171,783
Total Liabilities and Shareowners' Equity	$1,709,669	$1,821,423

</TABLE>

<TABLE>

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

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
<S>	<C>	<C>
Net Income	$ 10,559	$ 8,629
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Provision for Loan Losses	1,443	1,829
Depreciation	2,471	2,047
Net Securities Amortization	525	589

Amortization of Intangible Assets	1,621	1,912
Gains on Sales of Investment Securities	-	(2)
Non-Cash Compensation Expense	246	763
Net Decrease in Other Assets	2,017	653
Net (Decrease) Increase in Other Liabilities	(1,603)	307
Net Cash Provided by Operating Activities	17,279	16,727
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Payments/Maturities of Investment Securities Available-for-Sale	33,444	84,012
Purchase of Investment Securities	(27,823)	(2,482)
Net Increase in Loans	(20,920)	(67,796)
Purchase of Premises & Equipment	(3,280)	(2,988)
Sales of Premises & Equipment	112	455
Cash & Cash Equivalents from Acquisition	-	80,420
Net Cash (Used In) Provided By Investing Activities	(18,467)	91,621
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (Decrease) Increase in Deposits	(112,414)	40,225
Net (Decrease) in Short-Term Borrowings	(2,537)	(57,882)
Borrowing of Long-Term Debt	2,040	5,196
Repayment of Long-Term Debt	(2,547)	(348)
Dividends Paid	(3,241)	(3,166)
Repurchase of Common Stock	(3,396)	(3,761)
Issuance of Common Stock	498	197
Net Cash (Used In) Financing Activities	(121,597)	(19,539)
Net (Decrease) Increase in Cash and Cash Equivalents	(122,785)	88,809
Cash and Cash Equivalents at Beginning of Period	256,830	113,990
Cash and Cash Equivalents at End of Period	$134,045	$202,799
Supplemental Disclosure:		
Interest Paid on Deposits	$ 14,834	$ 25,542
Interest Paid on Debt	$ 740	$ 1,872
Transfer of Loans to ORE	$ 331	$ 968
Income Taxes Paid	$ 7,165	$ 6,018

</TABLE>

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

(1) MANAGEMENT'S OPINION AND ACCOUNTING POLICIES

The consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, including Regulation S-X. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. Prior period financial statements have been reformatted and/or amounts reclassified, as necessary, to conform with the current presentation.

In the opinion of management, the consolidated financial statements contain all adjustments, which are those of a recurring nature, and disclosures necessary to present fairly the financial position of the Company as of June 30, 2002 and December 31, 2001, the results of operations for the three and six month periods ended June 30, 2002 and 2001, and cash flows for the six month periods ended June 30, 2002 and 2001.

The Company and its subsidiaries follow accounting principles generally accepted in the United States of America and reporting practices applicable to the banking industry. The principles which materially affect its financial position, results of operations and cash flows are set forth in Notes to Consolidated Financial Statements which are included in the Company's 2001 Annual Report on Form 10-K.

(2) INVESTMENT SECURITIES

The carrying value and related market value of investment securities at June 30, 2002 and December 31, 2001 were as follows (dollars in thousands):

<TABLE>

Available-For-Sale	June 30, 2002 Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
<S>	<C>	<C>	<C>	<C>
U. S. Government Agencies and Corporations	$ 60,278	$ 948	$ -	$ 61,226
States and Political Subdivisions	67,748	1,963	-	69,711
Mortgage-Backed Securities	53,086	1,447	-	54,533
Other Securities	28,107	363	-	28,470
Total	$209,219	$4,721	$ -	$213,940

Available-For-Sale	December 31, 2001 Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U. S. Government Agencies and Corporations	41,303	$1,076	-	42,379
States and Political Subdivisions	70,905	1,182	22	72,065
Mortgage-Backed Securities	64,382	876	10	65,248
Other Securities	38,774	623	16	39,381
Total	$215,364	$3,757	$48	$219,073

</TABLE>

(3) LOANS

The composition of the Company's loan portfolio at June 30, 2002 and December 31, 2001 was as follows (dollars in thousands):

<TABLE>

	June 30, 2002	December 31, 2001
<S>	<C>	<C>
Commercial, Financial and Agricultural	$ 138,940	$ 128,480
Real Estate-Construction	85,829	72,778
Real Estate-Mortgage	316,352	302,239
Real Estate-Residential	411,312	434,378
Real Estate-Home Equity	79,797	65,879
Real Estate-Loans Held-for-Sale	19,783	30,289
Consumer	210,616	209,308
Loans, Net of Unearned Interest	$1,262,629	$1,243,351

</TABLE>

(4) ALLOWANCE FOR LOAN LOSSES

An analysis of the changes in the allowance for loan losses for the six month period ended June 30, 2002 and 2001, is as follows (dollars in thousands):

<TABLE>

	June 30, 2002	2001
<S>	<C>	<C>
Balance, Beginning of the Period	$12,096	$10,564
Acquired Reserves	-	1,206
Provision for Loan Losses	1,443	1,829
Recoveries on Loans Previously Charged-Off	810	435
Loans Charged-Off	(2,122)	(2,056)

Balance, End of Period	$12,227	$11,978

</TABLE>

Impaired loans are primarily defined as all nonaccruing loans for the loan categories which are included within the scope of Statement of Financial Accounting Standards ("SFAS") No. 114. Selected information pertaining to impaired loans is depicted in the table below (dollars in thousands):

<TABLE>

	June 30, 2002		December 31, 2001	
Impaired Loans:	Balance	Valuation Allowance	Balance	Valuation Allowance
<S>	<C>	<C>	<C>	<C>
With Related Credit Allowance	$2,159	$474	$ 956	$112
Without Related Credit Allowance	615	-	176	-
Average Recorded Investment for the Period	3,062	*	1,827	*
Interest Income:				
Recognized	$ 80		$ 6	
Collected	$ 80		$ 6	

* Not Applicable

</TABLE>

The Company recognizes income on impaired loans primarily on the cash basis. Any change in the present value of expected cash flows on impaired loans is recognized through the allowance for loan losses.

(5) DEPOSITS

The composition of the Company's interest bearing deposits at June 30, 2002 and December 31, 2001 was as follows (dollars in thousands):

<TABLE>

	June 30, 2002	December 31, 2001
<S>	<C>	<C>
NOW Accounts	$ 245,606	$ 244,153
Money Market Accounts	218,123	220,755
Savings Deposits	106,661	99,685
Other Time Deposits	478,949	596,362
Total Interest Bearing Deposits	$1,049,339	$1,160,955

</TABLE>

(6) ACCOUNTING PRONOUNCEMENTS

In June 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities", effective for fiscal years beginning after December 31, 2002. This statement supercedes Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring)". This statement requires a liability for a cost associated with an exit or disposal activity be recognized and measured initially at fair value when the liability is incurred. The adoption of this standard is not expected to have a material impact on the reported results of operations of the Company.

(7) INTANGIBLE ASSETS

In June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangibles", which is effective for fiscal years beginning after December 15, 2001. SFAS No. 142 addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes Accounting Principles Board ("APB") Opinion No. 17, "Intangible Assets." SFAS No. 142 addresses how intangible assets that are acquired individually or with a group of other assets (but not those acquired in a business combination) should be accounted for in financial statements upon their acquisition. This statement also addresses how goodwill

and other intangible assets should be accounted for after they have been initially recognized in the financial statements. Specifically, the adoption of SFAS No. 142 requires the discontinuance of goodwill amortization and includes provisions for reassessment of the useful lives of existing intangibles and the identification of reporting units for purposes of assessing potential future impairments of goodwill. SFAS No. 142 also requires the Company to complete a two-step transitional goodwill impairment test. The first step of the impairment test must be completed six months from the date of adoption and the second step, if necessary, must be completed as soon as possible, but no later than the end of the year of initial application. The Company completed the first step of the goodwill impairment test and has determined no goodwill impairment exists at June 30, 2002. The Company will perform an impairment test of the goodwill on an annual basis.

The Company had intangible assets of $30.7 million and $32.3 million at June 30, 2002 and December 31, 2001, respectively. Intangible assets were as follows (dollars in thousands):

<TABLE>

Description	June 30,2002 Gross Amount	June 30,2002 Accumulated Amortization	December 31, 2001 Gross Amount	December 31, 2001 Accumulated Amortization
Core Deposits Intangibles	$33,752	$ 9,777	$33,752	$ 8,156
Goodwill	10,466	3,786	10,466	3,786
Total Intangible Assets	$44,218	$13,563	$44,218	$11,942

</TABLE>

Core Deposit Intangibles:

As of June 30, 2002 and December 31, 2001, the Company had core deposit intangibles of $24.0 million and $25.6 million, respectively. The adoption of SFAS No. 142 did not have a material impact on the useful lives assigned to the Company's intangible assets subject to amortization. Amortization expense for the first half of 2002 and 2001 was $1.6 million and $1.9 million, respectively. Estimated annual amortization expense for the next five years is:

2002	$3.2 million
2003	3.2 million
2004	3.2 million
2005	3.2 million
2006	3.2 million

Goodwill:

As of June 30, 2002 and December 31, 2001, the Company had goodwill, net of accumulated amortization, of $6.7 million. As a result of the discontinuance of amortization related to this goodwill, the Company has estimated that the adoption of SFAS No. 142 will increase annual 2002 earnings by approximately $622,000. Goodwill is the Company's only intangible asset that is no longer subject to amortization under the provisions of SFAS No. 142.

Transitional Disclosures:

The pro forma effects, net of tax, of the adoption of SFAS No. 142 for the periods presented were as follows (Dollars in Thousands, Except Per Share Data):

<TABLE>

	THREE MONTHD ENDED JUNE 30 2002	THREE MONTHD ENDED JUNE 30 2001	SIX MONTHS ENDED JUNE 30 2002	SIX MONTHS ENDED JUNE 30 2001
Reported Net Income	$5,448	$4,280	$10,559	$8,629
Goodwill Amortization	-	155	-	311
Adjusted Net Income	$5,448	$4,435	$10,559	$8,940
Basic Earnings Per Share:				
Reported Net Income	$ .52	$ .40	$ 1.00	$ .82
Goodwill Amortization	-	.01	-	.03
Adjusted Net Income	$ .52	$ .41	$ 1.00	$ .85
Diluted Earnings Per Share:				
Reported Net Income	$ .51	$ .40	$ .99	$ .82

Goodwill Amortization	-	.01	-	.03
Adjusted Net Income	$ .51	$ .41	$ .99	$ .85

</TABLE>

(8) COMPREHENSIVE INCOME

Total comprehensive income is defined as net income and all other changes in equity which, for the Company, consists solely of changes in unrealized gains (losses) on available-for-sale securities. The Company's reported total comprehensive income, net of tax, for the three and six month periods ended June 30, 2002 and 2001, as follows (dollars in thousands):

<TABLE>

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2002	2001	2002	2001
<S>	<C>	<C>	<C>	<C>
Net Income	$5,448	$4,280	$10,559	$ 8,629
Other Comprehensive Income, Net of Tax				
Unrealized Gains on Securities:				
Unrealized Gains on Securities During the Period	1,027	446	641	2,904
Less: Reclassification Adjustments for Gains Included in Net Income	-	(2)	-	(2)
Total Unrealized Gains On Securities	1,027	444	641	2,902
Comprehensive Income	$6,475	$4,726	$11,200	$11,533

</TABLE>

(9) ACQUISITIONS

On March 9, 2001, the Company completed its second purchase and assumption transaction with First Union National Bank ("First Union") and acquired six of First Union's offices in Georgia which included real estate, loans and deposits. The transaction resulted in approximately $11.3 million in intangible assets, primarily core deposit intangibles, which are being amortized over a 10-year period. The Company purchased $18 million in loans and assumed deposits of approximately $105 million.

On March 2, 2001, the Company completed its acquisition of First Bankshares of West Point, Inc., and its subsidiary, First National Bank of West Point. At the time of the acquisition, First National Bank of West Point had approximately $144 million in assets with one office in West Point, Georgia, and two offices in the Greater Valley area of Alabama. First Bankshares of West Point, Inc., merged with the Company, and First National Bank of West Point merged with Capital City Bank. The Company issued 3.6419 shares and $17.7543 in cash for each of the 192,481 outstanding shares of First Bankshares of West Point, Inc., resulting in the issuance of 701,000 shares of Company common stock and the payment of $3.4 million in cash for a total purchase price of approximately $17.0 million. The transaction was accounted for as a purchase and resulted in approximately $2.5 million of intangibles, primarily goodwill.

<TABLE>

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

	2002		2001				2000	
	Second	First	Fourth	Third	Second	First	Fourth	Third
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Summary of Operations:								
Interest Income	$ 26,599	$ 27,041	$ 28,706	$ 30,258	$ 30,882	$ 29,137	$ 28,717	$ 28,018
Interest Expense	5,693	7,197	9,454	12,256	13,396	13,143	12,949	12,039

Net Interest Income	20,906	19,844	19,252	18,002	17,486	15,994	15,768	15,979
Provision for Loan Loss	641	802	932	1,222	1,007	822	825	735
Net Interest Income After Provision for Loan Loss	20,265	19,042	18,320	16,780	16,479	15,172	14,943	15,244
Noninterest Income	8,552	8,294	8,536	7,918	8,255	7,328	7,046	6,646
Conversion/ Merger Expense	39	114	588	-	-	-	12	(2)
Noninterest Expense	20,293	19,351	19,251	18,993	18,132	15,840	14,847	14,684
Income Before Provision for Income Taxes	8,485	7,871	7,017	5,705	6,602	6,660	7,130	7,208
Provision for Income Taxes	3,037	2,760	2,522	1,963	2,322	2,311	2,478	2,487
Net Income	$ 5,448	$ 5,111	$ 4,495	$ 3,742	$ 4,280	$ 4,349	$ 4,652	$ 4,721
Net Interest Income (FTE)	$ 21,332	$ 20,284	$ 19,689	$ 18,431	$ 17,935	$ 16,454	$ 16,134	$ 16,364
Per Common Share:								
Net Income Basic	$ .52	$ .48	$ .42	$ .35	$ .40	$ .42	$ .46	$ .46
Net Income Diluted	.51	.48	.42	.35	.40	.42	.46	.46
Dividends Declared	.1525	.1525	.1525	.1475	.1475	.1475	.1475	.1325
Book Value	16.74	16.38	16.08	16.24	15.87	15.62	14.56	14.08
Market Price:								
High	34.80	27.50	24.67	25.25	25.00	26.13	26.75	20.50
Low	25.75	22.65	21.90	20.87	19.88	23.13	18.88	18.75
Close	34.53	27.00	24.23	23.47	24.87	25.19	24.81	19.56
Selected Average Balances:								
Loans	$1,234,787	$1,229,344	$1,242,516	$1,204,323	$1,192,103	$1,082,961	$1,053,674	$1,025,942
Earning Assets	1,547,603	1,575,698	1,584,225	1,561,519	1,556,186	1,416,861	1,359,336	1,318,690
Assets	1,720,095	1,748,211	1,756,995	1,734,392	1,733,115	1,570,587	1,503,184	1,465,114
Deposits	1,440,615	1,467,257	1,488,961	1,483,527	1,479,159	1,301,123	1,223,401	1,203,202
Shareowners' Equity	176,678	175,485	176,549	170,511	169,516	155,896	146,232	141,911
Common Equivalent Shares:								
Basic	10,576	10,644	10,674	10,685	10,713	10,297	10,162	10,192
Diluted	10,606	10,675	10,715	10,693	10,721	10,305	10,186	10,208
Ratios:								
ROA	1.27%	1.19%	1.01%	.86%	.99%	1.12%	1.23%	1.28%
ROE	12.37%	11.81%	10.10%	8.71%	10.13%	11.32%	12.66%	13.24%
Net Interest Margin (FTE)	5.52%	5.22%	4.93%	4.70%	4.62%	4.70%	4.73%	4.94%
Efficiency Ratio	65.20%	64.88%	65.30%	68.17%	65.09%	63.12%	61.03%	60.64%

</TABLE>

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

Management's discussion and analysis provides supplemental information, which sets forth the major factors that have affected the Company's financial condition and results of operations and should be read in conjunction with the Consolidated Financial Statements and related notes. The Financial Review is divided into four subsections entitled "Results of Operations", "Financial Condition", "Liquidity and Capital Resources" and "Other". 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 2002 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" or the "Bank". The year-to-date averages used in this report are based on daily balances for each respective period.

This Report and other Company communications and statements may contain "forward-looking statements." These forward-looking statements include, among others, statements about our beliefs, plans, objectives, goals, expectations, estimates and intentions that are subject to significant risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. The words "may", "could", "should", "would", "believe", "anticipate", "estimate", "expect", "intend", "plan" and similar expressions are intended to identify forward-looking statements. The following factors, among others, could cause our financial performance to differ materially from what is contemplated in those forward-looking statements:

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

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

- Inflation, interest rate, market and monetary fluctuations;

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

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

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

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

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

- Technological changes;

- Changes in consumer spending and saving habits;

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

- The growth and profitability of our non-interest or fee income being less than expected;

- Unanticipated regulatory or judicial proceedings;

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

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

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

We caution that the foregoing list of important factors is not exhaustive.

Also, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

RESULTS OF OPERATIONS

Net Income

Earnings, including the effects of merger-related expenses and intangible amortization, for the three and six months ended June 30, 2002 were $5.4 million, or $0.51 per diluted share and $10.6 million, or $0.99 per diluted share, respectively. This compares to $4.3 million, or $0.40 per diluted share, and $8.6 million, or $0.82 per diluted share in 2001. Amortization of intangible assets, net of taxes, for the first six months in 2002 totaled $1.0 million, or $0.10 per diluted share, compared to $1.3 million, or $.13 per diluted share in 2001. The decrease in 2002 is primarily attributable to the elimination of goodwill amortization in accordance with the new accounting pronouncements. See Footnote 7 in Notes to Consolidated Financial Statements.

The Company experienced growth in operating revenues of 14.4% and 17.4% over the comparable three and six month periods in 2001, respectively. The increase was primarily attributable to growth in the net interest margin. The rapid and dramatic reduction in interest rates during 2001 significantly reduced the Company's cost of funds. The lower cost of funds boosted the net interest margin to 5.52% for the second quarter and 5.38% for the first half of 2002. This represents an 89 and 72 basis point improvement over the same periods in 2001, respectively. Noninterest income grew as a result of higher mortgage banking revenues, reflecting the higher volume of fixed rate residential mortgage production sold in the secondary market, and an increase in service charge fees. These increases were the most significant factors contributing to the increase in net income. A condensed earnings summary is presented below.

<TABLE>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
<S>	<C>	<C>	<C>	<C>
Interest and Dividend Income	$26,599	$30,882	$53,640	$60,019
Taxable-Equivalent Adjustment<F1>	426	449	866	908
Interest Income (FTE)	27,025	31,331	54,506	60,927
Interest Expense	5,693	13,396	12,890	26,538
Net Interest Income (FTE)	21,332	17,935	41,616	34,389
Provision for Loan Losses	641	1,007	1,443	1,829
Taxable Equivalent Adjustment	426	449	866	908
Net Int. Inc. After Provision	20,265	16,479	39,307	31,652
Noninterest Income	8,552	8,255	16,846	15,583
Merger Expense	39	-	153	-
Noninterest Expense	20,293	18,132	39,644	33,972
Income Before Income Taxes	8,485	6,602	16,356	13,263
Income Taxes	3,037	2,322	5,797	4,634
Net Income	$ 5,448	$ 4,280	$10,559	$ 8,629
Percent Change	27.29%	2.71%	22.36%	(1.71)%
Return on Average Assets<F2>	1.27%	.99%	1.23%	1.05%
Return on Average Equity<F2>	12.37%	10.13%	12.09%	10.69%

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

Net Interest Income

Second quarter taxable-equivalent net interest income increased $3.4 million, or 18.9%, over the comparable quarter in 2001. During the first half of 2002, taxable-equivalent net interest income increased $7.2 million, or 21.0%, over the first half of 2001. This increase is attributable to growth in earning assets and lower interest rates on interest-bearing liabilities. During the first half of 2002, as compared to the comparable period in 2001, growth in

average earning assets produced a favorable volume variance of $4.2 million. In the second quarter, however, it was a sharp reduction in interest bearing liabilities which contributed to a $1.5 million favorable volume variance. Lower interest rates produced a favorable rate variance of $1.9 million and $3.0 million, respectively, as compared to the same three and six month periods in 2001. Table I on page 22 provides a comparative analysis of the Company's average balances and interest rates.

For the three and six month periods ended June 30, 2002, taxable-equivalent interest income decreased $4.3 million, or 13.7%, and $6.4 million, or 10.5%, respectively, over the comparable prior year periods. The dramatic decline in interest rates produced an unfavorable rate variance on earning assets of $9.9 million for the six months of 2002, as compared to the six month period in 2001. A positive volume variance of $3.5 million for the six month period of 2002 partially offset the unfavorable rate variance. The loan yield declined 123 and 130 basis points, respectively, from the comparable periods in 2001. In the current rate environment, existing loans continued to reprice downward and relative to the prior periods new loans are booked at lower rates.

Lower yields on earning assets (partially offset by a favorable shift in asset mix) contributed to a decrease of 122 basis points in the yield on earning assets, which declined from 8.26% for the six months in 2001 to 7.04% for the same period in 2002.

Interest expense for the three and six month periods ended June 30, 2002 declined $7.7 million, or 57.5% and $13.6 million, or 51.4%, respectively, from the comparable prior year periods. This decrease is attributable to lower rates and a shift in mix of interest bearing liabilities. The dramatic decline in rates during 2001 favorably impacted the Company's average rate paid on interest bearing liabilities, which fell 234 basis points from the first six months in 2001 to 2.19%. The shift in mix of interest bearing liabilities favorably impacted interest expense in the first half of 2002. Certificates of deposit, which generally represent a higher cost of funds for the Company, decreased from 42.5% of average deposits in the first half of 2001 to 36.8% in the first half of 2002. A substantial portion of the reduction in certificates of deposit has been replaced by increases in traditional, lower yielding nonmaturity deposit products. The Company continues to experience competition for deposits in terms of both rate and product. In the current interest rate environment, management expects the Company's cost of funds to decline slightly and begin to stabilize during the third quarter.

The Company's interest rate spread (defined as the average federal taxable-equivalent yield on earning assets less the average rate paid on interest bearing liabilities) increased from 3.73% in the first half of 2001 to 4.85% in the comparable period of 2002. The Company's net interest margin percentage (defined as taxable-equivalent net interest income divided by average earning assets) was 5.38% in the first half of 2002, versus 4.66% in the first half of 2001. The improvement in both the spread and margin is attributable to the lower cost of funds.

Provision for Loan Losses

The provision for loan losses was $641,000 and $1.4 million, respectively, for the three and six month periods ended June 30, 2002, compared to $1.0 million and $1.8 million for the same periods in 2001. The decline in the first half of 2002 provision approximates the decline in net charge-offs between comparable periods. Management implemented policy and procedural changes for monitoring the credit card portfolio, where appropriate, and has experienced a decline in net credit card charge-offs.

Net charge-offs decreased in comparison to the first half of 2001 by $309,000 and remain at low levels relative to the size of the portfolio. The net charge-off ratio decreased to .21% versus .29% in 2001. The Company's nonperforming assets ratio decreased slightly to .28% at June 30, 2002 compared to .32% for both December 31, 2001 and June 30, 2001.

At June 30, 2002, the allowance for loan losses totaled $12.2 million, slightly higher than year-end 2001. At June 30, 2002, the allowance represented 0.97% of total 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 as of June 30, 2002. Charge-off activity for the respective periods is set forth below (dollars in thousands):

<TABLE>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
<S>	<C>	<C>	<C>	<C>
Net Charge-Offs	$526	$809	$1,312	$1,621

Net Charge-Offs (Annualized) as a percent of Average Loans Outstanding, Net of Unearned Interest	.17%	.27%	.21%	.29%

</TABLE>

Noninterest Income
- ------------------

Noninterest income increased $297,000, or 3.6%, in the second quarter of 2002 versus the comparable quarter for 2001, and $1.3 million, or 8.1%, for the six months ended June 30, 2002 versus the comparable period for 2001. During both periods, service charges on deposit accounts and mortgage banking revenues posted higher revenues.

Service charges on deposit accounts increased $374,000, or 14.1%, and $662,000, or 13.0%, respectively, over the comparable three and six month periods for 2001. Service charge revenues in any one year are dependent on the number of accounts, primarily transaction accounts, the level of activity subject to service charges and the collection rate. The increase in the first half of 2002, compared to the comparable period in 2001, reflects an increase in number of accounts primarily attributable to the 2001 Georgia acquisitions.

Data processing revenues decreased $78,000 over the comparable three and six month periods in 2001. This represents a 13.3% and 7.2% decrease, respectively. The Company currently provides data processing services for five financial clients, a decline of one from the first six months in 2001. During the first half of 2002, financial clients represented approximately 59.1% of total processing revenues compared to 68.5% in the comparable period in 2001. The Company completed its systems conversion to a third-party provider for all financial clients during the first quarter of 2002. Management believes second half revenues will remain consistent with the revenues generated in the first half.

Asset management fees decreased $42,000, or 5.8%, compared to the second quarter of 2001, and $49,000, or 3.6%, over the comparable six month period in 2001. Fees lost due to distributions and the decline in stock market values over the past year have outpaced the incremental revenues attributable to new business development. At June 30, 2002, assets under management totaled $324.1 million, representing a decline of $18.8 million, or 5.5% from June 30, 2001.

Mortgage banking revenues increased $88,000, or 8.7%, and $770,000, or 48.9%, respectively, over the comparable three and six month periods in 2001. The Company generally sells into the secondary market all fixed rate residential loan production. The low interest rates have produced a high level of fixed rate production and increased mortgage banking revenues. The level of interest rates, origination volume and percent of fixed rate production will impact the Company's ability to maintain the current level of mortgage banking revenues throughout the remainder of 2002.

Other income decreased $43,000, or 1.3%, and $39,000, or 0.6%, respectively, for the three and six month periods ended June 30, 2002 over the comparable prior year periods. The Company experienced decreases in loan servicing fee revenue of $75,000, credit life insurance commission revenues of $135,000, and miscellaneous recoveries of $70,000. Partially offsetting these declines was an increase in retail brokerage fees of $236,000.

Noninterest income as a percent of average assets was 1.96% and 1.90%, respectively, for the first half of 2002 and 2001.

Noninterest Expense
- -------------------

Noninterest expense increased $2.2 million, or 12.1%, and $5.8 million, or 17.2%, respectively, over the comparable three and six month periods in 2001. The level of noninterest expense during the first half of 2002, relative to the first half of 2001, was significantly impacted by the Company's continued expansion, which added seven new offices in Georgia and two new offices in Alabama in March of 2001. Expense levels for the first half of 2001 included minimal conversion/merger-related costs. Factors impacting the Company's noninterest expense during the first six months of 2002 are discussed below.

Compensation expense increased $1.4 million, or 15.2%, and $3.5 million, or 19.9%, respectively, over the comparable three and six month periods of 2001. The increase is primarily attributable to the addition of the Georgia and Alabama offices, higher commissions related to mortgage banking and retail brokerage, increased pension costs and higher healthcare insurance premiums. Pension costs and healthcare premiums are expected to increase throughout 2002

by approximately 60% and 20%, respectively, as compared to 2001. The higher pension costs are a result of an increase in the number of plan participants and the lower than expected return on plan assets resulting from the general stock market decline. Healthcare premiums are expected to continue to increase due to additional participants and rising costs from healthcare providers.

Occupancy expense, including premises, furniture, fixtures and equipment increased $283,000, or 9.0%, and $856,000, or 14.6%, respectively, over the comparable three and six month periods in 2001. The increase was partially due to the addition of nine offices added with the Georgia acquisitions and the completion of the data processing systems conversion. The Company experienced an increase in depreciation of $423,000, or 20.7%, from the first half in 2001. The increase in depreciation was attributable to the assets added through acquisitions and the implementation of a new data processing system. Additional increases were experienced in maintenance contracts, primarily associated with running dual processing systems through February 2002. Office leases attributable to the new Georgia and Alabama offices also contributed to the higher expense levels.

Conversion/Merger-related expenses for the three and six month periods in 2002 were $39,000 and $153,000, respectively. The Company did not report merger-related costs for the comparable periods in 2001. Conversion/Merger-related costs for the first half of 2002 consist primarily of severance payments resulting from a data processing systems conversion.

Other noninterest expense (excluding merger related costs) increased $495,000, or 8.4%, and $1.3 million, or 12.5%, respectively, over the comparable three and six month periods in 2001. The increase was the result of: (1) higher telephone costs of $266,000 resulting from the Georgia acquisitions and ongoing costs attributable to expansion of the existing wide-area network; (2) increased commission service costs of $160,000 resulting from higher transaction volumes in merchant services; (3) professional fees of $143,000 primarily associated with consulting and certain processing costs; (4) advertising of $164,000; (5) other losses of $108,000 primarily due to fraud losses; (6) bank service charge analysis fees of $142,000 due to higher transaction volume and lower compensating balances; (7) miscellaneous costs of $275,000 reflective of increases in loan closing costs, credit information costs and education expense.

Annualized net noninterest expense (noninterest income minus noninterest expense, net of intangible amortization and conversion/merger expense) as a percent of average assets was 2.46% in the first half of 2002 versus 2.01% for the first half of 2001. The Company's efficiency ratio (noninterest expense, net of intangible amortization and conversion/merger expense, expressed as a percent of the sum of taxable-equivalent net interest income plus noninterest income) was 65.04% in the first half of 2002 compared to 64.15% for the comparable period in 2001. The increase in the efficiency ratio reflects rising costs as noted above.

Income Taxes

The provision for income taxes increased $715,000, or 30.8%, during the second quarter and $1.2 million, or 25.1%, during the first six months of 2002, relative to the comparable prior year periods. The Company's effective tax rate for the first half of 2002 was 35.4% versus 34.9% for the comparable period in 2001. The increase in the effective tax rate is attributable to a higher operating profit and a reduction in tax-exempt municipal interest.

FINANCIAL CONDITION

The Company's average assets increased $81.8 million, or 4.9%, from $1.65 billion in the first half of 2001 to $1.73 billion for the comparable period in 2002. Average earning assets increased to $1.6 billion for the six months ended June 30, 2002, an increase of $74.7 million, or 5.0% from the comparable period of 2001. The change in the mix of earning assets reflects the March 2001 Georgia acquisitions and continued loan generation, partially offset by a decline in investment securities. Loan growth was funded through liquidity generated from acquisitions, deposit growth and the maturity of investment securities. Table I on page 22 presents average balances for the three and six month periods ended June 30, 2002 and 2001.

Average loans increased $94.2 million, or 8.3%, over the first half of 2001. Loan growth was strong throughout most of 2001, with a slight decline in the fourth quarter and again in the first quarter of 2002. However, loan growth improved during the second quarter and loans on average were up $5.4 million in the second quarter. Loans as a percent of average earning assets increased to 78.9% for the first half of 2002, compared to 76.5% for the first half of 2001. At June 30 2002, this percentage had increased to 87.8%. Management anticipates slow to moderate growth in average loans during the third quarter of 2002. Price and product competition remain strong. With the lower rate environment, there continues to be an increased demand for fixed-rate, longer term financing.

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

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

The allowance for loan losses at June 30, 2002 was $12.2 million, slightly higher than the $12.1 million recorded at June 30, 2001. The allowance as a percent of total loans was 0.97% in 2002, constant with the June 30, 2001 level. The allowance for loan losses as a percentage of loans reflects management's current estimation of the credit quality of the Company's loan portfolio. While there can be no assurance that the Company will not sustain loan losses in a particular period that are substantial in relation to the size of the allowance, management's assessment of the loan portfolio would not indicate a likelihood of this occurrence. It is management's opinion that the allowance at June 30, 2002 is adequate to absorb losses inherent in the loan portfolio.

Average funds sold increased $24.9 million, or 29.1% from the six months ended June 30, 2001 to $110.3 million. Liquidity approximating $102 million was generated through the two Georgia acquisitions in March of 2001. Liquidity levels have decreased from first quarter 2002 primarily as a result of declining deposits. For a further discussion on liquidity see the section "Liquidity and Capital Resources".

The investment portfolio is a significant component of the Company's operations and, as such, it functions as a key element of liquidity and asset/liability management. For the six months ended June 30, 2002 the average investment portfolio decreased $44.4 million, or 16.9%, from the first half of 2001. The decline reflects the strong loan growth experienced in 2001. During the first quarter of 2002, management authorized purchases in the investment portfolio to reduce the level of overnight liquidity and in anticipation of slower loan growth in 2002.

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, as a separate component of shareowners' equity. At June 30, 2002, shareowners' equity included a net unrealized gain of $2.9 million compared to a gain of $2.4 million at December 31, 2001. The increase in value reflects a slight decrease in interest rates during the first half of 2002.

At June 30, 2002, the Company's nonperforming loans were $2.8 million versus $2.4 million at year-end 2001. As a percent of nonperforming loans, the allowance for loan losses represented 431% at June 30, 2002 versus 497% at December 31, 2001 and 389% at June 30, 2001. Nonperforming loans include nonaccruing and restructured loans. Other real estate, which includes property acquired either through foreclosure or by receiving a deed in lieu of foreclosure, was $702,000 at June 30, 2002, versus $1.5 million at December 31, 2001 and $837,000 at June 30, 2001. The ratio of nonperforming assets as a percent of loans plus other real estate was .28% at June 30, 2002 compared to .32% at both December 31, 2001 and June 30, 2001.

Average deposits increased 4.5% from $1.4 billion in the first half of 2001, to $1.5 billion in the first half of 2002. The increase in deposits is primarily attributable to the Georgia acquisitions in March 2001. Excluding acquisitions, existing markets realized growth primarily in NOW accounts and noninterest-bearing demand accounts. The Company experienced a steep decline in certificates of deposit during the second half of 2001 through the first half of 2002. This decline was primarily attributable to the relatively low level of interest rates. The decline in certificates during this time was partially offset by growth of nonmaturity deposits which created a favorable shift in the deposit mix and a positive impact on the bank's cost of funds.

The ratio of average noninterest bearing deposits to total deposits was 24.1% for the first half of 2002 compared to 21.0% for the first half of 2001. For the same periods, the ratio of average interest bearing liabilities to average

earning assets was 76.1% compared to 79.4%.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity for a banking institution is the availability of funds to meet increased loan demand and/or excessive deposit withdrawals. Management monitors the Company's financial position in an effort to ensure the Company has ready access to sufficient liquid funds to meet normal transaction requirements, take advantage of investment opportunities and cover unforeseen liquidity demands. In addition to core deposit growth, sources of funds available to meet liquidity demands include cash received through ordinary business activities (i.e. collection of interest and fees), federal funds sold, loan and investment maturities, bank lines of credit for the Company, approved lines for the purchase of federal funds by CCB and Federal Home Loan Bank advances. CCBG maintains a $25.0 million revolving line of credit. As of June 30, 2002, the Company had no borrowings under the revolving line of credit; the Company borrowed $2 million during the first half of 2002 and repaid the balance prior to second quarter-end.

The Company generated approximately $102 million in liquidity through its two Georgia acquisitions in March 2001. The First Union branch acquisition added $72 million in liquidity to the Company. The assumption of deposits totaled approximately $105 million. Including the core deposit premium, the company purchased assets totaling $33 million, with the balance of $72 million being paid to CCB in cash. First Bankshares of West Point Inc. generated liquidity of approximately $30 million, primarily due to the sale of a substantial portion of West Point's investment portfolio for the purpose of aligning its risk profile with that of CCB.

The Company's equity capital was $177.1 million as of June 30, 2002 compared to $171.8 million as of December 31, 2001. Management continues to monitor its capital position in relation to its level of assets with the objective of maintaining a strong capital position. The leverage ratio was 8.39% at June 30, 2002 compared to 7.53% at December 31, 2001. Further, the Company's risk-adjusted capital ratio of 12.97% at June 30, 2002, exceeds the 8.0% minimum requirement under the risk-based regulatory guidelines.

Adequate capital and financial strength is paramount to the stability of CCBG and its subsidiary bank. Cash dividends declared and paid should not place unnecessary strain on the Company's capital levels. Although a consistent dividend payment is believed to be favorably viewed by the financial markets and shareowners, the Board of Directors will declare dividends only if the Company is considered to have adequate capital and in accordance with applicable law.. Future capital requirements and corporate plans are considered when the Board considers a dividend payment. Dividends declared and paid during the first half in 2002 totaled $.305 per share compared to $.295 for the first half of 2001, an increase of 3.4%. The dividend payout ratios for the first half of 2002 and 2001 were 30.6% and 35.7%, respectively.

State and federal regulations as well as the Company's long-term debt agreement place certain restrictions on the payment of dividends by both the Company and its subsidiary bank. At June 30, 2002, these regulations and covenants did not impair the Company's (or its subsidiaries') ability to declare and pay dividends or to meet other existing obligations in the normal course of business.

During the first six months of 2002, shareowners' equity increased $5.3 million, or 6.2%, on an annualized basis. Growth in equity during the first half was positively impacted by net income of $10.6 million, the issuance of common stock of $744,000 and an increase in the net unrealized gain on available-for-sale securities of $641,000. Equity was reduced by dividends paid during the first half of $3.2 million and the repurchase of common stock of $3.4 million. At June 30, 2002, the Company's common stock had a book value of $16.74 per diluted share compared to $16.08 at December 31, 2001 and $15.87 at June 30, 2001.

On March 30, 2000, the Company's Board of Directors authorized the repurchase of up to 500,000 shares of its outstanding common stock. On January 24, 2002, the Company's Board of Directors authorized the repurchase of an additional 250,000 shares of its outstanding common stock. Purchases are made in the open market or in privately negotiated transactions. The Company acquired 124,620 shares during the first half of 2002, 214,000 shares during 2001 and 119,134 shares during 2000. From March 30, 2000 through August 14, 2002, the Company repurchased 457,754 shares at an average purchase price of $24.04 per share.

OTHER

Prior to 2002, Capital City Bank maintained several relationships with various Independent Service Organizations ("ISOs") in connection with its card processing operations. During late 2000 and early 2001, a small number of one of the ISO's merchants generated a large amount of charge-backs. The Bank and the ISO were previously named defendants in one merchant lawsuit citing the improper use of merchant reserve balances. That lawsuit was dismissed. While no outstanding litigation currently exists, the Bank may be exposed to

litigation in the future. Management does not believe that the ultimate resolution of these issues will have a material impact on the Company's financial position or results of operations. The Bank no longer maintains merchant service relationships with these ISOs.

Critical Accounting Policies

The consolidated financial statements included herein have been prepared by the Company, without audit, in accordance with accounting principles generally accepted in the U.S., which require the Company to make various estimates and assumptions. The principles which materially affect its financial position, results of operations and cash flows are set forth in the Notes to Consolidated Financial Statements included in the Company's 2001 Annual Report on Form 10-K. The Company believes that of its significant accounting policies, the following may involve a higher degree of judgment and complexity.

Allowance for Loan Losses: The allowance for loan losses is established through a charge to the provision for loan losses. Provisions are made to reserve for estimated losses in loan balances. The allowance for loan losses is a significant estimate and is evaluated quarterly by the Company for adequacy. The use of different estimates or assumptions could produce a different required allowance, and thereby a larger or smaller provision recognized as expense in any given reporting period.

Intangible Assets: Intangible assets consist primarily of goodwill and core deposit assets that were recognized in connection with the various acquisitions. Goodwill represents the excess of the cost of acquired businesses over the fair market value of their identifiable net assets. The Company completed the first step of the impairment test by June 30, 2002. After conducting the test, the Company determined no impairment existed at June 30, 2002. Impairment testing requires management to make significant judgments and estimates relating to the fair value of its identified reporting units. Significant changes to these estimates may have a material impact on the Company's reported results.

Core deposit assets represent the premium the Company paid for core deposits. Core deposit intangibles are amortized on the straight-line method over various periods ranging from 10 - 15 years, with the majority being written off over approximately 10 years. Generally, core deposits refer to nonpublic, nonmaturing deposits (noninterest-bearing deposits, NOW, money market and savings) and certificates of deposit equal to or less than $100,000. The Company makes certain estimates relating to the useful life of these assets, and rate of run-off based on the nature of the specific assets and the customer bases acquired. If there is a reason to believe there has been a permanent loss in value, management will assess these assets for impairment. Any changes in the original estimates may materially affect reported earnings.

<TABLE>

TABLE I

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

	FOR THREE MONTHS ENDED JUNE 30, 2002			2001		
	Balance	Interest	Rate	Balance	Interest	Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans, Net of Unearned Interest<F1>	$1,234,787	$23,646	7.68%	$1,192,103	$26,485	8.91%
Taxable Investment Securities	150,188	1,935	5.17%	173,497	2,433	5.62%
Tax-Exempt Investment Securities<F2>	69,472	1,052	6.06%	80,772	1,231	6.10%
Funds Sold	93,156	392	1.66%	109,814	1,182	4.32%
Total Earning Assets	1,547,603	27,025	7.00%	1,556,186	31,331	8.08%
Cash & Due From Banks	74,178			74,669		
Allowance for Loan Losses	(12,265)			(11,965)		
Other Assets	110,579			114,225		
TOTAL ASSETS	$1,720,095			$1,733,115		
LIABILITIES						
NOW Accounts	$ 241,059	$ 323	.54%	$ 215,941	$ 1,162	2.16%
Money Market Accounts	234,454	823	1.41%	208,621	1,867	3.59%
Savings Accounts	105,396	134	.51%	111,480	535	1.93%
Other Time Deposits	501,440	4,034	3.23%	634,205	9,148	5.79%
Total Int. Bearing Deposits	1,082,349	5,314	1.97%	1,170,247	12,712	4.36%
Short-Term Borrowings	70,257	177	1.01%	52,246	495	3.80%
Long-Term Debt	13,924	202	5.83%	14,012	189	5.40%
Total Interest Bearing Liabilities	1,166,530	5,693	1.96%	1,236,505	13,396	4.35%
Noninterest Bearing Deposits	358,266			308,912		
Other Liabilities	18,621			18,182		
TOTAL LIABILITIES	1,543,417			1,563,599		

	2002 Balance	2002 Interest	2002 Rate	2001 Balance	2001 Interest	2001 Rate
SHAREOWNERS' EQUITY						
Common Stock	106			107		
Surplus	15,343			21,730		
Other Comprehensive Income	2,354			735		
Retained Earnings	158,875			146,944		
TOTAL SHAREOWNERS' EQUITY	176,678			169,516		
TOTAL LIABILITIES & EQUITY	$1,720,095			$1,733,115		
Interest Rate Spread			5.04%			3.73%
Net Interest Income		$21,332			$17,935	
Net Interest Margin			5.52%			4.63%

FOR SIX MONTHS ENDED JUNE 30,

	2002			2001		
	Balance	Interest	Rate	Balance	Interest	Rate
ASSETS						
Loans, Net of Unearned Interest<F1>	$1,232,081	$47,557	7.78%	$1,137,834	$51,219	9.08%
Taxable Investment Securities	149,000	3,915	5.30%	181,411	5,210	5.79%
Tax-Exempt Investment Securities<F2>	70,199	2,127	6.06%	82,229	2,512	6.11%
Funds Sold	110,293	907	1.64%	85,434	1,986	4.69%
Total Earning Assets	1,561,573	54,506	7.04%	1,486,908	60,927	8.26%
Cash & Due From Banks	73,228			69,742		
Allowance for Loan Losses	(12,248)			(11,525)		
Other Assets	111,522			107,175		
TOTAL ASSETS	$1,734,075			$1,652,300		
LIABILITIES						
NOW Accounts	$ 235,906	$ 655	.56%	$ 209,925	$ 2,562	2.46%
Money Market Accounts	228,138	1,616	1.43%	189,030	3,573	3.81%
Savings Accounts	103,770	265	.52%	108,465	1,147	2.13%
Other Time Deposits	535,116	9,624	3.63%	592,019	17,217	5.86%
Total Int. Bearing Deposits	1,102,930	12,160	2.22%	1,099,439	24,499	4.49%
Short-Term Borrowings	71,144	338	.96%	65,525	1,606	4.94%
Long-Term Debt	13,863	392	5.70%	15,504	433	5.64%
Total Interest Bearing Liabilities	1,187,937	12,890	2.19%	1,180,468	26,538	4.53%
Noninterest Bearing Deposits	350,933			291,194		
Other Liabilities	19,121			17,894		
TOTAL LIABILITIES	1,557,991			1,489,556		
SHAREOWNERS' EQUITY						
Common Stock	106			105		
Surplus	16,199			16,897		
Other Comprehensive Income	2,583			89		
Retained Earnings	157,196			145,653		
TOTAL SHAREOWNERS' EQUITY	176,084			162,744		
TOTAL LIABILITIES & EQUITY	$1,734,075			$1,652,300		
Interest Rate Spread			4.85%			3.73%
Net Interest Income		$41,616			$34,389	
Net Interest Margin			5.38%			4.66%

<FN>
<F1> Average balances include nonaccrual loans. Interest income includes fees on loans of approximately $1.1 million and $2.1 million, for the three and six months ended June 30, 2002, versus $1.2 million and $2.2 million, for the comparable periods ended June 30, 2001.

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

Item 3. Quantitative and Qualitative Disclosure for Market Risk

Overview
- --------

Market risk management arises from changes in interest rates, exchange rates, commodity prices and equity prices. The Company has risk management policies to monitor and limit exposure to market risk. 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 II on page 24. This table presents the Company's consolidated interest rate sensitivity position as of June 30, 2002 based upon certain assumptions as set forth in the Notes to the Table. The objective of interest rate sensitivity analysis is to measure the impact on the Company's net interest income due to fluctuations in interest rates. The asset and liability values presented in Table II may not necessarily be indicative of the Company's interest rate sensitivity over an extended period of time.

The Company 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. Nonmaturity deposits offer management greater discretion as to the direction, timing and magnitude of interest rate changes and can have a material impact on the Company's interest rate sensitivity. In addition, the relative level of interest rates as compared to the current yields/rates of existing assets/liabilities can impact both the direction and magnitude of the change in net interest margin as rates rise and fall from one period to the next.

<TABLE>

Table II
FINANCIAL ASSETS AND LIABILITIES MARKET RISK ANALYSIS <F1>
(Dollars in Thousands)

Other Than Trading Portfolio	June 30, 2002							
	Year 1	Year 2	Year 3	Year 4	Year 5	Beyond	Total	Fair Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Loans								
Fixed Rate	$213,441	$ 86,863	$ 72,812	$ 27,064	$12,453	$20,877	$ 433,510	$ 443,177
Average Interest Rate	7.08%	8.78%	8.47%	8.65%	8.38%	7.70%	7.79%	
Floating Rate<F2>	473,909	72,937	123,021	71,478	63,924	23,850	829,119	847,607
Average Interest Rate	6.45%	7.66%	7.58%	7.69%	7.37%	8.21%	6.95%	
Investment Securities<F3>								
Fixed Rate	66,620	61,645	48,367	19,706	3,795	8,581	208,714	208,714
Average Interest Rate	5.73%	5.12%	4.75%	4.96%	4.94%	5.14%	5.21%	
Floating Rate	-	2,956	2,270	-	-	-	5,226	5,226
Average Interest Rate	-	4.24%	4.60%	-	-	-	4.40%	
Other Earning Assets								
Fixed Rates	-	-	-	-	-	-	-	-
Average Interest Rates	-	-	-	-	-	-	-	
Floating Rate	51,037	-	-	-	-	-	51,037	51,037
Average Interest Rates	1.73%	-	-	-	-	-	1.73%	
Total Financial Assets	$805,007	$224,401	$246,470	$118,248	$80,172	$53,308	$1,527,606	$1,555,761
Average Interest Rates	6.26%	7.35%	7.26%	7.45%	7.41%	7.52%	6.77%	
Deposits<F4>								
Fixed Rate Deposits	$416,974	$ 41,055	$ 12,493	$ 3,681	$ 4,739	$ 7	$ 478,949	$ 481,914
Average Interest Rates	2.91%	3.43%	4.46%	4.74%	4.19%	4.85%	3.02%	
Floating Rate Deposits	570,390	-	-	-	-	-	570,390	570,390
Average Interest Rates	0.84%	-	-	-	-	-	0.84%	
Other Interest Bearing Liabilities								
Fixed Rate Debt	1,104	1,085	980	948	946	8,000	13,063	13,797
Average Interest Rate	5.81%	5.79%	5.70%	5.65%	5.72%	5.89%	5.83%	
Floating Rate Debt	64,505	-	-	-	-	-	64,505	64,505
Average Interest Rate	1.02%	-	-	-	-	-	1.02%	
Total Financial Liabilities	$1,052,973	$ 42,140	$ 13,473	$ 4,629	$ 5,685	$ 8,007	$1,126,907	$1,130,606
Average interest Rate	1.68%	3.49%	4.55%	4.93%	4.44%	5.89%	1.84%	

<FN>
<F1> Based upon expected cashflows, unless otherwise indicated.

<F2> Based upon a combination of expected maturities and repricing opportunities.
<F3> Based upon contractual maturity, except for callable and floating rate securities, which are based on expected maturity and weighted average life, respectively.
<F4> Savings, NOW and money market accounts can be repriced at any time, therefore, all such balances are included as floating rates deposits in 2002. Other time deposit balances are classified according to maturity.
</FN>
</TABLE>

PART II. OTHER INFORMATION

Items 1-3.

Not applicable

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

The Annual Meeting of Shareholders of Capital City Bank Group, Inc. was held on April 23, 2002. Proxies for the meeting were solicited pursuant to Regulation 14A under the Securities Exchange Act of 1934, and there was no solicitation in opposition to management's solicitations. The following summarizes all matters voted upon at this meeting.

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

For terms to expire at the 2005 annual meeting:	For	Against/ Withheld	Abstentions/ Broker Non-Votes
Thomas A. Barron	8,567,872	67,599	-
Lina S. Knox	8,593,686	41,786	-
John R. Lewis	8,598,186	37,286	-

Item 5. Other Information

As reported in a Form 8-K, filed with the Securities and Exchange Commission (the "Commission") on May 31, 2002. Capital City Bank Group, Inc. ("the Company") decided on May 29, 2002 to no longer engage Arthur Andersen LLP as the Company's independent public accountants and to engage KPMG LLP ("KPMG") to serve as the Company's independent public accountants for the fiscal year 2002. The Company's unaudited financial statements for the quarter ended March 31, 2002, included in the Company's Form 10-Q, filed with the Commission on May 15, 2002, were not reviewed by independent public accountants pursuant to Rule 10-01(d) of Regulation S-X; those financial statements have subsequently been reviewed by KPMG, and there were no material changes to such financial statements as a result of KPMG's review.

Item 6. Exhibits and Reports on Form 8-K

(A) Exhibits

99.1 Certification required by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.1 Certification required by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(B) Reports on Form 8-K

On May 31, 2002, the Company filed an 8-K to report a change in the Company's certifying accountants.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned Chief Financial Officer hereunto duly authorized.

CAPITAL CITY BANK GROUP, INC.
(Registrant)

By: /s/ J. Kimbrough Davis

J. Kimbrough Davis

Executive Vice President and
Chief Financial Officer
Date: August 14, 2002

Exhibit 99.1

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that (1) this Quarterly Report of Capital City Bank Group, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2002, as filed with the Securities and Exchange Commission on the date hereof (this "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in this Report fairly presents, in all material respects, the financial condition of the Company at June 30, 2002 and December 31, 2001 and its results of operations for the three-month and six-month periods ended June 30, 2002.

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

Date: August 14, 2002

Exhibit 99.2

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that (1) this Quarterly Report of Capital City Bank Group, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2002, as filed with the Securities and Exchange Commission on the date hereof (this "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in this Report fairly presents, in all material respects, the financial condition of the Company at June 30, 2002 and December 31, 2001 and its results of operations for the three-month and six-month periods ended June 30, 2002.

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

Date: August 14, 2002