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:
March 31, 1998

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 orginaization)	(I.R.S. Employer Identification No.)

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

Registrant's telephone number, including area code:
(850) 671-0610

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 April 30, 1998, 5,886,684 shares of the Registrant's Common Stock, $.01 par value, were outstanding.

<TABLE>
CAPITAL CITY BANK GROUP, INC.

FORM 10-Q I N D E X
<CAPTION>

</TABLE>

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

<TABLE>
CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF CONDITION
AS OF MARCH 31, 1998 AND DECEMBER 31, 1997
(Dollars In Thousands, Except Per Share Amounts)
<CAPTION>

	March 31, 1998 (Unaudited)	December 31, 1997 (Audited)

ASSETS		
<S>	<C>	<C>
Cash and Due From Banks	$ 51,977	$ 61,270
Federal Funds Sold and Interest Bearing Deposits	80,100	52,519
Investment Securities Available-for-Sale	140,795	148,514
Loans, Net of Unearned Interest	737,484	697,726
Allowance for Loan Losses	(8,520)	(8,322)
Loans, Net	728,964	689,404
Premises and Equipment, Net	31,473	31,613
Intangibles, Net	10,748	7,703
Other Assets	24,764	18,650
Total Assets	$1,068,821	$1,009,673
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	$ 201,212	$ 191,797
Interest Bearing Deposits	689,384	643,015
Total Deposits	890,596	834,812
Short-Term Borrowings	45,393	46,114
Long-Term Debt	16,352	15,896
Other Liabilities	12,546	12,401
Total Liabilities	964,887	909,223
SHARE OWNERS' EQUITY		
Preferred Stock, $.01 par value, 3,000,000 shares authorized; no shares outstanding	-	-
Common Stock, $.01 par value; 60,000,000 shares authorized; 5,886,681 issued and outstanding at March 31, 1998 and 5,778,366 issued and outstanding at December 31, 1997	59	58
Additional Paid-In Capital	7,881	6,537
Retained Earnings	95,418	93,288
Net Unrealized Gain on Investment Securities Available-for-Sale	576	567
Total Share Owners' Equity	103,934	100,450
Total Liabilities and Share Owners' Equity	$1,068,821	$1,009,673
Book Value Per Share	$ 17.66	$ 17.17

</TABLE>
<TABLE>

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31
(Dollars in Thousands, Except Per Share Amounts)

<CAPTION>

	1998 (Unaudited)	1997 (Unaudited)
<S>	<C>	<C>
INTEREST INCOME		
Interest and Fees on Loans	$ 16,610	$ 15,398
Investment Securities Available-for-Sale:		
U. S. Treasury	368	551
U. S. Government Agencies/Corporation	812	1,290
States and Political Subdivisions	714	832
Other Securities	85	96
Federal Funds Sold and Interst Bearing Deposits	771	259
Total Interest Income	$ 19,360	$ 18,429
INTEREST EXPENSE		
Deposits	6,773	6,362
Short-Term Borrowings	537	410
Long-Term Debt	280	304
Total Interest Expense	7,590	7,076
Net Interest Income	11,770	11,353
Provision for Loan Losses	486	456
Net Interest Income After Provision for		

Loan Losses	11,284	10,897
NONINTEREST INCOME		
Service Charges on Deposit Accounts	1,941	2,013
Data Processing	852	800
Income from Fiduciary Activities	328	275
Securities Transactions	9	(2)
Other	1,856	1,364
Total Noninterest Income	4,986	4,450
NONINTEREST EXPENSE		
Salaries and Employee Benefits	6,360	5,794
Occupancy, Net	781	705
Furniture and Equipment	1,174	1,285
Other	3,254	3,017
Total Noninterest Expense	11,569	10,801
Income Before Income Taxes	4,701	4,546
Income Tax Expense	1,600	1,504
NET INCOME	$ 3,101	$ 3,042
Basic Net Income Per Share	$ .53	$ .53
Diluted Net Income Per Share	$ .53	$ .53
Cash Dividends Per Share	$ .165	$ .15
Average Shares Outstanding	5,874,892	5,792,292

</TABLE>
<TABLE>

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31
(Dollars in Thousands)

<CAPTION>

	1998 (Unaudited)	1997 (Unaudited)
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 3,101	$ 3,042
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Provision for Loan Losses	486	456
Depreciation	800	782
Net Securities Amortization (Accretion)	163	117
Amortization of Intangible Assets	247	307
Securities (Gains) Losses	(9)	(2)
Non-Cash Compensation	1,201	184
Net (Increase) Decrease in Interest Receivable	(520)	(209)
Net (Increase) Decrease in Other Assets	(5,312)	553
Net Increase (Decrease) in Other Liabilities	145	(1,222)
Net Cash Provided by (Used in) Operating Activities	302	4,008
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Payments/Maturities of Investment Securities	15,670	15,956
Purchase of Investment Securities	(8,080)	-
Net (Increase) Decrease in Loans	4,417	(19,397)
Net Cash Received from Acquisition	7,022	-
Purchase of Premises & Equipment	(480)	(456)
Sales of Premises & Equipment	243	228
Net Cash Provided by (Used in) Investing Activities	18,792	(3,669)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Increase (Decrease) in Deposits	287	(26,630)
Net Increase (Decrease) in Other		

Short-Term Borrowings	(721)	4,608
Borrowing or Proceeds from Long Term Debt	1,000	-
Repayment of Long-Term Debt	(544)	(544)
Dividends Paid	(971)	(869)
Issuance of Common Stock	143	341
Net Cash Used in Financing Activities	(806)	(23,094)
Net Increase (Decrease) in Cash and Cash Equivalents	18,288	(22,755)
Cash and Cash Equivalents at Beginning of Period	113,789	88,906
Cash and Cash Equivalents at End of Period	$132,077	$ 66,151
Supplemental Disclosure:		
Interest Paid	$ 6,434	$ 6,426
Transfer of Loans to ORE	$ 452	$ 443

</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. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Prior year financial statements have been reformatted and/or amounts reclassified, as necessary, to conform with the current year 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 March 31, 1998 and December 31, 1997, and the results of operations and cash flows for the three month periods ended March 31, 1998 and 1997.

The Company and its subsidiaries follow generally accepted accounting principles and reporting practices applicable to the banking industry. The principles which materially affect the financial position, results of operations and cash flows are set forth in Notes to Consolidated Financial Statements which are included in the Company's 1997 Annual Report and Form 10-K. The Company has not significantly changed its accounting and reporting policies from those disclosed in its 1997 Annual Report on Form 10-K.

(2) INVESTMENT SECURITIES
<TABLE>
The related amortized cost and market value of investment securities in the available-for-sale portfolio at March 31, 1998 and
December 31, 1997 were as follows (dollars in thousands):
<CAPTION>

	March 31, 1998			
Available-For-Sale	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
<S>	<C>	<C>	<C>	<C>
U. S. Treasury	$ 28,353	$ 59	$12	$ 28,400
U. S. Government Agencies and Corporations	23,179	40	25	23,194
States and Political Subdivisions	62,240	594	8	62,826
Mortgage-Backed Securities	21,009	288	32	21,265
Other Securities	5,104	6	-	5,110
Total	$139,885	$987	$77	$140,795

</TABLE>
<TABLE>

	December 31, 1997			
Available-For-Sale	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
<S>	<C>	<C>	<C>	<C>
U. S. Treasury	$ 24,345	$ 42	$ 4	$ 24,383
U. S. Government Agencies and Corporations	32,036	55	60	32,031
States and Political Subdivisions	63,661	593	10	64,244
Mortgage-Backed Securities	22,644	326	48	22,922
Other Securities	4,933	1	-	4,934
Total	$147,619	$1,017	$122	$148,514

======== ====== ==== ========

</TABLE>

(3) LOANS

<TABLE>

The composition of the Company's loan portfolio at March 31, 1998 and December 31, 1997 was as follows (dollars in thousands):

<CAPTION>

	March 31, 1998	December 31, 1997
<S>	<C>	<C>
Commercial, Financial and Agricultural	$ 59,462	$ 53,888
Real Estate-Construction	42,413	45,563
Real Estate-Mortgage	491,712	456,499
Consumer, Net of Unearned Interest	143,897	141,776
Loans, Net	$737,484	$697,726

</TABLE>

(4) ALLOWANCE FOR LOAN LOSSES

<TABLE>

An analysis of the changes in the allowance for loan losses for the three month period ended March 31, 1998 and 1997, was as follows (dollars in thousands):

<CAPTION>

	March 31, 1998	March 31, 1997
<S>	<C>	<C>
Balance, Beginning of the Period	$8,322	$8,179
Provision for Loan Losses	486	456
Recoveries on Loans Previously Charged-Off	165	183
Loans Charged-Off	(453)	(546)
Balance, End of Period	$8,520	$8,272

</TABLE>

<TABLE>

Impaired loans are primarily defined as all nonaccruing loans for the loan categories which are included within the scope of SFAS 114. Selected information pertaining to impaired loans is depicted in the table below (dollars in thousands):

<CAPTION>

	March 31, 1998		March 31, 1997	
Impaired Loans:	Balance	Valuation Allowance	Balance	Valuation Allowance
<S>	<C>	<C>	<C>	<C>
With Related Credit Allowance	$2,972	$305	$ 141	$48
Without Related Credit Allowance	1,211	-	1,429	-
Average Recorded Investment for the Period	4,183	*	2,131	*
Interest Income:				
Recognized	$ 31		$ 24	
Collected	$ 31		$ 24	

* Not Applicable

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.

</TABLE>

(5) DEPOSITS

<TABLE>

The composition of the Company's interest bearing deposits at March 31, 1998 and December 31, 1997 were as follows (dollars in thousands):

<CAPTION>

	March 31, 1998	December 31, 1997
<S>	<C>	<C>
NOW Accounts	$109,914	$113,163
Money Market Accounts	78,005	79,010
Savings Deposits	89,149	80,476
Other Time Deposits	412,316	370,366
Total Interest Bearing Deposits	$689,384	$643,015

</TABLE>

(6) ACCOUNTING PRONOUNCEMENTS

Effective January 1, 1998, the Company adopted Statements of Financial

Accounting Standards "SFAS" No. 130, "Reporting Comprehensive Income". Statement 130 provides new accounting and reporting standards for reporting and displaying comprehensive income and its components in a full set of general-purpose financial statements. The adoption of this standard did not have a material impact on reported results of operations of the Company.

Effective February 1998, the Company adopted SFAS No. 132 "Employers Disclosure about Pensions and Other Postretirement Benefits". Statement 132 standardizes the disclosure requirements for pension and other postretirement benefits and requires additional information on changes in the benefit obligations and fair values of plan assets. The Statement suggests combined formats for presentation of pension and other postretirement benefit disclosures. The adoption of this standard will not have a material impact on reported results of operations of the Company.

(7) COMPREHENSIVE INCOME

Total comprehensive income is defined as net income and all other changes in equity. The Company reported total comprehensive income, net of tax, for the quarters ended March 31, 1998 and 1997 of $3.1 million and $2.6 million, respectively. Total comprehensive net income, net of tax, for the first quarter of 1998 and 1997, included net gains of $9,000 and net losses of $471,000, respectively. These changes reflect a market value increase and decrease in investment securities available-for-sale for the quarters ended March 31, 1998 and 1997.

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

The following analysis reviews important factors affecting the financial condition and results of operations of Capital City Bank Group, Inc., for the three month periods ended March 31, 1998 and 1997. Capital City Bank Group, Inc., has made, and may continue to make, various forward-looking statements with respect to financial and business matters. Capital City Bank Group, Inc., cautions that these forward-looking statements are subject to numerous assumptions, risks and uncertainties, all of which may change over time. Actual results could differ significantly from forward-looking statements.

The following discussion 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 accompanying financial statements. The year-to-date averages used in this report are based on daily balances for each respective period.

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 1998 compares with prior years. Throughout this section, Capital City Bank Group, Inc., and its subsidiary, collectively, are referred to as "CCBG" or the "Company."

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 branch facilities which included loans and deposits. The Company paid a deposit premium of $3.3 million, or 6.33%, and assumed approximately $55 million in deposits and purchased loans equal to approximately $44 million at closing and received cash of approximately $7.0 million. Four of the five offices were merged into existing offices of Capital City Bank. The deposit premium is being amortized over fifteen years.

On April 23, 1998, the Company announced a 3-2 stock split effective June 1, 1998, for share owners of record as of May 14, 1998. Amounts in the financial statements and foot notes have not been restated to reflect this stock split.

RESULTS OF OPERATIONS
<TABLE>
Net Income

Net income of $3.1 million, or $.53 per basic and diluted share for the first quarter of 1998, was $59,000, or 1.9%, higher than the $3.0 million, or $.53 per basic and diluted share reported for the comparable period in 1997. Operating revenues, which include net interest income and noninterest income, increased $953,000, or 6.0%, over the first quarter of 1997, and are the most significant factor contributing to the increase in earnings (dollars in thousands):
<CAPTION>

	For The Three Months Ended March 31, 1998	1997

<S> <C> <C>

Interest Income	$19,360	$18,429
Taxable Equivalent Adjustment(1)	361	427
Interest Income (FTE)	19,721	18,856
Interest Expense	7,590	7,076
Net Interest Income (FTE)	12,131	11,780
Provision for Loan Losses	486	456
Taxable Equivalent Adjustment	361	427
Net Int. Inc. After Provision	11,284	10,897
Noninterest Income	4,986	4,450
Noninterest Expense	11,569	10,801
Income Before Income Taxes	4,701	4,546
Income Taxes	1,600	1,504
Net Income	$ 3,101	$ 3,042
Percent Change	1.94%	18.50%
Return on Average Assets (2)	1.21%	1.23%
Return on Average Equity (2)	12.28%	13.61%

(1) Computed using a statutory tax rate of 35%
(2) Annualized
</TABLE>

Net Interest Income

First quarter taxable equivalent net interest income increased $351,000, or 3.0%, over the comparable period for 1997. The increase is attributable to a higher level of earning assets, reflecting growth in the loan portfolio. Loans purchased in the First Federal-Florida transaction account for slightly over half of the total growth in the average loan portfolio. Table I on page 14 provides a comparative analysis of the Company's average balances and interest rates.

Taxable-equivalent interest income increased $865,000, or 4.6%, due to growth in the loan portfolio. Loans, which represent the Company's highest yielding asset, increased (on average) $52.5 million, or 7.7%, and represented 78.4% of total earning assets in the first quarter of 1998 versus 75.7% for the comparable quarter in 1997. The favorable shift in mix of earning assets contributed to an increase of 3 basis points in the yield on earning assets which rose from 8.53% in the first quarter of 1997 to 8.56% in 1998. The improvement in yield attributable to loan growth was partially offset by a higher level of liquidity.

Interest expense increased $514,000, or 7.3%, due primarily to the assumption of $55 million in deposits from First Federal-Florida. Certificates of deposit increased as a percent of average deposits from 45.2% in the first quarter of 1997 to 46.2% in the first quarter of 1998. This shift in deposit mix is attributable to the mix of acquired deposits and led to a 21 basis point increase in the average rate paid on interest bearing liabilities, which rose from 4.00% in the first quarter of 1997 to 4.21% in the first quarter of 1998.

The Company's interest rate spread (defined as the average taxable equivalent yield on earning assets less the average rate paid on interest bearing liabilities) declined from 4.52% in the first quarter of 1997 to 4.35% in the comparable quarter for 1998 due to the higher cost paid on interest bearing liabilities. The Company's net interest margin percentage (defined as taxable-equivalent net interest income divided by average earning assets) was 5.32% in the first quarter of 1997, versus 5.27% in the first quarter of 1998. The decrease in the margin reflects the higher costs of funds.

Provisions for Loan Losses

The provision for loan losses for the three months ended March 31, 1998, was $486,000 versus $456,000 for the first quarter of 1997. Net charge-offs were down from first quarter of 1997, and remain at historically low levels relative to the size of the loan portfolio. Nonperforming loans increased $3.2 million, or 234.5%, during the first quarter. As compared to year-end, the reserve for loan losses increased slightly to $8.5 million and represented 1.16% of total loans versus 1.19%.

For a discussion of the Company's nonperforming loans, see the section entitled "Financial Condition."

Based on current economic conditions, the low level of nonperforming loans and net charge-offs, it is management's opinion that the allowance for loan losses as of March 31, 1998, is sufficient to provide for losses inherent in the portfolio as of that date.

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

	Three Months Ended March 31, 1998	1997
Net Charge-Offs	288,000	$363,000
Net Charge-Offs (Annualized) as a percent of Average Loans Outstanding, Net of Unearned Interest	.16%	.20%

Noninterest Income

Noninterest income increased $536,000, or 12.1%, over the first quarter of 1997, which included increases in all major categories except service charges on deposit accounts.

Service charges on deposit accounts declined $72,000, or 3.6%. The decline in the first quarter of 1998, compared to the comparable quarter in 1997, reflects a decline in the number of deposit accounts, higher compensating balances and an increase in charged-off deposit accounts.

Data processing revenues increased $52,000, or 6.5%, over the first quarter of 1997. The increase reflects higher processing revenues associated with both government agencies and third party banks.

Income from fiduciary activities increased $53,000, or 19.2%, over the comparable quarter in 1997. The increase is attributable to growth in managed assets. At March 31, 1998, assets under management totaled $229.4 million compared to $185.7 million at year-end.
Other income increased $492,000, or 36.1%, over the comparable quarter of 1997. Gains on the sale of residential real estate loans increased $142,000, reflecting increase volume attributable to the low rate environment and a higher level of fixed rate refinancing. ATM fees, interchange commissions, VISA cardholder fees, mortgage servicing fees and other fees and commissions account for the remaining $350,000 favorable variance over the comparable quarter in 1997.

Noninterest income as a percent of average assets was 1.95% for the first quarter of 1998 versus 1.81% for the comparable quarter in 1997.

Noninterest Expense

Noninterest expense in the first quarter of 1998 increased $768,000, or 7.1%, over the first quarter of 1997, which included higher costs in all major expenses categories except net occupancy expense.

Compensation expense increased $566,000, or 9.8%, over the first quarter of 1997 reflecting annual raises and an increase in full-time equivalent employees of 22. During the first quarter of 1998, the Company added staff to capitalize on competitive opportunities arising as a result of mergers of other commercial banks within its markets.

Occupancy expense, including premises, furniture, fixtures and equipment decreased $35,000, or 1.8%. The decline is primarily attributable to a reduction in other FF&E costs and utilities. Partially offsetting this reduction, was an increase in costs for maintenance on equipment.

Other noninterest expense increased $237,000, or 7.9%. The increase was attributable to professional fees and printing and supplies costs, which increased $196,000 and $62,000, or 70.2% and 16.7%, respectively. Partially offsetting this increase was a reduction in EDP services and commission fees expense.

Net noninterest expense (noninterest income minus noninterest expense, net of intangibles) as a percent of average assets was 2.47% in the first quarter of 1998 versus 2.48% for the first quarter of 1997. The Company's efficiency ratio (noninterest expense expressed as a percent of the sum of taxable-equivalent net interest income plus noninterest income) was 66.1% in the first quarter 1998 compared to 65.2% for the comparable quarter in 1997. The increase in the efficiency ratio is attributable to higher costs, primarily compensation expense.

Income Taxes

The provision for income taxes increased $96,000, or 6.4%, over the first quarter of 1997. The increase in the provision is attributable to higher taxable income. The Company's effective tax rate for the first quarter of 1997 was 34.0% compared to 33.1% for the same quarter in 1997. The increase in the effective tax rate is attributable to a decrease in tax exempt income as a percent of taxable income in the first quarter of 1998 as compared to first quarter of 1997.

FINANCIAL CONDITION

Average balances for the first quarter of 1998 reflect the acquisition of First Federal-Florida which was completed on January 31, 1998. Table I on page 14 presents average balances for the three months ended March 31, 1998 and 1997.

The Company's average assets increased to $1.04 billion in the first quarter of 1998 from $999.8 million in the first quarter of 1997. Average earning assets were $933.1 million for the three months ended March 31, 1998 versus $896.1 million for the comparable quarter of 1997. The most significant change in the mix of earning assets occurred through growth in the loan portfolio. The increase in the loan portfolio reflects the First Federal-Florida acquisition and internal loan growth. Maturities in the investment portfolio were used to fund loan growth and improve overall liquidity.

Average loans increased 52.5 million, or 7.7%, over the comparable period in 1997. Loan growth has occurred in all of the portfolios, with the most significant increase in real estate. Loans as a percent of average earning assets increased to 78.4% for the first quarter of 1998, compared to 75.7% for the first quarter of 1997.

The investment portfolio is a significant component of the Company's operations and, as such, it functions as a key element of liquidity and asset/liability management. As of March 31, 1998, the average investment portfolio declined $53.9 million, or 27.4%, from the first quarter of 1997. The decline in the investment portfolio was used to fund loan growth and provide additional liquidity. 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 share owners' equity. At March 31, 1998, share owners' equity included a net unrealized gain of $576,000 compared to a gain of $567,000 at December 31, 1997. The slight increase in value reflects a decrease in interest rates during the first quarter.

At March 31, 1998, the Company's nonperforming loans were $4.6 million versus $1.4 million at year-end and $2.6 million at March 31, 1997. The increase over year-end is primarily attributable to two loans. As a percent of nonperforming loans, the allowance for loan losses represented 174% at March 31, 1998 versus 511% at December 31, 1997 and 323% at March 31, 1997. 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 $1.8 million at March 31, 1998, versus $1.2 million at December 31, 1997, and $1.6 million at March 31, 1997. The ratio of nonperforming assets as a percent of loans plus other real estate was .91% at March 31, 1998 compared to .41% at December 31, 1997 and .60% at March 31, 1997.

Average deposits increased 2.7% from $840.0 million in the first quarter of 1997, to $862.9 million in the first quarter of 1997. The growth in deposits is attributable to the acquisition of First Federal-Florida. During 1998, average interest bearing deposits declined due to anticipated run-off from prior acquisitions and strong competition.
At time of acquisition, certificates of deposit constituted 73% of the acquired deposits. During the first quarter, certificates of deposit represented 46.2% of total deposits compared to 45.2% for the comparable quarter in 1997. This shift in mix has contributed to a compression in the Company's net interest margin which averaged 5.27% in the first quarter of 1998 versus 5.32% in 1997.

The ratio of average noninterest bearing deposits to total deposits was 22.2% for the first quarter of 1998 compared to 21.3% for the first quarter of 1997. For the same periods, the ratio of average interest bearing liabilities to average earning assets was 78.4% and 80.0%, respectively. The change in both ratios is primarily attributable to noninterest bearing deposits increasing, while interest bearing deposits, primarily certificate of deposits, declined throughout 1997, offset by the acquisition of First Federal-Florida.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, for a financial institution, is the availability of funds to meet increased loan demand and/or excessive deposit withdrawals. Management has implemented a financial structure that provides 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 for the subsidiary banks include federal funds sold, near-term loan maturities, securities held in the available-for-sale portfolio, and the ability to purchase federal funds through established lines of credit with correspondent banks. Additionally, the parent company maintains a $25.0 million revolving line of credit. As of March 31, 1998, there was $12.5 million outstanding under this facility. During the first quarter of 1998, principal reductions on the line of credit totaled

$500,000.

The Company's equity capital was $103.9 million as of March 31, 1998 compared to $100.5 million as of December 31, 1997. 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 8.72% at March 31, 1998 compared to 9.19% at December 31, 1997. Further, the Company's risk-adjusted capital ratio of 12.85% at March 31, 1998, significantly exceeds the 8.0% minimum requirement under the risk-based regulatory guidelines.

State and federal regulations as well as the Company's long-term debt agreements place certain restrictions on the payment of dividends by both the Company and its subsidiary bank. At March 31, 1998, these regulations and covenants did not impair the Company's (or its subsidiary's) ability to declare and pay dividends or to meet other existing obligations in the normal course of business.

During the first three months of 1998, share owners' equity increased $3.5 million, or 14.1%, on an annualized basis. Growth in equity during the first quarter was positively impacted by net income of $3.1 million, issuance of common stock of $1.1 million and a slight increase of $9,000 in the Company's net unrealized gain on available-for-sale securities. Dividends paid during the first quarter totaled $971,000 or $.165 per share.

At March 31, 1998, the Company's common stock had a book value of $17.66 per share compared to $17.17 at December 31, 1997. Pursuant to the Company's stock repurchase program adopted in 1989, the Company has repurchased 527,160 shares of its common stock. No shares have been repurchased in 1998. During the first quarter, the Company issued 35,958 shares under its associate incentive and stock purchase plans.

Year 2000 Compliance

In 1996, Capital City Bank Group initiated the process of preparing its computer systems and applications for the Year 2000. This process involves modifying or replacing certain hardware and software maintained by the Company as well as communicating with external service providers to ensure they are taking the necessary action steps required to remedy their Year 2000 issues. The Company expects to have substantially all of the system and application changes completed by the end of 1998 . The Company believes that its level of preparedness is appropriate and will have a year to test in 1999.

While it is not possible, at present, to give an accurate estimate of the cost of the work, these costs may be material to the Company's results of operations in one or more fiscal quarters or years, but are not expected to have a material adverse impact on the long-term results of operations, liquidity, or consolidated financial position of the Company.

The expected completion date and costs of the project are based upon the Company's current best estimates.

<TABLE>
TABLE I
AVERAGES BALANCES & INTEREST RATES
(Taxable Equivalent Basis - Dollars in Thousands)
For Three Months Ended March 31
<CAPTION>

	1998			1997		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans, Net of Unearned Interest(1)(2)	$ 731,204	$16,644	9.23%	$678,730	$15,438	9.22%
Taxable Investment Securities	79,925	1,265	6.41%	124,657	1,940	6.30%
Tax-Exempt Investment Securities (2)	63,081	1,041	6.60%	72,250	1,218	6.75%
Funds Sold	58,842	771	5.31%	20,493	259	5.11%
Total Earning Assets	933,052	19,721	8.56%	896,130	18,856	8.53%
Cash & Due From Banks	49,797			50,180		
Allowance for Loan Losses	(8,390)			(8,275)		
Other Assets	64,347			61,802		
TOTAL ASSETS	$1,038,806			$999,837		
LIABILITIES						
NOW Accounts	$ 109,903	514	1.90%	$110,072	$ 506	1.86%
Money Market Accounts	76,948	538	2.84%	79,882	579	2.94%
Savings Accounts	85,706	440	2.08%	91,236	451	2.00%
Other Time Deposits	398,839	5,281	5.37%	379,585	4,826	5.16%
Total Interest Bearing Deposits	671,396	6,773	4.09%	660,775	6,362	3.90%

Short-Term Borrowings	43,685	537	4.98%	38,060	410	4.37%
Long-Term Debt	16,014	280	7.09%	18,031	304	6.84%
Total Int. Bearing Liabilities	731,095	7,590	4.21%	716,866	7,076	4.00%
Noninterest Bearing Deposits	191,479			179,184		
Other Liabilities	13,839			13,166		
TOTAL LIABILITIES	936,413			909,216		
SHARE OWNERS' EQUITY						
Common Stock	59			58		
Surplus	7,463			5,301		
Retained Earnings	94,871			85,262		
TOTAL SHARE OWNERS' EQUITY	102,393			90,621		
TOTAL LIABILITIES & EQUITY	$1,038,806			$999,837		
Net Interest Rate Spread			4.35%			4.52%
Net Interest Income		$12,131			$11,780	
Net Interest Margin			5.27%			5.32%

(1) Average balances include nonaccrual loans. Interest income includes fees on loans of approximately $766,000 and $705,000, for the three months ended March 31, 1998 and 1997, respectively.
(2) Interest income includes the effects of taxable equivalent adjustments using a 35% tax rate.
</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. Capital City Bank Group 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 Capital City Bank Group to interest rate risk. Fluctuations in interest rate risk may result in changes in the fair market value of the Company's financial instruments, cash flows and net interest income. Capital City Bank Group'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 18. This table presents the Company's consolidated interest rate sensitivity position as of first quarter 1998 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 fair 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. 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 II
FINANCIAL ASSETS AND LIABILITIES MARKET RISK ANALYSIS (1)
(Dollars in Thousands)
<CAPTION>
Other Than Trading Portfolio March 31, 1998

	1999	2000	2001	2002	2003	Beyond	Total	Fair Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Loans								
Fixed Rate	$ 30,944	$ 24,176	$ 38,605	$ 43,828	$ 38,371	$ 65,246	$241,170	$244,149
Average Interest Rate	9.43%	10.16%	9.86%	9.09%	8.17%	9.09%	9.27%	
Floating Rate (2)	384,147	56,932	21,740	11,399	13,398	8,699	496,315	502,445
Average Interest Rate	8.97%	7.56%	8.58%	8.15%	8.60%	9.13%	8.77%	

Investment Securities (3)								
Fixed Rate	75,626	23,023	4,560	6,997	5,805	8,804	124,815	124,815
Average Interest Rate	6.16%	6.08%	5.34%	6.12%	6.64%	5.66%	6.10%	
Floating Rate	-	-	11,043	4,438	-	497	15,978	15,978
Average Interest Rate	-	-	7.01%	7.30%	-	6.28%	7.07%	
Other Earning Assets								
Fixed Rates	-	-	-	-	-	-	-	-
Average Interest Rates	-	-	-	-	-	-	-	
Floating Rates	76,000	-	-	-	-	4,100	80,100	80,100
Average Interest Rates	5.35%	-	-	-	-	5.01%	5.30%	
Total Financial Assets	$566,717	$104,131	$ 75,948	$ 66,662	$ 57,574	$ 87,346	$958,378	$959,143
Average Interest Rates	8.14%	7.84%	8.80%	8.50%	8.63%	7.82%	8.18%	
Deposits (4)								
Fixed Rate Deposits	$353,987	$ 36,761	$ 16,452	$ 2,869	$ 2,229	$ 18	$412,316	$414,123
Average Interest Rates	5.31%	5.65%	5.69%	5.49%	5.76%	5.25%	5.36%	
Floating Rate Deposits	277,069	-	-	-	-	-	277,069	277,069
Average Interest Rates	2.20%	-	-	-	-	-	2.20%	
Other Interest Bearing Liabilities								
Fixed Rate Debt	234	238	242	246	251	2,641	3,852	3,852
Average Interest Rate	6.14%	6.14%	6.14%	6.14%	6.14%	6.14%	6.14%	
Floating Rate Debt	57,893	-	-	-	-	-	57,893	57,893
Average Interest Rate	5.35%	-	-	-	-	-	5.35%	
Total Financial Liabilities	$689,183	$ 36,999	$ 16,694	$ 3,115	$ 2,480	$ 2,659	$751,130	$752,937
Average interest Rate	4.06%	5.65%	5.70%	5.54%	5.80%	6.13%	4.20%	

(1) Based upon expected cashflows, unless otherwise indicated.
(2) Based upon a combination of expected maturities and repricing opportunities.
(3) Based upon contractual maturity, except for callable and floating rate securities, which are based on expected maturity and weighted average life, respectively.
(4) Savings, NOW and money market accounts can be repriced at any time, therefore, all such balances are included as floating rates deposits in 1998. Other time deposit balances are classified according to maturity.

</TABLE>

PART II. OTHER INFORMATION

Items 1-4.

Not applicable

Item 5. Other

On April 23, 1998, the Company announced a 3-2 stock split effective June 1, 1998, for share owners of record as of May 14, 1998. Amounts in the financial statements and foot notes have not been restated to reflect this stock split.

Item 6. Exhibits and Reports on Form 8-K

(A) Exhibits

Not applicable

(B) Reports on Form 8-K

The Company did not file any reports on Form 8-K during the period ended March 31, 1997.

SIGNATURES

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

CAPITAL CITY BANK GROUP, INC.
(Registrant)

/s/ J. Kimbrough Davis
J. Kimbrough Davis
Executive Vice President and
Chief Financial Officer
Date: May 13, 1998

<TABLE> <S> <C>

<ARTICLE> 9
<CIK> 0000726601
<NAME> CAPITAL CITY BANK GROUP, INC.
<MULTIPLIER> 1000
<CURRENCY> 1

<S> <C>
<PERIOD-TYPE> 3-MOS
<FISCAL-YEAR-END> DEC-31-1998
<PERIOD-START> JAN-01-1998
<PERIOD-END> MAR-31-1998
<EXCHANGE-RATE> 1
<CASH> 51,977
<INT-BEARING-DEPOSITS> 4,100
<FED-FUNDS-SOLD> 76,000
<TRADING-ASSETS> 0
<INVESTMENTS-HELD-FOR-SALE> 0
<INVESTMENTS-CARRYING> 139,885
<INVESTMENTS-MARKET> 140,795
<LOANS> 737,484
<ALLOWANCE> 8,520
<TOTAL-ASSETS> 1,068,821
<DEPOSITS> 890,596
<SHORT-TERM> 45,393
<LIABILITIES-OTHER> 12,546
<LONG-TERM> 16,352
<PREFERRED-MANDATORY> 0
<PREFERRED> 0
<COMMON> 58
<OTHER-SE> 103,876
<TOTAL-LIABILITIES-AND-EQUITY> 1,068,821
<INTEREST-LOAN> 16,610
<INTEREST-INVEST> 1,979
<INTEREST-OTHER> 771
<INTEREST-TOTAL> 19,360
<INTEREST-DEPOSIT> 6,773
<INTEREST-EXPENSE> 7,590
<INTEREST-INCOME-NET> 11,770
<LOAN-LOSSES> 486
<SECURITIES-GAINS> 9
<EXPENSE-OTHER> 11,569
<INCOME-PRETAX> 4,701
<INCOME-PRE-EXTRAORDINARY> 3,101
<EXTRAORDINARY> 0
<CHANGES> 0
<NET-INCOME> 3,101
<EPS-PRIMARY> .53
<EPS-DILUTED> .53
<YIELD-ACTUAL> 5.27
<LOANS-NON> 4,693
<LOANS-PAST> 1,778
<LOANS-TROUBLED> 217
<LOANS-PROBLEM> 0
<ALLOWANCE-OPEN> 8,322
<CHARGE-OFFS> 453
<RECOVERIES> 165
<ALLOWANCE-CLOSE> 8,520
<ALLOWANCE-DOMESTIC> 0
<ALLOWANCE-FOREIGN> 0
<ALLOWANCE-UNALLOCATED> 0

</TABLE>