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:
June 30, 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 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) 671-0610

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 July 31, 1998, 8,848,627 shares of the Registrant's Common Stock, $.01 par value, were outstanding

CAPITAL CITY BANK GROUP, INC.

FORM 10-Q INDEX

PART I. FINANCIAL INFORMATION
ITEM I. FINANCIAL STATEMENTS

<TABLE>
CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED JUNE 30
(UNAUDITED)
(Dollars in Thousands, Except Per Share Amounts)(1)

<CAPTION>

	THREE MONTHS ENDED JUNE 30 1998	1997	SIX MONTHS ENDED JUNE 30 1998	1997
<S>				
INTEREST INCOME	<C>	<C>	<C>	<C>
Interest and Fees on Loans	$17,247	$15,806	$33,857	$31,204
Investment Securities:				
U. S. Treasury	447	543	815	1,097
U. S. Government Agencies/Corp.	677	1,254	1,489	2,544
States and Political Subdivisions	713	816	1,427	1,648
Other Securities	90	89	175	185
Funds Sold & Interest Bearing Deposits	759	357	1,530	616
Total Interest Income	19,933	18,865	39,293	37,294
INTEREST EXPENSE				
Deposits	$ 7,037	$ 6,586	$13,810	$12,948
Short-Term Borrowings	514	476	1,051	886
Long-Term Borrowings	280	298	560	602
Total Interest Expense	7,831	7,360	15,421	14,436
Net Interest Income	12,102	11,505	23,872	22,858
Provision for Loan Losses	558	446	1,044	902
Net Interest Income After Provision for Loan Losses	11,544	11,059	22,828	21,956
NONINTEREST INCOME				
Service Charges on Deposit Accounts	2,025	2,041	3,966	4,054
Data Processing	988	937	1,840	1,737
Trust Fees	454	253	781	528
Securities Transactions	15	-	24	(2)
Other	2,162	1,621	4,013	2,985
Total Noninterest Income	5,644	4,852	10,624	9,302
NONINTEREST EXPENSE				
Salaries and Employee Benefits	6,327	5,890	12,687	11,684
Occupancy, Net	795	776	1,580	1,481
Furniture and Equipment	1,225	1,139	2,393	2,424
Other	3,619	3,173	6,869	6,190
Total Noninterest Expense	11,966	10,978	23,529	21,779
Income Before Income Tax	5,222	4,933	9,923	9,479
Income Tax Expense	1,775	1,657	3,375	3,161
NET INCOME	$ 3,447	$ 3,276	$ 6,548	$ 6,318
Basic Net Income Per Share	$ .39	$ .38	$ .74	$ .73
Diluted Net Income Per Share	$ .39	$ .38	$ .74	$ .73
Cash Dividends Per Share	$ .11	$ .10	$ .22	$ .20
Average Shares Outstanding	8,830,198	8,694,435	8,821,316	8,691,450

(1) Prior period share and per share information have been restated to reflect a 3-for-2 stock split effective June 1, 1998.
</TABLE>

<TABLE>

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF CONDITION
AS OF JUNE 30, 1998 AND DECEMBER 31, 1997
(Dollars In Thousands, Except Share Data)(1)

<CAPTION>

	June 30 1998 (Unaudited)	December 31 1997 (Audited)
<S>	<C>	<C>
ASSETS		
Cash and Due From Banks	$ 63,963	$ 61,270
Funds Sold	60,589	52,519
Investment Securities, Available-for-Sale	139,412	148,514
Loans, Net of Unearned Interest	746,203	697,726
Allowance for Loan Losses	(8,747)	(8,322)
Loans, Net	737,456	689,404
Premises and Equipment, Net	31,134	31,613

Intangibles	10,489	7,703
Other Assets	24,547	18,650
Total Assets	$1,067,590	$1,009,673
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	$ 204,164	$ 191,797
Interest Bearing Deposits	679,378	643,015
Total Deposits	883,542	834,812
Short-Term Borrowings	48,461	46,114
Long-Term Debt	15,800	15,896
Other Liabilities	12,936	12,401
Total Liabilities	960,739	909,223
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; 8,848,624 shares outstanding at June 30,1998 and 8,776,085 outstanding at December 31, 1997	88	88
Additional Paid-In-Capital	8,328	6,507
Retained Earnings	97,893	93,288
Net Unrealized Gain on Available-for-Sale Securities	542	567
Total Shareowners' Equity	106,851	100,450
Total Liabilities and Shareowners' Equity	$1,067,590	$1,009,673

(1) Prior period share and per share data have been restated to reflect a 3-for-2 stock split effective June 1, 1998.
</TABLE>

<TABLE>

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

<CAPTION>

<S>	1998 (Unaudited) <C>	1997 (Unaudited) <C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 6,548	$ 6,318
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Provision for Loan Losses	1,044	902
Depreciation	1,590	1,579
Net Securities Amortization	385	340
Amortization of Intangible Assets	513	505
Gains in Sales on Investment Securities	(24)	(2)
Non-Cash Compensation	1,677	184
Net (Increase) Decrease in Interest Receivable	(270)	183
Net (Increase) Decrease in Other Assets	(5,310)	1,426
Net Increase (Decrease) in Other Liabilities	550	(343)
Net Cash Provided by Operating Activities	6,703	11,092
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Payments/Maturities of Investment Securities	34,567	26,055
Purchase of Investment Securities, Available-for-Sale	(25,864)	(4,205)
Net Increase in Loans	(4,659)	(39,222)
Net Cash Received from Acquisition	7,022	-
Purchase of Premises & Equipment	(967)	(976)
Sales of Premises & Equipment	278	955
Net Cash Provided by (Used in) Investing Activities	10,377	(17,393)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Decrease in Deposits	(6,768)	(13,643)
Net Increase in Short-Term Borrowings	2,347	1,317
Borrowing from Long-Term Debt	1,000	-
Repayment of Long-Term Debt	(1,096)	(1,088)

Dividends Paid	(1,943)	(1,739)
Issuance of Common Stock	143	1,048
Net Cash Used in Financing Activities	(6,317)	(14,105)
Net Increase (Decrease) in Cash and Cash Equivalents	10,763	(20,406)
Cash and Cash Equivalents at Beginning of Period	113,789	88,906
Cash and Cash Equivalents at End of Period	$124,552	$ 68,500
Supplemental Disclosure:		
Interest Paid	$ 14,379	$ 13,102
Transfer of Loans to ORE	$ 483	$ 3,696
Income Tax Paid	$ 3,252	$ 3,696

</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 S-X and S-K 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, including the restatement of share and per share data to reflect a 3-for-2 stock split effective June 1, 1998.

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, 1998 and December 31, 1997, and the results of operations for the three and six month periods ended June 30, 1998 and 1997, and cash flows for the six month periods ended June 30, 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 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 1997 Annual Report and Form 10-K.

(2) INVESTMENT SECURITIES

The carrying value and related market value of investment securities at June 30, 1998 and December 31, 1997 were as follows (dollars in thousands):
<TABLE>

	June 30, 1998			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
<CAPTION>				
Available-For-Sale				
<S>	<C>	<C>	<C>	<C>
U. S. Treasury	$ 31,154	$ 50	$15	$ 31,189
U. S. Government Agencies and Corporations	21,770	40	14	21,796
States and Political Subdivisions	62,576	548	5	63,119
Mortgage-Backed Securities	17,952	256	11	18,197
Other Securities	5,104	7	-	5,111
Total	$138,556	$901	$45	$139,412

</TABLE>

<TABLE>

	December 31, 1997			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
<CAPTION>				
Available-For-Sale				
<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

The composition of the Company's loan portfolio at June 30, 1998 and December 31, 1997 was as follows (dollars in thousands):

	June 30, 1998	December 31, 1997
Commercial, Financial and Agricultural	$ 63,710	$ 53,888
Real Estate-Construction	40,846	45,563
Real Estate-Mortgage	495,923	456,499
Consumer	145,724	141,776
Loans, Net of Unearned Interest	$746,203	$697,726

(4) ALLOWANCE FOR LOAN LOSSES

An analysis of the changes in the allowance for loan losses for the six month period ended June 30, 1998 and 1997, is as follows (dollars in thousands):

	June 30, 1998	1997
Balance, Beginning of the Period	$8,322	$8,179
Provision for Loan Losses	1,044	902
Recoveries on Loans Previously Charged-Off	418	370
Loans Charged-Off	(1,037)	(1,003)
Balance, End of Period	$8,747	$8,448

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):
<TABLE>

	June 30, 1998		1997	
Impaired Loans:	Balance	Valuation Allowance	Balance	Valuation Allowance
<CATION>				
<S>	<C>	<C>	<C>	<C>
With Related Credit Allowance	$2,972	$305	$ 218	$108
Without Related Credit Allowance	1,297	-	881	-
Average Recorded Investment for the Period	4,680	*	1,650	*
Interest Income:				
Recognized	$ 48		$ 31	
Collected	$ 12		$ 28	

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.
</TABLE>

(5) DEPOSITS

The composition of the Company's interest bearing deposits at June 30, 1998 and December 31, 1997 was as follows (dollars in thousands):

	June 30, 1998	December 31, 1997
NOW Accounts	$102,881	$113,163
Money Market Accounts	74,612	79,010
Savings Deposits	89,641	80,476
Other Time Deposits	412,244	370,366
Total Interest Bearing Deposits	$679,378	$643,015

(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 Post-Retirement Benefits". Statement 132 standardizes the disclosure requirements for pension and other post-retirement 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 post-retirement benefit disclosures. The adoption of this standard did not have a material impact on reported results of operations of the Company.

In June 1998, the FASB issued SFAS No. 133 "Accounting for Derivative Instruments of Hedging Activities". The statement establishes accounting and reporting standards for derivative instruments (including certain derivative instruments imbedded in other contracts). The statement is effective for fiscal years beginning after June 15, 1999. The adoption of this standard is not expected to 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 which, for Capital City Bank Group, consists solely of changes in unrealized gains (losses) on available-for-sale securities. The Company reported total comprehensive income, net of tax, for the three month periods ended June 30, 1998 and 1997, was as follows (dollars in thousands):
<TABLE>

	THREE MONTHS ENDED JUNE 30 1998	1997	SIX MONTHS ENDED JUNE 30 1998	1997
Net Income	$3,447	$3,276	$6,548	$6,318
Other Comprehensive Income, Net of Tax				
Unrealized Gains (Losses) on Securities:				
Unrealized Gains (Losses) on Securities During the Period	21	620	49	147
Less: Reclassification Adjustments for Gains (Losses) Included in Net Income	5	0	24	(2)
Total Unrealized Gains (Losses) On Securities	16	620	25	149
Other Comprehensive Income, Net of Tax	$3,463	$3,896	$6,573	$6,467

These changes reflect a market value decrease for the second quarter ended June 30, 1998, and an increase in investment
securities available-for-sale for the comparable quarter in 1997.
</TABLE>

<TABLE>
SELECTED QUARTERLY FINANCIAL DATA
UNAUDITED
(Dollars in Thousands, Except Per Share Data)(1)

	1998 Second	1998 First	1997 Fourth	1997 Third	1997 Second	1997 First	1996 Fourth	1996 Third
Summary of Operations:								
Interest Income	$ 19,933	$ 19,360	$ 19,008	$ 19,362	$ 18,865	$ 18,429	$ 18,850	$ 19,019
Interest Expense	7,831	7,590	7,302	7,402	7,360	7,076	7,651	7,785
Net Interest Income	12,102	11,770	11,706	11,960	11,505	11,353	11,199	11,234
Provision for Loan Loss	558	486	437	449	446	456	606	334
Net interest Income After Provision for Loan Loss	11,544	11,284	11,269	11,511	11,059	10,897	10,593	10,900
Noninterest Income	5,644	4,986	4,895	4,394	4,852	4,450	4,497	4,436
Noninterest Expense	11,966	11,569	12,012	10,974	10,978	10,801	10,740	10,885
Income Before Provision for Income Taxes	5,222	4,701	4,152	4,931	4,933	4,546	4,350	4,451
Provision for Income Taxes	1,775	1,600	1,299	1,664	1,657	1,504	1,384	1,405
Net Income	$ 3,447	$ 3,101	$ 2,853	$ 3,267	$ 3,276	$ 3,042	$ 2,966	$ 3,046

Net Interest

Income (FTE)	$ 12,445	$ 12,131	$ 12,059	$ 12,366	$ 11,929	$ 11,780	$ 11,676	$ 11,638
Per Common Share:								
Net Income Basic	$ .39	$ .35	$ .33	$ .37	$ .38	$ .35	$ .35	$ .35
Net Income Diluted	.39	.35	.32	.37	.38	.35	.35	.35
Dividends Declared	.11	.11	.11	.10	.10	.10	.10	.09
Book Value	12.08	11.77	11.45	11.23	10.91	10.55	10.33	10.00
Market Price(2):								
High	32.67	32.67	27.33	23.50	21.50	21.33	14.00	14.00
Low	29.75	29.25	23.00	20.83	19.33	14.00	14.00	12.67
Close	31.38	31.67	27.00	23.17	20.83	20.16	14.00	14.00
Selected Average Balances:								
Total Assets	$1,046,842	$1,038,806	$1,001,661	$1,003,170	$999,888	$999,837	$1,029,891	$1,026,111
Earning Assets	938,970	933,052	898,383	905,722	902,970	896,130	926,169	923,828
Loans, Net of Unearned	741,914	731,204	700,158	704,222	687,280	678,730	672,672	651,752
Total Deposits	872,087	862,875	828,239	838,732	842,847	839,959	858,301	874,603
Total Shareowners' Equity	104,580	102,393	98,920	96,448	92,375	90,621	87,580	84,788
Common Equivalent Shares	8,830	8,812	8,757	8,745	8,694	8,688	8,616	8,613
Ratios:								
ROA	1.32%	1.21%	1.13%	1.29%	1.31%	1.23%	1.15%	1.18%
ROE	13.22%	12.28%	11.45%	13.44%	14.22%	13.61%	13.47%	14.20%
Net Interest Margin (FTE)	5.31%	5.27%	5.33%	5.42%	5.30%	5.32%	5.03%	5.02%

(1) All share and per share data have been adjusted to reflect the three-for-two stock split effective June 1, 1998.
(2) Prior to February 3, 1997, there was not an established trading market for the common stock.
</TABLE>

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

The following analysis discusses important factors affecting the financial condition and results of operations of Capital City Bank Group, Inc., for the three and six month periods ended June 30, 1998 and 1997. This report contains forward-looking statements within the meaning of the federal securities laws such as interest rate sensitivity projections, revenue and expense trends, and long-term objectives. The forward looking statements in this report are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the 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. All prior period share and per share data have been adjusted to reflect a three-for-two stock split effective June 1, 1998. 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 $55 million in deposits and purchased loans equal to $44 million. Four of the five offices were merged into existing offices of Capital City Bank. The deposit premium is being amortized over fifteen years.

RESULTS OF OPERATIONS

Net Income

Net income was $3.4 million, or $.39 per basic and diluted share for the second quarter of 1998, a per share increase of 2.6% over the $3.3 million, or $.38 per basic and diluted share for the comparable period in 1997. Net income was $6.5 million, or $.74 per basic and diluted share for the six months ended June 30, 1998, a per share increase of 1.4% over the $6.3 million, or $.73 per basic and diluted share for comparable period in 1997. Operating revenue, which includes net interest income and noninterest income, increased $2.3 million, or 7.3%, over the first half of 1997, and was the most significant factor contributing to the increase in earnings.
<TABLE>

Three Months Ended Six Months Ended

	June 30,		June 30,	
	1998	1997	1998	1997
<CAPTION>				
<S>	<C>	<C>	<C>	<C>
Interest and Dividend Income	$19,933	$18,865	$39,293	$37,294
Taxable Equivalent Adjustment(1)	343	424	704	851
Interest Income (FTE)	20,276	19,289	39,997	38,145
Interest Expense	7,831	7,360	15,421	14,436
Net Interest Income (FTE)	12,445	11,929	24,576	23,709
Provision for Loan Losses	558	446	1,044	902
Taxable Equivalent Adjustment	343	424	704	851
Net Int. Inc. After Provision	11,544	11,059	22,828	21,956
Noninterest Income	5,638	4,852	10,624	9,302
Noninterest Expense	11,960	10,978	23,529	21,779
Income Before Income Taxes	5,222	4,933	9,923	9,479
Income Taxes	1,775	1,657	3,375	3,161
Net Income	$ 3,447	$ 3,276	$ 6,548	$ 6,318
Percent Change	5.22%	17.76%	3.64%	18.12%
Return on Average Assets(2)	1.32%	1.31%	1.27%	1.27%
Return on Average Equity(2)	13.22%	14.22%	12.76%	13.92%

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

Net Interest Income

Second quarter taxable equivalent net interest income increased $516,000, or 4.3%, over the comparable quarter in 1997. Taxable equivalent net interest income for the first half of 1997 increased $867,000, or 3.7%, over the first half of 1997. The increase in both periods 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 a significant portion of the total growth in the average loan portfolio. Table I on page 16 provides a comparative analysis of the Company's average balances and interest rates.

For the three and six month periods ended June 30, 1998, taxable-equivalent interest income increased $987,000, or 5.1%, and $1.9 million, or 4.9%, respectively, over the comparable prior year periods. Interest income for both periods has increased due to growth in the loan portfolio. Additionally, in the second quarter the Company recognized $400,000 in accrued but uncollected interest income associated with the resolution of a non-performing loan. Loans which represent the Company's highest yielding asset, increased (on average) $53.6 million, or 7.8% and represented 78.7% of total earning assets for the six months ended June 30, 1998 versus 75.9% for the comparable period in 1997. This favorable shift in the mix of earning assets led to a 6 basis point increase in the yield on earning assets which rose from 8.55% during the first six months of 1997 to 8.61% for the comparable period in 1998. The improvement in yield attributable to loan growth was partially offset by a higher level of liquidity.

Interest expense for the three and six month periods ended June 30, 1998, increased $471,000, or 6.4%, and $985,000, or 6.8%, respectively, over the comparable prior year periods. The increase in both periods is primarily due to the assumption of deposits from First Federal-Florida. Certificates of deposit, which generally represent a higher cost of funds than other deposit offerings, increased as a percent of average deposits from 45.7% in the first half of 1997 to 46.7% in 1998. This shift in deposit mix (attributable to the mix of acquired deposits) led to a 16 basis point increase in the average rate paid on interest bearing liabilities, which rose from 4.08% in the first half of 1997 to 4.24% in 1998.

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) declined from 4.47% in the first half of 1997 to 4.37% in the comparable period for 1998 due to the higher cost of funds. The Company's net interest margin percentage (defined as taxable-equivalent net interest income divided by average earning assets) was 5.31% in the first half of 1997, versus 5.29% in the first half of 1998. The decrease in margin represents the higher costs of funds.

Provision for Loan Losses

The provision for loan losses was $558,000 and $1.0 million, respectively, for the three and six month periods ended June 30, 1998, compared to $446,000 and $902,000 for the comparable periods in 1997. Net charge-offs were up from the first half of 1997, but remain at low levels relative to the size of the loan portfolio. Nonperforming loans increased $3.2 million, or 195.8%, during the first six months of 1998. As compared to year-end, the reserve for loan losses increased slightly to $8.7 million, and represented 1.17% 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 reserve for loan losses as of June 30, 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 June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
Net Charge-Offs	$331,000	$270,000	$619,000	$633,000
Net Charge-Offs (Annualized) as a percent of Average Loans Outstanding, Net of Unearned Interest	.18%	.16%	.17%	.19%

Noninterest Income

Noninterest income increased $792,000, or 16.3%, in the second quarter of 1998 versus the comparable quarter for 1997, and $1.3 million, or 14.2%, for the six months ended June 30, 1998 versus the comparable period for 1997. All major categories except service charges reflected an increase.

Service charges on deposit accounts declined $16,000, or 0.8%, and $88,000, or 2.2%, respectively, over the comparable three and six month periods for 1997. The decline for the first six months of 1998, reflects a reduction in the number of accounts, higher compensating balances and an increase in charged-off deposit accounts.

Data processing revenues increased $51,000, or 5.4%, and $103,000, or 5.9%, respectively, over the comparable three and six month periods in 1997. The increase reflects higher processing revenues associated with both government agencies and third party banks.

Revenue from trust activities increased $201,000, or 79.4%, and $253,000, or 47.9%, respectively, over the comparable three and six month periods in 1997. At June 30, 1998, assets under management totaled $246.3 million compared to 185.7 million at year-end.

Other income increased $544,000, or 33.4%, and $1.0 million, or 34.4%, respectively, for the three and six month periods ended June 30, 1998 over the comparable prior year periods. Gains on the sale of residential real estate loans increased $283,000, reflecting the increased volume of loans sold to the secondary market due to the higher level of fixed rate loan production during 1998. The Company recorded a $226,000 gain on the sale of other real estate during the second quarter. ATM fees, interchange commissions, credit life commissions and VISA cardholder fees account for the remaining favorable variance.

Noninterest income as a percent of average assets was 2.05% and 1.88%, respectively, for the first half of 1998 and 1997.

Noninterest Expense

Noninterest expense increased $1.0 million, or 9.0%, and $1.8 million, or 8.0%, respectively, over the comparable three and six month periods in 1997. The increase reflects higher costs in all major expense categories.

Compensation expense increased $437,000, or 7.4%, and $1.0 million, or 8.6%, respectively, over the comparable three and six month periods of 1997, reflecting annual raises and an increase in full-time equivalent employees of 31. 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 market.

Occupancy expense, including premises, furniture, fixtures and equipment increased $105,000, or 5.5%, and $68,000, or 1.7%, respectively, over the comparable three and six month periods in 1997. The increase is primarily attributable increased costs for maintenance and repairs offset partially by a reduction in other FF&E costs.

Other noninterest expense increased $446,000, or 14.1%, and $679,000, or 11.0%, respectively, over the comparable three and six month periods in 1997. The increase was attributable to professional fees of $326,000, advertising of

$167,000, printing and supplies cost of $115,000, and intangible amortization of $75,000. Professional fees reflect costs associated with completion of an extensive review of the Bank's operations. The increase in advertising is attributable to greater product development and market development.

Annualized net noninterest expense (noninterest income minus noninterest expense, net of intangibles) as a percent of average assets was 2.40% in the first half of 1998 versus 2.43% for the first half of 1997. The Company's efficiency ratio (noninterest expense, net of intangibles, expressed as a percent of the sum of taxable-equivalent net interest income plus noninterest income) was 65.27% in the first half of 1998 compared to 64.65% for the comparable period in 1997. The increase in the efficiency ratio reflects rising costs as noted above.

Income Taxes

The provision for income taxes increased $118,000, or 7.1%, during the second quarter and $214,000, or 6.8%, during the first six months of 1998, relative to the comparable prior year periods. The Company's effective tax rate for the first half of 1998 was 34.0% versus 33.4% for the comparable period 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 half of 1998 as compared to the first half of 1997.

FINANCIAL CONDITION

Average balances for the first half of 1998 reflect the acquisition of First Federal-Florida which was completed on January 31, 1998. Table I on Page 16 presents average balances for the three and six month periods ended June 30, 1998 and 1997.

The Company's average assets increased to $1.04 billion at the end of the second quarter of 1998 from $999.9 million in the first half of 1997. Average earning assets were $936.0 million for the six months ended June 30, 1998 versus $899.6 million for the comparable period in 1997. The most significant shift 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 $53.6 million, or 7.8%, 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 78.7% for the second quarter of 1998, compared to 75.9% for the second 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 June 30, 1998, the average investment portfolio declined $49.7 million, or 25.7%, from the comparable period in 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 shareowners' equity. At June 30, 1998, shareowners' equity included a net unrealized gain of $542,000 compared to a net gain of $567,000 at December 31, 1997.

At June 30, 1998, the Company's nonperforming loans were $4.6 million versus $1.6 million at year-end 1997 and $1.9 million at June 30, 1997. The net increase in 1998 is attributable to two relationships. Specific reserves have been established for anticipated losses. As a percent of nonperforming loans, the allowance for loan losses represented 182% at June 30, 1998 versus 512% at December 31, 1997 and 442% at June 30, 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 June 30, 1998 versus $1.2 million at December 31, 1997 and $2.0 million at June 30, 1997. The ratio of nonperforming assets to loans plus other real estate was .88% at June 30, 1998 compared to .41% at December 31, 1997 and .54% at June 30, 1997.

Average deposits increased 3.1% from the $841.3 million for the first half of 1997, to $867.5 million for the first half of 1998. The growth in deposits is attributable to the acquisition of First Federal-Florida. During 1998, interest bearing deposits have continued to decline due to the anticipated run-off from prior acquisitions and strong competition. For the first half of 1998, average certificates of deposit represented 46.7% of total deposits compared to 45.7% for the comparable prior year period. This shift in mix has contributed to a slight compression in the Company's net interest margin which averaged 5.29% in the first half of 1998 versus 5.31% in 1997.

The ratio of average noninterest bearing deposits to total deposits was 22.0% for the first half of 1998 compared to 21.7% for the first half of 1997. For the same periods, the ratio of average interest bearing liabilities to average earning assets was 78.4% and 79.3%, respectively. The change in both ratios is primarily attributable to the increase in noninterst bearing deposits.

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 deposits, sources of funds available to meet liquidity demands for the subsidiary banks include federal funds sold, near-term loan and investment maturities, including the available-for-sale investment portfolio, and the ability to purchase federal funds through established lines of credit with correspondent banks, including the Federal Home Loan Bank.

Additionally, the parent company maintains a $25 million revolving line of credit. As of June 30, 1998 there was $12.0 million outstanding under this facility. During the first half of 1998, principal reductions on the line of credit totaled $1.0 million.

The Company's equity capital was $106.9 million as of June 30, 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 "well capitalized" position. The leverage ratio was 9.0% at June 30, 1998 versus 9.2% at December 31, 1997. Further, the Company's risk-adjusted capital ratio of 14.65% 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 agreement place certain restrictions on the payment of dividends by both the Company and its Group banks. At June 30, 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.

During the first six months of 1998, shareowners' equity increased $6.4 million, or 12.9%, on an annualized basis. Growth in equity during the first six months was positively impacted by net income of $6.5 million and stock issuances of $1.8 million. Dividends paid during the first six months totaled $1.9 million, or $.22 per share.

The Company's common stock had a book value of $12.08 per share at June 30, 1998 compared to $11.45 at December 31, 1997. Pursuant to the Company's stock repurchase program adopted in 1989, the Company has repurchased 790,740 shares (split adjusted) of its common stock. In the first half of 1998, there were no shares repurchased.

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 actions 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 testing will be completed by year-end.

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 of the project is based upon the Company's current best estimates
<TABLE>
TABLE I

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

FOR THREE MONTHS ENDED JUNE 30

<CAPTION>
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	1998 Balance	1998 Interest	1998 Rate	1997 Balance	1997 Interest	1997 Rate
ASSETS	<C>	<C>	<C>	<C>	<C>	<C>
Loans, Net of Unearned Interest(1)	$ 741,914	$17,274	9.34%	$687,280	$15,842	9.24%
Taxable Investment Securities	80,032	1,214	6.09%	119,414	1,886	6.34%
Tax-Exempt Investment Securities(2)	62,610	1,029	6.57%	70,168	1,204	6.87%
Funds Sold	54,414	759	5.59%	26,108	357	5.47%
Total Earning Assets	938,970	20,276	8.66%	902,970	19,289	8.57%
Cash & Due From Banks	49,842			44,635		
Allowance for Loan Losses	(8,617)			(8,362)		
Other Assets	66,647			60,645		

TOTAL ASSETS	$1,046,842			$999,888		
LIABILITIES						
NOW Accounts	$ 105,358	$ 557	2.12%	$100,006	$ 418	1.68%
Money Market Accounts	76,463	541	2.84%	80,732	620	3.08%
Savings Accounts	88,541	472	2.14%	86,976	436	2.01%
Other Time Deposits	411,087	5,467	5.33%	389,801	5,112	5.26%
Total Int. Bearing Deposits	681,449	7,037	4.14%	657,515	6,586	4.02%
Funds Purchased	37,859	498	5.28%	27,976	377	5.40%
Other Borrowed Funds	985	16	6.37%	6,490	99	6.17%
Long-Term Debt	16,315	280	6.88%	17,475	298	6.83%
Total Int. Bearing Liabilities	736,608	7,831	4.26%	709,456	7,360	4.16%
Noninterest Bearing Deposits	190,638			185,332		
Other Liabilities	15,016			12,725		
TOTAL LIABILITIES	942,262			907,513		
SHAREOWNERS' EQUITY						
Common Stock	88			87		
Surplus	7,867			5,435		
Retained Earnings	96,625			86,853		
TOTAL SHAREOWNERS' EQUITY	104,580			92,375		
TOTAL LIABILITIES & EQUITY	$1,046,842			$999,888		
Interest Rate Spread			4.40%			4.41%
Net interest Income		$12,445			$11,929	
Net Interest Margin			5.31%			5.30%

</TABLE>

<TABLE>

FOR SIX MONTHS ENDED JUNE 30

<CAPTION>
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	1998 Balance	1998 Interest	1998 Rate	1997 Balance	1997 Interest	1997 Rate
ASSETS	<C>	<C>	<C>	<C>	<C>	<C>
Loans, Net of Unearned Interest(1)	$ 736,588	$33,918	9.29%	$683,035	$31,279	9.23%
Taxable Investment Securities	80,719	2,479	6.19%	122,020	3,826	6.32%
Tax-Exempt Investment Securities(2)	62,844	2,070	6.59%	71,203	2,424	6.81%
Funds Sold	55,876	1,530	5.52%	23,316	616	5.31%
Total Earning Assets	936,027	39,997	8.61%	899,574	38,145	8.55%
Cash & Due From Banks	49,820			47,392		
Allowance for Loan Losses	(8,504)			(8,318)		
Other Assets	65,497			61,210		
TOTAL ASSETS	$1,042,840			$999,858		
LIABILITIES						
NOW Accounts	$ 107,618	$ 1,070	2.01%	$105,011	$ 923	1.77%
Money Market Accounts	76,704	1,080	2.84%	80,310	1,199	3.01%
Savings Accounts	87,131	912	2.11%	89,075	887	2.01%
Other Time Deposits	404,997	10,748	5.35%	384,722	9,939	5.21%
Total Int. Bearing Deposits	676,450	13,810	4.12%	659,118	12,948	3.96%
Funds Purchased	40,229	1,023	5.13%	29,866	750	5.06%
Other Borrowed Funds	1,023	28	5.45%	6,386	136	4.30%
Long-Term Debt	16,167	560	6.98%	17,753	602	6.83%
Total Int. Bearing Liabilities	733,869	15,421	4.24%	713,123	14,436	4.08%
Noninterest Bearing Deposits	191,058			182,208		
Other Liabilities	14,421			13,029		
TOTAL LIABILITIES	939,348			908,360		
SHAREOWNERS' EQUITY						
Common Stock	88			87		
Surplus	7,650			5,353		
Retained Earnings	95,754			86,058		
TOTAL SHAREOWNERS' EQUITY	103,492			91,498		
TOTAL LIABILITIES & EQUITY	$1,042,840			$999,858		

Interest Rate Spread		4.37%		4.47%
		====		====
Net Interest Income	$24,576		$23,709	
	=======		=======	
Net Interest Margin		5.29%		5.31%
		====		====

(1) Average balances include nonaccrual loans. Interest income includes fees on loans of approximately $723,000 and $1.5 million, for the three and six months ended June 30, 1998, versus $480,000 and $1.5 million, for the comparable periods ended June 30, 1997.
(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 rates 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 June 30, 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 II
<TABLE>
FINANCIAL ASSETS AND LIABILITIES MARKET RISK ANALYSIS(1)
(Dollars in Thousands)
<CAPTION>

Other Than Trading Portfolio	June 30, 1998							
	Year 1	Year 2	Year 3	Year 4	Year 5	Beyond	Total	Market Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Loans								
Fixed Rate	$ 33,243	$ 23,619	$ 40,542	$ 42,643	$ 38,531	$ 80,889	$259,467	$261,617
Average Interest Rate	9.26%	10.26%	9.82%	9.13%	8.89%	8.08%	8.99%	
Floating Rate(2)	386,422	46,682	25,340	10,786	11,405	6,101	486,736	480,769
Average Interest Rate	8.94%	7.58%	8.58%	8.07%	8.75%	9.44%	8.78%	
Investment Securities(3)								
Fixed Rate	65.614	19,338	14,444	8,416	5,467	11,714	124,993	$124,993
Average Interest Rate	6.16%	5.72%	6.47%	6.70%	6.59%	6.45%	6.21%	
Floating Rate	0	10,047	3,866	0	0	506	14,419	14,419
Average Interest Rate	0	6.48%	6.34%	0	0	6.29%	6.43%	
Other Earning Assets								
Fixed Rates	0	0	0	0	0	0	0	0
Average Interest Rates	0	0	0	0	0	0	0	
Floating Rates	55,800	0	0	0	0	4,790	60,589	60,589
Average Interest Rates	5.35%	0	0	0	0	4.62%	5.49%	
Total Financial Assets	$541,079	$99,686	$ 84,192	$ 61,845	$ 55,403	$103,999	$946,204	952,387
Average Interest Rates	8.28%	7.75%	8.71%	8.61%	8.63%	7.81%	8.25%	

Deposits(4)								
Fixed Rate Deposits	$354,870	$ 38,266	$ 14,365	$ 2,852	$ 1,892	$ 0	$412,245	414,170
Average Interest Rates	5.21%	5.68%	5.58%	5.47%	5.74%	0	5.27%	
Floating Rate Deposits	267,133	0	0	0	0	0	267,133	267,133
Average Interest Rates	2.18%	0	0	0	0	0	2.18%	
Other Interest Bearing Liabilities								
Fixed Rate Debt	235	239	243	247	251	2,585	3,800	3,801
Average Interest Rate	6.14%	6.14%	6.14%	6.14%	6.14%	6.14%	6.14%	
Floating Rate Debt	60,461	0	0	0	0	0	60,461	60,461
Average Interest Rate	5.32%	0	0	0	0	0	5.32%	
Total Financial Liabilities	$682,699	$ 38,504	$ 14,608	$ 3,099	$ 2,143	$ 2,585	$743,639	$745,565
Average interest Rate	4.04%	5.68%	5.59%	5.52%	5.79%	6.14%	4.17%	

(1) Based upon expected cash-flows, unless otherwise indicated.
(2) Based upon a combination of expected maturities and repricing opportunities.
(3) Based upon contractual maturity, except for callable and floating rate securities, which are based on expected maturity and weighted average life, respectively.
(4) Savings, NOW and money market accounts can be repriced at any time, therefore, all such balances are included as floating rate deposits in 1998. Other time deposit balances are classified according to maturity.
</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 24, 1998. Proxies for the meeting were solicited pursuant to Regulation 14A under the Securities Exchange Act of 1934, and there was no solicitation in opposition to management's solicitations. The following summarizes all matters voted upon at this meeting.

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

For terms to expire at the 2001 annual meeting:	For	Against/ Withheld	Abstentions/ Broker Non-Votes
Cader B. Cox, III	4,935,743	0	0
William G. Smith, Jr.	4,935,743	0	0

2. The shareowners ratified the selection of Arthur Andersen LLP as the independent auditors for the Company for 1998. The number of votes cast were as follows:

For	Against/ Withheld	Abstentions/ Broker Non-Votes
4,935,248	130	365

Item 5. Other Information

Not Applicable

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 June 30, 1998.

SIGNATURES

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

CAPITAL CITY BANK GROUP, INC.
(Registrant)
/s/ J. Kimbrough Davis
J. Kimbrough Davis

Executive Vice President and
Chief Financial Officer
Date: August 13, 1998

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