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:
September 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 office)	(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 October 31, 1998, there were 8,848,633 shares of the Registrant's Common Stock, $.01 par value, outstanding.

CAPITAL CITY BANK GROUP, INC.

FORM 10-Q I N D E X

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

<CAPTION>

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
INTEREST INCOME				
Interest and Fees on Loans	$16,768	$16,542	$50,625	$47,746
Investment Securities:				
U.S. Treasury	484	904	1,299	2,943
U.S. Gov. Agencies/Corp.	661	684	2,150	2,286
States and Political Subdivisions	704	784	2,131	2,432
Other Securities	87	82	262	267
Funds Sold	779	366	2,309	982
Total Interest Income	19,483	19,362	58,776	56,656
INTEREST EXPENSE				
Deposits	6,969	6,597	20,780	19,545
Short-Term Borrowings	449	514	1,500	1,400
Long-Term Debt	268	291	828	893
Total Interest Expense	7,686	7,402	23,108	21,838
Net Interest Income	11,797	11,960	35,668	34,818
Provision for Loan Losses	558	449	1,602	1,351
Net Interest Income After Provision for Loan Losses	11,239	11,511	34,066	33,467
NONINTEREST INCOME				
Service Charges on Deposit Accounts	1,885	2,021	5,851	6,075
Data Processing	740	724	2,581	2,461
Income from Fiduciary Activities	448	269	1,229	797
Securities Transactions	33	(3)	57	
(5)				
Other	1,953	1,383	5,966	4,368
Total Noninterest Income	5,059	4,394	15,684	13,696
NONINTEREST EXPENSE				
Salaries and Employee Benefits	5,975	5,903	18,662	17,587
Occupancy, Net	826	771	2,406	2,252
Furniture and Equipment	1,325	1,241	3,718	3,665
Other	3,145	3,059	10,014	9,249
Total Noninterest Expense	11,271	10,974	34,800	32,753
Income Before Income Tax	5,027	4,931	14,950	14,410
Income Tax Expense	1,759	1,664	5,134	4,825
NET INCOME	$ 3,268	$ 3,267	$ 9,816	$ 9,585
Net Income Per Basic Share	$ .37	$ .37	$ 1.11	$ 1.10
Net Income Per Diluted Share	$ .37	$ .37	$ 1.11	$ 1.10
Cash Dividends Per Share	$ .11	$ .10	$ .33	$ .30
Average Shares Outstanding	8,848,628	8,745,632	8,830,451	8,709,710

(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 SEPTEMBER 30, 1998 AND DECEMBER 31, 1997
(Dollars In Thousands, Except Per Share Amounts)(1)
<CAPTION>

	September 30, 1998 (Unaudited)	December 31, 1997 (Audited)
<S>	<C>	<C>
ASSETS		
Cash and Due From Banks	$ 60,858	$ 61,270
Funds Sold	61,916	52,519
Investment Securities, Available-for-Sale	146,298	148,514
Loans, Net of Unearned Interest	751,752	697,726
Allowance for Loan Losses	(8,801)	(8,322)
Loans, Net	742,951	689,404
Premises and Equipment, Net	31,118	31,613
Intangibles	10,240	7,703

Other Assets	23,889	18,650
Total Assets	$1,077,270	$1,009,673
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	$ 215,103	$ 191,797
Interest Bearing Deposits	684,474	643,015
Total Deposits	899,577	834,812
Short-Term Borrowings	39,675	46,114
Long-Term Debt	14,647	15,896
Other Liabilities	13,811	12,401
Total Liabilities	967,710	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; 8,848,630 shares outstanding at September 30,1998 and 8,776,085 outstanding at December 31, 1997	88	88
Additional Paid In Capital	8,357	6,507
Retained Earnings	100,185	93,288
Net Unrealized Gain on Available-for-Sale Securities	930	567
Total Shareowners' Equity	109,560	100,450
Total Liabilities and Shareowners' Equity	$1,077,270	$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 NINE MONTH PERIODS ENDED SEPTEMBER 30
(Dollars In Thousands)
<CAPTION>

	1998 (Unaudited)	1997 (Unaudited)
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 9,816	$ 9,585
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Provision for Loan Losses	1,602	1,351
Depreciation	2,411	2,441
Net Securities Amortization	544	501
Amortization of Intangible Assets	773	714
Gain on Sales of Investment Securities	(57)	5
Non-Cash Compensation	1,248	185
Net Increase in Interest Receivable	(339)	(119)
Net (Increase) Decrease in Other Assets	(4,594)	1,753
Net Increase (Decrease) in Other Liabilities	1,200	(341)
Net Cash Provided by Operating Activities	12,604	16,075
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Payments/Maturities of Investment Securities Available-for-Sale	49,742	43,415
Purchase of Investment Securities Available-for-Sale	(47,438)	(2,925)
Net Increase in Loans	(10,712)	(32,691)
Net Cash Received from Acquisition	7,022	-
Purchase of Premises & Equipment	(1,772)	(1,270)
Sales of Premises & Equipment	278	1,157
Net Cash Used in Investing Activities	(2,880)	7,686
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Increase (Decrease) in Deposits	9,267	(40,849)
Net Increase (Decrease) Short-Term Borrowings	(6,439)	1,499
Borrowing from Long-Term Debt	2,400	
Repayment of Long-Term Debt	(3,649)	(1,632)
Dividends Paid	(2,916)	(2,613)
Issuance of Common Stock	598	1,217
Net Cash Used in Financing Activities	(739)	(42,378)
Net Increase (Decrease) in Cash and Cash Equivalents	8,985	(18,617)
Cash and Cash Equivalents at Beginning of Period	113,789	88,906

Cash and Cash Equivalents at End of Period	$122,774	$ 70,289
Supplemental Disclosure:		
Interest Paid	$ 21,696	$ 19,926
Transfer of Loans to ORE	$ 1,818	$ 1,312
Income Taxes Paid	$ 5,727	$ 5,159

</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 September 30, 1998 and December 31, 1997, the results of operations for the three and nine month periods ended September 30, 1998 and 1997, and cash flows for the nine month periods ended September 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 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 September 30, 1998 and December 31, 1997 were as follows (dollars in thousands):

	September 30, 1998			
Available-For-Sale	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U.S. Treasury	$ 33,139	$ 210	$ -	$ 33,349
U.S. Government Agencies and Corporations	26,245	135	60	26,320
States and Political Subdivisions	63,198	953	1	64,150
Mortgage Backed Securities	17,142	220	5	17,357
Other Securities	5,105	17	-	5,122
Total	$144,829	$1,535	$66	$146,298

	December 31, 1997			
Available-For-Sale	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
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	4	-	4,937
Total	$147,619	$1,020	$122	$148,51

(3) LOANS

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

	September 30, 1998	December 31, 1997
Commercial, Financial and Agricultural	$ 70,153	$ 53,888
Real Estate-Construction	43,747	45,563
Real Estate-Mortgage	489,475	456,499
Consumer	148,377	141,776
Loans, Net of Unearned Interest	$751,752	$697,726

(4) ALLOWANCE FOR LOAN LOSSES

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

	September 30, 1998	September 30, 1997
Balance, Beginning of the Period	$8,322	$8,179
Acquired Reserves	-	-
Provision for Loan Losses	1,602	1,351
Recoveries on Loans Previously Charged-Off	699	523
Loans Charged-Off	(1,822)	(1,548)
Balance, End of Period	$8,801	$8,505

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>
<CAPTION>

	September 30,			
	1998		1997	
Impaired Loans:	Balance	Valuation Allowance	Balance	Valuation Allowance
<S>	<C>	<C>	<C>	<C>
With Related Credit Allowance	$2,786	$514	$ 158	$ 81
Without Related Credit Allowance	1,642	-	822	-
Average Recorded Investment for the Period	5,405	N/A	2,236	N/A
Interest Income:				
Recognized	$ 64		$ 74	
Collected	$ 62		$ 72	

The Company recognizes income on nonaccrual 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

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

	September 30, 1998	December 31, 1997
NOW Accounts	$ 97,476	$113,163
Money Market Accounts	79,925	79,010
Savings Deposits	93,847	80,476
Other Time Deposits	413,226	370,366
Total Interest Bearing Deposits	$684,474	$643,015

(6) ACCOUNTING PRONOUNCEMENTS

Effective January 1, 1998, the Company adopted Statement 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.

In June 1998, the Financial Accounting Standards Board "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. Management has not yet assessed the impact of this standard on the reported results of operations of the company.

In October 1998, the FASB issued SFAS No. 134 "Accounting for Mortgage-Backed Securities Retained after the Securitization of Mortgage Loans Held for Sale by a Mortgage Banking Enterprise". The statement amends Statement 65 to require that after the securitization of mortgage loans held for sale, an entity engaged in mortgage banking activities classify the resulting mortgage-baked securities or other retained interests based on its ability and intent to sell or hold those investments. This statements shall be effective for the first fiscal quarter beginning after December 15, 1998. The adoption of this standard is not expected to have a material impact on the 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 and nine month periods ended September 30, 1998 and 1997, as follows (dollars in thousands):

<TABLE>
<CAPTION>

	THREE MONTHS ENDED SEPTEMBER 30 1998	THREE MONTHS ENDED SEPTEMBER 30 1997	NINE MONTHS ENDED SEPTEMBER 30 1998	NINE MONTHS ENDED SEPTEMBER 30 1997
<S>	<C>	<C>	<C>	<C>
Net Income	$3,268	$3,267	$ 9,816	$9,585
Other Comprehensive Income, Net of Tax				
Unrealized Gains (Losses) on Securities:				
Unrealized Gains (Losses) on Securities Arising During the Period	371	258	420	405
Less: Reclassification Adjustments for Gains (Losses) Included in Net Income	33	(3)	57	(5)
Total Unrealized Gains (Losses) On Securities , Net of Tax	338	261	363	410
Total Comprehensive Income, Net of Tax	$3,606	$3,528	$10,179	$9,995

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

	1998 Third	1998 Second	1998 First	1997 Fourth	1997 Third	1997 Second	1997 First	1996 Fourth
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Summary of Operations:								
Interest Income	$ 19,483	$ 19,933	$ 19,360	$ 19,008	$ 19,362	$ 18,865	$ 18,429	$ 18,850
Interest Expense	7,686	7,831	7,590	7,302	7,402	7,360	7,076	7,651
Net Interest Income	11,797	12,102	11,770	11,706	11,960	11,505	11,353	11,199
Provision for Loan Loss	558	558	486	437	449	446	456	606
Net interest Income After Provision for Loan Loss	11,239	11,544	11,284	11,269	11,511	11,059	10,897	10,593
Noninterest Income	5,059	5,644	4,986	4,895	4,394	4,852	4,450	4,497
Noninterest Expense	11,271	11,966	11,569	12,012	10,974	10,978	10,801	10,740
Income Before Provision for Income Taxes	5,027	5,222	4,701	4,152	4,931	4,933	4,546	4,350
Provision for Income Taxes	1,759	1,775	1,600	1,299	1,664	1,657	1,504	1,384
Net Income	$ 3,268	$ 3,447	$ 3,101	$ 2,853	$ 3,267	$ 3,276	$ 3,042	$ 2,966
Net Interest Income (FTE)	$ 12,147	$ 12,445	$ 12,131	$ 12,059	$ 12,366	$ 11,929	$ 11,780	$ 11,676
Per Common Share:								
Net Income Basic	$ .37	$ .39	$ .35	$ .33	$ .37	$ .38	$ .35	$ .35
Net Income Diluted	.37	.39	.35	.32	.37	.38	.35	.35
Dividends Declared	.11	.11	.11	.11	.10	.10	.10	.10
Book Value	12.38	12.08	11.77	11.45	11.23	10.91	10.55	10.33
Market Price(2):								
High	33.13	32.67	32.67	27.33	23.50	21.50	21.33	14.00
Low	19.00	29.75	29.25	23.00	20.83	19.33	14.00	14.00
Close	29.13	31.38	31.67	27.00	23.17	20.83	20.16	14.00
Selected Average Balances:								
Total Assets	$1,052,301	$1,046,842	$1,038,806	$1,001,661	$1,003,170	$999,888	$999,837	$1,029,891
Earning Assets	946,601	938,970	933,052	898,383	905,722	902,970	896,130	926,169
Loans, Net of Unearned	745,257	741,914	731,204	700,158	704,222	687,280	678,730	672,672
Total Deposits	875,938	872,087	862,875	828,239	838,732	842,847	839,959	858,301
Total Shareowners' Equity	107,545	104,580	102,393	98,920	96,448	92,375	90,621	87,580
Common Equivalent Shares	8,848	8,830	8,812	8,757	8,745	8,694	8,688	8,616
Ratios:								
ROA	1.23%	1.32%	1.21%	1.13%	1.29%	1.31%	1.23%	1.15%
ROE	12.06%	13.22%	12.28%	11.45%	13.44%	14.22%	13.61%	13.47%
Net Interest Margin (FTE)	5.10%	5.31%	5.27%	5.33%	5.42%	5.30%	5.32%	5.03%

(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 of Capital City Bank Group, Inc.

</TABLE>

ITEM 2. 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 nine month periods ended September 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 transaction created approximately $3.3 million in goodwill and other intangible assets and the Company assumed $55 million in deposits and purchased $44 million of loans. Four of the five offices were merged into existing offices of Capital City Bank. The goodwill is being amortized over fifteen years.

On August 27, 1998, the Company entered into a definitive purchase and assumption agreement with First Union National Bank ("First Union") to acquire eight of First Union's branch facilities which includes deposits. The Company agreed to pay a deposit premium of approximately $19.2 million, to assume approximately $218 million in deposits and acquire certain real estate. The transaction will be completed before year-end.

RESULTS OF OPERATIONS

Net Income

Net income of $3.3 million, or $.37 per basic and diluted share for the third quarter of 1998, was constant with the comparable period in 1997. Net income was $9.8 million, or $1.11 per basic and diluted share for the nine months ended September 30, 1998, a per share increase of 0.9% over the $9.6 million, or $1.10 per basic and diluted share for comparable period in 1997. Operating revenue, which includes net interest income and noninterest income, increased $2.8 million, or 5.8%, over the first nine months of 1997, and was the most significant factor contributing to the increase in earnings.

	For The Three Months Ended September 30, 1998	1997	For The Nine Months Ended September 30, 1998	1997
Interest and Dividend Income	$19,483	$19,362	$58,776	$56,656
Taxable Equivalent Adjustment(1)	351	406	1,055	1,257
	19,834	19,768	59,831	57,913
Interest Expense	7,686	7,402	23,108	21,838
Net Interest Income (FTE)	12,148	12,366	36,723	36,075
Provision for Loan Losses	558	449	1,602	1,351
Taxable Equivalent Adjustment	351	406	1,055	1,257
Net Interest Income After Provision	11,239	11,511	34,066	33,467
Noninterest Income	5,059	4,394	15,684	13,696
Noninterest Expense	11,271	10,974	34,800	32,753
Income Before Income Taxes	5,027	4,931	14,950	14,410
Income Taxes	1,759	1,664	5,134	4,825
Net Income	$ 3,268	$ 3,267	$ 9,816	$ 9,585

Percent Change over comparable

prior year period	.03%	7.29%	2.41%	14.19%
Return on Average Assets (2)	1.23%	1.29%	1.25%	1.28%
Return on Average Equity (2)	12.06%	13.44%	12.52%	13.76%

(1) Computed using a statutory tax rate of 35%
(2) Annualized

Net Interest Income

Third quarter taxable equivalent net interest income declined $218,000, or 1.8%, over the comparable quarter in 1997. This decline is attributable to a 32 basis point decline in the net yield on earning assets, more than offsetting the increase in net interest income attributable to growth. Taxable equivalent net interest income for the nine month period of 1998 increased $648,000 million, or 1.8%, over the same period of 1997. This 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 approximately 75% of the total growth in the average loan portfolio. Partially offsetting the increase due to loan volume was a reduction of 13 basis points in the net yield on earning assets. Table I on page 18 provides a comparative analysis of the Company's average balances and interest rates.

For the three and nine month periods ended September 30, 1998, taxable-equivalent interest income increased $66,000, or 0.3%, and $1.9 million, or 3.3%, respectively, over the comparable prior year periods. The increase in both periods is due to growth in the loan portfolio resulting from the First Federal-Florida acquisition. Partially offsetting these favorable variances attributable to growth, was a decrease in the yield on earning assets of 34 and 8 basis points, respectively, reflecting the general decline in interest rates. Loans which represent the Company's highest yielding asset, increased (on average) $49.4 million, or 7.2% and represented 78.7% of total earning assets for the nine months ended September 30, 1998 versus 76.6% for the comparable period in 1997. This shift in the mix of earning assets and reduction of interest rates, led to a 8 basis point decrease in the yield on earning assets which declined from 8.59% during the first nine months of 1997 to 8.51% for the comparable period in 1998.

Interest expense for the three and nine month periods ended September 30, 1998, increased $284,000, or 3.8%, and $1.3 million, or 5.8%, respectively, over the comparable prior year periods. The increase in both periods is primarily due to growth in deposits. Certificates of deposit, which generally represent a higher cost of funds than other deposit offerings, increased as a percent of average deposits from 45.8% in the nine months of 1997 to 46.8% in 1998. This shift in deposit mix is attributable to the mix of deposits acquired from First Federal-Florida and led to a 10 basis point increase in the average rate paid on interest bearing liabilities, which rose from 4.11% in the first nine months of 1997 to 4.21% in 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) for the three and nine month periods ended September 30, 1998 was 4.17% and 4.30%, respectively, compared to 4.48% and 4.47% for the comparable periods in 1997. The decline in spread is attributable to lower yields on earning assets reflecting the general decline in interest rates. The Company's net yield on earning assets (defined as taxable-equivalent net interest income divided by average earning assets) for the three and nine month periods ended September 30, 1998 was 5.10% and 5.22%, respectively, compared to 5.42% and 5.35% for the comparable periods in 1997. The decline in the margin is due to lower yields on earning assets and an increase in the costs of interest bearing liabilities.

Provision for Loan Losses

The provision for loan losses was $558,000 and $1.6 million, respectively, for the three and nine month periods ended September 30, 1998, compared to $449,000 and $1.4 million for the comparable periods in 1997. Net charge-offs were up from the first nine months of 1997, but remain at low levels relative to the size of the loan portfolio. Nonperforming loans increased $4.2 million, or 255.1%, during the first nine months of 1998. As compared to year-end, the reserve for loan losses increased slightly to $8.8 million, and represented 1.17% of total loans versus 1.19%.

Based on current economic conditions, the low level of nonperforming loans, and net charge-offs, it is management's opinion the allowance for loan losses as of September 30, 1998 is sufficient to provide for losses inherent in the loan portfolio as of that date.

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

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

<CAPTION>

	Three Months Ended 9/30/98	Three Months Ended 9/30/97	Nine Months Ended 9/30/98	Nine Months Ended 9/30/97
<S>	<C>	<C>	<C>	<C>
Net Charge-Offs	$504,000	$393,000	$1,123,000	$1,025,000
Net Charge-Offs (Annualized) as a percent of Average Loans Outstanding, Net of Unearned Interest	.27%	.22%	.20%	.20%

</TABLE>

Noninterest Income

Noninterest income increased $665,000 million, or 15.1%, in the third quarter of 1998 versus the comparable quarter for 1997, and $2.0 million, or 14.5%, for the nine months ended September 30, 1998 versus the comparable period for 1997. All major categories except service charges reflected an increase.

Service charges on deposit accounts declined $136,000, or 6.7%, and $224,000, or 3.7%, respectively, over the comparable three and nine month periods for 1997. The decline for the first nine months of 1998, reflects a reduction in the number of deposit accounts, higher compensating balances and an increase in charged-off deposit accounts. During the third quarter, the Company reviewed its fee structure for service charges and will implement a new fee structure in the fourth quarter.

Data processing revenues increased $16,000, or 2.2%, and $120,000, or 4.9%, respectively, over the comparable three and nine month periods in 1997. The increase reflects higher processing revenues associated with third party banks.

Investment management and trust revenues increased $179,000, or 66.5%, and $432,000, or 54.2%, respectively, over the comparable three and nine month periods in 1997. At September 30, 1998, assets under management totaled $238.7 million compared to $185.7 million at year-end.

Other income increased $570,000, or 41.2%, and $1.6 million or 36.6%, respectively, for the three and nine month periods ended September 30, 1998, over the comparable prior year periods. Gains on the sale of residential real estate loans increased $541,000, reflecting 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 2.00% and 1.83%, respectively for the first nine months of 1998 and 1997.

Noninterest Expense

Noninterest expense increased $297,000, or 2.7%, and $2.0 million, or 6.3%, respectively, over the comparable three and nine month periods in 1997. The increase reflects higher costs in all major expense categories for the three and nine months ended September 30, 1998.

Compensation expense increased $72,000, or 1.2%, and $1.1 million, or 6.1%, respectively, over the comparable three and nine month periods of 1997, reflecting annual raises and increases in commissions and incentives. 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 $139,000, or 6.9%, and $207,000, or 3.5%, respectively, over the comparable three and nine month periods in 1997. The increase is primarily attributable to increased costs for maintenance and repairs offset partially by a reduction in other FF&E costs.

Other noninterest expense increased $86,000, or 2.8%, and $765,000, or 8.3%, respectively, over the comparable three and nine month periods in 1997. The increase was attributable to professional fees of $176,000, advertising of $325,000, printing and supplies cost of $77,000, telephone of $76,000 and intangible amortization of $126,000. Professional fees reflect costs associated with the completion of an extensive review of the Bank's operations. The increase in advertising is attributable to greater product and market development.

Annualized net noninterest expense (noninterest income minus noninterest expense, net of intangibles) as a percent of average assets was 2.34% in the first nine months of 1998 versus 2.46% for the first nine months 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 64.93% for the first nine months of 1998 compared to 64.44% for the comparable period in 1997. The increase in the efficiency ratio reflects rising costs noted above.

Income Taxes

The provision for income taxes increased $95,000, or 5.7%, during the third quarter and $309,000, or 6.4%, during the first nine months of 1998. The increase in the provision over the prior year is attributable to higher taxable income. The Company's effective tax rate for the first nine months of 1998 was 34.3%, versus 33.5% 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.

FINANCIAL CONDITION

Average balances for the first nine months of 1998 reflect the acquisition of First Federal-Florida which was completed on January 31, 1998. Table I on Page 18 presents average balances for the three and nine month periods ended September 30, 1998 and 1997.

For the first nine months of 1998, the Company's average assets increased $45.2 million, or 4.5%, compared to the comparable period in 1997. Average earning assets were $939.7 million for the nine months ended September 30, 1998 versus $901.7 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 $49.4 million, or 7.2%, 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 assets increased to 78.7% for the third quarter of 1998, compared to 76.6% for the third 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 September 30, 1998, the average investment portfolio declined $42.8 million, or 22.9%, 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 September 30, 1998, shareowners' equity included a net unrealized gain of $930,000 compared to a net gain of $567,000 at December 31, 1997. The increase in value reflects a decline in interest rates which occurred during the third quarter.

At September 30, 1998, the Company's nonperforming loans were $5.8 million versus $1.6 million at year-end 1997 and $2.4 million at September 30, 1997. As a percent of nonperforming loans, the allowance for loan losses represented 152% at September 30, 1998 versus 512% at December 31, 1997 and 355% at September 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 $1.5 million at September 30, 1998 versus $1.2 million at December 31, 1997 and $2.3 million at September 30, 1997. The ratio of nonperforming assets to loans plus other real estate was .97% at September 30, 1998 compared to .41% at December 31, 1997 and .66% at September 30, 1997.

Average deposits increased 3.6% from the $840.4 million for the first nine months of 1997, to 870.4 million for the first nine months of 1998. The growth in deposits is attributable to the acquisition of First Federal-Florida. During the first nine months of 1998, average certificates of deposit represented 46.8% of total deposits compared to 45.8% for the comparable prior year period. This shift in mix has contributed to a slight increase in the Company's cost of funds that averaged 3.29% in the first nine months of 1998 versus 3.24% in 1997. Starting in the fourth quarter, the Company added a high yielding money market account to its array of products.

The ratio of average noninterest bearing deposits to total deposits was 22.0% for the first nine months of 1998 compared to 21.9% for the first nine months of 1997. For the same periods, the ratio of average interest bearing liabilities to average arning assets was 78.1% and 78.7%, respectively. The change in both ratios is primarily attributable to the increase in noninterest 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 deposit growth, sources of funds available to meet liquidity demands for the subsidiary bank 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 and the Federal Home Loan Bank.

Additionally, the parent company maintains a $25.0 million revolving line of credit. As of September 30, 1998, there was $9.5 million outstanding and $15.5 million available under this credit facility.

The Company's equity capital was $109.6 million as of September 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 9.2% at September 30, 1998 and December 31, 1997, respectively. Further, the Company's risk-adjusted capital ratio of 13.8% 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 subsidiary bank. At September 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 nine months of 1998, shareowners' equity increased $9.1 million, or 12.1%, on an annualized basis. Growth in equity during the first nine months was positively impacted by net income of $9.8 million, stock issuances of $1.8 million and a net unrealized gain on available-for-sale securities of $363,000. Dividends paid during the first three quarters totaled $2.9 million, or $.33 per share.

The Company's common stock had a book value of $12.38 per share at September 30, 1998 compared to $11.45 per share at December 31, 1997. Pursuant to the Company's stock repurchase program adopted in 1989, the Company has repurchased 790,740 (split adjusted) shares of its common stock. In the first nine months of 1998, there were no shares repurchased.

Year 2000 Compliance

Introduction

The YEAR 2000 issue creates challenges with respect to the automated systems used by financial institutions and other companies. Many programs and systems are not able to recognize the year 2000, or that the new millennium is a leap year. The problem is not limited to computer systems. YEAR 2000 issues will potentially affect every system that has an embedded microchip containing this flaw.

The YEAR 2000 challenge impacts the Company as many of its transactions are date sensitive. The Company also is affected by the ability of its vendors, suppliers, customers and other third parties to be YEAR 2000 compliant.

State of Readiness

The Company is committed to addressing the YEAR 2000 challenges in a prompt and responsible manner and has dedicated significant resources to do so. An assessment of the Company's automated systems and third party operations was completed and a plan has been implemented. The Company's YEAR 2000 compliance plan ("Y2K Plan") has six phases. These phases are (1) project management, (2) awareness, (3) assessment, (4) testing, (5) renovation and implementation, and (6) customer awareness, verification and risk assessment. The Company has substantially completed phases one through three, and six, although appropriate follow-up activities are continuing to occur. The Company will continue the testing and implementation phases of the Y2K Plan.

1. Project Management. The Company has assigned primary responsibility for the YEAR 2000 project to the President of Capital City Services Company, a wholly-owned subsidiary of Capital City Bank Group, Inc. Also, the Company has hired an outside consultant to assist in the implementation of the project. Monthly updates are provided to senior management and quarterly updates are provided to the Board of Directors in order to assist them in overseeing the Company's readiness.

2. Awareness. The Company implemented several projects designed to promote awareness of YEAR 2000 issues throughout the organization and with its customer base. These projects include providing training for electronic data processing ("EDP") associates, responding to inquiries from customers, vendors and shareowners, and providing YEAR 2000 information on the Company's web site (www.ccbg.com).

3. Assessment. The Company has completed this phase of the compliance plan. Information Technology ("IT") and non-IT systems have been assessed and mission critical applications that could potentially be affected have been identified. Mission critical is defined as anything that may have a material adverse effect on the Company if not YEAR 2000 compliant.

The Company's operations are intertwined with the operations of certain third parties. Accordingly, the Company's operations could be materially affected by the operations of the third parties that provide the Company with mission critical IT and Non-IT systems. In response to this concern, the Company has identified and contacted the third parties who provide mission critical applications. The Company has received YEAR 2000 compliance assurances from third parties who provide mission critical applications and will continue to monitor and test their efforts for Year 2000 compliance.

4. Testing. The Company's testing of mission critical systems will be 90% complete by December 31, 1998 and will be completed by March 1999.

5. Renovation and implementation. The Company is upgrading and replacing IT and Non-IT systems where appropriate and all such replacements should be substantially complete by March 31, 1999. As IT and Non-IT systems and applications are implemented, the Company will continue to test them for YEAR 2000 compliance.

6. Customer Awareness, Verification and Risk Assessment. The Company has incorporated into its web site information regarding YEAR 2000. Lending officers have been trained on YEAR 2000 issues and have documented YEAR 2000 readiness of borrowers. Significant borrowers were mailed a questionnaire and have been assigned a YEAR 2000 risk rating by the Company. Appropriate response to current and future credit requests will take their YEAR 2000 status into consideration. Continuation of these and additional activities are planned for the remainder of 1998 and 1999.

Estimated Costs to Address the Company's YEAR 2000 Issues

Costs directly related to YEAR 2000 issues are estimated to be $750,000 from 1998 to 2000, of which 21% has been spent to date. Approximately 75% of the total spending represents costs to modify existing systems. Costs incurred by the Company prior to 1998 were immaterial. This estimate assumes that the Company will not incur significant YEAR 2000 related costs on behalf of its vendors, suppliers, customers and other third parties.

Risks of the Company's YEAR 2000 Issues

The year 2000 presents certain risks to the Company and its operations. Some risks are present because the Company purchased technology applications from other parties who face YEAR 2000 challenges and additional risks that are inherent in the business of banking. Management has identified the following potential risks which could have a material adverse effect on the Company's business.

1. The Company's subsidiary bank may experience a liquidity problem if there is a significant amount of deposits withdrawn by customers who have uncertainties associated with the YEAR 2000. The Company has implemented a contingency plan to ensure there are appropriate levels of funding available.

2. The Company's operations could be materially affected by the failure of third parties who provide mission critical IT and Non-IT systems. The Company has identified its mission critical third parties and will monitor their Y2K Plan progress.

3. The Company's ability to operate effectively in the year 2000 could be adversely affected by the ability to communicate and access to utilities. The Company is in the process of incorporating a contingency plan for addressing this situation.

4. The Company's subsidiary bank lends significant amounts to businesses and contractors in our market area. If the businesses are adversely affected by the YEAR 2000 issues, their ability to repay loans could be impaired and increased credit risk could affect the Company's financial performance. As part of the Company's Y2K Plan, the Company has identified its significant borrowers, and has documented their YEAR 2000 readiness and risk to the Company.

5. Sanctions could be imposed against the Company if it does not meet deadlines or ollow timetables established by the federal and state governmental agencies which regulate the Company and its subsidiaries. The Company has incorporated the regulatory guidelines for YEAR 2000 into its Y2K Plan.

Contingency Plan

Contingency plans for YEAR 2000 related interruptions are being developed and will include, but not be limited to, the development of emergency backup and recovery procedures, remediation of existing systems parallel with installation of new systems, replacing electronic applications with manual processes, and identification of alternate suppliers. All plans are expected to be completed by December 31, 1998.

<TABLE>
AVERAGES BALANCES & INTEREST RATES
(Taxable Equivalent Basis - Dollars in Thousands)

<CAPTION>

	FOR THREE MONTHS ENDED SEPTEMBER 30,					
	1998			1997		
	Balance	Interest	Rate	Balance	Interest	Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans, Net of Unearned Interest(1)	745,257	$16,797	8.94%	$ 704,222	$16,580	9.34%
Taxable Investment Securities	82,331	1,232	5.94%	106,684	1,670	6.20%
Tax-Exempt Investment Securities(2)	62,819	1,026	6.53%	68,192	1,152	6.76%
Funds Sold	56,194	779	5.50%	26,623	366	5.49%
Total Earning Assets	946,601	19,834	8.32%	905,721	19,768	8.66%
Cash & Due From Banks	48,558			46,796		
Allowance for Loan Losses	(8,950)			(8,476)		
Other Assets	66,092			59,129		
TOTAL ASSETS	$1,052,301			$1,003,170		
LIABILITIES						
NOW Accounts	$ 99,677	$ 407	1.62%	$ 100,740	$ 408	1.61%
Money Market Accounts	78,875	573	2.88%	81,528	627	3.05%
Savings Accounts	91,500	520	2.25%	83,294	420	2.00%
Other Time Deposits	412,730	5,469	5.26%	384,783	5,142	5.30%
Total Int. Bearing Deposits	682,782	6,969	4.05%	650,345	6,597	4.02%
Funds Purchased	35,044	432	4.89%	29,096	416	5.67%
Other Borrowed Funds	1,416	17	4.72%	6,187	98	6.26%
Long-Term Debt	15,886	268	6.71%	16,935	291	6.83%
Total Interest Bearing Liabilities	735,128	7,686	4.15%	702,563	7,402	4.18%
Noninterest Bearing Deposits	193,156			188,387		
Other Liabilities	16,472			15,773		
TOTAL LIABILITIES	944,756			906,723		
SHAREOWNERS' EQUITY						
Common Stock	88			58		
Surplus	8,342			6,169		
Retained Earnings	99,115			90,220		
TOTAL SHAREOWNERS' EQUITY	107,545			96,447		
TOTAL LIABILITIES & EQUITY	$1,052,301			$1,003,170		
Interest Rate Spread			4.17%			4.48%
Net interest Income		$12,148			$12,366	
Net Yield on Earning Assets			5.10%			5.42%

	FOR NINE MONTHS ENDED SEPTEMBER 30,					
	1998			1997		
	Balance	Interest	Rate	Balance	Interest	Rate
ASSETS						
Loans, Net of Unearned Interest(1)	739,599	$50,716	9.17%	$ 690,175	$47,859	9.27%
Taxable Investment Securities	81,262	3,711	5.68%	116,658	5,496	6.30%
Tax-Exempt Investment Securities(2)	62,835	3,096	6.57%	70,189	3,576	6.79%
Funds Sold	55,983	2,308	5.51%	24,630	982	5.33%
Total Earning Assets	939,679	59,831	8.51%	901,652	57,913	8.59%
Cash & Due From Banks	49,395			47,188		
Allowance for Loan Losses	(8,655)			(8,371)		
Other Assets	65,699			60,488		
TOTAL ASSETS	$1,046,118			$1,000,957		
LIABILITIES						
NOW Accounts	104,942	1,477	1.88%	103,572	1,331	1.72%
Money Market Accounts	77,436	1,654	2.85%	80,720	1,826	3.03%
Savings Accounts	88,604	1,432	2.16%	87,124	1,307	2.01%
Other Time Deposits	407,603	16,217	5.32%	384,742	15,081	5.24%
Total Int. Bearing Deposits	678,585	20,780	4.09%	656,158	19,545	3.98%
Funds Purchased	38,481	1,455	5.06%	29,607	1,166	5.26%
Other Borrowed Funds	1,155	45	5.15%	6,319	234	4.95%
Long-Term Debt	16,075	828	6.89%	17,480	893	6.83%
Total Int. Bearing Liabilities	734,296	23,108	4.21%	709,564	21,838	4.11%
Noninterest Bearing Deposits	191,767			184,291		
Other Liabilities	15,211			13,954		
TOTAL LIABILITIES	941,274			907,809		
SHAREOWNERS' EQUITY						
Common Stock	88			87		
Surplus	7,881			6,140		
Retained Earnings	96,875			86,921		
TOTAL SHAREOWNERS' EQUITY	104,844			93,148		
TOTAL LIABILITIES & EQUITY	$1,046,118			$1,000,957		
Interest Rate Spread			4.30%			4.47%
Net Interest Income		$36,723			$36,075	
Net Yield on Earning Assets			5.22%			5.35%

(1) Average balances include nonaccrual loans. Interest income includes fees on loans of approximately $614,000 and $2,103,000, for the three and nine months ended September 30, 1998, versus $741,000 and $2,215,000, for the comparable periods ended

September 30, 1997.
(2) Interest income includes the effects of taxable equivalent adjustments using a 35% federal tax rate
</TABLE>

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Overview

Market risk management arises from changes in interest rates, exchange rates, commodity prices and equity prices. The Company has risk management policies to monitor and limit exposure to market risk. Capital City Bank Group does not actively participate in exchange rates, commodities or equities. In asset and liability management activities, policies are in place which 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 alue 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 20. This table presents the Company's consolidated interest rate sensitivity position as of September 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 or falling interest rates the net interest margin will be 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	September 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	$ 46,038	$ 23,907	$ 42,839	$ 43,571	$ 41,438	$ 63,650	$261,443	$266,288
Average Interest Rate	9.11%	10.23%	9.71%	9.16%	8.89%	7.47%	8.88%	
Floating Rate(2)	386,300	44,439	24,646	11,790	12,534	10,600	490,309	499,396
Average Interest Rate	8.75%	7.71%	8.59%	8.43%	8.54%	9.36%	8.65%	
Investment Securities(3)								
Fixed Rate	61,175	22,081	20,191	7,524	4,905	17,230	133,106	133,106
Average Interest Rate	6.09%	5.55%	6.35%	6.44%	6.53%	5.97%	6.06%	
Floating Rate	0	12,676	0	0	0	516	13,192	13,192
Average Interest Rate	0	6.54%	0	0	0	5.85%	6.51%	
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	55,000	0	0	0	0	6,916	61,916	61,916
Average Interest Rates	5.25%	0	0	0	0	5.10%	5.23%	
Total Financial Assets	$548,513	$103,103	$ 87,676	$ 62,885	$ 58,877	$ 98,912	$959,966	973,898
Average Interest Rates	8.13%	7.69%	8.62%	8.70%	8.62%	7.24%	8.10%	
Deposits(4)								
Fixed Rate Deposits	$353,233	$ 44,407	$ 10,703	$ 3,439	$ 1,444	$ 0	$413,226	414,607
Average Interest Rates	5.18%	5.55%	5.44%	5.57%	5.50%	0	5.23%	
Floating Rate Deposits	271,248	0	0	0	0	0	271,248	271,248

Average Interest Rates	2.16%	0	0	0	0	0	2.16%	
Other Interest Bearing Liabilities								
Fixed Rate Debt	315	324	333	343	352	3,480	5,147	5,056
Average Interest Rate	6.01%	6.01%	6.00%	6.00%	6.00%	6.00%	6.00%	
Floating Rate Debt	49,175	0	0	0	0	0	49,175	49,175
Average Interest Rate	5.33%	0	0	0	0	0	5.33%	
Total Financial Liabilities	$673,971	$ 44,731	$ 11,036	$ 3,782	$ 1,796	$ 3,480	$738,796	$743,086
Average interest Rate	3.98%	5.55%	5.46%	5.61%	5.60%	6.00%	4.12%	

(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 1-4

Not applicable

ITEM 5. OTHER INFORMATION

On August 27, 1998, the Company entered into a definitive purchase and assumption agreement with First Union National Bank ("First Union") to acquire eight of First Union's branch facilities which includes deposits. The Company agreed to pay a goodwill of approximately $19.2 million, to assume approximately $218 million in deposits and acquire certain real estate. The transaction will be completed before year-end.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) Exhibits

(3b) Amended and Restated Bylaws of Capital City Bank Group, Inc.

27 Financial Data Schedule

(B) Reports on Form 8-K

On September 10, 1998, the Company filed a Form 8-K to report on August 27, 1998, it entered into a definitive purchase and assumption agreement with First Union National Bank to acquire eight branch offices including deposits.

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: November 16, 1998

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