SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the Quarter:
March 31, 1999

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)

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

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

Yes __X__ No _____

At April 30, 1999, 8,862,044 shares of the Registrant's Common Stock, $.01 par value, were 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 THREE MONTHS ENDED MARCH 31
(Dollars in Thousands, Except Per Share Amounts)

<CAPTION>

<S>	1999 (Unaudited) <C>	1998 (Unaudited) <C>
INTEREST INCOME		
Interest and Fees on Loans	$ 16,708	$ 16,610
Investment Securities:		
U. S. Treasury	396	368
U. S. Government Agencies and Corporations	2,191	812
States and Political Subdivisions	1,023	714
Other Securities	621	85
Funds Sold	964	771
Total Interest Income	$ 21,903	$ 19,360
INTEREST EXPENSE		
Deposits	8,762	6,773
Short-Term Borrowings	332	537
Long-Term Debt	286	280
Total Interest Expense	9,380	7,590
Net Interest Income	12,523	11,770
Provision for Loan Losses	680	486
Net Interest Income After Provision for Loan Losses	11,843	11,284
NONINTEREST INCOME		
Service Charges on Deposit Accounts	2,314	1,941
Data Processing	748	852
Income from Fiduciary Activities	523	328
Securities Transactions	-	9
Other	2,299	1,856
Total Noninterest Income	5,884	4,986
NONINTEREST EXPENSE		
Salaries and Associate Benefits	6,981	6,360
Occupancy, Net	989	781
Furniture and Equipment	1,325	1,174
Other	3,878	3,254
Total Noninterest Expense	13,173	11,569
Income Before Income Taxes	4,554	4,701
Income Taxes	1,390	1,600
NET INCOME	$ 3,164	$ 3,101
Basic Net Income Per Share	$ .36	$ .35
Diluted Net Income Per Share	$ .36	$ .35
Cash Dividends Per Share	$ .12	$ .11
Average Shares Outstanding - Basic	8,859,983	8,812,338
Average Shares Outstanding - Diluted	8,875,514	8,812,338

</TABLE>

<TABLE>

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
AS OF MARCH 31, 1999 AND DECEMBER 31, 1998
(Dollars In Thousands, Except Per Share Amounts)

<CAPTION>

<S>	March 31, 1999 (Unaudited) <C>	December 31, 1998 (Audited) <C>
ASSETS		
Cash and Due From Banks	$ 60,894	$ 65,000
Funds Sold	100,382	63,651
Investment Securities Available-for-Sale	318,784	352,922
Loans, Net of Unearned Interest	779,358	763,667
Allowance for Loan Losses	(8,780)	(8,459)
Loans, Net	770,578	755,208
Premises and Equipment, Net	33,655	35,026
Intangibles, Net	28,063	28,763
Other Assets	29,096	28,835
Total Assets	$1,341,452	$1,329,405
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	$ 251,180	$ 272,838

Interest Bearing Deposits	901,650	887,446
Total Deposits	1,152,830	1,160,284
Short-Term Borrowings	44,854	25,199
Long-Term Debt	17,234	16,329
Other Liabilities	13,369	15,893
Total Liabilities	1,228,287	1,217,705
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; 8,862,041 issued and outstanding at March 31, 1999 and 8,854,354 issued and outstanding at December 31, 1998	89	88
Additional Paid-In Capital	8,756	8,524
Retained Earnings	104,595	102,495
Accumulated Other Comprehensive (Loss) Income, Net of Tax	(275)	593
Total Shareowners' Equity	113,165	111,700
Total Liabilities and Shareowners' Equity	$1,341,452	$1,329,405

</TABLE>

<TABLE>

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

<CAPTION>

	1999 (Unaudited)	1998 (Unaudited)
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 3,164	$ 3,101
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Provision for Loan Losses	680	486
Depreciation	833	800
Net Securities Amortization	258	163
Amortization of Intangible Assets	696	247
Gain on Sale of Investment Securities	-	(9)
Non-Cash Compensation Expense	49	1,201
Net Increase in Interest Receivable	(581)	(520)
Net Decrease (Increase) in Other Assets	324	(5,312)
Net (Decrease) Increase in Other Liabilities	(2,021)	145
Net Cash Provided by Operating Activities	3,402	302
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Payments/Maturities of Investment Securities Available-for-Sale	62,020	15,670
Purchase of Investment Securities	(29,512)	(8,080)
Net (Increase) Decrease in Loans	(16,050)	4,417
Net Cash Received from Acquisition	-	7,022
Purchase of Premises & Equipment	(776)	(480)
Sales of Premises & Equipment	1,314	243
Net Cash Provided by Investing Activities	16,996	18,792
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (Decrease) Increase in Deposits	(7,453)	287
Net Increase (Decrease) in Short-Term Borrowings	19,655	(721)
Borrowing of Long-Term Debt	1,525	1,000
Repayment of Long-Term Debt	(620)	(544)
Dividends Paid	(1,063)	(971)
Issuance of Common Stock	183	143
Net Cash Provided by (Used in) Financing Activities	12,227	(806)
Net Increase in Cash and Cash Equivalents	32,625	18,288
Cash and Cash Equivalents at Beginning of Period	128,651	113,789
Cash and Cash Equivalents at End of Period	$161,276	$132,077
Supplemental Disclosure:		
Interest Paid on Deposits	$ 8,611	$ 5,617
Interest Paid on Debt	$ 618	$ 817
Transfer of Loans to ORE	$ 379	$ 452
Income Taxes Paid	$ 1,372	$ 652

</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 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.

In the opinion of management, the consolidated financial statements contain all adjustments, which are those of a recurring nature, and disclosures necessary to present fairly the financial position of the Company as of March 31, 1999 and December 31, 1998, and the results of operations and cash flows for the three month periods ended March 31, 1999 and 1998.

The Company and its subsidiaries follow generally accepted accounting principles and reporting practices applicable to the banking industry. The principles which materially affect the financial position, results of operations and cash flows are set forth in Notes to Consolidated Financial Statements which are included in the Company's 1998 Annual Report and Form 10-K.

(2) INVESTMENT SECURITIES

The carrying values and related market value of investment securities at March 31, 1999 and December 31, 1998 were as follows (dollars in thousands):

	March 31, 1999			
Available-For-Sale	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U. S. Treasury	$ 23,577	$ 110	$ -	$ 23,687
U. S. Government Agencies and Corporations	67,953	63	687	67,329
States and Political Subdivisions	93,117	201	726	92,592
Mortgage-Backed Securities	96,820	1,005	102	97,723
Other Securities	37,752	27	326	37,453
Total	$319,219	$1,406	$1,841	$318,784

	December 31, 1998			
Available-For-Sale	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U. S. Treasury	$ 28,606	$ 203	$ -	$ 28,809
U. S. Government Agencies and Corporations	66,954	139	309	66,784
States and Political Subdivisions	91,644	1,083	24	92,703
Mortgage-Backed Securities	90,124	196	418	89,902
Other Securities	74,658	159	93	74,724
Total	$351,986	$1,780	$844	$352,922

(3) LOANS

The composition of the Company's loan portfolio at March 31, 1999 and December 31, 1998 was as follows (dollars in thousands):

	March 31, 1999	December 31, 1998
Commercial, Financial and Agricultural	$ 75,409	$ 67,463
Real Estate-Construction	44,604	45,283
Real Estate-Mortgage	507,752	499,394
Consumer	151,593	151,527
Loans, Net of Unearned Interest	$779,358	$763,667

(4) ALLOWANCE FOR LOAN LOSSES

An analysis of the changes in the allowance for loan losses for the three month period ended March 31, 1999 and 1998, was as follows (dollars in thousands):

	March 31, 1999	March 31, 1998
Balance, Beginning of the Period	$8,459	$8,322
Provision for Loan Losses	680	486
Recoveries on Loans Previously Charged-Off	175	165
Loans Charged-Off	(534)	(453)
Balance, End of Period	$8,780	$8,520

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>

	March 31, 1999		1998	
Impaired Loans:	Balance	Valuation Allowance	Balance	Valuation Allowance
With Related Credit Allowance	$2,372	$268	$2,972	$305
Without Related Credit Allowance	757	-	1,211	-
Average Recorded Investment for the Period	3,950	*	4,183	*
Interest Income:				
Recognized	$ 43		$ 31	
Collected	$ 34		$ 31	

* Not Applicable
</TABLE>

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

(5) DEPOSITS

The composition of the Company's interest bearing deposits at March 31, 1999 and December 31, 1998 were as follows (dollars in thousands):

	March 31, 1999	December 31, 1998
NOW Accounts	$135,191	$144,018
Money Market Accounts	155,251	121,383
Savings Deposits	106,685	109,207
Other Time Deposits	504,523	512,838
Total Interest Bearing Deposits	$901,650	$887,446

(6) ACCOUNTING PRONOUNCEMENTS

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 March 31, 1999 and 1998, as follows (dollars in thousands):

	THREE MONTHS ENDED MARCH 31 1999	1998
Net Income	$3,164	$3,101
Other Comprehensive Income, Net of Tax		
Unrealized Gains (Losses) on Securities:		
Unrealized Gains (Losses) on Securities Arising During the Period	(868)	28
Less: Reclassification Adjustments for Gains (Losses) Included in Net Income	-	19
Total Unrealized Gains (Losses) On Securities	(868)	9
Total Comprehensive Income, Net of Tax	$2,296	$3,110

(8) ACQUISITION OF GRADY HOLDING COMPANY

The Company completed its acquisition of Grady Holding Company and its majority-owned subsidiary First National Bank of Grady County on May 7, 1999. First National Bank is a $112 million asset institution with offices in Cairo and Whigham, Georgia. The transaction was accounted for as a pooling-of-interests. First National Bank shareowners received 21.5 shares and Grady Holding Company shareowners received 115.885 shares of CCBG common stock in exchange for each of their respective shares. A total of 1,309,565 shares of CCBG were issued in the transaction.

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

	1999	1998				1997		
	First	Fourth	Third	Second	First	Fourth	Third	Second
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Summary of Operations:								
Interest Income	$ 21,903	$ 20,477	$ 19,483	$ 19,933	$ 19,360	$ 19,008	$ 19,362	$ 18,865
Interest Expense	9,380	8,235	7,686	7,831	7,590	7,302	7,402	7,360
Net Interest Income	12,523	12,242	11,797	12,102	11,770	11,706	11,960	11,505
Provision for Loan Loss	680	558	558	558	486	437	449	446
Net interest Income After Provision for Loan Loss	11,843	11,684	11,239	11,544	11,284	11,269	11,511	11,059
Noninterest Income	5,884	6,062	5,059	5,644	4,986	4,895	4,394	4,852
Noninterest Expense	13,173	12,503	11,271	11,966	11,569	12,012	10,974	10,978
Income Before Provision for Income Taxes	4,554	5,243	5,027	5,222	4,701	4,152	4,931	4,933
Provision for Income Taxes	1,390	1,871	1,759	1,775	1,600	1,299	1,664	1,657
Net Income	$ 3,164	$ 3,372	$ 3,268	$ 3,447	$ 3,101	$ 2,853	$ 3,267	$ 3,276
Net Interest Income (FTE)	$ 13,030	$ 12,637	$ 12,147	$ 12,445	$ 12,131	$ 12,059	$ 12,366	$ 11,929
Per Common Share:								
Net Income Basic	$ .36	$ .38	$ .37	$ .39	$ .35	$ .33	$ .37	$ .38
Net Income Diluted	.36	.38	.37	.39	.35	.32	.37	.38
Dividends Declared	.12	.12	.11	.11	.11	.11	.10	.10
Book Value	12.77	12.62	12.38	12.08	11.77	11.45	11.23	10.91
Market Price:								
High	27.63	31.00	33.13	32.67	32.67	27.33	23.50	21.50
Low	22.00	24.13	19.00	29.75	29.25	23.00	20.83	19.33
Close	23.31	27.63	29.13	31.38	31.67	27.00	23.17	20.83
Selected Average Balances:								
Total Assets	$1,319,055	$1,146,673	$1,052,301	$1,046,842	$1,038,806	$1,001,661	$1,003,170	$999,888
Earning Assets	1,176,742	1,025,916	946,601	938,970	933,052	898,383	905,722	902,970
Loans, Net of Unearned	767,729	752,312	745,257	741,914	731,204	700,158	704,222	687,280
Total Deposits	1,141,296	968,301	875,938	872,087	862,875	828,239	838,732	842,847
Total Shareowners' Equity	112,417	110,585	107,545	104,580	102,393	98,920	96,448	92,375
Common Equivalent Shares	8,860	8,849	8,848	8,830	8,812	8,757	8,745	8,694
Ratios:								
ROA	.97%	1.27%	1.23%	1.32%	1.21%	1.13%	1.29%	1.31%
ROE	11.41%	12.09%	12.06%	13.22%	12.28%	11.45%	13.44%	14.22%
Net Interest Margin (FTE)	4.49%	4.89%	5.10%	5.31%	5.27%	5.33%	5.42%	5.30%

(1) All share and per share data have been adjusted to reflect the 3-for-2 stock split effective June 1, 1998.
</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 month periods ended March 31, 1999 and 1998. 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. 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 1999 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 May 7, 1999, the Company completed its acquisition of Grady Holding Company and its majority-owned subsidiary First National Bank of Grady County. First National Bank is a $112 million asset institution with offices in Cairo and Whigham, Georgia. The transaction was accounted for as a pooling of interests. First National Bank shareowners received 21.5 shares and Grady Holding Company shareowners received 115.885 shares of CCBG common stock in exchange for each of their respective shares. A total of 1,309,565 shares of CCBG were issued in the transaction.

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

On January 31, 1998, the Company completed its purchase and assumption transaction with First Federal Savings & Loan Association of Lakeland, Florida ("First Federal-Florida") and acquired five of First Federal-Florida's branch facilities which included loans and deposits. The Company paid a deposit premium of $3.6 million, or 6.33%, and assumed approximately $55 million in deposits and purchased loans equal to approximately $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 of $3.2 million, or $.36 per basic and diluted share for the first quarter of 1999, was $63,000, or 2.0%, higher than the $3.1 million, or $.35 per basic and diluted share reported for the comparable period in 1998. Operating revenues, which include net interest income and noninterest income, increased $1.8 million, or 10.5%, over the first quarter of 1998, and are the most significant factor contributing to the increase in net income (dollars in thousands):

	For The Three Months Ended March 31,	
	1999	1998
Interest Income	$21,903	$19,360
Taxable Equivalent Adjustment(1)	507	361
Interest Income (FTE)	22,410	19,721

Interest Expense	9,380	7,590
Net Interest Income (FTE)	13,030	12,131
Provision for Loan Losses	680	486
Taxable Equivalent Adjustment	507	361
Net Int. Inc. After Provision	11,843	11,284
Noninterest Income	5,884	4,986
Noninterest Expense	13,173	11,569
Income Before Income Taxes	4,554	4,701
Income Taxes	1,390	1,600
Net Income	$ 3,164	$ 3,101
Percent Change	2.03%	1.94%
Return on Average Assets (2)	.97%	1.21%
Return on Average Equity (2)	11.41%	12.28%

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

Net Interest Income

First quarter taxable equivalent net interest income increased $900,000, or 7.4%, over the comparable period for 1998. The increase in taxable equivalent net interest income over the comparable period in 1998 is attributable to growth in earning assets, primarily investment securities. The favorable impact of asset growth was partially offset by declining yields. Table I on page 18 provides a comparative analysis of the Company's average balances and interest rates.

Taxable-equivalent interest income increased $2.7 million, or 13.6%, due to growth in the loan portfolio and purchase of investment securities. Loans, which represent the Company's highest yielding asset, increased (on average) $36.5 million, or 5.0%, and represented 65.3 of total earning assets in the first quarter of 1999 versus 78.4% for the comparable quarter in 1998. The Company's investment income increased significantly due to the purchase of $200 million of investment securities during the fourth quarter of 1998 as a result of the assumption of deposits from First Union. The shift in mix of earning assets contributed to a decrease of 85 basis points in the yield on earning assets which declined from 8.56% in the first quarter of 1998 to 7.71% in 1999.

Interest expense increased $1.8 million, or 23.6%, primarily due to the assumption of $200 million in deposits from First Union during the fourth quarter of 1998. The 17 basis point decrease in the average rate is the result of a lower rate environment. The Company continued to promote a higher yielding money market product during the first quarter of 1999, which partially offsetting the rate environment reduction. Certificates of deposit represent a higher cost deposit product to the Company. Based on averages, certificates as a percent of average deposits decreased from 46.2% in the first quarter of 1998 to 44.7% in the first quarter of 1999.

The Company's interest rate spread (defined as the average taxable equivalent yield on earning assets less the average rate paid on interest bearing liabilities) declined from 4.35% in the first quarter of 1998 to 3.67% in the comparable quarter for 1999 due to the lower yield on earning assets. The Company's net interest margin percentage (defined as taxable-equivalent net interest income divided by average earning assets) was 5.27% in the first quarter of 1998, versus 4.49% in the first quarter of 1999. The decrease in the margin reflects the lower yield on earning assets, resulting from the shift in the mix of earning assets.

Provisions for Loan Losses

The provision for loan losses for the three months ended March 31, 1999, was $680,000 versus $486,000 for the first quarter of 1998. Net charge-offs were higher during the first quarter of 1999, but remain at a low level relative to the size of the loan portfolio. Nonperforming loans increased $451,000, or 10.2%, during the first quarter. The Company's nonperforming asset ratio declined slightly from .80% at year-end to .78%. As compared to year-end, the reserve for loan losses increased slightly to $8.8 million and represented 1.13% of total loans versus 1.11%.

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

Based on current economic conditions, the low level of nonperforming loans and net charge-offs, it is management's opinion that the allowance for loan losses as of March 31, 1999, is sufficient to provide for losses inherent in the portfolio as of that date.

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

	Three Months Ended March 31, 1999	1998
Net Charge-Offs	$359,000	$288,000
Net Charge-Offs (Annualized) as a Percent of Average Loans Outstanding, Net of Unearned Interest	.19%	.16%

Noninterest Income

Noninterest income increased $898,000, or 18.0%, over the first quarter of 1998, which included increases in all major categories except data processing revenues.

Service charges on deposit accounts increased $373,000, or 19.2%. Service charge revenues in any one year are dependent on the number of accounts, primarily transaction accounts and the level of activity subject to service charges. The increase in the first quarter of 1999, compared to the comparable quarter in 1998, reflects the increase in fees implemented late in the fourth quarter of 1998.

Data processing revenues decreased $105,000, or 12.3%, over the first quarter of 1998. The decrease reflects lower processing revenues associated with government agencies.

Income from fiduciary activities increased $196,000, or 59.8%, over the comparable quarter in 1998. The increase is attributable to growth in managed assets and a slight fee increase implemented in January. At March 31, 1999, assets under management totaled $264.2 million compared to $229.4 million at March 31, 1998.

Other income increased $302,000, or 18.9%, over the comparable quarter of 1998. Gains on the sale of residential real estate loans increased $141,000, which continues to reflect increase volume attributable to the low rate environment and a higher level of fixed rate lending. ATM fees, brokerage fees, interchange commissions and check printing income account for the remaining $134,000 favorable variance over the comparable quarter in 1998.

Noninterest income as a percent of average assets was 1.81% for the first quarter of 1999 versus 1.95% for the comparable quarter in 1998.

Noninterest Expense

Noninterest expense in the first quarter of 1999 increased $1.6 million, or 13.9%, over the first quarter of 1998, which included higher costs in all major expenses categories.

Compensation expense increased $621,000, or 9.8%, over the first quarter of 1999 reflecting annual raises and an increase in full-time equivalent employees of 51. During the fourth quarter of 1998, the Company increased staff due to the addition of eight offices as a result of the assumption of deposits from First Union.

Occupancy expense, including premises, furniture, fixtures and equipment increased $359,000, or 18.4%. All categories have increased from the first quarter of 1998, resulting from the addition of eight offices acquired from first Union. The most significant increases have occurred in premises rental, equipment maintenance and repairs, and utilities.

Other noninterest expense increased $624,000, or 19.2%. The increase is attributable to higher intangible amortization of $449,000 due to the First Union deposits acquired, telephone expense of $75,000 resulting from the addition of the new offices, and commission fees of $132,0000, respectively.

Net noninterest expense (noninterest income minus noninterest expense, net of intangibles) as a percent of average assets was 2.03% in the first quarter of 1999 versus 2.47% for the first quarter of 1998. The Company's efficiency ratio (noninterest expense expressed as a percent of the sum of taxable-equivalent net interest income plus noninterest income) was 65.81% in the first quarter 1999 compared to 66.14% for the comparable quarter in 1998. The slight decrease in the efficiency ratio is attributable to higher operating revenues.

Income Taxes

The provision for income taxes decreased $210,000, or 13.2%, over the first quarter of 1998. The Company's effective tax rate for the first quarter of 1999 was 30.5% compared to 34.0% for the same quarter in 1998. The decrease in the effective tax rate is attributable to an increase in tax-exempt income as a percent of taxable income in the first quarter of 1999 as compared to first quarter of 1998.

FINANCIAL CONDITION

Average balances for the first quarter of 1999 reflect the assumption of deposits from First Union which was completed during the fourth quarter of 1998. Table I on page 18 presents average balances for the three months ended March 31, 1999 and 1998.

The Company's average assets increased to $1.32 billion in the first quarter of 1999 from $1.04 billion in the first quarter of 1998. Average earning assets were $1.18 billion for the three months ended March 31, 1999 versus $933.1 million for the comparable quarter of 1998. The change in the mix of earning assets reflects the purchase of $200 million in investment securities to offset the deposits assumed from First Union.

Average loans increased $36.5 million, or 5.0%, over the comparable period in 1998. Price and product competition remain strong and there continues to be an increased demand for fixed-rate, longer term financing. 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 decreased to 65.2% for the first quarter of 1999, compared to 78.4% for the first quarter of 1998, reflecting the increase in investment securities purchased as a result of the First Union transaction.

The investment portfolio is a significant component of the Company's operations and, as such, it functions as a key element of liquidity and asset/liability management. As of March 31, 1999, the average investment portfolio increased $182.2 million, or 127.4%, from the first quarter of 1998. The increase in the investment portfolio was used to invest the deposits acquired from First Union. 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 March 31, 1999, shareowners' equity included a net unrealized loss of $275,000 compared to a gain of $576,000 at December 31, 1998. The decrease in value reflects an increase in interest rates during the first quarter.

At March 31, 1999, the Company's nonperforming loans were $4.8 million versus $4.6 million at year-end 1998. As a percent of nonperforming loans, the allowance for loan losses represented 180% at March 31, 1999 versus 183% at December 31, 1998 and 174% at March 31, 1998. 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 $1.2 million at March 31, 1999, versus $1.5 million at December 31, 1998, and $1.8 million at March 31, 1998. The ratio of nonperforming assets as a percent of loans plus other real estate was .78% at March 31, 1999 compared to .80% at December 31, 1998 and .91% at March 31, 1998.

Average deposits increased 32.3% from $862.9 million in the first quarter of 1998, to $1.14 billion in the first quarter of 1999. The growth in deposits is attributable to the assumption of deposits acquired from First Union and the success of the CashPower account. The Company continues to experience a notable increase in competition for deposits, in terms of both rate and product. The CashPower account, introduced during the fourth quarter, continues to attract deposits and represents 41.5% of the money market balance at March 31, 1999.

The ratio of average noninterest bearing deposits to total deposits was 22.0% for the first quarter of 1999 compared to 22.2% for the first quarter of 1998. For the same periods, the ratio of average interest bearing liabilities to average earning assets was 80.0% and 78.4%, respectively. The change in both ratios is primarily attributable to the mix of deposits assumed from First Union.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, for a financial institution, is the availability of funds to meet increased loan demand and/or excessive deposit withdrawals. Management has implemented a financial structure that provides ready access to sufficient liquid funds to meet normal transaction requirements, take advantage of investment opportunities and cover unforeseen liquidity demands. In addition to core deposit growth, sources of funds available to meet liquidity demands for the subsidiary banks include federal funds sold, near-term loan maturities, securities held in the available-for-sale portfolio, and the ability to purchase federal funds through established lines of credit with correspondent banks. Additionally, the parent company maintains a $25.0 million revolving line of credit. As of March 31, 1999, there was $7.5 million outstanding under this facility. During the first quarter of 1999, principal reductions on the line of credit totaled $500,000.

The Company's equity capital was $113.2 million as of March 31, 1999 compared to $111.7 million as of December 31, 1998. Management continues to monitor its capital position in relation to its level of assets with the objective of maintaining a strong capital position. The leverage ratio was 6.45% at March 31, 1999 compared to 7.23% at December 31, 1998. Further, the Company's risk-adjusted capital ratio of 11.08% at March 31, 1999, exceeds the 8.0% minimum requirement under the risk-based regulatory guidelines.

State and federal regulations as well as the Company's long-term debt agreements place certain restrictions on the payment of dividends by both the Company and its subsidiary bank. At March 31, 1999, these regulations and covenants did not impair the Company's (or its subsidiary's) ability to declare and pay dividends or to meet other existing obligations in the normal course of business.

During the first three months of 1999, shareowners' equity increased $1.5 million, or 5.3%, on an annualized basis. Growth in equity during the first quarter was positively impacted by net income of $3.2 million, issuance of common stock of $300,000 and from a gain of $593,000 at year-end to a loss of $868,000 in the Company's net unrealized gain on available-for-sale securities. Dividends paid during the first quarter totaled $1.1 million or $.12 per share.

At March 31, 1999, the Company's common stock had a book value of $12.77 per share compared to $12.62 at December 31, 1998. Pursuant to the Company's stock repurchase program adopted in 1989, the Company has repurchased 790,740 (split adjusted) shares of its common stock. No shares have been repurchased in 1999.

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 effect 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 effected 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 nine phases. These phases are (1) project management, (2) awareness, (3) assessment, (4) renovation, (5) testing and implementation, (6) risk assessment, (7) customer awareness, (8) contingency planning, and (9) verification. The Company has substantially completed phases one, two, three, four, five, six, and eight, although appropriate follow-up activities are continuing to occur. The Company will continue the testing and implementation phases of the Y2K Plan throughout the remainder of the year, and has adopted a comprehensive customer awareness program (phase seven).

(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 project administration. 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 has defined the YEAR 2000 problem and gained executive level support for allocation of the resources necessary to renovate and/or upgrade all systems. A YEAR 2000 team has been established and meets regularly. The strategy developed for YEAR 2000 compliance covers in-house systems, service bureaus for systems that are outsourced, vendors, auditors, customers, and suppliers.

(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.

(4) Renovation: The Company is upgrading and replacing IT and non-IT systems where appropriate, and all such replacements were substantially complete by March 31, 1999.

(5) Testing and Implementation: The Company's testing of Mission Critical systems was approximately 90% complete by March 31, 1999. Throughout 1999, the Company will continue to test IT and non-IT systems and applications already implemented for YEAR 2000 compliance. As systems test successfully for YEAR 2000 compliance, they will be certified as compliant and accepted for implementation.

(6) Risk Assessment: 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. A similar assessment was conducted of deposit customers relative to liquidity risk. Investment and funding strategies have been planned to ameliorate any potential risk in this area.

(7) Customer Awareness: During the first quarter of 1999, the Company adopted a comprehensive plan to increase customer awareness of the YEAR 2000 issue and to inform customers of the bank's efforts to become compliant. This plan includes posting information on the Company's web site, distribution of quarterly press releases, statement stuffers and lobby brochures. Associate training is also underway to assure that customers are provided with accurate information about the Company's Y2K readiness.

(8) Contingency Planning: The Company has drafted a Business Resumption/Contingency Plan for the YEAR 2000. This plan will incorporate back-up systems and procedures for Core business processes, should any unforeseen disruptions occur. This plan should be completed by June 30, 1999.

(9) Verification: The Verification process will take place subsequent to the actual Century Date Change. This will involve verifying successful transition to the YEAR 2000 of all systems and applications, at all critical dates and functions to the YEAR 2000. Monitoring and reporting protocol has been established for this phase.

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 approximately 70% has been spent as of March 31, 1999. 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 are 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. 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.

3. The Company's ability to operate effectively in the YEAR 2000 could be adversely affected by the ability to communicate and to access 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 follow 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 June 30, 1999.

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

For Three Months Ended March 31	1999 Average Balance	1999 Interest	1999 Average Rate	1998 Average Balance	1998 Interest	1998 Average Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans, Net of Unearned Interest(1)(2)	$ 767,729	$16,739	8.84%	$ 731,204	$16,644	9.23%
Taxable Investment Securities	228,111	3,207	5.68%	79,925	1,265	6.41%
Tax-Exempt Investment Securities (2)	97,064	1,500	6.18%	63,081	1,041	6.60%
Funds Sold	83,838	964	4.65%	58,842	771	5.31%
Total Earning Assets	1,176,742	22,410	7.71%	933,052	19,721	8.56%
Cash & Due From Banks	61,074			49,797		
Allowance for Loan Losses	(8,658)			(8,390)		
Other Assets	89,897			64,347		
TOTAL ASSETS	$1,319,055			$1,038,806		
LIABILITIES						
NOW Accounts	$ 134,223	611	1.85%	$ 109,903	$ 514	1.90%
Money Market Accounts	139,652	1,295	3.76%	76,948	538	2.84%
Savings Accounts	106,273	509	1.94%	85,706	440	2.08%
Other Time Deposits	510,493	6,347	5.04%	398,839	5,281	5.37%
Total Interest Bearing Deposits	890,641	8,762	3.99%	671,396	6,773	4.09%
Short-Term Borrowings	33,221	332	4.09%	43,685	537	4.98%
Long-Term Debt	17,365	286	6.69%	16,014	280	7.09%
Total Int. Bearing Liabilities	941,227	9,380	4.04%	731,095	7,590	4.21%
Noninterest Bearing Deposits	250,655			191,479		
Other Liabilities	14,756			13,839		
TOTAL LIABILITIES	1,206,638			936,413		
SHAREOWNERS' EQUITY						
Common Stock	89			89		
Surplus	8,661			7,433		
Retained Earnings	103,667			94,871		
TOTAL SHAREOWNERS' EQUITY	112,417			102,393		
TOTAL LIABILITIES & EQUITY	$1,319,055			$1,038,806		
Net Interest Rate Spread			3.67%			4.35%
Net Interest Income		$13,030			$12,131	
Net Interest Margin			4.49%			5.27%

(1) Average balances include nonaccrual loans. Interest income includes fees on loans of approximately $688,000 and $766,000, for the three months ended March 31, 1999 and 1998, respectively.
(2) Interest income includes the effects of taxable equivalent adjustments using a 35% tax rate.
</TABLE>

Item 3. Qualitative and Quantitative Disclosure for Market Risk

Overview

Market risk management arises from changes in interest rates, exchange rates, commodity prices and equity prices. The Company has risk management policies to monitor and limit exposure to market risk. Capital City Bank Group does not actively participate in exchange rates, commodities or equities. In asset and liability management activities, policies are in place that are designed to minimize structural interest rate risk.

Interest Rate Risk Management

The normal course of business activity exposes Capital City Bank Group to interest rate risk. Fluctuations in interest rate risk may result in changes in the fair market value of the Company's financial instruments, cash flows and net interest income. Capital City Bank Group's asset/liability management process manages the Company's interest rate risk.

The financial assets and liabilities of the Company are classified as other-than-trading. An analysis of the other-than-trading financial components, including the fair values, are presented in Table II on page 20. This table presents the Company's consolidated interest rate sensitivity position as of March 31, 1999, based upon certain assumptions as set-forth in the Notes to the Table. The objective of interest rate sensitivity analysis is to measure the impact on the Company's net interest income due to fluctuations in interest rates. The asset and liability fair values presented in Table II may not necessarily be indicative of the Company's interest rate sensitivity over an extended period of time.

The Company is currently liability sensitive which generally indicates that in a period of rising interest rates the net interest margin will be adversely impacted as the velocity and/or volume of liabilities being repriced exceeds assets. However, as general interest rates rise or fall, other factors such as current market conditions and competition may impact how the Company responds to changing rates and thus impact the magnitude of change in net interest income.

<TABLE>
Table II
FINANCIAL ASSETS AND LIABILITIES MARKET RISK ANALYSIS (1)
(Dollars in Thousands)
<CAPTION>

Other Than Trading Portfolio	March 31, 1999							
	Year 1	Year 2	Year 3	Year 4	Year 5	Beyond	Total	Fair Value
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Loans								
Fixed Rate	$ 41,282	$ 23,919	$ 45,113	$ 43,799	$ 46,569	$ 65,778	$ 266,460	$ 268,846
Average Interest Rate	8.79%	10.01%	9.58%	9.04%	8.64%	7.25%	8.66%	
Floating Rate (2)	384,794	33,267	27,672	14,171	21,117	31,877	512,898	517,490
Average Interest Rate	8.48%	8.21%	8.09%	8.64%	7.97%	7.61%	8.37%	
Investment Securities (3)								
Fixed Rate	53,284	59,854	21,778	36,900	15,862	119,925	307,603	307,603
Average Interest Rate	5.89%	5.62%	6.49%	6.27%	5.54%	5.73%	5.84%	
Floating Rate	-	5,596	5,080	-	-	505	11,181	11,181
Average Interest Rate	-	6.19%	6.51%	-	-	6.29%	6.34%	
Other Earning Assets								
Fixed Rates	-	-	-	-	-	-	-	-
Average Interest Rates	-	-	-	-	-	-	-	
Floating Rates	89,000	-	-	-	-	11,382	100,382	100,382
Average Interest Rates	5.23%	-	-	-	-	4.66%	5.17%	
Total Financial Assets	$568,360	$122,636	$ 99,643	$ 94,870	$ 83,548	$229,467	$1,198,524	$1,205,502
Average Interest Rates	7.75%	7.20%	8.33%	7.90%	7.88%	6.37%	7.50%	
Deposits (4)								
Fixed Rate Deposits	$430,543	$ 55,210	$ 10,762	$ 5,080	$ 2,714	$ 214	$ 504,523	$ 507,543
Average Interest Rates	4.96%	5.15%	5.16%	5.16%	4.96%	5.56%	4.99%	
Floating Rate Deposits	397,127	-	-	-	-	-	397,127	387,127
Average Interest Rates	1.88%	-	-	-	-	-	1.88%	
Other Interest Bearing Liabilities								
Fixed Rate Debt	603	560	431	447	462	7,231	9,734	9,717
Average Interest Rate	5.38%	5.83%	5.99%	5.99%	5.99%	5.97%	5.95%	
Floating Rate Debt	52,355	-	-	-	-	-	52,355	52,261
Average Interest Rate	4.78%	-	-	-	-	-	4.78%	
Total Financial Liabilities	$880,628	$ 55,770	$ 11,193	$ 5,527	$ 3,176	$ 7,445	$ 963,739	$ 966,648
Average interest Rate	3.56%	5.16%	5.19%	5.23%	5.11%	5.96%	3.71%	

(1) Based upon expected cashflows, unless otherwise indicated.
(2) Based upon a combination of expected maturities and repricing opportunities.
(3) Based upon contractual maturity, except for callable and floating rate securities, which are based on expected maturity and weighted average life, respectively.
(4) Savings, NOW and money market accounts can be repriced at any time, therefore, all such balances are included as floating rates deposits in 1999. Other time deposit balances are classified according to maturity.
</TABLE>

PART II. OTHER INFORMATION

Items 1-4.

Not applicable

Item 5. Other

Item 6. Exhibits and Reports on Form 8-K

(A) Exhibits

Not applicable

(B) Reports on Form 8-K

On March 26, 1999, the Company reported on February 12, 1999, it entered into a definitive agreement to acquire Grady Holding Company and its subsidiary, First National Bank of Grady County in Cairo, Georgia. First National Bank of Grady County is a $112 million asset institution with offices in Cairo and Whigham, Georgia. The transaction was completed on May 7, 1999, and was accounted for as a pooling-of-interests. The Company issued 21.50 shares for each share of First National Bank and 115.885 shares for each share of Grady Holding Company.

SIGNATURES

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

CAPITAL CITY BANK GROUP, INC.
(Registrant)

/s/ J. Kimbrough Davis
J. Kimbrough Davis
Executive Vice President and
Chief Financial Officer
Date: May 13, 1999

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