Form 10-K

Securities and Exchange Commission
Washington, D.C. 20549

Annual Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act Of 1934

For the Fiscal Year Ended December 31, 1999

Commission File Number 0-13358

CAPITAL CITY BANK GROUP, INC.

Incorporated in the State of Florida

I.R.S. Employer Identification Number 59-2273542

Address: 217 North Monroe Street, Tallahassee, Florida 32301

Telephone: (850) 671-0610

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock - $.01 par value

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 for shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of March 1, 2000, there were issued and outstanding 10,197,712 shares of the registrant's common stock. The registrant's voting stock is listed on the National Association of Securities Dealers Automated Quotation ("Nasdaq") National Market under the symbol "CCBG." The aggregate market value of the voting stock held by nonaffiliates of the registrant, based on the average of the bid and asked prices of the registrant's common stock as quoted on Nasdaq on March 1, 2000, was $91.3 million.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement (pursuant to Regulation 14A), to be filed not more than 120 days after the end of the fiscal year covered by this report, are incorporated by reference into Part III.

CAPITAL CITY BANK GROUP, INC.
ANNUAL REPORT FOR 1999 ON FORM 10-K

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PART I

Item 1. Business

General

Capital City Bank Group, Inc. ("CCBG" or "Company"), is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. At December 31, 1999, the Company had consolidated total assets of $1.4 billion and shareowners' equity of $132.2 million. Its principal asset is the capital stock of Capital City Bank ("CCB") and First National Bank of Grady County ("FNBGC") (collectively the "Banks"). CCB accounted for approximately 92% of the consolidated assets at December 31, 1999 and approximately 93% of consolidated net income of the Company for the year ended December 31, 1999. In addition to its banking subsidiaries, the Company has five other indirect subsidiaries, Capital City Trust Company, Capital City Securities, Inc., Capital City Mortgage Company (inactive) and Capital City Services Company, all of which are wholly-owned subsidiaries of Capital City Bank, and First Insurance Agency of Grady County, which is a wholly-owned subsidiary of First National Bank of Grady County.

On May 7, 1999, the Company completed its acquisition of Grady Holding Company and its subsidiary First National Bank of Grady County. FNBGC is a $114 million asset institution with offices in Cairo and Whigham, Georgia. The Company issued 21.50 shares for each if the 60,910 shares of FNBGC. The consolidated financial statements of the Company give effect to the merger which has been accounted for as a pooling-of-interests. Accordingly, financial statements for the prior periods have been restated to reflect the results of operations of these entities on a combined basis from the earliest period presented.

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 premium of $16.9 million, and assumed approximately $219 million in deposits and acquired certain real estate. The 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 offices which included loans and deposits. The Company paid a deposit premium of $3.6 million, or 6.33%, and assumed $55 million in deposits and purchased loans equal to $44 million. Four of the five offices were merged into existing offices of Capital City Bank. The deposit premium is being amortized over fifteen years.

On October 18, 1997, the Company consolidated its three remaining bank affiliates, Levy County State Bank, Farmers & Merchants Bank of Trenton and Branford State Bank into Capital City Bank. The consolidation enabled the Company to present a consistent image to a broader market and to better serve its clients through the use of a common name with multiple, convenient locations.

Dividends and management fees received from the Banks are the Company's only source of income. Dividend payments by the subsidiaries to CCBG depend on the capitalization, earnings and projected growth of the subsidiaries, and are limited by various regulatory restrictions. See the section entitled "Regulation and Supervision" and Note 4 in the Notes to Consolidated Financial Statements for additional information.
The Company had a total of 678 (full-time equivalent) associates

at March 1, 2000. Page 18 contains other financial and statistical information about the Company.

Banking Services

CCB is a Florida chartered bank and FNBGC is a national bank. The Banks are full service banks, engaged in the commercial and retail banking business, including accepting demand, savings and time deposits, extending credit, originating residential mortgage loans, providing data processing services, asset management services, trust services, retail brokerage services and a broad range of other financial services to corporate and individual customers, governmental entities and correspondent banks.

The Banks are members of the "Star" system which enables customers to utilize their "QuickBucks" or "QuickCheck" cards to access cash at automatic teller machines ("ATMs") or point of sale merchants located throughout the state of Florida. Additionally, customers may access their cash outside Florida through various interconnected ATM networks and merchant locations.

Data Processing Services

Capital City Services Company provides data processing services to financial institutions (including CCB), government agencies and commercial customers located throughout North Florida and South Georgia. As of March 1, 2000, the services company is providing computer services to correspondent banks which have relationships with Capital City Bank.

Trust Services

Capital City Trust Company is the investment management arm of Capital City Bank. The Trust Company provides asset management for individuals through agency, personal trust and IRA accounts personal investment management. Pension, profit sharing and 401(k) Plans administration are significant product lines. Associations, endowments and other non-profit entities hire the Trust Company to manage their long-term investment portfolios. Individuals requiring the services of a trustee, personal representative, or a guardian are served by a staff of well trained professionals. The market value of trust assets under discretionary management exceeded $307 million as of December 31, 1999, with total assets under administration exceeding $360 million.

Brokerage Services

The Company offers access to retail investment products through Capital City Securities, Inc., a wholly-owned subsidiary of Capital City Bank. These products are offered through INVEST Financial Corporation, member NASD and SIPC. Non-deposit investment and insurance products are: not FDIC insured; not deposits, obligations, or guaranteed by any bank, and; are subject to investment risk, including the possible loss of prinicpal amount invested. Capital City Securities, Inc.'s brokers are licensed through INVEST Financial Corporation, and offer a full line of retail securities products, including U.S. Government bonds, tax-free municipal bonds, stocks, mutual funds, unit investment trusts, annuities, life insurance and long-term health care. Capital City Bank Group and its subsidiaries are not affiliated with INVEST Financial Corporation.

Competition

The banking business is rapidly changing and CCBG and its subsidiaries operate in a highly competitive environment, especially with respect to services and pricing. Recent consolidation of the industry significantly alters the competitive environment within the State of Florida and, management believes, further enhances the Company's competitive position and opportunities in many of its markets. CCBG's primary market area is eightteen counties in Florida and one county in Georgia. In these markets, the Banks compete against a wide range of banking and nonbanking institutions including savings and loan associations, credit unions, money market funds, mutual fund advisory companies, mortgage banking companies, investment banking companies, finance companies and other types of financial institutions.

All of Florida's major banking concerns have a presence in Leon County. Capital City Bank's Leon County deposits totaled $456 million, or 37.9%, of the Company's consolidated deposits at December 31, 1999.

The following table depicts CCBG's market share percentage within each respective county, based on total commercial bank deposits within the county.

	Market Share as of September 30(1)(2)		
	1999	1998	1997
Capital City Bank:			
Bradford County(4)	46.1%	53.3%	--
Citrus County	4.2%	4.3%	4.4%
Clay County(4)	4.6%	5.8%	--
Dixie County(3)	15.2%	15.7%	--
Gadsden County	29.0%	28.0%	29.8%
Gilchrist County	50.0%	50.5%	45.1%
Gulf County(4)	39.8%	48.6%	--
Hernando County	2.2%	2.0%	2.0%
Jefferson County	24.7%	27.1%	28.2%
Leon County	21.6%	23.4%	22.8%
Levy County	37.4%	37.7%	25.6%
Madison County	21.5%	20.6%	22.6%
Pasco County	1.6%	1.2%	1.3%
Putnam County(4)	24.2%	30.3%	--
Suwannee County	20.5%	18.7%	16.6%
Taylor County	33.6%	32.7%	36.0%
Washington County(4)	23.9%	30.0%	--
First National Bank of Grady County			
Grady County(5)	44.5%	49.0%	42.5%

(1) Obtained from the September 30 Office Level Report published by the Florida Bankers Association for each year.

(2) Does not include Alachua county where Capital City Bank maintains a residential mortgage lending office.

(3) Entered the market in January 1998.

(4) Entered the market in December 1998.

(5) Obtained from the June 30 FDIC/OTS Summary of Deposits Report.

The following table sets forth the number of commercial banks and offices, including the Company and its competitors, within each of the respective counties as of September 30, 1999.

County	Number of Commercial Banks	Number of Commercial Bank Offices
Florida:		
Bradford	3	3
Citrus	10	37
Clay	8	24
Dixie	3	4
Gadsden	4	9
Gilchrist	2	4
Gulf	2	4
Hernando	10	30
Jefferson	2	2
Leon	13	61
Levy	4	13
Madison	5	5
Pasco	17	84
Putnam	5	11
Suwannee	4	5
Taylor	3	4
Washington	3	3
Georgia:		
Grady(1)	5	9

(1) Obtained from the June 30 FDIC/OTS Summary of Deposits Report.

REGULATORY CONSIDERATIONS

The Company and the Banks must comply with state and federal banking laws and regulations that control virtually all aspects of operations. These laws and regulations generally aim to protect depositors, not shareowners. Particular references to statutes or regulations in this document qualify and supersede any summaries or descriptions of the particular statues or regulations. Any changes in applicable laws or regulations may materially affect the business and prospects of the Company.

Such legislative changes or changes in regulator policies may also affect the operations of the Company and the Banks. The Company cannot predict the nature or extent of effects on business or earnings caused by future fiscal or monetary policies, economic control or new federal or state legislation.

Recent Legislation

On November 12, 1999, President Clinton signed into law the Gramm-Leach-Bliley Act of 1999 (the "Financial Services Modernization Act"). The Financial Services Modernization Act repeals the two affiliation provisions of the Glass-Steagall Act: Section 20, which restricted the affiliation of Federal Reserve Member Banks with firms "engaged principally" in specified securities activities; and Section 32, which restricted officer, director, or associate interlocks between a member bank and any company or person "primarily engaged" in specified securities activities. In addition, the Financial Services Modernization Act contains provisions that expressly preempt most state laws restricting state banks from owning or acquiring interests in financial affiliates, such as insurance companies. The general effect of the law is to establish a comprehensive framework to permit affiliations among commercial banks, insurance companies, securities firms, and other financial service providers. A bank holding company may now engage in a full range of financial activities by electing to become a "Financial Holding Company." "Financial activities" are broadly defined to include not only banking, insurance, and securities activities, but also merchant banking and additional activities that the Board of Governors of the Federal Reserve System ("FRB"), in consultation with the Secretary of the Treasury, determines to be financial in nature, incidental to such financial activities, or complementary activities that do not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally.

The Financial Services Modernization Act also permits national banks to engage in expanded activities through the formation of financial subsidiaries. A national bank may have a subsidiary engaged in any activity authorized for national banks directly or any financial activity, except for insurance underwriting, insurance investments, real estate investment or development, or merchant banking, which may only be conducted through a subsidiary of a Financial Holding Company. Financial activities include all activities permitted under new sections of the Bank Holding Company Act of 1956, as amended ("BHCA"), or permitted by regulation.

The Company and the Banks do not believe that the Financial Services Modernization Act will have a material adverse effect on the operations of the Company and the Banks in the near-term. However, to the extent that the act permits banks, securities firms, and insurance companies to affiliate, the financial services industry may experience further consolidation. The Financial Services Modernization Act is intended to grant to community banks certain powers as a matter of right that larger institutions have accumulated on an ad hoc basis. Nevertheless, this act may have the result of increasing the amount of competition that the Company and the Banks face from larger institutions and other types of companies offering financial products, many of which may have substantially more financial resources than the Company and the Banks.

The Company

General

As a result of its ownership of the Banks, the Company is registered as a bank holding company under BHCA, and is regulated by the FRB. Under the BHCA, the Company is subject to periodic examination by the FRB and is required to file periodic reports of its operations and such additional information as the FRB may require. The Company has not elected to become a financial holding company under the Financial Services Modernization Act. If the Company elects to become a financial holding company in the future, many of the restrictions and notice requirements mentioned below would not apply.

Bank Holding Companies

Permitted Activities. The BHCA limits the Company's activities to managing or controlling banks, furnishing services to or performing services for its subsidiaries, and engaging in other activities that the FRB determines to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. In determining whether a particular activity

is permissible, the FRB must consider whether the performance of such an activity reasonably can be expected to produce benefits to the public that outweigh possible adverse effects. Possible benefits include greater convenience, increased competition and gains in efficiency. Possible adverse effects include undue concentration of resources, decreased or unfair competition, conflicts of interest and unsound banking practices. The FRB has determined the following activities, among others, to be permissible for bank holding companies:

- Factoring accounts receivable;
- Acquiring or servicing loans;
- Leasing personal property;
- Conducting discount securities brokerage activities;
- Performing certain data processing services;
- Acting as agent or broker and selling credit life insurance and certain other types of insurance in connection with credit transactions; and
- Performing certain insurance underwriting activities.

There are no territorial limitations on permissible non-banking activities of bank holding companies. Despite prior approval, the FRB may order a holding company or its subsidiaries to terminate any activity or to terminate ownership or control of any subsidiary when the FRB has reasonable cause to believe that a serious risk to the financial safety, soundness or stability of any bank subsidiary of that bank holding company may result from such an activity.

Changes in Control. In addition, and subject to certain exceptions, the BHCA and the Change in Bank Control Act, together with regulations thereunder, require FRB approval (or, depending on the circumstances, no notice of disapproval) prior to any person or company acquiring "control" of a bank holding company, such as the Company. A conclusive presumption of control exists if an individual or company acquires 25% or more of any class of voting securities of the bank holding company. A rebuttable presumption of control exists if a person acquires 10% or more but less than 25% of any class of voting securities and either the Company has registered securities under Section 12 of the Securities Exchange Act of 1934, as amended, or no other person will own a greater percentage of that class of voting securities immediately after the transaction.

The BHCA requires, among other things, the prior approval of the FRB in any case where a bank holding company proposes to (i) acquire all or substantially all of the assets of a bank, (ii) acquire direct or indirect ownership or control of more than 5% of the outstanding voting stock of any bank (unless it owns a majority of such bank's voting shares), or (iii) merge or consolidate with any other bank holding company. Additionally, the BHCA prohibits a bank holding company, with certain limited exceptions, from (i) acquiring or retaining direct or indirect ownership or control of more than 5% of the outstanding voting stock of any company which is not a bank or bank holding company, or (ii) engaging directly or indirectly in activities other than those of banking, managing or controlling banks, or performing services for its subsidiaries unless such non-banking business is determined by the FRB to be so closely related to banking or managing or controlling banks as to be a proper incident thereto.

Under Florida law, a person proposing to directly or indirectly acquire control of a Florida bank must first obtain permission from the State of Florida. Florida statutes define "control" as either (a) indirectly or directly owning, controlling or having power to vote 25 percent or more of the voting securities of a bank; (b) controlling the election of a majority of directors of a bank; (c) owning, controlling or having power to vote 10 percent or more of the voting securities as well as directly or indirectly exercising a controlling influence over management or policies of a bank; or (d) as determined by the Florida Department of Banking and Finance (the "FDBF"). These requirements will effect the Company because CCB is chartered under Florida law and changes in control of the Company are indirect changes in control of CCB. Similar change in control provisions apply to FNBGC under Federal law.

Tying. The BHCA also prohibits bank holding companies and their affiliates from tying the provision of certain services, such as extending credit, to other services offered by the bank holding company or its affiliates.

Capital; Dividends; Source of Strength. The FRB imposes certain capital requirements on the Company under the BHCA, including a minimum leverage ratio and a minimum ratio of "qualifying"

capital to risk-weighted assets. These requirements are described below under "Capital Regulations." Subject to its capital requirements and certain other restrictions, the Company is able to borrow money to make a capital contribution to either Bank, and such loans may be repaid from dividends paid from the bank to the Company. The ability of the bank to pay dividends will be subject to regulatory restrictions as described below under "Dividends". The Company is also able to raise capital for contributions to the Banks by issuing securities without having to receive regulatory approval, subject to compliance with federal and state securities laws.

In accordance with FRB policy, the Company is expected to act as a source of financial strength to the Banks and to commit resources to support the Banks in circumstances in which the Company might not otherwise do so. Under the BHCA, the FRB may require a bank holding company to terminate any activity or relinquish control of a nonbank subsidiary (other than a nonbank subsidiary of a bank) upon the FRB's determination that such activity or control constitutes a serious risk to the financial soundness or stability of any subsidiary depository institution of the bank holding company. Further, federal bank regulatory authorities have additional discretion to require a bank holding company to divest itself of any bank or nonbank subsidiary if the agency determines that divestiture may aid the depository institution's financial condition.

Financial Institutions Reform, Recovery and Enforcement Act of 1989

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") was enacted in August 1989. FIRREA contains major regulatory reforms which include stronger civil and criminal enforcement provisions applicable to all financial institutions. FIRREA allows the acquisition of healthy and failed savings and loans by bank holding companies, and removes all interstate barriers on these bank holding company acquisitions. With certain qualifications, FIRREA also allows bank holding companies to merge acquired savings and loans into their existing commercial bank subsidiaries.

The FRB, the FDBF and the Federal Deposit Insurance Corporation ("FDIC") collectively have extensive enforcement authority over depository institutions and their holding companies, and this authority has been enhanced substantially by FIRREA. This enforcement authority includes, among other things, the ability to assess civil money penalties, to issue cease-and-desist or removal orders, to initiate injunctive actions, and, in extreme cases, to terminate deposit insurance. In general, these enforcement actions may be initiated for violations of laws and regulations and unsafe or unsound practices. Other actions or inactions may provide the basis for enforcement action, including misleading or untimely reports filed with the federal banking agencies. FIRREA significantly increased the amount of and grounds for civil money penalties and generally requires public disclosure of final enforcement actions.

FIRREA further requires a depository institution or holding company thereof to give 30 days' prior written notice to its primary federal regulator of the appointment of any proposed director or senior executive officer if the institution (i) has been chartered less than two years; (ii) has undergone a change in control within the preceding two years; or (iii) is not in compliance with the minimum capital requirements or otherwise is in a "troubled condition." The regulator would have the opportunity to disapprove any such appointment.

Economic Growth and Regulatory Paperwork Reduction Act of 1996

The enactment of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 ("EGRPRA") streamlined the non-banking activities application process for well-capitalized and well-managed bank holding companies. Under EGRPRA, qualified bank holding companies may commence a regulatory approved non-banking activity without prior notice to the FRB; written notice is merely required within 10 days after commencing the activity. Also, under EGRPRA, the prior notice period is reduced to 12 business days in the event of any non-banking acquisition or share purchase, assuming the size of the acquisition does not exceed 10% of risk-weighted assets of the acquiring bank holding company and the consideration does not exceed 15% in Tier I capital. This prior notice requirement also applies to commencing a non-banking activity de novo which has been previously approved by order of the FRB, but not yet implemented by regulations.

CAPITAL CITY BANK

CCB is a banking institution which is chartered by and operated in the State of Florida, and it is subject to supervision and regulation by the FDBF. CCB is a member bank of the Federal Reserve System and its operations are also subject to broad federal regulation and oversight by the FRB. The deposit accounts of CCB are insured by the FDIC which gives the FDIC certain enforcement powers over CCB. Various consumer laws and regulations also affect the operations of CCB, including state usury laws, laws relating to fiduciaries, consumer credit and equal credit laws, and fair credit reporting.

The FDBF supervises and regulates all areas of CCB's operations including, without limitation, making of loans, the issuance of securities, the conduct of CCB's corporate affairs, capital adequacy requirements, the payment of dividends and the establishment or closing of branches.

In addition, the Federal Deposit Insurance Corporation Improvement Act of 1991 prohibits insured state chartered institutions from conducting activities as principal that are not permitted for national banks. A bank may, however, engage in an otherwise prohibited activity if it meets its minimum capital requirements and the FDIC determines that the activity does not present a significant risk to the deposit insurance funds.

As a state chartered banking institution in the State of Florida, CCB is empowered by statute, subject to the limitations contained in those statutes, to take savings and time deposits and pay interest on them, to accept checking accounts, to make loans on residential and other real estate, to make consumer and commercial loans, to invest, with certain limitations, in equity securities and in debt obligations of banks and corporations and to provide various other banking services on behalf of CCB's customers.

FIRST NATIONAL BANK OF GRADY COUNTY

FNBGC is a national bank which is chartered by the Office of the Comptroller of the Currency ("OCC") and operates in Sounthern Georgia. FNBGC is subject to supervision, regulation and examination by the OCC, which monitors all areas of the operations of FNBGC, including reserves, loans, mortgages, issuances of securities, payment of dividends, establishment of branches, capital adequacy, and compliance with laws. FNBGC is a member of the FDIC and, as such, its deposits are insured by the FDIC to the maximum extent permitted by law.

RESERVES

The FRB requires all depository institutions to maintain reserves against their transaction accounts (primarily NOW and Super NOW checking accounts) and non-personal time deposits. The balances maintained to meet the reserve requirements imposed by the FRB may be used to satisfy liquidity requirements.

Institutions are authorized to borrow from the Federal Reserve Bank "discount window," but FRB regulations require institutions to exhaust other reasonable alternative sources of funds before borrowing from the Federal Reserve Bank.

DIVIDENDS

CCB and FNBGC are subject to legal limitations on the frequency and amount of dividends that can be paid to the Company. The FRB may restrict the ability of CCB and the OCC may restrict the ability of FNBGC to pay dividends if such payments would constitute an unsafe or unsound banking practice. These regulations and restrictions may limit the Company's ability to obtain funds from CCB and FNBGC for its cash needs, including funds for acquisitions and the payment of dividends, interest and operating expenses.

In addition, Florida law also places certain restrictions on the declaration of dividends from state chartered banks to their holding companies. Pursuant to Section 658.37 of the Florida Banking Code, the board of directors of state chartered banks, after charging off bad debts, depreciation and other worthless assets, if any, and making provisions for reasonably anticipated future losses on loans and other assets, may quarterly, semi-annually or annually declare a dividend of up to the aggregate net profits of that period combined with the bank's retained net profits for the preceding two years and, with the approval of the FDBF, declare a dividend from retained net profits which accrued prior to the preceding two years. Before

declaring such dividends, 20% of the net profits for the preceding period as is covered by the dividend must be transferred to the surplus fund of the bank until this fund becomes equal to the amount of the bank's common stock then issued and outstanding. A state chartered bank may not declare any dividend if (i) its net income from the current year combined with the retained net income for the preceding two years is a loss or (ii) the payment of such dividend would cause the capital account of the bank to fall below the minimum amount required by law, regulation, order or any written agreement with the FDBF or a federal regulatory agency.

INSURANCE OF ACCOUNTS AND OTHER ASSESSMENTS

The Banks' deposit accounts are insured by the Bank Insurance Fund ("BIF") of the FDIC to a maximum of $100,000 for each insured depositor. The federal banking agencies require an annual audit by independent accountants of the Banks and make their own periodic examinations of the Banks. They may revalue assets of an insured institution based upon appraisals, and require establishment of specific reserves in amounts equal to the difference between such revaluation and the book value of the assets, as well as require specific charge-offs relating to such assets. The federal banking agencies may prohibit any FDIC-insured institution from engaging in any activity they determine by regulation or order poses a serious threat to the insurance fund.

Under federal law, BIF and the Savings Association Insurance Fund ("SAIF") are each statutorily required to be recapitalized to a 1.25% of insured reserve deposits ratio. In view of the BIF's achieving the 1.25% ratio during 1995, the FDIC reduced the assessments for most banks by adopting a new assessment rate schedule of 4 to 31 basis points for BIF deposits. The FDIC further reduced the BIF assessment schedule by an additional four basis points for the 1996 calendar year so that most BIF members paid only the statutory minimum semiannual assessment of $1,000. During this same period, the FDIC retained the existing assessment rate schedule applicable to SAIF deposits of 23 cents to 31 cents per $100 of domestic deposits, depending on the institution's risk classification.

On September 30, 1996, the Deposit Insurance Funds Act of 1996 ("DIFA") was enacted and signed into law. DIFA was intended to reduce the amount of semi-annual FDIC insurance premiums for savings association deposits acquired by banks to the same levels assessed for deposits insured by BIF. To accomplish this reduction, DIFA provided for a special one-time assessment imposed on deposits insured by SAIF to recapitalize SAIF and bring it up to statutory required levels. This one-time assessment accrued in the third quarter of 1996. As a result, since early 1997, both BIF and SAIF deposits have been assessed at the same rate of 0 to 27 basis points depending on risk classification.

Effective January 1, 1997, DIFA also separated from the SAIF assessments the Financing Corporation ("FICO") assessments which service the interest on its bond obligations. According to the FDIC's risk-related assessment rate schedules, the amount assessed on individual institutions by the FICO will be in addition to the amount paid for deposit insurance.

TRANSACTIONS WITH AFFILIATES

The authority of the Banks to engage in transactions with related parties or "affiliates" or to make loans to insiders is limited by certain provisions of law and regulations. Commercial banks, such as the Banks, are prohibited from making extensions of credit to any affiliate that engages in an activity not permissible under the regulations of the FRB for a bank holding company. Pursuant to Sections 23A and 23B of the Federal Reserve Act ("FRA"), member banks and national banks are subject to restrictions regarding transactions with affiliates ("Covered Transactions").

With respect to any Covered Transaction, the term "affiliate" includes any company that controls or is controlled by a company that controls the Banks, a bank or savings association subsidiary of the Banks, any persons who own, control or vote more than 25% of any class of stock of the Banks or the Company and any persons who the Board of Directors determines exercises a controlling influence over the management of the Banks or the Company. The term "affiliate" also includes any company controlled by controlling shareowners of the Banks or the Company and any company sponsored and advised on a contractual basis by the Banks or any subsidiary or affiliate of the Banks. Such transactions

between the Banks and their respective affiliates are subject to certain requirements and limitations, including limitations on the amounts of such Covered Transactions that may be undertaken with any one affiliate and with all affiliates in the aggregate. The federal banking agencies may further restrict such transactions with affiliates in the interest of safety and soundness.

Section 23A of the FRA limits Covered Transactions with any one affiliate to 10% of an institution's capital stock and surplus and limits aggregate affiliate transactions to 20% of the Banks' capital stock and surplus. Sections 23A and 23B of the FRA provide that a loan transaction with an affiliate generally must be collateralized (but may not be collateralized by a low quality asset or securities issued by an affiliate) and that all Covered Transactions, as well as the sale of assets, the payment of money or the provision of services by the Banks to affiliates, must be on terms and conditions that are substantially the same, or at least as favorable to the bank, as those prevailing for comparable nonaffiliated transactions. A Covered Transaction generally is defined as a loan to an affiliate, the purchase of securities issued by an affiliate, the purchase of assets from an affiliate, the acceptance of securities issued by an affiliate as collateral for a loan, or the issuance of a guarantee, acceptance or letter of credit on behalf of an affiliate. In addition, the Banks generally may not purchase securities issued or underwritten by affiliates.

Loans to executive officers, directors or to any person who directly or indirectly, or acting through or in concert with one or more persons, owns, controls or has the power to vote more than 10% of any class of voting securities of a bank ("Principal Shareowners") and their related interests (i.e., any company controlled by such executive officer, director, or Principal Shareowners), or to any political or campaign committee the funds or services of which will benefit such executive officers, directors, or Principal Shareowners or which is controlled by such executive officers, directors or Principal Shareowners, are subject to Sections 22(g) and 22(h) of the FRA and the regulations promulgated thereunder (Regulation O).

Among other things, these loans must be made on terms substantially the same as those prevailing on transactions made to unaffiliated individuals and certain extensions of credit to such persons must first be approved in advance by a disinterested majority of the entire board of directors. Section 22(h) of the FRA prohibits loans to any such individuals where the aggregate amount exceeds an amount equal to 15% of an institution's unimpaired capital and surplus plus an additional 10% of unimpaired capital and surplus in the case of loans that are fully secured by readily marketable collateral, or when the aggregate amount on all such extensions of credit outstanding to all such persons would exceed the banks unimpaired capital and unimpaired surplus. Section 22(g) identifies limited circumstances in which the Banks are permitted to extend credit to executive officers.

COMMUNITY REINVESTMENT ACT

The Community Reinvestment Act of 1977 ("CRA") requires a financial institution to help meet the credit needs of its entire community, including low-income and moderate-income areas. On May 3, 1995, the federal banking agencies issued final regulations which change the manner in which the regulators measure a bank's compliance with the CRA obligations. The final regulations adopt a performance-based evaluation system which bases CRA ratings on an institution's actual lending, service and investment performance, rather than the extent to which the institution conducts needs assessments, documents community outreach or complies with other procedural requirements. Federal banking agencies may take CRA compliance into account when regulating and supervising bank and holding company activities; for example, CRA performance may be considered in approving proposed bank acquisitions.

CAPITAL REGULATIONS

The FRB has adopted risk-based, capital adequacy guidelines for bank holding companies and their subsidiary state-chartered banks that are members of the Federal Reserve System. The OCC has also adopted substantially similar risk-based, capital adequacy guidelines for national banks. The risk-based capital guidelines are designed to make regulatory capital requirements more sensitive to differences in risk profiles among banks and bank holding companies, to account for off-balance sheet exposure, to minimize disincentives for holding

liquid assets and to achieve greater consistency in evaluating the capital adequacy of major banks throughout the world. Under these guidelines assets and off-balance sheet items are assigned to broad risk categories each with designated weights. The resulting capital ratios represent capital as a percentage of total risk-weighted assets and off-balance sheet items.

The current guidelines require all bank holding companies and federally-regulated banks to maintain a minimum risk-based total capital ratio equal to 8%, of which at least 4% must be Tier I Capital. Tier I Capital, which includes common shareowners' equity, noncumulative perpetual preferred stock, and a limited amount of cumulative perpetual preferred stock, less certain goodwill items and other intangible assets, is required to equal at least 4% of risk-weighted assets. The remainder ("Tier II Capital") may consist of (i) an allowance for loan losses of up to 1.25% of risk-weighted assets, (ii) excess of qualifying perpetual preferred stock, (iii) hybrid capital instruments, (iv) perpetual debt, (v) mandatory convertible securities, and (vi) subordinated debt and intermediate-term preferred stock up to 50% of Tier I Capital. Total capital is the sum of Tier I and Tier II Capital less reciprocal holdings of other banking organizations' capital instruments, investments in unconsolidated subsidiaries and any other deductions as determined by the appropriate regulator (determined on a case by case basis or as a matter of policy after formal rule making).

In computing total risk-weighted assets, bank and bank holding company assets are given risk-weights of 0%, 20%, 50% and 100%. In addition, certain off-balance sheet items are given similar credit conversion factors to convert them to asset equivalent amounts to which an appropriate risk-weight will apply. Most loans will be assigned to the 100% risk category, except for performing first mortgage loans fully secured by residential property, which carry a 50% risk rating. Most investment securities (including, primarily, general obligation claims on states or other political subdivisions of the United States) will be assigned to the 20% category, except for municipal or state revenue bonds, which have a 50% risk-weight, and direct obligations of the U.S. Treasury or obligations backed by the full faith and credit of the U.S. Government, which have a 0% risk-weight. In covering off-balance sheet items, direct credit substitutes, including general guarantees and standby letters of credit backing financial obligations, are given a 100% conversion factor. Transaction-related contingencies such as bid bonds, standby letters of credit backing non-financial obligations, and undrawn commitments (including commercial credit lines with an initial maturity of more than one year) have a 50% conversion factor. Short-term commercial letters of credit are converted at 20% and certain short-term unconditionally cancelable commitments have a 0% factor.

The federal bank regulatory authorities have also adopted regulations which supplement the risk-based guideline. These regulations generally require banks and bank holding companies to maintain a minimum level of Tier I Capital to total assets less goodwill of 4% (the "leverage ratio"). The FRB permits a bank to maintain a minimum 3% leverage ratio if the bank achieves a 1 rating under the CAMELS rating system in its most recent examination, as long as the bank is not experiencing or anticipating significant growth. The CAMELS rating is a non-public system used by bank regulators to rate the strength and weaknesses of financial institutions. The CAMELS rating is comprised of six categories: capital, asset quality, management, earnings, liquidity, and interest rate sensitivity.

Banking organizations experiencing or anticipating significant growth, as well as those organizations which do not satisfy the criteria described above, will be required to maintain a minimum leverage ratio ranging generally from 4% to 5%. The bank regulators also continue to consider a "tangible Tier I leverage ratio" in evaluating proposals for expansion or new activities. The tangible Tier I leverage ratio is the ratio of a banking organization's Tier I Capital, less deductions for intangibles otherwise includable in Tier I Capital, to total tangible assets.

Federal law and regulations establish a capital-based regulatory scheme designed to promote early intervention for troubled banks and require the FDIC to choose the least expensive resolution of bank failures. The capital-based regulatory framework contains five categories of compliance with regulatory capital requirements, including "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized." To qualify as a "well capitalized" institution, a bank must have a leverage

ratio of no less than 5%, a Tier I risk-based ratio of no less than 6%, and a total risk-based capital ratio of no less than 10%, and the bank must not be under any order or directive from the appropriate regulatory agency to meet and maintain a specific capital level.

Under the regulations, the applicable agency can treat an institution as if it were in the next lower category if the agency determines (after notice and an opportunity for hearing) that the institution is in an unsafe or unsound condition or is engaging in an unsafe or unsound practice. The degree of regulatory scrutiny of a financial institution will increase, and the permissible activities of the institution will decrease, as it moves downward through the capital categories. Institutions that fall into one of the three undercapitalized categories may be required to (i) submit a capital restoration plan; (ii) raise additional capital; (iii) restrict their growth, deposit interest rates, and other activities; (iv) improve their management; (v) eliminate management fees; or (vi) divest themselves of all or a part of their operations. Bank holding companies controlling financial institutions can be called upon to boost the institutions' capital and to partially guarantee the institutions' performance under their capital restoration plans.

It should be noted that the minimum ratios referred to above are merely guidelines and the Banks' regulators possess the discretionary authority to require higher ratios with respect to bank holding companies and state-member banks.

The Company and the Banks currently exceed the requirements contained in the applicable regulations, policies and directives pertaining to capital adequacy, and management of the Company and the Banks is unaware of any violation or alleged violation of these regulations, policies or directives.

INTERSTATE BANKING AND BRANCHING

The BHCA was amended in September 1994 by the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "Interstate Banking Act"). The Interstate Banking Act provides that adequately capitalized and managed bank holding companies are permitted to acquire banks in any state. State laws prohibiting interstate banking or discriminating against out-of-state banks are preempted. States were not permitted to enact laws opting out of this provision; however, states were allowed to adopt a minimum age restriction requiring that target banks located within the state be in existence for a period of years, up to a maximum of five years, before such bank may be subject to the Interstate Banking Act. The Interstate Banking Act establishes deposit caps which prohibit acquisitions that result in the acquiring company controlling 30 percent or more of the deposits of insured banks and thrift institutions held in the state in which the target maintains a branch or 10 percent or more of the deposits nationwide. States have the authority to waive the 30 percent deposit cap. State-level deposit caps are not preempted as long as they do not discriminate against out-of-state companies, and the federal deposit caps apply only to initial entry acquisitions.

The Interstate Banking Act also provides that adequately capitalized and managed banks are able to engage in interstate branching by merging with banks in different states. States were permitted to enact legislation authorizing interstate mergers earlier than June 1, 1997, or, unlike the interstate banking provision discussed above, states were permitted to opt out of the application of the interstate merger provision by enacting specific legislation before June 1, 1997.

Florida responded to the enactment of the Interstate Banking Act by enacting the Florida Interstate Branching Act (the "Florida Branching Act"). The purpose of the Florida Branching Act was to permit interstate branching through merger transactions under the Interstate Banking Act. Under the Florida Branching Act, with the prior approval of the FDBF, a Florida bank may establish, maintain and operate one or more branches in a state other than the State of Florida pursuant to a merger transaction in which the Florida bank is the resulting bank. In addition, the Florida Branching Act provides that one or more Florida banks may enter into a merger transaction with one or more out-of-state banks, and an out-of-state bank resulting from such transaction may maintain and operate the branches of the Florida bank that participated in such merger. An out-of-state bank, however, is not permitted to acquire a Florida bank in a merger transaction unless the Florida bank has been in existence and continuously operated for more than three years.

FUTURE LEGISLATIVE DEVELOPMENTS

Certain portions of the Financial Services Modernization Act dealing with customer privacy will go into effect in 2000. These measures will change the ways in which financial institutions may transmit nonpublic personal information about their customers to affiliates of the institution as well as to third parties. Also, the Financial Services Modernization Act will preempt many state laws regarding the activities of state-chartered banks. It is likely that the Florida legislature will enact new statutes and rules conforming Florida law to the Financial Services Modernization Act. It cannot be predicted whether or in what form these proposals or any others will be adopted or the extent to which the business of the Company may be affected.

EFFECT OF GOVERNMENTAL MONETARY POLICIES

The commercial banking business in which the Banks engage is affected not only by general economic conditions, but also by the monetary policies of the FRB. Changes in the discount rate on member bank borrowing, availability of borrowing at the "discount window," open market operations, the imposition of changes in reserve requirements against member banks' deposits and assets of foreign branches and the imposition of and changes in reserve requirements against certain borrowings by banks and their affiliates are some of the instruments of monetary policy available to the FRB. These monetary policies are used in varying combinations to influence overall growth and distributions of bank loans, investments and deposits, and this use may affect interest rates charged on loans or paid on deposits. The monetary policies of the FRB have had a significant effect on the operating results of commercial banks and are expected to do so in the future. The monetary policies of the FRB are influenced by various factors, including inflation, unemployment, short-term and long-term changes in the international trade balance and in the fiscal policies of the U.S. Government. Future monetary policies and the effect of such policies on the future business and earnings of the Banks cannot be predicted.

Item 2. Properties

Capital City Bank Group, Inc., is headquartered in Tallahassee, Florida. The Company's executive office is in the Capital City Bank building located on the corner of Tennessee and Monroe Streets in downtown Tallahassee. The building is owned by Capital City Bank but is located, in part, on land leased under a long-term agreement.

Capital City Bank's Parkway Office is located on land leased from the Smith Interests General Partnership L.L.P. in which several directors and officers have an interest. Lease payments during 1999 totaled approximately $81,000.

As of March 1, 2000 the Company had forty-eight banking locations. Of the forty-eight locations, the Company leases either the land or buildings (or both) at six locations and owns the land and buildings at the remaining forty-two.

Item 3. Legal Proceedings

Not Applicable

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

Not Applicable

PART II

Item 5. Market for the Registrant's Common Equity and Related Shareowner Matters

The Company's common stock trades on the Nasdaq National Market under the symbol "CCBG". "The Nasdaq National Market" or "Nasdaq" is a highly-regulated electronic securities market comprised of competing market makers whose trading is supported by a communications network linking them to quotation dissemination, trade reporting, and order execution. This market also provides specialized automation services for screen-based negotiations of transactions, on-line comparison of transactions, and a range of informational services tailored to the needs of the security industry, investors and issuers. The Nasdaq National Market is operated by The Nasdaq Stock Market, Inc., a

wholly-owned subsidiary of the National Association of Securities Dealers, Inc.

<TABLE>
The following table presents the range of high and low closing sales prices reported on the Nasdaq National Market and cash dividends declared for each quarter during the past two years. The Company had a total of 1,362 shareowners of record at March 1, 2000.
<CAPTION>

	1999 (1)				1998 (1)			
	Fourth Qtr.	Third Qtr.	Second Qtr.	First Qtr.	Fourth Qtr.	Third Qtr.	Second Qtr.	First Qtr.
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Common stock price:								
High	$25.00	$31.00	$25.00	$27.63	$31.00	$33.13	$32.67	$32.67
Low	20.19	21.00	20.25	22.00	24.13	19.00	29.75	29.25
Close	21.50	22.75	25.00	23.31	27.63	29.13	31.38	31.67
Cash dividends declared per share(2)	.1325	.12	.12	.18	.12	.11	.11	.11

Future payment of dividends will be subject to determination and declaration by the Board of Directors.

(1) All share and per share information have been adjusted to reflect a three-for-two stock split effective June 1, 1998.

(2) 1999 first quarter dividend amount includes a special one-time distribution paid to Grady Holding Company Shareowners of approximately $563,000.
</TABLE>

<TABLE>
Selected Financial & Other Data (Dollars in Thousands, Except Per Share Data)(1)
<CAPTION>

	For the Years Ended December 31,				
	1999	1998	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
Interest Income	$ 99,685	$ 89,010	$ 84,981	$ 74,406	$ 62,117
Net Interest Income	58,438	53,762	52,293	45,846	38,763
Provision for Loan Losses	2,440	2,439	2,328	1,863	556
Net Income	15,252	15,294	14,401	13,219	11,181
Per Common Share:					
Basic Net Income	1.50	1.51	1.44	1.33	1.13
Diluted Net Income	1.50	1.50	1.43	1.33	1.13
Cash Dividends Declared(2)	.5525	.45	.37	.34	.29
Book Value	12.97	12.69	11.54	10.39	9.42
Based on Net Income:					
Return on Average Assets	1.06	1.30	1.30	1.31	1.31
Return on Average Equity	11.64	12.37	13.10	13.52	12.72
Dividend Pay-out Ratio(2)	32.86	28.20	26.10	25.45	25.38
Averages for the Year:					
Loans, Net of Unearned Interest	$ 884,323	$ 824,197	$ 770,416	$ 631,437	$493,654
Earning Assets	1,291,262	1,065,677	1,000,466	908,137	764,259
Assets	1,444,069	1,180,785	1,108,088	1,012,480	855,894
Deposits	1,237,405	985,119	924,891	856,540	735,966
Long-Term Debt	17,274	18,041	19,412	10,895	71
Shareowners' Equity	131,058	123,647	109,948	97,738	87,878
Year-End Balances:					
Loans, Net of Unearned Interest	$ 928,486	$ 844,217	$ 775,451	$ 745,126	$510,168
Earning Assets	1,263,296	1,288,439	998,401	996,827	799,243
Assets	1,430,520	1,443,675	1,116,651	1,123,221	905,856
Deposits	1,202,658	1,253,553	922,841	952,744	778,161
Long-Term Debt	14,258	18,746	18,106	18,847	1,982
Shareowners' Equity	132,216	128,862	115,807	103,009	93,058
Equity to Assets Ratio	9.24%	8.93%	10.37%	9.17%	10.27%
Other Data:					
Basic Average Shares Outstanding	10,174,945	10,146,393	10,031,116	9,908,762	9,869,267
Shareowners of Record(3)	1,362	1,334	1,234	1,045	973
Banking Locations(3)	48	46	39	38	32
Full-Time Equivalent Associates(3)	678	677	637	617	544

(1) All share and per share data have been restated to reflect the pooling-of-interests of Grady Holding Company and its subsidiaries and adjusted to reflect the 2-for-1 stock split effective April, 1, 1997, and the 3-for-2 stock split effective June 1, 1998.

(2) 1999 dividend amount includes a special one-time distribution paid to Grady Holding Company shareowners of approximately $563,000.

(3) As of March 1st of the following year.
</TABLE>

Management's Discussion and Analysis of Financial Condition and Results of Operations

FINANCIAL REVIEW

The following analysis reviews important factors affecting the financial condition and results of operations of Capital City Bank Group, Inc., for the periods shown below. The Company has made, and may continue to make, various forward-looking statements with respect to financial and business matters that involve numerous assumptions, risks and uncertainties. The following is a list of factors, among others, that could cause actual results to differ materially from the forward-looking statements: general and local economic conditions, competition for the Company's customers from other banking and financial institutions, government legislation and regulation, changes in interest rates, the impact of rapid growth, significant changes in the loan portfolio composition, and other risks described in the Company's filings with the Securities and Exchange Commission, all of which are difficult to predict and many of which are beyond the control of the Company.

This section provides supplemental information which should be read in conjunction with the consolidated financial statements and related notes. 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 subsidiaries, collectively, are referred to as "CCBG" or the "Company." The subsidiary banks are referred to as the "Banks", "CCB", or "FNBGC".

The year-to-date averages used in this report are based on daily balances for each respective year. In certain circumstances, comparing average balances for the fourth quarter of consecutive years may be more meaningful than simply analyzing year-to-date averages. Therefore, where appropriate, quarterly averages have been presented for analysis and have been noted as such. See Table 2 for annual averages and Table 14 for financial information presented on a quarterly basis.

All prior period share and per share data have been restated to reflect a three-for-two stock split effective June 1, 1998, a two-for-one stock split effective April 1, 1997, and the acquisition of Grady Holding Company, which was accounted for under the pooling-of-interests method of accounting.

On May 7, 1999, the Company completed its acquisition of Grady Holding Company and its subsidiary, First National Bank of Grady County in Cairo, Georgia. First National Bank of Grady County is a $114 million asset institution with offices in Cairo and Whigham, Georgia. The Company issued 21.50 shares for each of the 60,910 shares of First National Bank of Grady County.

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. Average balances and earnings of the Company for 1998 were not significantly impacted by the acquisition.

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 offices which included loans and deposits. The Company paid a premium of $3.6 million, or 6.33%, and assumed $55 million in deposits and purchased loans equal to $44 million. Four of the five offices were merged into existing offices of Capital City Bank. The premium is being amortized over fifteen years.

On October 18, 1997, the Company consolidated its three remaining bank affiliates into Capital City Bank. See Note 20 in the Notes

to Consolidated Financial Statements for further information.

The bank is headquartered in Tallahassee and, as of December 31, 1999, had forty-seven offices covering seventeen counties in Florida and one county in Georgia.

EARNINGS ANALYSIS

Earnings, including the effects of merger-related expenses and intangible amortization, were $15.3 million in 1999 and 1998, or $1.50 per diluted share. This compares to $14.4 million, or $1.43 per diluted share in 1997. During 1999, merger-related expenses, net of taxes, totaled $1.2 million, or $.12 per diluted share, compared to $75,000, or $.01 per diluted share in 1998 and $403,000, or $.04 per diluted share in 1997. Amortization of intangible assets, net of taxes, in 1999 totaled $1.9 million, or $.19 per diluted share, compared to $928,000, or $.09 per diluted share in 1998 or $731,000, or $.07 per diluted share in 1997.

In 1999, excluding merger-related expenses, earnings increased $1.1 million, or 7.0%, due primarily to revenue growth. Operating revenues (defined as taxable equivalent net interest income) grew $7.2 million, or 9.3%, over 1998. This and other factors are discussed throughout the Financial Review. A condensed earnings summary is presented in Table 1.

Table 1
CONDENSED SUMMARY OF EARNINGS
(Dollars in Thousands, Except Per Share Data)(1)

	For the Years Ended December 31, 1999	1998	1997
Interest Income	$ 99,685	$89,010	$84,981
Taxable Equivalent Adjustments	1,761	1,402	1,610
Total Interest Income (FTE)	101,446	90,412	86,591
Interest Expense	41,247	35,248	32,688
Net Interest Income (FTE)	60,199	55,164	53,903
Provision for Loan Losses	2,440	2,439	2,328
Taxable Equivalent Adjustments	1,761	1,402	1,610
Net Interest Income After Provision for Loan Losses	55,998	51,323	49,965
Noninterest Income	24,761	22,584	19,484
Noninterest Expense	58,028	50,444	47,836
Income Before Income Taxes	22,731	23,463	21,613
Income Taxes	7,479	8,169	7,212
Net Income	$ 15,252	$15,294	$14,401
Basic Net Income Per Share	$ 1.50	$ 1.51	$ 1.44
Diluted Net Income Per Share	$ 1.50	$ 1.50	$ 1.43

(1) All share and per share data have been restated to reflect the pooling-of-interests of Grady Holding Company and its subsidiaries and adjusted to reflect the 2-for-1 stock split effective April 1, 1997, and the 3-for-2 stock split effective June 1, 1998.

Net Interest Income

Net interest income represents the Company's single largest source of earnings and is equal to interest income and fees generated by earning assets,less interest expense paid on interest bearing liabilities. An analysis of the Company's net interest income, including average yields and rates, is presented in Tables 2 and 3. This information is presented on a "taxable equivalent" basis to reflect the tax-exempt status of income earned on certain loans and investments, the majority of which are state and local government debt obligations.

In 1999, taxable equivalent net interest income increased $5.0 million, or 9.1%. This follows an increase of $1.3 million, or 2.4% in 1998, and $6.3 million, or 13.2%, in 1997. The increase in taxable equivalent net interest income during 1999 is due to growth in earning assets attributable to the assumption of deposits from First Union. The favorable impact of asset growth was partially offset by declining yields reflecting the overall change in the earning asset mix.

<TABLE>
Table 2
AVERAGE BALANCES AND INTEREST RATES(Taxable Equivalent Basis - Dollars in Thousands)
<CAPTION>

	1999			1998			1997		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Assets:									
Loans, Net of Unearned Interest(1)(2)	$ 884,323	$ 78,646	8.89%	$ 824,197	$76,104	9.23%	$ 770,416	$72,365	9.39%
Taxable Investment Securities	232,085	13,229	5.70	107,484	6,417	5.97	124,576	7,919	6.36
Tax-Exempt Investment Securities(2)	101,994	6,013	5.89	67,297	4,315	6.41	69,956	4,693	6.71
Funds Sold	72,860	3,558	4.88	66,699	3,576	5.36	35,518	1,614	4.54
Total Earning Assets	1,291,262	101,446	7.86	1,065,677	90,412	8.48	1,000,466	86,591	8.66
Cash & Due From Banks	67,410			53,293			53,255		
Allowance For Loan Losses	(10,132)			(10,056)			(9,736)		
Other Assets	95,529			71,871			64,103		
TOTAL ASSETS	$1,444,069			$1,180,785			$1,108,088		
Liabilities:									
NOW Accounts	$ 155,584	$ 3,134	2.01%	$ 119,134	$ 2,223	1.87%	$ 115,663	$ 1,978	1.71%
Money Market Accounts	155,594	5,766	3.71	86,244	2,562	2.97	83,684	2,510	3.00
Savings Accounts	115,789	2,453	2.12	101,007	2,243	2.22	95,323	2,008	2.11
Other Time Deposits	546,433	26,962	4.93	469,087	25,091	5.35	433,300	22,934	5.29
Total Interest Bearing Deposits	973,400	38,315	3.94	775,472	32,119	4.14	727,970	29,430	4.04
Funds Purchased	40,920	1,756	4.29	37,797	1,842	4.87	31,518	1,659	5.26
Other Short-Term Borrowings	1,397	60	4.30	1,190	62	5.21	5,976	315	5.27
Long-Term Debt	17,274	1,116	6.46	18,041	1,225	6.79	19,412	1,284	6.61
Total Interest Bearing Liabilities	1,032,991	41,247	3.99	832,500	35,248	4.23	784,876	32,688	4.16
Noninterest Bearing Deposits	264,005	--------	----	209,647	-------	----	196,921	-------	----
Other Liabilities	16,015			14,991			16,343		
TOTAL LIABILITIES	1,313,011			1,057,138			998,140		
Shareowners' Equity:									
Common Stock	102			102			100		
Additional Paid-In Capital	8,882			8,040			5,831		
Retained Earnings	122,074			115,505			104,017		
TOTAL SHAREOWNERS' EQUITY	131,058			123,647			109,948		
TOTAL LIABILITIES AND SHAREOWNERS' EQUITY	$1,444,069			$1,180,785			$1,108,088		
Interest Rate Spread			3.87%			4.25%			4.50%

====

Net Interest Income	$ 60,199	$55,164	$53,903
	========	=======	=======
Net Interest Margin(3)	4.67%	5.18%	5.39%
	====	====	====

(1) Average balances include nonaccrual loans. Interest income includes fees on loans of approximately $3.5 million, $3.2 million and $3.0 million in 1999, 1998, and 1997, respectively.

(2) Interest income includes the effects of taxable equivalent adjustments using a 35% tax rate to adjust interest on tax-exempt loans and securities to a taxable equivalent basis.

(3) Taxable equivalent net interest income divided by earning assets.
</TABLE>

<TABLE>
Table 3
RATE/VOLUME ANALYSIS(1)
(Taxable Equivalent Basis - Dollars in Thousands)
<CAPTION>

	1999 Changes from 1998			1998 Changes from 1997		
		Due To Average			Due To Average	
	Total	Volume	Rate	Total	Volume	Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
EARNING ASSETS:						
Loans, Net of Unearned Interest(2)	$ 2,542	$ 5,550	$(3,008)	$3,739	$5,050	$(1,311)
Investment Securities						
Taxable	6,812	7,439	(627)	(1,502)	(1,087)	(415)
Tax-Exempt	1,698	2,224	(526)	(378)	(178)	(200)
Funds Sold and Interest Bearing Deposits	(18)	330	(348)	1,962	1,416	546
Total	11,034	15,543	(4,509)	3,821	5,201	(1,380)
Interest Bearing Liabilities:						
NOW Accounts	911	682	229	245	(59)	186
Money Market Accounts	3,204	2,060	1,144	52	(77)	(25)
Savings Accounts	210	328	(118)	235	(120)	115
Other Time Deposits	1,871	4,138	(2,267)	2,157	(1,893)	264
Short-Term Borrowings	(88)	163	(251)	(70)	78	(148)
Long-Term Debt	(109)	(52)	(57)	(59)	(91)	32
Total	5,999	7,319	(1,320)	2,560	(2,136)	424
Changes in Net Interest Income	$ 5,035	$ 8,224	$(3,189)	$1,261	$3,065	$(1,804)

(1) This table shows the change in net interest income for comparative periods based on either changes in average volume or changes in average rates for earning assets and interest bearing liabilities. Changes which are not solely due to volume changes or solely due to rate changes have been attributed to rate changes.

(2) Interest income includes the effects of taxable equivalent adjustments using a 35% tax rate to adjust interest on tax-exempt loans and securities to a taxable equivalent basis.
</TABLE>

For the year 1999, taxable equivalent interest income increased $11.0 million, or 12.2%, over 1998, compared to an increase of $3.8 million, or 4.4%, in 1998 over 1997. The Company's taxable equivalent yield on average earning assets of 7.86% represents a 62 basis point decrease from 1998, compared to a 18 basis point decline in 1998 over 1997. During 1999, interest income was positively impacted by purchase of approximately $200 million in investment securities in the fourth quarter of 1998 and continued loan growth. This was partially offset by lower yields on earning assets resulting from the change in the earning asset mix and increased competition. The loan portfolio, which is the largest and highest yielding component of average earning assets, decreased from 81.3% in the fourth quarter of 1998, to 68.5% in the comparable quarter of 1999, reflecting the acquisition of $219 million in deposits from First Union.

Interest expense increased $6.0 million, or 17.0%, over 1998,

compared to an increase of $2.6 million, or 7.8%, in 1998 over 1997. The higher level of interest expense in 1999 is attributable to the assumption of deposits from First Union. The average rate paid on interest-bearing liabilities was 3.99% in 1999, compared to 4.23% and 4.16%, in 1998 and 1997, respectively. The decrease in the average rate during 1999 is a direct result of a shift in the mix of deposits. As a percent of average deposits, Certificates of Deposit (a higher cost deposit product) declined to 44.1% in 1999, from 47.6% in 1998, and 46.9% in 1997. The reduction in interest expense attributable to the shift in mix was partially offset by an increase in the average rate paid on money market accounts.

The Company's interest rate spread (defined as the taxable equivalent yield on average earning assets less the average rate paid on interest bearing liabilities) decreased 38 and 25 basis points in 1999 and 1998, respectively. The decrease in 1999 is attributable to the change in earning asset mix resulting from the assumption as discussed above. The decrease in 1998 is attributable to the lower yield on earning assets resulting from the lower rate environment.

The Company's net interest margin (defined as taxable equivalent interest income less interest expense divided by average earning assets) was 4.67% in 1999, compared to 5.18% in 1998 and 5.39% in 1997. In 1999, the shift in the earning asset mix resulted in a 51 basis point decline in the margin.

A further discussion of the Company's earning assets and funding sources can be found in the section entitled "Financial Condition."

Provision for Loan Losses

The provision for loan losses was $2.4 million in 1999 and 1998, compared to $2.3 million in 1997. The provision approximates total net charge-offs for 1999 and 1998. The Company's credit quality measures improved with a nonperforming assets ratio of .42% compared to .79% at year-end 1998, and a net charge-off ratio of .26% versus .28% in 1998.

At December 31, 1999, the allowance for loan losses totaled $9.9 million compared to $9.8 million in 1998. At year-end 1999, the allowance represented 1.07% of total loans and 332% of nonperforming loans. Management considers the allowance to be adequate based on the current level of nonperforming loans and the estimate of losses inherent in the portfolio at year-end. See the section entitled "Financial Condition" for further information regarding the allowance for loan losses. Selected loss coverage ratios are presented below:

	1999	1998	1997
Provision for Loan Losses as a Multiple of Net Charge-offs	1.0x	1.1x	1.1x
Pre-tax Income Plus Provision for Loan Losses as a Multiple of Net Charge-offs	10.8x	11.4x	11.3x

Noninterest Income

In 1999, noninterest income increased $2.2 million, or 9.6%, and represented 29.1% of taxable equivalent operating revenue, compared to $3.1 million, or 15.9%, and 29.0% in 1998. The increase in the level of noninterest income is attributable to all major categories with the exception of data processing revenues and gains on the sale of 1-4 family loans. Factors affecting noninterest income are discussed below.

Service charges on deposit accounts increased $1.4 million, or 16.8%, in 1999, compared to a decrease of $453,000, or 5.0%, in 1998. Service charge revenues in any one year are dependent on the number of accounts, primarily transaction accounts, the level of activity subject to service charges and the collection rate. The increase in 1999 reflects a fee increase implemented in November 1998 and an increase in the number of accounts. The decrease in 1998 is primarily attributable to higher compensating balances and an increase in charged-off deposit accounts.

Data processing revenues decreased $662,000, or 18.8%, in 1999 versus an increase of $363,000, or 11.5%, in 1998. The data processing center provides computer services to both financial and non-financial clients in North Florida and South Georgia. In 1999, the decrease reflects lower processing revenues with government agencies. In 1999, processing revenues for non-

financial entities represented approximately 33% of the total processing revenues, down from 45% in 1998, reflecting growth in processing revenues for financial entities and a decline in revenues for non-financial entities. In 1998, the Company changed its method of income recognition on data processing revenues from the cash to the accrual method. This resulted in a one-time adjustment which increased revenues by $225,000.

In 1999, trust fees increased $466,000, or 26.5%, compared to $559,000, or 46.5% in 1998. Increases in both years were attributable to growth in assets under management. At year-end 1999, assets under management totaled $307.5 million, reflecting growth of $46.3 million, or 17.7%. For the comparable period in 1998, assets under management totaled $261.2 million, reflecting growth of $75.5 million, or 40.6%.

Other noninterest income increased $1.0 million, or 12.0%, in 1999 versus an increase of $2.5 million, or 41.2% in 1998. The increase in 1999 was attributable to ATM fees, brokerage revenues, business manager fees, interchange commission fees and gains on the sale of bank assets. The increase in other noninterest income in 1998 was attributable to ATM fees, brokerage revenues, and gains recognized on the sale of real estate loans.

Noninterest income as a percent of average assets was 1.71% in 1999, compared to 1.91% in 1998 and 1.76% in 1997.

Noninterest Expense

Noninterest expense for 1999 was $58.0 million, an increase of $7.6 million, or 15.0%, over 1998, compared with an increase of $2.6 million, or 5.5%, in 1998 over 1997. Factors impacting the Company's noninterest expense during 1999 and 1998 are discussed below.

The Company's aggregate compensation expense in 1999 totaled $29.0 million, an increase of $2.4 million, or 8.9%, over 1998. The increase was primarily in salaries to the addition of nine offices and normal raises. In 1998, total compensation increased $678,000, or 2.6%, over 1997. Salaries increased $1.5 million due to normal raises and staff additions. In addition to acquisitions, the Company added staff to capitalize on competitive opportunities arising as a result of mergers of other commercial banks within its market. Offsetting the increase in salaries were reductions in pension expense and stock incentives.

Occupancy expense (including furniture, fixtures & equipment) increased by $1.3 million, or 14.8%, in 1999, compared to $566,000, or 6.9%, in 1998. The addition of eight offices acquired from First Union resulted in higher costs in all occupancy categories. The most significant increases occurred in premises rental, utilities, and maintenance costs. The increase in 1998 was attributable to higher cost for maintenance and repair which increased $502,000, or 18.7%.

Merger-related expenses totaled $1.4 million, $115,000 and $655,000, in 1999, 1998 and 1997 respectively. The costs for 1999 and 1998 were attributable to the acquisition of Grady Holding Company and its subsidiaries. In 1997, merger-related expenses represent restructuring changes associated with the consolidation of three subsidiary banks into Capital City Bank.

Other noninterest expense increased $2.6 million and $1.43 million in 1999 and 1998, or 17.0% and 10.0%, respectively. The increase in 1999 was attributable to: (1) an increase in amortization expense of approximately $1.6 million due to the acquisition of First Union offices; (2) an increase in telephone expense of $281,000, as a result of implementing a wide-area network; (3) an increase in postage costs of $383,000 due to postal rate increase and higher volume with the addition of the new offices; and (4) YEAR 2000 expenses. The increase in 1998 was attributable to: (1) an increase in amortization expense of approximately $335,000 due to the acquisitions of First Federal-Florida and First Union offices; (2) an increase in advertising costs of $463,000 due to greater product and market development; and (3) an increase in printing and supplies costs of $143,000.

Net noninterest expense ratio (defined as noninterest income minus noninterest expense, net of intangible amortization, as a percent of average assets) was 2.01% in 1999 compared to 2.25% in 1998 and 2.42% in 1997. The Company's efficiency ratio (expressed as noninterest expense, net of intangible amortization and special charges, as a percent of taxable equivalent operating revenues) was 63.4%, 63.3%, and 63.1% in 1999, 1998, and 1997,

respectively.

Income Taxes

The consolidated provision for federal and state income taxes was $7.5 million in 1999 compared to $8.2 million in 1998 and $7.2 million in 1997. The decrease in the 1999 tax provision from 1998 is primarily attributable to the higher level of tax-exempt income.

The effective tax rate was 32.9% in 1999, 34.8% in 1998, and 33.4% in 1997. These rates differ from the statutory tax rates due primarily to tax-exempt income. The decrease in the effective tax rate for 1999 is primarily attributable to the increasing level of tax-exempt income relative to pre-tax income. Tax-exempt income (net of the adjustment for disallowed interest) as a percent of pre-tax income was 26.5% in 1999, 18.0% in 1998, and 21.7% in 1997.

FINANCIAL CONDITION

Average assets increased $263.3 million, or 22.3%, from $1.2 billion in 1998 to $1.4 billion in 1999. Average earning assets increased to $1.3 billion in 1999, a $225.6 million, or 21.2%, increase over 1998. Average investment securities and average loans increased $159.3 million and $60.0 million, or 91.1% and 7.3%, respectively, and accounted for 70.6% and 27.7% of the total growth in average earning assets. Loan growth in 1999 was funded primarily through deposits acquired through acquisitions and maturities in the investment portfolio.

Table 2 provides information on average balances while Table 4 highlights the changing mix of the Company's earning assets over the last three years.

Loans

Local markets were generally improved during 1999. Loan growth was strong throughout the year with the residential portfolio representing a significant portion of the growth. The First Union acquisition completed in the fourth quarter of 1998 increased the number of markets served and enhanced the Company's line of products and services. Price and product competition remained strong during 1999. There has been demand for both fixed and variable rate, longer-term financing.

Although management is continually evaluating alternative sources of revenue, lending is a major component of the Company's business and is key to profitability. While management strives to grow the Company's loan portfolio, it can do so only by adhering to sound lending principles applied in a prudent and consistent manner. Management consistently strives to identify opportunities to increase loans outstanding and enhance the portfolio's overall contribution to earnings.

<TABLE>
Table 4
SOURCES OF EARNING ASSET GROWTH
(Average Balances - Dollars in Thousands)
<CAPTION>

	1998 to 1999 Change	Percentage of Total Change	Components of Average Earning Assets 1999	1998	1997
Loans:					
Commercial, Financial and Agricultural	$ 8,167	3.6%	7.2%	8.0%	8.3%
Real Estate - Construction	7,392	3.3	4.3	4.5	4.5
Real Estate - Mortgage	37,445	16.6	44.2	49.9	49.1
Consumer	7,122	3.2	12.8	14.9	15.1
Total Loans	60,126	26.7	68.5	77.3	77.0
Securities:					
Taxable	124,601	55.2	18.0	10.1	12.4
Tax-Exempt	34,697	15.4	7.9	6.3	7.0
Total Securities	159,298	70.6	25.9	16.4	19.4
Funds Sold	6,161	2.7	5.6	6.3	3.6
Total Earning Assets	$225,585	100.0%	100.0%	100.0%	100.0%

</TABLE>

The Company's average loan-to-deposit ratio decreased from 83.7% in 1998 to 71.5% in 1999. This compares to an average loan-to-deposit ratio in 1997 of 83.3%. The lower average loan-to-deposit ratio reflects the assumption of deposits from First Union. The generation of loans during 1999 increased the fourth quarter loan-to-deposit ratio to 74.1%.

Real estate loans, combined, represented 71.1% of total loans in 1999 versus 70.3% in 1998. See the section entitled "Risk Element Assets" for a discussion concerning loan concentrations.

The composition of the Company's loan portfolio at December 31, for each of the past five years is shown in Table 5. Table 6 arrays the Company's total loan portfolio as of December 31, 1999, based upon maturities. Demand loans and overdrafts are reported in the category of one year or less. As a percent of the total portfolio, loans with fixed interest rates have decreased from 41.6% in 1998, to 33.0% in 1999.

Allowance for Loan Losses

Management attempts to maintain the allowance for loan losses at a level sufficient to provide for estimated losses inherent in the loan portfolio. The allowance for loan losses is established through a provision charged to expense. Loans are charged against the allowance when management believes collection of the principal is unlikely.

Management evaluates the adequacy of the allowance for loan losses on a quarterly basis. The evaluations are based on the collectibility of loans and take into consideration such factors as growth and composition of the loan portfolio, evaluation of potential losses, past loss experience and general economic conditions. As part of these evaluations, management reviews all loans which have been classified internally or through regulatory examination and, if appropriate, allocates a specific reserve to each of these individual loans. Further, management establishes a general reserve to provide for losses inherent in the loan portfolio which are not specifically identified. The general reserve is based upon management's evaluation of the current and forecasted operating and economic environment coupled with historical experience. The allowance for loan losses is compared against the sum of the specific reserves plus the general reserve and adjustments are made, as appropriate. Table 7 analyzes the activity in the allowance over the past five years.

<TABLE>
Table 5
LOANS BY CATEGORY
(Dollars in Thousands)
<CAPTION>

	As of December 31,				
	1999	1998	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
Commercial, Financial and Agricultural	$ 98,894	$ 91,246	$ 82,641	$ 82,724	$ 67,975
Real Estate - Construction	62,166	51,790	51,098	46,415	32,848
Real Estate - Mortgage	214,036	542,044	492,778	472,052	288,716
Real Estate - Residential(1)	383,536	-	-	-	-
Consumer	169,854	159,137	148,934	143,935	120,629
Total Loans, Net of Unearned Interest	$928,486	$844,217	$775,451	$745,126	$510,168

(1) Real Estate - Residential loan information included in Real Estate - Mortgage category for 1998, 1997, 1996 and 1995.
</TABLE>

Table 6
LOAN MATURITIES
(Dollars in Thousands)

	Maturity Periods			
	One Year Or Less	Over One Through Five Years	Over Five Years	Total
Commercial, Financial and Agricultural	$ 32,367	$ 55,892	$ 10,635	$ 98,894

Real Estate	104,335	68,149	487,254	659,738
Consumer	42,862	122,876	4,116	169,854
Total	$179,564	$246,917	$502,005	$928,486
Loans with Fixed Rates	$ 73,132	$153,327	$ 79,966	$306,425
Loans with Floating or Adjustable Rates	106,432	93,590	422,039	622,061
Total	$179,564	$246,917	$502,005	$928,486

The allowance for loan losses at December 31, 1999 of $9.9 million compares to $9.8 million at year-end 1998. The allowance as a percent of total loans was 1.07% in 1999 versus 1.16% in 1998. There can be no assurance that in particular periods the Company will not sustain loan losses which are substantial in relation to the size of the allowance. When establishing the allowance, management makes various estimates regarding the value of collateral and future economic events. Actual experience may differ from these estimates. It is management's opinion that the allowance at December 31, 1999, is adequate to absorb losses from loans in the portfolio as of year-end.

Table 8 provides an allocation of the allowance for loan losses to specific loan categories for each of the past five years. The allocation of the allowance is developed using management's best estimates based upon available information such as regulatory examinations, internal loan reviews and historical data and trends. The allocation by loan category reflects a base level allocation derived primarily by analyzing the level of problem loans, specific reserves and historical charge-off data. Current and forecasted economic conditions, and other judgmental factors which cannot be easily quantified (e.g. concentrations), are not presumed to be included in the base level allocations, but instead are covered by the unallocated portion of the reserve. The Company faces a geographic concentration as well as a concentration in real estate lending. Both risks are cyclical in nature and must be considered in establishing the overall allowance for loan losses. Reserves in excess of the base level reserves are maintained in order to properly reserve for the losses inherent in the Company's portfolio due to these concentrations and anticipated periods of economic difficulties. As part of its YEAR 2000 contingency plan (discussed on page 41), the Company has reviewed its significant borrowers and allocated reserves to address the impact of the YEAR 2000 issue.

Table 7
ANALYSIS OF ALLOWANCE FOR LOAN LOSSES
(Dollars in Thousands)

	For the Years Ended December 31,				
	1999	1998	1997	1996	1995
Balance at Beginning of Year	$9,827	$9,662	$9,450	$7,522	$8,412
Acquired Reserves	-	-	-	1,769	-
Charge-Offs:					
Commercial, Financial and Agricultural	480	127	568	594	601
Real Estate - Construction	-	15	31	-	-
Real Estate - Mortgage	354	1,011	485	119	139
Real Estate - Residential(1)	251	-	-	-	-
Consumer	2,113	2,004	1,978	1,691	1,310
Total Charge-Offs	3,198	3,157	3,062	2,404	2,050
Recoveries:					
Commercial, Financial and Agricultural	142	72	378	235	204
Real Estate - Construction	-	142	-	3	-
Real Estate - Mortgage	84	176	83	-	10
Real Estate - Residential(1)	11	-	-	-	-
Consumer	623	493	485	462	413
Total Recoveries	860	883	946	700	627
Net Charge-Offs	2,338	2,274	2,116	1,704	1,423
Provision for Loan Losses	2,440	2,439	2,328	1,863	533
Balance at End of Year	$9,929	$9,827	$9,662	$9,450	$7,522

Ratio of Net Charge-Offs to Average Loans Outstanding	.26%	.28%	.28%	.27%	.29%
Allowance for Loan Losses as a Percent of Loans at End of Year	1.07%	1.16%	1.25%	1.27%	1.47%
Allowance for Loan Losses as a Multiple of Net Charge-Offs	4.25x	4.32x	4.57x	5.55x	5.29x

(1) Real Estate - Residential Charge-off and recovery information included in Real Estate - Mortgage category for 1998, 1997, 1996 and 1995.

Risk Element Assets

Risk element assets consist of nonaccrual loans, renegotiated loans, other real estate, loans past due 90 days or more, potential problem loans and loan concentrations. Table 9 depicts certain categories of the Company's risk element assets as of December 31, for each of the last five years. Potential problem loans and loan concentrations are discussed within the narrative portion of this section.

The Company's nonperforming loans decreased $2.2 million, or 42.3%, from a level of $5.2 million at December 31, 1998 to $3.0 million at December 31, 1999. During 1999, loans totaling approximately $4.0 million were added, while loans totaling $6.2 million were removed from nonaccruing status. Of the $6.2 million removed from the nonaccrual category, $3.5 million consisted of principal reductions, $780,000 represented loans transferred to ORE, $1.2 million consisted of loans brought current and returned to an accrual status and loans refinanced, and $727,000 was charged off. Where appropriate, management has allocated specific reserves to absorb anticipated losses. A majority of the Company's charge-offs in 1999 were in the consumer portfolio where loans are charged off based on past due status and are not recorded as nonaccruing loans.

<TABLE>
Table 8
ALLOCATION OF ALLOWANCE FOR LOAN LOSSES
(Dollars in Thousands)
<CAPTION>

	1999		1998		1997		1996		1995	
	Allowance Amount	Percent of Loans in Each Category To Total Loans	Allowance Amount	Percent of Loans in Each Category To Total Loans	Allowance Amount	Percent of Loans in Each Category To Total Loans	Allowance Amount	Percent of Loans in Each Category To Total Loans	Allowance Amount	Percent of Loans in Each Category To Total Loans
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial, Financial and Agricultural	$1,648	10.7%	$1,330	10.8%	$ 665	10.7%	$ 605	11.1%	$ 708	13.3%
Real Estate:										
Construction	379	6.7	468	6.1	382	6.6	274	6.2	177	6.4
Mortgage	2,340	23.0	2,664	64.2	2,078	63.5	3,282	63.4	2,886	56.6
Residential(1)	160	41.3	-	-	-	-	-	-	-	-
Consumer	2,301	18.3	2,175	18.9	2,137	19.2	1,875	19.3	1,213	23.7
Not Allocated	3,101	-	3,190	-	4,400	-	3,414	-	2,538	-
Total	$9,929	100.0%	$9,827	100.0%	$9,662	100.0%	$9,450	100.0%	$7,522	100.0%

(1) Real Estate - Residential allowance for loan losses information included in Real Estate - Mortgage category for 1998, 1997, 1996 and 1995.
</TABLE>

Table 9
RISK ELEMENT ASSETS
(Dollars in Thousands)

	As of December 31,				
	1999	1998	1997	1996	1995
Nonaccruing Loans	$2,965	$4,996	$1,403	$2,811	$3,151
Restructured	26	195	224	262	1,686
Total Nonperforming Loans	2,991	5,191	1,627	3,073	4,837
Other Real Estate	934	1,468	1,244	1,489	1,001

Total Nonperforming Assets	$3,925	$6,659	$2,871	$4,562	$5,838
Past Due 90 Days or More	$ 781	$1,124	$ 994	$ 638	$ 317
Nonperforming Loans to Loans	.32%	.61%	.21%	.41%	.95%
Nonperforming Assets to Loans, Plus Other Real Estate	.42%	.79%	.37%	.61%	1.14%
Nonperforming Assets to Capital(1)	2.76%	4.80%	2.28%	4.06%	5.81%
Reserve to Nonperforming Loans	331.96%	189.31%	593.85%	307.52%	155.51%

(1) For computation of this percentage, "capital" refers to shareowners' equity plus the allowance for loan losses.

The majority of nonaccrual loans are collateralized with real estate. Management continually reviews these loans and believes specific reserve allocations are sufficient to cover the loss exposure associated with these loans.

Interest on nonaccrual loans is generally recognized only when received. Cash collected on nonaccrual loans is applied against the principal balance or recognized as interest income based upon management's expectations as to the ultimate collectibility of principal and interest in full. If interest on nonaccruing loans had been recognized on a fully accruing basis, interest income recorded would have been $317,000 higher for the year ended December 31, 1999.

Restructured loans are those with reduced interest rates or deferred payment terms due to deterioration in the financial position of the borrower.

Other real estate totaled $934,000 at December 31, 1999 versus $1.5 million at December 31, 1998. This category includes property owned by Capital City Bank which was acquired either through foreclosure procedures or by receiving a deed in lieu of foreclosure. During 1999, the Company added properties totaling $1.4 million (including parcels of bank premises) and partially or completely liquidated properties totaling $2.0 million, resulting in a net decrease in other real estate of approximately $600,000. Management does not anticipate any significant losses associated with other real estate.

Potential problem loans are defined as those loans which are now current but where management has doubt as to the borrower's ability to comply with present loan repayment terms. Potential problem loans totaled $5.8 million at December 31, 1999.

Loan concentrations are considered to exist when there are amounts loaned to a multiple number of borrowers engaged in similar activities which cause them to be similarly impacted by economic or other conditions and such amounts exceed 10% of total loans. Due to the lack of diversified industry within the markets served by the Bank and the relatively close proximity of the markets, the Company has both geographic concentrations as well as concentrations in the types of loans funded. Further, due to the nature of the Company's markets, a significant portion of the portfolio is associated either directly or indirectly with real estate. At December 31, 1999, approximately 71% of the portfolio consisted of real estate loans. Residential properties comprise approximately 58.1% of the real estate portfolio.

Management is continually analyzing its loan portfolio in an effort to identify and resolve its problem assets as quickly and efficiently as possible. As of December 31, 1999, management believes it has identified and adequately reserved for such problem assets. However, management recognizes that many factors can adversely impact various segments of its markets, creating financial difficulties for certain borrowers. As such, management continues to focus its attention on promptly identifying and providing for potential losses as they arise.

Investment Securities

In 1999, the Company's average investment portfolio increased $159.3 million, or 91.1%, compared to a decrease of $19.8 million, or 10.2% in 1998. As a percentage of average earning assets, the investment portfolio represented 25.5% in 1999, compared to 16.4% in 1998. The increase in the portfolio was attributable to the purchase of approximately $200.0 million in investment securities in December 1998, as a result of the assumption of deposits from First Union.

In 1999, average taxable investments increased $124.6 million, or 115.9%, while tax-exempt investments increased $34.7 million, or 51.6%. Since the enactment of the Tax Reform Act of 1986, which significantly reduced the tax benefits associated with tax-exempt investments, management has monitored the level of tax-exempt investments. The tax-exempt portfolio, as a percent of average earning assets, has declined from 18.9% in 1986 to 7.9% in 1999. Management continues to purchase "bank qualified" municipal issues when it considers the yield to be attractive and the Company can do so without adversely impacting its tax position.

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. Securities may be classified as held-to-maturity, available-for-sale or trading. As of December 31, 1999, all securities are classified as available-for-sale. Classifying securities as available-for-sale offers management full flexibility in managing its liquidity and interest rate sensitivity without adversely impacting its regulatory capital levels. 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, in the accumulated other comprehensive income component of shareowners' equity. At December 31, 1999, shareowners' equity included a net unrealized loss of $6.2 million, compared to a gain of $678,000 at December 31, 1998. It is neither management's intent nor practice to participate in the trading of investment securities for the purpose of recognizing gains and therefore the Company does not maintain a trading portfolio.

The average maturity of the total portfolio at December 31, 1999 and 1998, was 3.38 and 2.98 years, respectively. See Table 10 for a breakdown of maturities by portfolio.

The weighted average taxable-equivalent yield of the investment portfolio at December 31, 1999, was 5.74% versus 5.75% in 1998. The quality of the municipal portfolio at such date is depicted in the chart below. There were no investments in obligations, other than U.S. Governments, of any one state, municipality, political subdivision or any other issuer that exceeded 10% of the Company's shareowners' equity at December 31, 1999.

Table 10 and Note 3 in Notes to Consolidated Financial Statements present a detailed analysis of the Company's investment securities as to type, maturity and yield.

MUNICIPAL PORTFOLIO QUALITY
(Dollars in Thousands)

Moody's Rating	Amortized Cost	Percentage
AAA	$ 65,439	63.9%
AA-1	3,904	3.8
AA-2	3,936	3.8
AA-3	2,286	2.2
AA	301	.3
A-1	2,746	2.7
A-2	2,135	2.1
A-3	196	.2
A	1,009	1.0
BAA	418	.4
Not Rated(1)	20,003	19.6
Total	$102,373	100.0%

(1) Of the securities not rated by Moody's, $13.7 million are rated "A" or higher by S&P.

Table 10
MATURITY DISTRIBUTION OF INVESTMENT SECURITIES

(Dollars in Thousands)	As of December 31, 1999		
	Amortized Cost	Market Value	Weighted Average Yield(1)
U. S. GOVERNMENTS			
Due in 1 year or less	$ 23,388	$ 23,197	5.33%
Due over 1 year thru 5 years	75 840	73,408	5.46
Due over 5 years thru 10 years	-	-	-
Due over 10 years	-	-	-

TOTAL	99,228	96,605	5.43
STATE & POLITICAL SUBDIVISIONS			
Due in 1 year or less	19,217	19,227	6.57
Due over 1 year thru 5 years	47,147	46,546	6.18
Due over 5 years thru 10 years	37,373	36,190	6.09
Due over 10 years	575	528	-
TOTAL	104,312	102,491	6.19
MORTGAGE-BACKED SECURITIES(2)			
Due in 1 year or less	146	143	6.17
Due over 1 year thru 5 years	78,436	75,106	5.71
Due over 5 years thru 10 years	6,458	6,151	6.32
Due over 10 years	-	-	-
TOTAL	85,040	81,400	5.75
OTHER SECURITIES			
Due in 1 Year or less	2,000	1,998	5.25
Due over 1 year thru 5 years	34,584	32,597	5.72
Due over 5 years thru 10 years	500	496	6.12
Due over 10 years(3)	5,288	5,605	6.90
TOTAL	42,372	40,696	5.58
Total Investment Securities	$330,952	$321,192	5.81%

(1) Weighted average yields are calculated on the basis of the amortized cost of the security. The weighted average yields on tax-exempt obligations are computed on a taxable equivalent basis using a 35% tax rate.

(2) Based on weighted average life.

(3) Federal Home Loan Bank Stock and Federal Reserve Bank Stock do not have stated maturities.

AVERAGE MATURITY (In Years)
AS OF DECEMBER 31, 1999

U.S. Governments	2.75
State and Political Subdivisions	3.62
Mortgage-Backed Securities	4.14
Other Securities	2.72
TOTAL	3.38

Deposits and Funds Purchased

Average total deposits increased from $1.0 billion in 1998 to $1.2 billion in 1999, representing an increase of $252.3 million, or 25.6%, compared with an increase of $60.2 million, or 6.5%, in 1998. In 1999, the annual average increase is attributable to a full year impact of the assumption of deposits from First Union and the continued success of the CashPower Money Market Account. The increase was partially offset by declines in Certificates of Deposit, attributable to the maturities of high yielding, promotional certificates and a more competitive deposit market. In 1998, the increase is attributable to the acquisition of First Federal-Florida and internal growth.

The Company continues to experience a notable increase in competition for deposits, in terms of both rate and product. The Company introduced CashPower, a higher yielding money market product in the fourth quarter of 1998. The new CashPower product has doubled from 1998 levels and represents 42.4% of the money market balance at year-end 1999.

Table 2 provides an analysis of the Company's average deposits, by category, and average rates paid thereon for each of the last three years. Table 11 reflects the shift in the Company's deposit mix over the last three years and Table 12 provides a maturity distribution of time deposits in denominations of $100,000 and over.

Average short-term borrowings, which include federal funds purchased, securities sold under agreements to repurchase and other borrowings, increased $3.3 million, or 8.5%. See Note 8 in the Notes to Consolidated Financial Statements for further information.

Table 11
SOURCES OF DEPOSIT GROWTH
(Average Balances - Dollars in Thousands)

	1998 to 1999 Change	Percentage of Total Change	Components of Total Deposits 1999	1998	1997
Noninterest Bearing Deposits	$ 54,358	21.5%	21.3%	21.3%	21.1%
NOW Accounts	36,450	14.4	12.6	12.1	12.5
Money Market Accounts	69,350	27.5	12.6	8.8	9.2
Savings	14,782	5.9	9.4	10.2	10.3
Other Time Deposits	77,346	30.7	44.1	47.6	46.9
Total Deposits	$252,286	100.0%	100.0%	100.0%	100.0%

Table 12
MATURITY DISTRIBUTION OF CERTIFICATES OF DEPOSIT $100,000 OR OVER
(Dollars in Thousands)

	December 31, 1999 Time Certificates of Deposit	Percent
Three months or less	$ 48,199	47.4%
Over three through six months	46,838	46.0
Over six through twelve months	4,392	4.3
Over twelve months	2,313	2.3
Total	$101,742	100.0%

LIQUIDITY AND CAPITAL RESOURCES

Liquidity for a banking institution is the availability of funds to meet increased loan demand and/or excessive deposit withdrawals. Management monitors the Company's financial position to ensure it has ready access to sufficient liquid funds to meet normal transaction requirements, take advantage of investment opportunities and cover unforeseen liquidity demands. In addition to core deposit growth, sources of funds available to meet liquidity demands include cash received through ordinary business activities (i.e. collection of interest and fees), federal funds sold, loan and investment maturities, bank lines of credit for the Company and approved lines for the purchase of federal funds by CCB.

As of December 31, 1999, the Company had a $25.0 million credit facility under which $22 million was currently available. The facility offers the Company an unsecured, revolving line of credit for a period of three years which matures in November 2001. Upon expiration of the revolving line of credit, the outstanding balance may be converted to a term loan and repaid over a period of seven years. The term loan is to be secured by stock of a subsidiary bank equal to at least 125% of the principal balance of the term loan. The Company, at its option, may select from various loan rates including Prime, LIBOR or the lenders' Cost of Funds rate ("COF"), plus or minus increments thereof. The LIBOR or COF rates may be fixed for a period of up to six months. The Company also has the option to select fixed rates for periods of one through five years. On July 1, 1996, the Company borrowed $15.0 million in connection with the acquisition of First Financial. In 1999, the Company reduced the amount of debt to $3.0 million. The average interest rate during 1999 was 7.06%.

The Company's credit facility imposes certain limitations on the level of the Company's equity capital, and federal and state regulatory agencies have established regulations which govern the payment of dividends to a bank holding company by its bank subsidiaries. As of year-end 1999, the Company was in compliance with all contractual and/or regulatory requirements.

At December 31, 1999, the Company had $11.3 million in long-term debt outstanding to the Federal Home Loan Bank of Atlanta. The debt consists of twelve loans. The interest rates are fixed and the weighted average rate at December 31, 1999 was 6.01%. Required annual principal reductions approximate $600,000, with the remaining balances due at maturity ranging from 2001 to 2018. The debt was used to match-fund selected lending activities and is secured by investment securities and first mortgage residential real estate loans which are included in the Company's

loan portfolio. See Note 9 in the Notes to Consolidated Financial Statements for additional information as to the Company's long-term debt.

The Company is a party to financial instruments with off-balance-sheet risks in the normal course of business to meet the financing needs of its customers. At December 31, 1999, the Company had $307.1 million in commitments to extend credit and $2.6 million in standby letters of credit. Commitments to extend credit are agreements to lend to a customer so long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The Company uses the same credit policies in establishing commitments and issuing letters of credit as it does for on-balance-sheet instruments. If commitments arising from these financial instruments continue to require funding at historical levels, management does not anticipate that such funding will adversely impact its ability to meet on-going obligations.

It is anticipated capital expenditures will approximate $4.0 to $5.0 million over the next twelve months. Management believes these capital expenditures can be funded internally without impairing the Company's ability to meet its on-going obligations.

Shareowners' equity as of December 31, for each of the last three years is presented below.

Shareowners' Equity
(Dollars in Thousands)

	1999	1998	1997
Common Stock	$ 102	$ 102	$ 101
Additional Paid-in Capital	9,249	8,561	6,544
Retained Earnings	129,055	119,521	108,555
Subtotal	138,406	128,184	115,200
Accumulated Other Comprehensive Income, Net of Tax	(6,190)	678	607
Total Shareowners' Equity	$132,216	$128,862	$115,807

The Company continues to maintain a strong capital position. The ratio of shareowners' equity to total assets at year-end was 9.24%, 8.93% and 10.37%, in 1999, 1998 and 1997, respectively.

The Company is subject to risk-based capital guidelines that measure capital relative to risk weighted assets and off-balance-sheet financial instruments. Capital guidelines issued by the Federal Reserve Board require bank holding companies to have a minimum total risk-based capital ratio of 8.00%, with at least half of the total capital in the form of Tier 1 capital. Capital City Bank Group, Inc., exceeded these capital guidelines, with a total risk-based capital ratio of 12.27% and a Tier 1 ratio of 11.23%, compared to 11.11% and 10.14%, respectively, in 1998.

In addition, a tangible leverage ratio is now being used in connection with the risk-based capital standards and is defined as Tier 1 capital divided by average assets. The minimum leverage ratio under this standard is 3% for the highest-rated bank holding companies which are not undertaking significant expansion programs. An additional 1% to 2% may be required for other companies, depending upon their regulatory ratings and expansion plans. On December 31, 1999, the Company had a leverage ratio of 7.92% compared to 7.84% in 1998. See Note 13 in the Notes to Consolidated Financial Statements for additional information as to the Company's capital adequacy.

Dividends declared and paid totaled $.5525 per share in 1999. Included in this amount, was approximately $563,000 of a one-time special distribution paid to Grady Holding Company shareowners. During the fourth quarter of 1999 the quarterly dividend was raised 10.4% from $.12 per share to $.1325 per share. The Company declared dividends of $.43 per share in 1998 and $.37 per share in 1997. The dividend payout ratio was 32.9%, 28.2%, and 26.1% for 1999, 1998 and 1997, respectively. Dividends declared per share in 1999 represented a 28.5% increase over 1998.

At December 31, 1999, the Company's common stock had a book value of $12.97 per share compared to $12.69 in 1998. Beginning in 1994, book value has been impacted by the net unrealized gains and losses on investment securities available-for-sale. At December 31, 1999, the net unrealized loss was $6.2 million. At December 31, 1998, the Company had a net unrealized gain of $678,000 and thus the net impact on equity for the year was a decrease in book value of approximately $6.9 million.

The Company began a stock repurchase plan in 1989, which remains in effect and provides for the repurchase of up to 900,000 shares. As of December 31, 1998, the Company had repurchased 790,740 shares under the plan. No shares were repurchased during 1999.

The Company offers an Associate Incentive Plan under which certain associates are eligible to earn shares of CCBG stock based upon achieving established performance goals. The Company issued 5,706 shares in 1999 under this plan.

The Company also offers stock purchase plans to its associates and directors. In 1999, 20,409 shares were issued under these plans.

The Board of Directors approved a Dividend Reinvestment and Optional Stock Purchase Plan for the Company in December 1996. In 1999 and 1998, shares for this plan were purchased in the open market, and thus there were no newly issued shares under this plan.

The Company offers a 401(k) Plan which enables associates to defer a portion of their salary on a pre-tax basis. The plan covers substantially all of the Company associates who meet the minimum age requirement. The Plan is designed to enable participants to elect to have an amount withheld from their compensation in any plan year and placed in the 401(k) Plan trust account. Matching contributions from the Company can be made up to 6% of the participant's compensation. During 1999 and 1998, no contributions were made by the Company. The participants may choose to invest their contributions into seven investment funds, including CCBG common stock.

Inflation

The impact of inflation on the banking industry differs significantly from that of other industries in which a large portion of total resources are invested in fixed assets such as property, plant and equipment.

Assets and liabilities of financial institutions are virtually all monetary in nature, and therefore are primarily impacted by interest rates rather than changing prices. While the general level of inflation underlies most interest rates, interest rates react more to change in the expected rate of inflation and to changes in monetary and fiscal policy. Net interest income and the interest rate spread are good measures of the Company's ability to react to changing interest rates and are discussed in further detail in the section entitled "Earnings Analysis."

YEAR 2000 COMPLIANCE

Introduction

The YEAR 2000 issue created challenges with respect to the automated systems used by financial institutions and other companies. Many programs and systems were not able to recognize the year 2000, or that the new millennium is a leap year. The problem was not limited to computer systems. YEAR 2000 issues could have potentially affected 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 addressed the YEAR 2000 challenges in a prompt and responsible manner and dedicated significant resources to do so. An assessment of the Company's automated systems and third party operations was completed and a plan was implemented. The Company's YEAR 2000 compliance plan ("Y2K Plan") had 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 completed

phases one through eight and the last section of Phase 9 pertaining to leap year will be completed in February 2000.

(1) Project Management: The Company 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 hired an outside consultant to assist in project administration. Monthly updates were provided to senior management and quarterly updates were provided to the Board of Directors in order to assist them in overseeing the Company's readiness.

(2) Awareness: The Company 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 was established and met regularly. The strategy developed for YEAR 2000 compliance covered in-house systems, service bureaus for systems that are outsourced, vendors, auditors, customers, and suppliers.

(3) Assessment: Information Technology "IT" and non-IT systems were assessed and mission critical applications that could potentially be affected were identified. Mission critical was defined as anything that may have a material adverse effect on the Company if not YEAR 2000 compliant.

(4) Renovation: The Company upgraded and replaced IT and non-IT systems where appropriate, and all such replacements were complete by June 30, 1999.

(5) Testing and Implementation: The Company's testing and implementation of Mission Critical systems is complete.

(6) Risk Assessment: Lending officers were trained on YEAR 2000 issues and have documented YEAR 2000 readiness of borrowers. Significant borrowers were mailed a questionnaire and were assigned a YEAR 2000 risk rating by the Company. Appropriate responses to credit requests took YEAR 2000 into consideration. A similar assessment was conducted of deposit customers relative to liquidity risk. Investment and funding strategies were planned to ameliorate any potential risk in this area.

(7) Customer Awareness: During the fourth quarter of 1999, the Company continued its 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 included posting information on the Company's web site, distribution of quarterly press releases, statement stuffers and lobby brochures. Associate training was conducted to assure that customers were provided with accurate information about the Company's Y2K readiness. Company officials participated in a community question and answer program.

(8) Contingency Planning: The Company completed a Business Resumption/Contingency Plan for the YEAR 2000. This plan incorporated back-up systems and procedures for core business processes, should any unforeseen disruptions occur. This plan was substantially completed by September 30, 1999.

(9) Verification: The Verification process was completed during the actual Century Date Change, with the exception of leap year due February, 2000. This involved 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 were 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 $780,000 from 1998 to 2000, of which approximately 95% has been spent as of December 31, 1999. Approximately 75% of the total spending represent 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 identified the following potential risks that could have had a material adverse effect on the Company's

business.

1. The Company's subsidiary banks may have experienced a liquidity problem if there were any significant amount of deposits withdrawn by customers who have uncertainties associated with the YEAR 2000. This did not occur. The Company implemented a contingency plan to ensure there were 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 identified its mission critical third parties and monitored their Y2K Plan progress. In response to this concern, the Company identified and contacted the third parties who provide mission critical applications. The Company received YEAR 2000 compliance assurances from third parties who provide mission critical applications and monitored and tested their efforts for YEAR 2000 compliance. The Company currently knows of no material liability due to this risk.

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 established a contingency plan to address this situation. Currently, no problems have materialized due to this risk.

4. The Company's subsidiary banks lend 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 identified its significant borrowers and documented their YEAR 2000 readiness and risk to the Company. Currently, no businesses or contractors have been identified that are affected by this risk.

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. No sanctions were imposed.

Contingency Plan

Contingency plans for YEAR 2000 related interruptions have been developed and include, but are not 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 were substantially completed by September 30, 1999.

Year 2000

The company experienced no known Year 2000 problems that were material.

Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board "FASB" issued Statement of Financial Accounting Standards "SFAS" No. 133 "Accounting for Derivative Instruments of Hedging Activities" as amended. 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, 2000. The adoption of this standard is not expected to have a material impact on reported results of operations of the Company.

Item 7A. 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 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 13. This table presents the Company's consolidated interest rate sensitivity position as of year-end 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 values presented in Table 13 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 13
FINANCIAL ASSETS AND LIABILITITES MARKET RISK ANALYSIS(1)
December 31, 1999
Other Than Trading Portfolio
<CAPTION>

	December 31,							
(Dollars in Thousands)	2000	2001	2002	2003	2004	Beyond	Total	Fair Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Loans								
Fixed Rate	$ 63,254	$ 26,201	$ 40,831	$ 45,912	$ 40,385	$ 89,842	$ 306,425	$ 303,194
Average Interest Rate	9.27%	9.91%	8.99%	8.49%	8.06%	7.01%	8.97%	
Floating Rate(2)	398,744	28,515	54,419	23,785	42,189	74,409	622,061	615,501
Average Interest Rate	8.82%	8.32%	8.34%	8.38%	8.24%	7.54%	8.53%	
Investment Securities(3)								
Fixed Rate	84,178	49,348	31,821	21,836	21,230	103,428	311,841	311,841
Average Interest Rate	5.75%	5.78%	5.57%	5.57%	5.79%	6.36%	5.94%	
Floating Rate	-	-	8,846	-	-	505	9,351	9,351
Average Interest Rate	-	-	5.93%	-	-	6.29%	5.95%	
Other Earning Assets								
Fixed Rates	-	-	-	-	-	-	-	-
Average Interest Rates	-	-	-	-	-	-	-	
Floating Rates	13,618	-	-	-	-	-	13,618	13,618
Average Interest Rates	5.43%	-	-	-	-	-	5.43%	
Total Financial Assets	$559,794	$104,064	$135,917	$ 91,533	$103,804	$268,184	$1,263,296	$1,253,505
Average Interest Rates	8.33%	7.52%	7.73%	7.77%	7.67%	6.90%	7.95%	
Deposits(4)								
Fixed Rate Deposits	$442,360	$ 43,326	$ 11,049	$ 4,158	$ 2,459	$ 50	$ 503,402	$501,618
Average Interest Rates	4.76%	5.03%	5.08%	5.10%	4.78%	4.90%	4.79%	
Floating Rate Deposits	446,116	-	-	-	-	-	446,116	446,116
Average Interest Rates	2.77%	-	-	-	-	-	2.77%	
Other Interest Bearing Liabilities								
Fixed Rate Debt	822	647	662	678	698	7,751	11,258	11,226
Average Interest Rate	5.94%	6.10%	6.10%	6.10%	6.09%	5.98%	6.00%	
Floating Rate Debt	69,275	-	-	-	-	-	69,275	69,080
Average Interest Rate	4.68%	-	-	-	-	-	4.66%	
Total Financial Liabilities	$958,573	$ 43,973	$ 11,711	$ 4,836	$ 3,157	$ 7,801	$1,030,051	$1,028,040

Average interest Rate 3.88% 5.05% 5.14% 5.24% 5.07% 5.97% 3.92%

(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 rates deposits in 1999. Other time deposits balances are classified according to maturity.
</TABLE>

Item 8. Financial Statements and Supplementary Data

<TABLE>
Table 14
QUARTERLY FINANCIAL DATA (UNAUDITED)
(Dollars in Thousands, Except Per Share Data)(1)
<CAPTION>

	1999				1998			
	Fourth	Third	Second	First	Fourth	Third	Second	First
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Summary of Operations:								
Interest Income	$ 25,366	$ 25,236	$ 24,816	$ 24,267	$ 22,904	$ 21,974	$ 22,402	$ 21,730
Interest Expense	10,171	10,287	10,476	10,313	9,224	8,673	8,822	8,529
Net Interest Income	15,195	14,949	14,340	13,954	13,680	13,301	13,580	13,201
Provision for Loan Loss	510	610	580	740	657	618	618	546
Net interest Income After Provision for Loan Loss	14,685	14,339	13,760	13,214	13,023	12,683	12,962	12,655
Noninterest Income	6,204	6,269	6,185	6,103	6,260	5,271	5,847	5,206
Merger Expense	10	74	1,277	-	115	-	-	-
Noninterest Expense	14,012	14,072	14,591	13,992	13,150	12,090	12,747	12,342
Income Before Provision for Income Taxes	6,867	6,462	4,077	5,325	6,018	5,864	6,062	5,519
Provision for Income Taxes	2,548	2,089	1,182	1,660	2,146	2,057	2,065	1,901
Net Income	$ 4,319	$ 4,373	$ 2,895	$ 3,665	$ 3,872	$ 3,807	$ 3,997	$ 3,618
Net Interest Income (FTE)	$ 15,521	$ 15,435	$ 14,822	$ 14,420	$ 14,046	$ 13,640	$ 13,922	$ 13,557
Per Common Share:								
Net Income Basic	$ .42	$ .43	$ .28	$ .36	$ .39	$ .37	$ .39	$ .36
Net Income Diluted	.42	.43	.28	.36	.39	.37	.39	.36
Dividends Declared(2)	.1325	.12	.12	.18	.12	.11	.11	.11
Book Value	12.97	12.85	12.59	12.82	12.69	12.43	12.10	11.80
Market Price:								
High	25.00	30.00	25.00	27.63	31.00	33.13	32.67	32.67
Low	20.19	21.00	20.25	22.00	24.13	19.00	29.75	29.25
Close	21.50	22.75	25.00	23.31	27.63	29.13	31.38	31.67
Selected Average Balances:								
Total Assets	$1,446,815	$1,446,505	$1,452,215	$1,430,533	$1,257,934	$1,148,404	$1,156,186	$1,147,054
Earning Assets	1,280,746	1,297,481	1,304,093	1,282,679	1,131,933	1,038,981	1,043,578	1,035,971
Loans, Net of Unearned	915,194	892,161	878,976	850,161	834,315	819,755	823,432	809,949
Total Deposits	1,235,002	1,234,360	1,247,452	1,232,816	1,059,192	954,652	962,719	952,511
Total Shareowners' Equity	131,932	130,134	131,234	130,929	128,250	123,728	121,686	119,455
Common Equivalent Shares:								
Basic	10,179	10,179	10,172	10,170	10,158	10,158	10,140	10,123
Diluted	10,201	10,195	10,187	10,185	10,179	10,158	10,140	10,123
Ratios:								
ROA	1.18%	1.20%	.80%	1.04%	1.22%	1.32%	1.39%	1.28%
ROE	12.99%	13.33%	8.85%	11.35%	11.98%	12.20%	13.18%	12.28%
Net Interest								

Margin (FTE)	4.82%	4.73%	4.56%	4.56%	4.92%	5.21%	5.35%	5.31%

(1) All share and per share data have been restated to reflect the pooling-of-interests of Grady Holding Company and its subsidiaries and adjusted to reflect the 3-for-2 stock split effective June 1, 1998.

(2) First quarter 1999 dividend amount includes a special one-time distribution paid to Grady Holding Company shareowners of approximately $563,000.

</TABLE>

CONSOLIDATED FINANCIAL STATEMENTS

48 Report of Independent Certified Public Accountants

49 Consolidated Statements of Income

50 Consolidated Statements of Financial Condition

51 Consolidated Statements of Changes in Shareowners' Equity

52 Consolidated Statements of Cash Flows

53 Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Data)(1)

	For the Years Ended December 31, 1999	1998	1997
INTEREST INCOME			
Interest and Fees on Loans	$78,527	$75,989	$72,213
Investment Securities:			
U.S. Treasury	1,430	1,889	1,943
U.S. Government Agencies/Corp.	9,313	3,879	5,590
States and Political Subdivisions	4,371	3,028	3,235
Other Securities	2,486	649	386
Funds Sold & Interest Bearing Deposits	3,558	3,576	1,614
Total Interest Income	99,685	89,010	84,981
INTEREST EXPENSE			
Deposits	38,315	32,119	29,430
Short-Term Borrowings	1,816	1,904	1,974
Long-Term Debt	1,116	1,225	1,284
Total Interest Expense	41,247	35,248	32,688
Net Interest Income	58,438	53,762	52,293
Provision for Loan Losses	2,440	2,439	2,328
Net Interest Income After Provision for Loan Losses	55,998	51,323	49,965
NONINTEREST INCOME			
Service Charges on Deposit Accounts	9,973	8,541	8,994
Data Processing	2,861	3,523	3,160
Income from Fiduciary Activities	2,227	1,761	1,202
Securities Transactions	(12)	87	(15)
Other	9,712	8,672	6,143
Total Noninterest Income	24,761	22,584	19,484
NONINTEREST EXPENSE			
Salaries and Associate Benefits	28,969	26,597	25,602
Occupancy, Net	4,466	3,530	3,214
Furniture and Equipment	5,647	5,280	5,030
Merger Expense	1,361	115	655
Other	17,585	14,922	13,335
Total Noninterest Expense	58,028	50,444	47,836
Income Before Income Taxes	22,731	23,463	21,613
Income Taxes	7,479	8,169	7,212
NET INCOME	$15,252	$15,294	$14,401
BASIC NET INCOME PER SHARE	$ 1.50	$ 1.51	$ 1.44

DILUTED NET INCOME PER SHARE	$ 1.50	$ 1.50	$ 1.43
Basic Average Common Shares Outstanding	10,175	10,146	10,031
Diluted Average Common Shares Outstanding	10,196	10,168	10,061

(1) All share and per share data have been restated to reflect the pooling-of-interests of Grady Holding Company and its subsidiaries and adjusted to reflect the 3-for-2 stock split effective June 1, 1998.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Dollars in Thousands, Except Per Share Data)(1)

	As of December 31, 1999	1998
ASSETS		
Cash and Due From Banks	$ 79,454	$ 68,398
Funds Sold	13,618	72,625
Investment Securities, Available-for-Sale	321,192	371,597
Loans, Net of Unearned Interest	928,486	844,217
Allowance for Loan Losses	(9,929)	(9,827)
Loans, Net	918,557	834,390
Premises and Equipment	37,834	37,171
Intangibles	25,149	28,772
Other Assets	34,716	30,722
Total Assets	$1,430,520	$1,443,675
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	$ 253,140	$ 287,904
Interest Bearing Deposits	949,518	965,649
Total Deposits	1,202,658	1,253,553
Short-Term Borrowings	66,275	25,199
Long-Term Debt	14,258	18,746
Other Liabilities	15,113	17,315
Total Liabilities	1,298,304	1,314,813
SHAREOWNERS' EQUITY		
Preferred Stock; $.01 par value, 3,000,000 shares authorized; no shares issued and outstanding	-	-
Common Stock, $.01 par value; 90,000,000 shares authorized; 10,190,069 and 10,163,919 shares issued and outstanding	102	102
Additional Paid-In Capital	9,249	8,561
Retained Earnings	129,055	119,521
Accumulated Other Comprehensive Income, Net of Tax	(6,190)	678
Total Shareowners' Equity	132,216	128,862
Total Liabilities and Shareowners' Equity	$1,430,520	$1,443,675

(1) All share and per share data have been restated to reflect the pooling-of-interests of Grady Holding Company and its subsidiaries and adjusted to reflect the 3-for-2 stock split effective June 1, 1998.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

<TABLE>
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREOWNERS' EQUITY
(Dollars in Thousands, Except per Share Data)(1)
<CAPTION>

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income, Net of Taxes	Total

<S>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1996	$100	$4,942	$ 97,881	$ 86	$103,009
Net Income			14,401		14,401
Cash Dividends ($.37 per share)			(3,727)		(3,727)
Issuance of Common Stock	1	1,602			1,603
Net Change in Unrealized Gain (Loss) On Marketable Securities				521	521
Balance, December 31, 1997	101	6,544	108,555	607	115,807
Net Income			15,294		15,294
Cash Dividends($.45 per share)			(4,328)		(4,328)
Issuance of Common Stock	1	2,017			2,018
Net Change in Unrealized Gain (Loss) On Marketable Securities				71	71
Balance, December 31, 1998	102	8,561	119,521	678	128,862
Net Income			15,252		15,252
Cash Dividends($.5525 per share)(2)			(5,718)		(5,718)
Issuance of Common Stock		688			688
Net Change in Unrealized Gain (Loss) On Marketable Securities				(6,868)	(6,868)
Balance, December 31, 1999	$102	$9,249	$129,055	$(6,190)	$132,216

(1) All share and per share data have been restated to reflect the pooling-of-interests of Grady Holding Company and its subsidiaries and adjusted to reflect the 3-for-2 stock split effective June 1, 1998

(2) Dividend amount includes a special one-time distribution paid to Grady Holding Company shareowners of approximately $563,000.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.
</TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	For the Years Ended December 31, 1999	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	$ 15,252	$ 15,294	$ 14,401
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Provision for Loan Losses	2,440	2,439	2,328
Depreciation	3,708	3,565	3,404
Net Securities Amortization	1,417	758	695
Amortization of Intangible Assets	2,833	1,191	856
(Gain) on Sale of Investment Securities	12	(87)	15
Non-Cash Compensation	260	869	563
Deferred Income Taxes	(225)	133	213
Net (Increase) in Other Assets	(230)	(11,019)	(1,710)
Net (Decrease) Increase in Other Liabilities	(1,000)	3,125	1,572
Net Cash Provided by Operating Activities	24,467	16,268	22,337
CASH FLOWS FROM INVESTING ACTIVITES:			
Proceeds from Payments/Maturities of Investment Securities Available-for-Sale	104,189	84,524	69,569
Purchase of Investment Securities Available-for-Sale	(66,031)	(123,537)	(10,488)
Net Increase in Loans	(86,608)	(26,388)	(34,812)
Net Cash Received From (Used In) Acquisitions	-	36,726	-
Purchase of Premises & Equipment	(4,471)	(4,323)	(2,192)
Sales of Premises & Equipment	100	407	1,379
Net Cash (Used in) Provided By Investing Activities	(52,821)	(32,591)	23,456
CASH FLOWS FROM FINANCING ACTIVITES:			
Net (Decrease) Increase in Deposits	(50,895)	55,082	(30,011)
Net Increase (Decrease) in Short-Term Borrowings	41,076	(20,914)	10,156
Borrowing from Long-Term Debt	2,262	8,241	2,210
Repayment of Long-Term Debt	(6,750)	(7,600)	(2,951)
Dividends Paid(1)	(5,718)	(4,281)	(3,726)
Issuance of Common Stock	428	1,148	1,126
Net Cash (Used in) Provided By Financing Activities	(19,597)	31,676	(23,197)
Net (Decrease) Increase in Cash and Cash Equivalents	(47,951)	15,353	22,596
Cash and Cash Equivalents at Beginning of Year	141,023	125,670	103,074

Cash and Cash Equivalents at End of Year	$ 93,072	$141,023	$125,670
Supplemental Disclosures:			
Interest Paid on Deposits	$ 38,822	$ 31,179	$ 31,147
Interest Paid on Debt	$ 2,849	$ 3,128	$ 3,258
Taxes Paid	$ 6,137	$ 8,470	$ 7,308
Loans Transferred To Other Real Estate	$ 1,344	$ 2,011	$ 2,701

(1) Dividend amount includes a special one-time distribution paid to Grady Holding Company shareowners of approximately $563,000.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Notes to Consolidated Financial Statements

Note 1
SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of Capital City Bank Group, Inc., and its subsidiaries (the "Company"), all of which are wholly-owned. The historical financial statements have been restated for the acquisition of Grady Holding Company and its subsidiaries which were accounted for as a pooling-of-interests (see Note 2). All material intercompany transactions and accounts have been eliminated.

The Company follows generally accepted accounting principles and reporting practices applicable to the banking industry. Prior year financial statements and other information have been reclassified to conform to the current year presentation and to reflect a two-for-one stock split effective April 1, 1997, and a three-for-two stock split effective June 1, 1998. The principles which materially affect the financial position, results of operations and cash flows are summarized below.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from these estimates; however, in the opinion of management, such variances would not be material.

Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks, interest-bearing deposits in other banks, and federal funds sold. Generally, federal funds are purchased and sold for one-day periods and all items have an initial maturity of ninety days or less.

Investment Securities

Investment securities available-for-sale are carried at fair value and represent securities that are available to meet liquidity and/or other needs of the Company. Gains and losses are recognized and reported separately in the Consolidated Statements of Income upon realization or when impairment of values is deemed to be other than temporary. Gains or losses are recognized using the specific identification method. Unrealized holding gains and losses for securities available-for-sale are excluded from the Consolidated Statements of Income and reported net of taxes in the accumulated other comprehensive income component of shareowners' equity until realized.

Loans

Loans are stated at the principal amount outstanding, net of

unearned income. Interest income is generally accrued based on outstanding balances. Fees charged to originate loans and loan origination costs are deferred and amortized over the life of the loan as a yield adjustment.

Allowance for Loan Losses

The reserve is that amount considered adequate to absorb losses inherent in the portfolio based on management's evaluations of the size and current risk characteristics of the loan portfolio. Such evaluations consider the balance of impaired loans (which are defined as all nonperforming loans except residential mortgages and groups of small homogeneous loans), prior loan loss experience as well as the impact of current economic conditions. Specific provision for loan losses is made for impaired loans based on a comparison of the recorded carrying value in the loan to either the present value of the loan's expected cash flow, the loan's estimated market price or the estimated fair value of the underlying collateral. Specific and general provisions for loan losses are also made based on other considerations.

Loans are placed on a nonaccrual status when management believes the borrower's financial condition, after giving consideration to economic conditions and collection efforts, is such that collection of interest is doubtful. Generally, loans are placed on nonaccrual status when interest becomes past due 90 days or more, or management deems the ultimate collection of principal and interest is in doubt.

Long-Lived Assets

Premises and equipment are stated at cost less accumulated depreciation, computed on the straight-line method over the estimated useful lives for each type of asset. Additions and major facilities are capitalized and depreciated in the same manner. Repairs and maintenance are charged to operating expense as incurred.

Intangible assets consist primarily of goodwill and core deposit assets that were recognized in connection with the various acquisitions. All intangible assets are being amortized on the straight-line method over various periods ranging from five to 25 years with the majority being written off over an average life of approximately 15 years. The amortization of all intangible assets was approximately $2.8 million in 1999, $1.2 million in 1998, and $856,000 in 1997.

Long-lived assets are evaluated regularly for other-than-temporary impairment. If circumstances suggest that their value may be impaired and the write-down would be material, an assessment of recoverability is performed prior to any write-down of the asset.

Income Taxes

The Company files consolidated federal and state income tax returns. In general, the parent company and its subsidiaries compute their tax provisions as separate entities prior to recognition of any tax expense benefits which may accrue from filing a consolidated return.

Deferred income tax assets and liabilities result from temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years.

Note 2
ACQUISITIONS

On May 7, 1999, the Company completed its acquisition of Grady Holding Company and its subsidiary, First National Bank of Grady County in Cairo, Georgia. First National Bank of Grady County is a $114 million asset institution with offices in Cairo and Whigham, Georgia. The Company issued 21.50 shares for each of the 60,910 shares of First National Bank of Grady County.
The consolidated financial statements of the Company give effect to the merger which has been accounted for as a pooling-of-interests. Accordingly, financial statements for the prior periods have been restated to reflect the results of operations of these entities on a combined basis from the earliest period presented. Separate results of operations of the combined entities for the three years ended December 31, 1998 are as follows:

(Dollars in thousands)

	1999(1)	1998	1997
Net Interest Income:			
CCBG	$16,784	$47,911	$46,524
GHC	1,906	5,851	5,769
Combined	$18,690	$53,762	$52,293
Net Income:			
CCBG	$ 4,034	$13,188	$12,438
GHC	609	2,106	1,963
Combined	$ 4,643	$15,294	$14,401

(1) For the period January 1, 1999 through May 7, 1999.

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 premium of approximately $16.9 million, and assumed approximately $219 million in deposits and acquired certain real estate. The 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 offices which included loans and deposits. The Company paid a deposit premium of $3.6 million, or 6.33%, and assumed $55 million in deposits and purchased loans equal to $44 million. Four of the five offices were merged into existing offices of Capital City Bank. The deposit premium is being amortized over fifteen years.

Note 3
INVESTMENT SECURITIES

The amortized cost and related market value of investment securities available-for-sale at December 31, were as follows:

	1999			
(Dollars in Thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U.S. Treasury	$ 20,047	$ 4	$ 70	$ 19,981
U.S. Government Agencies and Corporations	79,181	-	2,557	76,624
States and Political Subdivisions	104,312	74	1,895	102,491
Mortgage-Backed Securities	85,040	88	3,728	81,400
Other Securities	42,372	-	1,676	40,696
Total Investment Securities	$330,952	$166	$9,926	$321,192

	1998			
(Dollars in Thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U.S. Treasury	$ 30,618	$ 203	$ -	$ 30,821
U.S. Government Agencies and Corporations	74,035	247	319	73,963
States and Political Subdivisions	94,917	1,159	24	96,052
Mortgage-Backed Securities	93,183	205	443	92,945
Other Securities	77,770	159	113	77,816
Total Investment Securities	$370,523	$1,973	$899	$371,597

The total proceeds from the sale of investment securities and the gross realized gains and losses from the sale of such securities for each of the last three years is as follows:

(Dollars in Thousands)

Year	Total Proceeds	Gross Realized Gains	Gross Realized Losses
1999	$86,213	$ 1	$13
1998	$46,861	$117	$30
1997	$37,964	$ 18	$33

Total proceeds include principal reductions in mortgage-backed securities and proceeds from securities which were called of

$17,992,000, $27,236,000, and $29,091,000 in 1999, 1998, and 1997, respectively.

As of December 31, 1998, the Company's investment securities had the following maturity distribution based on contractual maturities:

(Dollars in Thousands)	Amortized Cost	Market Value
Due in one year or less	$ 44,605	$ 44,422
Due after one through five years	157,571	152,551
Due after five through ten years	37,873	36,686
Over ten years	5,863	6,133
Mortgage-Backed Securities	85,040	81,400
Total Investment Securities	$330,952	$321,192

Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Securities with an amortized cost of $139,672,000 and $66,934,000 at December 31, 1999, and 1998, respectively, were pledged to secure public deposits and for other purposes.

Note 4
LOANS

At December 31, the composition of the Company's loan portfolio was as follows:

(Dollars in Thousands)	1999	1998
Commercial, Financial and Agricultural	$ 98,894	$ 91,246
Real Estate - Construction	62,166	51,790
Real Estate - Mortgage	214,036	542,044
Real Estate - Residential(1)	383,536	-
Consumer	169,854	159,137
Total Loans, Net of Unearned Interest	$928,486	$844,217

(1) Real Estate - Residential loan information included in Real Estate - Mortgage category for 1998.

Nonaccruing loans amounted to $2,965,000 and $4,996,000 at December 31, 1999 and 1998, respectively. Restructured loans amounted to $26,000 and $195,000 at December 31, 1999 and 1998, respectively. If such nonaccruing and restructured loans had been on a fully accruing basis, interest income would have been $317,000 higher in 1999 and $384,000 higher in 1998.

Note 5
ALLOWANCE FOR LOAN LOSSES

An analysis of the changes in the allowance for loan losses for the years ended December 31, is as follows:

(Dollars in Thousands)	1999	1998	1997
Balance, Beginning of Year	$9,827	$9,662	$9,450
Provision for Loan Losses	2,440	2,439	2,328
Recoveries on Loans Previously Charged-Off	860	883	946
Loans Charged-Off	(3,198)	(3,157)	(3,062)
Balance, End of Year	$9,929	$9,827	$9,662

Selected information pertaining to impaired loans, at December 31, is as follows:

	1999		1998	
(Dollars in Thousands)	Balance	Valuation Allowance	Balance	Valuation Allowance
With Related Credit Allowance	$ 25	$3	$2,433	$427
Without Related Credit Allowance	1,238	-	1,347	-
Average Recorded Investment for the Period	1,871	-	4,985	-

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. For the years ended December 31, 1999, 1998 and 1997, the Company recognized $74,000, $84,000, and $140,000, in interest income on impaired loans, of which $57,000, $31,000, and $138,000 and was collected in cash, respectively.

Note 6
PREMISES AND EQUIPMENT

The composition of the Company's premises and equipment at December 31, was as follows:

(Dollars in Thousands)	1999	1998
Land	$ 9,289	$ 9,259
Buildings	33,948	32,399
Fixtures and Equipment	30,229	27,522
Total	73,466	69,180
Accumulated Depreciation	(35,632)	(32,009)
Premises and Equipment, Net	$37,834	$37,171

Note 7
DEPOSITS

Interest bearing deposits, by category, as of December 31, were as follows:

(Dollars in Thousands)	1999	1998
NOW Accounts	$182,794	$154,069
Money Market Accounts	157,825	124,691
Savings Accounts	105,498	118,570
Other Time Deposits	503,401	568,319
Total	$949,518	$965,649

Time deposits in denominations of $100,000 or more totaled $101,742,000 and $103,791,000 at December 31, 1999 and 1998, respectively.

At December 31, 1998, the scheduled maturities of other time deposits were as follows:

2000	$442,360
2001	43,326
2002	11,049
2003	4,158
2004 and thereafter	2,508
	$503,401

The average balances maintained on deposit with the Federal Reserve Bank for the years ended December 31, 1999 and 1998, were $34,402,000 and $27,187,000 respectively.

Interest expense on deposits for the three years ended December 31, was as follows:

(Dollars in Thousands)	1999	1998	1997
NOW Accounts	$ 3,134	$ 2,223	$ 1,978
Money Market Accounts	5,766	2,562	2,510
Savings Accounts	2,453	2,243	2,008
Other Time Deposits	26,962	25,091	22,934
Total	$38,315	$32,119	$29,430

Note 8
SHORT-TERM BORROWINGS
Short-term borrowings included the following at December 31:

(Dollars in Thousands)	Federal Funds Purchased	Securities Sold Under Repurchase Agreements	Other Short-Term Borrowings
1999			
Balance	$28,050	$36,439	$1,786
Maximum indebtedness at any month end	28,050	41,114	1,786

Daily average indebtedness outstanding	12,997	27,923	1,397
Average rate paid for the year	4.87%	4.02%	4.31%
Average rate paid on period-end borrowings	4.20%	3.53%	4.22%
1998			
Balance	$ 6,120	$17,042	$2,037
Maximum indebtedness at any month end	29,255	18,770	2,037
Daily average indebtedness outstanding	22,159	15,635	1,190
Average rate paid for the year	5.19%	4.43%	5.23%
Average rate paid on period-end borrowings	3.79%	6.15%	3.88%

Note 9
LONG-TERM DEBT

Long-term debt included the following at December 31:

(Dollars in Thousands)	1999	1998
Federal Home Loan Bank Note		
Due on December 19, 2005, fixed rate of 6.04%	$ 1,542	$ 1,652
Due on December 13, 2006, fixed rate of 6.20%	1,002	1,068
Due on March 14, 2013, fixed rate of 6.13%	938	975
Due on September 20, 2013, fixed rate of 5.64%	1,334	1,387
Due on December 17, 2018, fixed rate of 6.33%	1,949	2,000
Due on December 24, 2018, fixed rate of 5.34%	857	875
Due on January 26, 2014, fixed rate of 5.75%	1,499	-
Due on May 27, 2014, fixed rate of 5.92%	720	-
Due on December 16, 2004, fixed rate of 6.52%	313	1,000
Due on December 16, 2004, fixed rate of 6.52%	172	361
Due on April 24, 2007, fixed rate of 7.30%	419	581
Due on October 10, 2001, fixed rate of 5.00%	324	475
IBM Note Payable		
Due on December 31, 2000, fixed rate of 3.77%	189	372
Revolving credit note,		
Due on November 16, 2001, current rate of 6.50%	3,000	8,000
Total outstanding	$14,258	$18,746

The contractual maturites of long-term debt for the five years succeeding December 31, 1999, are as follows:

2000	$ 3,189
2001	324
2002	-
2003	-
2004 and thereafter	10,745
	$14,258

The Federal Home Loan Bank advances are collateralized with U.S. Treasury Securities and 1-4 family mortgages. Interest on the Federal Home Loan Bank advances is paid on a monthly basis.

The IBM note payable is being paid over 36 monthly installments which includes principal and interest.

Upon expiration of the revolving credit, the outstanding balance may be converted to a term loan and repaid over a period of seven years. The Company, at its option, may select from various loan rates including the following: Prime, LIBOR, or the lender's cost of funds rate, plus or minus increments thereof. The LIBOR or cost of funds rates may be fixed for a period up to six months. The revolving credit is unsecured, but upon conversion is to be collateralized by common stock of the subsidiary bank equal to 125% of the principal balance of the loan. The existing loan agreement places certain restrictions on the amount of capital which must be maintained by the Company. At December 31, 1999, the Company was in compliance with all of the terms of the agreement and had $22 million available under a $25 million line of credit facility.

Note 10
INCOME TAXES

The provision for income taxes reflected in the statement of income is comprised of the following components:

(Dollars in Thousands)	1999	1998	1997
Current:			
Federal	$6,880	$7,185	$6,076
State	824	851	923
Deferred:			

Federal	(189)	117	182
State	(36)	16	31
Total	$7,479	$8,169	$7,212

The net deferred tax asset and the temporary differences comprising that balance at December 31, 1999 and 1998, are as follows:

(Dollars in Thousands)	1999	1998
Deferred Tax Asset attributable to:		
Allowance for Loan Losses	$2,909	$2,806
Unrealized Losses on Investment Securities	2,892	-
Stock Incentive Plan	682	491
Interest on Nonperforming Loans	169	144
Acquired Deposits	76	-
Other	306	95
Total Deferred Tax Asset	$7,034	$3,536
Deferred Tax Liability attributable to:		
Associate Benefits	$1,291	$1,298
Premises and Equipment	1,189	888
Deferred Loan Fees	370	336
Unrealized Gains on Investment Securities	-	395
Acquired Deposits	-	127
Securities Accretion	249	89
Other	104	84
Total Deferred Tax Liability	3,203	3,217
Net Deferred Tax Asset	$3,831	$ 319

Income taxes provided were less than the tax expense computed by applying the statutory federal income tax rates to income. The primary differences are as follows:

(Dollars in Thousands)	1999	1998	1997
Computed Tax Expense	$7,956	$8,212	$7,565
Increases (Decreases) Resulting From:			
Tax-Exempt Interest Income	(1,409)	(972)	(1,065)
State Income Taxes, Net of Federal Income Tax Benefit	468	544	393
Other	464	385	319
Actual Tax Expense	$7,479	$8,169	$7,212

Note 11
ASSOCIATE BENEFITS

The Company sponsors a noncontributory pension plan covering substantially all of its associates. Benefits under this plan generally are based on the associate's years of service and compensation during the years immediately preceding retirement. The Company's general funding policy is to contribute amounts deductible for federal income tax purposes.

<TABLE>
The following table details the components of pension expense, the funded status of the plan, amounts recognized in the Company's consolidated statements of financial condition, and major assumptions used to determine these amounts.
<CAPTION>

(Dollars in Thousands)	1999	1998	1997
<S>	<C>	<C>	<C>
Change in Benefit Obligation:			
Benefit Obligation at Beginning of Year	$22,211	$21,159	$17,551
Service Cost	2,015	1,678	1,517
Interest Cost	1,477	1,478	1,331
Actuarial (Gain)/Loss	(5,052)	1,181	1,342
Remeasurement Loss	641	169	324
Benefits Paid	(2,021)	(3,186)	(671)
Expenses Paid	(291)	(268)	(235)
Benefit Obligation at End of Year	$18,980	$22,211	$21,159
Change in Plan Assets:			
Fair Value of Plan Assets at Beginning of Year	$29,248	$25,826	$20,041

Actual Return on Plan Assets	4,824	5,382	4,918
Employer Contribution	761	1,494	1,773
Benefits Paid	(2,021)	(3,186)	(671)
Expenses Paid	(291)	(268)	(235)
Fair Value of Plan Assets at End of Year	$32,521	$29,248	$25,826
Funded Status	$13,541	$ 7,037	$ 4,667
Unrecognized Net Actuarial (Gain) Loss	(9,675)	(2,919)	(957)
Unrecognized Prior Service Cost	(468)	(704)	(940)
Prepaid Benefit Cost	$ 3,398	$ 3,413	$ 2,770
Weighted-Average Assumptions:			
Discount Rate	7.75%	6.50%	7.00%
Expected Return on Plan Assets	8.25%	8.25%	8.25%
Rate of Compensation Increase	5.50%	5.50%	5.50%
Components of Net Periodic Benefit Costs:			
Service Cost	$ 2,015	$ 1,678	$ 1,517
Interest Cost	1,477	1,478	1,331
Expected Return on Plan Assets	(2,401)	(2,103)	(1,630)
Amortization of Prior Service Cost	164	164	164
Transition Asset Recognition	(236)	(236)	(236)
Recognized Net Actuarial (Gain) Loss	(242)	(131)	24
Net Periodic Benefit Cost	$ 777	$ 850	$ 1,170

</TABLE>

The Company has a Supplemental Employee Retirement Plan covering selected executives. Benefits under this plan generally are based on the associate's years of service and compensation during the years immediately preceding retirement. The Company recognized expense during 1999, 1998 and 1997 of $266,000, $193,000 and $201,000 respectively, and a minimum liability adjusted to $0, $0 and $19,148 at December 31, 1999, 1998 and 1997 respectively.

The Company has an Associate Incentive Plan under which shares of the Company's stock are issued as incentive awards to selected participants. Seven hundred fifty thousand shares of common stock are reserved for issuance under this plan. The expense recorded related to this plan was approximately $432,000, $735,000 and $1,210,000 in 1999, 1998 and 1997, respectively. The Company issued 5,706 shares under the plan in 1999.

The Company has an Associate Stock Purchase Plan under which associates may elect to make a monthly contribution towards the purchase of Company stock on a semi-annual basis. Four hundred fifty thousand shares of common stock are reserved for issuance under the Stock Purchase Plan. The Company issued 18,444 shares under the plan in 1999.

The Company has a Director Stock Purchase Plan. One hundred fifty thousand shares have been reserved for issuance. In 1999, the Company issued 1,965 shares under this plan.

The Company has a 401(k) Plan which enables associates to defer a portion of their salary on a pre-tax basis. The plan covers substantially all associates of the Company who meet minimum age requirements. The plan is designed to enable participants to elect to have an amount from 1% to 15% of their compensation withheld in any plan year placed in the 401(k) Plan trust account. Matching contributions from the Company can be made up to 6% of the participant's compensation at the discretion of the Company. During 1999, no contributions were made by the Company. The participant may choose to invest their contributions into seven investment funds available to CCBG participants, including the Company's common stock.

The Company has a Dividend Reinvestment and Optional Stock Purchase Plan. Seven hundred fifty thousand shares have been reserved for issuance. The Company did not issue any shares under this plan in 1999.

Note 12
EARNINGS PER SHARE

<TABLE>
The following table sets forth the computation of basic and diluted earnings per share:
<CAPTION>

(Dollars in Thousands, Except Per share Data)(1)

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	1999	1998	1997
Numerator:			
Net Income	$ 15,252	$ 15,294	$ 14,401
Preferred Stock Dividends	-	-	-
Numerator for Basic Earnings Per Share Income to Common Shareowners'	15,252	15,294	14,401
Effect of Dilutive securities:			
Preferred stock dividends	-	-	-
Numerator for Diluted Earnings Per Share Income Available to Common Shareowners' After Assumed Conversions	$ 15,252	$ 15,294	$ 14,401
Denominator:			
Denominator for Basic Earnings Per Share Weighted-Average Shares	10,174,945	10,146,393	10,031,116
Effects of Dilutive Securities:			
Associate Stock Incentive Plan	21,288	21,237	32,736
Dilutive Potential Common Shares	21,288	21,237	32,736
Denominator for Diluted Earnings Per Share Adjusted Weighted-Average Shares and Assumed Conversions	10,196,233	10,167,630	10,060,852
Basic Earnings Per Share	$ 1.50	$ 1.51	$ 1.44
Diluted Earnings per Share	$ 1.50	$ 1.50	$ 1.43

(1) All share and per share data have been restated to reflect the pooling-of-interests of Grady Holding Company and its subsidiaries and adjusted to reflect the 3-for-2 stock split effective June 1, 1998.
</TABLE>

Note 13
CAPITAL

The Company is subject to various regulatory capital requirements which involve quantitative measures of the Company's assets, liabilities and certain off-balance sheet items. The Company's capital amounts and classification are subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Quantitative measures established by regulation to ensure capital adequacy require that the Company maintain amounts and ratios (set forth in the table below) of total and Tier I capital to risk-weighed assets, and of Tier I capital to average assets. As of December 31, 1999, the Company meets all capital adequacy requirements to which it is subject.

A summary of actual, required, and capital levels necessary to be considered well-capitalized for Capital City Bank Group, Inc. ("CCBG, Inc.") consolidated and its banking subsidiaries, Capital City Bank ("CCB") and First National Bank of Grady County ("FNB"),as of December 31, 1999 and December 31, 1998 are shown below:

(Dollars in Thousands)

	Actual		Required For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 1999:						
Tier I Capital:						
CCBG, Inc.	$107,076	11.23%	$38,138	4.00%	$ 57,207	6.00%
CCB	91,832	10.65%	34,490	4.00%	51,736	6.00%
Total Capital:						
CCBG, Inc.	117,005	12.27%	76,276	8.00%	95,345	10.00%
CCB	100,351	11.64%	68,981	8.00%	86,226	10.00%
Tier I Leverage:						
CCBG, Inc.	-	7.92%	-	3.00%	-	5.00%
CCB	-	7.39%	-	3.00%	-	5.00%

As of December 31, 1998:						
Tier I Capital:						
CCBG, Inc.	$ 99,473	10.14%	$41,262	4.00%	$ 61,893	6.00%
CCB	87,355	9.73%	35,929	4.00%	53,894	6.00%
Total Capital:						
CCBG, Inc.	108,977	11.11%	82,525	8.00%	103,156	10.00%
CCB	95,814	10.67%	71,859	8.00%	89,823	10.00%
Tier I Leverage:						
CCBG, Inc.	-	7.84%	-	3.00%	-	5.00%
CCB	-	7.62%	-	3.00%	-	5.00%

Note 14
DIVIDEND RESTRICTIONS

Substantially all the Company's retained earnings are undistributed earnings of its banking subsidiary, which are restricted by various regulations administered by Federal and state bank regulatory authorities.

The approval of the appropriate regulatory authority is required if the total of all dividends declared by a subsidiary bank in any calendar year exceeds the bank's net profits (as defined) for that year combined with its retained net profits for the preceding two calendar years. In 2000, the bank subsidiaries may declare dividends without regulatory approval of $17.2 million plus an additional amount equal to the net profits of the Company's subsidiary banks for 2000 up to the date of any such dividend declaration.

Note 15
RELATED PARTY INFORMATION

The Chairman of the Board of Capital City Bank Group, Inc., is chairman of the law firm which serves as general counsel to the Company and its subsidiaries. Fees paid by the Company and its subsidiaries for these services, in aggregate, approximated $320,000, $340,000, and $295,000 during 1999, 1998, and 1997, respectively.

Under a lease agreement expiring in 2024, a bank subsidiary leases land from a partnership in which several directors and officers have an interest. The lease agreement provides for annual lease payments of approximately $81,000, to be adjusted for inflation in future years.

At December 31, 1999 and 1998, certain officers and directors were indebted to the Company's bank subsidiaries in the aggregate amount of $8,615,000 and $8,831,000, respectively. During 1999, $12,300,000 in new loans were made and repayments totaled $12,545,000. These loans were made on similar terms as loans to other individuals of comparable creditworthiness.

Note 16
SUPPLEMENTARY INFORMATION

Components of noninterest income in excess of 1% of total interest income and noninterest expense in excess of 1% of total interest income and noninterest income, which are not disclosed separately elsewhere, are presented below for each of the respective years.

(Dollars in Thousands)	1999	1998	1997
Noninterest Income:			
Merchant Fee Income	$1,193	$1,184	$1,126
Interchange Commission Fees	1,269	1,004	621*
Gains on the Sale of Real Estate Loans	1,607	1,625	853
Noninterest Expense:			
Associate Insurance	1,653	1,448	1,357
Payroll Taxes	1,647	1,485	1,352
Maintenance and Repairs	3,106	2,773	2,306
Professional Fees	1,173	1,337	1,341
Printing & Supplies	1,720	1,811	1,646
Commission/Service Fees	1,307	1,336	1,078
Telephone	1,440	1,158	942*

*Less than 1% of the appropriate threshold.

Note 17
FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISKS

The Company is a party to financial instruments with off-balance-

sheet risks in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit.

The Company's maximum exposure to credit loss under standby letters of credit and commitments to extend credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in establishing commitments and issuing letters of credit as it does for on-balance-sheet instruments. As of December 31, 1999, the amounts associated with the Company's off-balance-sheet obligations were as follows:

(Dollars in Thousands)	Amount
Commitments to Extend Credit(1)	$307,073
Standby Letters of Credit	$ 2,573

(1) Commitments include unfunded loans, revolving lines of credit (including credit card lines) and other unused commitments.

Commitments to extend credit are agreements to lend to a customer so long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities. In general, management does not anticipate any material losses as a result of participating in these types of transactions. However, any potential losses arising from such transactions are reserved for in the same manner as management reserves for its other credit facilities.

For both on- and off-balance-sheet financial instruments, the Company requires collateral to support such instruments when it is deemed necessary. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained upon extension of credit is based on management's credit evaluation of the counterpart. Collateral held varies, but may include deposits held in financial institutions; U.S. Treasury securities; other marketable securities; real estate; accounts receivable; property, plant and equipment; and inventory.

Note 18
FAIR VALUE OF FINANCIAL INSTRUMENTS

Many of the Company's assets and liabilities are short-term financial instruments whose carrying values approximate fair value. These items include Cash and Due From Banks, Interest Bearing Deposits with Other Banks, Federal Funds Sold, Federal Funds Purchased and Securities Sold Under Repurchase Agreements, and Short-Term Borrowings. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. The resulting fair values may be significantly affected by the assumptions used, including the discount rates and estimates of future cash flows.

The methods and assumptions used to estimate the fair value of the Company's other financial instruments are as follows:

Investment Securities - Fair values for investment securities are based on quoted market prices. If a quoted market price is not available, fair value is estimated using market prices for similar securities.

Loans - The loan portfolio is segregated into categories and the fair value of each loan category is calculated using present value techniques based upon projected cash flows and estimated discount rates. The calculated present values are then reduced by an allocation of the allowance for loan losses against each respective loan category.

Deposits - The fair value of Noninterest Bearing Deposits, NOW Accounts, Money Market Accounts and Savings Accounts are the amounts payable on demand at the reporting date. The fair value of fixed maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining

maturities.

Long-Term Debt - The carrying value of the Company's long-term debt approximates fair value as the current rate approximates the market rate.

Commitments to Extend Credit and Standby Letters of Credit - The fair value of commitments to extend credit is estimated using the fees currently charged to enter into similar agreements, taking into account the present creditworthiness of the counterparts. Fair value of these fees is not material.

The Company's financial instruments which have estimated fair values differing from their respective carrying values are presented below:

(Dollars in Thousands)	At December 31, 1999		1998	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial Assets:				
Loans, Net of Allowance for Loan Losses	$ 918,557	$ 908,766	$ 834,390	$ 855,574
Financial Liabilities				
Deposits	$1,202,658	$1,200,875	$1,253,553	$1,233,623

Certain financial instruments and all nonfinancial instruments are excluded from the disclosure requirements. The disclosures also do not include certain intangible assets such as customer relationships, deposit base intangibles and goodwill. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

Note 19
PARENT COMPANY FINANCIAL INFORMATION

The operating results of the parent company for the three years ended December 31, are shown below:

Parent Company Statements of Income

(Dollars in Thousands)	1999	1998	1997
OPERATING INCOME			
Income Received from Subsidiary Banks:			
Dividends	$ 7,285	$ 7,190	$ 6,870
Overhead Fees	2,595	4,007	3,868
Total Operating Income	9,880	11,197	10,738
OPERATING EXPENSE			
Salaries and Associate Benefits	1,926	2,171	2,445
Interest on Debt	430	832	988
Professional Fees	232	527	617
Advertising	109	711	597
Restructuring Charge	-	-	338
Legal Fees	77	115	126
Other	257	696	526
Total Operating Expense	3,031	5,052	5,637
Income Before Income Taxes and Equity in Undistributed Earnings of Subsidiary Banks	6,849	6,145	5,101
Income Tax Benefit	(198)	(394)	(670)
Income Before Equity in Undistributed Earnings of Subsidiary Banks	7,047	6,539	5,771
Equity in Undistributed Earnings of Subsidiary Banks	8,205	8,755	8,630
Net Income	$15,252	$15,294	$14,401

The following are condensed statements of financial condition of the parent company at December 31:

Parent Company Statements of Financial Condition

(Dollars in Thousands)	1999	1998
ASSETS		
Cash and Due From Group Banks	$ 2,020	$ 4,749
Investment in Subsidiary Banks	134,105	132,727

Other Assets	520	512
Total Assets	$136,645	$137,988
LIABILITIES		
Long-Term Debt	$ 3,000	$ 8,000
Other Liabilities	1,429	1,126
Total Liabilities	4,429	9,126
SHAREOWNERS' EQUITY		
Preferred Stock; $.01 par value, 3,000,000 shares authorized; no shares issued and outstanding	-	-
Common Stock, $.01 par value; 90,000,000 shares authorized; 10,190,069 and 10,163,919 shares issued and outstanding	102	102
Additional Paid-in Capital	9,249	8,561
Retained Earnings	129,055	119,521
Accumulated Other Comprehensive Income, Net of Tax	(6,190)	678
Total Shareowners' Equity	132,216	128,862
Total Liabilities and Shareowners' Equity	$136,645	$137,988

The cash flows for the parent company for the three years ended December 31, were as follows:

Parent Company Statements of Cash Flows

	1999	1998	1997
Cash Flows From Operating Activities:			
Net Income	$15,252	$15,294	$14,401
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Equity in undistributed earnings of Subsidiary Banks	(8,205)	(8,755)	(8,630)
Non-Cash Compensation	260	868	563
Amortization of Goodwill	-	25	25
(Increase) Decrease in Other Assets	(40)	1,155	(295)
Net Increase (Decrease) in Other Liabilities	292	(357)	299
Net Cash Provided by Operating Activities	7,559	8,230	6,363
Cash From Financing Activities:			
Acquisition of Interest-Bearing Deposits	-	-	(141)
Repayment of Long-Term Debt	(5,000)	(5,000)	(2,000)
Payment of Dividends	(5,718)	(4,328)	(3,727)
Issuance of Common Stock, Net	428	1,148	1,040
Net Cash Used in Financing Activities	(10,290)	(8,180)	(4,828)
Net (Decrease) Increase in Cash	(2,729)	50	1,535
Cash at Beginning of Period	4,749	4,699	3,164
Cash at End of Period	$ 2,020	$ 4,749	$ 4,699

Note 20
CORPORATE REORGANIZATION

On October 18, 1997, the Company consolidated its three remaining bank affiliates, Levy County State Bank, Farmers & Merchants Bank of Trenton and Branford State Bank into Capital City Bank. The consolidation enabled the Company to present a consistent image to a broader market and to better serve its clients through the use of a common name with multiple, convenient locations. The Company's operating results for 1997 included pre-tax charges of $655,000, which were attributable to the corporate reorganization.

Note 21
COMPREHENSIVE INCOME

In June 1997, the Financial Accounting Standard Board issued SFAS No. 130, "Reporting Comprehensive Income", which requires that certain transactions and other economic events that bypass the income statement must be displayed as other comprehensive income. The Company's comprehensive income consists of net income and changes in unrealized gains (losses) on securities available-for-sale, net of income taxes.

Comprehensive income for 1998, 1997 and 1996 was calculated as

follows:

(Dollars in Thousands)	1999	1998	1997
Net Unrealized Gains (Losses)			
Recognized in Other Comprehensive Income:			
Before Tax	$(10,566)	$ 109	$ 802
Less Income Tax	(3,698)	38	281
Net of Tax	(6,868)	71	521
Amounts Reported in Net Income:			
(Loss) Gain On Sale of Securities	(12)	87	(15)
Net Amortization	1,417	758	695
Reclassification Adjustment	1,405	845	680
Less Income Tax Expense	492	296	238
Reclassification Adjustment, Net of Tax	913	549	442
Amounts Reported in Other Comprehensive Income:			
Unrealized (Loss) Gain Arising During the Period, Net of Tax	(5,955)	620	963
Net Unrealized (Losses) Recognized in Reclassification Adjustments, Net of Tax	(913)	(549)	(442)
Other Comprehensive Income	(6,868)	71	521
Net Income	15,252	15,294	14,401
Total Comprehensive Income	$ 8,384	$15,365	$14,922

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures.

Not applicable.

Part III

Item 10. Directors and Executive Officers of the Registrant

Incorporated herein by reference to the sections entitled "Election of Directors" and "Executive Officers, Compensation and Other Information" in the Registrant's Proxy Statement dated April 4, 2000, to be filed on or about April 4, 2000.

Item 11. Executive Compensation

Incorporated herein by reference to the section entitled "Executive Officers, Compensation and Other Information" and the subsection entitled "Director Compensation" under the section entitled "Meetings and Committees of the Board of Directors" in the Registrant's Proxy Statement dated April 4, 2000, to be filed on or about April 4, 2000.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Incorporated herein by reference to the section entitled "Shareownership of Management and Principal Shareowners" in the Registrant's Proxy Statement dated April 4, 2000, to be filed on or about April 4, 2000.

Item 13. Certain Relationships and Related Transactions

Incorporated herein by reference to the subsection entitled "Compensation Committee Interlocks and Insider Participation" under the section entitled "Meetings and Committees of the Board of Directors" and the subsection entitled "Transactions With Management and Related Parties" under the section entitled "Executive Officers, Compensation and Other Information" in the Registrant's Proxy Statement dated April 4, 2000, to be filed on or about April 4, 2000.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

14(a)(1) List of Financial Statements

Report of Independent Certified Public Accountants

Consolidated Statements of Income for each of the three years in the

period ended December 31, 1999

Consolidated Statements of Financial Condition for the years ended December 31, 1999 and 1998

Consolidated Statements of Changes in Shareowners' Equity for each of the three years in the period ended December 31, 1999

Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 1999

Notes to Consolidated Financial Statements

Other schedules and exhibits are omitted because the required information either is not applicable or is shown in the financial statements or the notes thereto.

14(a)(3) Exhibits

2(a) Agreement and Plan of Merger, dated as of December 10, 1995, by and among Capital City Bank Group, Inc.; a Florida corporation to be formed as a direct wholly-owned subsidiary of the Company; and First Financial Bancorp, Inc., is incorporated herein by reference to the Registrant's Form 10-K dated March 29, 1996 (File No. 0-13358).

2(b) Merger Agreement and Plan of Merger, dated October 18, 1997, by and among Capital City Bank, Levy County State Bank, Farmers & Merchant Bank of Trenton and Branford State Bank, is incorporated herein by reference to the Registrant's Form 10-K dated March 27, 1998 (File No. 0-13358).

2(c) Agreement and Plan of Merger, dated as of February 11, 1999, by and among Capital City Bank Group, Inc., Grady Holding Company and First National Bank of Grady County is incorporated herein by reference to the Registrant's Form 8-K as filed with the Commission on March 26, 1999 (File No. 0-13358).

3(a) Articles of Incorporation, as amended, of Capital City Bank Group, Inc., are incorporated herein by reference to Exhibit B of the Registrant's 1996 Proxy Statement dated April 12, 1996 (File No. 0-13358).

3(b) By-Laws, as amended, of Capital City Bank Group, Inc., are incorporated herein by reference to Exhibit 3(b) of the Company's Form 10-Q for the period ended September 30, 1997 (File No. 0-13358).

10(b) Promissory Note and Pledge and Security Agreement evidencing a line of credit by and between Registrant and SunTrust, dated November 18, 1995, is incorporated herein by reference to the Registrant's Form 10-K/A dated April 9, 1996 (File No. 0-13358).

10(c) Capital City Bank Group, Inc. 1996 Associate Incentive Plan, as amended, is incorporated herein by reference to Exhibit 10 of the Registrant's Form S-8 Registration Statement, as filed with the Commission on December 23, 1996 (File No. 333-18543).

10(d) Capital City Bank Group, Inc. Amended and Restated 1996 Director Stock Purchase Plan, filed herewith.

10(e) Capital City Bank Group, Inc. 1996 Dividend Reinvestment and Optional Stock Purchase Plan is incorporated herein by reference to the Registrant's Form S-3 filed on January 30, 1997 (File No. 333-20683).

21 A listing of Capital City Bank Group's subsidiaries is filed herewith.

23(a) Consent of Independent Certified Public Accountants

27 Financial Data Schedule

14(b) REPORTS ON FORM 8-K

Capital City Bank Group, Inc., filed no Form 8-K during the fourth quarter 1999.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on March 23, 2000, on its behalf by the undersigned, thereunto duly authorized.

CAPITAL CITY BANK GROUP, INC.

/s/ William G. Smith, Jr.
William G. Smith, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934,
this report has been signed on March 23, 2000 by the following persons
in the capacities indicated.

/s/ William G. Smith, Jr.
William G. Smith, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

/s/ J. Kimbrough Davis
J. Kimbrough Davis
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Directors:

DuBose Ausley

/s/ Thomas A. Barron
Thomas A. Barron

/s/ Cader B. Cox, III
Cader B. Cox, III

/s/ John K. Humphress
John K. Humphress

Lina S. Knox

/s/ John R. Lewis
John R. Lewis

/s/ William G. Smith, Jr.
William G. Smith, Jr.

/s/ John B. Wight, Jr.
John B. Wight, Jr.

Direct Subsidiaries:
Capital City Bank
First Financial Bancorp, Inc.
First National Bank of Grady County

Indirect Subsidiaries:
Capital City Trust Company
Capital City Services Company
Capital City Securities, Inc.
Capital City Mortgage Company
Community Financial Services, Inc.
First Insurance Agency of Grady County

As independent certified public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Company's previously filed Registration Statement File Nos. 333-20683, 333-18557, 33-60113, 333-36693, and 333-18543.

ARTHUR ANDERSEN LLP

Jacksonville, Florida
March 27, 2000

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Shareowners and Board of Directors of Capital City Bank Group, Inc.

We have audited the accompanying consolidated statements of financial condition of Capital City Bank Group, Inc. (a Florida Corporation) and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of income, changes in shareowners' equity and cash flows for each of the three years in the period ended December 31, 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with accounting principles generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital City Bank Group, Inc. and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Jacksonville, Florida
January 27, 2000

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CAPITAL CITY BANK GROUP, INC.
AMENDED AND RESTATED
DIRECTOR STOCK PURCHASE PLAN

1. Purpose. The purpose of the Amended and Restated 1996 Director Stock Purchase Plan (the "Plan") is to provide certain members of the Board of Directors (the "Eligible Directors") of Capital City Bank Group, Inc. (the "Company") and its Subsidiaries with the ability to apply all or a portion of their annual retainer and monthly fees received from serving as directors to the purchase of shares of Common Stock at a ten percent (10%) discount from fair market value. A further purpose of the Plan is to advance the interests of the Company and its stockholders by encouraging increased Common Stock ownership by the Eligible Directors, thereby promoting long-term shareholder value by strengthening their commitment to the welfare of the Company and promoting an identity of interest between stockholders and Eligible Directors.

2. Definitions. The following definitions shall be applicable throughout the Plan.

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Common Stock" shall mean the Common Stock of the Company, one penny ($0.01) par value per share.

(c) "Company" shall mean Capital City Bank Group, Inc., a Florida corporation.

(d) "Director Fees" shall mean annual retainers, monthly fees or committee meeting fees for serving as directors of the Company or its Subsidiaries.

(e) "Eligible Directors" shall mean members of the Board of Directors of the Company (including community and advisory directors) and its Subsidiaries who receive Director Fees.

(f) "Option A Eligibility Date" shall mean January 1 of each year, commencing January 1, 2000.

(g) "Option A Fair Market Value" shall mean the average of (i) the high and low prices of the shares of Common Stock on the principal national securities exchange on which the Common Stock is traded for the ten (10) trading days immediately preceding each Eligibility Date, if the Common Stock is then traded on a national securities exchange; or (ii) the last reported sale prices of the shares of Common Stock on the Nasdaq National Market for the ten (10) trading days immediately preceding the Eligibility Date, if the Common Stock is not then traded on a national securities exchange; or (iii) the closing bid prices last quoted by an established quotation service for over-the-counter securities for the ten (10) trading days immediately preceding the Eligibility Date, if the Common Stock is not reported on the Nasdaq National Market. In the event there is no trading in the shares of Common Stock, "Option A Fair Market Value" shall be deemed to be the fair value of the Common Stock as determined by the Board after taking into consideration all factors which it deems appropriate, including, without limitation, recent sale and offer prices of the Common Stock in private transactions negotiated at arm's length.

(h) "Option A Purchase Period" shall mean the fifteen day period beginning with the Option A Eligibility Date each year in which an Eligible Director may make an election indicating the dollar amount of his or her annual retainer and fees received from serving as a director in the preceding year which he or she would like to be applied to the purchase of shares of Common Stock; provided, however, that if the Option A Purchase Period shall end on a Saturday, Sunday or legal holiday, the Option A Purchase Period shall extend to 5:00 p.m. of the next business day.

(i) "Option B Eligibility Date" shall mean December 1 of each year, commencing December 1, 2000; provided, however, for year 2000 the Option B Eligibility Date shall be January 1, 2000.

(j) "Option B Fair Market Value" shall mean

(i) the closing price of the Common Stock on the principal national securities exchange on which the Common Stock is traded, if the common stock is then traded on a national securities exchange; or (ii) the closing price of the shares of Common Stock on the Nasdaq National Market, if the Common Stock is not then traded on a national securities exchange; or (iii) the closing bid price last quoted by an established quotation service for over-the-counter securities, if the Common Stock is not reported on the Nasdaq National Market. In the event that there is no trading in the shares of Common Stock, "Option B Fair Market Value" shall be deemed to be the fair value of the Common Stock as determined by the Board after taking into consideration all factors which it deems appropriate, including, without limitation, recent sale and offer prices of the Common Stock in private transactions negotiated at arm's length.

(k) "Option B Purchase Period" shall mean the thirty-one day period beginning with the Option B Eligibility Date each year in which an Eligible Director may make an election indicating the percentage of his or her annual retainer and fees to be received from serving as a director in the upcoming year which he or she would like to be applied to the purchase of shares of Common Stock; provided, however, that for year 2000 the Option B Purchase Period shall mean at any time on or before September 30, 2000; and provided further that, if the Option B Purchase Period shall end on a Saturday, Sunday or legal holiday, the Option B Purchase Period shall extend to 5:00 p.m. of the next business day.

(l) "Plan" shall mean the Amended and Restated 1996 Director Stock Purchase Plan of Capital City Bank Group, Inc.

(m) "Stock" shall mean the Common Stock or such other authorized shares of stock of the Company as the Board may from time to time authorize for use under the Plan.

(n) "Subsidiary" shall mean any corporation which is a "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Internal Revenue Code of 1986, as amended.

3. Effective Date and Duration. The Plan and any amendments hereto shall become effective on the date of approval by the Board (except that the amendments adopted by the Board on February 24, 2000 shall be effective as of January 1, 2000) (the "Effective Date"), and shall terminate upon adoption of a resolution of the Board terminating the Plan.

4. Administration. The Board shall administer the Plan. The Board shall have the authority, subject to the provisions of the Plan, to establish, adopt, or revise such rules and regulations and to make all such determinations relating to the Plan as it may deem necessary or advisable for the administration of the Plan. The Board's interpretation of the Plan and all decisions and determinations by the Board with respect to the Plan shall be final, binding, and conclusive on all parties unless otherwise determined by the Board.

5. Common Stock Subject to the Plan.

(a) The aggregate number of shares of Common Stock which shall be made available for sale under the Plan shall not exceed one hundred fifty thousand (150,000) (consisting of the 50,000 shares included upon commencement of the Plan in 1996, as adjusted for subsequent stock splits). However, the aggregate number of shares of Common Stock available under the Plan shall be subject to appropriate adjustment in the case of any extraordinary dividend or other distribution, recapitalization, forward or reverse stock split, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, or other similar corporate transaction or event affecting the Common Stock.

(b) Common Stock to be issued to an Eligible Director under the Plan will be registered in the record or beneficial name of the Eligible Director or in the record or beneficial name of the Eligible Director and his or her spouse.

6. Eligibility. Each person who is an Eligible Director on any Option A Eligibility Date or any Option B Eligibility Date shall be eligible to participate in the Plan.

7. Option A Purchase of Common Stock Pursuant to the Plan.

(a) Manner of Election. At any time during the Option A Purchase Period an Eligible Director may elect to have all or a portion of his or her Director Fees earned in the preceding calendar year applied to the purchase of shares of Common Stock. Election must be made by written notice to the Chief Financial Officer of the Company or such other person as designated from time to time by the Board and must be accompanied by a check payable to the order of the Company in the amount of such election.

(b) Purchase Price. The purchase price per share of Common Stock purchased under Option A pursuant to this Item 7 of the Plan shall be ninety percent (90%) of Option A Fair Market Value.

(c) When Stock Shall Be Issued to Eligible Directors. As soon as practicable after each Option A Purchase Period, shares of Common Stock purchased under the Plan shall be issued to the purchasing Eligible Director.

7. Option B Purchase of Common Stock Pursuant to the Plan.

(a) Manner of Election. At any time during the Option B Purchase Period an Eligible Director may elect to have all, one-half or none of his or her Director Fees to be earned in the upcoming calendar year applied to the purchase of shares of Common Stock. Election must be made by written notice to the Chief Financial Officer of the Company or such other person as designated from time to time by the Board.

(b) Purchase Price. The purchase price per share of Common Stock purchased under Option B pursuant to this Item 8 of the Plan shall be ninety percent (90%) of the Option B Fair Market Value as determined on the last stock trading day of the month in which each Board or committee meeting occurred.

(c) When Stock Shall Be Issued to Eligible Directors. Shares purchased under Option B pursuant to this Item 8 of the Plan shall be issued to the purchasing Eligible Director at such intervals as determined by the Board from time to time.

8. General.

(a) Additional Provisions. The purchase of any shares of Common Stock under the Plan may also be subject to such other provisions (whether or not applicable to purchases made by any other Director) as the Board determines appropriate including, without limitation, provisions to comply with Federal and state securities laws and Federal and state income tax withholding requirements.

(b) Government and Other Regulations. The obligations of the Company shall be subject to all applicable laws, rules and regulations, and to such approvals by governmental agencies as may be required.

(c) Tax Withholding. Notwithstanding any other provision of the Plan, a Director receiving Common Stock purchased under the Plan may be required to pay to the Company or a Subsidiary, as appropriate, prior to delivery of such Common Stock, the amount of any such taxes which the Company or Subsidiary is required to withhold, if any, with respect to such Common Stock. Subject in particular cases to the disapproval of the Board, the Company may accept shares of Common Stock of equivalent Option A Fair Market Value or Option B Fair Market Value in payment of such withholding tax

obligations if the Director elects to make payment in such manner at the time of election.

(b) Employment Director Rights. Neither this Plan nor any action taken hereunder shall be construed as giving any Eligible Director any right to be retained in the employ or as a director of the Company or a Subsidiary.

(c) No Liability of Board Members. No member of the Board shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Board nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each member of the Board and each other employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or bad faith; provided, however, that approval of the Board shall be required for the payment of any amount in settlement of a claim against any such person. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or By-Laws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

(d) Governing Law. The Plan will be administered in accordance with Federal laws, or in the absence thereof, the laws of the State of Florida.

(e) Nontransferability. A person's rights and interest under the Plan may not be sold, assigned, donated or transferred or otherwise disposed of, mortgaged, pledged or encumbered.

(f) Reliance on Reports. Each member of the Board shall be fully justified in relying, acting or failing to act, and shall not be liable for having so relied, acted or failed to act in good faith, upon any report of the type contemplated by Florida Statute 607.0830(2) as currently in effect and upon any other information furnished in connection with the Plan by any person or persons other than himself.

(g) Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

(h) Pronouns. Masculine pronouns and other words of masculine gender shall refer to both men and women.

(i) Titles and Headings. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings shall control.

9. Nonexclusivity of the Plan. The adoption of this Plan by the Board shall not be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, and such arrangements may be either applicable generally or only in specific cases.

10. Amendments and Termination. The Board may at any time terminate the Plan. The Board may, at any time, or from time to time, amend or suspend and, if suspended, reinstate, the Plan in whole or in part.

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As adopted by the Board of Directors of Capital City Bank Group, Inc. as of
February 23, 1996 and as amended
as of December 20, 1996 and as of
February 24, 2000 (which latter amendment
is effective retroactive to January 1, 2000).