SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the Quarter:
June 30, 1999

Commission File Number 0-13358

CAPITAL CITY BANK GROUP, INC.
(Exact name of registrant as specified in its charter)

Florida	59-2273542
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

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

Yes X No _____

At July 31, 1998, 10,179,137 shares of the Registrant's Common Stock, $.01 par value, were outstanding.

CAPITAL CITY BANK GROUP, INC.

FORM 10-Q INDEX

PART I. FINANCIAL INFORMATION
ITEM I. FINANCIAL STATEMENTS

<TABLE>

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

<CAPTION>

	THREE MONTHS ENDED JUNE 30 1999	THREE MONTHS ENDED JUNE 30 1998	SIX MONTHS ENDED JUNE 30 1999	SIX MONTHS ENDED JUNE 30 1998
<S>	<C>	<C>	<C>	<C>
INTEREST INCOME				
Interest and Fees on Loans	$19,388	$19,367	$38,141	$38,000
Investment Securities:				
U. S. Treasury	336	485	756	896
U. S. Government Agencies/Corp.	2,349	888	4,685	1,866
States and Political Subdivisions	1,088	737	2,154	1,491
Other Securities	587	120	1,256	208
Funds Sold & Interest Bearing Deposits	1,068	805	2,092	1,672
Total Interest Income	24,816	22,402	49,084	44,133
INTEREST EXPENSE				
Deposits	$ 9,776	$ 7,995	$19,448	$15,688
Short-Term Borrowings	399	514	731	1,051
Long-Term Borrowings	301	313	611	612
Total Interest Expense	10,476	8,822	20,790	17,351
Net Interest Income	14,340	13,580	28,294	26,782
Provision for Loan Losses	580	618	1,320	1,164
Net Interest Income After Provision for Loan Losses	13,760	12,962	26,974	25,618
NONINTEREST INCOME				
Service Charges on Deposit Accounts	2,455	2,159	4,901	4,233
Data Processing	747	988	1,495	1,841
Trust Fees	439	454	962	781
Securities Transactions	-	16	-	24
Other	2,544	2,230	4,930	4,174
Total Noninterest Income	6,185	5,847	12,288	11,053
NONINTEREST EXPENSE				
Salaries and Employee Benefits	7,605	6,809	15,083	13,666
Occupancy, Net	1,111	841	2,148	1,666
Furniture and Equipment	1,394	1,288	2,791	2,510
Merger Expense	1,277	-	1,277	-
Other	4,481	3,809	8,561	7,247
Total Noninterest Expense	15,868	12,747	29,860	25,089
Income Before Income Tax	4,077	6,062	9,402	11,582
Income Tax Expense	1,182	2,065	2,842	3,966
NET INCOME	$ 2,895	$ 3,997	$ 6,560	$ 7,616
Basic Net Income Per Share	$ .28	$ .39	$ .64	$ .75
Diluted Net Income Per Share	$ .28	$ .39	$ .64	$ .75
Cash Dividends Per Share	$ .12	$ .11	$ .24	$ .22
Average Shares Outstanding - Basic	10,171,693	10,139,975	10,170,626	10,130,881
Average Shares Outstanding - Diluted	10,187,224	10,139,975	10,186,157	10,130,881

(1) Prior period financial information has been restated to reflect the pooling-of-interests of Grady Holding Company and it subsidiaries.
</TABLE>

<TABLE>

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF CONDITION
AS OF JUNE 30, 1999 AND DECEMBER 31, 1998
(Dollars In Thousands, Except Share Data)(1)

<CAPTION>

	June 30, 1999 (Unaudited)	December 31, 1998 (Unaudited)
<S>	<C>	<C>
ASSETS		
Cash and Due From Banks	$ 67,879	$ 68,399
Funds Sold and Interest Bearing Deposits	83,218	72,625
Investment Securities, Available-for-Sale	327,552	371,597
Loans, Net of Unearned Interest	885,820	844,216
Allowance for Loan Losses	(10,060)	(9,827)
Loans, Net	875,760	834,389

Premises and Equipment, Net	37,822	37,171
Intangibles	26,211	28,772
Other Assets	32,102	30,722
Total Assets	$1,450,544	$1,443,675
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	$ 261,877	$ 287,904
Interest Bearing Deposits	988,985	965,649
Total Deposits	1,250,862	1,253,553
Short-Term Borrowings	39,649	25,199
Long-Term Debt	17,640	18,746
Other Liabilities	14,327	17,315
Total Liabilities	1,322,478	1,314,813
SHAREOWNERS' EQUITY		
Preferred Stock, $.01 par value, 3,000,000 shares authorized, no shares outstanding	-	-
Common Stock, $.01 par value; 90,000,000 shares authorized; 10,171,612 shares outstanding at June 30,1999 and 10,163,922 outstanding at December 31, 1998	102	102
Additional Paid-In-Capital	8,818	8,561
Retained Earnings	122,934	119,521
Accumulated Other Comprehensive (Loss) Gain, Net of Tax	(3,788)	678
Total Shareowners' Equity	128,066	128,862
Total Liabilities and Shareowners' Equity	$1,450,544	$1,443,675

(1) Prior period financial information has been restated to reflect the pooling-of-interests of Grady Holding Company and it subsidiaries.
</TABLE>

<TABLE>

CAPITAL CITY BANK GROUP, INC.
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIODS ENDED JUNE 30
(Dollars in Thousands)(1)

<CAPTION>

<S>	1999 (Unaudited) <C>	1998 (Unaudited) <C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 6,560	$ 7,616
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Provision for Loan Losses	1,320	1,164
Depreciation	1,804	1,703
Net Securities Amortization	646	402
Amortization of Intangible Assets	1,389	513
Gains in Sales on Investment Securities	-	(24)
Non-Cash Compensation	74	1,677
Net (Increase) Decrease in Interest Receivable	(98)	(74)
Net (Increase) Decrease in Other Assets	2,251	(5,192)
Net Increase (Decrease) in Other Liabilities	(2,988)	192
Net Cash Provided by Operating Activities	10,958	7,977
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Payments/Maturities of Investment Securities	77,272	41,797
Purchase of Investment Securities, Available-for-Sale	(40,701)	(35,832)
Net Increase in Loans	(42,690)	(11,541)
Net Cash Received from Acquisition	-	7,022
Purchase of Premises & Equipment	(2,604)	(1,011)
Sales of Premises & Equipment	149	278
Net Cash Provided by (Used in) Investing Activities	(8,574)	713
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Decrease in Deposits	(2,691)	(2,425)
Net Increase in Short-Term Borrowings	14,450	2,345
Borrowing from Long-Term Debt	2,262	1,000
Repayment of Long-Term Debt	(3,368)	(1,168)
Dividends Paid	(3,147)	(2,282)
Issuance of Common Stock	183	143
Net Cash Used in Financing Activities	7,689	(2,387)
Net Increase (Decrease) in Cash and Cash Equivalents	10,073	6,303

Cash and Cash Equivalents at Beginning of Period	141,024	125,670
Cash and Cash Equivalents at End of Period	$151,097	$131,973
Supplemental Disclosure:		
Interest Paid	$ 19,102	$ 15,708
Interest Paid on Debt	$ 611	$ 612
Transfer of Loans to ORE	$ 865	$ 483
Income Tax Paid	$ 3,486	$ 3,843

(1) Prior period financial information has been restated to reflect the pooling-of-interests of Grady Holding Company and it subsidiaries.
</TABLE>

CAPITAL CITY BANK GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) MANAGEMENT'S OPINION AND ACCOUNTING POLICIES

The consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of S-X and S-K of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Prior year financial statements have been reformatted and/or amounts reclassified, as necessary, to conform with the current year presentation, including the restatement of share and per share data to reflect the pooling-of-interests of Grady Holding Company and it subsidiaries.

In the opinion of management, the consolidated financial statements contain all adjustments, which are those of a recurring nature, and disclosures necessary to present fairly the financial position of the Company as of June 30, 1999 and December 31, 1998, and the results of operations for the three and six month periods ended June 30, 1999 and 1998, and cash flows for the six month periods ended June 30, 1999 and 1998.

The Company and its subsidiaries follow generally accepted accounting principles and reporting practices applicable to the banking industry. The principles which materially affect its financial position, results of operations and cash flows are set forth in Notes to Consolidated Financial Statements which are included in the Company's 1997 Annual Report and Form 10-K.

(2) INVESTMENT SECURITIES

The carrying value and related market value of investment securities at June 30, 1999 and December 31, 1998 were as follows (dollars in thousands):

	June 30, 1999			
Available-For-Sale	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U. S. Treasury	$ 22,574	$ 44	$ -	$ 22,618
U. S. Government Agencies and Corporations	76,577	7	1,718	74,866
States and Political Subdivisions	102,136	307	1,287	101,156
Mortgage-Backed Securities	91,330	239	2,373	89,196
Other Securities	40,702	-	986	39,716
Total	$333,319	$597	$6,364	$327,552

	December 31, 1998			
Available-For-Sale	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U. S. Treasury	$ 30,604	$ 217	$ -	$ 30,821
U. S. Government Agencies and Corporations	74,518	176	312	74,382
States and Political Subdivisions	94,917	1,159	24	96,052
Mortgage-Backed Securities	92,762	195	431	92,526
Other Securities	77,722	207	113	77,816
Total	$370,523	$1,954	$880	$371,597

(3) LOANS

The composition of the Company's loan portfolio at June 30, 1999 and December 31, 1998 was as follows (dollars in thousands):

	June 30, 1999	December 31, 1998
Commercial, Financial and Agricultural	$ 99,714	$ 91,246

Real Estate-Construction	57,124	51,790
Real Estate-Mortgage	565,885	542,043
Consumer	163,097	159,137
Loans, Net of Unearned Interest	$885,820	$844,216

(4) ALLOWANCE FOR LOAN LOSSES

An analysis of the changes in the allowance for loan losses for the six month period ended June 30, 1999 and 1998, is as follows (dollars in thousands):

	June 30, 1999	June 30, 1998
Balance, Beginning of the Period	$ 9,827	$ 9,662
Provision for Loan Losses	1,320	1,164
Recoveries on Loans Previously Charged-Off	418	469
Loans Charged-Off	1,505	1,155
Balance, End of Period	$10,060	$10,140

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

	June 30, 1999		June 30, 1998	
Impaired Loans:	Balance	Valuation Allowance	Balance	Valuation Allowance
<S>	<C>	<C>	<C>	<C>
With Related Credit Allowance	$2,072	$194	$2,972	$305
Without Related Credit Allowance	518	-	1,297	-
Average Recorded Investment for the Period	3,592	-	4,680	*
Interest Income:				
Recognized	$ 57		$ 48	
Collected	$ 46		$ 12	

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

(5) DEPOSITS

The composition of the Company's interest bearing deposits at June 30, 1999 and December 31, 1998 was as follows (dollars in thousands):

	June 30, 1999	December 31, 1998
NOW Accounts	$164,460	$154,069
Money Market Accounts	155,335	124,691
Savings Deposits	114,252	118,570
Other Time Deposits	554,938	568,319
Total Interest Bearing Deposits	$988,985	$965,649

(6) ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued SFAS No. 133 "Accounting for Derivative Instruments of Hedging Activities". The statement establishes accounting and reporting standards for derivative instruments (including certain derivative instruments imbedded in other contracts). The statement, as amended, 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.

(7) COMPREHENSIVE INCOME

Total comprehensive income is defined as net income and all other changes in equity which, for Capital City Bank Group, consists solely of changes in unrealized gains (losses) on available-for-sale securities. The Company reported total comprehensive income, net of tax, for the three month periods ended June 30, 1999 and 1998, was as follows (dollars in thousands):
<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30 1999	THREE MONTHS ENDED JUNE 30 1998	SIX MONTHS ENDED JUNE 30 1999	SIX MONTHS ENDED JUNE 30 1998
<S>	<C>	<C>	<C>	<C>
Net Income	$2,895	$3,997	$6,560	$7,616

Other Comprehensive Income, Net of Tax				
Unrealized Gains (Losses) on Securities:				
Unrealized Gains (Losses) on Securities During the Period	(3,493)	(119)	(4,466)	(90)
Less: Reclassification Adjustments for Gains (Losses) Included in Net Income	-	16	-	24
Total Unrealized Gains (Losses) On Securities	(3,493)	(135)	(4,466)	(114)
Other Comprehensive Income, Net of Tax	$ (598)	$3,862	$2,094	$7,502

</TABLE>
These changes reflect a market value decrease in available-for-sale securities for three and six months ended June 30, 1999 and 1998, respectively.

(8) ACQUISITION OF GRADY HOLDING COMPANY

The Company completed its acquisition of Grady Holding Company and its majority-owned subsidiary First National Bank of Grady County on May 7, 1999. First National Bank is a $112 million asset institution with offices in Cairo and Whigham, Georgia. The transaction was accounted for as a pooling-of-interests. First National Bank shareowners received 21.5 shares and Grady Holding Company shareowners received 115.885 shares of CCBG common stock in exchange for each of their respective shares. A total of 1,309,560 shares of CCBG were issued in the transaction.

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

	1999		1998				1997	
	Second	First	Fourth	Third	Second	First	Fourth	Third
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Summary of Operations:								
Interest Income	$ 24,816	$ 24,267	$ 22,904	$ 21,974	$ 22,402	$ 21,730	$ 21,431	$ 21,733
Interest Expense	10,476	10,313	9,224	8,673	8,822	8,529	8,261	8,320
Net Interest Income	14,340	13,954	13,680	13,301	13,580	13,201	13,170	13,413
Provision for Loan Loss	580	740	657	618	618	546	597	709
Net interest Income After Provision for Loan Loss	13,760	13,214	13,023	12,683	12,962	12,655	12,573	12,704
Noninterest Income	6,185	6,103	6,260	5,271	5,847	5,206	5,066	4,581
Merger Expense	1,277	-	115	-	-	-	-	-
Noninterest Expense	14,591	13,992	13,150	12,090	12,747	12,342	12,757	11,790
Income Before Provision for Income Taxes	4,077	5,325	6,018	5,864	6,062	5,519	4,882	5,495
Provision for Income Taxes	1,182	1,660	2,146	2,057	2,065	1,901	1,563	1,861
Net Income	$ 2,895	$ 3,665	$ 3,872	$ 3,807	$ 3,997	$ 3,618	$ 3,319	$ 3,634
Net Interest Income (FTE)	$ 14,822	$ 14,420	$ 14,046	$ 13,640	$ 13,922	$ 13,557	$ 13,523	$ 13,819
Per Common Share:								
Net Income Basic	$ .28	$ .36	$ .38	$ .37	$ .39	$ .36	$ .33	$ .37
Net Income Diluted	.28	.36	.38	.37	.39	.36	.32	.37
Dividends Declared	.12	.12	.12	.11	.11	.11	.11	.10
Book Value	12.59	12.82	12.69	12.43	12.10	11.80	11.45	11.23
Market Price:								
High	25.00	27.63	31.00	33.13	32.67	32.67	27.33	23.50
Low	20.25	22.00	24.13	19.00	29.75	29.25	23.00	20.83
Close	25.00	23.31	27.63	29.13	31.38	31.67	27.00	23.17

Selected Average Balances:								
Total Assets	$1,452,215	$1,430,533	$1,257,934	$1,148,404	$1,156,186	$1,147,054	$1,108,788	$1,106,713
Earning Assets	1,304,093	1,282,679	1,131,933	1,038,981	1,043,578	1,035,971	998,037	1,003,039
Loans, Net of Unearned	878,976	850,161	834,315	819,755	823,432	809,949	777,895	784,116
Total Deposits	1,247,452	1,232,816	1,059,192	954,652	962,719	952,511	916,952	924,297
Total Shareowners' Equity	131,234	130,929	128,250	123,728	121,686	119,455	113,752	112,591
Common Equivalent Shares:								
Basic	10,172	10,170	10,158	10,158	10,140	10,123	10,067	10,055
Diluted	10,187	10,185	10,179	10,158	10,140	10,123	10,167	10,055
Ratios:								
ROA	.80%	1.04%	1.22%	1.32%	1.39%	1.28%	1.19%	1.30%
ROE	8.85%	11.35%	11.98%	12.20%	13.18%	12.28%	11.58%	13.01%
Net Interest Margin (FTE)	4.56%	4.56%	4.92%	5.21%	5.35%	5.31%	5.38%	5.47%

(1) All financial information has been adjusted to reflect the pooling-of-interests of Grady Holding Company and it subsidiaries.
</TABLE>

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

The following analysis discusses important factors affecting the financial condition and results of operations of Capital City Bank Group, Inc., for the three and six month periods ended June 30, 1999 and 1998. This report incorporates forward-looking statements based on current plans and expectations of CCBG, relating to, among other matters, analyses, and estimates of amounts that are not yet determinable. These forward-looking statements involve risks and unknown factors beyond our control which may cause actual future activities and results of operations to be materially different from those suggested in this document. Among others, the risks and unknown factors described herein.

The following discussion sets forth the major factors that have affected the Company's financial condition and results of operations and should be read in conjunction with the accompanying financial statements. All prior period financial information has been restated to reflect the pooling-of-interests of Grady Holding Company and its subsidiaries. The year-to-date averages used in this report are based on daily balances for each respective period.

The Financial Review is divided into three subsections entitled Earnings Analysis, Financial Condition, and Liquidity and Capital Resources. Information therein should facilitate a better understanding of the major factors and trends which affect the Company's earnings performance and financial condition, and how the Company's performance during 1999 compares with prior years. Throughout this section, Capital City Bank Group, Inc., and its subsidiaries, collectively, are referred to as "CCBG" or the "Company."

On May 7, 1999, the Company completed its acquisition of Grady Holding Company and its majority-owned subsidiary First National Bank of Grady County. First National Bank is a $112 million asset institution with offices in Cairo and Whigham, Georgia. The transaction was accounted for as a pooling-of-interests. First National Bank shareowners received 21.5 shares and Grady Holding Company shareowners received 115.885 shares of CCBG common stock in exchange for each of their respective shares. A total of 1,309,560 shares of CCBG were issued in the transaction.

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

On January 31, 1998, the Company completed its purchase and assumption transaction with First Federal Savings & Loan Association of Lakeland, Florida ("First Federal-Florida") and acquired five of First Federal-Florida's branch facilities which included loans and deposits. The Company paid a deposit premium of $3.6 million, or 6.33%, and assumed $55 million in deposits and purchased loans equal to $44 million. Four of the five offices were merged into existing offices of Capital City Bank. The deposit premium is being amortized over fifteen years.

RESULTS OF OPERATIONS

Net Income

Net income was $2.9 million, or $.28 per basic and diluted share for the second quarter of 1999, a per share decrease of 28.2% over the $4.0 million, or $.39 per basic and diluted share for the comparable period in 1998. Net income was $6.6 million, or $.64 per basic and diluted share for the six months ended June 30, 1999, a per share decrease of 14.7% over the $7.6 million, or $.74 per basic and diluted share for comparable period in 1997. A one-time charge for merger expenses related to the acquisition of Grady Holding Company reduced earnings $787,000 (after tax), or $0.08 per share, for the three and six months ended 1999. Additionally, earnings for the three and six month periods ended June 30, 1998 include a one-time increase in interest income of $400,000 ($246,000, after taxes), related to a recovery of a previously charged-off loan. Operating revenue, which includes net interest income and noninterest income, increased $1.2 million, or 6.3%, over the first half of 1998. Offsetting this increase was higher noninterest expenses primarily attributable to the addition of eight offices acquired from First Union.

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
Interest and Dividend Income	$24,816	$22,402	$49,084	$44,133
Taxable Equivalent Adjustment(1)	482	342	949	697
Interest Income (FTE)	25,298	22,744	50,033	44,830
Interest Expense	10,476	8,822	20,790	17,351
Net Interest Income (FTE)	14,822	13,922	29,243	27,479
Provision for Loan Losses	580	618	1,320	1,164
Taxable Equivalent Adjustment	482	342	949	697
Net Int. Inc. After Provision	13,760	12,962	26,974	25,618
Noninterest Income	6,185	5,847	12,288	11,053
Noninterest Expense	15,868	12,747	29,860	25,089
Income Before Income Taxes	4,077	6,062	9,402	11,582
Income Taxes	1,182	2,065	2,842	3,966
Net Income	$ 2,895	$ 3,997	$ 6,560	$ 7,616
Percent Change	(27.58)%	5.21%	(13.87)%	2.50%
Return on Average Assets(2)	.80%	1.39%	.92%	1.33%
Return on Average Equity(2)	8.85%	13.18%	10.09%	12.81%

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

Net Interest Income

Second quarter taxable equivalent net interest income increased $900,000, or 6.5%, over the comparable quarter in 1998. Taxable equivalent net interest income for the first half of 1998 increased $1.8 million or 6.4%, over the first half of 1998. The increase in both periods is attributable to a higher level of earning assets, primarily investment securities. The favorable impact of asset growth was partially offset by declining yields. Table I on page 19 provides a comparative analysis of the Company's average balances and interest rates.

For the three and six month periods ended June 30, 1998, taxable-equivalent interest income increased $2.6 million, or 11.2%, and $5.2 million, or 11.6%, respectively, over the comparable prior year periods. Loans which represent the Company's highest yielding asset, increased (on average) $55.5 million, or 6.8% and represented 67.4% of total earning assets for the six months ended June 30, 1999 versus 78.9% for the comparable period in 1998. The Company's investment income increased significantly due the purchase of $200 million of investment securities during the fourth quarter of 1998 as a result of the assumption of deposits from First Union. This shift in the mix of earning assets, resulting in a higher level of liquidity, contributed to a 96 basis point decrease in the yield on earning assets which declined from 8.74% during the first six months of 1998 to 7.78% for the comparable period in 1999.

Interest expense for the three and six month periods ended June 30, 1999, increased $1.7 million, or 18.8%, and $3.4 million, or 19.8%, respectively, over the comparable prior year periods. The increase in both periods is primarily due to the assumption of $219 million of deposits from First Union during the fourth quarter of 1998. The 23 basis point decline in the average rate is the result of a lower rate environment. Partially offsetting the lower rate environment was the Company's continued success of a higher yielding money market product. Certificates of deposit, which generally represent a higher cost deposit product to the Company, decreased from 47.8% of average deposits in the first half of 1998 to 45.4% in 1999.

The Company's interest rate spread (defined as the average federal taxable equivalent yield on earning assets less the average rate paid on interest bearing liabilities) declined from 4.39% in the first half of 1998 to 3.73% in the comparable period of 1999 due to the lower yield on earning assets. The Company's net interest margin percentage (defined as taxable-equivalent net interest income divided by average earning assets) was 5.33% in the first half of 1998, versus 4.56% in the first half of 1999. The decrease in margin represents the lower yield on earning assets resulting from the high level of liquidity.

Provision for Loan Losses

The provision for loan losses was $580,000 and $1.3 million, respectively, for the three and six month periods ended June 30, 1999, compared to $618,000 and $1.2 million for the comparable periods in 1998. Net charge-offs were up from the first half of 1998, but remain at low levels relative to the size of the loan portfolio. The increase was attributable to one specific credit relationship. Nonperforming loans decreased $440,000, or 8.8%, during the first six months of 1999. The Company's nonperforming asset ratio declined from .79% at year-end to .69% at June 30, 1999. As compared to year-end, the reserve for loan losses increased slightly to $10.1 million, and represented 1.14% of total loans versus 1.16%.

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

Based on current economic conditions, the low level of nonperforming loans and net charge-offs, it is management's opinion that the reserve for loan losses as of June 30, 1999, is sufficient to provide for losses inherent in the portfolio as of that date. While the company anticipates providing loan loss provisions in the second half of 1999 due to continued growth in the size of the loan portfolio, these amounts could be lower than that posted in the first half of 1999 due to continuing improvements in credit quality.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
Net Charge-Offs	$728,000	$399,000	$1,087,000	$686,000
Net Charge-Offs (Annualized) as a percent of Average Loans Outstanding, Net of Unearned Interest	.33%	.19%	.25%	.17%

Noninterest Income

Noninterest income increased $337,000, or 5.8%, in the second quarter of 1999 versus the comparable quarter for 1998, and $1.2 million, or 11.2%, for the six months ended June 30, 1999 versus the comparable period for 1998. All major categories except data processing revenues posted gains in both periods.

Service charges on deposit accounts increased $296,000, or 13.7%, and $667,000, or 15.8%, respectively, over the comparable three and six month periods for 1998. Service charge revenues in any one year are dependent on the number of accounts, primarily transaction accounts, and the level of activity subject to service charges. The increase in the first half on 1999 compared to 1998, reflects a service fee increase implemented in the fourth quarter of 1998 and an increase in the number of accounts.

Data processing revenues decreased $242,000, or 24.4%, and $346,000, or 18.8%, respectively, over the comparable three and six month periods in 1998. The decrease reflects lower processing revenues associated with government agencies.

Revenue from trust activities declined $15,000, or 3.3%, compared to the second quarter of 1998, and increased $181,000, or 23.2%, over the comparable six month period in 1998. The decline in revenues during the second quarter were attributable to timing differences which will favorably impact the third quarter. At June 30, 1999, assets under management totaled $292.3 million compared to 246.3 million at June 30, 1998.

Other income increased $313,000, or 14.0%, and $756,000, or 18.1%, respectively, for the three and six month periods ended June 30, 1999 over the comparable prior year periods. Gains on the sale of residential real estate loans increased $278,000, which continues to reflect the increased volume of loans attributable to the low rate environment and a higher level of fixed rate lending. Additionally, the Company recorded a $126,000 gain on the disposal of assets during the second quarter. ATM fees, interchange commissions, safe deposit rentals and check printing income account for the remaining favorable variance.

Noninterest income as a percent of average assets was 1.72% and 1.94%, respectively, for the first half of 1999 and 1998. The decrease reflects the asset growth associated with the acquisition of the First Union offices.

Noninterest Expense

Noninterest expense increased $3.1 million, or 24.5%, and $4.8 million, or 19.0%, respectively, over the comparable three and six month periods in 1998. The increase reflects higher costs in all major expense categories plus merger expense associated with the Grady Holding Company acquisition.

Compensation expense increased $796,000, or 11.7%, and $1.4 million, or 10.4%, respectively, over the comparable three and six month periods of 1998, reflecting annual raises and an increase in full-time equivalent employees of 41. During the fourth quarter of 1998, the Company increased staff due to the addition of eight offices as a result of the assumption of deposits from First Union.

Occupancy expense, including premises, furniture, fixtures and equipment increased $376,000, or 17.7%, and $763,000, or 18.3%, respectively, over the comparable three and six month periods in 1998. The addition of the eight offices acquired from First Union resulted in higher costs in all occupancy categories. The most significant increases have occurred in premises rental, utilities and maintenance costs.

Other noninterest expense increased $1.9 million, or 51.2%, and $2.6 million, or 35.8%, respectively, over the comparable three and six month periods in 1998. Merger expense of $1.3 million, attributable to the acquisition of Grady Holding Company and its subsidiaries, was recognized in the second quarter. The remaining increase was attributable to telephone expense of $221,000, resulting from the addition of new offices and implementing a wide-area network, intangible amortization of $876,000, postage of $102,000 and commission/service fees of $92,000.

Annualized net noninterest expense (noninterest income minus noninterest expense, net of intangibles and merger expense) as a percent of average assets was 2.09% in the first half of 1999 versus 2.36% for the first half of 1998. The Company's efficiency ratio (noninterest expense, net of intangibles and merger expense, expressed as a percent of the sum of taxable-equivalent net interest income plus noninterest income) was 65.48% in the first half of 1999 compared to 63.78% for the comparable period in 1998. The increase in the efficiency ratio reflects rising costs as noted above.

Income Taxes

The provision for income taxes decreased $883,000, or 42.8%, during the second quarter and $1.1 million, or 28.4%, during the first six months of 1999, relative to the comparable prior year periods. The Company's effective tax rate for the first half of 1999 was 30.2% versus 34.2% for the comparable period in 1998. The decrease in the effective tax rate is attributable to an increase in tax-exempt income as a percent of pre-tax income which was 22.9% in the first half of 1999 as compared to 12.9% in the first half of 1998.

FINANCIAL CONDITION

Average balances for the first half of 1999 reflect the assumption of deposits from First Union completed during the fourth quarter of 1998. Table I on Page 19 presents average balances for the three and six month periods ended June 30, 1999 and 1998.

The Company's average assets increased to $1.4 billion at the end of the second quarter of 1999 from $1.2 billion in the first half of 1998. Average earning assets were $1.3 billion for the six months ended June 30, 1999 versus $1.0 billion for the comparable period in 1998. The change in the mix of earning assets reflects the purchase of $200 million in investment securities to offset the deposits assumed from First Union.

Average loans increased $55.5 million, or 6.8%, over the comparable period in 1998. Price and product competition remain strong and there continues to be an increased demand for fixed-rate, longer term financing. Loan growth has occurred in all of the portfolios, with the most significant increase in real estate. Loans as a percent of average earning assets decreased to 67.4% for the second quarter of 1999, compared to 78.9% for the second quarter of 1998.

At June 30, 1999, the Company's nonperforming loans were $4.6 million versus $5.2 million at year-end 1998. As a percent of nonperforming loans, the allowance for loan losses represented 220% at June 30, 1999 versus 187% at December 31 and June 30, 1998, respectively. Nonperforming loans include nonaccruing and restructured loans. Other real estate, which includes property acquired either through foreclosure, or by receiving a deed in lieu of foreclosure, was $1.6 million at June 30, 1999, compared to

$1.5 million at December 31, 1998, and $1.8 million at June 30, 1998. The ratio of nonperforming assets as a percent of loans plus other real estate was .69% at June 30, 1999, compared to .79% at December 31, 1998, and .87% at June 30, 1998.

The investment portfolio is a significant component of the Company's operations and, as such, it functions as a key element of liquidity and asset/liability management. As of June 30, 1999, the average investment portfolio increased $172.4 million, or 106.3%, from the comparable period in 1998. The increase in the investment portfolio was used to invest the deposits acquired from First Union. Securities in the available-for-sale portfolio are recorded at fair value and unrealized gains and losses associated with these securities are recorded, net of tax, as a separate component of shareowners' equity. At June 30, 1999, shareowners' equity included an accumulated other comprehensive loss of $3.8 million compared to a net gain of $678,000 at December 31, 1998, reflecting the rise in interest rates.

Average deposits increased 29.5% from the $958 million for the first half of 1998, to $1.24 billion for the first half of 1998. The growth in deposits is attributable to the assumption of deposits acquired from First Union and the success of the CashPower money market account. The Company continues to see a noticeable increase in competition for deposit accounts, in terms of both rate and product.

The ratio of average noninterest bearing deposits to total deposits was 21.3% for the first half of 1999 compared to 21.2% for the first half of 1998. For the same periods, the ratio of average interest bearing liabilities to average earning assets was 79.7% and 78.3%, respectively. The change in both ratios is primarily attributable to the assumption of First Union deposits and the CashPower money market account.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, for a financial institution, is the availability of funds to meet increased loan demand and/or excessive deposit withdrawals. Management has implemented a financial structure that provides ready access to sufficient liquid funds to meet normal transaction requirements, take advantage of investment opportunities and cover unforeseen liquidity demands. In addition to core deposits, sources of funds available to meet liquidity demands for the subsidiary banks include federal funds sold, near-term loan maturities, securities held in the available-for-sale portfolio, and the ability to purchase federal funds through established lines of credit with correspondent banks. Additionally, the parent company maintains a $25 million revolving line of credit. As of June 30, 1999 there was $6.0 million outstanding under this facility. During the first half of 1999, principal reductions on the line of credit totaled $2.0 million.

The Company's equity capital was $128.1 million as of June 30, 1999, compared to $128.9 million as of December 31, 1998. Management continues to monitor its capital position in relation to its level of assets with the objective of maintaining a "well capitalized" position. The leverage ratio was 7.05% at June 30, 1999 versus 7.23% at December 31, 1998. Further, the Company's risk-adjusted capital ratio of 11.85% significantly exceeds the 8.0% minimum requirement under the risk-based regulatory guidelines.

During the first six months of 1999, shareowners' equity decreased $800,000, or 1.2%, on an annualized basis. The decline was primarily attributable to a $4.5 million reduction in accumulated other comprehensive income. This was a result of an unrealized loss in the investment portfolio due to a rise in interest rates. Partially offsetting the accumulated other income decline, was growth in equity during the first six months as a result of net income of $6.6 million and stock issuances of $300,000. Dividends declared during the first six months totaled $3.1 million, or $.24 per share.

State and federal regulations as well as the Company's long-term debt agreement place certain restrictions on the payment of dividends by both the Company and its Group banks. At June 30, 1999, these regulations and covenants did not impair the Company's (or its subsidiary's) ability to declare and pay dividends or to meet other existing obligations.

The Company's common stock had a book value of $12.59 per share at June 30, 1999 compared to $12.68 at December 31, 1998. Pursuant to the Company's stock repurchase program adopted in 1989, the Company has repurchased 790,740 shares (split adjusted) of its common stock. In the first half of 1999, there were no shares repurchased.

YEAR 2000 COMPLIANCE

Introduction

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

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

State of Readiness

The Company is committed to addressing the YEAR 2000 challenges in a prompt and responsible manner and has dedicated significant resources to do so. An assessment of the Company's automated systems and third party operations was completed and a plan has been implemented. The Company's YEAR 2000 compliance plan ("Y2K Plan") has nine phases. These phases are (1) project management, (2) awareness, (3) assessment, (4) renovation, (5) testing and implementation, (6) risk assessment, (7) customer awareness, (8) contingency planning, and (9) verification. The Company has substantially completed phases one, two, three, four, five, six, and eight, although appropriate follow-up activities are continuing to occur. The Company will continue the testing and implementation phases of the Y2K Plan throughout the remainder of the year, and has adopted a comprehensive customer awareness program (phase seven).

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

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

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

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

(5) Testing and Implementation: The Company's testing of Mission Critical systems was approximately 99% complete by June 30, 1999. Throughout 1999, the Company will continue to test IT and non-IT systems and applications already implemented for YEAR 2000 compliance. As systems test successfully for YEAR 2000 compliance, they will be certified as compliant and accepted for implementation.

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

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

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

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

Estimated Costs to Address the Company's YEAR 2000 Issues

Costs directly related to YEAR 2000 issues are estimated to be $780,000 from 1998 to 2000, of which approximately 85% has been spent as of June 30, 1999. Approximately 75% of the total spending represents costs to modify existing systems. Costs incurred by the Company prior to 1998 were immaterial. This estimate assumes that the Company will not incur significant YEAR 2000 related costs on behalf of its vendors, suppliers, customers and other third parties.

Risks of the Company's YEAR 2000 Issues

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

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

2. The Company's operations could be materially affected by the failure of third parties who provide mission critical IT and non-IT systems. The Company has identified its mission critical third parties and will monitor their Y2K Plan progress. In response to this concern, the Company has identified and contacted the third parties who provide mission critical applications. The Company has received YEAR 2000 compliance assurances from third parties who provide mission critical applications and will continue to monitor and test their efforts for YEAR 2000 compliance.

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

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

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

Contingency Plan

Contingency plans for YEAR 2000 related interruptions have been developed and will include, but not be limited to, the development of emergency backup and recovery procedures, remediation of existing systems parallel with installation of new systems, replacing electronic applications with manual processes, and identification of alternate suppliers. All plans were substantially completed by June 30, 1999.

<TABLE>
TABLE I

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

	FOR THREE MONTHS ENDED JUNE 30					
	1999			1998		
	Balance	Interest	Rate	Balance	Interest	Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans, Net of Unearned Interest(1)	$ 878,976	$19,455	8.88%	$ 823,432	$19,431	9.46%
Taxable Investment Securities	232,585	3,278	5.65%	99,090	1,493	6.04%
Tax-Exempt Investment Securities(2)	101,991	1,498	5.89%	63,091	1,015	6.45%
Funds Sold	90,541	1,067	4.73%	57,965	805	5.57%
Total Earning Assets	1,304,093	25,298	7.78%	1,043,578	22,744	8.74%
Cash & Due From Banks	63,430			52,651		
Allowance for Loan Losses	(10,229)			(9,990)		
Other Assets	94,921			69,947		
TOTAL ASSETS	$1,452,215			$1,156,187		

LIABILITIES

NOW Accounts	$ 151,844	$ 844	2.23%	$ 116,794	$ 618	2.12%
Money Market Accounts	154,690	1,404	3.64%	80,555	568	2.83%
Savings Accounts	115,316	598	2.08%	98,159	545	2.23%
Other Time Deposits	560,804	6,930	4.96%	464,959	6,264	5.40%
Total Int. Bearing Deposits	982,654	9,776	3.99%	760,467	7,995	4.22%
Short-Term Borrowings	40,151	399	3.99%	38,844	514	5.31%
Long-Term Debt	18,424	301	6.55%	18,465	313	6.80%
Total Interest Bearing Liabilities	1,041,229	10,476	4.04%	817,776	8,822	4.33%
Noninterest Bearing Deposits	264,798			202,252		
Other Liabilities	14,954			14,473		
TOTAL LIABILITIES	1,320,981			1,034,501		
SHAREOWNERS' EQUITY						
Common Stock	101			101		
Surplus	8,801			7,904		
Other Comprehensive Income	(1,044)			543		
Retained Earnings	123,376			113,138		
TOTAL SHAREOWNERS' EQUITY	131,234			121,686		
TOTAL LIABILITIES & EQUITY	$1,452,215			$1,156,187		
Interest Rate Spread			3.74%			4.41%
Net Interest Income		$14,822			$13,922	
Net Interest Margin			4.56%			5.35%

	FOR THE SIX MONTHS ENDED JUNE 30					
	1999			1998		
	Balance	Interest	Rate	Balance	Interest	Rate
ASSETS						
Loans, Net of Unearned Interst(1)	$ 864,648	$38,289	8.93%	$ 816,728	$38,151	9.42%
Taxable Investment Securities	237,428	6,697	5.69%	98,689	2,969	6.07%
Tax-Exempt Investment Securities(2)	101,548	2,955	5.87%	63,033	2,038	6.52%
Funds Sold	89,821	2,092	4.70%	61,346	1,672	5.50%
Total Earning Assets	1,293,446	50,033	7.80%	1,039,796	1,672	5.50%
Cash & Due From Banks	63,731			52,739		
Allowance for Loan Losses	(10,143)			(9,874)		
Other Assets	94,400			68,984		
TOTAL ASSETS	1,441,434			1,151,645		
LIABILITIES						
NOW Accounts	$ 148,491	$ 1,507	2.05%	$ 119,527	$ 1,189	2.01%
Money Market Accounts	149,025	2,723	3.68%	80,497	1,128	2.83%
Savings Accounts	115,430	1,175	2.05%	96,811	1,057	2.20%
Other Time Deposits	562,734	14,043	5.03%	458,167	12,314	5.42%
Total Int. Bearing Deposits	975,680	19,448	4.02%	755,022	15,688	4.19%
Short-Term Borrowings	36,706	731	4.02%	41,251	1,051	5.14%
Long-Term Debt	18,627	611	6.61%	18,335	612	6.73%
Total Interest Bearing Liabilities	1,031,013	20,790	4.07%	814,588	17,351	4.30%
Noninterest Bearing Deposits	264,494			202,641		
Other Liabilities	14,845			13,839		
TOTAL LIABILITIES	1,310,352			1,031,068		
SHAREOWNERS' EQUITY						
Common Stock	101			101		
Surplus	8,750			7,682		
Other Comprehensive Income	(215)			651		
Retained Earnings	122,446			112,143		
TOTAL SHAREOWNERS' EQUITY	131,082			120,577		
TOTAL LIABILITIES & EQUITY	1,441,434			1,151,645		
Interest Rate Spread			3.73%			4.39%
Net Interest Income		$29,243			$27,479	
Net Interest Margin			4.56%			5.33%

(1) Average balances include nonaccrual loans. Interest income includes fees on loans of approximately $847,000 and $1.6 million, for the three and six months ended June 30, 1999, versus $819,000 and $1.7 million, for the comparable periods ended June 30, 1998.
(2) Interest income includes the effects of taxable equivalent adjustments using a 35% tax rate.
</TABLE>

Item 3. Quantitative and Qualitative Disclosure for Market Risk

Overview

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

Interest Rate Risk Management

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

The financial assets and liabilities of the Company are classified as other-than-trading. An analysis of the other-than-trading financial components, including the fair values, are presented in Table II on page 21. This table presents the Company's consolidated interest rate sensitivity position as of June 30, 1999 based upon certain assumptions as set-forth in the notes to the Table. The objective of interest rate sensitivity analysis is to measure the impact on the Company's net interest income due to fluctuations in interest rates. The asset and liability fair values presented in Table II may not necessarily be indicative of the Company's interest rate sensitivity over an extended period of time.

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

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

Other Than Trading Portfolio	June 30, 1999							
	Year 1	Year 2	Year 3	Year 4	Year 5	Beyond	Total	Market Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Loans								
Fixed Rate	$102,910	$ 34,722	$ 46,043	$ 45,321	$ 45,503	$ 57,904	$ 332,303	$332,452
Average Interest Rate	9.21%	9.70%	7.69%	8.53%	8.02%	7.73%	6.34%	
Floating Rate(2)	377,663	47,507	42,150	16,188	29,316	40,692	553,516	553,763
Average Interest Rate	8.43%	8.09%	8.05%	8.68%	7.94%	7.48%	8.28%	
Investment Securities(3)								
Fixed Rate	58.325	67,804	20,642	34,901	22,752	112,984	317,407	$317,407
Average Interest Rate	5.87%	5.72%	5.79%	5.67%	5.79%	6.06%	5.83%	
Floating Rate	0	0	9,639	0	0	505	10,144	10,144
Average Interest Rate	0	0	5.93%	0	0	6.29%	5.95%	
Other Earning Assets								
Fixed Rates	0	0	0	0	0	0	0	0
Average Interest Rates	0	0	0	0	0	0	0	
Floating Rates	70,500	0	0	0	0	12,718	83,218	83,218
Average Interest Rates	4.53%	0	0	0	0	3.81%	4.42%	
Total Financial Assets	$609,398	$150,033	$118,474	$ 96,410	$ 97,471	$224,803	$1,296,589	$1,296,985
Average Interest Rates	7.87%	7.39%	7.35%	7.52%	7.48%	6.62%	6.92%	
Deposits(4)								
Fixed Rate Deposits	$485,660	$ 47,761	$ 12,868	$ 5,392	$ 3,066	$ 192	$ 554,938	556,268
Average Interest Rates	4.83%	5.06%	5.26%	5.21%	5.09%	6.17%	4.87%	
Floating Rate Deposits	434,047	0	0	0	0	0	434,047	434,047
Average Interest Rates	2.63%	0	0	0	0	0	2.63%	
Other Interest Bearing Liabilities								
Fixed Rate Debt	790	740	662	678	698	8,041	11,641	11,705
Average Interest Rate	6.18%	6.01%	6.10%	6.10%	6.09%	5.98%	6.00%	
Floating Rate Debt	45,649	0	0	0	0	0	45,649	45,899
Average Interest Rate	4.34%	0	0	0	0	0	4.34%	
Total Financial Liabilities	$966,146	$ 48,501	$ 13,530	$ 6,070	$ 3,764	$ 8,233	$1,046,275	$1,047,919
Average interest Rate	3.82%	5.07%	5.30%	5.31%	5.28%	5.99%	3.93%	

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

balances are classified according to maturity.
</TABLE>

PART II. OTHER INFORMATION

Items 1-3.

Not applicable

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

The Annual Meeting of Shareholders of Capital City Bank Group, Inc. was held on April 27, 1999. Proxies for the meeting were solicited pursuant to Regulation 14A under the Securities Exchange Act of 1934, and there was no solicitation in opposition to management's solicitations. The following summarizes all matters voted upon at this meeting.

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

For terms to expire at the 2002 annual meeting:	For	Against/ Withheld	Abstentions/ Broker Non-Votes
Thomas A. Barron	7,415,259	2,491	0
Lina S. Knox	7,412,298	5,450	0
Godfrey Smith	7,415,859	1,891	0

2. The shareowners ratified the selection of Arthur Andersen LLP as the independent auditors for the Company for 1999. The number of votes cast were as follows:

For	Against/ Withheld	Abstentions/ Broker Non-Votes
7,411,373	2,750	3,628

Item 5. Other Information

Not Applicable

Item 6. Exhibits and Reports on Form 8-K

(A) Exhibits

Not applicable

(B) Reports on Form 8-K

On May 20, 1999, the Company filed a Form 8-K to report on May 7, 1999, it 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 $112 million asset institution with offices in Cairo and Whigham, Georgia. The transaction was accounted for as a pooing-of-interests.

SIGNATURES

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

CAPITAL CITY BANK GROUP, INC.
(Registrant)

/s/ J. Kimbrough Davis
J. Kimbrough Davis
Executive Vice President and
Chief Financial Officer
Date: August 16, 1999

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