SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the Quarter:
September 30, 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 office)	(Zip Code)

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

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

Yes __X__ No _____

At October 31, 1999, there were 10,179,141 shares of the Registrant's Common Stock, $.01 par value, outstanding.

CAPITAL CITY BANK GROUP, INC.
FORM 10-Q I N D E X

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

<TABLE>

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

<CAPTION>

<S>	THREE MONTHS ENDED SEPTEMBER 30, 1999 <C>	1998 <C>	NINE MONTHS ENDED SEPTEMBER 30, 1999 <C>	1998 <C>
INTEREST INCOME				
Interest and Fees on Loans	$19,912	$18,952	$58,052	$56,950
Investment Securities:				
U.S. Treasury	343	522	1,100	1,418
U.S. Gov. Agencies/Corp.	2,317	823	7,002	2,689
States and Political Subdivisions	1,099	737	3,253	2,228
Other Securities	614	132	1,870	340
Funds Sold	951	808	3,042	2,481
Total Interest Income	25,236	21,974	74,319	66,106
INTEREST EXPENSE				
Deposits	9,495	7,921	28,942	23,609
Short-Term Borrowings	513	449	1,244	1,500
Long-Term Debt	279	303	890	915
Total Interest Expense	10,287	8,673	31,076	26,024
Net Interest Income	14,949	13,301	43,243	40,082
Provision for Loan Losses	610	618	1,930	1,782
Net Interest Income After Provision for Loan Losses	14,339	12,683	41,313	38,300
NONINTEREST INCOME				
Service Charges on Deposit Accounts	2,572	2,017	7,473	6,250
Data Processing	690	740	2,184	2,581
Income from Fiduciary Activities	560	448	1,522	1,229
Securities Transactions	-	24	-	48
Other	2,447	2,042	7,378	6,217
Total Noninterest Income	6,269	5,271	18,557	16,325
NONINTEREST EXPENSE				
Salaries and Employee Benefits	7,347	6,455	22,429	20,121
Occupancy, Net	1,169	874	3,317	2,540
Furniture and Equipment	1,368	1,387	4,159	3,897
Merger Expenses	74	0	1,351	0
Other	4,188	3,374	12,750	10,621
Total Noninterest Expense	14,146	12,090	44,006	37,179
Income Before Income Tax	6,462	5,864	15,864	17,446
Income Tax Expense	2,089	2,057	4,931	6,024
NET INCOME	$ 4,373	$ 3,807	$10,933	$11,422
Net Income Per Basic Share	$ .43	$ .37	$ 1.07	$ 1.13
Net Income Per Diluted Share	$ .43	$ .37	$ 1.07	$ 1.13
Cash Dividends Per Share	$ .12	$ .11	$ .42	$ .33
Average Basic Shares Outstanding	10,179,138	10,158,193	10,173,490	10,143,981
Average Diluted Shares Outstanding	10,194,666	10,158,193	10,189,021	10,143,981

(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>

<TABLE>

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

<CAPTION>

<S>	September 30, 1999 (Unaudited) <C>	December 31, 1998 (Audited) <C>
ASSETS		
Cash and Due From Banks	$ 58,697	$ 68,398
Funds Sold	60,254	72,625
Investment Securities, Available-for-Sale	330,416	371,597
Loans, Net of Unearned Interest	899,960	844,217
Allowance for Loan Losses	(10,035)	(9,827)
Loans, Net	889,925	834,390
Premises and Equipment, Net	39,445	37,171

Intangibles	25,516	28,772
Other Assets	32,830	30,722
Total Assets	$1,437,083	$1,443,675
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	$ 258,105	$ 287,904
Interest Bearing Deposits	965,233	965,649
Total Deposits	1,223,338	1,253,553
Short-Term Borrowings	52,509	25,199
Long-Term Debt	14,448	18,746
Other Liabilities	16,495	17,315
Total Liabilities	1,306,790	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; 10,179,138 shares outstanding at September 30, 1999 and 10,163,919 outstanding at December 31, 1998	102	102
Additional Paid In Capital	9,013	8,561
Retained Earnings	126,085	119,521
Accumulated Other Comprehensive Available-for-Sale Securities (Loss) Gain, Net of Tax	(4,907)	678
Total Shareowners' Equity	130,293	128,862
Total Liabilities and Shareowners' Equity	$1,437,083	$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.
</TABLE>

CAPITAL CITY BANK GROUP, INC.
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30
(Dollars In Thousands)

	1999 (Unaudited)	1998 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 10,933	$ 11,422
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Provision for Loan Losses	1,930	1,782
Depreciation	2,698	2,571
Net Securities Amortization	1,040	519
Amortization of Intangible Assets	2,084	773
Gain on Sales of Investment Securities	-	(48)
Non-Cash Compensation	234	1,248
Net (Increase) in Interest Receivable	(1,139)	(529)
Net Decrease (Increase) in Other Assets	827	(4,570)
Net Increase in Other Liabilities	383	1,258
Net Cash Provided by Operating Activities	18,990	14,426
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Payments/Maturities of Investment Securities Available-for-Sale	88,976	56,962
Purchase of Investment Securities Available-for-Sale	(57,646)	(59,055)
Net Increase in Loans	(57,466)	(15,928)
Net Cash Received from Acquisition	-	7,022
Purchase of Premises & Equipment	(3,725)	(1,872)
Sales of Premises & Equipment	152	278
Net Cash Used in Investing Activities	(29,709)	(12,593)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (Decrease) Increase in Deposits	(30,213)	9,174
Net Increase (Decrease) Short-Term Borrowings	27,309	(6,438)
Borrowing from Long-Term Debt	2,262	2,400
Repayment of Long-Term Debt	(6,560)	(3,738)
Dividends Paid	(4,369)	(3,258)
Issuance of Common Stock	218	598
Net Cash Used in Financing Activities	(11,353)	(1,264)
Net (Decrease) Increase in Cash and Cash Equivalents	(22,072)	569

Cash and Cash Equivalents at Beginning of Period	141,023	125,670
Cash and Cash Equivalents at End of Period	118,951	$126,239

Supplemental Disclosure:		
Interest Paid	$ 30,433	$ 24,426
Interest Paid on Debt	$ 872	$ 909
Transfer of Loans to ORE	$ 1,375	$ 1,919
Income Taxes Paid	$ 5,536	$ 6,910

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 restatement to reflect the pooling of interest of Grady Holding Company and its 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 September 30, 1999 and December 31, 1998, the results of operations for the three and nine month periods ended September 30, 1999 and 1998, and cash flows for the nine month periods ended September 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 Financial Statements which are included in the Company's 1998 Annual Report and Form 10-K.

(2) INVESTMENT SECURITIES

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

	September 30, 1999			
Available-For-Sale	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U.S. Treasury	$ 24,579	$ 26	$ 4	$ 24,601
U.S. Government Agencies and Corporations	79,242	4	2,054	77,192
States and Political Subdivisions	103,688	166	1,672	102,182
Mortgage Backed Securities	88,131	90	3,223	84,998
Other Securities	42,514	-	1,071	41,443
Total	$338,154	$ 286	$8,024	$330,416

	December 31, 1998			
Available-For-Sale	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	$370,523	$1,973	$899	$371,597

(3) LOANS

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

	September 30, 1999	December 31, 1998
Commercial, Financial and Agricultural	$ 96,292	$ 91,246
Real Estate-Construction	58,066	51,790
Real Estate-Mortgage	578,391	542,044
Consumer	167,211	159,137
Loans, Net of Unearned Interest	$899,960	$844,217

(4) ALLOWANCE FOR LOAN LOSSES

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

	September 30, 1999	September 30, 1998
Balance, Beginning of the Period	$ 9,827	$ 9,662
Provision for Loan Losses	1,930	1,782
Recoveries on Loans Previously Charged-Off	556	766
Loans Charged-Off	(2,278)	(2,033)
Balance, End of Period	$10,035	$10,177

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):

	September 30, 1999		1998	
Impaired Loans:	Balance	Valuation Allowance	Balance	Valuation Allowance
With Related Credit Allowance	$ 120	$ 10	$2,972	$305
Without Related Credit Allowance	276		1,297	-
Average Recorded Investment for the Period	1,986		4,680	*
Interest Income:				
Recognized	$ 70		$ 48	
Collected	$ 55		$ 12	

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

(5) DEPOSITS

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

	September 30, 1999	December 31, 1998
NOW Accounts	$151,485	$154,069
Money Market Accounts	163,644	124,691
Savings Deposits	115,952	118,570
Other Time Deposits	534,152	568,319
Total Interest Bearing Deposits	$965,233	$965,649

(6) ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board "FASB" issued SFAS No. 133 "Accounting for Derivative Instruments of Hedging Activities". The statement establishes accounting and reporting standards for derivative instruments (including certain derivative instruments imbedded in other contracts). The statement is effective for fiscal years beginning after June 15, 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 and nine month periods ended September 30, 1999 and 1998, as follows (dollars in thousands):

<TABLE>
<CAPTION>

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Net Income	$4,373	$3,807	$10,933	$11,422
Other Comprehensive Income, Net of Tax				
Unrealized Gains (Losses) on Securities:				
Unrealized Gains (Losses) on Securities Arising During the Period	(1,119)	568	(5,585)	492
Less: Reclassification Adjustments for Gains (Losses) Included in Net Income	-	16	-	31
Total Unrealized Gains (Losses) On Securities , Net of Tax	(1,119)	552	(5,585)	461
Total Comprehensive Income, Net of Tax	$3,254	$4,359	$5,348	$11,883

These changes reflect a market value decrease in available-for-sale securities for the three and nine months ended September 30, 1999 and a market value increase for the three and nine months ended September 30, 1998.
</TABLE>

(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 of Grady County 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 of Grady County 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
	Third	Second	First	Fourth	Third	Second	First	Fourth
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Summary of Operations:								
Interest Income	$ 25,236	$ 24,816	$ 24,267	$ 22,904	$ 21,974	$ 22,402	$ 21,730	$ 21,431
Interest Expense	10,287	10,476	10,313	9,224	8,673	8,822	8,529	8,261
Net Interest Income	14,949	14,340	13,954	13,680	13,301	13,580	13,201	13,170
Provision for Loan Loss	610	580	740	657	618	618	546	597
Net interest Income After Provision for Loan Loss	14,339	13,760	13,214	13,023	12,683	12,962	12,655	12,573
Noninterest Income	6,269	6,185	6,103	6,260	5,271	5,847	5,206	5,066
Merger Expense	74	1,277	-	115	-	-	-	-
Noninterest Expense	14,072	14,591	13,992	13,150	12,090	12,747	12,342	12,757
Income Before Provision for Income Taxes	6,462	4,077	5,325	6,018	5,864	6,062	5,519	4,882
Provision for Income Taxes	2,089	1,182	1,660	2,146	2,057	2,065	1,901	1,563
Net Income	$ 4,373	$ 2,895	$ 3,665	$ 3,872	$ 3,807	$ 3,997	$ 3,618	$ 3,319
Net Interest Income (FTE)	$ 15,435	$ 14,822	$ 14,420	$ 14,046	$ 13,640	$ 13,922	$ 13,557	$ 13,523
Per Common Share:								
Net Income Basic	$ .43	$ .28	$ .36	$ .38	$ .37	$ .39	$ .36	$ .33
Net Income Diluted	.43	.28	.36	.38	.37	.39	.36	.32
Dividends Declared	.12	.12	.18	.12	.11	.11	.11	.11
Book Value	12.85	12.59	12.82	12.69	12.43	12.10	11.80	11.45
Market Price:								
High	31.00	25.00	27.63	31.00	33.13	32.67	32.67	27.33
Low	21.00	20.25	22.00	24.13	19.00	29.75	29.25	23.00
Close	22.75	25.00	23.31	27.63	29.13	31.38	31.67	27.00
Selected Average Balances:								
Total Assets	$1,446,505	$1,452,215	$1,430,533	$1,257,934	$1,148,404	$1,156,186	$1,147,054	$1,108,788
Earning Assets	1,297,481	1,304,093	1,282,679	1,131,933	1,038,981	1,043,578	1,035,971	998,037
Loans, Net of Unearned	892,161	878,976	850,161	834,315	819,755	823,432	809,949	777,895
Total Deposits	1,234,360	1,247,452	1,232,816	1,059,192	954,652	962,719	952,511	916,952
Total Shareowners' Equity	130,134	131,234	130,929	128,250	123,728	121,686	119,455	113,752
Common Equivalent Shares:								
Basic	10,179	10,172	10,170	10,158	10,158	10,140	10,123	10,067
Diluted	10,195	10,187	10,185	10,179	10,158	10,140	10,123	10,167
Ratios:								
ROA	1.20%	.80%	1.04%	1.22%	1.31%	1.39%	1.28%	1.19%
ROE	13.33%	8.85%	11.35%	11.98%	12.20%	13.18%	12.28%	11.58%
Net Interest Margin (FTE)	4.72%	4.56%	4.56%	4.92%	5.21%	5.35%	5.31%	5.38%

(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>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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.

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 1998 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 two subsidiary banks are referred to as the "Capital City Bank" or "CCB", and "First National Bank of Grady County" or "FNBGC".

On May 7, 1999, the Company completed its acquisition of Grady Holding Company and its majority-owned subsidiary First National Bank of Grady County. FNBGC is a $112 million asset institution with offices in Cairo and Whigham, Georgia. The transaction was accounted for as a pooling-of-interests. FNBGC 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 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 $4.4 million, or $.43 per basic and diluted share for the third quarter of 1999, a per share increase of 16.2% over the $3.8 million, or $.37 per basic and diluted share for the comparable period in 1998. Net income was $10.9 million, or $1.07 per basic and diluted share for the nine months ended September 30, 1999, a per share decrease of 5.6% over the $11.4 million, or $1.13 per basic and diluted share for comparable period in 1998. Net income before merger related expense for the three and nine month periods were $4.4 million and $11.9 million, or $.44 and $1.16 per basic and diluted share, respectively. This was a 18.9% and 2.7% increase from the comparable three and nine months periods in 1998. Merger related expenses related to the acquisition of Grady Holding Company reduced earnings $50,000 after tax, or $.01 per share for the three months ended and $917,000, or $.09 per share for the nine months ended September 30, 1999. Additionally interest income for the nine month period ended September 30, 1998 included a one-time increase in interest income of $400,000 ($246,000, after taxes), related to the recovery of a previously charged-off loan. Operating revenue, which includes net interest income and noninterest income, increased $5.4 million, or 9.6%, over the first nine months of 1998. Offsetting this increase was higher noninterest expense primarily attributable to the addition of eight offices acquired from First Union.

	For The Three Months Ended September 30, 1999	1998	For The Nine Months Ended September 30, 1999	1998
Interest and Dividend Income	$25,236	$21,974	$74,319	$66,106
Taxable Equivalent Adjustment(1)	486	339	1,435	1,036
Interest Income	25,722	22,313	75,754	67,142
Interest Expense	10,287	8,673	31,076	26,024
Net Interest Income (FTE)	15,435	13,640	44,678	41,118
Provision for Loan Losses	610	618	1,930	1,782
Taxable Equivalent Adjustment	486	339	1,435	1,036
Net Interest Income After Provision	14,339	12,683	41,313	38,300
Noninterest Income	6,269	5,271	18,557	16,325
Merger Expense	74	0	1,351	0
Noninterest Expense	14,072	12,090	42,656	37,179
Income Before Income Taxes	6,462	5,864	15,863	17,446
Income Taxes	2,089	2,057	4,930	6,024
Net Income	$ 4,373	$ 3,807	$10,933	$11,422
Percent Change over comparable prior year period	14.91%	4.76%	(4.28)%	3.14%
Return on Average Assets (2)	1.21%	1.31%	1.01%	1.32%
Return on Average Equity (2)	13.48%	12.20%	11.18%	12.51%

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

Net Interest Income

Third quarter taxable equivalent net interest income increase $1.8 million, or 13.2%, over the comparable quarter in 1998. Taxable equivalent net interest income for the nine month period of 1999 increased $3.6 million, or 8.7%, over the same period of 1998. This increase in both periods is attributable to a higher level of earning assets attributable to the assumption of deposits from First Union. Table I on page 19 provides a comparative analysis of the Company's average balances and interest rates.

For the three and nine month periods ended September 30, 1999, taxable-equivalent interest income increased $3.4 million, or 15.3%, and $8.6 million, or 12.9%, respectively, over the comparable prior year periods. Loans which represent the Company's highest yielding asset, increased (on average) $53.1 million, or 6.5% and represented 67.5% of total earning assets for the nine months ended September 30, 1999 versus 78.7% 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 78 basis point decrease in the yield on earning assets which declined from 8.60% during the first nine months of 1998 to 7.82% for the comparable period in 1999.

Interest expense for the three and nine month periods ended September 30, 1999, increased $1.6 million, or 18.6%, and $5.1 million, or 19.4%, 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 53 basis point decline in the average rate is the result of lower volume and average rate paid on promotional certificate of deposits. Certificates of deposit, which generally represent a higher cost deposit product to the Company, decreased from 48.0% of average deposits in the nine months of 1998 to 44.9% 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 4.33% in the first nine months of 1998 to 3.80% 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 4.72% and 4.61%, respectively, for the three and nine months ended of 1999, versus 5.21% and 5.27%, respectively, for the comparable periods in 1998. The decrease in margin represents the lower yield on earning assets resulting from the high level of liquidity. The net interest margin for the three months period in 1999 increased 16 basis points from the second quarter in 1999. This was attributable to higher yields on earning assets during the third quarter due to a change in earning asset mix resulting from loan growth and a higher interest rate environment.

Provision for Loan Losses

The provision for loan losses was $610,000 and $1.9 million, respectively, for the three and nine month periods ended September 30, 1999, compared to

$618,000 and $1.8 million for the comparable periods in 1998. Net charge-offs were up from the first nine months of 1998, but remain at low levels relative to the size of the loan portfolio. Nonperforming loans decreased $2.5 million, or 48.6%, during the first nine months of 1999. The Company's nonperforming asset ratio declined from .79% at year-end to .45% at September 30, 1999. As compared to year-end, the reserve for loan losses increased slightly to $10.0 million, and represented 1.12% 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 September 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 fourth quarter of 1999 due to continued growth in the size of the loan portfolio, these amounts could be lower than that posted in the first nine months of 1999 due to continuing improvements in credit quality.

Charge-off activity for the respective periods is set forth below (dollars in thousands)

	Three Months Ended		Nine Months Ended	
	9/30/99	9/30/98	9/30/99	9/30/98
Net Charge-Offs	$634	$581	$1,722	$1,267
Net Charge-Offs (Annualized) as a percent of Average Loans Outstanding, Net of Unearned Interest	.28%	.28%	.26%	.21%

Noninterest Income

Noninterest income increased $998,000, or 18.9%, in the third quarter of 1999 versus the comparable quarter for 1998, and $2.2 million, or 13.7%, for the nine months ended September 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 $555,000, or 27.5%, and $1.2 million, or 19.6%, respectively, over the comparable three and nine 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 three quarters of 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 $51,000, or 6.8%, and $397,000, or 15.4%, respectively, over the comparable three and nine month periods in 1998. The decrease reflects lower processing revenues associated with government agencies.

Revenue from trust activities increased $112,000, or 25.1%, and $293,000, or 23.9%, respectively, over the comparable three and nine month periods in 1998. At September 30, 1999, assets under management totaled $279.8 million compared to 238.7 million at September 30, 1998.

Other income increased $438,000, or 27.5%, and $916,000, or 18.0%, respectively, for the three and nine month periods ended September 30, 1999 over the comparable prior year periods. Gains on the sale of residential real estate loans increased $245,000, reflecting increased volume and a higher level of fixed rate lending which the Company experienced during the first half of 1999. Rising rates during the third quarter resulted in a reduction of fixed rate originaitons and thus, gains on the sale of real estate loans. Additionally, the Company recorded $164,000 of gains on the disposal of assets during the second and third quarters . ATM fees, interchange commissions, safe deposit rentals and check printing income account for the remaining favorable variance.

Noninterest income as a percent of tax equivalent operating revenues was 29.3% and 28.49%, respectively, for the first three quarters of 1999 and 1998.

Noninterest Expense

Noninterest expense increased $2.1 million, or 17.0%, and $6.8 million, or 18.4%, respectively, over the comparable three and nine 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 $892,000, or 13.8%, and $2.3 million, or 11.5%, respectively, over the comparable three and nine month periods of 1998, reflecting annual raises and an increase in full-time equivalent employees of 52. 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 $276,000, or 12.2%, and $1.0 million, or 16.1%, respectively, over the comparable three and nine 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 $889,000, or 26.4%, and $3.5 million, or 32.8%, respectively, over the comparable three and nine month periods in 1998. Merger expenses for the three and nine month periods in 1999 of $74,000 and $1.4 million, respectively, were attributable to the acquisition of Grady Holding Company and its subsidiaries. The remaining increase was attributable to telephone expense of $383,000, resulting from the addition of new offices and implementing a wide-area network, intangible amortization of $1.3 million, postage of $148,000 and courier service of $81,000.

The Company's efficiency ratio (noninterest expense, net of intangibles and merger expense, expressed as a percent of the sum of taxable-equivalent net operating revenues) was 64.16% in the first three quartes of 1999 compared to 63.38% 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 increased $32,000, or 1.6%, during the third quarter of 1999 and decreased $1.1 million, or 18.1%, during the first nine months of 1999, relative to the comparable prior year period. The Company's effective tax rate for the first nine months of 1999 was 31.1% versus 34.5% 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 20.5% in the first nine months of 1999 as compared to 12.7% in the comparable period in 1998.

FINANCIAL CONDITION

Average balances for the first nine months 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 nine month periods ended September 30, 1999 and 1998.

The Company's average assets increased to $1.4 billion at the end of the third quarter of 1999 from $1.2 billion in the first nine months of 1998. Average earning assets were $1.3 billion for the nine months ended September 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 $53.1 million, or 6.5%, 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 67.5% for the third quarter of 1999, compared to 78.7% for the third quarter of 1998.

At September 30, 1999, the Company's nonperforming loans were $2.7 million versus $5.2 million at year-end 1998. As a percent of nonperforming loans, the allowance for loan losses represented 372% at September 30, 1999. This compares to 159% and 187%, at December 31, and September 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 $1.4 million at September 30, 1999, compared to $1.5 million at December 31, 1998, and $1.5 million at September 30, 1998. The ratio of nonperforming assets as a percent of loans plus other real estate was .45% at September 30, 1999, compared to .79% at December 31, 1998, and .95% at September 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 September 30, 1999, the average investment portfolio increased $173.7 million, or 106.9%, 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 September 30, 1999, shareowners' equity included an accumulated other comprehensive loss of $4.9 million compared to a net gain of $678,000 at December 31, 1998, reflecting the rise in interest rates.

Average deposits increased 28.9% from $960.2 million for the first nine months of 1998, to $1.22 billion for the first nine months of 1999. The growth in deposits is attributable to the assumption of deposits acquired from First Union and the success of the CashPower money market account. Certificate of deposits during the first nine months of 1999 have decline partially due to the maturities of high yielding, promotional certificates. 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 21.2% for both the first nine months of 1999 and 1998, respectively. For the same periods, the ratio of average interest bearing liabilities to average earning assets was 79.8% and 78.1%, 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 September 30, 1999 there was $3.0 million outstanding under this facility. During the first nine months of 1999, principal reductions on the line of credit totaled $5.0 million.

The Company's equity capital was $130.3 million as of September 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 7.26% at September 30, 1999 versus 7.23% at December 31, 1998. Further, the Company's risk-adjusted capital ratio of 12.06% significantly exceeds the 8.0% minimum requirement under the risk-based regulatory guidelines.

During the first nine months of 1999, shareowners' equity increased $1.4 million, or 1.5%, on an annualized basis. The increase was primarily attributable to net income of $10.9 million and stock issuances of $452,000. Partially offsetting these increase was a $5.6 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. Dividends declared during the first nine months totaled $4.3 million, or $.42 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 September 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 $12.85 per share at September 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 three quarters 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 completed phases one, two, three, four, five, six, and eight. The Company's comprehensive customer awareness program (phase seven), will continue throughout the remainder of the year.

(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 has upgraded and replaced IT and non-IT systems where appropriate, and all such replacements were complete by September 30, 1999.

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

(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 third 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 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. Company officials participated in a community question and answer program.

(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 September 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 95% has been spent as of September 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 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Overview

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

Interest Rate Risk Management

The normal course of business activity exposes Capital City Bank Group to interest rate risk. Fluctuations in interest rates may result in changes in the fair market 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 September 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 or falling interest rates the net interest margin will be impacted as the velocity and/or volume of liabilities being repriced exceeds assets. However, as general interest rates rise or fall, other factors such as current market conditions and competition may impact how the Company responds to changing rates and thus impact the magnitude of change in net interest income.

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

	FOR THREE MONTHS ENDED SEPTEMBER 30,					
		1999			1998	
	Balance	Interest	Rate	Balance	Interest	Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans, Net of Unearned Interest(1)	889,161	$19,982	8.89%	$ 819,755	$19,014	9.20%
Taxable Investment Securities	226,769	3,274	5.68%	97,302	1,477	6.02%
Tax-Exempt Investment Securities(2)	101,859	1,516	5.90%	64,944	1,014	6.19%
Funds Sold	74,691	950	5.05%	56,980	808	5.63%
Total Earning Assets	1,297,480	25,722	7.86%	1,038,981	22,313	8.52%
Cash & Due From Banks	62,769			50,701		
Allowance for Loan Losses	(10,139)			(10,236)		
Other Assets	96,395			68,958		
TOTAL ASSETS	$1,446,505			$1,148,404		
LIABILITIES						
NOW Accounts	$ 155,441	$ 728	1.86%	$ 109,439	$ 467	1.69%
Money Market Accounts	161,532	1,501	3.69%	81,611	597	2.90%
Savings Accounts	115,628	622	2.13%	99,971	591	2.35%
Other Time Deposits	541,967	6,644	4.86%	460,963	6,266	5.39%
Total Int. Bearing Deposits	974,568	9,495	3.87%	751,984	7,921	4.18%
Funds Purchased	45,826	497	4.30%	34,680	432	4.94%
Other Borrowed Funds	1,569	16	4.05%	1,399	17	4.82%
Long-Term Debt	17,525	279	6.32%	17,812	303	6.75%
Total Interest Bearing Liabilities	1,039,488	10,287	3.93%	805,875	8,673	4.27%
Noninterest Bearing Deposits	259,792			202,667		
Other Liabilities	17,091			16,134		
TOTAL LIABILITIES	1,316,371			1,024,676		
SHAREOWNERS' EQUITY						
Common Stock	102			100		
Surplus	8,998			8,288		
Other Comprehensive Income	(4,246)			580		
Retained Earnings	125,280			114,760		
TOTAL SHAREOWNERS' EQUITY	130,134			123,728		
TOTAL LIABILITIES & EQUITY	$1,446,505			$1,148,404		
Interest Rate Spread			3.93%			4.25%
Net Interest Income		$15,435			$13,640	
Net Yield on Earning Assets			4.72%			5.21%

	FOR NINE MONTHS ENDED SEPTEMBER 30,					
		1998			1999	
	Balance	Interest	Rate	Balance	Interest	Rate
ASSETS						
Loans, Net of Unearned Interest(1)	873,920	$58,253	8.91%	$ 820,788	$57,152	9.31%
Taxable Investment Securities	234,510	9,971	5.68%	97,168	4,446	6.12%
Tax-Exempt Investment Securities(2)	101,653	4,488	5.90%	65,326	3,063	6.27%
Funds Sold	84,722	3,042	4.80%	60,066	2,481	5.52%
Total Earning Assets	1,294,805	75,754	7.82%	1,043,348	67,142	8.60%
Cash & Due From Banks	63,407			52,240		
Allowance for Loan Losses	(10,141)			(10,033)		
Other Assets	95,072			69,231		
TOTAL ASSETS	$1,443,143			$1,154,786		
LIABILITIES						
NOW Accounts	150,833	$ 2,235	1.89%	$ 116,521	$ 1,656	1.90%
Money Market Accounts	153,240	4,224	3.69%	81,175	1,724	2.84%
Savings Accounts	115,497	1,797	2.08%	98,243	1,648	2.24%
Other Time Deposits	555,736	20,686	4.98%	460,816	18,581	5.39%
Total Int. Bearing Deposits	975,306	28,942	3.97%	756,755	23,609	4.17%
Funds Purchased	38,921	1,201	4.13%	38,485	1,455	5.05%
Other Borrowed Funds	1,387	43	4.14%	1,155	45	5.21%
Long-Term Debt	18,255	890	6.52%	18,224	915	6.71%
Total Interest Bearing Liabilities	1,033,869	31,076	4.02%	814,619	26,024	4.27%
Noninterest Bearing Deposits	262,909			203,401		
Other Liabilities	15,603			14,671		
TOTAL LIABILITIES	1,312,381			1,032,691		
SHAREOWNERS' EQUITY						
Common Stock	101			101		
Surplus	8,834			7,917		
Other Comprehensive Income	(1,574)			629		
Retained Earnings	123,401			113,448		
TOTAL SHAREOWNERS' EQUITY	130,762			122,095		

TOTAL LIABILITIES & EQUITY	$1,443,143			$1,154,786		
Interest Rate Spread			3.80%			4.33%
Net interest Income		$44,678			$41,118	
Net Yield on Earning Assets			4.61%			5.27%

(1) Average balances include nonaccrual loans. Interest income includes fees on loans of approximately $927,000 and $2.6 million for the three and nine months ended September 30, 1999, versus $702,000 and $2.4 million, for the comparable periods ended September 30, 1998.
(2) Interest income includes the effects of taxable equivalent adjustments using a 35% federal tax rate.
</TABLE>

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

Other Than Trading Portfolio	September 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	$103,074	$ 32,318	$ 48,224	$ 46,321	$ 41,280	$ 61,351	$ 332,568	$ 333,042
Average Interest Rate	9.59%	10.00%	7.70%	8.58%	7.98%	7.80%	9.14%	
Floating Rate(2)	360,499	31,686	43,405	14,727	35,110	81,965	567,392	568,201
Average Interest Rate	8.42%	8.27%	8.03%	8.41%	7.96%	7.36%	8.20%	
Investment Securities(3)								
Fixed Rate	68,997	61,721	28,659	26,741	24,787	109,367	320,272	320,272
Average Interest Rate	5.80%	5.73%	5.62%	5.60%	5.70%	6.16%	5.88%	
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	60,254	0	0	0	0	0	60,254	60,254
Average Interest Rates	4.90%	0	0	0	0	0	4.90%	
Total Financial Assets	$592,824	$125,725	$129,927	$ 87,789	$101,177	$266,442	$1,290,630	1,291,913
Average Interest Rates	7.96%	7.47%	7.22%	7.64%	7.42%	6.79%	7.69%	
Deposits(4)								
Fixed Rate Deposits	$468,074	$ 46,331	$ 12,390	$ 4,263	$ 3,045	$ 49	$ 534,152	534,251
Average Interest Rates	4.75%	4.98%	5.16%	5.02%	5.14%	4.89%	4.78%	
Floating Rate Deposits	431,081	0	0	0	0	0	431,081	431,081
Average Interest Rates	2.65%	0	0	0	0	0	2.65%	
Other Interest Bearing Liabilities								
Fixed Rate Debt	822	694	662	678	698	7,894	11,448	11,764
Average Interest Rate	6.18%	6.05%	6.10%	6.10%	6.09%	5.98%	6.00%	
Floating Rate Debt	55,509	0	0	0	0	0	55,509	57,042
Average Interest Rate	4.57%	0	0	0	0	0	4.57%	
Total Financial Liabilities	$955,454	$ 44,025	$ 13,052	$ 4,941	$ 3,743	$ 7,943	$1,032,190	$1,034,138
Average interest Rate	3.79%	5.00%	5.21%	5.17%	5.32%	5.97%	3.89%	

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

PART II. OTHER INFORMATION

ITEMS 1-4

Not applicable

ITEM 5. OTHER INFORMATION

Not applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) Exhibits

27 Financial Data Schedule

(B) Reports on Form 8-K

On September 16, 1999, the Company an 8-K restating the financial statements to reflect the acquisition of Grady Holding Company and its subsidiaries. The acquisition was accounted for as a pooling-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)

J. Kimbrough Davis
Executive Vice President and
Chief Financial Officer
Date: November 15, 1999

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