

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

COMMUNITY CENTRAL BANK CORP
Form 10QSB
November 12, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended September 30, 2004

Commission File No. 000-33373

COMMUNITY CENTRAL BANK CORPORATION

(Exact name of small business issuer as specified in its charter)

Michigan

38-3291744

(State or other jurisdiction of
incorporation or organization)

(IRS Employer Identification No.)

100 North Main Street, PO Box 7, Mount Clemens, MI 48046-0007

(Address of principal executive offices and zip code)

(586) 783-4500

(Issuer's telephone number)

State the number of shares outstanding of each of the issuer's classes of common
equity, as of the latest practicable date:

Class	Outstanding at November 12, 2004
----- Common Stock, \$5 stated value	----- 2,862,182 Shares

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

Yes No

Transitional Small Business Disclosure Format:

Yes No

1

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

PART I

ITEM 1. FINANCIAL STATEMENTS

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

CONSOLIDATED BALANCE SHEETS

	September 30, 2004 (Unaudited)	December 31, 2003 (Audited)
	----- (In thousands) -----	
Assets		
Cash and due from banks	\$ 5,868	\$ 5,127
Federal funds sold	8,800	1,100
	-----	-----
Cash and Cash Equivalents	14,668	6,227
	-----	-----
Securities available for sale, at fair value	54,627	57,135
Securities held to maturity, at amortized cost	1,182	895
FHLB stock	3,212	3,103
Residential mortgage loans held for sale	4,768	7,241
Loans		
Residential mortgage loans	76,599	71,263
Commercial loans	204,714	189,099
Installment loans	14,310	10,466
	-----	-----
Total Loans	295,623	270,828
Allowance for credit losses	(3,376)	(3,573)
	-----	-----
Net Loans	292,247	267,255
	-----	-----
Net property and equipment	5,470	3,977
Accrued interest receivable	1,515	1,305
Other real estate owned	681	363
Goodwill	743	743
Core deposit intangible, net of amortization	157	248
Cash surrender value of Bank owned life insurance	7,472	7,222
Other assets	2,824	2,162
	-----	-----
Total Assets	\$ 389,566	\$ 357,876
	=====	=====

(continued)

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

CONSOLIDATED BALANCE SHEETS

September 30, 2004 (Unaudited)	December 31, 2003 (Audited)
--------------------------------------	-----------------------------------

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

(In thousands, except share data)

Liabilities			
Deposits			
Noninterest bearing demand deposits	\$	34,588	\$ 33,814
NOW and money market accounts		40,928	41,484
Savings deposits		19,029	6,389
Time deposits		178,959	173,669
		-----	-----
Total deposits		273,504	255,356
		-----	-----
Repurchase agreements		24,955	12,836
Federal Home Loan Bank advances		54,374	54,374
Accrued interest payable		661	511
Other liabilities		526	752
ESOP note payable		217	271
Subordinated debentures		10,310	10,000
		-----	-----
Total Liabilities		364,547	334,100
		-----	-----
Stockholders' Equity			
Common stock -- \$5 stated value; 9,000,000 shares authorized; 2,862,182 shares issued and outstanding at 9-30-2004 and 2,721,875 at 12-31-2003		14,311	13,609
Additional paid-in capital		6,408	5,308
Retained earnings		4,497	5,225
Unearned employee benefit		(217)	(271)
Accumulated other comprehensive income		20	(95)
		-----	-----
Total Stockholders' Equity		25,019	23,776
		-----	-----
Total Liabilities and Stockholders' Equity	\$	389,566	\$ 357,876
		=====	=====

3

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2004	2003	2004	2003
	-----	-----	-----	-----
(In thousands, except per share data)				
Interest Income				
Loans (including fees)	\$ 4,409	\$ 3,611	\$ 12,917	\$ 10,000
Securities	537	327	1,555	1,000
Federal funds sold	45	22	86	
	-----	-----	-----	-----
Total Interest Income	4,991	3,960	14,558	11,000
	-----	-----	-----	-----

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

Interest Expense				
Deposits	1,364	1,050	4,034	3,
Short term borrowings	27	24	72	
Advances from FHLB	471	480	1,363	1,
ESOP loan interest expense	3	3	8	
Subordinated debentures	140	124	396	
	-----	-----	-----	-----
Total Interest Expense	2,005	1,681	5,873	5,
	-----	-----	-----	-----
Net Interest Income	2,986	2,279	8,685	6,
Provision for credit losses	250	50	1,850	
	-----	-----	-----	-----
Net Interest Income after Provision	2,736	2,229	6,835	6,
	-----	-----	-----	-----
Noninterest Income				
Deposit service charges	79	56	217	
Net realized security gain	52	11	172	
Mortgage banking income	1,314	2,071	4,044	5,
Other income	352	133	692	
	-----	-----	-----	-----
Total Noninterest Income	1,797	2,271	5,125	6,
	-----	-----	-----	-----
Noninterest Expense				
Salaries, benefits, and payroll taxes	2,096	2,507	5,907	7,
Premises and fixed asset expense	397	292	1,135	
Other operating expense	932	912	3,006	2,
	-----	-----	-----	-----
Total Noninterest Expense	3,425	3,711	10,048	10,
	-----	-----	-----	-----
Income Before Taxes	1,108	789	1,912	2,
Provision for income taxes	312	222	462	
	-----	-----	-----	-----
Net Income	\$ 796	\$ 567	\$ 1,450	\$ 1,
	=====	=====	=====	=====

(continued)

4

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

Per share data:

Basic earnings	\$ 0.28	\$ 0.20	\$ 0.51	\$ 0.56
Diluted earnings	\$ 0.27	\$ 0.20	\$ 0.50	\$ 0.55
	=====	=====	=====	=====
Cash Dividends	\$ 0.05	\$ 0.05	\$ 0.15	\$ 0.15
	=====	=====	=====	=====

Notes

- Weighted average shares outstanding have been adjusted to reflect the 5% stock dividend in June of 2004.

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

5

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003

	(In thousands)			
Net Income as Reported	\$ 796	\$ 567	\$ 1,450	\$ 1,568
Other Comprehensive Income, Net of Tax				
Change in unrealized gain on securities available for sale	715	(455)	115	(505)
	-----	-----	-----	-----
Comprehensive Income	\$ 1,511	\$ 112	\$ 1,565	\$ 1,063
	=====	=====	=====	=====

6

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited)

	Nine Months Ended Sep	2004	2003

	(In thousands)		
Operating Activities			
Net income	\$ 1,450	\$	
Adjustments to reconcile net income to net cash flow from operating activities:			
Net amortization of security premium	314		
Net gain on sales and call of securities	(172)		
Provision for credit losses	1,850		
Depreciation expense	351		
Deferred income tax benefit	(188)		
ESOP compensation expense	54		
Increase in accrued interest receivable	(210)		
Increase in other assets	(699)		
Increase (decrease) increase in accrued interest payable	150		
(Increase) decrease in other liabilities	(227)		
Increase in loans held for sale	2,211		

Net Cash Provided by Operating Activities	4,884		
Investing Activities			

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

Maturities, calls, sales and prepayments of securities available for sale	62,347	
Purchase of securities available for sale	(59,806)	
Maturities, calls, and prepayments of investment securities held to maturity	86	
Purchases of investment securities held to maturity	(484)	
Increase in loans	(26,580)	
Purchases of property and equipment	(1,844)	

Net Cash Used in Investing Activities	(26,281)	
 Financing Activities		
Net increase in demand and savings deposits	12,858	
Net increase in time deposits	5,290	
Net increase in short term borrowings	12,119	
Increase in FHLB advances	--	
Repayment of capitalized lease obligation	--	
Payment of ESOP debt	(54)	
Stock option exercise/award	52	
Cash dividends paid	(427)	
Repurchase of common stock	--	

Net Cash Provided by Financing Activities	29,838	

Increase in Cash and Cash Equivalents	8,441	
Cash and Cash Equivalents at the Beginning of the Year	6,227	

Cash and Cash Equivalents at the End of the Period	\$ 14,668	\$
	=====	
 Supplemental Disclosure of Cash Flow Information:		
Interest Paid	\$ 5,873	\$
Federal Taxes Paid	\$ 462	\$
	=====	

7

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

COMMUNITY CENTRAL BANK CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

- The financial statements of Community Central Bank Corporation (the "Corporation") include the consolidation of its direct and indirect subsidiaries: Community Central Bank (the "Bank"); and Community Central Mortgage Company, LLC (the "Mortgage Company").

The Corporation's Consolidated Balance Sheets are presented as of September 30, 2004 and December 31, 2003, and Consolidated Statements of Income and Comprehensive Income for the three and nine month periods ended September 30, 2004 and 2003, and Consolidated Statements of Cash Flow for the nine months ended September 30, 2004 and 2003. These unaudited financial statements are for interim periods, and do not include all disclosures normally provided with annual financial statements. The interim statements should be read in conjunction with the financial statements and footnotes contained in the Corporation's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2003.

In the opinion of management, the interim statements referred to above contain all adjustments (consisting of normal, recurring items) necessary

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

for a fair presentation of the financial statements. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

2. The accounting and reporting policies of the Corporation conform to accounting principles generally accepted in the United States of America and general practices within the banking industry. The following describes the critical accounting policies, which are employed in the preparation of financial statements.

Allowance for Credit Losses: The allowance for credit losses is maintained at a level considered by management to be adequate to absorb losses inherent in existing loans and loan commitments. The adequacy of the allowance is based on evaluations that take into consideration such factors as prior loss experience, changes in the nature and volume of the portfolio, overall portfolio quality, loan concentrations, specific impaired or problem loans and commitments, current and anticipated economic conditions that may affect the borrower's ability to pay, and other subjective factors. The determination of the allowance is also based on regulatory guidance. This guidance includes, but is not limited to, generally accepted accounting principles, and guidance issued from other regulatory bodies such as the joint policy statement issued by the Federal Financial Institutions Examination Council.

3. Community Central Capital Trust I, a business trust subsidiary of the Corporation sold 10,000 shares of cumulative preferred securities ("trust preferred securities") at \$1,000.00 per trust preferred security in June 2002. The proceeds from the sale of the trust preferred securities were used by the trust to purchase an equivalent amount of subordinated debentures from the Corporation. The trust preferred securities carry a variable rate of interest at the three month libor plus 365 basis points, have a stated maturity of 30 years, and, in effect, are guaranteed by the Corporation. The securities are redeemable at par after 5 years. Distributions on the trust preferred securities are payable quarterly on March 30, June 30, September 30 and December 30. The first distribution was paid on September 30, 2002 and distributions have been made quarterly ever since. Under certain circumstances, distributions may be deferred for up to 20 calendar quarters. However, during any such deferrals, interest accrues on any unpaid distributions at the rate of the three month libor plus 365 basis points. The trust preferred securities are carried on the Corporation's consolidated balance sheet as a liability and the interest expense is recorded on the Corporation's consolidated statement of income.

The trust preferred securities qualify for up to 25% of tier I capital. Any amount in excess of this limit may be included in tier 2 capital. Prior to 2004, the trust was consolidated in the Corporation's financial statements, with the trust preferred securities issued by the trust reported in liabilities as "Guaranteed Preferred Beneficial Interest in the Corporation's Subordinated Debentures" and the subordinated debentures eliminated in consolidation. Under new accounting guidance, FASB Interpretation No. 46, as revised in December 2003, the trust is no longer consolidated with the Corporation, accordingly, the Corporation does not report the securities issued by the trust as liabilities, and instead reports as liabilities the subordinated debentures issued by the Corporation and held by the trust, as these are no longer eliminated in consolidation. Amounts previously reported as "Guaranteed preferred beneficial interest in Corporation's subordinated debentures" in liabilities

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

have been recaptioned "subordinated debentures" and continue to be presented in liabilities on the balance sheet. The effect of no longer consolidating the trust does not significantly change the amounts reported as the Corporation's assets, liabilities, equity, or interest expense.

4. The Corporation did not issue stock options during the nine months ended September 30, 2004. The Corporation issued 7,000 option shares during the nine months ended September 30, 2003. If the Corporation had used the fair value method of accounting, using the Black Scholes option pricing model and recognizing compensation cost for the plan based on the fair market value of the grant date, net income and earnings per share on a pro forma basis would have been as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(in thousands, except per share data)			
Net income, as reported	\$ 796	\$ 567	\$ 1,450	\$
Deduct: Total stock-based employee and director compensation expense under fair value based methods of awards, net of related tax effects	(20)	(27)	(60)	
Pro forma net income	\$ 776	\$ 540	\$ 1,390	\$
Earnings per share				
Basic - as reported	\$ 0.28	\$ 0.20	\$ 0.51	\$
Basic - pro forma	\$ 0.27	\$ 0.19	\$ 0.49	\$
Diluted - as reported	\$ 0.27	\$ 0.20	\$ 0.50	\$
Diluted - pro forma	\$ 0.27	\$ 0.19	\$ 0.48	\$

The fair value of each option grant is estimated on the date of grant using the Black Scholes option pricing model with the following weighted average assumptions. The assumptions listed below were used in 2004 and 2003, with no practical changes during each respective period.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Dividend yield or expected dividends	1.63%	1.92%	1.58%	1.92%
Risk free interest rate	4.00%	4.30%	4.00%	4.30%
Expected life	7-10 yrs.	7-10 yrs.	7-10 yrs.	7-10 yrs.
Expected volatility	9.60%	9.60%	9.60%	9.60%

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

FORM 10-QSB (continued)

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

The following discussion compares the financial condition of the Corporation and its wholly owned subsidiaries at September 30, 2004 and December 31, 2003 and the results of operations for the three and nine months ended September 30, 2004 and 2003. This discussion should be read in conjunction with the financial statements and statistical data presented elsewhere in this report. This report contains forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates and projections about the financial services industry, the economy, and about the Corporation and the Bank. Words such as anticipates, believes, estimates, expects, forecasts, intends, is likely, plans, projects, variations of such words and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are intended to be covered by the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("Future Factors") that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Actual results and outcomes may materially differ from what may be expressed or forecasted in the forward-looking statements. The Corporation undertakes no obligation to update, amend, or clarify forward looking statements, whether as a result of new information, future events (whether anticipated or unanticipated), or otherwise.

Future Factors include changes in interest rate and interest rate relationships; demand for products and services; the degree of competition by traditional and non-traditional competitors; changes in banking regulation; changes in tax laws; changes in accounting standards; changes in prices, levies, and assessments; the impact of technological advances; governmental and regulatory policy changes; the outcomes of contingencies; trends in customer behavior as well as their ability to repay loans; changes in the national and local economy; our ability to successfully integrate acquisitions into our existing operations, and the availability of new acquisition's that build shareholder value; and other factors, including risk factors, referred to from time to time in filings made by the Corporation with the Securities and Exchange Commission.

EXECUTIVE SUMMARY

Community Central Bank Corporation is the holding company for Community Central Bank in Mount Clemens, Michigan. The Corporation opened for business in October 1996 and serves businesses and consumers across Macomb, Oakland and St. Clair counties with a full range of lending, deposit, and Internet banking services. The Bank operates two full service facilities, one in Mount Clemens and the other in Rochester Hills, Michigan. Community Central Mortgage Company, LLC a subsidiary of the Corporation and Bank, operates locations in Mount Clemens, Warren, Dearborn, Livonia, and Anchorville. The Corporation's common shares trade on the Nasdaq National Market under the symbol "CCBD."

The results of operations depend largely on net interest income. Net interest income is the difference in interest income the Corporation earns on interest-earning assets, which comprise primarily commercial business and commercial real estate loans and the interest the Corporation pays on our interest-bearing liabilities, which are primarily certificates of deposit, money market and demand deposits. Management strives to match the repricing characteristics of the earning assets and paying liabilities to protect net interest income from changes in market interest rates and changes in the shape of the market yield curve. Management expects, based on current balance sheet structure and modeling forecasts, that net interest margin will increase slightly from the expected increase in the overnight federal funds interest rate controlled by the Federal Open Market Committee of the Federal Reserve Bank.

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

The results of our operations may also be affected by the local and general economic conditions. The largest geographic segment of customer base for the Bank is in Macomb County, Michigan. The economic base of the county continues to diversify from the automotive service sector. This trend should lessen the impact on the County to future economic downturns in the automotive sector of the economy. Macomb County's proximity to major highways and affordable housing has continued to spur economic growth in the area. Macomb County's outstanding debt has a current credit rating of AAA from Moody's Investor Service as of April 2004. Changes in the local economy may affect the demand for commercial loans and related small to medium business related products. This could have a significant impact on how the Corporation deploys earning assets. The competitive environment between other financial institutions and the Bank in Macomb, Oakland, and St. Clair counties of Michigan may

10

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

affect the pricing levels of various deposit products. The impact of competitive rates on deposit products may increase the relative cost of funds for the Corporation and thus negatively impact net interest income.

During the first nine months of 2004, the Corporation continued to grow its balance sheet consistent with a traditional commercial banking model. The Corporation expanded its branching base and assets and deposits through the acquisition of the Rochester Hills, Michigan location of a full service branch, through the purchase and assumption of North Oakland Community Bank in October 2003. The Corporation expects to continue growth through internal expansion primarily through commercial banking practices. The primary funding base of growth is expected to be customer deposits, although wholesale-based funding sources are and will continue to be used to supplement growth should increases in loans and investments outpace deposit generation. Additionally, should the cost of retail funding exceed wholesale alternatives, whole funding sources will be considered.

Community Central Mortgage Company, LLC ("the Mortgage Company") which is a wholly owned mortgage-banking subsidiary of the Bank and the Corporation has also felt the affect of the nationwide slowdown in residential mortgage volumes. The mortgage company has scaled back both variable and fixed costs to match the reduced revenue because of this origination slowdown. The mortgage company continues to contribute to the overall profitability of the Corporation, although it is performing at relatively lower contribution levels in 2004 compared to when the refinancing volumes were high in 2003.

11

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

COMPARISON OF FINANCIAL CONDITION AT SEPTEMBER 30, 2004 AND DECEMBER 31, 2003

The Corporation's total assets increased \$31.7 million, to \$389.6 million at September 30, 2004 from \$357.9 million at December 31, 2003 primarily as a result of an increase in the loan portfolio. Total loans, excluding loans held for sale, increased \$24.8 million, or 9.2%, to \$295.6 million at September 30, 2004 from December 31, 2003.

Commercial real estate loans, the largest segment of the Corporation's loan

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

portfolio, increased \$13.7 million, or 9.1% from December 31, 2003 to September 30, 2004. The Corporation continues to focus on commercial lending activities centered on real estate collateral as the largest segment of lending operations.

The residential real estate portfolio, excluding home equity lines of credit ("HELOC"), increased \$791,000, or 1.3%, which included the sale of \$10.2 million of residential adjustable rate mortgage loans during the third quarter of 2004. The total growth in the residential real estate portfolio without the sale would have been 18.4% during the same time period. Our HELOC portfolio increased \$4.5 million, or 40.5% from December 31, 2004 to September 30, 2004. The mortgage subsidiary of the Corporation continues to supplement the growth of this portfolio product. The growth in HELOC portfolio was attributable to loans generated from the Mortgage Company based on incentive programs connected with first mortgage production. The HELOC loans float with prime rate, are fully secured by real estate and are generally originated with loan to values of up to 95% of the appraised value of the real estate.

At September 30, 2004, our commercial and industrial loans totaled \$41.3 million, an increase of \$2.0 million, or 5.0% from December 31, 2003. The largest collateral segment of the commercial and industrial loan portfolio at September 30, 2004, represented loans secured by accounts receivable and to a lesser extent bonded contract receivables totaling approximately \$28.0 million. In most cases, the loans also have additional collateral in the form of real estate, machinery and equipment and or personal guarantees.

Installment loans increased \$3.8 million, or 39.1%, primarily through the direct boat loans to consumers. The Corporation's general geographic proximity to Lake St. Clair and the lending experience in this area makes boat lending an advantageous lending niche.

Mortgage loans held for sale totaled \$4.7 million at September 30, 2004 compared to \$7.2 million at December 31, 2003. The mortgage loans were originated by the Bank's mortgage subsidiary, which started operations July 9, 2001. Loans closed generally remain in loans held for sale for less than 30 days in duration. Loans are normally committed for sale before funding takes place.

The total security portfolio at September 30, 2004 was \$55.8 million, which was comprised of \$54.6 million in available for sale securities and \$1.2 million in held to maturity securities. The security portfolio consisted of government agency and bank qualified tax-exempt municipal securities. The total security portfolio decreased \$2.2 million from December 31, 2003. The net change occurred because of maturities, security calls, and sales from restructuring programs. During the first nine months ended September 30, 2004, the tax-exempt municipal securities increased \$2.0 million and the mortgage backed securities decreased \$3.6 million. Federal Agency debentures, which are primarily pledged against repurchase agreements decreased \$4.2 million. The remaining decrease in the portfolio was from paydown and sales of collateralized mortgage obligations. At September 30, 2004, the available for sale portfolio had net unrealized gains of \$30,000, compared to a \$144,000 unrealized loss at December 31, 2003. The increase was due to changes in market interest rates and relative duration compared to those at December 31, 2003. On the balance sheet, securities are classified as held to maturity, when the Corporation has the ability and intent to hold to maturity. Held to maturity securities are recorded at cost, adjusted for amortization of premium or accretion of discount. Securities available for sale are shown on the balance sheet at estimated fair market value.

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

The Corporation makes loans to customers primarily in Macomb County, Michigan. Although the Corporation has a diversified loan portfolio, a substantial portion of the local economy has traditionally been dependent on the automotive industry. Accordingly, a downturn in the automotive industry could adversely affect a borrower's ability to repay its loan. Additionally, the Corporation had approximately \$59.0 million in outstanding loans at September 30, 2004, to borrowers in the real estate rental and property management industries, representing approximately 36.1% of the total commercial real estate loan portfolio.

The major components of the loan portfolio for loans held for sale and loans in the portfolio are as follows:

	September 30, 2004	Percentage of total loans	December 31, 2003	Percentage of total loans
	-----	-----	-----	-----
	(in thousands, except percentages)			
Loans held for sale:				
Residential real estate	\$ 4,768	100.0%	\$ 7,241	100.0%
	=====	=====	=====	=====
Loans held in the portfolio:				
Commercial real estate	\$163,425	55.3%	\$149,769	55.3%
Commercial and industrial	41,289	14.0	39,330	14.5
Residential real estate	60,837	20.6	60,046	22.2
Home equity lines	15,762	5.3	11,217	4.1
Consumer loans	13,692	4.6	9,844	3.7
Credit cards	618	0.2	622	0.2
	-----	-----	-----	-----
	\$295,623	100.0%	\$270,828	100.0%
	=====	=====	=====	=====

13

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

A summary of nonperforming assets is as follows:

	September 30, 2004	December 31, 2003
	-----	-----
	(In thousands)	
Impaired loans:		
Nonaccrual		
Commercial and industrial loans	\$ 264	\$ 88
Commercial real estate	1,111	277
Residential real estate	61	-
	-----	-----
Total nonaccrual loans	1,436	365

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

Loans past due 90 days and still accruing interest:		
Residential real estate	346	116
Installment	66	3
	-----	-----
Total loans past due 90 days and still accruing interest	412	119
	-----	-----
Total nonperforming loans	1,848	484
	-----	-----
Other real estate owned (net)	681	363
	-----	-----
Total nonperforming assets	\$ 2,529	\$ 847
	=====	=====
Total nonperforming loans as a percentage of total loans	0.63%	0.18%
	=====	=====
Total nonperforming assets as a percentage of total assets	0.65%	0.24%
	=====	=====

At September 30, 2004, nonperforming loans totaled \$1.8 million compared to \$484,000 at December 31, 2003, an increase of \$1.4 million. The largest portion of this increase was attributable to a loan acquired at a discount from the purchase and assumption of North Oakland Community Bank. This loan had a net book value of \$801,000 as of September 30, 2004, and is secured by residential real estate properties. Management expects to fully collect the net book balance in the fourth quarter of 2004, as the property is under a contract for sale for which the Bank will provide financing.

In the third quarter of 2004, nonaccrual loans were reduced \$1.1 million from the sale of a commercial real estate loan and the charge off of a \$104,000 commercial and industrial loan for which management expects a recovery in an indeterminable timeframe.

14

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

The following table shows an analysis of the allowance for credit losses:

	September 30, 2004	December 31, 2003
	-----	-----
	(Dollars in thousands)	
Allowance for credit losses at beginning of period	\$ 3,573	\$ 3,377
Provision charged to expense	1,850	275
Loans charged off	(2,064)	(123)
Loans recovered	17	44
	-----	-----
Allowance for credit losses at end of period	\$ 3,376	\$ 3,573
	=====	=====
Allowance for credit losses as a percentage of total loans	1.14%	1.32%

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

The allowance for credit losses as a percentage of total loans was 1.14% at September 30, 2004, versus 1.32% at December 31, 2003. In each accounting period, management evaluates the problems and potential losses in the loan portfolio. Consideration is also given to off-balance sheet items that may involve credit risk, such as commitments to extend credit and financial guarantees. Management's evaluation of the allowance is further based on consideration of actual loss experience, the present and prospective financial condition of borrowers, adequacy of collateral, industry concentrations within the portfolio, and general economic conditions. Management believes that the present allowance is adequate, based on the broad range of considerations listed above.

The primary risk element considered by management regarding each installment and residential real estate loan is lack of timely payment. Management has a reporting system that monitors past due loans and has adopted policies to pursue its creditor's rights in order to preserve the Bank's position. The primary risk elements concerning commercial loans are the financial condition of the borrower, the sufficiency of collateral, and lack of timely payment. Management has a policy of requesting and reviewing financial statements from its commercial loan customers, and periodically reviews the condition and value of the collateral securing the loans.

Although management believes that the allowance for credit losses is adequate to absorb losses as they arise, there can be no assurance that the Corporation will not sustain losses in any given period that could be substantial in relation to the size of the allowance for credit losses.

15

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

During the nine months ended September 30, 2004, total deposits increased \$18.1 million to \$273.5 million. The increase in deposits was attributable to increases in certificates of deposit and savings accounts of \$5.3 million and \$12.6 million, respectively. Savings accounts increased due to the introduction of a premium statement savings product paying competitive money market rates. The increase in certificates of deposit were aided by premium rate offerings primarily at the Rochester Hills branch location. The product offerings attracted new customers for additional cross selling opportunities. Growth in demand, money market and NOW accounts was minimal, accounting for \$218,000 in growth. Local municipal certificates of deposit decreased \$9.3 million for the first nine months of 2004 as seasonal needs of municipalities and competitive rates can cause fluctuations in balances. At September 30, 2004 the Corporation had \$51.4 million in local municipal deposits, \$42.9 million in brokered certificates of deposit and \$26.0 million in internet certificates of deposit. See "Liquidity and Capital Resources" below. The Corporation has been utilizing Federal Home Loan Bank ("FHLB") advances to better match against interest rate risk as described below.

Total short-term borrowing increased \$6.1 million to \$38.0 million at September 30, 2004 from December 31, 2003, due to an increase in short term repurchase agreements of \$12.1 million. The Corporation utilized short term funding sources from the FHLB to a lesser extent at September 30, 2004 than at December 31, 2003. The increase in short term repurchase agreement is based on the seasonal needs of funds to the commercial and municipal customers who utilize the program. The weighted average interest rate on the ending balance of the short-term borrowings for September 30, 2004 and December 31, 2003, was 1.37% and 1.39%, respectively.

In June 2001, the Corporation started to borrow long-term advances from the FHLB

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

to fund fixed rate instruments and to minimize the interest rate risk associated with certain fixed rate commercial mortgage loans and investment securities. These advances are secured under a blanket security agreement by first mortgage loans and the pledging of certain securities. The total FHLB advances at September 30, 2004 of \$54.4 million, comprised \$13.0 million in short term advances with a weighted average rate of 2.07% and long term advances of \$14.4 million with a weighted average rate of 3.92%. The aggregate weighted rate of the entire FHLB advance portfolio was 3.48% with a weighted average remaining maturity of 3.1 years as of September 30, 2004. Long-term advances comprised twenty-three advances maturing from February 2006 to December 2012.

16

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

LIQUIDITY AND CAPITAL RESOURCES

The liquidity of a bank allows it to provide funds to meet loan requests, to accommodate possible outflows in deposits, and to take advantage of other investment opportunities. Funding of loan requests, providing for liability outflows, and managing interest rate margins require continuous analysis to match the maturities of specific categories of loans and investments with specific types of deposits and borrowings. Bank liquidity depends upon the mix of the banking institution's potential sources and uses of funds. The major sources of liquidity for the Bank have been deposit growth, federal funds sold, loans and securities which mature within one year, and sales of residential mortgage loans. Additional liquidity is provided by \$22.5 million in available unsecured federal funds borrowing facilities, and a \$75.0 million secured line of credit with the FHLB. Large deposit balances which might fluctuate in response to interest rate changes are closely monitored. These deposits consist mainly of jumbo time certificates of deposit. We anticipate that we will have sufficient funds available to meet our future commitments. As of September 30, 2004, unused commitments comprised \$71.2 million. The Bank has \$122.9 million in time deposits coming due within the next twelve months from September 30, 2004. At September 30, 2004, the Bank had \$42.9 million in brokered certificates of deposit, of which \$30.5 million is due within one year or less. The Bank will continue to use brokered certificates and other wholesale funding sources for replacement sources of matured funds. Additionally, at September 30, 2004, municipal time deposits and internet time deposits were \$77.9 million and \$30.4 million, respectively. Municipal time deposits typically have maturities less than three months. \$9.9 million of internet certificates of deposit mature in one year or less. On August 17, 2004, the Corporation's Board of Directors declared the Corporation's eleventh consecutive quarterly cash dividend of \$0.05 per common share, payable October 1, 2004, to shareholders of record September 1, 2004.

In January of 2003, the Bank purchased property adjacent to its main office known as 120 North Main Street. In March of 2004, the Bank started construction of a new building at this location to be used as the headquarters for administration, commercial banking, and mortgage operations. The construction and development costs are expected to be offset, on an annualized per square foot basis, by the corresponding reduction in lease expense currently paid to an outside landlord. At September 30, 2004, \$1.7 million had been spent on a project expected to cost a total of \$4 million, including land costs.

Following are selected capital ratios for the Corporation and the Bank as of the dates indicated, along with the minimum regulatory capital requirement for each item. Capital requirements for bank holding companies are set by the Federal Reserve Board. In many cases, bank holding companies are expected to operate at capital levels higher than the minimum requirement. As of September 30, 2004,

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

the Corporation and the Bank exceeded the capital ratios to be considered "well capitalized."

	September 30, 2004		December 31, 2003		Minimum Ra for Capit Adequacy Purposes
	Capital	Ratio	Capital	Ratio	
Total capital to risk-weighted assets					
Consolidated	\$37,474	12.56%	\$36,266	13.39%	8%
Bank only	35,320	11.86%	32,808	12.14%	8%
Tier I capital to risk-weighted assets					
Consolidated	\$32,131	10.77%	\$30,505	11.27%	4%
Bank only	31,944	10.73%	29,427	10.89%	4%
Tier I capital to average assets					
Consolidated	\$32,131	8.14%	\$30,505	8.56%	4%
Bank only	31,944	8.11%	29,427	8.27%	4%

17

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

Stockholders' equity was \$25.0 million as of September 30, 2004. This was an increase of \$1.2 million for the nine months ended September 30, 2004. The change in total stockholders' equity was largely related to the increase in net income for the nine months ended September 30, 2004 of \$1,450,000, partially offset by dividends declared in 2004 of \$428,000. Stock options exercised in 2004, the release of ESOP shares and the unrealized net gain in available for sale securities contributed to growth in stockholders' equity for the same period.

The following table shows the changes in stockholders' equity for the nine months ended September 30, 2004:

	Common Stock	Additional Paid-In Capital	Retained Earnings	Unearned Employee Benefits	Accum Co In
Beginning balance, January 1	\$13,609	\$ 5,308	\$ 5,225	(\$ 271)	(
Cash dividend	--	--	(428)	--	
Stock option exercise/stock awards	22	30	--	--	
Stock dividend	680	1,070	(1,750)	--	
Net income	--	--	1,450	--	
Release of ESOP shares	--	--	--	54	
Change in unrealized gain/loss	--	--	--	--	
Balance September 30, 2004	\$ 14,311	\$ 6,408	\$ 4,497	(\$ 217)	

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

NET INTEREST INCOME

For the quarter ended September 30, 2004, net interest income increased by 31.0%, or \$707,000, over the third quarter of 2003. This increase was primarily attributable to an expanded interest earning asset base, which was aided by an increased net interest margin. The net interest margin was positively impacted by the growth in the loan portfolio versus a stable cost of liability funding. During most of 2002 and 2003, the margin was negatively affected by refinancing and the removal of interest rate floors on loans from competitive pressures. The Corporation continues to utilize advances from the Federal Home Loan Bank and longer term certificates of deposit to control interest rate risk when funding longer term fixed rate loans and investments. The net interest margin measured on a fully taxable basis increased for the third quarter 2004 to 3.28% compared with 3.00% for the third quarter of 2003.

Net interest income for nine months ended September 30, 2004 increased by 31.4%, or \$2.1 million, over the first nine months of 2003. Again, this increase was attributable to an expanded interest earning asset base and an increased net interest margin. The net interest margin, measured on a fully taxable equivalent basis, for the nine months ended September 30, 2004 was 3.24%, compared with 3.01% for the nine months ended September 30, 2003. Net interest margin for the nine months ended September 30, 2004 was favorably impacted by the same reasons as mentioned above for the third quarter of 2004.

18

COMMUNITY CENTRAL BANK CORPORATION FORM 10-QSB (continued)

The following table shows the dollar amount of changes in net interest income for each major category of interest earning asset and interest bearing liability, and the amount of change attributable to changes in average balances (volume) or average rates for the periods shown. Variances that are jointly attributable to both volume and rate changes have been allocated to the volume component.

	Three Months Ended September 30, 2004 vs. 2003			Septe
	-----			-----
	Increase (Decrease) Due to Changes In			
	Total	Volume and Both	Rate	Total
	-----	-----	-----	-----
	(in thousands)			
Earning Assets - Interest Income				
Loans	\$ 798	\$ 798	\$ --	\$ 2,492
Securities	210	40	170	202
Federal funds sold	23	13	10	18
	-----	-----	-----	-----
Total	1,031	851	180	2,712
	-----	-----	-----	-----
Deposits and Borrowed Funds - Interest Expense				
NOW and money market accounts	9	10	(1)	(8)
Savings deposits	67	51	16	117
Time deposits	238	321	(83)	545

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

FHLB and repo sweeps	(6)	(13)	7	(31)
Lease and ESOP	--	(1)	1	(2)
Subordinated debentures	16	4	12	15
	-----	-----	-----	-----
Total	324	372	(48)	636
	-----	-----	-----	-----
Net Interest Income	\$ 707	\$ 479	\$ 228	\$ 2,076
	=====	=====	=====	=====

19

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

AVERAGE BALANCE SHEET

The following tables show the Corporation's consolidated average balances of assets, liabilities, and stockholders' equity; the amount of interest income or interest expense and the average yield or rate for each major category of interest earning asset and interest bearing liability, and the net interest margin, for the three and nine month periods ended September 30, 2004 and 2003. Average loans are presented net of unearned income, gross of the allowance for credit losses. Interest on loans includes loan fees. Average securities are based on amortized cost.

	Three Months Ended September			
	2004			
	Average Balance	Interest Income/ Expense	Average Rate Earned/ Paid	Average Balance
	-----	-----	-----	-----
	(In thousands)			
Assets				
Loans	\$301,537	\$ 4,409	5.85%	\$246,7
Securities	58,583	537	3.67	54,2
Federal funds sold	12,874	45	1.40	9,0
	-----	-----	-----	-----
Total Earning Assets/ Total Interest Income	372,994	4,991	5.35	310,0
	-----	-----	-----	-----
Cash and due from banks	7,626			6,1
All other assets	15,134			10,6
	-----			-----
Total Assets	\$395,754			\$326,8
	=====			=====
Liabilities and Equity				
NOW and money market accounts	\$ 42,673	105	0.98	\$ 38,7
Savings deposits	17,210	75	1.74	5,5
Time deposits	197,099	1,184	2.40	143,6
FHLB and repurchase agreements	67,487	498	2.95	69,1
Capitalized lease and ESOP	225	3	5.33	2
Subordinated debentures	10,310	140	5.43	10,0
	-----	-----	-----	-----
Total Interest Bearing Liabilities/				

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

Total Interest Expense / Interest Rate Spread	335,004	2,005	2.39	267,5
Noninterest bearing demand deposits	35,024			34,8
All other liabilities	1,272			1,2
Stockholders' equity	24,454			23,2
Total Liabilities and Stockholder's Equity	\$395,754			\$326,8
Net Interest Income		\$ 2,986		
Net Interest Margin (Net Interest Income/Total Earning Assets)			3.20%	
Net Interest Margin (fully taxable equivalent)			3.28%	

20

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

	Nine Months Ended Sept			
	2004			
	Average Balance	Interest Income/Expense	Average Rate Earned/Paid	Average Balance
	(In thousands)			
Assets				
Loans	\$299,663	\$ 12,917	5.75%	\$233,9
Securities	55,695	1,555	3.72	57,6
Federal funds sold	9,781	86	1.17	8,1
Total Earning Assets/ Total Interest Income	365,139	14,558	5.32	299,7
Cash and due from banks	7,317			5,8
All other assets	13,533			7,2
Total Assets	\$385,989			\$312,8
Liabilities and Equity				
NOW and money market accounts	\$ 42,846	319	0.99	\$ 36,7
Savings deposits	12,690	144	1.51	5,6
Time deposits	193,610	3,571	2.46	140,0
FHLB and repurchase agreements	67,002	1,435	2.86	61,6
Capitalized lease and ESOP	245	8	4.35	3
Subordinated debentures	10,310	396	5.12	10,0
Total Interest Bearing Liabilities/ Total Interest Expense / Interest Rate Spread	326,703	5,873	2.40	254,3

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

Noninterest bearing demand deposits	33,961	34,7
All other liabilities	1,035	1,0
Stockholders' equity	24,290	22,6
	-----	-----
Total Liabilities and Equity	\$385,989	\$312,8
	=====	=====
Net Interest Income		\$ 8,685
		=====
Net Interest Margin (Net Interest Income/Total Earning Assets)		3.17%
		=====
Net Interest Margin (fully taxable equivalent)		3.24%
		=====

21

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

PROVISION FOR CREDIT LOSSES

The provision for credit losses for the three months ended September 30, 2004 was \$250,000, an increase of \$200,000 from the three months ended September 30, 2003. The larger provision was made in part, to adequately cover the net charges offs for the third quarter 2004 of \$137,000, \$104,000 of which management expects to recover in the future. Management however cannot predict the timing of this recovery.

The provision for credit losses for the nine months ended September 30, 2004 was \$1.9 million, an increase of \$1.7 million from the comparable period of 2003. The increase in provision for the first nine months was attributable to net loan charge offs of \$1.9 million in the second quarter of 2004. The largest single loan charge off was \$1.0 million on a commercial and industrial loan. The Bank is pursuing the borrower for fraud and other claims related to this relationship. The remaining charge offs of substance totaled \$778,000 and represented loans that had deteriorated from the purchase and assumption of North Oakland Community Bank.

NONINTEREST INCOME

Noninterest income decreased by \$474,000, or 20.9%, for the third quarter of 2004 compared to the third quarter of 2003. The largest component of noninterest income is mortgage banking income. Mortgage banking income decreased \$751,000, or 36.6%, to \$1.8 million for the quarter ended September 30, 2004 compared to the same period in 2003. The decrease in mortgage originations and the corresponding level of gains on the sales of mortgages has been affected by the nationwide decrease in mortgage refinancing. Service charge income during the third quarter of 2004 was \$79,000, an increase of \$23,000 or a 41.1% increase over the third quarter of 2003. The increase in service charge income was due to the addition of the Rochester branch in the fourth quarter of 2003, coupled with selected increases in the fees assessed to customers on checking and other applicable deposit accounts. Net security gains of \$52,000 were the result of security restructuring activity to shorten security duration. Other non-interest income for the quarter ended September 30, 2004, increased \$219,000, or 164.7% compared to the third quarter of 2003. The increase was attributable to the gain on sale of \$12.1 million in residential real estate mortgage loans and government guaranteed loans held in the Bank's portfolio.

Noninterest income for the nine months ended September 30, 2004 decreased \$1.3

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

million, or 21.3% compared to the first nine months of 2003. The decrease was due primarily to decreases in mortgage banking income of \$1.6 million, or 28.8% for these same reasons detailed above.

NONINTEREST EXPENSE

Noninterest expense in the third quarter of 2004 was \$3.4 million, a decrease of \$286,000 from the third quarter of 2003, or 7.7%. Salaries, benefits, and payroll taxes for the third quarter of 2004 were \$2.1 million, which was a decrease of \$411,000 compared to the third quarter of 2003. Salaries, benefits and payroll taxes related to the Mortgage Company decreased \$648,000 when comparing the third quarter of 2004 compared to 2003. The decrease in expense was directly related to the decrease in mortgage banking income noted above in noninterest income. This decrease was the largest factor attributable to the overall decrease in noninterest expense. Salaries and benefits from the operations of the Rochester Branch, coupled with general merit increases for the overall organization comprised the remainder of the net change in overall salaries and benefit expense. Total premises and fixed asset expense of \$397,000 for the third quarter of 2004, increased \$105,000, or 36.8% due to the Rochester Hill branch operations representing \$51,000, or 48.5% of the relative increase, with the remainder of increase in overall premises expense attributable to property taxes and other premises related to cost of operations. Other operating expenses of \$932,000 for the third quarter of 2004, increased slightly by \$20,000, or 2.2% from overall growth of the organization.

22

COMMUNITY CENTRAL BANK CORPORATION FORM 10-QSB (continued)

Noninterest expense for the nine months ended September 30, 2004 decreased \$724,000, or 6.7%. This was due to decreases in salaries, benefits and payroll taxes of \$1.2 million, or 16.2%. The decreases in salaries, benefits and payroll taxes were primarily due to the Mortgage Company operations and an offset to the corresponding decrease in mortgage banking income. Premises and fixed asset expense and other operating expense increased for the comparable nine month period \$253,000 and \$165,000, respectively. This was due primarily to the Rochester Hills branch operations.

INCOME TAXES

The provision for federal income taxes of \$312,000 for the quarter ended September 30, 2004, increased \$90,000, or 40.5%, over the third quarter of 2003, and paralleled the growth of income before taxes of 40.4%. The provision for federal income taxes of \$462,000 for the nine months ended September 30, 2004, decreased \$191,000, or 29.2%. The decrease in the federal income tax provision was attributed to both reduced pretax income and a lower effective tax rate in 2004 over 2003. The effective tax rate for nine months ended September 30, 2004 and 2003 was 24.2% and 29.4%, respectively. The lower effective tax rate during 2004 was attributable to investments in bank qualified tax-exempt securities and bank owned life insurance (BOLI). The increase in cash surrender value of BOLI is exempt from federal income tax.

23

COMMUNITY CENTRAL BANK CORPORATION FORM 10-QSB (continued)

ASSET/LIABILITY MANAGEMENT

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

The Corporation's Asset Liability Management Committee ("ALCO"), which meets at least quarterly, is responsible for reviewing the interest rate sensitivity position of the Corporation and establishing policies to monitor and limit exposure to interest rate risk.

The Corporation currently utilizes two quantitative tools to measure and monitor interest rate risk: static gap analysis and net interest income simulation modeling. Each of these interest rate risk measurements has limitations, but management believes when these tools are evaluated together, they provide a balanced view of the exposure the Corporation has to interest rate risk.

Static gap analysis measures the difference between the assets and liabilities repricing or maturing within specific time periods. An asset-sensitive position indicates that there are more rate-sensitive assets than rate-sensitive liabilities repricing or maturing within specific time periods, which would generally imply a favorable impact on net interest income in periods of rising interest rates and a negative impact in periods of falling rates. A liability-sensitive position would generally imply a negative impact on net interest income in periods of rising rates and a positive impact in periods of falling rates.

Static gap analysis has limitations because it cannot measure precisely the effect of interest rate movements and competitive pressures on the repricing and maturity characteristics of interest-earning assets and interest-bearing liabilities. In addition, a significant portion of our adjustable-rate assets have limits on their maximum yield, whereas most of our interest-bearing liabilities are not subject to these limitations. As a result, certain assets and liabilities indicated as repricing within a stated period may in fact reprice at different times and at different volumes, and certain adjustable-rate assets may reach their yield limits and not reprice.

24

COMMUNITY CENTRAL BANK CORPORATION FORM 10-QSB (continued)

The following table presents an analysis of our interest-sensitivity static gap position at September 30, 2004. All interest-earning assets and interest-bearing liabilities are shown based on the earlier of their contractual maturity or repricing dated adjusted by forecasted repayment and decay rates. Asset prepayment and liability decay rates are selected after considering the current rate environment, industry prepayment and decay rates and our historical experience. At September 30, 2004, the Corporation is considered asset sensitive in the time interval of the first three months. The Corporation is also considered to be slightly liability sensitive at the one year accumulated gap position.

	Within Three Months -----	After Three Months But Within One Year -----	After One Year But Within Five Years -----	After Five Years -----	To
	(in thousands)				
Interest earning assets:					
Federal funds sold	\$ 8,800	\$ --	\$ --	\$ --	\$
Securities	10,211	1,631	33,605	10,332	5
FHLB stock	--	--	--	3,212	
Portfolio loans and					

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

held for resale	160,267	6,009	97,920	36,195	30
	-----	-----	-----	-----	-----
Total	179,278	7,640	131,525	49,739	\$ 36
	-----	-----	-----	-----	=====
Interest bearing liabilities:					
NOW and money market					
accounts	3,396	9,612	27,920	--	\$ 4
Savings deposits	1,713	5,138	12,179	--	1
Jumbo time deposits	52,873	46,464	23,942		12
Time deposits <\$100,000	4,122	21,473	30,085	--	55
Repurchase agreements	24,955	--	--	--	2
FHLB and repo sweeps	7,000	6,000	29,874	11,500	5
ESOP payable	217	--	--	--	
Subordinated debentures	10,310	--	--	--	1
	-----	-----	-----	-----	-----
Total	104,585	88,687	124,000	11,500	\$ 32
	-----	-----	-----	-----	=====
Interest rate sensitivity gap	\$ 74,693	(\$ 81,047)	\$ 7,526	\$ 38,239	
Cumulative interest rate					
sensitivity gap		(\$ 6,354)	\$ 1,172	\$ 39,410	
Interest rate sensitivity gap					
ratio	1.71	0.09	1.06	4.33	
Cumulative interest rate					
sensitivity gap ratio		0.97	1.00	1.12	

The Bank also evaluates interest rate risk using a simulation model. The use of simulation models to assess interest rate risk is an accepted industry practice, and the results of the analysis are useful in assessing the vulnerability of the Bank's net interest income to changes in interest rates. However, the assumptions used in the model are oversimplifications and not necessarily representative of the actual impact of interest rate changes. The simulation model assesses the direction and magnitude of variations in net interest income resulting from potential changes in market interest rates. Key assumptions in the model include prepayment speeds of various loan and investment assets; cash flows and maturities of interest-sensitive assets and liabilities, and changes in market conditions impacting loan and deposit volumes and pricing. These assumptions are inherently uncertain, and subject to fluctuation and revision in a dynamic environment. Therefore, the model cannot precisely estimate future net interest income or exactly predict the impact of higher or lower interest rates. Actual results may differ from simulated results due to the timing, magnitude, and frequency of interest rate changes, changes in market conditions, management's pricing decisions, and customer reactions to those decisions, among other factors.

On a quarterly basis, the net interest income simulation model is used to quantify the effects of hypothetical changes in interest rates on the Bank's net interest income over a projected twelve-month period. The model permits

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

management to evaluate the effects of shifts in the Treasury Yield curve, upward and downward, on net interest income expected in a stable interest rate environment.

As of June 30, 2004, the most recent and available analysis, the simulation model projects net interest income would increase 0.25% of the base net interest income, assuming an instantaneous parallel shift upward in the yield curve by

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

200 basis points. If the yield curve were to decrease by 200 basis points, the model projects net interest income would increase by 0.43%.

ITEM 3. CONTROLS AND PROCEDURES

An evaluation of the Corporation's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities and Exchange Act of 1934 ("Act")) as of September 30, 2004, was carried out under the supervision and with the participation of the Corporation's Chief Executive Officer, Chief Financial Officer and several other members of the Corporation's senior management. The Corporation's Chief Executive Officer and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures as currently in effect are effective in ensuring that the information required to be disclosed by the Corporation in the report it files or submits under the Act is (i) accumulated and communicated to the Corporation's management (including the Chief Executive Officer and Chief Financial Officer) in a timely manner, and (ii) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

There have been no changes in our internal control over financial reporting (as defined in Rule 13a -- 15(f) of the Act) that occurred during the quarter ended September 30, 2004, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

The Corporation intends to continually review and evaluate the design and effectiveness of its disclosure controls and procedures and to improve its controls and procedures over time and to correct any deficiencies that it may discover in the future. The goal is to ensure that senior management has timely access to all material non-financial information concerning the Corporation's business. While the Corporation believes the present design of its disclosure controls and procedures is effective to achieve its goal, future events affecting its business may cause the Corporation to modify its disclosures and procedures.

26

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

PART II

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 2. CHANGES IN SECURITIES AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES.

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

ITEM 5. OTHER INFORMATION.

Cash Dividend - On August 17, 2004, the Corporation's Board of Directors

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

declared the Corporation's tenth quarterly cash dividend of \$0.05 per common share, payable October 1, 2004, to shareholders of record September 1, 2004.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

- (a) Exhibits: See Exhibit Index attached.
- (b) Reports on Form 8-K during the quarter ended September 30, 2004:
None

27

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on November 12, 2004.

COMMUNITY CENTRAL BANK CORPORATION

By: /S/ DAVID A. WIDLAK

David A. Widlak;
President and CEO
(Principal Executive Officer)

By: /S/ RAY T. COLONIUS

Ray T. Colonius;
Treasurer
(Principal Financial and Accounting Officer)

28

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-QSB (continued)

EXHIBIT INDEX

EXHIBIT
NUMBER

EXHIBIT DESCRIPTION

- 3.1 Articles of Incorporation are incorporated by reference to exhibit 3.1 of the Corporation's Registration Statement on Form SB-2 (Commission File Number 333-04113) which became effective on September 23, 1996
- 3.2 Bylaws of the Corporation, as amended and currently in effect.
- 4.1 Specimen of Stock Certificate of Community Central Bank Corporation is incorporated by reference to Exhibit 4.2 of the Corporation's Registration Statement on Form SB-2 (Commission File No. 333-4113) which became effective on September 23, 1996

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10QSB

- 10.1 1996 Employee Stock Option Plan is incorporated by reference to exhibit 10.1 of the Corporation's Registration Statement on Form SB-2 (Commission File No. 333-04113) which became effective September 23, 1996
- 10.2 1996 Stock Option Plan for Nonemployee Directors is incorporated by reference to exhibit 10.2 of the Corporation's Registration Statement on Form SB-2 (Commission File No. 333-04113) which became effective September 23, 1996
- 10.3 1999 Stock Option Plan for Directors is incorporated by reference to exhibit 10.5 of the Corporation's Annual Report filed with the SEC on Form 10-KSB for the year ended December 31, 1999 (Commission File No. 000-33373)
- 10.4 2000 Employee Stock Option Plan is incorporated by reference to exhibit 10.6 of the Corporation's Annual Report filed with the SEC on Form 10-KSB for the year ended December 31, 2000 (Commission File No. 000-33373)
- 10.5 2002 Incentive Plan is incorporated by reference to exhibit 10.7 of the Corporation's Annual Report filed with the SEC on Form 10-KSB for the year ended December 31, 2001 (Commission File No. 000-33373)
- 10.6 Community Central Bank Supplemental Executive Retirement Plan is incorporated by reference to exhibit 10.6 of the Corporation's Form 10-QSB filed with the SEC for the quarter ended June 30, 2003 (Commission File No. 000-33373)
- 10.7 Community Central Bank Death Benefit Plan is incorporated by reference to exhibit 10.7 of the Corporation's Form 10-QSB filed with the SEC for the quarter ended June 30, 2003 (Commission File No. 000-33373)
- 11 Computation of Per Share Earnings
- 31.1 Rule 13a - 14(a) Certification (Chief Executive Officer)
- 31.2 Rule 13a - 14(a) Certification (Chief Financial Officer)
- 32 Rule 1350 Certifications