

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

COMMUNITY CENTRAL BANK CORP
Form 10-Q
August 14, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2006

Commission File No. 000-33373

COMMUNITY CENTRAL BANK CORPORATION
(Exact name of small business issuer as specified in its charter)

Michigan
(State or other jurisdiction
of incorporation
or organization)

38-3291744
(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)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for 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 X No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer --- Accelerated filer --- Non-accelerated filer X ---

Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ----- No X -----

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

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

Class -----	Outstanding at August 11, 2006 -----
Common Stock	3,851,790 Shares

1

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

PART I

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

	June 30, 2006 (Unaudited)	December 31, 2005
	-----	-----
	(In thousands)	
Assets		
Cash and due from banks	\$ 9,025	\$ 8,000
Federal funds sold	1,000	3,000
	-----	-----
Cash and Cash Equivalents	10,025	11,000
	-----	-----
Securities available for sale, at fair value	93,988	84,177
Securities held to maturity, at amortized cost	1,049	1,094
FHLB stock	4,630	4,331
Residential mortgage loans held for sale	3,166	4,286
Loans		
Commercial loans	254,680	228,101
Residential loans	100,750	93,146
Installment loans	13,053	13,704
	-----	-----
Total Loans	368,483	334,951
Allowance for loan losses	(3,670)	(3,580)
	-----	-----
Net Loans	364,813	331,371
	-----	-----
Net property and equipment	9,111	8,753
Accrued interest receivable	2,364	2,122
Other real estate	81	112
Goodwill	1,381	1,381
Intangible assets, net of amortization	175	210
Cash surrender value of Bank Owned Life insurance	10,053	9,820
Other assets	3,601	3,355
	-----	-----
Total Assets	\$504,437	\$462,012
	=====	=====

(continued)

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

2

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

CONSOLIDATED BALANCE SHEETS

	June 30, 2006 (Unaudited)	December 31, 2005
	-----	-----
	(In thousands, except share data)	
Liabilities		
Deposits		
Noninterest bearing demand deposits	\$ 36,412	\$ 31,979
NOW and money market accounts	35,982	41,167
Savings deposits	11,604	12,832
Time deposits	268,582	228,395
	-----	-----
Total deposits	352,580	314,373
	-----	-----
Repurchase agreements and fed funds purchased	10,790	13,184
Federal Home Loan Bank advances	92,545	86,545
Accrued interest payable	1,290	938
Other liabilities	1,052	982
ESOP note payable	121	148
Subordinated debentures	10,310	10,310
	-----	-----
Total Liabilities	468,688	426,480
	-----	-----
Stockholders' Equity		
Common stock -- 9,000,000 shares authorized; 3,851,790 shares issued and outstanding at 6-30-2006 and 3,648,885 at 12-31-2005	33,472	31,154
Retained earnings	4,022	5,245
Unearned employee benefit	(121)	(148)
Accumulated other comprehensive (loss) income	(1,624)	(719)
	-----	-----
Total Stockholders' Equity	35,749	35,532
	-----	-----
Total Liabilities and Stockholders' Equity	\$504,437	\$462,012
	=====	=====

3

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
(In thousands, except per share data)				
Interest Income				
Loans (including fees)	\$6,710	\$5,152	\$12,738	\$ 9,973
Taxable securities	809	556	1,580	1,028
Tax exempt securities	321	146	599	234
Federal funds sold	24	48	61	94
Total Interest Income	7,864	5,902	14,978	11,329
Interest Expense				
Deposits	3,275	1,842	5,975	3,396
Short term borrowings	95	39	188	78
Advances from FHLB	1,029	647	1,988	1,210
ESOP loan interest expense	2	3	5	6
Interest expense of subordinated debentures	232	182	447	347
Total Interest Expense	4,633	2,713	8,603	5,037
Net Interest Income	3,231	3,189	6,375	6,292
Provision for credit losses	125	--	175	100
Net Interest Income after Provision	3,106	3,189	6,200	6,192
Noninterest Income				
Fiduciary income	65	--	132	--
Deposit service charges	88	78	170	148
Net realized security gain (loss)	--	20	--	50
Mortgage banking income	966	914	1,820	1,616
Other income	183	164	382	308
Total Noninterest Income	1,302	1,176	2,504	2,122
Noninterest Expense				
Salaries, benefits, and payroll taxes	2,066	1,765	4,171	3,519
Premises and fixed asset expense	447	397	913	753
Other operating expense	1,128	1,039	1,973	1,818
Total Noninterest Expense	3,641	3,201	7,057	6,090
Income Before Taxes	767	1,164	1,647	2,224
Provision for income taxes	136	334	313	642
Net Income	\$ 631	\$ 830	\$ 1,334	\$ 1,582

(continued)

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

Per share data:

Basic earnings	\$0.16	\$0.23	\$0.35	\$0.46
Diluted earnings	\$0.16	\$0.23	\$0.34	\$0.44
	-----	-----	-----	-----
Cash Dividends	\$0.06	\$0.05	\$0.12	\$0.10
	=====	=====	=====	=====

* Per share data has been retroactively adjusted for 2006 stock dividend.

5

COMMUNITY CENTRAL BANK CORPORATION FORM 10-Q (continued)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
	-----	-----	-----	-----
	(In thousands)			
Net Income as Reported	\$ 631	\$ 830	\$1,334	\$1,582
Other Comprehensive Income, Net of Tax				
Change in unrealized losses on securities Available for sale	(777)	231	(905)	(140)
	-----	-----	-----	-----
Comprehensive Income	(\$146)	\$1,061	\$ 429	\$1,442
	=====	=====	=====	=====

6

COMMUNITY CENTRAL BANK CORPORATION FORM 10-Q (continued)

CONSOLIDATED STATEMENTS OF CASH FLOW (Unaudited)

Six Months Ended June 30,	
2006	2005
-----	-----

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

(In thousands)

Operating Activities		
Net income	\$ 1,334	\$ 1,582
Adjustments to reconcile net income to net cash flow from operating activities:		
Net amortization of security premium	107	146
Net gain on sales and call of securities	--	(49)
Provision for credit losses	175	100
Depreciation expense	338	251
Deferred income tax expense	100	130
SFAS 123R option expense	12	--
ESOP compensation expense	27	25
Decrease in accrued interest receivable	(242)	(257)
(Increase) decrease in other assets	(58)	1
Increase in accrued interest payable	352	287
Increase in other liabilities	70	37
Decrease in loans held for sale	1,121	2,405
	-----	-----
Net Cash Provided by Operating Activities	3,336	4,658
Investing Activities		
Maturities, calls, sales and prepayments of securities available for sale	4,788	15,760
Purchase of securities available for sale	(16,049)	(25,805)
Maturities, calls, and prepayments of held to maturity securities	83	34
Purchases of held to maturity securities	(354)	(401)
Increase in loans	(33,618)	(16,924)
Purchases of property and equipment	(696)	(1,808)
	-----	-----
Net Cash Used in Investing Activities	(45,846)	(29,144)
Financing Activities		
Net (decrease) increase in demand and savings deposits	(1,980)	1,137
Net increase in time deposits	40,187	22,846
Net decrease in short term borrowings	(2,394)	(2,502)
Increase in FHLB advances	6,000	7,200
Rights/Public stock offering	--	5,275
Payment of ESOP debt	(27)	(25)
Stock option exercise/award	203	103
Cash dividends paid	(454)	(342)
	-----	-----
Net Cash Provided by Financing Activities	41,535	33,692
(Decrease) increase in Cash and Cash Equivalents	(975)	9,206
Cash and Cash Equivalents at the Beginning of the Year	11,000	7,183
	-----	-----
Cash and Cash Equivalents at the End of the Period	\$ 10,025	\$ 16,389
	=====	=====
Supplemental Disclosure of Cash Flow Information:		
Interest Paid	\$ 8,251	\$ 5,037
Federal Taxes Paid	\$ 185	\$ 450
	=====	=====

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

FORM 10-Q (continued)

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

1. 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 June 30, 2006 and December 31, 2005, and Consolidated Statements of Income and Comprehensive Income for the six month periods ended June 30, 2006 and 2005, and Consolidated Statements of Cash Flow for the six months ended June 30, 2006 and 2005. 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, 2005.

In the opinion of management, the interim statements referred to above contain all adjustments (consisting of normal, recurring items) necessary 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 Loan Losses: The allowance for loan 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 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

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

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 may constitute up to 25% of tier I capital. Any amount in excess of this limit may be included as tier 2 capital. At June 30, 2006, the total allowable trust preferred issuance of \$10 million was included in the Corporation's tier 1 capital.

4. In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 (revised 2004), Sharebased Payment, (SFAS 123R), which requires entities to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). The cost is recognized as an expense over the period during which the employee is required to provide service in exchange for the award, which is usually the vesting period. As

8

COMMUNITY CENTRAL BANK CORPORATION FORM 10-Q (continued)

required by SFAS 123R, as with SFAS 123, the Corporation is required to estimate the fair value of all stock options on each grant date, using an appropriate valuation approach such as the Black-Scholes option pricing model. The provisions of this statement are effective for the Corporation beginning January 1, 2006.

The Corporation did not issue options during the six months ended June 30, 2006 or 2005. The total amount of options outstanding at June 30, 2006 was 282,417 shares at a weighted average exercise price of \$9.10 per share. During the six months ended June 30, 2006, 17,866 options were exercised at an exercise price of \$7.67 per share. The Corporation recognized compensation expense, using the Black Scholes option-pricing model, of \$6,000 and \$12,000 for the second quarter and six months ended June 30, 2006, respectively for the options vesting in 2006 based on the fair market value of the grant date. The net income and earnings per share for the second quarter and six months ended June 30, 2005, on a pro forma basis, are disclosed for comparison below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005

	(in thousands, except per share data)			
Net income, as reported	\$ 631	\$ 830	\$1,334	\$1,582
Add: Stock-based employee compensation expense, net of related tax effects, included in reported net income	(6)	--	(12)	--
Deduct: Total stock-based employee and director compensation expense under fair value based methods of awards, net of related tax effects	6	(31)	12	(62)

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

	-----	-----	-----	-----
Pro forma net income	\$ 631	\$ 799	\$1,334	\$1,520
	=====	=====	=====	=====
Earnings per share				
Basic - as reported	\$0.16	\$0.23	\$ 0.35	\$ 0.46
Basic - pro forma	\$0.16	\$0.22	\$ 0.35	\$ 0.44
Diluted - as reported	\$0.16	\$0.23	\$ 0.34	\$ 0.44
Diluted - pro forma	\$0.16	\$0.22	\$ 0.34	\$ 0.43

9

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

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 2006 and 2005.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Dividend yield or expected dividends	2.07%	1.38%	2.01%	1.41%
Risk free interest rate	5.10%	4.20%	5.10%	4.20%
Expected life	10 yrs.	10 yrs.	10 yrs.	10 yrs.
Expected volatility	22.6%	24.7%	22.6%	24.7%

10

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion compares the financial condition of the Corporation and its wholly owned subsidiaries at June 30, 2006 and December 31, 2005 and the results of operations for the three and six months ended June 30, 2006 and 2005. 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,

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

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 that could cause actual results to differ materially from the results anticipated or projected include, but are not limited to, the following: expected cost savings and synergies from our acquisition activities might not be realized within the expected time frames, and costs or difficulties related to integration matters might be greater than expected; expenses associated with the implementation of our trust and wealth management services might be greater than expected, whether due to a possible need to hire more employees than anticipated or other costs incurred in excess of budgeted amounts; the credit risks of lending activities, including changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for loan losses; competitive pressures among depository institutions; interest rate movements and their impact on customer behavior and net interest margin; the impact of repricing and competitor's pricing initiatives on loan and deposit products; the ability to adapt successfully to technological changes to meet customers' needs and development in the market place; our ability to access cost-effective funding; changes in financial markets; changes in economic conditions in general and particularly as related to the automotive and related industries in the Detroit metropolitan area; new legislation or regulatory changes, including but not limited to changes in federal and/or state tax laws or interpretations thereof by taxing authorities; changes in accounting principles, policies or guidelines; and our future acquisitions of other depository institutions or lines of business.

EXECUTIVE SUMMARY

Community Central Bank Corporation is the holding company for Community Central Bank in Mount Clemens, Michigan. The Bank opened for business in October 1996 and serves businesses and consumers across Macomb, Oakland, St. Clair and Wayne counties with a full range of lending, deposit, trust, wealth management, and Internet banking services. The Bank operates three full service facilities, in Mount Clemens, Rochester Hills and Grosse Pointe, Michigan. Community Central Mortgage Company, LLC, a subsidiary of the Corporation and Bank, operates locations servicing the Detroit metropolitan area, central and northwest Indiana, northern Illinois, and Raleigh, North Carolina. River Place Trust and Community Central Wealth Management are divisions of Community Central Bank. Community Central Insurance Agency, LLC is a wholly owned subsidiary of Community Central Bank. The Corporation's common shares trade on The NASDAQ Global Market under the symbol "CCBD."

Our 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 and residential real estate loans, and to a lesser extent commercial business and consumer loans, and the interest the Corporation pays on our interest-bearing liabilities, which are primarily deposits and borrowings. Management strives to match the repricing characteristics of the interest earning assets and interest bearing liabilities to protect net interest income from changes in market interest rates and changes in the shape of the yield curve.

The results of our operations may also be affected by local and general economic conditions. The largest geographic segment of our customer base 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 of future economic downturns in the automotive sector of the economy. Macomb County's proximity to major highways and affordable

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

housing has continued to spur economic growth in the area. 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 among other financial institutions and financial service providers and the Bank in the Macomb, Oakland, Wayne and St. Clair counties of Michigan may 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.

The Corporation continues to see competitive deposit rates offered from local financial institutions within the geographic proximity of the Bank which could have the effect of increasing the costs of funds to a level higher than management projects. The Corporation continues to utilize wholesale forms of funding earning assets through the FHLB and brokered certificates of deposit to balance both interest rate risk and the overall cost of funds. Brokered and internet certificates of deposit are based on a nationwide interest rate structure, typically at what is considered to be a premium interest rate. The local competition for certificates of deposit products has intensified and the Bank has found this type of wholesale funding to often effectively compete with the rates offered for similar term retail certificates of deposit products of local community and regional banks.

Net income during the first six months of 2006 was affected by startup, expansion and operational costs including those related to the new wealth and trust management division as well as the new branch in Grosse Pointe, Michigan. In early June of 2006, the Bank opened a full service branch located in Grosse Pointe Farms, Michigan. Grosse Pointe Farms, Michigan is an upscale, suburban community on the shores of Lake St. Clair in southeastern Michigan. The Bank has appointed a regional President for the Grosse Pointe region who is a veteran banker who has ties to the local community. The branch facility is staffed with a branch manager and customer service representatives, as well as a commercial loan officer. The upscale demographics of the surrounding area appear to be well suited for establishing new relationships for trust and wealth management. Additionally, the first six months of 2006 reflected additional costs related to expansion of mortgage loan production offices in Ohio, North Carolina and Florida. The Corporation continued to experience a slight compression in net interest margin during the second quarter of 2006 compared with the first quarter of 2006. This was the result of competitive pricing pressure in both loans and deposit generation. Additionally, the continuation of a flat treasury yield curve has resulted in overall lower interest rate spreads than in other reporting periods.

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

ASSETS

At June 30, 2006, the Corporation's total assets were \$504.4 million, an

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

increase of \$42.4 million, or 9.2%, from December 31, 2005. The largest segment of asset growth for the first six months ended June 30, 2006, occurred in our loan portfolio, which increased \$33.5 million. Total investment securities available for sale increased \$9.8 million for the first six months of 2006.

The largest portion of loan growth occurred in the commercial real estate portfolio, which increased \$26.4 million. This growth is consistent with the Corporation's commercial lending focus. Commercial and industrial loans increased \$207,000 for the first six months of 2006 as the focus continues to be on commercial real estate. Loan growth during the first six months was largely due to a pipeline of loans developed during prior quarterly periods. The Corporation added two new commercial loan officers in 2005 and one new commercial loan officer in 2006 to increase the commercial lending program and service the expected growth in the portfolio. The residential mortgage portfolio was \$81.2 million at June 30, 2006, an increase of \$6.6 million from December 31, 2005. Most of the residential mortgage portfolio comprises adjustable rate mortgages, which represented \$54.9 million, or 68%, of the total residential portfolio. Those residential mortgage loans the Corporation considered to be held for investment in the residential portfolio comprise both banking relationships and other attributes deemed to match with the Corporation's interest rate risk profile. Home equity lines of credit ("HELOC") totaled \$19.6 million at June 30, 2006, an increase of \$1.0 million from December 31, 2005. This portfolio product is tied to Wall Street Journal prime interest rate. These loans are fully secured by real estate and are generally originated with loan to values (including prior liens) up to 95% of the appraised value of the real estate. The consumer portfolio ended June 30, 2006 at \$12.3 million, a decrease of \$722,000, primarily from pay downs in the portfolio. The largest portion of the installment loan portfolio comprises loans for marine craft. The Corporation's geographic proximity to Lake St. Clair and the lending experience in this area have been contributors to this segment of the portfolio. In 2005, the Corporation offered less competitive interest rates on marine craft loans to reduce exposure in the area. This change contributed to the decline in the overall installment portfolio. At June 30, 2006, loans for marine craft comprised approximately \$11.9 million, or 96.7% of the installment portfolio and 3.2% of total loans. Credit card loans totaled \$721,000 at June 30, 2006, which increased \$71,000 from December 31, 2005. The Corporation continues to book credit card loans as a customer accommodation and does not actively market this product.

Additionally, the Corporation had approximately \$87.1 million in outstanding loans at June 30, 2006, to borrowers in the real estate rental and properties management industries, representing approximately 38.3% of the total commercial real estate portfolio.

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

	June 30, 2006 -----	Percentage of total loans -----	December 31, 2005 -----	Percentage of total loans -----	Net Chang -----
(Dollars in thousands)					
Loans held for sale:					
Residential real estate	\$ 3,166 =====		\$ 4,286 =====		(\$1,1 =====
Loans held in the portfolio:					
Commercial real estate	\$227,720	61.8%	\$201,348	60.1%	\$ 26,3
Commercial and industrial	26,960	7.3	26,753	8.0	2
Residential real estate	81,190	22.0	74,601	22.3	6,5
Home equity lines	19,560	5.3	18,545	5.5	1,0

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

Consumer loans	12,332	3.3	13,054	3.9	(7
Credit cards	721	0.2	650	0.2	
	-----	-----	-----	-----	-----
	\$368,483	100.0%	\$334,951	100.0%	\$ 33,5
	=====	=====	=====	=====	=====

Total securities available for sale increased \$9.8 million from December 31, 2005 to \$94.0 million at June 30, 2006. The increase was comprised of the purchases of \$7.4 million in bank qualified tax-exempt municipal bonds and \$1.1 million in mortgage backed securities. All other categories of the available for sale portfolio remained relatively

13

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

unchanged. The bank qualified tax-exempt municipal bonds comprise primarily AAA ratings through an underlying or insured basis. Total mortgage backed securities are comprised of both fixed rate and variable rate instruments. Variable rate mortgage backed securities represented 37% of the mortgage backed security portfolio. At June 30, 2006, the available for sale portfolio had net unrealized losses of \$2.5 million or approximately 2.5% of the aggregate portfolio. At December 31, 2005, the net unrealized losses in the available for sale portfolio ended at \$1.2 million. Unrealized losses have not been recognized into income because of the issuer's bonds are of high credit quality. The Corporation has the intent and ability to hold the securities for the foreseeable future and the decline in the fair value is primarily due to increased market interest rates.

14

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

A summary of nonperforming assets is as follows:

	June 30, 2006	December 31, 2005
	-----	-----
	(Dollars in thousands)	
Nonaccrual loans:		
Commercial real estate	\$1,504	\$1,637
Commercial and industrial	869	985
Residential real estate	--	67
Home equity lines	--	--
Consumer loans	--	--
Credit cards	--	--
	-----	-----
Total nonaccrual loans	2,373	2,689
Accruing loans delinquent more than 90 days:		
Commercial real estate	\$ --	\$ --
Commercial and industrial	--	--
Residential real estate	316	621

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

Home equity lines	--	--
Consumer loans	--	1
Credit cards	20	1
	-----	-----
Total accruing loans delinquent more than 90 days	336	623
	-----	-----
Total nonperforming loans	2,709	3,312
Other real estate owned		
Commercial real estate	--	112
Residential real estate	81	--
	-----	-----
Total other real estate owned	81	112
	-----	-----
Total nonperforming assets	\$2,790	\$3,424
	=====	=====
Total nonperforming loans as a percentage of total loans	0.74%	0.99%
	=====	=====
Total nonperforming assets as a percentage of total assets	0.55%	0.74%
	=====	=====

At June 30, 2006, nonperforming loans, which represents nonaccruing loans and those loans past due 90 days or more and still accruing interest, totaled \$2.7 million compared to \$3.3 million at December 31, 2005, a decrease of \$602,000. Nonaccruing loans of \$2.4 million remains relatively unchanged from December 31, 2005 and is primarily comprised of two commercial relationships, a marina with collateral comprising commercial real estate and marine craft, and a tool and die manufacturer, being partially guaranteed by the Small Business Administration and secured by commercial real estate.

15

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

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

	Six Months Ended June 30, 2006	Year Ended December 31, 2005
	-----	-----
	(Dollars in thousands)	
Balance as beginning of the period	\$3,580	\$3,377
Charge-offs:		
Commercial real estate	--	181
Commercial and industrial	78	57
Residential real estate	21	103
Home equity lines	1	--
Consumer loans	7	171
Credit cards	1	12
	-----	-----
Total charge-offs	\$ 108	\$ 524
	-----	-----
Recoveries:		

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

Commercial real estate	--	1
Commercial and industrial	12	606
Residential real estate	8	--
Home equity lines	--	--
Consumer loans	3	18
Credit cards	--	2
	-----	-----
Total recoveries	\$ 23	\$ 627
	-----	-----
Net charge-offs (recoveries)	85	(103)
	-----	-----
Provision charged to earnings	175	100
	-----	-----
Balance at end of the period	\$3,670	\$3,580
	=====	=====
Net charge-offs (net recoveries) during the period to		
to average loans outstanding during the period	0.05%	(0.03%)
Allowance as a percentage of total portfolio loans	1.00%	1.07%

The allowance for loan losses as a percentage of total loans was 1.00% at June 30, 2006, compared to 1.07% at December 31, 2005, with changes in the percentage of the allowance to total loans attributable to the quarterly analysis of the allowance for loan losses. Net loan charge offs comprised 5 basis points through the first six months of 2006 on an annualized basis. The Corporation performs a detailed quarterly review of the allowance for loan losses. The Corporation evaluates those loans classified as substandard, under its internal risk rating system, on an individual basis for impairment under SFAS 114. The level and allocation of the allowance is determined primarily on management's evaluation of collateral value, less the cost of disposal, for loans reviewed in this category. The remainder of the total loan portfolio is segmented into homogeneous loan pools with similar risk characteristics for evaluation under SFAS 5. The primary risk element considered by management regarding each consumer 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 and industrial loans and commercial real estate 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 annual financial statements from its commercial loan customers and periodically reviews existence of collateral and its value.

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

LIABILITIES

During the six months ended June 30, 2006, total deposits increased \$38.2 million to \$352.6 million. The increase in deposits was attributable to increases in time deposits \$100,000 and over, with local municipal certificates of deposit increasing \$5.0 million, coupled with brokered time deposits and internet time deposits increasing \$26.2 million. Noninterest bearing demand deposits increased \$4.4 million for the first six months of 2006 primarily due to increased growth in commercial loans during the same time period. The new commercial loans had related compensating balances in noninterest bearing demand deposits. Additionally, demand deposits have seasonally been at higher levels in the second quarter of the year than at the end of the year period. NOW accounts

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

decreased \$3.9 million during the same time period. Money market savings deposits totaled \$18.1 million and decreased \$1.3 million. To stem the loss of these money market savings accounts the Corporation increased the interest rate paid on this deposit product in response to higher competitive interest rates. Total savings accounts decreased \$1.2 million as customers moved to higher rate deposit products during the quarter. Total time deposits under \$100,000 decreased \$3.4 million. The decrease in overall core deposits for the period ended June 30, 2006 in the categories of NOW, money market, savings and time deposits below \$100,000 is the result of a variety of factors. Some of the decreases in money market deposit category was due to the customers preferences for higher interest rates. Time deposits of \$100,000 and over increased \$43.6 million during the first six months of 2006. Brokered, municipal and internet based time deposits represented \$31.2 million of this growth, with the remaining \$12.4 million attributable to the migration of the aforementioned interest bearing transaction accounts to higher yield time deposits with the deposit base of the Bank. The competitive rate environment amongst local financial institutions has made the Corporation decide in some cases not to raise the interest rate on the deposit product at the same frequency or level to match or exceed interest rates given by local financial institutions. The Corporation continues to see competitive deposit rates offered by local financial institutions within the geographic proximity of the Bank, which could have the affect of increasing the cost of funds to a level higher than management projects. The Corporation continues to utilize wholesale forms of funding earning assets through the Federal Home Loan Bank and brokered CDs to balance both interest rate risk and the overall cost of funds. Brokered and internet CDs are based on nationwide interest rate structure, typically at what is considered to be a premium interest rate. The local competition for CD products has intensified and the Bank has found this type of whole funding to often effectively compete with the rates offered for similar term retail CD products of local community and regional banks.

The major components of deposits are as follows:

	June 30, 2006 -----	Percentage of total deposits -----	December 31, 2005 -----	Percentage of total deposits -----
	(Dollars in Thousands)			
Noninterest bearing demand NOW accounts-interest bearing checking	\$ 36,412	10.3%	\$ 31,979	10.2%
Money market	17,864	5.1	21,767	6.9
Savings	18,118	5.1	19,400	6.2
Time deposits under \$100,000	11,604	3.3	12,832	4.1
Time deposits \$100,000 and over	51,433	14.6	54,853	17.4
	217,149	61.6	173,542	55.2
	-----	-----	-----	-----
Total deposits	352,580	100.00%	314,373	100.0%
	=====	=====	=====	=====

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

following day of \$10.8 million. Following are details of our short term borrowings for the dates indicated:

	June 30, 2006	December 31, 2005
	-----	-----
	(Dollars in thousands)	
Amount outstanding at end of period		
Repurchase agreements	\$10,790	\$13,184
Short-term FHLB advances	\$15,000	\$26,700
Weighted average interest rate on ending balance		
Repurchase agreements	3.15%	2.50%
Short-term FHLB advances	3.61%	3.60%
Maximum amount outstanding at any month end during the period		
Repurchase agreements	\$13,217	\$21,711
Short-term FHLB advances	\$26,700	\$26,700

In June 2001, the Corporation started to borrow long-term advances from the FHLB to fund fixed rate instruments and to minimize the interest rate risk associated with certain fixed rate mortgage instruments and investment securities. These advances are secured under a blanket security agreement by first mortgage loans and the pledging of certain securities. Long-term advances comprised 35 advances with maturities from July 2007 to June 2016.

FHLB advances outstanding at June 30, 2006 were as follows:

	Ending Balance	Average rate at end of period
	-----	-----
	(Dollars in thousands)	
Short-term FHLB advances	\$15,000	3.61%
Long-term FHLB advances	77,545	4.67%
	-----	-----
	\$92,545	4.50%

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (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 possible deposit outflows, and managing interest rate risk 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

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

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 \$40.5 million in available unsecured federal funds borrowing facilities, and a \$100.0 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 June 30, 2006, unused commitments comprised \$80.8 million. The Bank has \$201.1 million in time deposits coming due within the next twelve months from June 30, 2006, which includes brokered, internet and municipal time deposits. At June 30, 2006, the Bank had \$133.8 million in brokered certificates of deposit, of which \$93.5 million is due within one year or less. Additionally, at June 30, 2006, municipal time deposits and internet time deposits were \$35.1 million and \$8.1 million, respectively. Municipal time deposits typically have maturities less than three months. \$4.6 million of internet certificates of deposit mature in one year or less.

The largest uses and sources of cash and cash equivalents for the Corporation for the six months ended June 30, 2006, as noted in the Consolidated Statement of Cash Flow, were centered primarily on the uses of cash in investing activities and the net cash provided by financing activities. The uses of cash in investing activities were largely due to the increase in loans of \$33.6 million and the purchase of securities of \$16.4 million, offset by maturities, calls and sales of securities totaling \$4.9 million. Offsetting the uses of cash in investing activities, was the area of cash provided from financing activities which included net increases in time deposits and FHLB advances of \$40.2 million and \$6.0 million, respectively. The deposit categories of demand, savings and short term borrowings reduced the cash from financing activities by \$4.4 million in aggregate over the respective six month period. The total net cash provided in operating activities was \$3.3 million and was largely attributable to net income of \$1.3 million and cash provided by a decrease in loans held for sale of \$1.1 million. Total cash and cash equivalents at the end of June 30, 2006 decreased to \$10.0 million from the year ended December 31, 2005, which was \$11.0 million.

On May 17, 2006, the Corporation's Board of Directors declared the Corporation's seventeenth consecutive quarterly cash dividend of \$0.06 per common share, payable April 3, 2006, to shareholders of record March 1, 2006.

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.

	June 30, 2006		December 31, 2005		Minimum Ratio for Capital Adequacy Purposes	"Wel
	Capital	Ratio	Capital	Ratio		
Total capital to risk-weighted assets						
Consolidated	\$49,461	12.68%	\$48,229	13.79%	8%	
Bank only	46,666	11.99%	46,271	12.98%	8%	
Tier I capital to risk-weighted assets						
Consolidated	\$45,791	11.74%	\$44,649	12.77%	4%	
Bank only	42,996	11.04%	41,691	11.95%	4%	

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

Tier I capital to average assets					
Consolidated	\$45,791	9.25%	\$44,649	9.94%	4%
Bank only	42,996	8.71%	41,691	9.30%	4%

19

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

Management believes that the current capital position as well as net income from operations, loan repayments and other sources of funds will be adequate to meet our short and long term liquidity needs. Management currently has no plans to raise additional capital.

The following table shows the changes in stockholders' equity for the three months ended June 30, 2006:

	Common Stock -----	Retained Earnings -----	Unearned Employee Benefits -----	Accumulated Other Comprehensive Income/(Loss) -----	Total Equity -----
Beginning balance, January 1, 2006	\$31,154	\$ 5,245	(\$148)	(\$719)	\$35,532
Cash dividend	--	(454)	--	--	(454)
Stock dividend	2,103	(2,103)	--	--	--
Stock option exercise	203	--	--	--	203
SFAS 123R expensing of options	12	--	--	--	12
Net income	--	1,334	--	--	1,334
Release of ESOP shares	--	--	27	--	27
Change in unrealized gain/loss	--	--	--	(905)	(905)
Balance June 30, 2006	----- \$33,472 =====	----- \$ 4,022 =====	----- (\$121) =====	----- (\$1,624) =====	----- \$35,749 =====

Stockholder's equity was \$35.7 million as of June 30, 2006. This was an increase of \$217,000 from December 31, 2005. The change in stockholder's equity was primarily attributable to net income for the six months ended June 30, 2006 of \$1.3 million, offset by cash dividends of \$454,000. The proceeds from stock options exercised added \$203,000 to equity. Additionally, the release of ESOP shares, at fair market value, contributed \$27,000 to total equity. The change in other comprehensive income of \$905,000 was due to the net change in after tax decreases in the available for sale security portfolio. Unrealized losses have not been recognized into income because the issuer's bonds are of high credit quality. The Corporation has the intent and the ability to hold the securities for the foreseeable future and the decline in the fair value during the first quarter of 2006 was primarily due to increased market interest rates.

NET INTEREST INCOME

Net interest income was \$3.2 million during the second quarter of 2006, an increase of \$42,000 over the second quarter of 2005. The net interest income when measured on a taxable equivalent basis increased \$131,000, or 4.0%, over the same time period. The increase was attributable to growth in earning assets,

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

primarily loans, and offset by net interest margin compression. Net interest margin for the second quarter of 2006 was 2.77%, or 2.91% on a taxable equivalent basis, compared with 3.25%, or 3.32% on a tax equivalent basis for the second quarter of 2005. The decrease in net interest margin was primarily the result of higher deposit funding costs in a highly competitive deposit pricing environment. During the first six months of 2006, the decrease in core deposit accounts was one of the primary drivers of net interest margin compression. Additionally, the flat treasury yield curve produced an interest rate environment that results in lower incremental interest rate spreads on new loan and investment growth. The increase in interest income for the second quarter of 2006 compared to the second quarter of 2005 was primarily due to higher average outstanding balances in the loan and securities portfolio, as well as higher yields on loans. Increased yields on the investment portfolio were not as much a factor as the majority of the investment portfolio is fixed rate in nature. Increases in various categories of interest expense were primarily driven by increases in interest rates paid on deposits and other borrowings. The largest increase in interest expense was associated with time deposits. Increases in interest expense on time deposits represented 72.0% of the overall increase in interest expense due to an increase in the rate paid on and the volume of deposits, with the increase in rate accounting for approximately 53% of the overall increase. Conversely, the increase in interest expense due to other borrowings was primarily due to increases in volume and secondarily due to increases in rates, as the duration of the FHLB advances is much longer than other categories of deposits and borrowed funds.

20

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

Net interest income was \$6.4 million for the first six months of 2006, an increase of \$83,000 over the first six months of 2005. The net interest income, when measured on a taxable equivalent basis increased \$271,000 or 4.2% over the same time period. Net interest margin for the six months ended June 30, 2006 was 2.82%, or 2.96% on a taxable equivalent basis, compared with 3.29%, or 3.35% on a taxable equivalent basis for the six months ended June 30, 2005. The increase in net interest income, as well as the compression in net interest margin, for the first six months of 2006 was due to primarily the same factors detailed above for the second quarter of 2006.

21

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (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
June 30, 2006 vs. 2005

Six Months
June 30, 2006

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

	Increase (Decrease) Due to Changes In			Total	Increase Due to
	Total	Volume and Both	Rate		
(In thousands)					
Earning Assets - Interest Income					
Loans	\$1,558	\$ 838	\$ 720	\$2,765	\$1,407
Securities	428	353	75	917	756
Federal funds sold	(24)	(45)	21	(33)	(92)
Total	1,962	1,146	816	3,649	2,071
Deposits and Borrowed Funds - Interest Expense					
NOW and money market accounts	90	1	89	174	5
Savings deposits	(40)	(46)	6	(77)	(98)
Time deposits	1,383	647	736	2,482	1,113
FHLB and repo sweeps	437	290	147	888	564
ESOP	--	(1)	1	(1)	(2)
Subordinated debentures	50	--	50	100	--
Total	1,920	891	1,029	3,566	1,582
Net Interest Income	\$ 42	\$ 255	(\$213)	\$ 83	\$ 489

The average yield earned on interest earning assets for the second quarter of 2006 was 6.75% compared to 6.01% for the second quarter of 2005. The average yield earned on the total loan portfolio, which contains both loans held for sale and investment for 2006 was 7.35% compared to 6.45% during the second quarter of 2005. The overall increase in the loan portfolio yield was partially tied to the increase in the prime interest rate during that time period. The commercial, commercial real estate and home equity line loans that repriced with prime interest rate changes totaled approximately \$167 million at June 30, 2006. The Corporation's security portfolio had an average non-tax adjusted yield of 4.58% during the second quarter of 2006, with the weighted average taxable equivalent yield to maturity at June 30, 2006 totaling 5.25%.

The average yield on earning assets for the first six months of 2006 was 6.63% compared to 5.92% for the first six months of 2005. The average yield on the total loan portfolio, which contains both loans held for sale and investment for 2006 was 7.23% compared to 6.37% during the same period of 2005. The overall increase in the loan portfolio yield was partially tied to the increase in the prime interest rate during that period. The Corporation's security portfolio had an average non-tax adjusted yield of 4.51% during the first six months of 2006, compared to 4.00% for the same period in 2005, as new securities added to the portfolio reflected the increase in market rates over that same relative period, coupled with and secondarily, the increase in the variable rate mortgage backed securities.

The average rate paid on interest bearing liabilities for the second quarter of 2006 was 4.39% compared to 3.12% in the second quarter of 2005. The increase in average rate was due to the overall rate paid on interest bearing liabilities, primarily as a result of the increase in overall market interest rates. The rate paid on the total time deposit portfolio increased to 4.62% for the second quarter of 2006, from 3.17% for the same time period in 2005 and was

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

driven by highly competitive interest rates paid among local financial institutions. The increase in the average rate for NOW and money market accounts for 2006 was primarily attributable to the introduction of a premium rate based NOW account, with the average rate moving to 2.37% during the second quarter of 2006 versus 1.44% in the second quarter of 2005. The average rate paid on savings also increased, moving to 2.06% for the second quarter of 2006 from 1.94% in the second quarter of 2005. The rate paid on FHLB advances and repurchase agreements increased to 4.36% in the second quarter of 2006 from 3.59% in the second quarter of 2005. New advances, repricing of variable advances and the increase in the interest rate paid on repurchase agreements were the primary reasons for the increase. At June 30, 2006, the FHLB portfolio had a weighted average maturity of 4.6 years and an overall weighted average interest rate of 4.50%, which were 75 basis points below the current overnight federal funds rate. The average rate paid on the subordinated debenture increased in the second quarter of 2006 to 9.03% from 7.08%, closely tracking the overall increase in short-term market interest rates during the comparable period. This instrument is priced quarterly based on the three-month libor interest rate.

The average rate paid interest bearing liabilities for the first six months of 2006 was 4.21% compared to 2.97% in the first six months of 2005. The increase in average rate was due to the overall rate paid on interest bearing liabilities and was due to the increase in overall market interest rates. The increase in yield on time deposits was the primary reason for the overall increase in interest bearing liability yield for the first six months of 2006 compared to the first six months of 2005. The overall increase in interest bearing deposits and liabilities for the first six months ended June 30, 2006 over the same time period in 2005 was due to the same factors as mentioned above for the first quarter of 2006.

23

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (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 six month periods ended June 30, 2006 and 2005. Average loans are presented net of unearned income, gross of the allowance for loan losses. Interest on loans includes loan fees. Effective January 1, 2006, the Corporation began calculating yields earned on interest earning assets and rates paid on interest bearing liabilities based on the actual number of days in the quarter. Previously, the Corporation calculated these yields using four equal quarterly periods. While these different methods of calculating yields and rates may have a slight effect on yields, rates, net interest margins and net interest rate spreads reported during the quarterly or year to date periods, it has no effect on yields, rates, net interest margins and net interest rate spreads reported on an annual basis. This change in methodology does not have a material impact on the yields, rates, net interest margin or net interest rate

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

spreads in reported in prior periods; accordingly, this change was implemented prospectively and as such, prior periods have not been restated.

	Three Months Ended June 30,				2005
	2006				
	Average Balance	Interest Income/Expense	Average Rate Earned/Paid	Average Balance	Int. In. Ex.
(In thousands)					
Assets					
Loans	\$366,402	\$6,710	7.35%	\$320,204	\$5
Securities	98,756	1,130	4.58	67,880	
Federal funds sold	1,982	24	4.86	5,658	
Total Earning Assets/					
Total Interest Income	467,140	7,864	6.75	393,742	5
Cash and due from banks	6,698			7,835	
All other assets	22,587			17,435	
Total Assets	\$496,425			\$419,012	
Liabilities and Equity					
NOW and money market accounts	\$ 38,552	228	2.37	\$ 38,464	
Savings deposits	11,269	58	2.06	20,227	
Time deposits	259,664	2,989	4.62	202,920	1
FHLB advances and repurchase agreements	103,271	1,123	4.36	76,567	
ESOP loan	129	3	9.33	187	
Subordinated debentures	10,310	232	9.03	10,310	
Total Interest Bearing Liabilities/					
Total Interest Expense / Interest Rate Spread	423,195	4,633	4.39	348,675	2
Noninterest bearing demand deposits	35,081			36,774	
All other liabilities	2,451			1,873	
Stockholders' equity	35,698			31,690	
Total Liabilities and Stockholder's Equity	\$496,425			\$419,012	
Net Interest Income		\$3,231			\$3
Net Interest Spread			2.36%		==
Net Interest Margin (Net Interest Income/Total Earning Assets)			2.77%		==
Net Interest Margin (fully taxable equivalent)			2.91%		==

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

	Six Months Ended June 30,				
	2006				2005
	Average Balance	Interest Income/ Expense	Average Rate Earned/ Paid	Average Balance	Int In Ex
	(In thousands)				
Assets					
Loans	\$355,497	\$12,738	7.23%	\$315,777	\$
Securities	96,614	2,179	4.51	63,119	
Federal funds sold	2,659	61	4.63	6,665	
Total Earning Assets/ Total Interest Income	454,770	14,978	6.63	385,561	1
Cash and due from banks	6,325			7,299	
All other assets	22,383			17,031	
Total Assets	\$483,478			\$409,891	
Liabilities and Equity					
NOW and money market accounts	\$ 38,784	419	2.18	\$ 38,191	
Savings deposits	11,929	127	2.15	21,115	
Time deposits	248,394	5,429	4.41	196,966	
FHLB advances and repurchase agreements	102,101	2,176	4.30	75,448	
ESOP loan	136	5	7.41	193	
Subordinated debentures	10,310	447	8.74	10,310	
Total Interest Bearing Liabilities/ Total Interest Expense / Interest Rate Spread	411,654	8,603	4.21	342,223	
Noninterest bearing demand deposits	33,876			35,811	
All other liabilities	2,266			1,746	
Stockholders' equity	35,682			30,111	
Total Liabilities and Stockholder's Equity	\$483,478			\$409,891	
Net Interest Income		\$ 6,375			\$
Net Interest Spread			2.42%		==
Net Interest Margin (Net Interest Income/Total Earning Assets)			2.82%		
Net Interest Margin (fully taxable equivalent)			2.96%		

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

PROVISION FOR LOAN LOSSES

A \$125,000 and \$175,000 provision were made to the allowance for loan losses for the second quarter and first six months of 2006, respectively. This was based upon management's review of the risks inherent in the loan portfolio and the level of our allowance for loan losses. Net loan charge-offs for the first six months of 2006 totaled \$85,000, or 5 basis points on an annualized basis. Total nonperforming loans as a percentage of total loans was 0.74% at June 30, 2006, compared to 0.99% at December 31, 2005. The allowance for loan losses was \$3.7 million at June 30, 2006, or 1.00% of total loans and 135.42% of nonperforming loans, versus \$3.6 million, or 1.07% and 108.10% at December 31, 2005, respectively.

NONINTEREST INCOME

Noninterest income in the second quarter of 2006 was \$1.3 million, an increase of \$126,000 or 10.7%, compared to the second quarter of 2005. The increase was primarily due to fee income generated from the Bank's Trust division of \$65,000 and \$52,000 from an increase in mortgage banking income comprising primarily gains on the sale of residential mortgages. The Bank acquired the Trust division through the purchase of River Place Financial Corporation in July 2005. The Trust and Wealth Management division of the Bank had approximately \$95.4 million in assets under management as of June 30, 2006 compared to \$87.3 million at December 31, 2005. The increase in mortgage banking income was largely due to an increase in new loan production offices (LPOs). The increase in fee based revenue from the LPOs did not represent incremental net income growth to the mortgage banking subsidiary and the Corporation, as the expenses to start the new LPOs was larger than fee income generated. Other income of \$183,000 increased \$19,000 for the second quarter of 2006, compared to the second quarter of 2005, due to increased income from the purchase of additional bank owned life insurance.

Noninterest income for the six months ended June 30, 2006 of \$2.5 million increased \$382,000, or 18.0%, over the six months ended June 30, 2005. The largest contributor to the increase was mortgage banking income of \$1.8 million which increased \$204,000 from the six months ended June 30, 2005. The increase in mortgage banking was due to gains on the sales of residential mortgages due to an increase in origination volume and subsequent sales in the secondary market. The additional origination volume for the first six months was due in part to the volume generated from the Indiana LPO. Fiduciary income of \$132,000 was the second largest contributor of the increase in noninterest income. Again, as mentioned previously, the Trust division did not start until July 2005. Deposit service charge income of \$170,000 increased \$22,000, or 14.9% for the first six months of 2006 compared to 2005 for the same respective period due to an overdraft privilege program instituted in late 2005. No net security gains were recorded for the first six months of 2006 compared to 2005 when \$50,000 in net security gains was recorded. Net securities gains in 2005 were generated from restructuring activities. Other income of \$382,000 increased \$74,000 for the first six months of 2006, compared to the first six months of 2005, due to increased income from the purchase of additional bank owned life insurance.

NONINTEREST EXPENSE

Noninterest expense was \$3.6 million for the second quarter of 2006 compared to \$3.2 million for the second quarter of 2005, an increase of \$440,000 or 13.7%. The increase was largely due to an increase of \$301,000 in salary, benefits and payroll taxes from the new Trust and Wealth Management division, coupled with startup and operational costs related to the new Grosse Pointe branch and

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

expansion into new out of state mortgage loan production offices. Net occupancy expense of \$447,000 increased \$50,000, or 12.6%, due primarily to the expansion of the Mortgage Company's LPOs, with the remaining increase attributable to utility costs, increased depreciation expense of the new headquarters and general costs of expanded operations of the Corporation and its subsidiaries.

Noninterest expense for the first six months of 2006 of \$7.1 million increased \$967,000, or 15.9% due to the expansion into Trust, Wealth management, new LPOs and establishment of a new branch location. The largest portion of the increase occurred in salaries, benefits and payroll taxes of \$4.2 million, which increased \$652,000 over the first six months of 2005. This increase in expense was primarily attributable to new banking division and branch locations described above. The largest portion of this increase was due to the acquisition of new executive management to head the Trust and Wealth Management divisions. Additionally, a regional president and branch management and staff were hired for the Grosse Pointe branch during the development phases of the branch before the opening to customers. Net occupancy expense of \$913,000 increased \$160,000, or 21.2%, primarily due to the

26

COMMUNITY CENTRAL BANK CORPORATION FORM 10-Q (continued)

expansion of the mortgage company's loan production offices accounting for \$121,000 of this increase, with the remaining increase attributable to utility costs, increased depreciation expense of the new headquarters and general costs of expanded operations of the Corporation and its subsidiaries.

The overall increase in noninterest expense of these new initiatives were the primary reason for the overall decrease in net income for the second quarter and six months ended June 30, 2006 compared to the same respective time periods ended June 30, 2005.

PROVISION FOR INCOME TAXES

The provision for federal income taxes of \$136,000 for the second quarter of 2006 decreased \$198,000, or 59.3%, from the federal income tax provision for the second quarter of 2005. The decrease was primarily attributable to a higher level of tax exempt municipal bonds and bank owned life insurance (BOLI) over the same respective time period, coupled with a lower level of pretax income. The increase in cash surrender value of BOLI is exempt from federal income tax. The effective tax rate for the second quarter of 2006 and 2005 was 17.7% and 28.7%, respectively. The statutory tax rate of the Corporation is 34%.

The provision for federal income taxes of \$313,000 for the six months ended June 30, 2006 decreased \$329,000 over the first six months of 2005. The effective tax rate for the first six months of 2006 was 19.0% compared to 28.9% for the first six months of 2005. The difference in the effective rates is due to the relative percentage of tax-exempt income to the total pretax income, which would include both taxable and tax exempt income. The tax-exempt income as a percentage of total pretax income was 50.8%, compared to 18.2% for the six month periods ended June 30, 2006 and 2005, respectively.

27

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

ASSET/LIABILITY MANAGEMENT

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

Currently two quantitative tools are used 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 our exposure 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.

28

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

The following table presents an analysis of our interest-sensitivity static gap position at June 30, 2006. All interest-earning assets and interest-bearing liabilities are shown based on the earlier of their contractual maturity or repricing date 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 June 30, 2006, we are considered asset sensitive in the time interval of the first three months. We are 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	Total
(Dollars in thousands)				

Interest earning assets:

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

Federal funds sold and interest bearing cash	\$ 529	\$ --	\$ --	\$ --	\$ 529
Securities	9,238	10,295	29,638	48,576	97,747
FHLB stock	--	--	--	4,630	4,630
Portfolio loans and held for resale	166,827	40,393	141,462	22,967	371,649
	-----	-----	-----	-----	-----
Total	176,594	50,688	171,100	76,173	\$474,555
	-----	-----	-----	-----	=====
Interest bearing liabilities:					
NOW and money market accounts	3,055	13,515	19,412	--	\$ 35,982
Savings deposits	1,160	3,365	7,079	--	11,604
Jumbo time deposits	63,755	101,884	51,510	--	217,149
Time deposits <\$100,000	15,661	19,781	15,991	--	51,433
Repurchase agreements	10,790	--	--	--	10,790
FHLB advances	10,000	5,000	46,845	30,700	92,545
ESOP payable	121	--	--	--	121
Subordinated debentures	10,310	--	--	--	10310
	-----	-----	-----	-----	-----
Total	114,852	143,545	140,837	30,700	\$429,934
	-----	-----	-----	-----	=====
Interest rate sensitivity gap	\$ 61,742	(\$92,857)	\$ 30,263	\$45,473	
Cumulative interest rate sensitivity gap		(\$31,115)	(\$852)	\$44,621	
Interest rate sensitivity gap ratio	1.54	0.35	1.21	2.48	
Cumulative interest rate sensitivity gap ratio		0.88	1.00	1.10	

We also evaluate 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 our 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 management to evaluate the effects of shifts in the Treasury Yield curve, upward

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

and downward, on net interest income expected in a stable interest rate environment.

As of June 30, 2006, the table below reflects the impact the various instantaneous parallel shifts in the yield curve would have on net interest income over a twelve month period of time from the base forecast.

Interest Rate Scenario	Percentage Change In Net Interest Income
Interest rates up 300 basis points	2.7%
Interest rates up 200 basis points	2.4%
Interest rates up 100 basis points	1.5%
Base case	--
Interest rates down 100 basis points	(0.6%)
Interest rates down 200 basis points	(1.5%)
Interest rates down 300 basis points	(2.9%)

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 June 30, 2006, 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 reports 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 June 30, 2006, 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.

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

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

On April 18, 2006, Community Central Bank Corporation held its Annual Meeting of Stockholders ("Meeting"). The following matters were voted on at the Meeting.

Election of the following persons as directors of the Corporation for terms to expire in 2009:

NOMINEE -----	VOTES FOR -----	VOTES WITHHELD -----	TOTAL -----
Joseph Catenacci	2,977,795	142,419	3,120,214
Celestina Giles	2,975,364	144,850	3,120,214
David A. Widlak	2,975,605	144,609	3,120,214

The following are the names of the directors (and remaining term) whose term in office continued after the Meeting: Gebran S. Anton (2008); David E. Bonior (2008); Salvatore Cottone (2007), Bobby L. Hill (2007); Joseph F. Jeannette (2008); Dean S. Petitpren (2007), Ronald R. Reed (2007) and John W. Stroh, III (2008).

Amendment to the 2002 Incentive Plan to Add 100,000 Shares to Existing Plan:

AMENDMENT -----	VOTES FOR -----	AGAINST -----	ABSTAIN -----	NON-VOTE -----	TOTAL -----
Amendment to the 2002 Incentive Plan to Add 100,000 Shares To Existing Plan	1,248,704	299,630	33,623	1,538,257	3,120,214

ITEM 5. OTHER INFORMATION.

Cash Dividend - On May 16, 2006, the Corporation's Board of Directors declared the Corporation's seventeenth quarterly cash dividend of \$0.06 per common share, payable July 3, 2006, to shareholders of record June 1, 2006.

ITEM 6. EXHIBITS.

See Exhibit Index attached.

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (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 August 14, 2006.

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)

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (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 (SEC File No. 333-04113) which became effective on September 23, 1996
3.2	Bylaws of the Corporation are incorporated by reference to Exhibit 3.2 of the Corporation's Quarterly Report on Form 10-QSB filed with the SEC for the quarter ended June 30, 2004 (SEC File No. 000-33373)
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 (SEC File No. 333-04113) which became effective on September 23, 1996
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 (SEC File No. 333-04113) which became effective September 23, 1996

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

- 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 (SEC File No. 333-04113) which became effective September 23, 1996
- 10.3 1999 Stock Option Plan for Directors in 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 (SEC 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 (SEC 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 (SEC 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 Quarterly Report on Form 10-QSB filed with the SEC for the quarter ended June 20, 3003 (SEC File No. 000-33373)
- 10.7 Community Central Bank Death Benefit Plan is incorporated by reference to Exhibit 10.7 of the Corporation's Quarterly Report on Form 10-QSB filed with the SEC for the quarter ended June 20, 3003 (SEC File No. 000-33373)
- 10.8 Form of Incentive Stock Option Agreement incorporated by reference to Exhibit 99.1 of the Corporation's Current Report on Form 8-K filed with the SEC on March 25, 2005. (SEC File No. 000-33373)
- 10.9 Form of Non-qualified Stock Option Agreement is incorporated by reference to the Corporation's Current Report on Form 8-K filed on January 17, 2006. (SEC File No. 000-33373)
- 10.10 Summary of Named Executive Officer Salary and Bonus Arrangements is incorporated by reference to Exhibit 99.1 of the Corporation's Current Report on Form 8-K filed on January 17, 2006. (SEC File No. 000-33373)

33

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

- 10.11 Summary of Current Director Fee Arrangements is incorporated by reference to Exhibit 10.10 of the Corporation's Annual Report filed with the SEC on Form 10-KSB for the year ended December 31, 2004. (SEC File No. 000-33373)
- 11 Computation of Per Share Earnings
- 31.1 Rule 13a - 14(a) Certification (Chief Executive Officer)

Edgar Filing: COMMUNITY CENTRAL BANK CORP - Form 10-Q

31.2	Rule 13a - 14(a) Certification (Chief Financial Officer)
32	Rule 1350 Certifications