

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

COMMUNITY CENTRAL BANK CORP
Form 10-Q
November 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 September 30, 2006

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)

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:

Class	Outstanding at November 9, 2006
Common Stock	3,832,358 Shares

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

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

PART I

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

	September 30, 2006 (Unaudited)	December 31, 2005
	-----	-----
(In thousands)		
Assets		
Cash and due from banks	\$ 7,418	\$ 8,000
Federal funds sold	11,000	3,000
	-----	-----
Cash and Cash Equivalents	18,418	11,000
	-----	-----
Securities available for sale, at fair value	96,978	84,177
Securities held to maturity, at amortized cost	1,038	1,094
FHLB stock	4,630	4,331
Residential mortgage loans held for sale	2,728	4,286
Loans		
Commercial loans	264,302	228,101
Residential loans	94,190	93,146
Installment loans	12,410	13,704
	-----	-----
Total Loans	370,902	334,951
Allowance for loan losses	(3,709)	(3,580)
	-----	-----
Net Loans	367,193	331,371
	-----	-----
Net property and equipment	9,099	8,753
Accrued interest receivable	2,618	2,122
Other real estate	274	112
Goodwill	1,381	1,381
Intangible assets, net of amortization	158	210
Cash surrender value of Bank Owned Life insurance	10,143	9,820
Other assets	3,263	3,355
	-----	-----
Total Assets	\$ 517,921	\$ 462,012
	=====	=====

(continued)

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

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

CONSOLIDATED BALANCE SHEETS

	September 30, 2006 (Unaudited)	December 31, 2005
	-----	-----
	(In thousands, except share data)	
Liabilities		
Deposits		
Noninterest bearing demand deposits	\$ 32,600	\$ 31,979
NOW and money market accounts	45,313	41,167
Savings deposits	17,284	12,832
Time deposits	270,232	228,395
	-----	-----
Total deposits	365,429	314,373
	-----	-----
Repurchase agreements and fed funds purchased	21,832	13,184
Federal Home Loan Bank advances	80,545	86,545
Accrued interest payable	1,657	938
Other liabilities	1,357	982
ESOP note payable	104	148
Subordinated debentures	10,310	10,310
	-----	-----
Total Liabilities	481,234	426,480
	-----	-----
Stockholders' Equity		
Common stock -- 9,000,000 shares authorized; 3,842,758 shares issued and outstanding at 9-30-2006 and 3,648,885 at 12-31-2005	33,351	31,154
Retained earnings	4,384	5,245
Unearned employee benefit	(104)	(148)
Accumulated other comprehensive (loss) income	(944)	(719)
	-----	-----
Total Stockholders' Equity	36,687	35,532
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 517,921	\$ 462,012
	=====	=====

3

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

Three Months Ended
September 30,

Nine Mo
Sep

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

	2006 -----	2005 -----	2006 -----
	(In thousands, except per share)		
Interest Income			
Loans (including fees)	\$ 6,959	\$ 5,429	\$ 19,697
Taxable securities	822	587	2,402
Securities	335	145	934
Federal funds sold	105	96	166
	-----	-----	-----
Total Interest Income	8,221	6,257	23,199
	-----	-----	-----
Interest Expense			
Deposits	3,706	2,044	9,681
Short term borrowings	117	68	305
Advances from FHLB	995	775	2,983
ESOP loan interest expense	3	2	8
Interest expense of subordinated debentures	244	193	691
	-----	-----	-----
Total Interest Expense	5,065	3,082	13,668
	-----	-----	-----
Net Interest Income	3,156	3,175	9,531
Provision for credit losses	75	--	250
	-----	-----	-----
Net Interest Income after Provision	3,081	3,175	9,281
	-----	-----	-----
Noninterest Income			
Fiduciary Income	70	69	202
Deposit service charges	95	73	265
Net realized security gain (loss)	(3)	7	(3)
Mortgage banking income	810	1,097	2,630
Other income	283	133	665
	-----	-----	-----
Total Noninterest Income	1,255	1,379	3,759
	-----	-----	-----
Noninterest Expense			
Salaries, benefits, and payroll taxes	2,186	2,098	6,357
Premises and fixed asset expense	473	408	1,386
Other operating expense	951	1,014	2,924
	-----	-----	-----
Total Noninterest Expense	3,610	3,520	10,667
	-----	-----	-----
Income Before Taxes	726	1,034	2,373
Provision for income taxes	116	283	429
	-----	-----	-----
Net Income	\$ 610	\$ 751	\$ 1,944
	=====	=====	=====

(continued)

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

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

Per share data:

Basic earnings	\$0.16	\$0.20	\$0.51	\$0.65
Diluted earnings	\$0.16	\$0.19	\$0.50	\$0.63
Cash Dividends	\$0.06	\$0.05	\$0.18	\$0.15
	=====	=====	=====	=====

* 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 September 30,		Nine Month September
	2006	2005	2006
	-----	-----	-----
	(In thousands)		
Net Income as Reported	\$ 610	\$ 751	\$ 1,944
Other Comprehensive Income, Net of Tax			
Change in unrealized losses on securities Available for sale	(97)	(195)	(225)
	-----	-----	-----
Comprehensive Income	\$ 513	\$ 556	\$ 1,719
	=====	=====	=====

6

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited)

	Nine Months Ended Septe	
	2006	20
	-----	-----
	(In thousands)	
Operating Activities		
Net income	\$ 1,944	\$ 2
Adjustments to reconcile net income to net cash flow from operating		

5

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

activities:		
Net amortization of security premium	144	
Net loss (gain) on sales and call of securities	3	
Provision for credit losses	250	
Depreciation expense	531	
Deferred income tax expense (benefit)	216	
ESOP compensation expense	44	
SFAS 123R expensing options	17	
(Increase) in accrued interest receivable	(496)	
(Increase) in other assets	(452)	(2)
Increase in accrued interest payable	719	
Increase in other liabilities	375	
Decrease (increase) in loans held for sale	1,558	
	-----	-----
Net Cash Provided by (Used In) Operating Activities	4,853	(1)
Investing Activities		
Maturities, calls, sales and prepayments of securities available for sale	13,072	19
Purchase of securities available for sale	(26,347)	(45)
Maturities, calls, and prepayments of held to maturity securities	55	
Purchases of held to maturity securities	(299)	
Increase in loans	(36,072)	(22)
Purchases of property and equipment	(877)	(2)
	-----	-----
Net Cash Used in Investing Activities	(50,468)	(52)
Financing Activities		
Net increase in demand and savings deposits	9,219	2
Net increase in time deposits	41,837	16
Net decrease in short term borrowings	8,648	10
Decrease (increase) in FHLB advances	(6,000)	18
Rights/Public stock offering	--	5
River Place merger	--	2
Payment of ESOP debt	(46)	
Stock option exercise/award	235	
Cash dividends paid	(685)	
Repurchase of common stock	(175)	
	-----	-----
Net Cash Provided by Financing Activities	53,033	54
	-----	-----
Increase in Cash and Cash Equivalents	7,418	1
Cash and Cash Equivalents at the Beginning of the Year	11,000	7
	-----	-----
Cash and Cash Equivalents at the End of the Period	\$ 18,418	\$ 8
	=====	=====
Supplemental Disclosure of Cash Flow Information:		
Interest Paid	\$ 12,949	\$ 8
Federal Taxes Paid	\$ 429	\$ 1
	=====	=====

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

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

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

Any amount in excess of this limit may be included as tier 2 capital. At September 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 nine months ended September 30, 2006. The Corporation did issue options to purchase 13,250 shares during the nine month ended September 30, 2005. The total amount of options outstanding at September 30, 2006 was 277,208 shares at a weighted average exercise price of \$9.14 per share. During the nine months ended September 30, 2006, 22,385 options were exercised at a weighted exercise price of \$7.54 per share. The Corporation recognized compensation expense, using the Black Scholes option-pricing model, of \$6,000 and \$18,000 for the third quarter and nine months ended September 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 third quarter and nine months ended September 30, 2005 and 2006, on a pro forma basis, are disclosed for comparison below.

	Three Months Ended September 30,		Nine Mon Septe
	2006	2005	2006
	(in thousands, except per share)		
Net income, as reported	\$ 610	\$ 751	\$ 1,944
Add: Stock-based employee compensation expense, net of related tax effects, included in reported net income	6	--	18
Deduct: Total stock-based employee and director compensation expense under fair value based methods of awards, net of related tax effects	(6)	(89)	(18)
Pro forma net income	\$ 610	\$ 662	\$ 1,944
Earnings per share	=====	=====	=====

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

Basic - as reported	\$	0.16	\$	0.20	\$	0.51
Basic - pro forma	\$	0.16	\$	0.17	\$	0.51
Diluted - as reported	\$	0.16	\$	0.19	\$	0.50
Diluted - pro forma	\$	0.16	\$	0.17	\$	0.50

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		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
	-----	-----	-----	-----
Dividend yield or expected dividends	2.07%	1.39%	2.01%	1.39%
Risk free interest rate	5.10%	4.60%	5.10%	4.40%
Expected life	10 yrs.	10 yrs.	10 yrs.	10 yrs.
Expected volatility	22.6%	30.28%	22.6%	26.53%

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 September 30, 2006 and December 31, 2005 and the results of operations for the three and nine months ended September 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, 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

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

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

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

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 nine 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 Hub 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 nine 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 compression in net interest margin during the third quarter of 2006 compared with the second 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.

12

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

ASSETS

At September 30, 2006, the Corporation's total assets were \$517.9 million, an increase of \$55.9 million, or 12.1%, from December 31, 2005. The largest segment of asset growth for the first nine months ended September 30, 2006, occurred in our loan portfolio, which increased \$36.0 million. Total investment securities available for sale increased \$12.8 million for the first nine months of 2006.

The largest portion of loan growth occurred in the commercial real estate portfolio, which increased \$34.6 million. This growth is consistent with the Corporation's commercial lending focus. Commercial and industrial loans increased \$1.6 million for the first nine months of 2006 as the focus continues

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

to be on commercial real estate. Loan growth during the first nine 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 composition of the commercial real estate portfolio has changed in interest rate mix over prior reporting periods. The portfolio has been moving from prime based loans to fixed rate loans. At September 30, 2006, approximately 65% of the commercial real estate portfolio comprised fixed rate loans. The fixed rate loans are normally priced at a spread over the treasury yield curve. The maturities of the fixed rate loans typically range between 3 to 5 years. The borrower's preference for fixed rate loans has been more pronounced in recent quarters, due in part to the recent inversion in the treasury yield curve, making these loans less costly to the borrower than prime based loans. The competitive environment amongst local financial institutions for commercial real estate loans has given the borrower more leverage in deciding the types of interest rates and other terms of the loan. The residential mortgage portfolio was \$79.6 million at September 30, 2006, an increase of \$4.9 million from December 31, 2005. Most of the residential mortgage portfolio comprises adjustable rate mortgages, which represented \$54.6 million, or 68.6%, 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 \$14.6 million at September 30, 2006, a decrease of \$3.9 million from December 31, 2005. The decrease in HELOCs was due to a sale of \$4.6 million during the third quarter of 2006 and resulted in a gain of \$74,000. 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 totaled \$11.8 million at September 30, 2006, a decrease of \$1.3 million, 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 September 30, 2006, loans for marine craft comprised approximately \$11.9 million, or 96.1% of the installment portfolio and 3.2% of total loans. Credit card loans totaled \$636,000 at September 30, 2006, which decreased \$14,000 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 \$88.8 million in outstanding loans at September 30, 2006, to borrowers in the real estate rental and properties management industries, representing approximately 37.6% of the total commercial real estate portfolio.

13

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

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

September 30, 2006	Percentage of total loans	December 31, 2005	Percentage of total loan
-----------------------	------------------------------	----------------------	-----------------------------

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

(Dollars in thousands)				

Loans held for sale:				
Residential real estate	\$ 2,728		\$ 4,286	
	=====	=====	=====	=====
Loans held in the portfolio:				
Commercial real estate	\$ 235,983	63.7%	\$ 201,348	60.1%
Commercial and industrial	28,319	7.6	26,753	8.0
Residential real estate	79,545	21.4	74,601	22.3
Home equity lines	14,645	3.9	18,545	5.5
Consumer loans	11,774	3.2	13,054	3.9
Credit cards	636	0.2	650	0.2
	-----	-----	-----	-----
	\$ 370,902	100.0%	\$ 334,951	100.0%
	=====	=====	=====	=====

Total securities available for sale increased \$12.8 million from December 31, 2005 to \$97.0 million at September 30, 2006. The increase was comprised of a net increase of \$5.1 million in short term agency debentures, \$6.7 million in bank qualified tax-exempt municipal bonds and \$1.0 million in mortgage backed securities. All other categories of the available for sale portfolio remained relatively 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 36% of the mortgage backed security portfolio. At September 30, 2006, the available for sale portfolio had net unrealized losses of \$1.4 million or approximately 1.5% of the aggregate portfolio. At December 31, 2005, the net unrealized losses in the available for sale portfolio ended at \$1.2 million which was 1.3% of the aggregate. 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. The increase in the investment portfolio for the nine months ended September 30, 2006, was primarily driven by the need to temporarily collateralize repurchase agreements. Approximately \$8 million of agency debentures will mature in November of 2006 coinciding with the expected decrease in repurchase agreement funding. Additional growth has been primarily in bank qualified municipal bonds offering favorable tax benefits.

14

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

A summary of nonperforming assets is as follows:

	September 30, 2006	December 31, 2005

(Dollars in thousands)		

Nonaccrual loans:		
Commercial real estate	\$1,877	\$1,637
Commercial and industrial	869	985
Residential real estate	--	67

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

Home equity lines	--	--
Consumer loans	--	--
Credit cards	--	--
	-----	-----
Total nonaccrual loans	2,746	2,689
Accruing loans delinquent more than 90 days:		
Commercial real estate	\$ --	\$ --
Commercial and industrial	--	--
Residential real estate	287	621
Home equity lines	--	--
Consumer loans	7	1
Credit cards	5	1
	-----	-----
Total accruing loans delinquent more than 90 days	299	623
	-----	-----
Total nonperforming loans	3,045	3,312
Other real estate owned		
Commercial real estate	--	112
Residential real estate	274	--
	-----	-----
Total other real estate owned	274	112
	-----	-----
Total nonperforming assets	\$3,319	\$3,424
	=====	=====
Total nonperforming loans as a percentage of total loans	0.82%	0.99%
	=====	=====
Total nonperforming assets as a percentage of total assets	0.64%	0.74%
	=====	=====

At September 30, 2006, nonperforming loans, which represents nonaccruing loans and those loans past due 90 days or more and still accruing interest, totaled \$3.0 million compared to \$3.3 million at December 31, 2005, a decrease of \$267,000. Nonaccruing loans of \$2.7 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:

	Nine Months Ended September 30, 2006	Year Ended December 31, 2005
	-----	-----
	(Dollars in thousands)	
Balance as beginning of the period	\$ 3,580	\$ 3,377
Charge-offs:		

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

Commercial real estate	--	181
Commercial and industrial	79	57
Residential real estate	21	103
Home equity lines	21	--
Consumer loans	16	171
Credit cards	9	12
	-----	-----
Total charge-offs	\$ 146	\$ 524
	-----	-----
Recoveries:		
Commercial real estate	--	1
Commercial and industrial	14	606
Residential real estate	8	--
Home equity lines	--	--
Consumer loans	2	18
Credit cards	1	2
	-----	-----
Total recoveries	\$ 25	\$ 627
	-----	-----
Net charge-offs (recoveries)	121	(103)
	-----	-----
Provision charged to earnings	250	100
	-----	-----
Balance at end of the period	\$ 3,709	\$ 3,580
	=====	=====
Net charge-offs (net recoveries) during the period annualized 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 September 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 nine 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.

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

LIABILITIES

During the nine months ended September 30, 2006, total deposits increased \$51.1 million to \$365.4 million. The increase in deposits was attributable to increases in money market accounts and savings of \$11.2 million and time deposits \$100,000 and over of \$48.0 million. The growth in money market accounts was attributable to a new indexed money market product with a competitive interest rate that reverts to the six-month treasury index after the special offering period through the first quarter of 2007. The growth in larger time deposits of \$100,000 and over was primarily due to deposits generated in the Bank's branches comprising larger jumbo deposits of individuals and municipalities totaling \$25.7 million. Out of state time deposits, which comprised the remainder of the growth for the first nine months in jumbo time deposits consisted of internet and brokered time deposits which increased \$22.3 million. Noninterest bearing deposits, which comprise primarily business related checking accounts increased \$621,000, or 1.9%. NOW accounts decreased \$2.6 million as depositors migrated to higher rate deposit products. Time deposits under \$100,000 decreased \$6.2 million for the nine month period ended September 30, 2006, due in part to the very competitive rate environment amongst local financial institutions. 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:

	September 30, 2006 -----	Percentage of total deposits -----	December 31, 2005 -----	Percentage of total deposits -----
(Dollars in Thousands)				
Noninterest bearing demand	\$ 32,600	8.9%	\$ 31,979	10.2%
NOW accounts-interest bearing checking	19,177	5.2	21,767	6.9
Money market	26,136	7.2	19,400	6.2
Savings	17,284	4.7	12,832	4.1
Time deposits under \$100,000	48,648	13.3	54,853	17.4
Time deposits \$100,000 and over	221,584	60.7	173,542	55.2
	-----	-----	-----	-----
Total deposits	365,429	100.00%	314,373	100.0%
	=====	=====	=====	=====

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

FORM 10-Q (continued)

Short term borrowings at September 30, 2006 consisted of short term FHLB advances of \$5.0 million and securities sold with an agreement to repurchase them the following day of \$21.8 million. Following are details of our short term borrowings for the dates indicated:

	September 30, 2006	December 31, 2005
	-----	-----
	(Dollars in thousands)	
Amount outstanding at end of period		
Repurchase agreements	\$21,832	\$13,184
Short-term FHLB advances	\$ 5,000	\$26,700
Weighted average interest rate on ending balance		
Repurchase agreements	3.14%	2.50%
Short-term FHLB advances	3.36%	3.60%
Maximum amount outstanding at any month end during the period		
Repurchase agreements	\$21,832	\$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, certain home equity loans, commercial real estate loans and the pledging of certain securities. Long-term advances comprised 33 advances with maturities from July 2007 to June 2016.

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

	Ending Balance	Average rate at end of period
	-----	-----
	(Dollars in thousands)	
Short-term FHLB advances	\$ 5,000	3.36%
Long-term FHLB advances	75,545	4.65%
	-----	-----
	\$80,545	4.57%

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

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

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 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 and loans and securities which mature within one year. Additional liquidity is provided by \$43.7 million in available unsecured federal funds borrowing facilities, and a \$150.0 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, 2006, unused commitments comprised \$93.6 million. The Bank has \$192.2 million in time deposits coming due within the next twelve months from September 30, 2006, which includes brokered, internet and municipal time deposits. At September 30, 2006, the Bank had \$130.3 million in brokered certificates of deposit, of which \$76.0 million is due within one year or less. Additionally, at September 30, 2006, municipal time deposits and internet time deposits were \$45.9 million and \$7.7 million, respectively. Municipal time deposits typically have maturities less than three months. \$5.7 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 nine months ended September 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 \$36.1 million and the purchase of securities of \$26.3 million, offset by maturities, calls and sales of securities totaling \$13.1 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 of \$41.8 million, demand and savings of \$9.2 million and short term borrowings of \$8.6 million. Repayment of matured FHLB advances reduced the cash provided by financing activities by \$6.8 million. The total net cash provided in operating activities was \$4.9 million and was largely attributable to net income of \$1.9 million and cash provided by a decrease in loans held for sale of \$1.6 million. Total cash and cash equivalents at the end of September 30, 2006 increased to \$18.4 million from the year ended December 31, 2005, which was \$11.0 million.

On August 16, 2006, the Corporation's Board of Directors declared the Corporation's eighteenth consecutive quarterly cash dividend of \$0.06 per common share, payable October 2, 2006, to shareholders of record September 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.

	September 30, 2006		December 31, 2005		Min fo
	Capital	Ratio	Capital	Ratio	
Total capital to risk-weighted assets					
Consolidated	\$49,745	12.61%	\$48,229	13.79%	
Bank only	47,272	12.02%	46,271	12.98%	
Tier I capital to risk-weighted assets					

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

Consolidated	\$46,075	11.68%	\$44,649	12.77%
Bank only	43,563	11.07%	41,691	11.95%
Tier I capital to average assets				
Consolidated	\$46,075	9.05%	\$44,649	9.94%
Bank only	43,563	8.58%	41,691	9.30%

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 September 30, 2006:

	Common Stock	Retained Earnings	Unearned Employee Benefits	Accumulated Other Comprehensive Income/ (Loss)
	-----	-----	-----	-----
Beginning balance, January 1, 2006	\$ 31,154	\$ 5,245	(\$ 148)	(\$ 719)
Cash dividend	--	(685)	--	--
Stock dividend	2,120	(2,120)	--	--
Stock option exercise	235	--	--	--
SFAS 123R expensing of options	17	--	--	--
Net income	--	1,944	--	--
Repurchase 15,000 shares	(175)	--	--	--
Release of ESOP shares	--	--	44	--
Change in unrealized gain/loss	--	--	--	(225)
	-----	-----	-----	-----
Balance September 30, 2006	\$ 33,351	\$ 4,384	(\$ 104)	(\$ 944)
	=====	=====	=====	=====

Stockholder's equity was \$36.7 million as of September 30, 2006. This was an increase of \$1.2 million from December 31, 2005. The change in stockholder's equity was primarily attributable to net income for the nine months ended September 30, 2006 of \$1.9 million, offset by cash dividends of \$685,000. The proceeds from stock options exercised added \$235,000 to equity. Additionally, the release of ESOP shares, at fair market value, contributed \$44,000 to total equity. The change in other comprehensive income of \$225,000 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

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

Net interest income was \$3.2 million during the third quarter of 2006, a decrease of \$19,000 over the third quarter of 2005. Net interest margin for the third quarter of 2006 was 2.62%, or 2.77% on a taxable equivalent basis, compared with 3.06%, or 3.13% on a tax equivalent basis for the third 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 nine months of 2006, the decrease in lower yielding 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 decrease in interest income for the third quarter of 2006 compared to the third quarter of 2005 was primarily due to increases in interest expense exceeding the growth of interest income and was primarily driven by increases on rates paid for certificates of deposit. Increases in average loan balances aided in partially offsetting the increase from higher interest rates. Increases in average loan balances and loan yields helped to partially offset the affect of the flat yield environment during the period ended September 30, 2006. The largest increase in interest expense was associated with time deposits. Increases in interest expense on time deposits represented 79.7% 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 47% of the overall increase. Conversely, the increase in interest expense due to other borrowings represented only 14% of the total increase.

20

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

Net interest income was \$9.5 million for the first nine months of 2006, an increase of \$64,000 over the first nine months of 2005. Net interest margin for the nine months ended September 30, 2006 was 2.75%, or 2.89% on a taxable equivalent basis, compared with 3.20%, or 3.27% on a taxable equivalent basis for the nine months ended September 30, 2005. The compression in net interest margin, for the first nine months of 2006 was due to primarily the same factors detailed above for the third quarter of 2006. The increase of net interest income for the first nine months of \$64,000 was attributable to an increase in the volume of earning assets which more than offset the overall affect of compression in net interest margin.

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, 2006 vs. 2005			September 30, 2005
Increase (Decrease) Due to Changes In			
Total	Volume and Both	Rate	Total
(In thousands)			

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

Earning Assets - Interest Income				
Loans	\$ 1,530	\$ 790	\$ 740	\$ 4,295
Securities	425	305	120	1,342
Federal funds sold	9	(25)	34	(24)
	-----	-----	-----	-----
Total	1,964	1,070	894	5,613
	-----	-----	-----	-----
Deposits and Borrowed Funds - Interest Expense				
NOW and money market accounts	75	(44)	119	249
Savings deposits	6	(12)	18	(71)
Time deposits	1,581	836	745	4,063
FHLB and repo sweeps	269	127	142	1,157
ESOP	1	(2)	3	--
Subordinated debentures	51	--	51	151
	-----	-----	-----	-----
Total	1,983	905	1,078	5,549
	-----	-----	-----	-----
Net Interest Income	(\$ 19)	\$ 165	(\$ 184)	\$ 64
	=====	=====	=====	=====

The average yield earned on interest earning assets for the third quarter of 2006 was 6.82% compared to 6.02% for the third quarter of 2005. The average yield earned on the total loan portfolio, which contains both loans held for sale and investment for 2006 was 7.42% compared to 6.53% during the third 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 \$145 million at September 30, 2006. The Corporation's security portfolio had an average non-tax adjusted yield of 4.67% during the third quarter of 2006, with the weighted average taxable equivalent yield to maturity at September 30, 2006 totaling 5.64%.

The average yield on earning assets for the first nine months of 2006 was 6.70% compared to 5.95% for the first nine months of 2005. The average yield on the total loan portfolio, which contains both loans held for sale and investment for 2006 was 7.29% compared to 6.42% 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

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

portfolio had an average non-tax adjusted yield of 4.56% during the first nine 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 third quarter of 2006 was 4.60% compared to 3.35% in the third 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 4.86% for the third quarter of 2006, from 3.43% for the same time period in 2005 and was 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

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

primarily attributable to the introduction of a premium rate based NOW account, with the average rate moving to 2.78% during the third quarter of 2006 versus 1.70% in the third quarter of 2005. The average rate paid on savings also increased, moving to 2.33% for the third quarter of 2006 from 1.84% in the third quarter of 2005. The rate paid on FHLB advances and repurchase agreements increased to 4.36% in the third quarter of 2006 from 3.73% in the third 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 September 30, 2006, the FHLB portfolio had a weighted average maturity of 5.0 years and an overall weighted average interest rate of 4.50%, which was 75 basis points below the current overnight federal funds rate. The average rate paid on the subordinated debenture increased in the third quarter of 2006 to 9.39% from 7.43%, 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 nine months of 2006 was 4.35% compared to 3.10% in the first nine 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 nine months of 2006 compared to the first nine months of 2005. The overall increase in interest bearing deposits and liabilities for the first nine months ended September 30, 2006 over the same time period in 2005 was due to the same factors as mentioned above for the first quarter of 2006.

22

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

		Three Months Ended September	
		2006	
		Interest	Average Rate

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

	Average Balance	Income/ Expense	Earned/ Paid	Average Balance
(In thousands)				
Assets				
Loans	\$ 372,009	\$ 6,959	7.42%	\$330,045
Securities	99,067	1,157	4.67	73,003
Federal funds sold	7,994	105	5.21	9,860
<hr/>				
Total Earning Assets/ Total Interest Income	479,070	8,221	6.82	412,908
<hr/>				
Cash and due from banks	8,648			8,697
All other assets	23,020			19,747
<hr/>				
Total Assets	\$ 510,738			\$441,352
<hr/>				
Liabilities and Equity				
NOW and money market accounts	\$ 37,375	262	2.78	\$ 43,696
Savings deposits	12,788	75	2.33	14,886
Time deposits	275,136	3,369	4.86	206,668
FHLB advances and repurchase agreements	101,116	1,112	4.36	89,647
ESOP loan	113	3	8.25	175
Subordinated debentures	10,310	244	9.39	10,310
<hr/>				
Total Interest Bearing Liabilities/ Total Interest Expense / Interest Rate Spread	436,838	5,065	4.60	365,382
<hr/>				
Noninterest bearing demand deposits	35,072			38,829
All other liabilities	2,758			2,279
Stockholders' equity	36,070			34,862
<hr/>				
Total Liabilities and Stockholder's Equity	\$ 510,738			\$441,352
<hr/>				
Net Interest Income		\$ 3,156		
<hr/>				
Net Interest Spread			2.22%	
<hr/>				
Net Interest Margin (Net Interest Income/Total Earning Assets)			2.62%	
<hr/>				
Net Interest Margin (fully taxable equivalent)			2.77%	
<hr/>				

23

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

Nine Months Ended September			

2006			

Average	Interest Income/	Average Rate Earned/	Average

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

	Balance	Expense	Paid	Balance
	-----	-----	-----	-----
	(In thousands)			
Assets				
Loans	\$ 361,061	\$ 19,697	7.29%	\$320,585
Securities	97,440	3,336	4.56	66,450
Federal funds sold	4,457	166	4.98	7,741
	-----	-----	-----	-----
Total Earning Assets/ Total Interest Income	462,958	23,199	6.70	394,776
	-----	-----	-----	-----
Cash and due from banks	7,108			7,770
All other assets	22,598			17,947
	-----			-----
Total Assets	\$ 492,664			\$420,493
	=====			=====
Liabilities and Equity				
NOW and money market accounts	\$ 38,328	681	2.38	\$ 40,046
Savings deposits	12,219	202	2.21	19,016
Time deposits	257,406	8,798	4.57	200,235
FHLB advances and repurchase agreements	101,769	3,288	4.32	80,233
ESOP loan	128	8	7.90	187
Subordinated debentures	10,310	691	8.96	10,310
	-----	-----	-----	-----
Total Interest Bearing Liabilities/ Total Interest Expense / Interest Rate Spread	420,160	13,668	4.35	350,027
	-----	-----	-----	-----
Noninterest bearing demand deposits	34,260			36,828
All other liabilities	2,432			1,926
Stockholders' equity	35,812			31,712
	-----			-----
Total Liabilities and Stockholder's Equity	\$ 492,664			\$420,493
	=====			=====
Net Interest Income		\$ 9,531		
		=====		
Net Interest Spread			2.35%	
			=====	
Net Interest Margin (Net Interest Income/Total Earning Assets)			2.75%	
			=====	
Net Interest Margin (fully taxable equivalent)			2.89%	
			=====	

24

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

PROVISION FOR LOAN LOSSES

The provision for loan losses for the third quarter and first nine months of 2006 was \$75,000 and \$250,000, 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 nine months of 2006 totaled \$121,000, or 5 basis points on an annualized basis. Total nonperforming loans as a percentage of total loans was 0.82% at September 30, 2006, compared to 0.99% at December 31, 2005. The allowance for loan losses was \$3.7 million at September 30, 2006, or 1.00% of total loans and 121.81% of

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

nonperforming loans, versus \$3.6 million, or 1.07% and 108.10% at December 31, 2005, respectively.

NONINTEREST INCOME

Noninterest income in the third quarter of 2006 was \$1.3 million, a decrease of \$124,000 or 9.0%, compared to the third quarter of 2005. This was attributable to decreases in mortgage banking income of \$287,000, or 26.2%, which comprises gains on the sale of residential mortgages and parallels the industry-wide slowdown in secondary mortgage sales. Other income of \$283,000 increased \$150,000 for the third quarter of 2006, compared to the third quarter of 2005, reflecting growth in most other income areas with the largest being attributable to increases in gains on the sale of portfolio loans, net gains and losses on disposal of assets and an increase in cash surrender value of bank owned life insurance of \$28,000, \$39,000 and \$27,000, respectively.

Noninterest income for the nine months ended September 30, 2006 of \$3.8 million increased \$258,000, or 7.4%, over the nine months ended September 30, 2005. Fiduciary income of \$202,000 increased \$133,000, or 192.7% over the same time period last year. The Trust division did not start operations until July of 2005, therefore year to date September 2005 results reflect three months of income versus nine months for year to date September 2006. Deposit service charge income of \$265,000 increased \$44,000, or 19.9%, for the first nine months of 2006 compared to 2005 for the same respective period due to an overdraft privilege program instituted in late 2005. Net security losses of \$3,000 were recorded for the first nine months of 2006 from restructuring activities, compared to 2005 when \$57,000 in net security gains were recorded. Other income of \$665,000 increased \$224,000 for the first nine months of 2006, compared to the first nine months of 2005, due primarily to those item changes noted above in the third quarter.

NONINTEREST EXPENSE

Noninterest expense was \$3.6 million for the third quarter of 2006 compared to \$3.5 million for the third quarter of 2005, an increase of \$90,000 or 2.6%. The increase was largely due to an increase of \$88,000 in salary, benefits and payroll taxes related to the new Grosse Pointe Hub. Net occupancy expense of \$473,000 increased \$65,000, or 15.9%, due primarily to the new Grosse Pointe Hub, coupled with increased utility costs for the entire Corporation. The quarterly increase in premises and fixed assets was offset by decreases in other operating expenses.

Noninterest expense for the first nine months of 2006 of \$10.7 million increased \$1.1 million, or 11.0% compared to the first nine months of 2005. All categories of noninterest expense for the first nine months of 2006 increased primarily due to startup and operational costs in trust, wealth management, new residential loan production offices and establishment of the new Grosse Pointe banking branch location. The largest portion of the increase in noninterest expense occurred in salaries, benefits and payroll taxes of \$6.4 million for the nine months ended September 30, 2006, which increased \$740,000, or 13.2% over the first nine months of 2005 from these new divisions and Hub.

PROVISION FOR INCOME TAXES

The provision for federal income taxes of \$116,000 for the third quarter of 2006 decreased \$167,000, or 59.0%, from the federal income tax provision for the third 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 third quarter of 2006 and 2005 was 16.0% and 27.4%, respectively. The statutory tax rate of the Corporation is 34%.

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

The provision for federal income taxes of \$429,000 for the nine months ended September 30, 2006 decreased \$496,000 over the first nine months of 2005. The effective tax rate for the first nine months of 2006 was 18.1% compared to 28.4% for the first nine 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 53.4%, compared to 19.0% for the nine month periods ended September 30, 2006 and 2005, respectively.

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.

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

The following table presents an analysis of our interest-sensitivity static gap position at September 30, 2006. All interest-earning assets and interest-bearing

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

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 September 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 -----	
(Dollars in thousands)				
Interest earning assets:				
Federal funds sold and interest bearing cash	\$ 11,000	\$ --	\$ --	\$
Securities	10,880	11,024	32,396	
FHLB stock	--	4,630	--	
Portfolio loans and held for resale	144,923	56,754	146,330	
Total	----- 166,803	----- 72,408	----- 178,726	
Interest bearing liabilities:				
NOW and money market accounts	2,634	6,343	24,533	
Indexed MM account and trust money market	3,494	8,309	--	
Savings deposits	1,728	3,457	12,099	
Jumbo time deposits	79,616	80,114	61,854	
Time deposits <\$100,000	10,187	22,266	16,195	
Repurchase agreements	21,832	--	--	
FHLB advances	--	5,000	42,345	
ESOP payable	104	--	--	
Subordinated debentures	10,310	--	--	
Total	----- 129,905	----- 125,489	----- 157,026	
Interest rate sensitivity gap	\$ 36,898	(\$ 53,081)	\$ 21,700	\$
Cumulative interest rate sensitivity gap		(\$ 16,183)	\$ 5,517	\$
Interest rate sensitivity gap ratio	1.28	0.58	1.14	
Cumulative interest rate sensitivity gap ratio		0.94	1.01	

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

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

pricing decisions, and customer reactions to those decisions, among other factors.

28

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

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 instantaneous parallel shifts in the Treasury Yield curve, upward and downward, on net interest income expected in a stable interest rate environment.

As of September 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. The overall interest rate risk profile of the Corporation, which is quantified by our simulation model, has changed from prior reporting periods. The results of model, which produces forecasts under various rate scenarios would indicate that the Corporation's net interest income would react more favorably in a declining parallel shift in market rates and conversely, react negatively to an increase in market interest rates. The change in the interest rate risk profile is primarily attributable to an increase in fixed rate commercial real estate loans we have experienced. Additionally, the Corporation's dependence on time deposits, versus non-maturity core deposits, has added to the liability sensitivity.

Interest Rate Scenario	Percentage Change In Net Interest Income
Interest rates up 300 basis points	(8.23%)
Interest rates up 200 basis points	(4.26%)
Interest rates up 100 basis points	(1.62%)
Base case	--
Interest rates down 100 basis points	2.18%
Interest rates down 200 basis points	5.24%
Interest rates down 300 basis points	8.25%

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, 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

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

September 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.

29

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

PART II

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 1A. RISK FACTORS

No material changes from risk factors as previously disclosed in Form 10-K.

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

STOCK REPURCHASES

The following table sets forth information about the Corporation's purchases of its outstanding Common Stock during the quarter ended September 30, 2006.

Period	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid per Share (or Unit)	(c) Total Number Shares (or Unit) Purchased as Part Publicly Announc Plans or Progra (2)
-----	-----	-----	-----
July 1, 2006 - July 31, 2006	--	--	--
August 1, 2006 - August 31, 2006	--	--	--
September 1, 2006 - September 30, 2006	15,000	\$ 11.65	15,000
Total	15,000	\$ 11.65	15,000

(1) Of these shares, no shares were purchased other than through a publicly announced program.

(2) On September 20, 2006, the Corporation announced its attention to

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

repurchase up to 5%, totaling 192,887 shares, of its outstanding shares in the open market or privately negotiated transactions. No stock repurchase plans or programs expired or were terminated by the Corporation during the quarter

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 16, 2006, the Corporation's Board of Directors declared the Corporation's seventeenth quarterly cash dividend of \$0.06 per common share, payable October 2, 2006, to shareholders of record September 1, 2006.

On September 20, 2006, the Corporation announced its attention to repurchase up to 5% of its outstanding shares in the open market or privately negotiated transactions. These shares will be purchased at prevailing market prices from time to time over a twelve month period dependent upon market conditions.

ITEM 6. EXHIBITS.

See Exhibit Index attached.

30

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 November 13, 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)

31

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

EXHIBIT INDEX

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

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
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 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 (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, 2003 (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, 2003 (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)

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

- 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)

32

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

33