COMMUNITY CENTRAL BANK CORP
Form 10-Q
November 14, 2008

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, 2008

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, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer (Do not check if a smaller reporting company)	[ ]	Smaller reporting company	[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 13, 2008

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Common Stock 3,734,781 Shares

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

PART I

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

	September 30, 2008 (Unaudited)	December 31, 2007
	(In thousands)	
Assets		
Cash and due from banks	$ 15,988	$ 6,183
Federal funds sold	22,500	3,000
Cash and Cash Equivalents	38,488	9,183
Trading securities at fair value option	17,375	20,115
Securities available for sale, at fair value	65,498	66,809
Securities held to maturity, at amortized cost	1,770	977
FHLB stock	5,877	5,527
Residential mortgage loans held for sale	1,362	4,848
Loans		
Commercial real estate	276,109	264,685
Commercial and industrial	36,676	33,039
Residential real estate	54,933	60,799
Home equity lines of credit	21,379	20,906
Consumer loans	8,274	9,754
Credit card loans	809	729
Total Loans	398,180	389,912
Allowance for credit losses	(7,796)	(6,403)
Net Loans	390,384	383,509
Net property and equipment	9,246	8,704
Accrued interest receivable	2,393	2,535
Other real estate	2,161	854
Goodwill	1,381	1,381
Intangible assets, net of amortization	88	107
Cash surrender value of Bank Owned Life insurance	10,878	10,514
Other assets	6,023	5,242
Total Assets	$552,924	$520,305

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

CONSOLIDATED BALANCE SHEETS

	September 30, 2008 (Unaudited)	December 31, 2007
	(In thousands, except share data)	
Liabilities		
Deposits		
Noninterest bearing demand deposits	$ 42,811	$ 31,647
NOW and money market accounts	48,996	53,467
Savings deposits	21,403	9,326
Time deposits	247,797	234,195
Total deposits	361,007	328,635
Repurchase agreements and fed funds purchased	35,164	32,659
Federal Home Loan Bank advances ($5.0 million at fair value at 12-31-07)	105,510	104,495
Accrued interest payable	1,121	1,018
Other liabilities	2,966	2,637
ESOP note payable	3	36
Subordinated debentures (all instruments at fair value)	13,699	17,597
Total Liabilities	519,470	487,077
Stockholders' Equity		
Common stock -- 9,000,000 shares authorized; 3,734,781 shares issued and outstanding at 9-30-2008 and 3,733,081 at 12-31-2007	32,123	32,071
Retained earnings	2,058	1,797
Unearned employee benefit	(3)	(36)
Accumulated other comprehensive (loss) income	(724)	(604)
Total Stockholders' Equity	33,454	33,228
Total Liabilities and Stockholders' Equity	$552,924	$520,305

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COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months En September 30	
	2008	2007	2008	20
	(In thousands, except per share da			
Interest Income				
Loans (including fees)	$6,378	$7,177	$19,242	$20,
Taxable securities	954	774	2,722	2,
Tax exempt securities	141	350	517	1,
Federal funds sold	64	155	373	
Total Interest Income	7,537	8,456	22,854	24,
Interest Expense				
Deposits	2,887	3,607	9,233	10,
Repurchase agreements and fed funds purchased	304	245	823	
Federal Home Loan Bank advances	1,218	1,038	3,692	2,
ESOP loan interest expense	--	1	1	
Subordinated debentures	195	315	702	1,
Total Interest Expense	4,604	5,206	14,451	15,
Net Interest Income	2,933	3,250	8,403	9,
Provision for credit losses	1,084	775	4,068	1,
Net Interest Income after Provision	1,849	2,475	4,335	8,
Noninterest Income				
Fiduciary income	82	124	288	
Deposit service charges	109	105	383	
Realized gains (losses) on available for sale securities	84	(31)	195	
Change in fair value of assets/liabilities carried at fair value under SFAS 159	1,109	1,005	4,120	1,
Mortgage banking income	461	494	1,341	1,
Other income	250	138	1,127	
Total Noninterest Income	2,095	1,835	7,454	4,
Noninterest Expense				
Salaries, benefits, and payroll taxes	1,884	1,981	5,551	6,
Premises and fixed asset expense	444	427	1,357	1,
Other operating expense	1,549	1,077	4,284	2,
Total Noninterest Expense	3,877	3,485	11,192	10,
Income Before Taxes	67	825	597	2,
Provision (Benefit) for income taxes	(37)	228	(22)	
Net Income	$ 104	$ 597	$ 619	$ 1,

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

Per share data*:				
Basic earnings	$0.03	$0.16	$0.17	$0.46
Diluted earnings	$0.03	$0.16	$0.17	$0.46
Cash Dividends	$0.02	$0.06	$0.10	$0.18

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(In thousands)			
Net Income as Reported	$104	$ 597	$ 619	$1,791
Other Comprehensive Income, Net of Tax				
Change in unrealized losses on securities Available for sale	200	434	(120)	(217)
Comprehensive Income	$304	$1,031	$ 499	$1,574

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited)

	Nine Months Ended September 30,	
	2008	2007
Operating Activities	(In thousands)	

Net income	$ 619	$ 1,79
Adjustments to reconcile net income to net cash flow from operating activities:		
Net amortization of security premium	60	16
Net gain on sales and call of securities	(195)	4
Net gain on financial instruments at fair value	(4,120)	(1,16
Provision for credit losses	4,068	1,00
Depreciation expense	504	53
Deferred income tax expense	306	27
SFAS 123R option expense	42	2
ESOP compensation expense	33	4
Decrease (increase) in accrued interest receivable	142	(18
Decrease (increase) in other assets	2,737	(2,11
Increase (decrease) in accrued interest payable	103	(7
Increase in other liabilities	328	63
Increase in loans held for sale	3,486	22
Net Cash Provided by Operating Activities	8,113	1,18
Investing Activities		
Maturities, calls, sales and prepayments of securities available for sale	61,721	45,59
Purchase of securities available for sale	(65,538)	(30,33
Maturities, calls, sales and prepayment of trading securities	2,646	6,32
Transfer to trading securities	--	(26,64
Maturities, calls, and prepayments of held to maturity securities	119	2
Purchases of held to maturity securities	(1,265)	(13
Increase in loans	(10,943)	(9,95
Purchases of property and equipment	(1,045)	(7
Proceeds from sale of property and equipment	--	6
Net Cash Used in Investing Activities	(14,305)	(15,13
Financing Activities		
Net increase in demand and savings deposits	18,770	20,27
Net (decrease) increase in time deposits	13,602	(33,93
Net increase in borrowings	2,506	18,24
Issuance of subordinated debentures	--	18,55
Redemption of subordinated debentures	--	(10,31
FHLB advances	13,000	23,00
Repayment of FHLB advances	(12,000)	(16,00
Payment of ESOP debt	(33)	(4
Stock option exercise/award	17	13
Cash dividends paid	(358)	(70
Repurchase of common stock	(7)	(3,36
Net Cash Provided (Used) by Financing Activities	35,497	15,84
Increase in Cash and Cash Equivalents	29,305	1,89
Cash and Cash Equivalents at the Beginning of the Year	9,183	24,72
Cash and Cash Equivalents at the End of the Period	$ 38,488	$ 26,62
Supplemental Disclosure of Cash Flow Information:		
Interest Paid	$ 14,451	$ 15,68
Federal Taxes Paid	$ --	$ 17
Transfers from loans to other real estate owned	$ 3,854	$ 76

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 September 30, 2008 and December 31, 2007, and Consolidated Statements of Income and Comprehensive Income for the three and nine month periods ended September 30, 2008 and 2007, and Consolidated Statements of Cash Flow for the nine months ended September 30, 2008 and 2007. 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-K for the fiscal year ended December 31, 2007.

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. On February 13, 2007, Community Central Bank Corporation issued $18.0 million aggregate liquidation amount of cumulative trust preferred securities through Community Central Capital Trust II, a statutory trust formed by the Corporation for the purpose of issuing the securities (the "Trust II Securities"). The Trust II securities bear a fixed distribution rate of 6.71% per annum through March 6, 2017, and thereafter will bear a floating distribution rate equal to 90-day LIBOR plus 1.65%. The Trust II Securities are redeemable, at the Corporation's option, in whole or in part, at par, beginning March 6, 2017, and if not sooner redeemed, mature on March 6, 2037. The Trust II Securities were sold in a private transaction exempt from registration under the Securities Act of 1933, as amended.

4. In December 2004, the Financial Accounting Standards Board ("FASB") issued

Statement No. 123R "Sharebased Payment" ("SFAS 123R"), a revision to Statement No. 123, "Accounting for Stock-Based Compensation." This standard requires the Corporation to measure the cost of employee services received in exchange for equity awards, including stock options, based on the grant date fair calculated value of the awards. The Corporation adopted the provisions of SFAS 123R as of January 1, 2006. The standard provides for a modified prospective application. Under this method, the Corporation began recognizing compensation cost for equity based compensation for all new or modified grants after the date of adoption. In addition, the Corporation is recognizing the unvested portion of the grant date fair value of awards issued prior to adoption based on the fair value previously calculated for disclosure purposes. Prior periods have not been restated.

The Corporation did not grant any options during the nine months ended September 30, 2008 or 2007. The total amount of options outstanding at September 30, 2008 was 286,993 shares at a weighted average exercise price of $9.10 per share. During the third quarter of 2008, no options were exercised.

The Corporation recognized compensation expense, using the Black Scholes option-pricing model, of $14,000 and $42,000 for the three and nine months ended September 30, 2008, respectively, for the options vesting in 2008 and $7,000 and $22,000 for the three and nine months ended September 30, 2007, respectively, for the options vesting in 2007, in each case based on the fair market value of the grant date. The net income and earnings per share for the three and nine months ended September 30, 2008 and 2007, on a pro forma basis, are disclosed for comparison below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(in thousands, except per share data)			
Net income, as reported	$ 104	$ 597	$ 619	$1,791
Add: Stock-based employee compensation expense, net of related tax effects, included in reported net income	(14)	(7)	(42)	(22)
Deduct: Total stock-based employee and director compensation expense under fair value based methods of awards, net of related tax effects	14	7	42	22
Pro forma net income	$ 104	$ 597	$ 619	$1,791
Earnings per share				
Basic	$0.03	$0.16	$0.17	$ 0.46
Diluted	$0.03	$0.16	$0.17	$ 0.46

The fair value of each option grant is estimated on the date of grant using the Black Scholes option pricing model.

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

5. In February 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS 159). The statement permitted an entity to immediately elect the fair value option for existing eligible items. While not required to adopt the new standard until 2008, the Corporation elected to adopt it in the first quarter of 2007. The Corporation was also required to simultaneously adopt all the requirements under SFAS 157, Fair Value Measurements. As a result of the Corporation's adoptions, certain financial instruments were valued at fair value using the fair value option.

The Corporation utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Additionally, from time to time, the Corporation may be required to record at fair value other assets on a nonrecurring basis, such as loans held for sale, loans held for investment and certain other assets. These nonrecurring fair value adjustments typically involve application of lower of cost or market accounting or write-downs of individual assets.

Fair Value Hierarchy

Under SFAS 157, the Corporation groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 Valuation contains unobservable input(s) and is used to the extent observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity. Level 3 instruments typically include, in addition to unobservable or Level 3 components, observable components.

Management has elected the fair value option for the following reasons for each of the eligible items or group of similar eligible items.

Investment Securities and FHLB Advances:

The election of SFAS 159 and SFAS 157 treatment for existing eligible investment securities was based on multiple factors which included the desire to utilize the Federal Home Loan Bank advance portfolio to offset volatility with the investment portfolio. Approximately $27.0 million of investment securities were originally selected for early adoption of SFAS 159 based primarily on the relatively short overall duration in the selected instruments. The overall effective duration of the instruments was 1.8 years based on current market interest rates. Many of the instruments have early call provisions, which based on current interest rate expectations have a high degree of probability to be called. Some instruments have been pre-refunded with certainty of maturity expected. The investments selected are primarily comprised of agency debentures and short callable bank qualified tax exempt municipal bonds. The selected securities will be categorized under trading portfolio status. Management believes that it has more options of balance sheet management under the fair value option, including the management of volatility caused by the embedded options within these instruments. The short overall duration of the selected instruments, coupled with the utilization of FHLB advances as an attempt to hedge the risk, should mitigate large swings in fair values that will be recorded in the income statement as part of adoption of SFAS 159 and SFAS 157. Management cannot predict future interest rates and is reliant on forecasts and models to make decisions regarding interest rate and fair value risk.

The election of SFAS 159 treatment for the selected FHLB advances was based on management's choice to provide a natural hedge against the securities selected under SFAS 159. The FHLB advances were selected for the fair value option based on the maturity ranges within the FHLB portfolio of advances. All maturities within 18 months from the early adoption date of January 1, 2007 were selected regardless of the instruments' interest rates.

The selected FHLB advances had a net unrealized gain position as of January 1, 2007 and March 31, 2007 and were selected solely as a natural balance sheet hedge for the investment portfolio elected under SFAS 159. The decrease in the unrealized loss position of the selected investments and the income recognized under SFAS 159 for the first three months of 2007 was completely offset by a corresponding decrease in unrealized gains within the selected FHLB advances. In the second quarter of 2007, management reviewed the selected instruments, the changes in overall market interest rates, the treasury yield curve and the structure of the embedded call options of the investments. Management felt that FHLB advances alone would not accurately hedge the investments. In May 2007, the Corporation acquired an interest rate swap to better hedge the fair value of the portfolio. The notional value of the interest rate swap was $18 million for a duration of three years, which approximated the overall duration of the trading portfolio under SFAS 159. Under the interest rate swap, the bank receives the three month libor rate and pays a fixed rate of 5.275%, which is the average weighted yield of the hedged portfolio at the inception of the interest rate swap. During the fourth quarter of 2007, the Corporation restructured many of the instruments originally selected during the early adoption of SFAS 159. The resulting portfolio better matched the Corporation's asset liability position. Additionally, should management and the ALCO committee believe other balance sheet strategies will better position the Bank and Corporation, other transactions could be considered including the sale of investments classified under trading status. Management did not extinguish any FHLB advances before stated maturity. At June 30, 2008, all FHLB advances selected for SFAS 159 accounting treatment had matured. It is the intent of management for the foreseeable future to utilize fair value option on selected investment securities, or like kind dollars on disposal.

Subordinated Debentures:

Management elected the fair value option for both the subordinated debentures. Management considers the subordinated debentures a critical component for future growth and wishes to utilize interest rate swaps to hedge the risk of this longer term liability and critical form of regulatory capital. Management elected SFAS 159 accounting treatment for interest rate swaps because it was less complex than alternative methods and therefore suitable for a community bank with limited resources. Management has elected the fair value option on the subordinated debenture which was issued on February 13, 2007 for $18.6 million. Additionally, an interest rate swap for a like kind notional value was secured, in part, to reduce any volatility associated with the recognition of the fair value option under SFAS 159. Under the interest rate swap the Corporation has agreed to receive a fixed rate of 6.71% and pay Libor plus 170 basis points. The debenture carries an interest rate fixed for 10 years at 6.71%, and was originally based on a ten year treasury interest rate swap of 5.06%, plus 165 basis points and was prior to the settlement of the interest rate swap hedging market fluctuations.

Management has the intent to utilize the fair value option on selected financial assets and liabilities on a go forward basis.

The valuations of the instruments measured under Fair Value Measurement SFAS 157 for 2007 were measured under a market approach using matrix pricing investment for investment securities and the income approach using observable data for the liabilities reported under the Fair Value Option SFAS 159. The inputs were observable for the assets and liabilities interest rate on commonly quoted intervals based on similar assets and liabilities for level 2 instruments. Community Central Bank Corporation does not have a credit rating through any major credit research credit rating facilities. The Trust Preferred Market from which a basis for pricing on the subordinated debenture is arrived at is reflective of changes in the commercial banking environment. The pricing of the subordinated debenture is considered by management to be reflective of the current assessments as to the market for fixed rate trust preferred and subordinated debentures of similar duration. During several quarterly periods, the Trust Preferred Market reflected only a small base of participants in the market place. The disarray in the credit markets contributed to the lack of market transactions in this financial instrument. A determination was made, based upon the significance of unobservable parameters as of September 30, 2008 to the overall fair value measurement, to continue to report the subordinated debentures under level 3 significant unobservable inputs. In addition to the unobservable components, or level 3 components, observable components that can be validated to external sources are part of the validation methodology.

The third quarter of 2008 resulted in the net change in the fair value of financial assets and liabilities, as measured under the fair value option under Statement of Financial Accounting Standards (SFAS) 159, of $1.1 million on a pretax basis or $732,000 after tax. This net gain from fair value reporting under SFAS 159 was primarily

attributable to the change in fair value on the Corporation's subordinated debenture. Since the issuance of the SFAS 159, the dramatic widening of market credit spreads experienced for trust preferred security issuances has continued to favorably impact the fair value measurement of the Corporation's subordinated debenture through September 30, 2008. The Corporation hedges and protects itself from changes in interest rates with an interest rate swap. The hedge does not cover changes in credit spreads which typically occur over longer time periods. Changes in market conditions are not predictable and changes in credit spreads will cause changes in the fair value of this instrument and a possible loss in income. The net change in the fair value of financial assets and liabilities as measured under the fair value option under SFAS 159 for the first nine months of 2008 was $4.1 million, with the majority of the change attributable to the Corporation's subordinated debenture.

The table below contains the fair value measurement at September 30, 2008 using the identified valuations and the changes in fair value for the nine months ended September 30, 2008 for items measured at fair value pursuant to election of the fair value option.

Description	Fair Value Measurements 09/30/2008	Fair Value Measurement at September 30, 2008 — Significant Other Observable Inputs (Level 2)	Significant Unobservable In (Level 3)
		(in thousands of dollars)	
Trading Securities	$17,375	$17,375	--
Securities available for sale	65,498	65,498	--
Interest rate swap hedging securities	(564)	(564)	--
Federal Home Loan Bank Advances	--	--	--
Subordinated Debentures	13,699	--	13,699
Interest rate swap hedging subordinated debentures	937	937	--

Interest income and interest expense of the respective financial instruments have been recorded in the consolidated statement of income based on the category of financial instrument.

CHANGES IN LEVEL 3 RECURRING FAIR VALUE MEASUREMENTS

The table below includes a rollforward of the balance sheet amounts for the nine month period ended September 30, 2008 (including the change in fair value), for financial instruments classified by the Corporation within level 3 of the valuation hierarchy. When a determination is made to classify a financial instrument within level 3, the determination is based upon the significance of the unobservable parameters to the overall fair value measurement. However, level 3 financial instruments typically include, in addition to the unobservable or level 3 components, observable components (that is, components that can be validated to external sources); accordingly, the gains and losses in the table below include changes in fair value due in part to observable factors that are part of the valuation methodology. Also, the Corporation attempts to risk manage the observable components of level 3 financial instruments using derivative positions that are classified within level 2 of the valuation hierarchy; as these level 2 risk management instruments are not included below, the gains or losses in the tables do not reflect the effect of the Corporation's risk management activities related to such level 3 instruments.

Fair value measurements using significant unobservable inputs

For the nine month period ended September 30, 2008 (in millions)	Fair value, January 1, 2008	Total realized/unrealized gains/(losses)	Purchases issuances settlements, net	Transfers in and/or out of Level 3	Fai Septem
Subordinated Debentures	17,597	--	--	--	

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

Assets Measured at Fair Value on a Nonrecurring Basis

IMPAIRED LOANS

The Corporation does not record loans at fair value on a recurring basis. However, from time to time, a loan is considered impaired and an allowance for loan losses is established. Loans for which it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement are considered impaired. Once a loan is identified as individually impaired, management measures impairment in accordance with SFAS 114, "Accounting by Creditors for Impairment of a Loan." The fair value of impaired loans is estimated using primarily collateral value. Those impaired loans not requiring an allowance represent loans for which the fair value of the expected repayments or collateral exceed the recorded investments in such loans. The fair value of the collateral is based on an observable market price, current appraised value and management's estimates of collateral and other market conditions. Due to the lack of market transactions, volatility in pricing and other factors, some of which may be unobservable, the Corporation recorded the impaired loans as nonrecurring Level 3.

OTHER REAL ESTATE OWNED

Other real estate owned assets are adjusted to fair value upon transfer of the loans to foreclosed assets. Subsequently, other real estate owned assets are carried at the lower of carrying value or fair value. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral. The fair value of the collateral is based on an observable market price, a current appraised value, or management's estimates. Due to the lack of transactions, volatility in pricing and other factors, some of which may be unobservable, the Corporation recorded other real estate owned as nonrecurring Level 3.

The following table presents assets measured at fair value on a nonrecurring basis at September 30, 2008.

Assets	Balance at September 30, 2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significa Unobservable (Level 3
Impaired loans accounted for under FAS 114	20,602	--	--	20,602
Other real estate owned	2,161	--	--	2,161

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, 2008 and December 31, 2007 and the results of operations for the nine months ended September 30, 2008 and 2007. 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 results anticipated or projected include, but are not limited to, the following: the credit risks of lending activities, including changes in the level and trend of loan delinquencies and write-offs; changes in general economic conditions, either nationally or in our market areas; changes in the levels of general interest rates, deposit interest rates, our net interest margin and funding sources; fluctuations in the demand for loans, the number of unsold homes and other properties and fluctuations in real estate values in our market areas; results of examinations of us by the Federal Deposit Insurance Corporation, Michigan Office of Financial and Insurance Services or other regulatory authorities, including the possibility that any such regulatory authority may, among other things, require us to increase our reserve for loan losses or to write-down assets; our ability to control operating costs and expenses; our ability to successfully integrate any assets, liabilities, customers, systems, and management personnel we have acquired or may in the future acquire into our operations and our ability to realize related revenue synergies and cost savings within expected time frames and any goodwill charges related thereto; our ability to manage loan delinquency rates; our ability to retain key members of our senior management team; costs and effects of litigation, including settlements and judgments; increased competitive pressures among financial services companies; changes in consumer spending, borrowing and savings habits; legislative or regulatory changes that adversely affect our business; adverse changes in the securities markets; inability of key third-party providers to perform their obligations to us; changes in accounting policies and practices, as may be adopted by the financial institution regulatory agencies or the Financial Accounting Standards Board; other economic, competitive, governmental, regulatory, and technological factors affecting our operations, pricing, products and services and other risks detailed in the Corporation's reports filed with the Securities and Exchange Commission, including the Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

EXECUTIVE SUMMARY

Community Central Bank Corporation is the holding company for Community Central Bank (the "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 four full service facilities, in Mount Clemens, Rochester Hills, Grosse Pointe Farms and Grosse Pointe Woods, Michigan. Community Central Mortgage Company, LLC, a subsidiary of the Bank, operates locations servicing the Detroit metropolitan area, and northwest Indiana. 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 we earn 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 we pay 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.

Our results of 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 although the impact of the restructuring of the American automobile companies has a direct impact on southeastern Michigan. A slowdown in the local and statewide economy has produced increased financial strain on segments of our customer base. We have experienced increased delinquency levels and losses in our loan portfolio, primarily with residential developer loans, residential real estate loans, and home equity and consumer loans. Further downturns 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 we deploy earning assets. The competitive environment among the Bank, other financial institutions and financial service providers 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 our relative cost of funds and thus negatively impact our net interest income.

We recorded a $1.1 million provision for loan losses for the third quarter of 2008. A significant portion of this provision related to collateral impairment, the result of declining property values reflecting Michigan's economic conditions. The specific allowance associated with residential builder loans was $2.1 million at September 30, 2008. Total residential builder loans represent approximately 3.8% of our total loan portfolio at September 30, 2008.

Nonperforming assets to total assets increased to 5.00% at September 30, 2008 compared to 3.61% at December 31, 2007, and 4.15% for the immediately preceding quarter ended June 30, 2008. The increase in nonperforming assets for the first nine months of 2008 was primarily attributable to several additional loan relationships that management felt were experiencing financial difficulties and should be placed into nonaccrual loan status. A portion of these loans had experienced various loan payment difficulties, some of which were not over 90 days past due at September 30, 2008. Increases were also due to an increase in loans classified as restructured troubled debt which increased $3.3 million from December 31, 2007.

We continue to see competitive deposit rates offered from local financial institutions within the geographic proximity of the Bank which could have the effect of increasing our costs of funds to a level higher than management projects. We continue 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 we have 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.

One of our business objectives has been the diversification of revenue from interest income. Our Wealth and Trust divisions have been providing us with a diversified source of fee income. The addition of a new branch location in Grosse Pointe Woods, Michigan, which opened in June 2008, will represent the second branch location in this upscale market of southeastern Michigan. We continue to focus on strategies to increase our market share of core deposits as well as wealth and trust services. Assets under management of our trust and wealth management divisions continue to grow and totaled $148.3 million at the end of September 2008.

ASSETS

At September 30, 2008, the Corporation's total assets were $552.9 million, an increase of $32.6 million, or 6.3%, from December 31, 2007. The largest segment of asset growth for the nine months ended September 30, 2008, occurred in federal funds sold. Total assets increased in the third quarter of 2008 by $20.6 million. The increase was principally due to increases in federal funds sold of $19.5 million, as the Corporation increased liquidity to provide safety in the volatile environment. Total loans net of the allowance for credit losses and residential mortgage loans held for sale increased $3.2 million in the third quarter with the majority of the increase occurring in commercial real estate. The relatively small increase in total loan growth was due in part to the economic weakness in the local economy and the Corporation's desire to only lend to those customers with deposit and other banking product relationships.

Total loans increased $8.3 million, or 2.1%, to $398.2 million at September 30, 2008 from $389.9 million at December 31, 2007. Loan growth was comprised primarily of commercial real estate loans, which increased $11.4, million or 4.3%, from December 31, 2007 to September 30, 2008. Total commercial real estate loans represent 69.3% of the total loan portfolio. This is consistent with the current and historical commercial loan focus of the Corporation. Approximately 70% of the commercial real estate loans are owner occupied in the loan portfolio. The Corporation had approximately $152.9 million in outstanding loans at September 30, 2008, to borrowers in the real estate rental and properties management industries, representing approximately 55.3% of the total commercial real estate portfolio. The largest decrease in the total loan portfolio occurred in the residential mortgage portfolio, which decreased $5.9 million, or 9.6% from December 31, 2007.

The decrease in the residential mortgage portfolio was purposeful as management sought to sell most of its new mortgage originations primarily to Fannie Mae and other investors in the secondary market and runoff was allowed to occur in the portfolio. During the first nine months of 2008, we originated $55.2 million of residential mortgage loans, retaining only $4.4 million in our portfolio. During this period, we experienced pay-downs and pay-offs of $10.3 million. Additionally, the Corporation further tightened its underwriting guidelines, which had the effect of limiting new loan volume, which included a reduction in the allowable loan to value ratio on mortgage loans.

The majority of the residential mortgage portfolio comprises adjustable rate mortgages, which at September 30, 2008 represented $40.9 million, or 74.5%, of the total residential portfolio. Residential mortgage loans which the Corporation retains in portfolio comprise primarily loans with borrowers whom the Corporation has other banking relationships, as well as loans with attributes deemed to match the Corporation's rate risk profile. Home equity lines of credit ("HELOC") totaled $21.4 million at September 30, 2008, and remained relatively unchanged for the first nine months of 2008. As with our residential mortgage loan portfolio, management has intentionally limited growth in this segment of the portfolio given the real estate environment in southeastern Michigan. New underwriting guidelines for our HELOC loans carried in portfolio limit loan to values, including prior liens, to 85% of the appraised value of the real estate. This represents a change from the prior loan to value level of 95%.

The consumer loan portfolio, comprising primarily boat loans, totaled $8.3 million at September 30, 2008, a decrease of $1.5 million from December 31, 2007. The decrease was comprised of $226,000 in charge offs to the allowance and the transfer of $627,000 into repossessed collateral status. The remainder of the decrease was attributable to runoff in the portfolio. The Corporation continues to monitor this portion of the loan portfolio as it has experienced increased delinquencies and repossessions. The increase in delinquencies and repossessions are attributable to local economic conditions.

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

	September 30, 2008	Percentage of total loans	December 31, 2007	Percentage of total loans
	(in thousands, except percentages)			
Loans held for sale:				
Residential real estate	$ 1,362		$ 4,848	
Loans held in the portfolio:				
Commercial real estate	$276,109	69.3%	$264,685	67.9%
Commercial and industrial	36,676	9.2	33,039	8.5
Residential real estate	54,933	13.8	60,799	15.6
Home equity lines	21,379	5.4	20,906	5.4
Consumer loans	8,274	2.1	9,754	2.4
Credit cards	809	0.2	729	0.2
	$398,180	100.0%	$389,912	100.0%

The investment security portfolio, excluding FHLB stock, totaled $84.6 million at September 30, 2008, compared to $87.9 million at December 31, 2007, and was comprised of securities held as available for sale, held to maturity and held as trading. Securities available for sale, the largest portion of our investment portfolio, decreased $1.3 million or 2.0% to $65.5 million at September 30, 2008 from December 31, 2007. The largest change in the portfolio occurred in the collateralized mortgage obligation ("CMO") portfolio, which increased $20.9 million from December 31, 2007 and ended September 30, 2008 at $26.8 million. The CMO portfolio is comprised of US agency and Government National Mortgage Association ("GNMA") securities which carry the full faith and credit of the United States Government. The mortgage backed agency portfolio decreased $1.9 million for the first nine months of 2008. The net change in this segment of the available for sale security portfolio was again comprised of primarily FNMA securities. The municipal security portfolio totaled $12.2 million at September 30, 2008, which was a decrease of $16.6 million from December 31, 2007. During the first quarter of 2008, the Corporation sold approximately 36% of the bank qualified municipal bond portfolio to decrease volatility in this type of investment due to the dramatic changes in the municipal insurance market. Additionally, the portfolio of municipal bonds was reduced for federal income tax considerations.

At September 30, 2008, we had unrealized losses of $1.1 million in our available for sale portfolio. This represents a $176,000 decrease in the market value from December 31, 2007. The decrease in market value was attributable to an increase in interest rates and the widening of credit spreads on mortgage backed instruments. The total net gain from the sale of available for sale securities totaled $194,000 for the first nine months of 2008 and was the result of portfolio restructuring activity. The Corporation has the intent and ability to hold the securities classified under available for sale for the foreseeable future and declines in fair value are primarily due to increased market interest rates.

The Corporation has less than one percent of its total investment portfolio including those in trading, available for sale and held to maturity, in non-agency investments.

The securities classified as held for trading totaled $17.4 million as of September 30, 2008. The average effective duration of the trading portfolio as of September 30, 2008 was approximately 1.2 years, with an average life of 1.55 years and a weighted average coupon rate of 4.73%. Management decided to classify the original securities at January 1, 2007, under SFAS 159 because of the characteristics of the instruments, giving the Corporation the option and ability to hedge the instruments utilizing above market value Federal Home Loan Bank advances. Furthermore, in adopting SFAS 159, the Corporation was able to utilize the fair value option to account for the hedges in a manner which is less complex than was previously available under GAAP. Other reasons influencing management's decision to classify the selected instruments under SFAS 159 include overall ALCO strategies, the shape of the treasury yield curve, and management expectations on short term interest rates. The trading portfolio as of September 30, 2008 comprised $11.2 million of U.S. Agency debentures with an effective duration of 1.4 years and $6.2 million in U.S.

agency collateralized mortgage obligations ("CMOs") with an effective duration of 1.0 years. All of the CMOs held in the trading portfolio pass the stress testing recommended by the Federal Financial Institutions Examination Council with relatively short average lives under differing rate scenarios.

In May 2007, the Corporation acquired an interest rate swap to better hedge the fair value of the portfolio. The notional value of the interest rate swap was $18 million for the duration of three years, which approximated the overall duration of the trading portfolio under SFAS 159. Under the interest rate swap, the bank receives the three month libor rate and pays a fixed rate of 5.275%, which is the average weighted yield of the hedged portfolio at the inception of the interest rate swap. The interest rate swap is accounted for under the Fair Value Option for Financial Assets and Liabilities (SFAS 159) and therefore no formal hedge accounting under SFAS 133 is applicable. The Corporation periodically reviews the structure of the hedge to evaluate the risks of changes in interest rates under various rate scenarios. During the fourth quarter of 2007, the Corporation restructured many of the instruments originally selected during the early adoption of SFAS 159. The resulting portfolio better matched the Corporation's asset liability position. Additionally, should management and the ALCO committee believe other balance sheet strategies will better position the Bank and Corporation, other transactions could be considered including the sale of investments classified under trading status. Management has no intent to extinguish, before stated maturity, any FHLB advances. It is the intent of management for the foreseeable future to utilize the fair value option on selected investment securities, or like kind dollars on disposal.

A summary of nonperforming assets is as follows:

	September 30, 2008	December 31, 2007
	(Dollars in thousands)	
Nonaccrual loans:		
Construction and land development	$10,916	$ 9,746
Commercial real estate	6,619	4,633
Commercial and industrial	98	146
Residential real estate	2,591	2,053
Home equity lines	756	354
Consumer loans	703	30
Credit cards	--	--
Total nonaccrual loans	21,683	16,962
Accruing loans delinquent more than 90 days:		
Construction and land development	$ --	$ --
Commercial real estate	--	--
Commercial and industrial	295	--
Residential real estate	--	654
Home equity lines	--	44
Consumer loans	--	--
Credit cards	--	25
Total accruing loans delinquent more than 90 days	295	723
Troubled debt restructured loans:		
Construction and land development	$ --	$ --
Commercial real estate	2,375	--
Commercial and industrial	388	--
Residential real estate	744	253
Home equity lines	--	--
Consumer loans	--	--
Credit cards	--	--
Total troubled debt restructured loans	3,507	253
Total nonperforming loans	25,485	17,938
Other real estate owned		
Construction and land development	1,348	--
Commercial real estate	213	319
Residential real estate	600	535
Total other real estate owned	2,161	854
Total nonperforming assets	$27,646	$18,792
Total nonperforming loans as a percentage of total loans	6.40%	4.60%
Total nonperforming assets as a percentage of total assets	5.00%	3.61%

At September 30, 2008, loans totaling $12.7 million were not included in the non-performing asset table above where known information about possible credit problems of borrowers caused management to have serious doubts as to the ability of borrowers to fully comply with present loan repayment terms and which may result in disclosure of such loans in the future. This compares with $14.7 million at December 31, 2007 of such loans.

At September 30, 2008, nonperforming loans, which represents nonaccruing loans, troubled restructured debt and those loans past due 90 days or more and still accruing interest, totaled $25.5 million compared to $17.9 million at December 31, 2007, an increase of $7.6 million. Total nonperforming loans as a percentage of total loans was 6.40% at September 30, 2008, compared to 4.60% at December 31, 2007. The primary reason for the increase was attributable to an increase in nonaccruing commercial real estate loans of $4.6 million for the first nine months of 2008. Net charge offs for the first nine months of 2008 totaled $2.7 million, of which $1.9 million was specifically attributable to builder developer loans for which specific reserves had been established in prior periods. During the quarter of 2008, the Corporation modified loans which met the classification of troubled debt restructuring. At September 30, 2008 these loans totaled $3.5 million. These loans were less than 90 days past due. The allowance for loan losses at September 30, 2008 was $7.8 million, or 1.96% of total loans, and 30.59% of nonperforming loans, versus $6.4 million, or 1.64% and 35.7% at December 31, 2007, respectively. Nonperforming residential mortgage loans increased $829,000 for the first nine months of 2008. The majority of the consumer loans classified as nonaccrual are comprised of boat loans. The delinquency level of these loans has increased over prior periods. The boat loan portfolio totals 2.0% of the entire loan portfolio at September 30, 2008. Other real estate owned (OREO) increased $1.3 million, or 153%, to $2.1 million at September 30, 2008 from $854,000 at December 31, 2007. The Corporation has valuation reserves established on certain OREO properties. The largest segment of OREO is comprised of residential real estate and land from builder developers of $1.3 million. The remaining properties in OREO comprise residential real estate of $600,000 and commercial real estate acquired through foreclosure of $213,000. Total nonperforming assets as a percentage of total assets increased to 5.00% at September 30, 2008, from 3.61% at December 31, 2007, as a result of increases in primarily nonaccruing loans, loans classified under troubled debt restructuring and to a lesser extent an increase in other real estate owned.

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

	Nine Months Ended September 30, 2008	Year Ended December 31, 2007
	(Dollars in thousands)	
Balance at beginning of the period	$6,403	$3,815
Charge-offs:		
Construction and land development	1,925	--
Commercial real estate	190	338
Commercial and industrial	154	110
Residential real estate	255	106

Home equity lines	163	131
Consumer loans	226	382
Credit cards	33	33
Total charge-offs	$2,946	$1,100
Recoveries:		
Commercial real estate	217	--
Commercial and industrial	47	12
Residential real estate	--	--
Home equity lines	--	--
Consumer loans	5	69
Credit cards	2	7
Total recoveries	$ 271	$ 88
Net charge-offs (recoveries)	2,675	1,012
Provision charged to earnings	4,068	3,600
Balance at end of the period	$7,796	$6,403
Net charge-offs (net recoveries) during the period to average loans outstanding during the period on an annualized basis	0.91%	0.27%
Allowance as a percentage of total portfolio loans	1.96%	1.64%

The allowance for loan losses increased $1.4 million, or 21.7%, from December 31, 2007, compared to September 30, 2008. As September 30, 2008, the allowance as a percentage of total loans remained was 1.96%, compared to 1.64% at December 31, 2007. 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.

LIABILITIES

At September 30, 2008, total deposits increased $32.4 million or 9.9% to $361.0 million from $328.6 million at December 31, 2007. The increase was due to an $11.2 million or 35.3% increase in noninterest bearing demand deposits and an increase in total savings accounts of $12.0 million or 129.5%, as customers utilized savings accounts for liquidity management. The increase in demand deposits and savings also resulted from our continued emphasis on growth in this important area of core deposits and the addition of branch locations. Moreover, the Corporation has continued to focus on complete commercial lending relationships that include core deposits as part of the overall approval process. Time deposits $100,000 and above increased $11.9 million or 6.1%. The largest contributor of the increase in large time deposits was increases of individuals and corporations of $17.5 million, coupled with brokered CDs of $18.2 million, offset by declines in municipal time deposits of $24.1 million during the first nine months of 2008. The decline in municipal time deposits was due in part to the difficult economic environment for municipalities and the Bank's unwillingness to pay premium rates for short-term time deposits as many local institutions have. Time deposits under $100,000 increased $1.7 million or 4.4% due to a special rate on a promotional time deposit product paid by the Bank. The premium rate was competitive in the local market place, but did not exceed other financial institutions offerings. Money market accounts decreased $7.8 million or 20.2% from December 31, 2007 to September 30, 2008 due to withdrawals from the indexed money market product which is tied to the six month Treasury Rate. Management attributes this decline to customers seeking higher rate products, as the indexed rate fell below 2 percent based on market rate conditions.

The Corporation continues to see competitive deposit rates offered by local financial institutions within the geographic proximity of the Bank, which has had the affect of increasing the cost of funds to a level higher than management originally projected. 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 Corporation 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, 2008	Percentage of total deposits	December 31, 2007	Percentage of total deposi
			(Dollars in Thousands)	
Noninterest bearing demand	$ 42,811	11.9%	$ 31,647	9.6%
NOW accounts	18,234	5.1	14,907	4.5
Money market accounts	30,762	8.5	38,560	11.7
Savings deposits	21,403	5.9	9,326	2.8
Time deposits under $100,000	41,142	11.4	39,395	12.0
Time deposits $100,000 and over	206,655	57.2	194,800	59.4
Total deposits	$361,007	100.00%	$328,635	100.0%

FORM 10-Q (continued)

Short term borrowings at September 30, 2008, consisted of FHLB advances of $13.8 million at face value and securities sold with an agreement to repurchase them the following day of $16.2 million. Following are details of our short term borrowings for the dates indicated:

	September 30, 2008	December 31, 2007
	(Dollars in thousands)	
Amount outstanding at end of period		
Short-term repurchase agreements	$16,164	$13,659
Short-term FHLB advances	$13,810	$23,795
Weighted average interest rate on ending balance		
Short-term repurchase agreements	2.00%	3.00%
Short-term FHLB advances	4.39%	4.14%
Maximum amount outstanding at any month end during the period		
Short-term repurchase agreements	$16,164	$14,932
Short-term FHLB advances	$18,810	$23,795

During the first quarter of 2007, the Corporation borrowed $19 million in a wholesale structured repurchase agreement with an interest rate tied to the three month Libor rate, less 250 basis points adjusted quarterly, until March 3, 2008 when the borrowing changes to a fixed interest rate of 4.95% until March 2, 2017. The repurchase agreement is callable quarterly.

In June 2001, the Corporation started to borrow long-term advances from the FHLB to fund fixed rate instruments and to attempt to minimize the interest rate risk associated with certain fixed rate commercial mortgage loans and investment securities. The advances are collateralized by residential and commercial mortgage loans under a blanket collateral agreement totaling approximately $235.9 million and $236.6 million at September 30, 2008 and 2007, respectively. Long-term advances were comprised of 28 advances with maturities ranging from October 2009 to June 2016.

FHLB advances outstanding at September 30, 2008 were as follows:

	Face Value of obligation	Average rate at end of period
	(Dollars in thousands)	
Short-term FHLB advances	$ 13,810	4.39%
Long-term FHLB advances	91,700	4.40%
	$105,510	4.40%

Effective January 1, 2007, the Corporation has elected early adoption of SFAS 159 for all FHLB advances maturing in 18 months from January 1, 2007, which originally represented $16 million in total. At September 30, 2008, all instruments previously elected for SFAS 159 had matured.

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 of deposits, and to take advantage of other investment opportunities. Funding of loan requests providing for liability outflows and managing interest rate margins require continuous analysis to attempt to match the maturities and repricing of specific categories of loans and investments with specific types of deposits and borrowings. Bank liquidity depends upon the mix of the banking institution's potential sources and uses of funds. The major sources of liquidity for the Bank have been deposit growth, federal funds sold, loans and securities which mature within one year, and sales of residential mortgage loans. Additional liquidity is provided by $4.0 million in available unsecured federal funds borrowing facilities, and $35.0 million of available borrowing capacity under 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, 2008, unused commitments totaled $80.8 million. The Bank has $150.4 million in time deposits coming due within the next twelve months from September 30, 2008, which includes brokered, internet and municipal time deposits. At September 30, 2008, the Bank had $143.2 million in brokered certificates of deposit, of which $72.6 million is due within one year or less. Additionally, at September 30, 2008, municipal time deposits and internet time deposits were $10.2 million and $1.1 million, respectively. Municipal time deposits typically have maturities less than three months. All of the $1.1 million of internet certificates of deposit mature in one year or less.

On August 21, 2008, the Corporation's Board of Directors declared a quarterly cash dividend of $0.02 per common share, payable October 1, 2008, to shareholders of record on September 2, 2008. This represents the Corporation's 26th consecutive quarterly, cash dividend paid to stockholders.

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, 2008		December 31, 2007		Minimum Ratio for Capital Adequacy	Rat
	Capital	Ratio	Capital	Ratio	Purposes	"Well
Tier I capital to risk-weighted assets						
Consolidated	$43,407	10.17%	$42,932	10.29%	4%	
Bank only	43,355	10.17%	42,889	10.32%	4%	
Total capital to risk-weighted assets						
Consolidated	$55,922	13.10%	$55,430	13.28%	8%	
Bank only	48,721	11.43%	48,199	11.57%	8%	
Tier I capital to average assets						
Consolidated	$43,407	8.05%	$42,932	8.37%	4%	

Bank only	43,355	8.06%	42,889	8.39%	4%

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.

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

The following table shows the changes in stockholders' equity for the nine months ended September 30, 2008:

	Common Stock	Retained Earnings	Unearned Employee Benefits	Accumulated Other Comprehensive Income/(Loss)	Total Equity
Beginning balance, January 1, 2008	$32,071	$1,797	($36)	($604)	$33,228
Cash dividend	--	(358)	--	--	(358)
Stock awards	17	--	--	--	17
SFAS 123R expensing of options	42	--	--	--	42
Net income	--	619	--	--	619
Release of ESOP shares	--	--	33	--	33
Repurchase of common stock	(7)	--	--	--	(7)
Change in unrealized gain/loss	--	--	--	(120)	(120)
Balance at September 30, 2008	$32,123	$2,058	($3)	($724)	$33,454

Stockholders' equity was $33.5 million as of September 30, 2008. Total stockholders' equity was relatively unchanged from December 31, 2007. Increases in equity from net income of $619,000 were offset with decreases from cash dividends for the first nine months of $358,000 and decreases in accumulated comprehensive income of $120,000 from the net decrease in the market value of the available for sale security portfolio.

NET INTEREST INCOME

Net interest income before the provision for loan losses for the third quarter of 2008 was $2.9 million, a decrease of $317,000 or 9.8% from the third quarter of 2007. Significantly affecting net interest income was the reversal of interest on new loans placed into nonaccrual status, as well as existing loans in nonaccrual status. This constituted a substantial portion of the decline in net interest income for the quarterly comparison. Net interest margin declined 47 basis points from 2.83% for the quarter ended September 30, 2007 to 2.36% for the quarter ended September 30, 2008. The net interest margin was negatively affected by the significant decreases in overnight federal funds interest rates and corresponding drop in the prime interest rate. The overnight federal funds rate declined 275 basis points from September 30, 2007 to September 30, 2008 affecting prime rate loans and negatively affecting the net interest margin in the near term, as the Corporation's Asset/Liability position is somewhat asset sensitive in a three month or less time frame. This historically large series of Federal Reserve interest rate cuts has outpaced our ability to reduce our funding costs as rapidly, as a significant portion of the funding base is comprised of time deposits. The price competition for deposits has also exacerbated margin pressures. Once short term rates stabilize, the Corporation expects to see improvement in the net interest margin.

Net interest income before the provision for loan losses for the first nine months of 2008 was $8.4 million, a decrease of $789,000 or 8.6% from the first nine months of 2007. Those factors responsible for the decrease in net interest income and margin for the third quarter ended September 30, 2008 compared to September 30, 2007 also contributed to the declines for the first nine months of 2008 compared to 2007.

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, 2008 vs. 2007			Nine Months E September 30, 2008	
		Increase (Decrease) Due to Changes In			Increase (Due to Ch
	Total	Volume and Both	Rate	Total	Volume and Both
			(In Thousands)		
Earning Assets - Interest Income					
Loans	($799)	$ 364	($1,163)	($1,672)	$1,234
Securities	(29)	(1)	(28)	(104)	(23)
Federal funds sold	(91)	6	(97)	(168)	90
Total	(919)	369	(1,288)	(1,944)	1,301
Deposits and Borrowed Funds - Interest Expense					
NOW and money market accounts	(500)	(82)	(418)	(1,232)	(192)
Savings deposits	7	26	(19)	(41)	26
Time deposits	(227)	199	(426)	(255)	623
Other borrowings	239	254	(15)	943	949
ESOP loan	(1)	(1)	--	(4)	(3)
Subordinated debentures	(120)	7	(127)	(566)	(130)
Total	(602)	403	(1,005)	(1,155)	1,273
Net Interest Income	($317)	($34)	($283)	($789)	$ 28

The average yield earned on interest earning assets for the third quarter of

2008 was 5.91% compared to 6.96% for the third quarter of 2007. The average yield earned on the total loan portfolio, which contains both loans held for sale and investment for 2008, was 6.39% compared to 7.63% during the third quarter of 2007. The overall decrease in the loan portfolio yield was attributable to the decrease in prime interest rates. The commercial, commercial real estate and home equity line loans that repriced with prime interest rate changes totaled approximately $136.0 million at September 30, 2008. Also contributing to the decline in loan yields was the higher level of reversal of interest on new loans placed into nonaccrual status, as well as existing loans in nonaccrual status, both of which significantly reduced overall yields.

The average rate paid on interest bearing liabilities for the third quarter of 2008 was 3.92% compared to 4.70% in the third quarter of 2007. The decrease in average rate was due to the overall rate paid on interest bearing liabilities, primarily as a result of the decrease in overall market interest rates. The rate paid on time deposits decreased to 4.36% for the third quarter of 2008, from 5.12% for the same time period in 2007, as a result of the decrease in short term interest rates although the highly competitive interest rates paid amongst local financial institutions has had an effect of keeping these rates higher than would have historically been expected. The decrease in the average rate for NOW and money market accounts for 2008 was primarily attributable to the drop in short term interest rates, with the average rate moving to 1.45% during the third quarter of 2008 compared to 3.80% in the third quarter of 2007. The average rate paid on savings accounts also decreased, moving to 1.67% for the third quarter of 2008 from 2.36% in the third quarter of 2007. The rate paid on FHLB advances and repurchase agreements remained relatively unchanged as these instruments have relatively long maturities. The average rate paid on the subordinated debenture decreased in the third quarter of 2008 to 4.18% from 7.00%. The overall decrease in interest rate paid on the subordinated debenture was the result of the redemption of the subordinated debenture in June 2007, replaced with a subordinated debenture with a relatively lower interest rate. The Corporation also utilizes an interest rate swap hedging the subordinated debenture which has further reduced the rate.

The average yield earned on interest earning assets for the nine months ended 2008 was 6.00% compared to 6.90% for the first nine months of 2007. The average yield earned on the total loan portfolio, including loans held for sale, was 6.50% during the nine months ended September 30, 2008 compared to 7.55% during the comparable period in 2007. The overall decrease in the loan portfolio yield was attributable to those factors detailed above.

The average rate paid on interest bearing liabilities for the first nine months of 2008 was 4.12% compared to 4.76% in the first nine months of 2007. The decrease in average rate was due to the overall rate paid on interest bearing liabilities, primarily as a result of the decrease in overall market interest rates. The rate paid on time deposits decreased to 4.58% for the first nine months of 2008, from 5.10% for the same time period in 2007, as a result of the decrease in short term interest rates, although the highly competitive interest rates paid amongst local financial institutions has had an effect of keeping these rates higher than would have historically been expected. The decrease in the average rate for NOW and money market accounts for 2008 was primarily attributable to the drop in short term interest rates, with the average rate moving to 1.71% during the first nine months of 2008 compared to 3.84% in the first nine months of 2007. The average rate paid on savings accounts also decreased, moving to 1.76% for the first nine months of 2008 from 2.49% in the first nine months of 2007. The rate paid on FHLB advances and repurchase agreements remained relatively unchanged as many of these instruments have relatively long maturities. The average rate paid on the subordinated debenture decreased in the first nine months of 2008 to 5.05% from 7.70%. The overall decrease in interest rate paid on the subordinated debenture was the result of the redemption of the subordinated debenture in June 2007 with funds from a new subordinated debenture with a lower interest rate. The Corporation also utilizes an interest rate swap hedging the subordinated debenture which has further reduced the rate.

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, 2008 and 2007. Average loans are presented net of unearned income, gross of the allowance for loan losses. Interest on loans includes loan fees.

	Three Months Ended September 30,				
	2008			2007	
	Average Balance	Interest Income/ Expense	Average Rate Earned/ Paid	Average Balance	Interes Income Expens
	(In thousands)				
Assets					
Loans	$397,111	$6,378	6.39%	$373,056	$7,17
Securities	96,414	1,095	4.55	96,391	1,12
Federal funds sold	14,140	64	1.80	13,005	15
Total Earning Assets/ Total Interest Income	507,665	7,537	5.91	482,452	8,45
Cash and due from banks	8,684			7,689	
All other assets	24,564			23,872	
Total Assets	$540,913			$514,013	
Liabilities and Equity					
NOW and money market accounts	$ 48,162	175	1.45	$ 70,547	67
Savings deposits	17,358	73	1.67	11,113	6
Time deposits	240,957	2,639	4.36	221,948	2,86
FHLB advances and repurchase agreements	142,481	1,522	4.25	118,360	1,28
ESOP loan	7	--	6.00	62	
Subordinated debentures	18,557	195	4.18	17,857	31

Total Interest Bearing Liabilities/ Total Interest Expense / Interest Rate Spread	467,522	4,604	3.92	439,887	5,20
Noninterest bearing demand deposits	40,150			36,757	
All other liabilities	83			3,322	
Stockholders' equity	33,158			34,047	
Total Liabilities and Stockholders' Equity	$540,913			$514,013	
Net Interest Income		$2,933			$3,25
Net Interest Spread			1.99%		
Net Interest Margin (Net Interest Income/Total Earning Assets)			2.30%		
Net Interest Margin (fully taxable equivalent)			2.36%		

COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

	Nine Months Ended September 30,				
	2008			2007	
	Average Balance	Interest Income/ Expense	Average Rate Earned/ Paid	Average Balance	Interes Income Expens
	(In thousands)				
Assets					
Loans	$395,269	$19,242	6.50%	$370,601	$20,91
Securities	94,776	3,239	4.56	95,423	3,34
Federal funds sold	18,724	373	2.66	14,202	54
Total Earning Assets/ Total Interest Income	508,769	22,854	6.00	480,226	24,79
Cash and due from banks	8,435			7,382	
All other assets	24,313			23,434	
Total Assets	$541,517			$511,042	
Liabilities and Equity					
NOW and money market accounts	$ 49,876	637	1.71	$ 65,100	1,86
Savings deposits	14,232	187	1.76	12,244	22
Time deposits	245,084	8,409	4.58	227,036	8,66
FHLB advances and repurchase agreements	141,129	4,515	4.27	111,513	3,57
ESOP loan	19	1	7.03	75	

Subordinated debentures	18,557	702	5.05	22,015	1,26
Total Interest Bearing Liabilities/ Total Interest Expense / Interest Rate Spread	468,897	14,451	4.12	437,983	15,60
Noninterest bearing demand deposits	37,468			34,579	
All other liabilities	1,554			3,115	
Stockholders' equity	33,598			35,365	
Total Liabilities and Stockholders' Equity	$541,517			$511,042	
Net Interest Income		$ 8,403			$ 9,19
Net Interest Spread			1.88%		
Net Interest Margin (Net Interest Income/Total Earning Assets)			2.20%		
Net Interest Margin (fully taxable equivalent)			2.27%		

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COMMUNITY CENTRAL BANK CORPORATION
FORM 10-Q (continued)

PROVISION FOR LOAN LOSSES

We recorded a $1.1 million provision for loan losses in the third quarter of 2008, based upon management's review of the risks inherent in the loan portfolio and the level of our allowance for loan losses. The provision for loan losses for the first nine months of 2008 was $4.1 million, compared to $1.0 million for the nine months ended September 30, 2007. Total nonperforming assets as a percentage of total assets was 5.00% at September 30, 2008, compared to 4.20% at June 30, 2008 and 3.61% at December 31, 2007. The allowance for loan losses at September 30, 2008 was $7.8 million, or 1.96% of total loans and 30.59% of nonperforming loans, versus $6.4 million, or 1.64% and 35.70% at December 31, 2007, respectively.

NONINTEREST INCOME

Noninterest income was $2.1 million for the third quarter of 2008, increasing $260,000, or 14.2%, from the third quarter of 2007. The increase was primarily related to favorable net changes in the fair market value of assets and liabilities measured under Statement of Financial Accounting Standards (SFAS 159). The increase was largely attributable to the fair value of the subordinated debenture connected with the February 2007 Trust Preferred Issuance. The net change in fair value, which was largely associated with the subordinated debenture and the corresponding interest rate swap, totaled $1.1 million in unrealized gains for the third quarter of 2008, as recorded in other income. The net change in fair value under SFAS 159 for the first nine months of 2008 was $4.1 million with the majority of the change attributable to the Corporation's subordinated debenture. The widening of market credit spreads for trust preferred securities experienced in the first, second and third quarters of 2008 increased the relative fair value of this financial liability dramatically. The Corporation hedges against changes in interest rates with an interest rate swap, which is also accounted for under SFAS 159. The hedge does not cover changes in credit spreads, which typically occur over much longer periods of time than we are currently experiencing. Changes in credit spreads are not easily predictable and may cause adverse changes in the fair value of this instrument and a possible loss of income in the future.

Fiduciary income from trust services totaled $82,000 for the third quarter of 2008, a decrease of $42,000 or 33.9% from the third quarter of 2007, as the third quarter of 2007 reflected extraordinary fees which were not present in the third quarter of 2008 and market values of assets under management fell affecting the assessable base for trust fees. The extraordinary fees were based on a particular trust situation requiring additional billable hours. Deposit service charge income of $109,000 for the third quarter of 2008 increased $4,000, or 3.8%, compared to the third quarter of 2007, primarily from increased deposit levels and a broadened branch base. Mortgage banking income decreased $33,000 or 6.7%, to $461,000 for the third quarter of 2008 compared to $494,000 for the comparable quarter last year. The decrease in mortgage banking income was the result of fewer residential loan originations and lower gains on the sale of residential mortgage loans in the secondary market. The slow down in new home purchases contributed to this decline. Net realized gains from the sale of securities was $84,000 for the third quarter of 2008 and was attributable to restructuring activities in the available for sale security portfolio. Other interest income totaled $250,000 for the third quarter of 2008, increasing $112,000 or 81.2% compared to the third quarter in 2007, primarily from increases in gains on the disposal of Other Real Estate Owned, cash surrender value of Bank Owned Life Insurance and fee income from wealth management services.

Noninterest income was $7.5 million for the first nine months of 2008, increasing $3.1 million, or 69.5%, from the first nine months of 2007. The increase was largely attributable to the aforementioned net change in fair value over the nine month period. Fiduciary income from trust services of $288,000 for the first nine months of 2008 decreased $34,000 or 10.6% from the first nine months of 2007, declining from prior periods due to a management change and departmental realignment and lower market values of assessable assets. Deposit service charge income of $383,000 for the first nine months of 2008 increased $98,000, or 34.4%, compared to the first nine months of 2007, primarily from increased service charge fees and a broadened branch base. Mortgage banking income decreased $501,000 or 27.2%, to $1.3 million for the nine months ended September 30, 2008 compared to $1.8 million for the comparable period last year. The decrease in mortgage banking income was the result of fewer residential loan originations and lower gains on the sale of residential mortgage loans in the secondary market. The slow down in new home purchases contributed to this decline. Net realized gains from the sale of securities were $194,000 for the first nine months of 2008 and were attributable to restructuring activities in the available for sale security portfolio. Other interest income totaled $1.1 million for the first nine months of 2008, increasing $296,000 or 35.6% based on the factors detailed above for the third quarter of 2008.

NONINTEREST EXPENSE

Noninterest expense was $3.9 million for the third quarter of 2008, increasing $392,000 or 11.2%, from the third quarter of 2007. Salary and benefits totaled $1.9 million for the third quarter of 2008, a decrease of $97,000 or 4.9%, compared to the same time period last year. The decrease in salary and benefits was due to reductions in staffing levels throughout the organization. The decrease in salary and benefits was offset by an increase in other operating expense. Other operating expense totaled $1.5 million for the third quarter of 2008, an increase of $472,000 or 43.8%, compared to the third quarter of 2007. The increase in other operating expense was attributable to valuation costs associated with property obtained in foreclosure, which aggregated to $512,000, coupled with an increase in FDIC insurance premiums of $61,000. Net occupancy expense increased $17,000, or 4.0%, to $444,000 for the third quarter of 2008, compared to $427,000 for the third quarter of 2007, primarily due to the newly established Grosse Pointe Woods branch location, The increase was partially offset by decreases in overhead caused by the closure of residential loan production offices during the second quarter of 2007.

Noninterest expense was $11.2 million for the first nine months of 2008, increasing $841,000 or 8.1%, again resulting from increases in valuation costs incurred on foreclosed property and other workout related costs which exceeded cost-savings achieved in other expense areas.

Our deposit insurance premiums during the three and nine months ended September 30, 2008 totaled $135,000 and $274,000 respectively, compared to $74,000 and $94,000 for the same periods in 2007. Those premiums are expected to increase in 2009 due to recent strains on the Federal Deposit Insurance Corporation deposit insurance fund due to the cost of large bank failures and increase in the number of troubled banks. The current rates for Federal Deposit Insurance Corporation assessments have ranged from 5 to 43 basis points, depending on the health of the insured institution. The Federal Deposit Insurance Corporation has proposed increasing the current deposit insurance assessment rates uniformly for all institutions by 7 basis points (to a range from 12 to 50 basis points) for the first quarter of 2009. The proposed rule would also alter the way the FDIC calculates federal deposit insurance assessment rates beginning in the second quarter of 2009 and thereafter. The FDIC also proposed that it could increase assessment rates in the future without formal rulemaking.

PROVISION FOR INCOME TAXES

We recorded a federal income tax benefit of $37,000 for the third quarter of 2008 compared to a federal income tax expense of $228,000 in the third quarter of 2007. The change was primarily attributable to a lower level of pretax income for the third quarter of 2008 compared to the third quarter of 2007. Additionally, permanent differences arising from tax exempt income due to investments in bank qualified tax-exempt securities and the Bank's ownership in bank owned life insurance (BOLI). The increase in cash surrender value of BOLI is exempt from federal income tax.

We recorded a federal income tax benefit of $22,000 for the first nine months of 2008 compared to a federal income tax expense of $448,000 in the first nine months of 2007. The change was primarily attributable to a lower level of pretax income for the first nine months of 2008 compared to the third quarter of 2007. Additionally, as noted above, permanent differences arising from tax exempt income due to investments in bank qualified tax-exempt securities and the Bank's ownership in bank owned life insurance (BOLI) resulted in the recorded tax benefit.

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.

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

Interest sensitivity 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.

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 minimum and 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.

The following table presents an analysis of our interest-sensitivity static gap position at September 30, 2008. 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 September 30, 2008, 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:					
Federal funds sold and interest bearing cash	$ 22,500	$ --	$ --	$ --	$ 22,500
Securities	11,920	7,878	41,604	24,335	85,737

FHLB stock	--	5,877	--	--	5,877
Portfolio loans and held for resale	136,435	50,233	174,684	38,190	399,542
Total	170,855	63,988	216,288	62,525	$513,656
Interest bearing liabilities:					
NOW and money market accounts	25,704	7,817	13,937	1,538	48,996
Savings deposits	1,284	5,565	14,554	--	21,403
Jumbo time deposits	46,163	77,585	82,707	200	206,655
Time deposits <$100,000	8,606	18,040	13,740	756	41,142
Repurchase agreements	16,164	19,000	--	--	35,164
FHLB advanc					