



## CHECKPOINT

August 1, 2016

Dear Shareholders,

Second Quarter 2016 Highlights:

- Net income for the quarter increased 84.0% year over year and 60.2% on a linked quarter basis.
- Diluted earnings per share grew 55.7% year over year and 33.3% on a linked quarter basis.
- Loans increased 18.0% year over year and 1.4% on a linked quarter basis.
- Deposits grew 3.2% year over year and 0.7% from 1Q16.
- Demand Deposits were up 21.7% year over year and 9.1% since 1Q16 and represented more than 29% of total deposits at June 30<sup>th</sup>.
- Average diluted shares outstanding increased by 100,000 shares year over year to 6,371,872.
- Non-performing assets declined to \$0 from \$347,000 a year ago and \$76,000 at March 31<sup>st</sup>.
- The liquidation of OREO represented virtually all the decline in Non-Performing Assets.
- The Allowance for Loan Losses declined 2.1% to 1.57% of Total Loans due to the growth in the loan portfolio.
- There has been no Provision for Loan Losses since FY2014.

The positive momentum of the second quarter 2016 continued in the second quarter. Loan production remained solid though the rapid pace experienced when the year began slowed somewhat during the quarter, but showed significant growth over the same period last year. Growth in loans in the quarter reflected our efforts to broaden and deepen existing relationships and to bring aboard new relationships by offering sound advice and counsel to clients seeking financial solutions that are relevant to their needs. As a result, Net Income showed significant improvement year over year and on a linked quarter basis.

Deposits grew 3.2% year over year. I'm pleased to report that the deposit mix continued to shift toward demand deposits. Demand deposits grew 21.7% year over year and represented over 29% of Total Deposits at June 30<sup>th</sup> up from 25% of Total Deposits at June 30, 2015. Since clients typically maintain their Demand Deposits with their primary bank, the growth in Demand Deposits further validates growth in relationships. On a linked quarter basis, deposits grew 0.7%.

Credit quality remains strong. The growth in loans was achieved without compromising underwriting standards. At June 30<sup>th</sup>, Non-Performing Assets were non-existent. In addition, the Company has not provided for loan losses since fiscal year 2014, yet the Allowance for Loan Losses remains healthy at 1.57% of Total Loans which is down from 1.61% at March 31<sup>st</sup> and from 1.86% at June 30, 2015. Because the decline in the Allowance was created by loan growth, this change is not a cause for concern.

The future for Community Capital continues to look bright. Operations are sound, systems are sound and policies and procedures are appropriate for our size bank. Our plan is to continue to grow and to take advantage of ongoing disruption in our market and our bankers are the best in the market to execute this plan. We believe by being disciplined in thought and action and being persistent in our execution over time, we will become the bank of choice for those seeking a consultative and lasting banking experience. This belief is supported in our performance during the quarter just completed.

Sincerely,

James L. Flatt

President and Chief Executive Officer



Community Capital Bancshares, Inc.  
 Second Quarter Earnings and Operating Results  
 August 1, 2016  
 (Unaudited)

**FINANCIAL SUMMARY (UNAUDITED)**

(In Thousands except share and per share amounts)

			% Change From Period Ending March 31, 2016 to Period Ending June 30, 2016		% Change From Period Ending June 30, 2015 to Period Ending June 30, 2016
	Period Ending June 30, 2016	Period Ending March 31, 2016		Period Ending June 30, 2015	
<b>QUARTERLY OPERATING RESULTS</b>					
Net Income	\$149	\$93	60.2%	\$81	84.0%
Net Income Available to Common Stockholders	\$149	\$93	60.2%	\$81	84.0%
Diluted Earnings Per Share (annualized)	\$0.09	\$0.06	60.2%	\$0.03	262.1%
Return on Average Assets	0.21%	0.26%		0.12%	
Return on Average Common Stockholders' Equity	2.03%	2.55%		1.13%	
Average Diluted Shares Outstanding	6,371,872	6,371,872		6,271,872	

**YEAR-TO-DATE OPERATING RESULTS**

Net Income	\$242	\$93		\$153	58.2%
Net Income Available to Common Stockholders	\$242	\$93		\$153	58.2%
Diluted Earnings Per Share (annualized)	\$0.08	\$0.06		\$0.05	55.7%
Return on Average Assets	0.34%	0.26%		0.22%	
Return on Average Common Stockholders' Equity	3.30%	2.55%		2.14%	
Average Diluted Shares Outstanding	6,371,872	6,371,872		6,271,872	

**BALANCE SHEET**

Total Assets	\$140,413	\$144,006	-2.5%	\$135,715	3.5%
Loans	\$121,457	\$119,732	1.4%	\$102,887	18.0%
Non-interest-bearing Demand Deposits	\$33,334	\$30,562	9.1%	\$27,390	21.7%
Total Deposits	\$113,648	\$112,840	0.7%	\$110,086	3.2%
Stockholders' Equity	\$14,713	\$14,575	0.9%	\$14,258	3.2%

**ASSET QUALITY METRICS**

Total Non-performing assets	\$0	\$76	-100.0%	\$347	-100.0%
Non-performing assets as % of Total Assets	0.00%	0.05%	-100.0%	0.26%	-100.0%
OREO	\$0	\$76	-100.0%	\$326	-100.0%
Provision for Loan Losses	\$0	\$0	0%	\$0	0%
Allowance for Loan Losses as % of Total Loans	1.57%	1.61%	-2.1%	1.86%	-15.5%