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COMMUNITY CAPITAL BANCSHARES INC  
Form 10QSB  
November 14, 2003

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-QSB

- QUARTERLY REPORT UNDER SECTION 13 AND 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended September 30, 2003  
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- TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 000-25345  
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COMMUNITY CAPITAL BANCSHARES, INC.  
(Exact name of registrant as specified in its charter)

Georgia 58-2413468  
-----

(State or other jurisdiction of (IRS Employer  
Incorporation or organization) Identification No.)

P.O. Drawer 71269, Albany, Georgia 31708  
-----

(Address of principal executive offices)

(229) 446-2265  
-----

(Registrant's telephone number, including area code)

Not Applicable  
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(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has 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  
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APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of November 12, 2003:

1,434,585 SHARES

Transitional Small Business Disclosure Format (check one):

Yes No X  
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PART I - FINANCIAL INFORMATION	Page No. -----
ITEM 1. Financial Statements	
Consolidated balance sheets (unaudited) as of December 31, 2002 and September 30, 2003	3
Consolidated statement of operations (unaudited) for the three and nine months ended September 30, 2002 and 2003	4
Consolidated statement of comprehensive income (unaudited) for the three and nine months ended Sept. 30, 2002 and 2003	5
Statement of cash flows (unaudited) for the nine months ended September 30, 2002 and 2003	6
Item 2. Management's Discussion and Analysis of Financial Condition and results of operations	10
Item 3. Controls and procedures	13
PART II - OTHER INFORMATION	
ITEM 1. Legal Proceedings	14
ITEM 2. Changes in Securities and use of proceeds	14
ITEM 3. Defaults on Senior Securities	14
ITEM 4. Submission of matters to a vote of Security Holders	14
ITEM 5. Other Information	14
ITEM 6. Exhibits and reports on Form 8-K	14

COMMUNITY CAPITAL BANCSHARES, INC.  
AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS (UNAUDITED)  
(Dollars in thousands)

	September 30, 2003	December 31, 2002
	-----	-----
ASSETS		
-----		
Cash and due from banks	\$ 3,678	\$ 6,000
Federal funds sold	533	
Securities available for sale	28,212	16,000
Loans	94,549	81,000
Less allowance for loan losses	1,060	
	-----	-----

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Loans, net	93,489	80,
Premises and equipment	3,519	3,
Other assets	2,042	1,
	-----	-----
TOTAL ASSETS	\$ 131,473	\$ 109,
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
-----		
Deposits		
Non-interest bearing	\$ 7,781	\$ 6,
Interest bearing	93,437	79,
	-----	-----
Total deposits	101,218	86,
Other borrowings	19,610	12,
Other liabilities	897	
	-----	-----
TOTAL LIABILITIES	121,725	99,
	-----	-----
Shareholders' equity		
Preferred stock, par value not stated; 2,000,000 shares authorized;		
no shares issued	\$ - -	\$
Common stock, \$1.00 par value, 10,000,000 shares authorized;		
1,499,560 shares issued	1,500	1,
Capital surplus	8,084	8,
Retained earnings	687	
Accumulated other comprehensive income	(46)	
Less cost of treasury stock, 65,773 shares as of September 30, 2003 and 68,539 shares as of December 31, 2002	(477)	(
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	9,748	9,
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 131,473	\$ 109,
	=====	=====

3

COMMUNITY CAPITAL BANCSHARES, INC.  
CONSOLIDATED STATEMENTS OF INCOME  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002  
(UNAUDITED)  
(DOLLARS IN THOUSANDS, EXCEPT EARNINGS PER SHARE)

	Three months ended	
	Sept 30, 2003	Sept 30, 2002
	-----	-----
INTEREST INCOME		
Loans	1,519	1,406
Taxable securities	255	268
Tax exempt securities	13	10
Deposits in banks	6	8
Federal funds sold	4	10

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TOTAL INTEREST INCOME	1,797	1,702	
INTEREST EXPENSE			
Deposits	476	579	
Other borrowed money	180	114	
TOTAL INTEREST EXPENSE	656	693	
NET INTEREST INCOME	1,141	1,009	
Provision for loan losses	163	34	
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	978	975	
OTHER INCOME			
Service charges on deposit accounts	138	98	
Financial service fees	135	10	
Mortgage origination fees	37	72	
Gain on sale of investment securities	0	66	
Other service charges, commissions and fees	3	15	
TOTAL OTHER INCOME	313	261	
OTHER EXPENSES			
Salaries and employee benefits	470	404	
Equipment and occupancy expense	156	109	
Marketing expense	22	40	
Data processing expense	92	65	
Administrative expenses	146	127	
Other operating expenses	120	115	
TOTAL OTHER EXPENSES	1,006	860	
INCOME BEFORE INCOME TAXES	285	376	
Income tax expense	93	128	
NET INCOME	192	248	
NET INCOME PER COMMON SHARE	\$ 0.13	\$ 0.17	\$
DILUTED NET INCOME PER COMMON SHARE	\$ 0.12	\$ 0.17	\$
WEIGHTED AVERAGE SHARES OUTSTANDING	1,433,116	1,437,488	
DILUTED AVERAGE SHARES OUTSTANDING	1,665,413	1,478,407	

4

COMMUNITY CAPITAL BANCSHARES, INC.  
AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(UNAUDITED)  
Three and nine months ended September 30, 2002 and 2003  
(Dollars in thousands)

Three Months Ended

Nine Months Ended

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	Sept 30, 2003	Sept 30, 2002	Sept 30, 2003	Sept 30,
NET INCOME (LOSS)	\$ 192	\$ 248	\$ 392	\$
Other comprehensive Income				
Net unrealized holding gains (losses) arising during period	(542)	345	(503)	
Tax (expense) benefit on unrealized holding gains	184	(117)	162	
Reclassification adjustment for gains included in net income, net of income taxes of \$27 for 3 months ended and \$41 for 9 months ended September 30, 2002		(54)		
COMPREHENSIVE INCOME	\$ (166)	\$ 422	\$ 51	\$

5

COMMUNITY CAPITAL BANCSHARES, INC.  
AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

Nine Months ended September 30, 2002 and 2003  
(Dollars in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income  
Adjustments to reconcile net income to net cash provided by (used in) operating activities:  
Depreciation  
Provision for loan losses  
Provision for deferred taxes  
Increase in interest receivable  
Net (gain) on sale of investments available for sale  
Other operating activities

Net cash provided by operating activities

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment  
Net decrease (increase) in federal funds sold  
Net (increase) in loans  
Proceeds from maturities of securities available for sale  
Proceeds from sale of securities available for sale  
Purchase of securities available for sale

Net cash used in Investing activities

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### CASH FLOWS FROM FINANCING ACTIVITIES:

Net increase in deposits  
Proceeds from Other Borrowings  
Proceeds from Trust Preferred Issuance  
Dividends paid to shareholders by parent  
Increase (decrease) in Fed Funds purchased  
Repayment of Other Borrowings  
Treasury stock transactions, net

Net cash provided by financing activities

Net increase (decrease) in cash  
Cash and due from banks at beginning of period

Cash and due from banks at end of period

### SUPPLEMENTAL DISCLOSURE

Cash paid for interest  
  
Cash paid for income taxes

### NON-CASH TRANSACTION

Unrealized gains (losses) on securities available for sale

6

### COMMUNITY CAPITAL BANCSHARES, INC. AND SUBSIDIARY NOTES TO FINANCIAL STATEMENTS

#### NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### NATURE OF BUSINESS

Community Capital Bancshares, Inc. (the "Company") is a bank holding company whose business is conducted by its wholly-owned subsidiary, Albany Bank & Trust, (the "Bank"). The Bank is a commercial bank located in Albany, Georgia. The Bank provides a full range of banking services in its primary market area of Dougherty County and the surrounding counties. The Bank commenced its banking operations on April 28, 1999.

##### BASIS OF PRESENTATION

The consolidated financial statements include the accounts of the Company and its subsidiary. Significant intercompany transactions and accounts are eliminated in consolidation.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the valuation of foreclosed real estate and deferred taxes.

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The interim financial statements included herein are unaudited but reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of the financial position and results of operations for the interim period presented. All such adjustments are of a normal recurring nature. The results of operations for the period ended September 30, 2003 are not necessarily indicative of the results of a full year's operations, and should be read in conjunction with the Company's annual report as filed on Form 10-KSB.

The accounting principles followed by the Company and the methods of applying these principles conform with accounting principles generally accepted in the United States of America (GAAP) and with general practices within the banking industry.

### INCOME TAXES

Deferred income tax assets and liabilities are determined using the balance sheet method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax basis of the various balance sheet assets and liabilities and gives current recognition to changes in the tax rates and laws.

The Company and the Bank file a consolidated income tax return. Each entity provides for income taxes based on its contribution to the income taxes (benefits) of the consolidated group.

7

### STOCK COMPENSATION PLANS

At September 30, 2003, the Company had two stock-based employee compensation plans, which are described in more detail in the 2002 annual report. The Company accounts for those plans under the recognition and measurement principles of Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted under those plans had an exercise price equal to the market value of the underlying stock on the date of grant. In addition, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation - Transition and Disclosure in December 2002. SFAS No. 148 amends SFAS No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of SFAS No. 123 to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. The Company has not elected to adopt the recognition provisions of this Statement for stock-based employee compensation and has elected to continue with accounting methodology in Opinion No. 25 as permitted by SFAS No. 123.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2003	2002	2003	2002
Net Income, as reported	\$192,000	\$248,000	\$392,000	\$481,000
Deduct: Total stock-based employee				

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compensation expense determined under fair value based method for all awards, net of related tax effects	(23,000)	(25,000)	(86,000)	(75,000)
	-----	-----	-----	-----
Pro forma net income	\$169,000	\$223,000	\$306,000	\$406,000
	=====	=====	=====	=====
Earnings per share:				
Basic - as reported	\$ 0.13	\$ 0.17	\$ 0.27	\$ 0.33
	=====	=====	=====	=====
Basic - pro forma	\$ 0.12	\$ 0.16	\$ 0.21	\$ 0.28
	=====	=====	=====	=====
Diluted - as reported	\$ 0.12	\$ 0.17	\$ 0.24	\$ 0.32
	=====	=====	=====	=====
Diluted - pro forma	\$ 0.10	\$ 0.15	\$ 0.19	\$ 0.27
	=====	=====	=====	=====

### ACCOUNTING STANDARDS

In November 2002, the Financial Accounting Standards Board issued FASB Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, an interpretation of FASB Statements No. 5, 57, and 107 and rescission of FASB Interpretation No. 34". FIN 45 elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. The disclosures required by FIN 45 improve the transparency of the financial statement information about the guarantor's obligations and liquidity risks related to guarantees issued. This interpretation also incorporates, without change, the guidance in Financial Accounting Standards Board Interpretation No. 34 ("FIN 34"), "Disclosure of Indirect Guarantees of Indebtedness of Others", which is being superseded. FIN 45 also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the obligations it has undertaken in issuing the guarantee, including its ongoing obligation to stand ready to perform over the term of the guarantee in the event that the

8

specified triggering events or conditions occur. The initial recognition and initial measurement provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002, irrespective of the guarantor's fiscal year-end. The disclosure requirements are effective for financial statements of interim or annual periods ending after December 15, 2002. The adoption of FIN 45 did not have a material impact on the Company's consolidated financial statements.

In May 2003, the Financial Accounting Standards Board issued Statement No. 150 ("Statement 150"), "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity". Statement 150 requires certain financial instruments that have characteristics of both liabilities and equity to be classified as a liability on the balance sheet. Prior to the issuance of Statement 150, the Company classified trust preferred securities as a liability on the consolidated balance sheet and its related interest cost as interest expense on the consolidated statement of income, which is consistent with the requirements of Statement 150. Statement 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. Statement 150 will be effected by reporting the cumulative effect of a

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change in accounting principle for contracts created before the issuance date and still existing at the beginning of that interim period. The adoption of Statement 150 did not have an impact on the Company's consolidated financial statements.

### NOTE 2. PENDING ACQUISITION

On July 2, 2003, the Company agreed to acquire First Bank of Dothan for cash and stock totaling \$4,680,000 subject to stockholder and regulatory approvals. A total of \$1,750,000 is to be paid in cash. All appropriate approvals were obtained in October, 2003 and the transaction is expected to be consummated in November 2003.

9

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion is intended to assist in an understanding of the Company's financial condition and results of operations. This analysis should be read in conjunction with the financial statements and related notes appearing in Item 1 of the September 30, 2003 Form 10-QSB and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in the Company's Form 10-KSB for the year ended December 31, 2002.

#### FINANCIAL CONDITION

As of September 30, 2003 the Company's total assets were \$131,474,000 representing an increase of \$22,288,000 or 20.41% from December 31, 2002. Earning assets consist of Federal funds sold, investment securities and loans. These assets provide the majority of the Company's earnings. The mix of earning assets is a reflection of management's philosophy regarding earnings versus risk.

Federal funds sold represent an overnight investment of funds and can be converted immediately to cash. At September 30, 2003, federal funds sold were \$533,000. At December 31, 2002, the Company had no federal funds sold.

Investment securities consist of U.S. Government and Agency securities and municipal bonds. These investments are used to provide fixed maturities and as collateral for advances and large public fund deposits. During the third quarter, investment securities increased \$8,950,000. All securities are classified as available for sale, and are carried at current market values.

The loan portfolio is the largest earning asset and is the primary source of earnings for the Company. At September 30, 2003 net loans were \$93,490,000. The loan portfolio increased \$12,599,000 or 15.56% over the year-end amount. At September 30, 2003, the allowance for loan losses was \$1,060,000 or 1.12% of total loans. Management believes this is an adequate but not excessive amount based upon the composition of the current loan portfolio and current economic conditions. The relationship of the allowance to total loans will vary over time based upon Management's evaluation of the loan portfolio. Management evaluates the adequacy of the allowance on a monthly basis and adjusts it accordingly by a monthly charge to earnings using the provision for loan losses. During the first three quarters of 2003, the provision for potential loan losses was \$378,000 as compared to the 2002 amount of \$354,000.

Non-earning assets consist of premises and equipment, and other assets. Premises and equipment decreased during the quarter as a result of depreciation expense on these assets. Other assets consist primarily of accrued interest

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receivable, income tax receivable and prepaid assets. Other assets increased \$357,000 during the third quarter as a result of the larger loan portfolio upon which to accrue interest and an increase in income taxes receivable and an increase in prepaid assets.

The Company funds its assets primarily through deposits from customers. Additionally, it borrows funds from other sources to provide longer term fixed rate funding for its assets. The Company must pay interest on the majority of these funds and attempts to price these funds competitively in the market place but at a level that it can safely re-invest the funds profitably. At September 30, 2003, total deposits were \$101,218,000 as compared to the year-end amount of \$86,004,000. This is an increase of \$15,214,000 or 17.69%.

10

Interest bearing deposits are comprised of the following categories:

	Sept 30, 2003	December 31, 2002
	-----	-----
Interest bearing demand and savings	\$ 27,743,000	\$ 23,735,000
Certificates of deposit in denominations of \$100,000 or greater	20,542,000	16,413,000
Other Certificates of deposit	45,152,000	39,125,000
	-----	-----
Total	\$ 93,437,000	\$ 79,273,000
	=====	=====

Other borrowings consist of Federal Home Loan Bank advances and are secured by investment securities and loans of the Company. A \$5,000,000 advance was obtained from the Federal Home Loan Bank during the current quarter.

### CAPITAL ADEQUACY

The following table presents the Company's regulatory capital position as of September 30, 2003.

Tier 1 Capital Ratio, actual	13.90%
Tier 1 Capital minimum requirement	4.00%
Tier 2 Capital Ratio, actual	15.85%
Tier 2 Capital minimum requirement	8.00%
Leverage Ratio	10.08%
Leverage Ratio minimum requirement	4.00%

The Company's ratios are well above the required regulatory minimums and provide a sufficient basis to support future growth of the Company.

### ACQUISITION AND LIQUIDITY

On July 2, 2003, the Company signed an agreement to acquire First Bank of Dothan ("Dothan"). This agreement was approved by the stockholders of Dothan and regulatory agencies in October 2003 and closing is anticipated in November 2003. At September 30, 2003 Dothan had total assets of \$26,600,000 and capital of \$2,780,000. The acquisition will require \$1,760,000 in cash and the Company

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will finance this amount to be repaid over ten years. This acquisition is expected to have a positive effect on earnings and the financial condition of the Company.

### RESULTS OF OPERATIONS

Net income for the nine months ended September 30, 2003 is \$392,000 as compared to \$481,000 for the same period in 2002. Although net interest income increased by \$454,000 or 16.34% in 2003 as compared to the first nine months of 2002, net non-interest expense increased \$578,000 or 34.22% in 2003 as compared to the first nine months of 2002.

Total interest income increased \$396,000 for the nine months ended September 30 2003 or 8.24% from the same period in the previous year. This was the result of increased interest income on loans, which increased \$533,000, combined with a decrease in investment income of \$142,000 or 17.80% from the same period last year. The increase in interest income was the direct result of the larger loan portfolio in the current year. This increase was in spite of the declining interest rate levels during the year.

11

Interest expense for the nine months ended September 30, 2003 is \$1,973,000. This is the major expense item for the Company and decreased \$58,000 from the previous year. This decrease is the direct result of the overall lower interest rate environment for the period. The Company has been able to reprice its increased level of deposits in the current year at a lower interest rate than the previous year.

Net interest income after the provision for loan losses is \$2,854,000 for the nine months ended September 30, 2003 as compared to the 2002 amount of \$2,424,000. This is an increase of \$430,000 or 17.74%. This increase is the combined result of the increased level of earning assets, and the lower cost of funds during the current year. The overall growth rate has declined from previous years. Management is currently emphasizing a better interest margin as opposed to the higher growth rate emphasis in previous years.

Other income increased \$148,000 over the prior year to \$793,000 for the nine months ended September 30, 2003. Service charges on deposit accounts increased \$112,000 or 41.64% due to the larger number of deposit accounts. Mortgage origination fees increased \$26,000 as compared the same period in the previous year. These fees are generated by facilitating mortgage loans for customers, which are sold in the secondary market. The low interest rate levels led to increases in this area of activity in the Bank.

Non-interest expense increased \$726,000 to \$3,060,000 for the nine months ended September 30, 2003. This is an increase of 31.10%. The largest area of increase was in the salary and employee benefits category. This expense item is \$1,445,000 for the nine months ended September 30, 2003 as compared to \$1,109,000 for the same period in the previous year. This is an increase of \$336,000 or 30.30%. The growth in this expense item is due to the increased staffing required to properly serve the Company's customers and slightly higher levels of pay during the current year.

Equipment and Occupancy expenses increased \$149,000 or 49.17% for the nine months ended September 30, 2003 as compared to the same period in the previous year. This is a result of the rent of office space for the Lee County Branch, East Albany Branch and Operations Center, coupled with increased depreciation on the furniture and equipment. These three facilities were opened during 2002 and only a partial year of expense was realized. Data processing expenses increased \$70,000 or 36.30% for the nine months ended September 30, 2003 as compared to

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the same period in the previous year. This is the result of the larger size of the Company. Administrative expenses increased \$131,000 or 38.99% over the previous year of which Audit fees accounted for 53,000 of the increase. Other expenses increased \$79,000 to \$361,000 in the current year. The majority of this increase is the result of staff development and other operating losses, increasing \$24,000 and \$23,000 respectively over the previous year.

Diluted earnings per share for the current year are \$0.24 and decreased \$0.08 or 25% from the previous year.

### FORWARD-LOOKING STATEMENTS

This document contains statements that constitute "forward-looking statements" within the meaning of Sections 27A of the Securities Act of 1933, as amended, and Sections 21E of the Securities Exchange Act of 1934, as amended. The words "believe", "estimate", "expect", "intend", "anticipate" and similar expressions and variations thereof identify certain of such forward-looking statements,

12

which speak only as of the dates that they were made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Users are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties that the actual results may differ materially from those indicated in the forward-looking statements as a result of various factors. Users are therefore cautioned not to place undue reliance on these forward-looking statements.

### ITEM 3. CONTROLS AND PROCEDURES

As of September 30, 2003, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) that is required to be included in the Company's periodic filings with the Securities and Exchange Commission. There have been no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2003 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

13

## PART II

ITEM 1. LEGAL PROCEEDINGS  
None

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS  
(a) None  
(b) None  
(c) None

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ITEM 3. DEFAULTS ON SENIOR SECURITIES

None

ITEM 4. OTHER INFORMATION

None

ITEM 5. EXHIBITS AND REPORTS ON FORM 8-K

(a) REPORTS ON FORM 8-K

(1) Form 8-K filed on July 28, 2003 regarding second quarter earnings.

(B) EXHIBITS

31.1 Certification of the Chief Executive officer pursuant to Rule 13a-14(a) under the Securities exchange act of 1934, as amended.

31.2 Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities exchange act of 1934, as amended.

32 Certification of the CEO and CFO pursuant to Rule 13a-14(b) under the Securities exchange act of 1934, as amended.

14

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMUNITY CAPITAL BANCSHARES, INC.

November 13, 2003

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Date

/s/ Robert E. Lee

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Robert E. Lee,  
President

November 13, 2003

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Date

/s/ David J. Baranko

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David J. Baranko  
Chief Financial Officer  
(Duly authorized officer and  
principal financial / accounting  
officer)

15