

# Central Federal Corporation

Annual Stockholders Meeting

Wednesday May 31, 2017



**CFBANK**

**Columbus Cleveland Cincinnati Fairlawn Columbiana County**

# FORWARD LOOKING STATEMENTS

Comments made in this presentation include “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and are made in good faith by us.

Forward-looking statements include, but are not limited to: (1) projections of revenues, income or loss, earnings or loss per common share, capital structure and other financial items; (2) plans and objectives of the management or Boards of Directors of Central Federal Corporation (the “Holding Company”) or CFBank, National Association (“CFBank”); (3) statements regarding future events, actions or economic performance; and (4) statements of assumptions underlying such statements. Words such as "estimate," "strategy," "may," "believe," "anticipate," "expect," "predict," "will," "intend," "plan," "targeted," and the negative of these terms, or similar expressions, are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. Various risks and uncertainties may cause actual results to differ materially from those indicated by our forward-looking statements. For factors that could cause actual results to differ from our forward-looking statement, please refer to “Risk Factors” in the Company's Form 10-K and other reports filed with the SEC.



# Central Federal Corporation

Central Federal Corporation's common shares are traded on the NASDAQ Capital Market under the symbol "CFBK".

Additional information can be found on our website:  
**[www.cfbankonline.com](http://www.cfbankonline.com)**



# History

- Recapitalized a failing Thrift in September 2012
- Access to Capital Markets – Raised:
  - ✓ \$22.5 M – Initial Recap
  - ✓ \$12.0 M – Preferred Stock (Private Placement in 2014)
- Significant improvements in operating earnings for the years 2013 thru 2016
- Effectively repositioned as Commercial Bank
- Converted to a National Commercial Bank & Financial Services Holding Company in 2016
- Expanded presence to 4 of the 5 largest Ohio MSAs
  - Columbus, Cleveland, Akron-Canton, Cincinnati



# Recap: How Far We've Come

## Consistent Growth Story

- Total Assets:.....19.3% 2012-2016 CAGR
- Total Loans:.....22.8% 2012-2016 CAGR
  - ✓ In 2016 net loans and leases grew 17.1% vs. Peer \* growth rate of 8.8%
- Total Deposits:.....21.3% 2012-2016 CAGR
  - ✓ Noninterest bearing deposits increased approximately \$30 million, or 70%, during 2016
- Net Interest Income:.....25.0% 2012-2016 CAGR

Note: CAGR calculations obtained from 2012 and 2016 fiscal year data

Source: SNL Financial

\*Source: Uniform Bank Performance Report. Peer group consists of Commercial banks with assets between \$300 million and \$1 billion.

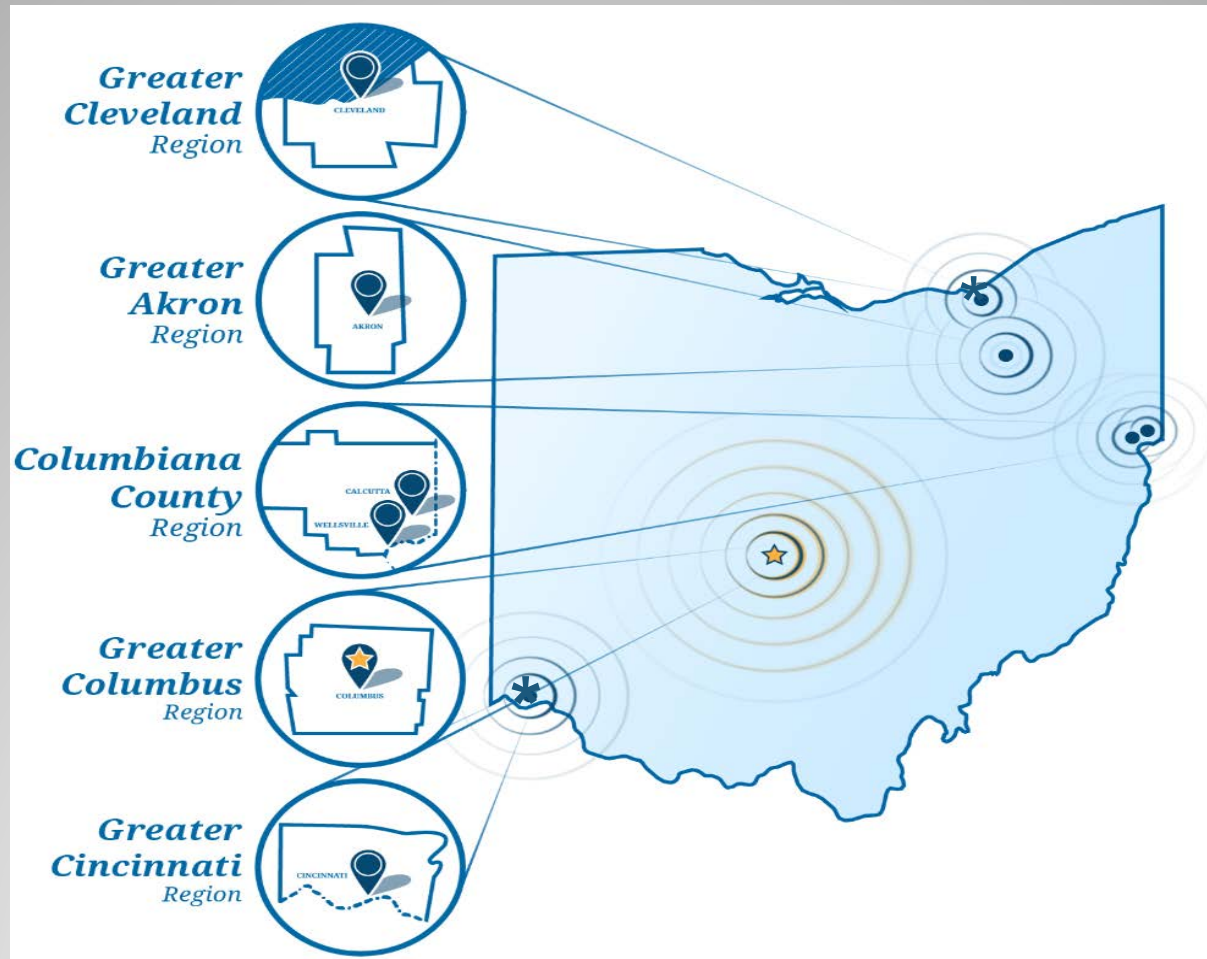


# CFBANK, OUR BUSINESS MODEL

- Commercial Business Bank
- Target Full Service relationships with “privately owned Companies”
- Full Complement of products and services for Business& Banking customers
  - ✓ C&I loans, CRE (Construction, Development & OOCRE)
  - ✓ Equipment Finance and Leasing
  - ✓ Cash Management and Depository services
- Metro Market Focus
  - ✓ Columbus, Cleveland, Akron-Canton & Cincinnati
- Proven Business Model: CFBank competes effectively vs regionals for “A” business customers



# GEOGRAPHIC FOOTPRINT



- CFBank leverages technology vs capital investment in brick and mortar



# BOARD AND MANAGEMENT OWNERSHIP \*

	Amount and Nature of Beneficial Ownership	
	Shares	Percent
Robert E Hoeweler, Chairman of the Board, Director	237,246	1.5%
Thomas P. Ash, Director	87,410	0.5%
Edward W Cochran, Director	1,644,667	9.8%
James H. Frauenberg, Director	919,833	5.5%
John W. Helmsdoerfer, Chief Financial Officer	137,729	0.8%
Robert H. Milbourne, Director	122,429	0.8%
Timothy T. O'Dell, President, Chief Executive Officer, Director	998,476	5.9%
All directors and executive officers as a group (7 persons)	4,147,790	22.9%

\* Represents Beneficial Ownership as of April 17, 2017 as reported in the Company's Proxy Statement dated April 26, 2017





# > 5% OWNERSHIP \*\*

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Common Stock Outstanding</u>
* Edward W Cochran 20030 Marchmont Road Shaker Heights, OH 44122	1,644,667	9.8%
Elizabeth Park Capital 29525 Chagrin Blvd Pepper Pike, OH 44122	1,416,624	8.7%
MacNealy Hoover Investment Management, Inc. Harry C.C. MacNealy 200 Market Avenue North, Suite 200 Canton, OH 44702	1,258,398	7.7%
AllianceBernstein L.P. 1345 Avenue of the Americas New York, NY 10105	1,155,156	7.1%
Thornapple River Capital - Financial Services Industry Fund LLC 2693 Thornapple Drive Grand Rapids, MI 49546	1,152,140	7.1%
* Timothy T. O'Dell 7000 N. High Street Worthington, OH 43085	998,476	5.9%
* James H. Frauenberg II 6410 Business Park Loop Road #B Park City, UT 84098	919,833	5.5%
Wellington Management Company, LLP 280 Congress Street Boston, MA 02210	862,180	5.3%

**\*\* Represents Beneficial Ownership as of April 17, 2017 as reported in the Company's Proxy Statement dated April 26, 2017**

\* CFBank Board Members



# STOCK PERFORMANCE VS PEERS

## 1-YEAR PERFORMANCE OF PUBLIC PEERS

### 1-YEAR PRICE PERFORMANCE



Source: SNL Financial; Data as of 3/23/2017

# FEE INCOME OPPORTUNITIES

## Key Areas of Focus on Improvement:

### Residential Mortgage

- Incorporating Lead Generation as additional loan source
- Added investors FHLB and Freddie Mac to enhance profit margin

### Treasury Management (T/M)

- Achieving solid growth of noninterest bearing deposits (lower funding costs)
- Enhanced T/M platform and made investments in people
- Upgraded Cash Management Products including Positive Pay

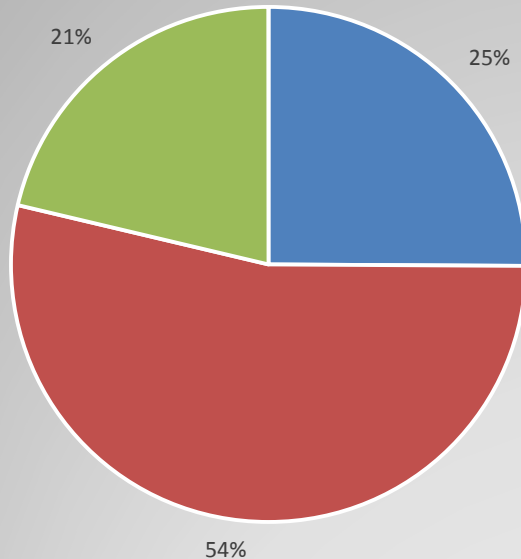
### Loan Fee Income Opportunities

- Introduced SWAP product up to 20 year fixed rate to borrowers
- Focusing on increased use of SBA loan products (saleable)



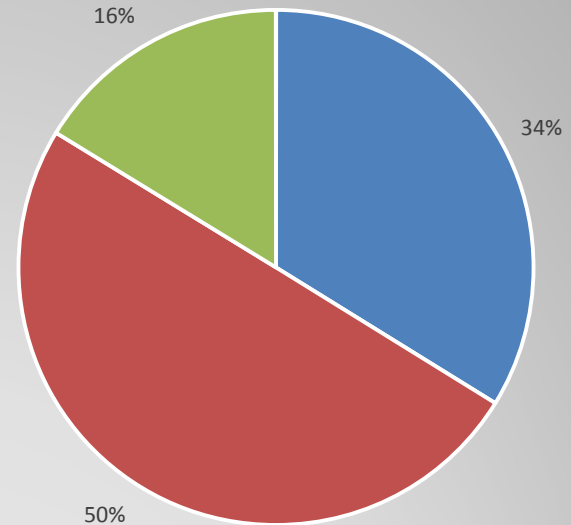
# Commercial Loan Mix

December 31, 2012



■ Commercial ■ CRE ■ Multi-Family

December 31, 2016



■ Commercial ■ CRE ■ Multi-Family

- Continued focus on increasing commercial (C&I) lending since recap.
- Commercial real estate (CRE) as a percentage of portfolio continues to decline.

Note: Commercial portfolio excludes construction.



# INVESTMENT HIGHLIGHTS

- Our CFBank Growth Strategy includes:
  - ✓ Organic Growth (thru added lenders and new Markets)
  - ✓ Geographic Expansion
  - ✓ Strategic Acquisitions
- Strong Sales and Credit culture plus healthy loan reserves
- Infrastructure investment is already in place to support continued growth and expansion



# INVESTOR CONCLUSION

- CFBank is well positioned to sustain growth rates and drive increased earnings.
- LEVERAGE Earnings thru quality loan growth
- Increase Lending activities by recruiting lenders
- Enhance Franchise Value thru expanding geographic Footprint
- Management Team & Board with M&A experience
- Strong Credit quality and healthy loan reserves

***ONWARD AND UPWARD !***



# FINANCIAL HIGHLIGHTS

*John Helmsdoerfer, EVP & CFO*



# FINANCIAL HIGHLIGHTS

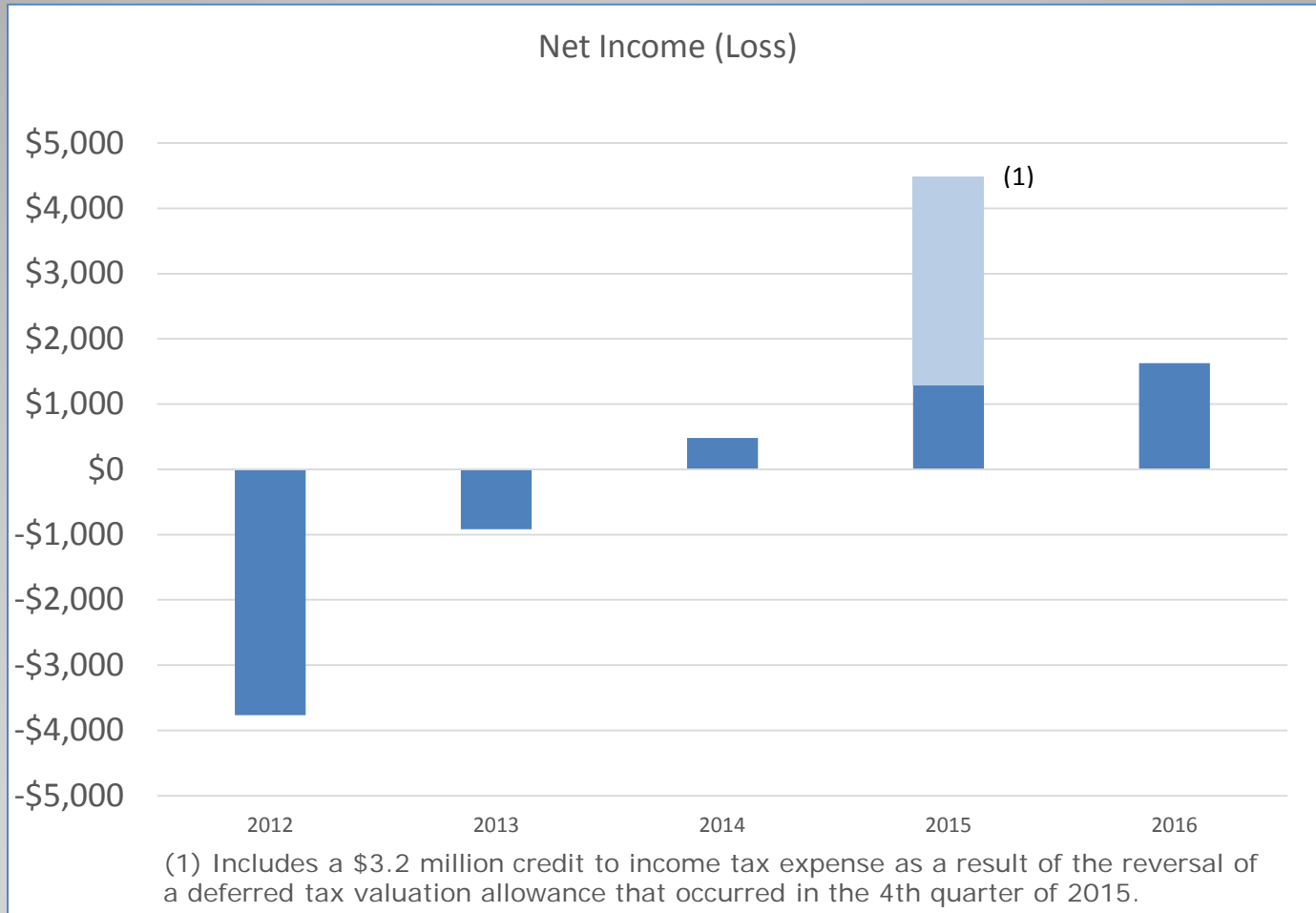
## ➤ Keys to Success

- ✓ Continued earnings improvement
- ✓ Optimizing balance sheet performance
- ✓ Continued credit quality improvement
- ✓ Capital strength to support growth
- ✓ Achieving operational efficiencies





# Net Income Trends



# EARNINGS COMPARISON

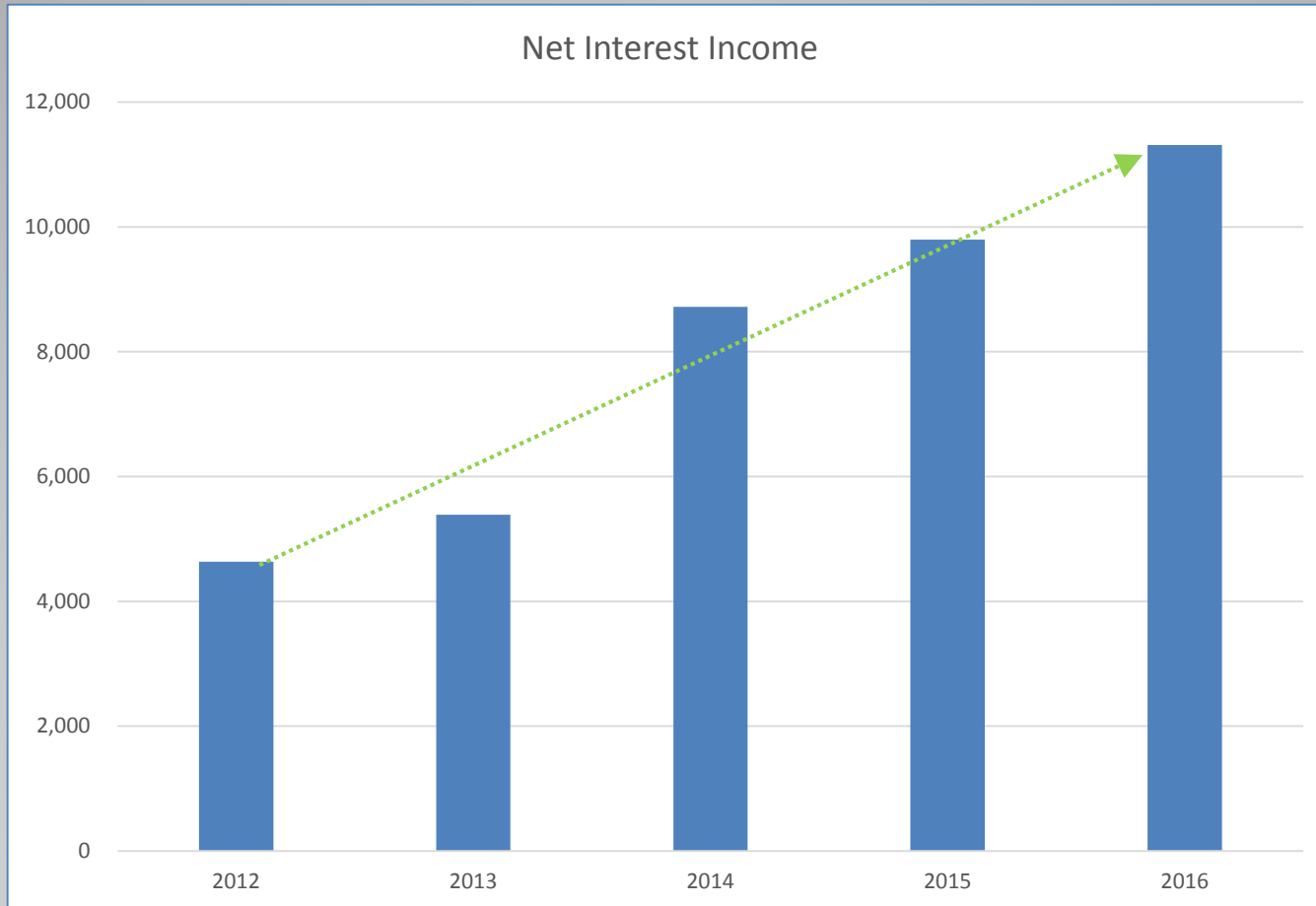
	2015			2016		
	Compared to Prior Year			Compared to Prior Year		
	Amount	\$ Var	% Var	Amount	\$ Var	% Var
	Inc (Dec)			Inc (Dec)		
Income (loss) before income taxes	1,284	805	168%	2,437	1,153	90%
Income tax expense (benefit)	(3,193)	(3,193)		810	4,003	
Net income (loss)	\$ 4,477	3,998	835%	1,627	(2,850)	-64%

Income before income tax expense growth trends are very strong; income before income taxes increased 168% and 90%, for 2015 and 2016, respectively

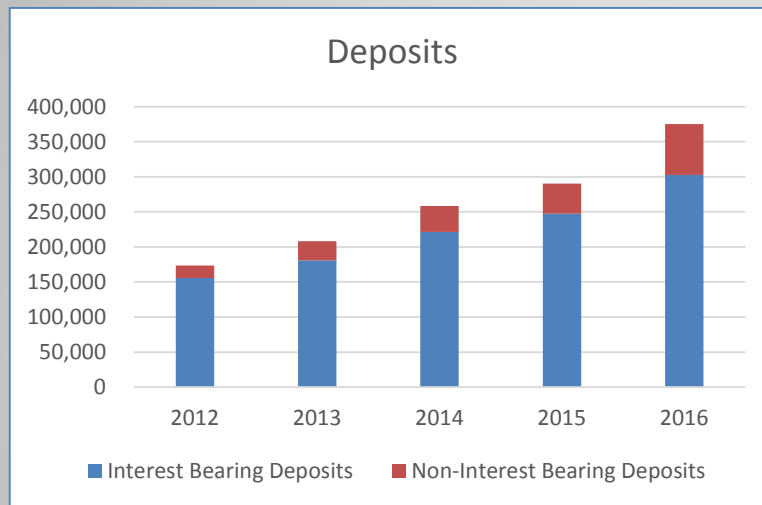
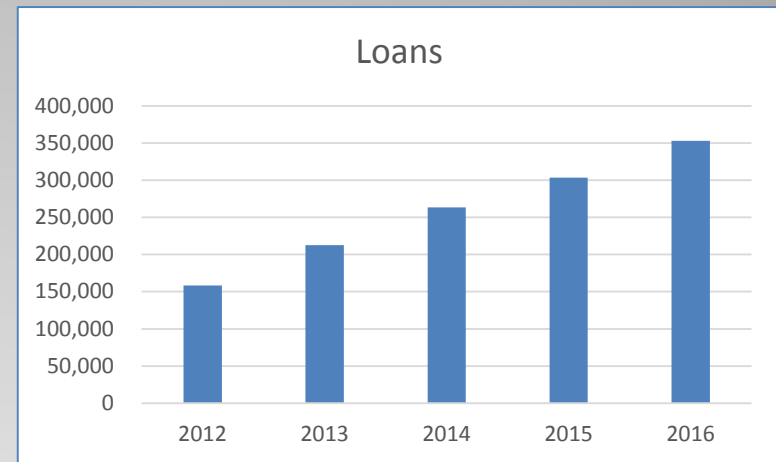
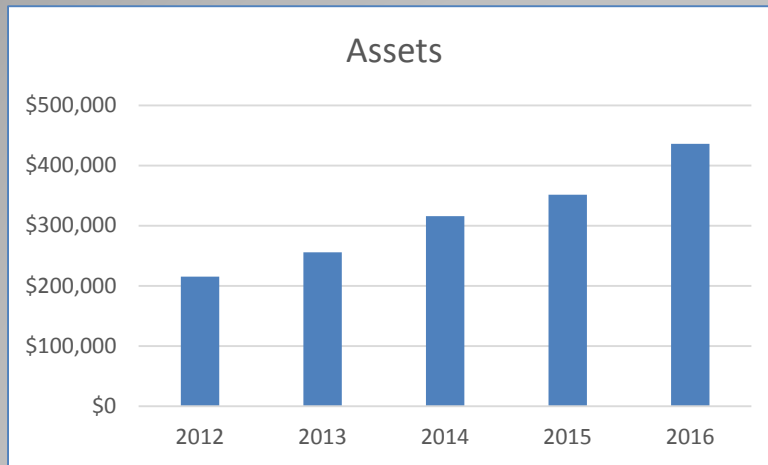
With the reversal of the DTA valuation allowance in fourth quarter of 2015, and the \$3,193 credit to income tax expense, net income growth trends and year over year comparisons are impacted



# Driving Net Interest Income



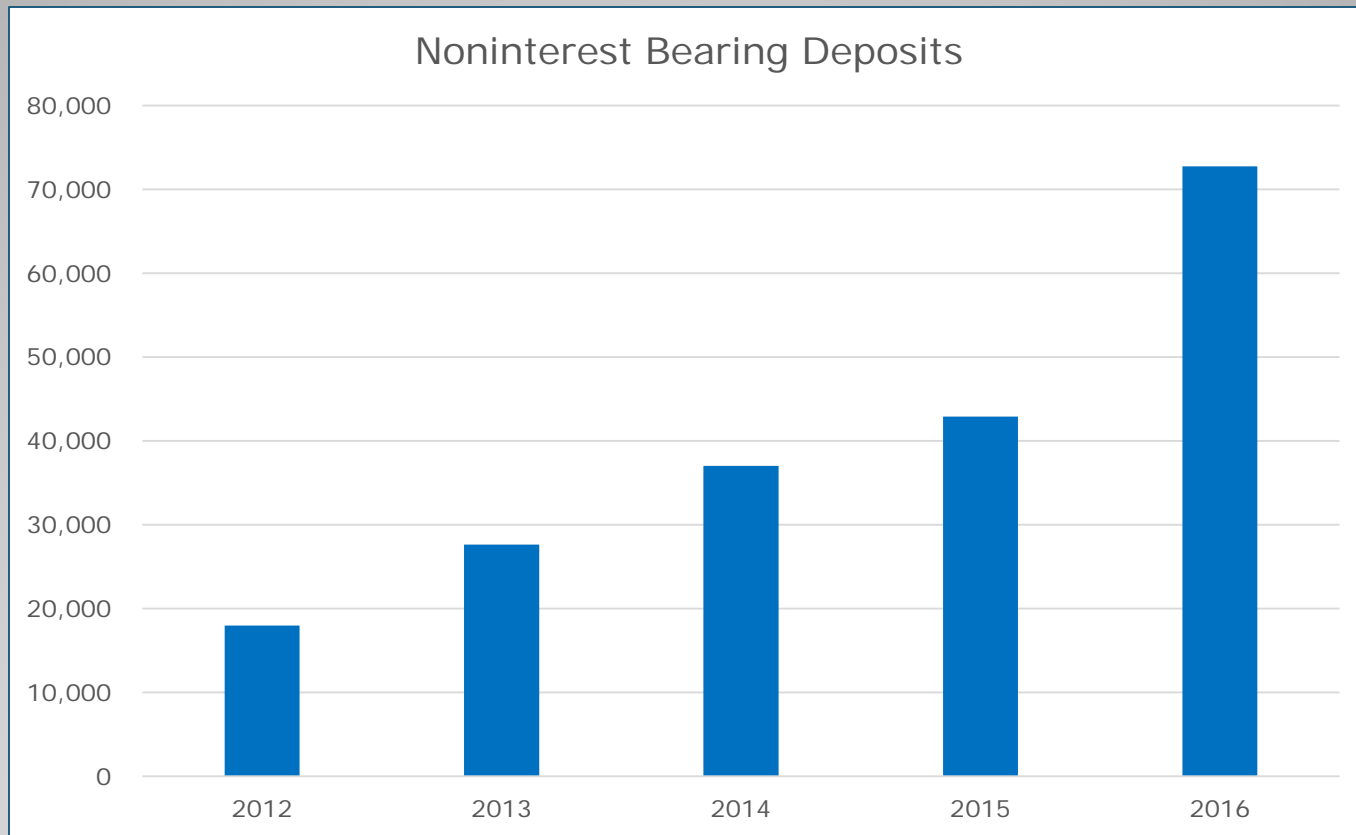
# Optimizing Balance Sheet Growth



- Quality loan growth has been critical to our success and driving net income
- Credit quality continues to improve while we prudently grow the balance sheet

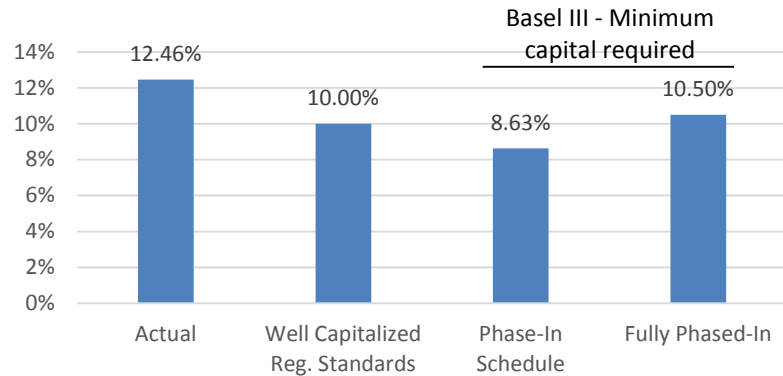


# Focus on Growth in Noninterest Bearing Deposits

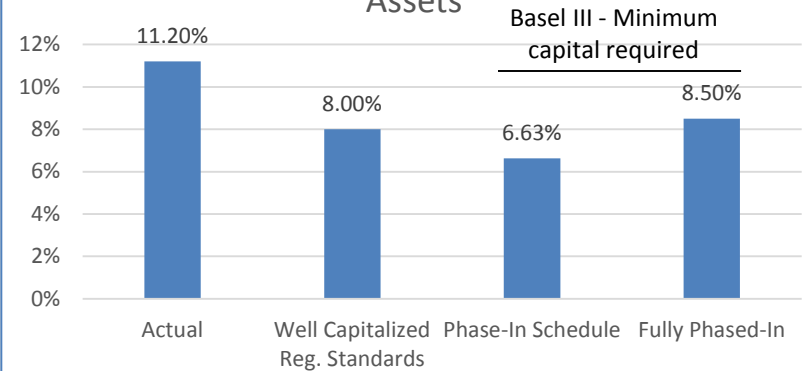


# Capital Ratios at 12/31/2016

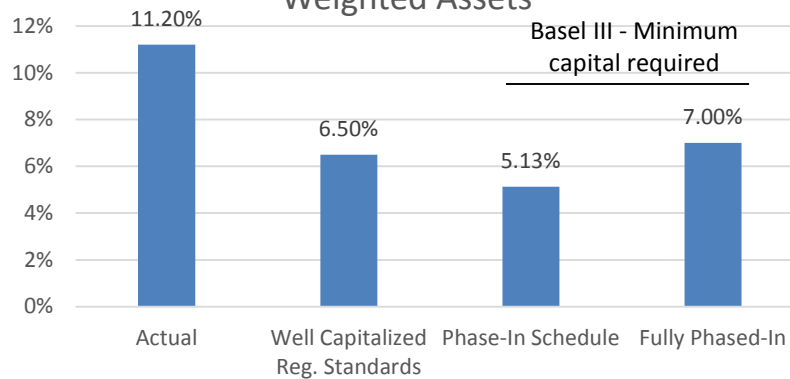
## Total Capital to Risk Weighted Assets



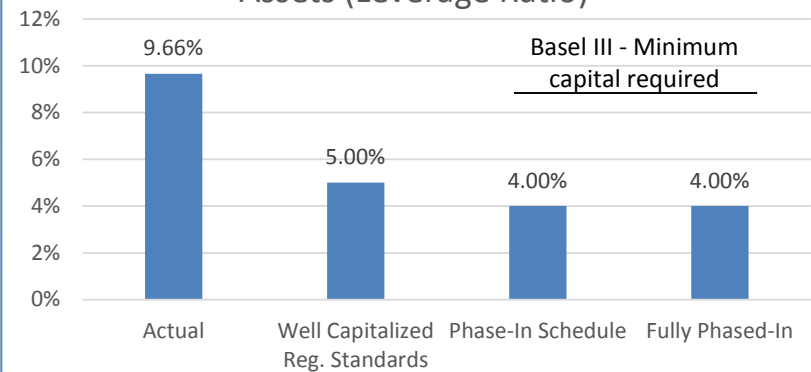
## Tier 1 (Core) Capital to Risk Weighted Assets



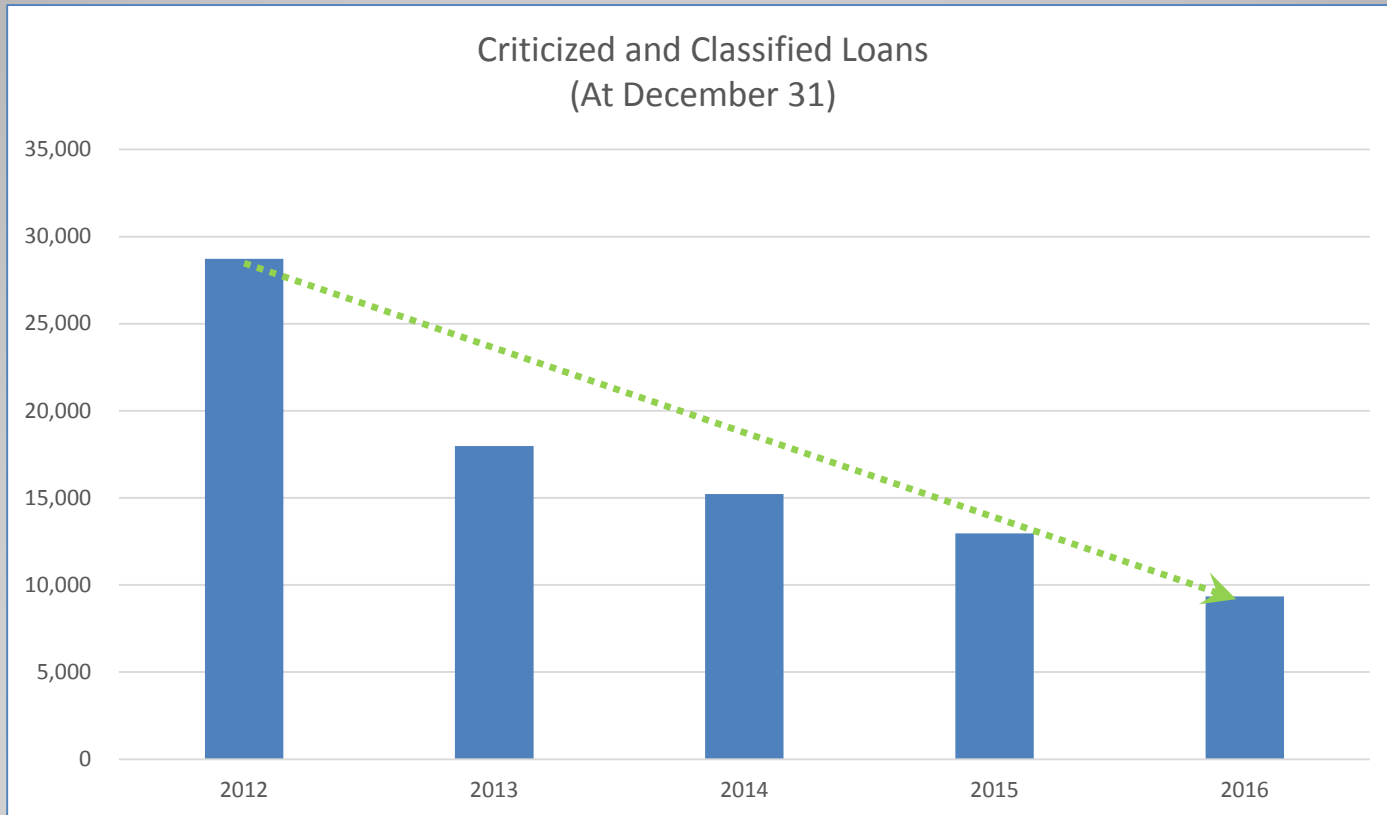
## Common Equity Tier 1 capital to Risk Weighted Assets



## Tier 1 (Core) Capital to Adjusted Total Assets (Leverage Ratio)

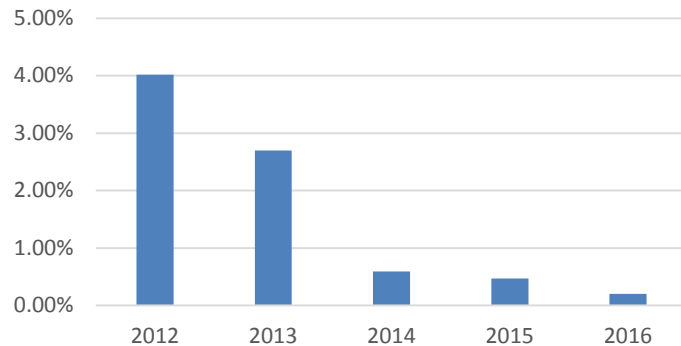


# Continued Reduction in Criticized & Classified Loans is a Key Focus

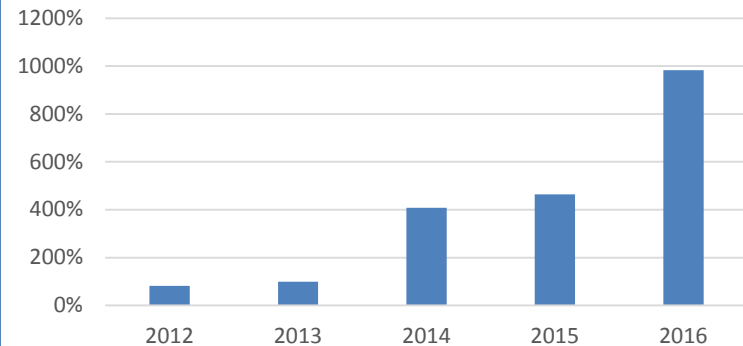


# Credit Quality Continues to Improve

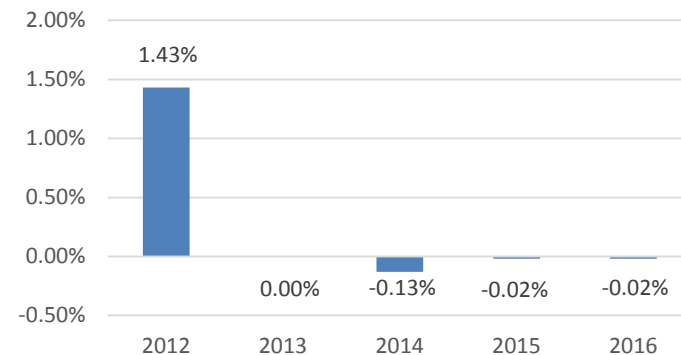
Nonperforming Loans to Total Loans



ALLL to NPLs



Net Charge-offs (Recoveries) / Loans



- Nonperforming loan (NPL's) trends improved significantly
- Net charge-off (recoveries) continue to trend favorably
- Our ALLL ratio to NPL's has improved significantly
- Our ALLL as a percentage of loans remains strong at 1.96% at December 31, 2016





# IN SUMMARY

- ✓ Strong capital position
- ✓ Opportunities exist to improve margin and cost of funds
- ✓ Focus remains on optimizing balance sheet and earnings performance
- ✓ Continued emphasis on improving credit quality
- ✓ Achieve operational efficiencies



***Thank you!***

