

CENTRAL FEDERAL CORP  
Form 10-K  
March 23, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year ended December 31, 2015

Or

] TRANSITION  
REPORT UNDER  
SECTION 13 OR  
15(d) OF THE  
SECURITIES  
EXCHANGE  
ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-25045

CENTRAL FEDERAL CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware 34-1877137  
(State or other jurisdiction of (IRS Employer  
incorporation or organization) Identification No.)

7000 N. High Street, Worthington, Ohio 43085  
(Address of Principal Executive Offices) (Zip Code)

(614) 334-7979  
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value \$.01 per share (Title of Class)	Nasdaq® Capital Market (Name of Exchange on which Registered)
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Securities registered pursuant to Section 12(g) of the Exchange Act: None

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

YES  NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act

YES  NO

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  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such

files.)

YES  NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

YES  NO

The aggregate market value of the voting and non-voting common equity of the registrant held by non-affiliates as of June 30, 2015 was \$20.7 million based upon the closing price as reported on the Nasdaq® Capital Market for that date.

As of March 15, 2016, there were 16,024,210 shares of the registrant's Common Stock outstanding.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Annual Report to Stockholders for its fiscal year ended December 31, 2015, included as Exhibit 13.1 to this Form 10-K, and its Proxy Statement for the Annual Meeting of Stockholders to be held on May 25, 2016, are incorporated herein by reference into Parts II and III, respectively, of this Form 10-K.

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## Forward-Looking Statements

Statements in this Annual Report on Form 10-K (this “Form 10-K”) and in our other communications that are not statements of historical fact are forward-looking statements which 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; (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, including, without limitation, those risks set forth in the section captioned “RISK FACTORS” in Part I, Item 1A of this Form 10-K.

Forward-looking statements are not guarantees of performance or results. A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. The Holding Company, including its wholly-owned subsidiary, CFBank (together referred to as the “Company”) believes it has chosen these assumptions or bases in good faith and that they are reasonable. We caution you, however, that assumptions or bases almost always vary from actual results, and the differences between assumptions or bases and actual results can be material. The forward-looking statements included in this report speak only as of the date of the report. We undertake no obligation to publicly release revisions to any forward-looking statements to reflect events or circumstances after the date of such statements, except to the extent required by law.

## PART I

### Item 1. Business.

#### General

Central Federal Corporation (the “Holding Company”), was organized as a Delaware corporation in September 1998 as the holding company for CFBank in connection with CFBank’s conversion from a mutual to stock form of organization. As a savings and loan holding company, we are subject to regulation by the Board of Governors of the Federal Reserve System (the “FRB”). CFBank is a savings institution which was originally organized in 1892, and was formerly known as Central Federal Savings and Loan Association of Wellsville and more recently as Central Federal Bank. As used herein, the terms “we,” “us,” “our” and the “Company” refer to Central Federal Corporation and its subsidiaries, unless the context indicates to the contrary.

The consolidated financial statements include Central Federal Corporation (the “Holding Company”) and its wholly-owned subsidiary, CFBank (together referred to as the “Company”). Intercompany transactions and balances are eliminated in consolidation.

Central Federal Capital Trust I (the “Trust”), a wholly owned subsidiary of the Holding Company, was formed in 2003 to raise additional funding for the Company. The Holding Company is not considered the primary beneficiary of this trust (variable interest entity) and, therefore, the trust is not consolidated in the Company’s financial statements, but rather the subordinated debentures are shown as a liability.

Currently, the Company does not transact material business other than through CFBank. At December 31, 2015, the Company's assets totaled \$351.3 million and stockholders' equity totaled \$38.3 million.

CFBank is a community-oriented financial institution offering a variety of financial services to meet the needs of the communities we serve. Our business model emphasizes personalized service, clients' access to decision makers, solution-driven lending and quick execution, efficient use of technology and the convenience of online internet banking, mobile banking, remote deposit and corporate cash management. We attract retail and business deposits from the general public and use the deposits, together with borrowings and other funds, primarily to originate commercial and commercial real estate loans, single-family and multi-family residential mortgage loans and home equity lines of credit. The majority of our customers are small businesses, small business owners and consumers.

Revenues are derived principally from the generation of interest and fees on loans originated and, to a lesser extent, interest and dividends on securities. Our primary sources of funds are retail and business deposit accounts and certificates of deposit, brokered certificates of deposit and, to a lesser extent, principal and interest payments on loans and securities, Federal Home Loan Bank (FHLB) advances, other borrowings and proceeds from the sale of loans.

Our principal market area for loans and deposits includes the following Ohio counties: Summit County through our office in Fairlawn, Ohio; Franklin County through our office in Worthington, Ohio; Columbiana County through our offices in Calcutta and Wellsville, Ohio; and Cuyahoga County, through our loan production office in Woodmere, Ohio. We originate commercial and residential real estate loans and business loans primarily throughout Ohio.

#### Regulatory Order Considerations

On May 25, 2011, the Holding Company and CFBank each consented to the issuance of an Order to Cease and Desist (the “Holding Company Order” and the “CFBank Order”, respectively, and collectively, the “Orders”) by the Office of Thrift Supervision (the “OTS”), the primary regulator of the Holding Company and CFBank at the time the Orders were issued. In July 2011, in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), the FRB replaced the OTS as the primary regulator of the Holding Company and the Office of the Comptroller of the Currency (the “OCC”) replaced the OTS as the primary regulator of CFBank. See Note 2 to the Consolidated Financial Statements included in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for additional information regarding the Orders.

The Orders imposed significant directives applicable to the Holding Company and CFBank, including requirements that we reduce the level of our classified and criticized assets, achieve growth and operating metrics in line with an approved business plan, and comply with restrictions on brokered deposits and on certain types of lending and prohibitions on dividends and repurchases of our capital stock. The CFBank Order required CFBank to have 8% core capital and 12% total risk-based capital, and CFBank could not be considered well-capitalized under the prompt corrective action regulations so long as the CFBank Order remained in place, even if it met or exceeded these capital levels. In addition, the regulators were required to approve any deviation from our business plan and certain compensation arrangements with directors and executive officers. See Note 2 to the Consolidated Financial Statements included in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for additional information regarding the Orders.

On August 20, 2012, the Holding Company announced the successful completion of its common stock offering, pursuant to which the Holding Company sold 15.0 million shares of its common stock at \$1.50 per share, resulting in gross proceeds of \$22.5 million before expenses. With the proceeds from the stock offering, the Holding Company contributed \$13.5 million to CFBank to improve its capital ratios and support future growth and expansion, bringing CFBank into compliance with the capital ratios required by the CFBank Order. In addition, the Holding Company used proceeds from the common stock offering to redeem its TARP obligations on September 26, 2012. The remaining proceeds from the restructured registered common stock offering were retained by the Company for general corporate purposes. See Note 2 to the Consolidated Financial Statements included in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for additional information regarding the Orders.

Effective as of January 23, 2014, the OCC released and terminated the CFBank Order based upon the improved capital position of CFBank, among other factors. Following the release of the CFBank Order, CFBank was required to continue to maintain a minimum Tier 1 Leverage Capital Ratio of 8% and a Total Risk-based Capital to Risk-Weighted Assets ratio of 12% until these heightened capital requirements were lifted on December 23, 2015. In addition, in connection with the release and termination of the CFBank Order, CFBank made certain commitments to the OCC to continue to adhere to certain prudent practices, including, without limitation, maintaining a written program to continue to improve CFBank’s credit underwriting and administrative process; take actions to protect its interest in criticized assets as identified by CFBank, the OCC examiners or its external loan review process and implement its written program to effectively identify, monitor, control and continue to reduce the level of credit risk to CFBank; review and monitor progress against such plan with the Board of Directors and continue CFBank’s



aggressive workout efforts and individualized workout plans on all criticized assets greater than \$250,000. The foregoing commitments remained in place until December 23, 2015. See Note 2 to the Consolidated Financial Statements included in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for additional information regarding the Orders.

On May 15, 2014, the FRB announced the termination of the Holding Company Order, effective as of May 9, 2014. Following the termination of the Holding Company Order, the Holding Company was required to continue to adhere to certain requirements and restrictions based on commitments made to the FRB in connection with the termination of the Holding Company Order. These commitments required the Holding Company, among other things, to continue to implement certain actions in accordance with the capital plan previously submitted to the FRB; not declare or pay dividends on its stock, purchase or redeem its stock, or accept dividends or other capital distributions from CFBank without the prior written approval of the FRB; not incur, increase or guarantee any debt without the prior written consent of the FRB; and provide prior written notice to the FRB with respect to certain changes in directors and senior executive officers. The foregoing commitments remained in place until January 8, 2016. See Note 2 to the Consolidated Financial Statements included in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for additional information regarding the Orders.

The significant directives contained in the Orders and the commitments made by CFBank and the Holding Company in connection with the release and termination of the Orders provided challenges for the operation of our business and our ability to effectively compete in our markets over the past several years. In addition, the Orders and our commitments to the regulators, as described above, required that we obtain approval from our regulators for any deviations from our business plan, which limited our flexibility to make changes to the scope of our business activities. We have incurred significant additional regulatory compliance expense in connection with the Orders and our regulatory commitments. Although we are no longer subject to the Orders or the regulatory commitments made following the release of the Orders, we remain subject to extensive supervision and regulation by our regulators, and it is possible that regulatory compliance expenses could continue to have a material adverse impact on us in the future.

**Dividend Restrictions:** The ability of the Holding Company to pay dividends on its common stock and Series B Preferred Stock is generally dependent upon the receipt of dividends and other distributions from CFBank. The Holding Company is a legal entity that is separate and distinct from CFBank, which has no obligation to make any dividends or other funds available for the payment of dividends by the Holding Company. Banking regulations limit the amount of dividends that may be paid without prior approval of regulatory agencies. Any future dividend payments by CFBank to the Holding Company would be based on future earnings and, if necessary, regulatory approval.

The Holding Company also is subject to various legal and regulatory requirements, policies and guidelines impacting the Holding Company's ability to pay dividends on its stock. In addition, the Holding Company's ability to pay dividends on its stock is conditioned upon the payment, on a current basis, of quarterly interest payments on the subordinated debentures underlying the Company's trust preferred securities. Finally, so long as the Company's Series B Preferred Stock remains outstanding, the Holding Company will be prohibited from paying dividends on (other than dividends payable solely in shares) the Company's common stock, for the then-current dividend period, unless full dividends on the Series B Preferred Stock have been paid or set aside for payment. Dividends on the Series B Preferred Stock are non-cumulative, which means that if for any reason we do not declare cash dividends on the Series B Preferred Stock for a quarterly dividend period we will have no obligation to pay any dividends for that period (i.e., the dividends will not accrue or cumulate), whether or not we declare dividends on the Series B Preferred Stock for any subsequent dividend period.

The Holding Company had \$2.7 million in cash and cash equivalents at December 31, 2015. Management believes that the Holding Company has adequate operating capital for the foreseeable future.



## Market Area and Competition

Our primary market areas in Ohio are competitive markets for financial services and we face competition both in making loans and in attracting deposits. Direct competition comes from a number of financial institutions operating in our market area, many of which have a statewide or regional presence, and in some cases, a national presence. Many of these financial institutions are significantly larger and have greater financial resources than we do. Competition for loans and deposits comes from savings institutions, mortgage banking companies, commercial banks, credit unions, brokerage firms and insurance companies.

## Lending Activities

**Loan Portfolio Composition.** The loan portfolio consists primarily of commercial, commercial real estate and multi-family mortgage loans, mortgage loans secured by single-family residences and, to a lesser degree, consumer loans. It also consists of a portfolio of residential mortgage loans totaling \$43.5 million as a result of participation in the Northpointe Mortgage Purchase Program. See Note 4 to the Consolidated Financial Statements included in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for additional information regarding the Northpointe Mortgage Purchase Program. CFBank also finances a variety of commercial and residential construction projects. At December 31, 2015, gross loans receivable totaled \$303.7 million and increased approximately \$40.3 million, or 15.3% from \$263.4 million at December 31, 2014. Commercial, commercial real estate and multi-family mortgage loans, including related construction loans, totaled \$171.6 million and represented 56.5% of the gross loan portfolio at December 31, 2015 as compared to 69.2% of the gross loan portfolio at December 31, 2014. Commercial, commercial real estate and multi-family mortgage loan balances, including related construction loans, decreased \$2.0 million, or 1.2% during 2015. Portfolio single-family residential mortgage loans, including related construction loans and residential mortgage loans originated through the Mortgage Purchase Program Loans, totaled \$104.2 million and represented 34.3% of total gross loans at year-end 2015, compared to 25.8% at year-end 2014. The remainder of the portfolio consisted of consumer loans, which totaled \$27.9 million, or 9.2% of gross loans receivable, at year-end 2015.

The types of loans originated are subject to federal and state laws and regulations. Interest rates charged on loans are affected by the demand for such loans, the supply of money available for lending purposes and the rates offered by competitors. In turn, these factors are affected by, among other things, economic conditions, fiscal policies of the federal government, monetary policies of the FRB and legislative tax policies.

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The following table sets forth the composition of the loan portfolio in dollar amounts and as a percentage of the portfolio at the dates indicated.

	December 31, 2015		2014		2013		2012		2011	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
	(Dollars in thousands)									
Real estate mortgage loans:										
Single-family	\$ 81,985	27.00%	\$ 51,445	19.53%	\$ 32,219	15.13%	\$ 43,058	27.21%	\$ 18,214	11.58%
Multi-family	28,950	9.53%	28,790	10.93%	32,197	15.12%	21,576	13.63%	27,163	17.27%
Construction	24,662	8.12%	23,641	8.98%	11,465	5.39%	14	0.01%	-	0.00%
Commercial real estate	96,488	31.78%	91,119	34.58%	83,752	39.34%	54,291	34.30%	69,757	44.35%
Total real estate mortgage loans	232,085	76.43%	194,995	74.02%	159,633	74.99%	118,939	75.15%	115,134	73.20%
Consumer loans:										
Home equity loans	504	0.17%	549	0.21%	352	0.17%	419	0.26%	651	0.41%
Home equity lines of credit	21,837	7.19%	16,898	6.42%	14,851	6.98%	12,963	8.19%	14,921	9.49%
Automobile	65	0.02%	122	0.05%	77	0.04%	50	0.03%	41	0.03%
Other	5,449	1.79%	4,305	1.63%	431	0.20%	501	0.32%	529	0.34%
Total consumer loans	27,855	9.17%	21,874	8.31%	15,711	7.38%	13,933	8.80%	16,142	10.27%
Commercial loans	43,744	14.40%	46,532	17.67%	37,526	17.63%	25,408	16.05%	25,994	16.53%
Total loans receivable	303,684	100.0%	263,401	100.0%	212,870	100.0%	158,280	100.0%	157,270	100.0%
Less:										
Allowance for loan losses	(6,620)		(6,316)		(5,729)		(5,237)		(6,110)	
Loans receivable, net	\$ 297,064		\$ 257,085		\$ 207,141		\$ 153,043		\$ 151,160	



Loan Maturity. The following table shows the remaining contractual maturity of the loan portfolio at December 31, 2015. Demand loans and other loans having no stated schedule of repayments or no stated maturity are reported as due within one year. The table does not include potential prepayments or scheduled principal amortization.

	At December 31, 2015			
	Real Estate			Total Loans Receivable
	Mortgage Loans(1)	Consumer Loans	Commercial Loans	
	(Dollars in thousands)			
Amounts due:				
Within one year	\$ 69,605	\$ 5,365	\$ 5,307	\$ 80,277
After one year:				
More than one year to three years	40,353	116	6,900	47,369
More than three years to five years	25,553	84	15,671	41,308
More than five years to 10 years	36,958	1,638	4,559	43,155
More than 10 years to 15 years	10,692	3,259	11,307	25,258
More than 15 years	48,924	17,393	-	66,317
Total due after 2016	162,480	22,490	38,437	223,407
Total amount due	\$ 232,085	\$ 27,855	\$ 43,744	\$ 303,684

The following table sets forth at December 31, 2015, the dollar amount of total loans receivable contractually due after December 31, 2016, and whether such loans have fixed interest rates or adjustable interest rates.

	Due After December 31, 2016		
	Fixed	Adjustable	Total
Real estate mortgage loans(1)	\$ 97,983	\$ 64,497	\$ 162,480
Consumer loans	402	22,088	22,490
Commercial loans	15,291	23,146	38,437
Total loans	\$ 113,676	\$ 109,731	\$ 223,407

(1) Real estate mortgage loans include single-family, multi-family and commercial real estate loans and construction loans.





**Origination of Loans.** Lending activities are conducted through our offices located in Summit, Cuyahoga, Franklin and Columbiana Counties, Ohio. We originate commercial, commercial real estate and multi-family mortgage loans and also expanded into business financial services in the Akron, Cleveland and Columbus, Ohio markets.

Commercial, commercial real estate and multi-family loans are originated with fixed, floating and ARM interest rates. Fixed-rate loans are generally limited to three to five years. Historically, CFBank also has also utilized interest-rate swaps to protect the related fixed-rate loans from changes in value due to changes in interest rates. See Note 20 to the Consolidated Financial Statements included in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for additional information on interest-rate swaps.

CFBank participates in various loan programs offered by the Small Business Administration (SBA), enabling us to provide our customers and small business owners in our markets with access to funding to support their businesses, as well as reduce credit risk associated with these loans. Individual loans include SBA guarantees of up to 90%.

A majority of our single-family mortgage loan originations are fixed-rate loans. Current originations of long-term, fixed-rate single-family mortgages are generally sold rather than retained in portfolio in order to minimize investment in long-term, fixed-rate assets that have the potential to expose the Company to long-term interest rate risk. Although we currently expect that most of our long-term, fixed-rate mortgage loan originations will continue to be sold, primarily on a servicing-released basis, a portion of these loans may be retained for portfolio within our interest rate risk and profitability guidelines.

**Single-Family Mortgage Lending.** A significant lending activity has been the origination of permanent conventional mortgage loans secured by single-family residences located within and outside of our primary market area. Loan originations are primarily obtained from our loan officers and their contacts within the local real estate industry and with existing or past customers and members of the local communities. We offer both fixed-rate and adjustable-rate mortgage (ARM) loans with maturities generally up to 30 years, priced competitively with current market rates. We offer several ARM loan programs with terms of up to 30 years and interest rates that adjust with a maximum adjustment limitation of 2.0% per year and a 6.0% lifetime cap. The interest rate adjustments on ARM loans currently offered are indexed to a variety of established indices and these loans do not provide for initial deep discount interest rates. We do not originate option ARM loans or loans with negative amortization.

The volume and types of single-family ARM loan originations are affected by market factors such as the level of interest rates, consumer preferences, competition and the availability of funds. In recent years, demand for single-family ARM loans has been weak due to consumer preference for fixed-rate loans as a result of the low interest rate environment. Consequently, our origination of ARM loans on single-family residential properties has not been significant as compared to our origination of fixed-rate loans.

We currently sell the majority of the single-family mortgage loans that we originate on a servicing released basis. All single-family mortgage loans sold are underwritten according to Federal Home Loan Mortgage Corporation (Freddie Mac) or Federal National Mortgage Association (Fannie Mae) guidelines, or are underwritten to comply with additional guidelines as may be required by the individual investor. CFBank is a direct endorsed underwriter, a designation by the Department of Housing and Urban Development that allows us to offer loans insured by the Federal Housing Authority (FHA).

A high volume of residential mortgage originations is a key metric for the continued success of our mortgage business. For the year ended December 31, 2015, single-family mortgage loans originated for sale totaled \$41.6 million, a decrease of \$8.9 million, or 17.0%, compared to \$50.1 million that was originated in 2014. The decrease in originations was partially due to lower sales activity. The volume of refinance activity, which is very sensitive to market mortgage interest rates, was a significant factor that impacted the level of residential loan originations in

2014. If market mortgage rates increase, our mortgage production, and the resultant gains on sales of loans, could decrease.

At December 31, 2015, portfolio single-family mortgage loans originated by CFBank totaled \$23.1 million, or 7.6% of total loans. Our policy is to originate single-family residential mortgage loans for portfolio in amounts up to 85% of the lower of the appraised value or the purchase price of the property securing the loan, without requiring private mortgage insurance. Loans in excess of 85% of the lower of the appraised value or purchase price of the property securing the loan require private mortgage insurance. Mortgage loans generally include due-on-sale clauses which provide us with the contractual right to deem the loan immediately due and payable in the event the borrower transfers ownership of the property without our consent.

Portfolio single-family ARM loans, which totaled \$11.9 million, or 14.5% of the single-family mortgage loan portfolio at December 31, 2015, generally pose credit risks not inherent in fixed-rate loans, primarily because as interest rates rise, the borrowers' payments rise, increasing the potential for default. Periodic and lifetime caps on interest rate increases help to reduce the credit risks associated with ARM loans, but also limit the interest rate sensitivity of such loans.

CFBank has participated in a Mortgage Purchase Program with Northpointe Bank (Northpointe), a Michigan banking corporation, since December 2012. Pursuant to the terms of a participation agreement, CFBank purchases participation interests in loans made by Northpointe related to fully underwritten and pre-sold mortgage loans originated by various prescreened mortgage brokers located throughout the U.S. The underlying loans are individually (MERS) registered loans which are held until funded by the end investor. The mortgage loan investors include Fannie Mae and Freddie Mac, and other major financial institutions such as Wells Fargo Bank. This process on average takes approximately 14 days. Given the short-term holding period of the underlying loans, common credit risks (such as past due, impairment and TDR, nonperforming, and nonaccrual classification) are substantially reduced. Therefore, no allowance is allocated by CFBank to these loans. These purchased loans are classified as portfolio loans. These loans are 100% risk rated for CFBank capital adequacy purposes. Northpointe maintains an ownership interest in each loan it participates. Effective December 18, 2014, the participation agreement was amended and CFBank agreed to increase the level of interest in loans it purchases from Northpointe from 80% to 95% of the aforementioned loans. As a result, Northpointe now maintains a 5% (reduced from 20%) ownership interest in each loan it participates. See Note 4 to the Consolidated Financial Statements included in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K.

**Commercial Real Estate and Multi-Family Residential Mortgage Lending.** Origination of commercial real estate and multi-family residential mortgage loans continues to be a significant portion of CFBank's lending activity.

Commercial real estate and multi-family residential mortgage loan balances increased \$5.5 million to \$125.4 million at December 31, 2015. This represented an increase of 4.6% over the \$119.9 million balance at December 31, 2014.

We originate commercial real estate loans that are secured by properties used for business purposes, such as manufacturing facilities, office buildings or retail facilities. We originate multi-family residential mortgage loans that are secured by apartment buildings, condominiums, and multi-family residential houses. Commercial real estate and multi-family residential mortgage loans are secured by properties generally located in our primary market area.

Underwriting policies provide that commercial real estate and multi-family residential mortgage loans may be made in amounts up to 85% of the lower of the appraised value or purchase price of the property. An independent appraisal of the property is required on all loans greater than or equal to \$250,000. In underwriting commercial real estate and multi-family residential mortgage loans, we consider the appraised value and net operating income of the property, the debt service ratio and the property owner's and/or guarantor's financial strength, expertise and credit history. We offer both fixed and adjustable rate loans. Fixed rate loans are generally limited to three to five years, at which time they convert to adjustable rate loans. At times, CFBank accommodates loans to borrowers who desire fixed-rate loans for longer than three to five years. We have utilized interest-rate swaps to protect these fixed-rate loans from changes in value due to changes in interest rates, as appropriate. See Note 20 to the Consolidated Financial Statements included in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for additional information on interest-rate swaps. Adjustable-rate loans are tied to various market indices and generally adjust monthly or annually. Payments on both fixed and adjustable rate loans are based on 15 to 25 year amortization periods.

Commercial real estate and multi-family residential mortgage loans are generally considered to involve a greater degree of risk than single-family residential mortgage loans. Because payments on loans secured by commercial real estate and multi-family residential properties are dependent on successful operation or management of the properties, repayment of commercial real estate and multi-family residential mortgage loans may be subject to a greater extent to

adverse conditions in the real estate market or the economy. As with single-family residential mortgage loans, adjustable rate commercial real estate and multi-family residential mortgage loans generally pose credit risks not inherent in fixed-rate loans, primarily because as interest rates rise, the borrowers' payments rise, increasing the potential for default. Additionally, adjustable rate commercial real estate and multi-family residential mortgage loans generally do not contain periodic and lifetime caps on interest rate changes. We seek to minimize the additional risk presented by adjustable rate commercial real estate and multi-family residential mortgage loans through underwriting criteria that require such loans to be qualified at origination with sufficient debt coverage ratios under increasing interest rate scenarios.

Commercial real estate and multi-family residential mortgage loans also have larger loan balances to single borrowers or groups of related borrowers compared to single-family residential mortgage loans. Some of our borrowers also have more than one commercial real estate or multi-family residential mortgage loan outstanding with us.

Additionally, some loans may be collateralized by junior liens. Consequently, an adverse development involving one or more loans or credit relationships can expose us to significantly greater risk of loss compared to an adverse development involving a single-family residential mortgage loan. We seek to minimize and

mitigate these risks through underwriting policies which require such loans to be qualified at origination on the basis of the property's income and debt coverage ratio and the financial strength of the property owners and/or guarantors.

**Commercial Lending.** The origination of commercial loans continues to be a significant component of our lending activity. During 2015, commercial lending activity decreased by \$2.8 million, or 6.0%, to \$43.7 million at year-end 2015. We originate commercial loans primarily to businesses located within our primary market area. Commercial loans are generally secured by business equipment, inventory, accounts receivable and other business assets. In underwriting commercial loans, we consider the net operating income of the company, the debt service ratio and the financial strength, expertise and credit history of the business owners and/or guarantors. We offer both fixed and adjustable rate commercial loans. Fixed-rate loans are generally limited to a maximum term of five years. Adjustable-rate loans are tied to various market indices and generally adjust monthly or annually.

Commercial loans are generally considered to involve a greater degree of risk than loans secured by real estate. Because payments on commercial loans are dependent on successful operation of the business enterprise, repayment of such loans may be subject to a greater extent to adverse conditions in the economy. We seek to mitigate these risks through underwriting policies which require such loans to be qualified at origination on the basis of the enterprise's income and debt coverage ratio and the financial strength of the business owners and/or guarantors.

Adjustable-rate commercial loans generally pose credit risks not inherent in fixed-rate loans, primarily because as interest rates rise, the borrowers' payments rise, increasing the potential for default. Additionally, adjustable-rate commercial loans generally do not contain periodic and lifetime caps on interest rate changes. We seek to minimize the additional risk presented by adjustable-rate commercial loans through underwriting criteria that require such loans to be qualified at origination with sufficient debt coverage ratios under increasing interest rate scenarios.

**Construction and Land Lending.** With some economic improvement in our market areas, there was also an increase in commercial building activity. During 2015, construction loans increased by \$1.0 million, or 4.3%, to \$24.7 million compared to the \$23.6 million in the portfolio at year-end 2014. The additional capital has allowed CFBank to take advantage of select market opportunities in this area within the risk tolerances we have identified.

Construction loans are made to finance the construction of residential and commercial properties generally located within our primary market area. Construction loans are fixed- or adjustable-rate loans which may convert to permanent loans with maturities of up to 30 years. Our policies provide that construction loans may be made in amounts up to 80% of the appraised value of the property, and an independent appraisal of the property is required. Loan proceeds are disbursed in increments as construction progresses and as inspections warrant and regular inspections are required to monitor the progress of construction. Land development loans generally do not exceed 75% of the actual cost or current appraised value of the property, whichever is less. Loans on raw land generally do not exceed 65% of the actual cost or current appraised value of the property, whichever is less.

Construction and land financing is considered to involve a higher degree of credit risk than long-term financing on improved, owner-occupied real estate. Risk of loss on a construction loan is dependent largely upon the accuracy of the initial estimate of the property's value at completion of construction or development compared to the estimated cost (including interest) of construction. If the estimate of value proves to be inaccurate, we may be confronted with a project, when completed, having a value which is insufficient to assure full repayment. We attempt to reduce such risks on construction loans by requiring personal guarantees and reviewing current personal financial statements and tax returns, as well as other projects of the developer.

**Consumer and Other Lending.** The consumer loan portfolio generally consists of home equity lines of credit, automobile loans, home improvement loans and loans secured by deposits. At December 31, 2015, the consumer loan portfolio totaled \$27.9 million, which was 9.2% of gross loans receivable. During 2015, the consumer loan portfolio

grew \$6.0 million, or 27.3% over the year-end 2014 balance of \$21.9 million.

Home equity lines of credit include those purchased in the past and loans we originate for our portfolio. We offer a variable rate home equity line of credit which we originate for our portfolio. The interest rate adjusts monthly at various margins above the prime rate of interest as disclosed in The Wall Street Journal. The margin is based on certain factors including the loan balance, value of collateral, election of auto-payment and the borrower's FICO® score. The amount of the line is based on the borrower's credit history, income and equity in the home. When combined with the balance of the prior mortgage liens, these lines generally may not exceed 89.9% of the appraised value of the property at the time of the loan commitment. The lines are secured by a subordinate lien on the underlying real estate and are, therefore, vulnerable to declines in property values in the geographic areas where the properties are located. Credit approval for home equity lines of credit requires income sufficient to repay principal and interest due, stability of employment, an established credit record and sufficient collateral.

Delinquencies and Classified Assets. Management and the Board of Directors monitors the status of all loans 30 days or more past due on a monthly basis through the analysis of past due statistics and trends for all loans. Procedures with respect to resolving delinquencies vary depending on the nature and type of the loan and period of delinquency. We make efforts, consistent with safety and soundness principles, to work with the borrower and develop action steps to have the loan brought current. If the loan is not brought current, it then becomes necessary to take additional legal actions including the repossession of collateral.

We maintain an internal credit rating system and loan review procedures specifically developed to monitor credit risk for commercial, commercial real estate and multi-family residential loans. Internal loan reviews for these loan types are performed at least annually, and more often for loans with higher credit risk. Loan officers maintain close contact with borrowers between reviews. Adjustments to loan risk ratings are based on the reviews and at any time information is received that may affect risk ratings. Additionally, an independent third party review of commercial, commercial real estate and multi-family residential loans is performed at least annually. Management uses the results of these reviews to help determine the effectiveness of the existing policies and procedures and to provide an independent assessment of our internal loan risk rating system.

Federal regulations and CFBank's asset classification policy require use of an internal asset classification system as a means of reporting and monitoring assets. We have incorporated the regulatory asset classifications as a part of our credit monitoring and internal loan risk rating system. Loans are classified into risk categories based on relevant information about the ability of borrowers to service their debt, such as current financial information, historical payment experience, credit documentation, public information and current economic trends, among other factors. In accordance with regulations, problem loans are classified as special mention, substandard, doubtful or loss, and the classifications are subject to review by banking regulators. Loans designated as special mention are considered criticized assets. Loans designated as substandard, doubtful or loss are considered classified assets. Loans designated as special mention possess weaknesses that, if left uncorrected, may result in deterioration of the repayment prospects for the loan or of CFBank's credit position at some future date. A loan is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that there will be some loss if the deficiencies are not corrected. A loan considered doubtful has all of the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, condition and values, highly questionable and improbable. Loans designated as loss are considered uncollectible based on the borrower's inability to make payments, and any value attached to collateral, if any, is based on liquidation value. Loans considered loss are generally uncollectible and have so little value that their continuance as assets is not warranted and are charged off, unless certain circumstances exist that could potentially warrant a specific reserve be established.

See the section titled "Financial Condition - Allowance for loan losses" and Notes 1 and 4 to the Consolidated Financial Statements included in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for detailed information on criticized and classified loans as of December 31, 2015 and 2014.

Classified loans include all nonaccrual loans, which are discussed in further detail in the section below titled "Nonperforming Assets". In addition to nonaccrual loans, classified loans include the following loans that were identified as substandard assets, were still accruing interest at December 31, 2015, but exhibit weaknesses that could lead to nonaccrual status in the future.

	# of Loans	Balance
Commercial	1	\$ 72
Single-family residential real estate	3	27
Multi-family residential real estate	1	179
Commercial real estate	9	3,669
Home equity lines of credit	3	243
Total	17	\$ 4,190



The following table sets forth information concerning delinquent loans in dollar amounts and as a percentage of the total loan portfolio. The amounts presented in the table below represent the total remaining balances of the loans rather than the actual payment amounts which are overdue. Loans shown as 90 days or more delinquent include nonaccrual loans, regardless of delinquency.

	December 31, 2015				December 31, 2014				December 31, 2013			
	60-89 Days Number of Loans (Dollars in thousands)	Balance of Loans	90 Days or More Number of Loans	Balance of Loans	60-89 Days Number of Loans (Dollars in thousands)	Balance of Loans	90 Days or More Number of Loans	Balance of Loans	60-89 Days Number of Loans (Dollars in thousands)	Balance of Loans	90 Days or More Number of Loans	Balance of Loans
Real estate loans:												
Single-family	-	\$ -	12	\$ 640	2	\$ 46	9	\$ 549	1	\$ 36	10	
Multi-family	-	-	-	-	-	-	-	-	-	-	1	
Commercial	-	-	1	446	-	-	1	477	-	-	5	
Consumer loans:												
Home equity lines of credit	-	-	2	115	-	-	2	153	-	-	1	
Home equity loans	-	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	2	10	-	-	-	11	-	
Commercial loans	1	9	3	224	-	-	3	369	-	-	2	
Total delinquent loans	1	\$ 9	18	\$ 1,425	4	\$ 56	15	\$ 1,548	1	\$ 47	19	
Delinquent loans as a percent of total loans		.00%		.47%		.02%		.59%		.02%		

	December 31, 2012				December 31, 2011			
	60-89 Days		90 Days or More		60-89 Days		90 Days or More	
	Number of Loans (Dollars in thousands)	Balance of Loans (Dollars in thousands)	Number of Loans (Dollars in thousands)	Balance of Loans (Dollars in thousands)	Number of Loans (Dollars in thousands)	Balance of Loans (Dollars in thousands)	Number of Loans (Dollars in thousands)	Balance of Loans (Dollars in thousands)
Real estate loans:								
Single-family	2	\$ 122	5	\$ 113	7	\$ 281	11	\$ 736
Multi-family	-	-	2	2,082	-	-	3	4,996
Commercial	-	-	9	3,438	1	51	6	2,356
Consumer loans:								
Home equity lines of credit	-	-	1	9	-	-	3	166
Home equity loans	-	-	-	-	1	30	-	-
Automobile	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Commercial loans	1	65	3	714	-	-	1	47
Total delinquent loans	3	\$ 187	20	\$ 6,356	9	\$ 362	24	\$ 8,301
Delinquent loans as a percent of total loans		.12%		4.02%		.23%		5.28%

Nonperforming Assets. The following table contains information regarding nonperforming loans and repossessed assets. CFBank's policy is to stop accruing interest on loans 90 days or more past due unless the loan principal and interest are determined by management to be fully secured and in the process of collection. All interest accrued but not received for loans placed on nonaccrual is reversed against interest income.

	At December 31,				
	2015	2014	2013	2012	2011
Loans past due over 90 days still on accrual	\$ -	\$ -	\$ -	\$ -	\$ -
Nonaccrual loans:					
Single-family real estate	640	549	479	113	736
Multi-family real estate	-	-	1,701	2,082	4,996
Commercial real estate	446	477	2,943	3,438	2,356
Consumer	115	153	52	9	166
Commercial	224	369	563	714	47
Total nonaccrual loans	1,425	1,548	5,738	6,356	8,301
Total nonperforming loans	1,425	1,548	5,738	6,356	8,301
REO	1,636	1,636	1,636	1,525	2,370
Other foreclosed assets	-	-	-	-	-
Total nonperforming assets	3,061	3,184	7,374	7,881	10,671
Troubled Debt Restructurings (1)	4,920	5,233	3,517	3,684	4,597
Total nonperforming and troubled debt restructurings	\$ 7,981	\$ 8,417	\$ 10,891	\$ 11,565	\$ 15,268
Nonperforming loans to total loans	0.47%	0.59%	2.70%	4.02%	5.28%
Nonperforming assets to total assets	0.87%	1.01%	2.88%	3.66%	4.25%

(1) TDRs where customers have established a sustained period of repayment performance, loans are current according to their modified terms, and repayment of the remaining contractual payments is expected.

The \$123,000 decrease in nonperforming loans in 2015 compared to 2014 was primarily due to loan payments and payoffs. There were \$149,000 in loans that became nonperforming in 2015 related to four single family residential loans.

CFBank has seen steady improvement in the credit quality of its level of nonperforming loans over the last three years. The majority of the nonperforming loans were primarily related to deterioration in the commercial, multi-family residential real estate, commercial real estate, and home equity lines of credit portfolios as a result of the sustained adverse economic conditions and its effect on collateral values and borrowers' ability to make loan payments. For the year ended December 31, 2015, the amount of additional interest income that would have been recognized on nonaccrual loans, if such loans had continued to perform in accordance with their contractual terms, was approximately \$94,000. There was no interest income recognized on nonaccrual loans in 2015.

Accounting Standards Update (ASU) No. 2011-02 to Receivables (ASC 310), A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring, clarified the guidance for a creditor's evaluation of whether it has granted a concession and whether a debtor is experiencing financial difficulties. With regard to determining whether a concession has been granted, the ASU clarified that creditors are precluded from using the effective interest method to determine whether a concession has been granted. In the absence of using the effective interest method, a creditor must now focus on other considerations such as the value of the underlying collateral, evaluation of other collateral or guarantees, the debtor's ability to access other funds at market rates, interest rate increases and whether the restructuring results in a delay in payment that is insignificant. The Company applies the guidance in this ASU to identify its restructured loans as troubled debt restructurings ("TDRs"). Loans restructured in 2015 identified as TDRs totaled \$18,000.

As a component of management's focus on the work out of troubled credits, the terms of certain loans were modified in TDRs, where concessions were granted to borrowers experiencing financial difficulties. The modification of the terms of such loans may have included one or a combination of the following: a reduction of the stated interest rate of the loan; an increase in the stated rate of interest lower than the current market rate for new debt with similar risk; an extension of the maturity date; or a change in the payment terms. Nonaccrual loans included \$356,000 in TDRs at December 31, 2015, while non-accrual loans included \$422,000 of TDRs at December 31, 2014.

At year-end 2015 there were a total of \$5.3 million of TDRs, including \$1.6 million in multi-family loans, \$2.8 million in commercial real estate loans, \$249,000 in land loans, \$128,000 in single family residential loans and \$199,000 in commercial loans which were not included in nonperforming loans, where customers have established a sustained period of repayment performance, loans are current according to their modified terms, and repayment of the remaining contractual payments is expected.

See the section titled "Financial Condition - Allowance for loan losses" and Notes 1 and 4 to the Consolidated Financial Statements included in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for additional information on nonperforming loans and TDRs as of December 31, 2015 and 2014.

For information on real estate owned (REO) and other foreclosed assets, see the section below titled "Foreclosed Assets."

Allowance for Loan Losses (ALLL). The ALLL is a valuation allowance for probable incurred credit losses. The ALLL methodology is designed as part of a thorough process that incorporates management's current judgments about the credit quality of the loan portfolio into a determination of the ALLL in accordance with generally accepted accounting principles and supervisory guidance. Management analyzes the adequacy of the ALLL quarterly through reviews of the loan portfolio, including: the nature and volume of the loan portfolio and segments of the portfolio; industry and loan concentrations; historical loss experience; delinquency statistics and the level of nonperforming loans; specific problem loans; the ability of borrowers to meet loan terms; an evaluation of collateral securing loans and the market for various types of collateral; various collection strategies; current economic condition, trends and outlook; and other factors that warrant recognition in providing for an adequate ALLL. See the section titled "Financial Condition - Allowance for loan losses" in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for a detailed discussion of management's methodology for determining the appropriate level of the ALLL.

The ALLL totaled \$6.6 million at December 31, 2015, and increased \$304,000, or 4.8%, from \$6.3 million at December 31, 2014. The increase in the ALLL is due to a combination of factors including a 15.3% increase in overall loan balances and net recoveries during the twelve months ended December 31, 2015, which was partially offset by continuous improvement in credit quality and a 8.0% decrease in nonperforming loans. The ratio of the ALLL to total loans was 2.18% at December 31, 2015, compared to 2.39% at December 31, 2014. In addition, the

ratio of the ALLL to nonperforming loans improved to 464.6% at December 31, 2015, compared to 408.0% at December 31, 2014.

We believe the ALLL is adequate to absorb probable incurred credit losses in the loan portfolio as of December 31, 2015; however, future additions to the allowance may be necessary based on factors including, but not limited to, deterioration in client business performance, recessionary economic conditions, declines in borrowers' cash flows, and market conditions which result in lower real estate values. Additionally, various regulatory agencies, as an integral part of their examination process, periodically review the ALLL. Such agencies may require additional provisions for loan losses based on judgments and estimates that differ from those used by management. Management continues to diligently monitor credit quality in the existing portfolio and analyze potential loan opportunities carefully in order to manage credit risk. An increase in estimated probable incurred losses and an increase in required loan provision expense could occur if economic conditions and factors which affect credit quality, real estate values and general business conditions worsen.

The following table sets forth activity in the ALLL for the periods indicated.

	2015	2014	2013	2012	2011
ALLL, beginning of period	\$ 6,316	\$ 5,729	\$ 5,237	\$ 6,110	\$ 9,758
Charge-offs:					
Real estate loans:					
Single-family	40	-	164	64	124
Multi-family	-	-	59	796	3,167
Commercial real estate	25	5	6	1,467	2,652
Consumer loans:					
Home equity	41	26	17	126	241
Automobile	-	-	-	5	-
Other	10	-	6	34	18
Commercial loans	8	44	-	99	1,296
Total charge-offs	124	75	252	2,591	7,498
Recoveries on loans previously charged off:					
Recoveries					
Real estate loans:					
Single-family	1	4	3	9	7
Multi-family	-	-	88	22	9
Commercial real estate	33	349	66	138	202
Consumer loans:					
Home equity	113	24	29	17	27
Automobile	-	2	8	7	11
Other	6	-	13	16	2
Commercial loans	25	5	41	380	214
Total recoveries	178	384	248	589	472
Net charge-offs (Recoveries)	(54)	(309)	4	2,002	7,026
Provision for loan losses	250	278	496	1,129	3,375
Reclassification of ALLL on loan-related commitments	-	-	-	-	3
ALLL, end of period	\$ 6,620	\$ 6,316	\$ 5,729	\$ 5,237	\$ 6,110
ALLL to total loans	2.18%	2.39%	2.69%	3.31%	3.89%
ALLL to nonperforming loans	464.56%	408.01%	99.85%	82.39%	73.61%
Net charge-offs (Recoveries) to ALLL	-0.82%	-4.89%	0.07%	38.23%	114.99%
Net charge-offs (recoveries) to average loans	-0.02%	-0.13%	0.00%	1.43%	3.97%

The impact of economic conditions on the housing market, collateral values, and businesses' and consumers' ability to pay may increase the level of charge-offs in the future. Additionally, our commercial, commercial real estate and multi-family residential loan portfolios may be detrimentally affected by adverse economic conditions. Declines in these portfolios could expose us to losses which could materially affect the Company's earnings, capital and profitability.

The following table sets forth the ALLL in each of the categories listed at the dates indicated and the percentage of such amounts to the total ALLL and loans in each category as a percent of total loans. Although the ALLL may be allocated to specific loans or loan types, the entire ALLL is available for any loan that, in management's judgment, should be charged off.

	At December 31, 2015			2014			2013		
	Amount (Dollars in thousands)	% of Allowance in each Category to Total Allowance	% of Loans in each Category	Amount	% of Allowance in each Category to Total Allowance	% of Loans in each Category	Amount	% of Allowance in each Category to Total Allowance	% of Loans in each Category
Real estate loans:									
Single-family	\$ 691	10.44%	27.00%	\$ 634	10.04%	19.51%	\$ 120	2.09%	15.13%
Multi-family	705	10.65%	9.53%	818	12.95%	10.93%	1,262	22.03%	15.12%
Commercial real estate	2,710	40.94%	31.78%	2,541	40.23%	34.60%	2,325	40.58%	39.34%
Construction	561	8.47%	8.12%	442	7.00%	8.98%	119	2.08%	5.39%
Consumer loans:									
Home equity lines of credit	474	7.16%	7.19%	441	6.98%	6.42%	139	2.43%	6.98%
Other	99	1.50%	1.98%	94	1.49%	1.90%	5	.09%	.41%
Commercial loans	1,380	20.84%	14.40%	1,346	21.31%	17.66%	1,759	30.70%	17.63%
Total ALLL	\$ 6,620	100.00%	100.00%	\$ 6,316	100.00%	100.00%	\$ 5,729	100.00%	100.00%

	At December 31, 2012		% of Loans in each Category	2011		% of Loans in each Category
	Amount (Dollars in thousands)	% of Allowance in each Category to Total Allowance		Amount	% of Allowance in each Category to Total Allowance	
Real estate loans:						
Single-family	\$ 332	6.34%	27.21%	\$ 207	3.39%	11.58%
Multi-family	1,396	26.66%	13.63%	1,470	24.06%	17.27%
Commercial real estate	1,946	37.16%	34.30%	1,863	30.49%	44.35%
Construction	-	.00%	0.01%	-	.00%	0.00%
Consumer loans:						
Home equity lines of credit	241	4.60%	8.19%	272	4.45%	9.49%
Other	11	.21%	.61%	17	.28%	.78%
Commercial loans	1,311	25.03%	16.05%	2,281	37.33%	16.53%
Total ALLL	\$ 5,237	100.00%	100.00%	\$ 6,110	100.00%	100.00%

#### Foreclosed Assets

Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operating and maintenance costs after acquisition are expensed. REO and other foreclosed assets totaled \$1.6 million at December 31, 2015 and 2014. See the section titled “Financial Condition - Foreclosed Assets” and Note 5 to the Consolidated Financial Statements in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for information regarding foreclosed assets at December 31, 2015.

Foreclosure activities are closely tied with general economic conditions and the ability of our customers to continue to meet their loan payment obligations and, therefore, the level of foreclosed assets may increase in the future if, among other things, economic conditions in our market area decline.

#### Investment Activities

Federally chartered savings institutions have the authority to invest in various types of liquid assets, including U.S. Treasury obligations, securities of various federal agencies, certificates of deposit of insured banks and savings institutions, bankers’ acceptances and federal funds. Subject to various restrictions, federally chartered savings institutions may also invest their assets in commercial paper, municipal bonds, investment-grade corporate debt securities and mutual funds whose assets conform to the investments that a federally chartered savings institution is otherwise authorized to make directly.



The investment policy established by the Board of Directors is designed to provide and maintain adequate liquidity, generate a favorable return on investment without incurring undue interest rate and credit risk, and compliment lending activities. The policy provides authority to invest in U.S. Treasury and federal entity/agency securities meeting the policy's guidelines, mortgage-backed securities and collateralized mortgage obligations insured or guaranteed by the United States government and its entities/agencies, municipal and corporate bonds and other investment instruments.

At December 31, 2015, the securities portfolio totaled \$9.4 million. At December 31, 2015, all mortgage-backed securities and collateralized mortgage obligations in the securities portfolio were insured or guaranteed by Ginnie Mae, Freddie Mac or Fannie Mae.

Management evaluates securities for other-than-temporary impairment (OTTI) at least on a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. See Notes 1 and 3 to the Consolidated Financial Statements contained in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for a detailed discussion of management's evaluation of securities for OTTI.

The following table sets forth certain information regarding the amortized cost and fair value of securities at the dates indicated.

	At December 31, 2015		2014		2013	
	Amortized Cost.	Fair Value	Amortized Cost.	Fair Value	Amortized Cost.	Fair Value
Securities Available For Sale						
Corporate	\$ -	\$ -	\$ 2,932	\$ 2,936	\$ 4,360	\$ 4,363
State and Municipal	-	-	897	886	1,926	1,919
Issued by U.S. government-sponsored entities and agencies:						
U.S. Treasury	8,575	8,536	5,018	5,011	-	-
Mortgaged Back Securities	463	481	687	727	934	983
Collateralized mortgage obligations	339	351	860	885	2,354	2,408
Total temporarily impaired	\$ 9,377	\$ 9,368	\$ 10,394	\$ 10,445	\$ 9,574	\$ 9,673

The following table sets forth information regarding the amortized cost, weighted average yield and contractual maturity dates of debt securities as of December 31, 2015.

Securities Available For Sale	One Year or Less		After One Year through Five Years		After Five Years through Ten Years		After Ten Years		Total	
	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield
Issued by U.S. government-sponsored entities and agencies:										
U.S. Treasury	1,002	0.64%	7,573	1.12%	-	0.00%	-	0.00%	8,575	1.07%
Mortgaged Back Securities	-	0.00%	105	7.05%	296	3.67%	62	7.01%	463	4.88%
Collateralized mortgage obligations	-	0.00%	-	0.00%	-	0.00%	339	3.75%	339	3.75%

Total Securities Available For Sale	\$ 1,002	0.64%	\$ 7,678	1.20%	\$ 296	3.67%	\$ 401	4.25%	\$ 9,377	1.35%
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## Sources of Funds

General. CFBank's primary sources of funds are deposits, principal and interest payments on loans and securities, proceeds from sales of loans, borrowings, and funds generated from operations of CFBank. Contractual loan payments are a relatively stable source of funds, while deposit inflows and outflows and loan prepayments are significantly influenced by general market interest rates and economic conditions and competition. Borrowings may be used on a short-term basis for liquidity purposes or on a long-term basis to fund asset growth or manage interest rate risk in accordance with asset/liability management strategies.

The Holding Company, as a savings and loan holding company, has more limited sources of liquidity than CFBank. In general, in addition to its existing liquid assets, sources of liquidity include funds raised in the securities markets through debt or equity offerings, dividends received from its subsidiaries or the sale of assets.

Pursuant to commitments made in connection with the termination of the Holding Company Order, the Holding Company was not permitted to declare or pay dividends on its stock, purchase or redeem its stock, or accept dividends or other capital distributions from CFBank without the prior written approval of the FRB. In addition, the Holding Company could not incur, increase or guarantee any debt without the prior written consent of the FRB. The Holding Company was not restricted, however, from raising funds in the securities markets through equity offerings. These commitments remained in place until January 8, 2016, but the restrictions are no longer applicable to the Holding Company after January 8, 2016. See the section titled "Financial Condition – Stockholders' equity" included in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K.

CFBank dividends serve as a potential source of liquidity to the Holding Company to meet its obligations. Generally, CFBank may pay dividends to the Holding Company without prior approval as long as the dividend does not exceed the total of the current calendar year-to-date earnings plus any earnings from the previous two years not already paid out in dividends, and as long as CFBank remains well capitalized after the dividend payment. Any future dividend payments by CFBank to the Holding Company would be based on future earnings and, if necessary, regulatory approval. See Note 2 to the Consolidated Financial Statements included in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K.

The Holding Company's available cash and cash equivalents totaled \$2.7 million at December 31, 2015. Based on historical cash utilization rate and estimates of future requirements, there is sufficient liquidity to cover operating expenses for the foreseeable future. See the section titled "Liquidity and Capital Resources" and Note 2 to the Consolidated Financial Statements contained in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for information regarding Holding Company liquidity and regulatory matters.

Deposits. CFBank offers a variety of deposit accounts with a range of interest rates and terms including savings accounts, retail and business checking accounts, money market accounts and certificates of deposit. Management regularly evaluates the internal cost of funds, surveys rates offered by competitors, reviews cash flow requirements for lending and liquidity and executes rate changes when necessary as part of its asset/liability management, profitability and liquidity objectives. Certificate of deposit accounts represent the largest portion of our deposit portfolio and totaled 52.3% of average deposit balances in 2015. The term of the certificates of deposit typically offered vary from seven days to five years at rates established by management. Specific terms of an individual account vary according to the type of account, the minimum balance required, the time period funds must remain on deposit and the interest rate, among other factors.

The flow of deposits is influenced significantly by general economic conditions, changes in money market rates, prevailing interest rates and competition. Deposits are obtained predominantly from the areas in which CFBank's offices are located. We rely primarily on a willingness to pay market-competitive interest rates to attract and retain

retail deposits, as well as customer service and relationships with customers. Prior to the release of the CFBank Order on January 23, 2014, we were prohibited from offering above-market interest rates and were subject to market rate limitations published by the FDIC when offering deposits to the general public. Accordingly, rates offered by competing financial institutions affected our ability to attract and retain deposits.

At December 31, 2015, CFBank had \$22.1 million in brokered deposits with maturity dates from January 2016 through May 2020. At December 31, 2015, cash, unpledged securities and deposits in other financial institutions totaled \$25.6 million.

CFBank has been a participant in the Certificate of Deposit Account Registry Service® (CDARS), a network of banks that allows us to provide our customers with FDIC insurance coverage on certificate of deposit account balances up to \$50 million. Although CFBank customers participate in the CDARS program, CDARS deposits are considered brokered deposits by banking regulation. Customer balances in the CDARS program totaled \$9.2 million at December 31, 2015 and decreased \$856,000, or 8.4%, from \$10.2 million at December 31, 2014.

While the CFBank Order was in place from May 2011 until January 2014, CFBank was prohibited from accepting or renewing brokered deposits, including CDARS balances. CFBank received limited waivers from the prohibition on renewal of reciprocal CDARS deposits from the FDIC, and the restrictions were subsequently lifted upon the termination of the CFBank Order in January 2014.

Certificate accounts in amounts of \$100,000 or more totaled \$106.6 million at December 31, 2015, maturing as follows:

Maturity Period	Amount (Dollars in thousands)	Weighted Average Rate
Three months or less	\$ 22,624	0.88%
Over 3 through 6 months	12,369	0.93%
Over 6 through 12 months	30,106	1.19%
Over 12 months	41,475	1.60%
Total	\$ 106,574	

The following table sets forth the distribution of average deposit account balances for the periods indicated and the weighted average interest rates on each category of deposits presented. Averages for the periods presented are based on month-end balances.

	For The Year Ended December 31,								
	2015			2014			2013		
	Average Balance	Percent of Total Average Deposits	Average Rate Paid	Average Balance	Percent of Total Average Deposits	Average Rate Paid	Average Balance	Percent of Total Average Deposits	Average Rate Paid
Interest-bearing checking accounts	8,793	3.23%	0.02%	\$ 8,911	3.81%	0.02%	\$ 10,583	5.41%	0.02%
Money market accounts	72,819	26.78%	0.75%	41,556	17.79%	0.39%	38,662	19.77%	0.27%
Savings accounts	16,478	6.06%	0.10%	16,270	6.97%	0.10%	14,631	7.48%	0.10%
	142,320	52.34%	1.16%	134,203	57.44%	1.03%	109,850	56.16%	1.38%

Certificates of  
 deposit  
 Noninterest-bearing  
 deposits:

Demand deposits	31,503	11.59%	-	32,681	13.99%	-	21,857	11.18%	-
Total Average									
Deposits	\$ 271,913	100.00%	0.92%	\$ 233,621	100.00%	0.78%	\$ 195,583	100.00%	0.94%

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The following table presents, by various rate categories, the amount of certificate accounts outstanding at the dates indicated and the periods to maturity of the certificate accounts outstanding at December 31, 2015.

	Period to Maturity from December 31, 2015				At December 31,		
	Less than One Year	One to Two Years	Two to Three Years	Over Three Years	2015	2014	2013
	(Dollars in thousands)						
Certificate accounts:							
0 to 0.99%	\$ 37,865	\$ 2,377	\$ 322	\$ 218	\$ 40,782	\$ 78,444	\$ 67,323
1.00 to 1.99%	49,508	23,730	10,870	5,797	89,905	34,781	16,791
2.00 to 2.99%	663	450	101	10,444	11,658	22,977	34,188
3.00 to 3.99%	100	-	-	-	100	243	242
4.00 to 4.99%	-	-	-	-	-	239	-
5.00% and above	499	-	-	-	499	499	499
Total certificate accounts	\$ 88,635	\$ 26,557	\$ 11,293	\$ 16,459	\$ 142,944	\$ 137,183	\$ 119,043

See the section titled “Financial Condition – Deposits” and “Liquidity and Capital Resources” contained in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for additional information regarding deposits.

**Borrowings.** As part of our operating strategy, FHLB advances are used as an alternative to retail and brokered deposits to fund our asset growth. The advances are collateralized primarily by single-family mortgage loans, multi-family mortgage loans, commercial real estate loans, securities and cash, and secondarily by CFBank’s investment in the capital stock of the FHLB of Cincinnati. FHLB advances are made pursuant to several credit programs, each of which has its own interest rate and range of maturities. The maximum amount that the FHLB will advance to member institutions fluctuates from time to time in accordance with the policies of the FHLB. FHLB advances totaled \$14.5 million at December 31, 2015. Based on the collateral pledged and CFBank’s holdings of FHLB stock, CFBank was eligible to borrow up to a total of \$30.3 million at year-end 2015. Immediately prior to January 1, 2014, due to regulatory considerations, CFBank was only eligible for future advances with a maximum maturity of 365 days. On January 24, 2014, CFBank was notified by the FHLB that the restriction on the term of future advances had been lifted as a result of the CFBank Order being terminated effective January 23, 2014.

In addition to access to FHLB advances, CFBank has borrowing capacity available with the Federal Reserve Bank through the Borrower in Custody program. The borrowings are collateralized by commercial and commercial real estate loans. Based on the collateral pledged, CFBank was eligible to borrow up to a total of \$30.2 million at year-end 2015. There were no amounts outstanding from the Federal Reserve Bank at December 31, 2015. CFBank also had \$1.0 million available in an unsecured line of credit with a commercial bank at December 31, 2015. Interest on this line accrues daily and is variable based on the commercial bank’s cost of funds and current market returns. There was no amount outstanding on this line of credit at December 31, 2015. See the section titled “Liquidity and Capital Resources” contained in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for additional information.

During the course of 2013, CFBank had engaged in certain loan participations that according to the structure of the transactions, did not qualify for sales accounting treatment, and were therefore accounted for as secured borrowings.



CFBank retains an ownership interest in these loans and provides customary servicing to the third-parties which are typically other community banks. As of January 1, 2014, there were five loan participations classified as secured borrowings totaling \$6.5 million. During the first quarter of 2014, management amended its loan participation agreements to remove the language that disqualified the loan participations from sales accounting treatment and entered into amended loan participation agreements with the participating institutions with respect to the aforementioned loans. There were no secured borrowing transactions as of December 31, 2015.

See the section titled “Financial Condition - Subordinated Debentures” contained in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for information regarding subordinated debentures issued by the Company in 2003.

The following table sets forth certain information regarding short-term borrowings at or for the periods ended on the dates indicated:

	For the Year ended December		
	31,		
	2015	2014	2013
Short-term FHLB advances and other borrowings:			
Average balance outstanding	\$ 5	\$ 54	\$ 123
Maximum amount outstanding at any month-end during the period	-	-	6,955
Balance outstanding at end of period	-	-	-
Weighted average interest rate during the period	0.45%	0.21%	0.13%

#### Subsidiary Activities

As of December 31, 2015, we maintained CFBank and the Trust as wholly owned subsidiaries.

#### Personnel

As of December 31, 2015, the Company had 45 full-time and 8 part-time employees.

#### Regulation and Supervision

Set forth below is a brief description of certain laws and regulations that apply to us. This description, as well as other descriptions of laws and regulations contained in this Form 10-K, is not complete and is qualified in its entirety by reference to the applicable laws and regulations.

General. The Holding Company, as a federally chartered savings and loan holding company, and CFBank, as a federal savings association, have historically been subject to examination and comprehensive federal regulation and oversight by the OTS. As of July 21, 2011, the Dodd-Frank Act imposed new restrictions and an expanded framework of regulatory oversight for financial institutions. In particular, the Dodd-Frank Act transferred the regulatory responsibilities and authority over federal savings associations and savings and loan holding companies from the OTS to the OCC and the FRB, respectively. CFBank has also been and continues to be subject to regulation and examination by the FDIC, which insures the deposits of CFBank to the maximum extent permitted by law, and certain other requirements established by the FRB.

The investment and lending authority of savings institutions is prescribed by federal laws and regulations, and such institutions are prohibited from engaging in any activities not permitted by such laws or regulations. Such regulations and supervision primarily are intended for the protection of depositors and not for the purpose of protecting shareholders.

Federal law provides federal banking regulators, including the OCC, the FRB and the FDIC, with substantial enforcement powers. The enforcement authority of the OCC and the FRB over savings institutions and their holding companies includes, among other things, the ability to assess civil money penalties, to issue cease and desist or removal orders and to initiate injunctive actions. In general, these enforcement actions may be initiated for violations of laws and regulations and unsafe and unsound practices. Other actions or inactions may also provide the basis for enforcement action.

For information with respect to the operating and other restrictions imposed on the Holding Company and CFBank by the FRB and the OCC as a result of the Orders, see the section above titled "Regulatory Order Considerations."

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Recently Enacted Regulatory Reform. Federal regulators continue to implement provisions of the Dodd-Frank Act, which was signed into law by President Obama on July 21, 2010. The Dodd-Frank Act created many new restrictions and an expanded framework of regulatory oversight for financial institutions, including depository institutions.

Currently, federal regulators are still in the process of drafting the implementing regulations for some portions of the Dodd-Frank Act. The following discussion summarizes significant aspects of the new law that may affect the Holding Company and CFBank:

- Effective July 21, 2011, the OTS was merged into the OCC and the authority of the other remaining bank regulatory agencies was restructured;
- The Consumer Financial Protection Bureau was established and empowered to exercise broad regulatory, supervisory and enforcement authority with respect to both new and existing consumer financial protection laws;
- New capital regulations for thrift holding companies were adopted;
- The prohibition on the payment of interest on demand deposits was repealed, effective July 21, 2011;
- The standard maximum amount of deposit insurance per customer was permanently increased to \$250,000;
- The deposit insurance assessment base calculation was expanded to equal a depository institution's total assets minus the sum of its average tangible equity during the assessment period;
- New capital regulations for bank holding companies have been adopted, which will impose stricter capital requirements, and any new trust preferred securities issued after May 19, 2010 will no longer constitute Tier I capital; and
- New corporate governance requirements applicable to all public companies in all industries now require new compensation practices and disclosure requirements, including requiring companies to "claw back" incentive compensation under certain circumstances, to consider the independence of compensation advisors, and to make additional disclosures in proxy statements with respect to compensation matters.

Many provisions of the Dodd-Frank Act have not yet been fully implemented and will require interpretation and rule making by federal regulators. While the full effect of the Dodd-Frank Act on us cannot currently be determined, the law and its implementing rules and regulations are likely to result in increased compliance costs and fees paid to regulators, along with possible restrictions on our operations, all of which may have a material adverse affect on our operating results and financial condition.

#### Regulation of the Holding Company

**General.** The Holding Company, as a unitary savings and loan holding company, is subject to regulation, periodic examination, enforcement authority and oversight by the FRB. As a subsidiary of a savings and loan holding company, CFBank is also subject to certain restrictions in its dealings with the Holding Company and its affiliates.

**Capital.** Historically, savings and loan holding companies were not subject to specific regulatory capital requirements. The Dodd-Frank Act, however, required the FRB to promulgate consolidated capital requirements for depository institution holding companies that are no less stringent, both quantitatively and in terms of components of capital, than those applicable to institutions themselves. Pursuant to the Dodd-Frank Act, there was a five year transition period such that the capital requirements for savings and loan holding companies went into effect on July 21, 2015. In April 2015, however, the FRB issued a final rule which extended application of the FRB's Small Bank Holding Company Policy Statement to savings and loan holding companies and increased the size limitation for qualifying bank holding companies from \$500 million to \$1 billion of total consolidated assets. Under the Small Bank Holding Company Policy Statement, qualifying holding companies are exempt from the FRB's risk-based capital and leverage rules. Holding companies, including savings and loan holding companies, qualify for exemption under the Small Bank Holding Company Policy if they have less than \$1 billion in total consolidated assets and meet certain qualitative requirements, including not engaging in significant nonbanking activities and not conducting significant off-balance sheet activities.

Source of Strength. The Dodd-Frank Act also extends the “source of strength” doctrine to savings and loan holding companies. The regulatory agencies must promulgate regulations implementing the “source of strength” policy that requires holding companies to act as a source of strength to their subsidiary depository institutions by providing capital, liquidity and other support in times of financial stress.

Activities Restrictions. As a unitary savings and loan holding company, there are generally few restrictions on the activities of the Holding Company; however, this broad latitude to engage in activities can be restricted if the FRB determines an activity constitutes a serious risk to the financial safety, soundness or stability of its subsidiary savings association or if the association fails to qualify as a qualified thrift lender (QTL). The FRB may impose restrictions it deems necessary to address such risk, including limiting (i) payment of dividends by the savings association; (ii) transactions between the savings association and its affiliates; and (iii) any activities of the savings association that might create a serious risk that the liabilities of the holding company and its affiliates may be imposed on the savings association.

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If the Holding Company were to acquire control of another savings institution to be held as a separate subsidiary, the Holding Company would become a multiple savings and loan holding company. Except where such acquisition is pursuant to the authority to approve emergency thrift acquisitions and each subsidiary savings institution meets the QTL test, the activities of the Holding company and any of its subsidiaries (other than CFBank or other subsidiary savings institutions) would thereafter be subject to further restrictions.

#### Regulation of CFBank

General. CFBank, as a federally chartered savings institution, is subject to regulation, periodic examination, enforcement authority and oversight by the OCC extending to all aspects of CFBank's operations. CFBank also is subject to regulation and examination by the FDIC, which insures the deposits of CFBank to the maximum extent permitted by law. This regulation and supervision primarily is intended for the protection of depositors and not for the purpose of protecting stockholders. CFBank's relationship with its depositors and borrowers also is regulated to a great extent by both Federal and state laws, especially in such matters as the ownership of savings accounts and the form and content of CFBank's mortgage requirements.

The investment and lending authority of federal savings institutions are prescribed by federal laws and regulations, and federal savings institutions are prohibited from engaging in any activities not permitted by such laws and regulations. In addition, all savings institutions, including CFBank, are required to maintain QTL status to avoid certain restrictions on their operations. This status is maintained by meeting the QTL test, which requires a savings institution to have a designated level of thrift-related assets generally consisting of residential housing related loans and investments, thereby indirectly limiting investment in other assets. At December 31, 2015, CFBank met the QTL test and has met the test since its effectiveness. If CFBank loses QTL status, it would become subject to national bank investment and activity limits.

The OCC, as well as other federal banking agencies, has adopted guidelines establishing safety and soundness standards on such matters as loan underwriting and documentation, asset quality, earnings standards, internal controls and audit systems, interest rate risk exposure and compensation and employee benefits. Any institution which fails to comply with these standards must submit a compliance plan.

Regulatory Capital Requirements. Savings institutions are required to maintain a minimum level of regulatory capital. The OCC has established capital standards, including a leverage ratio or core capital requirement and a risk-based capital requirement applicable to savings institutions. The OCC also may impose capital requirements in excess of these standards on individual institutions on a case-by-case basis.

The capital standards generally require core capital equal to at least 4.0% of adjusted total assets. Core capital consists of tangible capital plus certain intangible assets, including a limited amount of purchased credit card relationships. The OCC also requires savings institutions to have total capital of at least 8.0% of risk-weighted assets. Total capital consists of core capital, as defined above, and supplementary capital. Supplementary capital consists of certain permanent and maturing capital instruments that do not qualify as core capital and general valuation loan and lease loss allowances up to a maximum of 1.25% of risk-weighted assets. The OCC is also authorized to require a savings institution to maintain an additional amount of total capital to account for concentration of credit risk and the risk of non-traditional activities. In determining the amount of risk-weighted assets, all assets, including certain off-balance-sheet items, are multiplied by a risk weight determined based on the risk inherent in the type of asset.

The CFBank Order required CFBank to have an 8% Tier 1 (Core) Capital to adjusted total assets and 12% Total Capital to risk weighted assets. Following the termination of the CFBank Order effective January 23, 2014, CFBank remained subject to the heightened capital requirements imposed by the OCC and was required to maintain an 8%

Tier 1 (core) Capital ratio to adjusted total assets and 12% Total Capital to risk weighted assets until December 23, 2015. CFBank met the heightened capital requirements imposed by the OCC at December 31, 2014, and was no longer subject to the heightened capital requirements at December 31, 2015. See Note 2-Regulatory Order Considerations and Note 19-Regulatory Capital Matters to the Consolidated Financial Statements included in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for additional information.

Any savings institution that fails to comply with its capital plan or has a Tier 1 risk-based or core capital ratio of less than 3.0% or a risk-based capital ratio of less than 6.0% and is considered “significantly undercapitalized” must be made subject to one or more additional specified actions and operating restrictions which may cover all aspects of its operations and may include a forced merger or acquisition of the institution. The OCC is also generally authorized to reclassify an institution into a lower capital category and impose the restrictions applicable to such category if the institution is engaged in unsafe or unsound practices or is in an unsafe or unsound condition.

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The risk-based capital guidelines adopted by the federal banking agencies are based on the “International Convergence of Capital Measurement and Capital Standard” (Basel I), published by the Basel Committee on Banking Supervision (the “Basel Committee”) in 1988. In 2004, the Basel Committee published a new capital adequacy framework (Basel II) for large, internationally active banking organizations, and in December 2010 and January 2011, the Basel Committee issued an update to Basel II (“Basel III”). The Basel Committee frameworks did not become applicable to banks supervised in the United States until adopted into United States law or regulations. Although the United States banking regulators imposed some of the Basel II and Basel III rules on banks with \$250 billion or more in assets or \$10 billion of on-balance sheet foreign exposure, it was not until July 2013 that the United States banking regulators issued final (or, in the case of the FDIC, interim final) new capital rules applicable to smaller banking organizations which also implement certain of the provisions of the Dodd-Frank Act (the “Basel III Capital Rules”). Community banking organizations, including CFBank, began transitioning to the new rules on January 1, 2015. The new minimum capital requirements became effective on January 1, 2015, whereas a new capital conservation buffer and deductions from common equity capital phase in from January 1, 2016 through January 1, 2019, and most deductions from common equity tier 1 capital will phase in from January 1, 2015 through January 1, 2019.

The new rules include (a) a new common equity tier 1 capital ratio of at least 4.5%, (b) a Tier 1 capital ratio of at least 6.0%, rather than the former 4.0%, (c) a minimum total capital ratio that remains at 8.0%, and (d) a minimum leverage ratio of 4.0%.

Common equity for the common equity tier 1 capital ratio includes common stock (plus related surplus) and retained earnings, plus limited amounts of minority interests in the form of common stock, less the majority of certain regulatory deductions.

Tier 1 capital includes common equity as defined for the common equity tier 1 capital ratio, plus certain non-cumulative preferred stock and related surplus, cumulative preferred stock and related surplus and trust preferred securities that have been grandfathered (but which are not permitted going forward), and limited amounts of minority interests in the form of additional Tier 1 capital instruments, less certain deductions.

Tier 2 capital, which can be included in the total capital ratio, includes certain capital instruments (such as subordinated debt) and limited amounts of the allowance for loan and lease losses, subject to new eligibility criteria, less applicable deductions.

The deductions from common equity tier 1 capital include goodwill and other intangibles, certain deferred tax assets, mortgage-servicing assets above certain levels, gains on sale in connection with a securitization, investments in a banking organization’s own capital instruments and investments in the capital of unconsolidated financial institutions (above certain levels). The deductions phase in from 2015 through 2019.

Under the guidelines, capital is compared to the relative risk related to the balance sheet. To derive the risk included in the balance sheet, one of several risk weights is applied to different balance sheet and off-balance sheet assets, primarily based on the relative credit risk of the counterparty. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Some of the risk weightings were changed effective January 1, 2015.

The new rules also place restrictions on the payment of capital distributions, including dividends, and certain discretionary bonus payments to executive officers if the company does not hold a capital conservation buffer of greater than 2.5 percent composed of common equity tier 1 capital above its minimum risk-based capital requirements, or if its eligible retained income is negative in that quarter and its capital conservation buffer ratio was less than 2.5 percent at the beginning of the quarter. The capital conservation buffer phases in starting on January 1, 2016, at .625%. The implementation of Basel III is not expected to have a material impact on CFBank’s capital ratios.



FDIC Regulation and Insurance of Accounts. CFBank's deposits are insured up to the applicable limits by the FDIC, and such insurance is backed by the full faith and credit of the United States Government. Effective July 21, 2010, the basic deposit insurance level was increased to \$250,000. As insurer, the FDIC imposes deposit insurance premiums and is authorized to conduct examinations of and to require reporting by FDIC-insured institutions. Our deposit insurance premiums for the year ended December 31, 2015 were \$421,000, which increased from the previous year due to an increase in the assessment base upon which the insurance premiums are calculated. Generally, FDIC insurance premiums have increased in recent years and may continue to increase due to strains on the FDIC deposit insurance fund.

In accordance with the Dodd-Frank Act, the FDIC issued new regulations setting insurance premium assessments effective April 2011. The new premiums are based on an institution's total assets minus its Tier 1 capital instead of its deposits. The intent of the new assessment calculations is not to substantially change the level of premiums paid, notwithstanding the use of assets as the calculation base instead of deposits. CFBank's premiums are based on its assignment under one of four risk categories based on capital, supervisory ratings and other factors. If our risk category changes, our premiums could increase substantially.

In addition, the FDIC has proposed changing the deposit insurance premium assessment method for banks with less than \$10 billion in assets that have been insured by the FDIC for at least five years. The proposed changes would revise the financial ratios method so that it would be based on a statistical model estimating the probability of failure of a bank over three years; update the financial measures used in the financial ratios method consistent with the statistical model; and eliminate risk categories for established small banks and use the financial ratios methods to determine assessment rates for all such banks (subject to minimum or maximum initial assessment rates based upon a bank's composite examination rating).

The FDIC also may prohibit any FDIC-insured institution from engaging in any activity that it determines by regulation or order to pose a serious risk to the deposit insurance fund. The FDIC also has the authority to initiate enforcement actions against CFBank and may terminate our deposit insurance if it determines that we have engaged in unsafe or unsound practices or are in an unsafe or unsound condition.

**Limitations on Dividends and Other Capital Distributions.** Banking regulations impose various restrictions on distributions of capital, which include dividends, stock redemptions or repurchases, cash-out mergers and other transactions charged to the capital account.

Generally, for savings institutions such as CFBank, it is required that before and after the proposed distribution the institution remain well-capitalized. Savings institutions may make capital distributions during any calendar year equal to the greater of 100% of net income for the year-to-date plus retained net income for the two preceding years. However, an institution deemed to be in need of more than normal supervision by the OCC may have its dividend authority restricted by the OCC. Pursuant to the CFBank Order and the commitments applicable to CFBank following the termination of the CFBank Order, CFBank was not permitted to declare or pay dividends or make any other capital distributions without receiving prior written approval of the OCC. These commitments remained in place until December 23, 2015, but the restrictions are no longer applicable to CFBank after December 23, 2015.

The ability of the Holding Company to pay dividends on its common stock and Series B Preferred Stock is generally dependent upon the receipt of dividends and other distributions from CFBank. The Holding Company is a legal entity that is separate and distinct from CFBank, which has no obligation to make any dividends or other funds available for the payment of dividends by the Holding Company. The Holding Company also is subject to various legal and regulatory requirements, policies and guidelines impacting the Holding Company's ability to pay dividends on its stock. In addition, the Holding Company's ability to pay dividends on its stock is conditioned upon the payment, on a current basis, of quarterly interest payments on the subordinated debentures underlying the Company's trust preferred securities. Finally, so long as the Company's Series B Preferred Stock remains outstanding, the Holding Company will be prohibited from paying dividends on (other than dividends payable solely in shares) the Company's common stock, for the then-current dividend period, unless full dividends on the Series B Preferred Stock have been paid or set aside for payment. Dividends on the Series B Preferred Stock are non-cumulative, which means that if for any reason we do not declare cash dividends on the Series B Preferred Stock for a quarterly dividend period we will have no obligation to pay any dividends for that period (i.e., the dividends will not accrue or cumulate), whether or not we declare dividends on the Series B Preferred Stock for any subsequent dividend period. See Note 2-Regulatory Order Considerations and Note 19-Regulatory Capital Matters to the Consolidated Financial Statements included in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for additional information.

Federal income tax laws provided additional deductions, totaling \$2,250, for thrift bad debt reserves established before 1988. Accounting standards do not require a deferred tax liability to be recorded on this amount, which otherwise would total \$765 at year-end 2015. However, if CFBank were wholly or partially liquidated or otherwise ceases to be a bank, or if tax laws were to change, this amount would have to be recaptured and a tax liability recorded. Additionally, any distributions in excess of CFBank's current or accumulated earnings and profits would reduce amounts allocated to its bad debt reserve and create a tax liability for CFBank. The amount of additional

taxable income created by such a distribution is an amount that, when reduced by the tax attributable to the income, is equal to the amount of the distribution. Thus, if CFBank makes a distribution that reduces the amount allocated to its bad debt reserve, then approximately one and one-half times the amount used would be includible in gross income for federal income tax purposes, assuming a 34% corporate income tax rate. CFBank does not intend to make distributions that would result in a recapture of any portion of its bad debt reserve.

## Federal and State Taxation

**Federal Taxation General.** We report income on a calendar year, consolidated basis using the accrual method of accounting, and we are subject to federal income taxation in the same manner as other corporations, with some exceptions discussed below. The following discussion of tax matters is intended only as a summary and does not purport to be a comprehensive description of the tax rules applicable to the Company and CFBank.

Our deferred tax assets are composed of U.S. net operating losses (“NOLs”), and other temporary book to tax differences. The Company recorded a deferred tax valuation allowance which reduced the Company’s deferred tax asset to zero beginning in 2009 and continuing through the year ended December 31, 2014. The Company maintained this valuation allowance against the net deferred tax assets at December 31, 2014 based on its estimate of future reversal and utilization. As a result, there was no income tax benefit recorded for the year ended December 31, 2014.

When determining the amount of deferred tax assets that are more-likely-than-not to be realized, and therefore recorded as a benefit, the Company conducts a regular assessment of all available information. This information includes, but is not limited to, taxable income in prior periods, projected future income and projected future reversals of deferred tax items. Based on these criteria, the Company determined as of December 31, 2015, in part because the Company had achieved seven consecutive quarters of pretax income, that it was no longer necessary to maintain a full valuation allowance against the entire net deferred tax asset. As a result, the valuation allowance on the deferred tax asset was reversed which resulted in a credit to income tax expense of \$3.2 million.

In 2012, a recapitalization program through the sale of \$22.5 million in common stock improved the capital levels of the Bank and provided working capital for the holding company. The result of the change in stock ownership associated with the stock offering, within the guidelines of Section 382 of the Internal Revenue Code of 1986, was that the Company incurred an ownership change. At year-end 2015, the Company had net operating loss carryforwards of \$25,166, which expire at various dates from 2024 to 2033, and has alternative minimum tax credit carryforwards of \$105, which do not expire. As a result of the ownership change, the Company's ability to utilize carryforwards that arose before the stock offering closed is limited to \$163 per year. Due to this limitation, management determined it is more likely than not that \$20,520 of net operating loss carryforwards will expire unutilized. As required by accounting standards, the Company reduced the carrying value of deferred tax assets, and the corresponding valuation allowance, by the \$6,977 tax effect of this lost realizability.

Federal income tax laws provided additional deductions, totaling \$2,250, for thrift bad debt reserves established before 1988. Accounting standards do not require a deferred tax liability to be recorded on this amount, which otherwise would total \$765 at year-end 2015. However, if CFBank were wholly or partially liquidated or otherwise ceases to be a bank, or if tax laws were to change, this amount would have to be recaptured and a tax liability recorded. Additionally, any distributions in excess of CFBank’s current or accumulated earnings and profits would reduce amounts allocated to its bad debt reserve and create a tax liability for CFBank. The amount of additional taxable income created by such a distribution is an amount that, when reduced by the tax attributable to the income, is equal to the amount of the distribution. Thus, if CFBank makes a distribution that reduces the amount allocated to its bad debt reserve, then approximately one and one-half times the amount used would be includible in gross income for federal income tax purposes, assuming a 34% corporate income tax rate. CFBank does not intend to make distributions that would result in a recapture of any portion of its bad debt reserve.

See Note 14 to the Consolidated Financial Statements included in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for additional information.

**Distributions.** Under the Small Business Job Protection Act of 1996, if CFBank makes “non-dividend distributions” to the Company, such distributions will be considered to have been made from CFBank’s unrecaptured tax bad debt

reserves (including the balance of its reserves as of December 31, 1987) to the extent thereof, and then from CFBank's supplemental reserve for losses on loans, to the extent thereof, and an amount based on the amount distributed (but not in excess of the amount of such reserves) will be included in CFBank's taxable income. Non-dividend distributions include distributions in excess of CFBank's current and accumulated earnings and profits, as calculated for federal income tax purposes, distributions in redemption of stock, and distributions in partial or complete liquidation.

Dividends paid out of CFBank's current or accumulated earnings and profits will not be so included in CFBank's taxable income.

The amount of additional taxable income triggered by a non-dividend distribution is an amount that, when reduced by the tax attributable to the income, is equal to the amount of the distribution. Thus, if CFBank makes a non-dividend distribution to the Holding Company, approximately one and one-half times the amount of such distribution (but not in excess of the amount of the reserves described in the previous paragraph) would be includable in income for federal income tax purposes, assuming a 34% federal corporate income tax rate. CFBank does not intend to pay dividends that would result in a recapture of any portion of its bad debt reserves.

#### Ohio Taxation

Beginning on January 1, 2014, the Ohio corporate franchise tax began to be phased out and the Holding Company was no longer subject to this tax on a stand-alone basis thereafter. For the 2014 tax year the consolidated organization was subject to the newly enacted Ohio Financial Institutions tax ("FIT"). The FIT is a business privilege tax for financial institutions doing business or domiciled in the State of Ohio. The three-tier structure charges financial institutions based on total capital at the prior calendar year-end based on regulatory reporting requirements. Based on its size, the Holding Company was charged at 80 basis points of its total equity capital.

#### Delaware Taxation

As a Delaware corporation not earning income in Delaware, the Company is exempted from Delaware corporate income tax, but is required to file an annual report with and pay an annual franchise tax to the State of Delaware.

#### Available Information

Our website address is [www.CFBankonline.com](http://www.CFBankonline.com). We make available free of charge through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to these reports as soon as reasonably practicable after we electronically file such reports with the Securities Exchange Commission (SEC). These reports can be found on our website under the caption "Investor Relations – SEC Filings." Investors also can obtain copies of our filings from the SEC website at [www.sec.gov](http://www.sec.gov).

Item 1A. Risk Factors.

The following are certain risk factors that could impact our business, financial results and results of operations. Investing in our common stock involves risks, including those described below. These risk factors should be considered by prospective and current investors in our common stock when evaluating the disclosures contained in this Form 10-K and in other reports that we file with the SEC. These risk factors could cause actual results and conditions to differ materially from those projected in forward-looking statements. If any of the events described in the following risk factors actually occur, or if additional risks and uncertainties not presently known to us or that we believe are immaterial do materialize, then our business, financial condition or results of operations could be materially adversely impacted. In addition, the trading price of our common stock could decline due to any of the events described in these risk factors.

Changes in economic and political conditions could adversely affect our earnings through declines in deposits, loan demand, the ability of our customers to repay loans and the value of the collateral securing our loans.

Our success depends to a significant extent upon local and national economic and political conditions, as well as governmental fiscal and monetary policies. Conditions such as inflation, recession, unemployment, changes in interest rates, money supply and other factors beyond our control can adversely affect our asset quality, deposit levels and loan demand and, therefore, our earnings and our capital. Economic turmoil in Europe and Asia and changes in oil production in the Middle East affect the economy and stock prices in the United States, which can affect our earnings and capital and the ability of our customers to repay loans. Because we have a significant amount of real estate loans, additional decreases in real estate values could adversely affect the value of property used as collateral and our ability to sell the collateral upon foreclosure. Adverse changes in the economy may also have a negative effect on the ability of our borrowers to make timely repayments of their loans, which would have an adverse impact on our earnings and cash flows. Moreover, our market activities are concentrated in the following Ohio counties: Summit County, and contiguous counties through our office in Fairlawn, Ohio; Franklin County, and contiguous counties through our office in Worthington, Ohio; Columbiana County, and contiguous counties through our offices in Wellsville and Calcutta, Ohio; and Cuyahoga County, and contiguous counties through our loan production office in Woodmere, Ohio. Our success depends on the general economic conditions of these areas, particularly given that a significant portion of our lending relates to real estate located in these regions. Therefore, adverse changes in the economic conditions in these areas could adversely impact our earnings and cash flows.

We may not be able to maintain consistent earnings or profitability.

Although we achieved operating profits in 2015 and 2014, we had incurred net operating losses in each of the previous five years. While our operating performance has improved since August 2012, there is no assurance that we will be able to maintain profitability in future periods, or that our earnings will be consistent or increase in the future. In addition, if earnings do not grow proportionately with our assets or equity, our overall profitability may be adversely affected.

We may not be able to effectively manage our growth.

We have experienced significant growth in the amount of our total loans in the past two years. Since January 1, 2014, our total loans have grown by \$40.3 million, or 15.3%, and our total assets have grown by \$35.7 million, or 11.3%. In addition, we expanded into the Cleveland market through the opening of a loan production office in Woodmere (Eton), Ohio in January 2014. Our continued growth may place significant demands on our operations and management, and our future operating results depend to a large extent on our ability to successfully manage our growth. We may not successfully implement improvements to, or integrate, our management information and control systems, procedures and processes in an efficient or timely manner and may discover deficiencies in existing systems

and controls. In particular, our controls and procedures must be able to accommodate increases in our loan volume and our growth and expansion. If we are unable to manage our loan growth and/or expanded operations, we may experience compliance and operational problems, have to slow the pace of growth, or have to incur additional expenditures beyond current projections to support such growth, any one of which could materially and adversely affect us.

Our allowance for loan losses may not be adequate to cover actual losses. Higher loan losses could require us to increase our allowance for loan losses through a charge to earnings.

When we loan money we incur the risk that our borrowers will not repay their loans. We reserve for loan losses by establishing an allowance through a charge to earnings. The amount of this allowance is based on our assessment of probable incurred credit losses in our loan portfolio. The process for determining the amount of the allowance is critical to our financial condition and results of operations. It requires subjective and complex judgments about the future, including forecasts of economic or market conditions that might impair the ability of our borrowers to repay their loans. It also requires that we make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets



serving as collateral for the repayment of many of our loans. The allowance for loan losses may not be sufficient to cover probable losses in our loan portfolio. We might underestimate the loan losses inherent in our loan portfolio and have loan losses in excess of the amount reserved. We might increase the allowance because of changing economic conditions. For example, when real estate values decline, the potential severity of loss on a real estate-secured loan can increase significantly, especially in the case of loans with high loan-to-value ratios. The lingering nature of the decline in the national economy and the local economies of the areas in which our loans are concentrated could result in an increase in loan delinquencies, foreclosures or repossessions resulting in increased charge-off amounts and the need for additional loan loss allowances in future periods. In addition, our determination as to the amount of our allowance for loan losses is subject to review by our regulators as part of their examination process, which may result in the establishment of an additional allowance based upon the judgment of the regulators after a review of the information available at the time of their examination. The additions to our allowance for loan losses would be made through increased provisions for loan losses, which would reduce our income and could materially and adversely affect our financial condition, earnings and profitability.

We may make, or be required to make, further increases in our provision for loan losses and to charge off additional loans in the future, which could adversely affect our results of operations.

As a result of changes in balances and composition of the loan portfolio, changes in economic and market conditions that occur from time to time and other factors specific to a borrower's circumstances, the level of nonperforming assets will fluctuate. Although we have made progress in reducing our level of nonperforming assets during 2015 and 2014, and remain committed to aggressive workout efforts, our nonperforming assets could remain at higher than desired levels for the immediate future. If housing and real estate markets resume decline, we expect that we will experience increased delinquencies and credit losses. Current levels of, or an increase in our nonperforming assets, credit losses or our provision for loan losses would adversely affect our financial condition and results of operations.

Our emphasis on commercial, commercial real estate and multi-family residential real estate lending may expose us to increased lending risks.

Because payments on commercial loans are dependent on successful operation of the business enterprise, repayment of such loans may be subject to a greater extent to adverse conditions in the economy. Because payments on loans secured by commercial real estate properties are dependent on successful operation or management of the properties, repayment of commercial real estate loans may be subject to a greater extent to adverse conditions in the real estate market or the economy. Commercial real estate and multi-family residential mortgage loans also have larger loan balances to single borrowers or groups of related borrowers compared to single-family residential mortgage loans. Some of our borrowers also have more than one commercial real estate or multi-family residential mortgage loan outstanding with us. Additionally, some loans may be collateralized by junior liens. Consequently, an adverse development involving one or more loans or credit relationships can expose us to significantly greater risk of loss compared to an adverse development involving a single-family residential mortgage loan.

Our adjustable-rate loans may expose us to increased lending risks.

While adjustable-rate loans better offset the adverse effects of an increase in interest rates as compared to fixed-rate loans, the increased payments required of adjustable-rate loan borrowers upon an interest rate adjustment in a rising interest rate environment could cause an increase in delinquencies and defaults. The marketability of the underlying property also may be adversely affected in a rising interest rate environment. In addition, although adjustable-rate loans help make our asset base more responsive to changes in interest rates, the extent of this interest sensitivity is limited by the annual and lifetime interest rate adjustment limits.

We are a holding company and depend on our subsidiary bank for dividends.

As a financial holding company, the Holding Company is a legal entity separate and distinct from its subsidiaries and affiliates. The Holding Company's principal source of funds to support its operations, pay dividends on its common shares and service its debt is dividends from CFBank. In the event that CFBank is unable to pay dividends to the Holding Company, the Holding Company may not be able to service its debt, pay its other obligations or pay dividends on its common shares. Accordingly, the Holding Company's inability to receive dividends from CFBank could also have a material adverse effect on our business, financial condition and results of operations.

Various federal and state statutory provisions and regulations limit the amount of dividends that CFBank may pay to the Holding Company without regulatory approval. Under these laws and regulations, the amount of dividends that may be paid by CFBank in any calendar year is generally limited to the current year's net profits, combined with the retained net profits of the preceding two years. In addition, the FRB has issued policy statements that provide that insured banks and bank and savings holding companies should generally only pay dividends out of current operating earnings. Thus, the ability of CFBank to pay dividends in the future is currently

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influenced, and could be further influenced, by bank regulatory policies and capital guidelines and may restrict the Holding Company's ability to declare and pay dividends on its common shares. The ability of CFBank and any other subsidiaries to pay dividends to the Holding Company is also subject to their profitability, financial condition, capital expenditures and other cash flow requirements and contractual obligations. There can be no guaranty that CFBank will be able or permitted to pay dividends to the Holding Company in the future, and any such future dividends by CFBank would be based on future earnings and, if necessary, regulatory approval.

Deposit insurance premiums may increase and have a negative effect on our results of operations.

The Deposit Insurance Fund (the "DIF") maintained by the FDIC to resolve bank failures is funded by fees assessed on insured depository institutions. The costs of resolving bank failures has increased during the last few years and decreased the DIF. The FDIC collected a special assessment in 2009 to replenish the DIF and also required a prepayment of an estimated amount of future deposit insurance premiums. If the costs of future bank failures increase, the deposit insurance premiums required to be paid by CFBank may also increase. In addition, the FDIC has proposed changes to its assessment system for banks with less than \$10 billion in assets that have been insured by the FDIC for at least five years. It is unclear how a final new assessment system might impact deposit insurance premiums in the future.

Changing interest rates may decrease our earnings and asset values.

Management is unable to accurately predict future market interest rates, which are affected by many factors, including, but not limited to inflation, recession, changes in employment levels, changes in the money supply and domestic and international disorder and instability in domestic and foreign financial markets. Changes in the interest rate environment may reduce our profits. Net interest income is a significant component of our net income, and consists of the difference, or spread, between interest income generated on interest-earning assets and interest expense incurred on interest-bearing liabilities. Net interest spreads are affected by the difference between the maturities and repricing characteristics of interest-earning assets and interest-bearing liabilities. Although certain interest-earning assets and interest-bearing liabilities may have similar maturities or periods to which they reprice, they may react in different degrees to changes in market interest rates. In addition, residential mortgage loan origination volumes and refinancing are affected by market interest rates on loans. Rising interest rates generally are associated with a lower volume of loan originations and refinancings, while falling interest rates are usually associated with higher loan originations and refinancings. Our ability to generate gains on sales of mortgage loans is significantly dependent on the level of originations. Cash flows are affected by changes in market interest rates. Generally, in rising interest rate environments, loan prepayment rates are likely to decline, and in falling interest rate environments, loan prepayment rates are likely to increase. A majority of our commercial, commercial real estate and multi-family residential real estate loans are adjustable rate loans and an increase in the general level of interest rates may adversely affect the ability of some borrowers to pay the interest on and principal of their obligations, especially borrowers with loans that have adjustable rates of interest. Changes in interest rates, prepayment speeds and other factors may also cause the value of our loans held for sale to change. Accordingly, changes in levels of market interest rates could materially and adversely affect our net interest spread, loan volume, asset quality, value of loans held for sale and cash flows, as well as the market value of our securities portfolio and overall profitability.

Legislative or regulatory changes or actions could adversely impact our business.

The financial services industry is extensively regulated. We are subject to extensive state and federal regulation, supervision and legislation that govern almost all aspects of our operations. These laws and regulations are primarily intended for the protection of consumers, depositors, borrowers and the deposit insurance fund, not to benefit our shareholders. Changes to laws and regulations or other actions by regulatory agencies may negatively impact us, possibly limiting the services we provide, increasing the ability of non-banks to compete with us or requiring us to

change the way we operate. Regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the ability to impose restrictions on the operation of an institution and the ability to determine the adequacy of an institution's allowance for loan losses. Failure to comply with applicable laws, regulations and policies could result in sanctions being imposed by the regulatory agencies, including the imposition of civil money penalties, which could have a material adverse effect on our operations and financial condition.

In light of current conditions in the global financial markets and the global economy, regulators have increased their focus on the regulation of the financial services industry. In the last several years, Congress and the federal bank regulators have acted on an unprecedented scale in responding to the stresses experienced in the global financial markets. Some of the laws enacted by Congress and regulations promulgated by federal bank regulators subject us and other financial institutions to additional restrictions, oversight and costs that may have an adverse impact on our business and results of operations. In addition to laws, regulations and supervisory and enforcement actions directed at the operations of banks, proposals to reform the housing finance market contemplate winding down Fannie Mae and Freddie Mac, which could negatively affect our sales of loans.

The Dodd-Frank Act was signed into law on July 21, 2010 and, although it became generally effective in July 2010, many of its provisions have extended implementation periods and delayed effective dates and have and will continue to require extensive rulemaking by regulatory authorities. In addition, we may be subjected to higher deposit insurance premiums to the FDIC. We may also be subject to additional regulations under the newly established Consumer Financial Protection Bureau, which was given broad authority to implement new consumer protection regulations. These and other provisions of the Dodd-Frank Act, including future rules implementing its provisions and the interpretation of those rules, may place significant additional costs on us, impede our growth opportunities and place us at a competitive disadvantage. In addition, we cannot predict whether there will be additional new laws or regulations that might affect the Company and result in material adverse effects on our financial condition and results of operations.

In July 2013, the Holding Company's primary federal regulator, the FRB, published final rules (the "Basel III Capital Rules") establishing a new comprehensive capital framework for U.S. banking organizations. The rules implement the Basel Committee's December 2010 framework known as "Basel III" for strengthening international capital standards as well as certain provisions of the Dodd-Frank Act. The implementation of the Basel III Capital Rules result in higher capital requirements and more restrictive leverage and liquidity ratios than those previously in place. In addition, in order to avoid limitations on capital distributions, such as dividend payments and certain bonus payments to executive officers, the Basel III Capital Rules require insured financial institutions to hold a capital conservation buffer of common equity tier 1 capital above the minimum risk-based capital requirements. The capital conservation buffer will be phased in over time, becoming effective on January 1, 2019, and will consist of an additional amount of common equity equal to 2.5% of risk-weighted assets. The Basel III Capital Rules will also revise the regulatory agencies' prompt corrective action framework by incorporating the new regulatory capital minimums and updating the definition of common equity. The Basel III Capital Rules became effective for the Company on January 1, 2015, and will be fully phased in by January 1, 2019. Although the implementation of Basel III, once fully phased in, is not expected to have a material impact on our capital ratios, any future changes to capital requirements could have such an effect.

In December 2013, five federal agencies adopted a final regulation implementing the Volcker Rule provision of the Dodd-Frank Act (the "Volcker Rule"). The Volcker Rule places limits on the trading activity of insured depository institutions and entities affiliated with a depository institution, subject to certain exceptions. The trading activity includes a purchase or sale as principal of a security, derivative, commodity future or option on any such instrument in order to benefit from short-term price movements or to realize short-term profits. The Volcker Rule exempts specified U.S. Government, agency and/or municipal obligations, and it accepts trading conducted in certain capacities, including as a broker or other agent, through a deferred compensation or pension plan, as a fiduciary on behalf of customers, to satisfy a debt previously contracted, repurchase and securities lending agreements and risk-mitigating hedging activities. The Volcker Rule also prohibits a banking entity from having an ownership interest in, or certain relationships with, a hedge fund or private equity fund, with a number of exceptions.

We face strong competition from other financial institutions, financial services companies and other organizations offering services similar to those offered by us, which could result in our not being able to sustain or grow our loan and deposit businesses.

We conduct our business operations primarily in Summit, Columbiana, Franklin and Cuyahoga Counties, Ohio, and make loans generally throughout Ohio. Increased competition within these markets may result in reduced loan originations and deposits. Ultimately, we may not be able to compete successfully against current and future competitors. Many competitors offer the types of loans and banking services that we offer. These competitors include other savings associations, community banks, regional banks and money center banks. We also face competition from many other types of financial institutions, including finance companies, brokerage firms, insurance companies, credit unions, mortgage banks and other financial intermediaries. Our competitors with greater resources

may have a marketplace advantage enabling them to maintain numerous banking locations and mount extensive promotional and advertising campaigns.

Additionally, financial intermediaries not subject to bank regulatory restrictions and banks and other financial institutions with larger capitalization have larger lending limits and are thereby able to serve the credit needs of larger clients. These institutions, particularly to the extent they are more diversified than we are, may be able to offer the same loan products and services that we offer at more competitive rates and prices. If we are unable to attract and retain banking clients, we may be unable to sustain current loan and deposit levels or increase our loan and deposit levels, and our business, financial condition and future prospects may be negatively affected.

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Provisions in the Holding Company's Amended and Restated Certificate of Incorporation and statutory provisions could discourage a hostile acquisition of control.

The Holding Company's Amended and Restated Certificate of Incorporation contains certain provisions that could discourage non-negotiated takeover attempts that certain stockholders might deem to be in their interests or through which stockholders might otherwise receive a premium for their shares over the then current market price and that may tend to perpetuate existing management. These provisions include: the classification of the terms of the members of the board of directors; supermajority provisions for the approval of certain business combinations; elimination of cumulative voting by stockholders in the election of directors; certain provisions relating to meetings of stockholders; and provisions allowing the board of directors to consider nonmonetary factors in evaluating a business combination or a tender or exchange offer. The provisions in the Amended and Restated Certificate of Incorporation requiring a supermajority vote for the approval of certain business combinations and containing restrictions on acquisitions of the Company's equity securities provide that the supermajority voting requirements or acquisition restrictions do not apply to business combinations or acquisitions meeting specified board of directors' approval requirements. The Amended and Restated Certificate of Incorporation also authorizes the issuance of 1,000,000 shares of preferred stock, as well as 50,000,000 shares of common stock. These shares could be issued without further stockholder approval on terms or in circumstances that could deter a future takeover attempt.

The Amended and Restated Certificate of Incorporation restricts the ability of an acquirer to vote more than 10% of our outstanding common stock. Federal banking laws contain various restrictions on acquisitions of control of savings associations and their holding companies.

The Amended and Restated Certificate of Incorporation, as well as certain provisions of state and federal law, may have the effect of discouraging or preventing a future takeover attempt in which stockholders of the Company otherwise might receive a substantial premium for their shares over then current market prices.

We may elect or need to raise additional capital in the future, but capital may not be available when it is needed.

We are required by federal regulatory authorities to maintain adequate levels of capital to support our operations. In addition, federal banking agencies have recently finalized extensive changes to their capital requirements, including the adoption of the Basel III Capital Rules as discussed above, which result in higher capital requirements and more restrictive leverage and liquidity ratios than those previously in place. The final impact on us is unknown at this time, but may require us to raise additional capital in the future. Our ability to raise additional capital, if needed, will depend on conditions in the capital markets, economic conditions and a number of other factors, many of which are outside our control, and are based on our financial performance. Accordingly, we cannot be assured of our ability to raise additional capital if needed or on terms acceptable to us. If we cannot raise additional capital when needed, it may have a material adverse effect on our financial condition, results of operations and prospects.

We rely heavily on our management team, and the unexpected loss of key management may adversely affect our operations.

Our current management team was put in place following the completion of the Company's common stock offering in August 2012. Our performance since August 2012 has been strongly influenced by our ability to attract and to retain senior management experienced in banking in the markets we serve. Our ability to retain executive officers and the current management team will continue to be important to successful implementation of our strategies. The unexpected loss of services of any key management personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business and financial results.

Changes in tax laws could adversely affect our performance.

We are subject to extensive federal, state and local taxes, including income, excise, sales/use, payroll, franchise, financial institutions tax, withholding and ad valorem taxes. Changes to our taxes could have a material adverse effect on our results of operations. In addition, our customers are subject to a wide variety of federal, state and local taxes. Changes in taxes paid by our customers may adversely affect their ability to purchase homes or consumer products, which could adversely affect their demand for our loans and deposit products. In addition, such negative effects on our customers could result in defaults on the loans we have made and decrease the value of mortgage-backed securities in which we have invested.

We need to constantly update our technology in order to compete and meet customer demands.

The financial services market, including banking services, is undergoing rapid changes with frequent introductions of new technology-driven products and services. In addition to better serving customers, the effective use of technology increases efficiency and may enable us to reduce costs. Our future success will depend, in part, on our ability to use current technology to provide products and



services that provide convenience to customers and to create additional efficiencies in our operations. Some of our competitors have substantially greater resources to invest in technological improvements. We may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to our customers.

We are exposed to cyber-security risks, including hacking and identity theft.

We rely heavily on communications and information systems to conduct our business. A failure, interruption or breach in security of these systems could result in disruptions to our accounting, deposit, loan and other systems, and could adversely affect our customer relationships. While we have implemented policies and procedures designed to prevent or limit the effect of these possible events, there can be no assurance that any such failure, interruption or security breach will not occur or, if any does occur, that it can be sufficiently remediated.

There have been increasing efforts on the part of third parties, including through cyber attacks, to breach data security at financial institutions or with respect to financial transactions. There have been several recent instances involving financial services and consumer-based companies reporting the unauthorized disclosure of client or customer information or the destruction or theft of corporate data, by both private individuals and foreign governments. In addition, because the techniques used to cause such security breaches change frequently, often are not recognized until launched against a target and may originate from less regulated and remote areas around the world, we may be unable to proactively address these techniques or to implement adequate preventative measures.

Cyber threats are rapidly evolving and we may not be able to anticipate or prevent all such attacks. We may incur increasing costs in an effort to minimize these risks or in the investigation of such cyber-attacks or related to the protection of our customers from identity theft as a result of such attacks. Nevertheless, the occurrence of any failure, interruption or security breach of our systems, or of our third-party service providers, particularly if widespread or resulting in financial losses to customers, could also seriously damage our reputation, result in a loss of customer business, subject it to additional regulatory scrutiny, or expose it to civil litigation and financial liability.

We may be the subject of litigation which could result in legal liability and damage to our business and reputation.

From time to time, we may be subject to claims or legal action from customers, employees or others. Financial institutions like the Company and CFBank are facing a growing number of significant class actions, including those based on the manner of calculation of interest on loans and the assessment of overdraft fees. Future litigation could include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. We are also involved from time to time in other reviews, investigations and proceedings (both formal and informal) by governmental and other agencies regarding our business. These matters also could result in adverse judgments, settlements, fines, penalties, injunctions or other relief. Like other large financial institutions, we are also subject to risk from potential employee misconduct, including non-compliance with policies and improper use or disclosure of confidential information. Substantial legal liability or significant regulatory action against us could materially adversely affect our business, financial condition or results of operations and/or cause significant reputational harm to our business.

Although publicly traded, our Common Stock has substantially less liquidity than the average liquidity of stocks listed on NASDAQ.

Although our common stock is listed for trading on NASDAQ, our common stock has substantially less liquidity than the average liquidity for companies listed on NASDAQ. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of our common stock at any given time. This marketplace depends on the individual decisions of investors and general

economic and market conditions over which we have no control. This limited market may affect your ability to sell your shares on short notice, and the sale of a large number of shares at one time could temporarily depress the market price of our common stock. For these reasons, our common stock should not be viewed as a short-term investment.

The market price of our common stock may fluctuate in the future, and this volatility may be unrelated to our performance. General market price declines or overall market swings in the future could adversely affect the price of our common stock, and the current market price may not be indicative of future market prices.

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If we fail to continue to meet all applicable continued listing requirements of the NASDAQ Capital Market and NASDAQ determines to delist our Common Stock, the market liquidity and market price of our Common Stock could decline, and our ability to access the capital markets could be negatively affected.

Our common stock is listed on the NASDAQ Capital Market. To maintain that listing, we must satisfy minimum financial and other continued listing requirements, primarily related to the price of our common stock. Delisting from the NASDAQ Capital Market could adversely affect the market liquidity of our Common Stock and the market price of our common stock could decrease. In addition, delisting of our common stock could materially adversely affect our access to the capital markets. Any limitation on market liquidity or reduction in the price of our common stock as a result of delisting could adversely affect our ability to raise capital on terms acceptable to us, or at all.

We have implemented anti-takeover devices that could make it more difficult for another company to purchase us, even though such a purchase may increase shareholder value.

In many cases, stockholders may receive a premium for their shares if we were purchased by another company. State law and our Certificate of Incorporation and Second Amended and Restated Bylaws make it difficult for anyone to purchase us without the approval of our Board of Directors. Consequently, a takeover attempt may prove difficult, and shareholders may not realize the highest possible price for their shares of stock of the Company.

Item 1B. Unresolved Staff Comments

Not Applicable

Item 2. Properties.

We conduct our business through four branch offices located in Summit, Columbiana, and Franklin Counties, Ohio, and a loan production office in Cuyahoga County, Ohio. The net book value of the Company's properties totaled \$3.2 million at December 31, 2015. During 2014, CFBank entered into new lease agreements for an office location in Fairlawn, Ohio and in Woodmere, Ohio in Cuyahoga County for the location of a loan production office. See Note 8 to the Consolidated Financial Statements included in our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K, for further discussion.

Locations

Administrative Office (owned facility):

7000 N. High Street

Worthington, Ohio 43085

Branch Offices:

Worthington Branch (owned facility)

7000 N. High Street

Worthington, Ohio 43085

Fairlawn Branch (leased facility)

3009 Smith Road, Suite 100

Fairlawn, Ohio 44333

Wellsville Branch (owned facility)

601 Main Street

Wellsville, Ohio 43968

Calcutta Branch (owned facility)

49028 Foulks Drive

Calcutta, Ohio 43920

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Loan Production Office (leased facility):

28879 Chagrin Blvd.

Woodmere, Ohio 44122

Item 3. Legal Proceedings.

We may, from time to time, be involved in various legal proceedings in the normal course of business. Periodically, there have been various claims and lawsuits involving CFBank, such as claims to enforce liens, condemnation proceedings on properties in which CFBank holds security interests, claims involving the making and servicing of real property loans and other issues incident to our banking business. We are not a party to any pending legal proceeding that management believes would have a material adverse effect on our financial condition or operations, if decided adversely to us.

Item 4. Mine Safety Disclosures.

Not Applicable

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

During the fiscal quarter ended December 31, 2015, the Company did not repurchase any of its securities.

The market information required by Item 201(a), the stockholders information required by Item 201(b) and the dividend information required by Item 201(c) of Regulation S-K are incorporated herein by reference from our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K; the information appears under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations—Market Prices and Dividends Declared.

Item 6. Selected Financial Data.

Information required by Item 301 of Regulation S-K is incorporated herein by reference from our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K; the information appears under the caption "Selected Financial and Other Data" therein.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation.

Information required by Item 303 of Regulation S-K is incorporated herein by reference from our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this form 10-K; the information appears under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations” therein.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Information required by Item 305 of Regulation S-K is incorporated herein by reference from our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K; the information appears under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risks” therein.

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Item 8. Financial Statements and Supplementary Data.

The consolidated financial statements required by Article 8 of Regulation S-X are incorporated by reference to our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K; the consolidated financial statements appear under the caption “Financial Statements” therein and include the following:

Management’s Report on Internal Control over Financial Reporting

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets

Consolidated Statements of Operations

Consolidated Statements of Comprehensive Income

Consolidated Statements of Changes in Stockholders’ Equity

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None

Item 9A. Controls and Procedures.

Evaluation of disclosure controls and procedures. Management is responsible for establishing and maintaining effective disclosure controls and procedures, as defined under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. Management’s assessment of the effectiveness of internal control over financial reporting is expressed at the level of reasonable assurance because a control system, no matter how well designed and operated, can provide only reasonable, but not absolute, assurance that the control system’s objectives will be met. As of December 31, 2015, an evaluation was performed under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, management concluded that our internal controls over financial reporting as of December 31, 2015 were effective.

Management’s Report on Internal Control Over Financial Reporting. Information required by Item 308 of Regulation S-K is incorporated herein by reference from our 2015 Annual Report to Stockholders, included as Exhibit 13.1 to this Form 10-K; the information appears under the caption “Management’s Report on Internal Control over Financial



Reporting” therein.

Changes in internal control over financial reporting. We made no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) in the fourth quarter of 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Directors. Information required by Item 401 of Regulation S-K with respect to our directors is incorporated herein by reference from our definitive Proxy Statement for our 2015 Annual Meeting of Stockholders to be filed with the Commission pursuant to SEC Regulation 14A (the “2016 Proxy Statement”), under the caption “PROPOSAL 1. ELECTION OF DIRECTORS.”

Executive Officers of the Registrant. Provided below is information regarding our executive officers:

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Name	Age at December 31, 2015	Position held with the Holding Company and/or Subsidiaries
Robert E. Hoeweler	68	Chairman of the Holding Company and CFBank
Timothy T. O’Dell	62	President and Chief Executive Officer of the Holding Company and CFBank;
John W. Helmsdoerfer	57	Chief Financial Officer of the Holding Company and CFBank; Treasurer of the Holding Company

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Mr. Hoeweler is the Chairman of the Board of CFBank and the Holding Company. Mr. Hoeweler is the Chief Executive Officer of a diverse group of companies owned by the Hoeweler family, including manufacturing, communications, distribution, business services and venture capital entities. He serves on the boards of a major waste management company and large commercial bakery. He previously has been the Chairman of two family led businesses in financial services, a midsized community bank and a major payment processing services company.

Mr. O'Dell is the President and CEO and Director of CFBank and the Holding Company. Prior to joining CFBank in 2012, Mr. O'Dell owned and operated a consulting company specializing in providing advisory services to a number of privately held enterprises in construction, health care, real estate and professional services. Mr. O'Dell spent 22 years at Fifth Third Bank, and was a senior executive with Fifth Third's Central Ohio operations for 12 of those years, concluding his tenure serving as President and Chief Executive Officer. At Fifth Third's Central Ohio Affiliate, Mr. O'Dell also served as Executive Vice President and senior lender and managed its commercial banking and residential, commercial real estate divisions. Previously he managed the Asset Based Lending Division for Fifth Third Bank engaged in financing growth companies and acquisition financing. During his tenure, Fifth Third's Central Ohio division grew by \$4 billion in deposits and \$5 billion in loans from organic growth and through strategic acquisitions. Mr. O'Dell served on the board of the Columbus Chamber of Commerce and The Ohio State University Medical Center, and he was a founding investor in the Ohio TechAngel Venture Fund. Mr. O'Dell holds a B.B.A. from Marshall University.

Mr. Helmsdoerfer has been the CFO of the Holding Company and CFBank since March 2013. As a CPA with over 30 years of financial experience, which includes Big Four public accounting and 24 years as a CFO, he has a diverse finance and operations background in addition to his financial services background. Prior to joining CFBank, Mr. Helmsdoerfer spent 18 years with Fifth Third Bank where he held positions as both a CFO and Regional CFO for the Central Ohio affiliate and region. He also served as CFO for Nationwide Bank and Wilmington Savings Bank during his career. Mr. Helmsdoerfer holds a B.S.B.A degree from Miami University where he graduated cum laude.

Compliance with Section 16(a) of the Exchange Act. Information required by Item 405 of Regulation S-K is incorporated herein by reference from our 2016 Proxy Statement, under the caption "BENEFICIAL OWNERSHIP OF COMPANY COMMON STOCK – SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE." Copies of Section 16 reports, Forms 3, 4 and 5 are available on our website, [www.CFBankonline.com](http://www.CFBankonline.com), under the tab "Investor Relations – Section 16 Filings."

Code of Ethics. We have adopted a Code of Ethics and Business Conduct, which applies to all employees, including our principal executive officer, principal financial officer and principal accounting officer. Since the Company's inception in 1998, we have had a code of ethics. We require all directors, officers and other employees to adhere to the Code of Ethics and Business Conduct in addressing the legal and ethical issues encountered in conducting their work. The Code of Ethics and Business Conduct requires that our employees avoid conflicts of interest, comply with all laws and other legal requirements, conduct business in an honest and ethical manner and otherwise act with integrity and in the Company's best interest. All employees are required to review the Code of Ethics and Business Conduct. The Code of Ethics and Business Conduct is available on our website, [www.CFBankonline.com](http://www.CFBankonline.com) under the tab "Investor Relations – Corporate Governance." Disclosures of amendments to or waivers with regard to the provisions of the Code of Ethics and Business Conduct also will be posted on the Company's website.

Corporate Governance. Information required by Items 407(c)(3), (d)(4) and (d)(5) of Regulation S-K is incorporated herein by reference from our 2016 Proxy Statement, under the caption "CORPORATE GOVERNANCE."



Item 11. Executive Compensation.

Information required by Item 402 of Regulation S-K is incorporated herein by reference from our 2016 Proxy Statement, under the caption “COMPENSATION OF EXECUTIVE OFFICERS.”

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Security Ownership of Certain Beneficial Owners and Management. Information required by Item 403 of Regulation S-K is incorporated herein by reference from our 2016 Proxy Statement under the caption “BENEFICIAL OWNERSHIP OF COMPANY COMMON STOCK.”

Related Stockholder Matters – Equity Compensation Plan Information. Information required by Item 201(d) of Regulation S-K is incorporated herein by reference from our 2016 Proxy Statement, under the caption “COMPENSATION OF EXECUTIVE OFFICERS-EQUITY COMPENSATION PLAN INFORMATION,” and from our 2015 Annual Report to Stockholders distributed to stockholders and furnished to the Commission under Rule 14a-3(b) and (c) of the Exchange Act, where the information appears under the caption “Note 16 – Stock-Based Compensation” therein.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information required by Items 404 and 407(a) of Regulation S-K is incorporated herein by reference from our 2016 Proxy Statement, under the caption “CORPORATE GOVERNANCE-CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS” AND “CORPORATE GOVERNANCE-DIRECTOR INDEPENDENCE.”

Item 14. Principal Accounting Fees and Services.

Information required by this Item 14 is incorporated by reference from our 2016 Proxy Statement, under the caption “AUDIT COMMITTEE MATTERS.”

PART IV

Item 15. Exhibits and Financial Statement Schedules

See the Exhibit Index of this Report Form 10-K.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorize

CENTRAL FEDERAL CORPORATION

/s/ Timothy T. O'Dell  
Timothy T. O'Dell  
President and Chief Executive Officer  
Date: March 23, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Robert E. Hoeweler Robert E. Hoeweler	Chairman	March 23, 2016
/s/ Timothy T. O'Dell Timothy T. O'Dell	Director, President and Chief Executive Officer	March 23, 2016

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/s/ Thomas P. Ash                      Director    March 23, 2016  
Thomas P. Ash

/s/ James H. Fraunberg II      Director    March 23, 2016  
James H. Fraunberg II

/s/ Edward W. Cochran              Director    March 23, 2016  
Edward W. Cochran

/s/ Robert H. Milbourne              Director    March 23, 2016  
Robert H. Milbourne



EXHIBIT INDEX

Exhibit No. Description of Exhibit

- 3.1 Certificate of Incorporation of the registrant (incorporated by reference to Exhibit 3.1 to the registrant's Registration Statement on Form SB-2 (File No. 333-64089), filed with the Commission on September 23, 1998)
- 3.2 Amendment to Certificate of Incorporation of the registrant (incorporated by reference to Exhibit 3.2 to the registrant's Registration Statement on Form S-2 (File No. 333-129315), filed with the Commission on October 28, 2005)
- 3.3 Amendment to Certificate of Incorporation of the registrant (incorporated by reference to Exhibit 3.4 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, filed with the commission on August 14, 2009 (File No. 0-25045))
- 3.4 Amendment to Certificate of Incorporation of the registrant (incorporated by reference to Exhibit 3.5 to the registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2011, filed with the Commission on November 10, 2011(File No. 0-25045))
- 3.5 Amendment to Certificate of Incorporation of the registrant (incorporated by reference to Exhibit 3.5 to the registrant's Post-Effective Amendment to the Registration Statement on Form S-1 (File No. 333-177434), filed with the Commission on May 4, 2012)
- 3.6 Certificate of Designations to Certificate of Incorporation of the registrant (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K dated May 7, 2014 and filed with the Commission on May 13, 2014. (File No. 0-25045))
- 3.7 Second Amended and Restated Bylaws of the registrant (incorporated by reference to Exhibit 3.3 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, filed with the Commission on March 27, 2008 (File No. 0-25045))
- 4.1 Form of Stock Certificate of Central Federal Corporation (incorporated by reference to Exhibit 4.0 to the registrant's Registration Statement on Form SB-2 (File No. 333-64089), filed with the Commission on September 23, 1998)
- 4.2 Form of Certificate for the Series B Preferred Stock of Central Federal Corporation (incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K dated May 7, 2014 and filed with the Commission on May 13, 2014 (File No. 0-25045))
- 4.3 Form of Warrant for the purchase of common stock of Central Federal Corporation (incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K dated May 7, 2014 and filed with the Commission on May 13, 2014 (File No. 0-25045))
- 4.4 Form of Registration Rights Agreement (incorporated by reference to Exhibit 4.3 to the registrant's Current Report on Form 8-K dated May 7, 2014 and filed with the Commission on May 13, 2014 (File No. 0-25045))
- 10.1\* 1999 Stock-Based Incentive Plan (as Amended and Restated) (incorporated by reference to Appendix A to the registrant's Definitive Proxy Statement filed with the Commission on March 21, 2000)
- 10.2\* Central Federal Corporation 2009 Equity Compensation Plan (incorporated by reference to Appendix A to the registrant's Definitive Proxy Statement filed with the Commission on March 31, 2009)
- 10.3\* Form of Incentive Stock Options Award Agreement under the Central Federal Corporation 2009 Equity Compensation Plan (incorporated by reference to Exhibit 10.3 to the registrant's Annual Report on Form 10-K

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- for the fiscal year ended December 31, 2012, filed with the Commission on April 1, 2013 (File No. 0-25045)
- 10.4\* Form of Non-Qualified Stock Option Award Agreement under the Central Federal Corporation 2009 Equity Compensation Plan (incorporated by reference to Exhibit 10.4 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, filed with the Commission on April 1, 2013 (File No. 0-25045))
- 10.5\* Form of Employee Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.3 to the registrant's Current Report on Form 8-K filed with the Commission on November 3, 2015 (File No. 0-25045))
- 10.6\* Form of Director Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.4 to the registrant's Current Report on Form 8-K filed with the Commission on November 3, 2015 (File No. 0-25045))
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- 11.1 Statement Re: Computation of Per Share Earnings
  - 13.1 Annual Report to Security Holders for the Fiscal Year Ended December 31, 2015
  - 21.1 Subsidiaries of the Registrant
  - 23.1 Consent of Independent Registered Public Accounting Firm
  - 31.1 Rule 13a-14(a) Certifications of the Chief Executive Officer
  - 31.2 Rule 13a-14(a) Certifications of the Chief Financial Officer
  - 32.1 Section 1350 Certifications of the Chief Executive Officer and Chief Financial Officer
  - 101.1 Interactive Data File (XBRL)
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\*Management contract or compensation plan or arrangement identified pursuant to Item 15 of Form 10-K

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