



PUBLIC DISCLOSURE

April 24, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CFBank
Charter Number 701260

2923 Smith Road
Fairlawn, OH 44333

Office of the Comptroller of the Currency
Cleveland Field Office
200 Public Square, Suite 1610
Cleveland, OH 44114-2301

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The major factors supporting the institution's rating include:

- The loan-to-deposit (LTD) ratio is reasonable given its size, financial condition, and the credit needs of the community.
- The bank's distribution of loans represents a reasonable penetration among individuals of different incomes.
- The bank's overall geographic distribution of loans reflects reasonable dispersion throughout its assessment areas (AAs).
- The bank made a majority of loans outside its AA and does not meet the standard for satisfactory performance.

SCOPE OF EXAMINATION

We evaluated CFBank's (CF or bank) performance in relation to the Community Reinvestment Act (CRA) using full-scope CRA small bank procedures. We assessed the bank's record of meeting the credit needs of its AAs through its lending activities. The evaluation period for this evaluation was November 19, 2008, through December 31, 2013. The review period on lending performance is January 1, 2012, through December 31, 2013. CF is subject to the reporting requirements of the Home Mortgage Disclosure Act (HMDA). Residential loans are its primary lending product. Therefore, our analysis of lending performance included all residential loans originated within the bank's AAs. CF has three AAs for review during this performance evaluation. See the ***Description of Assessment Areas*** section of this performance evaluation for additional information.

We utilized other supporting information while evaluating the bank's CRA performance. The information includes 2010 United States (U.S.) Census Data, bank records, deposit market share data, and information from governmental websites regarding the characteristics and economy of the bank's AAs. CF is part of a national peer group of thrift institutions with total assets between \$250 million and \$500 million. This peer group is used in assessing the adequacy of its LTD ratio performance in relation to similarly situated financial institutions. We also considered information derived from members of the community through community contacts with local organizations.

DESCRIPTION OF INSTITUTION

CF is a federally chartered, stock institution headquartered in Fairlawn, Ohio. The bank operates four retail offices in northeast and eastern central Ohio. Two of the bank's offices are located in Columbiana County, in the cities of Calcutta and Wellsville. These are the only full-service facilities with drive-up service and automated teller machines.

The main office is located in Summit County. The fourth office is located in Franklin County, in the city of Worthington. No offices have been opened or closed during the evaluation period. Central Federal Corporation is a one-bank holding company under which CF operates.

CF is a traditional savings association with a loan portfolio consisting of residential mortgage loans secured by one- to four-family dwellings, nonresidential mortgages, commercial, and consumer loans. Table 1 below shows a summary of the bank's loan portfolio as of December 31, 2013.

Table 1 - Total Loan Portfolio Summary by Loan Product			
Loan Category	Amount (\$000's)	Percentage of Total Loans	Percentage of Total Assets
Residential Mortgage	\$105,811	49.0%	41.3%
Nonresidential Mortgage	\$74,111	34.3%	29.5%
Commercial Nonmortgage	\$35,595	16.5%	14.2%
Consumer	\$392	0.2%	0.2%
Total	\$215,909	100.0%	85.2%

Source: December 31, 2013 Uniform Bank Performance Report

The bank offers a full range of deposit products and services including checking, savings, and certificates of deposits for individuals and businesses. Additional services include night deposit, online and telephone banking, wire transfers, cash management, lockbox and courier services, and remote deposit capture. The bank's strategic focus is to adopt a business banking model serving commercial customers within its AAs. However, residential mortgage lending remained the primary product during the evaluation period.

CF's assets have declined from \$279 million to \$252 million since the previous CRA performance evaluation. The loan portfolio also decreased from \$233 million to \$216 million during that time. CF was operating under an Order to Cease and Desist that included lending restrictions during a portion of the review period, which affected the bank's ability to meet the credit needs of the AAs. The bank received a Satisfactory rating in its last CRA Performance Evaluation, dated November 19, 2008.

DESCRIPTION OF ASSESSMENT AREAS

Summit Assessment Area

The bank's primary AA consists of Summit County, a part of the Akron, Ohio Metropolitan Statistical Area (MSA). The AA has 23 low-income census tracts (CTs) and 32 moderate-income CTs. Akron is located in Northeast Ohio and is the principal city in the area. The AA meets the requirements of the regulation. No changes have occurred in the AA since the previous performance evaluation. The following table highlights demographic information of the AA.

Table 2 - Demographic Information for the Summit AA					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (CTs)	135	17.0	23.7	31.9	27.4
Population by Geography	541,781	10.7	22.1	33.3	33.9
Owner-Occupied Housing by Geography	244,314	5.9	20.4	36.1	37.6
Businesses by Geography	47,197	8.9	17.3	30.6	43.2
Farms by Geography	1,027	2.9	13.1	38.1	45.9
Family Distribution by Income Level	142,556	21.3	17.7	21.9	39.1
Distribution of Low- and Moderate-Income Families throughout AA Geographies	55,269	17.8	32.7	32.4	17.1
Median Family Income (MFI) HUD Adjusted Median Family Income for 2013 Households Below the Poverty Level	= \$66,407 = \$64,400 = 13.5%			Median Housing Value = \$143,155 Annual Average Unemployment Rate for 2013: Summit County = 7.2% State of Ohio = 7.4%	

Source: 2010 U.S. Census, 2013 HUD with updated MFI, and 2013 U.S. Bureau of Labor Statistics

Competition within the AA is strong. There are 22 insured deposit institutions with a total of 169 offices. CF has approximately 1 percent share of the deposit market according to June 30, 2013 Federal Deposit Insurance Corporation (FDIC) deposit data. Based on a 2013 Business Demographic Summary for Summit County, the composition of businesses in this AA primarily support the service; retail trade; finance, insurance, and real estate, and construction industries. Major employers include Summa Health System, Akron General Health System, and Goodyear Tire and Rubber Company.

The local economy in this AA somewhat deteriorated during the evaluation period. Unemployment levels were elevated during the evaluation period but lower than State of Ohio levels. The average unemployment rate for the AA peaked at 9.9 percent in 2010. In 2013, the unemployment rate was 7.2 percent and comparable to the State of Ohio average of 7.4 percent.

In assessing the bank’s performance, we used OCC and bank information to identify the needs of the community. We also contacted an official from a local affordable housing agency who indicated there is a need for affordable mortgage programs for individuals with low credit bureau scores. The official also indicated that they need financial support to provide affordable housing to low- and moderate-income individuals and related workshops on home ownership.

Columbiana Assessment Area

The AA consists of Columbiana County and is not part of an MSA. This AA has no low-income CTs and seven moderate-income CTs. Principal cities include Columbiana,

East Liverpool, East Palestine, and Salem. The AA meets the requirements of the regulation. No changes have occurred in the AA since the previous evaluation. The following table highlights demographic information of the AA.

Table 3 - Demographic Information for the Columbiana AA					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (CTs)	24	0.0	29.2	66.7	4.1
Population by Geography	107,841	0.0	21.8	73.1	5.1
Owner-Occupied Housing by Geography	47,184	0.0	20.8	73.6	5.6
Businesses by Geography	7,334	0.0	17.2	76.2	6.6
Farms by Geography	545	0.0	17.1	79.1	3.8
Family Distribution by Income Level	29,413	21.7	20.5	20.9	36.9
Distribution of Low- and Moderate-Income Families throughout AA Geographies	12,420	0.0	29.1	67.4	3.4
Median Family Income (MFI) HUD Adjusted Median Family Income for 2013 Households Below the Poverty Level	= \$49,235 = \$53,000 = 15.2%			Median Housing Value = \$98,513 Annual Average Unemployment Rate for 2013: Columbiana County = 8.1% State of Ohio = 7.4%	

Source: 2010 U.S. Census, 2013 HUD with updated MFI, and 2013 U.S. Bureau of Labor Statistics

Competition within this AA is strong. There are 11 insured deposit institutions with a total of 44 offices. CF has approximately 5 percent of the deposit market share according to June 30, 2013, FDIC deposit data. Based on a 2013 Business Demographic Summary for Columbiana County, the composition of businesses in this AA includes service; retail trade; agriculture, forestry, and fishing; finance, insurance, and real estate; and transportation and communication industries. Major employers include American Standard Incorporated, Columbiana County, and Salem Community Hospital.

The oil and gas drilling industry has had a significant impact on the local economy of this AA, including an increase in rental rates. This has resulted in less access to housing for low- and moderate-income individuals. Factory closings and relocations contributed to the rise in unemployment during the evaluation period. Unemployment levels were elevated during the evaluation period and generally exceeded the State of Ohio levels. The average unemployment rate peaked at 12.4 percent in 2010. In 2013, unemployment was 8.1 percent and higher than the State of Ohio average unemployment rate of 7.4 percent.

We also contacted an official from a local affordable housing agency in this AA who indicated there is a need to provide affordable housing and financial support for low-

and moderate-income individuals to offset the increase in rental rates as a result of increased demand from the oil and gas industry. The official also indicated there is a need for training in financial counseling.

Franklin Assessment Area

The bank’s third AA consists of Franklin County, which is part of the Columbus, Ohio MSA. In 2010, the U.S. Census Bureau renumbered and re-designated some of the CTs. As a result, the bank’s AA now consists of 284 CTs compared to the 264 CTs noted in the previous performance evaluation. This AA has 63 low-income CTs and 77 moderate-income CTs. Franklin County is located in Central Ohio. Its primary city is Columbus, which serves as the state capital. The AA meets the requirements of the regulation. The following table highlights demographic information of the AA.

Table 4 - Demographic Information for the Franklin AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	284	22.2	27.1	26.8	23.2	0.7
Population by Geography	1,163,414	16.4	23.8	32.2	27.0	0.6
Owner-Occupied Housing by Geography	523,581	8.6	21.4	35.5	34.5	0.0
Businesses by Geography	104,380	12.5	21.6	31.3	34.1	0.5
Farms by Geography	1,751	9.2	19.4	35.9	35.4	0.1
Family Distribution by Income Level	270,541	24.5	17.7	20.4	37.4	0.0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	114,143	25.5	33.5	28.7	12.3	0.0
Median Family Income (MFI) HUD Adjusted Median Family Income 2013 Households Below the Poverty Level	= \$68,052 = \$60,484 = 15.1%	Median Housing Value = \$98,849 2013 Annual Average Unemployment Rate = Franklin County = 6.2% State of Ohio = 7.4%				

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, 2013 HUD with updated MFI, and 2013 U.S. Bureau of Labor Statistics.

Competition within the AA is strong. According to June 30, 2013, FDIC deposit data, this AA has 34 insured deposit institutions with a total of 355 offices. CF has less than 1 percent of the deposit market share. The 2013 Business Demographic Summary for Franklin County indicates the composition of businesses in this AA support the service industry primarily. This industry is followed by retail trade; finance, insurance, and real estate; and construction industries. Major employers include the State of Ohio, The Ohio State University, and Ohio Health.

Unemployment levels were elevated during the evaluation period but below State of Ohio levels. The annual average unemployment rate peaked at 8.6 percent in 2010. In 2013, the unemployment rate was 6.2 percent and below the State of Ohio average unemployment rate of 7.4 percent. A relatively stable economy and a variety of job opportunities attract workers from smaller metropolitan areas to the county. According to data obtained from the Regional Economic Report (RECON) through Moody's Economic & Consumer Credit Analytics for Columbus, Ohio, payroll employment is above its pre-recession peak and outperforming its peer metro areas in Ohio.

We determined community credit needs in this AA by reviewing CRA public evaluations of area institutions, as well as conducting discussions with bank management. Credit and non-credit needs of the community include financial support for foreclosure prevention and homebuyer counseling programs, as well as financial assistance for local affordable housing initiatives. There is also a need for multifamily and senior living housing choices in low- and moderate-income CTs and service on the Boards of affordable housing agencies and economic development corporations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's record of lending within the AAs meets the standard for satisfactory performance. Our conclusions are based on all residential loans originated by the bank within its AAs during the review period. Our analysis focused on the performance in the Columbiana and Summit AAs, as these AAs had the largest number of deposits and loans during the evaluation period.

Loan-to-Deposit Ratio

The bank's net LTD ratio is reasonable given the bank's size and financial condition and the credit needs of the AAs. The bank's average quarterly LTD ratio for the period ending December 31, 2013, is 83.0 percent. The LTD ratio was above the 78.3 percent LTD ratio experienced by its custom peer group of 13 Ohio banks during the same period (refer to the ***Scope of Examination*** section for a description).

Lending in Assessment Area

The majority of the bank's lending occurred outside the AAs and does not meet the standard for satisfactory performance.

Table 5 details the bank's aggregate lending in its AAs by number of loan originations and dollar volume during the review period. Approximately 35 percent of the number of loans originated during the review period were located within the bank's AAs.

Table 5 - Concentration of CFBank HMDA Loans Originated In and Outside of the Reviewed AAs		
	HMDA Loans	
	% of Loans	% of \$ Volume
Within Reviewed Area	35.3%	38.1%
Outside Area	64.7%	61.9%
Total # and \$	462	\$106,448

Lending to Borrowers of Different Incomes

Residential lending to borrowers of different incomes within the AAs reflects reasonable penetration. We based our analysis on the bank’s residential lending within its AAs during the review period. For comparative purposes, we considered aggregate data and the family income percentages in each AA. Aggregate data reflects the 2012 lending distribution for HMDA-reportable loans, which was the most recent data available.

Columbiana Assessment Area

Residential lending to borrowers of different incomes reflects reasonable penetration in the Columbiana AA. Table 6 shows the bank’s distribution of the residential loans made during the review period in this AA based on borrower income.

Table 6 - Distribution of CFBank HMDA Loans By Borrower Income Level in the Columbiana AA				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate (or Peers)
Low	15.8%	13.7%	21.7%	9.4%
Moderate	21.0%	13.3%	20.5%	23.2%
Middle	31.6%	27.3%	20.9%	26.9%
Upper	26.3%	42.7%	36.9%	40.5%
NA	5.3%	3.0%	0.0%	0.0%
Total # and \$	19	\$1,667	29,413	100%

The bank’s percent of lending to low-income borrowers exceeds the aggregate lender percentage levels in this category. However, it is lower than the percentage of low-income families residing in the AA. The bank’s percent of lending to moderate-income borrowers is comparable to the aggregate lender percentage levels in this category and exceeds the percentage of moderate-income families residing in the AA.

Summit Assessment Area

Residential lending to borrowers of different incomes reflects reasonable penetration in the Summit AA. Table 7 below shows CF’s distribution of the residential loans made during the review period in this AA based on borrower income.

Table 7 - Distribution of CFBank HMDA Loans By Borrower Income Level in the Summit AA				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate (or Peers)
Low	9.6%	3.5%	21.3%	12.0%
Moderate	14.9%	9.1%	17.7%	21.7%
Middle	9.6%	9.6%	21.9%	24.6%
Upper	25.5%	35.9%	39.1%	41.6%
NA	40.4%	41.9%	0.0%	0.0%
Total # and \$	94	\$15,875	142,556	100%

The bank’s percent of lending to low-income borrowers is comparable with the aggregate lender percentage levels in this category. However, it is well below the percentage of low-income families residing in the AA. In evaluating this performance, we considered that 13.5 percent of families live below the poverty level and the barriers this may have on home ownership. It is difficult for this segment of the low-income population living below the poverty level to afford and maintain a home. The bank’s lending to moderate-income borrowers is comparable to the percent of moderate-income families in the AA. This ratio is below the aggregate lender percentage levels in this category. However, it is within a reasonable range of peer and demographic penetration to this market segment.

Franklin Assessment Area

Residential lending to borrowers of different incomes reflects poor penetration in the Franklin AA. Table 8 shows CF’s distribution of the residential loans made during the review period in this AA based on borrower income.

Table 8 - Distribution of CFBank HMDA Loans By Borrower Income Level in the Franklin AA				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate (or Peers)
Low	2.0%	0.5%	24.5%	8.4%
Moderate	12.0%	2.6%	17.7%	20.5%
Middle	22.0%	7.2%	20.4%	24.6%
Upper	56.0%	35.1%	37.4%	46.5%
NA	8.0%	54.6%	0.0%	0.0%
Total # and \$	50	\$22,975	2,621	100%

The bank’s residential loans made to low-income borrowers were below both the number of low-income borrowers and aggregate peer performance for this demographic. Residential loans to moderate-income borrowers is somewhat comparable to the number of moderate-income borrowers in the AA. However, the bank was below its peer aggregate performance in this borrower category. In evaluating the borrower distribution of residential loans, we considered CF’s limited

presence and deposit market share within the AA. Significant competition and the bank’s single office in this AA further affect the bank’s opportunity to lend in this market.

Geographic Distribution of Loans

The bank’s geographic distribution of loans among geographies of different income levels reflects reasonable dispersion and meets the standard for satisfactory performance. We based our analysis on the bank’s residential lending within the AAs during the review period, which is categorized by location of the properties securing the bank’s loans. For comparative purposes, we considered aggregate data and the owner-occupied housing unit percentages for each AA. Aggregate data reflects the 2012 lending distribution for HMDA-reportable loans, which was the most recent data available.

Columbiana Assessment Area

The geographic distribution of residential loans within the Columbiana AA is excellent. Table 9 shows the bank’s geographic distribution of residential loans in the AA during the review period. The analysis reflects lending in approximately half the CTs of this AA in the southern portion of the county where CF’s two offices are located.

Table 9 - Distribution of CFBank HMDA Loans By Census Tract Income Level in the Columbiana AA				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate (or Peers)
Low	0.0%	0.0%	0.0%	0.0%
Moderate	21.0%	11.3%	20.8%	16.1%
Middle	57.9%	55.9%	73.6%	77.0%
Upper	21.1%	19.1%	5.6%	6.9%
Total # and \$	19	\$1,677	47,184	100%

CF’s percent of lending in the moderate-income CTs reflects excellent dispersion exceeding the percentage levels of both owner-occupied housing units and aggregate lender performance.

Summit Assessment Area

The geographic distribution of residential loans within the Summit AA is reasonable. Table 10 shows the bank’s overall geographic distribution of residential loans in the AA during the review period.

Table 10 - Distribution of CFBank HMDA Loans By Census Tract Income Level in the Summit AA				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate (or Peers)
Low	2.1%	0.4%	5.9%	3.7%
Moderate	9.6%	5.8%	20.4%	14.3%
Middle	28.7%	20.2%	36.1%	33.1%
Upper	59.6%	73.6%	37.6%	48.9%
Total # and \$	94	\$15,875	154,046	100%

The bank’s percent of lending in the low-income CTs reflects reasonable dispersion. The ratio of bank loans is comparable to the level of aggregate lender performance, though it is below the percentage of owner-occupied housing units. The bank’s percent of lending in the moderate-income CTs reflects poor dispersion. The bank performance was below the percentage levels of both owner-occupied housing units and aggregate lender performance. We gave consideration to the fact that the bank’s office is located in the northwest portion of the county while most low- and moderate-income CTs are located in the central portion of the county. Numerous other financial institution offices are located throughout the AA, closer to these geographies than the bank’s only office in this AA.

Franklin Assessment Area

The geographic distribution of residential loans within the Franklin AA is reasonable. Table 11 shows the bank’s overall geographic distribution of residential loans in the AA during the review period. The analysis reflects lending in approximately a fifth of the CTs.

Table 11 - Distribution of CFBank HMDA Loans By Census Tract Income Level in the Franklin AA				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate (or Peers)
Low	4.0%	0.4%	8.6%	4.1%
Moderate	8.0%	24.4%	21.4%	14.7%
Middle	28.0%	29.3%	35.5%	35.9%
Upper	60.0%	45.9%	34.5%	45.3%
Total # and \$	50	\$22,975	523,581	100%

The bank’s percent of lending in the low-income CTs reflect reasonable dispersion. The ratio is comparable to the percentage level of the aggregate lender performance but below the level of owner-occupied housing units. The bank’s percent of lending in the moderate-income CTs reflect poor dispersion as the bank’s performance is below both owner-occupied housing units and aggregate lender performance levels. We gave consideration to the fact that the bank’s single office in this AA is located in the northwest portion of the county while most low- and moderate-income CTs are located in the central portion of the county. Numerous other financial institutions have offices

located throughout the AA, closer to these geographies than the bank's only office in this AA.

Responses to Complaints

During the review period, CF did not receive any known written complaints pertaining to its performance in helping meet the credit needs within its AAs.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.