2024

Annual Report

CF Bankshares Inc.

TABLE OF CONTENTS

Dear Fellow Shareholders,

Throughout 2024, we faced challenges arising from the elevated interest rate environment and credit losses on two loan participations originated in previous years. While these issues impacted our overall 2024 results, they did not overshadow the significant achievements and skilled navigation of interest rate volatility demonstrated by our experienced CFBank Team. We believe that through the expertly executed business adjustments by our CFBank Team, we are well-positioned for improved operating results moving forward. Consistent with this belief, our fourth Quarter 2024 results began to reflect improved margins and operational stability.

Our core strengths and fundamentals remained robust throughout 2024, enabling us to achieve targeted quality growth across key business areas, including loans, deposits, and fee income. Initiatives focused on expanding our Commercial Banking franchise, growing non-interest bearing and other low-cost deposits, and enhancing fee income through products and services such as Cash Management and Credit Cards are translating into improved revenue and earnings growth. Net growth rates were tempered by substantial loan payoffs, as well as a focused strategy to incentivize the refinancing of low-rate Residential Mortgage Loans to saleable loans. Additionally, our efforts to reduce lower-rate Portfolio Residential Mortgage Loans culminated in sales to two buyers during the first quarter of 2025. Proceeds from these sales will be redeployed into higher-yielding Commercial and Business loan relationships as we continue to execute our strategy of shrinking the Residential portfolio while expanding the Commercial Relationship Banking business.

Looking Ahead to 2025

We are gaining business momentum as we enter 2025, operating with greater stability in loan pricing, deposit costs, and funding. Our cost of funds and incremental deposit expenses are declining more rapidly than those of many competitors, positioning us to capitalize on emerging business opportunities.

Furthermore, we are expanding and strengthening our banking teams by recruiting experienced top talent from regional banks. The addition of experienced Bankers enhances our capacity and deepens our presence in all five (5) regional markets, providing a solid foundation for sustained business development. Our pipelines continue to be very strong, driven by our success in attracting high-quality Commercial Banking relationships aligned with our strategic business mix.

We have also seen interest from other banks in acquiring portfolios of Residential Mortgage Loans. These efforts support an optimized business mix while improving capital efficiency and operating leverage, enabling us to focus on building comprehensive Commercial Banking relationships as opposed to primarily loan-only Residential Mortgages.

Community Reinvestment Act (“CRA”) activities are progressing well as we expand loan volumes and investments across all our regional market locations, including Greater Columbus, Cleveland, Cincinnati, Indianapolis, and Akron. Our upcoming CRA exam is scheduled for 2026.

Additionally, our Board of Directors has adopted a stock buyback program, allowing for opportunistic repurchases of up to 325,000 shares, or approximately 5% of total shares outstanding, on or before January 31, 2026.

We believe that our core businesses and opportunities remain healthy. We foresee continued strengthening of our Business. Near term risks include interest rates which remain somewhat elevated, also tariff uncertainty, along with underlying economic conditions, which in turn may ultimately impact upon Credit losses.

Optimistic Outlook

We are more optimistic than ever about our business prospects in 2025. With stabilized interest rates, strengthened teams, and robust pipelines, CFBank is poised to deliver improved results while further enhancing the value of our banking franchise.

On behalf of our Board of Directors and CFBank Team members, we sincerely thank you, our Shareholders, for your confidence and continued support.

Indeed, our best days lie ahead!

Timothy T. O’Dell
President and CEO
CF Bankshares Inc.

Robert E. Hoeweler
Chairman of the Board
CF Bankshares Inc.

CONDENSED CONSOLIDATED FINANCIAL DATA

The following information is derived from and should be read in conjunction with our audited Consolidated Financial Statements, the related Notes and Management's Discussion and Analysis of Financial Condition and Results of Operations.

	At December 31,				
	2024	2023	2022	2021	2020
	(Dollars in thousands)				
Selected Financial Condition Data:					
Total assets	$ 2,065,523	$ 2,058,615	$ 1,820,174	$ 1,495,589	$ 1,476,995
Cash and cash equivalents	235,272	261,595	151,787	166,591	221,594
Securities available for sale	8,683	8,092	10,442	16,347	8,701
Equity securities	5,000	5,000	5,000	5,000	5,000
Loans held for sale	2,623	1,849	580	27,988	283,165
Loans and leases, net [1]	1,722,019	1,694,133	1,572,255	1,214,149	895,344
Allowance for credit losses on loans and leases	17,474	16,865	16,062	15,508	17,022
Nonperforming assets	15,047	5,722	761	997	695
Foreclosed assets	-	-	-	-	-
Deposits	1,755,795	1,744,057	1,527,922	1,246,352	1,113,070
FHLB advances and other debt	92,680	109,995	109,461	89,727	214,426
Subordinated debentures	15,000	14,961	14,922	14,883	14,844
Total stockholders' equity	168,437	155,374	139,248	125,330	110,210

	For the year ended December 31,				
	2024	2023	2022	2021	2020
	(Dollars in thousands)				
Summary of Operations:					
Total interest income	$ 118,389	$ 108,279	$ 67,764	$ 52,348	$ 42,386
Total interest expense	71,745	60,639	18,974	10,309	14,578
Net interest income	46,644	47,640	48,790	42,039	27,808
Provision for loan and lease losses	6,737	2,317	787	(1,600)	10,915
Net interest income after provision for loan and lease losses	39,907	45,323	48,003	43,639	16,893
Noninterest income:					
Net gain on sale of loans	681	185	1,009	7,359	58,366
Other	4,494	3,846	2,201	4,281	1,627
Total noninterest income	5,175	4,031	3,210	11,640	59,993
Noninterest expense	28,938	28,369	28,621	32,461	40,603
Income before income taxes	16,144	20,985	22,592	22,818	36,283
Income tax expense	2,757	4,048	4,428	4,365	6,675
Net income	$ 13,387	$ 16,937	$ 18,164	$ 18,453	$ 29,608

	At or for the year ended December 31,				
	2024	2023	2022	2021	2020
	(Dollars in thousands)				
Selected Financial Ratios and Other Data:					
Performance Ratios (2)					
Return on average assets	0.67%	0.88%	1.11%	1.26%	2.59%
Return on average equity	8.29%	11.46%	13.69%	15.58%	32.04%
Average yield on interest-earning assets (3)	6.17%	5.89%	4.37%	3.79%	3.89%
Average rate paid on interest-bearing liabilities	4.54%	3.99%	1.55%	0.95%	1.64%
Average interest rate spread (4)	1.63%	1.90%	2.82%	2.84%	2.25%
Net interest margin, fully taxable equivalent (5)	2.43%	2.59%	3.15%	3.04%	2.55%
Average interest-earning assets to interest bearing liabilities	121.33%	120.70%	126.74%	127.13%	122.64%
Efficiency ratio (6)	55.84%	54.90%	55.04%	60.47%	46.24%
Noninterest expenses to average assets	1.44%	1.47%	1.76%	2.22%	3.55%
Common stock dividend payout ratio	12.14%	8.75%	6.47%	4.69%	0.67%
Capital Ratios: (2)					
Equity to total assets at end of period	8.15%	7.55%	7.65%	8.38%	7.46%
Average equity to average assets	8.03%	7.66%	8.14%	8.11%	8.07%
Tier 1 (core) capital to adjusted total assets (Leverage ratio) (7)	10.33%	9.76%	9.89%	11.29%	9.74%
Total capital to risk weighted assets (7)	13.60%	13.30%	12.74%	14.02%	14.31%
Tier 1 (core) capital to risk weighted assets (7)	12.45%	12.17%	11.65%	12.77%	13.05%
Common equity tier 1 capital to risk weighted assets (7)	12.45%	12.17%	11.65%	12.77%	13.05%
Asset Quality Ratios: (2)					
Nonperforming loans to total loans (8)	0.87%	0.33%	0.05%	0.08%	0.08%
Nonperforming assets to total assets (9)	0.71%	0.28%	0.04%	0.07%	0.05%
Allowance for credit losses on loans and leases to total loans	1.00%	0.99%	1.01%	1.26%	1.87%
Allowance for credit losses on loan and leases to nonperforming loans (8)	116.13%	294.74%	2110.64%	1555.47%	2449.21%
Net charge-offs (recoveries) to average loans	0.32%	0.04%	0.02%	(0.01%)	13.00%
Per Share Data:					
Basic earnings per common share	$ 2.08	$ 2.64	$ 2.84	$ 2.84	$ 4.53
Diluted earnings per common share	2.06	2.63	2.78	2.77	4.47
Dividends declared per common share	0.25	0.23	0.18	0.13	-
Tangible book value per common share at end of period	25.51	23.74	21.43	19.28	16.79

(1) Loans and leases, net represents the recorded investment in loans net of the allowance for credit losses on loans and leases (ACL – Loans).
(2) Asset quality ratios and capital ratios are end-of-period ratios. All other ratios are based on average monthly balances during the indicated periods.
(3) Calculations of yield are presented on a taxable equivalent basis using the federal income tax rate of 21%.
(4) The average interest rate spread represents the difference between the weighted average yield on average interest-earning assets and the weighted average cost of average interest-bearing liabilities.
(5) The net interest margin represents net interest income as a percent of average interest-earning assets.
(6) The efficiency ratio equals noninterest expense (excluding amortization of intangibles and foreclosed asset write-downs) divided by net interest income plus noninterest income (excluding gains or losses on securities transactions).
(7) Regulatory capital ratios of CFBank.
(8) Nonperforming loans consist of nonaccrual loans and other loans 90 days or more past due.
(9) Nonperforming assets consist of nonperforming loans and foreclosed assets.

n/m - not meaningful

FORWARD LOOKING STATEMENTS

Statements in this Annual Report 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 share of common stock, capital structure and other financial items; (2) plans and objectives of the management or Boards of Directors of 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 the Company’s Form 10-K for the year ended December 31, 2024.

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. We believe that we have 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 Annual Report speak only as of the date hereof. 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.

Business Overview

The Holding Company is a financial holding company that owns 100% of the stock of CFBank, which was formed in Ohio in 1892 and converted from a federal savings association to a national bank on December 1, 2016. Prior to December 1, 2016, the Holding Company was a registered savings and loan holding company. Effective as of December 1, 2016 and in conjunction with the conversion of CFBank to a national bank, the Holding Company became a registered bank holding company and elected financial holding company status with the FRB. Effective as of July 27, 2020, the Company changed its name from Central Federal Corporation to CF Bankshares Inc.

CFBank focuses on serving the financial needs of closely held businesses and entrepreneurs, by providing comprehensive Commercial, Retail, and Mortgage Lending services presence. In all regional markets, CFBank provides commercial loans and equipment leases, commercial and residential real estate loans and treasury management depository services, residential mortgage lending, and full-service commercial and retail banking services and products. CFBank seeks to differentiate itself from its competitors by providing individualized service coupled with direct customer access to decision-makers, and ease of doing business. We believe that CFBank matches the sophistication of much larger banks, without the bureaucracy. CFBank also offers its clients the convenience of online banking, mobile banking and remote deposit capabilities.

Most of our deposits and loans come from our market area. Our principal market area for deposits and loans includes the following counties in Ohio and Indiana: Franklin County, Ohio through our offices in Columbus, Ohio; Delaware County, Ohio through our Polaris office in Columbus, Ohio; Cuyahoga County, Ohio through our office in Orange Village, Ohio and our Ohio City office in Cleveland, Ohio; Summit County, Ohio through our office in Fairlawn, Ohio; Hamilton County, Ohio through our offices in Blue Ash, Ohio and our Red Bank office in Cincinnati, Ohio; and Marion County, Indiana through our office in Indianapolis. Because of CFBank’s concentration of business activities in Ohio, the Company’s financial condition and results of operations depend in large part upon economic conditions in Ohio.

CECL Implementation. In June 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-13 “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” This ASU requires a new Current Expected Credit Losses (“CECL”) methodology that replaced the previous "incurred loss" model for measuring credit losses, which encompassed allowances for current known and inherent losses within the portfolio. CECL provides for an "expected loss" model for measuring credit losses, which encompasses allowances for losses expected to be incurred over the life of the portfolio. The CECL model requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied historically are still permitted, although the inputs to those techniques reflect the full amount of expected credit losses. Organizations continue to use judgment to determine which loss estimation method is appropriate for their circumstances. ASU 2016-13 requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an organization’s portfolio. These disclosures include qualitative and quantitative requirements that provide additional information about the amounts recorded in the financial statements. In addition, ASU 2016-13 amended the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. ASU 2016-13 was effective for the Company on January 1, 2023.

The CECL methodology required under ASU 2016-13 applies to loans held for investment, held to maturity debt securities, and off balance-sheet credit exposures. The ASU allows for several different methods of computing the allowance for credit losses. Based on its analysis of observable data, the Company concluded the average charge-off method to be the most appropriate and statistically relevant. A lookback to March 31, 2000 was utilized as the historical loss period due to its inclusion of several economic cycles and relevance to real estate secured assets.

The expected loss estimate is made up of a historical lookback of actual losses applied over the life of the loan portfolio and adjusted for qualitative factors and forecasted losses based on economic and forward-looking data applied over a reasonable and supportable forecast period.

The impact of the Company's adoption of ASU 2016-13 effective January 1, 2023 was a one-time cumulative-effect adjustment increasing our reserves for loans and unfunded commitments by $49,000.

The qualitative impact of the accounting standard is still directed by many of the same factors that impacted the previous methodology for computing the allowance for loan and lease losses (ALLL) including, but not limited to, economic conditions, quality and experience of staff, changes in the value of collateral, concentrations of credit in loan types or industries and changes to lending policies. In addition to this, the Company also uses reasonable and supportable forecasts. Examples of this are regression analyses of data from the Federal Open Market Committee quarterly economic projections for change in real GDP and of national unemployment.

Critical Accounting Policies and Estimates

We follow financial accounting and reporting policies that are in accordance with GAAP and conform to general practices within the banking industry. These policies are presented in Note 1 to our Consolidated Financial Statements. Some of these accounting policies are considered to be critical accounting policies, which are those policies that are both most important to the portrayal of the Company's financial condition and results of operations, and require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Application of assumptions different than those used by management could result in material changes in our financial condition or results of operations. These policies, current assumptions and estimates utilized, and the related disclosure of this process, are determined by management and routinely reviewed with the Audit Committee of the Board of Directors. We believe that the judgments, estimates and assumptions used in the preparation of the Consolidated Financial Statements were appropriate given the factual circumstances at the time.

We have identified the following accounting policy that it is the critical accounting policy, and an understanding of this policy is necessary to understand our financial statements. The following discussion details the critical accounting policy and the nature of the estimates made by management.

Determination of the allowance for credit losses on loans (ACL – Loans) . The ACL - Loans represents the Company's best estimate of current expected credit losses (CECL) on loans and leases using relevant available information, from internal and external sources, related to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. The CECL calculation is performed and evaluated quarterly and losses are estimated over the expected life of the loan. The level of the ACL - Loans is believed to be adequate to absorb all expected future losses inherent in the loan portfolio at the measurement date.

In calculating the ACL - Loans, the loan portfolio was pooled into loan segments with similar risk characteristics. Common characteristics include the type or purpose of the loan, underlying collateral and historical/expected credit loss patterns. In developing the loan segments, the Company analyzed the degree of correlation in how loans within each portfolio respond when subjected to varying economic conditions and scenarios as well as other portfolio stress factors.

The expected credit losses are measured over the life of each loan segment utilizing the average charge-off methodology combined with economic forecast models to estimate the current expected credit loss inherent in the loan portfolio. This approach is also leveraged to estimate the expected credit losses associated with unfunded loan commitments incorporating expected utilization rates.

The Company sub-segmented certain commercial portfolios by risk level where appropriate. The Company utilized a one-year reasonable and supportable economic forecast period.

The Company qualitatively adjusts model results for risk factors that are not inherently considered in the historical losses, but are nonetheless relevant in assessing the expected credit losses within the loan portfolio. These adjustments may increase or decrease the estimate of expected credit losses based upon the assessed level of risk for each qualitative factor. The various risks that may be considered in making qualitative adjustments include, among other things, the impact of (i) changes in economic conditions, (ii) changes in the nature and volume of the loan portfolio, (iii) changes in the existence, growth and effect of any concentrations in credit, (iv) changes in lending policies and procedures, including changes in underwriting standards and practices for collections, write-offs, and recoveries, (v) changes in the quality of the credit review function, (vi) changes in the experience, ability and depth of lending management and staff, (vii) changes in the volume and severity of past due and adversely classified loans and the volume of nonaccrual loans, (viii) changes in the value of underlying collateral for collateral-dependent loans, and (ix) other environmental factors such as regulatory, legal and technological considerations, as well as competition.

In some cases, management may determine that an individual loan exhibits unique risk characteristics which differentiate the loan from other loans within the loan segments. In such cases, the loans are evaluated for expected credit losses on an individual basis and excluded from the collective evaluation. Specific reserve allocations of the allowance for credit losses are determined by analyzing the borrower's ability to repay amounts owed, collateral deficiencies, the relative risk grade of the loan and economic conditions affecting the borrower's industry, among other things. A loan is considered to be collateral dependent when, based upon management's assessment, the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. In such cases, expected credit losses are based on the fair value of the collateral at the measurement date, adjusted for estimated selling costs if satisfaction of the loan depends on the sale of the collateral. The fair value of collateral supporting collateral dependent loans is evaluated on a quarterly basis. Based on the variables involved and the fact that management must make judgments about outcomes that are inherently uncertain, the determination of the ACL - Loans is considered to be a critical accounting policy. Additional information regarding this policy is included in the section titled "Financial Condition - *Allowance for Credit Losses on Loans*" and in Notes 1, 4 and 6 in the accompanying Notes to Consolidated Financial Statements.

General

Our net income is dependent primarily on net interest income, which is the difference between the interest income earned on loans and securities and our cost of funds, consisting of interest paid on deposits and borrowed funds. Net interest income is affected by regulatory, economic and competitive factors that influence interest rates, loan demand, the level of nonperforming assets and deposit flows.

Net income is also affected by, among other things, provisions for loan and lease losses, loan fee income, service charges, gains on loan sales, operating expenses, and taxes. Operating expenses principally consist of employee compensation and benefits, occupancy, advertising and marketing, data processing, professional fees, FDIC insurance premiums and other general and administrative expenses. Our results of operations are significantly affected by general economic and competitive conditions, changes in market interest rates and real estate values, government policies and actions of regulatory authorities. Our regulators have extensive discretion in their supervisory and enforcement activities, including the authority to impose restrictions on our operations, to classify our assets and to require us to increase the level of our allowance for credit losses. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, legislation or supervisory action, may have a material impact on our business, financial condition, results of operations and/or cash flows.

Management's discussion and analysis represents a review of our consolidated financial condition and results of operations for the periods presented. This review should be read in conjunction with our Consolidated Financial Statements and related Notes.

Financial Condition

General. Assets totaled $2.1 billion at December 31, 2024 and increased $6.9 million, or 0.3%, from $2.1 billion at December 31, 2023. The increase was primarily due to a $27.9 million increase in net loan balances, partially offset by a $26.3 million decrease in cash and cash equivalents.

Cash and cash equivalents. Cash and cash equivalents totaled $235.3 million at December 31, 2024, and decreased $26.3 million, or 10.1%, from $261.6 million at December 31, 2023. The decrease in cash and cash equivalents was primarily attributed to an increase in net loan balances.

Securities. Securities available for sale totaled $8.7 million at December 31, 2024, and increased $591,000, or 7.3%, compared to $8.1 million at December 31, 2023. The increase was primarily due to the purchase of new securities, partially offset by principal maturities. Equity securities totaled $5.0 million at both December 31, 2024 and December 31, 2023.

Loans held for sale. Loans held for sale totaled $2.6 million at December 31, 2024 and increased $774,000, or 41.9%, from $1.8 million at December 31, 2023.

Loans and Leases. Net loans and leases totaled $1.7 billion at December 31, 2024 and increased $27.9 million, or 1.6%, from $1.7 billion at December 31, 2023. The increase in net loans and leases from December 31, 2023, was primarily due to a $27.0 million increase in commercial real estate loan balances, a $19.7 million increase in multi-family loan balances, an $11.4 million increase in construction loan balances, and a $3.6 million increase in home equity lines of credit, partially offset by a $21.1 million decrease in commercial and industrial (C&I) loan balances, and a $12.7 million decrease in single-family residential loan balances. The increases in the aforementioned loan balances were primarily related to increased sales activity and new relationships.

Financial Condition (continued)

Allowance for Credit Losses on Loans (ACL – Loans). The ACL – Loans totaled $17.5 million at December 31, 2024, and increased $609,000, or 3.6%, from $16.9 million at December 31, 2023. The increase in the ACL - Loans is due to $6.1 million in loan provision expense, partially offset by $5.5 million in net charge-offs during the year ended December 31, 2024. The ratio of the ACL - Loans to total loans was 1.00% at December 31, 2024, compared to 0.99% at December 31, 2023.

The ACL - Loans is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on loans over the contractual term. Loans are charged off against the allowance when the uncollectibility of the loan is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged off and expected to be charged off. Adjustments to the ACL- Loans are reported in the income statement as a component of provision for credit loss. The Company has made the accounting policy election to exclude accrued interest receivable on loans from the estimate of credit losses. Further information regarding the policies and methodology used to estimate the ACL - Loans is detailed in the accompanying notes to the Consolidated Financial Statements included in this Form 10-K.

Individually evaluated loans totaled $12.8 million at December 31, 2024, and increased $9.3 million, or 268.6%, from $3.5 million at December 31, 2023. The increase was primarily due to newly identified commercial loans during 2024 totaling $12.7 million, partially offset by charge-offs and principal payments. The amount of the ACL - Loans specifically calculated for individually evaluated loans totaled $2.3 million at December 31, 2024 and $697,000 at December 31, 2023.

The reserve on individually evaluated loans is based on management’s estimate of the present value of estimated future cash flows using the loan’s effective rate or the fair value of collateral, if repayment is expected solely from the collateral. On at least a quarterly basis, management reviews each individually evaluated loan to determine whether it should have a reserve or partial charge-off. Management relies on appraisals or internal evaluations to help make this determination. Determination of whether to use an updated appraisal or internal evaluation is based on factors including, but not limited to, the age of the loan and the most recent appraisal, condition of the property and whether we expect the collateral to go through the foreclosure or liquidation process. Management considers the need for a downward adjustment to the valuation based on current market conditions and on management’s analysis, judgment and experience. The amount ultimately charged-off for these loans may be different from the reserve, as the ultimate liquidation of the collateral and/or projected cash flows may be different from management’s estimates.

Nonperforming loans, which are nonaccrual loans and loans at least 90 days past due but still accruing interest, totaled $15.0 million at December 31, 2024, and increased $9.3 million from $5.7 million at December 31, 2023. The increase in nonaccrual loans was primarily driven by three commercial loans, totaling $11.3 million, one commercial equipment lease, totaling $85,000, and three single-family residential loans, totaling $1.1 million, becoming nonaccrual during the year ended December 31, 2024, partially offset by paydowns and approximately $3.5 million in charges-offs on loans that were in nonaccrual at December 31, 2023. The ratio of nonperforming loans to total loans was 0.87% at December 31, 2024 compared to 0.33% at December 31, 2023.

The following table presents information regarding the number and balance of nonperforming loans at December 31, 2024 and December 31, 2023.

	December 31, 2024		December 31, 2023	
	# of loans	Balance	# of loans	Balance
	(dollars in thousands)			
Commercial	7	$ 13,204	7	$ 5,048
Single-family residential real estate	4	1,649	3	627
Commercial real estate	1	181	-	-
Home equity lines of credit	1	13	1	17
Other Consumer	-	-	1	30
Total	13	$ 15,047	12	$ 5,722

During the year ended December 31, 2024, the Company modified one commercial loan, with an amortized cost basis of $4.3 million at December 31, 2024, where the borrower was experiencing financial difficulty. The loan was modified to defer principal and interest payments, increase the interest rate, extend the maturity date and institute a minimum EBITDA covenant. During the year ended December 31, 2023, the Company modified one commercial loan, totaling $2.9 million, where the borrower was experiencing financial difficulty. The loan was modified to defer principal and interest payments for up to one year. For any period where the payments are deferred, the note will accrue at a higher rate of interest.

We have incorporated the regulatory asset classifications as a part of our credit monitoring and internal loan risk rating system. In accordance with regulations, problem loans are classified as special mention, substandard, doubtful or loss, and the classifications are subject to review by the regulators. Assets designated as special mention are considered criticized assets. Assets designated as substandard, doubtful or loss are considered classified assets. See Note 4 in the accompanying Notes to Consolidated Financial Statements included in this Form 10-K for additional information regarding the regulatory asset classifications.

The level of total criticized and classified loans increased by $19.9 million, or 151.2%, during the year ended December 31, 2024. Loans designated as special mention increased $14.4 million, or 352.8%, and totaled $18.5 million at December 31, 2024, compared to $4.1 million at December 31, 2023. Loans classified as substandard increased $5.6 million and totaled $14.2 million at December 31, 2024, compared to $8.6 million at December 31, 2023. Loans designated as doubtful declined $63,000 and totaled $385,000 at December 31, 2024, compared to $448,000 and December 31, 2023. See Note 4 in the accompanying Notes to Consolidated Financial Statements included in this Form 10-K for additional information regarding risk classification of loans.

In addition to credit monitoring through our internal loan risk rating system, we also monitor past due information for all loan segments. Loans that are not rated under our internal credit rating system include groups of homogenous loans, such as single-family residential real estate loans and consumer loans. The primary credit indicator for these groups of homogenous loans is past due information.

Total past due loans increased $10.1 million and totaled $12.1 million at December 31, 2024, compared to $2.0 million at December 31, 2023. Past due loans totaled 0.7% of the loan portfolio at December 31, 2024, compared to 0.1% at December 31, 2023. See Note 4 in the accompanying Notes to Consolidated Financial Statements for additional information regarding loan delinquencies.

All lending activity involves risk of loss. Certain types of loans, such as option adjustable-rate mortgage (“ARM”) products, junior lien mortgages, high loan-to-value ratio mortgages, interest only loans, subprime loans and loans with initial teaser rates, can have a greater risk of non-collection than other loans. CFBank has not engaged in subprime lending or used option ARM products.

Loans that contain interest-only payments may present a higher risk than those loans with an amortizing payment that includes periodic principal reductions. Interest only loans are primarily commercial lines of credit secured by business assets and inventory, and consumer home equity lines of credit secured by the borrower’s primary residence. Due to the fluctuations in business assets and inventory of our commercial borrowers, CFBank has increased risk due to a potential decline in collateral values without a corresponding decrease in the outstanding principal. Interest only commercial lines of credit totaled $131.2 million, or 31.3% of CFBank’s commercial portfolio at December 31, 2024, compared to $147.5 million, or 33.5%, at December 31, 2023. Interest only home equity lines of credit totaled $38.8 million, or 98.1% of the total home equity lines of credit, at December 31, 2024 compared to $33.6 million, or 93.4%, at December 31, 2023.

We believe the ACL - Loans is adequate to absorb current expected credit losses in the loan portfolio as of December 31, 2024; 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 ACL - Loans. Such agencies may require additional provisions for loan losses based on judgments and estimates that differ from those used by management, or on information available at the time of their review. 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 loan losses could occur if economic conditions and factors which affect credit quality, real estate values and general business conditions worsen or do not improve.

Foreclosed assets. There were no foreclosed assets at December 31, 2024 or December 31, 2023. The level of foreclosed assets and charges to foreclosed assets expense may change in the future in connection with workout efforts related to foreclosed assets, nonperforming loans and other loans with credit issues.

Premises and equipment. Premises and equipment, net, totaled $3.5 million at December 31, 2024, and decreased $276,000, or 7.2%, from $3.8 million at December 31, 2023. See Note 8 in the accompanying Notes to Consolidated Financial Statements for additional information.

Deposits. Deposits totaled $1.76 billion at December 31, 2024, an increase of $11.7 million, or 0.7%, from $1.74 billion at December 31, 2023. The increase was primarily due to a $37.8 million increase in noninterest-bearing account balances, partially offset by a $26.0 million decrease in interest-bearing account balances. The decrease in interest-bearing account balances when compared to December 31, 2023, included a $19.6 million reduction in brokered deposits.

At December 31, 2024, approximately 29.8% of our deposit balances exceeded the FDIC insurance limit of $250,000, as compared to approximately 29.2% at December 31, 2023.

Financial Condition (continued)

CFBank is a participant in the Certificate of Deposit Account Registry Service® (CDARS) and Insured Cash Sweep (ICS) programs offered through IntraFi Network. IntraFi works with a network of banks to offer products that can provide FDIC insurance coverage in excess of $250,000 through these innovative products. Brokered deposits, including CDARS and ICS deposits that qualify as brokered, totaled $420.8 million at December 31, 2024, and decreased $19.6 million, or 4.4%, from $440.4 million at December 31, 2023. Customer balances in the CDARS reciprocal and ICS reciprocal programs, which do not qualify as brokered, totaled $271.7 million at December 31, 2024 and increased $33.9 million, or 14.3%, from $237.8 million at December 31, 2023.

FHLB advances and other debt. FHLB advances and other debt totaled $92.7 million at December 31, 2024, a decrease of $17.3 million when compared to $110.0 million at December 31, 2023. The decrease was primarily due an $18.5 million decrease in FHLB fixed rate advances.

The Holding Company has a $35.0 million credit facility. The credit facility was revolving until May 21, 2024, at which time the outstanding balance was converted to a 10-year term note on a graduated 10-year amortization. Borrowings on the credit facility bear interest at a fixed rate of 3.85% until May 21, 2026, and the interest rate then converts to a floating rate equal to PRIME with a floor of 3.25%. As of December 31, 2024, the Company had an outstanding balance, net of unamortized debt issuance costs, of $34.7 million on the facility.

At December 31, 2024 and 2023, CFBank had availability in unused lines of credit at two commercial banks in the amounts of $50.0 million and $15.0 million, respectively. There were no outstanding borrowings on either line at December 31, 2024 or December 31, 2023.

Subordinated debentures Subordinated debentures totaled $15.0 million at December 31, 2024 and $15.0 million at December 31, 2023. In December 2018, the Holding Company entered into subordinated note purchase agreements with certain qualified institutional buyers and completed a private placement of $10.0 million of fixed-to-floating rate subordinated notes, resulting in net proceeds of $9,612,000 after deducting unamortized debt issuance costs of approximately $388,000. In 2003, the Holding Company issued subordinated debentures in exchange for the proceeds of a $5.0 million trust preferred securities offering issued by a trust formed by the Holding Company. The terms of the subordinated debentures allow for the Holding Company to defer interest payments for a period not to exceed five years. Interest payments on the subordinated debentures were current at December 31, 2024 and December 31, 2023. See Note 11 in the accompanying Notes to Consolidated Financial Statements for additional information.

Stockholders' equity. Stockholders' equity totaled $168.4 million at December 31, 2024, an increase of $13.0 million, or 8.4%, from $155.4 million at December 31, 2023. The increase in total stockholders' equity was primarily attributed to net income, partially offset by $1.6 million in dividend payments.

Management continues to proactively monitor capital levels and ratios in its on-going capital planning process. CFBank has leveraged its capital to support balance sheet growth and drive increased net interest income. Management remains focused on growing capital though improving results from operations; however, should the need arise, CFBank has additional sources of capital and alternatives it could utilize as further discussed in the "Liquidity and Capital Resources" section below.

Comparison of Results of Operations for 2024 and 2023

General. Net income for the year ended December 31, 2024 totaled $13.4 million (or $2.06 per diluted common share) and decreased $3.5 million, or 21.0%, compared to net income of $16.9 million (or $2.63 per diluted common share) for the year ended December 31, 2023. The decrease in net income was primarily due to an increase in provision expense, a decrease in net interest income and an increase in noninterest expense, which was partially offset by an increase in noninterest interest.

Net interest income. Net interest income is a significant component of net income, and consists of the difference between interest income generated on interest-earning assets and interest expense incurred on interest-bearing liabilities. Net interest income is primarily affected by the volumes, interest rates and composition of interest-earning assets and interest-bearing liabilities. The tables below titled *"Average Balances, Interest Rates and Yields"* and *"Rate/Volume Analysis of Net Interest Income"* provide important information on factors impacting net interest income and should be read in conjunction with this discussion of net interest income.

Net interest income totaled $46.6 million for the year ended December 31, 2024 and decreased $996,000, or 2.1%, compared to net interest income of $47.6 million for the year ended December 31, 2023. The decrease in net interest income was primarily due to a $11.1 million, or 18.3%, increase in interest expense, partially offset by a $10.1 million, or 9.3%, increase in interest income. The increase in interest expense was attributed to a 55bps increase in the average cost of funds on interest-bearing liabilities, coupled with a $57.5 million, or 3.8%, increase in average interest-bearing liabilities. The increase in interest income was primarily attributed to a 28bps increase in the average yield on interest-earning assets, coupled with a $79.3 million, or 4.3%, increase in average interest-earning assets outstanding. The net interest margin of 2.43% for the year ended December 31, 2024 decreased 16bps compared to the net interest margin of 2.59% for the year ended December 31, 2023.

Comparison of Results of Operations for 2024 and 2023 (continued)

Interest income totaled $118.4 million for the twelve months ended December 31, 2024, and increased $10.1 million, or 9.3%, compared to $108.3 million for the twelve months ended December 31, 2023. The increase in interest income was primarily attributed to a 31bps increase in the average yield on loans and leases and loans held for sale, coupled with a $67.3 million, or 4.1%, increase in average loans and leases and loans held for sale.

Interest expense totaled $71.7 million for the twelve months ended December 31, 2024, and increased $11.1 million, or 18.3%, compared to $60.6 million for the twelve months ended December 31, 2023. The increase in interest expense was primarily attributed to a 58bps increase in the average rate of interest-bearing deposits, coupled with a $58.1 million, or 4.2%, increase in average interest-bearing deposits.

Provision for credit losses. The provision for credit losses expense for the year ended December 31, 2024 was $6.7 million, and increased $4.4 million, or 190.8%, compared to $2.3 million for the year ended December 31, 2023. Net charge-offs for the year ended December 31, 2024 totaled $5.5 million, compared to net charge-offs of $646,000 for the year ended December 31, 2023.

The following table presents information regarding net charge-offs (recoveries) for 2024 and 2023.

	2024	2023
(Dollars in thousands)	Net charge-offs (recoveries)	
Commercial	$ 5,232	$ 690
Single-family residential real estate	(28)	(40)
Home equity lines of credit	(6)	(4)
Other consumer loans	280	-
Total	$ 5,478	$ 646

See the section above titled "Financial Condition – *Allowance for Credit Losses on Loans*" for additional information.

Noninterest income. Noninterest income for the year ended December 31, 2024 totaled $5.2 million and increased $1.2 million, or 28.4%, compared to $4.0 million for the year ended December 31, 2023. The increase was primarily due to a $939,000, or 60.0%, increase in service charges on deposit accounts.

Noninterest expense. Noninterest expense for the year ended December 31, 2024 totaled $28.9 million and increased $569,000, or 2.0%, compared to $28.4 million for the year ended December 31, 2023. The increase in noninterest expense during the year ended December 31, 2024 was primarily due to a $781,000 increase in loan expense.

Income taxes. Income tax expense was $2.8 million for the year ended December 31, 2024, a decrease of $1.2 million, compared to $4.0 million for the year ended December 31, 2023. The effective tax rate for the year ended December 31, 2024 was approximately 17.1%, as compared to approximately 19.3% for the year ended December 31, 2023. The reduction in the effective tax rate for the year ended December 31, 2024 was a result of a decrease in pre-tax net income combined with an increase in the benefits received from tax-credit investments and tax exempt income.

Our deferred tax assets are composed of U.S. net operating losses ("NOLs"), and other temporary book to tax differences. 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, 2024 that no valuation allowance was required against the net deferred tax asset.

The Company records income tax expense based on the federal statutory rate adjusted for the effect of other items such as low income housing credits, historic tax credits, bank owned life insurance and other miscellaneous items.

Comparison of Results of Operations for 2023 and 2022

General. Net income for the year ended December 31, 2023 totaled $16.9 million (or $2.63 per diluted common share) and decreased $1.3 million, or 6.8%, compared to net income of $18.2 million (or $2.78 per diluted common share) for the year ended December 31, 2022. The decrease in net income was primarily due to a decrease in net interest income and an increase in provision expense, which was partially offset by an increase in noninterest interest income and a decrease in noninterest expense.

Comparison of Results of Operations for 2023 and 2022 (continued)

Net interest income. Net interest income is a significant component of net income, and consists of the difference between interest income generated on interest-earning assets and interest expense incurred on interest-bearing liabilities. Net interest income is primarily affected by the volumes, interest rates and composition of interest-earning assets and interest-bearing liabilities. The tables below titled *"Average Balances, Interest Rates and Yields"* and *"Rate/Volume Analysis of Net Interest Income"* provide important information on factors impacting net interest income and should be read in conjunction with this discussion of net interest income.

Net interest income totaled $47.6 million for the year ended December 31, 2023 and decreased $1.2 million, or 2.4%, compared to net interest income of $48.8 million for the year ended December 31, 2022. The decrease in net interest income was primarily due to a $41.6 million, or 219.6%, increase in interest expense, partially offset by a $40.5 million, or 59.8%, increase in interest income. The increase in interest expense was attributed to a 244bps increase in the average cost of funds on interest-bearing liabilities, coupled with a $298.5 million, or 24.4%, increase in average interest-bearing liabilities. The increase in interest income was primarily attributed to a 152bps increase in the average yield on interest-earning assets, coupled with a $286.5 million, or 18.5%, increase in average interest-earning assets outstanding. The net interest margin of 2.59% for the year ended December 31, 2023 decreased 56bps compared to the net interest margin of 3.15% for the year ended December 31, 2022.

Interest income totaled $108.3 million for the twelve months ended December 31, 2023, and increased $40.5 million, or 59.8%, compared to $67.8 million for the twelve months ended December 31, 2022. The increase in interest income was primarily attributed to a 136bps increase in the average yield on loans and leases and loans held for sale, coupled with a $249.5 million, or 18.0%, increase in average loans and leases and loans held for sale.

Interest expense totaled $60.6 million for the twelve months ended December 31, 2023, and increased $41.6 million, or 219.6%, compared to $19.0 million for the twelve months ended December 31, 2022. The increase in interest expense was primarily attributed to a 262bps increase in the average rate of interest-bearing deposits, coupled with a $275.3 million, or 24.6%, increase in average interest-bearing deposits.

Provision for credit losses. The provision for credit losses expense for the year ended December 31, 2023 was $2.3 million, and increased $1.5 million, or 194.4%, compared to $787,000 for the year ended December 31, 2022. Net charge-offs for the year ended December 31, 2023 totaled $646,000, compared to net charge-offs of $233,000 for the year ended December 31, 2022.

The following table presents information regarding net charge-offs (recoveries) for 2023 and 2022

	2023	2022
(Dollars in thousands)	Net charge-offs (recoveries)	
Commercial	$ 690	$ 263
Single-family residential real estate	(40)	(19)
Home equity lines of credit	(4)	(11)
Total	$ 646	$ 233

See the section above titled "Financial Condition – *Allowance for Credit Losses on Loans*" for additional information.

Noninterest income. Noninterest income for the year ended December 31, 2023 totaled $4.0 million and increased $821,000, or 25.6%, compared to $3.2 million for the year ended December 31, 2022. The increase was primarily due to a $525,000 increase in swap fee income and a $431,000 increase in service charges on deposit accounts.

Noninterest expense. Noninterest expense for the year ended December 31, 2023 totaled $28.4 million and decreased $252,000, or 0.9%, compared to $28.6 million for the year ended December 31, 2022. The decrease in noninterest expense during the year ended December 31, 2023 was primarily due to a $635,000 decrease in data processing expense and a $612,000 decrease in salaries and employee benefits expense, partially offset by a $1.1 million increase in FDIC premiums. The decrease in data processing expense was due to the core processing system conversion that occurred in the third quarter of 2022, which included some one-time conversion costs. The decrease in salaries and employee benefits expense was primarily due to a decrease in the number of employees. The increase in FDIC expense was related to increased assets and deposit levels and assessment rates.

Income taxes. Income tax expense was $4.0 million for the year ended December 31, 2023, a decrease of $380,000, compared to $4.4 million for the year ended December 31, 2022. The effective tax rate for the year ended December 31, 2023 was approximately 19.3%, as compared to approximately 19.6% for the year ended December 31, 2022.

Comparison of Results of Operations for 2023 and 2022 (continued)

Our deferred tax assets are composed of U.S. net operating losses ("NOLs"), and other temporary book to tax differences. 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, 2023 that no valuation allowance was required against the net deferred tax asset.

The Company records income tax expense based on the federal statutory rate adjusted for the effect of other items such as low income housing credits, historic tax credits, bank owned life insurance and other miscellaneous items.

Average Balances, Interest Rates and Yields. The following table presents, for the periods indicated, the total dollar amount of fully taxable equivalent interest income from average interest-earning assets and the resultant yields, as well as the interest expense on average interest-bearing liabilities, expressed in both dollars and rates. Average balances are computed using month-end balances.

	For the Years Ended December 31,								
	2024			2023			2022		
	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Rate	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Rate	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Rate
	(Dollars in thousands)								
Interest-earning assets:									
Securities [1] [2]	$ 13,245	$ 549	3.43%	$ 14,198	$ 658	3.86%	$ 17,805	$ 881	4.58%
Loans and leases and loans held for sale [3]	1,702,444	106,750	6.27%	1,635,173	97,383	5.96%	1,385,701	63,717	4.60%
Other earning assets	191,070	10,415	5.45%	178,275	9,646	5.41%	138,805	2,818	2.03%
FHLB and FRB stock	8,792	675	7.68%	8,566	592	6.91%	7,413	348	4.69%
Total interest-earning assets	1,915,551	118,389	6.17%	1,836,212	108,279	5.89%	1,549,724	67,764	4.37%
Noninterest-earning assets	96,518			92,957			79,467		
Total assets	$ 2,012,069			$ 1,929,169			$ 1,629,191		
Interest-bearing liabilities:									
Deposits	$ 1,454,353	67,158	4.62%	$ 1,396,298	56,363	4.04%	$ 1,121,003	15,952	1.42%
FHLB advances and other borrowings	124,417	4,587	3.69%	124,999	4,276	3.42%	101,757	3,022	2.97%
Total interest-bearing liabilities	1,578,770	71,745	4.54%	1,521,297	60,639	3.99%	1,222,760	18,974	1.55%
Noninterest-bearing liabilities	271,756			260,060			273,789		
Total liabilities	1,850,526			1,781,357			1,496,549		
Equity	161,543			147,812			132,642		
Total liabilities and equity	$ 2,012,069			$ 1,929,169			$ 1,629,191		
Net interest-earning assets	$ 336,781			$ 314,915			$ 326,964		
Net interest income/interest rate spread		$ 46,644	1.63%		$ 47,640	1.90%		$ 48,790	2.82%
Net interest margin			2.43%			2.59%			3.15%
Average interest-earning assets to average interest-bearing liabilities	121.33%			120.70%			126.74%		

[1] Average balance is computed using the carrying value of securities.
Average yield is computed using the historical amortized cost average balance for available for sale securities.
[2] Average yields and interest earned are stated on a fully taxable equivalent basis.
[3] Average balance is computed using the recorded investment in loans net of the ACL – Loans/ALLL and includes nonperforming loans.

Comparison of Results of Operations (continued)

Rate/Volume Analysis of Net Interest Income. The following table presents the dollar amount of changes in interest income and interest expense for major components of interest-earning assets and interest-bearing liabilities. It distinguishes between the increase and decrease related to changes in balances and/or changes in interest rates. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (i) changes in volume (i.e., changes in volume multiplied by the prior rate) and (ii) changes in rate (i.e., changes in rate multiplied by the prior volume). For purposes of this table, changes attributable to both rate and volume which cannot be segregated have been allocated proportionately to the change due to volume and the change due to rate.

	Year Ended December 31, 2024 Compared to Year Ended December 31, 2023			Year Ended December 31, 2023 Compared to Year Ended December 31, 2022		
	Increase (decrease) due to			Increase (decrease) due to		
	Rate	Volume	Net	Rate	Volume	Net
	(Dollars in thousands)					
Interest-earning assets:						
Securities [1]	$ (67)	$ (42)	$ (109)	$ (98)	$ (125)	$ (223)
Loans and leases	5,265	4,102	9,367	20,898	12,768	33,666
Other earning assets	71	698	769	5,832	996	6,828
FHLB and FRB stock	67	16	83	184	60	244
Total interest-earning assets	5,336	4,774	10,110	26,816	13,699	40,515
Interest-bearing liabilities:						
Deposits	8,384	2,411	10,795	35,645	4,766	40,411
FHLB advances and other borrowings	331	(20)	311	501	753	1,254
Total interest-bearing liabilities	8,715	2,391	11,106	36,146	5,519	41,665
Net change in net interest income	$ (3,379)	$ 2,383	$ (996)	$ (9,330)	$ 8,180	$ (1,150)

[1] Securities amounts are presented on a fully taxable equivalent basis.

Liquidity and Capital Resources

In general terms, liquidity is a measurement of an enterprise's ability to meet cash needs. The primary objective in liquidity management is to maintain the ability to meet loan commitments and to repay deposits and other liabilities in accordance with their terms without an adverse impact on current or future earnings. Principal sources of funds are deposits; amortization and prepayments of loans; maturities, sales and principal receipts of securities available for sale; borrowings; and operations. While maturities and scheduled amortization of loans are predictable sources of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions and competition.

CFBank is required by regulation to maintain sufficient liquidity to ensure its safe and sound operation. Thus, adequate liquidity may vary depending on CFBank's overall asset/liability structure, market conditions, the activities of competitors, the requirements of our own deposit and loan customers and regulatory considerations. Management believes that each of the Holding Company's and CFBank's current liquidity is sufficient to meet its daily operating needs and fulfill its strategic planning.

Liquidity management is both a daily and long-term responsibility of management. We adjust our investments in liquid assets, primarily cash, short-term investments and other assets that are widely traded in the secondary market, based on our ongoing assessment of expected loan demand, expected deposit flows, yields available on interest-earning deposits and securities and the objective of our asset/liability management program. In addition to liquid assets, we have other sources of liquidity available including, but not limited to, access to advances from the FHLB and borrowings from the FRB and our commercial bank lines of credit.

Liquidity and Capital Resources (continued)

The following table summarizes CFBank's cash available from liquid assets and borrowing capacity at December 31, 2024 and 2023.

	December 31, 2024	December 31, 2023
	(Dollars in thousands)	
Cash, unpledged securities and deposits in other financial institutions	$ 237,863	$ 262,004
Additional borrowing capacity at the FHLB	186,303	183,654
Additional borrowing capacity at the FRB	127,424	136,240
Unused commercial bank lines of credit	65,000	65,000
Total	$ 616,590	$ 646,898

Cash, unpledged securities and deposits in other financial institutions decreased $24.1 million, or 9.2%, to $237.9 million at December 31, 2024, compared to $262.0 million at December 31, 2023. The decrease was primarily attributed to an increase in loans, partially offset by a decrease in FHLB borrowings and other debt and an increase in deposits.

CFBank's additional borrowing capacity with the FHLB increased $2.6 million, or 1.4%, to $186.3 million at December 31, 2024, compared to $183.7 million at December 31, 2023.

CFBank's additional borrowing capacity at the FRB decreased $8.8 million, or 6.5%, to $127.4 million at December 31, 2024 from $136.2 million at December 31, 2023. CFBank is eligible to participate in the FRB's primary credit program, providing CFBank access to short-term funds at any time, for any reason, based on the collateral pledged.

CFBank's borrowing capacity with both the FHLB and FRB may be negatively impacted by changes such as, but not limited to, further tightening of credit policies by the FHLB or FRB, deterioration in the credit performance of CFBank's loan portfolio or CFBank's financial performance, or a decrease in the balance of pledged collateral.

CFBank had $65.0 million of availability in unused lines of credit with two commercial banks at December 31, 2024 and December 31, 2023.

Deposits are obtained predominantly from the markets 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. Accordingly, rates offered by competing financial institutions may affect our ability to attract and retain deposits. CFBank relies on competitive interest rates, customer service, and relationships with customers to retain deposits.

The 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, funds borrowed from third party banks or other lenders, dividends received from CFBank or the sale of assets.

Management believes that the Holding Company had adequate funds and sources of liquidity at December 31, 2024 to meet its current and anticipated operating needs at this time. The Holding Company's current cash requirements include operating expenses and interest on subordinated debentures and other debt. The Company may also pay dividends on its common stock, if and when declared by the Board of Directors.

Currently, annual debt service on the subordinated debentures underlying the Company's trust preferred securities is approximately $385,000. Prior to July 1, 2023, the subordinated debentures had a variable rate of interest, which reset quarterly, equal to the three-month London Interbank Offered Rate (LIBOR) plus 2.85%. Effective July 1, 2023, the rate of interest on the subordinated debentures resets quarterly to the three-month Secured Overnight Financing Rate (SOFR) plus 3.112%, which was 7.44% at December 31, 2024.

Currently, the annual debt service on the Company's $10 million of fixed-to-floating rate subordinated notes is approximately $875,000. The subordinated notes initially bore a fixed rate of 7.00% until December 2023, and now the interest rate resets quarterly to a rate equal to the current three-month SOFR plus 4.402%, which was 8.73% at December 31, 2024.

The Holding Company has a $35.0 million credit facility with a third-party bank. The credit facility was revolving until May 21, 2024, at which time the outstanding balance was converted to a 10-year term note on a graduated 10-year amortization. Borrowings on the credit facility bear interest at a fixed rate of 3.85% until May 21, 2026, and the interest rate then converts to a floating rate equal to PRIME with a floor of 3.75%. At December 31, 2024, the Company had an outstanding balance, net of unamortized debt issuance costs, of $34.7 million on the facility.

Liquidity and Capital Resources (continued)

The ability of the Holding Company to pay dividends on its common stock is dependent upon the amount of cash and liquidity available at the Holding Company level, as well as the receipt of dividends and other distributions from CFBank to the extent necessary to fund such dividends.

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 can be paid to the Holding Company by CFBank without prior regulatory approval. Generally, financial institutions may pay dividends without prior regulatory 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 the financial institution remains well capitalized after the dividend payment.

The Holding Company also is subject to various legal and regulatory policies and requirements 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, under the terms of the Company's fixed-to-floating rate subordinated debt, the Holding Company's ability to pay dividends on its stock is conditioned upon the Holding Company continuing to make required principal and interest payments, and not incurring an event of default, with respect to the subordinated debt.

Federal income tax laws provided deductions, totaling $2.3 million, 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 have totaled $473,000 at year-end 2024. 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.

Impact of Inflation

The financial statements and related data presented herein have been prepared in accordance with GAAP, which presently require us to measure financial position and results of operations primarily in terms of historical dollars. Changes in the relative value of money due to inflation are generally not considered. In our opinion, changes in interest rates affect our financial condition to a far greater degree than changes in the inflation rate. While interest rates are generally influenced by changes in the inflation rate, they do not move concurrently. Rather, interest rate volatility is based on changes in the expected rate of inflation, as well as changes in monetary and fiscal policy. A financial institution's ability to be relatively unaffected by changes in interest rates is a good indicator of its ability to perform in a volatile economic environment. In an effort to protect performance from the effects of interest rate volatility, we review interest rate risk frequently and take steps to minimize detrimental effects on profitability.

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss from adverse changes in market prices and interest rates. We have not engaged in and, accordingly, have no risk related to trading accounts, commodities or foreign exchange. Our hedging policy allows economic hedging activities, such as interest-rate swaps, up to a notional amount of 10% of total assets and a value at risk of 10% of core capital. Disclosures about our economic hedging activities are set forth in Note 17 to our Consolidated Financial Statements. The Company's market risk arises primarily from interest rate risk inherent in our lending, investing, deposit gathering and borrowing activities. The measurement of market risk associated with financial instruments is meaningful only when all related and offsetting on- and off-balance-sheet transactions are aggregated and the resulting net positions are identified. Disclosures about fair value are set forth in Note 6 to our Consolidated Financial Statements.

Management actively monitors and manages interest rate risk. The primary objective in managing interest rate risk is to limit, within established guidelines, the adverse impact of changes in interest rates on our net interest income and capital. We measure the effect of interest rate changes on CFBank's economic value of equity (EVE), which is the difference between the estimated market value of CFBank's assets and liabilities under different interest rate scenarios. The change in the EVE ratio is a long-term measure of what might happen to the market value of financial assets and liabilities over time if interest rates changed instantaneously and CFBank did not change existing strategies. At December 31, 2024, CFBank's EVE ratios, using interest rate shocks ranging from a 400 bps rise in rates to a 400 bps decline in rates, are shown in the following table. All values are within the acceptable range established by CFBank's Board of Directors.

Quantitative and Qualitative Disclosures about Market Risk (continued)

Economic Value of Equity as a Percent of Assets (CFBank only)	
Basis Point Change in Rates	Economic Value Ratio
+400	9.4%
+300	9.7%
+200	10.1%
+100	10.5%
0	10.9%
-100	11.3%
-200	11.8%
-300	12.3%
-400	12.9%

In evaluating CFBank's exposure to interest rate risk, certain limitations inherent in the method of analysis presented in the foregoing table must be considered. For example, the table indicates results based on changes in the level of interest rates, but not changes in the shape of the yield curve. CFBank also has exposure to changes in the shape of the yield curve. Although certain assets and liabilities may have similar maturities or periods to which they reprice, they may react in different degrees to changes in market interest rates. The interest rates on certain types of assets and liabilities may fluctuate in advance of changes in market interest rates, while interest rates on other types may lag behind changes in market rates. In the event of a change in interest rates, prepayments and early withdrawal levels would likely deviate significantly from those assumed in calculating the table. The ability of many borrowers to service their debt may decrease when interest rates rise. As a result, the actual effect of changing interest rates may differ materially from that presented in the foregoing table.

Changes in levels of market interest rates could materially and adversely affect our net interest income, 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.

Residential mortgage loan origination volumes are affected by market interest rates on loans. Rising interest rates generally are associated with a lower volume of loan originations, while falling interest rates are usually associated with higher loan originations. Our ability to generate gains on sales of mortgage loans is significantly dependent on the level of originations. Changes in interest rates, prepayment speeds and other factors may also cause the value of our loans held for sale to change.

We originate commercial, commercial real estate, multi-family residential and single family residential real estate mortgage loans for our portfolio, which, in many cases, have adjustable interest rates. Many of these loans have interest-rate floors, which protect income to CFBank should rates fall. 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.

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.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of CF Bankshares Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities and Exchange Act of 1934, as amended. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

The Company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2024. In making this assessment, management used the criteria for effective internal control over financial reporting as described in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment and those criteria, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2024.

Forvis Mazars, LLP, independent registered public accounting firm, has issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2024.

Timothy T. O'Dell

President and Chief Executive Officer

Kevin J. Beerman

Executive Vice President and Chief Financial Officer

March 14, 2025

Forvis Mazars, LLP
820 Massachusetts Avenue, Suite 1370
Indianapolis, IN 46204
P 317.383.4000 | F 317.383.4200
forvismazars.us

forvis mazars

Report of Independent Registered Public Accounting Firm

Shareholders, Board of Directors, and Audit Committee
CF Bankshares Inc.
Columbus, Ohio

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of CF Bankshares Inc. (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 14, 2025, expressed an unqualified opinion thereon.

Change in Accounting Principle

As discussed in Notes 1 and 4 to the consolidated financial statements, in 2023, the Company changed its method of accounting for credit losses on financial instruments due to the adoption of Accounting Standard Codification Topic 326: *Financial Instruments – Credit Losses*.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits.

We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Credit Losses (ACL) – Qualitative Adjustments

As described in Note 4 to the consolidated financial statements, the Company’s allowance for credit losses on loans (ACL-Loans) was approximately $17,474,000 as of December 31, 2024. The ACL represents the Company’s best estimate of current expected credit losses in the loan portfolio. Estimates of expected credit losses are based on relevant available information, from internal and external sources, related to past events, current conditions, and reasonable and supportable forecasts. The Company utilized an average charge-off model combined with economic forecast models to estimate the current expected credit loss inherent in identified loan segments. The ACL-Loans includes a component that qualitatively adjusts model results for risk factors that are not inherently considered in the historical losses. The ACL-Loans also includes specific reserves for individual loans that exhibit unique risk characteristics which differentiate them from other loans within the loan segments.

We identified the qualitative adjustments component of the ACL-Loans as a critical audit matter. The qualitative adjustments component involves a high degree of auditor subjectivity in evaluating management’s estimates, such as evaluating management’s assessment of economic conditions and other environmental factors used to adjust loss rates.

How We Addressed the Matter in Our Audit

The primary procedures we performed to address this critical audit matter included:

- Gaining an understanding of and testing the effectiveness of controls over the qualitative adjustments used in the ACL-Loan calculation including controls addressing the:
    - Significant assumptions and judgments applied in the development of the qualitative adjustments.
    - Accuracy of the inputs to the qualitative adjustments applied to each loan segment in the ACL-Loan calculation.

- Substantively testing management's determination of the qualitative adjustments used in the ACL-Loan estimate, including:
    - Testing management's process for developing the qualitative adjustments, which included assessing the relevance and reliability of data used to develop the qualitative adjustments, including evaluating their judgments and assumptions for reasonableness. Among other procedures, our evaluation considered evidence from internal and external sources and involved firm modeling specialists to test the appropriateness of the design and operation of the model.
    - Performing a qualitative factor sensitivity analysis.
    - Analytically evaluating the qualitative adjustments for directional consistency, testing for reasonableness, and obtaining evidence for significant changes.
    - Testing the mathematical accuracy of the qualitative adjustments applied to the loan segments in the ACL-Loan calculation.

Forvis Mazars, LLP

Forvis Mazars, LLP

We have served as the Company's auditor since 2014.

Indianapolis, Indiana
March 14, 2025

Forvis Mazars, LLP
820 Massachusetts Avenue, Suite 1370
Indianapolis, IN 46204
P 317.383.4000 | F 317.383.4200
forvismazars.us

Report of Independent Registered Public Accounting Firm

Shareholders, Board of Directors, and Audit Committee
CF Bankshares Inc.
Columbus, Ohio

Opinion on the Internal Control Over Financial Reporting

We have audited CF Bankshares Inc.'s (the "Company") internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and our report dated March 14, 2025, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report of Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definitions and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of reliable financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Forvis Mazars, LLP

Forvis Mazars, LLP

Indianapolis, Indiana
March 14, 2025

CF BANKSHARES INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2024 and 2023
(Dollars in thousands, except per share data)

	December 31, 2024	December 31, 2023
ASSETS		
Cash and cash equivalents	$ 235,272	$ 261,595
Interest-bearing deposits in other financial institutions	100	100
Securities available for sale	8,683	8,092
Equity securities	5,000	5,000
Loans held for sale, at fair value	2,623	1,849
Loans and leases, net of allowance for credit losses of $17,474 and $16,865, respectively	1,722,019	1,694,133
FHLB and FRB stock	8,918	8,482
Premises and equipment, net	3,536	3,812
Operating lease right-of-use assets	6,087	5,221
Bank owned life insurance	27,116	26,266
Accrued interest receivable and other assets	46,169	44,065
Total assets	$ 2,065,523	$ 2,058,615
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Noninterest bearing	$ 273,668	$ 235,916
Interest bearing	1,482,127	1,508,141
Total deposits	1,755,795	1,744,057
FHLB advances and other debt	92,680	109,995
Advances by borrowers for taxes and insurance	2,238	2,179
Operating lease liabilities	6,229	5,302
Accrued interest payable and other liabilities	25,144	26,747
Subordinated debentures	15,000	14,961
Total liabilities	1,897,086	1,903,241
Commitments and contingent liabilities	-	-
Stockholders' equity		
Common stock, $0.01 par value; shares authorized: 9,090,909, including 1,260,700 shares of non-voting common stock		
Voting common stock, $0.01 par value; shares issued: 5,539,586 at December 31, 2024 and 5,665,958 at December 31, 2023	55	57
Non-voting common stock, $0.01 par value; shares issued: 1,260,700 at December 31, 2024 and December 31, 2023	13	13
Series D preferred stock, $0.01 par value; 5,000 shares authorized; 2,000 shares issued at December 31, 2024 and 0 shares issued at December 31, 2023	-	-
Additional paid-in capital	92,225	91,068
Retained earnings	88,290	76,517
Accumulated other comprehensive loss	(1,803)	(2,290)
Treasury stock, at cost; 398,201 shares of voting common stock at December 31, 2024 and 381,098 shares of voting common stock at December 31, 2023	(10,343)	(9,991)
Total stockholders' equity	168,437	155,374
Total liabilities and stockholders' equity	$ 2,065,523	$ 2,058,615

See accompanying notes to consolidated financial statements.

CF BANKSHARES INC.
CONSOLIDATED STATEMENTS OF INCOME
Years ended December 31, 2024, 2023 and 2022
(Dollars in thousands, except per share data)

	2024	2023	2022
Interest and dividend income			
Loans and leases, including fees	$ 106,750	$ 97,383	$ 63,717
Securities	549	658	881
FHLB and FRB stock dividends	675	592	348
Federal funds sold and other	10,415	9,646	2,818
	118,389	108,279	67,764
Interest expense			
Deposits	67,158	56,363	15,952
FHLB advances and other debt	3,144	3,107	2,040
Subordinated debentures	1,443	1,169	982
	71,745	60,639	18,974
Net interest income	46,644	47,640	48,790
Provision for credit losses			
Provision for credit losses-loans	6,087	1,858	787
Provision for credit losses-unfunded commitments	650	459	-
	6,737	2,317	787
Net interest income after provision for credit losses	39,907	45,323	48,003
Noninterest income			
Service charges on deposit accounts	2,505	1,566	1,135
Net gains on sales of residential mortgage loans	435	119	656
Net gains on sales of SBA loans	246	66	353
Loss on redemption of life insurance policies	-	-	(173)
Earnings on bank owned life insurance	850	625	598
Swap fee income	321	715	190
Other	818	940	451
	5,175	4,031	3,210
Noninterest expense			
Salaries and employee benefits	14,172	14,513	15,125
Occupancy and equipment	1,821	1,694	1,253
Data processing	2,569	2,172	2,807
Franchise and other taxes	1,269	1,263	1,151
Professional fees	2,729	2,470	2,758
Director fees	574	658	632
Postage, printing and supplies	152	149	183
Advertising and marketing	134	336	431
Telephone	210	257	249
Loan expenses	1,400	619	694
Depreciation	486	567	496
FDIC premiums	2,079	2,215	1,130
Regulatory assessment	258	242	272
Other insurance	198	209	177
Impairment of property and equipment	56	60	570
Other	831	945	693
	28,938	28,369	28,621
Income before incomes taxes	16,144	20,985	22,592
Income tax expense	2,757	4,048	4,428
Net income	$ 13,387	$ 16,937	$ 18,164
Earnings allocated to participating securities (Series D preferred stock)	(361)	-	-
Net income attributable to common stockholders	$ 13,026	$ 16,937	$ 18,164
Earnings per common share:			
Basic	$ 2.08	$ 2.64	$ 2.84
Diluted	$ 2.06	$ 2.63	$ 2.78

See accompanying notes to consolidated financial statements.

CF BANKSHARES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended December 31, 2024, 2023 and 2022
(Dollars in thousands, except per share data)

	2024	2023	2022
Net income	$ 13,387	$ 16,937	$ 18,164
Other comprehensive income (loss):			
Unrealized holding gains (losses) arising during the period related to investment securities available for sale, net of tax of $130, ($67) and ($496):	487	(253)	(1,867)
Other comprehensive income (loss), net of tax	487	(253)	(1,867)
Comprehensive income	$ 13,874	$ 16,684	$ 16,297

See accompanying notes to consolidated financial statements.

CF BANKSHARES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years ended December 31, 2024, 2023 and 2022
(Dollars in thousands, except per share data)

	Voting Common Stock	Non-voting Common Stock	Series D Preferred Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity
Balance at January 1, 2022	$ 55	$ 13	$ -	$ 88,528	$ 44,084	$ (170)	$ (7,180)	$ 125,330
Net income	-	-	-	-	18,164	-	-	18,164
Other comprehensive loss	-	-	-	-	-	(1,867)	-	(1,867)
Issuance of 69,648 stock-based incentive plan shares, net of forfeitures	1	-	-	(1)	-	-	-	-
Restricted stock expense, net of forfeitures	-	-	-	899	-	-	-	899
Stock options exercised	-	-	-	387	-	-	-	387
Acquisition of 3,424 treasury shares surrendered upon vesting of restricted stock for payment of taxes	-	-	-	-	-	-	(73)	(73)
Acquisition of 4,366 treasury shares surrendered upon exercise of stock options for payment of exercise price	-	-	-	-	-	-	(100)	(100)
Purchase of 110,998 treasury shares	-	-	-	-	-	-	(2,339)	(2,339)
Dividends declared ($0.18 per share)	-	-	-	-	(1,153)	-	-	(1,153)
Balance at December 31, 2022	56	13	-	89,813	61,095	(2,037)	(9,692)	139,248
Cumulative effect of ASC 326 adoption	-	-	-	-	(39)	-	-	(39)
Balance at January 1, 2023	56	13	-	89,813	61,056	(2,037)	(9,692)-	139,209
Net income	-	-	-	-	16,937	-	-	16,937
Other comprehensive loss	-	-	-	-	-	(253)	-	(253)
Issuance of 59,784 stock-based incentive plan shares, net of forfeitures	1	-	-	(1)	-	-	-	-
Restricted stock expense, net of forfeitures	-	-	-	1,172	-	-	-	1,172
Stock options exercised	-	-	-	84	-	-	-	84
Acquisition of 4,875 treasury shares surrendered upon vesting of restricted stock for payment of taxes	-	-	-	-	-	-	(95)	(95)
Acquisition of 1,555 treasury shares surrendered upon exercise of stock options for payment of exercise price	-	-	-	-	-	-	(27)	(27)
Purchase of 9,503 treasury shares	-	-	-	-	-	-	(177)	(177)
Dividends declared ($0.23 per share)	-	-	-	-	(1,476)	-	-	(1,476)
Balance at December 31, 2023	57	13	-	91,068	76,517	(2,290)	(9,991)	155,374
Net income	-	-	-	-	13,387	-	-	13,387
Other comprehensive income	-	-	-	-	-	487	-	487
Issuance of 75,618 stock-based incentive plan shares, net of forfeitures	-	-	-	-	-	-	-	-
Restricted stock expense, net of forfeitures	-	-	-	1,155	-	-	-	1,155
Acquisition of 6,007 treasury shares surrendered upon vesting of restricted stock for payment of taxes	-	-	-	-	-	-	(129)	(129)
Purchase of 11,095 treasury shares	-	-	-	-	-	-	(223)	(223)
Conversion of 200,000 shares of voting common stock to 2,000 shares of Series D Stock	(2)	-	-	2	-	-	-	-
Cash dividends declared on common stock ($0.25 per share)	-	-	-	-	(1,574)	-	-	(1,574)
Cash dividends declared on Series D preferred stock ($19.00 per share)	-	-	-	-	(40)	-	-	(40)
Balance at December 31, 2024	$ 55	$ 13	$ -	$ 92,225	$ 88,290	$ (1,803)	$ (10,343)	$ 168,437

See accompanying notes to consolidated financial statements.

CF BANKSHARES INC.
CONSOLIDATED STATEMENTS OF CHANGES OF CASH FLOWS
Years ended December 31, 2024, 2023 and 2022
(Dollars in thousands, except per share data)

	2024	2023	2022
Net income	$ 13,387	$ 16,937	$ 18,164
Adjustments to reconcile net income to net cash from operating activities:			
Provision credit losses	6,737	2,317	787
Depreciation	486	567	496
Accretion, net	(1,376)	(1,024)	(881)
Deferred income tax (benefit) expense	(365)	456	215
Originations of loans held for sale	(47,597)	(10,800)	(97,265)
Proceeds from sale of loans held for sale	47,258	9,650	123,655
Net gains on sales of residential mortgage loans	(435)	(119)	(656)
Net gains on sales of SBA loans	(246)	(66)	(353)
Loss on disposal of premises and equipment	56	60	570
Loss on sale of other assets held for sale	-	13	-
Earnings on bank owned life insurance	(850)	(625)	(598)
Loss (gain) on redemption of life insurance policies	-	-	173
Stock-based compensation expense	1,155	1,172	899
Net change in:			
Accrued interest receivable and other assets	3,520	(2,676)	(6,475)
Operating lease right-of-use asset	753	687	568
Operating lease liability	(692)	(686)	(594)
Accrued interest payable and other liabilities	(7,602)	2,188	1,059
Net cash from operating activities	14,189	18,051	39,764
Cash flows from investing activities:			
Available-for-sale securities:			
Maturities, prepayments and calls	2,205	2,013	3,517
Purchases	(2,149)	-	-
Loan and lease originations and payments, net	(32,350)	(124,851)	(364,759)
Purchase of loans and leases	(6,229)	-	(3,698)
Proceeds from the sale of loans	5,653	1,835	12,569
Additions to premises and equipment	(266)	(661)	(905)
Purchase of FRB and FHLB stock	(436)	(540)	(627)
Purchase of other investments	-	(1,200)	-
Other adjustments	578	(341)	582
Proceeds from the sale of assets held for sale	-	1,892	-
Net cash used by investing activities	(32,994)	(121,853)	(353,321)
Cash flows from financing activities:			
Net change in deposits	11,738	216,135	281,570
Proceeds from FHLB advances and other debt	27,151	37,075	40,150
Repayments on FHLB advances and other debt	(44,500)	(36,575)	(20,450)
Net change in advances by borrowers for taxes and insurance	59	(1,334)	761
Cash dividends paid	(1,614)	(1,476)	(1,153)
Proceeds from exercise of stock options	-	84	387
Acquisition of treasury shares surrendered upon vesting of restricted stock and exercised options for payment of taxes and exercise proceeds	(129)	(122)	(173)
Purchase of treasury shares	(223)	(177)	(2,339)
Net cash (used by) from financing activities	(7,518)	213,610	298,753
Net change in cash and cash equivalents	(26,323)	109,808	(14,804)
Beginning cash and cash equivalents	261,595	151,787	166,591
Ending cash and cash equivalents	$ 235,272	$ 261,595	$ 151,787

See accompanying notes to consolidated financial statements.

CF BANKSHARES INC.
CONSOLIDATED STATEMENTS OF CHANGES OF CASH FLOWS
Years ended December 31, 2024, 2023 and 2022
(Dollars in thousands, except per share data)

	2024		2023		2022	
Supplemental cash flow information:						
Interest paid	$	72,166	$	58,799	$	18,362
Income tax paid		664		3,975		2,450
Supplemental noncash disclosures:						
Loans transferred from held for sale to portfolio	$	-	$	-	$	1,674
Transfer from premises and equipment to assets held for sale		-		-		1,930
Investment payable on limited liability corporation and limited partnership		6,000		889		8,097
Initial recognition of operating lease right-of-use asset		1,619		4,550		-
Right-of-use asset obtained in exchange for new operating lease liability		1,619		4,550		-
Redemption proceeds receivable on life insurance policy		-		-		528

See accompanying notes to consolidated financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Principles of Consolidation:

The consolidated financial statements include CF Bankshares Inc. (the "Holding Company") and its wholly-owned subsidiary, CFBank, National Association ("CFBank"). On December 1, 2016, CFBank converted from a federal savings institution to a national bank. Prior to December 1, 2016, the Holding Company was a registered savings and loan holding company. Effective as of December 1, 2016 and in conjunction with the conversion of CFBank to a national bank, the Holding Company became a registered bank holding company and elected financial holding company status with the Board of Governors of the Federal Reserve System (the "FRB"). Effective as of July 27, 2020, the Company changed its name from Central Federal Corporation to CF Bankshares Inc. The Holding Company and CFBank are sometimes collectively referred to herein as the "Company." Intercompany transactions and balances are eliminated in consolidation.

CFBank provides financial services through its eight full-service banking offices in the metro markets of Columbus, Cincinnati, Cleveland and Akron, Ohio and Indianapolis, Indiana. Its primary deposit products are commercial and retail checking, savings, money market and term certificate accounts. Its primary lending products are commercial and commercial real estate, residential mortgages and installment loans. There are no significant concentrations of loans to any one industry or customer segment. However, our customers' ability to repay their loans is dependent on general economic conditions and the real estate values in their geographic areas.

Use of Estimates: To prepare financial statements in conformity with U.S. generally accepted accounting principles (GAAP), management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ. The allowance for credit losses on financial assets, deferred tax assets and fair values of financial instruments are particularly subject to change.

Cash Flows: Cash and cash equivalents include cash, deposits with other financial institutions with maturities fewer than 90 days and federal funds sold. Net cash flows are reported for customer loan and deposit transactions, interest-bearing deposits in other financial institutions and borrowings with original maturities under 90 days.

Cash in Excess of FDIC Limits: At December 31, 2024, the Company's cash accounts exceeded federally insured limits by approximately $226.9 million. Approximately $218.8 million of that amount was held by either the Federal Reserve Bank or the Federal Home Loan Bank of Cincinnati, which is not federally insured.

Interest-Bearing Deposits in Other Financial Institutions: Interest-bearing deposits in other financial institutions mature in April, 2025 and are carried at cost. As of December 31, 2024 and December 31, 2023, there was $100 in interest-bearing deposits in other financial institutions.

Securities: Debt securities are classified as available for sale when they might be sold before maturity. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income.

Interest income includes amortization of purchase premium or accretion of discount. Premiums and discounts on securities are amortized or accreted on the level-yield method, except for mortgage-backed securities and collateralized mortgage obligations where prepayments are anticipated based on industry payment trends. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for credit losses on investment securities available for sale: For investment securities available for sale in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For investment securities available for sale that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, the Company considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded, limited to the amount that the fair value is less than the amortized cost basis. Unrealized losses that have not been recorded through an allowance for credit losses are recognized in other comprehensive income. Adjustments to the allowance for credit losses are reported in the income statement as a component of the provision for credit loss. The Company has made the accounting policy election to exclude accrued interest receivable on investment securities available for sale from the estimate of credit losses. Investment securities available for sale are charged off against the allowance or, in the absence of any allowance, written down through the income statement when deemed uncollectible or when either of the aforementioned criteria regarding intent or requirement to sell is met. The Company did not record an allowance for credit losses on its investment securities available for sale as of December 31, 2024 or December 31, 2023, as the unrealized losses were attributable to changes in interest rates, not credit quality.

Equity Securities: Equity securities without a readily determinable fair value are held at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. In accordance with ASC 321, the Company performs a qualitative assessment for equity securities without readily determinable fair values considering impairment indicators to evaluate whether an impairment exists. If an impairment exists, the Company will recognize a loss based on the difference between carrying value and estimated fair value.

Loans Held for Sale: Mortgage loans originated and intended for sale in the secondary market are carried at fair value under the fair value option, as determined by outstanding commitments from investors. Mortgage loans held for sale are generally sold with servicing rights released. The carrying value of mortgage loans sold is reduced by the amount allocated to the servicing rights when mortgage loans held for sale are sold with servicing rights retained. Loans originated as construction loans, that were subsequently transferred to held for sale, are carried at the lower of cost or market. Gains and losses on sales of mortgage loans are based on the difference between the selling price and the carrying value of the related loan sold.

Loans and Leases: Loans and leases that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, adjusted for purchase premiums and discounts, deferred loan fees and costs and an allowance for credit losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level yield method without anticipating prepayments.

The accrual of interest income on all classes of loans, except other consumer loans, is discontinued and the loan is placed on nonaccrual status at the time the loan is 90 days delinquent unless the loan is well-secured and in process of collection. Other consumer loans are typically charged off no later than 90 days past due. Past due status is based on the contractual terms of the loan for all classes of loans. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. Nonaccrual loans and loans past due 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans. Commercial, multi-family residential real estate loans and commercial real estate loans placed on nonaccrual status are individually classified as impaired loans.

All interest accrued but not received for each loan placed on nonaccrual status is reversed against interest income in the period in which it is placed on nonaccrual status. Interest received on such loans is accounted for on the cash-basis or cost recovery method, until qualifying for return to accrual status. Loans are considered for return to accrual status provided all the principal and interest amounts that are contractually due are brought current, there is a current and well documented credit analysis, there is reasonable assurance of repayment of principal and interest, and the customer has demonstrated sustained, amortizing payment performance of at least six months.

Concentration of Credit Risk: Most of the Company’s primary business activity is with customers located within the Ohio counties of Franklin, Delaware, Hamilton, Cuyahoga and Summit and Marion County, Indiana and contiguous counties. Therefore, the Company’s exposure to credit risk can be affected by changes in the economies within these counties. Although these counties are the Company’s primary market area for loans, the Company originates residential and commercial real estate loans throughout the United States.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of ASC 326: Effective January 1, 2023, the Company adopted Accounting Standard Codification 326 ("ASC 326") "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." Results for the periods beginning after January 1, 2023 are presented under the new "Current Expected Credit Losses" (CECL) methodology under ASC 326, while prior period amounts continue to be reported in accordance with the "incurred loss" model under previously applicable GAAP.

Allowance for Credit Losses – Loans and Leases ("ACL - Loans"): The ACL - Loans is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on loans over the contractual term. Loans and leases are collectively referred to as "loans" for the purpose of discussing the allowance for credit losses. Loans are charged off against the allowance when the uncollectibility of the loan is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged off and expected to be charged off. Adjustments to the ACL- Loans are reported in the income statement as a component of provision for credit loss. The Company has made the accounting policy election to exclude accrued interest receivable on loans from the estimate of credit losses.

The ACL - Loans represents the Company's best estimate of CECL on loans using relevant available information, from internal and external sources, related to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. The CECL calculation is performed and evaluated quarterly and losses are estimated over the expected life of the loan. The level of the ACL - Loans is believed to be adequate to absorb all expected future losses inherent in the loan portfolio at the measurement date.

In calculating the ACL - Loans, the loan portfolio was pooled into loan segments with similar risk characteristics. Common characteristics include the type or purpose of the loan, underlying collateral and historical/expected credit loss patterns. In developing the loan segments, the Company analyzed the degree of correlation in how loans within each portfolio respond when subjected to varying economic conditions and scenarios as well as other portfolio stress factors.

The expected credit losses are measured over the life of each loan segment utilizing the average charge-off methodology combined with economic forecast models to estimate the current expected credit loss inherent in the loan portfolio. This approach is also leveraged to estimate the expected credit losses associated with unfunded loan commitments incorporating expected utilization rates.

The Company sub-segmented certain commercial portfolios by risk level where appropriate. The Company utilized a one-year reasonable and supportable economic forecast period.

The Company qualitatively adjusts model results for risk factors that are not inherently considered in the historical losses, but are nonetheless relevant in assessing the expected credit losses within the loan portfolio. These adjustments may increase or decrease the estimate of expected credit losses based upon the assessed level of risk for each qualitative factor. The various risks that may be considered in making qualitative adjustments include, among other things, the impact of (i) changes in economic conditions, (ii) changes in the nature and volume of the loan portfolio, (iii) changes in the existence, growth and effect of any concentrations in credit, (iv) changes in lending policies and procedures, including changes in underwriting standards and practices for collections, write-offs, and recoveries, (v) changes in the quality of the credit review function, (vi) changes in the experience, ability and depth of lending management and staff, (vii) changes in the volume and severity of past due and adversely classified loans and the volume of non-accrual loans, (viii) changes in the value of underlying collateral for collateral-dependent loans, and (ix) other environmental factors such as regulatory, legal and technological considerations, as well as competition.

In some cases, management may determine that an individual loan exhibits unique risk characteristics which differentiate the loan from other loans within the loan segments. In such cases, the loans are evaluated for expected credit losses on an individual basis and excluded from the collective evaluation. Specific reserves in the allowance for credit losses are determined by analyzing the borrower's ability to repay amounts owed, collateral deficiencies, the relative risk grade of the loan and economic conditions affecting the borrower's industry, among other things. A loan is considered to be collateral dependent when, based upon management's assessment, the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. In such cases, expected credit losses are based on the fair value of the collateral at the measurement date, adjusted for estimated selling costs if satisfaction of the loan depends on the sale of the collateral. The fair value of collateral supporting collateral dependent loans is evaluated on a quarterly basis.

The following portfolio segments have been identified: commercial loans; single-family residential real estate loans; multi-family residential real estate loans; commercial real estate loans; construction loans; home equity lines of credit; and other consumer loans. A description of each segment of the loan portfolio, along with the risk characteristics of each segment, is included below.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Commercial loans: Commercial loans and direct financing leases include loans and leases to businesses generally located within our primary market area. Those loans and leases are typically secured by business equipment, inventory, accounts receivable and other business assets. In underwriting commercial loans, we consider the net operating income of the borrower, the debt service ratio and the financial strength, expertise and credit history of the business owners and/or guarantors. 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 borrower's financial performance and the financial strength of the business owners and/or guarantors.

Single-family residential real estate loans: Single-family residential real estate loans include permanent conventional mortgage loans secured by single-family residences that we originate for portfolio and purchased loans located primarily within our primary market area. Credit approval for single-family residential real estate loans requires demonstration of sufficient income to repay the principal and interest and the real estate taxes and insurance, stability of employment and an established credit record. Our policy is to originate quality loans that are evaluated for risk based on the borrower's ability to repay the loan. Collateral positions are established by obtaining independent appraisal opinions. Mortgage insurance may be required when the LTV exceeds 80%.

Multi-family residential real estate loans: Multi-family residential real estate loans include loans secured by apartment buildings, condominiums and multi-family residential houses generally located within our primary market area. Underwriting policies provide that multi-family residential real estate loans generally may be made in amounts up to 85% of the lower of the appraised value or purchase price of the property. In underwriting multi-family residential real estate 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-rate and adjustable-rate loans. Fixed-rate loans are generally limited to three years to five years, at which time they convert to adjustable-rate loans. Because payments on loans secured by multi-family residential properties are dependent on successful operation or management of the properties, repayment of multi-family residential real estate loans may be subject to a greater extent to adverse conditions in the real estate market or the economy. Adjustable-rate multi-family residential real estate 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 multi-family residential real estate loans generally do not contain periodic and lifetime caps on interest rate changes. We seek to minimize the additional risk presented by adjustable-rate multi-family residential real estate 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 loans: Commercial real estate loans include loans secured by owner occupied and non-owner occupied properties used for business purposes, such as manufacturing facilities, office buildings or retail facilities generally located within our primary market area. Underwriting policies provide that commercial real estate loans may be made in amounts up to 85% of the lower of the appraised value or purchase price of the property. In underwriting commercial real estate 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 years to five years, at which time they convert to adjustable-rate loans. 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. Adjustable-rate commercial real estate 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 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 loans through underwriting criteria that require such loans to be qualified at origination with sufficient debt coverage ratios under increasing interest rate scenarios.

Construction loans: Construction loans include loans to finance the construction of residential and commercial properties generally located within our primary market area. Construction loans are fixed-rate or adjustable-rate loans which may convert to permanent loans with maturities of up to 30 years. Our policies provide that construction loans may generally 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. In underwriting construction loans, we consider the property owner's and/or guarantor's financial strength, expertise and credit history. Construction 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 through inspections of

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

construction progress on the property and by requiring personal guarantees and reviewing current personal financial statements and tax returns, as well as other projects of the developer.

Home equity lines of credit: Home equity lines of credit include both loans we originate for portfolio and purchased loans. We originate home equity lines of credit to customers generally within our primary market area. Home equity lines of credit are variable rate loans and the interest rate adjusts monthly at various margins to 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, 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. Collections of home equity lines of credit are dependent on the borrower's continuing financial stability, and thus are more likely to be affected by adverse personal circumstances. We continue to monitor collateral values and borrower FICO® scores on both purchased and portfolio loans and, when the situation warrants, have frozen the lines of credit.

Other consumer loans: Other consumer loans include closed-end home equity, home improvement, auto, credit card loans and any purchased loans to consumers generally located within our primary market area. Credit approval for other consumer loans requires income sufficient to repay principal and interest due, stability of employment, an established credit record and sufficient collateral for secured loans. Consumer loans typically have shorter terms and lower balances with higher yields as compared to real estate mortgage loans, but generally carry higher risks of default. Consumer loan collections are dependent on the borrower's continuing financial stability, and thus are more likely to be affected by adverse personal circumstances.

CFBank's charge-off policy for commercial loans, single-family residential real estate loans, multi-family residential real estate loans, commercial real estate loans, construction loans and home equity lines of credit requires management to record a specific reserve or charge-off as soon as it is apparent that the borrower is troubled and there is, or likely will be, a collateral shortfall related to the estimated value of the collateral securing the loan. Other consumer loans are typically charged off no later than 90 days past due.

<u>Allowance for Loan and Lease Losses under prior GAAP (Incurred loss model)</u>: Prior to the adoption of ASC 326 and the CECL model on January 1, 2023, the Company maintained an allowance for loan and lease losses (ALLL) in accordance with the "incurred loss" model under previously applicable GAAP. The ALLL was a valuation allowance for probable incurred credit losses. Loan losses were charged against the allowance when management believed the uncollectibility of a loan balance was confirmed. Subsequent recoveries, if any, were credited to the allowance. Management estimated the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance were made for specific loans, but the entire allowance was available for any loan that, in management's judgment, should be charged off.

The allowance consisted of specific and general components. The specific component related to loans that were individually classified as impaired. A loan was impaired when, based on current information and events, it was probable that CFBank would be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans within any loan class for which the terms had been modified resulted in a concession, and for which the borrower was experiencing financial difficulties, were considered troubled debt restructurings (TDRs) and classified as impaired.

Factors considered by management in determining impairment for all loan classes included payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experienced insignificant payment delays and payment shortfalls generally were not classified as impaired. Management determined the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed.

All substandard loans within the commercial, multi-family residential, commercial real estate and construction segments were individually evaluated for impairment when they were 90 days past due, or earlier than 90 days past due if information regarding the payment capacity of the borrower indicated that payment in full according to the loan terms was doubtful. If a loan was impaired, a portion of the allowance was allocated so that the loan was reported, net, at the present value of estimated future cash flows using the loan's existing rate, or at the fair value of collateral, less costs to sell, if repayment was expected solely from the collateral. Large groups of smaller balance homogeneous loans, such as consumer, single-family residential real estate loans and commercial leases, were collectively evaluated for impairment, and accordingly, they were not separately identified for impairment disclosures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

TDRs of all classes of loans were separately identified for impairment disclosures and were measured at the present value of estimated future cash flows using each loan's effective rate at inception. If a TDR was considered to be a collateral dependent loan, the loan was reported, net, at the fair value of the collateral. If the payment of the loan was dependent on the sale of the collateral, then costs to liquidate the collateral were included when determining the impairment. For TDRs that subsequently default, the amount of reserve was determined in accordance with the accounting policy for the ALLL.

The general reserve component covered non-impaired loans of all classes and was based on historical loss experience adjusted for current factors. The historical loss experience was determined by loan class and was based on the actual loss history experienced by CFBank over a three-year period. The general component was calculated based on CFBank's loan balances and actual three-year historical loss rates. For loans with little or no actual loss experience, industry estimates were used based on loan segment. This loss experience was supplemented with other economic and judgmental factors based on the risks present for each loan class. These economic and judgmental factors included consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations.

Allowance for Credit Losses - Off-Balance Sheet Credit Exposures: The allowance for credit losses on off-balance sheet credit exposures is a liability account representing expected credit losses over the contractual period for which the Company is exposed to credit risk resulting from a contractual obligation to extend credit. No allowance is recognized if the Company has the unconditional right to cancel the obligation. Off-balance sheet credit exposures primarily consist of amounts available under outstanding lines of credit and letters of credit. For the period of exposure, the estimate of expected credit losses considers both the likelihood that funding will occur and the amount expected to be funded over the estimated remaining life of the commitment or other off-balance sheet exposure. The likelihood and expected amount of funding are based on historical utilization rates. The amount of the allowance represents management's best estimate of expected credit losses on commitments expected to be funded over the contractual life of the commitment. The allowance for off-balance sheet credit exposures is adjusted through the income statement as a component of provision for credit loss.

Transfers of Financial Assets: Transfers of financial assets are accounted for as sales when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

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. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. If fair value declines subsequent to foreclosure, an adjustment is recorded through expense. Operating costs after acquisition are expensed.

Low Income Housing Tax Credits (LIHTC) and Historic Tax Credits (HTC): The Company has invested in LIHTCs and HTCs through direct investments and funds that assist corporations in investing in limited partnerships and limited liability companies that own, develop and operate low income residential rental properties and historic properties for purposes of qualifying for the LIHTCs and HTCs. These investments are accounted for under the proportional amortization method which recognizes the amortization of the investment in proportion to the tax credit and other tax benefits received.

Holding Company Loans to Developers: The Holding Company engages in lending to developers for the purpose of allocating excess liquidity into higher earning assets while diversifying its revenue sources. The developers are engaged in shorter term operating activities related to single family real estate developments. Income is recognized based on the interest charged on outstanding balances and from incentive payments as the housing units are sold. The outstanding balance of these loans by the Holding Company at December 31, 2024 and December 31, 2023 was $1,331 and $1,909, respectively and is included in accrued interest receivable and other assets in the consolidated balance sheets. Income recognized, including incentive payments, was $189, $224, and $172, respectively, for 2024, 2023 and 2022 and is included in other noninterest income in the consolidated statements of income.

Premises and Equipment: Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation. Buildings and related components are depreciated using the straight-line method with useful lives ranging from 3 years to 40 years. Furniture, fixtures and equipment are depreciated using the straight-line method with useful lives ranging from 2 years to 25 years. Leasehold improvements are depreciated straight-line over the shorter of the useful life or the lease term.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Federal Home Loan Bank (FHLB) stock: CFBank is a member of the Federal Home Loan Bank of Cincinnati (the "FHLB"). Members are required to own a certain amount of FHLB stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Federal Reserve Bank (FRB) stock: CFBank is a member of the Federal Reserve System and is required to own a certain amount of stock in the FRB. FRB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Bank Owned Life Insurance: CFBank has purchased life insurance policies on certain directors and employees. Bank owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Loan Commitments and Related Financial Instruments: Financial instruments include off-balance-sheet credit instruments, such as commitments to make loans and issue commercial letters of credit to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded, and fees associated with origination are booked to non-interest income at the origination date.

Derivatives: Derivative financial instruments are recognized as assets or liabilities at fair value. The Company's derivatives consist mainly of interest rate swap agreements, which are used as part of its asset liability management program to help manage interest rate risk. The Company does not use derivatives for trading purposes. The derivative transactions are stand-alone derivatives with no hedging designation. Changes in the fair value of the derivatives are reported currently in earnings, as other noninterest income.

Mortgage Banking Derivatives: Commitments to fund mortgage loans to be sold into the secondary market, otherwise known as interest rate locks, are accounted for as free standing derivatives. Mortgage banking activities include two types of commitments: rate lock commitments and forward loan commitments. Fair values of these mortgage derivatives are based on anticipated gains on the underlying loans. Changes in the fair values of these derivatives are included in net gains on sales of loans.

Stock-Based Compensation: Compensation cost is recognized for stock options and restricted stock awards issued to directors and employees, based on the fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options, while the market price of the Company's common stock at the date of grant is used for restricted stock awards. Compensation cost is recognized over the required service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the required service period for each separately vesting portion of the award. Forfeitures are recognized as incurred.

Income Taxes: Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax basis of assets and liabilities, computed using enacted tax rates.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

The Company recognizes interest related to income tax matters as interest expense and penalties related to income tax matters as other noninterest expense.

Retirement Plans: Pension expense is the amount of annual contributions by the Company to the multi-employer contributory trusteed pension plan. Employee 401(k) and profit sharing plan expense is the amount of matching contributions. Supplemental retirement plan expense allocates the benefits over years of service.

Earnings Per Common Share: The two-class method is used in the calculation of basic and diluted earnings per share. Under the two-class method, earnings available to common stockholders for the period are allocated between common stockholders and participating securities (Series D Preferred Stock) according to dividends declared (or accumulated) and participation rights in undistributed earnings.

Comprehensive Income: Comprehensive income consists of net income and other comprehensive income. Other comprehensive income (loss) includes unrealized gains and losses on securities available for sale, which are also recognized as a separate component of equity. Reclassifications from accumulated other comprehensive loss are conducted on a specific identification method.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there were any such matters at December 31, 2024 that will have a material effect on the financial statements. See Note 21 – Contingent Liabilities.

Restrictions on Cash: Cash on deposit with the FHLB included $3,300 pledged as collateral for FHLB advances at December 31, 2024.

Equity: Treasury stock is carried at cost. Shares sold out of treasury are valued based on the weighted average cost.

Dividend Restriction: Banking regulations require us to maintain certain capital levels and may limit the dividends paid by CFBank to the Holding Company or by the Holding Company to stockholders. The ability of the Holding Company to pay dividends on its common stock is dependent upon the amount of cash and liquidity available at the Holding Company level, as well as the receipt of dividends and other distributions from CFBank to the extent necessary to fund such dividends. 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 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, under the terms of the Holding Company's fixed-to-floating rate subordinated debt, the Holding Company's ability to pay dividends on its stock is conditioned upon the Holding Company continuing to make required principal and interest payments, and not incurring an event of default, with respect to the subordinated debt.

Fair Value of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note 6 – Fair Value. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

Advertising and Marketing Expense: Advertising costs are expensed as incurred and are recorded as advertising and marketing, a component of noninterest expense. Advertising and marketing expense also includes leads-based marketing for our residential mortgage lending business.

Segment Reporting: The Company adopted Accounting Standards Update 2023-07 "Segment Reporting (Topic 280) - Improvement to Reportable Segment Disclosures" as of January 1, 2024. The Company has determined that all of its business activities meet the aggregation criteria of ASC 280, Segment Reporting, as its current operating model is structured whereby all of its business activities serve a similar base of primarily commercial clients utilizing a company-wide offering of similar products and services managed through similar processes and platforms that are collectively reviewed by the Company's Chief Executive Officer, who has been identified as the chief operating decision maker ("CODM").

The CODM regularly assesses performance of the aggregated single operating and reporting segment and decides how to allocate resources based on net income calculated on the same basis as is net income reported in the Company's consolidated statements of income and other comprehensive income. The CODM is also regularly provided with expense information at a level consistent with that disclosed in the Company's consolidated statements of income and other comprehensive income.

Recent Accounting Pronouncements and Developments:

In March 2020, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The amendments in this update provide optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. They provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The Company completed its transition from the use of LIBOR in 2023. The adoption of ASU No. 2020-04 did not have a material impact on our Consolidated Financial Statements.

In March 2023, the FASB issued ASU No. 2023-02, "Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using Proportional Amortization Method." This ASU is intended to improve the accounting and disclosures for investments in tax credit structures. It allows reporting entities to elect to adopt for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. We adopted the standard, effective January 1, 2024. The adoption of ASU No. 2023-02 did not have a material impact on our Consolidated Financial Statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." The amendments in this ASU apply to all public entities that are required to report segment information in accordance with FASB ASC 280, Segment Reporting. The amendments in the ASU are intended to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendments require that a public entity disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit or loss. Public entities are required to disclose, on an annual and interim basis, an amount for other segment items by reportable segment and a description of its composition. In addition, public entities must provide all annual disclosures about a reportable segment's profit or loss and assets currently required by ASC 280 in interim periods. The amendments clarify that if the CODM uses more than one measure of a segment's profit or loss in assessing segment performance and deciding how to allocate resources, a public entity may report one or more of those additional measures of segment profit. However, at least one of the reported segment profit or loss measures (or the single reported measure, if only one is disclosed) should be the measure that is most consistent with the measurement principles used in measuring the corresponding amounts in the public entity's consolidated financial statements. The amendments require that a public entity disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. Finally, the amendments require that a public entity that has a single reportable segment provide all the disclosures required by the amendments in the ASU and all existing segment disclosures in ASC Topic 280. A public entity should apply the amendments retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. We adopted the standard in 2024. The adoption of this ASU did not have a material impact on the Company's Consolidated Financial Statements and disclosures.

Future Accounting Matters:

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" to address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. ASU 2023-09 is to be applied on a prospective basis and is effective for annual periods beginning after December 15, 2024 with early adoption permitted. ASU 2023-09 will impact income tax disclosures, and the Company does not expect a material impact to the Company's Consolidated Financial Statements.

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40)." The pronouncement requires public entities to disclose additional information about specific expense categories in the notes to the financial statements. The guidance is effective for public business entities for fiscal years beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is assessing ASU 2024-03 and its impact on its Consolidated Financial Statements and disclosures.

NOTE 2 - REVENUE RECOGNITION

GAAP requires reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

The majority of our revenue-generating transactions are not from contracts with customers, and instead consist of revenue generated from financial instruments, such as our loans, letters of credit, derivatives and investment securities, as well as revenue generated from our mortgage activities related to net gains on sale of loans.

All of the Company's revenue from contracts with customers is recognized within Noninterest income. Descriptions of revenue-generating activities which are presented in our Consolidated Statements of Income as components of Noninterest income are as follows:

- Service charges on deposit accounts - these represent general service fees for monthly account maintenance and activity, or transaction-based fees, and consist of transaction-based revenue, time-based revenue (service period), item-based revenue or some other individual attribute-based revenue. Revenue is recognized when our performance obligation is completed, which is generally monthly for account maintenance services or when a transaction has been completed (such as a wire transfer). Payments for such performance obligations are generally received at the time the performance obligations are satisfied.

(Dollars in thousands, except per share data)

NOTE 3 – SECURITIES

The following tables summarize the amortized cost and fair value of the available-for-sale securities portfolio at December 31, 2024 and December 31, 2023 and the corresponding amounts of unrealized gains and losses recognized in accumulated other comprehensive income (loss):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2024				
Corporate debt	$ 9,983	$ -	$ 2,283	$ 7,700
Issued by U.S. government-sponsored entities and agencies:				
U.S. Treasury	982	1	-	983
Total	$ 10,965	$ 1	$ 2,283	$ 8,683

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2023				
Corporate debt	$ 9,980	$ -	$ 2,880	$ 7,100
Issued by U.S. government-sponsored entities and agencies:				
U.S. Treasury	1,007	-	19	988
Mortgage-backed securities - residential	4	-	-	4
Total	$ 10,991	$ -	$ 2,899	$ 8,092

There was no impairment recognized in accumulated other comprehensive loss for securities available for sale at December 31, 2024 or December 31, 2023.

There were no sales of securities during the years ended December 31, 2024, December 31, 2023 and December 31, 2022.

The amortized cost and fair value of debt securities at December 31, 2024 and December 31, 2023 are shown in the table below by contractual maturity. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

	December 31, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 982	$ 983	$ 1,007	$ 988
Due from one to five years	-	-	-	-
Due from five to ten years	9,983	7,700	9,980	7,100
Mortgage-backed securities - residential	-	-	4	4
Total	$ 10,965	$ 8,683	$ 10,991	$ 8,092

Fair value of securities pledged was as follows:

	At December 31,		
	2024	2023	2022
Pledged as collateral for:			
FHLB advances	$ -	$ 497	$ 967
Public deposits	737	492	479
Total	$ 737	$ 989	$ 1,446

At year-end 2024, 2023 and 2022, there were no holdings of securities of any one issuer in an amount greater than 10% of stockholders' equity.

(Dollars in thousands, except per share data)

NOTE 3 – SECURITIES (continued)

The following table summarizes securities with unrealized losses at December 31, 2024 and December 31, 2023 aggregated by major security type and length of time in a continuous unrealized loss position.

December 31, 2024	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate debt	$ -	$ -	$ 7,700	$ 2,283	$ 7,700	$ 2,283
Total temporarily impaired	$ -	$ -	$ 7,700	$ 2,283	$ 7,700	$ 2,283

December 31, 2023	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate debt	$ -	$ -	$ 7,100	$ 2,880	$ 7,100	$ 2,880
Issued by U.S. government-sponsored entities and agencies:						
U.S. Treasury	-	-	988	19	988	19
Mortgage-backed securities - residential [(1)]	1	-	3	-	4	-
Total temporarily impaired	$ 1	$ -	$ 8,091	$ 2,899	$ 8,092	$ 2,899

(1) Unrealized loss is less than $1 resulting in rounding to zero.

The unrealized loss at December 31, 2024 was related to one Corporate debt security. The unrealized losses at December 31, 2023 were related to one Corporate debt security, one Mortgage-backed security and two U.S. Treasuries. Because the declines in fair value were attributable to changes in market conditions, and not credit quality, and because the Company did not have the intent to sell these securities and would unlikely be required to sell these securities before their anticipated recovery, the Company did not consider these securities to be impaired at December 31, 2024 and December 31, 2023.

NOTE 4 – LOANS AND LEASES

The following table presents the recorded investment in loans and leases by portfolio segment. The recorded investment in loans and leases includes the principal balance outstanding adjusted for purchase premiums and discounts, and deferred loan fees and costs.

	December 31, 2024	December 31, 2023
Commercial [(1)]	$ 418,804	$ 439,895
Real estate:		
Single-family residential	465,517	478,224
Multi-family residential	150,434	130,778
Commercial	460,064	433,026
Construction	202,166	190,722
Consumer:		
Home equity lines of credit	39,520	35,960
Other	2,988	2,393
Subtotal	1,739,493	1,710,998
Less: ACL – Loans	(17,474)	(16,865)
Loans and Leases, net	$ 1,722,019	$ 1,694,133

(1) Includes $7,680 and $13,497 of commercial leases at December 31, 2024 and December 31, 2023, respectively.

NOTE 4 – LOANS AND LEASES (continued)

Allowance for Credit Losses on Loans (ACL – Loans)

As discussed in Note 1, effective January 1, 2023, the Company adopted ASC 326. Results for the periods beginning after January 1, 2023 are presented under ASC 326, while prior period amounts continue to be reported in accordance with the "incurred loss" model under previously applicable GAAP.

The ACL - Loans is a valuation account that is deducted from the amortized cost basis of loans and leases to present the net amount expected to be collected on loans over the contractual term. The ACL - Loans is adjusted by the provision for credit losses, which is reported in earnings, and reduced by charge offs for loans, net of recoveries. Provision for credit losses on loans reflects the totality of actions taken on all loans for a particular period including any necessary increases or decreases in the allowance related to changes in credit loss expectations associated with specific loans or pools of loans. Loans are charged off against the allowance when the uncollectibility of the loan is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged off and expected to be charged off.

The ACL - Loans represents the Company's best estimate of current expected credit losses (CECL) on loans using relevant available information, from internal and external sources, related to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. The CECL calculation is performed and evaluated quarterly and losses are estimated over the expected life of the loan. The level of the ACL - Loans is believed to be adequate to absorb all expected future losses inherent in the loan portfolio at the measurement date.

In calculating the ACL - Loans, the loan portfolio was pooled into loan segments with similar risk characteristics. Common characteristics include the type or purpose of the loan, underlying collateral and historical/expected credit loss patterns. In developing the loan segments, the Company analyzed the degree of correlation in how loans within each portfolio respond when subjected to varying economic conditions and scenarios as well as other portfolio stress factors.

The expected credit losses are measured over the life of each loan segment utilizing the average charge-off methodology combined with economic forecast models to estimate the current expected credit loss inherent in the loan portfolio. This approach is also leveraged to estimate the expected credit losses associated with unfunded loan commitments incorporating expected utilization rates.

The Company sub-segmented certain commercial portfolios by risk level where appropriate. The Company utilized a one-year reasonable and supportable economic forecast period.

The Company qualitatively adjusts model results for risk factors that are not inherently considered in the historical losses, but are nonetheless relevant in assessing the expected credit losses within the loan portfolio. These adjustments may increase or decrease the estimate of expected credit losses based upon the assessed level of risk for each qualitative factor. The various risks that may be considered in making qualitative adjustments include, among other things, the impact of (i) changes in economic conditions, (ii) changes in the nature and volume of the loan portfolio, (iii) changes in the existence, growth and effect of any concentrations in credit, (iv) changes in lending policies and procedures, including changes in underwriting standards and practices for collections, write-offs, and recoveries, (v) changes in the quality of the credit review function, (vi) changes in the experience, ability and depth of lending management and staff, (vii) changes in the volume and severity of past due and adversely classified loans and the volume of non-accrual loans, (viii) changes in the value of underlying collateral for collateral-dependent loans, and (ix) other environmental factors such as regulatory, legal and technological considerations, as well as competition.

In some cases, management may determine that an individual loan exhibits unique risk characteristics which differentiate the loan from other loans within the loan segments. In such cases, the loans are evaluated for expected credit losses on an individual basis and excluded from the collective evaluation. Specific reserves in the allowance for credit losses are determined by analyzing the borrower's ability to repay amounts owed, collateral deficiencies, the relative risk grade of the loan and economic conditions affecting the borrower's industry, among other things. A loan is considered to be collateral dependent when, based upon management's assessment, the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. In such cases, expected credit losses are based on the fair value of the collateral at the measurement date, adjusted for estimated selling costs if satisfaction of the loan depends on the sale of the collateral. The fair value of collateral supporting collateral dependent loans is evaluated on a quarterly basis.

(Dollars in thousands, except per share data)

NOTE 4 – LOANS AND LEASES (continued)

The following tables present the activity in the ACL - Loans by portfolio segment for the year ended December 31, 2024 and December 31, 2023.

	December 31, 2024							
		Real Estate				Consumer		
	Commercial	Single-family	Multi-family	Commercial	Construction	Home equity lines of credit	Other	Total
Allowance for credit losses								
Balances, January 1, 2024	$ 5,884	$ 3,371	$ 1,231	$ 4,105	$ 1,707	$ 334	$ 233	$ 16,865
Provision of credit losses	6,353	(612)	151	(187)	34	31	317	6,087
Recoveries on loans	91	28	-	-	-	6	-	125
Loans charged off	(5,323)	-	-	-	-	-	(280)	(5,603)
Balances, December 31, 2024	$ 7,005	$ 2,787	$ 1,382	$ 3,918	$ 1,741	$ 371	$ 270	$ 17,474

	December 31, 2023							
		Real Estate				Consumer		
	Commercial	Single-family	Multi-family	Commercial	Construction	Home equity lines of credit	Other	Total
Allowance for credit losses								
Balances, December 31, 2022	$ 4,764	$ 3,914	$ 997	$ 3,384	$ 2,644	$ 333	$ 26	$ 16,062
Impact of adoption of ASC 326	877	(958)	66	726	(1,019)	(129)	28	(409)
Balances, January 1, 2023 Post-ASC 326 adoption	5,641	2,956	1,063	4,110	1,625	204	54	15,653
Provision of credit losses	933	375	168	(5)	82	126	179	1,858
Recoveries on loans	85	40	-	-	-	4	3	132
Loans charged off	(775)	-	-	-	-	-	(3)	(778)
Balances, December 31, 2023	$ 5,884	$ 3,371	$ 1,231	$ 4,105	$ 1,707	$ 334	$ 233	$ 16,865

Allowance for Loan and Lease Losses under prior GAAP (Incurred Loss Model):

Prior to the adoption of ASC 326 on January 1, 2023, the Company maintained an allowance for loan and lease losses (ALLL) in accordance with the incurred loss model.

The following table presents the activity in the ALLL by portfolio segment for the year ended December 31, 2022:

	December 31, 2022							
		Real Estate				Consumer		
	Commercial	Single-family	Multi-family	Commercial	Construction	Home Equity lines of credit	Other	Total
Beginning balance	$ 4,127	$ 3,348	$ 827	$ 5,034	$ 1,744	$ 272	$ 156	$ 15,508
Addition to (reduction in) provision for loan losses	900	547	170	(1,650)	900	50	(130)	787
Charge-offs	(263)	-	-	-	-	-	-	(263)
Recoveries	-	19	-	-	-	11	-	30
Ending balance	$ 4,764	$ 3,914	$ 997	$ 3,384	$ 2,644	$ 333	$ 26	$ 16,062

Determining fair value for collateral dependent loans requires obtaining a current independent appraisal of the collateral and applying a discount factor, which includes selling costs if applicable, to the value. The fair value of real estate is generally based on appraisals by qualified licensed appraisers. The appraisers typically determine the value of the real estate by utilizing an income or market valuation approach. If an appraisal is not available, the fair value may be determined by using a cash flow analysis. The fair value of other collateral such as business assets is typically ascertained by assessing, either singularly or some combination of, asset appraisals, accounts receivable aging reports, inventory listings and/or customer financial statements. Both appraised values and values based on the borrower’s financial information are discounted as considered appropriate based on age and quality of the information and current market conditions.

(Dollars in thousands, except per share data)

NOTE 4 – LOANS AND LEASES (continued)

The following tables present the amortized cost basis of collateral dependent loans by loan class and their respective collateral types, which are individually evaluated to determine expected credit losses.

	December 31, 2024			
	Residential Real Estate	Other	Total	Allowance on Collateral Dependent Loans
Commercial	$ -	$ 8,486	$ 8,486	$ 1,397
Real estate:				
Single-family residential	86	-	86	-
Total	$ 86	$ 8,486	$ 8,572	$ 1,397

	December 31, 2023			
	Residential Real Estate	Other	Total	Allowance on Collateral Dependent Loans
Commercial	$ -	$ 449	$ 449	$ 44
Real estate:				
Single-family residential	90	-	90	-
Total	$ 90	$ 449	$ 539	$ 44

The following table presents loans individually evaluated for impairment by class of loans as of and for the year ended December 31, 2022. The unpaid principal balance is the contractual principal balance outstanding. The recorded investment is the unpaid principal balance adjusted for partial charge-offs, purchase premiums and discounts, deferred loan fees and costs. Cash payments of interest on these loans during the twelve months ended December 31, 2022 totaled $47.

At or for the year ended December 31, 2022:

	Unpaid Principal Balance	Recorded Investment	ALLL Allocated	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Real estate:					
Commercial:					
Owner occupied	$ -	$ -	$ -	$ -	$ -
Total with no allowance recorded	-	-	-	-	-
With an allowance recorded:					
Commercial (1)	371	80	-	125	1
Real estate:					
Single-family residential (1)	95	95	-	97	5
Commercial:					
Non-owner occupied	-	-	-	350	17
Total with an allowance recorded	466	175	-	572	23
Total	$ 466	$ 175	$ -	$ 572	$ 23

(1) Allowance recorded is less than $1 resulting in rounding to zero

(Dollars in thousands, except per share data)

NOTE 4 – LOANS AND LEASES (continued)

The following table presents the recorded investment in non-accrual loans by class of loans at December 31, 2024:

	Non-Accrual Loans	Non-Accrual loans with no Allowance for Credit Losses
Commercial	$ 12,876	$ 135
Real estate:		
Single-family residential	1,649	1,649
Consumer:		
Home equity lines of credit:	13	13
Total nonaccrual loans	$ 14,538	$ 1,797

Of the $14.5 million of nonaccrual loans at December 31, 2024, $1.1 million was guaranteed by the SBA.

The following table presents the recorded investment in non-accrual loans by class of loans at December 31, 2023:

	Non-Accrual Loans	Non-Accrual Loans with no Allowance for Credit Losses
Commercial	$ 5,048	$ 1,658
Real estate:		
Single-family residential	627	627
Consumer:		
Home equity lines of credit:	17	17
Other consumer	30	30
Total nonaccrual loans	$ 5,722	$ 2,332

Of the $5.7 million of nonaccrual loans at December 31, 2023, $1.1 million was guaranteed by the SBA.

Nonaccrual loans include both single-family mortgage, consumer loans and commercial leases that are collectively evaluated for impairment and individually classified impaired loans. There were two loans, totaling $509 that were 90 days or more past due and still accruing at December 31, 2024. There were no loans 90 days or more past due and still accruing interest at December 31, 2023.

The following table presents the aging of the recorded investment in past due loans and leases by class of loans as of December 31, 2024:

	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or more Past Due	Total Past Due	Loans Not Past Due	Nonaccrual Loans Not 90 days or more Past Due
Commercial	$ 3,231	$ 202	$ 5,948	$ 9,381	$ 409,423	$ 7,256
Real estate:						
Single-family residential	1,112	-	1,649	2,761	462,756	-
Multi-family residential	-	-	-	-	150,434	-
Commercial:						
Non-owner occupied	-	-	-	-	229,831	-
Owner occupied	-	-	181	181	205,030	-
Land	-	-	-	-	25,022	-
Construction	-	-	-	-	202,166	-
Consumer:						
Home equity lines of credit	-	109	-	109	39,411	13
Other	41	-	-	41	2,947	-
Total	$ 4,384	$ 311	$ 7,778	$ 12,473	$ 1,727,020	$ 7,269

(Dollars in thousands, except per share data)

NOTE 4 – LOANS AND LEASES (continued)

The following table presents the aging of the recorded investment in past due loans and leases by class of loans as of December 31, 2023:

	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or more Past Due	Total Past Due	Loans Not Past Due	Nonaccrual Loans Not 90 days or more Past Due
Commercial	$ 98	$ -	$ 622	$ 720	$ 439,175	$ 4,426
Real estate:						
Single-family residential	165	372	563	1,100	477,124	64
Multi-family residential	-	-	-	-	130,778	-
Commercial:						
Non-owner occupied	-	-	-	-	228,548	-
Owner occupied	-	-	-	-	183,773	-
Land	-	-	-	-	20,705	-
Construction	-	-	-	-	190,722	-
Consumer:						
Home equity lines of credit:						
Originated for portfolio	97	-	17	114	35,846	-
Purchased for portfolio	-	-	-	-	-	-
Other	-	-	30	30	2,363	-
Total	$ 360	$ 372	$ 1,232	$ 1,964	$ 1,709,034	$ 4,490

Loan Modifications:

The Company adopted ASU 2022-02 during the first quarter of 2023. This amendment eliminated the TDR recognition and measurement guidance and, instead, required that an entity evaluate (consistent with the accounting for other loan modifications) whether the modification represents a new loan or a continuation of an existing loans. The amendments also enhanced existing disclosure requirements and introduced new requirements related to certain modifications of receivables made to borrowers experiencing financial difficulty.

During the year ended December 31, 2024, the Company modified one commercial loan, with an amortized cost basis of $4.3 million at December 31, 2024, where the borrower was experiencing financial difficulty. The amortized cost basis of this loan represented 1% of commercial loans at December 31, 2024. The loan was modified to increase the interest rate by 75bps, extend the maturity date by six months, and allow for an amortization holiday and deferred interest options. The loan was not past due during the year ended December 31, 2024.

During the year ended December 31, 2023, the Company modified one commercial loan, totaling $2.9 million, where the borrower was experiencing financial difficulty. The amortized cost basis of this loan represented 0.7% of commercial loans at December 31, 2023. The loan was modified to defer principal and interest payments for up to one year. For any period where the payments are deferred, the note will accrue at a higher rate of interest. The loan was deemed uncollectible during the year ended December 31, 2024 and was charged off.

Upon the Company's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or portion of the loan), is charged off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

Credit Quality Indicators:

The Company categorizes loans 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. Management analyzes loans individually by classifying the loans as to credit risk. This analysis includes commercial, commercial real estate and multi-family residential real estate loans. Internal loan reviews for these loan types are typically performed annually, and more often for loans with higher credit risk. Adjustments to loan risk ratings are based on the reviews and at any time information is received that may affect risk ratings. The following definitions are used for risk ratings:

NOTE 4 – LOANS AND LEASES (continued)

Special Mention. Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of CFBank's credit position at some future date.

Substandard. Loans classified as substandard are 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.

Doubtful. Loans classified as doubtful have all the weaknesses inherent in those classified as 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 not meeting the criteria to be classified into one of the above categories are considered to be not rated or pass-rated loans. Loans listed as not rated are included in groups of homogeneous loans. Past due information is the primary credit indicator for groups of homogenous loans. Loans listed as pass-rated are loans that are subject to internal loan reviews and are determined not to meet the criteria required to be classified as special mention, substandard, doubtful or loss.

(Dollars in thousands, except per share data)

NOTE 4 – LOANS AND LEASES (continued)

The following table summarizes the risk grading of the Company's loan portfolio by loan class and by year of origination for the years indicated as of December 31, 2024. Consumer and Single-family residential loans are not risk graded. For purposes of this disclosure, those loans are classified in the following manner: loans that are 89 days or less past due and accruing are "performing" loans and loans greater than 89 days past due or in nonaccrual are "nonperforming" loans.

	Term Loans (amortized cost basis by origination year)								
	2024	**2023**	**2022**	**2021**	**2020**	**Prior**	**Revolving loans amortized cost basis**	**Revolving loans converted to term**	**Total**
Commercial									
Pass	$ 39,955	$ 26,619	$ 67,069	$ 82,579	$ 43,556	$ 8,224	$ 132,853	$ -	$ 400,855
Special Mention	-	-	285	-	-	2,922	2,966	-	6,173
Substandard	-	-	7,085	4,256	-	-	50	-	11,391
Doubtful	-	-	385	-	-	-	-	-	385
Total Commercial	39,955	26,619	74,824	86,835	43,556	11,146	135,869	-	418,804
Gross charge-offs during the year ended December 31, 2024	-	-	1,755	3,568	-	-	-	-	5,323
Real estate loans:									
Single-family residential									
Payment performance									
Performing	29,278	33,749	121,984	215,330	42,272	21,255	-	-	463,868
Nonperforming	-	547	371	168	-	563	-	-	1,649
Total Single-family residential loans	29,278	34,296	122,355	215,498	42,272	21,818	-	-	465,517
Multi-family residential									
Pass	30,570	24,798	7,628	49,647	2,520	26,424	-	-	141,587
Special Mention	-	-	-	-	4,252	4,595			8,847
Total Multi-family residential loans	30,570	24,798	7,628	49,647	6,772	31,019	-	-	150,434
Commercial:									
Non-owner occupied									
Pass	10,169	49,053	33,204	67,360	14,019	52,679	-	-	226,484
Special Mention	-	-	-	-	-	2,842	-	-	2,842
Substandard	-	-	-	-	-	505	-	-	505
Total Non-owner occupied loans	10,169	49,053	33,204	67,360	14,019	56,026	-	-	229,831
Owner occupied									
Pass	18,424	42,191	51,788	47,174	17,707	26,659	-	-	203,943
Special Mention	-	-	-	-	589	-	-	-	589
Substandard	-	-	-	-	-	679			679
Total Owner occupied loans	18,424	42,191	51,788	47,174	18,296	27,338	-	-	205,211
Land									
Pass	16,853	3,190	-	4,979	-	-	-	-	25,022
Total Land loans	16,853	3,190	-	4,979	-	-	-	-	25,022
Construction									
Performing	420	-	-	1,607					2,027
Pass	51,031	57,409	68,536	19,632	3,531	-	-	-	200,139
Total Construction loans	51,451	57,409	68,536	21,239	3,531	-	-	-	202,166
Total Real Estate loans	156,745	210,937	283,511	405,897	84,890	136,201	-	-	1,278,181
Consumer:									
Home equity lines of credit:									
Payment performance									
Performing	-	-	-	-	-	-	36,253	3,254	39,507
Nonperforming	-	-	-	-	-	-	-	13	13
Total Home equity lines of credit	-	-	-	-	-	-	36,253	3,267	39,520
Other									
Payment performance									-
Performing	488	-	-	-	6	178	2,316	-	2,988
Nonperforming	-	-	-	-	-	-	-	-	-
Total Other consumer loans	488	-	-	-	6	178	2,316	-	2,988
Gross charge-offs during the year ended December 31, 2024	-	-	-	-	-	-	280	-	280
Total loans	$ 197,188	$ 237,556	$ 358,335	$ 492,732	$ 128,452	$ 147,525	$ 174,438	$ 3,267	$ 1,739,493
Total gross charge-offs during the year ended December 31, 2024	$ -	$ -	$ 1,755	$ 3,568	$ -	$ -	$ 280	$ -	$ 5,603

(Dollars in thousands, except per share data)

NOTE 4 – LOANS AND LEASES (continued)

The following table summarizes the risk grading of the Company's loan portfolio by loan class and by year of origination for the years indicated as of December 31, 2023. Consumer and Single-family residential loans are not risk graded. For purposes of this disclosure, those loans are classified in the following manner: loans that are 89 days or less past due and accruing are "performing" loans and loans greater than 89 days past due or in nonaccrual are "nonperforming" loans.

	Term Loans (amortized cost basis by origination year)								
	2023	2022	2021	2020	2019	Prior	Revolving loans amortized cost basis	Revolving loans converted to term	Total
Commercial									
Pass	$ 32,965	$ 86,433	$ 90,297	$ 45,670	$ 3,189	$ 9,888	$ 159,065	$ 1,078	$ 428,585
Special Mention	-	-	2,807	-	84	-	-	-	2,891
Substandard	-	384	7,537	-	-	-	50	-	7,971
Doubtful	-	448	-	-	-	-	-	-	448
Total Commercial	32,965	87,265	100,641	45,670	3,273	9,888	159,115	1,078	439,895
Gross charge-offs for the year ended December 31, 2023	-	564	211	-	-	-	-	-	775
Real estate loans:									
Single-family residential									
Payment performance									
Performing	42,655	131,416	231,379	45,785	9,584	16,778	-	-	477,597
Nonperforming	-	-	-	-	-	627	-	-	627
Doubtful									-
Total Single-family residential loans	42,655	131,416	231,379	45,785	9,584	17,405	-	-	478,224
Multi-family residential									
Pass	24,839	8,776	53,815	7,311	15,772	20,265	-	-	130,778
Total Multi-family residential loans	24,839	8,776	53,815	7,311	15,772	20,265	-	-	130,778
Commercial:									
Non-owner occupied									
Pass	57,092	27,068	61,990	15,085	20,101	45,725	982	-	228,043
Special Mention	-	-	-	-	505	-	-	-	505
Total Non-owner occupied loans	57,092	27,068	61,990	15,085	20,606	45,725	982	-	228,548
Owner occupied									
Not Rated									-
Pass	20,353	55,169	50,210	19,775	18,751	18,768	68	-	183,094
Special Mention	-	-	-	-	679	-	-	-	679
Total Owner occupied loans	20,353	55,169	50,210	19,775	19,430	18,768	68	-	183,773
Land									
Pass	7,932	6,037	6,177	-	149	410	-	-	20,705
Total Land loans	7,932	6,037	6,177	-	149	410	-	-	20,705
Construction									
Pass	31,739	78,602	61,435	4,174	-	-	14,772	-	190,722
Total Construction loans	31,739	78,602	61,435	4,174	-	-	14,772	-	190,722
Total Real Estate loans	184,610	307,068	465,006	92,130	65,541	102,573	15,822	-	1,232,750
Consumer:									
Home equity lines of credit:									
Payment performance									
Performing	-	-	-	-	-	-	33,510	2,433	35,943
Nonperforming	-	-	-	-	-	-	-	17	17
Total Home equity lines of credit	-	-	-	-	-	-	33,510	2,450	35,960
Other									
Payment performance									
Performing	-	-	-	12	-	216	2,135	-	2,363
Nonperforming	-	-	-	-	-	-	-	30	30
Total Other consumer loans	-	-	-	12	-	216	2,135	30	2,393
Gross charge-offs for the year ended December 31, 2023	-	-	-	-	-	3	-	-	3
Total loans	$ 217,575	$ 394,333	$ 565,647	$ 137,812	$ 68,814	$ 112,677	$ 210,582	$ 3,558	$ 1,710,998
Total gross charge-offs during the year ended December 31, 2023	$ -	$ 564	$ 211	$ -	$ -	$ 3	$ -	$ -	$ 778

(Dollars in thousands, except per share data)

NOTE 4 – LOANS AND LEASES (continued)

Direct Financing Leases:

The following lists the components of the net investment in direct financing leases:

	December 31, 2024	December 31, 2023
Total minimum lease payments to be received	$ 8,009	$ 14,343
Less: unearned income	(336)	(863)
Plus: Indirect initial costs	7	17
Net investment in direct financing leases	$ 7,680	$ 13,497

The following summarizes the future minimum lease payments receivable in subsequent fiscal years:

2025	$ 4,875
2026	2,575
2027	513
2028	46
	$ 8,009

NOTE 5 – FORECLOSED ASSETS

There were no foreclosed assets at December 31, 2024 or at December 31, 2023.

There was no activity in the valuation allowance account or any write-downs during the years ended December 31, 2024 and 2023.

There were no expenses related to foreclosed assets during the years ended December 31, 2024, 2023 and 2022.

NOTE 6 – FAIR VALUE

Fair value is the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

> Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
>
> Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
>
> Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company used the following methods and significant assumptions to estimate the fair value of each type of asset and liability:

Securities available for sale: The fair value of securities available for sale is determined using pricing models that vary based on asset class and include available trade, bid and other market information or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2).

Derivatives: The fair value of derivatives, which includes interest rate lock commitments and interest rate swaps, is based on valuation models using observable market data as of the measurement date (Level 2).

Impaired loans: The fair value of impaired loans with specific allocations of the ACL-Loans is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value.

(Dollars in thousands, except per share data)

NOTE 6 – FAIR VALUE (continued)

Appraisals for collateral-dependent impaired loans are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by a third-party appraisal management company approved by the Board of Directors annually. Once received, the loan officer or a member of the credit department reviews the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value in comparison with independent data sources such as recent market data or industry-wide statistics. Appraisals are updated as needed based on facts and circumstances associated with the individual properties. Real estate appraisals typically incorporate measures such as recent sales prices for comparable properties. Appraisers may make adjustments to the sales prices of the comparable properties as deemed appropriate based on the age, condition or general characteristics of the subject property. Management applies an additional discount to real estate appraised values, typically to reflect changes in market conditions since the date of the appraisal and to cover disposition costs (including selling expenses) based on the intended disposition method of the property. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification. Impaired loans are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Loans held for sale: Loans held for sale are carried at fair value, as determined by outstanding commitments from third party investors (Level 2).

Assets and liabilities measured at fair value on a recurring basis, including financial assets and liabilities for which the Company has elected the fair value option, are summarized below:

	Fair Value Measurements at December 31, 2024 Using Significant Other Observable Inputs (Level 2)
Financial Assets:	
Securities available for sale:	
Corporate debt	$ 7,700
Issued by U.S. government-sponsored entities and agencies:	
U.S. Treasury	983
Total securities available for sale	$ 8,683
Loans held for sale	$ 2,623
Derivative assets	$ 3,730
Financial Liabilities:	
Derivative liabilities	$ 3,730

	Fair Value Measurements at December 31, 2023 Using Significant Other Observable Inputs (Level 2)
Financial Assets:	
Securities available for sale:	
Corporate debt	$ 7,100
Issued by U.S. government-sponsored entities and agencies:	
U.S. Treasury	988
Mortgage-backed securities - residential	4
Total securities available for sale	$ 8,092
Loans held for sale	$ 1,849
Derivative assets	$ 4,710
Financial Liabilities:	
Derivative liabilities	$ 4,710

(Dollars in thousands, except per share data)

NOTE 6 – FAIR VALUE (continued)

The Company had no assets or liabilities measured at fair value on a recurring basis that were measured using Level 1 or Level 3 inputs at December 31, 2024 or December 31, 2023. There were no transfers of assets or liabilities measured at fair value between levels during 2024 or 2023.

There were no assets or liabilities measured at fair value on a non-recurring basis at December 31, 2024. Assets and liabilities measured at fair value on a non-recurring basis at December 31, 2023 are summarized below:

	Fair Value Measurements at December 31, 2023 Using Significant Unobservable Inputs (Level 3)
Impaired loans:	
Commercial	$ 403

There were no write-downs of impaired collateral dependent loans durint the year ended December 31, 2024. There was a total of $564 in write-downs on two impaired collateral-dependent loans during the year ended December 31, 2023. Impaired loans that are measured for impairment using the fair value of the collateral for collateral-dependent loans had a principal balance of $448 with a valuation allowance of $45 at December 31, 2023.

The following table presents quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at December 31, 2023:

	Fair Value	Valuation Technique(s)	Unobservable Inputs	(Range) Weighted Average
Impaired loans:				
Commercial	$ 403	Comparable sales approach	Adjustment for differences between the stated value and net realizable value	10.43%

Financial Instruments Recorded Using Fair Value Option:

The Company has elected the fair value option for loans held for sale. These loans are intended for sale and the Company believes that the fair value is the best indicator of the resolution of these loans. Loans originated as construction loans, that were subsequently transferred to held for sale, are carried at the lower of cost or market and are not included. Interest income is recorded based on the contractual terms of the loan and in accordance with the Company's policy on loans held for investment. None of these loans were 90 days or more past due or on nonaccrual as of December 31, 2024 or December 31, 2023.

As of December 31, 2024 and December 31, 2023, the aggregate fair value, contractual balance and gain or loss on loans held for sale were as follows:

	December 31, 2024	December 31, 2023
Aggregate fair value	$ 2,623	$ 1,849
Contractual balance	2,623	1,849
Gain	-	-

(Dollars in thousands, except per share data)

NOTE 6 – FAIR VALUE (continued)

The total amount of gains and losses from changes in fair value included in earnings for the years ended December 31, 2024, 2023 and 2022 for loans held for sale were:

	2024	2023	2022
Interest income	$ 175	$ 30	$ 172
Interest expense	-	-	-
Change in fair value	-	-	(356)
Total change in fair value	$ 175	$ 30	$ (184)

The carrying amounts and estimated fair values of financial instruments at year-end 2024 were as follows:

	Fair Value Measurements at December 31, 2024 Using:				
	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	$ 235,272	$ 235,272	$ -	$ -	$ 235,272
Interest-bearing deposits in other financial institutions	100	100	-	-	100
Securities available for sale	8,683	-	8,683	-	8,683
Equity securities	5,000	-	5,000	-	5,000
Loans held for sale	2,623	-	2,623	-	2,623
Loans and leases, net	1,722,019	-	-	1,691,030	1,691,030
FHLB and FRB stock	8,918	n/a	n/a	n/a	n/a
Accrued interest receivable	8,395	182	151	8,062	8,395
Derivative assets	3,730	-	3,730	-	3,730
Financial liabilities					
Deposits	$ (1,755,795)	$ (1,065,780)	$ (689,282)	$ -	$ (1,755,062)
FHLB advances and other debt	(92,680)	-	(94,414)	-	(94,414)
Advances by borrowers for taxes and insurance	(2,238)	-	-	(2,238)	(2,238)
Subordinated debentures	(15,000)	-	(17,021)	-	(17,021)
Accrued interest payable	(2,259)	-	(2,259)	-	(2,259)
Derivative liabilities	(3,730)	-	(3,730)	-	(3,730)

(Dollars in thousands, except per share data)

NOTE 6 – FAIR VALUE (continued)

The carrying amounts and estimated fair values of financial instruments at year-end 2023 were as follows:

	Carrying Value	Fair Value Measurements at December 31, 2023 Using: Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	$ 261,595	$ 261,595	$ -	$ -	$ 261,595
Interest-bearing deposits in other financial institutions	100	100	-	-	100
Securities available for sale	8,092	-	8,092	-	8,092
Equity securities	5,000	-	5,000	-	5,000
Loans held for sale	1,849	-	1,849	-	1,849
Loans and leases, net	1,694,133	-	-	1,670,885	1,670,885
FHLB and FRB stock	8,482	n/a	n/a	n/a	n/a
Accrued interest receivable	9,210	171	125	8,914	9,210
Derivative assets	4,710	-	4,710	-	4,710
Financial liabilities					
Deposits	$ (1,744,057)	$ (1,080,605)	$ (659,492)	$ -	$ (1,740,097)
FHLB advances and other debt	(109,995)	-	(108,294)	-	(108,294)
Advances by borrowers for taxes and insurance	(2,179)	-	-	(2,179)	(2,179)
Subordinated debentures	(14,961)	-	(17,345)	-	(17,345)
Accrued interest payable	(2,680)	-	(2,680)	-	(2,680)
Derivative liabilities	(4,710)	-	(4,710)	-	(4,710)

The methods and assumptions used to estimate fair value are described below.

Cash and Cash Equivalents and Interest-Bearing Deposits in Other Financial Institutions

The carrying amounts of cash and short-term instruments approximate fair values and are classified as Level 1.

Equity Securities

Equity securities without a readily determinable fair value are held at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Company performs a qualitative assessment for equity securities without readily determinable fair values considering impairment indicators to evaluate whether an impairment exists. If an impairment exists, the Company will recognize a loss based on the difference between carrying value and fair value. This method results in a Level 3 classification.

FHLB and FRB Stock

It is not practical to determine the fair value of FHLB and FRB stock due to restrictions placed on its transferability.

Loans and Leases

Fair values of loans and leases, excluding loans held for sale, are estimated utilizing an exit pricing methodology as follows: For variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values resulting in a Level 3 classification. Fair values for other loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality resulting in a Level 3 classification. The discount rate for the discounted cash flow analyses includes a credit quality adjustment. Impaired loans are valued at the lower of cost or fair value as described previously.

Deposits

The fair values disclosed for demand deposits (e.g., interest and noninterest bearing checking, passbook savings, and money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amount) resulting in a Level 1 classification. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flows calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits resulting in a Level 2 classification.

(Dollars in thousands, except per share data)

NOTE 6 – FAIR VALUE (continued)

FHLB Advances and Other Debt

The fair values of the Company's long-term FHLB and credit facility advances are estimated using discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements resulting in a Level 2 classification.

The fair values of the Company's subordinated debentures are estimated using discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements resulting in a Level 2 classification.

Accrued Interest Receivable/Payable

The carrying amounts of accrued interest approximate fair value resulting in a Level 1, 2 or 3 classification, consistent with the asset or liability with which they are associated.

Advances by Borrowers for Taxes and Insurance

The carrying amount of advances by borrowers for taxes and insurance approximates fair value resulting in a Level 3 classification, consistent with the liability with which they are associated.

Off-Balance-Sheet Instruments

The fair value of off-balance-sheet items is not considered material.

NOTE 7 – LOAN SERVICING

Mortgage loans serviced for others are not reported as assets. The principal balances of these loans at year-end were as follows:

	December 31, 2024	December 31, 2023
Mortgage loans serviced for Freddie Mac	$ 770	$ 991

Custodial escrow balances maintained in connection with serviced loans were $42 and $33 at year-end 2024 and 2023, respectively.

The mortgage servicing rights on these loans were immaterial at December 31, 2024 and 2023.

NOTE 8 - PREMISES AND EQUIPMENT AND OPERATING LEASES

Year-end premises and equipment were as follows:

	December 31, 2024	December 31, 2023
Land and land improvements	$ 248	$ 248
Buildings	2,426	2,444
Furniture, fixtures and equipment	2,791	2,905
	5,465	5,597
Less: accumulated depreciation	(1,929)	(1,785)
	$ 3,536	$ 3,812

Depreciation expense for 2024, 2023 and 2022 totaled $486, $567, and $496, respectively.

Operating Leases:

A lease is defined as a contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration.

The leases in which the Company is the lessee are comprised of real estate property for branches and offices and for equipment with terms extending through 2034. All of our leases are classified as operating leases, and therefore are required to be recognized on the consolidated balance sheets as a right-of-use ("ROU") asset and a corresponding operating lease liability.

The calculated amounts of the ROU assets and lease liabilities are impacted by the length of the lease term and the discount rate used to present value the minimum lease payments. The Company's lease agreements often include one or more options to renew at the Company's discretion which were considered, as applicable, in the calculation of the ROU assets and lease liabilities. If at lease inception, the Company considers the exercising of a renewal option to be reasonably certain, the Company will include the extended term in the calculation of the ROU asset and lease liability. Regarding the discount rate, the rate implicit in the lease is used whenever

(Dollars in thousands, except per share data)

NOTE 8 - PREMISES AND EQUIPMENT AND OPERATING LEASES (continued)

this rate is readily determinable. As this rate is not readily determinable in our operating leases, the Company utilizes its incremental borrowing rate at lease inception, on a collateralized basis, over a similar term. At December 31, 2024, the weighted-average remaining lease term for the Company's operating leases was 8.8 years and the weighted-average discount rate was 7.47%. At December 31, 2023, the weighted-average remaining lease term for the Company's operating leases was 8.9 years and the weighted-average discount rate was 7.21%.

The Company's operating lease costs were $753, $687, and $568 for the years ended December 31, 2024, 2023 and 2022, respectively. The variable lease costs totaled $816, $681, and $301 for the years ended December 31, 2024, 2023 and 2022, respectively. As the Company elected not to separate lease and non-lease components for all classes of underlying assets and instead to account for them as a single lease component, the variable lease cost primarily represents variable payments such as common area maintenance and utilities.

Future minimum operating lease payments as of December 31, 2024 are as follows:

2025	$	996
2026		919
2027		875
2028		894
2029		870
Thereafter		3,766
Total future minimum rental commitments		8,320
Less - amounts representing interest		(2,091)
Total operating lease liabilities	$	6,229

NOTE 9 – DEPOSITS

Time deposits of $100 or more were $626,760 and $588,849 at year-end 2024 and 2023, respectively. Time deposits of $250 or more were $464,044 and $370,419 at year-end 2024 and 2023, respectively.

Scheduled maturities of time deposits for the next five years are as follows:

2025	$	573,904
2026		94,282
2027		14,552
2028		7,277
Thereafter		-
Total	$	690,015

Brokered deposits at year-end 2024 and 2023 totaled $420,820 and $440,350, respectively.

(Dollars in thousands, except per share data)

NOTE 10 –FHLB ADVANCES AND OTHER DEBT

FHLB advances and other debt were as follows:

	Weighted Average Rate	December 31, 2024	December 31, 2023
FHLB fixed rate advances			
Maturities:			
2024	-	$ -	$ 18,500
2026	1.45%	16,000	16,000
2027	3.88%	12,500	12,500
2028	1.69%	17,000	17,000
2029	3.94%	12,500	12,500
Total FHLB fixed rate advances		58,000	76,500
Variable rate other debt:			
Holding Company credit facility	3.85%	34,680	33,495
Total		$ 92,680	$ 109,995

Each FHLB advance is payable at its maturity date, with a prepayment penalty if repaid before maturity.

The FHLB advances were collateralized as follows:

	December 31, 2024	December 31, 2023
Single-family mortgage loans	$ 294,000	$ 305,283
Multi-family mortgage loans	54,950	63,024
Commercial real estate loans (1-4 family)	9,974	17,757
Home equity lines of credit	3,505	4,057
Securities	-	497
Cash	3,300	3,300
Total	$ 365,729	$ 393,918

Based on the collateral pledged to the FHLB, CFBank was eligible to borrow up to a total of $244,603 from the FHLB at December 31, 2024 inclusive of the amount outstanding.

The Holding Company has a $35,000 credit facility with a third-party bank. The credit facility was revolving until May 21, 2024, at which time the outstanding balance was converted to a 10-year term note on a graduated 10-year amortization. Borrowings on the credit facility bear interest at a fixed rate of 3.85% until May 21, 2026, and the interest rate then converts to a floating rate equal to PRIME with a floor of 3.25%. As of December 31, 2024, the Company had an outstanding balance, net of unamortized debt issuance costs, of $34,680 on the credit facility. At December 31, 2023, the Company had an outstanding balance, net of unamortized debt issuance costs, of $33,495 on the credit facility.

Contractual maturities of the Holding Company credit facility as of December 31, 2024 are as follows:

2025	$ 1,750
2026	1,750
2027	2,625
2028	2,625
2029	3,500
Thereafter	22,750
Less - unamortized debt issuance costs	(320)
	$ 34,680

(Dollars in thousands, except per share data)

NOTE 10 –FHLB ADVANCES AND OTHER DEBT (continued)

At December 31, 2024, CFBank had additional availability in unused lines of credit at two commercial banks in amounts of $50,000 and $15,000. There were no outstanding borrowings on either line at December 31, 2024 and December 31, 2023. Interest on any principal amounts outstanding from time to time under these lines accrues daily at a variable rate based on the commercial bank's cost of funds and current market returns.

There were no outstanding borrowings with the FRB at December 31, 2024 or at December 31, 2023.

Assets pledged as collateral with the FRB were as follows:

	2024		2023	
Commercial loans	$	42,807	$	67,295
Commercial real estate loans		121,196		113,739
	$	164,003	$	181,034

Based on the collateral pledged, CFBank was eligible to borrow up to $127,424 from the FRB at year-end 2024.

NOTE 11 – SUBORDINATED DEBENTURES

2003 Subordinated Debentures:

In December 2003, Central Federal Capital Trust I, a trust formed by the Holding Company, closed a pooled private offering of 5,000 trust preferred securities with a liquidation amount of $1 per security. The Holding Company issued $5,155 of subordinated debentures to the trust in exchange for ownership of all of the common stock of the trust and the proceeds of the preferred securities sold by the trust. The Holding Company is not considered the primary beneficiary of this trust (variable interest entity); therefore, the trust is not consolidated in the Company's financial statements, but rather the subordinated debentures are shown as a liability. The Holding Company's investment in the common stock of the trust was $155 and is included in other assets.

The Holding Company may redeem the subordinated debentures, in whole or in part, in a principal amount with integral multiples of $1, at 100% of the principal amount, plus accrued and unpaid interest. The subordinated debentures mature on December 30, 2033. The subordinated debentures are also redeemable in whole or in part from time to time, upon the occurrence of specific events defined within the trust indenture. There are no required principal payments on the subordinated debentures over the next five years. The Holding Company has the option to defer interest payments on the subordinated debentures for a period not to exceed five consecutive years.

Prior to July 1, 2023, the subordinated debentures had a variable rate of interest, reset quarterly, equal to the three-month London Interbank Offered Rate (LIBOR) plus 2.85%. Effective July 1, 2023, the rate of interest on the subordinated debentures began to reset quarterly to the three-month Secured Overnight Financing Rate (SOFR) plus 3.112%, which was 7.44% at December 31, 2024 and 8.44% at December 31, 2023.

2018 Fixed-to-floating rate subordinated notes:

In December 2018, the Holding Company entered into subordinated note purchase agreements with certain qualified institutional buyers and completed a private placement of $10 million of fixed-to-floating rate subordinated notes with a maturity date of December 30, 2028 pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, and Rule 506(b) of Regulation D promulgated thereunder. After payment of approximately $388 of debt issuance costs, the Holding Company's net proceeds were approximately $9,612.

The subordinated notes initially bore interest at 7.00%, from and including December 20, 2018, to but excluding December 30, 2023, payable semi-annually in arrears on June 30 and December 30 of each year. From and including December 30, 2023, to but excluding December 30, 2028 or the earlier redemption of the notes, the interest rate resets quarterly to an interest rate equal to the then current three-month SOFR (but not less than zero) plus 4.402%, which was 8.73% at December 31, 2024 and 9.70% at December 31, 2023. Interest is payable quarterly in arrears on March 30, June 30, September 30, and December 30 of each year. The Holding Company may, at its option, redeem the notes beginning on December 30, 2023 and on any scheduled interest payment date thereafter. At December 31, 2024, the balance of the subordinated notes, net of unamortized debt issuance costs, was $9,845.

NOTE 12 – BENEFIT PLANS

Multi-employer pension plan:

CFBank participates in the Pentegra Defined Benefit Plan for Financial Institutions (the "Pentegra DB Plan"), a multi-employer contributory trusteed pension plan. The retirement benefits to be provided by the plan were frozen as of June 30, 2003 and future employee participation in the plan was stopped. The plan was maintained for all eligible employees and the benefits were funded as accrued. The cost of funding was charged directly to operations.

The funding shortfall (surplus) of the Pentegra DB Plan at June 30, 2024 was $162 and at June 30, 2023 was $180. CFBank's contributions for the plan years ending June 30, 2024, June 30, 2023, and June 30, 2022 totaled $22, $24, and $19, respectively. Contributions to the plan may vary from period to period due to the change in the plan's unfunded liability. The unfunded liability is primarily related to the change in plan assets and the change in plan liability from one year to the next. The change in plan assets is based on contributions deposited, benefits paid and the actual rate of return earned on plan assets. The change in plan liability is based on demographic changes and changes in the interest rates used to determine plan liability. In the event the actual rate of return earned on plan assets declines, the value of the plan assets will decline. In the event the interest rates used to determine plan liability decrease, plan liability will increase. The combined effect of each change determines the change in the unfunded liability and the change in the employer contributions.

The Pentegra DB Plan is a tax-qualified defined-benefit pension plan. The Pentegra DB Plan operates as a multi-employer plan for accounting purposes and as a multiple-employer plan under the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code. There are no collective bargaining agreements in place that require contributions to the Pentegra DB Plan.

The Pentegra DB Plan is a single plan under Internal Revenue Code Section 413(c) and, as a result, all of the assets stand behind all of the liabilities. Accordingly, under the Pentegra DB Plan contributions made by a participating employer may be used to provide benefits to participants of other participating employers.

Funded status (market value of plan assets divided by funding target) based on valuation reports as of July 1, 2024 and 2023 was 75.76% and 81.12%, respectively.

Total contributions made to the Pentegra DB Plan, as reported on Form 5500 of the Pentegra DB Plan, totaled $151,773 and $142,405 for the plan years ended June 30, 2023 and June 30, 2022, respectively. CFBank's contributions to the Pentegra DB Plan were not more than 5% of the total contributions to the Pentegra DB Plan.

401(k) Plan:

The Company sponsors a 401(k) plan that allows employee contributions up to the maximum amount allowable under federal tax regulations, which are currently matched in an amount equal to 50% of the first 8% of the compensation contributed. Total expense for matching contributions for 2024, 2023 and 2022 was $170, $92 and $301, respectively.

Salary Continuation Agreement:

In 2004, CFBank entered into a nonqualified salary continuation agreement with its former Chairman Emeritus. Benefits provided under the plan are unfunded, and payments are made by CFBank. Under the plan, CFBank pays him, or his beneficiary, a benefit of $25 annually for 20 years, beginning six months after his retirement date, which was February 28, 2008. The expense related to this plan totaled $4, $5, and $6 in 2024, 2023 and 2022, respectively. The accrual is included in accrued interest payable and other liabilities in the consolidated balance sheets and totaled $74 at year-end 2024 and $95 at year-end 2023.

Life Insurance Benefits:

CFBank has entered into agreements with certain employees, former employees and directors to provide life insurance benefits which are funded through life insurance policies purchased and owned by CFBank. The expense related to these benefits totaled ($12), ($12) and ($3) in 2024, 2023 and 2022, respectively. The accrual for CFBank's obligation under these agreements is included in accrued interest payable and other liabilities in the consolidated balance sheets and totaled $115 at year-end 2024 and $126 at year-end 2023.

Deferred Cash Incentive Agreements:

CFBank has entered into agreements with certain officers to provide deferred cash compensation as an incentive and reward for the success of CFBank. The expense related to these benefits totaled $134, $129, and $262 in 2024, 2023 and 2022, respectively. The accrual for CFBank's obligation under these agreements is included in accrued interest payable and other liabilities in the consolidated balance sheets and totaled $617 at year-end 2024 and $509 at year-end 2023.

(Dollars in thousands, except per share data)

NOTE 13 – INCOME TAXES

Income tax expense was as follows:

	December 31, 2024	December 31, 2023	December 31, 2022
Current federal	$ 3,122	$ 3,592	$ 4,213
Deferred federal [1]	(365)	456	215
Total	$ 2,757	$ 4,048	$ 4,428

[1] Includes tax benefit of operating loss carryforwards of $34, $34, and $34 for the years ended December 31, 2024, 2023 and 2022, respectively.

Effective tax rates differ from the federal statutory rate of 21% for 2024, 2023 and 2022 applied to income before income taxes due to the following:

	December 31, 2024	December 31, 2023	December 31, 2022
Federal Statutory rate times financial statement income	$ 3,390	$ 4,407	$ 4,744
Effect of:			
Stock compensation	(17)	(7)	(50)
Bank owned life insurance income	(179)	(131)	(126)
Tax credits, net of amortization	(398)	(194)	(111)
Other	(39)	(27)	(29)
	$ 2,757	$ 4,048	$ 4,428
Effective tax rate	17%	19%	20%

Year-end deferred tax assets and liabilities were due to the following:

	2024	2023
Deferred tax assets:		
Allowance for credit losses	$ 4,084	$ 3,819
Compensation related items	620	599
Deferred loan fees	167	-
Nonaccrual interest	43	13
Net operating loss carry forward	261	295
Operating lease liabilities	1,329	1,142
Unrealized mark-to-market loss	479	609
	6,983	6,477
Deferred tax liabilities:		
FHLB stock dividend	226	226
Depreciation	547	469
Operating lease right-of-use assets	1,299	1,124
Deferred loan costs	-	9
Limited partnership interests	663	642
Prepaid expenses	71	65
	2,806	2,535
Net deferred tax asset	$ 4,177	$ 3,942

At December 31, 2024, the Company had a deferred tax asset recorded of $4,177. At December 31, 2023, the Company had a deferred tax asset recorded of $3,942. These balances are included in the accrued interest receivable and other assets on the consolidated balance sheets. At December 31, 2024 and December 31, 2023, the Company had no unrecognized tax benefits recorded. The Company is subject to U.S. federal income tax and is no longer subject to federal examination for years prior to 2021.

Our deferred tax assets are composed of U.S. net operating losses ("NOLs"), and other temporary book to tax differences. 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, 2024 that no valuation allowance was required against the net deferred tax asset.

(Dollars in thousands, except per share data)

NOTE 13 – INCOME TAXES (continued)

In 2012, a recapitalization program through the sale of $22,500 in common stock improved the capital levels of CFBank and provided working capital for the Holding Company. The result of the change in stock ownership associated with the stock offering, however, was that the Company incurred an ownership change within the guidelines of Section 382 of the Internal Revenue Code of 1986. At year-end 2023, the Company had net operating loss carryforwards of $21,927, which expire at various dates from 2024 to 2032. As a result of the ownership change, the Company's ability to utilize carryforwards that arose before the 2012 stock offering closed is limited to $163 per year. Due to this limitation, management determined it was more likely than not that $20,520 of net operating loss carryforwards would 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 have totaled $473 at year-end 2024. 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.

NOTE 14 – RELATED-PARTY TRANSACTIONS

Loans to principal officers, directors, and their affiliates during 2024 and 2023 were as follows:

	Year ended December 31,	
	2024	2023
Beginning balance	$ 23,388	$ 8,298
New loans	4,532	15,604
Repayments	(4,604)	(514)
Ending balance	$ 23,316	$ 23,388

All loans to related parties were made by CFBank in the ordinary course of business under terms equivalent to those prevailing in the market for arm's length transactions at the time of origination.

Deposits from principal officers, directors, and their affiliates totaled $3,594 and $3,922 at year-end 2024 and 2023, respectively.

NOTE 15 – STOCK-BASED COMPENSATION

The Company has a stock-based compensation plan, as described below, under which awards are outstanding or may be granted in the future. Total compensation cost that has been charged against income for those plans totaled $1,155, $1,172 and $899 for 2024, 2023 and 2022, respectively. The total income tax benefit was $243, $246 and $189 for 2024, 2023 and 2022, respectively.

The 2019 Equity Incentive Plan (the "2019 Plan") was approved by stockholders on May 29, 2019 and replaced the Company's 2009 Equity Compensation Plan (the "2009 Plan" and, together with the 2019 Plan, the "Plans"). The 2019 Plan authorized up to 300,000 shares (plus any shares that are subject to grants under the 2009 Plan and that are later forfeited or expire), to be awarded pursuant to stock options, stock appreciation rights, restricted stock or restricted stock units. An amendment to the Company's 2019 Plan was approved by stockholders on May 29, 2024 to increase the number of shares of common stock reserved for awards thereunder from 300,000 to 500,000. There were 203,065 shares remaining available for awards of stock option grants, stock appreciation rights, restricted stock awards or restricted stock units under the 2019 Plan at December 31, 2024.

Stock Options:

The 2019 Plan permits the grant of stock options to directors, officers and employees of the Holding Company and CFBank. Option awards are granted with an exercise price equal to the market price of the Company's common stock on the date of grant, generally have vesting periods ranging from one year to three years, and are exercisable for ten years from the date of grant. Unvested stock options immediately vest upon a change of control.

The fair value of each option award is estimated on the date of grant using a closed form option valuation (Black-Scholes) model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatilities of the Company's common stock. The Company uses historical data to estimate option exercise and post-vesting termination behavior.

(Dollars in thousands, except per share data)

NOTE 15 – STOCK-BASED COMPENSATION (continued)

Employee and management options are tracked separately. The expected term of options granted is based on historical data and represents the period of time that options granted are expected to be outstanding, which takes into account that the options are not transferable. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of the grant.

There were no stock options granted during the years ended December 31, 2024 and December 31, 2023. There were no stock options exercised during the year ended December 31, 2024 and 11,089 options exercised during the year ended December 31, 2023. There were no options canceled, forfeited or expired during the year ended December 31, 2024 and December 31, 2023. As of December 31, 2024, there were no outstanding stock options.

Restricted Stock Awards:

The 2019 Plans also permits the grant of restricted stock awards to directors, officers and employees. Compensation is recognized over the vesting period of the awards based on the fair value of the stock at grant date. The fair value of the stock is determined using the closing share price on the date of grant and shares generally have vesting periods of one to three years. There were 75,618 shares of restricted stock granted in 2024 and 59,784 shares of restricted stock granted in 2023.

A summary of changes in the Company's nonvested shares of restricted stock for the year follows:

Nonvested Shares	Shares	Weighted Average Grant-Date Fair Value
Nonvested at January 1, 2024	119,026	$ 19.99
Granted	75,618	19.17
Vested	(60,126)	19.57
Forfeited	(2,353)	21.11
Nonvested at December 31, 2024	132,165	$ 19.70

As of December 31, 2024 and 2023, the unrecognized compensation cost related to nonvested shares granted under the Plans was $1,625 and $1,381, respectively.

There were 60,126 shares restricted stock that vested during the year ended December 31, 2024 and 46,967 shares of restricted stock that vested during the year ended December 31, 2023. There were 2,353 and 6,204 shares of restricted stock forfeited during the years ended December 31, 2024 and December 31, 2023, respectively.

NOTE 16 – REGULATORY CAPITAL MATTERS

CFBank is subject to regulatory capital requirements administered by federal banking agencies. Prompt corrective action regulations involve quantitative measures of assets, liabilities, and certain off balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action.

Prompt corrective action regulations provide five classifications for banking organizations: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If a banking organization is classified as adequately capitalized, regulatory approval is required to accept brokered deposits. If a banking organization is classified as undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required.

In July 2013, the Holding Company's primary federal regulator, the Board of Governors of the Federal Reserve System (the "Federal Reserve"), published final rules (the "Basel III Capital Rules") establishing a 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. 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.

(Dollars in thousands, except per share data)

NOTE 16 – REGULATORY CAPITAL MATTERS (continued)

The capital conservation buffer consists of an additional amount of common equity equal to 2.5% of risk-weighted assets. Quantitative measures established by the Basel III Capital Rules to ensure capital adequacy require the maintenance of minimum amounts and ratios of Common Equity Tier 1 capital, Tier 1 capital and Total capital, as defined in the regulations, to risk-weighted assets, and of Tier 1 capital to adjusted quarterly average assets ("Leverage Ratio").

The Basel III Capital Rules require CFBank to maintain: 1) a minimum ratio of Common Equity Tier 1 capital to risk-weighted assets of 4.5%, plus a 2.5% "capital conservation buffer" (resulting in a minimum ratio of Common Equity Tier 1 capital to risk-weighted assets of 7.0%); 2) a minimum ratio of Tier 1 capital to risk-weighted assets of 6.0%, plus the capital conservation buffer (resulting in a minimum Tier 1 capital ratio of 8.5%); 3) a minimum ratio of Total capital to risk-weighted assets of 8.0%, plus the capital conservation buffer (resulting in a minimum Total capital ratio of 10.5%); and 4) a minimum Leverage Ratio of 4.0%.

The capital conservation buffer is designed to absorb losses during periods of economic stress. Failure to maintain the minimum Common Equity Tier 1 capital ratio plus the capital conservation buffer will result in potential restrictions on a banking institution's ability to pay dividends, repurchase stock and/or pay discretionary compensation to its employees.

The following tables present actual and required capital ratios as of December 31, 2024 and December 31, 2023 for CFBank under the Basel III Capital Rules. Capital levels required to be considered well capitalized are based upon prompt corrective action regulations, as amended to reflect the changes under the Basel III Capital Rules.

	Actual		Minimum Capital Required-Basel III		To Be Well Capitalized Under Applicable Regulatory Capital Standards	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2024						
Total Capital to risk weighted assets	$ 230,120	13.60%	$ 177,636	10.50%	$ 169,177	10.00%
Tier 1 (Core) Capital to risk weighted assets	210,675	12.45%	143,801	8.50%	135,342	8.00%
Common equity tier 1 capital to risk-weighted assets	210,675	12.45%	118,424	7.00%	109,965	6.50%
Tier 1 (Core) Capital to adjusted total assets (Leverage Ratio)	210,675	10.33%	81,614	4.00%	102,018	5.00%

	Actual		Minimum Capital Required-Basel III		To Be Well Capitalized Under Applicable Regulatory Capital Standards	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2023						
Total Capital to risk weighted assets	$ 215,164	13.30%	$ 169,909	10.50%	$ 161,818	10.00%
Tier 1 (Core) Capital to risk weighted assets	196,977	12.17%	137,546	8.50%	129,455	8.00%
Common equity tier 1 capital to risk-weighted assets	196,977	12.17%	113,273	7.00%	105,182	6.50%
Tier 1 (Core) Capital to adjusted total assets (Leverage Ratio)	196,977	9.76%	80,727	4.00%	100,908	5.00%

CFBank converted from a mutual to a stock institution in 1998, and a "liquidation account" was established with an initial balance of $14,300, which was the net worth reported in the conversion prospectus. The liquidation account represents a calculated amount for the purposes described below, and it does not represent actual funds included in the consolidated financial statements of the Company. Eligible depositors who have maintained their accounts, less annual reductions to the extent they have reduced their deposits, would be entitled to a priority distribution from this account if CFBank liquidated and its assets exceeded its liabilities. Dividends may not reduce CFBank's stockholder's equity below the required liquidation account balance.

(Dollars in thousands, except per share data)

NOTE 16 – REGULATORY CAPITAL MATTERS (continued)

Dividend Restrictions:

Banking regulations require us to maintain certain capital levels and may limit the dividends paid by CFBank to the Holding Company or by the Holding Company to stockholders. The ability of the Holding Company to pay dividends on its stock is dependent upon the amount of cash and liquidity available at the Holding Company level, as well as the receipt of dividends and other distributions from CFBank to the extent necessary to fund such dividends. 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 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, under the terms of the Holding Company's fixed-to-floating rate subordinated debt, the Holding Company's ability to pay dividends on its stock is conditioned upon the Holding Company continuing to make required principal and interest payments, and not incurring an event of default, with respect to the subordinated debt.

Additionally, CFBank does not intend to make distributions to the Holding Company that would result in a recapture of any portion of its thrift bad debt reserve as discussed in Note 13-Income Taxes.

NOTE 17 – DERIVATIVE INSTRUMENTS

Interest-rate swaps:

CFBank enters into interest-rate swaps with certain qualifying commercial loan customers to meet their interest rate risk management needs. CFBank simultaneously enters into interest rate swaps with dealer counterparties, with identical notional amounts and offsetting terms. The net result of these interest rate swaps is that the customer pays a fixed rate of interest and CFBank receives a floating rate. These back-to-back loan swaps are derivative financial instruments and are reported at fair value in "accrued interest receivable and other assets" and "accrued interest payable and other liabilities" in the Consolidated Balance Sheets. Changes in the fair value of loan swaps are recorded in other noninterest income and sum to zero because of the offsetting terms of swaps with borrowers and swaps with dealer counterparties.

CFBank utilizes interest-rate swaps as part of its asset liability management strategy to help manage its interest rate risk position and does not use derivatives for trading purposes. Hedge accounting is not applied. The notional amount of the interest-rate swaps does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest-rate swap agreements. CFBank was party to interest-rate swaps with a combined notional amount of $92,818, $81,858 and $42,177 at December 31, 2024, 2023 and 2022, respectively.

The counterparty to CFBank's interest-rate swaps is exposed to credit risk whenever the interest-rate swaps are in a liability position. At December 31, 2024, CFBank had $2,128 in cash pledged as collateral for these derivatives. Should the liability increase beyond the collateral value, CFBank may be required to pledge additional collateral.

Additionally, CFBank's interest-rate swap instruments contain provisions that require CFBank to remain well capitalized under regulatory capital standards and to comply with certain other regulatory requirements. The interest-rate swaps may be called by the counterparty if CFBank fails to maintain well-capitalized status under regulatory capital standards or becomes subject to certain adverse regulatory events such as a regulatory cease and desist order. As of December 31, 2024, CFBank was well-capitalized under regulatory capital standards and was not subject to any adverse regulatory events specified in CFBank's interest-rate swap instruments.

Summary information about the derivative instruments is as follows:

	2024	2023	2022
Notional amount	$ 92,818	$ 81,858	$ 42,177
Weighted average pay rate on interest-rate swaps	5.45%	5.36%	4.34%
Weighted average receive rate on interest-rate swaps	6.93%	7.81%	6.21%
Weighted average maturity (years)	8.6	8.2	7.7
Fair value of derivative asset	$ 3,730	$ 4,710	$ 4,233
Fair value of derivative liability	$ (3,730)	$ (4,710)	$ (4,233)

(Dollars in thousands, except per share data)

NOTE 17 – DERIVATIVE INSTRUMENTS (continued)

Mortgage banking derivatives:

Mortgage banking activities include two types of commitments: rate lock commitments and forward loan sales commitments. Rate lock commitments are loans in our pipeline that have an interest rate locked with the customer. The commitments are generally for periods of 30-60 days and are at market rates. In order to mitigate the effect of the interest rate risk inherent in providing rate lock commitments, we economically hedge our commitments by entering into a forward loan sales contract under best efforts. Commitments to fund certain mortgage loans (interest rate locks) to be sold into the secondary market are considered derivatives. These mortgage banking derivatives are not designated in hedge relationships. Early in 2021, we strategically scaled down and repositioned our residential mortgage business as a result of the shifts in the residential mortgage industry and, during the second quarter of 2022, we exited the direct-to-consumer mortgage business in favor of lending in our regional markets. The Company had $3,566 and $5,345 of interest rate lock commitments related to residential mortgage loans at December 31, 2024 and 2023, respectively. The fair value of these interest lock commitments was immaterial at December 31, 2024 and 2023.

The following table reflects the amount and market value of mortgage banking derivatives included in the consolidated balance sheet as of the period end:

	December 31, 2024		December 31, 2023	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Assets (Liabilities):				
Interest rate lock commitments	$ 3,566	$ -	$ 5,345	$ -

The following table represents the notional amount of loans sold during the years ended December 31, 2024, 2023 and 2022:

	December 31, 2024	December 31, 2023	December 31, 2022
Notional amount of loans sold	$ 47,597	$ 10,799	$ 97,265

The following table represents the revenue recognized on mortgage activities for the years ended December 31, 2024, 2023 and 2022:

	December 31, 2024	December 31, 2023	December 31, 2022
Gain (loss) on loans sold	$ 435	$ 119	$ (64)
Gain (loss) from change in fair value of loans held-for-sale	-	-	(356)
Gain (loss) from change in fair value of derivatives	-	-	1,076
	$ 435	$ 119	$ 656

NOTE 18 – LOAN COMMITMENTS AND OTHER RELATED ACTIVITIES

Some financial instruments, such as loan commitments, credit lines, letters of credit and overdraft protection, are issued to meet customer financing needs. These are agreements to provide credit or to support the credit of others, as long as conditions established in the contract are met, and usually have expiration dates. Commitments may expire without being used. The same credit policies are used to make such commitments as are used for loans, including obtaining collateral at exercise of the commitment.

The contractual amounts of financial instruments with off-balance-sheet risk at year end were as follows:

	2024		2023	
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
Commitments to make loans	$ 11,593	$ 202,590	$ 14,578	$ 151,693
Unused lines of credit	$ 13,718	$ 190,972	$ 7,513	$ 157,695
Standby letters of credit	$ 2,795	$ -	$ 3,345	$ -

(Dollars in thousands, except per share data)

NOTE 18 – LOAN COMMITMENTS AND OTHER RELATED ACTIVITIES (continued)

Commitments to make loans are generally made for periods of 60 days or less, except for construction loan commitments, which are typically for a period of one to three years, and loans under a specific drawdown schedule, which are based on the individual contracts. The fixed-rate loan commitments had interest rates ranging from 3.00% to 10.00% and maturities ranging from one month to 30 years at December 31, 2024. The fixed-rate loan commitments had interest rates ranging from 3.0% to 9.5% and maturities ranging from three months to 30 years at December 31, 2023.

As discussed in Note 1, effective January 1, 2023, the Company adopted ASC 326. The Company maintains an accrual for credit losses on off-balance sheet commitments using the CECL methodology. This reserve level remains appropriate and is reported in other liabilities in the Consolidated Balance Sheets. The related allowance for credit losses on unfunded commitments was $1,971 and $1,321 at December 31, 2024 and December 31, 2023, respectively.

	December 31,	
	2024	2023
Balance at beginning of the period	$ 1,321	$ 862
Provision for credit losses-unfunded commitments	650	459
Ending Balance	$ 1,971	$ 1,321

NOTE 19 – PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

Condensed financial information of CF Bankshares Inc. follows:

	2024	2023
Assets		
Cash and cash equivalents	$ 1,028	$ 530
Equity securities	5,000	5,000
Investment in banking subsidiary	209,137	194,985
Investment in and advances to other subsidiary	267	257
Other assets	3,058	3,387
Total assets	$ 218,490	$ 204,159
Liabilities and Equity		
Subordinated debentures	$ 15,000	$ 14,961
Other borrowings	34,680	33,495
Accrued expenses and other liabilities	373	329
Stockholders' equity	168,437	155,374
Total liabilities and stockholders' equity	$ 218,490	$ 204,159

(Dollars in thousands, except per share data)

NOTE 19 – PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (continued)

	2024	2023	2022
Dividend income	$ 3,250	$ 6,000	$ 10,000
Interest income	-	1	-
Other income	706	724	675
Interest expense	2,842	2,492	1,882
Other expense	931	887	796
Income before income tax and before undistributed subsidiary income	183	3,346	7,997
Tax effect	685	599	463
Income after income tax and before undistributed subsidiary income	868	3,945	8,460
Equity in undistributed subsidiary income	12,519	12,992	9,704
Net income	$ 13,387	$ 16,937	$ 18,164
Comprehensive income	$ 13,874	$ 16,684	$ 16,297

	2024	2023	2022
Cash flows from operating activities			
Net Income	$ 13,387	$ 16,937	$ 18,164
Adjustments:			
Effect of subsidiaries' operations	(12,519)	(12,992)	(9,704)
Amortization, net	39	39	39
Change in other assets and other liabilities	373	(284)	263
Net cash used by operating activities	1,280	3,700	8,762
Cash flows from investing activities			
Investments in banking subsidiary	-	(6,000)	(11,000)
Net cash from (used by) investing activities	-	(6,000)	(11,000)
Cash flows from financing activities			
Proceeds from other borrowings	1,184	10,034	15,184
Repayments of other borrowings	-	(6,000)	(10,000)
Proceeds from exercise of stock options	-	84	387
Acquisition of treasury shares surrendered upon vesting of restricted stock for payment of taxes and exercise proceeds	(129)	(122)	(173)
Purchase of treasury shares	(223)	(177)	(2,339)
Dividends paid	(1,614)	(1,476)	(1,153)
Net cash from financing activities	(782)	2,343	1,906
Net change in cash and cash equivalents	498	43	(332)
Beginning cash and cash equivalents	530	487	819
Ending cash and cash equivalents	$ 1,028	$ 530	$ 487

(Dollars in thousands, except per share data)

NOTE 20 – EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Basic			
Net income	$ 13,387	$ 16,937	$ 18,164
Earnings allocated to participating securities	(361)	-	-
Net income allocated to common shareholders	$ 13,026	$ 16,937	$ 18,164
Weighted average common shares outstanding including unvested share-based payment awards	6,393,124	6,547,283	6,508,064
Less: Unvested share-based payment awards-2019 Plan	(118,553)	(126,195)	(111,011)
Average shares	6,274,571	6,421,088	6,397,053
Basic earnings per common share	$ 2.08	$ 2.64	$ 2.84
Diluted			
Net income allocated to common shareholders	$ 13,026	$ 16,937	$ 18,164
Weighted average common shares outstanding for basic earnings per common share	6,274,571	6,421,088	6,397,053
Add: Dilutive effects of assumed exercises of stock options	-	3,353	27,096
Add: Dilutive effects of unvested share-based payment awards-2019 Plan	34,421	23,006	111,011
Average shares and dilutive potential common shares	6,308,992	6,447,447	6,535,160
Diluted earnings per common share	$ 2.06	$ 2.63	$ 2.78

There were no anti-dilutive securities during the years ended December 31, 2024, 2023 and 2022.

NOTE 21 - CONTINGENT LIABILITIES

General Litigation:

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company.

(Dollars in thousands, except per share data)

NOTE 22 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the changes within each classification of accumulated other comprehensive income, net of tax, for the years ended December 31, 2024, 2023 and 2022 and summarizes the significant amounts reclassified out of each component of accumulated other comprehensive income:

Changes in Accumulated Other Comprehensive Income by Component
For the Year Ended December 31, 2024, 2023 and 2022 [(1)]

	Unrealized Gains and Losses on Available-for-Sale Securities		
	2024	2023	2022
Accumulated other comprehensive loss, beginning of period	$ (2,290)	$ (2,037)	$ (170)
Other comprehensive gain (loss) before reclassifications	487	(253)	(1,867)
Less amount reclassified from accumulated other comprehensive loss [(2)]	-	-	-
Net current-period other comprehensive income (loss)	487	(253)	(1,867)
Accumulated other comprehensive loss, end of period	$ (1,803)	$ (2,290)	$ (2,037)

(1) All amounts are net of tax. Amounts in parentheses indicate a reduction of other comprehensive income.
(2) There were no amounts reclassified out of other comprehensive income for the years ended December 31, 2024, 2023 and 2022.

NOTE 23 - PREFERRED STOCK

Series D Preferred Stock:

On February 6, 2024, the Company issued 2,000 shares of its newly-designated series of non-voting convertible perpetual preferred stock, series D, par value $0.01 per share (the “Series D Preferred Stock”) to an existing stockholder of the Company in exchange for 200,000 shares of (Voting) Common Stock. On May 29, 2024, the Company issued 160 shares of Series D Preferred Stock to an existing stockholder of the Company in exchange for 16,000 shares of (Voting) Common Stock. On December 5, 2024, these 160 shares of Series D Preferred Stock were exchanged back to 16,000 shares of (Voting) common stock. At December 31, 2024, 2,000 shares of Series D Preferred Stock were outstanding.

Each share of Series D Preferred Stock will be convertible either (i) automatically into 100 shares of the Company’s Non-Voting Common Stock if and when the Company’s shareholders approve an amendment to the Company’s Certificate of Incorporation to increase the number of authorized shares of Non-Voting Common Stock to permit the conversion of all outstanding shares of Series D Preferred Stock into shares of Non-Voting Common Stock (which shareholder approval and amendment the Company may, but is not obligated, to seek); (ii) unless previously converted into shares of Non-Voting Common Stock, into 100 shares of (Voting) Common Stock at the request of the holder, provided that upon such conversion the holder, together with all affiliates of the holder, will not own or control in aggregate more than 9.9% of the outstanding (Voting) Common Stock (or of any class of voting securities issued by the Company); or (iii) unless previously converted into shares of Non-Voting Common Stock, into 100 shares of (Voting) Common Stock upon transfer of such shares of Series D Preferred Stock to a non-affiliate of the holder in specified permitted transactions. The holders of Series D Preferred Stock are not entitled to any liquidation preferences. The holders of Series D Preferred Stock participate with common shareholders pro rata in dividends on an as-converted basis.

(Dollars in thousands, except per share data)

NOTE 24 - TAX CREDIT INVESTMENTS

The Company has investments in various limited partnerships that sponsor affordable housing projects and federal historic projects. The purpose of the investments is to earn an adequate return of capital through the receipt of tax credits and to assist the Company in achieving goals associated with the Community Reinvestment Act. These investments are included in other assets on the Consolidated Balance Sheet, with any unfunded commitments included in other liabilities. The investments are amortized as a component of income tax expense.

The following table summarizes the Company's tax credit investments as of December 31, 2024 and December 31, 2023.

	December 31, 2024		December 31, 2023	
Investment Type	Investment	Unfunded Commitment	Investment	Unfunded Commitment
Low Income Housing Tax Credit (LIHTC)	$ 20,139	$ 10,767	$ 15,578	$ 10,539
Historic Tax Credit (HTC)	1,953	1,573	2,025	1,573
Total	$ 22,092	$ 12,340	$ 17,603	$ 12,112

The following table summarizes the amortization expense and tax credits recognized for the Company's tax credit investments for the years ended December 31, 2024 and 2023, respectively:

	Year Ended December 31,	
Amortization expense	2024	2023
LIHTC	$ 1,439	$ 877
HTC	72	72
Total	$ 1,511	$ 949
Tax credits recognized:		
LIHTC	$ 1,447	$ 891
HTC	88	88
Total	$ 1,535	$ 979

NOTE 25 - OTHER ASSETS HELD FOR SALE

During the third quarter of 2022, the Company began marketing its Worthington headquarters building for sale as it prepared to move its headquarters to Columbus, Ohio. On October 20, 2022, the Company entered into a contract to sell the building for $2,010. As a result, impairment expense of $542 was recorded during September 2022 to adjust the building and land value to the offered price, less costs to sell, and the associated assets were transferred to other assets held for sale on the consolidated balance sheet. The sale of the building was completed in May 2023.

NOTE 26 - SUBSEQUENT EVENT

On January 29, 2025, the Board of Directors of the Company authorized a new stock repurchase program pursuant to which the Company may repurchase up to 325,000 shares, or approximately 5% of the Company's outstanding common stock on or before January 31, 2026. Under the stock repurchase program, the Company may purchase shares of its common stock from time to time through various means, including open market transactions and privately negotiated transactions. There is no guarantee as to the exact number or value of shares that will be repurchased by the Company. The manner, timing and amount of any stock repurchases will be determined by the Company's management in its discretion based on its evaluation of various factors, including the trading price of the Company's common stock, market and economic conditions, regulatory requirements and other corporate considerations. The repurchase program may be suspended or discontinued at any time.

CF Bankshares Inc. and CFBank
Board of Directors

Robert E. Hoeweler
Chief Executive Officer, Hoeweler Holdings
Chairman of the Board, CF Bankshares Inc. and CFBank

Thomas P. Ash
Retired, formerly Director of Governmental Relations
Buckeye Association of School Administrators

Edward W. Cochran
Attorney

James H. Frauenberg
Principal Owner,
Addison Holdings LLC,

Sundeep Rana
Managing Principal
Castle Creek Capital Partners VII, L.P.

David L. Royer
Executive Vice President of Development,
Continental Real Estate Companies

Timothy T. O'Dell
President and Chief Executive Officer, CF Bankshares Inc. and
Chief Executive Officer, CFBank

CF Bankshares Inc. Officers

Timothy T. O'Dell
President and Chief Executive Officer

Kevin J. Beerman
Executive Vice President and Chief Financial Officer

Barbara Pyke
Corporate Secretary

CFBank Executive Officers

Timothy T. O'Dell
Chief Executive Officer

Bradley J. Ringwald
President

Kevin J. Beerman
Executive Vice President and Chief Financial Officer

Marianne N. McKinney
Executive Vice President and Chief Operating Officer

C. Timothy Meder
Executive Vice President and Chief Commercial Credit Officer

CFBank Office Locations

<u>**Central Ohio (Columbus)**</u>
Headquarters & New Albany Branch
4960 E. Dublin Granville Road, Suite 400
Columbus, Ohio 43081
614-334-7979

Polaris Branch
1942 Polaris Parkway
Columbus, Ohio 43240
614-505-5605

<u>**Southwest Ohio (Cincinnati)**</u>
Main Office & Blue Ash Branch
10300 Alliance Road #150
Cincinnati, Ohio 45242
513-427-3005

Red Bank Branch
4770 Red Bank Expressway
Cincinnati, Ohio 45227
513-964-7014

<u>**Northeast Ohio (Cleveland)**</u>
Main Office & Pinecrest Branch
100 Park Ave, Suite 420
Orange Village, Ohio 44122
216-468-3100

Ohio City Branch
2715 Detroit Ave
Cleveland, Ohio 44113
216-877-8181

Fairlawn Branch (Akron)
3009 Smith Road, Suite 100
Fairlawn, Ohio 44333
330-666-7979

<u>**Indianapolis**</u>
Main Office & Branch
4729 East 82nd Street
Indianapolis, Indiana 46250
314-668-0484

Corporate Data

Annual Report

A COPY OF THE ANNUAL REPORT ON FORM 10-K FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS AVAILABLE WITHOUT CHARGE UPON WRITTEN REQUEST TO:

Kevin J. Beerman
Executive Vice President and Chief Financial Officer
CF Bankshares Inc.
4960 E. Dublin Granville Road, Suite 400
Columbus, Ohio 43081
Phone: 614-505-5770
Fax: 614-505-5761
Email: Kevinbeerman@cfbankmail.com

Annual Meeting

The Annual Meeting of Shareholders of CF Bankshares Inc. will be held "virtually" through a live webcast at 10:00 a.m., local time, on Wednesday, June 4, 2025.

Shareholder Services

Computershare, Inc. serves as transfer agent for CF Bankshares Inc. shares. Communications regarding change of address, transfer of shares or lost certificates should be sent to:

Computershare, Inc.
250 Royall Street
Canton, MA 02021
Phone: 1-800-368-5948

www.cf.bank