

CENTRAL FEDERAL CORP
Form 10-Q
August 13, 2015
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2015

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-25045

CENTRAL FEDERAL CORPORATION

(Exact name of registrant as specified in its charter)

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

7000 North High St., Worthington, Ohio 43085

(Address of principal executive offices) (Zip Code)

(614) 334-7979

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 13, 2015, there were 15,823,710 shares of the registrant's Common Stock outstanding.

CENTRAL FEDERAL CORPORATION

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CENTRAL FEDERAL CORPORATION

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands except per share data)

	June 30, 2015 (unaudited)	December 31, 2014
ASSETS		
Cash and cash equivalents	\$ 28,293	\$ 28,207
Interest-bearing deposits in other financial institutions	494	494
Securities available for sale	9,135	10,445
Loans held for sale, at fair value	1,992	3,505
Loans, net of allowance of \$6,480 and \$6,316	284,160	257,085
FHLB stock	1,942	1,942
Foreclosed assets, net	1,636	1,636
Premises and equipment, net	3,691	3,775
Bank owned life insurance	4,730	4,665
Accrued interest receivable and other assets	3,240	3,834
Total assets	\$ 339,313	\$ 315,588
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Noninterest bearing	\$ 31,549	\$ 37,035
Interest bearing	250,500	221,280
Total deposits	282,049	258,315
FHLB advances	14,500	14,500
Advances by borrowers for taxes and insurance	280	401
Accrued interest payable and other liabilities	2,383	2,708
Subordinated debentures	5,155	5,155
Total liabilities	304,367	281,079
Commitments and Contingent Liabilities	-	-
Stockholders' equity		
Common stock, \$.01 par value; shares authorized: 50,000,000; shares issued: 15,935,417 in 2015 and 2014	159	159
Series B Preferred stock, \$.01 par value; 480,000 shares authorized; 480,000 issued at June 30, 2015 and December 31, 2014	5	5
Additional paid-in capital	59,821	59,696
Accumulated deficit	(21,868)	(22,157)
Accumulated other comprehensive income	74	51

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Treasury stock, at cost; 111,707 shares of common stock	(3,245)	(3,245)
Total stockholders' equity	34,946	34,509
Total liabilities and stockholders' equity	\$ 339,313	\$ 315,588

See accompanying notes to consolidated financial statements.

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CENTRAL FEDERAL CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands except per share data)

(Unaudited)

	Three months ended		Six months ended	
	June 30, 2015	2014	June 30, 2015	2014
Interest and dividend income				
Loans, including fees	\$ 3,044	\$ 2,402	\$ 5,990	\$ 4,524
Securities	34	42	69	86
FHLB stock dividends	19	19	39	39
Federal funds sold and other	16	15	33	32
	3,113	2,478	6,131	4,681
Interest expense				
Deposits	558	368	1,043	723
FHLB advances and other debt	58	26	115	71
Subordinated debentures	41	41	81	83
	657	435	1,239	877
Net interest income	2,456	2,043	4,892	3,804
Provision for loan losses	75	108	150	128
Net interest income after provision for loan losses	2,381	1,935	4,742	3,676
Noninterest income				
Service charges on deposit accounts	116	106	232	209
Net gains on sales of loans	209	132	293	149
Net gain (loss) on sales of securities	-	-	(12)	-
Earnings on bank owned life insurance	33	32	65	64
Other	106	88	241	181
	464	358	819	603
Noninterest expense				
Salaries and employee benefits	1,217	1,051	2,437	2,154
Occupancy and equipment	134	135	273	293
Data processing	268	224	517	431
Franchise and other taxes	81	49	161	99
Professional fees	202	257	446	554
Director fees	33	13	66	25
Postage, printing and supplies	58	57	130	141
Advertising and promotion	45	1	90	4
Telephone	31	27	56	52
Loan expenses	6	11	43	15
Foreclosed assets, net	28	70	74	81
Depreciation	52	70	104	122
FDIC premiums	103	85	207	164

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Regulatory assessment	47	39	98	78
Other insurance	31	33	61	69
Other	42	73	80	113
	2,378	2,195	4,843	4,395
Income (loss) before incomes taxes	467	98	718	(116)
Income tax expense	-	-	-	-
Net income (loss)	467	98	718	(116)
Dividends on Series B preferred stock and accretion of discount	(215)	(59)	(429)	(59)
Earnings (loss) attributable to common stockholders	\$ 252	\$ 39	\$ 289	\$ (175)
Earnings (loss) per common share:				
Basic	\$ 0.02	\$ 0.00	\$ 0.02	\$ (0.01)
Diluted	\$ 0.02	\$ 0.00	\$ 0.02	\$ (0.01)

See accompanying notes to consolidated financial statements.

CENTRAL FEDERAL CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Dollars in thousands except per share data)

(Unaudited)

	Three months ended June 30, 2015		Six months ended June 30, 2014	
Net income (loss)	\$ 467	\$ 98	\$ 718	\$ (116)
Other comprehensive income (loss):				
Unrealized holding gains (losses) arising during the period related to investment securities available for sale:				
Unrealized net gains (losses)	(23)	1	11	(23)
Related income tax expense	-	-	-	-
Net unrealized gains (losses)	(23)	1	11	(23)
Less: reclassification adjustment for net losses realized during the period on investment securities available for sale:				
Realized net losses	-	-	12	-
Related income tax expense	-	-	-	-
Net realized losses	-	-	12	-
Other comprehensive income (loss)	(23)	1	23	(23)
Comprehensive income (loss)	\$ 444	\$ 99	\$ 741	\$ (139)

See accompanying notes to consolidated financial statements.

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CENTRAL FEDERAL CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(Dollars in thousands except per share data)

(Unaudited)

	Common Stock	Series B Preferred Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total Stockholders' Equity
Balance at January 1, 2015	\$ 159	\$ 5	\$ 59,696	\$ (22,157)	\$ 51	\$ (3,245)	\$ 34,509
Net income (loss)				718			718
Other comprehensive income (loss)							