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CFBANK LEANS INTO COMMERCIAL BANKING



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Timothy T. O'Dell

CEOCFO: *Mr. O'Dell, it has been about a year since we talked with you. For readers that may not be familiar with CFBank, what has been your focus in the past and what is your focus as a bank today?*

Mr. O'Dell: Our focus has remained unchanged since we recapitalized CFBank in late 2012, which was a failing federal savings bank. Our core business is Commercial Banking. For us it is about our delivery as a team which we call Boutique. Our Boutique delivery and ease of doing business is what differentiates us and is responsible in large part along with the quality of our people, for our ability to consistently generate growth rates annually of 20% - 25%.

CEOCFO: *How do you know when someone is right for the CFBank team?*

Mr. O'Dell: We are looking for people who are self-motivated, and team players that like to compete and to win. We build our business as a team. It is not just individuals going out and driving the business alone. We all get involved meeting and getting to know our customers during the process. That is something that

differentiates us from the Regional Commercial Banks with which we compete most often.

Many of our people come to us from regional banks. These experienced proven performers are looking for a different and more entrepreneurial business environment like ours. They want to be able to have greater ability and greater say in terms of being able to better serve their customers.

CEOCFO: *When you are looking at someone to come onboard, liking to win is probably a bit easy to tell, but how can you tell when someone is going to do it in a way that reflects the service and relationship approach that is a hallmark of CFBank.?*

Mr. O'Dell: Those are rather unique qualities to find together in the same package. A lot of our recruiting and talent really comes thru individuals referred by someone on our team that has worked with these other individuals previously. They have inside knowledge of how they performed in other organizations.

The other important input we gather is from asking customers and prospects about their banker. We ask what kind of a job they do, and if they are doing a good job and representing their business. We also ask if they consider their banker a valued advisor and if they bring more to the table than just being an order-taker.

We are looking for individuals again that have really become immersed with their customer relationships. These are the types of people that fit very well into our organization.

CEOCFO: *What have you learned from your customers when you talk with them about what they would like to see in a bank and what might have changed a bit in your focus over time from feedback?*

Mr. O'Dell: From my perspective, the fundamentals have not changed when it comes to Commercial Banking. We are always adding additional bells and whistles, and we leverage technologies. However, we believe the fundamentals a business owner wants in a banking relationship is a team supporting them, who truly understands their business and will go to bat to deliver for them.

Many business owners have developed and built their businesses from the ground up. They want a trusted partner who is equally invested in them and their success, and that they know at the end of the day is going to be able to deliver for them. This might be financing for growth, funding an acquisition, or taking advantage of an inventory purchase. We believe business owners value a bank that is responsive and easy to do business with.

I believe these business owners also want access to decision-makers. We believe, our team and not just me, that this makes a significant difference to customers in making the decision to choose CFBank as their banking partner.

CEO CFO: *Has the competitive landscape changed much over the past year; what is the local competition like today?*

Mr. O'Dell: It remains very competitive and there are a number of good local competitors in all four of our regional markets. We are in good markets, so they attract competitors. We are a Commercial Bank, in the community banking space. Most often, we are competing with regional banks to service best-in-class operating businesses. We strive thru our Boutique delivery, to be The Bank that businesses and entrepreneurs think of first in terms of financing their businesses. The shift that has been occurring is that as the regional banks push further upstream in loan size, smaller banks like us are seeing greater opportunities for these relationships.

Smaller institutions like CFBank have also become the go-to lenders for financing local real estate projects and lending. We are now doing the lion's share of CRE lending in our communities, and also partnering together for the financing of larger projects.

We see expanding opportunities and good growth prospects in all of our four regional metro markets, including Columbus, Indianapolis, Cleveland, and Cincinnati. All have different competitors, and all are proving to be good places for us to do business.

CEO CFO: *You have expanded your geographic footprint over the last year. Where are you now, why, and what do you see upcoming for the year?*

Mr. O'Dell: We are in four regional metro markets. Our most recent addition is the Indianapolis market which we expanded into last year. We like the metro markets because that is where the business customers are. Our core business has always been and will continue to be Commercial Banking. Commercial Banking presents the opportunities for us to have and to build meaningful two-way, mutually beneficial long-term relationships.

A lot of the other banking products and services have become commoditized, but not so with business banking relationships. The valued relationships we are able to build with operating businesses, entrepreneurs, and with closely held business owners, cannot be commoditized. That is why we value this business, and why we value these business relationships so highly!

CEOCFO: *Do you think relationship is more important in a Midwest bank than it might be in others, or does it just seem basic that people should act this way in general?*

Mr. O'Dell: Yes, perhaps relationships might be more valued by Midwesterners. I do believe though that exclusive of geography, entrepreneurs and business owners are looking for strong banking relationships, not just someone who can finance the building or extend them a line of credit but who will truly become an advocate and resource for them and their businesses. In our opinion, supporting the best interests of the business, also are in our bank's best interests. These relationship fundamentals, we believe are universally appealing and important to business owners.

CEOCFO: *We are faced with inflation, interest rate hikes, supply-chain problems, lots of things that affect everybody. How do you help your clients through these specific challenges today as well as in general?*

Mr. O'Dell: Every year businesses and we face challenges. They are just different challenges. That is why we believe that sticking to proven fundamentals is really important. We are advising our customers to position themselves to be financially nimble, and yet also to remain opportunistic.

CEOCFO: *What are some of the services you have added?*

Mr. O'Dell: We have added Practice Finance as a business niche, which is specialized financing for medical practices. In addition, we are enhancing our corporate cash management platform offering to include integrated accounts receivable and accounts payable, to enable our customers to manage their cash flows more effectively.

Also, we have added enhanced fraud protection products and services for our customers.

CEOCFO: *How do you reach out to people within those two targeted areas?*

Mr. O'Dell: Adding the talent and expertise goes hand-in-hand with looking to enter or increase business in a particular business niche. For instance, in Practice Finance we have added individuals with deep experience and specific expertise.

It is through their business connections and referral sources, along with leveraging our organization and footprint, which enables us to generate more business opportunities in niches like Practice and Equipment Finance. Business always comes back to the fundamentals of growing connections, expanding our product offerings, and building relationships and this is all about people.

CEOCFO: *How is CF Bankshares doing these days?*

Mr. O'Dell: We are doing very well. We are a bit different and a bit the same as we were when we chatted last. The last time we spoke we were in the midst of the mortgage refinance boom. We had opportunistically weighed into that business, by adding direct-to-consumer originations to our mortgage business. We were doing for us huge volumes of loans across the country. The Refi mortgage business during 2019 and 2020 was terrific. Our home mortgage lending business today has been successfully repositioned and is more traditional with retail loan originations. This means we are making relationship loans to people within our regional market footprint, to acquire new customers.

Our mortgage business is much smaller than it once was, while our Commercial Bank has grown. During that mortgage boom period, we have invested in growing our core business which is Commercial Banking. We were able to channel earnings from the Mortgage business during those two years when it was exceptionally good, accelerating the growth of our commercial bank plus expanding our geographic presence and footprint.

CEOCFO: *Does the fact that you as CEO are so close to your customers help you be more nimble in making these kinds of decisions? How does that play a part rather than a CEO that is perhaps several layers away from customers?*

Mr. O'Dell: I firmly believe that is one of our key differentiators. The more intimately we understand the dynamics and know our customer, the more responsive we can be. It has always for us been all about the customer and who is asking. That is the first thing we always look at. We have done a remarkably good job as a team of choosing quality, high-integrity, high-character, customers to do business with which is the most important consideration to us.

Lynn, you are right, the better we know our customer, the better we are able to be responsive. To be more than just a provider of loans, products, and services, but a valued advisor and asset to the business and business owner.

CEOCFO: *Is the investment market paying attention to CF Bankshares?*

Mr. O'Dell: We are getting there and as we continue to gain size and scale; we believe we will show up even more on investor radars. Our stock is performing well. I think since we last spoke the stock is much higher than it was. As long as we continue to execute well the fundamentals, attracting quality new customers, we add value to our franchise.

We are focused on continuing to grow our bank in a quality way. If it is not high-quality business and customers, it does not interest us.

Our CFBank boutique approach and delivery continues to drive growth opportunities for us. For the past ten years our compound annual growth rate has been nearly 25%. Maybe you saw Bank Director Magazine which recently ranked us as #2 in growth strategy amongst our peers. We were also #4 ranked in overall performance in our peer group.

CEOCFO: *That is impressive!*

Mr. O'Dell: Thank you, our successes are a team effort!

CEOCFO: *What is next for CF Bankshares?*

Mr. O'Dell: We say we are just Revving up and we really believe that. We have a much deeper and stronger team than we did previously. We have been able to attract top talent. We have expanded our geographic footprint and we are filling our markets with some micro-branches, adding to our presence plus expanding services and convenience for customers. We would say to expect more of the same, continuing strong quality organic growth. We might also have interest in making some strategic acquisitions.

We have the infrastructure in place to become a much larger bank. We have individuals on board who have scaled banks of several billion dollars in size including myself. The reason we have made this investment is because we see increasing business opportunities as well as our aspiring for continuing to add size and scale.

CEOCFO: *Is there anything you would like to add? What else should people know about CF Bankshares?*

Mr. O'Dell: Our business is about continuing to find ways to service our customers better, more efficiently and more effectively. This includes adding new products and services for capturing more of the total relationship.

Our fundamentals have not changed since inception. It has consistently been all about building quality relationships. We do that as a team which is a bit unique versus other banks. We are all involved. I meet with a lot of customers, and I really like to do that. I like to hear the feedback from our customers. I want our customers to know that they can pick up the phone and call me and they do that on more than a few occasions. Being accessible to our customers and our employees is important to me.