

BROADWAY FINANCIAL CORP \DE\  
Form 10-Q  
August 16, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington D.C. 20549**  
**FORM 10-Q**

(Mark One)

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

For the quarterly period ended June 30, 2010

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

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

Commission file number 000-27464

**BROADWAY FINANCIAL CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**95-4547287**  
(I.R.S. Employer  
Identification No.)

**4800 Wilshire Boulevard, Los Angeles, California**  
(Address of principal executive offices)

**90010**  
(Zip Code)

**(323) 634-1700**

(Registrant's telephone number, including area code)

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

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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 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, or a smaller reporting company. See the definition of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 1,743,965 shares of the Company's Common Stock, par value \$0.01 per share, were outstanding as of August 6, 2010.

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**Table of Contents****BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES****Consolidated Balance Sheets**

	<b>June 30, 2010 (Unaudited)</b>	<b>December 31, 2009</b>
	<i>(Dollars in thousands, except per share amounts)</i>	
<b>Assets</b>		
Cash	\$ 4,100	\$ 7,440
Federal funds sold	49,660	
Cash and cash equivalents	53,760	7,440
Securities available for sale, at fair value	12,404	14,961
Securities held to maturity (fair value of \$14,874 at June 30, 2010 and \$16,838 at December 31, 2009)	14,281	16,285
Loans receivable held-for-sale, net	18,815	20,940
Loans receivable, net of allowance of \$18,462 and \$20,460	423,347	432,640
Accrued interest receivable	2,517	2,419
Federal Home Loan Bank (FHLB) stock, at cost	4,367	4,305
Office properties and equipment, net	5,251	5,363
Real estate owned (REO)	4,487	2,072
Bank owned life insurance	2,466	2,418
Deferred tax assets	5,010	4,986
Other assets	4,864	7,217
Total assets	\$ 551,569	\$ 521,046
<b>Liabilities and stockholders equity</b>		
Deposits	\$ 414,149	\$ 385,488
Federal Home Loan Bank advances	88,000	91,600
Junior subordinated debentures	6,000	6,000
Other borrowings	5,000	
Advance payments by borrowers for taxes and insurance	194	372
Other liabilities	5,048	6,071
Total liabilities	518,391	489,531
<b>Stockholders Equity:</b>		
Senior preferred, cumulative and non-voting stock, \$1,000 par value, authorized, issued and outstanding 9,000 shares of Series D at June 30, 2010 and December 31, 2009; liquidation preference of \$9,056 at June 30, 2010 and December 31, 2009	8,963	8,963
Senior preferred, cumulative and non-voting stock, \$1,000 par value, authorized, issued and outstanding 6,000 shares of Series E at June 30, 2010 and December 31, 2009; liquidation preference of \$6,038 at June 30, 2010 and December 31, 2009	5,974	5,974
Preferred, non-cumulative and non-voting stock, \$.01 par value, authorized 1,000,000 shares; issued and outstanding 55,199 shares of Series A, 100,000 shares of Series B and 76,950 shares of Series C at June 30, 2010 and December 31, 2009; liquidation preference of \$552 for Series A, \$1,000 for Series B and \$1,000 for Series C at June 30, 2010 and December 31, 2009	2	2
Preferred stock discount	(1,569)	(1,756)
Common stock, \$.01 par value, authorized 3,000,000 shares; issued 2,013,942 shares at June 30, 2010 and December 31, 2009; outstanding 1,743,965 shares at June 30, 2010 and 1,743,365 shares at December 31, 2009	20	20
Additional paid-in capital	14,351	14,273

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Retained earnings-substantially restricted	8,558	7,322
Accumulated other comprehensive income, net of taxes of \$221 and \$118 at June 30, 2010 and December 31, 2009	330	176
Treasury stock-at cost, 269,977 shares at June 30, 2010 and 270,577 shares at December 31, 2009	(3,451)	(3,459)
<b>Total stockholders' equity</b>	<b>33,178</b>	<b>31,515</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 551,569</b>	<b>\$ 521,046</b>

*See accompanying notes to unaudited consolidated financial statements.*

**Table of Contents****BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES****Consolidated Statements of Operations and Comprehensive Earnings****(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	<i>(Dollars in thousands, except per share amounts)</i>			
Interest and fees on loans receivable	\$ 7,415	\$ 6,683	\$ 14,842	\$ 12,937
Interest on mortgage-backed securities	244	266	514	560
Interest on investment securities	13	12	25	25
Other interest income	15	32	25	66
<b>Total interest income</b>	<b>7,687</b>	<b>6,993</b>	<b>15,406</b>	<b>13,588</b>
Interest on deposits	1,568	1,813	3,071	3,538
Interest on borrowings	851	745	1,646	1,497
<b>Total interest expense</b>	<b>2,419</b>	<b>2,558</b>	<b>4,717</b>	<b>5,035</b>
Net interest income before provision for loan losses	5,268	4,435	10,689	8,553
Provision for loan losses	309	1,589	883	2,105
<b>Net interest income after provision for loan losses</b>	<b>4,959</b>	<b>2,846</b>	<b>9,806</b>	<b>6,448</b>
Non-interest income:				
Service charges	303	328	566	675
Net gains on mortgage banking activities				17
Net gains (loss) on sale of loans	(136)		(136)	
Net gains (loss) on sale of REO	(61)		(35)	
Provision for losses on loans held-for-sale	(472)	(245)	(547)	(350)
Other	111	34	63	71
<b>Total non-interest income</b>	<b>(255)</b>	<b>117</b>	<b>(89)</b>	<b>413</b>
Non-interest expense:				
Compensation and benefits	1,796	1,368	3,727	2,994
Occupancy expense, net	348	383	710	728
Information services	186	211	404	409
Professional services	386	177	596	350
Office services and supplies	133	149	277	293
FDIC insurance	215	387	462	492
Other	280	284	543	519
<b>Total non-interest expense</b>	<b>3,344</b>	<b>2,959</b>	<b>6,719</b>	<b>5,785</b>
Earnings before income taxes	1,360	4	2,998	1,076
Income taxes	514	(30)	1,164	380
<b>Net earnings</b>	<b>\$ 846</b>	<b>\$ 34</b>	<b>\$ 1,834</b>	<b>\$ 696</b>

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Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on securities available for sale	\$ 168	\$ (6)	\$ 257	\$ 98
Income tax effect	(67)	2	(103)	(39)
Other comprehensive income (loss), net of tax	101	(4)	154	59
Comprehensive earnings	\$ 947	\$ 30	\$ 1,988	\$ 755