UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TOSECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023 March 31, 2024

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

For transition period from__________ to___________

Commission file number 001-39043

BROADWAY FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**95-4547287**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4601 Wilshire Boulevard, Suite 150 **Los Angeles, California**	**90010**
(Address of principal executive offices)	(Zip Code)

(323) 634-1700
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol(s)	Name of each exchange on which registered:
Common Stock, par value $0.01 per share (including attached preferred stock purchase rights)	BYFC	Nasdaq Capital Market

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 every Interactive Data File required to be submitted 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 such files). Yes ☐☒ No ☒☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 April 30, 2024, 6,033,212 shares of the registrant's Class A voting common stock, 1,425,574 shares of the Registrant's registrant's Class B non-voting common stock and 1,672,562 shares of the Registrant's registrant's Class C non-voting common stock were outstanding.

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BROADWAY FINANCIAL CORPORATION AND SUBSIDIARY
Consolidated Statements of Financial Condition
(In thousands, except share and per share amounts)

	September 30, 2023 (Unaudited)	December 31, 2022
Assets:		
Cash and due from banks	$ 5,031	$ 7,459

Interest-bearing deposits in other banks	6,456	8,646
Cash and cash equivalents	11,487	16,105
Securities available-for-sale, at fair value	316,429	328,749
Loans receivable held for investment, net of allowance of $6,899 and $4,388	835,356	768,046
Accrued interest receivable	4,925	3,973
Federal Home Loan Bank ("FHLB") stock	9,130	5,535
Federal Reserve Bank ("FRB") stock	3,543	5,264
Office properties and equipment, net	9,915	10,291
Bank owned life insurance, net	3,264	3,233
Deferred tax assets, net	12,548	11,872
Core deposit intangible, net	2,208	2,501
Goodwill	25,858	25,858
Other assets	3,132	2,866
Total assets	$ 1,237,795	$ 1,184,293
Liabilities and stockholders' equity		
Liabilities:		
Deposits	$ 671,469	$ 686,916
Securities sold under agreements to repurchase	75,815	63,471
FHLB advances	187,721	128,344
Notes payable	14,000	14,000
Accrued expenses and other liabilities	13,633	11,910
Total liabilities	962,638	904,641
Non-Cumulative Redeemable Perpetual Preferred stock, Series C; authorized 150,000 shares at September 30, 2023 and December 31, 2022; issued and outstanding 150,000 shares at September 30, 2023 and December 31, 2022; liquidation value $1,000 per share	150,000	150,000
Common stock, Class A, $0.01 par value, voting; authorized 75,000,000[(1)] shares at September 30, 2023 and December 31, 2022; issued 6,411,777[(1)] shares at September 30, 2023 and 6,408,151[(1)] shares at December 31, 2022; outstanding 6,170,648[(1)] shares at September 30, 2023 and 6,080,745[(1)] shares at December 31, 2022	64	64
Common stock, Class B, $0.01 par value, non-voting; authorized 15,000,000[(1)] shares at September 30, 2023 and December 31, 2022; issued and outstanding 1,425,574[(1)] shares at September 30, 2023 and December 31, 2022	14	14
Common stock, Class C, $0.01 par value, non-voting; authorized 25,000,000[(1)] shares at September 30, 2023 and December 31, 2022; issued and outstanding 1,672,562[(1)] at September 30, 2023 and December 31, 2022	17	17
Additional paid-in capital	144,410	144,157
Retained earnings	9,945	9,294
Unearned Employee Stock Ownership Plan ("ESOP") shares	(4,831)	(1,265)
Accumulated other comprehensive loss, net of tax	(19,326)	(17,473)
Treasury stock-at cost, 327,228 shares at September 30, 2023 and at December 31, 2022	(5,326)	(5,326)
Total Broadway Financial Corporation and Subsidiary stockholders' equity	274,967	279,482
Non-controlling interest	190	170
Total liabilities and stockholders' equity	$ 1,237,795	$ 1,184,293

[(1)] Retroactively adjusted for the 1-for-8 reverse stock split effective November 1, 2023 - see Note 1

	March 31, 2024	December 31, 2023
	(Unaudited)	
Assets:		
Cash and due from banks	$ 6,037	$ 5,460
Interest-bearing deposits in other banks	61,085	99,735
Cash and cash equivalents	67,122	105,195
Securities available-for-sale, at fair value	293,243	316,950
Loans receivable held for investment, net of allowance of $7,552 and $7,348	926,497	880,457
Accrued interest receivable	5,638	4,938
Federal Home Loan Bank ("FHLB") stock	10,292	10,156
Federal Reserve Bank ("FRB") stock	3,543	3,543
Office properties and equipment, net	9,731	9,840
Bank owned life insurance, net	3,286	3,275

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Deferred tax assets, net	9,827	9,538
Core deposit intangible, net	2,027	2,111
Goodwill	25,858	25,858
Other assets	13,400	3,543
Total assets	$ 1,370,464	$ 1,375,404
Liabilities and stockholders' equity		
Liabilities:		
Deposits	$ 695,494	$ 682,635
Securities sold under agreements to repurchase	71,681	73,475
FHLB advances	209,280	209,319
Bank Term Funding Program ("BTFP") borrowing	100,000	100,000
Notes payable	–	14,000
Accrued expenses and other liabilities	12,542	13,878
Total liabilities	1,088,997	1,093,307
Non-Cumulative Redeemable Perpetual Preferred stock, Series C; authorized 150,000 shares at March 31, 2024 and December 31, 2023; issued and outstanding 150,000 shares at March 31, 2024 and December 31, 2023; liquidation value $1,000 per share	150,000	150,000
Common stock, Class A, $0.01 par value, voting; authorized 75,000,000 shares at March 31, 2024 and December 31, 2023; issued 6,230,705 shares at March 31, 2024 and December 31, 2023; outstanding 6,009,274 shares at March 31, 2024 and 5,914,861 shares at December 31, 2023	62	62
Common stock, Class B, $0.01 par value, non-voting; authorized 15,000,000 shares at March 31, 2024 and December 31, 2023; issued and outstanding 1,425,574 shares at March 31, 2024 and December 31, 2023	14	14
Common stock, Class C, $0.01 par value, non-voting; authorized 25,000,000 shares at March 31, 2024 and December 31, 2023; issued and outstanding 1,672,562 at March 31, 2024 and December 31, 2023	17	17
Additional paid-in capital	142,653	142,601
Retained earnings	12,388	12,552
Unearned Employee Stock Ownership Plan ("ESOP") shares	(4,420)	(4,492)
Accumulated other comprehensive loss, net of tax	(14,096)	(13,525)
Treasury stock-at cost, 327,228 shares at March 31, 2024 and at December 31, 2023	(5,326)	(5,326)
Total Broadway Financial Corporation and Subsidiary stockholders' equity	281,292	281,903
Non-controlling interest	175	194
Total liabilities and stockholders' equity	$ 1,370,464	$ 1,375,404

See accompanying notes to unaudited consolidated financial statements.

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BROADWAY FINANCIAL CORPORATION AND SUBSIDIARY
Consolidated Statements of Operations and Comprehensive (Loss) Income (Loss)
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
nterest income:						
nterest and fees on loans receivable	$ 9,406	$ 6,520	$ 27,039	$ 20,603	$ 11,129	$ 8,666
nterest on available-for-sale securities	2,180	2,069	6,543	3,416	2,075	2,180
Other interest income	341	639	1,028	1,589	1,589	328
Total interest income	11,927	9,228	34,610	25,608	14,793	11,174
nterest expense:						
nterest on deposits	2,126	474	4,978	1,173	2,799	1,303
nterest on borrowings	3,028	146	7,317	617	4,470	1,597

Total interest expense	5,154	620	12,295	1,790	7,269	2,900
Net interest income	6,773	8,608	22,315	23,818	7,524	8,274
(Recapture of) provision for credit losses	(2)	1,021	808	592		
Net interest income after (recapture of) provision for credit losses	6,775	7,587	21,507	23,226		
Provision for credit losses					**260**	**88**
Net interest income after provision for credit losses					**7,264**	**8,186**
Non-interest income:						
Service charges	42	21	141	106	**40**	**61**
Other	289	344	739	801	**266**	**228**
Total non-interest income	331	365	880	907	**306**	**289**
Non-interest expense:						
Compensation and benefits	4,380	3,440	11,863	10,366	**4,397**	**3,749**
Occupancy expense	466	367	1,354	1,209	**435**	**303**
Information services	698	732	2,148	2,364	**707**	**715**
Professional services	629	861	1,741	2,183	**1,410**	**505**
Supervisory costs	157	4	452	261	**177**	**94**
Office services and supplies	24	38	72	153	**34**	**22**
Advertising and promotional expense	11	14	138	81	**28**	**68**
Corporate insurance	61	49	184	164	**61**	**62**
Appraisal and other loan expense	69	53	138	150	**–**	**43**
Amortization of core deposit intangible	98	109	293	326	**84**	**98**
Travel expense	39	67	154	122	**79**	**78**
Other expense	349	338	1,117	919	**398**	**469**
Total non-interest expense	6,981	6,072	19,654	18,298	**7,810**	**6,206**
Income before income taxes	125	1,880	2,733	5,835		
Income tax expense	39	534	806	1,654		
Net income	$ 86	$ 1,346	$ 1,927	$ 4,181		
(Loss) income before income taxes					**(240)**	**2,269**
Income tax (benefit) expense					**(57)**	**674**
Net (loss) income					**$ (183)**	**$ 1,595**
Less: Net (loss) income attributable to non-controlling interest	(5)	28	20	51	**(19)**	**22**
Net income attributable to Broadway Financial Corporation	$ 91	$ 1,318	$ 1,907	$ 4,130		
Net (loss) income attributable to Broadway Financial Corporation					**$ (164)**	**$ 1,573**
Other comprehensive loss, net of tax:						
Unrealized losses on securities available-for-sale arising during the period	$ (2,677)	$ (11,949)	$ (2,600)	$ (25,281)		
Income tax benefit	(770)	(3,382)	(747)	(7,364)		
Other comprehensive loss, net of tax	(1,907)	(8,567)	(1,853)	(17,917)		
Other comprehensive (loss) income, net of tax:						
Unrealized (losses) income on securities available-for-sale arising during the period					**$ (803)**	**$ 3,433**
Income tax (benefit) expense					**(232)**	**988**
Other comprehensive (loss) income, net of tax					**(571)**	**2,445**
Comprehensive (loss) income	$ (1,816)	$ (7,249)	$ 54	$ (13,787)	**$ (735)**	**$ 4,018**
Earnings per common share-basic(1)	$ 0.01	$ 0.14	$ 0.21	$ 0.45		
Earnings per common share-diluted(1)	$ 0.01	$ 0.14	$ 0.21	$ 0.45		
(Loss) earnings per common share-basic(1)					**$ (0.02)**	**$ 0.18**
(Loss) earnings per common share-diluted(1)					**$ (0.02)**	**$ 0.17**

(1)

(1) **Retroactively adjusted, as applicable,** for the 1-for-8 reverse stock split effective November 1, 2023 - see Note 1 **reverse stock split effective November 1, 2023 - see Note 1**

See accompanying notes to unaudited consolidated financial statements.

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BROADWAY FINANCIAL CORPORATION AND SUBSIDIARY
Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(In thousands)		(In thousands)	
Cash flows from operating activities:				
Net income	$ 1,927	$ 4,181		
Adjustments to reconcile net income to net cash provided by operating activities:				
Net (loss) income			$ (183)	$ 1,595
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:				
Provision for credit losses	808	592	260	88
Depreciation	490	630	164	172
Amortization of deferred loan origination costs, net	264	38		
Net (accretion) amortization of discounts and premiums on available-for-sale securities	(778)	20		
Net change of deferred loan origination costs			137	(223)
Net amortization of premiums and discounts on available-for-sale securities			(253)	(253)
Accretion of purchase accounting marks on loans	(148)	(647)	(32)	–
Amortization of core deposit intangible	293	326	84	98
Director compensation expense-common stock	95	84	–	96
Accretion of premium on FHLB advances	(18)	(64)		
(Accretion) amortization of premium on FHLB advances			(4)	1
Stock-based compensation expense	173	93	77	38
ESOP compensation expense	33	56	47	(202)
Earnings on bank owned life insurance	(31)	(32)	(11)	(9)
Change in assets and liabilities:				
Net change in deferred taxes	579	1,732	(57)	569
Net change in accrued interest receivable	(952)	(95)	(700)	(246)
Net change in other assets	(266)	(391)	(9,857)	42
Net change in accrued expenses and other liabilities	1,554	(1,195)	(1,336)	2,035
Net cash provided by operating activities	4,023	5,328		
Net cash (used in) provided by operating activities			(11,664)	3,801
Cash flows from investing activities:				
Net change in loans receivable held for investment	(70,043)	(74,155)	(46,405)	(9,681)
Principal payments on available-for-sale securities	10,498	13,850	23,157	3,409
Purchase of available-for-sale securities	–	(215,500)		
Purchase of FHLB stock	(7,534)	(332)	(136)	(1,765)
Proceeds from redemption of FHLB stock	3,939	1,431		
Proceeds from redemption of FRB stock	1,721	–	–	1,721
Purchase of office properties and equipment	(114)	(816)	(55)	(3)
Net cash used in investing activities	(61,533)	(275,522)	(23,439)	(6,319)
Cash flows from financing activities:				
Net change in deposits	(15,447)	(19,541)	12,859	(29,374)
Net change in securities sold under agreements to repurchase	12,344	13,447	(1,794)	7,470
Purchase of unreleased ESOP shares	(3,400)	–	–	(2,500)
Proceeds from issuance of preferred stock	–	150,000		
Dividends paid on preferred stock	–	(15)		
Repayment of notes payable			(14,000)	–
Proceeds from FHLB advances	329,000	–	–	40,500
Repayments of FHLB advances	(269,605)	(53,000)	(35)	(35)
Net cash provided by financing activities	52,892	90,891		
Net cash (used in) provided by financing activities			(2,970)	16,061

Net change in cash and cash equivalents	(4,618)	(179,303)	(38,073)	13,543
Cash and cash equivalents at beginning of the period	16,105	231,520	105,195	16,105
Cash and cash equivalents at end of the period	$ 11,487	$ 52,217	$ 67,122	$ 29,648
Supplemental disclosures of cash flow information:				
Cash paid for interest	$ 11,785	$ 1,758	$ 5,913	$ 2,882
Cash paid for income taxes	236	42	48	–

See accompanying notes to unaudited consolidated financial statements.

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BROADWAY FINANCIAL CORPORATION AND SUBSIDIARY
Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)

	Three Month Periods Ended September 30, 2023 and 2022									
	Preferred Stock Non-Voting	**Common Stock Voting**	**Common Stock Non-Voting**	**Additional Paid-in Capital**	**Accumulated Other Comprehensive Loss**	**Retained Earnings**	**Unearned ESOP Shares**	**Treasury Stock**	**Non-Controlling Interest**	**Total Stockholders' Equity**
					(In thousands)					
Balance at July 1, 2023	**$ 150,000**	**$ 65**	**$ 31**	**$ 144,331**	**$ (17,419)**	**$ 9,854**	**$ (4,247)**	**$ (5,326)**	**$ 195**	**$ 277,484**
Net income	–	–	–	–	–	91	–	–	(5)	86
Release of unearned ESOP shares	–	–	–	(5)	–	–	16	–	–	11
Purchase of unreleased shares	–	–	–	–	–	–	(600)	–	–	(600
Stock-based compensation expense	–	(1)	–	88	–	–	–	–	–	87
Director stock compensation expense	–	–	–	(4)	–	–	–	–	–	(4
Other comprehensive loss, net of tax	–	–	–	–	(1,907)	–	–	–	–	(1,907
Balance at September 30, 2023	**$ 150,000**	**$ 64**	**$ 31**	**$ 144,410**	**$ (19,326)**	**$ 9,945**	**$ (4,831)**	**$ (5,326)**	**$ 190**	**$ 275,157**
Balance at July 1, 2022	**$ 150,000**	**$ 63**	**$ 32**	**$ 144,093**	**$ (9,901)**	**$ 6,470**	**$ (797)**	**$ (5,326)**	**$ 123**	**$ 284,757**
Net income	–	–	–	–	–	1,318	–	–	28	1,346
Conversion of non-voting common shares into voting common shares	–	1	(1)	–	–	–	–	–	–	(1
Release of unearned ESOP shares	–	–	–	(5)	–	–	16	–	–	11
Stock-based compensation expense	–	–	–	35	–	–	–	–	–	35
Other comprehensive loss, net of tax	–	–	–	–	(8,567)	–	–	–	–	(8,567
Balance at September 30, 2022	**$ 150,000**	**$ 64**	**$ 31**	**$ 144,123**	**$ (18,468)**	**$ 7,788**	**$ (781)**	**$ (5,326)**	**$ 151**	**$ 277,582**

	Three-Month Periods Ended March 31, 2024 and 2023									
	Preferred Stock Non-Voting	**Common Stock Voting**	**Common Stock Non-Voting**	**Additional Paid-in Capital**	**Accumulated Other Comprehensive Loss**	**Retained Earnings**	**Unearned ESOP Shares**	**Treasury Stock**	**Non-Controlling Interest**	**Total Stockholders' Equity**
					(In thousands)					
Balance at December 31, 2023	**$ 150,000**	**$ 62**	**$ 31**	**$ 142,601**	**$ (13,525)**	**$ 12,552**	**$ (4,492)**	**$ (5,326)**	**$ 194**	**$ 282,097**
Net loss	–	–	–	–	–	(164)	–	–	(19)	(183)
Release of unearned ESOP shares	–	–	–	(25)	–	–	72	–	–	47

Stock-based compensation expense	–	–	–	77	–	–	–	–	–	77
Other comprehensive loss, net of tax	–	–	–	–	(571)	–	–	–	–	(571)
Balance at March 31, 2024	**$ 150,000**	**$ 62**	**$ 31**	**$ 142,653**	**$ (14,096)**	**$ 12,388**	**$ (4,420)**	**$ (5,326)**	**$ 175**	**$ 281,467**
Balance at December 31, 2022	**$ 150,000**	**$ 64**	**$ 31**	**$ 144,157**	**$ (17,473)**	**$ 9,294**	**$ (1,265)**	**$ (5,326)**	**$ 170**	**$ 279,652**
Cumulative effect of change related to adoption of ASU 2016-13	–	–	–	–	–	(1,256)	–	–	–	(1,256)
Adjusted balance, January 1, 2023	150,000	64	31	144,157	(17,473)	8,038	(1,265)	(5,326)	170	278,396
Net income	–	–	–	–	–	1,573	–	–	22	1,595
Release of unearned ESOP shares	–	–	–	(4)	–	–	(198)	–	–	(202)
Increase in unreleased shares	–	–	–	–	–	–	(2,500)	–	–	(2,500)
Stock-based compensation expense	–	–	–	38	–	–	–	–	–	38
Director stock compensation expense	–	1	–	95	–	–	–	–	–	96
Other comprehensive income, net of tax	–	–	–	–	2,445	–	–	–	–	2,445
Balance at March 31, 2023	**$ 150,000**	**$ 65**	**$ 31**	**$ 144,286**	**$ (15,028)**	**$ 9,611**	**$ (3,963)**	**$ (5,326)**	**$ 192**	**$ 279,868**

See accompanying notes to unaudited consolidated financial statements.

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BROADWAY FINANCIAL CORPORATION AND SUBSIDIARY
Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)

	Nine Month Periods Ended September 30, 2023 and 2022									
	Preferred Stock Non-Voting	**Common Stock Voting**	**Common Stock Non-Voting**	**Additional Paid-in Capital**	**Accumulated Other Comprehensive Loss**	**Retained Earnings**	**Unearned ESOP Shares**	**Treasury Stock**	**Non-Controlling Interest**	**Total Stockholders' Equity**
	(In thousands)									
Balance at January 1, 2023	**$ 150,000**	**$ 64**	**$ 31**	**$ 144,157**	**$ (17,473)**	**$ 9,294**	**$ (1,265)**	**$ (5,326)**	**$ 170**	**$ 279,652**
Cumulative effect of change related to adoption of ASU 2016-13, net of tax	**–**	**–**	**–**	**–**	**–**	**(1,256)**	**–**	**–**	**–**	**(1,256)**
Adjusted balance, January 1, 2023	**150,000**	**64**	**31**	**144,157**	**(17,473)**	**8,038**	**(1,265)**	**(5,326)**	**170**	**278,396**
Net income	**–**	**–**	**–**	**–**	**–**	**1,907**	**–**	**–**	**20**	**1,927**
Release of unearned ESOP shares	**–**	**–**	**–**	**(15)**	**–**	**–**	**48**	**–**	**–**	**33**
ESOP adjustment	**–**	**–**	**–**	**–**	**–**	**–**	**(214)**	**–**	**–**	**(214)**
Purchase of unreleased ESOP shares	**–**	**–**	**–**	**–**	**–**	**–**	**(3,400)**	**–**	**–**	**(3,400)**
Stock compensation expense	**–**	**–**	**–**	**173**	**–**	**–**	**–**	**–**	**–**	**173**
Director stock compensation expense	**–**	**–**	**–**	**95**	**–**	**–**	**–**	**–**	**–**	**95**
Other comprehensive loss, net of tax	**–**	**–**	**–**	**–**	**(1,853)**	**–**	**–**	**–**	**–**	**(1,853)**

Balance at September 30, 2023	**$ 150,000**	**$ 64**	**$ 31**	**$ 144,410**	**$ (19,326)**	**$ 9,945**	**$ (4,831)**	**$ (5,326)**	**$ 190**	**$ 275,157**
Balance at January 1, 2022	**$ 3,000**	**$ 58**	**$ 35**	**$ 140,955**	**$ (551)**	**$ 3,673**	**$ (829)**	**$ (5,326)**	**$ 100**	**$ 141,115**
Net income	**–**	**–**	**–**	**–**	**–**	**4,130**	**–**	**–**	**51**	**4,181**
Preferred shares issued	**150,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**150,000**
Dividends declared and paid on preferred stock	**–**	**–**	**–**	**–**	**–**	**(15)**	**–**	**–**	**–**	**(15)**
Release of unearned ESOP shares	**–**	**–**	**–**	**8**	**–**	**–**	**48**	**–**	**–**	**56**
Stock compensation expense	**–**	**1**	**–**	**88**	**–**	**–**	**–**	**–**	**–**	**89**
Director stock compensation expense	**–**	**–**	**–**	**84**	**–**	**–**	**–**	**–**	**–**	**84**
Conversion of preferred shares to common shares	**(3,000)**	**2**	**–**	**2,988**	**–**	**–**	**–**	**–**	**–**	**(11)**
Conversion of non-voting shares into voting shares	**–**	**4**	**(4)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**
Other comprehensive loss, net of tax	**–**	**–**	**–**	**–**	**(17,917)**	**–**	**–**	**–**	**–**	**(17,917)**
Balance at September 30, 2022	**$ 150,000**	**$ 64**	**$ 31**	**$ 144,123**	**$ (18,468)**	**$ 7,788**	**$ (781)**	**$ (5,326)**	**$ 151**	**$ 277,582**

See accompanying notes to unaudited consolidated financial statements.

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BROADWAY FINANCIAL CORPORATION AND SUBSIDIARY
Notes to Unaudited Consolidated Financial Statements

NOTE 1 – Basis of Financial Statement Presentation

The accompanying unaudited consolidated financial statements include Broadway Financial Corporation (the “Company”) and its wholly owned subsidiary, City First Bank, National Association (the “Bank” and, together with the Company, “City First Broadway”). Also included in the unaudited consolidated financial statements are the following subsidiaries of City First Bank: 1432 U Street LLC, Broadway Service Corporation, City First Real Estate LLC, City First Real Estate II LLC, City First Real Estate III LLC, City First Real Estate IV LLC, and CF New Markets Advisors, LLC (“CFNMA”). In addition, CFNMA also consolidates CFC Fund Manager II, LLC; City First New Markets Fund II, LLC; City First Capital IX, LLC; and City First Capital 45, LLC (“CFC 45”) into its financial results. All significant intercompany balances and transactions have been eliminated in consolidation.

The unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions for quarterly reports on Form 10-Q. These unaudited consolidated financial statements do not include all disclosures associated with the Company’s consolidated annual financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (“2022 2023 Form 10-K”) and, accordingly, should be read in conjunction with such audited consolidated financial statements. In the opinion of management, all adjustments (all of which are normal and recurring in nature) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023 December 31, 2024.

Out-of-Period Adjustments

Following the quarter ended September 30, 2023, the Company performed a review of internal controls over financial reporting, encompassing an examination of financial reporting processes. During this assessment and while preparing financial statements for the three and nine months ended September 30, 2023, certain previously unrecorded adjustments totaling $8 thousand, net of tax expense, increasing net income were identified pertaining to prior periods. In accordance with SEC Staff Accounting Bulletin Nos. 99 and 108, these adjustments were evaluated both individually and collectively. Following this assessment, these adjustments were immaterial to both historical and current reporting periods. Consequently, the Company determined that no amendment to the previously filed reports was warranted. However, recognizing the importance of transparency and accuracy, the Company is addressing these prior period adjustments and incorporating them into its financial statements for the three and nine months ended September 30, 2023. These adjustments are included in the Other Expense line item on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Reverse Stock Split

On October 31, 2023 October 30, 2023, the Company effected a reverse stock split of the Company’s outstanding shares of Class A common stock, Class B common stock, and Class C common stock, par value $0.01 per share at a ratio of 1-for-8 (the “Reverse Stock Split”). The shares of Class A Common Stock common stock listed on The Nasdaq Capital Market commenced trading on The Nasdaq Capital Market on a post-Reverse Stock Split adjusted basis at the open of business on November 1, 2023. As a result of the Reverse Stock Split, the number of issued and outstanding shares of common stock immediately prior to the Reverse Stock Split was reduced such that every 8 shares of common stock held by a stockholder immediately prior to the Reverse Stock Split were combined and reclassified into one share of common stock. All common stock share amounts and per share numbers discussed herein have been retroactively adjusted for the Reverse Stock Split.

Subsequent events have been evaluated through the date these financial statements were issued. See Note 13 - Subsequent Events.

Except as discussed below, our accounting policies are described in Note 1 – Summary of Significant Accounting Policies of our audited consolidated financial statements included in the 2022 2023 Form 10-K.

NOTE 2 – Earnings Per Share of Common Stock

Allowance

Basic earnings per share of common stock is computed pursuant to the two-class method by dividing net income available to common stockholders less dividends paid on participating securities (unvested shares of restricted common stock) and any undistributed earnings attributable to participating securities by the weighted average common shares outstanding during the period. The weighted average common shares outstanding includes the weighted average number of shares of common stock outstanding less the weighted average number of unvested shares of restricted common stock. ESOP shares are considered outstanding for Credit Losses – Securities this calculation unless unearned. Diluted earnings per share of common stock includes the dilutive effect of unvested stock awards and additional potential common shares issuable under stock options. Unvested restricted awards are considered outstanding for this calculation.

The following table shows how the Company computed basic and diluted earnings per share of common stock for the periods indicated:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(Dollars in thousands, except per share data)	
Net (loss) income attributable to Broadway Financial Corporation	$ (164)	$ 1,573
Less net income attributable to participating securities	4	7
(Loss) income available to common stockholders	$ (168)	$ 1,566
Weighted average common shares outstanding for basic earnings per common share(1)	8,229,774	8,930,270
Add: dilutive effects of unvested restricted stock awards(1)	182,998	40,378
Weighted average common shares outstanding for diluted earnings per common share(1)	8,412,772	8,970,648
(Loss) earnings per common share - basic(1)	$ (0.02)	$ 0.18
(Loss) earnings per common share - diluted(1)	$ (0.02)	$ 0.17

(1) Retroactively adjusted, as applicable, for the 1-for-8 reverse stock split effective November 1, 2023 - see Note 1

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NOTE 3 – Securities

Effective January 1, 2023, The following table summarizes the Company accounts for amortized cost and fair value of the allowance for credit losses ("ACL") on available-for-sale investment securities in accordance with Accounting Standards Codification Topic 326 ("ASC 326") – *Financial Instruments-Credit Losses*. The ACL on securities is recorded at the time of purchase or acquisition, representing the Company's best estimate of current expected credit losses ("CECL") portfolios as of the date dates indicated and the corresponding amounts of unrealized gains and losses which were recognized in accumulated other comprehensive loss:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In thousands)		
March 31, 2024:				
Federal agency mortgage-backed securities	$ 74,240	$ 2	$ (10,212)	$ 64,030
Federal agency collateralized mortgage obligations ("CMO")	23,977	7	(1,455)	22,529
Federal agency debt	50,945	–	(3,099)	47,846
Municipal bonds	4,824	–	(473)	4,351
U. S. Treasuries	147,305	–	(2,861)	144,444
U.S. Small Business Administration ("SBA") pools	11,783	3	(1,743)	10,043
Total available-for-sale securities	$ 313,074	$ 12	$ (19,843)	$ 293,243
December 31, 2023:				

Federal agency mortgage-backed securities	$	76,091	$	3	$	(9,316)	$	66,778
Federal agency CMOs		24,720		–		(1,381)		23,339
Federal agency debt		50,893		–		(3,057)		47,836
Municipal bonds		4,833		–		(460)		4,373
U. S. Treasuries		167,055		–		(3,175)		163,880
SBA pools		12,386		4		(1,646)		10,744
Total available-for-sale securities	$	335,978	$	7	$	(19,035)	$	316,950

As of March 31, 2024, investment securities with a fair value of $78.6 million were pledged as collateral for securities sold under agreements to repurchase and included $37.9 million of U.S. Treasuries, $30.3 million of federal agency mortgage-backed securities, and $10.4 million of federal agency debt securities. As of December 31, 2023, investment securities with a fair value of $89.0 million were pledged as collateral for securities sold under agreements to repurchase and included $47.8 million of U.S. Treasuries, $30.2 million of federal agency mortgage-backed securities, and $11.0 million of federal agency debt securities (See Note 6 – Borrowings). There were no securities pledged to secure public deposits at March 31, 2024 or December 31, 2023. Accrued interest receivable on securities was $1.4 million and $1.2 million at March 31, 2024 and December 31, 2023, respectively, and is included in the consolidated statements of financial condition. condition under accrued interest receivable.

At March 31, 2024, and December 31, 2023, there were no holdings of securities by any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of stockholders' equity.

The amortized cost and estimated fair value of all investment securities available-for-sale at March 31, 2024, by contractual maturities are shown below. Contractual maturities may differ from expected maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

		Amortized Cost		Gross Unrealized Gains		Gross Unrealized Losses		Fair Value
				(In thousands)				
Due in one year or less	$	100,551	$	–	$	(1,115)	$	99,436
Due after one year through five years		102,864		–		(4,993)		97,871
Due after five years through ten years		27,891		9		(1,820)		26,080
Due after ten years (1)		81,768		3		(11,915)		69,856
	$	313,074	$	12	$	(19,843)	$	293,243

(1) Mortgage-backed securities, collateralized mortgage obligations and SBA pools do not have a single stated maturity date and therefore have been included in the "Due after ten years" category.

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For available-for-sale investment The table below indicates the length of time individual securities the Company performs had been in a qualitative evaluation for those securities that are in an continuous unrealized loss position to determine if position:

	Less than 12 Months				12 Months or Longer				Total			
		Fair Value		Unrealized Losses		Fair Value		Unrealized Losses		Fair Value		Unrealized Losses
						(In thousands)						
March 31, 2024:												
Federal agency mortgage-backed securities	$	–	$	–	$	63,839	$	(10,212)	$	63,839	$	(10,212)
Federal agency CMOs		–		–		21,753		(1,455)		21,753		(1,455)
Federal agency debt		–		–		47,846		(3,099)		47,846		(3,099)
Municipal bonds		–		–		4,351		(473)		4,351		(473)
U. S. Treasuries		53,568		(1,057)		90,875		(1,804)		144,443		(2,861)
SBA pools		284		(1)		8,815		(1,742)		9,099		(1,743)
Total unrealized loss position investment securities	$	53,852	$	(1,058)	$	237,479	$	(18,785)	$	291,331	$	(19,843)
December 31, 2023:												
Federal agency mortgage-backed securities	$	–	$	–	$	66,575	$	(9,316)	$	66,575	$	(9,316)
Federal agency CMOs		–		–		23,339		(1,381)		23,339		(1,381)
Federal agency debt		3,018		(37)		44,818		(3,020)		47,836		(3,057)

Municipal bonds	–	–	4,373	(460)	4,373	(460)
U. S. Treasuries	–	–	163,880	(3,175)	163,880	(3,175)
SBA pools	286	(1)	9,439	(1,645)	9,725	(1,646)
Total unrealized loss position investment securities	$ 3,304	$ (38)	$ 312,424	$ (18,997)	$ 315,728	$ (19,035)

At March 31, 2024, and December 31, 2023, there were no securities in nonaccrual status. All securities in the decline in fair value is credit related or non-credit related. In determining whether a security's decline in fair value is credit related, the Company considers a number of factors including, but not limited to: (i) the extent to which the fair value of the investment is less than its amortized cost; (ii) the financial condition and near-term prospects of the issuer; (iii) any downgrades in credit ratings; (iv) the payment structure of the security; (v) the ability of the issuer of the security to make scheduled portfolio were current with their contractual principal and interest payments; payments. At March 31, 2024, and (vi) general market conditions which reflect prospects for the economy as a whole, including interest rates December 31, 2023, there were no securities purchased with deterioration in credit quality since their origination. At March 31, 2024, and sector credit spreads. For investment securities where the Company has reason to believe the credit loss exposure is remote, a zero credit loss assumption is applied. Such investment securities typically consist of those guaranteed by the U.S. government or other government enterprises, where December 31, 2023, there is an explicit or implicit guarantee by the U.S. government, that are highly rated by rating agencies, and historically have had were no credit loss experience.

If it is determined that the unrealized loss, or a portion thereof, is credit related, the Company records the amount of credit loss through a charge to the provision for credit losses in current period earnings. However, the amount of credit loss recorded in current period earnings is limited to the amount of the total unrealized loss on the security, which is measured as the amount by which the security's fair value is below its amortized cost. If the Company intends to sell a security that is in an unrealized loss position, or if it is more likely than not the Company will be required to sell a security in an unrealized loss position, the total amount of the unrealized loss is recognized in current period earnings through the provision for credit losses. Unrealized losses deemed non-credit related are recorded, net of tax, in accumulated other comprehensive income (loss).

collateral dependent securities.

The Company's assessment of available-for-sale investment securities as of September 30, 2023 March 31, 2024 and December 31, 2023, indicated that an ACL allowance for credit losses ("ACL") was not required. The Company analyzed available-for-sale investment securities that were in an unrealized loss position and determined the decline in fair value for those securities was not related to credit, but rather related to changes in interest rates and general market conditions. As such, no ACL was recorded for available-for-sale securities as of September 30, 2023 March 31, 2024.

Allowance for Credit Losses - Loans

Effective January 1, 2023, the Company accounts for credit losses on loans in accordance with ASC 326, which requires the Company to record an estimate of expected lifetime credit losses for loans at the time of origination or acquisition. The ACL is maintained at a level deemed appropriate by management to provide for expected credit losses in the portfolio as of the date of the consolidated statements of financial condition. Estimating expected credit losses requires management to use relevant forward-looking information, including the use of reasonable and supportable forecasts. The measurement of the ACL is performed by collectively evaluating loans with similar risk characteristics. The Company measures the ACL for each of its loan segments using the weighted-average remaining maturity ("WARM") method. The weighted average remaining life, including the effect of estimated prepayments, is calculated for each loan pool on a quarterly basis. The Company then estimates a loss rate for each pool using both its own historical loss experience and the historical losses of a group of peer institutions during the period from 2004 through the most recent quarter.

The Company's ACL model also includes adjustments for qualitative factors, where appropriate. Since historical information (such as historical net losses) may not always, by itself, provide a sufficient basis for determining future expected credit losses, the Company periodically considers the need for qualitative adjustments to the ACL. Qualitative adjustments may include, but are not limited to factors such as: (i) changes in lending policies and procedures, including changes in underwriting standards and collections, charge offs, and recovery practices; (ii) changes in international, national, regional, and local conditions; (iii) changes in the nature and volume of the portfolio and terms of loans; (iv) changes in the experience, depth, and ability of lending management; (v) changes in the volume and severity of past due loans and other similar conditions; (vi) changes in the quality of the organization's loan review system; (vii) changes in the value of underlying collateral for collateral dependent loans; (viii) the existence and effect of any concentrations of credit and changes in the levels of such concentrations; and (ix) the effect of other external factors (i.e., competition, legal and regulatory requirements) on the level of estimated credit losses.

The Company has a credit portfolio review process designed to detect problem loans. Problem loans are typically those of a substandard or worse internal risk grade, and may consist of loans on nonaccrual status, loans that have recently been modified in response to a borrower's deteriorating financial condition, loans where the likelihood of foreclosure on underlying collateral has increased, collateral dependent loans, and other loans where concern or doubt over the ultimate collectability of all contractual amounts due has become elevated. Such loans may, in the opinion of management, be deemed to no longer possess risk characteristics similar to other loans in the loan portfolio, because the specific attributes and risks associated with the loan have likely become unique as the credit quality of the loan deteriorates. As such, these loans may require individual evaluation to determine an appropriate ACL for the loan. When a loan is individually evaluated, the Company typically measures the expected credit loss for the loan based on a discounted cash flow approach, unless the loan has been deemed collateral dependent. Collateral dependent loans are loans where the repayment of the loan is expected to come from the operation of and/or eventual liquidation of the underlying collateral. The ACL for collateral dependent loans is determined using estimates of the fair value of the underlying collateral, less estimated selling costs.

The estimation of the appropriate level of the ACL requires significant judgment by management. Although management uses the best information available to make these estimates, future adjustments to the ACL may be necessary due to economic, operating, regulatory, and other conditions that may extend beyond the Company's control. Changes in management's estimates of forecasted net losses could materially change the level of the ACL. Additionally, various regulatory agencies, as an integral part of their examination process, periodically review the Company's ACL and credit review process. Such agencies may require the Company to recognize additions to the ACL based on judgments different from those of management.

The Company has segmented the loan portfolio according to loans that share similar attributes and risk characteristics. Each segment possesses varying degrees of risk based on, among other things, the type of loan, the type of collateral, and the sensitivity of the borrower or industry to changes in external factors such as economic conditions. The Company determines the ACL for loans based on this more detailed loan segmentation and classification. These segments, and the risks associated with each segment, are as follows:

Real Estate: Single Family – Subject to adverse employment conditions in the local economy leading to increased default rate, decreased market values from oversupply in a geographic area and incremental rate increases on adjustable-rate mortgages which may impact the ability of borrowers to maintain payments.

Real Estate: Multi-Family – Subject to adverse various market conditions that cause a decrease in market value or lease rates, changes in personal funding sources for tenants, oversupply of units in a specific region, population shifts and reputational risks.

Real Estate: Commercial Real Estate – Subject to adverse conditions in the local economy which may lead to reduced cash flows due to vacancies and reduced rental rates and decreases in the value of underlying collateral.

Real Estate: Church – Subject to adverse economic and employment conditions, which may lead to reduced cash flows from members' donations and offerings, and the stability, quality, and popularity of church leadership.

Real Estate: Construction – Subject to adverse conditions in the local economy, which may lead to reduced demand for new commercial, multi-family, or single family buildings or reduced lease or sale opportunities once the building is complete.

Commercial and SBA Loans – Subject to industry and economic conditions including decreases in product demand.

Consumer – Subject to adverse employment conditions in the local economy, which may lead to higher default rates.

Modified Loans to Borrowers Experiencing Financial Difficulty

In certain instances, the Company makes modifications to loans in order to alleviate temporary difficulties in the borrower's financial condition and/or constraints on the borrower's ability to repay the loan, and to minimize potential losses to the Company. Modifications may include: changes in the amortization terms of the loan, reductions in interest rates, acceptance of interest only payments, and reductions to the outstanding loan balance (or any combination of such changes). Such loans are typically placed on nonaccrual status when there is doubt concerning the full repayment of principal and interest or the loan has been in default for a period of 90 days or more. Such loans may be returned to accrual status when all contractual amounts past due have been brought current, and the borrower's performance under the modified terms of the loan agreement and the ultimate collectability of all contractual amounts due under the modified terms is no longer in doubt. The Company typically measures the ACL on these loans on an individual basis as the loans are deemed to no longer have risk characteristics that are similar to other loans in the portfolio. The determination of the ACL for these loans is based on a discounted cash flow approach, unless the loan is deemed collateral dependent, which requires measurement of the ACL based on the estimated expected fair value of the underlying collateral, less selling costs.

Accounting Pronouncements Recently Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13 – *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU replaces the incurred loss impairment model in previous GAAP with a model that reflects current expected credit losses. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities. CECL also requires credit losses on available-for-sale debt securities be measured through an allowance for credit losses when the fair value is less than the amortized cost basis. The new guidance also applies to off-balance sheet credit exposures. The ASU requires that all expected credit losses for financial assets held at the reporting date be measured based on historical experience, current conditions, and reasonable and supportable forecasts. The ASU also requires enhanced disclosures, including qualitative and quantitative disclosures that provide additional information about significant estimates and judgments used in estimating credit losses. The provisions of this ASU became effective for the Company for all annual and interim periods beginning January 1, 2023.

In April 2019, the FASB issued ASU 2019-04 – *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815-Derivatives and Hedging, and Topic 825-Financial Instruments.* This ASU was issued as part of an ongoing project on the FASB's agenda for improving the Codification or correcting for its unintended application. The amendments in this ASU became effective for all interim and annual reporting periods for the Company on January 1, 2023. The Company adopted the provisions within this ASU in conjunction with the implementation of ASC 326, including: (i) the election to not measure credit losses on accrued interest receivable when such balances are written-off in a timely manner when deemed uncollectable and (ii) the election to not include the balance of accrued interest receivable as part of the amortized cost of a loan or security.

In May 2019, the FASB issued ASU 2019-05 - *Financial Instruments-Credit Losses (Topic 326): Targeted Transition Relief*. This ASU was issued to allow entities that have certain financial instruments within the scope of ASC 326-20 - *Financial Instruments-Credit Losses-Measured at Amortized Cost* to make an irrevocable election to elect the fair value option for those instruments in accordance with ASC 825 – *Financial Instruments* upon the adoption of ASC 326, which for the Company was January 1, 2023. The fair value option is not applicable to held-to-maturity debt securities. Entities are required to make this election on an instrument-by-instrument basis. The Company did not elect the fair value option for any of its financial assets upon the adoption of ASC 326.

Effective January 1, 2023, the Company adopted the provisions of ASC 326 through the application of the modified retrospective transition approach, and recorded a net decrease of $1.3 million to the beginning balance of retained earnings as of January 1, 2023 for the cumulative effect adjustment. The following table illustrates the impact of the adoption of the CECL model under ASC 326 on the Company's consolidated statements of financial position as of January 1, 2023:

	Pre-CECL Adoption	Impact of CECL Adoption	As Reported Under CECL
		(In thousands)	
Assets:			
Allowance for credit losses on available-for-sale securities	$ –	$ –	$ –
Allowance for credit losses on loans	4,388	1,809	6,197
Deferred tax assets	11,872	508	12,380
Liabilities:			
Allowance for credit losses on off-balance sheet exposures	412	(45)	367
Stockholders' equity:			
Retained earnings	9,294	(1,256)	8,038

The Company's assessment of available-for-sale investment securities as of January 1, 2023 indicated that an ACL was not required. The Company analyzed available-for-sale investment securities that were in an unrealized loss position as of the date of adoption and determined the decline in fair value for those securities was not related to credit, but rather related to changes in interest rates and general market conditions. As such, no ACL was recorded for available-for-sale securities as of January 1, 2023.

Upon the adoption of ASC 326, the Company did not reassess purchased loans with credit deterioration (previously classified as purchased credit impaired loans under ASC 310-30).

In February 2019, the U.S. federal bank regulatory agencies approved a final rule modifying their regulatory capital rules and providing an option to phase in the adverse regulatory capital effects of the impact of adoption of ASC 326 over a three-year period. As a result, entities have the option to gradually phase in the full effect of CECL on regulatory capital over a three-year transition period. The Company implemented its CECL model commencing January 1, 2023 and elected to phase in the effect of CECL on regulatory capital over the three-year transition period.

In March 2022, the FASB issued ASU 2022-02 – *Financial Instruments-Credit Losses (Topic 326)*: *Troubled Debt Restructurings and Vintage Disclosures*. The FASB issued this ASU in response to feedback the FASB received from various stakeholders in its post-implementation review process related to the issuance of ASU 2016-13. The amendments in this ASU include the elimination of accounting guidance for troubled debt restructurings ("TDRs") in Subtopic 310-40 – *Receivables-Troubled Debt Restructurings by Creditors*, and introduce new disclosures and enhance existing disclosures concerning certain loan refinancings and restructurings when a borrower is experiencing financial difficulty. Under the provisions of this ASU, an entity must determine whether a modification results in a new loan or the continuation of an existing loan. Further, the amendments in this ASU require that an entity disclose current period gross charge-offs on financing receivables within the scope of ASC 326 by year of origination and class of financing receivable. The amendments in this ASU became effective for the Company on January 1, 2023, for all interim and annual periods. The adoption of the provisions in this ASU are applied prospectively and have resulted in additional disclosures concerning modifications of loans to borrowers experiencing financial difficulty, as well as disaggregated disclosure of charge-offs on loans.

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NOTE 2 – Earnings Per Share of Common Stock

Basic earnings per share of common stock is computed pursuant to the two-class method by dividing net income available to common stockholders less dividends paid on participating securities (unvested shares of restricted common stock) and any undistributed earnings attributable to participating securities by the weighted average common shares outstanding during the period. The weighted average common shares outstanding includes the weighted average number of shares of common stock outstanding less the weighted average number of unvested shares of restricted common stock. Employee Stock Ownership Plan ("ESOP") shares are considered outstanding for this calculation unless unearned. Diluted earnings per share of common stock includes the dilutive effect of unvested stock awards and additional potential common shares issuable under stock options.

The following table shows how the Company computed basic and diluted earnings per share of common stock for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In thousands, except share and per share data)			
Net income attributable to Broadway Financial Corporation	$ 91	$ 1,318	$ 1,907	$ 4,130
Less net income attributable to participating securities	1	7	27	25
Income available to common stockholders	$ 90	$ 1,311	$ 1,880	$ 4,105
Weighted average common shares outstanding for basic earnings per common share(1)	8,709,301	9,069,410	8,756,189	9,048,363
Add: dilutive effects of unvested restricted stock awards(1)	116,493	51,069	123,004	55,269
Add: dilutive effects of assumed exercise of stock options(2)	–	–	–	–
Weighted average common shares outstanding for diluted earnings per common share(1)	8,825,794	9,120,479	8,879,193	9,103,632
Earnings per common share - basic(1)	$ 0.01	$ 0.14	$ 0.21	$ 0.45

Earnings per common share - diluted[1]	$ 0.01	$ 0.14	$ 0.21	$ 0.45

(1) Retroactively adjusted for the 1-for-8 reverse stock split effective November 1, 2023 - see Note 1

(2) Excluding 31,250 anti-dilutive vested stock options

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NOTE 3 – Securities

The following table summarizes the amortized cost and fair value of the available-for-sale investment securities portfolios as of the dates indicated and the corresponding amounts of unrealized gains and losses which were recognized in accumulated other comprehensive loss:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
September 30, 2023:				
Federal agency mortgage-backed securities ("MBS")	$ 78,141	$ 2	$ (13,006)	$ 65,137
Federal agency collateralized mortgage obligations ("CMO")	25,342	–	(2,046)	23,296
Federal agency debt	55,839	–	(4,265)	51,574
Municipal bonds	4,842	–	(672)	4,170
U.S. Treasuries	166,786	–	(5,136)	161,650
U.S. Small Business Administration ("SBA") pools	12,659	5	(2,062)	10,602
Total available-for-sale securities	$ 343,609	$ 7	$ (27,187)	$ 316,429
December 31, 2022:				
Federal agency mortgage-backed securities	$ 84,955	$ 2	$ (10,788)	$ 74,169
Federal agency CMOs	27,776	–	(1,676)	26,100
Federal agency debt	55,687	26	(4,288)	51,425
Municipal bonds	4,866	–	(669)	4,197
U.S. Treasuries	165,997	–	(5,408)	160,589
SBA pools	14,048	9	(1,788)	12,269
Total available-for-sale securities	$ 353,329	$ 37	$ (24,617)	$ 328,749

As of September 30, 2023, investment securities with a fair value of $71.0 million were pledged as collateral for securities sold under agreements to repurchase and included $33.7 million of U.S. Treasuries, $26.7 million of U.S. Government Agency securities, and $10.6 million of mortgage-backed securities. As of December 31, 2022, investment securities with a fair value of $64.4 million were pledged as collateral for securities sold under agreements to repurchase and included $33.3 million of federal agency debt, $19.2 million of U.S. Treasuries and $11.9 million of federal agency mortgage-backed securities (See Note 6 – Borrowings). There were no securities pledged to secure public deposits at September 30, 2023 or December 31, 2022. Accrued interest receivable on securities was $1.3 million and $1.2 million at September 30, 2023 and December 31, 2022, respectively, and is included in the Balance Sheet under Accrued interest receivable.

At September 30, 2023, and December 31, 2022, there were no holdings of securities by any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of stockholders' equity.

The amortized cost and estimated fair value of all investment securities available-for-sale at September 30, 2023, by contractual maturities are shown below. Contractual maturities may differ from expected maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Due in one year or less	$ 79,627	$ –	$ (1,289)	$ 78,338
Due after one year through five years	141,871	–	(7,344)	134,527
Due after five years through ten years	35,895	–	(3,688)	32,207
Due after ten years (1)	86,216	7	(14,866)	71,357
	$ 343,609	$ 7	$ (27,187)	$ 316,429

(1) Mortgage-backed securities, collateralized mortgage obligations and SBA pools do not have a single stated maturity date and therefore have been included in the "Due after ten years" category.

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The table below indicates the length of time individual securities had been in a continuous unrealized loss position:

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(In thousands)			
September 30, 2023:						
Federal agency mortgage-backed securities	$ 49	$ –	$ 64,898	$ (13,006)	$ 64,947	$ (13,006)
Federal agency CMOs	768	(4)	22,528	(2,042)	23,296	(2,046)
Federal agency debt	5,520	(72)	46,054	(4,193)	51,574	(4,265)
Municipal bonds	–	–	4,170	(672)	4,170	(672)
U. S. Treasuries	14,267	(465)	147,383	(4,671)	161,650	(5,136)
SBA pools	288	(1)	9,143	(2,061)	9,431	(2,062)
Total unrealized loss position investment securities	$ 20,892	$ (542)	$ 294,176	$ (26,645)	$ 315,068	$ (27,187)
December 31, 2022:						
Federal agency mortgage-backed securities	$ 38,380	$ (4,807)	$ 35,526	$ (5,981)	$ 73,906	$ (10,788)
Federal agency CMOs	20,997	(885)	5,103	(791)	26,100	(1,676)
Federal agency debt	26,383	(1,529)	21,956	(2,759)	48,339	(4,288)
Municipal bonds	2,176	(315)	2,021	(354)	4,197	(669)
U. S. Treasuries	143,989	(3,884)	16,600	(1,524)	160,589	(5,408)
SBA pools	3,743	(365)	6,763	(1,423)	10,506	(1,788)
Total unrealized loss position investment securities	$ 235,668	$ (11,785)	$ 87,969	$ (12,832)	$ 323,637	$ (24,617)

At September 30, 2023, and December 31, 2022, there were no securities in nonaccrual status. All securities in the portfolio were current with their contractual principal and interest payments. At September 30, 2023, and December 31, 2022, there were no securities purchased with deterioration in credit quality since their origination. At September 30, 2023, and December 31, 2022, there were no collateral dependent securities.

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NOTE 4. 4 – Loans Receivable Held for Investment

Loans receivable held for investment were as follows as of the dates indicated:

	September 30, 2023	December 31, 2022
	(In thousands)	
Real estate:		
Single family	$ 25,514	$ 30,038
Multi-family	532,689	502,141
Commercial real estate	116,100	114,574
Church	12,896	15,780
Construction	81,813	40,703
Commercial – other	64,943	64,841
SBA loans (1)	7,770	3,601
Consumer	20	11
Gross loans receivable before deferred loan costs and premiums	841,745	771,689
Unamortized net deferred loan costs and premiums	1,368	1,755
Gross loans receivable	843,113	773,444
Credit and interest marks on purchased loans, net	(858)	(1,010)
Allowance for credit losses (2)	(6,899)	(4,388)

Loans receivable, net	$ 835,356	$ 768,046

	March 31, 2024	December 31, 2023
	(In thousands)	
Real estate:		
Single-family	$ 28,184	$ 24,702
Multi-family	601,126	561,447
Commercial real estate	124,717	119,436
Church	12,573	12,717
Construction	90,333	89,887
Commercial – other	63,538	63,450
SBA loans (1)	12,475	14,954
Consumer	14	13
Gross loans receivable before deferred loan costs and premiums	932,960	886,606
Unamortized net deferred loan costs and premiums	1,828	1,971
Gross loans receivable	934,788	888,577
Credit and interest marks on purchased loans, net	(739)	(772)
Allowance for credit losses	(7,552)	(7,348)
Loans receivable, net	$ 926,497	$ 880,457

(1) Including Paycheck Protection Program (PPP) (“PPP”) loans.

(2) The allowance for credit losses as of December 31, 2022 was accounted for under ASC 450 and ASC 310, which is reflective of probable incurred losses as of the date of the consolidated statement of financial condition. Effective January 1, 2023, the allowance for credit losses is accounted for under ASC 326, which is reflective of estimated expected lifetime credit losses.

As of March 31, 2024 and December 31, 2023, the SBA loan category above included $15 thousand and $2.5 million, respectively, of loans issued under the SBA’s PPP. PPP loans have terms of two to five years and earn interest at 1%. PPP loans are fully guaranteed by the SBA and have virtually no risk of loss. The bank expects the vast majority of the PPP loans to be fully forgiven by the SBA.

Following the adoption of ASC Accounting Standards Codification Topic (“ASC”) 326 loans that were purchased in a business combination that showed evidence of credit deterioration since their origination and for which it was probable, at acquisition, that not all contractually required payments would be collected were classified as purchased-credit impaired (“PCI”). The Company accounted for PCI loans and associated income recognition in accordance with ASC Subtopic 310-30 – Receivables-Loans and Debt Securities Acquired with Deteriorated Credit Quality. Upon acquisition, the Company measured the amount by which the undiscounted expected cash future flows on PCI loans exceeded the estimated fair value of the loan as the “accretable yield,” representing the amount of estimated future interest income on the loan. The amount of accretable yield was re-measured at each financial reporting date, representing the difference between the remaining undiscounted expected cash flows and the current carrying value of the PCI loan. The accretable yield on PCI loans was recognized in interest income using the interest method.

Following the adoption of ASC 326 Financial Instruments-Credit Losses, on January 1, 2023, the Company analyzes all acquired loans at the time of acquisition for more-than-insignificant deterioration in credit quality since their origination date. Such loans are classified as purchased credit deteriorated (“PCD”) loans. Acquired loans classified as PCD are recorded at an initial amortized cost, which is comprised of the purchase price of the loans and the initial ACL determined for the loans, which is added to the purchase price, and any resulting discount or premium related to factors other than credit. PCI loans were considered to be PCD loans at the date of adoption of ASC 326. The Company accounts for interest income on PCD loans using the interest method, whereby any purchase discounts or premiums are accreted or amortized into interest income as an adjustment of the loan’s yield. An accretable yield is not determined for PCD loans.

As part of the CFBanc merger, on April 1, 2021, the Company Company acquired PCD PCI loans. Prior to the CFBanc merger, there were no such acquired loans loans. . The carrying amount of those loans was as follows:

	September 30, 2023	December 31, 2022	March 31, 2024	December
	(In thousands)			
Real estate:			(In thousands)	
Single family	$ –	$ 68		
Single-family			$ –	$
Commercial – other	45	57	47	
	$ 45	$ 125	$ 47	$

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The following tables summarize summarizes the discount on the PCDPCI loans for the periods indicated:three months ended:

	Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023	
	(In thousands)			
Balance at the beginning of the period	$	7	$	27
Deduction due to payoffs		–		(12)
Accretion		(2)		(10)
Balance at the end of the period	$	5	$	5

	Three Months Ended September 30, 2022			Nine Months Ended September 30, 2022			March 31, 2024			March 3	
	(In thousands)						(In thousands)				
Balance at the beginning of the period	$	160		$	883		$	2		$	
Deduction due to payoffs		(71	)		(810	)		–			
Accretion		(4	)		(20	)		(2	)		
Balance at the end of the period	$	93		$	93		$	–		$	

Effective January 1, 2023, the The Company accounts for credit losses on loans in accordance with ASC 326. 326 – *Financial Instruments-Credit Losses*, to determine the ACL. ASC 326 requires the Company to recognize estimates for lifetime losses on loans and off-balance sheet loan commitments at the time of origination or acquisition. The recognition of losses at origination or acquisition represents the Company's best estimate of the lifetime expected credit loss associated with a loan given the facts and circumstances associated with the particular loan, and involves the use of significant management judgement and estimates, which are subject to change based on management's on-going assessment of the credit quality of the loan portfolio and changes in economic forecasts used in the model. The Company uses the WARM method when determining estimates for the ACL for each of its portfolio segments. The weighted average remaining life, including the effect of estimated prepayments, is calculated for each loan pool on a quarterly basis. The Company then estimates a loss rate for each pool using both its own historical loss experience and the historical losses of a group of peer institutions during the period from 2004 through the most recent quarter.

The Company's ACL model also includes adjustments for qualitative factors, where appropriate. Qualitative adjustments may be related to and include, but are not limited to, factors such as: (i) changes in lending policies and procedures, including changes in underwriting standards and collections, charge offs, and recovery practices; (ii) changes in international, national, regional, and local conditions; (iii) changes in the nature and volume of the portfolio and terms of loans; (iv) changes in the experience, depth, and ability of lending management; (v) changes in the volume and severity of past due loans and other similar conditions; (vi) changes in the quality of the organization's loan review system; (vii) changes in the value of underlying collateral for collateral dependent loans; (viii) the existence and effect of any concentrations of credit and changes in the levels of such concentrations; and (ix) the effect of other external factors (i.e., competition, legal and regulatory requirements) on the level of estimated credit losses. These qualitative factors incorporate the concept of reasonable and supportable forecasts, as required by ASC 326.

The following tables summarize the activity in the allowance for credit losses on loans for the period periods indicated:

	March 31, 2024									
	Beginning Balance		Charge-offs		Recoveries		Provision (recapture)		Ending Balance	
Loans receivable held for investment:										
Single-family	$	260	$	–	$	–	$	38	$	298
Multi-family		4,413		–		–		(88)		4,325
Commercial real estate		1,094		–		–		15		1,109
Church		72		–		–		18		90
Construction		932		–		–		24		956
Commercial - other		529		–		–		193		722
SBA loans		48		–		–		4		52
Consumer		–		–		–		–		–
Total	$	7,348	$	–	$	–	$	204	$	7,552

	Three Months Ended September 30, 2023

	Beginning Balance	Charge-offs	Recoveries	Provision (Recapture) [1]	Ending Balance
			(In thousands)		
Loans receivable held for investment:					
Real estate:					
Single family	$ 247	$ –	$ –	$ (6)	$ 241
Multi-family	4,255	–	–	(8)	4,247
Commercial real estate	1,012	–	–	9	1,021
Church	83	–	–	(4)	79
Construction	788	–	–	59	847
Commercial - other	546	–	–	(121)	425
SBA loans	39	–	–	–	39
Consumer	–	–	–	–	–
Total	$ 6,970	$ –	$ –	$ (71)	$ 6,899

	March 31, 2023					
	Beginning Balance	Impact of CECL Adoption	Charge-offs	Recoveries	Provision (benefit)	Ending Balance
			(In thousands)			
Loans receivable held for investment:						
Single-family	$ 109	$ 214	$ –	$ –	$ (62)	$ 261
Multi-family	3,273	603	–	–	56	3,932
Commercial real estate	449	466	–	–	97	1,012
Church	65	37	–	–	(10)	92
Construction	313	219	–	–	61	593
Commercial - other	175	254	–	–	(72)	357
SBA loans	–	20	–	–	18	38
Consumer	4	(4)	–	–	–	–
Total	$ 4,388	$ 1,809	$ –	$ –	$ 88	$ 6,285

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	Nine Months Ended September 30, 2023					
	Beginning Balance	Impact of CECL Adoption	Charge-offs	Recoveries	Provision (Recapture) [1]	Ending Balance
			(In thousands)			
Loans receivable held for investment:						
Real estate:						
Single family	$ 109	$ 214	$ –	$ –	$ (82)	$ 241
Multi-family	3,273	603	–	–	371	4,247
Commercial real estate	449	466	–	–	106	1,021
Church	65	37	–	–	(23)	79
Construction	313	219	–	–	315	847
Commercial - other	175	254	–	–	(4)	425
SBA loans	–	20	–	–	19	39
Consumer	4	(4)	–	–	–	–
Total	$ 4,388	$ 1,809	$ –	$ –	$ 702	$ 6,899

(1) The bank also recorded a provision for off-balance sheet loan commitments of $69 thousand for the three months ended September 30, 2023 and $106 thousand for the nine months ended September 30, 2023.

The following tables present the activity ACL increased from March 31, 2023 to March 31, 2024 due to growth in the allowance loan portfolio. Since the Company has no historical loss rates of its own, it uses peer historical loss rates, which decreased during the first quarter of 2024 and caused the Company to decrease the factor for historical losses in its computation, causing a decrease in the reserve on certain loan losses by loan type for the periods indicated (in thousands): categories.

	For the Three Months Ended September 30, 2022							
	Real Estate							
	Single Family	Multi-Family	Commercial Real Estate	Church	Construction	Commercial - Other	Consumer	Total
Beginning balance	$ 120	$ 2,278	$ 153	$ 48	$ 221	$ 138	$ 4	$ 2,962
Provision for (recapture of) loan losses	(8)	641	142	6	187	53	–	1,021
Recoveries	–	–	–	–	–	–	–	–
Loans charged off	–	–	–	–	–	–	–	–
Ending balance	$ 112	$ 2,919	$ 295	$ 54	$ 408	$ 191	$ 4	$ 3,983

	For the Nine Months Ended September 30, 2022							
	Real Estate							
	Single Family	Multi-Family	Commercial Real Estate	Church	Construction	Commercial - Other	Consumer	Total
Beginning balance	$ 145	$ 2,657	$ 236	$ 103	$ 212	$ 23	$ 15	$ 3,391
Provision for (recapture of) loan losses	(33)	262	59	(49)	196	168	(11)	592
Recoveries	–	–	–	–	–	–	–	–
Loans charged off	–	–	–	–	–	–	–	–
Ending balance	$ 112	$ 2,919	$ 295	$ 54	$ 408	$ 191	$ 4	$ 3,983

TheACL increased to $6.9 million as of September 30, 2023, compared to $4.4 million as of December 31, 2022. The increase was due to the implementation of the CECL methodology adopted by the Bank effective January 1, 2023, which increased the ACL by $1.8 million. In addition, the Bank recorded an additional provision for credit losses of $808 thousand for the nine months ended September 30, 2023 due to loan originations during the period. The CECL methodology includes estimates of expected loss rates in the future, whereas the former Allowance for Loan and Lease (“ALLL”) methodology did not.

Prior to the Company’s adoption of ASC 326 on January 1, 2023, the Company maintained ALLL in accordance with ASC 310 and ASC 450 that covered estimated credit losses on individually evaluated loans that were determined to be impaired, as well as estimated probable incurred losses inherent in the remainder of the loan portfolio.

Beginning on January 1, 2023, the Company evaluates loans collectively for purposes of determining the ACL in accordance with ASC 326. Collective evaluation is based on aggregating loans deemed to possess similar risk characteristics. In certain instances, the Company may identify loans that it believes no longer possess risk characteristics similar to other loans in the loan portfolio. These loans are typically identified from those that have exhibited deterioration in credit quality, since the specific attributes and risks associated with such loans tend to become unique as the credit deteriorates. Such loans are typically nonperforming, downgraded to substandard or worse, and/or are deemed collateral dependent, where the ultimate repayment of the loan is expected to come from the operation of or eventual sale of the collateral. Loans that are deemed by management to no longer possess risk characteristics similar to other loans in the portfolio, or that have been identified as collateral dependent, are evaluated individually for purposes of determining an appropriate lifetime ACL. The Company uses a discounted cash flow approach, using the loan’s effective interest rate, for determining the ACL on individually evaluated loans, unless the loan is deemed collateral dependent, which requires evaluation based on the estimated fair value of the underlying collateral, less estimated selling costs. The Company may increase or decrease the ACL for collateral dependent loans based on changes in the estimated fair value of the collateral.

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The following table presents collateral dependent loans by collateral type as of the date indicated:

	September 30, 2023					March 31, 2024				
	Single Family	Multi-Family Residential	Church	Business Assets	Total	Single-Family	Multi-Family Residential	Church	Business Assets	Total
Real estate:	(In thousands)					(In thousands)				
Single family	$ 47	$ –	$ –	$ –	$ 47					
Multi family	–	5,707	–	–	5,707					
Single-family						$ 42	$ –	$ –	$ –	$ 42
Multi-family						–	401	–	–	401
Commercial real estate	–	–	69	–	69	–	–	58	–	58
Church	–	–	395	–	395	–	–	388	–	388
Commercial – other	–	–	–	135	135	–	–	–	267	267
Total	$ 47	$ 5,707	$ 464	$ 135	$ 6,353	$ 42	$ 401	$ 446	$ 267	$ 1,156

	December 31, 2023				
	Single-Family	Multi-Family Residential	Church	Business Assets	Total
Real estate:	(In thousands)				

Single-family	$ 45	$ –	$ –	$ –	$ 45
Multi-family	–	5,672	–	–	5,672
Commercial real estate	–	–	65	–	65
Church	–	–	391	–	391
Commercial – other	–	–	–	268	268
Total	$ 45	$ 5,672	$ 456	$ 268	$ 6,441

At September 30, 2023 March 31, 2024 and December 31, 2023, $1.2 million and $6.4 million, respectively of individually evaluated loans were evaluated based on the underlying value of the collateral and no individually evaluated loans were evaluated using a discounted cash flow approach. These loans had no an associated ACL of $111 thousand and $112 thousandas of September 30, 2023. March 31, 2024 and December 31, 2023, respectively. The increase in multi-family residential loans was due to Company had one $410 thousand individually evaluated loan whose payments were being supported by a guarantor as of September 30, 2023. There was no ACL associated with this loan as of September 30, 2023. None of these collateral dependent loans were on nonaccrual status at September 30, 2023 March 31, 2024.

Prior to the adoption of ASC 326 on January 1, 2023, the Company classified loans as impaired when, based on current information and events, it was probable that the Company would be unable to collect all amounts due according to the contractual terms of the loan agreement or it was determined that the likelihood of the Company receiving all scheduled payments, including interest, when due was remote. Credit losses on impaired loans were determined separately based on the guidance in ASC 310. Beginning January 1, 2023, the Company accounts for credit losses on all loans in accordance with ASC 326, which eliminates the concept of an impaired loan within the context of determining credit losses and requires all loans to be evaluated for credit losses collectively based on similar risk characteristics. Loans are only evaluated individually when they are deemed to no longer possess similar risk characteristics with other loans in the loan portfolio.

The following table presents the balance in the allowance for loan losses and the recorded investment (unpaid contractual principal balance less charge-offs, less interest applied to principal, plus unamortized deferred costs and premiums) by loan type and based on the impairment method as of the date indicated:

	December 31, 2022							
	Real Estate							
	Single Family	Multi-Family	Commercial Real Estate	Church	Construction	Commercial - Other	Consumer	Total
					(In thousands)			
Allowance for loan losses:								
Ending allowance balance attributable to loans:								
Individually evaluated for impairment	$ 3	$ –	$ –	$ 4	$ –	$ –	$ –	$ 7
Collectively evaluated for impairment	106	3,273	449	61	313	175	4	4,381
Total ending allowance balance	$ 109	$ 3,273	$ 449	$ 65	$ 313	$ 175	$ 4	$ 4,388
Loans:								
Loans individually evaluated for impairment	$ 57	$ –	$ –	$ 1,655	$ –	$ –	$ –	$ 1,712
Loans collectively evaluated for impairment	20,893	462,539	63,929	9,008	38,530	29,558	11	624,468
Subtotal	20,950	462,539	63,929	10,663	38,530	29,558	11	626,180
Loans acquired in the CFBanc merger	9,088	41,357	50,645	5,117	2,173	38,884	–	147,264
Total ending loans balance	$ 30,038	$ 503,896	$ 114,574	$ 15,780	$ 40,703	$ 68,442	$ 11	$ 773,444

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The following table presents information related to loans individually evaluated for impairment by loan type as of the dates indicated:

	December 31, 2022		
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated
		(In thousands)	
With no related allowance recorded:			
Church	$ 1,572	$ 1,572	$ –
/ith an allowance recorded:			
Single family	57	57	3
Church	83	83	4
Total	$ 1,712	$ 1,712	$ 7

The recorded investment in loans excludes accrued interest receivable due to immateriality. Accrued interest receivable on loans was $3.0 million and $2.7 million at September 30, 2023 and December 31, 2022, respectively, and is included in the Balance Sheet under Accrued interest receivable. For purposes of this disclosure, the unpaid principal balance is not reduced for net charge-offs.

The following tables present the monthly average of loans individually evaluated for impairment by loan type and the related interest income for the periods indicated:

	Three Months Ended September 30, 2022		Nine Months Ended September 30, 2022	
	Average Recorded Investment	Cash Basis Interest Income Recognized	Average Recorded Investment	Cash Basis Interest Income Recognized
	(In thousands)			
Single family	$ 60	$ 1	$ 63	$ 3
Multi-family	268	5	274	14
Church	2,172	25	2,197	76
Commercial - other	–	–	–	–
Total	$ 2,500	$ 31	$ 2,534	$ 93

Past Due Loans

The following tables present the aging of the recorded investment in past due loans by loan type as of the dates indicated:

	September 30, 2023					
	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Current	Total
	(In thousands)					
Loans receivable held for investment:						
Single family	$ –	$ –	$ –	$ –	$ 25,514	$ 25,514
Multi-family	–	–	–	–	534,057	534,057
Commercial real estate	–	–	–	–	116,100	116,100
Church	–	–	–	–	12,896	12,896
Construction	1,210	–	–	1,210	80,603	81,813
Commercial - other	–	–	–	–	64,943	64,943
SBA loans	–	–	–	–	7,770	7,770
Consumer	–	–	–	–	20	20
Total	$ 1,210	$ –	$ –	$ 1,210	$ 841,903	$ 843,113

	December 31, 2022					
	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Current	Total
	(In thousands)					
Loans receivable held for investment:						
Single family	$ –	$ –	$ –	$ –	$ 30,038	$ 30,038
Multi-family	–	–	–	–	503,896	503,896
Commercial real estate	–	–	–	–	114,574	114,574
Church	–	–	–	–	15,780	15,780
Construction	–	–	–	–	40,703	40,703
Commercial - other	–	–	–	–	64,841	64,841
SBA loans	–	–	–	–	3,601	3,601
Consumer	–	–	–	–	11	11
Total	$ –	$ –	$ –	$ –	$ 773,444	$ 773,444

	March 31, 2024					
	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Current	Total
	(In thousands)					
Loans receivable held for investment:						
Single-family	$ –	$ –	$ –	$ –	$ 28,184	$ 28,184
Multi-family	–	–	401	401	602,553	602,954
Commercial real estate	–	–	–	–	124,717	124,717

Church	–	–	–	–	12,573	12,573
Construction	–	–	–	–	90,333	90,333
Commercial - other	–	–	–	–	63,538	63,538
SBA loans	9	360	–	369	12,106	12,475
Consumer	–	–	–	–	14	14
Total	$ 9	$ 360	$ 401	$ 770	$ 934,018	$ 934,788

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	December 31, 2023					
	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Current	Total
	(In thousands)					
Loans receivable held for investment:						
Single-family	$ –	$ –	$ –	$ –	$ 24,702	$ 24,702
Multi-family	–	401	–	401	563,017	563,418
Commercial real estate	–	–	–	–	119,436	119,436
Church	–	–	–	–	12,717	12,717
Construction	–	–	–	–	89,887	89,887
Commercial - other	–	–	–	–	63,450	63,450
SBA loans	379	–	–	379	14,575	14,954
Consumer	–	–	–	–	13	13
Total	$ 379	$ 401	$ –	$ 780	$ 887,797	$ 888,577

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The following table presents the recorded investment in non-accrual loans by loan type as of the dates indicated:

	September 30, 2023	December 31, 2022
	(In thousands)	
Loans receivable held for investment:		
Church	$ –	$ 144
Total non-accrual loans	$ –	$ 144

	March 31, 2024	December 31, 2023
	(In thousands)	
Loans receivable held for investment:		
Multi-family	$ 401	$ –
Total non-accrual loans	$ 401	$ –

The non-accrual loan above had no related ACL at March 31, 2024. There were no loans 90 days or more delinquent that were accruing interest as of September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023.

Modified Loans to Troubled Borrowers

On January 1, 2023, the Company adopted ASU 2022-02, which introduces new reporting requirements for modifications of loans to borrowers experiencing financial difficulty.

GAAP requires that certain types of modifications of loans in response to a borrower's financial difficulty be reported, which consist of the following: (i) principal forgiveness, (ii) interest rate reduction, (iii) other-than-insignificant payment delay, (iv) term extension, or (v) any combination of the foregoing. The ACL for loans that were modified in response to a borrower's financial difficulty is measured on a collective basis, as with other loans in the loan portfolio, unless management determines that such loans no longer possess risk characteristics similar to others in the loan portfolio. In those instances, the ACL for such loans is determined through individual evaluation. There were no loan modifications to borrowers that were experiencing financial difficulty during the three or nine months ended September 30, 2023 March 31, 2024.

Troubled Debt Restructurings (TDRs)

Prior to the adoption of ASU 2022-02 – *Financial Instruments-Credit Losses: Troubled Debt Restructurings and Vintage Disclosures* on January 1, 2023, the Company accounted for TDRs in accordance with ASC 310-40. When a loan to a borrower that was experiencing financial difficulty was modified in response to that difficulty, the loan was classified as a TDR. At December 31, 2022, loans classified as TDRs totaled $1.7 million, of which $144 thousand were included in non-accrual loans and $1.6 million were on accrual status. The Company had allocated $7 thousand of specific reserves for accruing TDRs as of December 31, 2022. TDRs on accrual status were comprised of loans that were accruing at the time of restructuring or loans that have complied with the terms of their restructured agreements for a satisfactory period of time and for which the Company anticipates full repayment of both principal and interest. TDRs that were on non-accrual status could be returned to accrual status after a period of sustained performance, generally determined to be six months of timely payments, as modified.

ASU 2022-02 eliminated the concept of TDRs in current GAAP, and therefore, beginning January 1, 2023, the Company no longer reports loans modified as TDRs except for those loans modified and reported as TDRs in prior period financial information under previous GAAP.

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. For single family single-family residential, consumer, and other smaller balance homogenous loans, a credit grade is established at inception, and generally only adjusted based on performance. Information about payment status is disclosed elsewhere herein. The Company analyzes all other loans individually by classifying the loans as to credit risk. This analysis is performed at least on a quarterly basis. The Company uses the following definitions for risk ratings:

- ***Watch.*** Watch. Loans classified as watch exhibit weaknesses that could threaten the current net worth and paying capacity of the obligors. Watch graded loans are generally performing and are not more than 59 days past due. A watch rating is used when a material deficiency exists, but correction is anticipated within an acceptable time frame.

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- ***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 the institution'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 the institution will sustain 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, conditions, and values, highly questionable and improbable.

- ***Loss.*** Loans classified as loss are considered uncollectible and of such little value that to continue to carry the loan as an active asset is no longer warranted.

Loans not meeting the criteria above that are analyzed individually as part of the above described above-described process are considered to be pass rated loans. Pass rated loans are generally well protected by the current net worth and paying capacity of the obligor and/or by the value of the underlying collateral. Pass rated loans are not more than 59 days past due and are generally performing in accordance with the loan terms.

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The following table stratifies the loans held for investment portfolio by the Company's internal risk grading, and by year of origination as of September 30, 2023: the date indicated:

	Term Loans Amortized Cost Basis by Origination Year							
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
	(In thousands)							
Single family:								
Pass	$ 4	$ –	$ 3,743	$ 2,688	$ 2,271	$ 15,179	$ –	$ 23,885
Watch	–	–	–	754	–	283	–	1,037
Special Mention	–	–	–	–	–	252	–	252
Substandard	–	–	–	–	–	340	–	340
Total	$ 4	$ –	$ 3,743	$ 3,442	$ 2,271	$ 16,054	$ –	$ 25,514
YTD gross charge-offs	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Multi-family:								
Pass	$ 46,126	$ 185,387	$ 149,777	$ 30,245	$ 45,639	$ 55,476	$ –	$ 512,650
Watch	–	3,300	–	–	–	967	–	4,267
Special Mention	–	–	–	904	–	1,352	–	2,256
Substandard	–	–	–	–	–	14,884	–	14,884
Total	$ 46,126	$ 188,687	$ 149,777	$ 31,149	$ 45,639	$ 72,679	$ –	$ 534,057
YTD gross charge-offs	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –

Commercial real estate:								
Pass	$ 3,020	$ 25,280	$ 22,222	$ 16,862	$ 22,078	$ 20,299	$ –	$ 109,761
Watch	–	–	–	–	–	1,088	–	1,088
Special Mention	–	–	–	–	–	–	–	–
Substandard	–	–	–	$ –	$ –	5,251	–	$ 5,251
Total	$ 3,020	$ 25,280	$ 22,222	$ 16,862	$ 22,078	$ 26,638	$ –	$ 116,100
YTD gross charge-offs	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Church:								
Pass	$ 1,828	$ –	$ –	$ 3,985	$ –	$ 5,463	$ –	$ 11,276
Watch	–	–	–	–	–	–	–	–
Special Mention	–	–	–	–	640	–	–	640
Substandard	–	–	–	–	–	980	–	980
Total	$ 1,828	$ –	$ –	$ 3,985	$ 640	$ 6,443	$ –	$ 12,896
YTD gross charge-offs	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Construction:								
Pass	$ –	$ 1,115	$ 1,210	$ –	$ –	$ 2,117	$ –	$ 4,442
Watch	33,933	35,665	5,253	–	–	–	–	74,851
Special Mention	–	2,520	–	–	–	–	–	2,520
Substandard	–	–	–	–	–	–	–	–
Total	$ 33,933	$ 39,300	$ 6,463	$ –	$ –	$ 2,117	$ –	$ 81,813
YTD gross charge-offs	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Commercial – other:								
Pass	$ 15,045	$ 2,637	$ 6,240	$ 3,723	$ 6,209	$ 24,730	$ –	$ 58,584
Watch	–	459	746	1,500	2,250	1,232	–	6,187
Special Mention	–	–	172	–	–	–	–	172
Substandard	–	–	–	–	–	–	–	–
Total	$ 15,045	$ 3,096	$ 7,158	$ 5,223	$ 8,459	$ 25,962	$ –	$ 64,943
YTD gross charge-offs	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
SBA:								
Pass	$ 4,550	$ 148	$ 2,453	$ –	$ –	$ 129	$ –	$ 7,280
Watch	–	–	–	–	–	–	–	–
Special Mention	–	–	–	490	–	–	–	490
Substandard	–	–	–	–	–	–	–	–
Total	$ 4,550	$ 148	$ 2,453	$ 490	$ –	$ 129	$ –	$ 7,770
YTD gross charge-offs	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Consumer:								
Pass	$ 20	$ –	$ –	$ –	$ –	$ –	$ –	$ 20
Watch	–	–	–	–	–	–	–	–
Special Mention	–	–	–	–	–	–	–	–
Substandard	–	–	–	–	–	–	–	–
Total	$ 20	$ –	$ –	$ –	$ –	$ –	$ –	$ 20
YTD gross charge-offs	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Total loans:								
Pass	$ 70,593	$ 214,567	$ 185,645	$ 57,503	$ 76,197	$ 123,393	$ –	$ 727,898
Watch	33,933	39,424	5,999	2,254	2,250	3,570	–	87,430
Special Mention	–	2,520	172	1,394	640	1,604	–	6,330
Substandard	–	–	–	–	–	21,455	–	21,455
Total loans	$ 104,526	$ 256,511	$ 191,816	$ 61,151	$ 79,087	$ 150,022	$ –	$ 843,113

Total YTD gross charge-offs	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –

	Term Loans Amortized Cost Basis by Origination Year - As of March 31, 2024							
	2024	**2023**	**2022**	**2021**	**2020**	**Prior**	**Revolving Loans**	**Total**
				(In thousands)				
Single-family:								
Pass	$ –	$ 551	$ 4,135	$ 3,039	$ 2,050	$ 14,612	$ –	$ 24,387
Watch	–	–	–	745	869	714	–	2,328
Special Mention	–	–	–	–	–	115	–	115
Substandard	–	–	–	–	1,354	–	–	1,354
Total	$ –	$ 551	$ 4,135	$ 3,784	$ 4,273	$ 15,441	$ –	$ 28,184
Multi-family:								
Pass	$ 39,797	$ 86,356	$ 182,415	$ 144,826	$ 27,195	$ 92,345	$ –	$ 572,934
Watch	–	–	4,667	6,168	–	4,377	–	15,212
Special Mention	–	–	–	–	–	2,039	–	2,039
Substandard	–	–	–	894	–	11,875	–	12,769
Total	$ 39,797	$ 86,356	$ 187,082	$ 151,888	$ 27,195	$ 110,636	$ –	$ 602,954
Commercial real estate:								
Pass	$ 15,000	$ 1,751	$ 21,406	$ 25,877	$ 24,477	$ 22,487	$ –	$ 110,998
Watch	–	–	440	–	5,256	2,579	–	8,275
Special Mention	–	884	–	–	–	–	–	884
Substandard	–	–	–	–	–	4,560	–	4,560
Total	$ 15,000	$ 2,635	$ 21,846	$ 25,877	$ 29,733	$ 29,626	$ –	$ 124,717
Church:								
Pass	$ –	$ 2,892	$ –	$ 2,196	$ 1,735	$ 2,649	$ –	$ 9,472
Watch	–	–	–	–	–	1,490	–	1,490
Special Mention	–	–	–	–	–	648	–	648
Substandard	–	–	–	–	–	963	–	963
Total	$ –	$ 2,892	$ –	$ 2,196	$ 1,735	$ 5,750	$ –	$ 12,573
Construction:								
Pass	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Watch	954	43,787	31,126	8,094	–	1,841	–	85,802
Special Mention	–	252	4,279	–	–	–	–	4,531
Substandard	–	–	–	–	–	–	–	–
Total	$ 954	$ 44,039	$ 35,405	$ 8,094	$ –	$ 1,841	$ –	$ 90,333
Commercial – other:								
Pass	$ –	$ 15,000	$ 9,033	$ 80	$ 6,196	$ 7,632	$ –	$ 37,941
Watch	17,594	–	312	–	–	6,549	–	24,455
Special Mention	–	–	–	–	972	–	–	972
Substandard	–	–	–	170	–	–	–	170
Total	$ 17,594	$ 15,000	$ 9,345	$ 250	$ 7,168	$ 14,181	$ –	$ 63,538
SBA:								
Pass	$ –	$ 9,065	$ 150	$ 15	$ –	$ 1,425	$ –	$ 10,655
Watch	–	–	–	–	–	–	–	–
Special Mention	–	–	–	–	–	–	–	–
Substandard	–	–	–	–	446	1,374	–	1,820
Total	$ –	$ 9,065	$ 150	$ 15	$ 446	$ 2,799	$ –	$ 12,475

Consumer:								
Pass	$ 14	$ –	$ –	$ –	$ –	$ –	$ –	$ 14
Watch	–	–	–	–	–	–	–	–
Special Mention	–	–	–	–	–	–	–	–
Substandard	–	–	–	–	–	–	–	–
Total	$ 14	$ –	$ –	$ –	$ –	$ –	$ –	$ 14
Total loans:								
Pass	$ 54,811	$ 115,615	$ 217,139	$ 176,033	$ 61,653	$ 141,150	$ –	$ 766,401
Watch	18,548	43,787	36,545	15,007	6,125	17,550	–	137,562
Special Mention	–	1,136	4,279	–	972	2,802	–	9,189
Substandard	–	–	–	1,064	1,800	18,772	–	21,636
Total loans	$ 73,359	$ 160,538	$ 257,963	$ 192,104	$ 70,550	$ 180,274	$ –	$ 934,788

The following table stratifies the loan portfolio by the Company's internal risk rating as of the date indicated:

	Term Loans Amortized Cost Basis by Origination Year - As of December 31, 2023							
	2023	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving Loans**	**Total**
				(In thousands)				
Single-family:								
Pass	$ –	$ 2,474	$ 1,862	$ 2,940	$ 1,485	$ 12,374	$ –	$ 21,135
Watch	–	–	750	–	–	999	–	1,749
Special Mention	–	–	–	–	–	116	–	116
Substandard	–	–	–	1,365	–	337	–	1,702
Total	$ –	$ 2,474	$ 2,612	$ 4,305	$ 1,485	$ 13,826	$ –	$ 24,702
Multi-family:								
Pass	$ 81,927	$ 183,295	$ 145,652	$ 27,356	$ 44,511	$ 47,119	$ –	$ 529,860
Watch	–	4,686	6,203	–	1,186	6,474	–	18,549
Special Mention	–	–	899	–	–	1,344	–	2,243
Substandard	–	–	–	–	363	12,403	–	12,766
Total	$ 81,927	$ 187,981	$ 152,754	$ 27,356	$ 46,060	$ 67,340	$ –	$ 563,418
Commercial real estate:								
Pass	$ 9,881	$ 22,131	$ 26,019	$ 24,684	$ 6,718	$ 15,106	$ –	$ 104,539
Watch	–	442	–	5,286	–	2,599	–	8,327
Special Mention	–	–	–	–	325	–	–	325
Substandard	–	–	–	$ –	$ –	6,245	$ –	$ 6,245
Total	$ 9,881	$ 22,573	$ 26,019	$ 29,970	$ 7,043	$ 23,950	$ –	$ 119,436
Church:								
Pass	$ 2,923	$ –	$ 2,210	$ 1,748	$ –	$ 2,704	$ –	$ 9,585
Watch	–	–	–	–	636	1,525	–	2,161
Special Mention	–	–	–	–	–	–	–	–
Substandard	–	–	–	–	–	971	–	971
Total	$ 2,923	$ –	$ 2,210	$ 1,748	$ 636	$ 5,200	$ –	$ 12,717
Construction:								
Pass	$ –	$ 1,109	$ 1,198	$ –	$ –	$ –	$ –	$ 2,307
Watch	42,300	35,179	5,484	–	–	2,097	–	85,060
Special Mention	–	–	2,520	–	–	–	–	2,520
Substandard	–	–	–	–	–	–	–	–
Total	$ 42,300	$ 36,288	$ 9,202	$ –	$ –	$ 2,097	$ –	$ 89,887
Commercial – other:								
Pass	$ 15,000	$ 9,077	$ 87	$ 5,600	$ –	$ 25,154	$ –	$ 54,918

Watch	–	312	–	1,500	6,550	–	–	8,362
Special Mention	–	–	170	–	–	–	–	170
Substandard	–	–	–	–	–	–	–	–
Total	$ 15,000	$ 9,389	$ 257	$ 7,100	$ 6,550	$ 25,154	$ –	$ 63,450
SBA:								
Pass	$ 11,809	$ 109	$ 2,453	$ –	$ 16	$ 100	$ –	$ 14,487
Watch	–	–	–	–	–	–	–	–
Special Mention	–	–	–	467	–	–	–	467
Substandard	–	–	–	–	–	–	–	–
Total	$ 11,809	$ 109	$ 2,453	$ 467	$ 16	$ 100	$ –	$ 14,954
Consumer:								
Pass	$ 13	$ –	$ –	$ –	$ –	$ –	$ –	$ 13
Watch	–	–	–	–	–	–	–	–
Special Mention	–	–	–	–	–	–	–	–
Substandard	–	–	–	–	–	–	–	–
Total	$ 13	$ –	$ –	$ –	$ –	$ –	$ –	$ 13
Total loans:								
Pass	$ 121,553	$ 218,195	$ 179,481	$ 62,328	$ 52,730	$ 102,557	$ –	$ 736,844
Watch	42,300	40,619	12,437	6,786	8,372	13,694	–	124,208
Special Mention	–	–	3,589	467	325	1,460	–	5,841
Substandard	–	–	–	1,365	363	19,956	–	21,684
Total loans	$ 163,853	$ 258,814	$ 195,507	$ 70,946	$ 61,790	$ 137,667	$ –	$ 888,577

	December 31, 2022						
	Pass	Watch	Special Mention	Substandard	Doubtful	Loss	Total
				(In thousands)			
Single family	$ 29,022	$ 354	$ 260	$ 402	$ –	$ –	$ 30,038
Multi-family	479,182	9,855	14,859	–	–	–	503,896
Commercial real estate	104,066	4,524	1,471	4,513	–	–	114,574
Church	14,505	728	–	547	–	–	15,780
Construction	2,173	38,530	–	–	–	–	40,703
Commercial - other	53,396	11,157	–	288	–	–	64,841
SBA	3,032	569	–	–	–	–	3,601
Consumer	11	–	–	–	–	–	11
Total	$ 685,387	$ 65,717	$ 16,590	$ 5,750	$ –	$ –	$ 773,444

Allowance for Credit Losses for Off-Balance Sheet Commitments

The Company maintains an allowance for credit losses on off-balance sheet commitments related to unfunded loans and lines of credit, which is included in other liabilities of the consolidated statements of financial condition. Upon the Company's adoption of ASC 326 on January 1, 2023, the Company applies an expected credit loss estimation methodology for off-balance sheet commitments. This methodology is commensurate with the methodology applied to each respective segment of the loan portfolio in determining the ACL for loans held-for-investment. The loss estimation process includes assumptions for the probability that a loan will fund, as well as the expected amount of funding. These assumptions are based on the Company's own historical internal loan data.

The allowance for off-balance sheet commitments was $474$420 thousand and $412$364 thousand at September 30, 2023March 31, 2024 and December 31, 2022December 31, 2023, respectively. This amount is included in accrued expenses and other liabilities on the balance sheet. consolidated statements of financial condition. The provision for off-balance sheet loan commitments was $69$56 thousand for the three months endedSeptember 30, 2023 and $106 thousand for the nine months endedSeptember 30, 2023quarter-ended March 31, 2024.

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NOTE 5 – Goodwill and Core Deposit Intangible

The Company recognized goodwill of $25.9 million and a core deposit intangible of $2.2 2.0 million as of September 30, 2023March 31, 2024. The following table presents the changes in the carrying amounts of goodwill and core deposit intangibles for the nine three months ended September 30, 2023March 31, 2024:

	Goodwill	Core Deposit Intangible	Goodwill	Core Deposit Intangible
	(In thousands)		(In thousands)	
Balance at the beginning of the period	$ 25,858	$ 2,501	$ 25,858	$ 2,111
Additions	–	–	–	–
Change in deferred tax estimate	–	–	–	–
Amortization	–	(293)	–	(84)
Balance at the end of the period	$ 25,858	$ 2,208	$ 25,858	$ 2,027

The carrying amount of the core deposit intangible consisted of the following at September 30March 31, 2024, 2023 (in thousands):

Core deposit intangible acquired	$ 3,329	$ 3,329
Less: accumulated amortization	(1,121)	(1,302)
	$ 2,208	$ 2,027

The following table outlines the estimated amortization expense for the core deposit intangible during the next five fiscal years (in thousands):

2023	$ 98	
2024	336	
Remainder of 2024		$ 252
2025	315	315
2026	304	304
2027	291	291
2028		279
Thereafter	864	586
	$ 2,208	$ 2,027

NOTE 6 – Borrowings

The Company enters into agreements under which it sells securities subject to an obligation to repurchase the same or similar securities. Under these arrangements, the Company may transfer legal control over the assets but still retain effective control through an agreement that both entitles and obligates the Company to repurchase the assets. As a result, these repurchase agreements are accounted for as collateralized financing agreements (i.e., secured borrowings) and not as a sale and subsequent repurchase of securities. The obligation to repurchase the securities is reflected as a liability in the Company's consolidated statements of financial condition, while the securities underlying the repurchase agreements remain in the respective investment securities asset accounts. In other words, there is no offsetting or netting of the investment securities assets with the repurchase agreement liabilities. These agreements mature on a daily basis. As of MarchSeptember 30, 2023 31, 2024 securities sold under agreements to repurchase totaled $75.8 million $71.7 million at an average rate of 3.06% 3.62%. The fair value of securities pledged totaled $71.0 million $78.6 million as of MarchSeptember 30, 2023 31, 2024. As of December 31, 2022 December 31, 2023, securities sold under agreements to repurchase totaled $63.5 million $73.5 million at an average rate of 0.38% 3.64%. The fair value of securities pledged totaled $64.4 million $89.0 million as of December 31, 2022 December 31, 2023.

At MarchSeptember 31, 2024 and 30,December 31, 2023, and December 31, 2022, the Company had outstanding advances from the FHLB totaling $187.7 million and $128.3 million, respectively. $209.3 million. The weighted interest rate was 4.83% and 3.74% 4.91% as of both MarchSeptember 31, 2024 and 30, 2023 and December 31, 2022, respectively. December 31, 2023. The weighted average contractual maturity was 3 months and 7 2 months as of both MarchSeptember 31, 2024 and 30,December 31, 2023, and December 31, 2022, respectively. The advances were collateralized by loans with a fair value of $457.3 million $419.2 million at MarchSeptember 31, 2024 30, 2023 and $328.1 million $435.4 million at December 31, 2022. 3. The Company is currently approved by the FHLB of Atlanta to borrow up to 25% of total assets to the extent the Company provides qualifying collateral and holds sufficient FHLB stock. Based on collateral pledged and FHLB stock held, the Company was eligible to borrow an additional $154.3 million $105.0 million as of MarchSeptember 30 31, 2024, 2023.

On December 27, 2023, the Company borrowed $100 million from the Federal Reserve under the BTFP. As of both March 31, 2024 and December 31, 2023, $100 million was outstanding. The interest rate on this borrowing is fixed at 4.84% and the borrowing matures on December 29, 2024. Investment securities with a fair value of $98.3 million were pledged as collateral for this borrowing as of both March 31, 2024 and December 31, 2023. There are no prepayment penalties for early payoff. As the BTFP ended on March 11, 2024, no additional borrowings can be made under the program.

In addition, the Company had additional lines of credit of $10.0 million with other financial institutions as of September 30, 2023March 31, 2024 and December 31, 2023. These lines of credit are unsecured, bear interest at the Federal funds rate as of the date of utilization and mature in 30 days. There were no amounts outstanding under these lines of credit as of September 30, 2023March 31, 2024 or December 31, 2023.

In connection with the New Market Tax Credit activities of the Bank, CFC 45 is a partnership whose members include CFNMA and City First New Markets Fund II, LLC. This community development entity ("CDE") acts in effect as a pass-through for a Merrill Lynch allocation totaling $14.0 million that needed to be deployed. In December 2015, Merrill

Lynch made a $14.0 million non-recourse loan to CFC 45, whereby CFC 45 passed that loan through to a Qualified Active Low-Income Business ("QALICB"). The loan to the QALICB is was secured by a Leasehold Deed of Trust that, due to the pass-through, non-recourse structure, is was operationally and ultimately for the benefit of Merrill Lynch rather than CFC 45. Debt service payments received by CFC 45 from the QALICB are were passed through to Merrill Lynch in return for which CFC 45 receives received a servicing fee. The financial statements of CFC 45 are consolidated with those of the Bank and the Company.

There are were two notes for CFC 45. Note A is was in the amount of $9.9 million with a fixed interest rate of 5.2% per annum. Note B is was in the amount of $4.1 million with a fixed interest rate of 0.24% per annum. Quarterly interest only payments commenced in March 2016 and continued through March 2023 for Notes A and B. Beginning in September 2023, quarterly principal and interest payments These notes were due for Notes A and B. Both notes mature on December 1, 2040. paid off during January 2024.

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NOTE 7 – Fair Value

The Company used the following methods and significant assumptions to estimate fair value:

The fair values of securities available-for-sale are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or matrix pricing, which is a mathematical technique 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 inputs).

The fair value of loans that are collateral dependent is generally based upon the fair value of the collateral, which is obtained from 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 independent 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. Collateral dependent loans are evaluated on a quarterly basis for additional required calculation adjustments (taken as part of the ACL) and adjusted accordingly.

Assets acquired through or by transfer in lieu 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 the lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals which are updated every nine months. 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 independent 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. Real estate owned properties are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Appraisals for collateral-dependent loans and assets acquired through or by transfer of in lieu of foreclosure 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 the Company. Once received, an independent third-party licensed appraiser reviews the appraisals for accuracy and reasonableness, reviewing 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.

Assets Measured on a Recurring Basis

Assets measured at fair value on a recurring basis are summarized below:

	Fair Value Measurement				Fair Value Measurement			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(In thousands)				(In thousands)			
At September 30, 2023:								
At March 31, 2024:								
Securities available-for-sale:								
Federal agency mortgage-backed securities	$ –	$ 65,137	$ –	$ 65,137	$ –	$ 64,030	$ –	$ 64,030
Federal agency CMOs	–	23,296	–	23,296	–	22,529	–	22,529
Federal agency debt	–	51,574	–	51,574	–	47,846	–	47,846
Municipal bonds	–	4,170	–	4,170	–	4,351	–	4,351
U.S. Treasuries	161,650	–	–	161,650	144,444	–	–	144,444
SBA pools	–	10,602	–	10,602	–	10,043	–	10,043
At December 31, 2022:								
At December 31, 2023:								
Securities available-for-sale:								

	Level 1 (Sep 30, 2023)	Level 2 (Sep 30, 2023)	Level 3 (Sep 30, 2023)	Total (Sep 30, 2023)	Level 1 (Mar 31, 2024)	Level 2 (Mar 31, 2024)	Level 3 (Mar 31, 2024)	Total (Mar 31, 2024)
Federal agency mortgage-backed securities	$ –	$ 74,169	$ –	$ 74,169	$ –	$ 66,778	$ –	$ 66,778
Federal agency CMOs	–	26,100	–	26,100	–	23,339	–	23,339
Federal agency debt	–	51,425	–	51,425	–	47,836	–	47,836
Municipal bonds	–	4,197	–	4,197	–	4,373	–	4,373
U.S. Treasuries	160,589	–	–	160,589	163,880	–	–	163,880
SBA pools	–	12,269	–	12,269	–	10,744	–	10,744

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There were no transfers between Level 1, Level 2, or Level 3 during the three or nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.

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As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Bank did not have any assets or liabilities carried at fair value on a nonrecurring basis.

Fair Values of Financial Instruments

The following tables present the carrying amount, fair value, and placement in level within the fair value hierarchy of the Company's financial instruments not recorded at fair value on a recurring basis as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

		Fair Value Measurements at September 30, 2023					Fair Value Measurements at March 31, 2024			
	Carrying Value	Level 1	Level 2	Level 3	Total	Carrying Value	Level 1	Level 2	Level 3	Total
		(In thousands)					(In thousands)			
Financial Assets:										
Cash and cash equivalents	$ 11,487	$ 11,487	$ –	$ –	$ 11,487	$ 67,122	$ 67,122	$ –	$ –	$ 67,122
Securities available-for-sale	316,429	161,650	154,779	–	316,429	293,243	144,444	148,799	–	293,243
Loans receivable held for investment	835,356	–	–	702,200	702,200	926,497	–	–	778,813	778,813
Accrued interest receivable	4,925	444	1,271	3,210	4,925	5,638	416	1,343	3,879	5,638
Bank owned life insurance						3,286	3,286	–	–	3,286
Financial Liabilities:										
Deposits	$ 671,469	$ –	$ 594,065	$	$ 594,065	$ 695,494	$ –	$ 608,134	$	$ 608,134
FHLB advances	187,721	–	185,998	–	185,998	209,280	–	208,213	–	208,213
BTFP borrowing						100,000	–	100,000	–	100,000
Securities sold under agreements to repurchase	75,815	–	73,461	–	73,461	71,681	–	70,510	–	70,510
Notes payable	14,000	–	–	14,000	14,000					
Accrued interest payable	1,026	–	1,026	–	1,026	2,810	–	2,810	–	2,810

		Fair Value Measurements at December 31, 2022					Fair Value Measurements at December 31, 2023			
	Carrying Value	Level 1	Level 2	Level 3	Total	Carrying Value	Level 1	Level 2	Level 3	Total
		(In thousands)					(In thousands)			
Financial Assets:										
Cash and cash equivalents	$ 16,105	$ 16,105	$ –	$ –	$ 16,105	$ 105,195	$ 105,195	$ –	$ –	$ 105,195
Securities available-for-sale	328,749	160,589	168,160	–	328,749	316,950	163,880	153,070	–	316,950
Loans receivable held for investment	768,046	–	–	641,088	641,088	880,457	–	–	746,539	746,539
Accrued interest receivable	3,973	442	793	2,738	3,973	4,938	306	1,301	3,331	4,938
Bank owned life insurance						3,275	3,275	–	–	3,275
Financial Liabilities:										
Deposits	$ 686,916	$ –	$ 673,615	$ –	$ 673,615	$ 682,635	$ –	$ 536,171	$ –	$ 536,171
FHLB advances	128,344	–	126,328	–	126,328	209,319	–	208,107	–	208,107
BTFP borrowing						100,000	–	100,000	–	100,000
Securities sold under agreements to repurchase	63,471	–	60,017	–	60,017	73,475	–	72,597	–	72,597

Notes payable	14,000	–	–	14,000	14,000	14,000	–	–	14,000	14,000
Accrued interest payable	453	–	453	–	453	1,420	–	1,420	–	1,420

In accordance with ASU No. 2016-01, the fair value of financial assets and liabilities was measured using an exit price notion. Although the exit price notion represents the value that would be received to sell an asset or paid to transfer a liability, the actual price received for a sale of assets or paid to transfer liabilities could be different from exit price disclosed.

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NOTE 8 – Stock-based Compensation

Prior to June 21, 2023, the Company issued stock-based compensation awards to its directors and officers under the 2018 Long Term Incentive Plan ("LTIP") which allowed the grant of non-qualified and incentive stock options, stock appreciation rights, full value awards and cash incentive awards. The maximum number of shares available to be awarded under the LTIP was 161,638 shares.

During February of 2023, and 2022, the Company issued 9,230 and 5,898 shares of stock respectively, to its directors under the LTIP, which were fully vested. During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recorded $95 thousand $0 and $84 $96 thousand of director stock compensation expense, respectively, based on the fair value of the stock, which was determined using the fair value of the stock on the dates of the awards.

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During March of 2022, the Company issued 61,907 shares of restricted stock to its officers and employees under the LTIP, of which 14,562 17,012 shares have been forfeited as of September 30, 2023 March 31, 2024. Each restricted stock award was valued based on the fair value of the stock on the date of the award. These awarded shares of restricted stock fully vest over periods ranging from 36 months to 60 months from their respective dates of grant. Stock-based compensation is recognized on a straight-line basis over the vesting period. During the three months ended September 30, 2023 and 2022, the Company recorded $40 thousand and $35 thousand of stock-based compensation expense, respectively. During the nine months ended September 30, 2023 and 2022, the Company recorded $114 thousand and $93 thousand of stock-based compensation expense, respectively.

On June 21, 2023, stockholders approved an Amendment and Restatement of the 2018 Long Term Incentive Plan ("Amended and Restated LTIP") which allows the issuance of 487,500 additional shares and brought the number of shares that may be issued under the Amended and Restated LTIP to 649,138 shares.

On June 21, 2023, the Company issued 92,700 shares of restricted stock to its officers and employees under the Amended and Restated LTIP, of which 6,442 11,237 shares have been forfeited as of September 30, 2023 March 31, 2024. Each restricted stock award was valued based on the fair value of the stock on the date of the award. These awarded shares of restricted stock fully vest over periods ranging from 36 months to 60 months from their respective dates of grant.

On March 26, 2024, the Company issued 94,413 shares of restricted stock to its officers and employees under the Amended and Restated LTIP. Each restricted stock award was valued based on the fair value of the stock on the date of the award. These awarded shares of restricted stock fully vest over periods ranging from 36 months to 60 months from their respective dates of grant.

Stock-based compensation is recognized on a straight-line basis over the vesting period. During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company recorded $47 $77 thousand and $59 $38 thousand of stock-based compensation expense, respectively, related to these restricted stock awards. respectively.

As of September 30, 2023 March 31, 2024, 202,127 293,681 shares had been awarded under the Amended and Restated LTIP and 447,011 355,458 shares were available to be awarded.

No stock options were granted, exercised, forfeited or expired during the three and nine months ended September 30, 2023 March 31, 2024 or the three and nine months ended September 30, 2022 March 31, 2023.

Options outstanding and exercisable at September 30, 2023 March 31, 2024 were as follows:

Number Outstanding

Outstanding				Exercisable		
Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Aggregate Intrinsic Value	Number Outstanding	Weighted Average Exercise Price	Aggre Intrinsic
31,250	2.38 1.88 years	$ 12.96	$ –	31,250	$ 12.96	$

The Company did not record any stock-based compensation expense related to stock options during the three and nine months ended September 30, 2023 M

All common stock share amounts above have been retroactively adjusted, as applicable, for the 1-for-8 reverse stock split effective November 1, 2023. See N

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NOTE 9 – ESOP Plan

Employees participate in the an ESOP after attaining certain age and service requirements. In During 2022, the ESOP purchased 58,369 shares of the Compa

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Shares held by the ESOP were as follows:

Allocated to participants
Committed to be released
Suspense shares
Total ESOP shares
Fair value of unearned shares

The book value of unearned shares, which are reported as Unearned ESOP shares in the equity section of the consolidated statements of financial condition,

All common stock share amounts and per share amounts above have been retroactively adjusted, as applicable, for the 1-for-8 reverse stock split effective No

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NOTE 10 – Stockholders' Equity and Regulatory Matters

On June 7, 2022, the Company issued 150,000 shares of Senior Non-Cumulative Perpetual Preferred stock, Series C ("Series C Preferred Stock"), for the cap

The Series C Preferred stock may be redeemed at the option of the Company on or after the fifth anniversary of issuance (or earlier in the event of loss of regu

The initial dividend rate of the Series C Preferred Stock is zero percent for the first two years after issuance, and thereafter the dividend rate is 2.00% with the

During the first quarter of 2022, the Company completed the exchange of all the Series A Fixed Rate Cumulative Redeemable Preferred Stock, with an aggreg

The Bank's capital requirements are administered by the Office of the Comptroller of the Currency ("OCC") and involve quantitative measures of assets, liabilit

As a result of the Economic Growth, Regulatory Relief, and Consumer Protection Act, the federal banking agencies have developed a "Community Bank Leve

September 30, 2023:
March 31, 2024:
Community Bank Leverage Ratio
December 31, 2022:
December 31, 2023:
Community Bank Leverage Ratio

At September 30, 2023 March 31, 2024, the Company and the Bank met all the capital adequacy requirements to which they were subject. In addition, the Bar

All common stock share amounts and per share amounts above have been retroactively adjusted for the 1-for-8 reverse stock split effective November 1, 2023

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NOTE 11 – Income Taxes

The Company and its subsidiary are subject to U.S. federal and state income taxes. Income tax expense is the total of the current year income tax due or refu

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all, of the deferre

At September 30, 2023 March 31, 2024, the Company maintained a $369 449 thousand valuation allowance on its deferred tax assets because the number of

NOTE 12 – Concentration of Credit Risk

The Bank has a significant concentration of deposits with five two customers that accounted for approximately 21% 12% of its deposits as of September March

Purchase of Shares

On October 31, 2023 the Company purchased 244,771 shares of its Class A (voting) Common Stock (adjusted for the 1-for-8 reverse stock split effective Novem

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements

Critical Accounting Policies and Estimates

Critical accounting policies are those that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact o

Allowance for Credit Losses for Loans

Effective January 1, 2023, the The Company accounts for credit losses on loans in accordance with ASC 326, which requires the Company to record an estima

Certain loans, such as those that are nonperforming or are considered to be collateral dependent, are deemed to no longer possess risk characteristics similar

Allowance for Loan Losses

Prior to the adoption of ASC 326 on January 1, 2023, the ALLL was accounted for under the guidance of ASC 310 and 450. The ALLL was considered a critica

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Goodwill and Intangible Assets

Goodwill and intangible assets acquired in a purchase business combination and that are determined to have an indefinite useful life are not amortized but tes

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Income Taxes

Deferred tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is deter

Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for th

Fair values are estimated using relevant market information and other assumptions, as more fully disclosed in Note 7 "Fair Value" of the Notes to Consolidated

Out-of-Period Adjustments

Following the quarter ended September 30, 2023, the Company performed a review of internal controls over financial reporting, encompassing an examination

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Overview

Total assets increased decreased by $53.5 million $4.9 million to $1.2 billion $1.4 billion at September 30, 2023 March 31, 2024 from December 31, 2022 Decer

Loans held for investment, net of the ACL, increased Total liabilities decreased by $67.3 million $4.3 million to $835.4 million $1.1 billion at September 30, 2023

Deposits decreased by $15.4 million to $671.5 million at September 30, 2023, from $686.9 million at December 31, 2022, with $29.4 million of the decrease oc

During the third quarter. Management has made reasonable attempts to be responsive first quarter of 2024, net interest income decreased by $750 thousand,

Total borrowings increased by $71.7 million to $277.5 million at September 30, 2023, from $205.8 million at December 31, 2022, expense, primarily due to a ne

In addition, total non-interest expense increased by $1.6 million during the first quarter of 2024 compared to the first quarter of 2023, primarily due to increases

For the three months ended September 30, 2023, first quarter of 2024, the Company reported a net earnings loss of $91$162 thousand compared to net earnir

For the nine months ended September 30, 2023, the Company reported net earnings of $1.9 million compared to net earnings of $4.1 million for the nine mont

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Results of Operations

Net Interest Income

Three Months Ended September 30, 2023 March 31, 2024 Compared to the Three Months Ended September 30, 2022 March 31, 2023

Net interest income before provision for credit losses for the third first quarter of 2023 2024 totaled $6.8 million $7.5 million, representing a decrease of $1.8 mil

Nine Months Ended September 30, 2023 Compared to the Nine Months Ended September 30, 2022

Net interest income before provision for credit losses for the nine months ended September 30, 2023, totaled $22.3 million, representing a decrease of $1.5 m

The following tables set forth the average balances, average yields and costs, and certain other information for the periods indicated. All average balances are

	For the Three Months E			
	September 30, 2023			
(Dollars in Thousands)	**Average Balance**	**Interest**	**Average Yield/Cost**	**Ave**
Assets				
Interest-earning assets:				
Interest-bearing deposits in other banks	$ 10,629	$ 139	5.23 %	$
Securities	319,866	2,180	2.73 %	
Loans receivable (1)	822,031	9,406	4.58 %	
FRB and FHLB stock	12,538	202	6.44 %	
Total interest-earning assets	1,165,064	$ 11,927	4.09 %	
Non-interest-earning assets	67,047			
Total assets	$ 1,232,111			$
Liabilities and Stockholders' Equity				
Interest-bearing liabilities:				
Money market deposits	$ 122,577	$ 1,256	4.10 %	$
Savings deposits	58,686	42	0.29 %	
Interest checking and other demand deposits	238,265	93	0.16 %	
Certificate accounts	152,577	735	1.93 %	
Total deposits	572,105	2,126	1.49 %	

FHLB advances	196,184	2,571	5.24 %	
Other borrowings	67,533	457	2.71 %	
Total borrowings	263,717	3,028	4.59 %	
Total interest-bearing liabilities	835,822	$ 5,154	2.47 %	
Non-interest-bearing liabilities	120,161			
Stockholders' equity	276,128			
Total liabilities and stockholders' equity	$ 1,232,111			$
Net interest rate spread (2)		$ 6,773	1.62 %	
Net interest rate margin (3)			2.33 %	
Ratio of interest-earning assets to interest-bearing liabilities			139.39 %	

(1) Amount is net of deferred loan fees, loan discounts and loans in process, and includes deferred origination costs and loan premiums.

(2) Net interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.

(3) Net interest rate margin represents net interest income as a percentage of average interest-earning assets.

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	For the Nine Months E			
	September 30, 2023			
(Dollars in Thousands)	Average Balance	Interest	Average Yield/Cost	Ave
Assets				
Interest-earning assets:				
Interest-bearing deposits in other banks	$ 13,889	$ 425	4.08 %	$
Securities	324,719	6,543	2.69 %	
Loans receivable (1)	794,524	27,039	4.54 %	
FRB and FHLB stock	11,577	603	6.94 %	
Total interest-earning assets	1,144,709	$ 34,610	4.03 %	
Non-interest-earning assets	67,712			
Total assets	$ 1,212,421			$
Liabilities and Stockholders' Equity				
Interest-bearing liabilities:				
Money market deposits	$ 125,944	$ 2,959	3.13 %	$
Savings deposits	60,275	71	0.16 %	
Interest checking and other demand deposits	238,078	257	0.14 %	
Certificate accounts	150,651	1691	1.50 %	
Total deposits	574,948	4,978	1.15 %	
FHLB advances	173,312	6,035	4.64 %	
Other borrowings	70,957	1,282	2.41 %	
Total borrowings	244,269	7,317	3.99 %	
Total interest-bearing liabilities	819,217	$ 12,295	2.00 %	
Non-interest-bearing liabilities	115,363			
Stockholders' equity	277,841			
Total liabilities and stockholders' equity	$ 1,212,421			$
Net interest rate spread (2)		$ 22,315	2.03 %	
Net interest rate margin (3)			2.60 %	
Ratio of interest-earning assets to interest-bearing liabilities			139.73 %	

(1) Amount is net of deferred loan fees, loan discounts and loans in process, and includes deferred origination costs and loan premiums.

(2) Net interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.

(3) Net interest rate margin represents net interest income as a percentage of average interest-earning assets.

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	For the Three Months E			
	March 31, 2024			
(Dollars in Thousands)	Average Balance	Interest	Average Yield/Cost	Ave
Assets				
Interest-earning assets:				
Interest-bearing deposits	$ 99,103	$ 1,344	5.42 %	$
Securities	305,615	2,075	2.72 %	
Loans receivable (1)	909,965	11,129	4.89 %	
FRB and FHLB stock	13,733	245	7.14 %	
Total interest-earning assets	1,328,416	$ 14,793	4.45 %	
Non-interest-earning assets	52,561			
Total assets	$ 1,380,977			$
Liabilities and Stockholders' Equity				
Interest-bearing liabilities:				
Money market deposits	$ 125,704	$ 1,444	4.59 %	$
Savings deposits	59,056	102	0.69 %	
Interest checking and other demand deposits	227,504	143	0.25 %	
Certificate accounts	163,116	1,110	2.72 %	
Total deposits	575,380	2,799	1.95 %	
FHLB advances	209,299	2,598	4.97 %	
Bank Term Funding Program borrowing	100,000	1,203	4.81 %	
Other borrowings	77,601	669	3.45 %	
Total borrowings	386,900	4,470	4.62 %	
Total interest-bearing liabilities	962,280	$ 7,269	3.02 %	
Non-interest-bearing liabilities	137,035			
Stockholders' equity	281,662			
Total liabilities and stockholders' equity	$ 1,380,977			$
Net interest rate spread (2)		$ 7,524	1.43 %	
Net interest rate margin (3)			2.27 %	
Ratio of interest-earning assets to interest-bearing liabilities			138.05 %	

(1) Amount is net of deferred loan fees, loan discounts and loans in process, and includes deferred origination costs and loan premiums.
(2) Net interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.
(3) Net interest rate margin represents net interest income as a percentage of average interest-earning assets.

Credit Loss Recapture/Provision

For the three months ended September 30, 2023, the Company recorded a recapture of credit losses under the Current Expected Credit Loss ("CECL") metho

The ACL increased to $6.9 million $7.6 million as of September 30, 2023 March 31, 2024, compared to $4.4 million $7.3 million as of December 31, 2022 Dece

The Bank had no non-accrual loans of $401 thousand at September 30, 2023. March 31, 2024, which were greater than 90 days past due. Loan delinquencie

Non-interest Income

Non-interest income for the third first quarter of 2023 2024 totaled $331 $306 thousand, compared to $365 thousand for the third quarter of 2022.

Non-interest income totaled $880 $289 thousand for the first nine months quarter of 2023, compared to $907 thousand for the first nine months of 2022. The d

Non-interest Expense

Total non-interest expense was $7.0 million $7.8 million for the third first quarter of 2023, 2024, representing an increase of $909 thousand, $1.6 million, or 15.0

Table of $153 thousand, partially offset by a decrease Contents

The increase in professional services expense of $232 thousand.

Non-interest expense totaled $19.7 million for the first nine months of 2023, representing an increase of $1.4 million, or 7.4%, from $18.3 million for the first nir

The increase in compensation and benefits expense was primarily attributable to additional full-time employees that the Bank hired over the past twelve month

Income Taxes

Income taxes are computed by applying the statutory federal income tax rate of 21% and the combined California and Washington, D.C. income tax rate of 9.7

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For the nine months ended September 30, 2023, income tax expense was $806 thousand, compared to $1.7 million for the nine months ended September 30, 2023.

Financial Condition

Total Assets

Total assets increased decreased by $53.5 million $4.9 million at September 30, 2023 March 31, 2024, compared to December 31, 2022 December 31, 2023, r

Securities Available-For-Sale

Securities available-for-sale totaled $316.4 million $293.2 million at September 30, 2023 March 31, 2024, compared with $328.7 million $317.0 million at Decer

The table below presents the carrying amount, weighted average yields and contractual maturities of our securities as of September 30, 2023 March 31, 2024.

Available-for-sale:
Federal agency mortgage-backed securities
Federal agency CMO
Federal agency debt
Municipal bonds
U.S. Treasuries
SBA pools
Total

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Loans Receivable

Loans receivable held for investment, net of the ACL, increased by $67.3 million $46.0 million to $835.4 million $926.5 million at September 30, 2023 March 31 $25.5 million.

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The following tables present presents loan categories by maturity for the period indicated. Actual repayments historically have, and will likely in the future, diffe

One Year or Less

				March 31, 2024
	One Year or Less	More Than One Year to Five Years	More Than Five Years to 15 Years
			(Dollars in thousa
Loans receivable held for investment:			
Single family Single-family	$ 3,767 3,432	$ 8,642 8,984	$ 2,511 5,7
Multi-family	10,440 14,192	19,017 12,625	7,767 7,6
Commercial real estate	6,665 11,031	67,404 78,153	36,582 33,7
Church	4,690 4,412	4,618 3,057	3,588 5,1
Construction	26,219 26,586	30,703 37,569	24,891 26,1
Commercial - other	14,573 8,515	26,812 28,461	7,160 24,1
SBA loans	– 12	3,072 552	148 1
Consumer	20 14	–	
	$ 66,374 68,194	$ 160,268 169,401	$ 82,647 102,8
Loans maturities after one year with:			
Fixed rates			
Single family Single-family		$ 8,147 8,627	$ 1,774 3,5
Multi-family		14,596 8,282	3,293 4,1
Commercial real estate		60,755 73,370	23,751 22,1
Church		3,102 2,423	
Construction		8,553 10,564	22,099 22,2
Commercial - other		11,401 13,461	6,071 23,0
SBA loans		2,453 15	
Consumer		–	
		$ 109,007 116,742	$ 56,988 75,2
Variable rates			
Single family Single-family		$ 495 357	$ 737 2,1
Multi-family		4,421 4,343	4,474 3,5
Commercial real estate		6,649 4,783	12,831 11,6
Church		1,516 634	3,588 5,1
Construction		22,150 27,005	2,792 3,9
Commercial - other		15,411 15,000	1,089 1,0
SBA loans		619 537	148 1
Consumer		–	
		$ 51,261 52,659	$ 25,659 27,5
Total		$ 160,268 169,401	$ 82,647 102,8

Certain multi-family loans have adjustable-rate features based on the Secured Overnight Financing Rate but are fixed for the first five yea

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Allowance for Credit Losses

Effective January 1, 2023, the The Company accounts for credit losses on loans in accordance with ASC 326 – *Financial Instruments-Cre*

Since historical information (such as historical net losses) may not always, by itself, provide a sufficient basis for determining future expe

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The Company has a credit portfolio review process designed to detect problem loans. Problem loans are typically those of a substandard

The estimation of the appropriate level of the ACL requires significant judgment by management. Although management uses the best in

The ACL formerly known as the allowance for loan losses, was $6.9 million $7.6 million, or 0.82% 0.81% of gross loans held for investmen

There were no recoveries or charge-offs recorded during either the three or nine month periods ending September 30, 2023 March 31, 20

Collateral dependent loans at September 30, 2023 both March 31, 2024 and December 31, 2023 totaled $6.4 million, which had no an as

The Bank had non-accrual loans of $401 thousand at March 31, 2024, which were greater than 90 days past due. Loan delinquencies le

There were no non-performing loans as of September 30, 2023 compared to $144 thousand as of December 31, 2022. Non-performing lo

We believe that the ACL is adequate to cover currently expected losses in the loan portfolio as of September 30, 2023 March 31, 2024, b

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The following table details our allocation of the ALLL ACL to the various categories of loans held for investment and the percentage of loans in ea

Single family
Single-family
Multi-family
Commercial real estate
Church
Construction
Commercial and SBA
Consumer
Total allowance for loan losses

Goodwill and Intangible Assets

The core deposit intangible asset is amortized on an accelerated basis reflecting the pattern in which the economic benefits of the intangi

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An assessment of goodwill impairment was performed by a third party as of December 31, 2022 December 31, 2023, in which no impairm

Total Liabilities

Total liabilities increased decreased by $58.0 million $4.3 million to $962.6 million $1.1 billion at September 30, 2023 March 31, 2024 from

Deposits

Deposits decreased increased by $15.4 million $12.9 million to $671.5 million $695.5 million at September 30, 2023 March 31, 2024, from

The following table presents the maturity of time deposits as of the dates indicated:

September 30, 2023
March 31, 2024
Time deposits of $250,000 or less

Time deposits of more than $250,000
Total
Not covered by deposit insurance
December 31, 2022
December 31, 2023
Time deposits of $250,000 or less
Time deposits of more than $250,000
Total
Not covered by deposit insurance

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Borrowings

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had outstanding advances from the F

The Company enters into agreements under which it sells securities subject to an obligation to repurchase the same or similar securities.

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One relationship accounted for 77% 86% of our balance of securities sold under agreements to repurchase as of September 30, 2023 Ma

In connection with the New Market Tax Credit activities of the Company, CFC 45 is a partnership whose members include CFNMA and C

Stockholders' Equity

Stockholders' equity was $275.0 million, $281.3 million, or 22.2% 20.5%, of the Company's total assets, at September 30, 2023 March 31.

During the first quarter of 2022, the Company completed the exchange of all the Series A Fixed Rate Cumulative Redeemable Preferred

During the second quarter of 2022, the Company closed a private placement of shares of the Company's Senior Non-Cumulative Perpetu

In December of 2022, the Company issued a $5 million line of credit the Employee Stock Ownership Plan to purchase additional shares o

During the second quarter of 2023, the Company issued 92,720 shares of restricted stock to its officers and employees based on perform

On March 26, 2024, the Company issued 94,413 shares of restricted stock to its officers and employees under the Amended and Restate

During the first quarter of 2023, and the first quarter of 2022, the Company issued 9,230 and 5,898 shares of stock respectively, to its dire

All common stock share amounts and per share amounts above have been retroactively adjusted, as applicable, for the 1-for-8 reverse s

Tangible book value per common share is a non-GAAP measurement that excludes goodwill and the net unamortized core deposit intang

September 30, 2023:
March 31, 2024:
Common book value
Less:
Goodwill
Net unamortized core deposit intangible
Tangible book value

December 31, 2022:
December 31, 2023:
Common book value
Less:
Goodwill
Net unamortized core deposit intangible

Tangible book value

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Liquidity

The objective of liquidity management is to ensure that we have the continuing ability to fund operations and meet our obligations on a tir

The Bank's primary uses of funds include originations of loans, withdrawals of and interest payments on deposits, purchases of investme

The Bank had commitments to fund $15.1 million $448 thousand in loans that were approved but unfunded as of September 30, 2023. Ma

The Bank has a significant concentration of deposits with fivetwo customers that accounted for approximately 21% 12% of its deposits as

The Company's liquidity, separate from the Bank, is based primarily on the proceeds from financing transactions, such as the private plac

The Company recorded consolidated net cash outflows from investing activities of $61.5 million $23.4 million during the nine three months

The Company recorded consolidated net cash inflows outflows from financing activities of $52.9 million $3.0 million during the nine three r

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Capital Resources and Regulatory Capital

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum ca

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to provide reasonable assurance that the information that we are required to disclos

Under the supervision and with the participation of our PEO and PFO, management has evaluated the effectiveness of the design and op

A material weakness is a control deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a

The Company did not maintain a sufficient complement of personnel with appropriate levels of knowledge, experience, and training in inte

The control environment material weaknesses contributed to other material weaknesses within the Company's system of internal control

- Risk assessment – The Company did not appropriately identify and analyze risks to achieve its control objectives. This ineffective risk assessn
- Control activities – The Company did not design and implement effective controls over the consolidation, financial statement reporting, and the
- Monitoring activities – The Company's ongoing evaluation of internal controls failed to detect the issues described above, and as a result limite

Remediation Plan

In response to the material weaknesses that were identified, the Company has hired additional senior personnel with relevant experience

Management is actively engaged in the planning for, and implementation of, remediation efforts to address the material weaknesses. Add

Changes in Internal Control Over Financial Reporting

There

Except for the remediation activities discussed above, there were no other changes in the Company's internal control over financial repor

Inherent Limitations on Effectiveness of Controls

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives as specified above. N

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PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

None

Item 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed under Part I, Item 1A "Risk Factors" in the 2022 2023 Annual Report on Form 1

We identified

Our failure to meet the continued listing requirements of Nasdaq could result in a material weakness in delisting of our internal control

If we fail to satisfy the continued listing requirements of Nasdaq, such as the $1.00 minimum closing bid price or timely periodic financial reporting

Effective internal controls are necessary for the Company to compliance with Nasdaq's listing requirements, but we can provide reliable and accu

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

Item 3. DEFAULTS UPON SENIOR SECURITIES

None

Item 4. MINE SAFETY DISCLOSURES

Not Applicable

Item 5. OTHER INFORMATION

None

Item 6. EXHIBITS

	Exhibit Number*
3.1	
3.2	
3.3	
3.3 3.4	
31.1	
31.2	
32.1	
32.2	
101.INS	
101.SCH	
101.CAL	
101.DEF	
101.LAB	
101.PRE	
104	

* Exhibits followed by a parenthetical reference are incorporated by reference herein from the document filed by the Registrant with the SEC c

** Management contract or compensatory plan or arrangement.

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In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersign

Date: May 20, 2024 May 24, 2024

Date: May 20, 2024 May 24, 2024

I, Brian Argrett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Broadway Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to ma
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respect
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defin
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our super
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under ou
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about th
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most r
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reportin
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reas
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal

Date: May 20, 2024 May 24, 2024

I, Brenda J. Battey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Broadway Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to ma

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respect

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defin

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our super

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under ou

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about th

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most r

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reportin

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reas

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal

Date: May 20, 2024 May 24, 2024

The following statement is provided by the undersigned to accompany the foregoing Report on Form 10-Q pursuant to Title 18, Chapter 63, Secti

The undersigned certifies that the foregoing Report on Form 10-Q fully complies with the requirements of Section 13(a) of the Securities Exchang

Date: May 20, 2024 May 24, 2024

The following statement is provided by the undersigned to accompany the foregoing Report on Form 10-Q pursuant to Title 18, Chapter 63, Secti

The undersigned certifies that the foregoing Report on Form 10-Q fully complies with the requirements of Section 13(a) of the Securities Exchang

Date: May 20, 2024 May 24, 2024