

JULY 17, 2024

Broadway Financial Corporation

Annual Meeting of Stockholders



Cautionary Forward-Looking Statements

This presentation is for informational purposes only and does not purport to include a complete discussion of the topics mentioned and should not be relied upon as a basis for making an investment decision in the Company's securities. This presentation also includes "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements often include words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "may," "will," "could," "should," "believes," "predicts," "potential," "continue," and similar expressions, but the absence of such words or expressions does not mean a statement is not forward-looking. These forward-looking statements are subject to risks and uncertainties, including those identified below, which could cause actual future results to differ materially from historical results or from those anticipated or implied by such statements. The following factors, among others, could cause future results to differ materially from historical results or from those indicated by forward-looking statements included in this press release: (1) the level of demand for mortgage and commercial loans, which is affected by such external factors as general economic conditions, market interest rate levels, tax laws, and the demographics of our lending markets; (2) the direction and magnitude of changes in interest rates and the relationship between market interest rates and the yield on our interest-earning assets and the cost of our interest-bearing liabilities; (3) the rate and amount of loan losses incurred and projected to be incurred by us, increases in the amounts of our nonperforming assets, the level of our loss reserves and management's judgments regarding the collectability of loans; (4) changes in the regulation of lending and deposit operations or other regulatory actions, whether industry-wide or focused on our operations, including increases in capital requirements or directives to increase allowances for credit losses or make other changes in our business operations; (5) legislative or regulatory changes, including those that may be implemented by the current administration in Washington, D.C. and the Federal Reserve; (6) possible adverse rulings, judgments, settlements and other outcomes of litigation; (7) actions undertaken by both current and potential new competitors; (8) the possibility of adverse trends in property values or economic trends in the residential and commercial real estate markets in which we compete; (9) the effect of changes in economic conditions; (10) the effect of geopolitical uncertainties; (11) the impact of health crises on our future financial condition and operations; (12) the impact of any volatility in the banking sector due to the failure of certain banks due to high levels of exposure to liquidity risk, interest rate risk, uninsured deposits and cryptocurrency risk; and (13) other risks and uncertainties. All such factors are difficult to predict and are beyond our control. Additional factors that could cause results to differ materially from those described above can be found in our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K or other filings made with the SEC and are available on our website at <http://www.cityfirstbank.com> and on the SEC's website at <http://www.sec.gov>.

Forward-looking statements in this presentation speak only as of the date they are made, and we undertake no obligation, and do not intend, to update these forward-looking statements to reflect events or circumstances occurring after the date of this presentation, except to the extent required by law. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation.

OVERVIEW OF PRESENTATION

- ✓ Who We Are
- ✓ Our Business Strategy
- ✓ Performance Summary of 2023
- ✓ Update for Q1 2024
- ✓ Balance Sheet Update

WHO WE ARE

✓ Largest African American-led Minority Depository Institution in the U.S.

Our Bank Holding Company is Broadway Financial Corporation (“Broadway”)

- A Delaware Public Benefit Corporation striving to improve the economic health of the low-to-moderate (“LMI”)* income communities that we serve
- A SEC registrant whose Class A voting shares are publicly traded on the NASDAQ Capital Market under the symbol “BYFC”

We operate through our 100%-owned subsidiary, City First Bank, National Association (“City First”)

- A nationally chartered bank serving urban markets in the Washington D.C. Metro area and Southern California
- A Minority Depository Institution (MDI) and Community Development Financial Institution (CDFI)

✓ Market leader in mission focused banking

- Over \$1.37 billion in total depository assets as of March 31, 2024
- \$616 million, or 72%, of our originations since the start of 2021 were mission focused
- \$281 million in equity capital, providing capital for growth and resiliency in a recession

OUR DIFFERENTIATED PURPOSE

✓ **Broadway is one of two publicly traded public benefit corporations in the financial services industry**

“The corporation will focus on the low- and moderate-income urban communities served in ways that are efficient and profitable, that increase access to credit and capital for individuals and institutions located therein, and that improve the economic health of the communities located therein.” *

✓ **To deliver transformative impact in underserved urban communities**

- We believe that with the intentional, disciplined, and targeted provision of capital focused on beneficial results we can create, support, and champion economic opportunity for people in underserved communities.
- Our objective is to reduce the large racial wealth gap by prudently deploying capital to increase affordable housing, grow minority-owned businesses, and develop facilities and enterprises offering high quality education and other social services in LMI urban and minority communities.

This purpose drives our business strategy

* Excerpt from the Broadway Financial Corporation Certificate of Incorporation

OUR BUSINESS STRATEGY

✓ Targeted geographic markets

District of Columbia, Baltimore and their surrounding communities, The counties of Los Angeles, Ventura, Riverside, Orange, San Diego, San Bernardino and Santa Barbara, California

✓ Leveraging ONE City First partner relationships to deepen and scale our impact

We leverage the unique co-lending capabilities of our nonprofit ONE City First partners, such as City First Enterprises, to fulfill equity requirements, expand LTV and coverage for otherwise qualified and mission aligned customers serving minority and LMI communities.

✓ Targeted lending customer segments

Investment & Development

- Multifamily Affordable Housing

Facilities & Enterprise

- Nonprofit
- Small Business

TARGETED LENDING CUSTOMER SEGMENTS

Multi-family affordable housing

- ✓ Focus on financing smaller multi-family properties with loans generally ranging from \$500K to \$6 million for properties with 5 – 50 units
 - Large banks have difficulty originating and servicing this segment
- ✓ Demand is extremely high for the creation and preservation of affordable housing and strong public sector support for continued expansion of affordable housing in our urban markets
- ✓ Projects include naturally occurring* affordable housing and affordable housing development including public sector blended finance support
- ✓ Supporting experienced investors, nonprofit developers, and minority owner/operator

Nonprofit finance

- ✓ Primarily lending for the acquisition and development of community facilities providing necessary social services, including healthcare, education, housing, and healthy food access
- ✓ Specialized expertise in Charter School facility financing

Small business finance

- ✓ Focus on owner-occupied facilities and minority business owners

* Market rate but affordable to LMI households

PERFORMANCE SUMMARY OF 2023

2023 PERFORMANCE SUMMARY

\$000s	2021*	2022	2023
Total Interest Income % Change	\$24,272	\$36,269 46.5%	\$47,228 30.2%
Total Interest Expense % Change	\$3,749	\$3,409 -9.1%	\$17,766 421.1%
Net Interest Income After Provisions % Change	\$20,827	\$31,863 53.0%	\$28,529 -10.5%
Net Income (Loss) Attributable to BYFC % Change	\$(4,040)	\$5,636 N/A	\$4,514 -19.9%
Non-recurring costs (Pre-tax):			
Merger	\$5,600	\$ -	\$ -
Data Conversion	\$2,400	\$ -	\$ -

* Merger was completed on April 1, 2021

ACHIEVEMENTS IN 2023

✓ **Increased total interest income by 30.2% in 2023, compared to 2022**

- Total interest income has grown every quarter since the Merger on April 1, 2021

✓ **Grew net loan portfolio by 14.6%, or \$112.4 million, during 2023**

- Originated over \$162 million of loans during 2023, increasing net loans to \$880 million

✓ **Maintained pristine asset quality**

- Minimal NPLs and no real estate owned from foreclosures as of December 31, 2023

✓ **Adopted ASU 326 for estimating credit losses on loans and securities**

- Changeover to “CECL” from “ALLL” increased loan reserves by \$1.8 million and reduced retained earnings by \$1.3 million

ACHIEVEMENTS IN 2023 (Cont'd)

✓ Repurchased almost 245,000 voting shares from the FDIC on October 31, 2023

- Shares represented almost 4% of our voting stock, or the fifth largest voting position
- Obtained by the FDIC when it was appointed receiver for First Republic Bank

✓ Completed a reverse stock split on November 1, 2023

- Eliminated costs associated with notices from Nasdaq regarding minimum bid price
- Created a higher post-split price, enhancing the appeal of our stock for investors

✓ Rebuilt our deposit base after fallout from higher interest rates implemented by the Federal Reserve and the resulting bank failures

- Increased deposits by over \$36 million in the second half of 2023, bringing total deposits at year end to 99.4% of the balance of deposits at the beginning of the year

ACHIEVEMENTS IN 2023 (Cont'd)

✓ **Continued advancing our mission. During 2023, we deployed \$202 million in capital, with 68% in mission lending, including:**

- \$103 million was lent in LMI communities
- \$92 million in loans for affordable housing, creating or preserving 553 units of affordable housing
- \$18 million in loans to nonprofits, supporting an additional 620 community members served through community facility financing
- \$36 million in loans to small businesses retaining or creating 204 jobs
- \$30 million in loans supported 12 minority owned or led organizations
- \$23 million in loans supported 7 African American owned or led organizations
- \$17 million in green lending to the LMI communities we serve

✓ **Officially recertified as a BCorp effective March 31, 2023**

- City First Bank received a finalized score of 130.3 in 2023, minimum requirement for certification is 80

INTERNAL CONTROL REVIEW

While preparing the financial statements for the 3rd quarter of 2023, we discovered that certain controls over financial reporting were not performing as expected, evidencing material weaknesses in controls

- Certain previously unrecorded adjustments to various accounts were identified
- Pertained to prior periods and involved certain general ledger account reconciliations
- The adjustments were immaterial to both current and prior periods, so no amendments to previously filed reports were warranted
- Totaled \$8 thousand, net of taxes, increasing net income for the third quarter of 2023

Management responded vigorously to the weaknesses in controls and retained an independent third party to review certain related matters

- The Company has begun strengthening certain controls regarding general ledger account reconciliations, related supporting documentation requirements, month-end closing procedures, and managerial oversight
- Also, the Company has hired senior officers with experience in financial reporting and control procedures to enhance the design of control procedures, improve the effectiveness of implemented controls, and ensure that accounting staff are appropriately trained

UPDATE FOR Q1 2024

2024 PERFORMANCE SUMMARY

\$000s	Q12023	Q12024
Total Interest Income % Change	\$11,174	\$14,793 32.4%
Total Interest Expense % Change	\$2,900	\$7,269 150.7%
Net Interest Income After Provisions % Change	\$8,186	\$7,264 -11.3%
Net Income (Loss) Attributable to BYFC % Change	\$1,573	\$(164) N/A
Non-recurring costs (Pre-tax): Investigate internal controls	\$ -	\$ 695

ACHIEVEMENTS IN Q1 2024

- ✓ Grew total interest income by 32.4% in Q1 2024, compared to Q1 2023
- ✓ Increased net loan portfolio by 5.2%, or \$46.0 million, in Q1 2024, compared to December 31, 2023
 - Net portfolio was \$926 million as of March 31, 2024
 - Increased net portfolio 19.4%, or \$150.4 million, compared to March 31, 2023, and 43.7% since the investment by the U.S. Treasury of \$150 million in June 2022

- ✓ Maintained pristine asset quality
- ✓ Conducted an extensive review of internal controls for financial reporting and disclosure
 - We are strengthening our controls, and financial and accounting team in response to identified weaknesses
 - Profitable, excluding non-recurring costs for investigating internal control weaknesses

- ✓ Continued advancing our mission. During the 1st quarter of 2024, we deployed \$81 million in new loans with 78% in mission lending:
 - \$60 million was lent in LMI communities
 - \$25 million in loans for affordable housing, creating or preserving 541 units of affordable housing
 - \$38 million in loans to nonprofits, supporting an additional 1,250 community members served through community facility financing
 - \$38 million in loans supported 4 minority owned or led organizations
 - \$28 million in loans supported 3 African American owned or led organizations

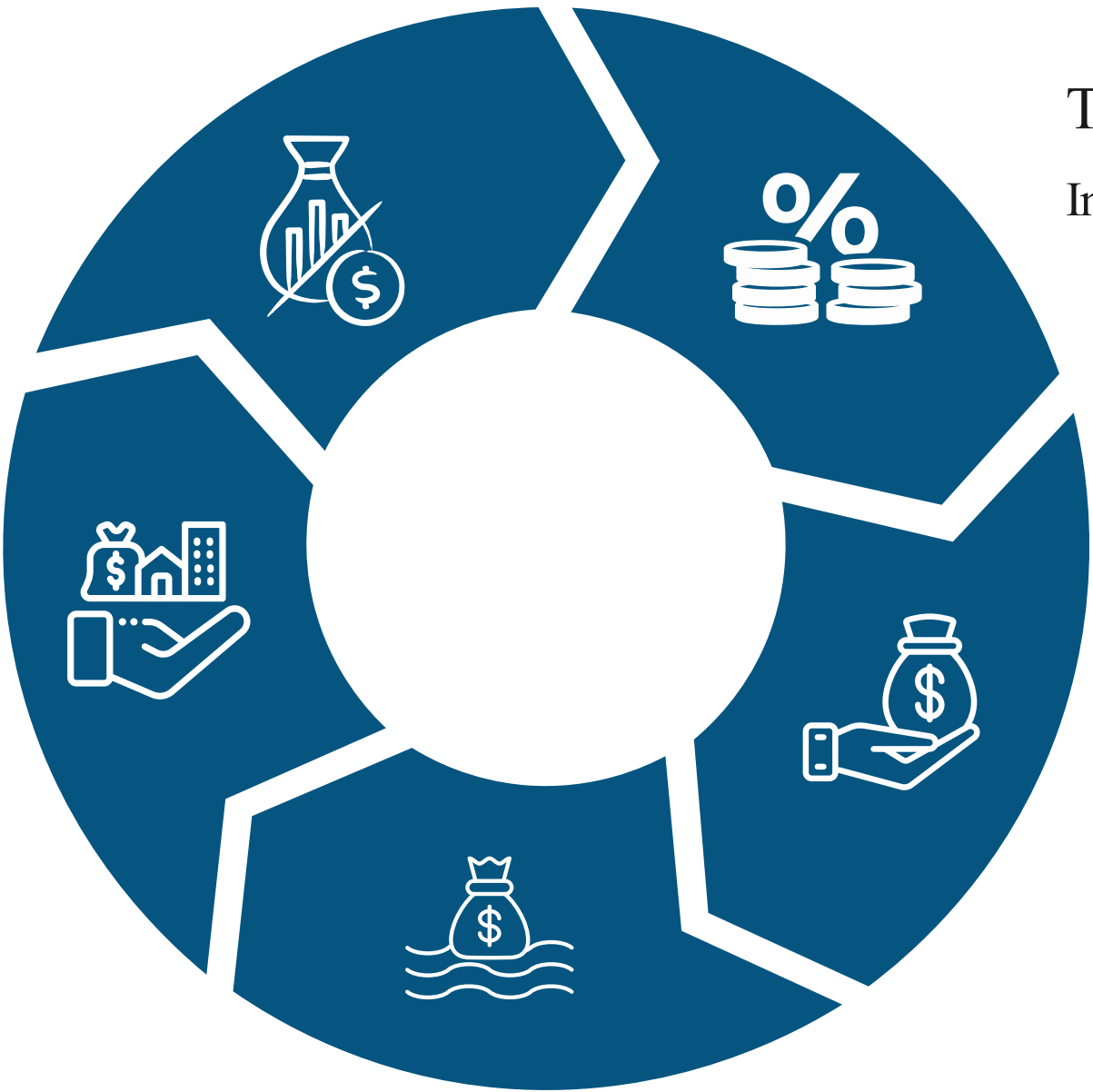
GROWTH SINCE MERGER*

Stockholders' Equity
Increased 229.6%, or over \$195 million

Total Quarterly Interest Income
Increased 291.7%, or over \$11 million

Total Assets
Increased 43.5%, or over \$415 million

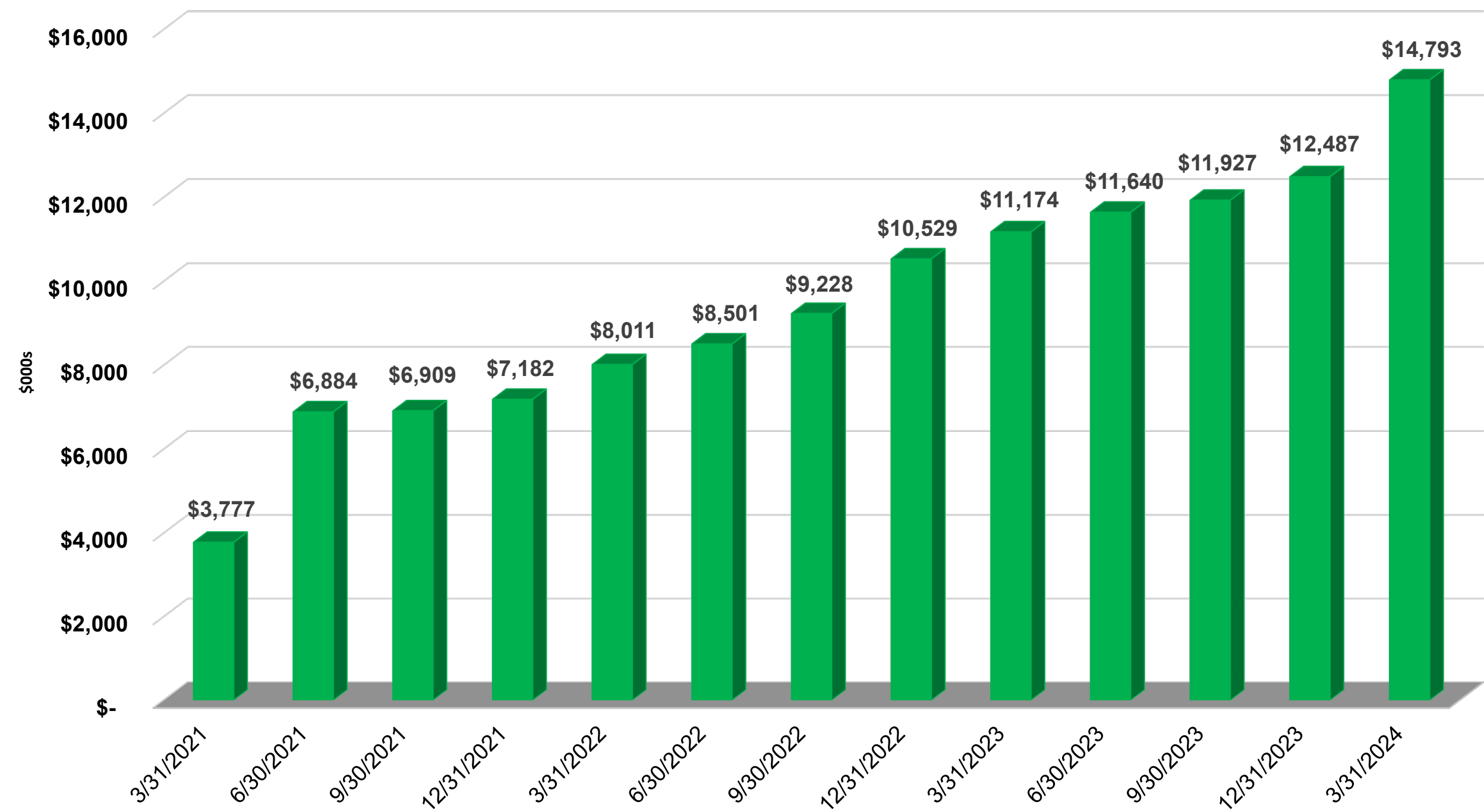
Total Loans
Increased 57.9%, or over \$342 million



* Numbers and percentages based on consolidated balances as of March 31, 2024, compared to pro forma consolidated balances as of March 31, 2021, the day prior to the closing of the Merger of Broadway and CFBanc Corporation

GROWING REVENUE STREAM*

Quarterly Interest Income

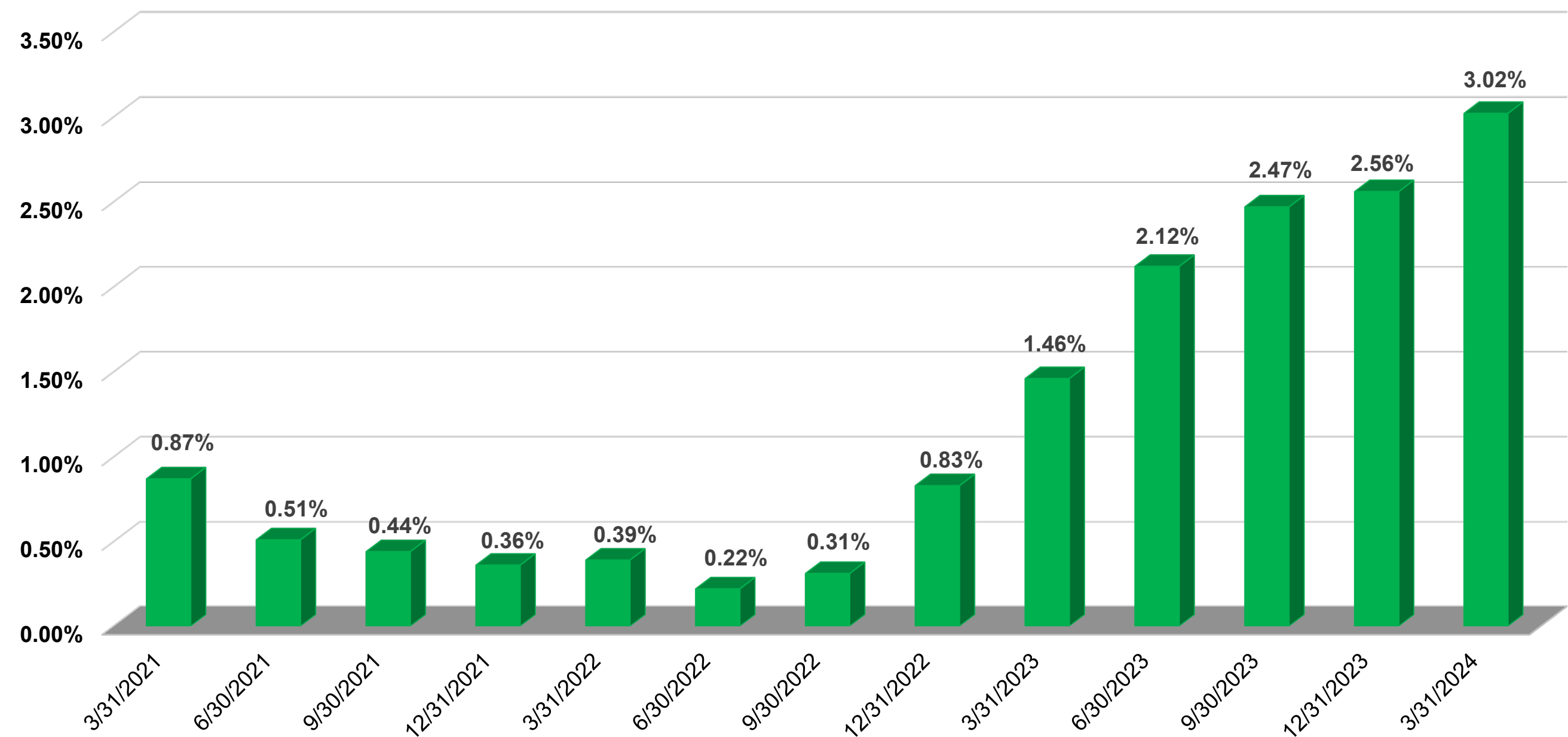


We have improved our business model since the Merger; quarterly interest income has increased 292% since the Merger and 32.4% in Q1 2024 over Q1 2023

* Merger was completed on April 1, 2021

BUT HIGHER COST OF FUNDS*

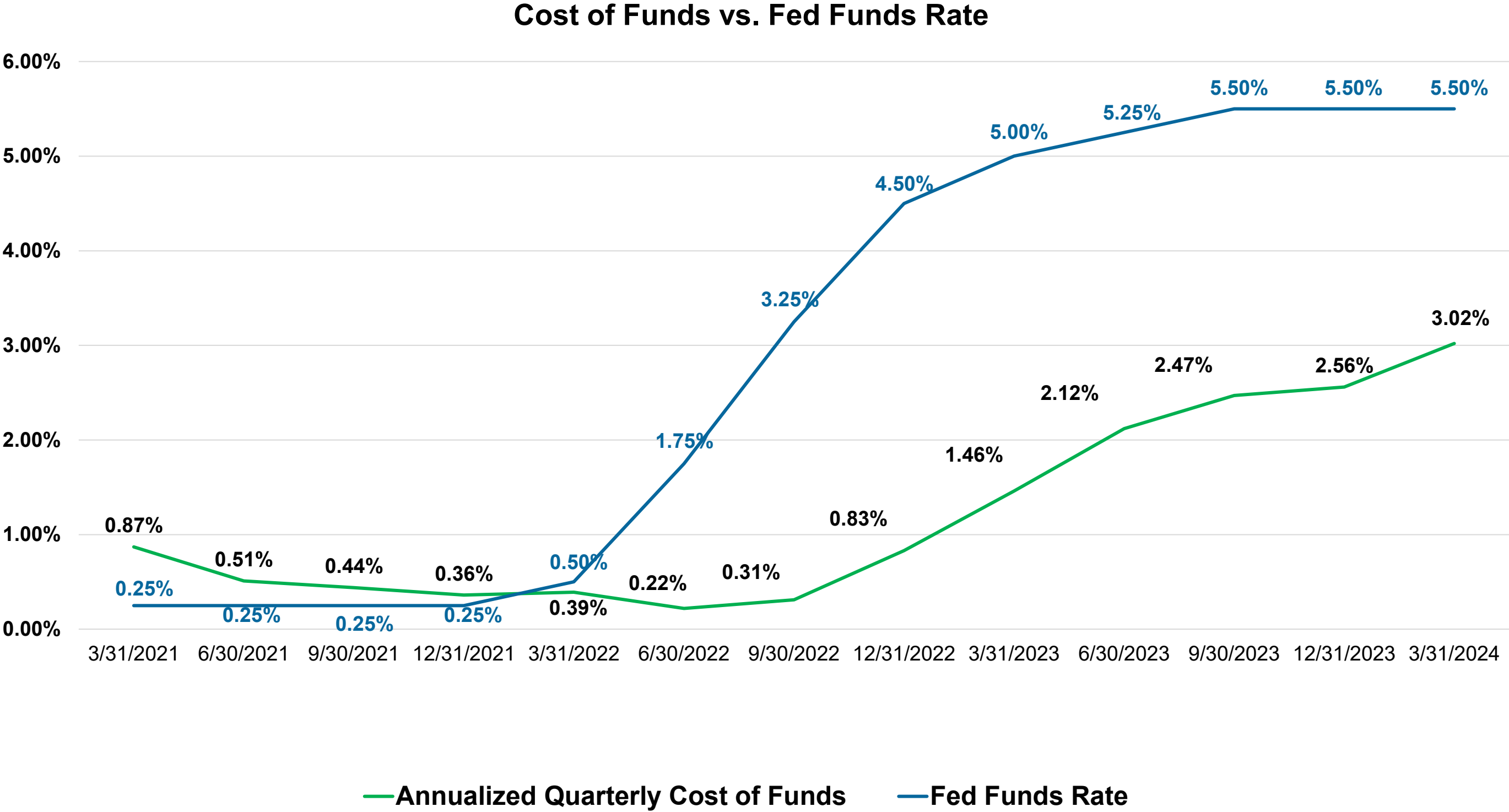
Annualized Quarterly Cost of Funds



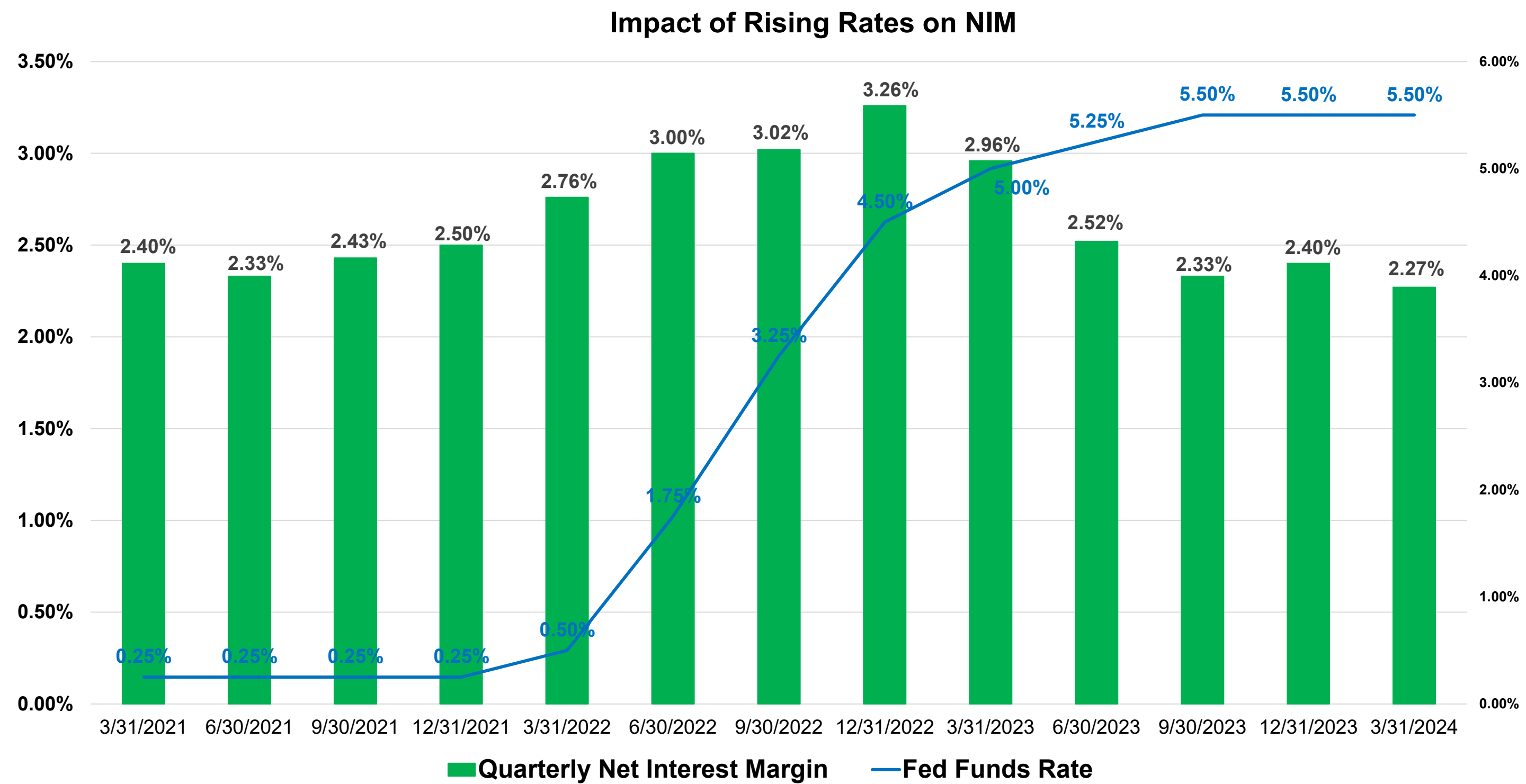
The Merger allowed us to improve our funding mix, which lowered the Bank's interest expense prior to rate increases implemented by the Federal Reserve

* Merger was completed on April 1, 2021. The increase in the cost of funds since the end of the 2nd Qtr. of 2022 reflects the higher rates paid on deposits and borrowings after the Federal Reserve started raising rates in March of 2022

DRIVEN BY HIGHER FED FUND RATES



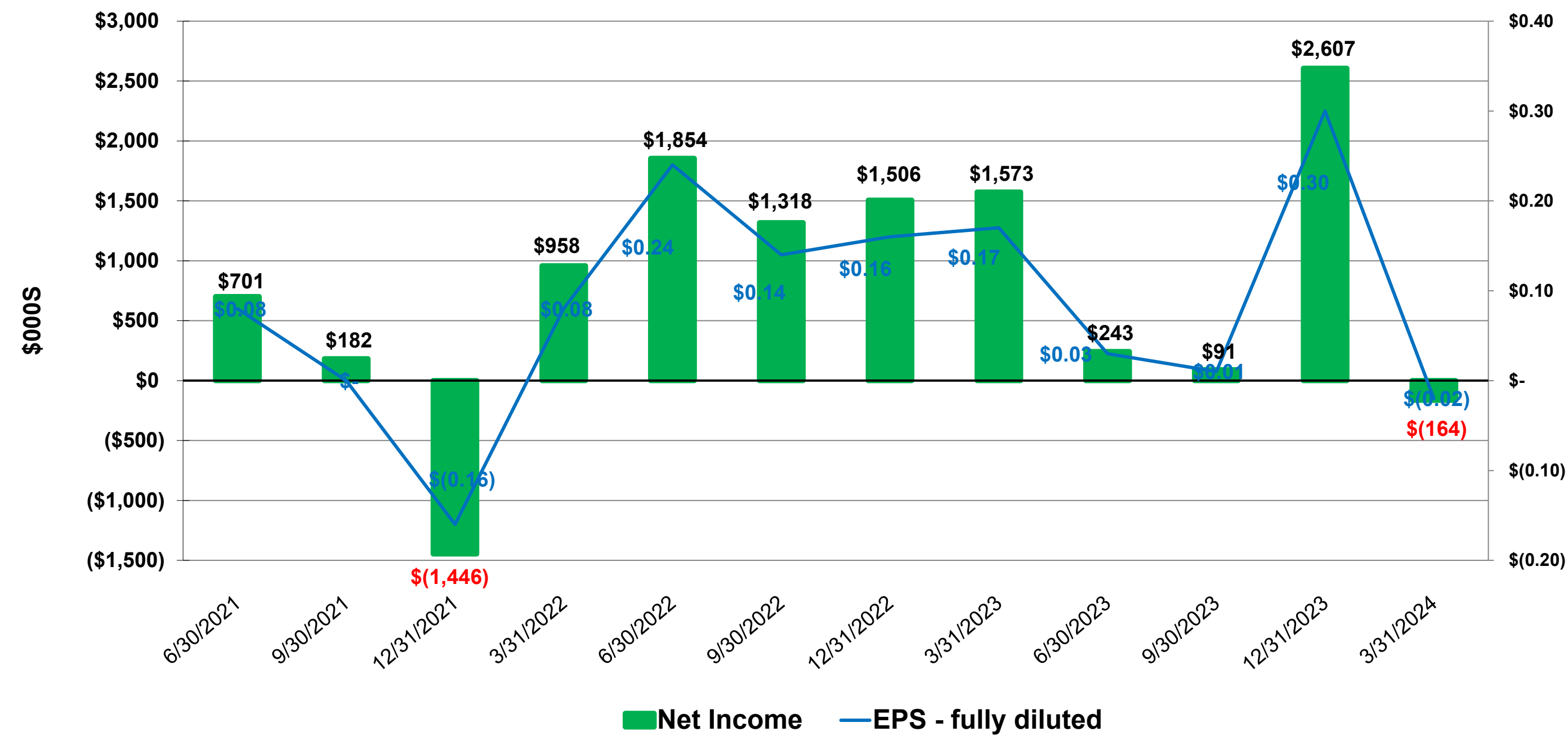
WHICH HAS SQUEEZED NET INTEREST MARGIN*



Our net interest margin increased 30.4% during 2022 as we captured opportunities to improve our asset utilization created by the Merger, but has been impacted subsequently by the rate increases implemented by the Federal Reserve

* Merger was completed on April 1, 2021

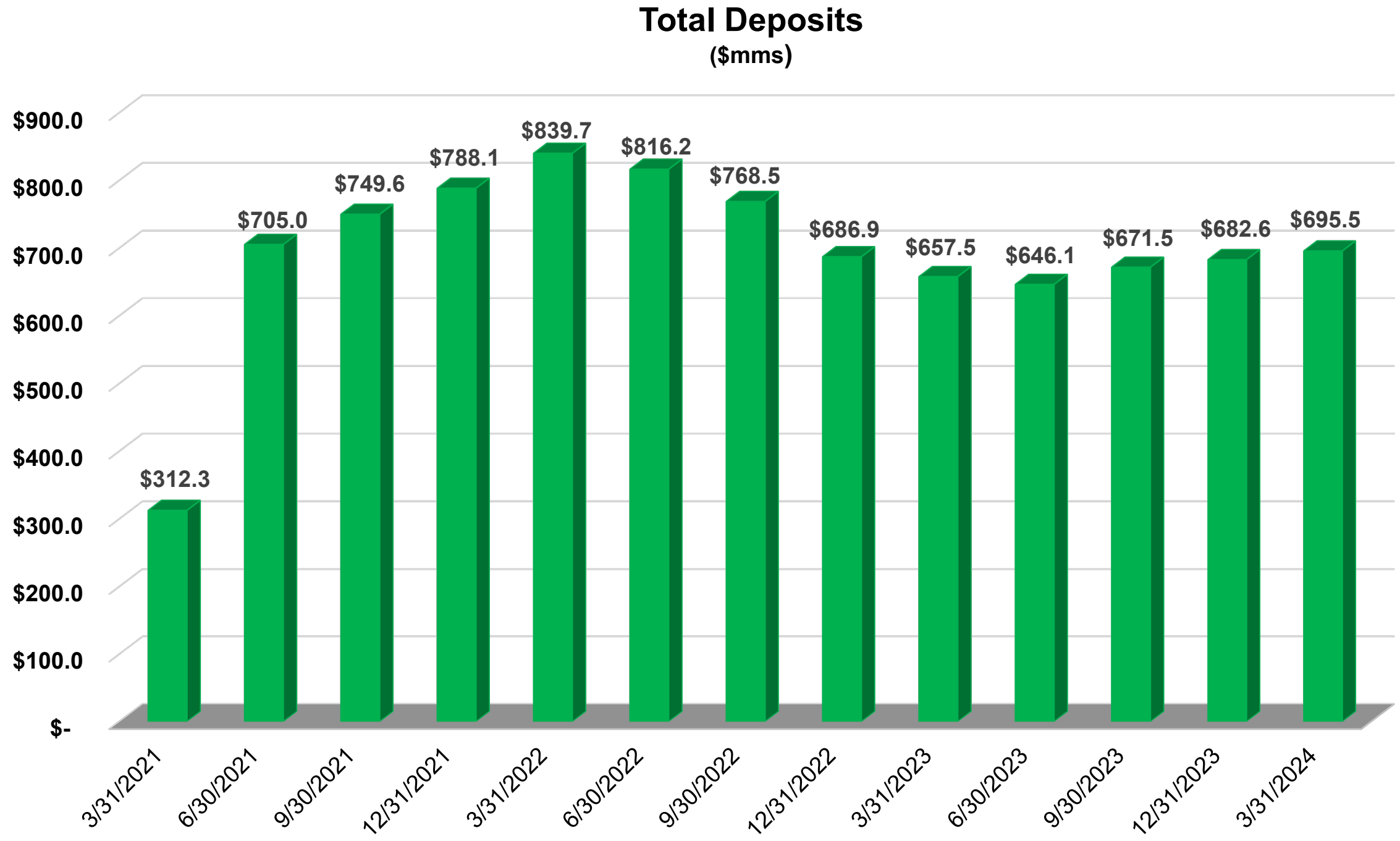
AND QUARTERLY PROFITS*



Improvements in our profits and eps have been impacted by non-recurring items and the increases in interest rates implemented by the Federal Reserve

* Merger was completed on April 1, 2021; non-recurring items include: costs of \$695 K investigating internal control weaknesses (Q1 24); \$4.1 MM of income from two awards from the U.S. Treasury (Q4 23); & costs of \$2 MM for data conversion (Q4 21)

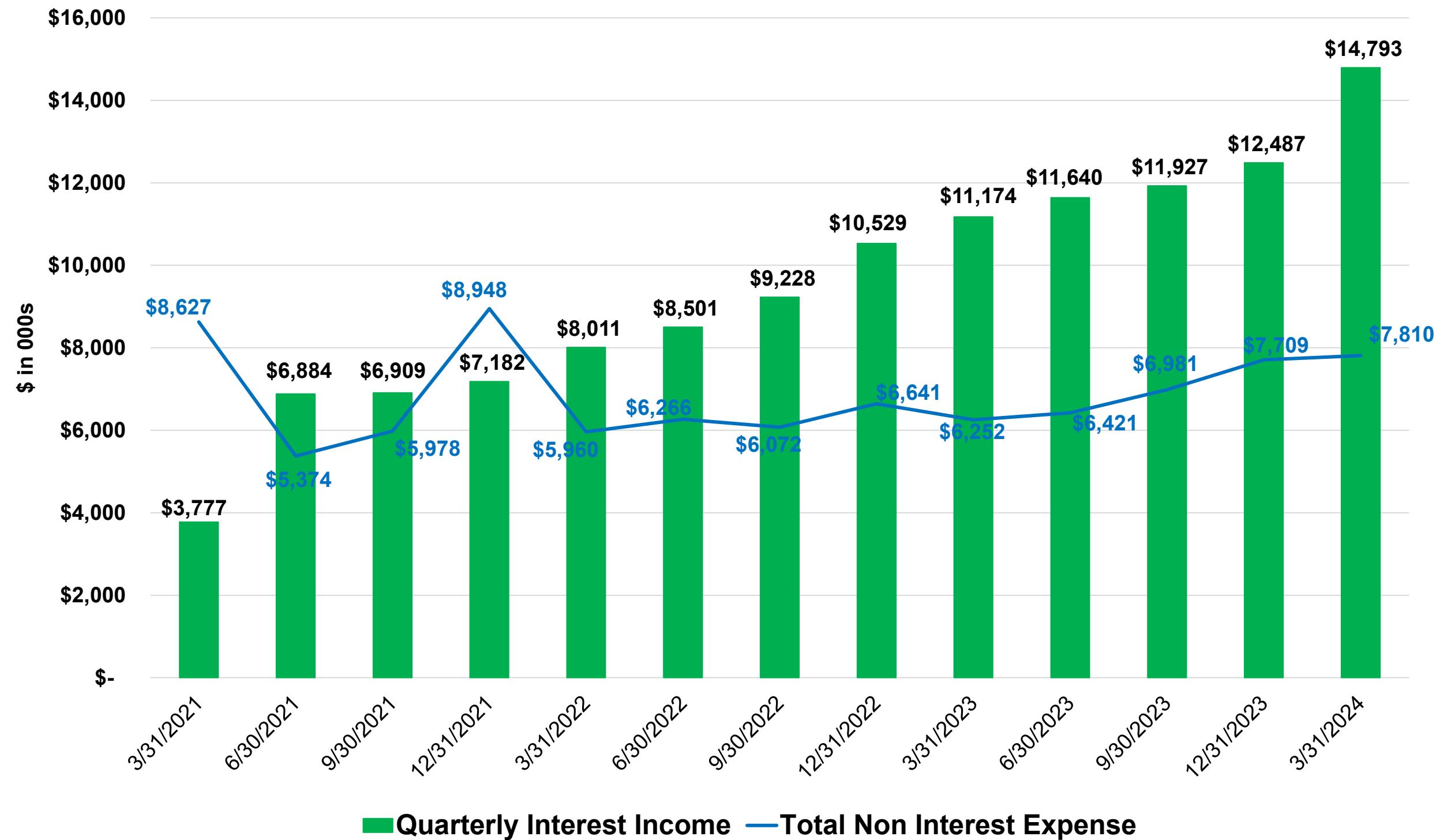
WE CONTINUE TO REBUILD OUR DEPOSITS*



The rate increases implemented by the Federal Reserve impacted the banking industry’s deposits, which required us to adapt to rebuild lower-cost deposits

* Merger was completed on April 1, 2021

AND IMPROVE OUR OPERATING LEVERAGE



We are realizing benefits from our investments in personnel and infrastructure

ENHANCED SENIOR MANAGEMENT TEAM

Since early 2023 we have been investing in our people and recruiting experienced senior officers to expand our capabilities and manage growth. Recent hires include:

- Zach Ibrahim, Executive Vice President and Chief Financial Officer
- Elizabeth Sur, Executive Vice President, General Counsel, and Chief Risk Officer
- Elise Adams, Senior Vice President and Chief Accounting Officer
- Gary Castellaw, Senior Vice President and Corporate Treasurer

In addition, we have hired managers and staff to fill various positions.

Recent hires include:

- Loan originations
- Underwriting
- Credit analysis, review, and administration
- Deposit gathering
- Bank operations
- And other areas

BALANCE SHEET UPDATE

STRONG BALANCE SHEET AS OF MARCH 31, 2024

\$281

Million in total equity or **20.5%** of total assets of \$1.37 billion

77.7%

Core* deposits ratio on total deposits of \$695 million

13.65%

Community Bank Leverage ratio

\$361.7

Millions in total liquidity (including borrowing capacity), representing 26.4% of total assets

One

Non-accrual loan for approximately \$400 thousand

We have capital to grow, capture economies of scale, and persevere in a recession

* Core deposits are total deposits less certificates of deposit

LIQUIDITY AS OF MARCH 31, 2024

Total Liquidity

Cash and Equivalents	\$67,122
Securities available for sale	\$293,243
Less: Pledges	<u>(173,835)</u>
Available securities for credit at Federal Reserve	119,408
Subtotal	186,530
Available credit at FHLB	165,170
Other bank lines of credit	10,000
Total Liquidity	<u>\$361,701</u>
Uninsured Deposits (excluding affiliates)	<u>(210,941)</u>
Excess Liquidity over Uninsured Deposits	<u>\$150,760</u>

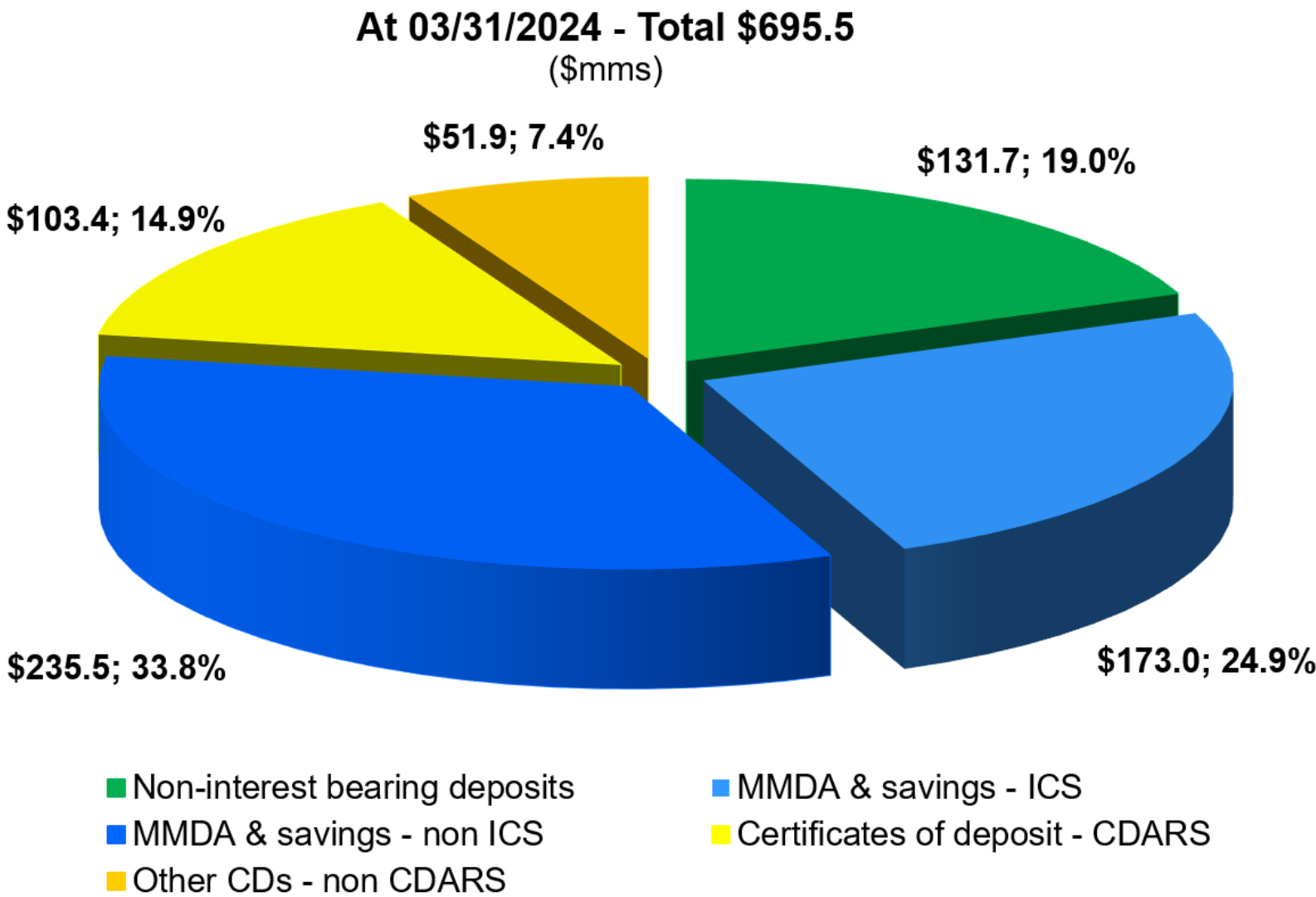
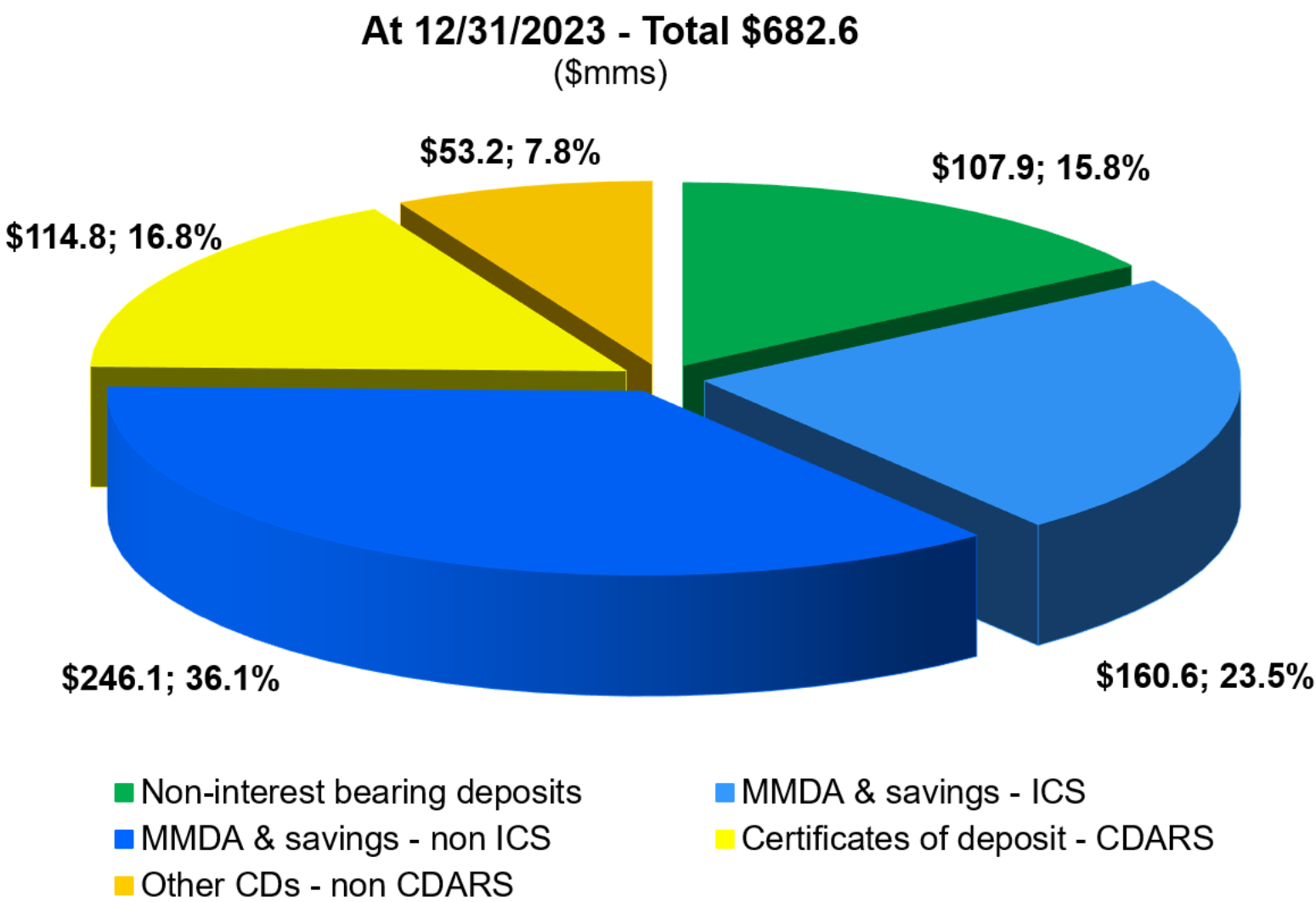
CAPITALIZATION AS OF MARCH 31, 2024

(\$000s)

Cash and Equivalents, plus securities	<u>\$ 360,365</u>
Debt	
Deposits	\$ 695,494
Securities sold under agreements to repurchase	71,681
FHLB advances	209,280
Bank Term Funding Program borrowing	100,000
Other borrowings-note payable repaid in Q1 2024	<u>-</u>
Total Debt	1,076,455
Stockholder's Equity	
Non-Cumulative Redeemable Perpetual Preferred Stock, Series C	150,000
Common Stock-Class A, B, and C, plus add'l paid in capital	142,746
Retained Earnings	12,388
Accumulated other comprehensive (loss) gain	(14,096)
Unearned ESOP shares and treasury stock	<u>(9,746)</u>
Total stockholders' equity	281,292
Total Capitalization	<u>\$1,357,747</u>

* Broadway had mark-to-market losses of \$571 thousand, net of taxes, in the 1st quarter of 2024. The Company had total net gains were \$3.9 million, net of taxes, during 2023, compared to net losses of \$16.9 million, net of taxes, during 2022

DEPOSIT MIX CHANGE



INSURED SAVINGS FOR IMPACT INVESTORS

- ✓ **We offer savings products with insurance beyond the FDIC limit through two programs offered by IntraFi:**
 - ✓ **CDARs** (Certificate of Deposit Account Registry Service) in conjunction with our City First Money Market Accounts of \$250,000
 - Offers competitive rates and provides optimal liquidity
 - Funds > \$250K are invested weekly in CDs of short duration, or laddered maturities from four weeks to five years
 - ✓ **ICS** (Insured Cash Sweep) places excess cash balances in demand accounts, money market deposit accounts, or both for depositors focused on savings (non-CDs)
 - Offers the options of unlimited program withdrawals or up to six program withdrawals per month
- ✓ **These products allow us to have a low percentage of uninsured deposits**
 - Only 26.6% of total deposits, excluding deposits from affiliates, as of December 31, 2023

WE ARE INTENTLY FOCUSED ON:

- ✓ Growing deposits and fee income (non-interest income)
- ✓ Investing in our employees and overall talent pool
- ✓ Enhancing internal controls
- ✓ Expanding revenue through improved offerings
- ✓ Creating economic opportunities to improve the communities that we serve

INVESTMENT PLATFORM FOR IMPACT INVESTORS

We are a leading national investment platform for impact investors and depositors

Largest African-American-led MDI in the U.S.

Bicoastal footprint with operations in Washington, D.C. and Los Angeles

Publicly traded common stock, trading at a steep discount to tangible book value

Quality loan and investment portfolios, with an “Outstanding” CRA rating

Over \$1.37 billion in depository assets as of March 31, 2024



Growing with opportunities to further improve margins, ROA, and ROE



Demonstrated potential to leverage community development and lending activities of our nonprofit ONE City First partners: City First Enterprises, City First Homes, and City First Foundation



Strong track record of investment and impact in our local communities



Strong mission governance and measurement: MDI, CDFI, BCorp, GABV*, and Delaware Public Benefit Corporation



Proven ability to attract long-term partners and deliver on low-cost mission aligned funding

* Global Alliance for Banking on Values is a network of independent banks using finance to deliver sustainable economic, social, and environmental development

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