City First Bank, National Association

Broadway Financial Corporation and City First Bank, National Association Excessive or Luxury Expenditure Policy

A. Purpose

The Board of Directors of Broadway Financial Corporation (the "Corporation") and City First Bank, National Association (the "Bank", and together with the Corporation, the "Company"), have adopted this Excessive or Luxury Expenditure Policy (the "Policy").

It is the Company's Policy to prohibit excessive or luxury expenditures with respect to the following:

- Entertainment and events;
- Office and facility renovations;
- Aviation or other transportation services; and
- Other activities or events that are not reasonable expenditures for conferences, staff development, reasonable performance incentives, or other similar measures conducted in the normal course of Bank or Bank business operations.

Executive management is responsible for the effective implementation of this Policy. To that end, executive management shall have the following roles:

- Monitor expenditures addressed by this Policy to ensure compliance.
- Document and justify any exceptions to this Policy and report exceptions to the Board.
- Ensure that the Policy is posted internally at the Bank.

This Policy applies to all employees of the Corporation and the Bank. Additionally, this Policy specifies prohibited expenditures, approval procedures for expenditures which require prior approval, certification requirements of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") the reporting of actual or suspected violations, and compliance monitoring.

B. Scope of Policy

The types and categories of expenditures covered by this Policy are as follows:

1. **Entertainment:** Entertainment is defined as an activity for which an employee or executive officer would use corporate funds for business-development purposes relating to a current customer or prospective customer or to further enhance the Corporation and the Bank's marketing efforts. The Policy is that all expenses incurred by the Corporation and the Bank should be for corporate purposes and used to develop business of the Corporation and the Bank. Business development and marketing activities geared toward customers and/or prospects such

as business meals or occasional recreational activities (e.g. golf outing) Occasional such as taking customers or prospects to eat lunch or dinner, or taking them to other events the customer/prospect would find pleasurable is a necessary part of marketing efforts and not deemed as "luxury" or a violation of this Policy. These expenses should be documented and detailed as to the benefit derived by them through the normal accounts payable process.

2. **Conferences/Events:** the Corporation and **t**he Bank encourage employees and officers to attend conferences that are appropriate educational (including professional development) opportunities. These conferences must be related to the financial services industry (including the community development finance industry) or the particular professional competency of the employee, and have a direct relationship to their job. Typically these conferences are sponsored by vendors, banking associations, or other industry-related entities. Meetings and conferences may include both those that are internally organized as well as those organized by other banks, trade associations, vendors and similar organizations. The cost of such meetings and conferences must be approved in advance by an immediate manager, the manager's manager, if applicable, the Chief Human Resource Officer and the Corporate Secretary, on behalf of the CEO (or at times, the CEO).

3. **Employee Recognition/Holiday Parties:** Employee recognition/holiday parties are part of the employee appreciation process. These events should be geographically local and reasonable in cost.

4. **Board/Management Retreats:** Retreats shall only be used for educational (including professional development) or business-planning purposes. Board education is a vital part of maintaining and keeping a dynamic director base and this Policy does not prohibit a retreat that is focused on strategic planning or education; the retreat must, however, be geographically local and reasonable in cost.

5. **Office and Facility Renovations:** Renovations of facilities and office spaces should be relative to the approved project and current business plan of the Corporation and the Bank. An exception will be permitted to address an emergency situation, such as an act of nature, where the expenditure is necessary to make the facility operational for normal business, including customer use. Expenditures for office furnishings, remodeling, or redecoration for any senior executive officer aggregate cost of which exceeds $25,000, are generally prohibited. This prohibition does not extend to a corporate relocation or remodeling impacting a majority of the corporate offices or a newly-constructed branch, branch renovation, or branch relocation.

6. **Aviation or Other Transportation Services:** Transportation for staff to outlying locations, including conferences, business development purposes, and merger and acquisition research, should be conducted in the most cost-appropriate way for the Corporation and the Bank. Modes of transportation to be used may consist of automobile (including taxi), bus, commercial air, or rail service. The selection of transportation services will factor in cost, efficiency, and timeliness of travel. Expenditures for the use of an automobile by officers and employees must be reasonable. Private air travel is prohibited.

7. **Tax Gross-Ups:** This category includes any reimbursement of taxes owed with respect to any compensation. This category does not apply to tax equalization agreements for employees subject to tax from a non-U.S. jurisdiction.

C. Expenditures Requiring Prior Approval

1. **General:** The following expenditures require the pre-approval of the CEO or the CFO if the amount exceeds $10,000 and are not otherwise prohibited by this Policy:
    a. entertainment, conferences, board/management retreats, or other events;
    b. office and facility renovations;
    c. aviation or other transportation services; and
    d. other similar items, activities, or events for which the Bank may reasonably anticipate incurring expenses or reimbursing an employee for incurring expenses.

2. **Exceptions:** Notwithstanding the foregoing, prior written approval is not required for the following expenditures:
    a. to remediate emergency or hazardous conditions;
    b. to comply with building codes and ordinances;
    c. to satisfy legal, contractual, or regulatory requirements; and
    d. under the Board-approved annual operating budget.

D. Administration

The CFO and accounting staff are responsible for the day-to-day administration of this Policy, and the CEO is accountable for overall adherence to this Policy and must approve any exceptions. Strict adherence to this Policy is mandated for all employees. Failure to adhere to this Policy will result in appropriate corrective action, up to and including immediate termination of employment.

Employees must promptly report any suspected violations of this Policy in writing to either (i) their immediate supervisor, or (ii) the CFO. The report should include the names of the individuals involved and details of the suspected violation. All reports will be promptly investigated and corrective action will be taken as appropriate. The Corporation and the Bank forbid retaliation against anyone who has reported a suspected violation or who participates in the investigation of a suspected violation.

E. Certification

On an annual basis, the Company will deliver to Treasury a certification, executed by two senior executive officers (one of which must be either the Company's principal executive officer or principal financial officer) certifying that (i) the Company complies with this policy and (ii) the approval of any expenditure requiring the prior approval of any senior executive officer, any executive officer of a substantially similar level of responsibility, or the Board (or a committee of such Board), was properly obtained with respect to each such expenditure.