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

FORM 10-Q

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

For the quarterly period ended September 30, 2026

☐ **TRANSITION REPORT 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** (Address of principal executive offices)	**90010** (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 November 6, 2026, 6,178,351 shares of the registrant's Class A voting common stock, 1,425,404 shares of the registrant's Class B non-voting common stock and 1,672,562 shares of the 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, 2026 (Unaudited)	December 31, 2025
Assets:		
Cash and due from banks	$ 1,824	$ 1,676
Interest-bearing deposits in other banks	47,486	8,831
Cash and cash equivalents	49,310	10,507
Securities available-for-sale, at fair value (amortized cost of $326,554 and $265,371)	305,410	256,835
Loans receivable held for investment, net of allowance of $9,964 and $9,424	1,132,690	1,016,540
Accrued interest receivable	7,518	5,999
Federal Home Loan Bank ("FHLB") stock	5,752	4,417
Federal Reserve Bank ("FRB") stock	3,543	3,543
Office properties and equipment, net	8,730	8,732
Bank owned life insurance	24,443	23,663
Deferred tax assets, net	10,379	6,711
Core deposit intangible, net	1,232	1,460
Other assets	7,916	7,162
Total assets	**$ 1,556,923**	**$ 1,345,569**
Liabilities and equity		
Liabilities:		
Deposits	$ 1,109,962	$ 917,603
Borrowings	99,000	72,000
Securities sold under agreements to repurchase	79,999	80,773
Accrued expenses and other liabilities	12,345	12,236
Total liabilities	**1,301,306**	**1,082,612**
Equity:		
Non-Cumulative Redeemable Perpetual Preferred stock, Series C; authorized 150,000 shares at September 30, 2026 and December 31, 2025; issued and outstanding 150,000 shares at September 30, 2026 and December 31, 2025; 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 September 30, 2026 and December 31, 2025; issued 6,505,579 shares at September 30, 2026 and 6,409,760 shares at December 31, 2025; outstanding 6,178,351 shares at September 30, 2026 and 6,082,532 shares at December 31, 2025	65	64
Common stock, Class B, $0.01 par value, non-voting; authorized 15,000,000 shares at September 30, 2026 and December 31, 2025; issued and outstanding 1,425,404 shares at September 30, 2026 and December 31, 2025	14	14
Common stock, Class C, $0.01 par value, non-voting; authorized 25,000,000 shares at September 30, 2026 and December 31, 2025; issued and outstanding 1,672,562 at September 30, 2026 and December 31, 2025	17	17
Additional paid-in capital	143,653	143,194
Accumulated deficit	(14,219)	(15,238)
Unearned Employee Stock Ownership Plan ("ESOP") shares	(3,680)	(3,869)
Accumulated other comprehensive loss, net of tax	(15,056)	(6,105)
Treasury stock-at cost, 327,228 shares at September 30, 2026 and at December 31, 2025	(5,326)	(5,326)
Total Broadway Financial Corporation and Subsidiary stockholders' equity	**255,468**	**262,751**
Non-controlling interest	**149**	**206**
Total liabilities and equity	**$ 1,556,923**	**$ 1,345,569**

See accompanying notes to unaudited consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Interest income:				
Interest and fees on loans receivable	$ 15,120	$ 13,418	$ 42,760	$ 39,360
Interest on available-for-sale securities	3,380	1,690	9,203	4,069
Other interest income	298	683	847	1,560
Total interest income	18,798	15,791	52,810	44,989
Interest expense:				
Interest on deposits	6,973	5,363	19,948	14,441
Interest on borrowings	1,929	1,811	4,423	6,131
Total interest expense	8,902	7,174	24,371	20,572
Net interest income	9,896	8,617	28,439	24,417
Provision for credit losses	668	679	2,349	2,139
Net interest income after provision for credit losses	9,228	7,938	26,090	22,278
Non-interest income:				
Service charges	36	47	124	131
Grants	55	145	185	275
Earnings on bank owned life insurance	264	61	780	83
Management fees	8	19	497	106
Other	133	150	449	470
Total non-interest income	496	422	2,035	1,065
Non-interest expense:				
Compensation and benefits	4,684	4,340	13,823	14,036
Occupancy expense	530	505	1,496	1,530
Information services	1,051	768	2,795	2,248
Professional services	629	624	1,786	2,112
Advertising and promotional expense	73	76	253	183
Supervisory costs	292	161	656	510
Corporate insurance	72	86	183	219
Amortization of core deposit intangible	76	78	228	236
Operational loss	-	(1,603)	-	340
Goodwill impairment	-	25,858	-	25,858
Other	924	625	2,602	1,965
Total non-interest expense	8,331	31,518	23,822	49,237
Income (loss) before income taxes	1,393	(23,158)	4,303	(25,894)
Income tax expense (benefit)	279	736	891	(54)
Net income (loss)	$ 1,114	$ (23,894)	$ 3,412	$ (25,840)
Less: Net (loss) income attributable to non-controlling interest	(28)	(11)	143	(20)
Net income (loss) attributable to Broadway Financial Corporation	$ 1,142	$ (23,883)	$ 3,269	$ (25,820)
Less: Preferred stock dividends	750	750	2,250	2,250
Net income (loss) attributable to common stockholders	$ 392	$ (24,633)	$ 1,019	$ (28,070)
Other comprehensive (loss) income, net of tax:				
Net income (loss)	$ 1,114	$ (23,894)	$ 3,412	$ (25,840)
Unrealized (losses) gains on securities available-for-sale arising during the period	(10,493)	2,266	(12,608)	6,009
Income tax effect	(3,043)	653	(3,657)	1,730
Other comprehensive (loss) income, net of tax	(7,450)	1,613	(8,951)	4,279
Comprehensive loss	$ (6,336)	$ (22,281)	$ (5,539)	$ (21,561)
Less: Net (loss) income attributable to non-controlling interest	(28)	(11)	143	(20)
Comprehensive loss attributable to Broadway Financial Corporation	$ (6,308)	$ (22,270)	$ (5,682)	$ (21,541)
Earnings (loss) per common share-basic	$ 0.04	$ (2.86)	$ 0.12	$ (3.27)
Earnings (loss) per common share-diluted	$ 0.04	$ (2.86)	$ 0.11	$ (3.27)

See accompanying notes to unaudited consolidated financial statements.

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

	Nine Months Ended September 30,	
	2026	2025
	(In thousands)	
Cash flows from operating activities:		
Net income (loss)	$ 3,412	$ (25,840)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Provision for credit losses	2,349	2,139
Depreciation and amortization	324	307
Loss on disposal of office properties and equipment	77	-
Net change of deferred loan origination costs	444	384
Net accretion of premiums and discounts on available-for-sale securities	(454)	(226)
Accretion of purchase accounting marks on loans	(70)	(201)
Amortization of core deposit intangible	228	236
Director compensation expense-common stock	168	168
Stock-based compensation expense	264	188
ESOP compensation expense	217	149
Earnings on bank owned life insurance	(780)	(83)
Goodwill impairment	-	25,858
Change in assets and liabilities:		
Net change in deferred taxes	(11)	(994)
Net change in accrued interest receivable	(1,519)	(648)
Net change in other assets	(754)	1,154
Net change in accrued expenses and other liabilities	109	(104)
Net cash provided by operating activities	4,004	2,487
Cash flows from investing activities:		
Net change in loans receivable held for investment	(118,873)	(15,510)
Principal payments on and maturities of available-for-sale securities	40,138	83,966
Purchases of available-for-sale securities	(100,867)	(117,874)
Purchase of FHLB stock	(24,826)	(8,771)
Proceeds from redemption of FHLB stock	23,491	12,360
Purchase of office properties and equipment	(399)	(134)
Purchases of bank owned life insurance	-	(20,000)
Net cash used in investing activities	(181,336)	(65,963)
Cash flows from financing activities:		
Net change in deposits	192,359	103,806
Net change in securities sold under agreements to repurchase	(774)	9,508
City First Bank Fund Manager II distribution	(200)	-
Dividends paid on ECIP preferred stock	(2,250)	(2,250)
Repayments of secured borrowings	-	(1,190)
Proceeds from FHLB borrowings	939,500	549,500
Repayments of FHLB borrowings	(912,500)	(637,532)
Net cash provided by financing activities	216,135	21,842
Net change in cash and cash equivalents	38,803	(41,634)
Cash and cash equivalents at beginning of the period	10,507	61,365
Cash and cash equivalents at end of the period	$ 49,310	$ 19,731
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 24,083	$ 19,928
Cash paid for income taxes	1,274	-

See accompanying notes to unaudited consolidated financial statements.

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

	Three Month Periods Ended September 30, 2026 and 2025									
	Preferred Stock Non-Voting	Common Stock Voting	Common Stock Non-Voting	Additional Paid-in Capital	Accumulated Other Comprehensive Loss, Net	(Accumulated Deficit) Retained Earnings	Unearned ESOP Shares	Treasury Stock	Non-Controlling Interest	Total Equity
	(In thousands)									
Balance at June 30, 2026	**$ 150,000**	**$ 65**	**$ 31**	**$ 143,494**	**$ (7,606)**	**$ (14,611)**	**$ (3,743)**	**$ (5,326)**	**$ 177**	**$262,481**
Net income	-	-	-	-	-	1,142	-	-	(28)	1,114
Release of unearned ESOP shares	-	-	-	8	-	-	63	-	-	71
Stock-based compensation expense	-	-	-	151	-	-	-	-	-	151
Dividends declared and paid - preferred	-	-	-	-	-	(750)	-	-	-	(750)
Other comprehensive loss, net of tax	-	-	-	-	(7,450)	-	-	-	-	(7,450)
Balance at September 30, 2026	**$ 150,000**	**$ 65**	**$ 31**	**$ 143,653**	**$ (15,056)**	**$ (14,219)**	**$ (3,680)**	**$ (5,326)**	**$ 149**	**$255,617**
Balance at June 30, 2025	**$ 150,000**	**$ 64**	**$ 31**	**$ 143,266**	**$ (8,557)**	**$ 9,290**	**$ (4,089)**	**$ (5,326)**	**$ 210**	**$284,889**
Net loss	-	-	-	-	-	(23,883)	-	-	(11)	(23,894)
Release of unearned ESOP shares	-	-	-	(14)	-	-	64	-	-	50
Stock-based compensation expense	-	-	-	(22)	-	-	-	-	-	(22)
Dividends declared and paid - preferred	-	-	-	-	-	(750)	-	-	-	(750)
Other comprehensive income, net of tax	-	-	-	-	1,613	-	-	-	-	1,613
Balance at September 30, 2025	**$ 150,000**	**$ 64**	**$ 31**	**$ 143,230**	**$ (6,944)**	**$ (15,343)**	**$ (4,025)**	**$ (5,326)**	**$ 199**	**$261,886**

Nine Month Periods Ended September 30, 2026 and 2025

	Preferred Stock Non-Voting	Common Stock Voting	Common Stock Non-Voting	Additional Paid-in Capital	Accumulated Other Comprehensive Loss, Net	(Accumulated Deficit) Retained Earnings	Unearned ESOP Shares	Treasury Stock	Non-Controlling Interest	Total Equity
					(In thousands)					
Balance at December 31, 2025	**$ 150,000**	**$ 64**	**$ 31**	**$ 143,194**	**$ (6,105)**	**$ (15,238)**	**$ (3,869)**	**$ (5,326)**	**$ 206**	**$ 262,957**
Net income	-	-	-	-	-	3,269	-	-	143	3,412
Release of unearned ESOP shares	-	-	-	28	-	-	189	-	-	217
Stock-based compensation expense	-	1	-	263	-	-	-	-	-	264
Director stock compensation expense	-	-	-	168	-	-	-	-	-	168
Dividends declared and paid - preferred	-	-	-	-	-	(2,250)	-	-	-	(2,250)
City First Bank Fund Manager II Distribution	-	-	-	-	-	-	-	-	(200)	(200)
Other comprehensive loss, net of tax	-	-	-	-	(8,951)	-	-	-	-	(8,951)
Balance at September 30, 2026	**$ 150,000**	**$ 65**	**$ 31**	**$ 143,653**	**$ (15,056)**	**$ (14,219)**	**$ (3,680)**	**$ (5,326)**	**$ 149**	**$ 255,617**
Balance at December 31, 2024	**$ 150,000**	**$ 63**	**$ 31**	**$ 142,902**	**$ (11,223)**	**$ 12,727**	**$ (4,201)**	**$ (5,326)**	**$ 219**	**$ 285,192**
Net loss	-	-	-	-	-	(25,820)	-	-	(20)	(25,840)
Release of unearned ESOP shares	-	-	-	(27)	-	-	176	-	-	149
Stock-based compensation expense	-	1	-	187	-	-	-	-	-	188
Director stock compensation expense	-	-	-	168	-	-	-	-	-	168
Dividends declared and paid - preferred	-	-	-	-	-	(2,250)	-	-	-	(2,250)
Other comprehensive income, net of tax	-	-	-	-	4,279	-	-	-	-	4,279
Balance at September 30, 2025	**$ 150,000**	**$ 64**	**$ 31**	**$ 143,230**	**$ (6,944)**	**$ (15,343)**	**$ (4,025)**	**$ (5,326)**	**$ 199**	**$ 261,886**

See accompanying notes to unaudited consolidated financial statements.

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; and City First Capital IX, LLC 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 ("GAAP") 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, 2025, (the "2025 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 nine months ended September 30, 2026 are not necessarily indicative of the results that may be expected for the year ending December 31, 2026.

The Company operates one reportable segment — banking. The Company's chief executive officer is its chief operating decision maker ("CODM"). The CODM assesses operating performance and manages the allocation of resources primarily based on the Company's consolidated operating results and financial condition. The factors considered in making this determination include that all of the banking products and services offered by the Company are available in each branch of the Company, management does not allocate resources based on the performance of different lending or transaction activities, and how information is reviewed by the chief executive officer and other key decision makers. The CODM uses consolidated net income to benchmark the Company against its competitors and to monitor budget to actual results. As a result, the Company determined that all services offered relate to banking. Loans, investments, and deposits provide the revenues in the banking operation. Interest expense, provisions for credit losses and payroll provide the significant expenses in the banking operation. See the Company's operating segment information in the unaudited consolidated statements of financial condition and the unaudited consolidated statements of operations and comprehensive loss.

Accounting Pronouncements Recently Issued

In November of 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-08 – *Financial Instruments-Credit Losses (Topic 326): Purchased Loans*. The amendments in this ASU expand the population of acquired financial assets subject to the "gross-up" approach in Accounting Standards Codification ("ASC") Topic 326. In accordance with this ASC, loans (excluding credit card loans) acquired without evidence of credit deterioration since their origination that are deemed to be "seasoned" (as defined in the Codification) are determined to be "purchased seasoned loans" and are to be accounted for using the gross-up approach at acquisition. Prior to this ASU, for loans that were not determined to be purchased credit deteriorated loans, GAAP required that an allowance for credit losses be established for purchased loans through a provision for credit losses at the acquisition date. The gross-up approach allows an entity to record the acquisition-date allowance for credit losses for purchased seasoned loans through an offsetting addition to the amortized cost basis of the loan (rather than through the provision for credit losses). The ASU does not impact the accounting for loans that were acquired in periods prior to adoption of the ASU. The amendments in ASU 2025-08 will become effective for the Company in the first quarter of 2027; early adoption is permitted. The amendments in the ASU will not affect the Company's accounting for loans in its portfolio on the date of adoption; however, loans acquired after the adoption date will be accounted for in accordance with the provisions of this ASU.

In December of 2025, the FASB issued ASU 2025-10 – *Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities*. Prior to the issuance of this ASU, GAAP did not provide authoritative guidance about the recognition, measurement, and presentation of a grant received by a business entity from a government. The amendments in this ASU establish the accounting for a government grant received by a business entity, including guidance for (1) a grant related to an asset and (2) a grant related to income. The newly issued guidance requires that a government grant received by a business entity should not be recognized until: (1) it is probable that a business entity will comply with the conditions attached to the grant and that the grant will be received; and (2) a business entity meets the recognition guidance for a grant related to an asset or a grant related to income. The ASU also prescribes requirements for the subsequent income recognition, presentation matters, and financial statement disclosures related to government grants. The guidance in this ASU will be effective for the Company beginning on January 1, 2029. Early adoption is permitted. The requirements in this ASU are similar to the guidance that the Company has been applying for accounting for government grants by analogy to guidance issued by other accounting standard setters and authoritative bodies. The Company does not expect that the adoption of this guidance will materially impact its financial condition or results of operations.

In December of 2025, the FASB issued ASU 2025-11 – *Interim Reporting (Topic 270): Narrow-Scope Improvements*. The amendments in this guidance clarify interim disclosure requirements and the applicability of ASC 270 by providing a comprehensive list of interim period disclosures that are required by GAAP. The updates in ASU 2025-11 also include a disclosure principal that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. The amendments in ASU 2025-11 will become effective for the Company for interim reporting periods beginning in the first quarter of 2028. Early adoption is permitted. The amendments in this ASU are not expected to have a material effect on the Company's financial position or results of operations; however, the required disclosures will be added to the Company's interim financial statements issued after the effective date.

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 2025 Form 10-K.

Allowance for Credit Losses - Loans

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 allowance for credit losses ("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.

During the quarter ended March 31, 2026, the Company transitioned from using the weighted average remaining maturity ("WARM") method for measuring the ACL to a discounted cash flow ("DCF") method. Concurrently, the Company also changed the way that qualitative factors are applied in the estimation of the ACL. These changes are intended to improve the precision of the expected credit loss calculations. These changes are considered a change in accounting estimate, rather than a change in accounting principle, as they result from an improved estimation methodology rather than a fundamental change in the underlying accounting framework. The changes in estimation techniques and certain related inputs and assumptions used to estimate expected credit losses on the Company's loan portfolio and unfunded commitments did not materially impact the Company's results of operations or financial condition.

The Company's DCF methodology incorporates a probability of default ("PD") and loss given default ("LGD") model, whereby PDs and LGDs are forecasted using economic scenarios over a reasonable and supportable period to generate estimates for cash flows expected to be collected over the estimated life of a loan. Estimates of future expected cash flows ultimately reflect assumptions made concerning net credit losses over the life of a loan. The model also incorporates management's assumptions regarding prepayments and curtailments. The use of reasonable and supportable forecasts, including the determination of the appropriate length of the forecast horizon, requires significant judgment. Management leverages peer data as well as economic projections from an independent third party to inform and provide its reasonable and supportable economic forecasts. Other internal and external indicators of economic forecasts may also be considered by management when developing the forecast metrics.

The Company's ACL model forecasts PD and LGD over a one-year time horizon, which the Company believes is a reasonable and supportable period. Beyond the one-year forecast time horizon, the Company's ACL model reverts to historical long-term average loss rates over the remaining contractual periods. The duration of the forecast horizon, the period over which forecasts revert to long-term averages, the economic forecasts that management utilizes, as well as additional internal and external indicators of economic forecasts that management considers, may change over time depending on the nature and composition of the Company's loan portfolio. Changes in economic forecasts, in conjunction with changes in loan specific attributes, impact a loan's PD and LGD, which can drive changes in the determination of the ACL.

Expectations of future cash flows are discounted at the loan's effective interest rate. The resulting ACL for a loan represents the amount by which the loan's amortized cost exceeds the net present value of a loan's discounted cash flows. The ACL is recorded through a charge to provision for credit losses and is reduced by charge-offs, net of recoveries on loans previously charged-off. It is the Company's policy to charge-off loan balances at the time they have been deemed uncollectible.

Prior to March 31, 2026, the Company measured the ACL for each of its loan segments using the WARM method. The weighted average remaining life, including the effect of estimated prepayments, was calculated for each loan pool on a quarterly basis. The Company then estimated 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.

In conjunction with the conversion to DCF methodology, the bank has adopted a new scorecard-based methodology for estimating the qualitative reserve factors. The purpose of the qualitative scorecard is to provide a framework to reliably and consistently determine reasonable and supportable qualitative estimates of the expected credit losses in the current loan portfolio compared to losses expected from the quantitative analysis. The appropriate qualitative reserve is derived by loan segment from incremental risk statuses for each qualitative factor. The risk statuses in the scorecard range from "very low risk" to "critical risk." A qualitative reserve allocation is made to each portfolio based on the risk assessment. All inputs and assumptions in the qualitative scorecard were individually assessed to determine the proper risk status, and all decisions were made independently of the previous qualitative analysis. 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 recapture 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 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 the 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.

NOTE 2 – Earnings (Loss) Per Share and Equity

Basic earnings (loss) per share of common stock is computed pursuant to the two-class method by dividing net income (loss) attributable 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 this calculation unless unearned. Diluted earnings (loss) 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 (loss) per share of common stock for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in thousands, except share and per share data)			
Net income (loss) attributable to Broadway Financial Corporation	$ 1,142	$ (23,883)	$ 3,269	$ (25,820)
Net (income) loss attributable to participating securities	(8)	-	(24)	-
Preferred stock dividends	(750)	(750)	(2,250)	(2,250)
Net income (loss) allocated to common stock	$ 384	$ (24,633)	$ 995	$ (28,070)
Weighted average common shares outstanding for basic earnings (loss) per common share	8,682,092	8,617,707	8,644,704	8,581,883
Add: Effects of unvested restricted stock awards	189,821	-	209,845	-
Weighted average common shares outstanding for diluted earnings (loss) per common share	8,871,913	8,617,707	8,854,549	8,581,883
Earnings (loss) per common share - basic	$ 0.04	$ (2.86)	$ 0.12	$ (3.27)
Earnings (loss) per common share - diluted	$ 0.04	$ (2.86)	$ 0.11	$ (3.27)

Series C, Senior Non-Cumulative Perpetual Preferred Stock

On June 7, 2022 (the "Original Closing Date"), the Company issued 150,000 shares of Series C Preferred Stock with a liquidation preference of $1,000 per share for the capital investment of $150 million from the U.S. Treasury under the Emergency Capital Investment Program ("ECIP").

The Series C Preferred Stock accrued no dividend for the first 24 months following the investment date. Thereafter, the dividend rate will be adjusted based on the qualified lending growth criteria listed in the terms of the ECIP investment with the annual dividend rate up to 2%. After the tenth anniversary of the investment date, the dividend rate will be fixed based on the average annual amount of lending in years 2 through 10. Dividends are payable quarterly in arrears on March 15, June 15, September 15, and December 15.

Established by the Consolidated Appropriations Act, 2021, the ECIP was created to encourage low- and moderate-income community financial institutions and minority depository institutions to provide loans, grants, and forbearance for small businesses, minority-owned businesses, and consumers, especially low-income and underserved communities, including persistent poverty counties, that may be disproportionately impacted by the economic effect of the COVID-19 pandemic by providing direct and indirect capital investments in low- and moderate-income community financial institutions.

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 regulatory capital treatment), subject to the approval of the appropriate federal banking regulator and in accordance with the federal banking agencies' regulatory capital regulations.

On January 14, 2025, the Company entered into a Securities Purchase Option Agreement (the "Option Agreement") with the U.S. Treasury, which grants the Company the conditional option to repurchase the Series C Preferred Stock during the first 15 years following the Company's issuance of the Preferred Stock. The purchase price for the Series C Preferred Stock under the Option Agreement is based on a formula equal to the present value of the Series C Preferred Stock as of the closing date, calculated as set forth in the Option Agreement, together with any accrued and unpaid dividends thereon and could represent a substantial discount from the Preferred Stock's liquidation amount.

The purchase option may not be exercised during the first 10 years following the Company's sale of the Series C Preferred Stock unless and until the Company meets at least one of the following three conditions (the "Threshold Conditions"): (1) an average of at least 60% of the Company's loan originations qualify as "Deep Impact Lending" over any 16 consecutive quarters, (2) an average of at least 85% of the Company's total originations qualify as "Qualified Lending" over any 24 consecutive quarters or (3) the Series C Preferred Stock has a dividend rate of no more than 0.5% at each of six consecutive "Reset Dates," in each case as defined in the Option Agreement and the terms of the Series C Preferred Stock. In addition to satisfying a Threshold Condition, the Option Agreement requires that the Company meet certain other eligibility conditions in order to exercise the purchase option in the future, including compliance with the terms of the original ECIP purchase agreement and the terms of the Series C Preferred Stock, maintaining qualification as either a certified community development financial institution or a minority depository institution and satisfying other legal and regulatory criteria. Although the Company currently meets the general eligibility criteria, other than satisfying one of the Threshold Conditions, there can be no assurance that the Company will meet such criteria in the future. The Company may designate a mission aligned nonprofit affiliate as the purchaser of the Series C Preferred Stock under the terms of the Option Agreement.

The earliest possible date by which a Threshold Condition may be met is June 30, 2026 which is the end of the sixteenth consecutive quarter following the Original Closing Date. The Company has not met a Threshold Condition as of September 30, 2026, and there can be no assurance if and when a Threshold Condition will be met.

The Company began paying quarterly dividends on the Series C Preferred Stock in the three month period ended June 30, 2024. Dividends on the Series C Preferred Stock totaled $750 thousand for both the three months ended September 30, 2026 and 2025, and $2.3 million for both the nine months ended September 30, 2026 and 2025, at a dividend rate of 2.0%.

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, 2026				
Federal agency mortgage-backed securities	$ 156,281	$ 4	$ (15,258)	$ 141,027
Federal agency collateralized mortgage obligations ("CMO")	96,640	21	(2,635)	94,026
Federal agency debt	22,436	13	(799)	21,650
Municipal bonds	4,740	-	(311)	4,429
U.S. Small Business Administration ("SBA") pools	8,113	5	(1,327)	6,791
Asset-backed securities	8,344	12	(20)	8,336
Corporate bonds	30,000	-	(849)	29,151
Total available-for-sale securities	$ 326,554	$ 55	$ (21,199)	$ 305,410
December 31, 2025:				
Federal agency mortgage-backed securities	$ 120,372	$ 1,109	$ (7,051)	$ 114,430
Federal agency CMOs	69,742	367	(652)	69,457
Federal agency debt	29,259	-	(846)	28,413
Municipal bonds	4,766	-	(244)	4,522
U.S. Treasuries	4,993	-	(6)	4,987
SBA pools	9,387	3	(1,115)	8,275
Asset-backed securities	9,352	3	(86)	9,269
Corporate bonds	17,500	57	(75)	17,482
Total available-for-sale securities	$ 265,371	$ 1,539	$ (10,075)	$ 256,835

As of September 30, 2026, securities with a fair value of $82.3 million were pledged as collateral for securities sold under agreements to repurchase, securities with a fair value of $6.9 million were pledged as collateral for D.C. Housing, securities with a fair value of $3.9 million were pledged as collateral for D.C. Government, and securities with a fair value of $114 thousand were pledged as collateral for FRB discount window.

As of December 31, 2025, securities with a fair value of $83.7 million were pledged as collateral for securities sold under agreements to repurchase, securities with a fair value of $7.7 million were pledged as collateral for D.C. Housing, securities with a fair value of $4.2 million were pledged as collateral for D.C. Government, and securities with a fair value of $157 thousand were pledged as collateral for FRB discount window.

Accrued interest receivable on securities was $1.3 million and $745 thousand at September 30, 2026 and December 31, 2025, respectively, and is included in accrued interest receivable on the consolidated statements of financial condition.

At September 30, 2026, and December 31, 2025, 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, 2026, by contractual maturities, are shown below. Contractual maturities may differ from expected maturities because issuers 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	$ 11,272	$ -	$ (167)	$ 11,105
Due after one year through five years	17,449	2	(949)	16,502
Due after five years through ten years	49,535	17	(2,127)	47,425
Due after ten years	248,298	36	(17,956)	230,378
	$ 326,554	$ 55	$ (21,199)	$ 305,410

The table below indicates the length of time individual securities have 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
September 30, 2026			(In thousands)			
Federal agency mortgage-backed securities	$ 100,418	$ (6,160)	$ 40,376	$ (9,098)	$ 140,794	$ (15,258)
Federal agency CMOs	76,901	(1,697)	11,620	(938)	88,521	(2,635)
Federal agency debt	-	-	18,599	(799)	18,599	(799)
Municipal bonds	-	-	4,429	(311)	4,429	(311)
SBA pools	-	-	6,394	(1,327)	6,394	(1,327)
Asset-backed securities	-	-	2,398	(20)	2,398	(20)
Corporate bonds	29,151	(849)	-	-	29,151	(849)
Total unrealized loss position investment securities	$ 206,470	$ (8,706)	$ 83,816	$ (12,493)	$ 290,286	$ (21,199)
December 31, 2025						
Federal agency mortgage-backed securities	$ 7,197	$ (26)	$ 47,717	$ (7,025)	$ 54,914	$ (7,051)
Federal agency CMOs	1,488	(2)	14,804	(650)	16,292	(652)
Federal agency debt	2,512	(3)	25,901	(843)	28,413	(846)
Municipal bonds	-	-	4,522	(244)	4,522	(244)
U.S. Treasuries	-	-	4,987	(6)	4,987	(6)
SBA pools	185	(1)	7,621	(1,114)	7,806	(1,115)
Asset-backed securities	7,208	(86)	-	-	7,208	(86)
Corporate bonds	7,425	(75)	-	-	7,425	(75)
Total unrealized loss position investment securities	$ 26,015	$ (193)	$ 105,552	$ (9,882)	$ 131,567	$ (10,075)

At September 30, 2026, and December 31, 2025, all securities in the portfolio were current with their contractual principal and interest payments. At September 30, 2026, and December 31, 2025, there were no securities purchased with deterioration in credit quality since their origination. At September 30, 2026, and December 31, 2025, there were no collateral dependent securities.

The Company's assessment of available-for-sale investment securities as of September 30, 2026 and December 31, 2025, indicated that an 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, 2026 or December 31, 2025. At September 30, 2026 and December 31, 2025, approximately 90% of the securities held by the Company were issued by U.S. government-sponsored entities and agencies. Because the decline in fair value is attributable to changes in interest rates and not credit quality, and because the Company does not have the intent to sell these securities, and it is likely that it will not be required to sell the securities before their anticipated recovery, the Company did not record a provision for expected credit loss during the three or nine months ended September 30, 2026 or 2025.

NOTE 4 – Loans Receivable Held for Investment

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

	September 30, 2026	December 31 2025
	(In thousands)	
Real estate:		
Single-family	$ 18,802	$ 20,607
Multi-family	559,896	593,187
Commercial real estate	179,940	162,618
Church	8,328	9,015
Construction	92,509	72,979
Commercial – other	246,406	140,019
SBA loans	15,131	17,067
Consumer	99	38
Gross loans receivable before deferred loan costs and premiums	1,121,111	1,015,530
Unamortized net deferred loan costs and premiums	21,568	10,529
Gross loans receivable	1,142,679	1,026,059
Credit and interest marks on purchased loans, net	(25)	(95)
Allowance for credit losses	(9,964)	(9,424)
Loans receivable, net	$ 1,132,690	$ 1,016,540

Accrued interest receivable on loans receivable held for investment was $6.0 million and $5.2 million at September 30, 2026 and December 31, 2025, respectively, and is included in accrued interest receivable on the consolidated statements of financial condition.

The following tables summarize the activity in the allowance for credit losses on loans for the three months ended:

	September 30, 2026				
	Beginning Balance	Charge-offs	Recoveries	Provision (Recapture)	Ending Balance
			(In thousands)		
Real estate:					
Single-family	$ 120	$ -	$ -	$ 1	$ 121
Multi-family	5,264	(1,093)	-	(208)	3,963
Commercial real estate	1,787	-	-	1	1,788
Church	67	-	-	(7)	60
Construction	1,963	-	-	767	2,730
Commercial - other	1,589	(367)	-	55	1,277
SBA loans	9	-	-	16	25
Total	$ 10,799	$ (1,460)	$ -	$ 625	$ 9,964

	September 30, 2025				
	Beginning Balance	Charge-offs	Recoveries	Provision (Recapture)	Ending Balance
			(In thousands)		
Real estate:					
Single-family	$ 122	$ -	$ -	$ 7	$ 129
Multi-family	6,288	-	-	(258)	6,030
Commercial real estate	1,235	-	-	(80)	1,155
Church	55	-	-	(18)	37
Construction	1,291	-	-	773	2,064
Commercial - other	814	-	-	(37)	777
SBA loans	75	-	-	72	147
Total	$ 9,880	$ -	$ -	$ 459	$ 10,339

The following tables summarize the activity in the allowance for credit losses on loans for the nine months ended:

	September 30, 2026				
	Beginning Balance	Charge-offs	Recoveries	Provision (Recapture)	Ending Balance
			(In thousands)		
Real estate:					
Single-family	$ 132	$ -	$ -	$ (11)	$ 121
Multi-family	4,782	(1,093)	-	274	3,963
Commercial real estate	1,193	-	-	595	1,788
Church	36	-	-	24	60
Construction	2,039	-	-	691	2,730
Commercial - other	900	(582)	-	959	1,277
SBA loans	342	(112)	-	(205)	25
Total	$ 9,424	$ (1,787)	$ -	$ 2,327	$ 9,964

	September 30, 2025				
	Beginning Balance	Charge-offs	Recoveries	Provision (Recapture)	Ending Balance
			(In thousands)		
Real estate:					
Single-family	$ 200	$ -	$ -	$ (71)	$ 129
Multi-family	4,617	-	-	1,413	6,030
Commercial real estate	1,188	-	-	(33)	1,155
Church	54	-	-	(17)	37
Construction	1,564	-	-	500	2,064
Commercial - other	730	-	-	47	777
SBA loans	11	-	-	136	147
Total	$ 8,364	$ -	$ -	$ 1,975	$ 10,339

The Company recorded a provision for off-balance sheet loan commitments of $43 thousand and $220 thousand for the three months ended September 30, 2026 and 2025, respectively. The Company recorded a provision for off-balance sheet loan commitments of $22 thousand and $164 thousand for the nine months ended September 30, 2026 and 2025, respectively.

The ACL increased from $9.4 million at December 31, 2025 to $10.0 million at September 30, 2026. This increase was primarily due to loan portfolio growth, including increases in the commercial-other portfolio and the commercial real estate portfolio, and additional specific reserves.

The following tables present individually evaluated collateral dependent loans by collateral type as of the date indicated:

	September 30, 2026					
	Single-Family	Multi-Family Residential	Retail	Developed Land	Business Assets	Total
Real estate:	(in thousands)					
Single-family	$ 372	$ -	$ -	$ -	$ -	$ 372
Multi-family	-	4,233	-	-	-	4,233
Commercial real estate	-	-	844	-	-	844
Construction	-	8,168	-	252	-	8,420
Commercial - other	-	-	-	-	46	46
Total	$ 372	$ 12,401	$ 844	$ 252	$ 46	$ 13,915

	December 31, 2025			
	Single-Family	Multi-Family Residential	Business Assets	Total
Real estate:	(in thousands)			
Single-family	$ 424	$ -	$ -	$ 424
Multi-family	-	2,094	-	2,094
Construction	-	8,168	-	8,168
Commercial - other	-	-	261	261
Total	$ 424	$ 10,262	$ 261	$ 10,947

At September 30, 2026, $13.9 million of individually evaluated loans were evaluated based on the estimated fair value of the underlying collateral. These loans had an associated ACL of $1.9 million as of September 30, 2026. $13.7 million of these collateral dependent loans were on non-accrual status at September 30, 2026.

At December 31, 2025, $10.9 million of individually evaluated loans were evaluated based on the estimated fair value of the underlying collateral. These loans had an associated ACL of $1.1 million as of December 31, 2025. All of these collateral dependent loans were on non-accrual status at December 31, 2025.

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, 2026					
	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:						
Real estate:						
Single-family	$ -	$ 133	$ -	$ 133	$ 18,688	$ 18,821
Multi-family	-	2,116	1,001	3,117	559,094	562,211
Commercial real estate	844	2,368	-	3,212	176,554	179,766
Church	-	-	-	-	8,340	8,340
Construction	252	-	8,168	8,420	83,656	92,076
Commercial - other	959	-	46	1,005	264,166	265,171
SBA loans	-	-	65	65	16,130	16,195
Consumer	-	-	-	-	99	99
Total	$ 2,055	$ 4,617	$ 9,280	$ 15,952	$ 1,126,727	$ 1,142,679

	December 31, 2025					
	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:						
Real estate:						
Single-family	$ 133	$ -	$ 424	$ 557	$ 20,070	$ 20,627
Multi-family	6,162	-	2,094	8,256	587,535	595,791
Commercial real estate	-	-	-	-	162,445	162,445
Church	-	-	-	-	9,024	9,024
Construction	5,533	-	-	5,533	67,139	72,672
Commercial - other	-	367	261	628	146,366	146,994
SBA loans	-	-	222	222	18,246	18,468
Consumer	-	-	-	-	38	38
Total	$ 11,828	$ 367	$ 3,001	$ 15,196	$ 1,010,863	$ 1,026,059

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

	September 30, 2026		
	Non-accrual with no Allowance for Credit Losses	Non-accrual with an Allowance for Credit Losses	Total Non-accrual Loans
		(In thousands)	
Loans receivable held for investment:			
Real estate:			
Single-family	$ 372	$ -	$ 372
Multi-family	3,117	1,115	4,232
Commercial real estate	-	844	844
Construction	-	8,168	8,168
Commercial - other	-	46	46
SBA loans	65	-	65
Total non-accrual loans	$ 3,554	$ 10,173	$ 13,727

	December 31, 2025		
	Non-accrual with no Allowance for Credit Losses	Non-accrual with an Allowance for Credit Losses	Total Non-accrual Loans
		(In thousands)	
Loans receivable held for investment:			
Real estate:			
Single-family	$ 424	$ -	$ 424
Multi-family	2,094	-	2,094
Construction	-	8,168	8,168
Commercial - other	261	-	261
SBA loans	-	222	222
Total non-accrual loans	$ 2,779	$ 8,390	$ 11,169

There were no loans 90 days or more delinquent that were accruing interest as of September 30, 2026 or December 31, 2025.

Modified Loans to Troubled Borrowers

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.

The following tables present the amortized cost basis and the weighted average financial effect of loans modified to borrowers experiencing financial difficulty during the three and nine months ended September 30, 2026 and 2025.

	Three Months Ended September 30, 2026			
	Interest Rate Reduction and Term Extension	Interest Rate Reduction	Term Extension	Percentage of Total Loan Type
	(in thousands)			
Construction	$ 12,175	2.25%	18 months	12.97%
Total	$ 12,175			

	Nine Months Ended September 30, 2026							
	Term Extension	Term Extension	Interest Rate Reduction and Term Extension	Interest Rate Reduction	Term Extension	Payment Delay	Payment Delay Period	Percentage of Total Loan Type
	(in thousands)							
Real estate:								
Construction	$ 1,239	6 months	$ 12,175	2.25%	18 months			14.29%
Commercial - other						959	10 months	0.39%
Total	$ 1,239		$ 12,175			$ 959		

	Nine Months Ended September 30, 2025		
	Term Extension	Percentage of Total Loan Type	Term Extension
	(in thousands)		
Real estate:			
Commercial real estate	$ 776	0.49%	8 months
Construction	2,009	2.35%	8 months
Commercial - other	480	0.39%	9 months
Total	$ 3,265		

There were no loan modifications during the three months ended September 30, 2025. None of the modified loans have defaulted during the three or nine months ended September 30, 2026 or September 30, 2025. As of September 30, 2026, the Company has not committed to lend any additional funds to any borrower whose loan was modified.

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 residential, consumer, and other smaller balance homogeneous 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. The Company uses the following definitions for risk ratings:

- ***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 p 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.

- ***Special Mention.*** Loans classified as special mention have a potential weakness that deserves management's close attention that appears short term in nature. If left un 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 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 m 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 co liquidation in full, based on 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 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.

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

	Term Loans Amortized Cost Basis by Origination Year - As of September 30, 2026							
	2026	2025	2024	2023	2022	Prior	Revolving Loans	Total
				(In thousands)				
Single-family:								
Pass	$ 499	$ -	$ -	$ 525	$ 2,730	$ 12,800	$ -	$ 16,554
Watch	-	-	-	-	-	609	-	609
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	1,152	506	-	1,658
Total	$ 499	$ -	$ -	$ 525	$ 3,882	$ 13,915	$ -	$ 18,821
Multi-family:								
Pass	$ 1,042	$ 2,501	$ 57,150	$ 57,675	$ 163,152	$ 197,394	$ -	$ 478,914
Watch	1,991	-	16,673	16,361	15,198	17,373	-	67,596
Special Mention	-	-	-	1,133	-	2,589	-	3,722
Substandard	-	-	-	-	3,997	6,995	-	10,992
Doubtful	-	-	-	-	987	-	-	987
Total	$ 3,033	$ 2,501	$ 73,823	$ 75,169	$ 183,334	$ 224,351	$ -	562,211
YTD gross charge-offs	$ -	$ -	$ -	$ -	$ (1,093)	$ -	$ -	$ (1,093)
Commercial real estate:								
Pass	$ 18,692	$ 10,389	$ 44,339	$ 13,589	$ 20,962	$ 41,225	$ -	$ 149,196
Watch	-	14,883	4,120	-	-	1,188	-	20,191
Special Mention	-	-	-	-	-	759	-	759
Substandard	-	-	-	3,199	-	6,421	-	9,620
Total	$ 18,692	$ 25,272	$ 48,459	$ 16,788	$ 20,962	$ 49,593	$ -	$ 179,766
Church:								
Pass	$ -	$ -	$ -	$ 1,033	$ -	$ 5,184	$ -	$ 6,217
Watch	-	-	-	1,552	-	571	-	2,123
Substandard	-	-	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ 2,585	$ -	$ 5,755	$ -	$ 8,340
Construction:								
Watch	$ 24,250	$ 4,573	$ 11,125	$ -	$ -	$ -	$ -	$ 39,948
Special Mention	-	-	-	-	-	1,967	-	1,967
Substandard	-	-	-	25,328	22,313	2,520	-	50,161
Total	$ 24,250	$ 4,573	$ 11,125	$ 25,328	$ 22,313	$ 4,487	$ -	$ 92,076
Commercial – other:								
Pass	$ 74,450	$ 72,551	$ 29,560	$ 48,434	$ 6,014	$ 7,302	$ -	$ 238,311
Watch	3,635	10,000	8,856	-	-	-	-	22,491
Special Mention	-	-	-	-	-	3,364	-	3,364
Substandard	-	-	-	-	959	-	-	959
Doubtful	-	-	-	-	-	46	-	46
Total	$ 78,085	$ 82,551	$ 38,416	$ 48,434	$ 6,973	$ 10,712	$ -	$ 265,171
YTD gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ (582)	$ -	$ (582)
SBA:								
Pass	$ -	$ 3,606	$ 10,576	$ 1,343	$ -	$ 50	$ -	$ 15,575
Watch	-	-	555	-	-	-	-	555
Substandard	-	-	-	-	65	-	-	65
Doubtful	-	-	-	-	-	-	-	-
Total	$ -	$ 3,606	$ 11,131	$ 1,343	$ 65	$ 50	$ -	$ 16,195
YTD gross charge-offs	$ -	$ -	$ -	$ -	$ (75)	$ (37)	$ -	$ (112)
Consumer:								
Pass	$ 99	$ -	$ -	$ -	$ -	$ -	$ -	$ 99
Total	$ 99	$ -	$ -	$ -	$ -	$ -	$ -	$ 99
Total loans:								
Pass	$ 94,782	$ 89,047	$ 141,625	$ 122,599	$ 192,858	$ 263,955	$ -	$ 904,866
Watch	29,876	29,456	41,329	17,913	15,198	19,741	-	153,513
Special Mention	-	-	-	1,133	-	8,679	-	9,812
Substandard	-	-	-	28,527	28,486	16,442	-	73,455
Doubtful	-	-	-	-	987	46	-	1,033
Total loans	$ 124,658	$ 118,503	$ 182,954	$ 170,172	$ 237,529	$ 308,863	$ -	$ 1,142,679
Total YTD gross charge-offs	$ -	$ -	$ -	$ -	$ (1,168)	$ (619)	$ -	$ (1,787)

	Term Loans Amortized Cost Basis by Origination Year - As of December 31, 2025							
	2025	2024	2023	2022	2021	Prior	Revolving Loans	Total
	(In thousands)							
Single-family:								
Pass	$ -	$ -	$ 533	$ 2,785	$ 2,464	$ 12,806	$ -	$ 18,588
Watch	-	-	-	-	-	867	-	867
Substandard	-	-	-	1,172	-	-	-	1,172
Total	$ -	$ -	$ 533	$ 3,957	$ 2,464	$ 13,673	$ -	$ 20,627
Multi-family:								
Pass	$ 2,519	$ 63,728	$ 64,468	$ 164,533	$ 122,938	$ 82,514	-	$ 500,700
Watch	-	13,169	16,343	14,299	9,979	23,162	-	76,952
Special Mention	-	-	-	-	1,774	1,235	-	3,009
Substandard	-	-	1,343	6,572	4,332	804	-	13,051
Doubtful	-	-	-	2,079	-	-	-	2,079
Total	$ 2,519	$ 76,897	$ 82,154	$ 187,483	$ 139,023	$ 107,715	$ -	$ 595,791
YTD gross charge-offs	$ -	$ -	$ -	$ (1,143)	$ -	$ -	$ -	$ (1,143)
Commercial real estate:								
Pass	$ 20,019	$ 48,758	$ 13,741	$ 21,476	$ 24,284	$ 20,415	$ -	$ 148,693
Watch	-	-	2,363	-	-	-	-	2,363
Special Mention	-	-	854	-	-	3,475	-	4,329
Substandard	-	-	-	-	6,288	772	-	7,060
Total	$ 20,019	$ 48,758	$ 16,958	$ 21,476	$ 30,572	$ 24,662	$ -	$ 162,445
Church:								
Pass	$ -	$ -	$ 2,330	$ -	$ 2,091	$ 3,652	$ -	$ 8,073
Watch	-	-	357	-	-	594	-	951
Substandard	-	-	-	-	-	-	-	-
Total	$ -	$ -	$ 2,687	$ -	$ 2,091	$ 4,246	$ -	$ 9,024
Construction:								
Watch	$ 6,700	$ 9,232	$ -	$ -	$ -	$ -	$ -	$ 15,932
Special Mention	-	-	12,983	5,533	-	-	-	18,516
Substandard	-	-	12,634	21,073	2,519	1,998	-	38,224
Total	$ 6,700	$ 9,232	$ 25,617	$ 26,606	$ 2,519	$ 1,998	$ -	$ 72,672
Commercial – other:								
Pass	$ 43,037	$ 21,347	$ 18,837	$ 8,834	$ -	$ 7,341	$ -	$ 99,396
Watch	9,984	17,469	14,993	1,000	-	1,171	-	44,617
Special Mention	-	-	-	-	-	2,617	-	2,617
Substandard	-	-	-	-	103	261	-	364
Total	$ 53,021	$ 38,816	$ 33,830	$ 9,834	$ 103	$ 11,390	$ -	$ 146,994
SBA:								
Pass	$ 3,789	$ 12,415	$ 1,452	$ -	$ -	$ 19	$ -	$ 17,675
Substandard	-	571	-	148	-	-	-	719
Doubtful	-	-	-	-	-	74	-	74
Total	$ 3,789	$ 12,986	$ 1,452	$ 148	$ -	$ 93	$ -	$ 18,468
YTD gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ (36)	$ -	$ (36)
Consumer:								
Pass	$ 38	$ -	$ -	$ -	$ -	$ -	$ -	$ 38
Total	$ 38	$ -	$ -	$ -	$ -	$ -	$ -	$ 38
Total loans:								
Pass	69,402	146,248	101,361	197,628	151,777	126,747	-	793,163
Watch	16,684	39,870	34,056	15,299	9,979	25,794	-	141,682
Special Mention	-	-	13,837	5,533	1,774	7,327	-	28,471
Substandard	-	571	13,977	28,965	13,242	3,835	-	60,590
Doubtful	-	-	-	2,079	-	74	-	2,153
Total loans	$ 86,086	$ 186,689	$ 163,231	$ 249,504	$ 176,772	$ 163,777	$ -	$ 1,026,059
Total YTD gross charge-offs	$ -	$ -	$ -	$ (1,143)	$ -	$ (36)	$ -	$ (1,179)

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 accrued expenses and other liabilities of the consolidated statements of financial condition. 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 $246 thousand and $224 thousand at September 30, 2026 and December 31, 2025, respectively, and was classified within accrued expenses and other liabilities on the consolidated statements of financial condition.

NOTE 5 – Goodwill and Core Deposit Intangible

The following tables present the changes in the carrying amounts of goodwill and core deposit intangibles for the nine months ended September 30, 2026 and 2025:

	September 30, 2026
	Core Deposit Intangible
	(In thousands)
Balance at the beginning of the period	$ 1,460
Amortization	(228)
Balance at the end of the period	$ 1,232

	September 30, 2025	
	Goodwill	Core Deposit Intangible
	(In thousands)	
Balance at the beginning of the period	$ 25,858	$ 1,775
Amortization	(25,858)	(236)
Balance at the end of the period	$ -	$ 1,539

On October 15, 2025, the Company's management, with oversight of the Audit Committee of the Board of Directors of the Company, concluded that, based on its annual impairment analysis, the Company's goodwill was impaired in accordance with U.S. GAAP. Consequently, the Company recorded a non-cash $25.9 million goodwill impairment charge for the quarter ended September 30, 2025. The Company does not expect that this charge will result in future cash expenditures.

The carrying amount of the core deposit intangible consisted of the following (in thousands):

	September 30, 2026	December 31, 2025
	(In thousands)	
Core deposit intangible acquired	$ 3,329	$ 3,329
Less: Accumulated amortization	(2,097)	(1,869)
	$ 1,232	$ 1,460

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

	(In thousands)
Remainder of 2026	$ 76
2027	291
2028	279
2029	267
2030	256
Thereafter	63
	$ 1,232

NOTE 6 – Derivatives

The Company utilizes interest rate swap agreements with commercial banking customers to facilitate their interest rate management strategies. The Company entered into corresponding offsetting derivatives with third parties. While these derivatives represent economic hedges, they do not qualify as hedges for accounting purposes.

The Company presents derivatives on a gross basis on the consolidated statements of financial condition. The notional amount of the interest rate swaps does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreements. The following tables present the amounts recorded on the consolidated statements of financial condition related to the Company's interest rate swaps.

	As of September 30, 2026		
	Notional Amount	Fair Value	Consolidated Statements of Financial Condition Category
		(In thousands)	
Derivatives in an asset position:			
Derivatives not designated as hedging instruments:			
Interest rate swaps related to loan customers	$ 17,000	$ 721	Other Assets
Total derivatives in an asset position	$ 17,000	$ 721	
Derivatives in a liability position:			
Derivatives not designated as hedging instruments:			
Interest rate swaps related to loan customers	$ 17,000	$ 721	Accrued Expenses and Other Liabilities
Total derivatives in a liability position	$ 17,000	$ 721	

	As of December 31, 2025		
	Notional Amount	Fair Value	Consolidated Statements of Financial Condition Category
		(In thousands)	
Derivatives in an asset position:			
Derivatives not designated as hedging instruments:			
Interest rate swaps related to loan customers	$ 17,000	$ 105	Other Assets
Total derivatives in an asset position	$ 17,000	$ 105	
Derivatives in a liability position:			
Derivatives not designated as hedging instruments:			
Interest rate swaps related to loan customers	$ 17,000	$ 105	Accrued Expenses and Other Liabilities
Total derivatives in a liability position	$ 17,000	$ 105	

NOTE 7 – Borrowings

The Bank enters into agreements under which it sells securities subject to an obligation to repurchase the same or similar securities. Under these arrangements, the Bank may transfer legal control over the assets but still retain effective control through an agreement that both entitles and obligates the Bank 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 September 30, 2026 securities sold under agreements to repurchase totaled $80.0 million at an average rate of 3.69%. The fair value of securities pledged totaled $82.3 million as of September 30, 2026. As of December 31, 2025, securities sold under agreements to repurchase totaled $80.8 million at an average rate of 3.66%. The fair value of securities pledged totaled $83.7 million as of December 31, 2025.

At September 30, 2026, the Company had outstanding advances from the FHLB totaling $99.0 million. At December 31, 2025, the Company had outstanding advances from the FHLB totaling $72.0 million. The weighted average interest rate was 4.13% and 3.79% as of September 30, 2026 and December 31, 2025, respectively. The weighted average contractual maturity was less than one month as of both September 30, 2026 and December 31, 2025. Loans with unpaid balances of $431.8 million and $448.6 million at September 30, 2026 and December 31, 2025, respectively, were pledged to secure FHLB advances. 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 $88.7 million as of September 30, 2026.

In addition, the Company had additional lines of credit of $10.0 million with other financial institutions as of September 30, 2026 and December 31, 2025. 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, 2026 or December 31, 2025.

NOTE 8 – Fair Value

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 the asset or liability in an ordinary transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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).

Assets and Liabilities Measured on a Recurring Basis

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

	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
	(In thousands)			
At September 30, 2026				
Securities available-for-sale:				
Federal agency mortgage-backed securities	$ -	$ 141,027	$ -	$ 141,027
Federal agency CMOs	-	94,026	-	94,026
Federal agency debt	-	21,650	-	21,650
Municipal bonds	-	4,429	-	4,429
SBA pools	-	6,791	-	6,791
Asset-backed securities	-	8,336	-	8,336
Corporate bonds	-	29,151	-	29,151
Interest rate swap asset	-	721	-	721
Interest rate swap liability	-	(721)	-	(721)
At December 31, 2025				
Securities available-for-sale:				
Federal agency mortgage-backed securities	$ -	$ 114,430	$ -	$ 114,430
Federal agency CMOs	-	69,457	-	69,457
Federal agency debt	-	28,413	-	28,413
Municipal bonds	-	4,522	-	4,522
U.S. Treasuries	4,987	-	-	4,987
SBA pools	-	8,275	-	8,275
Asset-backed securities	-	9,269	-	9,269
Corporate bonds	-	17,482	-	17,482
Interest rate swap asset	-	105	-	105
Interest rate swap liability	-	(105)	-	(105)

There were no transfers between Level 1, Level 2, or Level 3 during the three or nine months ended September 30, 2026 or 2025.

Assets Measured on a Nonrecurring Basis

The Company measures certain assets at fair value on a nonrecurring basis and the following is a general description of the methods used to value such assets.

Collateral-Dependent Loans - The fair value of collateral-dependent loans with specific allocations of the allowance for credit losses is generally based on recent 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 for similar loans and collateral underlying loans and result in a Level 3 classification.

The table below presents assets measured at fair value on a nonrecurring basis.

	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
		(In thousands)		
At September 30, 2026:				
Collateral dependent loans:				
Real estate:				
Single-family	$ -	$ -	$ 372	$ 372
Multi-family	-	-	3,876	3,876
Commercial real estate	-	-	833	833
Construction	-	-	6,897	6,897
Commercial - other	-	-	13	13

The following table represents quantitative information about Level 3 fair value assumptions for assets measured at fair value on a non-recurring basis at September 30, 2026.

	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range
		(In thousands)		
At September 30, 2026:				
Collateral dependent loans:				
Real estate:				
Single-family	$ 372	Market approach	Adjustments to market data	5% - 10%
Multi-family	3,876	Market approach	Adjustments to market data	5% - 10%
Commercial real estate	833	Market approach	Adjustments to market data	5% - 10%
Construction	6,897	Market approach	Adjustments to market data	5% - 10%
Commercial - other	13	Market approach	Adjustments to market data	5% - 10%

The table below presents assets measured at fair value on a nonrecurring basis.

	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
		(In thousands)		
At December 31, 2025:				
Collateral dependent loans:				
Real estate:				
Single-family	$ -	$ -	$ 424	$ 424
Multi-family	-	-	2,094	2,094
Construction	-	-	7,435	7,435
Commercial - other	-	-	138	138

The following table represents quantitative information about Level 3 fair value assumptions for assets measured at fair value on a non-recurring basis at December 31, 2025.

	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range
		(In thousands)		
At December 31, 2025:				
Collateral dependent loans:				
Real estate:				
Single-family	$ 424	Market approach	Adjustments to market data	5% - 10%
Multi-family	2,094	Market approach	Adjustments to market data	5% - 10%
Construction	7,435	Market approach	Adjustments to market data	5% - 10%
Commercial - other	138	Market approach	Adjustments to market data	5% - 10%

Fair Values of Financial Instruments

The following tables present the carrying amount, fair value, and level within the fair value hierarchy of the Company's financial instruments as of September 30, 2026 and December 31, 2025.

		Fair Value Measurements at September 30, 2026			
	Carrying Value	Level 1	Level 2	Level 3	Total
			(In thousands)		
Financial Assets:					
Cash and cash equivalents	$ 49,310	$ 49,310	$ -	$ -	$ 49,310
Securities available-for-sale	305,410	-	305,410	-	305,410
Loans receivable held for investment	1,132,690	-	-	1,089,385	1,089,385
Accrued interest receivable	7,518	74	1,396	6,048	7,518
Interest rate swaps	721	-	721	-	721
Financial Liabilities:					
Non-interest-bearing demand deposits	$ 99,285	$ -	$ 99,285	$ -	$ 99,285
Interest-bearing demand deposits	681,982	-	681,982	-	681,982
Time deposits	328,695	-	328,241	-	328,241
Borrowings	99,000	-	99,007	-	99,007
Securities sold under agreements to repurchase	79,999	-	79,999	-	79,999
Accrued interest payable	1,922	-	1,922	-	1,922
Interest rate swaps	721	-	721	-	721

	Carrying Value	Fair Value Measurements at December 31, 2025			
		Level 1	Level 2	Level 3	Total
			(In thousands)		
Financial Assets:					
Cash and cash equivalents	$ 10,507	$ 10,507	$ -	$ -	$ 10,507
Securities available-for-sale	256,835	4,987	251,848	-	256,835
Loans receivable held for investment	1,016,540	-	-	1,002,049	1,002,049
Accrued interest receivable	5,999	36	800	5,163	5,999
Interest rate swaps	105	-	105	-	105
Financial Liabilities:					
Non-interest-bearing demand deposits	$ 105,835	$ -	$ 105,835	$ -	$ 105,835
Interest-bearing demand deposits	512,034	-	512,034	-	512,034
Time deposits	299,734	-	299,434	-	299,434
FHLB borrowings	72,000	-	72,019	-	72,019
Securities sold under agreements to repurchase	80,773	-	80,773	-	80,773
Accrued interest payable	1,633	-	1,633	-	1,633
Interest rate swaps	105	-	105	-	105

In accordance with ASC 820, 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.

NOTE 9 – 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 161,639 shares.

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 649,139 shares.

Stock-based compensation is recognized on a straight-line basis over the vesting period. During the three months ended September 30, 2026 and 2025, the Company recorded $151 thousand of stock-based compensation expense and a $22 thousand reduction of stock-based compensation expense, respectively. During the nine months ended September 30, 2026 and 2025, the Company recorded $264 thousand and $188 thousand of stock-based compensation expense, respectively. The Company did not record any director stock expense during the three months ended September 30, 2026 or September 30, 2025. During both the nine months ended September 30, 2026 and 2025, the Company recorded $168 thousand of director stock compensation expense, which was determined using the fair value of the stock on the dates of the awards.

As of September 30, 2026, 463,000 shares had been awarded under the Amended and Restated LTIP and 186,139 shares were available to be awarded. The following tables present unvested stock award activity during the three and nine months ended September 30, 2026 and 2025:

	Three months ended	
	September 30, 2026	September 30, 2025
Outstanding at beginning of period	207,327	196,448
Granted during period	4,921	-
Forfeited during period	(2,228)	(15,149)
Vested during period	-	(10,617)
Outstanding at end of period	210,020	170,682

	Nine months ended	
	September 30, 2026	September 30, 2025
Outstanding at beginning of period	149,705	184,874
Granted during period	128,555	119,710
Forfeited during period	(12,192)	(38,336)
Vested during period	(56,048)	(95,566)
Outstanding at end of period	210,020	170,682

No stock options were granted, exercised or expired during the three months ended September 30, 2026 or 2025, or during the nine months ended September 30, 2025. During the nine months ended September 30, 2026, 12,500 stock options were forfeited.

No stock options were outstanding or exercisable at September 30, 2026. The Company did not record any stock-based compensation expense related to stock options during the three or nine months ended September 30, 2026 or 2025.

NOTE 10 – ESOP Plan

Employees participate in an ESOP after attaining certain age and service requirements. During 2022, the ESOP purchased 58,369 shares of the Company's common stock at an average cost of $8.57 per share for a total cost of $500 thousand which was funded with a $5.0 million line of credit from the Company. During 2023, the ESOP purchased 369,953 additional shares of the Company's common stock at an average cost of $9.19 per share for a total cost of $3.4 million, which was funded with the line of credit. Any loans or borrowings under the line of credit will be repaid from the Bank's discretionary contributions to the ESOP, net of dividends paid, over a period of 20 years. Shares of the Company's common stock purchased by the ESOP are held in a suspense account until released for allocation to participants. When loan payments are made, shares are allocated to each eligible participant based on the ratio of each such participant's compensation, as defined in the ESOP, to the total compensation of all eligible plan participants. As the unearned shares are released from the suspense account, the Company recognizes compensation expense equal to the fair value of the ESOP shares during the periods in which they become committed to be released. To the extent that the fair value of the ESOP shares released differs from the cost of such shares, the difference is charged or credited to equity as additional paid-in capital. Dividends on allocated shares increase participant accounts. Dividends on unallocated shares will be used to repay the loan. At the end of employment, participants will receive shares for their vested balance. Compensation expense related to the ESOP was $71 thousand and $50 thousand for the three months ended September 30, 2026 and 2025, respectively, and $217 thousand and $149 thousand for the nine months ended September 30, 2026 and 2025, respectively.

Shares held by the ESOP were as follows:

	September 30, 2026	December 31, 2025
	(Dollars in thousands)	
Allocated to participants	113,069	124,968
Committed to be released	70,677	55,568
Suspense shares	401,746	406,108
Total ESOP shares	585,492	586,644
Fair value of unearned shares	$ 4,753	$ 3,005

The value of unearned shares, which are reported as Unearned ESOP shares in the equity section of the consolidated statements of financial condition, was $3.7 million and $3.9 million at September 30, 2026 and December 31, 2025, respectively.

NOTE 11 – Regulatory Matters

The Bank's capital requirements are administered by the Office of the Comptroller of the Currency ("OCC") and involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by the OCC. Failure to meet capital requirements can result in regulatory action.

As a result of the Economic Growth, Regulatory Relief, and Consumer Protection Act, the federal banking agencies have developed a "Community Bank Leverage Ratio" (the ratio of a bank's tier 1 capital to average total consolidated assets) for financial institutions with assets of less than $10 billion. A "qualifying community bank" that exceeds this ratio will be deemed to be in compliance with all other capital and leverage requirements, including the capital requirements to be considered "well capitalized" under Prompt Corrective Action statutes. The federal banking agencies previously set the Community Bank Leverage Ratio ("CBLR") at 9.0% to be considered "well capitalized." Effective July 1, 2026, pursuant to a final rule issued by the federal banking agencies, the minimum CBLR requirement was reduced from 9.0% to 8.0%.

At September 30, 2026, the Bank's CBLR was 12.83%, which exceeded the CBLR requirement. Actual and required capital amounts and ratios as of the dates indicated are presented below:

	Actual		Minimum Required to Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)			
September 30, 2026				
Community Bank Leverage Ratio	$ 195,984	12.83%	$ 122,201	8.00%
December 31, 2025				
Community Bank Leverage Ratio	$ 191,336	14.09%	$ 122,184	9.00%

At September 30, 2026, the Company and the Bank met all the capital adequacy requirements to which they were subject. In addition, the Bank was "well capitalized" under the regulatory framework for prompt corrective action. Management believes that no conditions or events have occurred since September 30, 2026 that would materially adversely change the Bank's capital classifications. From time to time, the Bank may need to raise additional capital to support its further growth and to maintain its "well capitalized" status.

NOTE 12 – 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 refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

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 deferred tax asset will not be realized. In assessing the realization of deferred tax assets, management evaluated both positive and negative evidence, including any cumulative losses in the current year and the prior two years, the amount of taxes paid in available carry-back years, the forecasts of future income and tax planning strategies.

At September 30, 2026, the Company maintained a $449 thousand valuation allowance on its deferred tax assets because the number of shares sold in the private placements completed on April 6, 2021 triggered limitations on the use of certain tax attributes under the Section 382 of the federal tax code. The ability to use net operating losses ("NOLs") to offset future taxable income will be restricted and these NOLs could expire or otherwise be unavailable. In general, under Section 382 of the Code and corresponding provisions of state law, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its pre-change NOLs to offset future taxable income. For these purposes, an ownership change generally occurs where the aggregate stock ownership of one or more stockholders or groups of stockholders who owns at least 5% of a corporation's stock increases its ownership by more than 50 percentage points over its lowest ownership percentage within a specified testing period.

The Company recorded income tax expense of $279 thousand for the third quarter of 2026, compared to $736 thousand for the third quarter of 2025. The decrease in income tax expense reflected a decrease in income before taxes, excluding goodwill impairment, of $1.3 million between the two periods. The effective tax rate was 20.03% for the third quarter of 2026, compared to a benefit of 3.18% for the third quarter of 2025.

The Company recorded income tax expense of $891 thousand for the first nine months of 2026, compared to income tax benefit of $54 thousand for the first nine months of 2025. The increase in income tax expense reflected an increase in pre-tax income, excluding goodwill impairment, of $4.3 million between the two periods. The effective tax rate was 20.71% for the first nine months of 2026, compared to 0.21% for the first nine months of 2025.

NOTE 13 – Concentrations

The Bank has a significant concentration of deposits with four customers that accounted for approximately 18% of its deposits as of September 30, 2026, and a significant concentration of deposits with five customers that accounted for approximately 28% of its deposits as of December 31, 2025. The Bank also has a significant concentration of short-term borrowings from one customer that accounted for 90% and 91% of the outstanding balance of securities sold under agreements to repurchase as of September 30, 2026 and December 31, 2025, respectively.

The Company's lending activities are predominantly in real estate loans that are secured by properties located in Southern California and in Washington, D.C. and surrounding areas, and many of the borrowers reside in those areas. Therefore, the Company's exposure to credit risk is significantly affected by changes in the economy and real estate market in the markets in which the Company operates.

Multi-family loans represented 49.94% of our gross loan portfolio at September 30, 2026 compared to 58.41% of our gross loan portfolio at December 31, 2025. We seek to mitigate the risks associated with multi-family loans by applying appropriate underwriting requirements, which include limitations on loan-to-value ratios and debt service coverage ratios. Under our underwriting policies, loan-to-value ratios on our multi-family loans usually do not exceed 75% of the lower of the purchase price or the appraised value of the underlying property. We also generally require minimum debt service coverage ratios of 120% for multi-family loans. Properties securing multi-family loans are appraised by management-approved independent appraisers. Title insurance is required on all loans.

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 with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. Our MD&A should be read in conjunction with the Consolidated Financial Statements and related Notes included in Part I, Item 1 "Financial Statements," of this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2025 (the "2025 Form 10-K"). Certain statements herein are forward-looking statements within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 27A of the U.S. Securities Act of 1933, as amended that reflect our current views with respect to future events and financial performance. Forward-looking statements typically include words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "may," "will," "could," "should," "believes," "potential," "continue," "prospects," "ability," "looking," "forward," "invest," "grow," "improve," "likely" and other similar expressions. These forward-looking statements are subject to risks and uncertainties, which could cause actual future results to differ materially from historical results or from those anticipated or implied by such statements. Readers should not place undue reliance on these forward-looking statements, which speak only as of their dates or, if no date is provided, then as of the date of this Form 10-Q. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by law.

General

Broadway Financial Corporation (the "Company") is a Delaware public benefit corporation and the holding company for City First Bank, National Association (the "Bank"). The Company is dedicated to promoting fair economic development and increasing access to capital in historically underinvested communities through its lending, investment, and banking activities. As a public benefit corporation, the Company seeks to align its mission-driven objectives with the achievement of sustainable financial performance.

In April 2021, the Company completed its merger with CFBanc Corporation, forming a combined institution with a shared commitment to serving low-to-moderate-income and historically underserved communities. Following the merger, Broadway Federal merged with and into City First Bank of D.C., National Association, and the surviving institution was subsequently renamed City First Bank, National Association.

The Company's financial performance is driven primarily by net interest income generated from its loan and investment portfolios, the quality and performance of its earning assets, funding and liquidity management activities, and noninterest income and expense trends.

The Company is regulated by the Board of Governors of the Federal Reserve System, while the Bank is regulated by the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation. Deposits at the Bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to applicable limits.

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 on our financial condition or results of operations under different assumptions and conditions. This discussion highlights those accounting policies that management considers critical. All accounting policies are important; therefore, you are encouraged to review each of the policies included in Note 1 "Summary of Significant Accounting Policies" of the Notes to Consolidated Financial Statements in our 2025 Form 10-K to gain a better understanding of how our financial performance is measured and reported. Management has identified the Company's critical accounting policies as follows:

Allowance for Credit Losses ("ACL") for Loans

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.

During the quarter ended March 31, 2026, the Company transitioned from using the weighted average remaining maturity ("WARM") method for measuring the ACL to a discounted cash flow ("DCF") method. Concurrently, the Company also changed the way that qualitative factors are applied in the estimation of the ACL. These changes are intended to improve the precision of the expected credit loss calculations. These changes are considered a change in accounting estimate, rather than a change in accounting principle, as they result from an improved estimation methodology rather than a fundamental change in the underlying accounting framework. The changes in estimation techniques and certain related inputs and assumptions used to estimate expected credit losses on the Company's loan portfolio and unfunded commitments did not materially impact the Company's results of operations or financial condition.

The Company's DCF methodology incorporates a probability of default ("PD") and loss given default ("LGD") model, whereby PDs and LGDs are forecasted using economic scenarios over a reasonable and supportable period to generate estimates for cash flows expected to be collected over the estimated life of a loan. Estimates of future expected cash flows ultimately reflect assumptions made concerning net credit losses over the life of a loan. The model also incorporates management's assumptions regarding prepayments and curtailments. The use of reasonable and supportable forecasts, including the determination of the appropriate length of the forecast horizon, requires significant judgment. Management leverages peer data as well as economic projections from an independent third party to inform and provide its reasonable and supportable economic forecasts. Other internal and external indicators of economic forecasts may also be considered by management when developing the forecast metrics.

The Company's ACL model forecasts PD and LGD over a one-year time horizon, which the Company believes is a reasonable and supportable period. Beyond the one-year forecast time horizon, the Company's ACL model reverts to historical long-term average loss rates over the remaining contractual periods. The duration of the forecast horizon, the period over which forecasts revert to long-term averages, the economic forecasts that management utilizes, as well as additional internal and external indicators of economic forecasts that management considers, may change over time depending on the nature and composition of the Company's loan portfolio. Changes in economic forecasts, in conjunction with changes in loan specific attributes, impact a loan's PD and LGD, which can drive changes in the determination of the ACL.

Expectations of future cash flows are discounted at the loan's effective interest rate. The resulting ACL for a loan represents the amount by which the loan's amortized cost exceeds the net present value of a loan's discounted cash flows. The ACL is recorded through a charge to provision for credit losses and is reduced by charge-offs, net of recoveries on loans previously charged-off. It is the Company's policy to charge-off loan balances at the time they have been deemed uncollectible.

Prior to March 31, 2026, the Company measured the ACL for each of its loan segments using the WARM method. The weighted average remaining life, including the effect of estimated prepayments, was calculated for each loan pool on a quarterly basis. The Company then estimated 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.

In conjunction with the conversion to DCF methodology, the bank has adopted a new scorecard-based methodology for estimating the qualitative reserve factors. The purpose of the qualitative scorecard is to provide a framework to reliably and consistently determine reasonable and supportable qualitative estimates of the expected credit losses in the current loan portfolio compared to losses expected from the quantitative analysis. The appropriate qualitative reserve is derived by loan segment from incremental risk statuses for each qualitative factor. The risk statuses in the scorecard range from "very low risk" to "critical risk." A qualitative reserve allocation is made to each portfolio based on the risk assessment. All inputs and assumptions in the qualitative scorecard were individually assessed to determine the proper risk status, and all decisions were made independently of the previous WARM qualitative analysis. 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 recapture 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 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 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 the 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 add a specific reserve for collateral dependent loans based on changes in the estimated fair value of the collateral.

Overview

Net income attributable to common stockholders was $392 thousand during the third quarter of 2026, compared to net loss attributable to common stockholders of $24.6 million for the third quarter of 2025. Diluted earnings per common share was $0.04 for the third quarter of 2026, compared to a loss of ($2.86) for the third quarter of 2025.

For the first nine months of 2026, the Company reported consolidated net income before preferred dividends of $3.3 million, or $0.37 per diluted common share, compared to consolidated net income before preferred dividends and goodwill impairment of $38 thousand, or $0.00 per diluted common share, for the first nine months of 2025.

The Company reported consolidated net income before preferred dividends[1] of $1.1 million, or $0.13 per diluted common share, for the third quarter of 2026, compared to consolidated net income before preferred dividends and goodwill impairment[1] of $2.0 million, or $0.23 per diluted common share, for the third quarter of 2025.

Net income attributable to common stockholders was $1.0 million during the first nine months of 2026 after deducting preferred dividends of $2.3 million, compared to net loss attributable to common stockholders of $28.1 million for the first nine months of 2025 after deducting goodwill impairment of $25.9 million and preferred dividends of $2.3 million. Diluted earnings per common share was $0.11 for the first nine months of 2026, compared to ($3.27) of diluted loss per common share for the first nine months of 2025. Diluted earnings per common share for the first nine months of 2026 reflects preferred dividends of $0.25 per diluted common share, compared to ($0.26) of diluted loss per common share for the first nine months of 2025.

[1] "Net income before preferred dividends" and "net income before preferred dividends and goodwill impairment" are non-GAAP financial measures. A reconciliation of these non-GAAP financial measures and the nearest GAAP measures is provided in the "Use of Non-GAAP Financial Measures" section.

Results of Operations

Net Interest Income

Three Months Ended September 30, 2026 Compared to the Three Months Ended September 30, 2025

Net interest income totaled $9.9 million, representing an increase of $1.3 million, or 14.8%, from net interest income of $8.6 million for the third quarter of 2025. The increase resulted from a $3.0 million increase in interest income, primarily due to a $1.7 million increase in interest income on available-for-sale securities, due to an increase in the average balance of available-for-sale securities, and a $1.7 million increase in interest income on loans receivable as a result of an increase in the average balance of loans receivable. These increases in net interest income were partially offset by a $1.6 million increase in interest expense on deposits, as a result of an increase in the average deposits balance. The net interest margin decreased to 2.64% for the third quarter of 2026 from 2.72% for the third quarter of 2025.

Nine Months Ended September 30, 2026 Compared to the Nine Months Ended September 30, 2025

Net interest income totaled $28.4 million for the first nine months of 2026, representing an increase of $4.0 million, or 16.5%, from net interest income of $24.4 million for the first nine months of 2025. The increase resulted from a $7.8 million increase in interest income, primarily due to a $5.1 million increase in interest income on available-for-sale securities, due to increases in the average rate and balance of available-for-sale securities, and a $3.4 million increase in interest income on loans receivable as a result of an increase in the average balance of loans receivable. Further, interest on borrowings decreased $1.7 million due to decreases in the average rate and balance of borrowings. The increases in net interest income were partially offset by a $5.5 million increase in interest expense on deposits due to increases in the average deposit rate and balance.

The net interest margin increased to 2.68% for the first nine months of 2026 from 2.65% for the first nine months of 2025, due to an increase in the average rate earned on interest-earning assets, which increased to 4.97% for the first nine months of 2026 from 4.88% for the first nine months of 2025, and a decrease in the cost of funds, which decreased to 3.00% for the first nine months of 2026 from 3.08% for the first nine months of 2025.

The following tables set forth the average balances, average yields and costs, and certain other information for the periods indicated. All average balances are daily average balances. The yields set forth below include the effect of deferred loan fees, deferred origination costs, and discounts and premiums that are amortized or accreted to interest income or expense. We do not accrue interest on loans that are on non-accrual status; however, the balance of these loans is included in the total average balance of loans receivable, which has the effect of reducing average loan yields.

(Dollars in thousands)	For the Three Months Ended					
	September 30, 2026			September 30, 2025		
	Average Balance	Interest	Average Yield/Cost (Annualized)	Average Balance	Interest	Average Yield/Cost (Annualized)
Assets						
Interest-earning assets:						
Interest-bearing deposits	$ 16,416	$ 150	3.63%	$ 49,348	$ 556	4.47%
Securities	320,693	3,380	4.18%	206,224	1,690	3.25%
Loans receivable, net[1]	1,140,585	15,120	5.26%	993,090	13,418	5.36%
FRB and FHLB stock	10,117	148	5.80%	7,461	127	6.75%
Total interest-earning assets	1,487,811	$ 18,798	5.01%	1,256,123	$ 15,791	4.99%
Non-interest-earning assets	42,971			50,659		
Total assets	$ 1,530,782			$ 1,306,782		
Liabilities and Equity						
Interest-bearing liabilities:						
Money market deposits	$ 184,743	$ 1,049	2.25%	$ 155,121	$ 422	1.08%
Savings deposits	197,914	1,743	3.49%	44,095	50	0.45%
Interest checking and other demand deposits	256,432	1,448	2.24%	263,972	2,105	3.16%
Certificate accounts	318,644	2,733	3.40%	282,955	2,786	3.91%
Total deposits	957,733	6,973	2.89%	746,143	5,363	2.85%
FHLB borrowings	117,213	1,166	3.95%	63,016	711	4.48%
Securities sold under agreements to repurchase	82,126	763	3.69%	76,906	710	3.66%
Secured borrowings	-	-	-%	30,253	390	5.11%
Total borrowings	199,339	1,929	3.84%	170,175	1,811	4.22%
Total interest-bearing liabilities	1,157,072	8,902	3.05%	916,318	7,174	3.11%
Non-interest-bearing liabilities	111,468			104,006		
Equity	262,242			286,458		
Total liabilities and equity	$ 1,530,782			$ 1,306,782		
Net interest rate spread[2]		$ 9,896	1.96%		$ 8,617	1.88%
Net interest rate margin[3]			2.64%			2.72%
Ratio of interest-earning assets to interest-bearing liabilities			128.58%			137.08%

(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.

	For the Nine Months Ended					
	September 30, 2026			September 30, 2025		
(Dollars in thousands)	Average Balance	Interest	Average Yield/Cost (Annualized)	Average Balance	Interest	Average Yield/Cost (Annualized)
Assets						
Interest-earning assets:						
Interest-bearing deposits	$ 17,430	$ 470	3.61%	$ 34,221	$ 1,134	4.43%
Securities	299,634	9,203	4.11%	195,049	4,069	2.79%
Loans receivable, net[1]	1,094,214	42,760	5.22%	995,521	39,360	5.29%
FRB and FHLB stock	8,109	377	6.22%	8,694	426	6.55%
Total interest-earning assets	1,419,387	$ 52,810	4.97%	1,233,485	$ 44,989	4.88%
Non-interest-earning assets	42,533			49,799		
Total assets	$ 1,461,920			$ 1,283,284		
Liabilities and Equity						
Interest-bearing liabilities:						
Money market deposits	$ 183,674	$ 3,037	2.21%	$ 136,183	$ 1,015	1.00%
Savings deposits	182,073	4,586	3.37%	46,506	179	0.51%
Interest checking and other demand deposits	261,191	4,515	2.31%	256,952	5,991	3.12%
Certificate accounts	304,356	7,810	3.43%	259,447	7,256	3.74%
Total deposits	931,294	19,948	2.86%	699,088	14,441	2.76%
FHLB borrowings	74,991	2,201	3.92%	91,585	2,950	4.31%
Securities sold under agreements to repurchase	80,678	2,222	3.68%	71,302	1,948	3.65%
Secured borrowings	-	-	-	30,946	1,233	5.33%
Total borrowings	155,669	4,423	3.80%	193,833	6,131	4.23%
Total interest-bearing liabilities	1,086,963	$ 24,371	3.00%	892,921	$ 20,572	3.08%
Non-interest-bearing liabilities	111,614			104,684		
Equity	263,343			285,679		
Total liabilities and equity	$ 1,461,920			$ 1,283,284		
Net interest rate spread[2]		$ 28,439	1.98%		$ 24,417	1.80%
Net interest rate margin[3]			2.68%			2.65%
Ratio of interest-earning assets to interest-bearing liabilities			130.58%			138.14%

(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.

Provision for Credit Losses

The Company recorded a provision for credit losses of $668 thousand for the three months ended September 30, 2026, compared to $697 thousand for the three months ended September 30, 2025.

The Company recorded a provision for credit losses of $2.3 million for the first nine months of 2026, compared to $2.1 million for the first nine months of 2025.

The Company recorded a provision for off-balance sheet loan commitments of $43 thousand and $220 thousand for the three months ended September 30, 2026 and 2025, respectively. The Company recorded a provision for off-balance sheet loan commitments of $22 thousand and $164 thousand for the nine months ended September 30, 2026 and 2025, respectively.

Non-interest Income

Non-interest income was $496 thousand for the third quarter of 2026, compared to $422 thousand for the third quarter of 2025, representing an increase of $74 thousand, or 17.5%. The increase was primarily due to $203 thousand of additional earnings on bank owned life insurance.

Non-interest income was $2.0 million for the first nine months of 2026, compared to $1.1 million for the first nine months of 2025, representing an increase of $970 thousand, or 91.1%. The increase was primarily due to $697 thousand of additional earnings on bank owned life insurance and a $450 thousand loan fee related to the New Market Tax Credit allocation earned in the first nine months of 2026.

Non-interest Expense

Non-interest expense was $8.3 million for the third quarter of 2026, compared to $31.5 million for the third quarter of 2025, a decrease of $23.2 million, or 73.6%. The decrease was primarily due to a $25.9 million goodwill impairment charge recorded in the third quarter of 2025.

Non-interest expense was $23.8 million for the first nine months of 2026, compared to $49.2 million for the first nine months of 2025, representing a decrease of $25.4 million, or 51.6%. The decrease was primarily due to a $25.9 million goodwill impairment charge recorded in the first nine months of 2025.

Income Taxes

The Company recorded income tax expense of $279 thousand for the third quarter of 2026, compared to $736 thousand for the third quarter of 2025. The decrease in income tax expense reflected a decrease in income before taxes, excluding goodwill impairment, of $1.3 million between the two periods. The effective tax rate was 20.03% for the third quarter of 2026, compared to a benefit of 3.18% for the third quarter of 2025.

Income tax expense (benefit) was income tax expense of $891 thousand for the first nine months of 2026 compared to income tax benefit of $54 thousand for the first nine months of 2025. The increase in tax expense reflected an increase of $4.3 million in pre-tax income between the two periods, excluding the $25.9 million goodwill impairment in the first nine months of 2025.

Financial Condition

Total Assets

Total assets increased by $211.4 million at September 30, 2026, compared to December 31, 2025, reflecting increases in net loans of $116.2 million, securities available-for-sale of $48.6 million and cash and cash equivalents of $38.8 million. The increase in net loans was due to organic loan growth and loan purchases and the increase in securities available-for-sale was due to purchases of securities available-for-sale.

Loans Receivable Held for Investment

Loans held for investment, net of the ACL, increased by $116.2 million to $1.1 billion at September 30, 2026, compared to $1.0 billion at December 31, 2025. The increase was comprised of purchased loans and organic growth, net of paydowns. Loan growth during the nine months ended September 30, 2026 was primarily driven by originations in commercial lending, commercial real estate and construction lending activities within the Company's target markets. Growth was achieved within established underwriting standards and risk parameters and was supported by continued demand for mission-oriented lending products.

The following table presents loan categories by maturity for the period indicated. Actual repayments historically have, and will likely in the future, differ significantly from contractual maturities because individual borrowers generally have the right to prepay loans, with or without prepayment penalties.

	September 30, 2026				
	One Year or Less	More Than One Year to Five Years	More Than Five Years to 15 Years	More Than 15 Years	Total
	(Dollars in thousands)				
Loans receivable held for investment:					
Single-family	$ 3,115	$ 7,049	$ 2,394	$ 6,244	$ 18,802
Multi-family	14,753	29,472	6,880	508,791	559,896
Commercial real estate	14,610	106,185	22,376	35,385	178,556
Church	2,621	2,329	3,378	-	8,328
Construction	61,678	32,215	-	-	93,893
Commercial - other	17,211	53,875	19,441	155,879	246,406
SBA loans	50	-	4,115	10,966	15,131
Consumer	99				99
	$ 114,137	$ 231,125	$ 58,584	$ 717,265	$ 1,121,111

Certain wholesale multi-family loans have adjustable-rate features based on the Secured Overnight Financing Rate but are fixed for the first five years. Our experience has shown that these loans typically pay off during the first five years and do not reach the adjustable-rate phase. However, in the current interest rate environment, we have seen more borrowers maintain their loans instead of paying them off due to interest rate caps which make the adjusted interest rate on their existing loan more desirable than getting a new loan at current interest rates. Wholesale multi-family loans in their initial fixed period totaled $311.6 million or 55.7% of our multi-family loan portfolio as of September 30, 2026.

Allowance for Credit Losses

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.

During the quarter ended March 31, 2026, the Company transitioned from using the WARM method for measuring the ACL to a DCF method. Concurrently, the Company also changed the way that qualitative factors are applied in the estimation of the ACL. These changes are intended to improve the precision of the expected credit loss calculations.

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 non-accrual 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. The ACL for collateral dependent loans is determined using estimates of the fair value of the underlying collateral, less estimated selling costs.

The ACL increased from $9.4 million at December 31, 2025 to $10.0 million at September 30, 2026. This increase was primarily due to loan portfolio growth, including increases in the commercial-other portfolio and the commercial real estate ("CRE") portfolio, as well as challenges in the D.C. market, resulting in an increase in substandard loans. These factors were evaluated in the context of current conditions and reasonable and supportable forecasts for the Company's loan classes (single- family, multi-family, CRE, church, construction, SBA, consumer, and commercial-other).

Loans delinquent by 30 days or more, but less than 60 days, decreased to $2.1 million at September 30, 2026, from $11.8 million at December 31, 2025, primarily due to one construction loan and one multi-family loan, which were current at September 30, 2026. Loans delinquent by 60 days or more, but less than 90 days, increased to $4.6 million at September 30, 2026, from $367 thousand at December 31, 2025, primarily due to one multi-family loan and one CRE loan. Loans delinquent by greater than 90 days were $9.3 million at September 30, 2026, compared to $3.0 million at December 31, 2025, primarily due to one construction loan.

The Company had eight non-accrual loans at September 30, 2026 with an unpaid principal balance of $13.7 million. Credit quality remains stable with non-accrual loans as a percentage of gross loans at 1.20% and non-performing assets to total assets of 0.88%.

We believe the ACL is adequate to cover expected losses in the loan portfolio as of September 30, 2026, but there can be no assurance that actual losses will not exceed the estimated amounts. The OCC and the FDIC periodically review the ACL as an integral part of their examination process. These agencies may require an increase in the ACL based on their judgments of the information available to them at the time of their examinations.

The following table details our allocation of the ACL to the various categories of loans held for investment and the percentage of loans in each category to total loans at the dates indicated:

	September 30, 2026		December 31, 2025		September 30, 2025	
	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans
	(Dollars in thousands)					
Single-family	$ 121	1.68%	$ 132	2.03%	$ 129	2.07%
Multi-family	3,963	49.95%	4,782	58.41%	6,030	59.49%
Commercial real estate	1,788	15.93%	1,193	16.01%	1,155	15.72%
Church	60	0.74%	36	0.89%	37	0.90%
Construction	2,730	8.37%	2,039	7.19%	2,064	8.43%
Commercial - other	1,277	21.98%	900	13.79%	777	12.12%
SBA loans	25	1.35%	342	1.68%	147	1.27%
Total allowance for credit losses	$ 9,964	100.00%	$ 9,424	100.00%	$ 10,339	100.00%

Deposits

The following table presents the maturity of time deposits, which includes Certificate of Deposit Registry Service (“CDARS”), as of the dates indicated:

	Three Months or Less	Three to Six Months	Six Months to One Year	Over One Year	Total
			(In thousands)		
September 30, 2026					
Time deposits of $250,000 or less	$ 96,562	$ 91,602	$ 98,294	$ 2,663	$ 289,121
Time deposits of more than $250,000	17,014	13,027	8,002	1,531	39,574
Total	$ 113,576	$ 104,629	$ 106,296	$ 4,194	$ 328,695
Not covered by deposit insurance	$ 12,764	$ 7,277	$ 5,502	$ 1,031	$ 26,574
December 31, 2025					
Time deposits of $250,000 or less	$ 65,681	$ 42,989	$ 83,129	$ 2,849	$ 194,648
Time deposits of more than $250,000	79,939	4,491	18,413	2,243	105,086
Total	$ 145,620	$ 47,480	$ 101,542	$ 5,092	$ 299,734
Not covered by deposit insurance	$ 74,439	$ 2,491	$ 14,913	$ 1,743	$ 93,586

Borrowings

As of September 30, 2026 securities sold under agreements to repurchase totaled $80.0 million at an average rate of 3.69%. The fair value of securities pledged totaled $82.3 million as of September 30, 2026. As of December 31, 2025, securities sold under agreements to repurchase totaled $80.8 million at an average rate of 3.66%. The fair value of securities pledged totaled $83.7 million as of December 31, 2025.

At September 30, 2026, the Company had outstanding advances from the FHLB totaling $99.0 million. At December 31, 2025, the Company had outstanding advances from the FHLB totaling $72.0 million. The weighted average interest rate was 4.13% and 3.79% as of September 30, 2026 and December 31, 2025, respectively. The weighted average contractual maturity was less than one month as of both September 30, 2026 and December 31, 2025. Loans with unpaid balances of $431.8 million and $448.6 million at September 30, 2026 and December 31, 2025, respectively, were pledged to secure FHLB advances. 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 $88.7 million as of September 30, 2026.

In addition, the Company had additional lines of credit of $10.0 million with other financial institutions as of September 30, 2026 and December 31, 2025.

Stockholders’ Equity

Broadway Financial Corporation and subsidiary equity was $255.5 million, or 16.4%, of the Company’s total assets, at September 30, 2026, compared to $262.8 million, or 19.6% of the Company’s total assets, at December 31, 2025. Book value per share was $11.37 at September 30, 2026, compared to $12.28 at December 31, 2025. Capital ratios remain strong with a Community Bank Leverage Ratio of 12.83% at September 30, 2026 and 14.09% at December 31, 2025.

Liquidity

The objective of liquidity management is to ensure that we have the continuing ability to fund operations and meet our obligations on a timely and cost-effective basis.

During the first nine months of 2026, the Company's balance sheet increased significantly due to growth in both loans and deposits. Loan growth was driven by a combination of organic production, including commercial and construction lending activities, and the purchase of government-guaranteed loans. Deposit growth was driven in part by utilizing marketplace deposits, which provided access to additional funding sources to support loan growth and enhance liquidity. During the nine months ended September 30, 2026, the Bank purchased $113.4 million of government-guaranteed loans, obtained $238.4 million of marketplace deposits, and purchased $100.0 million in brokered CDs.

The Bank’s sources of funds include deposits, advances from the FHLB and other borrowings, proceeds from the sale of loans and investment securities, and payments of principal and interest on loans and investment securities. The Bank is currently approved by the FHLB of Atlanta to borrow up to 25% of total assets to the extent the Bank provides qualifying collateral and holds sufficient FHLB stock. Based on FHLB stock held and collateral pledged as of September 30, 2026, the Bank had the ability to borrow an additional $88.7 million from the FHLB of Atlanta. In addition, the Bank had additional lines of credit of $10.0 million with other financial institutions.

The Bank’s primary uses of funds include originations of loans, withdrawals of and interest payments on deposits, purchases of investment securities, and the payment of operating expenses. Also, when the Bank has more funds than required for reserve requirements or short-term liquidity needs, the Bank invests excess cash with the Federal Reserve Bank or other financial institutions. The Bank’s liquid assets at September 30, 2026 consisted of $49.3 million in cash and cash equivalents and $211.2 million in securities available-for-sale that were not pledged, compared to $10.5 million in cash and cash equivalents and $161.1 million in securities available-for-sale that were not pledged at December 31, 2025. Currently, we believe the Bank has sufficient liquidity to support growth over the next twelve months and in the longer term.

The investment portfolio reflects unrealized losses primarily as a result of changes in market interest rates. Management has both the intent and ability to hold these securities until recovery of their amortized cost basis and does not believe such unrealized losses adversely impact the bank’s liquidity position.

Deposits increased by $192.4 million, or 21.0%, to $1.1 billion at September 30, 2026, from $917.6 million at December 31, 2025. The increase in deposits was attributable to increases of $157.9 million in savings deposits, $33.4 million in certificates of deposit accounts, and $8.5 million in liquid deposits (demand, interest checking, and money market accounts), partially offset by decreases of $4.4 million in CDARS and $3.0 million in Insured Cash Sweep deposits. As of September 30, 2026, our uninsured deposits represented 34% of our total deposits, consistent with December 31, 2025.

Management actively monitors depositor concentrations, uninsured deposit balances, and liquidity stress metrics as part of its liquidity management framework. Management believes its liquidity position remains supported by a diversified funding base, available borrowing capacity, and established depositor relationships.

Deposit growth during the first nine months of 2026 included funding obtained through marketplace deposits. While deposits obtained through deposit placement platforms generally carry higher funding costs than certain traditional core deposit relationships, management believes they provide an efficient source of funding to support balance sheet growth, diversify funding sources and maintain liquidity. Management continues to monitor deposit pricing, concentrations, retention characteristics and overall funding costs associated with these deposits.

The Bank had commitments to fund $16.8 million in loans that were approved but unfunded as of September 30, 2026. In addition, the Bank had $3.6 million in unfunded line of credit loans and $26.3 million in unfunded construction loans as of September 30, 2026.

The Bank has a significant concentration of deposits with four customers that accounted for approximately 18% of its deposits as of September 30, 2026. The Bank also has a significant concentration of short-term borrowings from one customer that accounted for 90% of the outstanding balance of securities sold under agreements to repurchase as of September 30, 2026. The Bank has long-term relationships with these customers and expects to maintain its relationships with them for the foreseeable future.

The Company’s liquidity, separate from the Bank, is based primarily on the proceeds from financing transactions, such as the preferred stock sold to the U.S. Treasury in 2022 and the previous private placements completed in December 2016 and April 2021, and dividends received from the Bank in 2024 and 2025. The Bank is currently under no prohibition from paying dividends to the Company but is subject to restrictions as to the amount of the dividends based on normal regulatory guidelines.

The Company recorded consolidated net cash outflows from investing activities of $181.3 million during the nine months ended September 30, 2026, compared to net cash outflows from investing activities of $66.0 million during the nine months ended September 30, 2025. Net cash outflows from investing activities for the nine months ended September 30, 2026 were primarily due to funding of new loans, net of repayments, of $118.9 million, purchases of available-for-sale securities of $100.9 million, and purchases of FHLB stock of $24.9 million, partially offset by $40.1 million of principal payments on and maturities of available-for sale-securities and $23.5 million of proceeds from FHLB stock redemptions. Net cash outflows from investing activities for the nine months ended September 30, 2025 were primarily due to purchases of available-for-sale securities of $117.9 million, funding of new loans, net of repayments, of $15.5 million, and purchases of bank owned life insurance of $20.0 million, partially offset by principal payments on and maturities of available-for-sale securities of $84.0 million.

The Company recorded consolidated net cash inflows from financing activities of $216.1 million during the nine months ended September 30, 2026, compared to consolidated net cash inflows from financing activities of $21.8 million during the nine months ended September 30, 2025. Net cash inflows from financing activities during the nine months ended September 30, 2026 were primarily due to proceeds of FHLB borrowings of $939.5 million and a net increase in deposits of $192.4 million, partially offset by repayments of FHLB borrowings of $912.5 million. Net cash inflows from financing activities during the nine months ended September 30, 2025 were primarily due to proceeds of FHLB advances of $549.5 million and a net increase in deposits of $103.8 million, partially offset by repayments of FHLB advances of $637.5 million.

Capital Resources and Regulatory Capital

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary, actions by the regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk-weightings, and other factors. As of September 30, 2026 and December 31, 2025, the Bank exceeded all capital adequacy requirements to which it is subject and meets the qualifications to be considered "well capitalized." (See Note 11 – Regulatory Matters.)

Use of Non-GAAP Financial Measures

Management uses non-GAAP measures because they provide information to investors about the underlying operational performance and trends of the Company. These disclosures should not be considered in isolation or as a substitute for results determined in accordance with GAAP and are not necessarily comparable to non-GAAP performance measures which may be presented by other bank holding companies. Management compensates for these limitations by providing detailed reconciliations between GAAP information and the non-GAAP financial measures. The tables below reconcile the GAAP financial measures to the associated non-GAAP financial measures.

Tangible book value per common share is a non-GAAP measurement that excludes the net unamortized core deposit intangible asset, which was originally recorded in connection with the CFBanc merger. The Company uses this non-GAAP financial measure to provide supplemental information regarding the Company's financial condition and operational performance. Management believes this measure is useful to investors as tangible equity is a measure that is consistent with the calculation of capital for bank regulatory purposes, which excludes intangible assets from the calculation of risk based ratios, and provides a meaningful assessment of capital adequacy and facilitates comparisons with other financial institutions. A reconciliation between common book value and tangible book value per common share is shown as follows:

	Common Equity Capital	Shares Outstanding	Per Share Amount
		(Dollars in thousands)	
September 30, 2026			
Common book value	$ 105,468	9,276,317	$ 11.37
Less:			
Net unamortized core deposit intangible	1,232		
Tangible book value	104,236	9,276,317	11.24
December 31, 2025			
Common book value	112,751	9,180,498	12.28
Less:			
Net unamortized core deposit intangible	1,460		
Tangible book value	$ 111,291	9,180,498	$ 12.12

The Company calculates net income before preferred dividends and goodwill impairment by adding preferred stock dividends and goodwill impairment to net income (loss) attributable to common stockholders. Earnings per common share - diluted before preferred dividends and goodwill impairment is calculated by dividing net income (loss) before preferred dividends and goodwill impairment by the weighted average common shares outstanding for diluted earnings per common share. Management considers this information important to stockholders because it provides additional perspective on the earnings available from the Company's operating activities and facilitates comparisons across reporting periods.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in thousands)		(Dollars in thousands)	
Net income (loss) attributable to common stockholders	$ 392	$ (24,633)	$ 1,019	$ (28,070)
Net loss attributable to participating securities	8	-	24	-
Add: Preferred stock dividends	750	750	2,250	2,250
Net income before preferred dividends	1,150	(23,883)	3,293	(25,820)
Add: Goodwill impairment	-	25,858	-	25,858
Net income before preferred dividends and goodwill impairment	$ 1,150	$ 1,975	$ 3,293	$ 38
Weighted average common shares outstanding for diluted earnings per common share	8,871,913	8,617,707	8,854,549	8,581,883
Earnings per common share - diluted before preferred dividends and goodwill impairment	$ 0.13	$ 0.23	$ 0.37	$ 0.00

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

An evaluation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of September 30, 2026 was carried out under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and other members of the Company's senior management. Based on the evaluation, management identified material weaknesses related to the Company's internal control over financial reporting and, as a result, concluded that the Company's disclosure controls and procedures were ineffective as of September 30, 2026. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements would not be prevented or detected on a timely basis.

Management identified the following material weaknesses in the Company's internal control over financial reporting:

The Company did not maintain effective components of the Committee of Sponsoring Organizations of the Treadway Commission framework in the areas of control activities, information and communication process and monitoring activities that contributed to the following material weaknesses:

- The Company did not have controls in place to identify unusual or infrequent equity-related contracts entered into which could have a material impact on accounting and financial reporting.

- The Company did not maintain controls to consider subsequent appraisals for collateral dependent loans.

Remediation Plans

In response to the identified material weaknesses, the Company's management, with the oversight of the Audit Committee of our Board of Directors, has dedicated significant resources, including additional employee training, toward efforts to improve our internal control over financial reporting. Management is actively engaged in the implementation of remediation efforts to address the material weaknesses.

- Thorough discussion and review of all new unusual or infrequent equity-related contracts each quarter with documentation of accounting treatment and disclosure with respect to such transactions that could have a potential impact on the Company's financial statements, and

- An enhancement of the controls over the allowance for credit losses at each quarter end to evaluate that all appraisals for collateral dependent loans that are received prior to the date that the financial statements are issued have been evaluated by management and considered in the estimate of the allowance for credit losses.

Management continues implementation of remediation activities, including enhanced technical accounting review procedures for unusual and infrequent transactions, expanded management-level review controls, strengthened quarterly review procedures, and enhanced processes surrounding the identification and evaluation of collateral-dependent loans and updated appraisals. Management will continue to evaluate the effectiveness of these remediation efforts and implement additional enhancements as necessary.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the three months ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives as specified above. Management does not expect, however, that our disclosure controls and procedures will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions, and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

None

Item 1A. RISK FACTORS

Management is not aware of any material changes to the risk factors that appeared under "Part I, Item 1A. Risk Factors" in the 2025 Form 10-K.

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	Amended and Restated Certificate of Incorporation of Registrant effective as of April 1, 2021 (Exhibit 3.1 to Form 8-K filed by Registrant on April 5, 2021)
3.2	Certificate of Amendment to Certificate of Incorporation of Registrant (Exhibit 3.1 to Form 8-K filed by Registrant on November 1, 2023)
3.3	Bylaws of Registrant (Exhibit 3.2 to Form 8-K filed by Registrant on August 24, 2020)
3.4	Certificate of Designations of Senior Non-Cumulative Perpetual Preferred Stock, Series C (Exhibit 3.1 to Form 8-K filed by Registrant on June 8, 2022)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definitions Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Exhibits followed by a parenthetical reference are incorporated by reference herein from the document filed by the Registrant with the SEC described therein. Except as otherwise indicated, the SEC File No. for each incorporated document is 001-39043.

** Management contract or compensatory plan or arrangement.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 13, 2026 By: /s/ Brian Argrett
Brian Argrett
Chief Executive Officer

Date: November 13, 2026 By: /s/ Zack Ibrahim
Zack Ibrahim
Chief Financial Officer

Exhibit 31.1

SECTION 302 CERTIFICATION

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 make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2026

By: /s/ Brian Argrett

Brian Argrett
Chief Executive Officer

Exhibit 31.2

SECTION 302 CERTIFICATION

I, Zack Ibrahim, 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 make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2026

By: /s/ Zack Ibrahim
Zack Ibrahim
Chief Financial Officer

Exhibit 32.1

SECTION 906 CERTIFICATION

The following statement is provided by the undersigned to accompany the foregoing Report on Form 10-Q pursuant to Title 18, Chapter 63, Section 1350 of the United States Code, as amended by Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed filed pursuant to any provision of the Securities Exchange Act of 1934 or any other securities law.

The undersigned certifies that the foregoing Report on Form 10-Q fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Broadway Financial Corporation at the dates and for the periods indicated.

Date: November 13, 2026

By: /s/ Brian Argrett
Brian Argrett
Chief Executive Officer

Exhibit 32.2

SECTION 906 CERTIFICATION

The following statement is provided by the undersigned to accompany the foregoing Report on Form 10-Q pursuant to Title 18, Chapter 63, Section 1350 of the United States Code, as amended by Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed filed pursuant to any provision of the Securities Exchange Act of 1934 or any other securities law.

The undersigned certifies that the foregoing Report on Form 10-Q fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Broadway Financial Corporation at the dates and for the periods indicated.

Date: November 13, 2026

By: /s/ Zack Ibrahim
Zack Ibrahim
Chief Financial Officer