

BROADWAY FINANCIAL CORP \DE\
Form 10-Q
November 14, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2017

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

For transition period from _____ to _____

Commission file number 000-27464

BROADWAY FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

95-4547287

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(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

5055 Wilshire Boulevard, Suite 500
Los Angeles, California
(Address of principal executive offices)

90036
(Zip Code)

(323) 634-1700

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated, 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of November 3, 2017, 18,694,823 shares of the Registrant's voting common stock and 8,756,396 shares of the Registrant's non-voting common stock were outstanding.

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(In thousands, except share and per share amounts)

	September 30, 2017 (Unaudited)	December 31, 2016
Assets		
Cash and due from banks	\$ 2,166	\$ 1,516
Interest-bearing deposits in other banks	66,179	16,914
Cash and cash equivalents	68,345	18,430
Securities available-for-sale, at fair value	11,474	13,202
Loans receivable held for sale, at lower of cost or fair value	22,521	-
Loans receivable held for investment, net of allowance of \$4,213 and \$4,603, respectively	320,522	379,454
Accrued interest receivable	1,113	1,178
Federal Home Loan Bank (FHLB) stock	2,916	2,573
Office properties and equipment, net	2,462	2,479
Bank owned life insurance	2,981	2,940
Deferred tax assets, net	5,696	6,907
Real estate owned (REO)	958	-
Other assets	1,664	1,920
Total assets	\$ 440,652	\$ 429,083
Liabilities and stockholders equity		
Liabilities:		
Deposits	\$ 294,920	\$ 287,427
FHLB advances	86,000	85,000
Junior subordinated debentures	5,100	5,100
Advance payments by borrowers for taxes and insurance	1,537	828
Accrued expenses and other liabilities	4,980	5,202
Total liabilities	392,537	383,557
Stockholders Equity:		
Preferred stock, \$.01 par value, authorized 1,000,000 shares; none issued or outstanding	-	-
Common stock, \$.01 par value, voting, authorized 50,000,000 shares at September 30, 2017 and December 31, 2016; issued 21,312,649 shares at September 30, 2017 and 21,282,647 shares at December 31, 2016; outstanding 18,694,823 shares at September 30, 2017 and 18,664,821 shares at December 31, 2016	213	212
Common stock, \$.01 par value, non-voting, authorized 25,000,000 shares at September 30, 2017 and December 31, 2016; issued and outstanding 8,756,396 shares at September 30, 2017 and December 31, 2016	87	87
Additional paid-in capital	46,073	45,819
Retained earnings	8,281	6,013
Unearned Employee Stock Ownership Plan (ESOP) shares	(1,112)	(1,176)
Accumulated other comprehensive income (loss)	(101)	(103)
Treasury stock-at cost, 2,617,826 shares at September 30, 2017 and December 31, 2016	(5,326)	(5,326)
Total stockholders equity	48,115	45,526
Total liabilities and stockholders equity	\$ 440,652	\$ 429,083

See accompanying notes to unaudited consolidated financial statements.

Table of Contents**BROADWAY FINANCIAL CORPORATION AND SUBSIDIARY****Consolidated Statements of Income and Comprehensive Income****(Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(In thousands, except per share)			
Interest income:				
Interest and fees on loans receivable	\$ 4,127	\$ 3,835	\$ 12,035	\$ 10,855
Interest on mortgage-backed and other securities	69	80	217	247
Other interest income	148	98	365	299
Total interest income	4,344	4,013	12,617	11,401
Interest expense:				
Interest on deposits	611	568	1,782	1,596
Interest on borrowings	494	419	1,515	1,267
Total interest expense	1,105	987	3,297	2,863
Net interest income	3,239	3,026	9,320	8,538
Loan loss provision recapture	300	-	950	550
Net interest income after loan loss provision recapture	3,539	3,026	10,270	9,088
Non-interest income:				
Service charges	117	119	338	365
Gain on sale of loans	160	-	383	-
CDFI grant	-	-	-	265
Income from litigation settlement	-	-	1,183	-
Other	28	25	82	256
Total non-interest income	305	144	1,986	886
Non-interest expense:				
Compensation and benefits	1,878	1,729	5,193	5,341
Occupancy expense	333	301	953	883
Information services	202	199	610	585
Professional services	120	170	525	617
Office services and supplies	72	74	225	216
FDIC assessments	34	68	118	151
Other	418	302	1,144	900
Total non-interest expense	3,057	2,843	8,768	8,693
Income before income taxes	787	327	3,488	1,281
Income taxes	284	-	1,220	2
Net income	\$ 503	\$ 327	\$ 2,268	\$ 1,279
Other comprehensive income (loss), net of tax:				
Unrealized gains (losses) on securities available-for-sale arising during the period	\$ -	\$ (68)	\$ 3	\$ 95
Income tax				