

BROADWAY FINANCIAL CORP \DE\

Form 10-Q

December 21, 2011

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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, 2011

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 (State or other jurisdiction of incorporation or organization)	95-4547287 (I.R.S. Employer Identification No.)
4800 Wilshire Boulevard, Los Angeles, California (Address of principal executive offices)	90010 (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, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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: 1,744,565 shares of the Company's Common Stock, par value \$0.01 per share, were outstanding as of December 13, 2011.

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	September 30, 2011 (Unaudited) <i>(Dollars in thousands, except per share amounts)</i>	December 31, 2010
Assets		
Cash	\$ 13,735	\$ 8,203
Federal funds sold	7,240	13,775
Cash and cash equivalents	20,975	21,978
Securities available for sale, at fair value	8,612	10,524
Securities held to maturity (fair value of \$11,509 at September 30, 2011 and \$13,261 at December 31, 2010)	11,000	12,737
Loans receivable held-for-sale, net	15,212	29,411
Loans receivable, net of allowance of \$19,805 and \$20,458	339,479	382,616
Accrued interest receivable	1,759	2,216
Federal Home Loan Bank (FHLB) stock, at cost	4,089	4,089
Office properties and equipment, net	4,821	5,094
Real estate owned (REO), net	5,385	3,036
Bank owned life insurance	2,588	2,522
Deferred tax assets	2,873	5,369
Other assets	5,444	4,338
Total assets	\$ 422,237	\$ 483,930
Liabilities and stockholders equity		
Deposits	\$ 294,850	\$ 348,445
Federal Home Loan Bank advances	87,000	87,000
Junior subordinated debentures	6,000	6,000
Other borrowings	5,000	5,000
Advance payments by borrowers for taxes and insurance	584	272
Other liabilities	5,768	4,353
Total liabilities	399,202	451,070
Stockholders Equity:		
Senior preferred, cumulative and non-voting stock, \$.01 par value, authorized, issued and outstanding 9,000 shares of Series D at September 30, 2011 and December 31, 2010; liquidation preference of \$9,619 at September 30, 2011 and \$9,281 at December 31, 2010	8,963	8,963
Senior preferred, cumulative and non-voting stock, \$.01 par value, authorized, issued and outstanding 6,000 shares of Series E at September 30, 2011 and December 31, 2010; liquidation preference of \$6,412 at September 30, 2011 and \$6,188 at December 31, 2010	5,974	5,974
Preferred, non-cumulative and non-voting stock, \$.01 par value, authorized 1,000,000 shares; issued and outstanding 55,199 shares of Series A, 100,000 shares of Series B and 76,950 shares of Series C at September 30, 2011 and December 31, 2010; liquidation preference of \$552 for Series A, \$1,000 for Series B and \$1,000 for Series C at September 30, 2011 and December 31, 2010	2	2
Preferred stock discount	(1,092)	(1,380)
Common stock, \$.01 par value, authorized 8,000,000 shares at September 30, 2011 and December 31, 2010; issued 2,013,942 shares at September 30, 2011 and December 31, 2010; outstanding 1,744,565 shares at September 30, 2011 and 1,743,965 shares at	20	20

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December 31, 2010		
Additional paid-in capital	14,460	14,395
Retained earnings (accumulated deficit)	(2,141)	8,074
Accumulated other comprehensive income, net of taxes of \$206 at September 30, 2011 and \$176 at December 31, 2010	293	263
Treasury stock-at cost, 269,377 shares at September 30, 2011 and 269,977 shares at December 31, 2010	(3,444)	(3,451)
Total stockholders' equity	23,035	32,860
Total liabilities and stockholders' equity	\$ 422,237	\$ 483,930

See accompanying notes to unaudited consolidated financial statements.

Table of Contents**BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES****Consolidated Statements of Operations and Comprehensive Earnings (Loss)****(Unaudited)**

	Three Months Ended September 30		Nine Months Ended September 30	
	2011	2010	2011	2010
	<i>(Dollars in thousands, except per share amounts)</i>			
Interest and fees on loans receivable	\$ 6,062	\$ 7,231	\$ 18,730	\$ 22,186
Interest on mortgage backed and other securities	176	228	539	767
Other interest income	9	16	28	41
Total interest income	6,247	7,475	19,297	22,994
Interest on deposits	1,056	1,492	3,492	4,563
Interest on borrowings	859	865	2,699	2,511
Total interest expense	1,915	2,357	6,191	7,074
Net interest income before provision for loan losses	4,332	5,118	13,106	15,920
Provision for loan losses	3,814	1,740	8,488	2,623
Net interest income after provision for loan losses	518	3,378	4,618	13,297
Non-interest income:				
Service charges	176	275	533	677
Net gains (losses) on mortgage banking activities	(80)	13	(73)	(72)
Net losses on sale of REO	(7)	(53)	(56)	(88)
Other	25	788	90	962
Total non-interest income	114	1,023	494	1,479
Non-interest expense:				
Compensation and benefits	1,618	1,696	4,982	5,423
Occupancy expense, net	330	359	1,018	1,069
Information services	200	198	647	602
Professional services	284	214	744	810
Provision for losses on loans held-for-sale	702	556	728	1,103
Provision for losses on REO	1,251	669	2,033	780
FDIC insurance	144	233	781	695
Office services and supplies	135	147	417	424
Other	447	516	1,380	1,059
Total non-interest expense	5,111	4,588	12,730	11,965
Earnings (loss) before income taxes	(4,479)	(187)	(7,618)	2,811
Income tax expense (benefit)	3,055	(31)	1,767	1,133
Net earnings (loss)	\$ (7,534)	\$ (156)	\$ (9,385)	\$ 1,678
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on securities available for sale	\$ (11)	\$ (122)	\$ 60	\$ 135

Income tax effect	(2)	49	(30)	(54)
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