



## TABLE OF CONTENTS

1. Benefit Reporting Requirements
2. Objectives and Standards
3. Impact Assessment

**B**roadway Financial Corporation is a Public Benefit Corporation (PBC) under Delaware General Corporation Law and the sole shareholder of City First Bank, National Association.

The following are the reporting requirements for Broadway Financial Corporation under Delaware Law, provided verbatim for oversight.

### BENEFIT CORPORATION REPORTING REQUIREMENTS

Under Section 366 of the Delaware General Corporations Law, a PBC is required to provide its stockholders with a statement as to the PBC's promotion of its public benefit and of the best interests of those materially affected by its conduct. The statement must be provided at least every other year. The statement is specifically required to include the following information:

- ◆ The objectives the Board has established are to promote the public benefit and interests;
- ◆ The standards the Board has adopted to measure the corporation's progress in promoting the public benefit and interests;
- ◆ Objective factual information based on the standards the Board has chosen regarding the corporation's success in meeting those objectives; and
- ◆ An assessment of the corporation's success in meeting the objectives and in promoting the public benefit and interests.

The report is not required to take a specific form. In addition, the PBC is not required to make the report available publicly, unless mandated by its certificate of incorporation.

Unless required by its certificate of incorporation, the PBC is not required to use a third-party standard in connection with the promotion of the public benefit and/or best interests of those materially affected by the corporation's conduct. The PBC also is not required to obtain third-party certification unless required by its certificate of incorporation.

## BROADWAY FINANCIAL CORPORATION'S 2022 BENEFIT REPORT

### Objectives the Board has established to promote the public benefit and interests

Broadway Financial Corporation is a public benefit corporation that has stated in its Articles of Incorporation the following objectives.

Broadway Financial Corporation seeks to, both directly and through its subsidiary bank (City First Bank, National Association), create a general and specific public benefit to the District of Columbia, Los Angeles, California and other urban communities served by the corporation or its subsidiaries. In particular, the business of the corporation and its subsidiaries will focus on the low-to-moderate income neighborhoods of the District of Columbia, Baltimore and their surrounding suburban communities, the Counties of Los Angeles, Ventura, Riverside, Orange, San Diego, San Bernardino and Santa Barbara, California and other urban communities served in ways that are efficient and profitable, that increase access to credit and capital for individuals and institutions located therein, and that improve the economic health of the communities located therein and specifically communities of color.

### Standards the Board has adopted to measure the progress in promoting the public benefit and interests

The Board of Broadway Financial Corporation has adopted the following methods to measure progress against our general and specific public benefit objectives:

- ◆ The corporation will maintain B Corp certification to assess our public benefit across workers, customers, community, environment, and governance.
- ◆ The corporation will produce and review quarterly and annual reports to the Board on our lending to our target urban low-to-moderate income communities and customers.
- ◆ The corporation will target its mission lending as 70% of total lending using a definition of mission lending that aligns to our mission objectives and our business strategy of targeting multifamily affordable housing developers and investors, not-for-profits, and small businesses.

## Assessment of Broadway Financial Corporation and its subsidiary bank, City First Bank, success in meeting the objectives in promoting the public benefit and interests<sup>1</sup>

### CITY FIRST BANK DEMONSTRATES HOW TO DELIVER IMPACT AT SCALE

In June 2022, Broadway Financial Corporation closed our private placement of \$150 million of perpetual Preferred Stock to the United States Treasury pursuant to the Emergency Capital Investment Program (“ECIP”) for CDFIs and MDIs<sup>2</sup>. In doing so, we have dramatically increased and strengthened our capital base and created a tremendous forward opportunity to significantly grow our bank and significantly grow our transformational impact for the individuals, businesses and critical communities we serve!

City First Bank received an **“Outstanding” Community Reinvestment Act (CRA) Rating** in September 2022 for our community development lending in and for low-income communities from 2019 through 2021.

**City First Bank received a Best for the WORLD for our customers awarded to top performing certified B Corps in July 2022.**

City First Bank’s Board authorized the Employee Stock Ownership Program (ESOP) to purchase up to \$5 million in Broadway Financial Corporation (BYFC) shares. The ESOP will be available for all employees in 2023. City First Bank recognizes the importance of our employee’s contributions in our future growth and success. This transaction reinforces long-term alignment of the interests of our employees and our stockholders.



- 1 Including objective factual information based on the standards the Board has chosen regarding the corporation’s success in meeting those objectives
- 2 Community Development Financial Institutions and Minority Depository Institutions



In 2022, City First Bank deployed **\$304 Million in capital with 69% in mission lending**, meeting our stated mission lending objectives. We created public benefit by serving low-income communities and communities of color across affordable housing, small business lending, and not for profit financing.

## ACCESS TO AFFORDABLE HOUSING

- ◆ **\$247 million** in loans to housing developers or investors
- ◆ **\$173 million** in loans for affordable housing creating or preserving **1463** units of affordable housing



## ACCESS TO FINANCE FOR SMALL BUSINESSES

- ◆ **\$7.46 million** in loans to seven small businesses retaining or creating **531** jobs.
- ◆ We formed a partnership with Momentus Direct Capital to expand access to Small Business Administration 504 First Mortgage loans for small business borrowers.



## NONPROFITS

- ◆ **\$31 million** in loans to five low-income community serving not-for-profits providing access to quality affordable healthcare and quality education in Washington, DC and Baltimore, MD.
- ◆ Our community facility financing created capacity for an additional **568** community members to be served by these not-for-profits.
- ◆ City First Bank provided a **\$10.5 million** loan to a community serving not for profit that provides **450,000** patients visits annually to a medically underserved area. The not for profit supports continuation of community services and works to meet the immediate daily needs of the people they serve with food, clothing, and healthcare. They work to help break the cycle of homelessness by offering services including affordable housing, job training, additional treatment, and counseling to individuals who are low-income, the elderly, and individuals with mental illness. The not-for-profit is at least 50% controlled by Black or African American Board members.





Our impact in 2022 was driven by our founding purpose to fight the disinvestment and discrimination in the urban communities such as Los Angeles, CA and Washington, DC and being part of the collective solution to addressing systemic racism by demonstrating economic justice at scale.

## ACCESS TO FINANCE FOR URBAN LOW INCOME COMMUNITIES

- ◆ **\$203 million was lent in low-to-moderate income communities.**
- ◆ **\$32 million was lent in Wards 7 & 8 in DC** where over 90% of the community identifies as African American and poverty is over 25%.
- ◆ **“Outstanding” Community Reinvestment Act (CRA) Rating** in 2022 for our community development lending in and for low-income communities in Los Angeles, CA and Washington, DC.

## RACIAL EQUITY

Our lending across affordable housing, small businesses, and not-for-profits seeks to serve communities of color by supporting minority-owned businesses and minority-led not-for-profits.

- ◆ **\$65 million** in loans supported over 21 minority-owned or -led organizations.
  - \$61 million in loans supported over 19 African American owned or led organizations. This includes African American owned affordable housing developers and investors, African American led not-for-profits, and African American owned small businesses.
- ◆ **\$32 million was lent in Wards 7 & 8 in DC** where over 90% of the community identifies as African American and poverty is over 25%.
- ◆ **\$15.8 million was lent in South Los Angeles** in California where over 90% of the community identifies as either African American or Hispanic and poverty is over 25%.
- ◆ We formed a partnership with Momentus Direct Capital to address systemic barriers to capital by expanding access to Small Business Administration 504 First Mortgage loans for majority minority-owned businesses.

With diverse leadership, we see our ability to effectively serve the community directly tied to our ability to successfully represent the community.

- Board Demographics: 66% of our Board members identify as Minority and African American.
- Executive Leadership Demographics: 80% of our Leadership team identifies as Minority and African American, including our CEO, Chief Financial Officer, Chief Operating Officer, Chief Credit Officer, and East Regional Market Executive.

## GREEN IMPACT

- ◆ **\$6 million** in green lending to 4 projects in and for the low-income communities we serve.

