

**BROADWAY FINANCIAL CORPORATION
AND SUBSIDIARIES
Consolidated Balance Sheets
(Dollars in thousands)**

	June 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Cash	\$ 12,621	\$ 8,203
Federal funds sold	5,240	13,775
Cash and cash equivalents	17,861	21,978
Securities available for sale, at fair value	9,172	10,524
Securities held to maturity	11,692	12,737
Loans receivable held for sale, net	16,005	29,411
Loans receivable, net of allowance of \$22,245 and \$20,458	360,144	382,616
Accrued interest receivable	1,957	2,216
Federal Home Loan Bank (FHLB) stock, at cost	4,089	4,089
Office properties and equipment, net	4,909	5,094
Real estate owned (REO)	6,690	3,036
Bank owned life insurance	2,566	2,522
Deferred tax assets	6,108	5,369
Other assets	5,881	4,338
Total assets	\$ 447,074	\$ 483,930
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 312,371	\$ 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	743	272
Other liabilities	5,232	4,353
Total liabilities	416,346	451,070
Stockholders' Equity:		
Senior preferred, cumulative and non-voting stock, \$0.01 par value, authorized, issued and outstanding 9,000 shares of Series D at June 30, 2011 and December 31, 2010; liquidation preference of \$9,394 at June 30, 2011 and \$9,169 at December 31, 2010	8,963	8,963
Senior preferred, cumulative and non-voting stock, \$0.01 par value, authorized, issued and outstanding 6,000 shares of Series E at June 30, 2011 and December 31, 2010; liquidation preference of \$6,263 at June 30, 2011 and \$6,113 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 June 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 June 30, 2011 and December 31, 2010	2	2
Preferred stock discount	(1,188)	(1,380)
Common stock, \$.01 par value, authorized 8,000,000 shares at June 30, 2011 and December 31, 2010; issued 2,013,942 shares at June 30, 2011 and December 31, 2010; outstanding 1,744,565 shares at June 30, 2011 and 1,743,965 shares at December 31, 2010	20	20
Additional paid-in capital	14,439	14,395
Retained earnings-substantially restricted	5,656	8,074
Accumulated other comprehensive income, net of taxes of \$204 at June 30, 2011 and \$176 at December 31, 2010	306	263
Treasury stock-at cost, 269,377 shares at June 30, 2011 and 269,977 shares at December 31, 2010	(3,444)	(3,451)
Total stockholders' equity	30,728	32,860
Total liabilities and stockholders' equity	\$ 447,074	\$ 483,930

**BROADWAY FINANCIAL CORPORATION
AND SUBSIDIARIES**
Consolidated Statements of Operations and Comprehensive Earnings (Loss)
(Dollars in thousands, except per share amounts)
(Unaudited)

	<u>Three Months ended June 30,</u>		<u>Six Months ended June 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Interest and fees on loans receivable	\$ 6,284	\$ 7,478	\$ 12,668	\$ 14,955
Interest on securities	182	257	363	539
Other interest income	10	15	19	25
Total interest income	<u>6,476</u>	<u>7,750</u>	<u>13,050</u>	<u>15,519</u>
Interest on deposits	1,197	1,568	2,436	3,071
Interest on borrowings	851	851	1,840	1,646
Total interest expense	<u>2,048</u>	<u>2,419</u>	<u>4,276</u>	<u>4,717</u>
Net interest income before provision for loan losses	4,428	5,331	8,774	10,802
Provision for loan losses	3,434	309	4,674	883
Net interest income after provision for loan losses	<u>994</u>	<u>5,022</u>	<u>4,100</u>	<u>9,919</u>
Non-interest income:				
Service charges	175	213	357	402
Net gains (losses) on mortgage banking activities	32	(109)	7	(85)
Net losses on sales of REO	(34)	(61)	(49)	(35)
Other	26	141	65	174
Total non-interest income	<u>199</u>	<u>184</u>	<u>380</u>	<u>456</u>
Non-interest expense:				
Compensation and benefits	1,555	1,796	3,364	3,727
Occupancy expense, net	334	348	688	710
Information services	220	186	447	404
Professional services	292	386	460	596
Provision for losses on loans held for sale	6	472	26	547
Provision for losses on REO	702	30	782	111
FDIC insurance	354	215	637	462
Office services and supplies	140	133	282	277
Other	514	280	933	543
Total non-interest expense	<u>4,117</u>	<u>3,846</u>	<u>7,619</u>	<u>7,377</u>
Earnings (loss) before income taxes	(2,924)	1,360	(3,139)	2,998
Income tax expense (benefit)	(1,202)	514	(1,288)	1,164
Net earnings (loss)	<u>\$ (1,722)</u>	<u>\$ 846</u>	<u>\$ (1,851)</u>	<u>\$ 1,834</u>
Other comprehensive income, net of tax:				
Unrealized gain on securities available for sale	\$ 86	\$ 168	\$ 71	\$ 257
Income tax effect	(34)	(67)	(28)	(103)
Other comprehensive income, net of tax	<u>52</u>	<u>101</u>	<u>43</u>	<u>154</u>
Comprehensive earnings (loss)	<u>\$ (1,670)</u>	<u>\$ 947</u>	<u>\$ (1,808)</u>	<u>\$ 1,988</u>
Net earnings (loss)	\$ (1,722)	\$ 846	\$ (1,851)	\$ 1,834
Dividends and discount accretion on preferred stock	(283)	(281)	(566)	(581)
Earnings (loss) available to common shareholders	<u>\$ (2,005)</u>	<u>\$ 565</u>	<u>\$ (2,417)</u>	<u>\$ 1,253</u>
Earnings (loss) per common share-basic	\$ (1.15)	\$ 0.32	\$ (1.39)	\$ 0.72
Earnings (loss) per common share-diluted	\$ (1.15)	\$ 0.32	\$ (1.39)	\$ 0.72
Dividends declared per share-common stock	\$ -	\$ -	\$ -	\$ 0.01
Basic weighted average shares outstanding	1,744,216	1,743,609	1,744,091	1,743,488
Diluted weighted average shares outstanding	1,744,216	1,744,509	1,744,091	1,746,973

**BROADWAY FINANCIAL CORPORATION
AND SUBSIDIARIES**
Selected Ratios and Data
(Dollars in thousands)

	<u>As of June 30,</u>			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Regulatory Capital Ratios:				
Core Capital	8.87%	7.68%		
Tangible Capital	8.87%	7.68%		
Tier 1 Risk-Based Ratio	11.94%	10.72%		
Total Risk-Based Capital	13.26%	12.00%		
Asset Quality Ratios and Data:				
Non-performing loans as a percentage of total gross loans, excluding loans held for sale	11.15%	6.65%		
Non-performing assets as a percentage of total assets	12.53%	6.77%		
Allowance for loan losses as a percentage of total gross loans, excluding loans held for sale	5.83%	4.18%		
Allowance for loan losses as a percentage of non-performing loans, excluding loans held for sale	52.27%	62.94%		
Allowance for losses as a percentage of non-performing assets	42.46%	51.95%		
Net loan charge-offs (recoveries) as a percentage of average loans for six months ended June 30	1.38% (A)	1.22% (A)		
Non-performing assets:				
Non-accrual loans				
Loans receivable, net	\$ 41,992	\$ 29,334		
Loans receivable held for sale	6,764	3,518		
Total non-accrual loans	<u>48,756</u>	<u>32,852</u>		
Loans delinquent 90 days or more and still accruing	569	-		
Real estate acquired through foreclosure	6,690	4,487		
Total non-performing assets	<u>\$ 56,015</u>	<u>\$ 37,339</u>		
Performance Ratios:				
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Return on average assets	-1.48% (A)	0.62% (A)	-0.78%	0.69%
Return on average equity	-21.41% (A)	10.28% (A)	-11.32%	11.29%
Average equity to average assets	6.90%	6.06%	6.89%	6.10%
Non-interest expense to average assets	3.53% (A)	2.83% (A)	3.21%	2.77%
Efficiency ratio (1)	73.68%	60.63%	74.40%	59.68%
Net interest rate spread (2)	3.73% (A)	3.84% (A)	3.60%	3.96%
Net interest rate margin (3)	3.85% (A)	3.96% (A)	3.74%	4.09%

(1) Efficiency ratio represents non-interest expense divided by net interest income plus non-interest income.

(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.

(A) Annualized

BROADWAY FINANCIAL CORPORATION

**AND SUBSIDIARIES
Support for Calculations
(Dollars in thousands)**

	<u>Three Months ended June 30,</u>		<u>Six Months ended June 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Total assets	\$ 447,074	\$ 551,569	\$ 447,074	\$ 551,569
Total gross loans, excluding loans held for sale	\$ 381,659	\$ 441,354	\$ 381,659	\$ 441,354
Total equity	\$ 30,728	\$ 33,178	\$ 30,728	\$ 33,178
Average assets	\$ 466,260	\$ 542,814	\$ 474,846	\$ 532,294
Average loans	\$ 407,057	\$ 469,516	\$ 417,412	\$ 472,953
Average equity	\$ 32,174	\$ 32,912	\$ 32,706	\$ 32,487
Average interest-earning assets	\$ 459,675	\$ 538,132	\$ 469,669	\$ 528,823
Average interest-bearing liabilities	\$ 429,273	\$ 504,956	\$ 436,703	\$ 494,712
Net income	\$ (1,722)	\$ 846	\$ (1,851)	\$ 1,834
Total income	\$ 4,627	\$ 5,515	\$ 9,154	\$ 11,258
Non-interest expense	\$ 4,117	\$ 3,846	\$ 7,619	\$ 7,377
Efficiency ratio	73.68%	60.63%	74.40%	59.68%
Non-accrual loans	\$ 48,756	\$ 32,852	\$ 48,756	\$ 32,852
REO, net	\$ 6,690	\$ 4,487	\$ 6,690	\$ 4,487
ALLL	\$ 22,245	\$ 18,462	\$ 22,245	\$ 18,462
Allowance for loss on loans held for sale	\$ 1,307	\$ 901	\$ 1,307	\$ 901
REO-Allowance	\$ 230	\$ 36	\$ 230	\$ 36
Interest income	\$ 6,476	\$ 7,750	\$ 13,050	\$ 15,519
Interest expense	\$ 2,048	\$ 2,419	\$ 4,276	\$ 4,717
Net interest income	\$ 4,428	\$ 5,331	\$ 8,774	\$ 10,802
Net loan charge-offs (recoveries)	\$ 2,180	\$ 1,957	\$ 2,887	\$ 2,881