

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 19, 2021

BROADWAY FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

001-39043
(Commission File Number)

95-4547287
(I.R.S. Employer Identification Number)

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

90036
(Zip Code)

Registrant's telephone number, including area code: (323) 634-1700

NOT APPLICABLE
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

Item 1.01 Entry Into a Material Definitive Agreement.

Broadway Financial Corporation (the “Company”) entered into stock purchase agreements (the “Stock Purchase Agreements”) with Ally Ventures, a business unit of Ally Financial Inc., Banner Bank, a wholly owned subsidiary of Banner Corporation, Citicorp Banking Corporation, First Republic Bank, J.P. Morgan Chase Community Development Corporation (“JPM”), Texas Capital Community Development Corporation, Gerald I. White, the Grace & White, Inc. Profit Sharing Plan, The Lorraine Grace Will Trust, The Anne Grace Kelly Trust 99, The Gwendolyn Grace Trust 99, The Lorraine L. Grace Trust 99, and The Ruth Grace Jervis Millennium Trust (collectively, the “Investors”). Each of the Stock Purchase Agreements with the Investors were entered into on February 19, 2021, other than the Stock Purchase Agreement with JPM, which was entered into on February 20, 2021. Pursuant to the Stock Purchase Agreements, the Company has agreed to sell and such Investors have severally agreed to purchase shares of the Company’s common stock in individual amounts that aggregate to 6,293,236 shares of Class A Common Stock of the Company, par value \$0.01 per share (“Class A Common Stock”) and 5,056,179 shares of Class C Common Stock of the Company, par value \$0.01 per share (“Class C Common Stock”, and together with the Class A Common Stock, the “Common Stock”), in each case constituting non-controlling equity investments, and subject to adjustment in certain circumstances, at a price of \$1.78 per share payable in cash at the closing of the sales of stock, for an aggregate purchase price of \$20,201,958.70.

The Company’s existing classes of voting common stock and non-voting common stock will be renamed as Class A Common Stock and Class C Common Stock, respectively, in connection with the consummation of the merger of CFBanc Corporation (“CFBanc”) with and into the Company, in which the Company will be the surviving corporation, pursuant to the previously reported Agreement and Plan of Merger, dated August 25, 2020, entered into between the Company and CFBanc (the “Merger”).

The consummation of each of the sales of shares of Common Stock to the Investors under the respective Stock Purchase Agreements is subject to the satisfaction of certain closing conditions, including (i) the consummation of the Merger, which is subject to the satisfactions of various conditions including stockholder approval, among others, (ii) receipt of any stockholder approvals required under applicable law or the NASDAQ Listing Rules, (iii) receipt of stockholder approval of an increase in the number of authorized shares of the Company’s voting common stock, and (iv) certain other customary closing conditions. There can be no assurance that all of such conditions will be satisfied. The respective stock purchase obligations of the individual Investors are not conditioned on the completion of sales of Common Stock to any other Investor.

The Stock Purchase Agreements contain customary representations and warranties of the Company and the Investors. The Stock Purchase Agreements also contain certain indemnification obligations of each party with respect to breaches of representations, warranties and covenants and certain other specified matters.

The above description of the Stock Purchase Agreements has been included to provide investors and security holders with information regarding the terms of the Stock Purchase Agreements. It is not intended to provide any other factual information about the Company, the Investors or their respective subsidiaries and affiliates.

As previously disclosed, the Company entered into stock purchase agreements with certain institutional investors (the “Initial Investors”) pursuant to which the Company agreed to sell a number of shares of Class A Common Stock and Class C Common Stock, respectively, to be determined based on specified percentages of the number of shares of Class A Common Stock or all Common Stock outstanding immediately following the consummation of such sales and all concurrent private placements of Common Stock to other investors. As a result of the entry into the Stock Purchase Agreements with the Investors reported herein, the number of shares to be purchased by certain of the Initial Investors will increase accordingly.

Item 3.02 Unregistered Sales of Equity Securities.

As described in Item 1.01 above, on February 19, 2021 and February 20, 2021, the Company entered into Stock Purchase Agreements with the Investors pursuant to which the Company has agreed to sell and such Investors have severally agreed to purchase 6,293,236 shares of Class A Common Stock and 5,056,179 shares of Class C Common Stock, at a price of \$1.78 per share, for an aggregate purchase price of \$20,201,958.70. Such Stock Purchase Agreements were individually negotiated with the respective Investors and the sales of shares of Common Stock pursuant thereto will be made in private placement transactions that are exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof or Rule 506 of Regulation D promulgated thereunder.

The Company expects to pay placement fees in an aggregate amount of approximately \$1.01 million to Raymond James & Associates, Inc. and Keefe, Bruyette & Woods, Inc. in connection with the sale of Common Stock pursuant to the Stock Purchase Agreements for a total of \$1.264 million in placement fees payable to such placement agents when taken together with the placement agent fees payable in connection with the sale of Common Stock to the Initial Investors. The Class C Common Stock will be subject to restrictions on transfer (summarized below) and will convert automatically into an equal number of shares of Class A Common Stock in the event of permitted transfers in accordance with the same terms that are applicable to the Company's currently outstanding non-voting common stock, par value \$0.01 per share, as set forth in the Company's certificate of incorporation.

The Class C Common Stock will only be transferrable by an initial holder thereof or an affiliate of the initial holder (i) to an affiliate of the initial holder, (ii) to the Company, (iii) in a widespread public distribution, (iv) in a transfer in which no transferee (or group of associated transferees) would receive 2% or more of any class of voting securities of the Company, or (v) to a transferee that would control more than 50% of the voting securities of the Company without any transfer from the initial holder or any affiliate of the initial holder. Pursuant to the Company's certificate of incorporation, the Class C Common Stock may be made subject to additional restrictions on transfer imposed by the Company if necessary to preserve the non-voting classification of the Class C Common Stock for bank regulatory purposes.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

[99.1](#) Press release dated February 23, 2021, announcing the entry into the Stock Purchase Agreements with the Investors.

Additional Information and Where to Find it

This report does not constitute an offer to buy or sell or the solicitation of an offer to buy or sell any securities or a solicitation of any vote or approval. This report relates to a proposed business combination between the Company and CFBanc, as well as related potential private placements of common equity. In connection with the proposed Merger, the Company has filed with the SEC a registration statement on Form S-4 (the "Registration Statement") that includes a joint proxy statement of the Company and CFBanc and a prospectus of the Company (the "Joint Proxy/Prospectus"). The Company also plans to file other relevant documents with the SEC regarding the proposed transactions. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended, and no offer to sell or solicitation of an offer to buy shall be made in any jurisdiction in which such offer, solicitation or sale would be unlawful. The definitive Joint Proxy/Prospectus has been mailed or otherwise provided to stockholders of the Company and CFBanc. INVESTORS AND SECURITY HOLDERS OF THE COMPANY AND CFBANC ARE URGED TO READ THE REGISTRATION STATEMENT, JOINT PROXY/PROSPECTUS AND OTHER DOCUMENTS THAT MAY BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTIONS.

Investors and security holders will be able to obtain free copies of these documents and other documents containing important information about the Company and CFBanc through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by the Company are also available free of charge on the Company's website at <https://www.broadwayfederalbank.com/financial-highlights>. Copies of the Registration Statement and the Joint Proxy/Prospectus can also be obtained free of charge by directing a request to Broadway Financial Corporation, 5055 Wilshire Boulevard Suite 500, Los Angeles, California 90036, Attention: Investor Relations, Telephone: (323) 556-3264, or by email to investor.relations@broadwayfederalbank.com, or to CFBanc Corporation, 1432 U Street, NW DC 20009, Attention: Audrey Phillips, Corporate Secretary, Telephone: (202) 243-7141.

Certain Information Concerning Participants

The Company, CFBanc and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transactions. Information about the directors and executive officers of the Company is set forth in the Company's proxy statement for its 2020 annual meeting of stockholders, which was filed with the SEC on May 20, 2020. Information regarding all of the persons who may, under the rules of the SEC, be deemed participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the Joint Proxy/Prospectus and other relevant materials filed with the SEC. These documents can be obtained free of charge from the sources indicated above. Securityholders and investors should read the Joint Proxy/Prospectus carefully when it becomes available before making any voting or investment decisions.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 23, 2021

BROADWAY FINANCIAL CORPORATION

By: /s/ Brenda J. Battey
Name: Brenda J. Battey
Title: Chief Financial Officer

FOR IMMEDIATE RELEASE**BROADWAY FINANCIAL CORPORATION ANNOUNCES ADDITIONAL COMMITMENTS IN PRIVATE PLACEMENT OF COMMON STOCK***Brings Total Commitments for New Equity Capital to \$32.88 Million that Will Support Combined Institution to Result from Merger*

LOS ANGELES, CA, (February 23, 2021) – Broadway Financial Corporation (“Broadway”) (NASDAQ: BYFC) today announced the execution of additional stock purchase agreements with institutional and accredited investors to raise an additional \$20.2 million, adding to the three previous stock purchase agreements announced on November 25, 2020. Together with the previously announced capital commitments, the private placements represent total commitments for 18.474 million shares of Broadway’s common stock, at an offering price of \$1.78 per share, for aggregate gross proceeds of \$32.88 million.

The additional investors that have executed stock purchase agreements include Ally Financial Inc., Banner Bank, Citicorp Banking Corporation, an affiliate of Citigroup Inc., First Republic Bank, clients and affiliates of Grace & White, Inc., J.P. Morgan Chase, and Texas Capital Community Development Corporation, an affiliate of Texas Capital Bancshares, Inc. The previously announced investors are affiliates of Bank of America Corporation and Wells Fargo & Company, and Cedars-Sinai Medical Center.

The closing of the private placements is subject to several conditions, including the completion of Broadway’s previously announced merger of equals with CFBanc Corporation (“City First”), which is subject to the approval of the stockholders of both companies at special stockholders’ meetings scheduled to be held on March 17, 2021. The merger between Los Angeles-based Broadway and Washington, D.C.-based City First has already received the necessary regulatory approvals. The closing of the private placements is also contingent upon receipt of stockholder approvals at the Broadway special meeting of proposals to increase the number of Broadway’s authorized voting shares and to issue the subscribed shares pursuant to NASDAQ Listing Rules requiring stockholder approval under certain circumstances for private placements of voting common stock exceeding 20% of a company’s pre-placement outstanding voting common shares. The total of stock purchase commitments Broadway has received equals the maximum number of shares that Broadway is seeking stockholders approval to issue under the NASDAQ Listing Rules. If the merger, stock issuance, and voting share increase proposals are approved, and all other closing conditions are satisfied, the merger is expected to be completed at the beginning of the second quarter of 2021 and the private placements are expected to close shortly thereafter.

The net proceeds from the private placements will be used to support the combined company’s mission of advancing economic and social equity through the provision of capital in low-to-moderate income communities. The additional capital will increase the combined company’s commercial lending capacity for investments in multi-family affordable housing, small businesses, and nonprofit development in financially underserved urban areas.

The shares of common stock proposed to be sold in the private placements referred to herein will not be registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent such registration or an applicable exemption from registration requirements.

About Broadway Financial Corporation

Broadway conducts its operations through its wholly owned subsidiary, Broadway Federal Bank, f.s.b., which is the leading community-oriented savings bank in Southern California serving low-to-moderate income communities. We offer a variety of residential and commercial real estate loan products for consumers, businesses, and nonprofit organizations, other loan products and a variety of deposit products, including checking, savings and money market accounts, certificates of deposits, and retirement accounts. Broadway Federal Bank, f.s.b. operates three full-service branches, two in the city of Los Angeles, and one located in the nearby city of Inglewood, California.

Stockholders, analysts and others seeking information about Broadway are invited to write to: Broadway Financial Corporation, Investor Relations, 5055 Wilshire Blvd., Suite 500, Los Angeles, CA 90036, or visit our website at www.broadwayfederalbank.com.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based upon our management's current expectations and involve risks and uncertainties. Actual results or performance may differ materially from those suggested, expressed, or implied by the forward-looking statements due to a wide range of factors including, but not limited to, the general business environment, the COVID-19 Pandemic, the real estate market, competitive conditions in the business and geographic areas in which Broadway conducts its operations, regulatory actions or changes, and other risks detailed in the Broadway's reports filed with the Securities and Exchange Commission, including Broadway's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. In addition, there are a number of risks and uncertainties related to the pending merger of equals with CFBanc Corporation ("City First") that could adversely impact Broadway, including the occurrence of an event, change or other circumstance that could give rise to the right of one or both parties to terminate the definitive merger agreement, the possibility of delays in completing the merger, the failure to obtain necessary stockholder approvals, the possibility that the merger may be more expensive to complete than anticipated, effects from the merger diverting management's attention from ongoing business operations, potential adverse reactions from Broadway's employee and customers to the announcement of the merger, and difficulties in integrating the operations of the two organizations after completion of the Merger. Broadway undertakes no obligation to revise any forward-looking statement to reflect any future events or circumstances, except to the extent required by law.

Additional Information and Where to Find it

This press release does not constitute an offer to buy or sell or the solicitation of an offer to buy or sell any securities or a solicitation of any vote or approval. This communication relates to a proposed business combination between Broadway and City First, as well as related potential private placements of common equity. In connection with the proposed merger referred to in this press release, Broadway has filed with the Securities and Exchange Commission (the "SEC") a registration statement on Form S-4 that includes a joint proxy statement of Broadway and City First and a prospectus of Broadway. Broadway also plans to file other relevant documents with the SEC regarding the proposed transactions. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended. A definitive joint proxy statement of City First and Broadway and prospectus of Broadway has been mailed to stockholders of Broadway and City First. INVESTORS AND SECURITY HOLDERS OF BROADWAY AND CITY FIRST ARE URGED TO READ THE REGISTRATION STATEMENT, JOINT PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS THAT MAY BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTIONS. Investors and security holders will be able to obtain free copies of these documents and other documents containing important information about Broadway and City First, after such documents are filed with the SEC, through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by Broadway will also be available free of charge on Broadway's website at <https://www.broadwayfederalbank.com/financial-highlights>.

Certain Information Concerning Participants

Broadway, City First, and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transactions. Information about directors and executive officers of Broadway is set forth in the joint proxy statement/prospectus Broadway has filed with the SEC and in Broadway's proxy statement for its 2020 annual meeting of stockholders, which was filed with the SEC on May 20, 2020. Information about the directors and executive officers of City First is set forth in the joint proxy statement/prospectus. These documents, when available, can be obtained free of charge from the sources indicated above. Other information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, is contained in the joint proxy statement/prospectus and other relevant materials filed with the SEC. Investors should read the joint proxy statement/prospectus carefully before making any voting or investment decisions. You may obtain free copies of these documents from Broadway using the sources indicated above.

SOURCE: Broadway Financial Corporation

Contact: Brenda J. Battey, Chief Financial Officer, (323) 556-3264; or
investor.relations@broadwayfederalbank.com
