

AUDIT COMMITTEE CHARTER

A. Purpose

The Audit Committee (the “Audit Committee”) is appointed by the Boards of Directors of Broadway Financial Corporation (the “Corporation”) and City First Bank, National Association (the “Bank”), and is a committee of both boards (collectively, the “Board”). References to the Corporation in this charter also include the Bank. The primary purpose of the Audit Committee is to act on behalf of the Boards in fulfilling the Boards’ oversight responsibilities with respect to:

- Monitoring the integrity of the Corporation’s financial reporting process and systems of internal controls regarding finance, accounting and regulatory compliance;
- Monitoring the independence and performance of the Corporation’s independent accountants and internal auditing service providers; and
- Providing an avenue of communication among the independent accountants, management and the Board.

To effectively perform his or her role, each Audit Committee member must have an understanding of the detailed responsibilities of Audit Committee membership.

B. Structure and Membership

1. Number. The Audit Committee must be composed of not less than three directors of the Corporation (each, a “Director”).
2. Independence. Each member of the Audit Committee must be independent as defined in the Corporate Governance Guidelines as may be in effect from time to time, and must satisfy the independence and other membership requirements of the Nasdaq Stock Market Listing Rules (the “Nasdaq Listing Rules”) and all other laws, rules and regulations applicable to the Audit Committee as may be in effect from time to time and to the extent necessary, including, but not limited to, the independence and experience requirements of Rule 5605(c)(2) of the Nasdaq Listing Rules and Rule 10A-3(b)(1) under and the Securities Exchange Act of 1934, as amended (the “Exchange Act”).
3. Financial Literacy. Each member of the Audit Committee must be able to read and understand fundamental financial statements, including the Corporation’s balance sheet, income statement, and cash flow statement, at the time of his or her appointment to the Audit Committee. In addition, at least one member must have past employment

experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

4. Chair. The Chair of the Audit Committee must be appointed by the Board, upon the recommendation of the Corporate Governance Committee. Such Chair must be independent.
5. Compensation. The compensation of the Audit Committee members must be as determined by the Board.
6. Selection and Removal. Members of the Audit Committee must be appointed by the Board annually or more often, upon the recommendation of the Corporate Governance Committee. The Board may remove members of the Audit Committee from such committee, with or without cause.

C. Authority and Functions

1. General

The Audit Committee must discharge its responsibilities and must assess the information provided by the Corporation's management and the Corporation's registered public accounting firm (the "independent auditor") in accordance with the same standards of duty and care as do the Directors of the Board. The Audit Committee's role is one of oversight over accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. The Corporation's management is responsible for preparing the Corporation's financial statements and the independent auditors are responsible for auditing those financial statements. The Audit Committee recognizes that company management and the independent auditor have more time, knowledge, and detailed information about the Corporation than do Audit Committee members. Consequently, in carrying out its oversight responsibilities, the Audit Committee is not providing any expert or special assurance as to the Corporation's financial statements or any professional certification as to the independent auditor's work and it is not the duty or the responsibility of the committee or its members to plan or conduct auditing or accounting reviews or procedures or otherwise determine that the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles ("GAAP").

In performing their duties and responsibilities, Audit Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by:

- a. One or more officers or employees of the Corporation whom the Audit Committee reasonably believes to be reliable and competent in the matters presented;

- b. Counsel, independent internal and external auditors or other persons as to matters which the Audit Committee member reasonably believes to be within the professional or expert competence of such person; or
- c. Another committee of the Board as to matters within its designated authority which the Audit Committee member reasonably believes to merit confidence.

2. Oversight of Independent Auditor

- a. Selection and Review. The Audit Committee must have the sole authority to appoint, determine funding for, and oversee the outside auditors (subject, if applicable, to shareholder ratification) and the independent auditor shall report directly to the Audit Committee. The Audit Committee must be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The Audit Committee must obtain and review a report, letter and/or written disclosures from the independent auditor consistent with Independence Standards Board Standard No.1 and ensure that it receives from the independent auditor the written disclosures required by the Public Company Accounting Oversight Board.
- b. Oversight. The Audit Committee must pre-approve all auditing services, internal control-related services and permitted non-audit services (including the range of fees and terms thereof) to be performed for the Corporation by the independent auditor, subject to the de minimis exception for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act that are approved by the Audit Committee prior to the completion of the audit. The Audit Committee must review any tax services to be approved, as well as any potential independence issues.
- c. Independence. The Audit Committee must review and actively engage in dialogue with the independent auditors regarding the independent auditors' independence and any disclosed relationships or services that could impair the accountants' objectivity and independence. The Audit Committee shall ensure that it receives from the independent auditors a formal written statement describing all relationships between the auditors and the Company and shall take, or recommend the Board to take, appropriate actions to oversee the independence of the independent auditor.

3. Audited Financial Statements. The Audit Committee, to the extent it deems necessary or appropriate, must:

- a. Annual Reports. Review and discuss with management and the independent auditors the annual audited financial statements, including disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations and the Business Section prior to the filing of Form 10-K.

- b. Quarterly Reports. Review and discuss with management and the independent auditor the Corporation's quarterly financial statements, including disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations prior to the filing of Form 10-Q.
- c. Discussions with Management and Auditors. Discuss with management and the independent auditors any significant issues regarding accounting principles, practices, and judgments. The Audit Committee must discuss with the independent auditors their judgment about the quality, not just acceptability, of the Corporation's accounting principles, as applied to financial reporting. The Audit Committee must also discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 114 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
- d. Risk Management. In coordination with the Risk and Compliance Committee of the Board of the Directors of the Bank, and in consultation with management, the independent auditors and the internal auditors, consider the integrity of the Corporation's financial reporting processes and controls, discuss significant risk exposures and steps taken by management to monitor, control and report on exposures.
- e. Compliance. In coordination with the Risk and Compliance Committee, review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow up (including disciplinary action) of any instances of noncompliance, and review any findings of examinations by regulatory agencies, and any auditor observations.
- f. Review Findings of Auditors. Review significant findings prepared by the independent auditors and the internal auditors together with management's responses; and confirm whether internal control recommendations made by internal auditors and independent auditors have been implemented by management.
- g. Review Internal Controls. Review and discuss with management and the independent auditor any major issues as to the adequacy of the Corporation's internal controls, any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.
- h. Internal Controls Report. Review and discuss with management the Corporation's quarterly evaluation of disclosure controls and procedures. On an annual basis, review and discuss the annual evaluation of the Corporation's system of internal control over financial reporting.

4. Internal Audits

- a. Selection. The Audit Committee may contract for internal audit services, as necessary, to assess the adequacy and effectiveness of internal controls, the accuracy of management reporting and compliance with laws, regulations and corporation policies.
- b. Audit Plan and Risk Assessment. The Audit Committee must review and approve the Annual Audit Plan and Risk Assessment developed by the internal auditors.
- c. Internal Audit Review. The Audit Committee must meet periodically with the internal auditors to review and evaluate the internal audit function.
- d. Internal Audit Reports. The Audit Committee must review all significant reports prepared by the internal auditors together with management's response and the follow-up to these reports.
- e. Internal Audit Program Review. The Audit Committee must review the Corporation's internal audit programs annually to determine whether the Corporation and the internal auditors are adhering to the programs and whether any changes are necessary.
- f. Review of Legal Matters and Inquiries. The Audit Committee must review any legal matters that could have a significant impact on the organization's financial statements and inquiries received from regulators or governmental agencies.
- g. Review of Information and Cyber Security. The Audit Committee must review all significant reports assessing information and cyber security, which reports may include evaluations of the adequacy of the Corporation's internal personnel and processes in anticipating, preventing, detecting, and responding to cyber-attacks, prepared by independent reviewers together with management's response and the follow-up to these reports.

5. Other Responsibilities

- a. Other Matters. The Audit Committee must meet periodically with the internal auditors, the independent accountants and management in separate sessions to discuss any matters that the Audit Committee or these groups choose to discuss.
- b. Complaints. The Audit Committee shall establish procedures for (a) the receipt, retention and treatment of complaints regarding the Corporation's accounting, internal accounting controls and/or auditing matters, and (b) the confidential, anonymous submission of concerns by employees regarding questionable accounting or audit matters.
- c. Whistleblower Complaints. In accordance with the Corporation's Whistleblower Policy, the Chair of the Audit Committee must be available to receive reports directly from any employee who has knowledge of or information that illegal, dishonest, discriminatory, fraudulent activity, or a violation of Corporation policy has occurred as well as reports from any whistleblower who believes he/she is being retaliated against.

- d. Access. The Audit Committee directs the Corporation to provide to all internal and external audit staff access to any and all records necessary for the proper conduct of their activities.
- e. Related-Party Transactions. The Audit Committee must review and oversee all related-party transactions in accordance with the Corporation's Policies and Procedures with respect to related-party transactions. The term "related-party transaction" refers to transactions required to be disclosed pursuant to Regulation S-K, Item 404, promulgated by the Securities and Exchange Commission.
- f. Finance-Related Policy Review and Recommendation. The Audit Committee must review and recommend to the Board for approval all policies relating to accounting and finance, including the Corporation's critical accounting policies and its policy on Allowance for Loan and Lease Losses.
- g. Additional Powers. The Audit Committee must perform other oversight functions as requested by the Board, which may include the selection, review oversight, and receipt of reports from independent auditors retained to audit New Markets Tax Credits projects with respect to which the Corporation has involvement.

D. Procedures and Administration

- 1. Meetings. The Audit Committee must meet as often as it deems necessary in order to perform its responsibilities. The Audit Committee may also act by unanimous written consent in lieu of a meeting. The Audit Committee must keep such records of its meetings as it deems appropriate.
- 2. Quorum. A quorum of the Audit Committee may be established by the presence of at least one half of the total Audit Committee membership. If a quorum is present, the Audit Committee may take action through the vote of a majority of the voting members who are in attendance.
- 3. Secretary. The Chair must appoint a Secretary of the Audit Committee who may be a Director or employee of the Bank but who is not required to be an Audit Committee member
- 4. Subcommittees. The Audit Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member) as it deems appropriate from time to time under the circumstances.
- 5. Reports to the Board. The Audit Committee must report regularly to the Board.
- 6. Charter. The Audit Committee must, from time to time as it deems appropriate, but at least annually, review and reassess the adequacy of this charter and recommend any proposed changes to the Board for approval.
- 7. Workplan. The Audit Committee must approve a workplan annually that describes the committee's work and approximate timing of that work, during the course of the year.

8. Independent Advisors. The Audit Committee is authorized to engage such independent legal and other advisors as it deems necessary or appropriate to carry out its responsibilities without the prior approval of the Board or management. The Corporation must provide appropriate funding, as determined by the Audit Committee, for the payment of any expenses of the Audit Committee that are necessary or appropriate in carrying out its duties, including expenses relating to any external consultants or advisers retained by the Audit Committee. Such independent advisors may be the regular advisors to the Corporation.
9. Investigations. The Audit Committee must have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it deems appropriate, including the authority to request any officer, employee or advisor of the Corporation to meet with the Audit Committee or any advisors engaged by the Audit Committee.
10. Annual Self-Evaluation. At least annually, the Audit Committee must evaluate its own performance.