

BROADWAY FINANCIAL CORP \DE\
Form DEF 14A
October 31, 2013

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Broadway Financial Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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- (4) Proposed maximum aggregate value of transaction:
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 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
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BROADWAY FINANCIAL CORPORATION

**5055 Wilshire Boulevard Suite 500
Los Angeles, California 90036**

October 31, 2013

Dear Stockholder:

On behalf of the Board of Directors, I cordially invite you to attend the Annual Meeting of Stockholders of Broadway Financial Corporation (the "Company"), which will be held at the Company's principal executive offices, 5055 Wilshire Boulevard, Suite 500, Los Angeles, California 90036, at 10:00 a.m. on November 27, 2013.

Stockholders will be asked at the Annual Meeting to vote on the election of two directors and on each of the other proposals listed in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement.

Your vote is very important, regardless of the number of shares you own. Whether or not you expect to attend the annual meeting, please complete, sign and date each proxy card you receive and return it to the Company as soon as possible in the postage-paid envelope that has been provided. You may revoke this proxy at any time prior to the Annual Meeting and, if you attend the Annual Meeting, you may vote your shares in person.

Sincerely,

Wayne-Kent A. Bradshaw

Chief Executive Officer

IMPORTANT: If your Broadway Financial Corporation shares are held in the name of a brokerage firm or other nominee, only that brokerage firm or nominee may execute a proxy on your behalf. To ensure that your shares are voted, we urge you to telephone the individual responsible for your account today and obtain instructions on how to direct him or her to execute a proxy on your behalf.

If you have any questions or need any assistance in voting your shares, please telephone Daniele Johnson, the Company's Investor Relations Representative, at (323) 634-1700, Ext 3231.

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BROADWAY FINANCIAL CORPORATION

**5055 Wilshire Boulevard Suite 500
Los Angeles, California 90036**

**Notice of Annual Meeting of Stockholders
Wednesday, November 27, 2013
10:00 a.m.**

Dear Stockholder:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Broadway Financial Corporation (the "Company") will be held at the Company's principal executive offices, 5055 Wilshire Boulevard, Suite 500, Los Angeles, California 90036, at 10:00 a.m. on November 27, 2013, for the following purposes:

- 1) To elect two directors of the Company to serve until the Annual Meeting of Stockholders to be held in the year 2016 and until their successors are elected and have been qualified. The Board of Directors has nominated Mr. Robert C. Davidson Jr. and Mr. Javier León.
- 2) To ratify the appointment of Crowe Horwath LLP as the Company's independent registered public accounting firm for 2013.
- 3) To cast an advisory (non-binding) vote on executive compensation.
- 4) To amend the Company's Certificate of Incorporation to increase the Company's number of authorized shares of common stock from 8,000,000 to 50,000,000.
- 5) To adopt an amendment to the Company's Certificate of Incorporation authorizing the Company to issue up to 5,000,000 shares of a new class of non-voting common stock.
- 6) To approve amendments to the Company's 2008 Long-Term Incentive Plan (the "LTIP"), including an increase in the number of shares of Common Stock that are reserved for issuance pursuant to the LTIP to 2,000,000 shares.
- 7) To approve adjournment of the Annual Meeting to a later time or date if requested by the Board of Directors.
- 8) To consider such other business as may properly come before and be voted upon by the stockholders at the Annual Meeting of Stockholders or any postponement or adjournment thereof.

The Board of Directors has selected October 8, 2013 as the record date for the Annual Meeting. Only those stockholders of record at the close of business on that date will be entitled to notice of and to vote at the Annual Meeting or any postponement or adjournment thereof. A list of stockholders entitled to vote at the Annual Meeting will be available at the Company's principal executive offices during the ten days prior to the Annual Meeting and will also be available for inspection at the Annual Meeting.

Whether or not you expect to attend the Annual Meeting, please mail your proxy in the postage-paid envelope that has been provided. You may revoke this proxy at any time prior to the Annual Meeting and, if you attend the Annual Meeting, you may vote your shares in person.

By Order of the Board of Directors

Daniele Johnson

Secretary

Los Angeles, California

October 31, 2013

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BROADWAY FINANCIAL CORPORATION

**5055 Wilshire Boulevard Suite 500
Los Angeles, California 90036**

**PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS**

Wednesday, November 27, 2013

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board") of Broadway Financial Corporation, a Delaware corporation (the "Company"), for use at the Annual Meeting of Stockholders of the Company (the "Annual Meeting") to be held at the Company's principal executive offices, 5055 Wilshire Boulevard, Suite 500, Los Angeles, California, 90036, at 10:00 a.m. on November 27, 2013, and at any postponement or adjournment thereof. This Proxy Statement and the accompanying form of proxy were first mailed to stockholders on or about October 31, 2013.

The Company was incorporated under Delaware law in September 1995 for the purpose of acquiring and holding all of the outstanding capital stock of Broadway Federal Bank, f.s.b. ("Broadway Federal" or the "Bank") as part of the Bank's conversion from a federally chartered mutual savings and loan association to a federally chartered stock savings bank (the "Conversion"). The Conversion was completed and the Bank became a wholly owned subsidiary of the Company on January 8, 1996. Unless otherwise indicated, references in this Proxy Statement to the Company include the Bank as its predecessor.

**THIS PROXY STATEMENT AND THE COMPANY'S ANNUAL REPORT TO STOCKHOLDERS
ARE AVAILABLE AT <http://www.broadwayfederalbank.com>**

RECORD DATE AND VOTING OF SHARES

The Board has selected October 8, 2013 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting. A total of 6,145,451 shares of the Company's common stock, par value \$0.01 per share (the "Common Stock"), and a total of 13,299 shares of Series F Common Stock Equivalents (the "Common Stock Equivalents") with voting rights equivalent to 13,299,000 shares of Common Stock were outstanding at the close of business on that date. The holders of the Common Stock Equivalents will be entitled to vote as a single class with the Common Stock on all matters presented at the Annual Meeting, resulting in 19,444,451 votes eligible to be cast on all such matters, except with respect to Proposal 4, relating to a proposed increase in the number of authorized shares of Common Stock. The Common Stock and the Common Stock Equivalents are collectively referred to in this Proxy Statement as the "Voting Shares". The Common Stock will be entitled to vote as a separate class, in addition to voting with the Common Stock Equivalents as a single class, on the proposal to increase the number of authorized shares of Common Stock. On the record date, the Company also had 6,982 shares of Series G Non-Voting Preferred Stock outstanding, none of which are eligible to vote on any matter described in this Proxy Statement.

A majority of the Voting Shares entitled to vote, represented in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. Stockholders will be entitled to cast one vote for each share of Common Stock and 1,000 votes per share of Common Stock Equivalents held by them of record at the close of business on the record date on any matter that may be

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presented at the Annual Meeting for consideration and action by the stockholders and on which they are entitled to vote. Abstentions will be treated as Voting Shares that are present and entitled to vote for purposes of determining the presence of a quorum, but as unvoted for purposes of determining the approval of any matter submitted for a vote of the stockholders. If a broker indicates on its proxy that the broker does not have discretionary authority to vote on a particular matter as to certain Voting Shares, those Voting Shares will be counted for general quorum purposes, but will not be considered as present and entitled to vote with respect to that matter.

A plurality of votes cast by the holders of Voting Shares is required for the election of directors. The affirmative vote of the majority of the Voting Shares represented and voting at the Annual Meeting, which must also constitute a majority of the required quorum, will be required to: (i) ratify the appointment of Crowe Horwath LLP as the Company's independent registered public accounting firm, (ii) adopt the non-binding proposal to approve executive compensation described in this Proxy Statement, and (iii) approve the increase in the shares reserved for issuance pursuant to the LTIP and other matters relating to the LTIP. Thus, broker nonvotes will not have any effect in the voting on these proposals. Abstentions could affect whether the majority of the quorum requirement is satisfied.

The affirmative vote of a majority of the outstanding Voting Shares will be required to adopt the amendment to the Company's Certificate of Incorporation authorizing the Company to issue a new class of non-voting common stock. The affirmative vote of a majority of the Company's outstanding shares of Common Stock, voting as a separate class, and the affirmative vote of a majority of the Company's outstanding Voting Shares will be required to adopt the amendment to the Company's Certificate of Incorporation increasing the number of shares of Common Stock that the Company is authorized to issue. Thus, both abstentions and broker nonvotes will have the same effect as a vote against these proposals. The holders of all of the 4,325,500 shares of Common Stock and the holders of 2,877 shares of the Common Stock Equivalents issued in exchange for the Company's outstanding preferred stock in the Recapitalization described in this Proxy Statement have agreed to vote all shares of Common Stock and Common Stock Equivalents held or controlled by them for the proposal to increase the number of shares of Common Stock the Company is authorized to issue. The shares held by these investors represent 73.18% of the Common Stock and 37.93% of the voting power of the Voting Stock, respectively, that will be entitled to vote on the proposal. The Treasury Department, and one other holder of preferred stock, which are collectively the holders of all of the remaining Common Stock Equivalents, have not entered into an agreement with the Company regarding how they will vote their shares on the proposal. The Company is required, however, pursuant to the Treasury Exchange Agreement the Company entered into in connection with the Recapitalization, to hold a meeting of stockholders as soon as possible to vote on this proposal.

All valid proxies received in response to this solicitation will be voted in accordance with the instructions indicated thereon by the stockholders giving such proxies. If no contrary instructions are given, such proxies will be voted FOR the election of the nominees named in this Proxy Statement as directors, and FOR approval of the other proposals described in this Proxy Statement. Although the Board currently knows of no other matter to be brought before the Annual Meeting, if other matters are properly brought before the Annual Meeting and may be acted upon properly, including voting on a substitute nominee for director in the event that any director nominee named in this Proxy Statement becomes unwilling or unable to serve before the Annual Meeting, the proxies solicited hereby will be voted in accordance with the best judgment of the persons named in such proxies.

REVOCATION OF PROXIES

Any stockholder may revoke his or her proxy at any time before it is voted at the Annual Meeting by delivering a later signed and dated proxy card or other written notice of revocation to Daniele Johnson, Secretary of the Company, at 5055 Wilshire Boulevard, Suite 500, Los Angeles, California 90036. A proxy will also be considered revoked if the stockholder executing the proxy is present at the Annual Meeting and chooses to vote in person.

Table of Contents**SOLICITATION OF PROXIES**

Proxies are being solicited by this Proxy Statement on behalf of the Board. The principal solicitation of proxies is being made by mail. Computershare, the Company's transfer agent, will assist in the solicitation of proxies at no additional fee except for reimbursement of certain expenses. To the extent necessary, proxies may be solicited by officers, directors and employees of the Company, or its wholly owned subsidiaries, none of whom will receive additional compensation for such solicitation. Proxies may be solicited by telephone, personal contact or other means. The Company will bear the cost of this solicitation of proxies, including postage, printing and handling, and will reimburse brokers and other nominee holders of shares for their expenses incurred in forwarding solicitation material to beneficial owners of shares.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS
AND MANAGEMENT**

The following table sets forth information as of September 30, 2013 concerning the shares of the Company's Common Stock owned by each person known to the Company to be a beneficial owner of more than 5% of the Company's Common Stock, each director, each Named Executive Officer, and all current directors and executive officers as a group.

Beneficial Owner	Common Stock Ownership	Percent of Class	Series F Common Stock Equivalent Ownership(1)	Percent of Class	Percent of Voting Shares
United States Department of the Treasury(1)(2)			10,146	76.29%	52.18%
CJA Private Equity Restructuring Master Fund I L.P.(3)	1,935,500	31.49%			9.95%
BBCN Bancorp, Inc.(1)(4)			1,925	14.47%	9.90%
National Community Investment Fund(1)(5)			952	7.16%	4.90%
Cathay General Bancorp, Inc.(6)	715,000	11.63%			3.68%
Valley Economic Development Center, Inc.(7)	500,000	8.14%			2.57%
Directors and Executive Officers:					
Wayne-Kent A. Bradshaw(8)	79,329	1.29%			0.41%
Paul C. Hudson(9)	80,979	1.32%			0.42%
Kellogg Chan(10)	43,139	0.70%			0.22%
Robert C. Davidson, Jr.(10)(11)	28,516	0.46%			0.15%
Javier León(10)	3,125	0.05%			0.02%
A. Odell Maddox(10)(12)	38,250	0.62%			0.20%
Daniel A. Medina(10)(13)	29,272	0.48%			0.15%
Virgil Roberts(10)(14)	32,079	0.52%			0.16%
Norman Bellefeuille(15)	52,500	0.85%			0.27%
Samuel Sarpong(16)	15,950	0.26%			0.08%
Wilbur McKesson(17)	32,330	0.53%			0.17%
All current directors and executive officers as a group (9 persons)	387,189	6.30%			1.99%

(1) Each share of Series F Common Stock Equivalents will be automatically converted into 1,000 shares of Common Stock if the stockholders approve Proposal 4 at the Annual Meeting or any postponement or adjournment thereof.

(2) The United States Department of the Treasury (the "Treasury") has agreed to vote its shares in the same proportion as the shares voted by all other stockholders, except in connection with certain Designated Matters. The resolutions to increase the number of authorized shares of Common Stock and to authorize a new class of non-voting common stock constitute Designated Matters. The Treasury will have the right to vote on those resolutions in the manner that it deems appropriate.

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- (3) Information based upon Schedule 13D, filed on August 30, 2013 with the SEC by CJA Private Equity Restructuring Master Fund I L.P. ("CJA"). The address for CJA is 654 Madison Avenue, Suite 601, New York, NY 10065. CJA is an affiliate of Gapstow Capital Partners located at 654 Madison Avenue, Suite 601, New York, NY 10065.
- (4) Includes holdings of BBCN Bancorp, Inc. and its subsidiary BBCN Bank. The address for BBCN Bancorp, Inc. is 3731 Wilshire Boulevard, Suite 1000, Los Angeles, CA 90010.
- (5) The address for National Community Investment Fund ("NCIF") is 135 South LaSalle, Suite 2040, Chicago, IL 60603. NCIF also holds all of the 6,982 shares of outstanding Series G Non-Voting Preferred Stock, which will be automatically converted into 698,200 shares of non-voting common stock if the stockholders approve Proposal 5 at the Annual Meeting or any postponement or adjournment thereof.
- (6) The address for Cathay General Bancorp, Inc. is 777 North Broadway Los Angeles, CA 90012.
- (7) The address for Valley Economic Development Center, Inc. is 5121 Van Nuys Boulevard, 3rd Floor, Van Nuys, CA 91403.
- (8) Includes 98 allocated shares under the Employee Stock Ownership Plan ("ESOP"), and 60,000 shares subject to options granted under the Company's 2008 Long Term Incentive Plan (the "LTIP"), which options are all currently exercisable as of September 30, 2013.
- (9) Includes 17,912 allocated shares under the ESOP.
- (10) Includes 3,125 shares subject to options granted under the LTIP, which options are all currently exercisable as of September 30, 2013.
- (11) Includes 25,391 shares held jointly with spouse with whom voting and investment power are shared.
- (12) Includes 35,125 shares held jointly with spouse with whom voting and investment power are shared.
- (13) Includes 25,341 held jointly with spouse with whom voting and investment power are shared.
- (14) Includes 28,954 shares held jointly with spouse with whom voting and investment power are shared.
- (15) Includes 52,500 shares held jointly with spouse with whom voting and investment power are shared.
- (16) Includes 950 allocated shares under the ESOP and 12,000 shares subject to options granted under the LTIP, which options are all currently exercisable as of September 30, 2013.
- (17) Includes 330 allocated shares under the ESOP and 32,000 shares subject to options granted under the LTIP, which options are all currently exercisable as of September 30, 2013.

Change in Control

On August 22, 2013, the Company exchanged shares of Common Stock Equivalents for all of the Company's formerly outstanding series of preferred stock, including Common Stock Equivalents with an agreed upon value of \$10.146 million for the Series D and Series E Fixed Rate

Cumulative Perpetual Preferred Stock and associated accumulated dividends thereon held by the Treasury Department. As a result of the exchange, the Treasury Department holds Common Stock Equivalents constituting 52.18% of the voting power of the Company's outstanding stock having general voting rights. The Treasury Department agreed in connection with the exchange that it would vote its shares of Company stock, including both Common Stock Equivalents and Common Stock it subsequently acquires on conversion of the Common Stock Equivalents, in the same proportions (for, against or abstain) as all other holders of Common Stock on all matters on which holders of the Common Stock are entitled to vote, except with respect to certain Designated Matters. The Designated Matters are: (i) election and removal of directors, (ii) approval of any business combination, (iii) approval of a sale of all or substantially all of the assets or property of the Company, (iv) approval of a dissolution of the Company, (v) approval of any issuance of any securities of the Company on which holders of Common Stock are entitled to vote, (vi) approval of any amendment to the Company's Certificate of

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Incorporation or bylaws on which holders of Common Stock are entitled to vote, which will include the amendments that will be presented as Proposal 4 and Proposal 5 at the Annual Meeting, and (vii) approval of any other matters reasonably incidental to the foregoing as determined by the Treasury Department. The Treasury Department also agreed to attend all meetings of the Company's stockholders, in person or by proxy, for purposes of obtaining a quorum. In order to effectuate the foregoing agreements by the Treasury Department, the Treasury Department also granted a proxy appointing the Chief Executive Officer and the Chief Financial Officer of the Company as attorneys-in-fact and proxies for the Treasury Department and its controlled affiliates, with full power of substitution, to vote, express consent or dissent or otherwise utilize such voting power in the manner and on the terms provided in the Treasury Exchange Agreement. Additional information regarding the exchange is provided in the discussion of Proposal 4 under the caption "Treasury Exchange Agreement."

Table of Contents**PROPOSAL 1. ELECTION OF DIRECTORS**

The Company's Certificate of Incorporation provides that the Board shall be divided into three classes, with the term of one class of directors to expire each year. Three directors are to be elected at the Annual Meeting.

Information Concerning Nominees and Directors

The following table sets forth the names and information regarding the persons who are currently members of the Board, including those nominated by the Board for election at the Annual Meeting. If elected, Robert C. Davidson Jr. and Javier León will each serve for a term of three years and until their respective successors are elected and qualified. Each has consented to be named in this Proxy Statement and has indicated his intention to serve if elected. If any of the nominees becomes unable to serve as a director for any reason, the shares represented by the proxies solicited hereby may be voted for a replacement nominee selected by the Board.

Name	Age at September 30, 2013	Director Since	Term Expires	Positions Currently Held with the Company and the Bank
NOMINEES:				
Robert C. Davidson, Jr.	67	2003	2013	Director
Javier León	48	2007	2013	Director
CONTINUING DIRECTORS:				
A. Odell Maddox	67	1986	2014	Director
Daniel A. Medina	55	1997	2014	Director
Virgil Roberts	66	2002	2014	Director and Chairman
Wayne-Kent A. Bradshaw	66	2012	2015	President, CEO and Director
Kellogg Chan	74	1993	2015	Director
Paul C. Hudson	65	1985	2015	Director

**The Board of Directors unanimously recommends
that you vote for the above nominees.**

The following is a brief description of the business experience of the nominees and continuing directors for at least the past five years and their respective directorships, if any, with other public companies that are subject to the reporting requirements of the Securities Exchange Act of 1934 (the "Exchange Act"). Also set forth below for each director and nominee is a description of the specific experience, qualifications, attributes or skills that led to the Board's conclusion that such person should serve as a director of the Company.

Nominees

Robert C. Davidson, Jr. is the retired Chairman and CEO of Surface Protection Industries, a paint and specialty coatings manufacturing company he founded in 1978, which became one of the top African American-owned manufacturing companies in California. Previously, he co-founded and served as Vice President of Urban National Corporation, a private venture capital corporation that was focused specifically on investing in minority-controlled businesses. Mr. Davidson currently serves on the boards of Morehouse College (Chairman), Art Center College of Design (Chairman), Jacobs Engineering Group, Inc. (a publicly traded professional service company), Cedars-Sinai Medical Center and the University Of Chicago Graduate School Of Business Advisory Council.

Mr. Davidson has extensive entrepreneurial experience in developing and managing small and medium sized businesses. He has hands-on experience in marketing and sales, human resources and

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strategic planning and implementation. He has a long history with and extensive knowledge of the Company and of the markets and communities in which the Company operates.

Javier León is the Managing Director of Andell Sports Group, which oversees the sports and related assets of Andell Holdings and has served in that capacity since 2008. Mr. Leon oversees the business and operations of the Chicago Fire, a professional soccer team, on behalf of its owner. He is involved in strategic planning and marketing, as well as the development, of Hispanic community and public relations strategies and programs. Prior to joining Andell Sports Group, Mr. Leon served as the Chief Executive Officer of Chivas USA Enterprises in Los Angeles from 2004 to 2007. Mr. León was a managing director in investment banking for Merrill Lynch, Deutsche Bank and ING-Barings from 1992 to 2004. He received a bachelor's degree from Claremont McKenna College and a Masters of International Management from the University of California at San Diego.

Mr. Leon has extensive experience in managing, planning for and operating businesses. He has expertise in developing, reviewing and maintaining systems of internal controls and in financial reporting and analysis. He also has experience in the capital markets and in the areas of strategic planning and marketing, including marketing to Hispanic communities.

Continuing Directors

A. Odell Maddox is Manager of Maddox Co., a real estate property management and sales company, and has served in that capacity since 1986. Mr. Maddox has worked in property management, real estate brokerage and investment businesses for over 36 years.

Mr. Maddox has extensive experience in real estate in Los Angeles, as well as significant experience in real estate lending and loan workouts. He has extensive entrepreneurial experience developing and managing small and medium-sized businesses. Mr. Maddox has a long history with and knowledge of the Company and the communities and markets in which the Company operates.

Daniel A. Medina began working for Needham & Company, LLC, a New York based investment bank in October 2009. Prior to working for Needham & Company, LLC, Mr. Medina was Managing Director of Capital Knowledge, LLC, a consulting firm that provided financial advisory services. He had been with Capital Knowledge, LLC and its predecessor since April 1, 2000.

Mr. Medina has extensive experience in analyzing and valuing financial institutions and assessing their strengths and weaknesses. He also has extensive knowledge of the capital markets and mergers and acquisitions, specifically within the financial services industry.

Virgil Roberts has been Managing Partner of Bobbitt & Roberts, a law firm representing clients in the entertainment industry, since 1996. He currently serves on the Board of Directors of Community Build, Inc., Claremont Graduate School, Families in Schools, the Alliance for College Ready Public Schools, Southern California Public Radio and the James Irvine Foundation.

Mr. Roberts is the Chairman of the Board of Directors of the Company and the Bank. Mr. Roberts' qualifications to serve on the Board include his extensive legal and business experience and community leadership. Mr. Roberts serves on a number of local community boards and provides leadership to local community groups. Mr. Roberts serves as the Lead Director and Chair of the Company's Nominating Committee. Mr. Roberts brings leadership, management and regulatory experience to the Board.

Wayne-Kent A. Bradshaw is the President and Chief Executive Officer of the Company and the Bank. He joined the Company in February of 2009 as the President and Chief Operating Officer. Mr. Bradshaw was elected to serve as a director of both the Company and the Bank in September 2012. Mr. Bradshaw was the Regional President for Community and External Affairs of Washington Mutual Bank from 2003 to 2009. He was President and Chief Executive Officer of the

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Los Angeles-based Family Savings Bank from 1989 until 2002 and Chief Deputy Superintendent for the State Banking Department from 1981 to 1983. Mr. Bradshaw has served on many community and educational boards. He currently serves on the Board of California State University Northridge, Northridge Hospital Medical Center and California Community Reinvestment Corporation.

Mr. Bradshaw has over 43 years of experience in financial management and banking. Mr. Bradshaw has the proven ability to plan and implement programs which optimize opportunities to accelerate profitable growth in highly competitive environments. He has extensive experience in community banking, commercial banking and as a bank regulator.

Kellogg Chan served as the Chairman and Chief Executive Officer of Universal Bank, f.s.b from 1994 to 1995 and President and Chief Executive Officer of East-West Bank from 1976 to 1992. Mr. Chan is retired and has been a member of the Board since 1993.

Mr. Chan has extensive experience in the thrift industry through a wide variety of economic and interest rate cycles. He has served in executive management positions in thrift institutions and has experienced a diversity of corporate cultures. His extensive executive management experience includes strategic planning and implementation, and the development, implementation and evaluation of internal control structures, particularly in the thrift industry.

Paul C. Hudson is past Chairman of the Board of Directors of the Company and the Bank. Mr. Hudson joined the Bank in 1981, was elected to the Board in 1985 and has served in various positions at the Bank and Company. Mr. Hudson currently serves on several nonprofit boards, including the Center for Social Inclusion, African American Board Leadership Institute and the Tuskegee Airmen Scholarship Foundation.

Mr. Hudson has over 30 years of executive management experience with the Company and the Bank. He is responsible for developing the Company from a relatively small mutual thrift institution into one of the largest publicly traded African American thrift institutions in the United States. He has extensive knowledge of the history of the Bank and the markets in which it operates.

Director Independence

We have adopted standards for director independence pursuant to the Nasdaq Stock Market listing standards. The Board has considered relationships, transactions and/or arrangements with each of its directors and has determined that all seven of the Company's non-employee directors are "independent" under applicable Nasdaq Stock Market listing standards and Securities and Exchange Commission ("SEC") rules.

Board Leadership Structure

The position of Chairman of the Board is held by Mr. Roberts, who is an independent director. As the Chairman of the Board, Mr. Roberts provides leadership to the Board and works with the Board and executive management to define the Board's structure and coordinate its activities in the fulfillment of its responsibilities. In addition, he presides over periodic executive sessions of the Board, coordinates the agenda for meetings, serves as a liaison between the independent directors and management, and makes periodic reports to the Board regarding the actions and recommendations of the independent directors.

Mr. Bradshaw serves as President and Chief Executive Officer. As such, he has general charge, supervision and management of the business affairs of the Company, and is responsible for assuring that policy decisions of the Board are implemented as adopted. He, in conjunction with the Board, is responsible for the development and implementation of the Company's strategic plans.

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The Board intends to continue to separate the Chairman and Chief Executive Officer positions. This structure ensures a greater role for the independent directors in the oversight of the Company and active participation of the independent directors in setting agendas and establishing priorities and procedures for the work of the Board. In addition, this structure will allow Mr. Bradshaw to focus his attention on guiding the Company through the current difficult regulatory and economic environment, while a separate Chairman can devote full attention to Board leadership functions.

Risk Oversight

The Board's role in the Company's risk management process includes reviewing regular reports from senior management on areas of material risk to the Company, including operational, financial, legal, regulatory, strategic and reputational risks. The Board reviews these reports to enable it to understand and assess the Company's risk identification, risk management and risk mitigation strategies. While the Board has the ultimate oversight responsibility for the risk management process, various committees of both management and the Board also have responsibility for risk management. In accordance with our audit committee charter, the Audit Committee assists the Board in its oversight of the Company's risk assessment and risk management policies as well as the procedures and the safety and soundness of the Company. The Loan Committee evaluates and manages credit risk and concentration risk, while the Internal Asset Review Committee reviews loan classifications and loss risk in the Bank's loan portfolio. In addition, the Asset and Liability Committee manages investment, interest rate, and financial risk exposure, the Compensation/Benefits Committee oversees the m