Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, David Bohne
Name of the Holding Company Director and Official

Chief Executive Officer
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

David Bohne
Signature of Holding Company Director and Official

03/30/2021
Date of Signature

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- [x] is included with the FR Y-6 report
- [ ] will be sent under separate cover
- [ ] is not prepared

For Federal Reserve Bank Use Only

RSSD ID ______
C.I. ______

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2020
Month / Day / Year

n/a
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

Broadway Bancshares Inc.
Legal Title of Holding Company

P O Box 17001
(Mailing Address of the Holding Company) Street / P.O. Box

City	State	Zip Code
San Antonio	TX	78217-0001

1177 N.E. Loop 410, San Antonio, TX 78209
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Name	Title
Megan Llewellyn	SVP/Controller

210 283-6647
Area Code / Phone Number / Extension

n/a
Area Code / FAX Number

mllewellyn@broadway.bank
E-mail Address

www.broadway.bank
Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission? .... 0=No 1=Yes: 0

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report .... [ ]
2. a letter justifying this request has been provided separately ... [ ]

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

Broadway Bancshares of Delaware, Inc.
Legal Title of Subsidiary Holding Company

103 Foulk Road
(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City	State	Zip Code
Wilmington	DE	19803

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

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City State Zip Code

Physical Location (if different from mailing address)

Form FR Y-6

Broadway Bancshares Inc.
San Antonio, Texas
Fiscal Year Ending December 31, 2020

Report Item 1: Annual Report to Shareholders

42 page report following

Broadway Bancshares Inc. and Subsidiaries

Annual Financial Report

December 31, 2020 and 2019

Broadway Bancshares Inc. and Subsidiaries

Table of Contents

Independent Auditor's Report

Board of Directors
Broadway Bancshares Inc.

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Broadway Bancshares Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019; the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended; and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Broadway Bancshares Inc. and Subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have also audited, in accordance with auditing standards generally accepted in the United States of America, Broadway Bancshares Inc.'s internal control over financial reporting, as of December 31, 2020, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated March 12, 2021, expressed an unmodified opinion on the effectiveness of Broadway Bancshares Inc.'s internal control over financial reporting.

RSM US LLP

San Antonio, Texas
March 12, 2021

Broadway Bancshares Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

(Dollars in Thousands, Except Share Data)

	2020	2019
Cash and due from banks	**$ 120,486**	$ 264,850
Federal funds sold	**-**	1
Cash and cash equivalents	**120,486**	264,851
Securities available for sale	**1,680,809**	767,142
Securities to be held to maturity – fair value of $280,599 ($462,611 in 2019)	**265,672**	452,509
Equity securities	**26,346**	16,276
Restricted investment securities	**13,940**	13,793
Loans – net of allowance for loan losses of $28,556 ($21,863 in 2019)	**2,454,375**	2,113,798
Property and equipment – net	**63,141**	60,137
Accrued interest receivable	**19,888**	17,623
Other assets	**165,867**	150,056
Total assets	**$ 4,810,524**	$ 3,856,185
Liabilities		
Deposits:		
Demand accounts	**$ 1,624,692**	$ 1,140,805
NOW accounts	**876,711**	697,486
Money market accounts	**796,511**	670,856
Savings accounts	**523,709**	453,585
Time accounts	**269,074**	319,237
Total deposits	**4,090,697**	3,281,969
Other borrowings	**25,706**	47,695
Federal Home Loan Bank borrowings	**140,000**	25,000
Accrued interest payable	**410**	933
Other liabilities	**49,418**	40,071
Total liabilities	**4,306,231**	3,395,668
Commitments and contingencies (notes 6, 10, 15, 16, and 17)		
Stockholders' Equity		
Common stock – $2.50 par value; 10,000,000 shares authorized; 1,813,793 and 1,815,393 shares issued and outstanding in 2020 and 2019, respectively	**4,534**	4,538
Surplus	**-**	-
Retained earnings	**469,160**	455,691
Accumulated other comprehensive income	**30,599**	288
Total stockholders' equity	**504,293**	460,517
Total liabilities and stockholders' equity	**$ 4,810,524**	$ 3,856,185

Notes to the consolidated financial statements form an integral part of these statements.

Broadway Bancshares Inc. and Subsidiaries

Consolidated Statements of Income

Years Ended December 31, 2020 and 2019
(Dollars in Thousands)

	2020	2019
Interest income:		
Loans – including fees	$ 98,412	$ 104,955
Investment securities	30,757	32,173
Interest-bearing deposits in banks	868	2,245
Total interest income	130,037	139,373
Interest expense on deposits, Federal Home Loan Bank borrowings, and federal funds purchased	8,013	15,955
Net interest income	122,024	123,418
Provision for loan losses	9,000	2,900
Net interest income after provision for loan losses	113,024	120,518
Noninterest income:		
Service charges on deposit accounts	7,081	9,119
Trust services income	15,482	14,093
Net realized gain (loss) on sale of investment securities	1,030	(339)
Other	19,655	21,253
Total noninterest income	43,248	44,126
Noninterest expense:		
Salaries and employee benefits	72,656	69,545
Net occupancy of banking premises	9,581	8,789
Equipment	3,786	3,769
Other	30,650	27,291
Total noninterest expense	116,673	109,394
Net income	$ 39,599	$ 55,250

Notes to the consolidated financial statements form an integral part of these statements.

Broadway Bancshares Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

Years Ended December 31, 2020 and 2019
(Dollars in Thousands)

		2020		2019
Net income	$	39,599	$	55,250
Other items of comprehensive income:				
Adjustment for net (gain) loss on sale of available for sale securities		(1,030)		339
Unrealized holding gain on securities available for sale		32,982		17,882
Change in fair value of derivative used for cash flow hedge		(1,641)		-
Total other items of comprehensive income		30,311		18,221
Comprehensive income	$	69,910	$	73,471

Notes to the consolidated financial statements form an integral part of these statements.

Broadway Bancshares Inc. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

Years Ended December 31, 2020 and 2019

(Dollars in Thousands)

	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2018	$ 4,549	$ 171	$ 426,857	$ (17,150)	$ 414,427
Cumulative effect of accounting change for equity securities - ASU 2016-01	-	-	783	(783)	-
Adjusted beginning balance	4,549	171	427,640	(17,933)	414,427
Net income – year ended December 31, 2019	-	-	55,250	-	55,250
Change in other comprehensive income	-	-	-	18,221	18,221
Repurchase of common stock	(13)	(356)	(876)	-	(1,245)
Issuance of common stock	2	185	-	-	187
Cash dividends declared	-	-	(26,323)	-	(26,323)
Balance at December 31, 2019	4,538	-	455,691	288	460,517
Net income – year ended December 31, 2020	-	-	39,599	-	39,599
Change in other comprehensive income	-	-	-	30,311	30,311
Repurchase of common stock	(4)	-	(495)	-	(499)
Cash dividends declared	-	-	(25,635)	-	(25,635)
Balance at December 31, 2020	$ **4,534**	$ **-**	$ **469,160**	$ **30,599**	$ **504,293**

Notes to the consolidated financial statements form an integral part of these statements.

Broadway Bancshares Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31, 2020 and 2019

(Dollars in Thousands)

	2020	2019
Cash Flows From Operating Activities		
Net income	$ 39,599	$ 55,250
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	9,000	2,900
Depreciation	5,135	4,709
Net amortization of bond premium	6,036	1,589
Net realized (gain) loss on sale of investment securities	(1,030)	339
Net loss (gain) on sales of property and equipment	260	(2,769)
Net change in:		
Accrued interest receivable	(2,265)	1,014
Market gain equity securities	(3,106)	(3,294)
Other assets and liabilities	(6,464)	(15,255)
Accrued interest payable	(523)	176
Net cash provided by operating activities	46,642	44,659
Cash Flows From Investing Activities		
Purchases of investment securities available for sale	(2,166,473)	(768,385)
Proceeds from sales and maturities of investment securities available for sale	1,277,371	742,521
Purchases of investment securities held to maturity	-	(16,500)
Proceeds from maturities of investment securities held to maturity	187,322	111,733
Purchases of equity securities	(9,473)	(2,029)
Proceeds from sale of equity securities	2,617	1,528
Proceeds from sales of property and equipment	-	4,621
Net increase in loans	(349,577)	(58,997)
Purchases of property and equipment	(8,399)	(3,581)
Net cash (used in) provided by investing activities	(1,066,612)	10,911
Cash Flows From Financing Activities		
Net increase in deposits	808,728	143,347
Net change in other borrowings	(21,989)	(34,369)
Net change in Federal Home Loan Bank borrowings	115,000	25,000
Repurchase of common stock	(499)	(1,245)
Issuance of common stock	-	187
Dividends paid	(25,635)	(26,323)
Net cash provided by financing activities	875,605	106,597
Net increase in cash and cash equivalents	(144,365)	162,167
Cash and cash equivalents at beginning of year	264,851	102,684
Cash and cash equivalents at end of year	$ 120,486	$ 264,851
Supplemental disclosure:		
Cash paid for interest	$ 8,536	$ 15,779

Notes to the consolidated financial statements form an integral part of these statements.

1. Summary of Significant Accounting Policies

Consolidation

The consolidated financial statements include the accounts of Broadway Bancshares Inc., the parent company; a wholly owned intermediate bank holding company; a wholly owned bank subsidiary, Broadway National Bank ("BNB"); and Broadway Wealth Solutions, Inc., a wholly owned subsidiary of BNB (collectively, the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

The Company is subject to regulation by various governmental agencies, including federal banking regulatory agencies. Such agencies may require certain standards or impose certain limitations based on their judgments or changes in laws and regulations.

Nature of Operations

The Company provides a variety of financial products and services to individuals and businesses through its offices in San Antonio, Texas and surrounding Texas markets. Its deposit products are demand, NOW, money market, savings, and time accounts, and its primary lending products are real estate and commercial loans. Wealth management is also a significant line of business for the Company.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, other-than-temporary impairment of securities, and the valuation of foreclosed assets.

New and Recently Issued Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-02, *Leases (Topic 842),* which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). Under the new guidance, lessees are required to recognize right-of-use assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either a finance or operating lease based on the principle of whether or not the lease is effectively a financed purchase by the lessee with such classification affecting the pattern of expense recognition in the income statement. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The new standard is effective for the Company in fiscal years beginning after December 15, 2021, with early adoption permitted. The Company is currently evaluating the impact of this new guidance on the consolidated financial statement.

ASU No. 2016-13, Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments. This ASU creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than just losses actually incurred as of the reporting date. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022 and interim periods within those years for nonpublic business entities. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and other (Topic 350): Simplifying the Test for Goodwill Impairment.* This ASU simplifies the measurement of goodwill impairment by eliminating the requirement that an entity compute the implied fair value of goodwill based on the fair values of its assets and liabilities to measure impairment. Instead, goodwill impairment will be measured as the difference between the fair value of the reporting unit and the carrying value of the reporting unit. The ASU will be effective for the Company beginning in 2023 and the adoption of this ASU is not expected to have a material impact on the consolidated financial statements.

Significant Group Concentrations of Credit Risk

Most of the Company's activities are with customers located within Central and South Texas. Note 4 discusses the types of securities in which the Company invests. Note 5 discusses the types of lending in which the Company engages. Commercial real estate, including commercial construction loans, represented 42% and 43% of the total portfolio at December 31, 2020 and 2019, respectively.

Risks and Uncertainties

The situation surrounding the COVID-19 global health pandemic remains uncertain and has driven the implementation of significant, government-imposed measures to prevent or reduce its spread, including travel restrictions, testing regimes, closing of borders, "stay at home" orders and business closures. The Company continues to adapt to the changing dynamics of the COVID-19 pandemic's impact on its customers and employees. The ultimate extent of the impact to the Company's business and financial condition will depend on future developments, including duration of the pandemic and distribution of vaccines, which are highly uncertain and cannot be predicted. The Company is continuing to monitor the pandemic, its economic impact and related risks. Primary areas of potential future impact to the Company may include further decreases in interest and fee income, increased provision for loan losses and deterioration in loan credit quality.

Debt Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as "held to maturity" and recorded at amortized cost. Debt securities not classified as held to maturity are classified as "available for sale" and are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Declines in the fair value of held-to-maturity and available-for-sale securities are evaluated to determine whether declines in fair value below their amortized cost are other than temporary. In estimating other-than-temporary impairment losses on debt securities, management considers a number of factors including, but not limited to (1) the length of time and the extent to which the fair value has been less than the amortized cost (2) the financial condition and near-term prospects of the issuer (3) the current market conditions; and (4) the intent and ability of the Company to not sell the security or whether it is more likely than not that the Company will be required to sell the security before its anticipated recovery.

Equity Securities
Equity securities with readily determinable fair values are carried at fair value, with changes in fair value reported in noninterest income. The Company recognized a gain of $3.1 and $3.3 million during the years ended December 31, 2020 and 2019, respectively, related to fair value changes in equity securities which is included in other noninterest income. Equity securities without readily determinable fair values are recorded at cost.

Restricted Investment Securities
Restricted investment securities include Federal Home Loan Bank stock and Federal Reserve Bank stock, which are carried at cost on the consolidated balance sheets. These equity securities are “restricted” in that they can only be sold back to the respective institution or another member institution at par. Therefore, they are less liquid than other marketable equity securities. The Company views its investment in restricted stock as a long-term investment. Accordingly, when evaluating for impairment, the value is determined based on the ultimate recovery of the par value, rather than recognizing temporary declines in value. No other-than-temporary write-downs have been recorded on these securities.

Loans
The Company’s customer base primarily consists of consumers and businesses in Central and South Texas and military personnel based in Texas and around the world. The Company grants commercial, consumer, and real estate loans to borrowers who are located in these markets. Although the Company’s loan portfolios are diversified, the ability of the Company’s debtors to honor their contracts is primarily dependent upon the economic conditions in these areas.

The Company has lending policies and procedures in place to grant loans to borrowers only after a full evaluation of the credit history and repayment abilities of the borrower. Commercial and residential real estate loans are subject to underwriting standards that evaluate cash flow and fair value of the collateral. The collectability of real estate loans may be adversely affected by conditions in the real estate markets or the general economy. Management monitors and evaluates real estate loans based on collateral, geography, and risk criteria.

Commercial loans are underwritten after evaluating and understanding the borrower’s ability to operate profitably. Such evaluations involve reviews of historical and cash flow projections and valuations of collateral provided by the borrower. Most commercial loans are secured by the assets being financed or other available business assets and frequently include a personal guarantee by the principal owners; however, some commercial loans may be made on an unsecured basis. The repayment of commercial loans is substantially dependent on the ability of borrowers to operate their businesses profitably and collect amounts due from their customers.

Consumer loans are originated after evaluation of the credit history and repayment ability of the borrower based on current personal income. The repayment of consumer loans can be adversely affected by economic conditions and other factors that impact the borrower's income.

Loans that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported at their outstanding principal adjusted for any charge-offs and the allowance for loan losses. Interest income is accrued on the unpaid principal balance.
Loan origination fees are deferred and recognized as an adjustment of the related loan yield using the interest method. Loan origination costs are expensed as incurred, as management has determined that capitalization of these costs would be immaterial to the consolidated financial statements.

A loan is considered delinquent when principal and/or interest amounts are not current, in accordance with the contractual loan agreement.

The accrual of interest on real estate and commercial loans is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in the process of collection. Consumer loans are typically charged off no later than 120 days past due. In all cases, loans are placed on nonaccrual status or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued, but not collected, for loans that are placed on nonaccrual status or charged off, is reversed against interest income. The interest on these loans is accounted for on the cash basis or cost recovery method, until qualifying for return to accrual status. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due, according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral, if the loan is collateral-dependent.

Loans are fully or partially charged down to the fair value of the collateral securing the loan when management determines the asset to be uncollectible, repayment is deemed to be delayed or doubtful beyond reasonable time frames, the borrower has declared bankruptcy, or the loan is past due for an unreasonable time period. Such charge-offs are charged against the allowance for loan losses. Recoveries of previous loan charge-offs are credited to the allowance for loan losses only when the Company receives cash or other collateral in repayment of the loan.

In situations related to a borrower's financial difficulties, the Company may grant a concession to the borrower for other than an insignificant period of time that would not otherwise be considered. In such instances, the loan will be classified as a troubled debt restructuring. These concessions may include interest rate reductions, payment forbearance, or other actions intended to minimize the economic loss and avoid foreclosure of the collateral. In cases where borrowers are granted new terms that provide for a reduction of either interest or principal, the Company measures an impairment loss on the restructuring, as noted above for impaired loans.

Loans Held for Sale

Certain mortgage loans are originated for sale in the secondary market. These loans are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses are recognized through a valuation allowance by charges to income. No unrealized losses were recognized during 2020 and 2019.

Allowance for Loan Losses

The Company maintains an allowance for loan losses as a reserve established through a provision for possible loan losses charged to expense, which represents management's best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance, in the opinion of management, is necessary to reserve for estimated loan losses and risks inherent in the loan portfolio. The Company's methodology for the allowance for loan losses includes allowance allocations calculated in accordance with the FASB Accounting Standards Codification ("ASC"), *Receivables*, and ASC, *Contingencies*. Accordingly, the methodology is based on historical loss experience by type of credit and internal risk grade, specific homogeneous risk pools, and specific loss allocations, with adjustments for current events and conditions.

The Company's process for determining the appropriate level of the allowance for loan losses is designed to account for credit deterioration as it occurs. Factors that influence the determination include quantifiable aspects, such as loan volume, loan concentrations, and loan quality trends, including trends in nonaccrual, past-due, and classified loans; current period loan charge-offs; and recoveries. The determination also includes qualitative aspects, such as changes in local, regional, or national economies or markets, and other factors. Such qualitative factors are highly judgmental and require constant refinement. The Company has an internal loan review function, the objective of which is to identify potential problem loans, properly classify loans by risk grade, and assist senior management in maintaining an adequate allowance for loan losses account by reviewing and refining the methodology, as needed, based on changing circumstances.

The Company's allowance for loan losses consists primarily of two elements: (1) a specific valuation allowance determined in accordance with the ASC based on probable losses on specific, individual loans and (2) a general valuation allowance determined in accordance with the ASC based on historical loan loss experience for pools of similar loans, which is then adjusted to reflect the impact of current trends and conditions.

Derivative financial instrument—interest rate swap agreements: The Company utilizes an interest rate risk management strategy that uses interest rate swap agreements to minimize significant, unanticipated earnings fluctuations caused by interest rate volatility. These swap agreements are derivative instruments and generally convert a portion of the Company's variable rate liabilities to a fixed rate (cash flow hedge).

Derivatives that have been designated and qualify as cash flow hedging instruments are reported at fair value. The gain or loss on the effective portion of the hedge (i.e., change in fair value) is initially reported as a component of accumulated other comprehensive income. The remaining gain or loss, if any, is recognized currently in earnings. Amounts in accumulated other comprehensive income are reclassified into net income in the same period in which the hedged transaction affects earnings.

Derivative Loan Commitments

Mortgage loan commitments are referred to as derivative loan commitments if there is a specified rate lock commitment and if the loan that will result from the exercise of the commitment will be held for sale upon funding. Loan commitments that are derivatives are recognized at fair value on the consolidated balance sheets in other assets or other liabilities with changes in their fair values recorded in other noninterest income or other noninterest expense.

The Company estimates the fair value of derivative loan commitments using the net present value of future cash flows based on quoted market prices.

Forward Loan Sale Commitments

The Company evaluates all loan sales agreements to determine whether they meet the definition of a derivative under the derivatives and hedging accounting guidance included in the ASC, as facts and circumstances may differ significantly. If agreements qualify, to protect against the price risk inherent in derivative loan commitments, the Company uses "best efforts" forward loan sale commitments to mitigate the risk of potential decreases in the values of loans that would result from the exercise of the derivative loan commitments. Forward loan sale commitments are recognized at fair value on the consolidated balance sheets in other assets or other liabilities with changes in their fair values recorded in other noninterest income or other noninterest expense.

The Company estimates the fair value of forward loan sale commitments using the price quoted in the loan sales agreements.

Interest Rate Swaps, Caps and/or Floor Agreements

The Company enters into these derivative instruments as part of its ongoing efforts to mitigate its interest rate risk exposure and to facilitate the needs of its customers. The Company enters into interest rate cap and/or floor agreements with its customers and then enters into an offsetting derivative contract position with other financial institutions to mitigate the interest rate risk associated with these customer contracts. Because these derivatives instruments are not designated as hedging instruments, changes in the fair value of derivative instruments are recognized currently in earnings.

The Company estimates the fair value of these derivative instruments using discounted cash flow models which incorporate observable market-based inputs.

Property and Equipment
Land is carried at cost. Property and equipment are stated at cost – net of accumulated depreciation. Depreciation is recognized on the straight-line method over the estimated useful lives of the assets.

Foreclosed Assets
Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value, less cost to sell, at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value, less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets. For the years ended December 31, 2020 and 2019, foreclosed assets amounted to $1.3 million and $1.6 million, respectively, and are included in other assets on the consolidated balance sheets.

Transfers of Financial Assets
Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Income Taxes
The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be taxed as an S Corporation. The stockholders of an S Corporation are taxed on their proportionate share of the entity's taxable income. Therefore, no provision or liability for federal income taxes has been included in the consolidated financial statements. Certain specific deductions and credits flow through the Company to its stockholders.

The Company is subject to the Texas gross margin tax.

Off-Balance Sheet Credit-Related Financial Instruments
In the ordinary course of business, the Company has entered into off-balance sheet financial instruments consisting of commitments to extend credit, unfunded commitments under lines of credit, and standby letters of credit. Such financial instruments are recorded in the consolidated financial statements when they are funded or related fees are incurred or received.

Cash and Cash Equivalents
For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash, balances due from banks, balances with the Federal Reserve Bank and Federal Home Loan Bank, federal funds sold, and money market mutual funds. Generally, federal funds sold are sold for one-day periods and money market mutual funds are overnight investments. The Company maintains cash in deposit

accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Comprehensive Income
Accounting principles generally require recognized revenue, expenses, gains, and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

Wealth Management
Assets held by the Wealth Management department of BNB in fiduciary or agency capacity are not assets of the Company and are not included in the consolidated balance sheets.

Executive Compensation Plans
In February 2009, the Company adopted the 2009 Executive Stock Appreciation Rights Plan (“SAR Plan”) to replace all other previously approved stock appreciation rights plans. The rights granted under the SAR Plan are exercisable upon the earlier of retirement or five years from the initial date of grant. The price per right is based upon the book value, as defined, of a share of the Company’s stock on December 31 of each year. The SAR Plan may award up to 200,000 rights. No rights may be granted after January 31, 2019. The plan was amended effective February 1, 2019 to add 75,000 additional rights available for future grant, with a new expiration date of January 31, 2022. The SAR Plan is accounted for in accordance with the guidance in the ASC.

In April 1999, the Company adopted the 401(k) Alternative Plan of Broadway Bancshares Inc. (“401(k) Alternative Plan”). It was established as a nonqualified tax-deferred savings benefit plan for a select group of key executives. The 401(k) Alternative Plan provides retirement and death benefits for eligible participants and it includes provisions for discretionary bonus contributions at the option of the Company. The Company has elected to fund future benefits payable under the 401(k) Alternative Plan through corporate-owned life insurance on key executives. Benefits payable under the 401(k) Alternative Plan shall be paid from the general assets of the Company, and participants in the 401(k) Alternative Plan are general unsecured creditors of the Company.

Goodwill
Included in other assets is goodwill of $18.8 million for each of the years ended December 31, 2020 and 2019, as the result of previous acquisitions.

The Company performs annual impairment tests in the fourth quarter and, for the years ended December 31, 2020 and 2019, the Company determined no impairment of goodwill had occurred.

Revenue Recognition
Interest income and expense are recognized on the accrual method based on the respective outstanding balance. Other revenue is recognized at the time the service is rendered or transactions occur.

In general, for revenue not associated with financial instruments, guarantees and lease contracts, the Company applies the following steps in accordance with ASC 606 when recognizing revenue from contracts with customers: (i) identify the contract; (ii) identify the performance obligation; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognize revenue when a performance obligation is satisfied. The Company's contracts with customers are generally short term in nature, due within one year or less or cancellable by the Company or the customer upon a short notice period. Performance obligations for the customer contracts are generally satisfied at a single point in time, typically when the transaction is complete, or over time. For performance obligations satisfied over time, the Company primarily uses the output method, directly measuring the value of the products/services transferred to the customer to determine when the performance obligations have been satisfied. The Company typically receives payments from the customers and revenue concurrent with the satisfaction of its performance obligations.

Reclassification
Certain reclassifications have been made in the prior year consolidated financial statements to conform to the current year presentation, with no effect on net income or stockholders' equity.

Subsequent Events
The Company has evaluated subsequent events that occurred after December 31, 2020 for potential recognition and disclosure through March 12, 2021, the date the consolidated financial statements were available to be issued.

2. Fair Value Measurements

The Company follows the provisions of the ASC, *Fair Value Measurements and Disclosures.* The disclosures required about fair value measurements include, among other things, (1) the amounts and reasons for certain significant transfers among the three hierarchy levels of inputs; (2) the gross, rather than net, basis for certain Level 3 rollforward information; (3) use of a "class" basis rather than a major category basis for assets and liabilities; and (4) valuation techniques and inputs used to estimate Level 2 and Level 3 fair value measurements. The ASC defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The ASC guidance establishes a fair value hierarchy for valuation inputs that give the highest priority to observable inputs and the lowest priority to unobservable inputs. This hierarchy uses three levels of inputs to measure the fair value of assets and liabilities as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access as of the measurement date.

- Level 2 – Observable inputs other than Level 1, including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

- Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The Company uses fair value to measure certain assets and liabilities on a recurring basis when fair value is the primary measure of accounting. This is done primarily for available-for-sale securities, equity securities, and derivative financial instruments. Fair value is used on a nonrecurring basis to measure certain assets when applying lower of cost or market accounting or when adjusting carrying values, such as impaired loans, other real estate owned, and other foreclosed assets. Fair value is also used when evaluating impairment on certain assets, including held-to-maturity and available-for-sale securities, goodwill, core deposits and other intangibles, long-lived assets, and for disclosures of certain financial instruments.

During the years ended December 31, 2020 and 2019, there were no transfers among the three hierarchy levels of inputs and no changes in valuation methodologies.

A description of the valuation methodologies used for instruments measured at fair value on a recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Securities Available for Sale and Equity Securities – Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include actively-traded government bonds, such as certain United States Treasury and other United States government and agency securities and exchange-traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Level 2 securities generally include certain United States government and agency securities, corporate debt securities, and certain derivatives. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.

Derivative Instruments – These instruments include derivative loan commitments, forward loan sale commitments, and interest rate swaps, caps, and floors. Derivative loan commitments are recognized at fair value using the net present value of future cash flows based on quoted market prices. Forward loan sale commitments are recognized at fair value using the price quoted in the loan sales agreements. Interest rate swaps, caps, and floors are recognized at fair value using discounted cash flow models which incorporate observable market-based inputs, including current market interest rates, credit spreads, and other factors.

The following table summarizes assets and liabilities measured at fair value by class on a recurring basis, as reported on the consolidated balance sheets as of December 31, 2020 and 2019, segregated by level within the fair value measurement hierarchy (dollars in thousands):

	Total Fair Value Measurement at December 31, 2020	Level 1	Level 2	Level 3
Assets:				
Securities available for sale:				
United States government agencies	$ 169,088	$ -	$ 169,088	$ -
Mortgage-backed securities	1,054,117	-	1,054,117	-
State and political subdivisions	457,604	-	457,604	-
Total securities available for sale	$ 1,680,809	$ -	$ 1,680,809	$ -
Equity securities	$ 26,346	$ 26,288	$ -	$ 58
Assets:				
Forward loan sale commitments	$ 297	$ -	$ 297	$ -
Loan interest rates swaps	-	-	-	-
Loan interest rate caps and/or floors	9,115	-	9,115	-
Liabilities:				
Derivative loan commitments	$ 182	$ -	$ 182	$ -
Interest rates swaps	10,756	-	10,756	-

	Total Fair Value Measurement at December 31, 2019	Level 1	Level 2	Level 3
Assets:				
Securities available for sale:				
United States government agencies	$ 44,990	$ -	$ 44,990	$ -
Mortgage-backed securities	368,950	-	368,950	-
State and political subdivisions	353,202	-	353,202	-
Total securities available for sale	$ 767,142	$ -	$ 767,142	$ -
Equity securities	**$** 16,276	$ 16,218	$ -	$ 58
Assets:				
Forward loan sale commitments	$ 245	$ -	$ 245	$ -
Loan interest rates swaps	61	-	61	-
Loan interest rate caps and/or floors	2,856	-	2,856	-
Liabilities:				
Derivative loan commitments	$ 171	$ -	$ 171	$ -
Loan interest rates swaps	2,856	-	2,856	-
Loan interest rate caps and/or floors	61	-	61	-

When significant adjustments are based on unobservable inputs, the resulting fair value measurement would then be classified within the Level 3 valuation hierarchy. There are certain securities available for sale that are classified as Level 3.

The following is a reconciliation of the beginning and ending balances for those assets measured at fair value on a recurring basis using significant unobservable inputs for the year ended December 31, 2020 (Level 3) (dollars in thousands):

	Equity Securities
Balance at beginning of year (included in available for sale)	**$ 58**
Transfers into Level 3	**-**
Total gains or losses for the period:	
Included in earnings	**-**
Included in other comprehensive income	**-**
Sales of level 3 securities	**-**
Balance at end of year (included in equity securities)	**$ 58**

A description of the valuation methodologies used for instruments measured at fair value on a nonrecurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Foreclosed Assets: The assets consist mainly of other real estate owned, but may include other types of assets repossessed by the Company. Foreclosed assets, upon initial recognition, are measured and reported at fair value, less estimated costs of disposal, though a charge-off to the allowance for loan losses based upon the fair value of the foreclosed asset acquired. The fair value of foreclosed assets is estimated based on appraisals with further adjustments made to the appraised values due to various factors, including age of the appraisal, age of comparables included in the appraisal, and known changes in the market and on the collateral. Because the assumptions used to estimate the fair value of foreclosed assets are not observable in the marketplace, such valuations have been classified as Level 3.

Impaired Loans: The specific reserves for collateral-dependent impaired loans are determined based on the fair value of collateral method in accordance with ASC Topic 310. Under the fair value of collateral method, the specific reserve is equal to the difference between the carrying value of the loan and the fair value of the collateral, less estimated selling costs. When a specific reserve is required for an impaired loan, the impaired loan is essentially measured at fair value. The fair value of collateral was determined based on appraisals, with further adjustments made to the appraised values due to various factors, including the age of the appraisal, age of comparables included in the appraisal, and known changes in the market and in the collateral. The resulting fair value measurement is disclosed in the nonrecurring hierarchy table. Where adjustments made to appraisals are based on assumptions not observable in the marketplace and where estimates of fair values used for other collateral supporting commercial loans are based on assumptions not observable in the marketplace, such valuations have been classified as Level 3.

The following table summarizes assets with fair value changes during the years ended December 31, 2020 and 2019 that are measured at fair value by class on a nonrecurring basis (dollars in thousands):

	Total Fair Value Measurement at December 31, 2020	Level 1	Level 2	Level 3
Assets:				
Foreclosed assets	**$ 1,305**	**$ -**	**$ -**	**$ 1,305**
Impaired loans	**2,867**	**-**	**-**	**2,867**

	Total Fair Value Measurement at December 31, 2019	Level 1	Level 2	Level 3
Assets:				
Foreclosed assets	$ 1,351	$ -	$ -	$ 1,351
Impaired loans	2,706	-	-	2,706

3. Restrictions on Cash and Amounts Due From Banks

Effective on March 26, 2020, the Board of Governors of the Federal Reserve System reduced the reserve requirement ratios to 0%. This action eliminated reserve requirements for all depository institutions. Prior to this decision, depository institutions were required by law to maintain reserves against their transaction deposits. At December 31, 2019, the required reserve balance was $14.7 million.

4. Investment Securities

The amortized cost and fair value of debt securities, with gross unrealized gains and losses, were as follows (dollars in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
Securities Available for Sale at December 31, 2020				
United States government agencies	**$ 165,846**	**$ 3,254**	**$ 12**	**$ 169,088**
Mortgage-backed securities	**1,041,601**	**13,070**	**554**	**1,054,117**
State and political subdivisions	**440,553**	**17,090**	**39**	**457,604**
Total	**$ 1,648,000**	**$ 33,414**	**$ 605**	**$ 1,680,809**
Securities Available for Sale at December 31, 2019				
United States government agencies	$ 44,974	$ 29	$ 13	$ 44,990
Mortgage-backed securities	367,971	2,146	1,167	368,950
State and political subdivisions	344,639	8,566	3	353,202
Total	$ 757,584	$ 10,741	$ 1,183	$ 767,142

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
Securities to Be Held to Maturity at December 31, 2020				
United States government agencies	**$ 30,348**	**$ 1,205**	**$ -**	**$ 31,553**
Mortgage-backed securities	**234,324**	**13,722**	**-**	**248,046**
Corporate bonds	**1,000**	**-**	**-**	**1,000**
	$ 265,672	**$ 14,927**	**$ -**	**$ 280,599**
Securities to Be Held to Maturity at December 31, 2019				
United States government agencies	$ 175,289	$ 7,236	$ 88	$ 182,437
Mortgage-backed securities	276,220	3,585	631	279,174
Corporate bonds	1,000	-	-	1,000
	$ 452,509	$ 10,821	$ 719	$ 462,611

All mortgage-backed securities included in the above tables were issued by United States government-sponsored agencies.

Investment securities carried at $392.5 million and $481.8 million at December 31, 2020 and 2019, respectively, were pledged to secure public funds, repurchase agreements, trust deposits, and for other purposes required or permitted by law.

During 2013, the Company transferred $193.2 million in Small Business Administration (SBA) securities from the available for sale category to held to maturity. These securities had unrealized losses of $4.4 million at the date of transfer, which are being amortized using the interest method as a yield adjustment over the remaining life of the related security.

During 2018, the Company transferred $210.9 million in SBA securities from the available for sale category to held to maturity. These securities had unrealized losses of $13.3 million at the date of transfer, which are being amortized using the interest method as a yield adjustment over the remaining life of the related security.

The remaining unamortized amount related to these securities totaled $569 thousand and $9.3 million at December 31, 2020 and 2019, respectively.

The amortized cost and fair value of available-for-sale securities and held-to-maturity debt securities by contractual maturity at December 31, 2020 were as follows (dollars in thousands):

	Amortized Cost	Fair Value
Securities available for sale:		
Within one year	$ 42,986	$ 43,185
After one year through five years	81,233	84,353
After five years through ten years	150,063	156,615
Over ten years	332,117	342,539
	606,399	626,692
Mortgage-backed securities	1,041,601	1,054,117
	$ 1,648,000	$ 1,680,809
Securities to be held to maturity:		
After one year through five years	$ 9,123	$ 9,344
After five years through ten years	22,225	23,209
	31,348	32,553
Mortgage-backed securities	234,324	248,046
	$ 265,672	$ 280,599

For the years ended December 31, 2020 and 2019, proceeds from sales of securities available for sale totaled $190.1 million and $1.8 million, respectively. Gross realized gains totaled $864 thousand and $111 thousand, respectively. Gross realized losses totaled $39 thousand and $450 thousand, respectively.

There were no sales of investment securities classified as held to maturity during 2020 and 2019.

Information pertaining to securities with gross unrealized losses at December 31, 2020 and 2019, aggregated by investment category and length of time that individual securities have been in a continuous loss position, are as follows (dollars in thousands):

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Securities Available for Sale at December 31, 2020						
United States government agencies	**$ 2,017**	**$ 12**	**$ -**	**$ -**	**$ 2,017**	**$ 12**
Mortgage-backed securities	**155,662**	**528**	**4,463**	**26**	**160,125**	**554**
State and political subdivisions	**21,459**	**39**	**-**	**-**	**21,459**	**39**
	$ 179,138	**$ 579**	**$ 4,463**	**$ 26**	**$ 183,601**	**$ 605**
Securities Available for Sale at December 31, 2019						
United States government agencies	$ -	$ -	$ 14,982	$ 13	$ 14,982	$ 13
Mortgage-backed securities	81,558	526	84,754	641	166,312	1,167
State and political subdivisions	-	-	1,420	3	1,420	3
Other					-	-
	$ 81,558	$ 526	$ 101,156	$ 657	$ 182,714	$ 1,183
Securities to Be Held to Maturity at December 31, 2020						
United States government agencies	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Mortgage-backed securities	**-**	**-**	**-**	**-**	**-**	**-**
	$ -	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Securities to Be Held to Maturity at December 31, 2019						
United States government agencies	$ 22,379	$ 88	$ -	$ -	$ 22,379	$ 88
Mortgage-backed securities	51,103	631	-	-	51,103	631
	$ 73,482	$ 719	$ -	$ -	$ 73,482	$ 719

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than the amortized cost; (2) the financial condition and near-term prospects of the issuer; (3) the current market conditions; and (4) the intent and ability of the Company to not sell the security or whether it is more likely than not that the Company will be required to sell the security before its anticipated recovery.

At December 31, 2020, there are 44 securities with unrealized losses (54 securities in 2019). These unrealized losses in the Company's investment portfolio are consistent with changes in market interest rates over the past year and are considered temporary.

In analyzing an issuer's financial condition, management considers whether securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. Declines in the fair value of held-to-maturity and available-for-sale securities below their amortized cost basis that are deemed to be other than temporary are carried at fair value. Any portion of a decline in value associated with credit loss is recognized in earnings as realized losses. For the years ended December 31, 2020 and 2019, the Company did not recognize other-than-temporary impairment on available-for-sale securities.

5. Loans and Allowance for Loan Losses

The components of loans in the consolidated balance sheets were as follows (dollars in thousands):

	December 31,	
	2020	2019
Real estate:		
Commercial	**$ 1,035,871**	$ 911,222
Residential	**537,845**	497,161
Commercial	**761,189**	572,344
Consumer	**147,286**	154,278
Overdrafts	**740**	656
	2,482,931	2,135,661
Less allowance for loan losses	**28,556**	21,863
	$ 2,454,375	$ 2,113,798

During the years ended December 31, 2020 and 2019, the Company purchased loans from other nonrelated banks totaling $19.6 million and $21.7 million, respectively. During the years ended December 31, 2020 and 2019, the Company sold loans to nonrelated banks in the amount of $10.0 million and $40.5 million, respectively.

The Coronavirus Aid, Relief and Economic Security (CARES) Act created funding for the Small Business Administration's (SBA) loan program providing forgiveness of up to the full principal amount of qualifying loans guaranteed under the new program called the Paycheck Protection Program (PPP). The intent of the PPP is to provide loans to small businesses in order to keep their employees on the payroll and make certain other eligible payments. Loans granted under the PPP are guaranteed by the SBA and are fully forgivable if used for qualifying expenses, such as payroll, rent and utilities. If the loans are not forgiven, they must be repaid over a term not to exceed five years. Under the PPP, through December 31, 2020, the Company funded $404 million in loans to more than 2,500 borrowers and deferred approximately $13.2 million of SBA processing fees that will be recognized as interest income over the term of the loans. As of December 31, 2020, $282.9 million of principal remained outstanding of these PPP loans with remaining deferred fees of approximately $5.7 million.

As part of its on-going monitoring of the credit quality of the Company's loan portfolio, management assigns risk grades to loans as follows:

- Pass – loans to borrowers with acceptable credit quality and risk.
- Other Assets Especially Mentioned ("OAEM") – loans to borrowers whose credit quality may have deteriorated since origination and are at risk of further decline unless measures are taken to correct the situation.
- Substandard – loans to borrowers with well-defined credit quality weaknesses, which make payment default or principal exposure possible, but not yet certain.
- Doubtful – loans to borrowers in which payment default or principal exposure is probable. Such loans are individually evaluated for a specific valuation allowance.

At December 31, 2020 and 2019, the Company's loan portfolio risk grades by loan segment were as follows (dollars in thousands):

	Pass	OAEM	Substandard	Doubtful	Total Loans
December 31, 2020					
Real estate:					
Commercial	**$ 923,818**	**$ 98,430**	**$ 13,623**	**$ -**	**$ 1,035,871**
Residential	**530,966**	**-**	**6,879**	**-**	**537,845**
Commercial	**744,481**	**10,818**	**5,890**	**-**	**761,189**
Consumer	**145,189**	**-**	**2,097**	**-**	**147,286**
Overdrafts	**740**	**-**	**-**	**-**	**740**
	$ 2,345,194	**$ 109,248**	**$ 28,489**	**$ -**	**$ 2,482,931**
December 31, 2019					
Real estate:					
Commercial	$ 896,513	$ 2,740	$ 11,969	$ -	$ 911,222
Residential	493,247	-	3,914	-	497,161
Commercial	554,034	12,729	5,581	-	572,344
Consumer	153,429	-	849	-	154,278
Overdrafts	656	-	-	-	656
	$ 2,097,879	$ 15,469	$ 22,313	$ -	$ 2,135,661

An aged analysis of past-due loans, segregated by class of loans, as of December 31, 2020 and 2019 was as follows (dollars in thousands):

	Loans 30-89 Days Past Due	Loans 90 or More Days Past Due	Total Past-Due Loans	Current Loans	Total Loans	Accruing Loans 90 Days or More Past Due
December 31, 2020						
Real estate:						
Commercial	**$ 672**	**$ -**	**$ 672**	**$ 1,035,199**	**$ 1,035,871**	**$ -**
Residential	**2,953**	**2,547**	**5,500**	**532,345**	**537,845**	**1,243**
Commercial	**613**	**834**	**1,447**	**759,742**	**761,189**	**646**
Consumer	**1,316**	**206**	**1,522**	**145,764**	**147,286**	**206**
Overdrafts	**-**	**-**	**-**	**740**	**740**	**-**
	$ 5,554	**$ 3,587**	**$ 9,141**	**$ 2,473,790**	**$ 2,482,931**	**$ 2,095**
December 31, 2019						
Real estate:						
Commercial	$ 9,468	$ -	$ 9,468	$ 901,754	$ 911,222	$ -
Residential	3,492	1,243	4,735	492,426	497,161	1,243
Commercial	309	322	631	571,713	572,344	42
Consumer	1,510	93	1,603	152,675	154,278	93
Overdrafts	-	-	-	656	656	-
	$ 14,779	$ 1,658	$ 16,437	$ 2,119,224	$ 2,135,661	$ 1,378

Loans are considered impaired and placed on nonaccrual status when, based on current information and events, it is probable the Company will be unable to collect all amounts due in accordance with the original contractual terms of the loan agreement. Loans may be placed on impaired and nonaccrual status regardless of whether or not such loans are considered past due. An analysis of impaired and nonaccrual loans, segregated by class of loans, as of December 31, 2020 and 2019 is as follows (dollars in thousands):

	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment and Unpaid Balance	Related Allowance	Average Recorded Investment
December 31, 2020					
Real estate:					
Commercial	$ -	$ **943**	$ **943**	$ **13**	$ **1,029**
Residential	-	**1,623**	**1,623**	**53**	**977**
Commercial	-	**383**	**383**	**16**	**876**
	$ -	$ **2,949**	$ **2,949**	$ **82**	$ **2,882**
December 31, 2019					
Real estate:					
Commercial	$ -	$ 1,114	$ 1,114	$ 34	$ 12,377
Residential	-	330	330	1	336
Commercial	-	1,370	1,370	73	1,300
	$ 0	$ 2,814	$ 2,814	$ 108	$ 14,013

During the years ended December 31, 2020 and 2019, the Company recognized interest income on impaired and nonaccrual loans of $84 thousand and $166 thousand, respectively.

Included in impaired and nonaccrual loans above are loans amounting to $1.5 million and $2.5 million at December 31, 2020 and 2019, respectively, that have been modified in a troubled debt restructuring and consists primarily of commercial real estate loans. These loans are generally modified by allowing the borrower concessions that delay the payment of principal or interest beyond contractual requirements, but not the forgiveness of either principal or interest. The Company has evaluated any possible impairment loss on such loans consistent with its accounting for impaired loans and recognized such loss through a charge-off to the allowance for loan loss account. In 2020 and 2019, no loans previously modified in a troubled debt restructuring subsequently defaulted or were foreclosed.

In the first quarter of 2020, the Company elected to work with borrowers impacted by COVID-19 by providing temporary payment modifications. If certain conditions are met, these modifications are excluded from classification as a troubled debt restructuring under Section 4013, Temporary Relief from Troubled Debt Restructurings, of the CARES Act or under applicable interagency guidance of the federal banking regulators. As of December 31, 2020, the outstanding balance of loans modified under Section 4013 of the CARES Act was $335 million.

Changes in the allowance for loan losses, by portfolio segment, for the years ended December 31, 2020 and 2019 were as follows (dollars in thousands):

	Commercial Real Estate	Residential Real Estate	Commercial	Consumer	Overdraft	Total
Year Ended December 31, 2020						
Balance at beginning of year	**$ 7,976**	**$ 2,529**	**$ 7,914**	**$ 3,358**	**$ 86**	**$ 21,863**
Provision for loan losses	**4,805**	**166**	**2,121**	**1,101**	**142**	**8,335**
Charge-offs	**-**	**(63)**	**(750)**	**(1,094)**	**(206)**	**(2,113)**
Recoveries	**-**	**34**	**158**	**210**	**69**	**471**
Net recoveries (charge-offs)	**-**	**(29)**	**(592)**	**(884)**	**(137)**	**(1,642)**
Balance at end of year	**$ 12,781**	**$ 2,666**	**$ 9,443**	**$ 3,575**	**$ 91**	**$ 28,556**
Allocation:						
Individually evaluated for impairment	**$ 13**	**$ 53**	**$ 16**	**-**	**-**	**$ 82**
Collectively evaluated for impairment	**12,768**	**2,613**	**9,427**	**3,575**	**91**	**28,474**

	Commercial Real Estate	Residential Real Estate	Commercial	Consumer	Overdraft	Total
Year Ended December 31, 2019						
Balance at beginning of year	$ 7,395	$ 1,976	$ 6,642	$ 2,714	$ 76	$ 18,803
Provision for loan losses	(323)	(1,174)	2,323	1,319	220	2,365
Charge-offs	-	(14)	(1,284)	(1,014)	(306)	(2,618)
Recoveries	904	1,741	233	339	96	3,313
Net recoveries (charge-offs)	904	1,727	(1,051)	(675)	(210)	695
Balance at end of year	$ 7,976	$ 2,529	$ 7,914	$ 3,358	$ 86	$ 21,863
Allocation:						
Individually evaluated for impairment	$ 34	$ 1	$ 73	-	-	$ 108
Collectively evaluated for impairment	7,942	2,528	7,841	3,358	86	21,755

The Company's recorded investment in loans as of December 31, 2020 and 2019 related to each balance in the allowance for loan losses by portfolio segment and disaggregated on the basis of the Company's impairment methodology was as follows (dollars in thousands):

	Commercial Real Estate	Residential Real Estate	Commercial	Consumer	Overdraft	Total
Year Ended December 31, 2020						
Loans individually evaluated for impairment	**$ 943**	**$ 1,623**	**$ 383**	**$ -**	**$ -**	**$ 2,949**
Loans collectively evaluated for impairment	**1,034,928**	**536,222**	**760,806**	**147,286**	**740**	**2,479,982**
Balance at end of year	**$ 1,035,871**	**$ 537,845**	**$ 761,189**	**$ 147,286**	**$ 740**	**$ 2,482,931**

	Commercial Real Estate	Residential Real Estate	Commercial	Consumer	Overdraft	Total
Year Ended December 31, 2019						
Loans individually evaluated for impairment	$ 1,114	$ 330	$ 1,370	$ -	$ -	$ 2,814
Loans collectively evaluated for impairment	910,108	496,831	570,974	154,278	656	2,132,847
Balance at end of year	$ 911,222	$ 497,161	$ 572,344	$ 154,278	$ 656	$ 2,135,661

The provision for loan losses in the consolidated statements of income for the years ended December 31, 2020 and 2019 includes a $665 thousand and a $535 thousand increase, respectively, related to credit risk on outstanding loan commitments and standby letters of credit, with the corresponding balance sheet amount included in other liabilities.

During the year ended December 31, 2020, the Company did not implement any significant changes to its allowance for loan loss methodology.

6. Property and Equipment and Lease Commitments

Components of property and equipment included in the consolidated balance sheets were as follows (dollars in thousands):

	Estimated Useful Lives	December 31, 2020	December 31, 2019
Land		**$ 16,157**	$ 16,157
Buildings and improvements	5-39 years	**76,857**	74,067
Equipment	2-7 years	**43,888**	44,743
Automobiles	5 years	**214**	214
		137,116	135,181
Less accumulated depreciation		**73,975**	75,044
		$ 63,141	$ 60,137

Depreciation expense totaled $5.1 million and $4.7 million for the years ended December 31, 2020 and 2019, respectively.

The Company entered into noncancelable operating leases for certain premises and maintenance and service on certain equipment. Future minimum rental commitments under operating leases are as follows (dollars in thousands):

Year ending December 31,	
2021	$ 2,007
2022	2,005
2023	1,973
2024	1,944
2025	1,965
Thereafter	10,106
	$ 20,000

Rent expense on real estate leases totaled $2.4 million for the year ended December 31, 2020 ($2.0 million in 2019). Rent expense for equipment leases totaled $54 thousand for the year ended December 31, 2020 ($66 thousand in 2019).

7. Interest Expense

Interest expense on deposits, Federal Home Loan Bank borrowings, and federal funds purchased is as follows (dollars in thousands):

	Years Ended December 31,	
	2020	2019
Demand accounts	**$ 495**	$ 3,413
NOW accounts	**230**	867
Money market accounts	**675**	3,654
Savings accounts	**1,574**	1,554
Time accounts	**4,223**	5,520
Federal Home Loan Bank borrowings	**716**	160
Federal funds purchased	**-**	64
Other	**100**	723
	$ 8,013	$ 15,955

8. Certificates of Deposit ("CDs")

The aggregate amount of CDs, each with a minimum denomination of $250 thousand or more, totaled $111.3 million at December 31, 2020 ($137.8 million in 2019).

At December 31, 2020, the scheduled maturities of CDs were as follows (dollars in thousands):

Year ending December 31,	
2021	$ 217,000
2022	40,558
2023	5,648
2024	3,926
2025	1,850
Thereafter	92
	$ 269,074

9. Securities Sold Under Agreements to Repurchase

The Company has repurchase agreements with selected customers. Securities sold under agreements to repurchase, which are considered secured borrowings, generally mature on the first business day following the date of the transaction. Securities sold under agreements to repurchase are reflected at the amount of cash received in connection with the transaction. The Company may be required to provide additional collateral based on the fair value of the security. At December 31, 2020, the balance of repurchase agreements totaled $25.7 million and is shown as other borrowings on the consolidated balance sheets ($47.7 million in 2019). The repurchase agreements are secured by mortgage-backed securities with a fair value of $114.6 million and $126.2 million at December 31, 2020 and 2019, respectively. The weighted-average interest rate of these agreements was .05% and .80% at December 31, 2020 and 2019, respectively.

10. Federal Home Loan Bank Borrowings

As a member of Federal Home Loan Bank (FHLB), BNB is able to obtain advances and standby letters of credit from FHLB pursuant to the terms of the Advances and Security Agreements. Any borrowings are collateralized by a blanket floating lien on all first mortgage loans, all FHLB capital stock, and all deposit accounts of BNB held at the FHLB.

FHLB borrowings totaled $140 million and $25 million at December 31, 2020 and 2019, respectively. The borrowings are at fixed rates ranging from .17% to 1.739% and mature through 2024.

Contractual payments due for these borrowings are as follows (dollars in thousands):

Year ending December 31,	
2021	$ 115,000
2024	25,000
	$ 140,000

11. Income Taxes

Taxable income is reported on the federal tax returns of the Company's stockholders. Accordingly, no provision has been made for federal income tax in the accompanying consolidated financial statements.

The Company files a United States federal income tax return, as well as a state return in Texas. With few exceptions, the Company is no longer subject to United States federal or Texas state tax examinations by tax authorities for years before 2017.

12. Employee Benefit Plans

Effective January 1, 2018, the Company established an employee bonus plan (the "Plan") that covers all employees employed January through November of the fiscal year and employed as of the pay-out date of the bonus. All contributions to the Plan are made at the discretion of the Board of Directors. Contributions are allocated to eligible participants based upon compensation and other factors. Plan participants self-direct the investment of allocated contributions. Expense related to these plans amounted to $7.5 million and $7.8 million in 2020 and 2019, respectively. The Plan also has a 401(k) feature available for employees. The Company's matching 401(k) expense totaled $1.3 million and $1.2 million in 2020 and 2019, respectively.

To partially fund overall employee costs and benefits, the Company purchased and maintains corporate-owned life insurance policies on select groups of employees. These policies had cash values totaling $92.2 million at December 31, 2020 ($86.1 million in 2019), which are included in other assets in the accompanying consolidated balance sheets. Employees named in the policies were granted a portion of the policy as a death benefit for which the Company carries a liability of $4.6 million and $4.2 million at December 31, 2020 and 2019, respectively.

13. Executive Compensation Plans

Rights issued and outstanding under the 2009 SAR Plan are as follows:

	Rights
Balance at December 31, 2018	99,100
Granted	23,650
Exercised	(25,800)
Cancelled	-
Balance at December 31, 2019	96,950
Granted	25,000
Exercised	(16,800)
Cancelled	(1,900)
Balance at December 31, 2020	**103,250**

At December 31, 2020 and 2019, a liability of $2.5 million and $2.6 million, respectively, is included in other liabilities in the accompanying consolidated balance sheets for the pro rata portion of the change in book value of the Company's stock related to all SAR Plan grants outstanding.

At December 31, 2020 and 2019, a liability of $14.3 million and $13.2 million, respectively, is included in other liabilities in the accompanying consolidated balance sheets for the 401(k) Alternative Plan. As a partial offset to these liabilities, the Company purchased and maintains corporate-owned life insurance policies on select plan participants. These policies had cash values totaling $11.7 million at December 31, 2020 ($10.7 million in 2019), which are included in other assets in the accompanying consolidated balance sheets. Expense for the employer contribution to the 401(k) Alternative Plan was $0 for the year ended December 31, 2020 ($423 thousand in 2019).

14. Dividends From Subsidiaries

The amount BNB may declare as dividends without prior approval of various regulatory agencies in any calendar year is limited. At December 31, 2020 and 2019, the aggregate amount available from the Company's subsidiaries was $50.9 million and $69.9 million, respectively. In addition to legal requirements, regulatory authorities also consider the adequacy of BNB's total capital in relation to its assets and other factors. These capital adequacy considerations also limit amounts available for payment of dividends.

15. Legal Contingencies

The Company is party to litigation arising in the normal course of business. Management, after consultation with legal counsel, believes the liabilities, if any, arising from such litigation and claims will not be material to the Company's financial position.

16. Off-Balance Sheet Activities

Credit-Related Financial Instruments

The Company is a party to credit-related financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, unfunded commitments under lines of credit, and standby letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance sheet instruments.

Financial instruments with credit risk had contract amounts outstanding as follows (dollars in thousands):

	December 31,	
	2020	2019
Commitments to extend credit	**$ 2,752**	$ 1,080
Unfunded commitments under lines of credit	**941,758**	815,173
Standby letters of credit	**13,009**	19,639

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Unfunded commitments under lines of credit include revolving credit lines, straight credit lines, and interim construction loans, which are commitments for possible future extensions of credit to existing customers. These lines of credit might not be drawn upon to the total extent to which the Company is committed.

To reduce credit risk related to the use of credit-related financial instruments, the Company often deems it necessary to obtain collateral. The amount and nature of the collateral obtained are based on the Company's credit evaluation of the customer. Collateral held varies, but may include cash; securities; accounts receivable; inventory; property, plant, and equipment; and real estate.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting those commitments if deemed necessary.

17. On-Balance Sheet Derivative Instruments and Hedging Activities

Derivative Loan Commitments
Mortgage loan commitments are referred to as derivative loan commitments if there is a specified rate lock commitment and if the loan that will result from the exercise of the commitment will be held for sale upon funding.

The Company enters into commitments to fund residential mortgage loans at specified times in the future, with the intention that these loans will subsequently be sold in the secondary market. A mortgage loan commitment binds the Company to lend funds to a potential borrower at a specified interest rate within a specified period of time, generally up to 60 days after inception of the rate lock.

Outstanding derivative loan commitments can expose the Company to the risk that the price of the loans arising from the exercise of the loan commitment might decline from inception of the rate lock to the funding of the loan due to an increase in mortgage interest rates. The Company is not subject to this risk, as loans are funded at par value and sold at a guaranteed premium above par value. The notional amount of mortgage loan commitments totaled $8.4 million and $4.5 million at December 31, 2020 and 2019, respectively. The fair value of such commitments was $88 thousand at December 31, 2020 ($36 thousand at December 31, 2019).

Forward Loan Sale Commitments
To protect against the price risk inherent in derivative loan commitments, the Company uses “best efforts” forward loan sale commitments to mitigate the risk of potential decreases in the values of loans that would result from the exercise of the derivative loan commitments.

With “best efforts” contracts, the Company commits to deliver an individual mortgage loan of a specified principal amount and quality to an investor if the loan to the underlying borrower closes. The price the investor pays the Company for an individual loan is specified prior to the loan funding. The Company expects that these forward loan sale commitments will experience changes in fair value opposite to the change in fair value of derivative loan commitments. The notional amount of forward loan sale commitments totaled $2.6 and $1.1 million at December 31, 2020 and 2019, respectively. The fair value of such commitments was a net asset of $27 thousand and $38 thousand at December 31, 2020 and 2019, respectively.

Derivative Financial Instruments
The Company utilizes derivative financial instruments, including interest rate contracts such as swaps, caps and/or floors, as part of its ongoing effort to mitigate its interest rate risk exposure and to facilitate the needs of its customers. The Company enters into derivative instruments that are not designated as hedging instruments to help its commercial customers manage their exposure to interest rate fluctuations. To mitigate the interest rate risk associated with these customer contracts, the Company

enters into an offsetting derivative contract position. The Company manages its credit risk, or potential risk of default by its commercial customers, through credit limit approval and monitoring procedures. At December 31, 2020 and 2019, the Company had notional amounts of $138.8 million and $61.6 million, respectively, on hedging agreements with corporate borrowers. At December 31, 2020 and 2019, the Company had $138.8 million and $61.6 million, respectively, in offsetting interest rate contracts with other financial institutions to mitigate the Company's rate exposure on its corporate customers' contracts.

In 2020, the Company entered into a receive-variable based on LIBOR/pay-fixed interest rate swap agreement related to borrowings on FHLB Advances. This swap is utilized to manage interest rate exposures over the period of the interest rate swap and is designated as a highly effective cash flow hedge. The swap agreement expires in April 2025 and has effectively fixed the interest rate at .65%. The notional amount is $125 million. The effective portion of the gain or loss on this interest rate swap is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affect earnings. Gains and losses on the interest rate swap representing either hedge ineffectiveness or excluded from the assessment of hedge effectiveness are recognized in current earnings. As of December 31, 2020, none of the deferred net losses on the interest rate swap accumulated in other comprehensive income is expected to be reclassified to earnings during the next 12 months.

Effect of the interest rate swap on the consolidated balance sheet as of December 31, 2020 is as follows:

	Balance Sheet Location		Fair Value as of December 31, 2020
Liability derivative-interest rate contract	Other liabilities	$	1,641
Effective portion of loss	Other comprehensive income		(1,641)

18. Related Party Transactions

In the ordinary course of business, the Company has granted loans to principal officers and directors and their affiliates. Loans from related parties held by the Company at December 31, 2020 amounted to $712 thousand ($6.0 million at December 31, 2019).

Deposits held by the Company from related parties amounted to $45.1 million at December 31, 2020 ($51.8 million in 2019).

19. Capital and Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Capital adequacy and prompt corrective action regulations involve quantitative measures of assets, liabilities and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators about component classification, risk weighting and other factors. Failure to meet capital requirements can initiate regulatory action.

Management believes, as of December 31, 2020 and 2019, that the Bank met all capital adequacy requirements to which it is subject. As of December 31, 2020, the most recent notification from the regulators categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action.

In 2019, the federal banking agencies jointly issued a final rule that provides for an optional, simplified measure of capital adequacy, the community bank leverage ratio framework ("CBLR framework"), for qualifying community banking organizations, consistent with Section 201 of the Economic Growth, Regulatory Relief and Consumer Protection Act. The final rule became effective on January 1, 2020 and was elected by the Bank as of December 31, 2020. In April 2020, the federal banking agencies issued an interim final rule that makes temporary changes to the CBLR framework pursuant to section 4012 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and a second interim final rule that provides a graduated increase in the community bank leverage ratio requirement after the expiration of the temporary changes implemented pursuant to section 4011 of the CARES Act. A final rule was published in October 2020 and effective November 2020 which adopts the two interim rules without change.

The community bank leverage ratio removes the requirement for qualifying banking organizations to calculate and report risk-based capital but rather only requires a Tier 1 to average assets (leverage) ratio. Qualifying banking organizations that elect to use the community bank leverage ratio framework and that maintain a leverage ratio of greater than required minimums will be considered to have satisfied the generally applicable risk-based and leverage capital requirements in the agencies' capital rules (generally applicable rule) and will be considered well capitalized under the Prompt Corrective Action rules for purposes of section 38 of the Federal Deposit Insurance Act. Under the final rule, the community bank leverage ratio minimum requirement is 8% as of December 31, 2020, 8.5% for calendar year 2021, and 9% for calendar year 2022 and beyond. The final rule allows for a two-quarter grace period to correct the ratio that falls below the required amount, provided that the bank maintains a leverage ratio of 7% as of December 31, 2020, 7.5% for calendar year 2021, and 8% for calendar year 2022 and beyond. A bank that has a leverage ratio equal or less than the grace period minimums must immediately apply the risk-based capital standards.

Under the final rule, an eligible banking organization can opt out of the CBLR framework and revert back to the generally applicable risk-based framework without restriction. As of December 31, 2020, both the Company and Bank were qualifying community bank organizations as defined by the federal banking agencies and elected to measure capital adequacy under the CBLR framework.

The following table presents actual and required capital ratios to be considered well capitalized under prompt correction action regulations following the CBLR framework (dollars in thousands):

	December 31, 2020			
	Actual		Minimum Required to be Well-Capitalized Under Prompt Correction Action Provisions CBLR Framework	
	Amount	Ratio	Amount	Ratio
Tier 1 (Core) Capital to average total assets	412,139	8.9%	371,092	8.0%

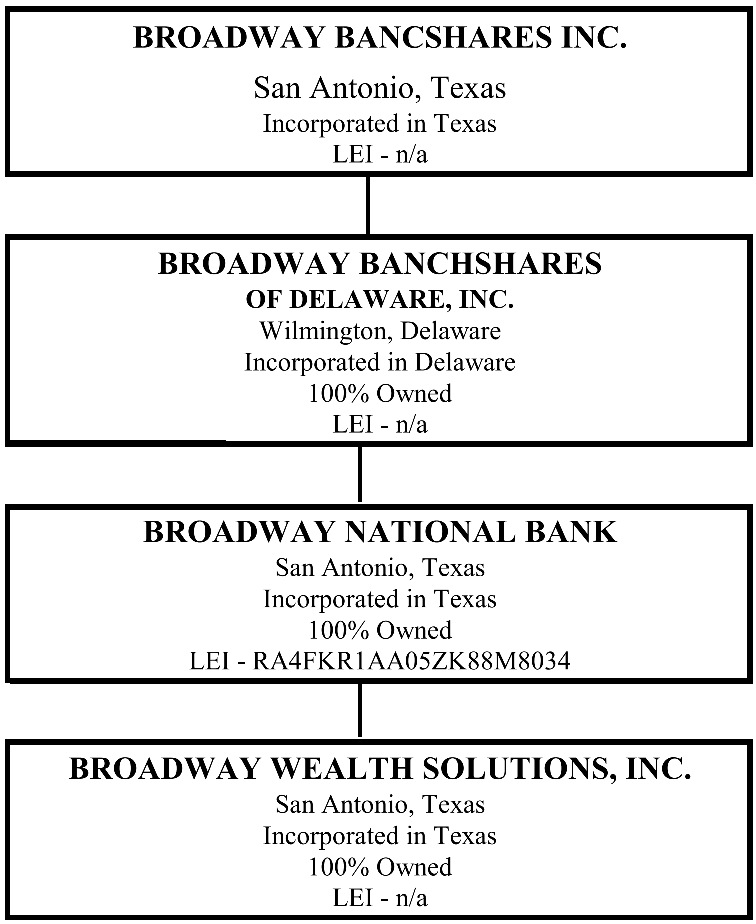
The following table presents actual and required capital amounts and ratios under the Basel III capital rules as of December 31, 2019. Capital levels to be considered well capitalized under prompt action regulations are also presented (dollars in thousands):

	Actual		Minimum Required For Capital Adequacy Purposes		Minimum Required Basel III to be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2019						
Common Equity Tier 1 Capital to Risk-Weighted Assets:						
Company	$441,401	16.3%	$188,952	7.0%	N/A	N/A
BNB	$411,042	15.3%	$187,813	7.0%	$174,398	6.5%
Tier 1 Capital to Risk-Weighted Assets:						
Company	$441,401	16.3%	$229,442	8.5%	N/A	N/A
BNB	$411,042	15.3%	$228,058	8.5%	$214,643	8.0%
Total Capital to Risk-Weighted Assets:						
Company	$465,135	17.2%	$283,428	10.5%	N/A	N/A
BNB	$434,777	16.2%	$281,719	10.5%	$268,304	10.0%
Tier 1 Capital to Average Assets:						
Company	$441,401	11.7%	$151,370	4.0%	N/A	N/A
BNB	$411,042	10.9%	$151,370	4.0%	$189,212	5.0%

Form FR Y-6

Broadway Bancshares Inc.
San Antonio, Texas
Fiscal Year Ending December 31, 2020

Report Item 2a: Organization Chart



Broadway Bancshares Inc.
San Antonio, Texas
Fiscal Year Ending December 31, 2020

Report Item 2b: Domestic Branch Listing

Results: A list of branches for your depository institution: BROADWAY NATIONAL BANK (ID_RSSD: 474254).
This depository institution is held by BROADWAY BANCSHARES, INC. (1106879) of SAN ANTONIO, TX.
The data are as of 12/31/2020. Data reflects information that was received and processed through 01/05/2021.

Reconciliation and Verification Steps
1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

Actions
OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper

Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	474254	BROADWAY NATIONAL BANK	1177 NE LOOP 410	SAN ANTONIO	TX	78209-152	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	4629801	AUSTIN MIDTOWN BRANCH	911 WEST 38TH STREET	AUSTIN	TX	78705	TRAVIS	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	3911460	BEE CAVE BANKING CENTER	12101 BEE CAVES ROAD	BEE CAVE	TX	78738	TRAVIS	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	2014542	BOERNE BRANCH	1012 S MAIN	BOERNE	TX	78006	KENDALL	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	3124970	BUDA BRANCH	321 N FM 1626	BUDA	TX	78610	HAYS	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	2013666	CASTROVILLE BRANCH	1006 FIORELLA STREET	CASTROVILLE	TX	78009	MEDINA	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	3922680	DRIPPING SPRINGS BANKING CENTER	320 EAST HIGHWAY 290	DRIPPING SPRIN	TX	78620	HAYS	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	2014533	FREDERICKSBURG BRANCH	204 W MAIN	FREDERICKSBURG	TX	78624	GILLESPIE	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	3539604	HELOTES BRANCH	12589 BANDERA ROAD	HELOTES	TX	78023	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	1960428	HONDO BRANCH	233 19TH STREET	HONDO	TX	78861	MEDINA	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	2014485	KERRVILLE BRANCH	620 MAIN STREET	KERRVILLE	TX	78028	KERR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	2952859	KYLE BRANCH	5809 KYLE PARKWAY	KYLE	TX	78640	HAYS	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	3651092	NEW BRAUNFELS BRANCH	2219 COMMON STREET	NEW BRAUNFELS	TX	78130	COMAL	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	981462	RANDOLPH BRANCH	629 3RD STREET WEST	RANDOLPH AFB	TX	78150	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Limited Service	3742637	AIR FORCE VILLAGE 1 BRANCH	4917 RAVENSWOOD DRIVE	SAN ANTONIO	TX	78227	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Limited Service	3651083	AIR FORCE VILLAGE BRANCH	5100 JOHN D. RYAN BLVD.	SAN ANTONIO	TX	78245	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	1214699	ALAMO HEIGHTS BRANCH	401 AUSTIN HWY	SAN ANTONIO	TX	78209	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Limited Service	3017166	ARMY MEDICAL DEPARTMENT CENTER & SCHOOL BRAN	2840 STANLEY ROAD	SAN ANTONIO	TX	78234	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Limited Service	4473086	BROADWAY NATIONAL BANK MOBILE BRANCH	1177 NE LOOP 410	SAN ANTONIO	TX	78209	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Limited Service	3017139	BROOKE ARMY MEDICAL CENTER BRANCH	3600 GEORGE C. BEACH ROAD	SAN ANTONIO	TX	78234	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	3539622	CITY BASE LANDING BRANCH	3202 SOUTH EAST MILITARY D	SAN ANTONIO	TX	78223	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	1965759	DOWNTOWN BRANCH	1100 MCCULLOUGH, SUITE 100	SAN ANTONIO	TX	78212	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	3295049	ENCINO BRANCH	20710 US HIGHWAY 281 NORTH	SAN ANTONIO	TX	78258	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	680466	FORT SAM HOUSTON BRANCH	2302 STANLEY ROAD	SAN ANTONIO	TX	78234	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	3008780	HUEBNER BRANCH	16767 HUEBNER ROAD	SAN ANTONIO	TX	78248	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	3008829	LEON SPRINGS BRANCH	24175 IH-10 WEST	SAN ANTONIO	TX	78257	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	3008762	MEDICAL CENTER BRANCH	8056 FREDERICKSBURG RD	SAN ANTONIO	TX	78229	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	1210963	NACOGDOCHES BRANCH	13429 NACOGDOCHES RD	SAN ANTONIO	TX	78217	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	3732076	POTRANCO VILLAGE BRANCH	502 WEST LOOP 1604 NORTH	SAN ANTONIO	TX	78251	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	3008799	SAN PEDRO BRANCH	13432 SAN PEDRO	SAN ANTONIO	TX	78216	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	3308181	SHAVANO BRANCH	13119 HUEBNER RD	SAN ANTONIO	TX	78230	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	3008801	STONE OAK BRANCH	18700 STONE OAK PARKWAY	SAN ANTONIO	TX	78258	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	3008810	WEST COMMERCE BRANCH	4347 W COMMERCE ST	SAN ANTONIO	TX	78237	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	4717856	WILDERNESS OAK BRANCH	23510 WILDERNESS OAK	SAN ANTONIO	TX	78258	BEXAR	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	3343678	SCHERTZ BRANCH	5557 FM 3009	SCHERTZ	TX	78154	GUADALUPE	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	2014421	SEGUIN BRANCH	1475 E COURT ST	SEGUIN	TX	78155	GUADALUPE	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	3008838	BULVERDE BRANCH	20440 STATE HIGHWAY 46 WES	SPRING BRANCH	TX	78070	COMAL	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	
OK		Full Service	2952877	WIMBERLY BRANCH	14710 RANCH ROAD 12	WIMBERLEY	TX	78676-971	HAYS	UNITED STATES	Not Required	Not Required	BROADWAY NATIONAL BANK	474254	

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Broadway Bancshares Inc.
San Antonio, Texas
Fiscal Year Ending December 31, 2020

Report Item 3: Securities holders

(1) The following shareholders own, control, or hold with power to vote, 5% or more of the voting common stock of Broadway Bancshares Inc:

1) a. Charles E. Cheever, Jr. — Charles E. Cheever, Jr. votes
San Antonio, Texas
b. USA
c. 14,440 (.81%)

2) a. Jane C. Powell Trust Under the Last Will and Testament OF Elizabeth D. Cheever — Charles E. Cheever, Jr. is voting trustee
San Antonio, Texas
b. USA
c. 206,252 (11.37%)

3) a. Jane Cheever Powell Trust UW Charles E. Cheever, Sr. — Charles E. Cheever, Jr. is voting trustee
San Antonio, Texas
b. USA
c. 206,252 (11.37%)

4) a. Charles E. Cheever, Jr. LTR to Suzanne C. Goudge Separate Property — Charles E. Cheever, Jr. votes
San Antonio, Texas
b. USA
c. 36,848 (2.03%)

5) a. Charles E. Cheever, Jr. LTR to Cecelia D. Cheever Separate Property — Charles E. Cheever, Jr. votes
San Antonio, Texas
b. USA
c. 36,848 (2.03%)

6) a. Charles E. Cheever, Jr. LTR to Jean M. Cheever Separate Property — Charles E. Cheever, Jr. votes
San Antonio, Texas
b. USA
c. 36,848 (2.03%)

7) a. Charles E. Cheever, Jr. LTR to Joan M. Cheever Separate Property — Charles E. Cheever, Jr. votes
San Antonio, Texas
b. USA
c. 36,848 (2.03%)

8) a. Charles E. Cheever, Jr. LTR to Charles E. Cheever III Separate Property — Charles E. Cheever, Jr. votes
San Antonio, Texas
b. USA
c. 36,848 (2.03%)

9) a. Charles E. Cheever, Jr. LTR to Christopher H. Cheever Separate Property — Charles E. Cheever, Jr. votes
San Antonio, Texas
b. USA
c. 36,848 (2.03%)

10) a. Jane Cheever Powell
San Antonio, Texas
b. USA
c. 248,394 (13.69%)

11) a. Jean M. Cheever
San Antonio, Texas
b. USA
c. 206,498 (10.83%)

12) a. Joan Cheever Quinn and Dennis Quinn
San Antonio, Texas
b. USA
c. 125,865 (6.94%)

13) a. James D. Goudge and Suzanne C. Goudge
San Antonio, Texas
b. USA
c. 105,132 (5.80%)

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Broadway Bancshares Inc.
San Antonio, Texas
Fiscal Year Ending December 31, 2020

14) a. Charles E. and Regina Cheever, III
Norwalk, Connecticut
b. USA
c. 90,687 (5.00%)

15) a. Christopher H. Cheever
San Antonio, Texas
b. USA
c. 103,003 (5.68%)

16) a. Cecelia D. Cheever
San Antonio, Texas
b. USA
c. 97,333 (5.37%)

16) a. Cheever Family in Total
various
b. USA
c. 1,673,781 (92.30%)

The following shareholder owns, controls, or holds with power to vote, 5% or more of the voting common stock of Broadway Bancshares Delaware, Inc:

a. Broadway Bancshares Inc.
1177 NE Loop 410
San Antonio, Texas 78209
b. Incorporated in USA
c. 1,000 (100%)

(2) N/A for Broadway Bancshares, Inc and Broadway Bancshares Delaware, Inc.

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Broadway Bancshares Inc.
San Antonio, Texas
Fiscal Year Ending December 31, 2020

Report Item 4: Insiders

Broadway Bancshares Inc. (BBI)

(1) Names & Address	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries	(3)(c) Title & Position with Other Businesses	(4)(a) Percetage of Voting Shares in Bank Holding Company	(4)(b) Percetage of Voting Shares in Subsidiaries	(4)(c) Names of other companies if 25% or more of voting securities are held
Suzanne C. Goudge San Antonio, Texas	Investment Consultant	Director	Broadway National Bank Director	None	5.69%	None	None
David Bohne San Antonio, Texas	Banker	Director & President	Broadway Bancshares of Delaware, Inc. Vice President	None	None	None	None
			Broadway National Bank Director & CEO	None	0.02%	None	DFJ Investments, LLC (33.33%)
Jean M. Cheever San Antonio, Texas	Theatre Producer	Director	Broadway National Bank Director	None	10.38%	None	Cheever Entertainment Group, LLC (100%) 501Bio, LLC (50%) Toxic Second Life GP (50%)
Carolyn Labatt San Antonio, Texas	Managed IT Services Consultant	Director	Broadway National Bank Director	None	0.02%	None	Great South Texas Corp., dba Computer Solutions (51%) Forker-Gage Ranch, Ltd. (50%)
Michael N. Venson San Antonio, Texas	Insurance Broker	Director	Broadway National Bank Director	Wortham Insurance & Risk Management, Managing Partner	0.02%	None	None
David Ladensohn San Antonio, Texas	Mediator	Director & Chairman	Broadway National Bank Director	None	0.02%	None	Boolean Holdings Corp - (55%) DAL General Partner, Inc. (100%) Plowshare Mediation, LLC (100%) Strawberry Rock, LLC (33%) Water Fund, LP (25%) Ladensohn Family Investments, Ltd (30%) Water Fund, LLC (100%) Water Fund Management, LLC (100%) Water Fund III General Partner, LP (100%) Water Fund III Management, LLC (100%) Brazos No Le Hace, LLC (100%) Ladensohn Family Investments II (100%) LadSibs; LLC (33%)
Rick Timmins Austin, TX	Retired- Prior Corporate Controller - Cisco Systems	Director	Broadway National Bank Director	None	0.02%	None	None
Harvey Hartenstine San Antonio, Texas	Banker	Director	Broadway National Bank Director	None	0.02%	None	None
Sara Dysart San Antonio, Texas	Attorney	Director	Broadway National Bank Director	None	0.02%	None	Off Broadway LLC (50%) GGW Joint Venture (50%) Sara E. Dysart, P.C. (100%) Sadies's Enterprises LC (100%)
Christopher J. Bannwolf San Antonio, Texas	Banker	Executive Vice President, CFO & Treasurer	Broadway Bancshares of Delaware, Inc. Vice President	None	None	None	None
			Broadway National Bank Executive Vice President & CFO	None	None	None	None

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Broadway Bancshares Inc.
San Antonio, Texas
Fiscal Year Ending December 31, 2020

Report Item 4: Insiders

Broadway Bancshares Inc. (BBI)

(1) Names & Address	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries	(3)(c) Title & Position with Other Businesses	(4)(a) Percetage of Voting Shares in Bank Holding Company	(4)(b) Percetage of Voting Shares in Subsidiaries	(4)(c) Names of other companies if 25% or more of voting securities are held
Richard Krenz San Antonio, Texas	Banker	Executive Vice President, Chief Audit Executive	Broadway National Bank Executive Vice President, Chief Audit Executive	None	None	None	None
Ed Kreusel San Antonio, Texas	Banker	Executive Vice President, Chief Investment Officer	Broadway National Bank Executive Vice President, Chief Investment Officer	None	None	None	
D'Layne Rhynsburger San Antonio, Texas	Banker	Executive Vice President, Chief Risk Officer	Broadway National Bank Executive Vice President, Chief Risk, Operations & Technology Officer	None	None	None	None
Megan Llewellyn San Antonio, Texas	Banker	Senior Vice President, Controller	Broadway National Bank Senior Vice President, Controller	None	None	None	Aud-Tom-Jon Corp (27%)
Charles E. Cheever, Jr. San Antonio, Texas	Retired- Prior BBI Chairman & Director	Principal Securities Holder	n/a	None	35.73%	None	None
Jane Cheever Powell San Antonio, Texas	Shareholder	Principal Securities Holder	n/a	None	13.69%	None	None
Cecelia D. Cheever San Antonio, Texas	Shareholder	Principal Securities Holder	n/a	None	5.37%	None	None
Christopher H. Cheever San Antonio, Texas	Shareholder	Principal Securities Holder	n/a	None	5.68%	None	None
Charles E. Cheever, III New Canaan, CT	Shareholder	Principal Securities Holder	n/a	None	4.97%	None	None
Regina Cheever San Antonio, Texas	Shareholder	Principal Securities Holder	n/a	None	0.03%	None	None
James D. Goudge San Antonio, Texas	Shareholder	Principal Securities Holder	n/a	None	0.11%	None	None
Joan Cheever Quinn San Antonio, Texas	Shareholder	Principal Securities Holder	n/a	None	4.33%	None	None
Dennis Quinn San Antonio, Texas	Shareholder	Principal Securities Holder	n/a	None	2.61%	None	None
Sara Goudge Brouillard San Antonio, Texas	Shareholder	Principal Securities Holder	n/a	None	1.70%	None	None
Carrie Goudge Dyer San Antonio, Texas	Shareholder	Principal Securities Holder	n/a	None	0.33%	None	None
John Goudge San Antonio, Texas	Shareholder	Principal Securities Holder	n/a	None	0.31%	None	None
Katherine Goudge Ankumah Nashville, TN	Shareholder	Principal Securities Holder	n/a	None	0.30%	None	None
Austin Quinn San Antonio, Texas	Shareholder	Principal Securities Holder	n/a	None	0.01%	None	None
Daley Quinn San Antonio, Texas	Shareholder	Principal Securities Holder	n/a	None	0.04%	None	None

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Broadway Bancshares Inc.
San Antonio, Texas
Fiscal Year Ending December 31, 2020

Report Item 4: Insiders
Broadway Bancshares of Delaware Inc. (BBD)

(1) Names & Address	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries	(3)(c) Title & Position with Other Businesses	(4)(a) Percetage of Voting Shares in Bank Holding Company	(4)(b) Percetage of Voting Shares in Subsidiaries	(4)(c) Names of other companies if 25% or more of voting securities are held
Laura Mace Wilmington, Delaware	Banker	Broadway Bancshares of Delaware, Inc. Director & President	None	None	None	None	None
Carrie L. Tillman Wilmington, Delaware	Banker	Broadway Bancshares of Delaware, Inc. Director & Secretary	None	None	None	None	None
Pamela A. Jasinski Wilmington, Delaware	Banker	Broadway Bancshares of Delaware, Inc. Director, Treasurer & Asst. Secretary	None	None	None	None	None
Christopher J. Bannwolf San Antonio, Texas	Banker	Broadway Bancshares of Delaware, Inc. Vice President	Broadway National Bank Executive Vice President & CFO	None	None	None	None
David Bohne San Antonio, Texas	Banker	Broadway Bancshares of Delaware, Inc. Vice President	Broadway National Bank Director and CEO	None	None	None	None
Broadway Bancshares Inc. San Antonio, Texas	Bank Holding Company	Principal Securities Holder	n/a	None	100%	None	None