

OptimumBank Holdings, Inc.
Form 10QSB
August 14, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2007

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TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission File Number 0001288855

OPTIMUMBANK HOLDINGS, INC.

(Exact name of small business issuer as specified in its charter)

Florida

55-0865043

(State or other jurisdiction of incorporation or
organization)

(IRS Employer Identification No.)

2477 East Commercial Boulevard, Fort Lauderdale, FL 33308

(Address of principal executive offices)

954-776-2332

(Issuer's telephone number)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 2,961,169 common shares issued and outstanding as of August 13, 2007

Transitional Small Business Disclosure Format (Check one): Yes No

OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

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OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****CONDENSED CONSOLIDATED BALANCE SHEETS****(Dollars in thousands, except per share amounts)**

	June 30, 2007	December 31, 2006
	<i>(unaudited)</i>	
Assets		
Cash and due from banks	\$ 1,478	\$ 923
Federal funds sold	1,542	681
Total cash and cash equivalents	3,020	1,604
Securities held to maturity (fair value approximates \$52,824 and \$33,150)	53,168	33,399
Security available for sale	237	241
Loans, net of allowance for loan losses of \$736 and \$974	172,383	181,878
Federal Home Loan Bank stock	2,830	2,956
Premises and equipment, net	3,334	3,990
Accrued interest receivable	1,369	1,254
Other assets	1,115	381
Total assets	\$ 237,456	\$ 225,703
Liabilities and Stockholders Equity		
Liabilities:		
Noninterest-bearing demand deposits	\$ 2,003	\$ 545
Savings, NOW and money-market deposits	26,288	25,875
Time deposits	93,616	103,082
Total deposits	121,907	129,502
Federal Home Loan Bank advances	53,150	56,550
Securities sold under agreement to repurchase	31,900	10,950
Junior subordinated debenture	5,155	5,155
Official checks	2,956	2,463
Other liabilities	1,167	660
Total liabilities	216,235	205,280
Stockholders equity:		

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Common stock, \$.01 par value; 6,000,000 shares authorized, 2,961,169 and 2,820,280 shares issued and outstanding	30	28
Additional paid-in capital	17,230	15,930
Retained earnings	3,973	4,474
Accumulated other comprehensive loss	(12)	(9)
Total stockholders' equity	21,221	20,423
Total liabilities and stockholders' equity	\$ 237,456	\$ 225,703

See Accompanying Notes to Condensed Consolidated Financial Statements.

OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

(Dollars in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Interest income:				
Loans	\$ 3,238	\$ 3,081	\$ 6,561	\$ 6,091
Securities	705	275	1,154	562
Other	62	44	117	89
Total interest income	4,005	3,400	7,832	6,742
Interest expense:				
Deposits	1,444	1,202	2,918	2,314
Borrowings	986	679	1,752	1,386
Total interest expense	2,430	1,881	4,670	3,700
Net interest income	1,575	1,519	3,162	3,042
Provision for loan losses	209	27	520	133
Net interest income after provision for loan losses	1,366	1,492	2,642	2,909
Noninterest income:				
Service charges and fees	11	14	26	37
Loan prepayment fees	142	70	210	137
Gain on early extinguishment of debt				178
Litigation settlement	5	93	155	93
Other	1	3	2	7
Total noninterest income	159	180	393	452
Noninterest expenses:				
Salaries and employee benefits	480	505	977	996
Occupancy and equipment	161	157	328	316
Data processing	36	41	84	82
Professional fees	69	66	126	132
Insurance	15	17	30	36
Stationary and supplies	10	6	22	17
Other	134	100	231	198
Total noninterest expenses	905	892	1,798	1,777
Earnings before income taxes	620	780	1,237	1,584
Income taxes	233	294	435	581
Net earnings	\$ 387	\$ 486	\$ 802	\$ 1,003
Net earnings per share:				
Basic	\$.13	\$.16	\$.27	\$.34

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Diluted	\$.13	\$.16	\$.26	\$.32
Dividends per share	\$		\$		\$		\$	

See Accompanying Notes to Condensed Consolidated Financial Statements.

OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(Dollars in thousands)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Compre- hensive Loss	Total Stockholders Equity
	Shares	Amount				
Balance at December 31, 2005	2,663,775	\$ 27	14,141	4,249	(7)	18,410
Comprehensive income:						
Net earnings for the six months ended June 30, 2006 (unaudited)				1,003		1,003
Net change in unrealized loss on security available for sale (unaudited)					(8)	(8)
Comprehensive income (unaudited)						955
Proceeds from exercise of common stock options, including tax benefit of \$37 (unaudited)	18,000		141			141
5% stock dividend (unaudited)	134,078	1	1,608	(1,609)		
Balance at June 30, 2006 (unaudited)	2,815,853	\$ 28	15,890	3,643	(15)	19,546
Balance at December 31, 2006	2,820,280	28	15,930	4,474	(9)	20,423
Comprehensive income:						
Net earnings for the six months ended June 30, 2007 (unaudited)				802		802
Net change in unrealized loss on security available for					(3)	(3)

sale (unaudited)							
Comprehensive income (unaudited)							799
5% stock dividend (fractional shares paid in cash) (unaudited)	140,889	2	1,300	(1,303)			(1)
Balance at June 30, 2007 (unaudited)	2,961,169	\$ 30	17,230	3,973	(12)		21,221

See Accompanying Notes to Condensed Consolidated Financial Statements.

OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)****(In thousands)**

	Six Months Ended	
	June 30,	
	2007	2006
Cash flows from operating activities:		
Net earnings	\$ 802	\$ 1,003
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	114	114
Provision for loan losses	520	133
Gain on early extinguishment of debt		(178)
Net amortization of fees, premiums and discounts	105	332
Increase in accrued interest receivable	(115)	49
(Increase) decrease in other assets	(734)	369
Increase in official checks and other liabilities	1,001	1,731
Net cash provided by operating activities	1,693	3,455
Cash flows from investing activities:		
Purchases of securities held to maturity	(24,680)	(4,926)
Principal repayments of securities held to maturity	5,017	1,825
Decrease (increase) in loans	8,764	(9,380)