

OptimumBank Holdings, Inc.
Form 10-Q
November 14, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **000-50755**

OPTIMUMBANK HOLDINGS, INC.

(Exact name of registrant 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)

954-900-2800

(Registrant's telephone number, including area code)

N/A

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 1,099,826 shares of Common Stock, \$.01 par value, issued and outstanding as of November 14, 2016.

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)**

	September 30, 2016 (Unaudited)	December 31, 2015
Assets:		
Cash and due from banks	\$ 11,337	\$ 10,162
Interest-bearing deposits with banks	103	203
Total cash and cash equivalents	11,440	10,365
Securities available for sale	21,931	25,749
Loans, net of allowance for loan losses of \$4,169 and \$2,295	81,332	82,573
Federal Home Loan Bank stock	1,018	966
Premises and equipment, net	2,680	2,703
Foreclosed real estate, net	2,412	4,029
Accrued interest receivable	389	462
Other assets	519	631
Total assets	\$ 121,721	\$ 127,478
Liabilities and Stockholders' Equity:		
Liabilities:		
Noninterest-bearing demand deposits	9,715	9,478
Savings, NOW and money-market deposits	22,943	24,034
Time deposits	57,650	64,059
Total deposits	90,308	97,571
Federal Home Loan Bank advances	20,500	20,000
Junior subordinated debenture	5,155	5,155
Advanced payment by borrowers for taxes and insurance	682	251
Official checks	159	130
Other liabilities	1,600	1,404

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Total liabilities	118,404	124,511
Stockholders' equity:		
Preferred stock, no par value; 6,000,000 shares authorized, 7 shares issued and outstanding in 2016 and 4 shares issued and outstanding in 2015	—	—
Common stock, \$.01 par value; 5,000,000 shares authorized, 1,099,826 shares issued and outstanding in 2016 and 50,000,000 shares authorized, 9,628,863 shares issued and outstanding in 2015	11	96
Additional paid-in capital	34,025	33,330
Accumulated deficit	(30,629)	(30,321)
Accumulated other comprehensive loss	(90)	(138)
Total stockholders' equity	3,317	2,967
Total liabilities and stockholders' equity	\$ 121,721	\$ 127,478

See accompanying notes to condensed consolidated financial statements

OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY**Condensed Consolidated Statements of Operations (Unaudited)**
(in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Interest income:				
Loans	\$1,082	\$974	\$3,156	\$2,828
Securities	117	148	367	455
Other	24	20	75	58
Total interest income	1,223	1,142	3,598	3,341
Interest expense:				
Deposits	181	162	550	479
Borrowings	91	60	260	176
Total interest expense	272	222	810	655
Net interest income	951	920	2,788	2,686
Provision for loan losses	—	—	—	—
Net interest income after provision for loan losses	951	920	2,788	2,686
Noninterest income:				
Service charges and fees	22	61	63	91
Gain on sale of securities available for sale	2	28	48	60
Other	7	83	14	221
Total noninterest income	31	172	125	372
Noninterest expenses:				
Salaries and employee benefits	430	460	1,385	1,402
Occupancy and equipment	112	118	346	365
Data processing	77	84	250	224
Professional fees	151	171	480	423
Insurance	27	29	78	88
Foreclosed real estate, net	5	358	42	404
Regulatory assessment	74	78	221	225

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Other	84	68	419	377
Total noninterest expenses	960	1,366	3,221	3,508
Earnings (loss) before tax benefit	22	(274)	(308)	(450)
Income tax benefit	—	(320)	—	(320)
Net earnings (loss)	\$22	\$46	\$(308)	\$(130)
Net earnings (loss) per share:				
Basic and diluted	\$.02	\$.05	\$(0.30)	\$(.12)
Dividends per share	—	\$—	—	\$—

See accompanying notes to condensed consolidated financial statements

OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY**Condensed Consolidated Statements of Comprehensive (Loss) Income (Unaudited)**
(In thousands)

	Three Months Ended September 30, 2016		2015		Nine Months Ended September 30, 2016		2015	
Net earnings (loss)	\$22	\$46	(308)	\$(130)				
Other comprehensive (loss) income:								
Unrealized (loss) gain on securities available for sale:								
Unrealized (loss) gain arising during the period	(281)	206	129	53				
Reclassification adjustment for realized gains on securities available for sale	(2)	(28)	(48)	(60)				
Net change in unrealized (loss) gain	(283)	178	81	(7)				
Deferred income taxes (benefit) on above change	(107)	67	33	(3)				
Total other comprehensive (loss) income	(176)	111	48	(4)				
Comprehensive (loss) income	\$(154)	\$157	\$(260)	\$(134)				

See accompanying notes to condensed consolidated financial statements

OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

Condensed Consolidated Statements of Stockholders' Equity

Nine Months Ended September 30, 2016 and 2015

(Dollars in thousands)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2014	—	—	9,305,236	\$ 93	\$ 32,961	\$(30,158)	\$ 83	\$ 2,979
Proceeds from sale of common stock (unaudited)	—	—	37,500	—	30			