

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 June 30, 2024

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**

(State or other jurisdiction of incorporation or organization)

**55-0865043**

(IRS Employer Identification No.)

**2929 East Commercial Boulevard, Fort Lauderdale, FL 33308**

(Address of principal executive offices, Zip Code)

**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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 Par Value	OPHC	NASDAQ Capital Market

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 9,677,431 shares of common stock, \$.01 par value, issued and outstanding as of August 5, 2024.

**OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY**

**INDEX**

**PART I. FINANCIAL INFORMATION**

**Page**

**Item 1. Financial Statements**

**1**

<u>Condensed Consolidated Balance Sheets — June 30, 2024 (unaudited) and December 31, 2023 (audited)</u>	1
<u>Condensed Consolidated Statements of Earnings — Three and Six Months ended June 30, 2024 and 2023 (unaudited)</u>	2
<u>Condensed Consolidated Statements of Comprehensive Income — Three and Six Months ended June 30, 2024 and 2023 (unaudited)</u>	3
<u>Condensed Consolidated Statements of Stockholders' Equity — Three and Six Months ended June 30, 2024 and 2023 (unaudited)</u>	4
<u>Condensed Consolidated Statements of Cash Flows — Six Months ended June 30, 2024 and 2023 (unaudited)</u>	5
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	6
<b><u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b>	19
<b><u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u></b>	25
<b><u>Item 4. Controls and Procedures</u></b>	25
<b>PART II. OTHER INFORMATION</b>	25
<b><u>Item 1. Legal Proceedings</u></b>	25
<b><u>Item 1A. Risk Factors</u></b>	25
<b><u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u></b>	25
<b><u>Item 3. Default Upon Senior Securities</u></b>	25
<b><u>Item 4. Mine Safety Disclosures</u></b>	25
<b><u>Item 5. Other Information</u></b>	25
<b><u>Item 6. Exhibits</u></b>	25
<b><u>SIGNATURES</u></b>	26

i

## OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

### PART I. FINANCIAL INFORMATION

#### Item 1. Financial Statements

##### Condensed Consolidated Balance Sheets (Dollars in thousands, except share amounts)

	June 30, 2024	December 31, 2023
	(Unaudited)	(audited)
<b>Assets:</b>		
Cash and due from banks	\$ 11,923	\$ 14,009
Interest-bearing deposits with banks	<u>92,133</u>	<u>62,654</u>
Total cash and cash equivalents	104,056	76,663
Debt securities available for sale	23,540	24,355
Debt securities held-to-maturity (fair value of \$280 and \$326)	315	360
Loans, net of allowance for credit losses of \$8,208 and \$7,683	751,903	671,094
Federal Home Loan Bank stock	2,691	3,354
Premises and equipment, net	1,877	1,375
Right-of-use lease assets	2,021	2,161
Accrued interest receivable	2,994	2,474
Deferred tax asset	3,024	2,903
Other assets	<u>7,357</u>	<u>6,515</u>
<b>Total assets</b>	<b>\$ 899,778</b>	<b>\$ 791,254</b>
<b>Liabilities and Stockholders' Equity:</b>		
<b>Liabilities:</b>		
Noninterest-bearing demand deposits	\$ 230,947	\$ 194,892
Savings, NOW and money-market deposits	300,378	322,932
Time deposits	<u>231,321</u>	<u>121,757</u>
<b>Total deposits</b>	<b>762,646</b>	<b>639,581</b>
Federal Home Loan Bank advances	45,000	62,000
Federal Reserve Bank advances	—	13,600
Operating lease liabilities	2,122	2,248
Other liabilities	<u>3,039</u>	<u>3,818</u>
<b>Total liabilities</b>	<b>812,807</b>	<b>721,247</b>

Commitments and contingencies (Notes 8 and 11)

Stockholders' equity:			
Preferred stock, no par value 6,000,000 shares authorized:			
Series A Preferred, no par value, no shares issued and outstanding		—	—
Series B Convertible Preferred, no par value, 1,520 shares authorized, 1,360 shares issued and outstanding		—	—
Series C Convertible Preferred, no par value, 4,000,000 and 0 shares authorized, 525,641 and 0 shares issued and outstanding		—	—
Common stock, \$.01 par value; 30,000,000 shares authorized, 9,677,431 and 7,250,218 shares issued and outstanding	96	72	
Additional paid-in capital	102,424	91,221	
Accumulated deficit	(10,098)	(15,971)	
Accumulated other comprehensive loss	(5,451)	(5,315)	
 Total stockholders' equity	 86,971	 70,007	
Total liabilities and stockholders' equity	\$ 899,778	\$ 791,254	

See accompanying notes to condensed consolidated financial statements.

1

#### OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

#### Condensed Consolidated Statements of Earnings (Unaudited) (in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Interest income:				
Loans	\$ 12,948	\$ 7,252	\$ 24,784	\$ 13,841
Debt securities	165	172	336	350
Other	2,075	755	3,534	1,504
Total interest income	<u>15,188</u>	<u>8,179</u>	<u>28,654</u>	<u>15,695</u>
Interest expense:				
Deposits	5,919	2,556	10,997	4,988
Borrowings	527	31	1,164	56
Total interest expense	<u>6,446</u>	<u>2,587</u>	<u>12,161</u>	<u>5,044</u>
Net interest income	8,742	5,592	16,493	10,651
Credit loss expense	195	704	1,253	1,524
Net interest income after credit loss expense	<u>8,547</u>	<u>4,888</u>	<u>15,240</u>	<u>9,127</u>
Noninterest income:				
Service charges and fees	864	759	1,832	1,478
Other	337	13	608	23
Total noninterest income	<u>1,201</u>	<u>772</u>	<u>2,440</u>	<u>1,501</u>
Noninterest expenses:				
Salaries and employee benefits	3,031	2,041	5,879	4,007
Professional fees	238	171	433	368
Occupancy and equipment	202	188	408	377
Data processing	575	385	1,129	751
Regulatory assessment	231	224	352	433
Litigation Settlement	—	375	—	375
Other	807	518	1,591	1,013
Total noninterest expenses	<u>5,084</u>	<u>3,902</u>	<u>9,792</u>	<u>7,324</u>
Net earnings before income taxes	4,664	1,758	7,888	3,304
Income taxes	<u>1,168</u>	<u>446</u>	<u>2,015</u>	<u>839</u>
Net earnings	\$ 3,496	\$ 1,312	\$ 5,873	\$ 2,465
Net earnings per share - Basic	\$ 0.36	\$ 0.18	\$ 0.68	\$ 0.34
Net earnings per share - Diluted	<u>0.34</u>	<u>0.18</u>	<u>0.66</u>	<u>0.34</u>

See accompanying notes to condensed consolidated financial statements.

2

#### OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

**Condensed Consolidated Statements of Comprehensive Income (Unaudited)**  
(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net earnings	\$ 3,496	\$ 1,312	\$ 5,873	\$ 2,465
Other comprehensive income (loss):				
Change in unrealized loss on debt securities:				
Unrealized gain (loss) arising during the period	312	(380)	(201)	335
Amortization of unrealized loss on debt securities transferred to held-to-maturity	1	1	1	2
Other comprehensive income (loss) before income taxes	313	(379)	(200)	337
Deferred income tax (provision) benefit	(67)	91	64	(85)
Total other comprehensive income (loss)	246	(288)	(136)	252
Comprehensive income	\$ 3,742	\$ 1,024	\$ 5,737	\$ 2,717

See accompanying notes to condensed consolidated financial statements.

3

**OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY**

**Condensed Consolidated Statements of Stockholders' Equity**  
Three and Six Months Ended June 30, 2024 and 2023  
(Dollars in thousands)

	Preferred Stock				Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Comprehensive Loss	Stockholders' Equity
	Series A Shares	Series A Amount	Series B Shares	Series B Amount					
Balance at December 31, 2022 (audited)	—	\$ —	1,360	—	—	—	7,058,897	71	90,408
Additional allowance recognized due to adoption of Topic 326 (audited)	—	—	—	—	—	—	—	(22,073)	(5,826)
Proceeds from the sale of common stock (unaudited)	—	—	—	—	—	—	72,221	—	324
Stock-based Compensation (unaudited)	—	—	—	—	—	—	119,101	1	489
Net change in unrealized loss on debt securities available for sale (unaudited)	—	—	—	—	—	—	—	—	538
Amortization of unrealized loss on debt securities transferred to held-to-maturity (unaudited)	—	—	—	—	—	—	—	—	1
Net earnings (unaudited)	—	—	—	—	—	—	—	1,153	1,153
Balance at March 31, 2023 (unaudited)	—	—	1,360	—	—	—	7,250,219	72	91,221
Net change in unrealized loss on debt securities available for sale (unaudited)	—	—	—	—	—	—	—	(21,101)	(5,287)
Amortization of unrealized loss on debt securities transferred to held-to-maturity (unaudited)	—	—	—	—	—	—	—	—	(289)
Net earnings (unaudited)	—	—	—	—	—	—	—	1,312	1,312
Balance at June 30, 2023 (unaudited)	—	—	1,360	—	—	—	7,250,219	72	91,221
Balance at December 31, 2023 (audited)	—	\$ —	1,360	\$ —	—	—	7,250,219	\$ 72	\$ 91,221
Proceeds from sale of preferred stock (net of offering costs of \$118) (unaudited)	—	—	—	—	525,641	—	—	1,932	1,932

Proceeds from sale of common stock (net of offering costs of \$339) (unaudited)	—	—	—	—	—	2,311,552	23	8,780	—	—	8,803			
Stock-based Compensation (unaudited)	—	—	—	—	—	73,050	1	306	—	—	307			
Net change in unrealized loss on debt securities available for sale (unaudited)	—	—	—	—	—	—	—	—	(382)	(382)				
Net earnings (unaudited)	—	—	—	—	—	—	—	—	2,377	—	2,377			
Balance at March 31, 2024 (unaudited)	—	\$	—	1,360	\$	525,641	\$	9,634,821	\$	96	\$ 102,239	\$ (13,594)	\$ (5,697)	\$ 83,044
Stock-based Compensation (unaudited)	—	—	—	—	—	—	42,610	—	185	—	—	185		
Net change in unrealized loss on debt securities available for sale (unaudited)	—	—	—	—	—	—	—	—	—	245	245			
Amortization of unrealized loss on debt securities transferred to held-to-maturity (unaudited)	—	—	—	—	—	—	—	—	—	1	1			
Net earnings (unaudited)	—	—	—	—	—	—	—	—	3,496	—	3,496			
Balance at June 30, 2024 (unaudited)	—	—	—	1,360	—	525,641	—	9,677,431	96	102,424	(10,098)	(5,451)	86,971	

See accompanying notes to condensed consolidated financial statements.

4

#### OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

#### Condensed Consolidated Statements of Cash Flows (Unaudited) (In thousands)

	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net earnings	\$ 5,873	\$ 2,465
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Credit loss expense	1,253	1,524
Depreciation and amortization	116	115
Deferred income taxes	(57)	734
Net accretion of fees, premiums and discounts	(51)	11
Stock-based compensation expense	492	490
Increase in accrued interest receivable	(520)	(115)
Amortization of right of use asset	140	134
Net decrease in operating lease liabilities	(126)	(117)
(Increase) decrease in other assets	(842)	315
Decrease in other liabilities	(638)	(221)
Net cash provided by operating activities	5,640	5,335
Cash flows from investing activities:		
Principal repayments of debt securities available for sale	551	606
Principal repayments of debt securities held-to-maturity	46	98
Net increase in loans	(82,089)	(43,098)
Purchases of premises and equipment	(618)	(343)
Redemption (Purchase) of FHLB stock	663	(117)
Net cash used in investing activities	(81,447)	(42,854)
Cash flows from financing activities:		
Net increase in deposits	123,065	43,732
Net decrease in FHLB Advances	(17,000)	—
Net decrease in FRB Advances	(13,600)	—
Proceeds from sale of preferred stock (net of offering costs of \$118)	1,932	—
Proceeds from sale of common stock ( net of offering costs of \$339)	8,803	324
Net cash provided by financing activities	103,200	44,056
Net increase in cash and cash equivalents	27,393	6,537
Cash and cash equivalents at beginning of the period	76,663	71,836
Cash and cash equivalents at end of the period	\$ 104,056	\$ 78,373
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		

Interest	\$ 12,482	\$ 4,792
Income taxes	\$ 2,015	\$ 395
Noncash transactions:		
Change in accumulated other comprehensive loss, net change in unrealized loss on debt securities available for sale, net of income taxes	\$ (136)	\$ 252
Amortization of unrealized loss on debt securities transferred to held-to-maturity	\$ 1	\$ 2
Reduction stockholders' equity due to adoption of Topic 326, net	—	(181)
Right-of-use lease assets obtained in exchange for operating lease liabilities	\$ —	\$ 315

See accompanying notes to condensed consolidated financial statements.

### OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

#### Notes to Condensed Consolidated Financial Statements (Unaudited)

**(1) General.** OptimumBank Holdings, Inc. (the "Company") is a one-bank holding company and owns 100% of OptimumBank (the "Bank"), a Florida-chartered community bank. The Company's only business is the operation of the Bank. The Bank's deposits are insured up to applicable limits by the Federal Deposit Insurance Corporation ("FDIC"). The Bank offers a variety of community banking services to individual and corporate customers through its three banking offices located in Broward and Dade Counties, Florida. The Bank also markets its deposit and electronic funds transfer services on a national basis to merchant cash advance providers.

**Basis of Presentation.** In the opinion of management, the accompanying condensed consolidated financial statements of the Company contain all adjustments (consisting principally of normal recurring accruals) necessary to present fairly the financial position at June 30, 2024, and the results of operations and cash flows for the six month periods ended June 30, 2024 and 2023. All significant intercompany accounts and transactions have been eliminated in consolidation. The results of operations for the three and six months ended June 30, 2024, are not necessarily indicative of the results to be expected for the full year.

**Comprehensive Income.** Generally Accepted Accounting Principles generally require that recognized revenue, expenses, gains and losses be included in net earnings. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale debt securities are reported as a separate component of the equity section of the condensed consolidated balance sheets, such items along with net earnings, are components of comprehensive income.

Accumulated other comprehensive loss consists of the following (in thousands):

	June 30, 2024	December 31, 2023
Unrealized loss on debt securities available for sale	\$ (7,306)	\$ (7,106)
Unamortized portion of unrealized loss related to debt securities available for sale transferred to securities held-to-maturity	(14)	(13)
Income tax benefit	1,869	1,804
Accumulated other comprehensive loss	\$ (5,451)	\$ (5,315)

**(2) Debt Securities.** Debt securities have been classified according to management's intent. The amortized cost of debt securities and fair values are as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>At June 30, 2024:</b>				
<b>Available for sale:</b>				
SBA Pool Securities	\$ 632	\$ —	\$ (14)	\$ 618
Collateralized mortgage obligations	132	—	(17)	115
Taxable municipal securities	16,672	—	(4,557)	12,115
Mortgage-backed securities	13,410	—	(2,718)	10,692
<b>Total</b>	<b>\$ 30,846</b>	<b>\$ —</b>	<b>\$ (7,306)</b>	<b>\$ 23,540</b>
<b>Held-to-maturity-</b>				
Collateralized mortgage obligations	\$ 315	\$ —	\$ (35)	\$ 280

(continued)

### OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

#### Notes to Condensed Consolidated Financial Statements (Unaudited)

**(2) Debt Securities, Continued.**

Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
-------------------	------------------------------	-------------------------------	---------------

**At December 31, 2023:****Available for sale:**

SBA Pool Securities	\$ 706	\$ —	\$ (16)	\$ 690
Collateralized mortgage obligations	138	—	(15)	123
Taxable municipal securities	16,690	—	(4,480)	12,210
Mortgage-backed securities	13,927	—	(2,595)	11,332
<b>Total</b>	<b>\$ 31,461</b>	<b>\$ —</b>	<b>\$ (7,106)</b>	<b>\$ 24,355</b>

**Held-to-maturity:**

Collateralized mortgage obligations	\$ 353	\$ —	\$ (35)	\$ 318
Mortgage-backed securities	7	1	—	8
<b>Total</b>	<b>\$ 360</b>	<b>\$ 1</b>	<b>\$ (35)</b>	<b>\$ 326</b>

There were no sales of debt securities during the six months ended June 30, 2024 and 2023.

Debt securities available for sale with gross unrealized losses, aggregated by investment category and length of time that individual debt securities have been in a continuous loss position, is as follows (in thousands):

	Over Twelve Months		Less Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
<b>At June 30, 2024:</b>				
<b>Available for Sale:</b>				
SBA Pool Securities	\$ 14	\$ 618	\$ —	\$ —
Collateralized mortgage obligation	17	115	—	—
Taxable municipal securities	4,557	12,115	—	—
Mortgage-backed securities	2,718	10,692	—	—
<b>Total</b>	<b>\$ 7,306</b>	<b>\$ 23,540</b>	<b>\$ —</b>	<b>\$ —</b>

**At December 31, 2023:****Available for Sale :**

SBA Pool Securities	\$ 16	\$ 690	\$ —	\$ —
Collateralized mortgage obligation	—	—	15	123
Taxable municipal securities	4,480	12,210	—	—
Mortgage-backed securities	2,595	11,332	—	—
<b>Total</b>	<b>\$ 7,091</b>	<b>\$ 24,232</b>	<b>\$ 15</b>	<b>\$ 123</b>

(continued)

### OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

#### Notes to Condensed Consolidated Financial Statements (Unaudited)

##### (2) Debt Securities, Continued.

At June 30, 2024 and December 31, 2023, the unrealized losses on forty investment debt securities in each period were attributable to changes in interest rates.

Management evaluates debt securities for impairment where there has been a decline in fair value below the amortized cost basis of a security to determine whether there is a credit loss associated with the decline in fair value on at least a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the financial condition and near-term prospects of the issuer including looking at default and delinquency rates, (2) the outlook for receiving the contractual cash flows of the investments, (3) the length of time and the extent to which the fair value has been less than cost, (4) the intent and ability to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value or for a debt security whether it is more-likely-than-not that the Company will be required to sell the debt security prior to recovering its fair value, (5) the anticipated outlook for changes in the general level of interest rates, (6) credit ratings, (7) third party guarantees, and (8) collateral values. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, the results of reviews of the issuer's financial condition, and the issuer's anticipated ability to pay the contractual cash flows of the investments.

The Company performed an analysis that determined that the mortgage-backed securities, collateralized mortgage obligations, and U.S. government securities, have a zero expected credit loss as they have the full faith and credit backing of the U.S. government or one of its agencies. Municipal bonds that do not have a zero expected credit loss are evaluated at least quarterly to determine whether there is a credit loss associated with a decline in fair value. At June 30, 2024 and December 31, 2023 all municipal securities were rated as investment grade. All debt securities in an unrealized loss position as of June 30, 2024 continue to perform as scheduled and the Company does not believe that there is a credit loss or that credit loss expense is necessary. Also, as part of our evaluation of our intent and ability to hold investments for a period of time sufficient to allow for any anticipated recovery in the market, the Company considers our investment strategy, cash flow needs, liquidity position, capital adequacy and interest rate risk position. The Company does not currently intend to sell the investments within the portfolio, and it is not more-likely-than-not that a sale will be required.

Management continues to monitor all of our investments with a high degree of scrutiny. There can be no assurance that in a future period, conditions may exist at that time indicating that some or all of the Company's securities may be sold that would require a charge to earnings as credit loss expense in such period.

##### (3) Loans. The segments of loans are as follows (in thousands):

	June 30, 2024	December 31, 2023
Residential real estate	\$ 76,721	\$ 71,400

Multi-family real estate	63,432	67,498
Commercial real estate	485,439	422,680
Land and construction	64,862	32,600
Commercial	36,133	41,870
Consumer	34,485	44,023
 Total loans	 761,072	 680,071
Deduct:		
<b>Net deferred loan fees, and costs</b>	<b>(961)</b>	<b>(1,294)</b>
Allowance for credit losses	(8,208)	(7,683)
 Loans, net	 \$ 751,903	 \$ 671,094

(continued)

### OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

#### Notes to Condensed Consolidated Financial Statements (Unaudited)

##### (3) Loans, Continued.

An analysis of the change in the allowance for credit losses follows (in thousands):

	Residential Real Estate	Multi- Family Real Estate	Commercial Real Estate	Land and Construction	Commercial	Consumer	Total
<b>Three Months Ended June 30, 2024:</b>							
Beginning balance	971	1,029	4,108	1,512	234	427	8,281
Credit loss (income) expense	(1)	(317)	195	165	(100)	321	263
Charge-offs	—	—	—	—	—	(440)	(440)
Recoveries	—	—	—	—	—	104	104
Ending balance (June 30, 2024)	970	712	4,303	1,677	134	412	8,208
<b>Three Months Ended June 30, 2023:</b>							
Beginning balance	742	1,077	3,030	533	26	945	6,353
Credit loss expense (income)	141	(40)	(228)	147	38	487	545
Charge-offs	—	—	—	—	(16)	(367)	(383)
Recoveries	—	—	—	—	87	43	130
Ending balance (June 30, 2023)	883	\$ 1,037	\$ 2,802	\$ 680	\$ 135	\$ 1,108	\$ 6,645

During the three months period ended June 30, 2024, the Company recognized \$ 68,000 of credit loss income related to unfunded loan commitments.

During the three months ended June 30, 2023, the Company recognized credit loss expense of \$ 159,000 related to unfunded loan commitments.

	Residential Real Estate	Multi- Family Real Estate	Commercial Real Estate	Land and Construction	Commercial	Consumer	Total
<b>Six Months Ended June 30, 2024:</b>							
Balance Dec 31, 2023	1,020	1,041	3,793	1,019	281	529	7,683
Credit loss (income) expense	(50)	(329)	510	658	(130)	735	1,394
Charge-offs	—	—	—	—	(17)	(1,058)	(1,075)
Recoveries	—	—	—	—	—	206	206
Ending balance (June 30, 2024)	970	712	4,303	1,677	134	412	8,208
<b>Six Months Ended June 30, 2023:</b>							
Beginning balance Dec 31, 2022	768	748	3,262	173	277	565	5,793
Additional allowance recognized due to adoption of Topic 326	33	327	(367)	278	(262)	209	218
Balance January 1, 2023	801	\$ 1,075	\$ 2,895	\$ 451	\$ 15	\$ 774	\$ 6,011
Credit loss expense (income)	82	(38)	(93)	229	75	1,056	1,311
Charge-offs	—	—	—	—	(42)	(804)	(846)
Recoveries	—	—	—	—	87	82	169
Ending balance (June 30, 2023)	883	\$ 1,037	\$ 2,802	\$ 680	\$ 135	\$ 1,108	\$ 6,645

During the six months ended June 30, 2024, the Company recognized \$ 141,000 of credit loss income related to unfunded loan commitments.

During the six months ended June 30, 2023, the Company recognized credit loss expense of \$ 213,000 related to unfunded loan commitments.

(continued)

**OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY**

**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**(3) Loans, Continued.** The Company has divided the loan portfolio into six portfolio segments, each with different risk characteristics and methodologies for assessing risk. All loans are underwritten based upon standards set forth in the policies approved by the Bank's Board of Directors. The Company identifies the portfolio segments as follows:

**Residential Real Estate, Multi-Family Real Estate, Commercial Real Estate, Land and Construction.** Residential real estate loans are underwritten based on repayment capacity and source, value of the underlying property, credit history and stability. The Company offers first and second one-to-four family mortgage loans; the collateral for these loans is generally the clients' owner-occupied residences. Although these types of loans present lower levels of risk than commercial real estate loans, risks do still exist because of possible fluctuations in the value of the real estate collateral securing the loan, as well as changes in the borrowers' financial condition. Multi-family and commercial real estate loans are secured by the subject property. Underwriting standards include, among other factors, loan to value limits, cash flow coverage and general creditworthiness of the obligors. Construction loans to borrowers finance the construction of owner occupied and leased properties. These loans are categorized as construction loans during the construction period, later converting to commercial or residential real estate loans after the construction is complete and amortization of the loan begins. Real estate development and construction loans are approved based on an analysis of the borrower and guarantor, the viability of the project and an acceptable percentage of the appraised value of the property securing the loan. Real estate development and construction loan funds are disbursed periodically based on the percentage of construction completed. The Company carefully monitors these loans with on-site inspections and requires the receipt of lien waivers on funds advanced. Development and construction loans are typically secured by the properties under development or construction, and personal guarantees are typically obtained. Further, to assure that reliance is not placed solely on the value of the underlying property, the Company considers the market conditions and feasibility of proposed projects, the financial condition and reputation of the borrower and guarantors, the amount of the borrower's equity in the project, independent appraisals, cost estimates and pre-construction sales information. The Company also makes loans on occasion for the purchase of land for future development by the borrower. Land loans are extended for future development for either commercial or residential use by the borrower. The Company carefully analyzes the intended use of the property and the viability thereof.

**Commercial.** Commercial business loans and lines of credit consist of loans to small- and medium-sized companies. Commercial loans are generally used for working capital purposes or for acquiring equipment, inventory or furniture. Primarily all of the Company's commercial loans are secured loans, along with a small amount of unsecured loans. The Company's underwriting analysis consists of a review of the financial statements of the borrower, the lending history of the borrower, the debt service capabilities of the borrower, the projected cash flows of the business, the value of the collateral, if any, and whether the loan is guaranteed by the principals of the borrower. These loans are generally secured by accounts receivable, inventory and equipment. Commercial loans are typically made on the basis of the borrower's ability to make repayment from the cash flow of the borrower's business, which makes them of higher risk than residential loans and the collateral securing loans may be difficult to appraise and may fluctuate in value based on the success of the business. The Company mitigates these risks through its underwriting standards.

**Consumer.** Consumer loans are extended for various purposes, including purchases of automobiles, recreational vehicles, and boats. Also offered are home improvement loans, lines of credit, personal loans, and deposit account collateralized loans. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by economic conditions in their market areas such as unemployment levels. Loans to consumers are extended after a credit evaluation, including the creditworthiness of the borrower(s), the purpose of the credit, and the secondary source of repayment. Consumer loans are made at fixed and variable interest rates. Risk is mitigated by the fact that the loans are of smaller individual amounts.

(continued)

**OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY**

**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**(3) Loans, Continued.** Age analysis of past-due loans is as follows (in thousands):

	<b>Accruing Loans</b>						
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Nonaccrual Loans	Total Loans
<b>At June 30, 2024:</b>							
Residential real estate	\$ —	\$ —	\$ —	\$ 76,721	\$ —	\$ —	\$ 76,721
Multi-family real estate	—	—	—	63,432	—	—	63,432
Commercial real estate	—	—	—	483,265	2,174	2,174	485,439
Land and construction	—	—	—	64,862	—	—	64,862
Commercial	—	—	—	36,133	—	—	36,133
Consumer	162	191	353	33,527	605	605	34,485
<b>Total</b>	<b>\$ 162</b>	<b>\$ 191</b>	<b>\$ 353</b>	<b>\$ 757,940</b>	<b>\$ 2,779</b>	<b>\$ 2,779</b>	<b>\$ 761,072</b>
<b>At December 31, 2023:</b>							
Residential real estate	\$ —	\$ —	\$ —	\$ 71,400	\$ —	\$ —	\$ 71,400
Multi-family real estate	—	—	—	67,498	—	—	67,498
Commercial real estate	—	—	—	422,680	—	—	422,680
Land and construction	—	—	—	32,600	—	—	32,600
Commercial	—	—	—	41,870	—	—	41,870
Consumer	230	208	438	42,560	1,025	1,025	44,023
<b>Total</b>	<b>\$ 230</b>	<b>\$ 208</b>	<b>\$ 438</b>	<b>\$ 678,608</b>	<b>\$ 1,025</b>	<b>\$ 1,025</b>	<b>\$ 680,071</b>

The Company has not made any modifications of loans to borrowers experiencing financial difficulties during the three and six months ended June 30, 2024 and 2023.

(continued)

## OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

## Notes to Condensed Consolidated Financial Statements (Unaudited)

### **(3) Loans, Continued.**

(continued)

## OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

## Notes to Condensed Consolidated Financial Statements (Unaudited)

**(3) Loans, Continued.**

Loss	—	—	—	—	—	—	—	—
Subtotal loans	298	6,607	4,562	2,157	92	41	20,728	34,485
Current period Gross write-offs	—	(406)	(445)	(203)	—	(4)	—	(1,058)

(continued)

#### OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

##### Notes to Condensed Consolidated Financial Statements (Unaudited)

##### **(3) Loans, Continued.**

Internally assigned loan grades are defined as follows:

Pass — a Pass loan's primary source of loan repayment is satisfactory, with secondary sources very likely to be realized if necessary. These are loans that conform in all aspects to bank policy and regulatory requirements, and no repayment risk has been identified.

OLEM — an Other Loan Especially Mentioned has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in the deterioration of the repayment prospects for the asset or the Company's credit position at some future date.

Substandard — a Substandard loan is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. Included in this category are loans that are current on their payments, but the Bank is unable to document the source of repayment. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful — a loan classified as Doubtful has all the weaknesses inherent in one classified as Substandard, with the added characteristics that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future. The Company charges off any estimated loss on loans classified as Doubtful.

Loss — a loan classified Loss is considered uncollectible and of such little value that continuance as a bankable asset is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future. The Company fully charges off any loan classified as loss.

**(4) Earnings Per Share.** Basic earnings per share have been computed on the basis of the weighted-average number of shares of common stock outstanding during the periods. During the three and six months periods ended June 30, 2024 and 2023, Series C convertible Preferred, each share of Series C Convertible Preferred can be converted into one share of common stock at any time at the option of the holder. The conversion feature is considered to be diluted earnings per share (EPS) in accordance with ASC 260. The dilutive effect is calculated using the if-converted method.

(dollars in thousands, except per share amounts)	Three Months Ended June 30,						Six Months Ended June 30,					
	2024			2023			2024			2023		
	Earnings	Weighted Average Shares	Amount	Earnings	Weighted Average Shares	Amount	Earnings	Weighted Average Shares	Amount	Earnings	Weighted Average Shares	Amount
<b>Basic EPS:</b>												
Net earnings	\$ 3,496	9,639,503	.36	1,312	7,250,219	.18	\$ 5,873	8,627,904	.68	2,465	7,226,953	.34
Effect of conversion of series C preferred shares		525,641			—			274,343			—	
<b>Diluted EPS:</b>												
Net earnings	\$ 3,496	10,165,144	.34	1,312	7,250,219	.18	\$ 5,873	8,902,247	.66	2,465	7,226,953	.34

(continued)

#### OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

##### Notes to Condensed Consolidated Financial Statements (Unaudited)

##### **(5) Stock-Based Compensation**

The Company is authorized to grant stock options, stock grants and other forms of equity-based compensation under its 2018 Equity Incentive Plan (the "2018 Plan"). The plan has been approved by the shareholders. The Company is currently authorized to issue up to 1,050,000 shares of common stock under the 2018 Plan, due to an amendment to increase the number of authorized shares from 500,000 to 1,050,000 that was approved by shareholders in June 2023. At June 30, 2024, 423,659 shares remain available for grant.

During the six-month period ended June 30, 2024, the Company issued 73,050 shares to employees for services performed and recorded compensation expense of \$307,000.

During the six-month period ended June 30, 2024, the Company issued 42,610 shares to a director for services performed and recorded compensation expense of \$185,000.

During the six-month period ended June 30, 2023, the Company issued 52,622 shares to employees for services performed and recorded compensation

expense of \$216,000.

During the six-month period ended June 30, 2023, the Company issued 66,479 shares to a director for services performed and recorded compensation expense of \$274,000.

**(6) Fair Value Measurements.**

Debt securities available for sale measured at fair value on a recurring basis are summarized below (in thousands):

	Fair Value	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>At June 30, 2024:</b>				
SBA Pool Securities	\$ 618	\$ —	\$ 618	\$ —
Collateralized mortgage obligations	115	—	115	—
Taxable municipal securities	12,115	—	12,115	—
Mortgage-backed securities	10,692	—	10,692	—
Total	<u>\$ 23,540</u>	<u>—</u>	<u>\$ 23,540</u>	<u>\$ —</u>
<b>At December 31, 2023:</b>				
SBA Pool Securities	\$ 690	\$ —	\$ 690	\$ —
Collateralized mortgage obligations	123	—	123	—
Taxable municipal securities	12,210	—	12,210	—
Mortgage-backed securities	11,332	—	11,332	—
Total	<u>\$ 24,355</u>	<u>—</u>	<u>\$ 24,355</u>	<u>\$ —</u>

(continued)

15

**OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY**

**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**(7) Fair Value of Financial Instruments.** The estimated fair values and fair value measurement method with respect to the Company's financial instruments were as follows (in thousands):

	At June 30, 2024			At December 31, 2023		
	Carrying Amount	Fair Value	Level	Carrying Amount	Fair Value	Level
<b>Financial assets:</b>						
Cash and cash equivalents	\$ 104,056	\$ 104,056	1	\$ 76,663	\$ 76,663	1
Debt securities available for sale	23,540	23,540	2	24,355	24,355	2
Debt securities held-to-maturity	315	280	2	360	326	2
Loans	751,903	714,527	3	671,094	652,965	3
Federal Home Loan Bank stock	2,691	2,691	3	3,354	3,354	3
Accrued interest receivable	2,994	2,994	3	2,474	2,474	3
<b>Financial liabilities:</b>						
Deposit liabilities	762,646	763,741	3	639,581	645,426	3
Federal Home Loan Bank advances	45,000	44,611	3	62,000	61,565	3
Federal Reserve Bank advances	—	—	3	13,600	13,592	3
Off-balance sheet financial instruments	—	—	3	—	—	—

**(8) Off- Balance Sheet Financial Instruments.** The Company is party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments are commitments to extend credit, unused lines of credit, and standby letters of credit and may involve, to varying degrees, elements of credit and interest-rate risk in excess of the amount recognized in the condensed consolidated balance sheet. The contract amounts of these instruments reflect the extent of involvement the Company has in these financial instruments.

The Company's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments as it does for on-balance-sheet instruments.

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. Because some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company, upon extension of credit, is based on management's credit evaluation of the counterparty.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit to customers is essentially the same as that involved in extending loan facilities to customers. The Bank generally holds collateral supporting those commitments. Standby letters of credit generally have expiration dates within one year.

Commitments to extend credit, unused lines of credit, and standby letters of credit typically result in loans with a market interest rate when funded. A summary of the contractual amounts of the Company's financial instruments with off-balance-sheet risk at June 30, 2024 follows (in thousands):

Commitments to extend credit	\$ 25,574
Unused lines of credit	\$ 53,748

## OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

## Notes to Condensed Consolidated Financial Statements (Unaudited)

**(9) Regulatory Matters.** The Bank is subject to various regulatory capital requirements administered by the bank regulatory agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company and Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

As of June 30, 2024 and December 31, 2023, the Bank meets all capital adequacy requirements to which it is subject. The Bank's actual capital amounts and percentages are presented in the table (\$ in thousands):

	Actual		To Be Well Capitalized Under Prompt Corrective Action Regulations (CBLR Framework)	
	Amount	%	Amount	%
<b>As of June 30, 2024:</b>				
Tier 1 Capital to Total Assets	\$ 92,135	9.68%	\$ 85,702	9.00%
<b>As of December 31, 2023:</b>				
Tier 1 Capital to Total Assets	\$ 74,999	10.00%	\$ 67,499	9.00%

**(10) Series B and C Preferred Stock**

Except in the event of liquidation, if the Company declares or pays a dividend or distribution on the common stock, the Company shall simultaneously declare and pay a dividend on the Series B Preferred Stock on a pro rata basis with the common stock determined on an as-converted basis assuming all shares of Series B Preferred Stock had been converted immediately prior to the record date of the applicable dividend. As of June 30, 2024 the Series B Preferred Stock is convertible into 11,113,889 shares of common stock, at the option of the Company, subject to the prior fulfilment of the following conditions: (i) such conversion shall have been approved by the holders of a majority of the outstanding common stock of the Company; and (ii) such conversion must not result in any holder of the Series B Preferred Stock and any persons with whom the holder may be acting in concert, becoming the beneficial owners of more than 9.9% of the outstanding shares of the Company's common stock, unless the issuance, shall have been approved by all banking regulatory authorities whose approval is required for the acquisition of such shares. The number of shares issuable upon conversion is subject to adjustment based on the terms of the Series B Preferred Stock. The Series B Preferred has preferential liquidation rights over common stockholders. The liquidation price is the greater of \$25,000 per share of Series B Preferred or such amount per share of Series B Preferred that would have been payable had all shares of the Series B Preferred been converted into common stock pursuant to the terms of the Series B Preferred Stock's Certificate of Designation immediately prior to a liquidation. The Series B Preferred generally has no voting rights except as provided in the Certificate of Designation.

The Series B Preferred Stock are subdivided into three categories. The Company is authorized to issue 760 shares of Series B-1; 260 shares of Series B-2; and 500 shares of Series B-3. Each category of the Series B preferred stock has substantially the same rights, preferences, powers, restrictions and limitations, except that the initial conversion price of the Series B-1 is \$2.50 per share; the initial conversion price for Series B-2 is \$ 4.00 per share, and the initial conversion price for Series B-3 is \$4.50 per share. Two Company directors each independently own 380 shares of Series B-1, 130 shares of Series B-2, and 250 shares of Series B-3.

During the Annual Meeting of Shareholders held on June 27, 2023, the Company's shareholders approved the issuance of up to 11,113,889 shares of common stock upon conversion of the Series B preferred stock previously issued by the Company. Any such conversion is also subject to receipt of any required regulatory approvals by appropriate state and federal bank regulatory agencies.

(continued)

## OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

## Notes to Condensed Consolidated Financial Statements (Unaudited)

**(10) Series B and C Preferred Stock, Continued.**

On March 8, 2024, the Company's board of directors approved the issuance of up to 4,000,000 of Series C Preferred Stock. As of June 30, 2024, each share of the Series C Preferred Stock is convertible into one share of common stock, at the option of the holder, provided that upon such conversion the holder, together with all affiliates of the holder, will not own or control in the aggregate more than 9.9% of the outstanding shares of the Company's common stock.

During the six-month period ended June 30, 2024, the company issued 525,641 of Series C Preferred Stock to an unrelated party at cash price of \$ 3.90 per share, or an aggregate of \$2,050,000.

**(11) Contingencies.** Various claims arise from time to time in the normal course of business. In the opinion of management, none have occurred that will have a material effect on the Company's condensed consolidated financial statements.

**(12) Borrowings.**

The maturities and interest rates on the Federal Home Loan Bank ("FHLB") and Federal Reserve Bank ("FRB") advances were as follows (dollars in thousands)

<b>At June 30, 2024:</b>	<b>Year Ending</b>	<b>Rate</b>	<b>2024</b>	<b>2023</b>
FRB	2024	4.89%	\$ —	\$ 13,600
FHLB	2024	4.96%	30,000	30,000
FHLB	2024	5.57%	—	22,000
FHLB	2025	5.57%	5,000	—
FHLB	2025	1.01%	10,000	10,000
			<u>\$ 45,000</u>	<u>\$ 75,600</u>

At June 30, 2024, FHLB Advances are structured as advances with potential calls on a quarterly basis.

FHLB advances are collateralized by a blanket lien requiring the Company to maintain certain first mortgage loans as pledged collateral. At June 30, 2024, the Company had remaining credit availability of \$190 million. At June 30, 2024, the Company had loans pledged with a carrying value of \$ 249 million as collateral for FHLB advances.

(continued)

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto presented elsewhere in this report. For additional information, refer to the consolidated financial statements and footnotes for the year ended December 31, 2023, in the Annual Report on Form 10-K.*

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of the Company, including adverse changes in economic, political and market conditions, losses from the Company's lending activities, increases in interest rates, the possible loss of key personnel, the impact of increasing competition, the impact of changes in government regulation, the possibility of liabilities arising from violations of federal and state securities laws and the impact of changes in technology in the banking industry. Although the Company believes that its forward-looking statements are based upon reasonable assumptions regarding its business and future market conditions, there can be no assurances that the Company's actual results will not differ materially from any results expressed or implied by the Company's forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned that any forward-looking statements are not guarantees of future performance.

### **Strategic Plan**

Our key strategic initiatives are designed to generate continued growth in earning assets, core transaction and savings deposits, treasury management fee income, and lower costs. Continued emphasis on expansion of our footprint and exploring additional lines of business are also part of our plans.

During the third quarter, we intend to continue to limit our growth in loans and other illiquid assets. Therefore, we do not expect a material increase in our loan balances during the coming quarter. However, we expect to continue our focus on originating multi-family, non-owner occupied, commercial real estate, and skilled nursing receivable facility loans. As to deposits, we are focused on increasing our on-balance sheet liquidity by identifying deposit growth opportunities among our existing customer base and prospects throughout Florida and the United States. With respect to treasury management, our focus will remain on merchant cash advance providers and the related electronic funds transfer line of business. For this revenue source to increase further in a meaningful way, automation will be necessary in order to further improve efficiency. We are currently investing in the necessary technology to achieve this end.

Going forward, our strategic plan will be to continue to emphasize and build upon initiatives focused on strengthening internal controls, credit oversight and credit administrative processes and procedures. Moreover, management continues to identify loan growth opportunities, subject to the above caveat, that are designed to improve overall profitability without sacrificing credit quality and underwriting standards. This strategic direction is expected to be facilitated by maintaining credit administration objectives including a risk-based and comprehensive credit culture and a credit administrative infrastructure that reinforces appropriate risk management practices.

During the six-month period ended June 30, 2024, the Bank commenced offering U.S. Small Business Administration ("SBA") SBA 7A loans. SBA 7A loans are generally used to establish a new business or assist in the acquisition, operation, or expansion of an existing business. With SBA loan programs, there are set eligibility requirements and underwriting standards outlined by SBA that can change as the government alters its fiscal policy. These loans are generally secured by accounts receivable, inventory, equipment, and real estate. The Bank hired two full-time SBA staff. At June 30, 2024, SBA 7A loans amounted to \$2.7 million. The Bank sells the guaranteed portion of the SBA loans.

Additionally, management has implemented initiatives that have enabled us to grow our loan portfolio primarily with locally generated relationships in the non-owner occupied, multi-family and commercial real estate sectors. However, out-of-area loans and loan pool purchases will be considered as deemed appropriate and subject to proper due diligence to further increase interest income and for portfolio diversification purposes.

(continued)

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)**

### **Properties**

The Company opened its third location in North Miami Beach on July 8, 2024.

### **Capital Levels**

As of June 30, 2024, the Bank is well capitalized under regulatory guidelines.

Refer to Note 9 for the Bank's actual and required minimum capital ratios.

## Overview

The Company's total assets increased by approximately \$109 million to \$900 million at June 30, 2024, from \$791 million at December 31, 2023, primarily due to increases in loans, and cash and cash equivalents. The growth in assets was attributable to the success of the Company's efforts to increase loans and deposits from new customers, predominantly in the first quarter. Net loans grew by \$81 million to \$752 million at June 30, 2024, from \$671 million at December 31, 2023. Deposits grew by approximately \$123 million to \$763 million at June 30, 2024, from \$640 million at December 31, 2023. Total stockholders' equity increased by approximately \$17 million to \$87 million at June 30, 2024, from \$70 million at December 31, 2023, primarily due to net earnings and proceeds from common and preferred stock sales, partially offset by changes in unrealized losses on debt securities available for sale.

The following table shows selected information for the periods ended or at the dates indicated:

	<u>Six Months Ended June 30, 2024</u>	<u>Year Ended December 31, 2023</u>
Average equity as a percentage of average assets	8.7%	10.1%
Equity to total assets at end of period	9.7%	8.8%
Return on average assets (1)	1.2%	1.0%
Return on average equity (1)	15.0%	9.6%
Noninterest expenses to average assets (1)	2.2%	2.3%

(1) Annualized for the six months ended June 30, 2024.

## Liquidity and Sources of Funds

The Company's sources of funds include customer deposits, advances from the Federal Home Loan Bank of Atlanta ("FHLB"), principal repayments and sales of debt securities, loan repayments.

Our liquidity is derived primarily from our deposit base, scheduled amortization and prepayments of loans and investment securities, funds provided by operations, and capital. Additionally, as a commercial bank, we are expected to maintain an adequate liquidity position. The liquidity position may consist of cash on hand, cash on demand deposit with correspondent banks, federal funds sold, and unpledged marketable securities such as United States government treasury and agency securities, municipal securities, U.S. agency mortgage-backed securities, and asset-backed securities.

(continued)

20

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)**

The Company increased deposits by approximately \$123 million during the six-month period ended June 30, 2024. The proceeds were primarily used to originate new loans. This growth was predominantly in the first quarter, similar to the growth in assets and loans.

In addition to obtaining funds from depositors, the Company may borrow funds from other financial institutions. At June 30, 2024, the Company had outstanding borrowings of \$45 million, against its \$235 million in established borrowing capacity with the FHLB. The Company's borrowing facility is subject to collateral and stock ownership requirements, as well as prior FHLB consent to each advance. At June 30, 2024, the Company also had available lines of credit amounting to \$29.5 million with six correspondent banks to purchase federal funds. Disbursements on the lines of credit are subject to the approval of the correspondent banks. We measure and monitor our liquidity daily and believe our liquidity sources are adequate to meet our operating needs.

## Off-Balance Sheet Arrangements

Refer to Note 8 in the condensed consolidated financial statements for Off-Balance Sheet Arrangements.

## Results of Operations

The following table sets forth, for the periods indicated, information regarding (i) the total dollar amount of interest and dividend income of the Company from interest-earning assets and the resultant average yields; (ii) the total dollar amount of interest expense on interest-bearing liabilities and the resultant average cost; (iii) net interest income; (iv) interest-rate spread; (v) net interest margin; and (vi) the ratio of average interest-earning assets to average interest-bearing liabilities.

Savings, NOW and money-market deposits	\$ 325,734	2,550	3.13%	\$ 129,890	395	1.22%
Time deposits	258,325	3,369	5.22%	229,376	2,161	3.77%
Borrowings (2)	<u>50,476</u>	<u>527</u>	<u>4.18%</u>	<u>10,330</u>	<u>31</u>	<u>1.20%</u>
Total interest-bearing liabilities/interest expense	634,535	<u>6,446</u>	4.06%	369,596	<u>2,587</u>	2.80%
Noninterest-bearing demand deposits	220,942			179,050		
Other liabilities	6,041			5,105		
Stockholders' equity	<u>83,995</u>			<u>65,212</u>		
Total liabilities and stockholders' equity	<u>\$ 945,513</u>			<u>\$ 618,963</u>		
Net interest income		<u>\$ 8,742</u>			<u>\$ 5,592</u>	
Interest rate spread (3)			<u>2.52%</u>			<u>2.66%</u>
Net interest margin (4)			<u>3.79%</u>			<u>3.73%</u>
Ratio of average interest-earning assets to average interest-bearing liabilities		<u>1.46</u>			<u>1.62</u>	

(continued)

21

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

- (1) Includes interest-earning deposits with banks and Federal Home Loan Bank stock dividends.
- (2) Includes Federal Home Loan Bank advances and other borrowings.
- (3) Interest-rate spread represents the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities.
- (4) Net interest margin is net interest income divided by average interest-earning assets.
- (5) Annualized.

	Six Months Ended June 30,					
	2024			2023		
	Average Balance	Interest and Dividends	Average Yield/Rate <sup>(5)</sup>	Average Balance	Interest and Dividends	Average Yield/Rate <sup>(5)</sup>
(dollars in thousands)						
Interest-earning assets:						
Loans	\$ 730,202	\$ 24,784	6.79%	\$ 504,000	\$ 13,841	5.49%
Securities	23,828	336	2.82%	25,766	350	2.72%
Other (1)	<u>126,500</u>	<u>3,534</u>	<u>5.59%</u>	<u>59,801</u>	<u>1,504</u>	<u>5.03%</u>
Total interest-earning assets/interest income	880,530	<u>28,654</u>	6.51%	589,567	<u>15,695</u>	5.32%
Cash and due from banks	14,018			14,939		
Premises and equipment	1,602			1,072		
Other	<u>6,272</u>			<u>5,753</u>		
Total assets	<u>\$ 902,422</u>			<u>\$ 611,331</u>		
Interest-bearing liabilities:						
Savings, NOW and money-market deposits	\$ 322,360	4,906	3.04%	\$ 125,834	666	1.06%
Time deposits	229,791	6,091	5.30%	233,957	4,322	3.69%
Borrowings (2)	<u>54,508</u>	<u>1,164</u>	<u>4.27%</u>	<u>10,248</u>	<u>56</u>	<u>1.09%</u>
Total interest-bearing liabilities/interest expense	606,659	<u>12,161</u>	4.01%	370,039	<u>5,044</u>	2.73%
Noninterest-bearing demand deposits	211,878			172,065		
Other liabilities	5,732			4,808		
Stockholders' equity	<u>78,153</u>			<u>64,419</u>		
Total liabilities and stockholders' equity	<u>\$ 902,422</u>			<u>\$ 611,331</u>		
Net interest income		<u>\$ 16,493</u>			<u>\$ 10,651</u>	
Interest rate spread (3)			<u>2.50%</u>			<u>2.59%</u>
Net interest margin (4)			<u>3.75%</u>			<u>3.61%</u>
Ratio of average interest-earning assets to average interest-bearing liabilities		<u>1.45</u>			<u>1.59</u>	

(continued)

22

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

- (1) Includes interest-earning deposits with banks and Federal Home Loan Bank stock dividends.
- (2) Includes Federal Home Loan Bank advances and other borrowings.
- (3) Interest-rate spread represents the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities.
- (4) Net interest margin is net interest income divided by average interest-earning assets.
- (5) Annualized.

### Comparison of the Three-Month Periods Ended June 30, 2024, and 2023

(dollars in thousands, except per share amounts)	Three Months Ended June 30,		Increase / (Decrease)	
	2024	2023	Amount	Percentage
Total interest income	\$ 15,188	\$ 8,179	\$ 7,009	86%
Total interest expense	6,446	2,587	3,859	149%
Net interest income	8,742	5,592	3,150	56%
Credit loss expense	195	704	(509)	-72%
Net interest income after credit loss expense	8,547	4,888	3,659	75%
Total noninterest income	1,201	772	429	56%
Total noninterest expenses	5,084	3,902	1,182	30%
Net earnings before income taxes	4,664	1,758	2,906	165%
Income taxes	1,168	446	722	162%
Net earnings	\$ 3,496	\$ 1,312	2,184	166%
Net earnings per share - Basic and diluted	\$ 0.36	\$ 0.18		
Net earnings per share - Diluted	0.34	0.18		

**Net earnings.** Net earnings for the three months ended June 30, 2024, were \$3.5 million or \$.36 per basic share and \$.34 per diluted share compared to net earnings of \$1.3 million or \$.18 per basic and diluted share for the three months ended June 30, 2023. The increase in net earnings during the three months ended June 30, 2024 compared to three months ended June 30, 2023 is primarily attributed to an increase in net interest income and non-interest income, partially offset by the increase in interest expense and non-interest expense.

**Interest income.** Interest income increased \$7 million to \$15 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 due primarily to growth in the loan portfolio and increases in yields on interest earning assets.

**Interest expense.** Interest expense increased \$4 million to \$6 million for the three months ended June 30, 2024, compared to the three months ended June 30, 2023, primarily due to interest bearing deposit rates and changes in the composition and volume of deposits.

**Credit loss expense.** Expected credit loss expense was \$195,000 for the three months ended June 30, 2024, compared to \$704,000 for the three months ended June 30, 2023. The expected credit loss expense is charged to earnings as losses are expected to have occurred in order to bring the total allowance for credit losses to a level deemed appropriate by management to absorb losses expected. Management's periodic evaluation of the adequacy of the allowance for credit losses is based upon historical experience, the volume and type of lending conducted by us, adverse situations that may affect the borrower's ability to repay, estimated value of the underlying collateral, general economic conditions, particularly as they relate to our market areas, and other factors related to the estimated collectability of our loan portfolio. The allowance for credit losses totaled \$8.2 million or 1.08% of loans outstanding at June 30, 2024, compared to \$7.7 million or 1.13% of loans outstanding at December 31, 2023. The increase in the credit loss expense during the second quarter of 2024 was primarily due to loan volume growth and the evaluation of the other factors noted above. During the three-months ended June 30, 2024, the net charge offs amounting to \$336,000 arose mostly due to consumer lending for the three-month ended June 30, 2024.

(continued)

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

**Noninterest income.** Total noninterest income increased \$429,000 to \$1.2 million for the three months ended June 30, 2024, from \$772,000 for the three months ended June 30, 2023, due to increased wire transfer and ACH fees during second quarter of 2024.

**Noninterest expenses.** Total noninterest expenses increased \$1.2 million to \$5 million for the three months ended June 30, 2024, compared to \$3.9 million for the three months ended June 30, 2023, primarily due to employee compensation and benefits, data processing, and other operating costs.

### Comparison of the Six-Month Periods Ended June 30, 2024, and 2023

(dollars in thousands, except per share amounts)	Six Months Ended June 30,		Increase / (Decrease)	
	2024	2023	Amount	Percentage
Total interest income	\$ 28,654	\$ 15,695	\$ 12,959	83%
Total interest expense	12,161	5,044	7,117	141%
Net interest income	16,493	10,651	5,842	55%
Credit loss expense	1,253	1,524	(271)	-18%
Net interest income after credit loss expense	15,240	9,127	6,113	67%
Total noninterest income	2,440	1,501	939	63%
Total noninterest expenses	9,792	7,324	2,468	34%
Net earnings before income taxes	7,888	3,304	4,584	139%
Income taxes	2,015	839	1,176	140%
Net earnings	\$ 5,873	\$ 2,465	3,408	138%
Net earnings per share - Basic	\$ 0.68	\$ 0.34		
Net earnings per share - Diluted	0.66	0.34		

**Net earnings.** Net earnings for the six months ended June 30, 2024, were \$5.9 million or \$.68 per basic share and \$.66 per diluted share compared to

net earnings of \$2.5 million or \$.34 per basic and diluted share for the six months ended June 30, 2023. The increase in net earnings during the six months ended June 30, 2024 compared to six months ended June 30, 2023 is primarily attributed to an increase in net interest income and non-interest income, partially offset by the increase in interest expense and non-interest expense.

**Interest income.** Interest income increased \$13 million to \$29 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023 due primarily to growth in the loan portfolio and increases in yields on interest earning assets.

**Interest expense.** Interest expense increased \$7 million to \$12 million for the six months ended June 30, 2024, compared to the six months ended June 30, 2023, primarily due to an increase in deposit rates and changes in the composition of deposits and increase in the average balances.

**Credit loss expense.** Expected credit loss expense decreased \$271,000 to \$1.3 million for the six months ended June 30, 2024, compared to the six months ended June 30, 2023, respectively. The expected credit loss expense is charged to earnings as losses are expected to have occurred in order to bring the total allowance for credit losses to a level deemed appropriate by management to absorb losses expected. Management's periodic evaluation of the adequacy of the allowance for credit losses is based upon historical experience, the volume and type of lending conducted by the Company, adverse situations that may affect the borrower's ability to repay, estimated value of the underlying collateral, general economic conditions, particularly as they relate to our market areas, and other factors related to the estimated collectability of our loan portfolio. The allowance for credit losses totaled \$8.2 million or 1.08% of loans outstanding at June 30, 2024, compared to \$7.7 million or 1.13% of loans outstanding at December 31, 2023. The increase in the credit loss expense during the second quarter of 2024 was primarily due to loan volume growth and the evaluation of the other factors noted above. During the six-months ended June 30, 2024, the net charge off amounting to \$869,000 resulted from consumer lending.

(continued)

---

24

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)**

**Noninterest income.** Total noninterest income increased to \$2.4 million for the six months ended June 30, 2024, from \$1.5 million for the six months ended June 30, 2023, due to increased wire transfer and ACH fees during second quarter of 2024.

**Noninterest expenses.** Total noninterest expenses increased to \$9.8 million for the six months ended June 30, 2024, compared to \$7.3 million for the six months ended June 30, 2023, primarily due to employee compensation and benefits, and data processing.

## **Item 3. Quantitative and Qualitative Disclosures about Market Risks**

Not applicable.

## **Item 4. Controls and Procedures**

The Company's management evaluated the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report, and based on this evaluation, the Principal Executive Officer and Principal Financial Officer concluded that these disclosure controls and procedures are effective.

There have been no significant changes in the Company's internal control over financial reporting during the quarter ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

We are not currently a party to any material legal proceedings.

### **Item 1A. Risk Factors.**

Not applicable.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

During the second quarter of 2024, the Company sold no unregistered shares of its equity securities.

### **Item 3. Defaults Upon Senior Securities**

Not applicable.

### **Item 4. Mine Safety Disclosures**

Not applicable.

### **Item 5. Other Information**

The disclosure contained under Part II, Item 2 is incorporated herein by reference.

### **Item 6. Exhibits**

The exhibits listed in the Exhibit Index following the signature page are filed or furnished with or incorporated by reference into this report.

---

25

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**OPTIMUMBANK HOLDINGS, INC.**

(Registrant)

Date: August 5, 2024

By: /s/ Timothy Terry

Timothy Terry  
Principal Executive Officer

By: /s/ Joel Klein

Joel Klein  
Principal Financial Officer

26

---

#### EXHIBIT INDEX

<b>Exhibit No.</b>	<b>Description</b>
3.1	<a href="#">Articles of Incorporation (incorporated by reference from Current Report on Form 8-K filed with the Securities and Exchange Commission ("SEC") on May 11, 2004)</a>
3.2	<a href="#">Article of Amendment to Articles of Incorporation, dated March 8, 2024 (incorporated by reference from Current Report on Form 8-K filed with the SEC on March 28, 2024)</a>
3.3	<a href="#">Articles of Amendment to the Articles of Incorporation dated January 7, 2009 (incorporated by reference from Annual Report on Form 10-K filed with the SEC on March 8, 2024)</a>
3.4	<a href="#">Articles of Amendment to the Articles of Incorporation dated April 13, 2016 (incorporated by reference from Annual Report on Form 10-K filed with the SEC on March 8, 2024)</a>
3.5	<a href="#">Articles of Amendment to the Articles of Incorporation dated December 28, 2022 (incorporated by reference from Annual Report on Form 10-K filed with the SEC on March 8, 2024)</a>
3.6	<a href="#">Articles of Amendment to the Articles of Incorporation dated October 30, 2023 (incorporated by reference from Annual Report on Form 10-K filed with the SEC on March 8, 2024)</a>
4.1	<a href="#">Bylaws (incorporated by reference from Current Report on Form 8-K filed with the SEC on May 11, 2004)</a>
4.2	<a href="#">Description of Securities (incorporated by reference from Annual Report on Form 10-K filed with the SEC on March 8, 2024)</a>
4.3	<a href="#">Form of stock certificate (incorporated by reference from Quarterly Report on Form 10-QSB filed with the SEC on August 12, 2004)</a>
31.1	<a href="#">Certification of Principal Executive Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act</a>
31.2	<a href="#">Certification of Principal Financial Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act</a>
32.1	<a href="#">Certification of Principal Executive Officer</a>
32.2	<a href="#">Certification of Principal Financial Officer</a>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

27

---

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER  
REQUIRED BY RULE 13A-14(A)/15D-14(A)  
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

I certify that:

1. I have reviewed this report on Form 10-Q of OptimumBank Holdings, Inc. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within that entity, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the Audit Committee of the Company's Board of Directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

*/s/ Timothy Terry*  
\_\_\_\_\_  
Timothy Terry  
Principal Executive Officer  
Date: August 5, 2024

---

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
REQUIRED BY RULE 13A-14(A)/15D-14(A)  
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

I certify that:

1. I have reviewed this report on Form 10-Q of OptimumBank Holdings, Inc. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, nor misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within that entity, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the Audit Committee of the Company's Board of Directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

*/s/ Joel Klein*

Joel Klein  
Principal Financial Officer  
Date: August 5, 2024

---

---

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADDED BY  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of OptimumBank Holdings, Inc. (the "Company") on Form 10-Q for the six months ended June 30, 2024, as filed with the Securities and Exchange Commission (the "Report"), I, as the Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as added by § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

*/s/ Timothy Terry*  
\_\_\_\_\_  
Timothy Terry  
Principal Executive Officer  
Date: August 5, 2024

---

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADDED BY  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of OptimumBank Holdings, Inc. (the "Company") on Form 10-Q for the six months ended June 30, 2024, as filed with the Securities and Exchange Commission (the "Report"), I, as the Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as added by § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

*/s/ Joel Klein*

---

Joel Klein  
Principal Financial Officer  
Date: August 5, 2024

---