

OptimumBank Holdings, Inc.
Form PRER14A
November 28, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-11(c) or § 240.14a-12

OPTIMUMBANK HOLDINGS, INC.

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously by written preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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OPTIMUMBANK HOLDINGS, INC.

2477 East Commercial Boulevard

Fort Lauderdale, Florida 33308

(954) 776-2332

December 3, 2008

Dear Shareholder:

You are cordially invited to attend a special meeting of shareholders of OptimumBank Holdings, Inc. The meeting will be held on December 30, 2008 at 10:00 a.m., local time, at the executive offices of OptimumBank, located at 2477 East Commercial Boulevard, Fort Lauderdale, Florida 33308.

The enclosed notice of special meeting and proxy statement describe the formal business to be transacted at the special meeting, which will include a proposal to approve an amendment to our articles of incorporation to authorize our board of directors to issue shares of preferred stock. We are asking for your approval of this amendment in order to enable us to take advantage of what we believe is a very attractive capital raising opportunity proposed by the U.S. government. Recently, the U.S. Department of Treasury announced the establishment of the Troubled Asset Relief Program Capital Purchase Program (the TARP Capital Purchase Program), under which Treasury plans to invest up to \$250 billion in U.S. financial institutions by purchasing preferred stock from these institutions. Our current articles of incorporation do not permit the issuance of preferred stock. Therefore, in order for us to participate in the TARP Capital Purchase Program, we are asking our shareholders to approve a proposed amendment to our articles of incorporation to authorize the issuance of preferred stock. The proposed amendment would also provide our board of directors with the flexibility to issue additional shares of preferred stock in other capital raising transactions, though no specific issuances of preferred stock outside of the TARP Capital Purchase Program are presently contemplated.

Although we currently have capital well in excess of that required to be considered well-capitalized under banking regulations, we, like other financial institutions, continue to face extremely challenging market conditions. Our board of directors believes that the TARP Capital Purchase Program will provide us with additional capital on favorable terms and afford us additional flexibility in addressing the challenges and opportunities in current markets.

If we are allowed to participate in the TARP Capital Purchase Program, we would issue and sell to the U.S. Department of the Treasury shares of new preferred stock for cash consideration of approximately \$4.6 million.

Our board of directors unanimously recommends that you vote **FOR** the proposed amendment to our articles of incorporation.

Whether or not you expect to attend the special meeting in person, please complete, sign and date the enclosed proxy as promptly as possible and return it in the enclosed envelope (to which no postage need be affixed if mailed in the United States) or submit your proxy over the Internet or by telephone. For further details, see [About the Special Meeting - How do I vote?](#) in the enclosed proxy statement.

Sincerely,

/s/ Albert J. Finch
Albert J. Finch
Chairman of the Board and Chief Executive Officer

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OPTIMUMBANK HOLDINGS, INC.

2477 East Commercial Boulevard

Fort Lauderdale, Florida 33308

(954) 776-2332

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To be held on December 30, 2008

NOTICE IS HEREBY GIVEN that a Special Meeting of Shareholders of OptimumBank Holdings, Inc. will be held on December 30, 2008 at 10:00 a.m., local time, at the executive offices of OptimumBank, located at 2477 East Commercial Boulevard, Fort Lauderdale, Florida 33308, to consider and act upon the following matters:

1. A proposal to approve an amendment to OptimumBank Holding, Inc.'s articles of incorporation to authorize the issuance of up to 6,000,000 shares of preferred stock, no par value;
2. A proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event there are not sufficient votes at the time of the special meeting to approve the proposed amendment to the articles of incorporation; and
3. The transaction of such other business as may properly come before the special meeting or at any adjournment or postponement thereof. Except with respect to the procedural matters incident to the conduct of the meeting, we are not aware of any other business to be brought before the meeting.

Only shareholders of record as of the close of business on November [14], 2008 are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement thereof.

You are cordially invited to attend the special meeting in person. However, whether or not you expect to attend the special meeting in person, we urge you to complete, sign and date the enclosed proxy as promptly as possible and return it in the enclosed envelope (to which no postage need be affixed if mailed in the United States) or submit your proxy over the Internet or by telephone. This will ensure the presence of a quorum at the special meeting and that your shares are voted in accordance with your wishes. For further details, see "About the Special Meeting - How do I vote?" in the enclosed proxy statement.

By Order of the Board of Directors

/s/ Albert J. Finch
Albert J. Finch
Chairman of the Board and Chief Executive Officer

Fort Lauderdale

December 3, 2008

This notice of special meeting and proxy statement and form of proxy are first being distributed to shareholders on or about December 3, 2008.

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OPTIMUMBANK HOLDINGS, INC.

2477 East Commercial Boulevard

Fort Lauderdale, Florida 33308

PROXY STATEMENT

FOR

SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON DECEMBER 30, 2008

This proxy statement contains information relating to a special meeting of shareholders of OptimumBank Holdings, Inc. (sometimes referred to as the Company, we, us, or our) to be held on December 30, 2008 beginning at 10 a.m., local time, at the executive offices of our subsidiary, OptimumBank (sometimes referred to as the Bank), located at 2477 East Commercial Boulevard, Fort Lauderdale, Florida 33308, and at any adjournments or postponements thereof.

ABOUT THE SPECIAL MEETING

Who is soliciting my proxy?

Our board of directors is sending you this proxy statement in connection with its solicitation of proxies for use at the special meeting.

What is the purpose of the special meeting?

At the special meeting, shareholders will act upon the matters outlined in the accompanying notice of special meeting, including:

Proposal One: A proposal to approve an amendment to our articles of incorporation to authorize us to issue up to 6,000,000 shares of preferred stock (the Articles Amendment Proposal); and

Proposal Two: A proposal to adjourn the special meeting, if necessary, to solicit additional proxies, in the event there are not sufficient votes at the time of the special meeting to approve the Articles Amendment Proposal (the Adjournment Proposal). Except with respect to the procedural matters incident to the conduct of the meeting, we are not aware of any other business to be brought before the meeting.

Why is the Company seeking to amend its articles of incorporation to authorize the issuance of preferred stock?

If the proposed amendment to our articles of incorporation is approved, we will have the opportunity to raise low-cost capital on what we believe is very favorable terms under the recently enacted Emergency Economic Stabilization Act of 2008. On October 14, 2008, Treasury announced

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the establishment of the Troubled Asset Relief Program Capital Purchase Program (the TARP Capital Purchase Program), under which Treasury will invest up to \$250 billion in preferred stock of U.S. financial institutions, in each case in an amount equal to not less than 1% of the institution's risk-weighted assets and not greater than the lesser of 3% of the institution's risk-weighted assets or \$25 billion. In conjunction with the purchase of an institution's preferred stock, Treasury will receive warrants to

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purchase the institution's common stock with an aggregate market value equal to 15% of the total amount of the preferred investment. Because our articles of incorporation currently do not authorize us to issue preferred stock, shareholder approval of the Articles Amendment Proposal authorizing preferred stock is necessary for us to be able to participate in the TARP Capital Purchase Program, assuming our application to participate in the program is approved by Treasury.

The Articles Amendment Proposal would also afford our board of directors the flexibility to set the terms of and issue additional preferred stock in other capital raising transactions without incurring the time and expense of seeking shareholder approval for particular issuances.

What will the consequences be if the Articles Amendment Proposal is not approved?

If the Articles Amendment Proposal is not approved by shareholders, we will not be able to participate in the TARP Capital Purchase Program, even if we are approved by Treasury, or have the ability to issue preferred stock in other capital raising transactions.

Who is entitled to vote at the special meeting?

Only shareholders of record as of the close of business on the record date, November [14], 2008, are entitled to receive notice of the special meeting and to vote the shares of common stock that they held on that date at the special meeting or any adjournment or postponement thereof. Each outstanding share of our common stock entitles its holder to cast one vote on each matter to be voted upon at the special meeting. The total number of shares of our common stock outstanding on the record date and eligible to cast votes at the special meeting is 3,120,992.

Please note that if you hold your shares in street name (that is, through a broker or other nominee), you will need to bring appropriate documentation from your broker or nominee to vote in person at the special meeting.

How many votes must be present to hold the special meeting?

The presence at the special meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date, or 1,560,497 shares, will constitute a quorum at the special meeting. For purposes of determining a quorum, proxies received but marked as abstentions and broker non-votes will be treated as shares that are present and entitled to vote. A broker non-vote occurs when a broker or other nominee indicates on the proxy card that it does not have discretionary authority to vote on a particular matter because it has not received voting instructions from its customer, as the beneficial owner of the securities. It is expected that brokers will not have discretionary authority to vote on the Articles Amendment Proposal or the Adjournment Proposal if they do not receive voting instructions from their customers.

How do I vote?

You may vote your shares either in person at the special meeting or by proxy whether or not you attend the special meeting. Shares held in your name as the shareholder of record may be voted in person at the special meeting. Shares held beneficially in street name may be voted in person at the special meeting only if you obtain a legal proxy from the broker or other nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the special meeting, we recommend that you also submit your proxy or voting instructions as described below so that your vote will be counted if you later decide not to attend the meeting.

Shareholders whose shares are registered in their own names may vote by submitting a proxy via the Internet, by telephone or by mailing a completed proxy card as an alternative to voting in person at the meeting. Instructions for voting via the Internet or by telephone are set forth on the enclosed proxy card. To vote by mailing a proxy card, sign and return the enclosed proxy card in the enclosed prepaid and addressed envelope, and your shares will be voted at the meeting in the manner you direct. Granting a proxy will not affect your right to vote your shares if you attend the special meeting and want to vote in person; by voting in person you will revoke your proxy. You may also revoke your proxy at any time before the vote at the meeting by providing our President, Richard L.

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Browdy, written notice of your revocation or by submitting a proxy bearing a later date via Internet, telephone or mail. If you submit your proxy but do not mark your voting preferences, the proxy holders will vote your shares FOR approval of the Articles Amendment Proposal and FOR approval of the Adjournment Proposal.

If your shares are registered in the name of a broker or other nominee, you will receive instructions from your holder of record that must be followed in order for the record holder to vote the shares per your instructions. Many banks and brokerage firms have a process for their beneficial holders to provide instructions over the telephone or via the Internet. If Internet or telephone voting is unavailable from your bank or brokerage firm, please complete and return the enclosed voting instruction card in the addressed, postage paid envelope provided.

Can I change my vote?

Yes. Even after you have submitted your proxy, you may change your vote at any time before the proxy is exercised at the special meeting. If you are the shareholder of record, you may change your vote by granting via the Internet, telephone or mail a new proxy bearing a later date (which automatically revokes the earlier proxy), by providing a written notice of revocation to our President, Richard L. Browdy, prior to your shares being voted, or by attending the special meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request. For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your broker or other nominee, or, if you have obtained a legal proxy from your broker or nominee giving you the right to vote your shares, by attending the meeting and voting in person.

How are votes counted?

With respect to each of the Articles Amendment Proposal and the Adjournment Proposal, you may vote FOR, AGAINST or ABSTAIN.

If you submit your proxy without giving specific voting instructions, your shares will be voted in accordance with the recommendations of our board of directors (FOR the Articles Amendment Proposal, FOR the Adjournment Proposal and in the discretion of the proxy holders on any other matters that properly come before the special meeting, or any adjournment or postponement thereof).

What vote is required to approve each proposal?

Proposal One: The affirmative vote of a majority of the shares of our common stock present in person or by proxy and voting at the special meeting is required to approve the Articles Amendment Proposal. Abstentions and broker non-votes will have no effect on the Articles Amendment Proposal.

Proposal Two: The affirmative vote of a majority of the shares of our common stock present in person or by proxy and voting at the special meeting is required to approve the Adjournment Proposal, if this proposal becomes necessary. Abstentions and broker non-votes will have no effect on the Adjournment Proposal.

Do shareholders have dissenters' rights in regards to the proposal to amend our articles of incorporation?

Under applicable Florida law, our shareholders are not entitled to dissenters' rights with respect to the proposal to approve and adopt the amendment to our articles of incorporation authorizing the issuance of preferred stock.

How does the board of directors recommend I vote on the proposals?

Unless you give other instructions on your proxy card, Richard L. Browdy and Albert J. Finch, the proxy holders, will vote in accordance with the recommendations of our board of directors. Our board of directors recommends a vote FOR the Articles Amendment Proposal and FOR the Adjournment Proposal.

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With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by our board of directors, or if no recommendation is given, in their own discretion.

Who will bear the costs of soliciting proxies for the special meeting?

We will bear the cost of soliciting proxies for the special meeting. We have retained Morrow & Co., LLC, to assist in the solicitation of proxies for a fee estimated to be approximately \$6,000, plus reasonable out-of-pocket expenses. We may also reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in sending proxy materials to the beneficial owners of our shares of common stock. In addition to solicitations by mail, our directors, officers and employees, including those of the Bank, may solicit proxies personally, by telephone or otherwise, but will not receive any additional compensation for their services.

Who can help answer my questions?

If you have any questions or need any assistance in voting your proxy, please contact our proxy solicitor, Morrow & Co., LLC, at (800) 662-5200, or Richard L. Browdy, President of OptimumBank Holdings, Inc. directly at (954) 776-2332.

HISTORICAL FINANCIAL INFORMATION

Our most recent historical financial information can be found in Appendices B and C of this proxy statement. Appendix B contains our audited financial statements and the related notes, and our management's discussion and analysis of financial condition and results of operations, filed as part of our Annual Report on Form 10-KSB for the year ended December 31, 2007. Appendix C contains our unaudited consolidated financial statements and the related notes, and our management's discussion and analysis of financial condition and results of operations, filed as part of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2008.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

This following table sets forth information regarding the beneficial ownership of the common stock of as of November 14, 2008, for:

each of our directors and executive officers; and

all of our directors and executive officers as a group.

each other person known by us to own beneficially more than 5% of our common stock;

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting and investment power with respect to the securities. The persons named in the table have sole voting and investment power or have shared voting and investment power with a spouse with respect to all shares of common stock shown as beneficially owned by them, unless otherwise indicated in these footnotes. In addition, shares of common stock issuable upon exercise of options and warrants beneficially owned that are exercisable within sixty days of November [14], 2008, are deemed outstanding for the purpose of computing the percentage ownership of the person holding those options and other rights, and the group as a whole, but are not deemed outstanding for computing the percentage ownership of any other person.

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Name and Address* of Beneficial Owners	Number of Shares Beneficially Owned	Percent of Class(13)
Directors and Executive Officers:		
Albert J. Finch, Chairman of the Board and Chief Executive Officer	193,271(1)	6.01%
Richard L. Browdy, President, Chief Financial Officer and Director	110,266(2)	3.43%
H. David Krinsky, Director	328,431(3)	10.43%
Gordon Deckelbaum, Director	204,425(4)	6.49%
Sam Borek, Director	200,246(5)	6.36%
Michael Bedzow, Director	134,623(6)	4.29%
Larry Willis, Director	102,465(7)	3.25%
Irving P. Cohen, Vice Chairman	70,298(8)	2.24%
Wendy Mitchler, Director	28,176(9)	.90%
Thomas A. Procelli, Executive Vice President, OptimumBank	45,549(10)	1.45%
All directors and executive officers as a group (10 persons)	1,417,750(11)	40.50%
Other Greater than 5% Shareholders		
Hillard Garlovsky	185,775(12)	5.95%

* Unless otherwise indicated, the address of each of our directors and executive officers is OptimumBank Holdings, Inc., 2477 East Commercial Boulevard, Fort Lauderdale, Florida 33308.

Notes to beneficial ownership table:

- (1) Includes options to acquire 95,505 shares of common stock.
- (2) Includes options to acquire 95,505 shares of common stock; shares held by wife and children; and 10,673 shares pledged as security.
- (3) Includes options to acquire 28,943 shares of common stock; shares held by wife or children; shares held by entity controlled by reporting person; and 85,050 shares pledged as security. Reporting person's address is c/o Maxim Properties, Inc., 21 East 40th Street, 12th Floor, New York, NY 10016
- (4) Includes options to acquire 28,943 shares of common stock; and 166,505 shares pledged as security.
- (5) Includes options to acquire 28,943 shares of common stock; shares held by wife or children; shares held by an entity controlled by reporting person; and 91,720 shares pledged as security.
- (6) Includes options to acquire 15,051 shares of common stock, and shares held by wife or children.
- (7) Includes options to acquire 28,943 shares of common stock; shares held by wife or children; and shares held by an entity controlled by reporting person.
- (8) Includes options to acquire 11,578 shares of common stock, and shares held by wife or children.
- (9) Includes options to acquire 17,635 shares of common stock.

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- (10) Includes options to acquire 28,943 shares of common stock, and shares held by wife or children.
- (11) Includes options to acquire 379,719 shares of common stock.
- (12) The ownership information is based entirely on the information contained in a Schedule 13G, dated January 25, 2008, filed with the SEC by Hillard Garlovsky, whose address is 1761 Clendenin, Riverwoods, IL 60015.
- (13) Calculated based on 3,120,992 shares of common stock outstanding as of November 14, 2008, plus options exercisable within sixty days of November 14, 2008 for the individual or the group, as applicable.

PROPOSAL ONE: APPROVAL OF AMENDMENT TO ARTICLES OF INCORPORATION TO

AUTHORIZE ISSUANCE OF UP TO 6 MILLION SHARES OF PREFERRED STOCK

General

Under the existing provisions of our articles of incorporation, we have the authority to issue up to 6,000,000 shares of common stock, but do not have the authority to issue preferred stock. Our board of directors has approved an amendment to our articles of incorporation to authorize up to 6,000,000 shares of preferred stock, no par value, subject to approval of the amendment by shareholders at the special meeting (the Articles Amendment Proposal). If the Articles Amendment Proposal is approved by shareholders, our board of directors will be authorized to provide for the issuance of preferred stock from time to time in one or more series and, in connection with the creation of any such series, to determine the rights, preferences, privileges and limitations of such series. The shares of preferred stock would be available for issuance without further action or voting by our shareholders, except as may be required by applicable law.

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Reasons for Proposed Amendment

Our primary reason for authorizing the preferred stock is to provide us with the ability to participate in the TARP Capital Purchase Program. Financial institutions approved for participation in the TARP Capital Purchase Program will be able to sell shares of preferred stock on standardized terms to Treasury, as described below under Terms of the TARP Capital Purchase Program. This preferred stock would qualify as Tier I capital for bank regulatory purposes. We applied to participate in the TARP Program November 10, 2008, requesting a preferred stock investment of \$4.578 million, and are awaiting preliminary approval from the U.S. Treasury (Treasury). Although we are well-capitalized as of September 30, 2008 under applicable regulatory capital guidelines and our participation in the TARP Capital Purchase Program is purely voluntary, our board of directors believes the TARP Capital Purchase Program will allow us to add capital on favorable terms. Additional capital will position us to remain strong during extremely challenging market conditions, to add flexibility for future asset growth and to maintain our history of extending financing to new and existing clients. For this reason, we currently intend to participate in the TARP Capital Purchase Program, if our application is approved by Treasury. Because our articles of incorporation currently do not authorize us to issue preferred stock, however, shareholder approval of the Articles Amendment Proposal is necessary for us to participate in the TARP Capital Purchase Program.

If we participate in the TARP Capital Program, we intend to downstream the proceeds of the issuance of the shares to our subsidiary bank. We intend to use the proceeds to make the Bank's capital position even stronger, to support our lending activities, and for general corporate purposes. If the proposed amendment to our articles of incorporation to authorize the preferred stock is approved, but we are unable to participate in the TARP Capital Program, we would still remain well-capitalized. We believe we would have continuing access to a variety of other sources of funding to meet our existing commitments and business needs. However, we recognize that in the current economic climate, it could become more difficult to obtain other funding sources, and the cost of alternative funding could be greater than that of the Capital Purchase Program. We do not believe that a denial of our application by the Treasury would have a material, negative effect on our current liquidity, capital resources or results of operations. A denial may have the effect, however, of making future expansion of the Bank's business more difficult or more expensive without the additional resources provided by the proceeds of the Capital Purchase Program.

The Articles Amendment Proposal would also afford our board of directors the flexibility to set the terms of and issue additional preferred stock in other capital raising transactions without incurring the time and expense of seeking shareholder approval for particular issuances. We have no present intention to issue any other series of preferred stock other than the preferred stock contemplated under the TARP Capital Purchase Program. However, if our articles of incorporation are amended to authorize the issuance of preferred stock, our board of directors would have discretion to establish different series of preferred stock and the rights, preferences, privileges, and limitations affixed to each series without further shareholder approval. Therefore, shareholders would have no input or right to approve the terms of any series of preferred stock, including the issuance of preferred stock to Treasury if we participate in the TARP Capital Purchase Program.

Terms of the TARP Capital Purchase Program

Under the TARP Capital Purchase Program, eligible financial institutions can generally apply to issue shares of preferred stock to Treasury in an amount equal to not less than 1% of the institution's risk-weighted assets and not more than the lesser of 3% of the institution's risk-weighted assets or \$25 billion. Our risk-weighted assets as of September 30, 2008 were approximately \$152.6 million, which would enable us to receive an investment from Treasury of between \$1.526 million and \$4.578 million. We have requested the maximum possible amount but may be approved to receive less or not be approved at all. It is expected that if our application is preliminarily approved by Treasury, we will then have 30 days to satisfy all requirements for participation in the TARP Capital Purchase Program, including receipt of shareholder approval of the Articles Amendment Proposal and the execution and delivery of a securities purchase agreement with Treasury and other related documents and agreements.

As of September 30, 2008, our consolidated ratios of total capital to risk-weighted assets, Tier 1 capital to risk-weighted assets and Tier 1 capital to average assets were 18.98%, 18.5% and 11.07%, respectively. On a pro forma basis as of September 30, 2008, giving effect to an investment from Treasury of the maximum amount available under the TARP Capital Purchase Program of \$4.578 million, these ratios would have been 21.98%, 21.50% and 12.86%, respectively.

General Terms of Senior Preferred Stock. If we participate in the TARP Capital Purchase Program, Treasury would purchase from us shares of cumulative perpetual preferred stock, with a liquidation preference of \$1,000 per share (the Senior Preferred Stock). The Senior Preferred Stock would constitute Tier 1 capital and would rank senior to our common stock. Cumulative compounding dividends would be payable on the Senior Preferred Stock quarterly in arrears at a rate of 5% per annum for the first five years and 9% per annum after year five.

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The shares of Senior Preferred Stock would be non-voting shares, but would have class voting rights on (i) any authorization or issuance of shares ranking senior to the Senior Preferred Stock; (ii) any amendment that adversely affects the rights of the holders of the Senior Preferred Stock; or (iii) any merger, exchange or similar transaction which would adversely affect the rights of the holders of the Senior Preferred Stock. In the event the cumulative dividends described above were not paid in full for six dividend periods, whether or not consecutive, the holders of the Senior Preferred Stock would have the right to elect two directors of the Company. The right to elect directors would end when dividends have been paid in full for all prior dividend periods.

The shares of Senior Preferred Stock would be redeemable by us after three years at their issue price, plus any accrued and unpaid dividends. Prior to the end of three years after Treasury's investment, the Senior Preferred Stock could only be redeemed by us using the proceeds of one or more offerings by us of other Tier 1 qualifying perpetual preferred stock or common stock or a combination of the two for cash (a Qualified Equity Offering), which yields aggregate gross proceeds to us of at least 25% of the issue price of the Senior Preferred Stock. Any such redemption must be approved by the Company's primary federal bank regulator, the Board of Governors of the Federal Reserve System.

Treasury would be permitted to transfer the shares of Senior Preferred Stock to a third party at any time. The standardized investment agreements with Treasury require us to file a shelf registration statement with the Securities and Exchange Commission (the SEC) to permit the transferability of the shares of Preferred Stock, as well as the Warrants (defined below) and the shares of common stock underlying the Warrants, as soon as practicable after the date of Treasury's investment in the Senior Preferred Stock. However, if an institution is not eligible to file a shelf registration statement using the SEC's Form S-3 (as we are not), the institution will not be required to file the shelf registration statement unless and until requested to do so in writing by the Treasury. We will also be required to grant the Treasury piggyback registration rights giving it the right to include the Senior Preferred Stock, the Warrants and the common stock underlying the Warrants in any separate registration of our stock with the SEC.

Warrants. If we participate in the TARP Capital Purchase Program, we must also issue warrants (the Warrants) to Treasury to purchase a number of shares of our common stock having a market value equal to 15% of the aggregate liquidation amount of the shares of Senior Preferred Stock purchased by Treasury. The exercise price of the Warrants, and the market value for determining the number of shares common stock subject to the Warrants, would be determined by reference to the market value of our common stock on the date of Treasury's acceptance of our participation in the TARP Capital Purchase Program (calculated on a 20-day trailing average closing price). The exercise price of the Warrants and the number of shares of common stock issuable upon exercise of the Warrants would be subject to customary anti-dilution adjustments for any stock dividends, stock splits or similar transactions or certain below market issuances by us of common stock or securities convertible to common stock.

The Warrants would have a term of ten years. The Warrants would be immediately exercisable and would not be subject to restrictions on transfer; however, Treasury would only be permitted to exercise or transfer one-half of the Warrants prior to the earlier of (i) the date on which we have received aggregate gross proceeds of at least 100% of the issue price of the Senior Preferred Stock from one or more Qualified Equity Offerings and (ii) December 31, 2009. If we received aggregate gross proceeds of at least 100% of the issue price of the Senior Preferred Stock from one or more Qualified Equity Offerings on or prior to December 31, 2009, the number of shares of our common stock underlying the Warrants would be reduced by 50%. Treasury would agree not to exercise voting power with respect to any of the shares of common stock issued to it upon exercise of the Warrants; persons to whom Treasury subsequently transferred these shares would not be bound by this voting restriction. As noted above under *Terms of the TARP Capital Purchase Program - General Terms of Senior Preferred Stock*, in certain instances we may be required to register the Warrants and the underlying common stock with the SEC.

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Terms Affecting Common Stock and Any Other Preferred Stock. As long as shares of the Senior Preferred Stock remain outstanding, unless all accrued and unpaid dividends for all past dividend periods on the Senior Preferred Stock are fully paid, we would not be permitted to declare or pay dividends on our common stock, shares of any junior preferred shares or shares of any preferred shares ranking *pari passu* (equally) with the Senior Preferred Stock (other than in the case of preferred stock ranking *pari passu* with the Senior Preferred Stock, dividends on a pro rata basis with the Senior Preferred Stock, and in the case of junior preferred shares, dividends paid solely in common stock), nor would we be permitted to repurchase or redeem any shares of common stock or preferred stock other than the Senior Preferred Stock. Unless the shares of Senior Preferred Stock have been transferred or redeemed by us in whole, until the third anniversary of Treasury's investment in the Senior Preferred Stock, (subject to certain exceptions) any dividends on our common stock would be prohibited without the prior approval of Treasury. Currently, we do not pay dividends on our common stock. In addition, unless the shares of Senior Preferred Stock have been transferred or redeemed in whole, until the third anniversary of Treasury's investment, Treasury's consent would be required for any share repurchases other than repurchases of the Senior Preferred Stock and repurchases of shares of junior preferred stock or shares of common stock in connection with any benefit plan in the ordinary course of business and consistent with past practice.

Executive Compensation. To participate in the TARP Capital Purchase Program, we would be required to adhere to Treasury's standards for executive compensation and corporate governance for the period during which Treasury holds any equity securities issued by us under the TARP Capital Purchase Program. These standards, which generally would apply to our chief executive officer, chief financial officer, plus the next three most highly compensated executive officers (collectively referred to as senior executives), include the following: (1) ensuring that incentive compensation for senior executives does not encourage unnecessary and excessive risks that threaten the value of our company; (2) requiring a clawback of any bonus or incentive compensation paid to a senior executive based on statements of earnings, gains or other criteria that are later proven to be materially inaccurate; (3) prohibiting certain severance payments to a senior executive, generally referred to as golden parachute payments, above specified limits set forth in the U.S. Internal Revenue Code; and (4) agreeing not to deduct for federal income tax purposes executive compensation in excess of \$500,000 for each senior executive for this purpose, all compensation paid to the senior executive for the applicable tax year is taken into account, including certain qualified performance-based compensation normally deductible under Section 162(m) of the U.S. Internal Revenue Code. The adoption of these standards is not expected to affect the existing compensation arrangements with our senior executives.

The foregoing description of the TARP Capital Purchase Program is based on the information currently available regarding the TARP Capital Purchase Program and does not purport to be complete. The final terms of our participation in the TARP Capital Purchase Program, including the specific terms of the Senior Preferred Stock and the Warrants, would be set forth in investment agreements and related documents to be issued by Treasury and executed by us. The general forms of these investment agreements and related documents are available on Treasury's website, at www.treas.gov/initiatives/eesa/application-documents.

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Pro Forma Financial Information

The unaudited pro forma condensed consolidated financial data set forth below has been derived by the application of pro forma adjustments to our historical financial statements for the year ended December 31, 2007 and the nine months ended September 30, 2008. The unaudited pro forma consolidated financial data gives effect to the events discussed below as if they had occurred on January 1, 2007 in the case of the statement of income data and September 30, 2008 in the case of the balance sheet data:

The issuance of \$1,526,000 (minimum estimated proceeds) or \$4,578,000 (maximum estimated proceeds) of preferred stock to Treasury under the Capital Purchase Program.

The issuance of warrants to purchase 228,900 shares of our common stock (minimum estimated warrants to be issued) or warrants to purchase 686,700 shares of our common stock (maximum estimated warrants to be issued) assuming an exercise price of \$4.76 per share (trailing 20-day OptimumBank Holdings, Inc. average share price as of November 14, 2008).

The increase in fed funds sold from the proceeds of the Capital Purchase Program.

We present unaudited pro forma consolidated balance sheet data, including selected line items from our balance sheet and selected capital ratios, as of September 30, 2008. We also present unaudited pro forma condensed consolidated income statements for the year ended December 31, 2007 and the nine months ended September 30, 2008. In each presentation we assume that we receive both the minimum and maximum estimated proceeds from the sale of preferred stock and issue the minimum and maximum number of warrants under the Capital Purchase Program. The pro forma financial data may change materially in both cases based on the actual proceeds received under the Capital Purchase Program if our application is approved by Treasury, the timing and utilization of the proceeds as well as certain other factors including the strike price of the warrants, any subsequent changes in our common stock price, and the discount rate used to determine the fair value of the preferred stock.

This information should be read in conjunction with our audited financial statements and the related notes filed as part of our Annual Report on Form 10-K for the year ended December 31, 2007, and included in Appendix B to this proxy statement, and our unaudited consolidated financial statements and the related notes filed as part of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, and included in Appendix C to this proxy statement.

Table of Contents**OPTIMUMBANK HOLDINGS, INC.****PRO FORMA CONSOLIDATED BALANCE SHEETS****September 30, 2008**

	September 30, 2008 (Unaudited)	Minimum Proceeds	Pro Forma w/Minimum Pro Forma (\$ in thousands)	Maximum Proceeds	Pro Forma w/Maximum
Cash and balances due	1,511		1,511		1,511
Investment securities	85,499		85,499		85,499
Fed Funds sold	394	1,526(2)	1,920	4,578(2)	4,972
Net loans	162,779		162,779		162,779
Other assets	9,383		9,383		9,383
TOTAL ASSETS	259,566	1,526	261,092	4,578	264,144
Deposits	112,566		112,566		112,566
Short-term borrowings	9,000		9,000		9,000
Long-term debt	110,655		110,655		110,655
Other liabilities	4,082		4,082		4,082
TOTAL LIABILITIES	236,303	0	236,303	0	236,303
Preferred stock	0	1,396(1)	1,396	4,188(1)	4,188
Common stock and additional paid-in capital	18,525		18,525		18,525
Warrants	0	130(1)	130	390(1)	390
Discount on preferred stock	0		0		0
Retained earnings	4,743		4,743		4,743
Accumulated other comprehensive loss	(5)		(5)		(5)
TOTAL SHAREHOLDERS EQUITY	23,263	1,526	24,789	4,578	27,841
TOTAL LIABILITIES & SHAREHOLDERS EQUITY	259,566	1,526	261,092	4,578	264,144
CAPITAL RATIOS					
Leverage (Tier 1 capital to assets)	9.12%		9.72%		10.91%
Tier 1 capital to risk-weighted assets	15.24%		16.24%		18.24%
Total capital to risk-weighted assets	15.72%		16.72%		18.72%

(1) Proceeds of the preferred stock issuance are allocated between the estimated relative fair values of the preferred stock and the warrants.

(2) The proceeds from the Capital Purchase program are assumed to be invested in fed funds sold.

Table of Contents**OPTIMUMBANK HOLDINGS, INC.****PRO FORMA CONSOLIDATED STATEMENTS OF INCOME**

September 30, 2008

	Actual (Unaudited)	Nine months ended September 30, 2008			
		Minimum Proceeds	Pro Forma w/Minimum	Maximum Proceeds	Pro Forma w/Maximum
		(Dollars in thousands, except per share data)			
Interest income	11,905	27(1)	11,932	82(1)	11,987
Interest expense	6,951		6,951		6,951
Net interest income	4,954	27	4,981	82	5,036
Provision for credit losses	161		161		161
Net interest income after provision for credit losses	4,793	27	4,820	82	4,875
Noninterest income	158		158		158
Noninterest expense	3,317		3,317		3,317
Income before income taxes	1,634	27	1,661	82	1,716
Income tax expense	615	10(4)	625	30(4)	645
Net income	1,019	17	1,036	52	1,071
Preferred stock dividends		75(2)	75	226(2)	226
Net income available to common stockholders	1,019	(58)	961	(174)	845
Earnings per common share					
Basic	.33		.31		.27
Diluted	.32		.30		.26
Average shares outstanding basic	3,120,992		3,120,992		3,120,992
Diluted (3)	3,175,450		3,195,785		3,231,804

- (1) Assumes the Capital Purchase Program proceeds are used to invest in daily fed funds sold for the period. The actual impact to net interest income would be different as OptimumBank Holdings expects to utilize a portion of the proceeds for loan origination. However, such impact cannot be estimated at this time as the impact would vary based on the timing when the loans are funded and the actual pricing of any such loans.
- (2) Consists of preferred stock dividends at a 5% annual rate as well as accretion of discount on preferred stock upon issuance. The discount is determined based on the value that is allocated to the warrants upon issuance. The discount is accreted back to par value on a constant effective yield method (approximately 7%) over a five year term, which is the expected life of the preferred stock upon issuance. The estimated accretion is based on a number of assumptions which are subject to change. These assumptions include the discount (market rate at issuance) rate on the preferred stock, and assumptions underlying the value of the warrants. The proceeds are allocated based on the relative fair value of the warrants as compared to the fair value of the preferred stock. The fair value of the warrants is determined under a Black-Scholes model. The model includes assumptions regarding OptimumBank Holdings' common stock price, dividend yield, stock price volatility, as well as assumptions regarding the risk-free interest rate. The lower the value of the warrants, the less negative impact on net income and earnings per share available to common shareholders. The fair value of the preferred stock is determined based on assumptions regarding the discount rate (market rate) on the preferred stock (currently estimated at 14%). The lower the discount rate, the less negative impact on net income and earnings per share available to common shareholders.

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- (3) As described in the Section titled Terms of the Capital Purchase Program, the Treasury would receive warrants to purchase a number of shares of our common stock having an aggregate market price equal to 15% of the proceeds on the date of issuance with a strike price equal to the trailing twenty day trading average prior to November 14, 2008. This pro forma assumes that the warrants would give the Treasury the option to purchase 144,265 shares of OptimumBank Holdings common stock assuming maximum proceeds, and 48,088 shares of OptimumBank Holdings common stock assuming the minimum proceeds. The pro forma adjustment shows the increase in diluted shares outstanding assuming that the warrants had been issued on January 1, 2007 at a strike price of \$4.76 (based on the trailing 20 day OptimumBank Holdings average share price as of November 14, 2008) and remained outstanding for the entire period presented. The treasury stock method was utilized to determine dilution of the warrants for the period presented. The strike price of \$4.76 was compared to OptimumBank Holdings average daily stock price during the nine months ended September 30, 2008 of \$7.61.
- (4) Assumes a combined Federal and State income tax rate of 37.63%.

OPTIMUMBANK HOLDINGS, INC.**PRO FORMA CONSOLIDATED STATEMENTS OF INCOME**

December 31, 2007

	Actual (Unaudited)	Minimum Proceeds	Year ended December 31, 2007		Pro Forma w/Maximum
			Pro Forma w/Minimum	Maximum Proceeds	
(Dollars in thousands, except per share data)					
Interest income	16,137	76(1)	16,213	230(1)	16,367
Interest expense	9,700		9,700		9,700
Net interest income	6,437	76	6,513	230	6,667
Provision for credit losses	476		476		476
Net interest income after provision for credit losses	5,961	76	6,037	230	6,191
Noninterest income	533		533		533
Noninterest expense	3,749		3,749		3,749
Income before income taxes	2,745	76	2,821	230	2,975
Income tax expense	1,003	29(4)	1,032	87(4)	1,090
Net income	1,742	47	1,789	143	1,885
Preferred stock dividends		99(2)	99	297(2)	297
Net income available to common stockholders	1,742	(52)	1,690	(154)	1,588
Earnings per common share					
Basic	.56		.54		.51
Diluted	.55		.53		.49
Average shares outstanding basic	3,112,227		3,112,227		3,112,227
Diluted (3)	3,184,745		3,194,357		3,236,292

- (1) Assumes the Capital Purchase Program proceeds are used to invest in daily fed funds sold for the period. The actual impact to net interest

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income would be different as OptimumBank Holdings expects to utilize a portion of the proceeds for lending . However, such impact cannot be estimated at this time as the impact would vary based on the timing when the loans are funded and the actual pricing of any such loans.

- (2) Consists of preferred stock dividends at a 5% annual rate as well as accretion of discount on preferred stock upon issuance. The discount is determined based on the value that is allocated to the warrants upon issuance. The discount is accreted back to par value on a constant effective yield method (approximately 7%) over a five year term, which is the expected life of the preferred stock upon issuance. The estimated accretion is based on a number of assumptions which are subject to change. These assumptions include the discount (market rate at issuance) rate on the preferred stock, and assumptions underlying the value of the warrants. The proceeds are allocated based on the relative fair value of the warrants as compared to the fair value of the preferred stock. The fair value of the warrants is determined under a Black-Scholes model. The model includes assumptions regarding OptimumBank Holdings' common stock price, dividend yield, stock price volatility, as well as assumptions regarding the risk-free interest rate. The lower the value of the warrants, the less negative impact on net income and earnings per share available to common shareholders. The fair value of the preferred stock is determined based on assumptions regarding the discount rate (market rate) on the preferred stock (currently estimated at 14%). The lower the discount rate, the less negative impact on net income and earnings per share available to common shareholders.
- (3) As described in the Section titled "Terms of the Capital Purchase Program," the Treasury would receive warrants to purchase a number of shares of our common stock having an aggregate market price equal to 15% of the proceeds on the date of issuance with a strike price equal to the trailing twenty day trading average prior to November 14, 2008. This pro forma assumes that the warrants would give the Treasury the option to purchase 144,265 shares of OptimumBank Holdings' common stock assuming maximum proceeds, and 48,088 shares of OptimumBank Holdings common stock assuming the minimum proceeds. The pro forma adjustment shows the increase in diluted shares outstanding assuming that the warrants had been issued on January 1, 2007 at a strike price of \$4.76 (based on the trailing 20 day OptimumBank Holdings' average share price as of November 14, 2008) and remained outstanding for the entire period presented. The treasury stock method was utilized to determine dilution of the warrants for the period presented. The strike price of \$4.76 was compared to OptimumBank Holdings' average daily stock price during 2007 of \$8.44.
- (4) Assumes a combined Federal and State income tax rate of 37.63%.

The unaudited pro forma consolidated financial data presented above is not necessarily indicative of our financial position or results of operations that actually would have been attained had proceeds from the Capital Purchase Program been received, or the issuance of the warrants pursuant to the Capital Purchase Program been made, at the dates indicated, and is not necessarily indicative of our financial position or results of operations that will be achieved in the future. In addition, our application to participate in the Capital Purchase Program has not been approved by Treasury. Accordingly, we can provide no assurance that the minimum or maximum estimated proceeds included in the unaudited pro forma financial data will ever be received.

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Potential Anti-Takeover Effect of Preferred Stock

The Articles Amendment Proposal could have the effect of discouraging, delaying or preventing unsolicited takeover attempts of the Company, even if such proposed actions would be beneficial to the Company's shareholders. Under the terms of the TARP Capital Purchase Program, if we issue shares of preferred stock to Treasury and we fail to pay the required dividends on the shares for six quarterly dividend periods (whether or not consecutive), the Treasury would have the right to elect two additional directors to our Board. This right would continue until any suspended dividends are paid in full. This could be interpreted as having a potential anti-takeover effect. Shares of the authorized preferred stock could be issued (in a transaction other than under the TARP Capital Purchase Program) in such amounts and on such terms so as to make it more difficult or time consuming for a third party to acquire a majority of our outstanding voting stock or otherwise effect a change of control. The presence of outstanding preferred stock could increase the total consideration to be paid by a potential acquiror, possibly, depending on the terms of the preferred stock, to the point of being cost-prohibitive to the potential acquiror or to the point of materially reducing the consideration to be paid to the holders of our common stock. Our board of directors also could, although it has no present intention of doing so, issue shares of preferred stock to persons who indicate that they would support the board in opposing any unsolicited takeover proposal.

We believe that the flexibility to issue preferred stock can enhance our board of directors' arm's-length bargaining capability on behalf of our shareholders in a takeover situation. However, under some circumstances, the ability to designate the rights of, and issue, preferred stock could be used by our board of directors to make a change in control of our company more difficult. Our board of directors may issue preferred stock for capital raising transactions, acquisitions, joint ventures, or other corporate purposes where such issuance has the effect of making an acquisition of the company more difficult or costly, as could also be the case if our board of directors were to issue additional common stock for such purposes.

Text of Proposed Amendment

The full text of the proposed amendment to our articles of incorporation is attached to this proxy statement as Appendix A. The actual text of the amendment may vary as may be determined by the board of directors to comply with regulatory requirements and to effectuate the filing of same with the Florida Secretary of State. If the proposed amendment is adopted, our board of directors would be authorized to issue shares of preferred stock from time to time in one or more series, with full, limited or no voting rights, and with such other rights, preferences, privileges and limitations as may be determined by the board. The authority of our board of directors in this regard would include, but not be limited to, the determination or fixing of the following with respect to shares of any series of preferred stock:

the division of the shares of preferred stock into series and the designation and authorized number of shares (up to the number of shares authorized) in each series;

the dividend rate and whether dividends are to be cumulative;

whether the shares are to be redeemable, and, if so, whether redeemable for cash, property or rights;

the liquidation rights to which the holders of the shares will be entitled, and the preferences, if any;

whether the shares will be subject to the operation of a sinking fund, and, if so, upon what conditions;

whether the shares will be convertible into or exchangeable for shares of any other class or of any other series of any class of capital stock and the terms and conditions of the conversion or exchange;

the voting rights of the shares, which may be full, limited or none, except as otherwise required by law;

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the preemptive rights, if any, to which the holders of the shares will be entitled and any limitations thereon;

whether the issuance of any additional shares, or of any shares of any other series, will be subject to restrictions as to issuance, or as to the powers, preferences or rights of any of these other series; and

any other rights, preferences, privileges and restrictions.

The rights of the holders of our common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. To the extent that dividends will be payable on any issued shares of preferred stock, the result would be to reduce the amount otherwise available for payment of dividends on outstanding shares of our common stock and there might be restrictions placed on our ability to declare dividends on the our common stock or to repurchase shares of our common stock (as is the case under the TARP Capital Purchase Program). The issuance of preferred stock having voting rights would dilute the

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voting power of the holders of common stock. To the extent that preferred stock is made convertible into shares of our common stock, the effect, upon such conversion, would also be to dilute the voting power and ownership percentage of the holders of common stock. In addition, holders of preferred stock would normally receive superior rights in the event of any dissolution, liquidation, or winding up of our company, thereby diminishing the rights of the holders of common stock to distribution of the Company's assets.

The actual effect of the issuance of any shares of preferred stock, other than pursuant to the TARP Capital Purchase Program, upon the rights of holders of our common stock cannot be known until our board of directors determines the specific terms of any shares of preferred stock. For a discussion of what the effects would be upon the rights of holders of the common stock of the Senior Preferred Stock issued pursuant to the TARP Capital Purchase Program, see Terms of the TARP Capital Purchase Program-Terms Affecting Common Stock and Any Other Preferred Stock above.

If the Articles Amendment Proposal is approved, the proposed amendment will become effective upon the filing of the articles of amendment with the Secretary of State of the State of Florida, which we expect we would do promptly following the special meeting.

Adoption of the Articles Amendment Proposal requires the affirmative vote of a majority of the shares of our common stock present in person or by proxy and voting at the special meeting. Abstentions and broker non-votes will have no effect on the Articles Amendment Proposal.

Our board of directors unanimously recommends that you vote FOR this proposal.

PROPOSAL TWO: APPROVAL OF ADJOURNMENT OF SPECIAL MEETING, IF NECESSARY

In the event there are not sufficient votes at the time of the special meeting to approve the Articles Amendment Proposal, our board of directors may propose to adjourn the special meeting to a later date or dates in order to permit the solicitation of additional proxies. Pursuant to the provisions of our bylaws, no notice of an adjourned meeting need be given to shareholders if the date, time and place of the adjourned meeting are announced at the special meeting.

In order to permit proxies that have been received by us at the time of the special meeting to be voted for an adjournment, if necessary, we have submitted this proposal (the Adjournment Proposal) to you as a separate matter for your consideration. In this proposal, we are asking you to authorize the holder of any proxy solicited by our board of directors to vote in favor of adjourning the special meeting and any later adjournments. If shareholders approve the Adjournment Proposal, we could adjourn the special meeting, and any adjourned session of the special meeting, to use the additional time to solicit additional proxies in favor of the Articles Amendment Proposal, including the solicitation of proxies from shareholders who have previously voted against the Articles Amendment Proposal. Among other things, approval of the Adjournment Proposal could mean that, even if proxies representing a sufficient number of votes against the Articles Amendment Proposal have been received, we could adjourn the special meeting without a vote on the Articles Amendment Proposal and seek to convince the holders of those shares to change their votes to votes in favor of the Articles Amendment Proposal.

The affirmative vote of a majority of the shares of our common stock present in person or by proxy and voting at the special meeting is required to approve the Adjournment Proposal, if this proposal becomes necessary. Abstentions and broker non-votes will have no effect on the Adjournment Proposal. No proxy that is specifically marked AGAINST the Articles Amendment Proposal will be voted in favor of the Adjournment Proposal unless that proxy is specifically marked FOR approval of the Adjournment Proposal.

Our board of directors believes that if the number of shares present or represented by proxy at the special meeting and voting in favor of the Articles Amendment Proposal is not sufficient to approve Articles Amendment Proposal, it is in the best interests of the shareholders to enable our board of directors to continue to seek to obtain a sufficient number of additional votes to adopt the amendment.

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Our board of directors unanimously recommends that you vote FOR this proposal.

FORWARD LOOKING STATEMENTS

This proxy statement contains forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates and projections about the financial services industry, the economy, and the Company. Forward-looking statements are identifiable by words or phrases such as that an event or trend will, would, could, or might occur, or continue or that the Company or its management believes, anticipates, expects, estimates, or intends that a particular result or event will occur, or other words such as respond, consider, and assume, and variations of such words and similar expressions. The Company's ability to obtain approval by shareholders of the proposed amendment and successfully satisfy all conditions and requirements for participation in the Capital Purchase Program is not assured and is to some extent dependent on factors outside of the Company's control. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what may be expressed or forecasted in such forward-looking statements. The Company undertakes no obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

SHAREHOLDER PROPOSALS FOR THE 2009 ANNUAL MEETING OF SHAREHOLDERS

Proposals of shareholders intended to be presented at the next annual meeting of the Company expected to be held in April 2009, must be in writing and received by the President of OptimumBank Holdings, Inc. at our main offices, 2477 East Commercial Boulevard, Fort Lauderdale, FL 33308, no later than December 1, 2008. If such proposal or proposals are in compliance with applicable rules and regulations, they will be included in the Company's proxy statement and form of proxy for that meeting.

OTHER MATTERS

To the best knowledge, information and belief of our board of directors, there are no matters that are to be acted upon at the special meeting other than as described in this proxy statement. If such matters arise, the form of proxy provides that discretionary authority is conferred on the designated persons in the enclosed form of proxy to vote with respect to such matters.

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APPENDIX A

**AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
OPTIMUMBANK HOLDINGS, INC.**

Article III of the Articles of Incorporation of OptimumBank Holdings, Inc. is hereby deleted in its entirety and the following new Article III is inserted in its place:

ARTICLE III

(a) The aggregate number of shares of stock of all classes that the corporation shall have authority to issue is 12,000,000 shares, of which 6,000,000 shares shall be common stock, \$.01 par value per share (Common Stock), and of which 6,000,000 shares shall be preferred stock, no par value (Preferred Stock).

(b) The Board of Directors of the corporation is hereby granted the authority, subject to the provisions of this Article III and to the limitations prescribed by law, to classify the unissued shares of Preferred Stock into one or more series of Preferred Stock and with respect to each such series to fix by resolution or resolutions providing for the issuance of such series the terms, including the preferences, rights and limitations, of such series. Each series shall consist of such number of shares as shall be stated in the resolution or resolutions providing for the issuance of such series together with such additional number of shares as the Board of Directors by resolution or resolutions may from time to time determine to issue as a part of the series. The Board of Directors may from time to time decrease the number of shares of any series of Preferred Stock (but not below the number thereof then outstanding) by providing that any unissued shares previously assigned to such series shall no longer constitute part thereof and restoring such unissued shares to the status of authorized but unissued shares of Preferred Stock.

(c) The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

- (i) The number of shares constituting that series and the distinctive designation of that series;
- (ii) The dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payments of dividends on shares of that series;
- (iii) Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;
- (iv) Whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provisions for adjustment of the conversion rate in such events as the Board of Directors shall determine;
- (v) Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption rates;

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(vi) Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund; and

(vii) Any other relative rights, preferences and limitations of that series.

(d) The holders of shares of each series of Preferred Stock shall be entitled upon liquidation or dissolution, or upon the distribution of the assets, of the Corporation to such preferences as provided in the resolution or resolutions creating the series, and no more, before any distribution of the assets of the Corporation shall be made to the holders of any other series of Preferred Stock or to the holders of shares of Common Stock.

Whenever the holders of shares of Preferred Stock of all series shall have been paid the full amounts to which they shall be entitled, the holders of shares of Common Stock shall be entitled to share ratably in all the remaining assets of the Corporation.

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APPENDIX B

OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2007

Audited Consolidated Financial Statements

December 31, 2007 and 2006 and for the Years Then Ended

(Together with Report of Independent Registered Public Accounting Firm)

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Independent Auditors' Report.

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Consolidated Balance Sheets, December 31, 2007 and 2006

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Consolidated Statements of Earnings for the Years Ended December 31, 2007 and 2006

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Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2007 and 2006

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Consolidated Statements of Cash Flows for the Years Ended December 31, 2007 and 2006

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Notes to Consolidated Financial Statements, December 31, 2007 and 2006 and for the Years Then Ended

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Management's Discussion and Analysis of Financial Condition And Results of Operations for Year Ended December 31, 2007

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Report of Independent Registered Public Accounting Firm

OptimumBank Holdings, Inc.

Fort Lauderdale, Florida:

We have audited the accompanying consolidated balance sheets of OptimumBank Holdings, Inc. and Subsidiary (the Company) as of December 31, 2007 and 2006, and the related consolidated statements of earnings, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company at December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

HACKER, JOHNSON & SMITH PA

Fort Lauderdale, Florida

March 24, 2008

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Table of Contents**OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY****Consolidated Balance Sheets**

(Dollars in thousands, except share amounts)

	December 31,	
	2007	2006
Assets		
Cash and due from banks	\$ 475	\$ 923
Federal funds sold	226	681
Total cash and cash equivalents	701	1,604
Securities held to maturity (fair value of \$58,117 and \$33,150)	58,471	33,399
Security available for sale	244	241
Loans, net of allowance for loan losses of \$692 and \$974	173,323	181,878
Federal Home Loan Bank stock	2,965	2,956
Premises and equipment, net	3,249	3,990
Foreclosed assets	79	
Accrued interest receivable	1,448	1,254
Other assets	1,067	381
Total assets	\$ 241,547	\$ 225,703
Liabilities and Stockholders Equity		
Liabilities:		
Noninterest-bearing demand deposits	\$ 1,304	\$ 545
Savings, NOW and money-market deposits	28,202	25,875
Time deposits	95,528	103,082
Total deposits	125,034	129,502
Federal Home Loan Bank advances	56,850	56,550
Other borrowings	28,900	10,950
Junior subordinated debenture	5,155	5,155
Official checks	2,251	2,463
Other liabilities	1,076	611
Deferred income tax liability	34	49
Total liabilities	219,300	205,280
Commitments and contingencies (Notes 4, 8 and 15)		
Stockholders equity:		
Common stock, \$.01 par value; 6,000,000 shares authorized, 2,972,507 and 2,820,280 shares issued and outstanding	30	28
Additional paid-in capital	17,308	15,930
Retained earnings	4,913	4,474
Accumulated other comprehensive loss	(4)	(9)
Total stockholders equity	22,247	20,423
Total liabilities and stockholders equity	\$ 241,547	\$ 225,703

See Accompanying Notes to Consolidated Financial Statements.

Table of Contents**OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY****Consolidated Statements of Earnings****(In thousands, except share amounts)**

	Year Ended December 31,	
	2007	2006
Interest income:		
Loans	\$ 13,086	\$ 12,662
Securities	2,803	1,323
Other	248	206
Total interest income	16,137	14,191
Interest expense:		
Deposits	5,836	5,148
Borrowings	3,864	2,915
Total interest expense	9,700	8,063
Net interest income	6,437	6,128
Provision for loan losses	476	265
Net interest income after provision for loan losses	5,961	5,863
Noninterest income:		
Service charges and fees	79	69
Loan prepayment fees	294	250
Gain on early extinguishment of debt		202
Litigation settlement	155	93
Other	5	14
Total noninterest income	533	628
Noninterest expenses:		
Salaries and employee benefits	2,061	2,002
Occupancy and equipment	662	646
Data processing	171	172
Professional fees	280	254
Insurance	59	67
Stationary and supplies	39	36
Other	477	397
Total noninterest expenses	3,749	3,574
Earnings before income taxes	2,745	2,917
Income taxes	1,003	1,083
Net earnings	\$ 1,742	\$ 1,834
Net earnings per share:		
Basic	\$.59	\$.62

Diluted

\$.57 \$.60

See Accompanying Notes to Consolidated Financial Statements.

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Table of Contents**OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY****Consolidated Statements of Stockholders' Equity****Years Ended December 31, 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
Proceeds from sale of common stock	1,277		14			14
Proceeds from exercise of common stock options including tax benefit of \$37	21,150		167			167
5% stock dividend	134,078	1	1,608	(1,609)		
Comprehensive income:						
Net earnings				1,834		1,834
Net change in unrealized loss on security available for sale, net of tax					(2)	(2)
Comprehensive income						1,832
Balance at December 31, 2006	2,820,280	\$ 28	\$ 15,930	\$ 4,474	\$ (9)	\$ 20,423
Proceeds from sale of common stock	4,172		37			37
Proceeds from exercise of common stock options	7,166		41			41
5% stock dividend (fractional shares paid in cash)	140,889	2	1,300	(1,303)		(1)
Comprehensive income:						
Net earnings				1,742		1,742
Net change in unrealized loss on security available for sale, net of tax					5	5
Comprehensive income						1,747
Balance at December 31, 2007	2,972,507	\$ 30	\$ 17,308	\$ 4,913	\$ (4)	\$ 22,247

See Accompanying Notes to Consolidated Financial Statements.

Table of Contents**OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY****Consolidated Statements of Cash Flows****(In thousands)**

	Year Ended December 31,	
	2007	2006
Cash flows from operating activities:		
Net earnings	\$ 1,742	\$ 1,834
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	225	237
Provision for loan losses	476	265
Gain on early extinguishment of debt		(202)
Deferred income tax benefit	(13)	(138)
Net amortization of fees, premiums and discounts	372	635
Increase in accrued interest receivable	(194)	(224)
(Increase) decrease in other assets	(686)	606
Increase in official checks and other liabilities	253	746
Net cash provided by operating activities	2,175	3,759
Cash flows from investing activities:		
Purchases of securities held to maturity	(34,206)	(12,038)
Principal repayments and calls of securities held to maturity	9,193	3,967
Net decrease (increase) in loans	7,569	(12,262)
Sale (purchase) of premises and equipment, net	516	(153)
Purchase of Federal Home Loan Bank stock	(9)	(244)
Net cash used in investing activities	(16,937)	(20,730)
Cash flows from financing activities:		
Net (decrease) increase in deposits	(4,468)	15,438
Net increase (decrease) in other borrowings	17,950	(2,000)
Proceeds from sale of common stock	37	14
Proceeds from Federal Home Loan Bank advances	11,300	18,802
Repayment of Federal Home Loan Bank advances	(11,000)	(15,000)
Proceeds from exercise of common stock options	41	130
Tax benefit associated with exercise of common stock options		37
Fractional shares of stock dividend paid in cash	(1)	
Net cash provided by financing activities	13,859	17,421
Net (decrease) increase in cash and cash equivalents	(903)	450
Cash and cash equivalents at beginning of the year	1,604	1,154
Cash and cash equivalents at end of the year	\$ 701	\$ 1,604

(continued)

Table of Contents**OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY****Consolidated Statements of Cash Flows, Continued****(In thousands)**

	Year Ended December 31,	
	2007	2006
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$ 9,697	\$ 8,050
Income taxes	\$ 1,014	\$ 1,033
Noncash transactions:		
Change in accumulated other comprehensive income, net change in unrealized loss on security available for sale, net of tax	\$ 5	\$ (2)
Common stock dividend	\$ 1,302	\$ 1,609
Loan reclassified to foreclosed assets	\$ 79	\$

See Accompanying Notes to Consolidated Financial Statements.

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OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2007 and 2006 and the Years Then Ended

(1) Summary of Significant Accounting Policies

Organization. OptimumBank Holdings, Inc. (the Holding Company) is a one-bank holding company and owns 100% of OptimumBank (the Bank), a state (Florida)-chartered commercial bank (collectively, the Company). The Holding Company's only business is the operation of the Bank. The Bank's deposits are insured by the Federal Deposit Insurance Corporation. The Bank offers a variety of community banking services to individual and corporate customers through its three banking offices located in Broward County, Florida.

Basis of Presentation. The accompanying consolidated financial statements include the accounts of the Holding Company and the Bank. All significant intercompany accounts and transactions have been eliminated in consolidation. The accounting and reporting practices of the Company conform to U.S. generally accepted accounting principles and to general practices within the banking industry. The following summarizes the more significant of these policies and practices:

Use of Estimates. In preparing consolidated financial statements in conformity with U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. A material estimate that is particularly susceptible to significant change in the near term relates to the determination of the allowance for loan losses.

Cash and Cash Equivalents. For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash and balances due from banks and federal funds sold, all of which mature within ninety days.

The Company is required by law or regulation to maintain cash reserves in the form of vault cash or in accounts with other banks. There were no reserve balances required at December 31, 2007 and 2006.

Securities. Securities may be classified as either trading, held to maturity or available for sale. Trading securities are held principally for resale and recorded at their fair values. Unrealized gains and losses on trading securities are included immediately in earnings. Held to maturity securities are those which management has the positive intent and ability to hold to maturity and are reported at amortized cost. Available for sale securities consist of securities not classified as trading securities nor as held to maturity securities. Unrealized holding gains and losses, net of tax on available for sale securities are reported as a net amount in accumulated other comprehensive loss in stockholders' equity until realized. Gains and losses on the sale of available for sale securities are determined using the specific-identification method. Premiums and discounts on securities available for sale and held to maturity are recognized in interest income using the interest method over the period to maturity.

(continued)

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OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

Loans. Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal adjusted for any charge-offs, the allowance for loan losses, and any deferred fees or costs.

Commitment fees, and loan origination fees are deferred and certain direct origination costs are capitalized. Both are recognized as an adjustment of the yield of the related loan.

The accrual of interest on loans is discontinued at the time the loan is ninety days delinquent unless the loan is well collateralized and in process of collection. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

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

Allowance for Loan Losses. The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of specific and general components. The specific component relates to loans that are classified as impaired. For such loans, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loans are lower than the carrying value of those loans. The general component covers all other loans and is based on historical loss experience adjusted for qualitative factors.

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OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

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

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer and residential loans for impairment disclosures.

Foreclosed Assets. Assets repossessed or acquired by foreclosure or deed in lieu of foreclosure are carried at the lower of estimated fair value or the balance of the loan on the assets at date of acquisition. Costs relating to the development and improvement of assets are capitalized, whereas those relating to holding the assets are charged to expense. Valuations are periodically performed by management and losses are charged to earnings if the carrying value of the assets exceeds its estimated fair value.

Premises and Equipment. Land is stated at cost. Buildings and improvements, furniture, fixtures, equipment, and leasehold improvements are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization expense are computed using the straight-line method over the estimated useful life of each type of asset or lease term, if shorter.

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OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

Preferred Securities of Unconsolidated Subsidiary Trust. On September 30, 2004, the Company acquired the common stock of OptimumBank Holdings Capital Trust I (Issuer Trust), an unconsolidated subsidiary trust. The Issuer Trust used the proceeds from the issuance of \$5,000,000 of its preferred securities to third-party investors and common stock to acquire a \$5,155,000 debenture issued by the Company. This debenture and certain capitalized costs associated with the issuance of the preferred stock comprise the Issuer Trust's only assets and the interest payments from the debentures finance the distributions paid on the preferred securities. The Company recorded the debenture in Junior Subordinated Debenture and its equity interest in the business trust in Other Assets on the consolidated balance sheets.

The Company has entered into agreements which, taken collectively, fully and unconditionally guarantee the preferred securities of the Issuer Trust subject to the terms of the guarantee.

The debenture held by the Issuer Trust currently qualifies as Tier I capital for the Company under Federal Reserve Board guidelines.

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

Income Taxes. Deferred income tax assets and liabilities are recorded to reflect the tax consequences on future years of temporary differences between revenues and expenses reported for financial statement and those reported for income tax purposes. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled. Valuation allowances are provided against assets which are not likely to be realized.

The Holding Company and the Bank file a consolidated income tax return. Income taxes are allocated proportionately to the Holding Company and subsidiary as though separate income tax returns were filed.

Advertising. The Company expenses all media advertising as incurred. Media advertising expense included in other in the accompanying consolidated statements of earnings was approximately \$40,000 and \$32,000 during the years ended December 31, 2007 and 2006, respectively.

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OPTIMUMBANK HOLDINGS, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

Stock Compensation Plans. Effective January 1, 2006, the Company adopted the fair value recognition provisions of FASB Statement No. 123(R), *Share-Based Payment* (SFAS 123(R)), using the modified-prospective-transition method. Under that transition method, compensation cost recognized includes: (a) compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value calculated in accordance with the original provisions of SFAS 123, *Accounting for Stock-Based Compensation* (as amended by SFAS No. 148, *Accounting for Stock-Based Compensation Transition and Disclosure*) (collectively SFAS 123) and (b) compensation cost for all share-based payments granted subsequent to December 31, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123(R). At December 31, 2005, all outstanding options had vested.

Earnings Per Share. Basic earnings per share is computed on the basis of the weighted-average number of common shares outstanding. Diluted earnings per share is computed based on the weighted-average number of shares outstanding plus the effect of outstanding stock options, computed using the treasury stock method. All amounts reflect the 5% stock dividends declared in May 2007 and April 2006. Earnings per common share have been computed based on the following:

**Year Ended
December 31,
2007**