



Ojai Community Bank  
Santa Paula Community Bank

a division of Ojai Community Bank

2nd QUARTER SHAREHOLDERS REPORT

June 30, 2010

**Board of Directors**

Don Scanlin

Chairman of the Board

John Russell

Vice-Chairman

Dave Brubaker

Dr. Martin Pops

Rob Rossi

Dietrich Schmidt

Bill Sechrest

Esther Wachtell

Larry Wilde

**Officers**

Dave Brubaker

President/CEO

Michele Henson

Chief Credit Officer

Susan Lagos

Chief Financial Officer

Don Tello

Santa Paula Division President

George Tabata

Commercial Lending

Dear Shareholders,

We're happy to report a strong and healthy Second Quarter for 2010. The Bank continues to be liquid, U.S. economic news is better, earnings are returning, and credit quality has improved. We have many strong positive indicators that the Bank is well on the way to achieving our common goals.

Our net income for the quarter ending June 30, 2010, was \$101,966, compared to a loss of \$217,799 in the same period last year. Year to date our net income was \$302,320, compared to a loss of \$992,696 in the first half of 2009. An important metric to track is core earnings before loan loss reserves, an indicator of the core earning power of the bank. Our 2010 year-to-date figure was \$574,166, compared to a loss of \$42,696 year to date 2009. This is the result of the actions taken to fully deploy our deposit base, reduce expenses, and increase fee income. Since December 2009, total assets grew \$2.9 million to \$115.4 million. Our planned slow growth benefits our capital ratio during these challenging economic times.

During the second quarter we proactively charged off certain loans that appeared to have a decrease in collectability. By eliminating them, we can institute a clean balance sheet going forward, which should reduce volatility and further strengthen the Bank.

Additionally, we are proud to welcome Esther Wachtell to our Board of Directors. Esther has significant national experience in nonprofit consulting, fundraising, and community activism, important aspects to our own brand. Esther's input will be greatly beneficial as we continue to develop strong partnerships in the communities we serve.

The foundation of the Bank is solid. Our loan quality is very good and our deposit base is 100% local. Our overhead is in line with our peers and our positive earnings momentum continues. The Santa Paula division continues to contribute significantly to our success.

Our recent shareholder survey indicated a high percentage of shareholders are interested in learning more about TARP (Troubled Asset Relief Program). TARP was intended to support healthy institutions through difficult economic periods. It was quickly labeled a bailout program. While this was not the intention of the program, TARP continues to struggle with that perception.

For small community banks like ours, TARP continues to be an inexpensive source of capital. The additional compliance requirements are minimal and the payoff schedule appropriate and achievable. The loan will be paid according to the terms of our agreement. Without TARP, we would have a capital ratio of approximately 7.68% versus our current 9.52%. Had we not taken TARP funds, it is likely that the Regulators would require us to raise additional capital at the current stock price, which we do not believe would be in the best interest of our shareholders.

We feel confident in our future. Our vision is clear. The balance sheet is strong. Capital remains healthy and our earnings momentum has returned.

We appreciate your support during the difficulties that the banking community has faced this past year, and are particularly grateful for your support and belief in us. We hope you will continue to support your investment in our community by banking with us and referring your friends and family.

Sincerely,

Dave Brubaker  
President/CEO

Don Scanlin  
Chairman

This letter includes forward-looking information, which is subject to the "safe harbor" created by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act and the Private Securities Litigation Reform Act of 1995. When the Bank uses or incorporates by reference in this letter the words "anticipate," "estimate," "expect," "project," "intend," "commit," "believe," and similar expressions, the Company intends to identify forward-looking statements. Our actual results may differ materially from those projected in any forward-looking statements, as they will depend on many factors about which we are unsure, including many factors that are beyond our control.

*This statement has not been reviewed, or confirmed for accuracy or relevance by the Federal Deposit Insurance Corporation*



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Shareholder Quarterly Report

6/30/10

**Balance Sheet**  
 (unaudited)

	6/30/10 (In 000's)	12/31/09 (In 000's)
<b>ASSETS</b>		
Cash & Due from Banks	4,615	3,764
Investments/Securities	24,737	22,964
Loans		
Commercial	6,722	6,847
Real Estate	73,939	73,211
Other	1,460	1,807
Loans, Gross	82,121	81,865
Deferred Loan Fees & Costs	15	-11
Loan Loss Reserve	-1,032	-1,343
Loans, Net	81,104	80,511
Bank Premises	1,632	1,718
Other Assets	3,297	3,495
<b>Total Assets</b>	<b>115,385</b>	<b>112,452</b>
<b>LIABILITIES</b>		
Deposits		
Non Interest Demand	25,697	22,855
Interest Bearing Demand	10,348	10,925
Savings & Money Mkt	26,672	24,709
Certificates of Deposit	39,832	41,165
Total Deposits	102,549	99,654
Other Liabilities	55	266
Shareholders Equity	12,781	12,532
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>115,385</b>	<b>112,452</b>
Shares Outstanding	1,537,103	1,537,103

**Income & Expenses**  
 (unaudited)

	1/1/2010 to 6/30/10 (In 000's)	1/1/2009 to 6/30/09 (In 000's)
<b>Interest Income</b>		
Interest & Fees on Loans	2,684	2,427
Interest on Investments	88	81
<b>Total Interest Income</b>	<b>2,772</b>	<b>2,508</b>
Interest Expense	-432	-584
<b>Net Interest Income</b>	<b>2,340</b>	<b>1,924</b>
Provision for Credit Losses	-772	-950
<b>Net Interest Income after Provision</b>	<b>1,568</b>	<b>974</b>
<b>Other Income</b>		
Service Charges on Deposit Accts	145	116
Other Fees & Misc Income	551	43
<b>Total Other Income</b>	<b>696</b>	<b>159</b>
<b>Operating Expenses:</b>		
Salaries & Benefits	846	1,021
Occupancy, Equipment	265	236
Promotion	52	66
Supplies	73	94
Professional Services	298	293
Insurance/FDIC	127	99
Other	301	317
<b>Total Operating Expenses</b>	<b>1,962</b>	<b>2,126</b>
<b>Profit (Loss) for Period</b>	<b>302</b>	<b>-993</b>

