



Ojai Community Bank
Santa Paula Community Bank
a division of Ojai Community Bank

3rd QUARTER SHAREHOLDERS REPORT
September 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,

This year Ojai Community Bank had the honor of being voted “Best Bank of Ojai” by the 2010 Ojai Valley News Readers Poll. We are proud to receive such a tremendous and public show of support by the community and our customers. Special thanks to our staff for their hard work and high level of service. Our goal is to continue providing the very best in customer service and maintaining strong financial stability.

We can all agree the economy continues to take its toll on friends, family, community, businesses and national policy. Unfortunately, experts do not predict it to end any time soon. At OCB we have done well to keep ahead of the economic issues thus far, with solid underwriting, cost control and increased profitability.

We have proactively reviewed our loan portfolio for signs of weakness. This process requires us to ascertain updated financial information and appraisals on property on a regular basis. We are finding our customers are doing everything they can to be successful, despite the flood of economic pressures placed upon them. As a result, we feel it prudent to set aside additional loan loss reserves in case identified credits worsen in performance.

Through the appraisal process, we have seen real estate values drop in the valley on average 30-40%, and on occasion, as much as 50%. This translates to the disappearance of equity in some of our previously secure loans. To offset this equity, and sometimes borrower income loss, the bank works closely with borrowers assisting where we can, but preserving bank capital at the same time.

As a result of the economy and our review process, we have increased our loan loss reserves in the third quarter by \$900,000; the net result creates a year to date loss of \$290,000 through the third quarter 2010. We feel this is a necessary step as we continue to work through these difficult economic times. It is critical to understand our bank is not immune to the effects of the national, state and local economy.

There are a number of very positive efforts being made at the bank. The changes implemented at the first of the year have been beneficial. Our year to date core earnings for nine months ending September 2010 was \$882,000. Net income from core operations for nine months ending September 2009 was \$5,000. That is a significant improvement. Our core profitability is expected to continue in the future as these credit challenges get behind us.

For 2010, our year to date expense was closer to \$1.7 million. Provision for loan loss year to date 2009 was approximately \$1.3 million. This is a sign of the times at many financial institutions. Increased oversight from the FDIC is also more prominent in the industry this year.

Our deposit base continues to be stable and our liquidity strong. Our current tangible leverage capital ratio is 8.87%. We expect the FDIC to require banks to have capital in excess of 10% soon. In anticipation of this, we are researching alternatives to raise additional capital in the first quarter 2011.

We are often asked about the Santa Paula acquisition and TARP. Santa Paula is performing well. The credit experience relating to the acquisition is performing above average and in general not contributing to the current provision expense. The division has also had a positive impact to earnings from the beginning. We still have TARP because, in today’s world, capital is king. Banks are retaining TARP money to insure the additional low cost capital source. We agree with this concept at this time.

The market value of the stock is approximately \$4.25 (symbol OJCB). Unfortunately, this low valuation is presently common in the community banking industry. As the industry recovers and the bank's performance improves, we expect a higher stock price. We understand concerns over the value of the stock—we too have a significant investment in the success of the bank—and we are confident that as the economy recovers, stock prices will rebound.

The Bank's core earnings are very good: we continue to focus on the loan portfolio, reserving for anticipated losses and maintaining a capital level to withstand the negative impact of the economy. We are confident in current management, core performance, and community acceptance of our bank.

The future challenges are many. As we work through this economic cycle, we want to thank you for your confidence, your business, and most of all we thank you for your understanding. If you have any specific questions or simply want to talk, we are here to help or discuss your concerns.

We appreciate your support during the difficulties that community banking has faced this past year, and are particularly grateful for your confidence and belief in us. We look forward to your continued confirmation by supporting 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

OJAI COMMUNITY BANK 402 West Ojai Ave. · Ojai, CA 93023 · 805 646-9909 · fax 805 646-9919 · ojaicommunitybank.com
SANTA PAULA COMMUNITY BANK 948 E. Main Street · Santa Paula, CA 93060 · 805 525-5817 · fax 805 525-0232 · banksantapaula.com
537 W. Harvard Blvd · Santa Paula, CA 93060 · 805 525-2137 · fax 805 525-0766 · banksantapaula.com



Ojai Community Bank
 Santa Paula Community Bank
a division of Ojai Community Bank

Shareholder Quarterly Report
 September 30, 2010

Balance Sheet
 (unaudited)

	9/30/10 (In 000's)	12/31/09 (In 000's)
ASSETS		
Cash & Due from Banks	4,011	3,764
Investments/Securities	28,935	22,964
Bank Premises	1,592	1,718
Loans		
Commercial	6,550	6,847
Real Estate	76,514	73,211
Other	1,325	1,807
Loans, Gross	84,389	81,865
Deferred Loan Fees & Costs	1	-11
Loan Loss Reserve	-1,877	-1,343
Loans, Net	82,513	80,511
Other Assets	2,965	3,495
Total Assets	120,016	112,452
LIABILITIES		
Deposits		
Non Interest Demand	25,007	22,855
Interest Bearing Demand	11,149	10,925
Savings & Money Mkt	27,153	24,709
Certificates of Deposit	44,452	41,165
Total Deposits	107,761	99,654
Other Liabilities	93	266
Shareholders Equity	12,162	12,532
Total Liabilities & Shareholders Equity	120,016	112,452
Shares Outstanding	1,537,103	1,537,103

Income & Expenses
 (unaudited)

	1/1/2010 to 9/30/10 (In 000's)
Interest Income	
Interest & Fees on Loans	4,045
Interest on Investments	135
Total Interest Income	4,180
Interest Expense	-633
Net Interest Income	3,547
Provision for Credit Losses	-1,679
Net Interest Income after Provision	1,868
Other Income	
Service Charges on Deposit Accts	220
Other Fees & Misc Income	609
Total Other Income	829
Operating Expenses:	
Salaries & Benefits	1,270
Occupancy, Equipment	387
Promotion	90
Supplies	105
Professional Services	433
Insurance/FDIC	203
Other	499
Total Operating Expenses	2,987
Profit (Loss) for Period	-290

