



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

2nd QUARTER SHAREHOLDERS REPORT

June 30, 2012

Board of Directors

Don Scanlin
Chairman of the Board
John Russell
Vice-Chairman
Dave Brubaker
George Melton
Martin A. Pops, M.D.
Rob Rossi
Dietrich Schmidt
Bill Sechrest
Esther Wachtell
Larry Wilde

Dear Shareholders:

Again we are pleased to share our important progress and good news with you. The Bank continues to be profitable, and credit quality is very stable. Capital and liquidity are strong, and the regulatory environment has been very positive. On May 1, 2012, regulatory agencies released the Bank from all informal supervisory actions, other than the normal requirements and reporting. These are truly signs of significant improvement of our Bank.

Net income for the first six months of 2012 was a record-setting \$532,000. This represents a 220% increase over the first six months of 2011. In fact, for all of 2011, the Bank made \$545,000, so we are well on our way to a very successful year.

Since June 30, 2011, total assets have increased approximately \$8 million, to \$133 million, and deposits increased by \$6 million during the same period. In addition, net income has been retained in the Bank to contribute to an increase in capital of close to \$1 million in the past twelve months. Again, excellent progress.

During the second quarter, we applied for and received regulatory approval to open a branch office in the City of Ventura. The new branch is scheduled to open in early October at 3130 Telegraph Road, near Five Points. It will operate as Ventura Community Bank, a division of Ojai Community Bank. It is an affordable location with a small footprint, so we expect quick success. We anticipate the location to have both a drive-up and an ATM, and we believe this branch will help build our loan portfolio.

At the same time, we have received regulatory approval to consolidate our two offices in Santa Paula. Although this was a difficult decision, it makes prudent long-term sense. Customers have been notified, and effective September 14, 2012, the downtown location will merge into the Harvard Boulevard site. We own the downtown location, and will determine the best option for the building at a later date. This cost savings will offset a portion of the Ventura expansion. We will work to relocate as many employees as possible.

Regarding asset quality, non-accrual loans as of June 30, 2011 were approximately \$4 million. At June 30, 2012, they were below \$225,000. In addition, substandard assets are down approximately 57% to \$2.9 million and are trending down. We have not seen additional migration of loans into problem categories, and as a result, have not been required to add to our loan-loss reserves this year.

All in all, we have enjoyed an excellent quarter. Highlights included good earnings, strong capital, good asset quality, and a renewed focus on proactive service in existing and neighboring markets. Our stock is trading (symbol OJCB) around book value at \$5.25, which is very common in the industry today. It is truly a pleasure to see the continued improvement of our Bank for the benefit of all concerned.

We are always here to answer your questions. Contact Dave Brubaker, President/CEO, at the main office located at 402 W. Ojai Avenue, Ojai CA 93023, dbrubaker@ojaicommunitybank.com or 805-646-9909.

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
 6/30/12

Balance Sheet
 (unaudited)

	6/30/12 (\$ in 000's)	12/31/11 (\$ in 000's)
ASSETS		
Cash & Due from Banks	4,431	4,225
Investments/Securities	51,454	44,939
Bank Premises	1,422	1,428
Loans		
Commercial	5,059	5,593
Real Estate	66,824	70,594
Other	1,207	1,112
Loans, Gross	<u>73,090</u>	<u>77,299</u>
Deferred Loan Fees & Costs	(97)	(95)
Loan Loss Reserve	<u>(1,386)</u>	<u>(1,753)</u>
Loans, Net	71,607	75,451
Other Assets	3,977	2,301
Total Assets	<u><u>132,891</u></u>	<u><u>128,344</u></u>
LIABILITIES		
Deposits		
Non Interest Demand	34,342	32,282
Interest Bearing Demand	11,329	11,454
Savings & Money Mkt	34,789	31,284
Certificates of Deposit	<u>37,860</u>	<u>39,279</u>
Total Deposits	118,320	114,299
Other Liabilities	135	158
Shareholders Equity	<u>14,436</u>	<u>13,887</u>
Total Liabilities & Shareholders Equity	<u><u>132,891</u></u>	<u><u>128,344</u></u>
Shares Outstanding	2,080,778	2,055,776

Income & Expenses
 (unaudited)

	1/1/2012 to 6/30/12 (\$ in 000's)	1/1/2011 to 6/30/11 (\$ in 000's)
Interest Income		
Interest & Fees on Loans	2,432	2,523
Interest on Investments	98	90
Total Interest Income	<u>2,530</u>	<u>2,613</u>
Interest Expense	<u>(205)</u>	<u>(324)</u>
Net Interest Income	2,325	2,289
Provision for Credit Losses	-	(350)
Net Interest Income after Provision	<u>2,325</u>	<u>1,939</u>
Other Income		
Service Charges on Deposit Accts	127	146
Other Fees & Misc Income	94	50
Total Other Income	<u>221</u>	<u>196</u>
Operating Expenses:		
Salaries & Benefits	951	920
Occupancy, Equipment	232	254
Promotion	82	62
Supplies	69	66
Professional Services	354	313
Insurance/FDIC	117	197
Other	<u>209</u>	<u>157</u>
Total Operating Expenses	<u>2,014</u>	<u>1,969</u>
Profit (Loss) for Period	<u><u>532</u></u>	<u><u>166</u></u>