



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

**4th QUARTER SHAREHOLDERS REPORT**

December 31, 2011

**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,

We are proud to update our shareholders and friends on another quarter of progress and a year of significant, positive activity. The Bank showed excellent improvement across all fronts. Capital is strong, liquidity stable and loan quality is much improved. We look back at the year with a sense of accomplishment, financial improvement and a strong base for 2012 and beyond.

The Bank reported record fourth quarter earnings of \$245,000, and year-end net income of \$546,000. This is compared to fourth quarter 2010 earnings of \$1,000 and 2010 year-end net loss of \$289,000. The largest contributor to our success is hard work which has led to improvement in the quality of our loan portfolio and the related benefit of a lower provision for loan loss reserves.

Overall, the Bank did not grow deposits significantly, which was the result of an intentionally managed strategy to limit our demand for capital. As a result of a very weak national economy, loans outstanding declined by approximately \$8.6 million or 10% due to scheduled payoffs and a lower loan demand. This loan shrinkage had a slightly negative impact on earnings. We believe the Bank will see significant improvement in earnings as loan demand returns with an improving economy.

Our regulatory position improved significantly in 2011. We were able to eliminate an FDIC Consent Order imposed on March 31, 2011, in just 176 days. This was accomplished through diligent work to improve the Bank. This may appear ordinary to the average observer, but in fact it is quite remarkable and shows significant support, trust and confidence in the Bank and its management.

We also completed a private placement of common stock to accredited investors. The offering raised \$1.5 million, bringing our capital ratio to 10%, which exceeds the FDIC requirement.

Major improvements in the 2011 year-end loan portfolio are exemplified by a reduction of substandard loans by 53% to \$4.5 million. Non-accrual status loans were reduced by 33% to \$2.3 million. Trends in this area continue to be very positive. Improvements in credit quality will significantly contribute toward creating better earnings and improved shareholder returns.

Our annual report will be prepared with full audited financials, in the next 90 days. Our shareholder meeting is scheduled for May 12, 2012 at 1:00 pm here in Ojai. We encourage everyone to attend. It is an excellent opportunity to get a complete update on the Bank, ask questions and enjoy the company of friends and shareholders. Please mark your calendars and join us.

We are always here to answer any questions. Contact Dave Brubaker, President/CEO, at the office located at 402 W. Ojai Ave, Ojai CA 93023, [dbrubaker@ojaicommunitybank.com](mailto: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  
12/31/11

## Balance Sheet (unaudited)

	12/31/11 (In 000's)	12/31/10 (In 000's)
<b>ASSETS</b>		
Cash & Due from Banks	4,225	5,151
Investments/Securities	44,939	30,738
Bank Premises	1,428	1,568
Loans		
Commercial	5,593	6,538
Real Estate	70,594	78,200
Other	1,112	1,108
Loans, Gross	<u>77,299</u>	<u>85,846</u>
Deferred Loan Fees & Costs	-95	-1
Loan Loss Reserve	<u>-1,753</u>	<u>-2,101</u>
Loans, Net	75,451	83,744
Other Assets	<u>2,301</u>	<u>2,716</u>
Total Assets	<u><u>128,344</u></u>	<u><u>123,917</u></u>
<b>LIABILITIES &amp; SHAREHOLDERS EQUITY</b>		
Deposits		
Non Interest Demand	32,282	26,765
Interest Bearing Demand	11,454	11,707
Savings & Money Mkt	31,284	28,488
Certificates of Deposit	<u>39,279</u>	<u>44,651</u>
Total Deposits	114,299	111,611
Other Liabilities	158	157
Shareholders Equity	<u>13,887</u>	<u>12,149</u>
Total Liabilities & Shareholders Equity	<u><u>128,344</u></u>	<u><u>123,917</u></u>
Shares Outstanding	2,055,776	1,537,103

## Income & Expenses (unaudited)

	1/1/2011 to 12/31/11 (In 000's)	1/1/2010 to 12/31/10 (In 000's)
Interest Income		
Interest & Fees on Loans	4,866	5,390
Interest on Investments	184	182
Total Interest Income	<u>5,050</u>	<u>5,572</u>
Interest Expense	<u>-572</u>	<u>-822</u>
Net Interest Income	4,478	4,750
Provision for Credit Losses	<u>-490</u>	<u>-1,910</u>
Net Interest Income after Provision	3,988	2,840
Other Income		
Service Charges on Deposit Accts	296	305
Other Fees & Misc Income	144	602
Total Other Income	<u>440</u>	<u>907</u>
Operating Expenses:		
Salaries & Benefits	1,778	1,776
Occupancy, Equipment	506	512
Promotion	119	120
Supplies	131	135
Professional Services	676	567
Insurance/FDIC	329	276
Other	<u>343</u>	<u>650</u>
Total Operating Expenses	3,882	4,036
Profit (Loss) for Period	<u><u>546</u></u>	<u><u>-289</u></u>