

**2nd QUARTER SHAREHOLDERS REPORT**

June 30, 2014

**Board of Directors**

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

**Bank Officers**

Dave Brubaker  
President/CEO  
Michael Orman  
Chief Operating Officer  
Michelle Henson  
Chief Credit Officer  
Susan Lagos  
Chief Financial Officer  
Don Tello  
Santa Paula Division President  
George Tabata  
Commercial Lending  
Dave Sabedra  
Commercial Lending  
Peter Hart  
Mortgage Lending

Dear Shareholders:

OCB Bancorp's second quarter 2014 continues trending success. We maintain very good levels of capital, increasing loan balances, and stable deposits and liquidity. We are grateful for the sustained effort and support of our staff, customers and shareholders alike. The Bank continues to build for the future and this success illustrates the strength of our fundamental vision. We have a productive staff that has enabled our loan growth to exceed both industry averages and budgets. This is a very good sign of things to come.

We have more exciting news...

Our business plan is built on the premise of seeking talented individuals and building our family of branches around them. Recently, OCB was presented with a rare opportunity. The outcome — we hired Eloy Ortega, former CEO of The Bank of Santa Barbara, to head up our new expansion into the Santa Barbara market. Eloy has over 23 years of banking experience in that market. His forte is building business relationships. This alliance provides growth opportunities for both Eloy and our Bank.

We anticipate the opening of Santa Barbara Community Bank, a division of Ojai Community Bank, in the fall of 2014. Our applications have been submitted to our regulatory agencies, and we have secured a location in the downtown financial district at 21 East Carrillo Street. The initial market entry strategy is to operate a small branch in the Santa Barbara market. We are happy to welcome Eloy to our team. Eloy can be contacted at 805-698-6535 for any referrals in the Santa Barbara market.

As a result of our continued focus on growing our loan portfolio, our Bank's loan portfolio grew to a record \$109 million in outstanding loans. This growth will continue to pay dividends to the Bank in the form of higher earnings compared to alternative investments.

Total assets of the Bank increased to \$154 million, approximately \$8 million greater than the same period last year and about \$8 million greater since the beginning of this year. It is apparent that continued growth, efficiency and profitability are critical to the long-term success of the Bank. This is both the Bank's vision and our day-to-day focus.

OCB Bancorp consolidated earnings for the first half of 2014 were \$265 thousand compared to \$128 thousand for the same period last year, a 107% increase. The Bank had net income of \$313 thousand, and the interest expense of our borrowing along with other expenses allocated to OCB Bancorp created a loss of \$48 thousand at the holding company for a combined consolidated net income for 6 months of \$265 thousand.

Our annual shareholder meeting was held on May 28, 2014. Some shareholders attended the meeting, and approximately 65% of our stock was present in the form of proxies. The majority of proposals passed, with the exception of the Anti-takeover Proposal that required two thirds vote to pass. We did not have two thirds of our stock vote, so although the overwhelming majority of the shares voting were in favor of the proposal, we did not have the mandatory two-thirds necessary to pass the proposal. Due to ongoing efforts of various banks and other financial institutions to attempt to make unwanted acquisitions, the Board will again address this issue in the future, and we may again make an additional proposal to our shareholders.

Each Bank/division is doing well and we are proud of the contributions of the staff to our success. Ojai has had significant loan growth. Ventura continues strong under George Tabata's efforts. In Santa Paula, we have a rare opportunity as Santa Clara Valley Bank has announced its sale to an out of area bank. Due to this change in the market, our marketing efforts can be more aggressive, and as a result, we can increase market share.

The Bank continues to be stable and productive. We have tremendous opportunities ahead of us and we look forward to further success.

Our infrastructure is developing well with our talented support staff. Our staff continues to provide excellent service and our lenders are producing. We believe the core Bank is picking up continued momentum.

Thank you for your support. As always, we are happy to discuss the report further, provide more detailed information and answer your questions. Contact Dave Brubaker, President/CEO, at the main office located at 402 W. Ojai Avenue, Ojai CA 93023, [dbrubaker@ojaicommunitybank.com](mailto:dbrubaker@ojaicommunitybank.com) or 805-646-9909.

Sincerely,

David F. Brubaker  
President/CEO

Donald 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.

## Statement of Condition

In Thousands - Unaudited



## Statement of Operations

In Thousands - Unaudited

June 30,	Consolidated 2014	Bank Only 2013
<b>ASSETS</b>		
Cash and Due from Banks	\$ 4,928	\$ 4,976
Investments & Securities	36,686	51,946
Bank Premises & Equipment	392	1,168
Loans	109,012	86,114
Allowance for Loan Loss	(1,355)	(1,356)
Loans, net	107,657	84,758
Other Assets	4,629	3,521
<b>Total Assets</b>	<b>\$ 154,292</b>	<b>\$ 146,369</b>
<b>LIABILITIES</b>		
Deposits		
Non Interest Demand	46,162	40,899
Interest Bearing Demand	10,968	11,413
Savings & Money Market	49,174	43,732
Certificates of Deposit	30,572	34,287
<b>Total Deposits</b>	<b>136,876</b>	<b>130,331</b>
Other Liabilities	3,439	452
<b>Total Liabilities</b>	<b>140,315</b>	<b>130,783</b>
<b>CAPITAL</b>		
Common Stock	14,526	13,949
Preferred Stock - TARP	-	2,146
Retained Earnings	(814)	(637)
Current Earnings	265	128
<b>Total Capital</b>	<b>13,977</b>	<b>15,586</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 154,292</b>	<b>\$ 146,369</b>

June 30,	Consolidated 2014	Bank Only 2013
<b>INTEREST INCOME</b>		
Interest & Fees on Loans	\$ 2,639	\$ 2,203
Income on Investments	89	106
<b>Total Interest Income</b>	<b>2,728</b>	<b>2,309</b>
<b>INTEREST EXPENSE</b>		
Time & Savings Deposits	91	125
Borrowed Funds	57	-
<b>Total Interest Expense</b>	<b>148</b>	<b>125</b>
Net Interest Income	2,580	2,184
Provision for Loan Losses	-	-
<b>Net Interest Income After Provision</b>	<b>2,580</b>	<b>2,184</b>
Service Charges	171	168
Mortgage Broker Fees	16	67
Other Operating Income	45	50
<b>Total Other Income</b>	<b>232</b>	<b>285</b>
<b>OPERATING EXPENSE</b>		
Personnel Expense	1,232	1,124
Occupancy & Equipment	268	260
Promotion	112	107
Supplies	75	78
Professional Services	275	331
Other	408	344
<b>Total Operating Expense</b>	<b>2,370</b>	<b>2,244</b>
<b>Income Before Provision for Income Taxes</b>	<b>442</b>	<b>225</b>
Provision for Taxes	177	97
<b>Net Income</b>	<b>\$ 265</b>	<b>\$ 128</b>



[ojaicommunitybank.com](http://ojaicommunitybank.com)

The Bank holding company formation was completed on September 26, 2013.  
The financial data for June 30, 2013 is for the Bank only.

OJAI COMMUNITY BANK

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