



### 3rd QUARTER SHAREHOLDERS REPORT

September 30, 2016

Dear Shareholders:

OCB Bancorp continues its strong path of good performance. Balance sheet and earnings growth remain on a strategic upward trend for 2016 as local economies continue to build and our market share continues to increase.

Year over year growth has been very good. Total loans have increased by \$42 million, or 26%, to reach \$202 million. This is a significant milestone and I believe no other locally headquartered bank in Ventura County (other than Bank of A. Levy in the 1980's) has hit this mark. This is a tribute to our lending success in serving our local market.

Net income for the first nine months of 2016 was \$851 thousand compared to \$622 thousand earned during the first nine months of 2015. This represents a 37% increase. Earnings per share, year to date, were \$0.37 and our book value has increased to \$7.35. Market value of our stock is stable at the \$7.50 level.

Credit quality remains very good, with no loans past due more than 30 days at the end of the quarter. We continue to market one bank-owned property, however, we are looking toward a positive resolution in the coming months.

The branches continue to do well in their respective markets. As we approach our two-year anniversary in Santa Barbara, we have generated approximately \$36 million in loans and \$20 million in deposits due to the high level of staff activity. The Santa Paula and Ojai branches remain stable and growing. Ventura is exceeding expectations, benefiting from our new location and a recent local bank merger.

Ventura County and the Central Coast continue to be excellent markets for community banking. The area demographics match our banking model well. We provide high levels of personalized, trusted service and continue to maintain new technology standard to our industry.

Our bank, once again, won the "Best Bank in Ojai" award from the Ojai Valley News "Best of" poll. This is our sixth consecutive year. In addition, this year we won "Best Mortgage Service", significant since both the mortgage world is more complicated after government regulatory increases and we now have considerable local competition. Our compliance level is high and our mortgages clean. Peter Hart, head of our mortgage department, is doing a terrific job.

Earning this Ojai award is meaningful in that this business model of success is replicated in all our branches. Each branch maintains the same award-winning service, loan and decision-making flexibility and value in their respective markets. This consistency provides us with a competitive advantage—reflected in increased market share, customer loyalty and proven success. I am pleased with both the products we offer that meet market demand, and the acceptance of our market products.

We have a great staff, strong financials and a bright future. We thank you for your continued support. As always, we are happy to discuss the report further, provide additional information and answer your questions. Contact Dave Brubaker, President/CEO, at our main office located at 402 W. Ojai Avenue, Ojai CA 93023, [dbrubaker@ojaicommunitybank.com](mailto:dbrubaker@ojaicommunitybank.com) or you may call me directly at 805-633-2444.

Sincerely,

David F. Brubaker  
President/CEO

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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## Statement of Condition

In Thousands - Unaudited



## Statement of Operations

In Thousands - Unaudited

September 30,	Consolidated 2016	Consolidated 2015
<b>ASSETS</b>		
Cash and Due from Banks	\$ 6,414	\$ 6,663
Investments & Securities	44,457	26,819
Bank Premises & Equipment	1,048	390
Loans	201,953	160,250
Allowance for Loan Loss	(2,602)	(1,951)
Loans, net	199,350	158,299
Other Assets	10,059	6,145
<b>Total Assets</b>	<b>\$ 261,328</b>	<b>\$ 198,317</b>
<b>LIABILITIES</b>		
Deposits		
Non Interest Demand	\$ 78,797	\$ 65,061
Interest Bearing Demand	12,813	11,442
Savings & Money Market	97,149	61,720
Certificates of Deposit	24,624	26,454
<b>Total Deposits</b>	<b>213,384</b>	<b>164,677</b>
Other Liabilities	31,839	18,835
<b>Total Liabilities</b>	<b>245,223</b>	<b>183,512</b>
<b>CAPITAL</b>		
Common Stock	15,237	15,087
Preferred Stock - TARP	-	-
Retained Earnings	16	(905)
Current Earnings	851	622
<b>Total Capital</b>	<b>16,105</b>	<b>14,805</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 261,328</b>	<b>\$ 198,317</b>

September 30,	Consolidated 2016	Consolidated 2015
<b>INTEREST INCOME</b>		
Interest & Fees on Loans	\$ 7,055	\$ 5,378
Income on Investments	146	109
<b>Total Interest Income</b>	<b>7,201</b>	<b>5,487</b>
<b>INTEREST EXPENSE</b>		
Time & Savings Deposits	230	108
Borrowed Funds	427	158
<b>Total Interest Expense</b>	<b>658</b>	<b>266</b>
Net Interest Income	6,543	5,221
Provision for Loan Losses	333	342
<b>Net Interest Income After Provision</b>	<b>6,210</b>	<b>4,879</b>
Service Charges	265	233
Mortgage Broker Fees	83	70
Other Operating Income	141	150
<b>Total Other Income</b>	<b>489</b>	<b>453</b>
<b>OPERATING EXPENSE</b>		
Personnel Expense	3,240	2,681
Occupancy & Equipment	548	473
Promotion	322	243
Supplies	188	174
Professional Services	493	449
Other	502	277
<b>Total Operating Expense</b>	<b>5,292</b>	<b>4,297</b>
<b>Income Before Provision for Income Taxes</b>	<b>1,407</b>	<b>1,034</b>
<b>Provision for Taxes</b>	<b>555</b>	<b>412</b>
<b>Net Income</b>	<b>\$ 851</b>	<b>\$ 622</b>
<b>Diluted Income per Share</b>		
	\$	0.37
<b>Tangible Book Value</b>		
	\$	7.35
<b>Average Earning Assets to Average Assets</b>		
		93.77%



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The Bank holding company formation was completed on September 26, 2013.