

Dear Shareholders:

As we celebrate the arrival of 2017, it is gratifying to look back at our many accomplishments. OCB Bancorp continues to generate strong performance as a result of our community banking team and their high level of customer service. We benefited from a growing local economy and witnessed an increasing number of consumers migrating their accounts from big banks. These changes contributed to our strong earnings and helped us maintain good credit quality.

Our return on equity, your invested capital, increased to 8.06% in 2016. Bancorp net income was \$1.282 million in 2016, an increase of \$361,000 or 39% over our 2015 results. This represents earnings per share of \$0.59 resulting in a book value of \$7.58. Taking into account an average market price earnings (PE) ratio of 15 times EPS, our recent stock price of \$8.65 is properly valued in the market. This very good performance was achieved as the result of continued efforts by management to contain costs, increase earning assets and monitor credit.

Through our wholly owned subsidiary, Ojai Community Bank (OCB), total loans finished the year at \$209 million, an increase of \$33 million, or 18.5%. This continues to be a major source of increased income as we continue to build our core business. As the only community bank headquartered in Ventura County, we are seeing a good selection of loan and relationship opportunities as our model continues to be attractive to the local demographic.

Our four divisions continue their upward momentum as each meet the unique needs of their respective market. Our staff is dedicated to the customer experience and we strive to bring innovative technology to our marketplace.

In the first quarter of 2017, we will be introducing new deposit scanning ATMs. This technology allows customers to scan a check deposit and get cash back immediately. In addition, we will be introducing mobile banking and mobile capture allowing our clients to bank on their phones. This includes a feature for clients to take photos of checks with their mobile device for easy deposit. As the market landscape changes, maintaining relevant technologies is important.

Our routine third-party audits for 2016 resulted positively. These audits include reviews of cyber security, money laundering, credit and compliance. All results were very good with no major recommendations or findings. This process helps maintain tight overview of the numerous risks, laws and regulations necessary to remain in good standing with the FDIC and other regulators.

Loan origination and strong credit quality remain a key priority. Our goal is to ensure that we are making smart loans that assist both the borrower and the bank. Because of our structure, we are not constrained by complex decision-making matrices, rather we are able to review accounts on a one-to-one basis and act accordingly. This is the strength and flexibility of community banking.

We continue to see outside banking consolidation. This provides us great opportunity in certain markets. Recently, Founders Bank and Heritage Oaks Bank in the Central Coast were acquired, opening the doors for our Santa Barbara office to see an increase in deposits and loans.

We are pleased 2016 was a successful year as our community banking team continued to grow earnings and further expand existing high quality relationships. As always, we are happy to discuss the report further, provide more detailed information and answer your questions. Contact Dave Brubaker, President/CEO, by phone or email at 805-633-2444 or dbrubaker@ojaicommunitybank.com. Thank you.

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.

OJAI
COMMUNITY BANK
Banking for You!

402 W. Ojai Ave.
Ojai, CA 93023
PHONE 805.646.9909

VENTURA
COMMUNITY BANK
a division of Ojai Community Bank

89 S. California St., Ste. 100
Ventura, CA 93001
PHONE 805.642.9955

SANTA PAULA
COMMUNITY BANK
a division of Ojai Community Bank

537 W. Harvard Blvd.
Santa Paula, CA 93060
PHONE 805.525.2137

SANTA BARBARA
COMMUNITY BANK
a division of Ojai Community Bank

21 E. Carrillo St., Ste. 160
Santa Barbara, CA 93101
PHONE 805.965.8343

Statement of Condition

In Thousands - Unaudited



Statement of Operations

In Thousands - Unaudited

December 31,	Consolidated 2016	Consolidated 2015
ASSETS		
Cash and Due from Banks	\$ 7,004	\$ 5,929
Investments & Securities	33,113	23,570
Bank Premises & Equipment	1,011	381
Loans	209,183	176,462
Allowance for Loan Loss	(2,647)	(2,111)
Loans, net	206,536	174,351
Other Assets	10,300	9,685
Total Assets	\$ 257,963	\$ 213,916
LIABILITIES		
Deposits		
Non Interest Demand	\$ 78,038	\$ 71,037
Interest Bearing Demand	14,329	11,725
Savings & Money Market	91,769	68,913
Certificates of Deposit	24,553	25,878
Total Deposits	208,688	177,553
Other Liabilities	32,685	21,209
Total Liabilities	241,373	198,762
CAPITAL		
Common Stock	15,291	15,138
Preferred Stock - TARP	-	-
Retained Earnings	16	(905)
Current Earnings	1,282	921
Total Capital	16,589	15,154
TOTAL LIABILITIES AND CAPITAL	\$ 257,963	\$ 213,916

December 31,	Consolidated 2016	Consolidated 2015
INTEREST INCOME		
Interest & Fees on Loans	\$ 9,567	\$ 7,509
Income on Investments	213	146
Total Interest Income	9,780	7,655
INTEREST EXPENSE		
Time & Savings Deposits	345	155
Borrowed Funds	613	239
Total Interest Expense	958	394
Net Interest Income	8,822	7,261
Provision for Loan Losses	375	546
Net Interest Income After Provision	8,447	6,715
Service Charges	356	319
Mortgage Broker Fees	118	90
Other Operating Income	236	192
Total Other Income	710	600
OPERATING EXPENSE		
Personnel Expense	4,369	3,633
Occupancy & Equipment	729	610
Promotion	410	334
Supplies	248	236
Professional Services	621	606
Other	660	375
Total Operating Expense	7,038	5,795
Income Before Provision for Income Taxes	2,120	1,521
Provision for Taxes	838	600
Net Income	\$ 1,282	\$ 921
Diluted Income per Share	\$ 0.56	
Tangible Book Value	\$ 7.58	
Average Earning Assets to Average Assets		93.93%



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