



LIGHTHOUSE BANK POSTS RECORD EARNINGS

SANTA CRUZ, Calif., April 15, 2011 -- Locally owned Lighthouse Bank (OTC Bulletin Board: LGHT.OB) posted a \$324 thousand profit for the 1st quarter ended March 31, 2011, representing the 7th consecutive quarter of profitable operations and record quarterly earnings for the three year old Bank. Earnings for the 1st quarter of 2011 eclipsed the previous quarterly record of \$229 thousand and represented a 333% increase in earnings compared to the 1st quarter of 2010. Shareholders' equity increased by \$313 thousand to \$17.6 million during the 1st quarter of 2011. The Bank continued to experience growth in deposits, while gross loans increased only modestly due to the payoff of three large construction loan transactions.

Lighthouse Bank has maintained capital that is substantially in excess of the "well capitalized" designation established by financial regulators. The Bank's loan loss reserve is conservatively maintained, which, at 3.06% of gross loans, is well above the industry standard. The loan loss reserve was increased by \$195 thousand during the quarter in anticipation of future loan growth. The added provision was not the result of deterioration in loan quality. During its three years of operation, Lighthouse Bank has not experienced a loan loss and had no past due loans in excess of 30 days at March 31, 2011. Total nonperforming assets of \$2.5 million consisted of three pieces of residential real estate owned by the Bank, all of which are listed for sale and the largest of which is under contract for sale. No future losses are anticipated from the disposition of these assets.

ABOUT LIGHTHOUSE BANK:

Lighthouse Bank is a locally owned and operated commercial bank located in Santa Cruz, CA. The Bank offers a full array of banking products and services to businesses, professionals, individuals, developers and commercial property owners. The Bank is dedicated to providing exceptional personalized service and access to decision makers who are always close at hand. The Bank offers a unique worldwide ATM fee rebate program and complimentary business courier service which expands the geographical reach of its banking office location throughout Santa Cruz County. Lighthouse Bank is committed to operating an open, ethical and financially successful company. All decisions are intended to contribute to the long-term success of its clients, employees, owners and the community it serves. Lighthouse Bank received no TARP funds and has neither accepted nor requested government assistance of any kind.

Lighthouse Bank is located at 111 Mission Street in Downtown Santa Cruz, CA. Lighthouse Bank's common stock is listed on the Over-the-Counter (OTC) Bulletin Board under the stock symbol LGHT.OB. The Bank will hold its annual owners meeting at 4:00PM on Thursday, May 19, 2011 at the Museum of Art & History located in downtown Santa Cruz. More Information on the Bank may be obtained through its website www.lighthousebank.net or by calling 831-600-4000.

This release may contain forward-looking statements that are subject to risks and uncertainties. Such risks and uncertainties may include but are not necessarily limited to fluctuation in interest rates, inflation, government regulations and general economic conditions, and competition within the business areas in which the Bank is conducting its operations, including the real estate market in California and other factors beyond the Bank's control. Such risks and uncertainties could cause results for subsequent interim periods or for the entire year to differ materially from those indicated. Readers should not place undue reliance on the forward looking statements, which reflect management's view only as of the date hereof. The Bank undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.



Selected Financial Data (unaudited)

Quarter-Ended		Change		Quarter-ended	Change	
3/31/2011	12/31/2010	\$	%	3/31/2010	\$	%

Balance Sheet

Total assets	\$ 115,072,209	\$ 116,829,629	\$ (1,757,420)	-2%	\$ 98,140,021	\$ 16,932,188	17%
Gross loans	69,391,786	69,185,059	206,727	0%	54,836,575	14,555,211	27%
Allowance for loan losses	2,120,000	1,925,000	195,000	10%	1,464,000	656,000	45%
Non interest-bearing deposits	17,572,660	20,258,708	(2,686,048)	-13%	12,366,233	5,206,427	42%
Total deposits	97,056,654	96,178,830	877,824	1%	74,189,211	22,867,443	31%
Shareholders' equity	17,602,418	17,289,676	312,742	2%	16,547,365	1,055,053	6%

Income Statement

Interest income	1,548,674	1,435,184	113,490	8%	1,180,844	367,830	31%
Interest expense	167,580	172,171	(4,591)	-3%	183,866	(16,286)	-9%
Net interest income	1,381,094	1,263,013	118,081	9%	996,978	384,116	39%
Provision for loan losses	195,000	161,000	34,000	21%	80,000	115,000	144%
Non-interest income	53,369	32,242	21,127	66%	41,047	12,322	30%
Non-interest expense	915,551	904,805	10,746	1%	883,266	32,285	4%
Net income	<u>\$ 323,912</u>	<u>\$ 229,450</u>	<u>\$ 94,462</u>	41%	<u>\$ 74,759</u>	<u>\$ 249,153</u>	333%
Net income excluding loan loss provisions	\$ 518,912	\$ 390,450	128,462	33%	\$ 154,759	\$ 364,153	235%
Earnings per share (basic)	\$ 0.28	\$ 0.21	\$ 0.07	33%	\$ 0.08	\$ 0.20	235%
Book value per share	\$ 9.50	\$ 9.33	\$ 0.17	2%	\$ 8.93	\$ 0.57	6%

Ratios

Net interest margin	4.97%	4.58%	4.55%
Equity capital-to-total assets	15.3%	14.8%	16.9%