



Lighthouse Bank Growth Continues, Bank Posts Strong Performance in 2010

SANTA CRUZ, Calif., Jan. 24, 2011 /PRNewswire/ -- Locally owned Lighthouse Bank (OTC Bulletin Board: LGHT) posted a \$229 thousand profit for the 4th quarter ended December 31, 2010, representing the sixth consecutive quarter of profitable operations and record quarterly earnings for the three year old Bank. Profit for the fiscal year ended December 31, 2010 was \$647 thousand with total assets increasing to \$116.8 million. For the 12-month period, shareholders' equity increased by \$906 thousand to \$17.3 million. The Bank continued to experience solid growth in loans and deposits which year over year increased by \$14.0 million and \$25.7 million, respectively.

In September of 2010, Lighthouse Bank was granted Preferred Lender (PLP) Status by the Small Business Administration. As a Preferred Lender, the Bank is permitted to make decisions on behalf of the SBA which significantly shortens the loan approval process. This accomplishment highlights the Bank's focus on expanding business lending within Santa Cruz County.

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 also conservatively maintained at 2.78% of gross loans which is well above the industry standard. The loan loss reserve was increased by \$541 thousand during the year as a result of loan growth. The increased reserve was not the result of deterioration in loan quality. During its three years of operation, Lighthouse Bank has not experienced a loan loss. The Bank had one past due loan in excess of 30 days at 12-31-10, which is now current. Total nonperforming assets of \$2.6 million consist of three pieces of residential real estate owned by the Bank. All the properties are listed for sale, 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. 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. The Bank moved into profitable operations without accepting government assistance of any kind, while shouldering the burden of increased FDIC Insurance premiums brought about by the failures within the industry.

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. 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			Quarter-ended		Year-to-Date Ended		
	12/31/2010	9/30/2010	%	12/31/2009	%	12/31/2010	12/31/2009	%
Balance Sheet								
Total assets	\$ 116,829,629	\$ 106,370,537	10%	\$ 91,154,618	28%			
Gross loans	69,185,059	67,796,965	2%	55,137,090	25%			
Allowance for loan losses	1,925,000	1,764,000	9%	1,384,000	39%			
Non interest-bearing deposits	20,258,708	15,657,196	29%	12,454,194	63%			
Total deposits	96,178,830	85,982,978	12%	70,473,764	36%			
Shareholders' equity	17,289,676	17,023,894	2%	16,384,010	6%			
Income Statement								
Interest income	1,435,184	1,322,679	9%	1,147,139	25%	5,227,876	4,324,523	21%
Interest expense	172,171	171,626	0%	202,655	-15%	699,979	768,035	-9%
Net interest income	1,263,013	1,151,053	10%	944,484	34%	4,527,897	3,556,488	27%
Provision for loan losses	161,000	105,000	53%	109,000	48%	541,000	413,000	31%
Non-interest income	32,242	144,234	-78%	40,757	-21%	339,936	135,304	151%
Non-interest expense	904,805	974,913	-7%	837,703	8%	3,680,014	3,475,375	6%
Net income (loss)	\$ 229,450	\$ 215,374	7%	\$ 38,538	495%	\$ 646,819	\$ (196,583)	429%
Net income (loss) excluding loan loss provisions	\$ 390,450	\$ 320,374	22%	\$ 147,538		\$ 1,187,819	\$ 216,417	449%
Ratios								
Net interest margin	4.58%	4.55%		4.56%				
Equity capital-to-total assets	14.8%	16.0%		18.0%				