



**\*\*FOR IMMEDIATE RELEASE\*\***

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**Lighthouse Bank Nears Profitability, Equity Increases**

**SANTA CRUZ, CA: July 20, 2009** - After only 20 months of operations Lighthouse Bank continued to move closer to profitability during the 2<sup>nd</sup> quarter, posting a modest loss of \$74,018 for the quarter ending 6-30-09. The entire loss was attributed to an \$88,554 non cash charge pertaining to stock options. As a result, company equity actually increased for the quarter. Also included in 2<sup>nd</sup> quarter expense figures was a one-time special FDIC assessment levied on all insured financial institutions. The Bank recognized the full assessment immediately although payment is not due until later this year.

In spite of the current economic environment, Lighthouse Bank has grown steadily since opening in October 2007. Company performance has been consistent with, and in some cases exceeded the original business plan. Since inception, the Bank has acquired two pieces of real estate via foreclosure, yet anticipates no loss upon the sale of either property. As of 7-20-09 the Bank had no past due loans over 30 days and has not experienced a loan loss since opening.

**Selected Financial Data (unaudited)**

Quarter-Ended		Change	Year-to-Date Ended		Change
6/30/2009	3/31/2009	%	6/30/09	6/30/08	%

**Balance Sheet**

Total assets	\$ 74,860,863	\$ 70,786,478	6%	\$ 74,860,863	\$ 50,451,829	48%
Gross loans	48,213,758	49,593,226	-3%	48,213,758	27,684,443	74%
Allowance for loan losses	1,076,000	1,046,000	3%	1,076,000	416,000	159%
Non interest-bearing deposits	9,592,058	9,357,602	3%	9,592,058	7,290,847	32%
Total deposits	54,379,687	54,527,643	-0.3%	54,379,687	33,455,214	63%
Shareholders' equity	16,110,319	16,087,459	0.1%	16,110,319	16,892,743	-5%

**Income Statement**

Interest income	988,103	897,123	10%	\$ 1,885,226	\$ 1,125,458	68%
Interest expense	173,867	194,266	-11%	368,133	226,092	63%
Net interest income	814,236	702,857	16%	1,517,093	899,366	69%
Provision for loan losses	30,000	75,000	-60%	105,000	336,000	-69%
Non-interest income	28,836	23,147	25%	51,983	15,996	225%
Non-interest expense	887,090	865,533	2%	1,752,623	1,638,640	7%
Net loss	\$ (74,018)	\$ (214,529)	65%	\$ (288,547)	\$ (1,059,278)	73%
Net loss excluding loan loss provisions	\$ (44,018)	\$ (139,529)	68%	\$ (183,547)	\$ (723,278)	75%

**Ratios**

Net interest margin	4.70%	4.26%
Equity capital-to-total assets	21.5%	22.7%

**About Lighthouse Bank:** Lighthouse Bank is locally owned and operated in Santa Cruz County. The Bank offers a full array of banking products and services to businesses, professionals,

individuals, developers, and commercial property owners. Lighthouse Bank's common stock is listed on the Over-the-Counter (OTC) Bulletin Board under the stock symbol LGHT.OB. The Bank is located at 111 Mission Street in Downtown Santa Cruz, CA. More information on the Bank may be obtained through its website: [www.lighthousebank.net](http://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.*

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