



FOR IMMEDIATE RELEASE

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Lighthouse Bank Announces Third Quarter Results

SANTA CRUZ, CA: October 17, 2008 – Lighthouse Bank today announced financial results for the quarter ending September 30, 2008. The Bank continued to demonstrate consistent growth during the period with total assets increasing 29% from June 30th to \$65.0 million. For the same period, total deposits grew 45% to \$48.6 million, and total loans increased 34% to \$37.0 million. The Bank showed a net loss for the 3rd quarter of \$699 thousand of which \$468 thousand resulted from provisions to the loan loss reserve. Excluding these provisions, the quarterly net loss improved \$84 thousand over the prior quarter. The Bank believes increasing its reserves to a level well in excess of the industry norm is warranted given the current economic climate. Richard Hofstetter, President and CEO, stated, “Lighthouse Bank continues to implement its straight-forward business model of raising deposits from within the community, and lending back to the community. We do not engage in exotic lending or investment activities, nor have we been involved in sub-prime mortgage lending.” He continued, “It is also important to note that the loan loss expense represents a “reserve” allocation only. The Bank has not experienced a loan loss since opening nearly a year ago.”

Highlights of the Bank’s financial results are:

	<u>Quarter Ended</u> <u>09/30/2008</u>	<u>Quarter Ended</u> <u>06/30/2008</u>	<u>Change</u>
Total assets	\$65.0 million	\$50.5 million	29%
Gross loans	\$37.0 million	\$27.7 million	34%
Allowance for loan losses	\$884.0 thousand	\$416.0 thousand	113%
Total deposits	\$48.6 million	\$33.5 million	45%
Shareholders’ equity	\$16.3 million	\$16.9 million	-4%
Net loss	\$699.4 thousand	\$386.6 thousand	-81%

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 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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