



**LIGHTHOUSE
BANK**



Lighthouse Bank Reports Best Quarterly Earnings in Bank's Ten-Year History

Net Income up 95% over quarter-ended December 31, 2017

Santa Cruz, Calif., April 23, 2018 - Lighthouse Bank (OTC-QB: [LGHT](#)), a top-rated locally owned and operated community bank, today released unaudited financial results for the quarter-ended March 31, 2018. Net income was \$1.0 million, an increase of 95% over the prior quarter-ended December 31, 2017, and 46% over the same quarter in 2017. Total assets grew to a record \$269 million, an increase of \$34 million, or 14%, from the quarter-ended March 31, 2017.

These results represent the Bank's 35th successive quarter of profitable operations. Highlights for the first quarter results include: Loans increased by \$52 million, or 30% year-over-year, and deposits increased \$30.2 million, or 15%, compared to the quarter-ended March 31, 2017. In addition to increased loan yields, year-over-year profitability has benefited by a reduction in the Bank's effective tax rate.

For the quarter-ended March 31, 2018, total shareholders' equity increased by \$1.2 million to \$36 million. Year-over-year, shareholders' equity increased \$4 million, or 12%. In January, 2018 the Bank paid a \$0.09 per share quarterly cash dividend to shareholders. Since January 2015, the Bank has paid \$3,021,473 in cash dividends to shareholders.

Chief Executive Officer Lane Lawson commented, "We are extremely pleased with the Bank's first quarter performance, which represents the Bank's best quarterly earnings report in our ten year history. Our exceptional results continue to be driven by the dedication and efforts of our Board, Management and entire team of banking professionals."

In late 2017, Lighthouse Bank celebrated its 10th Anniversary and the opening of a second full-service branch location in Silicon Valley. Since opening, the Bank has established itself as a consistent elite performer, earning consecutive top rankings based on a variety of categories including asset quality, capital adequacy, return on average assets, return on average equity and operational efficiency.

Recognition and Awards Received:

- Three consecutive-years ranking in "**Nation's Top Ten Healthiest Banks**", by [depositaccounts.com](#).
- S&P Global Market Intelligence ranking as "**Nation's 11th Best-Performing Community Bank**" for 2017, of 4,383 banks of asset size under \$1 billion.
- Financial Management Consulting's "**Sixth Highest Performing Bank**" out of 159 California banks, based on overall performance.
- 23-consecutive quarters possessing "**Five-Star Superior**," the top rating by Bauer Financial.

- Seven consecutive-year achievement of “**Super Premier Performing Bank,**” the highest designation given by Findley Reports, Inc.

Annual Meeting Notice:

Lighthouse Bank’s Annual Meeting of Shareholders will be held on Thursday, May 17th at 5:00 pm at the Bank’s Santa Cruz Office at 2020 North Pacific Avenue, Santa Cruz, CA 95060.

ABOUT LIGHTHOUSE BANK:

Lighthouse Bank is a highly rated locally owned and operated full-service commercial bank with offices in Santa Cruz and Silicon Valley. The Bank’s Santa Cruz office and headquarters are located at 2020 North Pacific Avenue in Santa Cruz, CA. The Bank’s Silicon Valley office is located at 19240 Stevens Creek Blvd, Cupertino, 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 close at hand. Lighthouse Bank’s unique worldwide ATM fee waiver program and complimentary business courier service expand the Bank’s geographical reach throughout Santa Cruz County and the Silicon Valley.

Lighthouse Bank’s stock ([LGHT](#)) is actively traded via the Bank’s market makers and online and full-service brokerage providers. More information on the Bank and historical financial performance may be obtained through the Bank’s website at www.lighthousebank.net or by calling 831-600-4000.

Contact:

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The attached 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	
	3/31/2018	12/31/2017	\$	%	3/31/2017	\$	%	
Balance Sheet								
Total assets	\$ 268,978,242	261,063,542	\$ 7,914,700	3%	\$ 235,010,557	\$ 33,967,685	14%	
Gross loans	227,215,328	213,117,336	14,097,992	7%	175,368,255	51,847,073	30%	
Allowance for loan losses	4,907,530	4,688,529	219,001	5%	4,024,530	883,000	22%	
Non interest-bearing deposits	66,529,651	60,840,430	5,689,221	9%	50,180,883	16,348,768	33%	
Total deposits	232,707,740	226,090,556	6,617,184	3%	202,479,002	30,228,738	15%	
Shareholders' equity	35,579,552	34,378,372	1,201,180	3%	31,629,377	3,950,175	12%	
Income Statement								
Interest income	\$ 3,576,233	\$ 3,269,765	\$ 306,468	9%	\$ 2,719,094	\$ 857,139	32%	
Interest expense	150,487	150,016	471	0%	131,708	18,779	14%	
Net interest income	3,425,746	3,119,749	305,997	10%	2,587,386	838,360	32%	
Provision for loan losses	219,000	328,000	(109,000)	-33%	-	219,000	0%	
Net interest income after provision for loan losses	3,206,746	2,791,749	414,997	15%	2,587,386	619,360	24%	
Non-interest income	68,002	79,466	(11,464)	-14%	65,253	2,749	4%	
Non-interest expense	1,802,325	1,752,796	49,529	3%	1,472,253	330,072	22%	
Net income before taxes	1,472,423	1,118,419	354,004	32%	1,180,386	292,037	25%	
Income tax expense	434,040	585,186	(151,146)	-26%	471,261	(37,221)	-8%	
Net income	\$ 1,038,383	\$ 533,233	\$ 505,150	95%	\$ 709,125	\$ 329,258	46%	
Earnings per share (basic)	\$ 0.40	\$ 0.21	\$ 0.19	90%	\$ 0.29	\$ 0.11	38%	
Book value per share	\$ 13.76	\$ 13.45	\$ 0.31	2%	\$ 12.97	\$ 0.80	6%	
Ratios								
Net interest margin *	5.49%	5.01%			4.96%			
Equity capital-to-total assets	13.2%	13.2%			13.5%			
Return on Average Assets *	1.59%	0.82%			1.28%			
Return on Average Equity *	11.97%	6.16%			9.17%			
Allowance for Loan Losses-to-Total Loans	2.16%	2.20%			2.29%			
Non-Performing Assets-to-Total Assets	0.00%	0.0%			0.00%			
Efficiency Ratio *	51.6%	54.8%			55.5%			

* Average for period