



Santa Cruz County Bank and Lighthouse Bank Announce Agreement to Merge

Highlights of Announced Transaction

- Creates the Monterey Bay Area's premier community business bank with nearly \$1 billion in total assets upon estimated closing date: the largest community bank in the Monterey Bay Area with approximately 12.75% of deposits in Santa Cruz County based on FDIC data as of June 30, 2018.
- Enhances Santa Cruz County Bank's community bank dominance in the Monterey Bay Area with expansion into the Silicon Valley and more resources to execute strategic plans and additional growth opportunities.
- Combined company forms a high-performing franchise with industry recognized earnings, net interest margin and efficiency ratio, while maintaining pristine credit metrics.

Santa Cruz, CA, May 28, 2019: Santa Cruz County Bank (OTC Pink: SCZC) and Lighthouse Bank (OTC Pink: LGHT,) announced today that they have entered into an agreement and plan of reorganization and merger (the "Agreement"), pursuant to which Lighthouse Bank will merge with and into Santa Cruz County Bank in an all-stock transaction valued at approximately \$68.87 million or \$25.50 per Lighthouse Bank common share as of close of market on May 28, 2019. The merger will increase Santa Cruz County Bank's total assets to nearly \$1 billion on a pro forma basis with 7 full service banking offices in Santa Cruz and Santa Clara Counties.

Lighthouse Bank is a full-service community bank headquartered in Santa Cruz with a branch in Cupertino. As of March 31, 2019, Lighthouse Bank had approximately \$314 million in total assets and a return on average assets of 1.73% for the first quarter of 2019.

At closing, four directors from Lighthouse Bank, John Burroughs, Stephen Pahl, James Weisenstein and Craig French, will join the Santa Cruz County Bank Board of Directors. Jon Sisk, President of Lighthouse Bank, will join Santa Cruz County Bank as a Regional President. After a very successful twelve years, Lane Lawson, CEO, Director, and one of the original executive level employees at the inception of Lighthouse Bank, will retire at closing.

Under the terms of the Agreement, shareholders of Lighthouse Bank will receive a fixed exchange ratio of 0.5204 shares of Santa Cruz County Bank common stock in exchange for each share of Lighthouse Bank common stock. The exchange ratio is fixed, and the value of the merger consideration will fluctuate based on Santa Cruz County Bank's stock price. On a pro forma basis, the holders of Lighthouse Bank common shares will own approximately 36.0% of the issued and outstanding Santa Cruz County Bank common stock.

"We are excited to welcome Lighthouse Bank to our company. This merger creates tremendous opportunity for shareholders, employees and customers of both banks, all of whom stand to benefit greatly. The merger offers all shareholders both immediate value and the opportunity to participate in potential upside as the bank generates momentous growth from its market-focused community banking strategy. Planning for the integration of these two banks is in progress and we expect to expeditiously realize the full value of the cost synergies we have identified," said William Hansen, Chairman of Santa Cruz County Bank.

David Heald, Santa Cruz County Bank President and CEO added, “We are very pleased to welcome Lighthouse Bank’s board members, executives and employees to our team and look forward to their contributions to our combined premier performing institution. Together, we will achieve even greater milestones. We have all worked together in our community for many years and have tremendous mutual respect. Individuals who choose to bank with community driven institutions over the major banks recognize our shared values of community reinvestment, high-touch customer service, and local decision-making. These fundamentals will not change.”

“Lighthouse has long regarded Santa Cruz County Bank and shares similar values, celebrating community and a commitment to excellent customer service and shareholder returns,” remarked John Burroughs, Chairman of Lighthouse Bank. “We have tremendous respect for the leadership at Santa Cruz County Bank, many of whom are former colleagues,” said Jon Sisk, President of Lighthouse Bank. “We’re thrilled to come together with their team, and to expand the breadth and depth of service and resources for our customers. The blending of two of the nation’s top-performing banks, each of them founded and headquartered in Santa Cruz, will deliver a premier banking experience for our community.”

The boards of Santa Cruz County Bank and Lighthouse Bank have unanimously approved the transaction, which is subject to customary closing conditions, including the approvals of state and federal bank regulatory agencies and the shareholders of both Lighthouse and Santa Cruz and other conditions specified in the Agreement. The transaction is expected to close in the third quarter of 2019.

FIG Partners acted as financial advisor to Santa Cruz County Bank in the transaction. Gary Steven Findley & Associates is legal counsel to Santa Cruz County Bank. Sandler O’Neill + Partners, L.P. acted as financial advisor to Lighthouse Bank. Stuart | Moore | Staub is legal counsel to Lighthouse Bank.

As of March 31, 2019, on a pro forma consolidated basis, the combined company of Santa Cruz County Bank and Lighthouse Bank would have approximately \$982 million in total assets, \$706 million in total loans, and \$854 million in total deposits.

About Santa Cruz County Bank

Santa Cruz County Bank, founded in 2004, is a top rated, locally owned and operated full-service community bank headquartered in Santa Cruz, California. The bank operates five branches located in Aptos, Capitola, Santa Cruz, Scotts Valley and Watsonville. The bank offers a variety of competitive deposit and lending solutions for businesses and individuals; including business loans, lines of credit, commercial real estate financing, agricultural loans, SBA and USDA government guaranteed loans, credit cards, merchant services, remote deposit capture, mobile and online banking, bill payment, and cash management. The bank’s SBA Department has been recognized as a top SBA lender in Santa Cruz County and in the Silicon Valley. Santa Cruz County Bank is a top USDA lender in the state of California. Santa Cruz County Bank stock is publicly traded on the OTC marketplace under the stock symbol SCZC. Stock purchase orders may be placed through a brokerage firm or one of the Market Makers listed in the Investor Relations section of Santa Cruz County Bank’s website.

For more information about Santa Cruz County Bank, visit www.sccountybank.com.

About Lighthouse Bank

Lighthouse Bank, founded in 2007, is a highly rated locally owned and operated full-service community bank with offices in Santa Cruz and Silicon Valley. The Bank’s dedication to

providing personalized relationship-based service and easy access to decision makers give its customers a refreshing alternative to "big banking". Lighthouse Bank further supports this commitment by offering unique services such as worldwide surcharge free ATM/Debit Cards, remote deposit capture, and complimentary business courier service throughout Santa Cruz County. Lighthouse is also focused on supporting the community and actively participates and donates to local non-profits, including a match of employees' donations to non-profits of their choice. Lighthouse offers a variety of competitive deposit and lending solutions for businesses and individuals; including loans, lines of credit, construction and commercial real estate financing, SBA government guaranteed loans, credit cards, merchant services, mobile banking, remote deposit capture, and online banking bill payment and cash management. Lighthouse Bank stock is actively traded under the symbol LGHT.

For more information about Lighthouse Bank, visit www.lighthousebank.com.

Forward-Looking Statements

This press release contains certain forward-looking information about Santa Cruz County Bank ("Santa Cruz"), Lighthouse Bank ("Lighthouse"), and the combined company after the close of the merger and is intended to be covered by the safe harbor for "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are forward-looking statements. Such statements involve inherent risks, uncertainties, and contingencies, many of which are difficult to predict and are generally beyond the control of Santa Cruz, Lighthouse and the combined company. Santa Cruz and Lighthouse caution readers that a number of important factors could cause actual results to differ materially from those expressed in, or implied or projected by, such forward-looking statements. Risks and uncertainties for each institution and the combined institution include, but are not limited to the ability of the parties to complete the merger; government approval may not be obtained or adverse regulatory conditions may be imposed in connection with governmental approvals of the merger; approval by the shareholders of Santa Cruz and Lighthouse may not be obtained; the successful integration of Lighthouse, or achieving expected beneficial synergies and/or operating efficiencies, in each case might not be obtained within expected time-frames or at all; and the possibility that personnel changes/retention will not proceed as planned. All forward-looking statements included in this press release are based on information available at the time of the communication. Pro forma, projected and estimated numbers are used for illustrative purposes only and are not forecasts, and actual results may differ materially. We are under no obligation to (and expressly disclaim any such obligation to) update or alter our forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.