

Lighthouse Bank (OTC Pink: LGHT; Santa Cruz, CA) has agreed to merge with Santa Cruz County Bank (OTC Pink: SCZC; Santa Cruz, CA)

Deal Value: Approximately \$68.9 Million

Sandler O'Neill acted as exclusive financial advisor and rendered a fairness opinion to Lighthouse Bank in this transaction.

This transaction represents Sandler O'Neill's 222nd bank or thrift transaction nationwide since January 1, 2015 representing \$66.9 billion in aggregate transaction value. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions and for a greater aggregate transaction value than any other investment bank during that time period.¹

Santa Cruz, California – 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. 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. The merger creates the Monterey Bay Area's premier community business bank with nearly \$1 billion in total assets upon estimated closing date and the largest community bank in the Monterey Bay Area with approximately 12.75% of deposits in Santa Cruz County.²

"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," 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."

"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.

The boards of Santa Cruz County Bank and Lighthouse Bank have unanimously approved the transaction.

Financial Highlights (\$ millions)³

	<u>SCZC</u>	<u>LGHT</u>
Total Assets	\$668	\$314
Net Loans	\$475	\$231
Deposits	\$582	\$272
Equity	\$71	\$40
YTD ROAA	1.78%	1.73%
TCE / TA	10.7%	12.8%

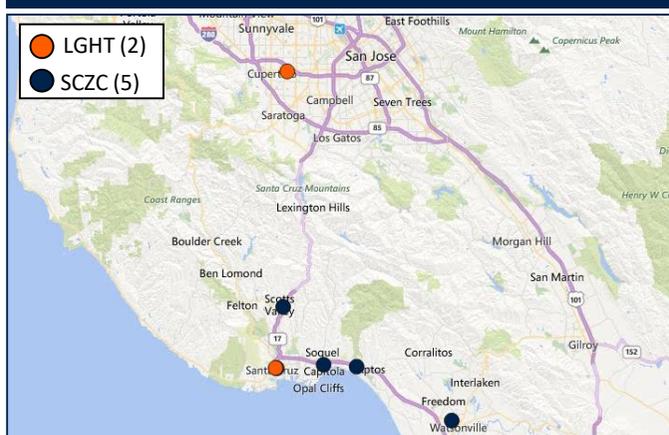
1: Excludes terminated transactions and self-advisory roles

2: FDIC Deposit data as of June 30, 2018

3: Financial data as of March 31, 2019

Source: S&P Global Market Intelligence, Press Release

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