

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Manchester Financial Bank, N.A.
La Jolla, California

Application for Federal Deposit Insurance

ORDER

The FDIC has satisfactorily resolved the factors enumerated in section 6 of the Federal Deposit Insurance Act, as they relate to the application for Federal deposit insurance submitted by Manchester Financial Bank, N.A., a proposed new bank to be located in La Jolla, California. Accordingly, it is hereby ORDERED that the application be approved, subject to the following conditions:

1. Beginning paid-in capital funds shall not be less than \$20,000,000.
2. The institution's Tier 1 capital to assets leverage ratio (as defined in the appropriate capital regulation and guidance from the institution's primary federal regulator) shall be maintained at not less than twelve percent (12%) throughout the first three years of operation and an adequate allowance for loan and lease losses will be provided.
3. Any changes in proposed management or the proposed ownership of 10% or more of stock, including new acquisitions of or subscriptions to 10% or more of stock, shall be approved by the FDIC prior to opening.
4. An accrual accounting system shall be adopted for maintaining the financial records of the institution.
5. Federal deposit insurance shall not become effective until the applicant is authorized to operate as a National Bank by the appropriate Federal authority.
6. Where applicable, the applicant has submitted any proposed contracts, leases, or agreement relating to construction or rental of permanent quarters to the appropriate Regional Director for review and comment.
7. Where applicable, full disclosure has been made to all proposed directors and stockholders of the facts concerning the interest of any insider in any transactions being effected or then contemplated, including the identity of the parties to the transaction and the terms and costs involved. An insider is one who is or is proposed to be a director, officer, or incorporator of an applicant; a shareholder who directly or indirectly controls 10 or more percent of any class of the applicant's outstanding voting stock; or the associates or interests of any such person.
8. The persons(s) selected to serve as the principal operating officers(s) shall be acceptable to the appropriate FDIC regional director (DSC).

9. Prior to the effective date of Federal deposit insurance, the institution shall obtain surety bond coverage in a sufficient amount to conform to generally accepted banking practices.
10. If the institution does not commence operations within twelve months from the date of this ORDER, the consent granted herein shall expire, unless the Corporation approves a request for an extension of the deadline prior to the expiration. In the interim, the Corporation shall have the right to alter, suspend, or withdraw this approval should any development warrant such action.

By Order of the Regional Director of the San Francisco Regional Office, acting pursuant to delegated authority for the Board of Directors of the FDIC.

Dated at San Francisco, California this 24 day of ~~October~~ 2008.

/s/

Stan Ivie
Regional Director