

FEDERAL DEPOSIT INSURANCE CORPORATION

In Re: San Diego Private Bank (In Organization)
La Jolla, San Diego County, California
Application for Federal Deposit Insurance
(Deposit Insurance Fund)

ORDER

The undersigned, acting on behalf of the Board of Directors pursuant to delegated authority, has fully considered all available facts and information relevant to the factors of Section 6 of the Federal Deposit Insurance Act relating to the application for Federal deposit insurance for San Diego Private Bank (the Bank), a proposed new bank to be located at 9404 Genesee Avenue, La Jolla, San Diego County, California, and has concluded that the application should be approved.

Accordingly, it is hereby **ORDERED**, for the reasons set forth in the attached Statement, that the application submitted by the Bank for Federal deposit insurance be and the same hereby is approved subject to the following conditions:

1. That beginning paid-in capital funds of not less than \$12,000,000 be provided.
2. That 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 eight percent (8%) throughout the first three years of operation and that an adequate allowance for loan and lease losses will be provided.
3. That the institution shall operate within the parameters of the business plan submitted as part of the institution's application for deposit insurance. During its first three years of operation, the institution shall i) give the Regional Director of the FDIC's San Francisco Regional Office at least sixty (60) days prior written notice of the Bank's intent to significantly deviate from or change its business plan or operations, and ii) obtain the Regional Director's written determination of nonobjection before the Bank engages in any significant deviation or change from its business plan or operations.
4. That 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.
5. That an accrual accounting system shall be adopted for maintaining the financial records of the institution.
6. That Federal deposit insurance shall not become effective until the applicant is authorized to operate as a State bank by the appropriate State authority.
7. That 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.

8. That 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.
9. That 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. That the institution shall obtain an audit of its financial statements by an independent public accountant annually for at least the first three years after deposit insurance is effective and shall submit to the appropriate FDIC Regional Director, (i) a copy of the audited annual financial statements and the independent public auditor's report thereon within 90 days after the end of the depository institution's fiscal year, (ii) a copy of any other reports by the independent auditor (including any management letters) within 15 days after their receipt by the institution, and (iii) written notification within 15 days when a change in the institution's independent auditor occurs.
11. That no dividends will be paid by the Bank during the first three years of operations without the prior approval of the FDIC Regional Director.
12. That until the bank is established, the Corporation shall have the right to alter, suspend, or withdraw the said commitment should any interim development warrant such action.

If deposit insurance has not become effective 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; and

By Order of the Associate Director, Division of Supervision and Consumer Protection, acting pursuant to delegated authority for the Board of Directors of the FDIC.

Dated at Washington, D.C. this 26th day of July, 2006.

FEDERAL DEPOSIT INSURANCE CORPORATION

/s/

BY:

Lisa K. Roy
Associate Director
Division of Supervision and Consumer Protection

FEDERAL DEPOSIT INSURANCE CORPORATION

**In Re: San Diego Private Bank (In organization)
La Jolla, San Diego County, California
Application for Federal Deposit Insurance
(Deposit Insurance Fund)**

STATEMENT

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Act (12 U.S.C. §1815), an application for Federal deposit insurance has been filed for San Diego Private Bank (the Bank), a proposed new California state non-member bank, to be located at 9404 Genesee Avenue, La Jolla, San Diego County, California.

The Bank will be a niche bank that will focus on meeting the private banking needs of affluent customers in the target communities of La Jolla, Del Mar, and Rancho Santa Fe. The Bank will offer traditional loan and deposit products which have been tailored to meet the needs of more affluent customers. The Bank will also offer loan and deposit products that meet the needs of the local community in an effort to foster economic development and further the goals of the Community Reinvestment Act.

For the purposes of this proposal, capital and management are considered satisfactory, projections for future earnings prospects are favorable, and the investment in fixed assets is reasonable. Corporate powers to be exercised are consistent with the purpose of the Federal Deposit Insurance Act. No formal objections to this proposal have been filed and no undue risk to the insurance fund is apparent.

Accordingly, based upon careful evaluation of all available facts and information, the Associate Director, acting under delegated authority, has concluded that approval of the application is warranted, subject to certain prudential conditions.

**ASSOCIATE DIRECTOR
DIVISION OF SUPERVISION AND CONSUMER PROTECTION
FEDERAL DEPOSIT INSURANCE CORPORATION**