

BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
OF THE STATE OF CALIFORNIA

In the Matter of:)
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NANO BANC) ORDER
) (Fin. Code, § 580)
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WHEREAS, Nano Banc (“Bank”) is a state-chartered bank authorized by the Commissioner of the Department of Financial Protection and Innovation (“Department”) to engage in banking;

WHEREAS, by and through its board of directors (“Board”), the Bank has executed a Waiver and Consent to the issuance of an order (“Waiver and Consent”), dated March 6, 2026, that is accepted by the Commissioner. With the Waiver and Consent, the Bank has consented to the issuance of this Order pursuant to Financial Code section 580.

Pursuant to Financial Code section 580, the Commissioner hereby orders:

CAPITAL

1. Within one hundred twenty (120) days of the date of this Order, the Bank shall take one or more of the following actions:

A. Increase the tangible shareholders’ equity ratio to equal to or greater than nine and one-half (9 ½) percent. Thereafter, the Bank shall maintain a tangible shareholders’ equity ratio of equal to or greater than nine and one-half (9 ½) percent for the life of this Order. For purposes of this Order, the term “tangible shareholders’ equity ratio” means shareholders’ equity minus intangible assets divided by total assets minus intangible assets. The level of tangible shareholders’ equity to be maintained pursuant to this Paragraph shall be in addition to a fully funded allowance for credit losses (“ACL”).

B. Enter into a definitive agreement to merge the Bank with and into an insured depository institution acceptable to the Commissioner, or to sell the Bank to an acquirer acceptable

1 to the Commissioner. The Board shall provide the Commissioner with a copy of the definitive
2 agreement immediately upon entering into it.

3 C. Provide a plan acceptable to the Commissioner to voluntarily liquidate.

4 LIQUIDITY

5 2. The Bank shall maintain sufficient on balance sheet liquidity levels that are
6 commensurate with the risk profile of the Bank and ensure that the Bank can meet all contractual
7 obligations and unanticipated demands.

8 3. Within sixty (60) days of the date of this Order, the Bank shall conduct a
9 comprehensive review and enhancement of all liquidity stress testing assumptions to ensure that
10 they are clearly supported by data, peer benchmarks, and expert judgement. The Bank shall:

11 A. Present revised assumptions and scenario results to the Board for approval.

12 B. Re-assess stress testing assumptions and scenarios at least annually or when
13 material changes occur in the Bank’s risk profile, business model, or market conditions.

14 C. Re-assess liquidity limits based on the enhanced stress testing results, ensuring
15 that limits reflect stressed cash flow projections, funding concentration risk, and contingent
16 liquidity risk and off-balance sheet exposures. Revised liquidity limits shall be reviewed and
17 approved by the Board at least annually. Specific liquidity targets and limits should reflect the
18 Bank’s liquidity risk profile and should ensure the maintenance of sufficient liquidity to meet
19 contractual obligations and unanticipated demands.

20 4. Within sixty (60) days of the date of this Order, the Bank shall submit to the
21 Commissioner a revised written contingency funding plan that includes clearly defined quantitative
22 and qualitative triggers, tied directly to stress testing outputs and early-warning metrics. The
23 acceptability of such plan will be determined at subsequent examinations.

24 5. Within ninety (90) days of the date of this Order, the Bank shall submit a detailed
25 plan to reduce deposit concentration levels and reduce reliance on wholesale non-core deposits.
26 The plan shall include:
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1 regulations, and comply with the provisions of this Order. Each member of executive management
2 shall be provided appropriate written authority from the Board to implement the provisions of this
3 Order.

4 12. The Bank shall notify the Commissioner in writing when it proposes to appoint, elect,
5 add, or remove any individual to its Board or when it proposes to employ or remove any individual
6 as an executive officer. The notification must be received at least thirty (30) days before such
7 appointment, election, addition, removal, or employment is intended to become effective. The
8 notification shall also include a description of the background and experience of the individual or
9 individuals to be appointed, elected, added, or employed. Such appointment, election, addition, or
10 employment shall not be made unless and until the Bank is notified of the Commissioner’s
11 nonobjection. The Bank shall also notify the Commissioner in writing when it proposes to make
12 any changes to the duties and responsibilities of any director or executive officer. Such changes
13 shall not be made unless and until the Bank is notified of the Commissioner’s non-objection.

14 13. The Board and management shall make all necessary efforts to reduce the risk profile
15 and improve the financial condition of the Bank back to a satisfactory condition. Reduction of risk
16 shall be focused on, but not limited to, reducing concentrations of credit, reducing adversely
17 classified assets, reducing and/or mitigating funding concentration risk, and improving profitability
18 as detailed in this Order.

19 DISTRIBUTIONS TO SHAREHOLDERS

20 14. The Bank shall not declare or pay dividends or any distribution to its shareholders
21 without the prior written approval of the Commissioner. All requests for prior approval shall be
22 received by the Commissioner at least thirty (30) days prior to the proposed distribution.

23 BRANCHING, NEW LINES OF BUSINESS

24 15. The Bank shall not engage in any new lines of business or establish any new branches
25 or other offices of the Bank without the prior written approval of the Department.
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WRITTEN REPORTING

16. Within thirty (30) days after the end of each calendar quarter following the date of this Order, the Bank shall furnish written progress reports to the Department detailing actions taken to comply with this Order.

MISCELLANEOUS

17. The Bank shall notify the Commissioner no less than three (3) business days before making any public announcement or notification regarding changes in the Bank’s financial condition, executive management, or Board.

18. All written communications and reports as required by this Order shall be submitted to Assistant Deputy Commissioner Laura Carlson at laura.carlson@dfpi.ca.gov.

19. The provisions of this Order shall not bar, estop, or otherwise prevent the Commissioner or any other federal or state agency or department from taking any other action against the Bank or any of the Bank’s current or former institution-affiliated parties, as that term is defined in Section 3(u) of the Federal Deposit Insurance Act, 12 U.S.C. § 1813(u). This Order is effective immediately. The provisions of this Order shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof. Violation of any provision of this Order will be deemed to be conducting business in an unsafe or unsound manner and will subject Bank to further regulatory enforcement action.

Dated: March 6, 2026.

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation

By _____/s/_____
AARON PROSPERI
Deputy Commissioner, Banking Division
Department of Financial Protection and Innovation