

July 12, 2023

Via secure electronic mail

b4,b8

Subject: b4,b8 Deposit Activity

Dear b4,b8

Thank you for notifying us on May 26, 2023, regarding the Bank's engagement with **b4,b8** (collectively referred to as **b4,b8**) for deposit account related services. On June 6, 2023, you indicated that the Bank's Board has elected to close all **b4,b8** accounts.

We understand that the Bank's Board has authorized management to engage with up to a maximum of three additional crypto company relationships. While the **b4,b8** related accounts have been closed, we request the following information regarding the Bank's assessment of crypto-related risks to the banking organization, their customers, and the broader U.S. financial system:

- List of all **b4,b8** deposit accounts opened, regardless if activity existed, and the following information for each deposit account created:
 - o Statement(s),
 - O Beneficial ownership information and all agreements entered into,
 - o Deposit account applications.
- All bank due-diligence and risk assessments performed on b4,b8 and related companies/affiliates.
- b4,b8 reports received from third-party reviews including b4,b8 and b4,b8 Please also include any recommendations and documentation of any planned risk mitigants responsive to the reports.
- Board minutes and related packages that discuss the b4,b8 relationship, as well as any training that the Board has received on digital assets.

This letter is confidential and may not be disclosed or made public in any manner. Additional information regarding these confidentiality restrictions may be found in Part 309 of the FDIC Rules and Regulations. Please notify us immediately if you receive a subpoena or other legal process calling for the production of this letter or a description of its content.

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b4,b8	Deposit Activity				

For your reference, the FDIC, the Board of Governors of the Federal Reserve System, and the Office of the Comptroller of the Currency issued the *Joint Statement on Crypto-Asset Risks to Banking Organizations* (Joint Statement) on January 3, 2023 via Financial Institution Letter (FIL)-01-2023 (https://www.fdic.gov/news/financial-institution-letters/2023/fil23001.html). It states that banking organizations are neither prohibited nor discouraged from providing banking services to customers of any specific class or type, as permitted by law or regulation. Furthermore, this Joint Statement details specific key risks associated with crypto-assets and crypto-asset sector participants that banking organizations should be aware of, while also highlighting that the agencies have safety and soundness concerns with business models that are concentrated in crypto-asset-related activities or have concentrated exposures to the crypto-asset sector.

The FDIC also issued <u>FIL-16-2022</u>, <u>Notification of Engaging in Crypto-Related Activities</u>, on April 7, 2022. It requests that all FDIC supervised institutions that intend to engage in, or that are currently engaged in, any activities involving or related to crypto-assets (also referred to as "digital assets") promptly notify the appropriate FDIC Regional Director. This includes when initial discussions, conversations or evaluations commence regarding a new or existing partner with crypto-related activities.

Action Requested

	Within 45 days of the date of this FDIC and the documents to the existing	b8 b4,b8	T	above-noted in the Bank may cation Mater	upload the	
	Exchange session (https://efx.fdie The FDIC requests that bank man new crypto-related activities, esp arrangements are entered into.	nagement be more ecially if due dili	gence is b	~		
	b8		Sincerely,			
			PERISSA	Digitally signed by PERISSA CLARK Date: 2023.07.12 11:39:21 -07'00'		
			erissa Ali Assistant F	Clark Regional Dir	ector	
CC	b8					