

PROSEGUR CREATES THE WORLD'S FIRST CRYPTO BUNKER FOR THE CUSTODY OF DIGITAL ASSETS

- ▲ **The Crypto Bunker is a new all-in-one solution to minimise all existing digital and physical risks of the crypto asset custody chain.**
- ▲ **Prosegur Crypto, together with cybersecurity company GK8, have finalized the implementation of this unique custody model aimed at the institutional market.**
- ▲ **In 2020 alone, over \$1.9 billion were lost as a result of hacks, theft, fraud and misappropriation.**

Madrid, July 14, 2021 – Prosegur Crypto has announced the creation of the first bunker for the custody of digital assets, consisting of a physically and digitally inaccessible environment. This represents a globally exclusive approach to security for the institutional storage and management of digital assets.

In collaboration with cybersecurity company GK8, Prosegur Crypto brings together all the infrastructures, facilities, technologies and security protocols necessary to minimise all the risk areas identified in the digital asset custody chain.

The solution is composed of the most cutting-edge cybersecurity systems provided by GK8's patented technology, with the highest level of physical protocols infrastructures of Prosegur. It is based on a "360° Inaccessibility" approach that incorporates over 100 protection measures in 6 integrated security layers. This prevents any possibility of physical or cyber-attack.

Specifically, it consists of an isolated environment located inside one of the 550 vaults that Prosegur owns globally for its Cash-in-transit operations. From these vaults, the company annually safeguards and manages more than 400 billion euros in customer funds.

The Prosegur Crypto bunker includes numerous security measures in a military-grade protection environment. Closed-circuit cameras, biometric access, controlled secure rooms as well as permanent monitoring by armed personnel in all installations are combined with specially designed firewalls to maintain the facility completely isolated from any outside communication.

The HSM (Hardware Security Module, a device that generates, stores and protects cryptographic keys) is housed in a military-protected briefcase within the high-security vault. This vault is only accessible to a limited number of individuals who manage the assets manually and offline. Employees have restricted access to the information they handle to prevent any risk of internal theft and work from a secure facility where there is no danger of physical attack, copying or theft of systems or passwords. In the event of an unauthorised attempt to access the HSM, its contents are permanently

deleted. Immediately, a recovery plan is activated, including a protocol for the regeneration of private keys by means of seeds allocated in various other vaults.

The module connects to an MPC (Multi-party Computation) system that features a fast signature process on a highly advanced computer network and generates transactions on the blockchain without direct internet connectivity. This minimises the possibility of fraudulent access and eliminates any potential vector for cyber-attacks. These are patented system features and represent a highly differentiated offering in the market.

For Raimundo Castilla, CEO of Prosegur Crypto, "the crypto bunker offers a new dimension of security in the custody of crypto assets and is undoubtedly one of the most innovative and secure solutions globally, based on the concept of inaccessibility. This physical-digital mix provides a solution to the real problems faced by many operators in the crypto ecosystem who, as their funds grow and as they become aware of vulnerabilities or insufficient capabilities, are looking for solutions with the highest possible level of security and trust".

"When combining the world's first air-gapped cold vault which provides the ability to execute blockchain transactions offline with one of the world's largest custodians in the field of physical security for traditional banks, the result is a comprehensive full blown solution which addresses a growing market demand for safeguarding digital assets." says Lior Lamesh, CEO and Co-Founder of GK8. "The demand for a secure crypto custody service is fuelled by the increased value of digital assets, as well as by global regulation authorising use of crypto by traditional financial institutions. At the same time, hacking incidents are becoming more frequent and sophisticated, overcoming existing storage solutions and stressing the need for custody services that keeps digital assets out of hackers' reach".

A necessary third-party solution for increasing and underestimated physical threats

In 2020, over \$1.9 billion dollars¹ were lost as a result of hacks, theft, fraud and misappropriation. A risk that is growing at the same rate as Bitcoin and other cryptocurrencies are appreciating. This scenario unintentionally positions cryptocurrency exchange platforms and institutional investors with proprietary custody as targets for any attacker who, also by using the threat of violence, seeks to seize these funds.

Against this background, the responsibility for creating a secure space for the protection of keys, systems, people and management processes is proving to be a real problem for many institutional operators. Combating threats related to the protection of crypto assets entails an enormous effort in terms of technical, human and financial resources aimed at security, without this being, for the majority, the core of their business.

The introduction of specialists such as Prosegur Crypto offers many operators in the institutional crypto asset market access to a first-class security and service model without having to assume the cost and responsibility of implementing and maintaining it.

¹ Cipher Trace Anti-money Laundering Report 2020



Prosegur Crypto's custody service model is governed by KYC (know your customer) and PML (Prevention of Money Laundering) regulatory compliance processes. Furthermore, it includes access to a functional and customisable asset management platform in terms of limits and approval hierarchy and facilitates OTC (over-the-counter) trade and DeFi (decentralised finance) services. It also offers the possibility of directly insuring the funds under custody with a first-class insurance company. Finally, the platform supports a wide range of cryptocurrencies and tokens such as Bitcoin, Ethereum and Ripple, among others, with new protocols being progressively integrated.

