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coinbase

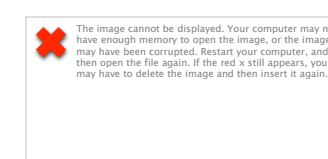
Bitcoin is a new technology that can be used as a payment network and digital currency

Bitcoin is simultaneously a **protocol**, **payment network**, and **digital currency**

Originally proposed as a concept in 2008; the Bitcoin network was **launched in 2009**

By end of 2014, there were an estimated **5 million consumers** and **80,000+ merchants** using bitcoin worldwide

Bitcoin network use is at an all-time high, with **100,000 transactions per day**



			Bitcoin advantage
Network structure	Centralized regional networks controlled by large companies	Distributed global network that process and verify transactions	Immune to country-specific sanctions (e.g. Russia-Visa)
Routing & settlement	Transactions routed via 3 rd party intermediaries, multi-day settlement	Transactions routed and settled near-instantly, peer-to-peer , like cash	Lower transaction costs , faster settlement
Payment model	Pull payments, reversible	Push payments, non-reversible	Reduced fraud and chargeback risk
Technology	Proprietary	Open source	Global community of developers – innovate at the speed of the Internet

Bitcoin terminology

Bitcoin — refers to the transaction network; can be used for non-currency applications; transactions are sent as **bitcoin**; all transactions are recorded pseudonymously on a distributed, public ledger known as the blockchain

bitcoin — (BTC) native unit of Bitcoin network; fixed number of 21 million BTC will ever be created over next 100 years; each BTC divisible into 100 million units; BTC-USD price fluctuates with supply and demand

blockchain — a distributed, public ledger where all bitcoin transactions (and balances) are permanently recorded; security and authenticity of the blockchain are ensured by economically self-interested “miners”

mining — process by which Bitcoin network transactions are verified through advanced cryptography and specialized computer hardware (“miners”); fixed rate of new bitcoin is created (“mined”) during this process

Who we are

Coinbase is the world's premier bitcoin company

Experienced Team

Coinbase's 100+ employees bring experience from global leaders in commerce, payments, and technology



Market Leadership

Coinbase currently hosts over 2.1 million consumer wallet accounts and serves 38,000 business partners



Coinbase is the simplest way to buy, sell, store and spend bitcoin

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Features


Merchants

Apps

Vault

Resources

26.35 BTC ≈ 16,454.89 USD



John Doe

Accounts

▼

Primary

0.35 BTC

Savings

26.00 BTC

Buy/Sell

Merchants

Recurring

Verifications

Settings

Balance

0.35 BTC ≈ 218.09 USD

hide

Send Money

Receive Money

Transactions

Search

Apr 25, 2014

You received bitcoin from Coinbase

COMPLETE

+0.01071528 BTC

Apr 19, 2014

You sent bitcoin to an external account

COMPLETE

-0.0631331 BTC

Apr 18, 2014

You received bitcoin from Coinbase

COMPLETE

+5.7792 BTC

Apr 16, 2014

You purchased bitcoins

COMPLETE

+3.00 BTC

Apr 10, 2014

You sent bitcoin to Bill Gates

COMPLETE

-1.00 BTC

Apr 9, 2014

You paid for an order

COMPLETE

-0.0089775 BTC

Apr 7, 2014

You sent bitcoin to New User

COMPLETE

-0.002232 BTC

Apr 7, 2014

You sent bitcoin to New User

COMPLETE

-0.01111 BTC

Coinbase is backed by the world's premier venture capital firms,
with over \$31M in funding raised to date

ANDREESSEN
HOROWITZ



Combinator

Ribbit Capital

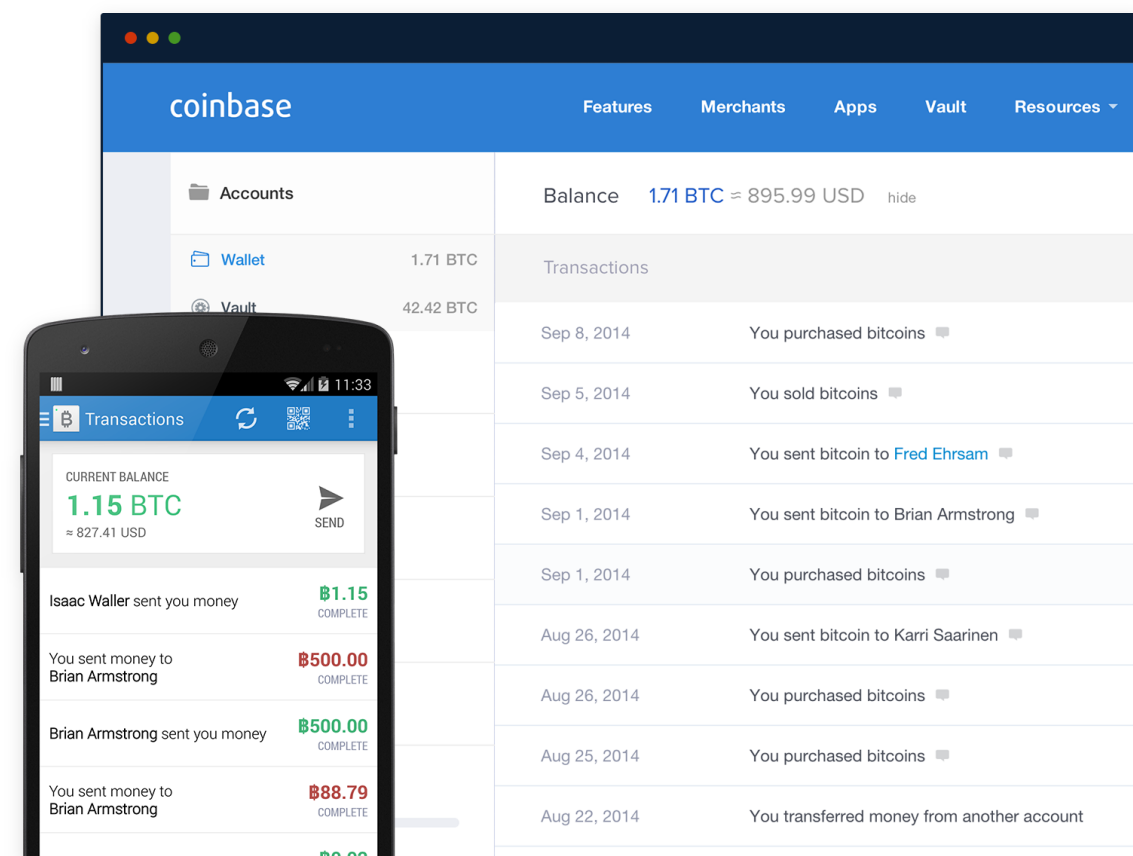


“Bitcoin offers a sweeping vista of opportunity to reimagine how the financial system can and should work in the Internet era.”

Marc Andreessen, General Partner at Andreessen Horowitz

Coinbase is the market leader across multiple dimensions

Consumer Wallets



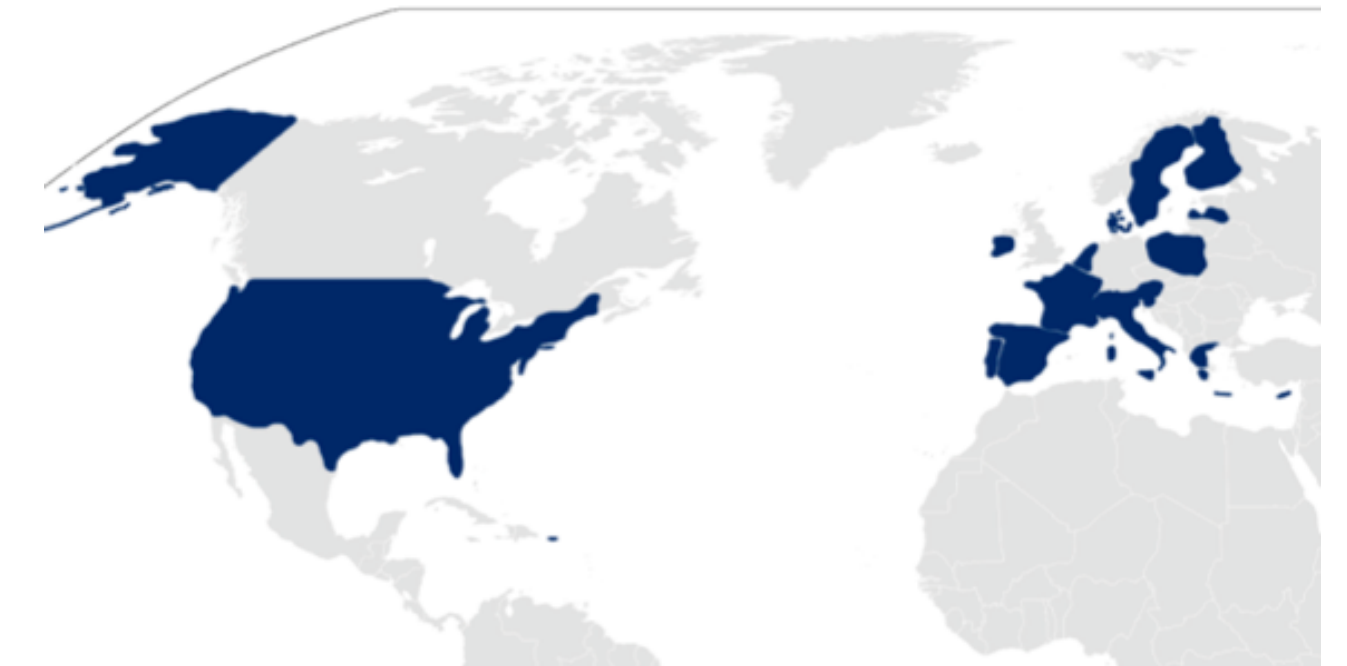
- 2,100,000 consumer wallets
- 10x year-over-year growth
- #1 consumer deposits

Strategic Partnerships



- 10 billion-dollar merchants
- 6 premier partners
- #1 technical infrastructure

Geographic Coverage



- 700,000,000 population served
- 19 countries launched
- #1 international expansion

Coinbase is committed to making bitcoin safe and easy to use by building strong relationships with banks and regulators



NEW YORK STATE
DEPARTMENT of
FINANCIAL SERVICES



LHVpank



“Coinbase has a very strong team and we have been encouraged with their approach to risk management and how carefully they manage sensitive issues.”

Andres Kitter, Head of Retail Banking, LHV Bank

Coinbase has a world-class compliance and fraud prevention team



Martine Niejadlik

Chief Compliance Officer

20+ years experience from eBay/PayPal, Amazon, FICO and Boku



John Kothanek

Director of Investigations

15+ years experience from eBay/PayPal and Obopay (OFAC/AML)



Juan Zarate

Advisor

Fmr. Assistant Secretary of the Treasury for Terrorist Financing and Financial Crimes and Advisor to HSBC's AML committee

Compliance Program Overview

- FinCEN-registered money services business
- Strong relationship with NY DFS
- NACHA compliance for 2+ years
- Retains Paul Hastings as regulatory counsel
- Worked with Promontory Financial Group to draft BSA/AML program
- Participant in 314(b)
- Stellar reputation with federal law enforcement

Customers must complete an extensive ID verification process before buying or selling bitcoin

	Coinbase US KYC Program		
	Level 0	Level 1	Level 2
Required information provided by user	<ul style="list-style-type: none">• Email address• Full name (inputted at user terms screen)• Accepted user terms• Country (based on IP address)	<ul style="list-style-type: none">• US bank account• Phone confirmed by text message / 2-factor authentication	<ul style="list-style-type: none">• Home address, including country• Date of birth• “Out-of-wallet” questions (based on credit history)• Social security number• Passport or driver’s license• Complete a purchase and wait 30 days
Daily bitcoin buy limit	\$0 USD	up to \$3,000 USD	up to \$50,000 USD
Daily bitcoin sell limit	\$0 USD	up to \$3,000 USD	up to \$50,000 USD



In the US, Coinbase is partnered with Silicon Valley Bank for the ability to let consumers and merchants to buy and sell bitcoin over the ACH network with US-based bank accounts

Coinbase has established itself as the most trusted company in Bitcoin



“A good consumer wallet that delivers a good buying experience is really critical. We also wanted a reputable player solving for compliance issues. Coinbase is out in front of the pack on both.”
– **Bill Ready**, Chief Executive Officer, PayPal’s Braintree unit



“Coinbase has the largest e-commerce presence and the largest customers. As we started dipping our toe in the water, Coinbase was the natural choice for us”
– **Michael Gulmann**, VP of Global Product, Expedia

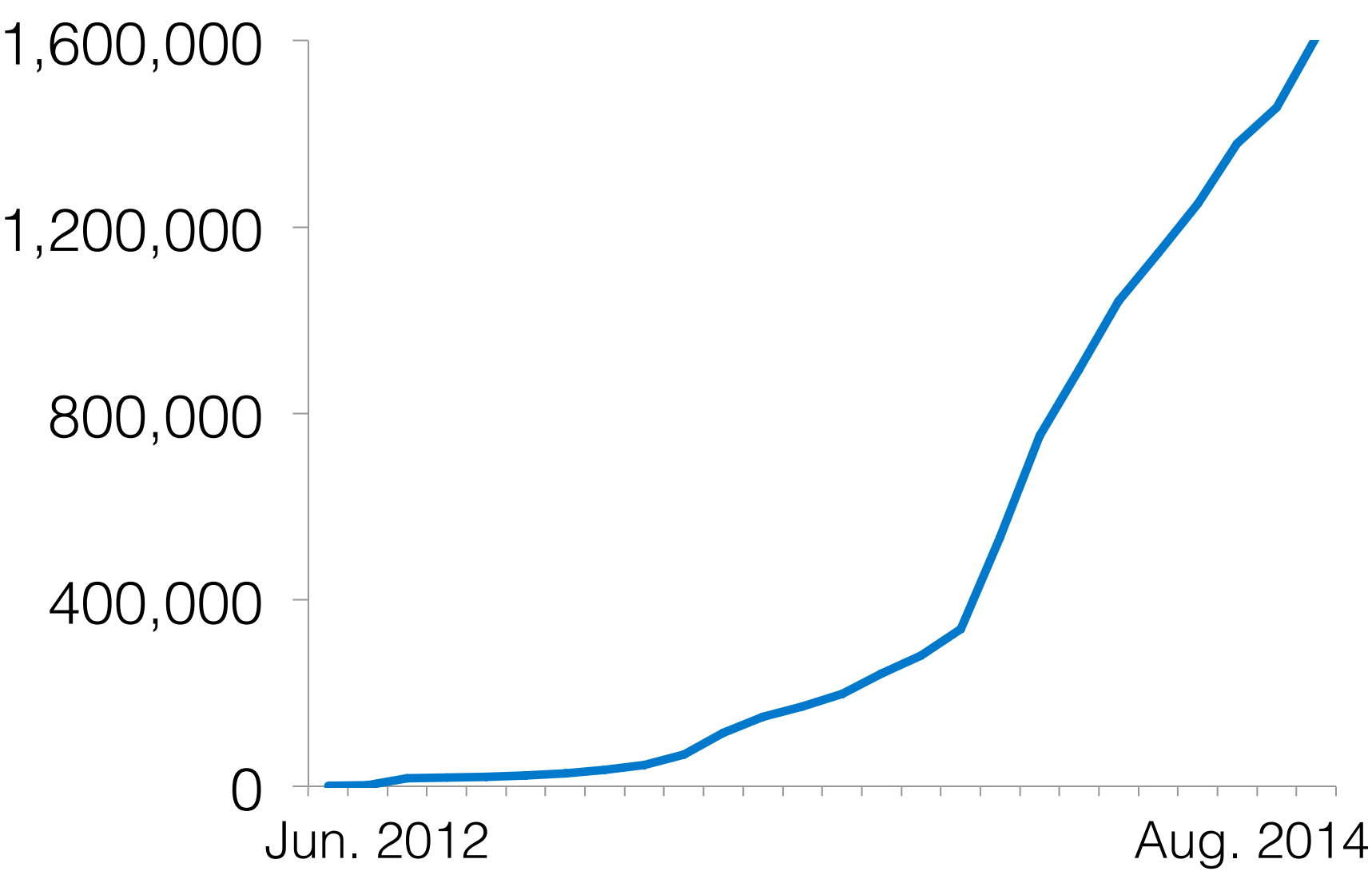


“As a bitcoin payment processor, Coinbase will help Dish make the payment experience easy for our customers and make it easy for Dish to receive immediate credit in dollars”
– **Bernie Han**, Chief Operating Officer, DISH Network

Trends in the Bitcoin space

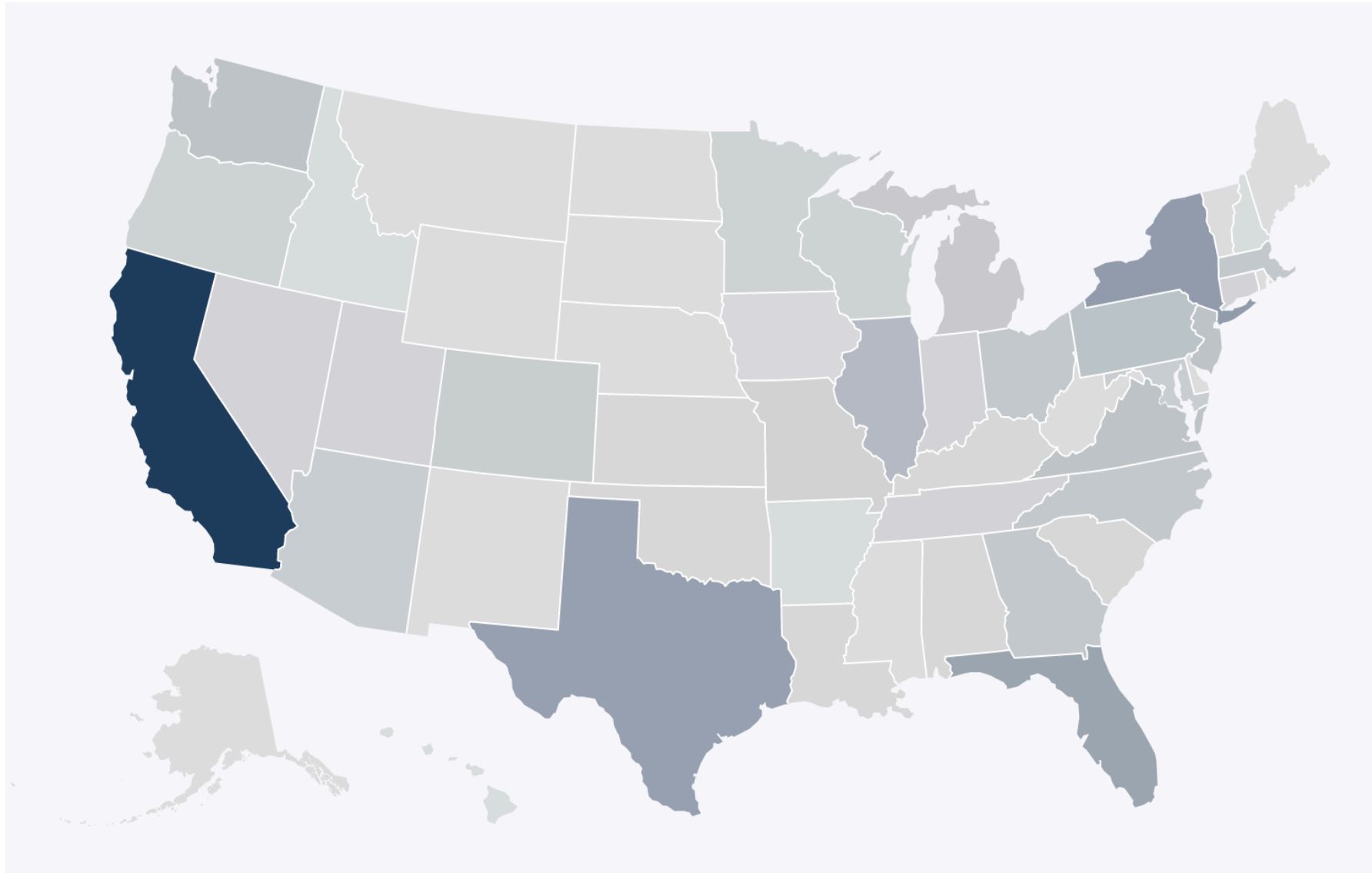
Bitcoin adoption is growing exponentially in developed markets

Coinbase User Base



There are more than 2.1M
Coinbase users today

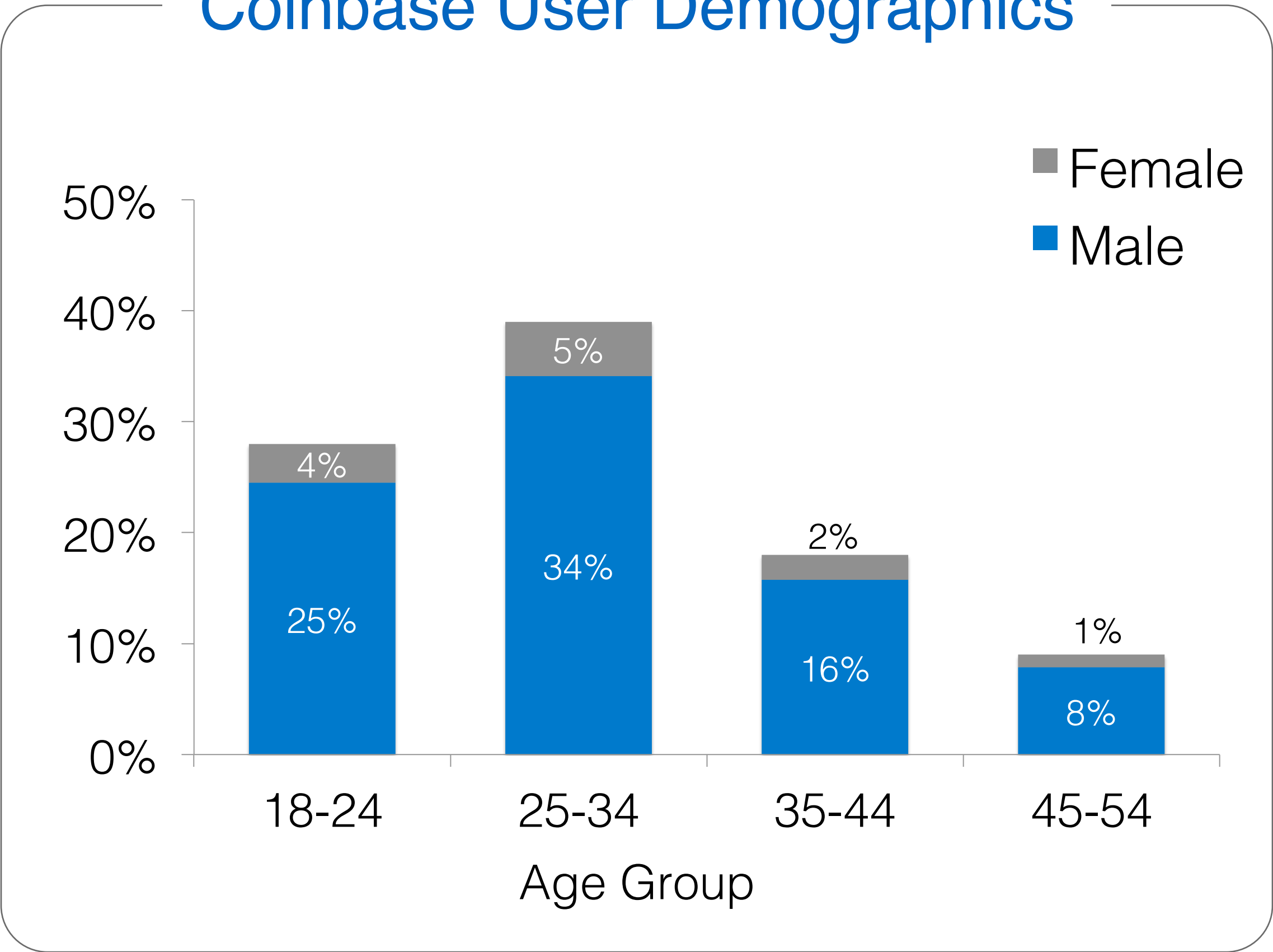
Coinbase User Distribution



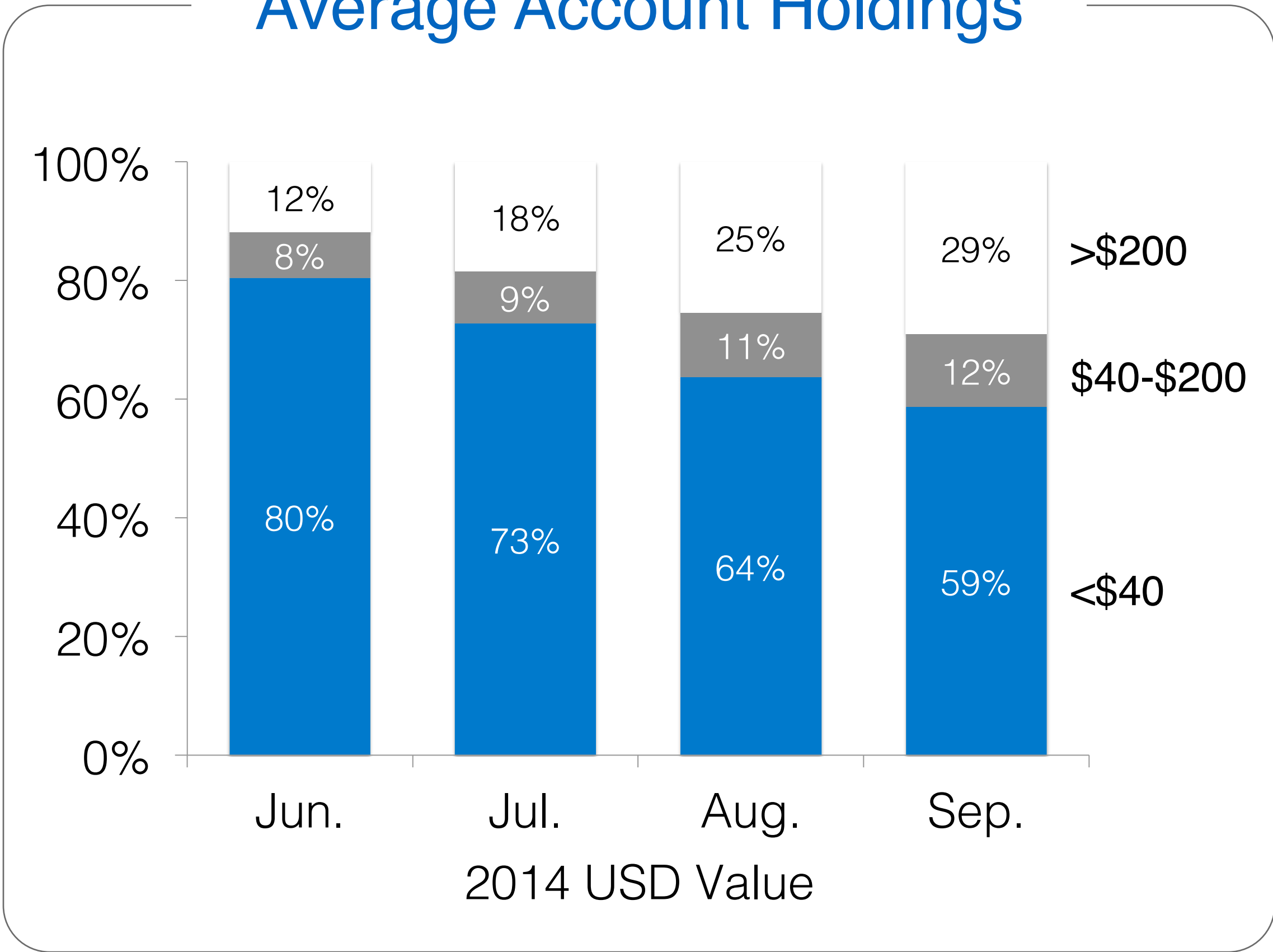
>50% of Coinbase account
holders are located in the US

Bitcoin use is particularly high among middle-aged males –
and increasingly as a store of value

Coinbase User Demographics

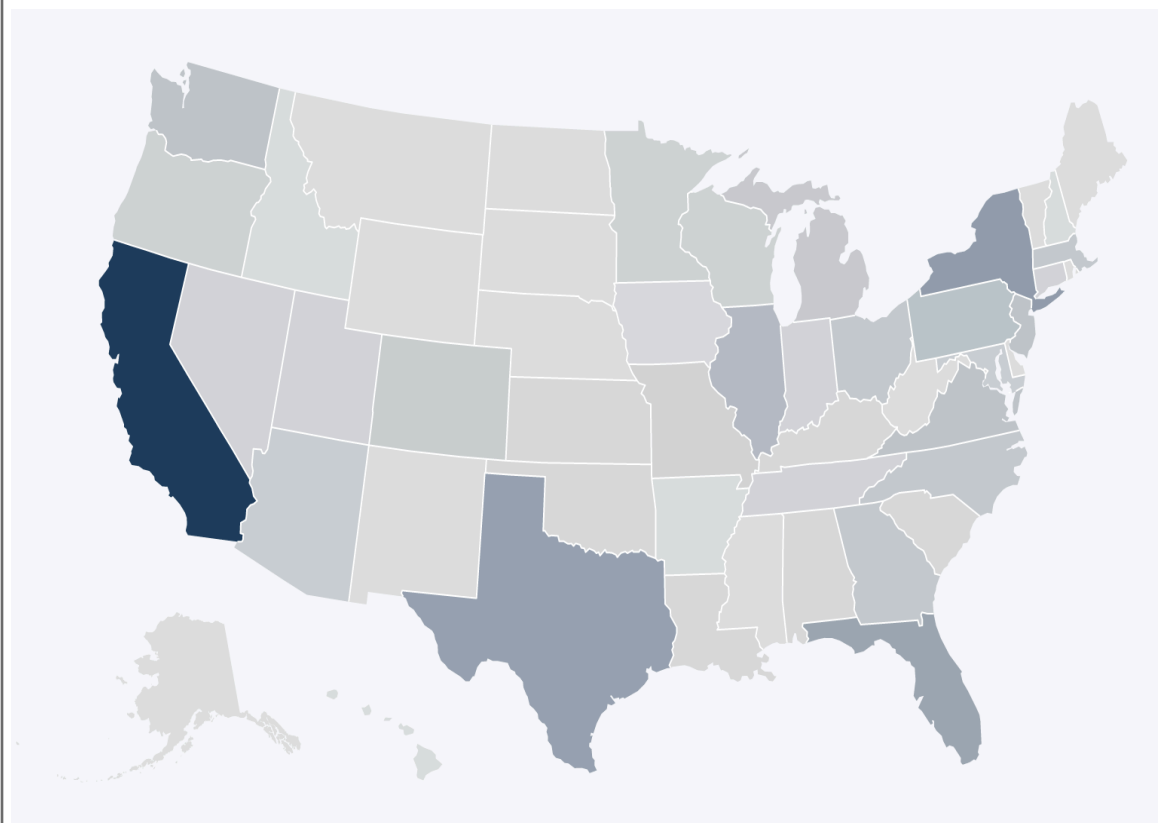


Average Account Holdings



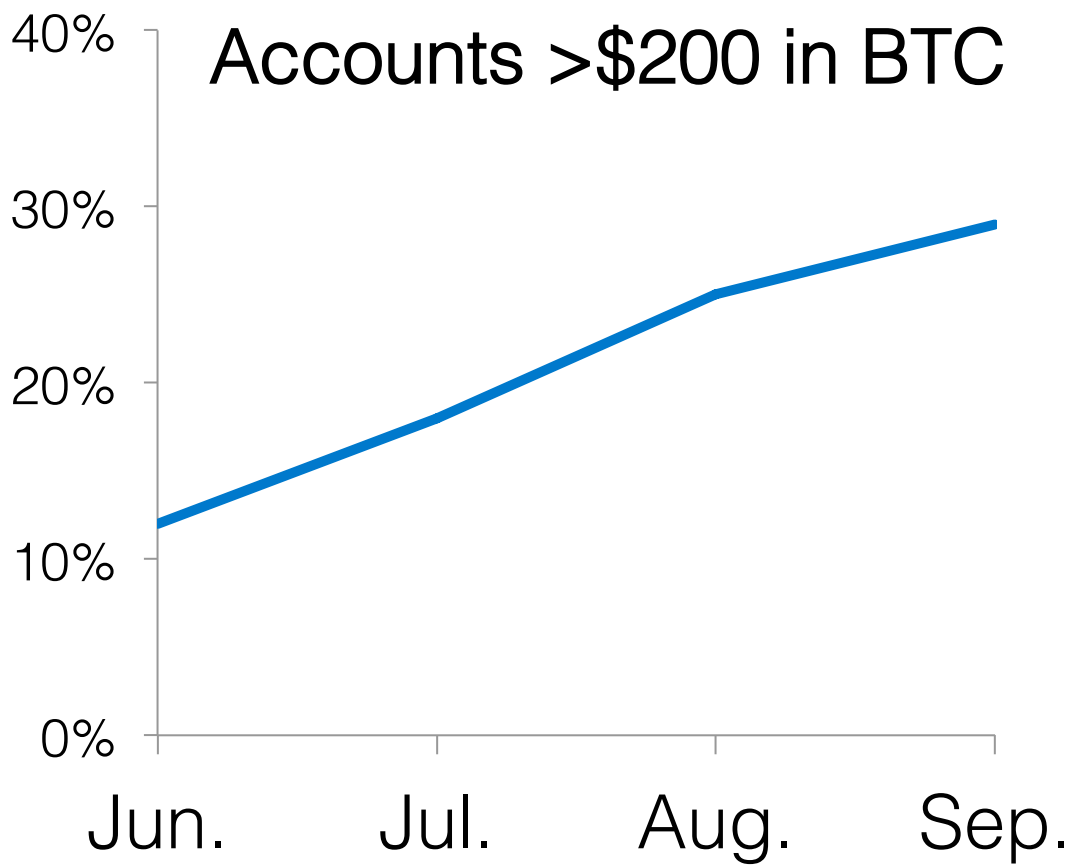
Bitcoin users fall into 4 general categories

Technologist



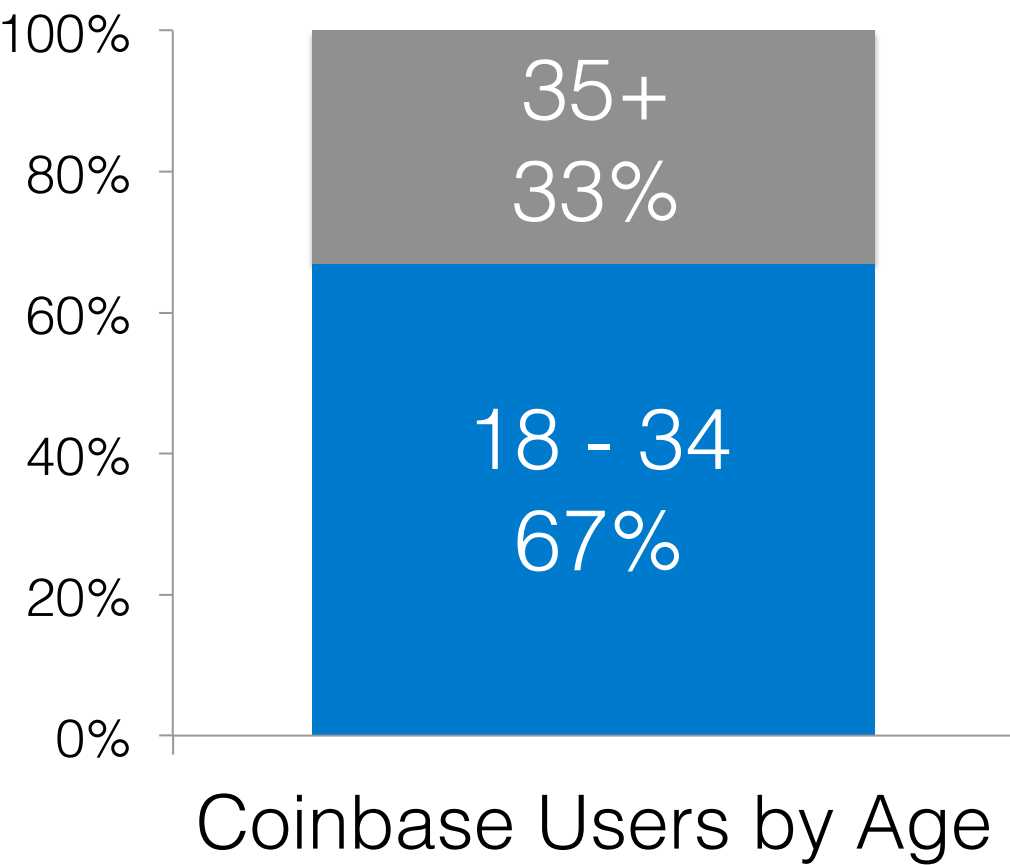
40% of all Coinbase users are from the US tech corridors: California, New York, & Texas

Gold 2.0



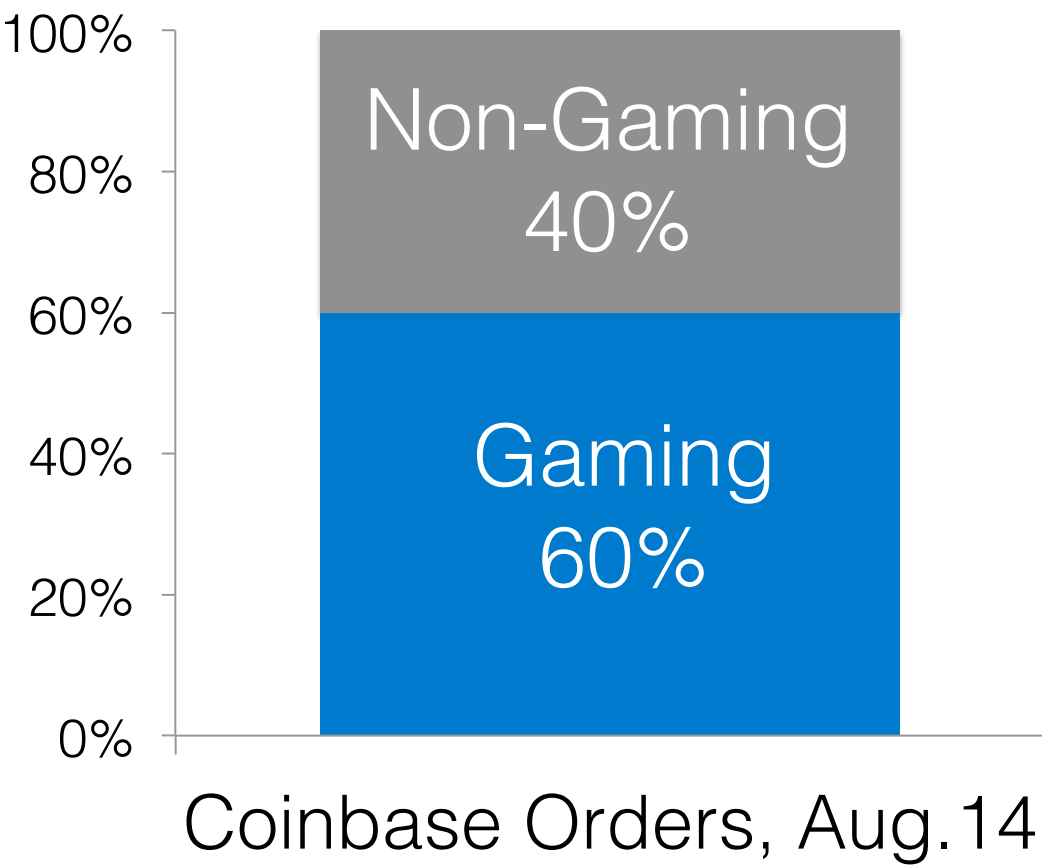
Coinbase accounts with >\$200 increased 146% June through September 2014

Savvy Consumer



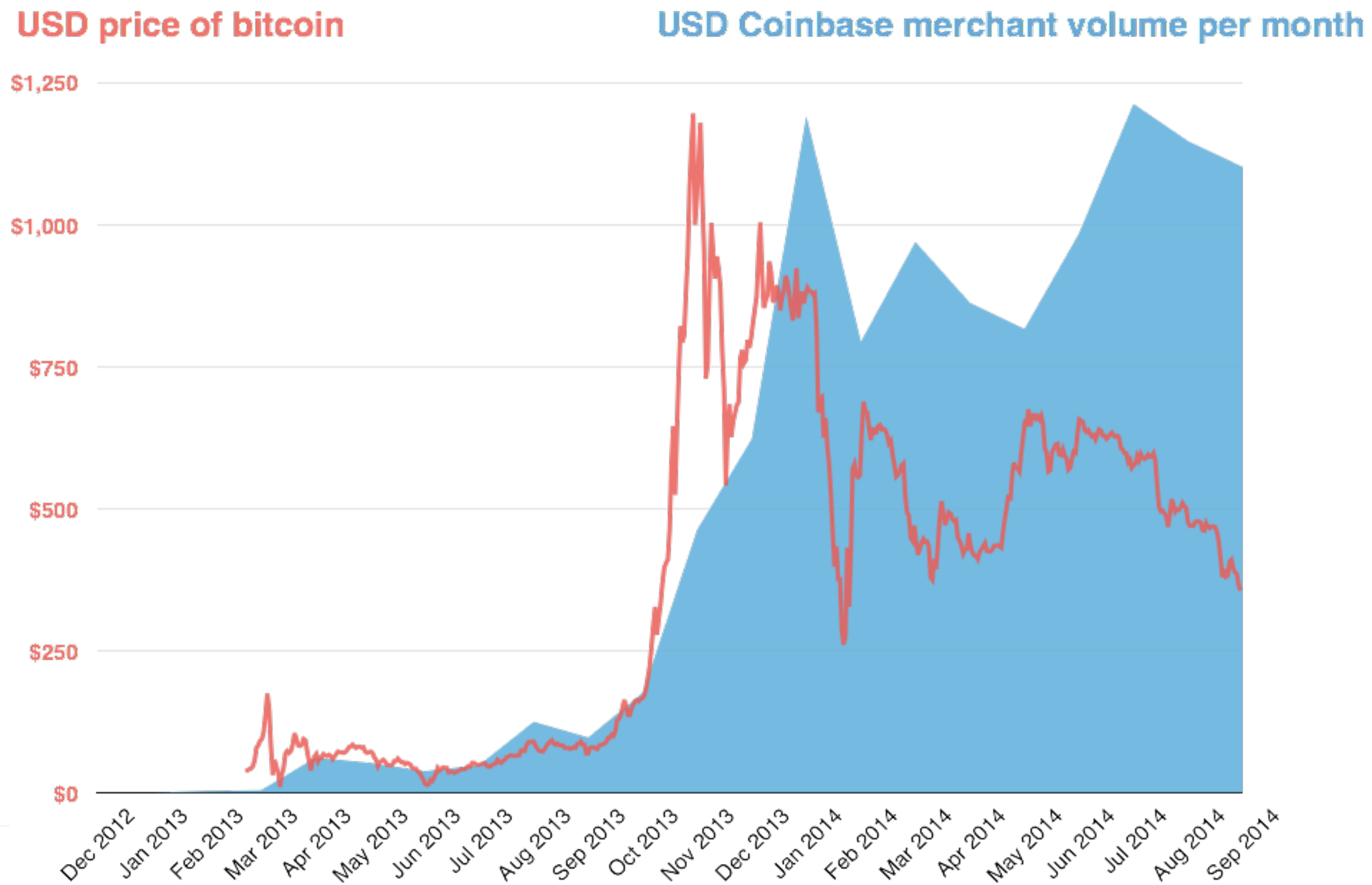
Two-thirds of Coinbase users are savvy young adults

Gamer



60% of Coinbase user purchases were with video game companies

Coinbase merchant USD volumes have continued to increase, independent of bitcoin price changes



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