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**

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### Bitcoin advantage

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

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

“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.

“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

<table>
<thead>
<tr>
<th>Required information provided by user</th>
<th>Level 0</th>
<th>Level 1</th>
<th>Level 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Email address</td>
<td></td>
<td>• US bank account</td>
<td></td>
</tr>
<tr>
<td>• Full name (inputted at user terms screen)</td>
<td></td>
<td>• Phone confirmed by text message / 2-factor authentication</td>
<td></td>
</tr>
<tr>
<td>• Accepted user terms</td>
<td></td>
<td>• Home address, including country</td>
<td></td>
</tr>
<tr>
<td>• Country (based on IP address)</td>
<td></td>
<td>• Date of birth</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• “Out-of-wallet” questions (based on credit history)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Social security number</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Passport or driver’s license</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Complete a purchase and wait 30 days</td>
<td></td>
</tr>
</tbody>
</table>

| 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**

- **Age Group**
  - 18-24: 25%
  - 25-34: 34%
  - 35-44: 16%
  - 45-54: 8%

- **Gender**
  - Female: 4%
  - Male: 5%

**Average Account Holdings**

- **2014 USD Value**
  - Jun.: 80%
  - Jul.: 73%
  - Aug.: 64%
  - Sep.: 59%

- **2014 USD Value Distribution**
  - $<40: 12%
  - $40-$200: 18%
  - $>200: 12%
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.