CONNECTS Workshop: What Entrepreneurs Need to Know for their Banking Relationship

October 11th, 2018
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Agenda

1. Stages of Growth for Emerging Companies and their Banking Needs
2. Why Are Bankers Asking all these Questions?
   1. What the bank is trying to achieve (it’s not just a good return!)
   2. What Questions an Entrepreneur Needs to Ask their Bank
3. J.P. Morgan Overview
Stages of Growth for Emerging Companies
Delivering solutions at every stage of growth

<table>
<thead>
<tr>
<th>Funding stage</th>
<th>Expansion/later stage</th>
<th>Established</th>
<th>Mature</th>
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</thead>
<tbody>
<tr>
<td>Friends/family</td>
<td>Venture capital</td>
<td>IPO</td>
<td>Publicly traded</td>
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<tr>
<td>Angel investors</td>
<td>Complete professional management team</td>
<td>Proven concept</td>
<td>Established business model with strong profits</td>
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<tr>
<td>Developed product/service</td>
<td>Substantial revenue growth</td>
<td>Achieved significant revenues</td>
<td>Focused on expanding offerings, cost management</td>
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<tr>
<td>Developed Beta or limited commercialization product/service</td>
<td>18-24 months from cash flow break even</td>
<td>Approaching cash flow break even</td>
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<tr>
<td>Business challenge/state</td>
<td>Customer needs</td>
<td>Product needs</td>
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- Reliability of execution
- Consistency in working relationship with bank
- Tailored products (e.g., online) and flexible service
- Strong local market knowledge and retail branch network
- Deep industry expertise
- Customized products (wholesale) and deal structuring/pricing
- Service and product quality
- Presence in key markets
- Advisory services
- Cash management
- Corporate cards
- Financial planning for founders
- Liquidity, card & cash management
- Loans
- Capital markets / M&A access
- Financial planning for founders
- E-commerce processing/payments
- Banking API services
- Liquidity, card & cash management
- Loans
- Capital markets / M&A access
- International solutions
- Private Banking for founders
- E-commerce processing/payments
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- Liquidity, card & cash management
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Why Are Bankers Asking all these Questions?
Reasons for Paperwork and Questions

Return
- Internal Hurdle Rates
- Questions: Deposit size and length of time, number of payments made and received?

Regulation
- Required to comply (AML, OFAC, FinCEN, etc.)
- Questions: Any individuals own more than 10%?

Retrograde
- Bank systems cobbled together
- C-O-B-O-L
What Questions an Entrepreneur Needs to Ask their Bank
About J.P. Morgan
Delivering the Power of JPMorgan Chase

**JPMorgan Chase & Co.**

**CONSUMER & COMMUNITY BANKING**
- Retail Banking
- Mortgage Banking

Serves over 61 million households, and Mortgage Banking serves over 7 million home loans in the US through personal services at more than 5,100 branches and 16,000 ATMs, and online, mobile and telephone banking.

**COMMERCIAL BANKING**
- Middle Market Banking & Specialized Industries

Serves corporations, municipalities, financial institutions and not-for-profit entities.

- ~18,000 clients benefit from nearly 700 bankers who operate out of ~100 offices across US and Canada.
- Winner of Greenwich Associates’ Best Brand Awards in Middle Market Banking—overall, loans or lines of credit, cash management, international products and investment banking, 2017.

**CORPORATE & INVESTMENT BANK**
- Banking
- Market & Investor Services

Provides strategic advice, raises capital, manages risk and extends liquidity to markets around the world.

- A global leader across banking, markets and investor services with $23.5 trillion assets under custody.
- The world’s most important corporations, governments and institutions entrust us with their business in more than 100 countries.

**ASSET MANAGEMENT**
- Investment Management
- Global Wealth Management

A global leader in investment and wealth management with $2.0 trillion assets under management and $2.8 trillion total client assets.

- Provides institutional, high-net-worth and individual investor clients with high-quality global investment management in equities, fixed income, real assets, hedge funds, private equity and cash liquidity.

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**#1** Credit card issuer in the US, with over $622 billion in credit card sales and 63 million open accounts.

**#1** In Overall Satisfaction, Customer Relationships and Transaction/Payment Processing, CFO Magazine Commercial Banking Survey, 2017.

**#1** US Multi-Family Lender, Rank Based on S&P Global Market Intelligence (as of 12/31/2017).

**#1** In North America and EMEA IB fees.

**#1** In Global Long-term Debt.

**#1** In Global Loan Syndications.

**#1** North America Private Bank for nine consecutive years, Euromoney 2017 rankings.