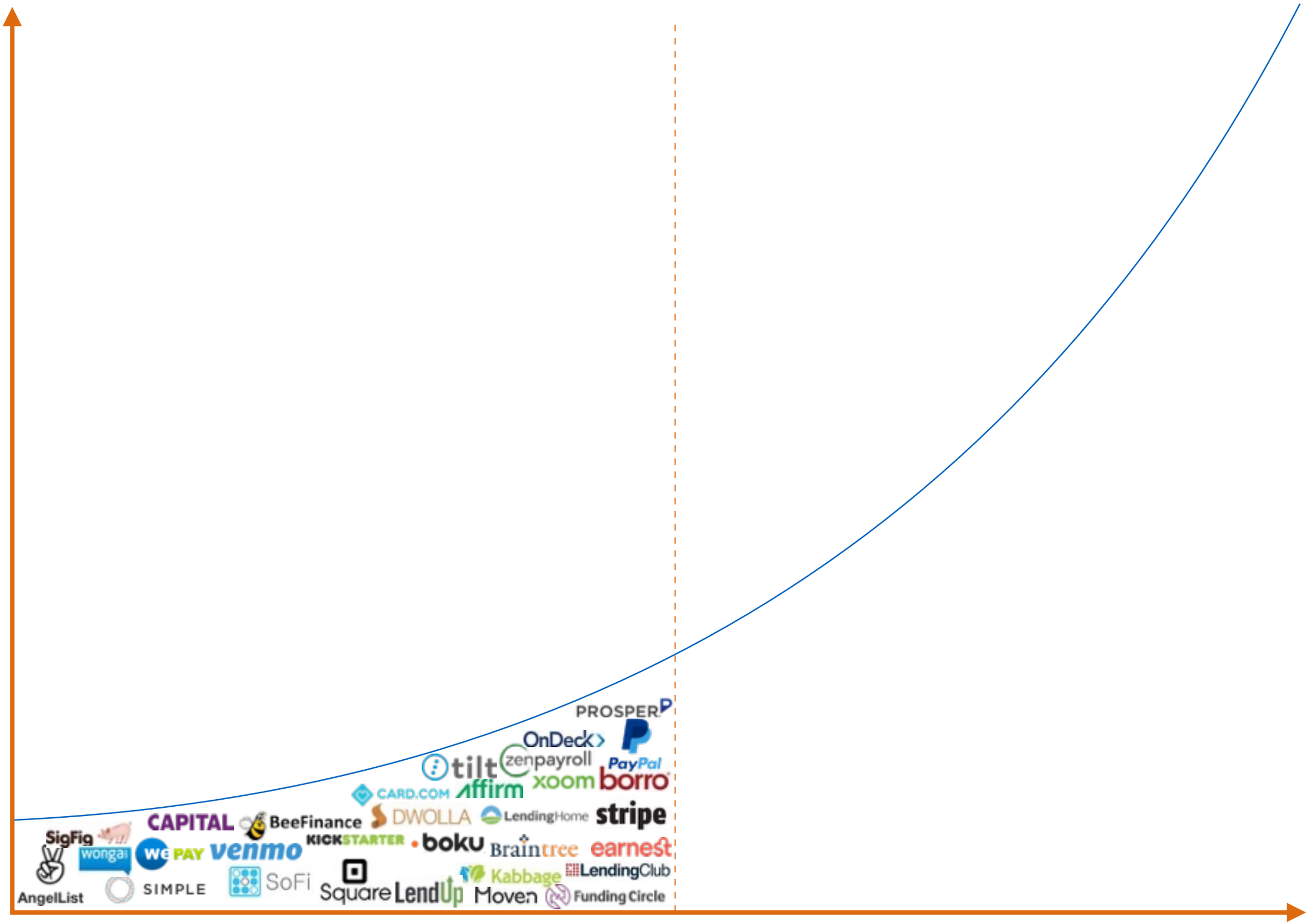
STANDARD TREASURY

Series-A

Trend: the application layer of financial services is exploding



Last six years

Next six years

Behind every fintech application is a wholesale bank:

stripe + Braintree

wealthfront + Betterment

PROSPER + LendingClub

WELLS FARGO

BMO Harris Bank

WebBank

Fintech apps are hard and costly because banks have:

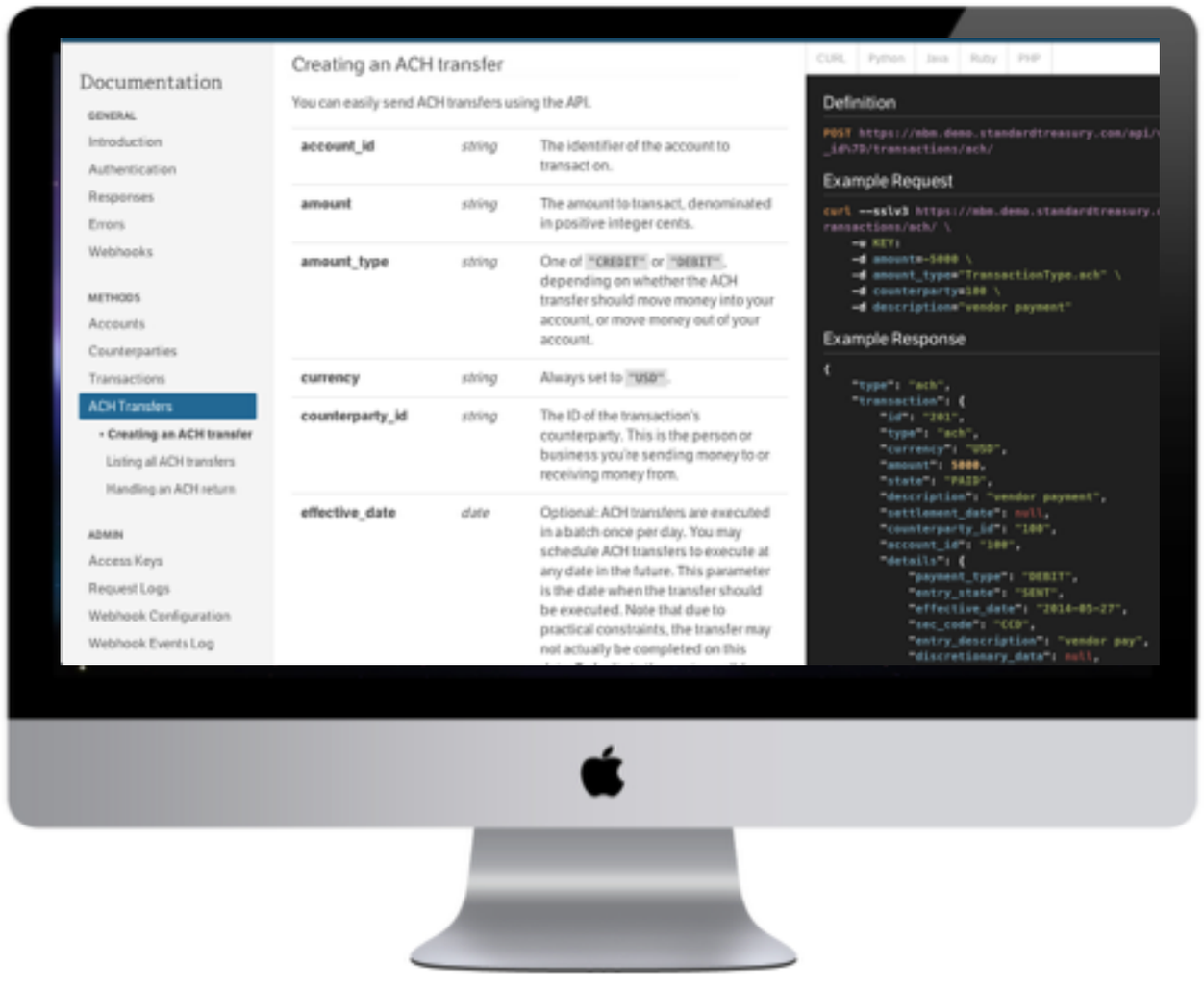
bad technology

bad culture

bad technology culture

We know this problem better than most.

The world's largest banks had asked us to build them APIs.



But we stopped to build our own wholesale bank:
the banking platform to power the fintech app revolution

Value

Giant market with a focused start

Top Down:
Banking revenue
$1 Trillion

Gross Value:
Wholesale banking
$259 Billion

TAM:
Global Startup
Wholesale banking
$5 Billion

This is hard…

…what it takes:

- Great API platform
- Great backend infrastructure
- Banking license in at least one country (UK)
- Global roll out (US and Europe)

Why now? The timing is right:

- Regulatory Changes
- Technology Maturity
- Rapidly growing market with eager customers

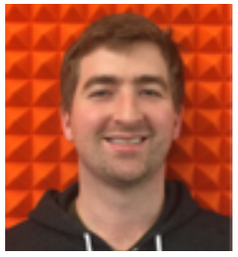
Our world class team

Dan Kimerling, CEO
COO of Giftly,
Analyst at TechCrunch
BA/MA, University of Chicago

Zac Townsend, President
Risk @ Stripe,
CTO of Newark NJ
BA, Brown, MPA, NYU

Chris Dean, VPE
Co-Founder, Merced
VP, BabyCenter
CalTech Physics

Jim Brusstar:
Eng Lead, Sidecar
Eng Lead, FB Platform
BSE in CS from Michigan



Mike Clarke:
Infrastructure Lead,
Disqus
EE from Notre Dame

Keith Ballinger, Head Architect
Co-Creator of .Net;
Developer,
Fed Reserve,
Published 2 software books

David Jarvis:
Software Engineer
CircleCI;
Data Scientist, AK
BA, University of Chicago

Current landscape

BIG BANKS

JPMorgan

WELLS FARGO

SVB

aren't nimble, too much legacy tech

SMALL BANKS

FOUR OAKS BANK

CBW BANK

MetaBank

The Bancorp Bank

bad technology but worse risk management and relationship with the regulators

NEW UK BANKS

STARLING

Atom

these are all consumer-focused retail banks

With $10M, we will get authorized in the UK

LAUNCH TO PRESENT

Complete Regulatory Work

Studied US Regulation
Studied UK regulation
Completed early legal and regulatory work
Met UK Regulators

Built Product

Public API
Developer portal
SDKs
Core Ledger
Authenticate and Authorize

H1'15

Regulation

Prepare Application
Pre-Meetings and Challenge Sessions
Consulting
Set up UK Subsidiary and Operation

Product

Payment Systems
Customer Information System

Hiring

Bank CEO
Engineers
Designers

H2'15

Regulation

Application
Regulatory Assesment
Individual Capital Guidance
Individual Liquidty Guidance

Product

Infrastructure
Logging/Auditing
Online/Mobile Banking
Compliance/KYC/AML

Hiring

Compliance
Engineers

H1'16

Regulation

Application
Goverenance
Policies/Procedures
IT Review

Product

Debit Issuance
Deployment
Testing/Launch

Hiring

Compliance
Engineers
Operations
Support

LAUNCH

Series A Financials

Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	Total
	Phase 1: Application						Phase 2: Authorization						Phase 3: Mobilizations						Phase 4: Customers Live						
Current Burn																									
SF Office	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	**240**
Five Engineers	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	**1680**
Two Founders	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	**408**
Benefits, etc	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	**792**
New Personnel in UK																									
Bank CEO				20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	**420**
Compliance				15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	**315**
Risk				15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	**315**
Designer															12	12	12	12	12	12	12	12	12	12	**120**
UK Office				10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	**210**
New Personnel in the US																									
Engineers																									
Security	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	**288**
Product			12	12	12	12	24	24	24	24	24	24	36	36	36	36	36	36	48	48	48	48	48	48	**696**
Infrastructure													12	12	12	12	12	12	24	24	24	24	24	24	**216**
Regulatory Work																									
Regulatory Advisor	150	150	250	250	350	350	150	150	150	150	150	150	25	25	25	25	25	25							**2550**
Legal Work	25	25	25	25	50	50	10	10	10	10	10	10													**260**
Total	**337**	**337**	**449**	**509**	**634**	**634**	**406**	**406**	**406**	**406**	**406**	**406**	**295**	**295**	**307**	**307**	**307**	**307**	**306**	**306**	**306**	**306**	**306**	**306**	**8990**

Once launched we have durable advantages:

- Sticky developer relationships
- Regulatory head start (2-3 years)
- Risk management network effects
- Easy to expand to commercial banking

Risks & Mitigations:

	Risk	Plan
1	We can’t get licensed; significantly less market demand	Sell our software to other banks
2	It takes longer to get license	Slow down our burn
3	It takes longer to ship our software	Speed up engineering hiring
4	If we can’t find the right people	Work with headhunters and use contractors, as needed

STANDARD TREASURY

Thank you

Appendices

A. Background: Past financing, product and progress
B. UK Regulatory Environment
C. US Regulatory Environment
D. Product Roadmap and Use Cases
E. Technology and Architecture

Appendix A

A. Background: Past financing, product and progress
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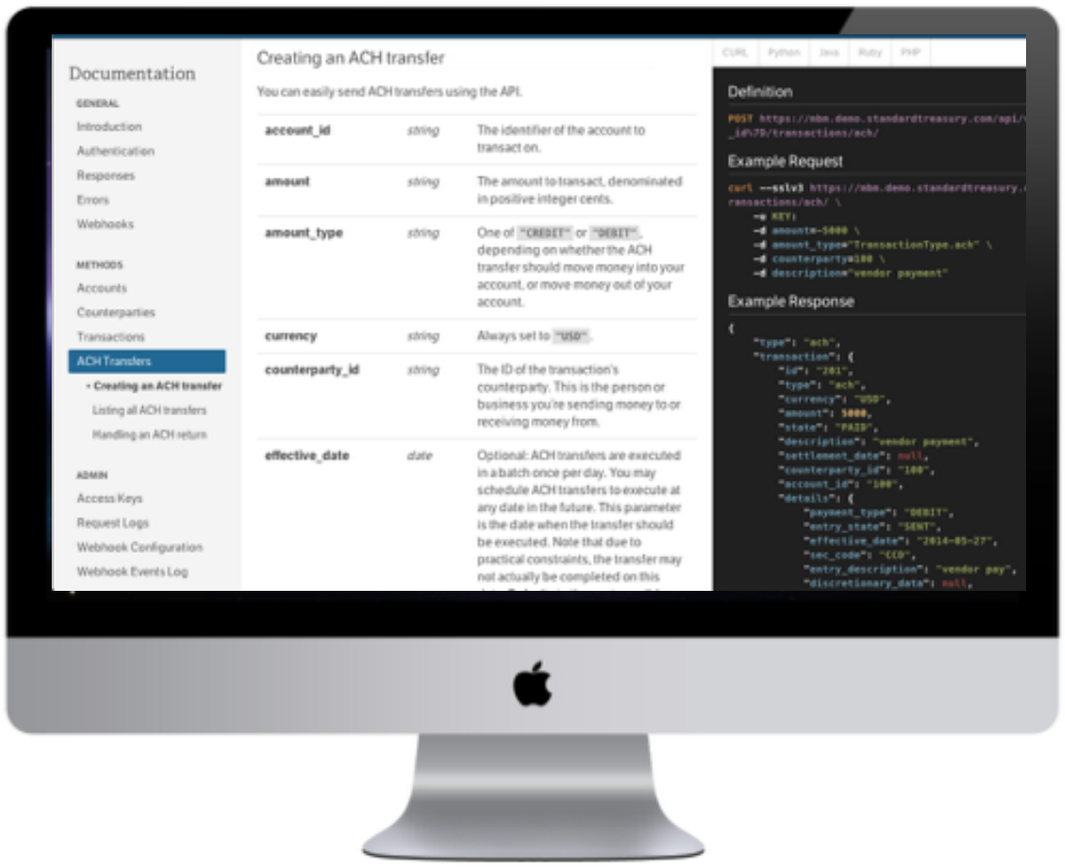
E. Technology and Architecture

Our history

We've always been focused on API Banking…

by providing the world's largest banks all the ingredients for success in API Banking.

- Secure integration with bank middleware
- Public APIs tailored to each partner's unique needs
- Self-service developer administration
- Up-to-date documentation & SDKs
- World-class developer support
- Partner & growth engineering
- Turnkey app store



Background

PRESS

American Banker's Top Ten Tech Companies to Watch

FINANCE

$2.7M convertible note financing

Featured in

TechCrunch · The Wall Street Journal WSJ · American Banker · bank innovation

ACCELERATORS

Fintech Innovation Lab
Selected by fourteen top banks to participate
Mentored by Goldman Sachs, Deutsche Bank, Morgan Stanley and UBS

Commerce.Innnovate
Mentored on advanced payments by MasterCard

Y Combinator

Current investors include:

Index Ventures

SUSA VENTURES

RRE Ventures

ColumbusNova Technology Partners

promusventures

SHERPA VENTURES

Data Collective

Y Combinator

Angels include:

Brian McLoughlin
Cory Ondrejka
Paul Buchheit
Josh Abramowitz
Jonathan Abrams

Greg Kidd
Gus Felder
Jay Mandelbaum
Dalton Caldwell
John Wolthuis

Appendix B

A. Background: Past financing, product and progress
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Easier to start in the United Kingdom

We have spent the last six months studying the regulatory and legal landscape.

Planning to de novo a bank in the United Kingdom:

- Much friendlier regulatory climate
- Political desire for new banks and banking models
- New legal pathway to more easily de novo a bank
- Specific authorizations to operate our business model
- Fewer restrictions on capital structure

Big opportunity in United Kingdom as first market:

Every startup we met said there was a need for the bank, and that they would either switch their existing business to our bank or would switch all future product development to our bank. Given what these existing players told us about their current usage bills with their banks, we believe we could easily be profitable on the soft commitments we've already received.

New Easier Process to Start Banks

- Improvements to – and streamlining of – the pre-filing system
- Reduced capital requirements at authorization
- Reduced liquidity requirements for new entrant banks
- Simplification and streamlining of application documentation
- A reduced minimum realistic time for the application process of six months (previously two years)

Three relevant regulators in the UK, all friendly

Prudential Regulator Authority

- Part of Bank of England
- Part of "dual" bank authorizations process
- Has responsibility for safety and soundness regulation of U.K. banks
- Open to competent business plans outside traditional banking models
- Analogous to the Federal Reserve's supervision work in the US

Financial Conduct Authority

- Independent agency
- Part of "dual" bank authorizations process
- Has responsibility for regulating banks in relation to consumer protection, conduct, market participation and financial crime issues
- Mash up of SEC, FDIC, and Fincen for a US analogy
- Set up Innovation Hub to guide startups through agency

Payments Systems Regulatory

- Part of the Financial Conduct authority
- Standing up on April 1, 2015
- Publishing guidance supporting "challenger" banks

There is a rich financial technology ecosystem

We met with some ecosystem players like Level39, Innovate.Finance, the FinTech Innovation Lab, etc. We like the concentration of community, lobbying power, and knowledge that we found, as well as the appetite for the type of infrastructure we're proposing.

We got the sense, as well, that we could be a active, vocal, and potentially powerful member of the community. Several people said we might be able to influence UK political discussion given sufficient time and resources: that we could be fintech's poster child because we're infrastructure.

Appendix C

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1. Why not start a bank in the US?
2. Why not buy a bank in the US?
3. Why not partner with a bank in the US?

1. Why not start a bank in the US?

FDIC not granting de novo charters:

ONLY

2

Since the financial crisis the FDIC has approved only two de novo applications – one for a development bank in New Haven and another for an Amish bank.

1. Why not start a bank in the US?

WHY THE FDIC DISLIKES DE NOVOs

- FDIC identified that recent de novo banks had a disproportionate share of failures and serious safety and soundness problems.
- After the crisis, the FDIC tightened its policy on de novo banks and effectively restricted serious consideration of de novo banks

STANDARD TREASURY COULD NOT DE NOVO

- We do not believe that the Standard Treasury plans fall within the exceptionally narrow parameters that, at this moment in time, would cause the FDIC to give serious consideration to a de novo application.
- Barring a major change in the FDIC's approach to de novo charters, which we deem unlikely under the current Chairman, we believe it highly improbable that Standard Treasury could successfully pursue an application for a de novo charter.
- Completely auditable and trackable.

2. Why not buy a bank in the US?

We'd have to own their

- customers
- technology
- loan book
- staff
- particular authorizations
- regulatory relationships
- physical plant

these would be major distractions while we build tech infrastructure

2. Why not buy a bank in the US?

Since the financial crisis, all U.S. federal bank regulators have increased scrutiny of applications to acquire banks, particularly applications by non-banks.

2. Why not buy a bank in the US?

Non-bank applicants can expect to have to meet standards applicable to de novo institutions including:

- a requirement to operate under a business plan approved by the bank's primary regulator for the first seven years of operation
- closer supervisory scrutiny
- more frequent examinations
- operating conditions specific to the particular application, typically include higher capital standards than required by otherwise-applicable regulation
- the more an application deviates from a traditional community-banking model, the greater this scrutiny becomes.

2. Why not buy a bank in the US?

This heightened scrutiny of non-traditional models in turn gives rise to longer application processing times and reduced likelihood of success.

2. Why not buy a bank in the US?

Restrictions on capital sources:

- Many banking regulators in the US have a natural skepticism towards private equity and venture capital investors, who they perceive as having short term profit motives.
- While this perception is unfair to many such investors, particularly in the venture capital industry, few banking regulators understand the sector well enough to make nuanced distinctions

2. Why not buy a bank in the US?

Bank holding company:

- There are a complex series of controls that very likely prevents any non-natural person from owning more than 9.9% of a bank without being subject to registering as a bank holding company.
- Banking holding companies are regulated by the Federal Reserve and are subject to an onerous set of reporting, risk management, and internal financial controls.

3. Why not partner with a bank?

1. Lack of control
2. Bad technology interfaces
3. Aren’t responsive
4. Designed unscalable internal control & risk management
5. Are reluctant to white label
6. Stuck in legacy mindset
7. Bad culture and worse technology culture

Appendix D

A. Background: Past financing, product and progress
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Our product

We are providing banking infrastructure via API to partners who will use and resell our services at scale.

The Amazon Web Services (storage, compute platform) or Uber (logistics, transportation platform) of banking:
the high-volume provider of core financial services.
Over time this will include white labeled services like:

ACCOUNTS

- Deposits through companies like Simple, Bee, Zenefits
- Custodial accounts through companies like WealthFront, Betterment, Sigfig
- Escrow accounts through companies like Angellist

LENDING

- Real-time mortgage decisioning for companies like Trulia
- Warehouse facilities for companies like Lending Club

PAYMENTS

- Cash payments through companies like ZenPayroll, LendingHome.
- Card payments merchant acquiring through companies like Stripe, WePay, Balanced Payments
- Card issuing through companies like Card.com, TrueLink Financial

Product demo

demo.standardtreasury.com

Example use cases

1. Commercial Customers (Lever)
    1. Open a new account
    2. Collect all the information for CIP and KYC
    3. Automatically run KYC (and credit) checks
    4. Open account with zero dollar
    5. Accept a BACS/CHAPS/FPS from another bank account / investor
    6. Rent office space
    7. Create a letter of credit
    8. Pay corporate rent
    9. Send BACS/CHAPS/FPS to particular counterparty
    10. Pay for other things (debit cards, checks, other payments)
    11. Accounting and identity (Xero or direct connections)
    12. Bill pay

2. Commercial Customers with Debit Features (Lever+)
    1. Accept ACH debits
    2. Drawdown wires

3. Wholesale Payments Customers (ZenPayroll)
    1. FBO accounts
    2. KYC on beneficiaries
    3. ACH Debit to corporate
    4. ACH Debit at scale to FBO
    5. ACH Credit from FBO
    6. KYC on counterparties

4. Wholesale Resellers of Retail Accounts (Bee/Simple)
    1. Open retail accounts
    2. Information
    3. Payments

5. Card Issuance Programs (TrueLink, card.com, Giftly)

6. ISO/PSP and Merchant Acquiring (Stripe/WePay/PayPal/Balanced)

7. Custodial accounts for asset managers (Betterment/WealthFront/Sigfig)

8. Advanced data and analytics on usage, counterparties, international accounts

9. Foreign exchange execution, settlement, accounts

10. Private wealth management tools

11. Broker dealer execution, settlement, white labeled portals

Economics by program type

	Fixed revenue per program	Variable revenue per transaction
Acquiring	Minimal set-up fees	Significant revenue per dollar processed
Issuing	Significant set-up fees and ongoing program management fees	Significant revenue per card issued and swipe
Cash Payments	Minimal set-up fees	Mixed: Significant revenue per real-time dollar processed, minimal for multi-day settlement
Custodian	Significant set-up fees and ongoing program management fees	Little revenue per dollar of AUM
Origination	Significant set-up fees and ongoing program management fees	Little revenue per origination; ongoing revenue for servicing

Appendix E

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Our technology

Our core banking system is built using an API-first design. Every operation in the bank is controlled by a secured rest API, with a micro-services architecture on the backend. Because we started from scratch, our system is built with security, reliability, speed, and usability.

API

- Payments and Transfers
- Authentication and Authorization
- Logging and Auditing
- Documentation

Technology Stack

- Clojure on JVM
- PostgreSQL
- Kafka
- Storm
- AngularJS
- AWS (Beanstalk, RDS, ELB, S3)

UX

- Bank Manager Operations
- Online Commercial Banking
- Developer Portal

Infrastructure

- Core ledger
- Customer information System
- KYC, AML, Fraud detection

Technical Details

After building out APIs for core banking systems in the US we determined that none of the standard offerings met our desire to drive the entire bank with a secure API in a highly performant manner. All of our services and UX are built around the existing API.

HIGH LEVEL DESIGN

- API uses OAuth and JWT to auth every request/response
- All synchronous calls are delegated from the API gateway to the relevant internal micro-services
- A large percentage of those calls create events that are asynchronously handled by our fault tolerant master workflow system.
- Each micro service has its own cluster of machines with its own datastore
- There are separate public and private API services. Public for general consumption, private for services used by the Bank Personnel.

OUR SYSTEM

- API first
- High volume, Reliable, Secure
- Completely auditable and trackable