

# Banc of America Merchant Services (BAMS) Joint Venture Discussion

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Supplemental Information and Anticipated  
Economic Implications

July 30, 2019

# Forward-Looking Statements

This presentation contains “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those that express a plan, belief, expectation, estimation, anticipation, intent, contingency, future development or similar expression, and can generally be identified as forward-looking because they include words such as “believes,” “anticipates,” “expects,” “could,” “should” or words of similar meaning. Statements that describe our future plans, objectives or goals are also forward-looking statements. The forward-looking statements in this presentation involve significant risks and uncertainties, and a number of factors, both foreseen and unforeseen, could cause actual results to differ materially from our current expectations. The factors that may affect our results include, among others: pricing and other actions by competitors; the capacity of our technology to keep pace with a rapidly evolving marketplace; the impact of a security breach or operational failure on our business; the effect of legislative and regulatory actions in the United States and internationally; our ability to comply with government regulations; our ability to successfully identify, complete and integrate acquisitions, and to realize the anticipated benefits associated with the same; the impact of our strategic initiatives; the impact of market and economic conditions on the financial services industry; the anticipated financial impact of the termination of the BAMS joint venture; our ability to achieve adjusted earnings per share accretion in connection with the acquisition of First Data Corporation; and other factors identified in our Annual Report on Form 10-K for the year ended December 31, 2018 and in other documents that we file with the SEC. You should consider these factors carefully in evaluating forward-looking statements and are cautioned not to place undue reliance on such statements, which speak only as of the date of this presentation. We undertake no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this presentation.

# Announcement Overview

- The joint venture between First Data and Bank of America known as Banc of America Merchant Services (BAMS) will terminate as of June 2020
- Both First Data (FDC) and Bank of America (BofA) expect to be assigned clients and revenue to their proportionate ownership stakes (FDC is 51%)
- By current agreement, existing BAMS clients will receive uninterrupted processing services from First Data until at least June 2023 at current pricing
- First Data expects to be an important service provider to new BofA merchants following the separation in June 2020
- The parties expect to work cooperatively to achieve the desired objectives of each company
- It is anticipated that the financial impact of the separation will be neutral to accretive to Fiserv adjusted EPS and free cash flow for the next 3 to 5 years

# Separation Process

- The parties have a contractual arrangement for First Data to provide merchant processing services to existing BAMS clients as of June 2020 for 3 years at current pricing
- We expect to enter into a processing agreement for new BofA clients on-boarded after June 2020
- The separation is governed by an existing agreement in which each party receives their proportionate share of revenue, value and related client responsibility as follows:
  - FDC will own its 51% share of the joint venture's revenue and value
  - There is a detailed contractual process to allocate each party's proportionate share of clients and value
  - FDC will service its clients through its existing cost structure with no merchant impact
  - FDC will provide merchant processing and related services for the post-separation BAMS clients through June 2023 at current pricing
  - The parties will be subject to mutual non-solicitation agreement through June 2021

# Anticipated Economic Implications

- First Data expects to receive 51% of the client book and existing revenue of the venture upon separation and will be serviced within existing FDC structure
- The merchant processing agreement at current pricing for the post-separation BAMS/BofA clients is in place through June 2023 and will likely be reduced after that point
- We expect BofA pricing to be at a lower level for merchants on-boarded after June 2020
- We will evaluate the addressable JV expense structure (FDC proportion is more than \$150 million) for efficiency and leverage across the existing FDC cost structure
- First Data will now have decision rights for cross sell, pricing, and product prioritization for the 51% of revenue transferred from the venture
- We expect to increase our investment in sales and digital enablement to improve revenue performance versus the BAMS decline seen in 8 of last 10 calendar quarters
- We expect the separation to be generally accretive to both adjusted EPS and free cash flow for the next 3-5 years with opportunities to improve growth
- Including this separation, we continue to expect at least 20% adjusted EPS accretion in the first year with First Data, and more than 40% at the full synergy run-rate

# Anticipated Impact of BAMS Separation on Financial Expectations

Transition Time Frame	Anticipated Revenue Impact	Anticipated Adjusted EPS Impact	Anticipated Free Cash Flow Impact
Near Term (to June, 2020)	No Change	No Change	No Change
Mid Term (1-3 years post)	~Neutral	Positive	Positive
Longer Term (> 3 years post)	Slightly Negative	~Neutral	~Neutral

We continue to expect at least 20% adjusted EPS accretion in the first year with FDC and more than 40% at the full synergy run rate including the BAMS separation

Note: Financial implications noted in chart are specific to the FDC share of BAMS joint venture pre and post separation and not the aggregate results of company