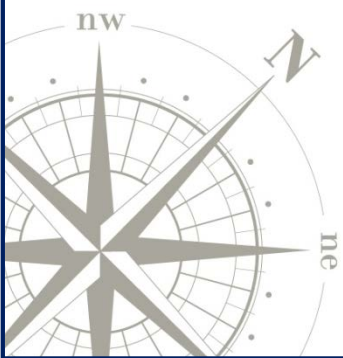


People's United and the Bank Partnership Market

July 2014

People's United Merchant Services

A subsidiary of **People's United
Bank**[®]



On July 17th, People's United Bank and Vantiv announced the formation of a joint venture, People's United Merchant Services.

1. The new venture was formed during the second quarter, and People's will retain a 49% ownership.
2. Both companies contributed merchant accounts to the partnership, including the total People's United Bank portfolio, which had over 5,300 merchants and processed over \$1 billion in bankcard volume in 2013.
3. Vantiv and People's United Bank have an eight-year history working together on debit processing and ATM services.
4. People's United Bank recognized a \$20 million gain on the formation of the alliance.



First Annapolis served as the exclusive advisor to People's United Bank.

People's United Bank's motivation was related to its strategic growth and customer development goals.

"Vantiv has the capacity to handle much larger merchants than we could necessarily attract and the experience to deal with them. And they also bring a sales program that is stronger than what we were putting on the ground. So [the joint venture] has a lot to do with forward-looking strategy."

Jack Barnes
People's United Bank
President and CEO

David Rosato
People's United Bank
SVP and Treasurer

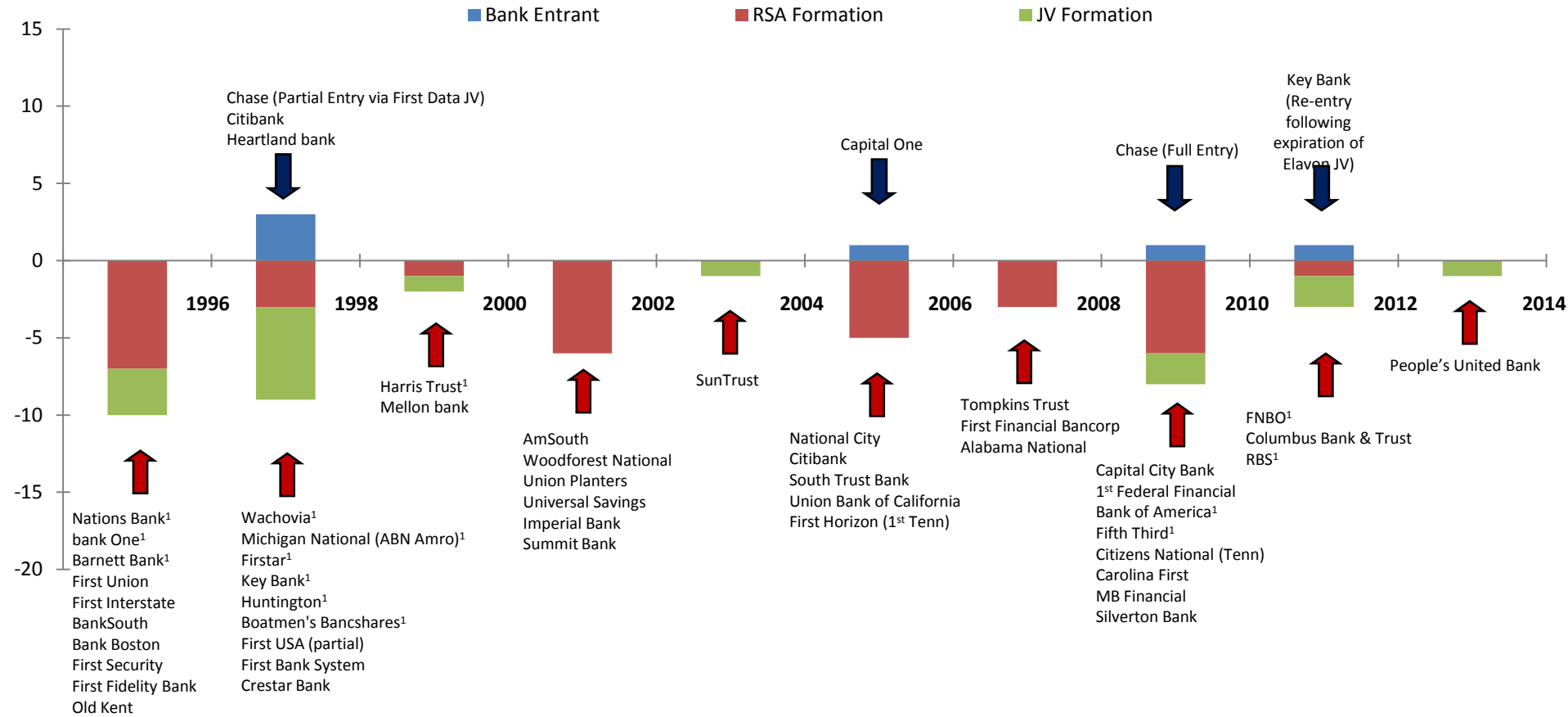
"One of the primary things that [Vantiv brings] to the table other than technology and deeper products is that there will be a much larger, dedicated sales force that will be calling not only on our referrals, but on other non-People's customers in our footprint. So I think that, for our customers, [it's] really a better product set, better technology, better security — it's all a plus."

"We also get the opportunity to sell the capabilities on the merchant processing side into some of our larger corporate clients that Vantiv has a lot more experience dealing with, some very significant entities, merchants that have unique processing needs. So there is a lot of expertise in the business around different types of merchants. That will help build [and] deepen the relationships we have with some of our largest customers as well."

Jack Barnes
People's United Bank
President and CEO

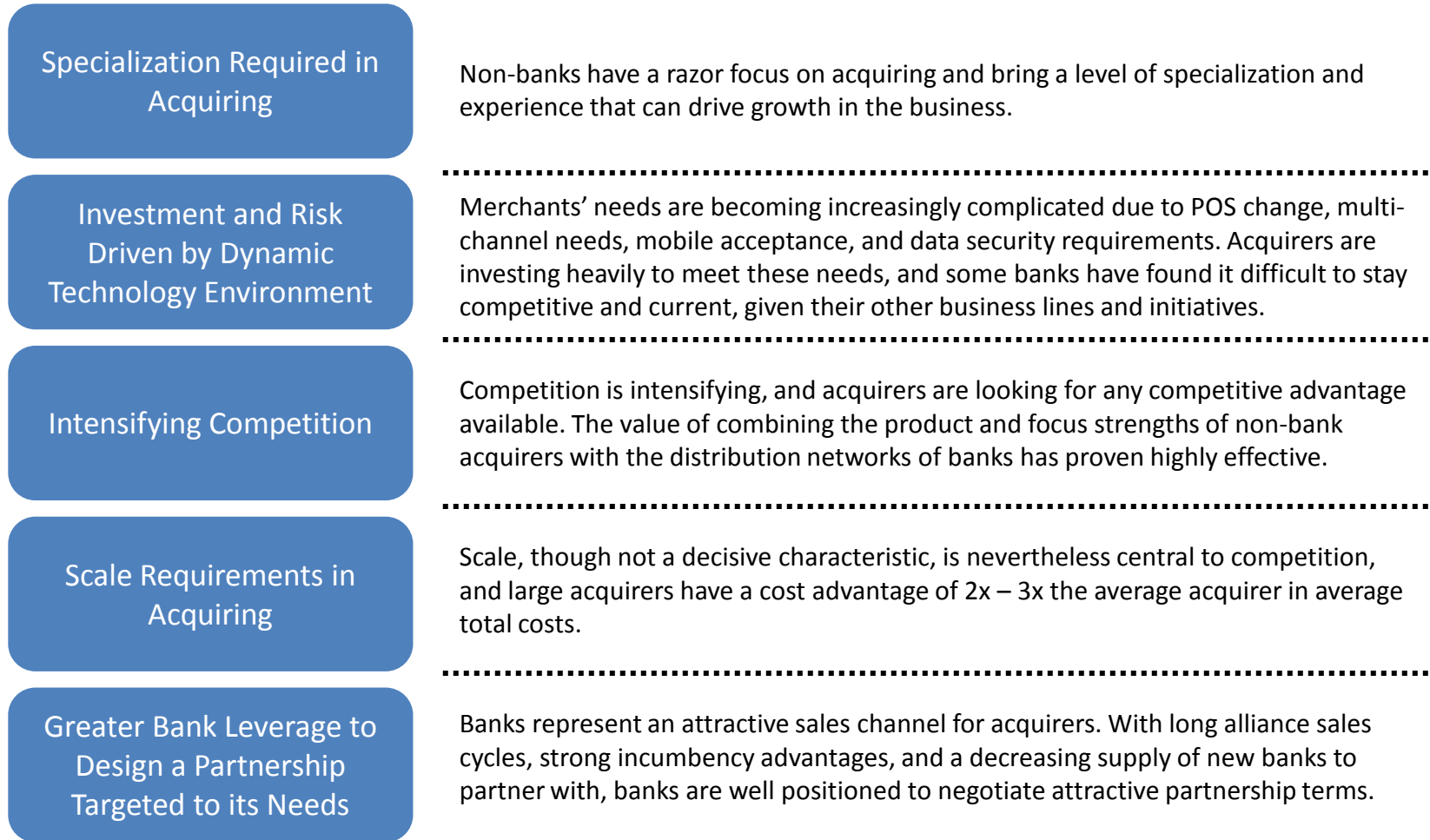
The formation of this joint venture supports a two-decade trend of banks pursuing joint venture and revenue sharing alliance partnerships.

History of Banks Entering and Exiting the U.S. Acquiring Market



(1) Note: JV formation

The longer term trend toward bank/non-bank alliances has been driven by some common forces.



Though bank partnerships have been a hallmark of the acquiring industry for two decades, the nature of these partnerships is changing to take advantage of the current environment.

	<i>Then</i>	<i>Now</i>
Structure	<ul style="list-style-type: none"> Partnerships fit neatly into defined joint venture or revenue sharing alliance buckets 	<ul style="list-style-type: none"> Acquirers are offering up hybrid proposals in response to Banks' desire to have more input
Compensation	<ul style="list-style-type: none"> Partnerships use traditional compensation structures, such as a revenue or profit share 	<ul style="list-style-type: none"> Acquirers are conveying value in different ways, including payment in kind via contributed portfolios and the use of earnings guarantees Some acquirers have gotten creative on the expense side, even offering free processing and servicing as part of the overall value transfer
Governance	<ul style="list-style-type: none"> Business run by a general manager, appointed by the acquirer Acquirer held final authority for all strategic decisions 	<ul style="list-style-type: none"> Acquirers proposing defined board structures with representatives from both parties Bank given veto rights on key issues, such as pricing, marketing, or credit policy
Portfolio Management	<ul style="list-style-type: none"> Only sales and customer service are fully dedicated to the bank Other servicing aspects operate under a shared service model 	<ul style="list-style-type: none"> Acquirers offering more dedicated services (e.g. pricing, HR, underwriting) for banks large enough to support them
Competition	<ul style="list-style-type: none"> First Data and Elavon dominated the bank partnership space 	<ul style="list-style-type: none"> A number of acquirers are competing for bank partnerships, including Global Payments, Merchant e-Solutions, TransFirst, TSYS and Vantiv

First Annapolis has extensive experience - dating back to the beginning of the partnership trend - advising bank acquiring clients in the U.S. and abroad in setting strategy and developing partnerships.

1. We were part of the strategy team that created the First Data alliance concept in 1993, and then we were the exclusive advisor to First Data from 1994 to 1997 in the formation of their joint ventures in the U.S. and abroad.
 - Many of these joint venture companies subsequently became our clients and we have had a ringside seat to see what worked well and what did not work well.
 - We have been involved in many recalibrations of these alliances over the years as a result.
2. We and a core team of Bank of Montreal managers created the concept and formed the Moneris joint venture with Royal Bank of Canada. The Moneris concept resulted from a strategy assignment we had at the Bank of Montreal. Moneris is now the largest acquirer in Canada.
3. We represented Bain Capital and Advent in their acquisitions of RBS WorldPay in the U.S. and U.K.
4. We represented HSBC in their joint venture formation with GPS in Asia and on both of the U.K. transactions.
5. We represented Allied Irish in the formation of their alliance with First Data.
6. We represented Banco Santander in the U.S. and four other countries in their formation of acquiring ventures with several partners, though mostly with Elavon.

First Annapolis has assisted seven super-regional and national banks in evaluating their acquiring businesses and partnership options in the past several years.

Our M&A advisory experience extends beyond the bank world. No other firm offers greater breadth and depth of transaction experience in the merchant acquiring industry than First Annapolis.

 sold to Collective Fund of Safe Solutions (Canada) subsidiary to Elavon 31 January 2013 The undersigned served as financial advisor to Heartland Payment Systems First Annapolis Consulting M&A Advisory Services	 acquired longtime strategic partner CARDSAVE 13 December 2010 The undersigned served as strategic advisor to WorldPay First Annapolis Consulting M&A Advisory Services	 have jointly acquired 100% of RBS WorldPay 1 December 2013 The undersigned served as strategic advisor to Robert and Joan First Annapolis Consulting M&A Advisory Services	 announced the sale of its merchant processing business, Canada Processing Systems, and approximately 1,500 stores and more than 10 million ISOs to ENVVOY 8 January 2010 The undersigned served as strategic advisor to CERIDIAN (SICOM) Inc. First Annapolis Consulting M&A Advisory Services	 agreed to acquire ENVVOY 3 May 2011 The undersigned acted as strategic advisor to WorldPay First Annapolis Consulting M&A Advisory Services	 a subsidiary of Visa Inc. sold its U.S. merchant acquiring portfolio and entered into a long-term partnership with globalpayments 31 January 2013 The undersigned served as advisor to CyberSource First Annapolis Consulting M&A Advisory Services	 announced the formation of America's largest merchant acquirer, Bank of America Merchant Services, through a joint venture with First Data 20 January 2010 The undersigned served as strategic advisor to Bank of America First Annapolis Consulting M&A Advisory Services	 has formed a merchant acquiring joint venture with FIRST DATA 18 January 2008 The undersigned served as strategic advisor to AIB Irish Bank First Annapolis Consulting M&A Advisory Services	 sold its \$1.8 billion merchant portfolio and entered into a strategic sales and marketing alliance with NOVA 31 December 2011 The undersigned served as advisor to Union Planters Bank First Annapolis Consulting M&A Advisory Services	 sold its merchant portfolio and entered into a strategic sales and marketing alliance with NOVA 1 April 2007 The undersigned served as advisor to Banco Santander Puerto Rico First Annapolis Consulting M&A Advisory Services	 formed a merchant acquiring joint venture in the U.S. with globalpayments 30 January 2008 The undersigned served as advisor to HSBC First Annapolis Consulting M&A Advisory Services
 sold its merchant acquiring business to payment alliance 31 December 2009 The undersigned served as strategic advisor to COMDATA Processing Systems U.S. First Annapolis Consulting M&A Advisory Services	 formed a merchant acquiring alliance with Elavon 21 September 2009 The undersigned served as advisor to Visa Inc. First Annapolis Consulting M&A Advisory Services	 agreed to pay \$2 billion in aggregate consideration to acquire CyberSource 21 April 2010 The undersigned served as advisor to Visa Inc. First Annapolis Consulting M&A Advisory Services	 agreed to acquire U.S. based ISO MERCHANT SOLUTIONS 2 July 2012 The undersigned served as advisor to Cielo First Annapolis Consulting M&A Advisory Services	 established a strategic merchant services alliance in Mexico with Elavon 28 April 2010 The undersigned served as advisor to Banco Santander S.A. First Annapolis Consulting M&A Advisory Services	 sold 1% of its merchant acquiring portfolio in Spain and formed a joint venture with Elavon 18 October 2010 The undersigned served as advisor to The First Bank First Annapolis Consulting M&A Advisory Services	 completed the sale of a \$7.5 billion agent bank, ISO, and ISO merchant portfolio to TRANSFIRST 28 January 2010 The undersigned served as advisor to The First Bank First Annapolis Consulting M&A Advisory Services	 formed a merchant acquiring joint venture with SunTrust 29 March 2002 The undersigned served as advisor to SunTrust First Annapolis Consulting M&A Advisory Services	 agreed to acquire PayPal 8 July 2002 The undersigned served as advisor to PayPal First Annapolis Consulting M&A Advisory Services	 a subsidiary of eBay Inc. agreed to pay \$240 million in cash and stock to acquire United Retail Credit Solutions BillMeLater 19 February 2004 The undersigned served as advisor to PayPal First Annapolis Consulting M&A Advisory Services	 a wholly owned subsidiary of First Annapolis has combined with RetailX 27 July 2011 The undersigned served as advisor to RetailX First Annapolis Consulting M&A Advisory Services
 sold its merchant portfolio and agent bank relationships to BluePay 30 November 2011 The undersigned served as advisor to Primax First Annapolis Consulting M&A Advisory Services	 formed a merchant services alliance with Elavon December 2010 The undersigned served as strategic advisor to Regions Financial Corporation First Annapolis Consulting M&A Advisory Services	 entered into long-standing strategic partnership for merchant services with First Data December 2011 The undersigned served as advisor to SunTrust First Annapolis Consulting M&A Advisory Services	 a division of an investment bank has merged with FIRST DATA 14 October 2007 The undersigned served as advisor to Deutsche First Annapolis Consulting M&A Advisory Services	 sold its ATM and bank branch management services, cash management, and card cash transactions to usbank 18 August 2004 The undersigned served as strategic advisor to PDBN National Bank First Annapolis Consulting M&A Advisory Services	 sold its merchant to WVCE Corporation 14 October 2007 The undersigned served as advisor to First Data First Annapolis Consulting M&A Advisory Services	 has formed a merchant acquiring alliance serving over 4,000 merchants throughout Maryland Scotiabank Inverfort 1 December 2003 The undersigned served as advisor to First Data First Annapolis Consulting M&A Advisory Services	 consolidated the \$7.5 billion merchant portfolio of WACHOVIA Merchant Services into First Data Merchant Services on 1 August 2002 The undersigned served as advisor to First Data First Annapolis Consulting M&A Advisory Services	 has merged with pulse 8 March 2004 The undersigned served as advisor to Criticon Financial Corporation First Annapolis Consulting M&A Advisory Services	 a wholly owned subsidiary of Citicorp has merged with critergy 23 February 2004 The undersigned served as advisor to Criticon Financial Corporation First Annapolis Consulting M&A Advisory Services	 has merged with NYCE 24 February 2002 The undersigned served as advisor to Magic Line First Annapolis Consulting M&A Advisory Services
 a provider of off-road equipment rental and leasing programs was acquired by microfinancial 12 November 2010 The undersigned served as advisor to Resource Leasing Corporation First Annapolis Consulting M&A Advisory Services	 sold its remittance processing business to FIRST DATA 12 January 2005 The undersigned served as advisor to REMITCO First Annapolis Consulting M&A Advisory Services	 a leading payment processor for credit cards and debit cards was acquired by Jack Henry & Associates Inc. 28 October 2008 The undersigned served as advisor to PEMCO Corporation First Annapolis Consulting M&A Advisory Services	 sold its prepaid processing business to fiserv. 28 February 2011 The undersigned served as advisor to Maverick Network Solutions First Annapolis Consulting M&A Advisory Services	 subsidiary BA Merchant Services, Inc. completed the sale of \$3 billion agent bank merchant portfolio to TRANSFIRST 18 September 2010 The undersigned served as advisor to Bank of America First Annapolis Consulting M&A Advisory Services	 has formed a processing and merchant acquiring joint venture with QUETS 1 September 2002 The undersigned served as advisor to First Data First Annapolis Consulting M&A Advisory Services	 agreed to acquire NPC 18 September 2010 The undersigned served as advisor to First Data First Annapolis Consulting M&A Advisory Services	 sold a portfolio of merchant and agent bank ISOs to Payment Inc. 21 December 2005 The undersigned served as advisor to First Data First Annapolis Consulting M&A Advisory Services	 sold its merchant portfolio and entered into a strategic sales and marketing alliance with NOVA 1 March 2009 The undersigned served as strategic advisor to Integra Bank First Annapolis Consulting M&A Advisory Services	 has acquired PayPoint 8 August 2002 The undersigned served as advisor to First Data First Annapolis Consulting M&A Advisory Services	 was acquired by AMERICAN NATIONAL BANK 15 December 2004 The undersigned served as strategic advisor to National Data Funding Corporation First Annapolis Consulting M&A Advisory Services
 sold its merchant portfolio and entered into a strategic alliance with Veracity 29 August 2008 The undersigned served as strategic advisor to OCR Holdings, Inc. First Annapolis Consulting M&A Advisory Services	 sold its \$500 million merchant portfolio and entered into a strategic alliance with NOVA 30 December 2008 The undersigned served as advisor to First American First Annapolis Consulting M&A Advisory Services	 a provider of off-road equipment rental and portfolio management services was acquired by TASQ 4 February 2011 The undersigned served as advisor to Gibbs Management Group, Inc. First Annapolis Consulting M&A Advisory Services	 entered into a strategic alliance with globalpayments 30 September 2011 The undersigned served as advisor to National Bank of Canada First Annapolis Consulting M&A Advisory Services	 formed a merchant bank alliance with Bank of Hawaii 1 July 1995 The undersigned acted as advisor to First Data Corporation First Annapolis Consulting M&A Advisory Services	 formed a merchant services alliance with OLD KENT 30 September 1998 The undersigned served as advisor to First Data Corporation First Annapolis Consulting M&A Advisory Services	 formed a merchant bank alliance with WACHOVIA 31 December 1995 The undersigned served as advisor to First Data Corporation First Annapolis Consulting M&A Advisory Services	 sold its Corporate Commerce credit card processing portfolio to FIRST USA 31 March 1997 The undersigned served as advisor to Checkfree Corporation First Annapolis Consulting M&A Advisory Services	 sold merchant credit card contracts with over \$700 million in annual Visa and MasterCard sales volume to National Bancard Corporation 29 April 1994 The undersigned acted as advisor to Chase First Annapolis Consulting M&A Advisory Services	 has sold its merchant portfolio to PMT 10 February 1998 The undersigned served as strategic advisor to American National Bank First Annapolis Consulting M&A Advisory Services	 sold 100% of its operations to NDC 21 March 1997 The undersigned acted as financial advisor to Midwest Savings USA, Inc. in this transaction First Annapolis Consulting M&A Advisory Services



First Annapolis Navigator – a monthly publication

- Highlights our views on key industry events shaping the global payments market.
- We offer a candid, in-depth perspective on trends and developments in the payments industry.

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Three Park Place, Suite 200
Annapolis, Maryland 21401
www.firstannapolis.com
Phone: (410) 855-8500
Fax: (410) 855-8599

Marc Abbey, *Managing Partner*

Marc.Abbey@FirstAnnapolis.com
(410) 855-8521

Brooke Ybarra, *Manager*

Brooke.Ybarra@FirstAnnapolis.com
(410) 865-8819