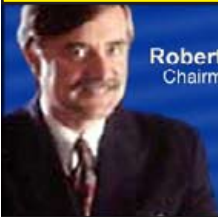


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Daily Payment Card News

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TODAYS HEADLINES:

1. Pre-Tax Card Profits Hit 16-Year High
2. Citi, AmEx, First Data Lead Tsunami Relief
3. Tidal Wave of Money Collected Online Last Week
4. Cap One's Fixed Rate Promotion Draws a Lawsuit
5. Cap One's Credit Limit Policy Draws Attention
6. More Americans to Shed Fat than Debt in 2005
7. NACM's December CMI Shows a Growing Economy
8. Indala Posts Two Consecutive Banner Years
9. Cap One Picks Monte the Grizzly as Top Mascot
10. eCHEX Inc to be Acquired by Trimfast Group
11. Global Links Picks Up 100K MasterCard Order
12. Payday Loans Link up to Debit Cards

CARD PROFITS 04

Credit card profits hit their highest level since 1988 during 2004, driven primarily by lower charge-offs and operating expense. The average pre-tax, return-on-assets for credit card portfolios last year is projected to reach 4.5%, compared 4.4% for 2003, and 4.2% for 2002. CA-based R.K. Hammer Investment Bankers says its data show that charge-offs softened last year as a result of declining consumer bankruptcies and unemployment rates. Operating expense decreased 10 basis points in 2004, due to seasoning of earlier technology investments, to 4.9%. However, the blended cost-of-funds slipped upward during 2004 by 10 basis points, to 2.5%. Hammer says total income yield for 2004 will come in at 17.5%, the lowest since 1999. Hammer predicts that card issuers in 2005 will focus on repricing, especially for higher-risk accounts; late/over-limit fees will continue to rise and be charged earlier in the billing cycle/due date, plus using "universal default" to trigger higher penalty APR's, in order to raise the income components.

U.S. Bank Credit Card Profitability Historical (VISA, MasterCard, and Discover)

YEAR	INC	OX	CO	COF	ROA
1989	21.3%	5.5%	3.8%	7.9%	4.1%
1990	20.9%	5.1%	4.3%	7.8%	3.7%
1991	20.5%	4.8%	4.7%	7.6%	3.4%
1992	19.4%	4.9%	4.9%	6.5%	3.1%
1993	18.6%	4.7%	4.6%	6.0%	3.3%
1994	18.5%	4.5%	4.4%	5.7%	3.9%
1995	18.0%	4.2%	4.1%	6.1%	3.6%
1996	17.9%	4.3%	4.2%	6.1%	3.3%
1997	17.4%	4.3%	4.6%	5.9%	2.6%
1998	17.3%	4.4%	4.7%	5.7%	2.5%
1999	17.9%	4.5%	4.4%	5.9%	3.1%
2000	18.4%	4.5%	4.3%	6.0%	3.6%
2001	18.8%	4.7%	5.1%	5.0%	4.0%
2002	18.5%	4.9%	5.4%	4.0%	4.2%
2003	17.6%	5.0%	5.8%	2.4%	4.4%
2004	17.5%	4.9%	5.6%	2.5%	4.5%

TSUNAMI GIVING

Citigroup is providing \$3 million and is matching employee donations to support relief efforts for the South Asia tsunami disaster. American Express and First Data donated \$1 million each for disaster relief. AmEx is also matching employee donations. First Data says its donation is the single largest donation made by its Foundation since its inception in 2000. MasterCard International says it has contributed \$250,000 to the Singapore Red Cross Society and initiated a relief program in which personal donations made by employees will be double matched by the organization. The December 26th earthquake triggered a series of tsunami waves which claimed an

estimated 139,000 lives.

ONLINE GIVING

An estimated \$350 million has already been donated online since the devastating tsunamis struck South Asia on December 26th. San Diego-based Kintera says its nonprofit clients have raised over \$50 million online in the past week for disaster relief efforts. The Company says the phenomenal amount of money donated online is evidence that the Internet is now the accepted way to contribute to a cause. Donating online offers consumers the definitive giving experience, combining immediacy, convenience and confidence. A benefit of online donations for nonprofits during a time of crisis is that organizations can see their funds in real-time, and can allocate money quickly for relief efforts.

CAP ONE SUIT

Capital One's high profile "No Hassle" advertising campaign has produced a lawsuit by the Minnesota Attorney General. The suit, filed last week, alleges that Cap One's description of its "fixed" interest rates are false, deceptive and misleading. The lawsuit says that consumers inquiring about a "fixed" rate are told that "Unlike most credit card companies, Capital One's fixed rate is not variable and will not go up and down as interest rates change." Only if a consumer "probes" does Capital One concede that it cannot guarantee that its rates will stay the same forever. The suit also offered examples of TV ads and direct mail offers promoting "fixed" interest rates. The suit seeks injunctive relief prohibiting Cap One's alleged false, deceptive and misleading conduct and civil penalties.

CAP ONE & CREDIT SCORES

Capital One's policy of not reporting limits on credit card accounts picked up national publicity last week. Capital One considers the information proprietary, but credit experts say the practice is resulting in skewed FICO scores, knocking as much as 50 to 70 points

off. According to the Washington Post, mortgage experts say the difference is significant, costing borrowers thousands of extra dollars.

NEW YEAR'S RESOLUTIONS

According to a national survey 36% of Americans polled are focused on weight loss for 2005 as opposed to 31% who are concerned with eliminating outstanding debt. Roper/Bankrate says this is a significant change from the 2003 poll in which 37% of those polled were more concerned about their debt, while only 29% were concentrating on losing weight. The survey found that the average amount of debt Americans polled need to pay off is \$11,288, which is slightly less than the 2004 survey result of \$11,895.

IN OTHER NEWS THIS MORNING . . .

The National Association of Credit Management "Credit Manager's Index" for December shows that although there continues to be a slight erosion in month-over-month growth, the economy continues to grow . . . San Jose-based Indala Corporation says it has achieved record growth in 2004 for the second consecutive year . . . The University of Montana's "Monte the Grizzly" has been named Capital One "Mascot of the Year" for a second time . . . NJ-based Trimfast Group is acquiring eCHEX Inc, providers of a reloadable prepaid MasterCard . . . Global Links Card Services has received a 106,000 card order from AZ-based Sharing Way for its debit MasterCard program issued via SD-based BankFirst . . . Chicago-based CashNetUSA is now offering free debit cards for access to payday cash advances.

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INTERNATIONAL NEWS: Posted to CardFlash International today: (BELGIUM) MasterCard Global Holiday Transactions Up 18%; (FRANCE) Ascom Wins a Fare Collection Contract for Toulouse; and, (CANADA) Incentive Solutions Canada Licenses Smart Chip Technologies' Solution. For details on CardFlash's international monitoring service visit <http://www.cardflashinternational.com/> (password access required).

ANNIVERSARY NEWS: PUBLISHED IN CARDFLASH ONE-YEAR AGO: More than \$40 billion in credit card assets were sold during 2003 with an average premium of 18.6% above book value for "Prime" and "Super-Prime" portfolios. PUBLISHED IN CARDFLASH FIVE YEARS AGO: National Processing announced this morning it has purchased a merchant processing portfolio, consisting of 15,000 regional accounts, from Heartland Payment Systems LLC. For access to 27,000 news items published daily in CardFlash since 1995 visit <http://www.cardflash.com> (password access required).

U.S. FINANCIAL SURVEILLANCE: Posted to CardData Today: November Portfolio Performance Data. For details on CardWeb.com's online financial surveillance service visit <http://www.carddata.com> (password access required).

U.S. MARKETING INTELLIGENCE: Posted to CardWatch Today: DIRECT MAIL Household Bank "Cash Back Rewards Gold MasterCard - 1.9% Intro APR" and Household Bank "Gold MasterCard - 1.9% Intro APR - Colors." For details on CardWeb.com's online marketing intelligence service visit <http://www.cardwatch.com/> (password access required).

MOVERS & SHAKERS: Posted to CardExecs Today: Steven Moore - CFO, SCM Microsystems and Colas Overkott - EVP, Sales & Marketing, SCM Microsystems. For details on CardWeb.com's new database of payment card industry executives and professionals visit <http://www.cardweb.com/people/> (password access required).

FORM & FUNCTION: Posted to CardPixes Today: First National Bank of Maryland - Easy Bank VISA; First Premier Bank - First Premier MasterCard; and, First USA Bank - Rodeo Drive Platinum VISA. For details on CardWeb.com's new database of payment card designs visit <http://www.cardweb.com/design/> (password access required).

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