

Card Knowledge Factory™

*Data and reports designed to make your organization
more efficient, more effective, and more profitable!*



R.K. Hammer

Card Knowledge Factory™

Historical & Current Card Research Available From R.K. Hammer

1. Summary of Card Portfolio Sale Premiums Paid

1986-2010 one page U.S.\$350*

A year-by-year listing of the range of our estimated premiums paid by card portfolio buyers, plus the average gross premiums per year, the number of transactions completed, and total \$ assets sold. As always, no individual transaction is described; only composite figures from our industry model(s).

2. Card Sale Premiums paid by Region and Asset

Size 2000-2010 one page\$350

A more detailed review of card deals done year by year, which includes the following: average charge offs for the industry, average 30 day + delinquency, # transactions observed, total assets sold, average size deal, average estimated gross premium, industry ROA (pre-tax), Premiums as an

Earnings Multiple (Premium/ROA), premiums paid for card deals by asset size range (small-medium-large), and by region.



3. Due Diligence Checklist, for Card Portfolio Buyers

10 pages\$750

Having done 148 such deals over 25 years, R.K. Hammer has assembled a unique list of data items most needed in order to make a suitable/competitive bid for card assets. Asking sellers to create thousands of pages of special reports is not useful and typically will delegate you to the bottom tier of potential bidders. Likewise, saying "send us what you can" shows the seller you haven't thought through your data needs – also last place in the bid pecking order. A sensible list in order to assist you with a preliminary bid is very helpful, to both the seller and the buyer.

4. Steps in a Card Portfolio Sale 3 pages\$125

This can be very helpful information for the issuer who is beginning to look at acquiring bulk assets, and wants to have their task plans prepared in the most efficient way. Sellers want to learn in advance and often be helped to understand what happens and when, and who is responsible for the stages of a deal.

5. Boosting Branch Sales of Card Products 24 pages\$450

Here are ways for the card organization to get a better response from the branch sales staff, in the sale of new cards. Incentive plans, employee training, and competitive issuer research are all presented.

6. Multi-year Card Penalty Fee Income one page \$175

2003-2010

7. Preliminary Bid Data Questionnaire 4 pages.....\$250

We have won many deals simply by being prepared up front, in reasonably explaining to the seller what we need in order to craft the best bid for them. Many sellers are frightened off by the huge volume of data required by some bidders – even for a preliminary bid – and with potential buyers who wonder why they did not hear back from a seller. Our short form questionnaire helps get you in the door.

8. Card Operations Overview Questionnaire

7 pages\$250

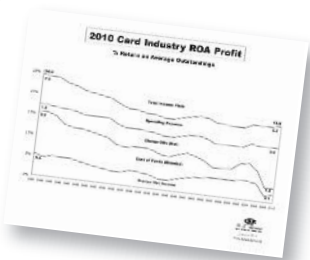
When you become a finalist in a deal, then you want to gain a deeper understanding of the seller's operation. Here is when we have an easily manageable form ready to communicate to the seller. Lots of deals have been won because a buyer understands when it's time to hit the top levels and when it's time to drill down deeper. Knowing the difference should get your team a win in 1 out of every 3 deals on which you bid. A potential portfolio buyer's data deck asking for hundreds of pages of answers from a seller will go nowhere. Our short form will. Save the drill down for the on-site due diligence process.



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9. Card Profitability ROA Chart 2 pages\$500

Here is the R.K. Hammer estimate for the industry earnings on a year-by-year basis, over the past 25 years. Total revenue yield, charge offs, operating expense, blended cost of funds, leading to pre-tax net income, all expressed as a percentage of card outstandings.



10. Card Portfolio Valuations: The Due Diligence Examination Process 4 pages.....\$125

A text article which ties to #3 above, covering development of your due diligence team, data needs and reporting forms you will want to consider, key drivers of the financial model, deal timeframes, and credit examination techniques, all designed to help you win more deals.

11. Card Acquisitions, Divestitures: Selecting a Transaction Advisor 3 pages.....\$125

Why some card issuers buy card portfolio assets; why others sell; choosing an appropriate intermediary; steps in a divestiture; steps in an acquisition; fairness opinions; and post-closing customer sensitivity issues.

12. Getting the Most Value for your Credit Card Portfolio 3 pages\$125

Why consider selling all or part of a portfolio; valuation; technical assistance; deal partnership aspect; time frames; and the human side of the equation. Important information to give to potential sellers.

13. Computing Card Portfolio Transaction Value 2 pages\$125

Post-closing financial adjustments to the date-of-sale purchase price. There is often a large difference between a stated premium bid for good open-to-buy accounts and what is ultimately booked into income by a seller at closing and post-closing.

14. # of Card Portfolios Sold since 1990, by Geographic Region 2 pages\$125

Deal flow by area in the U.S., between 1990 and 2010.

15. Vendor Questionnaire 4 pages\$125

A more systematic way of comparing competing vendors – of any product line – so that you even use it for your current vendor(s); for use with all RFP's. Helps get you the best vendor price at optimal service levels.

16. # Card Deals Done since 1990, by Asset Size Range 1 page\$125

How many deals were completed 1990 – 2010 in four asset size classes: jumbo, large, medium, and small, defined by specific dollar range amounts.

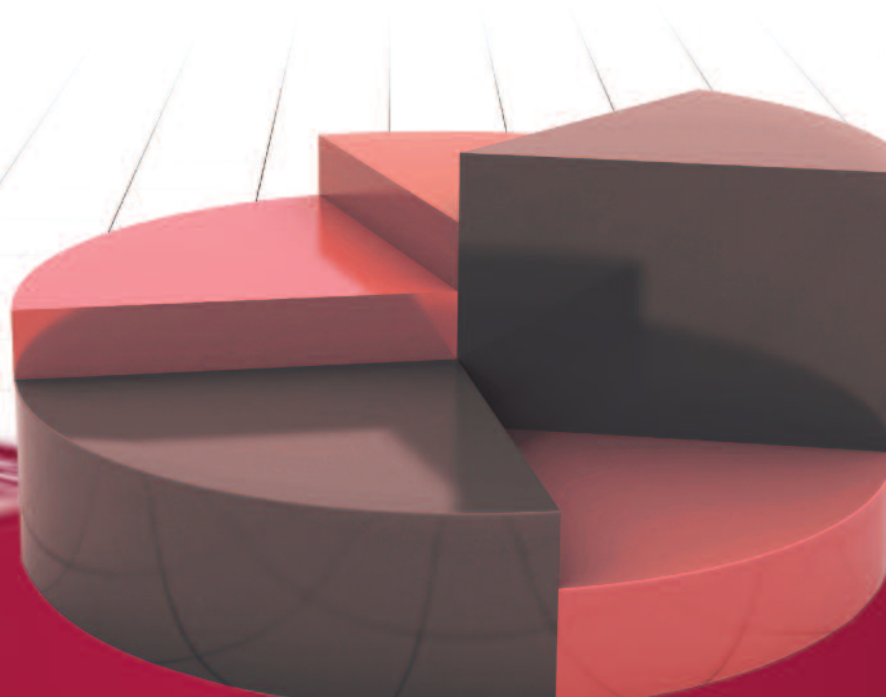
17. Cost Per Acquired Card Account, C.P.A., 2000 – 2010 2 pages....\$125

Cost trends to book new credit card accounts for the past ten years, including metrics for average cost, cost range, and solicitation response rates, by year.

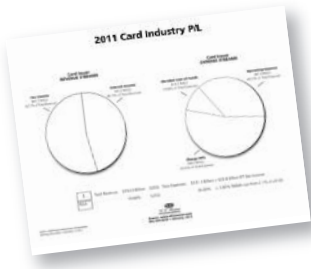


18. Private Label Programs vs.Co-Branded 12 pages\$350

An assessment of the financial gain of migrating a portion of a private label credit portfolio to a more profitable, less risky national brand file. Why do it, how to best do it, and the most important element of the solution: the P/L impact of such a product/cardholder migration. Earn 1.67% ROA greater.



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19. Credit Card Industry P/L
3 pages\$250

A revealing year-end financial comparison of the last two years P/L performance for the credit card issuing industry: revenue and expense streams, pie charts, Y/Y changes.

20. Credit Card Fee Income 3 pages\$250

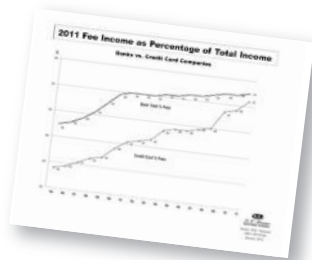
A year-end comparison of fee income earned by the card industry for the last two years. Dollars and percentages of total fee income for each category: Interchange Income, Penalty Fee Income, Cash Advance Fees, Annual Fees, and Enhancement Income. Fees for prime and super prime cards now cross over the 50% of total revenue mark for the first time ever.

21. Agent Card Program Performance 2 pages\$250

R.K. Hammer's year end comparative model for "Best-in-Class" Performers, Medium Performers, and Weak Performers; showing average number of new booked accounts per branch per month and per year, for the card industry last year. What sales training and incentive strategies and daily action plans can often separate the three performance categories.

22. Bank Fees vs. Card Fees (as a % of total income)

1 page\$150
Multi-year comparison of the percentage of the annual amount banks earn in fees vs. what cards earn in fees, as a percentage of total fee income for each in the Hammer model(s).



23. Early Warning Portfolio "Red Flags" for Investors

11 pages\$500
Whether hedge funds, investment management companies, or private equity investors, the kinds of things which can and do surface early on to give an indication of risk ahead all investors need to know.

24. Criteria by Card Portfolio Sellers (priority ranked)

2 pages\$350
In an exclusive R.K. Hammer industry survey, we polled past portfolio sellers, to verify what exact elements of bids they chose as most important, and how they ranked six of them in priority order.

25. Net Charge Offs vs. Unemployment Rates
1 page\$125

How Card industry loan losses (net of recoveries) compare to annual U.S. unemployment rates in the Hammer model(s), from 1995 - present.

26. Value-Based Cardholder Pricing Strategy
2 pages\$125

This briefing compares the effectiveness of Cost-Based, vs. Market-Based vs. "Value-Based" Cardholder pricing strategies, and how those have changed over the decades.

27. P/E Multiples for Card Portfolio Sales
1 page\$250

What card portfolios have sold for, in terms of a "ROA earnings-multiple." How many years of earnings are buyers willing to give up to win the bid; a ten year year/year history, up to this year.

28. "Risk-Adjusted" Card Revenue 1 page\$250

A ten-year look at top line revenue less default risk for the card business, graphed year by year.

29. Card Portfolio Deal Flow – Prices Expected in the Current Year 1 page\$500

R.K. Hammer's Card Knowledge Factory™ projections for the current year, in terms of what sellers might expect to be paid, regarding "per-account" price ranges – for four major industry portfolio segments...National Brand (MC/V), Prepaid Portfolios, Private Label Portfolios, and Subprime Deals.

30. Hiring Sales Super Stars 15 pages\$750

In an R.K. Hammer exclusive, sales position applicant traits and attributes which can lead to a more successful sales staff. This, based upon research and case study from the author's Master's Degree thesis in Organizational Psychology, for improving selection procedures and retention rates for sales people, with "statistically significant" correlations from that research, and the system that uses them.

31. "That's Still the Way I See It" 127 pages\$200

The latest Hammer publication, and "a first," a personal chronicle of three decades of doing card deals, due diligence and negotiating card contracts, consisting of syndicated articles by CEO Bob Hammer, from true stories and events that have shaped his opinions and beliefs, and the ways he looks at doing good business for clients; a career road map for independent entrepreneurs and card managers alike.

Card Knowledge Factory™



R.K. Hammer

Bob Hammer, Founder & CEO
Creators of the **CARD KNOWLEDGE FACTORY™**
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The Beginning...

It was an idea almost quietly born a long time ago, in 1990 when R.K. Hammer first formed, nearly unnoticeable at the time, but only now having gone public with the actual latest launch. A few points may be instructive to illustrate...

A few months after presenting our global card seminar, "Managing for Improved Profitability," one of the banks attending wrote back to say that they had negotiated the largest vendor savings in their history by using information R.K. Hammer presented on Vendor Selection (see Report #15).

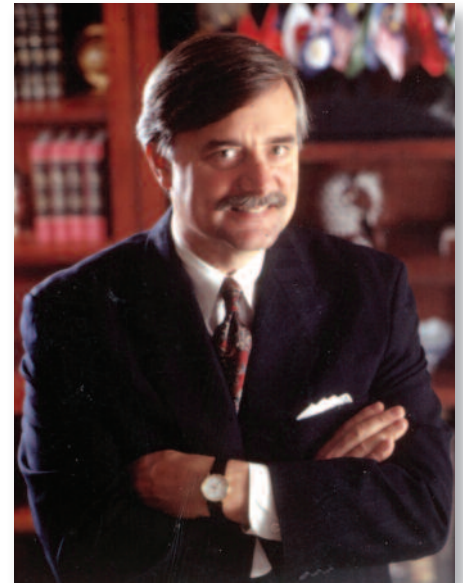
Next, a Top Five card issuer wanted to enter the private label card space, given the slowing growth of their national brand card business, which we quickly accommodated (see Report #18).

Then, a leading Wall Street firm wanted our take on doing card deals (see Reports #3, 4, 10, 11, 12, and 13), long before it became so popular. They went on to be a leading force in the card portfolio business.

Several other major global consulting brands, regulatory agencies, Congressional sub-committees, accounting and law firms sought us out for our opinions on matters relating to credit card profitability trends (see Report #9).

The list could go on and on. More Top 20 card issuers and card investors keep coming to R.K. Hammer for information and for knowledge...that they can get instantaneously, not weeks or months later from internal research. And of course, it's backed by our 100% money-back guarantee.

It occurred to us while describing our core competencies, that was precisely what our clients wanted: knowledge and information they would have a tough time getting anywhere else. That's when it hit; we are "knowledge advisors" as much as card advisors. In a conversation this year with a hedge fund that invests in card companies, it just came out during the call: "We are really a knowledge factory, a "card knowledge factory"; so we formalized the undertaking and we were on our way.



*R.K. Hammer's research and analysis division, now called the **Card Knowledge Factory™**, produces cutting edge research and insightful, timely analysis - the kind of information that card issuers need to stay on top of the game. **Instant access to information solutions for time-starved card execs!***

*Yes, R.K. Hammer still does world class M&A work valuing and selling card assets; and yes, we still are the go-to guys for expert witness work in card issuer litigation; and yes, we still do interim card management for issuers in transition. Plus, the information conveyed to those who need it the most, from the **Card Knowledge Factory™**, a growing menu of 25 varied reports and card metrics, all designed to make you more efficient, more profitable, more quickly.*

*See if some of the reports listed here don't help you do the same. **Order yours today!** If you don't find what you need, e-mail us with an inquiry right away.*



R.K. Hammer
CARD KNOWLEDGE FACTORY®
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Call with any questions to

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