



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC SELLS NEXTBANK OWNED CREDIT CARD PORTFOLIO

The Federal Deposit Insurance Corporation (FDIC) has announced the sale of the owned credit card portfolio from the former NextBank, National Association, Phoenix, Arizona (NextBank). NextBank was closed on February 7, 2002, by the Office of the Comptroller of the Currency and the FDIC was named receiver.

The portfolio was sold to Merrick Bank, South Jordan, Utah, which is a wholly owned subsidiary of CardWorks, for \$126 million. As part of the sale, the FDIC has agreed to a short-term loss sharing arrangement. The transfer of the servicing is expected to be completed by the end of September. Until contacted by the new purchaser, cardholders should continue to make their payments as they have in the past.

At this time, the FDIC has not found a buyer for NextBank's interest as transferor and servicer in the NextCard Credit Card Master Trust.

The FDIC currently estimates that the cost to the Bank Insurance Fund for the failure of NextBank will be between \$300 and \$400 million.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-83-2002