



# PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

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## **FDIC APPROVES ASSUMPTION OF THE DEPOSITS OF VICTORY STATE BANK, COLUMBIA, SOUTH CAROLINA**

### **FOR IMMEDIATE RELEASE**

The Federal Deposit Insurance Corporation (FDIC) has approved the assumption of all the deposits of Victory State Bank, Columbia, South Carolina, by the newly chartered South Carolina Community Bank, Columbia, South Carolina.

The FDIC Board of Directors issued an order authorizing the agency to place Victory State Bank in receivership by exercising its self-appointment powers granted by Congress in 1991. Today, the FDIC closed Victory State Bank and took possession of the bank in its capacity as receiver.

Victory State Bank's sole office will re-open on Monday, March 29, as South Carolina Community Bank. The failed bank's depositors will automatically become depositors of the assuming bank. Victory State Bank had total deposits of \$11.6 million in approximately 1,500 accounts at the time of closing.

In addition, South Carolina Community Bank will pay the FDIC a premium of \$404,000 to assume \$12.2 million of the failed bank's assets. The FDIC as receiver will retain approximately \$1.7 million of the failed bank's assets for later disposition.

Under the FDIC Improvement Act of 1991, Congress expanded the FDIC's authority to appoint itself receiver of insured institutions if they become critically undercapitalized. An institution is considered critically undercapitalized when its tangible equity capital falls below two percent. On January 5, 1999, Victory State Bank was determined to be critically undercapitalized. The main problems the bank faced were poor management, excessive insider compensation, operating losses and a burdensome volume of



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.

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problem assets. The bank has been unprofitable since 1995, and its operating losses totaled \$1.3 million over the last two years.

The FDIC estimates this will be a no cost resolution for the Bank Insurance Fund (BIF).

This is the first bank failure in the nation since August 7, 1998, and the first bank to fail in South Carolina since Hilton Head Bank and Trust Company, National Association, Hilton Head Island, South Carolina, on August 30, 1991.

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