



Independent Bank

OPEN HOUSE APRIL 18TH

FOR IMMEDIATE RELEASE

**Independent Bank (Lakeway) Continues Growth;
Q1 '08 Assets, Loans, Deposits Rise at Lakeway Bank**

Sub-prime lending chaos creates opportunity for community banks, says CEO

LAKEWAY and GEORGETOWN, TEXAS (April 14, 2008) – The “trickle down effect” from the sub prime lending mortgage mess may be affecting the market and many communities, but “it’s also actually creating opportunity for financially strong community banks,” contends Denny Buchanan, President and CEO of Independent Bank of Austin, SSB.

The bank, based in Lakeway, TX with operations in the Georgetown-Sun City area, reported today a first quarter 2008 net profit of \$587,015, up 17% over fourth quarter 2007 profit of \$502,120 and up 27% over the year-ago results.

Total assets at March 31, 2008, for the 33-month-old bank were \$158.5 million, up 4% over the \$152.9 million recorded at Dec. 31, 2007, and up 33% over the year-ago first quarter assets of \$119.6 million. Loans at March 31 represented \$140.9 million, up 4% over the \$135.9 million reported at year-end 2007 and up 18% over the year-ago quarter total of \$119 million. *(More year-ago quarterly comparisons are in the table below.)*

Bankwide deposits were \$95.9 million, down 9% compared to the \$105.3 million reported at year-end 2007. This declining trend was a direct result of allowing some non-local deposits to run off in order to take advantage of a cheaper source of funding from the Federal Home Loan Bank in Dallas. Local deposits – funds generated in the immediate market area – were up 19% over the year-ago quarter.

“Community banks, on the whole, did not participate in sub prime lending because of the availability of secondary market financing, but the crisis affects our market, since we do lend funds for projects to buy and develop properties or to own a residence,” the veteran banker explained. <http://www.ibankaustin.com/3004-01-IBA/UserFiles/Image/denny.jpg> “Certainly, the players on the field have changed dramatically.

“Mortgage firms that previously made many such loans were strong competitors. Now they are essentially gone. The large banks, which had sub prime lending arms and invested heavily in sub prime securities, are also no longer making as many loans,” Buchanan elaborated.

“As a result, Independent Bank of Austin and other community banks are getting many great opportunities to be selective in funding solid loans – prudent choices based on sound principals.

The current lending environment also allows us to get more equity into each project,” he noted. That’s a huge change from even six months ago. We can be selective and still help prospective

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homebuyers on occasions when there is not a secondary mortgage market for that program.

“Banks are interested in long-term customer relationships, so we won’t try to sell a customer a loan he or she cannot afford,” he emphasized. “We’ll make a loan that’s right for them and the bank, and by doing so, we’ll be doing what’s right for the community and the economy at large.”

Open House . . . New VP-Lending

Large crowds are expected for the open houses on Thursday, April 17th and Friday, April 18th, when Independent Bank formally shows off its new \$1.5 million, 3,500-square-foot corporate headquarters at 3209 Ranch Road 620. (PHOTOS -- Five high-res digital images at: <http://www.ibankaustin.com/default.aspx?v=62555497-70e4-4c78-821e-af3c97d5a37b&t=iba>)

The more accessible location, which opened in late December, has a drive-in facility and stunning Hill Country and canyon views. It is across from Lake Travis High School and 1.5 miles from the newly opened Hill Country Galleria shopping Center.

The one-story building is located near the Alta Vista Development in a project known as Honey Creek Development Center. It is adjacent to a major planned community and rapidly expanding residential developments in a high-growth corridor between Bee Cave, Texas on Austin’s southwest fringe and Georgetown in Williamson County, 25 miles north of the capitol city.

Visitors also will be able to meet the newest executive – **Georgia Bond**, Vice President-Lending Operations, who joined the staff this past winter. Bond is responsible for oversight of loan operations personnel, including loan fundings, closings, credit department and draw management. She’s not a new face, however, having worked with the bank’s leadership at other institutions for more than 15 years. (PHOTO: <http://www.ibankaustin.com/default.aspx?v=1fbb9999-1bdb-40f4-9961-6f109b8d9447&t=iba> and scroll to her headshot.)

The bank now has 16 headquarters employees and 19.5 personnel companywide.

Georgetown Results...Growth Outlook

The bank’s branch office, (at 3613 Williams Dr., Ste. 201, Village Lake Office Condominiums) serving Georgetown and Sun City businesses and residents, also experienced healthy quarterly growth. At March 31, deposits were \$35.6 million, up 19 % over the year-ago quarter deposits of \$29.8 million.

“Systemwide, the new deposits are funding our loan portfolio, largely comprised of commercial development, residential construction and mortgages,” emphasized Julie Buchanan, Executive VP-Operations. “We market to small home builders and their customers, primarily, with the

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majority of our loans for single-family construction projects. The average life of a loan this past quarter was 12.9 months and the average size, about \$265,776.”

“While our quarter-over-quarter growth is showing slower improvement due to our maturing size, we still believe Independents growth will remain stable for the next six or at least until the economic environment is more settled,” she stated.

“At start-up, the bank’s management projected to regulators its intent to generate \$100 million in assets within five to 10 years. That was achieved in only 1.5 years,” she noted. “Our year-end 2007 estimates to state authorities projects Independent Bank at \$180 million in assets by year-end 2008.

“Our expanding services, prompt lending decisions and competitive rates on customer deposits reinforce our ‘The People’s Bank’ philosophy,” Denny Buchanan said. “Those qualities helped us grow customer relationships 4 percent this past quarter to a total of 1,707.”

Independent Bank offers a highly competitive Platinum Account paying a 2.25% to 2.75% APY (annual percentage yield) interest rate. These accounts, available to individuals and corporations, require deposits of \$50,000 or more, with unlimited check writing for individuals. For all current rates, see www.ibankaustin.com or call 512-261-3355.

QUARTERLY COMPARISONS – 2008 & 2007

<u>Assets</u>	<u>March 31, 2008</u>	<u>March 31, 2007</u>
Cash	\$1,221,000	\$1,072,000
<u>Investments & Interest-bearing Cash</u>	\$14,846,000	\$9,316,000
Fed funds sold	\$0	\$3,042,000
Loans	\$140,660,000	\$87,590,000
Less Reserves	(\$1,415,000)	(\$839,000)
Fixed Assets	\$2,022,000	\$720,000
Other Assets	\$1,223,000	\$859,000
Total Assets	\$158,557,000	\$101,760,000
<u>Liabilities</u>		
Deposits	\$95,947,000	\$88,461,000
Borrowings	\$47,043,000	\$0
Other Liabilities	\$877,000	\$1,449,000
Total Liabilities	\$143,867,000	\$89,910,000
<u>Equity</u>		
Common Stock	\$8,000,000	\$8,000,000
Surplus	\$6,103,000	\$3,034,000
Undivided Profits	\$587,000	\$817,000
Total Equity	\$14,690,000	\$11,851,000
Total Liabilities and Equity	\$158,557,000	\$101,760,000

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Additional financial performance can be seen at
<https://cdr.ffiec.gov/public/ManageFacsimiles.aspx>

Independent Bank is approved by the Texas Savings and Mortgage Lending Dept. and the Federal Deposit Insurance Corp. (FDIC). The bank's deposits are insured by the FDIC.

FOR MORE INFORMATION OR INTERVIEWS:

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