



Independent Bank

FOR IMMEDIATE RELEASE

**Second Quarter Net Profit up 16.6% at Independent Bank of Austin;
Assets, Loans, Deposits Rise Sharply at Lakeway, Georgetown Operations**

Bank adds three employees, announces headquarters construction progress

LAKEWAY and GEORGETOWN, TEXAS (July 24, 2007) – Independent Bank of Austin, SSB, based in Lakeway, TX, reported today a second quarter 2007 net profit of \$537,395, up 16.6 percent over first quarter 2007 profit of \$460,920.

Total assets at June 30, 2007, for the two-year-old bank were \$139.5 million, up 16.6 percent over the \$119.6 million reported at March 31, 2007, and up 37.3 percent over the year-end 2006 total. Loans at June 30 represented \$122.5 million, up 39.5 percent over the \$87.8 million reported at year-end 2006. *(Year-ago quarterly comparisons are in the table below.)*

Bankwide deposits were \$108.6 million, up 5.64 percent over the \$102.8 million reported at March 30, 2007. Local deposits – funds generated in the immediate market area -- were up 12.7 percent over the prior quarter, “reinforcing the necessity and acceptance of a quality, local community bank operation,” management emphasized.

Independent Bank’s branch office (at 3613 Williams Dr., Ste. 201 in the Village Lake Office Condominiums) serving Georgetown and Sun City businesses and residents also reflected noteworthy growth in its deposits. At June 30, deposits were \$35.4 million, up 18.7 percent over deposits of \$29.8 million at the end of the second quarter.

"Our sustained escalation in earnings, loans and deposits for the past 24 months reflects the vibrant economic growth in our Central Texas marketplace," said Denny Buchanan, President and CEO (Photo: <http://www.ibankaustin.com/3004-01-IBA/UserFiles/Image/denny.jpg>)

“The fresh deposits help fund an expanding loan portfolio largely comprised of commercial development, residential construction and mortgages,” Buchanan stated. “And our keen attention to cost containment also drives the increases in our bottom line, much to the delight of our investors,” Buchanan noted.

Independent primarily targets small home builders and their customers with the majority of its loans for single-family construction projects. The average life of a loan is 13 months; average size, about \$500,000.

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Growth Projection . . . New Staffers . . . HQ Progress

“Management’s original objective -- to generate \$100 million in assets within five to 10 years -- was achieved in an astounding 18 months,” noted Julie Buchanan, Executive VP - Operations. “Our year-end estimates to regulatory authorities projects Independent Bank at \$150 million in assets by December 2007 and \$180 million by year-end 2008.”

In the past quarter, three new staffers have joined the combined operations, lifting total employment to 17.5 full-time equivalent employees. **Donna McLean**, Lending Associate, is responsible for coordinating loan renewals, tracking and maintaining exception items, monitoring past due loans, processing paid loans, preparation of select board reports and collateral audits.

Shelle Westrick, Administrative Assistant, processes construction loan draws, reviews new and renewed loans and verifies loan maintenance items within the bank’s core database. **Amber Granlund**, Personal Banker opens, closes and modifies deposit accounts, promotes bank products and services, processes teller work, and balances the ATM.

Construction continues on Independent Bank’s new 3,500-square-foot corporate headquarters at 3209 Ranch Road 620, across from Lake Travis High School on a portion of what was known as Schramm Ranch. (PHOTO: <http://www.ibankaustin.com/3004-01-IBA/UserFiles/Image/June%202007.JPG>)

“Despite the delays caused by the Texas Dept. of Transportation and unusually heavy rains, site preparation is complete, and we expect foundations to be poured this week,” Buchanan said. “We still anticipate relocating our operations to the new facility by late 2007.”

The property, located near the Alta Vista Development in a project to be known as Honey Creek Development Center, offers stellar Hill Country and canyon views. 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.

“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 23.5 percent in the first two quarters to a June 30 total of 1,544.”

Independent Bank offers a highly competitive Platinum Account paying a 4.50 percent to 5.00 percent (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.

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SECOND QUARTER COMPARISONS – 2007 & 2006

Assets	June 30, 2007	Jun. 30, 2006
Cash	\$1,238,000	\$319,000
Investments & Interest-bearing Cash	\$13,168,000	\$7,786,000
Fed funds sold	\$1,932,000	\$4,713,000
Loans	\$122,144,000	\$74,622,000
Less Reserves	(\$1,081,000)	(\$729,000)
Fixed Assets	\$966,000	\$326,000
Other Assets	\$1,196,000	\$727,000
Total Assets	\$139,565,000	\$87,765,000
Liabilities		
Deposits	\$108,618,000	\$79,051,000
Borrowings	\$17,000,000	\$0
Other Liabilities	\$1,098,000	\$852,000
Total Liabilities	\$126,716,000	\$79,903,000
Equity		
Common Stock	\$8,000,000	\$6,000,000
Surplus	\$3,851,000	\$1,500,000
Undivided Profits	\$998,000	\$362,000
Total Equity	\$12,849,000	\$7,862,000
Total Liabilities and Equity	\$139,565,000	\$87,765,000

Additional financial performance can be seen at http://www2.fdic.gov/Call_TFR_Rpts/search.asp

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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