



**FOR IMMEDIATE RELEASE**

**2<sup>nd</sup> Quarter Net Profit up 93% at Independent Bank of Austin;  
Assets, Deposits Rise Sharply at Lakeway, Georgetown Operations**

*Bank ranks No. 1 in Texas, No. 10 in nation, for Return on Average Equity  
among 174 de novo banks begun in 2005*

**LAKEWAY and GEORGETOWN, TEXAS (July 25, 2006)** – Independent Bank of Austin, SSB, reported today a second quarter net profit of \$319,570 after setting aside \$113,000 for loan loss reserves and \$202,175 for income taxes. Profit was up 92.5% over first quarter 2006 profit after the set asides.

Total assets for the one-year-old bank at June 30 were \$87.7 million, up 24.4% over the \$70.5 million reported at the end of the previous quarter. Loans represented \$75.9 million, up 24% over the \$61.2 million reported in the first quarter. Deposits were \$79 million, up 26.4% over the \$62.5 million reported at March 31, 2006. *Additional financial performance can be seen at [http://www2.fdic.gov/Call\\_TFR\\_Rpts/search.asp](http://www2.fdic.gov/Call_TFR_Rpts/search.asp).*

**SIX MONTHS COMAPRISONS – 2006 & 2005**

<b>Assets</b>	<b>June 30, 2006</b>	<b>Dec. 31, 2005</b>
Cash	\$319,000	\$386,000
Investments & Interest-bearing Cash	\$7,786,000	\$6,070,000
Fed funds sold	\$4,713,000	\$1,559,000
Loans	\$74,622,000	\$45,162,000
Less Reserves	(\$729,000)	(\$453,000)
Fixed Assets	\$326,000	\$342,000
Other Assets	\$727,000	\$535,000
<b>Total Assets</b>	<b>\$87,765,000</b>	<b>\$53,601,000</b>
<b><u>Liabilities</u></b>		
Deposits	\$79,051,000	\$45,965,000
Other Liabilities	\$852,000	\$259,000
<b>Total Liabilities</b>	<b>\$79,903,000</b>	<b>\$46,225,000</b>
<b><u>Equity</u></b>		
Common Stock	\$6,000,000	\$6,000,000
Surplus	\$1,500,000	\$1,500,000
Undivided Profits	\$362,000	(\$124,000)
<b>Total Equity</b>	<b>\$7,862,000</b>	<b>\$7,376,000</b>
<b>Total Liabilities and Equity</b>	<b>\$87,765,000</b>	<b>\$53,601,000</b>

Independent Bank's branch office serving Georgetown and Sun City businesses and residents

(more)

## Page 2 – Independent Bank Reports Record Second Quarter Profits

also reflected significant growth in deposits. Broken out of the figures above, deposits at June 30 were \$14.3 million, up 55.4% over deposits of \$9.3 million at the end of the previous quarter.

The Lakeway-based bank, which officially opened its doors June 6, 2005, with \$7.5 million in capitalization, established a limited service branch (at 3613 Williams Dr., Ste. 201 in the Village Lake Office Condominiums) between Georgetown and the burgeoning Sun City retirement development in September.

"I'm pleased to report continued earnings growth as well as strong loan and deposit growth in the second quarter, further testament of the strong economic activity in the Williamson and Travis County areas we serve," said Denny Buchanan, President and CEO (Photo: [www.ibankaustin.com/aboutus.html](http://www.ibankaustin.com/aboutus.html))

"New deposits are helping fund our expanding loan portfolio, primarily comprised of commercial development, residential construction and mortgages," Buchanan stated. "We have excellent customers and investors of the bank who promote the bank by referring their friends, family and business associates to us. Of course, all of our success could not be obtained without the exceptional staff that we have retained and the low overhead that we maintain.

"Independent Bank is in a very fortunate position," he observed, "since the current flat yield curve in our industry makes it difficult for many banks to expand net interest margin and emphasizes the importance of diversified revenue sources and attention to cost containment.

"Our original objective was to generate \$100 million in assets for Independent Bank within five to 10 years," Buchanan noted. "Our revised estimates to regulatory authorities at June 30 indicate that Independent Bank will be more than \$100 million by December, \$120 million by next July and \$150 million by year-end 2008."

### High National Ranking . . . New Employees

The most recent report (March 30, 2006) from Highline Data, headquartered in Cambridge, MA, and Austin, TX, ranks Independent Bank tenth with an 8.9% return on average equity (ROAE) among the 174 *de novo* banks started in the United States in 2005. The second highest ranked Texas bank in the analysis was Bank of Houston at No. 23, founded March 24, 2005, with a 2.14 ROAE.

Highline Data is an industry leader in insurance and banking financial data. Its Highline Banking Data Services provides web-based, integrated information suites and community banking resources.

"We take great pride in that short-term accomplishment," Buchanan said. "Our investors certainly like that kind of performance and clearly recognize the contribution of our loyal staff and customers to achieving such an enviable ranking."

Two new employees joined Independent Bank in early July. **Andy Vaughn**, Senior Vice

(more)

### **Page 3 – Independent Bank Reports Record Second Quarter Profits**

President-Lending in Georgetown, was previously with Wells Fargo and is a longtime Georgetown resident and banker. He holds a master's degree in finance and a bachelor's degree in management from Texas A&M University and has more than 34 years in the financial industry.

(Ms.) **Whitney Valdez**, Project Coordinator at the Lakeway headquarters, graduated *magna cum laude* in the Texas Tech University Class of 2006, where she double majored in economics and finance. The number of full-time equivalent employees is now 15.

### **Higher Interest Rates . . . New HQ Progress**

Independent Bank began offering online banking capabilities to its customers eight months ago. Plans also call for adding online Cash Management for its business accountholders.

“Since we are ‘The People’s Bank,’ we are devoted to delivering more new services, providing rapid lending response and offering competitive returns on customer deposits,” Buchanan stated.

Independent Bank offers a highly competitive Platinum Account paying a 4.0 percent to 5.0 percent (APY) interest rate. These accounts, available to individuals and corporations, require deposits of \$100,000 or more, with unlimited check writing for individuals. For all current rates, see [www.ibankaustin.com](http://www.ibankaustin.com) or call 512-261-3355.

Independent Bank has now formally “reserved” property at 3101 Ranch Road 620, across from Lake Travis High School, as the site for its new corporate headquarters. Management expects SG Builders of Austin to begin construction on the 3,500-square-foot facility by mid-September. Plans call for relocating operations there in mid- to late 2007.

The new offices will be near Alta Vista Subdivision, heavily treed homesites with commanding Hill Country and canyon views. Also nearby will a 375-acre planned community, Falconhead West, a Taylor Woodrow development in partnership with Ryland Homes and Drees Homes, next to 450 homesites in Falconhead.

“The high-growth corridor between Bee Cave and Georgetown is presenting many opportunities for Independent Bank to provide needed banking services to Central Texans,” the CEO noted. “Our primary objective is to be a robust resource to these rapidly expanding communities.”

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:**

Denny Buchanan, President/CEO, Independent Bank of Austin SSB, Lakeway, TX, 512-261-3355, fax 512-261-3356; [denny@ibankaustin.com](mailto:denny@ibankaustin.com)

Preston F. Kirk, APR, Kirk Public Relations, Austin, TX, 830-693-4447; [kirk@281.com](mailto:kirk@281.com)