



FOR IMMEDIATE RELEASE

**Independent Bank Reports First Quarter Profitability;
Rapid Growth Continues; Assets top \$70.5 Million, Deposits, \$61 Million**

Interest rates still rising: Platinum Account, 4.00% to 4.60% (APY); CDs, 4.00% to 5.40% (APY)

LAKEWAY and GEORGETOWN, TEXAS (June 5, 2006) – Independent Bank of Austin, SSB, disclosed today total assets of \$70.5 million of which \$61.2 million was loans. Deposits were \$62.5 million – up 18% – at March 31, 2006. Net profit for the first quarter was \$166,000 after setting aside \$163,000 for loan loss reserves and \$86,000 for income taxes.

Lakeway-based Independent Bank, which only began operating in June with \$7.5 million in capitalization, opened a limited service branch between Georgetown and Sun City in September. Management previously reported \$53.6 million in assets, \$45.9 million in deposits and \$45.1 million in loans at year-end 2005.

“Although we are a private operation, our results are reported on the FDIC website. We want our communities, investors, depositors and customers to be aware of our continued solid growth,” said Denny Buchanan, President and CEO (Photo: www.ibankaustin.com/aboutus.html) “After all, they are directly responsible for our success and our ability to meet the needs of a vibrant Central Texas economy.

“In the past quarter, the Board of Director’s announced **Dana Gurley** as Assistant Vice President and Branch Manager of the Georgetown Branch. Dana was previously a Personal Banker at that branch. In early May, **Kim Beeney** joined the firm as a Personal Banker in that branch, having previously worked at a local State Farm Insurance office,” Buchanan said.

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

“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,” he emphasized. “New deposits help us fund our growing loan portfolio, primarily commercial development, residential construction and mortgages

Independent Bank offers a highly competitive Platinum Account paying a 4.0 percent to 4.60 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 or call 512-261-3355.

(more)

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“Our original objective was to generate \$100 million in assets for Independent Bank within five to 10 years,” Buchanan noted. “Our revised estimate is that Independent Bank will be near \$90 million on our 18-month anniversary and at \$120 million within three years.”

2006 Lending & Economic Activity

Independent Bank remains on track to finalize acquisition of a new site for its corporate headquarters, with construction set for this fall on a 3,500-square-foot facility near the Lakeway-Bee Cave area of busy Ranch Road 620. Plans call for relocating operations there in early 2007.

That will be in close proximity to a 375-acre planned community, Falconhead West, recently announced by Taylor Woodrow, in partnership with Ryland Homes and Drees Homes. The development, next to 450 homesites in Falconhead, will begin with infrastructure construction late this summer, Buchanan noted.

Meanwhile, Seton Healthcare Network and Triad Hospitals Inc. have teamed up to construct a \$105 million hospital at the crossroads of Hwy. 183A and Hwy. 1431. Groundbreaking on the 151-bed, 260,000 s.f. facility will be in July. Additionally, a new report by the real estate firm of CB Richard Ellis indicates that the Austin office market is strengthening and rental rates are continuing their upward rise.

“The expanding list of real estate and construction projects is producing a ripple effect in the suburbs for both residential and office-retail construction,” he reported. Demand for construction lending in this area of Travis and Williamson counties remains strong, with small business ventures and service businesses starting up on a regular basis.

“Fortunately, we are well situated in this high-growth corridor between Bee Cave and Georgetown,” the CEO emphasized.

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

FOR MORE INFORMATION OR INTERVIEWS:

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