



## Independent Bank of Austin: 2007 Net Profit up 53%

LAKEWAY and GEORGETOWN - Independent Bank of Austin, SSB, based in Lakeway, TX, reported today a fourth quarter 2007 net profit of \$557,071, up 10.9 percent over fourth quarter 2006 profit of \$502,120. Net profit for 2007 was \$2,204,399, up 53 percent over profit of \$1,440,618 for 2006.

Total assets at Dec. 31, 2007, for the 30-month-old bank were \$152.9 million, up 2 percent over the \$150.1 million recorded at Sept. 30, 2007, and up 50 percent over the year-end 2006 total. Loans at Dec. 31 represented \$135.9 million, up 55 percent over the \$87.8 million reported at year-end 2006. (More year-ago quarterly comparisons are in the table below.)

Bankwide deposits were \$105.3 million, up 19 percent over the \$88.4 million reported at year-end 2006. Local deposits - funds generated in the immediate market area -- were up 46 percent over the year-ago quarter.

"These outstanding performance results emphasize both the necessity and the growing acceptance of a quality, local community bank operation," bank management emphasized.

The 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 significant growth in its deposits. At Dec. 31, deposits were \$36.3 million, up 72 percent over year-end 2006 deposits of \$21.1 million.

"Our steady and consistent escalation in earnings, loans and deposits for the past two-and-one-half years reflects the lively economic growth in our Central Texas marketplace," said Denny Buchanan, President and CEO.

"The fresh deposits help fund our expanding loan portfolio, which is largely comprised of commercial development, residential construction and mortgages," Buchanan stated. "We market to small home builders and their customers, primarily, with the majority of our loans for single-family construction projects. The average life of a loan is 12.8 months and the average size, about \$268,432."

"Lakeway and Georgetown are not oblivious to the unsettling economic indicators in the country," he added. "But thus far, our region has not been seriously impacted by the downturn in residential construction, the rise in energy costs and other financial variables.

"The larger we become, the harder it will be to sustain double digit growth," Buchanan conceded. "Our most recent quarter-to-quarter growth showed slowing improvement, but we believe it will remain stable for the next six to nine months, at least until the sub prime lending and mortgage mess are resolved. We anticipate steady, solid growth as we continue to diligently and prudently add good, reliable loans to our portfolio

"As a result of the mortgage crisis, I believe community banks such as Independent Bank of Austin will emerge as stronger after the shake out. Questionable mortgage brokers will be gone, and banks will once again have the advantage of funding solid loans based on sound principles," he noted.

"At start-up, management projected to regulators its intent to generate \$100 million in assets within five to 10 years. That was achieved in a surprising 18 months," recounted Julie Buchanan, Executive VP-Operations. "Our year-end 2007 estimates to state authorities projects Independent Bank at \$180 million in assets by December 2008.

"Additionally, Independent Bank was recently ranked No. 4 in the nation with a 17.40 percent return on average equity (ROAE) among the 174 de novos (start-up banks) opened in 2005," she said. "The category leaders were much larger banks like Sallie Mae." Highline Data, headquartered in Cambridge, MA, and Austin, TX, ranks the financial institutions. The firm is an industry leader in insurance and banking financial data.

Cost containment became more difficult in 2007, she noted, as construction progressed on Independent Bank's new 3,500-square-foot corporate headquarters at 3209 Ranch Road 620. The new facility, across from Lake Travis High School on a portion of what was known as Schramm Ranch, was completed and occupied on Dec. 24, as anticipated, despite delayed state highway approvals and record summer rains.

Estimated value of the building and property is \$1.5 million. An open house is set for Feb. 21st. It is located 1.5 miles from the newly opened Hill Country Galleria shopping Center for which the Texas Dept. of Transportation has reconstructed numerous highways to accommodate increasing traffic flow.

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.

"While online banking has grown for many of our commercial customers, many may now prefer to come to more accessible location simply for the spectacular Hill Country and canyon views," Mr. Buchanan quipped. Certainly, our 16 HQ employees have more comfortable working space, with our companywide employment now at 19.5 personnel.

"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 28 percent in 2007 to a total of 1,642."

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