

## OUR VISION

TO BE THE "BANK OF CHOICE"  
FOR EAST TEXAS



**Austin Bank**

2 0 1 0   A N N U A L   R E P O R T

**Austin Bank**

[www.austinbank.com](http://www.austinbank.com)



**Q Austin Bank has experienced substantial growth over the past few years, what are the bank's plans for the future?**

Because Austin Bank is both well-capitalized and well-managed, we have been able to acquire other community banks and continue our strategy of profitable growth and expanded service to East Texas. In October 2010, we merged with First State Bank Frankston, a member of the Austin family of banks, deepening our East Texas roots. As a result of our growth strategy, we are a very competitive bank with strong capital and professional talent.



Jeff Austin III, Vice Chairman of the Board

Regardless of the total assets of the bank, we still serve customers as we always have—with good service and valuable products—for generations to come.

**Q How does the bank meet the financial needs of a market as large as East Texas?**

As a true community bank, we are a part of our communities and have a genuine interest in the growth, welfare and future of East Texas. This allows us to be responsive to lending needs, deposit accounts and other financial services. To competitively meet these needs, we have introduced Mobile Banking and a full line of small business products and services with Small Business Free Checking, Business Online Banking and Treasury Management Services. In addition, we have strong physical coverage to serve customers with 30 banking locations in 21 cities and 10 counties.

**Q What do you see as the role of a community bank?**

Community banks play a vital role in the markets they serve and are an integral part of the local economies. Austin Bank deepens the connection with a strong, local board of directors who are also dedicated members of our communities. We believe the community bank model is one of America's greatest strengths, where local knowledge and skill combine with trust and integrity to form long term relationships that build and strengthen our communities.

With a genuine interest in the growth, welfare and future of our communities, Austin Bank provides loans for homes and businesses and also gives back to our communities. The banking industry of the future will still require honesty, service, confidentiality and the highest standards of ethics, our core values of yesterday, today and tomorrow.

## LETTER FROM THE CHAIRMAN



Jeff Austin III, Jeff Austin, Jr.



Jeff Austin, Jr.

### STRONG CAPITAL — GROWING EVEN STRONGER

In 2010, as in the past, our balance sheet is strong and flexible, fortified to protect against near-term risks and capable of even greater performance when the economic cycle changes. We have capital levels well above the regulatory well-capitalized minimums. The Bank's capital ratio of 9.17% continues to be one of the strongest for banks in Texas.

#### CAPITAL RATIO COMPARISON

Regulatory required capital ratio

5%

Capital ratio of peers

8.91%

Austin Bank capital ratio

9.17%

Source: FDIC, minimum tier 1 risk-based capital ratios

### STRENGTH FROM WITHIN

As with any successful business, the strength of our organization lies in our people. We are proud to claim an outstanding team that not only enthusiastically upholds our Bank's core values of honesty and integrity but also actively supports the communities we serve. Rest assured that our entire team is confident about the future and we look forward to working with our customers and communities in 2011.

Jeff Austin, Jr., Chairman of the Board

## FOUR GENERATIONS OF SERVICE

The Austin family of banks began in 1909 as First State Bank in Frankston under the leadership of John F. Austin, Sr. The family banking legacy grew as John's son Jeff Austin, Sr. joined the bank in 1937. In 1996, the Austin's six affiliate banks (Jacksonville, Whitehouse, Rusk, Timpson, Longview and Big Sandy) changed their name to Austin Bank. Soon after in 1999, the six banks formed one charter.



Left to right:

Jeff Austin, Jr., Jeff Austin, Sr., Jeff Austin III

Today, Jeff Austin, Sr.'s son and grandson continue the legacy of service. Both Jeff Austin, Jr. and Jeff Austin III are actively involved in the Texas Bankers Association, American Bankers Association, and economic and educational initiatives. Jeff Austin, Sr.'s daughter, Jane Austin Chapman, and grandson, Michael Austin Neill, serve on the board of directors for Austin Bank. In October 2010, the union of family banks was completed when First State Bank Frankston merged with Austin Bank.



## EXECUTIVE TEAM



**Jeff Austin, Jr.**  
Chairman of the Board



**Jeff Austin III**  
Vice Chairman of the Board



**John P. Williams**  
President/CEO



**Sissy Austin**  
Senior Executive Vice President



**E. Glenn Bass**  
Senior Executive Vice President



**Larry Bolton**  
Senior Executive Vice President



**Keith Chambers**  
Senior Executive Vice President/CFO



**Russ Gideon**  
Senior Executive Vice President

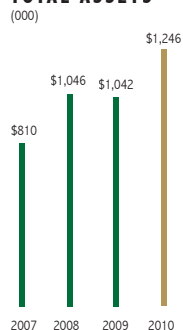


**Billy Mullins**  
Senior Executive Vice President

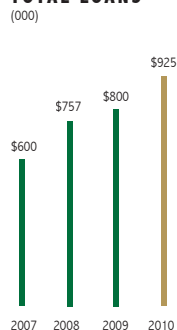
## BALANCE SHEET

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and balances due from banks	\$ 92,365,000	\$ 36,550,000
Securities available for sale	146,765,000	124,586,000
Net Loans	915,275,000	792,601,000
Other assets	<u>91,883,000</u>	<u>88,635,000</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,246,288,000</u>	<u>\$ 1,042,372,000</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Non-interest bearing deposits	\$ 275,278,000	\$ 225,956,000
Interest bearing deposits	<u>806,204,000</u>	<u>678,780,000</u>
Total deposits	1,081,482,000	904,736,000
Securities sold under agreements to repurchase	12,060,000	10,898,000
Other liabilities	<u>21,660,000</u>	<u>18,457,000</u>
Total liabilities	1,115,202,000	934,091,000
Total stockholders' equity	<u>131,086,000</u>	<u>108,281,000</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 1,246,288,000</u>	<u>\$ 1,042,372,000</u>

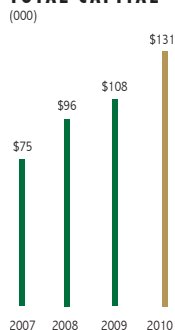
### TOTAL ASSETS



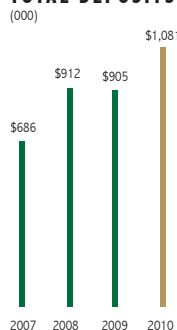
### TOTAL LOANS



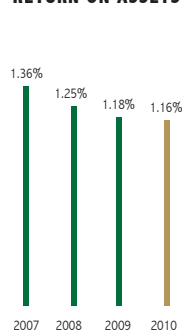
### TOTAL CAPITAL



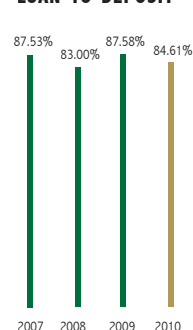
### TOTAL DEPOSITS



### RETURN ON ASSETS



### LOAN-TO-DEPOSIT



## Community contributions, both monetary and in-kind, in support of:

- Education
- Arts and Culture
- Literacy
- Housing Needs
- Health Services

Named "Best Companies to Work for in Texas" 2009, 2010 and 2011



## Financial Education "Teach Children to Save"

- Over 6,000 Second Grade students in 247 classrooms received program materials.
- Austin Bank employees visited 68 schools making presentations to students.

**Scholarship donations awarded to 31 East Texas graduating seniors in 2010.**

## Austin Bank Leadership Class



19 employees graduated in Austin Bank Leadership Class of 2010

## Employment provided to over

# 400 people and

# 11,962 hours

## of training completed by Austin Bank employees.

## 2010 Austin Bank Service Awards honored 85 employees with 903 combined years of service.

## 2010 AUSTIN BANK COMMUNITY INVOLVEMENT AWARDS

honored bank employees for volunteer work and their community service organization.



**Patrick Brown**  
Kilgore Chamber Commerce



**Wayne Golden**  
Hospice of East Texas

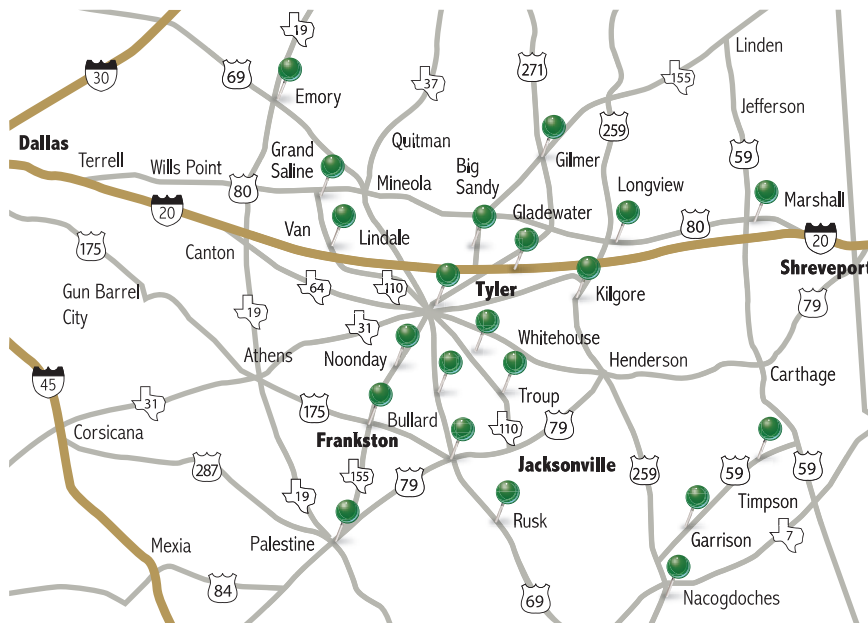


**Shea Hemus**  
Spring for SIDS in Gregg County



**Patty Steelman**  
Bethesda Health Clinic

## EXCEPTIONAL SERVICE AND CONVENIENCE



## AUSTIN BANK DIRECTORS

Jeff Austin, Jr.  
 Jeff Austin III  
 Sissy Austin  
 E. Glenn Bass\*  
 Larry Bolton  
 J. E. Brown\*  
 Gene Brumbelow  
 Todd Burton\*  
 Keith Chambers  
 Jane Austin Chapman  
 Charles Creed\*  
 Don Dacus\*  
 Marion Dingler\*  
 Russ Gideon\*  
 J. N. Grimes\*  
 Glen Hamilton  
 C. S. (Buddy) Hinton, Jr. \*  
 William M. Holland\*  
 Lowell Holloway\*  
 C. L. Hopson II  
 Barry Hughes  
 Ron Jurenka\*  
 Bryant Langford\*  
 Ronny E. Lee  
 Billy Mullins  
 Michael Austin Neill  
 Robert Nichols  
 Jason Petersen\*  
 Herbert Riley\*  
 Brenda Sharp\*  
 Joe H. Sharp, Jr.  
 Eddie Smith\*  
 J. W. Sparkman\*  
 Joe Terrell\*  
 Harry Tilley\*  
 Rick Waldrop\*  
 John P. Williams

## AFFILIATIONS & AWARDS

Member of:  
**Texas Bankers Association**  
One Industry. One Vision. One Voice.



**Better Business Bureau  
 of Central East Texas**  
 2006 Torch Award Recipient



**Member FDIC**  
[www.FDIC.gov](http://www.FDIC.gov)



**Website:** [www.austinbank.com](http://www.austinbank.com)

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 Jacksonville, TX 75766  
 903-586-1526  
 903-541-2086 (fax)

**Parent Company:** Austin Bancorp, Inc.

**Date founded:** 1900

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# Austin Bank

[www.austinbank.com](http://www.austinbank.com)

\*Advisory Directors