



*You've known us all along...*

2019 ANNUAL REPORT

**Austin Bank**

Since 1900

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

## FIRST AND FOREMOST A COMMUNITY BANK

“In the 119 years that Austin Bank has been serving East Texas, we have never forgotten that we are, first and foremost, a community bank. Working hard each day doing what is right for our customers and communities, we hold fast to the core values on which our Bank was founded: honesty, service, integrity and confidentiality. Thank you for your trust and loyalty. We value the confidence you have placed in us, and look forward to serving you for many years to come.”

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

## EXCEPTIONAL SERVICE AND STRENGTH IN PERFORMANCE

“The Bank has turned the page on another outstanding year. Our staff of professionals, earnings, asset quality and capital are well positioned for the Bank to continue delivering exceptional service and strength in performance. After forty-seven years in banking, I look forward to retirement and embracing the bright future Austin Bank will have under the leadership of Russ Gideon as its third President and CEO. Thank you to our customers for your continued loyalty and trust.”

**John P. Williams**  
President / CEO

# HIGHLIGHTS

**371,205**  
PRODUCTS  
AND SERVICES  
USED



**\$441,364**

LOANS CLOSED  
(IN THOUSANDS)

**468**

COLLEGE  
SCHOLARSHIPS  
AWARDED  
SINCE 2005



**\$692,383**

CHARITABLE  
GIVING

**16,622**  
TOTAL TRAINING  
HOURS FOR  
EMPLOYEES



**49.1%**

OF NEW ACCOUNTS HEARD ABOUT  
AUSTIN BANK FROM A FRIEND \*

**69,940**  
CONSUMER &  
BUSINESS  
RELATIONSHIPS



**\$792,496**  
PROPERTY TAXES PAID



**92.75%**  
ARE  
“VERY LIKELY”  
TO RECOMMEND  
AUSTIN BANK\*



**489**  
EMPLOYEES

**4,165**

YEARS OF PROGRESSIVE SERVICE

MOBILE BANKING CUSTOMERS

**35,895**



**1,551**  
HOURS OF  
COMMUNITY SERVICE  
PERFORMED



\* indicates results gathered from Customer Experience Survey

## 2019 EXECUTIVE COMMITTEE



**JEFF AUSTIN, JR.**  
Chairman of the Board



**JEFF AUSTIN III**  
Vice Chairman  
of the Board



**SISSY AUSTIN**  
Senior Executive  
Vice President



**JOHN P. WILLIAMS**  
President / CEO



**RUSS GIDEON**  
Chief Operating Officer



**JANE AUSTIN CHAPMAN**  
Director



**MICHAEL AUSTIN NEILL**  
Director



**LINDA DOUGLAS**  
Senior Executive  
Vice President  
Chief Retail Officer



**LYNN LITTLEJOHN**  
Senior Executive  
Vice President  
Director Human Resources



**MIKE GUNNELS**  
Senior Executive  
Vice President  
Chief Credit Officer



**BILLY MULLINS**  
Senior Executive  
Vice President  
Chief Risk Officer



**JOHN ORY**  
Senior Executive  
Vice President  
Chief Operations Officer



**JASON PETERSEN**  
Senior Executive  
Vice President  
Chief Lending Officer



**SANDY RAYBURN**  
Senior Executive  
Vice President  
Chief Financial Officer

### CUSTOMER FOCUS, MARKET EXPANSION, PROFITABLE GROWTH

With the close of 2019 came a change in leadership for Austin Bank. Effective December 31, John P. Williams retired as President and Chief Executive Officer after a banking career that spanned almost forty-seven years, the last 29 of those being with Austin Bank. We are fortunate the Bank has a deep bench when it comes to leadership. Russ Gideon, former Chief Operating Officer, has succeeded John in the role of President and CEO.

John, a friend and valued member of the Austin Bank family, has provided excellent leadership and service to the Bank. Since 2006, when John became President, the Bank has grown from 21 locations to 33, and assets have increased from \$797 million to in excess of \$1.8 billion. His leadership along with his prudent decision-making has made many significant and lasting contributions to the Bank's solid and secure financial foundation. We look forward to his continued contributions as a member of our Board of Directors.

Russ Gideon is a proven leader with twenty-two years in executive management with the Bank. We are confident he will help lead Austin Bank into the next phase of customer focus, market expansion and profitable growth.

Russ joined the Bank in 1997 as Branch Manager of the Grand Saline office before being named President and CEO of First State Bank, Frankston from 2003 through 2010. In 2010, he returned to Austin Bank serving as Regional President, Deputy Chief Lending Officer, Chief Lending Officer and as the Bank's Chief Operating Officer during this past year. He has worked closely with John to prepare for this transition.

We are excited about 2020 as we continue to serve generations of East Texans.

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

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

**HONESTY • SERVICE • INTEGRITY • CONFIDENTIALITY**

## COMPANY PROFILE

For more than 100 years and four generations, the Austin Family has been deeply ingrained and involved in the Texas banking industry. They have personified banking in East Texas since 1909 when John F. Austin, Sr. became a founder of the First State Bank of Frankston. A savvy, ambitious businessman who had his eye on financially expanding and evolving the small town, he dutifully served the community bank until his death in 1931.

Sallie and John F. Austin's sons, John F. Austin, Jr. and Jeff Austin, Sr., continued to honor that legacy. John stepped into the role vacated by his father's death. Jeff Sr. joined the Frankston bank in 1937 and was named president in 1946. With the purchase of First National Bank of Jacksonville in 1959 (name later changed to Austin Bank), Jeff Sr. also assumed the roles of President and Chairman. Upon his death in 1997, Jeff Austin, Jr. took over his position as Chairman of the Board. In 1972 Sissy Austin joined the Bank as Vice President and Assistant Trust Officer. Jeff Austin III, a fourth generation banker, continued the family legacy when he became President/CEO of FSB Frankston in 1999 and Vice Chairman of Austin Bank in 2003.

Jeff Austin, Sr. carried and greatly expanded the family legacy of leadership, in banking as well as civic and philanthropic endeavors, during his lifetime. It was under his leadership that the Bank grew. From 1944 to 1985 the Austin Family acquired six separate community banks in Big Sandy, Jacksonville, Longview, Rusk, Timpson and Whitehouse. Other banks were also acquired in Troup and Grand Saline. In 1996 the separate banks were all renamed Austin Bank. Seven Bank of America locations throughout the East Texas area were purchased in 1997.

All of the individual banks were combined in 1999 under the bank charter of Austin Bank Texas N.A., Jacksonville which was originally chartered and opened for business in 1900. Efforts to continue serving the East Texas area brought additional acquisitions in 2004 (First National Bank of Bullard) and in 2008 (City National Bank of Kilgore). In 2010, the First State Bank of Frankston was merged into Austin Bank, further expanding the Bank's service area. Continuing this expansion, the Bank opened new locations in Lufkin (2015), Lindale (2017) and Cleveland (2019).



### DIRECTORS as of 12-31-19

Jeff Austin, Jr.\*  
 Jeff Austin III\*  
 Sissy Austin\*  
 Nancy Abernathy *Jack L. Phillips Company*  
 Gene Brumbelow *Gene Brumbelow Enterprises*  
 Keith Chambers *Retired CFO, Austin Bank*  
 Jane A. Chapman\*  
 Shannon Dacus *Dacus Law Firm*  
 Russ Gideon\*  
 Martin Heines *Heines Real Estate*  
 Billy E. Hibbs, Jr. *Heartland Security Insurance Group*  
 Ronny E. Lee *Retired President/CEO, Austin Bank*  
 Billy Mullins\*  
 Michael A. Neill\* *CEO, First State Bank Athens*  
 Robert Nichols *Senator, State of Texas*  
 Joe Sharp, Jr. *Retired President, Austin Bank Longview*  
 John P. Williams\*  
 Paul S. Woodard, Jr. *J&M Premier Services, Inc.*

### ADVISORY DIRECTORS

Kent Bryson *EVP / Regional President*  
 Linda Douglas\*  
 Mike Gunnels\*  
 Nathan Jones *SEVP / Regional President*  
 Jeff King *EVP / Regional President*  
 Lowell Little *EVP / Regional President*  
 Lynn Littlejohn\*  
 Natalie Lynch *EVP / Regional President*  
 John Ory\*  
 Jason Petersen\*  
 Sandy Rayburn\*  
 Brenda Sharp *Austin Bank Consultant*  
 Francis Spruiell *EVP / Regional President*

### DIRECTORS EMERITUS

Charles Creed *Retired Dentist*  
 William M. Holland *Attorney*  
 Barry Hughes *Retired US Army, Halbert Mill Co.*  
 Joe T. Terrell *Retired President, First State Bank Rusk*

\* Denotes Executive Committee Member

## 2019 GROWTH AND EXPANSION

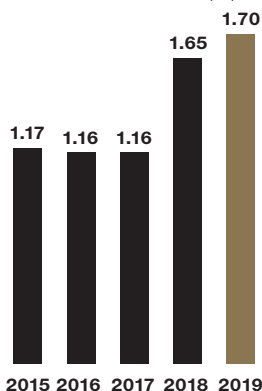
- Created Southeast Region with expansion into Liberty County
  - Temporary office opened in Cleveland – April 8, 2019
  - Construction began in November 2019 on permanent location, scheduled to open 2nd quarter 2020
- New stand-alone ATM constructed in Jacksonville – opened November 2019
- Purchased Drive Thru location in Palestine, scheduled to open 1st quarter 2020



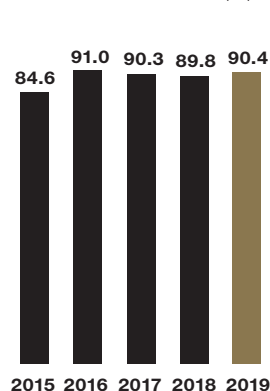
## NEW TECHNOLOGY

- Enhanced Treasury Management Suite including:
  - New business online banking system
  - New Business mobile banking app
  - Same day ACH processing
- Secure alerts - instantly sends a text message, email, or push notification to you the moment something happens in your account
- AB Card Alerts - turn your debit card on or off from the Austin Bank mobile app

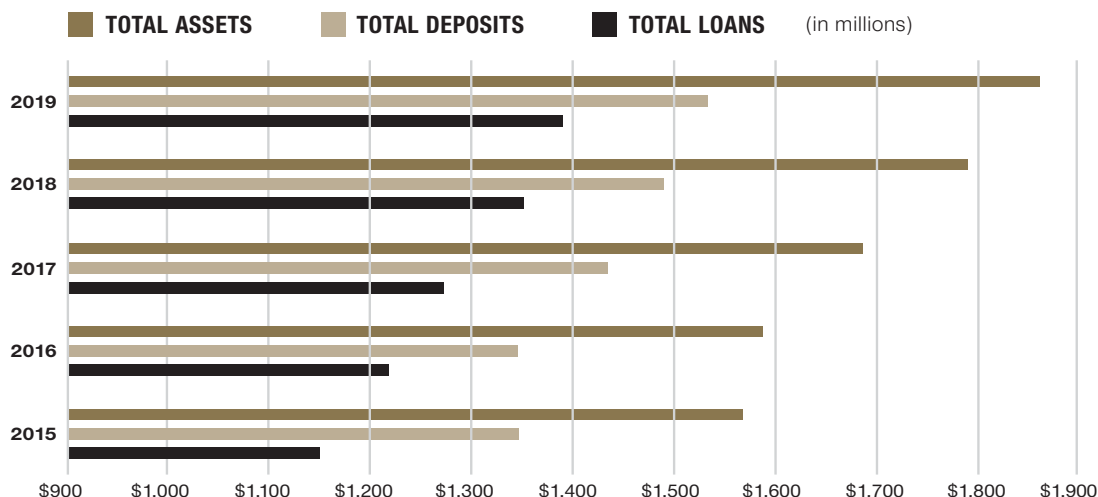
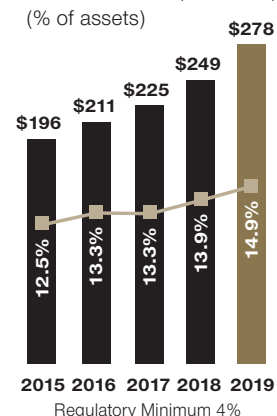
RETURN ON ASSETS (%)



LOANS TO DEPOSITS (%)



TOTAL CAPITAL (in millions)  
(% of assets)



## FINANCIAL REVIEW (in thousands)

### ASSETS

	2019	2018
Cash and balances due from banks	\$ 103,949	\$ 94,513
Securities	279,402	268,427
Net loans	1,378,150	1,334,836
Other assets	100,319	96,091
<b>TOTAL ASSETS</b>	<b>\$ 1,861,820</b>	<b>\$ 1,793,867</b>

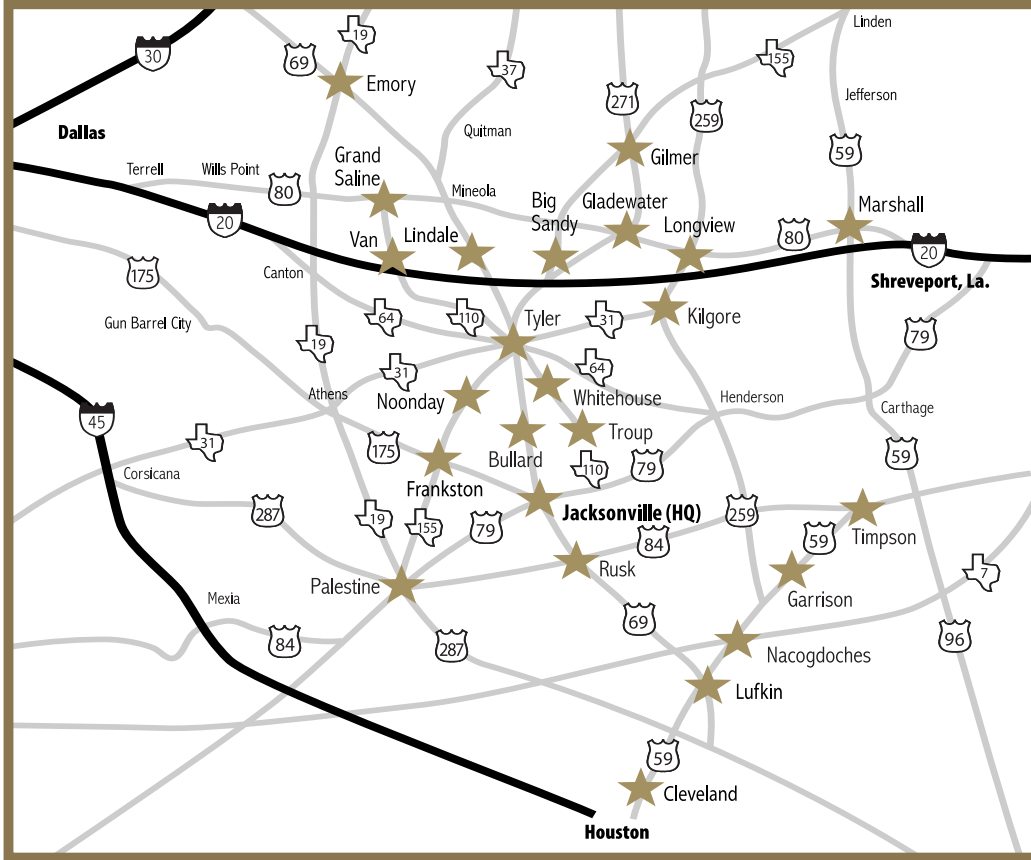
### LIABILITIES AND STOCKHOLDERS' EQUITY

Non-interest bearing deposits	\$ 578,507	\$ 557,271
Interest bearing deposits	949,249	936,564
<b>Total deposits</b>	<b>1,527,756</b>	<b>1,493,835</b>
Securities sold under agreements to repurchase	36,712	30,958
Other liabilities	19,787	20,021
<b>Total liabilities</b>	<b>1,584,255</b>	<b>1,544,814</b>
Total stockholders' equity	277,565	249,053
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,861,820</b>	<b>\$ 1,793,867</b>

### 33 BANKING LOCATIONS IN 24 CITIES AND 12 COUNTIES

Big Sandy • Bullard • Cleveland • Emory • Frankston • Garrison • Gilmer  
 Gladewater • Grand Saline • Jacksonville (2)\* • Kilgore • Lindale • Longview (5)\*  
 Lufkin • Marshall • Nacogdoches • Noonday • Palestine • Rusk • Timpson  
 Troup • Tyler (5)\* • Van • Whitehouse

\*Multiple Banking Locations



**HEADQUARTERS:** 200 East Commerce Street  
 P.O. Box 951  
 Jacksonville, Texas 75766  
 Cherokee County  
 903.586.1526  
 Fax: 903.541.2086

**PARENT COMPANY:** Austin Bancorp, Inc.

**BANK CHARTERED:** October 1, 1900

**FOR INFORMATION:** [customercare@austinbank.com](mailto:customercare@austinbank.com)

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