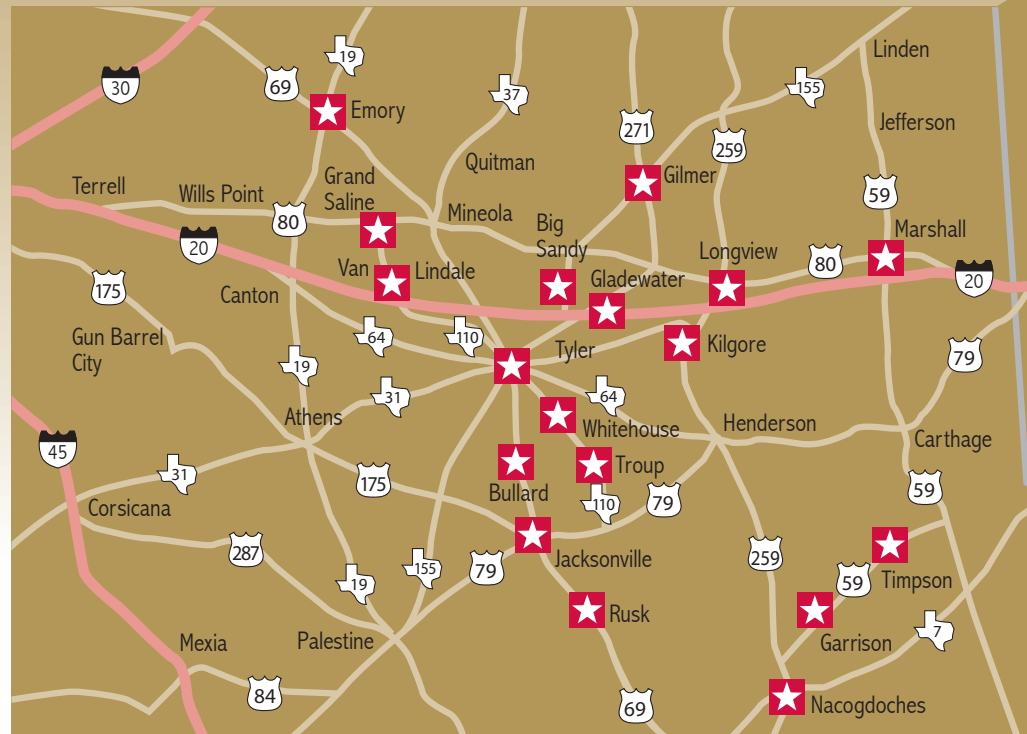




2008 Austin Bank Annual Report

Providing Service and Convenience

Exceptional service, strength and stability, providing The Bank of Choice for East Texas in 28 convenient locations in 18 cities and 9 counties.



Banking & ATM Locations

Big Sandy
Bullard
Emory
Garrison
Gilmer
Gladewater (2)*
Grand Saline
Jacksonville (2)*
Kilgore
Longview (5)*
Marshall
Nacogdoches
Rusk
Timpson
Troup
Tyler (5)*
Van
Whitehouse

*Multiple banking locations

Austin Bank Directors

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

*Advisory Directors

Website: www.austinbank.com

Headquarters: 200 East Commerce Street, Jacksonville, TX 75766
800-644-9275
903-541-2086 (fax)

Parent Company: Austin Bancorp, Inc.

Date founded: 1900

For information contact: Patty Steelman; AVP, Director of Marketing
903-871-2519



Member FDIC
www.FDIC.gov



East Texas Owned • East Texas Based
www.austinbank.com

Strength and Reliability

2008 HIGHLIGHTS

"In 2008, Austin Bank achieved many important milestones: surpassing \$1 billion in assets, being named as one of the 'Best Companies to Work for in Texas for 2009' and receiving the Texas Bankers Association (LiFE) Leaders in Financial Education Award. We believe the best companies have the best people and we are humbled to receive awards directly reflecting the character and commitment of our employees," said Jeff Austin, III, Vice Chairman of the Board. "Also of significant note, because our bank is a well capitalized, strong performing institution with high quality assets, we chose not to take the TARP Funds. Our strong capital position allows us to grow our bank as evidenced in our purchase of City National Bank, Kilgore early in 2008. Our customers and communities can always count on Austin Bank."



Austin Bank named one of the 'Best Companies to Work for in Texas for 2009'

Left to right:
Lynn Littlejohn, HR Manager/EVP;
John P. Williams, President/CEO;
Jeff Austin, III, Vice Chairman Austin Bank

Giving Back

It is often said that tough times test character. In 2008, Austin Bank continued to give back through charitable donations and community outreach.



Jeff Austin, III, Vice Chairman of the Board

- Contributions were made, both monetary and in-kind-sponsorships, in direct support of local education, the arts, literacy, health and housing needs.
- In 2008, scholarships were awarded to 33 high school seniors in 23 East Texas schools in communities served by Austin Bank.
- Over 7,300 Kindergarten students in 297 classrooms received program materials for the financial literacy program "Teach Children to Save."
- 95 Austin Bank employees visited 74 schools making presentations to students. A packet, distributed by the staff of each Austin Bank location, included instructional resources for teachers and students using the theme "Saving Money is Cool."
- Austin Bank Community Involvement Awards for 2008 honored three bank employees for volunteer work and their community service organization.



Jeff Austin, Jr., Chairman of the Board

"In all our years of banking, we have never seen a year where honesty, integrity, and commitment to community have been more important. We believe each of these attributes is a strength of our bank, each a part of our core beliefs. Our bank continues to be guided by prudent, conservative fundamentals that will never go out of style but remain constant, our foundation for years to come."

Strong Financial Performance

Austin Bank Consolidated Balance Sheets

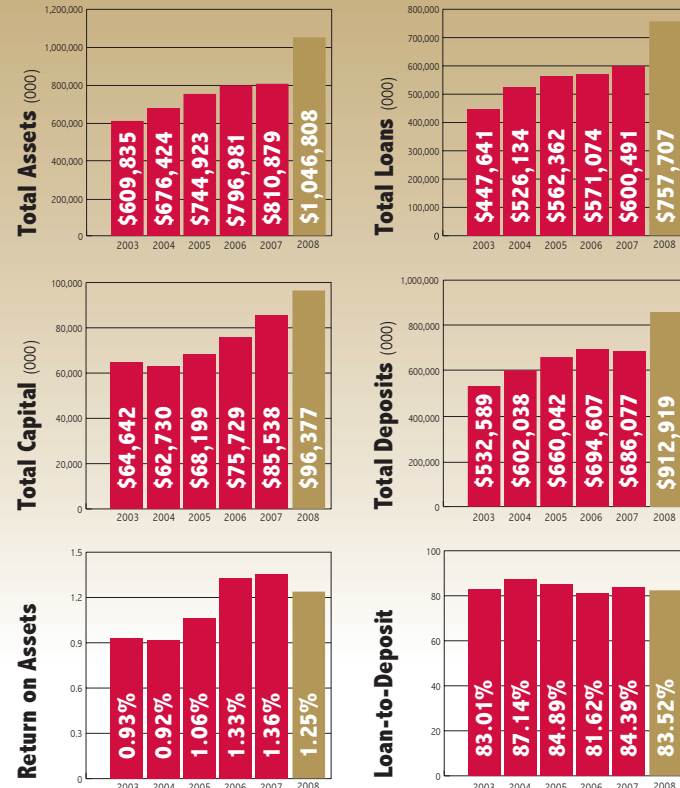
December 31, 2008 and 2007

ASSETS

	2008	2007
Cash and balances due from banks	32,924,000	30,896,000
Securities available for sale	155,716,000	110,444,000
Federal funds sold	15,100,000	17,600,000
Net loans	757,707,000	600,491,000
Other assets	85,361,000	51,448,000
TOTAL ASSETS	1,046,808,000	810,879,000

LIABILITIES AND STOCKHOLDERS' EQUITY

Non-interest bearing deposits	238,967,000	176,349,000
Interest bearing deposits	673,952,000	509,728,000
Total deposits	912,919,000	686,077,000
Securities sold under agreements to repurchase	19,974,000	22,609,000
Other liabilities	17,538,000	16,655,000
Total liabilities	950,431,000	725,341,000
Total stockholders equity	96,377,000	85,538,000
TOTAL LIABILITIES AND EQUITY	1,046,808,000	810,879,000



Outstanding Leadership

Austin Bank Executive Team



E. Glenn Bass
Senior Executive Vice President

Austin Bank welcomes Glenn Bass to the Executive Team. A lifetime East Texas resident, Bass has over thirty-three years of bank management experience.

Left to right: Keith Chambers – Senior Executive Vice President/CFO, Jacksonville; Billy Mullins – Senior Executive Vice President, Longview; Jeff Austin, III – Vice Chairman of the Board, Tyler/Jacksonville; Sissy Austin – Senior Executive Vice President, Jacksonville; Jeff Austin, Jr. – Chairman of the Board, Jacksonville; Larry Bolton – Senior Executive Vice President, Tyler; John P. Williams – President/CEO, Jacksonville/Whitehouse. Not pictured: Jane Austin Chapman – Vice President, Director

Developing the Best People Start with a strong, stable financial institution with service-oriented employees, add helpful and knowledgeable co-workers, provide ongoing education and in-house training, encourage all employees to become involved in their local community, and you get the winning formula for Austin Bank.

Austin Bank invests in employees through ongoing training and development. Training is offered through many internal and external programs with employees completing over 5,000 training hours in 2008. Bank employees also give generously to the communities they serve through their leadership as board members, volunteer efforts and fundraising.

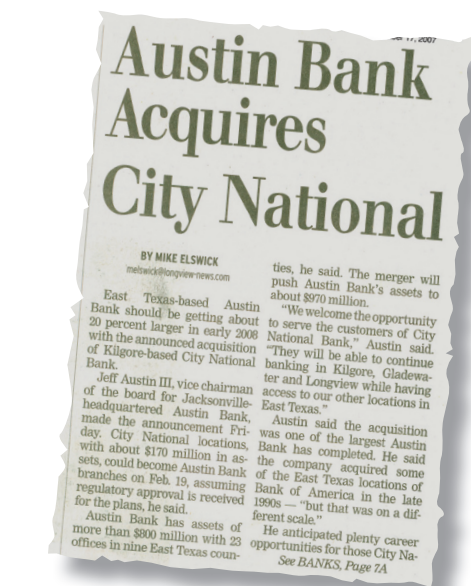


Austin Bank Leadership Class of 2008
The annual Austin Bank Leadership Program is designed to develop leaders, further enhance service delivery and examine ongoing industry changes.

OUR VISION To be the “Bank of Choice” in the markets we serve.

OUR MISSION Community Bankers providing Exceptional Service throughout East Texas.

OUR CORE VALUES Honesty. Service. Confidentiality. Community. Employees.



New Services and Solutions

There's never been a better time to bank with Austin Bank! With a team of experienced professionals and local decision-making, Austin Bank continues the legacy of service to families and businesses throughout East Texas. This past year, the Bank added more products and services with continued focus on relationships and exceptional service.

Merchant Remote Capture was introduced to help business customers improve cash flow and funds availability while reducing costs.

For greater access, Austin Bank added five banking locations in two more cities through the acquisition of City National Bank in Kilgore and Gladewater. To better communicate banking news, timely

information, and enhanced products and services, a convenient quarterly online newsletter, eNews, was launched in September, 2008.

To better serve the planning and investing needs of the Bank's communities, two additional financial advisors were added to the ICA investment team.



Investment Centers of America, Inc. (ICA) financial advisors, left to right, Craig Morton, R. Glen Smith, Greg Wade

Not FDIC Insured Not Bank Guaranteed May Lose Value Not Bank Deposits Not Guaranteed by Any Government Agency