



A PUBLICATION OF ICON BANK OF TEXAS, N.A.

## Founders' Message

### 2010 Outlook

Dear Shareholders,

It's hard to believe that 2009 is over and we are already well into March of 2010. It's even harder to believe that Icon Bank is three years old – time flies when you're having fun! On behalf of our staff and Board of Directors we want to sincerely thank each of you for supporting Icon with your investments and banking business. ***Your Icon Bank is now one-quarter of a billion dollars in total assets and profitable!***

As detailed in the Financial Highlights section of this issue, we made a small profit in 2009, a solid showing for Icon, since our original 2009 budget was approved with the anticipation of a seven-figure loss. This profit was due to our strong earnings performance in the 3<sup>rd</sup> and 4<sup>th</sup> quarters of \$320k and \$455k respectively. Our earnings performance, coupled with stock sales, has raised our book value per share from a low of \$8.02 at month-end April 2009 to \$9.80 as of January 31, 2010.

Our goals for the current year are deeply intertwined, with each impacting the others. They are: 1) Maintaining Profitability, 2) Managing Growth and 3) Ensuring Capital Sufficiency. We fully expect to continue posting quarterly profits, having reached necessary milestones with regard to earning assets, control of overhead, our strong Net Interest Margin, and the quality of our loan portfolio. However, Interest Rate Risk in short and long term rates, continued economic uncertainty in many industries and possible regulatory changes could all negatively impact Icon's profitability, growth and capital position.

During our first 36 months of existence we've maintained three core policies for wise growth: 1) strong emphasis on the importance of encouraging friends and business associates to open accounts; 2) the hiring of seasoned local banking

veterans and staffs who have accumulated a strong following of quality customers to move to Icon; and 3) extolling to you, our shareholders, the many virtues of doing business with your Icon Bank.

Now that we have reached "critical mass," we are going to slow growth by significantly limiting rates on deposit products, maximizing loan rates and shortening loan maturities. Basically, our capital position, while adequate for our immediate situation, will need to be increased as the bank continues to grow.

There are three basic ways to augment capital: 1) sell additional shares of stock; 2) make and retain profits; and 3) borrow money from sources such as a parent company (i.e., a holding company) and inject it into the subsidiary bank. Your Icon management team has obviously covered the first two options, and while we will consider future stock offerings and continue our tireless efforts to enhance profits, we are now exploring the third option and hope to have some recommendations shortly after the April Shareholder's Meeting.

We hope you are pleased with the overall fitness of your bank as well as the success of our four individual Icon offices. As always, we welcome your comments and suggestions as we manage Icon into its fourth successful year.

Warmest regards,

CEO  
IconBank

President  
IconBank



## Customer Spotlight

### People Who've Experienced the Icon Difference

*Does personal service really make a difference? Read a note of thanks recently received by Icon Personal Banker Tina Simmons in our West Office:*

*Dear Tina,*

*Just a note to say a big Thank You for your help with my dad's account. It has been a long time since I've been "wowed" in the quality-of-service department and you have won the "surprise & delight" award from me this year. From filling out forms to quick responses, always with a smile — I wanted you to know it's been a pleasure meeting you and I look forward to working with you in the future.*

*Thanks again,*

Valerie

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## Regional Update

### New Southwest Office Up and Running at Temporary

Icon Southwest recently opened the doors of its new temporary location at 23103 Cinco Ranch Boulevard in Katy. Drop by and meet Southwest President Mitchell Schulmann and the rest of Icon's newest banking team anytime Monday through Friday, 8:00 AM – 5:00 PM, or give them a call at 281-517-2450. Icon plans to break ground this spring on a permanent location at the corner of Cinco Ranch Boulevard and the Grand Parkway.

## Honors and Milestones

Congratulations are in order for our two Icon Board Advisory Directors: **Dr. Nishith Majmundar** has been named one of America's Top Physicians for 2009 by the Washington D.C.-based Consumers Research Council of America. The award is based on a rating system that evaluates years in practice, professional affiliation, training and board certification. Best wishes for a bright future to newlyweds Vibha Athre and Dr. Goutham Vemana. Vibha is the daughter of Advisory Director **Srini Iyengar** and his wife Bamini. The wedding was held here in Houston, and the happy couple will make their home in Cincinnati, Ohio.

## Staff Notes

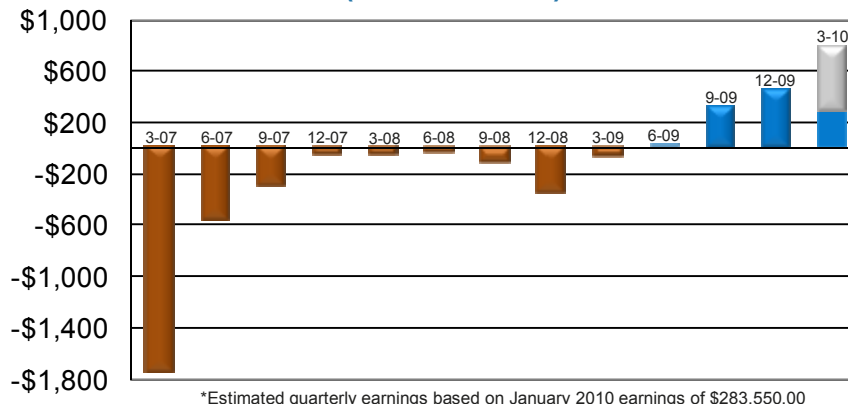
Please welcome the following new members of the Icon family: Tracy Dixon is our new Senior Vice President/IT Manager; Monica Acevedo and Monica Puente are our new Bookkeeping Processors; Tina Moreno is our new Loan Processor; Meg Abertelli and Julia Saldivar join us as Personal Bankers in the Southwest Office; Christina Fiebich is our new Personal Banker in the Bay Area Office; and in our Sam Houston Office, Lindsey Lehmann is our new Executive Assistant and Jonathan C. Siedhoff is our new Banking Officer.

## Annual Shareholder's Meeting

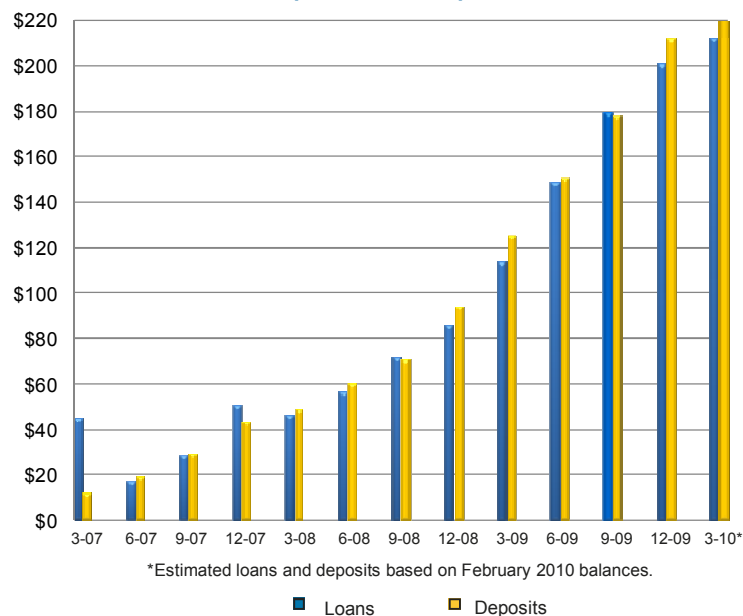
Soon you'll receive by mail your proxy for Icon's third annual shareholders meeting to be held Thursday, April 15 at 3:00 PM in the Kensington Ballroom at Willow Fork Country Club, 21055 Westheimer Parkway. Attendees will gain valuable insight from Icon's executive team regarding current proxy issues, today's economic conditions and future plans for the bank. Even if you cannot be there, Icon encourages each shareholder to cast a vote ahead of time by mailing your proxy prior to the meeting.

# Icon Financial Highlights: Bankwide

## Quarterly Earnings (in thousands)



## Quarterly Loans and Deposits Trend (in millions)



## Loans and Deposits by Office (as of 1-31-2010, in thousands)

	<u>Loans</u>	<u>%</u>	<u>Deposits</u>	<u>%</u>
Sam Houston	95,803	47%	81,208	37%
Bay Area	42,611	20%	47,248	22%
West	29,200	14%	71,448	32%
Southwest	<u>38,350</u>	<u>19%</u>	<u>19,496</u>	<u>9%</u>
	<b>205,964</b>	<b>100%</b>	<b>219,400</b>	<b>100%</b>

*Special  
Data  
Supplement*

## By the Numbers: The Icon Difference

Below are quarterly figures and ratios, as of 12/31/09, for six local banks that began operation within the last four years and, in the opinion of Icon management, are similar in their operating philosophy to Icon Bank. This information is derived from publicly available regulatory findings and has not been audited or independently verified. As you can clearly see, Icon stands out in its local peer group.

Company Name	# of Offices	Total Assets (\$000)	Net Income (\$000)	ROAE (%)	NIM (%)	Efficiency Ratio (%)	Non Int Bear Dep/ Total Deposits (%)	NPL's/ Total Loans (%)	NCO's/ Av. Loans (%)	Reserves/ Loans (%)
Peer Bank 1	5	337,808	(654)	(8.00)	3.89	88.38	19.65	0.31	0.02	1.25
Peer Bank 2	1	130,861	(64)	(1.97)	2.96	100.66	15.99	0.00	0.32	1.34
Peer Bank 3	1	169,249	(402)	(5.83)	4.03	79.80	14.87	0.83	2.13	1.23
Peer Bank 4	2	135,881	167	4.98	3.32	77.68	2.68	7.46	(0.11)	1.89
Peer Bank 5	2	153,315	(530)	(15.28)	3.74	113.33	11.13	2.19	0.00	1.01
Peer Bank 6	3	159,194	(63)	(1.23)	3.38	91.98	14.40	2.77	0.30	1.35
Average	2	181,051	(258)	(4.56)	3.55	91.97	13.12	2.26	0.44	1.35
<b>ICON Bank of Texas, N.A.</b>	<b>4</b>	<b>245,353</b>	<b>460</b>	<b>9.47</b>	<b>5.11</b>	<b>70.79</b>	<b>22.87</b>	<b>0.03</b>	<b>0.06</b>	<b>1.34</b>

**Explanation of Terms:**

**ROAE** (Return on Average Equity), a common measurement of return for shareholders

**NIM** (Net Interest Margin = Interest Income - Interest Expense ÷ Earning Assets), reflects how well management prices loans and deposits; the higher the number, the better

**Efficiency Ratio**, defined as Non-interest Expense ÷ (Net Interest Income + Non-Interest Income); reflects how well managements controls overhead; the lower the number, the better

**Non-Interest Bearing Total Deposits**, reflects what % of total deposit base is comprised of checking accounts (non-interest accounts); the higher the better; has a direct impact on earnings and overall franchise value

**NPL's/Total Loans** (Non-Performing Loans as a % of Total Loans), refers to loans that are not being repaid and represent a foreclosure and/or loss potential; the lower the number, the better

**NCO's/Av. Loans** (Net-Charge-Offs as a % of Average Loans), charge-offs are actual loan losses; the lower the number, the better

**Reserves/Loans**, measure of funds held in reserve for possible (not probable) loan losses as a % of total loans; the more in reserve, the better protected the bank's capital position against possible loan losses, though increases to the reserve directly reduce earnings

# Icon Bank of Texas

## Sam Houston Office

7908 N. Sam Houston Parkway West  
Houston, TX 77064  
281-517-2400

## Bay Area Office

16610 Highway 3  
Webster, TX 77598  
281-517-2420

## West Houston Office

18111 Katy Freeway  
Houston, TX 77094  
218-517-2430

## Southwest Office

23103 Cinco Ranch Boulevard  
Katy, TX 77494  
281-517-2450

## Board of Directors

Richard N. Coffman, Consultant/CPA  
Mark R. Evans, O'Connor, Craig, Gould & Evans  
Janet T. Friedman, J. Friedman Mortgage  
John D. Green, Corporate President, Icon Bank of Texas, N.A.  
Archie A. (Trey) Henderson, III, Hengst & Henderson, P.C.  
Vipul Patel, M.D., Southmore Medical Clinic, P.A.  
Mark S. Reiley, CEO, Icon Bank of Texas, N.A.  
Michael S. Richard, South Texas Medical Clinics, P.A.  
Joseph Rosa, ReMax Heritage  
David E. Roth, Roth Financial  
Bernard E. Warriner, Jr., Warriner & Associates Ins., Inc.

## Advisory Directors

Srini Iyengar, Diversified Management Services  
Nishith Majmundar, M.D., Laija Neurology Association

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