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ATHENS • GUN BARREL CITY
MABANK • MALAKOFF

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A STORY 75 YEARS IN THE MAKING

From Farmers and Merchants to First State Bank

The first meeting between Jeff Austin, Sr. and Charles Hooser – the men behind one of the most successful banking partnerships in East Texas – took place on a farm in Frost, Texas.



Jeff Austin Sr.

Mr. Austin came from a banking family and had begun to buy small banks with partners who would then stay and run them. Charlie Hooser knew the bank in Italy, Texas was for sale, and Bill Holman put the two of them together.

The two men agreed to meet at the farmhouse of Charlie Hooser's in-laws,

the parents of Mrs. Nedra Hooser. By all accounts, it took little time for them to come to an agreement.

"Mr. Austin and Dad were both pretty quick to recognize a good deal and act on it," said Nikki Hooser.

"They could make up their minds about something important in 30 seconds and give you an answer," said Mr. Hooser's brother-in-law, Weldon Holley. "Everything they ever touched seemed to work."

"They hit it off from the beginning," recalled Nedra Hooser. "At first they were just business associates, but it became a friendship. Jeff and (his wife) Opal were easy to be with."

The bank in Italy proved to be successful, so in 1967 the two men set their sights on another institution. This time it was the Farmers and

Merchants State Bank in Athens, Texas.

"Daddy saw there was growth potential here," said Jane Austin Chapman, daughter of Jeff Austin, Sr. "He felt as though they had the support of the directors and community leaders"

Retired loan officer Betty McClure, who worked at the bank from 1961 to 2000, recalled the morning in 1967 when the employees of the Farmers and Merchants were asked to gather in the bank's coffee shop.

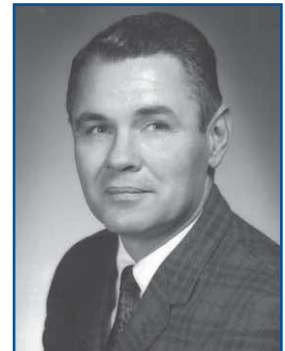
"We were all looking at one another and mostly holding our breath," McClure said. "Then, in steps two men whom I didn't know. One began to speak".

"He said, 'Good morning. I'm Jeff Austin, and this is Charlie Hooser, and we just bought this bank.'"

The announcement at first filled McClure with dread. "Little did I know," she said, "that this was the best thing that could have happened – to me and the bank."

Farmers and Merchants became First State Bank, and the Hooser family moved to Athens, with Charlie Hooser immediately becoming bank president.

"Within mere days," recalled McClure, "we were all settled down due to the calm and confident manner with which Charlie handled the customers, as well as employees."



Charles Hooser

Mr. Hooser served as president until 1970, when he again partnered with Jeff Austin, Sr., this time to purchase a bank in Corsicana. Though he took over as president of the Corsicana bank, he remained on the board of directors at First State Bank Athens until his death. Likewise, Mr. Austin, Sr. served the rest of his life as the bank's chairman.

In the years since 1967, First State Bank has grown to a position of prominence both in terms of reputation and performance, with First State now one of the highest-performing banks in Texas.

Jeff Austin, Jr. is quick to point out that the bank's success is traced back not 43 years, but 75, when Farmers and Merchants State Bank was chartered in 1935.

"The people who formed the bank 75 years ago in the middle of the Great Depression were courageous for doing so," he said. "We're here now because of them."

Jane Austin Chapman credits the "excellent people," past and present, who have worked at First State Bank and the succession of exceptional directors who have served the bank. Included among the many past directors are Joe Browning, Dr. Norris Holt, A.M. Barnes, Jr., Arthur Hawn, Ted True and Leo Jones, to name just a few.

Also deserving to be lauded are the many exceptional leaders who have served as bank presidents over the past 75 years. The last three to hold the title are Pat Neill, W.M. "Bill" Key and current bank president Jess Laird.

Pat Neill led the bank from 1970 to 1981. First State Bank Executive Vice President Steve Moore recalls Mr. Neill as a quiet and kind man who built close relationships with those whom he did business with.

"People liked him," said Moore. "He wasn't flashy. There was no pretense. He just cared about people."

"Dad was so fun and friendly, I think he would have been great to work for, but then he was my dad," said Downtown Branch Manager Michael Neill. Pat Neill passed away in the spring of 2010.

Bill Key served as president of First State Bank from 1981 until his retirement in 1999. It was during his watch that First State Bank Athens began to add branches, with locations in Mabank, Malakoff and Tyler Street in Athens opening from 1987 to 1994.

"He was good at watching over things, yet he gave his managers quite a bit of discretion," said Moore. "One of Bill's strengths as president was his ability to judge character well. He brought in good people."



Mr. Key continues to live in Athens.

Jess Laird took over as bank president in 1999 and immediately began shepherding First State Bank into the challenges and opportunities of the 21st century. "The use of technology is vital to our success and important to our customers in so many ways. When it comes to customer service we

have the best of both worlds; technology to provide efficiencies and banking products, but with a culture of hometown service."

"He understands how the best use of technology benefits us as a bank internally and our customers," said Michael Neill.

"He's also helped us grow while maintaining our quality," said Moore. "First State Bank hasn't suffered big swings with the economy. We've maintained a stable, steady growth, and I don't see that changing."



America and Athens, Texas are very different in 2010 than in 1935 when First State Bank (previously known as Farmers and Merchants State Bank) was formed , yet we are the same.

The 1930's were hard times, but proud people with vision and ambition worked hard to survive.

The founders of First State Bank had faith the newly created Federal Deposit Insurance Corporation would offer assurance to depositors their funds would be safe. First State Bank has survived and prospered these 75 years which included wars, as well as economic swings.

First State Bank still has an office on the Athens Court House square, as well as modern offices in Mabank, Gun Barrel City, Malakoff and on Tyler Street in Athens. The dedicated professional staff has the same goal as the original staff of caring for the customer, and now we have technology to help provide better service.

People and personalities have been instrumental in the stability and growth of the Bank. Those who have gone before us guided the Bank through many sociological and economic changes. Our present economy is much more diverse than the past with health care, government services, agriculture, the influence of Cedar Creek Lake and high tech manufacturing.

It is with much humility that the present staff of First State Bank is marking the milestone of 75 years. You, our customers and friends, have made this possible by your loyalty and support over the years.

Let us all enjoy this celebration of success! First State Bank is a reflection of the communities it serves, and we are proud to reflect your strength and loyalty. We will strive to continue to merit your confidence. Thank you for being our friends and for helping us celebrate this wonderful birthday of First State Bank.

Jeff Austin, Jr.

Chairman of the Board



The First State Bank family is proud to recognize and celebrate 75 years in business. Through good economic times and bad, we are proud of our heritage, our history and the customer relationships that have been established throughout this community.

Since opening for business in May, 1935, our world and this community have changed dramatically. From canning tomatoes and black eyed peas, to manufacturing television sets, and now designing and manufacturing high tech medical devices, the economy in Henderson County has progressed into something we are proud of. Throughout these changes, First State Bank has remained steadfast in its obligations. What hasn't changed is our commitment to our customers that have remained loyal to FSB from generation to generation.

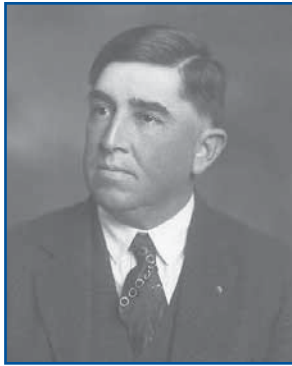
Our employees have a heritage of professionalism and caring for the customer, the same as in 1935, which is apparent with the tenure of our staff. One can walk into any of our five locations and be greeted by the same employees that not only have served for years but have also become your friends.

We are proud to have banking offices in Athens, Mabank, Malakoff and Gun Barrel City. And while banking and technology may advance beyond our wildest imagination, some things at FSB will not change. May you always be welcomed with a smile, a handshake, and a personal banker that knows you by name.

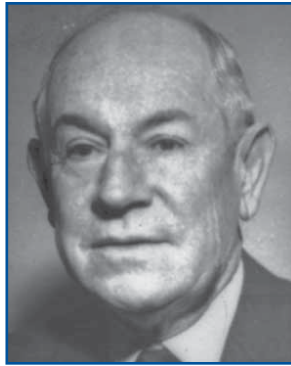
Thank you for being our friends and for joining us in this celebration.

A handwritten signature in black ink, appearing to read 'Jess Laird', written in a cursive style.

Jess Laird
President/CEO



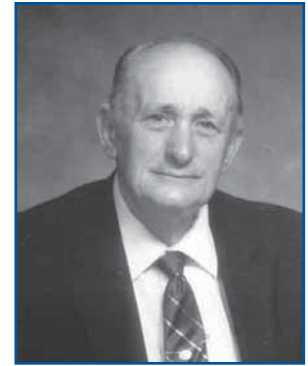
Tom P. Faulk, Sr.
1935-1946



T. D. Evans
1946-1960



Hubert Aaron
1960-1964



A.M. Barnes
1964-1967

1935 – April 4th, when, in the height of the Great Depression, Tom P. Faulk was granted a state charter for the Farmers and Merchants State Bank. On May 1, the bank opened its doors on the northwest corner of the square.

1946 – T.D. Evans was elected President

1960 – Hubert Aaron purchased controlling interest in the bank and remained as president until 1964.

1962 – The Deen Hotel on the Southeast corner of the square was purchased and remodeled.

1963 – The newly remodeled bank was opened for business. The interior featured automatic air controls, community room, coffee room, central music system with both AM and FM reception and an electric elevator system.

1964 – A.M. (Bub) Barnes was elected President

1967 – December of 1967, Jeff Austin, Sr., and Charlie Hooser purchased the bank that has resulted in one of the most profitable and financially sound financial institutions in Texas. Charlie Hooser was elected as President and held that position until 1970.

1970 – Pat H. Neill was elected President

1976 – The bank was again remodeled.

1981 – W.M. Key was elected President

1987 – The Bank of Mabank was acquired increasing total assets of the bank to \$120 million.

1989 – The Malakoff branch was opened

1994 – Bank of Athens assets were acquired increasing total assets of the bank to \$194 million. The location became known as “Tyler Street Branch”.

1997 – Branches of Bank of America in Athens, Mabank and Malakoff were purchased. Total assets increased by \$42 million, to \$245 million.

1999 – Jess A. Laird was elected President

2005 – a de novo branch was opened in Gun Barrel City in a leased facility. A permanent home was opened on Labor Day weekend in 2006.

2009 – The new bank building in Malakoff was completed in July.

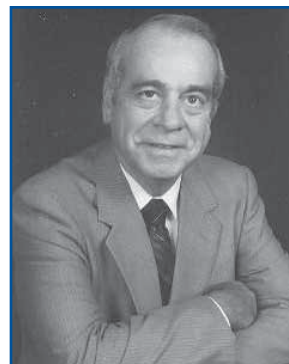
2010 – ***First State Bank celebrates 75 years of banking in East Texas.***



Charles H. Hooser
1967-1970



Pat H. Neill
1970-1981



W. M. Key
1981-1999



Jess A. Laird
1999-Present



Downtown Employees



First State Bank Board of Directors

Seated: Jane Chapman, Jeff Austin, Jr., Nedra Hooser
 Standing: Dan Dwelle, Noel Tumlinson, Jeff Austin, III,
 Steve Moore, Jess Laird, Michael Neill, Weldon Holley, Nikki Hooser,
 Kenneth McGee, Jerry Stone, Andrea Pickens, Brent Hooser



Retirees

Seated: Doris Richardson, Elaine Algood, Betty Smith,
 Dottie Mikel, Wynell Reeves, Betty McClure, Beverly Lively
 Standing: Bill Key, Lynn Allen, Bill Myers, Bill Rogers, Bob Craig, Steve Arthus

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In honor of our 75th Anniversary celebration, each employee of First State Bank has directed a contribution to the non-profit of their choice.

Athens Christian Academy – *Wes Browning*

Athens Early Childhood Education Center
– *Cevia Morris*

Athens Food Pantry – *Laura Hurd*

Athens High School Stingerettes
– *Jennifer Hart*

Athens Last Blast
– *Cathy Jezek, Linda Tull, Pam Johnson*

Athens Teenage Baseball Association
– *Michael Neill*

Bradford Volunteer Fire Department
– *Kim Hodges*

Cain Center – *Stacey Alen*

Carolyn Rhodes Scholarship – *Jeryn Toops*

CASA – *Peggy Miller, Steve Moore*

Cedar Creek Habitat for Humanity
– *Sue Cardin, Cathy Hughes*

Cedar Creek Veterans Memorial
– *Cora Weaver, Darenna Buchanan, Jennifer Dickhaut, Jim Clark Jr. Leslie Bhangar, Lisa Guthrie, Mary Killian, Melanie Beckham, Rene' Hyde, Ronnie Davis, Sandy Golden, Tammy Truelove*

Central Church of Christ (Building Fund)
– *Jess Laird*

Chamber Isle Tom Finley Park
– *Gwen Finley*

Cleveland Amory Black Beauty Ranch
– *Kemmie Howell*

Disciples Clinic of Athens – *Cheryl Trout, Joyce Coe, Linda George, Mary Airheart, Tammy Dosser*

East Texas Crisis Center – *Pamela Porter*

Family Peace Project – *Amanda Skiles, Armando Rincon, Autumn Doring, Candice Main, Cheryl Johnson, Debbie White, Jason Hayes, Kacey Brock*

First Baptist Church (Furniture Ministry)
– *Wade Carter*

Friends of the Texas Freshwater Fisheries Center – *Dan Dwelle*

Henderson County Child Welfare
– *Jay Eckert*

Henderson County Humane Society
– *Cara Roberts, Cindy Bradley, Dawn Monroe, Kim Ridgway, Stephanie Chancellor, Vicki Chambless, Julie Peebles*

Henderson County Teen Court – *Jan Adair*

Henderson County Wildlife Committee
– *Dan Winfrey, Lee Tackett*

Mabank Ag Booster Club – *Lisa Hudgens*

Make-a-Wish Foundation – *Edna Shamlin, Jill Tiner, Renee Miles, Tina Spivey*

Malakoff Food Pantry – *Deanna Jackson, Gabriela Romero, Julie Armstrong*

Meals-on-Wheels – *Kasey Jamison*

Rainbow Room – *Kourtney Perkins, Rachel Strange, Ruth Ann Logan, Sally Frentress*

Salvation Army – *Jana Smith, Joshua Holt*

Sand Springs Baptist (Community Help)
– *Deann Feagins*

St. Edwards Catholic Church
– *Ruth Beltran, Sandra Waldo*

Texas Baptist Home for Children
– *Cathy Brown, Julie Bell, Shelby Harris*

The Cowboy Church (The Farm)
– *Joyce Grubbs*

Trinity Mother Francis (Cancer Research)
– *Faye Nell Willingham*

United Way – *Elizabeth Colvin*

Young Life – *Deanne Robertson, Michael Washington*

1935 - 2010

MABANK



MALAKOFF



ATHENS DRIVE THRU



TYLER STREET



GUN BARREL CITY



Austin Family Legacy



The Austin Family has been involved in banking since 1909, when John F. Austin, Sr. and wife Sallie moved to Frankston, where the former Anderson County Clerk helped organize First State Bank, Frankston.

Three children of John and Sallie: John Jr., Jeff and Mary Jo entered the banking field, initially at First State Frankston, then later in Houston and other cities in East Texas.

Jeff Austin, Sr., after an outstanding track career at University of Texas, returned to Frankston in 1937, when he married Opal Terrell from Chandler. Jeff and Opal had two children, Jeff Jr., and Jane, who both became active in banking.

The Austin-Hooser connection began in the late 1950's when Charlie Hooser and Jeff Austin, Sr. purchased controlling interest of First State Bank, Italy followed by the December 1967 purchase of First State Bank, Athens, and the 1970's purchase of State National Bank, Corsicana, Texas. The Farmers and Merchants State Bank was renamed First State by the new control group, and the rest is history, for First State Bank is one of the most profitable and sound financial institutions in Texas.

During Jeff Austin, Sr.'s career he served as Chairman or CEO of not only First State Frankston, but First State Athens, Austin Bank (a consolidation of several Austin banks), Capital Bank, Houston and Citizens State Bank, Tenaha. He was active in the community, the Methodist Church and in professional and civic organizations. He received many honors from those organizations namely: Chairman Texas Bankers Association, President East Texas Chamber of Commerce and honors from Boy Scouts of America.

Jeff Austin, Sr. attributed his success to many people, but mainly wife Opal and mother Sallie. "If you are good to banking, banking will be good to you" was his mother's creed that Jeff, Sr. followed and often quoted.

The Austin children, spouses and grandchildren have enjoyed banking careers. Jane Austin Chapman is a Director, officer of First State Athens, Austin Bank, and First State Bank Frankston. Husband Bob enjoyed a successful career with the Texas Department of Banking as well as community banks in Mason, San Marcos and Jacksonville. Son Michael Austin Neill is Senior Vice President of First State, branch manager and director.

Jeff Austin, Jr. serves as Chairman of the Board at First State Bank, Athens, Austin Bank, First State Bank, Frankston and Capital Bank Houston. Sissy Austin is officer, director of Austin Bank. Jeff Austin, III serves as director and officer of Austin Bank, First State Bank, Athens, Capital Bank, Houston and First State Bank, Frankston

The Austin Family is proud to be associated with First State Bank Athens, its employees, directors and loyal customers.





Hooser Family Legacy



Charles Hooser was born in Frost, Texas, on Sept. 19, 1928, where he grew up alongside his future wife, Miss Nedra Moore.

“I always had my eye on him,” said Mrs. Hooser. “We threw erasers at one another in elementary school. Even as a little girl, I dreamed he was going to be my husband.”

After graduating Frost High School – he a year earlier – both attended Baylor University. Charlie graduated in 1950 with a degree in business administration. Nedra Moore graduated with a degree in education a year later. The couple married in 1953 after Charlie served a stint in the U.S. Air Force. They had three children: Nikki Hooser, Brent Hooser and Dane Charles Hooser, who died soon after birth.

During his Baylor years, Charlie worked at a bank in Waco, and following graduation he worked at banks in Snyder and Mart. Then in 1958, he established a business partnership with Jeff Austin Sr. in order to purchase the First State Bank of Italy, Texas. As would be the custom with future deals in their partnership, immediately after purchasing controlling interest, Charlie took on the position of bank president and set about improving the fortunes of the institution.

“Charlie was the Will Rogers of the banking business,” said Weldon Holley, Mr. Hooser’s brother-in-law and a member of the board of directors at First State Bank Athens. “He was a straight shooter, and everyone liked him.” Mr. Holley served for a time as vice president at the bank in Italy, taking over as president in 1967 and serving until his retirement in 1985.

It was in 1967 that Mr. Hooser and Mr. Austin, Sr. purchased controlling interest of another bank: Farmers and Merchants State Bank in Athens. The two men renamed it First State Bank of Athens, and Mr. Hooser again assumed the role of bank president, moving his family from Italy to Athens. Under his sharp leadership, the bank quickly grew in both assets and community stature.



“Charlie wanted to treat everyone like the king bee,” said Mrs. Hooser of her husband. “He gave everyone his full attention and treated them equally. He also had a great sense of humor – even when times weren’t easy.”

In 1970, Mr. Hooser and Mr. Austin, Sr. purchased controlling interest in State National Bank in Corsicana, where Mr. Hooser then served as bank president until his retirement. He remained on the board of directors at First State Bank Athens until his death on Sept. 17, 1993, two days before his 65th birthday.

Following her husband’s death, Nedra Hooser took on the role of bank director at First State Bank Athens, and both children eventually followed suit.

Nikki Hooser worked for a year at First State Bank Athens after graduating Baylor in 1979 with a business administration degree. She then went to the Southern Baptist Theological Seminary and graduated with a Master of Divinity in Theology in 1984. Ms. Hooser was made an advisory director on the bank’s board of directors in 2000 and has been a director since 2009.

Brent Hooser, a personal trainer and Kung Fu instructor, was made an advisory director at First State Bank Athens in 2009. He and his wife are active in their church. “Being on the board is meaningful to me because this is what Dad helped start,” said Mr. Hooser.



DOWNTOWN ATHENS

2010