Independent Bank Group, Inc. Form S-4/A
March 14, 2014
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As filed with the Securities and Exchange Commission on March 14, 2014

Registration No. 333-193373

# **UNITED STATES**

### SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2

to

FORM S-4

### REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

# INDEPENDENT BANK GROUP, INC.

(Exact name of registrant as specified in its charter)

**Texas** (State or other jurisdiction of

**6022** (Primary Standard Industrial

**13-4219346** (I.R.S. Employer

incorporation or organization)

Classification Code Number)
1600 Redbud Boulevard, Suite 400

Identification Number)

# McKinney, Texas 75069-3257

(972) 562-9004

(Address, including zip code and telephone number, including area code, of registrant s principal executive offices)

### Mr. David R. Brooks

### **Chairman and Chief Executive Officer**

### 1600 Redbud Boulevard, Suite 400

McKinney, Texas 75069-3257

(972) 562-9004

(Name, address, including zip code and telephone number, including area code, of agent for service)

### Copies to:

Joseph A. Hoffman, Esq.	Mark Haynie, Esq.	William T. Luedke IV, Esq.	
Dudley Murrey, Esq.	Haynie Rake Repass & Lowry, P.C.	Jason M. Jean, Esq.	
Andrews Kurth LLP	14643 Dallas Parkway, Suite 550	Bracewell & Giuliani LLP	
1717 Main Street, Suite 3700	Dallas, Texas 75254	711 Louisiana Street, Suite 2300	
Dallas, Texas 75201	(972) 716-1855	Houston, Texas 77002-2770	
(214) 659-4593		(713) 223-2300	

**Approximate date of commencement of proposed sale of the securities to the public**: As soon as practicable after this registration statement becomes effective and all other conditions to the proposed merger described herein have been satisfied or waived.

If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a nonaccelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer " Accelerated filer " Accelerated filer Smaller reporting company " Smaller reporting company "

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this joint proxy statement/prospectus is not complete and may be changed. Independent Bank Group, Inc. may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities, and Independent Bank Group, Inc. is not soliciting offers to buy these securities, in any state where the offer or sale is not permitted.

# **SUBJECT TO COMPLETION, DATED MARCH 14, 2014**

# BOH HOLDINGS, INC.

### MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

You are invited to attend a special meeting of shareholders of BOH Holdings, Inc., or BOH Holdings, on April 14, 2014, at 2:00 p.m. Central Time, at the offices of Bank of Houston, 750 Bering Drive, Suite 100, Houston, Texas 77057. At this special meeting, you will be asked to vote on the approval of a reorganization agreement, which provides for the acquisition of BOH Holdings by Independent Bank Group, Inc., or Independent, through certain merger transactions. You may also be asked to adjourn the special meeting to a later date. If the reorganization agreement is approved and the merger is completed, all outstanding shares of BOH Holdings common stock will be converted into an aggregate of 3,616,060 shares of Independent common stock and, assuming the tangible book value of BOH Holdings is at least \$70 million at the merger s effective date, \$34 million in cash. The amount of the merger consideration per share depends on the number of BOH Holdings shares outstanding immediately prior to the merger s effective time. We can only estimate a range of the number of the shares of BOH Holdings common stock that will be outstanding at the merger s effective time because outstanding shares of BOH Holdings Series D preferred stock will be converted into BOH Holdings common stock and outstanding options to purchase BOH Holdings common stock will be exercised in connection with the merger. Based upon our estimates of the range, a closing price of Independent common stock equal to the closing price of \$54.00 for the stock on February 18,2014, and assuming that the tangible book value of BOH Holdings is at least \$70 million on the merger s effective date, we estimate BOH Holdings shareholders would receive merger consideration with a value of between \$28.71 and \$28.36 per share. This total per share value reflects cash merger consideration of between \$4.26 and \$4.21 per share and between 0.4528 and 0.4474 of a share of Independent common stock per BOH Holdings share. If the market value of Independent common stock is greater than \$54.00 per share on the merger's effective date, the value of the per share merger consideration will increase proportionately and such increase in value is not subject to any upper limit. If, however, BOH Holdings has a tangible book value of less than \$70 million as of the merger s effective date, then the cash portion of the merger consideration will be reduced. If the tangible book value is \$55.833 million or less on the effective date, holders of BOH Holdings common stock would not receive any cash consideration, but only shares of Independent common stock. In that event and based on all of the other assumptions set forth above, BOH Holdings shareholders would receive merger consideration with a value between \$24.45 and \$24.16 per share. For further explanation regarding the number of shares of BOH Holdings common stock that will be issued and outstanding on the merger s effective date, how our tangible book value will be calculated, the effect on the purchase price if tangible book value is less than \$70 million on the merger's effective date, and other estimates, see The Merger Terms of the Merger, beginning on page 83 of this joint proxy statement/prospectus. Independent s common stock is listed on the NASDAQ Global Select Market under the symbol IBTX.

Your vote is very important. Whether you plan to attend the special meeting, please vote by completing and mailing the enclosed proxy card. We cannot complete the merger unless holders of two-thirds of the shares of each of (i) BOH Holdings common stock and (ii) BOH Holdings Series D preferred stock approve the reorganization agreement. Based on our reasons for the merger described in the accompanying joint proxy statement/prospectus, our board of directors believes that the transaction is fair, from a financial point of view, to and in the best interests of BOH Holdings shareholders. Accordingly, our board of directors unanimously recommends that you vote FOR approval of the

reorganization agreement and adjournment of the BOH Holdings special meeting, if necessary.

James D. Stein

President and Chief Executive Officer

BOH Holdings, Inc.

An investment in Independent common stock in connection with the merger involves risks. See <u>Risk Factors</u> beginning on page 47. Neither the SEC nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/prospectus or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense. The securities that Independent is offering through this document are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of either of our companies, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This joint proxy statement/prospectus dated March 14, 2014 was first mailed to BOH Holdings shareholders on or about March 25, 2014.

The information in this joint proxy statement/prospectus is not complete and may be changed. Independent Bank Group, Inc. may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities, and Independent Bank Group, Inc. is not soliciting offers to buy these securities, in any state where the offer or sale is not permitted.

# **SUBJECT TO COMPLETION, DATED MARCH 14, 2014**

### INDEPENDENT BANK GROUP, INC.

### MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

You are invited to attend a special meeting of shareholders of Independent Bank Group, Inc., or Independent, on April 14, 2014, at 3:30 p.m. Central Time, at the branch office of Independent Bank, 1600 Redbud Boulevard, Suite 100, McKinney, Texas 75069. At this special meeting, you will be asked to vote on the approval of a reorganization agreement, which provides for our acquisition of BOH Holdings, Inc., or BOH Holdings, through certain merger transactions. You will be asked to approve the issuance of Independent common stock to BOH Holdings shareholders in connection with the merger and to vote on the election of three directors who are designees of BOH Holdings to fill newly created vacancies on the Independent board of directors. You may also be asked to adjourn the special meeting to a later date, if our board of directors determines it is necessary. If the reorganization agreement is approved and the merger is completed, Independent will issue 3,616,060 shares of Independent common stock and pay \$34 million in cash, assuming that the tangible book value of BOH Holdings is at least \$70 million on the effective date of the merger. Independent common stock is listed on the NASDAQ Stock Market, Inc. Global Select Market System under the symbol IBTX. The closing price of Independent common stock on February 18, 2014 was \$54.00 per share. Based on this closing price and assuming that the tangible book value of BOH Holdings is at least \$70 million on the effective date of the merger, the amount of total merger consideration would be valued at \$229,267,240. Please see

Your vote is important. Whether you plan to attend the special meeting, please vote by completing and mailing the enclosed proxy card or by following the instructions to vote via the Internet or by telephone as indicated on the proxy card. We cannot complete the merger unless we obtain the necessary regulatory approvals and holders of at least two-thirds of the outstanding shares of Independent common stock approve the reorganization agreement, holders of at least a majority of the votes cast at the special meeting approve the issuance of Independent common stock to the BOH Holdings shareholders, and at least a plurality of the votes cast at the special meeting approve the election of the three BOH Holdings directors nominated by our board of directors. Based on our reasons for the merger described in the accompanying joint proxy statement/prospectus, our board of directors believes that the transaction is fair to Independent from a financial point of view. Accordingly, our board of directors unanimously recommends that you vote FOR approval of the reorganization agreement, the issuance of shares of Independent common stock to BOH Holdings shareholders, the election of the BOH Holdings director nominees and adjournment of the Independent special meeting, if necessary.

David R. Brooks

Chairman of the Board and Chief Executive Officer

Independent Bank Group, Inc.

The completion of the proposed merger and the issuance of shares of Independent common stock in connection with the merger involves certain risks. See Risk Factors beginning on page 47. Neither the SEC nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/prospectus or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense. The securities that Independent is offering through this document are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of either of our companies, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This joint proxy statement/prospectus dated March 14, 2014, was first mailed to Independent shareholders on or about March 25, 2014

### HOW TO OBTAIN ADDITIONAL INFORMATION

Certain business and financial information about Independent included in documents filed with the SEC has not been included in or delivered with this document. This information is described on page 302 under Where You Can Find More Information. You can obtain free copies of this information by writing or calling:

**Independent Bank Group, Inc.** 

1600 Redbud Boulevard, Suite 400

**McKinney, Texas 75069-3257** 

**Attention: Michelle S. Hickox** 

### **Executive Vice President and Chief Financial Officer**

(972) 562-9004

To obtain timely delivery of the documents before the special meeting of shareholders of Independent or BOH Holdings, you must request the information by April 4th, 2014.

In addition, if Independent shareholders have specific questions about the merger or the Independent special meeting, need additional copies of this joint proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, for the Independent special meeting, they may contact Jan Webb, Executive Vice President and Secretary, at the following address or by calling the following telephone number:

Independent Bank Group, Inc.

1600 Redbud Boulevard, Suite 400

McKinney, Texas 75069-3257

(972) 562-9004

If BOH Holdings shareholders have specific questions about the merger or the BOH Holdings special meeting, need additional copies of this joint proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, for the BOH Holdings special meeting, they may contact John McWhorter, BOH Holdings Executive Vice President, Chief Financial Officer and Corporate Secretary, at the following address or by calling the following telephone number:

BOH Holdings, Inc.

750 Bering Drive, Suite 100

Houston, Texas 77057

(713) 789-6100

BOH Holdings does not have a class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, is not subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act and accordingly does not file documents or reports with the SEC.

### PLEASE NOTE

We have not authorized anyone to provide you with any information other than the information included in this document and the documents to which we refer you. If someone provides you with other information, please do not rely on it as being authorized by us.

This joint proxy statement/prospectus has been prepared as of March 14, 2014. There may be changes in the affairs of BOH Holdings or Independent since that date, which are not reflected in this document.

### **BOH Holdings, Inc.**

750 Bering Drive, Suite 100

Houston, Texas 77057

(713) 789-6100

### NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To the holders of BOH Holdings common stock and BOH Holdings Series D preferred stock:

The special meeting of holders of BOH Holdings common stock and BOH Holdings Series D preferred stock will be held on April 14, 2014, at 2:00 p.m. Central Time, at the offices of Bank of Houston, 750 Bering Drive, Suite 100, Houston, Texas 77057 for the following purposes:

- 1. To consider and vote upon a proposal to approve the Agreement and Plan of Reorganization, or the reorganization agreement, dated as of November 21, 2013, by and between Independent Bank Group, Inc., or Independent, and BOH Holdings, Inc., or BOH Holdings, pursuant to which BOH Holdings will merge with and into Independent, all on and subject to the terms and conditions contained therein, and the merger described therein; and
- 2. To consider and vote upon any proposal to adjourn the special meeting to a later date or dates if the board of directors of BOH Holdings determines such an adjournment is necessary to permit solicitation of additional proxies if there are not sufficient votes at the time of the special meeting to constitute a quorum or to approve the reorganization agreement.

No other business may be conducted at the special meeting.

Only holders of BOH Holdings common stock and BOH Holdings Series D preferred stock of record as of 5:00 p.m. on February 18, 2014, will be entitled to notice of and to vote at the BOH Holdings special meeting and any adjournments thereof. The special meeting may be adjourned from time to time upon approval of holders of BOH Holdings common stock and BOH Holdings Series D preferred stock without any notice other than by announcement at the meeting of the adjournment thereof, and any and all business for which notice is hereby given may be transacted at such adjourned meeting.

Holders of BOH Holdings common stock and BOH Holdings Series D preferred stock have the right to dissent from the merger and obtain payment in cash of the appraised fair value of their shares of BOH Holdings common stock under applicable provisions of the Texas Business Organizations Code, or TBOC. In order for a holder of BOH Holdings to perfect his or her right to dissent, such holder must carefully follow the procedure set forth in the TBOC. A copy of the applicable statutory provisions of the TBOC is included as <u>Appendix D</u> to the accompanying joint proxy statement/prospectus and a summary of these provisions can be found under the caption The Merger Dissenters Rights of BOH Holdings Shareholders.

If you have any questions concerning the merger or the joint proxy statement/prospectus, would like additional copies of the joint proxy statement/prospectus or need help voting your shares of BOH Holdings common stock and/or BOH Holdings Series D preferred stock, please contact John McWhorter, BOH Holdings Executive Vice President, Chief Financial Officer and Corporate Secretary, at (713) 789-6100.

By Order of the Board of Directors,

Donald L. Poarch

Chairman of the Board

Houston, Texas

March 14, 2014

The board of directors of BOH Holdings unanimously recommends that you vote FOR the proposals to approve the reorganization agreement and any adjournment of the BOH Holdings special meeting, if necessary, among other things, to permit solicitation of additional proxies if there are not sufficient votes at the time of the BOH Holdings special meeting to constitute a quorum or to approve the reorganization agreement.

# Your Vote is Very Important

A proxy card is enclosed. Whether or not you plan to attend the BOH Holdings special meeting, please vote by completing, signing and dating the proxy card and promptly mailing it in the enclosed envelope. You may revoke your proxy card in the manner described in the joint proxy statement/prospectus at any time before it is exercised. If you attend the BOH Holdings special meeting, you may vote in person if you desire, even if you have previously returned your proxy card.

# **Independent Bank Group, Inc.**

### 1600 Redbud Boulevard, Suite 400

**McKinney, Texas 75069-3257** 

(972) 562-9004

### NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To the shareholders of Independent:

The special meeting of shareholders of Independent will be held on April 14, 2014, at 3:30 p.m. Central Time, at the branch office of Independent Bank, 1600 Redbud Boulevard, Suite 100, McKinney Texas 75069-3257, for the following purposes:

- 1. To consider and vote upon a proposal to approve the Agreement and Plan of Reorganization, or the reorganization agreement, dated as of November 21, 2013, by and between Independent Bank Group, Inc., or Independent, and BOH Holdings, Inc., or BOH Holdings, pursuant to which BOH Holdings will merge with and into Independent, all on and subject to the terms and conditions contained therein, and the merger described therein;
- 2. To consider and vote upon a proposal to approve the issuance of shares of Independent common stock to BOH Holdings shareholders in connection with the merger;
- 3. To consider and vote upon a proposal to elect the following three director nominees to fill the vacancies created when the Independent board expanded the board from ten (10) to thirteen (13) members:

James D. Stein, to serve as a Class I director for a term that will expire at the annual meeting of shareholders to be held in 2014;

Donald L. Poarch, to serve as a Class II director for a term that will expire at the annual meeting of shareholders to be held in 2015; and

J. Webb Jennings, III, to serve as a Class III director for a term that will expire at the annual meeting of shareholders to be held in 2016.

The election of these nominees is subject to, and will only become effective upon, the completion of the merger; and

4. To consider and vote upon any proposal to adjourn the special meeting to a later date or dates, if the board of directors of Independent determines such an adjournment is necessary to permit solicitation of additional proxies if there are not sufficient votes at the time of the special meeting to constitute a quorum or to approve the first three proposals listed above.

No other business may be conducted at the special meeting.

Only shareholders of Independent of record as of 5:00 p.m. on February 18, 2014, will be entitled to notice of and to vote at the special meeting and any adjournments thereof. The special meeting may be adjourned from time to time upon approval of Independent s shareholders without any notice other than by announcement at the meeting of the adjournment thereof, and any and all business for which notice is hereby given may be transacted at such adjourned meeting.

If you have any questions concerning the merger or the joint proxy statement/prospectus, would like additional copies of the joint proxy statement/prospectus or need help voting your shares of Independent common stock, please contact Jan Webb, Independent s Executive Vice President and Secretary, at (972) 562-9004.

By Order of the Board of Directors,

David R. Brooks

Chairman of the Board

McKinney, Texas

March 14, 2014

The board of directors of Independent unanimously recommends that you vote FOR the proposals to approve the reorganization agreement, the issuance of shares of Independent common stock, the election of the BOH Holdings nominees and the adjournment of the Independent special meeting, if necessary, among other things, to permit solicitation of additional proxies if there are not sufficient votes at the time of the Independent special meeting to constitute a quorum or to approve the other proposals.

### Your Vote is Very Important

A proxy card is enclosed. Whether or not you plan to attend the Independent special meeting, please vote by completing, signing and dating the proxy card and promptly mailing it in the enclosed envelope or via the Internet or by telephone pursuant to the instructions provided on the enclosed proxy card. You may revoke your proxy card in the manner described in the joint proxy statement/prospectus at any time before it is exercised. If you attend the Independent special meeting, you may vote in person if you desire, even if you have previously returned your proxy card or submitted your vote via the Internet or by telephone.

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### QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS

The following are some questions that you may have regarding the Agreement and Plan of Reorganization, or the reorganization agreement, dated as of November 21, 2013, by and between Independent Bank Group, Inc., or Independent, and BOH Holdings, Inc., or BOH Holdings, and the special meetings, and brief answers to those questions. Independent and BOH Holdings advise you to read carefully the remainder of this joint proxy statement/prospectus because the information contained in this section does not provide all of the information that might be important to you with respect to the merger and the special meetings. Additional important information is also referred to under the caption Where You Can Find More Information beginning on page 302.

### Q. Why am I receiving this joint proxy statement/prospectus?

A: BOH Holdings shareholders: BOH Holdings is sending these materials to holders of its common stock, or BOH Holdings common stock, and its Series D preferred stock, or BOH Holdings Series D preferred stock, to help them decide how to vote their shares of BOH Holdings common stock and BOH Holdings Series D preferred stock with respect to the proposal to approve the reorganization agreement and the merger and other matters to be considered at the BOH Holdings special meeting and to solicit their proxies in respect of the BOH Holdings special meeting.

**Independent shareholders**: Independent is sending these materials to its shareholders to help them decide how to vote their shares of Independent common stock with respect to the reorganization agreement and other matters to be considered at the Independent special meeting and to solicit their proxies in respect of the Independent special meeting.

This document constitutes both a proxy statement of BOH Holdings and Independent and a prospectus of Independent. It is a joint proxy statement because the boards of directors of BOH Holdings and Independent are soliciting proxies using this document from their respective shareholders. It is a prospectus because Independent is offering shares of its common stock to BOH Holdings shareholders as part of the merger consideration to be provided to holders of BOH Holdings common stock in the merger.

### Q: What are BOH Holdings shareholders being asked to vote upon?

**A:** BOH Holdings is proposing to be acquired by Independent through certain merger transactions. As part of the overall transaction, the holders of BOH Holdings common stock and the holders of BOH Holdings Series D preferred stock are being asked to consider and vote on the following two proposals:

**Proposal One**: to approve the reorganization agreement, pursuant to which BOH Holdings will merge with and into Independent, with Independent being the surviving entity following the merger, which transaction is referred to herein as the merger and is further described in the section entitled The Merger beginning on page 83; and

**Proposal Two**: to approve the adjournment of the BOH Holdings special meeting to a later date or dates, if the board of directors of BOH Holdings determines it is necessary to permit solicitation of additional proxies if there are not sufficient votes at the time of the BOH Holdings special meeting to constitute a quorum or to approve the reorganization agreement.

No other business may be conducted at the BOH Holdings special meeting.

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### Q: What are Independent shareholders being asked to vote upon?

**A:** Independent is proposing to acquire BOH Holdings through the merger. As part of the overall transaction, the shareholders of Independent are being asked to consider and vote on the following four proposals:

**Proposal One**: to approve the reorganization agreement, pursuant to which BOH Holdings will merge with and into Independent, with Independent being the surviving entity following the merger, as is further described in the section entitled The Merger beginning on page 83;

**Proposal Two**: to approve the issuance of shares of Independent common stock to BOH Holdings shareholders in connection with the merger, which is further described in the section entitled The Merger beginning on page 83;

**Proposal Three**: to elect each of the following three director nominees designated pursuant to the reorganization agreement, or BOH Holdings nominees, whose directorships will only become effective upon consummation of the merger, and whose business experience and qualifications are further described in the section entitled Management Election of BOH Holdings Nominees to Fill New Director Seats beginning on page 255, to fill the vacant seats, or the new director seats, created when the Independent board expanded its board from ten (10) to thirteen (13) members:

James D. Stein, to serve as a Class I director for a term that will expire at the annual meeting of shareholders to be held in 2014;

Donald L. Poarch, to serve as a Class II director for a term that will expire at the annual meeting of shareholders to be held in 2015; and

J. Webb Jennings, III, to serve as a Class III director for a term that will expire at the annual meeting of shareholders to be held in 2016.

**Proposal Four**: to approve the adjournment of the Independent special meeting to a later date or dates, if the board of directors of Independent determines it is necessary to permit solicitation of additional proxies if there are not sufficient votes at the time of the Independent special meeting to constitute a quorum or to approve the first three proposals listed above.

No other business may be conducted at the Independent special meeting.

### **Q:** What will happen in the merger?

A: In the merger, BOH Holdings will be merged with and into Independent, with Independent being the surviving entity. At the effective time of the merger, BOH Holdings will cease to exist. Immediately following the merger, Bank of Houston will be merged with and into Independent Bank, with Independent Bank being the surviving bank. Bank of Houston will cease to exist after the bank merger occurs. Bank of Houston is a commercial bank headquartered in Houston, Texas, and a wholly owned subsidiary of BOH Holdings. Independent Bank is a commercial bank headquartered in McKinney, Texas, and a wholly owned subsidiary of Independent. Upon the

merger of BOH Holdings with and into Independent, the shares of BOH Holdings common stock will be converted into the right to receive the consideration described below. For ease of reference: (i) the merger of BOH Holdings with and into Independent is referred to in this joint proxy statement/prospectus as the merger and (ii) the merger of Bank of Houston with and into Independent Bank is referred to in this joint proxy statement/prospectus as the bank merger.

- Q: What is the aggregate amount of consideration to be paid by Independent in the merger?
- **A:** If the reorganization agreement is approved and the merger is completed, Independent will acquire all of the outstanding shares of BOH Holdings common stock in exchange for issuing 3,616,060 shares of

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Independent common stock and paying \$34 million in cash subject to downward adjustment as set forth below. Independent common stock is listed on the NASDAQ Stock Market, Inc. Global Select Market System or, the NASDAQ Global Select Market, under the symbol IBTX. The closing price of Independent common stock on February 18, 2014 was \$54.00 per share. Based on this closing price and assuming that the cash portion of the merger consideration is not adjusted, the amount of total merger consideration would be valued at \$229,267,240.

### Q: Can the value of the total merger consideration fluctuate?

A: Yes. A significant amount of the merger consideration is payable in shares of Independent common stock. Independent common stock is publicly traded and its market price changes daily dependent on market conditions and numerous other factors. For this reason, the value of the total merger consideration may increase or decrease between the date hereof and the effective time of the merger depending on fluctuations in the market price of Independent common stock.

### Q: How will the per share merger consideration be calculated?

A: The per share merger consideration is dependent upon the number of shares of BOH Holdings common stock outstanding at the effective time of the merger. BOH Holdings currently estimates that before conversion of the BOH Holdings Series D preferred stock and the exercise of outstanding options, there will be approximately 7,652,454 shares of BOH Holdings common stock issued and outstanding; 138,132 shares of BOH Holdings Series D preferred stock and 292,238 options to purchase shares of BOH Holdings common stock outstanding prior to completion of the merger. The reorganization agreement provides for the automatic conversion of the BOH Holdings Series D preferred stock into an equivalent number of shares of BOH Holdings common stock and the automatic exercise of options to purchase shares of BOH Holdings common stock. Upon the conversion of all outstanding shares of BOH Holdings Series D preferred stock and the exercise of all outstanding options to purchase BOH Holdings common stock, BOH Holdings estimates that there will be between 7,986,196 (assuming all option holders exercise on a cashless basis) and 8,082,824 (assuming all option holders exercise for cash) shares of BOH Holdings common stock issued and outstanding immediately prior to the effective time of the merger. For more detail on these estimates, please see The Merger Estimated Number of Shares of BOH Holdings Common Stock Issued and Outstanding on the Closing Date beginning on page 84.

# Q Are there any circumstances where the cash portion of the merger consideration could be adjusted downward?

A: Yes. The cash portion of the merger consideration (\$34 million) will be adjusted downward if the tangible book value of BOH Holdings is less than \$70 million on the effective date of the merger.

Pursuant to the terms of the reorganization agreement, the tangible book value of BOH Holdings will be determined from BOH Holdings financial statements prepared in accordance with generally accepted accounting principles, consistently applied, adjusted as provided for below. The amount of the BOH Holdings Series C preferred stock is excluded from the calculation. Any unrealized gains or losses in investment securities are also excluded from the calculation of tangible book value.

As of December 31, 2013, the tangible book value of BOH Holdings (calculated in accordance with GAAP) was approximately \$72.5 million, and will be increased or decreased, as the case may be, by the amount of net income or net loss, respectively, of BOH Holdings through the closing date. Net income is currently estimated to be between \$3.1 million and \$3.9 million from December 31, 2013 to April 15, 2014.

The table set forth below shows the range of estimates for the amounts that will affect the calculation of the BOH Holdings tangible book value, assuming the closing of the merger on April 15, 2014:

	Low	High
	Range	Range
Estimated tangible book value as of April 15, 2014	\$75,635	\$76,435
BOH Holdings common stock issuable upon conversion of BOH Holdings		
Series D preferred stock before closing (assumes a maximum of 138,132		
shares outstanding)	1,394	1,394
Estimated costs and expenses of BOH Holdings and Bank of Houston related		
to the merger, on an after tax equivalent basis, and other deductions		
contemplated by the reorganization agreement	(4,369)	(4,369)
Estimated tangible book value as of April 15, 2014	\$72,660	\$73,460

If BOH Holdings achieves the estimates in the range set forth above, BOH Holdings tangible book value as of the closing date would be greater than \$70 million, and thus there would be no reduction, and the amount of aggregate cash merger consideration distributed among the holders of BOH Holdings common stock would be \$34 million.

These amounts are only estimates and are based upon several assumptions, many of which are beyond the control of BOH Holdings and Bank of Houston. Accordingly, the actual amount of BOH Holdings tangible book value may vary from these estimated amounts. BOH Holdings will not re-solicit proxies from holders of its common stock or its Series D preferred stock in the event that BOH Holdings tangible book value is below \$70 million on the effective date of the merger and the aggregate cash merger consideration of \$34 million is adjusted downward as it has no right to do so under the reorganization agreement. For more information regarding how the BOH Holdings tangible book value will be calculated and how BOH Holdings has estimated what that amount will be on or about April 15, 2014, the anticipated effective date of the merger, please see The Merger Potential Downward Adjustment to the Amount of Cash Consideration Received in the Merger beginning on page 84.

# Q: What consideration will BOH Holdings shareholders receive for each share of BOH Holdings common stock as a result of the merger?

A: If the reorganization agreement is approved and the merger is completed, all outstanding shares of BOH Holdings common stock will be converted into an aggregate of 3,616,060 shares of Independent common stock and, assuming the tangible book value of BOH Holdings is at least \$70 million at the effective date of the merger, \$34 million in cash. The amount of per share merger consideration to be received by BOH Holdings shareholders is dependent upon the number of shares of BOH Holdings common stock issued and outstanding immediately prior to the effective time of the merger. Assuming a tangible book value of at least \$70 million on the effective date of the merger, each holder of BOH Holdings common stock will receive between 0.4528 and 0.4474 shares of Independent common stock (with cash in lieu of a fractional share) and between \$4.26 and \$4.21 in cash for each share of BOH Holdings common stock, depending on the number of shares of BOH Holdings common stock issued and outstanding on the closing date. Independent s common stock is listed on the NASDAQ Global Select Market under the symbol IBTX, and the closing price on February 18, 2014 was

\$54.00 per share. Using these estimates and the closing price of Independent's common stock as of February 18, 2014, we estimate BOH Holdings shareholders would receive merger consideration with a value of between \$28.71 and \$28.36 for each share of BOH Holdings common stock they hold. As is the case with the value of the total merger consideration described above, the value of the per share amount of merger consideration will increase or decrease between the date hereof and the effective time of the merger depending on fluctuations in the market price of Independent common stock.

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For further explanation of how the BOH Holdings tangible book value will be calculated, the effect on the purchase price if tangible book value is less than \$70 million on the effective date of the merger, the calculation of the number of shares of BOH Holdings common stock that will be issued and outstanding on the effective date of the merger, and other estimates, please refer to The Merger Terms of the Merger beginning on page 83 of this joint proxy statement/prospectus.

- Q: Will the holders of BOH Holdings common stock and BOH Holdings Series D preferred stock know the exact amounts per share of cash and Independent common stock they will receive prior to the BOH Holdings special meeting?
- A: No. Because of the possibility of a downward adjustment to the per share cash consideration and the uncertainty in the number of shares of BOH Holdings common stock that will be outstanding immediately prior to the effective time of the merger, BOH Holdings shareholders will not know the exact fraction of a share of Independent common stock or the exact amount of cash that BOH Holdings shareholders will receive for each share of BOH Holdings common stock (including shares of BOH Holdings common stock issued upon the automatic conversion of BOH Holdings Series D preferred stock and the shares of BOH Holdings common stock issued upon the automatic exercise of outstanding options to purchase BOH Holdings common stock) held by holders of BOH Holdings common stock in connection with the merger when BOH Holdings shareholders vote on the reorganization agreement.
- Q: Do BOH Holdings shareholders have a choice of the form of consideration that they will receive in the merger?
- A: No. In accordance with the reorganization agreement and subject to downward adjustment in certain circumstances, each share of BOH Holdings common stock (including shares of BOH Holdings common stock issued upon the automatic conversion of the BOH Holdings Series D preferred stock and the shares of BOH Holdings common stock issued upon the automatic exercise of outstanding options to purchase BOH Holdings common stock) will be exchanged for the merger consideration.
- Q. Will Independent shareholders receive any consideration as a result of the merger?
- **A.** No. Whether or not the merger is completed, Independent shareholders will retain the Independent common stock that they currently own. They will not receive any merger consideration, whether cash or any additional shares of Independent common stock in the merger.
- Q: When do you expect the merger to be completed?
- **A:** We are working to complete the merger on April 15, 2014, although delays could occur.

- Q: Are there any risks I should consider in deciding whether I vote for the reorganization agreement?
- **A:** Yes. Set forth under the heading of Risk Factors, beginning on page 47, are a number of risk factors that you should consider carefully.
- Q: When and where will the special shareholders meetings be held?
- **A: BOH Holdings shareholders**: The BOH Holdings special meeting is scheduled to take place at 2:00 p.m. Central Time, on Monday, April 14, 2014 at the offices of Bank of Houston, 750 Bering Drive, Suite 100, Houston, Texas 77057.

**Independent shareholders:** The Independent special meeting is scheduled to take place at 3:30 p.m. Central Time, on Monday, April 14, 2014 at the branch office of Independent Bank, 1600 Redbud Boulevard, Suite 100, McKinney, Texas 75069.

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- Q: Who is entitled to vote at the special meeting?
- A: BOH Holdings shareholders: The holders of record of BOH Holdings common stock and holders of record of BOH Holdings Series D preferred stock, as of 5:00 p.m. on February 18, 2014, which is the date that BOH Holdings board of directors has fixed as the record date for the BOH Holdings special meeting, or the BOH Holdings record date, are entitled to vote at the BOH Holdings special meeting. Holders of BOH Holdings common stock and holders of BOH Holdings Series D preferred stock will each vote as separate class.

**Independent shareholders**: The holders of record of Independent common stock as of 5:00 p.m. on February 18, 2014, which is the date that Independent s board of directors has fixed as the record date for the Independent special meeting, are entitled to vote at the Independent special meeting.

- Q: What are my choices when voting?
- **A:** With respect to each of the proposals, you may vote for, against or abstain from voting on the proposals in question presented at either the BOH Holdings special meeting or the Independent special meeting as the case may be.
- Q: What votes are required for approval of the reorganization agreement?
- **A: BOH Holdings shareholders**: Approval of the reorganization agreement by BOH Holdings shareholders requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of BOH Holdings common stock and holders of at least two-thirds of the outstanding shares of BOH Holdings Series D preferred stock, each voting as a separate class, or at least 5,101,636 shares of BOH Holdings common stock and 74,695 shares of BOH Holdings Series D preferred stock.

**Independent shareholders**: Approval of the reorganization agreement by Independent shareholders requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of Independent common stock or at least 8,395,332 shares of Independent common stock.

- Q: What votes are required to adjourn the special meeting?
- **A: BOH Holdings shareholders**: Adjournment of the BOH Holdings special meeting requires the approval of a majority of the votes cast by holders of BOH Holdings common stock and a majority of the votes cast by holders of the BOH Holdings Series D preferred stock, each voting as a separate class at the BOH Holdings special meeting.

**Independent shareholders**: To adjourn the Independent special meeting, the affirmative vote of a majority of votes cast on such proposal at the meeting is required.

- Q: What vote is required to approve the issuance of Independent common stock?
- **A: Independent shareholders**: Approval of the issuance of 3,616,060 shares of Independent common stock to be used as consideration in the merger requires the affirmative vote of the holders of the majority of the votes cast by holders of Independent common stock at the Independent special meeting.
- Q: What vote is required to elect the BOH Holdings nominees to fill the newly created vacancies on the board of directors of Independent?
- **A: Independent shareholders**: Election of the BOH Holdings nominees to fill the new director seats requires the affirmative vote of the holders of a plurality of all votes cast for such proposal at the Independent special meeting.

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# Q: How does the board of directors of BOH Holdings recommend that I vote at the special meeting?

**A:** The board of directors of BOH Holdings unanimously recommends that BOH Holdings shareholders vote their shares as follows:

**Proposal One**: FOR the approval of the reorganization agreement and the merger; and

**Proposal Two:** FOR the adjournment of the BOH Holdings special meeting to a later date or dates if the board of directors of BOH Holdings determines it is necessary to permit solicitation of additional proxies if there are not sufficient votes at the time of the BOH Holdings special meeting to constitute a quorum or to approve the reorganization agreement.

# Q: How does the board of directors of Independent recommend that I vote at the Independent special meeting?

**A:** The board of directors of Independent unanimously recommends that Independent shareholders vote their shares as follows:

**Proposal One**: FOR the approval of the reorganization agreement and the merger;

**Proposal Two**: FOR the issuance of 3,616,060 shares of Independent common stock to BOH Holdings shareholders in connection with the merger;

**Proposal Three**: FOR the election of each of James D. Stein, Donald L. Poarch and J. Webb Jennings, III to fill the new director seats on the Independent board, with the election of such directors being subject to the completion of the merger; and

**Proposal Four**: FOR the adjournment of the Independent special meeting to a later date or dates, if the board of directors of Independent determines it is necessary to permit solicitation of additional proxies if there are not sufficient votes at the time of the Independent special meeting to constitute a quorum or to approve the first three proposals listed above.

### Q: Do I have any rights to avoid participating in the merger?

A: BOH Holdings shareholders: You have the right to dissent from the merger and seek payment of the appraised fair value of your shares in cash. In order for a shareholder of BOH Holdings to perfect his or her right to dissent, such shareholder must (i) deliver to BOH Holdings a written objection to the merger prior to the BOH Holdings special meeting that states that such shareholder will exercise his or her right to dissent if the reorganization agreement is approved and the merger is completed, (ii) vote his or her shares of BOH Holdings common stock and/or BOH Holdings Series D preferred stock against approval of the reorganization agreement at the BOH Holdings special meeting, (iii) not later than the 20<sup>th</sup> day after Independent sends such shareholder notice that the merger was completed, deliver to Independent a written demand for payment of the fair value of his or her shares of BOH Holdings common stock and/or BOH Holdings Series D preferred stock that states the

number and class of shares of BOH Holdings common stock and/or BOH Holdings Series D preferred stock the shareholder owns, his or her estimate of the fair value of such shares and an address to which a notice relating to the dissent and appraisal procedures may be sent and (iv) not later than the 20<sup>th</sup> day after he or she makes that demand, submit to Independent the certificates representing his or her shares of BOH Holdings common stock and/or BOH Holdings Series D preferred stock. The steps you must follow to perfect your right of dissent are described in greater detail under the caption The Merger Dissenters Rights of BOH Holdings Shareholders

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starting on page 139, and this discussion is qualified by that description and by the text of the provisions of the TBOC relating to rights of dissent set forth in <u>Appendix D</u> hereto. The appraised fair value of your shares of BOH Holdings common stock and/or BOH Holdings Series D preferred stock may be more or less than the value of the Independent common stock and cash being paid in the merger. If the holders of more than 5% of the outstanding shares of BOH Holdings common stock dissent from the merger, Independent has the right to terminate the reorganization agreement.

**Independent shareholders**: No. The shareholders of Independent are not entitled to appraisal rights or dissenters rights in connection with the merger under Texas law or under the governing documents of Independent.

- Q: What happens if I transfer my shares after the record date for the special meetings?
- **A: BOH Holdings shareholders**: The record date for the BOH Holdings special meeting is earlier than the expected date of completion of the merger. Therefore, if you transfer your shares of BOH Holdings common stock and/or BOH Holdings Series D preferred stock after the record date, but prior to the effective time of the merger, you will retain the right to vote at the BOH Holdings special meeting, but the right to receive the merger consideration will transfer with the shares of stock.

**Independent shareholders**: The record date for the Independent special meeting is earlier than the expected date of completion of the merger. Therefore, if you transfer your shares of Independent common stock after the applicable record date, but prior to the merger s completion, you will retain the right to vote at the Independent special meeting.

### O: What do I need to do now?

A: BOH Holdings shareholders: After you have thoroughly read and considered the information contained in this joint proxy statement/prospectus, you simply need to vote your shares of BOH Holdings common stock and/or your shares of BOH Holdings Series D preferred stock at the BOH Holdings special meeting. The process for voting your shares depends on how your shares are held. Generally you may hold shares as the record holder (that is, in your own name) or in street name (that is, through a nominee, such as a broker or a bank). If you hold shares in street name, you are considered the beneficial owner of those shares.

If you are a record holder, you may vote by proxy or you may attend the BOH Holdings special meeting and vote in person. If you are a record holder on the record date for the BOH Holdings special meeting and want to vote your shares by proxy, simply indicate on the proxy card(s) applicable to your shares of BOH Holdings common stock and/or your BOH Holdings Series D preferred stock how you want to vote and sign, date and mail your proxy card(s) in the enclosed envelope as soon as possible, but in any event no later than immediately prior to the vote at the BOH Holdings special meeting.

Your proxy card must be received by BOH Holdings by no later than the time the polls close for voting at the BOH Holdings special meeting for your vote to be counted at the BOH Holdings special meeting.

Voting your shares by proxy will enable your shares of BOH Holdings common stock and/or your shares of BOH Holdings Series D preferred stock to be represented and voted at the BOH Holdings special meeting if you do not attend the special meeting and vote your shares in person.

**Independent shareholders**: After you have thoroughly read and considered the information contained in this joint proxy statement/prospectus, you simply need to vote your shares of Independent common stock at the Independent special meeting. The process for voting your shares depends on how your shares are

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held. Generally you may hold shares as the record holder (that is, in your own name) or in street name (that is, through a nominee, such as a broker or a bank). If you hold shares in street name, you are considered the beneficial owner of those shares.

If you are a record holder on the record date for the Independent special meeting, you may vote by proxy or you may attend the Independent special meeting and vote in person. If you are a record holder and want to vote you shares by proxy, you have three ways to vote:

simply indicate on the proxy card(s) applicable to your Independent common stock how you want to vote and sign, date and mail your proxy card(s) in the enclosed pre-addressed postage-paid envelope as soon as possible, but in any event no later than immediately prior to the vote at the Independent special meeting;

call 1-866-883-3382 using a touch-tone telephone and follow the instructions provided on the call; or

go to the website www.proxypush.com/ibtx and follow the instructions for Internet voting on that website.

Yourproxy card must be received by Independent by no later than the time the polls close for voting at the Independent special meeting for your vote to be counted at the meeting. Please note that telephone and Internet voting will close at 11:59 p.m. Central Time, on April 13, 2014.

Voting your shares by proxy will enable your shares of Independent common stock to be represented and voted at the Independent special meeting if you do not attend the Independent special meeting and vote your shares in person.

- Q: If my shares of common stock are held in street name by my broker, will my broker vote my shares for me?
- **A:** If your broker has not provided to you a proxy that allows you to vote your shares of common stock that it holds for you, your broker may vote your shares of common stock on the merger proposal only if you provide instructions to your broker on how to vote. You should instruct your broker how to vote your shares of common stock, following the directions your broker provides. If you do not provide instructions to your broker, your shares will not be voted, which will have the same effect as a vote against the proposal to approve the reorganization agreement.
- Q: How will my shares be voted if I return a signed and dated proxy card, but don t specify how my shares will be voted?

**A: BOH Holdings shareholders**: The shares to which such proxy card relates will be voted FOR approval of the reorganization agreement and the merger transactions contemplated therein and FOR any adjournments of the meeting that the board of directors of BOH Holdings deems necessary.

**Independent shareholders**: The shares to which such proxy card relates will be voted FOR approval of the reorganization agreement and the merger transactions contemplated therein, FOR approval of the issuance of shares of Independent common stock to BOH Holdings shareholders in connection with the merger, FOR election of each of the BOH Holdings nominees to fill the new director seats, and FOR any adjournments of the meeting that the board of directors of Independent deems necessary.

- Q: Can I attend the special meeting and vote in person?
- **A: BOH Holdings shareholders**: Yes. All BOH Holdings shareholders are invited to attend the BOH Holdings special meeting. Shareholders of record on the record date for the BOH Holdings special meeting can vote in person at the BOH Holdings special meeting.

**Independent shareholders**: Yes. All Independent shareholders are invited to attend the Independent special meeting. Shareholders of record on the record date for the Independent special meeting can vote in person at the Independent special meeting.

If your shares of Independent or BOH Holdings are held in street name, then you are not the shareholder of record. In order for you to vote the shares that you beneficially own and that are held in street name in person at the special meeting, you must bring a legal proxy from the broker, bank or other nominee that was the record holder of your shares held in street name as of 5:00 p.m. on February 18, 2014, confirming that you were the beneficial owner of those shares as of 5:00 p.m. on February 18, 2014, stating the number of shares of which you were the beneficial owner that were held for your benefit at that time by that broker, bank or other nominee and appointing you as the record holder s proxy to vote the shares covered by that proxy at the special meeting.

- Q: May I change my vote after I have submitted my proxy card?
- **A: BOH Holdings shareholders**: Yes. If a BOH Holdings shareholder is a holder of record, he or she may change his or her vote prior to such time that the proxy card for any such holder of BOH Holdings common stock or BOH Holdings Series D preferred stock must be received by:

delivering to BOH Holdings prior to the BOH Holdings special meeting a written notice of revocation addressed to: John McWhorter, Executive Vice President, Chief Financial Officer and Corporate Secretary, BOH Holdings, Inc., 750 Bering Drive, Suite 100, Houston, Texas 77057;

completing, signing and returning a new proxy card with a later date than your original proxy card, and any earlier proxy will be revoked automatically; or

attending the BOH Holdings special meeting and voting in person by ballot, and any earlier proxy will be revoked. However, simply attending the BOH Holdings special meeting without voting by ballot will not revoke your proxy.

If your shares are held in street name and you desire to change any voting instructions you have previously given to the record holder of the shares of which you are the beneficial owner, you should contact the broker, bank or other nominee holding your shares in street name in order to direct a change in the manner your shares will be voted.

**Independent shareholders**: Yes. Regardless of the method used to cast a vote, if an Independent shareholder is a holder of record, he or she may change his or her vote by:

delivering to Independent prior to the Independent special meeting a written notice of revocation addressed to: Jan Webb, Executive Vice President and Corporate Secretary, 1600 Redbud Boulevard, Suite 400, McKinney, Texas 75069-3257;

completing, signing and returning a new proxy card with a later date than your original proxy card prior to such time that the proxy card for any such holder of Independent common stock must be received, and any earlier proxy will be revoked automatically;

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logging onto the Internet website specified on your proxy card in the same manner you would to submit your proxy electronically or by calling the telephone number specified on your proxy card, in each case if you are eligible to do so and following the instructions indicated on the proxy card; or

attending the Independent special meeting and voting in person, and any earlier proxy will be revoked. However, simply attending the Independent special meeting without voting will not revoke your proxy.

If your shares are held in street name and you desire to change any voting instructions you have previously given to the record holder of the shares of which you are the beneficial owner, you should contact the broker, bank or other nominee holding your shares in street name in order to direct a change in the manner your shares will be voted.

## Q: What happens if I abstain from voting or fail to instruct my broker to vote?

A: BOH Holdings shareholders: If you are a record holder of BOH Holdings common stock and/or BOH Holdings Series D preferred stock and you abstain from voting or fail to instruct your broker to vote your shares and the broker submits a proxy, referred to as a broker nonvote, then the abstention or broker nonvote of shares of BOH Holdings common stock and/or BOH Holdings Series D preferred stock will be counted towards a quorum at the BOH Holdings special meeting, but such shares will have the same effect as a vote against the proposal to approve the reorganization agreement. Abstentions and broker nonvotes will have no effect on the proposal to adjourn the special meeting, if necessary.

**Independent shareholders**: If you are a record holder of Independent common stock and you abstain from voting or fail to instruct your broker to vote your shares and the broker submits a proxy, referred to as a broker nonvote, then the abstention or broker nonvote of shares of Independent common stock will be counted towards a quorum at the Independent special meeting, but such shares will have the same effect as a vote against the proposal to approve the reorganization agreement. Abstentions and broker nonvotes will have no effect on the proposals to issue shares of Independent common stock to BOH Holdings shareholders in connection with the merger, elect the BOH Holdings nominees to fill the new director seats, or adjourn the Independent special meeting, if necessary.

#### Q: Should BOH Holdings shareholders send in their stock certificates now?

A: No. As soon as practical after the effective time, with the intent to be ten business days after the effective time, Wells Fargo Shareowner Services, Independent s exchange agent, will send the BOH Holdings shareholders written instructions for exchanging their stock certificates. BOH Holdings shareholders should not send their BOH Holdings stock certificates with their proxy card.

#### Q: Who can help answer my questions?

A:

**BOH Holdings shareholders**: If you have additional questions about the merger, you should contact John McWhorter, Executive Vice President, Chief Financial Officer and Corporate Secretary, BOH Holdings, Inc., 750 Bering Drive, Suite 100, Houston, Texas 77057, telephone (713) 789-6100.

**Independent shareholders**: If you have additional questions about the merger, you should contact Jan Webb, Executive Vice President and Secretary, Independent Bank Group, Inc., 1600 Redbud Boulevard, Suite 400, McKinney, Texas 75069, telephone (972) 562-9004.

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#### **SUMMARY**

This summary highlights selected information from this joint proxy statement/prospectus and may not contain all of the information that is important to you. Independent and BOH Holdings urge you to carefully read this entire document and the other information that is referred to in this joint proxy statement/prospectus. These documents will give you a more complete description of the items for consideration at the special meeting. For more information about Independent, see Where You Can Find More Information on page 302. Independent has included page references in this summary to direct you to other places in this joint proxy statement/prospectus where you can find a more complete description of the topics that Independent has summarized.

## The Companies

Independent Bank Group, Inc.

1600 Redbud Boulevard, Suite 400

McKinney, Texas 75069-3257

(972) 562-9004

Independent, a Texas corporation, is a bank holding company registered under the Bank Holding Company Act of 1956, as amended, or the BHC Act. Through Independent Bank, its wholly owned subsidiary bank, which is a Texas state bank, Independent provides a wide range of relationship driven, commercial banking products and services. Independent currently operates a total of 30 full-service banking centers in 26 communities, with 22 in the Dallas/Fort Worth metropolitan area, including McKinney, Dallas, Plano and Denton, and eight in the greater Austin, Texas area, including Austin and Waco. As of September 30, 2013, on a consolidated basis, Independent had total assets of \$2.0 billion, total loans of \$1.5 billion, total deposits of \$1.5 billion and shareholders equity of \$219 million.

During fourth quarter of 2013, Independent consummated the acquisition of Collin Bank, a Texas chartered bank. On January 1, 2014, Independent consummated the acquisition of Live Oak Financial Corp. and its subsidiary, Live Oak State Bank, also a Texas chartered bank. A description of these acquisitions is found under the section entitled Business of Independent Recent Acquisitions on page 153.

BOH Holdings, Inc.

750 Bering Drive, Suite 100

Houston, TX 77057

(713) 789-6100

BOH Holdings, Inc., a Texas corporation, is a bank holding company registered under the BHC Act. Bank of Houston, a Texas banking association and wholly owned subsidiary of BOH Holdings, is a full service commercial bank with five offices located in Houston, Texas, and one in Kingwood, Texas. As of September 30, 2013, BOH Holdings had total assets of \$924.6 million, total deposits of \$747.3 million, total net loans of \$704.6 million and total shareholders equity of \$94.3 million.

# **Proposed Merger**

The reorganization agreement is attached to this joint proxy statement/prospectus as <u>Appendix A</u>. Please read the entire reorganization agreement. It is the legal document that governs the merger.

# Terms of the Merger (page 83)

The reorganization agreement provides for Independent to acquire all of the issued and outstanding securities of BOH Holdings through the merger of BOH Holdings with and into Independent, with Independent

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being the surviving corporation following the merger. If the shareholders of BOH Holdings and Independent approve the reorganization agreement at the special meetings, and if the required regulatory approvals are obtained and the other conditions to the parties obligations to effect the merger are satisfied or are waived by the party entitled to do so, Independent and BOH Holdings anticipate that the merger will be completed on April 15, 2014, although delays could occur.

Independent is currently the sole shareholder of Independent Bank, a Texas banking association, and BOH Holdings is currently the sole shareholder of the Bank of Houston, a Texas banking association. Upon the completion of the merger, both Independent Bank and the Bank of Houston will be wholly owned subsidiaries of Independent. Pursuant to the reorganization agreement, immediately following the completion of the merger, Bank of Houston will merge with and into Independent Bank, with Independent Bank being the surviving bank following the bank merger.

The merger will be accounted for as an acquisition of BOH Holdings and Bank of Houston by Independent and Independent Bank under the acquisition method of accounting in accordance with the Financial Accounting Standard Board's Accounting Standard Codification Topic 805, Business Combinations.

## Treatment of Shares of BOH Holdings Common Stock (page 83)

As a result of the merger, holders of BOH Holdings common stock (including shares of BOH Holdings Series D preferred stock that are converted into BOH Holdings common stock immediately prior to the consummation of the merger) will be entitled to receive whole shares of Independent common stock and cash, with cash paid in lieu of a fractional share, and will no longer be owners of BOH Holdings common stock. As a result of the merger, certificates of BOH Holdings common stock will represent only the right to receive the merger consideration pursuant to the reorganization agreement. BOH Holdings will cease to exist following the completion of the merger.

If the shareholders of BOH Holdings and Independent approve the reorganization agreement and the merger is completed, all outstanding shares of BOH Holdings common stock will be converted into the right to receive an aggregate of 3,616,060 shares of Independent common stock and \$34 million in cash, subject to downward adjustment based on the tangible book value of BOH Holdings as discussed below.

# Estimated Number of Shares of BOH Holdings Common Stock Issued and Outstanding on the Closing Date (page 84)

The amount of per share merger consideration to be received by the BOH Holdings shareholders is dependent upon the number of shares of BOH Holdings common stock issued and outstanding immediately prior to the effective time of the merger. BOH Holdings currently estimates that before conversion of the BOH Holdings Series D preferred stock and the exercise of outstanding options, there will be approximately 7,652,454 shares of BOH Holdings common stock issued and outstanding; 138,132 shares of BOH Holdings Series D preferred stock; and 292,238 options to purchase BOH Holdings common stock. Upon the conversion of all outstanding shares of BOH Holdings Series D preferred stock into an equivalent number of shares of BOH Holdings common stock and the exercise of all outstanding options to purchase BOH Holdings common stock, BOH Holdings estimates that there will be between 7,986,196 (assuming all option holders exercise on a cashless basis) and 8,082,824 (assuming all option holders exercise for cash) shares of BOH Holdings common stock issued and outstanding immediately prior to the effective time of the merger. For more detail on these estimates, please see The Merger Estimated Number of Shares of BOH Holdings Common Stock Issued and Outstanding on the Closing Date on page 84.

Potential Downward Adjustment to the Amount of Cash Consideration Received in the Merger (page 84)

The cash portion of the merger consideration (\$34 million) will be adjusted downward if the tangible book value of BOH Holdings is less than \$70 million on the effective date of the merger.

Pursuant to the terms of the reorganization agreement, the tangible book value of BOH Holdings will be determined from BOH Holdings financial statements prepared in accordance with generally accepted accounting principles, consistently applied (adjusted as provided for below). The amount of BOH Holdings Series C preferred stock is excluded from the calculation of tangible book value. Any unrealized gains or losses in investment securities are also excluded from the calculation of tangible book value.

As of December 31, 2013, the tangible book value of BOH Holdings (calculated in accordance with GAAP) was approximately \$72.5 million, and will be increased or decreased, as the case may be, by the amount of net income or net loss, respectively, of BOH Holdings through the closing date. Management of BOH Holdings estimates that net income will be between \$3.1 million and \$3.9 million from December 31, 2013 to April 15, 2014. The table set forth below shows the range of BOH Holdings estimates for the amounts that will affect the calculation of the BOH Holdings tangible book value, assuming the closing of the merger on April 15, 2014:

	Low	High
	Range	Range
Estimated tangible book value as of April 15, 2014	\$ 75,635	\$ 76,435
BOH Holdings common stock issuable upon conversion of BOH		
Holdings Series D preferred stock before closing (assumes a maximum		
of 138,132 shares outstanding)	1,394	1,394
Estimated costs and expenses of BOH Holdings and Bank of Houston		
related to the merger, or an after tax equivalent basis, and other		
deductions contemplated by the reorganization agreement	(4,369)	(4,369)
Estimated tangible book value as of April 15, 2014	\$72,660	\$73,460

These amounts are only estimates and are based upon several assumptions, many of which are beyond the control of BOH Holdings and Bank of Houston. Accordingly, the actual amount of BOH Holdings tangible book value may vary from these estimated amounts. For more information regarding how the BOH Holdings tangible book value will be calculated and how BOH Holdings has estimated what that amount will be on or about April 15, 2014, the anticipated closing date of the merger, please see The Merger Potential Downward Adjustment to the Amount of Cash Consideration Received in the Merger beginning on page 84.

If, as of the closing date, BOH Holdings tangible book value is less than \$70 million, the aggregate cash merger consideration to be paid to holders of BOH Holdings common stock will be reduced in accordance with the following formula:

The difference between \$70 million minus BOH Holdings tangible book value as of the closing date

**Multiplied** 

By a factor of 2.4

**Equals** 

The amount of the reduction to the cash portion of the merger consideration.

Independent s obligation to consummate the merger is conditioned upon BOH Holdings having a tangible book value of at least \$65 million as of the closing date. Based on a BOH Holdings tangible book value of \$65 million, the cash portion of the merger consideration would be \$22 million. Should the BOH Holdings tangible book value be less than \$65 million, then Independent may, in its sole discretion, refuse to close the transactions and consummate the merger or proceed with the transactions and consummate the merger, in which

case the cash merger consideration would be further reduced below \$22 million. If BOH Holdings has a tangible book value of \$55.833 million or less on the effective date of the merger, holders of BOH Holdings common stock will not receive any cash consideration, but only shares of Independent common stock.

Neither Independent nor BOH Holdings will resolicit proxies from their shareholders in the event that the BOH Holdings tangible book value is below \$65 million and Independent elects to complete the merger. Please refer to the risk factor captioned Neither Independent nor BOH Holdings intends to re-solicit proxies from their shareholders in the event that the BOH Holdings tangible book value is less than \$65 million on the closing date, on page 50.

Per Share Merger Consideration To Be Received (page 87)

Because of the possibility of a downward adjustment to the per share cash consideration and the uncertainty in the number of shares of BOH Holdings common stock that will be outstanding immediately prior to the effective time of the merger, BOH Holdings shareholders will not know the exact fraction of a share of Independent common stock or the exact amount of cash that BOH Holdings shareholders will receive for each share of BOH Holdings common stock (including shares of BOH Holdings common stock issued upon the automatic conversion of BOH Holdings Series D preferred stock and the shares of BOH Holdings common stock issued upon the automatic exercise of outstanding options to purchase BOH Holdings common stock) held by holders of BOH Holdings common stock in connection with the merger when BOH Holdings shareholders vote on the reorganization agreement.

The following tables set forth the potential range of values that holders of BOH Holdings common stock may receive upon the completion of the merger based on a number of variables and not taking into account any cash that may be issued in lieu of fractional shares:

## ASSUMING \$70 MILLION IN BOH HOLDINGS TANGIBLE BOOK VALUE

**Aggregate Cash Consideration** 

\$34,000,000

**Per Share Cash Consideration Received** 

**Per Share Cash Consideration Received** 

Assuming 7,986,196 Shares of

Assuming 8,082,824 Shares of

BOH Holdings Common Stock on the Closing Date \$4.26 **BOH Holdings Common Stock on the Closing Date** 

\$4.21

**Aggregate Shares of Independent Common Stock Consideration** 

3,616,060

Value of Aggregate Independent Common Stock Consideration Based on February 18, 2014 Closing Price of \$54.00 Per Share

\$195,267,240

Fraction of Independent Common Stock Received

**Fraction of Independent Common Stock Received** 

Assuming 7,986,196 Shares of

Assuming 8,082,824 Shares of

**BOH Holdings Common Stock on the Closing Date** 0.4528

**BOH Holdings Common Stock on the Closing Date** 0.4474

Per Share Value of Fraction of Independent Common Stock

Per Share Value Of Fraction of Independent Common Stock

Assuming 7,986,196 Shares of

Assuming 8,082,824 Shares of

BOH Holdings Common Stock on the Closing Date \$24.45

BOH Holdings Common Stock on the Closing Date \$24.16

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# **Aggregate Cash and Stock Merger Consideration**

\$229,267,240

**Total Per Share Cash and Stock Consideration Received** 

**Total Per Share Cash and Stock Consideration** 

Received

Assuming 7,986,196 Shares of

Assuming 8,082,824 Shares of

**BOH Holdings Common Stock on the Closing Date** 

**BOH Holdings Common Stock on the Closing Date** 

\$28.71

\$28.36

# ASSUMING \$65 MILLION IN BOH HOLDINGS TANGIBLE BOOK VALUE

**Aggregate Cash Consideration** 

\$22,000,000

Per Share Cash Consideration Received

**Per Share Cash Consideration Received** 

Assuming 7,986,196 Shares of BOH Holdings Common Stock on the Closing Date

\$2.75

Assuming 8,082,824 Shares of BOH Holdings Common Stock on the Closing Date

\$2.72

**Aggregate Shares of Independent Common Stock Consideration** 

3,616,060

Value of Aggregate Independent Common Stock Consideration Based on February 18, 2014 Closing Price of \$54.00 Per Share

\$195,267,240

**Fraction of Independent Common Stock Received** 

**Fraction of Independent Common Stock Received** 

Assuming 7,986,196 Shares of BOH Holdings Common Stock on the Closing Date

0.4528

Assuming 8,082,824 Shares of BOH Holdings Common Stock on the Closing Date

0.4474

**Per Share Value of Fraction of Independent Common** 

Stock

Per Share Value Of Fraction of Independent

Common Stock

Assuming 7,986,196 Shares of BOH Holdings Common Stock on the Closing Date

\$24.45

Assuming 8,082,824 Shares of BOH Holdings Common Stock on the Closing Date

\$24.16

**Aggregate Stock and Merger Consideration** 

\$217,267,240

**Total Per Share Cash and Stock Consideration Received** 

Total Per Share Cash and Stock Consideration Received

Assuming 7,986,196 Shares of BOH Holdings Common Stock on the Closing Date

Assuming 8,082,824 Shares of BOH Holdings Common Stock on the Closing Date

\$27.21 \$26.88

The information regarding the value of the total merger consideration and the per share merger consideration to be received by the BOH Holdings shareholders in the merger is based on the price of Independent common stock of

\$54.00 per share as of the close of business on February 18, 2014. The value of the total merger consideration and the per share merger consideration will increase or decrease based upon fluctuations in the market price of Independent common stock occurring prior to closing.

# Treatment of BOH Holdings Series D Preferred Stock (page 89)

On February 18, 2014, 112,042 shares of BOH Holdings Series D preferred stock were issued and outstanding under the BOH Holdings Employee Stock Purchase Plan. BOH Holdings expects that it could issue

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up to an additional 26,090 shares of BOH Holdings Series D preferred stock prior to the effective time of the merger. Accordingly, BOH Holdings estimates that it will have no more than 138,132 shares of BOH Holdings Series D preferred stock outstanding and convertible into an equivalent number of shares of BOH Holdings common stock immediately prior to the effective time of the merger.

On February 18, 2014, in accordance with the reorganization agreement, and pursuant to the terms of the BOH Holdings Employee Stock Purchase Plan, the board of directors of BOH Holdings elected to terminate the BOH Holdings Employee Stock Purchase Plan effective April 1, 2014. At that time, all automatic payroll deductions will cease, and any accumulated payroll deductions by participants in the BOH Holdings Employee Stock Purchase Plan that have not been used to purchase shares of BOH Holdings Series D preferred stock will be returned to the participant. After April 1, 2014, no additional shares of BOH Holdings Series D preferred stock may be purchased under the plan or issued by BOH Holdings.

At least two business days prior to the effective time of the merger, all issued and outstanding shares of BOH Holdings Series D preferred stock will convert into an equivalent number of shares of BOH Holdings common stock. Each share of BOH Holdings common stock issued pursuant to this conversion will thereafter represent only the right to receive the merger consideration to be paid pursuant to the reorganization agreement.

## **Treatment of BOH Holdings Options (page 89)**

Pursuant to the terms of the BOH Holdings Amended and Restated 2008 BOHI Equity Incentive Plan each outstanding option to acquire shares of BOH Holdings common stock not fully vested and immediately exercisable will automatically vest and become fully exercisable upon the approval of reorganization agreement by the BOH Holdings shareholders at the BOH Holdings special meeting. The BOH Holdings board of directors shall set a date (which must be at least one business day before the effective time of the merger) before which all BOH Holdings options shall automatically be exercised without any action on the part of the holder thereof on a for-cash or cashless basis, as determined by the option holder, and BOH Holdings shall issue shares of BOH Holdings common stock pursuant to such automatic exercise. Following the date of this automatic exercise, all BOH Holdings options will terminate and the holder thereof will have no further rights to acquire shares of BOH Holdings common stock pursuant to a BOH Holdings option. As of February 18, 2014, there were 292,238 outstanding and unvested options to purchase shares of BOH Holdings common stock, which will vest upon approval of the reorganization agreement at the BOH Holdings special meeting. No additional options may be issued between February 18, 2014 and the effective date of the merger. Each share of BOH Holdings common stock issued pursuant to the exercise of such options will thereafter represent only the right to receive the merger consideration to be paid pursuant to the reorganization agreement.

## Treatment of BOH Holdings Series C Preferred Stock (page 90)

BOH Holdings has 23,938.35 outstanding shares of a class of preferred stock designated as Senior Noncumulative Perpetual preferred stock, Series C, or the BOH Holdings Series C preferred stock, issued to the U.S. Treasury in connection with BOH Holdings participation in the U.S. Treasury s Small Business Lending Fund, or SBLF. Under the terms of the reorganization agreement, Independent may elect either to (i) exchange shares of a new issue of Independent preferred stock, or the Independent preferred stock, for the BOH Holdings Series C preferred stock, or (ii) require BOH Holdings to redeem all of the outstanding BOH Holdings Series C preferred stock prior to the consummation of the merger. If Independent elects the exchange, Independent will exchange each share of the BOH Holdings Series C preferred stock for a share of Independent preferred stock that would provide the same rights, preferences, privileges and voting powers, and be subject to the same limitations and restrictions, as BOH Holdings Series C preferred stock, taken as a whole, existing immediately prior to the consummation of the merger to the extent

agreed to by the U.S. Treasury. If Independent elects to

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require BOH Holdings to redeem the BOH Holdings Series C preferred stock, then such redemption would occur in connection with the completion of the merger. The cost to BOH Holdings to redeem all of the outstanding shares of the BOH Holdings Series C preferred stock as of December 31, 2013, would have been approximately \$23.9 million, and the costs and expenses related to such redemption would not be included in the calculation of the BOH Holdings tangible book value for purposes of the reorganization agreement. Therefore, the redemption would not factor into the determination whether there would be a reduction in the amount of the cash portion of the merger consideration Independent would be obligated to pay to BOH Holdings shareholders pursuant to the merger.

The exchange of the BOH Holdings Series C preferred stock for Independent preferred stock is subject to prior review and acceptance by the U.S. Treasury. Independent is discussing the exchange process with the U.S. Treasury and is currently planning to exchange shares of Independent preferred stock for the BOH Holdings Series C preferred stock. For more information, please refer to The Merger Treatment of BOH Holdings Series C Preferred Stock, beginning on page 90.

#### Material U.S. Federal Income Tax Consequences (page 134)

The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, as amended, or the Code, for U.S. federal income tax purposes, and the closing is conditioned upon the receipt by Independent of an opinion from Andrews Kurth LLP, special counsel to Independent, and the receipt by BOH Holdings of an opinion from Bracewell & Giuliani LLP, counsel to BOH Holdings, to the effect that the merger so qualifies. This summary of U.S. federal income tax consequences assumes that the merger will be consummated as described in the reorganization agreement and this joint proxy statement/prospectus and that Independent and BOH Holdings will not waive the opinion condition described in The Merger Material U.S. Federal Income Tax Consequences of the Merger Tax Opinions. If the merger qualifies as such a reorganization, the material U.S. federal income tax consequences of the merger to U.S. holders of BOH Holdings common stock will generally be as follows: holders of BOH Holdings common stock generally will recognize gain (but not loss) with respect to their BOH Holdings common stock equal to the lesser of cash received (excluding any cash received in lieu of a fractional share of Independent common stock) or gain realized in the merger. The amount of gain realized will equal the amount by which the cash plus the fair market value of the Independent common stock, at the effective time of the merger, exceeds the adjusted tax basis in the BOH Holdings common stock to be surrendered in exchange therefor.

For further information, please refer to The Merger Material U.S. Federal Income Tax Consequences of the Merger. The U.S. federal income tax consequences described above may not apply to all holders of BOH Holdings common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.

## Fairness Opinion of Financial Advisor of BOH Holdings (page 104)

Sandler O Neill + Partners, L.P., or Sandler O Neill, has delivered a written opinion to the board of directors of BOH Holdings that, as of the date of the reorganization agreement, based upon and subject to certain matters stated in the opinion, the merger consideration is fair to the shareholders of BOH Holdings from a financial point of view. This opinion is attached to this joint proxy statement/prospectus as <a href="Appendix B">Appendix B</a>. The opinion of Sandler O Neill is not a recommendation to any BOH Holdings shareholder as to how to vote on the proposal to approve the reorganization agreement. You should read this opinion completely to understand the procedures followed, matters considered and limitations on the reviews undertaken by Sandler O Neill in providing its opinion.

# Fairness Opinion of Financial Advisor of Independent (page 96)

Sterne, Agee & Leach, Inc., or Sterne Agee, has delivered a written opinion to the board of directors of Independent that, as of the date of the reorganization agreement, based upon and subject to certain matters stated in the opinion, the consideration to be paid in the merger by Independent is fair, from a financial point of view, to Independent. This opinion is attached to this joint proxy statement/prospectus as <a href="Appendix C">Appendix C</a>. The opinion of Sterne Agee is not a recommendation to any Independent shareholder as to how to vote on the proposals to approve the reorganization agreement or the issuance of Independent common stock to the shareholders of BOH Holdings in the merger. You should read this opinion completely to understand the procedures followed, matters considered and limitations on the reviews undertaken by Sterne Agee in providing its opinion.

## **Independent Plans to Continue Payment of Quarterly Dividends (page 284)**

Independent paid a cash dividend of \$0.06 per share to its shareholders in the third and fourth quarters of 2013 and the first quarter of 2014. Independent intends to continue paying quarterly cash dividends following the merger.

If Independent does not require BOH Holdings to redeem the BOH Holdings Series C preferred stock, then Independent would be Obligated to Pay Dividends on the Independent Preferred Stock Issued as a result of the Merger (page 90).

If Independent elects not to require BOH Holdings to redeem the BOH Holdings Series C preferred stock prior to the consummation of the merger, then Independent will be obligated to exchange each share of BOH Holdings Series C preferred stock for a share of Independent preferred stock that would provide the same rights, preferences, privileges and voting powers, and be subject to the same limitations and restrictions as BOH Holdings Series C preferred stock, taken as a whole, existing immediately prior to the consummation of the merger to the extent agreed to by the U.S. Treasury, the sole holder of the shares BOH Holdings Series C preferred stock. In that event, Independent would be required to pay quarterly dividends on the Independent preferred stock at a rate equal to 1.0% of the aggregate liquidation amount of the Independent preferred stock, which would be \$23.9 million. Independent is discussing the exchange process with the U.S. Treasury and is currently planning to exchange new shares of Independent preferred stock for the BOH Holdings Series C preferred stock. For more information, please see The Merger Treatment of BOH Holdings Series C Preferred Stock, beginning on page 90.

## Ownership of Independent After the Merger (page 49)

Pursuant to the reorganization agreement, Independent will issue 3,616,060 shares of its common stock to BOH Holdings shareholders in connection with the merger. Based on 12,592,935 shares of Independent common stock outstanding as of February 18, 2014, if Independent issues the 3,616,060 shares of Independent common stock to the shareholders of BOH Holdings in connection with the proposed acquisition by Independent of BOH Holdings, the former BOH Holdings shareholders would own approximately 22% of the outstanding shares of Independent common stock. That ownership percentage will be reduced by any future issuances of shares of Independent common stock.

#### Market Prices of Independent Common Stock (page 283)

Shares of Independent common stock were quoted on the NASDAQ Stock Market, Inc. Global Market or the NASDAQ Global Market through December 31, 2013, and are now quoted on the NASDAQ Global Select Market, under the symbol IBTX. On November 21, 2013, the last trading day before the merger was announced, Independent common stock closed at \$41.06 per share. On February 18, 2014, Independent common stock closed at \$54.00 per share. The market price of Independent common stock will fluctuate prior to the

merger. You should obtain the most recent closing price for Independent common stock on the NASDAQ Global Select Market prior to deciding how to vote. Shares of BOH Holdings are not traded on any national securities exchange or on an established public trading market and no quotations of any market price exists for BOH Holdings shares.

# **BOH Holdings Special Meeting (page 78)**

The special meeting of shareholders of BOH Holdings will be held on April 14, 2014, at 2:00 p.m. Central Time, at the offices of Bank of Houston, 750 Bering Drive, Suite 100, Houston, Texas 77057. At the BOH Holdings special meeting, holders of (i) shares of BOH Holdings common stock and (ii) shares of BOH Holdings Series D preferred stock, each voting as a separate class, will be asked to consider and vote on the following:

a proposal to approve the reorganization agreement, which provides for Independent to acquire BOH Holdings through the merger; and

a proposal to adjourn the BOH Holdings special meeting to a later date or dates, if the board of directors of BOH Holdings determines such adjournment is necessary to permit solicitation of additional proxies if there are not sufficient votes at the time of the BOH Holdings special meeting to constitute a quorum or to approve the reorganization agreement.

# **Independent Special Meeting (page 72)**

The special meeting of shareholders of Independent will be held on April 14, 2014, at 3:30 p.m, Central Time, at the branch office of Independent Bank, 1600 Redbud Boulevard, Suite 100, McKinney, Texas 75069. At the Independent special meeting, you will be asked to consider and vote on the following:

a proposal to approve the reorganization agreement, which provides for Independent to acquire BOH Holdings through the merger;

a proposal to approve the issuance of 3,616,060 shares of Independent common stock to BOH Holdings shareholders in the merger;

a proposal to elect each of James D. Stein, Donald L. Poarch and J. Webb Jennings, III, or the BOH Holdings director nominees, to fill the three new director seats on Independent s board of directors, subject to and conditioned upon the completion of the merger; and

a proposal to adjourn the Independent special meeting to a later date or dates, if the board of directors of Independent determines such adjournment is necessary to permit solicitation of additional proxies if there are not sufficient votes at the time of the Independent special meeting to constitute a quorum or to approve the first three proposals listed above.

BOH Holdings Record Date Set at February 18, 2014; Two-Thirds Shareholder Vote Required to Approve the Reorganization Agreement (page 79 and 80)

You may vote at the special meeting of BOH Holdings shareholders if you owned BOH Holdings common stock or BOH Holdings Series D preferred stock as of 5:00 p.m. on February 18, 2014. You can cast one vote for each share of BOH Holdings common stock and/or one vote for each share of BOH Holdings Series D preferred stock, as the case may be, that you owned of record at that time. As of February 18, 2014, there were 7,652,454 shares of BOH Holdings common stock and 112,042 shares of BOH Holdings Series D preferred stock outstanding.

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Approval of the reorganization agreement requires the affirmative vote of both (i) the holders of at least two-thirds of the shares of BOH Holdings common stock outstanding and entitled to vote as of 5:00 p.m. on the record date and (ii) of holders of at least two-thirds of the shares of BOH Holdings Series D preferred stock outstanding and entitled to vote as of 5:00 p.m. on the record date, each voting as a separate class. If you fail to vote, it will have the effect of a vote against the reorganization agreement. The affirmative vote of a majority of the votes cast by both (i) the holders of BOH Holdings common stock and (ii) the holders of the BOH Holdings Series D preferred stock, each voting as a separate class, at the BOH Holdings special meeting is required to approve the adjournment of the BOH Holdings special meeting.

You may vote your shares of BOH Holdings common stock and/or BOH Holdings Series D preferred stock by attending the special meeting and voting in person or by completing and mailing the enclosed proxy card. If you are the record holder of your shares, you can revoke your proxy at any time before the vote is taken at the BOH Holdings special meeting by sending a written notice revoking the proxy or submitting a later-dated proxy to the Secretary of BOH Holdings, which must be received no later than immediately prior to the vote at the BOH Holdings special meeting, or by voting in person at the BOH Holdings special meeting. If your shares are held in street name and you desire to change any voting instructions you have previously given to the record holder of the shares of which you are the beneficial owner, you should contact the broker, bank or other nominee holding your shares in street name in order to direct a change in the manner your shares will be voted. See The BOH Holdings Special Meeting Voting of Proxies by Holders of Record, Attending the Meeting; Voting in Person and Revocation of Proxies.

Independent Record Date Set at February 18, 2014; Two-Thirds Shareholder Vote Required to Approve the Reorganization Agreement (page 73 and 75)

You may vote at the special meeting of Independent shareholders if you owned Independent common stock of record as of 5:00 p.m. on February 18, 2014. You can cast one vote for each share of Independent common stock you