

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  
incorporation or organization)

**6022**  
(Primary Standard Industrial  
Classification Code Number)  
**1600 Redbud Boulevard, Suite 400**

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

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Dallas, Texas 75201

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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: "

## Edgar Filing: Independent Bank Group, Inc. - Form S-4/A

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 "

Nonaccelerated filer ☒ (Do not check if a 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.

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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 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 BOH Holdings shareholders on or about March 25, 2014.

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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 The Merger Terms of the Merger, beginning on page 83 of this joint proxy statement/prospectus.

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

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**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.**

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**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 Appendix D 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.

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**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.

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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.



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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 Range	High 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.