Independent Bank Group, Inc.
Form S-4/A
September 24, 2015
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As filed with the Securities and Exchange Commission on September 24, 2015

Registration No. 333-206747

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1 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	6022	13-4219346
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

1600 Redbud Boulevard, Suite 400

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.**	**Larry Temple, Esq.**
Dudley Murrey, Esq.	**Haynie Rake Repass & Klimko, P.C.**	**400 West 15th Street, Suite 705**
Andrews Kurth LLP	**14643 Dallas Parkway, Suite 550**	**Austin, Texas 78701**
1717 Main Street, Suite 3700	**Dallas, Texas 75254**	**(512) 477-4467**
Dallas, Texas 75201	**(972) 716-1855**	
(214) 659-4593		

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	x
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 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 proxy statement/prospectus is not an offer to sell these securities, and it is not soliciting to buy these securities, in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 24, 2015

GRAND BANK

MERGER PROPOSED   YOUR VOTE IS VERY IMPORTANT

Dear Shareholder of Grand Bank:

You are cordially invited to attend the special meeting of shareholders of Grand Bank, to be held on October 27, 2015, at 1:30 p.m., Central Time, at the main office of Grand Bank, 16660 Dallas Parkway, Suite 1700, Dallas, Texas 75248. At this important special meeting, you will be asked to consider and vote on the approval of an agreement and plan of reorganization and related agreement and plan of merger, together referred to as the reorganization agreement, which provide for the acquisition of Grand Bank by Independent Bank Group, Inc., or Independent, through a merger transaction. You may also be asked to adjourn the special meeting to a later date or dates, if the board of directors of Grand Bank determines such an adjournment is necessary.

Under the terms of the reorganization agreement, if the reorganization agreement is approved and the merger is completed, all outstanding shares of Grand Bank common stock will be converted into an aggregate of $24.1 million in cash and 1,279,532 shares of Independent common stock, subject in each case to adjustment under certain circumstances as set forth in the reorganization agreement. Based upon 1,824,304 shares of Grand Bank common stock anticipated to be outstanding immediately prior to the effective time of the merger, which includes 1,726,810 shares outstanding on September 18, 2015, and 97,494 shares to be issued upon the exercise of options to purchase shares of Grand Bank common stock held by Grand Bank option holders who have irrevocably agreed to exercise such options prior to the effective time of the merger, and based upon the payment of a total of approximately $1.8 million to Grand Bank option holders who have irrevocably elected to receive a net cash payment for the surrender and cancellation of their options, which amount was calculated using the closing price of Independent common stock on September 22, 2015 of $39.49, holders of Grand Bank common stock will receive 0.7014 of a share of Independent common stock and $12.22 in cash, subject in each case to adjustment under certain circumstances as set forth in the reorganization agreement and as described in this proxy statement/prospectus, for each share of Grand Bank common stock they own at the effective time of the merger.

Independent s common stock is listed on the NASDAQ Stock Market, Inc. Global Select Market System, or NASDAQ Global Select Market, under the symbol IBTX. The closing price of Independent s common stock on September 22, 2015, was $39.49 per share. Based on the closing price of Independent common stock on September 22, 2015, of $39.49, and assuming that Grand Bank s tangible book value is at least $40.0 million on the calculation date and that there are 1,824,304 shares of Grand Bank common stock outstanding on the closing date, upon completion of the merger, shareholders of Grand Bank would receive merger consideration with a value of approximately $39.92 for each share of Grand Bank common stock that they own.

Your vote is very important. Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed proxy card to Grand Bank. We cannot complete the merger unless we obtain the necessary government approvals and unless the holders of two-thirds of the shares of Grand Bank common stock outstanding on September 18, 2015, the record date for the special meeting, approve the reorganization agreement. The board of directors of Grand Bank unanimously supports the merger and recommends that you vote in favor of the reorganization agreement and the merger.

The accompanying proxy statement/prospectus contains a more complete description of the special meeting and the terms of the reorganization agreement and the acquisition of Grand Bank. **We urge you to review this entire document carefully, including the considerations discussed under Risk Factors beginning on page 28, and the appendices to the accompanying proxy statement/prospectus, which include the reorganization agreement.** You may also obtain information about Independent from documents that Independent has filed with the Securities and Exchange Commission, or the SEC.

Based on our reasons for the merger described in the accompanying proxy statement/prospectus, including the fairness opinion issued by our financial advisor, Hovde Group, LLC, our board of directors believes that the transaction is fair to you from a financial point of view and is in your best interests. **Accordingly, our board of directors unanimously recommends that you vote FOR approval of the reorganization agreement and the related agreement and plan of merger**.

We appreciate your continuing loyalty and support, and we look forward to seeing you at the special meeting.

Lee Dinkel

President and Chief Executive Officer, Grand Bank

Neither the SEC nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined if this 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 or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

Proxy statement/prospectus dated September 28, 2015

and first mailed to shareholders of Grand Bank on or about October 1, 2015

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HOW TO OBTAIN ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates certain business and financial information about Independent from documents filed with the SEC that is not included in or delivered with this document. This information is described on page 102 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 Grand Bank, you must request the information by October 20, 2015.

In addition, if you have questions about the merger or the special meeting, need additional copies of this proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, you may contact Lee Dinkel, Grand Bank s President and Chief Executive Officer, at the following address or by calling the following telephone number:

Grand Bank

16660 Dallas Parkway, Suite 1700

Dallas, TX 75248

(972) 735-1000

Grand Bank 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.

Grand Bank is required to file Consolidated Reports of Condition and Statements of Income, or Call Reports, quarterly with the Federal Financial Institutions Examination Counsel, or FFIEC. The Call Reports contain financial information (including, but not limited to, detailed information on loan charge-offs and recoveries, changes in the allowance for and lease losses, securities portfolio, loans and lease financing receivables and past due, nonaccrual and renegotiated loans and lease financing receivables) not otherwise set forth separately in this proxy statement/prospectus. All Call Reports filed by Grand Bank may be obtained online from the Federal Deposit Insurance Corporation or FDIC at www2.fdic.gov/call_TFR_Rpts/.

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 proxy statement/prospectus has been prepared as of September 28, 2015. There may be changes in the affairs of Grand Bank or Independent since that date, which are not reflected in this document.

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Grand Bank

16660 Dallas Parkway, Suite 1700

Dallas, TX 75248

(972) 735-1000

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To the shareholders of Grand Bank:

A special meeting of shareholders of Grand Bank will be held on October 27, 2015, at 1:30 p.m., Central Time, at the main office of Grand Bank, 16660 Dallas Parkway, Suite 1700, Dallas, Texas 75248, for the following purposes:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Reorganization, dated as of July 23, 2015, by and between Independent Bank Group, Inc., or Independent, and Grand Bank, and the related Agreement and Plan of Merger, by and between Independent s wholly owned subsidiary, Independent Bank, McKinney, Texas, and Grand Bank or, collectively, the reorganization agreement, pursuant to which Grand Bank will merge with and into Independent Bank, all on and subject to the terms and conditions contained 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 Grand Bank determines such an adjournment is necessary to permit further 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 Grand Bank common stock of record as of 5:00 p.m., on September 18, 2015, 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 holders of Grand Bank common 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 Grand Bank common stock have the right to dissent from the merger and obtain payment in cash of the appraised fair value of their shares of Grand Bank common stock under applicable provisions of the Texas Business Organizations Code, or the TBOC. In order for such a shareholder of Grand Bank to perfect his or her right to dissent, the shareholder must carefully follow the procedure set forth in the TBOC. A copy of the applicable statutory provisions of the TBOC is included as Appendix C to the accompanying proxy statement/prospectus and a summary of these provisions can be found under the caption Proposal to Approve the Reorganization Agreement Dissenters Rights of Grand Bank Shareholders.

If you have any questions concerning the merger or the proxy statement/prospectus, would like additional copies of the proxy statement/prospectus or need help voting your shares of Grand Bank common stock, please contact Lee Dinkel, Grand Bank s President and Chief Executive Officer, at (972) 735-1000.

By Order of the Board of Directors,

Lee Dinkel

President and Chief Executive Officer

Dallas, Texas

September 28, 2015

The board of directors of Grand Bank unanimously recommends that you vote FOR the proposals to approve the reorganization agreement and any adjournment of the special meeting, if necessary, among other things, to permit further 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.

Your Vote is Very Important

A proxy card is enclosed. Whether or not you plan to attend the special meeting, please complete, sign and date the proxy card and promptly mail it in the enclosed envelope. You may revoke your proxy card in the manner described in the proxy statement/prospectus at any time before it is exercised. If you attend the special meeting, you may vote in person if you desire, even if you have previously returned your proxy card.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The following are some questions that you may have regarding the Agreement and Plan of Reorganization, dated as of July 23, 2015, by and between Independent Bank Group, Inc., or Independent, and Grand Bank, and the special meeting, and brief answers to those questions. Independent and Grand Bank advise you to read carefully the remainder of this 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 meeting. Additional important information is also referred to under the caption Where You Can Find More Information beginning on page 102.

Q: Why am I receiving this proxy statement/prospectus?

A: Grand Bank is sending these materials to its shareholders to help them decide how to vote their shares of Grand Bank common stock with respect to the reorganization agreement and any other matter to be considered at the special meeting. This document constitutes both a proxy statement of Grand Bank and a prospectus of Independent. It is a proxy statement because the board of directors of Grand Bank is soliciting proxies from their shareholders using this document. It is a prospectus because Independent is offering shares of its common stock in exchange for outstanding shares of Grand Bank common stock in the merger.

Q: What are Grand Bank shareholders being asked to vote upon?

A: The board of directors Grand Bank is proposing that Grand Bank be acquired by Independent through a merger transaction. As part of the overall transaction, the holders of Grand Bank common stock are being asked to consider and vote on the following two proposals:

Proposal One: to approve the reorganization agreement and the related Agreement and Plan of Merger, by and between Independent s wholly owned subsidiary bank, Independent Bank, McKinney, Texas, and Grand Bank or, collectively, the reorganization agreement, pursuant to which Grand Bank will merge with and into Independent Bank; and

Proposal Two: to approve the adjournment of the special meeting to a later date or dates, if the board of directors of Grand Bank determines such an adjournment is necessary to permit further 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.

Q: What will happen in the merger?

A: In the merger, Grand Bank will be merged with and into Independent Bank, with Independent Bank being the surviving bank. Grand Bank will cease to exist after the merger with Independent Bank occurs. Grand Bank is a commercial bank with its headquarters in Dallas, Texas. Independent Bank is a commercial bank headquartered in McKinney, Texas, and a wholly owned subsidiary of Independent. Upon the merger of Grand Bank with and into Independent Bank, the shares of Grand Bank common stock will be converted into the right to receive the consideration described below. For ease of reference, the merger of Grand Bank with and into Independent Bank is referred to in this proxy statement/prospectus as the merger.

Q: What is the aggregate amount of consideration to be paid by Independent in the transaction?

A: Under the terms of the reorganization agreement, all outstanding shares of Grand Bank common stock will be converted into an aggregate of $24.1 million in cash and 1,279,532 shares of Independent common stock, subject in each case to adjustment under certain circumstances as set forth in the reorganization agreement

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and described in this proxy statement/prospectus. Based upon the closing price of Independent common stock on September 22, 2015 of $39.49 and assuming that Grand Bank s tangible book value is at least $40.0 million on the calculation date, the aggregate amount of merger consideration to be paid by Independent is valued at approximately $72.8 million.

Q: What consideration will Grand Bank shareholders receive as a result of the merger?

A: Based upon 1,824,304 shares anticipated to be outstanding immediately prior to the effective time of the merger, which includes 1,726,810 shares outstanding on September 18, 2015, and 97,494 shares to be issued upon the exercise of options to purchase shares of Grand Bank common stock held by Grand Bank option holders who have irrevocably agreed to exercise such options prior to the effective time of the merger, and based upon the payment of a total of approximately $1.8 million to Grand Bank option holders who have irrevocably elected to receive a net cash payment for the surrender and cancellation of their options, which amount was calculated using the closing price of Independent common stock on September 22, 2015 of $39.49, holders of Grand Bank common stock will be entitled to receive 0.7014 of a share of Independent common stock and $12.22 in cash, subject in each case to adjustment under certain circumstances as set forth in the reorganization agreement and described in this proxy statement/prospectus, for each share of Grand Bank common stock they own at the effective time of the merger.

Q: Under what circumstances would the cash portion of the merger consideration be adjusted?

A: The amount of aggregate cash consideration paid by Independent would be reduced if Grand Bank s tangible book value, as calculated pursuant to the reorganization agreement, is less than $40.0 million but more than $39.0 million on the fifth business day prior to the closing date, or the calculation date. Under those circumstances, the aggregate cash consideration would be reduced by the difference between $40.0 million and the amount of Grand Bank s tangible book value on that date. If there is a tangible book value adjustment, the per share cash consideration would be reduced by an amount equal to the quotient of (i) the amount of the reduction in aggregate cash consideration, divided by (ii) the number of shares of Grand Bank common stock outstanding on the closing date. If the tangible book value of Grand Bank is less than $39.0 million on the closing date, Independent would not be obligated to consummate the transaction.

As noted above, pursuant to the terms of the reorganization agreement, the amount of aggregate cash consideration paid by Independent to shareholders of Grand Bank will also be reduced by the aggregate amount of cash paid by Independent to the holders of options to purchase shares of Grand Bank common stock who have irrevocably agreed to surrender their options in exchange for a cash payment equal to the difference between the aggregate value of the shares subject to their options (as determined pursuant to the reorganization agreement) and the aggregate exercise price for such options. The reorganization agreement provides that the value of the shares subject to the options to be surrendered for a cash payment will be based upon the value of the per share stock consideration. This value will be calculated using the average of the daily volume weighted average sale price per share of Independent common stock on The NASDAQ Stock Market, Inc. Global Select Market System for the ten consecutive trading days ending on and including the third trading day preceding the closing date reported by Bloomberg, or the average sales price. The holders of options to purchase an aggregate of 127,156 shares of Grand Bank common stock have elected to receive such cash payment. Based upon this election and the closing price of Independent common stock on September 22, 2015 of $39.49, Independent would pay an aggregate of approximately $1.8 million in cash to such option holders. In that event, the aggregate amount of cash consideration to be paid by Independent to Grand Bank shareholders would be reduced by approximately $1.8 million. The $12.22 per share cash consideration to be paid to Grand Bank shareholders set forth above reflects this adjustment. The average sales price will fluctuate prior to the closing date and the option payment amount will not be determined until the third trading day prior to the closing date. For this reason, the amount of adjustment to the cash portion of the merger consideration resulting from the option payment may be more or less than the amount set forth above.

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Q: Under what circumstances would the stock portion of the merger consideration be adjusted?

A: The amount of aggregate stock consideration paid by Independent Bank would be adjusted if the average sales price of Independent common stock is 10% more or 10% less than $43.7660.

If the average sales price is less than 90% of $43.7660, or $39.3894, the per share stock consideration would be adjusted to a fraction of a share of Independent common stock (rounded to the nearest ten thousandth) equal to the quotient of (x) $27.6270; divided by (y) the average sales price.

If the average sales price is more than 110% of $43.7660, or $48.1426, the per share stock consideration would be adjusted to a fraction of a share of Independent common stock (rounded to the nearest ten thousandth) equal to the quotient of (x) $33.7663; divided by (y) the average sales price.

Q: Are there other financial aspects of the merger?

A: Yes. If Grand Bank s tangible book value is greater than $40.0 million on the calculation date, then on the day prior to the closing date, Grand Bank may distribute to its shareholders an amount equal to the difference between the actual amount of tangible book value on the calculation date minus $40.0 million.

Q: What is Grand Bank s current tangible book value? Are there factors which could change the tangible book value prior to the closing date?

A: Grand Bank s tangible book value, as calculated pursuant to the reorganization agreement, was approximately $41.5 million as of June 30, 2015.

Tangible book value will increase or decrease by the amount of net income or net loss, respectively, of Grand Bank through the closing date. Tangible book value will also increase by the amount of additional paid in capital resulting from the exercise of stock options. However, all costs and expenses of Grand Bank related to the merger will be included as a deduction in the calculation of Grand Bank s tangible book value. For more detail about how Grand Bank s tangible book value will be calculated pursuant to the reorganization agreement, see the section entitled Proposal to Approve the Reorganization Agreement Terms of the Merger beginning on page 40. Management of Grand Bank estimates net income (before costs and expenses of the merger) of approximately $1.7 million from July 1, 2015, through October 31, 2015 (the estimated closing date), additional paid in capital of approximately $2.4 million resulting from the exercise of stock options, and aggregate merger-related deductions to tangible book value of approximately $5.6 million. If these assumptions are correct, the amount of Grand Bank s tangible book value, as calculated pursuant to the reorganization agreement, would be approximately $40.0 million on the closing date. This amount is only an estimate and is based upon several assumptions, many of which are beyond the control of Grand Bank. Accordingly, the actual amount of Grand Bank s tangible book value may vary from this estimated amount.

Q: Do Grand Bank shareholders have a choice of the form of consideration that they will receive in the merger?

A: No. All shareholders of Grand Bank will receive the merger consolidation in the form of cash and Independent common stock in the amounts set forth in the reorganization agreement and as described herein.

Q: When do you expect the merger to be completed?

A: We are working to complete the merger during the fourth quarter of 2015, although delays could occur.

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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 28, are a number of risk factors that you should consider carefully.

Q: When and where will Grand Bank special shareholders meeting be held?

A: The special meeting is scheduled to take place at 1:30 p.m., Central Time, on October 27, 2015, at the main office of Grand Bank, 16660 Dallas Parkway, Suite 1700, Dallas, Texas 75248.

Q: Who is entitled to vote at the special meeting?

A: The holders of record of Grand Bank common stock as of 5:00 p.m. on September 18, 2015, which is the date that Grand Bank s board of directors has fixed as the record date for the special meeting, are entitled to vote at the special meeting.

Q: What are my choices when voting?

A: With respect to each of the proposals, you may vote for the proposal, against the proposal or abstain from voting on the proposal.

Q: What vote is required for approval of the reorganization agreement?

A: Approval of the reorganization agreement by holders of Grand Bank common stock requires the affirmative vote of the holders of two-thirds of the shares of Grand Bank common stock outstanding as of 5:00 p.m. on September 18, 2015, or 1,216,081 shares of Grand Bank common stock.

Q: What vote is required to adjourn the special meeting?

A: To adjourn the special meeting, the affirmative vote of the holders of a majority of the shares of Grand Bank common stock cast at the meeting on such proposal is required.

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

A:

The board of directors of Grand Bank unanimously recommends that the shareholders vote their shares as follows:

Item 1 FOR the approval of the reorganization agreement and the merger; and

Item 2 FOR the adjournment of the special meeting if the board of directors of Grand Bank determines an adjournment is necessary to permit further 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.

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

A: 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 Grand Bank to perfect his or her right to dissent, the shareholder must deliver to Grand Bank a written objection to the merger prior to the 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, must vote his or her shares of Grand Bank common stock against approval of the reorganization agreement at the special meeting, must, not later than the 20th 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 Grand Bank common stock that states the number and class of shares of Grand Bank common stock the shareholder owns, his or her estimate of the fair value of such stock and an address to which a notice relating to the dissent and appraisal procedures may be sent, and, not later than the 20th day after he or she makes that demand, submit to Independent the certificates representing his or her shares of Grand Bank common stock. The steps you must follow to perfect your right of dissent are described in greater detail under the caption Proposal to Approve the Reorganization Agreement Dissenters Rights of Grand Bank Shareholders starting on page 79, 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 Appendix C hereto. The appraised fair value of your shares of Grand Bank common 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 Grand Bank common stock dissent from the merger, Independent has the right to terminate the reorganization agreement.

Q: What happens if I transfer my shares after the record date for the special meeting?

A: The record date for the special meeting is earlier than the expected date of completion of the merger. Therefore, if you transfer your shares of Grand Bank common stock after the applicable record date, but prior to the merger, you will retain the right to vote at the special meeting, but the right to receive the merger consideration will transfer with the shares of common stock.

Q: What do I need to do now?

A: After you have thoroughly read and considered the information contained in this proxy statement/ prospectus, you simply need to vote your shares of Grand Bank common stock at the special meeting.

As a record holder (that is, your shares of Grand Bank common stock are held in your own name), you may vote by proxy or you may attend the special meeting and vote in person. If you are a record holder on the record date for the special meeting and want to vote your shares by proxy, simply indicate on the proxy card(s) applicable to your shares of Grand Bank 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 by such time that your proxy card may be received prior to the vote at the special meeting.

Your proxy card(s) must be received by Grand Bank by no later than the time the polls close for voting at the special meeting for your vote to be counted at the meeting.

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

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: The shares to which such proxy card relates enable your shares of Grand Bank common stock to be represented and voted at the special meeting if you do not attend the special meeting and vote your shares in person. If you return a signed and dated proxy, but do not specify how your shares are to be voted, your shares will be voted FOR approval of the reorganization agreement and merger and FOR any adjournments of the special meeting that the board of directors of Grand Bank deems necessary.

Q: Can I attend the special meeting and vote in person?

A: Yes. All Grand Bank shareholders are invited to attend the special meeting and can vote in person at the special meeting.

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Q: May I change my vote after I have submitted my proxy card?

A: Yes. Regardless of the method used to cast a vote, a Grand Bank shareholder may change his or her vote by:

- delivering to Grand Bank prior to the special meeting a written notice of revocation addressed to: Lisa Murray, Corporate Secretary, Grand Bank, 16660 Dallas Parkway, Suite 1700, Dallas, Texas 75248;

- completing, signing and returning a new proxy card with a later date than the date of your original proxy before the date of the special meeting, and any earlier proxy will be revoked automatically; or

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

Q: What happens if I abstain from voting?

A: If you are a record holder of Grand Bank common stock and you abstain from voting, then the abstention will be counted towards a quorum at the special meeting, but such shares will have the same effect as a vote against the proposal to approve the reorganization agreement. Abstentions will have no effect on the proposal to adjourn the special meeting, if necessary.

Q: Should I send in my stock certificates now?

A: No. Wells Fargo Shareowner Services, Independent s exchange agent, will send you written instructions for exchanging your stock certificates. You should not send your Grand Bank stock certificates with your proxy card.

Q: Who can help answer my questions?

A: If you have additional questions about the merger, you should contact Lee Dinkel, President and Chief Executive Officer, Grand Bank, 16660 Dallas Parkway, Suite 1700, Dallas, Texas 75248, telephone (972) 735-1000.

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SUMMARY

This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. Independent urges you to carefully read this entire document and the other information that Independent refers to in this document. 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 102. Independent has included page references in this summary to direct you to other places in this 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 banking association, Independent provides a wide range of relationship driven, commercial banking products and services. Independent currently operates a total of 40 full-service banking centers in three regions in Texas: Dallas/North Texas, Austin/Central Texas, and Houston. As of June 30, 2015, on a consolidated basis, Independent had total assets of $4.4 billion, total loans of $3.4 billion, total deposits of $3.5 billion and shareholders equity of $559.4 million.

Grand Bank

16660 Dallas Parkway, Suite 1700

Dallas, Texas 75248

(972) 735-1000

Grand Bank, a Texas banking association, is a full service commercial bank with two branches located in the Dallas, Texas, metropolitan area. As of June 30, 2015, Grand Bank had total assets of $608.6 million, total deposits of $507.1 million, total net loans of $246.3 million and total shareholders equity of $41.6 million.

Proposed Merger

Independent has attached the reorganization agreement to this document as Appendix A. Please read the entire reorganization agreement, which includes the related agreement and plan of merger, attached thereto as Exhibit A. They are the legal documents that govern the merger.

The reorganization agreement provides that Grand Bank will be merged with and into Independent Bank with Independent Bank being the surviving bank. Grand Bank will cease to exist after the merger occurs. The existing locations of Grand Bank will become banking centers of Independent Bank. Independent expects to complete the merger in the fourth quarter of 2015, although delays could occur. The merger will be accounted for as an acquisition of Grand Bank by Independent and Independent Bank under the acquisition method of accounting in accordance with Financial Accounting Standard Board s Accounting Standard Codification Topic 805, Business Combinations.

Terms of the Merger (page 40)

Aggregate Merger Consideration. Under the terms of the reorganization agreement, if the reorganization agreement is approved and the merger is completed, all outstanding shares of Grand Bank common stock will be converted into an aggregate of $24.1 million in cash and 1,279,532 shares of Independent common stock, subject in each case to adjustment under certain circumstances as set forth in the reorganization agreement and described in this proxy statement/prospectus. Based upon the closing price of Independent common stock on September 22, 2015, of $39.49, and assuming that the tangible book value of Grand Bank is at least $40.0 million on the calculation date, the aggregate amount of the total merger consideration to be paid by Independent is valued at $72.8 million.

Per Share Merger Consideration. Based upon 1,824,304 shares anticipated to be outstanding immediately prior to the effective time of the merger, which includes 1,726,810 shares outstanding on September 18, 2015 and 97,494 shares to be issued upon the exercise of options to purchase shares of Grand Bank common stock held by Grand Bank option holders who have irrevocably agreed to exercise such options prior to the effective time of the merger and based upon the payment of a total of approximately $1.8 million to Grand Bank option holders who have irrevocably elected to receive a net cash payment for the surrender and cancellation of their options, which amount was calculated using the closing price of Independent common stock on September 22, 2015 of $39.49, holders of Grand Bank common stock will receive 0.7014 of a share of Independent common stock and $12.22 in cash, subject in each case to adjustment under certain circumstances as set forth in the reorganization agreement and described in this proxy statement/prospectus, for each share of Grand Bank common stock they own at the effective time of the merger.

Adjustment to Cash Consideration. The amount of aggregate cash consideration paid by Independent would be reduced if Grand Bank s tangible book value, as calculated pursuant to the reorganization agreement, is less than $40.0 million but more than $39.0 million on the calculation date. Under those circumstances, the aggregate cash consideration would be reduced by the difference between $40.0 million and the amount of Grand Bank s tangible book value on that date. In the event of such a reduction, the per share cash consideration would be reduced by an amount equal to the quotient of (i) the amount of the reduction in aggregate cash consideration, divided by (ii) 1,824,304, the number of shares of Grand Bank common stock expected to be outstanding on the closing date. If the tangible book value of Grand Bank is less than $39.0 million on the closing date, Independent would not be obligated to consummate the transaction.

As noted above, pursuant to the terms of the reorganization agreement, the amount of aggregate cash consideration paid by Independent to shareholders of Grand Bank will also be reduced by the aggregate amount of cash paid by Independent to the holders of options to purchase shares of Grand Bank common stock who have irrevocably agreed to surrender their options in exchange for a cash payment equal to the difference between the aggregate value of the shares subject to their options (as determined pursuant to the reorganization agreement) and the aggregate exercise price for such options. The reorganization agreement provides that the value of the shares subject to the options to be surrendered for a cash payment will be based upon the value of the per share stock consideration. This value will be calculated using the average of the daily volume weighted average sale price per share of Independent common stock on The NASDAQ Stock Market, Inc. Global Select Market System for the ten consecutive trading days ending on and including the third trading day preceding the closing date reported by Bloomberg, or the average sales price. The holders of options to purchase an aggregate of 127,156 shares of Grand Bank common stock have elected to receive such cash payment. Based upon this election and the closing price of Independent common stock on September 22, 2015 of $39.49, Independent would pay an aggregate of approximately $1.8 million in cash to such option holders. In that event, the aggregate amount of cash consideration to be paid by Independent to the Grand Bank shareholders would be reduced by approximately $1.8 million. The $12.22 per share cash consideration to be paid to Grand Bank shareholders set forth above reflects this adjustment. The average sales price will fluctuate prior to the closing date and the option payment amount will not be determined until the third trading day prior to the closing date. For this reason, the amount of adjustment to the cash portion of the merger consideration resulting from the option payment may be more or less than the amount set forth above.

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Adjustment to Stock Consideration. The amount of aggregate stock consideration paid by Independent will be adjusted if the average sales price of Independent common stock is 10% more or 10% less than $43.7660.

If the average sales price is less than 90% of $43.7660, or $39.3894, the per share stock consideration would be adjusted to a fraction of a share of Independent common stock (rounded to the nearest ten thousandth) equal to the quotient of (x) $27.6270; divided by (y) the average sales price. If the average sales price is more than 110% of $43.7660, or $48.1426, the per share stock consideration would be adjusted to a fraction of a share of Independent common stock (rounded to the nearest ten thousandth) equal to the quotient of (x) $33.7663; divided by (y) the average sales price. Therefore, the maximum aggregate value of Independent common stock to be issued to Grand Bank shareholders is $61.6 million and the minimum aggregate value of Independent common stock to be issued to Grand Bank shareholders is $50.4 million. As of September 22, 2015, the closing sales price of Independent common stock was $39.49 per share.

Other Financial Aspects. If Grand Bank s tangible book value is greater than $40.0 million on the calculation date, then on the day prior to the closing date, Grand Bank may distribute to its shareholders an amount equal to the difference between the actual amount of tangible book value on the calculation date minus $40.0 million.

Grand Bank s tangible book value as calculated pursuant to the reorganization agreement was approximately $41.5 million as of June 30, 2015. Tangible book value will increase or decrease by the amount of net income or net loss, respectively, of Grand Bank through the closing date. Tangible book value will also increase by the amount of additional paid in capital resulting from the exercise of stock options. However, all costs and expenses of Grand Bank related to the merger will be included as a deduction in the calculation of tangible book value. For more detail about how Grand Bank s tangible book value will be calculated pursuant to the reorganization agreement, see the section titled Proposal to Approve the Reorganization Agreement Terms of the Merger beginning on page 40.

Fractional shares of Independent common stock will be paid in cash, without interest. The market price of Independent common stock will fluctuate from the date of this proxy statement/prospectus through the third trading date prior to the effective date of the merger, which is the date on which the per share stock consideration is determined for the merger. Because of the possibility of the tangible book value adjustment to the amount of the per share cash consideration and the fluctuation of the market price of Independent common stock that will comprise the per share stock consideration, you will not know the exact amount of cash or the exact number of shares of Independent common stock you will receive in connection with the merger when you vote on the reorganization agreement.

Material U.S. Federal Income Tax Consequences of the Merger (page 74)

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, 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 proxy statement/prospectus and that Independent will not waive the opinion condition described in Proposal to Approve the Reorganization Agreement Material U.S. Federal Income Tax Consequences of the Merger Tax Opinion. If the merger qualifies as such a reorganization, the material U.S. federal income tax consequences of the merger to U.S. holders of Grand Bank common stock will be as follows: holders of Grand Bank common stock generally will recognize gain (but not loss) with respect to their Grand Bank common stock. The gain a U.S. holder of Grand Bank common stock recognizes generally will be equal to the lesser of (i) the amount of cash consideration received in the merger (excluding any cash received in lieu of a fractional share of Independent common stock),

or (ii) the amount by which the cash consideration received in the merger for the Grand Bank common stock plus the stock consideration received in the merger (based upon the fair market value of the Independent common stock at the effective time of the merger) exceeds the adjusted tax basis in the Grand Bank common stock exchanged in the merger.

For further information, please refer to Proposal to Approve the Reorganization Agreement 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 Grand Bank 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 Grand Bank s Financial Advisor (page 47)

Hovde Group, LLC, or Hovde Group, has delivered a written opinion to the board of directors of Grand Bank 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 Grand Bank from a financial point of view. This opinion is attached to this proxy statement/prospectus as Appendix B. The opinion of Hovde Group is not a recommendation to any Grand Bank 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 Hovde Group in providing its opinion.

Independent Plans to Continue Payment of Quarterly Dividends (page 88)

Independent has paid cash dividends on its common stock since the third quarter of 2013, and, subject to applicable statutory and regulatory restrictions, intends to continue to pay quarterly cash dividends on its common stock following the merger. See Dividends.

Ownership of Independent Common Stock After the Merger (page 78)

Based on the closing price of Independent common stock on September 22, 2015, of $39.49 per share, Independent would issue 1,279,532 shares of its common stock to Grand Bank shareholders in connection with the merger. The number of shares of Independent common stock issued in connection with the merger is subject to change if the average sales price of the Independent common stock is less than $39.3894 or more than $48.1426. See Summary Terms of the Merger.

Based on 17,111,394 shares of Independent common stock outstanding and the closing price of $39.49 on September 22, 2015, immediately after the merger, the former Grand Bank shareholders would own approximately 6.96% of the outstanding shares of Independent common stock assuming 1,279,532 shares of Independent common stock are issued in the merger. That ownership percentage would be reduced by any future issuances of shares of Independent common stock.

Market Prices of Independent Common Stock (page 88)

Shares of Independent common stock are quoted on the NASDAQ Global Select Market under the symbol IBTX. On July 22, 2015, the last trading day before the merger was announced, Independent common stock closed at $44.65 per share. On September 22, 2015, Independent common stock closed at $39.49 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 the common stock of Grand Bank are not traded on any national securities exchange or on an established public trading market, and no quotations of any market price exists for the Grand Bank shares of common stock.

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Special Meeting (page 35)

The special meeting of shareholders of Grand Bank will be held on October 27, 2015, at 1:30 p.m., Central Time, at the main office of Grand Bank, 16660 Dallas Parkway, Suite 1700, Dallas, Texas 75248. At the 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 Grand Bank through the merger; and
- a proposal to adjourn the special meeting to a later date or dates, if the board of directors of Grand Bank determines such adjournment is necessary to permit further 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.

Record Date Set at September 18, 2015; Two-Thirds Shareholder Vote Required to Approve the Reorganization Agreement (pages 36 and 37)

You may vote at the special meeting of Grand Bank shareholders if you owned Grand Bank common stock of record as of 5:00 p.m. on September 18, 2015. You can cast one vote for each share of Grand Bank common stock you owned of record at that time. As of the record date, there were 1,726,810 shares of Grand Bank common stock outstanding.

Approval of the reorganization agreement requires the affirmative vote of the holders of at least two-thirds of the shares of Grand Bank common stock outstanding and entitled to vote as of 5:00 p.m. on the record date. If you fail to vote, it will have the effect of a vote against the reorganization agreement. The affirmative vote of the holders of a majority of the shares of Grand Bank common stock cast at the special meeting is required to approve the adjournment of the special meeting.

You may vote your shares of Grand Bank common 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 special meeting by sending a written notice revoking the proxy or submitting a later-dated proxy to the Secretary of Grand Bank, which must be received no later than immediately prior to the vote at the special meeting, or by voting in person at the special meeting. See The Special Meeting beginning on page 35.

Recommendation of Grand Bank Board and Its Reasons for the Merger (page 35)

Based on the reasons discussed elsewhere in this proxy statement/prospectus, including the fairness opinion of Hovde Group, the board of directors of Grand Bank believes that the merger is fair to you and in your best interests, and unanimously recommends that you vote FOR the proposal to approve the reorganization agreement and the merger. For a discussion of the circumstances surrounding the merger and the factors considered by Grand Bank s board of directors in approving the reorganization agreement, see page 46.

Certain Shareholders of Grand Bank are Expected to Vote Their Shares For Approval of the Reorganization Agreement (page 74; Exhibit A to Appendix A)

The directors of Grand Bank have entered into an agreement to vote the shares of Grand Bank common stock that they control in favor of approval of the reorganization agreement. As of the record date, 509,223 shares of Grand Bank common stock, or approximately 29% of the outstanding shares of Grand Bank common stock entitled to vote at the special meeting, were bound by the voting agreement.

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Effective Time of the Merger (page 59)

The merger of Grand Bank with and into Independent Bank will become effective at the date and time specified in the certificate of merger to be filed with the Texas Department of Banking, or the TDB. If Grand Bank shareholders approve the reorganization agreement at the special meeting, and if all necessary regulatory approvals are obtained and the other conditions to the parties respective obligations to effect the merger are satisfied or are waived by the party entitled to do so, Independent anticipates that the merger will be completed in the late fourth quarter of 2015, although delays could occur.

Grand Bank and Independent cannot assure you that the necessary shareholder and regulatory approvals will be obtained or that the other conditions to completion of the merger can or will be satisfied. See Risk Factors The merger may not be completed on page 28.

Exchange of Grand Bank Stock Certificates (page 58)

Approximately twenty days prior to closing, you will receive a letter and instructions from Wells Fargo Shareowner Services, acting in its role as Independent s exchange agent and stock transfer agent, or the exchange agent, describing the procedures for surrendering your stock certificates representing shares of Grand Bank common stock in exchange for shares of Independent common stock and cash. If you surrender your certificate representing shares of Grand Bank common stock and properly completed transmittal materials at least two days prior to closing, then Independent will use its best efforts to cause the exchange agent to mail the merger consideration to you within five business days following the effective time of the merger. If you surrender your certificates and transmittal materials after two business day prior to closing, Independent will use its best efforts to cause the exchange agent to deliver the merger consideration to you promptly, with the intent that the exchange agent will mail the merger consideration to you within ten business days following receipt of the surrendered certificates and transmittal materials. You must carefully review and complete these transmittal materials and return them as instructed along with your stock certificates for Grand Bank common stock. Please do not send Grand Bank or Independent any stock certificates for your shares of Grand Bank common stock until you receive these instructions. Share certificates delivered to the exchange agent without a properly completed letter of transmittal will be rejected and returned for corrective action.

The shares of Independent common stock issuable in exchange for the shares of Grand Bank common stock will be issued solely in uncertificated book-entry form and a holder s shares of Independent common stock will be reflected in the shareholder s account established in the Direct Registration System of the Depositary Trust Company, or DTC, by Independent s stock transfer agent. You will receive a statement to this effect from the transfer agent as part of the delivery of the merger consideration. You may then contact your broker and arrange for the transfer of shares to your brokerage account should you desire to do so.

Conditions to Completion of the Merger (page 64)

The completion of the merger depends on a number of conditions being satisfied. These include, among others:

- approval of the reorganization agreement and the merger by the shareholders of Grand Bank by the requisite vote;

accuracy of each party s representations and warranties contained in the reorganization agreement as of the closing date of the merger;

receipt of all required governmental approvals of the merger in a manner that does not impose any material adverse requirement upon Independent or its subsidiaries, including any requirement to sell or dispose of any significant amount of assets, which is reasonably unacceptable to Independent;

receipt of all required consents, approvals, waivers and other assurances from nongovernmental third parties;

absence of certain litigation regarding either party;

absence of any material adverse change in the financial condition, assets, properties, liabilities, reserves, business or results of operations of either party;

performance or compliance in all material respects by each party with its respective covenants and obligations required by the reorganization agreement;

registration with the SEC of the shares of Independent common stock to be issued to shareholders of Grand Bank;

authorization for listing on the NASDAQ Global Select Market of the shares of Independent common stock to be issued to shareholders of Grand Bank;

Grand Bank s tangible book value, as of the closing date, being at least $39.0 million;

Grand Bank s allowance for loan losses, as of the closing date, being equal to at least $2.5 million;

the daily volume weighted average of the sales price per share of Independent common stock on the NASDAQ Global Select Market over a ten consecutive trading day period ending on and including the third trading day prior to the closing date being at least $35.0128 and not more than $52.5192;

termination of all Grand Bank employee benefit plans;

delivery of the merger consideration by Independent to the exchange agent;

the receipt by Independent of an opinion from Andrews Kurth LLP to the effect that for federal income tax purposes the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code, and (ii) each of Independent, Independent Bank and Grand Bank will be a party to such reorganization within the meaning of Section 368(b) of the Code; and

the exercise of statutory dissenters rights by the holders of no more than five percent of the shares of Grand Bank common stock.

Additionally, the completion of the merger depends on the execution of the following agreements, but those agreements will not become effective until the effective time of the merger:

- execution of releases from each of the directors and certain officers of Grand Bank, releasing Grand Bank and its successors from any and all claims of such directors and officers, subject to certain limited exceptions;

- execution of resignations from each of the directors of Grand Bank, resigning from the board of directors of Grand Bank; and

- execution of amendments to the executive medical agreements between Grand Bank and Roy Gene Evans and D. Michael Redden releasing Grand Bank from further liability under the executive medical agreements in exchange for a lump-sum payment from Grand Bank.

Any condition to the completion of the merger, other than the required shareholder and regulatory approvals and the absence of an order prohibiting the merger, may be waived in writing by the party to the reorganization agreement entitled to the benefit of such condition. A party to the reorganization agreement could choose to complete the merger even though a condition has not been satisfied, as long as permitted by law. Independent cannot be certain when or if the conditions to the merger will be satisfied or waived, or that the merger will be completed.

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Regulatory Approvals Required for the Merger (page 79)

The acquisition of Grand Bank by Independent requires the approval of the Board of Governors of the Federal Reserve System, or the Federal Reserve. In addition, the merger requires the approval of the Federal Deposit Insurance Corporation, or the FDIC, and the TDB. On August 27, 2015, Independent, Independent Bank and Grand Bank filed applications with the Federal Reserve, the FDIC and the TDB to obtain approval of the transaction. Independent expects to obtain all necessary regulatory approvals, although Independent cannot be certain if or when Independent will obtain them.

Amendments or Waiver of the Reorganization Agreement (page 71)

Independent and Grand Bank may amend the reorganization agreement and each party may waive its right to require the other party to adhere to any term or satisfy any condition of the reorganization agreement. However, the merger consideration to be received by the shareholders of Grand Bank pursuant to the terms of the reorganization agreement may not be decreased after the approval of the reorganization agreement without the further approval of the Grand Bank shareholders.

No Solicitation (page 63)

Pursuant to the reorganization agreement, Grand Bank has agreed that it will not, and that it will cause its employees, directors, officers, financial advisors or agents not to, solicit, knowingly encourage, initiate or participate in any negotiations or discussions with any third party regarding an acquisition proposal, disclose to any third party any information concerning its business, properties, books or records in connection with any acquisition proposal, or cooperate with any third party to make any acquisition proposal. Grand Bank has also agreed that, promptly upon receipt of any unsolicited offer, it will communicate to Independent the terms of any proposal or request for information and the identity of the parties involved.

Provided that Grand Bank has complied with the foregoing restrictions, if prior to obtaining shareholder approval of the merger, Grand Bank receives a bona fide, unsolicited written acquisition proposal, it may engage in negotiations and discussions with, and furnish any information and other access to, any person making such acquisition proposal if, and only if, Grand Bank s board of directors determines in good faith, after consultation with outside legal and financial advisors, that such acquisition proposal is or is reasonably capable of becoming a superior offer to the merger with Independent Bank and the failure of Grand Bank s board of directors to furnish such information or access or enter into such discussions or negotiations would reasonably be expected to be a violation of its fiduciary duties to the shareholders of Grand Bank; provided further that Grand Bank obtains an appropriately executed confidentiality agreement from the person making the acquisition proposal before furnishing any material nonpublic information to that person.

Termination of the Reorganization Agreement (page 71)

Independent and Grand Bank can mutually agree at any time to terminate the reorganization agreement without completing the merger. In addition, either Independent or Grand Bank may decide, without the consent of the other, to terminate the reorganization agreement if:

- the conditions to such party s obligations to close have not been satisfied on or before December 31, 2015; subject to a unilateral 30-day extension by either party for the receipt of regulatory approvals and provided that the terminating party is not in breach of the reorganization agreement;

any of the transactions contemplated by the reorganization agreement or by any other agreement contemplated by the reorganization agreement are disapproved by any regulatory agency whose approval is required to consummate those transactions; or

if the reorganization agreement and merger are not approved by the shareholders of Grand Bank at the special meeting.

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Grand Bank may terminate the reorganization agreement, without the consent of Independent, if:

Independent breaches or fails to perform in any material respect any of its representations, warranties, covenants or other agreements contained in the reorganization agreement or any other agreement contemplated by the reorganization agreement, and such failure has not been cured within a period of 30 calendar days after written notice from Grand Bank;

at any time prior to the special meeting in order to enter into, concurrently with such termination, an acquisition agreement or similar agreement with respect to a superior proposal that has been received and considered by Grand Bank and the Grand Bank board in accordance with all of the requirements of the reorganization agreement; or

there has been any material adverse change in the financial condition, assets, properties, liabilities, reserves, business or results of operations of Independent since March 31, 2015.

In addition, Independent may terminate the reorganization agreement, without the consent of Grand Bank, if:

Grand Bank breaches or fails to perform in any material respect any of its representations, warranties, covenants or agreements contained in the reorganization agreement or any other agreement contemplated by the reorganization agreement, and such failure has not been cured within a period of 30 calendar days after written notice from Independent;

the Grand Bank board has (i) recommended to the holders of Grand Bank common stock that they tender their shares in a tender or exchange offer commenced by an unaffiliated third party for more than 15% of the outstanding Grand Bank common stock, (ii) effected a change in the board s recommendation with respect to the merger or recommended to the Grand Bank shareholders acceptance or approval of any alternative acquisition proposal, (iii) notified Independent in writing that Grand Bank is prepared to accept a superior proposal, or (iv) resolved to do any of the foregoing;

any of the following have occurred with respect to environmental matters regarding Grand Bank: (i) the factual substance of any of the environmental representations and warranties of Grand Bank in the reorganization agreement is not materially true and accurate, (ii) the results of any environmental inspection or other environmental survey are disapproved by Independent because such inspection or survey identifies a material or potential material violation of applicable environmental laws, (iii) Grand Bank refuses to allow such an inspection or survey in a manner that Independent reasonably considers necessary, (iv) such an inspection or survey identifies an event, condition or circumstance that would or potentially could reasonably be expected to require a material remedial or cleanup action or result in a material adverse change in the financial condition, assets, properties, liabilities, reserves, business or results of operations of Grand Bank since March 31, 2015, (v) such an inspection or survey reveals the presence of any underground or above ground storage tank in, on or under any real property owned or leased by Grand Bank that is not shown to be in material compliance with all applicable environmental laws, or that has had a release of petroleum or some other hazardous material that has not been cleaned up to the satisfaction of the relevant governmental authority or any other party with a right to compel such cleanup, or (vi) such an inspection or survey identifies the presence of any asbestos-containing material in, on or under any real property owned or leased by Grand Bank, the removal of which could reasonably be expected to result in a material adverse change in the financial condition, assets, properties, liabilities, reserves, business or results of operations of Grand Bank since March 31, 2015, subject, in the case of each of the foregoing, to notice to and the right of Grand Bank to correct any such matter to Independent s reasonable satisfaction within 30 days of receipt of notice;

Independent determines, in good faith after consulting with counsel, there is a substantial likelihood that any necessary regulatory approval will not be obtained or will be obtained only upon one or more conditions that make it inadvisable to proceed with the transactions; or

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there has been any material adverse change in the financial condition, assets, properties, liabilities, reserves, business or results of operations of Grand Bank since March 31, 2015.

Termination Fee (page 72)

To compensate Independent for entering into the reorganization agreement, taking actions to consummate the transactions contemplated by the reorganization agreement and incurring the related costs and expenses and other losses and expense, including foregoing the pursuit of other opportunities, Grand Bank has agreed to pay Independent a $2.8 million termination fee, provided that Independent is not in material breach of any covenant or obligation under the reorganization agreement, if the reorganization agreement is terminated:

by Grand Bank at any time prior to the special meeting in order to enter into, concurrently with such termination, an acquisition agreement or similar agreement with respect to a superior proposal that has been received and considered by Grand Bank and the Grand Bank board in accordance with all of the requirements of the reorganization agreement;

by either Independent or Grand Bank if the reorganization agreement and the merger are not approved by the shareholders of Grand Bank at the special meeting and at the time of such failure to approve, there exists an acquisition proposal with respect to Grand Bank other than that of Independent that has not been withdrawn prior to the special meeting; or

by Independent if the Grand Bank board has (i) recommended to the holders of Grand Bank common stock that such holders tender their shares in a tender or exchange offer commenced by an unaffiliated third party for more than 15% of the outstanding Grand Bank common stock, (ii) effected a change in the board s recommendation regarding the merger or recommended to the Grand Bank shareholders acceptance or approval of any alternative acquisition proposal, (iii) notified Independent in writing that Grand Bank is prepared to accept a superior proposal, or (iv) resolved to do any of the foregoing.

Financial Interests of Directors and Executive Officers of Grand Bank in the Merger (page 73)

Some of the directors and executive officers of Grand Bank have interests in the merger that differ from, or are in addition to, their interests as shareholders of Grand Bank. These interests include:

as a condition to the merger, Independent has required that executive officers Lee Dinkel and Mark Wells enter into employment agreements, effective upon completion of the merger, that include noncompetition and nonsolicitation obligations to Independent Bank and pursuant to which each executive officer is entitled to receive a completion bonus, salary, annual bonus and certain additional incentives from Independent Bank;

Grand Bank plans to pay retention bonuses in the aggregate amount of approximately $2.2 million to executive officers of Grand Bank, all of which are directors, in connection with the completion of the merger. These payments will reduce the tangible book value of Grand Bank for the purpose of calculating the merger consideration payable to shareholders of Grand Bank;

as a condition to the merger, Independent has required that each of Roy Gene Evans and D. Michael Redden, who are directors and executive officers of Grand Bank, enter into a consulting agreement, effective upon completion of the merger, that includes noncompetition and nonsolicitation obligations to Independent Bank and pursuant to which each of Mr. Evans and Mr. Redden is entitled to receive a monthly consulting fee from Independent Bank and is eligible to receive an incentive bonus from Independent Bank;

as a condition to the merger, Independent has required that each outside director of Grand Bank (Tyler Cooper, Jack W. Evans, Jr., Al Goode, Pete Schenkel and James W. Williford) enter into a Director Support Agreement that includes noncompetition, nonsolicitation, and business relationship obligations in consideration of an aggregate $250,000 of payments made to these individuals by Independent;

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each of Roy Gene Evans and D. Michael Redden is a party to an executive medical agreement with Grand Bank, which were entered into in 2003, that provides for Grand Bank to provide lifetime medical insurance coverage to Mr. Evans, Mr. Redden and their spouses, or pay the costs for the provision of lifetime medical insurance coverage under individual health insurance policies. As a condition to the merger, Independent has required that each of Mr. Evans and Mr. Redden execute amendments to the executive medical agreements releasing Grand Bank from further liability under the executive medical agreements, effective at the closing of the merger, in exchange for lump-sum payments from Grand Bank. The aggregate amount of the lump sum payments to be made by Grand Bank is $1,240,242, of which $244,939 has been previously accrued. Grand Bank will make the lump sum payments to these directors and executive officers in connection with the completion of the merger. These payments will reduce the tangible book value of Grand Bank for the purpose of calculating the merger consideration payable to shareholders of Grand Bank; and

the directors and executive officers of Grand Bank will receive indemnification from Independent for a period of four years after completion of the merger to the same extent and subject to the conditions set forth in the articles of association and bylaws of Grand Bank and continued director and officer liability coverage for a period of four years after completion of the merger. Any amounts paid by Grand Bank to purchase continued director and officer liability coverage will reduce the tangible book value of Grand Bank for the purpose of calculating the merger consideration payable to shareholders of Grand Bank.

Comparison of Rights of Shareholders of Grand Bank and Independent (page 97)

Grand Bank is a Texas banking association, and the rights of shareholders of Grand Bank are governed by Texas law and Grand Bank s articles of association and bylaws. Independent is a Texas corporation that is a registered bank holding company, and the rights of Independent s shareholders are governed by Texas law and Independent s certificate of formation and bylaws. Upon completion of the merger, shareholders of Grand Bank will become shareholders of Independent and their rights as shareholders of Independent will be governed by Independent s certificate of formation and bylaws, in addition to Texas law. Independent s certificate of formation and bylaws will not be amended in the merger, but could be later restated, amended or, as regards the bylaws, repealed.

Dissenters Rights of Grand Bank Shareholders (page 79)

As a holder of Grand Bank common stock, you have the right under Texas law to dissent from the merger and have the appraised fair value of your shares of Grand Bank common stock as of the date immediately preceding the effective date of the merger paid to you in cash. The appraised fair value may be more or less than the value of the shares of Independent common stock and cash shareholders of Grand Bank will receive for their Grand Bank shares in the merger.

In order to dissent, you must carefully follow the requirements of the TBOC, including providing Grand Bank, prior to the special meeting, with a written objection to the merger that states that you will exercise your right to dissent if the Grand Bank shareholders approve the reorganization agreement and the merger is completed. These steps for perfecting your right of dissent are summarized under the caption Dissenters Rights of Grand Bank Shareholders on page 79. The provisions of the TBOC pertaining to dissenters rights are attached to this proxy statement/prospectus as Appendix C and the summaries of those provisions in this proxy statement/prospectus should be read in conjunction with, and are qualified by, those provisions of the TBOC.

If you intend to exercise dissenters rights, you should read the provisions of the TBOC governing dissenters rights carefully and consult with your own legal counsel. You should also remember that if you return

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a signed proxy card, but fail to provide instructions as to how your shares of Grand Bank common stock are to be voted, you will be considered to have voted in favor of the reorganization agreement. In that event, you will not be able to assert dissenters rights.

If the Grand Bank shareholders approve the reorganization agreement, a holder of Grand Bank common stock who delivers to the president and the secretary of Grand Bank a written objection to the merger prior to the special meeting that states that such holder will exercise his or her right to dissent if the reorganization agreement is approved and the merger is completed and includes an address for notice of the effectiveness of the merger, who votes his or her shares of Grand Bank common stock against approval of the reorganization agreement at the special meeting, who, not later than the 20^{th} day after Independent sends such holder notice that the merger was completed, delivers to the president and secretary of Independent a written demand for payment of the fair value of his or her shares of Grand Bank common stock that states the number and class of shares of Grand Bank common stock such holder owns, his or her estimate of the fair value of such stock and an address to which a notice relating to the dissent and appraisal procedures may be sent, and who, not later than the 20^{th} day after he or she makes that demand for payment, submits to Independent the certificates representing his or her shares of Grand Bank common stock will be entitled under the TBOC to receive the appraised fair value of his or her shares of Grand Bank common stock, as of the date immediately prior to the effective time of the merger, in cash under the TBOC.

Selected Financial Information of Independent

The following selected historical consolidated financial information of Independent as of and for the six months ended June 30, 2015 and 2014 has been derived from Independent s unaudited consolidated financial statements as of June 30, 2015, and for the six months ended June 30, 2015 and 2014, incorporated by reference in this proxy statement/prospectus. The following selected consolidated financial information of Independent as of June 30, 2014, has been derived from Independent s unaudited consolidated financial statements not incorporated by reference in this proxy statement/prospectus. The following selected consolidated financial information of Independent as of December 31, 2014 and 2013, and for the years ended December 31, 2014, 2013 and 2012, has been derived from Independent s audited consolidated financial statements incorporated by reference in this proxy statement/prospectus. The selected consolidated financial information as of December 31, 2012, 2011 and 2010, and for the years ended December 31, 2011 and 2010, has been derived from Independent s audited consolidated financial statements not incorporated by reference in this proxy statement/prospectus.

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You should read the following financial information relating to Independent in conjunction with other information contained in this proxy statement/prospectus, including consolidated financial statements of Independent and related accompanying notes incorporated by reference in this proxy statement/prospectus. Independent s historical results for any prior period are not necessarily indicative of results to be expected in any future period, and Independent s historical results for the six months ended June 30, 2015, are not necessarily indicative of its results to be expected for all of 2015. Independent has consummated several acquisitions in recent fiscal periods. The results and other financial information of those acquired operations are not included in the table below for the periods or dates prior to their respective acquisition dates and, therefore, the results for these prior periods are not comparable in all respects and may not be predictive of Independent s future results. In addition, the selected financial information in the table immediately below does not include, on any basis, the results or financial condition for any period or as of any date of Grand Bank or of any other entity the acquisition of which may be consummated by Independent after June 30, 2015.

	As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
(dollars in thousands except per share)	(unaudited)						
Selected Income Statement Data							
Interest income	$ 83,483	$ 60,240	$ 140,132	$ 87,214	$ 71,890	$ 59,639	$ 51,734
Interest expense	9,625	6,701	15,987	12,281	13,337	13,358	13,669
Net interest income	73,858	53,539	124,145	74,933	58,553	46,281	38,065
Provision for loan losses	3,329	2,632	5,359	3,822	3,184	1,650	4,043
Net interest income after provision for loan losses	70,529	50,907	118,786	71,111	55,369	44,631	34,022
Noninterest income (excluding acquisition gains)	8,075	5,453	13,624	11,021	9,168	7,708	5,464
Gain on acquisitions							6,692
Noninterest expense	48,841	41,419	88,512	57,671	47,160	38,639	33,062
Income tax expense	9,740	5,021	14,920	4,661			
Net income	20,023	9,920	28,978	19,800	17,377	13,700	13,116
Preferred stock dividends	120	49	169				
Net income available to common shareholders	19,903	9,871	28,809	19,800	17,377	13,700	13,116
Pro forma net income[(1)] (unaudited)	n/a	n/a	n/a	16,174	12,147	9,357	8,775

Per Share Data (Common Stock)[2]							
Earnings:							
Basic	$ 1.16	$ 0.70	$ 1.86	$ 1.78	$ 2.23	$ 2.00	$ 1.95
Diluted[3]	1.16	0.69	1.85	1.77	2.23	2.00	1.95
Pro forma earnings:[1] (unaudited)							
Basic	n/a	n/a	n/a	1.45	1.56	1.37	1.31
Diluted[3]	n/a	n/a	n/a	1.44	1.56	1.37	1.31
Dividends[4]	0.16	0.12	0.24	0.77	1.12	0.89	0.63
Book value[5]	31.30	28.54	30.35	18.96	15.06	12.55	11.13
Tangible book value[6]	17.18	15.22	16.15	15.89	11.19	10.53	9.01
Selected Period End Balance Sheet Data							
Total assets	$ 4,375,727	$ 3,654,311	$ 4,132,639	$ 2,163,984	$ 1,740,060	$ 1,254,377	$ 1,098,216
Cash and cash equivalents	424,196	192,528	324,047	93,054	102,290	56,654	86,346
Securities available for sale	180,465	249,856	206,062	194,038	113,355	93,991	52,611
Total loans (gross)	3,381,847	2,850,043	3,205,537	1,726,543	1,378,676	988,671	860,128
Allowance for loan losses	21,764	16,219	18,552	13,960	11,478	9,060	8,403
Goodwill and core deposit intangible	241,534	217,954	241,912	37,852	31,993	13,886	14,453
Noninterest-bearing deposits	886,087	711,475	818,022	302,756	259,664	168,849	133,307
Interest-bearing deposits	2,581,397	2,141,943	2,431,576	1,407,563	1,131,076	861,635	794,236
Borrowings (other than junior subordinated debentures)	271,504	281,105	306,147	195,214	201,118	118,086	75,656
Junior subordinated debentures[7]	18,147	18,147	18,147	18,147	18,147	14,538	14,538
Series A Preferred Stock	23,938	23,938	23,938				
Total stockholders equity	559,447	491,091	540,851	233,772	124,510	85,997	76,044

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	As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
(dollars in thousands except per share)	(unaudited)						
Selected Performance Metrics[8]							
Return on average assets[9]	0.96%	0.70%	0.87%	1.04%	1.17%	1.16%	1.35%
Return on average equity[9]	7.27	5.64	6.65	9.90	16.54	17.36	19.19
Return on average common equity[9]	7.60	5.80	6.89	9.90	16.54	17.36	19.19
Pro forma return on average assets[1][9] (unaudited)	n/a	n/a	n/a	0.85	0.82	0.79	0.91
Pro forma return on average equity[1][9] (unaudited)	n/a	n/a	n/a	8.09	11.56	11.86	12.84
Net interest margin[10]	4.08	4.23	4.19	4.30	4.40	4.42	4.43
Efficiency ratio[11]	59.61	70.21	64.25	67.10	69.64	71.57	75.95
Dividend payout ratio[12]	13.79	17.14	12.90	14.20	11.89	13.26	13.54
Credit Quality Ratios							
Nonperforming assets to total assets	0.37%	0.35%	0.36%	0.58%	1.59%	2.85%	2.19%
Nonperforming loans to total loans[13]	0.40	0.32	0.32	0.53	0.81	1.14	1.89
Allowance for loan losses to nonperforming loans[13]	163.12	177.86	183.43	152.93	104.02	80.32	51.93
Allowance for loan losses to total loans	0.64	0.57	0.58	0.81	0.83	0.92	0.98
Net charge-offs to average loans outstanding (unaudited)	0.01	0.03	0.03	0.09	0.06	0.11	0.31
Capital Ratios							
Common equity Tier 1 capital[14]	8.43%	n/a	n/a	n/a	n/a	n/a	n/a
Tier 1 capital to average assets	8.50	9.07%	8.15%	10.71%	6.45%	6.89%	6.98%
Tier 1 capital to risk-weighted assets[14]	9.60	10.21	9.83	12.64	8.22	8.59	8.88
Total capital to risk-weighted assets[14]	12.14	11.00	12.59	13.83	10.51	11.19	11.10
Total stockholders equity to total assets	12.79	13.44	13.09	10.80	7.16	6.86	6.92
Total common equity to total assets	12.24	12.78	12.51	10.80	7.16	6.86	6.92
Tangible common equity to tangible assets[15]	7.11	7.25	7.07	9.21	5.42	5.81	5.68

(1) Prior to April 1, 2013, Independent elected to be taxed for federal income tax purposes as an S corporation under the provisions of Sections 1361 through 1379 of the Code, as amended, and, as a result, Independent did not pay

U.S. federal income taxes and has not been required to make any provision or recognize any liability for federal income tax in its consolidated financial statements for any period ending on or before March 31, 2013. As of April 1, 2013, Independent terminated its S corporation election and commenced being subject to federal income taxation as a C corporation. Independent has calculated its pro forma net income, pro forma earnings per share on a basic and diluted basis, pro forma return on average assets and pro forma return on average equity for each period presented by calculating a pro forma provision for federal income taxes using an assumed annual effective federal income tax rate of 33.9%, 30.1%, 31.7% and 33.1% for the years ended December 31, 2013, 2012, 2011 and 2010, respectively, and adjusting its historical net income for each period presented to give effect to the pro forma provision for federal income taxes for such period.

(2) The per share amounts and the weighted-average shares outstanding for each of the periods shown have been adjusted to give effect to the 3.2-for-one split of the shares of Independent s common stock that was effective as of February 22, 2013.

(3) Independent calculates its diluted earnings per share for each period shown as its net income divided by the weighted-average number of its common shares outstanding during the relevant period adjusted for the dilutive effect of its outstanding warrants to purchase shares of common stock. The increase in the shares outstanding in 2013 largely relates to the Company s initial public offering and the increase in 2014 and the six months ended June 30, 2015, largely relates to shares issued in three acquisitions completed in 2014. Earnings per share on a basic and diluted basis and pro forma earnings per share on a basic and diluted basis were calculated using the following outstanding share amounts:

	As of June 30,		As of December 31,				
	2015	2014	2014	2013	2012	2011	2010
Weighted average shares outstanding basic	16,740,881	13,951,830	15,208,544	10,921,777	7,626,205	6,668,534	6,518,224
Weighted average shares outstanding diluted	16,823,733	14,053,343	15,306,998	10,990,245	7,649,366	6,675,078	6,518,224

(4) Dividends declared include quarterly cash distributions paid to Independent s shareholders in the relevant period to provide them with funds to pay their federal income tax liabilities incurred as a result of the pass-through of Independent s net taxable income for the first three months of the year ended December 31, 2013, and for each other such period shown to its shareholders as holders of shares in an S corporation for federal income tax purposes. The aggregate amounts of such cash distributions relating to the payment of tax liabilities were $0.00 per share, $.0.52 per share, $0.85 per share, $0.63 per share, and $0.36 per share for the years ended December 31, 2014, 2013, 2012, 2011 and 2010, respectively.

(5) Book value per share equals Independent s total stockholders equity (excluding preferred stock) as of the date presented divided by the number of shares of its common stock outstanding as of the date presented. The number of shares of its common stock outstanding as of June 30, 2015 and 2014, was 17,108,394 and 16,370,707, respectively, and as of December 31, 2014, 2013, 2012, 2011 and 2010 was 17,032,669 shares, 12,330,158 shares, 8,269,707 shares, 6,850,288 shares and 6,832,323 shares, respectively.

(6) Independent calculates tangible book value per share as of the end of a period as total stockholders equity (excluding preferred stock) less goodwill and other intangible assets at the end of the relevant period divided by the outstanding number of shares of its common stock at the end of that period. Tangible book value is a non-GAAP financial measure, and, as Independent calculates tangible book value, the most directly comparable GAAP financial measure is total stockholders equity. Independent believes that the presentation of tangible book value per share provides useful information to investors regarding Independent s financial condition because, as do Independent s management, banking regulators, many financial analysts and other investors, you can use the tangible book value in conjunction with more traditional bank capital ratios to assess Independent s capital adequacy without the effect of Independent s goodwill and other intangible assets and compare Independent s capital adequacy with the capital adequacy of other banking organizations with significant amounts of goodwill and/or other intangible assets, which typically stem from the use of the purchase accounting method of accounting for mergers and acquisitions. A reconciliation of tangible book value to total stockholders equity is presented below.

(7) Each of five wholly owned, but nonconsolidated, subsidiaries of Independent holds a series of Independent s junior subordinated debentures purchased by the subsidiary in connection with, and paid for with the proceeds of, the issuance of trust issued preferred securities by that subsidiary. Independent has guaranteed the payment of the amounts payable under each of those issues of trust preferred securities.

(8) The values for the selected performance metrics presented for the six months ended June 30, 2015 and 2014, other than the dividend payout ratio, are annualized.

(9) Independent has calculated its return on average assets and return on average equity for a period by dividing net income available to common shareholders for that period by its average assets and average equity, as the case may be, for that period. Independent has calculated its pro forma return on average assets and pro forma return on average equity for a period by calculating its pro forma net income for that period as described in note 1 above and dividing that by its average assets and average equity, as the case be, for that period. Independent calculates its average assets and average equity for a period by dividing the sum of its total asset balance or total stockholders equity balance, as the case may be, as of the close of business on each day in the relevant period and dividing by the number of days in the period. Independent calculates its return on average common equity by excluding the preferred stock dividends to derive at net income available to common shareholders and excluding the average balance of its Series A preferred stock from the total average equity to derive at common average equity.

(10) Net interest margin for a period represents net interest income for that period divided by average interest-earning assets for that period.

(11) Efficiency ratio for a period represents noninterest expenses for that period divided by the sum of net interest income and noninterest income for that period, excluding bargain purchase gains recognized in connection with certain of Independent s acquisitions and realized gains or losses from sales of investment securities for that period.

(12) Independent calculates its dividend payout ratio for each period presented as the dividends paid per share for such period (excluding cash distributions made to shareholders in connection with tax liabilities as described in note 4 above) divided by its basic earnings per share for such period.

(13) Nonperforming loans include nonaccrual loans, loans past due 90 days or more and still accruing interest, and accruing loans modified under troubled debt restructurings.

(14) For December 31, 2014, 2013, 2012, 2011 and 2010, and June 30, 2014, Independent calculated its risk-weighted assets using the standardized method of the Basel II Framework, as implemented by the Federal Reserve and the FDIC. Effective January 1, 2015, Independent became subject to the Basel III Capital Rules. These rules revise the regulatory capital elements, add a new common equity Tier 1 capital ratio, increase the minimum Tier 1 capital ratio requirements and implement a new capital conservation buffer. The ratios as of June 30, 2015, were calculated under the new Basel III Framework.

(15) Independent calculates common equity as of the end of the period as total stockholders equity less the preferred stock at period end. Independent calculates tangible common equity as of the end of a period as total stockholders

equity (excluding preferred stock) less goodwill and other intangible assets as of the end of the period and calculates tangible assets as of the end of a period as total assets less goodwill and other intangible assets as of the end of the period. Tangible common equity to tangible assets is a non-GAAP financial measure, and as Independent calculates tangible common equity to tangible assets, the most directly comparable GAAP financial measure is total stockholders equity to total assets.

Independent believes that the presentation of tangible common equity to tangible assets provides useful information to investors regarding Independent s financial condition because, as do Independent s management, banking regulators, many financial analysts and other investors, you can use the tangible common equity in conjunction with more traditional bank capital ratios to assess Independent s capital adequacy without the effect of Independent s goodwill and core deposit intangibles and compare Independent s capital adequacy with the capital adequacy of other banking organizations with significant amounts of goodwill and/or core deposit intangibles. A reconciliation of the ratios of tangible common equity to tangible assets to the ratios of total stockholders equity to total assets is presented below.

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Reconciliations of Non-GAAP Financial Measures

The following information reconciles: (i) Independent s tangible book value per common share, a non-GAAP financial measure, as of the dates presented to Independent s book value per common share, a financial measure calculated and presented in accordance with GAAP, as of the dates presented; and (ii) our ratio of tangible common equity to tangible assets, a non-GAAP financial measure, as of the dates presented to Independent s ratios of total stockholders equity to total assets, a financial measure calculated and presented in accordance with GAAP, as of the dates presented.

	June 30,		December 31,				
	2015	**2014**	**2014**	**2013**	**2012**	**2011**	**2010**
(dollars in thousands except per share)	**(unaudited)**						
Tangible Common Equity							
Total common stockholders equity	$ 535,509	$ 467,153	$ 516,913	$ 233,772	$ 124,510	$ 85,997	$ 76,044
Adjustments:							
Goodwill	(229,818)	(207,175)	(229,457)	(34,704)	(28,742)	(11,222)	(11,222)
Core deposit intangibles	(11,716)	(10,779)	(12,455)	(3,148)	(3,251)	(2,664)	(3,231)
Tangible Common Equity	$ 293,975	$ 249,199	$ 275,001	$ 195,920	$ 92,517	$ 72,111	$ 61,591
Common shares outstanding	17,108,394	16,370,707	17,032,669	12,330,158	8,269,707	6,850,288	6,832,323
Book value per common share	$ 31.30	$ 28.54	$ 30.35	$ 18.96	$ 15.06	$ 12.55	$ 11.13
Tangible book value per common share	17.18	15.22	16.15	15.89	11.19	10.53	9.01
Tangible Assets							
Total assets-GAAP	$ 4,375,727	$ 3,654,311	$ 4,132,639	$ 2,163,984	$ 1,740,060	$ 1,254,377	$ 1,098,216

Adjustments:							
Goodwill	(229,818)	(207,175)	(229,457)	(34,704)	(28,742)	(11,222)	(11,222)
Core deposit intangibles	(11,716)	(10,779)	(12,455)	(3,148)	(3,251)	(2,664)	(3,231)
Tangible Assets	$ 4,134,193	$ 3,436,357	$ 3,890,727	$ 2,126,132	$ 1,708,067	$ 1,240,491	$ 1,083,763
Total common stockholders equity to total assets	12.24%	12.78%	12.51%	10.80%	7.16%	6.86%	6.92%
Tangible common equity to tangible assets	7.11	7.25	7.07	9.21	5.42	5.81	5.68

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Selected Financial Information of Grand Bank

The following selected historical financial information of Grand Bank for the capital ratios described below as of and for the six months ended June 30, 2015 and 2014 has been derived from Grand Bank s unaudited financial statements as of and for the six months ended June 30, 2015 and 2014, which Grand Bank s management believes reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of its financial position and results of operations as of and for the periods ended on such dates. The following selected historical financial information of Grand Bank as of and for each of the five years ended December 31, 2014, has been derived from Grand Bank s audited financial statements. Grand Bank s historical results for any prior period are not necessarily indicative of results to be expected in any future period, and Grand Bank s historical results for the six months ended June 30, 2015, are not necessarily indicative of its results to be expected for all of 2015. Consistent with the rules of the SEC, Grand Bank s financial statements are not presented in this proxy statement/prospectus.

	As of and for the Six Months Ended June 30,		**As of and for the Year Ended December 31,**				
	2015	**2014**	**2014**	**2013**	**2012**	**2011**	**2010**
	(unaudited)						
(dollars in thousands except per share)							
Selected Income Statement Data							
Interest income	$ 7,032	$ 5,842	$ 12,097	$ 11,333	$ 10,738	$ 9,977	$ 10,727
Interest expense	810	908	1,743	1,906	1,990	2,436	3,199
Net interest income	6,222	4,934	10,354	9,427	8,748	7,541	7,528
Provision for loan losses	150			(300)	15		18
Net interest income after provision for loan losses	6,072	4,934	10,354	9,727	8,733	7,541	7,510
Noninterest income	675	419	910	951	495	153	708
Noninterest expense	4,578	4,221	8,543	7,828	6,921	6,313	5,995
Net income	2,169	1,132	2,721	2,850	2,307	1,381	2,223
Tax exempt income[(1)] (unaudited)	20	31	54	61	32	21	7
Pro forma book income before taxes[(1)] (unaudited)	2,149	1,101	2,667	2,789	2,275	1,360	2,216
Estimated tax provision[(1)] (unaudited)	731	374	907	948	774	462	753
	$ 1,438	$ 758	$ 1,814	$ 1,902	$ 1,534	$ 919	$ 1,470

Pro forma net income[1] (unaudited)							
Effective tax rate[1] (unaudited)	34%	33%	33%	33%	34%	33%	34%
Per Share Data (Common Shares)[2]							
Earnings							
Basic[2]	$ 1.26	$ 0.66	$ 1.58	$ 1.65	$ 1.35	$ 0.81	$ 1.30
Diluted	1.22	0.64	1.54	1.63	1.34	0.80	1.26
Pro forma earnings:							
Basic[2]	0.83	0.44	1.05	1.10	0.90	0.54	0.86
Diluted	0.81	0.43	1.03	1.09	0.89	0.53	0.83
Distributions			1,035	966	897	546	989
Book value per share[3]	24.11	22.34	22.70	21.41	20.96	19.82	18.91
Tangible book value per share[4]	24.11	22.34	22.70	21.41	20.96	19.82	18.91
Selected Period End Balance Sheet Data							
Total assets	$ 608,837	$ 532,680	$ 530,498	$ 513,905	$ 538,099	$ 427,716	$ 411,140
Cash and cash equivalents	157,999	185,257	85,671	164,417	200,607	106,298	115,627
Interest bearing time deposits in banks	117,300	74,591	104,860	50,911	41,192	60,922	98,036
Securities available for sale	79,762	57,297	94,206	86,136	109,032	97,735	74,251
Total loans (gross)	248,840	212,016	244,156	210,128	184,830	161,367	122,074
Allowance for loan losses	2,575	2,425	2,425	2,425	2,725	2,700	2,700
Goodwill and core deposit intangible							
Other real estate owned							
Noninterest-bearing deposits	211,612	183,814	173,799	147,313	156,995	91,344	76,008
Interest-bearing deposits	295,893	246,853	254,405	247,601	262,390	232,932	229,514
FHLB Advances	44,608	47,816	46,163	50,971	44,117	36,184	25,492
Total shareholders equity	41,599	38,536	39,162	36,947	36,155	33,799	32,256

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(dollars in thousands except per share)	As of and for the Six Months Ended June 30, 2015	2014 (unaudited)	As of and for the Year Ended December 31, 2014	2013	2012	2011	2010
Selected Performance Metrics[5]							
Return on average assets[6]	0.39%	0.22%	0.52%	0.54%	0.46%	0.33%	0.56%
Return on average equity[6]	5.34	2.99	7.03	7.68	6.48	4.14	7.04
Pro forma return on average assets[1][6]	0.26	0.15	0.35	0.36	0.30	0.22	0.37
Pro forma return on average equity[1][6]	3.54	2.00	4.69	5.12	4.31	2.75	4.65
Net interest margin[7]	2.22	1.92	2.00	1.78	1.74	1.80	1.90
Efficiency ratio[8]	66.28	78.85	75.65	75.44	74.88	82.05	78.22
Credit Quality Ratios							
Nonperforming assets to total assets[9]	0.00%	0.00%	0.00%	0.00%	0.00%	0.88%	0.00%
Nonperforming loans to total loans[9]	0.00	0.00	0.00	0.00	0.00	2.34	0.00
Allowance for loan losses to nonperforming loans[9]	0.00	0.00	0.00	0.00	0.00	71.39	0.00
Allowance for loan losses to total loans	1.03	1.14	0.99	1.15	1.47	1.67	2.21
Net charge-offs to average loans outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.16
Capital Ratios							
Tier 1 capital to average assets	7.12%	7.46%	7.32%	7.05%	6.57%	7.59%	7.89%
Tier 1 capital to risk-weighted assets[10]	13.87	16.70	14.14	16.49	17.24	19.47	24.71
Total capital to risk-weighted assets[10]	14.75	17.77	15.03	17.58	18.49	20.73	25.97
Total shareholders equity to total assets (unaudited)	6.83	7.23	7.38	7.19	6.72	7.90	7.85

(1) Grand Bank has elected to be taxed for federal income tax purposes as a Subchapter S corporation under the provisions of Sections 1361 through 1379 of the Code, as amended, for all periods presented in the table appearing immediately above, and, as a result, Grand Bank did not pay U.S. federal income taxes and has not been required to make any provision or recognize any liability for federal income tax in its financial statements. Grand Bank has calculated its pro forma net income, pro forma earnings per share, pro forma return on average assets and pro forma return on average equity for each period presented in the table above by calculating a pro forma provision for federal income taxes applying an assumed annual federal income tax rate of 34% to net taxable income (which excludes Grand Bank s significant amounts of nontaxable interest income that is derived from municipal securities), resulting in a net effective federal income tax rate of between 33% and 34% for each period, and adjusting its historical net income for each period to give effect to the pro forma provision for federal income taxes for such period.

(2)

Grand Bank calculates its earnings per share for each period shown as its net income divided by the weighted-average number of its common shares outstanding during the relevant period. Earnings per share and pro forma earnings per share were calculated using the following outstanding share amounts:

	As of June 30,		As of December 31,				
	2015	2014	2014	2013	2012	2011	2010
Weighted average shares outstanding	1,725,520	1,725,350	1,725,350	1,725,350	1,713,856	1,705,528	1,704,350

(3) Book value per share equals Grand Bank s total shareholders equity as of the date presented divided by the number of Grand Bank common shares outstanding as of the date presented. The number of Grand Bank common shares outstanding as of June 30, 2015 and 2014, was 1,725,550 shares and 1,725,350 shares, respectively, and as of December 31, 2014, 2013, 2012, 2011 and 2010, was 1,725,350 shares, 1,725,350 shares, 1,725,350 shares, 1,705,560 shares and 1,705,460 shares, respectively.

(4) Grand Bank calculates tangible book value per share as of the end of any period as total stockholders equity less goodwill and other intangible assets at the end of that period divided by the outstanding number of shares of its common stock at the end of that period. Tangible book value is a non-GAAP financial measure, and, as Grand Bank calculates tangible book value, the most directly comparable GAAP financial measure is total stockholders equity.

Grand Bank s management believes that presenting tangible book value per share provides useful information to investors regarding Grand Bank s financial condition because, as do Grand Bank s management, banking regulators, many financial analysts and other investors, you can use tangible book value in conjunction with more traditional bank capital ratios to assess Grand Bank s capital adequacy without the effect of goodwill and other intangible assets, and to compare Grand Bank s capital adequacy with that of other banking organizations with significant amounts of goodwill and/or other intangible assets, which typically result from the use of the purchase method of accounting for mergers and acquisitions.

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The following table presents, as of the dates set forth below, Grand Bank s total assets, tangible assets, total stockholders equity and tangible common equity and presents reconciliations of Grand Bank s tangible book value per common share to its book value per common share and of its ratio of tangible common equity to tangible assets to its ratio of total stockholders equity to total assets:

	As of June 30,		As of December 31,				
	2015	2014	2014	2013	2012	2011	2010
(dollars in thousands except per share data)							
Tangible Assets(11)							
Total Assets	$ 608,837	$ 532,680	$ 530,498	$ 513,905	$ 538,099	$ 427,716	$ 411,140
Adjustments:							
Goodwill							
Core deposit intangibles							
Tangible assets(11)	$ 608,837	$ 532,680	$ 530,498	$ 513,905	$ 538,099	$ 427,716	$ 411,140
Tangible Common Equity(11)							
Total stockholders equity	$ 41,599	$ 38,536	$ 39,162	$ 36,947	$ 36,155	$ 33,799	$ 32,256
Adjustments:							
Goodwill							
Core deposit intangibles							
Tangible common equity(11)	$ 41,599	$ 38,536	$ 39,162	$ 36,947	$ 36,155	$ 33,799	$ 32,256
Common shares outstanding	1,725,550	1,725,350	1,725,350	1,725,350	1,725,350	1,705,560	1,705,460
Book value per common share	$ 24.11	$ 22.34	$ 22.70	$ 21.41	$ 20.96	$ 19.82	$ 18.91
Tangible book value per common share(4)(11)	24.11	22.34	22.70	21.41	20.96	19.82	18.91
	6.83%	7.23%	7.38%	7.19%	6.72%	7.90%	7.85%

Total stockholder s equity to total assets[11]							
Tangible common equity to tangible assets[11]	6.83	7.23	7.38	7.19	6.72	7.90	7.85

(5) The values for the selected performance metrics presented for the six months ended June 30, 2015 and 2014, are annualized.

(6) Grand Bank has calculated its return on average assets and return on average equity for a period by dividing net income for that period by its average assets or average equity, respectively, for that period. Grand Bank has calculated its pro forma return on average assets and pro forma return on average equity for a period by calculating its pro forma net income for that period as described in note 1 above and dividing that by its average assets or average equity, respectively, for that period. Grand Bank calculates its average assets and average equity for a period by dividing the sum of its total asset balance or total shareholder s equity balance, respectively, as of the close of business on each day in the relevant period and dividing by the number of days in the period.

(7) Net interest margin for a period represents net interest income for that period divided by average interest-earning assets for that period.

(8) Efficiency ratio for a period represents noninterest expenses for that period divided by the sum of net interest income and noninterest income for that period, excluding realized gains or losses from sales of investment securities for that period.

(9) Nonperforming loans include nonaccrual loans, loans past due 90 days or more and still accruing interest and accruing loans modified under troubled debt restructurings. Nonperforming assets includes nonperforming loans plus other real estate owned.

(10) Grand Bank calculates its risk-weighted assets using the standardized method of the Basel II Framework, as implemented by the FDIC. Effective January 1, 2015, Grand Bank became subject to the Basel III Capital Rules. These rules revise the regulatory capital elements, add a new common equity Tier 1 capital ratio, increase the minimum Tier 1 capital ratio requirements and implement a new capital conservation buffer. The ratios as of June 30, 2015, were calculated under the new Basel III Framework.

(11) Grand Bank calculates tangible common equity as of the end of a period as total stockholders equity less goodwill and other intangible assets as of the end of the period and calculates tangible assets as of the end of a period as total assets less goodwill and other intangible assets as of the end of the period. Tangible common equity to tangible assets is a non-GAAP financial measure, and as Grand Bank calculates tangible common equity to tangible assets, the most directly comparable GAAP financial measure is total stockholders equity to total assets.

Grand Bank believes that the presentation of tangible common equity to tangible assets provides useful information to investors regarding Grand Bank s financial condition because, as do Grand Bank s management, banking regulators, many financial analysts and other investors, you can use the tangible common equity in conjunction with more traditional bank capital ratios to assess Grand Bank s capital adequacy without the effect of Grand Bank s goodwill and core deposit intangibles and compare Grand Bank s capital adequacy with the capital adequacy of other banking organizations with significant amounts of goodwill and/or core deposit intangibles.

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Comparative Stock Prices

The following table shows (1) the market value of Independent common stock at the close of business on July 22, 2015, the business day prior to the announcement of the proposed merger, and as of the most recent practicable date preceding the date of this proxy statement/prospectus and (2) the equivalent pro forma value of a share of Grand Bank common stock at such dates based on the value of the consideration to be received in the merger with respect to each share. Historical market value information regarding Grand Bank common stock is not provided because there is no active market for Grand Bank common stock.

	Independent Common Stock(1)	Equivalent Pro Forma Per Share of Grand Bank Common Stock(2)
July 22, 2015	$ 44.65	$ 43.35
September 22, 2015	$ 39.49	$ 39.92

(1) Represents the closing price of Independent common stock on the NASDAQ Global Select Market on the date indicated.

(2) Equivalent pro forma market value per share of Grand Bank common stock represents the historical market value per share of Independent common stock multiplied by the assumed exchange ratio of 0.7014 of a share of Independent common stock for each share of Grand Bank common stock and adding the assumed per-share cash consideration of $12.22, and assumes an adjusted tangible book value of Grand Bank of at least $40.0 million. Such assumed ratio was calculated based on the assumption that 1,824,304 shares of Grand Bank common stock were outstanding on the date indicated, which is the expected number of shares to be outstanding at the effective time of the merger.

For an explanation of how the Grand Bank tangible book value will be calculated, the effect on the purchase price if tangible book value is less than $40.0 million on the effective date and other estimates, please refer to Proposal to Approve the Reorganization Agreement Terms of the Merger, beginning on page 40 of this proxy statement/prospectus.

Dividends

Dividend Payments

As approved by Independent s board of directors, Independent declared and paid a cash dividend to holders of Independent common stock in each quarter since the third quarter of 2013. Independent intends to continue to pay regular quarterly cash dividends on its common stock following the merger, when, as and if declared by the Company s board of directors out of funds legally available for that purpose and subject to regulatory restrictions. No dividends payable in the future have been declared by Independent s board of directors.

Independent s dividend policy may change with respect to the payment of dividends as a return on investment, and Independent s board of directors may change or eliminate the payment of future dividends at its discretion, without notice to Independent s shareholders. There can be no assurance that Independent will continue to pay dividends in the future. Future dividends on Independent common stock will depend upon its earnings and financial condition, liquidity and capital requirements, the general economic and regulatory climate, its ability to service any equity or debt obligations senior to the common stock (including Independent s preferred stock discussed below) and other factors deemed relevant by the board of directors of Independent.

Dividend Restrictions; Source of Strength

Under the terms of its junior subordinated debentures issued in connection with the issuance of trust preferred securities by subsidiaries of Independent, Independent is not permitted to pay any dividends on its common stock if it is in default on any payments required to be made on the junior subordinated debentures.

Independent is regarded as a legal entity separate and distinct from Independent Bank. The principal source of Independent s revenues is dividends received from Independent Bank. Texas state law places limitations on the amount that state banks may pay in dividends, which Independent Bank must adhere to when paying dividends to Independent. The Federal Reserve has issued a policy statement that provides that a bank holding company should not pay dividends unless (a) its net income over the last four quarters (net of dividends paid) has been sufficient to fully fund the dividends, (b) the prospective rate of earnings retention appears to be consistent with the capital needs, asset quality and overall financial condition of the bank holding company and its subsidiaries and (c) the bank holding company will continue to meet minimum required capital adequacy ratios. Accordingly, Independent should not pay cash dividends that exceed its net income in any year or that can only be funded in ways that weaken its financial strength, including by borrowing money to pay dividends. Regulatory authorities could impose administratively stricter limitations on the ability of Independent Bank to pay dividends to Independent if such limits were deemed appropriate to preserve certain capital adequacy requirements.

Under Federal Reserve policy, bank holding companies have historically been required to act as a source of financial and managerial strength to each of its banking subsidiaries, and the Dodd Frank Wall Street Reform and Consumer Protection Act codified this policy as a statutory requirement. Under this requirement, Independent is expected to commit resources to support Independent Bank, including at times when Independent may not be in a financial position to provide such resources. Any capital loans by a bank holding company to any of its subsidiary banks are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary banks. A bank holding company, in certain circumstances, could be required to guarantee the capital restoration plan of an undercapitalized banking subsidiary.

Dividends paid by Independent Bank have provided a substantial part of Independent s operating funds, and for the foreseeable future, it is anticipated that dividends paid by Independent Bank to Independent will continue to be Independent s principal source of operating funds. However, capital adequacy requirements serve to limit the amount of dividends that may be paid by Independent Bank. Under federal law, Independent Bank cannot pay a dividend if, after paying the dividend, it would be undercapitalized. The FDIC may declare a dividend payment to be unsafe and unsound even though Independent Bank would continue to meet its capital requirements after payment of the dividend.

Additionally, under the credit agreement between Independent and U.S. Bank National Association and Frost Bank, or the lenders, Independent cannot make any dividend payments without the prior written consent of Independent s lenders; provided, however, that, so long as no default under the credit agreement has occurred and is continuing, or will occur as a result of any such dividend, Independent may pay dividends and distributions to its shareholders as permitted by applicable governmental laws and regulations, including dividends with respect to the Independent Series A preferred stock.

So long as any share of Independent Series A preferred stock remains outstanding, Independent may declare and pay dividends on its common stock only if, after giving effect to such dividend, Independent satisfies certain formula requirements under the Independent Series A preferred stock and full dividends on all outstanding shares of Independent Series A preferred stock for the most recently completed dividend period have been or are contemporaneously declared and paid. If a dividend is not declared and paid in full on the Independent Series A preferred stock in respect of any dividend period, then from the last day of such dividend period until the last day of the third dividend period immediately following it, no dividend or distribution shall be declared or paid on the common stock (other than dividends payable solely in shares of common stock).

Payment of Dividends on Independent Preferred Stock

Holders of Independent s Series A preferred stock, which ranks senior to Independent s common stock, are entitled to receive at the end of each quarter a dividend equal to the quarterly dividend rate (which rate is approximately 1%)

multiplied by the liquidation amount per each share of Series A preferred stock, which liquidation amount is currently equal to $1,000 per share, or approximately $60,000 per quarter. In January 2016, the dividend on the Series A preferred stock increases from 1% to 9% annually, and, at that time, it is anticipated that Independent will redeem all of the Series A preferred stock.

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RISK FACTORS

An investment in Independent common stock in connection with the merger involves risks. Independent describes below the material risks and uncertainties that it believes affect its business and an investment in Independent common stock. You should carefully read and consider all of these risks and all other information contained in this proxy statement/prospectus in deciding whether to vote for approval of the reorganization agreement. If any of the risks described in this proxy statement/prospectus occur, Independent s financial condition, results of operations and cash flows could be materially and adversely affected. If this were to happen, the value of Independent common stock could decline significantly, and you could lose all or part of your investment.

Fluctuations in the market price of Independent common stock will affect the number and value of shares of Independent common stock and the amount of cash that Grand Bank shareholders receive for their shares of Grand Bank common stock. Grand Bank shareholders bear the risk of price fluctuations in Independent common stock after the exchange ratio is established.

The price of Independent common stock will fluctuate prior to the closing of the merger. The value of the per share stock consideration and the number of shares comprising the per share stock consideration will be subject to adjustment if the average of the daily volume weighted average sale price of Independent common stock over a ten consecutive trading day period ending on and including the third trading day prior to the closing date, or the average sales price, is less than $39.3894 or more than $48.1426. In addition, the per share cash consideration will be adjusted based upon the amount of the payment to Grand Bank option holders who elected to surrender their options for a cash payment. The option payment will be calculated using the average sales price of Independent common stock, which will be determined on the third trading day prior to the closing date. Accordingly, at the time Grand Bank s shareholders vote with respect to the reorganization agreement, they will not know the exact value and number of shares of Independent common stock or the exact amount of cash that they will actually receive in the merger. Further, shareholders of Grand Bank bear the risk that the value of the shares of Independent common stock they will receive in the merger will decline from the value of those shares after the date the per share stock consideration is fixed three trading days prior to the closing date and until their shares of Independent common stock are credited to their account in the Direct Registration System. See Proposal to Approve the Reorganization Agreement Terms of the Merger.

The merger may not be completed.

Completion of the merger is subject to regulatory approval. Independent cannot assure you that it will be successful in obtaining required the regulatory approvals. If Independent is not successful in obtaining the required regulatory approvals, the merger will not be completed. If such regulatory approvals are received, there can be no assurance to the timing of those approvals or whether any conditions will be imposed that would result in certain closing conditions of the merger not being satisfied.

Shareholders should bear in mind that regulatory approval reflects only the view that the merger does not contravene applicable competitive standards imposed by law, and that the merger is consistent with regulatory policies relating to safety and soundness. Further, regulatory approval is not an opinion that the proposed merger is favorable to the shareholders of either party to the merger from a financial point of view or that the regulatory authority has considered the adequacy of the terms of the merger. Regulatory approval is not an endorsement or recommendation of the merger.

The consummation of the merger is also subject to other conditions precedent described in the reorganization agreement, including Grand Bank maintaining minimum capital and allowance for loan loss levels, there being no material adverse change in the condition of Grand Bank or Independent and the average sales price of Independent common stock being at least $35.0128 per share and not more than $52.5192 per share. If a condition of either party is not satisfied, that party may be able to terminate the reorganization agreement and, in such case, the transaction would not be consummated. The parties cannot assure you that all of the conditions precedent in the reorganization agreement will be satisfied or that the merger will be completed.

The tangible book value of Grand Bank at closing could be an amount that results in the reduction of the amount of cash consideration that Grand Bank shareholders receive for their shares of Grand Bank common stock or in Independent s election to terminate the merger.

The amount of aggregate cash consideration to be received by Grand Bank shareholders in the merger will be reduced if Grand Bank s tangible book value is less than $40.0 million but greater than $39.0 million on the calculation date. Accordingly, at the time Grand Bank s shareholders vote with respect to the reorganization agreement, they will not know the exact value of the cash consideration they will receive in the merger. Neither Independent nor Grand Bank can assure Grand Bank s shareholders of the exact amount of cash consideration that they will receive in the merger.

In the event that Grand Bank does not have a tangible book value equal to or greater than $39.0 million as of the date of the closing, Independent has the right to elect either to terminate the transaction without completing the merger, or completing the merger regardless of the tangible book value. If the Grand Bank tangible book value is materially less than $39.0 million and if Independent desires to waive the condition and proceed with the transaction, Independent and Grand Bank anticipate that they would renegotiate the amount of cash consideration to be paid pursuant to the merger and amend the reorganization agreement. Grand Bank would resolicit proxies and hold an additional meeting of shareholders to consider and act upon any such amendment.

Grand Bank does not have the right to terminate the merger in the event its tangible book value, which was $41.5 million at June 30, 2015, calculated in accordance with the reorganization agreement, is below $39.0 million on the closing date under the terms of the reorganization agreement.

You may pay U.S. federal income tax as a result of the merger.

The amount of the cash consideration that you receive in the merger in exchange for your common stock of Grand Bank is anticipated to be taxable for U.S. federal income tax purposes. See Proposal to Approve the Reorganization Agreement Material U.S. Federal Income Tax Consequences of the Merger on page 74.

Grand Bank will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on Grand Bank and consequently on Independent. These uncertainties may impair Grand Bank s ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with Grand Bank to seek to change existing business relationships with Grand Bank. In addition, the reorganization agreement restricts Grand Bank from taking other specified actions until the merger occurs without the consent of Independent. These restrictions may prevent Grand Bank from pursuing attractive business opportunities that may arise prior to the completion of the merger. See Proposal to Approve the Reorganization Agreement Conduct of Business Pending Effective Time beginning on page 60 of this proxy statement/prospectus for a description of the restrictive covenants to which Grand Bank is subject.

Integrating Grand Bank into Independent Bank s operations may be more difficult, costly or time-consuming than Independent expects.

Independent Bank and Grand Bank have operated and, until the merger is completed, will continue to operate, independently. Accordingly, it is possible that the process of integrating Grand Bank s operations into Independent

Bank s operations could result in the disruption of operations, the loss of Grand Bank customers and employees and make it more difficult to achieve the intended benefits of the merger. Specifically, inconsistencies

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between the standards, controls, procedures and policies of Independent Bank and those of Grand Bank could adversely affect Independent Bank s ability to maintain relationships with current customers and employees of Grand Bank if and when the merger is completed. Further, as with any merger of banking institutions, business disruptions may occur that may cause Independent Bank to lose customers or may cause customers to withdraw their deposits from Grand Bank prior to the merger s consummation and from Independent Bank thereafter. The realization of the anticipated benefits of the merger may depend in large part on Independent s ability to integrate Grand Bank s operations into Independent Bank s operations, and to address differences in business models and cultures. If Independent is not able to integrate the operations of Grand Bank into Independent Bank s operations successfully and on a timely basis, some or all of the expected benefits of the acquisition may not be realized.

Some of the directors and executive officers of Grand Bank may have interests and arrangements that may have influenced their decisions to support or recommend that you approve the reorganization agreement.

The interests of some of the directors and executive officers of Grand Bank may be different from those of Grand Bank shareholders. The directors and executive officers of Grand Bank are or will be participants in arrangements relating to or that are affected by the merger that are different from, or in addition to, those of Grand Bank shareholders. These interests are described in more detail in the section of this proxy statement/prospectus entitled Financial Interests of Directors and Officers of Grand Bank in the Merger beginning on page 73.

Independent may fail to realize the cost savings anticipated from the merger.

Although Independent anticipates that it will realize certain cost savings as to the Grand Bank operations and otherwise from the merger if and when the Grand Bank operations are fully integrated into Independent Bank s operations, it is possible that Independent may not realize all of the cost savings that Independent has estimated it can realize. For example, unanticipated growth in Independent s business may require Independent to continue to operate or maintain some facilities or support functions that are currently expected to be combined or reduced as a result of the merger. Independent s realization of the estimated cost savings also will depend on Independent s ability to combine the operations of Independent Bank and Grand Bank in a manner that permits those costs savings to be realized. Independent is not able to integrate Grand Bank s operations into Independent Bank s operations successfully, the anticipated cost savings may not be fully realized, if at all, or may take longer to realize than expected.

Grand Bank shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

Grand Bank shareholders currently have the right to vote in the election of the board of directors of Grand Bank and on other matters affecting Grand Bank. The merger will transfer control of Grand Bank to Independent and to the shareholders of Independent. When the merger occurs, each Grand Bank shareholder will become a shareholder of Independent with a percentage ownership of Independent much smaller than such shareholder s percentage ownership of Grand Bank. Because of this, Grand Bank shareholders will have less influence on the management and policies of Independent than they now have on the management and policies of Grand Bank.

The dissenters rights appraisal process is uncertain.

Grand Bank shareholders may or may not be entitled to receive more than the amount provided for in the reorganization agreement for their shares of Grand Bank common stock if they elect to exercise their right to dissent from the proposed merger, depending on the appraisal of the fair value of the Grand Bank common stock pursuant to the dissenting shareholder procedures under the TBOC. See Proposal to Approve the Reorganization Agreement Dissenters Rights of Grand Bank Shareholders on page 79 and Appendix C. For this reason, the amount of cash that you might be entitled to receive should you elect to exercise your right to dissent to the merger may be more or less than the value of the merger consideration to be paid pursuant to the reorganization agreement. In addition, it is a condition in the reorganization agreement that the holders of not more than 5% of the outstanding shares of Grand Bank common stock shall have exercised their statutory dissenters rights under the TBOC. The number of shares of Grand Bank common stock that will exercise dissenters rights under the TBOC is not known and therefore there is no assurance of this closing condition being satisfied.

The fairness opinion obtained by Grand Bank from its financial advisor will not reflect changes in circumstances subsequent to the date of the fairness opinion.

Hovde Group, Grand Bank s financial advisor in connection with the proposed merger, has delivered to the board of directors of Grand Bank its opinion dated as of July 22, 2015. The opinion of Hovde Group stated that as of such date, and based upon and subject to the factors and assumptions set forth therein, the merger consideration was fair to the Grand Bank shareholders from a financial point of view. The opinion is necessarily based on economic, market, regulatory and other conditions as in effect on, and the information made available to Hovde Group as of July 22, 2015. Events occurring after the date of the opinion could materially affect the assumptions used in preparing the opinion and its resulting conclusion. Any such changes, or changes in other factors on which the opinion is based, may materially alter or affect the relative values of Independent and Grand Bank.

The shares of Independent common stock to be received by Grand Bank shareholders as a result of the merger will have different rights than the shares of Grand Bank common stock and in some cases may be less favorable.

The rights associated with Grand Bank common stock are different from the rights associated with Independent common stock and in some cases may be less favorable. See Comparison of Rights of Shareholders of Grand Bank and Independent on page 97 for a more detailed description of the shareholder rights of each of Independent and Grand Bank.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this proxy statement/prospectus that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of operations of Independent after the merger is completed as well as information about the merger, including Independent s future revenues, income, expenses, provision for taxes, effective tax rate, earnings per share and cash flows, Independent s future capital expenditures and dividends, Independent s future financial condition and changes therein, including changes in Independent s loan portfolio and allowance for loan losses, Independent s future capital structure or changes therein, the plan and objectives of management for future operations, Independent s future or proposed acquisitions, the future or expected effect of acquisitions on Independent s operations, results of operations and financial condition, Independent s future economic performance and the statements of the assumptions underlying any such statement. Such statements are typically identified by the use in the statements of words or phrases such as aim, anticipate, estimate, expect, goal, guidance, intend, is anticipated, is estimated, is expected, plan, projected, projection, will affect, will be, will continue, will decrease, will grow, will impact, incur, will reduce, will remain, will result, would be, variations of such words or phrases (including where the wo could, may or would is used rather than the word will in a phrase) and similar words and phrases indicating that the statement addresses some future result, occurrence, plan or objective. The forward-looking statements that we make are based on Independent s current expectations and assumptions regarding its business, the economy and other future conditions. Because forward-looking statements relate to future results and occurrences, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Many possible events or factors could affect the future financial results and performance of each of Independent and Grand Bank before the merger or Independent after the merger, and could cause those results or performance to differ materially from those expressed in the forward-looking statements. These possible events or factors include, but are not limited to:

- worsening business and economic conditions nationally, regionally and in Independent s target markets, particularly in Texas and the geographic areas in which Independent operates or particularly affecting the financial or banking industry generally;

- Independent s dependence on its management team and its ability to attract, motivate and retain qualified personnel;

- the concentration of Independent s business within its geographic areas of operation in Texas;

- deteriorating asset quality and higher levels of nonperforming assets and loan charge-offs;

- concentration of Independent s loan portfolio in commercial and residential real estate loans and changes in the prices, values and sales volumes of commercial and residential real estate;

- inaccuracy of the assumptions and estimates Independent makes in establishing reserves for probable loan losses and other estimates;

lack of liquidity, including as a result of a reduction in the amount of sources of liquidity Independent currently has;

material decreases in the amount of deposits Independent holds;

regulatory requirements to maintain minimum capital levels;

changes in market interest rates that affect the pricing of Independent s loans and deposits and its interest margins and net interest income;