

Independent Bank Group, Inc.  
Form S-4  
January 31, 2018  
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**As filed with the Securities and Exchange Commission on January 31, 2018**

**Registration No. 333-**

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM S-4**

**REGISTRATION STATEMENT**

***UNDER***

***THE SECURITIES ACT OF 1933***

**INDEPENDENT BANK GROUP, INC.**

**(Exact name of registrant as specified in its charter)**

<b>Texas</b> <b>(State or other jurisdiction of</b>	<b>6022</b> <b>(Primary Standard Industrial</b>	<b>13-4219346</b> <b>(I.R.S. Employer</b>
<b>incorporation or organization)</b>	<b>Classification Code Number)</b> <b>1600 Redbud Boulevard, Suite 400</b>	<b>Identification Number)</b>
	<b>McKinney, Texas 75069-3257</b>	
	<b>(972) 562-9004</b>	

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

**Mr. David R. Brooks**  
**Chairman, Chief Executive Officer and President**

**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:*

<b>Joseph A. Hoffman, Esq.</b>	<b>Mark Haynie, Esq.</b>	<b>James L. Pledger, Esq.</b>
<b>Andrews Kurth Kenyon LLP</b>	<b>Haynie Rake Repass &amp; Klimko, P.C.</b>	<b>Jackson Walker L.L.P.</b>
<b>1717 Main Street, Suite 3700</b>	<b>14643 Dallas Parkway, Suite 550</b>	<b>100 Congress Avenue, Suite 1100</b>
<b>Dallas, Texas 75201</b>	<b>Dallas, Texas 75254</b>	<b>Austin, Texas 78701</b>
<b>(214) 659-4593</b>	<b>(972) 716-1855</b>	<b>(512) 236-2243</b>

**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 non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company
		Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price <sup>(2)</sup>	Amount of Registration Fee
Common Stock, \$0.01 par value	2,072,131 <sup>(1)</sup>	\$29.86	\$61,879,312.08	\$7,703.97

(1) Represents the maximum number of shares of the registrant's common stock, par value \$0.01 per share, that may be issued in the merger described herein as set forth in the Agreement and Plan of Reorganization between the Registrant and Integrity Bancshares, Inc. dated as of November 28, 2017.

(2) Estimated solely for the purpose of determining the registration fee in accordance with Rule 457(f)(2) and (f)(3) under the Securities Act by multiplying the book value of Integrity Bancshares, Inc. common stock of \$18.29 per share as of December 31, 2017, by the maximum number of shares of Integrity Bancshares, Inc. common stock to

be acquired by the registrant in the merger described herein, minus the cash portion of the merger consideration to be paid by the Registrant to the holders of shares of Integrity Bancshares, Inc. s common stock. The maximum number of shares of Integrity Bancshares, Inc. common stock to be acquired by the registrant in such merger has been calculated by assuming that all options to acquire shares of Integrity Bancshares, Inc. common stock outstanding and unexercised as of the close of business on the date hereof will be exercised prior to the effective time of such merger.

**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 Independent Bank Group, Inc. is not soliciting offers to buy these securities, in any state where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED January 31, 2018**

**INTEGRITY BANCSHARES, INC.**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

You are invited to attend a special meeting of shareholders of Integrity Bancshares, Inc., or Integrity, on \_\_\_\_\_, 2018, at \_\_\_\_\_ a.m./p.m., Central Time, at \_\_\_\_\_, Houston, Texas \_\_\_\_\_. At this special meeting, holders of record of shares of Integrity common stock will be asked to vote on a proposal to approve a reorganization agreement, which provides for the acquisition of Integrity by Independent Bank Group, Inc., or Independent, through certain merger transactions. Holders of record of Integrity common stock will also be asked to vote on a proposal to adjourn the special meeting to a later date if the Integrity board of directors determines such an adjournment is in the Integrity shareholders' best interest.

If the reorganization agreement and the merger contemplated thereby are approved by the holders of the Integrity common stock and the merger is completed, each outstanding share of Integrity common stock will be converted into a fraction of a share of Independent common stock, rounded to the nearest hundred-thousandth of a share, and a cash payment determined as follows:

the fraction of a share of Independent common stock will be equal to 2,072,131, *divided* by the number of shares of Integrity common stock outstanding immediately prior to the effective time of the merger; and

the cash payment will be equal to \$31.6 million (less the amount paid to cash out stock options and warrants to acquire shares of Integrity common stock or collectively, Integrity stock options, and less the amount by which Integrity's adjusted tangible equity is less than \$84.0 million on the fifth business day prior to the closing date of the merger, or the tangible equity determination date), *divided* by the number of shares of Integrity common stock outstanding immediately prior to the effective time of the merger.

The number of shares of Integrity common stock outstanding is expected to increase as a result of the exercise of Integrity stock options prior to the effective time of the merger.

Integrity shareholders will receive only whole shares of Independent common stock. Cash will be paid for any fraction of a share of Independent common stock issuable in exchange for all of an Integrity shareholder's shares of Integrity common stock.

Independent's common stock is listed on the NASDAQ Global Select Market under the symbol IBTX.

Management of Integrity anticipates that outstanding Integrity stock options to acquire 168,900 shares of Integrity common stock will be exercised prior to the tangible equity determination date and that outstanding Integrity stock options to acquire 76,000 shares will remain unexercised at the tangible equity determination date. The Integrity stock options to acquire 76,000 shares of Integrity common stock outstanding and unexercised immediately prior to the effective time of the merger will be automatically cashed out and will be entitled to receive an amount in cash equal to the per option share price *multiplied* by the total number option shares held by such nonexercising option holder. The per option share price will vary per option holder and will equal the per share transaction value minus the applicable exercise price per option share. See *The Merger Treatment of Shares of Integrity Stock Options* beginning on page 51.

If the merger occurs, and outstanding Integrity stock options to acquire 168,900 Integrity common stock are exercised (which would result in 5,034,952 shares of Integrity common stock being outstanding), there are Integrity stock options to acquire 76,000 shares of Integrity common stock that remain unexercised on the tangible equity exercise date, and the Integrity adjusted tangible equity equals or exceeds \$84.0 million on the tangible equity determination date, then, each of the then outstanding shares of Integrity common stock would be converted into 0.41155 of a share of Independent common stock and \$6.08 in cash, which, based on the foregoing assumptions and the assumption that the value of a share of Independent common stock is \$74.25 (the closing price of Independent common stock on January 25, 2018), represents a value of \$36.64 per share of Integrity common stock. For further explanation regarding the number of shares of Integrity common stock that will be issued and outstanding on the merger's effective date, the impact of the exercise of outstanding Integrity stock options on the number of shares of Integrity common stock that will be outstanding, the treatment of any Integrity stock options that are not exercised, how Integrity's adjusted tangible equity will be calculated, the effect on the merger consideration if such adjusted tangible equity is less than \$84.0 million on the tangible equity determination date, and other estimates, see *The Merger*, beginning on page 51 of this proxy statement/prospectus.

The vote of every holder of Integrity common stock is very important. Whether you plan to attend the special meeting, if you hold shares of Integrity common stock, please vote by completing and mailing the enclosed proxy card in the return envelope provided to you. We cannot complete the merger unless holders of at least two-thirds of the issued and outstanding shares of Integrity common stock vote to approve the reorganization agreement and the merger. Based on our reasons for the merger described in the accompanying proxy statement/prospectus, our board of directors believes that the transaction is fair, from a financial point of view, to and in the best interests of, the Integrity shareholders. **Accordingly, our board of directors unanimously recommends that you vote FOR approval of the reorganization agreement and, if necessary, adjournment of the Integrity special meeting.**

Charles M. Neff, Jr.

President and Chief Executive Officer

Integrity Bancshares, Inc.

**An investment in Independent common stock in connection with the merger involves risks. See Risk Factors beginning on page 36.**

**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 by the Federal Deposit Insurance Corporation or any other governmental agency.**

This proxy statement/prospectus dated \_\_\_\_\_, 2018, was first mailed to Integrity shareholders on \_\_\_\_\_, 2018.

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**HOW TO OBTAIN ADDITIONAL INFORMATION**

Certain business and financial information about Independent included in documents filed with the SEC has not been included in or incorporated by reference in this document. This information is described on page 119 under **Where You Can Find More Information**. You can obtain free copies of this information by writing or calling:

**Independent Bank Group, Inc.**

**1600 Redbud Boulevard, Suite 400**

**McKinney, Texas 75069-3257**

**Attention: Michelle S. Hickox**

**Executive Vice President and Chief Financial Officer**

**(972) 562-9004**

To obtain timely delivery of the documents before the special meeting of shareholders of Integrity, you must request the information by \_\_\_\_\_, 2018.

If Integrity shareholders have specific questions about the merger or the Integrity special meeting, need additional copies of this proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation for the Integrity special meeting, they may contact James M. McElray, Integrity's Executive Vice President and Chief Financial Officer, at the following address or by calling the following telephone number:

Integrity Bancshares, Inc.

4040 Washington Avenue,

Houston, Texas 77007

(713) 335-8700

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

**PLEASE NOTE**

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

**This proxy statement/prospectus has been prepared as of January 31, 2018. There may be changes in the affairs of Integrity or Independent after that date, that are not reflected in this document.**



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**Integrity Bancshares, Inc.**

**4040 Washington Avenue**

**Houston, Texas 77007**

**(713) 335-8700**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

To the holders of Integrity common stock:

A special meeting of holders of Integrity common stock will be held on \_\_\_\_\_, 2018, at \_\_\_\_\_ a.m./p.m., Central Time, at \_\_\_\_\_, for the following purposes:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Reorganization, or the reorganization agreement, dated as of November 28, 2017, by and between Independent Bank Group, Inc., or Independent, and Integrity Bancshares, Inc., or Integrity, pursuant to which Integrity will merge with and into Independent, all on and subject to the terms and conditions contained in the reorganization agreement, and the merger described therein; and
2. To consider and vote upon any proposal to adjourn the special meeting to a later date or dates if the board of directors of Integrity determines such an adjournment is necessary to permit solicitation of additional proxies if there are not sufficient votes at the time of the special meeting to constitute a quorum or to approve the reorganization agreement.

No other business may be conducted at the special meeting.

All holders of Integrity common stock of record as of 5:00 p.m. on \_\_\_\_\_, 2018, will be entitled to notice of the Integrity special meeting and will be entitled to vote at the Integrity special meeting and any adjournments thereof. The special meeting may be adjourned from time to time upon approval of holders of Integrity 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 Integrity common stock have the right to dissent from the merger and obtain payment in cash of the appraised fair value of their shares of Integrity common stock under applicable provisions of the Texas Business Organizations Code, or TBOC. In order for a holder of Integrity common stock to perfect his or her right to dissent, such holder must carefully follow the procedure set forth in the TBOC. A copy of the applicable statutory provisions of the TBOC is included as Appendix C to the accompanying proxy statement/prospectus and a summary of these provisions can be found under the caption The Merger Dissenters Rights of Integrity Shareholders, beginning on page 94 of the proxy statement/prospectus. The merger may not be completed if the holders of more than 5% of the outstanding shares of Integrity common stock exercise dissenters' rights.

If you have any questions concerning the merger or the proxy statement/prospectus, would like additional copies of the proxy statement/prospectus, need a proxy card or need help voting your shares of Integrity common stock, please contact James M. McElray, Integrity's Executive Vice President and Chief Financial Officer, at (713) 335-8700.

By Order of the Board of Directors,

Charles M. Neff, Jr.

President and Chief Executive Officer

Houston, Texas

, 2018

**The board of directors of Integrity unanimously recommends that holders of record of Integrity common stock entitled to vote at the Integrity special meeting vote FOR the proposals to approve the**

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**reorganization agreement and the merger and any adjournment of the Integrity special meeting if such adjournment is necessary to permit solicitation of additional proxies if there are not sufficient votes at the time of the Integrity 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 Integrity special meeting, if you are a holder of shares of Integrity common stock please vote by completing, signing and dating the proxy card and promptly mailing it in the enclosed envelope. You may revoke your proxy in the manner described in the proxy statement/prospectus at any time before it is exercised. If you are a holder of shares of Integrity common stock and attend the Integrity 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, or the reorganization agreement, dated as of November 28, 2017, by and between Independent Bank Group, Inc., or Independent, and Integrity Bancshares, Inc., or Integrity, and the special meeting, and brief answers to those questions. Independent and Integrity 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 119.

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

**A:** Integrity is sending these materials to the holders of record of shares of Integrity common stock as of 5:00 p.m. on \_\_\_\_\_, 2018 in accordance with the requirements of the Texas Business Organizations Code, the TBOC, and the federal securities law and to help the holders of record of shares of Integrity common stock decide how to vote their shares of Integrity common stock with respect to the proposal to approve the reorganization agreement and the merger and other matters to be considered at the Integrity special meeting, and to solicit their proxies in respect of the Integrity special meeting.

This document constitutes both a proxy statement of Integrity and a prospectus of Independent. It is a proxy statement because the board of directors of Integrity is soliciting proxies from Integrity's shareholders using this document. It is a prospectus because Independent is offering shares of its common stock to Integrity shareholders as part of the merger consideration to be provided to holders of Integrity common stock in the merger.

**Q: What are Integrity shareholders being asked to vote upon?**

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

**Proposal One:** to approve the reorganization agreement, pursuant to which Integrity will merge with and into Independent, with Independent being the surviving entity following the merger, which transaction is referred to herein as the merger and is further described in the section entitled **The Merger** beginning on page 50; and

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

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

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

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

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stock and the then outstanding and unexercised options and warrants to purchase shares of Integrity common stock, or collectively, Integrity stock options, will be converted into the right to receive the consideration described below. For ease of reference: (i) the merger of Integrity with and into Independent is referred to in this proxy statement/prospectus as the merger and (ii) the merger of Integrity Bank with and into Independent Bank is referred to in this proxy statement/prospectus as the bank merger.

**Q: What is the aggregate amount of consideration that Independent will pay in the merger?**

**A:** The aggregate merger consideration to be issued and paid in exchange for the shares of Integrity common stock outstanding immediately prior to the merger's effective time will consist of:

2,072,131 shares of Independent common stock; and

\$31.6 million in cash (less the amount paid to holders of unexercised Integrity stock options and less the amount by which Integrity's adjusted tangible equity is less than \$84.0 million on the tangible equity determination date).

The number of shares of Independent common stock to be issued and the amount of cash to be paid by Independent for each share of Integrity common stock will depend on the number of Integrity stock options that are exercised before closing and thus the total number of shares of Integrity common stock that are outstanding as of the closing. If, as anticipated, outstanding Integrity stock options to purchase 168,900 shares of Integrity common stock are exercised and, therefore, the number of shares of Integrity common stock was equal to 5,034,952 shares as of closing, there are Integrity stock options to purchase 76,000 shares of Integrity common stock that remain outstanding and unexercised on the tangible equity determination date and that the aggregate amount to be paid to cash out such unexercised Integrity stock options is \$994,080, and Integrity's tangible equity equaled or exceeded \$84.0 million on the tangible equity determination date, each share of Integrity common stock would be exchanged for 0.41155 of a share of Independent common stock and \$6.08 in cash. However, as a consequence of not knowing the exact fraction of a share of Independent common stock that will be exchanged for each share of Integrity common stock in connection with the merger and because the price per share of Independent common stock will fluctuate between now and the effective date of the merger, the holders of Integrity common stock will not know the exact value of the Independent common stock, and, therefore, the exact value of the per share merger consideration, that the holders of shares of Integrity common stock will receive for each such share in the merger until the merger's effective date.

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

**A:** Upon the merger becoming effective, each share of Integrity common stock will be converted into a fraction of a share of Independent common stock, rounded to the nearest hundred-thousandth of a share, and a cash payment determined as follows:

the fraction of a share of Independent common stock will be equal to 2,072,131, *divided by* the number of shares of Integrity common stock outstanding immediately prior to the effective time of the merger; and

the cash payment will be equal to \$31.6 million (less the amount paid to cash out Integrity stock options and less the amount by which Integrity's adjusted tangible equity is less than \$84.0 million on the tangible equity determination date), *divided by* the number of shares of Integrity common stock outstanding immediately prior to the effective time of the merger.

The number of shares of Integrity common stock outstanding is expected to increase by 168,900 as a result of the exercise of Integrity stock options prior to the merger's effective time.

As noted, the per share merger consideration is dependent in part upon the number of shares of Integrity common stock outstanding at the effective time of the merger. Integrity currently estimates that outstanding Integrity stock options to purchase 168,900 shares of Integrity common stock will be exercised, and that, as

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a result, 5,034,952 shares of Integrity common stock will be issued and outstanding and Integrity stock options to purchase 76,000 shares of Integrity common stock will remain outstanding and unexercised at the effective time of the merger. The reorganization agreement provides for the cashout of any Integrity stock options that are outstanding and unexercised in connection with the merger. For more detail on these estimates, please see *The Merger Estimated Number of Shares of Integrity Common Stock to be Issued and Outstanding on the Closing Date* beginning on page 51.

**Q: What is the value of the merger consideration that Integrity's shareholders will receive as a result of the merger?**

**A:** Assuming that the necessary shareholder and regulatory approvals are obtained and the merger is completed, there are 5,034,952 shares of Integrity common stock outstanding immediately prior to the merger (which is expected to be the case assuming that Integrity stock options to purchase 168,900 shares of Integrity common stock are exercised prior to the tangible equity determination date and that outstanding Integrity stock options to purchase 76,000 shares of Integrity common stock remain outstanding and unexercised resulting in a payment to cash out such unexercised Integrity stock options in the amount of \$994,080, and the adjusted tangible equity of Integrity is at least \$84.0 million at the tangible equity determination date, then each share of Integrity common stock then outstanding would be exchanged for 0.41155 of a share of Independent common stock and \$6.08 per share in cash. Independent's common stock is listed on the NASDAQ Global Select Market under the symbol IBTX.

Based on the assumptions set forth above and the closing price of Independent's common stock as of January 25, 2018, of \$74.25 per share, we estimate Integrity shareholders would receive merger consideration with a value of \$36.64 for each share of Integrity common stock they hold immediately prior to the effective time of the merger and with an aggregate value to all holders of Integrity common stock of \$184.5 million. The aggregate value of the shares of Independent common stock to be issued to the Integrity shareholders in connection with the merger and the value of the fraction of a share of Independent common stock to be issued in exchange for each share of Integrity common stock in connection with the merger will increase or decrease between the date hereof and the effective time of the merger depending on a number of factors, including fluctuations in the market price of Independent common stock and the number of shares Integrity common stock outstanding immediately prior to the merger's effective time.

For further explanation of how the Integrity's adjusted tangible equity will be calculated, the effect on the merger consideration to be paid if Integrity's adjusted tangible equity is less than \$84.0 million on the tangible equity determination date, the number of shares of Integrity common stock that will be issued and outstanding immediately prior to the merger's effective time, and other estimates, please refer to *The Merger* beginning on page 50 of this proxy statement/prospectus.

**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 Integrity's tangible equity, as calculated pursuant to the reorganization agreement, is less than \$84.0 million on the tangible equity determination date. Under those circumstances, the aggregate cash consideration would be reduced by the difference between \$84.0 million and the amount of Integrity's tangible equity on that date. If the tangible equity

of Integrity is less than \$76.0 million on the closing date, Independent would not be obligated to consummate the transaction under the terms of the reorganization agreement.

As noted above, pursuant to the terms of the reorganization agreement, the amount of aggregate cash consideration paid by Independent to shareholders of Integrity will also be reduced by the aggregate amount of cash paid by Independent to the holders of Integrity stock options who do not exercise their Integrity stock options by the tangible equity determination date. Management estimates that Integrity stock options to acquire 76,000 shares of Integrity common stock will remain outstanding and unexercised on the tangible

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equity determination date. In this event, and based on the assumptions set forth above, the aggregate payment to cash out such unexercised Integrity stock options would be \$994,080 and the cash portion of the merger consideration would be reduced from \$31.6 million to approximately \$30.6 million.

**Q: What consideration will holders of outstanding Integrity stock options receive in the merger?**

**A:** Management of Integrity anticipates that Integrity stock options to purchase 76,000 shares of Integrity common stock will remain outstanding and unexercised on the tangible equity determination date. The reorganization agreement provides that if any Integrity stock options remain unexercised prior to the tangible equity determination date, then Independent will pay to the holder of each Integrity stock option outstanding and unexercised at the effective time of the merger an amount of cash equal to the per option share price *multiplied* by the total number of option shares held by such nonexercising option holder. Based on the assumptions set forth above, the aggregate payment to cash out Integrity stock options to acquire 76,000 shares of Integrity common stock would be \$994,080. See *The Merger Treatment of Integrity Stock Options* beginning on page 51 for additional information regarding the cashout of the Integrity stock options and the calculation of the amount to be paid by Independent to cash out the unexercised Integrity stock options in connection with the merger.

**Q: Are there other financial aspects of the merger?**

**A:** Yes. If Integrity's tangible equity is greater than \$84.0 million on the tangible equity determination date, then on the day prior to the closing date, Integrity may distribute to its shareholders an amount equal to the difference between the actual amount of Integrity tangible equity on the tangible equity determination date minus \$84.0 million.

**Q: What is Integrity's current tangible equity? Are there factors that could change the tangible equity prior to the closing date?**

**A:** As of December 31, 2017, the tangible equity of Integrity (calculated in accordance with GAAP) was \$85.8 million. Pursuant to the terms of the reorganization agreement, the adjusted tangible equity of Integrity as of the tangible equity determination date will be determined from Integrity's financial statements prepared in accordance with generally accepted accounting principles, consistently applied, or GAAP, adjusted as provided for below. Any unrealized gains or losses in investment securities will be excluded from the calculation of adjusted tangible equity.

For purposes of determining the estimated tangible equity of Integrity, that amount of Integrity's tangible equity will be increased by the amount of the consolidated net income of Integrity or decreased by the amount of the consolidated net loss of Integrity from January 1, 2018, through the tangible equity determination date and reduced by the amount of certain costs and expenses to be incurred by Integrity in connection with the merger. Integrity currently estimates that it will have consolidated net income of between \$3.3 million and \$3.6 million from January 1, 2018, through April 24, 2018, which would be the tangible equity determination date assuming that the closing date of the merger will be April 30, 2018, and the effective date of the merger will be May 1, 2018. The tangible equity of Integrity will

be increased by the proceeds received from the exercise of the Integrity stock options.



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The table set forth below shows the range of estimates for the amounts that will affect the calculation of Integrity's adjusted tangible equity, assuming the closing of the merger occurs on April 30, 2018:

	Low Range	High Range
Tangible equity of Integrity as of December 31, 2017	\$ 85.8	\$ 85.8
Estimated consolidated net income of Integrity for the period from January 1, 2018, through April 24, 2018	3.3	3.6
Capital from assumed exercise of Integrity stock options	4.5	5.8
Estimated costs and expenses of Integrity and Integrity Bank related to the merger and other agreed upon items, on an after tax equivalent basis	(9.6)	(10.3)
<b>Estimated tangible equity of Integrity as of April 24, 2018</b>	<b>\$ 84.0</b>	<b>\$ 84.9</b>

If Integrity achieves the estimates in the range set forth above, Integrity's adjusted tangible equity as of the closing date would be greater than \$84.0 million, and, thus, the cash portion of the merger consideration would not be adjusted downward for a shortfall in adjusted tangible equity. No upward adjustment of the merger consideration will be made as a result of Integrity adjusted tangible equity exceeding \$84.0 million at the tangible equity determination date. However, if Integrity's tangible equity is greater than \$84.0 million on the tangible equity determination date, then on the day prior to the closing date, Integrity may distribute to its shareholders an amount equal to the difference between the actual amount of Integrity tangible equity on the tangible equity determination date less \$84.0 million.

The amounts in the table above are only estimates and are based upon several assumptions, many of which are beyond the control of Integrity and Integrity Bank. Accordingly, the actual amount of Integrity's adjusted tangible equity at the tangible equity determination date may vary from these estimated amounts. Integrity will not resolicit proxies from holders of its common stock in the event that Integrity adjusted tangible equity is below \$76.0 million on the tangible equity determination date and the cash portion of the merger consideration is adjusted downward as Integrity has no right to do so under the reorganization agreement. For more information regarding how the Integrity adjusted tangible equity will be calculated and how Integrity has estimated what that amount will be on or about May 1, 2018, the anticipated effective date of the merger, please see "The Merger Possible Downward Adjustment to the \$31.6 million Merger Consideration" beginning on page 51.

**Q: Will the holders of Integrity common stock know, at the time of or prior to the Integrity special meeting, the exact fraction of a share of Independent common stock, the value of such fraction of a share or the cash payment amount that they will receive for each share of Integrity common stock they hold?**

**A:** No. Because of a potential downward adjustment to the cash consideration and the possibility that not all of the Integrity stock options will be exercised and the attendant uncertainty in the number of shares of Integrity common stock that will be outstanding immediately prior to the effective time of the merger and the amount of cash to be paid to any such nonexercising option holders, Integrity shareholders will not know the exact fraction of a share of Independent common stock or the cash payment that Integrity shareholders will receive for each share of Integrity common stock (including the shares of Integrity common stock issued upon the exercise of outstanding Integrity stock options prior to closing) held by holders of Integrity common stock immediately prior to the effective time of the merger at the time that the Integrity shareholders vote on the reorganization

agreement. As a consequence of not knowing the exact fraction of a share of Independent common stock and cash payment that will be exchanged for each share of Integrity common stock in connection with the merger and because the price per share of Independent common stock will fluctuate between now and the effective date of the merger, the holders of Integrity common stock will

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not know, at the time of or prior to the Integrity special meeting, the exact value of the merger consideration they will receive in the merger.

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

**A:** No. In accordance with the reorganization agreement, each share of Integrity common stock (including shares of Integrity common stock issued upon the exercise of outstanding options to purchase Integrity common stock prior to closing) will be exchanged for a fraction of a share of Independent common stock and a cash payment.

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

**A:** We are working to complete the merger on May 1, 2018, although delays could occur.

**Q: Are there any risks I should consider in deciding whether I will vote for the reorganization agreement and the merger?**

**A:** Yes. Set forth under the heading of Risk Factors, beginning on page 36, are a number of risk factors that you should consider carefully.

**Q: When and where will the special shareholders meeting be held?**

**A:** The Integrity special shareholders meeting is scheduled to take place at \_\_\_\_\_ a.m./p.m., Central Time, on \_\_\_\_\_, 2018, at \_\_\_\_\_, Houston, Texas \_\_\_\_\_.

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

**A:** The holders of record of Integrity common stock, as of 5:00 p.m. on \_\_\_\_\_, 2018, which is the date that Integrity's board of directors has fixed as the record date for the Integrity special meeting, or the Integrity record date, are entitled to vote at the Integrity special meeting.

**Q: What are my choices when voting?**

**A:** With respect to each of the proposals, holders of common stock are entitled to vote may vote for, against or abstain from voting on the proposals in question presented at the Integrity special meeting.

**Q: What votes are required for approval of the reorganization agreement and the merger?**

**A:** Approval of the reorganization agreement and the merger by Integrity shareholders requires the affirmative vote of the holders of at least two-thirds of the issued and outstanding shares of Integrity common stock on the Integrity record date, or at least \_\_\_\_\_ shares of Integrity common stock.

**Q: What votes are required to adjourn the special meeting?**

**A:** Adjournment of the Integrity special meeting requires the approval of the holders of a majority of the shares of Integrity common stock present or represented by proxy at the Integrity special meeting.

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

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

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

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

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

**A:** Each holder of Integrity common stock has the right to dissent from the merger and seek payment of the appraised fair value of his or her shares of Integrity common stock in cash. In order for a shareholder of Integrity to perfect his or her right to dissent, such shareholder must:

deliver to Integrity a written objection to the merger prior to the Integrity special meeting that states that such shareholder will exercise his or her right to dissent if the reorganization agreement and the merger are approved and the merger is completed;

vote his or her shares of Integrity common stock against approval of the reorganization agreement and the merger at the Integrity special meeting;

not later than the 20<sup>th</sup> day after Independent sends such shareholder notice that the merger was completed, deliver to Independent a written demand for payment of the fair value of his or her shares of Integrity common stock that states the number of shares of Integrity common stock the shareholder owns (i.e., that states that he or she owns a particular number of the shares of Integrity common stock), his or her estimate of the fair value of such shares and an address to which a notice relating to the dissent and appraisal procedures may be sent; and

not later than the 20<sup>th</sup> day after he or she makes that demand, submit to Independent the certificates representing his or her shares of Integrity common stock.

The steps that a holder of Integrity common stock must follow to perfect his or her right of dissent are described in greater detail under the caption *The Merger Dissenters Rights of Integrity Shareholders* starting on page 94, 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 any number of shares of Integrity common stock may be more or less than the value of the shares of the Independent common stock and cash payment that would be issued in exchange for that number of shares of Integrity common stock in the merger. If the holders of more than 5% of the outstanding shares of Integrity common stock dissent from the merger, Independent has the right to terminate the reorganization agreement and to not consummate the merger.

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

**A:** The record date for the Integrity special meeting is earlier than the expected date of completion of the merger. Therefore, if you transfer your shares of Integrity common stock after the record date, but prior to the effective time of the merger, you will retain the right to vote at the Integrity special meeting, but the right to receive the merger consideration will transfer with the shares of Integrity 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 Integrity common stock at the Integrity special meeting. The process for voting your shares depends on how your shares are held. Generally you may hold shares as the record holder (that is, in your own name) or in street name (that is, through a nominee, such as a broker or custodian). If you hold shares in street name, you are considered the beneficial owner of those shares.

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If you are a record holder, you may vote by proxy or you may attend the Integrity special meeting and vote in person the shares of Integrity common stock you are entitled to vote at the Integrity special meeting. If you are a record holder on the record date for the Integrity special meeting and want to vote your shares of Integrity common stock by proxy, simply indicate on the proxy card(s) applicable to your shares of Integrity common stock how you want to vote and sign, date and mail your proxy card(s) in the enclosed envelope as soon as possible, but in any event no later than the time necessary for your proxy card to be actually received by Integrity prior to the vote at the Integrity special meeting.

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

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

**Q: If my shares of Integrity common stock are held in street name by my broker, will my broker vote my shares for me?**

**A:** If your broker has not provided to you a proxy that allows you to vote your shares of Integrity common stock that it holds for you, your broker may vote your shares of common stock on the reorganization agreement and the merger proposal only if you provide instructions to your broker on how to vote. You should instruct your broker how to vote your shares of common stock, following the directions your broker provides. If you do not provide instructions to your broker, your shares will not be voted, which will have the same effect as a vote against the proposal to approve the reorganization agreement and the merger. If you receive a notice of special meeting and a proxy statement/prospectus directly from Integrity, you are deemed a holder of record.

**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 will be voted FOR approval of the reorganization agreement and the merger and FOR any adjournments of the meeting that the board of directors of Integrity deems necessary.

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

**A:** Yes. All Integrity shareholders are invited to attend the Integrity special meeting. However, only holders of record of Integrity common stock on the record date for the Integrity special meeting can vote, whether in person or by proxy, at the Integrity special meeting. If you receive a notice of special meeting and a proxy statement/prospectus directly from Integrity, you are deemed a holder of record.

If your shares of Integrity are held in street name, then you are not the shareholder of record. In order for you to vote the shares that you beneficially own and that are held in street name in person at the special meeting, you must bring a legal proxy from the broker, custodian or other nominee that was the record holder of your shares held in street name as of 5:00 p.m. on \_\_\_\_\_, 2018, confirming that you were the beneficial owner of those shares as of 5:00 p.m. on \_\_\_\_\_.

, 2018, stating the number of shares of which you were the beneficial owner that were held for your benefit at that time by that broker, custodian or other nominee and appointing you as the record holder's proxy to vote the shares covered by that proxy at the special meeting.



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

**A:** Yes. If an Integrity shareholder is a holder of record of shares of Integrity common stock, he or she may change his or her vote prior to such time that the proxy card for any such holder of Integrity common stock must be received by:

delivering to Integrity prior to such time a written notice of revocation addressed to: James M. McElray, Executive Vice President and Chief Financial Officer, Integrity Bancshares, Inc., 4040 Washington Avenue, Houston, Texas 77007;

completing, signing and returning to Mr. McElray at the address appearing above prior to such time a new proxy card dated with a later date than the date that your original proxy card was dated, in which case any earlier proxy will be revoked automatically; or

attending the Integrity special meeting and voting in person by ballot, in which case any earlier proxy will be revoked. However, simply attending the Integrity special meeting without voting on a proposal by ballot will not revoke your proxy previously provided.

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

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

**A:** If you are a record holder of Integrity common stock and you abstain from voting or if you hold your shares of Integrity common stock in street name and you instruct your broker or custodian to abstain from voting such shares or fail to instruct your broker or custodian to vote your shares and the broker or custodian submits a proxy, referred to as a broker nonvote, then the abstention or broker nonvote of shares of Integrity common stock will be counted towards a quorum at the Integrity special meeting, but such shares will have the same effect as a vote against the proposal to approve the reorganization agreement and the merger and the proposal to adjourn the special meeting, if necessary.

**Q: Should Integrity shareholders send in their stock certificates now?**

**A:** No. As soon as practical after the effective time, with the intent for that to be no later than five business days after the effective time of the merger, Equiniti Trust Company, Independent's exchange agent, will send the Integrity shareholders written instructions for exchanging their stock certificates. Integrity shareholders should not send their Integrity stock certificates with their proxy card.

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

**A:** If you have additional questions about the merger, you should contact James M. McElray, Executive Vice President and Chief Financial Officer, Integrity Bancshares, Inc., 4040 Washington Avenue, Houston, Texas 77007, telephone (713) 335-8700.

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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 regarding the merger and related matters. Independent and Integrity urge you to carefully read this entire document and the other information that is referred to in this proxy statement/prospectus or contained in the reports and documents incorporated by reference in this proxy statement/prospectus. These documents will give you a more complete description of the items for consideration at the special meeting. For more information about Independent and Integrity, see *Where You Can Find More Information* on page 119. 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

[www.ibtx.com](http://www.ibtx.com)

Independent, a Texas corporation, is a bank holding company registered under the Bank Holding Company Act of 1956, as amended, or the BHC Act. Through Independent Bank, its wholly owned subsidiary bank, which is a Texas state bank, Independent provides a wide range of relationship driven, commercial banking products and services. Independent currently operates a total of 70 full-service banking centers in the Dallas/North Texas metropolitan area, including McKinney, Dallas, Fort Worth and Sherman/Denison, the greater Austin, Texas, area, including Austin and Waco, the Houston, Texas metropolitan area and the Colorado Front Range area, including Denver and Colorado Springs. As of September 30, 2017, on a consolidated basis, Independent had total assets of approximately \$8.9 billion, total loans of approximately \$6.4 billion, total deposits of approximately \$6.9 billion and shareholders equity of approximately \$1.3 billion.

Independent's common stock is traded on the NASDAQ Global Select Market under the symbol IBTX.

Integrity Bancshares, Inc.

4040 Washington Avenue

Houston, Texas 77007

(713) 335-8700

Integrity Bancshares, Inc., a Texas corporation, is a bank holding company registered under the BHC Act. Integrity conducts its banking operations through its wholly owned subsidiary, Integrity Bank SSB, a Texas state savings bank, that operates four full service banking locations in the Houston, Texas metropolitan area. As of September 30, 2017, Integrity, on a consolidated basis, reported total assets of approximately \$805 million, total loans of approximately \$661 million, total deposits of approximately \$679 million and total equity capital of approximately \$84.0 million.

**Proposed Merger**

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

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### **Terms of the Merger (page 50)**

The reorganization agreement provides for Independent to acquire all of the issued and outstanding securities of Integrity through the merger of Integrity with and into Independent, with Independent being the surviving corporation following the merger. If the shareholders of Integrity approve the reorganization agreement at the special meeting, and if the required regulatory approvals are obtained and the other conditions to the parties' obligations to effect the merger are satisfied or are waived by the party entitled to do so, Independent and Integrity anticipate that the merger will be completed on May 1, 2018, although delays could occur.

Independent is the sole shareholder of Independent Bank, and Integrity is the sole shareholder of Integrity Bank. Upon the merger's completion, both Independent Bank and Integrity Bank will be wholly owned subsidiaries of Independent. Pursuant to the reorganization agreement, immediately following the merger's completion, Integrity Bank will merge with and into Independent Bank, with Independent Bank being the surviving bank following the bank merger.

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

### **Treatment of Shares of Integrity Common Stock (page 50)**

As a result of the merger, holders of Integrity common stock will be entitled to receive whole shares of Independent common stock and a cash payment in exchange for their shares of Integrity common stock. Independent will pay cash in lieu of issuing fractional shares of Independent common stock. After the merger, the Integrity shareholders will no longer be owners of Integrity common stock. As a result of the merger, certificates of Integrity common stock will represent only the right to receive the merger consideration pursuant to the reorganization agreement. Integrity will cease to exist following the merger's completion.

If the shareholders of Integrity approve the reorganization agreement and the merger, the necessary regulatory approvals of the merger are received, and the merger is completed, and assuming 5,034,952 shares of Integrity common stock are outstanding immediately prior to the merger (which assumes that outstanding Integrity stock options to acquire 168,900 Integrity common stock are exercised prior to the tangible equity determination date), there are unexercised Integrity stock options to purchase 76,000 shares of Integrity common stock and that the aggregate amount to be paid to cash out such unexercised Integrity stock options is \$994,080, Integrity has adjusted tangible equity of at least \$84.0 million on the tangible equity determination date and the price of Independent common stock is \$74.25 per share (the closing price of Independent common stock on January 25, 2018), then, each of the shares of Integrity common stock then outstanding would be exchanged for 0.41155 of a share of Independent common stock and a cash payment of \$6.08 and all of those outstanding shares of Integrity common stock would be exchanged for an aggregate of 2,072,131 shares of Independent common stock and approximately \$30.6 million in cash. For more detail on this estimate, please see "The Merger - Estimated Number of Shares of Integrity Common Stock to be Issued and Outstanding on the Closing Date" on page 51.

### **Treatment of Integrity Stock Options (page 51)**

Pursuant to the terms of the reorganization agreement, each outstanding and unvested Integrity stock option that is not fully vested and immediately exercisable will become fully vested upon the approval of the reorganization agreement and the merger by the holders of Integrity common stock. Upon such approval, all of the outstanding Integrity stock options will then no longer be subject to forfeiture and will be immediately exercisable. Each such Integrity stock option that is not exercised prior to the effective time of the merger will be automatically cashed out under the terms

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of the reorganization agreement and an option cancellation agreement,

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and the holder of each cashed out Integrity stock option will have the right to receive a cash payment in an amount equal to the difference between (i) the per share transaction value, *minus* the applicable exercise price per option share, or the per option share price, *multiplied* by the total number of option shares held by such nonexercising option holder. Such amount will be paid to the option holders within five business days following the closing date of the merger. Any amount paid by Independent to cash out the Integrity stock options will reduce the cash portion of the merger consideration. Management of Integrity anticipates that Integrity stock options to purchase 76,000 shares of Integrity common stock will remain outstanding and unexercised prior to the tangible equity determination date, which, based on the assumptions set forth above, would result in an aggregate payment of \$994,080 to cash out such unexercised Integrity stock options.

**Estimated Number of Shares of Integrity Common Stock to be Issued and Outstanding on the Closing Date (page 51)**

The number of shares of Independent common stock and cash payment amount to be received by the Integrity shareholders with respect to their shares of Integrity common stock is dependent, among other factors, upon the number of shares of Integrity common stock issued and outstanding immediately prior to the effective time of the merger. As of \_\_\_\_\_, 2018, the record date for the Integrity special meeting, \_\_\_\_\_ shares of Integrity common stock were issued and outstanding, and Integrity stock options to purchase \_\_\_\_\_ shares of Integrity common stock were outstanding and unexercised. If Integrity stock outstanding options to purchase 168,900 shares of Integrity common stock are exercised, 5,034,952 shares of Integrity common stock would be issued and outstanding immediately prior to the effective time of the merger. For more detail on these estimates, please see The Merger Estimated Number of Shares of Integrity Common Stock to be Issued and Outstanding on the Closing Date on page 51. Shares of Integrity common stock acquired upon the exercise of Integrity stock options will be exchanged for shares of Independent common stock and a cash payment in the merger on the same basis as all other shares of Integrity common stock outstanding immediately prior to the effective time of the merger.

**Possible Downward Adjustment to the \$31.6 million Merger Consideration (page 51)**

The \$31.6 million cash consideration will be reduced, on a dollar-for-dollar basis, if the adjusted tangible equity of Integrity is less than \$84.0 million on the tangible equity determination date. Under those circumstances, the aggregate cash consideration would be reduced by the difference between \$84.0 million and the amount Integrity's tangible equity on the tangible equity determination date.

As noted above, the amount paid by Independent to cash out outstanding and unexercised Integrity stock options will reduce the aggregate cash portion of the merger consideration. Management of Integrity anticipates that Integrity stock options to purchase 76,000 shares of common stock will remain outstanding and unexercised, and that, based upon the closing price of Independent common stock of \$74.25 on January 25, 2018, Independent would make an aggregate payment of approximately \$994,080 to cash out such unexercised Integrity stock options. In this event, the aggregate cash portion of the merger consideration would be reduced by \$994,080 from \$31.6 million to approximately \$30.6 million.

Pursuant to the terms of the reorganization agreement, the adjusted tangible equity of Integrity will be determined from Integrity's financial statements prepared in accordance with generally accepted accounting principles, consistently applied, or GAAP, adjusted as provided for below. Any unrealized gains or losses in investment securities will also be excluded from the calculation of adjusted tangible equity.

As of December 31, 2017, the tangible equity of Integrity (calculated in accordance with GAAP) was \$85.8 million. For purposes of determining the estimated tangible equity of Integrity, that amount of Integrity's adjusted tangible

equity will be increased by the amount of the consolidated net income of Integrity or decreased by the amount of the consolidated net loss of Integrity from January 1, 2018, through the tangible equity determination date and reduced by the amount of certain costs and expenses to be incurred by Integrity in connection with the merger. Integrity currently estimates that it will have consolidated net income of between



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\$3.3 million and \$3.6 million from January 1, 2018, through April 24, 2018, which would be the tangible equity determination date assuming that the closing date of the merger will be April 30, 2018, and the effective date of the merger will be May 1, 2018.

The table set forth below shows the range of estimates for the amounts that will affect the calculation of Integrity's adjusted tangible equity, assuming the closing of the merger occurs on April 30, 2018:

	Low	High
Tangible equity of Integrity as of December 31, 2017	\$ 85.8	\$ 85.8
Estimated consolidated net income of Integrity for the period from January 1, 2018, through April 24, 2018	3.3	3.6
Capital from assumed exercise of Integrity stock options	4.5	5.8
Estimated costs and expenses of Integrity and Integrity Bank related to the merger and other agreed upon items, on an after tax equivalent basis.	(9.6)	(10.3)
<b>Estimated tangible equity of Integrity as of April 24, 2018</b>	<b>\$ 84.0</b>	<b>\$ 84.9</b>

If Integrity achieves the estimates in the range set forth above, Integrity's adjusted tangible equity as of the closing date would be greater than \$84.0 million, and, thus, the cash consideration would not be adjusted downward for a shortfall.

The amounts in the table above are only estimates and are based upon several assumptions, many of which are beyond the control of Integrity and Integrity Bank. Accordingly, the actual amount of Integrity's adjusted tangible equity at the tangible equity determination date may vary from these estimated amounts. Integrity will not resolicit proxies from holders of its common stock in the event that Integrity adjusted tangible equity is below \$84.0 million on the tangible equity determination date and the cash portion of the merger consideration is adjusted downward as Integrity has no right to do so under the reorganization agreement. For more information regarding how the Integrity adjusted tangible equity will be calculated and how Integrity has estimated what that amount will be on or about May 1, 2018, the anticipated effective date of the merger, please see "The Merger Possible Downward Adjustment to the \$31.6 million Cash Portion of the Merger Consideration" beginning on page 51.

**Value of Merger Consideration to be Received (page 54)**

If the necessary shareholder and regulatory approvals are obtained and the merger is completed, 5,034,952 shares of Integrity common stock are outstanding immediately prior to the merger (which is expected to be the case if Integrity stock options to purchase 168,900 shares of Integrity common stock are exercised after the date of this proxy statement/prospectus), there are Integrity stock options to purchase 76,000 shares of Integrity common stock that remain outstanding and unexercised and that the aggregate payment to cash out such unexercised Integrity stock options is \$994,080, the adjusted tangible equity of Integrity is at least \$84.0 million at the tangible equity determination date, each share of Integrity common stock then outstanding would be exchanged for 0.41155 of a share of Independent common stock and \$6.08 per share in cash. Independent's common stock is listed on the NASDAQ Global Select Market under the symbol IBTX.

Based on the assumptions set forth above and the closing price of Independent's common stock as of January 25, 2018, of \$74.25 per share, we estimate Integrity shareholders would receive merger consideration with a value of \$36.64 for each share of Integrity common stock they hold immediately prior to the effective time of the merger and with an aggregate value to all holders of Integrity common stock of \$184.5 million. The aggregate value of the shares of

Independent common stock to be issued to the Integrity shareholders in

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connection with the merger and the value of the fraction of a share of Independent common stock to be issued in exchange for each share of Integrity common stock in connection with the merger will increase or decrease between the date hereof and the effective time of the merger depending on a number of factors, including fluctuations in the market price of Independent common stock.

The amounts in each of the tables below have been calculated based on a number of assumed stock prices and 5,034,952 outstanding shares of Integrity common stock assuming the exercise of outstanding Integrity stock options to purchase 168,900 shares of Integrity common stock and an aggregate payment of \$994,080 to cash out unexercised Integrity stock options to purchase 76,000 shares of Integrity common stock. Table I assumes that Integrity will have adjusted tangible equity of \$84.0 million (as calculated in accordance with the terms of the reorganization agreement) on the tangible equity determination date; Table II assumes that Integrity will have adjusted tangible equity of \$76.0 million on the tangible equity determination date.

The actual price at which a share of Independent common stock is trading in the market at the effective time of the merger may be materially less or more than any of the assumed stock prices in each of the tables below and the price and may be materially less or more than the assumed stock prices used for determining the value of the merger consideration shown in each of the tables below. As a result, the actual amounts and values of the merger consideration received by the Integrity shareholders in the merger may differ materially from any of the amounts and values set forth in either or both of the following tables.

**Table I**

<b>Assumed Stock Price</b>	<b>Aggregate Number Independent Shares to be Issued as Merger Consideration</b>	<b>Value of Aggregate Number of Independent Shares Issued as Merger Consideration</b>	<b>Aggregate Amount of Cash Merger Consideration</b>	<b>Value of Aggregate Merger Consideration</b>
\$74.25 <sup>(1)</sup>	2,072,131	\$ 153,855,729	\$ 30,605,920	\$ 184,461,647
\$70.00	2,072,131	145,049,170	30,738,000	175,787,170
\$65.00	2,072,131	134,688,515	30,891,680	165,580,195
\$60.00	2,072,131	124,327,860	31,046,000	155,373,860
\$55.00	2,072,131	113,967,205	31,199,480	145,166,685
\$50.00	2,072,131	103,606,550	31,353,760	134,960,310

(1) The closing price of a share of Independent common stock on January 25, 2018.

(2) Determined as described under "The Merger Treatment of Shares of Integrity Common Stock" beginning on page 50.

**Table II**

<b>Assumed Stock Price</b>	<b>Aggregate Number Independent Shares to be Issued</b>	<b>Value of Aggregate Number of Independent</b>	<b>Aggregate Amount of Cash Merger Consideration</b>	<b>Value of Aggregate Merger</b>
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	<b>as Merger Consideration</b>	<b>Shares Issued as Merger Consideration</b>		<b>Consideration</b>
\$74.25 <sup>(1)</sup>	2,072,131	\$ 153,855,727	\$ 22,605,920	\$ 176,461,647
\$70.00	2,072,131	145,049,170	22,738,000	167,787,170
\$65.00	2,072,131	134,688,515	22,891,680	157,580,195
\$60.00	2,072,131	124,327,860	23,046,000	147,373,860
\$55.00	2,072,131	113,967,205	23,199,480	137,166,685
\$50.00	2,072,131	103,606,550	23,353,760	126,960,310

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- (1) The closing price of a share of Independent common stock on January 25, 2018.
- (2) Determined as described under "The Merger Treatment of Shares of Integrity Common Stock" beginning on page 50.

**Other Financial Aspects of the Merger (page 56)**

If Integrity's tangible equity is greater than \$84.0 million on the tangible equity determination date, then on the closing date, Integrity may distribute to its shareholders an amount equal to the difference between the actual amount of tangible equity on the tangible equity determination date less \$84.0 million.

**Material U.S. Federal Income Tax Consequences (page 89)**

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 Kenyon LLP, special counsel to Independent, and the receipt by Integrity of an opinion from Jackson Walker L.L.P., counsel to Integrity, 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 and Integrity will not waive the opinion condition described in "The Merger Material U.S. Federal Income Tax Consequences of the Merger Tax Opinions." If the merger qualifies as such a reorganization, the material U.S. federal income tax consequences of the merger to a U.S. holder of Integrity common stock will be as follows: holders of Integrity common stock generally will recognize gain (but not loss) with respect to their Integrity common stock. The gain a U.S. holder of Integrity common stock recognizes generally will be equal to the lesser of cash received (excluding any cash received in lieu of a fractional share of Independent common stock) or gain realized in the merger. The amount of gain realized will equal an amount by which the cash plus the fair market value of the Independent common stock, at the effective time of the merger, exceeds the adjusted tax basis in the Integrity common stock to be surrendered in exchange therefor.

For further information, please refer to "The Merger Material U.S. Federal Income Tax Consequences of the Merger." The U.S. federal income tax consequences described above may not apply to all holders of Integrity common stock. The tax consequences to a holder of Integrity common stock will depend on his or her individual situation. Accordingly, we strongly urge holders of Integrity common stock to consult their tax advisors for a full understanding of the particular tax consequences of the merger to them.

**Fairness Opinion of Financial Advisor to Integrity (page 59)**

Sandler O'Neill & Partners, L.P., or Sandler O'Neill, has delivered a written opinion, dated November 28, 2017, to the board of directors of Integrity to the effect that, as of the date of the opinion, based upon and subject to the procedures followed, assumptions made, matters considered and qualifications and limitations set forth in the opinion, the aggregate merger consideration was fair to the holders of Integrity common stock from a financial point of view. This opinion is attached to this proxy statement/prospectus as Appendix B. Integrity shareholders are urged to read the opinion carefully in its entirety. Sandler O'Neill's opinion speaks only as of the date of the opinion and was necessarily based on financial, economic, market and other conditions as they existed on, and the information made available to Sandler O'Neill as of, the date of Sandler O'Neill's opinion. The opinion of Sandler O'Neill is not a recommendation to any Integrity shareholder as to how to vote on the proposal to approve the reorganization agreement and the merger. You should read this opinion completely to understand the procedures followed, matters considered and limitations on the reviews undertaken by Sandler O'Neill in providing its opinion.



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**Independent Plans to Continue Payment of Quarterly Dividends (page 108)**

Independent paid a cash dividend of \$0.10 per share to its shareholders in each of the four quarters of 2017 and in the first quarter of 2018. Independent intends to continue paying quarterly cash dividends following the merger.

**Ownership of Independent After the Merger**

Based on 28,254,893 shares of Independent common stock outstanding as of January 25, 2018, and Independent issuing a total of 2,072,131 shares of Independent common stock to the shareholders of Integrity in connection with the merger, the former Integrity shareholders would own approximately 7% of the shares of Independent common stock that would be outstanding immediately after such shares are issued in connection with the merger. Such ownership percentage will be reduced by any future issuances of shares of Independent common stock.

**Market Prices of Independent Common Stock (page 106)**

Shares of Independent common stock are listed for trading on the NASDAQ Global Select Market under the symbol IBTX. On November 27, 2017, the last trading day before the merger was announced, Independent common stock closed at \$64.05 per share. On January 25, 2018, Independent common stock closed at \$74.25 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 Integrity common stock are not traded on any national securities exchange or on an established public trading market and no quotations of any market price exists for shares of Integrity common stock.

**Integrity Special Meeting (page 45)**

The special meeting of shareholders of Integrity will be held on \_\_\_\_\_, 2018, at \_\_\_\_\_ a.m./p.m. Central Time, at \_\_\_\_\_, Houston, Texas \_\_\_\_\_. At the Integrity special meeting, holders of shares of Integrity common stock will be asked to consider and vote on the following:

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

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

**Integrity Record Date Set at \_\_\_\_\_, 2018; Two-Thirds Shareholder Vote Required to Approve the Reorganization Agreement and the Merger (page 47-48)**

You may vote on the proposals to come before special meeting of Integrity shareholders if you owned shares of Integrity common stock of record as of 5:00 p.m. on \_\_\_\_\_, 2018. You can cast one vote for each share of Integrity common stock that you owned of record at that time. As of January 25, 2018, there were 4,866,092 shares of Integrity common stock outstanding.

Approval of the reorganization agreement and the merger requires the affirmative vote of the holders of at least two-thirds of the shares of Integrity common stock outstanding and entitled to vote as of 5:00 p.m. on the record date. If a holder of Integrity common stock fails to vote, it will have the effect of a vote against the



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reorganization agreement and the merger. The affirmative vote of a majority of the shares of Integrity common stock that are present in person or by proxy at the Integrity special meeting is required to approve the adjournment of the Integrity special meeting.

A holder of Integrity common stock may vote his or her shares of Integrity 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 such shares, you can revoke your proxy at any time before the vote is taken at the Integrity special meeting by sending a written notice revoking the proxy or submitting a later-dated proxy to James M. McElray, Executive Vice President and Chief Financial Officer of Integrity, which notice or later dated proxy must be received no later than immediately prior to the vote at the Integrity special meeting. You may also revoke your proxy by voting in person at the Integrity special meeting. If you receive a notice of special meeting and a proxy statement/prospectus directly from Integrity, you are deemed a holder of record. If your shares of Integrity common stock are held in street name and you desire to change any voting instructions you have previously given to the record holder of such shares of Integrity common stock of which you are the beneficial owner, you should contact the broker, custodian or other nominee holding such shares in street name in order to direct a change in the manner your shares of Integrity common stock will be voted. See The Integrity Special Meeting Voting of Proxies by Holders of Record, Attending the Meeting; Voting in Person and Revocation of Proxies.

**Integrity's Reasons for the Merger and Recommendation of Integrity's Board of Directors (page 58)**

Based on the reasons discussed elsewhere in this proxy statement/prospectus, the board of directors of Integrity believes that the merger is fair, from a financial point of view to, and in the best interests of, the shareholders of Integrity 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 Integrity's board of directors in approving the reorganization agreement, see pages 59 and 60.

**Certain Shareholders of Integrity are Expected to Vote Their Shares of Integrity Common Stock for Approval of the Reorganization Agreement (page 40)**

The directors of Integrity and certain entities that they represent have entered into an agreement to vote the shares of Integrity common stock that they control in favor of approval of the reorganization agreement and the merger and in the manner most favorable to the consummation of the merger and the transactions contemplated by the reorganization agreement; provided, however, that the Integrity shareholders who entered into the voting agreement would be permitted to vote to accept a superior proposal to acquire Integrity (as superior proposal is defined in the reorganization agreement). As of the Integrity record date, 1,130,526 shares of Integrity common stock, or % of the shares of Integrity common stock then outstanding and entitled to vote at the Integrity special meeting, were bound by the voting agreement.

**Effective Time of the Merger (page 73)**

The merger will become effective at the date and time specified in the certificate of merger to be filed with the Texas Secretary of State. If Integrity shareholders approve the reorganization agreement and the merger 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 and effective on May 1, 2018, although delays in the completion of the merger could occur.

Integrity 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 Risks Related to the Merger The merger of Independent and Integrity may not be completed.

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### **Exchange of Integrity Stock Certificates (page 72)**

After the effective time of the merger, the Integrity shareholders will receive a form of letter of transmittal and instructions from Equiniti Trust Company, acting as Independent's exchange and transfer agent, or the exchange agent, describing the procedures for surrendering their stock certificates representing shares of Integrity common stock in exchange for shares of Independent common stock and a cash payment. The shares of Independent common stock issuable in exchange for the shares of Integrity 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 by Independent's stock transfer agent. **Please do not send Integrity or Independent any of your Integrity stock certificates until you receive these instructions.**

### **Conditions to Completion of the Merger (page 78)**

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

approval by holders of the Integrity common stock of the reorganization agreement and the transactions contemplated thereby by the requisite vote under the Integrity certificate of formation and applicable law;

receipt of all approvals and consents required by applicable law from all applicable governmental authorities in connection with the reorganization agreement, any other agreement contemplated thereby and the consummation of the transactions contemplated by the reorganization agreement and such other agreements and all applicable waiting periods will have expired as to Independent only, which approvals and consents do not impose any material requirement upon Independent or its subsidiaries that are reasonably unacceptable to Independent;

the registration statement of which this proxy statement/prospectus forms a part has become effective and no stop order suspending its effectiveness is in effect and no proceedings for that purpose have been initiated and continuing or threatened by the SEC, and all necessary approvals under federal or applicable state securities laws relating to the issuance or trading of the Independent common stock to be issued have been received;

the shares of Independent common stock to be issued to Integrity shareholders being authorized for listing on the NASDAQ Global Select Market and such approval is not withdrawn or revoked;

no action shall have been taken, and no statute, rule, regulation or order shall have been promulgated, enacted, entered, enforced or deemed applicable to the reorganization agreement, or the transactions contemplated hereby, by any governmental authority, including by means of the entry of a preliminary or permanent injunction, that would (i) make the reorganization agreement or any other agreement contemplated thereby, or the transactions contemplated thereby, illegal, invalid or unenforceable, (ii) as to Independent only, require the divestiture of a material portion of the assets of Integrity, (iii) impose material limits on the ability of any party to consummate the transactions contemplated by the reorganization agreement, (iv) as to Independent only, otherwise result in a material adverse change to Integrity, Integrity

Bank, Independent or Independent Bank or (v) could reasonably be expected to subject Independent, Integrity or any of their respective subsidiaries, or any of their respective officers, directors, shareholders or employees, to criminal or civil liability upon the consummation of the reorganization agreement or any other agreement contemplated thereby, or the transactions contemplated thereby;

the other party's representations and warranties contained in the reorganization agreement being true and correct in all material respects as of the date of the reorganization agreement as of the date of the closing;

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the performance or compliance in all material respects by each party with its respective covenants and obligations required by the reorganization agreement to be performed or complied with, before or at the closing of the merger; and

receipt by each party of all documents required to be delivered by the other party on or before the closing date, all in form and substance reasonably satisfactory to the receiving party.

In addition to the conditions listed above, Integrity's obligations to complete the merger is subject to the satisfaction of the following conditions:

Independent's delivery of the merger consideration to Equiniti Trust Company, as exchange agent;

no material adverse change (as defined in the reorganization agreement) shall have occurred as to Independent since June 30, 2017; and

the receipt by Integrity of an opinion from Jackson Walker L.L.P. to the effect that for U.S. federal income tax purposes (i) the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code, and (ii) each of Independent and Integrity will be a party to such reorganization within the meaning of Section 368(b) of the Code.

In addition to the conditions listed above, Independent's obligation to complete the merger is subject to the satisfaction of the following conditions:

the adjusted tangible equity of Integrity, as of the closing date of the merger must not be less than \$76.0 million;

Integrity Bank's allowance for loan and lease losses as of the closing date must be at a level necessary to fully reserve for loss on its loans and other real estate owned consistent with Integrity Bank's historical methodology and in compliance with GAAP and regulatory accounting principles (RAP) and, if certain identified loans have not been resolved prior to the tangible equity determination date, then Integrity shall have made agreed upon provisions for loan loss to reserve for such loans;

no material adverse change (as defined in the reorganization agreement) shall have occurred as to Integrity or Integrity Bank since June 30, 2017;

all Integrity employee plans must be terminated in accordance with their respective terms and all applicable laws and regulations, the affected participants must have been notified of such terminations, and Integrity shall have delivered certain acknowledgements signed by certain directors and officers of Integrity and Integrity Bank;

all nonexercising holders of Integrity stock options have signed and delivered option cancellation agreements to Independent prior to the tangible equity determination date;

holders of no more than 5% of the Integrity common stock shall have demanded or exercised their statutory dissenters' rights under the TBOC;

all material consents and approvals from all nongovernmental third parties that are required to be obtained under the terms of any contract, agreement or instrument to which Integrity is a party shall have been obtained;

the receipt by Independent of an opinion from Andrews Kurth Kenyon LLP to the effect that, for U.S. federal income tax purposes, (i) the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code, and (ii) each of Independent and Integrity will be a party to such reorganization within the meaning of Section 368(b) of the Code; and with respect to the bank merger, that (i) the bank merger will be treated as a reorganization within the meaning of Section 368(a) of the

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Code, and (ii) each of Independent Bank and Integrity Bank will be a party to such reorganization within the meaning of Section 368(b) of the Code; and

Integrity shall have terminated and dissolved its subsidiary, IBI Liquidating Corporation. Additionally, the completion of the merger depends on the effectiveness of the following agreements, which agreements will not become effective until the effective time of the merger:

employment agreements among Independent, Independent Bank and each of Hazem A. Ahmed, Raymond H. Marshall and Charles B. Phillips.

support agreements from each of the nonofficer directors of Integrity and Integrity Bank, agreeing to support, and not compete with, the business of Independent Bank following the closing of the merger;

addendums to deferred compensation agreements with Messrs. Neff and McElray clarifying the payment of benefits provided for in the deferred compensation agreements upon a change in control; and

director long-term care agreements with each of the directors of Integrity providing for the payment of premiums for long-term care insurance benefits.

Any condition to the completion of the merger other than the required shareholder and regulatory approval 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 applicable law. Neither Independent nor Integrity can be certain when or if the conditions to the merger will be satisfied or waived, or that the merger will be completed.

**Regulatory Approvals Required for the Merger (page 94)**

The acquisition of Integrity by Independent requires the approval of the Board of Governors of the Federal Reserve System, or Federal Reserve. In addition, the bank merger requires the approval of the Federal Deposit Insurance Corporation, or the FDIC, and the Texas Department of Banking, or TDB. On January 12, 2018, Independent, Independent Bank and Integrity Bank filed applications with the Federal Reserve, the FDIC and the TDB to obtain approval of the merger and the bank merger. Independent expects to obtain all necessary regulatory approvals, although Independent cannot be certain if or when Independent will obtain them.

**Amendment or Waiver of the Reorganization Agreement (page 85)**

Independent and Integrity 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 in accordance with the terms of the reorganization agreement. However, the merger consideration to be received by the shareholders of Integrity pursuant to the terms of the reorganization agreement may not be decreased after shareholder approval of the reorganization agreement without the further approval of the Integrity shareholders.

**No Solicitation (page 76)**

Pursuant to the reorganization agreement, Integrity agreed that it will not, and that it will cause Integrity Bank and its employees, directors, officers, financial advisors or agents of Integrity and Integrity Bank not to, propose to, solicit, knowingly encourage, initiate or participate in any negotiations or discussions with any third party with respect to any proposal that could reasonably be expected to lead to an acquisition proposal as described in the reorganization agreement, disclose to any third party any information concerning the business,



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properties, books or records of it in connection with any acquisition proposal, or cooperate with any third party to make any acquisition proposal. Promptly upon receipt of any unsolicited offer, Integrity will communicate to Independent the terms of any proposal or request for information and the identity of the parties involved.

Provided that Integrity has complied with the foregoing restrictions, if after the date of the reorganization agreement but prior to the closing of the merger, Integrity 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, Integrity'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 more favorable to Integrity's shareholders from a financial point of view than the merger with Independent and the failure of Integrity's board of directors to furnish such information or access or enter into such discussions or negotiations would be materially inconsistent with its fiduciary duties to the shareholders of Integrity and Integrity obtains an appropriately executed confidentiality agreement from such third party.

### **Termination of the Reorganization Agreement (page 85)**

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

the conditions to each party's obligations to close have not been satisfied on or before June 30, 2018, provided that if the conditions precedent have not been satisfied because approval of the reorganization agreement or any other agreement contemplated by it from any regulatory agency whose approval is required has not been received and such delay in the receipt of regulatory approval is not the result of a public comment or protest made in connection with an application for regulatory approval, then either Integrity or Independent can unilaterally extend the June 30, 2018, deadline by up to 30 days by providing written notice, and further provided that, if regulatory approval has not been received and such delay in the receipt of regulatory approval is the result of a protest, then the closing date deadline shall automatically be extended to December 31, 2018, without action by either party;

the required regulatory approvals have not been obtained; or

the merger is not approved by the shareholders of Integrity at its special meeting or the adjournment thereof. Integrity 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 Integrity;

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

there has been any material adverse change, since June 30, 2017, in the assets, properties, liabilities, reserves, business, or financial condition or results of operation of Independent.

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

Integrity 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

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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 Integrity board has (i) recommended to the holders of Integrity 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 Integrity common stock, (ii) effected a change in the board's recommendation with respect to the merger or recommended to the Integrity shareholders acceptance or approval of any alternative acquisition proposal or (iii) notified Independent in writing that Integrity intends to accept a superior proposal;

any of the following have occurred with respect to environmental matters regarding Integrity within 90 days of the date of the reorganization agreement: (i) the factual substance of any representations and warranties of Integrity in the reorganization agreement is not materially true and accurate, (ii) the results of any environmental inspection or other environmental survey by Independent are disapproved by Independent because such inspection or survey identifies a material or violation of applicable environmental laws that would result in a material adverse change to Integrity or Integrity Bank, (iii) Integrity refuses to allow such inspection or survey in a manner that Independent reasonably considers necessary, (iv) such inspection or survey identifies an event, condition or circumstance that would require a material remedial or cleanup action or result in a material adverse change in the assets, properties, business or financial condition of Integrity, (v) such 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 Integrity or Integrity 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 inspection or survey identifies the presence of any asbestos-containing material in, on or under any real property owned or leased by Integrity or Integrity Bank, the removal of which would result in a material adverse change in the assets, properties, business or financial condition of Integrity, subject, in the case of each of the foregoing, to notice and the right of Integrity to satisfactorily correct any such matter; or

there has been any material adverse change, since June 30, 2017, in the assets, properties, liabilities, reserves, business, financial condition or results of operation of Integrity or Integrity Bank.

**Termination Fee (page 86)**

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, the reorganization agreement provides that Integrity will pay to Independent a termination fee of \$4,650,000 if the reorganization agreement is terminated:

by Integrity because it receives an alternative acquisition proposal and, under certain terms and conditions, determines that it is a superior proposal to that of the reorganization agreement, taking into account any adjustment made by Independent to the merger consideration, provided that Independent is not in material breach of the reorganization agreement;

by either Independent or Integrity if the Integrity shareholders do not approve the reorganization agreement and the merger by the requisite vote at the Integrity special meeting or any adjournment thereof and either (i) at the time of such disapproval, there exists an acquisition proposal with respect to Integrity other than that of Independent that has not been withdrawn prior to the special meeting or (ii) within 12 months of the termination of the reorganization agreement, Integrity enters into a definitive agreement with any third party with respect to any acquisition proposal; or

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by Independent if the Integrity board has (i) recommended to the Integrity shareholders that they tender their shares in a tender or exchange offer commenced by an unaffiliated third party for more than 15% of the outstanding Integrity common stock, (ii) effected a change in the board's recommendation with respect to the merger or recommended to the Integrity shareholders acceptance or approval of any alternative acquisition proposal or (iii) notified Independent in writing that Integrity intends to accept a superior proposal.

Except with respect to termination fees and expenses, as discussed above, in the event of the termination of the reorganization agreement without breach by any party, the reorganization agreement will be void and have no effect, without liability on the part of any party or the directors, officers or shareholders of any party, except as specifically contemplated in the reorganization agreement.

**Some of the Directors and Officers of Integrity Have Financial Interests in the Merger that Differ from Your Interests (page 87)**

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

*Employment Agreements with Independent Bank.* Independent and Independent Bank have entered into employment agreements with each of Messrs. Ahmed, Marshall and Phillips, who are currently executive officers and employees of Integrity Bank, to be effective, if at all, upon completion of the merger, that include noncompetition and nonsolicitation obligations to Independent Bank. Pursuant to these agreements, these individuals will become officers and employees of Independent Bank and will be entitled to receive completion bonuses in the range of \$40,000 to \$100,000, annual salaries in the range of \$200,000 to \$275,000, annual incentive bonuses based upon attainment of pre-established performance goals of Independent Bank or upon the profitability of Independent Bank's mortgage operations, grants of restricted shares of Independent common stock in the range of 3,000 to 7,000 shares of Independent common stock, and certain additional incidental benefits from Independent Bank during the term of such person's employment with Independent Bank.

*Support Agreements.* Independent has entered into separate support agreements with each of the directors of Integrity and Integrity Bank, specifically, Carol S. Chiu, Kyle A. Frazier, Robert L. Gerry, III, George J. Kacal, William J. Kacal, Fred C. Leonard, III, James M. McElray, Charles M. Neff, Jr., Albert L. Reese, Jr., Dewey A. Stringer, III, Jeffrey K. Van Wart and Gary R. Wooley, to be effective, if at all, upon completion of the merger. Each of those agreements provides, among other things, that such director agrees to use reasonable efforts to refrain from harming the goodwill and customer and client relationships of Independent Bank, as well as limited confidentiality, noncompetition and nonsolicitation obligations following the closing date.

*Indemnification.* The directors and officers of Integrity 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 certificate of formation and bylaws of Integrity and continued director and officer liability coverage for a period of four years after completion of the merger. Any amounts paid by Integrity Bank to purchase continued director and officer liability coverage will reduce Integrity's adjusted tangible equity for purposes of calculating the merger consideration payable to Integrity shareholders. See Possible Downward Adjustment to the \$31.6 million Cash Portion of the Merger Consideration.

*Cashout of Certain Outstanding Stock Options.* Certain directors and executive officers of Integrity and Integrity Bank hold Integrity stock options to purchase an aggregate of 105,900 shares of Integrity common stock. All such directors and executive officers are expected to exercise their respective Integrity stock options prior to the tangible equity determination date. However, to the extent one or

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more of those persons do not exercise those options prior to the merger's effective time, they will receive cash in connection with the cashout of those stock options that are outstanding and unexercised at the merger's effective time. Any such payments made to those persons in respect of their options to purchase Integrity common stock will reduce the cash portion of the merger consideration received by the Integrity shareholders in the merger.

*Addendums to Deferred Compensation Agreements.* Independent has entered into addendums to the deferred compensation agreements with Messrs. Neff and McElray clarifying the payment of certain benefits provided for in the deferred compensation agreements upon a change in control.

*Director Long-Term Care Agreements.* Independent has entered into director long-term care agreements with each of the directors of Integrity providing for the payment of premiums for certain long-term care insurance benefits.

**Comparison of Rights of Shareholders of Integrity and Independent (page 113)**

Integrity is a Texas corporation that is a registered bank holding company, and the rights of shareholders of Integrity are governed by Texas law and Integrity's certificate of formation 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 Integrity common stock 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, with respect to the bylaws, repealed.

**Dissenters' Rights of the Holders of Integrity Common Stock (page 94)**

The holders of Integrity common stock have the right under Texas law to dissent from the merger and have the appraised fair value of their shares of Integrity common stock as of the date immediately preceding the effective date of the merger paid to them in cash. The appraised fair value of any particular number of shares of Integrity common stock as of such date may be more or less than the value of the merger consideration stock that a holder of that particular number of shares of Integrity common stock would be entitled to receive pursuant to the merger.

Persons having beneficial interests in Integrity common stock held of record in the name of another person, such as a broker, custodian or other nominee, must act promptly to cause the record holder to take the actions required under Texas law to exercise their dissenter's rights.

In order to dissent, the holder of Integrity common stock must carefully follow the requirements of the TBOC, including providing Integrity, prior to the Integrity special meeting, with a written objection to the merger that states that he or she will exercise his or her right to dissent with respect to his or her shares of Integrity common stock if the holders of the Integrity common stock approve the reorganization agreement and the merger, and the merger is completed. These steps for perfecting the right of dissent are summarized under the caption "Dissenters' Rights of Integrity Shareholders" on page 94. 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 in their entirety by, those provisions of the TBOC.

If you intend to exercise dissenters' rights as to shares of Integrity common stock that you hold, you should read the provisions of the TBOC governing dissenters' rights carefully and consult with your own legal counsel. Each holder of Integrity common stock should also remember that if he or she returns a signed proxy card, but fails to provide instructions on that proxy card that his or her shares of Integrity common stock are to be voted



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against the approval of the reorganization agreement and the merger, such Integrity shareholder's shares of Integrity common stock will be considered to have voted in favor of the reorganization agreement and the merger. In that event, such Integrity shareholder will not be able to assert dissenters' rights as to his or her shares of Integrity common stock.

If the Integrity shareholders approve the reorganization agreement, a holder of Integrity common stock who (i) delivers to the president and the secretary of Integrity a written objection to the merger prior to the Integrity special meeting that states that such holder will exercise his or her right to dissent if the reorganization agreement and the merger are approved and the merger is completed and includes an address for notice of the effectiveness of the merger, (ii) votes his or her shares of Integrity common stock against approval of the reorganization agreement and the merger at the Integrity special meeting, (iii) not later than the 20th 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 Integrity common stock, which demand states that he or she holds shares of Integrity common stock and states the number of shares of Integrity common stock such holder owns, his or her estimate of the fair value of such shares and an address to which a notice relating to the dissent and appraisal procedures may be sent, and (iv) not later than the 20<sup>th</sup> day after he or she makes that demand for payment, submits to Independent the certificates representing his or her shares of Integrity common stock, will be entitled under the TBOC to receive the appraised fair value of his or her shares of Integrity common stock as of the date immediately prior to the effective time of the merger.

**Table of Contents****CERTAIN FINANCIAL INFORMATION REGARDING INDEPENDENT AND INTEGRITY****Selected Financial Information of Independent**

The following selected historical consolidated financial information of Independent as of and for the nine months ended September 30, 2017 and 2016, has been derived from Independent's unaudited consolidated financial statements as of and for the nine months ended September 30, 2017 and 2016, incorporated by reference in this proxy statement/prospectus. The following selected consolidated financial information of Independent as of and for the years ended December 31, 2016, 2015 and 2014, has been derived from Independent's audited consolidated financial statements incorporated by reference in this proxy statement/prospectus, and the selected consolidated financial information as of and for the years ended December 31, 2013 and 2012, has been derived from Independent's audited consolidated financial statements not appearing or incorporated by reference in this proxy statement/prospectus.

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 appearing in Independent's Annual Report on Form 10-K most recently filed with the SEC and in the Quarterly Reports on Form 10-Q of Independent filed with the SEC after that Annual Report on Form 10-K was filed, if any, and in any Current Report on Form 8-K of Independent containing consolidated financial statements of Independent that was filed with the SEC after such Annual Report on Form 10-K, each of which reports is 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 nine months ended September 30, 2017, are not necessarily indicative of its results to be expected for all of 2017. 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 of Integrity for any period or as of any date.

	<b>As of and for the Nine Months Ended September 30,</b>		<b>As of and for the Year Ended December 31,</b>				
	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<i>(dollars in thousands except per share)</i>	<b>(unaudited)</b>						
<b>Selected Income Statement Data</b>							
Interest income	\$ 220,494	\$ 156,145	\$ 210,049	\$ 174,027	\$ 140,132	\$ 87,214	\$ 71,890
Interest expense	30,270	18,865	26,243	19,929	15,987	12,281	13,337
Net interest income	190,224	137,280	183,806	154,098	124,145	74,933	58,553
Provision for loan losses	6,368	7,243	9,440	9,231	5,359	3,822	3,184
Net interest income after provision for loan losses	183,856	130,037	174,366	144,867	118,786	71,111	55,369
Noninterest income	27,708	14,331	19,555	16,128	13,624	11,021	9,168
Noninterest expense	127,260	86,429	113,790	103,198	88,512	57,671	47,160
Income tax expense	26,985	19,174	26,591	19,011	14,920	4,661	n/a
Net income	57,319	38,765	53,540	38,786	28,978	19,800	17,377
Preferred stock dividends		8	8	240	169		

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Net income available to common shareholders	57,319	38,757	53,532	38,546	28,809	19,800	17,377
Pro forma net income <sup>(1)</sup> (unaudited)	n/a	n/a	n/a	n/a	n/a	16,174	12,147

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	As of and for the Nine Months Ended September 30,		As of and for the Year Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
<i>(dollars in thousands except per share)</i>							
<b>(unaudited)</b>							
<b>Per Share Data (Common Stock)<sup>(2)</sup></b>							
<b>Earnings:</b>							
Basic	\$ 2.31	\$ 2.10	\$ 2.89	\$ 2.23	\$ 1.86	\$ 1.78	\$ 2.23
Diluted <sup>(3)</sup>	2.30	2.09	2.88	2.21	1.85	1.77	2.23
<b>Pro forma earnings:<sup>(1)</sup> (unaudited)</b>							
Basic	n/a	n/a	n/a	n/a	n/a	1.45	1.56
Diluted <sup>(3)</sup>	n/a	n/a	n/a	n/a	n/a	1.44	1.56
Dividends <sup>(4)</sup>	0.30	0.24	0.34	0.32	0.24	0.77	1.12
Book value <sup>(5)</sup>	46.09	34.79	35.63	32.79	30.35	18.96	15.06
Tangible book value per common share <sup>(6)</sup>	22.57	20.03	21.19	17.85	16.15	15.89	11.19
<b>Selected Period End Balance Sheet Data</b>							
Total assets	\$ 8,891,114	\$ 5,667,195	\$ 5,852,801	\$ 5,055,000	\$ 4,132,639	\$ 2,163,984	\$ 1,740,060
Cash and cash equivalents	763,017	589,600	505,027	293,279	324,047	93,054	102,290
Securities available for sale	747,147	267,860	316,435	273,463	206,062	194,038	113,355
Total loans (gross)	6,390,758	4,367,787	4,582,566	4,001,704	3,205,537	1,726,543	1,378,676
Allowance for loan losses	37,770	29,575	31,591	27,043	18,552	13,960	11,478
Goodwill and core deposit intangible	653,899	272,988	272,496	275,000	241,912	37,852	31,993
Other real estate owned	10,189	2,083	1,972	2,168	4,763	3,322	6,819
Adriatica real estate owned							9,727
Noninterest-bearing deposits	1,939,342	1,143,479	1,117,927	1,071,656	818,022	302,756	259,664
Interest-bearing deposits	4,933,289	3,273,014	3,459,182	2,956,623	2,431,576	1,407,563	1,131,076
Borrowings (other than junior subordinated debentures)	683,492	577,974	568,045	371,283	306,147	195,214	201,118

Junior subordinated debentures <sup>(7)</sup>	27,604	18,147	18,147	18,147	18,147	18,147	18,147
Series A preferred stock				23,938	23,938		
Total stockholders equity	1,281,460	643,253	672,365	603,371	540,851	233,722	124,510
<b>Selected Performance Metrics<sup>(8)</sup></b>							
Return on average assets <sup>(9)</sup>	0.99%	0.97%	0.98%	0.88%	0.87%	1.04%	1.17%
Return on average common equity	7.16	8.27	8.42	7.13	6.89	9.90	16.54
Return on average equity <sup>(9)</sup>	7.16	8.27	8.42	6.83	6.65	9.90	16.54
Pro forma return on average assets <sup>(1)(9)</sup> (unaudited)	n/a	n/a	n/a	n/a	n/a	0.85	0.82
Pro forma return on average equity <sup>(1)(9)</sup> (unaudited)	n/a	n/a	n/a	n/a	n/a	8.09	11.56
Net interest margin <sup>(10)</sup>	3.79	3.89	3.81	4.05	4.19	4.30	4.40
Efficiency ratio <sup>(11)</sup>	56.88	57.01	54.99	59.71	63.32	66.28	68.67
Dividend payout ratio <sup>(12)</sup>	12.99	11.43	11.76	14.35	12.90	14.20	11.89
<b>Credit Quality Ratios</b>							
Nonperforming assets to total assets	0.28%	0.23%	0.34%	0.36%	0.36%	0.58%	1.59%
Nonperforming loans to total loans held for investment <sup>(13)</sup>	0.24	0.26	0.39	0.37	0.32	0.53	0.81
Allowance for loan losses to nonperforming loans <sup>(13)</sup>	257.76	264.42	177.06	181.99	183.43	152.93	104.02
Allowance for loan losses to total loans	0.61	0.68	0.69	0.68	0.58	0.81	0.84
Net charge-offs to average loans outstanding (unaudited) <sup>(8)</sup>			0.12	0.02	0.03	0.09	0.06
<b>Capital Ratios</b>							
Common equity Tier 1 Capital to risk-weighted assets <sup>(14)</sup>	9.17%	7.92%	8.20%	7.94%	n/a	n/a	n/a
Tier 1 capital to average assets	8.30	7.46	7.82	8.28	8.15%	10.71%	6.45%

Tier 1 capital to risk-weighted assets <sup>(14)</sup>	9.60	8.29	8.55	8.92	9.83	12.64	8.22
Total capital to risk-weighted assets <sup>(14)</sup>	11.72	11.24	11.38	11.14	12.59	13.83	10.51
Total common equity to total assets <sup>(14)</sup>	14.41	11.35	11.49	11.94	12.51	10.80	7.16
Total stockholders equity to total assets	14.41	11.35	11.49	11.94	13.09	10.80	7.16
Tangible common equity to tangible assets <sup>(15)</sup>	7.62	6.86	7.17	6.87	7.07	9.21	5.42

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- (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 Internal Revenue Code of 1986, 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% and 30.1% for the years ended December 31, 2013 and 2012, 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. 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, which includes participating shares (those shares with dividend rights):

	For the Nine Months Ended September 30,		For the Year Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
Weighted average shares outstanding basic	24,862,241	18,463,952	18,501,663	17,321,513	15,208,544	10,921,777	7,626,205
Weighted average shares outstanding diluted	24,967,558	18,542,611	18,588,309	17,406,108	15,306,998	10,990,245	7,649,366

- (4) Dividends declared for the years ended December 31, 2013 and 2012, include quarterly cash distributions paid to its shareholders as to the three months ended March 31, 2013 and the year ended December 31, 2012, to provide them with funds to pay their federal income tax liabilities incurred as a result of the pass-through of its net taxable income for such periods 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 \$0.52 per share and \$0.85 per share for the years ended December 31, 2013 and 2012, respectively.
- (5) Book value per share equals its total common stockholders' equity (excludes 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 September 30, 2017 and 2016, was 27,804,877 and 18,488,628, respectively, and as of December 31, 2016, 2015, 2014, 2013 and 2012 was 18,870,312 shares, 18,399,194 shares, 17,032,669 shares, 12,330,158 shares and 8,269,707 shares, respectively.
- (6) Independent calculates tangible book value per share as of the end of a period as total common 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 per common

share is a non-GAAP financial measure, and, as Independent calculates tangible book value per common share, the most directly comparable GAAP financial measure is book value per common share. Independent believes that the presentation of tangible book value per common share provides useful information to investors regarding its financial condition because, as do its 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 its capital adequacy without the effect of its goodwill and other intangible assets and compare its 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 acquisition. A reconciliation of tangible book value to total stockholders' equity is presented below.

- (7) Each of seven wholly owned, but nonconsolidated, subsidiaries of Independent Bank Group holds a series of its junior subordinated debentures purchased by the subsidiary in connection with, and paid for with the proceeds of, the issuance of trust 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 and for the net charge-offs to average loans outstanding ratio presented for the nine months ended September 30, 2017 and 2016, 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 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 may 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 its net income available to common stockholders and excluding the average balance of its Series A preferred stock from the total average equity to derive its common average equity. Independent calculates its return on average common equity by excluding the preferred stock dividends to derive its net income available to common stockholders and excluding the average balance of its Series A preferred stock from the total average equity to derive its common average equity.



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- (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, excluding the amortization of core deposit intangibles, for that period *divided* by the sum of net interest income and noninterest income for that period.
- (12) Independent calculates 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) Prior to 2015, Independent calculated its risk-weighted assets using the standardized method of the Basel II Framework, as implemented by the Federal Reserve and the FDIC. Beginning January 1, 2015, Independent calculated its risk-weighted assets using the Basel III Framework. The common equity tier 1 capital to risk-weighted assets ratio was a new ratio required under the Basel III Framework, effective January 1, 2015. This ratio is not applicable for periods prior to January 1, 2015. Independent calculates common equity as of the end of the period as total stockholders' equity less the preferred stock at period end.
- (15) Independent calculates tangible common equity as of the end of a period as total common equity (excluding preferred stock) less goodwill and other intangible assets as of the end of the period and calculate 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 common equity to total assets. Independent believes that the presentation of tangible common equity to tangible assets provides useful information to investors regarding its financial condition because, as do its 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 its capital adequacy without the effect of its goodwill and core deposit intangibles and compare its 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 common equity to total assets is presented below.

**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) its ratio of tangible common equity to tangible assets, a non-GAAP financial measure, as of the dates presented to Independent's ratios of total common equity to total assets, a financial measure calculated and presented in accordance with GAAP, as of the dates presented.

	September 30				December 31		
	2017	2016	2016	2015	2014	2013	2012
	(unaudited)						

(dollars in thousands except per share)

**Tangible  
Common  
Equity**

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Total common equity	\$ 1,281,460	\$ 643,253	\$ 672,365	\$ 603,371	\$ 516,913	\$ 233,772	\$ 124,510
Adjustments:							
Goodwill	(606,701)	(258,319)	(258,319)	(258,643)	(229,457)	(34,704)	(28,742)
Core deposit intangibles, net	(47,198)	(14,669)	(14,177)	(16,357)	(12,455)	(3,148)	(3,251)
<b>Tangible Common Equity</b>	<b>\$ 627,561</b>	<b>\$ 370,265</b>	<b>\$ 399,869</b>	<b>\$ 328,371</b>	<b>\$ 275,001</b>	<b>\$ 195,920</b>	<b>\$ 92,517</b>
Common shares outstanding	27,804,877	18,488,628	18,870,312	18,399,194	17,032,669	12,330,158	8,269,707
Book value per common share	\$ 46.09	\$ 34.79	\$ 35.63	\$ 32.79	\$ 30.35	\$ 18.96	\$ 15.06
Tangible book value per common share	\$ 22.57	\$ 20.03	\$ 21.19	\$ 17.85	\$ 16.15	\$ 15.89	\$ 11.19
<b>Tangible Assets</b>							
Total assets GAAP	\$ 8,891,114	\$ 5,667,195	\$ 5,852,801	\$ 5,055,000	\$ 4,132,639	\$ 2,163,984	\$ 1,740,060
Adjustments:							
Goodwill	(606,701)	(258,319)	(258,319)	(258,643)	(229,457)	(34,704)	(28,742)
Core deposit intangibles	(47,198)	(14,669)	(14,177)	(16,357)	(12,455)	(3,148)	(3,251)
<b>Tangible Assets</b>	<b>\$ 8,237,215</b>	<b>\$ 5,394,207</b>	<b>\$ 5,508,305</b>	<b>\$ 4,780,000</b>	<b>\$ 3,890,727</b>	<b>\$ 2,126,132</b>	<b>\$ 1,708,067</b>
Total common equity to total assets	14.41%	11.35%	11.49%	11.94%	12.51%	10.80%	7.16%
Tangible common equity to tangible assets	7.62	6.86	7.17	6.87	7.07	9.21	5.42

**Table of Contents****Selected Financial Information of Integrity**

The following selected historical consolidated financial information of Integrity as of and for the nine months ended September 30, 2017 and 2016, has been derived from Integrity's unaudited financial statements, which Integrity'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, regulatory filings made by Integrity, and from other information provided by Integrity. The following selected historical consolidated financial information of Integrity as of and for each of the five years ended December 31, 2016, has been derived from Integrity's audited financial statements, regulatory filings made by Integrity, and from other information provided by Integrity. You should read the following selected financial information relating to Integrity in conjunction with other information appearing elsewhere in this prospectus.

	<b>As of and for the Nine Months Ended</b>		<b>As of and for the Year Ended December 31,</b>				
	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<i>(dollars in thousands except per share)</i>							
<b>(unaudited)</b>							
<b>Selected Income Statement Data</b>							
Interest income	\$ 26,805	\$ 22,452	\$ 30,598	\$ 27,641	\$ 25,552	\$ 20,789	\$ 15,919
Interest expense	3,578	3,051	4,158	3,558	3,480	3,084	2,482
Net interest income	23,227	19,401	26,440	24,083	22,072	17,705	13,437
Provision for loan losses	540	3,932	5,212	2,313	747	1,116	1,436
Net interest income after provision for loan losses	22,687	15,469	21,227	21,770	21,324	16,589	12,001
Noninterest income	1,293	2,668	3,448	2,709	2,792	2,453	2,652
Noninterest expense	13,329	12,317	16,586	14,999	13,737	11,809	10,044
Income tax expense	3,765	2,091	2,831	3,386	3,651	2,329	1,098
Net income	6,886	3,729	5,288	6,093	6,727	4,903	3,511
<b>Per Share Data (Common Stock)</b>							
Earnings:							
Basic	\$ 2.00	\$ 1.10	\$ 1.17	\$ 1.35	\$ 1.49	\$ 1.08	\$ .78
Diluted <sup>(1)</sup>	1.86	1.01	1.07	1.24	1.38	1.00	.73
Dividends	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Book value <sup>(2)</sup>	\$ 18.29	\$ 16.53	\$ 16.82	\$ 15.62	\$ 14.27	\$ 12.68	\$ 11.74
Tangible book value <sup>(3)</sup>	18.12	16.30	16.60	15.43	14.09	12.51	11.61
<b>Selected Period End Balance Sheet Data</b>							
Total assets	\$ 804,914	\$ 731,123	\$ 703,978	\$ 656,272	\$ 583,059	\$ 510,621	\$ 414,842
Cash and cash equivalents	99,711	90,550	63,331	108,625	36,532	55,903	24,311

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Securities available for sale	17,959	23,448	17,656	30,844	33,515	45,860	71,247
Total loans (gross)	661,254	600,496	603,280	496,106	493,538	389,626	308,723
Allowance for loan losses	(7,884)	(7,180)	(7,305)	(4,430)	(4,802)	(4,220)	(3,570)
Noninterest-bearing deposits	222,858	192,299	186,003	182,666	160,064	139,790	120,919
Interest-bearing deposits	456,082	407,882	398,544	385,044	335,482	311,251	217,700
Borrowings	35,000	49,000	40,000	15,000	20,250		20,900
Total stockholders equity	84,157	74,732	76,080	70,471	64,534	57,299	23,021
<b>Selected Performance Metrics<sup>(4)</sup></b>							
Return on average assets <sup>(5)</sup>	1.27%	.74%	.77%	.98%	1.22%	1.06%	.98%
Return on average equity <sup>(5)</sup>	12.23	6.65	7.27	9.34	11.95	10.50	9.60
Net interest margin <sup>(6)</sup>	4.29	4.07	4.08	4.08	4.23	4.16	4.09
Efficiency ratio <sup>(7)</sup>	53.05	52.55	52.36	54.92	54.75	57.14	61.88

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	As of and for the Nine Months Ended September 30,		As of and for the Year Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
<i>(dollars in thousands except per share)</i>							
<b>(unaudited)</b>							
<b>Credit Quality Ratios</b>							
Nonperforming assets to total assets	.21%	.41%	0.00%	.94%	.16%	.41%	.49%
Nonperforming loans to total loans <sup>(8)</sup>	.26	.50	0.00	1.24	.19	.18	.65
Allowance for loan losses to nonperforming loans <sup>(8)</sup>	465.13			70.95	524.81	614.26	176.73
Allowance for loan losses to total loans	1.19	1.20	1.23	.88	.97	1.08	1.16
Net charge-offs to average loans outstanding (unaudited)	.01	.54	.39	.55	.04	.13	.01
<b>Capital Ratios</b>							
Common equity Tier 1 Capital to risk-weighted assets <sup>(9)</sup>	12.28%	11.85%	11.84%	13.21%	12.75%	13.04%	13.50%
Tier 1 capital to average assets	10.97	10.77	10.33	10.51	10.04	10.08	10.27
Tier 1 capital to risk-weighted assets <sup>(9)</sup>	12.28	11.85	11.84	13.21	12.75	13.04	13.50
Total capital to risk-weighted assets <sup>(9)</sup>	13.43	13.01	13.03	14.09	13.80	14.13	14.73
Total stockholders' equity to total assets	10.46	10.13	10.81	10.74	11.07	11.22	12.78
Tangible common equity to tangible assets	10.42	10.09	10.68	10.62	10.94	11.09	12.65

(1) Integrity 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 outstanding options to purchase shares of its common stock. Earnings per share on a basic and diluted basis were calculated using the following outstanding share amounts:

	For the Nine Months Ended September 30,		For the Year Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
Weighted average shares outstanding basic	4,576,293	4,512,221	4,514,793	4,520,512	4,520,851	4,515,978	4,001,181
Weighted average shares outstanding diluted	4,919,093	4,919,571	4,956,343	4,925,762	4,879,301	4,838,728	4,285,031

- (2) Book value per share equals Integrity's total shareholders' equity as of the date presented *divided* by the number of Integrity common shares outstanding as of the date presented. The number of Integrity common shares outstanding as of September 30, 2017 and 2016, was 4,600,752 and 4,522,102, respectively, and as of December 31, 2016, 2015, 2014, 2013 and 2012 was 4,522,102 shares, 4,511,902 shares, 4,521,002 shares, 4,520,402 shares and 4,514,502 shares, respectively.
- (3) Integrity calculates tangible book value per share as of the end of any period as total shareholders' equity less goodwill and other intangible assets (net of any related deferred tax assets and liabilities) as of 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 Integrity calculates tangible book value, the most directly comparable GAAP financial measure is total shareholders' equity. Integrity calculates tangible assets as of the end of any period as total assets less goodwill and other intangible assets (net of any related deferred tax assets and liabilities) as of the end of the relevant period. Tangible assets is a non-GAAP financial measure, and, as Integrity calculates tangible assets, the most directly comparable GAAP financial measure is tangible assets. Integrity calculates tangible common equity as of the end of any period as total shareholders' equity less goodwill and other intangible assets (net of any related deferred tax assets and liabilities) as of the end of the relevant period *divided* by total assets less good will and other intangible assets (net of any related deferred tax assets and liabilities) at the end of that period. The ratio of tangible common equity to tangible assets is a non-GAAP financial measure, and, as Integrity calculates this ratio, the most directly comparable

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GAAP financial measure is total shareholders' equity to total assets. Integrity's management believes that these non-GAAP financial measures are important information to be provided to you because, as do its management, banking regulators, many financial analysts and other investors, you can use the tangible book value per common share and the ratio of tangible common equity to tangible assets in conjunction with more traditional bank capital ratios to assess Integrity's capital adequacy without the effect of its goodwill and other intangible assets (net of any related deferred tax assets and liabilities) and compare its 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.

The following table presents, as of the dates set forth below, Integrity's total assets, tangible assets, total common equity, total shareholders' equity and tangible common equity and presents reconciliations of Integrity'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 shareholders' equity to total assets:

	<b>September 30</b>				<b>December 31</b>			
	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	
	<b>(unaudited)</b>							
<i>(dollars in thousands except per share)</i>								
<b>Tangible Common Equity</b>								
Total common equity	\$ 84,157	\$ 74,732	\$ 76,080	\$ 70,471	\$ 64,534	\$ 57,299	\$ 53,021	
Adjustments:								
Servicing Rights	772	1,033	1,035	837	850	758	589	
<b>Tangible Common Equity</b>	\$ 83,385	\$ 73,699	\$ 75,045	\$ 69,634	\$ 63,684	\$ 56,541	\$ 52,432	
Common shares outstanding	4,600,752	4,520,512	4,522,102	4,511,902	4,521,002	4,520,402	4,514,502	
Book value per common share	\$ 18.29	\$ 16.53	\$ 16.82	\$ 15.62	\$ 14.27	\$ 12.68	\$ 11.74	
Tangible book value per common share	\$ 18.12	\$ 16.30	\$ 16.60	\$ 15.43	\$ 14.09	\$ 12.51	\$ 11.61	
<b>Tangible Assets</b>								
	\$ 804,914	\$ 731,123	\$ 703,978	\$ 656,272	\$ 583,059	\$ 510,621	\$ 414,842	

Total  
assets GAAP

Adjustments:

Servicing Rights	772	1,033	1,035	837	850	758	589
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**Tangible**

<b>Assets</b>	\$ 804,142	\$ 730,090	\$ 702,943	\$ 655,435	\$ 582,209	\$ 509,863	\$ 414,253
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Total common equity to total assets	10.46%	10.13%	10.81%	10.74%	11.07%	11.22%	12.78%
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Tangible common equity to tangible assets	10.42	10.09	10.68	10.62	10.94	11.09	12.65
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- (4) The values for the selected performance metrics presented for the nine months ended September 30, 2017 and 2016, are annualized.
- (5) Integrity 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 and average equity, as the case may be, for that period. Integrity 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, 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.
- (6) Net interest margin for a period represents net interest income for that period *divided* by average interest-earning assets for that period.
- (7) 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.
- (8) Nonperforming loans include nonaccrual loans, loans past due 90 days or more and still accruing interest, and accruing loans modified under troubled debt restructurings.
- (9) Integrity calculates its risk-weighted assets using the standardized method of the Basel III Framework, as implemented by the FDIC.



**Table of Contents****Comparative Stock Prices**

The following table shows (1) the market values of Independent common stock at the close of business on November 27, 2017, the business day prior to the announcement of the proposed merger, and as of the most recent date practicable preceding the date of this proxy statement/prospectus and (2) the equivalent pro forma value of a share of Integrity 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 Integrity common stock is not provided because there is no active trading market for Integrity common stock.

	<b>Independent Common Stock<sup>(1)</sup></b>	<b>Equivalent Pro Forma Per Share of Integrity Common Stock<sup>(2)</sup></b>
November 27, 2017	\$ 64.05	\$ 32.58
January 25, 2018	74.25	36.64

- (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 Integrity common stock represents the historical market value per share of Independent common stock *multiplied* by, as to November 27, 2017, an assumed exchange ratio of 0.41115 of a share of Independent Common stock for each share of Integrity common stock (which ratio is based on 5,034,952 shares of Integrity common stock, which are anticipated to be outstanding on the tangible equity determination date) for each share of Integrity common stock and adding the assumed per share cash consideration of \$6.08 at November 27, 2017, and January 25, 2018. Both examples assume an adjusted tangible equity of Integrity (calculated in accordance with the reorganization agreement) of at least \$84.0 million. Such assumed ratio was calculated based on the additional assumption that \$30.6 million in the aggregate was paid to Integrity shareholders and an aggregate payment of \$994,080 to cash out unexercised Integrity stock options. For an explanation of how the Integrity adjusted tangible equity will be calculated, the effect on the purchase price if adjusted tangible equity is less than \$84.0 million on the effective date, the calculation of the number of shares of Integrity common stock that will be issued and outstanding on the effective date, and other estimates, please refer to The Merger, beginning on page 50 of this proxy statement/prospectus.

**Dividends****Dividend Payments**

As approved by Independent's board of directors, Independent declared and paid a \$0.08 per share dividend to holders of Independent common stock in the first three quarters of 2016 and a \$0.10 per share dividend paid in the fourth fiscal quarter of 2016 and each of its four fiscal quarters of 2017 and the first fiscal quarter of 2018. Independent intends to continue to pay regularly quarterly cash dividends on its common stock following the merger, when, as and if declared by Independent'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, Independent's ability to service any equity or debt obligations senior to the common stock and other factors deemed relevant by the board of directors of Independent.

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**Table of Contents****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, or U.S. Bank, Independent cannot make any dividend payments without the prior written consent of U.S. Bank; 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.

**Recent Developments**

On January 29, 2018, Independent announced its results of operations for the fourth quarter and year ended December 31, 2017. Independent had net income available to common shareholders of \$19.2 million, or \$0.68 per diluted share, for the quarter and of \$76.5 million, or \$2.97 per diluted share, for the year. Its net interest income was \$75.3 million for the quarter and \$265.5 million for 2017, its net interest margin was 3.97% for the quarter and 3.84%

for 2017 and its yield on interest-earning assets was 4.61% for the quarter and 4.45% for the year. The total noninterest expenses of Independent were \$49.6 million for the quarter and \$176.8 million for the

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year. Independent had a provision for loan losses of \$1.9 million for the quarter and \$8.3 million for the year. At December 31, 2017, its allowance for loan losses totaled \$39.4 million and total nonperforming assets were \$22.7 million. Independent's nonperforming assets to total assets ratio was 0.26% at the end of 2017. At December 31, 2017, Independent had loans held for investment, net allowance for loan losses, of \$6.4 billion, total assets of \$8.7 billion, total deposits of \$6.6 billion, total interest-bearing deposits of \$4.7 billion, and total liabilities of \$7.3 billion. At December 31, 2017, Independent's Tier 1 common equity was \$687.0 million, its estimated Tier 1 common equity to risk-weighted assets ratio was 9.61% and its book value was \$47.28 per common share.

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**RISK FACTORS**

An investment by Integrity's shareholders in Independent common stock as a result of the exchange of shares of Independent common stock for shares of Integrity common stock in the merger involves certain risks. Certain material risks and uncertainties connected with the merger and ownership of Independent common stock are discussed below. In addition, Independent discusses certain other material risks connected with the ownership of Independent common stock and with Independent's business under the caption "Risk Factors" appearing in Independent's Annual Report on Form 10-K most recently filed with the SEC and may include additional or updated disclosures of such material risks in its Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that it files with the Commission after the date of this proxy statement/prospectus, each of which reports is or will be incorporated by reference in this proxy statement/prospectus.

Holders of Integrity common stock should carefully read and consider all of these risks and all other information contained in this proxy statement/prospectus, including the discussions of risk factors included in the documents incorporated by reference in this proxy statement/prospectus, in deciding whether to vote for approval of the various proposals for which they may vote at the special meeting of the Integrity shareholders described herein. If any of the risks described in this proxy statement/prospectus or those documents incorporated by reference herein result in effects on Independent or Independent Bank, the value of Independent common stock that you, as an existing Integrity shareholder, would hold upon consummation of the merger could decline significantly, and the current holders of Integrity common stock could lose all or part of their respective investments in the Independent common stock.

**Risks Related to the Merger**

**The merger of Independent and Integrity may not be completed.**

Completion of the merger of Independent and Integrity is subject to regulatory approval, which approval may not be obtained. If Independent is not successful in obtaining the required regulatory approval, the merger will not be completed. Even if such regulatory approval is received, the timing of that regulatory approval and any conditions imposed by the regulatory approval could result in certain closing conditions of the merger not being satisfied.

The shareholders of Integrity 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 granting such approval 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 as set forth in the reorganization agreement. Those conditions precedent include the approval of the merger by the holders of Integrity's common stock, Integrity having minimum adjusted tangible equity capital (as calculated in accordance with the reorganization agreement) of \$76.0 million, Integrity Bank maintaining an adequate allowance for loan losses and establishing additional reserves under certain circumstances as required by the reorganization agreement, there being no material adverse change in the condition of Integrity or Integrity Bank, on the one hand, or Independent, on the other hand, and the holders of not more than 5% of the outstanding shares of Integrity's common stock exercising their statutory dissenters' rights with respect to the merger. If a condition to either party's obligation to consummate the merger is not satisfied, that party may be able to terminate the reorganization agreement and, in such case, the transaction would not be consummated.



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### **Integrity and Integrity 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 Integrity and Integrity Bank and, consequently, on Independent and Independent Bank. Uncertainties surrounding the merger may impair the ability of one or more of Independent, Independent Bank, Integrity and Integrity Bank to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with either of the banks to seek to change their existing business relationships with such bank. In addition, the reorganization agreement restricts Integrity and Integrity Bank from taking other specified actions until the merger occurs without Independent's consent. These restrictions may prevent Integrity or Integrity Bank from pursuing attractive business opportunities that may arise prior to the merger's completion.

### **Integrating Integrity Bank into Independent Bank's operations may be more difficult, costly or time-consuming than Independent expects.**

Independent Bank and Integrity Bank have operated and, until the merger is completed, will continue to operate, independently. Accordingly, the process of integrating Integrity Bank's operations into Independent Bank's operations could result in the disruption of operations, the loss of Integrity Bank customers and employees and make it more difficult to achieve the intended benefits of the merger. Inconsistencies between the standards, controls, procedures and policies of Independent Bank and those of Integrity Bank could adversely affect Independent Bank's ability to maintain relationships with current customers and employees of Integrity Bank if and when the merger is completed.

As with any merger of banking institutions, business disruptions may occur that may cause Independent Bank to lose customers or may cause Integrity Bank's customers to withdraw their deposits from Integrity 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 Integrity Bank's operations into Independent Bank's operations, and to address differences in business models and cultures. If Independent is unable to integrate the operations of Integrity and Integrity Bank into Independent's and Independent Bank's operations successfully and on a timely basis, some or all of the expected benefits of the merger may not be realized. Difficulties encountered with respect to such matters could result in an adverse effect on the financial condition, results of operations, capital, liquidity or cash flows of Independent Bank and Independent.

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

Although Independent anticipates that it would realize certain cost savings as to the operations of Integrity and Integrity Bank and otherwise from the merger if and when the operations of Integrity and Integrity Bank are fully integrated into Independent's and Independent Bank's operations, it is possible that Independent may not realize all of the cost savings that Independent has estimated it can realize from the merger. For example, for a variety of reasons, Independent may be required 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 and Independent Bank with the operations of Integrity and Integrity Bank in a manner that permits those cost savings to be realized. If Independent is not able to integrate the operations of Integrity and Integrity Bank into Independent's and Independent Bank's operations successfully and to reduce the combined costs of conducting the integration operations of the two banks, the anticipated cost savings may not be fully realized, if at all, or may take longer to realize than expected. Independent's failure to realize those cost savings could materially adversely affect Independent's financial condition, results of operations, capital, liquidity or cash flows.





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**The fairness opinion obtained by the board of directors of Integrity from its financial advisor in connection with Integrity's entry into the reorganization agreement will not reflect changes in circumstances subsequent to the date of the fairness opinion.**

Sandler O'Neill, Integrity's financial advisor in connection with the proposed merger, delivered to Integrity's board of directors its opinion, dated November 28, 2017, to the effect that, as of the date of the opinion, based upon and subject to the procedures followed, assumptions made, matters considered and qualifications and limitations set forth in the opinion, the aggregate merger consideration was fair to the holders of Integrity common stock from a financial point of view. The opinion of Integrity's financial advisor speaks only as of such date and is necessarily based on economic, market, regulatory and other conditions as in effect on, and the information made available to the financial advisor, as of the date of the opinion. Events occurring after the date of the opinion could materially affect the factors used in preparing the opinion and result in actual results differing materially from such assumptions. As a result, a conclusion similar to that of the opinion might not be reached considering the subsequent events. Any such events, or other factors on which the opinions are based, may materially alter or affect the relative values of Independent and Integrity.

**Risks Related to Integrity Shareholders' Interests if the Merger is Consummated**

**The adjusted tangible equity of Integrity could be an amount that results in a reduction in the cash portion of the merger consideration paid to Integrity shareholders and that could affect Independent's obligation to consummate the merger.**

The \$36.1 million aggregate cash consideration will be reduced if Integrity's adjusted tangible equity, as calculated pursuant to the reorganization agreement, is less than \$84.0 million as of the tangible equity determination date. If on the tangible equity determination date, Integrity's adjusted tangible equity is less than \$84.0 million, the \$31.6 million aggregate cash consideration will be reduced dollar for dollar by the difference between (x) \$84.0 million minus (y) Integrity's adjusted tangible equity as of the tangible equity determination date. Moreover, Independent's obligation to consummate the merger is conditioned upon Integrity having adjusted tangible equity, as calculated pursuant to the reorganization agreement and as described herein, of at least \$76.0 million as of the closing date. For a more detailed explanation of how the adjusted tangible equity of Integrity will be calculated, please see "The Merger - Possible Downward Adjustment to the \$31.6 million Merger Consideration," beginning on page 51.

**Independent could elect to complete the merger transaction even if the Integrity adjusted tangible equity is less than \$76.0 million on the tangible equity determination date.**

In the event that Integrity does not have adjusted tangible equity equal to or greater than \$76.0 million on the tangible equity determination date, Independent has the right to elect either to terminate the transaction without completing the merger or completing the merger regardless of Integrity's adjusted tangible equity at that time. Integrity does not have the right to terminate the merger in the event the amount of its adjusted tangible equity is below \$76.0 million under the terms of the reorganization agreement at that time. The result is that once the holders of Integrity common stock have approved the reorganization agreement and the merger, Independent can require Integrity to complete the merger even if Integrity adjusted tangible equity is below \$76.0 million, in which case the cash portion of the consideration to be paid in conversion of the outstanding shares of Integrity common stock upon the consummation of the merger could be significantly reduced.

**Integrity does not intend to resolicit proxies from its shareholders in the event that Integrity's adjusted tangible equity is less than \$76.0 million on the closing date.**

If the Integrity adjusted tangible equity is below \$76.0 million, Independent's board of directors intends to exercise its independent judgment in determining whether to complete the merger or to terminate the reorganization agreement.

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Integrity does not have a corresponding contractual right to choose not to complete the merger should its adjusted tangible equity fall below \$76.0 million, even though such an event will result in the reduction in the cash portion of the consideration for which the outstanding shares of Integrity common stock will be exchanged in the merger which reduction could be substantial. In such event, the decision whether to complete the merger will rest solely with Independent. Without the right to decline to complete the merger, there would be no practical advantage for Integrity to resolicit proxies from its shareholders under these circumstances. In determining whether to approve the reorganization agreement and the merger, the holders of Integrity common stock should consider that each of their shares of Integrity common stock will be converted into a smaller cash payment of merger consideration in the merger if the Integrity adjusted tangible equity is less than \$84.0 million at the time of the closing of the merger.

**Integrity shareholders will not know the exact fraction of a share of Independent common stock or the exact cash payment they will receive for each share of Integrity common stock they own when they vote on approving the reorganization agreement and the merger.**

For reasons discussed above and because the fraction of a share of Independent common stock for which a share of Integrity common stock will be exchanged at the closing of the merger will depend on the number of Integrity stock options that have been exercised prior to closing and because the cash portion of the merger consideration could be reduced if adjusted tangible equity falls below \$84.0 million on the tangible equity determination date, when the Integrity shareholders vote on approving the reorganization agreement and the merger of Integrity with and into Independent, they will not know the exact fraction of a share of Independent common stock or the exact cash payment for which each of their outstanding shares of Integrity common stock will be exchanged in the merger and the exact number of shares of Independent common stock or the exact cash payment they will receive in the merger as consideration for their shares of Integrity common stock and must make their decision regarding how to vote with respect to the approval of the reorganization agreement and the merger without that information.

**The value of the shares of Independent common stock to be received by the Integrity shareholders in the merger is dependent upon the market price of Independent's common stock, which is subject to fluctuation and may decline over time thus reducing the economic benefits to be received by holders of Integrity common stock upon completion of the merger.**

In instances in this proxy statement/prospectus, Independent has valued the Independent common stock to be issued in the merger to the holders of Integrity common stock based on the closing price of Independent's common stock as of January 25, 2018, which was \$74.25 a share. However, the value of each share of Independent common stock is subject to fluctuations in the marketplace, resulting in the possibility that its value could decrease between the date of this proxy statement/prospectus and the date of the Integrity special meeting when holders of Integrity common stock will be asked to approve the reorganization agreement and the merger, as well as between the date of that special meeting and the date of the closing of the merger. If the reorganization agreement and the merger are approved at the Integrity special meeting, there is the possibility that the value of the Independent common stock could decline materially prior to the issuance of the Independent common stock to the holders of Integrity common stock upon the completion of the merger and thereafter.

**Integrity shareholders will have a reduced ownership and voting interest in Independent after the merger than they now have in Integrity and will exercise less influence over Independent's management than they now exercise over Integrity's management.**

Integrity's shareholders currently have the right to vote in the election of the board of directors of Integrity and on other matters affecting Integrity. The merger will transfer control of the operations of Integrity to Independent and to the shareholders of Independent. When the merger occurs, each Integrity shareholder will become a shareholder of

Independent with a percentage ownership of Independent much smaller than such shareholder's percentage ownership of Integrity immediately prior to the merger. Because of this occurrence,

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Integrity shareholders will have less influence on the management and policies of Independent than they now have on the management and policies of Integrity.

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

The rights associated with Integrity common stock are different from the rights associated with Independent common stock. In some cases, the rights associated with the Independent common stock may be less favorable to shareholders than those associated with the Integrity common stock. See Comparison of Rights of Shareholders of Integrity and Independent on page 113 for a more detailed description of the shareholder rights of each of Independent and Integrity.

**The dissenters' rights appraisal process relating to shares of the Integrity common stock is uncertain.**

Holders of Integrity common stock may or may not be entitled to receive more than the amount provided for in the reorganization agreement for their shares of Integrity 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 Integrity common stock pursuant to the dissenting shareholder procedures under the TBOC. See The Merger Dissenters' Rights of Integrity Shareholders on page 94 and Appendix C. For this reason, the amount of cash that such shareholders might be entitled to receive should they elect to exercise their 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 Integrity common stock shall have exercised their statutory dissenters' rights under the TBOC. The number of shares of Integrity common stock for which holders will exercise dissenters' rights under the TBOC is not known and therefore there is no assurance of this closing condition being satisfied.

**The holders of a significant number of shares of Integrity common stock have agreed to vote to approve the reorganization agreement.**

The directors of Integrity and certain entities they represent have entered into a voting agreement with Independent pursuant to which they have agreed to vote the shares of Integrity common stock they own to approve the reorganization agreement. Those persons own an aggregate of **1,130,526** shares of Integrity common stock, or % of the shares of Integrity common stock that were outstanding at the close of business on the record date for the Integrity special meeting. If no other shares of Integrity common stock were to be outstanding on the record date for the Integrity special meeting, the holders of an additional shares or % of the Integrity common stock would have to vote to approve the reorganization agreement in order for the merger of Integrity with and into Independent to be approved by the Integrity shareholders.

**Some of the directors and officers of Integrity 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 officers of Integrity may be different from those of Integrity shareholders. The directors and certain officers of Integrity 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 Integrity shareholders. These interests are described in more detail in the section of this proxy statement/prospectus entitled The Merger Financial Interests of Directors and Officers of Integrity in the Merger beginning on page 87. Further, as noted in the preceding risk factor, directors of Integrity and certain entities they represent have entered into an agreement to vote the shares of Integrity common stock that they control in favor of approval of the reorganization agreement and the merger and in the manner most

favorable to the consummation of the merger and the transactions contemplated by the reorganization agreement, or voting agreement; provided, however, that the Integrity shareholders who entered into the voting agreement would be permitted to vote to accept a superior proposal to acquire Integrity (as "superior proposal" is defined in the reorganization agreement).

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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 and are made pursuant to the safe harbor provisions of Section 27A of the Securities Act. 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, but not exclusively, 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 word 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 Independent 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 Integrity 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:

Independent's ability to sustain its current internal growth rate and total growth rate;

changes in geopolitical, business and economic events, occurrences and conditions, including changes in rates of inflation or deflation, nationally, regionally and in Independent's target markets, particularly in Texas and Colorado;

worsening business and economic conditions nationally, regionally and in Independent's target markets, particularly in Texas and Colorado, and the geographic areas in those states in which Independent operates;

Independent's ability to consummate its proposed acquisition of Integrity;

Independent's actual cost savings resulting from the acquisition of Integrity are less than expected, it is unable to realize those cost savings as soon as expected or it incurs additional or unexpected costs;



Independent's revenues after the Integrity acquisitions are less than expected;

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 and Colorado;

changes in asset quality, including increases in default rates and loans and higher levels of nonperforming loans and loan charge-offs;

concentration of the loan portfolio of Independent Bank, before and after the completion of acquisitions of financial institutions, in commercial and residential real estate loans and changes in the prices, values and sales volumes of commercial and residential real estate, values and sales volumes of commercial and residential real estate;

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the ability of Independent Bank to make loans with acceptable net interest margins and levels of risk of repayment and to otherwise invest in assets at acceptable yields and presenting acceptable investment risks;

inaccuracy of the assumptions and estimates that the managements of Independent and the financial institutions that it acquires make 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, that Independent currently has;

material increases or decreases in the amount of deposits held by Independent Bank or other financial institutions that Independent acquires and the cost of those deposits;

Independent's access to the debt and equity markets and the overall cost of funding its operations;

regulatory requirements to maintain minimum capital levels or maintenance of capital at levels sufficient to support Independent's anticipated growth;

changes in market interest rates that affect the pricing of the loans and deposits of each of Independent Bank and the financial institutions that Independent acquires and the net interest income of each of Independent Bank and the financial institutions that Independent acquires;

fluctuations in the market value and liquidity of the securities Independent holds for sale, including as a result of changes in market interest rates;

effects of competition from a wide variety of local, regional, national and other providers of financial, investment and insurance services;

changes in economic and market conditions that affect the amount and value of the assets of Independent Bank and of financial institutions that Independent acquires;

the institution and outcome of, and costs associated with, litigation and other legal proceedings against one of more of Independent, Independent Bank and financial institutions that Independent acquires or to which any of such entities is subject;

the occurrence of market conditions adversely affecting the financial industry generally;

the impact of recent and future legislative and regulatory changes, including changes in banking, securities and tax laws and regulations and their application by Independent's regulators, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, specifically the Dodd-Frank Act stress testing requirements as Independent approaches \$10 billion in total assets, and changes in federal government policies;

changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board, the SEC and the Public Company Accounting Oversight Board, or PCAOB, as the case may be;

governmental monetary and fiscal policies;

changes in the scope and cost of FDIC insurance and other coverage;

the effects of war or other conflicts, acts of terrorism (including cyber attacks) or other catastrophic events, including storms, droughts, tornadoes, hurricanes and flooding, that may affect general economic conditions;

Independent's actual cost savings resulting from previous or future acquisitions are less than expected, it is unable to realize those cost savings as soon as expected, or it incurs additional or unexpected costs;

Independent's revenues after previous or future acquisitions are less than expected;

the liquidity of, and changes in the amounts and sources of liquidity available to, us, before and after the acquisition of any financial institutions that Independent acquires;

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deposit attrition, operating costs, customer loss and business disruption before and after Independent's completed acquisitions, including, without limitation, difficulties in maintaining relationships with employees, may be greater than Independent expected;

the effects of the combination of the operations of financial institutions that Independent acquired in the recent past or may acquire in the future with Independent's operations and the operations of Independent Bank, the effects of the integration of such operations being unsuccessful, and the effects of such integration being more difficult, time-consuming or costly than expected or not yielding the cost savings that Independent expects;

the impact of investments that Independent or Independent Bank may have made or may make and the changes in the value of those investments;

the quality of the assets of financial institutions and companies that Independent has acquired in the recent past or may acquire in the future being different than Independent determined or determine in its due diligence investigation in connection with the acquisition of such financial institutions and any inadequacy of loan loss reserves relating to, and exposure to unrecoverable losses on, loans acquired;

Independent's ability to continue to identify acquisition targets and successfully acquire desirable financial institutions to sustain its growth, to expand its presence in its markets and to enter new markets;

general business and economic conditions in Independent's markets change or are less favorable than expected;

changes occur in business conditions and inflation;

an increase in the rate of personal or commercial customers' bankruptcies;

technology-related changes are harder to make or are more expensive than expected;

attacks on the security of, and breaches of, Independent or Independent Bank's digital information systems, the costs Independent or Independent Bank incur to provide security against such attacks and any costs and liability Independent or Independent Bank incurs in connection with any breach of those systems; and

the potential impact of technology and FinTech entities on the banking industry generally.

For other factors, risks and uncertainties that could cause actual results to differ materially from estimates contained in forward-looking statements, please read the Risk Factors section of this proxy statement/prospectus.

Independent and Integrity urge you to consider all of these risks, uncertainties and other factors carefully in evaluating all such forward-looking statements made in this proxy statement/prospectus. As a result of these and other matters, including changes in facts, assumptions not being realized or other factors, the actual results relating to the subject matter of any forward-looking statement may differ materially from the anticipated results expressed or implied in that forward-looking statement. Any forward-looking statement made in this proxy statement/prospectus or made by Independent in any report, filing, document or information incorporated by reference in this proxy statement/prospectus, speaks only as of the date on which it is made. Neither Independent nor Integrity undertakes any obligation to update any such forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that these assumptions or bases have been chosen in good faith and that they are reasonable. However, we caution you that assumptions as to future occurrences or results almost always vary from actual future occurrences or results, and the differences between assumptions and actual occurrences and results can be material. Therefore, we caution you not to place undue reliance on the forward-looking statements contained in this proxy statement/prospectus or incorporated by reference herein.

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**GENERAL INFORMATION**

This document constitutes a proxy statement/prospectus of Integrity and Independent and is being furnished to all record holders of Integrity common stock on the record date in connection with the solicitation of proxies by the boards of directors of Integrity to be used at the special meeting of shareholders of Integrity to be held on \_\_\_\_\_, 2018.

One of the purposes of the special meeting is to consider and vote to approve the reorganization agreement, which provides for, among other things, the merger of Integrity with and into Independent, with Independent being the surviving entity, followed by the merger of Integrity Bank with and into Independent Bank, with Independent Bank being the surviving bank. This document also constitutes a prospectus relating to the offer and sale of Independent common stock to be issued in connection with the merger to holders of Integrity common stock (including holders of stock options to purchase Integrity common stock that are exercised prior to the consummation of the merger).

Independent has supplied all of the information contained herein relating to Independent and Independent Bank, and Integrity has supplied all of the information contained herein relating to Integrity and Integrity Bank.

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**THE INTEGRITY SPECIAL MEETING**

This document constitutes a proxy statement/prospectus and is being provided to the record holders of Integrity common stock as part of a solicitation of proxies by the Integrity board of directors for use at the Integrity special meeting, which is to be held at the time and place specified below and at any properly convened meeting following an adjournment thereof. The purpose of the special meeting is to consider and vote to approve the Agreement and Plan of Reorganization, or reorganization agreement, which provides for, among other things, the merger of Integrity with and into Independent, with Independent being the surviving corporation.

This document also constitutes a proxy statement/prospectus relating to the offer and sale of the Independent common stock that is to be issued to record holders of Integrity common stock upon the consummation of the merger contemplated by the reorganization agreement.

This proxy statement/prospectus provides the holders of Integrity common stock with information they need to know to be able to vote or instruct their vote to be cast at the Integrity special meeting.

**Date, Time and Place**

The special meeting of holders of Integrity common stock will be held at the \_\_\_\_\_, \_\_\_\_\_, Houston, Texas \_\_\_\_\_, on \_\_\_\_\_, 2018, at \_\_\_\_\_ a.m./p.m. Central Time.

**Purpose of the Integrity Special Meeting**

At the Integrity special meeting, the holders of shares of Integrity common stock will be asked to consider and vote on the following:

**Integrity Proposal One:** to approve the reorganization agreement, dated as of November 28, 2017, by and between Independent and Integrity and the merger contemplated thereby; and

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

The consummation of the merger by and between Integrity and Independent is conditioned on, among other things, the approval of the reorganization agreement, the merger and the other transactions contemplated by the reorganization agreement.

**Recommendation of the Integrity Board of Directors**

On November 27, 2017, the Integrity board of directors unanimously determined that the merger and the other transactions contemplated by the reorganization agreement are in the best interests of Integrity and its shareholders and it approved the reorganization agreement, the merger and the other transactions contemplated by the reorganization agreement.

Accordingly, the Integrity board of directors unanimously recommends that Integrity shareholders vote as follows:

**FOR** Integrity Proposal One approving the reorganization agreement and the merger contemplated thereby; and

**FOR** Integrity Proposal Two approving the adjournment of the Integrity special meeting if necessary to permit solicitation of additional proxies or for any other reason that the board of directors of Integrity determines is necessary.



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Holders of Integrity common stock should carefully read this proxy statement/prospectus, including any documents incorporated by reference, and the Appendices in their entirety for more detailed information concerning the merger and the transactions contemplated by the reorganization agreement.

**Integrity Record Date; Shareholders Entitled to Vote**

The record date for the Integrity special meeting is \_\_\_\_\_, 2018, or the Integrity record date. Only record holders of shares of Integrity common stock at 5:00 p.m. Central Time, or the close of business, on the Integrity record date are entitled to notice of the Integrity special meeting. At the close of business on the Integrity record date, the only outstanding securities of Integrity with a right to vote on the proposals were shares of Integrity common stock, with \_\_\_\_\_ shares of Integrity common stock being issued and outstanding at that time. Each share of Integrity common stock outstanding on the Integrity record date is entitled to one vote on each proposal. Holders of at least two-thirds of the outstanding shares of Integrity common stock must vote in favor of the reorganization agreement and the merger in order to permit consummation of the merger and other transactions contemplated thereby.

**Voting by Integrity's Directors and Executive Officers; Voting Agreement**

At the close of business on the record date for the Integrity special meeting, Integrity directors and executive officers and their affiliates were entitled to vote \_\_\_\_\_ shares of Integrity common stock, or \_\_\_\_\_ % of the shares of Integrity common stock outstanding on that date. Integrity currently expects that its directors and executive officers and their affiliates will vote their shares of Integrity common stock in favor of both of the Integrity proposals. In addition, directors and certain officers of Integrity have entered into an agreement to vote the shares of Integrity common stock that they control in favor of approval of the reorganization agreement and the merger. However, Integrity shareholders who entered into a voting agreement would be permitted to vote to accept any superior proposal to acquire Integrity (as superior proposal is defined in the reorganization agreement). As of the record date for the Integrity special meeting, 1,130,526 shares of Integrity common stock, or \_\_\_\_\_ % of the \_\_\_\_\_ shares of Integrity common stock then outstanding and entitled to vote at the Integrity special meeting, are bound by the voting agreement.

**Quorum and Adjournment**

No business may be transacted at the Integrity special meeting unless a quorum is present. Shareholders who hold shares representing at least a majority of each class of the shares entitled to vote at the Integrity special meeting must be present in person or represented by proxy to constitute a quorum, but the holders of at least two-thirds of the shares of Integrity common stock entitled to vote at the Integrity special meeting must be present, in person or by proxy, at the Integrity special meeting in order for the necessary vote to be able to take action on the merger proposal. The affirmative vote of the holders of at least two-thirds of the outstanding Integrity common stock is required to approve the reorganization agreement and the merger. As a result, if shares representing at least two-thirds of the shares of Integrity common stock outstanding on the close of business on the Integrity record date are not present at the Integrity special meeting, then the presence of a quorum will still not permit the merger to be approved at the Integrity special meeting.

If a quorum is not present, or if fewer shares than are required to approve the reorganization agreement and the merger are voted in favor of the proposal to approve the reorganization agreement and the merger, then the Integrity special meeting may be adjourned to allow for the solicitation of additional proxies provided that such proposal to adjourn the Integrity special meeting is approved by the holders of a majority of the shares of Integrity common stock who are entitled to vote at the Integrity special meeting and are present or represented by proxy at the Integrity special meeting.

No notice of an adjourned Integrity special meeting need be given unless, after the adjournment, a new record date is fixed for the adjourned Integrity special meeting, in which case a notice of the adjourned Integrity

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special meeting shall be given to each Integrity shareholder of record entitled to vote at the Integrity special meeting. At any adjourned Integrity special meeting, all proxies will be voted in the same manner as they would have been voted at the original convening of the Integrity special meeting, except for any proxies that have been effectively revoked or withdrawn prior to the adjourned Integrity special meeting.

All shares of Integrity common stock represented at the Integrity special meeting, including shares of Integrity common stock that are represented but that vote to abstain and broker nonvotes, will be treated as present for purposes of determining the presence or absence of a quorum.

## **Required Vote**

The required votes to approve the Integrity proposals are as follows:

**Integrity Proposal One:** approving the reorganization agreement and the merger requires the affirmative vote of at least two-thirds of the issued and outstanding shares of Integrity common stock entitled to vote at the Integrity special meeting. Failures to vote, broker nonvotes and abstentions will have the same effect as a vote against this proposal. Please note that only the shares of Integrity common stock are entitled to be voted at the Integrity special meeting.

**Integrity Proposal Two:** approving the adjournment of the Integrity special meeting to allow, if necessary, for the solicitation of additional proxies or for any other reason that the board of directors of Integrity determines is necessary will require the affirmative vote of at least a majority of the issued and outstanding shares of Integrity common stock and present or represented by proxy at the Integrity special meeting, regardless of whether there is a quorum present at the Integrity special meeting. Failures to vote, broker nonvotes and abstentions will have the same effect as a vote against the proposal. Please note that only the shares of Integrity common stock are entitled to be voted at the Integrity special meeting.

## **Voting of Proxies by Holders of Record of Integrity Common Stock**

If you were a record holder of Integrity common stock at the close of business on the Integrity record date, a proxy card is enclosed for your use. Integrity requests that you vote your shares as promptly as possible by submitting your Integrity proxy card by mail using the enclosed return envelope. When the accompanying proxy card is properly executed, dated and returned, the shares of Integrity common stock represented by it will be voted at the Integrity special meeting or any adjournment thereof in accordance with the instructions contained in the proxy card.

If a proxy card is returned without an indication as to how the shares of Integrity common stock represented by it are to be voted with regard to a particular proposal, the shares of Integrity common stock represented by the proxy will be voted in accordance with the recommendation of the Integrity board of directors and, therefore, such shares will be voted:

**FOR** Integrity Proposal One approving the reorganization agreement and the merger; and

**FOR** Integrity Proposal Two approving the adjournment of the Integrity special meeting if necessary to permit solicitation of additional proxies or for any other reason that the board of directors determines is necessary.

At the date hereof, the Integrity board of directors has no knowledge of any business that will be presented for consideration at the Integrity special meeting and that would be required to be set forth in this proxy statement/prospectus or the related proxy card other than the matters set forth in the Integrity Notice of Special Meeting of Shareholders.

No other matter can be brought up or voted upon at the Integrity special meeting.

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Your vote is important. Accordingly, if you were a record holder of Integrity common stock on the record date of the Integrity special meeting, please sign and return the enclosed proxy card whether or not you plan to attend the Integrity special meeting in person.

### **Attending the Meeting; Voting in Person**

Only record holders of Integrity common stock on the record date, the persons duly appointed as proxies to vote shares of Integrity common stock, and invited guests may attend the Integrity special meeting. Only the holders of record of shares of the Integrity common stock as of the record date for the Integrity special meeting will be entitled to vote at the meeting. All attendees must present government-issued photo identification (such as a driver's license or passport) for admittance. The additional items, if any, that attendees must bring to gain admittance to the Integrity special meeting depend on whether they are shareholders of record or proxy holders. If you receive a notice of special meeting and a proxy statement/prospectus directly from Integrity, you are deemed a holder of record.

A shareholder who holds shares in street name through a broker, custodian, trustee or other nominee (referred to in this proxy statement/prospectus as a beneficial owner) who desires to attend the Integrity special meeting in person must bring proof of beneficial ownership as of the record date, such as a letter from the broker, custodian, trustee or other nominee that is the record owner of such beneficial owner's shares, a brokerage account statement or the voting instruction form provided by the broker.

A person who holds a validly executed proxy entitling such person to vote on behalf of a record owner of shares of Integrity common stock who desires to attend the Integrity special meeting in person must bring the validly executed proxy naming such person as the proxy holder, signed by the Integrity shareholder of record, and proof of the signing shareholder's record ownership of shares of Integrity common stock as of the record date.

No cameras, recording equipment or other electronic devices will be allowed in the meeting room. Failure to provide the requested documents at the door or failure to comply with the procedures for the Integrity special meeting may prevent Integrity shareholders from being admitted to the Integrity special meeting.

### **Revocation of Proxies**

An Integrity shareholder entitled to vote at the Integrity special meeting may revoke a previously provided proxy at any time before such time that the proxy card for any such holders of Integrity common stock must be received at the Integrity special meeting by taking any of the following three actions:

delivering written notice of revocation to James M. McElray, Executive Vice President and Chief Financial Officer, Integrity Bancshares, Inc., 4040 Washington Avenue, Houston, Texas 77007;

delivering a proxy card bearing a later date than the date of the proxy that such shareholder desires to revoke;  
or

attending the Integrity special meeting and voting in person.

Merely attending the Integrity special meeting will not, by itself, revoke your proxy; a holder of Integrity common stock must cast a subsequent vote at the Integrity special meeting using a ballot provided at the Integrity special

meeting for that purpose. The last valid vote that Integrity receives before or at the Integrity special meeting is the vote that will be counted.

If you hold your shares in street name through a custodian or broker, you must contact such broker or custodian if you desire to revoke your proxy.

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### **Tabulation of Votes**

Integrity has appointed James M. McElray to serve as the Inspector of Election for the Integrity special meeting. The Inspector of Election will independently tabulate affirmative votes, negative votes and abstentions.

### **Solicitation of Proxies**

The Integrity board of directors is soliciting proxies for the Integrity special meeting from holders of shares of Integrity common stock entitled to vote at such special meeting. In accordance with the reorganization agreement, Integrity will pay its own cost of soliciting proxies from its shareholders, including the cost of mailing this proxy statement/prospectus. In addition to solicitation of proxies by mail, proxies may be solicited by Integrity's officers, directors and regular employees, without additional remuneration, by personal interview, telephone or other means of communication.

Integrity will make arrangements with brokerage houses, custodians, nominees and fiduciaries to forward proxy solicitation materials to beneficial owners of Integrity common stock. Integrity may reimburse these brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in forwarding the proxy materials.

Abstentions and shares of Integrity common stock held of record by a broker or nominee that are voted on any matter are included in determining whether a quorum exists at the Integrity special meeting. Brokers that are members of the NYSE or NASDAQ Global Select Market, as holders of record, are permitted to vote on certain routine matters in their discretion, but not on nonroutine matters. The proposal to approve the reorganization agreement and the merger is a nonroutine matter. Accordingly, if a holder of shares of Integrity common stock holds such shares in street name and does not provide voting instructions to his or her bank, broker or nominee that is a member of NYSE or NASDAQ Global Select Market, those shares will not be voted on the proposal to approve the reorganization agreement and the merger at the Integrity special meeting unless you receive a proxy from that broker that will allow you to vote the shares you beneficially own and that are held by that broker.

### **Adjournments**

Any adjournment of the Integrity special meeting may be made from time to time if the proposal to adjourn the meeting is approved by the affirmative vote of at least a majority of the issued and outstanding shares of Integrity common stock entitled to vote and present or represented by proxy at the Integrity special meeting, whether or not a quorum exists at the Integrity special meeting. Such adjournment may be made without further notice other than by an announcement made at the Integrity special meeting, unless a new record date for the adjourned special meeting is fixed. If a quorum is not present at the Integrity special meeting or if a quorum is present at the Integrity special meeting but there are not sufficient votes at the time of the Integrity special meeting to approve the proposals, then Integrity shareholders may be asked to vote on a proposal to adjourn the Integrity special meeting so as to permit solicitation of additional proxies. A proposal to adjourn the meeting may also be made for any reason the board of directors of Integrity determines is necessary.

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**PROPOSAL ONE THE MERGER**

The shareholders of Integrity will be voting upon a proposal to approve the reorganization agreement and the merger. Information about the merger and the reorganization agreement is presented below under "The Merger" and elsewhere in this proxy statement/prospectus.

**THE MERGER**

The following information describes the material aspects of the merger. A copy of the reorganization agreement is included as Appendix A to this proxy statement/prospectus and is incorporated herein by reference. The description of the material aspects of the merger appearing below is qualified in its entirety by the terms of the reorganization agreement. You are urged to read each of the Appendices to this proxy statement/prospectus in its entirety.

**Terms of the Merger**

The reorganization agreement provides for Independent to acquire all of the issued and outstanding equity securities of Integrity through a merger of Integrity with and into Independent, with Independent being the surviving corporation following the merger. If the shareholders of Integrity approve the reorganization agreement at the special meeting, and if the required regulatory approvals are obtained and the other conditions to the parties' obligations to effect the merger are satisfied or are waived by the party entitled to do so, Independent and Integrity anticipate that the merger will be completed on May 1, 2018, although delays in the completion of the merger could occur.

Independent is the sole shareholder of Independent Bank, a Texas banking association, and Integrity is the sole shareholder of Integrity Bank, a Texas state savings bank. Upon the effectiveness of the merger, both Independent Bank and Integrity Bank will be wholly owned subsidiaries of Independent. Pursuant to the reorganization agreement, immediately following the effectiveness of the merger, Integrity Bank will merge with and into Independent Bank, with Independent Bank being the surviving bank following the bank merger.

**Treatment of Shares of Integrity Common Stock**

As a result of the merger, holders of Integrity common stock will be entitled to receive whole shares of Independent common stock and a cash payment in exchange for their shares of Integrity common stock. Independent will pay cash in lieu of issuing fractional shares of Independent common stock. After the merger, the Integrity shareholders will no longer be owners of Integrity common stock. As a result of the merger, certificates of Integrity common stock will represent only the right to receive the merger consideration pursuant to the reorganization agreement. Integrity will cease to exist following the merger's completion.

If the shareholders of Integrity approve the reorganization agreement and the merger, the necessary regulatory approvals of the merger are received, and the merger is completed, and assuming 5,034,952 shares of Integrity common stock are outstanding immediately prior to the merger (which assumes that outstanding Integrity stock options to acquire 168,900 Integrity common stock are exercised prior to the tangible equity determination date), there are 76,000 unexercised Integrity stock options to purchase 76,000 shares of Integrity common stock and that the aggregate amount to be paid to cash out such unexercised Integrity stock options is \$994,080, Integrity has adjusted tangible equity of at least \$84.0 million on the tangible equity determination date and the price of Independent common stock is \$74.25 per share (the closing price of Independent common stock on January 25, 2018), then, each of the shares of Integrity common stock then outstanding would be exchanged for 0.41155 of a share of Independent common stock and a cash payment of \$6.08 and all of the outstanding shares of Integrity common stock would be exchanged for an aggregate of 2,072,131 shares of Independent common stock and approximately \$30.6 million in



cash. For more detail on this estimate, please see The Merger Estimated Number of Shares of Integrity Common Stock to be Issued and Outstanding on the Closing Date on page 51.

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**Table of Contents****Treatment of Integrity Stock Options**

Pursuant to the terms of the reorganization agreement, each outstanding and unvested option to acquire shares of Integrity common stock that is not fully vested and immediately exercisable will become fully vested upon the approval of the reorganization agreement and the merger by the holders of Integrity common stock. Upon such approval, all of the outstanding options to acquire shares of Integrity common stock will then no longer be subject to forfeiture and will be immediately exercisable. Each such option that is not exercised prior to the effective time of the merger will be automatically cashed out under the terms of the reorganization agreement and an option cancellation agreement, and the holder of each cashed out Integrity stock option will have the right to receive a cash payment in an amount equal to the per option share price *multiplied* by the total number of option shares held by such nonexercising option holder. Such amount will be paid to the option holders within five business days following the closing date of the merger. Any amount paid by Independent to cash out the Integrity stock options will reduce the cash portion of the merger consideration. Management of Integrity anticipates that Integrity stock options to purchase 76,000 shares of Integrity common stock will remain outstanding and unexercised on the tangible equity determination date, which, based on the assumptions set forth above, would result in an aggregate payment of \$994,080 to cash out such unexercised Integrity stock options.

**Estimated Number of Shares of Integrity Common Stock to be Issued and Outstanding on the Closing Date**

The number of shares of Independent common stock and cash payment amount to be received by the Integrity shareholders with respect to their shares of Integrity common stock is dependent, among other factors, upon the number of shares of Integrity common stock issued and outstanding immediately prior to the effective time of the merger. As of \_\_\_\_\_, 2018, the record date for the Integrity special meeting, \_\_\_\_\_ shares of Integrity common stock were issued and outstanding, and Integrity stock options to purchase \_\_\_\_\_ shares of Integrity common stock were outstanding and unexercised. If outstanding Integrity stock options to purchase 168,900 shares of Integrity common stock are exercised, 5,034,952 shares of Integrity common stock would be issued and outstanding immediately prior to the effective time of the merger. Shares of Integrity common stock acquired upon the exercise of Integrity stock options will be exchanged for shares of Independent common stock and a cash payment in the merger on the same basis as all other shares of Integrity common stock outstanding immediately prior to the effective time of the merger.

**Possible Downward Adjustment to the \$31.6 million Merger Consideration**

The \$31.6 million cash consideration will be reduced, on a dollar-for-dollar basis, if the adjusted tangible equity of Integrity is less than \$84.0 million on the tangible equity determination date. Under those circumstances, the aggregate cash consideration would be reduced by the difference between \$84.0 million and the amount Integrity's tangible equity on the tangible equity determination date.

As noted above, the amount paid by Independent to cash out outstanding and unexercised Integrity stock options will reduce the aggregate cash portion of the merger consideration. Management of Integrity anticipates that Integrity stock options to purchase 76,000 shares of Integrity common stock will remain outstanding and unexercised, and that, based upon the closing price of Independent common stock of \$74.25 on January 25, 2018, Independent would make an aggregate payment of approximately \$994,080 to cash out such unexercised Integrity stock options. In this event, the aggregate cash portion of the merger consideration would be reduced by \$994,080 from \$31.6 million to approximately \$30.6 million.

Pursuant to the terms of the reorganization agreement, the adjusted tangible equity of Integrity will be determined from Integrity's financial statements prepared in accordance with generally accepted accounting principles,

consistently applied, or GAAP, adjusted as provided for below. Any unrealized gains or losses in investment securities will also be excluded from the calculation of adjusted tangible equity.

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The calculation of Integrity's adjusted tangible equity for purposes of determining whether there is a downward adjustment to the \$31.6 million cash consideration to be received by the Integrity shareholders in the merger will include a deduction for the costs and expenses of Integrity and Integrity Bank listed below, on an after tax basis, which are currently estimated to range, in the aggregate, between approximately **[\$8.7 million]** and **[\$9.5 million]**:

all professional fees incurred by Integrity and Integrity Bank in connection with transactions contemplated by the reorganization agreement, which would include any investment banking fees, legal fees and accounting fees and similar costs and expenses;

any costs or fees (including forfeited prepaid expenses) associated with the termination and de-conversion of material contracts of Integrity and Integrity Bank, including their respective data processing and other information technology contracts and as otherwise scheduled in the reorganization agreement;

all payments owed under the employment agreements, change-in control agreements, salary arrangements, continuation arrangements, deferred compensation arrangements, severance plans, or similar arrangements by Integrity or Integrity Bank and all other payments, if any, made to director, director long-term care agreements, officers and employees of Integrity or Integrity Bank related to the consummation of the merger;

the premium for four (4) years of director and officer insurance tail coverage required by the reorganization agreement;

the portion of the payroll and income tax owed by Integrity resulting from the cashout of the Integrity stock options, if any; and

Any provision expense incurred to fully reserve for certain identified loans that are not resolved prior to the tangible equity determination date.

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The tangible equity of Integrity (calculated in accordance with GAAP and the terms of the reorganization agreement) as of December 31, 2017, was \$85.8 million. The amount of tangible equity will be increased by the amount of the consolidated net income of Integrity or decreased by the amount of the consolidated net loss of Integrity through the fifth business day prior to the tangible equity determination date. Management of Integrity estimates that Integrity will have net income of between \$3.3 million and \$3.6 million from January 1, 2018, through April 24, 2018. The table set forth below shows the range of Integrity's estimates for the amounts that will affect the calculation of the Integrity adjusted tangible equity, assuming the closing of the merger occurs on April 30, 2018, and the merger has an effective date of May 1, 2018:

	<b>Low Range</b>	<b>High Range</b>
Tangible equity of Integrity as of December 31, 2016 prior to deductions required by reorganization agreement	\$ 85,823	\$ 85,823
Estimated consolidated net income of Integrity for the period from January 1, 2018, through April 24, 2018	3,300	3,600
Estimated additional equity from the purchase of stock options	4,500	5,839
Estimated professional fees the transactions contemplated by the reorganization agreement, including investment banking, legal and accounting fees and similar costs and expenses	1,462	1,462
Estimated costs and fees associated with termination and de-conversion of material contracts	1,600	1,700
Estimated payments owed under employment contracts and other payments to be made to directors, officers and employees of Integrity and Integrity Bank relating to the consummation of the merger	2,900	3,100
Estimated premiums for director and officer insurance tail coverage (for 4 year period)	45	45
Estimated payroll and income tax to be owed by Integrity resulting from the cashout of the Integrity stock options	100	200
Estimated provision expense for identified loans	3,500	3,800
Estimated total costs and expenses	9,607	10,307
Estimated adjusted tangible equity of Integrity as of April 24, 2018	\$ 84,016	\$ 84,955

If Integrity achieves the estimates in the range set forth above, Integrity's adjusted tangible equity as of the closing date would be greater than \$84.0 million, and, thus, the \$31.6 million cash consideration would not be adjusted downward for a shortfall.

The amounts shown in the table above are only estimates and are based upon several assumptions, many of which are beyond the control of Integrity and Integrity Bank. Accordingly, the actual amount of Integrity's adjusted tangible equity at April 24, 2018, may vary from these estimated amounts shown in the table above. Integrity will not resolicit proxies from holders of its common stock in the event that Integrity adjusted tangible equity is below \$84.0 million on the tangible equity determination date and the cash consideration is adjusted downward as Integrity has no right to do so under the reorganization agreement. Please refer to the risk factor, Integrity does not intend to resolicit proxies from its shareholders in the event that Integrity's adjusted tangible equity is less than \$76.0 million on the closing date, on page 38.

Integrity will provide Independent with a preliminary calculation of adjusted tangible equity at least three business days before the closing date. If Independent disagrees with such calculation of adjusted tangible equity, Integrity and Independent will meet to resolve any such disagreement. If the parties cannot resolve any such disagreement, then an independent accounting firm mutually agreed to by Integrity and Independent will resolve any such disagreement, which resolution will be final and binding upon both parties.

If Integrity has consolidated net income for the period from January 1, 2018, through April 24, 2018, and the actual costs and expenses of the type described in the table above are within the range set forth in the table

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above, Integrity's adjusted tangible equity as of the closing date would be greater than \$84.0 million, and, thus, there would be no deduction from the cash consideration.

Should the adjusted tangible equity be \$76.0 million, then the \$31.6 million cash consideration would be reduced by \$8 million (the difference between \$84.0 million and \$76.0 million) to \$23.6 million. That reduction would reduce the cash consideration for a share to be exchanged for a share of Integrity common stock in the merger.

No upward adjustment of the \$31.6 million cash consideration amount will be made if the adjusted tangible equity of Integrity exceeds \$84.0 million on the tangible equity determination date. As a result, the per share consideration and the aggregate consideration to be received by the Integrity shareholders in the merger will not be increased as a consequence of the adjusted tangible equity of Integrity being in excess of \$84.0 million on the determination date. However, if Integrity's tangible equity is greater than \$84.0 million on the tangible equity determination date, then on the day prior to the closing date, Integrity may distribute to its shareholders an amount equal to the difference between the actual amount of tangible equity on the tangible equity determination date less \$84.0 million.

Independent's obligation to consummate the merger is conditioned upon Integrity having a adjusted tangible equity (calculated pursuant to the reorganization agreement and after the deductions described above) of at least \$76.0 million as of the closing date. Should the Integrity adjusted tangible equity be less than \$76.0 million, then Independent may, in its sole discretion refuse to close the transactions and consummate the merger, or Independent may elect to proceed with the transactions and consummate the merger, in which case the \$31.6 million cash consideration would be subject to a deduction equal to \$84.0 million minus the calculated adjusted tangible equity of Integrity at the tangible equity determination date. If the Integrity adjusted tangible equity is below \$76.0 million at the tangible equity determination date, Independent's board of directors intends to exercise its independent judgment in determining whether to complete the merger or to terminate the reorganization agreement. In making this determination, the Independent board of directors will exercise its fiduciary duties, including fulfilling its duty to review the reasons why the Integrity adjusted tangible equity was lower than \$76.0 million, whether that lower valuation negatively impacts the benefits that Independent hoped to achieve as a result of the merger, whether the corresponding reduced amount of cash consideration to be paid to cash out the Integrity stock options in such event off-sets any potential negative consequences of moving ahead with the merger, and the Independent board of directors will consult with its legal and financial advisors in evaluating whether it would be in the best interest of the Independent shareholders to complete the merger in light of all the relevant facts and circumstances surrounding the lower adjusted tangible equity of Integrity.

**Value of Merger Consideration to be Received**

If the necessary shareholder and regulatory approvals are obtained and the merger is completed, 5,034,952 shares of Integrity common stock are outstanding immediately prior to the merger (which is expected to be the case if Integrity stock options to purchase 168,900 shares of Integrity common stock are exercised after the date of this proxy statement/prospectus), there are Integrity stock options to purchase 76,000 shares of Integrity common stock that remain outstanding and unexercised resulting in an aggregate payment of \$994,080 to cash out such unexercised Integrity stock options, and the adjusted tangible equity of Integrity is at least \$84.0 million at the tangible equity determination date, each share of Integrity common stock then outstanding would be exchanged for 0.41155 of a share of Independent common stock and \$6.08 per share in cash. Independent's common stock is listed on the NASDAQ Global Select Market under the symbol IBTX.

Based on the assumptions set forth above and the closing price of Independent's common stock as of January 25, 2018, of \$74.25 per share, we estimate Integrity shareholders would receive merger consideration with a value of \$36.64 for each share of Integrity common stock they hold immediately prior to the effective time of the merger and with an

aggregate value to all holders of Integrity common stock of \$184.5 million. The aggregate value of the shares of Independent common stock to be issued to the Integrity shareholders in connection with the merger and the value of the fraction of a share of Independent common stock to be issued in



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exchange for each share of Integrity common stock in connection with the merger will increase or decrease between the date hereof and the effective time of the merger depending on a number of factors, including fluctuations in the market price of Independent common stock.

If any Integrity stock options remain outstanding at the effective date of the merger, such Integrity stock options will be automatically cashed out pursuant to the reorganization agreement and an option cancellation agreement, and the holder of each cashed out Integrity stock option will have the right to receive a cash payment in an amount equal to the per option share price *multiplied* by the total number of option shares held by such nonexercising option holder. Such amount will be paid to the option holders within five business days following the closing date of the merger. Any amount paid by Independent to cash out the Integrity stock options will reduce the cash portion of the merger consideration. Management of Integrity anticipates that Integrity stock options to purchase 168,900 shares of Integrity common stock will be exercised prior to the tangible equity determination date and that outstanding Integrity stock options to purchase 76,000 shares of Integrity common stock will remain unexercised at the tangible equity determination date. See *The Merger Treatment of Integrity Stock Options* beginning on page 51 for additional information regarding the cashout of the Integrity stock options and the calculation of the amount to be paid by Independent to cash out the Integrity stock options, if any, in connection with the merger.

The amounts in each of the tables below have been calculated based on a number of assumed stock prices and 5,034,952 outstanding shares of Integrity common stock assuming the exercise of outstanding Integrity stock options to purchase 168,900 shares of Integrity common stock and an aggregate payment of \$994,080 to cash out unexercised Integrity stock options to purchase 76,000 shares of Integrity common stock. Table I assumes that Integrity will have adjusted tangible equity of \$84.0 million (as calculated in accordance with the terms of the reorganization agreement) on the tangible equity determination date; Table II assumes that Integrity will have adjusted tangible equity of \$76.0 million on the tangible equity determination date.

The actual price at which a share of Independent common stock is trading in the market at the effective time of the merger may be materially less or more than any of the assumed stock prices in each of the tables below and the price and may be materially less or more than the assumed stock prices used for determining the value of the merger consideration shown in each of the tables below. As a result, the actual amounts and values of the merger consideration received by the Integrity shareholders in the merger may differ materially from any of the amounts and values set forth in either or both of the following tables.

**Table I**

<b>Assumed Stock Price</b>	<b>Aggregate Number of Independent Shares to be Issued as Merger Consideration</b>	<b>Value of Aggregate Number of Independent Shares Issued as Merger Consideration</b>	<b>Aggregate Amount of Cash Merger Consideration</b>	<b>Value of Aggregate Merger Consideration</b>
\$74.25 <sup>(1)</sup>	2,072,131	\$ 153,855,729	\$ 30,605,920	\$ 184,461,647
\$70.00	2,072,131	145,049,170	30,738,000	175,787,170
\$65.00	2,072,131	134,688,515	30,891,680	165,580,195
\$60.00	2,072,131	124,327,860	31,046,000	155,373,860
\$55.00	2,072,131	113,967,205	31,199,480	145,166,685

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\$50.00	2,072,131	103,606,550	31,353,760	134,960,310
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- (1) The closing price of a share of Independent common stock on January 25, 2018.
- (2) Determined as described under "The Merger Treatment of Shares of Integrity Common Stock" beginning on page 52.

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<b>Assumed Stock Price</b>	<b>Aggregate Number of Independent Shares to be Issued as Merger Consideration</b>	<b>Value of Aggregate Number of Independent Shares Issued as Merger Consideration</b>	<b>Aggregate Amount of Cash Merger Consideration</b>	<b>Value of Aggregate Merger Consideration</b>
\$74.25 <sup>(1)</sup>	2,072,131	\$ 153,855,727	\$ 22,605,920	\$ 176,461,647
\$70.00	2,072,131	145,049,170	22,738,000	167,787,170
\$65.00	2,072,131	134,688,515	22,891,680	157,580,195
\$60.00	2,072,131	124,327,860	23,046,000	147,373,860
\$55.00	2,072,131	113,967,205	23,199,480	137,166,685
\$50.00	2,072,131	103,606,550	23,353,760	126,960,310

(1) The closing price of a share of Independent common stock on January 25, 2018.

(2) Determined as described under "The Merger Treatment of Shares of Integrity Common Stock" beginning on page 50.

**Cash in Lieu of Fractional Shares**

No fractional shares of Independent common stock will be issued in the merger. Rather, if a Integrity shareholder would be entitled to receive in exchange for his or her shares of Integrity common stock a total number of shares of Independent common stock including a fraction of such a share, Independent will pay that Integrity shareholder cash in lieu of issuing that fractional share of Independent common stock. Such payment will be in an amount equal to the product of a share of Independent common stock that would otherwise be issuable to the Integrity shareholders *multiplied by* and will not accrue interest. The market price of shares of Independent common stock will fluctuate from the date of this proxy statement/prospectus to the date of completion of the merger, and any such fluctuations will impact the amount of cash paid for fractional shares.

**Other Financial Aspects of the Merger**

If Integrity's tangible equity is greater than \$84.0 million on the tangible equity determination date, then on the day prior to the closing date, Integrity may distribute to its shareholders an amount equal to the difference between the actual amount of tangible equity on the tangible equity determination date less \$84.0 million.

**Treatment of Shares of Independent Common Stock**

Each share of Independent common stock outstanding immediately prior to the effective time of the merger shall remain issued and outstanding as one share of Independent common stock as Independent is the corporation surviving the merger.

**Background of the Merger**

In connection with its ongoing consideration and evaluation of its long term strategic alternatives, the Integrity board of directors and its executive management team have regularly reviewed Integrity's strategic direction and business

objectives as part of its continuing efforts to enhance shareholder value. This effort has included an evaluation of the merits and drawbacks of (i) continuing to operate as an independent institution, (ii) expansion through the strategic acquisition of other institutions and branch offices, and (iii) entering into a strategic merger with another financial institution. These considerations have focused on, among other things, prospects and developments in the regulatory environment, in the economy generally and in financial markets for financial institutions generally and Integrity, in particular, as well as conditions and ongoing consolidation in the financial services industry. From time to time, Integrity's executive management has received inquiries about the possibility of a sale of Integrity to another bank or bank holding company.

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In 2015, the management of Integrity began discussions with a bank holding company about the acquisition of Integrity. Those discussions were followed up with a written proposal in November 2015 for Bank Holding Company A to acquire Integrity for a cash price of \$141.5 million contingent upon Integrity having a consolidated shareholders' equity of \$65 million at the time the transaction would be consummated. The proposal from Bank Holding Company A did not result in a signed definitive agreement.

During 2016 and early 2017, informal discussions with various potential acquirers occurred, but those discussions did not become formal acquisition proposals. In furtherance with Integrity's interest in pursuing an acquisition, on April 3, 2017, the board of directors of Integrity engaged Sandler O'Neill to assist Integrity in identifying and evaluating strategic merger partners.

During May and June 2017, Sandler O'Neill contacted 14 parties to gauge their interest in a potential strategic transaction with Integrity. These parties were selected in consultation with Integrity based upon their size, capacity to pay and strategic interest in Integrity or banks in the Texas marketplace. Three of the parties executed nondisclosure agreements and were given access to preliminary diligence materials. Integrity received three written nonbinding expressions of interest and one indication of interest from Independent, which was provided orally to Sandler O'Neill and later withdrawn prior to Integrity's board meeting. The four offers ranged from \$140.0 million in aggregate consideration to \$163.6 million. Bank Holding Company B, which had put forth the highest value in its expression of interest, did not execute a nondisclosure agreement and was not given access to preliminary diligence materials prior to submitting its proposal. After reviewing the indications at Integrity's meeting of the Board of Directors, and following conversations between Sandler O'Neill and Bank Holding Company B, the nonbinding expression of interest from Bank Holding Company B regarding a proposed acquisition of Integrity was increased to an aggregate purchase price of approximately \$165.0 million consisting of a mix of cash and common stock in Bank Holding Company B. The proposal from Bank Holding Company B did not result in a signed definitive agreement.

On October 16, 2017, Integrity received a nonbinding written expression of interest letter from Independent proposing an acquisition of Integrity for 2,072,131 shares of common stock of Independent and \$31.6 million in cash, reflecting aggregate consideration of approximately \$158.0 million, based upon a value of \$61.00 per share of Independent common stock, which was the approximate market price of a share of Independent common stock at that time.

On October 18, 2017, Integrity received a nonbinding written letter of intent from Bank Holding Company C (which had provided a nonbinding written expression of interest in June), that reflected a proposed acquisition of Integrity for aggregate consideration of \$160.0 million, of which 30% would be paid in cash and 70% would be paid in shares of Bank Holding Company C's common stock. At the time, Bank Holding Company C was not publicly traded.

Integrity's board of directors met on October 18, 2017, with representatives from Sandler O'Neill and Integrity's counsel, Jackson Walker L.L.P., to discuss and evaluate the two acquisition alternatives. Among other things, the directors discussed the financial aspects of the alternatives and the differences in the two suitors and the possible impact of those differences on long term shareholder return and deal certainty. After careful consideration of both, the board of directors of Integrity concluded that the terms included in the expression of interest from Independent would provide the most favorable overall shareholder value. The board voted to pursue the expression of interest from Independent. Integrity executive management signed a binding standstill agreement and agreed to negotiate exclusively with Independent on a definitive agreement to structure and effect the transaction. Upon execution of the standstill agreement, Independent began due diligence on Integrity, Integrity Bank and their business, which due diligence extended through late November.

Independent provided a draft of the reorganization agreement on November 1, 2017. During the next few weeks, Jackson Walker L.L.P. discussed and negotiated various provisions of the reorganization agreement with counsel for

Independent, and at a special meeting of the Integrity board of directors on November 27, 2017,

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Integrity's counsel provided a thorough review of the proposed agreement and all of the ancillary agreements associated with the reorganization agreement. Representatives of Sandler O'Neill discussed the financial aspects of the proposed transaction and rendered its oral opinion, which was subsequently confirmed to the Integrity board in writing, to the effect that, as of such date, the aggregate merger consideration to be received by holders of Integrity common shares was fair from a financial point of view. On November 28, 2017, Integrity executed the proposed reorganization agreement and related transaction documents. On the same day, Independent's board of directors met and approved the reorganization agreement. Independent signed the reorganization agreement and, then, announced the transaction.

### **Recommendation of Integrity's Board and Its Reasons for the Merger**

Integrity's board of directors has unanimously approved the reorganization agreement and unanimously recommends that the Integrity shareholders vote FOR approval of the reorganization agreement and the merger.

Integrity's board of directors has determined that the merger is fair to, and in the best interests of, Integrity's shareholders. In approving the reorganization agreement, Integrity's board of directors consulted with Sandler O'Neill with respect to the financial aspects of the merger and with its outside legal counsel as to its legal duties and the terms of the reorganization agreement. In arriving at its determination, Integrity's board also considered a number of factors, including the following:

Integrity's board of directors' familiarity with and review of information concerning the business, results of operations, financial condition, competitive position and future prospects of Integrity;

the current and prospective environment in which Integrity operates, including national, regional and local economic conditions, the competitive environment for banks, thrifts and other financial institutions generally and the increased regulatory burdens on financial institutions generally and the trend toward consolidation in the banking industry and in the financial services industry;

the results that Integrity could expect to obtain if it continued to operate independently, and the likely benefits to shareholders of that course of action, as compared with the value of the merger consideration offered by Independent;

that shareholders of Integrity will receive the merger consideration in shares of Independent common stock, which is publicly traded on the NASDAQ Global Select Market;

the financial presentation of Sandler O'Neill and the opinion of Sandler O'Neill, dated November 28, 2017, to the effect that, as of the date of such opinion, and subject to the assumptions, limitations and qualifications set forth in the opinion, the aggregate merger consideration to be received by the holders of Integrity common stock was fair to such holders from a financial point of view (see Merger Fairness Opinion of Financial Advisor to Integrity, beginning on page 59);

the treatment of the merger as a reorganization within the meaning of Section 368(a) of the Code with respect to Integrity stock exchanged for Independent stock;

the ability of Independent to pay the aggregate merger consideration without a financing contingency and without the need to obtain financing to close the transaction;

the ability of Independent to receive the requisite regulatory approvals in a timely manner;

the terms and conditions of the reorganization agreement, including the parties' respective representations, warranties, covenants and other agreements, the conditions to closing, including a provision that permits Integrity's board of directors, in the exercise of its fiduciary duties, under certain conditions, to furnish information to a third party that has submitted an unsolicited proposal to acquire Integrity;



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that under the reorganization agreement Integrity could not solicit competing proposals for the acquisition of Integrity;

the merger with a larger holding company would provide the opportunity to realize economies of scale, increase efficiencies of operations and enhance the development of new products and services;

the agreement of Independent to honor certain existing employee benefits;

that some of Integrity's directors and executive officers have other financial interests in the merger in addition to their interests as Integrity shareholders, including financial interests that are the result of existing compensation arrangements with Integrity and/or prospective compensation arrangements with Independent and the manner in which such interests would be affected by the merger;

the Integrity stock options will be cashed out pursuant to the Integrity 2007 Stock Option Plan and as contemplated by the reorganization agreement; and

the requirement that Integrity conduct its business in the ordinary course and other restrictions on the conduct of Integrity's business before completion of the merger, which may delay or prevent Integrity from undertaking business opportunities that may arise before completion of the merger.

The reasons set out above for the merger are not intended to be exhaustive but do include all material factors considered by Integrity's board of directors in approving the merger. In reaching its determination, the Integrity board of directors did not assign any relative or specific weights to different factors, and individual directors may have given different weights to different factors. Based on the reasons stated, the board believed that the merger was in the best interest of Integrity's shareholders, and therefore the board of directors of Integrity unanimously approved the reorganization agreement and the merger. In addition, all members of Integrity's board of directors have entered into a voting agreement requiring them to vote the shares of Integrity common stock over which they have voting authority in favor of the reorganization agreement.

## **INTEGRITY'S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT HOLDERS OF INTEGRITY COMMON STOCK VOTE FOR THE REORGANIZATION AGREEMENT AND THE MERGER.**

### **Fairness Opinion of Financial Advisor to Integrity**

Integrity retained Sandler O'Neill to act as financial advisor to Integrity's board of directors in connection with Integrity's consideration of a possible business combination. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor in connection with the proposed transaction and participated in certain of the negotiations leading to the execution of the merger agreement. At the November 27, 2017 meeting at which Integrity's board of directors considered and discussed the terms of the merger agreement and the merger, Sandler O'Neill

delivered to Integrity's board of directors its oral opinion, which was subsequently confirmed in writing on November 27, 2017, to the effect that, as of such date, the aggregate merger consideration to be received by holders of Integrity common shares in the merger was fair to the holders of Integrity common shares, from a financial point of view. **The full text of Sandler O'Neill's opinion is attached as Appendix C to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of Integrity common shares are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

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**Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to Integrity's board of directors in connection with its consideration of the merger agreement and the merger and does not constitute a recommendation to any shareholder of Integrity as to how any such shareholder should vote at any meeting of shareholders called to consider and vote upon the approval of the merger agreement and the merger. Sandler O'Neill's opinion was directed only to the fairness, from a financial point of view, of the aggregate merger consideration to the holders of Integrity common shares and does not address the underlying business decision of Integrity to engage in the merger, the form or structure of the merger or any other transactions contemplated in the merger agreement (including any adjustments to the consideration in the merger pursuant to the merger agreement), the relative merits of the merger as compared to any other alternative transactions or business strategies that might exist for Integrity or the effect of any other transaction in which Integrity might engage.** Sandler O'Neill did not express any opinion as to the fairness of the amount or nature of the compensation to be received in the merger by any officer, director or employee of Integrity or Independent, or any class of such persons, if any, relative to the compensation to be received in the merger by any other shareholder. Sandler O'Neill's opinion was approved by its fairness opinion committee.

In connection with its opinion, Sandler O'Neill reviewed and considered, among other things:

a draft of the merger agreement, dated November 22, 2017;

certain publicly available financial statements and other historical financial information of Integrity and Integrity Bank SSB, a wholly owned subsidiary of Integrity, that Sandler O'Neill deemed relevant;

certain publicly available financial statements and other historical financial information of Independent that Sandler O'Neill deemed relevant;

certain internal financial projections for Integrity for the years ending December 31, 2017 and December 31, 2018 as well as estimated annual long-term balance sheet and earnings growth rates and dividend assumptions for Integrity for the years thereafter, as provided by the senior management of Integrity;

publicly available consensus mean analyst earnings per share estimates for Independent for the quarter ending December 31, 2017 and the years ending December 31, 2018 and December 31, 2019, as well as an estimated annual long-term earnings per share growth rate and dividend assumptions for Independent for the years thereafter, as provided by the senior management of Independent;

the pro forma financial impact of the merger on Independent based on certain assumptions relating to purchase accounting adjustments, cost savings and transaction expenses, as well as assumptions relating to Integrity tangible equity at the time of closing of the merger, anticipated regulatory costs and the offering of an estimated amount of securities by Independent in connection with the merger, as provided by the senior management of Independent;

the publicly reported historical price and trading activity for Independent common stock, including a comparison of certain stock market information for Independent common stock and certain stock indices as well as publicly available information for certain other similar companies, the securities of which are publicly traded;

a comparison of certain financial information for Integrity and Independent with similar institutions for which information is publicly available;

the financial terms of certain recent business combinations in the bank and thrift industry (on a statewide and nationwide basis), to the extent publicly available;

the current market environment generally and the banking environment in particular; and

such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O'Neill considered relevant.

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Sandler O'Neill also discussed with certain members of the senior management of Integrity the business, financial condition, results of operations and prospects of Integrity and held similar discussions with certain members of the senior management of Independent and its representatives regarding the business, financial condition, results of operations and prospects of Independent.

In performing its review, Sandler O'Neill relied upon the accuracy and completeness of all of the financial and other information that was available to and reviewed by Sandler O'Neill from public sources, that was provided to Sandler O'Neill by Integrity or Independent or their respective representatives or that was otherwise reviewed by Sandler O'Neill, and Sandler O'Neill assumed such accuracy and completeness for purposes of rendering its opinion without any independent verification or investigation. Sandler O'Neill relied on the assurances of the respective managements of Integrity and Independent that they were not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Sandler O'Neill was not asked to and did not undertake an independent verification of any of such information and Sandler O'Neill did not assume any responsibility or liability for the accuracy or completeness thereof. Sandler O'Neill did not make an independent evaluation or perform an appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Integrity or Independent or any of their respective subsidiaries, nor was Sandler O'Neill furnished with any such evaluations or appraisals. Sandler O'Neill rendered no opinion or evaluation on the collectability of any assets or the future performance of any loans of Integrity or Independent. Sandler O'Neill did not make an independent evaluation of the adequacy of the allowance for loan losses of Integrity or Independent, or of the combined entity after the merger, and Sandler O'Neill did not review any individual credit files relating to Integrity or Independent. Sandler O'Neill assumed, with Integrity's consent, that the respective allowances for loan losses for both Integrity and Independent were adequate to cover such losses and will be adequate on a pro forma basis for the combined entity.

In preparing its analyses, Sandler O'Neill used certain internal financial projections for Integrity for the years ending December 31, 2017, and December 31, 2018, as well as estimated annual long-term balance sheet and earnings growth rates and dividend assumptions for Integrity for the years thereafter, as provided by the senior management of Integrity. In addition, Sandler O'Neill used publicly available consensus mean analyst earnings per share estimates for Independent for the quarter ending December 31, 2017, and the years ending December 31, 2018, and December 31, 2019, as well as an estimated annual long-term earnings per share growth rate and dividend assumptions for Independent for the years thereafter, as provided by the senior management of Independent. Sandler O'Neill also received and used in its pro forma analyses certain assumptions relating to purchase accounting adjustments, cost savings and transaction expenses, as well as assumptions relating to Integrity tangible equity at the time of closing of the merger, anticipated regulatory costs and the offering of an estimated amount of securities by Independent in connection with the merger, as provided by the senior management of Independent. With respect to the foregoing information, the respective senior managements of Integrity and Independent confirmed to Sandler O'Neill that such information reflected (or, in the case of the publicly available consensus mean analyst estimates referred to above, were consistent with) the best currently available projections, estimates and judgments of those respective senior managements as to the future financial performance of Integrity and Independent, respectively, and the other matters covered thereby, and Sandler O'Neill assumed that the future financial performance reflected in such information would be achieved. Sandler O'Neill expressed no opinion as to such information, or the assumptions on which such information was based. Sandler O'Neill also assumed that there had been no material change in the respective assets, financial condition, results of operations, business or prospects of Integrity or Independent since the date of the most recent financial statements made available to Sandler O'Neill. Sandler O'Neill assumed in all respects material to its analysis that Integrity and Independent would remain as going concerns for all periods relevant to its analysis.

Sandler O'Neill assumed, with Integrity's consent, that (i) each of the parties to the merger agreement would comply in all material respects with all material terms and conditions of the merger agreement and all related agreements, that all of the representations and warranties contained in such agreements were true and correct in all material respects, that

each of the parties to such agreements would perform in all material respects all of the covenants and other obligations required to be performed by such party under such agreements and that

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the conditions precedent in such agreements were not and would not be waived, (ii) in the course of obtaining the necessary regulatory or third party approvals, consents and releases with respect to the merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on Integrity, Independent or the merger or any related transaction, (iii) the merger and any related transactions would be consummated in accordance with the terms of the merger agreement without any waiver, modification or amendment of any material term, condition or agreement thereof and in compliance with all applicable laws and other requirements, and (iv) the merger would qualify as a tax-free reorganization for federal income tax purposes. Finally, with Integrity's consent, Sandler O'Neill relied upon the advice that Integrity received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the merger and the other transactions contemplated by the merger agreement. Sandler O'Neill expressed no opinion as to any such matters.

Sandler O'Neill's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Sandler O'Neill as of, the date of the opinion. Events occurring after the date thereof could materially affect Sandler O'Neill's opinion. Sandler O'Neill has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date thereof. Sandler O'Neill expressed no opinion as to the trading value of Independent common stock at any time or what the value of Independent common stock will be once it is actually received by the holders of Integrity shares.

In rendering its opinion, Sandler O'Neill performed a variety of financial analyses. The summary below is not a complete description of the analyses underlying Sandler O'Neill's opinion or the presentation made by Sandler O'Neill to Integrity's board of directors, but is a summary of all material analyses performed and presented by Sandler O'Neill. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to Integrity or Independent and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of Integrity and Independent and the companies to which they are being compared. In arriving at its opinion, Sandler O'Neill did not attribute any particular weight to any analysis or factor that it considered. Rather, Sandler O'Neill made qualitative judgments as to the significance and relevance of each analysis and factor. Sandler O'Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinion, rather, Sandler O'Neill made its determination as to the fairness of the aggregate merger consideration on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole.

In performing its analyses, Sandler O'Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which are beyond the control of Integrity, Independent and Sandler O'Neill. The analyses performed by Sandler O'Neill are not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to Integrity's board of directors at its November 27, 2017 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such

estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O'Neill's analyses do not necessarily reflect the value of Integrity



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common shares or the prices at which Integrity common shares or Independent shares may be sold at any time. The analyses of Sandler O'Neill and its opinion were among a number of factors taken into consideration by Integrity's board of directors in making its determination to approve the merger agreement and should not be viewed as determinative of the aggregate merger consideration or the decision of Integrity's board of directors or management with respect to the fairness of the merger. The type and amount of consideration payable in the merger were determined through negotiation between Integrity and Independent.

**Summary of Aggregate Merger Consideration and Implied Transaction Metrics.** Sandler O'Neill reviewed the financial terms of the proposed merger. Assuming that all of the common shares of Integrity outstanding immediately before the effective time are converted into the right to receive (i) an aggregate of \$31,600,000 in cash, net of the aggregate nonexercising option holder payment, and (ii) an aggregate of 2,072,131 Independent shares, subject to certain adjustments as set forth in the merger agreement (as to which Sandler O'Neill expresses no opinion), and based on the closing price of Independent common stock on November 24, 2017 of \$63.85 per share, Sandler O'Neill calculated an aggregate implied transaction value of \$164 million. Based upon historical financial information for Integrity as or for the last twelve months (LTM) ended September 30, 2017 and internal financial projections for the years ending December 31, 2017 and December 31, 2018, as provided by the senior management of Integrity, Sandler O'Neill calculated the following implied transaction metrics:

Transaction Value / Integrity Last Twelve Months Earnings:	17.9x
Transaction Value / Integrity 2017E Earnings:	17.8x
Transaction Value / Integrity 2018E Earnings:	14.7x
Transaction Value / Integrity September 30, 2017 Book Value:	195%
Transaction Value / Integrity September 30, 2017 Tangible Book:	195%
Tangible Book Premium <sup>(1)</sup> / Core Deposits <sup>(2)</sup> :	13.4%
Tangible Book Premium <sup>(1)</sup> / Core Deposits <sup>(3)</sup> :	12.2%

(1) Defined as aggregate merger consideration less Integrity reported tangible common equity at September 30, 2017.

(2) Core deposits defined as total deposits less time deposits greater than \$100,000.

(3) Core deposits defined as total deposits less time deposits greater than \$250,000.

**Stock Trading History.** Sandler O'Neill reviewed the historical stock price performance of Independent common stock for the one-year period ended and the three-year period ended November 24, 2017. Sandler O'Neill then compared the relationship between the stock price performance of Independent's shares to movements in the Independent Peer Group (as described below) as well as certain stock indices.

**Independent One-Year Stock Price Performance**

	November 24, 2016	November 24, 2017
Independent	100%	106.4%
Independent Peer Group	100%	105.6%
NASDAQ Bank Index	100%	106.8%
S&P 500 Index	100%	118.0%

**Independent Three-Year Stock Price Performance**

	November 24, 2014	November 24, 2017
Independent	100%	145.1%
Independent Peer Group	100%	160.9%
NASDAQ Bank Index	100%	146.7%
S&P 500 Index	100%	125.8%

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**Comparable Company Analyses.** Sandler O'Neill used publicly available information to compare selected financial information for Integrity with a group of financial institutions selected by Sandler O'Neill (the Integrity Peer Group). The Integrity Peer Group consisted of major exchange traded banks and thrifts headquartered in the Southwest with total assets between \$300 million and \$2.5 billion, excluding announced merger targets. The Integrity Peer Group consisted of the following companies:

Veritex Holdings, Inc.  
 Guaranty Bancshares, Inc.  
 First Guaranty Bancshares, Inc.  
 Investar Holding Corporation  
 Bancorp 34, Inc.

MidSouth Bancorp, Inc.  
 People's Utah Bancorp  
 Home Bancorp, Inc.  
 Home Federal Bancorp, Inc. of LA

The analysis compared financial information for Integrity as of or for the twelve months ended September 30, 2017 with the corresponding publicly available data for the Integrity Peer Group as of or for the twelve months ended September 30, 2017, with pricing data as of November 24, 2017. The table below sets forth the data for Integrity and the high, low, median and mean data for the Integrity Peer Group.

**Integrity Comparable Company Analysis**

	Integrity <sup>(1)</sup>	Integrity Peer Group Median	Integrity Peer Group Mean	Integrity Peer Group High	Integrity Peer Group Low
Total Assets (\$MM)	805	1,691	1,521	2,495	363
Loans / Deposits (%)	97.4	93.0	90.4	112.1	74.3
Nonperforming Assets <sup>(2)</sup> / Total Assets (%)	0.21	0.81	1.11	2.83	0.13
Tangible Common Equity / Tangible Assets (%)	10.46	11.09	11.12	14.24	8.04
Tier 1 Leverage Ratio <sup>(3)</sup> (%)	10.30	11.58	11.71	15.26	8.05
Total Risk-Based Capital Ratio <sup>(3)</sup> (%)	13.11	16.30	16.11	20.35	12.25
CRE / Total Risk-Based Capital Ratio <sup>(4)</sup> (%)	303.9	216.7	233.5	403.7	96.8
LTM Return on Average Assets (%)	1.19	0.88	0.92	1.54	0.05
LTM Return on Average Equity (%)	11.59	8.99	7.78	11.10	0.40
LTM Net Interest Margin (%)	4.23	3.69	3.86	4.71	3.30
LTM Efficiency Ratio (%)	52.8	63.6	64.8	88.9	53.6
Price / Tangible Book Value (%)		159	156	223	96
Price / LTM Earnings per Share (x)		18.0	18.7	27.8	9.3
Price / 2017E <sup>(5)</sup> Earnings per Share <sup>(6)</sup> (x)		21.1	20.6	25.0	16.4
Price / 2018E <sup>(5)</sup> Earnings per Share <sup>(6)</sup> (x)		17.0	17.0	21.4	14.4
Current Dividend Yield (%)		1.2	1.0	2.4	0.0
Market Value (\$MM)		216	281	599	50

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- (1) Bank level financial data used for: Nonperforming Assets / Total Assets; Tier 1 Leverage Ratio; Total Risk-Based Capital Ratio; CRE / Total Risk-Based Capital Ratio; LTM Net Interest Margin; LTM Efficiency Ratio.
- (2) Nonperforming assets defined as nonaccrual loans and leases, renegotiated loans and leases and real estate owned.
- (3) Bank level financial data used for Bancorp 34, Inc.
- (4) Bank level financial data used for Home Federal Bancorp, Inc. of LA and Bancorp 34, Inc.
- (5) Price / forward earnings multiples based on analyst consensus mean estimates from SNL CapIQ.
- (6) Excludes multiples of financial institutions which were either negative or greater than 40x.

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Sandler O'Neill used publicly available information to perform a similar analysis for Independent and a group of financial institutions selected by Sandler O'Neill (the Independent Peer Group). The Independent Peer Group consisted of major exchange traded banks and thrifts headquartered in the Southeast and Southwest with total assets between \$5 billion and \$12 billion, excluding announced merger targets. The Independent Peer Group consisted of the following companies.

South State Corporation	United Community Banks, Inc.
Cadence Bancorporation	Renasant Corporation
FCB Financial Holdings, Inc.	WesBanco, Inc.
Simmons First National Corporation	LegacyTexas Financial Group, Inc.
Union Bankshares Corporation	TowneBank
Ameris Bancorp	BancFirst Corporation
First Financial Bankshares, Inc.	CenterState Bank Corporation
ServisFirst Bancshares, Inc.	Southside Bancshares, Inc.
Seacoast Banking Corporation of Florida	State Bank Financial Corporation

The analysis compared publicly available financial information for Independent provided by Independent as of or for the twelve months ended September 30, 2017 with the corresponding publicly available data for the Independent Peer Group as of or for the twelve months ended September 30, 2017, with pricing data as of November 24, 2017. The table below sets forth the data for Independent and the high, low, median and mean data for the Independent Peer Group.

**Independent Comparable Company Analysis**

	Independent	Independent Peer Group Median	Independent Peer Group Mean	Independent Peer Group High	Independent Peer Group Low
Total Assets (\$MM)	8,891	8,822	8,379	11,169	5,148
Loans / Deposits (%)	92.6	90.0	88.4	114.7	60.9
Nonperforming Assets <sup>(1)</sup> / Total Assets <sup>(2)</sup> (%)	0.28	0.50	0.64	1.40	0.17
Tangible Common Equity / Tangible Assets (%)	7.62	9.24	9.41	11.14	8.34
Tier 1 Leverage Ratio (%)	8.30	10.18	10.25	13.37	8.91
Total Risk-Based Capital Ratio (%)	11.72	13.38	14.27	20.28	11.51
CRE / Total Risk-Based Capital Ratio <sup>(2)</sup> (%)	380.5	215.3	214.0	305.7	91.1
LTM Return on Average Assets (%)	1.00	1.18	1.17	1.61	0.83
LTM Return on Average Equity (%)	7.48	9.56	10.01	17.12	7.39
LTM Net Interest Margin (%)	3.75	3.68	3.75	4.60	3.05
LTM Efficiency Ratio (%)	51.0	56.6	54.4	64.2	36.5
Price / Tangible Book Value (%)	283	229	245	389	192
Price / LTM Earnings per Share (x)	20.6	20.0	20.2	26.9	16.3
Price / 2017E <sup>(3)</sup> Earnings per Share <sup>(4)</sup> (x)	18.2	18.5	18.9	26.3	16.7

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Price / 2018E <sup>(3)</sup> Earnings per Share <sup>(4)</sup> (x)	15.1	15.7	16.5	24.5	13.9
Current Dividend Yield (%)	0.6	1.6	1.4	3.3	0.0
LTM Dividend Ratio (%)	12.9	30.4	27.4	57.2	0.0
Market Value (\$MM)	1,775	1,934	1,898	2,974	1,011

- (1) Nonperforming assets defined as nonaccrual loans and leases, renegotiated loans and leases and real estate owned.
- (2) Bank level financial data used for Cadence Bancorporation.

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(3) Price / forward earnings multiples based on analyst consensus mean estimates from SNL CapIQ.

(4) Excludes multiples of financial institutions which were either negative or greater than 40x.

**Analysis of Selected Merger Transactions.** Sandler O Neill reviewed a group of recent merger and acquisition transactions consisting of bank transactions where targets were headquartered in Texas and announced between January 1, 2016 and November 24, 2017 with announced deal values and involving targets with assets at announcement less than \$2 billion, excluding merger-of-equals transactions (the Statewide Precedent Transactions ). Sandler O Neill also reviewed a national group of recent merger and acquisition transactions consisting of bank transactions announced between January 1, 2016 and November 24, 2017 with announced deal values and involving targets with assets at announcement between \$600 million and \$1 billion and Nonperforming Assets / Total Assets less than 2.00%, excluding merger-of-equals transactions (the Nationwide Precedent Transactions ).

The Statewide Precedent Transactions group was composed of the following nine transactions:

<b>Buyer</b>	<b>Target</b>
First Financial Bankshares, Inc.	Commercial Bancshares, Inc.
Veritex Holdings, Inc.	Liberty Bancshares, Inc.
Southside Bancshares, Inc.	Diboll State Bancshares, Inc.
First Guaranty Bancshares, Inc.	Premier Bancshares, Inc.
Veritex Holdings, Inc.	Sovereign Bancshares, Inc.
Texas State Bankshares, Inc.	Blanco National Holdings, Inc.
T Acquisition, Inc.	T Bancshares, Inc.
Collins Family Trust	Inter National Bank
Access Bancorp, Inc.	Preston National Bank

Using the latest publicly available information prior to the announcement of the relevant transaction, Sandler O Neill reviewed the following transaction metrics: transaction price to last twelve months earnings, transaction price to book value, transaction price to tangible book value and core deposit premium. Sandler O Neill compared the indicated transaction multiples for the merger to the high, low, mean and median multiples of the Statewide Precedent Transactions group.

	<b>Integrity/Independent</b>	<b>Statewide Precedent Transactions Median</b>	<b>Statewide Precedent Transactions Mean</b>	<b>Statewide Precedent Transactions High</b>	<b>Statewide Precedent Transactions Low</b>
Transaction Price / LTM Earnings:	17.9x	18.0x	17.3x	21.6x	11.3x
Transaction Price / Book Value:	195%	160%	155%	224%	56%
Transaction Price / Tangible Book Value:	195%	174%	171%	241%	103%
Core Deposit Premium <sup>(1)</sup> :	13.4% <sup>(1)</sup> / 12.2% <sup>(2)</sup>	11.7%	10.9%	17.2%	1.0%

(1) Core deposits defined as total deposits less time deposits greater than \$100,000, unless otherwise noted; Core deposits defined as total deposits less time deposits greater than \$250,000 for Veritex Holdings Inc. / Sovereign

Bancshares, Inc. transaction.

- (2) Core deposits defined as total deposits less time deposits greater than \$250,000.



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The Nationwide Precedent Transactions group was composed of the following twelve transactions:

<b>Buyer</b>	<b>Target</b>
CenterState Bank Corporation	Sunshine Bancorp, Inc.
United Community Banks, Inc.	Four Oaks Fincorp, Inc.
State Bank Financial Corporation	AloStar Bank of Commerce
First Bancorp	ASB Bancorp, Inc.
First Busey Corporation	Mid Illinois Bancorp, Inc.
Bryn Mawr Bank Corporation	Royal Bancshares of Pennsylvania, Inc.
Midland States Bancorp, Inc.	Centrue Financial Corporation
CenterState Banks, Inc.	Gateway Financial Holdings of Florida, Inc.
First Mid-Illinois Bancshares, Inc.	First Clover Leaf Financial Corp.
Westfield Financial, Inc.	Chicopee Bancorp, Inc.
Guaranty Bancorp	Home State Bancorp
Midland Financial Co.	1 <sup>st</sup> Century Bancshares, Inc.

Using the latest publicly available information prior to the announcement of the relevant transaction, Sandler O'Neill reviewed the following transaction metrics: transaction price to last twelve months earnings, transaction price to book value, transaction price to tangible book value and core deposit premium. Sandler O'Neill compared the indicated transaction multiples for the merger to the high, low, mean and median multiples of the Nationwide Precedent Transactions group.

	<b>Integrity/Independent</b>	<b>Nationwide Precedent Transactions Median</b>	<b>Nationwide Precedent Transactions Mean</b>	<b>Nationwide Precedent Transactions High</b>	<b>Nationwide Precedent Transactions Low</b>
Transaction Price / LTM Earnings:	17.9x	19.6x	21.1x	30.2x	13.5x
Transaction Price / Book Value:	195%	165%	157%	241%	101%
Transaction Price / Tangible Book Value:	195%	166%	161%	241%	101%
Core Deposit Premium <sup>(1)(2)</sup> :	13.4% <sup>(1)</sup> / 12.2% <sup>(2)</sup>	9.0%	8.9%	14.5%	0.6%

(1) Core deposits defined as total deposits less time deposits greater than \$100,000, unless otherwise noted; Core deposits defined as total deposits less time deposits greater than \$250,000 for CenterState Banks, Inc. / Gateway Financial Holdings of Florida, Inc. transaction.

(2) Core deposits defined as total deposits less time deposits greater than \$250,000.

**Net Present Value Analyses.** Sandler O'Neill performed an analysis that estimated the aggregate net present value of Integrity common stock assuming Integrity performed in accordance with internal financial projections for the years ending December 31, 2017 and December 31, 2018 and estimated annual long-term balance sheet and earnings growth rates and dividend assumptions for Integrity for the years thereafter, as provided by the senior management of Integrity. To approximate the aggregate terminal value of Integrity common stock at December 31, 2021, Sandler

O'Neill applied price to 2021 aggregate earnings multiples ranging from 14.0x to 21.5x and price to December 31, 2021 aggregate tangible book value multiples ranging from 125% to 200%. The terminal values were then discounted to present values using different discount rates ranging from 11.0% to 15.0% which were chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Integrity common stock. As illustrated in the following tables, the analysis indicated an imputed range of values of Integrity common stock in the aggregate of \$119,520,000 to \$208,342,000 when applying multiples of earnings and \$94,649,000 to \$170,471,000 when applying multiples of tangible book value.

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Discount Rate	14.0x	15.5x	17.0x	18.5x	20.0x	21.5x
11.0%	\$ 138,476	\$ 152,449	\$ 166,422	\$ 180,396	\$ 194,369	\$ 208,342
12.0%	\$ 133,404	\$ 146,854	\$ 160,305	\$ 173,755	\$ 187,206	\$ 200,656
13.0%	\$ 128,561	\$ 141,513	\$ 154,465	\$ 167,417	\$ 180,369	\$ 193,321
14.0%	\$ 123,937	\$ 136,413	\$ 148,889	\$ 161,365	\$ 173,841	\$ 186,317
15.0%	\$ 119,520	\$ 131,541	\$ 143,562	\$ 155,584	\$ 167,605	\$ 179,626

Note: Dollar amounts in thousands.

**Aggregate Tangible Book Value Multiples**

Discount Rate	125%	140%	155%	170%	185%	200%
11.0%	\$ 109,567	\$ 121,748	\$ 133,928	\$ 146,109	\$ 158,290	\$ 170,471
12.0%	\$ 105,575	\$ 117,301	\$ 129,026	\$ 140,751	\$ 152,476	\$ 164,201
13.0%	\$ 101,765	\$ 113,056	\$ 124,346	\$ 135,637	\$ 146,927	\$ 158,218
14.0%	\$ 98,126	\$ 109,001	\$ 119,877	\$ 130,752	\$ 141,628	\$ 152,504
15.0%	\$ 94,649	\$ 105,128	\$ 115,607	\$ 126,087	\$ 136,566	\$ 147,045

Note: Dollar amounts in thousands.

Sandler O Neill also considered and discussed with the Integrity board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O Neill performed a similar analysis assuming Integrity's net income varied from 15% above projections to 15% below projections. This analysis resulted in the following range of values for Integrity common stock in the aggregate, applying the price to 2021 aggregate earnings multiples range of 14.0x to 21.5x referred to above and a discount rate of 12.96%.

**Aggregate Earnings Multiples**

Annual Budget Variance	14.0x	15.5x	17.0x	18.5x	20.0x	21.5x
(15.0%)	\$ 110,591	\$ 121,617	\$ 132,642	\$ 143,668	\$ 154,694	\$ 165,719
(10.0%)	\$ 116,644	\$ 128,318	\$ 139,993	\$ 151,667	\$ 163,341	\$ 175,015
(5.0%)	\$ 122,698	\$ 135,020	\$ 147,343	\$ 159,666	\$ 171,989	\$ 184,312
0.0%	\$ 128,751	\$ 141,722	\$ 154,694	\$ 167,665	\$ 180,636	\$ 193,608
5.0%	\$ 134,804	\$ 148,424	\$ 162,044	\$ 175,664	\$ 189,284	\$ 202,904
10.0%	\$ 140,857	\$ 155,126	\$ 169,394	\$ 183,663	\$ 197,931	\$ 212,200
15.0%	\$ 146,911	\$ 161,828	\$ 176,745	\$ 191,662	\$ 206,579	\$ 221,496

Note: Dollar amounts in thousands.

Sandler O Neill also performed an analysis that estimated the net present value per share of Independent stock assuming that Independent performed in accordance with publicly available consensus mean analyst estimates for

Independent for the quarter ending December 31, 2017 and the years ending December 31, 2018 and December 31, 2019, as well as an estimated long-term annual earnings per share growth rate and dividend assumptions, as provided by the senior management of Independent. To approximate the terminal value of a share of Independent stock at December 31, 2021, Sandler O'Neill applied price to 2021 earnings per share multiples ranging from 17.0x to 22.0x and price to December 31, 2021 tangible book value per share multiples ranging from 180% to 280%. The terminal values were then discounted to present values using different discount

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rates ranging from 9.0% to 13.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Independent stock. As illustrated in the following tables, the analysis indicated an imputed range of values per share of Independent stock of \$59.46 to \$88.97 when applying multiples of earnings per share and \$47.09 to \$84.10 when applying multiples of tangible book value per share.

**Earnings Per Share Multiples**

Discount Rate	17.0x	18.0x	19.0x	20.0x	21.0x	22.0x
9.0%	\$ 69.19	\$ 73.15	\$ 77.10	\$ 81.06	\$ 85.01	\$ 88.97
10.0%	\$ 66.58	\$ 70.39	\$ 74.19	\$ 78.00	\$ 81.80	\$ 85.61
11.0%	\$ 64.10	\$ 67.76	\$ 71.42	\$ 75.08	\$ 78.74	\$ 82.40
12.0%	\$ 61.73	\$ 65.25	\$ 68.77	\$ 72.30	\$ 75.82	\$ 79.35
13.0%	\$ 59.46	\$ 62.86	\$ 66.25	\$ 69.64	\$ 73.04	\$ 76.43

**Tangible Book Value Per Share Multiples**

Discount Rate	180%	200%	220%	240%	260%	280%
9.0%	\$ 54.77	\$ 60.63	\$ 66.50	\$ 72.37	\$ 78.23	\$ 84.10
10.0%	\$ 52.71	\$ 58.35	\$ 64.00	\$ 69.64	\$ 75.28	\$ 80.92
11.0%	\$ 50.75	\$ 56.18	\$ 61.61	\$ 67.04	\$ 72.47	\$ 77.90
12.0%	\$ 48.88	\$ 54.10	\$ 59.33	\$ 64.56	\$ 69.78	\$ 75.01
13.0%	\$ 47.09	\$ 52.12	\$ 57.16	\$ 62.19	\$ 67.22	\$ 72.25

Sandler O'Neill also considered and discussed with the Independent board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O'Neill performed a similar analysis assuming Independent's net income varied from 15% above estimates to 15% below estimates. This analysis resulted in the following range of per share values for Independent shares, applying the price to 2021 earnings per share multiples range of 17.0x to 22.0x referred to above and a discount rate of 10.32%.

**Earnings Per Share Multiples**

Annual Budget Variance	17.0x	18.0x	19.0x	20.0x	21.0x	22.0x
(15.0%)	\$ 56.19	\$ 59.38	\$ 62.58	\$ 65.77	\$ 68.97	\$ 72.16
(10.0%)	\$ 59.38	\$ 62.77	\$ 66.15	\$ 69.53	\$ 72.91	\$ 76.29
(5.0%)	\$ 62.58	\$ 66.15	\$ 69.72	\$ 73.29	\$ 76.86	\$ 80.43
0.0%	\$ 65.77	\$ 69.53	\$ 73.29	\$ 77.04	\$ 80.80	\$ 84.56
5.0%	\$ 68.97	\$ 72.91	\$ 76.86	\$ 80.80	\$ 84.75	\$ 88.69
10.0%	\$ 72.16	\$ 76.29	\$ 80.43	\$ 84.56	\$ 88.69	\$ 92.83
15.0%	\$ 75.35	\$ 79.67	\$ 84.00	\$ 88.32	\$ 92.64	\$ 96.96

Sandler O'Neill noted that the net present value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

***Pro Forma Merger Analysis.*** Sandler O'Neill analyzed certain potential pro forma effects of the merger, assuming the merger closes at the end of the second calendar quarter of 2018. In performing this analysis, Sandler O'Neill utilized the following information: (i) internal financial projections for Integrity for the years ending December 31, 2017 and December 31, 2018, as well as estimated annual long-term balance sheet and earnings growth rates and dividend assumptions, as provided by the senior management of Integrity; (ii) publicly

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available consensus mean analyst earnings per share estimates for Independent for the quarter ending December 31, 2017 and the years ending December 31, 2018 and December 31, 2019, as well as an estimated annual long-term earnings per share growth rate and dividend assumptions, as provided by the senior management of Independent; and (iii) certain assumptions relating to purchase accounting adjustments, cost savings and transaction expenses, as well as assumptions relating to Integrity tangible equity at the time of closing of the merger, anticipated regulatory costs and the offering of an estimated amount of securities by Independent in connection with the merger, as provided by the senior management of Independent. The analysis indicated that the merger could be accretive to Independent's estimated earnings per share (excluding one-time transaction costs and expenses) in the years ending December 31, 2018, December 31, 2019 and December 31, 2020, accretive to Independent's estimated tangible book value per share at closing and accretive to Independent's estimated tangible book value per share at December 31, 2018, December 31, 2019 and December 31, 2020.

In connection with this analysis, Sandler O'Neill considered and discussed with the Integrity board of directors how the analysis would be affected by changes in the underlying assumptions, including the impact of final purchase accounting adjustments determined at the closing of the transaction, and noted that the actual results achieved by the combined company may vary from projected results and the variations may be material.

***Sandler O'Neill's Relationship.*** Sandler O'Neill has acted as financial advisor to Integrity in connection with the merger. Integrity has agreed to pay Sandler O'Neill a transaction fee in an amount equal to (i) 1.00% of the aggregate merger consideration, up to \$165 million, plus (ii) 2.00% of the amount by which the aggregate merger consideration exceeds \$165 million, plus (iii) 5.00% of the amount by which the aggregate merger consideration exceeds \$200 million, if any, which fee at the time of announcement was approximately \$1.6 million and is contingent upon the closing of the merger. Sandler O'Neill also received a \$200,000 fee upon rendering its fairness opinion to the Integrity board of directors, which opinion fee will be credited in full towards the transaction fee which will become payable to Sandler O'Neill on the day of closing of the merger. Integrity has also agreed to indemnify Sandler O'Neill against certain claims and liabilities arising out of its engagement and to reimburse Sandler O'Neill for certain of its out-of-pocket expenses incurred in connection with its engagement.

Sandler O'Neill has not provided any other investment banking services to Integrity in the two years preceding the date of its opinion. In the two years preceding the date of its opinion, Sandler O'Neill has provided certain investment banking services to Independent and received fees for such services. Sandler O'Neill was engaged to provide financial advisory services to Independent in 2015, and Sandler O'Neill acted as a book-running manager for Independent in connection with an offering of subordinated notes and an offering of Independent stock in 2016. In addition, as Sandler O'Neill previously disclosed to Integrity, Sandler O'Neill acted as a co-manager in connection with the offer and sale of common stock by Independent, which was announced concurrently with the announcement of the merger and completed on November 29, 2017. In the ordinary course of Sandler O'Neill's business as a broker-dealer, Sandler O'Neill may purchase securities from and sell securities to Independent and its affiliates. Sandler O'Neill may also actively trade the equity and debt securities of Independent and its affiliates for its own account and for the accounts of its customers.

**Certain Unaudited Prospective Financial Information of Integrity**

Integrity does not as a matter of course make public projections as to future performance, revenues, earnings or other financial results due to, among other reasons, the inherent uncertainty of the assumptions and estimates underlying such projections. However, Integrity is including in this document certain unaudited prospective financial information that was made available to Integrity's financial advisor in connection with the merger. The inclusion of this information should not be regarded as an indication that any of Independent, Integrity or Sandler O'Neill or any of their respective representatives considered, or now considers, the information to be necessarily predictive of actual

future results.



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This information, which was prepared by management of Integrity, was prepared solely for internal use and is subjective in many respects. The unaudited prospective financial information reflects numerous estimates and assumptions made with respect to business, economic, market, competition, regulatory and financial conditions and matters specific to the business of Integrity, all of which are difficult to predict and many of which are beyond the control of Integrity. The unaudited prospective financial information reflects assumptions as to certain business decisions that are subject to change and, in many respects, subjective judgment, and thus is susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. Integrity can give no assurance that the unaudited prospective financial information and the underlying estimates and assumptions will be realized. In addition, because the unaudited prospective financial information covers multiple years, the information by its nature becomes less predictive with each successive year. Actual results may differ materially from those set forth below, and important factors that may affect actual results and cause the unaudited prospective financial information to be inaccurate include, but are not limited to, risks and uncertainties relating to the business of Integrity, industry performance, general business and economic conditions, customer requirements, competition and adverse changes in applicable laws, regulations or policies. For other categories of factors that could cause actual results to differ from those projected results disclosed below, please see the section entitled **Cautionary Note Regarding Forward-Looking Statements** beginning on page 41 of this proxy statement/prospectus.

The unaudited prospective financial information was not prepared with a view toward public disclosure, nor was it prepared with a view toward compliance with GAAP, published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. In addition, the unaudited prospective financial information requires significant estimates and assumptions that make it inherently less comparable to the similarly titled GAAP measures in the historical GAAP financial statements of Integrity. Neither Integrity's independent accountants, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the unaudited prospective financial information shown below, nor have they expressed any opinion or any other form of assurance on such information or its achievability.

Furthermore, the unaudited prospective financial information does not take into account any circumstances or events occurring after the date it was prepared. Integrity can give no assurance that, had the unaudited prospective financial information been prepared as of the date of this proxy statement/prospectus, similar estimates and assumptions would be used. Integrity does not intend to, and disclaims any obligation to, make publicly available any update or other revision to the unaudited prospective financial information to reflect circumstances existing since their preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error, or to reflect changes in general economic or industry conditions. The unaudited prospective financial information does not take into account the possible financial and other effects on either Independent or Integrity, as applicable, of the merger and does not attempt to predict or suggest future results of the combined company. The unaudited prospective financial information does not give effect to the impact of negotiating or executing the reorganization agreement, the expenses that may be incurred in connection with the merger, the effect of any business or strategic decision or action that has been or will be taken as a result of the reorganization agreement having been executed, or the effect on Integrity of any business or strategic decisions or actions that would likely have been taken if the reorganization agreement had not been executed, but which were instead altered, accelerated, postponed or not taken in anticipation of the merger. Further, the unaudited prospective financial information does not take into account the effect on Integrity of any possible failure of the merger to occur. None of Independent, Integrity or Sandler O'Neill or their respective affiliates, officers, directors, advisors or other representatives has made, makes or is authorized in the future to make any representation to any shareholder of Integrity or Independent, or any other person, regarding Integrity's actual performance compared to the information contained in the unaudited prospective financial information or that the projected results will be achieved. The inclusion of the unaudited prospective financial information should not be deemed an admission or representation by Integrity or Independent that it is

viewed as material information of Integrity, particularly in light of the inherent risks and uncertainties associated with such unaudited prospective financial information of Integrity, which represents

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forecasts. The summary of the unaudited prospective financial information included below is not being included to influence your decision whether to vote for the merger and the transactions contemplated in connection with the merger, but is being provided solely because it was made available to Independent's financial advisor in connection with the merger.

In light of the foregoing, and considering that the special meeting of shareholders of Integrity will be held several months after the unaudited prospective financial information was prepared, as well as the uncertainties inherent in any forecasted information, shareholders of Integrity are cautioned not to place unwarranted reliance on such information in connection with their consideration of the merger.

The following table presents selected unaudited prospective financial data of Integrity for the years ending December 31, 2017 and 2018.

<i>(Dollar values in thousands)</i>	Year to	Projections for Year Ending	
	Date	December 31,	December 31,
	September 30,	2017	2018
	2017		
<b>Balance Sheet highlights</b>			
Total assets	\$ 804,914	\$ 803,469	\$ 879,415
<i>Annual growth rate</i>		(0.2)%	9.5%
Gross loans	\$ 661,254	\$ 666,427	\$ 727,007
Total deposits	678,940	678,946	753,226
<b>Income Statement highlights</b>			
Net income	\$ 6,886	\$ 9,191	\$ 11,162
<i>Effective tax rate</i>	34.55%	34.55%	34.55%
<i>Growth rate</i>			21.40%
<b>Per share data</b>			
Common shares outstanding	4,654,452	4,654,452	4,654,452
Dividends paid per share			\$ 0.50

**Exchange of Integrity Stock Certificates**

If you are a holder of Integrity common stock, as soon as practicable, with the intent to be within five business days after the effective time of the merger, Independent's transfer and exchange agent, Equiniti Trust Company, will mail a form of letter of transmittal and instructions to you for use in surrendering your Integrity stock certificates. When you properly surrender your Integrity stock certificates or provide other satisfactory evidence of ownership, and return the letter of transmittal duly executed and completed in accordance with its instructions, Equiniti Trust Company will promptly cancel the surrendered stock certificates and deliver to you a notice specifying, among other things, the number of shares of Independent common stock, which shall be solely in uncertificated book-entry form credited to the account of the holder of record as established in the Direct Registration System, and cash for the cash portion of the merger consideration and for fractional shares, if any, to which you are entitled under the reorganization agreement. No Independent stock certificates will be issued with respect to the Independent common stock to be issued under the reorganization agreement.

***You should not send in your certificates until you receive the letter of transmittal and instructions.***

At the effective time of the merger, and until surrendered as described above, other than shares of Integrity common stock subject to the exercise of dissenters' rights, each outstanding Integrity stock certificate will be deemed for all purposes to represent only the right to receive the merger consideration to be paid pursuant to the reorganization agreement, without interest thereon. With respect to any Integrity stock certificate that has been lost, stolen or destroyed, Independent will pay the merger consideration attributable to such Integrity stock certificates, upon receipt of a surety bond or other adequate indemnity, as required in accordance with Independent's standard policy, and receipt of evidence reasonably satisfactory to Independent of ownership of the shares in question. After the effective time of the merger, Integrity's transfer books will be closed and no

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transfer of the shares of Integrity stock outstanding immediately prior to the effective time of the merger will be permitted on Independent's stock transfer books.

To the extent permitted by law, you will be entitled to vote after the effective time of the merger, at any meeting of Independent's shareholders that has a record date after the effective time of the merger, the number of whole shares of Independent common stock into which your shares of Integrity common stock are converted as a result of the merger, regardless of whether you have surrendered your Integrity stock certificates to the exchange agent. Whenever Independent declares a dividend or other distribution on Independent common stock which has a record date after the effective time of the merger, the declaration will include dividends or other distributions on all shares of Independent common stock issued pursuant to the reorganization agreement. However, no dividend or other distribution payable to the holders of record of Independent common stock will be delivered to you until you surrender your Integrity stock certificates.

## **Effective Time of the Merger**

The merger will become effective at the date and time specified in the certificate of merger to be filed with the Secretary of State of Texas regarding the merger of Integrity and Independent. It is anticipated that the bank merger will be completed on the same day. If the shareholders of Integrity approve the reorganization agreement at the special meeting, and if all required regulatory approvals are obtained and the other conditions to the parties' obligations to effect the merger are satisfied or waived by the party entitled to do so, Independent anticipates that the merger will be completed on May 1, 2018, although delays could occur.

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.

## **Conduct of Business Pending Effective Time**

From the date of the reorganization agreement to and including the closing date, Integrity has agreed to and has agreed to cause the Integrity Bank to:

maintain its corporate existence in good standing;

maintain the general character of its business and conduct its business in its ordinary and usual manner;

extend credit only in accordance with existing lending policies and practices;

use commercially reasonable efforts to preserve its business organization intact; retain the services of its present employees, officers, directors and agents; retain its present customers, depositors, suppliers and correspondent banks; and preserve its goodwill and the goodwill of its suppliers, customers and others having business relationships with it;

maintain all offices, machinery, equipment, materials, supplies, inventories, vehicles and other properties owned, leased or used by it (whether under its control or the control of others) in good operating repair and condition, ordinary wear and tear excepted;

comply in all material respects with all laws, regulations, ordinances, codes, orders, licenses and permits applicable to its properties and operations, where such noncompliance could be reasonably expected to cause a material adverse change;

timely file all tax returns required to be filed by it and promptly pay all taxes, assessments, governmental charges, duties, penalties, interest and fines that become due and payable, except those being contested in good faith by appropriate proceedings;

withhold from each payment made to each of its employees the amount of all taxes (including federal income taxes, FICA taxes and state and local income and wage taxes) required to be withheld therefrom and pay the same to the proper governmental authority;

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continue to follow and implement policies, procedures and practices regarding the identification, monitoring, classification and treatment of all assets in substantially the same manner as it has in the past;

account for all transactions in accordance with generally accepted accounting principles (unless otherwise instructed by regulatory accounting principles, in which instance account for such transaction in accordance with regulatory accounting principles) specifically, without limitation, paying or accruing for by the tangible equity determination date all liabilities, obligations, costs and expenses owed or incurred by Integrity or Integrity Bank on or before the closing date;

perform all of its material obligations under contracts, leases and documents relating to or affecting its assets, properties and business, except such obligations as it may in good faith reasonably dispute;

maintain and keep in full force and effect, in all material respects, presently existing insurance coverage and give all notices and present all claims under all insurance policies in due and timely fashion; or

timely file all reports required to be filed with governmental authorities and observe and conform, in all material respects, to all applicable laws, rules, regulations, ordinances, codes, orders, licenses and permits, except those being contested in good faith by appropriate proceedings.

From the date of the reorganization agreement through the earlier of the effective time of the merger or the termination of the reorganization agreement, Integrity has agreed not to, and has agreed to cause the Integrity Bank not to, without the prior written consent of Independent:

introduce any new material method of management or operation;

intentionally take any action that could reasonably be anticipated to result in a material adverse change to its financial condition, assets, properties, liabilities, reserves, business or results of operations;

take or fail to take any action that could reasonably be expected to cause its representations and warranties made in the reorganization agreement (other than the representations related to making any capital expenditures or capital additions or betterments in excess of an aggregate of \$100,000 or altering any of the material terms of any loan to any single borrower and his related interests in excess of the principal amount of \$2,000,000, each since June 30, 2017) to be inaccurate in any material respect at the effective time of the merger or preclude Integrity from making such representations and warranties at the effective time of the merger;

declare, set aside or pay any dividend or other distribution with respect to its capital stock other than the payment of dividends from Integrity Bank to Integrity and the payment of distributions by Integrity to the Integrity shareholders in an amount equal to the difference between the Integrity adjusted tangible equity on the tangible equity determination date less \$84.0 million;

enter into, alter, amend, renew or extend any material contract or commitment that would result in an obligation of Integrity to make payments in excess of \$100,000, except for loans and extensions of credit in the ordinary course of business;

mortgage, pledge or subject to lien, charge, security interest or any other encumbrance or restriction any of its properties, business or assets, tangible or intangible, except in the ordinary course of business and consistent with past practices;

cause or allow the loss of insurance coverage, unless replaced with coverage that is substantially similar (in amount and insurer) to that in effect as of the date of the reorganization agreement;

incur any indebtedness, obligation or liability, whether absolute or contingent, other than the receipt of deposits and trade debt or except in the ordinary course of business and consistent with prudent banking practices or in connection with the transactions contemplated by the reorganization agreement or any of the agreements or documents contemplated therein;



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discharge or satisfy any lien or pay any obligation or liability, whether absolute or contingent, due or to become due, except in the ordinary course of business and consistent with past practices;

issue, reserve for issuance, grant, sell or authorize the issuance of any shares of its capital stock or other securities or subscriptions, options, warrants, calls, rights or commitments of any kind relating to the issuance thereto, except to the extent any commitment to do so is outstanding as of the date of the reorganization agreement or issue a replacement of any certificate representing shares of Integrity or Integrity Bank common stock;

amend or otherwise change its articles of association or bylaws;

sell, transfer, lease to others or otherwise dispose of any material amount of its assets or properties, discount or arrange for a payoff of a charged off or deficiency credit, cancel or compromise any material debt or claim, or waive or release any right or claim other than in the ordinary course of business and consistent with past practices, provided that any such transaction involving amounts in excess of \$250,000 shall be deemed to not be in the ordinary course of business;

enter into any material transaction other than in the ordinary course of business except as contemplated by the reorganization agreement;

except with respect to the collection of checks and other negotiable instruments or otherwise in the ordinary course of the business and consistent with past practices, enter into or give any promise, assurance or guarantee of the payment, discharge or fulfillment of any undertaking or promise made by any other third person, firm or corporation;

sell or knowingly dispose of, or otherwise divest itself of the ownership, possession, custody or control, of any corporate books or records of any nature that, in accordance with sound business practice, normally are retained for a period of time after their use, creation or receipt, except at the end of the normal retention period;

except for salary increases and the accrual for annual bonuses in the ordinary course of business and consistent with past practices, and the payment of employee bonuses in connection with the completion of the merger (all of which shall be included as a deduction in the calculation of adjusted tangible equity) (i) make any material change in the rate of compensation, commission, bonus or other direct or indirect remuneration payable, (ii) pay, agree to, or orally promise to pay, conditionally or otherwise, any additional bonus or extra compensation, pension, severance or vacation pay, to or for the benefit of any of its shareholders, directors, officers or employees or (iii) enter into any employment or consulting contract (other than as contemplated by the reorganization agreement) or other agreement with any director, officer or employee or adopt, amend in any material respect or terminate (other than termination of any employee benefit plans contemplated by the reorganization agreement) any pension, employee welfare, retirement, stock purchase, stock option, stock appreciation rights, termination, severance, income protection, golden

parachute, savings or profit-sharing plan (including trust agreements and insurance contracts embodying such plans), any deferred compensation or collective bargaining agreement, any group insurance contract (except as contemplated by the reorganization agreement) or any other incentive, welfare or employee benefit plan or agreement maintained by it for the benefit of its directors, employees or former employees;

engage in any transaction with any of its affiliates, except in the ordinary course of business and consistent with past practices;

acquire any capital stock or other equity securities or acquire any equity or ownership interest in any bank, corporation, partnership or other entity, except (i) through settlement of indebtedness, foreclosure or the exercise of creditors' remedies or (ii) in a fiduciary capacity, the ownership of which does not expose it to any liability from the business, operations or liabilities of such person;

except as contemplated by the reorganization agreement, terminate, cancel or surrender any contract, lease or other agreement, or unreasonably permit any damage, destruction or loss which, in any case or

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in the aggregate, may reasonably be expected to result in a material adverse change to its financial condition, assets, properties, liabilities, reserves, business or results of operations;

dispose of, permit to lapse, transfer or grant any rights under, or knowingly breach or infringe upon, any United States or foreign license or proprietary right or materially modify any existing rights with respect thereto, except in the ordinary course of business and consistent with past practices;

make any capital expenditures, capital additions or betterments except in the ordinary course of business consistent with past practices;

hire or employ any new officer or hire or employ any new nonofficer employee, other than to replace nonofficer employees;

make any, or acquiesce with any, change in accounting methods, principles or material practices, except as required by generally accepted accounting principles or regulatory accounting principles, including, without limitation, making any reverse provision for loan losses or other similar entry or accounting method that would reduce the allowance for loan and lease losses of Integrity;

pay a rate on deposits at Integrity materially higher than is consistent with the ordinary course of business and consistent with past practices;

make any new loan except in compliance with Integrity's existing policies and procedures and consistent with past practices;

renew, extend the maturity of, or alter the material terms of, any loan except in compliance with Integrity's existing policies and procedures and consistent with past practices;

renew, extend the maturity of, or alter any of, the material terms of any loan classified as substandard and doubtful ;

sell (provided, however, that payment at maturity or prepayment is not deemed a sale) investment securities or purchase investment securities, other than U.S. Treasuries with a maturity of two years or less; or

redeem, purchase or otherwise acquire, directly or indirectly, any of its capital stock.

For a complete description of such restrictions on the conduct of the business of Integrity and the Integrity Bank, Independent refers you to the reorganization agreement, which is attached as Appendix A to this proxy statement/prospectus.

From the date of the reorganization agreement through the effective time of the merger, Independent has agreed to and has agreed to cause Independent Bank to:

maintain its corporate existence in good standing;

maintain the general character of its business and conduct its business in its ordinary and usual manner;

extend credit only in accordance with existing lending policies and practices; and

use commercially reasonable efforts to preserve its business organization intact; retain the services of its present employees, officers, directors and agents; retain its present customers, depositors, suppliers and correspondent banks; and preserve its goodwill and the goodwill of its suppliers, customers and others having business relationships with it.

**No Solicitation**

Integrity agreed that it will not, and that it will cause Integrity Bank and its employees, directors, officers, financial advisors and agents not to:

solicit, knowingly encourage, initiate or participate in any negotiations or discussions with any third party with respect to any proposal that could reasonably be expected to lead to an acquisition proposal, whether by acquisition, business combination, purchase of securities or assets or otherwise;

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disclose to any third party any information concerning the business, properties, books or records of Integrity or Integrity Bank in connection with any acquisition proposal, other than as provided in the reorganization agreement or as required by applicable law; or

cooperate with any third party to make any acquisition proposal, other than the sale by Integrity or Integrity Bank of assets in the ordinary course of business consistent with past practices.

Promptly upon receipt of any unsolicited offer, Integrity will communicate to Independent the terms of any proposal or request for information and the identity of the parties involved.

Provided that Integrity has complied with the restrictions set forth above, if, after the date of the reorganization agreement and before the closing date, Integrity 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, the board of directors of Integrity determines in good faith, after consultation with outside legal and financial advisors, that (i) such acquisition proposal is or is reasonably capable of becoming a superior proposal and (ii) the failure of the Integrity board of directors to furnish such information or access or enter into such discussions or negotiations would reasonably be materially inconsistent with its fiduciary duties to the shareholders of Integrity; but before furnishing any material nonpublic information, Integrity must receive from the person making such acquisition proposal an executed confidentiality agreement with terms at least as restrictive in all material respects on such person as the nondisclosure agreement entered into with Independent. In such case, Integrity is required to:

within two business days, notify Independent of the receipt of such acquisition proposal or any request for nonpublic information relating to Integrity or for access to its properties, books or records by any person that has made, or may be considering making, an acquisition proposal;

communicate the material terms of such acquisition proposal to Independent, including as they may change upon any modification or amendment to the terms thereof; and

keep Independent reasonably apprised of the status of and other matters relating to any such acquisition proposal on a timely basis.

An acquisition proposal means a written offer or proposal from a party other than Independent that contains a fixed price per share or a mathematically ascertainable formula for calculating a price per share for the Integrity common stock, regarding any of the following (other than transactions contemplated by the reorganization agreement) involving Integrity: (i) any merger, reorganization, consolidation, share exchange, recapitalization, business combination, liquidation, dissolution or other similar transaction involving any sale, lease, exchange, mortgage, pledge, transfer or other disposition of all or substantially all of the assets or equity securities or deposits of Integrity, in a single transaction or series of related transactions, which could reasonably be expected to impede, interfere with, prevent or materially delay the completion of the merger; or (ii) any tender offer or exchange offer for 50% or more of the outstanding shares of Integrity common stock or the filing of a registration statement in connection therewith. A

superior proposal means a bona fide acquisition proposal made by a party other than Independent that the Integrity board determines in its good faith judgment, after consultation with its outside counsel and its independent financial advisor (i) is or would result in a transaction that if consummated would be more favorable to Integrity's shareholders from a financial point of view than the merger, taking into account all of the terms and conditions of such proposal

and of the reorganization agreement (including any proposal by Independent to amend the terms of the reorganization agreement) and (ii) is capable of being, and is reasonably likely to be, consummated on the terms so proposed taking into account all financial, regulatory, legal and other aspects of such proposal.

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**Conditions to Completion of the Merger**

The reorganization agreement contains a number of conditions to the obligations of Independent and Integrity to complete the merger that must be satisfied as of the closing date, including, but not limited to, the following:

approval by holders of the Integrity common stock of the reorganization agreement and the transactions contemplated thereby by the requisite vote under the Integrity certificate of formation and applicable law;

receipt of all approvals and consents required by applicable law from all applicable governmental authorities in connection with the reorganization agreement, any other agreement contemplated thereby and the consummation of the transactions contemplated by the reorganization agreement and such other agreements and all applicable waiting periods will have expired which approvals and consents do not impose any material requirement upon Independent or its subsidiaries that are reasonably unacceptable to Independent;

the registration statement of which this proxy statement/prospectus forms a part has become effective and no stop order suspending its effectiveness is in effect and no proceedings for that purpose have been initiated and continuing or threatened by the SEC, and all necessary approvals under federal or applicable state securities laws relating to the issuance or trading of the Independent common stock to be issued have been received;

the shares of Independent common stock to be issued to Integrity shareholders being authorized for listing on the NASDAQ Global Select Market and such approval is not withdrawn or revoked;

no action shall have been taken, and no statute, rule, regulation or order shall have been promulgated, enacted, entered, enforced or deemed applicable to the reorganization agreement, or the transactions contemplated hereby, by any governmental authority, including by means of the entry of a preliminary or permanent injunction, that would (i) make the reorganization agreement or any other agreement contemplated thereby, or the transactions contemplated thereby, illegal, invalid or unenforceable, (ii) as to Independent only, require the divestiture of a material portion of the assets of Integrity, (iii) impose material limits on the ability of any party to consummate the transactions contemplated by the reorganization agreement, (iv) as to Independent only, otherwise result in a material adverse change to Integrity, Integrity Bank, Independent or Independent Bank or (v) could reasonably be expected to subject Independent, Integrity, or any of their respective subsidiaries, or any of their respective officers, directors, shareholders or employees, to criminal or civil liability upon the consummation of the reorganization agreement or any other agreement contemplated thereby, or the transactions contemplated thereby;

the other party's representations and warranties contained in the reorganization agreement being true and correct in all material respects as of the date of the reorganization agreement and as of the date of the closing;

the performance or compliance in all material respects by each party with its respective covenants and obligations required by the reorganization agreement to be performed or complied with before or at the closing of the merger; and

receipt by each party of all documents required to be delivered by the other party on or before the closing date, all in form and substance reasonably satisfactory to the receiving party.

In addition to the conditions listed above, Integrity's obligations to complete the merger is subject to the satisfaction of the following conditions:

Independent's delivery of the merger consideration to Equiniti Trust Company, as exchange agent;

no material adverse change (as defined in the reorganization agreement) shall have occurred as to Independent since June 30, 2017; and



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the receipt by Integrity of an opinion from Jackson Walker L.L.P. to the effect that for U.S. federal income tax purposes (i) the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code, and (ii) each of Independent and Integrity will be a party to such reorganization within the meaning of Section 368(b) of the Code.

In addition to the conditions listed above, Independent's obligation to complete the merger is subject to the satisfaction of the following conditions:

the adjusted tangible equity of Integrity, as of the closing date of the merger, must not be less than \$76.0 million;

Integrity Bank's allowance for loan and lease losses as of the closing date must be at a level necessary to fully reserve for loss on its loans and other real estate owned consistent with Integrity Bank's historical methodology and in compliance with GAAP and RAP, and if certain identified loans have not been resolved prior to the tangible equity determination date, then Integrity shall have made agreed upon provisions for loan loss to reserve for such loans;

no material adverse change (as defined in the reorganization agreement) shall have occurred as to Integrity or Integrity Bank since June 30, 2017;

all Integrity employee plans must be terminated in accordance with their respective terms and all applicable laws and regulations, the affected participants must have been notified of such terminations and Integrity shall have delivered certain acknowledgements signed by certain directors and officers of Integrity and Integrity Bank;

All Integrity option holders that have not exercised such options shall have executed and delivered option cancellation agreements to Independent prior to the tangible equity determination date;

all material consents and approvals from all nongovernmental third parties that are required to be obtained under the terms of any contract, agreement or instrument to which Integrity is a party shall have been obtained;

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

Integrity shall have terminated and dissolved its subsidiary, IBI Liquidating Corporation. Any condition to the completion of the merger, except the required shareholder and regulatory or governmental approvals, and the absence of an order or ruling prohibiting the merger, may be waived in writing by the party to the reorganization agreement entitled to the benefit of such condition.

### **Additional Agreements**

In addition to the agreements described above, each party agreed in the reorganization agreement to take certain other actions, including but not limited to the following:

use commercially reasonable efforts to cause the consummation of the transactions contemplated by the reorganization agreement in accordance with its terms and conditions;

promptly notify the other party in writing of any litigation, or of any claim, controversy or contingent liability that might reasonably be expected to become the subject of litigation, against such party or affecting any of its properties, if such litigation or potential litigation is reasonably likely, in the event of an unfavorable outcome, to result in a material adverse change to such party;

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promptly notify the other party of any legal action, suit or proceeding or judicial, administrative or governmental investigation, pending or, to the best knowledge of such party, threatened against such party, or Integrity Bank in the case of Integrity, or Independent Bank in the case of Independent, that (i) questions or would reasonably be expected to question the validity of the reorganization agreement or the agreements contemplated thereby, or any actions taken or to be taken by such party, or Integrity Bank in the case of Integrity, pursuant thereto or (ii) seeks to enjoin or otherwise restrain the transactions contemplated by the reorganization agreement;

promptly notify the other party in writing if any change occurred or was threatened (or any development occurred or was threatened involving a prospective change) in the business, financial condition or operations of such party, or Integrity Bank in the case of Integrity, or Independent Bank in the case of Independent, that has resulted in or would reasonably be expected to result in a material adverse change;

that the confidential information provided by the other party would be used solely for the purpose of reviewing and evaluating the transactions contemplated by the reorganization agreement and any other agreement contemplated thereby, and that such confidential information would be kept confidential by such party;

that it would not make, issue or release, or cause to be made, issued or released, any announcement, statement, press release, acknowledgment or other public disclosure of the existence, terms, conditions or status of the reorganization agreement or the transactions contemplated thereby without the prior written consent of the other party; and

provide to the other party, at least three business days prior to the closing of the merger supplemental disclosure schedules pursuant to the reorganization agreement reflecting any material changes between the date of the reorganization agreement and the closing date.

Integrity agreed in the reorganization agreement to take certain other actions, including, but not limited to the following:

use commercially reasonable efforts to obtain all consents and approvals from third parties required in connection with the consummation of the transactions contemplated by the reorganization agreement, and to cooperate in all commercially reasonable respects with Independent to obtain all such approvals and consents required of such other party;

to the extent permitted by law, use its commercially reasonable efforts to provide Independent all information concerning Integrity that is required for inclusion in this proxy statement/prospectus, or any other application, filing, statement or document to be made or filed with any regulatory or governmental authority in connection with the merger and the other transactions contemplated by the reorganization agreement and to promptly inform Independent if Integrity becomes aware that any information provided or cross referenced contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading and to take the necessary

steps to correct such information;

promptly notify Independent in writing if it becomes aware of any fact or condition that makes untrue, or shows to have been untrue, in any material respect, any material written information furnished to Independent by Integrity or any representation or warranty made in or pursuant to the reorganization agreement or that results in Integrity's failure to comply with any covenant, condition or agreement contained in the reorganization agreement;

afford Independent's officers, directors, employees, attorneys, accountants, investment bankers and authorized representatives access during regular business hours to the books, contracts, commitments, personnel and records of Integrity and Integrity Bank, and furnish during such period such other information concerning Integrity and Integrity Bank as Independent may reasonably request;

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cause Integrity Bank to maintain its allowance for loan and lease losses as of the closing date at a level necessary to fully reserve for loss on its loans and other real estate owned consistent with Integrity Bank's historical methodology and in compliance with GAAP and RAP, and if certain identified loans have not been resolved prior to the tangible equity determination date, then Integrity shall have made agreed upon provisions for loan loss to reserve for such loans;

terminate, and cause Integrity Bank to terminate, subject to compliance with applicable law, all employee benefit plans of Integrity or Integrity Bank;

accrue for or make the payments required, and cause Integrity Bank to accrue for or make the payments required, pursuant to the employment contracts set forth in the reorganization agreement, and use commercially reasonable efforts to obtain a release from each officer with respect to their agreement;

make available to Independent a list of the Integrity's shareholders and their addresses, a list showing all transfers of Integrity common stock, a list showing the grant and exercise of options, and such other information as Independent may reasonably request regarding both the ownership and prior transfers of the Integrity common stock and options;

consistent with generally accepted accounting principles, regulatory accounting principles and applicable banking laws and regulations, to make such accounting entries as Independent may reasonably request in order to conform the accounting records of Integrity to the accounting policies and practices of Independent;

purchase before closing of the merger an extended reporting period for four years under its existing directors and officers liability insurance policy for purposes of covering actions occurring prior to the effective time of the merger;

use its commercially reasonable efforts to obtain releases signed by, and receipt of resignations from, each of the directors and executive officers of Integrity and Integrity Bank releasing Integrity and Integrity Bank and their respective successors from any and all claims of such directors and officers, subject to certain limited exceptions, and resigning from the board of Integrity and Integrity Bank, as applicable;

use its commercially reasonable efforts to cause each outside director of Integrity and Integrity Bank to execute and deliver to Independent a director support agreement providing for the continuing support of Independent Bank by the outside directors;

that Independent, at its sole cost and expense, shall have the right to the same extent that Integrity has the right to, upon written notice to Integrity, inspect any real property leased or owned by Integrity or Integrity Bank, including conducting asbestos surveys and sampling, environmental assessments and investigations, and other environmental surveys and analysis, and to conduct further investigation if deemed desirable by Independent and upon reasonable written notice to Integrity and subject to Integrity's right to place

reasonable time and place restrictions on any such further investigation, and further subject to Independent's obligation to make available to Integrity the results and reports of any such investigation or survey;

use commercially reasonable efforts, including but not limited to notifying appropriate parties and negotiating in good faith a reasonable settlement, to ensure that the data processing contracts and contracts related to the provision of any other electronic banking services, if the merger occurs, be terminated after the consummation of the merger on a date mutually agreed upon by Independent and Integrity; and shall use reasonable efforts and cooperate with Independent to facilitate a smooth conversion of data processing, item processing, network and related hardware and software, telephone systems, telecommunications, data communications and other technologies, including participating in conversion planning, design, mapping and testing activities before the closing date of the merger;

use commercially reasonable efforts to cause the executive officers identified in the reorganization agreement to execute and deliver to Independent an employment agreement providing for their continued employment with Independent Bank following the merger;

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provide Independent the opportunity to participate in the defense or settlement of any stockholder litigation against Integrity and/or its directors relating to the merger and other transactions contemplated by the reorganization agreement, and no such settlement shall be agreed to without the prior written consent of Independent;

use commercially reasonable efforts to cause the execution of option cancellation agreements;

Integrity and Integrity Bank will not make any payment or provide any benefit to any officer, director or employee of Integrity or Integrity Bank, or any of their affiliates who is a disqualified individual (as defined in Treasury Regulation Section 1.280G-1) under any employment, severance, or termination agreement, other compensation arrangement or benefit plan currently in effect if such payment or benefit would be an excess parachute payment (as defined in Section 280G(b)(1) of the Internal Revenue Code of 1986) solely as a result of the transactions contemplated by the reorganization agreement or if the payment or benefit would result in the excise tax of Section 4999 of the Internal Revenue Code of 1986 being imposed on any such person; and

Integrity is required to take all action necessary to terminate and dissolve IBI Liquidating Corporation prior to the tangible equity determination date.

Independent agreed in the reorganization agreement to take certain other actions, including, but not limited to the following:

prepare and file a registration statement with the SEC with respect to the shares of Independent common stock to be issued pursuant to the reorganization agreement, and use its reasonable best efforts to cause the registration statement to become and remain effective; Independent further agreed that none of the information supplied or to be supplied by it for inclusion in (i) the registration statement will, at the time the registration statement and any amendment or supplement thereto becomes effective, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and (ii) the proxy statement/prospectus and any amendment or supplement thereto will, at the date(s) of mailing to Integrity shareholders and at the time of the special meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and Independent will take the necessary steps to correct such information and promptly inform Integrity;

file all documents required to be filed to have the shares of the Independent common stock to be issued pursuant to the reorganization agreement included for listing on the NASDAQ Global Select Market and use its commercially reasonable efforts to effect said listing;

prepare all documentation, to effect all filings and to use its commercially reasonable best efforts to obtain all permits, consents, approvals and authorizations of all third parties and federal or state bank regulatory or governmental authority necessary to consummate the merger and the transactions contemplated by the reorganization agreement;

for a period of four years from the effective time of the merger to indemnify, defend and hold harmless each person entitled to indemnification from Integrity or Integrity Bank against all liabilities arising out of actions or omissions occurring at or prior to the effective time of the merger;

to the extent permitted by applicable law, upon reasonable notice from Integrity, afford and cause Integrity Bank to afford Integrity's employees and officers and authorized representatives reasonable access to the properties, books and records of Independent and its subsidiaries during normal business hours and furnish Integrity with such additional financial and operating data and other information as to the business and properties of Independent as Integrity may reasonably request from time to time; and

for a period of two years after the effective time of the merger (or such shorter period of time as may be applicable for affiliates of Integrity to sell shares of Independent common stock in accordance



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with Rule 145 of the Securities Act), to use its commercially reasonable efforts to file in a timely manner all reports with the Securities and Exchange Commission, or SEC, required to be filed by it pursuant to Section 13 and Section 15(d) of the Exchange Act (other than current reports on Form 8-K) and submit electronically and post on its corporate website, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T.

**Representations and Warranties of Integrity and Independent**

In the reorganization agreement, Integrity has made representations and warranties to Independent, and Independent has made representations and warranties to Integrity. The more significant of these relate to (among other things):

corporate organization and existence;

authority and power to execute the reorganization agreement and the bank merger agreement and to complete the transactions contemplated by the reorganization agreement and the bank merger agreement;

the absence of conflicts between the execution of the reorganization agreement and completion of the transactions contemplated by the reorganization agreement and the parties' charter documents, applicable law and certain other agreements;

capitalization;

compliance with applicable laws and regulatory filings, including tax filings;

the accuracy of their financial statements and reports;

pending or threatened litigation and other proceedings;

the absence of certain changes and events; and

the absence of undisclosed liabilities.

Integrity also has made additional representations and warranties to Independent with respect to (among other things):

its ownership of Integrity Bank;

its investments;

its loan portfolio and reserve for loan losses;

the existence of indebtedness, certain loan agreements and related matters;

title and conditions of tangible assets;

its compliance with regulatory and environmental laws;

its compliance with tax laws, payment of taxes and filing of tax returns;

the existence of certain leases, contracts, commitments and contractual relationships;

actions taken by regulatory authorities and its ability to receive required regulatory approval;

its insurance coverage and fidelity bonds;

its employment relations;

its employees, compensation and benefits plans;

its deferred compensation and salary continuation arrangements, including no excess parachute payments;

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its related person transactions;

its absence of certain business practices;

the absence of guarantees;

its data processing agreements;

its deposit accounts;

its loan practices and compliance with financial institution laws, rules and regulations;

its ownership and use of intellectual property rights;

completeness of its books and records;

its compliance with zoning and related laws;

dissenting shareholders;

business combination restrictions;

the receipt of a fairness opinion by its board of directors;

its performance of its fiduciary responsibilities as trustee, custodian, guardian or escrow agent;

its derivative contracts; and

its internal controls.

Independent has also made additional representations and warranties to Integrity with respect to (among other things):

its ownership of Independent Bank;

the well capitalized status of Independent and Independent Bank as defined by federal regulations as of the date of the reorganization agreement, its Community Reinvestment Act rating of satisfactory, lack of awareness of any fact or circumstance regarding Independent or any Independent subsidiary that would reasonably be likely to materially impede or delay Independent's ability to obtain all requisite regulatory approvals necessary to consummate the merger in a timely manner;

its independent public accounting firm's view on its financial statements and accounting procedures;

the timeliness and completeness of its tax filings;

the accuracy and completeness of the listed representations and warranties; and

its compliance with its SEC reporting obligations and the accuracy of such reports.

For detailed information concerning these representations and warranties, reference is made to the reorganization agreement included as Appendix A to this proxy statement/prospectus.

The reorganization agreement contains representations and warranties that Integrity and Independent made to and solely for the benefit of each other. These representations and warranties are subject to materiality standards, which may differ from what may be viewed as material by investors and shareholders, and, in certain cases, were used for the purpose of allocating risk among the parties rather than establishing matters as facts. The assertions embodied in those representations and warranties also are qualified by information in confidential disclosure schedules that the parties have exchanged in connection with signing the reorganization agreement. Although neither Integrity nor Independent believes that the disclosure schedules contain information that the federal securities laws require to be publicly disclosed, the disclosure schedules do contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the attached reorganization agreement.

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Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, since they were only made as of the date of the reorganization agreement and are modified in important part by the underlying disclosure schedules. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the reorganization agreement, which subsequent information may or may not be fully reflected in this proxy statement/prospectus or in Independent's public disclosures.

### **Amendment or Waiver of the Reorganization Agreement**

No termination, cancellation, modification, amendment, deletion, addition or other change in the reorganization agreement, or any provision thereof, or waiver of any right or remedy therein provided, is effective for any purpose unless specifically set forth in a writing signed by the party or parties to be bound thereby. The waiver of any right or remedy in respect to any occurrence or event on one occasion is not deemed a waiver of such right or remedy in respect to such occurrence or event on any other occasion.

### **Termination of the Reorganization Agreement**

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

the conditions to each party's obligations to close have not been satisfied on or before June 30, 2018, provided that if the conditions precedent have not been satisfied because approval of the reorganization agreement or any other agreement contemplated by it from any regulatory agency whose approval is required has not been received and such delay in the receipt of regulatory approval is not the result of a public comment or protest made in connection with an application for regulatory approval, then either Integrity or Independent can unilaterally extend the June 30, 2018, deadline by up to 30 days by providing written notice, and further provided that, if regulatory approval has not been received and such delay in the receipt of regulatory approval is the result of a protest, then the closing date deadline shall automatically be extended to December 31, 2018, without action by either party;

the required regulatory approvals have not been obtained; or

the merger is not approved by the shareholders of Integrity at the special meeting or the adjournment thereof. Integrity 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 Integrity;

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

there has been any material adverse change, since June 30, 2017, in the assets, properties, business or financial condition of Independent.

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

Integrity 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 Independent;

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the Integrity board has (i) recommended to the holders of Integrity 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 Integrity common stock, (ii) effected a change in the board's recommendation with respect to the merger or recommended to the Integrity shareholders acceptance or approval of any alternative acquisition proposal or (iii) notified Independent in writing that Integrity intends to accept a superior proposal;

any of the following have occurred with respect to environmental matters regarding Integrity within 90 days of the date of the reorganization agreement: (i) the factual substance of any representations and warranties of Integrity in the reorganization agreement is not materially true and accurate, (ii) the results of any environmental inspection or other environmental survey by Independent are disapproved by Independent because such inspection or survey identifies a material or violation of applicable environmental laws that would result in a material adverse change to Integrity or Integrity Bank, (iii) Integrity refuses to allow such inspection or survey in a manner that Independent reasonably considers necessary, (iv) such inspection or survey identifies an event, condition or circumstance that would require a material remedial or cleanup action or result in a material adverse change in the assets, properties, business or financial condition of Integrity, (v) such 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 Integrity or Integrity 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 inspection or survey identifies the presence of any asbestos-containing material in, on or under any real property owned or leased by Integrity or Integrity Bank, the removal of which would result in a material adverse change in the assets, properties, business or financial condition of Integrity, subject, in the case of each of the foregoing, to notice and the right of Integrity to satisfactorily correct any such matter; or

there has been any material adverse change, since June 30, 2017, in the assets, properties, business or financial condition of Integrity or Integrity Bank.

### **Termination Fee**

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, the reorganization agreement provides that Integrity will pay to Independent a termination fee of \$4,650,000 if the reorganization agreement is terminated:

by Integrity because it receives an alternative acquisition proposal and, under certain terms and conditions, determines that it is a superior proposal to that of the reorganization agreement, taking into account any adjustment made by Independent to the merger consideration, provided that Independent is not in material breach of the reorganization agreement;

by either Independent or Integrity if the Integrity shareholders do not approve the reorganization agreement and the merger by the requisite vote at the Integrity special meeting or any adjournment thereof and either (i) at the time of such disapproval, there exists an acquisition proposal with respect to Integrity other than that of Independent that has not been withdrawn prior to the special meeting or (ii) within 12 months of the

termination of the reorganization agreement, Integrity enters into a definitive agreement with any third party with respect to any acquisition proposal; or

by Independent if the Integrity board has (i) recommended to the Integrity shareholders that they tender their shares in a tender or exchange offer commenced by an unaffiliated third party for more than 15% of the outstanding Integrity common stock, (ii) effected a change in the board's recommendation with respect to the merger or recommended to the Integrity shareholders acceptance or approval of any



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alternative acquisition proposal or (iii) notified Independent in writing that Integrity intends to accept a superior proposal.

Except with respect to termination fees and expenses, as discussed above, in the event of the termination of the reorganization agreement without breach by any party, the reorganization agreement will be void and have no effect, without liability on the part of any party or the directors, officers or shareholders of any party, except as specifically contemplated in the reorganization agreement.

**Financial Interests of Directors and Officers of Integrity in the Merger**

In considering the recommendation of the board of directors of Integrity to vote for the proposal to approve the reorganization agreement, Integrity shareholders should be aware that certain directors and officers of Integrity have interests in the merger that are in addition to, or different from, their interests as shareholders of Integrity. The board of Integrity was aware of these interests and considered them in approving the reorganization agreement. These interests include:

*Employment Agreements with Independent Bank.* Independent and Independent Bank have entered into employment agreements with each of Messrs. Ahmed, Marshall and Phillips who are currently executive officers and employees of Integrity Bank, to be effective, if at all, upon completion of the merger, that include noncompetition and nonsolicitation obligations to Independent Bank. Pursuant to these agreements, these individuals will become officers and employees of Independent Bank and will be entitled to receive completion bonuses in the range of \$40,000 to \$100,000, annual salaries in the range of \$200,000 to \$275,000, annual incentive bonuses based upon attainment of pre-established performance goals of Independent Bank or upon the profitability of Independent Bank's mortgage operations, grants of restricted shares of Independent common stock in the range of 3,000 to 7,000 shares of Independent common stock, and certain additional incidental benefits from Independent Bank during the term of such person's employment with Independent Bank. These agreements do not have change of control or severance provisions. If the employees are terminated other than for cause, the employee will receive his salary and annual incentive bonus through the remainder of the term.

*Support Agreements.* Independent has entered into separate support agreements with each of the directors of Integrity and Integrity Bank, specifically, Messrs. Carol S. Chiu, Kyle A. Frazier, Robert L. Gerry, III, George J. Kacal, William J. Kacal, Fred C. Leonard, III, James M. McElray, Charles M. Neff, Jr., Albert L. Reese, Jr., Dewey A. Stringer, III, Jeffrey K. Van Wart, Gary R. Wooley, all of whom are directors of Integrity, to be effective, if at all, upon completion of the merger. Each of those agreements provides, among other things, that such director agrees to use reasonable efforts to refrain from harming the goodwill and customer and client relationships of Independent Bank, as well as limited confidentiality, noncompetition and nonsolicitation obligations following the closing date.

*Indemnification.* The directors and officers of Integrity 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 certificate of formation and bylaws of Integrity and continued director and officer liability coverage for a period of four years after completion of the merger. Any amounts paid by Integrity Bank to purchase continued director and officer liability coverage will reduce Integrity's adjusted tangible equity for purposes of calculating the merger consideration payable to Integrity shareholders. See Possible Downward Adjustment to the \$31.6 million Cash Portion of the Merger Consideration.

*Cashout of Certain Outstanding Stock Options.* Certain directors and executive officers of Integrity and Integrity Bank hold Integrity stock options to purchase an aggregate of 105,900 shares of Integrity common stock. All such directors and executive officers are expected to exercise their respective Integrity stock options prior to the tangible equity determination date. However, to the extent one or more of those persons do not exercise their Integrity options prior to

the merger's effective time, they will receive cash in connection with the cashout of their Integrity stock options that are outstanding and unexercised at the merger's effective time. Any

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such payments made to those persons in respect of their Integrity stock options will reduce the cash portion of the merger consideration received by the Integrity shareholders in the merger.

*Addendums to Deferred Compensation Agreements.* Independent has entered into addendums to the deferred compensation agreements with Messrs. Neff and McElray clarifying the payment of certain benefits provided for in the deferred compensation agreements upon a change in control.

*Director Long-Term Care Agreements.* Independent has entered into director long-term care agreements with each of the directors of Integrity providing for the payment of premiums for certain long-term care insurance benefits.

**Certain Compensation Related to the Transactions**

The following table sets forth information regarding the compensation for Integrity's named executive officers (as identified in accordance with SEC regulations) based on the proposed transactions under the reorganization agreement, assuming that the proposed transactions were completed on January 25, 2018.

**Compensation Related to the Transaction Contemplated by the Reorganization Agreement Integrity**

The following table sets forth the information regarding certain compensation which the named executive officers of Integrity may receive that is based on or that otherwise relates to the merger. The amounts are calculated assuming that the effective date of the merger and a qualifying termination occurs on May 1, 2018 (which is the earliest date that we expect the merger to close), and that all required conditions to the payment of these amounts have been satisfied.

Name	Cash	Equity <sup>(1)</sup>	Pension/NQDL	Perquisites/ Benefits <sup>(2)</sup>	Other <sup>(3)</sup>	Total
Charles M. Neff, Jr.			\$	\$ 2,115,565	\$ 29,777	\$ 2,145,342
James M. McElray				1,791,754	33,004	1,824,758
Charles B. Phillips						
Raymond H. Marshall						
Phillip Montgomery						

(1) Messrs. McElray, Marshall and Montgomery have incentive stock options that will vest early as a result of the merger, as follows:

Name	Number of Integrity Stock Options	Exercise Price Per Share	Estimated Merger Consideration per Share	Aggregate Value of Accelerated Integrity Stock Options <sup>(3)</sup>
James M. McElray	4,000	\$ 24.50	\$ 34.43	\$ 39,720
Raymond H. Marshall	2,500	24.50	34.43	24,825
Phillip Montgomery	3,500	24.50	34.43	34,755

The estimated merger consideration per share is based upon the average closing price of Independent common stock for the five trading days following the announcement of the transaction on November 28, 2017, which was \$68.81, and the following additional assumptions: outstanding Integrity stock options to acquire 168,900 shares of Integrity common stock are exercised prior to the occurrence of the merger; outstanding Integrity stock options to acquire 76,000 shares of Integrity common stock are not exercised prior to the occurrence of the merger; and Integrity's adjusted tangible equity equals or exceeds \$84.0 million on the tangible equity determination date.

- (2) Messrs. Neff and McElray have a deferred compensation plan that originated in 2013. The aggregate payout amounts upon completion of the merger are noted above, assuming the merger is consummated May 1, 2018. The amounts accrued under the plan from the date of inception through April 30, 2018 will be \$1,319,133 for Mr. Neff and \$544,300 for Mr. McElray.

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- (3) These amounts represent eight years of premiums for long-term care insurance that are being accelerated and are payable to Messrs. Neff and McElray as a result of the consummation of the merger, assuming the merger is consummated May 1, 2018.

**Voting Agreement**

The directors of Integrity and certain entities that they represent have entered into an agreement to vote the shares of Integrity common stock that they control in favor of approval of the reorganization agreement and the merger and in the manner most favorable to the consummation of the merger and the transactions contemplated by the reorganization agreement; provided, however, that the Integrity shareholders who entered into the voting agreement would be permitted to vote to accept a superior proposal to acquire Integrity. As of January 25, 2018, 1,130,526 shares of Integrity common stock, or % of the shares of Integrity common stock then outstanding and entitled to vote at the Integrity special meeting, were bound by the voting agreement.

**NASDAQ Global Select Market Listing**

Independent has agreed to file all documents required to be filed to have the shares of Independent common stock to be issued pursuant to the reorganization agreement approved for listing on the NASDAQ Global Select Market and to use its commercially reasonable efforts to effect such listing. The obligations of the parties to complete the merger are subject to such shares having been authorized for listing on the NASDAQ Global Select Market.

**Material U.S. Federal Income Tax Consequences of the Merger**

For ease of reference, the merger of Integrity with and into Independent is referred to in this proxy statement/prospectus as the merger.

The following discussion addresses the material U.S. federal income tax consequences of the merger to U.S. holders (as defined below) of Integrity common stock. The discussion is based on the Internal Revenue Code of 1986, as amended, referred to as the Code, Treasury regulations, administrative rulings and judicial decisions, all as currently in effect and all of which are subject to change (possibly with retroactive effect) and to differing interpretations, and is the opinion of Andrews Kurth Kenyon LLP and Jackson Walker L.L.P. insofar as it sets forth specific legal conclusions under U.S. federal income tax law. The opinions of counsel are included as exhibits to the registration statement of which this proxy statement/prospectus forms a part.

This discussion applies only to U.S. holders (as defined below) that hold their Integrity common stock as a capital asset within the meaning of Section 1221 of the Code, each of which we refer to in this document as a holder. Further, this discussion does not address all aspects of U.S. federal taxation that may be relevant to a particular stockholder in light of its personal circumstances or to stockholders subject to special treatment under U.S. federal income tax laws, including:

banks or trusts,

tax-exempt organizations,

insurance companies,

dealers in securities or foreign currency,

traders in securities who elect to apply a mark-to-market method of accounting,

pass-through entities and investors in such entities,

foreign persons,

U.S. expatriates,

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regulated investment companies and real estate investment trusts,

broker-dealers,

holders liable for the alternative minimum tax,

holders that have a functional currency other than the U.S. dollar,

holders who received their Integrity common stock through the exercise of employee stock options, through a tax-qualified retirement plan or otherwise as compensation, and

holders who hold Integrity common stock as part of a hedge, straddle, constructive sale, conversion transaction or other integrated investment.

In addition, the discussion does not address any alternative minimum tax or any state, local or foreign tax consequences of the merger, nor does it address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010.

For purposes of this discussion, a U.S. holder is a beneficial owner of Integrity common stock who is, for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation or other entity taxable as a corporation created or organized under the laws of the United States or any of its political subdivisions; (iii) an estate that is subject to U.S. federal income tax on its income regardless of its source; or (iv) a trust (A) if a U.S. court is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust or (B) that was in existence on August 29, 1996 and has made a valid election to be treated as a United States person for U.S. federal income tax purposes.

This discussion does not address the tax treatment of partnerships (or entities or arrangements that are treated as partnerships for U.S. federal income tax purposes) or persons that hold their Integrity common stock through partnerships or other pass-through entities for U.S. federal income tax purposes. If a partnership, including any entity or arrangement treated as a partnership for U.S. federal income tax purposes, holds shares of Integrity common stock, the U.S. federal income tax treatment of a partner in such partnership will depend upon the status of the partner and the activities of the partnership. We urge such partners and partnerships to consult their own tax advisors regarding the particular tax consequences of the merger to them.

We urge each holder of Integrity common stock to consult its tax advisor with respect to the particular tax consequences of the merger to such holder.

*Tax Opinions*

The obligations of the parties to complete the merger are conditioned on, among other things, the receipt by Independent and Integrity of opinions from Andrews Kurth Kenyon LLP and Jackson Walker L.L.P., respectively, each dated the closing date of the merger, that for U.S. federal income tax purposes the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. The conditions relating to receipt of the opinions may be waived by both Independent and Integrity. Neither Independent nor Integrity currently intends to waive the

conditions related to the receipt of the opinions. However, if these conditions were waived, Integrity would resolicit the approval of its shareholders prior to completing the merger. In addition, the obligation of each of Andrews Kurth Kenyon LLP and Jackson Walker L.L.P. to deliver such opinions is conditioned on the merger's satisfying the continuity of proprietary interest requirement. That requirement generally will be satisfied if the aggregate value of the Independent stock constitutes at least 42% of the aggregate value of the aggregate merger consideration at the time the merger becomes effective. The opinions will be based on certain facts, representations, covenants and assumptions, including representations of Independent and Integrity.



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If any of the representations or assumptions upon which such opinions are based are inconsistent with the actual facts, the U.S. federal income tax consequences of the merger could be adversely affected. These opinions are not binding on the Internal Revenue Service or the courts, and neither Independent nor Integrity intends to request a ruling from the Internal Revenue Service regarding the U.S. federal income tax consequences of the merger. Therefore, while the merger is conditioned upon the delivery by tax counsel to each of Independent and Integrity of its opinion that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code, no assurance can be given that the Internal Revenue Service will not assert, or that a court would not sustain, a position contrary to any of those set forth below.

*U.S. Federal Income Tax Consequences of the Merger Generally*

The following discussion regarding the U.S. federal income tax consequences of the merger is the opinion of Andrews Kurth Kenyon LLP and Jackson Walker L.L.P. insofar as it sets forth specific legal conclusions under U.S. federal income tax law and assumes that the merger will be consummated as described in the reorganization agreement and this proxy statement/prospectus and Independent and Integrity will not waive the opinion condition described above in Tax Opinions. The merger will be treated for U.S. federal income tax purposes as a reorganization qualifying under the provisions of Section 368(a) of the Code and as a consequence the merger will have the following U.S. federal income tax consequences.

If, pursuant to the merger, a holder exchanges all of the shares of Integrity common stock actually owned by it for a combination of Independent common stock and cash, the holder will recognize gain (but not loss) equal to the lesser of cash received (excluding any cash received in lieu of a fractional share of Independent common stock) or gain realized in the merger. The amount of gain realized will equal the amount by which the cash plus the fair market value, at the effective time of the merger, of the Independent common stock exceeds the adjusted tax basis in the Integrity common stock to be surrendered in exchange therefor. For this purpose, gain or loss must be calculated separately for each identifiable block of shares surrendered in the exchange, and a loss realized on one block of shares may not be used to offset a gain realized on another block of shares. We urge holders to consult their tax advisors regarding the manner in which cash and Independent common stock should be allocated among different blocks of Integrity common stock. Any recognized gain generally will be long-term capital gain if the holder's holding period with respect to the Integrity common stock surrendered is more than one year at the effective time of the merger. If, however, the cash received has the effect of the distribution of a dividend, the gain will be treated as a dividend to the extent of the holder's ratable share of accumulated earnings and profits of Integrity as calculated for U.S. federal income tax purposes. See Possible Treatment of Cash as a Dividend below.

The aggregate adjusted tax basis of Independent common stock received (including fractional shares deemed received and redeemed as described below) by a holder that exchanges its shares of Integrity common stock for a combination of Independent common stock and cash pursuant to the merger will be equal to the aggregate adjusted tax basis of the shares of Integrity common stock surrendered for Independent common stock and cash, reduced by the amount of cash received by the holder pursuant to the merger (excluding any cash received instead of a fractional share of Independent common stock) and increased by the amount of gain (including any portion of the gain that is treated as a dividend as described below but excluding any gain or loss resulting from the deemed receipt and redemption of fractional shares described below), if any, recognized by the holder on the exchange. The holding period of the Independent common stock (including fractional shares deemed received and redeemed as described below) will include the holding period of the shares of Integrity common stock surrendered.

*Possible Treatment of Cash as a Dividend*

Any gain recognized by a holder may be treated as a dividend for U.S. federal income tax purposes to the extent of the holder's ratable share of Integrity's accumulated earnings and profits. In general, the determination of whether the gain recognized in the exchange will be treated as capital gain or has the effect of a distribution of a dividend depends upon whether and to what extent the exchange reduces the holder's deemed

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percentage stock ownership of Independent. For purposes of this determination, the holder is treated as if it first exchanged all of its shares of Integrity common stock solely for Independent common stock and then Independent immediately redeemed, which we refer to as the deemed redemption, a portion of the Independent common stock in exchange for the cash the holder actually received. The gain recognized in the deemed redemption will be treated as capital gain if the deemed redemption is (1) substantially disproportionate with respect to the holder or (2) not essentially equivalent to a dividend.

The deemed redemption will generally be substantially disproportionate with respect to a holder if the percentage described in (2) below is less than 80% of the percentage described in (1) below. Whether the deemed redemption is not essentially equivalent to a dividend with respect to a holder will depend upon the holder's particular circumstances. At a minimum, however, in order for the deemed redemption to be not essentially equivalent to a dividend, the deemed redemption must result in a meaningful reduction in the holder's deemed percentage stock ownership of Independent. That determination requires a comparison of (1) the percentage of the outstanding stock of Independent that the holder is deemed actually and constructively to have owned immediately before the deemed redemption and (2) the percentage of the outstanding stock of Independent that is actually and constructively owned by the holder immediately after the deemed redemption. In applying the above tests, a holder may, under the constructive ownership rules, be deemed to own stock that is owned by other persons or stock underlying a holder's option to purchase in addition to the stock actually owned by the holder.

The Internal Revenue Service has ruled that a stockholder in a publicly held corporation whose relative stock interest is minimal (e.g., less than 1%) and who exercises no control with respect to corporate affairs is generally considered to have a meaningful reduction if that stockholder has a relatively minor (e.g., approximately 3%) reduction in its percentage stock ownership under the above analysis. Accordingly, the gain recognized in the exchange by such a stockholder would be treated as capital gain.

These rules are complex and dependent upon the specific factual circumstances particular to each holder. Consequently, we urge each holder that may be subject to these rules to consult its tax advisor as to the application of these rules to the particular facts relevant to such holder.

#### *Cash Received Instead of a Fractional Share*

A holder of Integrity common stock who receives cash instead of a fractional share of Independent common stock will be treated as having received such fractional share and then as having received such cash in redemption of the fractional share. Gain or loss generally will be recognized based on the difference between the amount of cash received instead of the fractional share and the portion of the holder's aggregate adjusted tax basis of the shares of Integrity common stock surrendered which is allocable to the fractional share. Such gain or loss generally will be long-term capital gain or loss if the holding period for such shares of Integrity common stock is more than one year at the effective time of the merger. Long-term capital gains of noncorporate taxpayers are subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations.

#### *Dissenters' Rights of the Holders of Integrity Common Stock*

Upon the proper exercise of dissenters' rights, a holder of Integrity common stock will exchange all of the shares of Integrity common stock actually owned by that holder solely for cash and that holder will recognize gain or loss equal to the difference between the amount of cash received and its adjusted tax basis in the shares of Integrity common stock surrendered, which gain or loss will be long-term capital gain or loss if the holder's holding period with respect to the Integrity common stock surrendered is more than one year. For this purpose, gain or loss must be calculated separately for each identifiable block of shares surrendered in the exchange, and a loss realized on one block of shares

may not be used to offset a gain realized on another block of shares. We urge holders to consult their tax advisors regarding the manner in which cash should be allocated among different blocks of Integrity common stock. Long-term capital gains of noncorporate taxpayers are subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations. Although the law is unclear, if the holder

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constructively owns shares of Integrity common stock that are exchanged for shares of Independent common stock in the merger or otherwise owns shares of Independent common stock actually or constructively after the merger, the consequences to that holder may be that all or a portion of the consideration is treated as a dividend, and the amount of consideration, if any, treated as a dividend may not be limited to the amount of that holder's gain. In general, the determination of whether the gain recognized in the exchange will be treated as capital gain or has the effect of a distribution of a dividend depends upon whether and to what extent the exchange reduces the holder's deemed percentage stock ownership of Independent. These rules are complex and dependent upon the specific factual circumstances particular to each holder. Consequently, we urge each holder that may be subject to these rules to consult its tax advisor as to the application of these rules to the particular facts relevant to such holder.

*Certain Tax Reporting Rules*

Under applicable Treasury regulations, significant holders of Integrity stock will be required to comply with certain reporting requirements. A Integrity stockholder should be viewed as a significant holder if, immediately before the merger, such holder held 5% or more, by vote or value, of the total outstanding Integrity common stock. Significant holders generally will be required to file a statement with the holder's U.S. federal income tax return for the taxable year that includes the consummation of the merger. That statement must set forth the holder's adjusted tax basis in, and the fair market value of, the shares of Integrity common stock surrendered pursuant to the merger (both as determined immediately before the surrender of shares), the date of the merger, and the name and employer identification number of Independent and Integrity, and the holder will be required to retain permanent records of these facts. We urge each holder of Integrity common stock to consult its tax advisor as to whether such holder may be treated as a significant holder.

*Information Reporting and Backup Withholding*

Payments of cash pursuant to the merger may, under certain circumstances, be subject to information reporting and backup withholding unless the recipient provides proof of an applicable exemption or furnishes its taxpayer identification number, and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld under the backup withholding rules are not an additional tax and will be allowed as a refund or credit against such holder's U.S. federal income tax liability, provided the required information is timely furnished to the Internal Revenue Service.

*This discussion of certain material U.S. federal income tax consequences is not tax advice. We urge holders of Integrity common stock to consult their tax advisors with respect to the application of U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the U.S. federal estate or gift tax rules, or under the laws of any state, local, foreign or other taxing jurisdiction or under any applicable tax treaty.*

**Accounting Treatment**

The merger will be accounted for under the acquisition method of accounting under accounting principles generally accepted in the United States of America. Under this method, Integrity's assets and liabilities as of the date of the merger will be recorded at their respective fair values. Any difference between the purchase price for Integrity and the fair value of the identifiable net assets acquired (including intangibles) will be recorded as goodwill. In accordance with ASC Topic 805, Business Combinations, the goodwill resulting from the merger will not be amortized to expense, but instead will be reviewed for impairment at least annually and to the extent goodwill is impaired, its carrying value will be written down to its implied fair value and a charge will be made to earnings. Core deposit and other intangibles with definite useful lives recorded by Independent in connection with the merger will be amortized to expense in accordance with such rules. The consolidated financial statements of Independent issued after the

merger will reflect the results attributable to the acquired operations of Integrity beginning on the date of completion of the merger.

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**Restrictions on Resales of Independent Common Stock Received in the Merger**

The shares of Independent common stock issued in the merger will not be subject to any restrictions on transfer arising under the Securities Act of 1933, as amended, except for shares of Independent common stock issued to any Integrity shareholder who may be deemed to be an affiliate of Independent after completion of the merger. Affiliates generally are defined as persons or entities who control, are controlled by or are under common control with Independent at or after the effective time of the merger and generally include executive officers, directors and beneficial owners of 10% or more of the common stock of Independent. Former Integrity shareholders who are not affiliates of Independent after the merger's completion may sell their shares of Independent common stock received in the merger at any time.

Former Integrity shareholders who become affiliates of Independent after completion of the merger will be subject to the volume and sale limitations of Rule 144 under the Securities Act of 1933, as amended, until they are no longer affiliates of Independent. This proxy statement/prospectus does not cover resales of Independent common stock received by any person upon completion of the merger, and no person is authorized to make any use of or rely on this proxy statement/prospectus in connection with or to effect any resale of Independent shares.

**Regulatory Approvals Required for the Merger**

The acquisition of Integrity by Independent requires the approval of the Federal Reserve. The bank merger requires the approval of the FDIC and the TDB. Independent filed an application with the Federal Reserve, and Independent Bank and Integrity Bank filed applications with the FDIC and TDB for applicable regulatory approval on January 12, 2018.

Independent expects to receive all necessary regulatory approvals. You should note that the approval of any notice or application merely implies satisfaction of regulatory criteria for approval, and does not include review of the merger from the standpoint of the adequacy of the consideration to be received by, or fairness to, shareholders. Regulatory approval does not constitute an endorsement or recommendation of the proposed merger.

Independent cannot assure you as to whether or when the requisite regulatory approvals will be obtained, and, if obtained, Independent cannot assure you as to the date of receipt of any of these approvals, the terms thereof or the absence of any litigation challenging them. Independent and Integrity are not aware of any other material governmental approvals or actions that are required prior to the parties' completion of the merger.

**Dissenters' Rights of Integrity Shareholders**

*General.* If you hold one or more shares of Integrity common stock, you are entitled to dissenters' rights under Texas law and have the right to dissent from the merger and have the appraised fair value of your shares of Integrity common stock as of the date immediately prior to the effective date of the merger paid to you in cash. The appraised fair value of any particular number of shares of Integrity common stock may be more or less than the value of the shares of Independent common stock that a holder of that particular number of shares of Integrity common stock would be issued in the merger in exchange for that particular number of shares of Integrity common stock. If you are contemplating exercising your right to dissent, we urge you to read carefully the provisions of Chapter 10, Subchapter H of the TBOC, which are attached to this proxy statement/prospectus as [Appendix C](#) and which qualify in all respects the following discussion of those provisions, and consult with your legal counsel before electing or attempting to exercise these rights. The following discussion describes the steps you must take if you want to exercise your right to dissent. You should read this summary and the full text of the law carefully. In this description of the dissenters' rights of the Integrity shareholders, references to the merger are to the merger of Integrity and Independent.





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*How to Exercise and Perfect Your Right to Dissent. To be eligible to exercise your right to dissent to the merger:*

you must, prior to the Integrity special meeting, provide Integrity with a written objection to the merger that states that your right to dissent will be exercised if the reorganization agreement are approved and the merger is completed and that provides an address to which a notice of effectiveness of the merger should be delivered or mailed to you if the merger is completed;

you must vote your shares of Integrity common stock against approval of the reorganization agreement at the Integrity special meeting in person or by proxy;

you must, not later than the 20th day after Independent (which will be the ultimate the successor to Integrity) sends you notice that the merger was completed, deliver to Independent a written demand for payment of the fair value of the shares of Integrity common stock that you own shares of Integrity common stock and the number of shares of Integrity common stock that you own, your estimate of the fair value of such shares of Integrity common stock and an address to which a notice relating to the dissent and appraisal procedures may be sent; and

you must, not later than the 20th day after you make your demand for payment to Independent as described above, submit your certificates representing your shares of Integrity common stock to Independent.

If you intend to exercise your right to dissent from the merger, prior to the special meeting you must send the notice of objection to Integrity, addressed to:

Integrity Bancshares, Inc.

4040 Washington Avenue

Houston, Texas 77007

Attention: President

If you fail (i) to send the written objection to the merger in the proper form prior to the Integrity special meeting, (ii) to vote your shares of Integrity common stock at the Integrity special meeting against the approval of the merger and the reorganization agreement or (iii) to submit your demand for payment in the proper form on a timely basis, you will lose your right to dissent from the merger. If you fail to submit to Independent on a timely basis the certificates representing the shares of Integrity common stock that you hold after you have submitted the demand for payment as described above, Independent will have the option to terminate your right of dissent as to your shares of Integrity common stock. In any instance of a termination or loss of your right of dissent, you will instead receive the merger consideration. If you comply with items (i) and (ii) above and the merger is completed, Independent will send you a written notice advising you that the merger has been completed. Independent Bank must deliver this notice to you within ten days after the merger is completed.

*Your Demand for Payment.* If the merger is completed, you have provided your written objection to the merger to Integrity in a timely manner and in proper form and you have voted against the reorganization agreement at the special

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meeting as described above and you desire to receive the fair value of your shares of Integrity common stock in cash, you must, within 20 days of the date on which Independent sends to you the notice of the effectiveness of the merger, give Independent a written demand for payment of the fair value of your shares of Integrity common stock. The fair value of your shares of Integrity common stock will be the value of the shares on the day immediately preceding the merger, excluding any appreciation or depreciation in anticipation of the merger. After the merger is completed, your written demand and any notice sent to Independent must be addressed to:

Independent Bank Group, Inc.

1600 Redbud Boulevard, Suite 400

McKinney, Texas 75069-3257

Attention: President

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Your written demand must include a demand for payment for your shares of Integrity common stock for which rights of dissent and appraisal are sought and must state the number of shares and class of Integrity common stock that you own and your estimate of the fair value of your shares of Integrity common stock and an address to which a notice relating to the dissent and appraisal procedures may be sent. This written demand must be delivered to Independent within 20 days of the date on which Independent sends to you the notice of the effectiveness of the merger. If your written demand for payment in proper form is not received by Independent within that 20 day period, you will be bound by the merger and you will not be entitled to receive a cash payment representing the fair value of your shares of Integrity common stock. Instead, you will receive shares of Independent common stock and cash as the merger consideration set forth in the reorganization agreement.

*Delivery of Stock Certificates.* If you have satisfied the requirements for the exercise of your right to dissent described above, including the delivery of the written demand for payment to Independent as described above, you must, not later than the 20th day after you make your written demand for payment to Independent, submit to Independent your certificate or certificates representing the shares of Integrity common stock that you own. You may submit those certificates with your demand for payment if you prefer. In accordance with the provisions of the TBOC, Independent will note on each such certificate that you have demanded payment of the fair value of the shares of Integrity common stock that were represented by such certificate under the provisions of the TBOC relating to the rights of dissenting owners. After making those notations on those certificates, Independent will return each such certificate to you at your request. If you fail to submit all of the certificates representing the shares of Integrity common stock for which you have exercised the right of dissent in a timely fashion, Independent will have the right to terminate your rights of dissent and appraisal with respect to all of your shares of Integrity common stock unless a court, for good cause shown, directs Independent not to terminate those rights.

*Independent's Actions Upon Receipt of Your Demand for Payment.* Within 20 days after Independent receives your written demand for payment and your estimate of the fair value of your shares of Integrity common stock submitted as described above, Independent must send you written notice stating whether or not it accepts your estimate of the fair value of your shares.

If Independent accepts your estimate, Independent will notify you that it will pay the amount of your estimated fair value within 90 days after the effective date of the merger. Independent will make this payment to you only if you have surrendered the share certificates representing your shares of Integrity common stock duly endorsed for transfer, to Independent.

If Independent does not accept your estimate, Independent will notify you of this fact and will make an offer of an alternative estimate of the fair value of your shares of Integrity common stock that it is willing to pay you within 120 days after the effective date of the merger, which you may accept within 90 days after the effective date of the merger or decline.

*Payment of the Fair Value of Your Shares of Integrity common stock upon Agreement of an Estimate.* If you and Independent have reached an agreement on the fair value of your shares of Integrity common stock within 90 days after the effective date of the merger, Independent must pay you the agreed amount within 120 days after the effective date of the merger, provided that you have surrendered the share certificates representing your shares of Integrity common stock duly endorsed for transfer, to Independent.

*Commencement of Legal Proceedings if a Demand for Payment Remains Unsettled.* If you and Independent have not reached an agreement as to the fair market value of your shares of Integrity common stock within 90 days after the effective date of the merger, you or Independent may, within 60 days after the expiration of the 90 day period, commence proceedings in Collin County, Texas, asking the court to determine the fair value of your shares of

Integrity common stock. The court will determine if you have complied with the provisions of the TBOC regarding their right of dissent and if you have become entitled to receive payment for your shares of Integrity common stock. The court will appoint one or more qualified persons to act as appraisers to determine

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the fair value of your shares in the manner prescribed by the TBOC. The appraisers will determine the fair value of your shares and will report this value to the court. Once the appraisers' report is filed with the court, you will receive a notice from the court indicating that the report has been filed. You will be responsible for obtaining a copy of the report from the court. If you or Independent objects to the report or any part of it, the court will hold a hearing to determine the fair value of your shares of Integrity common stock. Both you and Independent may address the court about the report. The court will determine the fair value of your shares and direct Independent to pay that amount, plus interest, which will begin to accrue 91 days after the merger is completed. The court may require you to share in the court costs relating to the matter to the extent the court deems it fair and equitable that you do so.

*Rights as a Shareholder.* If you have made a written demand on Independent for payment of the fair value of your shares of Integrity common stock, you will not thereafter be entitled to vote or exercise any other rights as a shareholder of Independent, but will only have the right to receive payment for your shares as described herein and the right to maintain an appropriate action to obtain relief on the ground that the merger would be or was fraudulent. In the absence of fraud in the transaction, your right under the dissent provisions described herein is the exclusive remedy for the recovery of the value of your shares of Integrity common stock or money damages with respect to the merger.

*Withdrawal of Demand.* If you have made a written demand on Independent for payment of the fair value of your Integrity common stock, you may withdraw such demand at any time before payment for your shares has been made or before a petition has been filed with a court for determination of the fair value of your shares. If you withdraw your demand or are otherwise unsuccessful in asserting your dissenters' rights, you will be bound by the merger and you will have the same rights to receive of the merger consideration with respect to your shares of Integrity common stock as you would have had if you had not made a demand for payment as to those shares, as well as to participate to the appropriate extent in any dividends or distributions on the shares of Independent common stock that may have been paid to Independent shareholders after the effective date of the merger. Such rights will, however, be subject to any change in or adjustment to those shares made because of an action taken after the date your demand for payment.

*Beneficial Owners.* Persons who beneficially own shares of Integrity common stock that are held of record in the name of another person, such as a broker, bank, trustee or other nominee, and who wish to have the right of dissent exercised as to those shares must act promptly to cause the record holder of those shares to take the actions required under Texas law to exercise the dissenters' rights with respect to those shares. Only the persons in whose names shares of Integrity common stock are registered on the share transfer records of Integrity may exercise the right of dissent and appraisal discussed above.

*U.S. Federal Income Tax Consequences.* See *The Merger* Material U.S. Federal Income Tax Consequences of the Merger beginning on page 89 for a discussion on how the federal income tax consequences of your action will change if you elect to dissent from the merger.

You should remember that if you return a signed proxy card, but fail to provide instructions as to how your shares of Integrity common stock are to be voted, you will be considered to have voted in favor of the reorganization agreement and you will not be able to assert dissenters' rights. You should also remember that if you otherwise vote at the special meeting in favor of the reorganization agreement, you will not be able to assert dissenters' rights.

**Table of Contents****BENEFICIAL OWNERSHIP OF INDEPENDENT COMMON STOCK BY MANAGEMENT AND PRINCIPAL SHAREHOLDERS OF INDEPENDENT**

The following table sets forth certain information regarding the beneficial ownership of Independent's common stock as of January 25, 2018, by (1) directors and named executive officers of Independent, (2) each person who is known by Independent to own beneficially more than 5% of Independent's common stock and (3) all directors and named executive officers as a group. Unless otherwise indicated, based on information furnished by such shareholders, management of Independent believes that each person has sole voting and dispositive power over the shares indicated as owned by such person.

Name of Beneficial Owner <sup>(1)</sup>	Number of Shares Beneficially Owned	Percentage Beneficially Owned <sup>(2)</sup>
<b>Directors and Executive Officers:</b>		
David R. Brooks	890,062 <sup>(3)</sup>	3.1%
Daniel W. Brooks	106,988 <sup>(4)</sup>	*
Brian E. Hobart	115,240 <sup>(5)</sup>	*
Michelle S. Hickox	23,100	*
James C. White	12,901	*
James P. Tippit	6,000	*
Douglas A. Cifu	101,015	*
Christopher M. Doody	0 <sup>(6)</sup>	*
William E. Fair	215,667 <sup>(7)</sup>	*
Mark K. Gormley	0 <sup>(8)</sup>	*
Craig E. Holmes	12,060	*
J. Webb Jennings, III	38,350	*
Tom C. Nichols	206,127 <sup>(9)</sup>	*
Donald L. Poarch	128,745 <sup>(10)</sup>	*
G. Stacy Smith	165,151 <sup>(11)</sup>	*
Michael T. Viola	23,159	*
All Directors and Executive Officers as a Group (16 persons)	2,044,565 <sup>(12)</sup>	7.2%
<b>Principal Shareholders:</b>		
Vincent J. Viola	4,443,839 <sup>(13)</sup>	15.7%
LEP Carlile Holdings, LLC	1,546,796 <sup>(8)(14)</sup>	5.5%

\* Indicates ownership that does not exceed 1%.

- (1) The address of the persons shown in the foregoing table who are beneficial owners of more than 5% of the common stock are as follows: Vincent J. Viola, 1600 Redbud Boulevard, Suite 400, McKinney, Texas 75069; LEP Carlile Holdings, LLC, 650 Madison Avenue, 21st Floor, New York, New York 10022.
- (2) Ownership percentages reflect the ownership percentage assuming that such person, but no other person, exercises all warrants to acquire shares of our common stock held by such person that are currently exercisable. The ownership percentage of all executive officers and directors, as a group, assumes that all 16 persons, but no

other persons, exercise all warrants to acquire shares of our common stock held by such persons that are currently exercisable. The percentages are based upon 28,254,893 shares issued and outstanding as of January 25, 2018.

- (3) Of these shares, 786,792 are held of record by David R. Brooks and 80,000 shares are held of record by trusts for his children of which he and his wife are trustees. Mr. Brooks holds warrants to purchase 23,270 shares, which are included in his total shares, and 150,000 of Mr. Brooks' shares are pledged as security for bank loans.
- (4) Includes warrants to purchase 4,656 shares and 40,000 shares pledged as security for bank loans.

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- (5) Includes warrants to purchase 4,218 shares and 22,222 shares pledged to secure bank loans.
- (6) Mr. Doody is a Principal of Stone Point Capital LLC, which manages Trident IV, L.P. and Trident IV Professionals Fund, L.P., the respective owners of Trident IV Depository Holdings LLC and Trident IV PF Depository Holdings LLC, which entities directly and collectively own 1,322,378 shares of Company common stock. Mr. Doody disclaims beneficial ownership with respect to the shares of Company common stock owned by these entities.
- (7) Includes 201,930 shares held of record by William E. Fair and 7,919 shares held of record by an IRA of which he is beneficiary. Mr. Fair holds warrants to purchase 5,818 shares which are included in his total shares, and 124,658 shares pledged as security for bank loans.
- (8) Mr. Gormley may be deemed to be the indirect beneficial owner of shares owned by LEP Carlile Holdings, LLC. Mr. Gormley disclaims beneficial ownership of such shares, except to the extent of his or its pecuniary interest therein, if any. See Footnote 14, below.
- (9) Includes 204,746 shares held of record by Tom C. Nichols and 1,381 shares held of record by his wife, Lynda Nichols. 192,461 of the shares held by Tom C. Nichols are subject to a Voting and Lock Up Agreement dated November 21, 2016 between the Company and Tom C. Nichols which restricts the transfer of those shares until April 1, 2018, without the prior written consent of the Company.
- (10) Of these shares, 120,000 shares are held of record by Poarch Family Limited Partnership, of which Mr. Poarch is the President of its General Partner, Donald L. Poarch, Inc., and 8,745 shares are held of record by Donald Poarch.
- (11) Of these shares, 90,151 shares are held of record by G. Stacy Smith, and 75,000 shares are held of record by SCW Capital LP, of which Mr. Smith is a principal.
- (12) Includes warrants to purchase 37,962 shares.
- (13) Includes warrants to purchase 93,091 shares.
- (14) These shares are directly owned by LEP Carlile Holdings, LLC, a Delaware limited liability company. The members of LEP Carlile Holdings are Thomas H. Lee, Lee Equity Partners Realization Fund, L.P., a Delaware limited partnership, Lee Equity Strategic Partners Realization Fund, L.P., a Delaware limited partnership, and LEP Carlile Co-Investor Group I, LLC, a Delaware limited liability company (collectively, the Funds ). Mr. Gormley is a member and equity owner of the general partner of the Funds. All of these shares are subject to a Voting and Lock Up Agreement, dated November 21, 2016 between LEP Carlile Holdings, LLC and the Company which restricts the transfer of these shares until April 1, 2018, without the prior written consent of the Company.

There are no arrangements currently known to us, the operation of which may at a subsequent date result in a change in control of Independent.

Independent's policies prohibit directors and executive officers from holding shares of Independent common stock in a margin account. This prohibition recognizes the risk that directors or executives may be forced to sell shares to meet a margin call which could negatively impact Independent's stock price and may violate insider trading laws and policies. However, Independent's policies do not prohibit the pledge of shares of Independent common stock by directors or executive officers to secure personal indebtedness. The indebtedness incurred by directors and executive officers who have pledged their shares is indebtedness incurred to purchase Independent common stock or for personal reasons and is not part of a hedging strategy to immunize the director or executive officer from economic exposure with respect to Independent's common stock. Further, the pledge of shares typically does not result in a forced sale by the director or executive officer in the event of default on the loan. Rather, upon default, other arrangements typically are made such as the pledge of additional collateral to secure the loan. Ultimately, if suitable arrangements cannot be made and if the loan remains in default, the lender may foreclose upon and take ownership of the pledged shares. The lender may or may not sell the foreclosed shares. Presumably, the lender would sell the foreclosed shares only under circumstances that would maximize the value of the foreclosed shares. For these reasons, the pledge of shares does not present the same risks as holding shares in a margin account and Independent believes that the pledging of shares of Independent



common stock by directors and executive officers does not present undue risk to Independent or its shareholders.

**Table of Contents****BENEFICIAL OWNERSHIP OF INTEGRITY COMMON STOCK BY MANAGEMENT AND PRINCIPAL SHAREHOLDERS OF INTEGRITY**

The following table sets forth certain information regarding the beneficial ownership of Integrity common stock as of January 25, 2018, by (1) each director and executive officer of Integrity, (2) each person who is known by Integrity to own beneficially 5% or more of the common stock of Integrity, and (3) all directors and executive officers as a group. Unless otherwise indicated, based on information furnished by such shareholders, management of Integrity believes that each person has sole voting and dispositive power over the shares indicated as owned by such person.

Name of Beneficial Owner <sup>(1)</sup>	Shares Beneficially Owned <sup>(2)</sup>	Vested Options Currently Exercisable	Unvested Options that Vest on Shareholder Approval of the Merger	Number of Shares Beneficially Owned	Percentage Beneficially Owned <sup>(3)</sup>
<b>Directors and Executive Officers:</b>					
George J. Kacal	58,400	500	700	59,600 <sup>(2)</sup>	1.22%
Charles M. Neff, Jr.	195,400	0		195,400 <sup>(3)</sup>	4.02
James M. McElray	89,000	21,500	4,000	114,500 <sup>(4)</sup>	2.35
Carol S. Chiu	133,900	500	700	135,100 <sup>(5)</sup>	2.78
Kyle A. Frazier	13,846	6,400	700	20,946 <sup>(6)</sup>	*
Robert L. Gerry, III	20,500	6,400	700	27,600 <sup>(7)</sup>	*
William J. Kacal	63,300	500	700	64,500 <sup>(8)</sup>	1.33
Fred C. Leonard, III	44,665	500	700	45,865 <sup>(9)</sup>	*
Albert L. Reese, Jr.	18,850	6,400	700	25,950 <sup>(10)</sup>	*
Dewey A. Stringer, III	18,900	500	700	20,100 <sup>(11)</sup>	*
Vican Tan Sun	204,850	500	700	206,050 <sup>(12)</sup>	4.23
Jeffrey K. Van Wart	27,100	500	700	28,300 <sup>(13)</sup>	*
Gary R. Wooley	241,815	500	700	243,015 <sup>(14)</sup>	4.99
Hazem A. Ahmed	15,700	10,000		25,700 <sup>(15)</sup>	*
James B. Coleman	1,000	12,500	2,500	16,000 <sup>(16)</sup>	*
Phillip G. Montgomery	20,000	7,500	3,500	31,000 <sup>(17)</sup>	*
Charles B. Phillips	62,950	10,000		72,950 <sup>(18)</sup>	1.50
Raymond H. Marshall	5,000	6,500	8,500	20,000 <sup>(19)</sup>	*
All Directors and Executive Officers as a Group (18 persons)	1,235,776	91,200	26,200	1,352,576	27.80%

\* Indicates ownership that does not exceed 1%.

(1) Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage of ownership of that person, shares of our common stock subject to warrants and options held by that person that are currently exercisable or exercisable within 60 days of

the date of this Proxy Statement are deemed outstanding based on 4,866,052 shares of Integrity common stock outstanding as of January 25, 2018.

- (2) Includes 58,400 shares owned directly by Mr. Kacal and 1,200 shares of Integrity common stock subject to a stock option grant.
- (3) Includes 195,400 shares owned directly by Mr. Neff.
- (4) Includes 89,000 shares owned directly by Mr. McElray and 25,500 shares of Integrity common stock subject to a stock option grant.
- (5) Includes 133,900 shares owned directly by Ms. Chiu and 1,200 shares of Integrity common stock subject to a stock option grant.
- (6) Includes 13,846 shares owned directly by Mr. Frazier and 7,100 shares of Integrity common stock subject to a stock option grant.

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- (7) Includes 20,000 shares owned directly by Mr. Gerry and 7,100 shares of Integrity common stock subject to a stock option grant.
- (8) Includes 63,300 shares owned directly by Mr. Kacal and 1,200 shares of Integrity common stock subject to a stock option grant.
- (9) Includes 44,665 shares owned directly by Mr. Leonard and 1,200 shares of Integrity common stock subject to a stock option grant.
- (10) Includes 18,850 shares owned directly by Mr. Reese and 7,100 shares of Integrity common stock subject to a stock option grant.
- (11) Includes 18,900 shares owned directly by Mr. Stringer and 1,200 shares of Integrity common stock subject to a stock option grant.
- (12) Includes 204,850 shares owned directly by Mr. Sun and 1,200 shares of Integrity common stock subject to a stock option grant.
- (13) Includes 27,100 shares owned directly by Mr. Van Wart and 1,200 shares of Integrity common stock subject to a stock option grant.
- (14) Includes 241,815 shares owned directly by Mr. Wooley and 1,200 shares of Integrity common stock subject to a stock option grant.
- (15) Includes 15,700 shares owned directly by Mr. Ahmed and 10,000 shares of Integrity common stock subject to a stock option grant.
- (16) Includes 1,000 shares owned directly by Mr. Coleman and 15,000 shares of Integrity common stock subject to a stock option grant.
- (17) Includes 20,000 shares owned directly by Mr. Montgomery and 11,000 shares of Integrity common stock subject to a stock option grant.
- (18) Includes 62,950 shares owned directly by Mr. Phillips and 10,000 shares of Integrity common stock subject to a stock option grant.
- (19) Includes 5,000 shares owned directly by Mr. Marshall and 15,000 shares of Integrity common stock subject to a stock option grant.

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**PROPOSAL TWO ADJOURNMENT OF THE SPECIAL MEETING**

If there are not sufficient votes to constitute a quorum or to adopt and approve the reorganization agreement at the time of Integrity's special meeting, the reorganization agreement cannot be adopted and approved unless Integrity's special meeting is adjourned to a later date or dates to permit further solicitation of proxies. To allow proxies that Integrity has received at the time of its special meeting to be voted for an adjournment, if deemed necessary by the Integrity board of directors, Integrity has submitted the question of adjournment to its shareholders as a separate matter for their consideration. If it is deemed necessary by the Integrity board of directors to adjourn the special meeting, no notice of the adjourned meeting is required to be given to Integrity shareholders (unless the adjournment is for more than thirty days or if a new record date is fixed), other than an announcement at the meeting of the place, date and time to which the meeting is adjourned.

**The Integrity board of directors recommends that the shareholders of Integrity vote FOR Proposal Two.**

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**BUSINESS OF INDEPENDENT**

Independent is a registered bank holding company headquartered in McKinney, Texas, which is located in the northern portion of the Dallas-Fort Worth metropolitan area. Independent was organized as a Texas corporation on September 20, 2002. Through Independent's wholly owned subsidiary, Independent Bank, a Texas state chartered bank, Independent provides a wide range of relationship-driven commercial banking products and services tailored to meet the needs of businesses, professionals and individuals. Independent operates 70 banking offices in the Dallas/North Texas area, the Austin/Central Texas area, the Houston metropolitan area and in the Colorado Front Range area. As of September 30, 2017, Independent had consolidated total assets of approximately \$8.9 billion, total loans held for investment of approximately \$6.4 billion, total deposits of approximately \$6.9 billion and total stockholders' equity of approximately \$1.3 billion.

Independent's primary function is to own all of the stock of Independent Bank. Independent Bank is a locally managed community bank that seeks to provide personal attention and professional assistance to its customer base, which consists principally of small to medium sized businesses, professionals and individuals. Independent Bank's philosophy includes offering direct access to its officers and personnel, providing friendly, informed and courteous service, local and timely decision making, flexible and reasonable operating procedures, and consistently applied credit policies.

Independent consummated the underwritten initial public offering of its common stock in April 2013. Independent's common stock is traded on the NASDAQ Global Select Market.

Please see Independent's Annual Report on Form 10-K most recently filed by Independent with the SEC and the subsequently filed periodic reports and the current reports of Independent filed with the SEC and incorporated by reference in this proxy statement/prospectus for more information regarding Independent's business.

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**BUSINESS OF INTEGRITY**

**General**

Integrity is a Texas corporation and bank holding company headquartered in Houston, Texas. Integrity was incorporated in Texas for the purpose of acquiring and serving as a bank holding company for a commercial bank. Integrity does not, as an entity, engage in separate business activities of a material nature apart from the activities it performs for its wholly owned banking subsidiary, Integrity Bank. Its primary activities are to provide assistance in the management and coordination of Integrity Bank's financial resources. Integrity has no significant assets other than all of the outstanding common stock of Integrity Bank. Integrity derives its revenues primarily from the operations of Integrity Bank in the form of dividends received from Integrity Bank.

Integrity Bank is a Texas state savings bank that was chartered on November 19, 2007, under the name Integrity Bank SSB. Since its inception, Integrity Bank has generally grown organically.

As a bank holding company, Integrity is subject to supervision and regulation by the Board of Governors of the Federal Reserve System in accordance with the requirements set forth in the BHC Act and by the rules and regulations issued by the Federal Reserve and by the Texas Department of Savings and Mortgage Lending.

As of September 30, 2017, Integrity had, on a consolidated basis, total assets of approximately \$804.9 million, total deposits of approximately \$678.9 million, total loans (net of allowance for loan losses) of approximately \$653.4 million, and total shareholders' equity of approximately \$84.2 million. Integrity does not file reports with the SEC. Integrity does, however, voluntarily provide annual reports, including audited financial statements, to its shareholders at its annual meeting.

**Products and Services**

Integrity Bank is a community-oriented, full service financial institution, which emphasizes personal service and contact. Integrity Bank meets its commercial and retail customers' banking needs with a diversified range of financial services. Integrity Bank is engaged in substantially all of the business operations (other than trust services) customarily conducted by independent financial institutions located in the Houston, Texas, metropolitan area, including the acceptance of checking, savings and certificate deposits and the making of commercial and consumer loans, individual retirement accounts, real estate loans, and other installment and term loans. Integrity Bank does a substantial amount of business with individuals, as well as with customers in commercial, industrial and professional businesses.

For the convenience of its customers, Integrity Bank offers drive-through banking facilities, automated teller machines, debit cards, night depository, personalized checks, safe deposit boxes, remote deposit capture and mobile banking. Integrity Bank's services include cashier's checks, domestic and foreign wire transfers, account research, stop payments and telephone transfers between accounts.

The business of Integrity Bank is not seasonal in any material respect, and neither the loans nor the deposits of Integrity Bank are concentrated in any individual or group that, if lost, would have a material adverse effect on the business of Integrity Bank.

**Properties**

Integrity's principal executive offices are located at 4040 Washington Avenue, Houston, Texas 77007.





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Integrity Bank currently conducts business operations at its main office located at 4040 Washington Avenue, Houston, Texas 77007, and three other banking offices located in and around the Houston, Texas, metropolitan area. A description of the properties is presented below:

<b>Location</b>	<b>Own or Lease</b>	<b>Square Footage</b>
6025 Crenshaw Road, Pasadena, TX	Owned	8,129
1699 Research Forest Dr., Suite 100, Shenandoah, TX	Leased	4,906
808 Katy Fort Bend Rd., Katy, TX	Leased	4,893
4040 Washington Ave., Houston, TX	Leased	20,353

**Competition**

The table below lists Integrity Bank's deposit market share as of June 30, 2017, for the significant market Metropolitan Statistical Areas, or MSAs, in which Integrity Bank provides services.

<b>Market Area</b>	<b>Market Rank</b>	<b>Branch Count</b>	<b>Deposits in Market (in thousands)</b>	<b>Market Share (%)</b>
Houston The Woodlands Sugar Land, Texas	29/97	4	\$ 648,403	0.27%

Integrity experiences competition in its market from many other financial institutions, including when attracting and retaining savings deposits and in lending funds. The primary factors Integrity encounters in competing for savings deposits are convenient office locations and rates offered. Direct competition for savings deposits comes from other commercial bank and thrift institutions, credit unions, money market mutual funds and issuers of corporate and government securities which may offer more attractive rates than insured depository institutions are willing to pay. The primary factors Integrity encounters in competing for loans include, among others, interest rate and loan origination fees and the range of services offered. Competition for origination of real estate loans comes from other commercial banks, thrift institutions, mortgage bankers, mortgage brokers and insurance companies. Banks and other financial institutions with which Integrity competes may have capital resources and legal loan limits substantially higher than those maintained by Integrity.

**Employees**

As of January 25, 2018, Integrity had 75 full-time employees and two part-time employees, none of whom is covered by a collective bargaining agreement.

**Legal Proceedings**

Integrity and Integrity Bank are from time to time, subject to various pending and threatened legal actions which arise out of the normal course of its business. As of the date of this proxy statement/prospectus, there are no pending material proceedings adverse to Integrity or Integrity Bank.

**Corporate Information**

The principal executive offices of Integrity are located at 4040 Washington Avenue, Houston, Texas 77007, and its telephone number is (713) 335-8700. Integrity's website is [www.ibanktx.com](http://www.ibanktx.com). The information contained on or accessible from Integrity's website does not constitute a part of this proxy statement/prospectus and is not incorporated by reference herein.

**Table of Contents****COMPARATIVE MARKET PRICES AND DIVIDEND DATA****Independent**

Since January 2, 2014, Independent common stock has been traded on the NASDAQ Global Select Market. Quotations of the sales volume and the closing sales prices of the common stock of Independent are listed daily under the symbol **IBTX** in the NASDAQ Global Select Market's listings. As of January 25, 2018, there were \_\_\_\_\_ holders of Independent common stock.

The following table sets forth, for the periods indicated, the high and low intraday sales prices for Independent common stock as reported by NASDAQ Global Select Market and the cash dividends declared per share:

		<b>High</b>	<b>Low</b>	<b>Cash Dividend Per Share</b>
2016	First Quarter	\$ 34.95	\$ 25.74	\$ 0.08
	Second Quarter	43.00	25.50	0.08
	Third Quarter	45.00	34.00	0.08
	Fourth Quarter	65.65	43.00	0.10
2017	First Quarter	\$ 66.85	\$ 58.35	\$ 0.10
	Second Quarter	65.30	54.55	0.10
	Third Quarter	62.40	51.70	0.10
	Fourth Quarter	72.28	59.25	0.10
2018	First Quarter (through January 25, 2018)	\$ 75.95	\$ 65.50	N/A

Integrity shareholders are advised to obtain the current stock quotation for Independent common stock. The market price of Independent common stock will fluctuate from the date of this proxy statement/prospectus through the closing of the transaction.

After the merger, Independent currently expects to continue to pay (when, as and if declared by Independent's board of directors out of funds legally available for that purpose and subject to regulatory restrictions) regular quarterly cash dividends on Independent common stock. There is 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 and other factors deemed relevant by the board of directors of Independent.

As a holding company, Independent is ultimately dependent upon its subsidiaries particularly Independent Bank, to provide funding for its operating expenses, debt service and dividends. Various banking laws applicable to Independent Bank limit the payment of dividends and other distributions by Independent Bank to Independent, and may therefore limit Independent's ability to pay dividends on its capital stock, including its common stock. If required payments on Independent's outstanding junior subordinated debentures held by its unconsolidated subsidiary trusts are not made or are suspended, Independent will be prohibited from paying dividends on its capital stock, including its common stock. 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.

**Integrity**

There is no established public trading market for the shares of Integrity common stock, and no market for Integrity common stock is expected to develop if the merger does not occur. No registered broker/dealer makes a

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market in Integrity's common stock, and no shares of such stock are listed for trading or quoted on any stock exchange or automated quotation system. Integrity acts as the transfer agent and registrar for its own shares. As of the record date, there were approximately 267 holders of record of Integrity's common stock.

Integrity becomes aware of trades of shares in its capacity as transfer agent for the shares of its common stock and sometimes learns of the prices at which these trades are made. The following table sets forth the high and low sales prices known to management of Integrity for trades of its common stock for the periods shown:

		<b>High</b>	<b>Low</b>	<b>Number of Trades</b>	<b>Number of Shares Traded</b>
2016	First Quarter			None	None
	Second Quarter	\$ 22.50	\$ 22.50	1	20,000
	Third Quarter	22.50	20.00	6	32,883
	Fourth Quarter			None	None
2017	First Quarter			None	None
	Second Quarter			None	None
	Third Quarter			None	None
	Fourth Quarter			None	None
2018	First Quarter (through January 25, 2018)			None	None

The most recent trade of Integrity's common stock occurred in the third quarter of 2016, when 8,000 shares were traded at a price of \$20.00 per share. There have been other limited transfers of Integrity's common stock that are not reflected in the table above which were excluded as they were transferred between related parties (as gifts or to trusts or estates). Because of limited trading, the prices described above may not be representative of the actual or fair value of Integrity's common stock.

Integrity is not obligated to register its common stock or, upon any registration, to create a market for its common stock.

Integrity's general dividend policy is to retain earnings to augment capital and to fund growth. Accordingly, Integrity has not historically paid dividends on its outstanding common stock.

Integrity's shareholders are entitled to receive dividends out of legally available funds when, as and if declared by Integrity's board of directors, in its sole discretion. As a Texas corporation, Integrity is subject to certain restrictions on dividends under the TBOC. Generally, a Texas corporation may pay dividends to its shareholders out of its surplus (the excess of its assets over its liabilities and stated capital) unless the corporation is insolvent or the payment of the dividend would render the corporation insolvent.

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Consistent with its policy that bank holding companies should serve as a source of financial strength for their subsidiary banks, the Federal Reserve has stated that, as a matter of prudent banking, a bank holding company generally should not maintain a rate of dividends to shareholders unless its net income available has been sufficient to fully fund the dividends, and the prospective rate of earnings retention appears consistent with the bank holding company's capital needs, asset quality and overall financial condition.

Integrity does not engage in separate business activities of a material nature. As a result, Integrity's ability to pay dividends depends upon the dividends received from Integrity Bank. As a Texas-chartered state savings bank, Integrity Bank's ability to pay dividends is restricted by certain laws and regulations. Under the Texas Finance Code, Integrity Bank generally may not pay a dividend that would reduce its capital or surplus without the prior approval of the Texas Department of Savings and Mortgage Lending. All dividends must be paid out of net profits then on hand, after deducting expenses, including losses and provisions for loan losses. As a member of the Federal Reserve System, Integrity Bank's dividends in any year cannot exceed its net income during that year plus the prior two years' net income less dividends paid, without the prior approval of the Federal Reserve.

In addition to Texas law restrictions on Integrity Bank's ability to pay dividends, under the Federal Deposit Insurance Corporation Improvement Act, Integrity Bank may not pay any dividend if the payment of the dividend would cause Integrity Bank to become undercapitalized or if Integrity Bank is undercapitalized. The Federal Reserve may further restrict the payment of dividends by requiring that Integrity Bank maintain a higher level of capital than would otherwise be required to be adequately capitalized for regulatory purposes. Moreover, if, in the opinion of the Federal Reserve, Integrity Bank is engaged in an unsound practice (which could include the payment of dividends), the Federal Reserve may require that Integrity Bank cease such practice. The federal bank regulatory agencies have indicated that paying dividends that deplete a depository institution's capital base to an inadequate level would be an unsafe banking practice. Moreover, the federal bank regulatory agencies have issued policy statements providing that insured depository institutions generally should pay dividends only out of current operating earnings.

Under regulatory capital guidelines, Integrity Bank must maintain a common equity Tier 1 capital to total risk-weighted assets ratio of at least 4.5%, a Tier 1 capital to total risk-weighted assets ratio of 6.0%, a total capital to total risk-weighted assets ratio of 8.0% and a Tier 1 capital to average total assets ratio of 4.0%. As of September 30, 2016, Integrity Bank had a ratio of common equity Tier 1 capital to total risk-weighted assets of 12.18%, a ratio of Tier 1 capital to total risk-weighted assets of 12.18%, a ratio of total capital to total risk-weighted assets of 12.97%, and a ratio of Tier 1 capital to average total assets of 9.85%. As of that date, Integrity Bank could have paid a dividend of \$62 million and still met these minimum capital requirements.

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**DESCRIPTION OF INDEPENDENT CAPITAL STOCK**

**General**

The following summarizes some of the important rights of Independent shareholders. This discussion does not purport to be a complete description of these rights. These rights can be determined in full only by reference to federal and state banking laws and regulations, the TBOC and Independent's certificate of formation and bylaws.

Independent's authorized capital stock consists of 100,000,000 shares of common stock, par value \$0.01 per share, and 10,000,000 shares of preferred stock, par value \$0.01 per share. As of January 25, 2018, Independent had 28,254,893 outstanding shares of its common stock and no shares of its preferred stock were outstanding. All of Independent's shares outstanding at that date were fully paid and nonassessable. If 2,072,131 shares of Independent common stock are issued in the merger, Independent would have a total of 30,327,024 shares issued and outstanding. As of January 25, 2018, Independent had 384 holders of record of its common stock.

**Independent Common Stock**

***Voting Rights.*** Subject to any special voting rights that may be given to any series of preferred stock that Independent may issue in the future, holders of Independent's common stock are entitled to one vote per share in the election of directors and on all other matters submitted to a vote at a meeting of shareholders. No shareholder has the right of cumulative voting with respect to the election of directors.

With respect to any matter other than the election of directors or a matter for which the affirmative vote of the holders of a specified portion of the shares entitled to vote is required by Texas law or Independent's certificate of formation, the act of the shareholders will be the affirmative vote of the holders of a majority of the shares entitled to vote on, and voted for or against, the matter at a meeting of shareholders at which a quorum is present. For purposes of such a vote, however, all abstentions and broker nonvotes are not counted as voted either for or against such matter.

In elections of directors in which the number of nominees for election as director does not exceed the number of directors to be elected (generally referred to as an uncontested election), the directors will be elected by a majority of the votes cast by the holders of shares entitled to vote in the election of directors at a meeting of shareholders at which a quorum is present. If the number of nominees for election exceeds the number of directors to be elected at a meeting of shareholders (generally referred to as a contested election), directors will be elected by a plurality of the votes cast. For purposes of determining whether a director is elected in an uncontested election, a majority of the votes cast means that the number of votes cast for a director must exceed the number of votes cast against that director, and abstentions and broker nonvotes shall not be counted as votes cast either for or against any nominee for director. For purposes of determining whether a director is elected in a contested election, the nominees equal in number to the number of directors to be elected who receive the highest number of votes among all nominees will be elected as directors.

***Dividend Rights.*** Holders of Independent's common stock are entitled to dividends when, as and if declared by Independent's board of directors out of funds legally available therefor.

***Liquidation Rights.*** In the event of Independent's liquidation, the holders of Independent common stock will be entitled to share ratably in any assets remaining after payment of all debts and other liabilities.

***Other.*** Independent's common stock has no preemptive or conversion rights and is not entitled to the benefits of any redemption or sinking fund provision.

**Independent Preferred Stock**

Upon authorization of Independent's board of directors, Independent may issue shares of one or more series of its preferred stock from time to time. Independent's board of directors may, without any action by holders of



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common stock (and except as may be otherwise provided in the terms of any series of preferred stock of which there are shares outstanding holders of preferred stock) adopt resolutions to designate and establish a new series of preferred stock. Upon establishing such a series of preferred stock, the board will determine the number of shares of preferred stock of that series that may be issued and the rights and preferences of that series of preferred stock. Independent's board of directors has not designated or established any series of preferred stock. The rights of any series of preferred stock may include, among others:

general or special voting rights;

preferential liquidation or preemptive rights;

preferential cumulative or noncumulative dividend rights;

redemption or put rights; and

conversion or exchange rights.

Independent may issue shares of, or rights to purchase shares of, one or more series of Independent's preferred stock that have been designated from time to time, the terms of which might:

adversely affect voting or other rights evidenced by, or amounts otherwise payable with respect to, the common stock or other series of preferred stock;

discourage an unsolicited proposal to acquire Independent; or

facilitate a particular business combination involving Independent.

Any of these actions could have an anti-takeover effect and discourage a transaction that some or a majority of Independent's shareholders might believe to be in their best interests or in which Independent's shareholders might receive a premium for their stock over Independent's then market price.

**Business Combinations under Texas Law**

A number of provisions of Texas law, Independent's certificate of formation and bylaws could have an anti-takeover effect and make more difficult the acquisition of Independent by means of a tender offer, a proxy contest or otherwise and the removal of incumbent directors. These provisions are intended to discourage coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of Independent to negotiate first with Independent's board of directors.

Independent is subject to the provisions of Title 2, Chapter 21, Subchapter M of the TBOC, or the Texas Business Combination Law, which provides that a Texas corporation may not engage in specified types of business combinations, including mergers, consolidations and asset sales, with a person, or an affiliate or associate of that person, who is an affiliated shareholder. For purposes of this law, an affiliated shareholder is generally defined as the holder of 20% or more of the corporation's voting shares, for a period of three years from the date that person became an affiliated shareholder. The law's prohibitions do not apply if:

the business combination or the acquisition of shares by the affiliated shareholder was approved by the board of directors of the corporation before the affiliated shareholder became an affiliated shareholder; or

the business combination was approved by the affirmative vote of the holders of at least two-thirds of the outstanding voting shares of the corporation not beneficially owned by the affiliated shareholder, at a meeting of shareholders called for that purpose, not less than six months after the affiliated shareholder became an affiliated shareholder.

Independent has more than 100 shareholders and is considered to be an issuing public corporation for purposes of this law. The Texas Business Combination Law does not apply to the following:

the business combination of an issuing public corporation: where the corporation's original certificate of formation or bylaws contain a provision expressly electing not to be governed by the Texas Business

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Combination Law; or that adopts an amendment to its certificate of formation or bylaws, by the affirmative vote of the holders, other than affiliated shareholders, of at least two-thirds of the outstanding voting shares of the corporation, expressly electing not to be governed by the Texas Business Combination Law and so long as the amendment does not take effect for 18 months following the date of the vote and does not apply to a business combination with an affiliated shareholder who became affiliated on or before the effective date of the amendment;

a business combination of an issuing public corporation with an affiliated shareholder that became an affiliated shareholder inadvertently, if the affiliated shareholder divests itself, as soon as possible, of enough shares to no longer be an affiliated shareholder and would not at any time within the three-year period preceding the announcement of the business combination have been an affiliated shareholder but for the inadvertent acquisition;

a business combination with an affiliated shareholder who became an affiliated shareholder through a transfer of shares by will or intestacy and continuously was an affiliated shareholder until the announcement date of the business combination; and

a business combination of a corporation with its wholly owned Texas subsidiary if the subsidiary is not an affiliate or associate of the affiliated shareholder other than by reason of the affiliated shareholder's beneficial ownership of voting shares of the corporation.

Neither Independent's certificate of formation nor Independent's bylaws contain any provision expressly providing that Independent will not be subject to the Texas Business Combination Law. The Texas Business Combination Law may have the effect of inhibiting a nonnegotiated merger or other business combination involving Independent, even if that event would be beneficial to Independent's shareholders.

### **Certain Certificate of Formation and Bylaw Provisions Potentially Having an Anti-takeover Effect**

Independent's certificate of formation and bylaws contain certain provisions that could have an anti-takeover effect and thus discourage potential takeover attempts and make it more difficult for Independent's shareholders to change management or receive a premium for their shares. These provisions include:

authorization for Independent's board of directors to issue shares of one or more series of preferred stock without shareholder approval;

the establishment of a classified board of directors, with directors of each class serving a three-year term;

a requirement that directors only be removed from office for cause and only upon a majority shareholder vote;

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a provision that vacancies on Independent's board of directors, including newly created directorships, may be filled only by a majority vote of directors then in office;

a prohibition of shareholder action by written consent, requiring all actions to be taken at a meeting of the shareholders;

the requirement that shareholders representing two-thirds of the outstanding shares of common stock approve all amendments to Independent's certificate of formation or bylaws and approve mergers and similar transactions;

the requirement that any shareholders that wish to bring business before Independent's annual meeting of shareholders or nominate candidates for election as directors at Independent's annual meeting of shareholders must provide timely notice of their intent in writing;

the prohibition of cumulative voting in the election of directors; and

a limitation on the ability of shareholders to call special meetings to those shareholders or groups of shareholders owning at least 20% of Independent's outstanding shares of common stock.

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**Limitation of Liability and Indemnification of Officers and Directors**

Independent's certificate of formation provides that its directors are not liable to Independent or its shareholders for monetary damages for an act or omission in their capacity as a director. A director may, however, be found liable for:

any breach of the director's duty of loyalty to Independent or its shareholders;

acts or omissions not in good faith that constitute a breach of the director's duty to Independent;

acts or omissions not in good faith that involve intentional misconduct or a knowing violation of law;

any transaction from which the director receives an improper benefit, whether or not the benefit resulted from an action taken with the scope of the director's duties;

acts or omissions for which the liability of the director is expressly provided by an applicable statute; and

acts related to an unlawful stock repurchase or payment of a dividend.

Independent's certificate of formation also provides that Independent will indemnify its directors and officers, and may indemnify its employees and agents, to the fullest extent permitted by applicable Texas law from any expenses, liabilities or other matters.

**Transfer Agent and Registrar**

The transfer agent and registrar for Independent's common stock is Equiniti Trust Company at P.O. Box 64945, St. Paul, Minnesota 55164-0945.

**Listing**

Independent's common stock is listed on the NASDAQ Global Select Market under the symbol IBTX.

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**COMPARISON OF RIGHTS OF SHAREHOLDERS OF INTEGRITY AND INDEPENDENT**

The rights of shareholders of Integrity under the certificate of formation and bylaws of Integrity will differ in some respects from the rights that shareholders of Integrity will have as shareholders of Independent under the certificate of formation and bylaws of Independent. Copies of Independent's certificate of formation and bylaws have been previously filed by Independent with the SEC. Copies of Integrity's certificate of formation and bylaws are available upon written request from Integrity.

Certain differences between the provisions contained in the certificate of formation and bylaws of Independent and the certificate of formation and bylaws of Integrity, as such differences may affect the rights of shareholders, are summarized below. The summary set forth below is not intended to be complete and is qualified by reference to Texas law, as appropriate, and the certificate of formation and bylaws of Integrity and the certificate of formation and bylaws of Independent.

**INTEGRITY**

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**Capitalization**

The certificate of formation of Integrity authorizes the issuance of up to 20,000,000 shares of common stock, par value \$0.01, and 5,000,000 shares of preferred stock, par value \$0.01.

The certificate of formation of Independent authorizes the issuance of up to 100,000,000 shares of common stock, par value \$0.01, and 10,000,000 shares of preferred stock, par value \$0.01.

The board of directors is authorized to provide for the issuance of preferred stock in one or more classes or series and to fix the rights, designations and preferences related thereto. No shares of preferred stock are outstanding.

The board of directors is authorized to provide for the issuance of preferred stock in one or more classes or series and to fix the rights, designations and preferences related thereto. No shares of preferred stock are outstanding.

**Corporate Governance**

The rights of the Integrity shareholders are governed by Texas law and the certificate of formation and bylaws of Integrity.

The rights of the Independent shareholders are governed by Texas law and the certificate of formation and bylaws of Independent.

**Convertibility of Stock**

The common stock of Integrity is not convertible into any other securities of Integrity.

The common stock of Independent is not convertible into any other securities of Independent.

**Preemptive Rights**

Under Texas law, there are no statutory preemptive rights unless expressly provided in the corporation's certificate of formation. Preemptive rights are denied pursuant to the certificate of formation of Integrity.

Preemptive rights are denied pursuant to the certificate of formation of Independent.

**Election of Directors**

Under Texas law, directors are elected by a plurality of the votes cast by the shareholders entitled to vote in the election of directors at a meeting of the shareholders at which a quorum is present, unless otherwise provided in the certificate of formation or bylaws. Neither of the

Under Texas law, directors are elected by a plurality of the votes cast by the shareholders entitled to vote in the election of directors at a meeting of the shareholders at which a quorum is present unless otherwise provided in the certificate of formation or

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**INTEGRITY**

certificate of formation or bylaws of Integrity provide otherwise.

The certificate of formation provides for three classes of directors, each of which are intended to consist as nearly as possible of one third of the total number of directors serving on the board. Except for the initial term of two classes of such directors, the directors shall be elected to a three-year term. The elections of the directors shall be staggered such that one class of directors will be elected each year.

The bylaws of Integrity provide that, with the exception of board vacancies, each director is elected at the annual meeting of the shareholders and will hold office for the term for which the director is elected and until whichever of the following occurs first: a successor is selected and qualified or the director resigns, dies or is removed by Integrity's shareholders. The right to accumulate votes on the election of directors and/or cumulative voting by any shareholder is expressly denied by the certificate of formation.

**Removal of Directors and Board Vacancies**

Integrity's bylaws provide that any director may be removed, with or without cause, at any special meeting of the shareholders by the affirmative vote of at least a majority of the shareholders present, in person or by proxy, at such meeting and entitled to vote for the election of directors, provided that notice of intention to act upon such matter must have been given in the notice calling such meeting.

Integrity's certificate of formation provides that newly created directorships resulting from an increase in the number of directors and any vacancy on the board of directors occurring between the annual meetings of shareholders will be filled by the affirmative vote of a majority of the board of directors then in office (even if less than a quorum). Any director elected as part of an increase in the number of directors shall have the same term as other directors of the same class who are elected at the annual meeting of shareholders. Any director elected to fill a

**INDEPENDENT**

bylaws. Neither of the certificate of formation or bylaws of Independent provide otherwise.

The certificate of formation provides for three classes of directors and which are intended to consist as nearly as possible to one third of the total number of directors serving on the board. Except for the initial term of two classes of such directors, the directors shall be elected to a three year term. The elections of the directors shall be staggered such that one class of directors will be elected in each year.

Any individual that receives the plurality of the votes cast, up to the number of directors to be elected in such election, shall be elected to the board. No cumulative voting is permitted for the election of directors pursuant to the certificate of formation.

Independent's certificate of formation provides that subject to the right of holders of a class of stock having the right to elect a director solely by the holders of that class, any director may be removed only (i) for cause and (ii) by the affirmative vote of the holders of a majority of the combined voting power of the outstanding stock entitled to vote in the election of directors, voting together as a separate class.

Independent's certificate of formation also provides that any vacancy on the board occurring between the annual meetings of shareholders, including up to two newly created directorships may be filled by a majority of the board of directors then in office (even if less than quorum), or by a sole remaining director. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor.



vacancy on the board of directors occurring between the annual meetings of shareholders shall have the same remaining term as that of his or her predecessor.

Independent's certificate of formation provides that any change to the number of directors, and any increase or decrease therein, is to be apportioned among the classes so as to maintain of the

Integrity's certificate of formation provides that any increase or decrease in the number of directors is to be

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apportioned among the classes so as to maintain the equality of the number of directors in each class, but in no case will a decrease in the number of directors shorten the term of an incumbent director. If such equality is not possible, then the number of directors shall be apportioned among the classes such that the difference in the number of directors in any two classes shall not exceed one.

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representation of one third of the directors in each class.

**Amendment of Governing Documents**

Under Texas law, a corporation's certificate of formation may be amended by the affirmative vote of the holders of two-thirds of the outstanding shares entitled to vote on the amendment, and, if entitled to vote by class or series of shares, by the holders of two-thirds of the outstanding shares of each class or series entitled to vote on the amendment, unless a different number, which cannot be less than a majority of shares entitled to vote on the matter or class or series entitled to vote on the matter, is specified in the corporation's certificate of formation.

Independent's certificate of formation provides that the bylaws of Independent may be amended, repealed, or adopted by (i) the affirmative vote of the majority of the board or (ii) the affirmative vote of at least two-thirds of the holders of voting stock, voting as a separate class at a meeting of the shareholders called for that purpose.

Integrity's certificate of formation also provides that the directors may alter, amend, repeal or adopt new bylaws for Integrity. The bylaws further provide that the directors are authorized to do so by a majority of directors present at any meeting of the board of directors at which a quorum is present.

**Shareholder Actions**

Texas law provides that on matters other than the election of directors, the affirmative vote of the holders of a majority of the shares entitled to vote on, and who voted for, against, or expressly abstained with respect to the matter, will be the act of the shareholders unless the vote of a greater number is required by law, the certificate of formation, or the bylaws. Under Texas law, a corporation's certificate of formation or bylaws may provide that the affirmative vote of holders of a specified portion of the shares, not less than a majority, entitled to vote on the matter will be the act of the shareholders, rather than the specified portion of the shares required pursuant to Texas law. Under Texas law, the affirmative vote of the holders of at least two-thirds of the outstanding shares of the corporation entitled to vote is required to approve a fundamental business transaction.

Texas law provides that on matters other than the election of directors, the affirmative vote of the holders of a majority of the shares entitled to vote on, and who voted for, against, or expressly abstained with respect to the matter, will be the act of the shareholders unless the vote of a greater number is required by law, the certificate of formation, or the bylaws. Under Texas law, a corporation's certificate of formation or bylaws may provide that the affirmative vote of holders of a specified portion of the shares, not less than a majority, entitled to vote on the matter will be the act of the shareholders, rather than the specified portion of the shares required pursuant to Texas law. Under Texas law, the affirmative vote of the holders of at least two-thirds of the outstanding shares of the corporation

entitled to vote is required to approve a fundamental business transaction.

Integrity's bylaws provide that, with respect to any matter, other than a matter for which the affirmative

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vote of the holders of a specified portion of the shares entitled to vote is required by law, by the certificate of formation, or by another provision in the bylaws, the affirmative vote of the holders of a majority of the shares entitled to vote and represented at a meeting, in person or by proxy, at which a quorum is present shall be the act of the shareholders.

Each share of Integrity common stock has one vote for each matter properly brought before the shareholders.

Integrity's certificate of formation provides that special meetings of the shareholders for any purpose may be called at the request of the holders of at least 50% of Integrity's outstanding capital stock entitled to vote. Integrity's bylaws further provide that such requests shall be in writing and shall state the purpose of the proposed meeting. Integrity's bylaws also provide that such special meetings of the shareholders (i) may be called for any purpose by the President or the board of directors or (ii) must be called by the President or Secretary at the request in writing of the holders of at least 50% of Integrity's outstanding capital stock entitled to vote. Integrity's bylaws provide that at any special meeting of the shareholders, only actions that are set forth in the notice of such meeting may be presented at such meeting, unless all shareholders entitled to vote are present and consent to the presentment of additional actions.

Integrity's bylaws provide that shareholder action may be taken without a meeting if written consent or consents setting forth the action taken is signed by all the shareholders.

**Shareholder Proposal of Business or Nominations for Directors**

Integrity's bylaws provide that written or printed notice stating the place, day and hour of any meeting of the shareholders must be delivered not less than 3 days and not more than 60 days before the date of the annual meeting or any special meeting of the shareholders. In the event of a special meeting of the shareholders, the purpose or purposes

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Independent's certificate of formation provides that unless otherwise required by law, special meetings of the shareholders for any purpose may be called by (i) the chairman of the board or (ii) the Secretary or Assistant Secretary at the written request of either (a) the majority of the board of directors or (b) the holders of at least 20% of the corporation's outstanding capital stock entitled to vote in the election of directors.

Shareholder action by written consent is not permitted.

Independent's bylaws provide that a notice of a shareholders to make a nomination of a person for election as a director or to bring any other matter before a meeting shall be made in writing and received by the Secretary of Independent in the event of an annual meeting of the shareholders, no more than 120

for which the meeting is called must also be included in such written or printed notice.

Integrity's bylaws provide that the board of directors shall be elected at the annual meeting of the shareholders. The shareholders may also transact other business properly brought before the annual meeting of the shareholders.

days and no less than 90 days in advance of the anniversary date of the immediately preceding annual meeting, provided that in the event that the annual meeting is called on a date that is not within 30 days before or after such anniversary date, notice by the shareholder in order to be timely must be so received not later than the close of business on the 15th day following the day on which notice of the

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annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever first occurs.

In the event of a special meeting of the shareholders, such notice shall be received by the Secretary of Independent not later than the close of business on the 15th day following the day on which notice of the meeting is first mailed to shareholders or public disclosure of the date of the special meeting was made, whichever occurs first.

Every notice by a shareholder must set forth (i) the name and residence of the shareholder of the corporation that intends to make a nomination or bring up any other matter, (ii) a representation that the shareholder is a holder of Independent's voting stock which indicates the class and number of shares owned and intends to appear in person or by proxy at the meeting to make the nomination or bring up the matter specified in the notice, (iii) with respect to notice of an intent to make a nomination for a director, a description of all arrangements and understandings between the shareholder and each nominee pursuant to which the nominations are made, (iv) with respect to an intent to make a nomination, such other information regarding each nominee proposed by such shareholder required to be disclosed in a proxy statement filed pursuant to the proxy rules of the SEC had each nominee been nominated by Independent's board, and (v) with respect to the notice of intent to bring up any other matter, a description of the matter and any material interest of the shareholder in the matter.

The Chairman may refuse to acknowledge the nomination of any person not made in compliance with the bylaws.

**Indemnification; Limitation of Director Liability**

Integrity's certificate of formation provides for mandatory indemnification of any and all persons who were, are, or are threatened to be, made a defendant or respondent to a proceeding because any such person (i) is or was a director or officer of Integrity or (ii) is or was serving at the request of Integrity as a director, officer, partner, venturer, proprietor, trustee or employee of another foreign or domestic entity, to the fullest extent permitted pursuant to the TBOC or applicable law.

Independent's certificate of formation provides for mandatory indemnification of any and all persons who was, are, or are threatened to be, made a party to a proceeding because such person (i) is or was a director or (ii) while a director or officer of Independent, is or was serving at the request of Independent as a director of another foreign or domestic entity, against expenses and other amounts reasonably incurred in connection with legal

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Such indemnification shall be for all expenses incurred in defending any such proceeding in advance of its final disposition to the maximum extent permitted under the TBOC.

Integrity's certificate of formation provides that, if a claim for indemnification has not been paid in full by Integrity within 30 days after Integrity has received the written claim for indemnification, the indemnified person may thereafter bring suit against Integrity to recover the unpaid amount of the claim. If the indemnified person is successful, in whole or in part, in such suit against Integrity, then the indemnified person will also be entitled to be paid the expense of prosecuting such claim.

Integrity's bylaws permit Integrity to purchase and maintain insurance on behalf of indemnified persons.

Integrity's certificate of formation provides that, to the fullest extent permitted by law, no director of Integrity will be liable to Integrity or its shareholders for monetary damages for an act or omission in the director's capacity as a director.

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proceedings to the fullest extent permitted pursuant to the TBOC and the bylaws of Independent.

Independent's certificate of formation permits indemnification of any employee and agent of the corporation in the sole discretion of the board, against expenses and other amounts reasonably incurred in connection with legal proceedings to the fullest extent permitted pursuant to the TBOC and the bylaws of Independent.

Independent's bylaws permit Independent to purchase and maintain insurance on behalf of indemnified persons.



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**EXPERTS**

The consolidated financial statements of Independent as of December 31, 2016 and 2015, and for each of the years in the three year period ended December 31, 2016, incorporated by reference in this proxy statement/prospectus by reference from Independent's Annual Report on Form 10-K for the year ended December 31, 2016, have been audited by RSM US LLP, an independent registered public accounting firm, as set forth in their report thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report of such firm given upon their authority as experts in accounting and auditing.

The annual consolidated financial statements of Carlile Bancshares, Inc., a bank organization acquired by Independent on April 1, 2017, as of December 31, 2016 and 2015, and for the years then ended, incorporated by reference in this proxy statement/prospectus have been audited by Crowe Horwath LLP, independent auditors, as stated in their report incorporated by reference herein. Such annual consolidated financial statements have been so incorporated by reference herein in reliance upon the reports of such firm as experts in accounting and auditing.

**LEGAL MATTERS**

The validity of the shares of Independent common stock to be issued by Independent in connection with the merger will be passed upon by Andrews Kurth Kenyon LLP, Dallas, Texas.

**OTHER MATTERS**

No matters will be presented for consideration at the Integrity special meeting of shareholders other than as described in this proxy statement/prospectus.

**WHERE YOU CAN FIND MORE INFORMATION**

Independent files reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended. You may read and copy this information at the SEC's Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549.

You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements and other information about issuers, like Independent, who file electronically with the SEC. The address of that site is <http://www.sec.gov>.

Documents filed by Independent with the SEC are available from Independent without charge (except for exhibits to the documents). You may obtain documents filed by Independent with the SEC by requesting them in writing or by telephone from Independent at the following address:

Independent Bank Group, Inc.

1600 Redbud Boulevard, Suite 400

McKinney, Texas 75069-3257

Attention: Michelle S. Hickox

Executive Vice President and Chief Financial Officer

Telephone: (972) 562-9004

To obtain timely delivery, you must make a written or oral request for a copy of such information by no later than  
, 2018.

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Documents filed by Independent with the SEC are also available on Independent's website [www.ibtx.com](http://www.ibtx.com). Information furnished by Independent and information on, or accessible through, the SEC's or Independent's website is not part of this prospectus.

Independent has filed a registration statement on Form S-4 under the Securities Act of 1933, as amended, with the SEC with respect to the Independent common stock to be issued to shareholders of Integrity in the merger. This proxy statement/prospectus constitutes the prospectus of Independent filed as part of the registration statement. This proxy statement/prospectus does not contain all of the information set forth in the registration statement because certain parts of the registration statement are omitted in accordance with the rules and regulations of the SEC. The registration statement and its exhibits are available for inspection and copying as set forth above.

In addition to being a proxy statement of Integrity, this document is the prospectus of Independent for the shares of its common stock that will be issued in connection with the merger.

Integrity does not have a class of securities registered under Section 12 of 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 and reports with the SEC.

Integrity shareholders who have any questions concerning the merger or this proxy statement/prospectus, would like additional copies of this proxy statement/prospectus or need help voting their shares of Integrity common stock should contact James M. McElray, Integrity's Executive Vice President and Chief Financial Officer, at the following address and telephone number:

Integrity Bancshares, Inc.

4040 Washington Avenue

Houston, Texas 77007

(713) 335-8700

**You should rely only on the information contained in this proxy statement/prospectus. Neither Independent nor Integrity has authorized anyone to provide you with different information. Therefore, if anyone gives you different or additional information, you should not rely on it. The information contained in this proxy statement/prospectus is correct as of its date. It may not continue to be correct after this date. Integrity has supplied all of the information about Integrity and Integrity Bank contained in this proxy statement/prospectus and Independent has supplied all of the information contained in this proxy statement/prospectus about Independent and its subsidiaries. Each of Independent and Integrity is relying on the correctness of the information supplied by the other.**

**This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this proxy statement/prospectus, or the solicitation of a proxy, in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction.**

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**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC allows us to incorporate by reference information into this prospectus, which means:

incorporated documents are considered part of this prospectus;

we can disclose important information to you by referring you to those documents; and

information that we file later with the SEC automatically will update and supersede information contained in this prospectus.

This prospectus incorporates by reference the documents listed below that we have previously filed with the SEC (File No. 001-35854). These documents contain important information about us:

our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on March 8, 2017, including the information in our proxy statement that is part of our Schedule 14A filed with the SEC on April 28, 2017, that is incorporated by reference in that Annual Report on Form 10-K;

our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017, filed with the SEC on April 27, 2017, July 27, 2017 and October 26, 2017, respectively; and

our Current Reports on Form 8-K filed with the SEC on January 20, 2017 (two filings), January 27, 2017, April 3, 2017 (as amended by Amendment No. 1 on June 6, 2017), April 14, 2017, April 26, 2017, May 26, 2017, June 26, 2017, July 26, 2017, July 27, 2017, October 25, 2017, November 28, 2017, November 29, 2017, December 6, 2017, December 14, 2017, December 19, 2017 and January 18, 2018 (other than any Current Report on Form 8-K or any portion or portions of a Form 8-K submitted to the SEC on any such date and deemed furnished and not filed in accordance with SEC rules).

We incorporate by reference in this prospectus any additional documents that we may file with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than those furnished pursuant to Item 2.02 or Item 7.01 of Form 8-K or other information furnished to the SEC), from the date of the registration statement of which this prospectus is a part until the termination of the offering of the shares offered hereby. These documents may include our annual, quarterly and current reports, as well as our proxy and information statements, filed with the SEC. Any material that we later file with the SEC will automatically update and supersede, where appropriate, the information previously filed with the SEC. These documents are available to you without charge. See [Where You Can Find More Information](#).

For purposes of this registration statement, any statement contained in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated herein by reference modifies or supersedes such statement in such document.



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**APPENDIX A AGREEMENT AND PLAN OF REORGANIZATION**

**AGREEMENT AND PLAN OF REORGANIZATION**

**BY AND BETWEEN**

**INDEPENDENT BANK GROUP, INC.**

**MCKINNEY, TEXAS**

**AND**

**INTEGRITY BANCSHARES, INC.**

**HOUSTON, TEXAS**

**Dated as of November 28, 2017**

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