

Independent Bank Group, Inc.
Form DEF 14A
April 18, 2014
Table of Contents

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

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Independent Bank Group, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

April 18, 2014

Dear Shareholder:

On behalf of our Board of Directors, I invite you to attend the 2014 Annual Meeting of Shareholders to be held in the Ballroom of The Grand Hotel, 114 West Louisiana Street, McKinney, Texas 75069, on Thursday, May 15, 2014, at 3:30 p.m., Central Time.

The purposes of the meeting are set forth in the accompanying Notice of Annual Meeting of Shareholders and proxy statement. Additionally, we will review our operating results for 2013 and plans for the year ahead.

Whether or not you plan to attend the meeting, it is important that your shares be represented. Please take a moment to complete, date, sign and return the enclosed proxy card as soon as possible, or use Internet or telephone voting according to the instructions on the proxy card. You may also attend and vote at the meeting.

We appreciate your continued support of our company and look forward to seeing you at the Annual Meeting.

Sincerely,

David R. Brooks

Chairman of the Board and Chief Executive Officer

Table of Contents

Independent Bank Group, Inc.

1600 Redbud Boulevard, Suite 400

McKinney, Texas 75069-3257

(972) 562-9004

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the shareholders of Independent Bank Group, Inc.:

The annual meeting of shareholders (the meeting) of Independent Bank Group, Inc. (the Company) will be held on Thursday May 15, 2014, at 3:30 p.m., Central Time, in the Ballroom of The Grand Hotel, 114 West Louisiana Street, McKinney Texas 75069, for the following purposes:

1. To elect four (4) Class I directors to serve on the board of directors of the Company until the Company's 2017 annual meeting of shareholders, and each until their successors are duly elected and qualified or until their earlier resignation or removal;
2. To ratify the appointment of McGladrey LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2014; and

3. To transact such other business as may properly come before the meeting or any adjournment thereof. A proxy statement describing these proposals is attached. If you have any questions concerning the proxy statement, would like additional copies of the proxy statement or need help voting your shares of the Company's common stock, please contact Jan Webb, the Company's Executive Vice President and Secretary, at (972) 562-9004.

By Order of the Board of Directors,

Jan C. Webb

Executive Vice President and Secretary

McKinney, Texas

April 18, 2014

Your Vote is Important

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

Table of Contents

TABLE OF CONTENTS

<u>ABOUT THE MEETING</u>	1
<u>PROPOSAL 1. ELECTION OF DIRECTORS</u>	6
<u>Classification of the Company's Directors</u>	6
<u>Election Procedures: Term of Office</u>	6
<u>Nominees for Election</u>	6
<u>Agreements Pursuant to which Certain Directors were Selected and Nominated</u>	7
<u>CURRENT EXECUTIVE OFFICERS AND DIRECTORS</u>	8
<u>Shareholder Approval</u>	11
<u>Board Composition</u>	11
<u>Board of Director Meetings</u>	11
<u>Shareholder Communications with Directors</u>	11
<u>BOARD AND COMMITTEE MATTERS</u>	12
<u>Director Independence</u>	12
<u>Board Leadership Structure</u>	12
<u>Board Committees</u>	12
<u>Audit Committee</u>	12
<u>Report of the Audit Committee</u>	13
<u>Independent Auditors</u>	14
<u>Fees Paid to Independent Registered Public Accounting Firm</u>	14
<u>Audit Committee Pre-Approval Policy</u>	14
<u>Compensation Committee</u>	15
<u>Compensation Committee Interlocks and Insider Participation</u>	16
<u>Corporate Governance and Nominating Committee</u>	16
<u>Director Nominations</u>	18
<u>Strategic Planning Committee</u>	19
<u>Code of Conduct: Code of Ethics for Chief Executive Officer and Senior Financial Officers</u>	19
<u>Corporate Governance Guidelines</u>	19
<u>EXECUTIVE COMPENSATION AND OTHER MATTERS</u>	20
<u>Summary Compensation Table</u>	20
<u>Narrative Discussion of Summary Compensation Table</u>	20
<u>Outstanding Equity Awards at Fiscal Year End</u>	23
<u>Director Compensation</u>	24
<u>Chief Executive Officer Compensation</u>	24
<u>Noncompetition Agreements</u>	24
<u>Additional Information Regarding Executive Compensation</u>	25
<u>Compensation Policies and Practices and the Company's Risk Management</u>	26
<u>CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS</u>	27
<u>Related Person Transaction Review Policy</u>	27
<u>Related Person Transactions</u>	28
<u>Issuance of Warrants</u>	28
<u>Issuance of Subordinated Debentures</u>	28
<u>Other Transactions</u>	29
<u>BENEFICIAL OWNERSHIP OF THE COMPANY'S COMMON STOCK BY MANAGEMENT AND PRINCIPAL SHAREHOLDERS OF THE COMPANY</u>	31

<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	32
<u>PROPOSAL 2. RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	33
<u>DATE FOR SUBMISSION OF SHAREHOLDER PROPOSALS FOR 2015 ANNUAL MEETING</u>	34
<u>ANNUAL REPORT ON FORM 10-K</u>	34
<u>OTHER MATTERS</u>	35

Table of Contents

**PROXY STATEMENT FOR
2014 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON THURSDAY, MAY 15, 2014**

Unless the context otherwise requires, references in this proxy statement to we, us, our, our company, the Company, Independent Bank Group, Inc. refer to Independent Bank Group, Inc., a Texas corporation, and its consolidated subsidiaries as a whole; references to the Bank refer to Independent Bank (a wholly-owned subsidiary of Independent Bank Group, Inc.). In addition, unless the context otherwise requires, references to shareholders are to the holders of our voting securities, which consist of our common stock, par value \$.01 per share (the common stock).

This proxy statement is being furnished in connection with the solicitation of proxies by the board of directors of the Company (the board) for use at the 2014 annual meeting of shareholders of the Company to be held in the Ballroom of The Grand Hotel, 114 West Louisiana Street, McKinney Texas 75069, on Thursday, May 15, 2014 at 3:30 p.m., Central Time, and any adjournments thereof (the meeting) for the purposes set forth in this proxy statement and the accompanying notice of the meeting. This proxy statement, the notice of the meeting and the enclosed proxy card is first being sent to shareholders on or about April 18, 2014.

**IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE 2014
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON THURSDAY, MAY 15, 2014**

Pursuant to rules promulgated by the Securities and Exchange Commission (SEC), the Company is providing access to its proxy materials both by sending you this full set of proxy materials and by notifying you of the availability of its proxy materials on the Internet. You may access the following information at www.ibtx.com:

Notice of 2014 Annual Meeting of Shareholders to be held on Thursday, May 15, 2014;

Proxy Statement for 2014 Annual Meeting of Shareholders to be held on Thursday, May 15, 2014;

Form of Proxy; and

Annual Report to Shareholders, including the Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Table of Contents

ABOUT THE MEETING

When and where will the meeting be held?

The meeting is scheduled to take place at 3:30 p.m., Central Time, on Thursday, May 15, 2014, in the Ballroom of The Grand Hotel, 114 West Louisiana Street, McKinney Texas 75069.

What is the purpose of the Meeting?

This is the 2014 annual meeting of shareholders. At the meeting, shareholders will act upon the matters outlined in the notice attached to this proxy statement, including the following:

1. To elect four (4) Class I directors to serve on the board of directors of the Company until the Company's 2017 annual meeting of shareholders, and each until their successors are duly elected and qualified or until their earlier resignation or removal;
2. To ratify the appointment of McGladrey LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2014; and
3. To transact such other business as may properly come before the meeting or any adjournment thereof.

Who are the nominees for Class I directors?

The following four persons have been nominated for reelection:

Torry Berntsen

Jack M. Radke

G. Stacy Smith

James D. Stein

How do I vote?

You may attend the meeting and vote in person, or you may vote by proxy.

What is a proxy?

A proxy is another person that you legally designate to vote your stock. If you designate someone as your proxy in a written document, that document is also called a proxy or a proxy card.

What is a proxy statement?

A proxy statement is a document that describes the matters to be voted upon at the meeting and provides additional information about the Company. Pursuant to regulations of the SEC, we are required to provide you with a proxy statement containing certain information when we ask you to sign a proxy card to vote your stock at a meeting of the Company's shareholders.

Who is entitled to vote at the annual meeting?

The holders of record of the Company's common stock as of 5:00 p.m. on April 3, 2014, which is the date that the Company's board of directors has fixed as the record date for the annual meeting, are entitled to vote at the annual meeting.

What is the record date and what does it mean?

The record date to determine the shareholders entitled to notice of and to vote at the meeting is the close of business on April 3, 2014 (the record date). The record date is established by the board as required by Texas law. On the record date, 12,592,935 shares of common stock were outstanding.

Table of Contents

What are the voting rights of the shareholders?

Each holder of common stock is entitled to one vote for each share of common stock registered, on the record date, in such holder's name on the books of the Company on all matters to be acted upon at the annual meeting. The Company's certificate of formation prohibits cumulative voting.

The holders of at least a majority of the outstanding shares of common stock must be represented at the annual meeting, in person or by proxy, in order to constitute a quorum for the transaction of business. At any annual meeting, whether or not a quorum is present, the chairman of the annual meeting or the holders of a majority of the issued and outstanding common stock, present in person or represented by proxy and entitled to vote at the annual meeting, may adjourn the annual meeting from time to time without notice or other announcement.

What is the difference between a shareholder of record and a street name holder?

If your shares are registered directly in your name with Wells Fargo Shareowner Services, the Company's stock transfer agent, you are considered the shareholder of record with respect to those shares. The proxy statement and proxy card have been sent directly to you by Wells Fargo Shareowner Services at the Company's request.

If your shares are held in a stock brokerage account or by a bank or other nominee, the nominee is considered the record holder of those shares. You are considered the beneficial owner of these shares, and your shares are held in street name. The proxy statement and proxy card have been forwarded to you by your nominee. As the beneficial owner, you have the right to direct your nominee concerning how to vote your shares by using the voting instructions your nominee included in the mailing or by following its instructions for voting.

What is a broker non-vote?

A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner. Your broker has discretionary authority to vote your shares with respect to the ratification of the appointment of McGladrey LLP as our independent registered public accounting firm (Proposal 2). In the absence of specific instructions from you, your broker does not have discretionary authority to vote your shares with respect to the election of directors to our board (Proposal 1).

What should I do if I receive more than one set of voting materials?

You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. Similarly, if you are a shareholder of record and hold shares in a brokerage account, you will receive a proxy card for shares held in your name and a voting instruction card for shares held in street name. Please complete, sign, date and return each proxy card and voting instruction card that you receive to ensure that all your shares are voted.

What do I need to do now?

After you have thoroughly read and considered the information contained in this proxy statement, you simply need to vote your shares of common stock, either in person or by proxy, at the annual meeting. The process for voting your shares depends on how your shares are held as described above.

Edgar Filing: Independent Bank Group, Inc. - Form DEF 14A

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

simply indicate on the proxy card(s) applicable to your common stock how you want to vote and sign, date and mail your proxy card(s) in the enclosed pre-addressed postage-paid envelope as soon as possible to ensure that it will be received in advance of the annual meeting;

Table of Contents

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

go to the website www.proxypush.com/ibtX and follow the instructions for Internet voting on that website. Your proxy card must be received by the Company by no later than the time the polls close for voting at the annual meeting for your vote to be counted at the annual meeting. Please note that telephone and Internet voting will close at 11:59 p.m., Central Time, on Wednesday, May 14, 2014.

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

What are the Board's recommendations on how I should vote my shares?

The Board recommends that you vote your shares as follows:

Proposal 1 **FOR** the election of each nominee for director; and

Proposal 2 **FOR** the ratification of the appointment of McGladrey LLP.

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?

If you are a record holder who returns a completed proxy card that does not specify how you want to vote your shares on one or more proposals, the proxies will vote your shares for each proposal as to which you provide no voting instructions, and such shares will be voted in the following manner:

Proposal 1 **FOR** the election of each nominee for director; and

Proposal 2 **FOR** the ratification of the appointment of McGladrey LLP.

If you are a street name holder and do not provide voting instructions on one or more proposals, your bank, broker or other nominee will be unable to vote those shares, except that the nominee will have discretion to vote on the ratification of the appointment of McGladrey LLP (Proposal 2).

What are my choices when voting?

In the election of directors, you may vote for all director nominees or you may withhold your vote as to one or more director nominees. With respect to each of the other proposals, you may vote for the proposal, against the proposal or abstain from voting on the proposal.

Can I attend the annual meeting and vote in person?

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

If your shares of common stock 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 annual meeting, you must bring a legal proxy from the broker, bank or other nominee that was the record holder of your shares held in street

name as of 5:00 p.m. on Thursday, April 3, 2014, confirming that you were the beneficial owner of those shares as of 5:00 p.m. on Thursday, April 3, 2014, stating the number of shares of which you were the beneficial owner that were held for your benefit at that time by that broker, bank or other nominee and appointing you as the record holder's proxy to vote the shares covered by that proxy at the annual meeting.

Table of Contents

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

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

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

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

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

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

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

What percentage of the vote is required to approve each proposal?

Assuming the presence of a quorum, the four (4) director nominees who receive the most votes from the holders of the shares of our common stock for their election will be elected, i.e., the affirmative vote of the holders of a plurality of the shares of common stock voting at the annual meeting is required for the election of the director nominees (Proposal 1).

The ratification of McGladrey LLP's appointment as the Company's independent registered public accounting firm (Proposal 2) will require the affirmative vote of the holders of a majority of the shares of the Company's common stock entitled to vote and present in person or represented by proxy at the annual meeting.

How are broker non-votes and abstentions treated?

Brokers, as holders of record, are permitted to vote on certain routine matters, but not on non-routine matters. A broker non-vote occurs when a broker does not have discretionary authority to vote the shares and has not received voting instructions from the beneficial owner of the shares. The only routine matter to be presented at the annual meeting is the ratification of the appointment of the independent registered public accounting firm (Proposal 2). If you hold shares in street name and do not provide voting instructions to your broker, those shares will be counted as broker non-votes for all non-routine matters.

A broker non-vote or a withholding of authority to vote with respect to one or more nominees for director will not have the effect of a vote against such nominee or nominees because broker non-votes and abstentions are counted for purposes of determining the presence or absence of a quorum, but are not counted as votes cast at the annual meeting. Any abstentions will not have the effect of a vote against the proposals to ratify the appointment of McGladrey LLP as the Company's independent registered public accounting firm. Because the ratification of the appointment of the independent registered public accounting firm is considered a routine matter and a broker or other nominee may generally vote on routine matters, no broker non-votes are expected to occur in connection with this proposal.

Do I have any dissenters or appraisal rights with respect to any of the matters to be voted on at the annual meeting?

No. None of our shareholders has any dissenters or appraisal rights with respect to the matters to be voted on at the annual meeting.

Table of Contents

What are the solicitation expenses and who pays the cost of this proxy solicitation?

Our board is asking for your proxy, and we will pay all of the costs of soliciting shareholder proxies. We may use officers and employees of the Company to ask for proxies, as described below.

Is this proxy statement the only way that proxies are being solicited?

No. In addition to the solicitation of proxies by use of the mail, if deemed advisable, directors, officers and regular employees of the Company may solicit proxies personally or by telephone or other means of communication, without being paid additional compensation for such services. This proxy solicitation is made by the Board, and the cost of this solicitation is being borne by the Company. The Company will reimburse banks, brokerage houses and other custodians, nominees and fiduciaries for their reasonable expense in forwarding the proxy materials to beneficial owners of the Company's common stock.

Are there any other matters to be acted upon at the annual meeting?

Management does not intend to present any business at the annual meeting for a vote other than the matters set forth in the notice, and management has no information that others will do so. The proxy also confers on the proxies the discretionary authority to vote with respect to any matter presented at the annual meeting for which advance notice was not received by the Company in accordance with the Company's Third Amended and Restated Bylaws, or the Bylaws. If other matters requiring a vote of the shareholders properly come before the annual meeting, it is the intention of the persons named in the accompanying form of proxy to vote the shares represented by the proxies held by them in accordance with applicable law and their judgment on such matters.

Where can I find voting results?

The Company expects to publish the voting results in a current report on Form 8-K, which it expects to file with the SEC within four business days following the annual meeting.

Who can help answer my questions?

The information provided above in this "Question and Answer" format is for your convenience only and is merely a summary of the information contained in this proxy statement. We urge you to carefully read this entire proxy statement and the accompanying annual report. If you have additional questions about the proxy statement or the annual meeting, you should contact Jan Webb, Executive Vice President and Secretary, Independent Bank Group, Inc., 1600 Redbud Boulevard, Suite 400, McKinney, Texas 75069, telephone (972) 562-9004.

Table of Contents**PROPOSAL 1. ELECTION OF DIRECTORS****Classification of the Company's Directors**

In accordance with the terms of the Company's amended and restated certificate of formation, the Company's current board of directors is divided into three classes, Class I, Class II and Class III, with each class serving staggered three-year terms as follows:

The Class I directors are Torry Berntsen, Jack M. Radke, G. Stacy Smith and James D. Stein, and their terms will expire at the annual meeting of shareholders to be held in 2014;

The Class II directors are Daniel W. Brooks, William E. Fair, Craig E. Holmes, Donald L. Poarch and Michael T. Viola, and their terms will expire at the annual meeting of shareholders to be held in 2015; and

The Class III directors are David R. Brooks, M. Brian Aynesworth, Douglas A. Cifu and J. Webb Jennings III, and their terms will expire at the annual meeting of shareholders to be held in 2016.

Election Procedures; Term of Office

At each annual meeting of shareholders, or special meeting in lieu thereof, upon the expiration of the term of a class of directors, the successors to such directors will be elected to serve from the time of election and qualification until the third annual meeting following his or her election and the election and qualification of his or her successor. Any additional directorships resulting from an increase in the number of directors (as discussed above) will be distributed by the board of directors among the three classes so that, as nearly as possible, each class will consist of one-third of the directors.

Nominees for Election

The Corporate Governance and Nominating Committee has recommended to the independent members of the Company's board of directors, and the independent members of the board of directors has approved the nomination of, Torry Berntsen, Jack M. Radke, G. Stacy Smith and James D. Stein to fill the Class I director seats and the independent members of the board of directors recommends these nominees for election by the Company's shareholders as members of the board of directors. Torry Berntsen, Jack M. Radke, G. Stacy Smith and James D. Stein are currently serving as Class I directors.

The following table sets forth the name, age, and positions with the Company for each nominee for election as a director of the Company:

Name of Nominee	Age	Position(s)	Director Since
Torry Berntsen ⁽¹⁾	55	President, Chief Operating Officer and Class I Director	2009
Jack M. Radke ⁽²⁾	66	Class I Director	2002

G. Stacy Smith ⁽²⁾	46	Class I Director	2013
James D. Stein ⁽¹⁾	55	Vice Chairman, Houston Region CEO and Class I Director	2014

(1) Member, Strategic Planning Committee

(2) Member, Audit Committee and Member, Compensation Committee

Torry Berntsen. Torry Berntsen is President, Chief Operating Officer and a director of the Company. He previously served as Vice Chairman of Corporate Development and a director from 2009 to April 2013. Prior to joining the Company, Mr. Berntsen spent twenty-five years in various senior management roles at The Bank of New York Mellon, or BNY Mellon, including Executive Vice President and Senior Executive Vice President of BNY Mellon and a director and President of BNY Capital Markets, Inc., a subsidiary of BNY Mellon. At BNY Mellon, he was a member of the firm's Executive and Asset/Liability Committees. Prior to BNY Mellon, he spent four years at JP Morgan. Mr. Berntsen has also served since 2009 as Vice Chairman of Virtu Management, LLC, a private family management company located in New York City, which is owned by the Company's largest shareholder, Vincent

Table of Contents

Viola. In addition to his position on the board of directors at certain portfolio companies of Virtu Management, LLC, Mr. Berntsen currently serves on the board of directors of the Norwegian Christian Home and Health Center and oversees The Tyler Berntsen Memorial Foundation. Mr. Berntsen's qualifications to serve on the Company's board of directors include his extensive thirty-plus years of banking experience and his experience as an executive officer and director of the Company.

Jack M. Radke. Jack M. Radke is a member of the board of directors of the Company, a position he has held since it was formed in 2002. He served as the Chairman of Independent Bank's Audit Committee since January 2011. Mr. Radke is the owner of Ag-Power, Inc., which sells agricultural and consumer equipment through its John Deere dealerships, and has served as its President since 1988. He is also currently a board member for the Southwestern Association of Kansas City, an association of equipment dealers for a five-state area. Mr. Radke's qualifications to serve on the Company's board of directors include his extensive experience as a director of the Company and member of the Audit Committee of the Company and Independent Bank.

G. Stacy Smith. G. Stacy Smith is a member of the board of directors of the Company, joining the board in February 2013. Mr. Smith is co-founder and an active partner in Trinity Investment Group, which invests in private equity, public equity and hard assets. Mr. Smith is also co-founder, Chairman and a member of the Investment Committee of Stonelake Capital Partners, a private investment firm. In addition, he serves as an advisor of EAW Energy Partners, an oil and gas minerals acquisition firm. In 1997, Mr. Smith co-founded Walker Smith Capital, a long/short equity hedge fund based in Dallas, Texas, and he served as portfolio manager of that firm for sixteen years. From 1994 through 1996, Mr. Smith was a co-founder and manager of Gryphon Partners, a long/short equity hedge fund focused on small and mid-cap domestic equities. He started his investment career as an energy analyst at Wasserstein Perella & Co., an international investment bank. Mr. Smith is a member of the Salesmanship Club of Dallas, an association of business professionals that supports local charitable organizations. Mr. Smith's qualifications to serve on the Company's board of directors include his extensive experience in overseeing the management of investment firms and his knowledge of the Texas banking market.

James D. Stein. James D. Stein is a member of the board of directors of the Company, joining the board in April 2014. Mr. Stein was the founding President and Chief Executive Officer of Bank of Houston, which opened in March 2005, and BOH Holdings, Inc. Mr. Stein's banking career spans close to thirty years, including serving as President of Columbus State Bank in Columbus, Texas, and Central Texas Bankshare Holdings, Inc. Mr. Stein has served on the board of directors of South Central Texas Bankers Association (past president), Texas Bankers Association, Momentum Capital Corporation and Columbus Properties of New Orleans, L.A. Mr. Stein is active in various local professional, civic, educational and church organizations. Mr. Stein attended The University of Texas at Austin. Mr. Stein's qualifications to serve on the Company's board of directors include his extensive experience as an executive officer and director of BOH Holdings and his knowledge of the Texas banking market.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE NOMINEES LISTED ABOVE FOR ELECTION TO THE BOARD OF DIRECTORS.

Agreements Pursuant to which Certain Directors were Selected and Nominated

On November 21, 2013, pursuant to the Agreement and Plan of Reorganization, dated as of November 21, 2013, by and between the Company and BOH Holdings, pursuant to which BOH Holdings was acquired by and merged into the Company effective April 15, 2014, the Company expanded the Company's board of directors from ten (10) to thirteen (13) members. As required by the reorganization agreement, the Company submitted three BOH Holdings nominees (Messrs. Jennings, Poarch and Stein) to its shareholders for election to fill the three new director seats at the Company's special meeting held on April 14, 2014 and these individuals were elected as directors at the shareholder

meeting. In connection with the completion of the merger on April 15, 2014, Mr. Stein became a Class I director, Mr. Poarch became a Class II director and Mr. Jennings became a Class III director. The election of such individuals to these directorships was an express condition to the consummation of the BOH Holdings merger. Under the terms of the reorganization agreement, the Company agreed to recommend that the Company shareholders elect James D. Stein to the board of directors of the Company at the 2014 annual meeting.

Table of Contents**CURRENT EXECUTIVE OFFICERS AND DIRECTORS**

The following table sets forth the name, age and position with the Company of each of the Company's directors whose terms of office do not expire at the annual meeting and executive officers. The business address for all of these individuals is 1600 Redbud Boulevard, Suite 400, McKinney, Texas 75069-3257.

Name	Age	Position with the Company
David R. Brooks ⁽¹⁾	55	Chairman of the Board, Chief Executive Officer and Director
Daniel W. Brooks	53	Vice Chairman, Chief Risk Officer and Director
Brian E. Hobart	48	Vice Chairman and Chief Lending Officer
Michelle S. Hickox	46	Executive Vice President and Chief Financial Officer
Jan C. Webb	55	Executive Vice President and Secretary
M. Brian Aynesworth ⁽²⁾	46	Director
Douglas A. Cifu ⁽³⁾	48	Director
William E. Fair ⁽⁴⁾	52	Director
Craig E. Holmes ⁽⁵⁾	56	Director
J. Webb Jennings III ⁽⁶⁾	43	Director
Donald L. Poarch ⁽⁷⁾	62	Director
Michael T. Viola ⁽⁷⁾	27	Director

(1) Member, Strategic Planning Committee

(2) Chairman, Strategic Planning Committee and Member, Corporate Governance and Nominating Committee

(3) Chairman, Corporate Governance and Nominating Committee

(4) Chairman, Compensation Committee

(5) Chairman, Audit Committee

(6) Member, Compensation Committee

(7) Member, Corporate Governance and Nominating Committee

The following is a brief discussion of the business and banking background and experience of the Company's current directors and executive officers. Other than as described below, no director or director nominee has any family relationship, as defined in Item 401 in Regulation S-K, with any other director or with any of the Company's executive officers. All officers of the Company are elected annually by the board and serve at the discretion of the board.

David R. Brooks. David R. Brooks is Chairman of the Board, Chief Executive Officer and a director of the Company, a position he has held since the Company was formed in 2002. Mr. Brooks began his banking career in the early 1980s with a large regional bank and has been active in community banking since he led the investor group that acquired Independent Bank in 1988. Mr. Brooks has previously served as a board member of the Independent Bankers Association of Texas. He currently serves on the board of managers of Noel-Levitz, LLC, a large national higher education company, on the board of directors of Capital Southwest Corporation and on the Board of Trustees of Houston Baptist University, and previously served as the Chief Financial Officer at Baylor University from 2000 to 2004. Mr. Brooks previously served on the McKinney City Council (term expired May 2013) and previously served as President of the Board of Trustees of the McKinney Independent School District for five years and served for three years on both the McKinney Economic Development Corporation Board and the McKinney Chamber of Commerce

Board. David R. Brooks is the brother of Daniel W. Brooks. Mr. Brooks' qualifications to serve on the Company's board of directors include his extensive experience managing and overseeing the operations and growth of the Company and Independent Bank during his tenure as Chairman and Chief Executive Officer of the Company.

Table of Contents

Daniel W. Brooks. Daniel W. Brooks is Vice Chairman, Chief Risk Officer and a director of the Company. He has served as Vice Chairman and a director of the Company since 2009 and as Chief Risk Officer of the Company since April 2013. He previously served as President and a director of the Company from 2002 to 2009 and has functioned as the Company's Chief Credit Officer throughout his tenure. Mr. Brooks began his banking career in the early 1980s with a large regional bank and has been active in community banking since the late 1980s. Mr. Brooks has served in numerous leadership roles in the Collin County community, including service as Chairman of the Board for Medical Center of McKinney and on the boards of directors of McKinney Christian Academy and the McKinney Education Foundation. Daniel W. Brooks is the brother of David R. Brooks. Mr. Brooks' qualifications to serve on the Company's board of directors include his extensive experience as an executive officer and director of the Company.

Brian E. Hobart. Brian E. Hobart is Vice Chairman and Chief Lending Officer of the Company and President-Independent Bank Central Texas. Since 2009, he has functioned as Chief Lending Officer, serving as President and a director at both the Company and Independent Bank during this time. Mr. Hobart was one of the founders of IBG Central Texas and served as its President and as a director from 2004 until January 2009. Prior to joining IBG Central Texas, he served as a senior officer of other Waco banks for thirteen years. Mr. Hobart is a former member of the board of the McKinney Education Foundation.

Michelle S. Hickox. Michelle S. Hickox is Executive Vice President and Chief Financial Officer of the Company. Prior to joining the Company in May 2012, Ms. Hickox was an audit partner with McGladrey LLP, the fifth largest public accounting firm in the United States. Over her twenty-two year career in public accounting, Ms. Hickox provided audit, financial reporting, internal control assistance and training to community banks and was a designated financial institution specialist within McGladrey LLP. Ms. Hickox is a licensed certified public accountant and is a member of the AICPA, the Texas Society of Certified Public Accountants and the Dallas CPA Society.

Jan C. Webb. Jan C. Webb is Executive Vice President and Secretary to the board of directors of the Company and Executive Vice President and Senior Operations Officer of Independent Bank. Ms. Webb previously served as Executive Vice President, Chief Operations Officer and a director of the Company from May 2012 to April 2013. Prior to May 2012, Ms. Webb served as Executive Vice President, Chief Financial Officer and a director of the Company since it was formed in 2002. Ms. Webb has over thirty years of experience in the banking industry, including approximately twenty-five years of experience with the Company's management team. She is active in her church, serving on various committees, including the finance committee.

M. Brian Aynesworth. M. Brian Aynesworth is a member of the board of directors of the Company, joining the board in 2009. Mr. Aynesworth previously served as Executive Vice President of Independent Bank from 2009 to April 2013. He was a founder of IBG Central Texas and served as Executive Vice President and a director of that entity from 2004 until it was combined with the Company in 2009. Mr. Aynesworth has also served as the President and Chief Executive Officer of Southwestern Commercial Properties, LLC, a private real estate company, since 2002 and on the board of directors of Capstone Mechanical, LP, a professional engineering, contracting and service company, since 2005. He is active in the Waco community, serving on the boards of several local charitable organizations, including the Boys & Girls Club of Waco, the Waco Montessori School, and the First Presbyterian Church Waco Foundation. Mr. Aynesworth's qualifications to serve on the Company's board of directors include his extensive experience as a director and officer of the Company, Independent Bank and IBG Central Texas.

Douglas A. Cifu. Douglas A. Cifu is a member of the board of directors of the Company, joining the board in 2008. Mr. Cifu has served as the President and Chief Operating Officer of Virtu Financial LLC, a global electronic market making firm, since 2008 when he co-founded the business with the Company's largest shareholder, Vincent Viola. Mr. Cifu also has served as the President and Chief Operating Officer of Virtu Management LLC since 2008. Prior to the founding of Virtu Financial LLC in 2008, Mr. Cifu was a partner at the international law firm of Paul, Weiss,

Rifkind, Wharton & Garrison, LLP, where he served as Deputy

Table of Contents

Chairman of the Corporate Department, Head of the Private Equity Group and a member of the firm's Management Committee. Mr. Cifu's qualifications to serve on the Company's board of directors include his extensive experience representing and working with publicly traded companies and his experience as a director of the Company.

William E. Fair. William E. Fair is a member of the board of directors of the Company. He joined the board when IBG Central Texas was combined with the Company in 2009, prior to which he served as a director of IBG Central Texas beginning in 2007. Mr. Fair has served as the Chairman and Chief Executive Officer of Home Abstract and Title Company, a title insurance agency located in Waco, Texas, since 1988 and has served on the board of directors of Capstone Mechanical, LP since 2005. He also serves on the board of trustees of Hillcrest Baptist Medical Center, Scott & White Healthcare, further serving as Chairman of the Board of Development for that organization. Mr. Fair's qualifications to serve on the Company's board of directors include his extensive experience in the real estate industry and his experience as a director of the Company, Independent Bank and IBG Central Texas.

Craig E. Holmes. Craig E. Holmes is a member of the board of directors of the Company, joining the board in February 2013. Mr. Holmes is the Chief Financial Officer of Sizmek, Inc., a NASDAQ Global Market traded global advertising campaign management company that was spun out of Digital Generation, Inc., which he joined in October 2012. Mr. Holmes previously served as Executive Vice President and Chief Financial Officer of Quickoffice, Inc., a mobile software company, from 2011 to 2012, provided advisory and consulting services to the board of directors and management and led the finance functions for Enfora, Inc., a global manufacturing and software development company, from 2008 to 2011, and served as Executive Vice President and Chief Financial Officer of Intervoice, Inc., a publicly traded global software and services company, from 2003 to 2008. Mr. Holmes has also previously served as Executive Vice President and Chief Financial Officer of Masergy Communications, Inc., a network services and equipment provider, as Chief Financial Officer of EpicRealm Inc., a software development and network services company, and as Executive Vice President and Chief Financial Officer of Excel Communications, Inc., a provider of telecommunications equipment and services. Prior to joining Excel Communications, Mr. Holmes was a partner at Arthur Andersen, a national public accounting firm, where he worked from 1992 to 1995. Mr. Holmes' qualifications to serve on the Company's board of directors include his extensive experience as chief financial officer of publicly traded companies and his twenty years' experience in finance and accounting.

J. Webb Jennings III. J. Webb Jennings III is a member of the board of directors of the Company, joining the board in April 2014. Mr. Jennings is a vice president at Hancock Park Associates, a middle-market private equity firm with offices in Houston, Texas, and Los Angeles, California. Hancock Park Associates primarily focuses on making control investments in privately held manufacturing, industrial, service and retail businesses as well as other niche investment opportunities. Mr. Jennings has served as a vice president at Hancock Park Associates since 2007. Mr. Jennings served on the BOH Holdings board of directors since 2005 until the BOH Holdings merger. He also currently serves on the boards of directors of Crimson Well Services, Drilltec and Cockrell Interests. Mr. Jennings also serves on the boards of directors of several Houston based charitable organizations and foundations. Mr. Jennings graduated with a B.A. from The University of Texas and an M.B.A. from Southern Methodist University.

Donald L. Poarch. Donald L. Poarch is a member of the board of directors of the Company, joining the board in April 2014. Mr. Poarch has been a partner and co-owner of The Sprint Companies since 1976. The Sprint Companies are a diverse group of approximately ten different companies operating throughout the Texas Gulf Coast area. He has been a member of the BOH Holdings board of directors since 2008, and its chairman since 2012. He was a member of the Bank of Houston's board of directors since 2005, and its chairman since 2012, until the BOH Holdings merger. In the past 25+ years, Mr. Poarch has bought, sold and grown more than twenty companies. Mr. Poarch currently serves on the boards of directors for Keep Houston Beautiful and the Houston Clean City Commission. Mr. Poarch attended The University of Texas at Austin and is currently active in various civic and charitable foundations.

Table of Contents

Michael T. Viola. Michael T. Viola is a member of the board of directors of the Company, joining the board in February 2013. Mr. Viola is an energy and commodities futures trader at Virtu Financial LLC, a global electronic market making firm that employs advanced proprietary technologies to trade on electronically accessible financial exchanges and market centers worldwide that he joined in 2010, serving as an executive assistant and a project manager. Mr. Viola also served on the board of a family-founded nonprofit organization focused on Catholic education initiatives in inner-city communities from 2010 to 2011. Mr. Viola is the son of the Company's largest shareholder, Vincent Viola. Mr. Viola's qualifications to serve on the Company's board of directors include his knowledge of financial markets and his familiarity with the Company given his family's ownership of Independent Bank over the past twenty-five years.

Shareholder Approval

The affirmative vote of a plurality of the shares of the Company's common stock outstanding present in person or by proxy at the annual meeting is required for the election of each of the nominees for director.

Board Composition

The Company's board of directors currently has thirteen (13) members serving on the board. The number of directors may be changed only by resolution of the board of directors within the range set forth in the Company's certificate of formation (unless the Company's shareholders act to amend the authorized number of directors designated in the Company's certificate of formation). The board of directors may increase the number of directors by two and fill these vacancies until the next annual meeting of shareholders. As discussed in greater detail below, the board of directors has affirmatively determined that eight of its thirteen current directors qualify as independent directors under Rule 5605(a)(2) of the NASDAQ Stock Market Rules and the SEC.

Board of Director Meetings

The board of directors of the Company (including regularly scheduled and special meetings) met twelve (12) times during the 2013 fiscal year. The Audit Committee met seven (7) times during the 2013 fiscal year. The Compensation Committee met four (4) times during the 2013 fiscal year. The Corporate Governance and Nominating Committee met one (1) time during the 2013 fiscal year. The Strategic Planning Committee met four (4) times during the 2013 fiscal year. During fiscal year 2013, each director participated in at least 75% or more of the aggregate of (i) the total number of meeting of the board of directors (held during the period for which he was a director) and (ii) the total number of meetings of all committees of the board of directors on which he served (during the period that he served).

Shareholder Communications with Directors

To communicate with the Company's directors, shareholders should submit their comments to Jan Webb, Executive Vice President and Corporate Secretary, either by sending written correspondence via mail or courier to Independent Bank Group, Inc., 1600 Redbud Boulevard, Suite 400, McKinney, Texas 75069; or via email at jwebb@ibt.com. Shareholder communications will be sent directly to the specific director or directors of the Company indicated in the communication or to all of the Company's directors if not specified.

Table of Contents

BOARD AND COMMITTEE MATTERS

Director Independence

Under the rules of the NASDAQ Global Select Market, independent directors must comprise a majority of the Company's board of directors within a specified period of time of the consummation of the Company's initial public offering. The rules of the NASDAQ Global Select Market, as well as those of the SEC, also impose several other requirements with respect to the independence of directors.

The Company's board of directors has evaluated the independence of its members based upon the rules of the NASDAQ Global Select Market and the SEC. Applying these standards, the board of directors has affirmatively determined that, with the exception of David R. Brooks, Torry Berntsen, Daniel W. Brooks, M. Brian Aynesworth and James D. Stein, each of the Company's directors is an independent director, as defined under the applicable rules. The board of directors determined that each of David R. Brooks, Torry Berntsen, Daniel W. Brooks, M. Brian Aynesworth and James D. Stein does not qualify as an independent director because of his position as an executive officer of the Company or Independent Bank. Even though Mr. Aynesworth resigned from his executive officer position with Independent Bank in April 2013, Mr. Aynesworth cannot be deemed to be independent under the rules of the NASDAQ Global Select Market for a period of three years from the date of his resignation.

Board Leadership Structure

David R. Brooks currently serves as the Company's Chairman of the Board and Chief Executive Officer. Mr. Brooks has served in both of these positions since the inception of the Company in 2002. Mr. Brooks' primary duties are to lead the Company's board of directors in establishing the Company's overall vision and strategic plan and to lead the Company's management in carrying out that plan. While the Company recognizes the inherent conflict of interest that arises when the positions are held by one person, the Company believes that the overall benefit of Mr. Brooks' leadership in both roles outweighs any potential disadvantage of this structure. The Company's lead independent director is Douglas A. Cifu.

The Company has also structured its management team to mitigate the corporate governance risk related to the dual positions held by David R. Brooks. Daniel W. Brooks, the Company's Vice Chairman and Chief Risk Officer, is responsible for overseeing the Company's credit function, the most important component of the Company's operations. Torry Berntsen, the Company's President and Chief Operating Officer, is responsible for supervising the Company's operations and technology in addition to overall expansion and development. In that role, Mr. Berntsen will assist the Company's board of directors in overseeing management and ensuring that the Company is operating to implement the strategies set by the board of directors and in compliance with established policies and procedures. By having other executive officers with separate and distinct roles, the Company believes that it will obtain benefits similar to