Independent Bank Group, Inc.
Form DEF 14A
April 26, 2018
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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:

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(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):

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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:

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April 26, 2018

Dear Shareholder:

On behalf of our board of directors, I invite you to attend the 2018 Annual Meeting of Shareholders to be held in the Ballroom of The Grand Hotel, 114 West Louisiana Street, McKinney Texas 75069, on Thursday, May 24, 2018, 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 2017 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, Chief Executive Officer and President

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1600 Redbud Boulevard, Suite 400

McKinney, Texas 75069-3257

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON THURSDAY, MAY 24, 2018

To the shareholders of Independent Bank Group, Inc.:

The annual meeting of shareholders of Independent Bank Group, Inc. (the Company), will be held on Thursday, May 24 2018, 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 II directors to serve on the board of directors of the Company until the Company s 2021 annual meeting of shareholders, and each until his respective successor is duly elected and qualified or until his earlier resignation or removal;

2. To approve an amendment to the Independent Bank Group, Inc. 2013 Equity Incentive Plan to increase the maximum number of shares issuable thereunder by 1,500,000, from 800,000 to 2,300,000;

3. To ratify the appointment of RSM US LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2018;

4. To conduct an advisory (nonbinding) vote regarding the compensation of the Company s named executive officers (Say-On-Pay);

5. To conduct an advisory (nonbinding) vote regarding the frequency of future votes regarding the compensation of the Company s named executive officers (Say-On-Frequency); and

6. 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 Corporate Secretary, at (972) 562-9004.

By Order of the board of directors,

Jan C. Webb

Corporate Secretary

McKinney, Texas

April 26, 2018

Your Vote is Important

A proxy card is enclosed. Whether or not you plan to attend the 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 meeting, you may vote in person if you desire, even if you have previously returned your proxy card or submitted your vote via the Internet or by telephone.

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McKinney, Texas 75069-3257

PROXY STATEMENT FOR

2018 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON THURSDAY, MAY 24, 2018

Unless the context otherwise requires, references in this proxy statement to we, us, our, our company, the Compan Independent refer to Independent Bank Group, Inc., a Texas corporation, and its consolidated subsidiaries as a whole; references to the Bank refer to Independent Bank (which is a wholly owned subsidiary of Independent). 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 $0.01 per share (our common stock).

This proxy statement is being furnished in connection with the solicitation of proxies by the board of directors of the Company for use at the 2018 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 24, 2018, at 3:30 p.m., Central Time, and any adjournments thereof for the purposes set forth in this proxy statement and the accompanying notice of the meeting.

The close of business on April 11, 2018, has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at the meeting or at any adjournment thereof. A list of shareholders entitled to vote at the meeting will be available for inspection by any shareholder at the principal office of the Company during ordinary business hours for a period of at least ten days prior to the meeting. This proxy statement, the notice of the meeting and the enclosed proxy card are first being sent to shareholders on or about April 26, 2018.

IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE 2018 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON THURSDAY, MAY 24, 2018

Pursuant to rules promulgated by the Securities and Exchange Commission, or 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 2018 Annual Meeting of Shareholders to be held on Thursday, May 24, 2018;

Proxy Statement for 2018 Annual Meeting of Shareholders to be held on Thursday, May 24, 2018;

Form of Proxy; and

Annual Report to Shareholders, including the Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

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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 24, 2018, in the Ballroom of The Grand Hotel, 114 West Louisiana Street, McKinney Texas 75069.

What is the purpose of the meeting?

This is the 2018 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 II directors to serve on the board of directors of the Company until the Company s 2021 annual meeting of shareholders, and each until his respective successor is duly elected and qualified or until his earlier resignation or removal;

2. To approve an amendment to the Independent Bank Group, Inc. 2013 Equity Incentive Plan to increase the maximum number of shares issuable thereunder by 1,500,000, from 800,000 to 2,300,000;

3. To ratify the appointment of RSM US LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2018;

4. To conduct an advisory (nonbinding) vote regarding the compensation of the Company s named executive officers (Say-On-Pay);

5. To conduct an advisory (nonbinding) vote regarding the frequency of future votes regarding the compensation of the Company s named executive officers (Say-On-Frequency); and

6. To transact such other business as may properly come before the meeting or any adjournment thereof.

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 and return a proxy card to vote your stock at a meeting of the Company s shareholders.

Who is entitled to vote at the meeting?

The holders of record of the Company s common stock as of 5:00 p.m. (Central Time) on April 11, 2018, which is the date that the Company s board of directors has fixed as the record date for the meeting, are entitled to vote at the meeting.

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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 11, 2018. The record date is established by the board of directors as required by Texas law. On the record date, 28,362,973 shares of our common stock were outstanding.

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 of shareholders. 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 meeting, in person or by proxy, in order to constitute a quorum for the transaction of business. At any meeting, whether or not a quorum is present, the chairman of the 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 meeting, may adjourn the 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 EQ 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 EQ 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 nonvote?

A broker nonvote 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 RSM US LLP as our independent registered public accounting firm (Proposal 3). 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 of directors (Proposal 1), with respect to the amendment to the Company s 2013 Equity Incentive Plan (Proposal 2), or with respect to the advisory (nonbinding) votes regarding the Say-On-Pay resolution (Proposal 4) and the Say-On-Frequency election (Proposal 5).

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.

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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 meeting. The process for voting your shares depends on how your shares are held as described above.

If you are a record holder on the record date for the annual meeting of shareholders, you may vote by proxy or you may attend the 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 meeting;

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

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

Your proxy card must be received by the Company by no later than the time the polls close for voting at the meeting for your vote to be counted at the meeting. Please note that telephone and Internet voting will close at 11:59 p.m., Central Time, on Wednesday, May 23, 2018.

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

What are the board of directors recommendations on how I should vote my shares?

The board of directors recommends that you vote your shares as follows:

Proposal 1 FOR the election of each nominee for director;

Proposal 2 FOR the approval of the amendment to the 2013 Equity Incentive Plan;

Proposal 3 FOR the ratification of the appointment of RSM US LLP as independent registered public accounting firm for 2018.

Proposal 4 FOR the an advisory (nonbinding) Say-On-Pay resolution; and

Proposal 5 FOR one year regarding the advisory (nonbinding) Say-On-Frequency election.

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;

Proposal 2 **FOR** the approval of the amendment to the 2013 Equity Incentive Plan;

Proposal 3 FOR the ratification of the appointment of RSM US LLP as independent registered public accounting firm for 2018.

Proposal 4 FOR the an advisory (nonbinding) Say-On-Pay resolution; and

Proposal 5 FOR one year regarding the advisory (nonbinding) Say-On-Frequency election.

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 RSM US LLP (Proposal 3).

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.

Who counts the votes?

All votes will be tabulated by the inspector of election appointed for the meeting. Votes for each proposal will be tabulated separately.

Can I attend the meeting and vote in person?

Yes. All shareholders are invited to attend the meeting. Shareholders of record on the record date for the meeting can vote in person at the 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 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. (Central Time) on Wednesday, April 11, 2018, confirming that you were the beneficial owner of those shares as of 5:00 p.m. (Central Time) on Wednesday, April 11, 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, bank or other nominee and appointing you as the record holder s proxy to vote the shares covered by that proxy at the meeting.

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 meeting a written notice of revocation addressed to: Jan Webb, 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

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attending the meeting and voting in person, and any earlier proxy will be revoked. However, simply attending the 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 meeting is required for the election of the director nominees (Proposal 1).

The approval of the amendment to the 2013 Equity Incentive Plan (Proposal 2), the ratification of RSM US LLP s appointment as the Company s independent registered public accounting firm for 2018 (Proposal 3) and approval of the advisory (nonbinding) resolution on Say-On-Pay (Proposal 4) and the election under the Say-On-Frequency (Proposal 5) 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 meeting.

How are broker nonvotes and abstentions treated?

Brokers, as holders of record, are permitted to vote on certain routine matters, but not on nonroutine matters. A broker nonvote 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 meeting is the ratification of the appointment of the independent registered public accounting firm (Proposal 3). If you hold shares in street name and do not provide voting instructions to your broker, those shares will be counted as broker nonvotes for all nonroutine matters.

A broker nonvote 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 nonvotes and abstentions are counted for purposes of determining the presence or absence of a quorum, but are not counted as votes cast at the meeting. Any abstentions will not have the effect of a vote against the proposals to approve the Amendment to the 2013 Equity Incentive Plan, and ratify the appointment of RSM US LLP as the Company s independent registered public accounting firm and with respect to the Say-On-Pay and Say-On-Frequency votes. 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 nonvotes are expected to occur in connection with this proposal. The vote to approve the Amendment to the 2013 Equity Incentive Plan, and the advisory, nonbinding votes on the Say-On-Pay resolution and Say-On-Frequency election are considered nonroutine matters and, as such, broker nonvotes will be deemed shares not present to vote on these matters, will not count as votes for or against these proposals and will not be included in calculating the number of votes necessary for approval of such matters.

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

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

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. 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.

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.

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 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 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 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, Corporate Secretary, Independent Bank Group, Inc., 1600 Redbud Boulevard, Suite 400, McKinney, Texas 75069, telephone (972) 562-9004.

PROPOSAL 1. ELECTION OF DIRECTORS

Board of Directors Composition

The Company s board of directors currently has eleven (11) members serving on the board with one vacancy in the Class III directors. 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 under the caption Corporate Governance below, the board of directors has affirmatively determined that nine of its eleven current directors qualify as independent directors under Rule 5605(a)(2) of The Nasdaq Stock Market Rules and the regulations of the SEC.

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 having four members and serving staggered three-year terms as follows:

The Class I directors are Daniel W. Brooks, Craig E. Holmes, Tom C. Nichols, and G. Stacy Smith, and their terms will expire at the annual meeting of shareholders to be held in 2020;

The Class II directors are William E. Fair, Mark K. Gormley, Donald L. Poarch and Michael T. Viola, and their terms will expire at the annual meeting of shareholders to be held in 2018; and

The Class III directors are David R. Brooks, Douglas A. Cifu and J. Webb Jennings, III, and their terms will expire at the annual meeting of shareholders to be held in 2019.

The vacancy in the Class III directors is due to the resignation of Christopher M. Doody on March 15, 2018. Mr. Doody resigned in connection with the sale of all of the shares of Company common stock by Trident IV PF Depository Holdings, LLC and Trident IV Depository Holdings, LLC and was not a result of a disagreement between the Company or its management and Mr. Doody relating to the Company s operations, policies or practices.

Board Size and Director Ages, Tenure and Experience

As part of its annual review, the Corporate Governance and Nominating Committee (the CGNC) reviewed the size of the board, which now stands at eleven, and did not perceive a need to change the size of the board for the current year. The average age of the board is 55 years with ages ranging from 31 to 70. Average tenure is approximately 7 years, ranging from a low of 1 year to a high of 16 years. The Committee balances the need for board refreshment against the need for continuity, a broad range of experience, and an understanding of the regulatory framework in which the Company operates. Each of the independent board members possess backgrounds in different industries, including real estate, financial services, technology, investments and banking.

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 election and the election and qualification of his successor. Any additional directorships resulting from an increase in the number of directors 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.

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Any director vacancy occurring after the election may be filled by a majority vote of the remaining directors, even if the remaining directors constitute less than a quorum of the full board of directors. In accordance with the Company s bylaws, a director appointed to fill a vacancy will be appointed to serve the remaining term of his predecessor.

Nominees for Election

The CGNC has recommended to the Company s board of directors, and the Company s board of directors has approved the nomination of William E. Fair, Mark K. Gormley, Donald L. Poarch and Michael T. Viola to fill the Class II director seats and the board of directors recommends these nominees for election by the Company s shareholders as Class II directors to serve on the board of directors of the Company until the Company s 2021 annual meeting of shareholders and each until his respective successor is duly elected and qualified or until his earlier resignation or removal. William E. Fair, Mark K. Gormley, Donald L. Poarch and Michael T. Viola are currently serving as Class II directors.

Unless the authority to vote for the election of directors is withheld as to one or more of the nominees, all shares of common stock represented by proxy will be voted **FOR** the election of the nominees. If the authority to vote for the election of directors is withheld as to one or more but not all of the nominees, all shares of common stock represented by any such proxy will be voted **FOR** the election of the nominee or nominees, as the case may be, as to whom such authority is not withheld.

If a nominee becomes unavailable to serve as a director for any reason before the election, the shares represented by proxy will be voted for such other person, if any, as may be designated by the board of directors. The board of directors has no reason to believe that any nominee will be unavailable to serve as a director. All of the nominees have consented to being named herein and to serve if elected.

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
William E. Fair(1)	56	Class II Director	2009
Mark K. Gormley(2)	59	Class II Director	2017
Donald L. Poarch(3)	66	Class II Director	2014
Michael T. Viola(4)	31	Class II Director	2013

(1) Chairman, Compensation Committee and Member of the Strategic Planning Committee
(2) Member, Audit Committee
(3) Member, CGNC
(4) Member, CGNC

The biography of each of the director nominees set forth below contains information regarding the person s service as a director and/or executive officer, business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the CGNC and the board of directors to determine that the person should serve as a director.

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 1984 and has served on the board of directors of Capstone Mechanical, LLC 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.

Mark K. Gormley. Mark K. Gormley became a member of the board of directors of the Company in connection with the Company s acquisition of Carlile Bancshares, Inc., or Carlile, on April 1, 2017. Mr. Gormley is a Partner at Lee Equity Partners, LLC. Prior to co-founding the firm in 2006, Mr. Gormley was a Partner at Capital Z Financial Services Partners (CZFS), a leading financial services private equity firm, where he played a leading role in the operations and investment activities of the $1.85 billion fund. Mr. Gormley co-founded the firm in 1998 and shared responsibility for the oversight of all of the firm s investment and monitoring activities. Prior to joining CZFS in 1998, Mr. Gormley served as a Managing Director at Donaldson, Lufkin & Jenrette (DLJ), specializing in the insurance and asset management industries. While at DLJ, Mr. Gormley worked on corporate finance and merger and acquisition assignments, as well as on principal related activities on behalf of DLJ Merchant Banking. Prior to joining DLJ in 1989, he was a founding member of the Insurance Investment Banking Group at Merrill Lynch in 1985.

Mr. Gormley previously served as a director of Carlile. He also serves or has served as a director of numerous public and private companies, including MidCap Financial, Universal American, Captive Resources, SKOPOS Financial, Edelman Financial, Permanent General, NewStar Financial, British Marine Holdings, Catlin Group and NACOLAH Holdings, among others. Mr. Gormley received a B.S.B.A. cum laude in Finance and Economics from the University of Denver and an M.B.A. from New York University. He is a resident of New York, New York. Mr. Gormley s qualifications to serve on the Company s board of directors include his experience as a director of Carlile and his experience as a director of other financial institutions.

Donald L. Poarch. Donald L. Poarch is a member of the board of directors of the Company, joining the board in April 2014 in connection with the Company s acquisition of BOH Holdings, Inc. and its subsidiary, Bank of Houston. 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 had been a member of the BOH Holdings board of directors since 2008, and its chairman since 2012, and 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 was completed in April 2014. 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. Mr. Poarch s qualifications to serve on the Company s board of directors include his extensive experience in the Houston business community and his experience as a director of BOH Holdings, Bank of Houston, and the Company.

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 currently serves as the President of the Viola family office, a position he has held since March 2016. As President of the family s investment office, Mr. Viola is responsible for overseeing the family s operating businesses, public and private investment portfolio, banking relationships, not-for-profit businesses and philanthropic work. Before joining the family investment office, Mr. Viola worked at Virtu Financial LLC (Virtu) from 2010 to 2016. While employed at Virtu, Mr. Viola held multiple roles, including operations, project management, and trading, where he worked as a senior trader focused on foreign exchange products and global commodities. Mr. Viola currently serves on the Board of Directors at Virtu Financial Inc., a leading technology-enabled market making company, Swift Air, a private charter airline, XRO Energy LLC, a private oil and gas company, and VersaMe Inc., a technology startup focused on early childhood education. Mr. Viola also serves on the board of The Viola Foundation, working to develop and deliver innovative programs in the education, national security, and faith based sectors. 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

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knowledge of financial markets, his familiarity with the Company given his family s ownership of Independent Bank over the past twenty-nine years, and his experience as a director of the Company.

Shareholder Approval

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

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

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EXECUTIVE OFFICERS AND CONTINUING DIRECTORS

Director and Executive Officer Information

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 its 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)	59	Chairman of the Board, Chief Executive Officer, President and Director
Daniel W. Brooks	57	Vice Chairman, Chief Risk Officer and Director
Brian E. Hobart	52	Vice Chairman and Chief Lending Officer
Michelle S. Hickox	50	Executive Vice President and Chief Financial Officer
James C. White	53	Executive Vice President and Chief Operations Officer
James P. Tippit	47	Executive Vice President, Corporate Responsibility
Mark S. Haynie	62	Executive Vice President and General Counsel
Douglas A. Cifu(2)	52	Director
Craig E. Holmes(3)	60	Director
J. Webb Jennings, III(4)	47	Director
Tom C. Nichols(5)	71	Director
G. Stacy Smith(6)	50	Director

(1) Member, Strategic Planning Committee
(2) Chairman, CGNC
(3) Chairman, Audit Committee
(4) Member, Audit and Compensation Committee
(5) Member, Strategic Planning Committee
(6) Member, Audit Committee and Compensation Committee, and Chairman, Strategic Planning Committee

The following is a brief discussion of the business and banking background and experience of the Company s executive officers and continuing directors. 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 Company s board, Chief Executive Officer, President and a director of the Company. He has served as Chairman of the Board, Chief Executive Officer and director since the Company was formed in 2002, and he has served as the Company s President since 2016. 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 directors of Capital Southwest Corporation and on the Board of Trustees of Houston Baptist University, and previously served as the Chairman of the Board of Noel-Levitz, Inc., a higher education consulting firm, from 2009 to 2014 and as Chief Financial Officer at Baylor University from 2000 to 2004. Mr. Brooks previously served on the McKinney City Council, as President of the Board of Trustees of the McKinney Independent School District, and on 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.

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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 in the banking industry, and specifically 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. From 2009 to 2013, he served as President and as a director of the Company and Independent Bank while also functioning as the Company s Chief Lending Officer. Mr. Hobart was one of the founders of IBG Central Texas and served as its President and as a director from 2004 until it was combined with the Company in 2009. Prior to joining IBG Central Texas, he served as a senior officer of other Waco banks since the early 1990s. Mr. Hobart has served in various volunteer roles over his career with an emphasis on children.

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 RSM US LLP (formerly 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. Ms. Hickox serves on the boards of the Baylor Oral Health Foundation and the Texas A&M Commercial Banking Program. She 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.

James C. White. James C. White is the Executive Vice President and Chief Operations Officer of the Company, joining the Company in April 2016. He has over thirty years experience in the banking industry and has held a variety of management positions in finance, operations, product development, strategic planning, compliance and information technology. Prior to joining the Company, Mr. White served as Executive Vice President and Chief Operating Officer of Fischer & Company, a global corporate real estate firm that provides consulting, brokerage and technology solutions to many Fortune 500 companies from July 2015 to April 2016. Prior to Fischer, Mr. White served as Executive Vice President and Chief Operations Officer of Texas Capital Bank from February 2000 to June 2015 where he directed key operational areas and introduced and managed changes which supported growth for that bank. Mr. White holds a bachelor s of science degree from the University of North Texas in business and control systems, is certified in Six Sigma, is a Certified Treasury Professional and is a current member of the Association of Financial Professionals.

James P. Tippit. James P. Tippit is Executive Vice President Corporate Responsibility of the Company and Independent Bank, assuming this position effective on January 8, 2018. Mr. Tippit oversees the Company s and Independent Bank s community development function. Mr. Tippit has been with Independent Bank since 2011 as Community Reinvestment Act (CRA) Officer and then Head of Corporate Responsibility. As Executive Vice President, he will continue to oversee Human Resources, CRA, Community Development, Marketing and Communications. Prior to his tenure at Independent Bank, Mr. Tippit worked for JP Morgan Chase in the Wealth Management Division and American Express Financial Advisors.

Mark S. Haynie. Mark S. Haynie is Executive Vice President and General Counsel of the Company and Independent Bank, effective March 1, 2018. Mr. Haynie has over 35 years experience in representing community banks in a wide variety of corporate, regulatory and securities matters. Prior to joining the Company, Mr. Haynie served as attorney, President and shareholder at Haynie Rake Repass & Klimko, P.C., a law firm, from 1996 to the present. Mr. Haynie has represented the Company since its formation in 2002, serving as lead counsel on all of the Company s M&A and capital markets transactions. Mr. Haynie is a graduate of Texas Tech University and The University of Texas School of Law.

Douglas A. Cifu. Douglas A. Cifu is a member of the board of directors of the Company, joining the board in 2008. Mr. Cifu is the Chief Executive Officer of Virtu Financial LLC, a global electronic market making firm. He had previously served as President and Chief Executive Officer of Virtu Financial 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 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.

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 provides strategic advisory services and manages personal investments. He also serves on the board of directors of Hobi International, Inc., a certified IT asset management company, joining the board in August 2009. From August 2017 through April 13, 2018, Mr. Holmes served as Co-President and Co-Chief Executive Officer of Global Power Equipment Group, Inc., an engineering, manufacturing and maintenance company. He previously served as Senior Vice President of Global Power Equipment Group, Inc. from October 2015 to July 2017, Chief Financial Officer of Global Power Equipment Group, Inc. from March 2017 to August 2017, Chief Financial Officer of Goodman Networks Incorporated, a telecommunications services company, from December 2014 to March 2015, and as Chief Financial Officer of Sizmek, Inc., formerly Digital Generation, Inc., a global advertising campaign management company, from October 2012 until December 2014. Mr. Holmes also previously served as Executive Vice President and Chief Financial Officer of Quickoffice, Inc., a mobile software company, from 2011 to 2012, and 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 2009 to 2011. Prior to 2009, Mr. Holmes held executive positions at several public and private companies. Mr. Holmes was a partner at Arthur Andersen, a national public accounting firm, where he worked from 1982 to 1995. Mr. Holmes holds a Masters and BBA from Texas Tech University. He served on the University of Texas at Dallas School of Management Board of Advisors from January 2003 to December 2009 and the Dallas Summer Musicals Board of Directors from December 2004 to January 2010. 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 experience in finance, accounting and executive management and his experience as a director of the Company.

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 in connection with the Company s acquisition of BOH Holdings, Inc. and its subsidiary, Bank of Houston. Mr. Jennings founded Salt Investment Partners in January 2016 to focus on direct investing in lower, middle-market companies. He previously served as a vice president at Hancock Park Associates, a middle market private equity firm with offices in Houston, Texas, and Los Angeles, California, from 2007 to 2015. Mr. Jennings served on the Bank of Houston board of directors since that bank was formed in 2005 as well as the BOH Holdings board of directors. He currently serves on the boards of directors of Alloy Merchant Finance, Automation Technology, Inc., and a privately held, diversified investment company. 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. Mr. Jennings qualifications to serve on the Company s board of directors include his extensive business experience in Houston and his experience as a director of BOH Holdings, Bank of Houston, and the Company.

Tom C. Nichols. Tom C. Nichols became a member of the board of directors of the Company in connection with the Company s acquisition of Carlile on April 1, 2017. Mr. Nichols previously served as the Chairman and Chief Executive Officer of Carlile.

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Mr. Nichols has acquired, merged, and sold banking organizations and other financial services companies for over 30 years. He began his banking career in 1969 as a bank examiner with the FDIC. From 1973 1976, he served in various banking capacities in Oklahoma, New Mexico and Texas. In 1976, Mr. Nichols joined Gerald J. Ford (Ford Bank Group) and from 1976 1994, was involved in buying and operating numerous banks in Texas and New Mexico. Mr. Nichols served Ford Bank Group as the President and Chief Operating Officer and later, Chairman, President and Chief Executive Officer of Ford s lead bank, First National Bank of Lubbock. In 1993, Ford Bank Group merged with United New Mexico Financial Corporation forming First United Bank Group, at which time Mr. Nichols served as President and Chief Operating Officer. The Norwest Corporation acquired First United Bank Group in 1994 and Mr. Nichols served as Regional President of Norwest Bank Texas, N.A. from 1994 to 1995.

In 1996, Mr. Nichols formed State National Bancshares, Inc. (SNBI) and chartered its subsidiary, State National Bank, a de novo national banking association originally chartered in Lubbock, Texas. He recruited a number of other senior officers formerly with Ford Bank Group and United New Mexico to form the management team. From 1996 2005, SNBI completed 9 acquisitions and grew from a de novo in 1996 to assets of over $1.7 billion at the time of its acquisition by BBVA on January 3, 2007.

Mr. Nichols served as a member of the Board and Audit Committee of United New Mexico Financial Corporation from 1985 1988. He served as a Board member of the Texas Higher Education Coordinating Board and Chairman of the campus Planning Committee from 1992 1998. Mr. Nichols also served as a Director and member of the Audit Committee and Compensation Committees of BBVA-Compass USA from 2007 2009. Since 2005, Mr. Nichols has served as a Director and member of the Audit Committee and Compensation Committees of First Acceptance Corporation (FAC-NYSE).

Mr. Nichols holds a B.S. in Economics from Abilene Christian University. He is a resident of Colleyville, Texas. Mr. Nichols qualifications to serve on the Company s board of directors include his previous service as Chairman of the Board, Chief Executive Officer and director of Carlile and his extensive experience as an executive officer and director of financial institutions.

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 the Managing Partner of SCW Capital, L.P., a private equity hedge fund focusing on financial and energy sectors, a position he has held since August 2013. Mr. Smith is also co-founder and an active partner in Trinity Investment Group, which invests in private equity, public equity and hard assets. 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 serves as a director of USD Partners, LP, a master limited partnership involved in the acquisition and development of energy related logistics assets, and WhiteHorse Finance, Inc., a closed end management investment company. He 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, his knowledge of the Texas banking market and his experience as a director of the Company.

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CORPORATE GOVERNANCE

Director Independence

Under The Nasdaq Stock Market Rules, independent directors must comprise a majority of the Company s board of directors. The Nasdaq Stock Market Rules, 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 Nasdaq Stock Market Rules and the SEC. Applying these standards, the board of directors has affirmatively determined that, with the exception of David R. Brooks and Daniel W. Brooks, 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 and Daniel W. Brooks does not qualify as an independent director because of his position as an executive officer of the Company and Independent Bank.

Board of Directors Leadership Structure

David R. Brooks currently serves as the Company s Chairman of the Board, Chief Executive Officer and President. 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 who has served in this role since 2013. As lead independent director, Mr. Cifu serves as a liaison between the Chairman and the independent directors, presides over executive sessions of the independent directors, and consults with the Chairman on major corporate decisions.

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. By having other executive officers with separate and distinct roles, the Company believes that it will obtain benefits similar to the benefits of having a separate Chairman and Chief Executive Officer.

Board of Directors Committees

In February 2013, the Company s board of directors established standing committees at the Company level in connection with the discharge of its responsibilities. These committees include an Audit Committee, a Compensation Committee, a Corporate Governance and Nominating Committee and a Strategic Planning Committee.

In the future, the Company s board of directors also may establish such additional committees as it deems appropriate, in accordance with applicable law and regulations and the Company s certificate of formation and Bylaws.

Audit Committee. The members of the Company s Audit Committee are Craig E. Holmes (Chairman), Mark K. Gormley, G. Stacy Smith and, effective April 19, 2018, J. Webb Jennings, III. The Company s board of directors has evaluated the independence of each of the members of the Audit Committee and has affirmatively determined that (i) each of the members meets the definition of an independent director under The Nasdaq Stock Market Rules, (ii) each of the members satisfies the additional independence standards under applicable SEC rules for audit committee service and (iii) each of the members has the ability to read and understand fundamental financial statements. In addition, the board of directors has determined that Mr. Holmes also qualifies as a financial expert and has the required financial sophistication due to his experience and background, which The Nasdaq Stock Market Rules require at least one such Audit Committee member have.

The Company s Audit Committee has responsibility for, among other things:

- selecting and reviewing the performance of the Company s independent auditors and approving, in advance, all engagements and fee arrangements;
- reviewing the independence of the Company s independent auditors;
- reviewing actions by management on recommendations of the independent auditors and internal auditors;
- meeting with management, the internal auditors and the independent auditors to review the effectiveness of the Company s system of internal controls and internal audit procedures;
- reviewing the Company s earnings releases and reports filed with the SEC;
- reviewing reports of bank regulatory agencies and monitoring management s compliance with recommendations contained in those reports; and
- handling such other matters that are specifically delegated to the Audit Committee by the Company s board of directors from time to time.

The Company s Audit Committee has adopted a written charter, which sets forth the committee s duties and responsibilities. The charter of the Audit Committee is available on the Company s website at www.ibtx.com.

Compensation Committee. The members of the Company s Compensation Committee are William E. Fair (Chairman), G. Stacy Smith and J. Webb Jennings, III. The Company s board of directors has evaluated the independence of each of the members of the Compensation Committee and has affirmatively determined that each meets the definition of an independent director under The Nasdaq Stock Market Rules.

The board of directors has determined that each of the members of the Compensation Committee qualifies as a nonemployee director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, or the Exchange Act, and an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

None of the directors who served on the Compensation Committee at any time during fiscal 2017 were officers or employees of the Company or were former officers or employees of the Company. Further, none of the directors who served on the Compensation Committee at any time during fiscal 2017 has any relationship with the Company requiring disclosure under Certain Relationships and Related Transactions and Director Independence under Item 13 below, other than William E. Fair, as described in that section. Finally, no executive officer of the Company serves, or in the past fiscal year has served, as a member of the compensation committee (or other board committee performing equivalent functions) of any entity that has one or more of its executive officers serving on the Company s Compensation Committee.

In accordance with its charter, the Compensation Committee has the responsibility and authority of establishing the philosophy that underlies the Company s executive compensation program, for establishing and implementing that program and for reviewing and setting the compensation of each of the Company s named executive officers and other executive officers. The Company s board of directors has directed the Compensation Committee, in accordance with its charter, to ensure that the Company s executive compensation program is designed and executed in a manner necessary to reflect the Company s executive compensation philosophy, to

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achieve the Company s goals and objectives and is consistent with regulatory requirements. Specifically, the Compensation Committee has responsibility for, among other things:

- reviewing, monitoring and approving the Company s overall compensation structure, policies and programs (including benefit plans) and assessing whether the compensation structure establishes appropriate incentives for the Company s executive officers and other employees and meets the Company s corporate objectives;
- determining the annual compensation of the Company s named executive officers as noted in Executive Compensation and Other Matters ;
- reviewing the Company s executive officer compensation program and determining if:
  - such program is appropriately linked to the Company s short-term and long-term financial and other performance;
  - the interests of the Company s executive officers are appropriately aligned with the interests of the Company s shareholders or can be more appropriately aligned through greater equity ownership by the Company s executive officers and by having a greater proportion of executive officer compensation tied to the Company s financial and other performance; and
  - the base salaries and incentive compensation opportunities provided to the Company s executive officers are competitive with those packages offered by other similarly situated and similarly performing financial institutions;
- addressing such other matters relating to the Company s executive compensation program as it deems appropriate;
- reviewing the compensation decisions made by the Company s named executive officers with respect to the Company s other executive officers;
- Overseeing the administration of the Company s equity plans and other incentive compensation plans and programs and preparing recommendations and periodic reports to the Company s board of directors relating to these matters; and
- handling such other matters that are specifically delegated to the Compensation Committee by the Company s board of directors from time to time.

The Company s Compensation Committee has adopted a written charter, which sets forth the committee s duties and responsibilities. The charter of the Compensation Committee is available on the Company s website at www.ibtx.com.

From time to time, the Compensation Committee may, by resolution of the Compensation Committee, delegate to one or more other committees of the board of directors of the Company separate but concurrent authority, to the extent specified in such resolution, to administer such plans with respect to employees of the Company and its subsidiaries and consultants who are not subject to the short-swing profit restrictions of Section 16(b) of the Exchange Act.

Since 2013, the Compensation Committee has engaged Johnson Associates, Inc. (Johnson Associates) as an independent compensation consultant. Johnson Associates has and continues to advise the Compensation Committee on a variety of matters regarding executive compensation, including compensation levels, incentive awards and plans, and performance awards and plans, and conducts analyses and performance measures when requested by the Compensation Committee. Other than its engagement through the Compensation Committee, Johnson Associates does not perform and has never performed any other services for the Company.

At the recommendation of the Compensation Committee, the Company s board of directors adopted the 2015 Performance Award Plan, which was approved by the Company s shareholders at the Company s 2015 annual meeting. Pursuant to the 2015 Performance Award Plan, executive officers are eligible to receive cash and equity based performance awards based upon the achievement of goals related to the performance of the Company. At the end of each year, the Compensation Committee reviews the level of achievement of the pre-established performance goals.

Corporate Governance and Nominating Committee. The members of the Company s CGNC are Douglas A. Cifu (Chairman), Donald L. Poarch and Michael T. Viola. The Company s board of directors has evaluated the independence of each of the members of the CGNC and has affirmatively determined that each meets the definition of an independent director under The Nasdaq Stock Market Rules and SEC regulations.

The Company s CGNC has responsibility for, among other things:

recommending persons to be selected by the Company s board of directors as nominees for election as directors and to fill any vacancies on the Company s board of directors; provided that if this Committee is not comprised solely of independent directors under The Nasdaq Stock Market Rules, the Committee shall make its recommendations to the independent members of the Company s board of directors, who, in turn, shall nominate persons to be selected by the Company s board of directors as nominees for election as directors and to fill any vacancies on the Company s board of directors;

monitoring the function of the Company s standing committees and recommending any changes, including the creation or elimination of any committee;

developing, reviewing and monitoring compliance with the Company s corporate governance guidelines;

reviewing and approving all related person transactions for potential conflicts of interest situations on an ongoing basis;

reviewing annually the composition of the Company s board of directors as a whole and making recommendations; and

handling such other matters that are specifically delegated to the CGNC by the Company s board of directors from time to time.

The Company s CGNC has adopted a written charter, which sets forth the committee s duties and responsibilities. The charter of the CGNC is available on the Company s website at www.ibtx.com.

In carrying out its functions, the CGNC has developed the following qualification criteria for all potential nominees for election, including incumbent directors, board nominees and shareholder nominees:

- integrity and high ethical standards in the nominee s professional life;

- sufficient educational and professional experience, business experience or comparable service on other boards of directors to qualify the nominee for service on the Company s board of directors;

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- evidence of leadership and sound judgment in the nominee s professional life;
- whether the nominee is well recognized in the community and has a demonstrated record of service to the community;
- diversity of viewpoints, background, experience and other demographics;
- a willingness to abide by any published code of conduct or ethics for the Company; and
- a willingness and ability to devote sufficient time to carrying out the duties and responsibilities required as a member of the Company s board of directors.

Diversity Policy. As described above, diversity is one criteria on which the CGNC bases its recommendations of new nominees for director positions. The inclusion of diversity in the criteria for director nominees reflects the board of directors belief that diversity is important to the effective functioning of the board of directors. On December 7, 2017, the board of directors of the Company adopted a Board Diversity Policy. This policy recognizes the importance and benefits of having a board of directors with a broad range of perspectives, backgrounds and experiences. The policy expresses the board s belief that it should be comprised of individuals who have differences in skills, industry experiences, backgrounds, gender and race/ethnicity.

The policy provides that, in its annual review of the board of directors effectiveness and in connection with its recommendation of the nominees for directors, the CGNC will:

- consider the benefits of all aspects of diversity in order to enable the board of directors to discharge its duties and responsibilities effectively;
- consider candidates on merit based on their talents, experiences, areas of expertise, skills, character, qualities and interpersonal communication and acumen, as well as a criteria designed to promote diversity;
- consider the balance of skills, experiences, independence and backgrounds of all of the directors and the diversity representation on the board of directors, including gender; and
- in respect of gender, the CGNC will consider and recommend to the board of directors potential strategies for identifying female board candidates.

The Policy provides that the CGNC will discuss and agree annually on measurable objectives for achieving diversity on the board of directors and recommend the objectives for adoption. The CGNC met on April 3, 2018, and as part of their annual review of the Diversity Policy, recommended to the board of directors that the Company s Chairman and CEO conduct a search to identify candidates to potentially fill the current vacancy, and potential future vacancies, on the board of directors. The CGNC recommended that the search emphasize potential candidates with experience levels and skill sets consistent with the current members of the board of directors, but the search should also recognize the benefits of gender and ethnic diversity. The board of directors adopted this objective on April 19, 2018.

Director Nominations. The Company s board of directors does not have a policy with respect to the consideration of any director candidates recommended by shareholders. All recommended candidates will be considered by the CGNC of the board of directors for nomination in light of the attributes specified in this section.

A notice of a shareholder to make a nomination of a person for election as a director of the Company must be made in writing and received by the Corporate Secretary of the Company (i) in the event of an annual meeting of shareholders, not more than one hundred twenty (120) days and not less than ninety (90) days in advance of the anniversary date of the immediately preceding annual meeting; provided, however, that in the event that the annual meeting is called on a date that is not within thirty (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 fifteenth (15) day following the day on which notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever first occurs; or (ii) in the event of a special meeting of shareholders, such notice shall be received by the Corporate Secretary not later than the close of business on the fifteenth (15) 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 first occurs.

Every such notice by a shareholder must set forth:

(i) the name and residence address of the shareholder of the Company who intends to make a nomination or bring up any other matter;

(ii) a representation that the shareholder is a holder of the Company s voting stock (indicating 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 the election of a person as a director of the Company, a description of all arrangements or understandings among the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; and

(iv) with respect to an intent to make a nomination, such other information regarding each nominee proposed by such shareholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had each nominee been nominated by the board of directors of the Company.

At the meeting of shareholders, the Chairman shall declare out of order and disregard any nomination or other matter not presented in accordance with these requirements.

The shareholder must also submit the nominee s consent to be elected and to serve. The board of directors may require any nominee to furnish any other information that may be needed to determine the eligibility and qualifications of the nominee. Any recommendations in proper form received from shareholders will be evaluated in the same manner that potential nominees recommended by directors or management are evaluated.

Director Nominee Agreements. In connection with the Company s acquisition of Carlile, effective April 1, 2017, the Company entered into nominee agreements with Tom C. Nichols, Trident IV PF Depository Holdings, LLC and Trident IV Depository Holdings, LLC (together, these entities, Trident) and LEP Carlile Holdings, LLC (LEP) whereby Mr. Nichols, Trident and LEP would have certain continuing rights to propose nominees to the Company s board of directors and maintain certain representation on the board. Under his agreement, Mr. Nichols has certain continuing rights to be a board nominee to the Company s board of directors. Under his agreement and provided that Mr. Nichols continues to satisfy the Company s governance and ethics policies, the Company is required to nominate and recommend Mr. Nichols for election as a Class I director of the Company, and the Company, as the sole shareholder of Independent Bank, is required to elect Mr. Nichols as a director of Independent Bank. If Mr. Nichols no longer beneficially owns at least 50% of the aggregate number of shares of common stock of the Company that he received in the Company s acquisition of Carlile, then upon the written request of the Company s board, Mr. Nichols will resign from the Company s board and the Company will have no further obligations to nominate and recommend Mr. Nichols for election to the Company s board.

Under the Company s agreement with LEP, LEP has the right to designate one person as a nominee to serve on the Company s board of directors during the term of the agreement. Mr. Gormley is currently the designee of LEP. Provided that Mr. Gormley continues to satisfy the Company s governance and ethics policies, the Company is obligated to nominate and recommend Mr. Gormley as a Class II director. LEP has the right to appoint substitute representatives in certain circumstances. If LEP no longer beneficially owns at least 50% of the aggregate number of shares of the Company common stock that it received in the Company s acquisition of Carlile, then upon the written request of the Company s board of directors, LEP will cause its nominee to resign from the Company s board and the Company will have no further obligation to nominate and recommend LEP s nominee for election to the Company s board. Trident, which had a similar agreement, has sold all of its shares of Company common stock and, in connection with such sale, Mr. Doody resigned as a director of the Company on March 15, 2018. Each of Messrs. Nichols and Gormley receive the same compensation and indemnification as the Company s other nonemployee directors.

Strategic Planning Committee. The members of the Strategic Planning Committee are G. Stacy Smith (Chairman), David R. Brooks, William E. Fair, and Tom C. Nichols. The Company s board of directors has evaluated the independence of each of the members of the Strategic Planning Committee and has affirmatively determined that Mr. Nichols, Mr. Smith and Mr. Fair meet the definition of an independent director under The Nasdaq Stock Market Rules. Mr. Brooks does not meet the definition of independent director under The Nasdaq Stock Market Rules because he is an executive officer of the Company.

The Company s Strategic Planning Committee has responsibility for, among other things:

- establishing plans for the growth of the Company, including organic growth plans and strategic acquisitions;
- identifying new market areas;
- identifying new management candidates to enhance product and geographic expansion;
- identifying acquisition targets and developing plans to pursue acquisitions of such identified targets; and
- reviewing capital and financing levels, financial partners, and ensuring continued access to capital and financing.

The Company s Strategic Planning Committee has adopted a written charter, which sets forth the committee s duties and responsibilities. The charter of the Strategic Planning Committee is available on the Company s website at www.ibtx.com.

Board of Directors Meetings

The board of directors of the Company (including regularly scheduled and special meetings) met twelve (12) times during the 2017 fiscal year. The Audit Committee met six (6) times during the 2017 fiscal year. The Compensation Committee met three (3) times during the 2017 fiscal year. The CGNC met two (2) times during the 2017 fiscal year.

The Strategic Planning Committee met three (3) times during the 2017 fiscal year. During fiscal year 2017, each director participated in at least 75% or more of the aggregate of (i) the total number of meetings 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), except for Doug Cifu who attended 67% of board meetings (eight out of twelve meetings).

Shareholder Communications with Directors

To communicate with the Company s directors, shareholders should submit their comments to Jan Webb, Corporate Secretary, either by sending written correspondence via mail or courier to Independent Bank

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Group, Inc., 1600 Redbud Boulevard, Suite 400, McKinney, Texas 75069; or via email at jwebb@ibtx.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.

Code of Conduct; Code of Ethics for Chief Executive Officer and Senior Financial Officers

The Company has a Code of Conduct in place that applies to all of the Company s directors, officers and employees. The Code of Conduct sets forth the standard of conduct that the Company expects all of the Company s directors, officers and employees to follow, including the Company s Chief Executive Officer and Chief Financial Officer. In addition, the Company has a Code of Ethics for the Chief Executive Officer and Senior Financial Officers that applies to each of the Company s senior executive and senior financial officers, including the Company s Chief Executive Officer and Chief Financial Officer, principal accounting officer and controller, and sets forth specific standards of conduct and ethics that the Company expects from such individuals in addition to those set forth in the Code of Conduct. The Company s Code of Conduct and the Company s Code of Ethics for the Chief Executive Officer and Senior Financial Officers is available on the Company s website at www.ibtx.com. The Company expects that any amendments to the Code of Conduct or the Code of Ethics for the Chief Executive Officer and Senior Financial Officers, or any waivers of their respective requirements, will be disclosed on the Company s website, as well as any other means required by The Nasdaq Stock Market Rules or the SEC.

Corporate Governance Guidelines

The Company has adopted Corporate Governance Guidelines to assist the Company s board of directors in the exercise of its fiduciary duties and responsibilities and to promote the effective functioning of the board of directors and its committees. The Company s Corporate Governance Guidelines are available on the Company s website at www.ibtx.com.

Compensation Committee Interlocks and Insider Participation

During 2017, no executive officer of the Company served as (1) a member of a compensation committee (or other board of directors committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on the Company s Compensation Committee, (2) a director of another entity, one of whose executive officers served on the Company s Compensation Committee or (3) a member of the compensation committee (or other board of directors committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as a director of the Company. In addition, none of the members of the Compensation Committee (a) was an officer or employee of the Company or any of its subsidiaries in 2017, (b) was formerly an officer or employee of the Company or any of its subsidiaries or (c) had any relationship that required disclosure under Certain Relationships and Related Transactions, except as is disclosed under such section for William E. Fair.

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EXECUTIVE COMPENSATION AND OTHER MATTERS

Named Executive Officers

The individuals who served as the Company s Chief Executive Officer and Chief Financial Officer during 2017, as well as the Company s four other most highly compensated executive officers for 2017, are collectively referred to as the Company s named executive officers. The compensation of our executive officers is discussed below.

Compensation Discussion and Analysis

Overview of Compensation Program

The Compensation Committee of the board of directors is responsible for making recommendations to the board of directors relating to the compensation of the Company s Chairman of the Board, Chief Executive Officer and President, the other named executive officers, and the directors. William E. Fair, J. Webb Jennings, III, and G. Stacy Smith, each of whom the board of directors has determined to be an independent director, as defined in The Nasdaq Stock Market Rules and SEC regulations, serve on the Compensation Committee.

This discussion and analysis describes the components of the Company s compensation program for its named executive officers and describes the basis on which the Compensation Committee made its 2017 compensation determinations with respect to the named executive officers of the Company.

Role of Executives in Establishing Compensation

The Compensation Committee, either as a committee or together with the other independent directors of the Company, make all recommendations to the board of directors with respect to the compensation of the Company s executive officers, including the named executive officers, which the board of directors then reviews and, if satisfactory, approves. The Chairman of the Board, Chief Executive Officer and President provides input regarding the performance of the other named executive officers and makes recommendations for compensation amounts payable to the other named executive officers. The Compensation Committee evaluates the Chairman of the Board, Chief Executive Officer and President s performance in light of the Company s goals and objectives relevant to his compensation. The Chairman of the Board, Chief Executive Officer and President is not involved with any aspect of determining his own pay.

Compensation Committee Activity

When reviewing named executive officer compensation, the Compensation Committee and the board of directors review all elements of current and historic compensation for each named executive officer. The Compensation Committee also makes recommendations to the board of directors as to all stock grants to the named executive officers made pursuant to the Company s equity incentive plans.

Objectives/Philosophy

The Company has compensated the Company s named executive officers through a mix of base salary, cash incentive bonuses, restricted stock grants and other benefits, including to a limited extent, perquisites. The Company believes the current mix of these compensation elements and the amounts of each element provide the Company s named executive officers with compensation that is reasonable, competitive within the Company s markets, appropriately reflects the Company s performance and their particular contributions to that performance, and takes into account applicable regulatory guidelines and requirements. Each of the Company s named executive officers is also an officer of Independent Bank and has substantial responsibilities in connection with the day-to-day operations of Independent Bank. As a result, each named executive officer devotes a substantial majority of his or her business time to the operations of Independent Bank, and the compensation he or she receives is paid largely to compensate that named executive officer for his or her services to Independent Bank.

The Compensation Committee s philosophy is to provide a compensation package that attracts and retains executive talent, provides rewards for superior performance and produces consequences for underperformance. It is also the Compensation Committee s practice to provide a balanced mix of cash and equity-based compensation that the committee believes appropriate to mitigate risk and align the short and long-term interests of the Company s executives with that of the Company s shareholders and to encourage executives to participate and perform as equity owners of the Company.

We believe that to attract and retain the quality of executive talent necessary to achieve our long-term strategic business goals, we must offer a competitive compensation package to our executives. The Compensation Committee seeks to attract executive talent by offering competitive base salaries, annual performance incentive opportunities, and long-term awards under the Company s long-term incentive programs (including restricted stock grants under our equity incentive plan). When considering pay decisions for our named executive officers, we generally target a range of the median to the 75^{th} percentile of the market for total compensation. While applying no specific formula or weighting of each factor, we also consider the executive s scope of responsibilities, skills and experience, overall Company performance and the board of directors evaluation of the executive s individual performance. Based on our business strategy and the results we expect from our executives, we attempt to blend their compensation pay between short and long-term pay as well as the mix of cash and equity compensation. We believe the design of our compensation programs and the amounts paid have been and continue to be appropriate and reasonable. We continually review our programs to ensure they are aligned with our business objectives and shareholder interests.

The Compensation Committee measures the Company s senior management compensation levels with comparable compensation levels in industry benchmark studies and peer group data. We use survey data to benchmark our executive positions to those at other banking institutions with total asset size similar to ours. In each of the last four years, the Compensation Committee engaged Johnson Associates to conduct an independent third party executive compensation review and provide analyses, conclusions and recommended considerations for the key executives of the Company. The review included an analysis of the total direct compensation (base salary, annual incentives, long-term incentives and perquisites), plus an assessment of the competitiveness of the Company s incentive compensation, based on asset size, geography and operations, as compared to a peer group of companies and published survey data from similarly sized companies in the banking industry. The peer group companies considered by the Compensation Committee were as follows:

Texas Capital Bancshares	CVB Financial
Sterling Bancorp	Bancfirst
Home Bancshares	S&T Bancorp
Bank of the Ozarks	Opus Bank
First Financial Bankshares	Simmons First National Corp
LegacyTexas (Viewpoint)	Community Bank System
Eagle Bancorp	South State Bank
Pinnacle Financial Partners	Florida Community Bank

It is the Compensation Committee s practice to provide incentives that promote both the short and long-term financial objectives of the Company. To motivate our executives to achieve our strategic business goals, we offer the opportunity to earn the targeted level of pay through incentive compensation that correlates to the Company s short and long-term performance. These incentives are based on financial and investment metrics underlying Company performance, including net income, loan and deposit growth, credit quality, return on equity and tangible book value. Annual bonuses reward achievement of short-term objectives based on the Company s operational business plan that are established to encourage our executives to make decisions

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currently that promote shareholder value. Long-term incentive programs encourage executives to focus on the Company s long-term strategic goals, which are catalysts to drive shareholder value, while accomplishing a high rate of retention of our executives. Our compensation program also accounts for individual performance, which enables the Compensation Committee to differentiate among executives and emphasize the link between personal performance and compensation.

Compensation Policies and Practices and the Company s Risk Management

The Compensation Committee and the board of directors have reviewed the compensation policies and practices for all employees and does not believe that any risks arise from the Company s compensation policies and practices for the Company s executive officers and other employees that are reasonably likely to have a material adverse effect on the Company s operations, results of operations or financial condition.

Elements of Compensation

The following is a summary of the elements of compensation provided to our Chief Executive Officer and other members of senior management. Further details and disclosures of each of these elements can be found in the tabular disclosures that follow.

Base Salary. Base salaries paid to our executives are intended to competitively compensate them for the experience and skills needed to perform their current roles, as well as reward their prior individual performance. We seek to provide our senior management with a level of assured cash compensation in the form of base salary that reflects their professional status, accomplishments and experience.

The base salaries of the Company s named executive officers are reviewed annually by the Compensation Committee as part of the Company s performance review process as well as upon the promotion of an executive officer to a new position or another change in job responsibility. In establishing base salaries for the Company s named executive officers for 2017 and prospectively for 2018, the Compensation Committee, relied on external market data obtained from outside sources, including Johnson Associates, the Compensation Committee s compensation consultant, and the Independent Bankers Association of Texas and other banking industry trade groups. In addition to considering the information obtained from such sources, the Compensation Committee, has considered:

- each named executive officer s scope of responsibility;

- each named executive officer s years of experience;

- the types and amount of the elements of compensation to be paid to each named executive officer;

- the Company s financial performance and performance with respect to other aspects of the Company s operations, such as the Company s growth, asset quality, profitability and other matters, including the status of the Company s relationship with the banking regulatory agencies; and each named executive officer s individual performance and contributions to the Company s performance, including leadership, team work and community service.

As part of this process, the Compensation Committee reviews the Johnson Associates peer group analysis and identifies the market median base salary. The Compensation Committee then reviews the Company s financial performance, comparing performance metrics of the Company described above to the same performance metrics of the peer group companies. The Compensation Committee significantly weighs the extent to which the Company out performs or under performs the peer group companies in its review of named executive officer compensation.

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Following its review, the Compensation Committee makes recommendations to the Company s board of directors, which reviews the recommendation and sets the annual salaries for the named executive officers. The Compensation Committee met in December 2017 and approved base salaries for 2018 for the named executives as follows: Mr. David R. Brooks-$725,000; Ms. Michelle S. Hickox-$325,000; Mr. Daniel W. Brooks-$425,000; Mr. Brian Hobart-$400,000; and Mr. James. C. White-$310,000.

Annual Incentive Bonus. The Company typically has paid a cash bonus and made grants of restricted shares of Company common stock under the Company s 2013 Equity Incentive Plan, or Equity Incentive Plan, to its named executive officers. The Compensation Committee uses annual incentive cash and stock awards to recognize and reward those named executive officers who contribute meaningfully to the Company s performance for the year. The Compensation Committee has, within its sole discretion, determined whether such cash bonuses will be paid for any year and the amount of any bonus paid as well as determined whether stock awards will be granted for any year and the number of any restricted shares granted and the vesting of such awards. In determining whether to pay annual cash bonuses and make stock awards, the Compensation Committee establishes performance goals for the Company and the executive officer at the beginning of the year and then reviews the Company s and the executive s performance at the end of the year to determine the extent to which the pre-established goals have been obtained. Performance measures used by the Compensation Committee in establishing performance goals have included such factors as:

- the overall financial soundness of the Company (asset quality, risk controls, balance sheet/capital management);
- the Company s organic loan growth and growth through strategic acquisitions;
- the Company s profitability (earnings growth and operating efficiencies);
- the executive s role in the Company s achievement of target percentage increases in growth and profitability;
- the executive s role in specific strategic and operational functions, such as successful implementation of the Company s acquisition strategy, overall management of financial reporting, and supervision of the Company s credit function; and
- the personal performance of the executive officer and contributions to the Company s performance for the year, including leadership, team work and community service.

The Compensation Committee also reviews external market data in weighting achievement of performance goals and applies market medians to the level of performance in setting the cash and stock awards. The Compensation Committee also establishes performance measures and sets applicable performance targets for each performance measure with respect to performance-based cash incentive and equity incentive awards under the 2015 Performance Award Plan.

Specifically, the goals for executive officers were based upon the Company s overall performance in executing the Company s key strategic initiatives, which are organic growth, growth through acquisitions, increased profitability and improved efficiency, maintenance of excellent credit quality and enhancement of shareholder value. The successful execution of these strategies are measured by organic loan and deposit growth, completion of strategic acquisitions, net income, efficiency ratios, asset quality and regulatory capital ratios, earnings per share, return on equity, tangible book value, and the payment of a dividend. Mr. David Brooks goals for 2017 were based upon all of these metrics. Mr. Dan Brooks goals for 2017 were weighted toward asset quality metrics (nonperforming assets to total assets ratio, nonperforming loans to total loans ratio and charge offs as a percentage of total loans). Mr. Hobart s goals for 2017 were weighted toward organic loan growth and maintaining appropriate diversification of the overall loan portfolio (commercial real estate, commercial and

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industrial, etc.). Ms. Hickox s goals for 2017 were weighted toward earnings performance (net income, net interest margin and efficiency ratio). Mr. White s goals for 2017 were weighted toward operating efficiency metrics. For 2017, the maximum award of cash and stock for senior management of the Company was 200% of the executive s base salary. In 2017, the metrics set for the named executive officers were those believed to be generally controllable by the respective named executive officer and which the Compensation Committee believed would result in increased shareholder value if achieved. Based on the achievement of the performance criteria in 2017, Mr. David Brooks earned 200% of his base salary, Ms. Hickox earned 100% of her base salary, Mr. Daniel Brooks earned 125% of his base salary, Mr. Hobart earned 121.33% of his base salary, and Mr. White earned 96.49% of his base salary. While the performance goals drive the bonus plan and executive awards, the Compensation Committee retains discretion to adjust payouts of the awards based on the performance of the Company, including audit regulatory compliance and community service and the individual officer performance, as deemed appropriate. The Compensation Committee met in December 2017 to establish the specific goals for the named executive s 2018 bonus. Such goals were based on similar criteria as established in 2017.

We presently offer restricted stock grants under the Equity Incentive Plan approved by shareholders in 2013. The purpose of our Equity Incentive Plan is to attract, motivate, retain and reward high quality executives and other employees, officers, directors, consultants and other persons who provide services to the Company or its related entities by enabling such persons to acquire or increase an ownership interest in the Company in order to strengthen the mutuality of interests between such persons and the Company s shareholders, and providing such persons with long term performance incentives to expend their maximum efforts in the creation of shareholder value. We continue to review this program to ensure that this form of equity compensation will drive our executives toward successful long-term business results. Grants made under the Equity Incentive Plan typically vest over a three or five year period, commencing on the first anniversary of the grant. Unvested restricted stock granted under the Equity Incentive Plan vest immediately upon the occurrence of a change of control event. Unvested awards granted under the Equity Incentive Plan expire should the officer be terminated with cause, as defined in the Equity Incentive Plan. Restricted stock grants awarded under the Equity Incentive Plan are not assignable or transferable by a grantee.

Generally, the Compensation Committee, based in part on discussions with the Company s Chairman of the Board, Chief Executive Officer and President, determines the amount of restricted stock awards that are part of the annual incentive bonuses. In January, 2018, the Company granted key employees, including the named executive officers disclosed herein, an aggregate of 89,862 shares of restricted stock, which vest over three years (38,362 shares) and five years (51,500 shares). Restricted stock grants are also made from time to time in connection with the employment or retention of officers. These restricted stock grants typically vest over five years and are based upon market conditions, past and/or expected performance of the officer, and retention considerations. Grantees are required to sign confidentiality, nonsolicitation and noncompetition agreements in connection with receipt of the restricted stock grants to preclude actions detrimental to the Company.

We do not release material, nonpublic information for the purpose of affecting the value of executive compensation, nor do we award restricted stock grants to executives in coordination with the release of material, nonpublic information. Moreover, under our insider trading policy, executive officers, directors and immediate family members of the Company may not buy or sell our stock during a trading period beginning fifteen days before the end of a fiscal quarter until two business days following the release of quarterly earnings information. Trading by directors and executive officers of the Company is also prohibited during designated periods when they possess material, nonpublic information about the Company.

On January 31, 2016 and 2017, each nonemployee director (other than directors Doody, Gormley and Nichols who became directors on April 1, 2017) received 907 and 481 restricted stock grants, respectively (see Director Compensation on page 38). These nonemployee director grants vest over a three year period from the date of grant.

Restricted Stock-related Payments. Under the Company s stock grant plans in effect until April 2013, the Company agreed to pay to the holders of restricted stock granted by the Company a cash amount equal to

25% of the then fair market value of any shares vesting within thirty days after those shares vest. The Company pays that amount to provide the holder of vested shares a source of funds to pay the federal income taxes due with respect to compensation income recognized upon the vesting of the shares. See footnote 4 to the Summary Compensation Table on page 34.

Independent Bank Group 401(k) Profit Sharing Plan. The Independent Bank Group 401(k) Profit Sharing Plan, or the 401(k) Plan, is designed to provide retirement benefits to all eligible full-time and part-time employees. The 401(k) Plan provides employees the opportunity to save for retirement on a tax-favored basis. The Company s named executive officers, all of whom were eligible to participate in the 401(k) Plan during 2017, 2016 and 2015, may elect to participate in the 401(k) Plan on the same basis as all other employees. Employees may defer from 1% to 100% of their compensation to the 401(k) Plan up to the applicable Internal Revenue Service limit. The Company matches from 50% to 100% of an employee s annual contribution to the 401(k) Plan, depending on the employee s years of service with the Company, up to a total of 6% per annum of the employee s eligible salary. The Company makes its matching contributions in cash, and that contribution is invested according to the employee s current investment allocation. Beginning in 2014, the 401(k) Plan permits investments in Company common stock. The Company made contributions to its named executive officers accounts in the 401(k) plan in 2017, 2016 or 2015 in varying amounts depending on the amounts of the contributions made by the named executive officers to their respective 401(k) Plan accounts.

The Company does not maintain any defined benefit plan, actuarial benefit plan, supplemental executive retirement plan or deferred compensation plan for the Company s named executive officers or any other employees. Moreover, the Company has no plan, agreement and other arrangement with any of the Company s named executive officers relating to the payments of any amounts upon the retirement of such named executive officer from employment with the Company or any other separation from service with the Company.

Executive Employment Agreement, Award Agreements and Potential Payments Upon a Change in Control. The Company does not have employment agreements with any of the Company s named executive officers other than Mr. James C. White, Executive Vice President and Chief Operations Officer of the Company. The other named executive officers of the Company identified herein are employees at will of the Company. The compensation that the Company pays to its named executive officers is determined at the discretion of the Company s board of directors based upon the Compensation Committee s recommendation.

Mr. White s employment agreement with the Company is for an indefinite term and may be terminated by either party at any time on thirty days prior written notice. The agreement provides for Mr. White to receive a salary of $265,000 per annum and to be eligible to receive an annual incentive bonus if he and the Company attain pre-established performance goals for the year in question. The annual bonus amount will be determined by the Company s board of directors based on its review of the extent to which the annual performance goals have been attained. The target amount of the annual bonus is approximately 50% of Mr. White s annual base salary, with any bonus paid being payable 65% in cash and 35% in restricted shares of the Company common stock that will vest if Mr. White remains employed by the Company for three years after the restricted shares are awarded. Mr. White s employment agreement also provided for the grant of 12,000 restricted shares of Company common stock to Mr. White that will fully vest if Mr. White remains employed by the Company for five years after their grant.

In connection with the issuance of the shares of restricted stock the Company issued to the Company s executive officers and certain senior officers of Independent Bank pursuant to the Equity Incentive Plan, the Company requires that each recipient of an award enter into an award agreement that includes noncompetition and nonsolicitation covenants. Each such agreement provides that the award recipient will not compete with the Company for a specified period following the termination of his or her employment with the Company or Independent Bank. Competition for such purposes is defined to include such person acting as an officer, director, manager or employee of, or a consultant to, any bank holding company, bank or other financial institution conducting banking operations in the Company s market areas in the State of Texas. The periods for which such

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competition is prohibited is two years for David R. Brooks, one year for each of Daniel W. Brooks, Michelle S. Hickox, Brian E. Hobart and James C. White and three months for those award recipients who are senior officers of Independent Bank. The various award recipients also agree not to solicit other employees or customers of the Company or Independent Bank. The nonsolicitation period for the Company s executive officers is one year following the termination of their employment with the Company or Independent Bank. The nonsolicitation period for officers of Independent Bank is set by the Compensation Committee for each officer and ranges from three months to one year following termination of employment.

The Company has entered into Change in Control Agreements (the Change in Control Agreements) with David R. Brooks, Chairman, Chief Executive Officer and President, Daniel W. Brooks, Vice Chairman and Chief Risk Officer, Brian E. Hobart, Vice Chairman and Chief Lending Officer, and Michelle S. Hickox, Executive Vice President and Chief Financial Officer , and James C. White, Executive Vice President and Chief Operations Officer, James P. Tippit, Executive Vice President Corporate Responsibility, and Mark. S. Haynie, Executive Vice President and General Counsel (each individually, the Executive). Each of the Change in Control Agreements provides, among other things, that if, within twelve months following the occurrence of a Change in Control of the Company (see below), (a) the Company terminates the Executive s employment without Cause (see below) or the Executive terminates his or her employment for Good Reason (see below) and (b) the Executive signs and allows to become effective a general release of all known and unknown claims in favor of the Company and its affiliates, then (i) the Executive will be entitled to a lump sum cash payment in an amount equal to three times the sum, for David R. Brooks, or two times the sum, for Daniel W. Brooks, Brian E. Hobart, Michelle S. Hickox, James C. White, James P. Tippit and Mark S. Haynie, of (x) the Executive s current annual base salary, plus (y) the Executive s target total annual bonus for the year of termination, (ii) all of Executive s unvested grants of restricted stock will become vested and will no longer be subject to restriction or forfeiture, and (iii) Executive shall continue to be a participant in the Independent Bank Survivor Benefit Plan such that, upon Executive s death and provided certain thresholds are met, the Company will pay to the Executive s beneficiary, as a survivor benefit, a single lump sum cash payment equal to the Executive s annual base salary in effect on the date of the termination of the Executives employment. Each of the Change in Control Agreements provides further that the amount of payments and benefits payable to the Executive is subject to reduction to the extent necessary to ensure that such amount does not constitute a parachute payment as defined in Section 280G of the Internal Revenue Code of 1986, as amended.

We believe our Change in Control Agreements are conservative when compared to the competitive market. We view them as necessary to ensure the continued focus of our executives on making the appropriate strategic decisions for the Company even if the decision involves a change in control.

As used in the Change in Control Agreements, a Change in Control is defined as one or more of the following:

- the acquisition by any person or entity of beneficial ownership of 50% or more of either (a) the then outstanding shares of common stock of the Company (the Outstanding Company Common Stock) or (b) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the Outstanding Company Voting Securities); provided, that the following shall not constitute a Change of Control: (w) any acquisition directly from the Company, (x) any acquisition by the Company, (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries, or (z) any acquisition by any corporation pursuant to a transaction which complies with the Change in Control Exceptions (defined below);

during any period of 2 consecutive years (not including any period prior to February 21, 2013) individuals who constituted the board of directors on February 21, 2013 (the Incumbent Board) cease for any reason to constitute at least a majority of the board of directors; provided, however, that any individual becoming a director subsequent to February 21, 2013 whose election, or nomination for election by the Company s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person or entity other than the board of directors;

consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its Subsidiaries (each a Business Combination), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of Common Stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including a corporation that as a result of such transaction owns the Company or all or substantially all of the Company s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no person (excluding any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 50% or more of, respectively, the then outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the board of directors or other governing body of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the board of directors, providing for such Business Combination (collectively, clauses (a), (b) and (c) are referred to as Change in Control Exceptions); or

approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

As used in the Change in Control Agreements, Cause means termination of an employee due to any of the following after the Company provides notice to the employee by the Company, specifying such Cause with reasonable particularity, and giving the employee 30 days from the receipt thereof in which to cure the act or omission complained of, unless the act or omission of its very nature cannot be cured:

material act of self-dealing between the Company and the employee which is not disclosed in full to, and approved by, the board of directors;

deliberate falsification by the employee of any records or reports;

fraud on the part of the employee against the Company or any of its subsidiaries or affiliates;

theft, embezzlement or misappropriation by the employee of any funds of the Company, or conviction of any felony;

execution of any document transferring, or creating any material lien or encumbrance on, any material property of the Company, not in the ordinary course of business, without authorization of the board of directors;

engagement by the employee in inappropriate behavior which is found by the Company after due investigation to be sexual harassment or assault;

declaration by an independent medical authority that the employee is addicted to drugs or alcohol; or

any recommendation or suggestion by any bank regulatory authority that the employee s employment must be terminated.

As used in the Change in Control Agreements, Good Reason means termination by an employee due to any of the following after the employee has provided written notice to the Company of the existence of the circumstances alleged to constitute Good Reason and the Company has had at least 30 days from the date on which such notice is provided to cure such circumstances (if the employee does not terminate his or her employment within 90 days of the first occurrence of such circumstances, the employee is deemed to have waived his or her right to terminate for Good Reason with respect to such circumstances):

the assignment to the employee of any duties or responsibilities, other than in connection with a promotion, inconsistent in any material respect with employees position (including status, offices, titles and reporting relationships), authority, duties or responsibilities in effect immediately prior to a Change in Control, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly following receipt of notice thereof given by the employee;

a reduction in the executive s compensation and benefits which were in effect immediately prior to a Change of Control;

the material breach by the Company of any provision of the Change in Control Agreement applicable to the employee; or

the requirement that the employee s principal place of employment be based at a location further than 30 miles from the Company s principal office immediately prior to the Change in Control.

Each Change in Control Agreement expires three years following the date on which such agreement was executed. Unless previously terminated, upon the expiration of the term thereof, each Change in Control Agreement will renew for successive one-year renewal terms provided that the Company s Compensation Committee explicitly reviews such agreement and expressly approves each extension within a 90-day period prior to the end of such initial or renewal term. Each Change in Control Agreement automatically terminates without further action by the Company if the employee s employment is terminated: by the Company for Cause or upon the employee s death or disability or voluntarily by the employee without Good Reason.

Under the Change in Control Agreements, the Company is not obligated to make any payment to the employees subject to such agreements if any such payments or benefits to the employee w