

Independent Bank Group, Inc.
Form 424B3
August 16, 2018
Table of Contents

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Registration No. 333-226617

**Proxy Statement and Prospectus of
Independent Bank Group** **Proxy Statement of
Guaranty Bancorp**
MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Shareholder:

On May 22, 2018, Guaranty Bancorp, or Guaranty, and Independent Bank Group, Inc., or Independent, entered into an Agreement and Plan of Reorganization (which, as it may be amended, supplemented or modified from time to time, we refer to as the reorganization agreement), pursuant to which Guaranty will merge with and into Independent. Immediately following the completion of the merger, Guaranty Bank and Trust Company, a wholly owned bank subsidiary of Guaranty, will merge with and into Independent Bank, Independent's wholly owned bank subsidiary, with Independent Bank continuing as the surviving bank (which we refer to as the bank merger).

In the merger, each share of Guaranty common stock will be converted into the right to receive 0.45 shares (which we refer to as the exchange ratio) of Independent common stock (which we refer to as the merger consideration). Based on Independent's closing price of \$78.60 per share on May 21, 2018, the last trading day before the announcement of the reorganization agreement, and the number of shares of Guaranty common stock outstanding as of May 21, 2018, the merger consideration represented approximately \$35.37 for each share of Guaranty common stock and aggregate consideration of approximately \$1.0 billion. Based on Independent's closing price of \$69.30 per share on August 14, 2018, the last practicable trading day before the date of the enclosed joint proxy statement/prospectus, and the number of shares of Guaranty common stock outstanding as of such date, the merger consideration represented approximately \$31.19 for each share of Guaranty common stock and aggregate consideration of approximately \$913.9 million. **We encourage you to obtain current market quotations for the common stock of Independent and Guaranty before you vote.** Independent common stock is currently quoted on the NASDAQ Global Select Market (which we refer to as the NASDAQ) under the symbol IBTX. Guaranty common stock is currently quoted on the NASDAQ under the symbol GBNK.

The number of shares of Independent common stock to be delivered to holders of shares of Guaranty common stock upon completion of the merger is approximately 13,188,000 shares, based on the number of shares of Guaranty common stock and restricted stock awards in respect of Guaranty common stock outstanding as of August 14, 2018.

Independent and Guaranty will each hold a special meeting of their respective shareholders in connection with the merger. Independent shareholders will be asked to vote to approve and adopt the reorganization agreement and related

matters, as well as to approve the other matters to be considered at the special meeting, as described in the attached joint proxy statement/prospectus. Guaranty stockholders will be asked to vote to approve and adopt the reorganization agreement and approve related matters, as described in the attached joint proxy statement/prospectus.

The special meeting of Independent shareholders will be held on September 24, 2018, at 3:30 p.m. Central Time, at 1600 Redbud Boulevard, Suite 400, McKinney, TX 75069. The special meeting of Guaranty stockholders will be held on September 25, 2018, at 1:00 p.m. Mountain Time, at The Ritz Carlton Hotel, 881 Curtis Street, Denver, Colorado 80202.

Your vote is important. We cannot complete the merger unless Independent's shareholders and Guaranty's stockholders approve and adopt the reorganization agreement. Approval and adoption of the reorganization agreement requires (1) the affirmative vote of the holders of two-thirds of the outstanding shares of Independent common stock entitled to vote on the proposal and (2) the affirmative vote of the holders of a majority of the outstanding shares of Guaranty common stock entitled to vote on the proposal. **Regardless of whether or not you plan to attend your special meeting, please take the time to vote your shares in accordance with the instructions contained in the enclosed joint proxy statement/prospectus.**

The Independent board of directors recommends that Independent shareholders vote FOR the approval and adoption of the reorganization agreement and FOR the other matters to be considered at the Independent special meeting.

The Guaranty board of directors recommends that Guaranty stockholders vote FOR the approval and adoption of the reorganization agreement and FOR the other matters to be considered at the Guaranty special meeting.

The enclosed joint proxy statement/prospectus describes the special meetings, the merger, the documents related to the merger and other related matters. Please carefully read the entire joint proxy statement/prospectus, including the Risk Factors section, beginning on page 44, for a discussion of the risks relating to the proposed merger. You also can obtain information about Independent and Guaranty from documents that each has filed with the Securities and Exchange Commission.

If you have any questions concerning the merger, Independent shareholders should please contact Jan Webb, Independent's Corporate Secretary, at 1600 Redbud Boulevard, Suite 400, McKinney, Texas 75069-3257, or (972) 562-9004, and Guaranty stockholders should please contact Guaranty Bancorp Investor Relations at 1331 Seventeenth Street, Suite 200, Denver, Colorado 80202, or (303) 675-1194. We look forward to seeing you at the meetings.

David R. Brooks

Chairman of the Board and Chief Executive Officer

Independent Bank Group, Inc.

Paul W. Taylor

President and Chief Executive Officer

Guaranty Bancorp

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/prospectus or determined if this

joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense. The securities that Independent is offering through this document are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of either of our companies, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This joint proxy statement/prospectus is dated August 15, 2018, and is first being mailed or otherwise delivered to Independent shareholders and Guaranty stockholders on or about August 17, 2018.

Table of Contents

Guaranty Bancorp

1331 Seventeenth Street, Suite 200

Denver, Colorado 80202

(303) 675-1194

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of Guaranty Bancorp (Guaranty), will be held at The Ritz Carlton Hotel, 881 Curtis Street, Denver, Colorado 80202, at 1:00 p.m. Mountain Time, on September 25, 2018 for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Reorganization, dated as of May 22, 2018, by and between Independent Bank Group, Inc., or Independent, and Guaranty Bancorp, or Guaranty, as it may be amended, supplemented or modified from time to time, pursuant to which Guaranty will merge with and into Independent (the merger), as more fully described in the enclosed joint proxy statement/prospectus (which we refer to as the Guaranty merger proposal);
2. To consider and vote upon a proposal to approve, on an advisory (non-binding) basis, the compensation that certain executive officers of Guaranty may receive in connection with the merger pursuant to existing agreements or arrangements with Guaranty (which we refer to as the Guaranty compensation proposal); and
3. To consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if the board of directors of Guaranty determines such an adjournment is necessary or appropriate to permit solicitation of additional proxies in favor of the Guaranty merger proposal (which we refer to as the Guaranty adjournment proposal).

Guaranty will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

The above proposals are described in more detail in this document, which you should read carefully in its entirety before you vote. A copy of the reorganization agreement is attached as [Appendix A](#) to this document.

The Guaranty board of directors has set August 14, 2018 as the record date for the Guaranty special meeting. Only holders of record of Guaranty common stock at the close of business on August 14, 2018 will be entitled to notice of and to vote at the Guaranty special meeting and any adjournments or postponements thereof. Any stockholder entitled to attend and vote at the Guaranty special meeting is entitled to appoint a proxy to attend and vote on such stockholder's behalf. Such proxy need not be a holder of Guaranty common stock.

Your vote is very important. To ensure your representation at the Guaranty special meeting, please complete and return the enclosed proxy card or submit your proxy by telephone or through the Internet. Please vote promptly whether or not you expect to attend the Guaranty special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the Guaranty special meeting.

The Guaranty board of directors has approved the reorganization agreement and the transactions contemplated thereby and recommends that you vote FOR the Guaranty merger proposal, FOR the Guaranty compensation proposal and FOR the Guaranty adjournment proposal (if necessary or appropriate).

By Order of the Board of Directors,

Paul W. Taylor

President and Chief Executive Officer

Denver, Colorado

August 15, 2018

Table of Contents

Independent Bank Group, Inc.

1600 Redbud Boulevard, Suite 400

McKinney, Texas 75069-3257

(972) 562-9004

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To the shareholders of Independent:

A special meeting of shareholders of Independent will be held on September 24, 2018, at 3:30 p.m. Central Time, at 1600 Redbud Boulevard, Suite 400, McKinney, TX 75069, for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Reorganization, dated as of May 22, 2018, by and between Independent Bank Group, Inc., or Independent, and Guaranty Bancorp, or Guaranty, as it may be amended, supplemented or modified from time to time, pursuant to which Guaranty will merge with and into Independent (the "merger"), as more fully described in the enclosed joint proxy statement/prospectus (which we refer to as the "Independent merger proposal"); and
2. To consider and vote upon any proposal to adjourn the special meeting to a later date or dates, if the board of directors of Independent determines such an adjournment is necessary or appropriate to permit solicitation of additional proxies in favor of the Independent merger proposal (which we refer to as the "Independent adjournment proposal").

Independent will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

Only shareholders of Independent of record as of 5:00 p.m. Central Time, on August 14, 2018, will be entitled to notice of and to vote at the special meeting and any adjournments thereof.

Approval of the Independent merger proposal requires the affirmative vote of holders of two-thirds of the outstanding shares of Independent common stock entitled to vote. The Independent adjournment proposal requires the affirmative vote of a majority of votes cast by the Independent shareholders entitled to vote on such proposal at the Independent special meeting.

The board of directors of Independent recommends that you vote FOR the Independent merger proposal and the Independent adjournment proposal.

Your vote is very important. We cannot complete the merger unless Independent's shareholders approve the Independent merger proposal.

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

card or submitted your vote via the Internet or by telephone.

If you have any questions concerning the merger or the joint proxy statement/prospectus, would like additional copies of the joint proxy statement/prospectus or need help voting your shares of Independent common stock, please contact Jan Webb, Independent's Corporate Secretary, at (972) 562-9004.

By Order of the Board of Directors,

David R. Brooks

Chairman of the Board, President and Chief

Executive Officer

McKinney, Texas

August 15, 2018

Table of Contents

HOW TO OBTAIN ADDITIONAL INFORMATION

Certain important business and financial information about Independent and Guaranty included in documents filed with the Securities and Exchange Commission (which we refer to as the SEC) has not been included in or incorporated by reference in this document. This information is described under Where You Can Find More Information. With respect to Independent, you can obtain free copies of this information by writing or calling:

Independent Bank Group, Inc.

1600 Redbud Boulevard, Suite 400

McKinney, Texas 75069-3257

Attention: Michelle S. Hickox

Executive Vice President and Chief Financial Officer

(972) 562-9004

With respect to Guaranty, you can obtain free copies of this information by writing or calling:

Guaranty Bancorp

Attention: Investor Relations

1331 Seventeenth Street, Suite 200

Denver, Colorado 80202

(303) 675-1194

To obtain timely delivery of the documents before the special meeting of shareholders of Independent or Guaranty, you must request the information by no later than five (5) business days prior to the Independent special meeting, or September 17, 2018, or five (5) business days prior to the Guaranty special meeting, or September 18, 2018.

In addition, if Independent shareholders have specific questions about the merger or the Independent special meeting, need additional copies of this joint proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation for the Independent special meeting, they may contact Jan Webb, Independent's Corporate Secretary, at the following address or by calling the following telephone number:

Independent Bank Group, Inc.

1600 Redbud Boulevard, Suite 400

McKinney, Texas 75069-3257

(972) 562-9004

If Guaranty stockholders have specific questions about the merger or the Guaranty special meeting, need additional copies of this joint proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation for the Guaranty special meeting, they may contact Guaranty Bancorp Investor Relations at the following address or by calling the following telephone number:

Guaranty Bancorp

1331 Seventeenth Street, Suite 200

Denver, Colorado 80202

(303) 675-1194

PLEASE NOTE

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

This joint proxy statement/prospectus has been prepared as of August 15, 2018. There may be changes in the affairs of Guaranty or Independent after that date that are not reflected in this document.

Table of Contents

TABLE OF CONTENTS

<u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS</u>	1
<u>SUMMARY</u>	11
<u>CERTAIN FINANCIAL INFORMATION REGARDING INDEPENDENT AND GUARANTY</u>	24
<u>RISK FACTORS</u>	44
<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	50
<u>GENERAL INFORMATION</u>	54
<u>THE INDEPENDENT SPECIAL MEETING</u>	55
<u>THE GUARANTY SPECIAL MEETING</u>	60
<u>INDEPENDENT AND GUARANTY MERGER PROPOSALS</u>	65
<u>THE MERGER</u>	65
<u>THE REORGANIZATION AGREEMENT</u>	104
<u>ACCOUNTING TREATMENT</u>	127
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER</u>	128
<u>GUARANTY COMPENSATION PROPOSAL</u>	131
<u>GUARANTY ADJOURNMENT PROPOSAL</u>	132
<u>INDEPENDENT ADJOURNMENT PROPOSAL</u>	133
<u>BUSINESS OF INDEPENDENT</u>	134
<u>BUSINESS OF GUARANTY</u>	135
<u>COMPARATIVE MARKET PRICES AND DIVIDEND DATA</u>	136
<u>DESCRIPTION OF INDEPENDENT CAPITAL STOCK</u>	138
<u>COMPARISON OF RIGHTS OF SHAREHOLDERS OF GUARANTY AND INDEPENDENT</u>	142
<u>EXPERTS</u>	152
<u>LEGAL MATTERS</u>	153
<u>SHAREHOLDER PROPOSALS FOR ANNUAL MEETING OF SHAREHOLDERS IN 2019</u>	154
<u>OTHER MATTERS</u>	156
<u>HOUSEHOLDING OF PROXY MATERIALS</u>	157
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	158
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	159
<u>APPENDIX A: AGREEMENT AND PLAN OF REORGANIZATION</u>	
<u>APPENDIX B: OPINION OF STEPHENS INC.</u>	
<u>APPENDIX C: OPINION OF KEEFE, BRUYETTE & WOODS, INC.</u>	
<u>APPENDIX D: FORM OF GUARANTY VOTING AGREEMENT</u>	
<u>APPENDIX E: FORM OF INDEPENDENT VOTING AGREEMENT</u>	

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS

*The following are some questions that you may have regarding the Agreement and Plan of Reorganization, or the reorganization agreement, dated as of May 22, 2018, by and between Independent Bank Group, Inc., or Independent, and Guaranty Bancorp, or Guaranty, pursuant to which Guaranty will merge with and into Independent, with Independent being the surviving entity following the merger, which transaction is referred to herein as the merger, and the special meetings, and brief answers to those questions. Independent and Guaranty advise you to read carefully the remainder of this joint proxy statement/prospectus because the information contained in this section does not provide all of the information that might be important to you with respect to the merger and the special meetings. Additional important information is also referred to under the caption *Where You Can Find More Information* beginning on page 158.*

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

A: In order to approve and adopt the reorganization agreement and related matters, Independent has called a special meeting of its shareholders. This document serves as a proxy statement for the Independent special meeting and describes the proposals to be presented at the Independent special meeting.

Guaranty has also called a special meeting of its stockholders to approve and adopt the reorganization agreement and approve related matters. This document serves as a proxy statement for the Guaranty special meeting and describes the proposals to be presented at the Guaranty special meeting. Finally, this document is also a prospectus that is being delivered to Guaranty stockholders because, in connection with the merger, Independent is offering shares of Independent common stock to Guaranty stockholders.

This joint proxy statement/prospectus contains important information about the merger, the reorganization agreement and the other proposals being voted on at the Independent and Guaranty special meetings and important information to consider in connection with an investment in Independent common stock. You should read it carefully and in its entirety. The enclosed materials allow you to have your shares voted by proxy without attending your special meeting. Your vote is important and we encourage you to submit your proxy as soon as possible.

Q: What are Guaranty stockholders being asked to vote upon?

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

to approve and adopt the reorganization agreement, pursuant to which Guaranty will merge with and into Independent (which we refer to as the Guaranty merger proposal), as is further described in the section entitled The Merger beginning on page 65 and The Reorganization Agreement beginning on page 104;

to approve, on an advisory (non-binding) basis, the compensation that certain executive officers of Guaranty may receive in connection with the merger pursuant to existing agreements or arrangements with Guaranty (which we refer to as the Guaranty compensation proposal), which is further described in the section entitled Guaranty Compensation Proposal beginning on page 131; and

to approve the adjournment of the Guaranty special meeting to a later date or dates if the board of directors of Guaranty determines it is necessary or appropriate to permit solicitation of additional proxies in favor of the Guaranty merger proposal (which we refer to as the Guaranty adjournment proposal), which is further described in the section entitled Guaranty Adjournment Proposal beginning on page 132.

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

Table of Contents

Q: What are Independent shareholders being asked to vote upon?

A: Independent is proposing to acquire Guaranty through the merger. As part of the overall transaction, the shareholders of Independent are being asked to consider and vote on the following proposals:

to approve and adopt the reorganization agreement, pursuant to which Guaranty will merge with and into Independent (which we refer to as the Independent merger proposal), as is further described in the section entitled The Merger beginning on page 65 and The Reorganization Agreement beginning on page 104; and

to approve the adjournment of the Independent special meeting to a later date or dates, if the board of directors of Independent determines it is necessary or appropriate to permit solicitation of additional proxies in favor of the Independent merger proposal (which we refer to as the Independent adjournment proposal), as is further described in the section entitled Independent Adjournment Proposal beginning on page 133.

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

Q: What will happen in the merger?

A: In the merger, Guaranty will be merged with and into Independent, with Independent being the surviving entity. At the effective time of the merger, Guaranty will cease to exist. Upon the merger of Guaranty with and into Independent, the then-outstanding shares of Guaranty common stock will be converted into the right to receive the merger consideration described below. Immediately following the merger, Guaranty Bank and Trust Company (which we refer to as Guaranty Bank) will be merged with and into Independent Bank, with Independent Bank being the surviving bank. The merger of Guaranty Bank with and into Independent Bank is referred to in this joint proxy statement/prospectus as the bank merger. Guaranty Bank will cease to exist after the bank merger occurs. Guaranty Bank is a Colorado banking association with its home office in Denver, Colorado, and is a wholly owned subsidiary of Guaranty. Independent Bank is a Texas banking association headquartered in McKinney, Texas, and is a wholly owned subsidiary of Independent.

Q: What will Guaranty stockholders receive in the merger?

A: If the merger is completed, Guaranty stockholders will receive 0.45 (which we refer to as the exchange ratio) shares of Independent common stock (which we refer to as the merger consideration) for each share of Guaranty common stock held immediately prior to the merger. No fractional shares of Independent common stock will be issued in the merger. In lieu of the issuance of any such fractional shares, Independent will pay to each former holder of Guaranty shares otherwise entitled to receive such fractional shares an amount of cash (rounded to the nearest whole cent) determined by multiplying (i) the average of the daily volume-weighted average sales price per Independent share on the NASDAQ, for the twenty (20) consecutive full trading days ending on and including the third trading day preceding the closing date, as reported by Bloomberg, by (ii) the fraction of an Independent share such holder would otherwise be entitled to receive pursuant to the reorganization agreement.

Q: What consideration will holders of outstanding Guaranty restricted stock awards receive in the merger?

A: At the effective time of the merger (which we refer to as the effective time), each unvested award of restricted Guaranty common stock granted under Guaranty s Amended and Restated 2005 Stock Incentive Plan, as amended, that is outstanding as of immediately prior to the effective time (which we refer to as a Guaranty 2005 RSA) will vest and be entitled to receive the merger consideration in respect of each share of Guaranty common stock subject to such Guaranty 2005 RSA, less applicable withholding taxes.

-2-

Table of Contents

At the effective time, subject to certain exceptions, each unvested award of restricted Guaranty common stock granted under Guaranty's 2015 Long-Term Incentive Plan, as amended, that is outstanding as of immediately prior to the effective time (which we refer to as a "Guaranty 2015 RSA"), will be converted into an award of restricted shares of Independent common stock (which we refer to as an "Adjusted RSA") with the same terms and conditions as were applicable under such Guaranty 2015 RSA immediately prior to the effective time, except as described in the following sentences. With respect to any performance-vesting Guaranty 2015 RSA, the performance-based vesting conditions applicable to such Guaranty 2015 RSA immediately prior to the effective time will not apply from and after the effective time, and such Guaranty 2015 RSA will become a service-vesting Adjusted RSA only. The Adjusted RSA will relate to the number of shares of Independent common stock equal to the product of (i) the number of shares of Guaranty common stock subject to such Guaranty 2015 RSA immediately prior to the effective time (with respect to any performance-vesting Guaranty 2015 RSA for which the performance period has not been completed as of the effective time, the number of shares shall be the target number of shares subject to such Guaranty 2015 RSA), multiplied by (ii) the exchange ratio, with any fractional shares rounded up to the next whole number of shares. See "The Reorganization Agreement Treatment of Guaranty Restricted Stock Awards" beginning on page 106 for additional information.

Q: Will the value of the merger consideration change between the date of this joint proxy statement/prospectus and the effective time?

A: Yes. Although the exchange ratio is fixed, the value of the merger consideration will fluctuate between the date of this joint proxy statement/prospectus and the completion of the merger based upon the market value of shares of Independent common stock. Any fluctuation in the market price of Independent shares after the date of this joint proxy statement/prospectus will change the value of the shares of Independent common stock that Guaranty stockholders will receive.

Q: What are the U.S. federal income tax consequences of the merger to Guaranty stockholders?

A: The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the "Code"), and it is a condition to the respective obligations of Independent and Guaranty to complete the merger that each of Independent and Guaranty receives a legal opinion to that effect. Accordingly, holders of Guaranty common stock are not expected to recognize any gain or loss for U.S. federal income tax purposes on the exchange of shares of Guaranty common stock for shares of Independent common stock in the merger, except with respect to any cash received instead of fractional shares of Independent common stock.

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

Q: Will Independent shareholders receive any consideration as a result of the merger?

A: No. Whether or not the merger is completed, Independent shareholders will retain the shares of Independent common stock that they currently own. They will not receive any merger consideration, whether cash or any additional shares of Independent common stock in the merger. If the merger is consummated, the issuance of the shares of Independent common stock to the Guaranty stockholders in the merger will result in the existing Independent shareholders' ownership interest in and voting power with respect to Independent being diluted.

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

A: We are working to complete the merger in the fourth quarter of 2018. However, neither Independent nor Guaranty can assure you of when or if the merger will be completed. Independent must obtain the approval

Table of Contents

of Independent shareholders to approve the Independent merger proposal at its special meeting, and Guaranty must obtain the approval of Guaranty stockholders to approve the Guaranty merger proposal at its special meeting. Independent and Guaranty must also obtain required regulatory approvals in addition to satisfying certain other closing conditions under the terms of the reorganization agreement.

Q: Are there any risks I should consider in deciding whether I will vote for the reorganization agreement and the other proposals to be considered at the Independent special meeting?

A: Yes. Set forth under the heading of Risk Factors, beginning on page 44, are a number of risk factors that you should consider carefully.

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

A: Guaranty stockholders: The Guaranty special stockholders meeting is scheduled to take place at 1:00 p.m. Mountain Time, on September 25, 2018, at The Ritz Carlton Hotel, 881 Curtis Street, Denver, Colorado 80202.
Independent shareholders: The Independent special shareholders meeting is scheduled to take place at 3:30 p.m. Central Time, on September 24, 2018, at 1600 Redbud Boulevard, Suite 400, McKinney, TX 75069.

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

A: Guaranty stockholders: The holders of record of Guaranty common stock, as of 5:00 p.m. Mountain Time, on August 14, 2018, which is the date that Guaranty's board of directors has fixed as the record date for the Guaranty special meeting, or the Guaranty record date, are entitled to vote at the Guaranty special meeting.
Independent shareholders: The holders of record of Independent common stock, as of 5:00 p.m. Central Time, on August 14, 2018, which is the date that Independent's board of directors has fixed as the record date for the Independent special meeting, are entitled to vote at the Independent special meeting.

Q: What are my choices when voting?

A: With respect to each of the proposals, holders of common stock entitled to vote may vote for, against or abstain from voting on the proposals in question presented at either the Guaranty special meeting or the Independent special meeting, as the case may be.

Q: What constitutes a quorum at the Guaranty special meeting and the Independent special meeting?

A:

Guaranty stockholders: The presence at the Guaranty special meeting, in person or by proxy, of holders of a majority of the outstanding shares of Guaranty common stock entitled to vote at the special meeting will constitute a quorum for the transaction of business. Abstentions and broker nonvotes, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum. If a quorum is not present, Guaranty may adjourn the Guaranty special meeting.

Independent shareholders: The presence at the Independent special meeting, in person or by proxy, of holders of a majority of the outstanding shares of Independent common stock entitled to vote at the special meeting will constitute a quorum for the transaction of business. Abstentions and broker nonvotes, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

If a quorum is not present, Independent may adjourn the Independent special meeting.

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

A: Guaranty stockholders: Approval of the Guaranty merger proposal by Guaranty stockholders requires the affirmative vote of the holders of at least a majority of the outstanding shares of Guaranty common stock

Table of Contents

entitled to vote on such proposal at the Guaranty special meeting (which we refer to as the requisite Guaranty stockholder approval).

Independent shareholders: Approval of the Independent merger proposal by Independent shareholders requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of Independent common stock entitled to vote on such proposal at the Independent special meeting (which we refer to as the requisite Independent shareholder approval).

Q: What vote is required to approve, on an advisory (non-binding) basis, the Guaranty compensation proposal?

A: Approval of the Guaranty compensation proposal by Guaranty stockholders requires the affirmative vote of a majority of votes cast by the Guaranty stockholders entitled to vote on such proposal at the Guaranty special meeting.

Q: What votes are required to approve the adjournment proposals?

A: Guaranty stockholders: Approval of the Guaranty adjournment proposal by Guaranty stockholders requires the affirmative vote of a majority of votes cast by the Guaranty stockholders entitled to vote on such proposal at the Guaranty special meeting.

Independent shareholders: Approval of the Independent adjournment proposal by Independent shareholders requires the affirmative vote of a majority of votes cast by the Independent shareholders entitled to vote on such proposal at the Independent special meeting.

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

A: The board of directors of Guaranty recommends that Guaranty stockholders vote their shares FOR the Guaranty merger proposal, FOR the Guaranty compensation proposal and FOR the Guaranty adjournment proposal.

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

A: The board of directors of Independent recommends that Independent shareholders vote their shares FOR the Independent merger proposal and FOR the Independent adjournment proposal.

Q: Am I entitled to dissenters or appraisal rights?

A: No. Under the Delaware General Corporation Law (which we refer to as the DGCL), holders of Guaranty common stock are not entitled to dissenters or appraisal rights in connection with the merger. Under the Texas Business Organizations Code (which we refer to as the TBOC), holders of shares of Independent common stock are not entitled to dissenters or appraisal rights in connection with the merger or the share issuance in connection with the merger.

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

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

Independent shareholders: The record date for the Independent special meeting is earlier than the expected date of completion of the merger. Therefore, if you transfer your shares of Independent common stock after

Table of Contents

the record date, but prior to the completion of the merger, you will retain the right to vote at the Independent special meeting but will no longer own such shares of the combined company upon completion of the merger.

Q: What do I need to do now?

A: Guaranty stockholders: After you have thoroughly read and considered the information contained in this joint proxy statement/prospectus and have decided how you wish to vote your shares of Guaranty common stock, please vote your shares promptly so that your shares are represented and voted at the Guaranty special meeting. The process for voting your shares depends on how your shares are held. Generally you may hold shares as a record holder (that is, in your own name) or in street name (that is, through a broker, bank, trustee or other nominee). If you hold shares in street name, you are considered the beneficial owner of those shares. If you are a record holder on the record date for the Guaranty special meeting, you may vote by proxy or you may attend the Guaranty special meeting and vote in person. If you are a record holder on the record date for the Guaranty special meeting and want to vote your shares by proxy, you have three ways to vote:

simply indicate on the proxy card(s) applicable to your Guaranty common stock how you want to vote and sign, date and mail your proxy card(s) in the enclosed pre-addressed postage-paid envelope as soon as possible, but in any event no later than the time necessary for your proxy card(s) to be actually received by Guaranty prior to the vote at the Guaranty special meeting;

call 1 (800) 690-6903 using a touch-tone telephone and follow the instructions for telephone voting provided on the call; or

go to the website www.proxyvote.com and follow the instructions for Internet voting on that website. Your proxy card must be received by Guaranty no later than the time the polls close for voting at the Guaranty special meeting for your vote to be counted at the meeting. Please note that telephone and Internet voting will close at 11:59 p.m. Eastern Time, on September 24, 2018.

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

Independent shareholders: After you have thoroughly read and considered the information contained in this joint proxy statement/prospectus and have decided how you wish to vote your shares of Independent common stock, please vote your shares promptly so that your shares are represented and voted at the Independent special meeting. The process for voting your shares depends on how your shares are held. Generally you may hold shares as a record holder (that is, in your own name) or in street name (that is, through a broker, bank, trustee or other nominee). If you hold shares in street name, you are considered the beneficial owner of those shares.

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

simply indicate on the proxy card(s) applicable to your Independent common stock how you want to vote and sign, date and mail your proxy card(s) in the enclosed pre-addressed postage-paid envelope as soon as possible, but in any event no later than the time necessary for your proxy card(s) to be actually received by Independent prior to the vote at the Independent special meeting;

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

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

Table of Contents

Your proxy card must be received by Independent no later than the time the polls close for voting at the Independent special 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 September 23, 2018. All references in this joint proxy statement/prospectus to a particular time of day refer to Central Time to the extent such references relate to the Independent special meeting, and Mountain Time to the extent such references relate to the Guaranty special meeting.

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

Q: If my shares of common stock are held in street name by my broker, bank, trustee or other nominee, will my broker, bank, trustee or other nominee vote my shares for me?

A: No. Your broker, bank, trustee or other nominee cannot vote your shares without instructions from you. If you hold your shares in street name, you should have received access to these proxy materials from your broker, bank, trustee or other nominee with instructions on how to instruct your broker, bank, trustee or other nominee to vote your shares on the proposals. Please follow the voting instructions provided by the broker, bank, trustee or other nominee. You may not vote shares held in street name by returning a proxy card directly to Guaranty or Independent, or by voting in person at the Guaranty special meeting or the Independent special meeting, unless you provide a legal proxy, which you must obtain from your broker, bank, trustee or other nominee. Further, brokers, banks, trustees or nominees who hold shares of Guaranty common stock or Independent common stock on behalf of their customers may not give a proxy to Guaranty or Independent to vote those shares with respect to any of the proposals without specific instructions from their customers, as brokers, banks, trustees or nominees do not have discretionary voting power on these matters. If you do not provide instructions to your broker, bank, trustee or other nominee, your shares will not be voted, which will have the same effect as a vote against the proposal to approve and adopt the reorganization agreement.

Q: How will my shares be voted if I return a signed and dated proxy card but do not specify how my shares will be voted?

A: Guaranty stockholders: The shares to which such proxy card relates will be voted FOR the Guaranty merger proposal, FOR the Guaranty compensation proposal and FOR the Guaranty adjournment proposal.

Independent shareholders: The shares to which such proxy card relates will be voted FOR the Independent merger proposal and FOR the Independent adjournment proposal.

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

A: Guaranty stockholders: Yes. All Guaranty stockholders are invited to attend the Guaranty special meeting. Stockholders of record of Guaranty common stock on the record date for the Guaranty special meeting can vote in person at the Guaranty special meeting.

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If you plan to attend your meeting, you must hold your shares in your own name and bring evidence of your stock ownership, such as your most recent account statement, or have a letter from the record holder of your shares confirming your ownership. In addition, you must bring a form of government-issued personal photo identification with you in order to be admitted to the meeting.

If your shares of Guaranty are held in street name, then you are not the shareholder of record. In order for you to vote the shares that you beneficially own and that are held in street name in person at the special meeting, you must bring a legal proxy, executed in your favor, from the broker, bank, trustee or other nominee that was the record holder of your shares held in street name as of the record date (i) confirming

Table of Contents

that you were the beneficial owner of those shares as of the record date, (ii) 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, trustee or other nominee, and (iii) appointing you as the record holder's proxy to vote the shares covered by that proxy at the special meeting.

Whether or not you intend to be present at the Guaranty special meeting, you are urged to sign, date, and return your proxy card, or to vote via the Internet or by telephone, promptly. If you are then present and wish to vote your shares in person, your original proxy may be revoked by voting by ballot at the Guaranty special meeting.

Independent shareholders: Yes. All Independent shareholders are invited to attend the Independent special meeting. Shareholders of record of Independent common stock on the record date for the Independent special meeting can vote in person at the Independent special meeting.

If you plan to attend your meeting, you must hold your shares in your own name and bring evidence of your stock ownership, such as your most recent account statement, or have a letter from the record holder of your shares confirming your ownership. In addition, you must bring a form of government-issued personal photo identification with you in order to be admitted to the meeting.

If your shares of Independent are held in street name, then you are not the shareholder of record. In order for you to vote the shares that you beneficially own and that are held in street name in person at the special meeting, you must bring a legal proxy, executed in your favor, from the broker, bank, trustee or other nominee that was the record holder of your shares held in street name as of the record date (i) confirming that you were the beneficial owner of those shares as of the record date, (ii) 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, trustee or other nominee, and (iii) appointing you as the record holder's proxy to vote the shares covered by that proxy at the special meeting.

Whether or not you intend to be present at the Independent special meeting, you are urged to sign, date, and return your proxy card, or to vote via the Internet or by telephone, promptly. If you are then present and wish to vote your shares in person, your original proxy may be revoked by voting by ballot at the Independent special meeting.

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

A: Guaranty stockholders: Yes. If you are a holder of record of shares of Guaranty common stock, you may change your vote, prior to the time the polls close for voting at the Guaranty special meeting, by:

delivering to Guaranty prior to the Guaranty special meeting a written notice of revocation addressed to: Guaranty Bancorp, Attention: Corporate Secretary, 1331 Seventeenth Street, Suite 200, Denver, Colorado 80202;

completing, signing and returning a new proxy card with a later date than the date on your original proxy card prior to the time the polls close for voting at the Guaranty special meeting, in which case any earlier proxy will be revoked automatically;

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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 prior to 11:59 p.m. Eastern Time, on September 24, 2018; or

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

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

-8-

Table of Contents

contact the broker, bank, trustee or other nominee holding your shares in street name in order to direct a change in the manner your shares will be voted.

Independent shareholders: Yes. Regardless of the method used to cast a vote, if you are a holder of record, you may change your vote by:

delivering to Independent prior to the Independent special meeting a written notice of revocation addressed to: Independent Bank Group, Inc., Attention: 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 the date on your original proxy card prior to the time the polls close for voting at the Independent special meeting, in which case 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 prior to 11:59 p.m. Central Time, on September 23, 2018; or

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

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, trustee or other nominee holding your shares in street name in order to direct a change in the manner your shares will be voted.

Q: What happens if I mark ABSTAIN on my proxy card, instruct my broker to vote ABSTAIN, or fail to instruct my broker to vote?

A: Guaranty stockholders: If you are a record holder of Guaranty common stock and you mark ABSTAIN on your proxy card or if you hold your shares of Guaranty common stock in street name and you instruct your broker, bank, trustee or other nominee to mark ABSTAIN or you fail to instruct your broker, bank, trustee or other nominee to vote your shares and the broker, bank, trustee or other nominee submits a proxy, referred to as a broker nonvote, then the abstention or broker nonvote of shares of Guaranty common stock will be counted towards a quorum at the Guaranty special meeting, but such shares will have the same effect as a vote AGAINST the Guaranty merger proposal.

Abstentions and broker nonvotes will have no effect on the Guaranty compensation proposal or the Guaranty adjournment proposal.

Independent shareholders: If you are a record holder of Independent common stock and you mark **ABSTAIN** on your proxy card or if you hold your shares of Independent common stock in street name and you instruct your broker, bank, trustee or other nominee to mark **ABSTAIN** or you fail to instruct your broker, bank, trustee or other nominee to vote your shares and the broker, bank, trustee or other nominee submits a proxy, referred to as a broker nonvote, then the abstention or broker nonvote of shares of Independent common stock will be counted towards a quorum at the Independent special meeting, but such shares will have the same effect as a vote **AGAINST** the Independent merger proposal.

Abstentions and broker nonvotes will have no effect on the Independent adjournment proposal.

Q: What happens if I fail to submit a proxy card or vote in person at the special meeting?

A: Guaranty stockholders: If you fail to submit a proxy card or vote in person at the Guaranty special meeting, then it will have the same effect as a vote **AGAINST** the Guaranty merger proposal and it will have no effect on the Guaranty compensation proposal or the Guaranty adjournment proposal.

Table of Contents

Independent shareholders: If you fail to submit a proxy card or vote in person at the Independent special meeting, then it will have the same effect as a vote **AGAINST** the Independent merger proposal, and it will have no effect on the Independent adjournment proposal.

Intersegment	<u>(35,181)</u>	<u>(30,698)</u>	<u></u>	<u>(328,794)</u>
Total	<u>(35,181)</u>	<u>(30,698)</u>	<u></u>	<u>(328,794)</u>
Operating cost and expenses	<u>(1,141)</u>	<u>1,315</u>	<u></u>	<u>(10,663)</u>
Operating profit	<u>(34,040)</u>	<u>(32,013)</u>	<u></u>	<u>(318,131)</u>
Consolidated				
Net sales:				
Unaffiliated customers	¥ 843,367	¥ 798,052	+5.7	\$ 7,881,935
Intersegment	<u></u>	<u></u>	<u></u>	<u></u>
Total	<u>843,367</u>	<u>798,052</u>	<u>+5.7</u>	<u>7,881,935</u>
Operating cost and expenses	<u>700,085</u>	<u>664,529</u>	<u>+5.4</u>	<u>6,542,851</u>
Operating profit	<u>143,282</u>	<u>133,523</u>	<u>+7.3</u>	<u>1,339,084</u>

Note: General corporate expenses of JPY34,039 million (U.S.\$318,121 thousand) and JPY32,083 million in the three months ended March 31, 2005 and 2004, respectively, are included in Corporate and Eliminations.

Table of Contents

CANON INC. AND SUBSIDIARIES

CONSOLIDATED

4. CONSOLIDATED BALANCE SHEETS

	Millions of yen			Thousands of U.S. dollars
	As of March 31, 2005	As of December 31, 2004	Change	As of March 31, 2005
	(Unaudited)			(Unaudited)
ASSETS				
Current assets:				
Cash and cash equivalents	¥ 837,147	¥ 887,774	¥(50,627)	\$ 7,823,804
Marketable securities	3,280	1,554	1,726	30,654
Trade receivables, net	542,034	602,790	(60,756)	5,065,738
Inventories	516,193	489,128	27,065	4,824,234
Prepaid expenses and other current assets	262,194	250,906	11,288	2,450,411
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	2,160,848	2,232,152	(71,304)	20,194,841
Noncurrent receivables	14,803	14,567	236	138,346
Investments	100,703	97,461	3,242	941,150
Property, plant and equipment, net	1,007,586	961,714	45,872	9,416,692
Other assets	282,190	281,127	1,063	2,637,289
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	¥3,566,130	¥ 3,587,021	¥(20,891)	\$ 33,328,318
	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES AND STOCKHOLDERS EQUITY				
Current liabilities:				
Short-term loans and current portion of long- term debt	¥ 11,615	¥ 9,879	¥ 1,736	\$ 108,551
Trade payables	446,803	465,396	(18,593)	4,175,729
Income taxes	51,878	105,565	(53,687)	484,841
Accrued expenses	211,501	205,296	6,205	1,976,645
Other current liabilities	176,871	197,029	(20,158)	1,653,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	898,668	983,165	(84,497)	8,398,766
Long-term debt, excluding current installments	26,299	28,651	(2,352)	245,785
Accrued pension and severance cost	127,577	132,522	(4,945)	1,192,308
Other noncurrent liabilities	47,217	45,993	1,224	441,281
	<hr/>	<hr/>	<hr/>	<hr/>

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Total liabilities	1,099,761	1,190,331	(90,570)	10,278,140
Minority interests	189,383	186,794	2,589	1,769,935
Stockholders' equity:				
Common stock	173,913	173,864	49	1,625,355
Additional paid-in capital	401,798	401,773	25	3,755,121
Retained earnings	1,798,416	1,740,834	57,582	16,807,626
Accumulated other comprehensive income (loss)	(91,844)	(101,312)	9,468	(858,355)
Treasury stock	(5,297)	(5,263)	(34)	(49,504)
Total stockholders' equity	2,276,986	2,209,896	67,090	21,280,243
Total liabilities and stockholders' equity	¥3,566,130	¥ 3,587,021	¥(20,891)	\$ 33,328,318

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2005	As of December 31, 2004	As of March 31, 2005
Allowance for doubtful receivables	(Unaudited) ¥ 11,431	¥ 11,657	(Unaudited) \$ 106,832
Accumulated depreciation	1,165,757	1,173,305	10,894,925
Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	(70,372)	(79,751)	(657,682)
Net unrealized gains (losses) on securities	7,916	7,470	73,981
Net gains (losses) on derivative financial instruments	(1,374)	(693)	(12,841)
Minimum pension liability adjustments	(28,014)	(28,338)	(261,813)

- 8 -

Table of Contents

CANON INC. AND SUBSIDIARIES

CONSOLIDATED

5. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Millions of yen		Thousands of U.S. dollars
	Three months ended March 31, 2005	Three months ended March 31, 2004	Three months ended March 31, 2005
	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from operating activities:			
Net income	¥ 93,057	¥ 84,280	\$ 869,692
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	46,631	44,486	435,804
Loss on disposal of property, plant and equipment	1,580	2,751	14,766
Deferred income taxes	2,163	1,586	20,215
Decrease in trade receivables	61,465	15,863	574,439
Increase in inventories	(22,620)	(29,854)	(211,402)
Increase (decrease) in trade payables	(4,460)	34,651	(41,682)
Decrease in income taxes	(53,712)	(28,214)	(501,981)
Increase in accrued expenses	931	114	8,701
Decrease in accrued pension and severance cost	(4,245)	(2,907)	(39,673)
Other, net	(44,101)	(17,693)	(412,159)
Net cash provided by operating activities	76,689	105,063	716,720
Cash flows from investing activities:			
Purchases of property, plant and equipment	(92,594)	(56,908)	(865,364)
Proceeds from sale of property, plant and equipment	5,040	1,390	47,103
Purchases of available-for-sale securities	(2,464)	(411)	(23,028)
Proceeds from sale of available-for-sale securities	417	6,083	3,897
Purchases of other investments	(4,194)	(513)	(39,196)
Other, net	(3,783)	471	(35,356)
Net cash used in investing activities	(97,578)	(49,888)	(911,944)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	147	106	1,374
Repayment of long-term debt	(2,075)	(22,381)	(19,393)
Increase (decrease) in short-term loans	1,445	(1,304)	13,505
Dividends paid	(35,475)	(30,791)	(331,542)
Other, net	(1,508)	(1,805)	(14,094)

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Net cash used in financing activities	<u>(37,466)</u>	<u>(56,175)</u>	<u>(350,150)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>7,728</u>	<u>(5,832)</u>	<u>72,224</u>
Net decrease in cash and cash equivalents	(50,627)	(6,832)	(473,150)
Cash and cash equivalents at beginning of period	<u>887,774</u>	<u>690,298</u>	<u>8,296,954</u>
Cash and cash equivalents at end of period	<u>¥837,147</u>	<u>¥ 683,466</u>	<u>\$ 7,823,804</u>

- 9 -

Table of Contents

CANON INC. AND SUBSIDIARIES

CONSOLIDATED

6. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(1) NUMBER OF GROUP COMPANIES

	March 31, 2005	December 31, 2004	Change
	<u> </u>	<u> </u>	<u> </u>
Subsidiaries	184	184	
Affiliates	16	17	(1)
	<u> </u>	<u> </u>	<u> </u>
Total	200	201	(1)
	<u> </u>	<u> </u>	<u> </u>

CHANGES IN GROUP OF ENTITIES

Subsidiaries

Addition: 2 companies

Removal: 2 companies

Affiliates (Carried at Equity Basis)

Removal: 1 company

(2) SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements reflect the adjustments which management believes are necessary to conform them with accounting principles generally accepted in the United States of America, except for the segment information, as required by Statement of Financial Accounting Standards No.131, Disclosures about Segments of an Enterprise and Related Information.

7. OTHER

We have engaged Ernst & Young ShinNihon to complete a review of the consolidated financial statements as of and for three months ended March 31, 2005, in accordance with Statement of Auditing Standards No.100, Interim Financial Information, established by the American Institute of Certified Public Accountants.

Table of Contents

CONSOLIDATED FINANCIAL RESULTS FOR
THE FIRST QUARTER ENDED MARCH 31, 2005

SUPPLEMENTARY REPORT

TABLE OF CONTENTS

	PAGE
1. SALES BY REGION AND PRODUCT	S1
2. SEGMENT INFORMATION BY PRODUCT	S2
3. OTHER INCOME / DEDUCTIONS	S2
4. SALES COMPOSITION BY PRODUCT	S3
5. SALES GROWTH IN LOCAL CURRENCY	S3
6. P&L SUMMARY (2nd Quarter 2005/Projection)	S4
7. PROFITABILITY	S4
8. IMPACT OF FOREIGN EXCHANGE RATES	S4
9. STATEMENTS OF CASH FLOWS	S4
10. R&D EXPENDITURE	S5
11. CAPITAL EXPENDITURE & DEPRECIATION AND AMORTIZATION	S5
12. INVENTORIES	S5
13. DEBT RATIO	S5
14. OVERSEAS PRODUCTION RATIO	S5
15. NUMBER OF EMPLOYEES	S5

This document contains forward-looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management's views and assumptions formed by available information. All statements other than statements of historical fact are statements that could be considered forward-looking statements. When used in this document, words such as anticipate, believe, estimate, expect, intend, may, plan, project or should and similar expressions, as they relate to Canon, are intended to identify forward-looking statements. Many factors could cause the actual results, performance or achievements of Canon to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products by other companies, lack of acceptance of new products or services by Canon's targeted customers, inability to meet efficiency and cost reduction objectives, changes in business strategy and various other factors, both referenced and not referenced in this document. A detailed description of these and other risk factors is included in Canon's annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. Canon does not intend or assume any obligation to update these forward-looking statements.

Table of Contents

Canon Inc.

1. SALES BY REGION AND PRODUCT

	2005			2004			(Millions of yen) Change year over year		
	1st quarter	2nd quarter	Year	1st quarter	2nd quarter	Year	1st quarter	2nd quarter	Year
		(P)	(P)						
Japan									
Business machines	153,968	156,632	636,900	144,502	147,208	602,772	+6.6%	+6.4%	+5.7%
Office imaging products	95,563	93,437	376,400	82,909	83,922	336,214	+15.3%	+11.3%	+12.0%
Computer peripherals	39,377	47,023	194,100	39,011	42,327	178,783	+0.9%	+11.1%	+8.6%
Business information products	19,028	16,172	66,400	22,582	20,959	87,775	-15.7%	-22.8%	-24.4%
Cameras	26,583	36,117	137,400	26,914	31,932	124,403	-1.2%	+13.1%	+10.4%
Optical and other products	27,543	26,457	99,500	29,696	33,510	122,559	-7.3%	-21.0%	-18.8%
Total	208,094	219,206	873,800	201,112	212,650	849,734	+3.5%	+3.1%	+2.8%
Overseas									
Business machines	439,586	458,014	1,880,500	414,812	435,739	1,785,181	+6.0%	+5.1%	+5.3%
Office imaging products	179,520	205,680	796,000	186,401	201,016	784,758	-3.7%	+2.3%	+1.4%
Computer peripherals	252,915	244,085	1,052,100	221,771	227,563	971,131	+14.0%	+7.3%	+8.3%
	7,151	8,249	32,400	6,640	7,160	29,292	+7.7%	+15.2%	+10.6%

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Business information products									
Cameras	133,328	164,172	660,800	130,311	158,176	638,676	+2.3%	+3.8%	+3.5%
Optical and other products	62,359	60,241	234,900	51,817	43,803	194,262	+20.3%	+37.5%	+20.9%
Total	635,273	682,427	2,776,200	596,940	637,718	2,618,119	+6.4%	+7.0%	+6.0%
Americas									
Business machines	187,548	185,052	771,000	178,655	187,041	762,592	+5.0%	-1.1%	+1.1%
Office imaging products	76,866	88,234	342,100	85,281	90,688	355,375	-9.9%	-2.7%	-3.7%
Computer peripherals	107,126	93,374	414,000	90,190	92,848	392,800	+18.8%	+0.6%	+5.4%
Business information products	3,556	3,444	14,900	3,184	3,505	14,417	+11.7%	-1.7%	+3.4%
Cameras	52,037	61,963	259,800	51,541	62,636	262,873	+1.0%	-1.1%	-1.2%
Optical and other products	9,138	9,262	37,100	7,382	7,626	33,960	+23.8%	+21.5%	+9.2%
Total	248,723	256,277	1,067,900	237,578	257,303	1,059,425	+4.7%	-0.4%	+0.8%
Europe									
Business machines	193,422	210,178	855,700	184,783	190,783	794,601	+4.7%	+10.2%	+7.7%
Office imaging products	82,557	96,543	370,100	82,196	89,941	350,644	+0.4%	+7.3%	+5.5%

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Computer peripherals	107,902	109,598	471,000	99,795	97,897	431,742	+8.1%	+12.0%	+9.1%
Business information products	<u>2,963</u>	<u>4,037</u>	<u>14,600</u>	<u>2,792</u>	<u>2,945</u>	<u>12,215</u>	<u>+6.1%</u>	<u>+37.1%</u>	<u>+19.5%</u>
Cameras	<u>57,331</u>	<u>75,469</u>	<u>289,300</u>	<u>56,832</u>	<u>72,330</u>	<u>277,307</u>	<u>+0.9%</u>	<u>+4.3%</u>	<u>+4.3%</u>
Optical and other products	<u>6,583</u>	<u>4,617</u>	<u>22,500</u>	<u>5,760</u>	<u>5,079</u>	<u>21,387</u>	<u>+14.3%</u>	<u>-9.1%</u>	<u>+5.2%</u>
Total	<u>257,336</u>	<u>290,264</u>	<u>1,167,500</u>	<u>247,375</u>	<u>268,192</u>	<u>1,093,295</u>	<u>+4.0%</u>	<u>+8.2%</u>	<u>+6.8%</u>
Other areas									
Business machines	<u>58,616</u>	<u>62,784</u>	<u>253,800</u>	<u>51,374</u>	<u>57,915</u>	<u>227,988</u>	<u>+14.1%</u>	<u>+8.4%</u>	<u>+11.3%</u>
Office imaging products	20,097	20,903	83,800	18,924	20,387	78,739	+6.2%	+2.5%	+6.4%
Computer peripherals	37,887	41,113	167,100	31,786	36,818	146,589	+19.2%	+11.7%	+14.0%
Business information products	<u>632</u>	<u>768</u>	<u>2,900</u>	<u>664</u>	<u>710</u>	<u>2,660</u>	<u>-4.8%</u>	<u>+8.2%</u>	<u>+9.0%</u>
Cameras	<u>23,960</u>	<u>26,740</u>	<u>111,700</u>	<u>21,938</u>	<u>23,210</u>	<u>98,496</u>	<u>+9.2%</u>	<u>+15.2%</u>	<u>+13.4%</u>
Optical and other products	<u>46,638</u>	<u>46,362</u>	<u>175,300</u>	<u>38,675</u>	<u>31,098</u>	<u>138,915</u>	<u>+20.6%</u>	<u>+49.1%</u>	<u>+26.2%</u>
Total	<u>129,214</u>	<u>135,886</u>	<u>540,800</u>	<u>111,987</u>	<u>112,223</u>	<u>465,399</u>	<u>+15.4%</u>	<u>+21.1%</u>	<u>+16.2%</u>
Total Business machines	<u>593,554</u>	<u>614,646</u>	<u>2,517,400</u>	<u>559,314</u>	<u>582,947</u>	<u>2,387,953</u>	<u>+6.1%</u>	<u>+5.4%</u>	<u>+5.4%</u>
	275,083	299,117	1,172,400	269,310	284,938	1,120,972	+2.1%	+5.0%	+4.6%

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Office imaging products									
Computer peripherals	292,292	291,108	1,246,200	260,782	269,890	1,149,914	+12.1%	+7.9%	+8.4%
Business information products	<u>26,179</u>	<u>24,421</u>	<u>98,800</u>	<u>29,222</u>	<u>28,119</u>	<u>117,067</u>	<u>-10.4%</u>	<u>-13.2%</u>	<u>-15.6%</u>
Cameras	<u>159,911</u>	<u>200,289</u>	<u>798,200</u>	<u>157,225</u>	<u>190,108</u>	<u>763,079</u>	<u>+1.7%</u>	<u>+5.4%</u>	<u>+4.6%</u>
Optical and other products	<u>89,902</u>	<u>86,698</u>	<u>334,400</u>	<u>81,513</u>	<u>77,313</u>	<u>316,821</u>	<u>+10.3%</u>	<u>+12.1%</u>	<u>+5.5%</u>
Total	<u>843,367</u>	<u>901,633</u>	<u>3,650,000</u>	<u>798,052</u>	<u>850,368</u>	<u>3,467,853</u>	<u>+5.7%</u>	<u>+6.0%</u>	<u>+5.3%</u>

(P)=Projection

- S1 -

Table of Contents

Canon Inc.

2. SEGMENT INFORMATION BY PRODUCT

	(Millions of yen)								
	2005			2004			Change year over year		
	1st quarter	2nd quarter (P)	Year (P)	1st quarter	2nd quarter	Year	1st quarter	2nd quarter	Year
Business machines									
Unaffiliated customers	593,554	614,646	2,517,400	559,314	582,947	2,387,953	+6.1%	+5.4%	+5.4%
Intersegment	<hr/>								
Total sales	<u>593,554</u>	614,646	2,517,400	559,314	582,947	2,387,953	+6.1%	+5.4%	+5.4%
Operating profit	140,828	139,672	600,300	124,594	124,167	521,084	+13.0%	+12.5%	+15.2%
% of sales	<u>23.7%</u>	22.7%	23.8%	22.3%	21.3%	21.8%			
Cameras									
Unaffiliated customers	159,911	200,289	798,200	157,225	190,108	763,079	+1.7%	+5.4%	+4.6%
Intersegment	<hr/>								
Total sales	<u>159,911</u>	200,289	798,200	157,225	190,108	763,079	+1.7%	+5.4%	+4.6%
Operating profit	23,815	29,885	124,700	29,195	32,236	130,798	-18.4%	-7.3%	-4.7%
% of sales	<u>14.9%</u>	14.9%	15.6%	18.6%	17.0%	17.1%			
Optical and other products									
Unaffiliated customers	89,902	86,698	334,400	81,513	77,313	316,821	+10.3%	+12.1%	+5.5%
Intersegment	<u>35,181</u>	37,219	149,500	30,698	34,858	138,419	+14.6%	+6.8%	+8.0%

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Total sales	<u>125,083</u>	123,917	483,900	112,211	112,171	455,240	+11.5%	+10.5%	+6.3%
Operating profit	12,679	10,621	30,700	11,747	3,412	28,832	+7.9%	+211.3%	+6.5%
% of sales	<u>10.1%</u>	8.6%	6.3%	10.5%	3.0%	6.3%			

Corporate and Eliminations

Unaffiliated customers

Intersegment	<u>-35,181</u>	-37,219	-149,500	-30,698	-34,858	-138,419			
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Total sales	<u>-35,181</u>	-37,219	-149,500	-30,698	-34,858	-138,419			
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Operating profit	<u>-34,040</u>	-47,460	-171,700	-32,013	-39,962	-136,921			
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Consolidated

Unaffiliated customers

Intersegment	<u>843,367</u>	901,633	3,650,000	798,052	850,368	3,467,853	+5.7%	+6.0%	+5.3%
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Total sales	<u>843,367</u>	901,633	3,650,000	798,052	850,368	3,467,853	+5.7%	+6.0%	+5.3%
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Operating profit	143,282	132,718	584,000	133,523	119,853	543,793	+7.3%	+10.7%	+7.4%
% of sales	<u>17.0%</u>	14.7%	16.0%	16.7%	14.1%	15.7%			

(P)=Projection

3. OTHER INCOME / DEDUCTIONS

	2005		2004			(Millions of yen) Change year over year			
	1st quarter	2nd quarter (P)	1st quarter	2nd quarter	Year	1st quarter	2nd quarter	Year	
		Year (P)							
Interest & dividend, net	2,213	2,587	9,000	537	1,052	4,362	+1,676	+1,535	+4,638

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Forex gain / loss	741	-4,041	-11,200	-4,415	-745	-17,800	+5,156	-3,296	+6,600
Equity earnings / loss of affiliated companies	1,153	647	2,400	106	685	1,921	+1,047	-38	+479
Others, net	<u>2,062</u>	<u>1,638</u>	<u>8,800</u>	<u>6,111</u>	<u>3,267</u>	<u>19,840</u>	<u>-4,049</u>	<u>-1,629</u>	<u>-11,040</u>
Total	<u>6,169</u>	<u>831</u>	<u>9,000</u>	<u>2,339</u>	<u>4,259</u>	<u>8,323</u>	<u>+3,830</u>	<u>-3,428</u>	<u>+677</u>

(P)=Projection

- S2 -

Table of Contents

Canon Inc.

4. SALES COMPOSITION BY PRODUCT

	2005			2004		
	1st quarter	2nd quarter(P)	Year(P)	1st quarter	2nd quarter	Year
Office imaging products						
Monochrome copying machines	57%	57%	57%	63%	63%	62%
Digital*	96%			92%	94%	95%
Analog*	4%			8%	6%	5%
Color copying machines	26%	27%	27%	23%	24%	24%
Others	17%	16%	16%	14%	13%	14%
Computer peripherals						
Laser beam printers	73%	69%	69%	69%	71%	71%
Inkjet printers (includes inkjet MFPs)	25%	30%	30%	28%	27%	27%
Others	2%	1%	1%	3%	2%	2%
Business information products						
Personal computers	72%	67%	67%	76%	74%	74%
Others	28%	33%	33%	24%	26%	26%
Cameras						
Film cameras / Lenses	15%	15%	14%	17%	17%	16%
Digital cameras	72%	70%	71%	68%	67%	69%
Video cameras	13%	15%	15%	15%	16%	15%
Optical and other products						
Semiconductor production equipment	69%	66%	64%	65%	64%	63%
Others	31%	34%	36%	35%	36%	37%

(P)=Projection

* Among office-use monochrome copying machines (hardware only)

5. SALES GROWTH IN LOCAL CURRENCY

	2005		
	1st quarter	2nd quarter(P)	Year(P)
Business machines			
Japan	+6.6%	+6.4%	+5.7%
Overseas	+7.0%	+7.1%	+7.0%
Total	+6.9%	+6.9%	+6.7%

Cameras			
Japan	-1.2%	+13.1%	+10.4%
Overseas	+2.8%	+5.0%	+4.7%
	<hr/>	<hr/>	<hr/>
Total	+2.1%	+6.4%	+5.7%
	<hr/>	<hr/>	<hr/>
Optical and other products			
Japan	-7.3%	-21.0%	-18.8%
Overseas	+20.1%	+36.4%	+20.1%
	<hr/>	<hr/>	<hr/>
Total	+10.1%	+11.5%	+5.0%
	<hr/>	<hr/>	<hr/>
Total			
Japan	+3.5%	+3.1%	+2.8%
Overseas	+7.2%	+8.6%	+7.4%
Americas	+7.5%	+4.0%	+3.9%
Europe	+2.6%	+7.2%	+6.8%
Other areas	+16.7%	+22.3%	+17.0%
	<hr/>	<hr/>	<hr/>
Total	+6.3%	+7.2%	+6.3%
	<hr/>	<hr/>	<hr/>

(P)=Projection

Table of Contents

Canon Inc.

6. P&L SUMMARY (2nd Quarter 2005/Projection)

	(Millions of yen)		Change year over year
	2005	2004	
	2nd quarter(P)	2nd quarter	
Net sales	901,633	850,368	+6.0%
Operating profit	132,718	119,853	+10.7%
Income before income taxes and minority interests	133,549	124,112	+7.6%
Net income	81,943	76,496	+7.1%

(P)=Projection

7. PROFITABILITY

	2005		2004	
	1st quarter	Year(P)	1st quarter	Year
ROE	16.6%	15.5%	17.8%	16.8%
ROA	10.4%	9.8%	10.6%	10.1%

(P)=Projection

8. IMPACT OF FOREIGN EXCHANGE RATES**(1) Exchange rates**

	2005			2004	
	1st quarter	2nd-4th quarter(P)	Year(P)	1st quarter	Year
Yen/US\$	104.58	105.00	104.90	107.43	108.12
Yen/Euro	137.04	135.00	135.44	134.02	134.57

(P)=Projection

(2) Impact of foreign exchange rates on sales (Year over year)

(Billions of yen) 2005	
1st	Year(P)

	<u>quarter</u>	<u> </u>
US\$	-6.4	-39.4
Euro	+3.9	+5.3
Other currencies	+0.2	+4.2
	<u> </u>	<u> </u>
Total	-2.3	-29.9
	<u> </u>	<u> </u>

(P)=Projection

(3) Impact of foreign exchange rates per yen

	(Billions of yen)
	2005
	<u> </u>
	2nd-4th
	quarter(P)
	<u> </u>
On sales	
US\$	10.0
Euro	5.3
On operating profit	
US\$	5.5
Euro	3.9

(P)=Projection

9. STATEMENTS OF CASH FLOWS

	2005		(Millions of yen)	
			2004	
	<u>1st</u>	<u>Year(P)</u>	<u>1st</u>	<u>Year</u>
	<u>quarter</u>	<u> </u>	<u>quarter</u>	<u> </u>
Net cash provided by operating activities				
Net income	93,057	367,000	84,280	343,344
Depreciation and amortization	46,631	210,000	44,486	192,692
Other, net	-62,999	58,000	-23,703	25,493
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	76,689	635,000	105,063	561,529
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash used in investing activities	-97,578	-420,000	-49,888	-252,967
Free cash flow	-20,889	215,000	55,175	308,562
Net cash provided by (used in) financing activities	-37,466	-70,300	-56,175	-102,268
Effect of exchange rate changes on cash & cash equivalents	7,728	1,100	-5,832	-8,818
Net change in cash and cash equivalents	-50,627	145,800	-6,832	197,476

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Cash and cash equivalents at end of each period	837,147	1,033,600	683,466	887,774
				(P)=Projection

- S4 -

Table of Contents

Canon Inc.

10. R&D EXPENDITURE

	2005		(Millions of yen) 2004	
	1st quarter	Year(P)	1st quarter	Year
	Business machines	25,012		26,044
Cameras	9,452		8,158	35,549
Optical and other products	24,705		23,326	118,835
Total	59,169	300,000	57,528	275,300
% of sales	7.0%	8.2%	7.2%	7.9%

(P)=Projection

11. CAPITAL EXPENDITURE & DEPRECIATION AND AMORTIZATION

	2005		(Millions of yen) 2004	
	1st quarter	Year(P)	1st quarter	Year
	Capital expenditure	91,776	375,000	54,749
Depreciation and amortization	46,631	210,000	44,486	192,692

(P)=Projection

12. INVENTORIES**(1) Inventories**

	2005		(Millions of yen) 2004	
	Mar.31	Dec.31	Dec.31	Difference
	Business machines	272,955	244,050	244,050
Cameras	99,904	90,620	90,620	+9,284
Optical and other products	143,334	154,458	154,458	-11,124
Total	516,193	489,128	489,128	+27,065

(2) Inventories/Sales*

	2005	2004	(Days)
	Mar.31	Dec.31	Difference
Business machines	40	36	+4
Cameras	44	40	+4
Optical and other products	169	178	-9
Total	52	49	+3

*Index based on the previous six months sales.

13. DEBT RATIO

	2005	2004	
	Mar.31	Dec.31	Difference
Total debt / Total assets	1.1%	1.1%	0.0%

14. OVERSEAS PRODUCTION RATIO

	2005	2004
	1st quarter	Year
Overseas production ratio	44%	42%

15. NUMBER OF EMPLOYEES

	2005	2004	
	Mar.31	Dec.31	Difference
Japan	45,601	46,103	-502
Overseas	61,986	62,154	-168
Total	107,587	108,257	-670

