

Independent Bank Group, Inc. (NASDAQ: IBTX) has entered into a definitive agreement to acquire Houston City Bancshares, Inc.

Deal Value: \$48 million

Sandler O'Neill served as exclusive financial advisor to Independent Bank Group, Inc. and rendered a fairness opinion in connection with the transaction. This transaction is Sandler O'Neill's 128th bank or thrift transaction since January 1, 2011. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions than any other investment bank during that time period.¹

This transaction represents Sandler O'Neill's 14th bank or thrift transaction in Texas for an aggregate transaction value of \$3.2 billion since January 1, 2011, more than any other investment bank during that time period.¹

McKinney, TX. – June 2, 2014 – Independent Bank Group, Inc. ("Independent") (NASDAQ: IBTX), the holding company for Independent Bank, today announced that Independent has entered into a definitive agreement to acquire Houston City Bancshares, Inc. ("Houston City") and its subsidiary, Houston Community Bank, NA, ("Houston Community Bank") Houston, Texas. Under the terms of the definitive agreement, Houston City shareholders will receive \$89.96 per share for each outstanding share of Houston City common stock, subject to adjustment based upon the tangible book value of Houston City at closing, with 65% of the consideration payable in shares of Independent common stock. The amount of total consideration to be paid by Independent is currently valued at \$48 million.

Houston City, through Houston Community Bank, operates six full service banking locations throughout the Houston metropolitan area. As of March 31, 2014, Houston Community Bank, reported total assets of \$323 million, total deposits of \$296 million, and total equity capital of \$27 million. This transaction enables Houston City to become part of a larger community bank that affords customers additional products, a larger branch network and the financial strength of a proven independent banking organization. Houston City's senior management team will join Independent as part of the transaction. The acquisition of Houston City represents Independent's first follow-on acquisition in Houston adding to Independent's presence in the dynamic and growing Houston market.

The merger is expected to close during the fourth quarter of 2014. Independent anticipates that the acquisition will be accretive to earnings per share immediately and slightly dilutive to tangible book value at closing. Upon completion of this acquisition, Independent would have total assets of approximately \$3.9 billion.

Financial Highlights

(\$s in millions)	IBTX ⁽²⁾	Houston City
Total Assets	\$2,354	\$323
Net Loans	\$1,880	\$200
Total Deposits	\$1,891	\$296
Total Equity	\$253	\$27
Tang. Comm. Equity / Tang. Assets	8.93%	7.95%
NPAs / Assets	0.49%	0.18%

(1) Excludes terminated transactions and self-advisory roles.
 (2) Unadjusted for acquisition of BOH Holdings.
 Note: Financial data as of 3/31/14.
 Source: SNL Financial.

Pro Forma Branch Map



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