

Carlile Bancshares, Inc. (Private; Fort Worth, TX) to acquire Northstar Financial Corporation (Private; Denton, TX)

Deal Value: Not Disclosed

Sandler O'Neill provided a fairness opinion to Northstar Financial Corporation in this transaction. This transaction is Sandler O'Neill's 59th bank or thrift transaction since January 1, 2010. 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

Northstar Financial Corporation ("Northstar"), headquartered in Denton, TX, and Carlile Bancshares, Inc. ("Carlile"), headquartered in Fort Worth, TX, have announced that they have entered into a definitive agreement in which Carlile will acquire Northstar and its subsidiary Northstar Bank of Texas ("Northstar Bank"). This acquisition will be the largest for Carlile, whose intentions are to establish Northstar Bank as the flagship bank, and continue to operate under the Northstar Bank name with its existing leadership team. Rob Gentry, Northstar Bank's Chairman of the Board, will remain on the board and will join Carlile's Board of Directors. Tony Clark will remain the bank's President and Chief Executive Officer.

"We believe this transaction is in the best interest of our shareholders, employees, customers and the communities we serve," said Rob Gentry, Northstar's Chairman. "We both share the same vision for community banking built on the tradition of customer relationships, service quality and strong roots within the community."

Carlile was established in 2009 by experienced community bankers Tom C. Nichols, Chairman and Chief Executive Officer and Don E. Cosby, President and Chief Operating Officer, with the purpose of investing in community banks positioned for growth. The structure of this transaction maintains Northstar Banks leadership team and operational infrastructure.

Northstar Bank has 10 locations located throughout North Texas and is almost \$1 billion in assets. Carlile has two bank subsidiaries, Treaty Oaks Bank with five locations in Austin and Marble Falls, TX and Bank of Broadmoor with four locations in Colorado Springs, CO; and combined assets of approximately \$300 million.

The transaction, which has been approved by Carlile and Northstar Board of Directors, is expected to be completed the second quarter of 2012. Terms of the transaction were not disclosed. The transaction is subject to closing conditions including approval by Northstar's shareholders and regulatory approval. Northstar's shareholder meeting is expected to take place in April, 2012.

Financial Highlights

(Dollars in millions)

	Carlile ²	Northstar
Total Assets	\$308	\$950
Net Loans	NA	\$623
Total Deposits	NA	\$846
Total Equity	\$51	\$66
Tang. Comm. Equity / Tang. Assets	NA	6.92%
NPAs / Assets	NA	2.00%

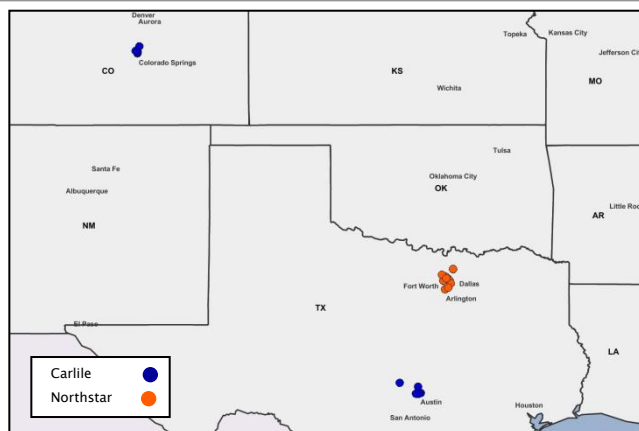
Note: Financial data as of December 31, 2011

(1) Includes bank or thrift transactions since 2010; excludes terminated transactions and self-advisory roles

(2) Bank holding company consolidated total assets; parent only equity capital

Source: SNL Financial, Federal Financial Institutions Examination Council

Pro Forma Map



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