

LONE STAR BANK

a Texas banking association

3,072 Shares of Fixed Rate Non-Cumulative Perpetual
Preferred Stock, Series A
154 Shares of Fixed Rate Non-Cumulative Perpetual
Preferred Stock, Series B

PLACEMENT AGENCY AGREEMENT

November 17, 2014

Sandler O'Neill & Partners, L.P.
Stifel, Nicolaus & Company, Incorporated
as Placement Agents

c/o Sandler O'Neill & Partners, L.P.
1251 Avenue of the Americas, 6th Floor
New York, New York 10020

and

Stifel, Nicolaus & Company, Incorporated
237 Park Ave, 8th Floor
New York, New York 10017

Ladies and Gentlemen:

Lone Star Bank, a Texas banking association (the "Bank"), and the United States Department of the Treasury (the "Selling Shareholder") each confirms its agreement (this "Agreement") with the placement agents set forth on Schedule A hereto (the "Placement Agents") with respect to the direct sale by the Selling Shareholder to one or more Winning Bidders (as defined in Section 2(a) hereof) and the placement, as agent of the Selling Shareholder, by the Placement Agents of 3,072 Shares of Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A, \$1.00 par value per share, and 154 Shares of Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series B, \$1.00 par value per share, of the Bank (collectively, the "Securities").

Offers in the auction for the Securities (the "Auction") will only be made to potential investors who are (i) "qualified institutional buyers" (as defined in Rule 144A under the Securities Act of 1933, as amended (the "1933 Act")) that are organized under the laws of a state of the U.S. or the District of Columbia, (ii) institutions or other entities that are "accredited investors" that meet the standards in Rule 501(a)(1), (2), (3) or (7) under the 1933 Act and having total assets or assets under management of not less than \$25,000,000, that are organized under the laws of a state of the U.S. or the District of Columbia or (iii) directors or executive officers of the Bank who or which, in each case, meet the suitability requirements set forth in the bidder letter provided by each bidder (each, a "Bidder"), a form of which is attached hereto as Schedule B (each, a "Bidder Letter") and are resident in the U.S., and such offers and the sale of the Securities to the Winning Bidder(s) will be made without registration under the 1933 Act.

This Agreement, the Bank's Articles of Association, as amended, and the Statements of Designation with respect to the Securities (collectively, the "Charter"), and the Bank's By-Laws (the "By-Laws") are referred to herein, collectively, as the "Operative Documents."

SECTION 1. Representations and Warranties.

(a) *Representations and Warranties by the Bank.* The Bank represents and warrants to the Winning Bidder(s), each Placement Agent and the Selling Shareholder, at the date of execution of this Agreement, on the date (the "Pricing Date") and at the time that the clearing price for the Securities is determined in accordance with Section 2(a) hereof (the "Applicable Time") and the Closing Time (as defined below) (each, a "Representation Date"), and agrees with the Winning Bidder(s), each Placement Agent and the Selling Shareholder, as follows:

(i) Financial Statements. The financial statements of the Bank, filed with its regulator during the past five fiscal years and any interim periods since the most recent fiscal year end, present fairly the financial position of the Bank at the dates and for the periods of such statements; such financial statements have been prepared in conformity with the requirements of the applicable regulator on a consistent basis throughout the periods involved.

(ii) No Material Adverse Change. Since the date of the last filing of financial statements by the Bank with its applicable regulator (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Bank, whether or not arising in the ordinary course of business (a "Material Adverse Change"), and (B) there have been no transactions entered into, or dividends or distributions declared, paid or made by the Bank, other than those in the ordinary course of business, which are material with respect to the Bank.

(iii) Good Standing of the Bank. The Bank has been duly organized and is validly existing as a banking association in good standing under the laws of the State of Texas and has all requisite corporate power and authority to own, lease and operate its properties, to conduct its business and to enter into and perform its obligations under, and to consummate the transactions contemplated in the Operative Documents and the Securities. The Bank is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not, singly or in the aggregate, result in a material adverse effect (A) in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Bank, whether or not arising in the ordinary course of business, or (B) on the ability of the Bank to enter into and perform its obligations under, or consummate the transactions contemplated in, the Operative Documents (a "Material Adverse Effect"). No change to the Charter and By-Laws is contemplated or has been authorized or approved by the Bank or its stockholders. The deposit accounts of the Bank are insured up to the applicable limits by the Deposit Insurance Fund of the Federal Deposit Insurance Corporation (the "FDIC") to the fullest extent permitted by law and the rules and regulations of the FDIC, and no proceeding for the revocation or termination of such insurance is pending or, to the knowledge of the Bank, threatened.

(iv) No Subsidiaries. The Bank does not have any subsidiaries.

(v) Regulatory Matters. Except as set forth in Schedule C, the Bank is not subject or party to, nor has it received any notice or advice from any Regulatory Agency (as defined below) that it may become subject or party to any investigation with respect to, any corrective, suspension or cease-and-desist order, agreement, consent agreement, memorandum of understanding or other regulatory enforcement action, proceeding or order with or by, or is a party to any commitment letter or similar undertaking to, or is subject to any directive by, or has been a recipient of any supervisory letter from, or has adopted any board resolutions at the request of any Regulatory Agency that currently relates to or restricts in any material respect the conduct of their business or that in any manner relates to their capital adequacy, credit policies, management or business (each, a "Regulatory Agreement"), nor has the Bank been advised by any Regulatory Agency that it is considering issuing or requesting any Regulatory Agreement. There is no unresolved violation, criticism or exception by any Regulatory Agency with respect to any report or statement relating to any examinations of the Bank. The Bank is in compliance in all material respects with all laws administered by the Regulatory Agencies. As used herein, the term "Regulatory Agency" means any federal or state agency charged with the supervision or regulation of depository institutions or holding companies of depository institutions, or engaged in the insurance of depository institution deposits, or any court, administrative agency or commission or other authority, body or agency having supervisory or regulatory authority with respect to the Bank.

(vi) Capitalization. The authorized, issued and outstanding shares of capital stock of the Bank are as set forth in the last filing of financial statements by the Bank with its applicable regulator. The outstanding shares of capital stock of the Bank, including the Securities, have been duly authorized and validly issued and are fully paid and non-assessable. None of the outstanding shares of capital stock of the Bank, including the Securities, were issued in violation of the preemptive or other similar rights of any securityholder of the Bank or any other entity. The total equity of the Bank, as set forth in the Bank's most recent publicly available Report of Condition and Income under the line item "Total bank equity capital end of current period", has not materially decreased.

(vii) Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by the Bank.

(viii) Filing of Statements of Designation; Form of Certificate. The Statements of Designation for the Securities have been duly filed with the Texas Department of Banking (the "TDB"). The form of certificate representing the Securities complies with the requirements of Texas state law, the Charter and the By-Laws.

(ix) Absence of Violations, Defaults and Conflicts. The Bank is not (A) in violation of its charter, by-laws or similar organizational document, (B) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Bank is a party or by which it may be bound or to which any of the properties, assets or operations of the Bank is subject (collectively, "Agreements and Instruments"), except for such defaults that would not, singly or in the aggregate, result in a Material Adverse Effect, or (C) in violation of any law, statute, rule, regulation, judgment, order, writ or decree of any arbitrator, court, governmental body, regulatory body, administrative agency (including, without limitation, each applicable Regulatory Agency) or other authority, body or agency having jurisdiction over the Bank or any of its properties, assets or operations (each, a "Governmental Entity"), except for such violations that would not, singly or in the aggregate, result in a Material Adverse Effect. The execution, delivery and performance of the Operative Documents and the consummation of the transactions contemplated in this Agreement and compliance by the Bank with its obligations under the Operative Documents have been duly authorized by the Bank by all requisite action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any properties, assets or operations of the Bank pursuant to, the Agreements and Instruments (except for such conflicts, breaches, defaults or Repayment Events or liens, charges or encumbrances that would not, singly or in the aggregate, result in a Material Adverse Effect), nor will such action result in any violation of the provisions of the charter, by-laws or similar organizational document of the Bank or any law, statute, rule, regulation,

judgment, order, writ or decree of any Governmental Entity. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other financing instrument (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of the related financing by the Bank.

(x) Absence of Proceedings. There is no action, suit, proceeding, inquiry or investigation before or brought by any Governmental Entity now pending, or, to the knowledge of the Bank, threatened, against or affecting the Bank, which could, singly or in the aggregate, result in a Material Adverse Effect.

(xi) Absence of Further Requirements. Assuming the accuracy of the representations, warranties and covenants of the Winning Bidder(s) set forth in Section 1 of the Bidder Letter(s), no filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any Governmental Entity is necessary or required for the Bank to enter into, or perform their respective obligations under, the Operative Documents or the consummation of the transactions contemplated in this Agreement, except such as have been already obtained, including, without limitation, the registration under the 1933 Act of the offer, sale and delivery of the Securities by the Selling Shareholder through the Placement Agents to the Winning Bidder(s) in accordance with this Agreement and the Bidder Letter(s). If any directors or executive officers of the Bank are intending to bid in the Auction, the Bank has delivered to the Selling Shareholder and the Placement Agents, prior to the date hereof, evidence sufficient to the Selling Shareholder and the Placement Agents that such directors and/or executive officers of the Bank have complied and will comply with the requirements under applicable state securities law.

(xii) Environmental Laws. Except as would not, singly or in the aggregate, result in a Material Adverse Effect, (A) the Bank is not in violation of any applicable law, rule, regulation or policy relating to pollution or protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (collectively, "Environmental Laws"), (B) the Bank has all permits, authorizations and approvals required under any applicable Environmental Laws to conduct its business, (C) there are no pending or threatened administrative, regulatory or judicial actions, investigation or proceedings relating to any Environmental Law against the Bank and (D) there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or Governmental Entity, against or affecting the Bank relating to any Environmental Laws.

(xiii) Payment of Taxes. All United States federal income tax returns of the Bank required by law to be filed have been filed and all taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except assessments against which appeals have been or will be promptly taken and as to which adequate

reserves have been provided. The Bank has filed all other tax returns that are required to have been filed by it pursuant to applicable foreign, state, local or other law except insofar as the failure to file such returns would not, singly or in the aggregate, result in a Material Adverse Effect, and has paid all taxes due pursuant to such returns or pursuant to any assessment received by the Bank, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been established by the Bank.

(xiv) Investment Company Act. The Bank is not required, nor upon the consummation of the transactions contemplated in this Agreement will be required, to register as an "investment company" under the Investment Company Act of 1940, as amended (the "1940 Act").

(xv) Foreign Corrupt Practices Act. Neither the Bank, nor, to the knowledge of the Bank, any director, officer, agent, employee, affiliate or other person acting on behalf of the Bank is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA"), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA and the Bank, and, to the knowledge of the Bank, its other affiliates have conducted their businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(xvi) Money Laundering Laws. The operations of the Bank is and has been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "Money Laundering Laws"). No action, suit or proceeding by or before any Governmental Entity involving the Bank with respect to the Money Laundering Laws is pending or, to the best knowledge of the Bank, threatened which would reasonably be expected to have a Material Adverse Effect.

(xvii) OFAC. Neither the Bank, nor, to the knowledge of the Bank, any director, officer, agent, employee, affiliate or other person acting on behalf of the Bank is (A) an individual or entity ("Person") currently the subject of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), the United Nations Security Council ("UNSC"), the European Union, Her Majesty's Treasury

("HMT"), or other relevant sanctions authority (collectively, "Sanctions") or (B) located, organized or resident in a country or territory that is the subject of Sanctions.

(xviii) Dividend Payments. Except as set forth in Schedule C, the Bank is not currently prohibited, directly or indirectly, under any order of any Regulatory Agency (other than orders applicable to banks generally), under any applicable law, or under any agreement or other instrument to which it is a party or is subject, from paying any dividends on any of its capital stock (including the Securities) or from making any other distribution on the Bank's capital stock. As of the date of this Agreement and as further described in Schedule C, the Bank has not declared and paid (and has not sought and received any and all necessary regulatory or other approvals to declare and pay), and for the foreseeable future after the date of this Agreement does not intend to declare and pay (and does not intend to seek any and all necessary regulatory or other approvals to declare and pay), each scheduled dividend payment on the Securities.

(b) *Intention to Bid for or Repurchase Securities.*

(i) Intention to Bid. Except as disclosed on Schedule C, neither the Bank nor any of the officers and directors of the Bank intends to submit bids for the Securities in the Auction.

(ii) Redemption or Repurchase of Securities. As disclosed in Schedule C, the Bank may repurchase or redeem the Securities subject to certain conditions.

(c) *Representations and Warranties by the Selling Shareholder.* The Selling Shareholder represents and warrants to, and agrees with, the Bank, the Winning Bidder(s) and each Placement Agent at each Representation Date as follows:

(i) Good and Marketable Title. The Selling Shareholder now has and at the Closing Time will have good and marketable title to the Securities to be sold by it, free and clear of any liens, encumbrances, equities and claims, and full right, power and authority to effect the sale and delivery of the Securities. Upon the delivery of, against payment for, the Securities pursuant to this Agreement and the Bidder Letter with each Winning Bidder and, assuming a Winning Bidder does not have notice of any adverse claim (within the meaning of the Uniform Commercial Code as in effect in the State of New York), such Winning Bidder will acquire good and marketable title thereto, free and clear of any liens, encumbrances, equities and claims.

(ii) Authorization of Agreement. The Selling Shareholder has full right, power and authority to execute and deliver this Agreement and to perform its obligations

hereunder, and this Agreement has each been duly authorized, executed and delivered by or on behalf of the Selling Shareholder.

(iii) Absence of Further Requirements. No consent, approval or waiver is required under any instrument or agreement to which the Selling Shareholder is a party or by which the Selling Shareholder is bound in connection with the Auction, the offering and sale by the Selling Shareholder and the purchase by a Winning Bidder of any of the Securities under this Agreement or the Bidder Letter with such Winning Bidder or the consummation by the Selling Shareholder of any of the other transactions contemplated under this Agreement or such Bidder Letter.

(d) *Officer's Certificates.* Any certificate signed by any officer of the Bank and delivered to the Winning Bidder(s) and/or the Placement Agents shall be deemed a representation and warranty by the Bank and, if applicable, the Bank to the Winning Bidder(s) and the Placement Agents as to the matters covered thereby.

SECTION 2. Sale and Delivery of Securities; Closing.

(a) *Securities.* On the basis of the representations, warranties and covenants contained herein and in each Bidder Letter, and subject to the terms and conditions contained herein and in the Auction Procedures described in each Bidder Letter, the Selling Shareholder agrees to sell, and each Placement Agent agrees to use commercially reasonable efforts to place, the number of Securities at the clearing price, in each case, determined in accordance with the Auction Procedures, directly to the Bidder or Bidders that the Placement Agents and the Selling Shareholder determine, pursuant to the Auction Procedures, has won the Auction (each such Bidder, a "Winning Bidder"); provided that the Selling Shareholder may, in its discretion, determine not to sell any Securities upon completion of the Auction. The Selling Shareholder shall notify the Placement Agents whether it has decided to sell the Securities in the Auction as promptly as practicable after completion of the Auction and determination of the clearing price, as well as the specific number of Securities it has decided to sell.

(b) *Compensation.* The Bank shall not be responsible for the payment of any fees to the Placement Agents hereunder for the services to be provided by the Placement Agents in connection with the Auction.

(c) *Payment.* Payment of the purchase price for, and delivery of certificates for, the Securities shall be made at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, or at such other place as shall be agreed upon by the Winning Bidder(s) and the Selling Shareholder, at 9:00 A.M. (New York City time) on the ninth business day after the Pricing Date, or such other time not later than ten business days after such date as shall be agreed upon by the Winning Bidder(s) and the Selling Shareholder (such time and date of payment and delivery being herein called "Closing Time").

Prior to the Closing Time, the Selling Shareholder, or a Placement Agent, if so directed by the Selling Shareholder, will provide payment and wire transfer instructions to the Winning Bidder(s). At or prior to the Closing Time, each Winning Bidder shall make payment to the Selling Shareholder by wire transfer of immediately available funds in accordance with such instructions against delivery at the Closing Time to such Winning Bidder of certificates for the Securities in physical form registered in the name of such Winning Bidder or its authorized agent or nominee.

Notwithstanding anything to the contrary contained herein, neither Placement Agent shall have any obligation to purchase any Securities from the Selling Shareholder or have any liability, to the Selling Shareholder or otherwise, in the event that a Winning Bidder fails to consummate the purchase of the Securities.

SECTION 3. Covenants of the Bank. The Bank covenants with the Winning Bidder(s), each Placement Agent and the Selling Shareholder as follows:

(a) *Update of Information.* If, prior to the Closing Time, any event shall occur or condition shall exist which would, singly or in the aggregate, result in a Material Adverse Effect the Bank will promptly give the Winning Bidder(s), the Placement Agents and the Selling Shareholder written notice of such event or condition and effects therefrom, as well as copies of any related documentation.

(b) *Blue Sky Qualifications.* The Bank will use its best efforts, in cooperation with the Placement Agents and the Selling Shareholder, to qualify the Securities for offering and sale under the applicable securities laws of such states as the Placement Agents and the Selling Shareholder may reasonably designate and to maintain such qualifications in effect so long as required to complete the placement of the Securities; provided, however, that the Bank shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(c) *Restriction on Sale of Securities.* During a period of 30 days from the date of this Agreement, the Bank will not, without the prior written consent of the Placement Agents, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any shares of preferred stock or any securities convertible into or exercisable or exchangeable for preferred stock or file any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of preferred stock, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of preferred stock or such other securities, in cash or otherwise.

(d) *Registrar; Transfer Agent.* The Bank will maintain a registrar and transfer agent for the Securities.

SECTION 4. Intentionally Omitted.

SECTION 5. Payment of Expenses.

(a) *Expenses.* The Bank will pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, issuance and delivery of the certificates for the Securities in physical form to each Winning Bidder, including any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Securities to such Winning Bidder, (ii) the fees and disbursements of the Bank's counsel and other advisors, (iii) the qualification of the Securities under securities laws in accordance with the provisions of Section 3(b) hereof, (iv) the fees and expenses of the registrar and transfer agent for the Securities, (v) the costs and expenses of any state securities law analysis in connection with the transactions contemplated by this Agreement, and (vi) the costs and expenses (including, without limitation, any damages or other amounts payable in connection with legal or contractual liability) associated with the reforming of any contracts for sale of the Securities caused by a breach of the representation contained in Section 1(a)(i) hereof.

(b) *Termination of Agreement.* If this Agreement is terminated by the Placement Agents in accordance with the provisions of Section 6 or Section 10(a)(i) hereof, the Bank shall reimburse the Placement Agents for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Placement Agents.

(c) *Other Agreement.* The provisions of this Section 5 shall not supersede or otherwise affect any agreement that the Bank and the Selling Shareholder may otherwise have entered into for the allocation of such expenses between them.

SECTION 6. Conditions of Placement Agents' and Selling Shareholder's Obligations. The obligations of the Placement Agents and the Selling Shareholder hereunder are subject to the following conditions:

(a) *Accuracy of Representations and Warranties; Performance of Covenants.* At the Closing Time, the representations and warranties contained herein or in certificates of any officer of the Bank delivered pursuant to the provisions hereof, shall be true and correct, when made, and at the Closing Time, and the Bank shall have performed its covenants and other obligations hereunder.

(b) *Opinion of Counsel for Bank.* At the Closing Time, the Placement Agents and the Selling Shareholder shall have received the favorable opinion, dated the Closing Time, of

Bracewell & Giuliani, LLP, counsel for the Bank, in form and substance satisfactory to the Placement Agents and the Selling Shareholder, to the effect set forth in Exhibit A hereto and to such further effect as counsel to the Placement Agents and the Selling Shareholder may reasonably request.

(c) *Officers' Certificate.* At the Closing Time, there shall not have been, since the date hereof or since the date of the latest audited balance sheet included in the last financial statements of the Bank filed with its applicable regulator any Material Adverse Change, and the Placement Agents and the Selling Shareholder shall have received a certificate of the Chief Executive Officer or the President and of the cashier or chief accounting officer of the Bank, dated the Closing Time, to the effect set forth in Exhibit B hereto.

(d) *Evidence of Blue Sky Compliance.* If any directors or executive officers of the Bank are intending to bid in the Auction, the Bank shall have delivered to the Selling Shareholder and the Placement Agents, prior to the date hereof, evidence sufficient to the Selling Shareholder and the Placement Agents that such directors and/or executive officers of the Bank have complied and will comply with the requirements under applicable state securities law.

(e) *Maintenance of Rating.* Since the execution of this Agreement, there shall not have been any decrease in or withdrawal of the rating of any securities of the Bank by any "nationally recognized statistical rating organization" (as defined for purposes of Section 3(a)(62) of the 1934 Act) or any notice given of any intended or potential decrease in or withdrawal of any such rating or of a possible change in any such rating that does not indicate the direction of the possible change.

(f) *Determination of Clearing Price.* The Selling Shareholder and the Placement Agents shall have determined, in writing, the clearing price for the Securities in the Auction.

(g) *Reissuance of Securities.* The Bank shall have reissued the Securities, in the respective numbers determined in accordance with the Auction Procedures, in physical form in the name of each Winning Bidder or its authorized agent or nominee.

(h) *Additional Documents.* At the Closing Time, all proceedings taken by the Bank in connection with this Agreement shall be satisfactory in form and substance to the Selling Shareholder and the Placement Agents.

(i) *Termination of Agreement.* If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled or will not have been fulfilled when and as required to be fulfilled, the obligations of the Placement Agents may be terminated by the Placement Agents by notice to the Bank and the Selling Shareholder at any time at or prior to Closing Time, and such termination shall be without liability of any party to any other party

except as provided in Section 5 and except that Sections 1, 7, 8, 9, 14, 15 and 16 shall survive any such termination and remain in full force and effect.

SECTION 7. Indemnification.

(a) *Indemnification of Agents.* The Bank agrees to indemnify and hold harmless each Placement Agent, its affiliates (as such term is defined in Rule 501(b) promulgated under the 1933 Act (each, an "Affiliate")), selling agents, partners, officers and directors, each person, if any, who controls a Placement Agent within the meaning of Section 15 of the 1933 Act or Section 20 of the Securities Exchange Act of 1934, as amended (the "1934 Act"), the Selling Shareholder and the Selling Shareholder's agents, including, without limitation, Houlihan Lokey Capital, Inc. (the "Financial Agent") as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of (1) the engagement as Placement Agent under this Agreement, (2) any untrue statement or alleged untrue statement of a material fact included in any information provided by the Bank to the Bidders, or the omission or alleged omission in such information (or any amendment or supplement thereto) of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (3) the breach or alleged breach of any representation, warranty or covenant of the Bank under this Agreement;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any Governmental Entity, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 7(c) hereof) any such settlement is effected with the written consent of the Bank; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by the Placement Agents), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any Governmental Entity, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above.

(b) *Actions against Parties; Notification.* Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from

any liability which it may have otherwise than on account of this indemnity agreement. In case any such action is brought against any indemnified party and such indemnified party seeks or intends to seek indemnity from an indemnifying party, the indemnifying party will be entitled to participate in and, to the extent that it shall elect, jointly with all other indemnifying parties similarly notified, by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that a conflict may arise between the positions of the indemnifying party and the indemnified party in conducting the defense of any such action or that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of such indemnifying party's election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section 7 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the immediately preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel (together with local counsel), approved by the indemnifying party (or by the Placement Agents in the case of Section 8 hereof), representing the indemnified parties who are parties to such action) or (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action, in each of which cases the fees and expenses of counsel shall be at the expense of the indemnifying party. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any Governmental Entity, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 7 or Section 8 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(c) *Settlement without Consent if Failure to Reimburse.* If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 7(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request (other

than those fees and expenses that are being contested in good faith) prior to the date of such settlement.

(d) *Exclusion.* Notwithstanding the foregoing, the indemnification provided for in this Section 7 and the contribution provided for in Section 8 shall not apply to the Bank to the extent that such indemnification or contribution, as the case may be, by the Bank is found by any Regulatory Agency, or in a final judgment by a court of competent jurisdiction, to constitute a transaction that is subject to the provisions of Section 23A or Section 23B of the Federal Reserve Act.

SECTION 8. Contribution. If the indemnification provided for in Section 7 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Bank and the Selling Shareholder, on the one hand, and the Placement Agents, on the other hand, from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Bank and the Selling Shareholder, on the one hand, and the Placement Agents, on the other hand, in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Bank and the Selling Shareholder, on the one hand, and the Placement Agents, on the other hand, in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Bank and the Selling Shareholder, on the one hand, and the total placement fees received by the Placement Agents, on the other hand, bear to the aggregate initial offering price of the Securities.

The relative fault of the Bank and the Selling Shareholder, on the one hand, and the Placement Agents, on the other hand, shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Bank or the Selling Shareholder or by the Placement Agents, as the case may be, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation (even if the Placement Agents were treated as one entity for such purpose) or by any other method of allocation which does not take account

of the equitable considerations referred to above in this Section 8. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 8 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any Governmental Entity, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 8, neither Placement Agent shall be required to contribute any amount in excess of the placement fees received by such Placement Agent in connection with the Securities sold through it as agent.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 8, each person, if any, who controls a Placement Agent within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act and each Placement Agent's Affiliates, selling agents, partners, officers and directors shall have the same rights to contribution as such Placement Agent. The Placement Agent's respective obligations to contribute pursuant to this Section 8 are several in proportion to the number of Securities sold through each of them as agent, and not joint.

SECTION 9. Representations, Warranties and Agreements to Survive. All representations, warranties and agreements contained in this Agreement, or in certificates of officers of the Bank submitted pursuant hereto, shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of a Placement Agent or its Affiliates, partners, officers, directors and or selling agents, any person controlling a Placement Agent or any person controlling the Bank or the Selling Shareholder or any representative of the Selling Shareholder and (ii) delivery of and payment for the Securities.

SECTION 10. Termination of Agreement.

(a) *Termination.* The Placement Agents may terminate this Agreement, by notice to the Bank and the Selling Shareholder, at any time at or prior to the Closing Time, (i) if there has been, in the judgment of the Placement Agents, since the time of execution of this Agreement or since the date of the latest audited balance sheet included in the last financial statements of the Bank filed with its applicable regulator any Material Adverse Change, or (ii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such

as to make it, in the judgment of the Placement Agents, impracticable or inadvisable to proceed with the completion of the offering of the Securities or to enforce contracts for the sale of the Securities, or (iii) if trading generally on the New York Stock Exchange or in the Nasdaq Global Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by order of the Securities and Exchange Commission, FINRA or any other Governmental Entity, or (iv) if a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States or with respect to Clearstream or Euroclear systems in Europe, or (v) if a banking moratorium has been declared by either Federal, New York or Texas authorities.

(b) *Liabilities.* If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 5 hereof, and provided further that Sections 1, 7, 8, 9, 14, 15 and 16 shall survive such termination and remain in full force and effect.

SECTION 11. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication, including by facsimile and electronic mail. Notices to the Placement Agents shall be directed to each Placement Agent as set forth in Schedule A. Notices to the Bank shall be directed to Lone Star Bank, 2600 South Gessner Road, Houston, Texas 77063 attention of Mr. Dennis Harrington, facsimile (713) 358-6640, with a copy to Bracewell & Giuliani, LLP, Attention: Mr. Joshua T. McNulty, 1445 Ross Avenue, Suite 3800, Dallas, Texas 75202, facsimile (800) 404-3970. Notices to the Selling Shareholder shall be directed to it at 1500 Pennsylvania Avenue, N.W., Washington, D.C. 20220, Attention: Chief Counsel, Office of Financial Stability, facsimile number (202) 927-9225.

SECTION 12. No Advisory or Fiduciary Relationship. The Bank acknowledges and agrees that (a) the transaction contemplated by this Agreement is an arm's-length commercial transaction between the Bank, on the one hand, and the Placement Agents, on the other hand, (b) in connection with the offering of the Securities and the process leading thereto, neither Placement Agent is or has been acting as a principal, agent or fiduciary of the Bank or any of its stockholders, creditors or employees or any other party, (c) neither Placement Agent has assumed or will assume an advisory or fiduciary responsibility in favor of the Bank with respect to the offering of the Securities or the process leading thereto (irrespective of whether such Placement Agent has advised or is currently advising the Bank on other matters or any other obligation to the Bank with respect to the offering of the Securities, (d) the Placement Agents and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Bank, and (e) the Placement Agents have not provided any legal, accounting, financial, regulatory or tax advice with respect to the offering of the Securities and the Bank has consulted its own respective legal, accounting, financial, regulatory and tax advisors to the extent it deemed appropriate.

SECTION 13. Parties. This Agreement shall inure to the benefit of and be binding upon the Placement Agents, the Bank, the Selling Shareholder, the Financial Agent and the Winning Bidder(s) and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Placement Agents, the Bank, the Selling Shareholder, the Financial Agent and the Winning Bidder(s) and the successors and the controlling persons, Affiliates, selling agents, officers and directors referred to in Sections 7 and 8 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Placement Agents, the Bank, the Selling Shareholder, the Financial Agent and the Winning Bidder(s) and such successors, controlling persons, Affiliates, selling agents, officers and directors, heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities shall be deemed to be a successor by reason merely of such purchase. The Placement Agents, the Bank, the Selling Shareholder and the Winning Bidder(s) agree that the Financial Agent shall be an express third party beneficiary of this Agreement, and entitled to enforce any rights granted to the Financial Agent hereunder as if it were a party hereto.

SECTION 14. Trial by Jury. Each of the parties hereto other than the Selling Shareholder (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders and affiliates) hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

SECTION 15. GOVERNING LAW. THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF, THE STATE OF NEW YORK WITHOUT REGARD TO ITS CHOICE OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF NEW YORK), PROVIDED THAT ALL RIGHTS AND OBLIGATIONS OF THE SELLING SHAREHOLDER UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE FEDERAL LAWS OF THE UNITED STATES OF AMERICA.

SECTION 16. Consent to Jurisdiction. Each of the parties hereto other than the Selling Shareholder agrees that any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby ("Related Proceedings") shall be instituted in (i) the federal courts of the United States of America located in the City and County of New York, Borough of Manhattan or (ii) the courts of the State of New York located in the City and County of New York, Borough of Manhattan (collectively, the "Specified Courts"), and irrevocably submits to the exclusive jurisdiction (except for proceedings instituted in regard to the enforcement of a judgment of any Specified Court (a "Related Judgment"), as to which such jurisdiction is non-exclusive) of the Specified Courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail to such party's address set forth

above shall be effective service of process for any suit, action or proceeding brought in any Specified Court. Each of the parties hereto irrevocably and unconditionally waives any objection to the laying of venue of any suit, action or proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any Specified Court that any such suit, action or proceeding brought in any Specified Court has been brought in an inconvenient forum.

SECTION 17. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

SECTION 18. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

[Signature Page Follows]

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Bank a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among each Placement Agent, the Bank and the Selling Shareholder in accordance with its terms.

Very truly yours,

LONE STAR BANK

By:


Name: Dennis Harrington
Title: President and Chief Executive Officer

UNITED STATES DEPARTMENT OF
THE TREASURY, as Selling Shareholder

By: _____

Name:
Title:

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Bank a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among each Placement Agent, the Bank and the Selling Shareholder in accordance with its terms.

Very truly yours,

LONE STAR BANK

By: _____
Name: Dennis Harrington
Title: President and Chief Executive
Officer

UNITED STATES DEPARTMENT OF
THE TREASURY, as Selling Shareholder

By: 
Name: Timothy J. Bowler
Title: Deputy Assistant Secretary for
Financial Stability

CONFIRMED AND ACCEPTED,
as of the date first above written:

SANDLER O'NEILL & PARTNERS, L.P.,
as Placement Agent

By: Sandler O'Neill & Partners Corp.,
the sole general partner

By: 
Name: Robert A. Kleinert
Title: An officer of the Corporation

STIFEL, NICOLAUS & COMPANY, INCORPORATED,
as Placement Agent

By: _____
Authorized Signatory

CONFIRMED AND ACCEPTED,
as of the date first above written:

SANDLER O'NEILL & PARTNERS, L.P.,
as Placement Agent

By: Sandler O'Neill & Partners Corp.,
the sole general partner

By: _____
Name:
Title:

STIFEL, NICOLAUS & COMPANY, INCORPORATED,
as Placement Agent

By:

Authorized Signatory

Lisa J. Schmitz
Managing Director

SCHEDULE A

Placement Agents

Sandler O'Neill & Partners, L.P.

1251 Avenue of the Americas, 6th Floor

New York, New York 10020

Attn: General Counsel

Stifel, Nicolaus & Company, Incorporated

237 Park Ave, 8th Floor

New York, New York 10017

Attn: Ben Plotkin, with a copy to Capital Markets Legal

SCHEDULE B

Form of Bidder Letter

(See Attached)

SCHEDULE C

Disclosure Schedules

Section 1(a)(x) – Regulatory Matters

The Bank entered into a consent order by and among the Bank, the Federal Deposit Insurance Corporation (the "FDIC") and the TDB effective as of June 10, 2010 (the "Consent Order"). As of September 5, 2014, the FDIC and the TDB terminated the Consent Order and replaced it with a Memorandum of Understanding (the "MOU"), which became effective on August 26, 2014. While the Bank can disclose that it is party to the MOU, the Bank cannot disclose the specific conditions and restrictions set forth in the MOU.

The Bank believes it is in material compliance with the terms of the MOU. However, compliance with the MOU is determined by the TDB and the FDIC in each entities sole discretion. The TDB and FDIC may determine that the issues raised by the MOU have not been addressed satisfactorily, or that any current or past actions, violations or deficiencies could be the subject of further regulatory enforcement actions. Such enforcement actions could involve penalties or further limitations on the Bank's business and negatively affect its financial condition and results of operations.

Section 1(a)(xviii) – Dividend Payments

As of the date of this Agreement, the Bank has failed to declare and pay the following scheduled dividend payments on the Securities: May 15, 2009, August 15, 2009, November 15, 2009, February 15, 2010, May 15, 2010, August 15, 2010, November 15, 2010, February 15, 2011, May 15, 2011, August 15, 2011, November 15, 2011, February 15, 2012, May 15, 2012, August 15, 2012, November 15, 2012, February 15, 2013, May 15, 2013, August 15, 2013, November 15, 2013, February 15, 2014, May 15, 2014, August 15, 2014 and November 15, 2014.

For the foreseeable future after the date of this Agreement, the Bank does not intend to declare and pay, or seek any and all regulatory or other approvals necessary to declare and pay, each scheduled dividend payment on the Securities, because it believes that regulatory approval is extremely unlikely to be granted.

The Bank is required to seek and receive regulatory approval from the Federal Deposit Insurance Corporation and the Texas Department of Banking in order to declare and pay dividends on the Securities. Since such requirement has been in effect, the Bank has not sought such approval because it believes that regulatory approval is extremely unlikely to be granted.

The terms of the Securities provide that if dividends on the Securities are not paid for six quarters, whether or not consecutive, the holders of the Securities have the right to vote to appoint two members to the board of directors of the Bank. Also, the special voting rights associated with the Securities allow the holders to vote as a class for directors separate from the owners of the common and other voting securities. Therefore, the Securities may be considered "voting securities" for purposes of the Bank Holding Company Act of 1956, as amended and the Change in Bank Control Act.

Section 1(b)(i) – Directors Bidding

Certain directors of the Bank have indicated that they may submit bids in an amount equal to 100% of the Securities in the Auction. There is no assurance that the directors will submit any bids (or the amount of any such bids) or that any bids submitted by the directors will be accepted.

Bidders will not be notified by any of the Placement Agents, the Auction Agents or the Holder whether such director have bid in the Auction or, should they elect to participate in the Auction, the terms of any bid or bids they may place. Solely in the case that the clearing price for a series of Securities equals the minimum bid price for such series of Securities and the directors of the Bank submit a bid in the Auction equal to the minimum bid price with respect to that series to purchase all of that series, the directors will be the Winning Bidder with respect to those Securities and will be allocated all of those Securities. Otherwise, they will not receive preferential treatment of any kind and would participate on the same basis as all other Bidders, although in some cases the submission of bids by such director could cause the clearing price in the Auction to be higher than it would otherwise have been (although in such a case such directors would still be required to purchase any Securities for which they had submitted bids at the clearing price). Such directors may bid at a price or prices per share that are less than the liquidation preference per Preferred Share. In addition, to the extent such directors purchase any Securities, the liquidity of any market for the Securities may decrease, particularly if any such purchases represent a significant percentage of the outstanding Securities.

Section 1(b)(ii) – Issuer Redemption or Repurchase

The Bank may redeem the Securities, at any time, in whole or in part, at its option, subject to prior approval by the appropriate federal and state banking agencies, for cash, for a redemption price equal to 100% of the liquidation preference amount per share of the Securities plus any accrued and unpaid dividends to but excluding the date of redemption.

The Bank may redeem the Series B Preferred Stock only after all outstanding shares of the Series A Preferred Stock have been redeemed, repurchased or otherwise acquired by it.

The Bank's ability to redeem the Securities will depend on then-present facts and circumstances and the amount of capital it holds or can raise at the holding company level. In order for the Bank to obtain approval from its applicable regulatory authorities to redeem any Securities, it would expect that such regulatory authorities would require the Bank to satisfy its capital commitments to them, if any, after giving effect to the redemption of the Securities so approved.

The Bank previously applied for the requisite regulatory approval to redeem, repurchase or exchange all of the Securities, but did not receive regulatory approval from the FDIC to redeem, repurchase or exchange such Securities. The Bank has no present intention to redeem, repurchase or exchange the Securities within the 12 months following the date of this Agreement.

FORM OF OPINION OF BANK'S COUNSEL
TO BE DELIVERED PURSUANT TO SECTION 6(b)

1. The Bank is a state banking association formed under the laws of the State of Texas and is validly existing as a state banking association in good standing under the laws of the State of Texas.
2. The Bank has corporate power and authority to enter into and perform its obligations under, and to consummate the transactions contemplated under, the Operative Documents.
3. The Securities have been duly authorized, and validly issued and are fully paid and non-assessable and none of the Securities were issued in violation of the preemptive or other similar rights of any securityholder of the Bank.
4. The Placement Agency Agreement has been duly authorized, executed and delivered by the Bank.
5. The Statements of Designation for the Securities have been duly filed with the Texas Department of Banking. The form of certificate representing the Securities complies in all material respects with the requirements of Texas state law, the Charter and the By-Laws.
6. Assuming the accuracy of the representations, warranties and covenants of the Winning Bidder(s) set forth in Section 1 of the Bidder Letter(s), respectively, no filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any Governmental Entity is necessary or required for the Bank to enter into, or perform its obligations under, the Operative Documents or the Securities or the consummation of the transactions contemplated in the Placement Agency Agreement, except such as have been already obtained.
7. The execution, delivery and performance of the Operative Documents and the consummation of the transactions contemplated in the Placement Agency Agreement and compliance by the Bank with its respective obligations under the Operative Documents does not and will not result in any violation of the provisions of the Charter, By-Laws or similar organizational documents of the Bank or any applicable law, statute, rule, regulation, judgment, order, writ or decree, known to us, of any Governmental Entity.
8. Assuming the accuracy of the representations, warranties and covenants of the Winning Bidder(s) set forth in Section 1 of the Bidder Letter(s), it is not necessary in connection with the offer, sale and delivery of each series of Securities, by the Selling Shareholder through the Placement Agents to the Winning Bidder(s) in accordance with the Placement Agency Agreement and the Bidder Letter(s) to register series of Securities under the 1933 Act.

Exhibit B

FORM OF OFFICERS' CERTIFICATE TO BE DELIVERED PURSUANT TO SECTION 6(C)

(See Attached)

LONE STAR BANK

November [], 2014

The undersigned, Dennis Harrington, the Chief Executive Officer and President of Lone Star Bank (the "Bank"), and Brent McRoberts, the Cashier of the Bank, each hereby certifies, pursuant to Section 6(c) of the Placement Agency Agreement, dated November 17, 2014, by and among (i) the Bank, (ii) the United States Department of the Treasury and (iii) Sandler O'Neill & Partners, L.P. and Stifel, Nicolaus & Company, Incorporated (the "Placement Agency Agreement") that:

- (i) There has been no Material Adverse Change since both the date of the Placement Agency Agreement and since the date of the latest audited balance sheet included in the last financial statements of the Bank filed with the applicable regulator.
- (ii) The representations and warranties of the Bank in the Placement Agency Agreement are true and correct with the same force and effect as though expressly made at and as of the Closing Time.
- (iii) The Bank has complied with all agreements and satisfied all conditions on its part to be performed or satisfied pursuant to the Placement Agency Agreement at or prior to the Closing Time.

Capitalized terms used herein shall have the same meanings ascribed to them in the Placement Agency Agreement.

IN WITNESS WHEREOF, we have hereunto signed our names as of the date first written above.

[Signature Page Follows]

LONE STAR BANK

By: _____
Name: Dennis Harrington
Title: President and Chief Executive
Officer

By: _____
Name: Brent McRoberts
Title: Cashier