WestStar Bank
It's more than banking to us.

Western Express Vol. 23 No. 1 1st Quarter 2012

To Our Stockholders, Valued Clients and Friends

The beginning of any new year is a time for reflection and an opportunity to gain insight into what lies ahead. Looking back, 2011 was yet another strong year for WestStar Bank. Among many of our accomplishments was the achievement of our 21st consecutive year of annual profitability. In a challenging economic climate, it's rewarding to see WestStar Bank continue to grow and prosper. As we look to the next quarter and beyond, we will continue to position ourselves to take advantage of growth opportunities as they become available.

Although we achieved many significant milestones in 2011, we're also intensely focused on insuring success in 2012. In that vein, we are proud to announce we officially crossed the one billion dollars in assets threshold. As of the end of the first quarter of 2012, total assets were at $1.013 billion. This is a momentous achievement, one we've been focused on for the past few years as we've experienced significant deposit growth. All of you have been instrumental in making this happen, and it's a milestone we can all be truly proud of in the history of our bank.

We continue to be inspired by our small business community. As they are a vital component of our economic recovery, we strive to assist small businesses in finding the right financial solutions for their continued growth. Recently, Oscar Villasana, Vice President Commercial Lending, was named Financial Services Champion of the Year by the El Paso Small Business Administration (SBA). The Financial Services Champion award is presented annually to individuals who assist small businesses through advocacy efforts to increase the usefulness and availability of accounting or financial services. We are sincerely honored to have one of our employees recognized by an organization such as the SBA. These distinctions are another demonstration of our commitment to El Paso's growth. As your community bank, it's imperative we serve the community as an economic foundation and business partner.

We do our utmost to keep you abreast of potential financial pitfalls, including identity theft and fraud. As of late, consumers nationwide are reporting new phishing email scams utilizing legitimate business names and email addresses. How do these phishing scams happen? First, a thief sends a mass email blast in hopes some of the receivers actually have an account or credit card from the company they have placed within the email. Typically, the email will indicate that: your online account, credit card or personal information has been compromised; a complaint has been filed against you; or you have a delivery pending. Then, you're encouraged to click on a link within the email to verify your information. This is the fraudulent part. After you click on the link, you're actually logging into a site that collects your personal information so it can be used to gain access to your account, credit card, etc. These links have also been known to install viruses onto your computer that will start collecting personal information and send it back to the thief. What can you do to prevent yourself from becoming a victim of phishing? Never click on the links contained within these types of emails. Always call the bank or vendor the email references by using a phone number from a reliable source, not from within the email, to verify whether the email is authentic or a fraud.

In closing, it's more apparent than ever that a banking relationship is more than just products and services. It's about partnering with an institution that makes loans in the same area where they get their deposits. It's about finding an institution that believes in the local economy and the people who live there. It's about trust, and knowing that your institution of choice is there to help you when you have questions or needs. For us, that's what being a community bank is all about, and it's the only way we know how to do business.

As we start our 22nd year, we want to thank you for your continued support. We truly appreciate your referrals and the kind words you have shared with others. As a local business, we realize much of our success is derived from you, our loyal customers and shareholders. We thrive when you thrive. Rest assured, taking care of our customers is paramount to how we do business every day. With this as our focus, WestStar Bank has grown to be El Paso's largest community bank – and we're proud you've grown with us.

Sincerely,

L. Frederick Francis
Executive Chairman
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Larry L. Patton
President & CEO
Tel. (915)747-1002

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Chief Executive Officer

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Financial Advisor, Investment
Brokerage Through Raymond
James Financial Services Inc.

WestStar Bank

Comparative Balance Sheet
March 31, 2012 (UNAUDITED) (000'S)

	3-31-12	3-31-11	3-31-10	3-31-09
ASSETS				
Cash & Deposits in Banks, Non-Interest	$ 20,015	$ 18,423	$ 15,647	$ 15,030
Deposits in Banks, At Interest	35,539	23,272	31,962	13,352
Investment Securities	323,029	236,285	244,866	190,696
El Paso Loans and Leases, Net of Unearned Income	617,734	616,098	545,182	521,409
Less: Allowance for Losses	(8,449)	(9,038)	(6,688)	(3,620)
Premises and Equipment, net of depreciation	13,792	12,754	12,959	11,280
Intangible Assets	303	732	987	1,158
Interest Receivable & Other Assets	11,052	10,135	11,135	8,957
TOTAL ASSETS	$ 1,013,015	$ 908,661	$ 856,050	$ 758,262
LIABILITIES				
Demand Deposits	242,072	209,198	193,853	157,560
NOW Accounts	129,817	102,799	87,027	92,101
Savings & Money Market Accts.	309,459	274,669	262,875	208,115
Deposit Certs. under $100,000	54,153	54,282	55,733	56,078
Deposit Certs. over $100,000	184,669	185,107	173,006	147,672
Total Deposits	$ 920,170	$ 826,055	$ 772,494	$ 661,526
Other Borrowed Money	853	1,005	7,811	29,325
Int. Payable & Other Liabilities	6,565	6,295	4,030	3,934
TOTAL LIABILITIES	$ 927,588	$ 833,355	$ 784,335	$ 694,785
CAPITAL				
Common Stock	7,110	7,110	7,110	7,110
Common Surplus	36,890	36,890	36,890	36,890
Earned Surplus	35,189	28,115	23,488	16,150
Net unrealized holding gains (losses) on available for sale securities	6,238	3,191	4,227	3,327
TOTAL CAPITAL AND SHAREHOLDERS' EQUITY	$ 85,427	$ 75,306	$ 71,715	$ 63,477
TOTAL LIABILITIES & CAPITAL	$ 1,013,015	$ 908,661	$ 856,050	$ 758,262

WestStar Bank
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Castro Enterprises, Inc.

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WestStar Bank

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War Eagles Air Museum

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Alto Mesa
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10400 Montwood Drive

Montwood/Zaragosa
12101 Montwood Dr.

Viscount/Golden Key
8865 Viscount Boulevard

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