Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, L. Frederick Francis
Name of the Holding Company Director and Official

Chairman, CEO and Director
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Signature of Holding Company Director and Official

03/31/2021
Date of Signature

Date of Report (top-tier holding company's fiscal year-end):
12/31/2020
Month / Day / Year

N/A
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

WestStar Bank Holding Company, Inc.
Legal Title of Holding Company

500 N. Mesa St.
(Mailing Address of the Holding Company) Street / P.O. Box

City	State	Zip Code
El Paso	Texas	79901

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Name	Title
Socorro E. Rodriguez	SVP/Treasurer

915-747-1632
Area Code / Phone Number / Extension

915-342-1944
Area Code / FAX Number

srodriguez@weststarbank.com
E-mail Address

N/A
Address (URL) for the Holding Company's web page

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- [x] is included with the FR Y-6 report
- [ ] will be sent under separate cover
- [ ] is not prepared

Is confidential treatment requested for any portion of this report submission? .... 0=No 1=Yes **1**

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report .... [x]
2. a letter justifying this request has been provided separately ... [ ]

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

For Federal Reserve Bank Use Only

RSSD ID ______
C.I. ______

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

N/A
Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City | State | Zip Code

Physical Location (if different from mailing address)

N/A
Legal Title of Subsidiary Holding Company

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City | State | Zip Code

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City | State | Zip Code

Physical Location (if different from mailing address)

WestStar Bank
Holding Company, Inc.

2020 Annual Report

WestStar Bank Holding Company, Inc.
and Subsidiary

Annual Financial Report

December 31, 2020 and 2019

WestStar Bank Holding Company, Inc. and Subsidiary

Table of Contents

Independent Auditor's Report

Board of Directors and Stockholders
WestStar Bank Holding Company, Inc.

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of WestStar Bank Holding Company, Inc. and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2020 and 2019; the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended; and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WestStar Bank Holding Company, Inc. and Subsidiary as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have also audited, in accordance with auditing standards generally accepted in the United States of America, WestStar Bank Holding Company, Inc. and Subsidiary's internal control over financial reporting, as of December 31, 2020, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report, dated March 5, 2021, expressed an unqualified opinion on the effectiveness of WestStar Bank Holding Company, Inc. and Subsidiary's internal control over financial reporting.

RSM US LLP

San Antonio, Texas
March 5, 2021

WestStar Bank Holding Company, Inc. and Subsidiary

Consolidated Balance Sheets

December 31, 2020 and 2019
(Dollars in Thousands, Except Share Data)

Assets

	2020	2019
Cash and due from banks	$ 17,725	$ 20,642
Interest-bearing deposits in other depository institutions	201,140	52,947
Cash and cash equivalents	218,865	73,589
Debt securities available for sale	399,524	379,201
Debt securities to be held to maturity (fair value of $7,100 and $9,346 at December 31, 2020 and 2019, respectively)	6,613	8,976
Equity securities	1,016	994
Restricted investment securities	5,431	5,352
Loans – net of allowance for loan losses and deferred loan fees of $27,399 ($17,413 in 2019)	1,604,711	1,349,259
Bank premises and equipment – net	67,041	28,868
Accrued interest receivable	8,343	5,482
Goodwill and intangible assets – net	42,572	42,797
Prepaid expenses and other assets	16,065	10,996
	$ 2,370,181	$ 1,905,514

Liabilities and Stockholders' Equity

	2020	2019
Liabilities		
Deposits:		
Noninterest-bearing	$ 893,433	$ 615,954
Interest-bearing	1,184,667	1,014,832
Total deposits	2,078,100	1,630,786
Accrued interest payable	73	115
Advances from correspondent banks	-	-
Accrued expenses and other liabilities	20,262	28,752
Total liabilities	2,098,435	1,659,653
Commitments and contingencies (notes 6, 9, 10, 11, and 13)		
Stockholders' Equity		
Common stock – $5 par value; 3,000,000 shares authorized; 1,942,803 shares issued and outstanding (1,938,723 shares issued and outstanding in 2019)	9,714	9,694
Additional paid-in capital	150,041	149,022
Retained earnings	102,030	83,730
Accumulated other comprehensive income	9,918	3,415
Total WestStar Bank Holding Company stockholders' equity	271,703	245,861
Noncontrolling interest	43	-
Total stockholders' equity	271,746	245,861
	$ 2,370,181	$ 1,905,514

Notes to the consolidated financial statements form an integral part of these statements.

WestStar Bank Holding Company, Inc. and Subsidiary

Consolidated Statements of Income

Years Ended December 31, 2020 and 2019
(Dollars in Thousands, Except Share Data)

	2020	2019
Interest income:		
Loans – including fees	$ 79,330	$ 75,223
Securities available for sale	7,354	10,369
Securities held to maturity	293	390
Other	559	905
Total interest income	87,536	86,887
Interest expense:		
Deposits	4,537	8,438
Advances from correspondent banks	53	1,191
Total interest expense	4,590	9,629
Net interest income	82,946	77,258
Provision for loan losses	6,170	1,380
Net interest income after provision for loan losses	76,776	75,878
Noninterest income:		
Service charges and fees on deposit accounts	3,341	3,573
Wealth management fees	4,722	4,575
Fees from insurance activities	6,174	6,068
Net realized gains (losses) on disposal of fixed assets	(274)	1,378
Net realized gains on sales of available for sale securities	2,745	97
Other operating income	5,246	2,640
Total noninterest income	21,954	18,331
Noninterest expense:		
Salaries and employee benefits	29,557	28,252
Net occupancy and equipment expenses	5,446	4,826
Data processing and software expenses	2,743	2,291
Professional services	2,644	2,335
Other operating expenses	7,032	7,085
Total noninterest expense	47,422	44,789
Net income including noncontrolling interest	$ 51,308	$ 49,420
Less: Net income (loss) attributable to noncontrolling interest	(7)	-
Net income attributable to WestStar Bank Holding Company, Inc.	$ 51,315	$ 49,420
Weighted-average number of shares outstanding	1,941,843	1,936,286
Basic earnings per share	$ 26.43	$ 25.52

Notes to the consolidated financial statements form an integral part of these statements.

WestStar Bank Holding Company, Inc. and Subsidiary

Consolidated Statements of Comprehensive Income

Years Ended December 31, 2020 and 2019
(Dollars in Thousands)

	2020	2019
Net income	$ 51,315	$ 49,420
Other items of comprehensive income:		
Unrealized holding gains on securities:		
Unrealized holding gains arising during the year	9,248	15,095
Less: reclassification adjustment for gains included in net income	(2,745)	(97)
Total other items of comprehensive income	6,503	14,998
Comprehensive income	$ 57,818	$ 64,418

Notes to the consolidated financial statements form an integral part of these statements.

WestStar Bank Holding Company, Inc. and Subsidiary

Consolidated Statements of Stockholders' Equity

Years Ended December 31, 2020 and 2019

(Dollars in Thousands, Except Share Data)

	Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total WestStar Bank Holding Company Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
Balance at December 31, 2018	1,931,660	$ 9,658	$ 147,249	$ 83,760	$ (11,583)	$ 229,084	$ -	$ 229,084
Net income	-	-	-	49,420	-	49,420	-	49,420
Change in net unrealized gains (losses) on debt securities	-	-	-	-	14,964	14,964	-	14,964
Effect of adoption of investments in equity securities ASU 2016-01	-	-	-	(34)	34	-	-	-
Contribution of stock to ESOP	1,763	9	439	-	-	448	-	448
Issuance of stock	5,300	27	1,334	-	-	1,361	-	1,361
Cash dividends declared	-	-	-	(49,416)	-	(49,416)	-	(49,416)
Balance at December 31, 2019	1,938,723	$ 9,694	$ 149,022	$ 83,730	$ 3,415	$ 245,861	$ -	$ 245,861
Net income (loss)	-	-	-	51,315	-	51,315	(7)	$ 51,308
Change in net unrealized gains on debt securities	-	-	-	-	6,503	6,503	-	6,503
Noncontrolling interest	-	-	-	-	-	-	50	50
Contribution of stock to ESOP	1,780	8	449	-	-	457	-	457
Issuance of stock	2,300	12	570	-	-	582	-	582
Cash dividends declared	-	-	-	(33,015)	-	(33,015)	-	(33,015)
Balance at December 31, 2020	1,942,803	$ 9,714	$ 150,041	$102,030	$ 9,918	$ 271,703	$ 43	$ 271,746

Notes to the consolidated financial statements form an integral part of these statements.

WestStar Bank Holding Company, Inc. and Subsidiary

Consolidated Statements of Cash Flows

Years Ended December 31, 2020 and 2019

(Dollars in Thousands)

	2020	2019
Cash Flows From Operating Activities		
Net income including noncontrolling interest	$ 51,308	$ 49,420
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock dividend from FHLB	(20)	(119)
Contribution of stock to ESOP	457	448
Contribution of stock for director compensation	68	76
Market value adjustment on equity securities	(22)	(29)
(Gain)Loss on disposition of bank premises and equipment	274	(1,378)
(Gain)Loss on sale of other real estate owned	-	(7)
Gain on sale of debt securities available for sale	(2,745)	(97)
Proceeds from loans sold	-	214
Depreciation of bank premises and equipment	1,790	1,729
Amortization of core deposit intangible	225	231
Accretion of discounts on debt securities	(89)	(94)
Amortization of premiums on debt securities	2,132	1,715
Provision for loan losses	6,170	1,380
Amortization of deferred loan fees	6,463	1,823
Net change in:		
Accrued interest receivable	(2,861)	234
Prepaid expenses and other assets	(5,068)	(1,415)
Accrued interest payable	(42)	32
Accrued expenses and other liabilities	1,183	(540)
Net cash provided by operating activities	59,223	53,623
Cash Flows From Investing Activities		
Purchases of debt securities available for sale	(861,224)	(795,888)
Proceeds from sale of debt securities available for sale	40,643	48,986
Purchase of FHLB and FRB stock	(4,980)	(9,900)
Proceeds from sale of FHLB and FRB stock	4,920	10,329
Principal payments of debt securities available for sale	101,655	65,309
Principal payments of debt securities held to maturity	2,336	2,705
Maturity of United States agency debt securities available for sale	700,000	750,000
Maturity of municipal debt securities available for sale	5,835	18,265
Purchases of bank premises and equipment	(40,980)	(4,812)
Proceeds from sale of bank premises and equipment	742	3,974
Proceeds from sale of other real estate owned	-	305
Net change in loans	(268,085)	(114,400)
Net cash used in investing activities	(319,138)	(25,127)

Notes to the consolidated financial statements form an integral part of these statements.

WestStar Bank Holding Company, Inc. and Subsidiary

Consolidated Statements of Cash Flows

Years Ended December 31, 2020 and 2019
(Dollars in Thousands)
(Continued)

	2020	2019
Cash Flows From Financing Activities		
Net change in deposits	447,314	65,323
Net change in advances	-	(5,000)
Proceeds from issuance of common stock	514	1,285
Dividends paid	(42,687)	(42,410)
Net change in noncontrolling interest	50	-
Net cash provided by financing activities	405,191	19,198
Net increase in cash and cash equivalents	145,276	47,694
Cash and cash equivalents at beginning of year	73,589	25,895
Cash and cash equivalents at end of year	$ 218,865	$ 73,589

Schedules of Other Cash Flow Information and Noncash Activities

	2020	2019
Interest paid	$ 4,631	$ 9,597
Dividends declared – not yet paid	$ 9,714	$ 19,387
Loans transferred to other real estate owned – net	$ -	$ 298

Notes to the consolidated financial statements form an integral part of these statements.

1. Summary of Significant Accounting Policies

Consolidation

The accompanying consolidated financial statements include the accounts of WestStar Bank Holding Company, Inc. (the "Holding Company"), its wholly owned subsidiary WestStar Bank (the "Bank"), and the Bank's wholly owned subsidiaries WestStar Insurance Agency, Inc. (the "Insurance Agency"), WestStar Title, LLC. (the "Title Company"), and WestStar Tower Properties, LLC. ("WestStar Tower Properties") (collectively, the "Company"). The Company also consolidates the results of a variable interest entity ("VIE") in which it determined it had a controlling financial interest. The Company has a controlling financial interest in such entity if the Company had both the power to direct the activities that most significantly affect the VIE's economic performance and the obligation to absorb the losses of, or right to receive benefits from, the VIE that could be potentially significant the VIE. All significant intercompany balances and transactions have been eliminated in consolidation.

Nature of Operations

The Bank, headquartered in El Paso, Texas, is a Texas state-chartered bank that opened for business on May 1, 1990. The Bank provides financial services primarily to individual and corporate customers in El Paso, Texas; Las Cruces, New Mexico; and Northern Mexico. Its primary deposit products are checking, savings, money market, and certificate of deposit accounts. Its primary lending products are real estate and commercial loans. The Bank is a member of the Federal Reserve System and its deposits are insured by the Federal Deposit Insurance Corporation (Bank Insurance Fund) within prescribed limits. The Bank is also a member of the Federal Home Loan Bank of Dallas.

The Bank operates three wholly owned subsidiaries, WestStar Insurance Agency, Inc., WestStar Title, LLC., and WestStar Tower Properties, LLC. The Insurance Agency sells and services property, casualty, life and health insurance policies. The Title Company offers services that include, but are not limited to, examining title records, acting as escrow agent in the closing of commercial and residential real estate transactions and issuing owner's and loan title insurance policies. WestStar Tower Properties holds the real estate investment for WestStar Tower, the new headquarters for the Company, currently under construction and scheduled to be in service during the second quarter of 2021.

The Bank is subject to competition from other financial institutions. The Holding Company, Bank, Insurance Agency and Title Company are subject to the regulations of certain federal and state agencies and undergo periodic examinations by those regulatory authorities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the consolidated financial statements and the disclosures provided, and actual results could differ. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, valuation of goodwill, and the valuation of available-for-sale securities.

1. Summary of Significant Accounting Policies (continued)

Newly Adopted and Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases* and subsequently issued amendments and technical corrections in ASU 2018-01, ASU 2018-10 and ASU 2018-11. The new standard, which is codified in ASC 842, *Leases*, sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the effect this standard will have on the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial instruments. The existing incurred loss model will be replaced with a current expected credit loss (“CECL”) model for both originated and acquired financial instruments carried at amortized cost and off-balance sheet credit exposures, including loans, loan commitments, held-to-maturity debt securities, financial guarantees, net investment in leases, and most receivables. Recognized amortized cost financial assets will be presented at the net amount expected to be collected through an allowance for credit losses. Expected credit losses on off-balance sheet credit exposures will be recognized through a liability. Expected credit losses on available-for-sale debt securities will also be recognized through an allowance; however, the allowance for an individual available-for-sale debt security will be limited to the amount by which fair value is below amortized cost. Unlike current guidance, which requires certain favorable changes in expected cash flows to be accreted into interest income, both favorable and unfavorable changes in expected credit losses (and therefore the allowance) will be recognized through credit loss expense as they occur. With the exception of purchased financial assets with a more than insignificant amount of credit deterioration since origination, for which the initial allowance will be added to the purchase price of the assets, the initial allowance on financial assets subject to the scope (whether originated or acquired) will be recognized through credit loss expense.

Expanded disclosures will also be required. Transition will generally be on a modified retrospective basis, with certain prospective application transition provisions for securities for which other-than-temporary impairment had previously been recognized and for assets that had previously been accounted for in accordance with Subtopic 310-30, *Receivables—Loans and Debt Securities Acquired with Deteriorated Credit Quality*. This ASU is effective for the Company in fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after

1. Summary of Significant Accounting Policies (continued)

Newly Adopted and Recently Issued Accounting Standards (continued)

December 15, 2018, and interim periods within those fiscal years. The Company is currently evaluating the effect this standard will have on the consolidated financial statements.

Significant Group Concentrations of Credit Risk

Most of the Company's activities are with customers located within El Paso County, Texas and the surrounding areas. Note 4 discusses the types of securities in which the Company invests. Note 5 discusses the types of lending in which the Company engages. Commercial real estate, including commercial construction loans, represented 60% and 69% of the total portfolio at December 31, 2020 and 2019, respectively.

Acquisition Accounting

Mergers and acquisitions are accounted for under the acquisition method of accounting. Purchased assets, including identifiable intangible assets, and assumed liabilities are recorded at their respective acquisition date fair values. If the consideration given exceeds the fair value of net assets received, goodwill is recognized.

Debt Securities

The Bank classifies debt securities into one of two categories, held to maturity or available for sale. Debt securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Debt securities are classified as available for sale when they might be sold before maturity. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income.

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized using a method that approximates the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Management evaluates debt securities for other-than-temporary impairment ("OTTI") on at least an annual basis, and more frequently when economic or market conditions warrant such an evaluation. For debt securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a debt security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows: 1) OTTI related to credit loss, which must be recognized in the income statement and 2) OTTI related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis.

1. Summary of Significant Accounting Policies (continued)

Equity Securities

Equity securities with readily determinable fair values are carried at fair value, with changes in fair value reported in net income.

Restricted Investment Securities

The Bank is a member of the Federal Home Loan Bank ("FHLB") and Federal Reserve Bank ("FRB") systems. Members of the FHLB and FRB systems are required to own a certain amount of stock based on factors including total assets, borrowings and capital levels. The stock is included as restricted investment securities, which are carried at cost on the consolidated balance sheets. These equity securities are "restricted" in that they can only be sold back to the respective institution or another member institution at par. Therefore, they are less liquid than other marketable equity securities. The Company views its investment in restricted stock as a long-term investment. Accordingly, when evaluating for impairment, the value is determined based on the ultimate recovery of the par value, rather than recognizing temporary declines in value. There has been no impairment to date. Both cash and stock dividends are report as income.

Loans

The Company grants real estate, commercial, and consumer loans to customers. A substantial portion of the loan portfolio is represented by real estate loans throughout El Paso County, Texas. The ability of the Company's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this area.

The Company has lending policies and procedures in place to grant loans to borrowers after underwriting standards are satisfied. Commercial and residential real estate loans are subject to underwriting standards that evaluate cash flow and fair value of the collateral. The collectability of real estate loans may be adversely affected by conditions in the real estate markets or the general economy. Management monitors and evaluates real estate loans based on collateral, geography, and risk criteria.

Commercial loans are underwritten after evaluating and understanding the borrower's ability to operate profitably. Such evaluations involve reviews of historical performance, cash flow projections and valuations of collateral provided by the borrower. Most commercial loans are secured by the assets being financed or other available business assets and frequently include a personal guarantee by the principal owners; however, some commercial loans may be made on an unsecured basis. The repayment of commercial loans is substantially dependent on the ability of borrowers to operate their businesses profitably and collect amounts due from their customers.

Consumer loans are originated after evaluation of the credit history and repayment ability of the borrower based on current personal income. The repayment of consumer loans can be adversely affected by economic conditions and other factors that impact the borrower's income.

1. Summary of Significant Accounting Policies (continued)

Loans (continued)

Loans that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported at the principal balance outstanding, net of purchase premiums and discounts, deferred loan fees, and an allowance for loan losses. Interest income is accrued on the unpaid principal balance. Loan origination fees are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

A loan is considered delinquent when principal and/or interest amounts are not current, in accordance with the contractual loan agreement. The accrual of interest on real estate and commercial loans is generally discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in process of collection. Consumer loans are typically charged off no later than 120 days past due. In all cases, loans are placed on nonaccrual status or charged off at an earlier date if collection of principal or interest is considered doubtful.

At the time accrual on interest is discontinued, any unpaid amounts previously accrued in the current year on these loans are reversed from income and any amounts accrued in prior years are charged against the allowance for loan losses. The interest on these loans is accounted for on the cash basis or cost recovery method, until qualifying for return to accrual status. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due, according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral, if the loan is collateral-dependent.

Loans are fully charged off or partially charged down to the fair value of the collateral securing the loan when management determines the asset to be uncollectible, repayment is deemed to be delayed or doubtful beyond reasonable time frames, the borrower has declared bankruptcy, or the loan is past due for an unreasonable time period. Such charge-offs are charged against the allowance for loan losses. Recoveries of previous loan charge-offs are credited to the allowance for loan losses only when the Company receives cash or other collateral in repayment of the loan.

1. Summary of Significant Accounting Policies (continued)

Loans (continued)

In situations related to a borrower's financial difficulties, the Company may grant a concession to the borrower for other than an insignificant period of time that would not otherwise be considered. In such instances, the loan will be classified as a troubled debt restructuring. These concessions may include interest rate reductions, payment forbearance, or other actions intended to minimize the economic loss and avoid foreclosure of the collateral. In cases where borrowers are granted new terms that provide for a reduction of either interest or principal, the Company measures an impairment loss on the restructuring, as noted above, for impaired loans.

Acquired Loans

Loans acquired in a business combination are recorded at estimated fair value on their purchase date without a carryover of the related allowance for loan losses. Acquired loans were segregated between those considered to be credit impaired and those without credit impairment at acquisition. To make this determination, management considered such factors as past due status, nonaccrual status and credit risk ratings. The fair value of acquired performing loans was determined by discounting expected cash flows, both principal and interest, at prevailing market interest rates. The difference between the fair value and principal balances due at acquisition date, the fair value discount, is accreted into income over the estimated life of each loan.

Purchased credit impaired ("PCI") loans are acquired loans with evidence of deterioration of credit quality since origination and it is probable, at the acquisition date, that the Company will not be able to collect all contractually required amounts. PCI loans acquired are accounted for on an individual loan basis. The fair value was initially based on an estimate of cash flows, both principal and interest, expected to be collected, discounted at prevailing market rates of interest. Management estimated cash flows using key assumptions such as default rates, loss severity rates assuming default, and estimated collateral values. The excess of cash flows expected to be collected from a loan over its estimated fair value at acquisition is referred to as the accretable yield and is recognized in interest income using an effective yield method over the remaining life of the loan. When the timing/and or amounts of expected cash flows on such loans are not reasonably estimable, the fair value discount is not accreted into income.

Allowance for Loan Losses

The Company maintains an allowance for loan losses as a reserve established through a provision for possible loan losses charged to expense, which represents management's best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance, in the opinion of management, is necessary to reserve for estimated loan losses and risks inherent in the loan portfolio. The Company's methodology for the allowance for loan losses includes allowance allocations calculated in accordance with the ASC, *Receivables*, and ASC, *Contingencies*. Accordingly, the methodology is based on historical loss experience by type of credit and internal risk grade, specific homogeneous risk pools, and specific loss allocations, with adjustments for current events and conditions.

1. Summary of Significant Accounting Policies (continued)

Allowance for Loan Losses (continued)

The Company's process for determining the appropriate level of the allowance for loan losses is designed to account for credit deterioration as it occurs. Factors that influence the determination include quantifiable aspects, such as loan volume, loan concentrations, and loan quality trends, including trends in nonaccrual, past-due, and classified loans; current period loan charge-offs; and recoveries. The determination also includes qualitative aspects, such as changes in local, regional, or national economies or markets, and other factors. Such qualitative factors are highly judgmental and require constant refinement. The Company has an internal loan review function, the objective of which is to identify potential problem loans, properly classify loans by risk grade, and assist senior management in maintaining an adequate allowance for loan losses by reviewing and refining the methodology, as needed, based on changing circumstances.

The Company's allowance for loan losses consists primarily of two elements: (1) a specific valuation allowance determined in accordance with the ASC based on probable losses on specific, individual loans and (2) a general valuation allowance determined in accordance with the ASC based on historical loan loss experience for pools of similar loans, which is then adjusted to reflect the impact of current trends and conditions.

While management uses the best information available to make its evaluation, future additions to the allowance could be required based on changes in economic conditions. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination.

Bank Premises and Equipment

Land is carried at cost. Premises and equipment are stated at cost, net of accumulated depreciation. Depreciation is recognized on the straight-line method over the estimated useful lives of the asset which range from 3 to 39 years. Depreciation on leasehold improvements is recognized on the straight-line method over the shorter of the related lease term or the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred. Renewals and betterments that significantly extend the useful life of an asset are capitalized. At the time an asset is sold or otherwise disposed of, the depreciated balance is written off and the resulting gain or loss is recognized.

Goodwill

Goodwill arises from business combinations and is generally determined as the excess of the fair value of the consideration transferred over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Under ASC Topic 350, goodwill acquired in a purchase business combination and determined to have an indefinite use life are not amortized, but tested for impairment at least annually or more frequently if events and circumstances exists that indicate that a goodwill impairment test should be performed. The Company's goodwill impairment assessment in 2020 and 2019 concluded no impairment existed. Any future impairment will be recorded as noninterest expense in the period of assessment.

1. Summary of Significant Accounting Policies (continued)

Core Deposit Intangibles

Core deposit intangibles, the portion of an acquisition purchase price which represents value assigned to the existing deposit base, have finite lives and are amortized using the accelerated method over a period of 10 years. Intangible assets are tested for impairment whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable from future undiscounted cash flows. If impaired, the assets are recorded at fair value. Amortization of intangible assets is recorded as noninterest expense.

Other Real Estate Owned – Foreclosed Assets

Foreclosed assets are initially recorded at their fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operating costs after acquisition are expensed.

Bank Owned Life Insurance

The Company owns life insurance policies on certain officers and directors. Bank owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement. The policies had an aggregate cash surrender value totaling $10.3 million and $8.2 million as of December 31, 2020 and 2019, respectively which is included in prepaid expenses and other assets in the consolidated balance sheets.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when: (1) the assets have been isolated from the Company; (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets; and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Wealth Management Assets

The Bank provides trust and investment services. The Bank recognizes income for these services on the accrual basis. Assets held by the Wealth Management Division of the Bank in fiduciary or agency capacity are not assets of the Company and are not included in the consolidated balance sheets. Total assets held by the Wealth Management Division were $669 million and $636 million as of December 31, 2020 and 2019.

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Interest income and expense is recognized on the accrual method based on the respective outstanding balances. In general, for revenue not associated with financial instruments, guarantees and lease contracts, the Company applies the following steps in accordance with ASC 606 when recognizing revenue from contracts with customers: (i) identify the contract, (ii) identify the performance obligation, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations and (v) recognize revenue when a performance obligation is satisfied. The Company's contracts with customers are generally short term in nature, due within one year or less or cancellable by the Company or customer upon a short notice period. Performance obligations for the customer contracts are generally satisfied at a single point in time, typically when the transaction is complete, or over time. For performance obligations satisfied over time, the Company primarily uses the output method, directly measuring the value of the products/services transferred to the customer to determine when the performance obligations have been satisfied. The Company typically receives payment from customers and revenue concurrent with the satisfaction of its performance obligation.

Income Taxes

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be taxed as an S Corporation. The stockholders of an S Corporation are taxed on their proportionate share of the entity's taxable income. Therefore, no provision or liability for federal income taxes has been included in the consolidated financial statements. Certain specific deductions and credits flow through the Company to its stockholders.

The Company accounts for uncertainty in income taxes in accordance with the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

The Company is subject to Texas franchise tax and New Mexico income tax.

Earnings Per Share

Basic earnings per share represent income available to common stockholders of WestStar Bank Holding Company, Inc. divided by the weighted-average number of common shares outstanding during the period.

1. Summary of Significant Accounting Policies (continued)

Loan Commitments and Related Financial Instruments

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and standby letters of credit, issued to meet customer financing needs. The face amount for these items represents exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded in the consolidated financial statements when they are funded or related fees are incurred or received.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash, balances due from banks, and interest-bearing deposits in other depository institutions.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available for sale which are also recognized as separate components of equity.

Advertising

Advertising costs are expensed as incurred. The amount of advertising expense incurred during the years ended December 31, 2020 and 2019 totaled $410 thousand and $545 thousand, respectively.

Subsequent Events

The Company has evaluated subsequent events that occurred after December 31, 2020 through March 5, 2021, the date the consolidated financial statements were available to be issued.

2. Fair Value Measurements

The Company follows the provisions of the ASC, *Fair Value Measurements and Disclosures.* The disclosures required about fair value measurements include, among other things: (1) the amounts and reasons for certain significant transfers among the three hierarchy levels of inputs; (2) the gross, rather than net, basis for certain Level 3 rollforward information; (3) use of a “class” basis rather than a major category basis for assets and liabilities; and (4) valuation techniques and inputs used to estimate Level 2 and Level 3 fair value measurements. The ASC defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

2. Fair Value Measurements (continued)

The ASC guidance establishes a fair value hierarchy for valuation inputs that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access as of the measurement date.

- Level 2 – Observable inputs other than Level 1 prices. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, yield curves, prepayment speeds, default rates, credit risks, and loss severities) and inputs that are derived from or corroborated by market data, among others.

- Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The Company uses fair value to measure certain assets and liabilities on a recurring basis when fair value is the primary measure of accounting. This is done primarily for available for sale securities and loans held for sale. Fair value is used on a nonrecurring basis to measure certain assets when applying lower of cost or market accounting or when adjusting carrying values, such as impaired loans and other real estate owned. Fair value is also used when evaluating impairment on certain assets, including held to maturity and available for sale securities, goodwill, core deposits and other intangibles, long-lived assets, and for disclosures of certain financial instruments.

There were no transfers among the three hierarchy levels of inputs.

A description of the valuation methodologies used for instruments measured at fair value on a recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Securities Available for Sale – Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include actively-traded government bonds, such as certain United States Treasury and other United States government and agency securities and exchange-traded equities and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Level 2 securities generally include certain United States government and agency securities, corporate debt securities, and certain derivatives. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.

2. Fair Value Measurements (continued)

The following table summarizes assets measured at fair value by class on a recurring basis as reported on the consolidated balance sheets as of December 31, 2020 and 2019, segregated by level within the fair value measurement hierarchy (dollars in thousands):

	Total Fair Value Measurement	Level 1	Level 2	Level 3
As of December 31, 2020				
Assets:				
U.S. government agencies:				
Residential mortgage-backed securities	288,602	-	288,602	-
Residential collateralized mortgage obligations	5,567	-	5,567	-
Commercial collateralized mortgage obligations	4,571	-	4,571	-
States and political subdivisions	47,635	-	47,635	-
Residential collateralized mortgage obligations	1,135	-	1,135	-
Commercial collateralized mortgage obligations	13,936	-	13,936	-
Asset backed securities	6,499	-	6,499	-
Collateralized loan obligations	10,864	-	10,864	-
U.S. Corporate debt securities	20,715	-	20,715	-
Equity securities	1,016	1,016	-	-
	$ 400,540	$ 1,016	$ 399,524	$ -
As of December 31, 2019				
Assets:				
U.S. government agencies:				
Residential mortgage-backed securities	283,805	-	283,805	-
Residential collateralized mortgage obligations	7,326	-	7,326	-
Commercial collateralized mortgage obligations	5,756	-	5,756	-
States and political subdivisions	40,688	-	40,688	-
Residential collateralized mortgage obligations	292	-	292	-
Commercial collateralized mortgage obligations	11,637	-	11,637	-
Asset backed securities	3,843	-	3,843	-
U.S. Corporate debt securities	25,854	-	25,854	-
Equity securities	994	994	-	-
	$ 380,195	$ 994	$ 379,201	$ -

A description of the valuation methodologies used for instruments measured at fair value on a nonrecurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Other Real Estate Owned **-** Other real estate owned, upon initial recognition, is measured and reported at fair value less estimated costs of disposal though a charge-off to the allowance for loan losses based upon the fair value of the other real estate acquired, establishing a new cost basis. The fair value of other real estate owned is estimated based on appraisals with further adjustments made to the appraised values due to various factors, including age of the appraisal, age of comparables included in the appraisal, and known changes in the market and on the collateral. Because the assumptions used to estimate the fair value of other real estate owned are not observable in the marketplace, such valuations have been classified as Level 3.

2. Fair Value Measurements (continued)

Impaired Loans **-** The specific reserves for collateral-dependent impaired loans are determined based on the fair value of collateral method in accordance with ASC Topic 310. Under the fair value of collateral method, the specific reserve is equal to the difference between the carrying value of the loan and the fair value of the collateral less estimated selling costs. When a specific reserve is required for an impaired loan, the impaired loan is essentially measured at fair value. The fair value of collateral was determined based on appraisals, with further adjustments made to the appraised values due to various factors, including the age of the appraisal, age of comparables included in the appraisal, and known changes in the market and in the collateral. The resulting fair value measurement is disclosed in the nonrecurring hierarchy table. Where significant adjustments made to appraisals are based on assumptions not observable in the marketplace and where estimates of fair values used for other collateral supporting commercial loans are based on assumptions not observable in the marketplace, such valuations have been classified as Level 3.

The following table summarizes assets for the years ended December 31, 2020 and 2019 that are measured at fair value on a nonrecurring basis (dollars in thousands):

	Total Fair Value Measurement	Level 1	Level 2	Level 3
As of December 31, 2020				
Assets:				
Impaired loans	15,745	-	-	15,745
Purchased credit impaired loans	2,005	-	-	2,005
	$ 17,750	$ -	$ -	$ 17,750
As of December 31, 2019				
Assets:				
Impaired loans	16,438	-	-	16,438
Purchased credit impaired loans	2,023	-	-	2,023
	$ 18,461	$ -	$ -	$ 18,461

3. Cash and Due From Banks and Interest-Bearing Deposits in Other Depository Institutions

Cash and due from banks consist primarily of funds maintained at the Bank and funds held on deposit in a noninterest-bearing transaction account at a correspondent bank. All of a depositor's accounts at an insured depository institution are insured by the FDIC up to the standard maximum deposit insurance amount of $250,000. At times, the Company may also maintain cash in an account with a custodian bank. The account maintained at the custodian bank is not insured by the FDIC.

Interest-bearing deposits in other depository institutions consist of interest-bearing demand deposit accounts with the Federal Home Loan Bank of Dallas and the Federal Reserve Bank. The Company may be required to maintain average balances on hand or with the Federal Reserve Bank. The required reserve balance was $3.5 million at December 31, 2019. The Federal Reserve Bank reduced the reserve requirement ratio to zero percent in March 2020 and eliminated reserve requirements for all depository institutions.

4. Investment Securities

Investment securities are principally investments in United States government agency mortgage-backed securities, U.S. government agency and non-agency collateralized mortgage obligations, securities issued by states and political subdivisions, asset-backed securities, collateralized loan obligations, and U.S. and foreign corporate debt securities. A portion of the Company's securities issued by states and political subdivisions are tax-exempt. Tax-exempt interest income earned was $0.8 million and $1.2 million for the years ended December 31, 2020 and 2019, respectively.

The amortized cost and fair value of debt securities, with gross unrealized gains and losses in accumulated other comprehensive income (loss), were as follows (dollars in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
Debt Securities Available for Sale at December 31, 2020				
U.S. government agencies:				
Residential mortgage-backed securities	281,516	7,235	(149)	288,602
Residential collateralized mortgage obligations	5,465	111	(9)	5,567
Commercial collateralized mortgage obligations	4,401	170	-	4,571
States and political subdivisions	46,116	1,519	-	47,635
Residential collateralized mortgage obligations	1,164	-	(29)	1,135
Commercial collateralized mortgage obligations	13,372	634	(70)	13,936
Asset-backed securities	6,569	9	(79)	6,499
Collateralized Loan Obligations	10,692	176	(5)	10,863
U.S. Corporate debt securities	20,311	405	-	20,716
Total debt securities available for sale	$ 389,606	$ 10,259	$ (341)	$ 399,524
Debt Securities Available for Sale at December 31, 2019				
U.S. government agencies:				
Residential mortgage-backed securities	282,690	2,289	(1,174)	283,805
Residential collateralized mortgage obligations	7,232	115	(21)	7,326
Commercial collateralized mortgage obligations	5,644	112	-	5,756
States and political subdivisions	40,248	679	(239)	40,688
Residential collateralized mortgage obligations	292	-	-	292
Commercial collateralized mortgage obligations	11,428	217	(8)	11,637
Asset-backed securities	3,844	11	(12)	3,843
U.S. Corporate debt securities	24,408	1,446	-	25,854
Total debt securities available for sale	$ 375,786	$ 4,869	$ (1,454)	$ 379,201
Debt Securities to Be Held to Maturity at December 31, 2020				
U.S. government agency residential mortgage-backed securities	$ 6,613	$ 487	$ -	$ 7,100
Debt Securities to Be Held to Maturity at December 31, 2019				
U.S. government agency residential mortgage-backed securities	$ 8,976	$ 370	$ -	$ 9,346

4. Investment Securities (continued)

At December 31, 2020 and 2019, the Company had investment securities carried at approximately $197.2 million and $91.7 million, respectively, pledged to secure public funds and for other purposes required or permitted by law.

The amortized cost and fair value of debt securities by contractual maturity at December 31, 2020 are shown below (dollars in thousands). Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

	Amortized Cost	Fair Value
Securities available for sale:		
Due in one year or less	$ 2,472	$ 2,518
Due after one year through five years	17,548	18,069
Due after five years through ten years	29,278	29,832
Due after ten years	17,129	17,932
	66,427	68,351
U.S. government agencies:		
Residential mortgage-backed securities	281,516	288,602
Residential collateralized mortgage obligations	5,465	5,567
Commercial collateralized mortgage obligations	4,401	4,571
Residential collateralized mortgage obligations	1,164	1,135
Commercial collateralized mortgage obligations	13,372	13,936
Asset-backed securities	6,569	6,499
Collateralized Loan Obligations	10,692	10,863
	$ 389,606	$ 399,524
Securities to be held to maturity:		
U.S. government agency residential mortgage-backed securities	$ 6,613	$ 7,100

The proceeds from sales of securities and the associated gains and losses are listed below (dollars in thousands):

	2020	2019
Proceeds	$ 40,643	$ 48,986
Gross gains	2,745	175
Gross losses	-	(78)

There were no sales of securities classified as held to maturity during the years ended December 31, 2020 and 2019.

4. Investment Securities (continued)

Information pertaining to securities with gross unrealized losses at December 31, 2020 and 2019, aggregated by investment category and length of time that individual securities have been in a continuous loss position, are as follows (dollars in thousands):

	December 31, 2020			December 31, 2019		
	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses
Debt Securities Available for Sale						
U.S. government agency:						
Residential mortgage-backed securities						
Unrealized losses for less than 12 months	5	$ 34,045	$ (149)	13	$ 58,895	$ (318)
Unrealized losses for 12 months or more	-	-	-	16	79,804	(856)
	5	34,045	(149)	29	138,699	(1,174)
Collateralized mortgage obligations						
Unrealized losses for less than 12 months	2	1,321	(7)	-	-	-
Unrealized losses for 12 months or more	1	551	(2)	3	2,200	(21)
	3	1,872	(9)	3	2,200	(21)
States and political subdivisions						
Unrealized losses for less than 12 months	-	-	-	13	6,266	(42)
Unrealized losses for 12 months or more	-	-	-	15	6,766	(197)
	-	-	-	28	13,032	(239)
Residential collateralized mortgage obligations						
Unrealized losses for less than 12 months	2	1,164	(29)	-	-	-
Unrealized losses for 12 months or more	-	-	-	-	-	-
	2	1,164	(29)	-	-	-
Commercial collateralized mortgage obligations						
Unrealized losses for less than 12 months	3	1,743	(70)	2	1,692	(3)
Unrealized losses for 12 months or more	-	-	-	1	995	(5)
	3	1,743	(70)	3	2,687	(8)
Asset-backed securities						
Unrealized losses for less than 12 months	4	3,081	(70)	1	980	(11)
Unrealized losses for 12 months or more	1	892	(9)	1	321	(1)
	5	3,973	(79)	2	1,301	(12)
Collateralized Loan Obligation						
Unrealized losses for less than 12 months	1	995	(5)	-	-	-
Unrealized losses for 12 months or more	-	-	-	-	-	-
	1	995	(5)	-	-	-
Total debt securities available for sale						
Unrealized losses for less than 12 months	17	42,349	(330)	29	67,833	(374)
Unrealized losses for 12 months or more	2	1,443	(11)	36	90,086	(1,080)
	19	$ 43,792	$ (341)	65	$ 157,919	$ (1,454)

4. Investment Securities (continued)

Management evaluates securities for other-than-temporary impairment at least on an annual basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to: (1) the length of time and the extent to which the fair value has been less than the amortized cost; (2) the financial condition and near-term prospects of the issuer; (3) the current market conditions; and (4) the intent and ability of the Company to not sell the security or whether it is more likely than not the Company will be required to sell the security before its anticipated recovery.

Declines in the fair value of held to maturity and available for sale securities below their amortized cost basis that are deemed to be other than temporary are carried at fair value. Any portion of a decline in value associated with credit loss is recognized in earnings as realized losses.

Management has the ability and intent to hold the securities classified as held to maturity in the table above until they mature, at which time we expect to receive full value for the securities. Furthermore, as of December 31, 2020, management does not have the intent to sell any of the securities classified as available for sale in the table above and believes that it is more likely than not that we will not have to sell any such securities before a recovery of cost. Any unrealized losses are due to increases in market interest rates over the yields available at the time the underlying securities were purchased. The fair value is expected to recover as the securities approach their maturity date or repricing date or if the market yields for such investments decline. Management does not believe any of the securities are impaired due to reasons of credit quality. Accordingly, as of December 31, 2020 and 2019, management believes the impairment detailed in the tables above are temporary and no impairment loss has been realized in our consolidated income statement.

5. Loans and Allowance for Loan Losses

The components of loans in the consolidated balance sheets were as follows (dollars in thousands):

	December 31, 2020	December 31, 2019
Real estate:		
Construction, land development, and other land loans	$ 278,691	$ 232,521
Farmland	51,932	22,833
1-4 family residential properties	51,552	54,755
Multifamily residential properties	117,660	109,830
Nonfarm nonresidential properties	494,696	539,872
Commercial and industrial loans	636,168	404,876
Consumer nonreal estate and other loans:		
Automobile loans	258	128
Other loans	1,153	1,857
	1,632,110	1,366,672
Net deferred loan fees	(7,627)	(2,957)
Allowance for loan losses	(19,772)	(14,456)
	$ 1,604,711	$ 1,349,259

Included in other loans are deposit overdrafts that have been reclassified as loans of approximately $28 thousand and $99 thousand as of December 31, 2020 and 2019, respectively.

As of December 31, 2020 and 2019, foreign loans totaled approximately $53.5 million and $57.5 million, respectively.

The Coronavirus Aid, Relief and Economic Security (CARES) Act created funding for the Small Business Administration's (SBA) loan program providing forgiveness of up to the full principal amount of qualifying loans guaranteed under a new program call the Paycheck Protection Program (PPP). The intent of the PPP is to provide loans to small businesses in order to keep their employees on the payroll and make certain other eligible payments. Loans granted under the PPP are guaranteed by the SBA and are fully forgivable if used for qualifying expenses such as payroll, rent, and utilities. If the loans are not forgiven, they must be repaid over a term not exceed five years. Under the PPP, through December 31, 2020, the Company funded $264 million in loans to more than 1,700 borrowers and deferred $9.4 million of SBA processing fees that will be recognized as interest income over the term of the loans. As of December 31, 2020, $218 million of principal remained outstanding on these PPP loans.

As part of the Bank's on-going monitoring of the credit quality of the loan portfolio, management assigns risk grades to the real estate and commercial loans. The loans are graded on a scale of 1 to 10. A description of the 10 risk grades is as follows:

5. Loans and Allowance for Loan Losses (continued)

- ***Grades 1 and 2*** – These grades include loans that are of the highest quality and with minimal risk. The borrower should have ready access to the capital markets or financing. Credit exceptions should be minor or nonexistent. Financial ratios should be strong and clearly above peers. All credit information should be complete with updates readily obtainable. The Bank's relationship with management should be strong and well maintained. Management should have both depth and experience. The business should be well established with superior history and be in a stable industry. There should be no noncompliance issues with regard to the loan agreement. Regardless of the borrower's reputed strength, if the Bank lacks adequate, timely financial information or a strong relationship with management, the borrower rating will not fit in these first two categories.

- ***Grades 3, 4, 5, and 6*** – These grades include loans with acceptable risk. Although the borrower's strengths will vary, the Bank should be comfortable with the financial and management capabilities of such borrowers. Exceptions should be controllable and mitigated by other strengths. The borrower's recent history should be acceptable. A Grade 6 loan may need to be watched more closely than better grades, but it is not a workout loan.

- ***Grade 7*** – This grade includes loans with unacceptable risk characteristics. Loans in this category are currently protected as to collectibility; however, the loans have a potential weakness which may, if not checked or corrected, cause the Bank's credit exposure to increase in the future. Loans in this category carry an undue and unwarranted credit risk, but not to a degree that justifies a more adverse risk rating.

- ***Grade 8*** – This grade includes loans with unacceptable risk characteristics. This grade equates to the regulators' substandard category. This risk grade includes loans that may not be fully collectible because of problems with the borrower's net worth and paying capacity or with the value of the collateral. Loans may be adequately supported by collateral, but may have well-defined weaknesses. Loans that contain weaknesses, if not corrected, could result in a loss to the Bank. The borrower may be in bankruptcy and access to funds or collateral is dependent on judicial action. Loans in this category may need a specific allocation of the allowance for loan and lease losses, but it is less than 50%. Loans in this category may need to be on nonaccrual.

- ***Grade 9*** – This grade includes loans with unacceptable risk characteristics. This grade equates to the regulators' doubtful category. Loans in this risk grade category have weaknesses of Grade 8 loans; however, the severity of these weaknesses makes full collection highly improbable based on current conditions. Loans in this category have an extremely high probability of loss. However, certain important outstanding issues do not allow the Bank to accurately determine the amount of the loss.

- ***Grade 10*** – This grade equates to the regulators' classification of loss. Loans in this risk grade category are uncollectible or of such little value that continuing to consider them as assets is not warranted. Loans may become totally collateral-dependent for repayment, but the Bank's ability to obtain control of its collateral cannot be assured within a reasonable period of time. Loans in this category could have repayment potential; however, repayment cannot be measured, or is too far in the future that it can no longer be justified as an asset of the Bank. Losses are taken as soon as the loss is clearly identified.

5. Loans and Allowance for Loan Losses (continued)

At December 31, 2020 and 2019, the Company's real estate and commercial loan portfolio risk grades by loan segment were as follows (dollars in thousands):

	Pass (Grades 1-7)	Substandard (Grade 8)	Doubtful (Grade 9)	Loss (Grade 10)	Total
December 31, 2020					
Real estate:					
Construction, land development, and other land loans	$ 276,869	$ 1,822	$ -	$ -	$ 278,691
Farmland	51,667	265	-	-	51,932
1-4 family residential properties	51,143	409	-	-	51,552
Multifamily residential properties	117,058	602	-	-	117,660
Nonfarm nonresidential properties	478,922	15,774	-	-	494,696
Commercial and industrial loans	607,889	28,279	-	-	636,168
	$ 1,583,548	$ 47,151	$ -	$ -	$ 1,630,699
December 31, 2019					
Real estate:					
Construction, land development, and other land loans	$ 230,477	$ 2,044	$ -	$ -	$ 232,521
Farmland	21,871	962	-	-	22,833
1-4 family residential properties	54,043	712	-	-	54,755
Multifamily residential properties	109,184	646	-	-	109,830
Nonfarm nonresidential properties	525,112	14,760	-	-	539,872
Commercial and industrial loans	397,100	7,776	-	-	404,876
	$ 1,337,787	$ 26,900	$ -	$ -	$ 1,364,687

5. Loans and Allowance for Loan Losses (continued)

The Company grades its consumer loans as either performing or nonperforming (defined by the Company as greater than 30 days past due). At December 31, 2020 and 2019, the Company's consumer loans were graded as follows (dollars in thousands):

	Performing	Nonperforming	Total
December 31, 2020			
Consumer nonreal estate and other loans:			
Automobile loans	$ 258	$ -	$ 258
Other loans	1,153	-	1,153
	$ 1,411	$ -	$ 1,411
December 31, 2019			
Consumer nonreal estate and other loans:			
Automobile loans	$ 128	$ -	$ 128
Other loans	1,769	88	1,857
	$ 1,897	$ 88	$ 1,985

5. Loans and Allowance for Loan Losses (continued)

An aged analysis of past-due loans, segregated by class of loans, as of December 31, 2020 and 2019 were as follows (dollars in thousands):

	Current Loans	Loans 30-89 Days Past Due	Accruing Loans 90 Days or More Past Due	Nonaccrual Loans	Total Loans
December 31, 2020					
Real estate:					
Construction, land development,					
and other land loans	$ 277,284	$ 183	$ -	$ 1,224	$ 278,691
Farmland	51,720	-	-	212	51,932
1-4 family residential properties	50,254	845	453	-	51,552
Multifamily residential properties	117,660	-	-	-	117,660
Nonfarm nonresidential properties	494,696	-	-	-	494,696
Commercial and industrial loans	635,366	12	-	790	636,168
Consumer nonreal estate and					
other loans:					
Automobile loans	258	-	-	-	258
Other loans	1,153	-	-	-	1,153
	$ 1,628,391	$ 1,040	$ 453	$ 2,226	$ 1,632,110
December 31, 2019					
Real estate:					
Construction, land development,					
and other land loans	$ 231,137	$ -	$ -	$ 1,384	$ 232,521
Farmland	22,569	-	-	264	22,833
1-4 family residential properties	54,490	265	-	-	54,755
Multifamily residential properties	109,830	-	-	-	109,830
Nonfarm nonresidential properties	539,872	-	-	-	539,872
Commercial and industrial loans	404,518	143	-	215	404,876
Consumer nonreal estate and					
other loans:					
Automobile loans	128	-	-	-	128
Other loans	1,769	88	-	-	1,857
	$ 1,364,313	$ 496	$ -	$ 1,863	$ 1,366,672

5. Loans and Allowance for Loan Losses (continued)

Loans are considered impaired and placed on nonaccrual status when, based on current information and events, it is probable the Company will be unable to collect all amounts due in accordance with the original contractual terms of the loan agreement. Loans may be placed on impaired and nonaccrual status regardless of whether or not such loans are considered past due. Groups of loans with similar risk characteristics are collectively evaluated for impairment based on the group's historical loss experience adjusted for changes in trends, conditions and other relevant factors that affect the repayment of loans. An analysis of impaired and nonaccrual loans, segregated by class of loans, as of December 31, 2020 and 2019 were as follows (dollars in thousands):

	Recorded Investment With No Allowance	Recorded Investment With Allowance	Recorded Investment for Purchased Credit Impaired	Total Recorded Investment and Unpaid Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
December 31, 2020							
Real estate:							
Construction, land development, and other land loans	$ 1,223	$ -	$ -	$ 1,223	$ -	$ 1,304	$ -
Farmland	212	-	-	212	-	555	-
1-4 family residential properties	59	151	-	210	33	329	13
Multifamily residential properties	603	-	-	603	-	302	42
Nonfarm nonresidential properties	9,772	3,808	-	13,580	672	12,601	764
Commercial and industrial loans	285	523	2,005	2,813	187	3,798	349
	$ 12,154	$ 4,482	$ 2,005	$ 18,641	$ 892	$ 18,889	$ 1,168
December 31, 2019							
Real estate:							
Construction, land development, and other land loans	$ 1,384	$ -	$ -	$ 1,384	$ -	$ 1,611	$ -
Farmland	898	-	-	898	-	2,161	55
1-4 family residential properties	293	154	-	447	36	302	28
Multifamily residential properties	-	-	-	-	-	286	-
Nonfarm nonresidential properties	9,795	1,826	-	11,621	506	7,195	638
Commercial and industrial loans	1,121	1,639	2,023	4,783	130	3,868	470
	$ 13,491	$ 3,619	$ 2,023	$ 19,133	$ 672	$ 15,423	$ 1,191

5. Loans and Allowance for Loan Losses (continued)

Impaired loans also include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties.

Key information related to troubled debt restructurings as of December 31, 2020 and 2019 were as follows (dollars in thousands):

	Number of Loans	Premodification Outstanding Recorded Investment	Postmodification Outstanding Recorded Investment
December 31, 2020			
Real estate:			
1-4 family residential properties	3	279	279
Multifamily residential properties	1	602	602
Nonfarm nonresidential properties	6	10,965	10,965
Commercial and industrial loans	2	588	588
	12	$ 12,434	$ 12,434
December 31, 2019			
Real estate:			
1-4 family residential properties	4	348	348
Nonfarm nonresidential properties	2	383	383
Commercial and industrial loans	9	434	434
	15	$ 1,165	$ 1,165

There were no troubled debt restructurings that defaulted (based on a payment default of 30 days past due) within 12 months of their modification date as of December 31, 2020 and 2019.

Additionally, the Company is working with borrowers impacted by COVID-19 by providing temporary payment modifications. If certain conditions are met, these modifications are excluded from troubled debt restructurings classification under Section 4013, Temporary Relief from Troubled Debt Restructurings, of the CARES Act or under applicable interagency guidance of the federal banking regulators. As of December 31, 2020, the outstanding balance of loans modified under Section 4013 of the CARES Act was $34 million.

5. Loans and Allowance for Loan Losses (continued)

Changes in the allowance for loan losses, by portfolio segment, for the years ended December 31, 2020 and 2019 were as follows (dollars in thousands):

Year Ended December 31, 2020	Loans Secured by Real Estate	Commercial and Industrial	Consumer	Total
Balance at beginning of year	$ 10,012	$ 4,406	$ 38	$ 14,456
Provision for loan losses	2,288	3,902	(20)	6,170
Charge-offs	(13)	(984)	-	(997)
Recoveries	29	108	6	143
Net (charge-offs)recoveries	16	(876)	6	(854)
Balance at end of year	$ 12,316	$ 7,432	$ 24	$ 19,772
Allocation:				
Individually evaluated for impairment	$ 705	$ 186	$ -	$ 891
Collectively evaluated for impairment	11,611	7,246	24	18,881
Purchased credit impaired loans	-	-	-	-

Year Ended December 31, 2019	Loans Secured Loans Secured by Real Estate	Commercial Commercial and Industrial	Consumer	Total
Balance at beginning of year	$ 8,223	$ 4,557	$ 16	$ 12,796
Provision for loan losses	1,783	(460)	57	1,380
Charge-offs	0	(104)	(57)	(161)
Recoveries	6	413	22	441
Net (charge-offs)recoveries	6	309	(35)	280
Balance at end of year	$ 10,012	$ 4,406	$ 38	$ 14,456
Allocation:				
Individually evaluated for impairment	$ 543	$ 130	$ -	$ 673
Collectively evaluated for impairment	9,469	4,276	38	13,783
Purchased credit impaired loans	-	-	-	-

5. Loans and Allowance for Loan Losses (continued)

During the year ended December 31, 2020, the Company did not implement any significant changes to its allowance for loan loss methodology.

The Company's recorded investment in loans as of December 31, 2020 and 2019 related to each balance in the allowance for loan losses by portfolio segment and disaggregated on the basis of the Company's impairment methodology were as follows (dollars in thousands):

Year Ended December 31, 2020	Loans Secured by Real Estate	Commercial and Industrial	Consumer	Total
Loans individually evaluated for impairment	$ 15,828	$ 808	$ -	$ 16,636
Loans collectively evaluated for impairment	976,079	628,352	1,411	1,605,842
Purchased credit impaired loans	-	2,005	-	2,005
Balance at end of year	$ 991,907	$ 631,165	$ 1,411	$ 1,624,483
Year Ended December 31, 2019				
Loans individually evaluated for impairment	$ 14,350	$ 2,760	$ -	$ 17,110
Loans collectively evaluated for impairment	945,461	400,093	1,985	1,347,539
Purchased credit impaired loans	-	2,023	-	2,023
Balance at end of year	$ 959,811	$ 404,876	$ 1,985	$ 1,366,672

6. Bank Premises and Equipment

Components of Bank premises and equipment included in the consolidated balance sheets were as follows (dollars in thousands):

	December 31, 2020	December 31, 2019
Land	$ 6,172	$ 4,804
Buildings and improvements	12,397	10,023
Furniture and equipment	9,206	6,269
Computer software	338	350
Leasehold improvements	2,067	2,192
Construction in Progress	44,484	11,876
	74,664	35,514
Less accumulated depreciation and amortization	(7,623)	(6,646)
	$ 67,041	$ 28,868

The Company is in the process of constructing its new headquarters in Downtown El Paso and it is anticipated the Company will move into WestStar Tower during the 3rd quarter of 2021. WestStar Tower will be a 19-story Class A, LEED-certified office building with a structured parking garage. Upon completion of the Tower, the Company will occupy four floors of office space and house its main branch on the ground level. It is anticipated the Company's total investment in this property will be approximately $64 million of which $47 million has already been paid.

As a result of the new headquarters being built, the Company sold its current headquarters at 500 N. Mesa for $4 million in September 2019 and recognized a gain of approximately $1.4 million. The Company is currently leasing the property back until WestStar Tower is complete.

In 2019, the Company acquired approximately 1 acre of land in far East El Paso for $616 thousand in order to relocate its Ysleta branch. The Company completed construction and opened the new Zaraloop branch for business in August 2020. The Company's total investment in this property is approximately $3 million. Subsequent to the relocation, the Company entered into a contract to sale the Ysleta branch for $732 thousand and recognized a loss of approximately $177 thousand.

In 2019, the Company also entered into a contract to purchase approximately 2 acres of land in far East El Paso for $1.7 million in order to relocate its Firehouse branch. The Company plans to open the new branch location during the third quarter of 2021.

Depreciation expense for the years ended December 31, 2020 and 2019 amounted to $1.8 million and $1.7 million, respectively.

6. Bank Premises and Equipment (continued)

The Company leases various property in the El Paso, Texas and Las Cruces, New Mexico area. The leased properties are used by the Company to operate branches, office space and to house the Insurance Agency and Title Company. The lease terms range from two years to twenty years with options to renew.

Rent expense on these leases totaled $776 thousand and $652 thousand for the years ended December 31, 2020 and 2019, respectively.

The future minimum rental commitments under these leases are as follows (dollars in thousands):

Year ending December 31,		
2021	$	540
2022		283
2023		251
2024		110
2025		84
Thereafter		220
	$	1,488

7. Goodwill and Intangible Assets

As of December 31, 2020 and 2019, the carrying amount of goodwill was $41.5 million which was recorded in connection with the First Fabens Bancorporation, Inc. merger ("FFB Merger").

The Company recognized $2.1 million of core deposit intangible in 2016 due to the FFB Merger. The core deposit intangible is being amortized using the accelerated method over a period of 10 years. The amount of the core deposit intangible, net of accumulated amortization, was $1.1 million and $1.3 million as of December 31, 2020 and 2019, respectively. Amortization expense during 2020 and 2019 was $225 thousand and $231 thousand, respectively. Estimated future amortization expense is as follows (dollars in thousands):

Year ending December 31,		
2021	$	217
2022		208
2023		199
2024		188
2025		176
Thereafter		98
	$	1,086

8. Deposits

The aggregate amount of certificates of deposit ("CDs") in denominations exceeding $250 thousand, was approximately $150.5 million and $110.6 million at December 31, 2020 and 2019, respectively.

At December 31, 2020, the scheduled maturities of CDs are as follows (dollars in thousands):

Year ending December 31,	
2021	$ 212,124
2022	19,416
2023	2,423
2024	1,198
2025	322
	$ 235,483

9. Federal Home Loan Bank Borrowings

The Bank has the ability to borrow both short-term and long-term funds from the FHLB. The borrowings are collateralized by a blanket lien on certain real estate and commercial loans, all FHLB capital stock, and certain investment securities owned by the Bank. The borrowings are subject to restrictions or penalties in the event of prepayment. With the purchase of additional FHLB capital stock, the Company could borrow up to $551 million from FHLB as of December 31, 2020 ($607 million in 2019).

No funds were borrowed from FHLB as of December 31, 2020 and 2019.

In conjunction with the above advances, the Bank is required to maintain FHLB capital stock. The number of shares required is a percentage of Bank assets and outstanding advances. Required stock at December 31, 2020 and 2019 totaled $0.8 million and $0.7 million, respectively.

10. Other Borrowings

The Bank entered into a $20 million federal funds line of credit with Frost Bank. No funds have been drawn against this line of credit as of December 31, 2020 and 2019. The line of credit is available for one year and is renewable each year.

The Bank also entered into a $25 million federal funds line of credit with Amegy Bank. No funds have been drawn against this line of credit as of December 31, 2020 and 2019. The line of credit may be terminated at any time in Amegy's sole discretion.

The Bank may borrow funds from the Federal Reserve Bank. The maximum credit available is equal to the amount of unpledged securities held in safekeeping at the Federal Reserve Bank. The total amount of unpledged securities in safekeeping totaled $69 million as of December 31, 2020 ($23 million in 2019). No funds were borrowed from the Federal Reserve Bank as of December 31, 2020 and 2019. There is no stated expiration date on this borrowing agreement as long as there are investments held in safekeeping with the Federal Reserve Bank.

11. Off-Balance Sheet Activities

Credit-Related Financial Instruments

The Company is a party to credit-related financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby and performance letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance sheet instruments.

The following financial instruments, whose contract amounts represent credit risk, were outstanding (dollars in thousands):

	Contract Amount	
	December 31,	
	2020	2019
Unfunded commitments under lines of credit	$ 475,854	$ 524,013
Standby and performance letters of credit	40,284	35,990

Unfunded commitments under lines of credit include revolving credit lines, straight credit lines, and interim construction loans, which are commitments for possible future extensions of credit to existing customers. These lines of credit may not be drawn upon to the total extent to which the Company is committed.

To reduce credit risk related to the use of credit-related financial instruments, the Company might deem it necessary to obtain collateral. The amount and nature of the collateral obtained are based on the Company's credit evaluation of the customer. Collateral held varies, but may include cash; securities; accounts receivable; inventory; property, plant, and equipment; and real estate.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company may hold collateral supporting those commitments if deemed necessary.

12. Federal Income Taxes

Taxable income is reported on the federal tax returns of the Company's stockholders. Accordingly, no provision has been made for federal income tax in the accompanying consolidated financial statements. The Company files a United States federal income tax return, as well as a state return in Texas and New Mexico. With few exceptions, the Company is no longer subject to federal and state examinations by tax authorities for years before 2017.

13. Legal Contingencies

The Company may, from time to time, be involved in litigation and claims arising in the normal course of business. Management, after consultation with legal counsel, believes that the liabilities, if any, arising from such litigations and claims will not be material to the Company's financial position.

14. Related Party Transactions

In the ordinary course of business, the Bank has granted loans to principal officers and directors and their affiliates. Loans outstanding to principal officers and directors and their affiliates totaled $110.1 million and $54.7 million at December 31, 2020 and 2019, respectively.

At December 31, 2020 and 2019, unfunded commitments under lines of credit and standby letters of credit with related parties totaled approximately $25.9 million and $33.2 million, respectively.

Deposits from related parties held by the Bank at December 31, 2020 and 2019, totaled $178.9 million and $144.8 million, respectively.

In September 2019, in anticipation of moving into WestStar Tower, the Company sold the building at which its Downtown branch is currently located at 500 North Mesa to a related party. In connection with the sale, the Company leased the building back from the related party for a period of up to two years, which will enable the Company to continue operating at the current Downtown branch location until it can be relocated to WestStar Tower in 2021. The sale of the Downtown branch was funded, in part, by a loan from the Company. During 2020, the property was resold to an unrelated party at which point the loan was paid-off and the lease was assumed by that party.

During 2020, WestStar entered into a contract with a related party to complete the tenant improvements on the four floors of office space at WestStar tower. The current contract is for $9.2 million and payments made during 2020 totaled $2.8 million.

15. Employee Benefits

The WestStar Bank 401(k) Plan and Trust (the "Plan") is a 401(k) plan which covers employees who have attained the age of 21 and have met certain eligibility requirements as to length of service. Participants in the Plan make voluntary contributions up to the annual maximum amount allowable under applicable sections of the Internal Revenue Code. The Company may elect to make discretionary contributions to the Plan on an annual basis. For the year ended December 31, 2020, the Company contributed $458 thousand ($448 in 2019) to the Plan.

15. Employee Benefits (continued)

Effective January 1, 2003, the Company elected to make discretionary contributions to the WestStar Bank Holding Company, Inc. Employee Stock Ownership Plan ("ESOP") and ceased contributions to the Plan. The ESOP was adopted on January 24, 2003. The purpose of the ESOP is to enable employees who are at least 21 years of age and have completed 1 year of service to become participants of the ESOP. Contributions to the ESOP are determined by the Company. For the years ended December 31, 2020 and 2019, the Company contributed 1,780 and 1,763 shares of its common stock, respectively. The common stock had a total fair value of $457 thousand and $448 thousand for the years ended December 31, 2020 and 2019, respectively. These contributions are included in salaries and employee benefits in the accompanying consolidated statements of income. Dividends paid on ESOP shares are allocated to participants based on their account balance. In the event a terminated ESOP participant desires to sell his or her shares of the Company's stock, the Company may be required to purchase the shares from the participant at their fair market value. At December 31, 2020 and 2019, the ESOP held 68,653 and 66,873 shares, respectively, all of which have been allocated to ESOP participants. There were no shares purchased by the Company through the ESOP's put option during the years ended December 31, 2020 and 2019.

In 2009, the Company adopted a deferred compensation plan that covers certain executive employees. Contributions for the year ended December 31, 2019 totaled $75 thousand.

In 2019, the Company adopted the Phantom Stock Plan in lieu of the deferred compensation plan that covers certain executive employees with an initial award of $628 thousand which is equivalent to 2,472 phantom stock units. In 2020, the Company contributed an additional $690 thousand which is equivalent to 2,684 phantom stock units. The award granted under the plan may be exercisable for cash or deferred under a separated deferred compensation plan five years after grant is vested, which is contingent upon the Company meeting certain performance requirements. The number of phantom stock units granted is based upon appraised value. The plan receives a dividend equivalent for each phantom stock unit and the dividend equivalent is deemed to be reinvested in additional phantom stock units. As of December 31, 2020, the Phantom Stock Plan may award up to 50,000 phantom stock units of which 5,837 phantom stock units were issued. The value of the plan is adjusted on a quarterly basis based upon the current quarter's appraised value. At December 31, 2020 and 2019, a liability of $1.3 million and $0.7 million was included in accrued expenses and other liabilities in the accompanying consolidated balance sheets to account for the initial grant, value changes in the Phantom Stock Plan units, and dividend equivalent units received by the plan.

16. Stockholders' Equity

During 2017, the Company implemented a Dividend Reinvestment Plan ("DRIP"). The purpose of the DRIP is to provide the participating shareholders of the Company with a convenient method of reinvesting cash dividends and voluntary cash contributions in additional shares of the Company's common stock. Any holder of record of shares of Company common stock is eligible to participate in the DRIP. The Company did not issue any shares of common stock under the DRIP during 2020 and 2019.

17. Minimum Regulatory Capital Requirements

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Capital adequacy and prompt corrective action regulations involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators about component classification, risk weighting, and other factors. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes as of December 31, 2020, the Company and the Bank meet all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2020 and 2019, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are not conditions or events since that notification that management believes have changed the Bank's category.

In 2019, the federal banking agencies jointly issued a final rule that provides for an optional, simplified measure of capital adequacy, the community bank leverage ratio framework ("CBLR framework"), for qualifying community banking organizations, consistent with Section 201 of the Economic Growth, Regulatory Relief and Consumer Protection Act. The final rule became effective on January 1, 2020 and was elected by the Bank as of December 31, 2020. In April 2020, the federal banking agencies issued an interim final rule that makes temporary changes to the CBLR framework pursuant to section 4012 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and a second interim final rule that provides a graduated increase in the community bank leverage ratio requirement after the expiration of the temporary changes implemented pursuant to section 4011 of the CARES Act.

The community bank leverage ratio removes the requirement for qualifying banking organizations to calculate and report risk-based capital but rather only requires a Tier 1 to average assets (leverage) ratio. Qualifying banking organizations that elect to use the community bank leverage ratio framework and that maintain a leverage ratio of greater than required minimums will be considered to have satisfied the generally applicable risk based and leverage capital requirements in the agencies' capital rules (generally applicable rule) and, if applicable, will be considered to have met the well capitalized ratio requirements for purposes of section 38 of the Federal Deposit Insurance Act. Under the interim final rules the community bank leverage ratio minimum requirement is 8% as of December 31, 2020, 8.5% for calendar year 2021, and 9% for calendar year 2022 and beyond. The interim rule allows for a two-quarter grace period to correct the ratio that falls below the required amount, provided that the bank maintains a leverage ratio of 7% as of December 31, 2020, 7.5% for calendar year 2021, and 8% for calendar year 2022 and beyond.

Under the final rule, an eligible banking organization can opt out of the CBLR framework and revert back to the risk-weighting framework without restriction. As of December 31, 2020, both the Company and Bank were qualifying community bank organizations as defined by the federal banking agencies and elected to measure capital adequacy under the CBLR framework.

17. Minimum Regulatory Capital Requirements (continued)

The following table presents actual and required capital ratios to be considered well capitalized under prompt correction action regulations following the CBLR framework as of December 31, 2020:

	Actual		Minimum Required to be Well Capitalized Under Prompt Corrective Action Provisions CBLR Framework	
(Dollars in Thousands)	Amount	Ratio	Amount	Ratio
December 31, 2020				
Tier 1 (Core) Capital to average total assets				
WestStar Bank	$219,047	9.7%	$180,495	8.0%

The following table presents actual and required capital ratios as of December 31, 2019 for the Bank under the Basel III capital rules. Capital levels to be considered well capitalized under prompt corrective action regulations are also presented.

	Actual		Minimum Required for Capital Adequacy		Minimum Required to be Well Capitalized Under Prompt Corrective Action Provisions	
(Dollars in Thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2019						
Common Equity Tier 1 Capital						
WestStar Bank	$199,439	11.9%	$117,328	7.0%	$108,947	6.5%
Tier 1 Capital to Risk-Weighted Assets:						
WestStar Bank	$199,439	11.9%	$142,470	8.5%	$134,089	8.0%
Total Capital to Risk-Weighted Assets:						
WestStar Bank	$213,895	12.8%	$175,992	10.5%	$167,612	10.0%
Tier 1 Capital to Average Assets:						
WestStar Bank	$199,439	10.8%	$74,138	4.0%	$92,672	5.0%

WESTSTAR BANK HOLDING COMPANY, INC.
BOARD OF DIRECTORS

L. Frederick Francis
Chairman of the Board and Chief Executive Officer
Chairman and Chief Executive Officer, WestStar Bank

Edward Escudero
Vice Chairman of the Board
President and Chief Executive Officer, High Desert Capital, LLC

J. Robert Brown
Advisory Director
President, Brownco Capital, LLC

Richard A. Castro
Director
Owner and President, Castro Enterprises, Inc.

Miguel Fernandez S.
Director
Chief Executive Officer, Transtelco

Paul L. Foster
Director
President, Franklin Mountain Management, LLC, and Chairman, Franklin Mountain Energy, LLC

Lane B. Gaddy
CEO
W. Silver Recycling

Woody L. Hunt
Advisory Director
Executive Chairman, Hunt Companies

Carol M. Johnson
Director
Community Volunteer

Meyer Marcus
Director
Chairman, MIMCO, Inc.

A. R. Miller, III
Director
General Partner/Manager, A.R.M. Farms, Ltd.

Jonathan W. Rogers, Jr.
Director
President and Chief Executive Officer, St. Regis Airport Properties

Emma W. Schwartz
Director
President, Medical Center of the Americas

Robert S. Skov
Director
Owner, SK-2 Farms

Maria F. Teran
Director
President and Chief Executive Officer, Sierra Machinery, Inc.

Linda C. Troncoso
Director
President, TRE & Associates

WESTSTAR BANK OFFICERS

L. Frederick Francis
Chairman and CEO
David W. Osborn
President and COO
Lisa Saenz
Executive Vice President and CFO
Raymond Baer
Executive Vice President and CCBO
Yolanda Garcia
Executive Vice President and CRBO
Liliana Miranda
Senior Vice President and CRO
Lee Rodriguez
Senior Vice President and CHRO
Jerry Harris
Senior Vice President and CCO
Orlando Hernandez
Senior Vice President and CIO
Jack Chapman
General Counsel
Armando Avila
Senior Vice President
Magdalena Baca
Senior Vice President
Victor Barroteran
Senior Vice President
William Brady
Senior Vice President
Arlene Carroll
Senior Vice President
Daniel Cueto
Senior Vice President
Yvonne Dorado
Senior Vice President
Lianee Fernandez
Senior Vice President
Elizabeth Fowlkes
Senior Vice President

Tamara Gladkowski
Senior Vice President
Roberto Guerra
Senior Vice President
Patricia Marquez
Senior Vice President
Patricia Martinez
Senior Vice President
Colleen Marusich
Senior Vice President
Isabel Medrano
Senior Vice President
Mara Portillo
Senior Vice President
Claudia Rodriguez
Senior Vice President
Socorro Rodriguez
Senior Vice President
Joseph Sayklay
President - Wealth Management
Janice Schauer
Senior Vice President
Joanne Terrazas
Senior Vice President
Henry Tinajero
Senior Vice President
Joe Baca
Vice President
Rosa Butcher
Vice President
Monica Donas
Vice President
Laura Fernandez
Vice President
Patricia Fierro
Vice President
Felipe Fornelli
Vice President

WESTSTAR BANK OFFICERS

Rosario Gonzalez
Vice President

Roxanna Medina
Vice President

Kevin Merhege
Vice President

Joe Moody
Vice President

Michael Morales
Vice President

Jacqueline Salais
Vice President

Adrian Santiago
Vice President

Patrick Sarabia
Vice President

Vince Scarpinato
Vice President

Richard Silva
Vice President

Todd Smith
Vice President

Giselle Smith-Johnson
Vice President

Blanca Varela
Vice President

Javier Varela
Vice President

Veronica Watts
Vice President

Shanon Woodruff
Vice President

Courtney Yeatman
Vice President

Michelle York
Vice President

David Acuna
Assistant Vice President

Linda Alvarado
Assistant Vice President

LaNell Amparan
Assistant Vice President

Annette Barela
Assistant Vice President

Gilbert Carreon
Assistant Vice President

Cynthia Conroy
Assistant Vice President

Tina Crosby
Assistant Vice President

Jonathan Duran
Assistant Vice President

Melissa Garcia
Assistant Vice President

Yvette Herrera
Assistant Vice President

Crystal Martin
Assistant Vice President

Priscilla Monarez
Assistant Vice President

Xavier Parra
Assistant Vice President

Sandra Payan
Assistant Vice President

Rhea Tarin
Assistant Vice President

Ruby Vigil
Assistant Vice President

Cindy Willis
Assistant Vice President

W E S T S T A R   I N S U R A N C E
OFFICERS

Wesley Wolff
President Insurance

Ida Gallardo
Vice President

Adriana Alvarado
Assistant Vice President

W E S T S T A R   T I T L E
OFFICERS

David Osborn
President Title

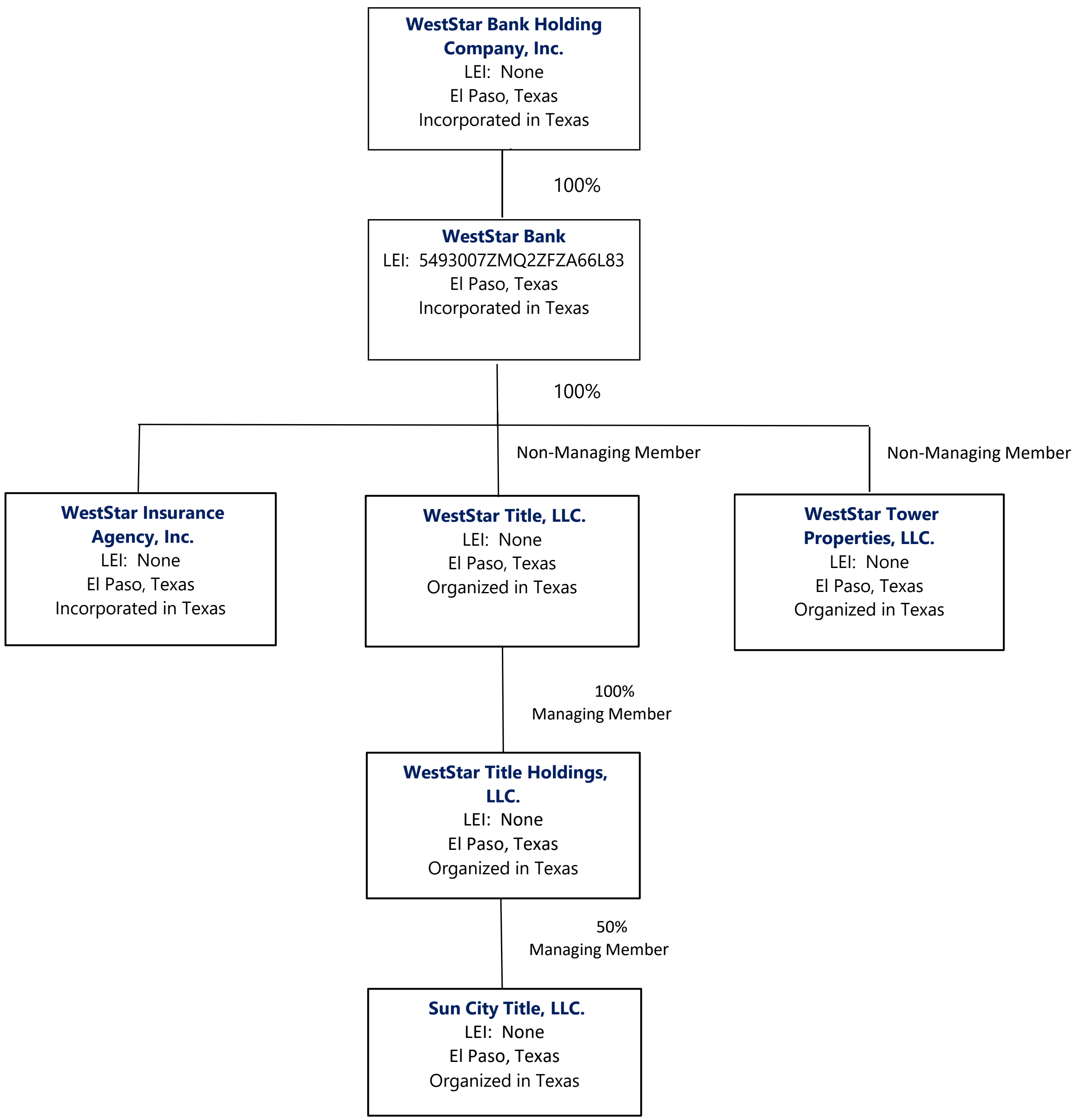
Travis Smith
Vice President

Rodolfo Telles
Senior Vice President

Rachel Valles
Vice President

FORM FR Y-6

WESTSTAR BANK HOLDING COMPANY, INC.
EL PASO, TEXAS
FISCAL YEAR ENDING DECEMBER 31, 2020
REPORT ITEM 2a: ORGANIZATIONAL CHART



Results: A list of branches for your holding company: WESTSTAR BANK HOLDING COMPANY, INC. (3122051) of EL PASO, TX.
The data are as of 12/31/2020. Data reflects information that was received and processed through 01/05/2021.

Reconciliation and Verification Steps
1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

Actions
OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	1447639	WESTSTAR BANK	500 NORTH MESA STREET	EL PASO	TX	79901	EL PASO	UNITED STATES	Not Required	Not Required	WESTSTAR BANK	1447639	
OK		Full Service	4593649	LAS CRUCES BRANCH	555 SOUTH TELSHOR BLVD., SUITE 101A	LAS CRUCES	NM	88011	DONA ANA	UNITED STATES	Not Required	Not Required	WESTSTAR BANK	1447639	
OK		Full Service	1362086	CLINT BRANCH	105 SAN ELIZARIO	CLINT	TX	79836	EL PASO	UNITED STATES	Not Required	Not Required	WESTSTAR BANK	1447639	
OK		Full Service	2004507	EASTSIDE BRANCH	8340 GATEWAY BLVD. EAST	EL PASO	TX	79907	EL PASO	UNITED STATES	Not Required	Not Required	WESTSTAR BANK	1447639	
OK		Full Service	3637667	HONDO PASS BRANCH	4721 HONDO PASS DRIVE	EL PASO	TX	79904	EL PASO	UNITED STATES	Not Required	Not Required	WESTSTAR BANK	1447639	
OK		Full Service	4362023	PAISANO BRANCH	5604 EAST PAISANO DRIVE	EL PASO	TX	79925-3334	EL PASO	UNITED STATES	Not Required	Not Required	WESTSTAR BANK	1447639	
OK		Full Service	3958250	REDD ROAD BRANCH	425 EAST REDD ROAD	EL PASO	TX	79912	EL PASO	UNITED STATES	Not Required	Not Required	WESTSTAR BANK	1447639	
OK		Full Service	3036550	VISCOUNT BRANCH	8865 VISCOUNT BLVD.	EL PASO	TX	79925	EL PASO	UNITED STATES	Not Required	Not Required	WESTSTAR BANK	1447639	
OK		Full Service	2494676	VISTA HILLS BRANCH	1790 NORTH LEE TREVINO DRIVE, SUITE 100	EL PASO	TX	79936	EL PASO	UNITED STATES	Not Required	Not Required	WESTSTAR BANK	1447639	
OK		Full Service	1990395	WESTSIDE BRANCH	6700 NORTH MESA STREET	EL PASO	TX	79912	EL PASO	UNITED STATES	Not Required	Not Required	WESTSTAR BANK	1447639	
OK		Full Service	2798619	ZARAGOSA BRANCH	12101 MONTWOOD DRIVE	EL PASO	TX	79936	EL PASO	UNITED STATES	Not Required	Not Required	WESTSTAR BANK	1447639	
OK		Full Service	5534751	ZARALOOP BRANCH	501 NORTH ZARAGOZA ROAD	EL PASO	TX	79907	EL PASO	UNITED STATES	Not Required	Not Required	WESTSTAR BANK	1447639	
OK		Full Service	378651	FABENS BRANCH	1500 NORTH FABENS ROAD	FABENS	TX	79838	EL PASO	UNITED STATES	Not Required	Not Required	WESTSTAR BANK	1447639	
OK		Full Service	3022834	HORIZON BRANCH	120 NORTH KENAZO	HORIZON CITY	TX	79928	EL PASO	UNITED STATES	Not Required	Not Required	WESTSTAR BANK	1447639	

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WESTSTAR BANK HOLDING COMPANY, INC.
EL PASO, TEXAS

FISCAL YEAR ENDING DECEMBER 31, 2020
REPORT ITEM 3: SECURITIES HOLDERS

CURRENT SHAREHOLDERS WITH OWNERSHIP, CONTROL OR HOLDINGS OF 5% OR MORE WITH POWER TO VOTE AS OF FISCAL YEAR ENDING 12/31/2020:

(1)(a) NAME CITY, STATE, COUNTRY	(1)(b) COUNTRY OF CITIZENSHIP OR INCORPORATION	(1)(c) NUMBER AND PERCENTAGE OF EACH CLASS OF VOTING SECURITIES
Rogers Family		**238,201 shares or 12.26%**
Dede Rogers El Paso, Texas, USA	USA	82,259 shares or 4.23%
Patricia Rogers El Paso, Texas, USA	USA	78,753 shares or 4.05%
Jonathan W. Rogers, Jr. El Paso, Texas, USA	USA	31,000 shares or 1.60%
Jonathan W. Rogers, III El Paso, Texas, USA	USA	15,058 shares or 0.78%
Garland A. Rogers El Paso, Texas, USA	USA	15,000 shares or 0.77%
Tony Lee Rogers El Paso, Texas, USA	USA	5,377 shares or 0.28%
Jacques Henry Babel El Paso, Texas, USA	USA	5,377 shares or 0.28%
Anne Elise Babel El Paso, Texas, USA	USA	5,377 shares or 0.28%
MacGuire Family		**227,042 shares or 11.69%**
Betty Lee Moor MacGuire (1) El Paso, Texas, USA	USA	150,000 shares or 7.72%
Lee MacGuire Carnes Austin, Texas, USA	USA	40,000 shares or 2.06%
Jennifer Leavell Denver, Colorado, USA	USA	35,000 shares or 1.80%
Carol M. Johnson El Paso, Texas, USA	USA	2,042 shares or 0.11%

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WESTSTAR BANK HOLDING COMPANY, INC.
EL PASO, TEXAS

FISCAL YEAR ENDING DECEMBER 31, 2020
REPORT ITEM 3: SECURITIES HOLDERS

CURRENT SHAREHOLDERS WITH OWNERSHIP, CONTROL OR HOLDINGS OF 5% OR MORE WITH POWER TO VOTE AS OF FISCAL YEAR ENDING 12/31/2020: (CONTINUED)

(1)(a) NAME CITY, STATE, COUNTRY	(1)(b) COUNTRY OF CITIZENSHIP OR INCORPORATION	(1)(c) NUMBER AND PERCENTAGE OF EACH CLASS OF VOTING SECURITIES
Skov Family		**125,425 shares or 6.46%**
William D. Skov (**2**) Clint, Texas, USA	USA	62,415 shares or 3.21%
Robert E. Skov (**3**) Clint, Texas, USA	USA	57,165 shares or 2.94%
Robert Scott Skov Fabens, Texas, USA	USA	3,345 shares or 0.17%
William Kent Skov El Paso, Texas, USA	USA	2,500 shares or 0.13%
L. Frederick Francis El Paso, Texas, USA	USA	151,233 shares or 7.78%
Paul L. Foster El Paso, Texas, USA	USA	101,822 shares or 5.24%
J. Robert and Sherry W. Brown Dallas, Texas, USA	USA	101,821 shares or 5.24%

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WESTSTAR BANK HOLDING COMPANY, INC.
EL PASO, TEXAS

FISCAL YEAR ENDING DECEMBER 31, 2020
REPORT ITEM 3: SECURITIES HOLDERS

SHAREHOLDERS NOT LISTED IN (3)(1)(A) THROUGH 3(1)(C) THAT HAD OWNERSHIP, CONTROL, OR HOLDINGS OF 5% OR MORE WITH POWER TO VOTE DURING THE FISCAL YEAR ENDING 12/31/2020:

(2)(a) NAME CITY, STATE, COUNTRY	(2)(b) COUNTRY OF CITIZENSHIP OR INCORPORATION	(2)(c) NUMBER AND PERCENTAGE OF EACH CLASS OF VOTING SECURITIES
N/A	N/A	N/A

1 Betty Lee Moor MacGuire is the trustee of 75,000 shares belonging to the Betty MacGuire Living Trust and 75,000 shares belonging to the John MacGuire Marital Deduction Trust.

2 William D. Skov is the trustee of 20,380 shares belonging to the William D. Skov Trust. In his name alone, he owns 42,035 shares.

3 Robert E. Skov is the trustee of 18,891 shares belonging to the Robert E. Skov Trust. In his name alone, he owns 38,274 shares.

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WESTSTAR BANK HOLDING COMPANY, INC.
EL PASO, TEXAS
FISCAL YEAR ENDING DECEMBER 31, 2020
REPORT ITEM 4: INSIDERS

(1) NAME, CITY, STATE, COUNTRY	(2) PRINCIPAL OCCUPATION IF OTHER THAN WITH HOLDING COMPANY	(3)(a) TITLE & POSITION WITH HOLDING COMPANY	(3)(b) TITLE & POSITION WITH SUBSIDIARIES	(3)(c) TITLE & POSITION WITH OTHER BUSINESSES	(4)(a) PERCENTAGE OF VOTING SHARES IN HOLDING COMPANY	(4)(b) PERCENTAGE OF VOTING SHARES IN SUBSIDIARIES	(4)(c) LIST NAMES OF OTHER COMPANIES IF 25% OR MORE VOTING SECURITIES ARE HELD
Richard Castro El Paso, Texas, USA	Business Executive	Director	Director of WestStar Bank	See information in confidential volume	0.33%	None	See information in confidential volume
1 Edward Escudero El Paso, Texas, USA	Business Executive	Vice Chairman and Director	Vice Chairman and Director of WestStar Bank Manager of WestStar Tower Properties, LLC	See information in confidential volume	0.31%	None	See information in confidential volume
Miguel Fernandez El Paso, Texas, USA	Business Executive	Director	Director of WestStar Bank	See information in confidential volume	0.17%	None	See information in confidential volume
Paul L. Foster El Paso, Texas, USA	Real Estate Manager	Director	Director of WestStar Bank	See information in confidential volume	5.24%	None	See information in confidential volume
L. Frederick Francis El Paso, Texas, USA	N/A	Chairman, CEO and Director	Chairman, CEO and Director of WestStar Bank Chairman, CEO and Manager of WestStar Tower Properties, LLC	See information in confidential volume	7.78%	None	See information in confidential volume
Lane B. Gaddy El Paso, Texas, USA	Scrap Dealer	Director	Director of WestStar Bank	See information in confidential volume	0.12%	None	See information in confidential volume
Meyer D. Marcus El Paso, Texas, USA	Real Estate Investor	Director	Director of WestStar Bank	See information in confidential volume	0.03%	None	See information in confidential volume
A. R. Miller, III Fabens, Texas, USA	Farmer	Director	Director of WestStar Bank	See information in confidential volume	1.33%	None	See information in confidential volume
David W. Osborn El Paso, Texas, USA	N/A	President	President and COO of WestStar Bank Secretary and Director of WestStar Insurance Agency, Inc. President and Manager of WestStar Tower Properties, LLC	See information in confidential volume	0.08%	None	See information in confidential volume
Socorro E. Rodriguez El Paso, Texas, USA	N/A	Assistant Secretary	Senior Vice President, Treasurer and Assistant Secretary of WestStar Bank Assistant Secretary of WestStar Tower Properties, LLC	See information in confidential volume	0.00%	None	See information in confidential volume
Lisa J. Saenz El Paso, Texas, USA	N/A	Secretary and Treasurer	Executive Vice President, CFO and Secretary of WestStar Bank Secretary and Treasurer of WestStar Tower Properties, LLC	See information in confidential volume	0.00%	None	See information in confidential volume

FORM FR Y-6
WESTSTAR BANK HOLDING COMPANY, INC.
EL PASO, TEXAS
FISCAL YEAR ENDING DECEMBER 31, 2020
REPORT ITEM 4: INSIDERS

(1) NAME, CITY, STATE, COUNTRY	(2) PRINCIPAL OCCUPATION IF OTHER THAN WITH HOLDING COMPANY	(3)(a) TITLE & POSITION WITH HOLDING COMPANY	(3)(b) TITLE & POSITION WITH SUBSIDIARIES	(3)(c) TITLE & POSITION WITH OTHER BUSINESSES	(4)(a) PERCENTAGE OF VOTING SHARES IN HOLDING COMPANY	(4)(b) PERCENTAGE OF VOTING SHARES IN SUBSIDIARIES	(4)(c) LIST NAMES OF OTHER COMPANIES IF 25% OR MORE VOTING SECURITIES ARE HELD
2 Emma W. Schwartz El Paso, Texas, USA	Healthcare Development Manager	Director	Director of WestStar Bank	See information in confidential volume	1.22%	None	See information in confidential volume
Robert Scott Skov Fabens, Texas USA	Farmer	Director	Director of WestStar Bank	See information in confidential volume	0.17%	None	See information in confidential volume
Maria F. Teran El Paso, Texas, USA	Business Executive	Director	Director of WestStar Bank	See information in confidential volume	0.14%	None	See information in confidential volume
Linda C. Troncoso El Paso, Texas, USA	Civil Engineer	Director	Director of WestStar Bank	See information in confidential volume	0.03%	None	See information in confidential volume

FORM FR Y-6
WESTSTAR BANK HOLDING COMPANY, INC.
EL PASO, TEXAS
FISCAL YEAR ENDING DECEMBER 31, 2020
REPORT ITEM 4: INSIDERS

	(1) NAME, CITY, STATE, COUNTRY	(2) PRINCIPAL OCCUPATION IF OTHER THAN WITH HOLDING COMPANY	(3)(a) TITLE & POSITION WITH HOLDING COMPANY	(3)(b) TITLE & POSITION WITH SUBSIDIARIES	(3)(c) TITLE & POSITION WITH OTHER BUSINESSES	(4)(a) PERCENTAGE OF VOTING SHARES IN HOLDING COMPANY	(4)(b) PERCENTAGE OF VOTING SHARES IN SUBSIDIARIES	(4)(c) LIST NAMES OF OTHER COMPANIES IF 25% OR MORE VOTING SECURITIES ARE HELD
	Rogers Family (Principal Securities Holder)					**12.26%**		
	Dede Rogers EL Paso, Texas, USA	Retired Business Owner	N/A	N/A	See information in confidential volume	4.23%	None	See information in confidential volume
	Patricia Rogers EL Paso, Texas, USA	Business Executive	N/A	N/A	See information in confidential volume	4.05%	None	See information in confidential volume
	Jonathan W. Rogers, Jr. EL Paso, Texas, USA	Real Estate Investor	Director	Director of WestStar Bank	See information in confidential volume	1.60%	None	See information in confidential volume
	Jonathan W. Rogers, III EL Paso, Texas, USA	Real Estate Investor	N/A	N/A	See information in confidential volume	0.78%	None	See information in confidential volume
	Garland Rogers EL Paso, Texas, USA	Unemployed	N/A	N/A	See information in confidential volume	0.77%	None	See information in confidential volume
	Tony Lee Rogers EL Paso, Texas, USA	Student	N/A	N/A	See information in confidential volume	0.28%	None	See information in confidential volume
	Jacques Henry Babel EL Paso, Texas, USA	Real Estate Agent	N/A	N/A	See information in confidential volume	0.28%	None	See information in confidential volume
	Anne Elise Babel EL Paso, Texas, USA	Student	N/A	N/A	See information in confidential volume	0.28%	None	See information in confidential volume
	MacGuire Family (Principal Securities Holder)					**11.69%**		
3	Betty Lee Moor MacGuire EL Paso, Texas, USA	Retired Community Volunteer	N/A	N/A	See information in confidential volume	7.72%	None	See information in confidential volume
	Lee MacGuire Carnes Austin, Texas, USA	Teacher	N/A	N/A	See information in confidential volume	2.06%	None	See information in confidential volume
	Jennifer Leavell Denver, Colorado, USA	Ranch Manager	N/A	N/A	See information in confidential volume	1.80%	None	See information in confidential volume
	Carol M. Johnson El Paso, Texas, USA	Retired Community Volunteer	Director	Director of WestStar Bank	See information in confidential volume	0.11%	None	See information in confidential volume

1 Shares owned jointly by Edward Escudero and Margarita Escudero.
2 Emma W. Schwartz is the beneficial owner of 1,454 shares, or 0.07% belonging to Emma W. Schwartz and 22,153 shares, or 1.14% belonging to her husband Douglas A. Schwartz.
3 Betty Lee Moor MacGuire is the trustee of 75,000 shares belonging to the Betty MacGuire Living Trust and 75,000 shares belonging to the John MacGuire Marital Deduction Trust.