REFINITIV

DELTA REPORT

10-Q

WTBA - WEST BANCORPORATION INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	799
CHANGES	306
DELETIONS	280
ADDITIONS	213

REFINITIV

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2023 March 31, 2024

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________

Commission File Number: **0-49677**

WEST BANCORPORATION, INC.
(Exact Name of Registrant as Specified in its Charter)

Iowa	**42-1230603**
(State of Incorporation)	(I.R.S. Employer Identification No.)
1601 22nd Street, 3330 Westown Parkway, West Des Moines, Iowa	**50266**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(515) 222-2300**

1601 22nd Street, West Des Moines, Iowa 50266
(Former name or former address, if changed since last report)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, no par value	WTBA	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐
Accelerated filer	☒
Non-accelerated filer	☐
Smaller reporting company	☐
Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of October 25, 2023 April 24, 2024, there were 16,725,094 16,813,952 shares of common stock, no par value, outstanding.

WEST BANCORPORATION, INC.
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements
West Bancorporation, Inc. and Subsidiary
Consolidated Balance Sheet
(unaudited)

(in thousands, except share and per share data)	(in thousands, except share and per share data)	September 30, 2023	December 31, 2022	(in thousands, except share and per share data)	March 31, 2024	December 31, 2023
ASSETS	**ASSETS**					
Cash and due from banks						
Cash and due from banks						
Cash and due from banks	Cash and due from banks	**$ 18,819**	$ 24,896			
Interest-bearing deposits	Interest-bearing deposits	**1,802**	1,643			
Cash and cash equivalents	**Cash and cash equivalents**	**20,621**	26,539			
Securities available for sale, at fair value	Securities available for sale, at fair value	**609,365**	664,115			
Federal Home Loan Bank stock, at cost	Federal Home Loan Bank stock, at cost	**26,691**	19,336			
Loans	Loans	**2,849,777**	2,742,836			
Allowance for credit losses	Allowance for credit losses	**(28,147)**	(25,473)			
Loans, net	**Loans, net**	**2,821,630**	2,717,363			
Premises and equipment, net	Premises and equipment, net	**75,675**	53,124			
Accrued interest receivable	Accrued interest receivable	**13,598**	11,988			
Bank-owned life insurance	Bank-owned life insurance	**43,589**	44,573			
Deferred tax assets, net	Deferred tax assets, net	**41,592**	36,609			
Other assets	Other assets	**49,139**	39,571			
Total assets	**Total assets**	**$3,701,900**	$3,613,218			
LIABILITIES AND STOCKHOLDERS' EQUITY	**LIABILITIES AND STOCKHOLDERS' EQUITY**					
LIABILITIES AND STOCKHOLDERS' EQUITY						
LIABILITIES AND STOCKHOLDERS' EQUITY						
LIABILITIES						
LIABILITIES						
LIABILITIES	LIABILITIES					
Deposits:	Deposits:					
Deposits:						
Deposits:						
Noninterest-bearing demand						
Noninterest-bearing demand						
Noninterest-bearing demand	Noninterest-bearing demand	**$ 551,688**	$ 693,563			
Interest-bearing demand	Interest-bearing demand	**417,802**	536,226			
Savings and money market	Savings and money market	**1,348,591**	1,237,954			

Time	Time	**437,448**	412,665	
Total deposits	**Total deposits**	**2,755,529**	2,880,408	
Federal funds purchased and other short-term borrowings	Federal funds purchased and other short-term borrowings	**261,510**	200,000	
Subordinated notes, net	Subordinated notes, net	**79,566**	79,369	
Federal Home Loan Bank advances	Federal Home Loan Bank advances	**315,000**	155,000	
Long-term debt	Long-term debt	**48,986**	51,486	
Accrued expenses and other liabilities	Accrued expenses and other liabilities	**37,376**	35,843	
Total liabilities	**Total liabilities**	**3,497,967**	3,402,106	
COMMITMENTS AND CONTINGENCIES (NOTE 8)	COMMITMENTS AND CONTINGENCIES (NOTE 8)			COMMITMENTS AND CONTINGENCIES (NOTE 8)
STOCKHOLDERS' EQUITY	STOCKHOLDERS' EQUITY			
Preferred stock, $0.01 par value; authorized 50,000,000 shares; no shares issued and outstanding at September 30, 2023 and December 31, 2022		**—**	—	
Common stock, no par value; authorized 50,000,000 shares; 16,725,094 and 16,640,413 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively		**3,000**	3,000	
Preferred stock, $0.01 par value; authorized 50,000,000 shares; no shares issued and outstanding at March 31, 2024 and December 31, 2023				
Preferred stock, $0.01 par value; authorized 50,000,000 shares; no shares issued and outstanding at March 31, 2024 and December 31, 2023				
Preferred stock, $0.01 par value; authorized 50,000,000 shares; no shares issued and outstanding at March 31, 2024 and December 31, 2023				
Common stock, no par value; authorized 50,000,000 shares; 16,813,952 and 16,725,094 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively				

Additional paid-in capital	Additional paid-in capital	**33,487**	32,021
Retained earnings	Retained earnings	**271,025**	267,562
Accumulated other comprehensive loss	Accumulated other comprehensive loss	**(103,579)**	(91,471)
Total stockholders' equity	**Total stockholders' equity**	**203,933**	211,112
Total liabilities and stockholders' equity	**Total liabilities and stockholders' equity**	**$3,701,900**	$3,613,218

See Notes to Consolidated Financial Statements.

West Bancorporation, Inc. and Subsidiary
Consolidated Statements of Income
(unaudited)

		Three Months Ended September 30,		Nine Months Ended September 30,			Three Months Ended March 31,	
(in thousands, except per share data)	(in thousands, except per share data)	**2023**	2022	**2023**	2022	(in thousands, except per share data)	**2024**	2023
Interest income:	Interest income:							
Loans, including fees	Loans, including fees	**$36,756**	$28,102	**$104,715**	$76,236			
Loans, including fees								
Loans, including fees								
Securities:	Securities:							
Taxable								
Taxable								
Taxable	Taxable	**3,427**	3,147	**10,175**	9,126			
Tax-exempt	Tax-exempt	**880**	890	**2,648**	2,640			
Interest-bearing deposits	Interest-bearing deposits	**29**	30	**84**	179			
Total interest income	**Total interest income**	**41,092**	32,169	**117,622**	88,181			
Interest expense:	Interest expense:					Interest expense:		
Deposits	Deposits	**17,156**	6,289	**46,772**	11,586			
Federal funds purchased and other short-term borrowings	Federal funds purchased and other short-term borrowings	**3,165**	655	**7,508**	812			
Subordinated notes	Subordinated notes	**1,113**	1,106	**3,328**	1,748			

Federal Home Loan Bank advances	Federal Home Loan Bank advances	**2,329**	649	**5,212**	1,914	
Long-term debt	Long-term debt	**695**	466	**2,132**	1,050	
Total interest expense	**Total interest expense**	**24,458**	9,165	**64,952**	17,110	
Net interest income	**Net interest income**	**16,634**	23,004	**52,670**	71,071	
Credit loss expense (benefit)	Credit loss expense (benefit)	**200**	—	**200**	(2,500)	
Net interest income after credit loss expense (benefit)	**Net interest income after credit loss expense (benefit)**	**16,434**	23,004	**52,470**	73,571	
Noninterest income:	Noninterest income:					Noninterest income:
Service charges on deposit accounts	Service charges on deposit accounts	**463**	553	**1,383**	1,718	
Debit card usage fees	Debit card usage fees	**495**	498	**1,492**	1,477	
Trust services	Trust services	**831**	780	**2,286**	2,031	
Increase in cash value of bank-owned life insurance	Increase in cash value of bank-owned life insurance	**262**	246	**769**	709	
Gain from bank-owned life insurance	Gain from bank-owned life insurance	**—**	—	**691**	—	
Loan swap fees		**431**	835	**431**	835	
Other income						
Other income						
Other income	Other income	**340**	364	**1,116**	1,173	
Total noninterest income	**Total noninterest income**	**2,822**	3,276	**8,168**	7,943	
Noninterest expense:	Noninterest expense:					Noninterest expense:
Salaries and employee benefits	Salaries and employee benefits	**6,696**	6,578	**20,592**	19,286	
Occupancy and equipment	Occupancy and equipment	**1,359**	1,315	**4,008**	3,643	
Data processing	Data processing	**703**	644	**2,067**	1,924	
Technology and software	Technology and software	**573**	651	**1,665**	1,619	
FDIC insurance	FDIC insurance	**439**	127	**1,275**	753	
Professional fees	Professional fees	**254**	250	**791**	669	
Director fees	Director fees	**196**	209	**652**	599	
Other expenses	Other expenses	**1,685**	1,684	**5,400**	4,893	

Total noninterest expense	**Total noninterest expense**	**11,905**	11,458	**36,450**	33,386
Income before income taxes	**Income before income taxes**	**7,351**	14,822	**24,188**	48,128
Income taxes	Income taxes	**1,445**	3,220	**4,576**	10,675
Net income	**Net income**	**$ 5,906**	$11,602	**$ 19,612**	$37,453
Basic earnings per common share	Basic earnings per common share	**$ 0.35**	$ 0.70	**$ 1.17**	$ 2.25
Basic earnings per common share					
Basic earnings per common share					
Diluted earnings per common share	Diluted earnings per common share	**$ 0.35**	$ 0.69	**$ 1.17**	$ 2.23

See Notes to Consolidated Financial Statements.

West Bancorporation, Inc. and Subsidiary
Consolidated Statements of Comprehensive Income (Loss)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2023**	2022	**2023**	2022
Net income	**$ 5,906**	$ 11,602	**$ 19,612**	$ 37,453
Other comprehensive income (loss):				
Unrealized gains (losses) on securities:				
Unrealized holding losses arising during the period	**(23,391)**	(42,621)	**(20,561)**	(141,629)
Income tax benefit	**5,819**	10,558	**5,100**	35,607
Other comprehensive loss on securities	**(17,572)**	(32,063)	**(15,461)**	(106,022)
Unrealized gains on derivatives:				
Unrealized holding gains arising during the period	**5,303**	8,637	**11,771**	23,239
Plus: reclassification adjustment for net (gains) losses realized in net income	**(2,903)**	(259)	**(7,328)**	1,428
Income tax expense	**(590)**	(2,051)	**(1,090)**	(6,172)
Other comprehensive income on derivatives	**1,810**	6,327	**3,353**	18,495
Total other comprehensive loss	**(15,762)**	(25,736)	**(12,108)**	(87,527)
Comprehensive income (loss)	**$ (9,856)**	$ (14,134)	**$ 7,504**	$ (50,074)

	Three Months Ended March 31,	
(in thousands)	**2024**	2023
Net income	**$ 5,809**	$ 7,844
Other comprehensive income (loss):		
Unrealized gains (losses) on securities:		
Unrealized holding gains (losses) arising during the period	**(7,758)**	11,667
Income tax (expense) benefit	**1,910**	(2,911)
Other comprehensive income (loss) on securities	**(5,848)**	8,756

Unrealized gains on derivatives:		
Unrealized holding gains (losses) arising during the period	**7,489**	(1,634)
Plus: reclassification adjustment for net gains realized in net income	**(2,915)**	(1,958)
Income tax (expense) benefit	**(1,129)**	882
Other comprehensive income (loss) on derivatives	**3,445**	(2,710)
Total other comprehensive income (loss)	**(2,403)**	6,046
Comprehensive income	**$ 3,406**	$ 13,890

See Notes to Consolidated Financial Statements.

West Bancorporation, Inc. and Subsidiary
Consolidated Statements of Stockholders' Equity
(unaudited)

(in thousands, except share and per share data)

	Three Months Ended September 30, 2023						
	Preferred Stock	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, June 30, 2023	**$ —**	**16,725,094**	**$ 3,000**	**$ 32,642**	**$ 269,301**	**$ (87,817)**	**$ 217,126**
Net income	**—**	**—**	**—**	**—**	**5,906**	**—**	**5,906**
Other comprehensive loss, net of tax	**—**	**—**	**—**	**—**	**—**	**(15,762)**	**(15,762)**
Cash dividends declared, $0.25 per common share	**—**	**—**	**—**	**—**	**(4,182)**	**—**	**(4,182)**
Stock-based compensation costs	**—**	**—**	**—**	**845**	**—**	**—**	**845**
Balance, September 30, 2023	**$ —**	**16,725,094**	**$ 3,000**	**$ 33,487**	**$ 271,025**	**$ (103,579)**	**$ 203,933**

	Three Months Ended September 30, 2022						
	Preferred Stock	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, June 30, 2022	$ —	16,640,413	$ 3,000	$ 30,283	$ 255,334	$ (72,428)	$ 216,189
Net income	—	—	—	—	11,602	—	11,602
Other comprehensive loss, net of tax	—	—	—	—	—	(25,736)	(25,736)
Cash dividends declared, $0.25 per common share	—	—	—	—	(4,160)	—	(4,160)
Stock-based compensation costs	—	—	—	869	—	—	869
Balance, September 30, 2022	$ —	16,640,413	$ 3,000	$ 31,152	$ 262,776	$ (98,164)	$ 198,764

See Notes to Consolidated Financial Statements.

West Bancorporation, Inc. and Subsidiary
Consolidated Statements of Stockholders' Equity
(unaudited)

(in thousands, except share and per share data)	Preferred Stock	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Nine Months Ended September 30, 2023						
Balance, December 31, 2022	**$ —**	**16,640,413**	**$ 3,000**	**$ 32,021**	**$ 267,562**	**$ (91,471)**	**$ 211,112**
Cumulative effect of change in accounting principle(1)	**—**	**—**	**—**	**—**	**(3,626)**	**—**	**(3,626)**
Net income	**—**	**—**	**—**	**—**	**19,612**	**—**	**19,612**
Other comprehensive loss, net of tax	**—**	**—**	**—**	**—**	**—**	**(12,108)**	**(12,108)**
Cash dividends declared, $0.75 per common share	**—**	**—**	**—**	**—**	**(12,523)**	**—**	**(12,523)**
Stock-based compensation costs	**—**	**—**	**—**	**2,401**	**—**	**—**	**2,401**
Issuance of common stock upon vesting of restricted stock units, net of shares withheld for payroll taxes	**—**	**84,681**	**—**	**(935)**	**—**	**—**	**(935)**
Balance, September 30, 2023	**$ —**	**16,725,094**	**$ 3,000**	**$ 33,487**	**$ 271,025**	**$ (103,579)**	**$ 203,933**

	Preferred Stock	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Nine Months Ended September 30, 2022						
Balance, December 31, 2021	$ —	16,554,846	$ 3,000	$ 30,183	$ 237,782	$ (10,637)	$ 260,328

(in thousands, except share and per share data)
(in thousands, except share and per share data)

Three Months Ended March 31, 2024
Three Months Ended March 31, 2024
Three Months Ended March 31, 2024

Accumulated

Additional
Additional
Additional

	Preferred Stock	Shares	Amount	Additional Capital	Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2023							
Net income	—	—	—	—	37,453	—	37,453
Other comprehensive loss, net of tax	—	—	—	—	—	(87,527)	(87,527)
Cash dividends declared, $0.75 per common share	—	—	—	—	(12,459)	—	(12,459)
Cash dividends declared, $0.25 per common share							
Stock-based compensation costs	—	—	—	2,488	—	—	2,488
Issuance of common stock upon vesting of restricted stock units, net of shares withheld for payroll taxes	—	85,567	—	(1,519)	—	—	(1,519)
Balance, September 30, 2022	$ —	16,640,413	$ 3,000	$ 31,152	$ 262,776	$ (98,164)	$ 198,764
Balance, March 31, 2024							

Three Months Ended March 31, 2023

	Preferred Stock	Shares	Amount	Additional Capital	Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2022							
Cumulative effect of change in accounting principle(1)							
Net income							
Other comprehensive income, net of tax							
Cash dividends declared, $0.25 per common share							
Stock-based compensation costs							
Issuance of common stock upon vesting of restricted stock units, net of shares withheld for payroll taxes							
Balance, March 31, 2023							

(1) Cumulative effect adjustment pursuant to adoption of ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. See Note 1 for additional information.

See Notes to Consolidated Financial Statements.

West Bancorporation, Inc. and Subsidiary
Consolidated Statements of Cash Flows
(unaudited)

		Nine Months Ended September 30,				
		Three Months Ended March 31,			Three Months Ended March 31,	
(in thousands)	(in thousands)	**2023**	2022	(in thousands)	**2024**	2023
Cash Flows from Operating Activities:	Cash Flows from Operating Activities:					
Net income	Net income	**$ 19,612**	$ 37,453			
Net income						
Net income						
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:					
Credit loss expense (benefit)		**200**	(2,500)			
Net amortization and accretion						
Net amortization and accretion						
Net amortization and accretion	Net amortization and accretion	**2,499**	2,247			
Stock-based compensation	Stock-based compensation	**2,401**	2,488			
Stock-based compensation						
Stock-based compensation						
Increase in cash value of bank-owned life insurance	Increase in cash value of bank-owned life insurance	**(769)**	(709)			
Gain from bank-owned life insurance		**(691)**	—			
Depreciation						
Depreciation						
Depreciation	Depreciation	**1,189**	1,091			
Provision for deferred income taxes	Provision for deferred income taxes	**207**	1,928			

Change in assets and liabilities:	Change in assets and liabilities:			
Increase in accrued interest receivable	Increase in accrued interest receivable	**(1,610)**	(1,896)	
Increase in accrued interest receivable Increase in accrued interest receivable				
(Increase) decrease in other assets	(Increase) decrease in other assets	**(1,936)**	930	
Increase (decrease) in accrued expenses and other liabilities		**(3,058)**	7,889	
Decrease in accrued expenses and other liabilities				
Net cash provided by operating activities	**Net cash provided by operating activities**	**18,044**	48,921	
Cash Flows from Investing Activities:	Cash Flows from Investing Activities:			Cash Flows from Investing Activities:
Proceeds from principal paydowns, maturities and calls of securities available for sale	Proceeds from principal paydowns, maturities and calls of securities available for sale	**31,886**	63,353	
Purchases of securities available for sale		—	(120,077)	
Proceeds from principal paydowns, maturities and calls of securities available for sale Proceeds from principal paydowns, maturities and calls of securities available for sale				
Purchases of Federal Home Loan Bank stock Purchases of Federal Home Loan Bank stock				
Purchases of Federal Home Loan Bank stock	Purchases of Federal Home Loan Bank stock	**(90,194)**	(46,884)	

Proceeds from redemption of Federal Home Loan Bank stock	Proceeds from redemption of Federal Home Loan Bank stock	**82,839**	38,499
Net increase in loans	Net increase in loans	**(106,925)**	(158,395)
Purchases of premises and equipment	Purchases of premises and equipment	**(24,699)**	(12,056)
Proceeds of principal and earnings from bank-owned life insurance		**2,458**	—
Purchases of premises and equipment			
Purchases of premises and equipment			
Net cash used in investing activities			
Net cash used in investing activities			
Net cash used in investing activities	**Net cash used in investing activities**	**(104,635)**	(235,560)
Cash Flows from Financing Activities:	Cash Flows from Financing Activities:		Cash Flows from Financing Activities:
Net decrease in deposits		**(124,879)**	(193,158)
Net increase (decrease) in deposits			
Net increase in federal funds purchased and other short-term borrowings	Net increase in federal funds purchased and other short-term borrowings	**61,510**	201,620
Proceeds from issuance of subordinated debt, net of issuance costs		**—**	58,756
Net increase in Federal Home Loan Bank advances			
Net increase in Federal Home Loan Bank advances			
Net increase in Federal Home Loan Bank advances	Net increase in Federal Home Loan Bank advances	**160,000**	—
Principal payments on long-term debt	Principal payments on long-term debt	**(2,500)**	(35)
Common stock dividends paid	Common stock dividends paid	**(12,523)**	(12,459)

Restricted stock units withheld for payroll taxes	Restricted stock units withheld for payroll taxes	**(935)**	(1,519)
Net cash provided by financing activities	**Net cash provided by financing activities**	**80,673**	53,205
Net decrease in cash and cash equivalents		**(5,918)**	(133,434)
Net increase (decrease) in cash and cash equivalents			
Cash and Cash Equivalents:	Cash and Cash Equivalents:		
Beginning			
Beginning			
Beginning	Beginning	**26,539**	192,825
Ending	**Ending**	**$ 20,621**	$ 59,391
Supplemental Disclosures of Cash Flow Information:	Supplemental Disclosures of Cash Flow Information:		
Supplemental Disclosures of Cash Flow Information:			
Supplemental Disclosures of Cash Flow Information:			
Cash payments for:	Cash payments for:		
Cash payments for:			
Cash payments for:			
Interest			
Interest			
Interest	Interest	**$ 61,342**	$ 15,259
Income taxes	Income taxes	**3,890**	7,490

See Notes to Consolidated Financial Statements.

West Bancorporation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
(unaudited)
(dollars in thousands, except per share data)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared by West Bancorporation, Inc. (the Company) pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements have been condensed or omitted pursuant to such rules and regulations. Although management believes that the disclosures are adequate to make the information presented understandable, it is suggested that these interim consolidated financial statements be read in conjunction with the Company's Annual Report on Form 10-K, as amended, for the year ended December 31, 2022 December 31, 2023, filed with the SEC on February 23, 2023 February 23, 2024. In the opinion of management, the accompanying consolidated financial statements of the Company contain all adjustments necessary to fairly present its financial position as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, and net income, comprehensive income (loss) and , changes in stockholders' equity for the three and nine months ended September 30, 2023 and 2022, and cash flows for the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023. The results for these interim periods may not be indicative of results for the entire year or for any other period.

(dollars in thousands, except per share data)

The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) established by the Financial Accounting Standards Board (FASB). References to GAAP issued by the FASB in these footnotes are to the FASB *Accounting Standards Codification*™, sometimes referred to as the Codification or ASC. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses for the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term are the fair value of financial instruments and the allowance for credit losses.

The accompanying unaudited consolidated financial statements include the accounts of the Company, West Bank and West Bank's special purpose subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation. In accordance with GAAP, West Bancorporation Capital Trust I is recorded on the books of the Company using the equity method of accounting and is not consolidated.

Current accounting developments: In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326). The amendments in this update require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net carrying value at the amount expected to be collected on the financial assets. Under the update, the income statement will reflect the measurement of credit losses for newly recognized financial assets, as well as the expected increases or decreases of expected credit losses that have taken place during the period. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount of financial assets. An entity must use judgment in determining the relevant information and estimation methods that are appropriate in its circumstances. The allowance for credit losses for purchased financial assets with a more-than-insignificant amount of credit deterioration since origination that are measured at amortized cost basis is determined in a similar manner to other financial assets measured at amortized cost basis; however, the initial allowance for credit losses is added to the purchase price rather than being reported as a credit loss expense. Only subsequent changes in the allowance for credit losses are recorded as a credit loss expense for these assets. Off-balance sheet arrangements such as commitments to extend credit, guarantees, and standby letters of credit that are not considered derivatives under ASC 815 and are not unconditionally cancellable are also within the scope of this update. Credit losses related to available for sale debt securities should be recorded through an allowance for credit losses.

In December 2019, the FASB issued ASU No. 2019-10, Financial Instruments-Credit Losses (Topic 326). This update amended the effective date of ASU No. 2016-13 for certain entities, including smaller reporting companies until fiscal years beginning after December 15, 2022, including interim periods within those fiscal periods. Early adoption was permitted. The one-time determination date for identifying as a smaller reporting company was November 15, 2019. The Company met the definition of a smaller reporting company as of that date and was not required to adopt the standard until January 1, 2023.

In March 2022, the FASB issued ASU No. 2022-02, *Financial Instruments - Credit Losses (ASC 326): Troubled Debt Restructurings and Vintage Disclosures*. The amendments in this ASU improve the usefulness of information provided to investors about certain loan refinancings, restructurings, and write-offs. The amendments eliminate the accounting guidance for troubled debt restructurings (TDRs) by creditors that have adopted ASU No. 2016-13. It also enhances disclosure requirements for certain loan refinancings and restructurings by creditors made to borrowers experiencing financial difficulty. Lastly, the amendments require that a public business entity disclose current-period gross write-offs by year of origination for financing receivables and net investment in leases.

The Company adopted ASU No. 2016-13 using the modified retrospective method for financial assets measured at amortized cost and off-balance-sheet credit exposures. Results for the periods beginning after January 1, 2023 are presented under ASU No. 2016-13, while prior period amounts are reported in accordance with the previously applicable accounting standards. The Company recorded a reduction to retained earnings of $3,626 upon adoption of ASU No. 2016-13. The transition adjustment included an increase to the allowance for credit losses on loans of $2,458 and established an allowance for credit losses on off-balance sheet credit exposures of $2,344. There was no allowance for credit losses recorded for available-for-sale debt securities. The transition adjustment included corresponding increases in deferred tax assets of $1,176.

The following table illustrates the impact of ASC 326 adoption.

	January 1, 2023		
	Pre-ASC 326 Adoption	Impact of ASC 326 Adoption	As Reported Under ASC 326
Assets:			

Commercial	$	4,804	$	677	$	5,481
Real estate:						
Construction, land and land development		3,548		(234)		3,314
1-4 family residential first mortgages		357		121		478
Home equity		101		(8)		93
Commercial		16,575		1,911		18,486
Consumer and other		88		(9)		79
Allowance for credit losses on loans	$	25,473	$	2,458	$	27,931
Liabilities:						
Liability for off-balance sheet credit exposures	$	—	$	2,344	$	2,344

In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848): *Facilitation of the Effects of Reference Rate Reform on Financial Reporting.* The amendments in this update provide optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. They provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this update were effective for all entities as of March 12, 2020 through December 31, 2022. In January 2021, the FASB issued ASU No. 2021-01, Reference Rate Reform (Topic 848): *Scope*. The amendments in this update refine the scope for certain optional expedients and exceptions for contract modifications and hedge accounting to apply to derivative contracts and certain hedging relationships affected by the discounting transition. The amendments in this update were effective for all entities as of March 12, 2020 through December 31, 2022. In December 2022, the FASB issued ASU No. 2022-06, Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848. The amendment in this update extends the period of time preparers can utilize reference rate reform relief guidance in Topic 848, discussed above. ASU No. 2022-06 defers the sunset date from December 31, 2022 to December 31, 2024. The Company does not expect the updates within Topic 848 to have a material impact on our financial statements.

In March 2023, the FASB issued ASU No. 2023-02, *Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using Proportional Amortization Method*. The ASU is intended to improve the accounting and disclosures for investments in tax credit structures. It allows reporting entities to elect to adopt for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. For public business entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The ASU does not have a material impact on the Company's financial statements.

In October 2023, the FASB issued ASU No. 2023-06, *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative*. The ASU incorporates certain SEC disclosure requirements into the FASB A*ccounting Standards Codification*TM.. The amendments in the ASU are expected to clarify or improve disclosure presentation requirements of a variety of Codification Topics, allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the Codification with the SEC's regulations. For entities subject to the SEC's existing disclosure requirements and for entities required to file or furnish financial statements with or to the SEC in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer, the effective date for each amendment will be the date on which the SEC removes that related disclosure from its rules. For all other entities, the amendments will be effective two years later. However, if by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendments will be removed from the Codification and not become effective for any entity. These amendments have not had an impact to the Company as of March 31, 2024.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The amendments in this ASU are intended to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. For public business entities, the amendments are effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company is currently evaluating the impact of the ASU on the Company's Company's consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The ASU is intended to improve the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the rate reconciliation table and income taxes paid to be disaggregated by jurisdiction. It also includes certain amendments to improve the effectiveness of income tax disclosures. For public business entities, the amendments are effective for fiscal years beginning after December 15, 2024. The Company is currently evaluating the impact of the ASU on the Company's consolidated financial statements.

2. Earnings per Common Share

Basic earnings per common share are computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted earnings per common share reflect the potential dilution that could occur if the Company's outstanding restricted stock units were vested. The dilutive effect was computed using the treasury stock method, which assumes all stock-based awards were exercised and the hypothetical proceeds from exercise were used by the Company to purchase common stock at the average market price during the period. The incremental shares, to the extent they would have been dilutive, were included in the denominator of the diluted earnings per common share calculation. The calculations of earnings per common share and diluted earnings per common share for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 are presented in the following table.

		Three Months Ended September 30,		Nine Months Ended September 30,				
		Three Months Ended March 31,						
		Three Months Ended March 31,						
		Three Months Ended March 31,						
(in thousands, except per share data)	(in thousands, except per share data)	**2023**	2022	**2023**	2022	(in thousands, except per share data)	**2024**	2023
Net income	Net income	**$5,906**	$11,602	**$19,612**	$37,453			
Weighted average common shares outstanding								
Weighted average common shares outstanding								
Weighted average common shares outstanding	Weighted average common shares outstanding	**16,725**	16,640	**16,697**	16,613			
Weighted average effect of restricted stock units outstanding	Weighted average effect of restricted stock units outstanding	**43**	154	**45**	200			
Diluted weighted average common shares outstanding	Diluted weighted average common shares outstanding	**16,768**	16,794	**16,742**	16,813			

Basic earnings per common share	Basic earnings per common share	**$ 0.35**	$ 0.70	**$ 1.17**	$ 2.25
Diluted earnings per common share	Diluted earnings per common share	**$ 0.35**	$ 0.69	**$ 1.17**	$ 2.23
Number of anti-dilutive common stock equivalents excluded from diluted earnings per share computation	Number of anti-dilutive common stock equivalents excluded from diluted earnings per share computation	**408**	183	**413**	112

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3. Securities Available for Sale

The following tables show the amortized cost, gross unrealized gains and losses, and fair value of securities available for sale, by security type as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

		September 30, 2023				March 31, 2024			
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Securities available for sale:	Securities available for sale:								
State and political subdivisions									
State and political subdivisions									
State and political subdivisions	State and political subdivisions	**$240,954**	**$ —**	**$ (58,947)**	**$182,007**				
Collateralized mortgage obligations (1)	Collateralized mortgage obligations (1)	**315,803**	**—**	**(63,101)**	**252,702**				
Mortgage-backed securities (1)	Mortgage-backed securities (1)	**160,291**	**—**	**(34,178)**	**126,113**				
Collateralized loan obligations	Collateralized loan obligations	**37,862**	**—**	**(332)**	**37,530**				
Corporate notes	Corporate notes	**13,750**	**—**	**(2,737)**	**11,013**				
		$768,660	**$ —**	**$(159,295)**	**$609,365**				

		December 31, 2022			
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Securities available for sale:	Securities available for sale:				
State and political subdivisions	State and political subdivisions	$242,823	$ 4	$ (49,472)	$193,355
Collateralized mortgage obligations (1)	Collateralized mortgage obligations (1)	338,875	—	(57,247)	281,628
Mortgage-backed securities (1)	Mortgage-backed securities (1)	169,451	—	(29,171)	140,280
Collateralized loan obligations	Collateralized loan obligations	37,948	—	(1,137)	36,811
Corporate notes	Corporate notes	13,750	—	(1,709)	12,041
		$802,847	$ 4	$(138,736)	$664,115

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
State and political subdivisions				
State and political subdivisions				
Collateralized loan obligations				
Collateralized loan obligations				

(1) Collateralized mortgage obligations and mortgage-backed securities consist of residential and commercial mortgage pass-through securities and collateralized mortgage obligations guaranteed by FNMA, FHLMC, GNMA and SBA.

Securities with an amortized cost of approximately $458,126 $442,363 and $293,017 $447,074 as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, were pledged to secure access to Federal Home Loan Bank (FHLB) advances and Federal Reserve credit programs, for public fund deposits, and for other purposes as required or permitted by law or regulation.

The amortized cost and fair value of securities available for sale as of September 30, 2023 March 31, 2024, by contractual maturity, are shown below. Certain securities have call features that allow the issuer to call the securities prior to maturity. Expected maturities may differ from contractual maturities for collateralized mortgage obligations and mortgage-backed securities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Therefore, collateralized mortgage obligations and mortgage-backed securities are not included in the maturity categories within the following maturity summary.

		September 30, 2023		**March 31, 2024**	
		Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due after five years through ten years	Due after five years through ten years	**$ 73,386**	**$ 66,209**		
Due after five years through ten years					
Due after five years through ten years					
Due after ten years	Due after ten years	**219,180**	**164,341**		

(dollars in thousands, except per share data)

		292,566	230,550
Collateralized mortgage obligations and mortgage-backed securities	Collateralized mortgage obligations and mortgage-backed securities	476,094	378,815
		$768,660	$609,365

There were no sales of securities available for sale during the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.

The following tables show the fair value and gross unrealized losses, aggregated by investment type and length of time that individual securities have been in a continuous loss position, as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

		September 30, 2023								
		Less than 12 months			12 months or longer			Total		
		Fair Value	Gross Unrealized (Losses)	No. of Securities	Fair Value	Gross Unrealized (Losses)	No. of Securities	Fair Value	Gross Unrealized (Losses)	
Securities available for sale:	Securities available for sale:									
State and political	State and political									
State and political										
State and political										
subdivisions										
subdivisions										
subdivisions	subdivisions	$ 8,083	$ (674)	15	$173,924	$ (58,273)	103	$182,007	$ (58,947)	
Collateralized mortgage obligations	Collateralized mortgage obligations	—	—	—	252,702	(63,101)	79	252,702	(63,101)	
obligations										
obligations										
Mortgage-backed securities	Mortgage-backed securities	—	—	—	126,113	(34,178)	27	126,113	(34,178)	
Collateralized loan obligations		—	—	—	37,530	(332)	6	37,530	(332)	
Corporate notes	Corporate notes	—	—	—	11,013	(2,737)	8	11,013	(2,737)	
Corporate notes										
Corporate notes										

March 31, 2024						
Less than 12 months			12 months or longer		Total	
Fair Value	Gross Unrealized (Losses)	No. of Securities	Fair Value	Gross Unrealized (Losses)	No. of Securitie	

		$ 8,083	$ (674)	15	$601,282	$(158,621)	223	$609,365	$(159,295)

		December 31, 2022							
		Less than 12 months			12 months or longer			Total	
		Fair Value	Gross Unrealized (Losses)	No. of Securities	Fair Value	Gross Unrealized (Losses)	No. of Securities	Fair Value	Gross Unrealized (Losses)
Securities available for sale:	Securities available for sale:								
State and political	State and political								
State and political									
State and political									
subdivisions									
subdivisions									
subdivisions	subdivisions	$ 74,676	$ (11,556)	74	$118,487	$ (37,916)	43	$193,163	$ (49,472)
Collateralized mortgage obligations	Collateralized mortgage obligations	107,449	(14,484)	48	174,179	(42,763)	31	281,628	(57,247)
obligations									
obligations									
Mortgage-backed securities	Mortgage-backed securities	31,350	(4,556)	8	108,930	(24,615)	19	140,280	(29,171)
Collateralized loan obligations									
Collateralized loan obligations									
Collateralized loan obligations	Collateralized loan obligations	14,468	(480)	3	22,343	(657)	3	36,811	(1,137)
Corporate notes	Corporate notes	9,185	(1,315)	5	2,856	(394)	3	12,041	(1,709)
		$237,128	$ (32,391)	138	$426,795	$(106,345)	99	$663,923	$(138,736)

December 31, 2023						
Less than 12 months			12 months or longer			Total
Fair Value	Gross Unrealized (Losses)	No. of Securities	Fair Value	Gross Unrealized (Losses)	No. of Securitie	

The Company adopted ASU No. 2016-13 effective January 1, 2023 which requires credit losses on available-for-sale securities to be recorded in an allowance for credit losses. If the Company intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis, then the security is written down to fair value through income. As of September 30, 2023 March 31, 2024 and December 31, 2023, the Company did not have the intent to sell, nor was it more likely than not that we would be required to sell any of the securities in an unrealized loss position prior to recovery. As of September 30, 2023 March 31, 2024 and December 31, 2023, the Company also determined that no individual securities in an unrealized loss position represented credit losses that would require an allowance for credit losses. The Company concluded that the unrealized losses were primarily attributable to increases in market interest rates since these securities were purchased and other market conditions. Accrued interest receivable is not included in available-for-sale security balances and is presented in the "Accrued interest receivable" line of the Consolidated Balance Sheets. Interest receivable on securities was $3,588 $3,443 and $3,271 as of September 30, 2023 March 31, 2024 and December 31, 2023, respectively, and was excluded from the estimate of credit losses.

As of December 31, 2022, the Company believed the unrealized losses on securities available for sale were due to market conditions rather than reduced estimated cash flows. At December 31, 2022, the Company did not intend to sell these securities, did not anticipate that these securities will be required to be sold before anticipated recovery, and expected full principal and interest to be collected. Therefore, under the accounting principles effective at December 31, 2022, the Company did not consider these securities to have other than temporary impairment as of December 31, 2022.

4. Loans and Allowance for Credit Losses

Loans consisted of the following segments as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Commercial	Commercial	**$ 529,293**	$ 519,196		
Real estate:	Real estate:				
Construction, land and land development					
Construction, land and land development					
Construction, land and land development	Construction, land and land development	**399,253**	363,014		
1-4 family residential first mortgages	1-4 family residential first mortgages	**89,713**	75,211		
Home equity	Home equity	**12,429**	10,322		
Commercial	Commercial	**1,812,816**	1,771,940		
Consumer and other	Consumer and other	**10,123**	7,292		
		2,853,627	2,746,975		
Net unamortized fees and costs	Net unamortized fees and costs	**(3,850)**	(4,139)		
		$2,849,777	$2,742,836		

Real estate loans of approximately $1,380,000 $1,460,000 and $1,190,000 $1,420,000 were pledged as security for FHLB advances as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Loans are stated at the principal amounts outstanding, net of unamortized loan fees and costs, with interest income recognized on the interest method based upon the terms of the loan. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method. Loans are reported by the portfolio segments identified above and are analyzed by management on this basis. All loan policies identified below apply to all segments of the loan portfolio.

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Allowance for Credit Losses for Loans

The Company adopted ASU No. 2016-13 on January 1, 2023, at which time the Company implemented the current expected credit loss (CECL) model in estimating the allowance for credit losses (ACL) valuation account. The following tables detail the changes in the ACL allowance for credit losses (ACL) by loan segment for the three and nine months ended September 30, 2023. March 31, 2024 and 2023.

(dollars in thousands, except per share data)

Three Months Ended March 31, 2024

Three Months Ended March 31, 2024

Real Estate

Real Estate

Real Estate

Commercial

Commercial

		Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other	Total

		Three Months Ended September 30, 2023						
			Real Estate					
		Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other	Total
Beginning balance	Beginning balance	**$ 5,496**	**$ 3,284**	**$ 472**	**$ 110**	**$ 18,469**	**$ 107**	**$ 27,938**
Charge-offs	Charge-offs	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Recoveries	Recoveries	**8**	**—**	**—**	**1**	**—**	**—**	**9**
Provision for credit loss expense(1)	Provision for credit loss expense(1)	**(221)**	**467**	**97**	**—**	**(143)**	**—**	**200**
Ending balance	Ending balance	**$ 5,283**	**$ 3,751**	**$ 569**	**$ 111**	**$ 18,326**	**$ 107**	**$ 28,147**

	Nine Months Ended September 30, 2023						
		Real Estate					
	Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other	Total
Beginning balance	**$ 4,804**	**$ 3,548**	**$ 357**	**$ 101**	**$ 16,575**	**$ 88**	**$ 25,473**
Adoption of CECL	**677**	**(234)**	**121**	**(8)**	**1,911**	**(9)**	**2,458**
Charge-offs	**(18)**	**—**	**—**	**—**	**—**	**—**	**(18)**
Recoveries	**29**	**—**	**1**	**4**	**—**	**—**	**34**
Provision for credit loss expense(1)	**(209)**	**437**	**90**	**14**	**(160)**	**28**	**200**
Ending balance	**$ 5,283**	**$ 3,751**	**$ 569**	**$ 111**	**$ 18,326**	**$ 107**	**$ 28,147**

	Three Months Ended March 31, 2023						
		Real Estate					
	Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other	Total
Beginning balance	$ 4,804	$ 3,548	$ 357	$ 101	$ 16,575	$ 88	$ 25,473
Adoption of CECL	677	(234)	121	(8)	1,911	(9)	2,458
Charge-offs	—	—	—	—	—	—	—
Recoveries	8	—	1	1	—	—	10

Provision for credit loss expense(1)	8	(148)	(13)	(6)	159	—	—
Ending balance	$ 5,497	$ 3,166	$ 466	$ 88	$ 18,645	$ 79	$ 27,941

(1) The negative provisions for the various segments are related to the decline in outstanding balances in each of those portfolio segments during the time periods disclosed, improvement in qualitative risk factors related to those portfolio segments and/or changes in economic forecasts.

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Prior to the adoption of ASU No. 2016-13 on January 1, 2023, the Company calculated the allowance for loan losses using the incurred loss methodology. The following tables present the activity in the allowance for loan losses by segment for the three and nine months ended September 30, 2022.

	Three Months Ended September 30, 2022						
		Real Estate					
	Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other	Total
Beginning balance	$ 4,661	$ 4,043	$ 373	$ 95	$ 16,189	$ 73	$ 25,434
Charge-offs	—	—	(31)	—	—	—	(31)
Recoveries	9	—	1	1	4	—	15
Provision for loan losses(1)	429	(557)	20	9	82	17	—
Ending balance	$ 5,099	$ 3,486	$ 363	$ 105	$ 16,275	$ 90	$ 25,418

	Nine Months Ended September 30, 2022						
		Real Estate					
	Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other	Total
Beginning balance	$ 4,776	$ 3,646	$ 339	$ 91	$ 19,466	$ 46	$ 28,364
Charge-offs	—	—	(31)	—	(451)	—	(482)
Recoveries	21	—	2	3	10	—	36
Provision for loan losses(1)	302	(160)	53	11	(2,750)	44	(2,500)
Ending balance	$ 5,099	$ 3,486	$ 363	$ 105	$ 16,275	$ 90	$ 25,418

(1) The negative provisions for the various segments are related to the decline in outstanding balances in each of those portfolio segments during the time periods disclosed and/or improvement in the credit quality factors related to those portfolio segments.

The following tables present a breakdown of the allowance for credit losses ACL by segment, disaggregated based on the evaluation method as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

	September 30, 2023						
		Real Estate					
	Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other	Total

	March 31, 2024						
		Real Estate					
	Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other	Total
Ending balance:							

March 31, 2024

Commercial

Commercial

Ending balance:

Individually evaluated for credit losses

Individually evaluated for credit losses

		Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other	Total
Individually evaluated for credit losses	Individually evaluated for credit losses	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Collectively evaluated for credit losses	Collectively evaluated for credit losses	**5,283**	**3,751**	**569**	**111**	**18,326**	**107**	**28,147**
Total	Total	**$ 5,283**	**$ 3,751**	**$ 569**	**$ 111**	**$ 18,326**	**$ 107**	**$ 28,147**

	December 31, 2022						
		Real Estate					
	Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other	Total

December 31, 2023

December 31, 2023

	December 31, 2023						
		Real Estate					
	Commercial						
	Commercial						
	Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other	Total
Ending balance:	Ending balance:						
Individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Collectively evaluated for impairment	4,804	3,548	357	101	16,575	88	25,473
Individually evaluated for credit losses							
Individually evaluated for credit losses							
Individually evaluated for credit losses							
Collectively evaluated for credit losses							
Total	$ 4,804	$ 3,548	$ 357	$ 101	$ 16,575	$ 88	$ 25,473

Total

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The following tables present the recorded investment in loans, exclusive of unamortized fees and costs, disaggregated based on the evaluation method by segment as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

September 30, 2023

	Commercial	Real Estate: Construction and Land	Real Estate: 1-4 Family Residential	Real Estate: Home Equity	Commercial	Consumer and Other	Total

March 31, 2024 | **March 31, 2024**

Real Estate

Commercial

Commercial

	Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other	Total
Ending balance: Ending balance:							
Individually evaluated for credit losses							
Individually evaluated for credit losses							
Individually evaluated for credit losses Individually evaluated for credit losses	**$ —**	**$ —**	**$ 303**	**$ —**	**$ —**	**$ —**	**$ 303**
Collectively evaluated for credit losses Collectively evaluated for credit losses	**529,293**	**399,253**	**89,410**	**12,429**	**1,812,816**	**10,123**	**2,853,324**
Total Total	**$ 529,293**	**$ 399,253**	**$ 89,713**	**$ 12,429**	**$ 1,812,816**	**$ 10,123**	**$ 2,853,627**

December 31, 2022

	Commercial	Real Estate: Construction and Land	Real Estate: 1-4 Family Residential	Real Estate: Home Equity	Commercial	Consumer and Other	Total

December 31, 2023 | December 31, 2023

Real Estate

Commercial

Commercial

	Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other	Total
Ending balance: Ending balance:							
Individually evaluated for impairment	$ —	$ —	$ 322	$ —	$ —	$ —	$ 322
Collectively evaluated for impairment	519,196	363,014	74,889	10,322	1,771,940	7,292	2,746,653
Individually evaluated for credit losses							
Individually evaluated for credit losses							
Individually evaluated for credit losses							

(dollars in thousands, except per share data)

Collectively evaluated for credit losses							
Total	Total	$ 519,196	$ 363,014	$ 75,211	$ 10,322	$ 1,771,940	$ 7,292	$ 2,746,975

Under the CECL model, the The ACL is a valuation account estimated at each balance sheet date and deducted from the amortized cost basis of loans to present the net amount expected to be collected. The Company estimates the ACL based on the underlying loans' amortized cost basis, which is the amount at which the loan is originated or acquired, adjusted for collection of cash and charge-offs, as well as applicable accretion or amortization of premiums, discounts, and net deferred fees or costs. The Company's estimate of the ACL reflects losses expected over the remaining contractual life of the assets. The contractual term does not consider extensions, renewals or modifications unless the Company has identified an expected restructuring. In the event that collection of principal becomes uncertain, the Company has policies in place to reverse accrued interest in a timely manner. Therefore, the Company has made a policy election to exclude accrued interest from the measurement of the ACL.

Accrued interest on loans of $10,005 $11,709 and $8,665 $10,292 at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, was included in accrued the "Accrued interest receivable on receivable" line of the balance sheet Consolidated Balance Sheets and was excluded from the estimate of credit losses.

Expected credit losses are reflected in the allowance for credit losses ACL through a charge to credit loss expense. When the Company deems all or a portion of a loan to be uncollectible, the appropriate amount is written off and the ACL is reduced by the same amount. The Company applies judgment to determine when a loan is deemed uncollectible; however, generally speaking, a loan will be considered uncollectible no later than when all efforts at collection have been exhausted. Subsequent recoveries, if any, are credited to the ACL when received.

The Company measures expected credit losses of loans on a collective (pool) basis when the loans share similar risk characteristics and uses a cash flow based method to estimate expected credit losses for each of these pools. The Company's methodology for estimating the ACL considers available relevant information about the collectability of cash flows, including information about past events, current conditions, and reasonable and supportable forecasts. The methodologies apply historical loss information, adjusted for asset-specific characteristics, economic conditions at the measurement date, and forecasts about future economic conditions expected to exist through the contractual lives of the financial assets that are reasonable and supportable, to the identified pools of financial assets with similar risk characteristics for which the historical experience was observed.

The Company uses the cash flow based model to estimate expected credit losses for all loan segments. For each of the loan segments, the Company calculates a cash flow projection using contractual terms, estimated prepayment speeds, estimated curtailment rates, and other relevant data. The Company uses regression analysis that links historical losses of the Company and its peer group to two economic metrics: national unemployment rate and 10-year treasury rate over 2-year treasury rate spread to establish the loss rates applied to the projected cash flows. For all loan segments, the Company uses a forecast period of four quarters and reverts to a historical rate after four quarters. When estimating prepayment speed and curtailment rates, the modeling is based on historical internal data.

Nonaccrual Loans and Delinquency Status

Delinquencies are determined based on the payment terms of the individual loan agreements. The accrual of interest on past due and other individually evaluated loans is generally discontinued at 90 days past due or when, in the opinion of management, the borrower may be unable to make all payments pursuant to contractual terms. Unless considered collectible, all interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. Generally, all payments received while a loan is on nonaccrual status are applied to the principal balance of the loan. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The following table presents the amortized cost basis of loans on nonaccrual status, loans on nonaccrual status with no allowance for credit losses ACL recorded, and loans past due 90 days or more and still accruing by loan segment.

	Total Nonaccrual		Nonaccrual with no Allowance for Credit Losses		90 Days or More Past Due and Accruing	
	September 30, 2023	December 31, 2022	**September 30, 2023**	December 31, 2022	**September 30, 2023**	December 31, 2022

	Total Nonaccrual	Total Nonaccrual	Nonaccrual with no Allowance for Credit Losses	90 Days or More Past Due and Accruing

	March 31, 2024		March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Commercial	Commercial		$ —	$ —	$ —	$ —	$ —	$ —
Real estate:	Real estate:							
Construction, land and land	Construction, land and land							
Construction, land and land								
Construction, land and land								
development								
development								
development	development		—	—	—	—	—	—
1-4 family residential first	1-4 family residential first							
mortgages								
mortgages								
mortgages	mortgages		303	322	303	322	—	—
Home equity	Home equity		—	—	—	—	—	—
Commercial	Commercial		—	—	—	—	—	—
Consumer and other	Consumer and other		—	—	—	—	—	—
Total	Total		$ 303	$ 322	$ 303	$ 322	$ —	$ —

There was no interest income recognized on loans that were on nonaccrual for the nine three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023.

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The following tables provide an analysis of the delinquency status of the amortized cost of loans as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

		September 30, 2023					
		30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans
	March 31, 2024						March 31, 2024
	30-59 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans
Commercial	Commercial	$ —	$ —	$ —	$ —	$ 529,293	$ 529,293
Real estate:	Real estate:						
Construction, land and	Construction, land and						
Construction, land and							

Construction, land and							
land development							
land development							
land development	land development	**—**	**—**	**—**	**—**	**399,253**	**399,253**
1-4 family residential	1-4 family residential						
first mortgages							
first mortgages							
first mortgages	first mortgages	**—**	**—**	**—**	**—**	**89,713**	**89,713**
Home equity	Home equity	**—**	**—**	**—**	**—**	**12,429**	**12,429**
Commercial	Commercial	**—**	**—**	**—**	**—**	**1,812,816**	**1,812,816**
Consumer and other	Consumer and other	**—**	**—**	**—**	**—**	**10,123**	**10,123**
Total	Total	**$ —**	**$ —**	**$ —**	**$—**	**$2,853,627**	**$2,853,627**

		December 31, 2022					
		30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans
	December 31, 2023						
	30-59 Days Past Due						
Commercial	Commercial	$ —	$ —	$ —	$—	$ 519,196	$ 519,196
Real estate:	Real estate:						
Construction, land and	Construction, land and						
Construction, land and							
Construction, land and							
land development							
land development							
land development	land development	—	—	—	—	363,014	363,014
1-4 family residential	1-4 family residential						
first mortgages							
first mortgages							
first mortgages	first mortgages	—	—	—	—	75,211	75,211
Home equity	Home equity	—	—	—	—	10,322	10,322
Commercial	Commercial	—	—	—	—	1,771,940	1,771,940
Consumer and other	Consumer and other	—	—	—	—	7,292	7,292
Total	Total	$ —	$ —	$ —	$—	$2,746,975	$2,746,975

December 31, 2023					
30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans

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Loan Restructurings Made to Borrowers Experiencing Financial Difficulty

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had no loan restructurings made to borrowers experiencing financial difficulty. There were no loan restructurings made to borrowers experiencing financial difficulty for which there was a payment default within twelve months following the modification during the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023. A loan is considered to be in payment default once it is 30 days contractually past due under the modified terms.

Credit Quality Indicators

Based upon its ongoing assessment of credit quality within the loan portfolio, the Company maintains a Watch List, which includes loans classified as Doubtful, Substandard and Watch according to the Company's classification criteria. These loans involve the anticipated potential for payment defaults or collateral inadequacies. A loan on the Watch List is analyzed individually to categorize the loan to the appropriate credit risk category.

All loans are subject to the assessment of a credit quality indicator. Risk ratings are assigned for each loan at the time of approval, and they change as circumstances dictate during the term of the loan. The Company utilizes a 9-point risk rating scale as shown below, with ratings 1 - 5 included in the Pass column, rating 6 included in the Watch column, ratings 7 - 8 included in the Substandard column and rating 9 included in the Doubtful column.

Risk rating 1: The loan is secured by cash equivalent collateral.

Risk rating 2: The loan is secured by properly margined marketable securities, bonds or cash surrender value of life insurance.

Risk rating 3: The borrower is in strong financial condition and has strong debt service capacity. The loan is performing as agreed, and the financial characteristics and trends of the borrower exceed industry statistics.

Risk rating 4: The borrower's financial condition is satisfactory and stable. The borrower has satisfactory debt service capacity, and the loan is well secured. The loan is performing as agreed, and the financial characteristics and trends fall in line with industry statistics.

Risk rating 5: The borrower's financial condition is less than satisfactory. The loan is still generally paying as agreed, but strained cash flows may cause some slowness in payments. The collateral values adequately preclude loss on the loan. Financial characteristics and trends lag industry statistics. There may be noncompliance with loan covenants.

Risk rating 6: The borrower's financial condition is deficient. Payment delinquencies may be more common. Collateral values still protect from loss, but margins are narrow. The loan may be reliant on secondary sources of repayment, including liquidation of collateral and guarantor support.

Risk rating 7: The loan is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Well-defined weaknesses exist that jeopardize the liquidation of the debt. The Company is inadequately protected by the valuation or paying capacity of the collateral pledged. If deficiencies are not corrected, there is a distinct possibility that a loss will be sustained.

Risk rating 8: All the characteristics of rating 7 exist with the added condition that the loan is past due more than 90 days or there is reason to believe the Company will not receive its principal and interest according to the terms of the loan agreement.

Risk rating 9: All the weaknesses inherent in risk ratings 7 and 8 exist with the added condition that collection or liquidation, on the basis of currently known facts, conditions and values, is highly questionable and improbable. A loan reaching this category would most likely be charged off.

Credit quality indicators for all loans and the Company's risk rating process are dynamic and updated on a continuous basis. Risk ratings are updated as circumstances that could affect the repayment of an individual loan are brought to management's attention through an established monitoring process. Individual bankers initiate changes as appropriate for ratings 1 through 5, and changes for ratings 6 through 9 are initiated by management. The likelihood of loss increases as the risk rating increases and is generally preceded by a loan appearing on the Watch List, which consists of all loans with a risk rating of 6 or worse. Written action plans with firm target dates for resolution of identified problems are maintained and reviewed on a quarterly basis for all segments of loans included on the Watch List.

In addition to the Company's internal credit monitoring practices and procedures, an outsourced independent credit review function is in place to further assess assigned internal risk classifications and monitor compliance with internal lending policies and procedures.

In all portfolio segments, the primary risks are that a borrower's income stream diminishes to the point that the borrower is not able to make scheduled principal and interest payments and any collateral securing the loan declines in value. The risk of declining collateral values is present for most types of loans.

Commercial loans consist primarily of loans to businesses for various purposes, including revolving lines to finance current operations, inventory and accounts receivable, and capital expenditure loans to finance equipment and other fixed assets. These loans generally have short maturities, have either adjustable or fixed interest rates, and are either unsecured or secured by inventory, accounts receivable and/or fixed assets. For commercial loans, the primary source of repayment is from the operation of the business.

Real estate loans include various types of loans for which the Company holds real property as collateral, and consist of loans on commercial properties and single and multifamily residences. Real estate loans are typically structured to mature or reprice every five to ten years with payments based on amortization periods up to 30 years. The majority of construction loans are to contractors and developers for construction of commercial buildings or residential real estate. These loans typically have maturities of up to 24 months. The Company's loan policy includes minimum appraisal and other credit guidelines.

Consumer loans include loans extended to individuals for household, family and other personal expenditures not secured by real estate. The majority of the Company's consumer lending is for vehicles, consolidation of personal debts and household improvements. The repayment source for consumer loans, including 1-4 family residential and home equity loans, is typically wages.

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The following tables present the amortized cost basis of loans by loan segment, credit quality indicator and origination year, and the current period gross write-off by loan segment and origination year, based on the analysis performed as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

		Term Loans by Origination Year							
As of September 30, 2023		**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving Loans**	**Total**
		Term Loans by Origination Year							
As of March 31, 2024									
As of March 31, 2024									
As of March 31, 2024		**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Revolving Loans**	**Total**
Commercial	Commercial								
Pass									
Pass									
Pass	Pass	$ 130,239	$ 119,579	$ 51,124	$ 36,264	$ 7,519	$ 44,657	$ 139,911	$ 529,293
Watch	Watch	—	—	—	—	—	—	—	—
Substandard	Substandard	—	—	—	—	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 130,239	$ 119,579	$ 51,124	$ 36,264	$ 7,519	$ 44,657	$ 139,911	$ 529,293
Current period gross writeoffs	Current period gross writeoffs	$ —	$ —	$ —	$ —	$ 18	$ —	$ —	$ 18
Real estate:	Real estate:								
Construction, land and land development	Construction, land and land development								
Construction, land and land development									

Construction, land and land development									
Pass									
Pass									
Pass	Pass	$ 73,148	$129,426	$ 86,261	$ 20,208	$ 1,484	$ —	$ 88,687	$ 399,214
Watch	Watch	—	39	—	—	—	—	—	39
Substandard	Substandard	—	—	—	—	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 73,148	$129,465	$ 86,261	$ 20,208	$ 1,484	$ —	$ 88,687	$ 399,253
Current period gross writeoffs	Current period gross writeoffs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1-4 family residential first mortgages	1-4 family residential first mortgages								
Pass	Pass	$ 27,824	$ 20,732	$ 20,370	$ 12,032	$ 3,798	$ 3,858	$ 611	$ 89,225
Pass									
Pass									
Watch	Watch	145	—	—	—	—	—	—	145
Substandard	Substandard	—	40	—	—	303	—	—	343
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 27,969	$ 20,772	$ 20,370	$ 12,032	$ 4,101	$ 3,858	$ 611	$ 89,713
Current period gross writeoffs	Current period gross writeoffs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Home equity	Home equity								
Pass									
Pass									
Pass	Pass	$ 591	$ 243	$ 529	$ 367	$ 116	$ 68	$ 10,515	$ 12,429
Watch	Watch	—	—	—	—	—	—	—	—
Substandard	Substandard	—	—	—	—	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 591	$ 243	$ 529	$ 367	$ 116	$ 68	$ 10,515	$ 12,429
Current period gross writeoffs	Current period gross writeoffs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial	Commercial								
Pass	Pass	$166,083	$521,330	$455,800	$365,665	$87,301	$198,585	$ 18,052	$1,812,816
Pass									
Pass									
Watch	Watch	—	—	—	—	—	—	—	—
Substandard	Substandard	—	—	—	—	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$166,083	$521,330	$455,800	$365,665	$87,301	$198,585	$ 18,052	$1,812,816
Current period gross writeoffs	Current period gross writeoffs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer and other	Consumer and other								
Pass	Pass	$ 1,296	$ 299	$ 533	$ 61	$ 25	$ 371	$ 7,538	$ 10,123

Pass									
Pass									
Watch	Watch	—	—	—	—	—	—	—	—
Substandard	Substandard	—	—	—	—	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 1,296	$ 299	$ 533	$ 61	$ 25	$ 371	$ 7,538	$ 10,123
Current period gross writeoffs	Current period gross writeoffs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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		Term Loans by Origination Year							
As of December 31, 2022		2022	2021	2020	2019	2018	Prior	Revolving Loans	Total
		Term Loans by Origination Year							
As of December 31, 2023									
As of December 31, 2023									
As of December 31, 2023		2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
Commercial	Commercial								
Pass									
Pass									
Pass	Pass	$166,177	$ 65,148	$ 64,103	$ 9,926	$23,771	$ 24,103	$165,968	$ 519,196
Watch	Watch	—	—	—	—	—	—	—	—
Substandard	Substandard	—	—	—	—	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$166,177	$ 65,148	$ 64,103	$ 9,926	$23,771	$ 24,103	$165,968	$ 519,196
Current period gross writeoffs	Current period gross writeoffs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Real estate:	Real estate:								
Construction, land and land development	Construction, land and land development								
Construction, land and land development									
Construction, land and land development									
Pass									
Pass									
Pass	Pass	$151,963	$ 96,486	$ 39,604	$ 1,562	$ 196	$ —	$ 73,156	$ 362,967
Watch	Watch	47	—	—	—	—	—	—	47
Substandard	Substandard	—	—	—	—	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$152,010	$ 96,486	$ 39,604	$ 1,562	$ 196	$ —	$ 73,156	$ 363,014

Current period gross writeoffs	Current period gross writeoffs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1-4 family residential first mortgages	1-4 family residential first mortgages								
Pass	Pass	$ 24,777	$ 24,042	$ 14,879	$ 4,229	$ 1,283	$ 4,267	$ 1,176	$ 74,653
Pass									
Pass									
Watch	Watch	—	148	—	—	—	—	—	148
Substandard	Substandard	88	—	—	322	—	—	—	410
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 24,865	$ 24,190	$ 14,879	$ 4,551	$ 1,283	$ 4,267	$ 1,176	$ 75,211
Current period gross writeoffs	Current period gross writeoffs	$ —	$ —	$ —	$ —	$ —	$ 31	$ —	$ 31
Home equity	Home equity								
Pass									
Pass									
Pass	Pass	$ 413	$ 613	$ 512	$ 130	$ 169	$ —	$ 8,485	$ 10,322
Watch	Watch	—	—	—	—	—	—	—	—
Substandard	Substandard	—	—	—	—	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 413	$ 613	$ 512	$ 130	$ 169	$ —	$ 8,485	$ 10,322
Current period gross writeoffs	Current period gross writeoffs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial	Commercial								
Pass	Pass	$543,138	$440,150	$405,935	$92,304	$54,723	$169,055	$ 12,599	$1,717,904
Pass									
Pass									
Watch	Watch	22,553	30,573	—	910	—	—	—	54,036
Substandard	Substandard	—	—	—	—	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$565,691	$470,723	$405,935	$93,214	$54,723	$169,055	$ 12,599	$1,771,940
Current period gross writeoffs	Current period gross writeoffs	$ —	$ 451	$ —	$ —	$ —	$ —	$ —	$ 451
Consumer and other	Consumer and other								
Pass	Pass	$ 1,176	$ 1,082	$ 136	$ 86	$ 272	$ 72	$ 4,468	$ 7,292
Pass									
Pass									
Watch	Watch	—	—	—	—	—	—	—	—
Substandard	Substandard	—	—	—	—	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 1,176	$ 1,082	$ 136	$ 86	$ 272	$ 72	$ 4,468	$ 7,292

Current period gross writeoffs	Current period gross writeoffs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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Collateral Dependent Loans

Loans that do not share risk characteristics are evaluated on an individual basis. For collateral dependent loans where the Company has determined that foreclosure of the collateral is probable, or where the borrower is experiencing financial difficulty and the Company expects repayment of the loans to be provided substantially through the operation or sale of the collateral, the ACL is measured based on the difference between the fair value of the collateral and the amortized cost basis of the loan as of the measurement date. When repayment is expected to be from the operation of the collateral, expected credit losses are calculated as the amount by which the amortized cost basis of the loan exceeds the present value of expected cash flows from the operation of collateral. When repayment is expected to be from the sale of the collateral, expected credit losses are calculated as the amount by which the amortized cost basis of the loan exceeds the fair value of the underlying collateral less estimated cost to sell. The ACL may be zero if the fair value of the collateral at the measurement date exceeds the amortized cost basis of the loan.

The following table presents the amortized cost basis of collateral dependent loans, by primary collateral type, which are individually evaluated to determine expected credit losses, and the related ACL allocated to these loans.

	As of March 31, 2024					**As of March 31, 2024**
	Primary Type of Collateral					Primary Type of Collateral
	Real Estate	Real Estate	Equipment	Other	Total	ACL Allocation

		As of September 30, 2023				
		Primary Type of Collateral				
1-4 family residential first mortgages						
		Real Estate	Equipment	Other	Total	ACL Allocation
1-4 family residential first mortgages						
1-4 family residential first mortgages	1-4 family residential first mortgages	**$ 303**	**$ —**	**$ —**	**$303**	**$ —**
Total	Total	**$ 303**	**$ —**	**$ —**	**$303**	**$ —**
Total						
Total						

	As of December 31, 2023					As of December 31, 2023
	Primary Type of Collateral					Primary Type of Collateral
	Real Estate	Real Estate	Equipment	Other	Total	ACL Allocation

		As of December 31, 2022				
		Primary Type of Collateral				
1-4 family residential first mortgages						
		Real Estate	Equipment	Other	Total	ACL Allocation

(dollars in thousands, except per share data)

1-4 family residential first mortgages						
1-4 family residential first mortgages	1-4 family residential first mortgages	$ 322	$ —	$ —	$322	$ —
Total	Total	$ 322	$ —	$ —	$322	$ —
Total						
Total						

Allowance for Credit Losses on Off-Balance-Sheet Credit Exposures

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. The Company's allowance for credit losses for unfunded commitments was $2,344 $2,544 as of September 30, 2023 March 31, 2024 and December 31, 2023. The allowance for credit losses for off-balance-sheet credit exposures is presented in the "Accrued expenses and other liabilities" line of the Consolidated Balance Sheets. Changes in the allowance for credit losses for off-balance-sheet credit exposures is reflected in the "Credit loss expense " expense" line of the Consolidated Statements of Income. There were no changes to the allowance for credit losses for off-balance-sheet credit exposures during the nine three months ended September 30, 2023 March 31, 2024 and March 31, 2023.

5. Derivatives

The Company has entered into various interest rate swap agreements as part of its interest rate risk management strategy. The Company uses interest rate swaps to manage its interest rate risk exposure on certain loans, borrowings and deposits due to interest rate movements. The notional amounts of the interest rate swaps do not represent amounts exchanged by the counterparties, but rather, the notional amount is used to determine, along with other terms of the derivative, the amounts to be exchanged between the counterparties.

Interest Rate Swaps Designated as a Cash Flow Hedge: The Company had interest rate swaps designated as cash flow hedges with total notional amounts of $515,000 and $445,000 at March 31, 2024 and $310,000 at September 30, 2023 and December 31, 2022 December 31, 2023, respectively. As of September 30, 2023 March 31, 2024, the Company had swaps with a total notional amount of $295,000 $315,000 that hedge the interest payments of rolling one-month funding consisting of FHLB advances or brokered deposits. One of these swaps with a total notional amount of $20,000 is a forward-starting swap with a starting date in August 2024. Also as of September 30, 2023 March 31, 2024, the Company had swaps with a total notional amount of $40,000 that effectively converts convert variable-rate long-term debt to fixed-rate debt and swaps with a total notional amount of $110,000 $160,000 that hedge the interest payments of certain deposit accounts. Two swaps with a total notional amount of $50,000 are forward-starting swaps with a starting date in July 2024 and will replace $50,000 of the swaps hedging interest payments on deposit accounts upon maturity.

Derivatives Not Designated as Accounting Hedges: To accommodate customer needs, the Company on occasion offers loan level interest rate swaps to its customers and offsets its exposure from such contracts by entering into mirror image swaps with a swap counterparty (back-to-back swap program). The interest rate swaps are free-standing derivatives and are recorded at fair value. The Company enters into a floating-rate loan and a fixed-rate swap with our customer. Simultaneously, the Company enters into an offsetting fixed-rate swap with a swap counterparty. In connection with each swap transaction, the Company agrees to pay interest to the customer on a notional amount at a variable interest rate and receive interest from the customer on the same notional amount at a fixed interest rate. At the same time, the Company agrees to pay a swap counterparty the same fixed interest rate on the same notional amount and receive the same variable interest rate on the same notional amount. These transactions allow the Company’s customers to effectively convert variable-rate loans to fixed-rate loans. The customer accommodations and any offsetting swaps are treated as non-hedging derivative instruments which do not qualify for hedge accounting.

The table below identifies the balance sheet category and fair values of the Company's derivative instruments as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

		September 30, 2023	December 31, 2022		
	March 31, 2024			**March 31, 2024**	December 31, 2023
Cash Flow Hedges:	**Cash Flow Hedges:**				

Gross notional amount	Gross notional amount	**$445,000**	$310,000					
Gross notional amount								
Gross notional amount								
Fair value in other assets	Fair value in other assets	**20,726**	16,284					
Fair value in other liabilities								
Weighted-average floating rate received	Weighted-average floating rate received	**5.64 %**	4.53 %	Weighted-average floating rate received	**5.63**	**%**	5.64	%
Weighted-average fixed rate paid	Weighted-average fixed rate paid	**3.04 %**	2.25 %	Weighted-average fixed rate paid	**3.04**	**%**	3.04	%
Weighted-average maturity in years	Weighted-average maturity in years	**2.9**	3.3	Weighted-average maturity in years	**2.5**		2.6	
Non-Hedging Derivatives:	**Non-Hedging Derivatives:**							
Non-Hedging Derivatives:								
Non-Hedging Derivatives:								
Gross notional amount								
Gross notional amount								
Gross notional amount	Gross notional amount	**$294,819**	$254,369					
Fair value in other assets	Fair value in other assets	**18,512**	15,309					
Fair value in other liabilities	Fair value in other liabilities	**(18,512)**	(15,309)					

The following table identifies the pre-tax gains or losses recognized on the Company's derivative instruments designated as cash flow hedges for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	**2023**	2022
Pre-tax gain recognized in other comprehensive income	**$ 5,303**	$ 8,637	**$ 11,771**	$ 23,239
Reclassification from AOCI into income:				
Increase (decrease) in interest expense	**$ (2,903)**	$ (259)	**$ (7,328)**	$ 1,428

	Three Months Ended March 31,	
	2024	2023
Pre-tax gain (loss) recognized in other comprehensive income (loss)	**$ 7,489**	$ (1,634)
Decrease in interest expense	**(2,915)**	(1,958)

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(dollars in thousands, except per share data)

The Company estimates there will be approximately $11,575 $11,514 reclassified from accumulated other comprehensive income (loss) to reduce decrease interest expense through the 12 months ending September 30, 2024 March 31, 2025 related to cash flow hedges.

The Company is exposed to credit risk in the event of nonperformance by interest rate swap counterparties, which is minimized by collateral-pledging provisions in the agreements. Derivative contracts with swap counterparties are executed with a Credit Support Annex, which is a bilateral ratings-sensitive agreement that requires collateral postings at established credit threshold levels. These agreements protect the interests of the Company and its counterparties should either party suffer a credit rating deterioration. As of both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company pledged $0 of collateral to the counterparties in the form of cash on deposit. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company's counterparties pledged $40,670 $29,820 and $31,560, $22,340, respectively, of collateral to the Company in the form of cash on deposit. The interest rate swap product with the borrower is cross-collateralized with the underlying loan and therefore there is no pledged cash collateral under swap contracts with customers.

6. Income Taxes

Net deferred tax assets consisted of the following as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Deferred tax assets:	Deferred tax assets:				
Allowance for credit losses	Allowance for credit losses	**$ 7,471**	$ 6,241		
Allowance for credit losses					
Allowance for credit losses					
Net unrealized losses on securities available for sale	Net unrealized losses on securities available for sale	**39,665**	34,544		
Lease liabilities					
Lease liabilities					
Lease liabilities	Lease liabilities	**912**	1,147		
Accrued expenses	Accrued expenses	**202**	434		
Restricted stock unit compensation	Restricted stock unit compensation	**1,006**	1,038		
State net operating loss carryforward	State net operating loss carryforward	**1,686**	1,476		
Other	Other	**174**	156		
		51,116	45,036		
Other					
Other					
	43,275				
Deferred tax liabilities:	Deferred tax liabilities:				
Right-of-use assets					

(dollars in thousands, except per share data)

Right-of-use assets			
Right-of-use assets	Right-of-use assets	**868**	1,099
Deferred loan costs	Deferred loan costs	**257**	249
Net unrealized gains on interest rate swaps	Net unrealized gains on interest rate swaps	**5,097**	4,003
Net unrealized gains on interest rate swaps			
Net unrealized gains on interest rate swaps			
Premises and equipment	Premises and equipment	**1,124**	1,219
New markets tax credit loan	New markets tax credit loan	**366**	303
Other	Other	**126**	78
		7,838	6,951
	6,903		
Net deferred tax assets before valuation allowance	Net deferred tax assets before valuation allowance	**43,278**	38,085
Valuation allowance	Valuation allowance	**(1,686)**	(1,476)
Net deferred tax assets	Net deferred tax assets	**$ 41,592**	$ 36,609

The Company has recorded a valuation allowance against the tax effect of the state net operating loss carryforwards, as management believes it is more likely than not that these carryforwards will expire without being utilized. The state net operating loss carryforwards expire in 2023 2024 and thereafter.

7. Accumulated Other Comprehensive Income (Loss)

The following table summarizes the changes in the balances of each component of accumulated other comprehensive income (loss), net of tax, for the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023.

	Unrealized Gains (Losses) on Securities	Unrealized Gains (Losses) on Derivatives	Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2022	**$ (103,680)**	**$ 12,209**	**$ (91,471)**
Other comprehensive income (loss) before reclassifications	**(15,441)**	**8,879**	**(6,562)**

Amounts reclassified from accumulated other comprehensive income		**(20)**		**(5,526)**		**(5,546)**
Net current period other comprehensive income (loss)		**(15,461)**		**3,353**		**(12,108)**
Balance, September 30, 2023	**$**	**(119,141)**	**$**	**15,562**	**$**	**(103,579)**
Balance, December 31, 2021	$	(5,021)	$	(5,616)	$	(10,637)

	Unrealized Gains (Losses) on Securities	Unrealized Gains (Losses) on Securities	Unrealized Gains (Losses) on Derivatives	Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2023				

Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications		(106,011)		17,486		(88,525)
Amounts reclassified from accumulated other comprehensive income (loss)	Amounts reclassified from accumulated other comprehensive income (loss)		(11)		1,009		998
Net current period other comprehensive income (loss)	Net current period other comprehensive income (loss)		(106,022)		18,495		(87,527)
Balance, September 30, 2022		$	(111,043)	$	12,879	$	(98,164)
Balance, March 31, 2024							
Balance, December 31, 2022							
Balance, December 31, 2022							
Balance, December 31, 2022							
Other comprehensive income (loss) before reclassifications							
Amounts reclassified from accumulated other comprehensive income (loss)							
Net current period other comprehensive income (loss)							
Balance, March 31, 2023							

8. Commitments and Contingencies

(dollars in thousands, except per share data)

Financial instruments with off-balance-sheet risk: The Company is party to 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 and standby letters of credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated balance sheets. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations that it uses for on-balance-sheet instruments. The Company adopted ASU No. 2016-13 effective January 1, 2023 which requires an allowance for credit losses on off-balance sheet credit exposure. See Note 4 for additional information. The Company's commitments consisted of the following amounts as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

		September 30, 2023	December 31, 2022	**March 31, 2024**	December 31, 2023
Commitments to fund real estate construction loans	Commitments to fund real estate construction loans	**$ 444,205**	$ 336,900		
Other commitments to extend credit	Other commitments to extend credit	**673,123**	727,666		
Standby letters of credit	Standby letters of credit	**16,600**	20,557		
		$1,133,928	$1,085,123		

West Bank previously executed Mortgage Partnership Finance (MPF) Master Commitments (Commitments) with the FHLB of Des Moines to deliver residential mortgage loans and to guarantee the payment of any realized losses that exceed the FHLB's first loss account for mortgages delivered under the Commitments. West Bank receives credit enhancement fees from the FHLB for providing this guarantee and continuing to assist with managing the credit risk of the MPF Program residential mortgage loans. The outstanding balance of mortgage loans sold under the MPF Program was $20,854 $19,373 and $23,337 $20,159 at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Contractual commitments: The Company had remaining commitments to invest in qualified affordable housing projects totaling $1,811 $1,525 and $3,431 $1,649 as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

West Bank entered into a construction contract in 2022 for the construction of a new headquarters building in West Des Moines, Iowa. West Bank will pay the contractor a contract price consisting of the cost of work plus a fee, subject to a guaranteed maximum price of $42,309, with anticipated construction completed in 2024. As of September 30, 2023, there was a remaining commitment of $18,625 under this contract. West Bank is also building a new office in Mankato, Minnesota to be completed in the fourth quarter of 2023, which had a remaining commitment of $2,023 as of September 30, 2023.

Concentrations of credit risk: Substantially all of the Company's loans, commitments to extend credit and standby letters of credit have been granted to customers in the Company's market areas. The concentrations of credit by type of loan are set forth in Note 4. The distribution by type of loan of commitments to extend credit approximates the distribution by type of loan outstanding. Standby letters of credit were granted primarily to commercial borrowers.

Contingencies: Neither the Company nor West Bank is a party, and no property of these entities is subject, to any material pending legal proceedings, other than ordinary routine litigation incidental to West Bank's business. The Company does not know of any proceeding contemplated by a governmental authority against the Company or West Bank.

9. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts business. The Company's balance sheet contains securities available for sale and derivative instruments that are recorded at fair value on a recurring basis. The three-level valuation hierarchy for disclosure of fair value is as follows:

(dollars in thousands, except per share data)

Level 1 uses quoted market prices in active markets for identical assets or liabilities.

Level 2 uses observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 uses unobservable inputs that are not corroborated by market data.

The Company's policy is to recognize transfers between levels at the end of each reporting period, if applicable. There were no transfers between levels of the fair value hierarchy during the nine three months ended September 30, 2023 March 31, 2024.

The following is a description of valuation methodologies used for financial assets and liabilities recorded at fair value on a recurring basis.

Securities available for sale: When available, quoted market prices are used to determine the fair value of securities (Level 1). If quoted market prices are not available, the Company determines fair value based on various sources and may apply matrix pricing with observable prices for similar bonds where a price for the identical bond is not observable (Level 2). The fair values of these securities are determined by pricing models that consider observable market data such as interest rate volatilities, yield curves, credit spreads, prices from market makers and live trading systems.

Management obtains the fair value of securities at the end of each reporting period via a third-party pricing service. Management reviewed the valuation process used by the third party and believed the process was valid. On a quarterly basis, management corroborates the fair values of a randomly selected sample of securities by obtaining pricing from an independent financial market data vendor and comparing the two sets of fair values. Any significant variances are reviewed and investigated. For a sample of securities, prices are further validated by management by obtaining details of the inputs used by the pricing service. Those inputs were independently tested, and management concluded the fair values were consistent with GAAP requirements and the securities were properly classified in the fair value hierarchy.

Derivative instruments: The Company's derivative instruments consist of interest rate swaps accounted for as cash flow hedges, as well as interest rate swaps which are accounted for as non-hedging derivatives. The Company's derivative positions are classified within Level 2 of the fair value hierarchy and are valued using models generally accepted in the financial services industry and that use actively quoted or observable market input values from external market data providers and/or non-binding broker-dealer quotations. The fair value of the derivatives is determined using discounted cash flow models. These models' key assumptions include the contractual terms of the respective contract along with significant observable inputs, including interest rates, yield curves, nonperformance risk and volatility.

The following tables present the balances of financial assets and liabilities measured at fair value on a recurring basis by level as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

		September 30, 2023				**March 31, 2024**			
		Total	Level 1	Level 2	Level 3				
		Total				Total	Level 1	Level 2	Level 3
Financial assets:	Financial assets:								
Securities available for sale:	Securities available for sale:								
Securities available for sale:									
Securities available for sale:									
State and political subdivisions									
State and political subdivisions									
State and political subdivisions	State and political subdivisions	**$ 182,007**	**$ —**	**$182,007**	**$ —**				

Collateralized mortgage obligations	Collateralized mortgage obligations		**252,702**	**—**	**252,702**	**—**
Mortgage-backed securities	Mortgage-backed securities		**126,113**	**—**	**126,113**	**—**
Collateralized loan obligations	Collateralized loan obligations		**37,530**	**—**	**37,530**	**—**
Corporate notes	Corporate notes		**11,013**	**—**	**11,013**	**—**
Derivative instruments, interest rate swaps	Derivative instruments, interest rate swaps		**39,238**	**—**	**39,238**	**—**
Financial liabilities:	Financial liabilities:					

Financial liabilities:

Financial liabilities:

Derivative instruments, interest rate swaps	Derivative instruments, interest rate swaps	**$**	**18,512**	**$ —**	**$ 18,512**	**$ —**

Derivative instruments, interest rate swaps

Derivative instruments, interest rate swaps

		December 31, 2022			
		Total	Level 1	Level 2	Level 3
Financial assets:	Financial assets:				

Securities available for sale:

Securities available for sale:

Securities available for sale:	Securities available for sale:					
State and political subdivisions	State and political subdivisions	$	193,355	$ —	$193,355	$ —
Collateralized mortgage obligations	Collateralized mortgage obligations		281,628	—	281,628	—
Mortgage-backed securities	Mortgage-backed securities		140,280	—	140,280	—
Collateralized loan obligations	Collateralized loan obligations		36,811	—	36,811	—

Collateralized loan obligations

Collateralized loan obligations

Corporate notes	Corporate notes	12,041	—	12,041	—

December 31, 2023			
Total	Level 1	Level 2	Level 3

Derivative instruments, interest rate swaps	Derivative instruments, interest rate swaps	31,593	—	31,593	—
Financial liabilities:	Financial liabilities:				
Financial liabilities:					
Financial liabilities:					
Derivative instruments, interest rate swaps	Derivative instruments, interest rate swaps	$ 15,309	$ —	$ 15,309	$ —
Derivative instruments, interest rate swaps					
Derivative instruments, interest rate swaps					

West Bancorporation, Inc. and Subsidiary
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(dollars in thousands, except per share data)

Certain assets are measured at fair value on a nonrecurring basis. That is, they are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). As of both September 30, 2023 and December 31, 2022, there were no individually Individually evaluated loans with a fair value adjustment. Individually evaluated loans that are deemed to have impairment are classified within Level 3 of the fair value hierarchy and are evaluated and valued recorded at the lower of cost or fair value, when the loan is individually evaluated. Fair value which is based on the value of the collateral securing these loans. As of both March 31, 2024 and December 31, 2023, there were no individually evaluated loans with a fair value adjustment.

In determining the estimated net realizable value of the underlying collateral of individually evaluated loans, the Company primarily uses third-party appraisals or broker opinions which may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available and include consideration of variations in location, size, and income production capacity of the property. Additionally, the appraisals are periodically further adjusted by the Company in consideration of charges that may be incurred in the event of foreclosure and are based on management’s historical knowledge, changes in business factors and changes in market conditions. Because of the high degree of judgment required in estimating the fair value of collateral underlying individually evaluated loans and because of the relationship between fair value and general economic conditions, the Company considers the fair value of individually evaluated loans to be highly sensitive to changes in market conditions.

GAAP requires disclosure of the fair value of financial assets and financial liabilities, including those that are not measured and reported at fair value on a recurring or nonrecurring basis. The following table presents the carrying amounts and approximate fair values of financial assets and liabilities as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

		September 30, 2023									
		March 31, 2024					March 31, 2024				
		Carrying Amount	Approximate Fair Value	Level 1	Level 2	Level 3	Carrying Amount	Approximate Fair Value	Level 1	Level 2	Level 3
Financial assets:	Financial assets:										
Cash and due from banks											
Cash and due from banks											
Cash and due from banks	Cash and due from banks	**$ 18,819**	**$ 18,819**	**$18,819**	**$ —**	**$ —**					
Interest-bearing deposits	Interest-bearing deposits	**1,802**	**1,802**	**1,802**	**—**	**—**					

Securities available for sale	Securities available for sale	609,365	609,365	—	609,365	—
Federal Home Loan Bank stock	Federal Home Loan Bank stock	26,691	26,691	26,691	—	—
Loans, net	Loans, net	2,821,630	2,680,671	—	2,680,671	—
Accrued interest receivable	Accrued interest receivable	13,598	13,598	13,598	—	—
Interest rate swaps	Interest rate swaps	39,238	39,238	—	39,238	—
Financial liabilities:	Financial liabilities:					
Deposits	Deposits	$2,755,529	$ 2,755,917	$ —	$2,755,917	$ —
Deposits						
Deposits						
Federal funds purchased and other short-term borrowings	Federal funds purchased and other short-term borrowings	261,510	261,510	261,510	—	—
Subordinated notes, net	Subordinated notes, net	79,566	62,828	—	62,828	—
Federal Home Loan Bank advances	Federal Home Loan Bank advances	315,000	315,000	—	315,000	—
Long-term debt	Long-term debt	48,986	48,986	—	48,986	—
Accrued interest payable	Accrued interest payable	6,869	6,869	6,869	—	—
Interest rate swaps	Interest rate swaps	18,512	18,512	—	18,512	—
Off-balance sheet financial instruments:						
Commitments to extend credit		—	—	—	—	—
Standby letters of credit		—	—	—	—	—

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West Bancorporation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
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		December 31, 2022									
		December 31, 2023									December 31, 2023
		Carrying Amount	Approximate Fair Value	Level 1	Level 2	Level 3	Carrying Amount	Approximate Fair Value	Level 1	Level 2	Level 3
Financial assets:	Financial assets:										

Cash and due from banks						
Cash and due from banks						
Cash and due from banks	Cash and due from banks	$ 24,896	$ 24,896	$24,896	$ —	$ —
Interest-bearing deposits	Interest-bearing deposits	1,643	1,643	1,643	—	—
Securities available for sale	Securities available for sale	664,115	664,115	—	664,115	—
Federal Home Loan Bank stock	Federal Home Loan Bank stock	19,336	19,336	19,336	—	—
Loans, net	Loans, net	2,717,363	2,582,911	—	2,582,911	—
Accrued interest receivable	Accrued interest receivable	11,988	11,988	11,988	—	—
Interest rate swaps	Interest rate swaps	31,593	31,593	—	31,593	—
Financial liabilities:	Financial liabilities:					
Deposits	Deposits	$2,880,408	$ 2,880,495	$ —	$2,880,495	$ —
Deposits						
Deposits						
Federal funds purchased and other short-term borrowings	Federal funds purchased and other short-term borrowings	200,000	200,000	200,000	—	—
Subordinated notes, net	Subordinated notes, net	79,369	68,047	—	68,047	—
Federal Home Loan Bank advances	Federal Home Loan Bank advances	155,000	155,000	—	155,000	—
Long-term debt	Long-term debt	51,486	51,486	—	51,486	—
Accrued interest payable	Accrued interest payable	3,260	3,260	3,260	—	—
Interest rate swaps	Interest rate swaps	15,309	15,309	—	15,309	—
Off-balance sheet financial instruments:						
Commitments to extend credit		—	—	—	—	—
Standby letters of credit		—	—	—	—	—

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West Bancorporation, Inc.
Management's Discussion and Analysis
(in thousands, except share and per share data)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

"SAFE HARBOR" CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to the Company's business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meanings of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements may appear throughout this report. These forward-looking statements are generally identified by the words "believes," "expects," "intends," "anticipates," "projects," "future," "confident," "may," "should," "will," "strategy," "plan," "opportunity," "will be," "will likely result," "will continue" or similar references, or references to estimates, predictions or future events. Such forward-looking statements are based upon certain underlying assumptions, risks and uncertainties. Because of the possibility that the underlying assumptions are incorrect or do not materialize as expected in the future, actual results could differ materially from these forward-looking statements. Risks and uncertainties that may affect future results include: interest rate risk, including the effects of recent and potential additional rate increases by the Federal Reserve; fluctuations in the values of the securities held in our investment portfolio, including as a result of changes in rising interest rates; competitive pressures, including from non-bank competitors such as "fintech" companies and digital asset service providers; pricing pressures on loans and deposits; our ability to successfully manage liquidity risk; changes in credit and other risks posed by the Company's loan portfolio, including declines in commercial or residential real estate values or changes in the allowance for credit losses dictated by new market conditions, accounting standards (including as a result of the implementation of the CECL accounting standard) or regulatory requirements; the concentration of large deposits from certain clients, who have balances above current FDIC insurance limits; changes in local, national and international economic conditions, including rising high rates of inflation and possible recession; the effects of recent developments and events in the financial services industry, including the large-scale deposit withdrawals over a short period of time at Silicon Valley Bank, Signature Bank and First Republic Bank that resulted in failure of those institutions; recent bank failures; changes in legal and regulatory requirements, limitations and costs, including in response to the recent failures of Silicon Valley Bank, Signature Bank and First Republic Bank; bank failures; changes in customers' acceptance of the Company's products and services; the occurrence of fraudulent activity, breaches or failures of our or our third-party partners' information security controls or cyber-security related incidents, including as a result of sophisticated attacks using artificial intelligence and similar tools; unexpected outcomes of existing or new litigation involving the Company; the monetary, trade and other regulatory policies of the U.S. government; acts of war or terrorism, including the ongoing Israeli-Palestinian conflict and the Russian invasion of Ukraine, widespread disease or pandemics, such as the COVID-19 pandemic, or other adverse external events; risks related to climate change and the negative impact it may have on our customers and their business; changes to U.S. tax laws, regulations and guidance; potential changes in federal policy and at regulatory agencies as a result of the upcoming 2024 presidential election; talent and labor shortages; the new 1 percent excise tax on stock buybacks by publicly traded companies; and any other risks described in the "Risk Factors" sections of this and other reports filed by the Company with the SEC. The Company undertakes no obligation to revise or update such forward-looking statements to reflect current or future events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of the Company's financial condition and results of operations are based upon the Company's consolidated financial statements that have been prepared in accordance with GAAP. The preparation of the Company's financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses. These estimates are based upon historical experience and on various other assumptions that management believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The estimates and judgments that management believes involve the most complex and subjective estimates and judgments and have the most effect on the Company's reported financial position and results of operations are described as critical accounting policies in the Company's Annual Report on Form 10-K, as amended, for the year ended December 31, 2022 December 31, 2023, as filed with the SEC on February 23, 2023 February 23, 2024. The Company adopted ASU 2016-13 on January 1, 2023 and replaced the allowance for loan losses "incurred loss" model discussed There have been no significant changes in the Form 10-K for the year ended December 31, 2022 with the allowance for credit losses "current expected credit loss" model, referred to as the CECL model. Refer to Note 1 and 4 for additional information and critical accounting policies related to or the CECL model. assumptions and judgments utilized in applying these policies since December 31, 2023.

NON-GAAP FINANCIAL MEASURES

This report contains references to financial measures that are not defined in GAAP. Such non-GAAP financial measures include the Company's presentation of net interest income and net interest margin on a fully taxable equivalent (FTE) basis, and the presentation of the efficiency ratio on an adjusted and FTE basis, excluding certain income and expenses. Management believes these non-GAAP financial measures provide useful information to both management and investors to analyze and evaluate the Company's financial performance. These measures are considered standard measures of comparison within the banking industry. Additionally, management believes providing measures on a FTE basis enhances the comparability of income arising from taxable and nontaxable sources. Limitations associated with non-GAAP financial measures include the risks that persons might disagree as to the appropriateness of items included in these measures and that different companies might calculate these measures differently. These non-GAAP disclosures should not be considered an alternative to the Company's GAAP results.

The following table reconciles the non-GAAP financial measures of net interest income and net interest margin on a FTE basis and efficiency ratio on an adjusted and FTE basis to their most directly comparable measures under GAAP.

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	**2023**	2022
		2024			
		2024			
		2024			
Reconciliation of net interest income and net interest margin on a FTE basis to GAAP:					
Reconciliation of net interest income and net interest margin on a FTE basis to GAAP:					
Reconciliation of net interest income and net interest margin on a FTE basis to GAAP:	**Reconciliation of net interest income and net interest margin on a FTE basis to GAAP:**				
Net interest income (GAAP)	Net interest income (GAAP)	**$ 16,634**	$ 23,004	**$ 52,670**	$ 71,071
Net interest income (GAAP)					
Net interest income (GAAP)					
Tax-equivalent adjustment (1)					
Tax-equivalent adjustment (1)					
Tax-equivalent adjustment (1)	Tax-equivalent adjustment (1)	**113**	270	**396**	925
Net interest income on a FTE basis (non-GAAP)	Net interest income on a FTE basis (non-GAAP)	**16,747**	23,274	**53,066**	71,996
Net interest income on a FTE basis (non-GAAP)					
Net interest income on a FTE basis (non-GAAP)					
Average interest-earning assets	Average interest-earning assets	**3,478,053**	3,322,521	**3,458,606**	3,371,915
Average interest-earning assets					
Average interest-earning assets					
Net interest margin on a FTE basis (non-GAAP)					
Net interest margin on a FTE basis (non-GAAP)					
Net interest margin on a FTE basis (non-GAAP)	Net interest margin on a FTE basis (non-GAAP)	**1.91 %**	2.78 %	**2.05 %**	2.85 %
Reconciliation of efficiency ratio on an adjusted and FTE basis to GAAP:	**Reconciliation of efficiency ratio on an adjusted and FTE basis to GAAP:**				
Reconciliation of efficiency ratio on an adjusted and FTE basis to GAAP:					
Reconciliation of efficiency ratio on an adjusted and FTE basis to GAAP:					
Net interest income on a FTE basis (non-GAAP)					

(in thousands, except share and per share data)

Net interest income on a FTE basis (non-GAAP)					
Net interest income on a FTE basis (non-GAAP)	Net interest income on a FTE basis (non-GAAP)	$ **16,747**	$ 23,274	$ **53,066**	$ 71,996
Noninterest income	Noninterest income	**2,822**	3,276	**8,168**	7,943
Noninterest income					
Noninterest income					
Adjustment for losses on disposal of premises and equipment, net		**3**	—	**5**	27
Adjusted income					
Adjusted income					
Adjusted income	Adjusted income	**19,572**	26,550	**61,239**	79,966
Noninterest expense	Noninterest expense	**11,905**	11,458	**36,450**	33,386
Noninterest expense					
Noninterest expense					
Efficiency ratio on an adjusted and FTE basis (non-GAAP) (2)					
Efficiency ratio on an adjusted and FTE basis (non-GAAP) (2)					
Efficiency ratio on an adjusted and FTE basis (non-GAAP) (2)	Efficiency ratio on an adjusted and FTE basis (non-GAAP) (2)	**60.83 %**	43.16 %	**59.52 %**	41.75 %

(1) Computed on a tax-equivalent basis using a federal income tax rate of 21 percent, adjusted to reflect the effect of the nondeductible interest expense associated with owning tax-exempt securities and loans. Management believes the presentation of this non-GAAP measure provides supplemental useful information for proper understanding of the financial results, as it enhances the comparability of income arising from taxable and nontaxable sources.

(2) The efficiency ratio expresses noninterest expense as a percent of fully taxable equivalent net interest income and noninterest income, excluding specific noninterest income and expenses. Management believes the presentation of this non-GAAP measure provides supplemental useful information for proper understanding of the Company's financial performance. It is a standard measure of comparison within the banking industry. A lower ratio is more desirable.

OVERVIEW

The following discussion describes the consolidated operations and financial condition of the Company, West Bank and West Bank's special purpose subsidiaries (which are invested in new markets tax credit activities). Results of operations for the three and nine months ended September 30, 2023 March 31, 2024 are compared to the results for the same periods period in 2022, 2023, and the consolidated financial condition of the Company as of September 30, 2023 March 31, 2024 is compared to that as of December 31, 2022 December 31, 2023. This discussion and analysis should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's Annual Report on Form 10-K, as amended, for the year ended December 31, 2022 December 31, 2023, filed with the SEC on February 23, 2023 February 23, 2024.

The Company conducts business from its main office in West Des Moines, Iowa and through its branch offices in central Iowa, which is generally the greater Des Moines metropolitan area; eastern Iowa, which is the area including and surrounding Iowa City and Coralville; and southern Minnesota, which includes the cities of Rochester, Owatonna, Mankato and St. Cloud.

Net income for the three months ended September 30, 2023 March 31, 2024 was $5,906, $5,809, or $0.35 per diluted common share, compared to $11,602, $7,844, or $0.69 $0.47 per diluted common share, for the three months ended September 30, 2022 March 31, 2023. The Company's annualized return on average assets and return on average equity for the three months ended September 30, 2023 March 31, 2024 were 0.64 0.61 percent and 10.89 10.63 percent, respectively, compared to 1.32 0.88 percent and 21.01 14.77 percent, respectively, for the three months ended September 30, 2022 March 31, 2023.

The decrease in net income for the three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022 2023 was primarily due to a decrease decreases in net interest income and loan swap fees gain from bank-owned life insurance and an increase in credit loss expense technology and FDIC insurance expense. software costs, partially offset by a decrease in salaries and employee benefits.

(in thousands, except share and per share data)

Net interest income for the three months ended September 30, 2023 decreased $6,370, March 31, 2024 declined $1,945, or 27.7 10.4 percent, compared to the three months ended September 30, 2022 March 31, 2023. The decrease in net interest income was primarily due to the increase in interest expense on deposits and other borrowings, resulting from rapidly rising short-term interest rates and an inverted yield curve, and changes in funding mix, partially offset by an increase in interest income on loans and securities. loans.

Noninterest income decreased $454 $658 for the three months ended September 30, 2023, March 31, 2024 compared to the same period in 2022 2023 primarily due to a decrease gain from bank-owned life insurance in loan swap fees, partially offset by an increase in trust services revenue. Noninterest expense increased $447 during the three months ended September 30, 2023 compared to the three months ended September 30, 2022, primarily due to increases in salaries and employee benefits and FDIC insurance expense.

Net income for the nine months ended September 30, 2023 was $19,612, or $1.17 per diluted common share, compared to $37,453, or $2.23 per diluted common share, for the nine months ended September 30, 2022. The Company's annualized return on average assets and return on average equity for the nine months ended September 30, 2023 were 0.72 percent and 12.22 percent, respectively, compared to 1.43 percent and 21.57 percent, respectively, for the nine months ended September 30, 2022.

The decrease in net income for the nine months ended September 30, 2023 compared to the same period in 2022 was primarily due to a decrease in net interest income and an increase in credit loss expense, salaries and employee benefits, occupancy costs and FDIC insurance expense, 2023, partially offset by an increase in trust services revenue and a gain from bank-owned life insurance.

Net interest income for in 2024. Noninterest expense decreased $203 during the nine three months ended September 30, 2023 declined $18,401, or 25.9 percent, March 31, 2024 compared to the nine three months ended September 30, 2022. The decrease in net interest income was primarily due to the increase in interest expense on deposits and other borrowings resulting from rapidly rising short-term interest rates and an inverted yield curve, and changes in funding mix, partially offset by an increase in interest income on loans and securities.

Noninterest income increased $225 for the nine months ended September 30, 2023 compared to the same period in 2022 March 31, 2023, primarily due to a gain from bank-owned life insurance and an increase in trust services revenue, partially offset by a decrease in loan swap fees. Noninterest expense increased $3,064 during the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily due to increases in salaries and employee benefits and business development expenses, partially offset by increases in occupancy and equipment, technology and software expense and FDIC insurance expense. insurance.

Total loans outstanding increased $106,941, $52,598, or 3.9 1.8 percent, during the first nine three months of 2023. 2024. The credit quality of the loan portfolio remained strong, as evidenced by the Company's ratio of nonperforming loans to total assets of 0.01 percent as of both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. As of September 30, 2023 March 31, 2024, the allowance for credit losses was 0.99 0.95 percent of total outstanding loans, compared to 0.93 0.97 percent as of December 31, 2022 December 31, 2023. Management believed the allowance for credit losses at September 30, 2023 March 31, 2024 was adequate to absorb expected losses in the loan portfolio as of that date.

On a quarterly basis, the Company compares three key performance metrics to those of our identified peer group. The peer group for 2023 2024 consists of 22 Midwestern, publicly traded financial institutions, including Bank First Corporation, Bridgewater Bancshares Inc., ChoiceOne Financial Services, Inc., Civista Bancshares, Inc., CrossFirst Bankshares, Inc., Equity Bancshares, Inc., Farmers National Banc Corp., Farmers & Merchants Bancorp., First Business Financial Services, Inc., First Financial Corp., First Mid Bancshares, Inc., German American Bancorp, Inc., HBT Financial Inc., Hills Bancorporation, Isabella Bank Corporation, LCNB Corp., Macatawa Bank Corporation, Mercantile Bank Corporation, MidWest*One* Financial Group, Inc., Nicolet Bankshares, Inc., Peoples Bancorp, Inc., and Southern Missouri Bancorp, Inc. The Company is in the middle of the group in terms of asset size. The Company's goal is to perform at or near the top of this peer group relative to what we consider to be three key metrics: return on average equity, efficiency ratio and nonperforming assets to total assets. We believe these measures encompass the factors that define the performance of a community bank. Company and peer results for the key financial performance measures are summarized below.

	West Bancorporation, Inc.		Peer Group Range(2)
	As of and for the nine months ended September 30, 2023	As of and for the six months ended June 30, 2023	As of and for the six months ended June 30, 2023
Return on average equity	**12.22%**	12.90%	2.83% - 17.82%
Efficiency ratio(1)	**59.52%**	58.91%	44.96% - 68.04%
Nonperforming assets to total assets	**0.01%**	0.01%	0.00% - 0.48%

	West Bancorporation, Inc.	Peer Group Range(2)

	As of and for the three months ended March 31, 2024	As of and for the year ended December 31, 2023	As of and for the year ended December 31, 2023
Return on average equity	**10.63%**	11.42%	1.85% - 17.24%
Efficiency ratio(1)	**62.04%**	60.73%	45.85% - 70.02%
Nonperforming assets to total assets	**0.01%**	0.01%	0.00% - 0.73%

(1) The efficiency ratio is a non-GAAP financial measure. For further information, refer to the Non-GAAP Financial Measures section of this report.
(2) Latest data available.

At its meeting on October 25, 2023 April 24, 2024, the Company's Board of Directors declared a regular quarterly cash dividend of $0.25 per common share. The dividend is payable on November 22, 2023 May 22, 2024, to stockholders of record on November 8, 2023 May 8, 2024.

RESULTS OF OPERATIONS

The following table shows selected financial results and measures for the three and nine months ended September 30, 2023 March 31, 2024 compared with the same periods period in 2022. 2023.

	Three Months Ended September 30,				Nine Months Ended September 30,					Three Months Ended March 31,		
	2023	2022	Change	Change %	**2023**	2022	Change	Change %		**2024**		2023
Net income	**$ 5,906**	$ 11,602	$ (5,696)	(49.09)%	**$ 19,612**	$ 37,453	$(17,841)	(47.64)%	Net income	**$ 5,809**	$	$ 7,844
Average assets	**3,679,541**	3,475,894	203,647	5.86 %	**3,647,777**	3,507,796	139,981	3.99 %	Average assets	**3,812,199**	3,617,458	3,617,458
Average stockholders' equity	**215,230**	219,065	(3,835)	(1.75)%	**214,599**	232,177	(17,578)	(7.57)%	Average stockholders' equity	**219,835**	215,391	215,391
Return on average assets	**0.64 %**	1.32 %	(0.68)%		**0.72 %**	1.43 %	(0.71)%					
Return on average assets												
Return on average assets										**0.61 %**		0.88 %
Return on average equity	**10.89 %**	21.01 %	(10.12)%		**12.22 %**	21.57 %	(9.35)%		Return on average equity	**10.63 %**		14.77 %
Net interest margin (1)	**1.91 %**	2.78 %	(0.87)%		**2.05 %**	2.85 %	(0.80)%					
Efficiency ratio (1) (2)	**60.83 %**	43.16 %	17.67 %		**59.52 %**	41.75 %	17.77 %					
Efficiency ratio (1) (2)												
Efficiency ratio (1) (2)												
Dividend payout ratio												
Dividend payout ratio												
Dividend payout ratio	**70.79 %**	35.86 %	34.93 %		**63.85 %**	33.27 %	30.58 %			**71.59 %**		52.31 %
Average equity to average assets ratio	**5.85 %**	6.30 %	(0.45)%		**5.88 %**	6.62 %	(0.74)%		Average equity to average assets ratio	**5.77 %**		5.95 %
					As of September 30,							

(in thousands, except share and per share data)

			2023	2022	Change		
	As of March 31,						
	As of March 31,						
	As of March 31,						
	2024						
	2024						
	2024						
Nonperforming assets to total assets (2)							
Nonperforming assets to total assets (2)							
Nonperforming assets to total assets (2)	Nonperforming assets to total assets (2)		**0.01 %**	0.01 %	— %		
Equity to assets ratio	Equity to assets ratio		**5.51 %**	5.65 %	(0.14)%		
Equity to assets ratio							
Equity to assets ratio						**5.65 %**	5.99 %
Tangible common equity ratio	Tangible common equity ratio		**5.51 %**	5.65 %	(0.14)%	Tangible common equity ratio **5.65 %**	5.99 %

(1) Amounts are presented on a FTE basis. These are non-GAAP financial measures. For further information, refer to the Non-GAAP Financial Measures section of this report.
(2) A lower ratio is more desirable.

Definitions of ratios:

- Return on average assets - annualized net income divided by average assets.
- Return on average equity - annualized net income divided by average stockholders' equity.
- Net interest margin - annualized tax-equivalent net interest income divided by average interest-earning assets.
- Efficiency ratio - noninterest expense (excluding other real estate owned expense and write-down of premises) divided by noninterest income (excluding net securities gains/losses and gains/losses on disposition of premises and equipment) plus tax-equivalent net interest income.
- Dividend payout ratio - dividends paid to common stockholders divided by net income.
- Average equity to average assets ratio - average equity divided by average assets.
- Nonperforming assets to total assets - total nonperforming assets divided by total assets.
- Equity to assets ratio - equity divided by assets.
- Tangible common equity ratio - common equity less intangible assets (none held) divided by tangible assets.

Net Interest Income

The following tables present table presents average balances and related interest income or interest expense, with the resulting annualized average yield or rate by category of interest-earning assets or interest-bearing liabilities. Interest income and the resulting net interest income are shown on a FTE basis.

Data for the three months ended September 30:

	Average Balance				Interest Income/Expense				Yield/Rate		
	2023	2022	Change	Change-%	**2023**	2022	Change	Change-%	**2023**	2022	Change
Interest-earning assets:											
Loans: (1) (2)											
Commercial	**$ 525,596**	$ 498,268	$ 27,328	5.48 %	**$ 8,332**	$ 6,144	$ 2,188	35.61 %	**6.29 %**	4.89 %	1.40 %

Real estate (3)	**2,278,129**	2,074,692	203,437	9.81 %	**28,310**	21,981	6,329	28.79 %	**4.93 %**	4.20 %	0.73 %
Consumer and other	**9,488**	6,902	2,586	37.47 %	**173**	86	87	101.16 %	**7.24 %**	5.01 %	2.23 %
Total loans	**2,813,213**	2,579,862	233,351	9.05 %	**36,815**	28,211	8,604	30.50 %	**5.19 %**	4.34 %	0.85 %
Securities:											
Taxable	**514,488**	584,721	(70,233)	(12.01)%	**3,427**	3,147	280	8.90 %	**2.66 %**	2.15 %	0.51 %
Tax-exempt (3)	**148,531**	153,187	(4,656)	(3.04)%	**934**	1,051	(117)	(11.13)%	**2.52 %**	2.74 %	(0.22)%
Total securities	**663,019**	737,908	(74,889)	(10.15)%	**4,361**	4,198	163	3.88 %	**2.63 %**	2.28 %	0.35 %
Interest-bearing deposits	**1,821**	4,751	(2,930)	(61.67)%	**29**	30	(1)	(3.33)%	**6.36 %**	2.51 %	3.85 %
Total interest-earning assets (3)	**$ 3,478,053**	$ 3,322,521	$ 155,532	4.68 %	**41,205**	32,439	8,766	27.02 %	**4.70 %**	3.87 %	0.83 %
Interest-bearing liabilities:											
Deposits:											
Interest-bearing demand	**$ 434,649**	$ 476,145	$ (41,496)	(8.71)%	**1,680**	679	1,001	147.42 %	**1.53 %**	0.57 %	0.96 %
Savings and money market	**1,329,963**	1,327,935	2,028	0.15 %	**11,080**	4,461	6,619	148.37 %	**3.31 %**	1.33 %	1.98 %
Time deposits	**427,545**	343,862	83,683	24.34 %	**4,396**	1,149	3,247	282.59 %	**4.08 %**	1.33 %	2.75 %
Total deposits	**2,192,157**	2,147,942	44,215	2.06 %	**17,156**	6,289	10,867	172.79 %	**3.10 %**	1.16 %	1.94 %
Borrowed Funds:											
Federal funds purchased and other short-term borrowings	**248,065**	105,431	142,634	135.29 %	**3,165**	655	2,510	383.21 %	**5.06 %**	2.46 %	2.60 %
Subordinated notes, net	**79,533**	79,285	248	0.31 %	**1,113**	1,106	7	0.63 %	**5.55 %**	5.54 %	0.01 %
Federal Home Loan Bank advances	**302,119**	125,000	177,119	141.70 %	**2,329**	649	1,680	258.86 %	**3.06 %**	2.06 %	1.00 %
Long-term debt	**49,448**	51,486	(2,038)	(3.96)%	**695**	466	229	49.14 %	**5.57 %**	3.60 %	1.97 %
Total borrowed funds	**679,165**	361,202	317,963	88.03 %	**7,302**	2,876	4,426	153.89 %	**4.27 %**	3.16 %	1.11 %
Total interest-bearing liabilities	**$ 2,871,322**	$ 2,509,144	$ 362,178	14.43 %	**24,458**	9,165	15,293	166.86 %	**3.38 %**	1.45 %	1.93 %
Net interest income (FTE) (4)					**$ 16,747**	$ 23,274	$ (6,527)	(28.04)%			
Net interest spread (FTE)									**1.32 %**	2.42 %	(1.10)%
Net interest margin (FTE) (4)									**1.91 %**	2.78 %	(0.87)%

Data for the three months ended March 31:

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Data for the nine months ended September 30:

	Average Balance				Interest Income/Expense				Yield/Rate		
	2023	2022	Change	Change-%	**2023**	2022	Change	Change-%	**2023**	2022	Change

Average Balance

Average Balance

Average Balance

														2024			2023	
Interest-earning assets:	Interest-earning assets:																	
Loans: (1) (2)	Loans: (1) (2)																	
Loans: (1) (2)																		
Loans: (1) (2)																		
Commercial																		
Commercial																		
Commercial	Commercial	**$ 524,231**	$ 479,723	$ 44,508	9.28 %	**$23,867**	$15,751	$ 8,116	51.53 %	**6.09 %**	4.39 %	1.70 %	**$ 534,000**	$		$522,034	$	
Real estate (3)	Real estate (3)	**2,247,851**	2,037,779	210,072	10.31 %	**80,584**	60,678	19,906	32.81 %	**4.79 %**	3.98 %	0.81 %	Real estate (3)	**2,403,536**	2,215,355		2,215,355	
Consumer and other	Consumer and other	**8,852**	5,154	3,698	71.75 %	**453**	173	280	161.85 %	**6.84 %**	4.50 %	2.34 %	Consumer and other	**12,136**	7,992		7,992	
Total loans	Total loans	**2,780,934**	2,522,656	258,278	10.24 %	**104,904**	76,602	28,302	36.95 %	**5.04 %**	4.06 %	0.98 %	Total loans	**2,949,672**	2,745,381		2,745,381	
Securities:	Securities:												Securities:					
Taxable	Taxable	**526,259**	611,647	(85,388)	(13.96)%	**10,175**	9,126	1,049	11.49 %	**2.58 %**	1.99 %	0.59 %	Taxable	**492,689**	538,158		538,158	
Tax-exempt (3)	Tax-exempt (3)	**149,497**	160,226	(10,729)	(6.70)%	**2,855**	3,199	(344)	(10.75)%	**2.55 %**	2.66 %	(0.11)%	Tax-exempt (3)	**143,009**	150,311		150,311	
Total securities	Total securities	**675,756**	771,873	(96,117)	(12.45)%	**13,030**	12,325	705	5.72 %	**2.57 %**	2.13 %	0.44 %	Total securities	**635,698**	688,469		688,469	
Interest-bearing deposits	Interest-bearing deposits	**1,916**	77,386	(75,470)	(97.52)%	**84**	179	(95)	(53.07)%	**5.86 %**	0.31 %	5.55 %	Interest-bearing deposits	**10,584**	2,138		2,138	
Total interest-earning assets (3)	Total interest-earning assets (3)	**$3,458,606**	$3,371,915	$ 86,691	2.57 %	**118,018**	89,106	28,912	32.45 %	**4.56 %**	3.53 %	1.03 %	Total interest-earning assets (3)	**$3,595,954**	$		$3,435,988	$
Interest-bearing liabilities:	Interest-bearing liabilities:												Interest-bearing liabilities:					
Deposits:	Deposits:												Deposits:					
Interest-bearing demand	Interest-bearing demand	**$ 472,729**	$ 513,106	$ (40,377)	(7.87)%	**4,882**	1,253	3,629	289.62 %	**1.38 %**	0.33 %	1.05 %	Interest-bearing demand	**$ 457,605**	$		$ 500,392	$
Savings and money market	Savings and money market	**1,332,933**	1,505,834	(172,901)	(11.48)%	**30,714**	8,520	22,194	260.49 %	**3.08 %**	0.76 %	2.32 %	Savings and money market	**1,428,609**	1,277,676		1,277,676	
Time	Time	**420,513**	248,628	171,885	69.13 %	**11,176**	1,813	9,363	516.44 %	**3.55 %**	0.97 %	2.58 %	Time	**540,824**	417,427		417,427	
Total deposits	Total deposits	**2,226,175**	2,267,568	(41,393)	(1.83)%	**46,772**	11,586	35,186	303.69 %	**2.81 %**	0.68 %	2.13 %	Total deposits	**2,427,038**	2,195,495		2,195,495	
Borrowed funds:	Borrowed funds:																	
Federal funds purchased and	Federal funds purchased and																	
Federal funds purchased and																		
Federal funds purchased and																		
other short-term borrowings																		
other short-term borrowings																		
other short-term borrowings	other short-term borrowings	**207,034**	50,796	156,238	307.58 %	**7,508**	812	6,696	824.63 %	**4.85 %**	2.14 %	2.71 %	**156,534**	186,333		186,333		(29,799)

(in thousands, except share and per share data)

Subordinated notes, net	Subordinated notes, net	**79,466**	43,955	35,511	80.79 %	**3,328**	1,748	1,580	90.39 %	**5.60 %**	5.32 %	0.28 %	Subordinated notes, net	**79,659**		79,400		79,400	
Federal Home Loan Bank	Federal Home Loan Bank																		
advances																			
advances																			
advances	advances	**249,011**	125,000	124,011	99.21 %	**5,212**	1,914	3,298	172.31 %	**2.80 %**	2.05 %	0.75 %		**315,000**	203,722		203,722		111,278
Long-term debt	Long-term debt	**50,538**	51,490	(952)	(1.85)%	**2,132**	1,050	1,082	103.05 %	**5.64 %**	2.73 %	2.91 %	Long-term debt	**46,967**		51,486		51,486	
Total borrowed funds	Total borrowed funds	**586,049**	271,241	314,808	116.06 %	**18,180**	5,524	12,656	229.11 %	**4.15 %**	2.72 %	1.43 %	Total borrowed funds	**598,160**		520,941		520,941	
Total interest-bearing liabilities	Total interest-bearing liabilities	**$2,812,224**	$2,538,809	$273,415	10.77 %	**64,952**	17,110	47,842	279.61 %	**3.09 %**	0.90 %	2.19 %							
liabilities																			
liabilities														**$3,025,198**				$2,716,436	
Net interest income (FTE) (4)	Net interest income (FTE) (4)					**$53,066**	$71,996	$(18,930)	(26.29)%				Net interest income (FTE) (4)						
Net interest spread (FTE)	Net interest spread (FTE)									**1.47 %**	2.63 %	(1.16)%	Net interest spread (FTE)						
Net interest margin (FTE) (4)	Net interest margin (FTE) (4)									**2.05 %**	2.85 %	(0.80)%	Net interest margin (FTE) (4)						

(1) Average loan balances include nonaccrual loans. Interest income recognized on nonaccrual loans has been included.

(2) Interest income on loans includes amortization of loan fees and costs and prepayment penalties collected, which are not material.

(3) Tax-exempt income has been adjusted to a tax-equivalent basis using a federal income tax rate of 21 percent and is adjusted to reflect the effect of the nondeductible interest expense associated with owning tax-exempt securities and loans.

(4) Net interest income (FTE) and net interest margin (FTE) are non-GAAP financial measures. For further information, refer to the Non-GAAP Financial Measures section of this report.

The Company's largest component of net income is net interest income, which is the difference between interest earned on interest-earning assets, consisting primarily of loans and securities, and interest paid on interest-bearing liabilities, consisting of deposits and borrowings. Fluctuations in net interest income can result from the combination of changes in the average balances of asset and liability categories and changes in interest rates. Interest rates earned and paid are also affected by general economic conditions, particularly changes in market interest rates, and by competitive factors, government policies and actions of regulatory authorities. The Federal Reserve increased the target federal funds interest rate by a total of 425 basis points in 2022 and an additional 100 basis points during in 2023. The Federal Reserve has signaled that it is at the first nine months end of 2023. At this rate hiking cycle. However, at this time the extent to which additional target federal funds interest rate changes may occur during the remainder of 2023 2024 is unknown. The increases that occurred throughout 2022 and 2023 have had a significant impact on the comparability of net interest income between 2023 and 2022.

Net interest margin on a FTE basis, a non-GAAP financial measure, is a measure of the net return on interest-earning assets and is computed by dividing annualized tax-equivalent net interest income by total average interest-earning assets for the period. The net interest margin for the three and nine months ended September 30, 2023 March 31, 2024 decreased by 87 and 80 35 basis points respectively, compared to the three and nine months ended September 30, 2022 March 31, 2023. The primary driver of the decrease in the net interest margin was an increase in rates paid on deposits and borrowed funds, which have repriced faster than loans and securities, securities. The increases in deposit rates have outpaced the benefits of loan repricings and an increase growth in average borrowed funds balances. loan balances when comparing the three months ended March 31, 2024 to the three months ended March 31, 2023. Tax-equivalent net interest income for the three and nine months ended September 30, 2023 March 31, 2024 decreased $6,527 and $18,930, respectively, $2,024 compared to the same time periods period in 2022. The decrease in net interest income for the three and nine months ended September 30, 2023 compared to the three and nine months ended September 30, 2022 was primarily due to the increase in rates paid on deposits and borrowed funds and increases in average borrowed funds balances. 2023.

Tax-equivalent interest income on loans increased $8,604 and $28,302 $7,216 for the three and nine months ended September 30, 2023 March 31, 2024 compared to the three and nine months ended September 30, 2022 March 31, 2023. This increase in interest income on loans was driven by a combination of an increase in the average balance of loans and an increase in loan yields. The average balances balance of loans for the three and nine months ended September 30, 2023 March 31, 2024 increased $233,351 and $258,278, respectively, $204,291 compared to the three and nine months ended September 30, 2022 March 31, 2023, while loan yields increased 85 and 98 61 basis points, respectively. points. Rising market interest rates have resulted in increasing rates on variable-rate loans in the portfolio and loan originations and renewals priced at higher interest prevailing market rates on renewed and originated loans. The Company continues compared to focus on expanding existing and entering into new customer relationships while maintaining strong credit quality. current portfolio rates. The yield on the Company's loan portfolio is affected by the portfolio's loan mix, the interest rate environment, the effects of competition, the level of nonaccrual loans and reversals of previously accrued interest on charged-off loans. The yield on the loan portfolio is expected to increase in flat and rising rate environments as variable-rate loans reprice at higher rates and renewals and new originations are priced at prevailing market rates, which exceed the roll-off rate of principal repayments on existing loans. The political and economic environments can also influence the volume of new loan originations and the mix of variable-rate versus fixed-rate loans.

The average balance of deposits increased $44,215 $231,543 for the three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022, while the average balance of 2023. The rate paid on deposits increased 111 basis points for the nine three months ended September 30, 2023 decreased $41,393 March 31, 2024 compared to the same period in 2022. The rates paid on deposits increased 194 and 213 basis points for the three and nine months ended September 30, 2023 compared to the same periods in 2022. 2023. The increase in the cost of deposits was primarily due to increases in deposit interest rates in response to increases in the target federal funds rate that occurred throughout 2022 and market interest rates, 2023, increased competition for deposit balances, and changes in deposit mix. The Federal Reserve increased increases of the target federal funds rate by a total of 425 basis points in 2022 and an additional 100 basis points in the first nine months of 2023. These increases 2023 have had an adverse impact on the cost of deposits and have increased market competition.

Interest expense on borrowed funds increased $4,426 and $12,656 $1,116 for the three and nine months ended September 30, 2023 March 31, 2024 compared to the three and nine months ended September 30, 2022 March 31, 2023. The average balance of borrowed funds increased $317,963 and $314,808 $77,219 for the three and nine months ended September 30, 2023 March 31, 2024 compared to the three and nine months ended September 30, 2022 March 31, 2023. The Company issued $60,000 of subordinated debt in June 2022. Additionally, average balances balance of federal funds purchased and other short-term borrowings increased $142,634 and $156,238 decreased $29,799 for the three and nine months ended September 30, 2023 March 31, 2024 compared to the same periods period in 2022. 2023. The average rate on federal funds purchased and other short-term borrowings increased by 260 and 271 108 basis points in the three and nine months ended September 30, 2023 March 31, 2024 compared to the three and nine months ended September 30, 2022 March 31, 2023. This increase in average rates paid on federal funds purchased and other short-term borrowings was driven by the increases in the target federal funds rate by the Federal Reserve. The average balances balance of FHLB advances increased by $177,119 and $124,011 $111,278 for the three and nine months ended September 30, 2023 March 31, 2024 compared to the three and nine months ended September 30, 2022 March 31, 2023. This increase in the average balances balance was primarily due to additional rolling one-month FHLB advances added in the first nine months of throughout 2023 that are hedged with long-term interest rate swap agreements to provide fixed cost wholesale funding.

Credit Loss Expense and the Related Allowance for Credit Losses

The Company adopted ASU No. 2016-13 effective January 1, 2023 using the modified retrospective method for financial assets measured at amortized cost and off-balance-sheet credit exposures. See Notes 1 and 4 to the Financial Statements for additional information.

The credit loss expense recorded on the income statement represents a charge made to earnings to maintain an adequate allowance for credit losses. The adequacy of the allowance for credit losses is evaluated quarterly by management and reviewed by the Board of Directors. The allowance for credit losses is management's estimate of expected lifetime losses in the loan portfolio as of the balance sheet date. There was a The Company recorded no credit loss expense of $200 for both the three and nine months ended September 30, 2023, compared to a credit loss expense of $0 March 31, 2024 and negative $2,500 for the three and nine months ended September 30, 2022 March 31, 2023. The credit loss expense recorded in 2023 was directly associated with loan growth. The negative credit loss expense recorded in 2022 was due to sustained improvement in the performance of loans. Management believed the allowance for credit losses at September 30, 2023 March 31, 2024 was adequate to absorb expected losses in the loan portfolio as of that date.

Factors management considers in establishing an appropriate allowance include: the borrower's financial condition; the value and adequacy of loan collateral; the condition of the local economy and the borrower's specific industry; the levels and trends of loans by segment; and a review of delinquent and classified loans. The quarterly evaluation of the allowance focuses on factors such as specific loan reviews, changes in the components of the loan portfolio given the current and forecasted economic conditions, and historical loss experience. Any one of the following conditions may result in the review of a specific loan: concern about whether the customer's cash flow or net worth is sufficient to repay the loan; delinquency status; criticism of the loan in a regulatory examination; the suspension of interest accrual; or other factors, including whether the loan has other special or unusual characteristics that suggest special monitoring is warranted. The Company's concentration risks include geographic concentrations in central and eastern Iowa and southern Minnesota. The local economies in those markets are composed primarily of major financial service companies, healthcare providers, educational institutions, technology and agribusiness companies, and state and local governments.

West Bank has a significant portion of its loan portfolio in commercial real estate loans, commercial lines of credit, commercial term loans, and construction and land development loans. West Bank's typical commercial borrower is a small- or medium-sized, privately owned business entity. Compared to residential mortgages or consumer loans, commercial loans typically have larger balances and repayment usually depends on the borrowers' successful business operations. Commercial loans generally are not fully repaid over the loan period and may require refinancing or a large payoff at maturity. When the economy turns downward, commercial borrowers may not be able to repay their loans, and the value of their assets, which are usually pledged as collateral, may decrease rapidly and significantly.

(in thousands, except share and per share data)

While management uses available information to recognize losses on loans, further reduction in the carrying amounts of loans may be necessary based on changes in circumstances, changes in the overall economy in the markets we currently serve, or later acquired information. Identifiable sectors within the general economy are subject to additional volatility, which at any time may have a substantial impact on the loan portfolio. In addition, regulatory agencies, as integral parts of their examination processes, periodically review the credit quality of the loan portfolio and the level of the allowance for credit losses. Such agencies may require West Bank to recognize additional charge-offs or provision for credit losses based on such agencies' review of information available to them at the time of their examinations.

West Bank's policy is to charge off loans when, in management's opinion, a loan or a portion of a loan is deemed uncollectible. Commercially reasonable efforts are made to maximize subsequent recoveries. The following table summarizes the activity in the Company's allowance for credit losses on loans for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 and related ratios.

	Three Months Ended September 30,			Nine Months Ended September 30,			Three Months Ended March 31,		
	2023	2022	Change	**2023**	2022	Change	**2024**	2023	Change
Balance at beginning of period	**$ 27,938**	$ 25,434	$2,504	**$ 25,473**	$ 28,364	$(2,891)			
Adoption of CECL	**—**	—	—	**2,458**	—	2,458			
Charge-offs	**—**	(31)	31	**(18)**	(482)	464			
Recoveries	**9**	15	(6)	**34**	36	(2)			
Net (charge-offs) recoveries	**9**	(16)	25	**16**	(446)	462			
Provision for credit losses charged (credited) to operations	**200**	—	200	**200**	(2,500)	2,700			
Provision for credit losses charged (credited) to operations									
Balance at end of period	**$ 28,147**	$ 25,418	$2,729	**$ 28,147**	$ 25,418	$ 2,729			
Average loans outstanding	**$2,813,213**	$2,579,862		**$2,780,934**	$2,522,656				
Average loans outstanding									
Average loans outstanding									
Ratio of annualized net (charge-offs) recoveries during the period to average									

Ratio of annualized net (charge-offs) recoveries during the period to average				
Ratio of annualized net (charge-offs) recoveries during the period to average				
Ratio of annualized net (charge-offs) recoveries during the period to average				
loans outstanding				
loans outstanding				
loans outstanding loans outstanding	**0.00 %**	0.00 %	**0.00 %**	(0.02)%
Ratio of allowance for credit losses for				
loans to average loans outstanding	**1.00 %**	0.99 %	**1.01 %**	1.01 %
Ratio of allowance for credit losses for loans to average loans outstanding				
Ratio of allowance for credit losses for				
for loans to total loans at end of period	**0.99 %**	0.97 %	**0.99 %**	0.97 %
Ratio of allowance for credit losses for loans to average loans outstanding				
Ratio of allowance for credit losses for loans to average loans outstanding				
Ratio of allowance for credit losses for loans to total loans at end of period				
Ratio of allowance for credit losses for loans to total loans at end of period				
Ratio of allowance for credit losses for loans to total loans at end of period				

Noninterest Income

The following tables show table shows the variance from the prior year in the noninterest income categories shown in the Consolidated Statements of Income.

	Three Months Ended September 30,			
Noninterest income:	**2023**	2022	Change	Change %
Service charges on deposit accounts	**$ 463**	$ 553	$ (90)	(16.27)%
Debit card usage fees	**495**	498	(3)	(0.60)%
Trust services	**831**	780	51	6.54 %
Increase in cash value of bank-owned life insurance	**262**	246	16	6.50 %
Loan swap fees	**431**	835	(404)	(48.38)%
Other income:				
All other income	**340**	364	(24)	(6.59)%
Total other income	**340**	364	(24)	(6.59)%
Total noninterest income	**$2,822**	$3,276	$ (454)	(13.86)%

	Nine Months Ended September 30,			
Noninterest income:	**2023**	2022	Change	Change %
Service charges on deposit accounts	**$1,383**	$1,718	$ (335)	(19.50)%
Debit card usage fees	**1,492**	1,477	15	1.02 %
Trust services	**2,286**	2,031	255	12.56 %
Increase in cash value of bank-owned life insurance	**769**	709	60	8.46 %
Gain from bank-owned life insurance	**691**	—	691	N/A
Loan swap fees	**431**	835	(404)	(48.38)%
Other income:				
All other income	**1,116**	1,173	(57)	(4.86)%
Total other income	**1,116**	1,173	(57)	(4.86)%
Total noninterest income	**$8,168**	$7,943	$ 225	2.83 %

	Three Months Ended March 31,						
Noninterest income:	**2024**		2023		Change		Change %
Service charges on deposit accounts	**$ 460**	$	$ 462	$	$ (2)	(0.43)	(0.43) %
Debit card usage fees	**458**	486	486	(28)	(28)	(5.76)	(5.76)%
Trust services	**776**	706	706	70	70	9.92	9.92 %
Increase in cash value of bank-owned life insurance	**274**	257	257	17	17	6.61	6.61 %
Gain from bank-owned life insurance	**—**	691	691	(691)	(691)	(100.00)	(100.00)%
Other income							
Other income							
Other income	**331**		355		(24)		(6.76) %
Total noninterest income	**$2,299**	$	$2,957	$	$(658)	(22.25)	(22.25) %

The decline in service charges on deposit accounts was primarily attributable to a higher earnings credit rate on commercial accounts. Revenue from trust services was higher for the three and nine months ended September 30, 2023 March 31, 2024 compared to the three and nine months ended September 30, 2022 March 31, 2023 primarily due to increases in one-time estate fees. An increase in trust assets and accounts since September 30, 2022 also contributed to the increase in trust service fees. The gain from bank-owned life insurance for that occurred in the nine three months ended September 30, 2023 March 31, 2023 was the result of a death benefit claim. Loan swap fees in 2023 and 2022 consist of fees earned in the back-to-back swap program.

West Bancorporation, Inc.
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(in thousands, except share and per share data)

Noninterest Expense

The following tables show table shows the variance from the prior year periods in the noninterest expense categories shown in the Consolidated Statements of Income. In addition, accounts within the “other expenses” category that represent a significant portion of the total or a significant variance are shown below.

		Three Months Ended September 30,					Three Months Ended March 31,						
Noninterest expense:	Noninterest expense:	2023	2022	Change	Change %	Noninterest expense:	2024		2023		Change		Change %
Salaries and employee benefits	Salaries and employee benefits	$ 6,696	$ 6,578	$ 118	1.79 %	Salaries and employee benefits	$ 6,489	$	$ 6,867	$	$(378)	(5.50)	(5.50) %
Occupancy and equipment	Occupancy and equipment	1,359	1,315	44	3.35 %	Occupancy and equipment	1,447	1,327	1,327	120	120	9.04	9.04 %
Data processing	Data processing	703	644	59	9.16 %	Data processing	714	635	635	79	79	12.44	12.44 %
Technology and software	Technology and software	573	651	(78)	(11.98)%	Technology and software	700	513	513	187	187	36.45	36.45 %
FDIC insurance	FDIC insurance	439	127	312	245.67 %	FDIC insurance	519	416	416	103	103	24.76	24.76 %
Professional fees	Professional fees	254	250	4	1.60 %	Professional fees	257	250	250	7	7	2.80	2.80 %
Director fees	Director fees	196	209	(13)	(6.22)%	Director fees	199	205	205	(6)	(6)	(2.93)	(2.93)%
Other expenses:	Other expenses:					Other expenses:							
Business development	Business development	287	305	(18)	(5.90)%	Business development	209	333	333	(124)	(124)	(37.24)	(37.24)%
Insurance expense	Insurance expense	178	198	(20)	(10.10)%	Insurance expense	192	215	215	(23)	(23)	(10.70)	(10.70)%
Trust	Trust	159	137	22	16.06 %	Trust	170	165	165	5	5	3.03	3.03 %
Charitable contributions		60	—	60	N/A								
Consulting fees	Consulting fees	56	66	(10)	(15.15)%	Consulting fees	61	49	49	12	12	24.49	24.49 %
Marketing	Marketing	34	60	(26)	(43.33)%	Marketing	36	41	41	(5)	(5)	(12.20)	(12.20)%
Charitable contributions						Charitable contributions	—		60		(60)		(100.00) %
Low income housing projects amortization	Low income housing projects amortization	136	116	20	17.24 %	Low income housing projects amortization	165	161	161	4	4	2.48	2.48 %
New markets tax credit project amortization and management fees	New markets tax credit project amortization and management fees	230	230	—	— %	New markets tax credit project amortization and management fees	230	230	230	—	—	—	— %
All other	All other	545	572	(27)	(4.72)%	All other	480	604	604	(124)	(124)	(20.53)	(20.53)%
Total other expenses		1,685	1,684	1	0.06 %								
Total other						Total other	1,543		1,858		(315)		(16.95) %

(in thousands, except share and per share data)

Total noninterest expense	Total noninterest expense	$11,905	$11,458	$ 447	3.90 %	Total noninterest expense	$11,868	$	$12,071	$	$(203)	(1.68)	(1.68) %

	Nine Months Ended September 30,			
Noninterest expense:	2023	2022	Change	Change %
Salaries and employee benefits	**$20,592**	$19,286	$1,306	6.77 %
Occupancy and equipment	**4,008**	3,643	365	10.02 %
Data processing	**2,067**	1,924	143	7.43 %
Technology and software	**1,665**	1,619	46	2.84 %
FDIC insurance	**1,275**	753	522	69.32 %
Professional fees	**791**	669	122	18.24 %
Director fees	**652**	599	53	8.85 %
Other expenses:				
Business development	**1,035**	832	203	24.40 %
Insurance expense	**610**	505	105	20.79 %
Trust	**462**	412	50	12.14 %
Charitable contributions	**180**	—	180	N/A
Consulting fees	**175**	241	(66)	(27.39)%
Marketing	**115**	184	(69)	(37.50)%
Low income housing projects amortization	**469**	388	81	20.88 %
New markets tax credit project amortization and management fees	**689**	689	—	— %
All other	**1,665**	1,642	23	1.40 %
Total other expenses	**5,400**	4,893	507	10.36 %
Total noninterest expense	**$36,450**	$33,386	$3,064	9.18 %

Salaries and employee benefits increased decreased for the three and nine months ended September 30, 2023 when March 31, 2024 compared to the three and nine months ended September 30, 2022, March 31, 2023 due to wage increases a reduction in response to market conditions and competition in retaining and recruiting talent. Additionally, there has been an increase in full-time equivalent employees with growth in our commercial banking team and information technology department. incentive compensation. Occupancy and equipment expense increased for the nine three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022 2023 primarily due to an increase in depreciation expense related to the new bank building in St. Cloud, Minnesota which opened in March 2022 buildings and scheduled increases in rent expense on existing leases. FDIC insurance expense increased during the three Technology and nine months ended September 30, 2023 when compared to the same time periods in 2022 primarily due to the FDIC's increase in the minimum assessment rate, which was announced in 2022 and effective as of the first quarter of 2023.

Business development software expenses increased for the nine three months ended September 30, 2023 March 31, 2024 compared to the same time period in 2022 three months ended March 31, 2023 due to an increase in the size addition of our commercial banking team new technology, product updates and a general increase in sponsorships and business development activity. Insurance expense increased for the nine months ended September 30, 2023 compared to the same period in 2022 primarily due to insurance costs related to bank buildings that are under construction. information security solutions.

Income Tax Expense

The Company recorded income tax expense of $1,445 (19.7 percent of pre-tax income) and $4,576 (18.9 $1,372 (19.1 percent of pre-tax income) for the three and nine months ended September 30, 2023 March 31, 2024, compared with $3,220 (21.7 percent of pre-tax income) and $10,675 (22.2 $1,737 (18.1 percent of pre-tax income) for the three and nine months ended September 30, 2022 March 31, 2023. The Company's consolidated income tax rate differs from the federal statutory income tax rate in each period, primarily due to tax-exempt interest income, the tax-exempt increase in cash value of bank-owned life insurance, tax-exempt gain from bank-owned life insurance, disallowed interest expense, and state income taxes. For the nine months ended September 30, 2022, income tax expense included a one-time increase in state income tax expense related to the June 2022 enactment of changes in the Iowa bank franchise tax rates. This legislation reduced the Iowa bank franchise tax rate applied to apportioned income for 2023 and future years. The future reduction in the state tax rate required the Company to reduce net deferred tax assets by $671 and in turn caused the one-time increase in 2022 tax expense.

Additionally, for the nine three months ended September 30, 2023 March 31, 2024 a tax expense of $5 was recorded as a result of the decrease in fair value of restricted stock over the vesting period. For the nine three months ended September 30, 2022 March 31, 2023, a tax benefit of $385 $11 was recorded as a result of the increase in fair value of restricted stock over the vesting period. The tax rates for the first nine three months of 2023 2024 and 2022 2023 were also impacted by year-to-date federal low income housing tax credits and a new markets tax credit of approximately $1,123 $377 and $1,101, $375, respectively.

FINANCIAL CONDITION

The Company had total assets of $3,701,900 $3,962,692 as of September 30, 2023 March 31, 2024, compared to total assets of $3,613,218 $3,825,758 as of December 31, 2022 December 31, 2023. Fluctuations Changes in the balance sheet included increases in interest-bearing deposits, loans, premises and equipment and borrowed funds deposits and decreases a decrease in securities available for sale and deposits. sale.

<u>Securities</u>

Securities available for sale decreased by $54,750 $18,184 during the nine three months ended September 30, 2023 March 31, 2024. This decrease was due to principal paydowns on securities and the decline in fair value of the securities available for sale resulting from the increase in market interest rates since December 31, 2022 December 31, 2023. Management concluded the unrealized losses are the result of increases in risk-free market interest rates since the securities were purchased and are not an indication of declining credit quality. Unrealized losses are recorded in accumulated other comprehensive loss, net of tax. The Company expects the securities portfolio as a percentage of total assets to decrease over time as the proceeds from paydowns and maturities may be used for loan growth or repayment of borrowed funds.

As of September 30, 2023 March 31, 2024, approximately 62 61 percent of the available for sale securities portfolio consisted of government agency guaranteed collateralized mortgage obligations and mortgage-backed securities. We believe Management believes these securities have little to no credit risk and provide cash flows for liquidity and repricing opportunities.

West Bancorporation, Inc.
Management's Discussion and Analysis
(in thousands, except share and per share data)

<u>Loans and Nonperforming Assets</u>

Loans outstanding increased $106,941 $52,598 from $2,742,836 $2,927,535 as of December 31, 2022 December 31, 2023 to $2,849,777 $2,980,133 as of September 30, 2023 March 31, 2024. Changes in the loan portfolio during the first nine three months of 2023 2024 included increases of $40,876 in commercial real estate loans and $36,239 $51,770 in construction, land and land development loans. The Company continues to focus on business development efforts loans and $12,699 in all commercial loans and a decrease of its markets. $14,930 in commercial real estate loans.

In accordance with regulatory guidelines, the Company exercises heightened risk management practices when non-owner occupied commercial real estate lending exceeds 300 percent of total risk-based capital or construction, land development, and other land loans exceed 100 percent of total risk-based capital. Although the commercial real estate portfolio exceeded these regulatory guidelines as of September 30, 2023 March 31, 2024, they were within the Company's established policy limits and management believes that the Company has appropriate risk management policies and procedures to regularly monitor the commercial real estate portfolio. An analysis of the Company's non-owner occupied commercial real estate portfolio as of December 31, 2022 December 31, 2023 was presented in the Company's Form 10-K, as amended, filed with the SEC on February 23, 2023 February 23, 2024, and the Company has not experienced any material changes to that portfolio since December 31, 2022 December 31, 2023.

The following table sets forth the amount of nonperforming assets held by the Company and common ratio measurements of those assets as of the dates shown.

		September 30, 2023	December 31, 2022	Change	**March 31, 2024**	December 31, 2023	Change
Nonaccrual loans	Nonaccrual loans	**$ 303**	$ 322	$ (19)			

(in thousands, except share and per share data)

Loans past due 90 days and still accruing interest	Loans past due 90 days and still accruing interest	—	—	—				
Loan restructurings (1)	Loan restructurings (1)	—	—	—				
Total nonperforming loans	Total nonperforming loans	**303**	322	(19)				
Other real estate owned	Other real estate owned	—	—	—				
Total nonperforming assets	Total nonperforming assets	**$ 303**	$ 322	$ (19)				
Nonperforming loans to total loans	Nonperforming loans to total loans	**0.01 %**	0.01 %	— %	Nonperforming loans to total loans	**0.01 %**	0.01 %	— %
Nonperforming assets to total assets	Nonperforming assets to total assets	**0.01 %**	0.01 %	— %	Nonperforming assets to total assets	**0.01 %**	0.01 %	— %

(1) While loan restructurings made to borrowers experiencing financial difficulty (loan restructurings) are commonly reported by the industry as nonperforming, those not classified in the nonaccrual category are accruing interest due to payment performance. Loan restructurings on nonaccrual status are categorized as nonaccrual. There were no loan restructurings categorized as nonaccrual as of September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023.

Premises and Equipment

The Company purchased land in the first quarter of 2022 for its new corporate headquarters to be located in West Des Moines, Iowa and construction began in the second quarter of 2022. Construction is expected to be completed in the second quarter of 2024. Additionally, construction of a new office in Mankato, Minnesota also began in the first quarter of 2022 and is expected to be completed in the fourth quarter of 2023.

Deposits

Deposits decreased $124,879, increased $91,251, or 4.3 3.1 percent, during the first nine three months of 2023. A portion of this decrease was attributable to a decrease in brokered deposits. 2024. Brokered deposits decreased increased to $237,047 $396,363 at September 30, 2023 March 31, 2024, from $272,692 $305,411 at December 31, 2022 December 31, 2023. Excluding brokered deposits, deposits decreased $89,234, or 3.4 percent, during the first nine months of 2023. Deposit inflows and outflows are influenced by prevailing market interest rates, competition, local and national economic conditions and fluctuations in our business customers' own liquidity needs and recent developments in the financial services industry. needs. In particular, significant competition for deposits driven by high interest rate alternatives for depositors is currently impacting deposit fluctuations and increasing our cost of deposits.

West Bank participates in the IntraFi® ICS and CDARS reciprocal deposit network which enables depositors to receive FDIC insurance coverage on deposits otherwise exceeding the maximum insurable amount. As of September 30, 2023 March 31, 2024, estimated uninsured deposits, which excludes deposits in the IntraFi® reciprocal network, brokered deposits and public funds protected by state programs, were approximately 28.0 27.2 percent of total deposits.

Borrowed Funds

Federal funds purchased and other short-term borrowings increased from $200,000 $150,270 at December 31, 2022 December 31, 2023 to $261,510 $198,500 as of September 30, 2023 March 31, 2024. The fluctuations in the balances of federal funds purchased and other short-term borrowings is based on customer loan and deposit activity and the Company's balance sheet management objectives, which from time to time may require the Company to draw on the federal funds purchased lines with our correspondent banks, FHLB advances or other liquidity sources.

The Company had $315,000 of FHLB advances outstanding at September 30, 2023 March 31, 2024, $295,000 of which are one-month rolling advances hedged with long-term interest rate swaps. In the first nine months of 2023, the Company entered into seven additional long-term The interest rate swap agreements hedging interest payments of one-month rolling funding with a total notional amount of $140,000. As of September 30, 2023, the Company had long-term interest rate swap agreements with a total notional amount of $295,000 to swaps that hedge the interest payments of one-month rolling funding consisting of rates on these FHLB advances or brokered deposits. These interest rate swaps have maturity dates ranging from August 2024 through June 2029 and fixed rates ranging from 1.69 percent to 4.65 percent. Additionally, the Company has one interest rate swap with a total notional amount of $20,000 that is a forward-starting interest rate swap with a starting date of August 2024. This strategy of hedging short-term rolling funding effectively provides fixed cost wholesale funding through the maturity dates of the various interest rate swaps.

Liquidity

The objectives of liquidity management are to ensure the availability of sufficient cash flows to meet all financial commitments and to capitalize on opportunities for profitable business expansion. The Company's principal source of funds is deposits. Other sources include loan principal repayments, proceeds from the maturity and sale of securities, principal payments on amortizing securities, federal funds purchased, advances from the FHLB, other wholesale funding and funds provided by operations. Liquidity management is conducted on both a daily and a long-term basis. Investments in liquid assets are adjusted based on expected loan demand, projected loan and securities maturities and payments, expected deposit flows and the objectives set by the Company's asset-liability management policy. The Company had liquid assets (cash and cash equivalents) of $20,621 $148,017 as of September 30, 2023 March 31, 2024 compared with $26,539 $65,357 as of December 31, 2022 December 31, 2023.

Our deposit growth strategy emphasizes core deposit growth. Deposit inflows and outflows can vary widely and are influenced by prevailing market interest rates, competition, local and national economic conditions and fluctuations in our business customers' own liquidity needs and recent developments in the financial services industry. needs. The Company utilizes brokered deposits and other wholesale funding to supplement core deposit fluctuations and loan growth. Brokered deposits are obtained through various programs administered by IntraFi®, including IntraFi® Network Deposits and IntraFi® Funding, and through other third parties. party brokers. At September 30, 2023 March 31, 2024, the Company had $237,047 $396,363 in brokered deposits, which included fixed-rate deposits with terms through September 2024 February 2029 and variable-rate deposits with terms through February 2025.

As of September 30, 2023 March 31, 2024, West Bank had additional borrowing capacity available from the FHLB of approximately $408,000, $479,000, as well as approximately $3,000 $73,000 through the Federal Reserve discount window $35,000 and $75,000 through unsecured federal funds lines of credit with correspondent banks, and approximately $97,000 through the new Federal Reserve Bank Term Funding Program. The Bank Term Funding Program was established by the Federal Reserve in March 2023 to provide an additional source of liquidity against high-quality securities. As of September 30, 2023, West Bank had pledged approximately $97,000 in eligible securities to facilitate participation in the program. banks. No funds were borrowed from the Federal Reserve discount window or Bank Term Funding Program during the nine three months ended September 30, 2023 March 31, 2024. Net cash from operating activities contributed $18,044 $6,121 to liquidity for the nine three months ended September 30, 2023 March 31, 2024. Management believed that the combination of high levels of potentially liquid assets, unencumbered securities, cash flows from operations, and additional borrowing capacity are sufficient to meet our liquidity and capital needs.

The Company had remaining commitments to invest in qualified affordable housing projects totaling $1,811 $1,525 and $3,431 $1,649 as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

West Bank entered into a construction contract in 2022 for the construction of a new headquarters building in West Des Moines, Iowa. West Bank will pay the contractor a contract price consisting of the cost of work plus a fee, subject to a guaranteed maximum price of $42,309, with anticipated construction completed in 2024. As of September 30, 2023, there was a remaining commitment of $18,625 under this contract. West Bank is also building a new office in Mankato, Minnesota to be completed in the fourth quarter of 2023, which had a remaining commitment of $2,023 as of September 30, 2023.

Capital

The Company's total stockholders' equity decreased to $203,933 $223,756 at September 30, 2023 March 31, 2024 from $211,112 $225,043 at December 31, 2022 December 31, 2023. The decrease was primarily the result of the increase in accumulated other comprehensive loss, and the adjustment made upon the adoption of ASU 2016-13, partially offset by net income less dividends paid. The increase in accumulated other comprehensive loss is which was primarily the result of the negative effect that rising interest rates have had on the unrealized market value adjustment of our available for sale investment portfolio. While accumulated other comprehensive losses reduce tangible common equity, they have no impact on regulatory capital. At September 30, 2023 March 31, 2024, the Company's tangible common equity as a percent of tangible assets was 5.51 5.65 percent compared to 5.84 5.88 percent as of December 31, 2022 December 31, 2023.

(in thousands, except share and per share data)

The Company and West Bank are subject to various regulatory capital requirements administered by federal and state banking agencies. Failure to meet minimum capital requirements (as shown in the following table) can result in certain mandatory and possibly additional discretionary actions by regulators, which, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and West Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Company's and West Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Management believed the Company and West Bank met all capital adequacy requirements to which they were subject as of September 30, 2023 March 31, 2024.

The Company's and West Bank's capital amounts and ratios are presented in the following table.

	Actual		For Capital Adequacy Purposes		For Capital Adequacy Purposes With Capital Conservation Buffer		To Be Well-Capitalized					
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio		Amount	Ratio	A
As of March 31, 2024												
Total Capital (to Risk-Weighted Assets)												
Total Capital (to Risk-Weighted Assets)												
Total Capital (to Risk-Weighted Assets)												
Consolidated												
Consolidated												
Consolidated										**$420,599**	**11.78 %**	**$**
West Bank									West Bank	**450,518**	**12.63 %**	
Tier 1 Capital (to Risk-Weighted Assets)									Tier 1 Capital (to Risk-Weighted Assets)			
Consolidated									Consolidated	**329,682**	**9.23 %**	
West Bank									West Bank	**419,601**	**11.76 %**	
As of September 30, 2023												
Common Equity Tier 1 Capital (to Risk-Weighted Assets)												
Common Equity Tier 1 Capital (to Risk-Weighted Assets)												
Common Equity Tier 1 Capital (to Risk-Weighted Assets)												
Consolidated												
Consolidated												
Consolidated										**309,682**	**8.67 %**	
West Bank									West Bank	**419,601**	**11.76 %**	
Tier 1 Capital (to Average Assets)									Tier 1 Capital (to Average Assets)			

Consolidated	Consolidated	329,682	**8.36 %**
West Bank	West Bank	419,601	**10.65 %**

As of December 31, 2023

As of December 31, 2023								
Total Capital (to Risk-Weighted Assets)								
Consolidated	**$418,004**	**11.96 %**	**$279,615**	**8.00 %**	**$366,995**	**10.50 %**	**$349,519**	**10.00 %**
West Bank	**450,074**	**12.89 %**	**279,438**	**8.00 %**	**366,762**	**10.50 %**	**349,297**	**10.00 %**
Tier 1 Capital (to Risk-Weighted Assets)								
Consolidated	**327,512**	**9.37 %**	**209,711**	**6.00 %**	**297,091**	**8.50 %**	**279,615**	**8.00 %**
West Bank	**419,582**	**12.01 %**	**209,578**	**6.00 %**	**296,902**	**8.50 %**	**279,438**	**8.00 %**
Common Equity Tier 1 Capital (to Risk-Weighted Assets)								
Consolidated	**307,512**	**8.80 %**	**157,283**	**4.50 %**	**244,663**	**7.00 %**	**227,187**	**6.50 %**
West Bank	**419,582**	**12.01 %**	**157,184**	**4.50 %**	**244,508**	**7.00 %**	**227,043**	**6.50 %**
Tier 1 Capital (to Average Assets)								
Consolidated	**327,512**	**8.58 %**	**152,692**	**4.00 %**	**152,692**	**4.00 %**	**190,865**	**5.00 %**
West Bank	**419,582**	**11.00 %**	**152,619**	**4.00 %**	**152,619**	**4.00 %**	**190,774**	**5.00 %**
As of December 31, 2022								
Total Capital (to Risk-Weighted Assets)								
Consolidated	$408,056	12.08 %	$270,221	8.00 %	$354,665	10.50 %	$337,776	10.00 %
West Bank	441,628	13.08 %	270,053	8.00 %	354,445	10.50 %	337,566	10.00 %
Tier 1 Capital (to Risk-Weighted Assets)								
Consolidated	322,583	9.55 %	202,666	6.00 %	287,110	8.50 %	270,221	8.00 %
West Bank	416,155	12.33 %	202,540	6.00 %	286,931	8.50 %	270,053	8.00 %
Common Equity Tier 1 Capital (to Risk-Weighted Assets)								
Consolidated	302,583	8.96 %	151,999	4.50 %	236,443	7.00 %	219,555	6.50 %
West Bank	416,155	12.33 %	151,905	4.50 %	236,296	7.00 %	219,418	6.50 %
Tier 1 Capital (to Average Assets)								
Consolidated	322,583	8.81 %	146,439	4.00 %	146,439	4.00 %	183,049	5.00 %

As of December 31, 2023

Total Capital (to Risk-Weighted Assets)			
Consolidated	$419,452	11.88	11.88 %
West Bank	450,444	12.76	12.76 %
Tier 1 Capital (to Risk-Weighted Assets)			
Consolidated	328,566	9.30	9.30 %
West Bank	419,558	11.89	11.89 %
Common Equity Tier 1 Capital (to Risk-Weighted Assets)			
Consolidated	308,566	8.74	8.74 %
West Bank	419,558	11.89	11.89 %
Tier 1 Capital (to Average Assets)			
Consolidated	328,566	8.50	8.50 %

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West Bank	West Bank	416,155	11.37 %	146,367	4.00 %	146,367	4.00 %	182,958	5.00 %	West Bank	419,558	10.86		10.86 %

The Company and West Bank are subject to a 2.5 percent capital conservation buffer that is added to the minimum requirements for capital adequacy purposes. A banking organization with a capital conservation buffer of less than the required amount will be subject to limitations on capital distributions, including dividend payments, and certain discretionary bonus payments to executive officers. At September 30, 2023 March 31, 2024, the capital ratios for the Company and West Bank were sufficient to meet the conservation buffer.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's market risk is composed primarily of interest rate risk arising from its core banking activities of lending and deposit taking. Interest rate risk refers to the exposure arising from changes in interest rates. Fluctuations in interest rates have a significant impact not only upon net income, but also upon the cash flows and market values of assets and liabilities. Our results of operations, like those of other financial institutions, are impacted by changes in interest rates and the interest rate sensitivity of our interest-earning assets and interest-bearing liabilities. Management continually develops and applies strategies to mitigate this risk.

The Company's objectives are to manage interest rate risk to foster consistent growth of earnings and capital. It is our policy to maintain an acceptable level of interest rate risk over a range of possible changes in interest rates while remaining responsive to market demand for loan and deposit products. To measure that risk, the Company uses an earnings simulation approach.

The Company has an Asset Liability Committee which meets quarterly to review the interest rate sensitivity position and to review and develop various strategies for managing interest rate risk. Measuring and maintaining interest rate risk is a dynamic process that management performs with the objective of maximizing net interest margin while maintaining interest rate risk within acceptable tolerances. This process relies primarily on the simulation of net interest income over multiple interest rate scenarios. The Company engages a third party that utilizes a modeling program to measure the Company's exposure to potential interest rate changes. For various assumed hypothetical changes in market interest rates, this analysis measures the estimated change in net interest income. The simulations allow for ongoing assessment of interest rate sensitivity and can include the impact of potential new business strategies. The modeled scenarios begin with a base case in which rates are unchanged and include parallel and nonparallel rate shocks. The model includes deposit beta assumptions which are estimates of changes in interest-bearing deposit pricing for a given change in market interest rates. In the current model scenario, deposit betas in falling rate scenarios are significantly lower than the deposit betas in rising rate scenarios. This results in a smaller deposit repricing benefit in falling rate scenarios. The results of these the rate shocks are measured in two forms: first, the impact on the net interest margin and earnings over one and two year time frames; and second, the impact on the market value of equity. The results of the simulation are compared against approved policy limits.

The following table presents the estimated change in net interest income for over a one year time horizon under several scenarios of assumed interest rate changes for the rate shock levels shown. The changes in each interest rate scenario represents the difference between estimated net interest income in the unchanged interest rate scenario, or the base case, and the estimated net interest income in each of the alternative interest rate scenarios. The net interest income in each scenario is based on immediate parallel yield curve changes in the interest rates applied to a static balance sheet. These do This analysis does not reflect earnings expectations represent a forecast and should not be relied upon as being indicative of management. expected operating results.

		Net Interest Income at September 30, 2023				
		At March 31, 2024			At March 31, 2024	
		Sensitivity of Net Interest Income Over One Year Horizon			Sensitivity of Net Interest Income Over One Year Horizon	
Change in Interest Rates	Change in Interest Rates	$ Change	% Change	Change in Interest Rates	$ Change	% Change
300 basis points rising	300 basis points rising	$(10,761)	(14.24)%	300 basis points rising	$(13,158)	(16.94)%

200 basis points rising	200 basis points rising	(6,727)	(8.90)	200 basis points rising	(8,808)	(11.34)
100 basis points rising	100 basis points rising	(3,792)	(5.02)	100 basis points rising	(4,552)	(5.86)
100 basis points falling	100 basis points falling	3,907	5.17	100 basis points falling	1,220	1.57
200 basis points falling	200 basis points falling	6,564	8.69	200 basis points falling	1,267	1.63

Computations of the prospective effects of hypothetical interest rate changes are based on numerous assumptions. The assumptions used in our interest rate sensitivity simulation discussed above are inherently uncertain and, as a result, the simulations cannot precisely measure net interest income or precisely predict the impact of changes in interest rates on net interest income. Actual results may differ from those projections set forth above due to timing, magnitude and frequency of interest rate changes as well as changes in market conditions and customer behavior. Further, the computations do not contemplate any actions the Company may undertake in response to changes in interest rates.

Item 4. Controls and Procedures

a. Evaluation of disclosure controls and procedures. As of the end of the period covered by this report, an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) was performed under the supervision, and with the participation, of the Company's Chief Executive Officer and Chief Financial Officer. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act was recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

b. Changes in internal control over financial reporting. There were no changes in the Company's internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Neither the Company nor West Bank is a party, and no property of these entities is subject, to any material pending legal proceedings, other than ordinary routine litigation incidental to West Bank's business. The Company does not know of any proceeding contemplated by a governmental authority against the Company or West Bank.

Item 1A. Risk Factors

Management does not believe there have been any material changes in the risk factors that were disclosed in the Company's Form 10-K, as amended, filed with the Securities and Exchange Commission on February 23, 2023 February 23, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the fiscal quarter ended September 30, 2023 March 31, 2024, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 6. Exhibits

The following exhibits are filed as part of this report:

Exhibits	Description
3.1	Restatement of the Restated Articles of Incorporation of West Bancorporation, Inc. (incorporated herein by reference to Exhibit 3.1 filed with the Form 10-K on March 1, 2017)
3.2	Amended and Restated Bylaws of West Bancorporation, Inc. as of January 23, 2019 (incorporated herein by reference to Exhibit 3.1 filed with the Form 8-K on January 24, 2019)
31.1	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and combined in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

West Bancorporation, Inc.

(Registrant)

October 26, 2023 April 25, 2024	By:	/s/ David D. Nelson
Date		David D. Nelson Chief Executive Officer and President (Principal Executive Officer)
October 26, 2023 April 25, 2024	By:	/s/ Jane M. Funk
Date		Jane M. Funk Executive Vice President, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)

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EXHIBIT 31.1

Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David D. Nelson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of West Bancorporation, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 26, 2023 April 25, 2024

/s/ David D. Nelson
David D. Nelson
Chief Executive Officer and President

EXHIBIT 31.2

Certification of Chief Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jane M. Funk, certify that:

1. I have reviewed this quarterly report on Form 10-Q of West Bancorporation, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 26, 2023 April 25, 2024

/s/ Jane M. Funk
Jane M. Funk
Executive Vice President, Treasurer and Chief Financial Officer

EXHIBIT 32.1

Certification of Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350 as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of West Bancorporation, Inc. on Form 10-Q for the quarter ended September 30, 2023March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David D. Nelson, Chief Executive Officer and President of West Bancorporation, Inc., certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to my knowledge: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of West Bancorporation, Inc.

October 26, 2023April 25, 2024

/s/ David D. Nelson
David D. Nelson
Chief Executive Officer and President

EXHIBIT 32.2

Certification of Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350 as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of West Bancorporation, Inc. on Form 10-Q for the quarter ended September 30, 2023March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jane M. Funk, Executive Vice President, Treasurer and Chief Financial Officer of West Bancorporation, Inc., certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to my knowledge: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of West Bancorporation, Inc.

October 26, 2023April 25, 2024

/s/ Jane M. Funk
Jane M. Funk
Executive Vice President, Treasurer and Chief Financial Officer

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