

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 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

(State or other jurisdiction of incorporation or organization)

42-1230603

(I.R.S. Employer Identification No.)

3330 Westown Parkway, West Des Moines, Iowa

(Address of principal executive offices)

50266

(Zip Code)

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

Securities 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

Securities registered pursuant to Section 12(g) of the Act: **NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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

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	<input type="radio"/>
Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="radio"/>
Smaller reporting company	<input type="radio"/>
Emerging growth company	<input type="checkbox"/>

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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of June 28, 2024, was approximately \$ 287,891,679 (based on the closing price on the Nasdaq Global Select Market on that date of \$17.90).

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the most recent practicable date, February 19, 2025.

16,832,632 shares of common stock, no par value

DOCUMENTS INCORPORATED BY REFERENCE

The definitive proxy statement of West Bancorporation, Inc., which will be filed on or before March 4, 2025, is incorporated by reference into Part III hereof to the extent indicated in such Part.

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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 changes in interest rates; effects on the U.S. economy resulting from the implementation of policies proposed by the new presidential administration, including tariffs, mass deportations and tax regulations; fluctuations in the values of the securities held in our investment portfolio, including as a result of rising interest rates; competitive pressures, including from non-bank competitors such as credit unions, "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 or regulatory requirements; the concentration of large deposits from certain clients, including those who have balances above current Federal Deposit Insurance Corporation (FDIC) insurance limits; changes in local, national and international economic conditions, including the level and impact 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 that resulted in several bank failures; changes in legal and regulatory requirements, limitations and costs; 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, or other adverse external events; risks related to climate change and the negative impact it may have on our customers and their businesses; changes to U.S. tax laws, regulations and guidance; potential changes in federal policy and at regulatory agencies as a result of the 2024 presidential election; new or revised accounting policies or practices, as may be adopted by state and federal regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission or the Public Company Accounting Oversight Board; talent and labor shortages and employee turnover; and any other risks described in the "Risk Factors" sections of reports filed by the Company with the Securities and Exchange Commission. 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.

PART I**ITEM 1. BUSINESS****General Development of Business**

West Bancorporation, Inc. (the Company or West Bancorporation) is an Iowa corporation and a financial holding company registered under the Bank Holding Company Act of 1956, as amended (BHCA). The Company was formed in 1984 to own West Bank, an Iowa-chartered bank headquartered in West Des Moines, Iowa. West Bank is a business-focused community bank that was organized in 1893. The Company's primary activity during 2024 was the ownership of West Bank. The Company's and West Bank's only business is banking, and therefore, no segment information is presented in this report. For additional information regarding the Company's segment reporting, see Note 1 of the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

As a financial holding company, the Company has additional flexibility to engage in a broader range of financial activities through affiliates than are permissible for bank holding companies that are not financial holding companies. While the Company does not currently have a plan to engage in any new activities, as a financial holding company, it has the ability to respond more quickly to market developments and opportunities.

The Company currently operates in the following markets: central Iowa, which is generally the greater Des Moines metropolitan area; eastern Iowa, which includes the area surrounding Iowa City and Coralville; and southern Minnesota, which includes the cities of Rochester, Owatonna, Mankato and St. Cloud.

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The Company continues to grow, as loans outstanding at the end of 2024 totaled \$3.0 billion compared to \$2.9 billion at the end of 2023, an increase of 2.6 percent. Total deposits at the end of 2024 totaled \$3.4 billion compared to \$3.0 billion at the end of 2023, an increase of 12.9 percent. The Company continues to focus on expanding existing and entering into new customer relationships while maintaining strong credit quality.

The Company declared and paid cash dividends on its common stock totaling \$1.00 per share in 2024 and declared a \$0.25 quarterly dividend on January 22, 2025, payable on February 19, 2025, to stockholders of record on February 5, 2025. The Company expects to continue paying regular quarterly dividends in the future. In the opinion of management, the capital position of the Company is strong. At December 31, 2024, the Company's tangible common equity ratio was 5.68 percent compared to 5.88 percent at December 31, 2023. As of December 31, 2024 and 2023, the Company had no intangible assets or preferred stock outstanding. Additional information on capital can be found in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Description of the Company's Business

West Bank provides full-service community banking and trust services to customers located primarily in the following metropolitan areas: Des Moines, Coralville and Iowa City, Iowa, and Rochester, Owatonna, Mankato and St. Cloud, Minnesota. West Bank has six offices in the Des Moines area, one office in Coralville, Iowa and one office in each of our four Minnesota markets. In 2024, West Bank completed construction of a new headquarters building in West Des Moines, Iowa. The new building consolidates the organization's operations under one roof, and provides space for future growth and enhanced business development opportunities. West Bank offers many types of credit to its customers, including commercial, real estate and consumer loans. West Bank offers trust services, including the administration of estates, conservatorships, personal trusts and agency accounts.

West Bank offers a full range of commercial and consumer deposit services, including checking, savings and money market accounts and time certificates of deposit. West Bank also offers online banking, mobile banking and treasury management services, which help to meet the banking needs of its customers. Treasury management services offered to business customers include cash management, client-generated automated clearing house transactions, remote deposit, lock box and fraud protection services. Also offered are merchant credit card processing and corporate credit cards.

West Bank's business strategy emphasizes strong business and personal relationships between West Bank and its customers and the delivery of products and services that meet the individualized needs of those customers. West Bank also emphasizes strong cost controls, while striving to achieve an above average return on equity. To accomplish these goals, West Bank focuses on small- to medium-sized businesses in its local markets that traditionally wish to develop an exclusive relationship with a single bank. West Bank has the size to provide the personal attention required by local business owners and the financial expertise and entrepreneurial attitude to help businesses meet their financial service needs.

As of December 31, 2024, we conducted banking operations through 11 locations in central and eastern Iowa and southern Minnesota. The economies in our market areas are well diversified. We believe that an important factor contributing to our historical performance and our ability to execute our strategic priorities is the vibrancy of our markets. Our markets are home to major financial services companies, healthcare systems, educational institutions, technology and agribusiness companies, and state and local governments. Our markets host major employers such as Principal Financial Group, Wells Fargo, Hy-Vee, John Deere, Mayo Clinic, University of Iowa, University of Iowa Health Care, MercyOne, UnityPoint Health, CentraCare Health Systems and IBM.

The markets in which we operate have generally experienced population growth over the past five years. Des Moines-West Des Moines is the largest metropolitan statistical area (MSA) in Iowa, while Iowa City and Coralville make up the fourth largest MSA in Iowa. Rochester and St. Cloud are the third and fourth largest MSAs in Minnesota, respectively. We believe our markets are economically stable. Unemployment rates in all our markets are below the national unemployment rate of 4.1 percent as of December 31, 2024, according to data from the U.S. Bureau of Labor Statistics.

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The market areas served by West Bank are highly competitive with respect to both loans and deposits. West Bank competes with other commercial banks, credit unions, mortgage companies and other financial service providers, including financial technology (FinTech) companies. According to the Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits as of June 30, 2024, West Bank ranked seventh in the state of Iowa in terms of deposit share. Some of West Bank's competitors are locally controlled, while others are regional, national or international companies. The larger, international, national or regional banks have certain competitive advantages due to their ability to undertake substantial advertising campaigns and allocate their investment assets to out-of-market geographic regions with potentially higher returns. Such banks also offer certain services, such as international and conduit financing transactions, which are not offered directly by West Bank. These larger banking organizations also have much higher legal lending limits than West Bank, and therefore, may be better able to service large regional, national and global commercial customers. The financial services industry has become even more competitive in recent years as a result of legislative, regulatory and technological changes and continued consolidation. Technology has lowered barriers to entry and made it possible for non-banks, such as FinTech companies, to offer deposit and loan products and services traditionally provided by banks.

In order to compete to the fullest extent possible with the other financial institutions in its primary market areas, West Bank uses the flexibility and knowledge of its local management, Board of Directors and community advisors. West Bank has a group of community advisors in each of its markets who provide insight to management on current business activity levels and trends. West Bank seeks to capitalize on customers who desire to do business with a local institution. This includes emphasizing specialized services, local promotional activities, and personal contacts by West Bank's officers, directors and employees. In particular, West Bank competes for loans primarily by offering competitive interest rates, experienced lending personnel with local decision-making authority, flexible loan arrangements, quality products and services, and proactive relationship management. West Bank competes for deposits principally by offering depositors a variety of straight-forward deposit products along with online and mobile access and other personalized services.

West Bank also competes with the general financial markets for funds. Yields on corporate and government debt securities and commercial paper affect West Bank's ability to attract and hold deposits. West Bank also competes for funds with money market accounts and similar investment vehicles offered by brokerage firms, mutual fund companies, internet banks and others. The competition for these funds is based almost exclusively on yields to customers.

Human Capital Management

We believe that the success of our business is largely due to the quality of our employees, the development of each employee's full potential and the Company's ability to provide timely and satisfying rewards. We encourage and support the development of our employees and, whenever possible, strive to fill vacancies with internal candidates. We invest in education and development programs, including tuition reimbursement for courses and degree programs and fees paid for certifications. We encourage employees to seek educational opportunities for both industry knowledge and professional development.

We believe that diversity encourages innovation and inclusion, and our team's differences give us a competitive advantage. Our goal is to foster a culture in which those differences are valued and respected. Our team is made up of 180 full-time employees and 9 part-time employees. We are proud of our culturally and gender diverse workforce, with approximately 22 percent identifying as culturally or ethnically diverse and approximately 59 percent as female.

We continue to invest in initiatives aimed at the growth and readiness of our workforce, including our West Bank Women's Impact Network (WIN). Since 2014, WIN connects and expands relationships among women at West Bank with women in our communities and our customers. The network builds a system of sponsors and mentors to provide more opportunities for women in leadership at West Bank and furthers our impact on the community through support and sponsorship of women's leadership initiatives. 20 percent of West Bank's current executive management team, 45 percent of West Bank officers and 48 percent of department managers are women. Currently, women comprise 27 percent of the directors on our Board of Directors.

As part of our compensation philosophy, we believe that we must offer and maintain market competitive compensation and benefit programs for our employees in order to attract and retain talent. The goal of our compensation program is to create superior long-term value for our stockholders by attracting, motivating and retaining outstanding employees who serve our customers while generating financial performance that is consistently better than our peers. Our business model allows us to operate with fewer employees than the typical commercial bank of our size because we emphasize teamwork, sound practices and a focus on business banking. Because we have fewer people, we need to have the right people and ensure that we offer what we consider to be above average pay in exchange for above average performance. Our employees are provided a formal performance evaluation annually that includes discussion of the opportunity for advancement and career development.

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In addition to competitive base wages, additional programs include annual bonus opportunities, Company-matched 401(k) and discretionary 401(k) contributions, stock award opportunities, educational expense reimbursement, insurance benefits, paid time off, family leave and employee assistance programs. Our best-in-class health care plans, including medical, dental, vision, short-term and long-term disability and life insurance, reflect a sincere investment in our colleagues' physical, emotional and financial well-being. Offering premium coverage through our health insurance provider, our employees are afforded a large network of doctors and the Company pays 75 percent of monthly medical premiums for employees enrolled.

Our approach also promotes longevity in our workforce. The average tenure of our employees is nine years and the average tenure of bank officers is over 12 years. Approximately 17 percent have been with West Bank for 10-15 years and approximately 22 percent have been with West Bank for over 15 years. Non-teller turnover was approximately 7 percent in 2024, compared to 10 percent in 2023. We conduct periodic company-wide employee engagement surveys to assess employee satisfaction and engagement.

Succession planning and talent development are important at all levels within our organization. The Board oversees executive management's succession plan for our named executive officers. The Board's succession planning activities are ongoing. In addition, the CEO annually provides the Board with his assessment of senior leaders and their potential to succeed at key senior management positions.

Environmental, Social, and Governance (ESG) & Corporate Responsibility

West Bancorporation, Inc. strives to be a good corporate citizen by operating as an employer that is committed to our vibrant and diverse workforce and by conducting business in an environmentally responsible manner. The Board carefully considers corporate social responsibility when it works with management to determine the Company's strategic priorities and plans to achieve such priorities. Learn more about our ESG practices on the Corporate Governance section of our website at www.westbankstrong.com under Investor Relations/Overview/Corporate Governance documents.

SUPERVISION AND REGULATION

General

FDIC-insured institutions, their holding companies and their affiliates are extensively regulated under federal and state law. As a result, our growth and earnings performance may be affected not only by management decisions and general economic conditions, but also by the requirements of federal and state statutes and by the regulations and policies of various banking agencies, including the Iowa Division of Banking, the Board of Governors of the Federal Reserve System (Federal Reserve), the FDIC and the Consumer Financial Protection Bureau (CFPB). Furthermore, taxation laws administered by the Internal Revenue Service (IRS) and state taxing authorities, accounting rules developed by the Financial Accounting Standards Board (FASB), securities laws administered by the U.S. Securities and Exchange Commission (SEC) and state securities authorities, and anti-money laundering and sanctions laws enforced by the U.S. Department of the Treasury (Treasury) have an impact on our business. The effect of these statutes, regulations, regulatory policies and accounting rules are significant to our operations and results.

Federal and state banking laws impose a comprehensive system of supervision, regulation and enforcement on the operations of FDIC-insured institutions, their holding companies and affiliates that is intended primarily for the protection of the FDIC-insured deposits and depositors of banks, rather than stockholders. These federal and state laws, and the regulations of the banking agencies issued under them, affect, among other things, the scope of our business; the kinds and amounts of investments that we may make; required capital levels relative to our assets; the nature and amount of collateral for loans; the establishment of branches; our ability to merge, consolidate and acquire; dealings with our insiders and affiliates; and our payment of dividends. In reaction to the global financial crisis and particularly following passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), we experienced heightened regulatory requirements and scrutiny. Although the reforms primarily targeted large banking organizations and other systemically important financial institutions, their influence filtered down in varying degrees to community banks over time and caused our compliance and risk management processes, and the costs thereof, to increase. The Economic Growth, Regulatory Relief and Consumer Protection Act of 2018 (Regulatory Relief Act) eliminated questions about the applicability of certain Dodd-Frank Act reforms to community bank systems, including relieving us of any requirement to engage in mandatory stress tests, maintain a risk committee or comply with the Volcker Rule's complicated prohibitions on proprietary trading and ownership of private funds. We believe these reforms have been favorable to our operations. It is anticipated that the Trump Administration and the current U.S. Congress likely will not increase the regulatory burden on community banking organizations and may seek to reduce and streamline certain prudential and regulatory requirements applicable to community banking organizations at a federal level based on statements made by relevant congressional leaders and the acting leaders of certain banking agencies. At this time, however, it is not possible to predict with any certainty the actual impact the Trump Administration may have on the banking industry or our operations.

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The supervisory framework for U.S. banking organizations subjects banks and bank holding companies to regular examination by their respective banking agencies, which results in examination reports and ratings that are not publicly available and that can impact the conduct and growth of their business. These examinations consider not only compliance with applicable laws and regulations, but also capital levels, asset quality and risk, management ability and performance, earnings, liquidity and various other factors. The banking agencies generally have broad discretion to impose restrictions and limitations on the operations of a regulated entity where the agencies determine, among other things, that such operations are unsafe or unsound, fail to comply with applicable law or are otherwise inconsistent with laws and regulations. The approach to supervision adopted by each banking agency may have significant impacts on our operations and results, as well as the banking industry in general. Based on statements made by congressional leaders and the acting leaders of certain federal banking agencies, there may be changes in the supervisory processes and approach made by the Trump Administration banking agencies, but it is not possible at this time to predict the specific changes (or the timing of any such changes) that may be made.

The following is a summary of the material elements of the supervisory and regulatory framework applicable to the Company and West Bank. It does not describe all of the statutes, regulations and regulatory policies that apply, nor does it restate all of the requirements of those that are described. The descriptions are qualified in their entirety by reference to the particular statutory and regulatory provision.

Supervision and Regulation of the Company

General. The Company, as the sole stockholder of West Bank, is a bank holding company that has elected financial holding company status. As a bank holding company, we are registered with, and subject to regulation by, the Federal Reserve under the Bank Holding Company Act of 1956, as amended (BHCA). We are legally obligated to act as a source of financial and managerial strength to West Bank and to commit resources to support West Bank in circumstances where we might not otherwise do so. Under the BHCA, we are subject to periodic examination by the Federal Reserve and are required to file with the Federal Reserve periodic reports of our operations and such additional information regarding our operations as the Federal Reserve may require.

Acquisitions and Activities/Financial Holding Company Election. The primary purpose of a bank holding company is to control and manage banks. The BHCA generally requires the prior approval of the Federal Reserve for any merger involving a bank holding company or any acquisition by a bank holding company of another bank or bank holding company. Subject to certain conditions (including deposit concentration limits established by the BHCA), the Federal Reserve may allow a bank holding company to acquire banks located in any state of the United States. In approving interstate acquisitions, the Federal Reserve is required to give effect to applicable state law limitations on the aggregate amount of deposits that may be held by the acquiring bank holding company and its FDIC-insured institution affiliates in the state in which the target bank is located (provided that those limits do not discriminate against out-of-state institutions or their holding companies) and state laws that require that the target bank has been in existence for a minimum period of time (not to exceed five years) before being acquired by an out-of-state bank holding company. Furthermore, in accordance with the Dodd-Frank Act, bank holding companies must be well-capitalized and well-managed in order to effect interstate mergers or acquisitions.

The BHCA generally prohibits the Company from acquiring direct or indirect ownership or control of more than five percent of the voting shares of any company that is not a bank and from engaging in any business other than that of banking, managing and controlling banks or furnishing services to banks and their subsidiaries. This general prohibition is subject to a number of exceptions. The principal exception allows bank holding companies to engage in, and to own shares of companies engaged in, certain businesses found by the Federal Reserve prior to November 11, 1999 to be "so closely related to banking ... as to be a proper incident thereto." This authority would permit us to engage in a variety of banking-related businesses, including the ownership and operation of a savings association, or any entity engaged in consumer finance, equipment leasing, the operation of a computer service bureau (including software development) and mortgage banking and brokerage services. The BHCA does not place territorial restrictions on the domestic activities of nonbank subsidiaries of bank holding companies. In addition to approval from the Federal Reserve in certain circumstances, prior approval for acquisitions may be required from other agencies, such as the Iowa Division of Banking or other agencies that regulate the target company of an acquisition.

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Additionally, bank holding companies that meet certain eligibility requirements prescribed by the BHCA and elect to operate as financial holding companies may engage in, or own shares in companies engaged in, a wider range of nonbanking activities, including securities and insurance underwriting and sales, merchant banking and any other activity that the Federal Reserve, in consultation with the Secretary of the Treasury, determines by regulation or order is financial in nature or incidental to any such financial activity or that the Federal Reserve determines by order to be complementary to any such financial activity, as long as the activity does not pose a substantial risk to the safety or soundness of FDIC-insured institutions or the financial system generally. In the third quarter of 2016, we elected to operate as a financial holding company. In order to maintain our status as a financial holding company, both the Company and West Bank must be well-capitalized and well-managed, and West Bank must have at least a satisfactory CRA rating. If the Federal Reserve determines that either the Company or West Bank is not well-capitalized or well-managed, the Federal Reserve will provide a period of time in which to re-achieve compliance with those requirements, but, during the period of noncompliance, the Federal Reserve may place any limitations on us that it deems appropriate. Furthermore, if the Federal Reserve determines that West Bank has not achieved a satisfactory CRA rating, we would not be able to commence any new financial activities or acquire a company that engages in such activities. As of December 31, 2024, we retained our election as a financial holding company, but we have not engaged in any activity, and do not own any assets, for which financial holding company designation is required. The election affords us the ability to respond more quickly to market developments and opportunities.

Change in Control. Federal law prohibits any person or company from acquiring "control" of an FDIC-insured depository institution or its holding company without prior notice to the appropriate federal banking agencies. Control is conclusively presumed to exist upon the acquisition of 25 percent or more of the outstanding voting securities of a bank or bank holding company, but may arise under certain circumstances between 10 percent and 24.99 percent ownership.

Company Capital Requirements. The Company is subject to complex consolidated capital requirements of the Basel III Rule (as defined below), see "-the Basel III Rule" below.

Dividend Payments. Our ability to pay dividends to our stockholders may be affected by both general corporate law considerations and policies and capital requirements of the Federal Reserve applicable to bank holding companies. As an Iowa corporation, we are subject to the limitations of Iowa law, which allows us to pay dividends unless, after such dividend, (i) we would not be able to pay our debts as they become due in the usual course of business or (ii) our total assets would be less than the sum of our total liabilities plus any amount that would be needed if we were to be dissolved at the time of the dividend payment, to satisfy the preferential rights upon dissolution of stockholders whose rights are superior to the rights of the stockholders receiving the distribution.

As a general matter, the Federal Reserve has indicated that the board of directors of a bank holding company should eliminate, defer or significantly reduce dividends to stockholders if: (i) the company's net income available to stockholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends; (ii) the prospective rate of earnings retention is inconsistent with the company's capital needs and overall current and prospective financial condition; or (iii) the company will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios. The Federal Reserve also possesses enforcement powers over bank holding companies and their nonbank subsidiaries to prevent or remedy actions that represent unsafe or unsound practices or violations of applicable statutes and regulations. Among these powers is the ability to proscribe the payment of dividends by banks and bank holding companies. In addition, under the Basel III Rule, which imposes consolidated capital requirements on banking organizations, banking organizations that want to pay dividends must maintain 2.5 percent in Common Equity Tier 1 Capital attributable to the capital conservation buffer. See "-the Basel III Rule" below.

Monetary Policy. The monetary policy of the Federal Reserve has a significant effect on the operating results of bank holding companies and their subsidiaries. Among the tools available to the Federal Reserve to affect the money supply are open market transactions in U.S. government securities and changes in the discount rate on bank borrowings. These means are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, and their use may affect interest rates charged on loans or paid on deposits, which may impact our business and operations.

Federal Securities Regulation. Our common stock is registered with the SEC under the Securities Exchange Act of 1934, as amended (Exchange Act). Consequently, we are subject to the information, proxy solicitation, insider trading and other restrictions and requirements of the SEC under the Exchange Act.

Corporate Governance. The Dodd-Frank Act addressed many investor protection, corporate governance and executive compensation matters that will affect most U.S. publicly traded companies. It increased stockholder influence over boards of directors by requiring companies to give stockholders a nonbinding vote on executive compensation and so-called "golden parachute" payments, and authorized the SEC to promulgate rules that would allow stockholders to nominate and solicit voters for their own candidates using a company's proxy materials.

The Dodd-Frank Act also directed the Federal Reserve, together with the other federal banking and financial services agencies, to promulgate rules prohibiting excessive compensation paid to executives of bank holding companies, regardless of whether such companies are publicly traded. In May 2024, certain of the federal banking and other financial services agencies released a proposed rule regarding certain incentive-based compensation arrangements at certain financial institutions with at least \$1 billion in assets, as required under Section 956 of the Dodd-Frank Act. The Federal Reserve and the SEC, however, did not join in this proposal, signaling potential interagency misalignment and raising doubts regarding the likelihood of the proposed rule being finalized in its current form. It is not yet clear whether this regulatory initiative will continue during the Trump Administration.

Supervision and Regulation of West Bank

General. West Bank is an Iowa-chartered bank. The deposit accounts of West Bank are insured by the FDIC's Deposit Insurance Fund (DIF) to the maximum extent provided under federal law and FDIC regulations, currently \$250,000 per insured depositor category. As an Iowa-chartered FDIC-insured bank, West Bank is subject to the examination, supervision, reporting and enforcement requirements of the Iowa Division of Banking, the chartering authority for Iowa banks, and the FDIC, designated by federal law as the primary federal regulator of insured state banks that, like West Bank, are not members of the Federal Reserve System (nonmember banks).

Deposit Insurance. As an FDIC-insured institution, West Bank is required to pay deposit insurance premium assessments to the FDIC. The FDIC has adopted a risk-based assessment system whereby FDIC-insured institutions pay insurance premiums at rates based on their risk classification. For institutions, like West Bank, that are not considered large and highly complex banking organizations, assessments are now based on examination ratings and financial ratios. The total base assessment rates, effective as of January 1, 2023, currently range from 2.5 basis points to 32 basis points.

At least semi-annually, the FDIC updates its loss and income projections for the DIF and, if needed, increases or decreases the assessment rates, following notice and comment on proposed rulemaking. For this purpose, the reserve ratio is the DIF balance divided by estimated insured deposits. In response to the global financial crisis, the Dodd-Frank Act increased the minimum reserve ratio from 1.15% to 1.35% of the estimated amount of total insured deposits. In its October 2024 semiannual update, the FDIC stated that the reserve ratio likely will reach the statutory minimum by the September 30, 2028 deadline, and no adjustments to the base assessment rates are currently projected.

In addition, because the total cost of the failures of Silicon Valley Bank and Signature Bank was approximately \$24.1 billion, the FDIC adopted a special assessment applicable to bank organizations with total assets of \$5 billion or more. The base for the special assessment is equal to an insured depository institution's estimated uninsured deposits for the December 31, 2022 reporting period, adjusted to exclude the first \$5 billion in estimated uninsured deposits. Because the Company does not have \$5 billion or more in assets, this special assessment does not apply.

Supervisory Assessments. All Iowa banks are required to pay supervisory assessments to the Iowa Division of Banking to fund the operations of that agency. The amount of the assessment is calculated on the basis of West Bank's total assets.

Bank Capital Requirements. Regulatory capital represents the net assets of a banking organization available to absorb losses. Because of the risks attendant to their business, FDIC-insured institutions, such as banks, as well as their holding companies (i.e., banking organizations) generally are required to hold more capital than other businesses, which directly affects our earnings capabilities. Although capital has historically been one of the key measures of the financial health of both bank holding companies and banks, its role became fundamentally more important in the wake of the 2007-2008 global financial crisis, as the banking agencies recognized that the amount and quality of capital held by banking organizations prior to that crisis was insufficient to absorb losses during periods of severe stress.

Capital Levels. Banking organizations have been required to hold minimum levels of capital based on guidelines established by the banking agencies since 1983. The minimum capital levels for banking organizations have been expressed in terms of ratios of "capital" divided by "total assets". The capital guidelines for U.S. banking organizations beginning in 1989 have been based upon international capital accords (known as "Basel" accords) adopted by the Basel Committee on Banking Supervision, a committee of central banks and bank supervisors that acts as the primary global standard-setter for prudential regulation, as implemented by the U.S. federal banking agencies on an interagency basis. These accords recognized that bank assets for the purpose of the capital ratio calculations needed to be risk weighted (the theory being that riskier assets should require more capital) and that off-balance sheet exposures needed to be factored into the calculations. Following the global financial crisis, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, announced an agreement on a strengthened set of capital requirements for banking organizations around the world, known as the Basel III accords, to address deficiencies recognized in connection with the global financial crisis.

The Basel III Rule. The U.S. federal banking agencies adopted the U.S. Basel III regulatory capital reforms, and, at the same time, effected changes required by the Dodd-Frank Act, in regulations that were effective (with certain phase-ins) in 2015 (Basel III Rule). The Basel III Rule established capital standards for banks and bank holding companies that are meaningfully more stringent than those established previously and are still in effect today. The Basel III Rule increased the required quantity and quality of capital and required a more complex, detailed and calibrated assessment of risk in the calculation of risk weightings for bank assets. The Basel III Rule is applicable to all banking organizations that are subject to minimum capital requirements, including national and state banks and savings and loan associations, as well as to most bank and savings and loan holding companies. Thus, West Bank and the Company are subject to the Basel III Rule as described below.

Not only did the Basel III Rule increase most of the required minimum capital ratios in effect prior to January 1, 2015, but, in requiring that forms of capital be of higher quality to absorb loss, it introduced the concept of Common Equity Tier 1 Capital, which consists primarily of common stock, related surplus (net of Treasury stock), retained earnings, and Common Equity Tier 1 minority interests subject to certain regulatory adjustments. The Basel III Rule also changed the definition of capital by establishing more stringent criteria that instruments must meet to be considered Additional Tier 1 Capital (primarily non-cumulative perpetual preferred stock that meets certain requirements) and Tier 2 Capital (primarily other types of preferred stock and subordinated debt, subject to limitations). The Basel III Rule also constrained the inclusion of minority interests, mortgage-servicing assets, and deferred tax assets in capital and required deductions from Common Equity Tier 1 Capital if such assets exceeded a percentage of a banking organization's Common Equity Tier 1 Capital.

The Basel III Rule requires banking organizations to maintain minimum capital ratios, as follows:

- A ratio of Common Equity Tier 1 Capital equal to 4.5% of risk-weighted assets;
- A ratio of Tier 1 Capital equal to 6% of risk-weighted assets;
- A continuation of the minimum required amount of Total Capital (Tier 1 plus Tier 2) at 8% of risk-weighted assets; and
- A leverage ratio of Tier 1 Capital to total quarterly average assets equal to 4% in all circumstances.

In addition, banking organizations that want to make capital distributions (including for dividends and repurchases of stock) and pay discretionary bonuses to executive officers without restriction must also maintain 2.5% in Common Equity Tier 1 Capital attributable to a capital conservation buffer. The purpose of the conservation buffer is to ensure that banking institutions maintain a buffer of capital that can be used to absorb losses during periods of financial and economic stress. Factoring in the conservation buffer increases the minimum ratios depicted above to 7% for Common Equity Tier 1 Capital, 8.5% for Tier 1 Capital and 10.5% for Total Capital.

In July 2023, the Biden Administration banking agencies had proposed wide-ranging and significant changes to the Basel III Rules (the "Basel III Endgame Proposal"), which would have, among other requirements, imposed structural changes to the calculation of capital requirements and risk-weighted assets in an effort to finish the implementation of the Basel III accords. The Basel III Endgame Proposal would generally have impacted the capital requirements applicable to banking organizations with \$100 billion or more in total assets, and, as a general matter, would not have had a significant impact on the Company or West Bank. The Basel III Endgame Proposal has not been, and is not expected to be, adopted in a form substantially similar to the Basel III Endgame Proposal. The Trump Administration banking agencies may issue their own version of this proposal.

Well-Capitalized Requirements. The capital ratios described above are minimum standards in order for banking organizations to be considered "adequately capitalized." Banking agencies uniformly encourage banking organizations to hold more capital and be "well-capitalized" and, to that end, federal law and regulations provide various incentives for banking organizations to maintain regulatory capital at levels in excess of minimum regulatory requirements. For example, a banking organization that is well-capitalized may: (i) qualify for exemptions from prior notice or application requirements otherwise applicable to certain types of activities; (ii) qualify for expedited processing of other required notices or applications; and (iii) accept, roll-over or renew brokered deposits. Higher capital levels could also be required if warranted by the particular circumstances or risk profiles of individual banking organizations. For example, the Federal Reserve's capital guidelines contemplate that additional capital may be required to take adequate account of, among other things, interest rate risk, or the risks posed by concentrations of credit, nontraditional activities or securities trading activities. Further, any banking organization experiencing or anticipating significant growth would be expected to maintain capital ratios, including tangible capital positions (i.e., Tier 1 Capital less all intangible assets), well above the minimum levels.

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West Bancorporation, Inc. and Subsidiary

Under the capital regulations of the FDIC and the Federal Reserve, in order to be well-capitalized, West Bank and the Company must maintain:

- A Common Equity Tier 1 Capital ratio to risk-weighted assets of 6.5% or more;
- A ratio of Tier 1 Capital to total risk-weighted assets of 8% or more;
- A ratio of Total Capital to total risk-weighted assets of 10% or more; and
- A leverage ratio of Tier 1 Capital to total adjusted average quarterly assets of 5% or greater.

It is possible under the Basel III Rule to be well-capitalized while remaining out of compliance with the capital conservation buffer discussed above.

As of December 31, 2024: (i) West Bank was not subject to a directive from Iowa Division of Banking or the FDIC to increase its capital and (ii) West Bank was well-capitalized, as defined by FDIC regulations. As of December 31, 2024, the Company had regulatory capital in excess of the Federal Reserve's requirements and met the Basel III Rule requirements to be well-capitalized. West Bank and the Company also were in compliance with the capital conservation buffer.

Prompt Corrective Action. The concept of a banking organization being "well-capitalized" is part of a regulatory enforcement regime that provides the federal banking agencies with broad power to take "prompt corrective action" to resolve the problems of depository institutions based on the capital level of each particular institution. The extent of the banking agencies' powers depends on whether the banking organization in question is "adequately capitalized," "undercapitalized," "significantly undercapitalized" or "critically undercapitalized," in each case as defined by regulation. Depending upon the capital category to which a banking organization is assigned, the banking agencies' corrective powers include: (i) requiring the institution to submit a capital restoration plan; (ii) limiting the institution's asset growth and restricting its activities; (iii) requiring the institution to issue additional capital stock (including additional voting stock) or to sell itself; (iv) restricting transactions between the institution and its affiliates; (v) restricting the interest rate that the institution may pay on deposits; (vi) ordering a new election of directors of the institution; (vii) requiring that senior executive officers or directors be dismissed; (viii) prohibiting the institution from accepting deposits from correspondent banks; (ix) requiring the institution to divest certain subsidiaries; (x) prohibiting the payment of principal or interest on subordinated debt; and (xi) ultimately, appointing a receiver for the institution.

Community Bank Capital Simplification. Community banking organizations have long raised concerns with federal banking agencies about the regulatory burden, complexity, and costs associated with certain provisions of the Basel III Rule. In response, Congress provided an "off-ramp" for institutions, like us, with total consolidated assets of less than \$10 billion as part of the Regulatory Relief Act. Section 201 of the Regulatory Relief Act specifically instructed the federal banking agencies to establish a single "Community Bank Leverage Ratio" (CBLR) of between 8 and 10%. Under the final rule, a community banking organization is eligible to elect to comply with its capital requirements under the CBLR framework if it has: (i) less than \$10 billion in total consolidated assets, (ii) limited amounts of certain assets and off-balance sheet exposures, and (iii) a CBLR greater than 9%. We have not elected to use the CBLR framework at this time.

Liquidity Requirements. Liquidity is a measure of the ability and ease with which bank assets may be converted to meet financial obligations such as deposits or other funding sources. Banks are required to implement liquidity risk management frameworks that ensure they maintain sufficient liquidity, including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events. The level and speed of deposit outflows contributing to the failures of Silicon Valley Bank, Signature Bank and First Republic Bank in the first half of 2023 was unprecedented and contributed to acute liquidity and funding strain. These events have further underscored the importance of liquidity risk management and contingency funding planning by insured depository institutions like West Bank, as highlighted in a 2023 addendum to existing interagency guidance on funding and liquidity risk management.

The primary role of liquidity risk management is to: (i) prospectively assess the need for funds to meet financial obligations; and (ii) ensure the availability of cash or collateral to fulfill those needs at the appropriate time by coordinating the various sources of funds available to the institution under normal and stressed conditions. The Basel III Rule includes a liquidity framework that requires the largest banking organizations to measure their liquidity against specific liquidity tests. One test, referred to as the Liquidity Coverage Ratio, or LCR, is designed to ensure that the banking organization has an adequate stock of unencumbered high-quality liquid assets that can be converted easily and immediately in private markets into cash to meet liquidity needs for a 30-calendar day liquidity stress scenario. The other test, known as the Net Stable Funding Ratio, or NSFR, is designed to promote more medium- and long-term funding of the assets and activities of FDIC-insured institutions over a one-year horizon. These tests provide an incentive for banks and bank holding companies to increase their holdings in Treasury securities and other sovereign debt as a component of assets, increase the use of long-term debt as a funding source and rely on stable funding like core deposits (in lieu of brokered deposits).

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Although these tests do not apply to West Bank, we continue to review our liquidity risk management policies in light of regulatory requirements and industry developments. For instance, in July 2024, the FDIC released a request for information on deposits, soliciting information on whether and to what extent certain types of deposits may behave differently from each other (particularly during periods of economic or financial stress), the results of which may impact liquidity monitoring and risk management requirements, including for FDIC-insured institutions, like West Bank, going forward.

Dividend Payments. The primary source of funds for the Company is dividends from West Bank. Under the Iowa Banking Act, Iowa-chartered banks generally may pay dividends only out of undivided profits. The Iowa Division of Banking may restrict the declaration or payment of a dividend by an Iowa-chartered bank, such as West Bank. The payment of dividends by any FDIC-insured institution is affected by the requirement to maintain adequate capital pursuant to applicable capital adequacy guidelines and regulations, and an FDIC-insured institution generally is prohibited from paying any dividends if, following payment thereof, the institution would be undercapitalized. As described above, West Bank exceeded its capital requirements under applicable guidelines as of December 31, 2024. Notwithstanding the availability of funds for dividends, however, the FDIC and the Iowa Division of Banking may prohibit the payment of dividends by West Bank if either or both determine such payment would constitute an unsafe or unsound practice. In addition, under the Basel III Rule, banking organizations that want to pay dividends will have to maintain 2.5 percent in Common Equity Tier 1 Capital attributable to the capital conservation buffer. See “—Bank Capital Requirements” above.

State Bank Investments, Activities and Acquisitions. West Bank is permitted to make investments and engage in activities directly or through subsidiaries as authorized by Iowa law. However, under federal law and FDIC regulations, FDIC-insured state banks are prohibited, subject to certain exceptions, from making or retaining equity investments of a type, or in an amount, that are not permissible for a national bank. Federal law and FDIC regulations also prohibit FDIC-insured state banks and their subsidiaries, subject to certain exceptions, from engaging as principal in any activity that is not permitted for a national bank unless West Bank meets, and continues to meet, its minimum regulatory capital requirements and the FDIC determines that the activity would not pose a significant risk to the DIF. These restrictions have not had, and are not currently expected to have, a material impact on the operations of West Bank.

West Bank may be required to seek approval from the Iowa Division of Banking, the FDIC and other banking or financial services agencies before engaging in certain acquisitions or mergers under applicable state and federal law. In 2024, each of the OCC and the FDIC separately released updated policy statements-and in the case of the OCC, a final rule-regarding how each banking agency reviews applications submitted pursuant to the Bank Merger Act based on statutory factors. The acting leader of the Trump Administration's FDIC has indicated that the FDIC may seek to reverse the FDIC's 2024 policy statement.

Insider Transactions. West Bank is subject to certain restrictions imposed by federal law on “covered transactions” between West Bank and its “affiliates.” The Company is an affiliate of West Bank for purposes of these restrictions, and covered transactions subject to the restrictions include extensions of credit to the Company, investments in the stock or other securities of the Company, and the acceptance of the stock or other securities of the Company as collateral for loans made by West Bank. The Dodd-Frank Act enhanced the requirements for certain transactions with affiliates, including an expansion of the definition of “covered transactions” and an increase in the amount of time for which collateral requirements regarding covered transactions must be maintained.

Certain limitations and reporting requirements are also placed on extensions of credit by West Bank to its directors and officers, to directors and officers of the Company and its subsidiaries, to principal stockholders of the Company and to “related interests” of such directors, officers and principal stockholders under state and federal law. In addition, federal law and regulations may affect the terms on which any person who is a director or officer of the Company or West Bank, or a principal stockholder of the Company, may obtain credit from banks with which West Bank maintains a correspondent relationship.

Safety and Soundness Standards/Risk Management. FDIC-insured institutions are expected to operate in a safe and sound manner. The federal banking agencies have adopted operational and managerial standards to promote the safety and soundness of such institutions that address internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, fees and benefits, asset quality and earnings.

In general, the safety and soundness standards prescribe the goals to be achieved in each area, and each institution is responsible for establishing its own procedures to achieve those goals. If an institution fails to operate in a safe and sound manner, the FDIC-insured institution's primary federal regulator may require the institution to submit a plan for achieving and maintaining compliance. If an FDIC-insured institution fails to submit an acceptable compliance plan, or fails in any material respect to implement a compliance plan that has been accepted by its primary federal regulator, the agency is required to issue an order directing the institution to cure the deficiency. Until the deficiency cited in the banking agency's order is cured, the agency may restrict the FDIC-insured institution's rate of growth, require the FDIC-insured institution to increase its capital, restrict the rates that the institution pays on deposits, or require the institution to take any action that the agency deems appropriate under the circumstances. Operating in an unsafe or unsound manner will also constitute grounds for other enforcement action by the federal banking agencies, including cease and desist orders and civil money penalty assessments.

During the past decade, the banking agencies have increasingly emphasized the importance of sound risk management processes and strong internal controls when evaluating the activities of the FDIC-insured institutions that they supervise. Properly managing risks has been identified as critical to the conduct of safe and sound banking activities and has become even more important as new technologies, product innovation, third-party relationships, and the size and speed of financial transactions have changed the nature of banking markets. The agencies have identified a spectrum of risks facing a banking organization including, but not limited to, credit, market, liquidity, operational, legal and reputational risk. The key risk themes identified for 2024 are discussed under Risk Factors. West Bank is expected to have active board and senior management oversight; adequate policies, procedures and limits; adequate risk measurement, monitoring and management information systems; and comprehensive internal controls. The federal banking agencies also have released specific risk management guidance on certain topics, including third-party relationships, in response to the proliferation of relationships between banking organizations and financial technology companies (although the guidance applies more broadly).

Privacy and Cybersecurity. West Bank is subject to many U.S. federal and state laws and regulations governing requirements for maintaining policies and procedures to protect non-public confidential information of their customers. These laws require West Bank to periodically disclose its privacy policies and practices relating to sharing such information and permit consumers to opt out of their ability to share information with unaffiliated third parties under certain circumstances. They also impact West Bank's ability to share certain information with affiliates and non-affiliates for marketing and/or non-marketing purposes, or to contact customers with marketing offers. In addition, as a part of its operational risk mitigation, West Bank is required to implement a comprehensive information security program that includes administrative, technical, and physical safeguards to ensure the security and confidentiality of customer records and information and to require the same of its service providers. These security and privacy policies and procedures are in effect across all business lines and geographic locations.

West Bank and the Company also are subject to a number of federal and state laws and regulations requiring notifications and disclosures regarding certain cybersecurity incidents. In addition, West Bank must consider and address cybersecurity considerations as part of its risk management processes.

Branching Authority. Iowa banks, such as West Bank, have the authority under Iowa law to establish branches anywhere in the State of Iowa, subject to receipt of all required regulatory approvals. The Dodd-Frank Act permits well-capitalized and well-managed banks to establish new interstate branches or the acquisition of individual branches of a bank in another state (rather than the acquisition of an out-of-state bank in its entirety) without impediments. In addition, federal law permits state and national banks to merge with banks in other states subject to: (i) regulatory approval; (ii) federal and state deposit concentration limits; and (iii) state law limitations requiring the merging bank to have been in existence for a minimum period of time (not to exceed five years) prior to the merger.

Community Reinvestment Act Requirements. The CRA requires West Bank to have a continuing and affirmative obligation in a safe and sound manner to help meet the credit needs of its entire community, including low- and moderate-income neighborhoods. The FDIC regularly assesses West Bank's record of meeting the credit needs of its communities in dedicated examinations. West Bank's CRA ratings derived from these examinations can have significant impacts on the activities in which West Bank and the Company may engage. For example, a low CRA rating may impact the review of applications for acquisitions by West Bank or the Company's financial holding company status.

On October 24, 2023, the federal banking agencies issued a final rule to strengthen and modernize the CRA regulations (the CRA Rule). Elements of this rule were supposed to become effective on April 1, 2024 (while other elements had much later effective dates). However, the effective date of the CRA Rule was paused because of a preliminary injunction issued in connection with ongoing litigation claiming that the federal banking agencies exceeded their statutory authority in promulgating the CRA Rule. Despite this lawsuit, management of West Bank is continuing to assess the impact of the CRA Rule on its CRA lending and investment activities in West Bank's respective markets.

The CRA Rule is designed to update how CRA activities qualify for consideration, where CRA activities are considered, and how CRA activities are evaluated. More specifically, the federal banking agencies described the goals of the CRA Rule as follows: (i) to expand access to credit, investment, and basic banking services in low and moderate income communities; (ii) to adapt to changes in the banking industry, including mobile and internet banking by modernizing assessment areas while maintaining a focus on branch based areas; (iii) to provide greater clarity, consistency, and transparency in the application of the regulations through the use of standardized metrics as part of CRA evaluation and clarifying eligible CRA activities focused on low and moderate income communities and underserved rural communities; (iv) to tailor CRA rules and data collection to bank size and business model; and (v) to maintain a unified approach among the regulators.

Anti-Money Laundering/Sanctions. The Bank Secrecy Act (BSA) is the common name for a series of laws and regulations enacted in the United States to combat money laundering and the financing of terrorism. They are designed to deny terrorists and criminals the ability to obtain access to the U.S. financial system and have significant implications for FDIC-insured institutions and other businesses involved in the transfer of money. The so-called Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) regime under the BSA provides a foundation to promote financial transparency and deter and detect those who seek to misuse the U.S. financial system to launder criminal proceeds, finance terrorist acts, or move funds for other illicit purposes.

The laws mandate financial services companies to have policies and procedures with respect to measures designed to address: (i) customer identification programs; (ii) money laundering; (iii) terrorist financing; (iv) identifying and reporting suspicious activities and currency transactions; (v) currency crimes; and (vi) cooperation between FDIC-insured institutions and law enforcement authorities. West Bank must also comply with stringent economic and trade sanctions regimes administered and enforced by the Office of Foreign Assets Control.

Concentrations in Commercial Real Estate. Concentration risk exists when FDIC-insured institutions deploy too many assets to any one industry or segment. A concentration in commercial real estate (CRE) is one example of regulatory concern, which has been subject to additional scrutiny by federal banking agencies as well as the SEC (for publicly-traded banking organizations) in recent years. The interagency Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices guidance (CRE Guidance) provides supervisory criteria, including the following numerical indicators, to assist bank examiners in identifying banks with potentially significant CRE loan concentrations that may warrant greater supervisory scrutiny: (i) CRE loans exceeding 300 percent of capital and increasing 50 percent or more in the preceding three years; or (ii) construction and land development loans exceeding 100 percent of capital. The CRE Guidance does not limit banks' levels of CRE lending activities, but rather guides institutions in developing risk management practices and levels of capital that are commensurate with the level and nature of their CRE concentrations. On December 18, 2015, and again in recent years, the federal banking agencies have issued statements to reinforce prudent risk-management practices related to CRE lending, having observed substantial growth in many CRE asset and lending markets, increased competitive pressures, rising CRE concentrations in banks, and an easing of CRE underwriting standards. The federal banking agencies reminded FDIC-insured institutions to maintain underwriting discipline and exercise prudent risk-management practices to identify, measure, monitor and manage the risks arising from CRE lending. In addition, FDIC-insured institutions must maintain capital commensurate with the level and nature of their CRE concentration risk.

West Bank has historically exceeded, and continues to exceed, the 300 percent guideline for CRE loans. Additional monitoring processes have been implemented to manage this increased risk.

Consumer Financial Services. The historical structure of federal consumer protection regulation applicable to all providers of consumer financial products and services changed significantly on July 21, 2011, when the CFPB commenced operations to supervise and enforce consumer protection laws. The CFPB has broad rulemaking authority for a wide range of consumer protection laws that apply to all providers of consumer products and services, including West Bank, as well as the authority to prohibit "unfair, deceptive or abusive" acts and practices. The CFPB has examination and enforcement authority over providers with more than \$10 billion in assets. FDIC-insured institutions with \$10 billion or less in assets, like West Bank, continue to be examined by their applicable primary federal banking regulators.

Because abuses in connection with residential mortgages were a significant factor contributing to the global financial crisis, many new rules issued by the CFPB, as required by the Dodd-Frank Act, addressed mortgage and mortgage-related products, their underwriting, origination, servicing and sales. The Dodd-Frank Act significantly expanded underwriting requirements applicable to loans secured by 1-4 family residential real property and augmented federal law combating predatory lending practices. In addition to numerous disclosure requirements, the Dodd-Frank Act and the CFPB's enabling rules imposed new standards for mortgage loan originations on all lenders, including banks and savings associations, in an effort to strongly encourage lenders to verify a borrower's ability to repay, while also establishing a presumption of compliance for certain "qualified mortgages." The CFPB has from time to time released additional rules as to qualified mortgages and the borrower's ability to repay.

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Over the last several years, the CFPB has taken an aggressive approach to the regulation (and supervision, where applicable) of providers of consumer financial products and services. For example, the CFPB has taken, or attempted to take, a proactive, multi-front approach to protect consumers from excessive overdraft and non-sufficient funds fees, including through proposed or final rules, interpretive opinions, and enforcement actions. Given the increased number and expansive nature of its regulatory initiatives, the CFPB has been subject to lawsuits brought by the banking industry and other providers of consumer financial products and services. The CFPB's approach may change under the Trump Administration, but it remains unclear exactly what changes will occur or how quickly. In addition, certain rules that the Biden Administration CFPB finalized may be subject to reversal by either the U.S. Congress or the new CFPB administration.

The CFPB's rules have not had a significant impact on West Bank's operations, except for higher compliance costs. West Bank must also comply with certain state consumer protection laws and requirements in the states in which it operates.

ADDITIONAL INFORMATION

The principal executive offices of the Company are located at 3330 Westown Parkway, West Des Moines, Iowa 50266. The Company's telephone number is (515) 222-2300, and its internet address is www.westbankstrong.com. Copies of the Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments thereto are available for viewing or downloading free of charge from the Investor Relations section of the Company's website as soon as reasonably practicable after the documents are filed with or furnished to the SEC. Copies of the Company's filings with the SEC are also available from the SEC's website (www.sec.gov) free of charge.

ITEM 1A. RISK FACTORS

West Bancorporation's business is conducted almost exclusively through West Bank. West Bancorporation and West Bank are subject to many of the common risks that challenge publicly traded, regulated financial institutions. An investment in West Bancorporation's common stock is also subject to the following specific risks. In addition to the risks and uncertainties described below, other risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and results of operations.

Risks Related to Credit Quality***We must effectively manage the credit risks of our loan portfolio.***

The largest component of West Bank's income is interest received on loans. Our business depends on the creditworthiness of our customers. There are risks inherent in making loans, including risks of nonpayment, risks resulting from uncertainties of the future value of collateral, and risks resulting from changes in economic and industry conditions. We attempt to reduce our credit risk through prudent loan application, underwriting and approval procedures, including internal loan reviews before and after proceeds have been disbursed, careful monitoring of the concentration of our loans within specific industries, and collateral and guarantee requirements. These procedures cannot, however, be expected to completely eliminate our credit risks, and we can make no guarantees concerning the strength of our loan portfolio.

The information that we use in managing our credit risk may be inaccurate or incomplete, which may result in an increased risk of default and otherwise have an adverse effect on our business, results of operations and financial condition.

In deciding whether to extend credit or enter into other transactions with clients and counterparties, we may rely on information furnished by or on behalf of clients and counterparties, including financial statements and other financial information. We also may rely on representations of clients and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. Although we regularly review our credit exposure to specific clients and counterparties and to specific industries that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to detect, such as fraud or catastrophic events affecting certain industries. Moreover, such circumstances may become more likely to occur or be detected in periods of general economic uncertainty. We may also fail to receive full information with respect to the risks of a counterparty. In addition, in cases where we have extended credit against collateral, we may find that we are under-secured, for example, as a result of sudden declines in market values that reduce the value of collateral or due to fraud with respect to such collateral. If such events or circumstances were to occur, it could result in potential loss of revenue and have an adverse effect on our business, results of operations and financial condition.

Our loan portfolio includes commercial loans, which involve risks specific to commercial borrowers.

West Bank's loan portfolio includes a significant amount of commercial real estate loans, construction and land development loans, commercial lines of credit and commercial term loans. West Bank's typical commercial borrower is a small- or medium-sized, privately owned Iowa or Minnesota business entity. Commercial loans often have large balances, and repayment usually depends on the borrowers' successful business operations. Commercial loans also are generally not fully repaid over the loan period and thus may require refinancing or a large payoff at maturity. If the general 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. Also, when credit markets tighten due to adverse developments in specific markets or the general economy, opportunities for refinancing may become more expensive or unavailable, resulting in loan defaults.

Our loan portfolio includes commercial real estate loans, which involve risks specific to real estate values.

Commercial real estate loans were a significant portion of our total loan portfolio as of December 31, 2024. The market value of real estate can fluctuate significantly in a short period of time as a result of market conditions in the geographic area in which the real estate is located. Adverse developments affecting real estate values in one or more of our markets could increase the credit risk associated with our loan portfolio. Additionally, commercial real estate lending typically involves higher loan principal amounts, and repayment of the loans is generally dependent, in large part, on sufficient income from the properties securing the loans to cover operating expenses and debt service. Economic events, including governmental regulations outside of the control of the borrower or lender could negatively impact the future cash flows and market values of the affected properties.

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If the loans that are collateralized by real estate become troubled and the value of the real estate has been significantly impaired, then we may not be able to recover the full contractual amount of principal and interest that we anticipated at the time of originating the loans, which could cause us to charge off all or a portion of the loans. This could lead to an increased provision for credit losses and adversely affect our operating results and financial condition.

The level of our commercial real estate loan portfolio may subject us to additional regulatory scrutiny.

The federal banking regulators have promulgated joint guidance on sound risk management practices for financial institutions with concentrations in commercial real estate lending. Under the CRE Guidance, a financial institution that, like West Bank, is actively involved in commercial real estate lending should perform a risk assessment to identify concentrations. A financial institution may have a concentration in commercial real estate lending if, among other factors (i) total reported loans for construction, land development, and other land represent 100 percent or more of total risk-based capital, or (ii) total reported loans secured by multifamily and non-farm non-residential properties, loans for construction, land development and other land, and loans otherwise sensitive to the general commercial real estate market, including loans to commercial real estate related entities, represent 300 percent or more of total risk-based capital. Based on these criteria, West Bank had concentrations of 110 percent and 422 percent, respectively, as of December 31, 2024. The purpose of the CRE Guidance is to assist banks in developing risk management practices and capital levels commensurate with the level and nature of commercial real estate concentrations. The CRE Guidance states that management should employ heightened risk management practices, including board and management oversight, strategic planning, development of underwriting standards, and risk assessment and monitoring through market analysis and stress testing. West Bank believes that its current risk management processes adequately address the regulatory guidance; however, there can be no guarantee of the effectiveness of the risk management processes on an ongoing basis.

We are subject to environmental liability risk associated with real estate collateral securing our loans.

A significant portion of our loan portfolio is secured by real property. Under certain circumstances, we may take title to the real property collateral through foreclosure or other means. As the titleholder of the property, we may be responsible for environmental risks, such as hazardous materials, which attach to the property. For these reasons, prior to extending credit, we have an environmental risk assessment program to identify any known environmental risks associated with the real property that will secure our loans. In addition, we routinely inspect properties following the taking of title. When environmental risks are found, environmental laws and regulations may prescribe our approach to remediation. As a result, while we have ownership of a property, we may incur substantial expense and bear potential liability for any damages caused. The environmental risks may also materially reduce the property's value or limit our ability to use or sell the property. We also cannot guarantee that our environmental risk assessment will detect all environmental issues relating to a property, which could subject us to additional liability.

Risks Related to Accounting Policies and Estimates

Our allowance for credit losses may be insufficient to absorb potential losses in our loan portfolio.

We maintain an allowance for credit losses at a level we believe adequate to absorb current expected credit losses based on an analysis of the loan portfolio. The level of the allowance reflects management's estimate of current expected losses in the portfolio as of the balance sheet date and is based on a cash flow-based model that considers available relevant information about the collectability of cash flows, including information about past events, current conditions, and reasonable and supportable forecasts.

Determination of the allowance is inherently subjective as it requires significant estimates and management's judgment of credit risks and future trends, all of which may undergo material changes. Deterioration in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of our control, may require an increase in the allowance for credit losses. In addition, bank regulatory agencies periodically review our allowance and may require an increase in the provision for credit losses or the recognition of additional loan charge-offs, based on judgments different from those of management. Also, if charge-offs in future periods exceed the allowance for credit losses, we will need additional provisions to increase the allowance. Any increases in provisions will result in a decrease in net income and capital and may have a material adverse effect on our financial condition and results of operations.

Our accounting policies and methods are the basis for how we report our financial condition and results of operations, and they may require management to make estimates about matters that are inherently uncertain.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Our management must exercise judgment in selecting and applying many of these accounting policies and methods in order to ensure they comply with U.S. generally accepted accounting principles (GAAP) and reflect management's judgment as to the most appropriate manner in which to record and report our financial condition and results of operations. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which might be reasonable under the circumstances. The application of the chosen accounting policy or method might result in us reporting different amounts than would have been reported under a different alternative. If management's estimates or assumptions are incorrect, the Company may experience a material loss.

Changes in accounting policies or standards could materially impact our financial statements.

From time to time, the FASB and the SEC change the financial accounting and reporting standards or the interpretation of those standards that govern the preparation of our financial statements. Such changes may result in us being subject to new or changing accounting and reporting standards. In addition, trends in financial and business reporting, including new disclosure requirements, could require us to incur additional reporting expense. These changes are beyond our control, can be difficult to predict and could have a material adverse impact on our financial condition and results of operations.

If a significant portion of any unrealized losses in our portfolio of investment securities were to incur credit losses, we would recognize a material charge to our earnings, and our capital ratios would be adversely impacted.

Factors beyond our control can significantly influence the fair value of investment securities in our portfolio and can cause potential adverse changes to the fair value of those securities. These factors include, but are not limited to, changes in interest rates, rating agency downgrades of the securities, defaults by the issuer or individual mortgagors with respect to the underlying securities, and instability in the credit markets. Any of the foregoing factors could result in realized losses in future periods.

We analyze our investment securities quarterly to determine whether, in the opinion of management, any of the securities have credit losses. To the extent that any portion of the unrealized losses in our portfolio of investment securities is determined to have credit losses, we will recognize a charge to our earnings in the quarter during which such determination is made, and our capital ratios will be adversely impacted. 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.

At December 31, 2024, we had \$128.8 million of net unrealized losses in our securities portfolio. If we are forced to liquidate any of those investments prior to maturity, including because of a lack of liquidity, we would recognize as a charge to earnings the losses attributable to those securities. Our securities portfolio has an average duration of 6.4 years, so we expect an increase in unrealized losses in rising interest rate environments.

Failure to maintain effective internal controls over financial reporting could impair our ability to accurately and timely report our financial results and could increase the risk of fraud.

Effective internal controls over financial reporting are necessary to provide reliable financial reports and prevent fraud. Management believes that our internal controls over financial reporting are currently effective. While management will continue to assess our controls and procedures and take immediate action to remediate any future perceived issues, there can be no guarantee of the effectiveness of these controls and procedures on an ongoing basis. Any failure to maintain an effective internal control environment could impact our ability to report our financial results on an accurate and timely basis, which could result in regulatory actions, loss of investor confidence, and an adverse impact on our business operations and stock price.

Risks Related to Information Security and Business Interruption

The occurrence of fraudulent activity, breaches or failures of our information security controls or cybersecurity-related incidents could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

As a bank, we are susceptible to fraudulent activity, information security breaches and cybersecurity-related incidents that may be committed against us, our third-party partners or our clients, which may result in financial losses or increased costs to us or our customers, disclosure or misuse of our information or our client information, misappropriation of assets, privacy breaches against our customers, litigation or damage to our reputation. Such fraudulent activity may take many forms, including check fraud, electronic fraud, wire fraud, phishing, social engineering and other dishonest acts. Information security breaches and cybersecurity-related incidents may include fraudulent or unauthorized access to systems used by us, our customers or third-party vendors, denial or degradation of service attacks, and malware or other cyber attacks.

There continues to be a rise in electronic fraudulent activity, security breaches and cyber attacks within the financial services industry, especially in the commercial banking sector due to cyber-criminals targeting commercial bank accounts, and as a result of increasingly sophisticated methods of conducting cyber attacks, including those employing artificial intelligence. Moreover, in recent periods, several large corporations, including financial institutions, third party partners specializing in providing services to financial institutions, and retail companies, have suffered major data breaches, in some cases exposing not only confidential and proprietary corporate information, but also sensitive financial and other personal information of their customers and employees and subjecting them to potential fraudulent activity. Some of our customers may have been affected by these breaches, which could increase their risks of identity theft and other fraudulent activity that could involve their accounts with us.

Information pertaining to us and our customers is maintained, and transactions are executed, on networks and systems maintained by us and certain third-party partners, such as our online banking, mobile banking and core deposit and loan recordkeeping systems. The secure maintenance and transmission of confidential information, as well as execution of transactions over these systems, are essential to protect us and our customers against fraud and security breaches and to maintain the confidence of our customers. Breaches of information security also may occur through intentional or unintentional acts by those having access to our systems or the confidential information of our customers, including employees. In addition, increases in criminal authorized activity levels and sophistication, advances in computer capabilities, new discoveries, vulnerabilities in third-party technologies (including browsers and operating systems), or other developments could result in a compromise or breach of the technology, processes and controls that we use to prevent fraudulent transactions and to protect data about us, our customers and underlying transactions, as well as the technology used by our customers to access our systems. Our third-party partners' inability to anticipate, or failure to adequately mitigate, breaches of security could result in a number of negative events, including losses to us or our customers, loss of business or customers, damage to our reputation, the incurrence of additional expenses, disruption to our business, additional regulatory scrutiny or penalties, or our exposure to civil litigation and possible financial liability, any of which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Furthermore, there has been heightened legislative and regulatory focus on privacy, data protection and information security. New or revised laws and regulations, including with respect to the use of artificial intelligence by financial institutions and service providers, may significantly impact our current and planned privacy, data protection and information security-related practices, the collection, use, retention and safeguarding of customer and employee information, and current or planned business activities. Compliance with current or future privacy, data protection and information security laws could result in higher compliance and technology costs and could restrict our ability to provide certain products and services, which could adversely affect our business, financial condition or results of operations.

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Issues with the use of artificial intelligence in our marketplace may result in reputational harm or liability, or could otherwise adversely affect our business.

Artificial intelligence, including generative artificial intelligence, is or may be enabled by or integrated into our products or those developed by our third-party partners. As with many developing technologies, artificial intelligence presents risks and challenges that could affect its further development, adoption, and use, and therefore our business. Artificial intelligence algorithms may be flawed, for example datasets may contain biased information or otherwise be insufficient; and inappropriate or controversial data practices could impair the acceptance of artificial intelligence solutions and result in burdensome new regulations. If the analyses that products incorporating artificial intelligence assist in producing for us or our third-party partners are deficient, biased or inaccurate, we could be subject to competitive harm, potential legal liability and brand or reputational harm. The use of artificial intelligence may also present ethical issues. If we or our third-party partners offer artificial intelligence enabled products that are controversial because of their purported or real impact on human rights, privacy, or other issues, we may experience competitive harm, potential legal liability and brand or reputational harm. In addition, we expect that governments will continue to assess and implement new laws and regulations concerning the use of artificial intelligence, which may affect or impair the usability or efficiency of our products and services and those developed by our third-party partners.

We depend on information technology and telecommunications systems of third parties, and any systems failures, interruptions or data breaches involving these systems could adversely affect our operations and financial condition.

Our business is highly dependent on the successful and uninterrupted functioning of our information technology and telecommunications systems, third-party servicers, accounting systems, mobile and online banking platforms and financial intermediaries. We outsource to third parties many of our major systems, such as data processing and mobile and online banking. The failure of these systems, or the termination of a third-party software license or service agreement on which any of these systems is based, could interrupt our operations. Because our information technology and telecommunications systems interface with and depend on third-party systems, we could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. A system failure or service denial could result in a deterioration of our ability to process loans or gather deposits and provide customer service, compromise our ability to operate effectively, result in potential noncompliance with applicable laws or regulations, damage our reputation, result in a loss of customer business or subject us to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In addition, failures of third parties to comply with applicable laws and regulations, or fraud or misconduct on the part of employees of any of these third parties, could disrupt our operations or adversely affect our reputation.

It may be difficult for us to replace some of our third-party vendors, particularly vendors providing our core banking and information services, in a timely manner if they are unwilling or unable to provide us with these services in the future for any reason, and even if we are able to replace them, it might be at higher cost or result in the loss of customers. Any such events could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Our operations rely heavily on the secure processing, storage and transmission of information and the monitoring of a large number of transactions on a minute-by-minute basis, and even a short interruption in service could have significant consequences. We also interact with and rely on retailers, for whom we process transactions, as well as financial counterparties and regulators. Each of these third parties may be targets of the same types of fraudulent activity, computer break-ins and other cybersecurity breaches described above, and the cybersecurity measures that they maintain to mitigate the risk of such activity may be different than our own and may be inadequate.

As a result of financial entities and technology systems becoming more interdependent and complex, a cyber incident, information breach or loss, or technology failure that compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including ourselves. As a result of the foregoing, our ability to conduct business may be adversely affected by any significant disruptions to us or to third parties with whom we interact.

Other Risks Related to West Bank's Operations and the Economy

We are subject to liquidity risks.

West Bank maintains liquidity primarily through customer deposits and other short-term funding sources, including advances from the Federal Home Loan Bank (FHLB) and the Federal Reserve discount window, brokered deposits and purchased federal funds.

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If economic influences change so that we do not have access to short-term credit, or our depositors withdraw a substantial amount of their funds for other uses, West Bank might experience liquidity issues. Our efforts to monitor and manage liquidity risk may not be successful or sufficient to deal with dramatic or unanticipated reductions in our liquidity. If this were to occur and additional short-term borrowings or debt is needed for liquidity purposes in the future, there can be no assurance that such borrowings or debt would be available or, if available, would be on favorable terms. If we increase our short-term borrowings or debt, our cost of funds will increase, thereby reducing our net interest income, or we may need to sell a portion of our investment portfolio, which, depending upon market conditions, could result in the Company or West Bank realizing losses. At December 31, 2024, our borrowed funds decreased to \$392.6 million, compared to \$592.6 million at December 31, 2023. The overall decrease included reductions of \$150.3 million in federal funds purchased and other short-term borrowings, \$25.0 million in FHLB advances associated with long-term interest rate swaps and \$20.0 million in FHLB advances with a fixed interest rate. Although we believe West Bank's current sources of funds are adequate for its liquidity needs, there can be no assurance in this regard for the future.

The competition for banking and financial services in our market areas is high, which could adversely affect our financial condition and results of operations.

We operate in highly competitive markets and face strong competition in originating loans, seeking deposits and offering our other services. We compete in making loans, attracting deposits, and recruiting and retaining talented employees. The Des Moines metropolitan market area, in particular, has attracted many new financial institutions within the last two decades. We also compete with nonbank financial service providers, such as financial technology companies, many of which are not subject to the same regulatory restrictions that we are and may be able to compete more effectively as a result.

Customer loyalty can be influenced by a competitor's new products, especially if those offerings are priced lower than our products. Some of our competitors may also be better able to attract customers because they provide products and services over a larger geographic area than we serve. This competitive climate can make it more difficult to establish and maintain relationships with new and existing customers, lower the rate that we are able to charge on loans, and affect our charges for other services. Our growth and profitability depend on our continued ability to compete effectively within our markets, and our inability to do so could have a material adverse effect on our financial condition and results of operations.

Loss of customer deposits due to increased competition could increase our funding costs.

We rely on customer deposits to be a low cost and stable source of funding. We compete with banks and other financial services companies, including digital asset service providers, for deposits. If our competitors raise the rates they pay on deposits, we may need to raise our rates to avoid losing deposits. Deposit balances can decrease when customers perceive alternative investments, such as money market funds, treasury securities, and certificates of deposit at other financial institutions as providing a better risk/return trade-off. If customers move money out of bank deposits and into other investments, we could lose a relatively low cost source of funds, which would require us to seek other, potentially more expensive funding alternatives. Higher funding costs could reduce our net interest margin and net interest income and could have a material adverse effect on our financial condition and results of operations.

Damage to our reputation could adversely affect our business.

Our business depends upon earning and maintaining the trust and confidence of our customers, stockholders and employees. Damage to our reputation could cause significant harm to our business. Harm to our reputation can arise from numerous sources, including employee misconduct, vendor nonperformance, cybersecurity breaches, compliance failures, litigation or governmental investigations, among other things. In addition, a failure to deliver appropriate standards of service, or a failure or perceived failure to treat customers and clients fairly, can result in customer dissatisfaction, litigation, and heightened regulatory scrutiny, all of which can lead to lost revenue, higher operating costs and harm to our reputation. Adverse publicity about West Bank, whether or not true, may also result in harm to our business. Should any events or circumstances that could undermine our reputation occur, there can be no assurance that any lost revenue from customers opting to move their business to another institution and the additional costs and expenses that we may incur in addressing such issues would not adversely affect our financial condition and results of operations.

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We are subject to various legal claims and litigation.

We are periodically involved in routine litigation incidental to our business. Regardless of whether these claims and legal actions are founded or unfounded, if such legal actions are not resolved in a manner favorable to us, they may result in significant financial liability and/or adversely affect the Company's reputation. In addition, litigation can be costly. Any financial liability, litigation costs or reputational damage caused by these legal claims could have a material adverse impact on our business, financial condition and results of operations.

The soundness of other financial institutions could adversely affect us.

Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. We have exposure to many different industries and counterparties, and we routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks and other institutional clients. Many of these transactions expose us to credit risk in the event of default by our counterparty or client. In addition, our credit risk may be exacerbated when the collateral held by us cannot be realized or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due us. There is no assurance that any such losses would not materially and adversely affect our results of operations or earnings. Additionally, we may be negatively affected by brand or reputational harm to other community banks or to the community banking industry.

We may experience difficulties in managing our growth.

In the future, we may decide to expand into additional communities or attempt to strengthen our position in our current markets through opportunistic acquisitions of all or part of other financial institutions or related businesses or through the hiring of teams of bankers from other financial institutions that we believe provide a strategic fit with our business, or by opening new locations. To the extent that we undertake acquisitions or new office openings, we are likely to experience the effects of higher operating expense relative to operating income from the new operations, which may have an adverse effect on our overall levels of reported net income, return on average equity and return on average assets. To the extent we hire teams of bankers from other financial institutions, our salaries and employee benefits expense will likely increase, which may have an adverse effect on our net income, without any guarantee that the new banking team will be successful in generating new business. Other effects of engaging in such growth strategies may include potential diversion of our management's time and attention and general disruption to our business.

To the extent that we grow through acquisitions or office openings, we cannot provide assurance that we will be able to adequately or profitably manage such growth. Acquiring other banks and businesses will involve risks similar to those commonly associated with new office openings, but may also involve additional risks. These additional risks include potential exposure to unknown or contingent liabilities of banks and businesses we acquire, exposure to potential asset quality issues of the acquired bank or related business, difficulty and expense of integrating the operations and personnel of banks and businesses we acquire, and the possible loss of key employees and customers of the banks and businesses we acquire.

Maintaining or increasing our market share may depend on lowering prices and the adoption of new products and services.

Our success depends, in part, on our ability to adapt our products and services to evolving industry standards and customer needs. There may be increased pressure to provide products and services at lower prices. Lower prices can reduce our net interest margin and revenues from our fee-based products and services. In addition, the widespread adoption of new technologies could require us to make substantial expenditures to modify or adapt our existing products and services. Also, these and other capital investments in our business may not produce expected growth in earnings anticipated at the time of the expenditure. We may not be successful in introducing new products and services, achieving market acceptance of our products and services, or developing and maintaining loyal customers.

The loss of the services of any of our senior executive officers or key personnel could cause our business to suffer.

Much of our success is due to our ability to attract and retain senior management and key personnel experienced in banking and financial services who are very involved in the communities we currently serve. Our continued success depends to a significant extent upon the continued services of relatively few individuals. In addition, our success depends in significant part upon our senior management's ability to develop and implement our business strategies. The loss of services of a few of our senior executive officers or key personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business, financial condition or results of operations, at least in the short term.

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Labor shortages and a failure to attract and retain qualified employees could negatively impact our business, results of operations and financial condition.

A number of factors may adversely affect the labor force available to us or increase labor costs, including changes in unemployment levels and decreased labor force size and participation rates. Although we have not experienced any material labor shortage to date, we have recently observed an overall tightening and increasingly competitive local labor market. A sustained labor shortage or increased turnover rates within our employee base could lead to increased costs, such as increased compensation expense to attract and retain employees.

In addition, if we are unable to hire and retain employees capable of performing at a high-level, or if mitigation measures we take to respond to a decrease in labor availability have unintended negative effects, our business could be adversely affected. An overall labor shortage, lack of skilled labor, increased turnover or labor-driven inflation, caused by general macroeconomic factors, could have a material adverse impact on our business, results of operations and financial condition.

Changes in interest rates could negatively impact our financial condition and results of operations.

Our earnings and cash flows are largely dependent on our net interest income, which is the difference between the interest income we earn on interest-earning assets, such as loans and investment securities, and the interest expense that we pay on interest-bearing liabilities, such as deposits and borrowings. Additionally, changes in interest rates also affect our ability to fund our operations with client deposits and the fair value of securities in our investment portfolio and derivatives portfolio. Therefore, any change in general market interest rates, including changes in federal fiscal and monetary policies, can have a significant effect on our net interest income and results of operations. Interest rates are sensitive to many factors, including government monetary and fiscal policies, domestic and international economic and political conditions and competition. Following a series of significant increases to the target federal funds rate made by the Federal Reserve throughout 2022 and 2023 as part of an effort to combat elevated levels of inflation affecting the U.S. economy, the Federal Reserve began enacting incremental rate cuts at the end of 2024. While additional rate cuts are anticipated in 2025, the occurrence or significance of changes in interest rates cannot be predicted.

Our interest-earning assets and interest-bearing liabilities may react in different degrees to changes in market interest rates. Interest rates on some types of assets and liabilities may fluctuate prior to changes in broader market interest rates, while rates on other types of assets and liabilities may lag behind. The result of these changes to rates may cause differing spreads on interest-earning assets and interest-bearing liabilities. We cannot control or accurately predict changes in market rates of interest.

A large percentage of our securities have fixed interest rates and are classified as available for sale. As is the case with many financial institutions, our emphasis on increasing the development of core deposits, those with no stated maturity date, has resulted in our interest-bearing liabilities having a shorter duration than our interest-earning assets. This imbalance can create significant earnings volatility because interest rates change over time. As interest rates have increased in recent periods, our cost of funds has increased more rapidly than the yields on a substantial portion of our interest-earning assets. In addition, the market value of our securities portfolio has declined in recent periods. At December 31, 2024, we had \$128.8 million of net unrealized losses in the securities portfolio. In line with the foregoing, we have experienced and may continue to experience an increase in the cost of interest-bearing liabilities, primarily due to raising the rates we pay on some of our deposit products to stay competitive within our market, and an increase in borrowing costs stemming from increases in the federal funds rate. Community banks, such as West Bank, rely more heavily than larger institutions on net interest income as a revenue source. Larger institutions generally have more diversified sources of noninterest income.

Our business is subject to domestic and, to a lesser extent, international economic conditions and other factors, many of which are beyond our control and could materially and adversely affect us.

Our financial performance generally, and in particular the ability of customers to pay interest on and repay principal on outstanding loans and the value of collateral securing those loans, as well as demand for loans and other products and services we offer, is highly dependent upon the business environment, not only in the markets where we operate, but also in the states of Iowa and Minnesota, generally, in the United States as a whole, and internationally. A favorable business environment is generally characterized by, among other factors, economic growth, efficient capital markets, low inflation, low unemployment, high business and investor confidence, and strong business earnings. Unfavorable or uncertain economic and market conditions can be caused by declines in economic growth, business activity, or investor or business confidence; limitations on the availability or increases in the cost of credit and capital; inflation or interest rates; recent developments and events in the financial services industry, including the large-scale deposit withdrawals over a short period of time that resulted in several bank failures; high unemployment; uncertainty in U.S. trade policies, legislation, treaties and tariffs; natural disasters; acts of war or terrorism; widespread disease or pandemics; or a combination of these or other factors. Such unfavorable conditions could materially and adversely affect us.

The financial markets and the global economy may also be adversely affected by the current or anticipated impact of military conflict, including the current conflicts between Russia and Ukraine and between Israel and Palestine, which are increasing volatility in commodity and energy prices, creating supply chain issues and causing instability in financial markets and political systems. Sanctions imposed by the United States and other countries in response to such conflicts could further adversely impact the financial markets and the global economy, and any economic countermeasures by the affected countries or others could exacerbate market and economic instability. The specific consequences of the conflicts on our business are difficult to predict at this time, but in addition to inflationary pressures affecting our operations and those of our customers and borrowers, we may also experience an increase in cyberattacks against us, our customers and borrowers, service providers and other third parties.

Continued elevated levels of inflation could adversely impact our business, results of operations and financial condition.

The United States recently experienced elevated levels of inflation throughout 2022 and 2023. Inflationary pressures moderated in 2024, but future inflation metrics are uncertain for 2025 and onward. Continued elevated levels of inflation could have complex effects on our business, results of operations and financial condition, some of which could be materially adverse. For example, while we generally expect any inflation-related increases in our interest expense to be offset by increases in our interest revenue, inflation-driven increases in our levels of noninterest expense could negatively impact our results of operations. Elevated levels of inflation could also cause increased volatility and uncertainty in the business environment, which could adversely affect loan demand and our clients' ability to repay indebtedness. It is also possible that governmental responses to elevated inflation rates could adversely affect our business, such as changes to monetary and fiscal policy that are too strict, or the imposition or threatened imposition of price controls. The duration and severity of the current inflationary period cannot be estimated with precision.

We are required to maintain capital to meet regulatory requirements, and if we fail to maintain sufficient capital, whether due to an inability to raise capital, operational losses, or otherwise, our financial condition, liquidity and results of operations, as well as our ability to maintain regulatory compliance, could be adversely affected.

The Company and West Bank are required by federal and state regulatory authorities to maintain adequate levels of capital to support their operations. The ability to raise additional capital, when and if needed, will depend on conditions in the capital markets, economic conditions, and a number of other factors, including investor perceptions regarding the banking industry and market conditions, and governmental activities, many of which are outside of our control, as well as on our financial condition and performance. Accordingly, we cannot provide assurance that we will be able to raise additional capital, if needed, or do so on terms acceptable to us. Failure to meet these capital and other regulatory requirements could affect customer confidence, our ability to grow, our costs of funds, FDIC insurance costs, our ability to pay dividends on common stock and to make distributions on our junior subordinated debentures, our ability to make acquisitions, our ability to make certain discretionary bonus payments to executive officers, and our results of operations and financial condition.

Risks Related to the Supervision and Regulation of the Banking Industry and Government Policies***We may be materially and adversely affected by the highly regulated environment in which we operate.***

We are subject to extensive federal and state regulation, supervision and examination. A more detailed description of the primary federal and state banking laws and regulations that affect us is contained in Item 1 of this Form 10-K in the section captioned "Supervision and Regulation." Banking regulations are primarily intended to protect depositors' funds, FDIC funds, customers and the banking system as a whole, rather than our stockholders. These regulations affect our lending practices, capital structure, investment practices, dividend policy and growth, among other things.

As a financial holding company, we are subject to extensive regulation and supervision and undergo periodic examinations by our regulators, who have extensive discretion and authority to prevent or remedy unsafe or unsound practices or violations of law by banks and financial holding companies. Failure to comply with applicable laws, regulations or policies could result in sanctions by regulatory agencies, civil monetary penalties and/or damage to our reputation, which could have a material adverse effect on us. Although we have policies and procedures designed to mitigate the risk of any such violations, there can be no assurance that such violations will not occur.

Current or proposed regulatory or legislative changes to laws applicable to the financial industry may impact the profitability of our business activities and may change certain of our business practices, including our ability to offer new products, obtain financing, attract deposits, make loans and achieve satisfactory interest spreads, and could expose us to additional costs, including increased compliance costs. In addition, political developments, including the possible implementation of policies proposed by the new presidential administration, including tariffs, mass deportations and tax or financial regulations or the appointment of new personnel in regulatory agencies, add uncertainty to the implementation, scope and timing of regulatory reforms. These changes may also require us to invest significant management attention and resources to make any necessary changes to operations in order to comply and could therefore materially and adversely affect our business, financial condition and results of operations.

Monetary policies and regulations of the Federal Reserve could adversely affect our business, financial condition and results of operations.

In addition to being affected by general economic conditions, our earnings and growth are affected by the policies of the Federal Reserve. An important function of the Federal Reserve is to regulate the money supply and credit conditions. Among the options available to the Federal Reserve to implement these objectives are open market operations in U.S. government securities, adjustments of the discount rate, and changes in reserve requirements against bank deposits. These monetary policy options are used in varying combinations to influence overall economic growth and the distribution of credit, bank loans, investments and deposits. Their use also affects interest rates charged on loans or paid on deposits.

Following a series of significant increases to the target federal funds rate made by the Federal Reserve throughout 2022 and 2023 as part of an effort to combat elevated levels of inflation that affected the U.S. economy, the Federal Reserve began enacting incremental rate cuts in 2024. While additional rate cuts are anticipated in 2025, the occurrence or significance of changes in interest rates cannot be predicted.

Given the complex factors affecting the strength of the U.S. economy, including uncertainties regarding the persistence of inflation, geopolitical developments such as the conflicts in the Middle East and the Russian invasion of Ukraine and resulting disruptions in the global energy market, tight labor market conditions domestically, supply chain issues both domestically and internationally and the potential effects of the new presidential administration, including the possible implementation of new tariffs, mass deportations and changes to tax or other financial regulations, there is a meaningful risk that the Federal Reserve and other central banks may maintain high interest rates or elect to make fewer or smaller interest rate cuts than anticipated, thereby limiting economic growth and potentially causing an economic recession or other political instability. This could decrease loan demand, harm the credit characteristics of our existing loan portfolio, impact our net interest income, impact the value of our investment securities portfolio, and decrease the value of collateral securing loans.

The monetary policies and regulations of the Federal Reserve have had a significant effect on our operating results and those of commercial banks in the past and are expected to continue to do so in the future. The specific impact of such policies upon our business, financial condition and results of operations cannot be predicted.

Other Risks Related to the Banking Industry in General

Technology is changing rapidly and may put us at a competitive disadvantage.

The banking industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services. Effective use of technology increases efficiency and enables banks to better serve customers. Our future success depends, in part, on our ability and the ability of our third-party partners to effectively implement new technology. The widespread adoption of new technologies, including mobile banking services, artificial intelligence, cryptocurrencies and payment systems, could require us in the future to make substantial expenditures to modify or adapt our existing products and services as we grow and develop new products to satisfy our customers' expectations and comply with regulatory guidance. Many of our larger competitors have substantially greater resources than we do to invest in technological improvements. As a result, they may be able to offer, or more quickly offer, additional or superior products that could put West Bank at a competitive disadvantage.

Consumers may decide not to use banks to complete their financial transactions, which could adversely affect our business and results of operations.

Technology and other changes are allowing parties to complete financial transactions that historically have involved banks through alternative methods. For example, consumers can maintain funds that would have historically been held as bank deposits in brokerage accounts or mutual funds. Consumers can also complete transactions such as paying bills and transferring funds directly without the assistance of banks.

While we do not offer products relating to digital assets, including cryptocurrencies, stablecoins or other similar assets, there has been a significant increase in digital asset adoption globally over the past several years. Certain characteristics of digital asset transactions, such as the speed with which such transactions can be conducted, the ability to transact without the involvement of regulated intermediaries, the ability to engage in transactions across multiple jurisdictions, and the anonymous nature of the transactions, are appealing to certain consumers notwithstanding the various risks posed by such transactions. Accordingly, digital asset service providers which, at present are not subject to the same degree of scrutiny and oversight as banking organizations and other financial institutions, are becoming active competitors to more traditional financial institutions.

The process of eliminating banks as intermediaries, known as "disintermediation", could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from deposits. The loss of these revenue streams and the lower cost deposits as a source of funds could have a material adverse effect on our business, financial condition and results of operations. Potential partnerships with digital asset companies, moreover, could also entail significant investment.

Climate change could adversely affect our business, affect client activity levels and damage our reputation.

Concerns over the long-term impacts of climate change have led and will continue to lead to governmental efforts around the world to mitigate those impacts. Consumers and businesses also may change their behavior on their own as a result of these concerns. New governmental regulations or guidance relating to climate change, as well as changes in consumers' and businesses' behaviors and business preferences, may affect whether and on what terms and conditions we will engage in certain activities or offer certain products or services. The governmental and supervisory focus on climate change could also result in our becoming subject to new or heightened regulatory requirements, such as requirements relating to operational resiliency or stress testing for various climate stress scenarios. Any such new or heightened requirements could result in increased regulatory, compliance or other costs or higher capital requirements. In connection with the transition to a low carbon economy, legislative or public policy changes and changes in consumer sentiment could negatively impact the businesses and financial condition of our clients, which may decrease revenues from those clients and increase the credit risk associated with loans and other credit exposures to those clients. Our business, reputation and ability to attract and retain employees may also be harmed if our response to climate change is perceived to be ineffective or insufficient.

Furthermore, the long-term impacts of climate change could have a negative impact on our customers and their businesses, as well as the stability of our deposit base. Physical risks include extreme storms and other weather related events that damage or destroy property and inventory securing loans we make, or may interrupt our customers' business operations, putting them in financial difficulty, and increasing the risk of default. Our customers are also facing changes in energy and commodity prices driven by climate change, as well as new regulatory requirements resulting in increased operational costs.

Risks Related to West Bancorporation's Common Stock***Our stock is relatively thinly traded.***

Although our common stock is traded on the Nasdaq Global Select Market, the average daily trading volume of our common stock is relatively small compared to many public companies. The desired market characteristics of depth, liquidity, and orderliness require the substantial presence of willing buyers and sellers in the marketplace at any given time. In our case, this presence depends on the individual decisions of a relatively small number of investors and general economic and market conditions over which we have no control. Due to the relatively small trading volume of our common stock, significant sales of our common stock, or the expectation of these sales, could cause the stock price to fall more than would be justified by the inherent worth of the Company. Conversely, attempts to purchase a significant amount of our stock could cause the market price to rise above the reasonable inherent worth of the Company.

The stock market can be volatile, and fluctuations in our operating results and other factors could cause our stock price to decline.

The stock market has experienced, and may continue to experience, fluctuations that significantly impact the market prices of securities issued by many companies. Market fluctuations could adversely affect our stock price. These fluctuations have often been unrelated or disproportionate to the operating performance of particular companies. These broad market fluctuations, as well as general economic, systemic, political and market conditions, such as recessions, loss of investor confidence, interest rate changes, government shutdowns, presidential elections, international trade wars or international currency fluctuations may negatively affect the market price of our common stock. Moreover, our operating results may fluctuate and vary from period to period due to the risk factors set forth herein. As a result, period-to-period comparisons should not be relied upon as an indication of future performance. Our stock price could fluctuate significantly in response to the impact of these risk factors.

Issuing additional common or preferred stock may adversely affect the market price of our common stock, and capital may not be available when needed.

The Company may issue additional shares of common or preferred stock in order to raise capital at some date in the future to support continued growth, either internally generated or through acquisitions. Common shares have been and will be issued through the Company's 2017 Equity Incentive Plan and the Company's 2021 Equity Incentive Plan as grants of restricted stock units vest. As additional shares of common or new shares of preferred stock are issued, the ownership interests of our existing stockholders may be diluted. The market price of our common stock might decline or fail to increase in response to issuing additional common or new preferred stock. Our ability to raise additional capital, if needed, will depend on conditions in the capital markets at that time, which are outside of our control. Accordingly, we cannot provide any assurance that we will be able to raise additional capital, if needed, on acceptable terms. If we cannot raise additional capital when needed, our ability to further expand our operations could be materially impaired and our financial condition and liquidity could be materially and adversely affected.

The holders of our 5.25% Fixed-to-Floating Rate Subordinated Notes due in 2032 and the holders of our junior subordinated debentures have rights that are senior to those of our common stockholders.

As of December 31, 2024, the Company had \$20.6 million in junior subordinated debentures outstanding that were issued to the Company's subsidiary trust, West Bancorporation Capital Trust I, and \$60.0 million aggregate principal amount outstanding of the Company's 5.25% Fixed-to-Floating Rate Subordinated Notes due in 2032 (the Notes). The junior subordinated debentures and the Notes are senior to the Company's shares of common stock. As a result, the Company must make payments on the junior subordinated debentures (and the related trust preferred securities (TPS)) and the Notes before any dividends can be paid on its common stock, and in the event of the Company's bankruptcy, dissolution or liquidation, the holders of the debentures and the Notes must be satisfied before any distributions can be made to the holders of the common stock. The Company has the right to defer distributions on the junior subordinated debentures (and the related TPS) for up to five years during which time no dividends may be paid to holders of the Company's common stock. The Company's ability to pay future distributions depends upon the earnings of West Bank and the issuance of dividends from West Bank to the Company, which may be inadequate to service the obligations. Interest payments on the junior subordinated debentures underlying the TPS are classified as "dividends" by the Federal Reserve supervisory policies and therefore are subject to applicable restrictions and approvals imposed by the Federal Reserve Board.

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Our ability to pay dividends is subject to certain limitations and restrictions, and there is no guarantee that we will be able to continue paying the same level of dividends in the future that we have paid in the past or that we will be able to pay future dividends at all.

Holders of our common stock are entitled to receive only such dividends as our board of directors may declare out of funds legally available for such payments. Our board of directors may, in its sole discretion, change the amount or frequency of dividends or discontinue the payment of dividends entirely. The timing, declaration, amount and payment of future cash dividends, if any, will be within the discretion of our board of directors and will depend upon then-existing conditions, including our results of operations, financial condition, capital requirements, investment opportunities, growth opportunities, any legal, regulatory, contractual or other limitations on our ability to pay dividends and other factors our board of directors may deem relevant.

As a non-operating entity, we are dependent on distributions from West Bank to fund dividend payments to our shareholders. The ability of West Bank to pay dividends to us is limited by its obligations to maintain sufficient capital and liquidity and by other general restrictions on dividends that are applicable to the bank, including the requirement under the Iowa Banking Act that West Bank may not pay dividends in excess of its undivided profits. If these regulatory requirements are not met, West Bank will not be able to pay dividends to us, and we may be unable to pay dividends on our common stock.

In addition, as a bank holding company, our ability to declare and pay dividends is subject to the guidelines of the Federal Reserve regarding capital adequacy and dividends. It is the policy of the Federal Reserve that bank holding companies should generally pay dividends on common stock only out of earnings, and only if prospective earnings retention is consistent with the organization's expected future needs, asset quality and financial condition, and that bank holding companies should inform and consult with the Federal Reserve in advance of declaring and paying a dividend that exceeds earnings for the period for which the dividend is being paid. Any future payment of dividends will depend on the Bank's ability to make distributions and payments to us, as these distributions and payments are our principal source of funds to pay dividends.

Also, banking institutions that do not maintain a capital conservation buffer, comprised of Common Equity Tier 1 Capital, of 2.5% above the regulatory minimum capital requirements will face constraints on the payment of dividends, stock repurchases and discretionary bonus payments to executive officers based on the amount of the shortfall, unless prior regulatory approval is obtained.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved comments from the SEC staff.

ITEM 1C. CYBERSECURITY

We rely extensively on various information systems and other electronic resources to operate our business. In addition, nearly all of our customers, service providers and other business partners on whom we depend, including the providers of our online banking, mobile banking and accounting systems, use their own electronic information systems. Any of these systems can be compromised, including by employees, customers and other individuals who are authorized to use them, and bad actors using sophisticated and constantly evolving sets of software, tools and strategies to do so. The nature of our business, as a financial-services provider, and our relative size, make us and our business partners high-value targets for these bad actors to pursue. See "Risks Related to Information Security and Business Interruption" section of the Risk Factors included in Item 1A of this Form 10-K for additional information.

Accordingly, we have devoted significant resources to assessing, identifying and managing risks associated with cybersecurity threats, including:

- Implementing an Information Security Program that establishes policies and procedures for security operations and governance;
- Establishing an Information Security Committee that is responsible for security administration, including conducting regular assessments of our information systems, existing controls, vulnerabilities and potential improvements;
- Implementing layers of controls and not allowing excessive reliance on any single control;
- Employing a variety of preventative and detective tools designed to monitor, block and provide alerts regarding suspicious activity;
- Continuously evaluating tools that can detect and help respond to cybersecurity threats in real-time;
- Leveraging people, processes and technology to manage and maintain cybersecurity controls;
- Maintaining a third party risk management program designed to identify, assess and manage risks associated with external service providers;
- Performing due diligence with respect to our third-party service providers, including their cybersecurity practices;
- Engaging third-party cybersecurity consultants, who conduct periodic penetration testing, vulnerability assessments and other procedures to identify potential weaknesses in our systems and processes; and
- Conducting periodic cybersecurity training for our employees and the Company's Board.

The Information Security Program is a key part of our overall risk management system, which is administered by our Information Security Committee. The program includes administrative, technical and physical safeguards to help protect the security and confidentiality of customer records and information.

From time-to-time, we have identified cybersecurity threats that require us to make changes to our processes and to implement additional safeguards. While none of these identified threats or incidents have materially affected us, it is possible that threats and incidents we identify in the future could have a material adverse effect on our business strategy, results of operations and financial condition.

The Company's management team is responsible for the day-to-day management of cybersecurity risks we face and oversees the Information Security Committee. The Information Security Committee manages the oversight of the information security assessment, development of policies, standards and procedures, testing, training and security report processes for West Bank. The Information Security Committee is comprised of officers with the appropriate expertise and authority to oversee the Information Security Program.

In addition, the Company's Board, both as a whole and through its Risk and Information Technology Committee (Risk Committee) is responsible for the oversight of risk management, including cybersecurity risks. In that role, the Company's Board and the Risk Committee, with support from the Company's management and third party cybersecurity advisors, are responsible for ensuring that the risk management processes designed and implemented by management are adequate and functioning as designed. The Board reviews and approves an information security program, vendor management policy (including third-party service providers), acceptable use policy, incident response policy and business continuity planning policy on an annual basis. All the aforementioned policies are developed and implemented by management of the Company. To carry out their duties, the Board receives updates from the Risk Committee regarding cybersecurity risks and the Company's efforts to prevent, detect, mitigate and remediate any cybersecurity incidents on at least a quarterly basis.

ITEM 2. PROPERTIES

The corporate office of the Company is located in the headquarters building of West Bank, at 3330 Westown Parkway in West Des Moines, Iowa, 50266. West Bank operates ten branch offices in addition to its headquarters office. Four branch offices in the Des Moines, Iowa, metropolitan area are leased. Three of these branch offices are full-service locations, while one is a drive-up only, express location. West Bank owns six full-service branch offices in Coralville and Waukee, Iowa, and Rochester, St. Cloud, Mankato and Owatonna, Minnesota. We believe each of our facilities is adequate to meet our needs.

In 2023, West Bank purchased land in Owatonna, Minnesota for the purpose of constructing a full-service office. West Bank completed construction and opened this new office in January 2025, upon which time the leased office in Owatonna, Minnesota was vacated.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

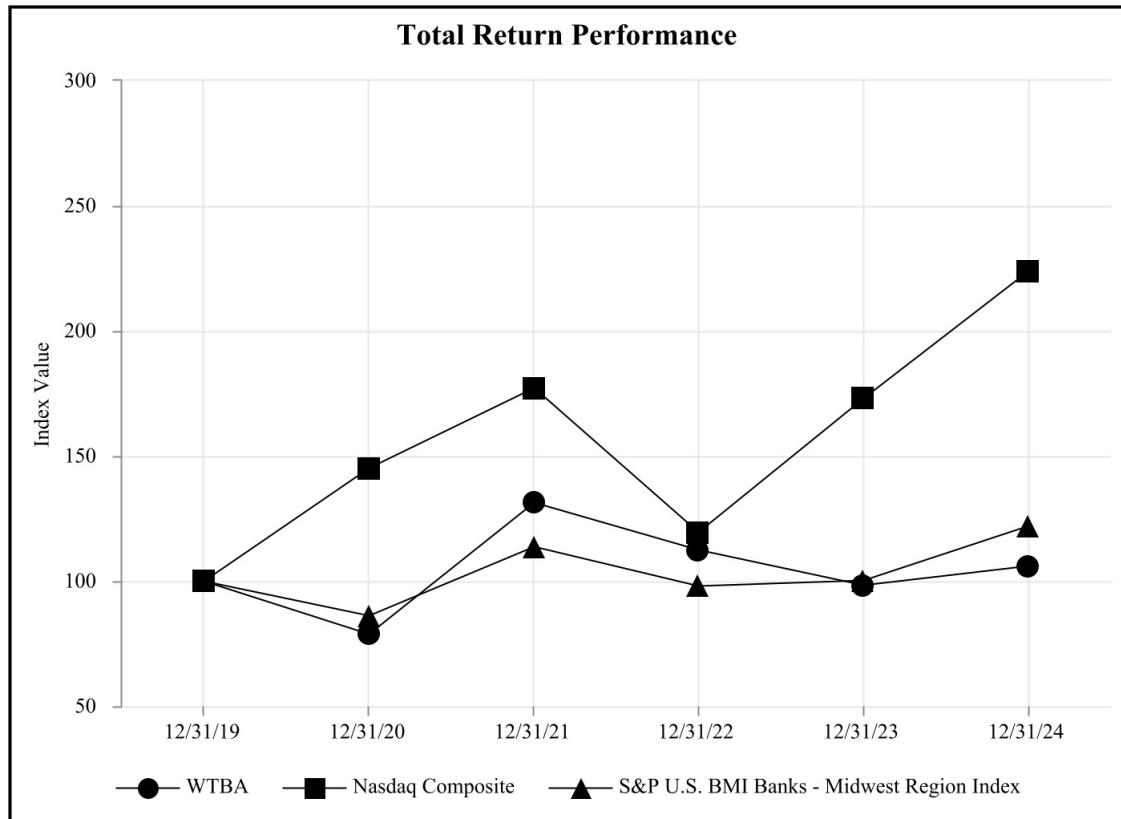
PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES**

West Bancorporation common stock is traded on the Nasdaq Global Select Market under the symbol "WTBA". There were 133 holders of record of the Company's common stock as of February 14, 2025, and an estimated 4,300 additional beneficial holders whose stock was held in street name by brokerages or fiduciaries. The closing price of the Company's common stock was \$22.20 on February 14, 2025.

Total cash dividends paid to common stockholders in both 2024 and 2023 were \$1.00 per common share. Dividend declarations are evaluated and determined by the Board on a quarterly basis, and the dividends are paid quarterly. The Company intends to continue its policy of paying quarterly dividends; however, the ability of the Company to pay dividends in the future will depend primarily upon the earnings of West Bank and its ability to pay dividends to the Company, as well as regulatory requirements of the Federal Reserve relating to the payment of dividends by bank holding companies. The ability of West Bank to pay dividends is governed by various statutes. These statutes provide that a bank may pay dividends only out of undivided profits. In addition, applicable bank regulatory authorities have the power to require any bank to suspend the payment of dividends until the bank complies with all requirements that may be imposed by such authorities.

[Table of Contents](#)**West Bancorporation, Inc. and Subsidiary**

The following performance graph provides information regarding the cumulative, five-year return on an indexed basis of the common stock of the Company as compared with the Nasdaq Composite Index and the S&P U.S. BMI Banks - Midwest Region Index prepared by S&P Global Market Intelligence. The indices assume the investment of \$100 on December 31, 2019, in the common stock of the Company, the Nasdaq Composite Index and the S&P U.S. BMI Banks - Midwest Region Index, with all dividends reinvested. The Company's common stock price performance shown in the following graph is not indicative of future stock price performance.



Index	Period Ending					
	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
West Bancorporation, Inc.	100.00	78.82	131.21	112.28	98.38	105.98
Nasdaq Composite Index	100.00	144.92	177.06	119.45	172.77	223.87
S&P U.S. BMI Banks - Midwest Region Index	100.00	85.98	113.59	98.03	100.08	122.10

*Source: S&P Global Market Intelligence. Used with permission. All rights reserved.

[Table of Contents](#)**West Bancorporation, Inc. and Subsidiary****ITEM 6. Reserved.****ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**
(dollars in thousands, except per share amounts)**INTRODUCTION**

The Company's financial highlights and key performance measures are presented in the table below.

	As of and for the Years Ended December 31,		
	2024	2023	2022
Performance Ratios			
Return on average assets	0.61 %	0.66 %	1.32 %
Return on average equity	10.71 %	11.42 %	20.71 %
Efficiency ratio ⁽¹⁾⁽²⁾	63.25 %	60.73 %	43.70 %
Nonperforming assets/total assets ⁽¹⁾	0.00 %	0.01 %	0.01 %
Net interest margin ⁽²⁾	1.91 %	2.01 %	2.76 %
Dividends and Per Share Data			
Basic earnings per common share	\$ 1.43	\$ 1.44	\$ 2.79
Diluted earnings per common share	1.42	1.44	2.76
Cash dividends per common share	1.00	1.00	1.00
Dividend payout ratio	69.88 %	69.21 %	35.82 %
Dividend yield	4.62 %	4.72 %	3.91 %
Operating Results and Year-End Balances			
Net income	\$ 24,050	\$ 24,137	\$ 46,399
Total assets	4,014,991	3,825,758	3,613,218
Securities available for sale	544,565	623,919	664,115
Loans	3,004,860	2,927,535	2,742,836
Deposits	3,357,596	2,973,779	2,880,408
Borrowings	392,629	592,637	485,855
Stockholders' equity	227,875	225,043	211,112
Average equity to average assets ratio	5.65 %	5.77 %	6.39 %

Definition of ratios:

- Return on average assets - net income divided by average assets.
- Return on average equity - net income divided by average equity.
- 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.
- Nonperforming assets to total assets - total nonperforming assets divided by total assets.
- Net interest margin - tax-equivalent net interest income divided by average interest-earning assets.
- Dividend payout ratio - dividends paid to common stockholders divided by net income.
- Dividend yield - dividends per share paid to common stockholders divided by closing year-end stock price.
- Average equity to average assets ratio - average equity divided by average assets.

(1) A lower ratio is more desirable.

(2) As presented, this is a non-GAAP financial measure. For further information, refer to the section "Non-GAAP Financial Measures" of this item.

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(dollars in thousands, except per share amounts)

The Company's 2024 net income was \$24,050, compared to \$24,137 in 2023. Basic and diluted earnings per common share for 2024 were \$1.43 and \$1.42, respectively, compared to \$1.44 and \$1.44, respectively, in 2023. During 2024, we paid our common stockholders \$16,806 (\$1.00 per common share) in dividends compared to \$16,704 (\$1.00 per common share) in 2023. The dividend declared and paid in the first quarter of 2025 was \$0.25 per common share.

Total assets were \$4,014,991 at December 31, 2024, compared to \$3,825,758 at December 31, 2023, a 4.9 percent increase. Our loan portfolio grew to \$3,004,860 as of December 31, 2024, from \$2,927,535 as of December 31, 2023. Deposits increased to \$3,357,596 as of December 31, 2024, from \$2,973,779 as of December 31, 2023.

The Company compares three key performance metrics to those of an identified peer group for evaluating its results. The peer group for 2024 consists of 21 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., Mercantile Bank Corporation, MidWestOne Financial Group, Inc., Nicolet Bancshares, 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
	As of and for the year ended December 31, 2024	As of and for the year ended December 31, 2024
Return on average equity	10.71%	(11.08%)-14.44%
Efficiency ratio ⁽¹⁾	63.25%	46.23%-73.19%
Nonperforming assets to total assets	0.00%	0.01%-0.80%

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

The following discussion describes the consolidated operations and financial condition of the Company, including its subsidiary West Bank and West Bank's special purpose subsidiaries. Results of operations for the year ended December 31, 2024 are compared to the results for the year ended December 31, 2023 and the consolidated financial condition of the Company as of December 31, 2024 is compared to December 31, 2023. Results of operations and financial condition for the year ended December 31, 2023 compared to the year ended December 31, 2022 can be found in Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company's 2023 annual report on Form 10-K/A filed with the SEC on February 23, 2024.

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(dollars in thousands, except per share amounts)

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This report is based on the Company's audited consolidated financial statements that have been prepared in accordance with GAAP established by the FASB. 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 Company's significant accounting policies are described in the Notes to Consolidated Financial Statements. Based on its consideration of accounting policies that involve the most complex and subjective estimates and judgments, management has identified its most critical accounting policies to be those related to the allowance for credit losses.

Expected credit losses on loans 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 on loans on a collective (pool) basis when the loans share similar risk characteristics and uses a cash flow based model 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 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. Loans that do not share risk characteristics are evaluated on an individual basis.

The Company uses a 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 a 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 loss rate after four quarters. When estimating prepayment speed and curtailment rates, the modeling is based on historical internal data. In addition to the historical loss information, the Company utilizes qualitative factors to adjust the ACL as appropriate. Qualitative factors are based on management's judgment of the changes in underlying loan composition of specific portfolios, trends relating to credit quality and collateral values, company-specific data, or effects of other factors such as market competition or legal and regulatory requirements.

The allowance for credit losses as of December 31, 2024 was \$30,432, or 1.01 percent of outstanding loans, compared to \$28,342, or 0.97 percent of outstanding loans as of December 31, 2023.

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(dollars in thousands, except per share amounts)

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 an 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 fully taxable equivalent basis and efficiency ratio on an adjusted and FTE basis, to their most directly comparable measures under GAAP.

	As and for the Years Ended December 31		
	2024	2023	2022
Reconciliation of net interest income and net interest margin on an FTE basis to GAAP:			
Net interest income (GAAP)	\$ 71,362	\$ 69,031	\$ 91,740
Tax-equivalent adjustment ⁽¹⁾	182	491	1,122
Net interest income on an FTE basis (non-GAAP)	71,544	69,522	92,862
Average interest-earning assets	3,747,528	3,465,964	3,361,091
Net interest margin on an FTE basis (non-GAAP)	1.91 %	2.01 %	2.76 %
Reconciliation of efficiency ratio on an FTE basis to GAAP:			
Net interest income on an FTE basis (non-GAAP)	\$ 71,544	\$ 69,522	\$ 92,862
Noninterest income	8,434	10,066	10,208
Adjustment for realized securities losses, net	1,172	431	—
Adjustment for losses on disposal of premises and equipment, net	47	29	29
Adjusted income	81,197	80,048	103,099
Noninterest expense	51,353	48,611	45,051
Efficiency ratio on an adjusted and FTE basis (non-GAAP) ⁽²⁾	63.25 %	60.73 %	43.70 %

(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.

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(dollars in thousands, except per share amounts)

RESULTS OF OPERATIONS - 2024 COMPARED TO 2023

OVERVIEW

Net income for the year ended December 31, 2024 was \$24,050, compared to \$24,137 for the year ended December 31, 2023. Basic and diluted earnings per common share for 2024 were \$1.43 and \$1.42, respectively, and for 2023 were \$1.44 and \$1.44, respectively.

The modest decrease in net income in 2024 compared to 2023 was primarily due to an increase in noninterest expense and decrease in noninterest income, partially offset by an increase in net interest income and decrease in income tax expense. Net interest income increased \$2,331, or 3.4 percent, in 2024 compared to 2023. The increase in net interest income was primarily due to an increase in interest income on loans and interest-bearing deposits in other financial institutions, partially offset by an increase in interest expense on deposits.

The Company recorded a credit loss expense of \$1,000 in 2024, compared to a credit loss expense of \$700 in 2023. The credit loss expense recorded in 2024 included a \$2,000 increase in the allowance for credit losses related to loans, which was offset by a \$1,000 decrease to the allowance for credit losses related to unfunded commitments.

Noninterest income decreased \$1,632, or 16.2 percent, in 2024 compared to 2023, primarily due to an increase in realized losses on the sales of securities, a decrease in loan swap fees, and a nonrecurring gain from bank-owned life insurance in 2023, partially offset by an increase in trust services revenue. Noninterest expense increased \$2,742, or 5.6 percent, in 2024 compared to 2023, primarily due to increases in occupancy and equipment expense, technology and software expense and FDIC insurance, partially offset by a decrease in business development expenses.

The Company's ratio of nonperforming assets to total assets was 0.00 percent and 0.01 percent as of December 31, 2024 and 2023, respectively. For more discussion on loan quality, see the "Loan Portfolio" and "Summary of the Allowance for Credit Losses" sections in this Item of this Form 10-K.

Net Interest Income

Net interest income increased to \$71,362 for 2024 from \$69,031 for 2023, as the impact of the growth of interest-earning assets and increases in average yields on interest-earning assets exceeded the effects of an increase in average balances of interest-bearing liabilities and increase in average rate paid on interest-bearing liabilities. The net interest margin for 2024 decreased 10 basis points to 1.91 percent, compared to 2.01 percent for 2023. The average yield on earning assets increased by 44 basis points, while the average rate paid on interest-bearing liabilities increased by 52 basis points. For additional analysis of net interest income, see the section captioned "Distribution of Assets, Liabilities and Stockholders' Equity; Interest Rates; and Interest Differential" in this Item of this Form 10-K.

Credit Loss Expense

A credit loss expense of \$1,000 was recorded in 2024, compared to a credit loss expense of \$700 in 2023. The credit loss expense recorded in 2024 included a \$2,000 increase in the allowance for credit losses related to loans, which was offset by a \$1,000 decrease to the allowance for credit losses related to unfunded commitments. The credit loss expense associated with loans recorded in 2024 was primarily due to changes in forecasted loss rates, driven by an increase in forecasted unemployment rate, and an adjustment to qualitative factors within the commercial real estate segment. The negative \$1,000 credit loss expense recorded in 2024 related to unfunded commitments was primarily due to a decrease in the balance of unfunded commitments, primarily from the funding of construction loans. The credit loss expense recorded in 2023 included an allocation of \$500 to the allowance for credit losses related to loans and \$200 to the allowance for credit losses related to unfunded commitments. The credit loss expense in 2023 was primarily due to growth in loans and unfunded loan commitments. Management believed the allowance for credit losses at December 31, 2024 was adequate to absorb expected losses in the loan portfolio as of that date.

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Noninterest Income

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

Noninterest income:	Years ended December 31			
	2024	2023	Change	Change %
Service charges on deposit accounts	\$ 1,843	\$ 1,859	\$ (16)	(0.9)%
Debit card usage fees	1,919	1,980	(61)	(3.1)%
Trust services	3,449	3,068	381	12.4 %
Increase in cash value of bank-owned life insurance	1,126	1,044	82	7.9 %
Gain from bank-owned life insurance	—	691	(691)	(100.0)%
Loan swap fees	—	431	(431)	(100.0)%
Realized securities losses, net	(1,172)	(431)	(741)	(171.9)%
Other income	1,269	1,424	(155)	(10.9)%
Total noninterest income	\$ 8,434	\$ 10,066	\$ (1,632)	(16.2)%

Revenue from trust services was higher in 2024 compared to 2023 primarily due to increases in one-time estate fees and the higher market value of trust assets. The gain from bank-owned life insurance that occurred in 2023 was the result of a death benefit claim. Loan swap fees in 2023 consisted of fees earned in the back-to-back swap program.

In 2024, the Company sold \$11,841 of securities from the available for sale securities portfolio and realized a net loss of \$1,172, compared to sales of \$11,285 of securities available for sale and a realized net loss of \$431 in 2023. The proceeds from both periods were reinvested in the loan portfolio. The estimated earn back period of the 2024 transaction is approximately two years.

Noninterest Expense

The following table shows the variance from the prior year 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.

Noninterest expense:	Years ended December 31			
	2024	2023	Change	Change %
Salaries and employee benefits	\$ 27,588	\$ 27,060	\$ 528	2.0 %
Occupancy and equipment	7,320	5,507	1,813	32.9 %
Data processing	2,991	2,790	201	7.2 %
Technology and software	2,896	2,341	555	23.7 %
FDIC insurance	2,560	1,750	810	46.3 %
Professional fees	1,041	1,026	15	1.5 %
Director fees	828	892	(64)	(7.2)%
Other expenses:				
Insurance expense	821	793	28	3.5 %
Business development	803	1,263	(460)	(36.4)%
Trust	663	622	41	6.6 %
Consulting fees	262	257	5	1.9 %
Marketing	97	163	(66)	(40.5)%
Charitable contributions	—	180	(180)	(100.0)%
Low income housing projects amortization	571	589	(18)	(3.1)%
New markets tax credit project amortization and management fees	919	919	—	— %
All other	1,993	2,459	(466)	(19.0)%
Total other	6,129	7,245	(1,116)	(15.4)%
Total noninterest expense	\$ 51,353	\$ 48,611	\$ 2,742	5.6 %

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Occupancy and equipment expense increased in 2024 compared to 2023 primarily due to an increase in occupancy costs related to bank buildings, including the Company's new headquarters building. Technology and software expense increased in 2024 compared to 2023 due to the addition of new technology, product updates and fraud management and security solutions. FDIC insurance expense increased in 2024 compared to 2023 primarily due to increases in average assets and the assessment rate.

Income Taxes

The Company records a provision for income tax expense currently payable, along with a provision for those taxes payable or refundable in the future (deferred taxes). Deferred taxes arise from differences in the timing of certain items for financial statement reporting compared to income tax reporting and are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Federal income tax expense for 2024 and 2023 was \$1,928 and \$3,711, respectively, while state income tax expense was \$1,465 and \$1,938, respectively. The effective rate of income tax expense as a percent of income before income taxes was 12.3 percent and 18.9 percent, respectively, for 2024 and 2023. In 2024, income tax expense included a \$1,842 tax benefit for an energy-related investment tax credit associated with the construction of the Company's new headquarters building.

The effective income tax rates differ from the federal statutory income tax rates 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, stock compensation, state income taxes and the investment tax credit mentioned above. The effective tax rate for both 2024 and 2023 was also impacted by federal income tax credits, including low income housing tax credits and a new markets tax credit from West Bank's investment in a qualified community development entity, of approximately \$1,508 and \$1,498, respectively. The Company continues to maintain a valuation allowance against the tax effect of state net operating losses carryforwards as management believes it is likely that a portion of such carryforwards will expire without being utilized.

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DISTRIBUTION OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY; INTEREST RATES; AND INTEREST DIFFERENTIAL

Average Balances and an Analysis of Average Rates Earned and Paid

The following table shows average balances and interest income or interest expense, with the resulting average yield or rate by category of average interest-earning assets or interest-bearing liabilities for the years indicated. Interest income and the resulting net interest income are shown on a fully taxable basis. Interest expense includes the effect of interest rate swaps, if applicable.

	2024			2023			2022		
	Average Balance	Revenue/Expense	Yield/Rate	Average Balance	Revenue/Expense	Yield/Rate	Average Balance	Revenue/Expense	Yield/Rate
Assets									
Interest-earning assets:									
Loans: ^{(1) (2)}									
Commercial	\$ 519,568	\$ 34,423	6.63 %	\$ 520,116	\$ 32,067	6.17 %	\$ 487,151	\$ 22,742	4.67 %
Real estate ⁽³⁾	2,451,830	130,829	5.34 %	2,270,662	110,431	4.86 %	2,061,777	84,523	4.10 %
Consumer and other	14,425	1,065	7.38 %	9,478	665	7.02 %	5,748	282	4.91 %
Total loans	<u>2,985,823</u>	<u>166,317</u>	<u>5.57 %</u>	<u>2,800,256</u>	<u>143,163</u>	<u>5.11 %</u>	<u>2,554,676</u>	<u>107,547</u>	<u>4.21 %</u>
Securities:									
Taxable	472,351	13,030	2.76 %	516,118	13,696	2.65 %	592,186	12,524	2.11 %
Tax-exempt ⁽³⁾	141,033	3,306	2.34 %	146,734	3,768	2.57 %	155,803	4,197	2.69 %
Total securities	<u>613,384</u>	<u>16,336</u>	<u>2.66 %</u>	<u>662,852</u>	<u>17,464</u>	<u>2.63 %</u>	<u>747,989</u>	<u>16,721</u>	<u>2.24 %</u>
Interest-bearing deposits	148,321	7,595	5.12 %	2,856	169	5.94 %	58,426	203	0.35 %
Total interest-earning assets ⁽³⁾	<u>3,747,528</u>	<u>190,248</u>	<u>5.08 %</u>	<u>3,465,964</u>	<u>160,796</u>	<u>4.64 %</u>	<u>3,361,091</u>	<u>124,471</u>	<u>3.70 %</u>
Noninterest-earning assets:									
Cash and due from banks	23,699			23,139			23,842		
Premises and equipment, net	101,413			67,281			43,299		
Other, less allowance for credit losses	99,110			106,194			80,553		
Total noninterest-earning assets	<u>224,222</u>			<u>196,614</u>			<u>147,694</u>		
Total assets	<u>\$ 3,971,750</u>			<u>\$ 3,662,578</u>			<u>\$ 3,508,785</u>		
Liabilities and Stockholders' Equity									
Interest-bearing liabilities:									
Deposits:									
Interest-bearing demand	\$ 466,238	8,684	1.86 %	\$ 467,174	6,984	1.49 %	\$ 505,889	2,458	0.49 %
Savings and money market	1,560,136	57,140	3.66 %	1,357,675	43,569	3.21 %	1,452,034	15,814	1.09 %
Time	639,278	31,460	4.92 %	424,320	16,243	3.83 %	291,732	4,357	1.49 %
Total deposits	<u>2,665,652</u>	<u>97,284</u>	<u>3.65 %</u>	<u>2,249,169</u>	<u>66,796</u>	<u>2.97 %</u>	<u>2,249,655</u>	<u>22,629</u>	<u>1.01 %</u>
Borrowed funds:									
Federal funds purchased and other short-term borrowings	75,736	4,248	5.61 %	194,802	9,532	4.89 %	62,901	1,764	2.80 %
Subordinated notes, net	79,760	4,431	5.55 %	79,501	4,442	5.59 %	52,873	2,867	5.42 %
Federal Home Loan Bank advances	312,363	10,313	3.30 %	265,644	7,694	2.90 %	128,863	2,669	2.07 %
Long-term debt	45,055	2,428	5.39 %	49,938	2,810	5.63 %	51,489	1,680	3.26 %
Total borrowed funds	<u>512,914</u>	<u>21,420</u>	<u>4.18 %</u>	<u>589,885</u>	<u>24,478</u>	<u>4.15 %</u>	<u>296,126</u>	<u>8,980</u>	<u>3.03 %</u>
Total interest-bearing liabilities	<u>3,178,566</u>	<u>118,704</u>	<u>3.73 %</u>	<u>2,839,054</u>	<u>91,274</u>	<u>3.21 %</u>	<u>2,545,781</u>	<u>31,609</u>	<u>1.24 %</u>
Noninterest-bearing liabilities:									
Demand deposits	528,391			586,903			708,667		
Other liabilities	40,308			25,218			30,284		
Stockholders' equity	224,485			211,403			224,053		
Total liabilities and stockholders' equity	<u>\$ 3,971,750</u>			<u>\$ 3,662,578</u>			<u>\$ 3,508,785</u>		
Net interest income ⁽⁴⁾ /net interest spread ⁽³⁾	<u>\$ 71,544</u>	<u>1.35 %</u>		<u>\$ 69,522</u>	<u>1.43 %</u>		<u>\$ 92,862</u>	<u>2.46 %</u>	
Net interest margin ^{(3) (4)}		<u>1.91 %</u>			<u>2.01 %</u>				<u>2.76 %</u>

(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 section "Non-GAAP Financial Measures" of this Item.

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Net Interest Income

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 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 the 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 in 2023. In 2024, the Federal Reserve decreased the target federal funds rate by a total of 100 basis points. The timing and extent of additional interest rate changes by the Federal Reserve is not known at this time.

Net interest margin on an 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. For the years ended December 31, 2024, 2023 and 2022, the Company's net interest margin on a tax-equivalent basis was 1.91, 2.01 and 2.76 percent, respectively. Tax-equivalent net interest income increased \$2,022 in 2024 compared to 2023.

Rate and Volume Analysis

The rate and volume analysis shown below, on a tax-equivalent basis, is used to determine how much of the change in interest income or expense is the result of a change in volume or a change in interest yield or rate. The change in interest that is due to both volume and rate has been allocated to the change due to volume and the change due to rate in proportion to the absolute value of the change in each.

	2024 Compared to 2023			2023 Compared to 2022		
	Volume	Rate	Total	Volume	Rate	Total
Interest Income						
Loans: ⁽¹⁾						
Commercial	\$ (34)	\$ 2,390	\$ 2,356	\$ 1,625	\$ 7,700	\$ 9,325
Real estate ⁽²⁾	9,197	11,201	20,398	9,125	16,783	25,908
Consumer and other	364	36	400	230	153	383
Total loans (including fees)	9,527	13,627	23,154	10,980	24,636	35,616
Securities:						
Taxable	(1,193)	527	(666)	(1,746)	2,918	1,172
Tax-exempt ⁽²⁾	(142)	(320)	(462)	(238)	(191)	(429)
Total securities	(1,335)	207	(1,128)	(1,984)	2,727	743
Interest-bearing deposits	7,452	(26)	7,426	(366)	332	(34)
Total interest income ⁽²⁾	15,644	13,808	29,452	8,630	27,695	36,325
Interest Expense						
Deposits:						
Interest-bearing demand	(14)	1,714	1,700	(202)	4,728	4,526
Savings and money market	6,969	6,602	13,571	(1,092)	28,847	27,755
Time	9,731	5,486	15,217	2,677	9,209	11,886
Total deposits	16,686	13,802	30,488	1,383	42,784	44,167
Borrowed funds:						
Federal funds purchased and other short-term borrowings	(6,514)	1,230	(5,284)	5,732	2,036	7,768
Subordinated debt, net	14	(25)	(11)	1,485	90	1,575
Federal Home Loan Bank advances	1,459	1,160	2,619	3,654	1,371	5,025
Long-term debt	(267)	(115)	(382)	(52)	1,182	1,130
Total borrowed funds	(5,308)	2,250	(3,058)	10,819	4,679	15,498
Total interest expense	11,378	16,052	27,430	12,202	47,463	59,665
Net interest income ⁽²⁾⁽³⁾	\$ 4,266	\$ (2,244)	\$ 2,022	\$ (3,572)	\$ (19,768)	\$ (23,340)

(1) Average balances of nonaccrual loans were included for computational purposes.

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

(3) Net interest income (FTE) is a non-GAAP financial measure. For further information, refer to the section "Non-GAAP Financial Measures" of this Item.

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Tax-equivalent interest income and fees on loans increased \$23,154 for the year ended December 31, 2024, compared to 2023. The improvement was driven by a combination of an increase in the average balance of loans and an increase in loan yields in 2024 compared to 2023. The average balance of loans increased \$185,567 in 2024 compared to 2023, while loan yields increased by 46 basis points in 2024 compared to 2023. Loan originations and renewals in 2024 continued to reprice at prevailing market rates which exceeded the current weighted average portfolio rate.

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 and maturities of existing loans. In a declining rate environment, the yield on variable-rate loans will decline; however, as long as market rates remain higher than the yield on the fixed-rate portfolio, renewals and originations will continue to increase the yield on the fixed-rate portfolio. The political and economic environments can also influence the volume of new loan originations and the mix of variable-rate versus fixed-rate loans.

Tax-equivalent interest income on securities decreased \$1,128 for the year ended December 31, 2024, compared to 2023. The average balance of securities available for sale in 2024 was \$49,468 lower than in 2023, primarily due to principal paydowns on securities, sales of securities, and the decline in fair value of available for sale securities during 2024 resulting from the increase in market interest rates during 2024. The yield on available for sale securities increased by 3 basis points in 2024 compared to 2023.

Interest income on interest-bearing deposits in other financial institutions increased \$7,426 in 2024 compared to 2023. This was primarily due to the increase in the average balance of interest-bearing deposits in other financial institutions, which was driven by the impact that the increase in average customer deposit balances had on the Company's cash liquidity.

Interest expense on deposits increased \$30,488 for the year ended December 31, 2024, compared to 2023. The average balance of interest bearing deposits increased \$416,483 in 2024 compared to 2023, while the rates paid on deposits increased 68 basis points in 2024 compared to 2023. The increase in interest expense on deposits was primarily due to the increase in deposit balances, higher deposit rates resulting from higher market rates and increased competition for deposit balances, and changes in deposit mix.

Interest expense on borrowed funds decreased \$3,058 for the year ended December 31, 2024, compared to 2023. The average balance of borrowed funds decreased \$76,971 in 2024 compared to 2023. The average balance of federal funds purchased and other short-term borrowings decreased \$119,066 in 2024 compared to 2023 primarily due to increases in deposits. The average balance of FHLB advances increased by \$46,719 in 2024 compared to 2023. This increase in average balances was primarily due to an increase in rolling one-month FHLB advances that are hedged with long-term interest rate swap agreements to provide fixed-cost wholesale funding. The average rate paid on FHLB advances increased 40 basis points in 2024 compared to 2023.

SECURITIES PORTFOLIO

The balance of securities available for sale decreased by \$79,354 as of December 31, 2024, compared to December 31, 2023. This decrease was primarily due to principal paydowns on securities, a decline in fair value of securities during 2024 resulting from the increase in market interest rates and the sale of \$11,841 of securities in the fourth quarter of 2024. The proceeds from this sale were reinvested into the loan portfolio. 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 December 31, 2024, approximately 62 percent of the available for sale securities portfolio consisted of government agency guaranteed collateralized mortgage obligations and mortgage-backed securities. We believe those securities have little to no credit risk and provide cash flows for liquidity and repricing opportunities. All collateralized mortgage obligations and mortgage-backed securities consist of residential and commercial mortgage pass-through securities and collateralized mortgage obligations guaranteed by the Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), or the Small Business Administration (SBA). The securities issued by state and political subdivisions are diversified among municipalities in 26 states.

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The following table sets forth the weighted average yield by contractual maturity by security type as of December 31, 2024. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. The collateralized mortgage obligations and mortgage-backed securities have monthly paydowns that are not reflected in the table.

	Within one year	After one year but within five years	After five years but within ten years	After ten years	Total
Securities available for sale:					
State and political subdivisions ⁽¹⁾	— %	— %	1.73 %	2.06 %	2.03 %
Collateralized mortgage obligations	—	—	2.27	1.64	1.64
Mortgage-backed securities	—	1.36	1.61	1.55	1.55
Collateralized loan obligations	—	—	6.53	—	6.53
Corporate notes	—	—	3.26	—	3.26
	— %	1.36 %	3.09 %	1.77 %	1.92 %

(1) Yields on tax-exempt obligations have been computed on a tax-equivalent basis using a federal income tax rate of 21 percent and are adjusted to reflect the effect of the nondeductible interest expense associated with owning tax-exempt investment securities.

Total gross unrealized losses in the securities available for sale portfolio were \$128,838 at December 31, 2024 compared to \$121,806 at December 31, 2023. As of December 31, 2024, 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 December 31, 2024, the Company also determined that no individual securities in an unrealized loss position represented credit losses that would require an allowance for credit losses. Management concluded that the unrealized losses in the portfolio 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.

For additional information regarding the Company's securities portfolio, see Note 3 and Note 18 of the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

LOAN PORTFOLIO

The Company seeks to create growth in commercial lending, which primarily includes commercial real estate, multi-family, and commercial and industrial lending, by offering customer-focused products and competitive pricing and by capitalizing on the positive trends in its market areas. It is the objective of the Company's credit policies to diversify the commercial loan portfolio to limit concentrations in any single industry. As of December 31, 2024, total loans were approximately 89.5 percent of total deposits and 74.8 percent of total assets.

Loans outstanding at the end of 2024 increased 2.6 percent compared to the end of 2023. Changes in the loan portfolio during 2024 included an increase of \$94,670 in construction, land and land development loans and decreases of \$18,830 in 1-4 family residential first mortgage loans and \$17,362 in commercial and industrial loans. The Company continues to focus on business development efforts in all of its markets. The political and economic environments could influence the volume of future loan originations and the mix of variable-rate versus fixed-rate loans.

For a description of the loan segments, see Note 4 of the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K. The interest rates charged on loans vary with the degree of risk and the amount and terms of the loan. Competitive pressures, the creditworthiness of the borrower, market interest rates, the availability of funds, and government regulations further influence the rate charged on a loan.

The Company follows a loan policy approved by West Bank's Board of Directors. The loan policy is reviewed at least annually and is updated as considered necessary. The policy establishes lending limits, review criteria and other guidelines for loan administration and the allowance for credit losses, among other things. Loans are approved in accordance with the applicable guidelines and underwriting policies. Loans to any one borrower are limited by state banking laws. Loan officer lending authorities vary according to the individual loan officer's experience and expertise.

As of December 31, 2024 and 2023, there were no loans that were past due 30 days or more.

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Nonperforming loans declined to \$133 at December 31, 2024, compared to \$296 at December 31, 2023. The decrease was due to a payoff on the single loan included in nonperforming loans as of December 31, 2023, partially offset by the addition of one loan as of December 31, 2024.

The watch classification of loans increased to \$8,349 as of December 31, 2024 from \$144 as of December 31, 2023. Commercial loans for three borrowers with a total balance of \$7,768 were added to the watchlist in 2024 due to a decline in financial performance at the companies. These loans are considered well collateralized and no required payments are past due.

Loans Secured by Real Estate

The commercial real estate market continues to be a significant source of business for West Bank. Management places a strong emphasis on monitoring the composition of the Company's commercial real estate loan portfolio. The Company has an established lending policy which includes a number of underwriting factors to be considered in making a commercial real estate loan, including, but not limited to, location, loan-to-value ratio (LTV), cash flow and debt service coverage, collateral and the credit history and expertise of the borrower. The lending policy also includes guidelines for real estate appraisals and evaluations, including minimum appraisal and evaluation standards.

Although repayment risk exists on all loans, different factors influence repayment risk for each type of loan. The primary risks associated with commercial real estate loans are the quality of the borrower's management and the health of the national and regional economies. Underwriting on commercial properties is primarily based on the economic viability of the project with heavy consideration given to the creditworthiness and experience of the borrower. Recognizing that debt is paid via cash flow, the projected cash flows of the project are critical in underwriting because these determine the ultimate value of the property and the ability to service debt. Therefore, in most commercial real estate projects, we generally require a minimum stabilized debt service coverage ratio of 1.20 to 1.35, depending on the real estate type. Exceptions to this policy can be made for certain borrowers that exhibit other credit quality strengths. Exceptions to the policy are monitored by management. Our strategy with respect to the management of these types of risks is to consistently follow prudent loan policies and underwriting practices.

The Company recognizes that a diversified loan portfolio contributes to reducing risk. The specific loan portfolio mix is subject to change based on loan demand, the business environment and various economic factors. The Company actively monitors concentrations within the loan portfolio to ensure appropriate diversification is maintained. In addition, management tracks the level of owner occupied commercial real estate loans versus non-owner occupied commercial real estate loans. Owner occupied commercial real estate loans are generally considered to have less risk than non-owner occupied 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 Company's loan portfolio is heavily concentrated in real estate and its real estate portfolio levels exceed these regulatory guidelines, it has established risk management policies and procedures to regularly monitor the commercial real estate portfolio.

The Bank's Executive Loan Committee (ELC), which is made up of the Chief Executive Officer, Bank President, Chief Risk Officer, Minnesota Group President, Chief Credit Officer and Credit Department Manager, approves all commercial loan relationships in excess of \$500 in total credit exposure and annually reviews all commercial loan relationships of \$1,000 and greater. Credit approval authorities for individual officers are reviewed, at least annually, by the ELC and approved by the Board of Directors.

Executive management regularly reviews available market data. Commercial real estate portfolio monitoring practices include quarterly stress testing and quarterly trend analysis of underwriting exceptions, average loan-to-value and average debt service coverage for significant real estate segments.

The Company maintains an annual independent loan review program. The Company engages a third party to evaluate credit quality, assigned risk ratings, underwriting standards and collateral documentation. The review covers a significant portion of the loan portfolio and is carried out on a semi-annual basis. Findings are reported to the ELC and the Board of Directors. The Company also maintains an internal loan audit department that performs certain pre- and post-closing procedural and documentation reviews. The internal findings are reported quarterly to the ELC.

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(dollars in thousands, except per share amounts)

Commercial loans secured by real estate, including construction, land and land development, totaled \$2,369,342, or 78.8 percent of total loans, at December 31, 2024. Non-owner occupied commercial real estate loan concentrations and the weighted average LTV by property type as of December 31, 2024 and 2023 are shown in the following table. LTV is determined using the maximum credit exposure of the loan compared to the most recent appraisal data on the property obtained in accordance with the Company's lending policies.

	As of December 31					
	2024		2023		% of Non-owner Occupied CRE	Weighted Average LTV
	Balance	% of Non-owner Occupied CRE	Balance	% of Non-owner Occupied CRE		
Non-owner occupied:						
Multifamily	\$ 542,322	28.5 %	69 %	\$ 453,958	24.2 %	69 %
Medical & senior care facilities	180,144	9.5	64	225,314	12.0	63
Warehouse & trucking	160,783	8.4	60	167,030	8.9	63
Hotels	253,939	13.3	64	251,497	13.4	66
Mixed use	98,988	5.2	67	96,488	5.2	67
Offices	126,270	6.6	68	137,468	7.4	70
Land for development	89,974	4.7	56	110,874	5.9	64
All other	452,772	23.8	not available	430,515	23.0	not available
	\$ 1,905,192	100.0 %		\$ 1,873,144	100.0 %	

The following table summarizes non-owner occupied commercial real estate loans by property type and risk rating as of December 31, 2024. Risk ratings are defined in Note 4 of the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

	As of December 31, 2024							
	Risk Rating							
	Total	1-3	4	5	6	7	8	
Non-owner occupied:								
Multifamily	\$ 542,322	\$ 49,934	\$ 371,917	\$ 120,471	\$ —	\$ —	\$ —	\$ —
Medical & senior care facilities	180,144	34,418	125,745	19,981	—	—	—	—
Warehouse & trucking	160,783	101,404	47,274	12,105	—	—	—	—
Hotel	253,939	—	183,344	70,595	—	—	—	—
Mixed use	98,988	28,588	42,745	27,655	—	—	—	—
Offices	126,270	12,127	107,539	6,604	—	—	—	—
Land for development	89,974	5,566	78,276	6,132	—	—	—	—
All other	452,772	81,813	304,735	66,224	—	—	—	—
	\$ 1,905,192	\$ 313,850	\$ 1,261,575	\$ 329,767	\$ —	\$ —	\$ —	\$ —

As of December 31, 2024, there were no non-owner occupied commercial real estate loans that were past due 30 days or more.

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Maturities of Loans

The contractual maturities of the Company's loan portfolio are shown in the following tables. Actual repayments may differ from contractual maturities because individual borrowers may have the right to prepay loans with or without prepayment penalties.

	As of December 31, 2024				
	Within one year	After one but within five years	After five but within 15 years	After 15 years	Total
Commercial	\$ 201,447	\$ 249,014	\$ 63,771	\$ —	\$ 514,232
Real estate:					
Construction, land and land development	306,670	195,102	6,375	—	508,147
1-4 family residential first mortgages	19,370	67,664	824	—	87,858
Home equity	6,990	12,279	25	—	19,294
Commercial	218,987	1,150,390	462,122	29,696	1,861,195
Consumer and other	12,764	1,923	2,600	—	17,287
	<u>\$ 766,228</u>	<u>\$ 1,676,372</u>	<u>\$ 535,717</u>	<u>\$ 29,696</u>	<u>\$ 3,008,013</u>
Loan maturities after one year with:					
Fixed rates					
Commercial	\$ 186,232	\$ 17,080	\$ —		
Real estate:					
Construction, land and land development	64,803	470	—		
1-4 family residential first mortgages	65,022	794	—		
Home equity	3,211	—	—		
Commercial	1,091,090	236,309	5,946		
Consumer and other	1,226	—	—		
Total fixed-rate loans	<u>1,411,584</u>	<u>254,653</u>	<u>5,946</u>		
Variable rates					
Commercial	62,782	46,691	—		
Real estate:					
Construction, land and land development	130,299	5,905	—		
1-4 family residential first mortgages	2,642	30	—		
Home equity	9,068	25	—		
Commercial	59,300	225,813	23,750		
Consumer and other	697	2,600	—		
Total variable-rate loans	<u>264,788</u>	<u>281,064</u>	<u>23,750</u>		
	<u>\$ 1,676,372</u>	<u>\$ 535,717</u>	<u>\$ 29,696</u>		

SUMMARY OF THE ALLOWANCE FOR CREDIT LOSSES

The credit loss expense recorded on the income statement includes charges 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. The allowance for credit losses is management's estimate of expected lifetime losses in the loan portfolio as of the balance sheet date.

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Factors considered by management 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 focuses on factors such as specific loan reviews, changes in the components of the loan portfolio given 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 borrower'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 concentration in central and eastern Iowa and southern Minnesota. The local economies are composed primarily of major financial services 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 also generally are not fully repaid over the loan period and, thus, may require refinancing or a large payoff at maturity. When the general 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.

While management uses available information to recognize credit losses, 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 provisions for credit losses based on such agencies' review of information available to them at the time of their examinations.

The following table shows the ratio of net (charge-offs) recoveries to loans outstanding, broken out by loan segment, along with ratios of the allowance and nonaccrual loans to total loans at the end of the period.

	Analysis of the Allowance for Credit Losses for the Years Ended December 31		
	2024	2023	2022
Ratio of net (charge-offs) recoveries during the period to average loans outstanding by segment:			
Commercial	— %	— %	— %
Real estate:			
Construction, land and land development	—	—	—
1-4 family residential first mortgages	—	—	—
Home equity	—	—	—
Commercial	—	—	(0.02)%
Consumer and other	—	—	—
Total	0.00 %	0.00 %	(0.02)%
Ratio of allowance for credit losses to total loans at the end of period	1.01 %	0.97 %	0.93 %
Ratio of nonaccrual loans to total loans at end of period	0.00 %	0.01 %	0.01 %
Ratio of allowance for credit losses to total nonaccrual loans at the end of period	22,881.20 %	9,575.00 %	7,910.87 %
Ratio of net (charge-offs) recoveries to total loans at end of period	0.00 %	0.00 %	(0.01)%

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Nonperforming loans at December 31, 2024 totaled \$133, or 0.00 percent of total loans, a slight decrease from \$296, or 0.01 percent of total loans, at December 31, 2023. The decrease in nonperforming loans at December 31, 2024, compared to December 31, 2023, was due a payoff on the single loan included in the nonaccrual balance on December 31, 2023, partially offset by the addition of one loan as of December 31, 2024. Nonperforming loans include loans on nonaccrual status, loans past due 90 days or more and still accruing interest, and loans that have been considered to be loan restructurings made to borrowers experiencing financial difficulty. The Company held no other real estate owned properties as of December 31, 2024 or 2023.

The following table sets forth information concerning the Company's allocation of the allowance for credit losses by loan segment as of the dates indicated.

	As of December 31					
	2024		2023		2022	
	Amount	%*	Amount	%*	Amount	%*
Balance at end of period applicable to:						
Commercial	\$ 5,489	17.10 %	\$ 5,291	18.13 %	\$ 4,804	18.90 %
Real estate:						
Construction, land and land development	4,354	16.89	3,668	14.11	3,548	13.21
1-4 family residential first mortgages	650	2.92	704	3.64	357	2.74
Home equity	200	0.64	142	0.50	101	0.38
Commercial	19,544	61.88	18,420	63.25	16,575	64.50
Consumer and other	195	0.57	117	0.37	88	0.27
	\$ 30,432	100.00 %	\$ 28,342	100.00 %	\$ 25,473	100.00 %

* Percent of loans in each category to total loans.

As of December 31, 2024 and 2023 there was no allowance for credit losses related to loans individually evaluated for credit losses. The portion of the allowance for credit losses related to loans collectively evaluated for credit losses increased to \$30,432, or 1.01 percent of outstanding loans as of December 31, 2024, compared to \$28,342, or 0.97 percent of outstanding loans as of December 31, 2023. The increase was primarily due to the credit loss expense of \$2,000 for the year ended December 31, 2024. The credit loss expense for loans in 2024 was primarily due to changes in forecasted loss rates, driven by an increase in forecasted unemployment rate, and an adjustment to qualitative factors within the commercial real estate segment. The Company recorded a credit loss expense related to loans of \$500 in 2023. The credit loss expense in 2023 was primarily due to growth in loans. Management believed the allowance for credit losses as of December 31, 2024 was adequate to absorb the expected losses in the portfolio as of that date.

DEPOSITS

Deposits totaled \$3,357,596 as of December 31, 2024, which was an increase of 12.9 percent compared to December 31, 2023. Deposit growth in 2024 included a mix of public funds and commercial and consumer deposits. 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.

At December 31, 2024, the Company had \$266,418 in brokered deposits, compared to \$305,411 at December 31, 2023. Brokered deposits included fixed-rate time deposits with maturities through September 2025 and variable-rate deposits with terms through February 2026. The decrease in brokered deposits during 2024 was primarily due to core deposit growth. When necessary, brokered deposits are utilized, along with other wholesale funding sources, to fund loan growth and offset core deposit outflows.

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The following table sets forth the average balances for each major category of deposits and the weighted average interest rate paid for those deposits during the years indicated.

	Years ended December 31					
	2024		2023		2022	
	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate
Noninterest-bearing demand	\$ 528,391	— %	\$ 586,903	— %	\$ 708,667	— %
Interest-bearing demand:						
Insured cash sweep	150,774	3.44	137,027	2.48	139,807	0.80
Other interest-bearing demand	315,464	1.11	330,147	1.09	366,082	0.37
Money market:						
Insured cash sweep	241,444	4.00	249,574	3.58	323,970	1.01
Other money market	1,161,566	3.85	973,853	3.47	967,953	1.26
Savings	157,126	1.73	134,248	0.61	160,111	0.24
Time	639,278	4.92	424,320	3.83	291,732	1.49
	<u>\$ 3,194,043</u>		<u>\$ 2,836,072</u>		<u>\$ 2,958,322</u>	

Management reduced interest rates on deposits in the fourth quarter of 2024 as a result of the reductions in the target federal funds rate by the Federal Reserve. Any deposit rate changes in 2025 will be dependent on market rates, liquidity needs and competition for deposit balances. To limit the Company's exposure to market interest rate changes, interest rate swaps are in place on \$110,000 of deposit balances that effectively convert certain customer deposits with variable rates to fixed-rate instruments.

Approximately 99 percent of the total time deposits issued by West Bank mature in the next year, including brokered time deposits. It is anticipated that a significant portion of the core time deposits will be renewed. In the event a substantial volume of core time deposits are not renewed, management believes the Company has sufficient liquid assets and funding sources to offset the potential runoff.

The following table shows the amounts and remaining maturities of time deposits with balances of \$100 or more as of December 31, 2024.

3 months or less	\$ 246,691
Over 3 through 6 months	166,024
Over 6 through 12 months	183,137
Over 12 months	2,038
	<u>\$ 597,890</u>

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. We consider these reciprocal deposits to be in-market deposits as distinguished from traditional out-of-market brokered deposits. Time deposits as of December 31, 2024 and 2023, included \$162,148 and \$152,160, respectively, of reciprocal deposits. Included in total deposits as of December 31, 2024 and 2023, were \$220,627 and \$165,858, respectively, of reciprocal interest-bearing checking and \$273,126 and \$254,504, respectively, of reciprocal money market deposits.

Total estimated uninsured deposits were \$1,562,981, \$1,435,406 and \$1,412,955 as of December 31, 2024, 2023 and 2022, respectively. The uninsured deposit amounts are estimated based on the methodologies and assumptions used for regulatory reporting requirements and include collateralized public unit deposits. The following table shows the amount of time deposits in excess of the insurance limit by maturity.

3 months or less	\$ 103,813
Over 3 through 6 months	65,597
Over 6 through 12 months	97,033
Over 12 months	810
	<u>\$ 267,253</u>

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BORROWED FUNDS

The fluctuation 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 or FHLB advances. Federal funds purchased and other short-term borrowings decreased from \$150,270 as of December 31, 2023 to \$0 as of December 31, 2024. This decrease was primarily due to the increase in customer deposits.

The Company had \$270,000 of FHLB advances outstanding at December 31, 2024, compared to \$315,000 at December 31, 2023. This decrease was due to two FHLB advances that matured in 2024 and were not renewed. One advance, with a balance of \$20,000, was a term advance and the other advance, with a balance of \$25,000, was part of the Company's rolling funding program and associated with a corresponding interest rate swap agreement that also matured. As of December 31, 2024, all FHLB advances were hedged with long-term interest rate swaps as part of the Company's rolling funding program. These interest rate swaps have maturity dates ranging from July 2026 through June 2029 and fixed rates ranging from 1.86 percent to 4.32 percent. This strategy of hedging short-term rolling funding effectively provides fixed cost wholesale funding through the maturity dates of the various interest rate swaps.

The Company has a credit agreement with an unaffiliated commercial bank. As of December 31, 2024, this borrowing had a balance of \$31,250. Interest is payable quarterly. Required quarterly principal payments are \$1,250, with the remaining balance due February 2027. The Company may make additional principal payments without penalty. The interest rate is variable at the Wall Street Journal Prime Rate minus 1.00 percent, which was 6.50 percent as of December 31, 2024. The Company has an interest rate swap contract that effectively converts \$20,000 of this borrowing to a fixed rate of 6.40 percent through its maturity date.

In June 2022, the Company issued \$60,000 of subordinated notes (Notes). The Notes initially bear interest at 5.25 percent per annum, with interest payable semi-annually for the first five years of the Notes. Beginning June 15, 2027, the interest rate will reset quarterly to a floating rate per annum that will be three-month term Secured Overnight Financing Rate (SOFR) plus 2.41 percent, with payments due quarterly. The Company may redeem the Notes, in whole or in part, on and after June 15, 2027 at a price equal to 100 percent of the principal amount of the Notes being redeemed plus accrued and unpaid interest. The Notes will mature on June 15, 2032 if they are not earlier redeemed. Proceeds from this debt issuance were used to make a \$58,650 capital injection into West Bank, the Company's subsidiary to fund organic growth.

The Company has an interest rate swap with a notional amount of \$20,000 which converts variable-rate subordinated debentures to fixed-rate debt. The interest rate is a variable rate based on the 3-month term SOFR plus 0.26161 percent tenor spread adjustment plus 3.05 percent. This interest rate swap has a fixed rate of 4.81 percent and matures in September 2026.

West Bank's new markets tax credit special purpose subsidiary has a credit agreement for \$11,486 as of December 31, 2024. Interest is payable monthly over the term of the agreement with an interest rate of 1.00 percent. Monthly principal payments begin in January 2026, and the agreement matures in December 2048.

OFF-BALANCE SHEET ARRANGEMENTS

In the normal course of business, West Bank commits to extend credit in the form of loan commitments and standby letters of credit in order to meet the financing needs of its customers. These commitments expose West Bank to varying degrees of credit and market risks in excess of the amounts recognized in the consolidated balance sheets and are subject to the same credit policies as are the loans recorded on the balance sheets.

West Bank'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. West Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. Commitments to lend are subject to borrowers' continuing compliance with existing credit agreements. Off-balance sheet commitments are more fully discussed in Note 17 of the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

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As of December 31, 2024, the allowance for credit losses related to off-balance sheet commitments was \$1,544. In 2024, the Company recorded a credit loss expense of negative \$1,000 for unfunded commitments. The negative credit loss expense was primarily due to the decrease in the balance of unfunded commitments resulting from the funding of construction loans. 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.

LIQUIDITY AND CAPITAL RESOURCES

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 and Federal Reserve Bank, 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 West Bank's asset-liability management policy. The Company had liquid assets (cash and cash equivalents) of \$243,478 as of December 31, 2024 compared with \$65,357 as of 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' and municipal customers' own liquidity 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® and through other third party brokers. At December 31, 2024, the Company had \$266,418 in brokered deposits, which included fixed-rate time deposits with maturities through September 2025 and variable-rate deposits with terms through February 2026.

As of December 31, 2024, West Bank had additional borrowing capacity available from the FHLB of approximately \$610,000, as well as approximately \$116,840 through the Federal Reserve discount window and \$75,000 through unsecured federal funds lines of credit. Net cash from continuing operating activities contributed \$39,808, \$25,249 and \$59,439 to liquidity for the years ended December 31, 2024, 2023 and 2022, respectively. Management believed that the combination of high levels of potentially liquid assets, unencumbered securities, cash flows from operations and additional borrowing capacity provided the Company with sufficient liquidity as of December 31, 2024.

The Company's total stockholders' equity increased to \$227,875 as of December 31, 2024 from \$225,043 as of December 31, 2023. The increase was primarily due to retained income, partially offset by an increase in accumulated other comprehensive loss. At December 31, 2024, tangible common equity as a percent of tangible assets was 5.68 percent compared to 5.88 percent as of December 31, 2023. The increase in accumulated other comprehensive loss was driven by the increase in net unrealized losses on available for sale securities between December 31, 2023 and December 31, 2024, due to the increase in market interest rates. While accumulated other comprehensive losses reduce tangible common equity, they have no impact on regulatory capital. As of December 31, 2024 and 2023, the Company had no intangible assets.

The Company and West Bank are subject to various regulatory capital requirements administered by federal and state banking agencies. Capital requirements are more fully discussed under the heading "Supervision and Regulation" included in Item 1 and in Note 16 of the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K. As of December 31, 2024, the Company and West Bank met all capital adequacy requirements to which they were subject, and the Company's and West Bank's capital ratios were in excess of the requirements to be considered well-capitalized under capital regulations. Also, as of December 31, 2024, the ratios for the Company and West Bank were sufficient to meet the capital conservation buffer.

EFFECTS OF NEW STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS

A discussion of the effects of new financial accounting standards and developments as they relate to the Company is located in Note 1 of the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

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ITEM 7A. 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, or more often when deemed necessary, to review the interest rate sensitivity position 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 can 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. The results of 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 over a one year time horizon under several scenarios of assumed interest rate changes for the rate shock levels shown. The change 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. This analysis does not represent a forecast and should not be relied upon as being indicative of expected operating results.

Change in Interest Rates	At December 31, 2024	
	Sensitivity of Net Interest Income Over One Year Horizon	
	\$ Change	% Change
300 basis points rising	\$ (8,155)	(8.54)%
200 basis points rising	(5,060)	(5.30)
100 basis points rising	(2,928)	(3.06)
100 basis points falling	2,165	2.27
200 basis points falling	3,333	3.49
300 basis points falling	4,075	4.27

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 the computations 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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**Report of Independent Registered Public Accounting Firm**

To the Stockholders and the Board of Directors of West Bancorporation, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of West Bancorporation, Inc. and its subsidiary (the Company) as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated February 19, 2025 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for Credit Losses for Loans

As described in Note 1 and Note 4 to the consolidated financial statements, the allowance for credit losses for loans (allowance) totaled \$30.4 million at December 31, 2024. The allowance is a valuation account that is deducted from the amortized cost basis of loans to present the net amount of loans expected to be collected. The Company's allowance reflects losses expected over the remaining contractual life of the loans. The Company's allowance is measured on a collective (pool) basis when similar risk characteristics exist. Loans that do not share similar risk characteristics are evaluated on an individual basis at the balance sheet date. At December 31, 2024 the reserve on loans collectively evaluated totaled \$30.4 million and there was no reserve on loans individually evaluated. The measurement of the reserve is based on 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 the 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 a 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 a 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. Qualitative factors are based on management's judgment of the changes in underlying loan composition of specific portfolio, trends relating to credit quality and collateral values, company-specific data, or effects of other factors such as market competition or legal and regulatory requirements. The evaluation of these qualitative factors and forecasts requires that management make significant judgments and are highly sensitive to changes in significant assumptions.

We identified the qualitative factors and forecasts applied to the allowance as a critical audit matter as auditing management's determination of the qualitative factors and forecasts required significant auditor judgment as the estimate is highly sensitive to changes in significant assumptions.

Our audit procedures related to the Company's qualitative factors and forecasts in the allowance included the following, among others:

- We obtained an understanding of the relevant controls related to management's evaluation and establishment of the qualitative factors and forecasts of the allowance and tested such controls for design and operating effectiveness, including controls relating to management's review and approval of the qualitative factors and forecasts and the underlying data used in determining those factors.
- We tested management's process and evaluated the reasonableness of their judgements and assumptions to develop the qualitative factors and forecasts, which included:
 - Testing the relevancy and consistency of the data inputs used by management as a basis for the adjustments for qualitative factors and forecasts by comparing to internal and external, independently sourced data, including data related to current and forecasted periods.
 - Evaluating the magnitude and directional consistency of the adjustments with trends in the loan portfolio, economy and various other relevant measures.
 - Evaluating whether management's conclusions were consistent with Company provided internal data and external, independently sourced data and agreeing the impact to the allowance calculation.

/s/ RSM US LLP

We have served as the Company's auditor since 1998.

Des Moines, Iowa
February 19, 2025

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of West Bancorporation, Inc.

Opinion on the Internal Control Over Financial Reporting

We have audited West Bancorporation, Inc.'s (the Company) internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes to the consolidated financial statements of the Company and our report dated February 19, 2025 expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ RSM US LLP

Des Moines, Iowa
February 19, 2025

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West Bancorporation, Inc. and Subsidiary

West Bancorporation, Inc. and Subsidiary
Consolidated Balance Sheets
December 31, 2024 and 2023

(dollars in thousands, except per share data)

	2024	2023
ASSETS		
Cash and due from banks	\$ 28,750	\$ 33,245
Interest-bearing deposits	214,728	32,112
Cash and cash equivalents	243,478	65,357
Securities available for sale, at fair value	544,565	623,919
Federal Home Loan Bank stock, at cost	15,129	22,957
Loans	3,004,860	2,927,535
Allowance for credit losses	(30,432)	(28,342)
Loans, net	2,974,428	2,899,193
Premises and equipment, net	109,985	86,399
Accrued interest receivable	12,825	13,581
Bank-owned life insurance	44,990	43,864
Deferred tax assets, net	33,202	34,303
Other assets	36,389	36,185
Total assets	\$ 4,014,991	\$ 3,825,758
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest-bearing demand	\$ 541,053	\$ 548,726
Interest-bearing demand	543,855	481,207
Savings and money market	1,643,891	1,440,076
Time	628,797	503,770
Total deposits	3,357,596	2,973,779
Federal funds purchased and other short-term borrowings	—	150,270
Subordinated notes, net	79,893	79,631
Federal Home Loan Bank advances	270,000	315,000
Long-term debt	42,736	47,736
Accrued expenses and other liabilities	36,891	34,299
Total liabilities	3,787,116	3,600,715
COMMITMENTS AND CONTINGENCIES (Note 17)		
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.01 par value; authorized 50,000,000 shares; no shares issued and outstanding at December 31, 2024 and 2023	—	—
Common stock, no par value; authorized 50,000,000 shares; 16,832,632 and 16,725,094 shares issued and outstanding at December 31, 2024 and 2023, respectively	3,000	3,000
Additional paid-in capital	35,619	34,197
Retained earnings	278,613	271,369
Accumulated other comprehensive loss	(89,357)	(83,523)
Total stockholders' equity	227,875	225,043
Total liabilities and stockholders' equity	\$ 4,014,991	\$ 3,825,758

See Notes to Consolidated Financial Statements.

[Table of Contents](#)**West Bancorporation, Inc. and Subsidiary**

West Bancorporation, Inc. and Subsidiary
Consolidated Statements of Income
Years Ended December 31, 2024, 2023 and 2022

(dollars in thousands, except per share data)	2024	2023	2022
Interest income:			
Loans, including fees	\$ 166,222	\$ 142,923	\$ 107,095
Securities:			
Taxable	13,030	13,696	12,524
Tax-exempt	3,219	3,517	3,527
Interest-bearing deposits	7,595	169	203
Total interest income	190,066	160,305	123,349
Interest expense:			
Deposits	97,284	66,796	22,629
Federal funds purchased and other short-term borrowings	4,248	9,532	1,764
Subordinated notes	4,431	4,442	2,867
Federal Home Loan Bank advances	10,313	7,694	2,669
Long-term debt	2,428	2,810	1,680
Total interest expense	118,704	91,274	31,609
Net interest income	71,362	69,031	91,740
Credit loss expense (benefit)	1,000	700	(2,500)
Net interest income after credit loss expense (benefit)	70,362	68,331	94,240
Noninterest income:			
Service charges on deposit accounts	1,843	1,859	2,194
Debit card usage fees	1,919	1,980	1,969
Trust services	3,449	3,068	2,709
Increase in cash value of bank-owned life insurance	1,126	1,044	964
Gain from bank-owned life insurance	—	691	—
Loan swap fees	—	431	835
Realized securities losses, net	(1,172)	(431)	—
Other income	1,269	1,424	1,537
Total noninterest income	8,434	10,066	10,208
Noninterest expense:			
Salaries and employee benefits	27,588	27,060	25,838
Occupancy and equipment	7,320	5,507	4,913
Data processing	2,991	2,790	2,597
Technology and software	2,896	2,341	2,137
FDIC insurance	2,560	1,750	996
Professional fees	1,041	1,026	874
Director fees	828	892	814
Other expenses	6,129	7,245	6,882
Total noninterest expense	51,353	48,611	45,051
Income before income taxes	27,443	29,786	59,397
Income taxes	3,393	5,649	12,998
Net income	\$ 24,050	\$ 24,137	\$ 46,399
Basic earnings per common share	\$ 1.43	\$ 1.44	\$ 2.79
Diluted earnings per common share	\$ 1.42	\$ 1.44	\$ 2.76

See Notes to Consolidated Financial Statements.

[Table of Contents](#)**West Bancorporation, Inc. and Subsidiary**

West Bancorporation, Inc. and Subsidiary
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2024, 2023 and 2022

(dollars in thousands)	2024	2023	2022
Net income	\$ 24,050	\$ 24,137	\$ 46,399
Other comprehensive income (loss):			
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the period	(8,190)	16,514	(132,009)
Plus: reclassification adjustment for net losses realized in net income	1,172	431	—
Income tax (expense) benefit	1,687	(4,498)	33,350
Other comprehensive income (loss) on securities	(5,331)	12,447	(98,659)
Unrealized gains (losses) on derivatives:			
Unrealized holding gains arising during the period	9,759	4,291	23,595
Plus: reclassification adjustment for net (gains) losses realized in net income	(10,456)	(10,249)	206
Income tax (expense) benefit	194	1,459	(5,976)
Other comprehensive income (loss) on derivatives	(503)	(4,499)	17,825
Total other comprehensive income (loss)	(5,834)	7,948	(80,834)
Comprehensive income (loss)	\$ 18,216	\$ 32,085	\$ (34,435)

See Notes to Consolidated Financial Statements.

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West Bancorporation, Inc. and Subsidiary

Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2024, 2023 and 2022

(in thousands, except share and per share data)	Preferred Stock	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
		Shares	Amount				
Balance, December 31, 2021	\$ —	16,554,846	\$ 3,000	\$ 30,183	\$ 237,782	\$ (10,637)	\$ 260,328
Net income	—	—	—	—	46,399	—	46,399
Other comprehensive loss, net of tax	—	—	—	—	—	(80,834)	(80,834)
Cash dividends declared, \$1.00 per common share	—	—	—	—	(16,619)	—	(16,619)
Stock-based compensation costs	—	—	—	3,357	—	—	3,357
Issuance of common stock upon vesting of restricted stock units, net of shares withheld for payroll taxes	—	85,567	—	(1,519)	—	—	(1,519)
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	—	—	—	—	24,137	—	24,137
Other comprehensive income, net of tax	—	—	—	—	—	7,948	7,948
Cash dividends declared, \$1.00 per common share	—	—	—	—	(16,704)	—	(16,704)
Stock-based compensation costs	—	—	—	3,111	—	—	3,111
Issuance of common stock upon vesting of restricted stock units, net of shares withheld for payroll taxes	—	84,681	—	(935)	—	—	(935)
Balance, December 31, 2023	—	16,725,094	3,000	34,197	271,369	(83,523)	225,043
Net income	—	—	—	—	24,050	—	24,050
Other comprehensive loss, net of tax	—	—	—	—	—	(5,834)	(5,834)
Cash dividends declared, \$1.00 per common share	—	—	—	—	(16,806)	—	(16,806)
Stock-based compensation costs	—	—	—	2,509	—	—	2,509
Issuance of common stock upon vesting of restricted stock units, net of shares withheld for payroll taxes	—	107,538	—	(1,087)	—	—	(1,087)
Balance, December 31, 2024	\$ —	16,832,632	\$ 3,000	\$ 35,619	\$ 278,613	\$ (89,357)	\$ 227,875

(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.

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West Bancorporation, Inc. and Subsidiary

West Bancorporation, Inc. and Subsidiary

Consolidated Statements of Cash Flows

Years Ended December 31, 2024, 2023 and 2022

(dollars in thousands)	2024	2023	2022
Cash Flows from Operating Activities:			
Net income	\$ 24,050	\$ 24,137	\$ 46,399
Adjustments to reconcile net income to net cash provided by operating activities:			
Credit loss expense (benefit)	1,000	700	(2,500)
Net amortization and accretion	3,200	3,293	2,965
Securities losses, net	1,172	431	—
Stock-based compensation	2,509	3,111	3,357
Increase in cash value of bank-owned life insurance	(1,126)	(1,044)	(964)
Gain from bank-owned life insurance	—	(691)	—
Depreciation	3,723	1,856	1,498
Provision for deferred income taxes	2,982	447	1,583
Change in assets and liabilities:			
(Increase) decrease in accrued interest receivable	756	(1,593)	(3,098)
(Increase) decrease in other assets	(1,450)	(2,794)	1,005
Increase (decrease) in accrued expenses and other liabilities	2,992	(2,604)	9,194
Net cash provided by operating activities	39,808	25,249	59,439
Cash Flows from Investing Activities:			
Proceeds from sales of securities available for sale	11,841	11,285	—
Proceeds from principal paydowns, maturities and calls of securities available for sale	56,361	42,370	79,959
Purchases of securities available for sale	—	—	(120,077)
Purchases of Federal Home Loan Bank stock	(57,683)	(115,480)	(75,092)
Proceeds from redemption of Federal Home Loan Bank stock	65,511	111,859	65,721
Net increase in loans	(77,235)	(184,788)	(287,031)
Proceeds of principal and earnings from bank-owned life insurance	—	2,458	—
Purchases of premises and equipment	(26,136)	(36,387)	(21,311)
Net cash used in investing activities	(27,341)	(168,683)	(357,831)
Cash Flows from Financing Activities:			
Net increase (decrease) in deposits	383,817	93,371	(135,597)
Net increase (decrease) in federal funds purchased and other short-term borrowings	(150,270)	(49,730)	197,120
Net increase (decrease) in Federal Home Loan Bank advances	(45,000)	160,000	30,000
Proceeds from issuance of subordinated debt, net of issuance costs	—	—	58,756
Principal payments on long-term debt	(5,000)	(3,750)	(35)
Common stock dividends paid	(16,806)	(16,704)	(16,619)
Restricted stock units withheld for payroll taxes	(1,087)	(935)	(1,519)
Net cash provided by financing activities	165,654	182,252	132,106
Net increase (decrease) in cash and cash equivalents	178,121	38,818	(166,286)
Cash and Cash Equivalents:			
Beginning	65,357	26,539	192,825
Ending	\$ 243,478	\$ 65,357	\$ 26,539
Supplemental Disclosure of Cash Flow Information:			
Cash payments for:			
Interest	\$ 116,996	\$ 87,846	\$ 28,868
Income taxes	1,480	5,720	10,630

See Notes to Consolidated Financial Statements.

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(dollars in thousands, except per share data)

Note 1. Organization and Nature of Business and Summary of Significant Accounting Policies

Organization and nature of business: West Bancorporation, Inc. operates in the commercial banking industry through its wholly-owned subsidiary, West Bank. West Bank is a state chartered bank and has its main office in West Des Moines, Iowa, with five additional offices located in the Des Moines, Iowa, metropolitan area, one office located in Coralville, Iowa, and four offices located in Minnesota, in the cities of Rochester, Owatonna, Mankato and St. Cloud. As used herein, the term "Company" refers to West Bancorporation, Inc., or if the context dictates, West Bancorporation, Inc. and its subsidiary.

Significant accounting policies:

Accounting estimates and assumptions: 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 allowance for credit losses.

Consolidation policy: The 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 addition, the Company owns an unconsolidated subsidiary, West Bancorporation Capital Trust I (the Trust), which was formed for the purpose of issuing trust preferred securities. In accordance with GAAP, the results of the Trust are recorded on the books of the Company using the equity method of accounting and are not consolidated.

Segment information: An operating segment is generally defined as a component of a business for which discrete financial information is available and whose operating results are regularly reviewed by the chief operating decision maker. As a community-oriented financial institution, substantially all of West Bank's operations involve the delivery of loan and deposit products to customers. The chief operating decision maker makes operating decisions and assesses performance based on an ongoing review of the community banking activities, which constitutes the Company's only operating segment for financial reporting purposes. The Company's single segment is managed on a consolidated basis by the chief operating decision maker who is the Company's chief executive officer.

The accounting policies of this segment are the same as those described throughout these significant accounting policies. The chief operating decision maker assesses performance of the segment and determines the allocation of resources based on consolidated net income, which is reported in the Consolidated Statements of Income. Consolidated net income is used in deciding where to deploy capital and to monitor budget vs. actual results. It is also used in benchmarking performance measures to Company peers for compensation related analysis. The measure of segment assets is reported on the Consolidated Balance Sheets as total consolidated assets.

Comprehensive income: Comprehensive income consists of net income and other comprehensive income (OCI). OCI consists of the net change in unrealized gains and losses on the Company's securities available for sale and the change in fair value of derivative instruments designated as hedges.

Cash and cash equivalents and cash flows: For statement of cash flow purposes, the Company considers cash, due from banks and interest-bearing deposits to be cash and cash equivalents. Cash inflows and outflows from loans, deposits, federal funds purchased and short-term borrowings and FHLB advances are reported on a net basis.

Securities Available for Sale: Securities that may be sold for general liquidity needs, in response to market interest rate fluctuations, implementation of asset-liability management strategies, funding loan demand, changes in securities prepayment risk or other similar factors are classified as available for sale and reported at fair value, with unrealized gains and losses reported as a separate component of accumulated other comprehensive income (AOCI), net of deferred income taxes. Realized gains and losses on sales of securities are computed on a specific identification basis based on amortized cost.

Notes to Consolidated Financial Statements

(dollars in thousands, except per share data)

The amortized cost of securities available for sale is adjusted for accretion of discounts to maturity and amortization of premiums over the estimated life of each security or, in the case of callable securities, through the first call date, using the effective yield method. Such amortization and accretion is included in interest income. Interest income on securities is recognized using the interest method according to the terms of the security.

The Company evaluates each of its securities whose value has declined below amortized cost to determine if any of the decline is due to a credit loss. 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. Subsequent to this evaluation, the Company evaluates whether any individual securities in an unrealized loss position represent credit losses that require an allowance for credit loss. Decreases in fair value attributable to credit losses would be recorded to earnings as a credit loss expense with a corresponding allowance for credit losses, limited by the amount the fair value is less than the amortized cost basis. If the credit quality subsequently improves, the allowance would be reversed, up to a maximum of the previously recorded credit loss. Accrued interest receivable is excluded from the estimate of credit losses.

Federal Home Loan Bank stock: West Bank, as a member of the FHLB system, is required to maintain an investment in capital stock of the FHLB according to a predetermined formula as required to support borrowing activities. No ready market exists for the FHLB stock, and it has no quoted market value. The Company evaluates this asset for impairment on a quarterly basis and determined there was no impairment as of December 31, 2024. All shares of FHLB stock are issued and redeemed at par value.

Loans: 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 and are analyzed by management on this basis. All loan policies identified below apply to all segments of the loan portfolio.

Delinquencies are determined based on the payment terms of the individual loan agreements. The accrual of interest on past due and other impaired 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, if accrued in the current year, or charged to the allowance for credit losses, if accrued in a prior year. 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.

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. If it is determined that a loan on the Watch List no longer shares risk characteristics with the pooled loans, it will be individually evaluated for credit losses. 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. The ACL may be zero if the fair value of the collateral at the measurement date exceeds the amortized cost basis of the loan.

Allowance for credit losses: The allowance for credit losses 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. 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.

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(dollars in thousands, except per share data)

The Company measures the ACL of loans on a collective (pool) basis when the loans share similar risk characteristics and uses a cash flow-based model 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. In addition to the historical loss information, the Company utilizes qualitative factors to adjust the ACL as appropriate. Qualitative factors are based on management's judgment of the changes in underlying loan composition of specific portfolios, trends relating to credit quality and collateral values, company-specific data, or effects of other factors such as market competition or legal and regulatory requirements. Loans that do not share similar risk characteristics with the pooled loans are evaluated for credit losses on an individual basis. In addition, regulatory agencies, as integral parts of their examination processes, periodically review the Company's allowance for credit losses, and may require the Company to make additions to the allowance based on their judgment about information available to them at the time of their examinations.

Premises and equipment: Premises and equipment are stated at cost less accumulated depreciation. The straight-line method of depreciation and amortization is used for calculating expense. The estimated useful lives of premises and equipment range up to 40 years for buildings, up to 10 years for furniture and equipment, and the shorter of the estimated useful life or lease term for leasehold improvements.

The Company reviews its property and equipment whenever events indicate that the carrying amount of an asset group may not be recoverable. An impairment loss is recorded when the sum of the undiscounted future cash flows is less than the carrying amount of the asset group. An impairment loss is measured as the amount by which the carrying amount of the asset group exceeds its fair value.

Other real estate owned: Real estate properties acquired through or in lieu of foreclosure are initially recorded at fair value less estimated selling cost at the date of foreclosure, establishing a new cost basis. Fair value is determined by management by obtaining appraisals or other market value information at the time of foreclosure. Any write-downs in value at the date of acquisition are charged to the allowance for credit losses. After foreclosure, valuations are periodically performed by management by obtaining updated appraisals or other market value information at least annually. Any subsequent write-downs are recorded as a charge to operations, if necessary, to reduce the carrying value of a property to the updated fair value less estimated selling cost. Net costs related to the holding of properties are included in noninterest expense. As of December 31, 2024 and 2023, the Company had no other real estate owned.

Trust assets: Assets held by West Bank in fiduciary or agency capacities, other than trust cash on deposit at West Bank, are not included in the consolidated balance sheets of the Company, as such assets are not assets of West Bank. The Company managed or administered accounts with assets totaling \$640,069 and \$612,190 as of December 31, 2024 and 2023, respectively.

Bank-owned life insurance: The carrying amount of bank-owned life insurance consists of the initial premium paid, plus increases in cash value, less the carrying amount associated with any death benefit received. Death benefits paid in excess of the applicable carrying amount are recognized as income. Increases in cash value and the portion of death benefits recognized as income are exempt from income taxes.

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Derivatives: The Company uses derivative financial instruments, which consist of interest rate swaps, to assist in its interest rate risk management. All derivatives are measured and reported at fair value on the Company's consolidated balance sheet as other assets or other liabilities. The Company records cash flow hedges at the inception of the derivative contract based on the Company's intentions and belief as to likely effectiveness as a hedge. The Company documents the strategy for entering into the transactions and the method of assessing ongoing effectiveness. Cash flow hedges represent a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability. For a cash flow hedge that is effective, the gain or loss on the derivative is reported in other comprehensive income and is reclassified into earnings in the same periods during which the hedged transaction affects earnings. The changes in the fair value of derivatives that are not highly effective in hedging the changes in expected cash flows of the hedged item are recognized immediately in current earnings. All of the Company's cash flow hedges qualify for hedge accounting and are considered highly effective.

Net cash settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. Cash flows on hedges are classified in the cash flow statement the same as the cash flows of the items being hedged. To determine fair value, the Company uses third-party pricing models that incorporate assumptions about market conditions and risks that are current at the reporting date. The Company does not use derivative instruments for trading or speculative purposes.

The Company formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used are highly effective in offsetting changes in cash flows of the hedged items. The Company discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative is settled or terminates, a hedged forecasted transaction is no longer probable, a hedged firm commitment is no longer firm, or treatment of the derivative as a hedge is no longer appropriate or intended. When hedge accounting is discontinued, subsequent changes in fair value of the derivative are recorded as noninterest income. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transactions are still expected to occur, gains or losses that were accumulated in other comprehensive income are amortized into earnings over the same periods in which the hedged transactions will affect earnings.

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 customer accommodations and any offsetting swaps are treated as non-hedging derivative instruments which do not qualify for hedge accounting.

Stock-based compensation: Compensation expense for stock-based awards is recorded over the vesting period, or until the participant reaches full retirement age if less than the vesting period, at the fair value of the award at the time of grant. Certain grants of restricted stock units (RSUs) are subject to performance-based vesting and cliff vest based on those conditions. Compensation expense is recognized over the service period to the extent restricted stock awards are expected to vest. The fair value of RSUs granted under the Company's incentive plans is equal to the fair market value of the underlying stock at the grant date, adjusted for dividends and required post vesting holding periods where applicable. The Company has elected to record forfeitures as they occur. See Note 13 Stock Compensation Plans for further information.

Deferred compensation: The West Bancorporation, Inc. Deferred Compensation Plan (the Deferred Compensation Plan) provides certain individuals with additional deferral opportunities in planning for retirement. Eligible participants, including directors and key officers of the Company, may choose to voluntarily defer receipt of a portion of their respective cash compensation. The Deferred Compensation Plan is an unfunded, nonqualified deferred compensation plan intended to conform to the requirements of Section 409A of the Internal Revenue Code. Liabilities accrued under the Deferred Compensation Plan totaled \$1,404 and \$1,021 as of December 31, 2024 and 2023, respectively.

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Income taxes: The Company files a consolidated federal income tax return. Income tax expense is generally allocated as if the Company and its subsidiary file separate income tax returns. Deferred taxes are provided on an asset and liability method whereby deferred tax assets are recognized for deductible temporary differences, capital losses and net operating losses, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

When tax returns are filed, it is highly certain that some tax positions taken will be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the positions taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the consolidated financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. The evaluation of a tax position taken is considered by itself and is not offset or aggregated with other positions. Tax positions that meet the more likely than not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. Management does not believe the Company has any material uncertain tax positions to disclose.

Interest and penalties, if any, related to income taxes are recorded as other noninterest expense in the consolidated income statements in the year assessed.

Revenue recognition: Revenue from deposit account-related fees, including general service fees charged for deposit account maintenance and activity and transaction-based fees charged for certain services, such as debit card, wire transfer or overdraft activities, is recognized when the performance obligation is completed, which is generally after a transaction is completed or monthly for account maintenance services. Trust services, which include periodic fees earned from trusts and investment management agency accounts, estate administration, custody accounts, individual retirement accounts, and other related services, are charged based on standard agreements or by statute and are recognized over the period of time the Company provides the contracted services.

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 RSUs were vested. The dilutive effect is 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.

Current accounting developments: 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 refined 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 extended the period of time preparers could utilize reference rate reform relief guidance in Topic 848, discussed above. ASU No. 2022-06 deferred the sunset date from December 31, 2022 to December 31, 2024. This update did not have a material impact on the Company's financial statements.

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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 implementation of this ASU did 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 Accounting Standards Codification™. 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 December 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 adopted this guidance effective December 31, 2024. Refer to "Segment information" section of Note 1 for additional information regarding segments.

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 adopted this guidance effective January 1, 2025 and will provide the required disclosures in the Company's 2025 filings.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. The amendments in this ASU require public companies to disclose, in the notes to the financial statements, specified information about certain costs and expenses at each interim and annual reporting period. Additionally, in January 2025, the FASB issued ASU No. 2025-01, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*. This ASU amends the effective date of ASU No. 2024-03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption of ASU No. 2024-03 is permitted. The Company is currently evaluating the impact of the ASU on the Company's consolidated financial statements.

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Note 2. Earnings per Common Share

The calculation of earnings per common share and diluted earnings per common share is presented below for the years ended December 31, 2024, 2023 and 2022.

(in thousands, except per share data)	2024	2023	2022
Net income	\$ 24,050	\$ 24,137	\$ 46,399
Weighted average common shares outstanding	16,806	16,704	16,620
Weighted average effect of restricted stock units outstanding	89	46	178
Diluted weighted average common shares outstanding	16,895	16,750	16,798
Basic earnings per common share	\$ 1.43	\$ 1.44	\$ 2.79
Diluted earnings per common share	\$ 1.42	\$ 1.44	\$ 2.76
Number of anti-dilutive common stock equivalents excluded from diluted earnings per share computation	293	412	152

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Note 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 December 31, 2024 and 2023.

	2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	
Securities available for sale:					
State and political subdivisions	\$ 215,942	\$ —	\$ (41,797)	\$ 174,145	
Collateralized mortgage obligations ⁽¹⁾	278,754	—	(59,490)	219,264	
Mortgage-backed securities ⁽¹⁾	145,992	—	(26,173)	119,819	
Collateralized loan obligations	18,932	33	—	18,965	
Corporate notes	13,750	—	(1,378)	12,372	
	\$ 673,370	\$ 33	\$ (128,838)	\$ 544,565	
	2023				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	
Securities available for sale:					
State and political subdivisions	\$ 231,413	\$ 19	\$ (38,427)	\$ 193,005	
Collateralized mortgage obligations ⁽¹⁾	305,200	—	(55,267)	249,933	
Mortgage-backed securities ⁽¹⁾	157,711	—	(25,873)	131,838	
Collateralized loan obligations	37,632	—	(96)	37,536	
Corporate notes	13,750	—	(2,143)	11,607	
	\$ 745,706	\$ 19	\$ (121,806)	\$ 623,919	

(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 \$572,491 and \$447,074 as of December 31, 2024 and 2023, respectively, were pledged to secure access to 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 December 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.

	2024	
	Amortized Cost	Fair Value
Due after five years through ten years	\$ 53,979	\$ 49,488
Due after ten years	194,645	155,994
	248,624	205,482
Collateralized mortgage obligations and mortgage-backed securities	424,746	339,083
	\$ 673,370	\$ 544,565

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The details of the sales of securities available for sale for the years ended December 31, 2024, 2023 and 2022 are summarized in the following table.

	2024	2023	2022
Proceeds from sales	\$ 11,841	\$ 11,285	\$ —
Gross gains on sales	—	—	—
Gross losses on sales	1,172	431	—

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 December 31, 2024 and 2023.

	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 Securities	Fair Value	Gross Unrealized Losses
Securities available for sale:								
State and political subdivisions	\$ 4,485	\$ (271)	7	\$ 169,650	\$ (41,526)	90	\$ 174,135	\$ (41,797)
Collateralized mortgage obligations	—	—	—	219,264	(59,490)	69	219,264	(59,490)
Mortgage-backed securities	610	(3)	1	119,209	(26,170)	25	119,819	(26,173)
Corporate notes	—	—	—	12,372	(1,378)	8	12,372	(1,378)
	\$ 5,095	\$ (274)	8	\$ 520,495	\$ (128,564)	192	\$ 525,590	\$ (128,838)
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:							
State and political subdivisions	\$ 3,353	\$ (89)	5	\$ 184,522	\$ (38,338)	92	\$ 187,875	\$ (38,427)
Collateralized mortgage obligations	—	—	—	249,933	(55,267)	72	249,933	(55,267)
Mortgage-backed securities	—	—	—	131,838	(25,873)	27	131,838	(25,873)
Collateralized loan obligations	—	—	—	37,536	(96)	6	37,536	(96)
Corporate notes	—	—	—	11,607	(2,143)	8	11,607	(2,143)
	\$ 3,353	\$ (89)	5	\$ 615,436	\$ (121,717)	205	\$ 618,789	\$ (121,806)

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 December 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 December 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 \$2,842 and \$3,271 as of December 31, 2024 and December 31, 2023, respectively, and was excluded from the estimate of credit losses.

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Note 4. Loans and Allowance for Credit Losses

Loans consisted of the following segments as of December 31, 2024 and 2023.

	2024	2023
Commercial	\$ 514,232	\$ 531,594
Real estate:		
Construction, land and land development	508,147	413,477
1-4 family residential first mortgages	87,858	106,688
Home equity	19,294	14,618
Commercial	1,861,195	1,854,510
Consumer and other	<u>17,287</u>	<u>10,930</u>
	3,008,013	2,931,817
Net unamortized fees and costs	<u>(3,153)</u>	<u>(4,282)</u>
	<u><u>\$ 3,004,860</u></u>	<u><u>\$ 2,927,535</u></u>

The loan portfolio included \$1,878,063 and \$2,003,699 of fixed-rate loans and \$1,129,950 and \$928,118 of variable-rate loans as of December 31, 2024 and 2023, respectively.

Real estate loans of approximately \$1,470,000 and \$1,420,000 were pledged as security for FHLB advances as of December 31, 2024 and 2023, respectively.

The Company has had, and may be expected to have in the future, banking transactions in the ordinary course of business with directors, executive officers, their immediate families, and affiliated companies in which they are principal stockholders or executive officers (commonly referred to as related parties), all of which have been originated, in the opinion of management, on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties. None of these loans are past due, on nonaccrual status or restructured to provide a reduction or deferral of interest or principal because of deterioration in the financial position of the borrower. There were no loans to a related party that the Company considered adversely classified at December 31, 2024 or 2023. Loan transactions with related parties were as follows for the years ended December 31, 2024, 2023 and 2022.

	2024	2023	2022
Balance, beginning of year	\$ 110,293	\$ 155,789	\$ 143,768
New loans	6	1,699	42,371
Repayments	(22,398)	(16,513)	(20,650)
Effect of change in director status	—	(30,682)	(9,700)
Balance, end of year	<u><u>\$ 87,901</u></u>	<u><u>\$ 110,293</u></u>	<u><u>\$ 155,789</u></u>

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Allowance for Credit Losses for Loans

The following tables detail the changes in the ACL by loan segment for the years ended December 31, 2024 and 2023.

	2024							
	Real Estate							
	Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other		Total
Beginning balance	\$ 5,291	\$ 3,668	\$ 704	\$ 142	\$ 18,420	\$ 117	\$ 28,342	
Charge-offs	(20)	—	—	—	—	—	—	(20)
Recoveries	51	13	42	4	—	—	—	110
Provision for credit loss expense ⁽¹⁾	167	673	(96)	54	1,124	78	—	2,000
Ending balance	<u>\$ 5,489</u>	<u>\$ 4,354</u>	<u>\$ 650</u>	<u>\$ 200</u>	<u>\$ 19,544</u>	<u>\$ 195</u>	<u>\$ 30,432</u>	

	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	(55)	(39)	(40)	—	—	—	—	(134)
Recoveries	36	2	2	5	—	—	—	45
Provision for credit loss expense ⁽¹⁾	(171)	391	264	44	(66)	38	—	500
Ending balance	<u>\$ 5,291</u>	<u>\$ 3,668</u>	<u>\$ 704</u>	<u>\$ 142</u>	<u>\$ 18,420</u>	<u>\$ 117</u>	<u>\$ 28,342</u>	

(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.

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 table presents the activity in the allowance for loan losses by segment for the year ended December 31, 2022.

	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	29	—	33	4	25	—	—	91
Provision for loan losses ⁽¹⁾	(1)	(98)	16	6	(2,465)	42	—	(2,500)
Ending balance	<u>\$ 4,804</u>	<u>\$ 3,548</u>	<u>\$ 357</u>	<u>\$ 101</u>	<u>\$ 16,575</u>	<u>\$ 88</u>	<u>\$ 25,473</u>	

(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

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

	December 31, 2024						
	Real Estate						
	Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other	Total
Ending balance:							
Individually evaluated for credit losses	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Collectively evaluated for credit losses	5,489	4,354	650	200	19,544	195	30,432
Total	\$ 5,489	\$ 4,354	\$ 650	\$ 200	\$ 19,544	\$ 195	\$ 30,432
	December 31, 2023						
	Real Estate						
	Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other	Total
Ending balance:							
Individually evaluated for credit losses	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Collectively evaluated for credit losses	5,291	3,668	704	142	18,420	117	28,342
Total	\$ 5,291	\$ 3,668	\$ 704	\$ 142	\$ 18,420	\$ 117	\$ 28,342

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 December 31, 2024 and 2023.

	December 31, 2024						
	Real Estate						
	Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other	Total
Ending balance:							
Individually evaluated for credit losses	\$ —	\$ —	\$ 133	\$ —	\$ —	\$ —	\$ 133
Collectively evaluated for credit losses	514,232	508,147	87,725	19,294	1,861,195	17,287	3,007,880
Total	\$ 514,232	\$ 508,147	\$ 87,858	\$ 19,294	\$ 1,861,195	\$ 17,287	\$ 3,008,013
	December 31, 2023						
	Real Estate						
	Commercial	Construction and Land	1-4 Family Residential	Home Equity	Commercial	Consumer and Other	Total
Ending balance:							
Individually evaluated for credit losses	\$ —	\$ —	\$ 296	\$ —	\$ —	\$ —	\$ 296
Collectively evaluated for credit losses	531,594	413,477	106,392	14,618	1,854,510	10,930	2,931,521
Total	\$ 531,594	\$ 413,477	\$ 106,688	\$ 14,618	\$ 1,854,510	\$ 10,930	\$ 2,931,817

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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 \$9,835 and \$10,292 at December 31, 2024 and 2023, respectively, was included in accrued interest receivable on the balance sheet and was excluded from the estimate of credit losses.

Expected credit losses are reflected in the allowance for credit losses 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 model 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. In addition to the historical loss information, the Company utilizes qualitative factors to adjust the ACL as appropriate. Qualitative factors are based on management's judgment of the changes in underlying loan composition of specific portfolios, trends relating to credit quality and collateral values, company-specific data, or effects of other factors such as market competition or legal and regulatory requirements.

The Company uses a 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 a 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.

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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 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	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Commercial	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Real estate:						
Construction, land and land development	—	—	—	—	—	—
1-4 family residential first mortgages	133	296	133	296	—	—
Home equity	—	—	—	—	—	—
Commercial	—	—	—	—	—	—
Consumer and other	—	—	—	—	—	—
Total	\$ 133	\$ 296	\$ 133	\$ 296	\$ —	\$ —

There was \$91 and \$0 interest income recognized on loans that were on nonaccrual for the years ended December 31, 2024 and 2023, respectively.

Interest income forgone on nonaccrual loans was \$19, \$15 and \$144, respectively, during the years ended December 31, 2024, 2023 and 2022.

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

	December 31, 2024					
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans
Commercial	\$ —	\$ —	\$ —	\$ —	\$ 514,232	\$ 514,232
Real estate:						
Construction, land and land development	—	—	—	—	508,147	508,147
1-4 family residential first mortgages	—	—	—	—	87,858	87,858
Home equity	—	—	—	—	19,294	19,294
Commercial	—	—	—	—	1,861,195	1,861,195
Consumer and other	—	—	—	—	17,287	17,287
Total	\$ —	\$ —	\$ —	\$ —	\$ 3,008,013	\$ 3,008,013

	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
Commercial	\$ —	\$ —	\$ —	\$ —	\$ 531,594	\$ 531,594
Real estate:						
Construction, land and land development	—	—	—	—	413,477	413,477
1-4 family residential first mortgages	—	—	—	—	106,688	106,688
Home equity	—	—	—	—	14,618	14,618
Commercial	—	—	—	—	1,854,510	1,854,510
Consumer and other	—	—	—	—	10,930	10,930
Total	\$ —	\$ —	\$ —	\$ —	\$ 2,931,817	\$ 2,931,817

Loan Restructurings Made to Borrowers Experiencing Financial Difficulty

As of December 31, 2024 and 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 twelve months ended December 31, 2024, 2023 and 2022. A loan is considered to be in payment default once it is 30 days contractually past due under the modified terms.

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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.

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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 charge-off by loan segment and origination year, based on the analysis performed as of December 31, 2024 and 2023.

As of December 31, 2024	Term Loans by Origination Year						Prior	Revolving Loans	Total
	2024	2023	2022	2021	2020				
Commercial									
Pass	\$ 97,976	\$ 80,842	\$ 77,087	\$ 33,698	\$ 17,460		\$ 41,006	\$ 158,395	\$ 506,464
Watch	4,223	116	2,747	620	—		62	—	7,768
Substandard	—	—	—	—	—		—	—	—
Doubtful	—	—	—	—	—		—	—	—
Total	\$ 102,199	\$ 80,958	\$ 79,834	\$ 34,318	\$ 17,460		\$ 41,068	\$ 158,395	\$ 514,232
Current period gross charge-offs	\$ 16	\$ —	\$ 4	\$ —	\$ —		\$ —	\$ —	\$ 20
Real estate:									
Construction, land and land development									
Pass	\$ 168,579	\$ 144,604	\$ 84,281	\$ 27,584	\$ 805		\$ —	\$ 82,294	\$ 508,147
Watch	—	—	—	—	—		—	—	—
Substandard	—	—	—	—	—		—	—	—
Doubtful	—	—	—	—	—		—	—	—
Total	\$ 168,579	\$ 144,604	\$ 84,281	\$ 27,584	\$ 805		\$ —	\$ 82,294	\$ 508,147
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —		\$ —	\$ —	\$ —
1-4 family residential first mortgages									
Pass	\$ 12,573	\$ 24,889	\$ 17,803	\$ 16,283	\$ 10,251		\$ 3,986	\$ 1,940	\$ 87,725
Watch	—	—	—	—	—		—	—	—
Substandard	—	133	—	—	—		—	—	133
Doubtful	—	—	—	—	—		—	—	—
Total	\$ 12,573	\$ 25,022	\$ 17,803	\$ 16,283	\$ 10,251		\$ 3,986	\$ 1,940	\$ 87,858
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —		\$ —	\$ —	\$ —
Home equity									
Pass	\$ 425	\$ 2,721	\$ 175	\$ 443	\$ 32		\$ —	\$ 15,498	\$ 19,294
Watch	—	—	—	—	—		—	—	—
Substandard	—	—	—	—	—		—	—	—
Doubtful	—	—	—	—	—		—	—	—
Total	\$ 425	\$ 2,721	\$ 175	\$ 443	\$ 32		\$ —	\$ 15,498	\$ 19,294
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —		\$ —	\$ —	\$ —
Commercial									
Pass	\$ 228,197	\$ 141,894	\$ 467,411	\$ 431,448	\$ 342,828		\$ 218,440	\$ 30,396	\$ 1,860,614
Watch	—	—	332	249	—		—	—	581
Substandard	—	—	—	—	—		—	—	—
Doubtful	—	—	—	—	—		—	—	—
Total	\$ 228,197	\$ 141,894	\$ 467,743	\$ 431,697	\$ 342,828		\$ 218,440	\$ 30,396	\$ 1,861,195
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —		\$ —	\$ —	\$ —
Consumer and other									
Pass	\$ 4,114	\$ 600	\$ 108	\$ 214	\$ 13		\$ 113	\$ 12,125	\$ 17,287
Watch	—	—	—	—	—		—	—	—
Substandard	—	—	—	—	—		—	—	—
Doubtful	—	—	—	—	—		—	—	—
Total	\$ 4,114	\$ 600	\$ 108	\$ 214	\$ 13		\$ 113	\$ 12,125	\$ 17,287
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —		\$ —	\$ —	\$ —

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December 31, 2023	Term Loans by Origination Year						Prior	Revolving Loans	Total
	2023	2022	2021	2020	2019				
Commercial									
Pass	\$ 147,971	\$ 110,228	\$ 48,291	\$ 31,423	\$ 6,510	\$ 44,146	\$ 143,025	\$ 531,594	
Watch	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	\$ 147,971	\$ 110,228	\$ 48,291	\$ 31,423	\$ 6,510	\$ 44,146	\$ 143,025	\$ 531,594	
Current period gross charge-offs	\$ 37	\$ —	\$ —	\$ —	\$ 18	\$ —	\$ —	\$ —	\$ 55
Real estate:									
Construction, land and land development									
Pass	\$ 126,608	\$ 114,176	\$ 64,797	\$ 20,210	\$ 1,458	\$ —	\$ 86,228	\$ 413,477	
Watch	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	\$ 126,608	\$ 114,176	\$ 64,797	\$ 20,210	\$ 1,458	\$ —	\$ 86,228	\$ 413,477	
Current period gross charge-offs	\$ —	\$ 39	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 39
1-4 family residential first mortgages									
Pass	\$ 46,766	\$ 20,531	\$ 19,670	\$ 11,779	\$ 3,663	\$ 3,176	\$ 663	\$ 106,248	
Watch	144	—	—	—	—	—	—	—	144
Substandard	—	—	—	—	296	—	—	—	296
Doubtful	—	—	—	—	—	—	—	—	—
Total	\$ 46,910	\$ 20,531	\$ 19,670	\$ 11,779	\$ 3,959	\$ 3,176	\$ 663	\$ 106,688	
Current period gross charge-offs	\$ —	\$ 40	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 40
Home equity									
Pass	\$ 2,804	\$ 288	\$ 508	\$ 98	\$ 138	\$ 16	\$ 10,766	\$ 14,618	
Watch	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	\$ 2,804	\$ 288	\$ 508	\$ 98	\$ 138	\$ 16	\$ 10,766	\$ 14,618	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial									
Pass	\$ 212,772	\$ 519,783	\$ 463,750	\$ 359,032	\$ 84,995	\$ 195,967	\$ 18,211	\$ 1,854,510	
Watch	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	\$ 212,772	\$ 519,783	\$ 463,750	\$ 359,032	\$ 84,995	\$ 195,967	\$ 18,211	\$ 1,854,510	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Consumer and other									
Pass	\$ 1,740	\$ 211	\$ 392	\$ 51	\$ 17	\$ 126	\$ 8,393	\$ 10,930	
Watch	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	\$ 1,740	\$ 211	\$ 392	\$ 51	\$ 17	\$ 126	\$ 8,393	\$ 10,930	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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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 December 31, 2024 and 2023.

	As of December 31, 2024				
	Primary Type of Collateral				
	Real Estate	Equipment	Other	Total	ACL Allocation
1-4 family residential first mortgages	\$ 133	\$ —	\$ —	\$ 133	\$ —
Total	<u>\$ 133</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 133</u>	<u>\$ —</u>

	As of December 31, 2023				
	Primary Type of Collateral				
	Real Estate	Equipment	Other	Total	ACL Allocation
1-4 family residential first mortgages	\$ 296	\$ —	\$ —	\$ 296	\$ —
Total	<u>\$ 296</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 296</u>	<u>\$ —</u>

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The following table summarizes the average recorded investment and interest income recognized on impaired loans by segment for the year ended December 31, 2022.

	December 31, 2022	
	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:		
Commercial	\$ —	\$ —
Real estate:		
Construction, land and land development	—	—
1-4 family residential first mortgages	336	—
Home equity	—	—
Commercial	—	—
Consumer and other	—	—
	<u>336</u>	<u>—</u>
With an allowance recorded:		
Commercial	—	—
Real estate:		
Construction, land and land development	—	—
1-4 family residential first mortgages	—	—
Home equity	—	—
Commercial	3,915	—
Consumer and other	—	—
	<u>3,915</u>	<u>—</u>
Total:		
Commercial	—	—
Real estate:		
Construction, land and land development	—	—
1-4 family residential first mortgages	336	—
Home equity	—	—
Commercial	3,915	—
Consumer and other	—	—
Total impaired loans	<u>\$ 4,251</u>	<u>\$ —</u>

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 using the same models for the Company's other loan portfolio segments described above. The Company's allowance for credit losses for unfunded commitments was \$1,544 and \$2,544 as of December 31, 2024 and 2023, respectively. 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" line of the Consolidated Statements of Income. During the year ended December 31, 2024, the Company recorded a negative credit loss expense of \$1,000 associated with off-balance sheet credit exposures compared to a credit loss expense of \$ 200 for the year ended December 31, 2023.

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Note 5. Premises and Equipment, Net

Premises and equipment consisted of the following as of December 31, 2024 and 2023.

	2024	2023
Land	\$ 11,049	\$ 11,049
Buildings	91,022	69,693
Right-of-use assets under operating leases	4,405	3,231
Leasehold improvements	2,401	3,557
Furniture and equipment	13,750	11,880
	<hr/>	<hr/>
Accumulated depreciation	122,627	99,410
	(12,642)	(13,011)
	<hr/>	<hr/>
	\$ 109,985	\$ 86,399

Note 6. Operating Leases

The Company leases real estate for four branch offices and office space for operations departments under various operating lease agreements. The lease agreements have maturity dates ranging from September 2030 to September 2036, some of which include options to renew at the Company's discretion. If at lease inception, the Company considers the exercising of a renewal option to be reasonably certain, the Company will include the extended term in the measurement of the right-of-use asset and lease liability. The weighted average remaining lives of the lease terms used in the measurement of the operating lease liability were 9.6 years and 6.7 years as of December 31, 2024 and 2023, respectively.

The discount rate used in determining the lease liability for each individual lease was the FHLB fixed advance rate which corresponded with the remaining lease term as of January 1, 2019 for leases that existed at adoption of this accounting standard and as of the lease commencement date for leases entered into subsequent to January 1, 2019. For leases that have been extended subsequent to January 1, 2019, the discount rate used was the FHLB fixed rate advance rate which corresponded with the remaining lease term as of the lease extension date. The weighted average discount rates used in the measurement of the operating lease liabilities were 4.06 percent and 3.42 percent as of December 31, 2024 and 2023, respectively.

Operating lease right-of-use assets are included in premises and equipment. Operating lease liabilities of \$ 4,551 and \$3,402 were included in other liabilities as of December 31, 2024 and 2023, respectively. Rent expense related to these leases was \$972, \$1,510 and \$1,395, for the years ended December 31, 2024, 2023 and 2022, respectively.

Total estimated rental commitments for the operating leases were as follows as of December 31, 2024.

2025	\$ 588
2026	593
2027	600
2028	610
2029	611
Thereafter	<hr/>
Total lease payments	2,543
Less: present value discount	5,545
Present value of lease liabilities	<hr/>
	\$ 4,551

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Note 7. Deposits

The scheduled maturities of time deposits were as follows as of December 31, 2024.

2025	\$ 622,366
2026	3,371
2027	1,639
2028	948
2029	473
	<hr/>
	\$ 628,797

Note 8. Subordinated Notes

In July 2003, the Company issued \$ 20,619 in junior subordinated debentures to the Company's subsidiary trust, West Bancorporation Capital Trust I. The junior subordinated debentures are senior to the Company's common stock. As a result, the Company must make payments on the junior subordinated debentures (and the related trust preferred securities) before any dividends can be paid on its common stock, and, in the event of the Company's bankruptcy, dissolution or liquidation, the holders of the debentures must be satisfied before any distribution can be made to the holders of the common stock. The Company has the right to defer distributions on the junior subordinated debentures (and the related trust preferred securities) for up to five years, during which time no dividends may be paid to holders of the Company's common stock. The junior subordinated debentures have a 30-year term, do not require any principal amortization, and are callable at the issuer's option. The interest rate is a variable rate based on the 3-month term Secured Overnight Financing Rate (SOFR) plus 0.26161 percent tenor spread adjustment plus 3.05 percent. At December 31, 2024, the interest rate was 7.64 percent. Interest is payable quarterly, unless deferred. The Company has never deferred an interest payment. The effective cost of the junior subordinated debentures at December 31, 2024, including amortization of issuance costs, was 7.70 percent. Holders of the trust preferred securities associated with the junior subordinated debentures have no voting rights, are unsecured, and rank junior in priority to all the Company's indebtedness and senior to the Company's common stock. The junior subordinated debentures were reported net of unamortized debt issuance costs of \$114 and \$127 as of December 31, 2024 and 2023, respectively. The Company has an interest rate swap contract that effectively converts \$ 20,000 of the variable-rate junior subordinated debentures to a fixed rate of 4.81 percent. See Note 11 for additional information on the interest rate swap. In addition, the junior subordinated debentures qualify as additional Tier 1 capital of the Company for regulatory purposes.

In June 2022, the Company issued \$ 60,000 of subordinated notes (the Notes). The Notes initially bear interest at 5.25 percent per annum, with interest payable semi-annually for the first five years of the Notes. Beginning in June 2027, the interest rate will be reset quarterly to a floating rate per annum that is expected to be three-month term SOFR plus 2.41 percent with payments due quarterly. The Company may redeem the Notes, in whole or in part, on or after June 15, 2027 at a price equal to 100 percent of the principal amount of the Notes being redeemed plus accrued and unpaid interest. The Notes will mature on June 15, 2032 if they are not earlier redeemed. Proceeds from this debt issuance were used to make a \$ 58,650 capital injection into the Company's subsidiary, West Bank to support organic growth. The Notes were reported net of unamortized debt issuance costs of \$612 and \$860 as of December 31, 2024 and 2023, respectively.

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Note 9. Federal Home Loan Bank Advances and Other Borrowings

The Company had fixed-rate FHLB advances totaling \$ 270,000 and \$315,000 as of December 31, 2024 and 2023, respectively. As of December 31, 2024, all advances had maturities of one month and are part of a rolling funding program associated with long-term interest rate swaps related to the interest cash flows of the rolling advances. The weighted average contractual rates on FHLB advances were 4.62 percent and 5.54 percent as of December 31, 2024 and December 31, 2023, respectively. The weighted average effective rate for these advances, which includes adjustments for the interest rate swaps, when applicable, were 3.39 percent and 3.44 percent as of December 31, 2024 and 2023, respectively. See Note 11 for additional information on interest rate swaps hedging FHLB advances.

The Company had overnight and other short-term borrowings, including FHLB advances totaling \$ 0 and \$150,270 as of December 31, 2024 and 2023, respectively, which are included in federal funds purchased and other short-term borrowings.

The FHLB advances are collateralized by FHLB stock and real estate loans, as required by the FHLB's collateral policy. West Bank had additional borrowing capacity of approximately \$610,000 at the FHLB as of December 31, 2024.

As of December 31, 2024, West Bank had arrangements that would allow it to borrow \$ 75,000 in unsecured federal funds lines of credit at correspondent banks that are available under the correspondent banks' normal terms. The lines have no stated expiration dates. As of December 31, 2024, there were no amounts outstanding under these arrangements. At December 31, 2024, West Bank also had approximately \$ 116,840 of securities pledged for available borrowings at the Federal Reserve Bank discount window. There were no balances outstanding at the Federal Reserve Bank discount window at December 31, 2024.

Note 10. Long-Term Debt

In December 2021, the Company entered into a credit agreement with a commercial bank and borrowed \$ 40,000. The borrowing was used to make a capital injection into the Company's subsidiary, West Bank. Interest under the term note is payable quarterly over five years. Required quarterly principal payments are \$1,250, with the remaining balance due February 2027. The Company may make additional principal payments without penalty. The interest rate is variable at the Wall Street Journal Prime Rate minus 1.00 percent, which totaled 6.50 percent as of December 31, 2024. The Company has an interest rate swap contract that effectively converts \$20,000 of the borrowings to a fixed rate of 6.40 percent. See Note 11 for additional information on the interest rate swap. In the event of default, the unaffiliated commercial bank may accelerate payment of the loan. The outstanding balance was \$31,250 and \$36,250 as of December 31, 2024 and 2023, respectively. The note is secured by 100 percent of West Bank's stock.

West Bank's special purpose subsidiary has a credit agreement for \$ 11,486. Interest is payable monthly over the term of the agreement with an interest rate of one percent. Monthly principal payments begin in January 2026 and the agreement matures in December 2048. The outstanding balance was \$1,486 as of December 31, 2024 and 2023.

Future required principal payments for long-term debt as of December 31, 2024 are shown in the table below.

2025	\$	5,000
2026		5,446
2027		21,701
2028		455
2029		460
Thereafter		9,674
	\$	<u>42,736</u>

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Note 11. 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 Cash Flow Hedges: The Company had interest rate swaps designated as cash flow hedges with total notional amounts of \$420,000 and \$445,000 at December 31, 2024 and 2023, respectively. As of December 31, 2024, the Company had swaps with a total notional amount of \$270,000 that hedge the interest payments of rolling fixed-rate one-month funding consisting of FHLB advances or brokered deposits. Also, as of December 31, 2024, the Company had swaps with a total notional amount of \$40,000 that effectively convert variable-rate long-term debt to fixed-rate debt and swaps with a total notional amount of \$110,000 that hedge the interest payments of certain deposit accounts.

At the inception of each hedge transaction, the Company represented that the underlying principal balance would remain outstanding throughout the hedge transaction, making it probable that sufficient interest payments would exist through the maturity date of the swaps. The cash flow hedges were determined to be fully effective during the remaining terms of the swaps. Therefore, the aggregate fair value of the swaps is recorded in other assets or other liabilities with changes in market value recorded in OCI, net of deferred taxes. See Note 18 for additional fair value information and disclosures. The amounts included in AOCI will be reclassified to interest expense should the hedge no longer be considered effective.

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 December 31, 2024 and 2023.

	December 31, 2024		December 31, 2023	
Cash Flow Hedges:				
Gross notional amount	\$	420,000	\$	445,000
Fair value in other assets		9,897		11,313
Fair value in other liabilities		(270)		(988)
Weighted-average floating rate received		4.84 %		5.64 %
Weighted-average fixed rate paid		3.30 %		3.04 %
Weighted-average maturity in years		2.4		2.6
Non-Hedging Derivatives:				
Gross notional amount	\$	287,235	\$	293,400
Fair value in other assets		14,284		14,114
Fair value in other liabilities		(14,284)		(14,114)

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

	2024	2023	2022
Pre-tax gain recognized in other comprehensive income	\$ 9,759	\$ 4,291	\$ 23,595
Increase (decrease) in interest expense	(10,456)	(10,249)	206

The Company estimates there will be approximately \$ 6,487 reclassified from accumulated other comprehensive income to reduce interest expense through December 31, 2025 related to cash flow hedges. The Company will continue to assess the effectiveness of hedges on a quarterly basis.

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 December 31, 2024 and 2023, the Company pledged \$30 and \$0, respectively, of collateral to the counterparties in the form of cash on deposit. As of December 31, 2024 and 2023, the Company's counterparties pledged \$24,160 and \$22,340, respectively, of collateral to the Company in the form of cash on deposit. The interest rate swap product with the borrowers is cross-collateralized with the underlying loan and therefore there is no pledged cash collateral under swap contracts with customers.

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Note 12. Income Taxes

The Company files income tax returns in the U.S. federal and various state jurisdictions. Income tax returns for the years 2021 through 2024 remain open to examination by federal and state taxing authorities. No material income tax related interest or penalties were recognized during the years ended December 31, 2024, 2023 or 2022.

The following table shows the components of income taxes for the years ended December 31, 2024, 2023 and 2022.

	2024	2023	2022
Current:			
Federal	\$ (645)	\$ 3,485	\$ 8,194
State	1,056	1,717	3,221
Deferred:			
Federal	2,573	226	971
State	409	221	612
Income taxes	<u>\$ 3,393</u>	<u>\$ 5,649</u>	<u>\$ 12,998</u>

Total income taxes for the years ended December 31, 2024, 2023 and 2022 differed from the amount computed by applying the U.S. federal income tax rate of 21 percent to income before income taxes, as shown in the following table.

	2024		2023		2022	
	Amount	Percent of Pretax Income	Amount	Percent of Pretax Income	Amount	Percent of Pretax Income
Computed expected tax expense	\$ 5,763	21.0 %	\$ 6,255	21.0 %	\$ 12,473	21.0 %
State income tax expense, net of federal income tax benefit	1,267	4.6	1,395	4.7	2,729	4.6
Tax-exempt interest income	(1,404)	(5.1)	(1,445)	(4.9)	(1,240)	(2.1)
Nondeductible interest expense to own tax-exempt securities	1,261	4.6	1,057	3.5	354	0.6
Tax-exempt increase in cash value of life insurance and gains	(236)	(0.9)	(364)	(1.2)	(203)	(0.3)
Stock compensation	(2)	—	5	—	(320)	(0.6)
Enactment of state tax reform	—	—	—	—	649	1.1
Federal income tax credits	(3,350)	(12.2)	(1,498)	(5.0)	(1,468)	(2.5)
Other, net	94	0.3	244	0.8	24	0.1
Income taxes	<u>\$ 3,393</u>	<u>12.3 %</u>	<u>\$ 5,649</u>	<u>18.9 %</u>	<u>\$ 12,998</u>	<u>21.9 %</u>

In 2024, the Company recorded a tax benefit of \$ 1,842 for an energy-related investment tax credit associated with the construction of the Company's new headquarters building. The Company accounted for the investment tax credit using the flow-through method, recognizing the full benefit in 2024.

In 2022, the Company recorded 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 reduces the Iowa bank franchise tax rate applied to apportioned income for 2023 and future years. This future reduction in the state tax rate required the Company to reduce net deferred tax assets by \$671 and in turn caused a one-time increase in 2022 tax expense. The effective tax rate for 2022 was 21.9 percent. Excluding this one-time state tax expense, the effective tax rate for 2022 would have been 20.8 percent.

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Net deferred tax assets consisted of the following components as of December 31, 2024 and 2023.

	2024	2023
Deferred tax assets:		
Allowance for credit losses	\$ 7,866	\$ 7,598
Net unrealized losses on securities available for sale	31,814	30,081
Lease liabilities	1,120	837
Accrued expenses	220	196
Restricted stock unit compensation	1,077	1,185
State net operating loss carryforward	2,042	1,763
Other	494	177
	44,633	41,837
Deferred tax liabilities:		
Right-of-use assets	1,083	795
Deferred loan costs	224	258
Net unrealized gains on interest rate swaps	2,375	2,547
Premises and equipment	5,095	1,657
New markets tax credit loan	474	389
Other	138	125
	9,389	5,771
Net deferred tax assets before valuation allowance	35,244	36,066
Valuation allowance for deferred tax assets	(2,042)	(1,763)
Net deferred tax assets	\$ 33,202	\$ 34,303

As of December 31, 2024, the Company had approximately \$ 51,049 of Iowa net operating loss carryforwards available to offset future Iowa taxable income. The Company has recorded a valuation allowance against the tax effect of the Iowa net operating loss carryforwards, as management believes it is more likely than not that a portion of such carryforwards will expire without being utilized. Iowa net operating loss carryforwards of \$502 expired in 2024 and the remainder will expire thereafter.

Note 13. Stock Compensation Plans

The West Bancorporation, Inc. 2021 Equity Incentive Plan (as amended, the 2021 Plan) was originally approved by the stockholders in April 2021. The 2021 Plan replaced the West Bancorporation, Inc. 2017 Equity Incentive Plan (the 2017 Plan). Upon approval of the 2021 Plan, the 2017 Plan was frozen and no new grants will be made under that plan. Outstanding awards under the 2017 Plan will continue pursuant to their terms and provisions. The 2021 and 2017 Plans are administered by the Compensation Committee of the Board of Directors, which determines the specific individuals who will be granted awards under the 2021 Plan and the type and amount of any such awards. The 2021 Plan was originally approved at the April 2021 annual stockholders' meeting and authorized 625,000 shares, and at the April 2024 annual stockholders' meeting, the Company obtained stockholder approval to increase the number of shares of common stock authorized for issuance under the 2021 Plan by 550,000 shares, from 625,000 shares to 1,175,000 shares. All employees and directors of the Company and its subsidiary are eligible to become participants in the 2021 Plan. Under the terms of the 2021 Plan, the Company may grant a total of 1,175,000 shares of the Company's common stock as stock awards and cash incentive awards. As of December 31, 2024, 665,758 shares of the Company's common stock remained available for future awards under the 2021 Plan.

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Under the 2021 Plan, the Company may grant RSU awards, as determined by the Compensation Committee, that vest upon the completion of future service requirements or specified performance criteria. All RSUs granted through December 31, 2024 under the 2021 and 2017 Plans were at no cost to the participants, and the participants will not be entitled to receive or accrue dividends until the RSUs have vested. Each RSU entitles the participant to receive, to the extent earned, one share of common stock on the vesting date or upon the participant's termination due to death or disability, for time-based RSUs, upon a change in control of the Company if the RSUs are not fully assumed or if the RSUs are assumed and the participant's employment is thereafter terminated by the Company without cause or by the participant for good reason, or, for performance-based RSUs, upon a change in control of the Company. If a participant terminates employment prior to the end of the continuous service period other than due to death, disability or retirement, the award is forfeited. If a participant terminates service due to retirement, the RSUs will continue to vest, subject to provisions of the 2021 and 2017 Plans. The Company grants time-based and performance-based RSU awards. The time-based RSU awards granted to employees vest 20 percent per year over a five year period and have a one to three year post-vesting holding period, applicable to 50 percent of the shares. The time-based RSU awards granted to directors vest after one year and have a three year post-vesting holding period, applicable to 50 percent of the shares. The performance based RSU awards granted to employees cliff vest at the end of a three year performance period based upon the Company meeting certain performance metrics and have a three year post-vesting holding period applicable to 50 percent of the shares.

The following table includes a summary of nonvested RSU activity for the years ended December 31, 2024, 2023 and 2022.

	2024		2023		2022	
	Shares	Weighted	Shares	Weighted	Shares	Weighted
		Average		Average		Average
		Grant Date		Grant Date		Grant Date
(actual amounts, not in thousands)	Shares	Per Share	Shares	Per Share	Shares	Per Share
Nonvested shares, beginning balance	479,480	\$ 19.33	438,237	\$ 20.87	408,800	\$ 20.07
Granted	163,950	13.90	175,680	16.79	169,357	23.26
Vested	(171,080)	19.00	(134,437)	20.96	(139,920)	21.38
Forfeited	(12,745)	17.63	—	—	—	—
Nonvested shares, ending balance	459,605	\$ 17.55	479,480	\$ 19.33	438,237	\$ 20.87

The fair value of RSU awards that vested during 2024, 2023 and 2022 was \$ 2,916, \$2,509 and \$3,889, respectively. Total compensation costs, including director compensation, recorded for the RSUs were \$2,509, \$3,111 and \$3,357 for the years ended December 31, 2024, 2023 and 2022, respectively. The tax benefit related to vesting of RSUs totaled \$2 and \$385 for the years ended December 31, 2024 and 2022, respectively. The tax expense related to vesting of RSUs totaled \$5 for the year ended December 31, 2023. As of December 31, 2024, there was \$ 3,458 of unrecognized compensation cost related to nonvested RSUs, and the weighted average period over which these remaining costs are expected to be recognized was approximately 1.5 years.

Note 14. 401(k) Retirement Plan and Employee Stock Ownership Plan

The Company has a combined defined contribution plan and employee stock ownership plan covering substantially all of its employees. Matching and discretionary contributions are determined annually by the Board. The Company matched 100 percent of the first six percent of employee deferrals and made an annual discretionary contribution of two percent of eligible employee compensation for the years ended December 31, 2024 and 2023, and four percent of eligible employee compensation for the year ended December 31, 2022. Total matching and discretionary contribution expense for the years ended December 31, 2024, 2023 and 2022, totaled \$1,273, \$1,207 and \$1,395, respectively.

As of December 31, 2024 and 2023, the plan held 326,523 and 324,569 shares, respectively, of the Company's common stock. These shares are included in the computation of earnings per share. Dividends on shares held in the plan may be reinvested in Company common stock or paid in cash to the participants, at the election of the participants.

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Note 15. 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 years ended December 31, 2024, 2023 and 2022.

	Unrealized Gains (Losses) on Securities	Unrealized Gains (Losses) on Derivatives	Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2021	\$ (5,021)	\$ (5,616)	\$ (10,637)
Other comprehensive income (loss) before reclassifications	(98,637)	17,739	(80,898)
Amounts reclassified from accumulated other comprehensive income	(22)	86	64
Net current period other comprehensive income (loss)	(98,659)	17,825	(80,834)
Balance, December 31, 2022	(103,680)	12,209	(91,471)
Other comprehensive income before reclassifications	12,158	3,221	15,379
Amounts reclassified from accumulated other comprehensive income	289	(7,720)	(7,431)
Net current period other comprehensive income (loss)	12,447	(4,499)	7,948
Balance, December 31, 2023	(91,233)	7,710	(83,523)
Other comprehensive income (loss) before reclassifications	(6,167)	7,373	1,206
Amounts reclassified from accumulated other comprehensive income	836	(7,876)	(7,040)
Net current period other comprehensive loss	(5,331)	(503)	(5,834)
Balance, December 31, 2024	\$ (96,564)	\$ 7,207	\$ (89,357)

Note 16. Regulatory Capital Requirements

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 requirements. 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 December 31, 2024.

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The Company's and West Bank's capital ratios are presented in the following table as of December 31, 2024 and 2023.

	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
	As of December 31, 2024:							
Total Capital (to Risk-Weighted Assets)								
Consolidated	\$ 429,208	12.11 %	\$ 283,628	8.00 %	\$ 372,261	10.50 %	\$ 354,535	10.00 %
West Bank	455,572	12.86 %	283,468	8.00 %	372,051	10.50 %	354,335	10.00 %
Tier 1 Capital (to Risk-Weighted Assets)								
Consolidated	337,232	9.51 %	212,721	6.00 %	301,354	8.50 %	283,628	8.00 %
West Bank	423,596	11.95 %	212,601	6.00 %	301,184	8.50 %	283,468	8.00 %
Common Equity Tier 1 Capital (to Risk-Weighted Assets)								
Consolidated	317,232	8.95 %	159,541	4.50 %	248,174	7.00 %	230,447	6.50 %
West Bank	423,596	11.95 %	159,451	4.50 %	248,034	7.00 %	230,317	6.50 %
Tier 1 Capital (to Average Assets)								
Consolidated	337,232	7.93 %	170,113	4.00 %	170,113	4.00 %	212,641	5.00 %
West Bank	423,596	9.97 %	170,029	4.00 %	170,029	4.00 %	212,537	5.00 %
As of December 31, 2023:								
Total Capital (to Risk-Weighted Assets)								
Consolidated	\$ 419,452	11.88 %	\$ 282,508	8.00 %	\$ 370,791	10.50 %	\$ 353,135	10.00 %
West Bank	450,444	12.76 %	282,307	8.00 %	370,527	10.50 %	352,883	10.00 %
Tier 1 Capital (to Risk-Weighted Assets)								
Consolidated	328,566	9.30 %	211,881	6.00 %	300,164	8.50 %	282,508	8.00 %
West Bank	419,558	11.89 %	211,730	6.00 %	299,951	8.50 %	282,307	8.00 %
Common Equity Tier 1 Capital (to Risk-Weighted Assets)								
Consolidated	308,566	8.74 %	158,911	4.50 %	247,194	7.00 %	229,537	6.50 %
West Bank	419,558	11.89 %	158,797	4.50 %	247,018	7.00 %	229,374	6.50 %
Tier 1 Capital (to Average Assets)								
Consolidated	328,566	8.50 %	154,628	4.00 %	154,628	4.00 %	193,285	5.00 %
West Bank	419,558	10.86 %	154,571	4.00 %	154,571	4.00 %	193,213	5.00 %

The Company and West Bank are subject to the rules of the Basel III regulatory capital framework and related Dodd-Frank Wall Street Reform and Consumer Protection Act. The rules include the implementation of a 2.5 percent capital conservation buffer that is added to the minimum requirements for capital adequacy purposes. A banking organization with a 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 December 31, 2024, the capital ratios for the Company and West Bank were sufficient to meet the capital conservation buffer.

The ability of the Company to pay dividends to its stockholders is dependent upon dividends paid by its subsidiary, West Bank. There are currently no additional restrictions on such dividends other than the general restrictions imposed on all Iowa state-chartered banks by applicable law.

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The Company's tangible common equity ratio was 5.68 percent and 5.88 percent at December 31, 2024 and 2023, respectively. The tangible common equity ratio is computed by dividing total equity less preferred stock and intangible assets by total assets less intangible assets. As of December 31, 2024 and 2023, the Company had no intangible assets or preferred stock.

Note 17. Commitments and Contingencies

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. Commitments to lend are subject to borrowers' continuing compliance with existing credit agreements. The Company's commitments consisted of the following amounts as of December 31, 2024 and 2023.

	2024	2023
Commitments to fund real estate construction loans	\$ 180,986	\$ 385,846
Other commitments to extend credit	598,510	641,554
Standby letters of credit	10,734	15,972
	\$ 790,230	\$ 1,043,372

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract and generally expire within one year. Commitments to extend credit of approximately \$112,526 at December 31, 2024, had terms expiring beyond one year. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained is based on management's credit evaluation of the party. Collateral held varies, but may include accounts receivable, inventory, equipment, and residential and commercial real estate.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party and generally expire within one year. Those guarantees are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Collateral held varies as specified above and is required in instances the Company deems necessary. In the event the customer does not perform in accordance with the terms of the third-party agreement, West Bank would be required to fund the commitment. The maximum potential amount of future payments West Bank could be required to make is represented by the contractual amount for letters of credit shown in the table above. If the commitment is funded, West Bank would be entitled to seek recovery from the customer. At December 31, 2024 and 2023, no amounts have been recorded as liabilities for West Bank's potential obligations under these guarantees.

West Bank previously executed 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 term of the most recent Commitment was through January 16, 2015 and was not renewed. The outstanding balance of mortgage loans sold under the MPF Program was \$17,032 and \$20,159 at December 31, 2024 and 2023, respectively.

The Company had commitments to invest in qualified affordable housing projects totaling \$ 861 and \$1,649 as of December 31, 2024 and 2023, respectively.

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 of loans outstanding. Standby letters of credit were granted primarily to commercial borrowers.

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West Bancorporation, Inc. and Subsidiary

Notes to Consolidated Financial Statements

(dollars in thousands, except per share data)

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.

Note 18. 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:

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 2024 or 2023.

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 as of December 31, 2024. On a quarterly basis, management corroborates the fair values of the portfolio by obtaining pricing from an independent financial market data vendor and compares the two sets of fair values. Any significant variances are reviewed and investigated. For a sample of securities, the fair values 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 nonbinding broker-dealer quotations. The fair value of the derivatives are 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.

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(dollars in thousands, except per share data)

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

Description	2024			
	Total	Level 1	Level 2	Level 3
Financial assets:				
Securities available for sale:				
State and political subdivisions	\$ 174,145	\$ —	\$ 174,145	\$ —
Collateralized mortgage obligations	219,264	—	219,264	—
Mortgage-backed securities	119,819	—	119,819	—
Collateralized loan obligations	18,965	—	18,965	—
Corporate notes	12,372	—	12,372	—
Derivative instruments, interest rate swaps	24,181	—	24,181	—
Financial liabilities:				
Derivative instruments, interest rate swaps	\$ 14,554	\$ —	\$ 14,554	\$ —
2023				
Description	Total	Level 1	Level 2	Level 3
Financial assets:				
Securities available for sale:				
State and political subdivisions	\$ 193,005	\$ —	\$ 193,005	\$ —
Collateralized mortgage obligations	249,933	—	249,933	—
Mortgage-backed securities	131,838	—	131,838	—
Collateralized loan obligations	37,536	—	37,536	—
Corporate notes	11,607	—	11,607	—
Derivative instruments, interest rate swaps	25,427	—	25,427	—
Financial liabilities:				
Derivative instruments, interest rate swaps	\$ 15,102	\$ —	\$ 15,102	\$ —

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). Individually evaluated loans that are deemed to have impairment are classified within Level 3 of the fair value hierarchy and are recorded at fair value, which is based on the value of the collateral securing these loans. As of both December 31, 2024 and 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.

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West Bancorporation, Inc. and Subsidiary

Notes to Consolidated Financial Statements

(dollars in thousands, except per share data)

GAAP requires disclosure of the fair value of financial assets and 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 December 31, 2024 and 2023.

	December 31, 2024					
	Carrying Amount	Approximate Fair Value	Level 1	Level 2	Level 3	
Financial assets:						
Cash and due from banks	\$ 28,750	\$ 28,750	\$ 28,750	\$ —	\$ —	—
Interest-bearing deposits	214,728	214,728	214,728	—	—	—
Securities available for sale	544,565	544,565	—	544,565	—	—
Federal Home Loan Bank stock	15,129	15,129	—	15,129	—	—
Loans, net	2,974,428	2,905,574	—	2,905,574	—	—
Accrued interest receivable	12,825	12,825	12,825	—	—	—
Interest rate swaps	24,181	24,181	—	24,181	—	—
Financial liabilities:						
Deposits	\$ 3,357,596	\$ 3,357,219	\$ —	\$ 3,357,219	\$ —	—
Federal funds purchased and other short-term borrowings	—	—	—	—	—	—
Subordinated notes, net	79,893	68,522	—	68,522	—	—
Federal Home Loan Bank advances	270,000	270,000	—	270,000	—	—
Long-term debt	42,736	42,736	—	42,736	—	—
Accrued interest payable	8,396	8,396	8,396	—	—	—
Interest rate swaps	14,554	14,554	—	14,554	—	—

	December 31, 2023					
	Carrying Amount	Approximate Fair Value	Level 1	Level 2	Level 3	
Financial assets:						
Cash and due from banks	\$ 33,245	\$ 33,245	\$ 33,245	\$ —	\$ —	—
Interest-bearing deposits	32,112	32,112	32,112	—	—	—
Securities available for sale	623,919	623,919	—	623,919	—	—
Federal Home Loan Bank stock	22,957	22,957	—	22,957	—	—
Loans, net	2,899,193	2,813,188	—	2,813,188	—	—
Accrued interest receivable	13,581	13,581	13,581	—	—	—
Interest rate swaps	25,427	25,427	—	25,427	—	—
Financial liabilities:						
Deposits	\$ 2,973,779	\$ 2,971,562	\$ —	\$ 2,971,562	\$ —	—
Federal funds purchased and other short-term borrowings	150,270	150,270	150,270	—	—	—
Subordinated notes, net	79,631	65,039	—	65,039	—	—
Federal Home Loan Bank advances	315,000	315,000	—	315,000	—	—
Long-term debt	47,736	47,736	—	47,736	—	—
Accrued interest payable	6,688	6,688	6,688	—	—	—
Interest rate swaps	15,102	15,102	—	15,102	—	—

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(dollars in thousands, except per share data)

Note 19. West Bancorporation, Inc. (Parent Company Only) Condensed Financial Statements**Balance Sheets****December 31, 2024 and 2023**

	2024	2023
ASSETS		
Cash	\$ 4,133	\$ 5,095
Investment in West Bank	333,679	335,422
Investment in West Bancorporation Capital Trust I	619	619
Other assets	1,598	1,210
Total assets	\$ 340,029	\$ 342,346
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accrued expenses and other liabilities	\$ 1,011	\$ 1,422
Subordinated notes, net	79,893	79,631
Long-term debt	31,250	36,250
Total liabilities	112,154	117,303
STOCKHOLDERS' EQUITY		
Preferred stock	—	—
Common stock	3,000	3,000
Additional paid-in capital	35,619	34,197
Retained earnings	278,613	271,369
Accumulated other comprehensive loss	(89,357)	(83,523)
Total stockholders' equity	227,875	225,043
Total liabilities and stockholders' equity	\$ 340,029	\$ 342,346

Statements of Income**Years Ended December 31, 2024, 2023 and 2022**

	2024	2023	2022
Operating income:			
Equity in net income of West Bank	\$ 29,614	\$ 30,055	\$ 50,185
Equity in net income of West Bancorporation Capital Trust I	53	52	30
Total operating income	29,667	30,107	50,215
Operating expenses:			
Interest on subordinated notes	4,431	4,442	2,867
Interest on long-term debt	2,313	2,695	1,565
Other expenses	613	657	576
Total operating expenses	7,357	7,794	5,008
Income before income taxes	22,310	22,313	45,207
Income tax benefit	(1,740)	(1,824)	(1,192)
Net income	\$ 24,050	\$ 24,137	\$ 46,399

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(dollars in thousands, except per share data)

Statements of Cash Flows**Years Ended December 31, 2024, 2023 and 2022**

	2024	2023	2022
Cash Flows from Operating Activities:			
Net income	\$ 24,050	\$ 24,137	\$ 46,399
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in net income of West Bank	(29,614)	(30,055)	(50,185)
Equity in net income of West Bancorporation Capital Trust I	(53)	(52)	(30)
Dividends received from West Bank	27,000	25,200	21,000
Dividends received from West Bancorporation Capital Trust I	53	52	30
Amortization	262	262	148
Deferred income taxes	—	1	(8)
Change in assets and liabilities:			
(Increase) decrease in other assets	(778)	189	(116)
Increase (decrease) in accrued expenses and other liabilities	(76)	4	440
Net cash provided by operating activities	20,844	19,738	17,678
Cash Flows from Investing Activities:			
Capital contribution to West Bank	—	—	(58,650)
Net cash used in investing activities	—	—	(58,650)
Cash Flows from Financing Activities:			
Proceeds from long-term debt	—	—	58,756
Principal payments on long-term debt	(5,000)	(3,750)	—
Common stock cash dividends	(16,806)	(16,704)	(16,619)
Net cash provided by (used in) financing activities	(21,806)	(20,454)	42,137
Net increase (decrease) in cash	(962)	(716)	1,165
Cash:			
Beginning	5,095	5,811	4,646
Ending	\$ 4,133	\$ 5,095	\$ 5,811

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West Bancorporation, Inc. and Subsidiary

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Within the two years prior to the date of the most recent financial statements, there have been no changes in or disagreements with accountants of the Company.

ITEM 9A. CONTROLS AND PROCEDURES

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 current disclosure controls and procedures were effective to ensure that 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.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). The Company's internal control system is a process designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

Internal control over financial reporting of the Company includes those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

Because of inherent limitations in any system of internal control, no matter how well designed, misstatements due to error or fraud may occur and not be detected, including the possibility of the circumvention or overriding of controls. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, internal control effectiveness may vary over time.

Management assessed the Company's internal control over financial reporting as of December 31, 2024. This assessment was based on criteria for effective internal control over financial reporting set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework* in 2013. Based on this assessment, the Chief Executive Officer and Chief Financial Officer assert that the Company maintained effective internal control over financial reporting as of December 31, 2024 based on the specified criteria.

The Company's independent registered public accounting firm, which audited the consolidated financial statements included in this annual report, has issued an attestation report on the Company's internal control over financial reporting as of December 31, 2024 that appears in Item 8 of this Form 10-K and is incorporated into this item by reference.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fourth fiscal quarter of 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

During the fiscal quarter ended December 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 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION

Not applicable.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE**

The information for directors and executive officers as required pursuant to Item 401 and item 405(a) of Regulation S-K can be found under the captions "Proposal 1. Election of Directors" and "Governance and Board of Directors—Executive Officers of the Company" in the Company's definitive Proxy Statement on Form DEF 14A, which will be filed with the SEC on or before March 4, 2025, and is incorporated herein by reference.

Code of Ethics

We have a Code of Conduct in place that applies to all of our directors, officers and employees. The Code of Conduct sets forth the standard of ethics that we expect all of our directors, officers and employees to follow, including our Chief Executive Officer and Chief Financial Officer. The Code of Conduct may be viewed on the Company's website (www.westbankstrong.com) under Investor Relations — Overview — Corporate Governance. We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding any amendment to or waiver of the Code of Conduct with respect to our Chief Executive Officer and Chief Financial Officer, and persons performing similar functions, by posting such information on our website.

Stockholder Recommendations for Nominees to the Board of Directors

The information required pursuant to Item 407(c)(3) of Regulation S-K can be found under the caption "General Matters—2026 Stockholder Proposals" in the Company's definitive Proxy Statement on Form DEF 14A, which will be filed with the SEC on or before March 4, 2025, and is incorporated herein by reference.

Identification of Audit Committee and Audit Committee Financial Expert

The Company has a standing Audit Committee that consists of Steven T. Schuler, Chair, James W. Noyce, Rosemary Parson and Therese M. Vaughan. The Board has determined that Mr. Schuler, Mr. Noyce and Dr. Vaughan are audit committee financial experts. The full Board has determined that all members of the Audit Committee are independent directors.

ITEM 11. EXECUTIVE COMPENSATION

The information required pursuant to Item 402, Item 407(e)(4) and Item 407(e)(5) of Regulation S-K can be found under the captions "Governance and Board of Directors—Director Compensation" and "Executive Compensation" in the Company's definitive Proxy Statement on Form DEF 14A, which will be filed with the SEC on or before March 4, 2025, and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Effective as of the 2021 annual meeting of stockholders, the West Bancorporation, Inc. 2021 Equity Incentive Plan (2021 Plan) was adopted by the Board of Directors and approved by our stockholders. The 2021 Plan was amended at the April 2024 annual stockholders' meeting, upon which the Company obtained shareholder approval to increase the number of shares of common stock authorized for issuance under the 2021 Plan by 550,000 shares, from 625,000 to 1,175,000 shares. The prior 2017 Equity Incentive Plan (2017 Plan) was frozen with respect to future grants upon approval of the 2021 Plan. At the time the 2017 Plan was frozen, 196,535 shares had not been issued under the original authorization for that plan. Awards outstanding under the 2017 Plan will remain subject to the 2017 Plan as long as they remain outstanding. Under the terms of the 2021 Plan, as amended, the Company may grant a total of 1,175,000 shares of the Company's common stock as nonqualified and incentive stock options, stock appreciation rights and stock awards. All employees and directors of the Company and its subsidiary are eligible to become participants in the 2021 Plan. Additional information regarding our equity incentive plans is presented in Note 13 of the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K. The following table sets forth information regarding outstanding restricted stock units and shares available for future issuance under these plans as of December 31, 2024.

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Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a)) (c)
Equity compensation plans approved by stockholders ⁽¹⁾	459,605	—	665,758 ⁽²⁾
Equity compensation plans not approved by stockholders	—	—	—
Total	459,605	—	665,758

(1) Includes the West Bancorporation, Inc. 2017 Equity Incentive Plan approved by stockholders on April 27, 2017, and the West Bancorporation, Inc. 2021 Equity Incentive Plan, as amended, approved by stockholders on April 25, 2024.

(2) Reflects the number of shares available for issuance under the West Bancorporation, Inc. 2021 Equity Incentive Plan as stock awards.

The information required pursuant to Item 403 of Regulation S-K can be found under the captions "Governance and Board of Directors—Security Ownership of Certain Beneficial Owners and Executive Officers," "Governance and Board of Directors—Other Beneficial Owners" and "Governance and Board of Directors—Changes in Control" in the Company's definitive Proxy Statement on Form DEF 14A, which will be filed with the SEC on or before March 4, 2025, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required pursuant to Item 404 and Item 407(a) of Regulation S-K can be found under the captions "General Matters—Certain Relationships and Related Transactions" and "Governance and Board of Directors" in the Company's definitive Proxy Statement on Form DEF 14A, which will be filed with the SEC on or before March 4, 2025, and is incorporated herein by reference.

[Table of Contents](#)**West Bancorporation, Inc. and Subsidiary****ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required pursuant to Item 9(e) of Schedule 14A can be found under the caption "Proposal 3. Ratify the Appointment of Independent Registered Public Accounting Firm" in the Company's definitive Proxy Statement on Form DEF 14A, which will be filed with the SEC on or before March 4, 2025, and is incorporated herein by reference. The PCAOB ID Number for our Independent Registered Public Accounting Firm is 49.

PART IV**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

The following exhibits and financial statement schedules of the Company are filed as part of this report:

(a) 1. Financial Statements

The consolidated financial statements that appear in Item 8 of this Form 10-K are incorporated herein by reference.

	Page
Report of Independent Registered Accounting Firm (PCAOB ID 49)	55
Consolidated Balance Sheets as of December 31, 2024 and 2023	58
Consolidated Statements of Income for the years ended December 31, 2024, 2023 and 2022	59
Consolidated Statements of Comprehensive Income for the years ended December 31, 2024, 2023 and 2022	60
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2024, 2023 and 2022	61
Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023 and 2022	62
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2. Financial Statement Schedules

All schedules are omitted because they are not applicable, not required, or because the required information is included in the consolidated financial statements or notes thereto.

3. Exhibits (not covered by independent registered public accounting firms' reports)

3.1	<u>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)</u>
3.2	<u>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)</u>
4.1	<u>Description of Capital Stock (incorporated herein by reference to Exhibit 4 filed with the Form 10-K on February 27, 2020)</u>
4.2	<u>Indenture, dated June 14, 2022, between West Bancorporation, Inc. and Wilmington Trust, National Association, as trustee (incorporated herein by reference to Exhibit 4.1 filed with the Form 8-K on June 14, 2022)</u>
4.3	<u>First Supplemental Indenture, dated June 14, 2022, between West Bancorporation, Inc. and Wilmington Trust, National Association, as trustee (incorporated herein by reference to Exhibit 4.2 filed with the Form 8-K on June 14, 2022)</u>
4.4	<u>Form of 5.25% Fixed-to-Floating Rate Subordinated Notes due 2032 (incorporated herein by reference to Exhibit 4.3 filed with the Form 8-K on June 14, 2022)</u>
10.1*	<u>Employment Agreement dated July 23, 2012, between West Bancorporation, Inc. and David D. Nelson (incorporated herein by reference to Exhibit 10.1 filed with the Form 8-K on July 25, 2012)</u>
10.2*	<u>Employment Agreement dated July 23, 2012, between West Bancorporation, Inc. and Brad L. Winterbottom (incorporated herein by reference to Exhibit 10.2 filed with the Form 8-K on July 25, 2012)</u>
10.3*	<u>Employment Agreement dated July 23, 2012, between West Bancorporation, Inc. and Harlee N. Olafson (incorporated herein by reference to Exhibit 10.3 filed with the Form 8-K on July 25, 2012)</u>
10.4*	<u>Employment Agreement dated April 29, 2021 between West Bancorporation, Inc. and Bradley P. Peters (incorporated herein by reference to Exhibit 10.2 filed with the Form 8-K on April 30, 2021)</u>
10.5*	<u>Employment Agreement dated May 27, 2021 between West Bancorporation, Inc. and Jane M. Funk (incorporated herein by reference to Exhibit 10.2 filed with the Form 8-K on May 27, 2021)</u>
10.6*	<u>West Bancorporation, Inc. Deferred Compensation Plan (as Amended and Restated November 20, 2024)</u>
10.7*	<u>West Bancorporation, Inc. Employee Savings and Stock Ownership Plan, as amended (incorporated herein by reference to Exhibit 10.20 filed with the Form 10-K on March 6, 2014)</u>

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West Bancorporation, Inc. and Subsidiary

10.8*	Amendment No. 1 to West Bancorporation, Inc. Employee Savings and Stock Ownership Plan, Effective January 1, 2015 (incorporated herein by reference to Exhibit 10.1 filed with the Form 10-Q/A on August 11, 2020)
10.9*	Amendment No. 2 to West Bancorporation, Inc. Employee Savings and Stock Ownership Plan, Effective January 1, 2016 (incorporated herein by reference to Exhibit 10.2 filed with the Form 10-Q/A on August 11, 2020)
10.10*	Amendment No. 3 to West Bancorporation, Inc. Employee Savings and Stock Ownership Plan, Effective January 1, 2018 (incorporated herein by reference to Exhibit 10.3 filed with the Form 10-Q/A on August 11, 2020)
10.11*	Interim Amendment to West Bancorporation, Inc. Employee Savings and Stock Ownership Plan, Effective April 1, 2018 (incorporated herein by reference to Exhibit 10.4 filed with the Form 10-Q/A on August 11, 2020)
10.12*	West Bancorporation, Inc. 2017 Equity Incentive Plan (incorporated herein by reference to Exhibit A of the definitive proxy statement on Schedule 14A filed on March 1, 2017)
10.13*	Form of Restricted Stock Unit Award Agreement under the West Bancorporation, Inc. 2017 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.2 filed with the Form S-8 on April 28, 2017)
10.14*	Form of Restricted Stock Award Agreement under the West Bancorporation, Inc. 2017 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.3 filed with the Form S-8 on April 28, 2017)
10.15*	Form of Nonqualified Stock Option Award Agreement under the West Bancorporation, Inc. 2017 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.4 filed with the Form S-8 on April 28, 2017)
10.16*	Form of Incentive Stock Option Award Agreement under the West Bancorporation, Inc. 2017 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.5 filed with the Form S-8 on April 28, 2017)
10.17*	Form of Stock Appreciation Right Award Agreement under the West Bancorporation, Inc. 2017 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.6 filed with the Form S-8 on April 28, 2017)
10.18*	Form of Restricted Stock Unit Award Agreement under the West Bancorporation, Inc. 2017 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.19 filed with the Form 10-K on March 1, 2021)
10.19*	Form of Performance Based Restricted Stock Unit Award Agreement under the West Bancorporation, Inc. 2017 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.20 filed with the Form 10-K on March 1, 2021)
10.20	Amended and Restated Lease Agreement Dated February 20, 2018 (incorporated herein by reference to Exhibit 10.16 filed with the Form 10-K on March 1, 2018)
10.21*	West Bancorporation Inc. 2021 Equity Incentive Plan (incorporated herein by reference to Exhibit A to the Company's definitive proxy statement filed with the Securities and Exchange Commission on March 1, 2021)
10.22*	Form of West Bancorporation, Inc. 2021 Equity Incentive Plan Restricted Stock Unit Award Agreement (with holding period) (incorporated herein by reference to Exhibit 4.4 filed with the Form S-8 on April 30, 2021)
10.23*	Form of West Bancorporation, Inc. 2021 Equity Incentive Plan Restricted Stock Unit Award Agreement (without holding period) (incorporated herein by reference to Exhibit 4.5 filed with the Form S-8 on April 30, 2021)
10.24*	Form of West Bancorporation, Inc. 2021 Equity Incentive Plan Performance-Based Restricted Stock Unit Award Agreement (incorporated herein by reference to Exhibit 4.6 filed with the Form S-8 on April 30, 2021)
10.25*	Form of West Bancorporation, Inc. 2021 Equity Incentive Plan Cash-Settled Restricted Stock Unit Award Agreement (incorporated herein by reference to Exhibit 4.7 filed with the Form S-8 on April 30, 2021)
10.26*	Form of West Bancorporation, Inc. 2021 Equity Incentive Plan Director Restricted Stock Unit Award Agreement (incorporated herein by reference to Exhibit 4.8 filed with the Form S-8 on April 30, 2021)
10.27*	First Amendment of the West Bancorporation, Inc. 2021 Equity Incentive Plan (incorporated herein by reference to Exhibit A to the Company's definitive proxy statement filed with the Securities Exchange Commission on March 5, 2024)
10.28	Credit Agreement, dated as of December 15, 2021, by and between West Bancorporation, Inc. and National Exchange Bank & Trust (incorporated herein by reference to Exhibit 10.1 filed with the Form 8-K on June 6, 2022)
10.29	Promissory Note, dated as of December 15, 2021, made by West Bancorporation, Inc., to and in favor of National Exchange Bank & Trust (incorporated herein by reference to Exhibit 10.2 filed with the Form 8-K on June 6, 2022)

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West Bancorporation, Inc. and Subsidiary

10.30	<u>Commercial Pledge Agreement, dated as of December 15, 2021, by and between West Bancorporation, Inc. and National Exchange Bank & Trust (incorporated herein by reference to Exhibit 10.3 filed with the Form 8-K on June 6, 2022)</u>
19	<u>Insider Trading Policy</u>
21	<u>Subsidiaries</u>
23	<u>Consent of Independent Registered Public Accounting Firm</u>
31.1	<u>Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2	<u>Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1	<u>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</u>
32.2	<u>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</u>
97.1	<u>West Bancorporation, Inc. Clawback Policy</u>
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)

* Indicates management contract or compensatory plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

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West Bancorporation, Inc. and Subsidiary

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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)

February 20, 2025

By: /s/ David D. Nelson

David D. Nelson
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

February 20, 2025

By: /s/ David D. Nelson

David D. Nelson
Chief Executive Officer, Director and President
(Principal Executive Officer and Director)

February 20, 2025

By: /s/ Jane M. Funk

Jane M. Funk
Executive Vice President, Treasurer and Chief Financial Officer
(Principal Financial Officer)

BOARD OF DIRECTORS

February 20, 2025

By: /s/ George D. Milligan

George D. Milligan
Chairman of the Board

February 20, 2025

By: /s/ Lisa J. Elming

Lisa J. Elming

February 20, 2025

By: /s/ Steven K. Gaer

Steven K. Gaer

February 20, 2025

By: /s/ Douglas R. Gulling

Douglas R. Gulling

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West Bancorporation, Inc. and Subsidiary

February 20, 2025

By: /s/ Sean P. McMurray
Sean P. McMurray

February 20, 2025

By: /s/ James W. Noyce
James W. Noyce

February 20, 2025

By: /s/ Rosemary Parson
Rosemary Parson

February 20, 2025

By: /s/ Steven T. Schuler
Steven T. Schuler

February 20, 2025

By: /s/ Therese M. Vaughan
Therese M. Vaughan

February 20, 2025

By: /s/ Philip Jason Worth
Philip Jason Worth

West Bancorporation, Inc.
Deferred Compensation Plan

(as Amended and Restated November 20, 2024)

1. **Purpose**. The purpose of the **West Bancorporation, Inc. Deferred Compensation Plan**, as amended from time to time, is to enable directors and selected key officers of **West Bancorporation, Inc.** and its Subsidiaries to elect to defer all or a portion of the fees and compensation payable in cash by the Company or a Subsidiary on account of service as a director or employee. The Plan is intended to serve as a means of maximizing the effectiveness and flexibility of the compensation arrangements of Participants and as an aid in attracting and retaining individuals of outstanding abilities and specialized skills for service with the Company and/or a Subsidiary. The Plan shall be an unfunded plan for tax purposes and for purposes of Title I of ERISA, and is maintained primarily for the purpose of providing deferred compensation for a select group of directors and officers. This Plan was originally adopted effective January 1, 2013 and is hereby amended and restated in its entirety, effective as of November 20, 2024.

2. **Terms**. As used in the Plan, capitalized terms have the meanings set forth in **Section 17**.

3. **Effective Date**. The Plan was originally effective as of **January 1, 2013**.

4. **Amendment Date**. This amended and restated Plan is effective as of **November 20, 2024**.

5. **Plan Administration**. The Plan shall be administered by the Committee. The Committee has the sole authority to select the individuals, from among those eligible, who may participate under the Plan, and to establish all other participation requirements. The Committee is authorized to interpret the Plan and may from time to time adopt such rules, regulations, forms and agreements, not inconsistent with the provisions of the Plan, as it deems advisable to carry out the Plan. Any decision made by the Committee under the Plan shall be in its sole discretion and final and binding on the Participants involved and all other individuals.

6. **Eligibility and Participation**

(a) **Eligibility**. Any director or key officer of the Company or a Subsidiary may be designated by the Committee to participate in the Plan; *provided, however, that*

employees eligible for designation shall be limited to a select group of officers or highly compensated employees within the meaning of Section 201(2) of ERISA.

(b) Participation. Any eligible director or key officer shall be a “**Participant**” as of the date designated by the Committee, and his or her status as a Participant shall continue until the date on which all payments due under the terms of the Plan have been made.

7. **Election to Defer Income**

(a) In General. To the extent permitted by the Committee, for any particular Plan Year or particular Participant, a Participant may be given the opportunity to make an irrevocable election (“**Election**”) to defer receipt of all or a portion of the fees or compensation otherwise payable to the Participant in cash (“**Income**”). Income with respect to which an Election has been made (and has not been revoked) shall be referred to hereinafter as “**Deferred Income**.”

(b) Timing of Elections. An Election to defer receipt of Income under the Plan shall be properly filed with the Company based upon deadlines established by the Committee, as may be reflected in the applicable Election, but in no event later than the following, as applicable:

(i) The last business day of the calendar year preceding the year in which the Income is earned, or such earlier time as established by the Committee;

(ii) 30 days after the respective Participant first becomes eligible to participate in the Plan;*provided* that Income with respect to which the Election is made only relates to services performed after the date of the Election; and *provided, further*, that if the Participant was eligible to participate in any account balance plans sponsored by the Company or an affiliate (as contemplated in the plan aggregation rules under Code Section 409A) prior to becoming eligible to participate in the Plan, the initial deferral election under the Plan shall not be effective until the calendar year following the calendar year in which the Participant became eligible to participate in the Plan; or

(iii) Six months prior to the end of an applicable performance period;*provided* that such Election is with respect to compensation that qualifies as “performance-based compensation” as defined under Code Section 409A.

Unless otherwise provided by the Committee, all Elections shall continue in effect until the Participant delivers to the Company a written modification of an Election or a written

revocation of an Election in a form designated by the Committee. Absent revocation of an Election, the Election shall automatically apply to each subsequent calendar year.

(c) Manner of Election. Elections shall be made in writing in accordance with Code Section 409A and with such rules and procedures as the Committee may prescribe; *provided, however*, that each Election to defer shall specify the amount to be deferred, expressed either as a fixed dollar amount or a percentage of Income, and the time and manner of payment.

(d) Modification of Election. Modifications to existing Elections that change the timing or method of payment shall be subject to the following:

(i) The revised Election may not take effect until at least 12 months after the date it is filed with the Committee;

(ii) The revised Election relating to a specified payment time or fixed payment schedule shall be made not later than 12 months prior to the first scheduled payment date reflected in the most recent Election; and

(iii) To the extent required under Code Section 409A, the revised payment date shall be not sooner than the five-year anniversary of the previously scheduled payment date.

(e) Revocation of Election. Upon payment of a benefit to a Participant due to an Unforeseeable Financial Emergency, the Participant's Election, if any, shall be cancelled for the remainder of the calendar year, as permitted under Code Section 409A.

8. Company Contributions

(a) The Company and/or any Subsidiary shall have the right, in its sole discretion, at any time, for any reason, to make contributions to the Plan on behalf of any Participant (" **Company Contributions** "). Company Contributions shall be made pursuant to a written notice that sets forth the terms and conditions of the award (" **Award Notice** ").

(b) Company Contributions may take the form of a single contribution, a series of contributions, matching contributions or any combination thereof, and may be determined on the basis of criteria determined by the Committee.

(c) The Committee reserves the right to subject any or all Company Contributions to restrictions and other terms or conditions, in its sole discretion.

(d) Receipt of a Company Contribution shall not entitle the Participant to any future Company Contribution and shall not entitle any other Participant to a Company Contribution.

9. **Record and Crediting of Deferred Amounts**

(a) **Deferred Income Account** . The Company shall credit the amount of any Deferred Income to a memorandum account on the Company's or applicable Subsidiary's books and records/financial statements for the benefit of the Participant (" **Deferred Income Account** ") no later than the last day of the calendar quarter in which such Income would otherwise have been paid to the Participant. As of each Valuation Date and until such time as the Participant's Deferred Income Account is fully distributed, the Participant's Deferred Income Account shall be credited with a notional rate of return based upon the rate determined by the Committee (the " **Interest Rate** "). The Interest Rate for the Deferred Income Account as of the Amendment Date shall be the Prime Rate as published in the Wall Street Journal as of January 1 of the applicable Plan Year, subject to change from time to time by the Committee.

(b) **Company Contribution Account** . The Company shall credit the amount of any Company Contributions to a memorandum account on the Company's or applicable Subsidiary's books and records/financial statements for the benefit of the Participant (" **Company Contribution Account** ") as may be provided by the Committee at the time of such contribution. As of each Valuation Date and until such time as the Participant's Company Contribution Account is fully distributed, the Participant's Company Contribution Account shall be credited with the Interest Rate. As of the Amendment Date, the Interest Rate for the Company Contribution Account, which may or may not be the same notional rate of return used for purposes of the Deferred Income Account, shall be the Prime Rate as published in the Wall Street Journal as of January 1 of the applicable Plan Year, subject to change from time to time by the Committee.

(c) **Value and Statement of Account** . The Company shall provide each Participant with a statement of the activity in, and value of, the Participant's Plan Account, including the amount of Deferred Income, Company Contributions and any income or loss attributable to the respective Plan Account, determined as of the Valuation Date, or more frequently as may be determined by the Committee.

10. **Payment of Plan Account**

(a) **In General** . No withdrawals or payments shall be made from the Plan Accounts except as provided in this **Section 10** .

(b) Payment Events . Subject to **Section 10(c)** and **Section 16(l)** , a Deferred Income Account shall be payable in either a single payment or up to 10 annual installments commencing on the first day of the month following the occurrence of a Payment Event, as shall be reflected in the most recently applicable Election. All rules applicable to the distribution of a Company Contribution Account shall be specified in the applicable Award Notice. In the event an Election or Award Notice has not provided specific rules with respect to the distribution of the Plan Account, such distribution shall be made in accordance with this **Section 10** . A “**Payment Event** ” shall be the earliest of the following to occur:

- (i) The Participant’s Separation from Service;
- (ii) The Participant’s death or Disability ; or
- (iii) A date certain, as may be specified in the Election.

(c) Manner of Payment . A Participant may make an Election, consistent with **Section 7** , to receive a distribution of the Participant’s Deferred Income Account in either a single payment or in up to 10 annual installments; if the Participant elects more than one installment payment, the amount of each installment payment shall be a fraction of the value of the Participant’s Deferred Income Account, determined as of the Valuation Date preceding the date of the installment payment, the numerator of which is one and the denominator of which is the total number of installments elected minus the number of installments previously paid. If no Election is made in accordance with this **Section 10(c)** , distribution of the Participant’s Deferred Income Account shall be made in a single payment on the first day of the month following the occurrence of a Payment Event.

(d) Hardship Distributions . The Committee, whether or not a Payment Event has occurred, may accelerate payment of amounts credited to a Participant’s Deferred Income Account (and, if permitted by the Committee, the Company Contribution Account) if requested by the Participant and if the requirements of this **Section 10(d)** are met. Such acceleration may occur only in the event of an Unforeseeable Financial Emergency, and the amount of any distribution shall be limited to the amount deemed reasonably necessary to satisfy such Unforeseeable Financial Emergency. As provided in **Section 7(e)** , upon payment of a benefit to a Participant due to an Unforeseeable Financial Emergency, such Participant’s Election, if any, for the remainder of the calendar year shall be cancelled, as permitted under Code Section 409A.

(e) Death or Disability of Participant . In the event that a Participant shall die or become Disabled at any time prior to complete distribution of all amounts payable to the Participant under the provisions of the Plan, (i) the unpaid balance of the Participant's Deferred Income Account shall be paid to the Participant or the Participant's Beneficiary or Beneficiaries in a lump sum within 90 days, unless another form of payment is provided in the Participant's most recent Election and has been in place for at least 12 months and (ii) the unpaid balance of the Participant's Company Contribution Account shall be paid to the Participant or the Participant's beneficiary as provided in the applicable Award Notice.

(f) Tax Withholding . The Company may withhold any taxes that are required to be withheld from the benefits provided under the Plan. The Company's sole liability regarding taxes shall be to forward any amounts withheld to the appropriate taxing authorities and to satisfy all applicable reporting requirements.

(g) Limited Cashout . Notwithstanding any provision of the Plan or any Election or Award Notice to the contrary, if a Participant's Plan Accounts have a combined balance at the time of the Participant's Separation from Service (along with any other nonqualified deferred compensation that must be aggregated with the Plan pursuant to Code Section 409A) that is not greater than the applicable dollar limit under Code Section 402(g)(1)(B) (\$23,000 for calendar year 2024), the Participant's balance in his or her Plan Account, and all other plans aggregated pursuant to Code Section 409A, may, in the Company's discretion, be distributed in a single lump sum prior to two and one-half months following the end of the calendar year in which the Separation from Service occurs. Upon the date of payment pursuant to this **Section 10** , the Participant shall have no further interest under the Plan or any similar deferred compensation arrangements with the Company (as provided in the plan aggregation rules under Code Section 409A).

11. Effect of Change in Control . In the event of a Change in Control, (a) the entire unpaid balance of each Deferred Income Account shall be distributed in a single lump sum to the Participant as of the effective date thereof and (b) the entire unpaid balance of the Participant's Company Contribution Account shall continue to be distributed to the Participant as provided in the applicable Award Notice.

12. Beneficiaries

(a) Automatic Beneficiary . Unless a Participant has designated a Beneficiary in accordance with the provisions of **Section 12(b)** , the Beneficiary shall be deemed to be the person or persons in the first of the following classes in which there are any survivors of such Participant or former Participant:

- (i) Spouse at the time of the Participant's death,
- (ii) Issue, per stirpes,
- (iii) Parents, or
- (iv) Executor or administrator of the Participant's estate.

(b) Designated Beneficiary or Beneficiaries . A Participant may sign a document prescribed by the Committee designating a “**Beneficiary**” or “**Beneficiaries**” to receive any benefit payable under the Plan and shall provide such document to the Committee. In the event a Participant dies at a time when a Beneficiary designation is on file that does not dispose of the total benefit distributable under the Plan, then the portion of such benefit distributable on behalf of said Participant, the disposition of which was not determined by the deceased's designation, shall be distributed to a Beneficiary determined under **Section 12(a)** . Any ambiguity in a Beneficiary designation shall be resolved by the Committee.

13. Unsecured Obligations

(a) Unsecured Obligations . The obligation of the Company to make payments under the Plan shall be a general obligation of the Company, and such payments shall be made from general assets and property of the Company. The Company shall not be obligated to set aside, earmark or escrow any funds or other assets to satisfy its obligations under the Plan. In the event that the Participant is employed by a Subsidiary of the Company, the obligation to the Participant under the Plan shall be that of such Subsidiary and not the Company; accordingly, in such circumstances, references to the Company herein may be references to such Subsidiary. Where the obligation to make payments under the Plan is that of a Subsidiary of the Company, the Company shall not be a guarantor of such obligation, nor shall any other Subsidiary of the Company be such a guarantor. Where the Participant is employed by the Company or a Subsidiary and one or more other Subsidiaries of the Company, the obligation to make payments under the Plan with respect to such Participant shall be allocated in a manner consistent with the allocation of the compensation expense among the Company and the Subsidiaries for such Participant. The Participant's relationship to the Company under the Plan shall be that of a general unsecured creditor only and neither the Plan nor any agreement entered into hereunder or action taken pursuant hereto shall create or be construed to create a trust or fiduciary relationship of any kind. The Company may establish an irrevocable grantor trust for purposes of holding and investing the Plan Account balances but such establishment shall not create any rights in or against any amount so held.

(b) Investments. In its sole discretion, the Company may acquire insurance policies, annuities or other financial vehicles for the purpose of providing future assets of the Company to meet its anticipated liabilities under the Plan. Such policies, annuities or other investments shall at all times be and remain unrestricted general property and assets of the Company or property of a trust. Participants and Beneficiaries shall have no rights, other than as general unsecured creditors, with respect to such policies, annuities or other acquired assets.

14. Claims Administration

(a) Claims Procedure. A Participant or Beneficiary who has not received benefits under the Plan that he or she believes should be distributed shall make a claim for such benefits as set forth below. Any Participant or Beneficiary who makes a claim as set forth below shall be a “**claimant**.”

(i) *Initiation - Written Claim*. The claimant may initiate a claim by submitting to the Company a written claim for benefits. If such a claim relates to the contents of a notice received by the claimant, the claim shall be made within 60 days after such notice was received by the claimant; all other claims shall be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim shall state with particularity the determination desired by the claimant.

(ii) *Timing of Company Response*. The Company shall respond to such claimant within 90 days (45 days for a claim based on Disability) after receiving the claim. If the Company determines that special circumstances require additional time for processing the claim, the Company can extend the response period by an additional 90 days (45 days for a claim based on Disability) by notifying the claimant in writing, prior to the end of the initial 90-day period (45-day period for a claim based on Disability), that an additional period is required. The notice of extension shall set forth the special circumstances and the date by which the Company expects to render its decision.

(iii) *Notice of Decision*. If the Company denies part or all of the claim, the Company shall notify the claimant in writing of such denial. The Company shall write the notification in a manner calculated to be understood by the claimant. The notification shall set forth: (A) the specific reasons for the denial; (B) a reference to the specific provisions of the Plan on which the denial is based; (C) a description of any additional information or material necessary for the claimant to perfect the claim and an explanation of why it is needed; (D) an explanation of the Plan's review procedures and the time limits applicable to such procedures;

and (E) a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review.

(b) Review Procedure . If the Company denies part or all of the claim, the claimant shall have the opportunity for a full and fair review by the Company of the denial as set forth below.

(i) *Initiation - Written Request* . To initiate the review, the claimant shall file with the Company a written request for review within 60 days (180 days for a claim based on Disability) after receiving the Company's notice of denial.

(ii) *Additional Submissions - Information Access* . The claimant shall then have the opportunity to submit written comments, documents, records and other information relating to the claim. The Company shall also provide the claimant, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claimant's claim for benefits.

(iii) *Considerations on Review* . In considering the review, the Company shall take into account all materials and information the claimant submits relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

(iv) *Timing of Company Response* . The Company shall respond in writing to such claimant within 60 days (45 days for a claim based on Disability) after receiving the request for review. If the Company determines that special circumstances require additional time for processing the claim, the Company may extend the response period by an additional 60 days (45 days for a claim based on Disability) by notifying the claimant in writing, prior to the end of the initial 60-day period (45-day period for a claim based on Disability), that an additional period is required. The notice of extension shall set forth the special circumstances and the date by which the Company expects to render its decision.

(v) *Notice of Decision* . The Company shall notify the claimant in writing of its decision on review. The Company shall write the notification in a manner calculated to be understood by the claimant. The notification shall set forth: (A) the specific reasons for the denial; (B) a reference to the specific provisions of the Plan on which the denial is based; (C) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claimant's claim for benefits; and (D) a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA.

(c) Designation. The Company may designate any other person of its choosing to make any determination otherwise required under this **Section 14**.

(d) Legal Action. A claimant's compliance with the foregoing provisions of this **Section 14** is a mandatory prerequisite to a claimant's right to commence any legal action with respect to any claim for benefits under the Plan.

15. Amendment and Termination

(a) Amendment. The Committee may at any time amend the Plan in whole or in part; *provided, however*, that no amendment shall decrease any amount then credited to a Plan Account.

(b) Company's Right to Terminate. Although the Company anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that the Company will continue the Plan or will not terminate the Plan at some time in the future. Accordingly, to the maximum extent permitted pursuant to Code Section 409A, the Company reserves the right to discontinue its sponsorship of the Plan and/or to terminate the Plan at any time with respect to any or all of the Participants by action of the Board. Upon the termination of the Plan, each Plan Account shall remain in the Plan until the Participant becomes eligible for the benefits provided under the Plan in accordance with the terms of the Plan unless otherwise permitted by Code Section 409A. The termination of the Plan shall not adversely affect any Participant or Beneficiary who has become entitled to the payment of any benefits under the Plan as of the date of termination. Notwithstanding the foregoing provisions of this **Section 14(b)**, if the Board determines that it is permissible to distribute a Plan Account by reason of Plan termination without violating the prohibition on acceleration of payments under Code Section 409A, the Board may elect to distribute a Plan Account following termination of the Plan, in which case the date of the Plan termination will be treated as the date of the Participant's Separation from Service. Upon the termination of the Plan and a permitted distribution, each Participant shall receive the balance of his or her Plan Account in the form of a lump sum payment.

16. Miscellaneous

(a) Non-Assignability. No right to receive payments under the provisions of the Plan shall be transferable or assignable by a Participant, except by will or the laws of descent and distribution, and during his or her lifetime payment may only be received by the Participant or his or her legal representative or guardian.

(b) Incapacity. If the Committee determines that any Participant or other person entitled to payments under the Plan is incompetent by reason of physical or mental disability and is consequently unable to give a valid receipt for payments made hereunder, or is a minor, the Committee may order the payments becoming due to such person to be made to another person for the Participant's benefit, without responsibility on the part of the Committee to follow the application of amounts so paid. Payments made pursuant to this Section shall completely discharge the Company with respect to such payments.

(c) Independence of Plan. Except as otherwise expressly provided herein, the Plan shall be independent of, and in addition to, any other benefit agreement or plan of the Company or any rights that may exist from time to time thereunder.

(d) No Employment Rights Created. The Plan shall not be deemed to constitute a contract conferring upon any Participant the right to remain employed by the Company or any Subsidiary for any period of time.

(e) Responsibility for Legal Effect. Neither the Company, its Subsidiaries or the Board or Committee, nor any officer, member, director, employee, delegate or agent of any of them, makes any representations or warranties, express or implied, or assumes any responsibility concerning the legal, tax, or other implications or effects of the Plan. Without limiting the generality of the foregoing, neither the Company nor its Subsidiaries shall have any liability for the tax liability that a Participant may incur resulting from participation in the Plan or the payment of benefits hereunder.

(f) Limitation of Sponsor Liability. Any right or authority exercisable by the Company, pursuant to any provision of the Plan, shall be exercised in the Company's capacity as sponsor of the Plan, or on behalf of the Company in such capacity, and not in a fiduciary capacity, and may be exercised without the approval or consent of any person in a fiduciary capacity. Neither the Company, nor any of its respective officers, members, directors, employees, agents or delegates, shall have any liability to any party for its exercise of any such right or authority.

(g) Successors. The terms and conditions of the Plan shall inure to the benefit of and bind the Company, and its successors, the Participants, their Beneficiaries and the heirs and personal representatives of the Participants and their Beneficiaries.

(h) Governing Law. All questions concerning the construction, validity and interpretation of the Plan and the performance of the obligations imposed by the Plan shall be

governed by the internal laws of the State of Iowa applicable to agreements made and wholly to be performed in such state without regard to conflicts of laws.

(i) Construction. In the Plan, unless otherwise stated, the following uses apply: (i) references to a statute refer to the statute and any amendments and any successor statutes, and to all regulations promulgated under or implementing the statute, as amended, or its successors, as in effect at the relevant time; (ii) in computing periods from a specified date to a later specified date, the words "from" and "commencing on" (and the like) mean "from and including," and the words "to," "until" and "ending on" (and the like) mean "to, but excluding"; (iii) references to a governmental or quasi-governmental agency, authority or instrumentality also refer to a regulatory body that succeeds to the functions of the agency, authority or instrumentality; (iv) indications of time of day are based upon the time applicable to the location of the principal headquarters of the Company; (v) the words "include," "includes" and "including" (and the like) mean "include, without limitation," "includes, without limitation" and "including, without limitation," (and the like) respectively; (vi) all references to articles, sections and exhibits (and the like) are to articles, sections and exhibits (and the like) in the Plan; (vii) the words "hereof," "herein," "hereto," "hereby," "hereunder," (and the like) refer to the Plan as a whole; (viii) any reference to a document or set of documents, and the rights and obligations of the parties under any such documents, means such document or documents as amended from time to time, and all modifications, extensions, renewals, substitutions or replacements thereof; (ix) all words used shall be construed to be of such gender or number as the circumstances and context require; (x) the captions and headings appearing in the Plan have been inserted solely for convenience of reference and shall not be considered a part of the Plan, nor shall any of them affect the meaning or interpretation of the Plan and (xi) all accounting terms not specifically defined herein shall be construed in accordance with GAAP.

(j) Severability. In the event that any provision or term of the Plan, or any agreement or instrument required hereunder, is determined by a judicial, quasi-judicial or administrative body to be void or not enforceable for any reason, all other provisions or terms of the Plan or such agreement or instrument shall remain in full force and effect and shall be enforceable as if such void or nonenforceable provision, term, agreement or instrument had never been a part of the Plan, except as to the extent the Committee determines such result would have been contrary to the intent of the Company in establishing and maintaining the Plan.

(k) Indemnification. The Company shall indemnify, defend, and hold harmless any employee, officer or director of the Company for all acts taken or omitted in carrying out the responsibilities of the Company, Board or Committee under the terms of the Plan or other responsibilities imposed upon such individual by law. This indemnification for all such acts taken or omitted is intentionally broad, but shall not provide indemnification for any

civil penalty that may be imposed by law, nor shall it provide indemnification for embezzlement or diversion of Plan funds for the benefit of any such individual. The Company shall indemnify any such individual for expenses of defending an action by a Participant, Beneficiary, service provider, government entity or other person, including all legal fees and other costs of such defense. The Company shall also reimburse any such individual for any monetary recovery in a successful action against such individual in any federal or state court or arbitration. In addition, if a claim is settled out of court with the concurrence of the Company, the Company shall indemnify any such individual for any monetary liability under any such settlement, and the expenses thereof. Such indemnification shall not be provided to any person who is not a present or former employee, officer or director of the Company.

(I) Compliance with Section 409A.

(i) To the extent any provision of the Plan or action by the Company would subject a Participant to liability for interest or additional taxes under Code Section 409A, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Company. It is intended that the Plan comply with Code Section 409A, and the Plan shall be administered accordingly and interpreted and construed on a basis consistent with such intent. Notwithstanding any provision of the Plan to the contrary, no termination or similar payments or benefits shall be payable hereunder on account of a Participant's termination of employment unless such termination constitutes a "separation from service" within the meaning of Code Section 409A. The Plan may be amended to the extent necessary (including retroactively) by the Company to avoid the application of taxes or interest under Code Section 409A, while maintaining to the maximum extent practicable the original intent of the Plan. This **Section 15(I)** shall not be construed as a guarantee of any particular tax effect for benefits under the Plan and the Company does not guarantee that any such benefits will satisfy the provisions of Code Section 409A or any other Code provision. Distributions made to a Participant under the Plan in error shall be returned to the Company and shall not create a legally binding right to such distributions.

(ii) If, as of the effective date of the Participant's Separation from Service, the Participant is a Specified Employee, then, to the extent required pursuant to Code Section 409A, payment of any portion of the Participant's Plan Account that would otherwise have been paid to the Participant during the six-month period following the Participant's Separation from Service (the "**Delayed Payments**") shall be delayed until the date that is six months and one day following Participant's Separation from Service or, if earlier, the date of the Participant's death (the "**Delayed Payment Date**"). As of the Delayed Payment Date, the Delayed Payments plus interest at the Interest Rate then in effect, for the period of delay, shall be paid to the Participant in a single lump sum. Any portion of the Plan Account that was not

otherwise due to be paid during the six-month period following the Participant's Separation from Service shall be paid to the Participant in accordance with the respective payment schedule set forth under the Plan or the Award Notice.

17. **Definitions**

- (a) **"Amendment Date"** means November 20, 2024.
- (b) **"Annual Base Salary"** means the respective Participant's rate of annual base salary then in effect.
- (c) **"Award Notice"** has the meaning set forth in **Section 8(a)**.
- (d) **"Beneficiary"** has the meaning set forth in **Section 12(b)**.
- (e) **"Board"** means the Board of Directors of the Company.
- (f) If the Participant is subject to an employment agreement (or other similar agreement) with the Company or a Subsidiary that provides a definition of termination for "cause" (or the like), then, for purposes of the Plan, the term **"Cause"** has the meaning set forth in such agreement; and in the absence of such a definition, **"Cause"** means (i) any act of (A) fraud or intentional misrepresentation or (B) embezzlement, misappropriation or conversion of assets or opportunities of the Company or a Subsidiary, (ii) willful violation of any law, rule or regulation in connection with the performance of the Participant's duties (other than traffic violations or similar offenses), (iii) commission of any act of moral turpitude or conviction of a felony or (iv) the willful or negligent failure of the Participant to perform his or her duties in any material respect.

Further, the Participant shall be deemed to have terminated for Cause if, after the Participant's Separation from Service, facts and circumstances arising during the course of the Participant's employment with the Company are discovered that would have constituted a termination for Cause.

Further, all rights a Participant has or may have under the Plan shall be suspended automatically during the pendency of any investigation by the Board or its designee or during any negotiations between the Board or its designee and the Participant regarding any actual or alleged act or omission by the Participant of the type described in the applicable definition of Cause.

(g) **"Change in Control"** means the first to occur of the following:

(i) The consummation of the acquisition by any "person" (as such term is defined in Section 13(d) or 14(d) of the Securities Exchange Act of 1934) of "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under such Act) of 51% or more of the combined voting power of the then outstanding Voting Securities of the Company;

(ii) During any 12-month period, the individuals who, as of the Effective Date, are members of the Board cease for any reason to constitute a majority of the Board, unless the election or nomination for election by the Company's shareholders of any new director was approved by a vote of a majority of the Board, in which case such new director shall for purposes of the Plan be considered as a member of the Board; or

(iii) The consummation by the Company of (A) a merger or consolidation if the Company's shareholders immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than 51% of the combined voting power of the then outstanding Voting Securities of the entity resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the Voting Securities of the Company outstanding immediately before such merger or consolidation or (B) a complete liquidation or dissolution or an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Notwithstanding any provision of the foregoing definition of Change in Control to the contrary, a Change in Control shall not be deemed to occur solely because 51% or more of the combined voting power of the then outstanding securities of the Company are acquired by (y) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained for employees of the Company or (z) any corporation that, immediately prior to such acquisition, is owned directly or indirectly by the Company's shareholders in the same proportion as their ownership of Company common stock immediately prior to such acquisition.

Further notwithstanding any provision of the foregoing definition of Change in Control to the contrary, in the event that any amount or benefit under the Plan constitutes deferred compensation and the settlement of or distribution of such amount or benefit is to be triggered by a Change in Control, then such settlement or distribution shall be subject to the

event constituting the Change in Control also constituting a “change in control event” under Code Section 409A.

- (h) “**Code**” means the Internal Revenue Code of 1986.
- (i) “**Committee**” means the Compensation Committee of the Board.
- (j) “**Company**” means West Bancorporation, Inc.
- (k) “**Company Contribution Account**” has the meaning set forth in **Section 9(b)**.
- (l) “**Company Contributions**” has the meaning set forth in **Section 8(a)**.
- (m) “**Deferred Income**” has the meaning set forth in **Section 7(a)**.
- (n) “**Deferred Income Account**” has the meaning set forth in **Section 9(a)**.
- (o) “**Delayed Payment Date**” has the meaning set forth in **Section 16(l)(ii)**.
- (p) “**Delayed Payments**” has the meaning set forth in **Section 16(l)(ii)**.
- (q) “**Disability**” or “**Disabled**” means the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than 12 months, or is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident or health plan covering the Company’s or a Subsidiary’s employees.
- (r) “**Effective Date**” means January 1, 2013.
- (s) “**Election**” has the meaning set forth in **Section 7(a)**.
- (t) “**ERISA**” means the Employee Retirement Income Security Act of 1974.
- (u) If the Participant is subject to an employment agreement (or other similar agreement) with the Company or a Subsidiary that provides a definition of termination for “good reason” (or the like), then, for purposes of the Plan, the term “**Good Reason**” has the meaning set forth in such agreement; and in the absence of such a definition, “**Good Reason**” means the

occurrence of any one of the following events, unless the Participant agrees in writing that such event shall not constitute Good Reason:

(i) A material and adverse change in the nature, scope or status of the Participant's position, authorities or duties from those in effect immediately following the date the Participant is selected to participate in the Plan;

(ii) A material reduction in the Participant's Annual Base Salary or target annual bonus opportunity, or a material reduction in the Participant's aggregate benefits or other compensation plans in effect immediately following the date the Participant is selected to participate in the Plan; or

(iii) A relocation of the Participant's primary place of employment of more than 25 miles from the Participant's primary place of employment, and further from the Participant's primary residence, immediately following the date the Participant is selected to participate in the Plan.

Notwithstanding any provision in this definition to the contrary, prior to the Participant's Separation from Service for Good Reason, the Participant must give the Company written notice of the existence of any condition set forth in clause (i) - (iii) immediately above within 90 days of its initial existence and the Company shall have 30 days from the date of such notice in which to cure the condition giving rise to Good Reason, if curable. If, during such 30-day period, the Company cures the condition giving rise to Good Reason, the condition shall not constitute Good Reason. Further notwithstanding any provision in this definition to the contrary, in order to constitute a Separation from Service for Good Reason, such termination must occur within 12 months of the initial existence of the applicable condition.

(v) "**Income**" has the meaning set forth in **Section 7(a)**.

(w) "**Interest Rate**" has the meaning set forth in **Section 9(a)**.

(x) "**Participant**" has the meaning set forth in **Section 6(b)**.

(y) "**Payment Event**" has the meaning set forth in **Section 10(b)**.

(z) "**Plan**" means the West Bancorporation, Inc. Deferred Compensation Plan, as amended from time to time.

(aa) "**Plan Account**" means the Company Contribution Account together with the Deferred Income Account.

(ab) **“Plan Year”** means the calendar year, unless otherwise specified in an Award Notice.

(ac) **“Separation from Service”** means the termination of the Participant’s employment or service with the Company and its Subsidiaries for reasons other than death. Whether a Separation from Service occurs shall be determined in accordance with Code Section 409A based on whether the facts and circumstances indicate that the Company and the Participant reasonably anticipate that no further services will be performed after a certain date or that the level of bona fide services the Participant will perform after such date (whether as an employee or as an independent contractor) will permanently decrease to no more than 49% of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Company if the Participant has been providing services to the Company less than 36 months). For periods during which the Participant is on a paid bona fide leave of absence (as defined in Treasury Regulation Section 1.409A-1(h)(1)(i)) and has not otherwise terminated employment, the Participant shall be treated as providing bona fide services at a level equal to the level of services that the Participant would have been required to perform to receive the compensation paid with respect to such leave of absence. Periods during which the Participant is on an unpaid bona fide leave of absence (as defined in Treasury Regulation Section 1.409A-1(h)(1)(i)) and has not otherwise terminated employment are disregarded for purposes of this definition (including for purposes of determining the applicable 36-month period).

(ad) **“Specified Employee”** means any Participant who is a “key employee” (as defined in Code Section 416(i) without regard to paragraph (5) thereof), as determined by the Company based upon the 12-month period ending on each December 31st (such 12-month period is referred to below as the “identification period”). All Participants who are determined to be key employees during the identification period shall be treated as Specified Employees for purposes of the Plan during the 12-month period that begins on April 1st following the close of such identification period. For purposes of determining whether an individual is a key employee, “compensation” shall mean such individual’s W-2 compensation as reported by the Company for a particular calendar year.

(ae) **“Subsidiary”** means any corporation, bank or other entity that would be a “subsidiary corporation” as defined in Code Section 424(f) with respect to the Company.

(af) **“Unforeseeable Financial Emergency”** means a severe financial hardship to the Participant resulting from (i) an illness or accident of the Participant, the Participant’s spouse, the Participant’s beneficiary or the Participant’s dependent (as defined in Code Section 152, without regard to Code Sections 152(b)(1), (b)(2), and (d)(1)(B)); (ii) loss of the Participant’s property due to casualty; or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined by the Committee and in accordance with Code Section 409A.

(ag) **“Valuation Date”** means each December 31st.

(ah) **“Voting Securities”** means any securities that ordinarily possess the power to vote in the election of directors without the happening of any precondition or contingency.

**WEST BANCORPORATION, INC.
INSIDER TRADING POLICY**

Background

The Board of Directors of West Bancorporation, Inc. (the "Company") has adopted this Insider Trading Policy for our directors, officers, employees and consultants with respect to the trading of the Company's securities, as well as the securities of publicly traded companies with whom we have a business relationship.

Federal and state securities laws prohibit the purchase or sale of a company's securities by persons who are aware of material nonpublic information (as defined herein) about that company that is not generally known or available to the public. These laws also prohibit persons who are aware of such material nonpublic information from disclosing this information to others who may trade. Companies and their controlling persons are also subject to liability if they fail to take reasonable steps to prevent insider trading by company personnel.

It is important that you understand the breadth of activities that constitute illegal insider trading and the consequences, which can be severe. The SEC, the national stock exchanges and the Financial Industry Regulatory Authority use sophisticated electronic surveillance techniques to uncover insider trading. Both the United States Securities and Exchange Commission (the "SEC") and the Financial Industry Regulatory Authority actively investigate and are very effective at detecting insider trading. The SEC pursues insider trading violations vigorously. Cases have been successfully prosecuted against trading by employees through foreign accounts, trading by family members and friends, and trading involving only a small number of shares.

This policy is designed to prevent insider trading or allegations of insider trading, and to protect and enhance the Company's reputation for integrity and ethical conduct. It is your obligation to understand and comply with this policy. Should you have any questions regarding this policy, please contact the Chief Financial Officer.

In addition, the Company must comply with the reporting obligations and limitations on "short swing" transactions set forth in Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The practical effect of these provisions is that directors and certain officers of the Company who purchase and sell the Company's securities within a six-month period must disgorge all profits to the Company whether or not they had knowledge of any material nonpublic information. Moreover, no officer or director may ever make a short sale of the Company's stock.

Penalties for Noncompliance

Civil and Criminal Penalties . Insiders are personally subject to potential penalties for insider trading violations including (1) imprisonment for up to 20 years, (2) criminal fines of up to \$5 million, and (3) civil fines of up to three times the profit gained or loss avoided.

Controlling Person Liability . If the Company fails to take appropriate steps to prevent illegal insider trading, the Company may have “controlling person” liability for a trading violation, with civil penalties of up to the greater of \$1 million and three times the profit gained or loss avoided, as well as a criminal penalty of up to \$25 million. The civil penalties can extend personal liability to the Company’s directors, officers, and other supervisory personnel if they fail to take appropriate steps to prevent insider trading.

Liability for Tipping . Insiders also may be liable for improper transactions by any person (commonly referred to as a “tippee”) to whom they have disclosed material nonpublic information regarding the Company or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in the Company’s securities. The SEC has imposed large penalties even when the disclosing person did not profit from the trading.

Company Sanctions . Failure to comply with this policy may also subject you to Company-imposed sanctions and disciplinary actions, including immediate dismissal from employment, whether or not your failure to comply with this policy results in a violation of law.

Scope of Policy

Persons Covered . As a director, officer, employee, or consultant of the Company or its subsidiaries (including, but not limited to, West Bank), this policy applies to you. The same restrictions that apply to you apply to your family members who reside with you, anyone else who lives in your household and any family members who do not live in your household but whose transactions in Company securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in Company securities). This policy also applies to any entities that you influence or control, including any corporations, partnerships or trusts (collectively referred to as “Controlled Entities”), and transactions by these Controlled Entities should be treated for the purposes of this policy and applicable securities laws as if they were for your own account. This policy also applies to any person who receives material nonpublic information from any insider. You are responsible for making sure that the purchase or sale of any security covered by this policy by any such person complies with this policy.

Companies Covered . The prohibition on insider trading in this policy is not limited to trading in the Company’s securities. It includes trading in the securities of other firms, such as customers or suppliers of the Company and those with which the Company may be negotiating major transactions, such as an acquisition, investment, or sale. Information that is not material to the Company may nevertheless be material to one of those other firms.

Transactions Covered . Trading includes purchases and sales (or offers to purchase or sell) of Company securities, including common stock, preferred stock, warrants, options, debt securities (debentures, bonds and notes), and any other securities issued by the Company from time to time. This policy also specifically includes any transactions designed to hedge or offset any decrease in the market value of any of the Company’s securities described in the preceding sentence. Trading may also include or exclude certain transactions under Company plans, as follows:

- *Stock Option Exercises* . This policy’s trading restrictions generally do not apply to the exercise of a stock option for cash or the delivery of previously owned Company stock. The trading restrictions do apply, however, to any sale of the underlying stock or to a cashless exercise of the option, as this entails selling a portion of the underlying stock to cover the costs of exercise.

- *401(k) Plan* . This policy's trading restrictions do not apply to purchases of Company stock in the 401(k) plan resulting from your periodic contribution of money to the plan pursuant to your payroll deduction election. The trading restrictions do apply, however, to elections you may make under the 401(k) plan to (a) increase or decrease the percentage of your periodic contributions that will be allocated to the Company stock fund, (b) make an intra-plan transfer of an existing account balance into or out of the Company stock fund, (c) borrow money against your 401(k) plan account if the loan will result in a liquidation of some or all of your Company stock fund balance, and (d) pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company stock fund.

Statement of Policy

General Policy. It is the policy of the Company to oppose the unauthorized disclosure of any material nonpublic information acquired in the workplace and the misuse of material nonpublic information in securities trading.

Individual Responsibility. Every officer, director and employee or consultant of the Company has ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in the Company securities while in possession of material nonpublic information. Every officer, director and employee and consultant of, the Company has the individual responsibility to comply with this policy against insider trading and is responsible for making sure that any family member, household member or entity whose transactions are subject to this policy also comply with this policy. Every officer, director and employee and consultant of, the Company has the individual responsibility to comply with this policy against insider trading even if such person only trades outside the blackout periods described in the Addendum to Insider Trading Policy. An insider may, from time to time, have to forego a proposed transaction in the Company's securities (or one of the Company's business partner's securities) even if he or she planned to make the transaction before learning of the material nonpublic information and even though the insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

No Trading on Inside Information . You may not trade in the securities of the Company, directly or through family members or other persons or entities, if you are aware of material nonpublic information relating to the Company. Similarly, you may not trade in the securities of any other company if you are aware of material nonpublic information about that company which you obtained in the course of your employment with the Company.

No Tipping . You may not pass or communicate material nonpublic information relating to the Company (or any of the Company's business partners or other companies) on to others or recommend to anyone the purchase or sale of any securities when you are aware of such information. This practice, known as "tipping," also violates the securities laws and can result in the same civil and criminal penalties that apply to insider trading, even though you did not trade and did not gain any benefit from another's trading.

Confidentiality of Nonpublic Information . Nonpublic information relating to the Company is the property of the Company and the unauthorized disclosure of such information is strictly forbidden.

No Exception for Hardship . The existence of a personal financial emergency does not excuse you from compliance with this policy.

Blackout and Pre-Clearance Procedures. To help prevent inadvertent violations of the federal securities laws and to avoid even the appearance of trading on the basis of inside information, the Company's Board of Directors has adopted an Addendum to Insider Trading Policy that applies to directors, and executive officers of the Company that are subject to Section 16 of the Exchange Act ("executive officers"), and certain designated employees, and consultants of the Company and its subsidiaries who may have access to material nonpublic information about the Company. The Company will notify you if you are subject to the Addendum to Insider Trading Policy.

This policy also prohibits you from assisting anyone engaged in the prohibited activities outlined above.

The Addendum to Insider Trading Policy generally prohibits persons covered by it from trading in the Company's securities during quarterly blackout periods. Quarterly periods during which trading is prohibited shall begin on March 10, June 10, September 10, and December 10 and end on the day after the second full trading day following the public release of the Company's earnings for each quarter and during certain event-specific blackouts.

Directors, executive officers and selected employees and consultants who have access to material nonpublic information also must pre-clear all transactions in the Company's securities with the Chief Financial Officer, no less than two business days prior to commencing any such transaction. Any employees or consultants with questions regarding trading in the Company's securities are encouraged to contact the Company's Chief Financial Officer.

Definition of Material Nonpublic Information

This section provides guidance on the definition of "material nonpublic information." Note that material nonpublic information has two important elements – **materiality** and **public availability**.

Material Information. Information is generally regarded as "material" if it has market significance, that is, if its public dissemination is likely to affect the market price of securities, or if it otherwise is information that a reasonable investor would want to know before making an investment decision. Any information that could be expected to affect the price of the security is material. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by enforcement authorities with the benefit of hindsight. Common examples of material information are:

- Projections of future earnings or losses or other earnings guidance.
- Earnings that are inconsistent with the consensus expectations of the investment community, or the decision to suspend earnings guidance.
- A pending or proposed merger, acquisition, or tender offer or an acquisition or disposition of significant assets.
- A pending or proposed joint venture.
- A Company restructuring.
- Significant related party transactions.
- A change in management or the board of directors.
- Changes in debt ratings.
- Major events regarding the Company's securities, including the declaration of a stock split, a change in dividend policy or the offering of additional securities.
- Financial liquidity problems.
- Actual or threatened major litigation, or the resolution of such litigation.
- Government agency investigations.

- A change in auditors or notification that the auditor's reports may no longer be relied upon, or major changes in accounting methods or policies.
- New major contracts, products, or customers, or the loss thereof.
- The impairment of a material asset or increases in reserves.
- Changes in how the Company and its subsidiaries are regulated.
- Cybersecurity incidents and breaches.

Both positive and negative information can be material. Because trading that receives scrutiny will be evaluated after the fact with the benefit of hindsight, questions concerning the materiality of particular information should be resolved in favor of materiality, and trading should be avoided.

Nonpublic Information . Nonpublic information is information that is not generally known or available to the public. The fact that information has been disclosed to a few members of the public does not make that information public for insider trading purposes. One common misconception is that material information loses its "nonpublic" status as soon as a press release is issued disclosing the information. In fact, information is considered to be available to the public only when it has been released broadly to the marketplace (such as by a press release or an SEC filing) *and the investing public has had time to absorb the information fully*. As a general rule, information is considered nonpublic until the day after the second full trading day after the information is released. For example, if the Company announces financial earnings before trading begins on a Tuesday, the first time you can buy or sell Company securities is the opening of the market on Thursday (assuming you are not aware of other material nonpublic information at that time). However, if the Company announces earnings after trading begins on that Tuesday, the first time you can buy or sell Company securities is the opening of the market on Friday.

Nonpublic information may include: (i) information available to a select group of analysts or brokers or institutional investors; (ii) undisclosed facts that are the subject of rumors, even if the rumors are widely circulated; and (iii) information that has been entrusted to the Company on a confidential basis until a public announcement of the information has been made and enough time has elapsed for the market to respond to a public announcement of the information as noted above. As with questions of materiality, if you are not sure whether information is considered public, you should assume that the information is nonpublic and treat it as confidential.

Additional Guidance

The Company considers it improper and inappropriate for those employed by or associated with the Company to engage in short-term or speculative transactions in the Company's securities or in other transactions in the Company's securities that may lead to inadvertent violations of the insider trading laws. Accordingly, your trading in Company securities is subject to the following additional restrictions.

Short Sales . You may not engage in short sales of the Company's securities (sales of securities that are not then owned), including a "sale against the box" (a sale with delayed delivery), or otherwise violate Section 16(c) of the Exchange Act.

Publicly Traded Options . You may not engage in transactions in publicly traded options, such as puts, calls, and other derivative securities involving Company securities on an exchange or in any other organized market.

Standing Orders . Standing orders should be used only for a very brief period of time. A standing order placed with a broker to sell or purchase stock at a specified price leaves you with no control over the timing of the transaction. A standing order transaction executed by the broker when you are aware of material nonpublic information may result in unlawful insider trading even if you have forgotten about the order.

Margin Accounts and Pledges . Securities held in a margin account or pledged as collateral for a loan may be sold without your consent by the broker if you fail to meet a margin call or by the lender in foreclosure if you default on the loan. A margin or foreclosure sale that occurs when you are aware of material nonpublic information may, under some circumstances, result in unlawful insider trading. Because of this danger, you should exercise caution in holding Company securities in a margin account or pledging Company securities as collateral for a loan.

Hedging Transactions . Certain forms of hedging or monetization transactions involve the establishment of a short position in the Company's securities and limit or eliminate your ability to profit from an increase in the value of the Company's securities. Such transactions are complex and involve many aspects of the federal securities laws, including filing and disclosure requirements. Therefore, the Company prohibits you from entering into such an arrangement.

Certain Exemptions from the Policy

10b5-1 Plans . Trades by covered persons in the Company's securities that are executed pursuant to an approved "10b5-1 plan" for trading securities may not be subject to the prohibition on trading on the basis of material nonpublic information contained in this policy or to the restrictions set forth herein relating to pre-clearance procedures and blackout periods.

Rule 10b5-1 provides an affirmative defense from insider trading liability under the federal securities laws for trading plans that meet certain requirements under SEC rules. In general, a 10b5-1 plan must be entered into in good faith by the covered person before such person is in possession of or is aware of material nonpublic information. Additionally, all persons entering into a 10b5-1 plan must act in good faith with respect to the implementation and operation of the plan, including with respect to any modification to the plan and actions related to the plan. Directors and officers of the Company must include a representation in their 10b5-1 plans certifying, at the time of the adoption of a new or modified plan, that: (1) they are not aware of material nonpublic information about the Company or its securities; and (2) they are adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5.

Once the plan is adopted, the participant must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded, or the date of the trade. The plan must either specify (including by formula) the amount, pricing, and timing of transactions in advance or delegate discretion on those matters to an independent third party.

The Company requires that all 10b5-1 plans and amendments thereto be approved in writing in advance by the Chief Financial Officer. Directors and officers of the Company may not initiate trades under a 10b5-1 plan until the later of: (i) 90 days after adoption or modification of the 10b5-1 plan; or (ii) two business days following the disclosure in Forms 10-K or 10-Q of the issuer's financial results for the fiscal quarter in which the plan was adopted or modified (but not to exceed 120 days following plan adoption or modification). For employees of the Company who are not officers or directors, trades under a 10b5-1 plan may not be made until 30 days after the adoption of the 10b5-1 plan. Modifications to existing 10b5-1 plans that do not change the sales or purchase prices or price ranges, the amount of securities to be sold or purchased, or the timing of transactions under the plan (such as an adjustment for stock splits or a change in account information) will not trigger a new cooling-off period. 10b5-1 plans may not be adopted by participants during a blackout period or when the participant is aware of material nonpublic information.

Generally, persons may not have more than one 10b5-1 plan for open market purchases or sales of the Company's securities. Additionally, persons are generally limited to one single-trade plan (one designed to effect the open market purchase or sale of the total amount of the securities subject to the plan as a single transaction) in any 12 month period. All 10b5-1 plans must be entered into and operated in accordance with all applicable SEC rules, as amended from time to time.

Bona Fide Gifts of Company Stock. *Bona fide* gifts of the Company's securities made by insiders to family members and charities also are generally exempt from this policy, unless the person making the gift has reason to believe that the recipient intends to sell the Company's securities while the person making the gift is aware of material nonpublic information. Whether a gift is bona fide, however, will depend on the facts and circumstances surrounding the gift. For example, gifts to dependent children followed by a sale of the "gift" by the done in close proximity to the time of the gift may imply some economic benefit to the donor and, therefore, make the gift non-bona fide. Insiders should also be aware that there may be some exposure to tax liability based on the timing and value of the gift.

Post-Termination Transactions

This policy continues to apply to your transactions in Company securities even after you have terminated employment or other services to the Company or a subsidiary as follows: if you are aware of material nonpublic information when your employment or service relationship terminates, you may not trade in Company securities until that information has become public (as explained above) or is no longer material.

Unauthorized Disclosure

Maintaining the confidentiality of Company information is essential for competitive, security, and other business reasons, as well as to comply with securities laws. You should treat all information you learn about the Company or its business plans in connection with your employment as confidential and proprietary to the Company. Inadvertent disclosure of confidential or inside information may expose the Company and you to significant risk of investigation and litigation.

The timing and nature of the Company's disclosure of material information to outsiders is subject to legal rules, the breach of which could result in substantial liability to you, the Company, and its management. Accordingly, it is important that responses to inquiries about the Company by the press, investment analysts, or others in the financial community be made on the Company's behalf only through authorized individuals.

Please consult the Company's Code of Conduct for more details regarding the Company's policy on speaking to the media, financial analysts, and investors.

Personal Responsibility

You should remember that the ultimate responsibility for adhering to this policy and avoiding improper trading rests with you. If you violate this policy, the Company may take disciplinary action against you, including your immediate dismissal from employment.

Company Assistance

Your compliance with this policy is of the utmost importance both for you and for the Company. If you have any questions about this policy or its application to any proposed transaction, you may obtain additional guidance from the Company's Chief Financial Officer. Do not try to resolve uncertainties on your own, as the rules relating to insider trading are often complex, not always intuitive, and carry severe consequences.

Certification

All employees must certify their understanding of and intent to comply with this policy. A copy of the certification that employees must sign is enclosed with this policy. Directors, executive officers, certain other employees and consultants are subject to the following "Addendum to Insider Trader Policy – Pre-clearance and Blackout Procedures." Persons who are covered by the addendum should sign the certification attached to the addendum instead of the one following this policy.

Reviewed by the Risk and Information Technology Committee: January 22, 2025.

Approved by the West Bank Board of Directors: January 22, 2025.

Approved by West Bancorporation, Inc. Board of Directors: January 22, 2025.

WEST BANCORPORATION, INC.

INSIDER TRADING POLICY

CERTIFICATION

I, _____ (name), have received and read a copy of the Insider Trading Policy approved by the Board of Directors on January 22, 2025. I hereby agree to comply with the specific requirements of the policy in all respects during my employment or other service relationship with West Bancorporation, Inc. or its subsidiaries. I understand that my failure to comply in all respects with the policy is a basis for immediate termination of my employment or other service relationship with West Bancorporation, Inc. or its subsidiaries.

(Signature)

(Date)

WEST BANCORPORATION, INC.

ADDENDUM TO INSIDER TRADING POLICY

To help prevent inadvertent violations of the federal securities laws and to avoid even the appearance of trading on inside information, the Company's Board of Directors has adopted this Addendum to Insider Trading Policy. This addendum applies to directors, executive officers subject to Section 16 of the Exchange Act ("executive officers"), and certain other designated employees and consultants of the Company and its subsidiaries (collectively "covered persons") who may have access to material nonpublic information about the Company.

This addendum is in addition to and supplements the Company's Insider Trading Policy. All words used but not otherwise defined herein shall have the meanings given to them in the Insider Trading Policy.

Directors and executive officers are also subject to additional procedures designed to address the two-day Form 4 filing requirement under Section 16 of the Exchange Act. These procedures are covered in a separate memorandum.

The Chief Financial Officer shall maintain a list of those employees, other than executive officers and consultants of the Company who are covered persons under this addendum.

Pre-clearance Procedures

All covered persons are subject to the following pre-clearance procedures.

Covered persons, together with their family members and other members of their household, may not engage in any transaction involving the Company's securities (including a stock plan transaction such as an option exercise or a loan, pledge or hedge transaction, contribution to a trust, or any other transfer), except for trades covered by an approved 10b5-1 plan or bona fide gift, without first obtaining pre-clearance of the transaction from the Company's Chief Financial Officer. Trades covered by an approved 10b5-1 plan or a bona fide gift must be promptly reported to the Chief Financial Officer. A request for pre-clearance should be submitted in writing to the Chief Financial Officer no later than two business days in advance of the proposed transaction. The Chief Financial Officer is under no obligation to approve a transaction submitted for pre-clearance, and may determine not to permit the trade. The Chief Financial Officer may not trade in Company securities unless the Company's outside securities counsel has approved the trade(s) in accordance with the procedures set forth in this addendum.

Blackout Procedures

All covered persons are subject to the following blackout procedures.

Quarterly Blackout Periods . The Company's announcement of its quarterly financial results may have the potential to have a material effect on the market for the Company's securities. Therefore, to avoid even the appearance of trading on the basis of material nonpublic information, covered persons may not trade in the Company's securities during the periods beginning on March 10, June 10, September 10, and December 10 and ending on the second full trading day following the release of the Company earnings for each quarter.

Interim Earnings Guidance and Event-Specific Blackouts. The Company may on occasion issue interim earnings guidance or other potentially material information by means of a press release, SEC filing on Form 8-K, or other means designed to achieve widespread dissemination of the information. You should anticipate that trading will be blacked out while the Company is in the process of assembling the information to be released and until the information has been released and fully absorbed by the market.

From time to time, an event may occur that is material to the Company and is known by only a few directors or executives. So long as the event remains material and nonpublic, the persons who are aware of the event, as well as other persons covered by the quarterly earnings blackout procedures, may not trade in the Company's securities, as follows. The existence of an event-specific blackout will not be announced, other than to those who are aware of or may become aware of the event giving rise to the blackout. If, however, a person whose trades are subject to pre-clearance requests permission to trade in the Company's securities during an event-specific blackout, the Chief Financial Officer will inform the requesting person of the existence of a blackout period, without disclosing the reason for the blackout. Any person made aware of the existence of an event-specific blackout should not disclose the existence of the blackout to any other person. The failure of the Chief Financial Officer to designate a person as being subject to an event-specific blackout will not relieve that person of the obligation not to trade while being aware of material nonpublic information.

Even if a blackout period is not in effect, at no time may any person trade in Company securities while being aware of material nonpublic information about the Company.

Exceptions

Approved 10b5-1 Plans. Trades by covered persons in the Company's securities that are executed pursuant to an approved "10b5-1 plan" for trading securities may not be subject to the prohibition on trading on the basis of material nonpublic information contained in the Insider Trading Policy or to the restrictions set forth above relating to pre-clearance procedures and blackout periods.

Rule 10b5-1 provides an affirmative defense from insider trading liability under the federal securities laws for trading plans that meet certain requirements under SEC rules. In general, a 10b5-1 plan must be entered into in good faith by the covered person before such person is in possession of or is aware of material nonpublic information. Additionally, all persons entering into a 10b5-1 plan must act in good faith with respect to the implementation and operation of the plan, including with respect to any modification to the plan and actions related to the plan. Directors and officers of the Company must include a representation in their 10b5-1 plans certifying, at the time of the adoption of a new or modified plan, that: (1) they are not aware of material nonpublic information about the Company or its securities; and (2) they are adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5.

Once the plan is adopted, the participant must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded, or the date of the trade. The plan must either specify (including by formula) the amount, pricing, and timing of transactions in advance or delegate discretion on those matters to an independent third party.

The Company requires that all 10b5-1 plans and amendments thereto be approved in writing in advance by the Chief Financial Officer. Directors and officers of the Company may not initiate trades under a 10b5-1 plan until the later of: (i) 90 days after adoption or modification of the 10b5-1 plan; or (ii) two business days following the disclosure in Forms 10-K or 10-Q of the issuer's financial results for the fiscal quarter in which the plan was adopted or modified (but not to exceed 120 days following plan adoption or modification). For employees of the Company who are not officers or directors, trades under a 10b5-1 plan may not be made until 30 days after the adoption of the 10b5-1 plan. Modifications to existing 10b5-1 plans that do not change the sales or purchase prices or price ranges, the amount of securities to be sold or purchased, or the timing of transactions under a the plan (such as an adjustment for stock splits or a change in account information) will not trigger a new cooling-off period.

10b5-1 plans may not be adopted by participants during a blackout period or when the participant is aware of material nonpublic information. Generally, persons may not have more than one 10b5-1 plan for open market purchases or sales of the Company's securities. Additionally, persons are generally limited to one single-trade plan (one designed to effect the open market purchase or sale of the total amount of the securities subject to the plan as a single transaction) in any 12 month period.

All 10b5-1 plans must be entered into and operated in accordance with all applicable SEC rules, as amended from time to time.

Bona Fide Gifts of Company Stock. *Bona fide* gifts of the Company's securities made by insiders to family members and charities also are generally exempt from the Insider Trading Policy or the restrictions set forth above relating to pre-clearance procedures and blackout periods, unless the person making the gift has reason to believe that the recipient intends to sell the Company's securities while the person making the gift is aware of material nonpublic information. Whether a gift is *bona fide*, however, will depend on the facts and circumstances surrounding the gift. For example, gifts to dependent children followed by a sale of the "gift" by the donee in close proximity to the time of the gift may imply some economic benefit to the donor and, therefore, make the gift *non-bona fide*. Insiders should also be aware that there may be some exposure to tax liability based on the timing and value of the gift.

Margin Accounts and Pledges

Because a margin or foreclosure sale may occur at a time when you are aware of material nonpublic information or otherwise are not permitted to trade in Company securities, covered persons are prohibited from holding Company securities in a margin account. In addition, you are prohibited from pledging Company securities as collateral for a loan.

Hedging Transactions

Certain forms of hedging or monetization transactions involve the establishment of a short position in the Company's securities and limit or eliminate your ability to profit from an increase in the value of the Company's securities. Such transactions are complex and involve many aspects of the federal securities laws, including filing and disclosure requirements. Therefore, the Company prohibits any covered person from entering into such an arrangement.

Post-Termination Transactions and Reporting

If you are aware of material nonpublic information when you terminate employment or services, you may not trade in the Company's securities until that information has become public or is no longer material. In all other respects, the procedures set forth in this addendum will cease to apply to your transactions in Company securities upon the expiration of any "blackout period" that is applicable to your transactions at the time of your termination of employment or services. Directors and executive officers are subject to reporting requirements after their relationship with the Company ends. Therefore, directors and executive officers must contact the Chief Financial Officer about filing final reports upon termination of their relationship(s) with the Company.

Company Assistance

Your compliance with this addendum is of the utmost importance both for you and for the Company. If you have any questions about this addendum, the Insider Trading Policy, or their application to any proposed transaction, you should seek additional guidance from the Chief Financial Officer.

Certification

All covered persons must certify their understanding of and intent to comply with the Company's Insider Trading Policy and this addendum on the form attached to this addendum.

This addendum was approved by the Board of Directors on January 22, 2025 and supersedes any previous Company policy concerning insider restrictions applicable to covered persons.

WEST BANCORPORATION, INC.
ADDENDUM TO INSIDER TRADING POLICY REGARDING
PRECLEARANCE AND BLACKOUT PROCEDURES

CERTIFICATION

I, _____, have received and read a copy of the Insider Trading Policy and the Addendum to Insider Trading Policy approved January 22, 2025. I hereby agree to comply with the specific requirements of the policy and the addendum in all respects during my employment or other service relationship with West Bancorporation, Inc. or its subsidiaries. I understand that my failure to comply in all respects with the policy and the addendum is a basis for termination for cause of my employment or other service relationship with West Bancorporation, Inc. or its subsidiaries.

(Signature)

(Date)

Reviewed by the Risk and Information Technology Committee: January 22, 2025.

Approved by the West Bank Board of Directors: January 22, 2025.

Approved by West Bancorporation, Inc. Board of Directors: January 22, 2025.

EXHIBIT 21

SUBSIDIARIES

Name	Operating Name	Ownership %	State of Incorporation
West Bank	West Bank	100%	Iowa
West Bancorporation Capital Trust I	West Bancorporation Capital Trust I	100%	Delaware

EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (No. 333-278941) on Form S-8, Registration Statement (No. 333-255638) on Form S-8, Registration Statement (No. 333-120089) on Form S-8, Registration Statement (No. 333-269988) on Form S-3 and Registration Statement (No. 333-217523) on Form S-8 of West Bancorporation, Inc., of our reports dated February 19, 2025, relating to the consolidated financial statements, and the effectiveness of internal control over financial reporting of West Bancorporation, Inc., appearing in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K of West Bancorporation, Inc., for the year ended December 31, 2024.

/s/ RSM US LLP

Des Moines, Iowa
February 19, 2025

EXHIBIT 31.1

Certification of Principal 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 annual report on Form 10-K 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.

February 20, 2025

/s/ David D. Nelson

David D. Nelson

Chief Executive Officer and President

EXHIBIT 31.2

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

I, Jane M. Funk, certify that:

1. I have reviewed this annual report on Form 10-K 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.

February 20, 2025

/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 annual report of West Bancorporation, Inc. on Form 10-K for the year ended December 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.

February 20, 2025

/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 annual report of West Bancorporation, Inc. on Form 10-K for the year ended December 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.

February 20, 2025

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

**WEST BANCORPORATION, INC.
CLAWBACK POLICY**

1. **Introduction**. The Board of Directors (the “ **Board** ”) of West Bancorporation, Inc. (the “ **Company** ”) believes that it is in the best interests of the Company and its stockholders to adopt this Clawback Policy (the “ **Policy** ”), which provides for the recovery of certain incentive compensation in the event of an Accounting Restatement (as defined below). This Policy is designed to comply with, and shall be interpreted consistent with, Section 10D of the Securities Exchange Act of 1934, as amended (the “ **Exchange Act** ”), Rule 10D-1 promulgated under the Exchange Act (“ **Rule 10D-1** ”) and Nasdaq Listing Rule 5608 (the “ **Listing Standards** ”).
2. **Administration**. Except as specifically set forth herein, this Policy shall be administered by the Board or, if so designated by the Board, a committee thereof (the Board or such committee charged with administration of this Policy, the “ **Administrator** ”). The Administrator is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. Any determinations made by the Administrator shall be final and binding on all affected individuals and need not be uniform with respect to each individual covered by the Policy. In the administration of this Policy, the Administrator is authorized and directed to consult with the full Board or such other committees of the Board, as may be necessary or appropriate as to matters within the scope of such other committee’s responsibility and authority. Subject to any limitation at applicable law, the Administrator may authorize and empower any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee).
3. **Definitions**. As used in this Policy, the following definitions shall apply:
 - a. “ **Accounting Restatement** ” means an accounting restatement of the Company’s financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.
 - b. “ **Applicable Period** ” means the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement, as well as any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (except that a transition period that comprises a period of at least nine months shall count as a completed fiscal year). The “date on which the Company is required to prepare an Accounting Restatement” is the earlier to occur of (a) the date the Board or Audit Committee concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement or (b) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement, in each case regardless of if or when the restated financial statements are filed.
 - c. “ **Covered Executives** ” means the current and former executive officers of the Company and its subsidiaries, as determined by the Administrator in accordance with the definition of executive officer set forth in Rule 10D-1 and the Listing Standards.
 - d. “ **Erroneously Awarded Compensation** ” has the meaning set forth in Section 6 of this Policy.
 - e. A “ **Financial Reporting Measure** ” is any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any

measure that is derived wholly or in part from such measure. Financial Reporting Measures include but are not limited to the following (and any measures derived from the following): Company stock price; total shareholder return (" **TSR** "); revenues; net income; operating income; profitability of one or more reportable segments; financial ratios (e.g., accounts receivable turnover and inventory turnover rates); earnings before interest, taxes, depreciation and amortization; funds from operations and adjusted funds from operations; liquidity measures (e.g., working capital, operating cash flow); return measures (e.g., return on invested capital, return on assets); earnings measures (e.g., earnings per share); sales per square foot or same store sales, where sales is subject to an Accounting Restatement; revenue per user, or average revenue per user, where revenue is subject to an Accounting Restatement; cost per employee, where cost is subject to an Accounting Restatement; any of such financial reporting measures relative to a peer group, where the Company's financial reporting measure is subject to an Accounting Restatement; and tax basis income. A Financial Reporting Measure need not be presented within the Company's financial statements or included in a filing with the Securities Exchange Commission.

- f. "**Incentive-Based Compensation**" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-Based Compensation is "**received**" for purposes of this Policy in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.
4. **Covered Executives; Incentive-Based Compensation**. This Policy applies to Incentive-Based Compensation received by a Covered Executive (a) after beginning services as a Covered Executive; (b) if that person served as a Covered Executive at any time during the performance period for such Incentive-Based Compensation; and (c) while the Company had a listed class of securities on a national securities exchange.
5. **Required Recoupment**. In the event the Company is required to prepare an Accounting Restatement, the Company shall promptly recoup the amount of any Erroneously Awarded Compensation received by any Covered Executive, as calculated pursuant to Section 6 hereof, during the Applicable Period.
6. **Erroneously Awarded Compensation: Amount Subject to Recovery**. The amount of "**Erroneously Awarded Compensation**" subject to recovery under the Policy, as determined by the Administrator, is the amount of Incentive-Based Compensation received by the Covered Executive that exceeds the amount of Incentive-Based Compensation that would have been received by the Covered Executive had it been determined based on the restated amounts.

Erroneously Awarded Compensation shall be computed by the Administrator without regard to any taxes paid by the Covered Executive in respect of the Erroneously Awarded Compensation.

By way of example, with respect to any compensation plans or programs that take into account Incentive-Based Compensation, the amount of Erroneously Awarded Compensation subject to recovery hereunder includes, but is not limited to, the amount contributed to any notional account based on Erroneously Awarded Compensation and any earnings accrued to date on that notional amount.

For Incentive-Based Compensation based on stock price or TSR: (a) the Administrator shall determine the amount of Erroneously Awarded Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received; and (b) the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to The Nasdaq Stock Market (" **Nasdaq** ").

1. **Method of Recoupment**. The Administrator shall determine, in its sole discretion, the timing and method for promptly recouping Erroneously Awarded Compensation hereunder, which may include without

limitation (a) seeking reimbursement of all or part of any cash or equity-based award, (b) cancelling prior cash or equity-based awards, whether vested or unvested or paid or unpaid, (c) cancelling or offsetting against any planned future cash or equity-based awards, (d) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder and (e) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Administrator may affect recovery under this Policy from any amount otherwise payable to the Covered Executive, including amounts payable to such individual under any otherwise applicable Company plan or program, including base salary, bonuses or commissions and compensation previously deferred by the Covered Executive.

The Company is authorized and directed pursuant to this Policy to recoup Erroneously Awarded Compensation in compliance with this Policy unless the Compensation Committee of the Board has determined that recovery would be impracticable solely for the following limited reasons, and subject to the following procedural and disclosure requirements:

- a. The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Administrator must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover and provide that documentation to Nasdaq;
- b. Recovery would violate home country law of the issuer where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law of the issuer, the Administrator must satisfy the applicable opinion and disclosure requirements of Rule 10D-1 and the Listing Standards; or
- c. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

2. **No Indemnification of Covered Executives**. Notwithstanding the terms of any indemnification or insurance policy or any contractual arrangement with any Covered Executive that may be interpreted to the contrary, the Company shall not indemnify any Covered Executives against the loss of any Erroneously Awarded Compensation, including any payment or reimbursement for the cost of third-party insurance purchased by any Covered Executives to fund potential clawback obligations under this Policy.
3. **Indemnification of Administrator**. Any members of the Administrator, and any other members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.
4. **Compensation Adjustment**. The Board, or the Compensation Committee or other appropriate committee thereof, shall, to the extent it determines to be appropriate and consistent with the intent of this Policy and would not otherwise result in a violation of any applicable law, rule, regulation, the Listing Standards or any rules or standards adopted by a national securities exchange on which the Company's securities are listed, require a positive adjustment of any Incentive-Based Compensation that is received by a Covered Executive on or after the Effective Date, if and to the extent that (i) the amount of such Incentive-Based Compensation was formulaically calculated based upon a Financial Reporting Measure that was subsequently modified due to an Accounting Restatement, and (ii) such Incentive-Based Compensation actually received by the Covered Executive was less than the amount that would have been received by the Covered Executive had it been determined based on the restated amounts.

5. **Effective Date; Retroactive Application** . This Policy shall be effective as of July 26, 2023 (the " **Effective Date** "). The terms of this Policy shall apply to any Incentive-Based Compensation that is received by Covered Executives on or after the Effective Date, even if such Incentive-Based Compensation was approved, awarded, granted or paid to Covered Executives prior to the Effective Date. Without limiting the generality of Section 7 hereof, and subject to applicable law, the Administrator may affect recovery under this Policy from any amount of compensation approved, awarded, granted, payable or paid to the Covered Executive prior to, on or after the Effective Date.
6. **Amendment; Termination** . The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect final regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act and to comply with any rules or standards adopted by a national securities exchange on which the Company's securities are listed. The Board may terminate this Policy at any time.
7. **Other Recoupment Rights** . The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, incentive award agreement or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.
8. **Successors** . This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.
9. **Exhibit Filing Requirement** . A copy of this Policy and any amendments thereto shall be posted on the Company's website and filed as an exhibit to the Company's annual report on Form 10-K.

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